MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **27th April 2016**

Outstanding New Copper Target
Paisali Base Metal Project Thailand

HIGHLIGHTS

- *A highly prospective soil copper anomaly was identified by auger soil sampling at Chang 1 over an area of ~1km x 1.8km*
- *Results at Chang 1 include strongly anomalous soil Cu values of up to 0.11% Cu*
- *Geochemical zoning is evident in the preliminary 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*
- *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 provincial government and local government authorities have provided written consent for exploration to proceed*

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 26 April 2016

17 cents

Market Capitalisation

$24.48 million

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Matsa Resources Limited ("Matsa" or "the Company" ASX:MAT) is pleased to provide an update on its exploration activities in the Paisali Base Metals Project in Central Thailand. These results relate to a new target located in Nakhon Sawan province, 50 kilometres from Matsa's Siam 1 and Siam 2 targets (which are located in the province of Petchabun).

Results have been received for 60 follow-up auger soil samples in an area where Matsa had previously detected highly anomalous copper values of up to 795ppm Cu, in wide spaced reconnaissance soil samples (*Refer MAT announcement to ASX 30th July 2015)*. Auger soil samples have defined a soil copper anomaly (now called Chang 1), with values of up to 1100ppm Cu, which remains open to the west and south (Figure 1). Chang 1 can be seen to be located in a district of mostly private farmland. While underlying bedrock is mostly concealed by soil cover, field observations were made of sparse exposures of deeply weathered diorite in shallow (<5m depth) excavations.

Matsa Executive Chairman, Paul Poli commented *"We are very excited to have made this new discovery which potentially represents a new copper district in addition to our Siam Copper project. We expect to be drilling this target during the June quarter and I am hopeful that we will make a significant copper discovery"*.

A total of 60 soil auger samples were collected on a staggered 200m grid to follow up earlier reconnaissance soil samples (Figure 1). A description of sampling and assay procedures is included in Appendix 1.

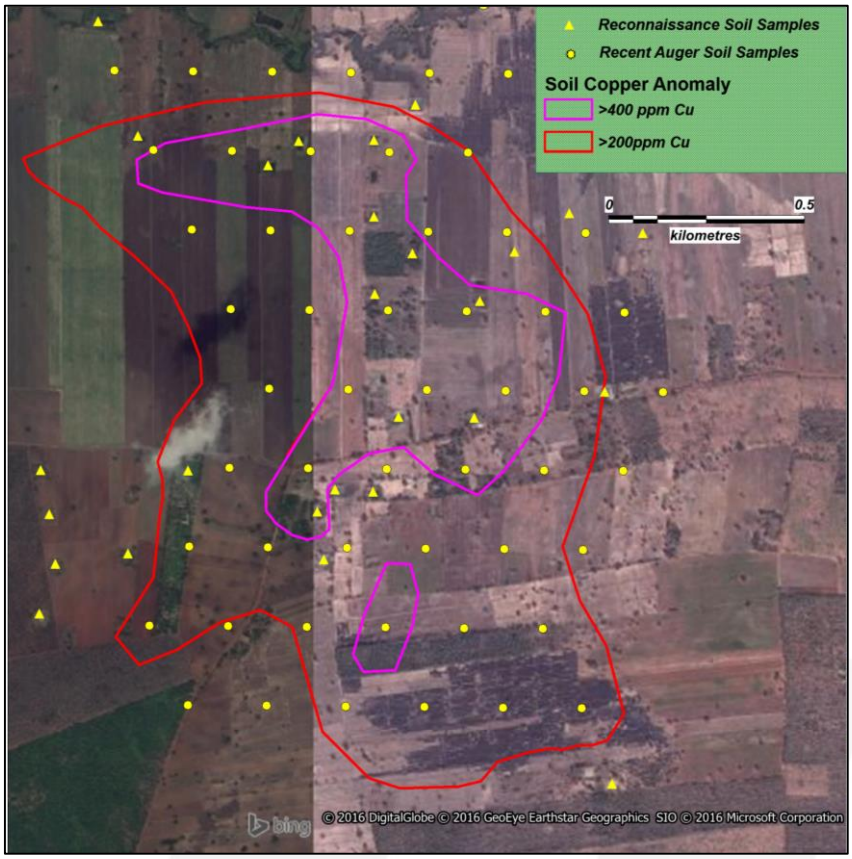

Figure 1: ***Chang 1 copper anomaly and sample locations on satellite image showing farmland setting.***

Results from the 60 soil auger samples and the earlier wide spaced soil samples at Chang 1 can be seen to define a broad ~1km x 1.8km copper anomaly as defined by an interpretative 200ppm contour which remains open to the west and the southwest.

Samples were assayed using a 4 acid digest for a suite of 35 elements. Selected elements are displayed in Figure 2 and summary statistics (value ranges, percentiles etc.) for selected elements are summarised in Appendix 2.

At Chang 1 there is a clear zonation where elements such as copper, silver, nickel are elevated in a central zone, while elements such as zinc, lead, barium, iron and manganese are elevated away from the centre. This geochemical zonation pattern at Chang 1 is distinctly characteristic of a hydrothermal system. Hydrothermal systems are associated with ore deposits worldwide and are an important ore forming process within the Loei-Ko Chang belt where Chang 1 is located. Examples include porphyry-copper and skarn mineralisation at Puthep near Loei, Thailand and Phu Kham in Laos.

Multi-element assay data over Chang 1 can be seen in Figure 2, to display well-defined geochemical zonation. The zonation at Chang 1 can be simply expressed as copper and silver bearing minerals being formed close to the centre of the system while iron, manganese, lead and zinc remain dissolved. These subsequently come out of solution to form minerals in the outer parts of the hydrothermal system.

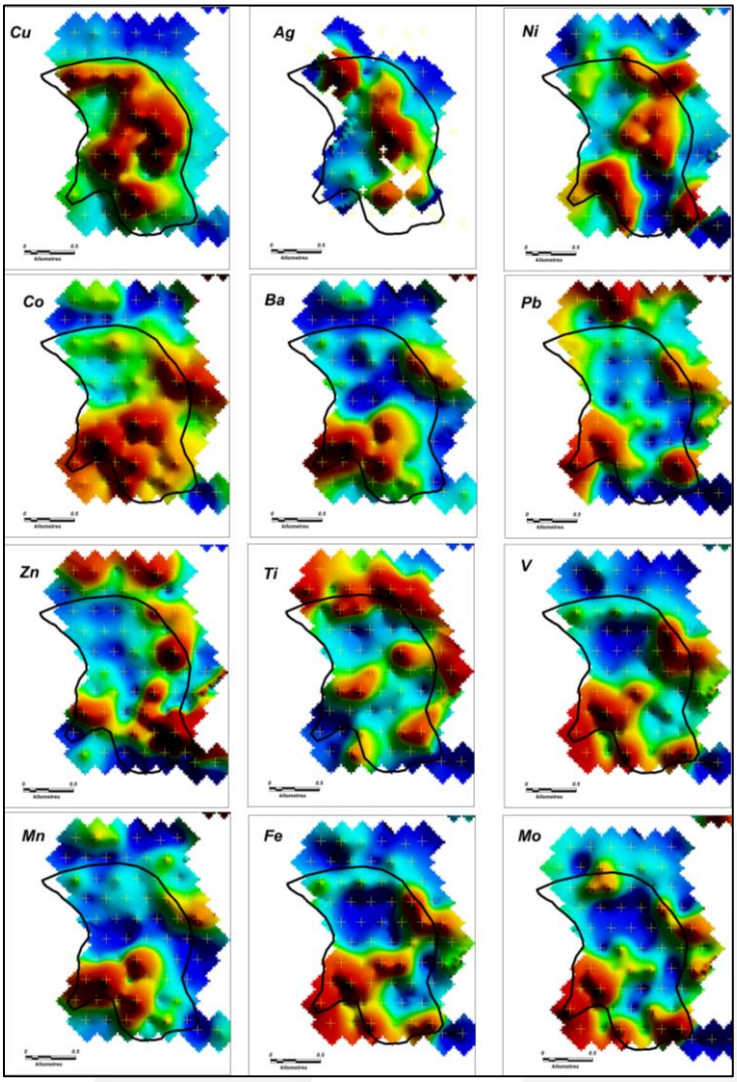

Figure 2: ***Chang 1: Gridded multi-element assay data overlain by interpreted boundary of values >200ppm Cu***

The Chang 1 soil copper anomaly can also be seen to be located close to the centre of a large complex magnetic anomaly as shown in Figure 3.

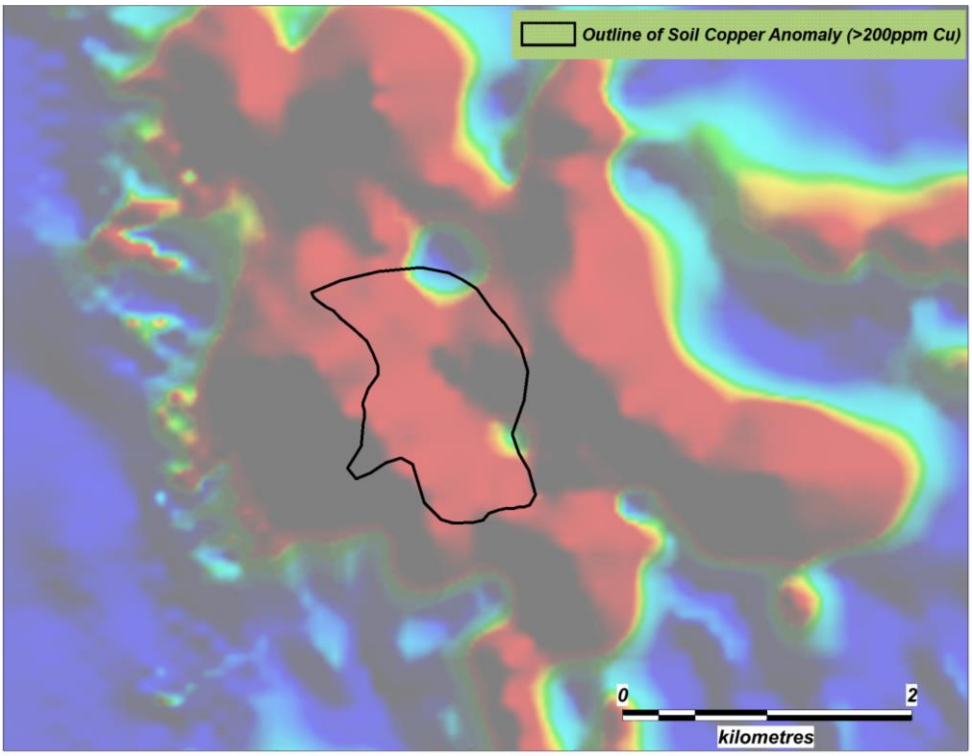

***Figure 3:* Outline of 200ppm Cu contour at Chang 1 on regional Total Magnetic Intensity (TMI) image**

As discussed above, results to date are interpreted to reflect the presence of hydrothermal copper sulphide mineralisation at shallow depth under soil and alluvial cover at Chang 1. Furthermore, the presence of the complex magnetic anomaly underlying Chang 1 is interpreted to reflect an associated intrusion which may have acted as a source of heat and possibly fluids for the mineralised hydrothermal system.

In summary, the interpretation is based upon the following preliminary results and observations:

- highly anomalous copper values;
- weathered diorite in shallow excavations;
- geochemical zoning with an inner Cu, Ag, etc. rich zone and an outer Pb, Zn, Mn etc. zone; and
- Coincidence with a complex aeromagnetic anomaly.

Matsa has commenced planning an IP survey to be carried out as soon as possible, as a means to focus drilling on targets interpreted to be copper sulphide mineralisation. Further sampling has commenced over and adjacent to Chang 1 in order to close off the soil copper anomaly and to potentially detect additional mineralisation nearby. All provincial government and local government authorities have provided written consent for exploration to proceed.

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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	*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.*	Thailand: Auger soil samples were collected using a portable power auger during the quarter. Auger samples collected from a reasonably consistent colour change interpreted to be below the base of the organic rich A zone and in the clay rich residual soil which overlies weathered bedrock. Maximum to the base of an auger sample is 0.8m. Stream sediments samples represent active bed load in defined drainage channels **Pool sampling** 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 at the base of the clay rich B Zone and above weathered bedrock.
	Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	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. 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.
	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.	Stream Sediment Samples and soil samples (Thailand) 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. Auger Samples are assayed using a 4 acid digest and read by ICP OES, and ICP MS. This provides significantly lower detection limits than the three acid digest above for target base metals and selected pathfinder assay. Sample prep on auger samples referred to in this report was carried out by SGS Intertek Bangkok with ~100g -80# subsamples forwarded for 4AD assays by SGS Intertek Perth.

Criteria	JORC Code explanation	Commentary
		Rock Samples 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. Limited hand held XRF analysis carried out on rock samples as a semi quantitative way to confirm their copper bearing character.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	NA.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	NA
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	NA
	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.	NA
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.*	NA
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	SN
	The total length and percentage of the relevant intersections logged.	N/A
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	NA
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	NA
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation at the laboratory is carried out in accordance with laboratory procedures and includes drying, crushing and pulverizing a proportion of the total

Criteria	JORC Code explanation	Commentary
		sample to an agreed size namely P90 at 250 micron.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Potential for coarse native copper which will require a special sample preparation technique to enable accurate assay results. Samples containing coarse native copper will be identified before sample prep is carried out.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Assaying is carried out at Certified Laboratories in Thailand or Australia. Soil and Auger samples are screened to -80#, pulverised to 250 microns and assayed using a 4 acid digest and measured with ICP-OES. Rock samples are analysed using the same method.
	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.	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.
	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.	Handheld XRF QAQC includes use of duplicates, standards and blanks.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Matsa Group Exploration Manager verified all significant intersection results.
	The use of twinned holes.	NA
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	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.
	Discuss any adjustment to assay data.	No adjustments were made to the assay data.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	All drill collars established to within 5m accuracy by hand held GPS. Downhole surveys by single shot Eastman Camera at 30m intervals
	Specification of the grid system used.	Thailand UTM Grid system used namely Indian Thailand 1960 datum Zone 47.

Criteria	JORC Code explanation	Commentary
	Quality and adequacy of topographic control.	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	*Data spacing for reporting of Exploration Results.*	
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	
	Whether sample compositing has been applied.	
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	Best estimate based on surface mapping and geophysical interpretation.
	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.	Not applicable at this stage
Sample security	*The measures taken to ensure sample security.*	
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	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
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	Thailand Sampling was carried out on SPL's and SPLA's held by a wholly owned subsidiary of Matsa Resources Limited. SPLs have been granted for a period of 5 years subject to completion of agreed exploration programme. The tenements are made up of a large number of agricultural blocks ether as leasehold or private land. Landowner consents have been obtained for exploration carried out.
	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.	All Matsa tenements are in good standing and no known obstacles exists.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Thailand Past work has included -80# stream sediment sampling carried out by the Department of Mineral Resources of Thailand (DMR) and made available to

Criteria	JORC Code explanation	Commentary
		explorers. Other work includes a helicopter borne combined electromagnetic and magnetic survey carried out mostly on EW lines nominally 400m apart.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Thailand The target is island arc type copper mineralisation formed in volcanic rocks and associated intrusions. Widespread altered boulders, in some cases containing visible Cu mineralisation have been observed within Matsa's licences. 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. 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.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Drilling is not referred to in this report
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not applicable at this stage
Relationship between	*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*	

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	*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').*	
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Suitable summary plans have been included in the body of the report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Not required at this stage.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Ground magnetic surveys Thailand. In-house Surveys carried out using Geometrics G856 magnetometers. Diurnal drift correction carried out using one magnetometer as base station and one roving unit. Data points 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.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Included in the main body of the report.

Appendix 2 – Chang 1 Target Geochemical Summary Table and Diagrams

Element	Samples	Minimum	Maximum	Median	75th Percentile	90th Percentile	95th Percentile
Cu_ppm	60	60	1110	243	368	511	737
Ni_ppm	60	13	89	30	35	40	52
Fe_%	60	4.64	29	9	12	16	20
Ag_ppm	60	<0.05	0.67	0.06	0.1025	0.17	0.2205
Ba_ppm	60	60	1460	253	371	669	821
Co_ppm	60	26.2	247	61	83	116	146
Cr_ppm	60	25	205	60	76	111	135
Mn_ppm	60	779	12500	2640	3825	4839	6986
Mo_ppm	60	0.3	3.7	0.7	1.025	1.5	1.91
Pb_ppm	60	9	54	17	19	26	37
Sb_ppm	60	0.4	4.6	0.7	1	1.31	1.405
Ti_%	60	0.38	0.8	0.6	0.6	0.6	0.7
Zn_ppm	60	26	354	43.5	51.5	63.3	72.15
V_ppm	60	163	879	343.5	443.5	613.6	721.9