



**ASX Announcement**

**28<sup>th</sup> October 2015**

## Quarterly Activities Report – 30<sup>th</sup> September 2015

### HIGHLIGHTS

#### *Symons Hill*

- High power EM (HPFLEM) surveys are ongoing with 84 loops of the planned 97 loops now complete.
- HPFLEM survey has detected a moderate strength conductor C11 which coincides with the SHG10 bedrock Ni anomaly in the SW corner of the project.
- It is planned to drill conductor C11 and previously defined conductor VA15 during the December quarter.
- Follow up moving loop EM is proposed in the December quarter to better define 3 additional conductive targets (CT47, CT54 and CT93) for drilling.

#### *Siam Copper Project Thailand*

- Prospecting and sampling identified a 10cm wide chalcocite vein which returned a maximum assay of **54.7% Cu and 148g/t Ag** in the Siam 1W prospect.
- The vein may represent leakage from copper sulphide mineralisation underlying the 1-2km<sup>2</sup> dispersion of native copper mineralised float at Siam 1W.
- Dipole-dipole IP survey commenced at Siam 1 prospect with 1 line completed so far. Results are being assessed to identify potential copper sulphide targets.

#### *Point Kidman Gold (MAT earning 80%)*

- RAB Aircore drilling completed to test for the source of extensively dispersed gold nuggets and associated soil gold anomalies. Assays are pending.

#### *Mt Henry JV - Divestment*

- Matsa received 6.6 million Metals X Limited (MLX) shares worth \$8.1M, as consideration for the sale of its 30% share in the Mt Henry project. This sale delivered a strong boost to Matsa's cash and liquid asset position.

#### *Corporate*

- Matsa currently holds cash and liquid assets of approximately \$12M.

### CORPORATE SUMMARY

#### **Executive Chairman**

Paul Poli

#### **Director**

Frank Sibbel

#### **Director & Company Secretary**

Andrew Chapman

#### **Shares on Issue**

144.15 million

#### **Unlisted Options**

13.94 million @ \$0.25 - \$0.43

#### **Top 20 shareholders**

Hold 51.7%

#### **Share Price on 27 October 2015**

16c

#### **Market Capitalisation**

\$23.06 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 30<sup>th</sup> September 2015.

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 – Matsa 100%

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.

### High Power Fixed Loop EM Survey Continues

Activities during the quarter have been focused on continuing the high power fixed loop EM (HPFLEM) survey with 84 out of a planned 97 loops now completed for a total of 87% (Figure 1).

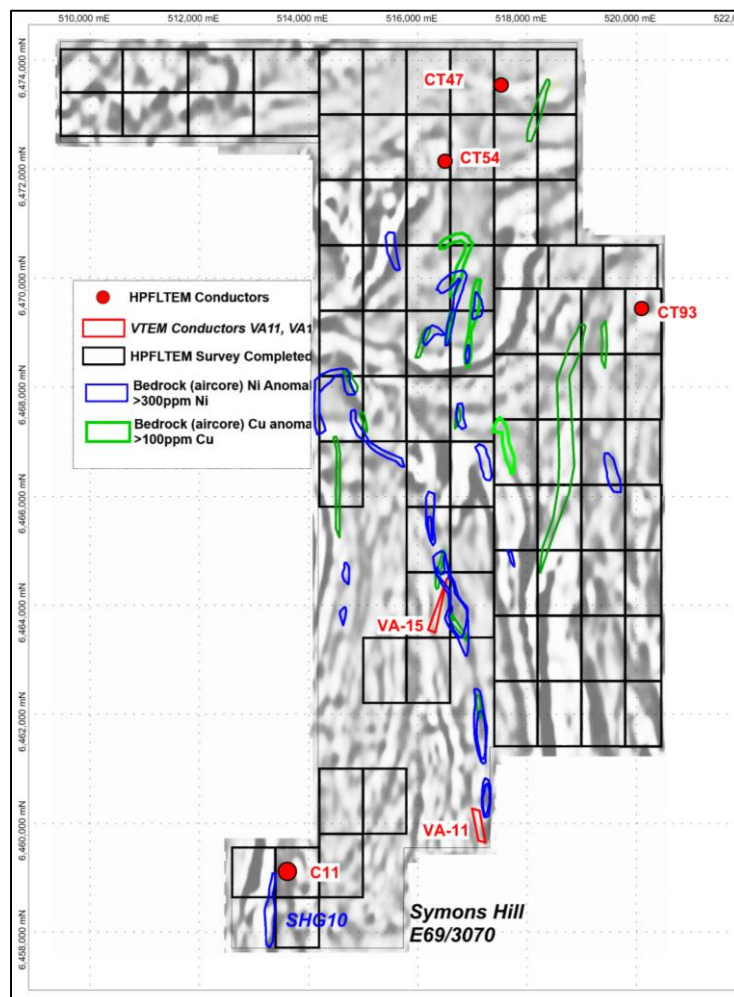


Figure 1: Symons Hill, Location of completed HPFLEM, high priority conductive targets and bedrock geochemical anomalies

Survey design, commencement and progress have been included in previous announcements to the ASX (Refer MAT report submitted to the ASX 23<sup>rd</sup> April 2015 and 30<sup>th</sup> April 2015 and Appendix 1).

During the quarter a moderate strength bedrock conductor C11 was detected, which is located adjacent to bedrock Ni anomaly SHG10 in the SW part of the project (Figures 1 and 2).

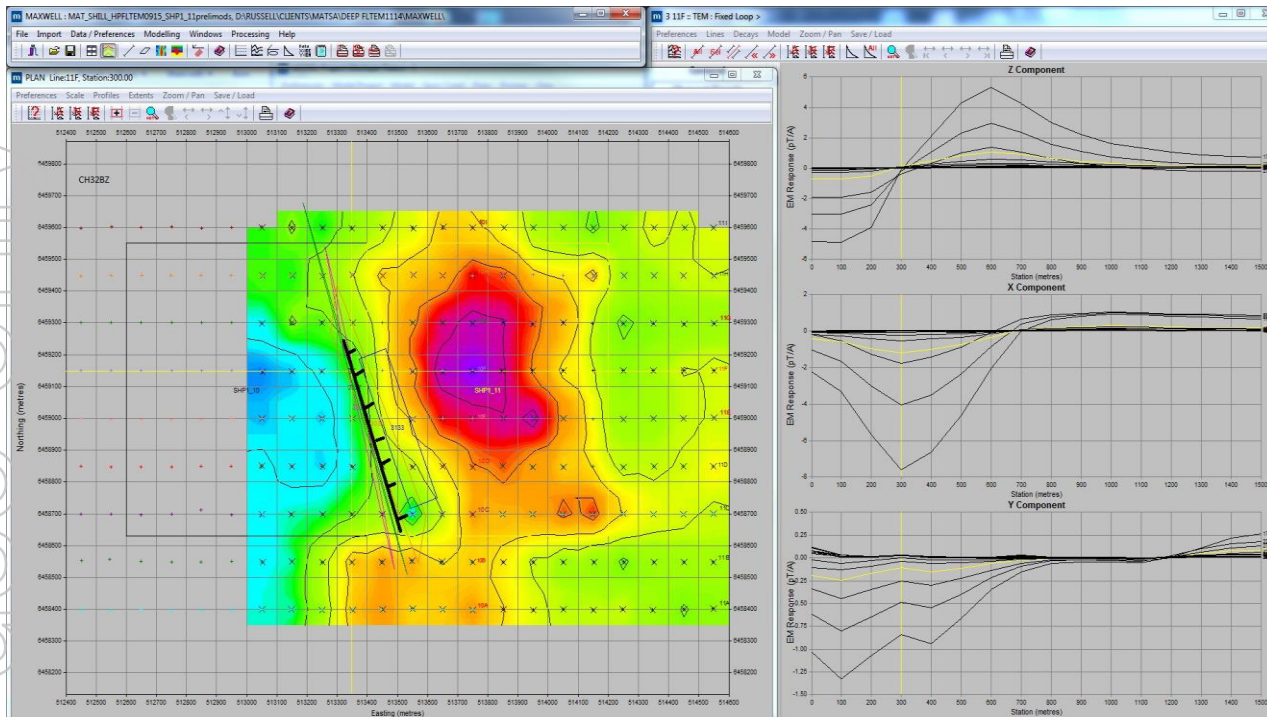


Figure 2: Summary Plan and model profiles of newly discovered C11 conductor

Preliminary modelling indicates the newly discovered conductor C11 to have low-moderate conductance and to be a sub-vertical to steep E/NE dipping body. Extents of C11 are interpreted to be 500m x 500m at a depth of ~150-200m to the top of the conductor.

Significantly, this conductor coincides with the previously defined high priority bedrock Ni anomaly SHG10. The conductor is described by geophysical consultant Southern Geoscience as follows:

*“Initial/preliminary modelling for the SHP1\_11 FLTEM results confirms a reasonably extensive (~500x500m+ areal size), low-moderate strength conductor (~250-500S) which is sub-vertical to steep E/NE dipping at ~150-200m depth in mid to late channel data – likely commences at shallower depth.”* (Figure 2).

Conductors C11 and VA15 have been prioritised for diamond drilling to commence as soon as practicable.

Further moving loop EM (MLEM) surveys are proposed over 4 conductive targets where HPFLEM results are not conclusive as to whether they are bedrock conductors. Three of these targets, (CT93, CT47 and CT54) were discovered during the previous quarter. MLEM surveys can potentially resolve whether these conductive targets are the product of “current channelling” in the conductive near – surface environment or whether they are genuine bedrock conductors with potential for Nova-Bollinger style Ni-Cu mineralisation.

Matsa now has a total of 2 untested conductors (C11 & VA15) and 3 untested conductive targets at Symons Hill, (CT47, CT54 and CT93) (Figure 1).

## 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 operated by Kingsgate Consolidated. 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 (Figure 3).

Current tenement holdings include:

- 20 granted SPL's and 25 SPL applications (SPLA's) for 635km<sup>2</sup> in Matsa's Siam Copper Project in Central Thailand;
- 14 SPLA's for 174km<sup>2</sup> over its Paisali Base Metal project;
- 6 SPLA's for 68km<sup>2</sup> over its KT Gold Project; and
- 4 SPLA's for 32km<sup>2</sup> over its Loei Gold Project (Not shown in Figure 3).

During the quarter, Matsa relinquished 17 of the 37 SPL's granted in March 2015 in order to focus exploration on the most prospective parts of the Siam Copper Project within the 20 remaining SPL's. The 17 relinquished SPL's are shown in Figure 3.

The location of the Loei–Ko Chang arc and Matsa's current tenement holdings are summarised in Figure 3.

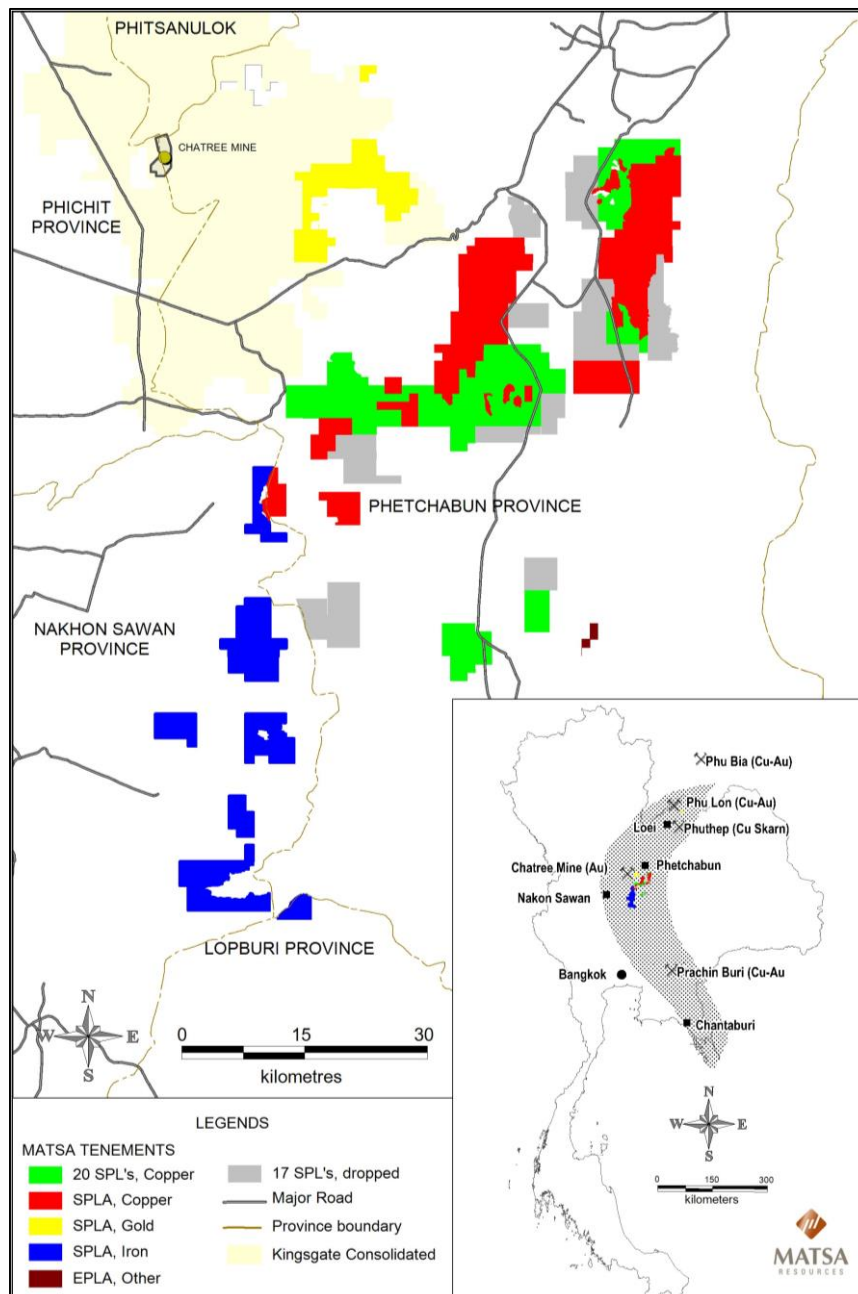


Figure 3: Matsa Tenement Status Thailand (Inset Loei-Ko Chang Arc)



## SIAM COPPER PROJECT

Activities during the quarter were focused on the Siam Copper Project and are summarised in Figure 5 and comprised:

- Ground magnetic survey;
- Trenching Siam 1W;
- Auger sampling; and
- IP survey.

### Ground Magnetics

A small ground magnetic survey was carried out over Siam 1 prospect to provide geological control for the planned IP survey. (*Ground magnetic survey parameters are included in Appendix 1*).

A strong NE trending fabric can be seen in ground magnetic data which may link the Siam 1E and Siam 1W targets. This is interpreted to reflect the trend of underlying basaltic and andesitic lavas with more magnetic units reflecting basalts. Detailed modelling of the data indicates that the volcanic sequence dips moderately towards the NW.

### Trenching

An assay of **54.7% Cu and 148 g/t Ag** was returned from a recently discovered rock sample on the western edge of the Siam 1W prospect. The mineralised rock sample is located in cropped farmland in an area of moderate relief and minimal outcrop of underlying basaltic/andesitic volcanics. A shallow 50cm deep hand dug trench at the site of the mineralised rock sample exposed a vein which is approximately 10cm wide within a broader altered zone up to 1 metre wide. The vein is oriented in a NW direction dipping steeply towards the NE (Figure 4). A sample of the vein itself returned assays of **45% Cu and 123 g/t Ag** thereby confirming the very high copper and silver values in earlier assays. (*MAT announcements to the ASX 26<sup>th</sup> August 2015 and 2<sup>nd</sup> September 2015*).



**Figure 4: View of copper rich vein prior to sampling**

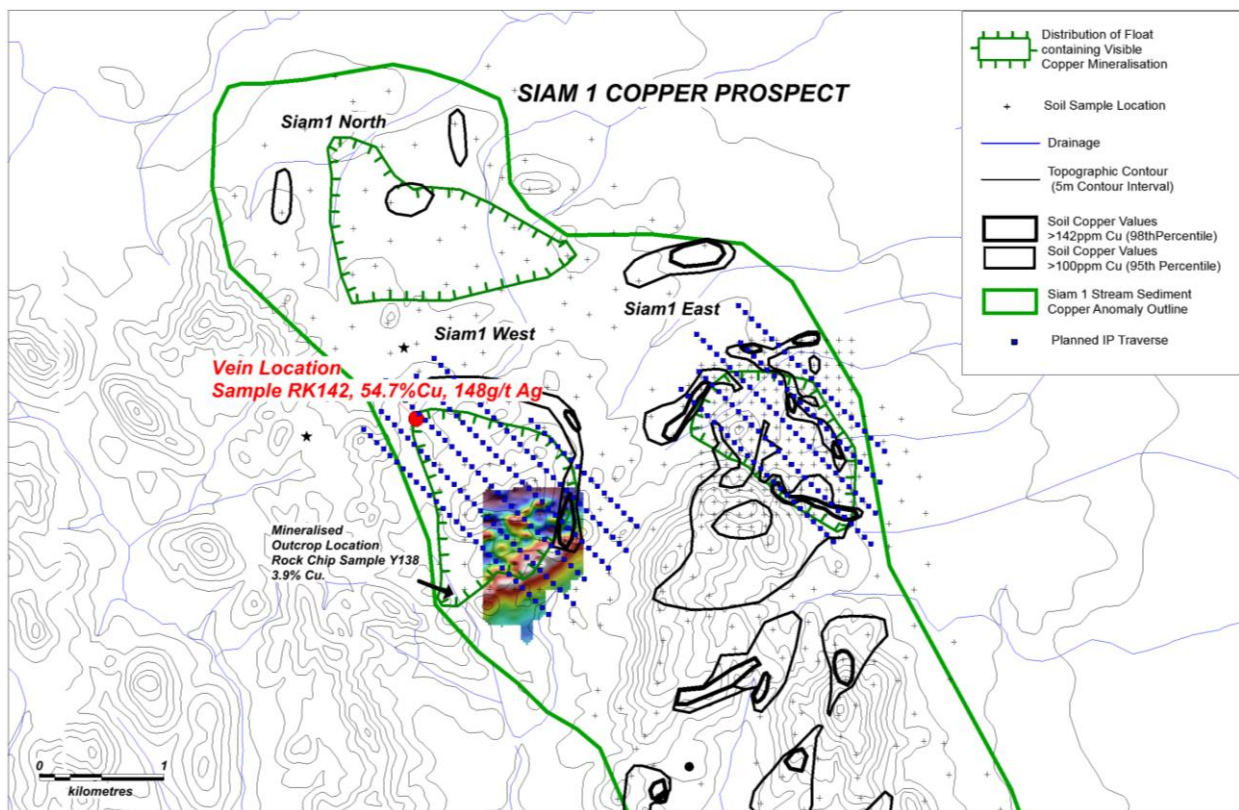
Petrographic analysis of polished thin sections (sample RK142) of the vein by Townend Mineralogy, confirmed that the sample is dominantly composed of copper minerals plus a significant quantity of hematite. The sulphides identified were coarsely textured cleaved chalcocite and subordinate quantities of digenite and accessory covellite. Malachite and azurite are also prominent as late veins cutting the sulphides. Hematite is present as local concentrations of fibrolamellar crystals sometimes with inclusions of copper sulphides.

Chalcocite, digenite and covellite are very valuable copper rich sulphide minerals which typically occur in the “supergene enrichment zone” in the upper part of a copper deposit made up of mostly primary iron copper sulphides (eg. chalcopyrite) and iron sulphides (eg. pyrite) at depth. The presence of a very high grade enriched copper zone can have a significant positive impact on the economics of a deposit, particularly where it is also strongly enriched in silver.

Implications for the recently discovered vein include the possibility that:

- The vein may be fault/fracture controlled leakage of copper and silver from a major copper sulphide deposit perhaps underlying the spread of native copper rich scree and anomalous soil geochemistry at Siam 1W (Figure 5); and/or
- It may be only one of a much more extensive suite of copper rich veins.

This vein discovery is in addition to the mineralised outcrop discovered at the southern end of Siam 1W close to sample Y138 containing **3.9% Cu and 10.6g/t Ag** located 1.46km to the SSE. (Refer MAT announcement to ASX 27<sup>th</sup> July 2015).



**Figure 5: Siam 1, Vein Location on summary soil Cu geochemistry and distribution of copper mineralised float, includes ground magnetic image of total magnetic intensity (TMI) at Siam 1W**

## Auger Sampling

Soil samples collected previously at both Siam 1 and Siam 2, were taken at relatively shallow depth, typically <20cm into the soil profile. In this tropical high rainfall environment soil at such shallow depth is expected to be subject to strong leaching of copper by ground waters. Auger sampling commenced during the quarter with all samples taken from the visually distinctive weathered bedrock boundary at a depth of ~50cm to reduce sample variability.

Auger samples were assayed using a 4 acid digest technique to:

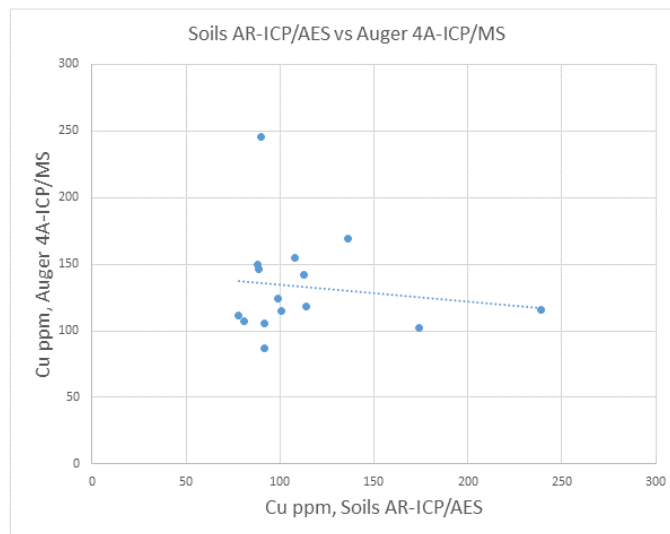
- Improve the detection limit for base metals; and
- Provide a suite of pathfinder elements which are typically associated with mineralised hydrothermal systems.

(Sampling and assay procedures are described in Appendix 1).

During the quarter, auger sampling was carried out in two areas:

- Siam 1E Orientation Sampling; and
- Siam 1W chalcocite vein occurrence.

Siam 1E Orientation Sampling. A total of 15 auger samples were collected at previous soil sample locations at Siam 1E. A comparison between copper values in soil and auger samples over this single line shows poor correlation (Figure 6). This is probably due to the mobility of copper in the part of the soil profile tested by soil samples.



**Figure 6: Siam 1E Auger Cu values v Soil Cu Values Line 720E**

Siam 1W chalcocite vein occurrence. A total of 70 auger samples were collected at Siam 1W close to the trench exposing the chalcocite vein as described above. Only 12 assays were received to date from the immediate vicinity of the trench as summarised in Figure 7. From these limited results it can be seen that anomalous Cu values >100ppm Cu in three soil samples close to the trench form a NW trending zone through the high grade vein and appear to confirm the NW trend of the vein as established from trenching. Additional assays are required before the significance of these results can be assessed.

## **Induced Polarisation (IP) Survey**

The objective of the survey is to detect concealed copper sulphides related to extensive areas of copper mineralised float and the recently discovered high grade chalcocite vein (**54.6% Cu and 148g/t Ag**).

The first stage of the IP survey is planned to comprise 11 lines and cover the Siam 1W and Siam 1E prospects which are two of the three areas (each >1km<sup>2</sup>) defined by scattered boulders containing native copper and secondary copper minerals malachite and azurite. The high grade chalcocite vein and outcrops of in-situ copper mineralisation are also located within the survey area (Figure 5).



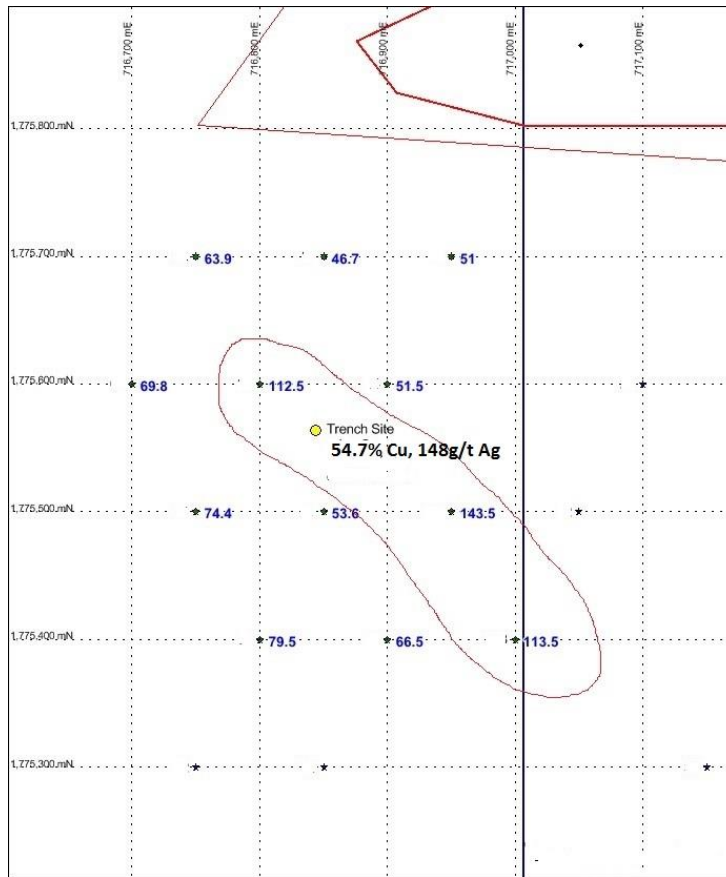


Figure 7: Siam 1W trench location and available auger soil Cu values

The survey is being carried out by Austhai Geophysical, a Thailand based geophysical survey company with extensive survey experience in Southeast Asia.

The IP survey is underway with one line completed so far with results currently being evaluated.

**MT HENRY GOLD PROJECT JOINT VENTURE – DIVESTED**

During the quarter, Matsa disposed of its 30% interest in the Mt Henry Gold Project to Metals X Limited (MLX) (MAT announcement to ASX 16<sup>th</sup> September 2015). On settlement, Matsa received 6.6 million MLX shares as consideration. The market value of the MLX shares on the date of the transaction was approximately \$8.1M.

**KILLALOE PROJECT (MAT 80%)**

No field activities were carried out during the quarter.

**POINT KIDMAN (MAT Earning 80%)**

A RAB drilling programme comprising 109 holes for 2,506m was completed during the quarter.

Point Kidman comprises 11 granted exploration licences located approximately 40km NE of Laverton and covers an area of 961km<sup>2</sup>. Exploration at Point Kidman is subject to a farm-in agreement with Resource Assets Pty Ltd and Redfeather Pty Limited which was signed in November 2014 and enables Matsa to earn an 80% interest in the project.

The project is located adjacent to the highly prospective Laverton Shear system which includes major gold deposits; Sunrise Dam, Wallaby, Granny Smith, Lancefield, Garden Well & Moolart Well.

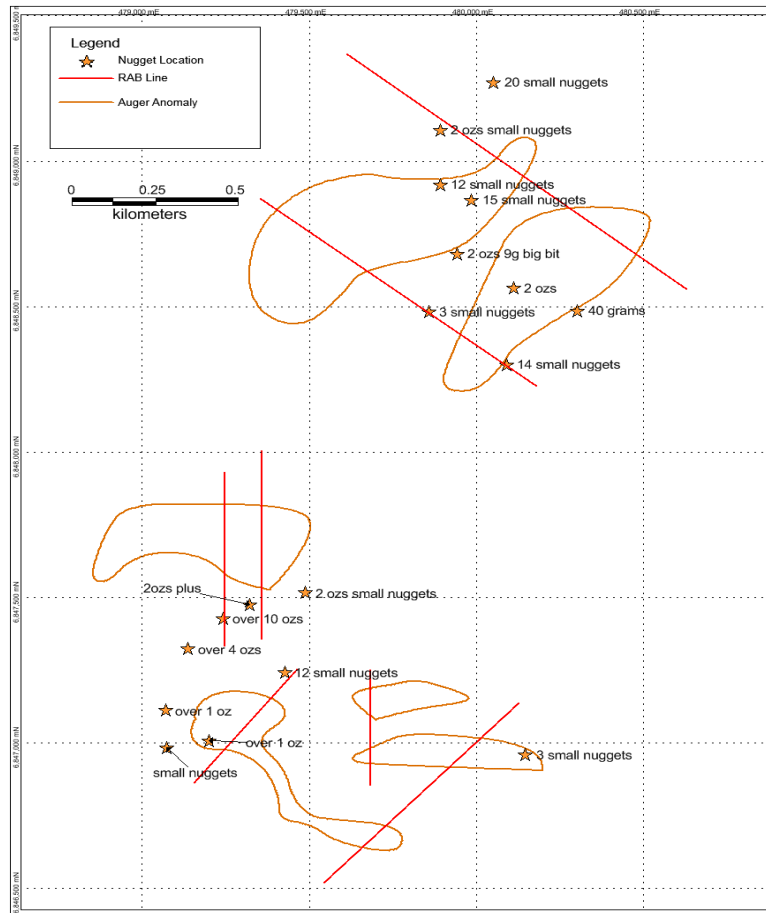
Matsa became interested in the project following the discovery by prospectors of numerous gold nuggets at Point



Kidman which are spread over an irregular 2.5km x 0.5km area in a window of leached and weathered interleaved greenstones and granite. Most of the project is mantled by extensive transported sand cover and no historic gold workings have been reported in the area.

Soil samples were collected and assayed by Redfeather/Resource Assets, over and adjacent to the mapped area of dispersed gold nuggets, using a vehicle mounted auger drill. The outlines of anomalous gold values >5ppb Au which coincide broadly with the gold nugget dispersion defined by prospectors are shown in Figure 8.

Assay results are pending.



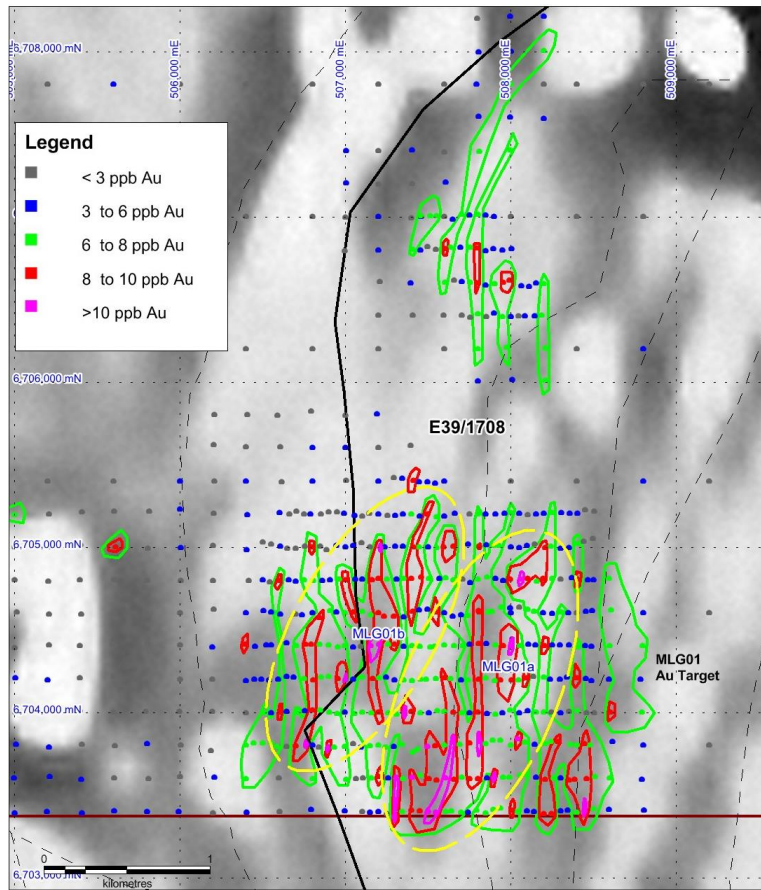
**Figure 8: Point Kidman Summary and RAB drill lines**

## DUNNSVILLE PROJECT

The board approved a programme of infill surface sampling and follow up aircore drilling of the highest priority targets identified by the detailed project study carried out during the previous quarter. It is anticipated that this work will be carried out during the December quarter 2015 once programmes of work have been approved.

## MINIGWAL GOLD AND NICKEL PROJECT

RAB aircore drilling is set to commence during October 2015 over the MLG01 auger soil gold anomaly at Minigwal which was defined earlier in the year. The target comprises several NS elongated +8ppb Au anomalies which appear to occur within two groups (MLG01a and MLG01b) arranged en-echelon, with individual anomalies appearing to coincide with a series of curvilinear aeromagnetic trends. As previously announced, these trends are interpreted to be a series of thrust faults which are believed to be structurally favourable sites for gold mineralisation (*MAT announcement to the ASX 30<sup>th</sup> April 2015*).



**Figure 9: Minigwal target MLG01 defined for RAB/Aircore drilling**

**Corporate**

Cash and liquid assets total approximately \$12 Million, which is a significant increase over the previous quarter brought about by the disposal of the Company’s interest in the Mt Henry Joint Venture. During the quarter Matsa disposed of 2.6M MLX shares. Matsa remains debt free.

Matsa holds a 25.54% interest in Bulletin Resources (ASX: BNR) which, via its joint venture partner, Pacific Niugini Limited (ASX:PNR), is developing the Nicolson’s Gold Project which is projected to produce 30,000oz of gold per annum with robust positive cashflows. Production from the project commenced in September 2015. Bulletin retains a 20% interest in the project.

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.*

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## 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>	<p><u>Thailand</u>: Sampling carried out according to well established procedure. Soil samples are taken as close as possible to the top of the weathered rock profile rather than in overlying vegetation rich A horizon material. Auger soil samples were collected using a portable power auger during the quarter. A sample is collected at a reasonably consistent colour change interpreted the base of residual soil over weathered rock. Typically auger sample depths are &gt; 0.5m. Stream sediments samples represent active bedload in defined drainage channels <b>Pool sampling</b> refers to collection of samples in flat lying heavily cultivated areas (eg areas of rice cultivation) where there is a strong possibility of extensive overbank silt accumulation at surface, masking normal geochemical dispersion. Pools are the local term for excavations for water management. These sites contain exposures of the weathered profile enabling collection of typically a vertical channel sample of B horizon material equivalent to the auger sample above and well below transported overbank silts.</p> <p>Aircore Sampling (WA) Samples are laid out on the ground as 1m samples for visual logging and sampling.</p>
	<i>Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<p>Surface geochemical sample locations are picked up using hand held GPS and recorded onto database.</p> <p>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.</p> <p>Rocks, typically 1-2kg collected, and submitted for crushing and grinding at lab. Rock samples may not be representative but are selected as being visually interesting and distinctive.</p>
	<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>	<p>Aircore samples for assay are typically made up of composites of up to 4m downhole length. 1m end of hole sample. Sample weights are typically under 3kg. Sample preparation comprised drying and pulverizing 3kg to produce 1g of sample for aqua regia digest and then measured for gold using ICP-MS.</p> <p>Sample for Hand held XRF analysis. The samples, either in calico bag or geochem paper bag, are air dried. Once dried samples are sieved through an 80-</p>

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Criteria	JORC Code explanation	Commentary
		<p>mesh (180 microns) screen. The powdered sample is pressed into a standard assay vessel as supplied by Choice Analytics specifically for use with handheld XRF equipment.</p> <p><u>Stream Sediment Samples and soil samples (Thailand)</u></p> <p>Bulk samples of active stream silt and B horizon soils were submitted for assay where samples were dried and further reduced by screening with assays carried out on the -80# fraction. A 0.5gram sample of the -80# fraction digested by Aqua regia acid digest and 23 elements including Cu were read by ICP OES to a reported detection limit of 1ppm Cu.</p> <p>Auger Samples are assayed using a 4 acid digest and read by ICP OES. This provides significantly lower detection limits than the three acid digest above for target base metals and selected pathfinder assay. All auger assays to date have been carried out by ALS Global Perth.</p> <p><u>Rock Samples</u></p> <p>Rock samples were submitted for drying, crushing to 2mm size and then pulverized down to 106 microns or -150#. A 0.5gram sample of the -150# fraction digested by Aqua regia and 23 elements including Cu were read by ICP OES to a reported detection limit of 1ppm Cu. Selected rock samples with assays over 1% Cu were subjected to screen assaying sieved to 75 microns or 200#. Both +200# and -200# fractions were subjected to a sodium peroxide fusion and measured with AAS for Cu only.</p> <p>Limited hand held XRF analysis carried out on rock samples as a semi quantitative way to confirm their copper bearing character.</p>
<i>Drilling techniques</i>	<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>	Aircore drilling carried out at the Point Kidman project using a RA150 rig operated by Challenge Drilling Kalgoorlie
<i>Drill sample recovery</i>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Aircore recovery judged from size of residue piles, typically >95% of sample recovered.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Water injection and monitoring of residue piles is used to determine sampling efficiency.
	<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 determined at this stage.

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Criteria	JORC Code explanation	Commentary
Logging	<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>	Logging recorded as qualitative description of colour, lithological type, grain size, structures, minerals and alteration. Representative end of hole samples collected
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging is qualitative when it applies to aircore / RAB drilling
	<i>The total length and percentage of the relevant intersections logged.</i>	All drill holes are logged in their entire length.
Sub-sampling techniques and sample preparation	<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>	Sample collected by spear of residue piles or if wet, by hand sampling residue piles.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Standard lab sample preparation process includes drying, crushing and pulverizing.  Standard lab sample preparation process includes drying, screening to -80# for soil and stream sediment samples. Rock samples undergoes drying, crushing to nominal -2mm size and pulverized to 106 microns/-150#. Rock samples with Cu grades of >1% were screened to 75microns/-200#.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Laboratory QA QC procedures are regarded as sufficient at this stage. For hand held XRF, duplicate readings taken and standard samples tested at the rate of 1:20.
	<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>	No duplicate samples taken for this aircore drill program. Lab du  For hand held XRF, duplicate readings taken at the rate of 1:20.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample size is appropriate for the targeted mineralization style.
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>	<u>Thailand</u>  Assaying of soil samples, stream sediments and rock samples were carried out at Mineral Assay and Services (MAS) laboratories in Bangkok, Thailand, Soil samples: Sample preparation dry and screen to -80#, Rocks, streams, soils Digest GEO23 Aqua regia digest and measured with Inductively Coupled Plasma – Optical Emission Spectrometry (ICP-OES) for 23 elements, A table of elements with lower and upper detection limits is included as Appendix 2. Some elements are partially leached using Aqua regia, e.g., Al, Cr, Fe, etc.

Criteria	JORC Code explanation	Commentary
	<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>	Olympus Innovx Delta Premium (DP4000C model) handheld XRF analyser. Reading times employed was 45 sec/beam for a total of 145 sec using Soil Mode. Auger samples (Thailand) assayed by ALS Perth WA method ME MS461 48 element 4 acid digest ICP OES.
	<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>	Not carried out because laboratory QA QC procedures are regarded as sufficient at this stage. Handheld XRF QAQC includes use of duplicates, standards and blanks.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Matsa Group Exploration Manager verified all significant intersection results.
	<i>The use of twinned holes.</i>	There are no twin holes drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	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>Discuss any adjustment to assay data.</i>	No adjustments were made to the assay data.
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>	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.
	<i>Specification of the grid system used.</i>	Symons Hill Grid system used is MGA 94 Zone 51. Thailand UTM Grid system used namely Indian Thailand 1960 datum Zone 47.
	<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.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	For Thailand, typically between 4 and 12 samples per km <sup>2</sup> .
	<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>	Not applicable at this stage.
	<i>Whether sample compositing has been applied.</i>	Aircore and RAB drilling sampled at 1m intervals for logging and composited up to 4m for first pass assay.
Orientation of data in relation	<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>	

Criteria	JORC Code explanation	Commentary
<i>to geological structure</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>	Not established at this stage.
<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><u>Symons Hill</u></p> <p>EL69/3070 which is owned 100% by Matsa Resources Ltd. Located on Vacant Crown Land. The License intersects the buffer zones of the Fraser Range and Southern Hills PEC's Exploration to be managed in accordance with a Conservation Management Plan. The project is located within Native Title Claim by the Ngadju people. A heritage agreement has been signed and exploration is carried out within the terms of that agreement.</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 Resources Limited. Tenements have been granted for a period of 5 years subject to completion of agreed exploration programme.</p>
	<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.



Criteria	JORC Code explanation	Commentary
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	<p><u>Symons Hill</u></p> <p>Prior work carried out by GSWA in the form of wide spaced helicopter based soil sampling and acquisition of 400m line spacing magnetic and radiometric data. In the late 90s, Gold Partners NL has carried out few wide-spaced aircore drilling on one line along the southeast portion of the tenement. No anomalous assay results have been reported.</p> <p><u>Thailand</u></p> <p>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. Other work includes a helicopter borne combined electromagnetic and magnetic survey carried out mostly on EW lines nominally 400m apart.</p>
Geology	<ul style="list-style-type: none"> <li>• Deposit type, geological setting and style of mineralisation.</li> </ul>	<p><u>Symons Hill</u></p> <p>The target is Nova style Ni Cu mineralization hosted in high grade mafic granulites of the Fraser Complex</p> <p><u>Thailand</u></p> <p>The target is volcanic hosted copper mineralisation associated with widespread altered boulders, in some cases containing visible Cu mineralisation. The project area is 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.</p> <p>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 andesites in the project area, were deposited in early Triassic times over extensive Permian aged shelf limestones.</p>
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> </ul>	<p>drillholes are summarised in included diagrams.</p>

Criteria	JORC Code explanation	Commentary
	<p>hole length.</p> <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>	
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>	Exploration results are weight averaged where applicable, no cut-off grade applied.
	<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>	Not applicable at this stage
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 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>	Not required at this stage.
Other substantive exploration data	<p>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.</p>	Ground magnetic surveys Thailand. Inhouse Surveys carried out using Geometrics G856 magnetometers. Diurnal drift correction carried out using one magnetometer as base station and one roving unit. Datapoints recorded at 10m intervals along cut lines with survey control by handheld gps. Data reduction and modelling and image processing carried out by Geophysical consultants Southern Geoscience Corp. High Power Fixed Loop EM surveys Symons Hill. Survey parameters and equipment as previously described.
Further work	<p>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	Included in the main body of the report.

## 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")

30 September 2015

#### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(824)	(824)
(b) development	-	-
(c) production	-	-
(d) administration	(556)	(556)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Other	26	26
<b>Net Operating Cash Flows</b>	<b>(1,353)</b>	<b>(1,353)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(59)	(59)
(c) other fixed assets	(9)	(9)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	3,341	3,341
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Security deposits refunded/(paid)	397	397
<b>Net investing cash flows</b>	<b>3,670</b>	<b>3,670</b>
1.13 Total operating and investing cash flows (carried forward)	2,317	2,317

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	2,317	2,317
	<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	(23)	(23)
1.18	Dividends paid	-	-
1.19	Other – Capital raising costs	-	-
	<b>Net financing cash flows</b>	(23)	(23)
	<b>Net increase (decrease) in cash held</b>	2,294	2,294
1.20	Cash at beginning of quarter/year to date	739	739
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,033	3,033

**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 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	618
4.2 Development	-
4.3 Production	-
4.4 Administration	518
<b>Total</b>	<b>1,136</b>

**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	2,983	759
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)	<b>3,033</b>	<b>809</b>

+ 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>			
	P63/1398	Direct	100%	0%
	P63/1399	Direct	100%	0%
	P63/1410	Direct	100%	0%
	P63/1414	Direct	100%	0%
	P63/1415	Direct	100%	0%
	P63/1420	Direct	100%	0%
	P63/1465	Direct	100%	0%
	P63/1466	Direct	100%	0%
	P63/1467	Direct	100%	0%
	P63/1571	Direct	100%	0%
	P63/1577	Direct	100%	0%
	P63/1582	Direct	100%	0%
	P63/1583	Direct	100%	0%
	<u>Fraser Range (WA)</u>			
	E28/1663	Direct	90%	0%
	E28/1664	Direct	90%	0%
	E28/1576	Direct	100%	0%
	E63/1577	Direct	100%	0%
	E63/1703	Direct	100%	0%
	<u>Mt Henry (WA)</u>			
	P63/1581	Direct	30%	0%
	P63/1562	Direct	30%	0%
	P63/1563	Direct	30%	0%
	P63/1428	Direct	30%	0%
	P63/1426	Direct	30%	0%
	P63/1454	Direct	30%	0%
	P63/1458	Direct	30%	0%
	P63/1455	Direct	30%	0%
	P63/1456	Direct	30%	0%
	P63/1457	Direct	30%	0%
	P63/1427	Direct	30%	0%
	P63/1569	Direct	30%	0%
	P63/1564	Direct	30%	0%
	P63/1565	Direct	30%	0%
	P63/1566	Direct	30%	0%
	P63/1852	Direct	30%	0%
	P63/1567	Direct	30%	0%
	P63/1568	Direct	30%	0%
	ML63/515	Direct	30%	0%
	ML63/516	Direct	30%	0%
	ML63/366	Direct	30%	0%
M63/64	Direct	30%	0%	
M63/58	Direct	30%	0%	
ML63/165	Direct	30%	0%	
ML63/236	Direct	30%	0%	
P63/1412	Direct	30%	0%	
P63/1413	Direct	30%	0%	
P63/1416	Direct	30%	0%	
<u>Siam Project (Thailand)</u>				
SPL 18/2558	Direct	100%	0%	
SPL 21/2558	Direct	100%	0%	
SPL 24/2558	Direct	100%	0%	
SPL 25/2558	Direct	100%	0%	
SPL 26/2558	Direct	100%	0%	
SPL 28/2558	Direct	100%	0%	

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## Mining exploration entity and oil and gas exploration entity quarterly report

6.2	Interests in mining tenements and petroleum tenements acquired or increased	SPL 29/2558	Direct	100%	0%
		SPL 31/2558	Direct	100%	0%
		SPL 32/2558	Direct	100%	0%
		SPL 33/2558	Direct	100%	0%
		SPL 35/2558	Direct	100%	0%
		SPL 36/2558	Direct	100%	0%
		SPL 42/2558	Direct	100%	0%
		SPL 46/2558	Direct	100%	0%
		SPL 47/2558	Direct	100%	0%
		SPL 49/2558	Direct	100%	0%
		SPL 50/2558	Direct	100%	0%
		<u>Minigwal (WA)</u>			
		E39/1840	Direct	0%	100%
E39/1862	Direct	0%	100%		

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## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### 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 securities</b> (description)	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> (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
	5,500,000	Unlisted	\$0.43	30 November 2015
	925,000	Unlisted	\$0.40	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
<b>Performance Rights</b>	1,000,000		Nil – subject to vesting criteria	30 November 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
	900,000	Unlisted	\$0.40	12 September 2015
	625,000	Unlisted	\$0.40	30 September 2015
7.11 <b>Debentures</b> (totals only)	Nil			
7.12 <b>Unsecured notes</b> (totals only)	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: 28 October 2015

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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**MATSA RESOURCES LIMITED**

**SCHEDULE OF TENEMENTS HELD AT 30 SEPTEMBER 2015**

<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 63/1704		100%	
E 69/3070	Symons Hill	100%	
E 63/1018	Killaloe	80% <sup>1</sup>	
E 63/1199		80% <sup>1</sup>	
P 63/1331		80% <sup>1</sup>	
E63/1646		100%	
P 63/1672		80% <sup>1</sup>	
E63/1655		100%	
E63/1660		100%	

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**MATSA RESOURCES LIMITED**

**SCHEDULE OF TENEMENTS HELD AT 30 SEPTEMBER 2015**

<b>Tenement</b>	<b>Project</b>	<b>Ownership</b>	<b>Change During Quarter</b>
E63/1661		100%	
E63/1662		100%	
E63/1713		100%	
E38/2823		100%	
E38/2948		100%	
E38/2949		100%	
E 39/1707		100%	
E 39/1708		100%	
E39/1716		100%	
E 39/1728		100%	
E 39/1735		100%	
E39/1812		100%	
E39/1814		100%	
E39/1823		100%	
E39/1824		100%	
E39/1825		100%	
E39/1834		100%	
E39/1840		100%	Granted during the quarter
E39/1862		100%	Granted during the quarter
M63/653		100%	
P 63/1330		100%	
P 63/1391		100%	
P 63/1392		100%	
P 63/1393		100%	
P 63/1575		100%	
P 63/1576		100%	
P 63/1578		100%	
P 63/1579		100%	
P 63/1580		100%	
E63/1710	Mt Day	100%	
SPL 17/2558			
SPL 19/2558		100%	
SPL 20/2558		100%	
SPL 22/2558		100%	

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**MATSA RESOURCES LIMITED**

**SCHEDULE OF TENEMENTS HELD AT 30 SEPTEMBER 2015**

<b>Tenement</b>	<b>Project</b>	<b>Ownership</b>	<b>Change During Quarter</b>
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

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