MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **31st July 2017**

Quarterly Activities Report – 30th June 2017

HIGHLIGHTS

Fortitude Trial Mining Study

- *Mobilisation of the mining contractor, Quadrio Earthmoving Pty Ltd, was completed*
- *Construction of office blocks, workshops and sediment ponds was completed*
- *Clearing of the north and central pits and waste dump was completed*
- *Mining commenced in July 2017*

Lake Carey Exploration

- *Visible gold mineralisation was observed in a laminated quartz vein in the first of 5 diamond drill holes at BE 1 and coincides with an assay of **0.14m @ 8.91 g/t Au***
- *Gold values >0.5 g/t Au in diamond drilling at BE 1 confirm the presence of gold mineralised quartz veins associated with strong sericite pyrite alteration of host intrusion*
- *Aircore assays of up to **3m @ 3.62 g/t Au** at BE 3 have defined a 1.5km long NNW trending gold target in weathered basement rocks which remains open to the south*
- *BE 3 is only 1.7 km along strike from the **I**ntrepid gold prospect where past aircore drilling included **4m @ 2.91 g/t Au***
- *Step out drilling 2km north of BE 1 intersected anomalous gold values up to **3m @ 2.62 g/t Au** at new gold target BE 4*

Paisali Base Metal Project Thailand

- *Thailand government clears the path for exploration activities to proceed on ALRO areas*

Corporate

- *Cash and liquid investments as at 30 June approximately $5.67 million*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.7 million

Unlisted Options

17.02 million @ $0.25 - $0.30

Top 20 shareholders

Hold 54.25%

Share Price on 31st July 2017

18.5 cents

Market Capitalisation

$26.77 million

INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to report on its development, exploration and corporate activities for the quarter ended 30th June 2017.

COMPANY ACTIVITIES

LAKE CAREY GOLD PROJECT

Matsa is pleased to report significant progress at Lake Carey with work carried out during the quarter focused on the following key activities:

- Establishment of the Fortitude trial gold mine
- Receipt of assays for infill aircore drilling carried out a BE 1 during previous quarter
- Diamond drilling at BE 1 gold exploration target
- Infill aircore drilling at gold exploration targets BE 2 and BE 3
- Step out aircore drilling north of gold exploration target BE 1

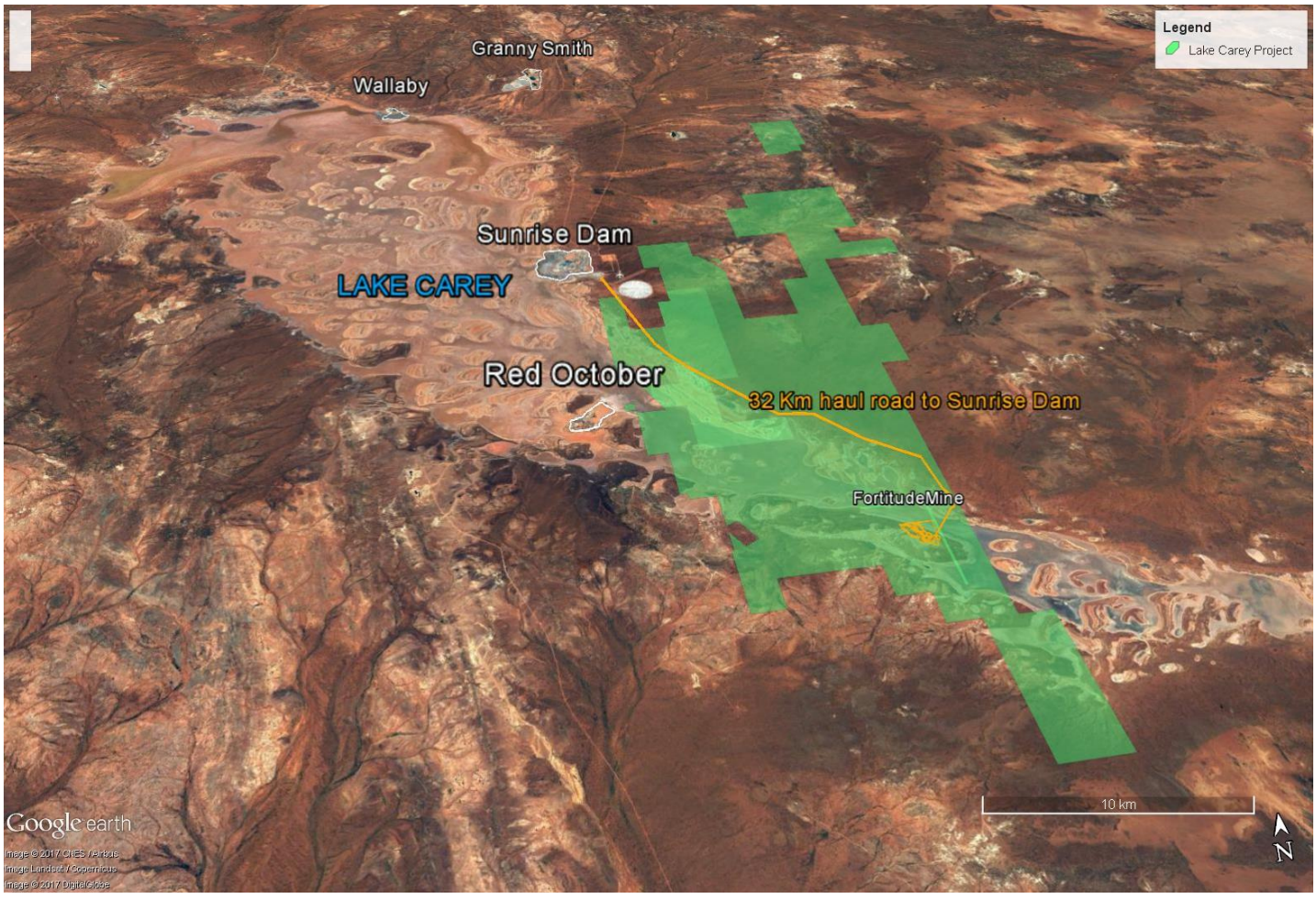

Figure 1. ***Fortitude Mine and Lake Carey Gold Project – oblique view***

Fortitude Trial Mining

During the quarter, the following mining activities were carried out:

- mining contractor mobilization to site
- construction of topsoil dumps and sediment ponds
- bore-field was commissioned and mine dewatering commenced
- topsoil removed and stockpiled from the North Pit, waste dump, admin offices and workshop areas
- construction of offices and workshop was completed and communications established
- RC grade control drilling was completed with all assays received over the three trial pit areas in preparation for the first ore mining
- Results of grade control drilling are currently being incorporated into the resource model

Ore will be trucked and processed at the nearby Sunrise Dam treatment facility only 32km north of Fortitude.

***Figure 2*: Part of Mining Fleet at Fortitude Gold Mine**

LAKE CAREY EXPLORATION

Drilling has continued over the Bindah Extended target a ~6km section of the Bindah Fault zone commencing 8km NW of Matsa's Fortitude gold mine. Drilling has focused on gold targets BE 1, BE 2 and BE 3 which were defined by aircore drilling in the previous quarter. The Bindah Fault zone is a structural and stratigraphic corridor which contains gold mineralisation at the Bindah, Intrepid and Gallant deposits to the south and passes within 5km of the Red October gold mine and within 15km of the Sunrise Dam gold mine to the west and north respectively (Figure 1).

During the quarter, the following exploration activities were carried out:

- Assays were received for stage 1 aircore drilling (112 assays) from BE 1
- Stage 2 aircore drilling was completed for a total of 136 holes and 10,376m, over the Bindah Extended target zone, focused on infill drilling at BE 2, BE 3 and step out drilling north of BE 1
- Diamond drilling was carried out at BE 1 for a total of 5 drill holes for 1,336m

Stage 1 Aircore Assays BE 1

A total of 112 assays were received from infill aircore drilling carried out during the previous quarter to define in-situ gold mineralisation in weathered basement rocks at BE 1. *(MAT announcement to ASX 12th April 2017)*

Significant new gold assays at BE 1 include:

17LCAC245**: 2m @ 25.3 g/t Au** from 93m including **1m @ 39.8 g/t Au**.

17LCAC239: **3m @ 1.94 g/t Au** from 50m including **1m @ 3.43g/t Au.**

17LCAC240; **1m @ 2.47 g/t** Au from 45m.

These results are highlighted in yellow and lie within the previously defined 700m long NNE trending linear zone (outlined in red on Figure 3) of highly anomalous gold values in weathered basement. Diamond drill hole locations at BE 1 are also shown in Figure 3.

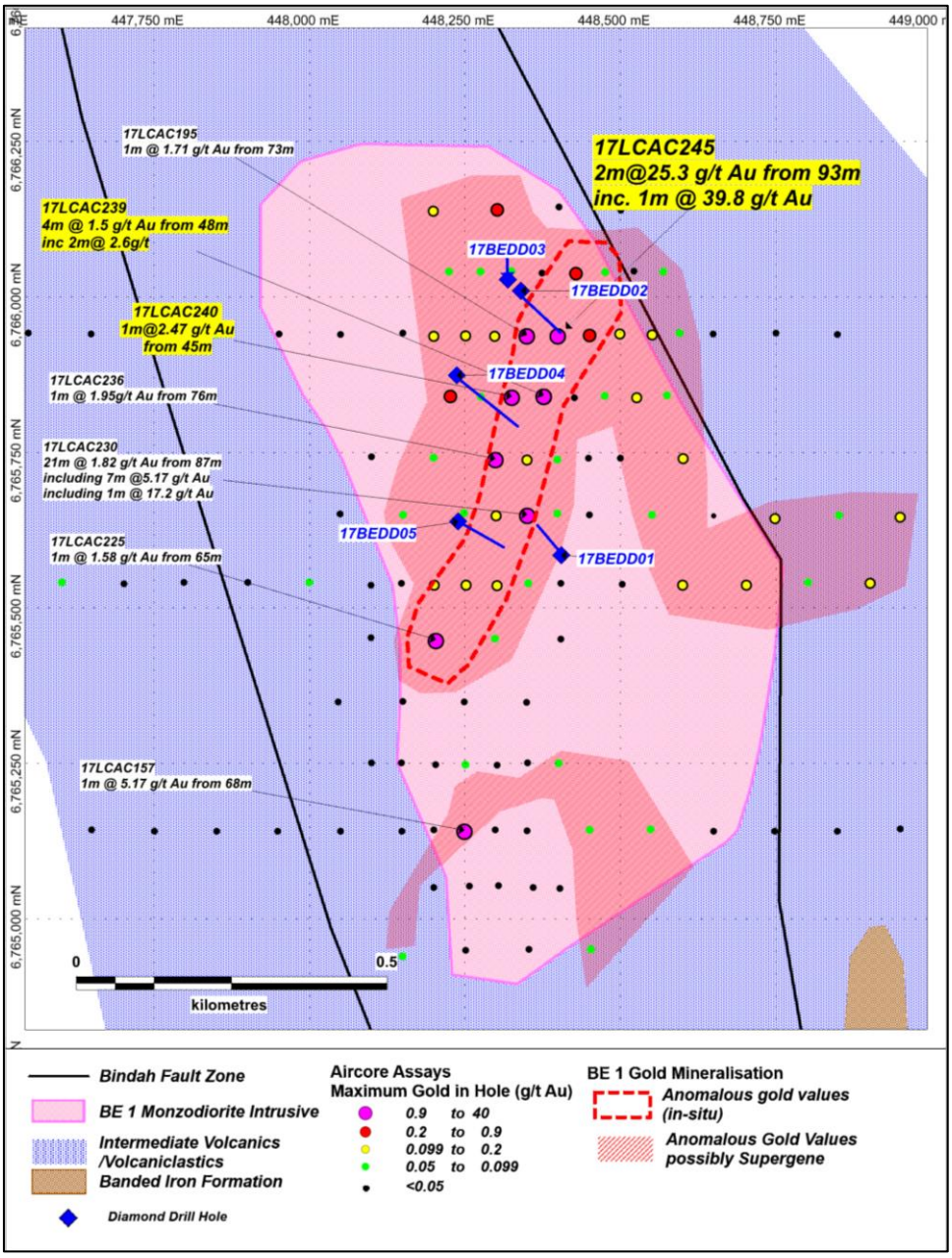

***Figure 3:* BE 1 Summary and Diamond Drill Hole Locations**

Stage 2 Aircore Drilling

The Stage 2 aircore drilling programme was completed over the Bindah Extended Target area at Lake Carey. This programme of 136 aircore drill holes (17LCAC275-410) for 10,376m of drilling comprised infill and step out drilling at the BE1, BE2 and BE3 gold targets. *(MAT announcement to ASX 26th July 2017)*

A total of 2,690 composite samples 1-3m in length, 200 "split" 1m samples from gold anomalous composite intervals and 136 end-of-hole samples, were collected. All samples were submitted for gold analysis by fire assay.

A compilation of all assay results received to date is presented in Figure 4, in the form of maximum gold values for each drill hole.

Intercepts containing >0.5g/t Au are summarised in Table 1. All assays >0.1 g/t Au are listed in Appendix 3.

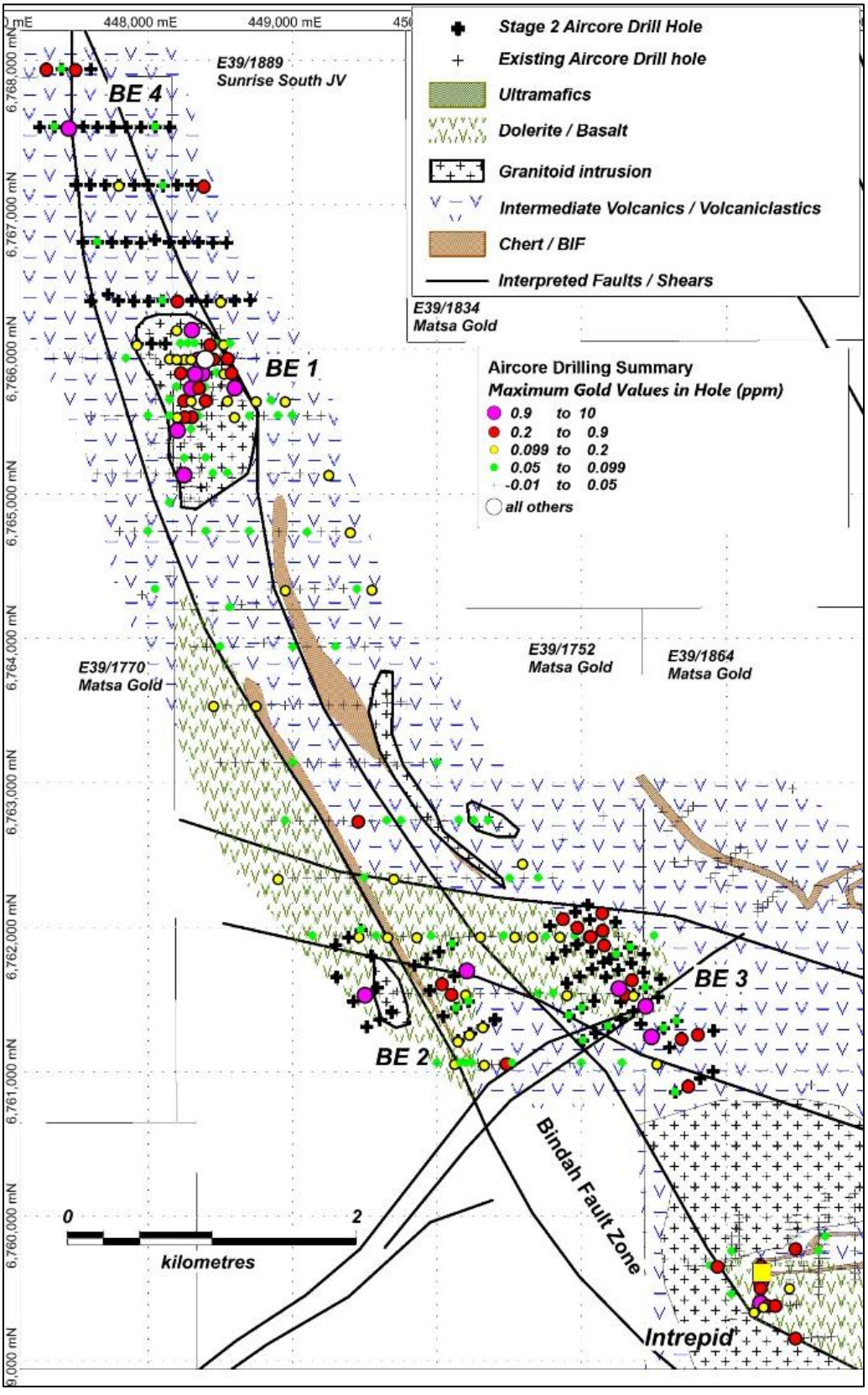

Figure 4: Stage 2 Aircore Drilling Summary

Target	Hole_ID	Hole Depth	Intercept	Comment
BE3	17LCAC280	63	3m @ 1.12 g/t Au from 27m	Anomalous values over quartz sericite leucoxene altered dolerite
	17LCAC283	86	1m @ 0.63 g/t Au from 85m (EOH)	
	17LCAC284	72	3m@0.7 g/t Au from 45m inc. 1m@ 1.14 g/t Au	
	17LCAC400	69	3m @ 3.62g/t Au from 42m	
	17LCAC404	99	5m @ 0.61g/t Au from 93m	
BE2	17LCAC313	101	1m @ 1.46 g/t Au from 71m	Anomalous intercept over altered dolerite (quartz sericite leucoxene)
	17LCAC315	82	1m @ 0.71 g/t Au from 64m	Saprolite developed over strongly laminated BIF and quartz sericite altered dolerite
BE1	17LCAC340	114	1m @ 0.68 g/t Au from 39m	Lake sediments over coarse weakly pyritic feldspar porphyry
BE4	17LCAC381	72	3m @ 2.62 g/t Au from 45m	Saprolite over laminated sericite altered intermediate volcaniclastic

***Table 1:** Stage 2 aircore intercepts >0.5 g/t Au*

Results have highlighted the following:

- Assays have continued to better define gold target BE 3 as an irregular 1.5km long NW trending zone of highly anomalous gold values in variably weathered dolerite and andesitic volcanics including **3m @ 3.62 g/t Au** from 42m (17LCAC400).

- Step out drilling returned a number of gold anomalous intercepts located ~2km north of BE 1 with a best result of **3m @ 2.62 g/t Au** (17LCAC381) from 45m in deeply weathered intermediate volcanics. This new target BE 4, remains open to the north and further aircore drilling is required.

- Infill drilling at BE 2 returned further gold anomalous intercepts with a best result of **1m @ 1.46 g/t Au** from 71m (17LCAC313) in deeply weathered dolerite.

- Infill and step out drilling at BE 1 returned a number of gold anomalous intercepts with a best result of **1m @ 0.68 g/t Au** (17LCAC340). Drilling appears to have closed off BE 1 to the north, but this target remains open to the east.

- Anomalous gold values at BE 2 and BE 3 are located within an area of strong hydrothermal alteration of basement rocks characterised by sericite, quartz and leucoxene. This style of alteration is commonly associated with gold mineralisation in major dolerite hosted gold deposits including the Golden Mile at Kalgoorlie.

Diamond Drilling

Diamond drilling is underway at BE 1, to determine the basement source of in-situ gold mineralisation identified by aircore drilling in clay and deeply weathered feldspar porphyry intrusion (Figure 1).

Anomalous gold values being targeted by diamond drilling are associated with quartz veins in the feldspar porphyry intrusion interpreted to be formed in response to brittle fracture of the intrusion by movement along the Bindah fault. This is the style of gold mineralisation described at the world class ~7 million oz. Granny Smith gold deposit 47km to the north which occurs in and along the margins of a granodiorite intrusion.

The objectives of diamond drilling were to:

- determine the nature and grade of potentially economic gold mineralisation in basement rocks below the depth of aircore refusal (typically 60m-90m below surface);

- determine the orientation(s) of mineralised structures through the use of oriented diamond core; and

- provide a platform for seismic detectors to be deployed as part of an experimental survey which could define acoustic surfaces corresponding with gold mineralised structures. There are potential applications of this technique, if successful, in exploration for structurally controlled gold mineralisation in salt lakes.

Diamond drilling commenced on the 17th May 2017 at BE 1. *(Refer MAT announcement to the ASX 17th May* 2017) A total of 5 drill holes (17BEDD01 – 17BEDD05) were completed for a total of 1,336m of drilling (Figure 2, Table 1). Difficult ground conditions meant that two drill holes (17BEDD03A and 17BEDD05A) were abandoned in unconsolidated lake sediments. In addition, drill hole 17BEDD02 was terminated in weathered basement at a depth 133.6m, above its designed depth of 350m because of difficult ground conditions. A description of logging, sampling and assay procedures is included in Appendix 1. Drill collars are listed in Table 2 and summarised in Figure 3.

Hole ID	East	North	RL	Depth	Dip	Azimuth
17BEDD01	448405	6765585	400	268.3	-60	320
17BEDD02	448340	6766010	400	133.6	-60	140
17BEDD03	448319	6766028	400	252.6	-60	140
17BEDD04	448237	6765874	400	350.8	-60	140
17BEDD05	448239	6765639	400	330.3	-60	126

Table 2: BE 1 Diamond Drill Holes Summary of Collar Information

Assay Results

Core logging and sampling continued beyond 30th June 2017, procedures are described in Appendix 1. Best gold values received by 30th June 2017 are listed in Table 3 and assays >0.1 g/t Au are listed in Appendix 2. Summary cross sections of the 5 diamond drill holes are presented in Appendix 3.

Hole ID	Sample	m From	m To	Au ppm
17BEDD01	139845	79.12	79.26	8.91
17BEDD01	139869	112	113	0.5
17BEDD01	139891	164.35	164.6	0.64
17BEDD01	139897	175.96	176.15	0.86
17BEDD01	139910	206	206.3	0.81
17BEDD02	139976	130.25	131	0.8
17BEDD02	139977	131	132	0.85
17BEDD02	139978	132	133	0.7
17BEDD03	139980	120.2	120.3	1.76
17BEDD03	149534	184	186	0.67
17BEDD03	149558	212	213	0.52
17BEDD03	149566	220	221	0.65
17BEDD04	149663	225.9	227.4	0.52
17BEDD04	149679	242.6	243	1.37
17BEDD04	149680	243	244	1.5
17BEDD05	149847	288	288.4	1.64

Table 3: BE 1 Diamond Drill Holes Assays >0.5 g/t Au

Visible Gold Observed

Diamond drill hole 17BEDD01 was designed to explore the extent of gold mineralisation intersected in aircore drill hole 17LCAC130, namely, **21m @ 1.82 g/t Au** from 87m as shown in Figure 5.

The best diamond drill assay of **0.14m @ 8.91 g/t Au**, coincides with a 14cm wide laminated quartz vein containing visible gold at a drilled depth of 79m in 17BEDD01 which was the first of 5 diamond drill holes at BE 1 *(MAT announcement to ASX 23rd May 2017).*

The quartz vein containing visible gold in 17BEDD01, occurs in unconsolidated clays produced by deep lateritic weathering of basement rocks. Core recoveries were very poor through this zone. Only 16 metres of the 25 metre interval (75m-100m) containing the visible gold intercept, was recovered thus the actual mineralised interval may have been significantly reduced by this core loss (Figure 5).

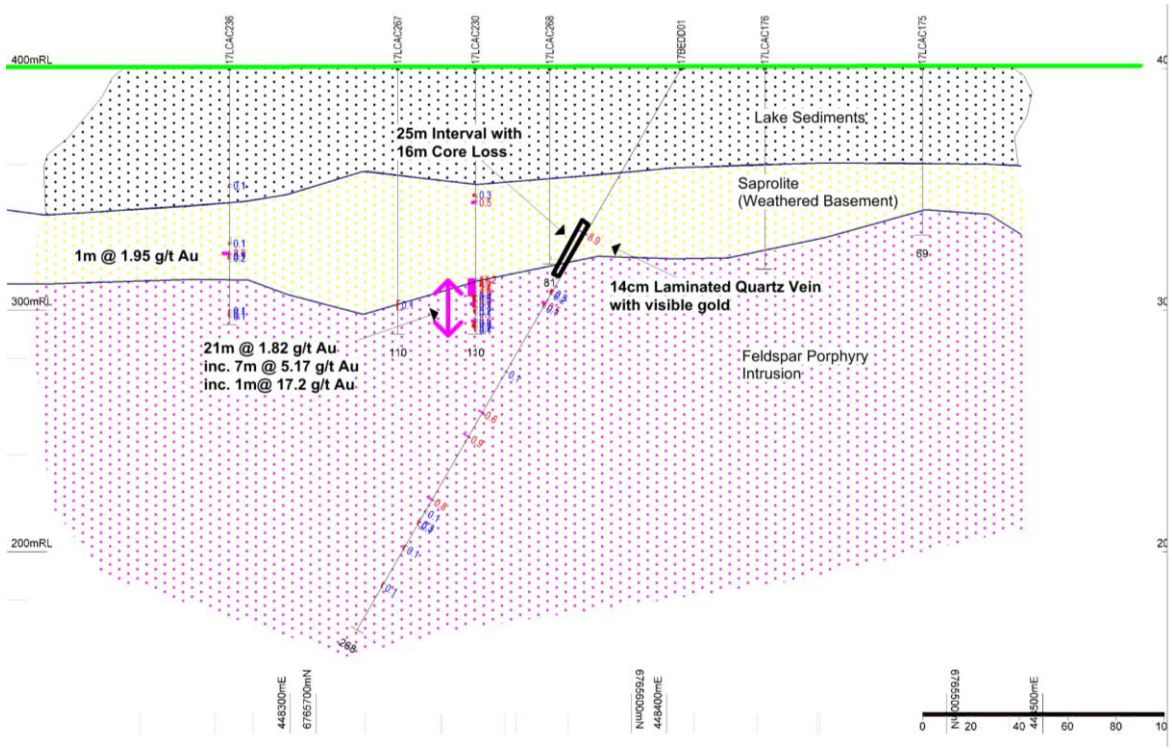

Figure 5: BE 1 Schematic Cross Section 17BEDD01

Results from this preliminary diamond drill programme have not explained the highly anomalous gold intercepts by aircore drilling in the weathered zone. BE 1 remains highly prospective for significant gold mineralisation and as such, further drilling is required.

Geology and Mineralisation

All drill holes encountered massive lake clays to a depth of ~90m, underlain by saprolite clays and deeply weathered basement rocks to a downhole depth of ~140m before encountering fresh basement rocks. Basement rocks are dominated by a massive to weakly laminated feldspar porphyry with a fine-grained quartz/feldspar matrix. The mafic component of this rock is made up of large irregular clots of chlorite. The generally massive and consistent texture of this rock confirms the earlier interpretation that it is a high level felsic/intermediate intrusive body emplaced in a dilational position along the Bindah Fault. All elevated gold values >0.1 g/t Au received to date were returned from intersections containing quartz veins and variably altered feldspar porphyry.

As noted above, intersections with >0.5 g/t Au coincide with quartz veins typically 0.01m – 0.2m thick. Quartz veins (including the visible gold bearing quartz vein described above) pass outward into hydrothermally altered and bleached feldspar porphyry with the alteration dominated by development of sericite and pyrite.

Research and Development Project

Diamond drill results including structural observations on orientations of potentially mineralised structures, are currently being compiled and interpreted to progress the geological understanding of gold mineralisation at BE 1, and to design the next stage of exploration.

As noted above, one significant objective of the diamond drilling programme has been to use drill holes as platforms for acoustic sensors as part of a Research and Development project into application of Seismic Surveys to define potentially mineralised structures.

The seismic survey is expected to commence in the next quarter.

THAILAND EXPLORATION

Exploration has been delayed over the last three quarters due to confusion as to whether the Agricultural Land Reform Office (ALRO) had the ability to permit exploration and mining activities to be undertaken on ground under their control. This confusion halted drilling and affected a large proportion of Matsa's tenements, in particular, Chang 1, Siam 1 and Siam 2. The Thai government has invoked a ruling under Section 44 of the Thailand Constitution 2014, which now removes this confusion relating to ALRO ground. Accordingly, Matsa has now been informed that full ALRO consent over tenements covering ALRO ground should be forthcoming within 90 days of declaration.

Activities during the quarter were restricted to soil sampling and ground magnetics.

Activities undertaken included:

- 792 auger soil samples at Siam 2
- 37.3 line kilometres of ground magnetics

Auger Soil Sampling

A total of 792 soil auger samples at 100m spacing were taken at Siam 2W and Siam 2S. Soil auger sampling and assay with Matsa's Innovex portable XRF (PXRF) analyser were carried out. Assays are summarised in Table 4. Auger sampling and PXRF assay procedures have been described in earlier announcements *(MAT announcement to the ASX 25/4/2016)*. Infill sampling has delineated several NW trending zones of anomalous Cu in soil values (Figure 6). These NW trends reflect structures noted in regional magnetics and it is interpreted that NW faults have provided fluid pathways and potential trap sites for copper mineralisation. Exploration is ongoing and upon receipt of the ALRO providing consent as discussed above, drilling will commence as soon as practicable.

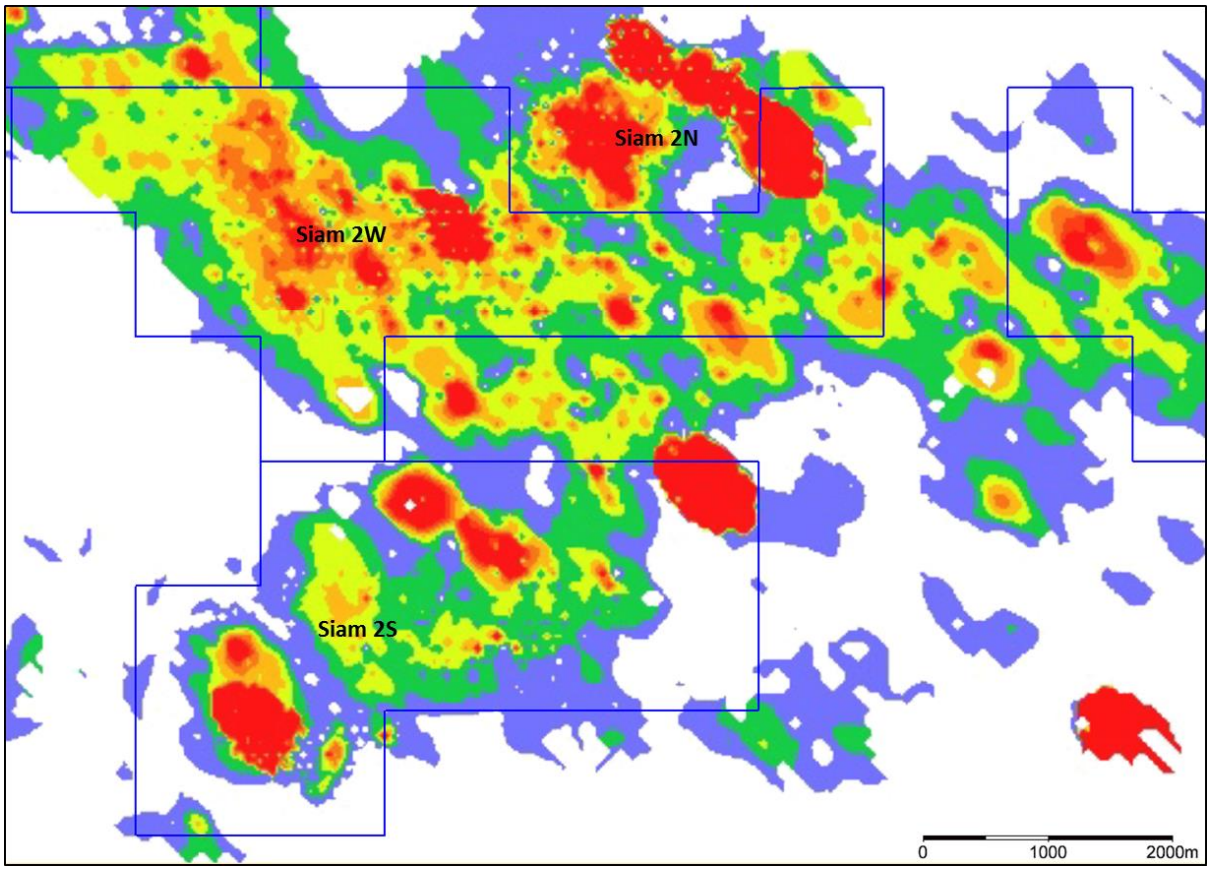

Figure 6: Siam 2 prospect Auger soil copper values Siam. Red shading >200ppm Cu

Project	Sample ID	No of Samples	Min Cu ppm	Max Cu ppm	Average Cu ppm	95th Percentile
Siam	PBDC0999 – PBDS2098	792	8	509	104	195

*Table 4: **Soil Auger Assay Summary Statistics***

Ground Magnetics

A total of 37.3 line kilometres of ground magnetics was completed at Siam 2 as part of a program to provide better resolution to the widely spaced regional aerial magnetic data available over Matsa's areas of interest. The program is continuing.

Chang 1

The Chang 1 copper target is a large (1.8km x 1.2km) soil anomaly. Drilling of the highest soil copper grades is anticipated to commence in accordance with ALRO consents as discussed above, as soon as practicable. Diamond assay results to date show Chang 1 to be a large low-grade copper mineralised intrusion with intervals of higher grade Cu associated with increased hydrothermal activity along faults.

SYMONS HILL PROJECT (NICKEL)

E69/3070 of 96km^2 is located within the Fraser Range Tectonic zone, 6kms SSW of Independence Group Ltd's (ASX:IGO) Nova nickel mine. There is currently significant M&A activity in the locality and accordingly the Symons Hill project is recognised as a valuable area for any accumulator of tenements in this highly prospective locality.

Collaborative Research Project with CSIRO

Stage 1 of a collaborative research project concerned with regolith processes and geochemical dispersion of key metals including Ni in the weathered profile, was completed during the quarter.

Whole-rock geochemical datasets for 89 selected samples were received and are undergoing interpretation.

CORPORATE

Cash and liquid assets total approximately $6 million as at 30th June 2017.

For further Information please contact:

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Executive Chairman

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Director

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Competent Person Statement

Exploration results

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 - ***Matsa Resources Limited***

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 Lake Carey. • Core is cut with diamond saw and sampled based on geological boundaries with intervals in the range 0.1-2m. • Mineralisation comprises quartz veins formed in brittle fracture of host dacite porphyry caused by movement along the Bindah Fault
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).*	• Diamond drilling at Lake Carey. Drilling employed HQ and BQ core drilling
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.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• Diamond core logging comprised geology, orientation, structure, photography.

Criteria	JORC Code explanation	Commentary
	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.*	• Logging is carried out over 100% of drill hole. With the focus on Lithology structure alteration and mineralisation
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 Lake Carey core is split in half with half marked up and left in tray and ½ submitted for assay. • Sample preparation techniques for diamond drilling comprises a coarse crush ~6mm, riffle split with around 300-500 gram pulverised to <75 microns.
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.*	• All gold determinations on Lake Carey diamond core were by fire assay AA finish. Limited QA QC samples provided
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 in-house. Assays reviewed by Matsa Exploration Manager Dave Fielding • Logging data is entered in the field to minimize transcription errors, assay data are loaded electronically.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and 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.*	• All drill holes are set up by handheld GPS to 3m accuracy. Diamond Drill holes are resurveyed on completion using a hired DGPS system. • Drilling under the Lake Carey project is all located using the MGA GDA94 UTM location Zone 51. • Drilling and soil sampling in Thailand is located using the Indian Thailand 1975 datum zone 47.

Criteria	JORC Code explanation	Commentary
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.*	• Data spacing has been taken into account at Fortitude, in particular to increase the amount of diamond drilling in the upper part of the resource in order to improve the mineralisation model. • Sample compositing has been applied all non-core holes drilled during the quarter to reduce assay costs.
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.*	• Diamond drilling at Lake Carey is oriented as far as possible at right angles to the direction of the interpreted structure.
Sample security	• *The measures taken to ensure sample security.*	• Samples are managed and transported by Matsa personnel who maintain chain of custody until delivery to laboratory
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The previously announced JORC 2012 resource at Fortitude was revised during the quarter. Revision based on new diamond drilling carried out in December 2016.

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.*	• Tenement status is as per attached Schedule of Tenements. • Diamond drilling at BE 1 is located on E39/1889 which is the subject of a JV agreement, 90% Matsa Resources, 10% Raven Resources • Tenements covered by Aircore drilling at Fortitude announced 26th July 2017
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration by other parties at Fortitude/Lake Carey, has been previously announced.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• At Lake Carey the principal target is orogenic gold associated stratigraphic contacts associated with major faults. • In Thailand the target is base metal mineralisation associated with major boundary between the Indian and Chinese plates which was active in permo Triassic times.

Criteria	JORC Code explanation	Commentary

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.*
		• Diamond Drill hole information is included in the body of the report.
		• Aircore drill collars information as previously announced.
		• The expected accuracy is +/- 5 metres for easting and northings and 10 metres for elevation coordinates. Elevation values were in AHD. The grid system used is Map Grid of Australia (MGA) GDA94 Zone 51.

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 reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate diagrams are included in the body of the report.
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.*	• Intercepts are presented in a balanced way, with better intercepts illustrating why Matsa is maintaining an interest in a particular project.
Other substantive	• *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*	• Significant use is made of geophysical datasets, particularly aeromagnetics. • Geophysical surveys carried out are presented under sampling in

Criteria	JORC Code explanation	Commentary
exploration data	*method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Section 1.
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.*	• Comments on likely outcomes for future exploration is fully accounted for.

Appendix 2 - Matsa Resources Limited

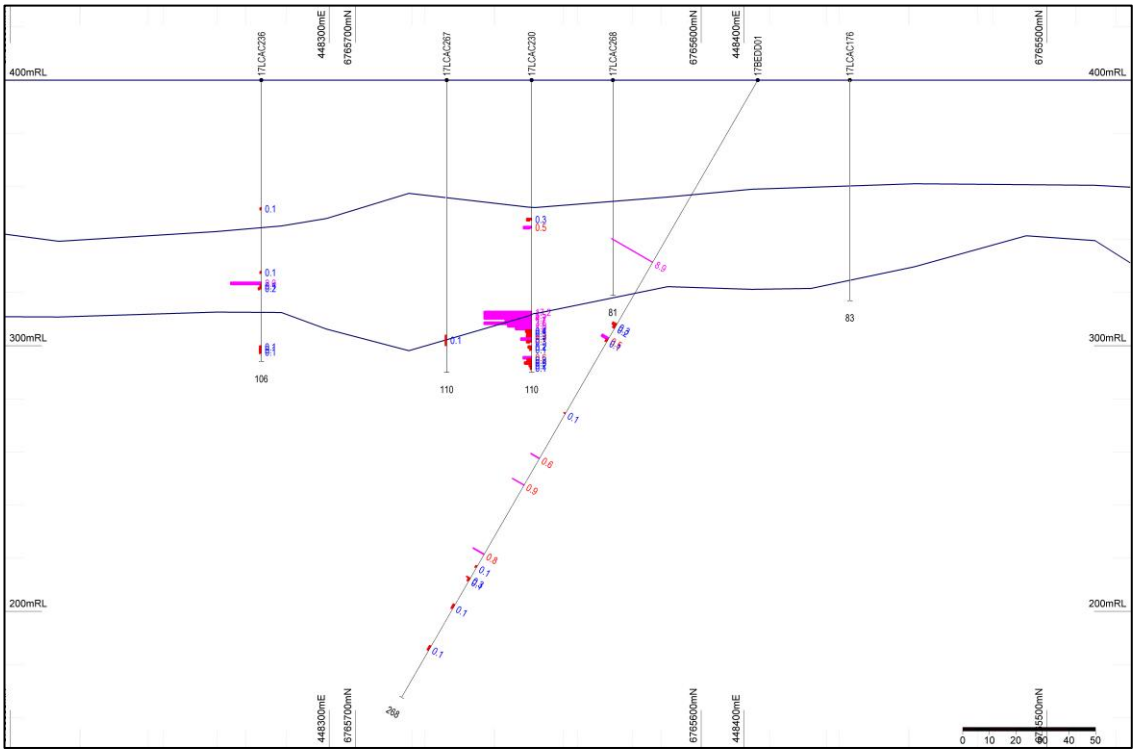
BE 1 Diamond Drill Core, Gold Assays >0.1 g/t Au

Hole_ID	Sample ID	M From	M To	Au ppm
17BEDD01	139845	79.12	79.26	8.91
17BEDD01	139863	106	107	0.29
17BEDD01	139864	107	108	0.16
17BEDD01	139869	112	113	0.5
17BEDD01	139871	113	114	0.13
17BEDD01	139884	144.77	145.06	0.12
17BEDD01	139891	164.35	164.6	0.64
17BEDD01	139897	175.96	176.15	0.86
17BEDD01	139910	206	206.3	0.81
17BEDD01	139926	211.25	212.2	0.11
17BEDD01	139932	216.5	216.8	0.28
17BEDD01	139933	216.8	218	0.12
17BEDD01	139939	228	230	0.13
17BEDD01	139949	246	248	0.12
17BEDD02	139913	70.4	70.7	0.11
17BEDD02	139917	78.5	79	0.25
17BEDD02	139925	100	101	0.39
17BEDD02	139971	128	128.6	0.2
17BEDD02	139973	129.1	129.4	0.35
17BEDD02	139975	129.4	130.25	0.13
17BEDD02	139976	130.25	131	0.8
17BEDD02	139977	131	132	0.85
17BEDD02	139978	132	133	0.7
17BEDD02	139979	133	133.6	0.18
17BEDD03	139980	120.2	120.3	1.76
17BEDD03	139990	136	137	0.29
17BEDD03	139995	139	140	0.1
17BEDD03	149503	145	146	0.12
17BEDD03	149505	147	148	0.12
17BEDD03	149534	184	186	0.67
17BEDD03	149549	204	205	0.39
17BEDD03	149554	208	209	0.15
17BEDD03	149558	212	213	0.52
17BEDD03	149560	214	215	0.17
17BEDD03	149565	219	220	0.44
17BEDD03	149566	220	221	0.65
17BEDD03	149567	221	222	0.28
17BEDD03	149568	222	223	0.3
17BEDD04	149593	125	126	0.11

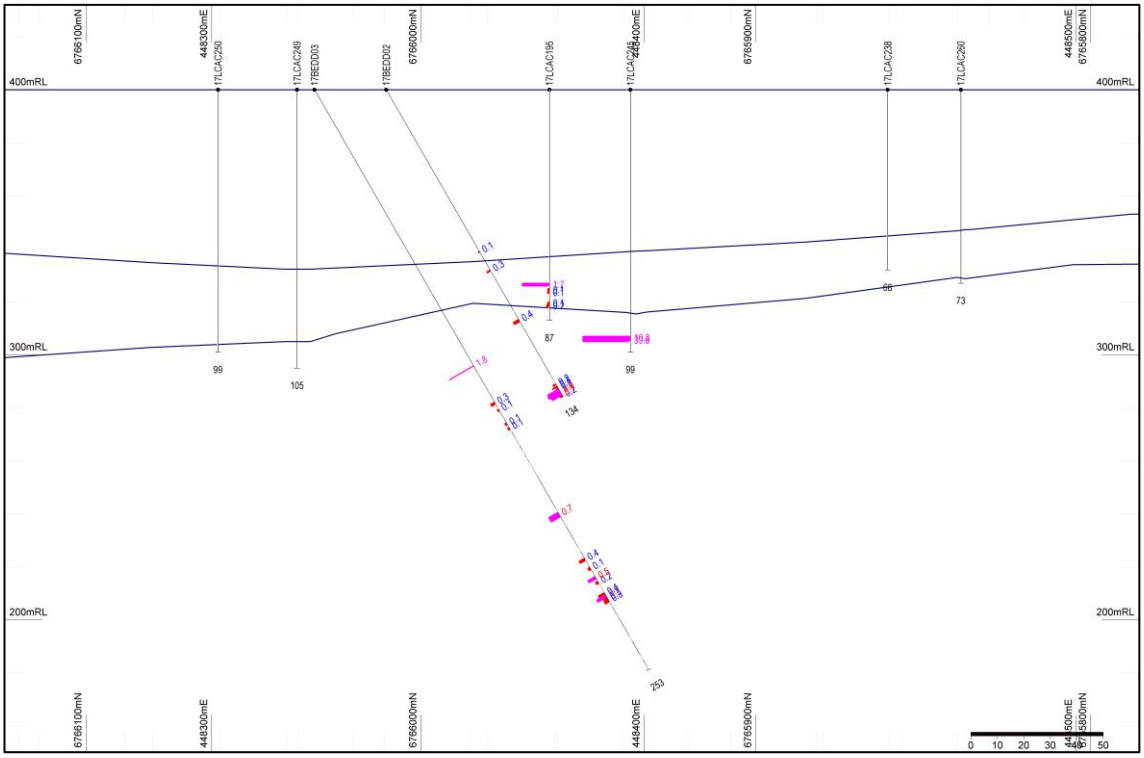
Hole_ID	Sample ID	M From	M To	Au ppm
17BEDD04	149597	129	130	0.21
17BEDD04	149608	139	140	0.23
17BEDD04	149620	157	159	0.11
17BEDD04	149657	218	220	0.1
17BEDD04	149663	225.9	227.4	0.52
17BEDD04	149677	241	242	0.15
17BEDD04	149678	242	242.6	0.2
17BEDD04	149679	242.6	243	1.37
17BEDD04	149680	243	244	1.5
17BEDD04	149681	244	245	0.11
17BEDD04	149682	245	246	0.23
17BEDD04	149684	247.2	248.2	0.16
17BEDD04	149689	255.85	256.2	0.1
17BEDD04	149691	258	260	0.34
17BEDD05	149789	172	174	0.11
17BEDD05	149779	228.4	229.25	0.23
17BEDD05	149785	232	232.35	0.19
17BEDD05	149839	273	275	0.29
17BEDD05	149841	277	279	0.15
17BEDD05	149842	279	281	0.25
17BEDD05	149846	287	288	0.19
17BEDD05	149847	288	288.4	1.64
17BEDD05	149848	288.4	290	0.15

Appendix 3 - Matsa Resources Limited

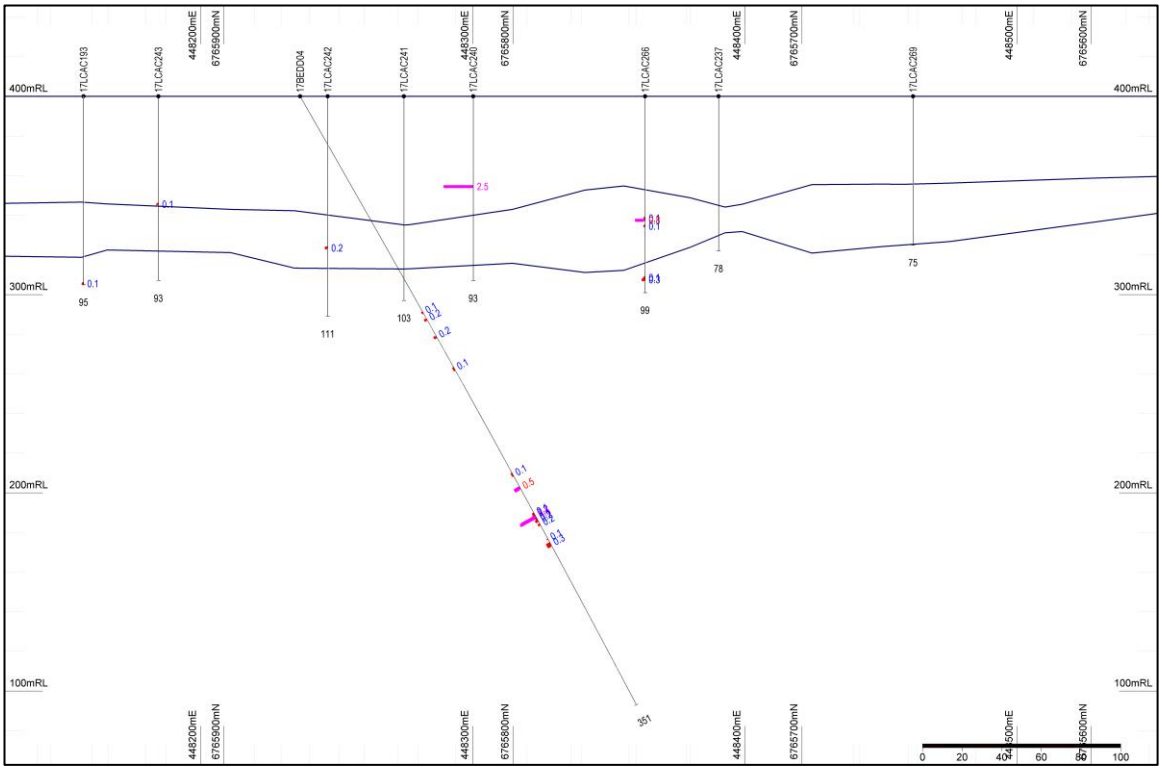
BE 1 Diamond Drill Holes Summary Cross Sections



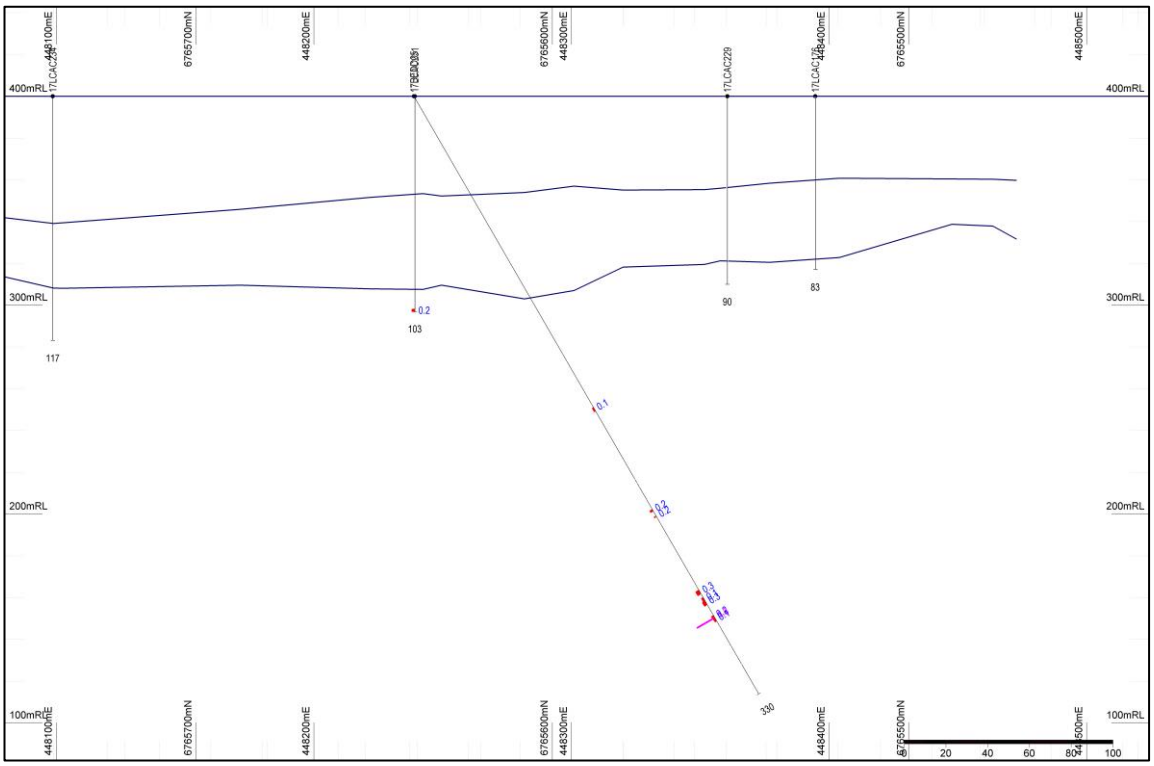
17BEDD01 cross section looking NE



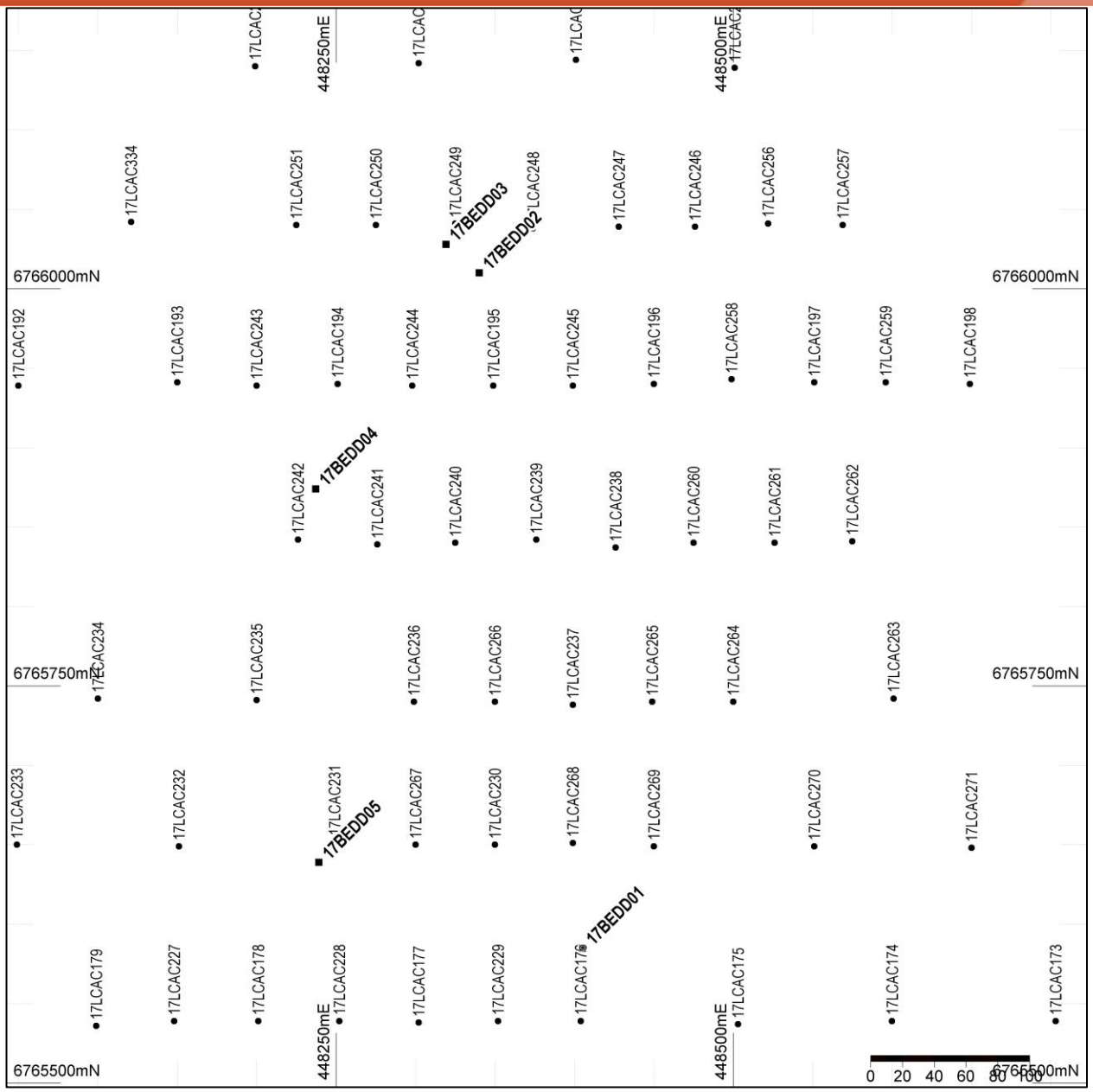
17BEDD02 and 17BDD03 cross section looking NE



17BEDD04 cross section looking NE



17BEDD05 cross section looking NE



Plan view of BE1 diamond drilling

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MATSA RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
48 106 732 487	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(543)	(5,960)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(249)	(1,096)
	(e) administration and corporate costs	(198)	(914)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	27
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	853
1.8	Other (provide details if material)	38	115
1.9	**Net cash from / (used in) operating activities**	**(945)**	**(6,976)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(175)	(243)
	(b) tenements (see item 10)	-	(1,961)
	(c) investments	-	(21)
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	1,109	9,586
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(4)	(19)
2.6	**Net cash from / (used in) investing activities**	**930**	**7,342**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	151
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(2)	(13)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(2)**	**138**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,084	1,563
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(945)	(6,976)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	930	7,342
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	138
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,067**	**2,067**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2017	2,034
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,067**	**2,084**
	Shares held in listed investments*	3,603	5,116
	Total cash and liquid investments at end of quarter	**5,670**	**7,200**

* Market value at 30 June 2017 (Previous quarter 31 March 2017)

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	135
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	572
9.2	Development	879
9.3	Production	849
9.4	Staff costs	281
9.5	Administration and corporate costs	345
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**2,926**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Buldania Rocks (WA) P63/1503 Killaloe (WA) P63/1672	 Direct Direct	 100% 100%	 0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 July 2017
(Director/Company secretary)

Print name: Andrew Chapman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.