



MATSA

R E S O U R C E S

LIMITED

ABN 48 106 732 487

ASX Announcement

20 May 2015

Drilling Update at Symons Hill

Highlights

- **Diamond drillhole 15DDSH07 has tested conductor C56 and is expected to be completed today. The rig will immediately commence drillhole 15DDSH08.**
- **Preliminary portable XRF (PXRF) results through the sulphide sequence at this location have detected up to 0.2% Ni and 0.8% Cu. The presence of magmatic sulphides at Symons Hill is highly encouraging.**
- **Downhole EM is planned to better define the in-hole conductors and to test for the presence of nearby conductors which may host Ni-Cu sulphide mineralisation.**
- **The targeted conductor has been intersected and is interpreted as a 1m zone of magmatic semi-massive pyrrhotite mineralisation in gabbro from 199m downhole.**
- **The high powered ground EM survey which has identified these 2 conductors is approximately 55% complete. Matsa is confident that more high priority conductors will be identified in the course of the programme.**

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

14.85 million @ \$0.25 - \$0.43

Top 20 shareholders

Hold 50.36%

Share Price on 19 May 2015

27 cents

Market Capitalisation

\$38.92 million

For personal use only

Matsa reports that diamond drillhole 15DDSH007 testing conductor C56 has intersected 1m of semi-massive pyrrhotite (iron sulphides) from 199m. This intersection confirms the presence of a magmatic sulphide source for conductor C56, one of two recently discovered high priority conductors (C42 and C56) at Symons Hill.

The high powered EM survey which identified these 2 conductors is now approximately 55% complete and is still ongoing. Matsa is confident that more high priority conductors will be identified in the course of the program.

The presence of magmatic sulphides at Symons Hill is highly encouraging for Ni-Cu mineralisation. Matsa is looking forward to the results from the second hole in the programme which is designed to intersect a stronger conductor at greater depth which is associated with an isolated gravity and magnetic anomalies.

Downhole EM surveys are planned for each drillhole in order to better define any in-hole conductors and to detect off-hole conductors which may have not been intersected.

Drillhole	Status	Target	East	North	Depth	Azimuth	Dip	Target Depth
15SHDD07	In Progress	C56	517150	6469020	308.5	135	60	230.7
15SHDD08	Planned	C42	518400	6473700	500-550	145	60	300-450

Table 1: Drillhole location



Figure 1: Core at 200m, matrix textured pyrrhotite in an olivine gabbro.

Preliminary spot handheld XRF results over selected locations on diamond drill core detect up to 0.2% Ni and 0.8% Cu. Handheld XRF results for Ni and Cu at selected points along core are tabulated in Appendix 1. A description of handheld XRF methodology is presented in Appendix 2.

Hand held XRF results in core are spot location results and do not represent actual downhole core interval values.

Symons Hill Project Background

The Symons Hill Project is located within Matsa's 100% owned E69/3070 with an area of 96km². The project is located within the Fraser Range Tectonic zone, 6kms SSW of Sirius Resources Ltd's (ASX: SIR) Nova nickel mine. Matsa has been actively exploring the project since 2012 with aircore, RC and diamond drilling confirming the presence of nickel anomalous (0.2 – 0.3% Ni) olivine bearing gabbro at targets SHG02, SHG03 and SHG11, which exhibit near surface enrichment in the weathered profile of up to 1.3% Ni.

Matsa commenced a regional, high powered (150-200A) EM survey in December 2014 which has been designed to cover the majority of the Symons Hill Project area. The survey is being carried out as part of a research and development project which is 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.

For further Information please contact:

Paul Poli
Executive Chairman

Phone +61 8 9230 3555

Fax +61 8 9227 0370

Email reception@matsa.com.au

Web www.matsa.com.au

Exploration results

The information in this report that relates to Exploration results, is based on information compiled by Richard Breyley, who is a Member of the Australasian Institute of Mining and Metallurgy. Richard Breyley is a full time employee of Matsa Resources Limited. Richard Breyley 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'. Richard Breyley 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: Handheld XRF Assays for Ni and Cu at selected points on Core

Reading	Depth	Elapsed Time 1	Elapsed Time 2	Ni %	Cu %	Rock Description
#1	200m	29.57	29.29	0.0284	0.0415	semi-massive PO
#2	199m	29.51	29.18	0.0374	0.021	banded PO
#3	225m	29.44	29.47	0.0085	0.0111	PO and PY in quartz vein
#4	225m	29.15	29.68	0.0058	<LOD	PO and PY in quartz vein
#5	225m	29.1	29.65	0.0085	<LOD	PO and PY in quartz vein
#6	220.8m	29.47	29.04	0.1966	0.8087	large PO grain/ vein
#7	220.8m	29.5	29.11	0.1918	0.7228	large PO grain/ vein
#8	197.1m	29.55	29.48	0.0116	0.032	banded PO
#9	220.8m	29.51	29.11	0.1749	0.1858	large PO grain/vein
#10	220.8m	29.51	29.09	0.1399	0.2242	large PO grain/vein

For personal use only

Matsa Resources Limited

Appendix 2: Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> XRF Analysis on HQ core using a handheld Olympus Innovx Delta Premium (DP4000C model) XRF analyser. Measurements were taken on surface of the core and depth intervals recorded. Cutting and sampling of core still to be carried out.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> Core drilling carried out by Frontline drilling using a track-mounted Desco 7000 diamond drill rig. Mud rotary bit used from surface down to the weathered zone and changed to triple tube HQ from fresh rock to end of hole. Core is oriented using Reflex ACT II RD digital core orientation tool.
Drill sample recovery	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Core is currently logged and recovery will be measured.

For personal use only

Criteria	JORC Code explanation	Commentary
	<i>grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	
Logging	<ul style="list-style-type: none"> • <i>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.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Geologic and geotechnical logging carried out on the core. Logging recorded as qualitative description of colour, lithological type, grain size, structures, minerals and alteration. • All cores are photographed using a digital camera.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <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> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Cores to be sawn and quarter core splits to be sampled and submitted to the lab. Sampling intervals still to be determined.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <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> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether</i> 	<ul style="list-style-type: none"> • Olympus Innovx Delta Premium (DP4000C model) handheld XRF analyser. • Reading times employed was 30 sec/beam for a total of 60 sec using Mining Mode. • Handheld XRF QAQC includes duplicates, standards and blanks.

Matsa Resources Limited

Criteria	JORC Code explanation	Commentary
	<i>acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Not carried out because laboratory QA QC procedures are regarded as sufficient for surface samples. Data entry carried out by field personnel thus minimizing transcription or other errors. Trial plots in field and rigorous database procedures ensure that field and assay data are merged accurately.
<i>Location of data points</i>	<ul style="list-style-type: none"> <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> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Drill collars are surveyed by modern hand held GPS units with accuracy of 5m which is sufficient accuracy for the purpose of compiling and interpreting results. 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>	<ul style="list-style-type: none"> <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> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> Not known at this stage.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <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> <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> 	<ul style="list-style-type: none"> Diamond drill hole is oriented at -60° and due SE targeting a modelled EM conductor. More information on the mineralized intersection upon completion of geological and geotechnical logging.
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Sampling intervals to be marked up on core accompanied by separate printed cutting interval sheet. Core trays to be secured with steel straps on a pallet for transport to the core cutting contractor. Samples to the laboratory will be placed in

Matsa Resources Limited

Criteria	JORC Code explanation	Commentary
		calico bags then onto green bags. The green bags will be sealed with cable ties for transport to the laboratory.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> N/A

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>	<ul style="list-style-type: none"> <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> <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> 	<ul style="list-style-type: none"> The project consists of 1 EL. The Project is Located on Vacant Crown Land. The project is located within Native Title Claim No. 99/002 by the Ngadju people. A heritage agreement has been signed and exploration is carried out within the terms of that agreement.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> Very little modern exploration has taken place on this tenement prior to Matsa's ownership.
<i>Geology</i>	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The target is "Nova" or Thompson belt style magmatic Ni-Cu mineralization.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <i>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:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> 	<ul style="list-style-type: none"> Co ordinates and other attributes of diamond drillholes are included in the text as table 1..

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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. 	
Data aggregation methods	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Downhole assay values will be reported when they become available.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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'). 	<ul style="list-style-type: none"> All intercepts reported are measured in down hole metres.
Diagrams	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not required at this stage.
Balanced reporting	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Not required at this stage.

Matsa Resources Limited

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <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> 	<ul style="list-style-type: none"> Geological observation included in the text and appendix 1.
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>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> 	<ul style="list-style-type: none"> Down hole TEM (DHTEM) is planned after the completion of the hole. Further DD drilling to test other conductors is planned.