



**ASX Announcement**

**29<sup>th</sup> April 2016**

## **Quarterly Activities Report – 31<sup>st</sup> March 2016**

### **HIGHLIGHTS**

#### ***Siam Copper Project Thailand***

- *Drilling to test IP anomaly 3, intersected trace finely disseminated native copper mineralisation in andesite lavas, from 53m to its current depth of 83m*

#### ***Paisali Base Metal Project Thailand***

- *Auger soil samples define ~1km x 1.8km copper anomaly at Chang 1 with copper values up to 0.11% Cu*
- *Chang 1 thought to be a copper mineralised hydrothermal system (copper rich porphyry or skarn) at shallow depth based on zoned geochemical anomaly, sparse outcrops of altered diorite and complex underlying magnetic anomaly.*
- *All statutory clearances obtained to enable IP to commence at Chang 1 as soon as practical to define targets for drilling*

#### ***Killaloe Project WA***

- *Geological mapping of HWG Ni sulphide prospect has highlighted position of previously untested, basal contact of the komatiite sequence which is prospective for Ni sulphide mineralization*
- *Recent high grade gold intercepts by S2 Resources in their Polar Bear gold project define a highly prospective structural/stratigraphic corridor which extends onto Killaloe for ~20 km*
- *The extension to the Polar Bear corridor at Killaloe contains soil gold anomalies and historic drill intercepts (eg 1m @ 9 g/t Au) which highlights prospectivity for new gold discoveries*

#### ***Dunnsville***

- *RC drilling commenced at Big Red focused on magnetic and structural targets below the depth of previous drilling with 7 of the planned 10 holes completed to date*
- *A number of visually interesting zones of fracturing, quartz veining and pyrite dissemination were observed across a steeply dipping contact between dolerite and meta-basalt*

#### ***Corporate***

- *Matsa currently holds cash, receivables and liquid assets of approximately \$9M*

### **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 29 April 2016**

16.5 cents

#### **Market Capitalisation**

\$23.78 million

## INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to report on its exploration and corporate activities for the quarter ended 31<sup>st</sup> March 2016.

Background information about the methods and data used in compiling this report, are attached as Appendix 1 in accordance with the JORC 2012 Code.

## COMPANY ACTIVITIES

### SYMONS HILL PROJECT

E69/3070 of 96km<sup>2</sup> is located within the Fraser Range Tectonic zone, 6kms SSW of Independence Group Ltd's (ASX:IGO) Nova nickel mine.

Activities at Symons Hill during the quarter included the following:

- Completion of diamond drill-hole SHDD10 for 426.6m of drilling.
- 4 Acid digest assays 15SHDD09
- Handheld XRF analyser assays 15SHDD09 and 16SHDD10
- Down hole EM (DHEM) Surveys were completed on two diamond hole (SHDD09 and SHDD10)

### Diamond Drilling

Diamond drill hole SHDD10 was completed from 186m to a final depth of 612.6m during the quarter. This drill hole was designed to test EM Conductor target VA15 as potential Nova Bollinger style Ni-Cu mineralisation (Table 1). No significant sulphide mineralisation was intersected. Drilling carried out during the previous quarter has been previously reported. (MAT announcement to ASX 29<sup>th</sup> January 2016)

Target	Drillhole	East (m)	North (m)	Dip (°)	Azimuth (°)	Depth (m)	Remarks
VA15a	16SHDD10	516875	6464450	-70	240	612.6m	No significant Sulphide Mineralisation

**Table 1: Symons Hill Diamond Drilling Summary.**

Drill-hole 16SHDD10 was completed on anomaly VA15a and intersected mostly mafic granulite thought to have originally been intrusive gabbro, although a strong overprint by metamorphic quartz and feldspar has tended to obscure the primary mafic/ultramafic fabric. This interpretation was supported by intervals of nickel-enriched olivine-bearing gabbro, with only minimal metamorphic overprint. Assays using Matsa's handheld PXRF analyser confirmed strongly elevated nickel values to 0.3% Ni in the olivine gabbro. While no significant sulphide mineralisation was observed in the hole, Matsa believes that these enriched Ni values confirm the presence in the mafic granulite sequence, of fertile gabbro similar to the host sequence at Nova.

### Assays

A total of 100 samples from 15SHDD09 were submitted for analysis for a 35 element suite by 4 acid digest and read by Optical Emission Spectroscopy OES. Assays were carried out on selected ~20cm core pieces at intervals of ~4m.

Handheld XRF assays at were carried out at 1m intervals for a total of 210 determinations on hole 15SHDD09 (206m-399.1m) and 613 determinations on 16SHDD10 (0-612.1m) using a handheld XRF analyser.

The sampling and assay protocols are summarised in Appendix 1 and value ranges for selected elements values from both assay techniques are listed in Appendix 2.

Results from the 4 acid digest OES assays in drill-hole 15SHDD09 returned a maximum Ni value of 715ppm Ni, which coincided with an interval of olivine bearing gabbro.

Results from handheld XRF assays returned maximum Ni values of 1429ppm Ni in 15SHDD09 and 3010ppm Ni in 16SHDD10 which coincided also coincide with intervals of nickel rich olivine bearing gabbro.

## Downhole Surveys

Downhole surveys on both 15SHDD09 and 16SHDD10 failed to detect significant EM anomalism either in-hole or off-hole in either of the two drillholes surveyed. The target EM conductors are thought to be the result of current “channelling” in the conductive near surface environment, rather than genuine bedrock conductors.

## High Power Fixed Loop EM Survey

The regional, high powered (150-200A) EM survey which commenced in December 2014 was completed during the quarter. No new conductors were detected during the quarter.

The survey has been carried out as part of a research and development project, designed to develop and improve state of the art EM equipment to explore for massive sulphide deposits of Nova-Bollinger type, to a depth of >700m below surface. Survey design parameters, and progress have been included in previous announcements to the ASX (Refer MAT announcements submitted to the ASX 14<sup>th</sup> April 2015, 23<sup>rd</sup> April 2015 and 30<sup>th</sup> April 2015, 20<sup>th</sup> May 2015, 3<sup>rd</sup> June 2015, 31<sup>st</sup> July 2015, 23<sup>rd</sup> September 2015, 31<sup>st</sup> October 2015).

Matsa has entered into a collaborative research project managed by the CSIRO which is intended to integrate geochemical data, drilling data and airborne and ground geophysical data to provide a more complete understanding of geological processes in this highly prospective belt and develop new targets.

## THAILAND

Matsa's Thailand projects cover 909km<sup>2</sup> within the Loei-Ko Chang fold belt which contains important mineral deposits including the Phu Kham copper mine in Laos and the >5MOz Chatree gold mine. The Loei-Ko Chang arc is an arcuate palaeo – island arc terrane which is more than 600km long and oriented approximately north-south. This terrane extends from Ko Chang Island in the south to Loei in the north of Thailand and beyond into Laos.

The location of the Loei-Ko Chang arc and Matsa's current tenement holdings are summarised in Figure 1.

## SIAM COPPER PROJECT

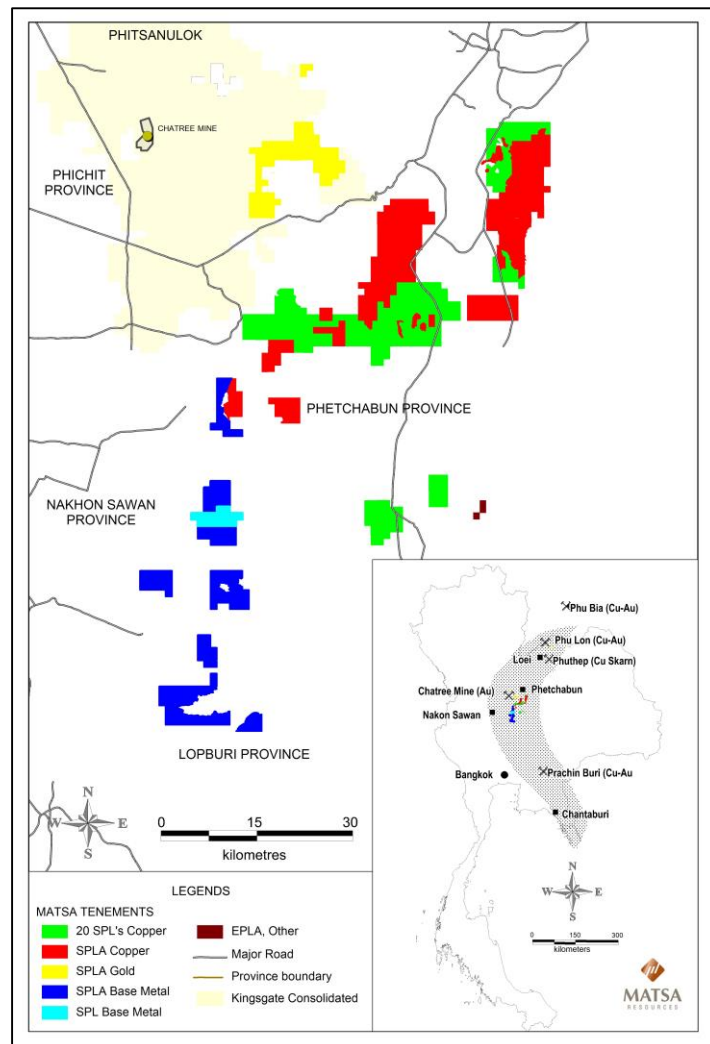
Activities during the quarter on the Siam Copper Project comprised:

- Diamond drilling at Siam 1
- Assays for 170 auger soil samples collected during previous quarter

In the previous quarter, Matsa completed an induced polarisation (IP) ground electrical survey at Siam 1. The survey comprised 6 lines at Siam 1 West and 7 at Siam 1 East. (MAT announcements to the ASX 29<sup>th</sup> October 2015 and 29<sup>th</sup> January 2016). The Siam 1 prospect was prioritised for IP surveys because of Matsa's discovery there of widespread boulders containing visible native copper and the previously announced discovery of supergene chalcocite containing very high copper and silver grades of up to **54.6% Cu and 148 g/t Ag**.

The survey was designed to test the hypothesis that surface copper mineralisation represents more extensive copper sulphide mineralisation at depth.

Five high priority Induced Polarisation (IP) anomalies (Anomalies 1-5) up to 500m long were defined at Siam 1W while anomalous IP readings observed at Siam 1E were weaker than at Siam 1W. Consequently diamond drilling was prioritised to test Anomalies 1-5 at Siam 1W.



**Figure 1: Matsa Tenement Status Thailand (Inset Loei-Ko Chang Arc)**

## Diamond Drilling

A total of 9 diamond drillholes were designed to test IP anomalies 3, 4 and 5 at Siam 1W with drilling commencing in December 2015. One drill-hole (15SCDD01) was completed and a second drill hole (15SCDD02) reached a depth of 83m as previously reported prior to being suspended. (MAT Announcement to the ASX 29<sup>th</sup> January 2016)

- 15SCDD01 on IP target 5 encountered pyrite (iron sulphide) rich sediments from 53m to the end of the drill-hole and are interpreted to be the likely source of IP anomaly 5.
- 16SCDD002 on IP target 3 intersected basaltic andesite lavas to its current depth of 83m, well above the IP target at 200m. Disseminated native copper mineralisation with grain size generally <0.5mm, was observed intermittently throughout the section drilled to date, but in particular from 50m to end of drill hole.
- No significantly mineralised intervals were noted and core has not yet been submitted for assay.

The drilling programme at Siam 1 was suspended in January 2016 in order to resolve a Land authority dispute which focused on current drilling areas. Matsa has since received confirmation from the Department of Primary Industries and Mining (DPIM) that the Company has a legal right to conduct exploration activities including drilling in this area

in accordance with statutory tenement conditions for individual granted SPL's. Accordingly, whilst delay has been caused by this dispute, Matsa intends to resume drilling and exploration activities as soon as possible at Siam 1.

## Soil Auger Assays

Assays based on a 35 element suite, were received for 170 auger soil samples collected over a 200m x 200m staggered grid during the previous quarter over parts of copper stream sediment anomalies Siam 2 and Siam 10.

Sample protocols including sample preparation and assay procedures are described in Appendix 1. Summary statistics are presented in Appendix 2.

## Siam 2

The revised results have better defined two anomalous zones within the overall Siam 2 copper anomaly (Figure 2).

- Siam 2 North is an ENE trending 1.7km long anomaly based on values >200ppm Cu with a maximum value of 630ppm Cu is associated with a discrete aeromagnetic anomaly.
- Siam 2 South, is a discontinuous EW soil anomaly defined by values >100ppm Cu with a maximum value of 727ppm Cu at the western end of the zone which remains open.

## Siam 10

Soil copper values have defined a NS trending zone with values up to 350ppm Cu over an extent of around 600m which remains open to the north and south and additional sampling is required to define the full extents of this anomaly.

Results for copper have been used to improve the geochemical definition of targets at Siam 2 and Siam 10 although in both cases the anomalies remain open and further sampling is necessary. Revised anomaly outlines will be used to better design IP surveys designed to detect copper sulphide mineralisation. An analysis of the multi-element assay results from the 35 element suite is underway in order to get a better understanding of these anomalies.

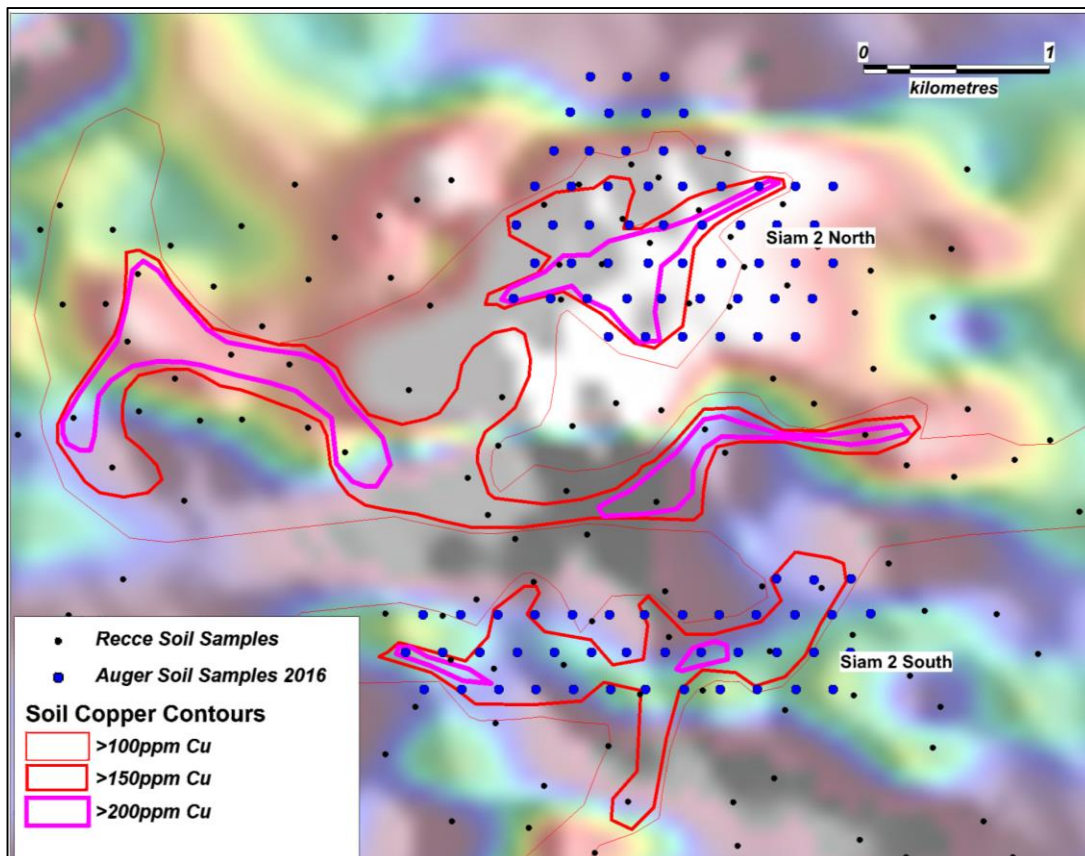


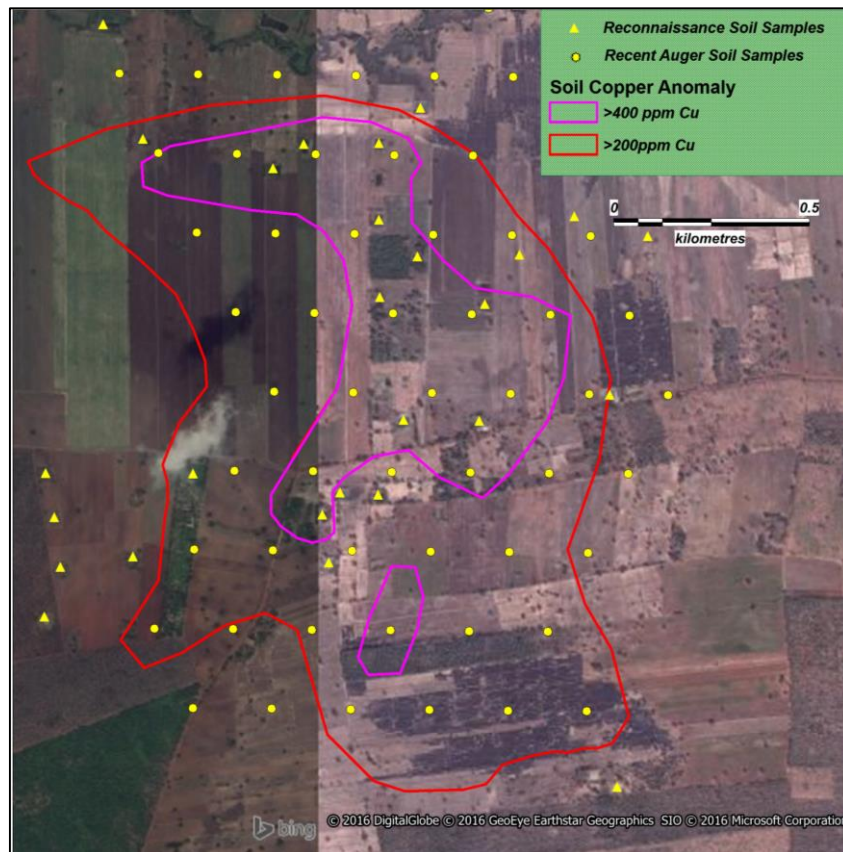
Figure 2: Siam 2 showing location of recent auger sampling and soil copper anomalies

## PAISALI BASE METALS PROJECT

During the quarter, exploration comprised multi-element assays on 60 auger samples collected to follow up strongly copper anomalous reconnaissance soil samples which led to definition of the **Chang 1** copper anomaly subsequent to the end of the quarter. (MAT announcement to ASX 27<sup>th</sup> April 2016)

Multi element assays identified a highly prospective soil copper anomaly over an area of ~1km x 1.8km which include strongly anomalous copper values of up to 0.11% Cu. Geochemical zoning is evident in multi-element data, with a central zone of highly anomalous Cu with supporting Ag and Ni values, surrounded by anomalous Pb, Zn etc. values on the periphery.

The presence of a large complex magnetic anomaly, scattered diorite rubble and strongly anomalous copper values within a zoned geochemical anomaly, supports the potential for porphyry or skarn related copper sulphide mineralisation.



**Figure 3:** Chang 1 copper anomaly and sample locations on satellite image showing farmland setting

Matsa proposes to carry out the following programme as soon as practicable:

- Step out auger sampling is underway to define the extents of the Chang 1 anomaly which is open to the west and south
- Induced polarisation (IP) surveys to commence with drilling of identified IP targets to commence as soon as possible

All government authorities have provided written consent for Matsa to proceed with its exploration programme.

## KILLALOE PROJECT (MAT 80%)

### Hanging Wall Gossan (HWG) Komatiite Nickel Target

Matsa confirmed in 2014-15, the presence of Kambalda style Ni sulphide mineralisation at HWG in association with highly prospective channel facies komatiite lavas. The host ultramafic sequence at HWG prospect is interpreted to be a strike extension of the sequence which hosts S2's Taipan Ni sulphide mineralisation to the northwest. Diamond drilling to date has shown the sequence to be structurally complex and disrupted by several late stage faults. In addition, a number of EM conductors to test massive Ni sulphide targets were drilled and found to be sourced by sulphidic and graphitic shales.

During the quarter, detailed geological mapping was carried out at HWG by consultant Dr Jim Thornett. Compilation and integration of the new mapping with detailed aeromagnetics, EM data and diamond drilling is underway in order to refine the geological interpretation and to develop and prioritise targets for future drilling. The programme is being carried out under an R&D project targeted on developing innovative EM technologies including downhole survey techniques, in order to discriminate between massive Ni sulphides and sulphide rich graphitic shales, both of which give rise to EM anomalies.

### Gold Potential Re-evaluated

S2 Resources Ltd.'s recent announcement of high grade gold at its Polar Bear project has highlighted a gold "corridor" which appears to extend into Matsa's Killaloe JV project for a distance of ~20km. The extensions to the corridor inside the Killaloe project include extensive soil gold anomalism and a number of previous gold intercepts at Killaloe which includes 2m @ 6.0g/t Au at Cashel. (Figure 4)

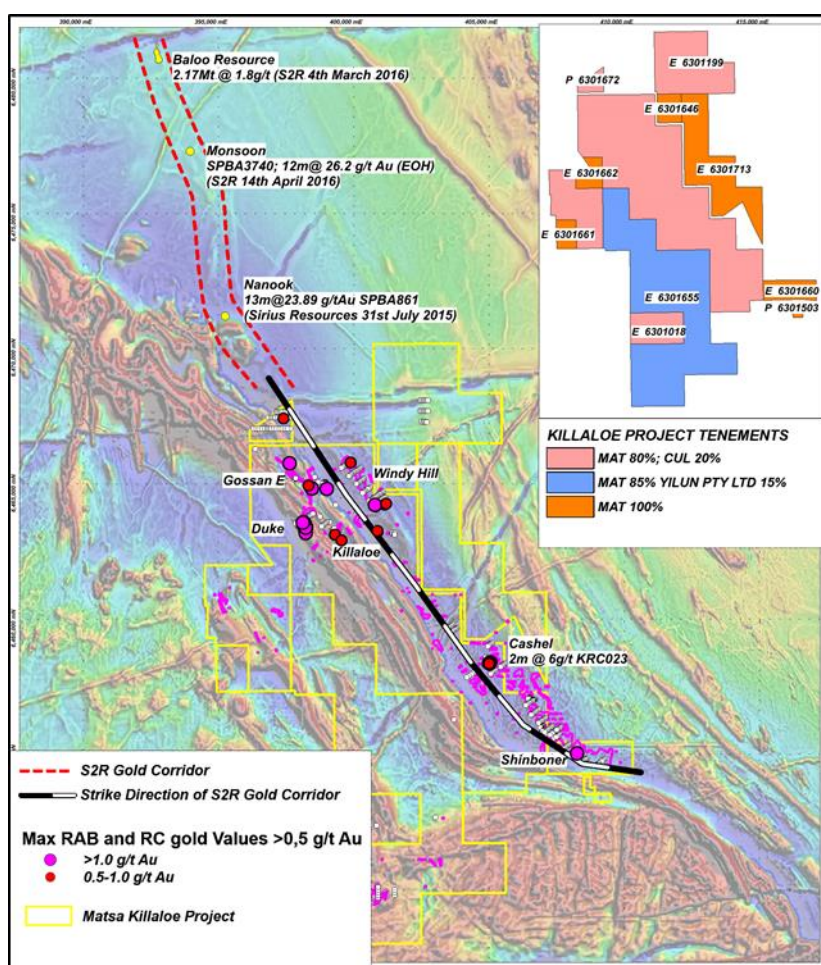


Figure 4: Killaloe gold prospects and S2 Resources gold corridor over regional aeromagnetics

Matsa has undertaken a review of past gold exploration and identified a number of targets for immediate IP surveys and drilling.

## DUNNSVILLE PROJECT

RC drilling commenced on the first of 10 planned RC drill holes at Matsa's Big Red gold target at Dunnsville 48km NW of Coolgardie subsequent to the end of the quarter. Previous RAB drilling of this 2.8km by 1km gold target by Matsa achieved several high grade intercepts, e.g. 1m @ 7.85 g/t Au. Previous diamond drilling by Matsa intersected mineralised quartz veins with best intercepts of 1.1m @ 2.56g/t Au and 3.6m @ 0.89 g/t Au.

The current drilling is targeted on structures in a complex aeromagnetic anomaly which underlies the Big Red gold target. RC drill holes have been planned to a depth of 250m for a total of 2,500m of drilling.

Preliminary observations at this early stage of drilling include intercepts of quartz veining within broader zones of disseminated pyrite in altered and silicified dolerite adjacent to a steeply dipping contact with basaltic volcanics.

## Corporate

Cash and liquid assets total approximately \$9 Million. Matsa remains debt free.

For further Information please contact:

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**Executive Chairman**

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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

### Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>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.</i>	
	<i>Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Surface geochemical sample locations are picked up using hand held GPS and recorded onto database. Soils and streams: Sufficient bulk (unscreened) sample is bagged in the field to provide 100g of -80# fraction at the laboratory and to enable selection of duplicates to be run for QA QC purposes.
	<i>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.</i>	
Drilling techniques	<i>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).</i>	Diamond drilling was carried out at Symons Hill with core diameters of 6cm (HQ) reducing to 5cm (NQ) at some point in the hole generally above 200m depth when drilling conditions stabilized.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Core recoveries were physically measured and recorded, no significant core loss was recorded.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Triple tube drilling was carried out in areas of broken ground in order to improve core recovery and to achieve longer core runs.
	<i>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.</i>	Not applicable

Criteria	JORC Code explanation	Commentary																																																																																																																														
Logging	Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Core was logged in sufficient detail to determine geology, mineralisation and major structural elements.																																																																																																																														
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging carried out was typically qualitative in nature.																																																																																																																														
	The total length and percentage of the relevant intersections logged.	The core was logged in its entirety.																																																																																																																														
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Assay by handheld XRF was carried out at approximately 1m intervals on diamond drillholes at the Symons Hill Project from direct measurement of core. Matsa used this semi-quantitative approach as an adjunct to visual logging (In particular recognition of olivine bearing gabbro which is typically geochemically anomalous for Ni and Cr.																																																																																																																														
		Results were systematically recorded to support observations on lithology. No sulphide mineralisation was recognised.																																																																																																																														
		4 Acid digest OES assays on drillhole SHDD09 were carried out on whole core pieces ~20cm long selected at intervals of ~ 4m in order to provide a suite of quantitative data. The assay suite and detection limits included :																																																																																																																														
		<table><tr><td>ELEMENTS</td><td>Ag</td><td>Al</td><td>As</td><td>Ba</td><td>Bi</td><td>Ca</td><td>Cd</td><td>Ce</td><td>Co</td><td>Cr</td><td>Cu</td><td>Fe</td><td>K</td></tr><tr><td>UNITS</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>%</td><td>ppm</td></tr><tr><td>DETECTION</td><td>0.5</td><td>50</td><td>10</td><td>2</td><td>5</td><td>50</td><td>0.5</td><td>20</td><td>1</td><td>5</td><td>1</td><td>0.01</td><td>20</td></tr><tr><td>ELEMENTS</td><td>La</td><td>Li</td><td>Mg</td><td>Mn</td><td>Mo</td><td>Na</td><td>Ni</td><td>P</td><td>Pb</td><td>S</td><td>Sb</td><td>Sc</td><td>Sn</td></tr><tr><td>UNITS</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td></tr><tr><td>DETECTION</td><td>20</td><td>1</td><td>20</td><td>1</td><td>2</td><td>20</td><td>1</td><td>50</td><td>5</td><td>50</td><td>5</td><td>1</td><td>5</td></tr><tr><td>ELEMENTS</td><td>Sr</td><td>Te</td><td>Ti</td><td>Tl</td><td>V</td><td>W</td><td>Zn</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>UNITS</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td>ppm</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>DETECTION</td><td>1</td><td>5</td><td>5</td><td>5</td><td>1</td><td>5</td><td>1</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	ELEMENTS	Ag	Al	As	Ba	Bi	Ca	Cd	Ce	Co	Cr	Cu	Fe	K	UNITS	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	%	ppm	DETECTION	0.5	50	10	2	5	50	0.5	20	1	5	1	0.01	20	ELEMENTS	La	Li	Mg	Mn	Mo	Na	Ni	P	Pb	S	Sb	Sc	Sn	UNITS	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	ppm	DETECTION	20	1	20	1	2	20	1	50	5	50	5	1	5	ELEMENTS	Sr	Te	Ti	Tl	V	W	Zn							UNITS	ppm	ppm	ppm	ppm	ppm	ppm	ppm							DETECTION	1	5	5	5	1	5	1						
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	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.	Standard lab sample prep for 4 acid digest assay suite. Handheld XRF assays based on direct readings from core.																																																																																																																														

Criteria	JORC Code explanation	Commentary
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Laboratory QA QC considered sufficient given no mineralised intercepts Multiple repeats and standard samples used for PXRF readings.
	<i>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.</i>	XRF repeat assays carried out on core represent a field duplicate
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Not applicable at Symons Hill or Thailand
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	4 Acid digest suite is a total digest method and highly appropriate for evaluation of sulphides and for lithogeochemistry. Likewise XRF is a total assay, limited to a restricted suite of elements which includes all of the target elements other than gold. Because of the immediate benefit of PXRF to logging, it was decided to use only PXRF for non-mineralised intervals which is the reason that 4 acid digest assays were not carried out on hole 16SHDD10.
	<i>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.</i>	Not applicable
	<i>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.</i>	See note above re QA QC for lab and PXRF assays.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	All assay data reviewed by Matsa's Exploration Manager Dave Fielding
	<i>The use of twinned holes.</i>	
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	All information is recorded electronically at the logging stage to minimise transcription errors.
	<i>Discuss any adjustment to assay data.</i>	No adjustments carried out.
Location of data points	<i>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.</i>	Hand held GPS with nominal 3-5m accuracy is sufficient for the current level of exploration on Matsa's projects.
	<i>Specification of the grid system used.</i>	All sampling during the quarter was carried out Zone 51s of the Australian GDA94 Datum Thailand UTM Grid system used namely Indian Thailand 1960 datum Zone 47.

Criteria	JORC Code explanation	Commentary
	<i>Quality and adequacy of topographic control.</i>	Topographic control 2-5m accuracy using published maps or Shuttle Radar data is sufficient to evaluate topographic effects on assay distribution.
<i>Data spacing and distribution</i>	<i>Data spacing for reporting of Exploration Results.</i>	
	<i>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.</i>	Auger sampling at Chang 1 carried out using Matsa's well established staggered grid system to minimise directional bias, and the spacing of 200m is a trade off between resolution/detail and cost. Typically further detail can be achieved by closer spaced follow up sampling in anomalous areas.
	<i>Whether sample compositing has been applied.</i>	As noted 4 acid digest was carried out on small pieces of core collected at intervals of ~4m.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	See notes on staggered grid soil auger sampling which Matsa uses to overcome this.
	<i>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.</i>	Drilling is always planned in conjunction with all available information including aeromagnetic data to achieve the optimum intersection.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Not regarded as an issue for soil samples and first pass aircore samples beyond clear mark up and secure packaging to ensure safe arrival and accurate handling by personnel at assay facility. Assay Pulps retained until final results have been evaluated.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	Not carried out at this stage.

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>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.</i>	<p>Australia, all work carried out under granted Exploration Licences either held directly by Matsa, or subject to formal farm in / JV agreements.</p> <p><u>Thailand</u></p> <p>Exploration tenements comprise more or less regular aggregates of square blocks to a maximum of 16km<sup>2</sup>. Tenements are held by Siam Copper Ltd and PVK Mining Limited which are both wholly owned subsidiaries of Matsa</p>

Criteria	JORC Code explanation	Commentary
		Resources Limited. Tenements have been granted for a period of 5 years subject to completion of agreed exploration programme.
	<i>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.</i>	All Matsa tenements are in good standing and no known obstacle exists.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>Western Australia, Prior work was carried out by GSWA and past explorers as sourced under the open file system of the WA DPIM</p> <p><u>Thailand</u>            Past work in the Siam project area has included -80# stream sediment sampling carried out by the Department of Mineral Resources of Thailand (DMR) and made available to explorers.            A large helicopter borne combined electromagnetic and magnetic survey was carried out over Matsa's Siam Copper Project and Paisali Base Metal Project areas, mostly on EW lines nominally 400m apart.</p>
<i>Geology</i>	<ul style="list-style-type: none"> <li><i>Deposit type, geological setting and style of mineralisation.</i></li> </ul>	<p><b>Symons Hill Nickel Copper Sulphides.</b> The target is Nova style Ni Cu mineralisation in the Fraser complex within the Proterozoic Fraser Tectonic Zone</p> <p><b>Eastern Gold Fields gold targets</b> at Dunnsville, the target is orogenic gold sourced from Archaean volcanics and sediments, mobilised by metamorphic processes and deposited into structural and chemical traps. Intrusion related hydrothermal gold deposits remain a key deposit style which may be present.</p> <p><b>Kambalda Style Komatiite hosted Ni sulphides.</b> At Killaloe, Ni sulphide mineralisation at the HWG prospect has geological similarities with the Ni deposits around the Kambalda and Widgiemooltha domes, but there appears to be a much higher degree of post mineral deformation and faulting.</p> <p><b>In Thailand</b> Both project areas form part of an arcuate paleo – island arc terrane which is more than 600km long and oriented approximately north – south. This terrane extends from Ko Chang Island on the Cambodian border in the south to the Laos border beyond Loei in the north. The geological character of this belt results from subduction of oceanic crust towards the east beneath the Indo – Sinian plate during the Permian and early Triassic periods through to the Tertiary. Volcanic rocks, comprising mostly andesite, basaltic andesite and basalt in the project area, were deposited in early Triassic times over extensive Permian aged shelf limestones.</p> <p>The exploration target is Island Arc type base metal mineralisation. At Siam</p>

Criteria	JORC Code explanation	Commentary
		Copper, mineralisation is volcanic hosted, and associated with widespread altered boulders, in some cases containing visible Cu mineralisation. However potential is seen in both projects (Siam Copper and Paisali Base Metals) for intrusion related copper / base metal porphyry and skarn mineralisation.
Drill hole Information	<p>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:</p> <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> <p>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.</p>	This information has been included in the body of the report.
Data aggregation methods	<p>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.</p>	
	<p>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.</p>	
	<p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>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').</p>	All drilling references and mineralised intercepts reported, are measured in down hole metres.
Diagrams	<p>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.</p>	Suitable summary plans have been included in the body of the report.
Balanced reporting	<p>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.</p>	

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<i>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.</i>	<p>High Power Fixed Loop EM surveys Symons Hill. Survey parameters and equipment as previously described.</p> <p>IP Survey in Thailand was supervised by Matsa inhouse geophysical consultant Bill Robertson.</p> <p>IP Surveys Thailand</p> <p>Contractor AusThai</p> <p>Survey Type 2D Dipole Dipole IP survey</p> <p>Equipment</p> <p>GDD GRx8- 32 16 channel Receiver Geophysical Receiver system</p> <ul style="list-style-type: none"> <li>□ 2 x GDD 5Kva Transmitter systems in synch (equivalent 10Kva system)</li> <li>□ 2 x 5.5KW generators</li> <li>□ Hand held 12 channel GPS system.</li> </ul> <p>Survey Parameters</p> <p>Line spacing ~200m, dipole (n) spacing 75m</p>
<i>Further work</i>	<i>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.</i>	Included in the main body of the report.

## Appendix 2 – Symons Hill Diamond Drilling

### Selected Assay Ranges (ppm)

4 Acid Digest OES Assay Ranges 15SHDD09								
	Assays	Co	Cr	Cu	Mg	Ni	Pb	Zn
Max	100	69	3061	328	11.32%	715	16	132
Min	100	2	5	1	328	1	5	9

Olympus Innovex XRF Analyser Assay Ranges 15SHDD09						
	Assays	Cr	Cu	Ni	Pb	Zn
Max	210	4376	881	1429	39	366
Min	210	Below Detection				

Olympus Innovex XRF Analyser Assay Ranges 16SHDD10						
	Assays	Cr	Ni	Cu	Zn	Pb
Max	613	9483	3010	726	1905	103
Min	613	Below detection				

## Appendix 3 – Siam Copper Project Auger Samples

### Summary Statistics

Element	Assays	Min Value	Max Value	Percentile75	Percentile90	Percentile95	Percentile98
Cu_ppm	170	21	727	154	203.2	243.45	310.04
Ni_ppm	170	4	232	54.25	135.4	145.55	175.62
Ag_ppm	170	-0.05	1	0.09	0.15	0.241	0.3962
Ba_ppm	170	70	539	266	326.1	372.8	431.26
Bi_ppm	170	-0.1	0.9	-0.1	0.11	0.2	0.486
Co_ppm	170	17.1	182	49.5	60.63	72.465	101.668
Cr_ppm	170	-10	395	80	200	240	251.2
Mn_ppm	170	257	6010	2030	2481	3033	3780.2
Pb_ppm	170	3	95	9	12	13.55	19.24
Sb_ppm	170	0.2	26.2	1.3	3.74	7.63	12.384
Zn_ppm	170	30	302	121	133	142	156

**MATSA RESOURCES LIMITED**

**SCHEDULE OF TENEMENTS HELD AT 31 MARCH 2016**

<b>Tenement</b>	<b>Project</b>	<b>Ownership</b>	<b>Change During Quarter</b>
M 63/177	Buldania Rocks	100%	
P 63/1503		100%	
E 15/1380	Dunnsville	100%	
E 15/1381		100%	
E 16/294		100%	
E 16/296		100%	
E 16/362		100%	
E 16/389		100%	
E 16/390		100%	
E 16/403		100%	
E 16/405		100%	
E 16/408		100%	
E16/409		100%	
E 16/427		100%	
E 16/429		100%	
E 16/439		100%	
E 16/443		100%	
E16/466	Mt Burges	100%	
E16/467		100%	
E16/468		100%	
E63/1703	Fraser Range	100%	
E 69/3070	Symons Hill	100%	
E 63/1018	Killaloe	80% <sup>1</sup>	
E 63/1199		80% <sup>1</sup>	
E63/1646		100%	
P 63/1672		80% <sup>1</sup>	
E63/1655		85% <sup>2</sup>	
E63/1660		100%	
E63/1661		100%	
E63/1662		100%	
E63/1713		100%	

**MATSA RESOURCES LIMITED**  
**SCHEDULE OF TENEMENTS HELD AT 31 MARCH 2016**

<b>Tenement</b>	<b>Project</b>	<b>Ownership</b>	<b>Change During Quarter</b>
E38/2823	Minigwal	100%	
E38/2948		100%	
E38/2949		100%	
E 39/1708		100%	
E39/1716		100%	
E 39/1735		100%	
E39/1812		100%	
E39/1834		100%	
E39/1840		100%	
E63/1710	Mt Day	100%	
SPL 17/2558	Siam Project	100%	
SPL 19/2558		100%	
SPL 20/2558		100%	
SPL 22/2558		100%	
SPL 23/2558		100%	
SPL 27/2553		100%	
SPL 30/2553		100%	
SPL 34/2558		100%	
SPL 37/2558		100%	
SPL 38/2558		100%	
SPL 39/2558		100%	
SPL 40/2558		100%	
SPL 41/2558		100%	
SPL 43/2558		100%	
SPL 44/2558		100%	
SPL 45/2558		100%	
SPL 48/2558		100%	
SPL 51/2558		100%	
SPL 52/2558		100%	
SPL 53/2558		100%	

All tenements are located in Western Australia apart from the Siam Project which is located in Thailand.

<sup>1</sup>= Joint Venture with Cullen Resources Limited

<sup>2</sup> = Yilun Pty Ltd holds a 15% interest

## 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, 01/05/2013

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

31 March 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(842)	(2,383)
(b) development	-	-
(c) production	-	-
(d) administration	(556)	(1,780)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	20
1.5 Interest and other costs of finance paid	(1)	(3)
1.6 Income taxes paid	-	-
1.7 Other – Other	-	20
- R&D Refund	1,761	1,761
<b>Net Operating Cash Flows</b>	<b>370</b>	<b>(2,365)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(485)
(c) other fixed assets	(13)	(30)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	38	3,379
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Security deposits refunded/(paid)	(46)	359
<b>Net investing cash flows</b>	<b>(21)</b>	<b>3,223</b>
1.13 Total operating and investing cash flows (carried forward)	<b>349</b>	<b>858</b>

+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	349	858
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(17)	(19)
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	<b>Net financing cash flows</b>	(17)	(19)
	<b>Net increase (decrease) in cash held</b>	332	839
1.20	Cash at beginning of quarter/year to date	1,246	739
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,578	1,578

**Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	166
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the September quarter Matsa sold its 30% interest in the Mt Henry Joint Venture to Metals X Limited (MLX) for a consideration of 6.6M MLX shares which had a market value of approximately \$8.1M at the time of settlement.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	516
4.2 Development	-
4.3 Production	-
4.4 Administration	482
<b>Total</b>	998

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,528	1,196
5.2 Deposits at call	50	50
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	1,578	1,246

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+ See chapter 19 for defined terms.

**Appendix 5B****Mining exploration entity and oil and gas exploration entity quarterly report****Changes in interests in mining tenements and petroleum tenements**

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	<u>Norseman (WA)</u>			
	P63/1391	Direct	100%	0%
	P63/1392	Direct	100%	0%
	P63/1393	Direct	100%	0%
	<u>Minigwal (WA)</u>			
	E39/1707	Direct	100%	0%
	E39/1728	Direct	100%	0%
	E39/1813	Direct	100%	0%
	E39/1814	Direct	100%	0%
	E39/1823	Direct	100%	0%
	E39/1824	Direct	100%	0%
	E39/1825	Direct	100%	0%
	E39/1862	Direct	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased				

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference</b> <sup>+</sup> <b>securities</b> <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	144,156,779	144,156,779		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	925,000	Unlisted	<i>Exercise price</i> \$0.40	<i>Expiry date</i> 30 September 2016
	4,250,000	Unlisted	\$0.30	30 November 2017
	2,650,000	Unlisted	\$0.25	30 November 2017
	615,000	Unlisted	\$0.275	22 May 2018
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
<b>Performance Rights</b>				
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	Nil			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 29 April 2016

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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