MATSA RESOURCES

LIMITED
ABN 48 106 732 487

ASX Announcement **7 October 2014**

Commencement of High Powered Deep EM at Symons Hill

Highlights

- *High powered deep penetrating EM survey to commence with ability to detect massive sulphides to a depth of >700m below surface*
- *EM survey planned to be carried out progressively over three stages which, if completed in full, will cover the entire tenement of 96km^2*
- *Disseminated chalcopyrite mineralisation in diamond drillhole 14SHDD06 is the source of conductor VA11 and corresponds with an intercept of **3.20m @ 0.4% Cu** from 455-458.2m downhole*
- *The confirmation of a sulphide source for VA11 increases the possibility that a similar conductor, VA15, at a depth of approximately 450m, which underlies highly anomalous bedrock Ni values at SHG02, may also reflect a sulphide source*
- *RC drilling results to date have highlighted a number of broad Ni anomalous zones and continue to define strongly Ni bearing mafic/ultramafic granulites at SHG02, SHG03, SHG10 and SHG11*
- *Drilling results continue to define Nickel rich basement rocks*
- *Drilling to date appears to confirm that the near surface geology is similar to that reported above the Nova-Bollinger Ni sulphide deposits*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

7.95 million @ $0.40 - $0.43

Top 20 shareholders

Hold 50.36%

Share Price on 6th October 2014

20 cents

Market Capitalisation

$28.83 million

Head Office: Suite 11, 139 Newcastle Street, Perth Western Australia 6000 **Tel**: +61 8 9230 3555 **Fax:** +61 8 9227 0370
Bangkok Office: Unit 1808, Pacific Place 2, 142 Sukhumvit Road, Klongtoey, Bangkok 10110 **Tel**: +66 0 2653 0258 **Fax**: +66 0 2653 0258
reception@matsa.com.au www.matsa.com.au

Matsa is pleased to announce that a contract has been executed which provides for a broad scale, innovative ground Electro Magnetic (EM) survey to commence immediately at Symons Hill. The EM technique being developed/optimised to explore for highly conductive "Nova-Bollinger" style bedrock conductors to a depth of more than 700m below surface uses a combination of a newly developed high power transmitter and industry leading B-field sensors. Matsa remains committed to exploring for massive Ni-Cu sulphides of the Nova-Bollinger style given the presence of highly prospective mafic/ultramafic intrusive rock types throughout the majority of the Symons Hill tenement.

Furthermore, assay results have now been received for all remaining diamond and RC drillholes from the recently completed drilling programme at Symons Hill. Initial assay results from the programme were announced to the market on 31st July 2014.

High Power EM Survey

An agreement has been executed with Outer Rim Exploration Services Pty Ltd (ORE) for commencement of a regional, high powered (150-200A) EM survey over the majority of the Symons Hill project/tenement area. The design of the survey and the use of newly developed, state of the art equipment means that this survey has the potential to explore for massive sulphide deposits of Nova-Bollinger type, to a depth of >700m below surface (based on extensive forward modelling). The survey has been designed to test three successive, prioritised areas, commencing immediately on the highest priority target areas. Priorities have been assigned based on a number of targeting criteria (gravity, magnetic signatures, structural locations, strong Ni/geochemical anomalism) as well as a judgment as to the extent to which exploration to date has been hampered by conductive transported (palaeochannel) cover and/or deep conductive weathering.

Matsa's geophysical consultant, Russell Mortimer of Southern Geoscience Consultants made the following comments:

"Recent high powered MLTEM/FLTEM style surveying in the Fraser Range has extended the detection/definition depth of highly conductive "Nova" style bedrock conductors well beyond 500m as recently described/successfully drill tested by Sheffield Resources and Sirius Resources within adjacent tenure. After extensive multi-client experience and assessment efforts within the region, the best available technologies/methods have been contracted for this systematic tenement wide programme. This programme will also incorporate a research and development aspect with involvement from the CSIRO with regard to new EM sensor developments and transmitter technologies."

This EM survey at Symons Hill is expected to take approximately 5 months to complete from commencement of ground activities. It is anticipated that validated field data will be available for interpretation by Matsa's geophysical consultants within a week of acquisition and final interpreted results available to Matsa within 3 days after that.

This rapid turnaround of results means Matsa could act on any positive findings within weeks of commencement of the EM programme. Upon commencement of surveying, the immediate focus will be the previously defined VA15 EM conductor which remains untested by drilling. The new survey method is expected to greatly improve definition/resolution of this target for drilling. Drilling of VA15 will be planned in accordance with the survey results.

It is noteworthy that a recent EM survey by Sirius Resources using similar technology, defined 16 conductors to a depth of ~700m (SIR announcement to the ASX 25 August 2014).

Diamond and RC drilling Results

A diamond and RC drilling programme commenced in June 2014 to test high priority targets mostly within Ni anomalous mafic and ultramafic granulites of the Gloucester Corridor.

Drilling focused on high priority targets within the Symons Hill Dome with particular emphasis on targets SHG02, SHG03, SHG04, SHG10, SHG11, EM Targets VA1, VA2, VA11 and IP targets IP01 and IP02. These targets are all considered to have high potential for associated Ni-Cu sulphide mineralisation (Figure 1, Table 1).

Drilling under this programme comprised the following:

- 4 diamond drill holes for 480m of RC pre-collars and 792m of NQ diamond core
- 23 RC drillholes for 4,481m of drilling was completed.

Sampling and assay protocols for diamond and RC drilling are included in Appendix 1. Assay intercepts with elevated values of nickel or copper are summarised in Table 1. A summary of drillhole locations, samples and assay ranges for Ni and Cu are presented in Appendix 2.

RC and diamond drillholes were sampled for assays on composites of between 1m and 4m in length. A total of 1,488 composite assay results have been received to date. Sampling and assay protocols are summarised in Appendix 1.

Drilling Results Continue to define Nickel Rich Basement Rocks

Drilling results include the following (Figure 1, Table 1):

- Diamond drillhole 14SHDD06 appears to confirm that sulphide mineralisation in the form of disseminated chalcopyrite and pyrite in veined and fractured felsic granulites is the source of conductor VA11. The modeled position of the conductor occurs at a vertical depth of ~400m which corresponds with an intercept of **3.20m @ 0.4% Cu** from 455-458.2m downhole.

- Matsa is very encouraged by the presence of sulphides associated with the VA11 conductor and the potential for a nickel sulphide source for the untested deep VA15 conductor.

- The chargeable sources of target IP anomalies at SHG02 and SHG03 which were tested by drillholes 14SHDD03 and 14SHDD04 respectively are not sulphide related. They are possibly caused by deep weathering and the presence of saline groundwater.

- RC drilling to a maximum depth of 250m continued to confirm the presence of elevated nickel values in fresh mafic/ultramafic granulites at SHG02, SHG03 and SHG11. Downhole EM (DHEM) is planned to test for the presence of off-hole conductors which may reflect the presence of Ni sulphide mineralisation which was not intersected in the drilling.

- It is noteworthy that the intercepts in drillhole 14SHRC015 at SHG03 contain appreciably higher copper values compared with intercepts from other targets. It is planned to submit samples from this interval for assays on individual metres and to obtain a petrographic analysis to determine the presence of Ni and Cu sulphides in these intervals.

- Several reconnaissance RC drillholes between 120m and 250m depth confirmed elevated Ni values in fresh mafic/ultramafic granulites underlying anomalous bedrock Ni values over targets SHG04, SHG07 and SHG10.

- Drilling to date appears to confirm that the near surface geology is similar to that seen above the Nova-Bollinger Ni sulphide deposits.

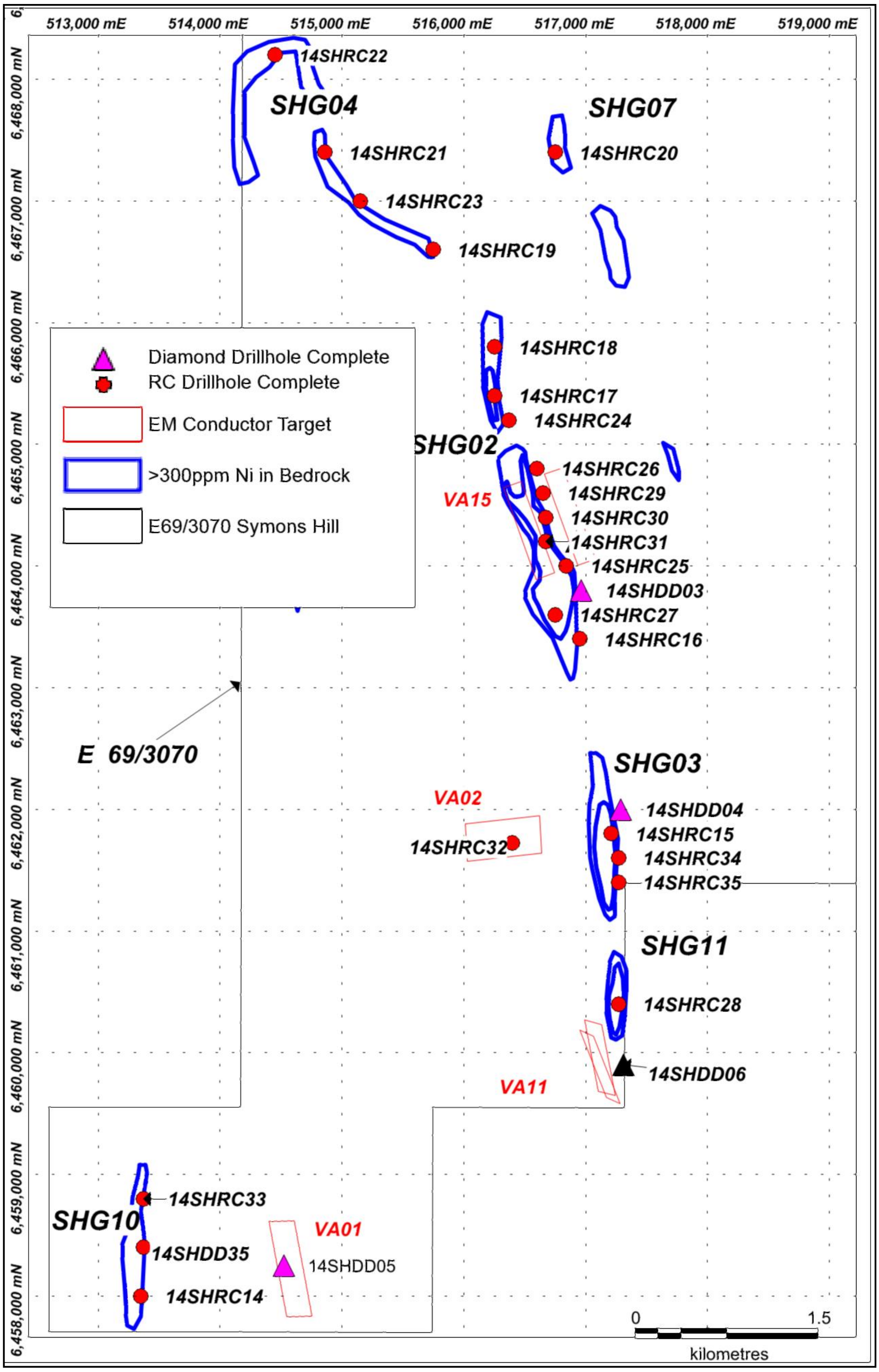

Figure 1: Diamond and RC Drilling Symons Hill

Target	Hole_ID	mFrom	mTo	Width (m)	Ni_pct	Cu_pct	Co_pct	Cr_pct
SHG02	**14SHRC16**	88	148	**60**	**0.17**	0.002	0.008	0.1
		152	160	**8**	**0.13**	0	0.006	0.08
	14SHRC17	44	100	**56**	**0.18**	0.002	0.008	0.1
	14SHRC24	92	124	**32**	**0.14**	0.001	0.007	0.1
		168	176	**8**	**0.12**	0.013	0.007	0.16
	14SHRC25	40	76	**36**	**0.17**	0.002	0.008	0.11
		88	224	**136**	**0.18**	0.001	0.008	0.1
		232	236	**4**	**0.11**	0.003	0.007	0.12
	14SHRC26	84	196	**112**	**0.17**	0.002	0.008	0.12
	14SHRC27	24	32	**8**	**0.21**	0.013	0.002	0.45
		36	44	**8**	**0.11**	0.008	0.007	0.31
		52	72	**20**	**0.19**	0.007	0.013	0.11
		88	96	**8**	**0.13**	0.002	0.007	0.07
	14SHRC29	92	192	**100**	**0.17**	0.002	0.008	0.12
	14SHRC30	40	136	**96**	**0.18**	0.002	0.008	0.14
	14SHRC31	4	16	**12**	**0.26**	0.004	0.014	0.35
		28	64	**36**	**0.23**	0.002	0.014	0.13
		68	116	**48**	**0.17**	0.015	0.008	0.11
		100	104	**4**	**0.2**	0.163	0.012	0.12
SHG02_IP	**14SHDD03**	76	144	**68**	**0.15**	0.002	0.007	0.11
		148	172.15	**24.15**	**0.18**	0.002	0.008	0.11
		174	184	**10**	**0.19**	0.001	0.009	0.11
		186	192	**6**	**0.19**	0.001	0.009	0.12
		196	198	**2**	**0.2**	0.001	0.009	0.11
		200	202	**2**	**0.17**	0.001	0.007	0.13
		204	216	**12**	**0.18**	0.002	0.009	0.14
		220	283	**63**	**0.18**	0.001	0.008	0.11
		285	300.6	**15.6**	**0.15**	0.002	0.008	0.13
SHG03	**14SHRC15**	40	60	**20**	**0.15**	0.007	0.012	0.65
		64	80	**16**	**0.21**	0.023	0.018	0.18
		92	100	**8**	**0.11**	0.006	0.009	0.1
	14SHRC34	76	104	**28**	**0.21**	0.006	0.016	0.19
SHG03_IP	**14SHDD04**	80	84	**4**	**0.11**	0.01	0.011	0.01
		88	132	**44**	**0.18**	0.003	0.008	0.11
		88	92	**4**	**0.33**	0.009	0.017	0.1
		133.1	153	**19.9**	**0.17**	0.001	0.008	0.11
		154	157	**3**	**0.14**	0.002	0.008	0.12
		165	165.5	**0.5**	**0.1**	0.001	0.005	0.12
SHG10	**14SHRC14**	72	80	**8**	**0.13**	0.022	0.01	0.23
	14SHRC33	52	64	**12**	**0.15**	0.021	0.01	0.2
		68	72	**4**	**0.11**	0.017	0.008	0.15
	14SHRC35	52	68	**16**	**0.21**	0.006	0.012	0.17
SHG11	**14SHRC28**	60	112	**52**	**0.17**	0.003	0.008	0.1
VA11	**14SHDD06**	193	208	**15.5**	**0.17**	0.009	0.009	0.16
		452	460	**8**	**<0.001**	0.24	0.001	<0.001
		455	458	**3.2**	**<0.001**	0.401	<0.001	<0.001

***Table 1:* Symons Hill RC drilling 2014, Intercepts containing >0.1% Ni or >0.1% Cu included**

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 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 Symons Hill Project JORC 2012 Table 1

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.* • *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.*	• Soil Samples comprise approximately 300g of -1.5mm bulk soils collected between a depth of 10 and 30cm. Assay techniques such as Mobile Metal Ion (MMI) partial digest require that stainless steel shovel for digging and plastic trowel to scoop out soil is used to minimize sample contamination. • Input from geochemical consultants eg ioGlobal Ltd has been sought from time to time to ensure that the size of sample is sufficient to ensure representivity of the soil mass being sampled. The target elements being sought are not present in coarse aggregates, coarse gold is not being targeted consequently 300g is sufficient for a representative sample • From a sampling perspective the target is basement mineralization. Sampling procedures for total digest are focused on the clay fraction which captures and amplifies the geochemical response above basement mineralization. Sample procedures for MMI likewise target the amplified geochemical response associated with mobile ions of the target element. • Sample preparation for core assaying involved crushing and pulverizing 3kg to produce 1g of sample for 4 acid digest and then measured using ICP-OES.
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).*	• Aircore Drilling carried out by Challenge Drilling. Vacuum Bit achieving accurate face sampling. Bit diameter 75-80mm. • Second phase aircore drilling carried out by Frontline Drilling using a conventional aircore drill bit. • Limited RAB drilling (4 holes) were carried out early in the program but due to presence of "running sands" in the first target area, aircore was the drilling method of choice to continue the program. Hammer bits were occasionally used when aircore bit reaches refusal depth and rocks recovered are still highly weathered. • Reverse circulation carried out by Frontline drilling, using a

Criteria	JORC Code explanation	Commentary
		truck-mounted Atlas Copco MK10 RC rig and SBD Drilling using truck-mounted Atlas Copco E220 RC rig. Both rigs used face sampling hammer bit. • Diamond drilling executed by Frontline employing a track-mounted Desco 7000 rig. RC pre-collars were drilled down to 120m and NQ coring down to target depth. Core is oriented using Reflex ACT II RD digital core orientation tool.
Drill sample recovery	• *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 grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery is determined against the recovered length of core compared to the drilled interval. Core recovery for the four diamond holes were greater than 97%. • Drill contractor employed additives to maximize core recovery, especially when drilling through soft and broken ground. • Recovery of RC cuttings were not recorded.
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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Visual logging carried out on washed cuttings. All washed cuttings were retained in boxes. Selected fresh bottom of hole samples selected for petrography. Logging recorded as qualitative description of colour and lithological type. • 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	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *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*	• Samples of 1-4m were composited for assay. The subsampling technique was carried out by hand spearing drill residues over specified intervals to achieve a final sample weight of around 3 kg. The opportunity exists to go back to individual splits as a check on composite assay values. • Composite samples with results above 0.1% Ni were chosen for the 1m split sampling. Bulk residues of the bagged 1m interval were passed through a three-tier riffle splitter producing a 1-3kg sample. • Sample for Hand held XRF analysis. A scoop of sample from the end of hole (EOH) meter (~200g) were placed in a calico bag and air dried before being lightly pulverized and passed

Criteria	JORC Code explanation	Commentary
	material being sampled.	through a 1.5mm sieve. The fine fraction is hand-pulverized and then sieved through an 80-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. • For RC drilling, samples are composited up to 4m in pre-numbered calico bags and submitted to the lab. The 1m rotary split samples with each weighing 1-3 kg are stored. Selected 1m splits samples will be submitted to the lab to define zones of mineralization based from the results of the composited intervals. • Cores were sawn and quarter core splits were sampled and submitted to the lab. Cut lengths ranged from 0.2m up to 2.0m in lengths.
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.* • *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.* • *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.*	• Soil and rock samples collected for gold and base metal exploration are assayed using an aqua regia digest and are regarded to be a total digest enabling total values for target elements to be measured. Analysis by inductively coupled plasma mass spectrometry (ICP-MS) technique is seen as the most cost effective technique for low level detection of gold and base metals. Inductively coupled plasma atomic emission spectrometry (ICP-AES) was also used to detect other elements such as Ca, Fe, K, etc. Precious metal (Au-Pd-Pt) determination is by 30g lead fire assay fusion and the resulting bead is digested in a three-stage acid process and measured using ICP-AES. For the 1m splits, four acid digestion was carried out and measured with ICP-AES. • For surface sampling no QA QC samples have been inserted and reliance is placed on laboratory procedures. Samples submitted for base metal analysis are “validated” in the field by a prior assay using the Olympus Handheld XRF unit. • Hand held XRF Analysis. Bottom of hole samples from aircore drillholes were analysed using a handheld Olympus Innovx Delta Premium (DP4000C model) XRF analyser. Reading times employed was 90 sec/beam for a total of 270 sec.

Criteria	JORC Code explanation	Commentary
		• Composited aircore samples are assayed using four acid digest and analysed with ICP-AES. • Bottom of hole (BOH) samples assaying is carried out in complete geochemical characterization package (ALS method CCP-PKG01) using a variety of sample decomposition and analytical methods. Major elements (Si, Al, etc.) is by lithium metaborate fusion and measured with ICP-AES; C is combusted in a LECO induction furnace and measured using infrared spectroscopy; S is determined using a LECO sulphur analyser; trace elements (Ba, Ce, Cr, REEs, etc.) are by Li-borate fusion and quantified with ICP-MS; base metals (Ag, Cd, Co, etc.) are dissolved with four acid digest and determined using ICP-AES; volatile trace elements (As, Bi, Hg, etc.) are by aqua regia and measured using ICP-MS; and Loss on Ignition (LOI) is determined with gravimetric means after thermal decomposition in a furnace. • Au determination were carried out in both composite and BOH samples using aqua regia digest and analysed with ICP-MS. • Composited RC samples are assayed using four acid digest and analysed with ICP-AES. • Crushed and pulverized core samples were subjected to 4 acid digestion and analysed using ICP-AES.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Not carried out because laboratory QA QC procedures are regarded as sufficient for surface samples and first pass aircore 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. • <u>Hand held XRF Analysis:</u> • Ni and Cu values from the most recently completed aircore programme at Symons Hill are compared graphically with 4 Acid digest results from samples representing the same interval (See Appendix 2) There is generally excellent agreement between the two datasets and Matsa has no hesitation in using "real time" XRF results to indentify Ni

Criteria	JORC Code explanation	Commentary
		and Cu bedrock anomalies. • Assays are collected on at least 2 blank samples and 2 duplicate samples in every batch of one hundred samples.
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars are surveyed by modern hand held GPS units with an 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.
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.*	• Sample spacing is established using the largest spacing possible for a likely target footprint to minimize cost. Issues such as transported overburden which can blanket geochemistry response lead to a reduction in sample spacing. • Aircore drillholes spacings were selected to achieve a first pass test of soil geochemical anomalies and to enable bedrock types to be characterized as a guide to a geologically driven exploration programme for Ni Sulphides.
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.* • *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.*	• Soil samples are collected on a staggered grid in order to minimize orientation bias. • Vertical Aircore drillholes were oriented along EW lines which are at a high angle to the geological strike. • RC and DD drill holes were oriented at -60^{o} due west which are at a high angle to the geological strike.
Sample security	• *The measures taken to ensure sample security.*	• 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. Aircore residues retained in strong green plastic bags pending further sampling. Assay Pulps retained until final results have been evaluated. • Sampling intervals were marked up on core accompanied by separate printed cutting interval sheet. Core trays were secured with steel straps on a pallet for transport to the core cutting contractor. Samples to the laboratory were placed in calico bags then onto green bags. The green bags were sealed with cable ties for transport to the laboratory.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Orientation surface sampling overseen by geochemical consultants to ensure best practice. First pass assays with hand held XRF machine to gain impression of mineralization. • Hand held XRF Analysis. Procedure analysis of drill hole samples was developed in conjunction with ioGlobal, but yet to be formally audited or reviewed.

Section 2: ***Reporting of Exploration Results***

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• 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. • At the time of writing the licence is granted for a 5 year period expiring on 6th March 2018
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• 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.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The target is Nova style Ni Cu mineralization hosted in high grade mafic granulites of the Fraser Complex
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:* o *easting and northing of the drill hole collar*	Co ordinates and other attributes of RC drillholes are included in Appendix 2. Each drilling programme will be attached in this way as information becomes available.

Criteria	JORC Code explanation	Commentary
	○ *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.*	
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.*	• Aggregation of downhole assay values for Ni Cu and Co were shown for intercepts containing >0.1% Ni. Intercepts were calculated by averaging length weighted intercept values for the three elements (usually 4m lengths). Raw un - aggregated Cu, Ni and Co values have been included in previous release.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intercepts reported are measured in down hole metres.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• 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*	• Not required at this stage

Criteria	JORC Code explanation	Commentary
	grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	
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.*	• Airborne VTEM (combined magnetic and electromagnetic) carried out in December 2012 by Geotech Airborne Pty Limited. A total of 6 priority targets and 15 second order targets identified and reported on by Southern Geoscience Consultants Ltd • Prior to December 2012, Comprehensive geochemical survey carried out by Matsa Resources comprising 614 samples mostly at 400m centres on a staggered grid identified targets SH01 to SH05. Infill at 200m x 200m completed over targets SH01 to SH05 in May 2013 for a total of 638 samples. • Ground EM 2013, carried out by Bushgum Holdings Pty Ltd, under supervision by Newexco consultants, consisting of both moving-loop (MLEM) and fixed-loop (FLEM) surveys. Data acquisition was achieved using a SMARTem24 8-channel geophysical receiver manufactured by ElectroMagnetic Imaging Technology (EMIT), Bartington 3-component magnetic field sensor (up to 1Hz frequency response) and a Zonge ZT-30 Loop Driver transmitter to power the loop with up to 30A. The MLEM and FLEM surveys are both 400m wide. In the MLEM, the survey lines are spaced 400m apart with receiving stations every 100m inside the loop along an E-W direction. In the FLEM, the receiving stations are 50m apart across 1 km traverse in an E-W direction. • Fixed Loop TEM Surveys carried out in February March 2014 by Outer Rim, SURVEY PARAMETERS Configuration : Fixed Loop, Station Spacing : 50 m; Receiver : SMARTem24, Frequency : 2.0833, Component Z,X,Y, Rx Coil : Fluxgate, Rx Area : 10000m2 turn-m; Transmitter : Crone-Ext, Tx Moment : Unknown turn-m, Tx Current : 20 A Turn Off : 0.5 ms Survey Location Plan Attached FLTEM loop sizes ranged from 300x500m to 400x600m, single loop turn. Multiple E-W survey lines were utilised (3) per line at 150m line spacing in order to adequately resolve potential bedrock conductors. All FLTEM surveying was completed with

Criteria	JORC Code explanation	Commentary
		50m station spacing • Induced polarization (IP) geophysical surveys over geochemical targets SHG01, SHG02 and SHG03. Survey type: Pole/Dipole-dipole (2D) at 100-200m spacing; Receiver: GDD GRX-32 IP receiver; Transmitter: zonge GGT-30; Frequency 0.125 Hz; Data coverage: N=12-16 ~300 to 500m depth of investigation.
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.*	• A hybrid MLTEM/FLTEM survey using high powered transmitters are planned along the Gloucester corridor, SHG10 and the remaining northwestern part of the tenement with the aim to detect deep level EM conductors at depths greater than 400m.

Appendix 2

RC and Diamond Drillhole Location and assay summary

Hole ID	East	North	Depth	Dip	Azimuth	Samples	Max Ni ppm	Max Cu ppm
14SHRC14	513355	6457999	142	-60	270	36	1350	345
14SHRC15	517212	6461806	148	-60	270	37	3000	383
14SHRC16	516951	6463402	226	-60.7	262.9	57	2170	138
14SHRC17	516246	6465404	120	-60	270	30	2090	245
14SHRC18	516243	6465790	120	-60	270	30	471	192
14SHRC19	515750	6466600	120	-60	270	30	173	83
14SHRC20	516750	6467401	120	-60	270	30	537	165
14SHRC21	514860	6467401	120	-60	270	30	570	217
14SHRC22	514449	6468200	120	-60	270	30	429	231
14SHRC23	515147	6466999	250	-60.8	266.1	63	381	416
14SHRC24	516370	6465200	250	-60	270	63	1700	203
14SHRC25	516839	6463996	247	-60	270	62	2060	142
14SHRC26	516603	6464805	250	-57.8	264.6	61	2070	170
14SHRC27	516747	6463595	250	-60	270	63	3630	150
14SHRC28	517270	6460400	250	-60	270	63	2030	249
14SHRC29	516648	6464600	250	-56	261.7	63	2040	184
14SHRC30	516663	6464401	250	-55.8	261.9	63	2730	157
14SHRC31	516667	6464202	250	-58.4	265.2	63	6830	1630
14SHRC32	516401	6461725	148	-60	90	37	44	100
14SHRC33	513368	6458798	100	-60	270	25	2280	249
14SHRC34	517268	6461608	250	-62.8	284.3	63	3790	489
14SHRC35	517272	6461406	250	-59.5	261.3	63	2590	198
14SHRC36	513367	6458402	250	-61.7	262.7	63	718	323
RC DRILL HOLES						**1125**	**6830**	**1630**
14SHDD03	516960	6463800	300.6	-60	270	124	2241	101
14SHDD04	527285	6462000	175.6	-61.7	288.6	68	3330	122
14SHDD05	514526	6458250	294.6	-62.9	99.5	30	84	114
14SHDD06	517311	6459898	507.5	-63.7	304	141	1979	5060
Diamond Holes						**363**	**3330**	**5060**