Matsa Resources Limited

MATSA
RESOURCES
LIMITED
ABN 48 106 732 487

ASX Announcement **7th June 2016**

RC Drilling Commences
Mt Day Nickel Project

Highlights

- *An RC drilling programme comprising 6 drillholes for ~1,100m is to commence around 13th June 2016, to test a number of targets including the recently discovered conductor MDC01*
- *Drill holes are to explore for komatiite hosted nickel sulphide mineralisation associated with conductor MDC01 and with past intersections in shallow drilling of up to 3m @ 1.51% Ni and 0.17% Cu*
- *This programme follows the recent completion of a 13 drillhole, 3,002m RC drilling at the Big Red prospect Dunnsville, assays are awaited*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.44 million @ $0.25 - $0.40

Top 20 shareholders

Hold 52.15%

Share Price on 6th June 2016

14 cents

Market Capitalisation

$20.18 million

Matsa is pleased to announce commencement of drilling at its 100% owned Mt Day nickel project located 25km NW of Poseidon's Emily Anne and Maggie Hayes nickel mines near Lake Johnston (Figure 1). This follows completion of the 13 hole RC drilling programme for 3,002 metres at Matsa's Big Red gold prospect at Dunnsville where assays are currently awaited.

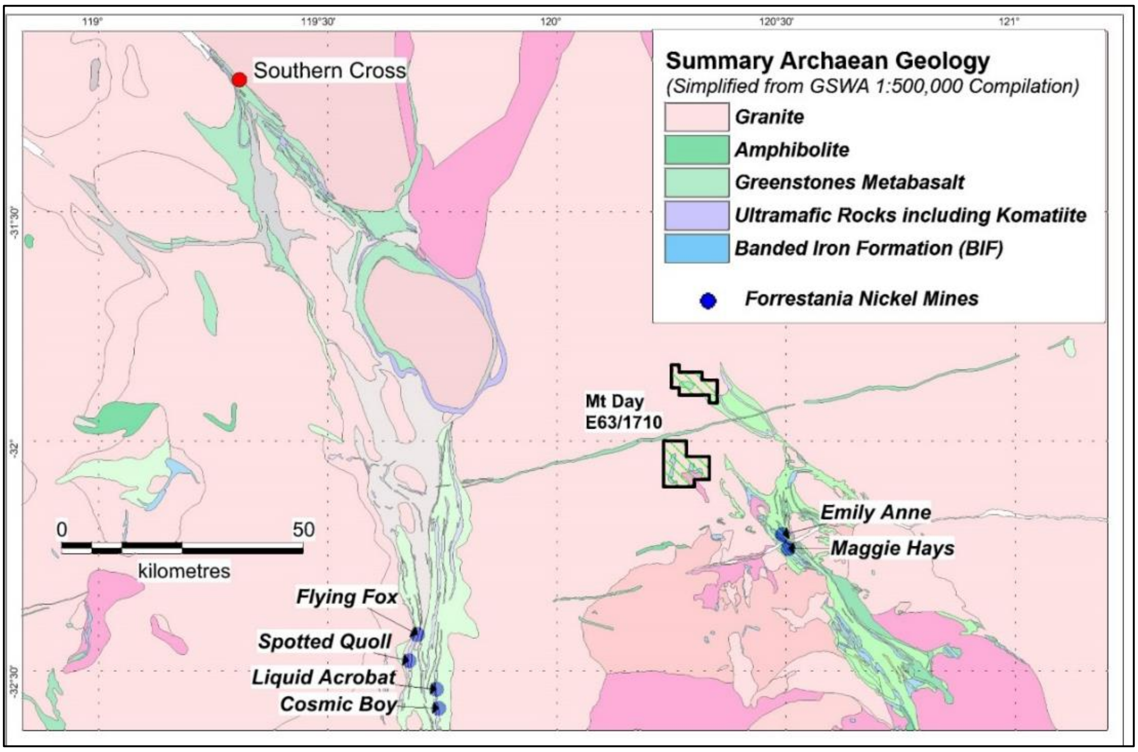

Figure 1: ***Location and regional geology of Mt Day Project***

As previously announced, previous exploration achieved a number of shallow drillhole intersections in weathered ultramafic rocks at Mt Day containing significant nickel values up to 1.51% Ni with supporting copper values up to 0.17% Cu. *(Refer MAT announcements to the ASX 3rd May 2016 and 31st May 2016).*

The Mt Day drilling follows completion of RC drilling at Matsa's Big Red prospect at Dunnsville. Drilling at Big Red intersected a number of zones of quartz veining and associated alteration which may reflect the presence of gold mineralisation. Drilling results will be evaluated when assays have all been received which is expected during June.

Mt Day Drilling programme

Planned drillholes are summarised in Table 1

PLAN_ID	E(GDA51)	N(GDA51)	RL	Dip	Azi	Depth
plan1	239953	6447149	460	-60	280	120
plan2	240002	6447140	460	-60	280	170
plan3	240051	6447130	460	-60	280	220
plan4	240348	6449573	460	-60	280	150
MDC01	244370	6450260	460	-60	225	225
MD2	240200	6447100	460	-60	280	150
MD3	240795	6446170	460	-90	0	75

Table 2: ***Planned Drillholes***

Drilling is designed to test a number of targets as shown in Figure 2 namely;

- Conductor MDC01 which is a recently discovered moderate strength EM conductor over a discrete magnetic anomaly which probably represents a faulted offshoot of the main western komatiite trend. MDC01 was defined by a single MLTEM survey line as a steeply dipping conductor with a strike extent of ~80m, a depth extent of ~1,100m (Proposed hole MDC01).

- Nickel values up to 1.51% Ni intersected by previous drilling in weathered ultramafic rocks (See Project Background below). Drilling is to determine whether these intercepts reflect the presence of nickel sulphides in underlying fresh komatiite (Proposed holes plan1-plan4 and MD2).

  A conductive zone identified by the recent EM survey over the southern extremity of a hook shaped komatiite trend as reflected in aeromagnetic data. There is potential that this conductive zone may reflect the presence of disseminated nickel sulphide mineralisation (Proposed hole MD3).

Drilling is planned to commence around the 13th June 2016 with assays expected within 2-3 weeks after completion of programme.

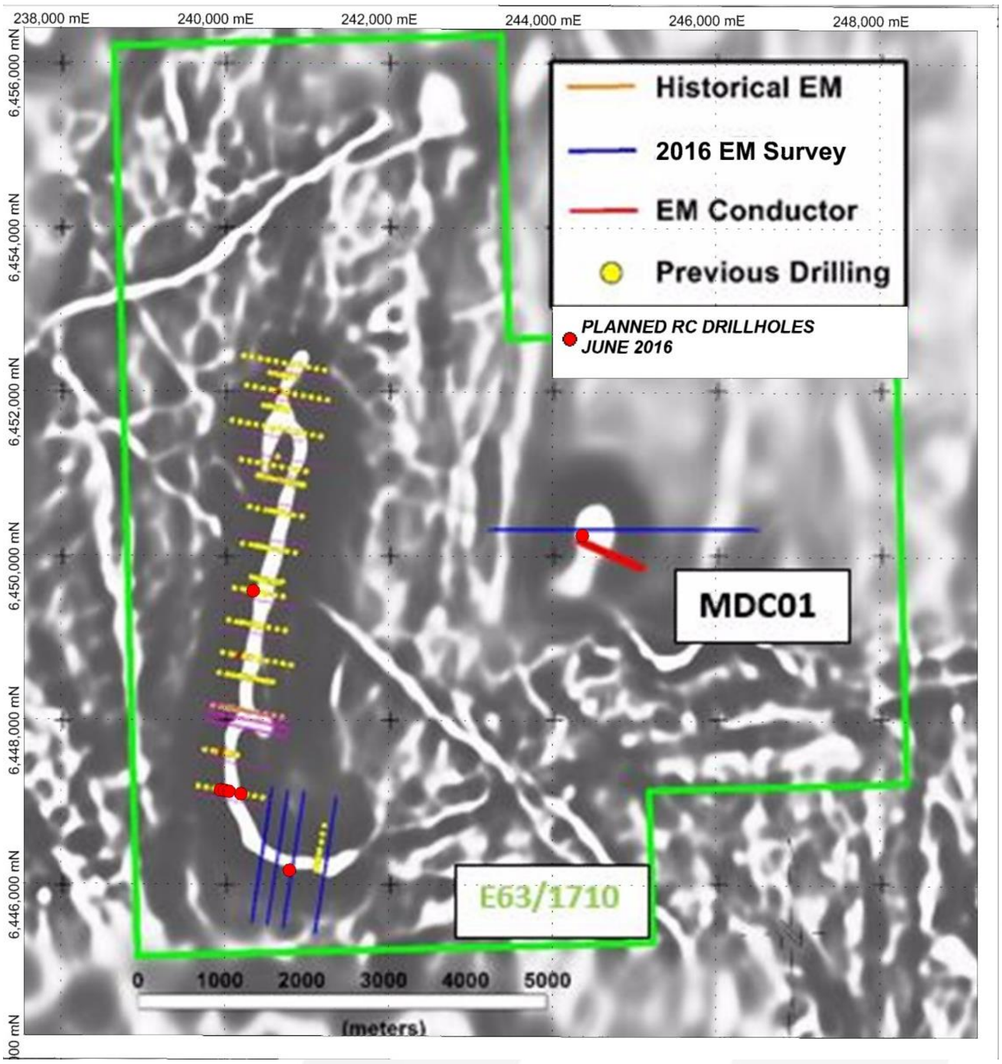

Figure 2: Mt Day, EM survey outlines and past drilling on aeromagnetic image

Mt Day Project Background

Previous exploration has shown prospective komatiite lavas coincide with high amplitude aeromagnetic anomalies. The western komatiite belt has been traced over a strike length of 8km and the presence of komatiite lavas was confirmed by mostly shallow aircore drill holes. *(Relevant past exploration activities are summarised in Appendix 1)* Support for the potential of significant nickel occurrences in this deeply weathered ultramafic belt is provided in significant results from aircore drilling by previous explorers as listed below:

- JSA066 3m @ 1.02% Ni from 69m
- JSA170 3m @ 1.03% Ni and 0.08% Cu from 36m
- JSA179 3m @ 1.03% Ni and 0.05% Cu from 51m
- JSA180 3m @ 1.51% Ni and 0.17% Cu from 21m

These highly anomalous and encouraging intercepts have all been made in deeply weathered ultramafic rocks. The presence of supporting copper values in three of the anomalous nickel intercepts above suggests that the intersections were made at least partly in weathered sulphides or "gossan" rather than simply reflecting lateritic enrichment of nickel in the weathering profile, which typically is not accompanied by elevated copper values.

Based on trends visible in the aeromagnetic image in Figure 2, the main western komatiite continues around a fold closure towards the east to where additional interpreted fold closures can be seen as distinctive magnetic anomalies. Conductor MDC01 is located within one of these.

Past exploration including EM surveys and drilling was focused on the northern portion of the 8km long western komatiite belt.

For further information please contact:

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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 – Mt Day Project

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 license to operate in the area.*	• The project is entirely located in E63/1710. • The Project is Located on Vacant Crown Land. • A heritage agreement has been signed and exploration is carried out within the terms of that agreement. • At the time of writing these licenses expire between 14th June 2013 and 8th July 2017.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Most significant past work was carried out by Lionore Australia between 1995 and 2004, including, aeromagnetic surveys, surface geochemical sampling, ground electromagnetic surveys, RAB, AC, RC and DD drilling. • Limited soil geochemistry and a comprehensive review of past EM surveys and drilling was carried out by Norilsk Nickel in the period 2008 to 2013.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Kambalda or Lake Johnston style Ni sulphide mineralisation in komatiite lavas.
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.*	• Not applicable, the coordinate system used to project drill hole collar information is GDA94 Zone 51S

Criteria	JORC Code explanation	Commentary
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.*	- Exploration results summarized are drawn from public information.
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 drill hole intercepts measured in down hole metres.
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.*	- A suitable summary plans and sections been 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.*	- Not applicable.
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.*	- High Power MLEM survey May 2016, carried out by Highpower EM Geophysical Services. - Transmitter HPTS 200Amps Fluxgate Fully ROPS UTV's - Time base /Frequency. Soundings at site to determine best t/b - 200m loops, 100m moves, approximately 150 stations read
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*	EM surveys proposed are being carried out by Highpower EM Surveys Pty Limited.

Criteria	JORC Code explanation	Commentary
	this information is not commercially sensitive.	