MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **24th November 2016**

Significant Copper Intercept at Chang 1
Paisali Base Metals Project Thailand

Highlights

- *A significant copper intercept of **22m @ 0.4% Cu** from 106m within a broader intercept of **48m @ 0.29% Cu** from 104m (16SCDD007) at Chang1*
- *This intercept confirms the potential for economic copper mineralisation associated with an altered diorite intrusion underlying a large (~1.8km x 1.2km) soil copper anomaly*
- *Copper mineralisation is in the form of disseminated chalcopyrite and covellite in association with magnetite and lesser pyrite*
- *An initial diamond drill programme comprising 6 diamond holes was completed recently with assays for a further 2 drill holes awaited*
- *Further diamond drilling is planned for early 2017 once detailed infill ground magnetic surveys have been completed*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.70 million

Unlisted Options

6.90 million @ $0.25 - $0.30

Top 20 shareholders

Hold 54.78%

Share Price on 23 November 2016

22.5 cents

Market Capitalisation

$32.56 million

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Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to provide an update on its Paisali base metals project where a 6 hole diamond drilling programme for a total of 1,060m has now been completed. Drilling was carried out to test several targets associated with a large (1.8km x 1.2km) soil copper geochemical anomaly. The soil copper anomaly which overlies a complex magnetic feature is interpreted to reflect the presence of an altered and copper mineralised diorite intrusion. *(Refer MAT announcements to the ASX dated 26th April 2016, 29th April 2016, 29th July 2016, 26th August 2016, and 31st October 2016).*

Diamond Drilling

A total of 6 diamond drill holes have been completed for 1,060 metres (Figure 1).

(A description of diamond drilling procedures and sampling and assay protocols is included in Appendix 1. Drill hole collars are summarised in Appendix 2.)

Assay Results

Assay results for drill holes 16SCDD005 and 16SCDD007 have been received (Table 1) and include the following highly anomalous copper intercept in drillhole 16SCDD007:

22m @ 0.4% Cu from 106m within a broader intercept of:

48m @ 0.29% Cu

This intercept is located in close proximity to peak soil copper values in the large soil geochemical anomaly (Figure 1). Hole 16SCDD005 which is also located close to peak soil anomaly returned an intersection of 17.7m at 0.22%Cu from 94.3m.

The intercept in hole 16SCDD007 confirms the potential for economic copper mineralisation associated with an altered diorite intrusion underlying a large (~1.8km x 1.2km) soil copper anomaly. There are mines currently operating at these grades in South America.

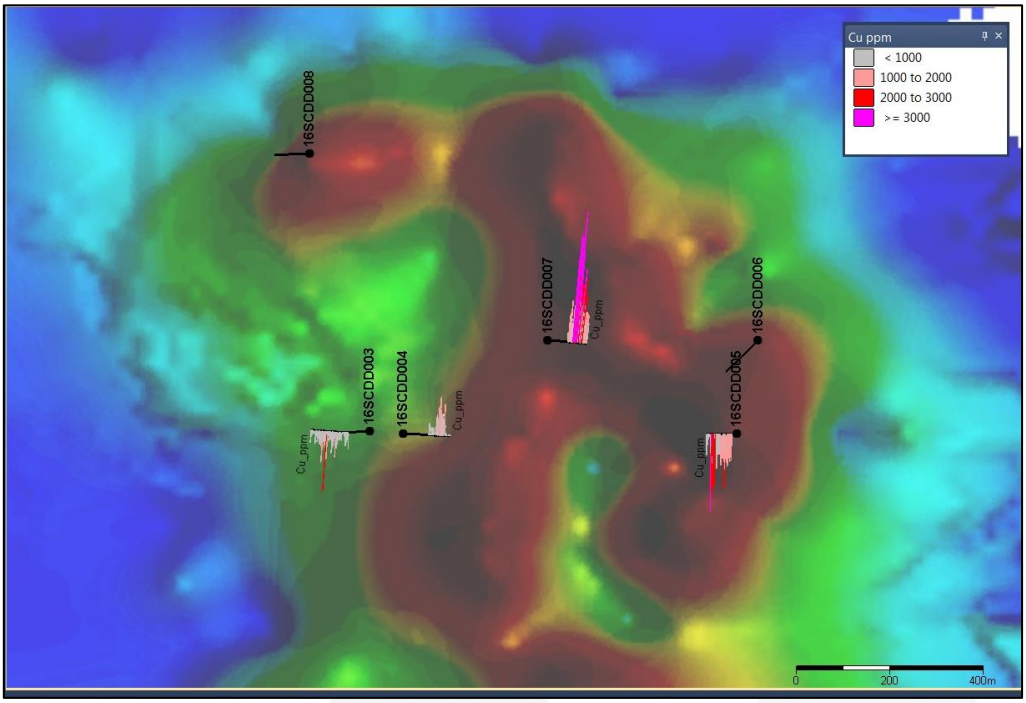

***Figure 1:* Chang 1 Prospect Diamond Drill Holes on soil copper image**

Copper mineralisation was observed in diamond drill core to be associated with sheared and hydrothermally brecciated diorite with accompanying chalcopyrite, covellite, magnetite and lesser pyrite as well as quartz and carbonate veining. Silica and K-feldspar alteration with associated carbonate and biotite is also present. Higher grade copper mineralisation is interpreted to be controlled by faults which have had the effect of focusing mineralised hydrothermal fluids. The distribution of copper in soils appears to reflect these mineralised structures.

The associated complex magnetic anomaly underlying the anomalous soil geochemistry appears to be reflecting strongly developed magnetite alteration in the underlying intrusion. The presence of intense magnetite alteration can be a characteristic of intrusion related hydrothermal mineralisation styles, including skarns and iron oxide copper gold (IOCG) systems. Samples have been submitted for petrographic analysis in order to shed more light on the likely mineralisation style.

Further infill soil sampling and ground magnetics with the aim of identifying and better defining important structural features is planned before further drilling takes place.

A summary of intercepts >0.1% Cu are shown in Table 1. Assays for 16SCDD006 and 16SCDD008 are pending. Assays for holes 16SCDD003 and 16SCDD004 were reported in ASX release of 31st October 2016.

Hole ID		from	to	m	%Cu
16SCDD005		24	112	88	0.12
	including	24	58	34	0.12
	and	62	65.4	3.4	0.11
	and	67.9	72	4.1	0.13
	and	84	88	4	0.14
	and	94.3	112	17.7	0.22
16SCDD007		88	96	8	0.14
		104	152	48	0.29
	including	106	128	22	0.40
		156	158	2	0.14
		160	166	6	0.12

***Table 1:* Chang 1 Prospect Drill Holes 16SCDD005 and 16SCDD007 Assay intercepts >0.1% Cu**

Matsa's Executive Chairman, Paul Poli noted, "I am greatly encouraged by this excellent result which confirms the high prospectivity of this area for new copper deposits and provides strong motivation for the Company to proceed with its aggressive exploration programs in Thailand".

For further information please contact:

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Competent Person Statement

The information in this report that relates to Exploration results, is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1: JORC Code, 2012 Edition – Table 1 report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Diamond drill core Chang 1, Siam 1 (Thailand). Core is split with diamond saw ensuring representivity and sampled based on intervals of 2m where visible mineralisation is noted. Occassionally at geological discretion, sampling to a geological boundary rather than a 2m interval is conducted. Core is 1/2 cut providing approximately a 4kg sample for assaying.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Triple tube diamond drilling at Chang 1. Core oriented using Camteq camera.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Diamond drilling core is measured and recorded as a percentage of drilled metres with visual check of lost core intervals. Mineralisation in the form of disseminated sulphides, unlikely to be biased significantly by minor core loss.
Logging	• *Whether core and chip samples have been geologically and*	Diamond core Chang 1 and Siam 1. Geology, orientation, structure,

Criteria	JORC Code explanation	Commentary
	geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	magnetic susceptibility, photography, selected samples are submitted for petrographic analysis. The level of detail is sufficient to provide a robust geological model of mineralisation. Logging is typically qualitative to semi-quantitative in nature. Core is logged over 100% of its length.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Diamond Core Chang1 and Siam 1, core is split in half with half marked up and left in tray and half submitted for assay. Every 10th sample is ¼ cut with the second quarter assayed as a duplicate check of representivity.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Quality of core at Chang 1 and Siam 1 is assessed on inspection of Laboratory QA QC data. Samples are digested by Aqua regia and analysed using ICP-ES. The laboratory conducts and reports lab duplicates and standards. No bias is noted.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Data is maintained in Datashed which is a database system which is maintained inhouse. Logging data is entered in the field to minimize transcription errors, assay data are loaded electronically.
Location of	• *Accuracy and quality of surveys used to locate drill holes (collar and*	All drill holes are set up by handheld GPS to 3m accuracy. Diamond drill

Criteria	JORC Code explanation	Commentary
data points	*down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	holes may be resurveyed on completion using a hired DGPS system. Drilling in Thailand is located using the Indian Thailand 1975 dataum zone 47.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	Reconnaissance drilling only, not attempting to establish continuity.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Orientation of strike is not confirmed at this stage but inferred to be N or NNW with drilling generally E or W striking. No potential bias has been recognised.
Sample security	• *The measures taken to ensure sample security.*	All core is locked in Matsa's storage facility.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audits carried out.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	All exploration at Chang 1 has taken place on a granted SPL.
Exploration	• *Acknowledgment and appraisal of exploration by other parties.*	Regional aeromagnetic coverage has been of great assistance in

Criteria	JORC Code explanation	Commentary
done by other parties		selection of targets for more detailed exploration.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Matsa is exploring for intrusion related hydrothermal mineralisation because of the strong association with magnetics.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Drillhole information is included in the body of report as well as Appendix 2.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Intercepts at Chang 1 are quoted on the basis of simple weighted averages.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	All intercepts quoted are explicitly downhole depths and not true widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being*	Appropriate diagrams are included in the body of the report

Criteria	JORC Code explanation	Commentary
	reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All grade above 0.1%Cu reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Driling was based on results from broad soil sampling and ground magnetics. There is no outcrop in the area.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Infill soil sampling and ground magnetics.

Appendix 2: Chang 1 Diamond Drilling, Collar Locations and survey information

Hole	East	North	RL	Azimuth	Dip	Depth (m)
16SCDD003	87150	742600	77	270	-60	249.5
16SCDD004	87220	742600	77	90	-60	200.1
16SCDD005	87935	742600	78	270	-60	130
16SCDD006	87980	742800	78	225	-60	186.2
16SCDD007	87533	742803	77	90	-60	168.7
16SCDD008	87032	743202	71	270	-60	125.7