MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **31 October 2013**

Quarterly Activities Report – 30 September 2013

HIGHLIGHTS

Symons Hill (MAT 100%)

- *Aircore drilling returned assays greater than 0.8% Ni and up to 1.1% Ni with co-incident elevated Cu, Co and PGE's at 2.5km long Target SHG02*
- *Nickel values of similar tenor to reported early exploration results in weathered profile at Nova/Bollinger*
- *Petrographic analysis confirms existence of olivine rich rock underlying Target SHG02 described as similar to host rocks at Sirius's Nova-Bollinger deposits*
- *Trace copper sulphide minerals at 2.6km long SHG01 target support potential for nickel copper mineralisation*
- *Aircore shows majority of rocks in SHG01, SHG04 and SHG06 are mafic granulites confirming their potential for associated nickel sulphide mineralisation*

Mt Henry JV Project (MAT 30%, PAN 70%)

- *PAN's updated resource modeling on Mt Henry, Selene and North Scotia deposits results in a 17% increase in the resource base to 1.71Moz Au*
- *74% of the Resource now in the Indicated category*
- *Bankable Feasibility Study (BFS) ongoing, now targeting release in March 2014 quarter*
- *Ground EM defines high priority conductor over coincident PGE, Ni and Cu soil anomaly over ultramafic rocks of the Mt Thirsty sill*

Killaloe JV (MAT 80%, CUL 20%)

- *RC Drilling intersects new gold mineralised zone at Gossan E up to 48m @ 0.28g/t Au from 4m depth including 1m @ 7.24g/t Au, and 1m @ 2.74g/t Au in RC004*
- *First pass aircore drilling intersects 2 new gold mineralised zones at KLGT02:*
  - *2m @ 0.68g/t Au from 16m to end of hole, possible extension of Sirius Resources' Polar Bear/Humphrey prospect*
  - *2 drillholes intersected anomalous gold values including 4m @ 0.33g/t Au being a possible NW extension to Gossan E*
- *RC Drillhole intersects highly anomalous zinc in carbonaceous shales at RC50 prospect include a highest value of 1m @ 8.04% Zn and 5.1g/t Ag*
- *RC Drillhole intersects elevated nickel in weathered ultramafic rocks at KC26 prospect include a highest value of 3m of 0.5% Ni, 0.08% Cu and 0.10% Co*

Corporate

- *$2.86M capital raised via issue of 9.5M shares at $0.30 each bringing the total cash, receivables and liquid assets available to Matsa to $10.4M*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

12.55 million @ $0.31 - $0.45

Top 20 shareholders

Hold 48%

Share Price on 30 October 2013

27.5 cents

Market Capitalisation

$39.64 million

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INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX:MAT) is pleased to report on its exploration and corporate activities for the Quarter ended 30th September 2013.

Background information about the methods and data used in compiling this report, have been appended to previous announcements released to the ASX as required by the JORC 2012 code during the quarter.

COMPANY ACTIVITIES

Symons Hill Project– Matsa 100%

This project comprises one exploration licence E69/3070 which is 96km^2 in extent, located within the Fraser Range Tectonic zone and within 6kms SSW of Sirius Resources' Nova and Bollinger nickel copper deposits.

The Symons Hill Fault which Matsa believes to have been an important control on mineralisation at Nova extends to the SW onto the Symons Hill Project.

As previously reported, exploration by Matsa identified 6 high priority soil geochemical targets (SH01 – SH06).

Ground EM surveys were designed and completed in the previous quarter. The objective was to cover VTEM conductors, soil nickel and co-incident soil nickel-copper geochemical anomalies along the Symons Hill Fault.

A total of 70 line kilometres of moving loop EM (MLEM) and 15 line kilometres of fixed loop EM (FLEM) were completed. These surveys based on a 400x400m loop size identified 6 conductors which were interpreted to be at relatively shallow depth.

It can be seen in Figure 1 that Conductor plates 3, 4 and 5 are partly co-incident with soil geochemical anomalies SHG02, SHG04 and SHG06. Ground EM coverage is shown together with VTEM targets and soil geochemical anomalies.

Exploration during September Quarter

Exploration during the September quarter included the following:

- 10 lines of aircore drillholes for a total of 2,615m completed over soil geochemical targets SHG01, SHG02, SHG04 and SHG06 and ground EM target Plates 3, 4 and 5;
- Petrographic analysis of bottom of hole samples from these holes; and
- Composite and detailed 1m assays through regolith and moderately weathered basement rocks.

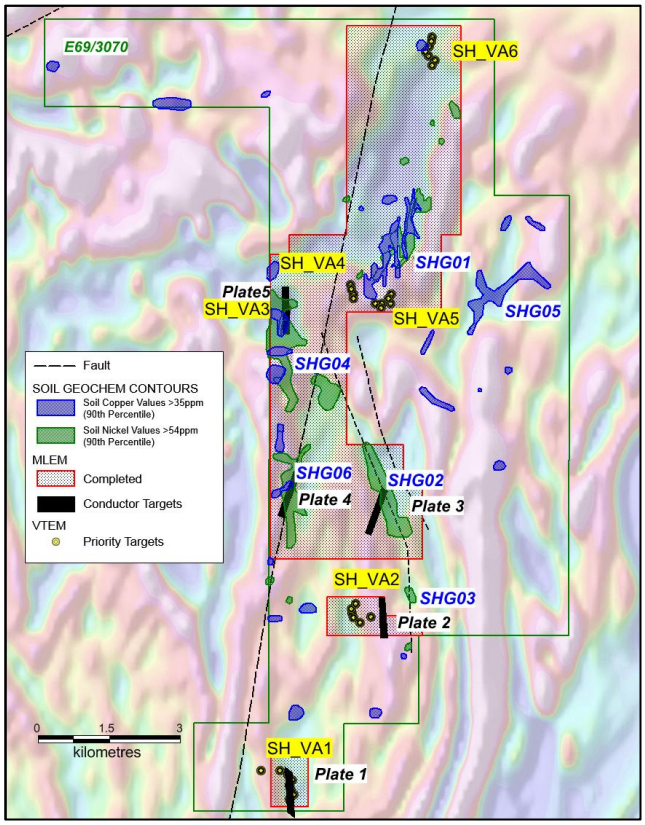

Figure 1: Symons Hill Soil anomalies, Ground EM Coverage and EM Targets

Key results from this exploration programme including background data concerning exploration methods and material results were announced to the market.

Aircore Drilling

The objective of the aircore drilling programme was to:

- Determine the source of soil geochemical anomalies SHG01, SHG02, SHG04 and SHG06; and
- Determine basement geology which is concealed by overburden.

Aircore holes were drilled to "refusal" which typically occurs at or close to the boundary between fresh rock and overlying highly weathered rock. Maximum depth of hole was 69m with average

depth being 37m, with the shallowest being 1m (Figure 2).

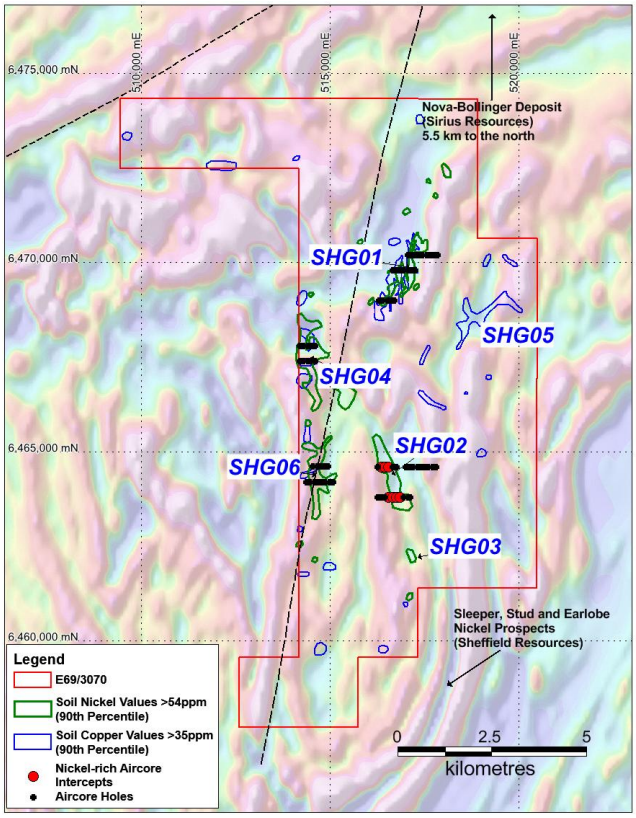

Figure 2: ***Symons Hill Location of Aircore Drilling***

Geology

Geological logging of drill holes identified a suite of variably weathered mafic intrusive rocks ranging in composition from anorthosite (plagioclase feldspar-rich gabbro) and troctolite (olivine-rich gabbro) which form part of the Fraser Range Intrusive Complex. This range of rock types are interpreted to form part of one or more large fractionated mafic intrusions with potential for associated nickel sulphide deposits based on the Voisey's Bay and Nova/Bollinger models.

Weathering of basement lithologies has produced a clay rich saprolite profile to depths of up to 63m grading into progressively less weathered rock at depth.

Petrography

A total of 21 relatively unweathered bottom of hole rock samples were submitted for petrographic analysis (microscopic examination) to validate the geological interpretation. The following were key conclusions:

- most of the samples examined were mafic to ultramafic granulites which are potentially favorable host lithologies for Ni Cu mineralisation;
- nickel rich basement rocks underlying soil geochemical anomaly SHG02 are olivine bearing mafic granulites. These are interpreted to be directly comparable with the olivine bearing mafic rocks which are host to Sirius's Nova-Bollinger discoveries;
- high Ni values up to 0.26% Ni in drillhole SHAC040 may be explained by the presence of significant interstitial nickel sulphides (pentlandite), however pentlandite was not observed in the small sample examined by the petrographer, however was inferred from the nickel content of the sample; and
- trace chalcopyrite (copper sulphide mineral) was identified in mafic granulites underlying SHG01 which increases the prospectivity for Ni-Cu mineralisation.

Assays

A total of 681 samples representing 1-4 metres in length were submitted for assay. Composite samples containing greater than 0.1% Ni were re-sampled at 1m intervals for a further 88 re-split samples. In addition selected samples were assayed for PGE's and confirmed elevated values up to 34ppb Pt and 33ppb Pd.

Significantly elevated Ni values were returned from composite samples over broad intervals of saprolite and olivine rich mafic granulites for example:

- 25m @ 0.26% Ni, from 8m including 4m @ 0.68% Ni from 20m (SHAC040); and
- 35m@ 0.24% Ni from 12m including 4m @ 0.68% Ni, from 20m (SHAC040).

Target SHG02

The 2km long SHG02 soil geochemical anomaly is underlain by strongly anomalous nickel values up to 0.68% Ni in saprolite and olivine rich mafic granulites (Figure 3).

Broad intercepts of elevated Ni values include:

- 25m @ 0.26% Ni, from 8m including 4m @ 0.68% Ni from 20m (SHAC040); and
- 35m@ 0.24% Ni from 12m including 4m @0.68% Ni, from 20m (SHAC040).

Detailed sampling confirmed values up to 1.1% Ni in weathered ultramafic rocks with key intercepts accompanied by elevated Cu and Co.

SHAC040

***3m @ 0.98% Ni**, 0.005% Cu, 0.12% Co from 21m including:*

***1m @ 1.1% Ni**, 0.0035% Cu, 0.045% Co, from 23m*

SHAC067

***1m @ 0.86% Ni**, 0.01% Cu, 0.023% Co from 40m*

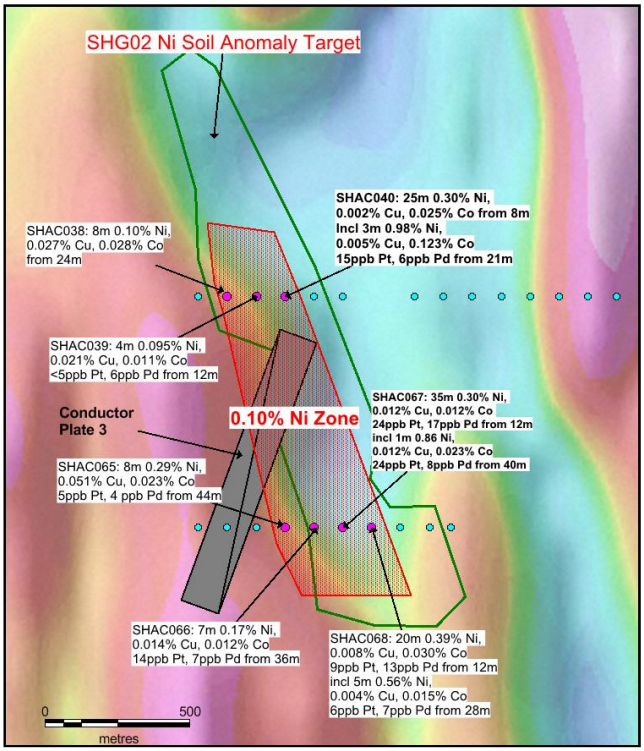

Figure 3:** **SHG02 Aircore Drilling and Target Summary

The nickel rich saprolite and weathered gabbro defines a 'nickel zone' at least 0.8km long and up to 0.3km wide which remains open along strike and at depth and is partly coincident with ground EM conductor Plate 3 as shown in Figure 3.

Nickel values at SHG02 are of similar tenor to reported early exploration results in the weathered profile at Nova-Bollinger.

Matsa is very encouraged with the successful early results as Symons Hill. The project is considered highly valuable and accordingly exploration efforts are a priority for the Company. Infill and step out aircore drilling, slim-line RC drilling and gravity survey has commenced at the time of writing this report to expand on previous knowledge. It is anticipated that down-hole EM surveys will be conducted in conjunction with the drilling with results of these programmes expected prior to the end of the quarter.

Furthermore IOGlobal have been appointed as consultants to advise Matsa with respect to nickel exploration, in particular the geochemistry of magmatic nickel sulphide deposits.

Mt Henry Gold Project Joint Venture – Matsa 30%

The Mt Henry JV tenements cover 135km^2 and are located south of Norseman in Western Australia. Activities conducted during the quarter included:

- Continuation of the Bankable Feasibility Study (BFS) of the Mt Henry Gold Project (Mt Henry, Selene and Scotia North) managed by Panoramic Resources Ltd (ASX:PAN); and
- Regional exploration (Abbotshall South, Lake Kirk, Mt Thirsty) outside the mining leases managed by Matsa.

Bankable Feasibility Study (BFS) Mt Henry, Selene, Scotia North

Significant progress was made on the BFS during the quarter which commenced in December 2012.

Resource Modelling

During the quarter, new resource models for Mt Henry, Selene and North Scotia were completed using the latest BFS drill data (Figures 4, 5 and 6).

Resource estimates for the three deposits have been combined and has resulted in a 17% increase in the resource to a total of **45M tonnes at 1.2g/t for 1.71M oz of Au** for the Mt Henry Project Resource.

This resource upgrade was previously announced to the ASX by PAN on 13 September 2013.

Some comments on this resource upgrade include:

- It is reported on a 100% basis (MAT share is 30%);
- It was computed using a 0.4g/t Au cut-off grade (previously 1g/t);
- It represents an increase of 250,000oz of gold on the previous 2012 Mt Henry resource statement; and
- More than 74% of the resources are now classified in the Indicated Resource category (previously 67%).

The new Mt Henry and Selene resource models are reported at lower cut-off grades in order to

delineate and quantify the extensive areas of below 1g/t Au mineralisation at each deposit. Separate models were developed using 0.4g/t, 0.6g/t and 1.0g/t Au cut-off grades.

The complete Mt Henry Resource Tables are presented in Appendix 1.

Metallurgical Testwork

Metallurgical testwork is progressing with the following focus:

- Comminution (crushing and grinding) test work and preliminary gold recovery work at various grind sizes has commenced;
- X-Ray Diffraction studies to determine mineralogy and gold deportment is well advanced; and
- Further work on the pre-concentration of sulphides via flotation is to commence in the December 2013 quarter.

Results will be reported to the market as they become available.

Environmental Baseline Studies

Most environmental baseline studies are now well advanced. It is anticipated that the remaining work on geochemistry, groundwater impacts of open pit mining and mine closure planning will be completed in the December 2013 quarter.

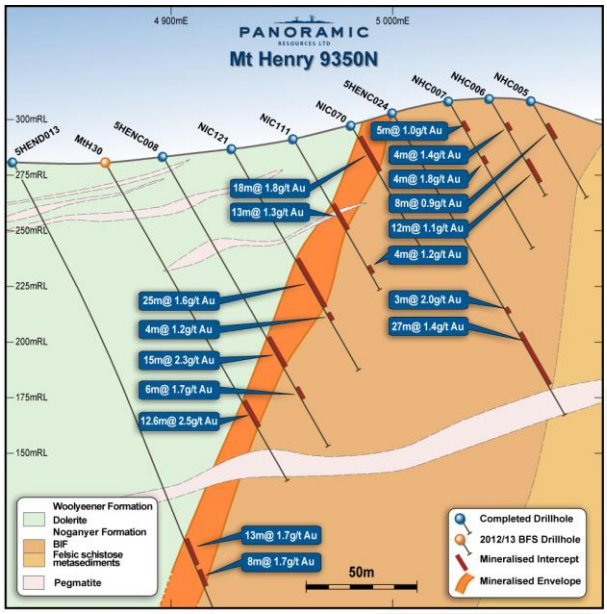

Figure 4: Mt Henry Deposit Summary Section 9350N

A mining proposal which fully incorporates the results of these studies is planned to be lodged with the state government in early 2014.

Site Planning

Site layouts with respect to surface water drainage and potential tailings storage and waste dump locations are now complete.

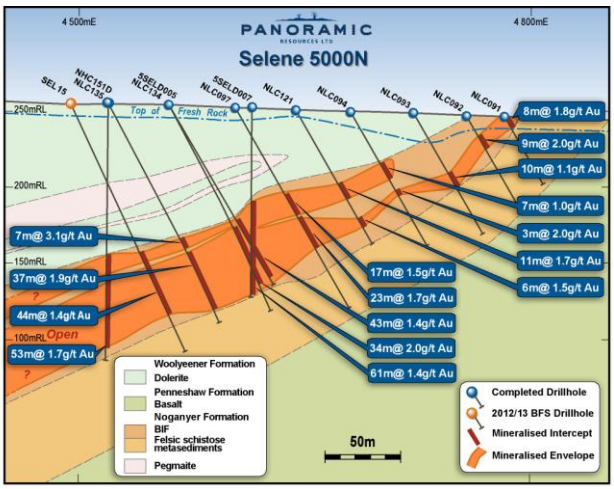

Figure 5: Selene Gold Deposit Summary Cross Section 500mN

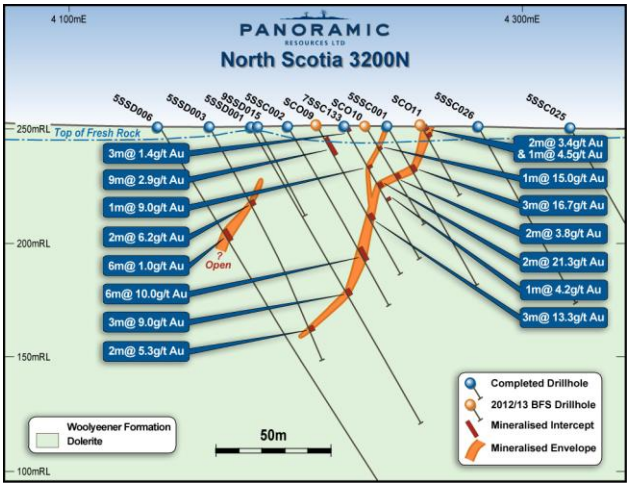

Figure 6: North Scotia Deposit Summary Section 3200mN

Mt Henry Gold Project Regional Exploration – Matsa 30%

Exploration activities during the quarter included:

- Completion of 3 lines of Induced Polarisation (IP) Surveys targeting high grade vein hosted gold at Lake Kirk Prospect;
- Two RC drillholes testing strong resistive and chargeable IP target at Lake Kirk;
- Twelve reverse circulation (RC) holes for 1,185m of drilling at Abbotshall South to test

for the source of soil gold anomalies along the Abbotshall Shear; and

- Ground EM surveys over coincident soil Cu, Ni, PGE target at the Mt Thirsty Prospect.

Abbotshall South

Twelve reverse circulation (RC) holes for 1,185m were completed along 3 widely spaced sections on interpreted structural and geochemical targets 3-7km south of the Abbotshall mine. Composite (1-4m) assay ranges are presented in Table 1.

A preliminary assessment of the data has shown that weakly elevated gold values were intersected on all three sections which confirm the target concept of gold mineralisation along the Abbotshall shear.

All composites containing >0.1g/t Au were re-split and submitted for gold assay. Results are awaited.

Hole	East	North	Prospect	Samples	Minimum	Maximum
13AB001	379147	6428901	Abbotshall	25	-0.001	0.262
13AB002	379199	6428957	Abbotshall	25	0.001	0.007
13AB003	379607	6427555	Abbotshall	25	0.001	0.181
13AB004	379576	6427560	Abbotshall	25	0.001	0.4
13AB005	379997	6425640	Abbotshall	25	-0.001	0.009
13AB006	380032	6425649	Abbotshall	25	-0.001	0.011
13AB007	380084	6425652	Abbotshall	25	-0.001	0.009
13AB008	380130	6425652	Abbotshall	26	-0.001	0.23
13AB009	380178	6425657	Abbotshall	25	0.002	0.379
13AB010	380233	6425652	Abbotshall	25	-0.001	0.007
13AB011	380285	6425649	Abbotshall	25	-0.001	0.015
13AB012	380322	6425630	Abbotshall	21	0.001	0.03
LKRC01	380515	6430898	Lake Kirk	25	-0.001	0.528
LKRC02	380583	6430906	Lake Kirk	24	0.001	0.084
				346		

Table 1: Abbotshall RC Drilling Summary Gold Results (ppm)

Lake Kirk

The target over the historic Lake Kirk workings was "Norseman" style high grade gold bearing quartz veins.

Three lines of induced polarisation (IP) surveying confirmed the existence of a high priority resistive chargeable source close to the centre of the Lake Kirk workings. Two RC holes for 195m were drilled to test the strongest IP anomaly. Both of the holes intersected disseminated arsenopyrite and pyrite in strongly silicified meta-basalts which is interpreted to be the source of the IP anomaly. A best intercept of 4m @ 0.53g/t gold was achieved in the target zone in drillhole 13LKRC01 (Table 1). These results are not considered sufficiently encouraging for further work to be proposed at this stage.

Mt Thirsty

As previously announced a distinct coincident soil Cu and Ni anomaly with PGE values up to 0.4g/t Pd over strongly magnetic ultramafic rocks at the base of the Mt Thirsty Sill was highlighted for ground geophysics.

A moving loop electromagnetic (MLEM) survey was completed over part of a mafic-ultramafic complex and has discovered a strong anomaly at depth. Three conductors were identified by the survey (Figure 7).

Modelled plates of the three conductors are shown in Figure 7. The southern plate represents a highly conductive source (+200ms time constant) is more or less coincident with the magnetic anomaly interpreted to be sourced by serpentinised ultramafic rocks at the base of the Mt Thirsty Sill. This massive sulphide type conductor at a depth of ~200m coincides with a marked deviation evident in aeromagnetic data which probably represents a structurally thickened zone which is potentially favourable for massive sulphide accumulation.

The coincidence of the electromagnetic (EM) and magnetic anomalies, structural thickening and associated nickel and platinum group element (PGE) soil anomalism make this a high priority drill target.

Past exploration in the 1970's by Australian Selection Limited identified strong soil Ni and Cu values which led to a failed attempt to drill a percussion hole into the base of the Mt Thirsty Sill close to the interpreted conductor. The hole was abandoned at 72m because of strong water inflows, well above the modelled depth of the conductor of 200m.

Follow up drilling is planned once all regulatory permits are in place.

Lake Cowan Palaeochannel Target

As previously announced it was planned to carry out aircore drilling over a 4km long sinuous linear magnetic feature in Lake Cowan. This target was interpreted to represent a potentially gold bearing palaeo-drainage channel. Its magnetic character is interpreted to reflect magnetite or maghemite bearing channel fill.

POW approval has been received and planned drilling now only awaits heritage clearances.

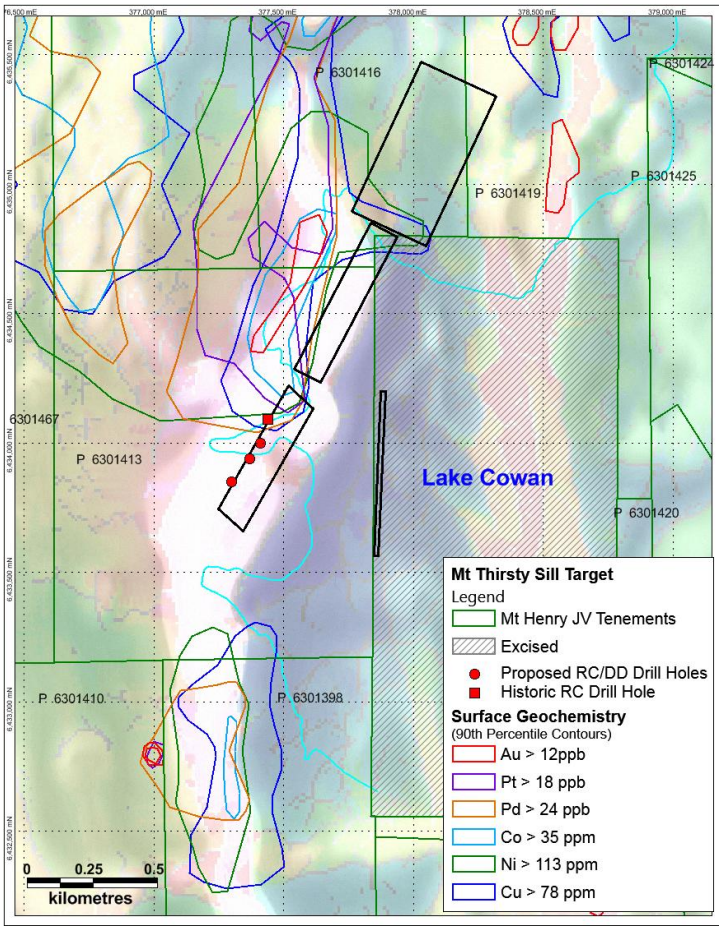

*Figure 7: **Mt Thirsty Sill PGE Ni Target Summary***

Killaloe Project Exploration – Matsa 80%

The Killaloe project comprising 94km^2 is located 35km NE of Norseman in Western Australia.

Until recently, exploration activities by Matsa at Killaloe were primarily focused on the discovery of gold mineralisation as potential trucking feed for any future mill at the Mt Henry Gold Joint Venture project.

A review of past exploration at Killaloe has revealed significant untested potential for nickel sulphide mineralisation as well as gold. Concurrent exploration activities for gold and nickel are presented below.

Killaloe Gold Exploration

Exploration activities during the quarter comprised:

- 35 Aircore Drill Holes for 741m completed over Target KLGT02 using a specialised Lake Rig;
- 20 Aircore Drill Holes for 623m completed over Target KLGT01; and
- 3 RC drill holes for 360m completed over Gossan E gold target.

A review of the gold exploration programme including background data concerning exploration methods and material results was announced to the market on 25th October 2013.

Aircore Drilling

The aircore drilling programme comprising a total of 55 holes for 1,364m was carried out during September 2013. Aircore drilling was carried out as 2 separate programmes to test 2 gold targets, KLGT01 and KLGT02. Prospect and drillhole locations and are summarised in Figure 8.

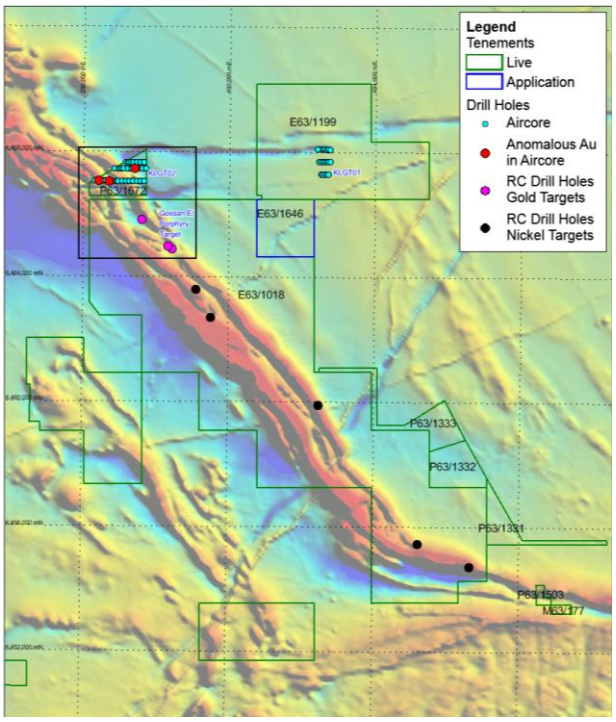

*Figure 8: **Killaloe JV Gold Targets and Drilling***

KLGT01

The programme comprised 20 holes for 623m of aircore drilling along 3 sections 400m apart and holes at 50m spacings. The drillholes were designed to test for the source of anomalous gold and silver values returned in MMI soil samples.

Deeply weathered (up to 50m) basement rocks consisting mostly of meta-sediments made up of quartzo-feldspathic sandstones, shales and minor crystal tuffs, often weakly pyritic.

No significantly anomalous gold values were returned from this programme. A significantly anomalous value up to 4.1g/t Ag and 0.12% Zn on the eastern end of the northern two drill lines is interesting. It is proposed to extend aircore drilling towards the east.

KLGT02

Drilling was carried out using a specialised Lake rig because of the targets location in Lake Cowan. A total of 35 vertical holes for 741m were completed. Drill holes were spaced between 50m to 100m apart along 3 sections (Figure 9).

Drillholes intersected variably weathered basement rocks made up of mostly ultramafic volcanics (komatiites) with intercalated sediments including graphitic shale and greywacke.

Three aircore drillholes intersected anomalous gold values in variably weathered ultramafic rocks as follows:

- 13KAC024 2m @ 0.63g/t Au and 0.16g/t Ag from 16m at bottom of hole;
- 13KAC005 4m @ 0.33g/t Au from 40m; and
- 13KAC002 4m @ 0.15g/t Au from 28m.

13KAC024 is located 1km along the interpreted strike from Sirius Resources' Polar Bear/Humphrey prospect and the intercept was achieved at bottom of hole and remains open.

13KAC002 and 13KAC005 are located 1.5km NW and along strike from Gossan E, and gold mineralisation may be related to the Gossan E target.

Matsa is very encouraged by the results from this "sighter" aircore programme on the lake and additional aircore and possibly diamond drilling is proposed to follow up these results.

RC Drilling Gossan E

A total of 3 RC drill holes were completed over the Gossan E target for a total of 360m (Figure 9).

The target concept was for gold mineralised quartz veins developed in a brittle felsic porphyry sill intruding ultramafic rocks of the Eastern Ultramafic Belt (EUB).

Drillholes 13KRC001 and 13KRC005 were sited to test a soil gold anomaly with values up to 0.4g/t Au along part of the Felsic porphyry sill.

Drillhole 13KRC004 was sited to test for the source of anomalous gold up to 3.3g/t Au in rock chip samples of porous iron oxide rich "gossan" discovered as scattered float at the edge of the lake.

The following intercepts were obtained:

- 13KLRC001 48m @ 0.28g/t Au from 4m and includes 1m @ 0.94g/t Au from 6m and 1m @ 7.24g/t Au from 48m;
- 13KLRC005 20m @ 0.16g/t Au from 8m and includes 1m @ 0.52g/t Au from 9m and 1m @ 0.81g/t Au from 22m; and
- 13KLRC004 2m @ 1.46g/t Au from 56m including 1m @ 2.74g/t Au from 57m.

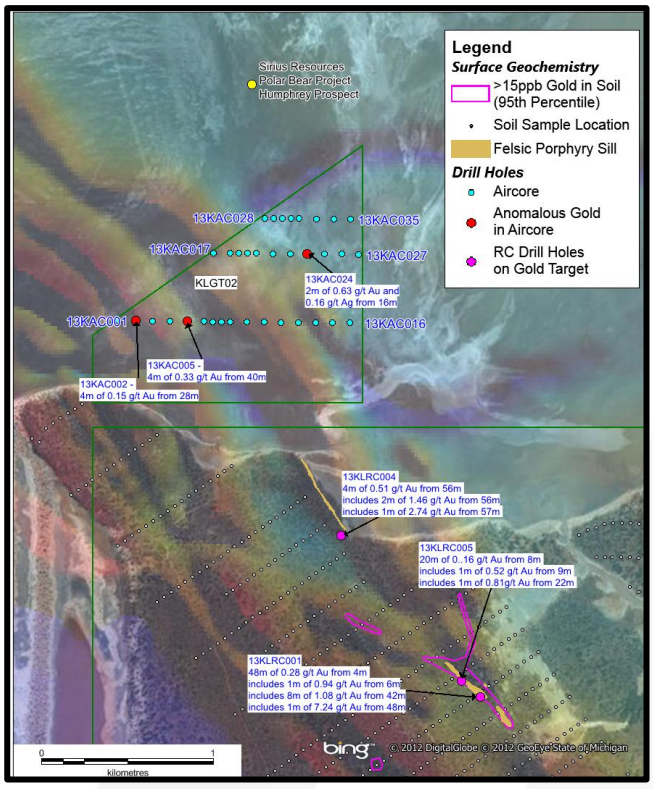

Figure 9: Gossan E and KLGT02 Summary

The broad highly anomalous gold intercepts in drillholes RC01 and RC05 are accompanied by silicification and pyrite development in a quartz feldspar porphyry sill. Individual narrow higher grade

assays in these 2 drillholes (e.g. 1m @ 7.24g/t Au) are associated with zones of stringer quartz veins and more intense silicification. Drillhole 13KRC004 intersected variably weathered ultramafic rocks with narrow quartz veins, but was terminated before entering the Felsic porphyry sill.

Killaloe Base Metals/Nickel Exploration

Historic nickel exploration has been focused on two ultramafic belts termed the Eastern and Western ultramafic belts (EUB and WUB). As previously reported, a review of this work identified a number of high priority targets which remained to be followed up.

A review of the nickel exploration programme carried out during the quarter including background data concerning exploration methods and material results, was announced to the market.

The following activities were carried out:

- Ground Electromagnetic Surveys over 10 targets at Gossan C, D, E & F, Anomaly 58, KC37, Beetroot E, KC50, Hanging Wall Gossan, and Anomaly 64; and
- 5 RC drillholes for 875m were completed to test for Ni sulphide mineralization associated with 5 EM conductors namely KC26, KC31, KC50, Anomaly 58 and Beetroot East.

Ground EM

A total of 21 lines for 16.5 line kilometres of ground EM were surveyed. Surveying was carried out using 200mx200m loops and at station spacings of 50m and 100m. Survey lines are summarised in Figure 10.

A strong EM conductor was confirmed at KC50, and new conductors were detected at Anomaly 58 and Beetroot East. This work prioritised these three targets for inclusion in the drilling programme. Prior EM had already defined conductors at KC26 and KC31 in sufficient detail for drillholes to be planned.

Reverse Circulation Drilling

Five RC drill holes for 874m were completed to test for massive Ni sulphide mineralisation associated with the high priority EM conductors discussed above (Figure 10).

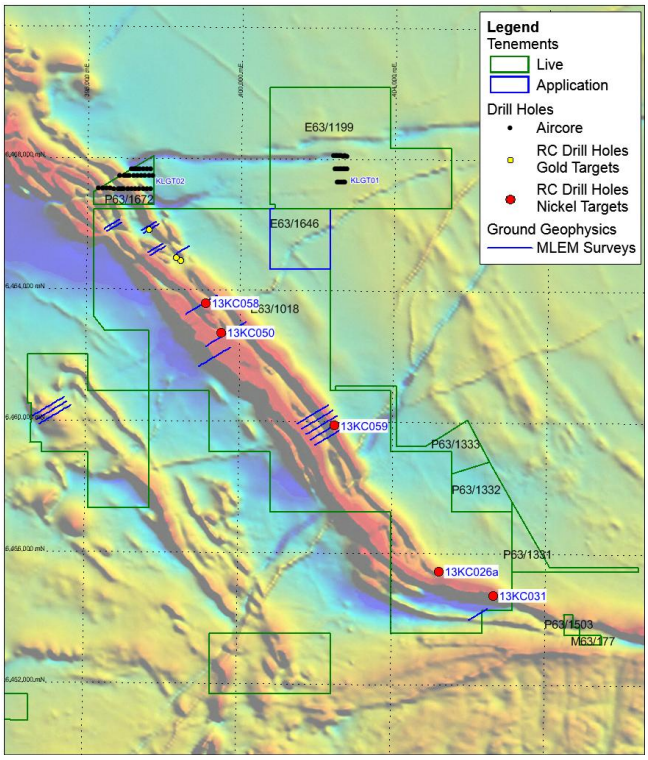

Figure 10: ***Killaloe Project Nickel Exploration Summary***

Drill holes intersected mostly olivine and pyroxene bearing ultramafic rocks probably representing komatiitic volcanics. The sequence includes appreciable basaltic volcanic and lesser graphitic shales.

Three of the 5 conductors tested are interpreted to be produced by graphitic shales KC50, Anomaly 58 and Beetroot East. The remaining 2 conductors, KC26 and KC31, may be related to disseminated sulphides. Down-hole EM surveys to test for significant off-hole conductors are proposed.

The only significantly elevated nickel values were returned in weathered ultramafic rocks in Target KC26 as noted below (8m @ 0.42% Ni, 0.088 Cu, 0.106% Co from 24m). These enriched values do not continue below the weathered profile and are interpreted to reflect supergene enrichment of nickel by breakdown of unstable nickel rich silicate minerals in the weathered zone.

KC50 Prospect

Drillhole 13KC50 intersected 24m of graphitic shales from 87m beneath a sequence of pyroxenites and olivine-bearing ultramafics.

The elevated zinc intercept of 18m @ 1.05% Zn with supporting anomalous Cu, Pb and Ag, and contains an individual high grade Zn value of 1m @ 8.04% Zn 0.09% Cu, 0.1% Pb and 5.1g/t Ag from 110m. This intercept in graphitic shales, increases the prospectivity for base metal mineralisation at Killaloe and may be part of a significantly larger body of base metal mineralisation.

Follow up aircore drilling may be effective in defining the extent and distribution of anomalous base metal values.

KC26 Prospect

Drillhole 13KC26 intersected pyroxene and olivine bearing ultramafics typically with elevated Ni values around 0.1% – 0.16%.

High nickel values up to 3m @ 0.5% Ni from 28m occur in weathered rocks below an unusually thick weathered (lateritised) profile. It is interpreted to be the result of lateritic enrichment. Dark grey sulphidic (pyrite and pyrrhotite) bearing ultramafic intersected between 123m to 129m may be related to the EM conductor.

KC31 Prospect

Drillhole 13KC31 intersected a suite of ultramafic rocks logged as pyroxenites and peridotites. Weakly elevated Ni values up to 0.2% were intersected in the upper part of the hole. Disseminated sulphides were intersected between 174m to 176m and may be associated with the source of the EM anomaly.

KC58 Prospect

Drillhole 13KC58 intersected meta-basalts and ultramafic units with intercalated graphitic shale bands up to 6m in thickness. No significant nickel assays were returned.

Strongly elevated PGE's in conjunction with unusually low Ni values have been returned from an ultramafic unit logged as pyroxenite. Composite samples returned the following intercept:

- 20m @ 43ppb Pd and 53ppb from 76m including 4m @ 59ppb Pd and 102ppm Pt from 80m.

While a preliminary assessment of the drill results over the expected EM target interval suggests the conductor source to be graphitic shales, these highly anomalous PGE values are intriguing. A review of past drilling, soil geochemistry and electromagnetic survey data is proposed in order to assess the significance of this intercept.

Beetroot East Prospect

Drillhole 13KC59 intersected mostly olivine rich ultramafics (some with spinifex textures) with interbands of carbonaceous shale and ultramafic schist. Elevated Zn values e.g. 8m @ 0.18% Zn, from 136m are associated with narrow graphitic shale intercalations. A preliminary assessment of the drill results over the expected EM target interval also suggests the source to be graphitic shales.

Fraser Range North JV – Matsa 90%

This project comprises 2 exploration licences for a total of 354km^2 which are located within the Proterozoic Fraser Range Tectonic zone close to the south eastern margin of the Archaean Yilgarn Craton.

Matsa completed 9 RC holes (13FRNC001 to 13FRNC009) for a total of 1,099m drilled at Similkameen and 1 RC hole (13BERC001) which was part EIS funded, for 139m at the Fraser Range North Bullseye target. (Table 2)

Drillhole	Prospect	East	North	Samples	Minimum	Maximum
13BERC001	FNB Bullseye	505410	6504980	35	-0.001	0.004
13FRRC001	Similkameen	515629	6496677	38	-0.001	0.143
13FRRC002	Similkameen	515608	6496713	25	-0.001	0.026
13FRRC003	Similkameen	515346	6496348	24	-0.001	0.012
13FRRC004	Similkameen	515369	6496316	38	-0.001	0.007
13FRRC005	Similkameen	514939	6495951	25	-0.001	0.014
13FRRC006	Similkameen	514969	6495921	36	-0.001	0.016
13FRRC007	Similkameen	514401	6495521	25	-0.001	0.018
13FRRC008	Similkameen	514423	6495492	31	-0.001	0.044
13FRRC009	Similkameen	515551	6496780	35	-0.001	0.054

***Table 2:* Fraser Range N. RC Drilling Summary Gold Results (ppm)**

Drilling at Similkameen was intended to test a discrete 2.5km long soil gold anomaly and historic drill intercepts up to 4m @ 1.71g/t gold, for structurally controlled "Tropicana" style gold mineralisation.

4m Composite samples were submitted for gold analysis and results are summarised in Table 2.

A best drill intercept of 4m @ 0.14g/t Au from 100m was returned from drillhole 13FRRC001. This result is not considered to be sufficiently encouraging for further work to be proposed at this stage.

Drilling at the FNB "Bullseye" target (a moderate amplitude dipolar magnetic anomaly) was proposed as a test for a Magnetite rich Iron Oxide Copper Gold system. Only one of two planned holes was completed which intersected a quartz feldspar porphyry intrusion.

There was no visual evidence of veining or alteration and it was consequently decided not to complete the second hole and to submit samples for gold - only analysis.

Results are summarised in table 2 where it can be seen that no significant assays were returned. No further work is proposed on this target.

CORPORATE ACTIVITIES

Capital Raising

In late September Matsa completed a placement via the issue of new shares at $0.30 per share to institutional and sophisticated investors.

Funds raised from the placement will go towards additional drilling and exploration of the Company's Symons Hill, Killaloe and Fraser Range North projects as well as working capital.

Investment in Bulletin Resources Limited

Matsa Resources has accumulated a strategic holding in Bulletin Resources Limited (ASX:BNR) which holds the Lamboo Gold project in the Halls Creek gold field region of WA.

During the quarter Matsa participated in BNR's non-renounceable rights issue which resulted in Matsa now holding a 23% interest.

As a result of Matsa's substantial holding, it was able to appoint Mr Frank Sibbel to BNR's board as Matsa's representative.

For further Information please contact:

Paul Poli — **Executive Chairman**

Frank Sibbel — **Director**

Phone +61 8 9230 3555
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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.

Mineral Resources

The information in this report that relates to the Mt Henry Project Mineral Resources is based on information compiled by or reviewed by Andrew Bewsher (MAIG). Mr Bewsher is a full time employee of BM Geological Services and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Bewsher consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Appendix 1 – Mt Henry Gold Project Resource Table

Mt Henry Gold Project

Resource	Date of Resource	Indicated		Inferred		Total		Metal (Au oz)
		Tonnes	Au (g/t)	Tonnes	Au (g/t)	Tonnes	Au (g/t)	
Selene	July 2013	17,512,000	1.17	5,163,000	0.92	22,675,000	1.11	811,400
Mt Henry	July 2013	15,527,000	1.24	6,394,000	1.13	21,921,000	1.21	851,300
North Scotia	July 2013	358,000	3.11	138,000	1.95	496,000	2.79	44,442
Total (100%)		**33,396,000**	**1.22**	**11,695,000**	**1.05**	**45,091,000**	**1.18**	**1,707,200**

Resource table above represents 100% project basis; Matsa hold a 30% equity interest

Mt Henry Project resource cut-off grades are 0.4 g/t

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(569)	(569)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(611)	(611)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	45	45
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,135)	(1,135)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(281)	(281)
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Security deposits refunded/(paid)	192	192
	Net investing cash flows	(92)	(92)
1.13	Total operating and investing cash flows (carried forward)	(1,227)	(1,227)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,227)	(1,227)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,861	2,861
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(24)	(24)
1.18	Dividends paid	-	-
1.19	Other - costs of capital raising	-	-
	Net financing cash flows	2,837	2,837
	Net increase (decrease) in cash held	1,610	1,610
1.20	Cash at beginning of quarter/year to date	2,555	2,555
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	4,165	4,165

Payments to directors of the entity and associates of the directors
Payments to 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	199
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

N/A

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

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	600
4.2	Development	-
4.3	Production	-
4.4	Administration	430
	Total	1,030

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	3,066	127
5.2	Deposits at call	1,099	2,428
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	4,165	2,555

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E63/1092	JV Interest	55%	0%
		E63/1093	JV Interest	55%	0%
		E63/1094	JV Interest	55%	0%
		E63/1095	JV Interest	55%	0%
		E24/166	Direct	100%	0%
		P24/4390	Direct	100%	0%
		P24/4391	Direct	100%	0%
		P24/4392	Direct	100%	0%
6.2	Interests in mining tenements acquired or increased	E63/1576	Direct	0%	100%
		E63/1577	Direct	0%	100%
		E39/1728	Direct	0%	100%

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	144,156,779	144,156,779		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,534,998	9,534,998	$0.30	$0.30
7.5	**+Convertible debt securities** (*description)*	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
		4,250,000	Unlisted	$0.45	30 November 2013
		350,000	Unlisted	$0.31	12 August 2014
		900,000	Unlisted	$0.40	12 September 2015
		5,500,000	Unlisted	$0.43	30 November 2015
		625,000	Unlisted	$0.40	30 September 2015
		925,000	Unlisted	$0.40	30 September 2016
	Performance Rights	1,000,000		Nil – subject to vesting criteria	30 November 2015
7.8	Issued during quarter				
		625,000	Unlisted	$0.40	30 September 2015
		925,000	Unlisted	$0.40	30 September 2016
7.9	Exercised during quarter				
7.10	Expired during quarter	2,050,000	Unlisted	$0.40	31 August 2013
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(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 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 31 October 2013

(Company secretary)

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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