MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **30th January 2017**

Quarterly Activities Report – 31st December 2016

HIGHLIGHTS

Lake Carey Gold Project

- *Works and budget studies ongoing to enable commencement of mining on a soon as practicable basis*
- *Clearing permit received for Fortitude mining project with mining proposal expected to be approved in the near future*
- *Excellent high grade gold assays were received from Fortitude diamond drilling including:*
  - ***2m @ 17.57g/t Au** from 33m including **1m @ 30.2g/t Au***
  - ***6.7m @ 6.66g/t Au** from 24m including **0.7m @ 25.7g/t Au***
  - ***4.7m @ 6.68g/t Au** from 48.3m*
  - ***4.5m @ 21.8g/t Au** from 147.5m including **0.8m @ 89.6g/t Au***
  - ***10.3m @ 3.09g/t Au** from 87.7m including **0.9m @ 14.5g/t Au***
  - ***35.3m @ 3.21g/t Au** from 49.7m including **12.2m @ 6.12g/t Au** from 50.3m which includes **1m @ 15.7g/t Au** and **0.6m @ 23.2g/t Au***
- *91 of 177 planned aircore drillholes completed over the previously untested Bindah Extended gold target with assays awaited*
- *Farm in and JV agreement signed which covers the 46.32km^2 Sunrise Dam South project which abuts AngloGold Ashanti's Sunrise Dam project and contains part of the Bindah Extended gold target*

Paisali Base Metal Project Thailand

- *Significant copper intercept at Chang 1 of **22m @ 0.4% Cu** from 106m within a broader intercept of **48m @ 0.29% Cu** from 104m*
- *These results strongly support potential for economic copper mineralisation at Chang 1*
- *Copper mineralisation is hosted by an altered diorite intrusion with higher grade mineralisation interpreted to be controlled by faults*
- *Diamond drilling in progress on a mix of geochemical and structural targets*

Corporate

- *Cash and liquid investments as at 31st December approximately $9 million*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.7 million

Unlisted Options

17.02 million @ $0.25 - $0.30

Top 20 shareholders

Hold 54.68%

Share Price on 30th January 2017

18 cents

Market Capitalisation

$26.05 million

INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to report on its development, exploration and corporate activities for the quarter ended 31st December 2016.

Background information about the methods and data used in compiling this report, are attached as Appendix 1 in accordance with the JORC 2012 Code.

COMPANY ACTIVITIES

LAKE CAREY GOLD PROJECT

The Lake Carey gold project area consists of 12 tenements covering an area of 128km^2 and contains a number of gold occurrences including the Fortitude gold deposit with a global JORC 2012 Indicated and Inferred Mineral Resource Estimate of **6,289,000t @ 1.9g/t Au for 385,300 ounces of gold** *(MAT announcement to the ASX 1st September 2016)*. There has been no material change in the resource figures since that announcement.

Type	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Oxide	572,800	2.1	38,700	221,000	1.9	13,500	**794,000**	**2.0**	**51,400**
Transitional	150,900	1.8	8,700	148,200	1.9	9,100	**299,000**	**1.9**	**18,000**
Fresh	2,034,700	1.9	124,900	3,161,200	1.9	190,900	**5,196,000**	**1.9**	**315,800**
Total	**2,758,000**	**1.9**	**172,000**	**3,530,000**	**1.9**	**213,300**	**6,289,000**	**1.9**	**385,300**

Table 1: Fortitude Gold Deposit Mineral Resource Estimate (1g/t Au Cut-off)

The project is located approximately 220km northeast of Kalgoorlie-Boulder and 70km south of Laverton within the highly productive north-eastern goldfields of Western Australia. The project area is located 25km south of AngloGold Ashanti's Sunrise Dam gold mine, 60km south of the Granny Smith gold mine and 12 km south of the Red October gold mine (Figure 1).

It is Matsa's intention to develop a gold mine at Fortitude with gold ore processed through a local third party processing facility. Discussions on favourable terms with nearby processing facilities are at an advanced stage. Purchase and mine development costs are planned to be funded from Matsa's existing cash and liquid assets.

A programme of 21 diamond drill holes for 2,292m was completed during the September 2016 quarter. The programme was designed to infill and confirm existing drilling by previous owners of the project, which was based on a nominal 25m by 25m grid. Drilling was designed to upgrade the geological and resource models and metallurgical recoveries at Fortitude and to provide geotechnical data to be incorporated into mine design.

The drilling programme was carried out in conjunction with heritage, flora and fauna and hydrogeological surveys as major aspects of the Fortitude Mining Proposal. The Native Vegetation Clearing Permit has been approved through the DMP on 20th December 2016 and all statutory approvals required to commence mining activities are anticipated shortly.

An evaluation of the exploration potential within the project area was also completed during the September 2016 quarter. This review highlighted significant exploration potential as follows:

- gold mineralisation in the Bindah and Galant deposits may significantly increase the resource potential of the Fortitude project.
- a number of high priority structural and stratigraphic targets were developed along the highly prospective gold mineralised Fortitude and Bindah Shears which were shown to be untested by mostly shallow wide spaced historic drilling, particularly where they are concealed by younger cover in Lake Carey.

Strategically, the Lake Carey gold project is also an excellent geographical fit with Matsa's existing Mt Weld project with a combined project area of 340km^2 (Figure 1).

Activities during the Current Quarter

Activities during the quarter were focused on the pre-feasibility study of the Fortitude project and on exploration within the Lake Carey tenements.

Fortitude Pre-feasibility Study

The pre-feasibility report is well advanced and significant progress has been made towards project development which include:

- Logging, sampling and assaying of the Fortitude diamond drill core has been completed
- Clearing permit (NVCP) received from Department of Environment
- Pump testing of water bores and hydrogeological study and comprehensive report completed
- Geotechnical logging of diamond drill holes and report completed
- Mining proposal lodged with approval anticipated by end March 2017
- All diamond drill assays have been received with highly encouraging assays discussed below
- Assays still awaited for duplicate QA QC assays by a different laboratory
- Geological and resource model update in progress

Diamond drill results

Logging and sampling of all drill holes was completed during the quarter and all assays results have been received. *(MAT announcements to the ASX 31/10/2016, 14/11/2016 and 14/12/2016)*.

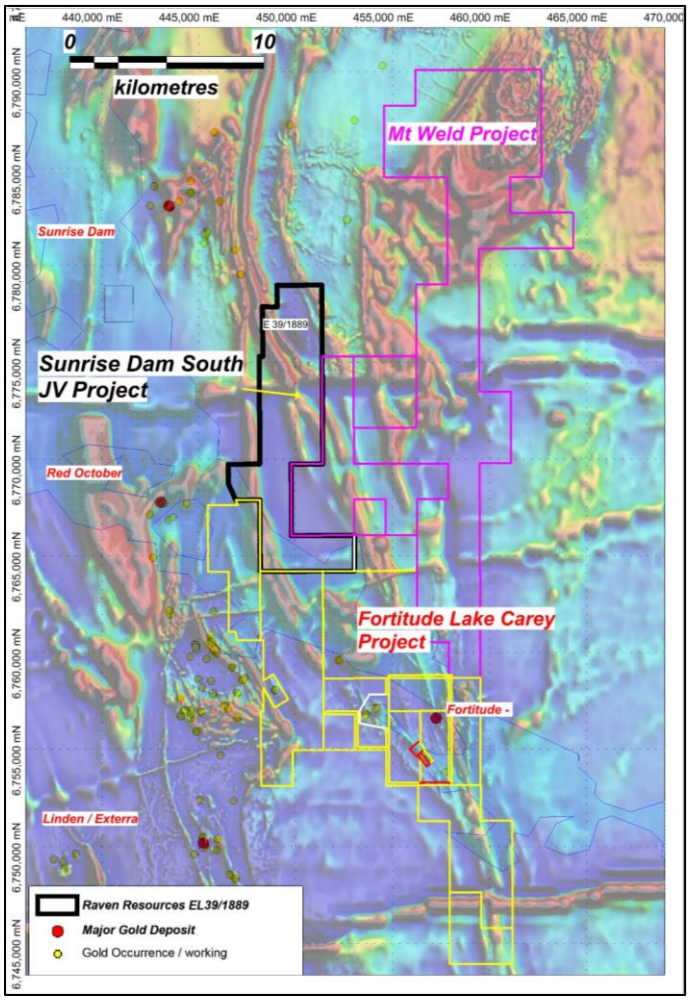

Figure 1: Location of Matsa's Lake Carey, Mt Weld and Sunrise Dam JV Projects on aeromagnetic image

A batch of 200 duplicate samples (representing approximately 1 sample in 10) were submitted for comparative (umpire) analysis at a different laboratory. The samples were selected in order to validate the overall range of gold values in core and to confirm selected high grade gold assays. These assay results are awaited.

A listing of all significant gold assays is provided in Appendix 2 and better intercepts listed below:

- **2m @ 17.57g/t Au** from 33m (Hole 16LCDD008) Including **1m @ 30.2g/t Au**
- **6.7m @ 6.66g/t Au** from 24m (Hole 16LCDD011) including **0.7m @ 25.7g/t Au**
- **4.7m @ 6.68g/t Au** from 48.3m (Hole 16LCDD011)
- ***4.5m @ 21.8g/t Au*** *from 147.5m including* ***0.8m @ 89.6g/t Au*** *(16LCDD004)*
- ***10.3m @ 3.09g/t Au*** *from 87.7m including* ***0.9m @ 14.5g/t Au*** *(16LCDD012)*
- ***35.3m @ 3.21g/t Au*** *from 49.7m including* ***12.2m @ 6.12g/t Au*** *from 50.3m which includes* ***1m @ 15.7g/t Au*** *and* ***0.6m @ 23.2g/t Au*** *(16LCDD013)*

** All intervals are downhole lengths and not true widths*
***No top cuts applied*

Detailed comparison between gold assays and observations on drill core, indicate that higher gold grades are associated with the following (Figure 2):

- strongly developed quartz veins and the presence of visible sulphide minerals (pyrite and lesser arsenopyrite)
- the most intensely deformed (folded, attenuated, brecciated) quartz veins
- distinctive zones of pervasive sericite-siderite alteration.

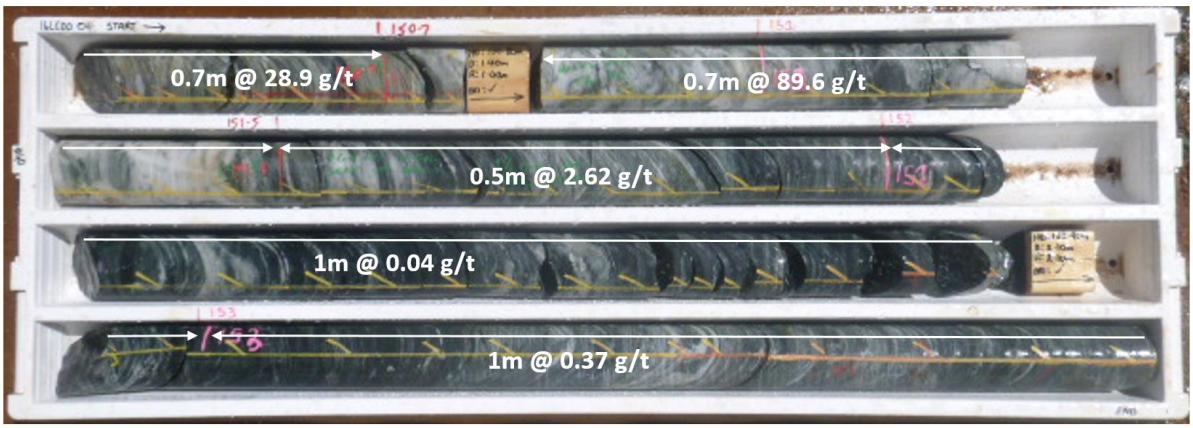

Figure 2: ***Diamond Core Hole 16LCDD004 showing high grade gold mineralisation up to 89.5g/t Au associated with intense and highly deformed quartz veins and associated sericite-siderite alteration.***

The geological interpretation and resource model are currently being updated including results of the recent drilling, and is expected to be completed in Q1 2017.

Planning for commencement of mining activities is continuing with hydrology and metallurgical testing continuing.

Lake Carey Exploration

Aircore Drilling Bindah Extended

Aircore drilling commenced during the quarter on targets along a previously untested 8km section of the gold mineralised Bindah fault (Figure 3). This highly prospective structural and stratigraphic setting, is an extension of a gold mineralised corridor with mineralisation in a number of locations including the Bindah and Galant deposits. A review of available open file reports indicates minimal previous exploration within the Bindah Extended target area. Limited aircore drilling at the southern end of the target returned highly anomalous gold intercepts in 4 drill holes including **4m @ 0.87 g/t Au** *(MAT announcement to ASX 22nd November 2016)*. This target is located only 8km SE of Saracen's Red October gold mine. Targets are concealed by Lake Carey and remain untested by previous drilling.

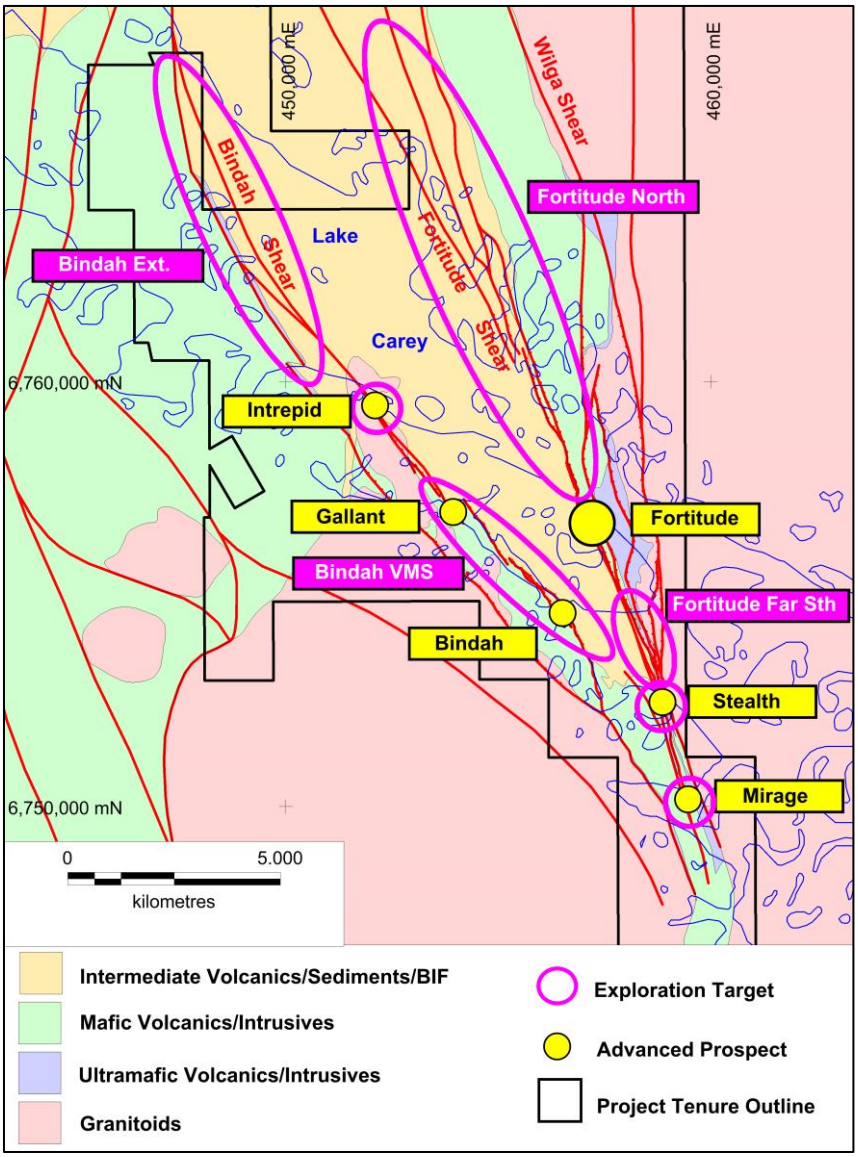

Figure 2: Lake Carey Project Exploration Targets

A specialised aircore drilling rig was required for this programme which is located on the Lake Carey salt lake (Figure 4). A total of 91 vertical aircore drill holes of the planned 177 drill hole programme have been completed during the quarter. Drill holes are spaced at 100m intervals along EW lines spaced 400m apart (Figure 5).

Figure 4: **Lake Aircore Rig operating Bindah Extended**

Each drill hole was completed to "refusal" typically fresh to moderately weathered basement at depths ranging from 14m to 121m. Drilling and sampling procedures are described in Appendix 1.

A typical cross section through drill holes completed to date would include:

- transported lake sediments mostly sticky clays from surface ranging from 7m to a maximum depth of 114 metres with sand and minor gravels intersected in the deeper parts of the lake profile
- lake sediments are mostly underlain by a saprolite profile of deeply weathered basement rocks, which is made up of variably mottled clays and some ironstones
- gradational boundary between saprolite and underlying less intensely weathered basement rocks, with recognizable textures typically occurring close to aircore refusal

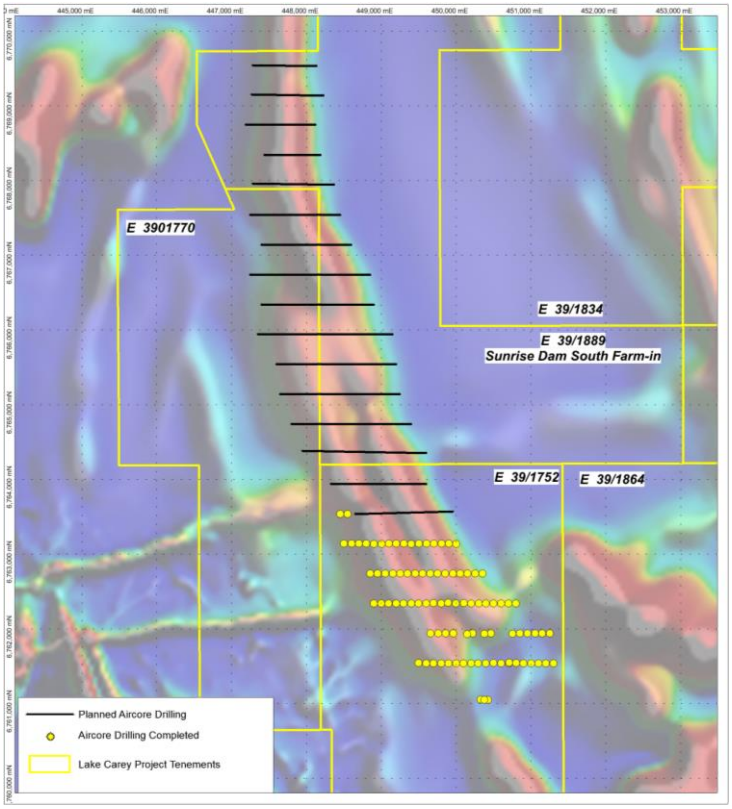

Figure 5: ***Bindah Extended Aircore Drilling***

Drilling encountered a variety of archaean basement lithologies ranging from andesite lavas, tuffs and volcaniclastics, through banded iron formation, ultramafic lavas and a variety of intermediate to felsic intrusive rocks including granodiorite, dacite, monzogranite and syenite. Quartz veining and variable alteration of basement rocks was recognised in a number of drill holes with potential for associated gold mineralisation.

A total of 1,682 samples were submitted for assay. This total includes 91 samples representing the bottom 1m of each drill hole and 1,591 composite samples each representing 1-4m downhole intervals (Appendix 1). Assay results are awaited.

Sunrise Dam South Farm-in

On 5 December 2016 Matsa announced that it had executed a binding Farm-In and Joint Venture agreement with private company Raven Resources Pty Ltd (Raven) over granted tenement E39/1889 known as the Sunrise Dam South project. Matsa can earn up to an 80% interest in Sunrise Dam South prior to Raven being required to contribute.

The joint venture project area of 46.32km^2 adjoins Matsa's Lake Carey and Mt Weld projects significantly increasing Matsa's exploration footprint to a total of 432km^2. Importantly, the project is located next door to the tenements surrounding AngloGold Ashanti's Sunrise Dam gold mine (Figure 1). A number of structural/stratigraphic gold targets have been identified within the Sunrise Dam South project with the current focus on part of the 8km long Bindah Extended target where a total of 130 aircore drill holes are planned as an adjunct to Matsa's current 177 drill hole aircore drilling program (Figure 5).

THAILAND

Matsa's Thailand projects cover 909km^2 within the Loei–Ko Chang fold belt which contains important mineral deposits. The Loei-Ko Chang arc is an arcuate palaeo – island arc terrane which is more than 600km long and oriented approximately north–south. This terrane extends from Ko Chang Island in the south to Loei in the north of Thailand and beyond into Laos.

During the quarter exploration work included a diamond drilling programme over Matsa's recently discovered Chang 1 copper prospect. Exploration including drilling at Chang 1 has progressed smoothly without interruption. The local Thai community supports copper and base metal exploration.

Chang 1 Copper Prospect

Multi-element assays prior to the current quarter, identified a soil copper anomaly over an area of ~1km x 1.8km. Geochemical zoning is evident with a central zone of highly anomalous Cu with supporting Ag and Ni values, surrounded by anomalous Pb, Zn, etc. values on the periphery.

Dipole-dipole IP surveying previously returned moderate IP responses (up to 12mV/V), which partly coincide with the Chang 1 soil copper anomaly and were interpreted to reflect disseminated sulphides in fresh underlying rocks. Soil copper and IP anomalies are located within a large complex magnetic anomaly strongly supporting the presence of intrusion-related hydrothermal copper sulphide mineralisation.

During the quarter, the following exploration was carried out:

- Diamond drilling Chang 1, with completion of 2 holes for 319m of drilling
- Assays received
- 22.4 line kilometres of detailed ground magnetic surveys
- 295 Auger soil samples collected with base metal assays by portable XRF

Diamond Drilling

Diamond drill holes 16SCDD07 and 16SCDD08 were completed during the quarter for a total of 318.7m bringing the total drilling at the Chang 1 prospect to 6 diamond drill holes for 1,098.3 metres (Table 2). Diamond drill logging and sampling procedures were previously described in MAT announcement to the ASX dated 31st October 2016. Assay protocols and QA/QC procedures are described in Appendix 1.

Hole	East	North	RL	Azimuth	Dip	Depth (m)
16SCDD007	87533	742803	77	90	-60	168.7
16SCDD008	87032	743202	77	270	-60	150

Table 2: Diamond Drilling Chang 1

Diamond drilling was designed to test a mix of geochemical and IP targets within the large soil copper geochemical anomaly.

Assay Results

Results from holes 16SCDD005 to 16SCDD008 were returned during the quarter. Significant Cu assays results >0.1%Cu are listed in Appendix 2 and summarised below:

- **88m at 0.12% Cu** from 24m (Hole 16SCDD005), including **17.7m at 0.22% Cu** from 94.3m
- **8m at 0.14% Cu** from 88m (Hole 16SCDD006), and **4m at 0.24% Cu** from 114m
- **47m at 0.29% Cu** from 104m (Hole 16SCDD007), including **22m at 0.4% Cu** from 106m and **6m at 0.12% Cu** from 160m
- **8m at 0.21% Cu** from 24m (Hole 16SCDD008)

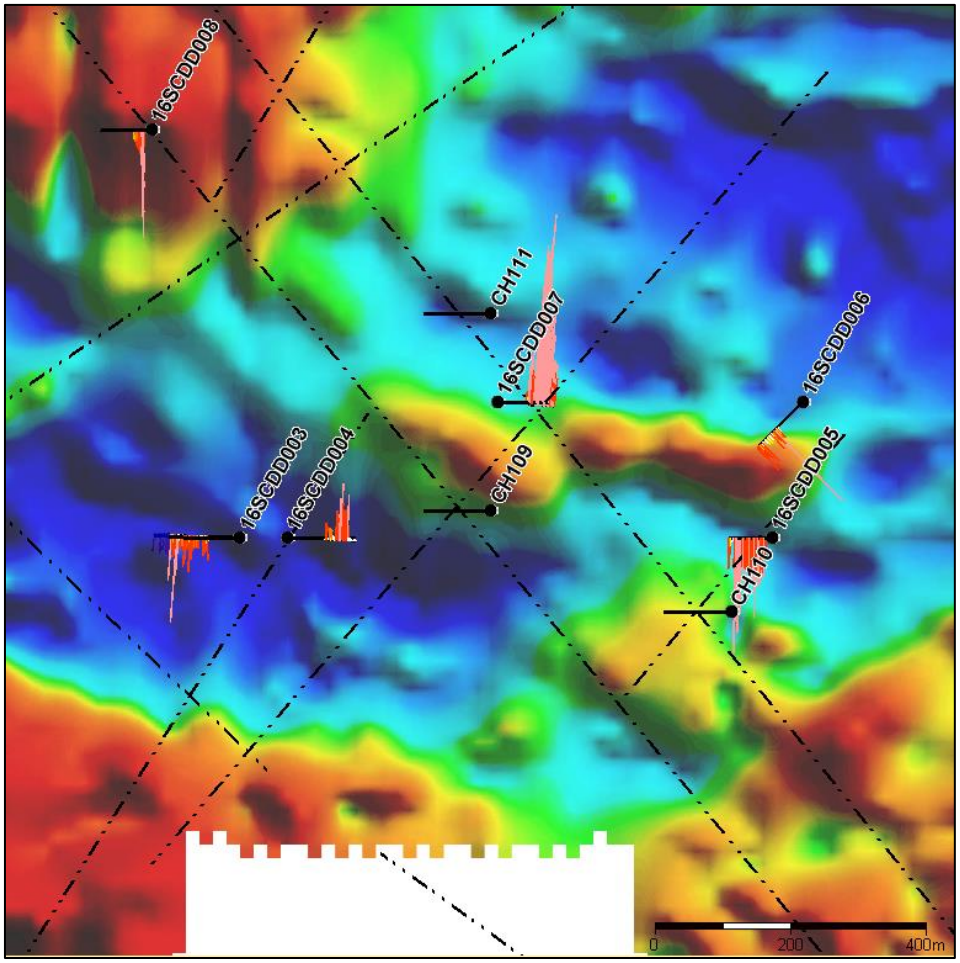

Figure 6: Chang 1 diamond drilling on background of ground magnetics, interpreted structural features. CH109, CH110 and CH111 are planned drill holes for early 2017

Drill holes 16SCDD05 and 16SCDD07 are located in close proximity to peak soil copper values in the large soil geochemical anomaly and the intercept in hole 16SCDD007 confirms the potential for economic copper mineralisation. (There are mines operating at similar grades in South America).

Copper mineralisation was observed in diamond drill core to be associated with sheared and hydrothermally brecciated diorite with accompanying chalcopyrite, covellite, magnetite and lesser pyrite as well as quartz and carbonate veining. Silica and K-feldspar alteration with associated carbonate and biotite is also present. Higher grade copper mineralisation is interpreted to be controlled by faults which have had the effect of focusing mineralised hydrothermal fluids. The distribution of copper in soils is interpreted to reflect these mineralised structures.

Samples have been submitted for petrographic analysis in order to shed more light on the likely mineralisation style.

Routine assaying of diamond drill core at Chang 1 was carried out by aqua regia digest and ICP finish (Appendix 1).

Assays were received during the quarter for 24 QA QC check samples out of 200 submitted to date (representing approximately 1 duplicate sample in 10). Check samples were assayed by 4 Acid digest and ICP finish and results are summarised in Figure 7 and listed in Appendix 3.

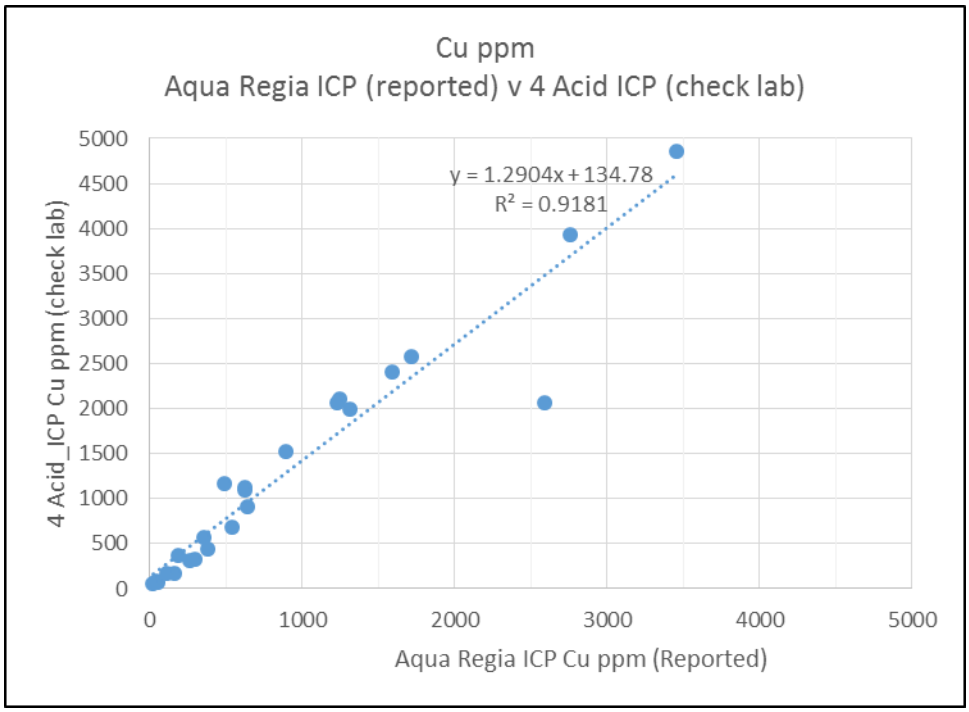

***Figure 7:* Chang 1 diamond drilling, ICP assay comparison between Aqua Regia and 4 Acid Digest**

It can be seen that there is a significant discrepancy in reported Cu between the two assay methods.

All routine assays reported to date from Chang 1 (eg. MAT announcement to the ASX 24th November 2016 and this quarterly report), are based on the aqua regia digest method. Check assay results based on 4 acid digestion are up to 3 times higher and with the strong possibility that Cu values to date have been significantly under-reported. While aqua regia is expected to take less copper into solution than more aggressive 4 acid digestion, this disparity is significantly higher than expected. Further analysis is currently being undertaken, including further comparative assays to verify the quality of assays undertaken to date. The determination of the reason(s) behind the disparity is important because if check assays are an accurate reflection of recoverable copper then this greatly improves potential for economic mineralisation at Chang 1.

Ground Magnetics

As previously noted, Chang 1 is associated with a complex magnetic anomaly underlying the soil copper anomaly. Based on available wide-spaced aeromagnetic data, the magnetic anomaly appears to reflect strongly developed magnetite alteration in the underlying diorite intrusion. Ground magnetic surveys have been undertaken to improve the resolution of the anomaly and to define potentially mineralised faults for drilling.

Matsa completed 22.4km of infill ground magnetics to a nominal line spacing of 100m at Chang 1 to produce a much more detailed picture of the magnetic anomaly. Interpretation of the detailed data has identified a series of NW and NE faults which appear to parallel copper-mineralised fractures and veins in oriented diamond drill core. Higher copper grades e.g. 17.7m at 0.22% Cu (16SCDD005) and 22m at 0.4% Cu (16SCDD007) are interpreted to coincide with fault intersections. Three further holes (CH109 – CH111) are planned to test interpreted fault positions in early 2017 (Figure 6).

Soil Auger sampling

A total of 227 infill soil auger samples have been collected and assay results are awaited. Results of the program will be used in conjunction with the ground magnetic interpretation to finesse drilling.

SIAM PROJECT (COPPER)

Activities during the quarter comprised infill auger soil sampling within the very large 9km long Siam 2 soil copper anomaly. This sampling of anomalous copper areas in Siam 2 project commenced in the previous quarter and continued during the reporting quarter. Results to date are being compiled to identify prospective features for drilling.

KILLALOE PROJECT (GOLD/NICKEL)

The Killaloe Project comprises 11 licences as summarised in Figure 8. Most previous gold exploration has been carried out on three licences: (E63/1018, E63/1199 and P63/1672) which is subject to a joint venture between Matsa and Cullen Resources Limited (MAT80%, CUL20%). The remaining licences are held 100% by Matsa except for E63/1655, which is subject to a joint venture between Matsa (85%) and Yilun Pty Ltd (15%). Exploration of the project is managed by Matsa.

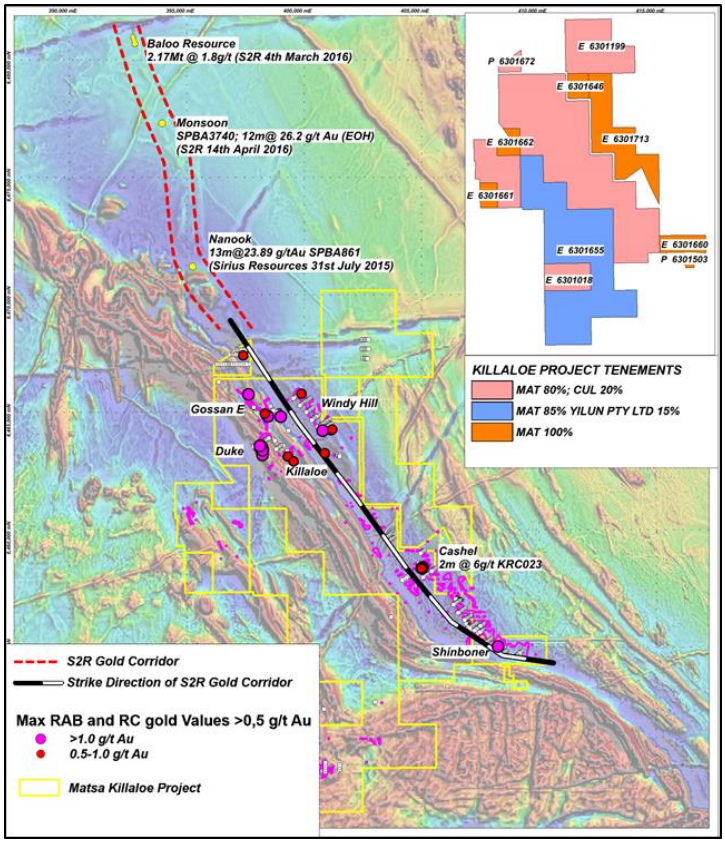

***Figure 8:* Killaloe project, gold prospects on regional aeromagnetic image**

S2 Resources Ltd's (S2R) announcement of high grade gold at its Polar Bear project have highlighted a gold "corridor" defined by new gold discoveries at Baloo, Monsoon and Nanook within S2R's Polar Bear project (*S2R announcement to ASX 14th April 2016*).

The corridor can be extended to the SE over a distance of ~20km into the Killaloe project area, thereby highlighting extensive soil gold anomalism and shallow gold intersections in previous drilling including 2m @ 6g/t Au in drill hole KRC023 at the Cashel prospect.

Past drilling for gold at Killaloe by Matsa and others has been tested by shallow RAB drilling and very limited shallow RC drilling. *(MAT announcement to ASX 5th July 2016).*

Dipole-dipole array IP surveys were previously completed over the Duke Shinboner, Windy Hill, Cashel and Shinboner prospects to test for the presence of sulphides at depth, as a potential vector for primary gold mineralisation beneath extensive soil gold anomalies and sporadic intersections in shallow drill holes. An assessment of results led to gradient-array IP (GAIP) surveys being carried out at Killaloe in the September 2016 quarter. The survey was carried out under a research project to determine whether previously redundant AMT data obtained by the GAIP survey technique had potential to significantly enhance the ability to detect sulphide gold mineralisation. The principal aim of the R&D project was to test and demonstrate the ability to glean AMT data from IP time series data using proprietary sensitive receiving equipment and software. AMT data (which makes up part of time series IP data) has the potential to provide additional resistivity information at depth along each survey line. Inversion modelling of the AMT data, extends the usual 2D nature of GAIP data at depth to allow a 3D visualisation of structure. This has the potential to increase the effectiveness of this comparatively cost-effective survey technique.

Analysis of the AMT trial survey is in progress but has not yet been completed and results are awaited.

SYMONS HILL PROJECT (NICKEL)

E69/3070 of 96km^2 is located within the Fraser Range Tectonic zone, 6kms SSW of Independence Group Ltd's (ASX:IGO) Nova nickel mine. There is currently significant M&A activity in the locality and accordingly the Symons Hill project is recognised as a valuable area for any accumulator of tenements in this highly prospective locality.

Collaborative Research Project with CSIRO

The collaborative research project continued during the quarter with the following main activities:

Whole-rock geochemical datasets for 89 selected samples were received and undergoing interpretation.

New data will be incorporated into an assessment of how the geochemistry of different lithological units in unweathered basement rocks relates to the geochemistry of the saprolite and to the transported cover. The study examines how trace elements disperse vertical and laterally within the Symons Hill landscape framework in particular, how transition and rare metals are distributed throughout the cover. This information aims to develop guidelines for how, where and which regolith unit to use as sample media for mineral exploration in this area, as well as to track element dispersion trends or paths.

In addition, a number applications for grant have been prepared and submitted for additional government funding to further develop this project into the next stages including integration of Matsa's comprehensive geophysical datasets into the current study.

CORPORATE

Cash and liquid assets total approximately $9 million as at 31st December 2016. Matsa remains debt free.

For further Information please contact:

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Executive Chairman

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Director

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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.

Competent Person Statement

The information in this Report that relates to Mineral Resources is based on, and fairly represents, information reviewed by Mr Aaron Green, a Competent Person, who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Green is a full-time employee of CSA Global Pty Ltd, an independent consulting company. Mr Green has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity 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'. Mr Green 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***

JORC Code, 2012 Edition – Table 1 report

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.*	• Diamond Drill Core Fortitude (WA) Chang 1, Siam 1 (Thailand). Core is cut with diamond saw and sampled based on geological boundaries with intervals in the range 0.5-2m. • Auger Soil Sample Phaisali and Siam Copper (Thailand) Approximately 1kg of soil collected with power auger at depth of ~0.8m. The expected accuracy is +/- 5 metres for easting and northings and 10 metres for elevation coordinates. Elevation values were in AHD. The grid system used is Map Grid of Australia (MGA) GDA94 Zone 51.
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).*	• Diamond Drilling at Fortitude, Chang 1.
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.*	• Diamond drilling, core is measured and recorded as a percentage of drilled metres with visual check of lost core intervals. • RC drilling, the difference in bag sizes is taken as a measure of sample recovery.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate*	• Diamond core Chang 1. Geology, orientation, structure, magnetic susceptibility, photography.

Criteria	JORC Code explanation	Commentary
	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.*	• Fortitude core is logged for metallurgical and geotechnical parameters and characteristics. • Logging is carried out over 100% of drill hole.
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 material being sampled.*	• Diamond core at Fortitude is split with 50% for assay. Half core selected for metallurgical test work is re-split with ¼ for assay and remaining quarter submitted for metallurgical test work. • Diamond Core Chang1 and Siam 1, core is split in half with half marked up and left in tray and ½ submitted for assay. • Non-core samples, Stage 2 samples cone split at 1m intervals. • Sample preparation techniques for Diamond drilling comprises a coarse crush ~6mm, riffle split with around 300-500 gram pulverised to <75 microns.
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.*	• Diamond core samples (Fortitude) are assayed for gold only using 30g Fire Assay method as being a total assay (ALS Method Code Au-AA25). • Chang1 diamond drill core assayed at MAS laboratories Bangkok Thailand by Aqua Regia (AR) digest and ICP analysis after crushing and pulverising to 200# (75 micron). Every 10th sample is duplicated by ¼ cutting core and sending the second ¼ core piece to SGS Australia. SGS then crush and pulverise the sample to 200# (75 micron) before assaying using 4 Acid (4A) digest and ICP. • QA QC for Fortitude is in line with industry standard practice with one in 20 samples being a standard sample of known gold grade. • Quality of core samples from Chang1 demonstrate significant bias when check assays are compared with routine assays. This issue is under inspection based on receipt of results of 18 duplicate samples from SGS Australia analysed by 4 acid digest and which contain up to 3x the Cu value of aqua regia digest samples. Copper of this assessed on inspection of Laboratory QA QC data.
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.*	• At Fortitude, part of the purpose behind core drilling is to verify historic drilling data. • Data is maintained in Datashed which is a database system which is maintained in-house. • Logging data is entered in the field to minimize transcription errors,

Criteria	JORC Code explanation	Commentary
	• *Discuss any adjustment to assay data.*	assay data are loaded electronically.
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.*	• All drill holes are set up by handheld GPS to 3m accuracy. Diamond Drill holes are resurveyed on completion using a hired DGPS system. • Drilling under the Fortitude, Killaloe, Mt Day and Mt Weld project is all located using the MGA GDA94 UTM location Zone 51. • Drilling in Thailand is located using the Indian Thailand 1975 dataum zone 47.
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.*	• Data spacing has been taken into account at Fortitude, in particular to increase the amount of diamond drilling in the upper part of the resource in order to improve the mineralisation model. • Sample compositing has been applied all non-core holes drilled during the quarter to reduce assay costs.
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.*	• Drilling is oriented as far as possible at right angles to geological strike.
Sample security	• *The measures taken to ensure sample security.*	• Samples are managed and transported by Matsa personnel who maintain chain of custody until delivery to laboratory
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The JORC 2004 resource at Fortitude was upgraded and validated during the quarter and upgraded to JORC 2012 status. This was carried out only after a complete audit of the block model and drill hole database as announced **(MAT announcement to ASX 1st September 2016).**

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.*	• Tenement status as announced 31st October 2016 remains unchanged. • Exploration under E39/1889 is carried out under a farm in agreement with tenement holder Raven Resources Pty Ltd.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration by other parties at Fortitude/Lake Carey, Killaloe, Mt Weld and Mt Day has been previously announced.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• At Fortitude, and Killaloe the principal target is orogenic gold associated stratigraphic contacts associated with major faults. • At Chang 1, the target is base metal mineralisation associated with major boundary between the Indian and Chinese plates which was active in permo Triassic times.
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.*	• Drill hole information is included in the body of the report, significant intercepts at Fortitude and Chang 1 are presented in Appendix 2 and Appendix 3 respectively.
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.*	• Intercepts at Fortitude and Chang01 are quoted on the basis of simple weighted averages.
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 quoted are explicitly downhole depths and not true widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being*	• Appropriate diagrams are included in the body of the report.

Criteria	JORC Code explanation	Commentary
	reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
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.*	• Intercepts are presented in a balanced way, with better intercepts illustrating why Matsa is maintaining an interest in a particular project.
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.*	• Significant use is made of geophysical datasets, particularly aeromagnetics. • Geophysical surveys carried out are presented under sampling in Section 1.
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.*	• Comments on likely outcomes for future exploration is fully accounted for.

Appendix 2 - *Matsa Resources Limited*

Fortitude Diamond Drilling Significant Assays

Hole Id	Depth From	Depth To	Au g/t	Intercept Au g/t	Comments
16LCDD001	90	91	1.50	1m @ 1.50	
16LCDD002	117.3	118	1.15	1.6m @ 2.30	
	118	118.9	3.20		
16LCDD003	71.7	72.7	3.03	1m @ 3.03	
	87	88	1.35	3.3m @ 0.97	
	88	88.9	0.08		
	88.9	89.8	1.08		
	89.8	90.3	1.60		
	97.1	97.7	3.43	1.1m @ 2.84	
	97.9	98.2	1.66		
	101	102	1.15	1m @ 1.15	
	109	110	4.61	6m @ 2.71	
	110	111	0.75		
	111	112	0.62		
	112	112.7	0.03		
	112.7	113	8.03		
	113	114	6.84		
	114	115	1.03		
	128.7	129	4.12	0.9m @ 2.12	
	129	129.6	1.13		
16LCDD006	14	15	2.01	1m @ 2.01	
	22	23	1.43	1m @ 1.43	
16LCDD008	29.2	30	2.2	0.8m @ 2.20	
	33	34	4.93	2m @ 17.57	Includes 1m @ 30.20g/t
	34	35	30.2		
16LCDD009	14.1	14.45	2.14	0.35m @ 2.14	
16LCDD010	17.4	18.1	1.53	0.7m @ 1.53	
	24.9	26	6.27	5.6m @ 2.76	0.6m of lost core included at an assumed 0.00ppm Includes 2.4m @ 5.33g/t from 24.9m
	26	26.9	1.4		
	26.9	27.3	11.6		
	27.3	27.9	NR*		
	27.9	29	0.88		
	29	30	0.83		
	30	30.5	1.72		
16LCDD011	24	24.6	5.54	6.7m @ 6.66	Includes 0.7m @ 25.7g/t from 24.6m
	24.6	25	12.65		
	25	25.3	43.1		
	25.3	25.6	0.14		
	25.6	26	0.33		
	26	26.3	8.01		
	26.3	27	4.4		
	27	27.5	4.27		
	27.5	28	4.11		
	28	28.3	4.35		
	28.3	28.9	7.17		
	28.9	29.4	3.26		
	29.4	30	6.18		
	30	30.7	3.62		
	33	33.7	0.58	6.2m @ 3.23	Includes 0.6m @ 17.7g/t from 33.7m
	33.7	34.3	17.7		
	34.3	34.8	0.12		
	34.8	35.8	1.37		
	35.8	36.5	0.55		
	36.5	36.8	2.52		
	36.8	37.4	1.8		
	37.4	37.9	0.29		
	37.9	38	NR*		
	38	38.5	7.4		
	38.5	39.2	2.15		

Hole Id	Depth From	Depth To	Au g/t	Intercept Au g/t	Comments
	48.3	49	16.95		
	49	49.3	2.39		
	49.3	49.9	14.85		
	49.9	50.5	5.02		
	50.5	51.2	4.66	4.7m @ 6.68	
	51.2	51.6	NR*		
	51.6	52	0.6		
	52	52.5	0.14		
	52.6	53	6.65		
	55.7	56	3.76		
	56	56.5	9.94	1.4m @ 6.83	
	56.5	57.1	5.77		
16LCDD014	4.5	5.3	3.04	1m @ 2.67	
	5.3	5.5	1.19		
	26.6	27.4	1.34	0.8m @ 1.34	
16LCDD004	15	15.8	1.43	1.5m @ 1.34	
16LCDD004	15.8	16.5	1.23		
16LCDD004	81.7	82.2	1.76	3.5m @ 2.24	Includes 1m of internal dilution
16LCDD004	107	107.5	4.45		
16LCDD004	107.5	108	1.56		
16LCDD004	108	109	0.25		
16LCDD004	109	110	3.72		
16LCDD004	119.5	120.2	1.26	8.5m @ 2.60	Includes 1.1m of internal dilution
16LCDD004	120.2	120.8	3.95		
16LCDD004	120.8	121.8	3.12		
16LCDD004	121.8	122.8	3.33		
16LCDD004	122.8	123.9	6.82		
16LCDD004	123.9	125	0.3		
16LCDD004	125	126	0.02		
16LCDD004	126	126.8	1.52		
16LCDD004	126.8	128	2.8		
16LCDD004	136.3	137	2.68		
16LCDD004	139	139.9	3.1		
16LCDD004	141.7	142.2	6.92	2.3m @ 8.57	Includes 0.8m @ 13.6 g/t
16LCDD004	142.2	143	13.6		
16LCDD004	143	144	5.38		
16LCDD004	147.5	148.2	1.82	4.5m @ 21.80	Includes 0.8m @ 89.6 g/t
16LCDD004	148.2	149	1.47		
16LCDD004	149	150	2.41		
16LCDD004	150	150.7	28.9		
16LCDD004	150.7	151.5	89.6		
16LCDD004	151.5	152	2.62		
16LCDD004	198	198.9	1.82	2.8m @ 2.39 g/t	
16LCDD004	198.9	200.2	1.46		
16LCDD004	200.2	200.8	5.27		
16LCDD004	203.6	204.3	6.92	2.3m @ 3.05g/t	
16LCDD004	220.4	221.5	1.33		
16LCDD004	221.5	222	1.4		
16LCDD005	125.5	126	9.79	6.7m @ 3.99 g/t	
16LCDD005	126	127	1.04		
16LCDD005	127	127.6	0.56		
16LCDD005	127.6	128.4	0.2		
16LCDD005	128.4	129	6.2		
16LCDD005	129	130	5.65		
16LCDD005	130	130.5	2.48		
16LCDD005	130.5	131.6	5.23		
16LCDD005	131.6	132.2	6.54		
16LCDD005	132.2	132.8	4.75		
16LCDD005	136	137	2.52		
16LCDD005	139.7	141	1.49	3.9m @ 3.31g/t	
16LCDD005	141	141.5	0.02		
16LCDD005	141.5	142	1.78		
16LCDD005	142	143	6.55		
16LCDD005	143	143.6	5.86		
16LCDD005	148	148.3	1.01		
16LCDD005	151.8	152.8	8.99		
16LCDD005	167.2	168.4	1.33		
16LCDD005	172	172.8	3.24	1.6m @ 2.86 g/t	

Hole Id	Depth From	Depth To	Au g/t	Intercept Au g/t	Comments
16LCDD005	172.8	173.6	2.48		
16LCDD005	183.2	184	1.39		
16LCDD005	185	185.6	1.46		
16LCDD007	144.5	145	11.95	1.5m @ 7.84 g/t	
16LCDD007	145	145.5	0.01		
16LCDD007	145.5	146	3.71		
16LCDD007	149	149.5	7.63		
16LCDD007	151.2	151.6	1.89		
16LCDD007	162.7	163.2	10.2	2.3m @ 4.84 g/t	
16LCDD007	163.2	164	4.65		
16LCDD007	164	164.5	1.42		
16LCDD007	164.5	165	3.22		
16LCDD007	171.5	172.4	1.82		
16LCDD007	201	201.5	1.61		
16LCDD007	206.5	207.1	5.66	1m @ 4.31 g/t	
16LCDD007	207.1	207.5	2.28		
16LCDD012	63.5	64.4	2.1		
16LCDD012	66.6	67	1.28	4.4m @ 2.04 g/t	
16LCDD012	67	67.5	0.51		
16LCDD012	67.5	68	3.45		
16LCDD012	68	68.5	0.85		
16LCDD012	68.5	69.1	1.74		
16LCDD012	69.1	69.3	5.89		
16LCDD012	69.3	69.5	2.17		
16LCDD012	69.5	69.8	2.8		
16LCDD012	69.8	70	0.51		
16LCDD012	70	70.5	1.51		
16LCDD012	70.5	71	3.42		
16LCDD012	73	73.5	1.19		
16LCDD012	74.9	75.3	1.82	0.8m @ 1.53 g/t	
16LCDD012	75.3	75.8	1.29		
16LCDD012	79.4	80	2.31	1.6m @ 2.14g/t	
16LCDD012	80	80.8	1.35		
16LCDD012	80.8	81	4.82		
16LCDD012	82.3	83	1.77		
16LCDD012	87.7	88	4.13	10.3m @ 3.09g/t	Includes 0.9m @ 14.5 g/t
16LCDD012	88	88.5	5.31		
16LCDD012	88.5	89.2	1.53		
16LCDD012	89.2	90.1	14.5		
16LCDD012	90.1	91	0.71		
16LCDD012	91	92	1.65		
16LCDD012	92	92.5	1.13		
16LCDD012	92.5	92.7	0.5		
16LCDD012	92.7	93	2.09		
16LCDD012	93	93.9	1.16		
16LCDD012	93.9	94.25	0.13		
16LCDD012	94.25	94.75	2.08		
16LCDD012	94.75	95.05	0.05		
16LCDD012	95.05	95.1	Core Loss		
16LCDD012	95.1	95.9	7.24		
16LCDD012	95.9	96.5	1.61		
16LCDD012	96.5	97	0.21		
16LCDD012	97	98	1.27		
16LCDD012	101.5	102	2.77		
16LCDD012	106.1	106.5	1.7		
16LCDD013	49.7	50.3	0.72	12.2m @ 6.12 g/t	Includes 1m @ 15.70 and 0.6m @ 23.2 g/t
16LCDD013	50.3	50.6	1.35		
16LCDD013	50.6	51	1.24		
16LCDD013	51	51.6	1.04		
16LCDD013	51.6	51.9	Core Loss		
16LCDD013	51.9	52.6	2.88		
16LCDD013	52.6	53	0.9		
16LCDD013	53	53.5	2.5		
16LCDD013	53.5	54	16.55		
16LCDD013	54	54.5	14.85		
16LCDD013	54.5	54.9	23.6		
16LCDD013	54.9	55.2	25		
16LCDD013	55.2	55.8	23.2		

Hole Id	Depth From	Depth To	Au g/t	Intercept Au g/t	Comments
16LCDD013	55.8	56	7.94		
16LCDD013	56	56.5	6.39		
16LCDD013	56.5	56.8	3.15		
16LCDD013	56.8	57.3	1.49		
16LCDD013	57.3	58	3.74		
16LCDD013	58	58.5	8.87		
16LCDD013	58.5	59	5.13		
16LCDD013	59	59.5	2.21		
16LCDD013	59.5	60	0.7		
16LCDD013	60	60.5	3.12		
16LCDD013	60.5	61	0.97		
16LCDD013	61	61.5	0.61		
16LCDD013	61.5	62	0.14		
16LCDD013	62	62.5	5.97		
16LCDD013	62.5	63	0.14		
16LCDD013	63	63.5	0.15		
16LCDD013	63.5	64	0.04		
16LCDD013	64	65	0.27		
16LCDD013	65	65.5	2.42		
16LCDD013	69.6	70	3.28	3.4m @ 4.08 g/t	
16LCDD013	70	70.5	2.61		
16LCDD013	70.5	71	2.99		
16LCDD013	71	71.5	3.45		
16LCDD013	71.5	72	2.22		
16LCDD013	72	72.5	3.85		
16LCDD013	72.5	73	9.99		
16LCDD013	73	73.2	0.32		
16LCDD013	73.2	74	0.05		
16LCDD013	74	75	0.09		
16LCDD013	75	75.35	0.04		
16LCDD013	75.35	76	0.05		
16LCDD013	76	76.7	0.22		
16LCDD013	76.7	77.1	4.23	5.2m @ 2.78 g/t	
16LCDD013	77.1	77.5	1.71		
16LCDD013	77.5	78	1.63		
16LCDD013	78	78.3	1.2		
16LCDD013	78.3	78.6	4.02		
16LCDD013	78.6	79	1.97		
16LCDD013	79	79.5	5.54		
16LCDD013	79.5	80	0.49		
16LCDD013	80	81	2.33		
16LCDD013	81	81.2	0.34		
16LCDD013	81.2	81.9	5.03		
16LCDD013	81.9	82.1	0.03		
16LCDD013	82.1	82.5	0.09		
16LCDD013	82.5	83	0.07		
16LCDD013	83	83.4	0.04		
16LCDD013	83.4	84	0.05		
16LCDD013	84	84.4	0.05		
16LCDD013	84.4	85	7.43		
16LCDD015	45.5	46	2.31		
16LCDD015	54.1	54.7	5.74	1m @ 5.68g/t	
16LCDD015	54.7	55.1	5.57		
16LCDD015	58.3	58.7	3.01		
16LCDD015	62.9	63.3	2.06		
16LCDD015	65	65.5	2.63	4m @ 6.01g/t	
16LCDD015	65.5	66	2.36		
16LCDD015	66	66.5	1.73		
16LCDD015	66.5	67.3	1.57		
16LCDD015	67.3	67.7	26.8		
16LCDD015	67.7	68	9.37		
16LCDD015	68	68.5	10.6		
16LCDD015	68.5	68.75	1.41		
16LCDD015	68.75	69	1.81		
16LCDD017	18.7	19.5	1.45		
16LCDD017	49.2	49.8	1.02		
16LCDD017	56.1	57	2.23		

Appendix 3 - *Matsa Resources Limited*

Chang 01 Significant Assays on Diamond Drill Core

Hole Id	Depth From	Depth To	Cu ppm	Intercept (metres @ %Cu)	Comments
16SCDD005	24	26	1114	88m @ 0.12%Cu from 24m	includes 17.7m @ 0.22%Cu from 94.3m
16SCDD005	26	28	1021		
16SCDD005	28	30	1029		
16SCDD005	30	32	1187		
16SCDD005	32	34	947		
16SCDD005	34	36	1061		
16SCDD005	36	38	914		
16SCDD005	38	40	1320		
16SCDD005	40	42	1313		
16SCDD005	42	44	1407		
16SCDD005	44	46	1234		
16SCDD005	46	48	1059		
16SCDD005	48	50	763		
16SCDD005	50	52	1095		
16SCDD005	52	54	1542		
16SCDD005	54	56	2326		
16SCDD005	56	58	1229		
16SCDD005	58	60	746		
16SCDD005	60	62	625		
16SCDD005	62	64	1058		
16SCDD005	64	65.4	1062		
16SCDD005	65.4	67.9	106		
16SCDD005	67.9	70	1350		
16SCDD005	70	72	1199		
16SCDD005	72	74	889		
16SCDD005	74	76	557		
16SCDD005	76	78	572		
16SCDD005	78	80	858		

Hole Id	Depth From	Depth To	Cu ppm	Intercept (metres @ %Cu)	Comments
16SCDD005	80	82	898		
16SCDD005	82	84	598		
16SCDD005	84	86	1272		
16SCDD005	86	88	1470		
16SCDD005	88	90.1	863		
16SCDD005	90.1	92	8		
16SCDD005	92	94.3	7		
16SCDD005	94.3	96	2215		
16SCDD005	96	98	1166		
16SCDD005	98	100	2186		
16SCDD005	100	102	2761		
16SCDD005	102	104	2286		
16SCDD005	104	106	1280		
16SCDD005	106	108	2425		
16SCDD005	108	110	2375		
16SCDD005	110	112	3384		
16SCDD006	114	116	2003	4m @ 0.24%Cu from 114m	
16SCDD006	116	118	2855		
16SCDD007	88	90	1153	8m @ 0.14%Cu from 88m	
16SCDD007	90	92	1249		
16SCDD007	92	94	1443		
16SCDD007	94	96	1768		
16SCDD007	104	106	1591	48m @ 0.29%Cu from 104m	includes 22m @ 0.4%Cu from 106m
16SCDD007	106	108	3741		
16SCDD007	108	110	4681		
16SCDD007	110	112	3518		
16SCDD007	112	114	3894		
16SCDD007	114	116	4513		
16SCDD007	116	118	3122		
16SCDD007	118	120	2904		
16SCDD007	120	122	4968		

Hole Id	Depth From	Depth To	Cu ppm	Intercept (metres @ %Cu)	Comments
16SCDD007	122	124	5624		
16SCDD007	124	126	3475		
16SCDD007	126	128	3925		
16SCDD007	128	130	1866		
16SCDD007	130	132	2577		
16SCDD007	132	134	2468		
16SCDD007	134	136	1620		
16SCDD007	136	138	3159		
16SCDD007	138	140	1347		
16SCDD007	140	142	1400		
16SCDD007	142	144	2811		
16SCDD007	144	146	1721		
16SCDD007	146	148	2097		
16SCDD007	148	150	2087		
16SCDD007	150	152	1340		
16SCDD007	156	158	1351		
16SCDD007	160	162	1270	6m @ 0.12%Cu from 160m	
16SCDD007	162	164	1057		
16SCDD007	164	166	1228		
16SCDD008	24	26	1234	8m @ 0.21%Cu from 24m	
16SCDD008	26	28	1674		
16SCDD008	28	30	2400		
16SCDD008	30	32	3148		

Appendix 4 - Matsa Resources Limited

Chang 1 diamond drilling, QA QC comparison 4 Acid v Aqua Regia comparison

SampleID	4 Acid digest_ICP Check Assay	Auq Regia digest_ICP Routine Assay	Variance%
SCDD003-1D	89	46	193%
SCDD003-11D	374	184	203%
SCDD003-21D	914	644	142%
SCDD003-31D	563	356	158%
SCDD003-41D	2060	2590	80%
SCDD003-51D	684	544	126%
SCDD003-61D	315	267	118%
SCDD003-71D	173	159	109%
SCDD004-1D	73	50	146%
SCDD004-11D	329	299	110%
SCDD004-21D	2110	1246	169%
SCDD004-31D	1130	622	182%
SCDD004-41D	57	24	238%
SCDD005-1D	1170	494	237%
SCDD005-11D	2000	1313	152%
SCDD005-21D	1100	625	176%
SCDD005-31D	1530	898	170%
SCDD005-41D	3930	2761	142%
SCDD005-51D	172	109	158%
SCDD007-1D	439	383	115%
SCDD007-11D	2410	1591	151%
SCDD007-21D	4860	3457	141%
SCDD007-31D	2580	1721	150%
SCDD007-41D	2060	1228	168%
DUP-SCDD004-1D	79	24	329%
Average			163%

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER 2016

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
M 63/177	Buldania Rocks	100%	100%	
P 63/1503		100%	100%	
E 15/1380	Dunnsville	100%	100%	
E 15/1381		100%	100%	
E 16/294		100%	100%	
E 16/362		100%	100%	
E 16/389		100%	100%	
E 16/390		100%	100%	
E 16/427		100%	0%	Tenement relinquished
E 16/429		100%	0%	Tenement relinquished
E 16/439		100%	100%	
E16/443		100%	100%	
E16/466		100%	100%	
E16/467		100%	100%	
E16/468		100%	100%	
E 69/3070	Symons Hill	100%	100%	
E 63/1018	Killaloe	80%[1]	80%[1]	
E 63/1199		80%[1]	80%[1]	
E63/1646		100%	100%	
P 63/1672		80%[1]	80%[1]	
E63/1655		85%[2]	85%[2]	
E63/1660		100%	100%	
E63/1661		100%	100%	
E63/1662		100%	100%	
E63/1713		100%	100%	
E38/2823	Minigwal	100%	100%	
E38/2948		100%	100%	
E38/2949		100%	100%	
E 39/1708		100%	100%	
E39/1716		100%	100%	
E 39/1735		100%	100%	
E39/1812		100%	100%	
E39/1834		100%	100%	

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER 2016

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
E39/1840		100%	100%	
E63/1710	Mt Day	100%	100%	
E09/2150	North Bore	100%	100%	
E52/3339		0%	100%	Granted during quarter
E38/3102	Mount Weld	100%	100%	
E28/2600		0%	100%	Granted during quarter
E39/1812		100%	100%	
E39/1834		100%	100%	
E39/1840		100%	100%	
E39/1287	Fortitude	0%	100%	Acquisition Settlement
E39/1752		0%	100%	Acquisition Settlement
E39/1770		0%	100%	Acquisition Settlement
E39/1803		0%	100%	Acquisition Settlement
E39/1819		0%	100%	Acquisition Settlement
E39/1889		0%	100%	Acquisition Settlement
L39/247		0%	100%	Granted during quarter
M39/1		0%	100%	Acquisition Settlement
M39/1065		0%	100%	Acquisition Settlement
M39/1089		0%	100%	Acquisition Settlement
M39/286		0%	100%	Acquisition Settlement
M39/709		0%	100%	Acquisition Settlement
M39/710		0%	100%	Acquisition Settlement
P39/5393		0%	100%	Acquisition Settlement
SPL 17/2558	Siam Project	100%	100%	
SPL 19/2558		100%	100%	
SPL 20/2558		100%	100%	
SPL 22/2558		100%	100%	
SPL 23/2558		100%	100%	
SPL 27/2553		100%	100%	
SPL 30/2553		100%	100%	
SPL 34/2558		100%	100%	
SPL 37/2558		100%	100%	
SPL 38/2558		100%	100%	
SPL 39/2558		100%	100%	
SPL 40/2558		100%	100%	
SPL 41/2558		100%	100%	
SPL 43/2558		100%	100%	

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER 2016

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
SPL 44/2558		100%	100%	
SPL 45/2558		100%	100%	
SPL 48/2558		100%	100%	
SPL 51/2558		100%	100%	
SPL 52/2558		100%	100%	
SPL 53/2558		100%	100%	

All tenements are located in Western Australia apart from the Siam Project which is located in Thailand.

[1]= Joint Venture with Cullen Resources Limited
[2] = Yilun Pty Ltd holds a 15% interest

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MATSA RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
48 106 732 487	31 December 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(2,423)	(3,890)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(306)	(463)
	(e) administration and corporate costs	(399)	(595)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	21	69
1.9	**Net cash from / (used in) operating activities**	**(3,102)**	**(4,867)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(25)	(28)
	(b) tenements (see item 10)	(1,634)	(1,941)
	(c) investments	(12)	(21)
	(d) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	3,141	6,568
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(1)	(2)
2.6	**Net cash from / (used in) investing activities**	**1,469**	**4,576**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	151
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(4)	(10)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(4)**	**141**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,050	1,563
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,102)	(4,867)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,469	4,576
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(4)	141
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,413**	**1,413**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	1,363	3,000
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,413**	**3,050**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	165
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	1,302
9.2	Development	-
9.3	Production	-
9.4	Staff costs	221
9.5	Administration and corporate costs	276
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**1,799**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Dunnsville (WA)			
		E16/427	Direct	100%	0%
		E16/429	Direct	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Mount Weld (WA)			
		E28/2600	Direct	0%	100%
		North Bore (WA)			
		E52/3339	Direct	0%	100%
		Fortitude (WA)			
		E39/1287	Direct	0%	100%
		E39/1752	Direct	0%	100%
		E39/1770	Direct	0%	100%
		E39/1803	Direct	0%	100%
		E39/1819	Direct	0%	100%
		E39/1889	Direct	0%	100%
		L39/247	Direct	0%	100%
		M39/1	Direct	0%	100%
		M39/1065	Direct	0%	100%
		M39/1089	Direct	0%	100%
		M39/286	Direct	0%	100%
		M39/709	Direct	0%	100%
		M39/710	Direct	0%	100%
		P39/5293	Direct	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

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

Sign here: ..... Date: 30 January 2017
(Director/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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.