



ASX Announcement

29th July 2021

Quarterly Activities Report 30th June 2021

Highlights

Excellent Mineral Resource Growth at Lake Carey

- New Mineral Resource estimates for Devon, Olympic, Gallant, Hill East and Bindah increased global Lake Carey Mineral Resources by 34% to 694koz Au ^{1,2,3}
 - Maiden Mineral Resource of 80koz for Devon¹, followed up by positive scoping study⁴
 - 23koz Mineral Resource for Gallant and 35koz Mineral Resource for Hill East defined during the quarter²
 - Bindah Mineral Resource of 40koz Au defined³
- 42 hole reverse circulation (RC) drilling program completed at Devon Hub during the quarter. Significant new intercepts* include:
 - **3m @ 16.8 g/t Au** from 123m
 - **3m @ 6.88 g/t Au** from 84m
 - **3m @ 3.07g/t Au** from 9m
 - **6m @ 2.33 g/t Au** from 69m
 - **9m @ 1.99 g/t Au** from 63m
 - **3m @ 6.91 g/t Au** from 15m
 - **3m @ 7.20 g/t Au** from 63m
- 410m sulphide rich intercept⁵ in 843m diamond drill hole completed by IGO at Symons Hill under joint venture
- Renounceable Rights Issue closed oversubscribed during the quarter, raising \$2.17 million. A follow-on placement of \$1.24 million was undertaken to accommodate a proportion of the excess demand from institutional and professional investors.

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

358.15 million

Listed Options

28.12 million @ \$0.17

Unlisted Options

65.38 million @ \$0.17 - \$0.35

Top 20 shareholders

Hold 55.41%

Share Price on 28th July 2021

6.8 cents

Market Capitalisation

\$24.35 million

¹ ASX Announcement dated 8 April 2021 – Initial high grade resource at Devon Lake Carey Gold Project

² ASX Announcement dated 29 April 2021 – Increase in Resources to 654,000oz Lake Carey Gold Project

³ ASX Announcement dated 11 June 2021 – Lake Carey Mineral Resource increased to 694,000oz

⁴ ASX Announcement dated 14 April 2021 – Devon Pit Scoping Study delivers excellent results

⁵ ASX Announcement dated 12 July 2021 - 410m Blebby to Semi Massive Ni-Cu Sulphides Symons Hill

INTRODUCTION

Advanced gold explorer, **Matsa Resources Limited** ("Matsa" or "the Company" ASX: MAT) is pleased to report on its exploration and corporate activities for the quarter ended 30th June 2021.

COMPANY ACTIVITIES

Activities during the quarter have been principally focused on the Company's 503km² Lake Carey Gold project (Figure 1) and comprised the following:

- Mineral Resource estimates for Devon Pit, Olympic, Gallant, Hill East and Bindah
- Completion of scoping study at Devon Pit
- Soil sampling at Devon Pit⁶, and
- Reverse Circulation drilling at the Devon Hub

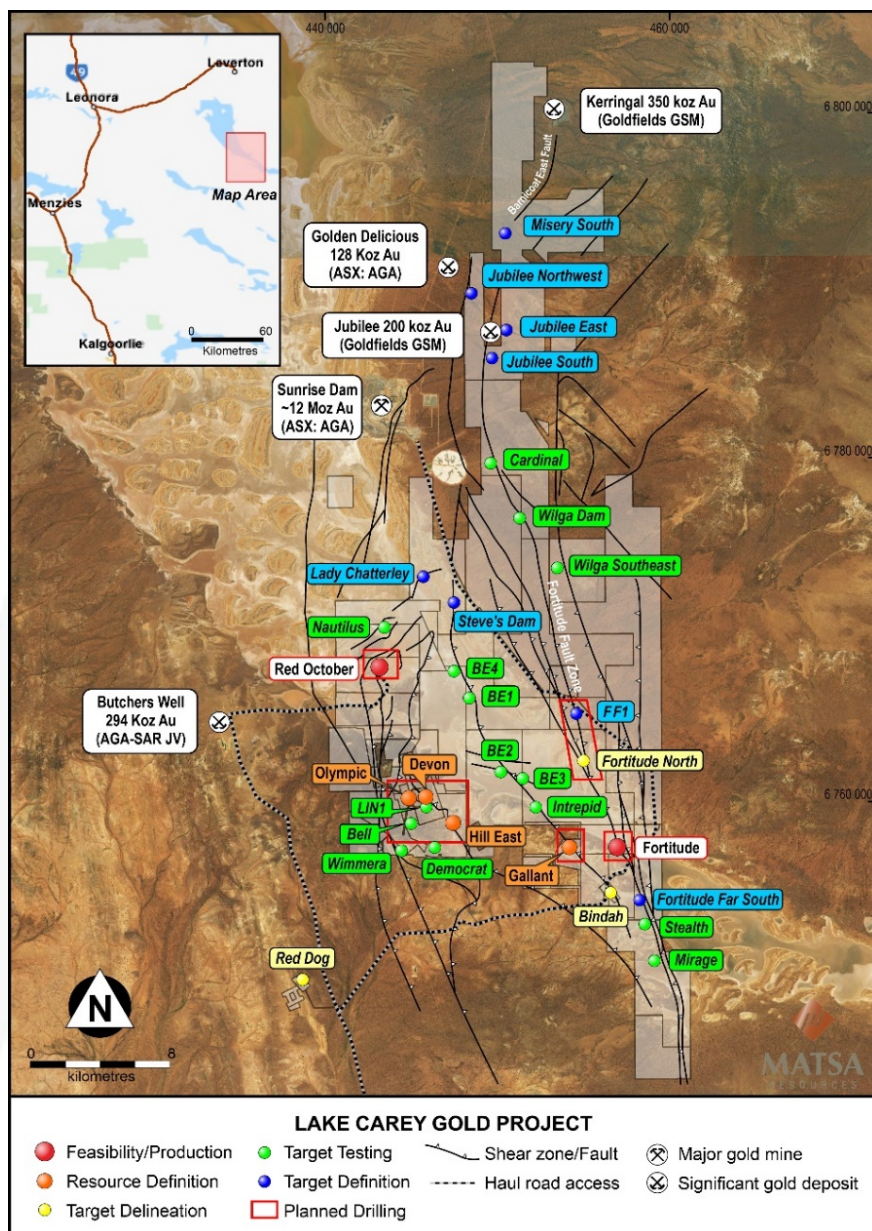


Figure 1: Lake Carey Gold Project

⁶ ASX Announcement dated 7 May 2021 – Soil sampling defines new targets at Devon

EXPLORATION

Devon Hub

The Devon Hub was the most actively explored area during the June quarter. Activities consisted of:

- Mineral Resource estimates completed for Devon Pit¹, Olympic¹ and Hill East²
- Open pit scoping study for Devon Pit⁴
- Soil sampling conducted at Hill East⁵
- RC drilling (42 holes for 3,677m) completed in May 2021⁷

Devon Pit and Olympic Mineral Resource Estimates

Matsa completed 71 RC drill holes for 8,077m during 2019 and 2020 to test the grade and continuity of mineralisation at depth and along strike at Devon Pit and Olympic prospects.

Select highlights of the abovementioned drilling results listed below illustrate the high grade potential of these prospects⁸:

| | |
|-----------|--|
| 19ODRC005 | 8m @ 6.94 g/t Au from 80m incl. 3m @ 16.3 g/t Au |
| 19ODRC001 | 2m @ 16.6 g/t Au from 74m incl. 1m @ 28.6 g/t Au |
| 20DVRC016 | 5m @ 2.13 g/t Au from 75m incl. 1m @ 8.43 g/t Au |
| 20DVRC028 | 1m @ 22.07 g/t Au from 70m |
| 20DVRC031 | 4m @ 15.5 g/t Au from 71m incl. 3m @ 19.6 g/t Au |
| 20DVRC033 | 2m @ 8.23 g/t Au from 65m incl. 1m @ 15.19 g/t Au |
| 20DVRC034 | 3m @ 6.33 g/t Au from 59m |
| 20DVRC036 | 3m @ 10.56 g/t Au from 119m incl. 1m @ 25.93 g/t Au |

Following receipt of final assays early in 2021, models have been prepared for both Olympic and Devon Pit prospects. Whilst the drilling is sufficient to establish a Mineral Resource Estimate, mineralisation at both prospects remains open at depth and potential for offset extensions to the north and south also exist.

Modelling was completed in Leapfrog (geological wireframing) and Surpac (grade interpolation) 3D software. Ore lodes and grades are well constrained with sharp boundaries between ore and waste noted in the modelling.

⁷ ASX Announcement dated 2 June 2021 – RC Drilling completed at Devon Lake Carey Gold Project

⁸ ASX Announcements 28 April 2020 - Further High Grade Gold near Devon Hill East - Lake Carey Gold Project, 7 December 2020 – High Grade Gold Results Enhances Devon, 20 January 2021 – Olympic High Grade Results Enhances Devon Gold Project

The 2021 Mineral Resource Estimate for Devon is tabulated (Table 1) below:

| Devon 2021 Mineral Resource Estimate (1g/t Au cut-off) | | | | | | | |
|--|-------------|----------------|-------------|----------------|------------------------|----------------|------------|
| Prospect | Indicated | | Inferred | | Total Mineral Resource | | |
| | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Gold (koz) |
| Devon Pit | 341 | 4.8 | 102 | 3.6 | 443 | 4.6 | 65 |
| Olympic | - | - | 171 | 2.8 | 171 | 2.8 | 15 |
| Total | 341 | 4.8 | 273 | 3.1 | 614 | 4.1 | 80 |

Table 1: Devon Mineral Resource Estimate

Resource Statement Notes:

- The geographic region for the Mineral Resource Estimate is Australia.
- Figures have been rounded in compliance with the JORC Code (2012).
- Rounding errors may cause a column to not add up precisely. Resources exclude recoveries.
- Resource is depleted for past mining
- No reserves have been estimated
- There are no Measured Resources
- Cut-off grades used in this report are not mining cut-off grades.
- No metallurgical or other modifying factors were used in this Resource statement

The shallow high grade nature of mineralisation at Devon Pit (Figure 2) in particular, lends itself to a potential cutback mining scenario with minimal pre strip requirements, early access to ore and mining studies have commenced. The grade and mineralisation are expected to be amenable to both open pit and underground mining methods and provides a logical add-on to the established mining plan at Fortitude Stage 2.

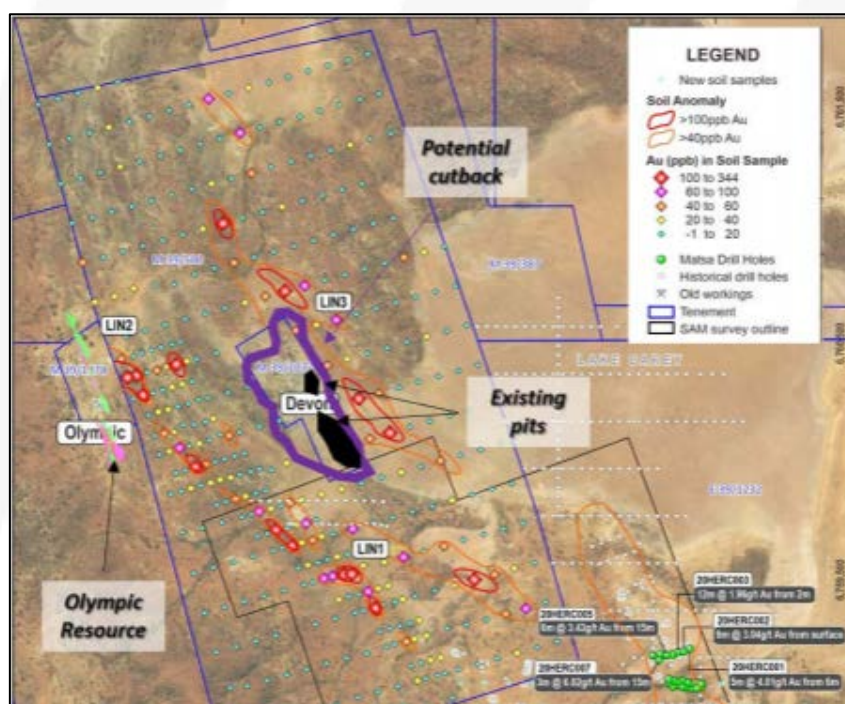


Figure 2: Devon Pit prospect and adjacent gold in soil anomalism

Further details on the Devon Pit and Olympic Mineral Resource estimates can be found in the ASX announcement dated 8 April 2021.

Hill East Mineral Resource Estimate

Hill East is located 2km south east of the Devon Pit, 6km west of the Fortitude deposit and 10km south of Red October underground mine. The area contains extensive historic Linden gold workings that were mined in the early 1900's and are characterised by small scale historic workings that have been the focus of mostly shallow drilling by recent explorers. Records lodged with the Mines Department suggest high grades were mined and many of the operations at the time struggled to deal with dewatering requirements to efficiently mine. It is thought that in many instances, water rather than a lack of ore led to the mines ceasing operation and is not expected to pose problems in modern day mining.

During 2020, Matsa completed 38 reverse circulation (RC) drill holes for 1,416m across 6 targets with anomalous results returned for 5 of the 6 targets⁹. The drilling was designed to test the grade and continuity of mineralisation at depth and along strike of historical workings. Select highlights of Matsa's drilling results listed below illustrate the high grade potential of these prospects:

| | |
|-----------|---|
| 20HERC001 | 5m @ 4.01 g/t Au from 6m |
| 20HERC002 | 9m @ 3.04 g/t Au from surface |
| 20HERC003 | 12m @ 1.96 g/t Au from 2m |
| 20HERC005 | 6m @ 3.43 g/t Au from 15m |
| 20HERC007 | 2m @ 7.14 g/t Au from 7m and 3m @ 6.82 g/t Au from 15m |
| 20HERC008 | 1m @ 13.3 g/t Au from 21m |
| 20HERC015 | 2m @ 2.68 g/t Au from surface |
| 20HERC018 | 1m @ 4.06 g/t Au from 39m |
| 20HERC026 | 6m @ 1.33 g/t Au from surface |
| 20HERC027 | 4m @ 3.29 g/t Au from 4m |
| 20HERC028 | 7m @ 1.53 g/t Au from 20m |
| 20HERC032 | 27m @ 2.04 g/t Au from 2m |
| 20HERC033 | 3m @ 2.23 g/t Au from 28m |
| 20LBRC003 | 4m @ 6.3 g/t Au from 13m |
| 20LBRC004 | 13m @ 1.86 g/t Au from surface |

Up to seven mineralised domains were reviewed, however only six domains with sufficient drilling were eventually modelled (Figure 3). Lode wireframing was completed in Leapfrog™ software (geological wireframing) and Surpac™ (grade interpolation) 3D software was used for the grade interpolation. Ore lodes and grades are well constrained with sharp boundaries between ore and waste noted in the modelling. Lode wireframes were developed on a 3-dimensional basis with “anomalous” mineralisation included in lode interpretations rather than using a static minimum grade approach. This allows for the natural grade variability of the ore to be captured in a mineralised model

⁹ ASX Announcements 28 April 2020 - High Grade Gold Hill East - Lake Carey Gold Project

as well as accounting for thinning of ore not picked up during drilling due to the nature of RC sampling. Points were inserted in 3D space to ensure Leapfrog implicit modelling did not create “balloons” and produced reasonable shapes.

Hill East 1 - 5 and 7 are interpreted as a series of east to north-east trending lodes up to 250 metres long within a 1.5km north north-west trending anomalous geochemical halo. The lodes are generally interpreted to be dipping towards the north apart from Hill East 5 which has a south-east dip. No grade plunge or shoot could be identified within the mineralised zones.

Hill East 5 is isolated from the other zone but is also modelled as an east-west trending, north dipping lode with a strike length of up to 200m. Hill East 6 was not modelled due to a lack of continuity.

The dominantly shallow drilling to date has restricted modelling to around 100m below surface. Future drilling is expected to test for potential depth extensions.

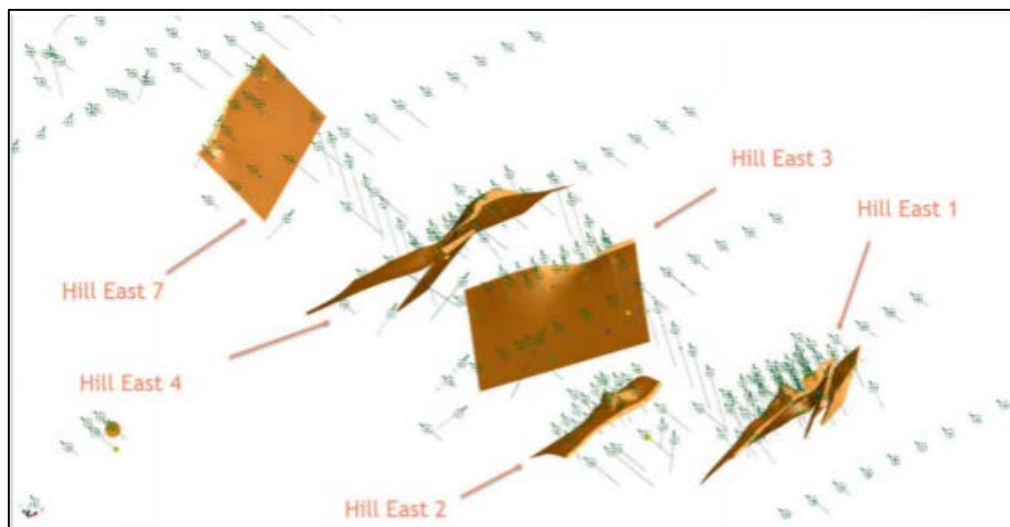


Figure 3: Hill East mineralised domains (1 - 4 & 7), oblique view looking down to the NE

The 2021 Mineral Resource Estimate for Hill East is tabulated (Table 2) below:

| Hill East 2021 Mineral Resource Estimate (1g/t Au cut-off) | | | | | | | |
|--|-------------|----------------|-------------|----------------|------------------------|----------------|------------|
| Type | Indicated | | Inferred | | Total Mineral Resource | | |
| | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Gold (koz) |
| Oxide | - | - | 150 | 1.8 | 150 | 1.8 | 9 |
| Transitional | | | 187 | 1.6 | 187 | 1.6 | 9 |
| Fresh | - | - | 296 | 1.8 | 296 | 1.8 | 17 |
| Total | - | - | 633 | 1.7 | 633 | 1.7 | 35 |

Table 2: Hill East Mineral Resource Estimate

Mineral Resource Statement Notes for Hill East:

- Figures have been rounded in compliance with the JORC Code (2012).
- Rounding errors may cause a column to not add up precisely. Resources exclude recoveries.
- Mineral Resource is depleted for past mining
- There are no Measured or Indicated Mineral Resources
- No Ore Reserves have been estimated
- Cut-off grades used in this report are not mining cut-off grades.
- No metallurgical or other modifying factors were used in this Mineral Resource estimate

Exploration potential is thought to remain high and that with some targeted diamond drilling and detailed core logging, particularly in the area of structural logging, the exploration space could be much better understood and targeted to increase the Mineral Resource potential of this prospect.

RC Drilling Program – Devon

During the quarter, Matsa completed 42 drill holes for a total of 3,677m (21DVR052-21DVR064 and 21HER033-21HER062) with the focus on the discovery of new shallow gold mineralisation at the Devon Hub ^{10, 11}. Drilling was carried out on targets (refer Figure 4) as follows:

- Targets identified in recent soil geochemistry (LIN1, LIN2, LIN5 and LIN6)
- Possible extensions to recently announced resources at Hill East (HE1, HE2 and HE5) based on targets from recent Sub Audio Magnetic (SAM) survey and strongly anomalous soil gold values
- New targets at Devon South and LIN6 based on anomalous soil geochemistry and SAM features
- The Hanging Wall Lode at Devon Pit was targeted to explore for potential extensions of high-grade near surface mineralisation.

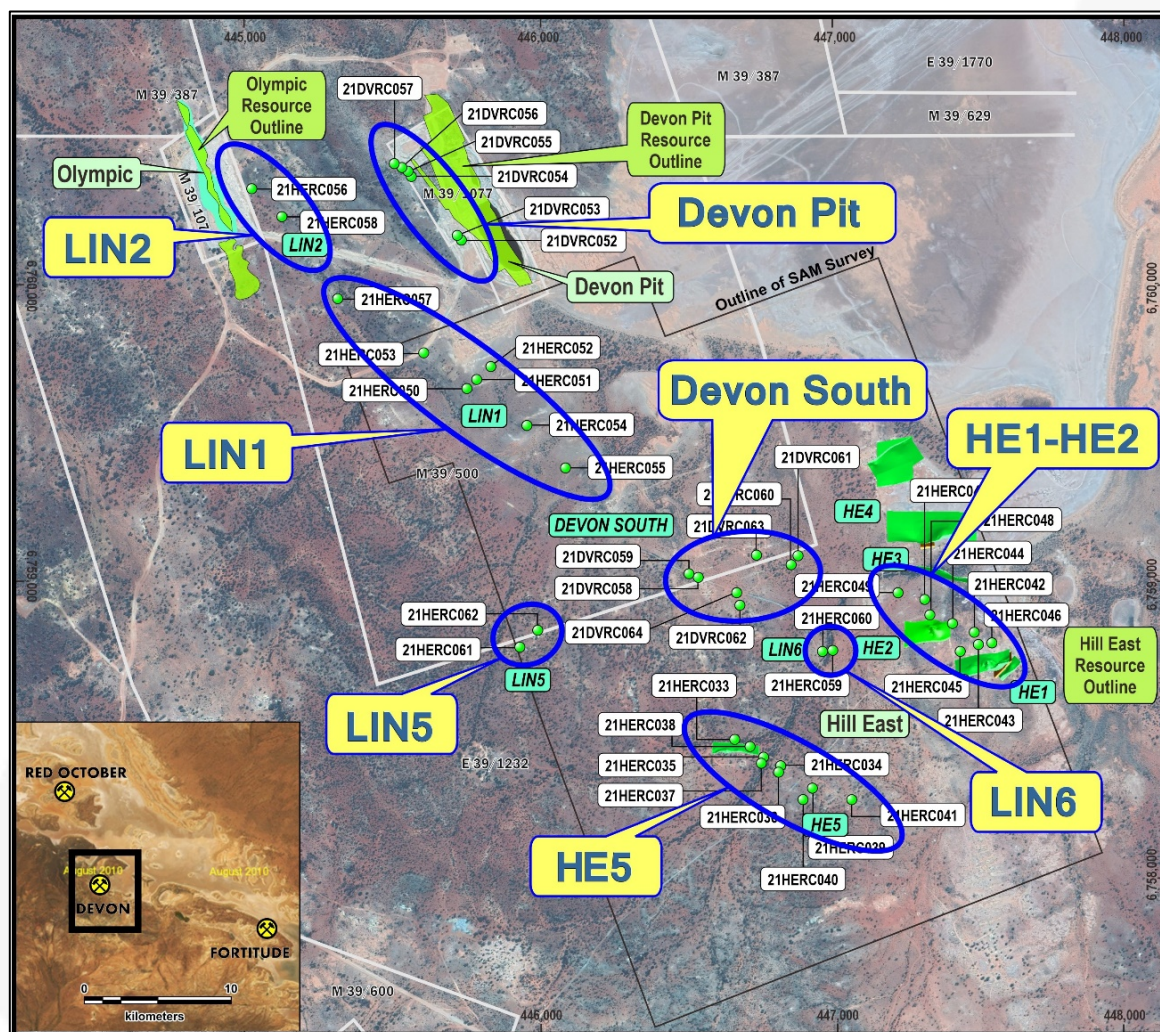


Figure 4: Key target prospects at Devon Hub and new drilling

¹⁰ ASX Announcement 10 May 2021 – RC Drilling Commences at Devon, Lake Carey Gold Project

¹¹ ASX Announcement 2 June 2021 – RC Drilling at Devon Completed, Lake Carey Gold Project

HE1, HE2 & HE5 drilling results

Significant intercepts are listed below (note all assays are preliminary 3m composites, final 1m sample assays are expected late July/August 2021):

(for a full list of assay results >0.1 g/t Au refer Appendix 2 – Part 2)

- **3m @ 16.8 g/t Au** from 123m (21HERC042) between HE1 and HE2
- **3m @ 6.88 g/t Au** from 84m (HERC046) at HE1
- **3m @ 1.99 g/t Au** from 63m (21HERC045) at HE1
- **3m @ 1.96 g/t Au** from 21m (21HERC039) at HE5
- **3m @ 3.07 g/t Au** from 9m (21HERC035) at HE5

HE1 & 2 results and interpretation

Drilling at HE1 - HE2 (refer Figure 5) was aimed at targeting a potential linkage structure between the resources of HE1 - HE2 and the drilling at LIN5 has returned a very exciting intercept of **3m @ 16.88 g/t Au** in hole 21HERC042 and 3m @ 6.88 g/t Au in hole 21HERC046. These intercepts represent the highest and deepest grading intercepts for HE1 - HE2 and highlight the depth potential for these resources (refer Figure 6). Importantly, in terms of defining a linking structure as postulated from the SAM geophysical data, the limited drilling so far is very encouraging.

Of the eight holes drilled at HE1 - HE2, six returned anomalous results and four holes returned intercepts of economic significance. It is clear that further drilling is necessary to test for resource extensions at depth and infill the potential linkage structure exploration space between HE1 - HE2.

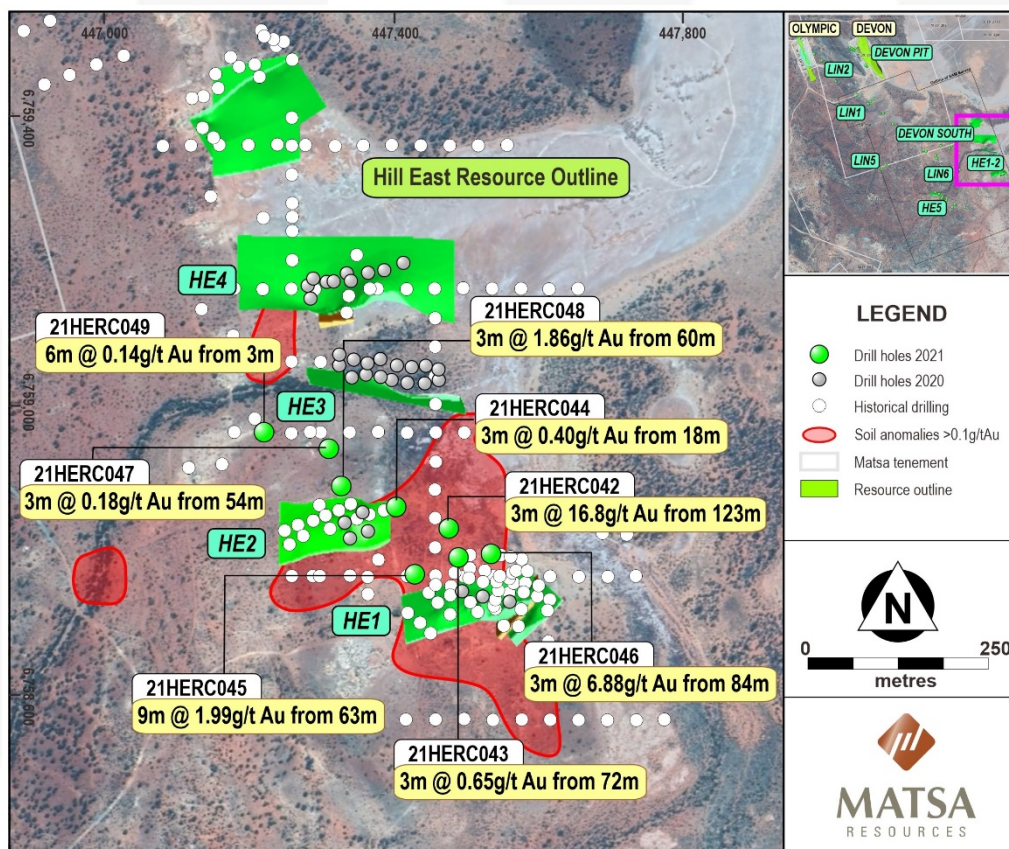


Figure 5: Hill East 1 & 2 drilling and results and nearby Hill East resource outlines

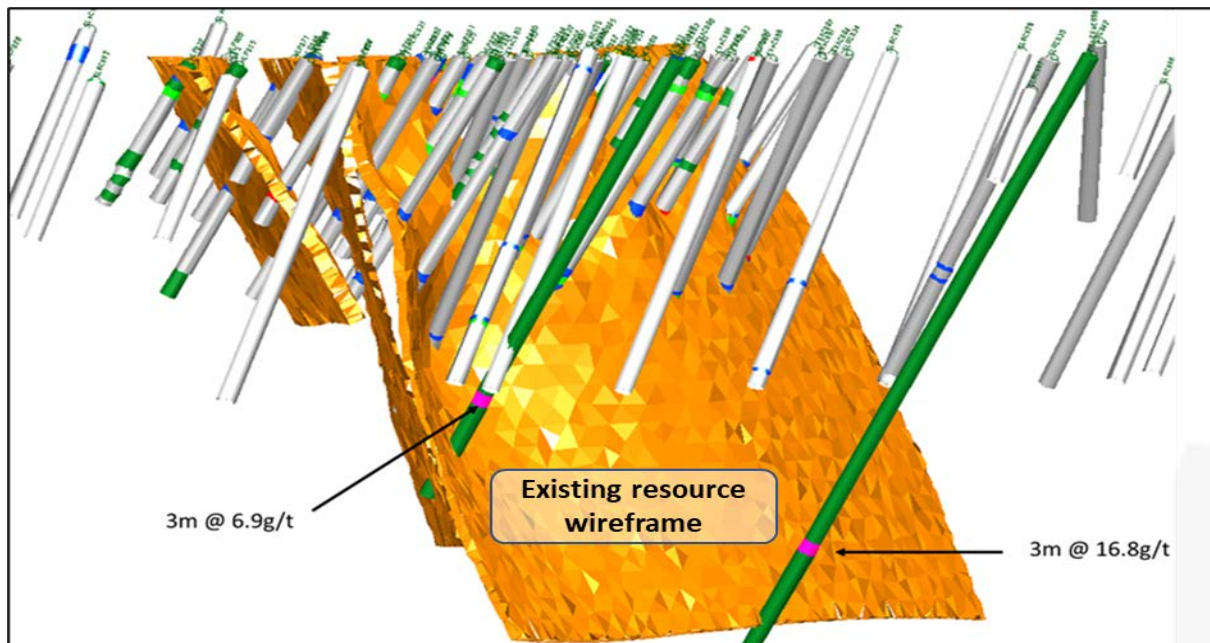


Figure 6: HE1 drilling and HE1 existing resource outlines, note the two new high grade intercepts that is expected to result in adjustments to the resource shape at depth once final 1m composite assays are returned.

HE5 results and interpretation

HE5 comprises an existing resource and drilling (refer Figure 7) was aimed at targeting potential resource extensions to the south east with SAM geophysical responses suggest a potential structure extending in that orientation.

Past historical costean sampling in the drilling area returned peak grades of 1m @ 4.18g/t Au. The new drilling returned anomalous gold along a trend in excess of 500m with a best intercept of **3m @ 3.07g/t Au at a depth of only 9m** from surface in 21HERC035. The deepest drill intercept in this round of drilling returned an encouraging 3m @ 1.59 g/t Au from 54m in hole 21HERC038.

Of the nine holes drilled at HE5, five returned anomalous results and three holes returned intercepts of economic significance.

LIN1, LIN2, LIN 5 & LIN6 drilling results

Significant intercepts are listed below:

(for a full list of assay results >0.1 g/t Au refer Appendix 2 – Part 2)

- **12m @ 0.51 g/t Au** from 20m (21HERC052) at LIN1
- **6m @ 0.47 g/t Au** from 24m and **6m @ 0.44 g/t Au** from 36m (HERC057) at LIN1
- **3m @ 0.75 g/t Au** from 33m (21HERC058) at LIN2
- **3m @ 6.91 g/t Au** from 15m (21HERC061) at LIN5
- **3m @ 1.31 g/t Au** from 21m (21HERC062) at LIN5

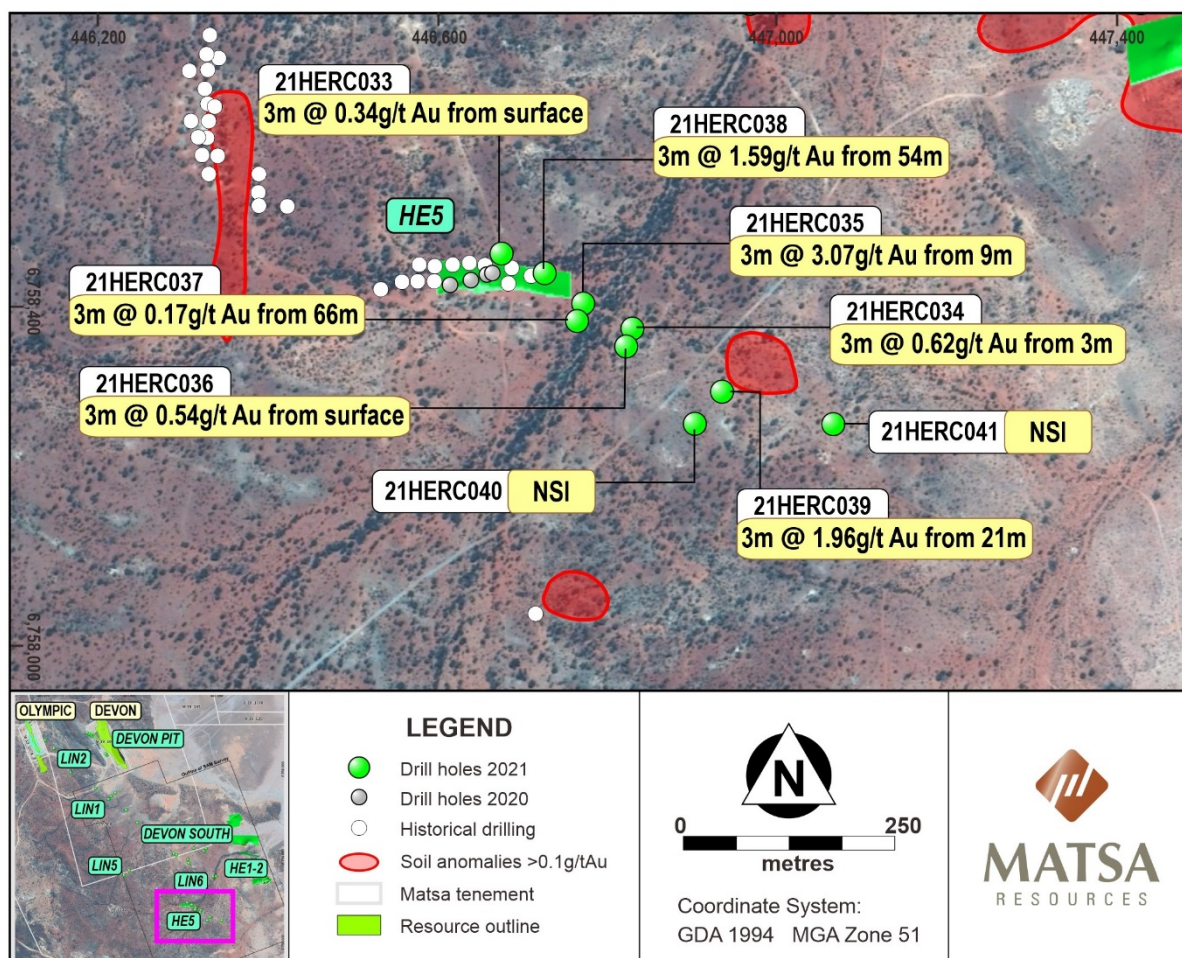


Figure 7: HE5 drilling and HE5 existing resource outline

LIN1 results and interpretation

Drilling at LIN1 targeted a >1km long x 100 - 200m coincident gold in soil, arsenic, tellurium and SAM geophysical anomaly (refer Figure 8). Drilling has confirmed the presence of a widespread low tenor gold anomaly at shallow depth (to 50m) that explains the extensive surface gold anomalism. Best drilling result includes 6m @ 0.47g/t Au from 24m and a further 3m @ 0.51g/t Au from 36m in hole 21HERC057. Current interpretation would suggest a gold system in excess of 1km strike, up to 15m wide to a minimum depth of 40m exists at LIN1.

Whilst drilling was generally encouraging, the results to date do not explain the strong SAM geophysical response and this geophysical anomaly remains unresolved. Whilst the recent drilling program was designed as a shallow program, is expected that deeper drilling may provide better insights regarding this geophysical response and potential gold associated mineralisation. Gold mineralisation at the nearby Devon Pit is known to extend beyond 150m depth and at LIN1 exploration at this depth remains untested.

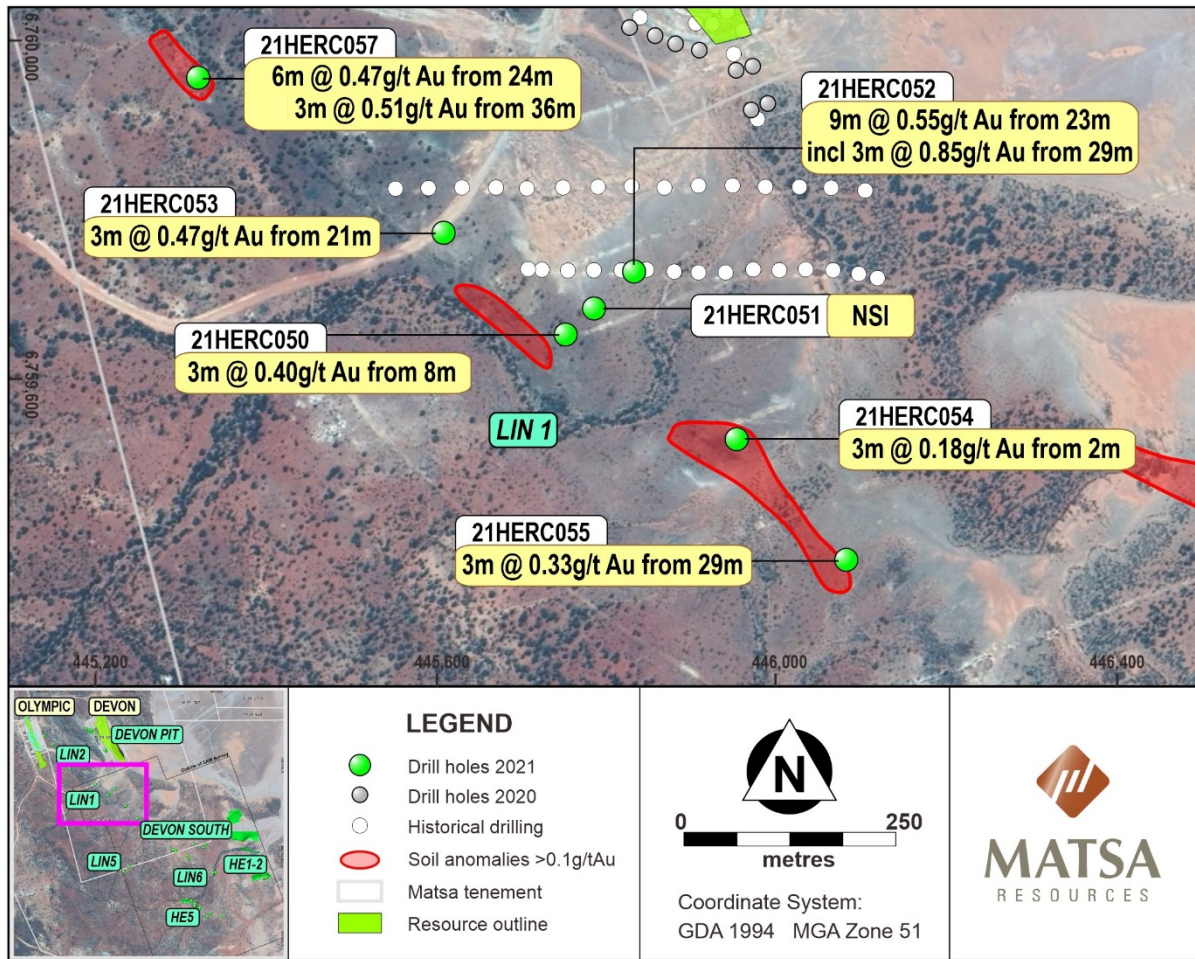


Figure 8: LIN1 drilling and results, with Olympic and Devon Pit Resource outlines

LIN2 results and interpretation

Drilling at LIN2 (Figure 9) comprised two holes testing a gold in soil anomaly with peak rock chip values up to 7.9g/t Au in discordant quartz veins. The 300m x 150m LIN2 anomaly is located adjacent to Olympic and northwest along strike of LIN1. As noted at LIN1, LIN2 drilling results suggest a discrete low tenor gold anomaly extends from surface to shallow depth with our deepest intercept only 36m below surface. Current interpretation would suggest a gold system in excess of 300m strike, up to 3m wide to a minimum depth of 40m exists at LIN2. It is thought deeper drilling could return more favourable intercepts.

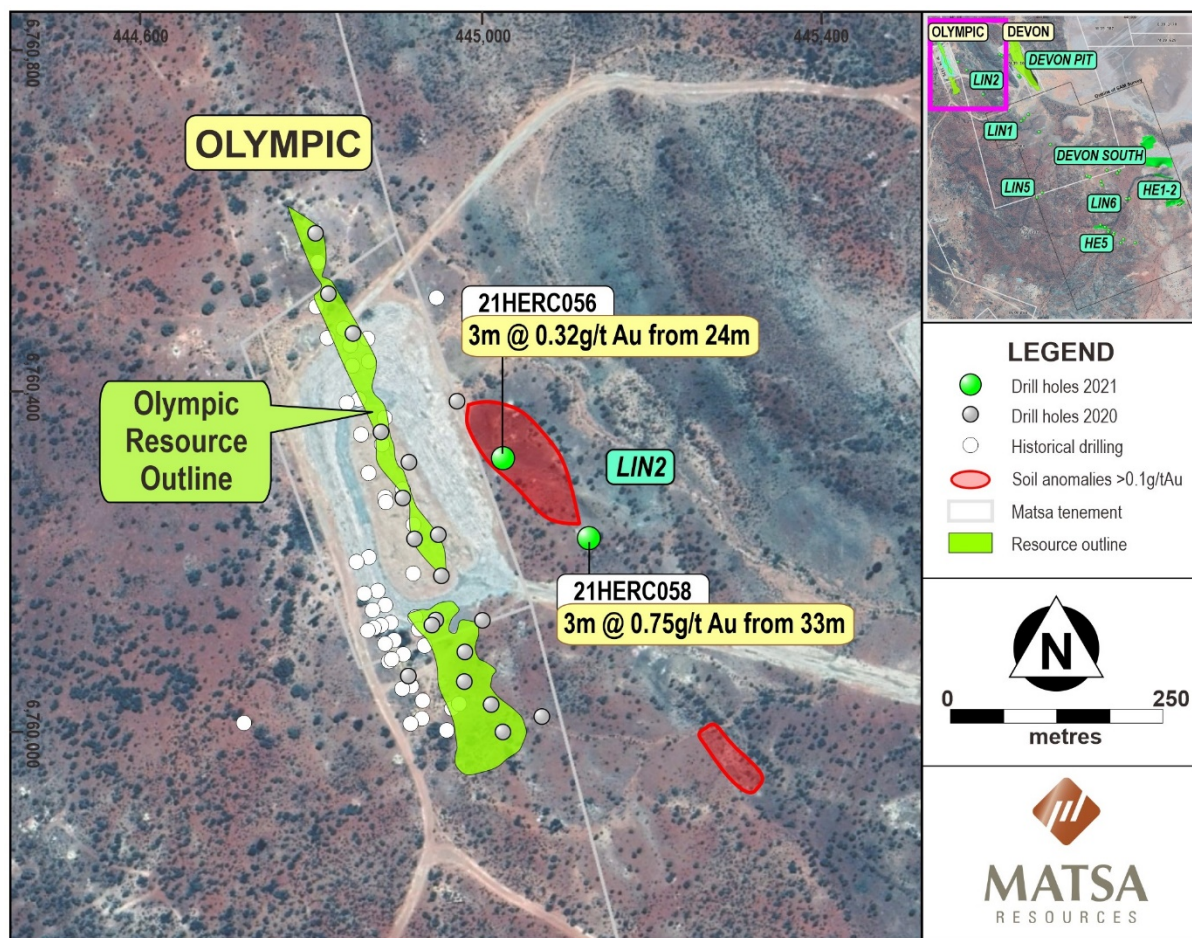


Figure 9: LIN2 drilling and results, with Olympic and Devon Pit Resource outlines

LIN5 results and interpretation

LIN5 represent a new target identified from surface gold anomalism with peak rock chip sample values up to 6.3g/t Au approximately 400m x 120m (refer Figure 10). The LIN5 anomaly does not contain any surface indications of historical workings. The gold in soil anomaly sits over a weak SAM geophysical response that may indicate a zone of dilation.

Drilling at LIN5 has returned a very exciting intercept of **3m @ 6.91g/t Au** at a depth of only 15m from surface in 21HERC061. Hole 21HERC062, drilled approximately 200m to the NE, returned an encouraging intercept of 6m @ 1.31g/t from only 21m depth. A striking feature of the LIN5 anomaly is its NE orientation, which is known to be an important mineralisation trend at Hill East where historical underground mining followed a trend approximating 45°. In a regional context both Red October and Sunrise Dam are set on 45° structural trends.

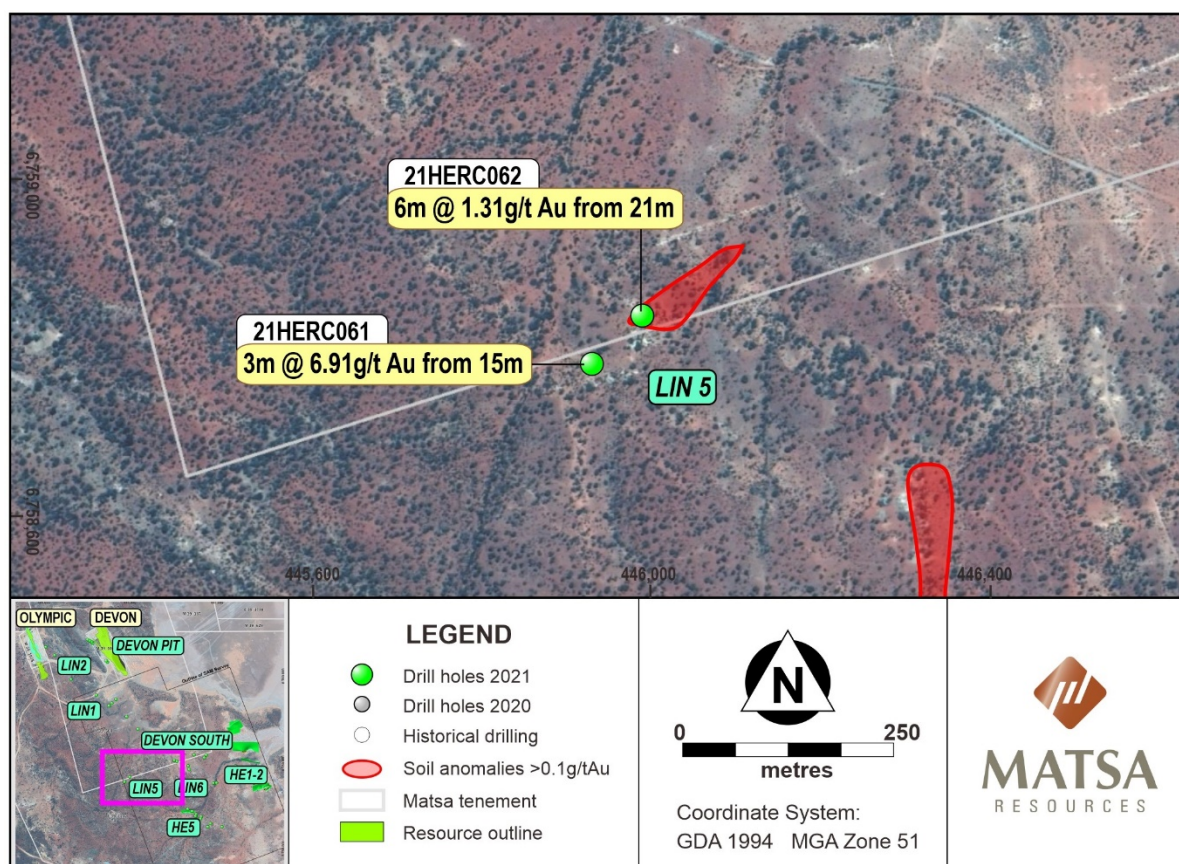


Figure 10: LIN5 drilling and results

LIN6 results and interpretation

The LIN6 target sits approximately 400m west of the HE2 resource and is located on a N-NE trending drainage channel that suggests the potential presence of a structure that has undergone preferential weathering. The anomaly is defined by a tight gold in soil anomaly and moderate SAM geophysical response with a relatively small footprint. There is no previous drilling at this anomaly.

Drilling at LIN6 (Figure 11) comprised two holes for 194m. The 3m composite 21DVRC060 sent for assay was contaminated and replacement 1m samples have now been sent. Drilling chips show moderate levels of alteration in hole 21DVRC060 however, no alteration was noted in hole 21DVRC059. Final assays are expected in the coming weeks.

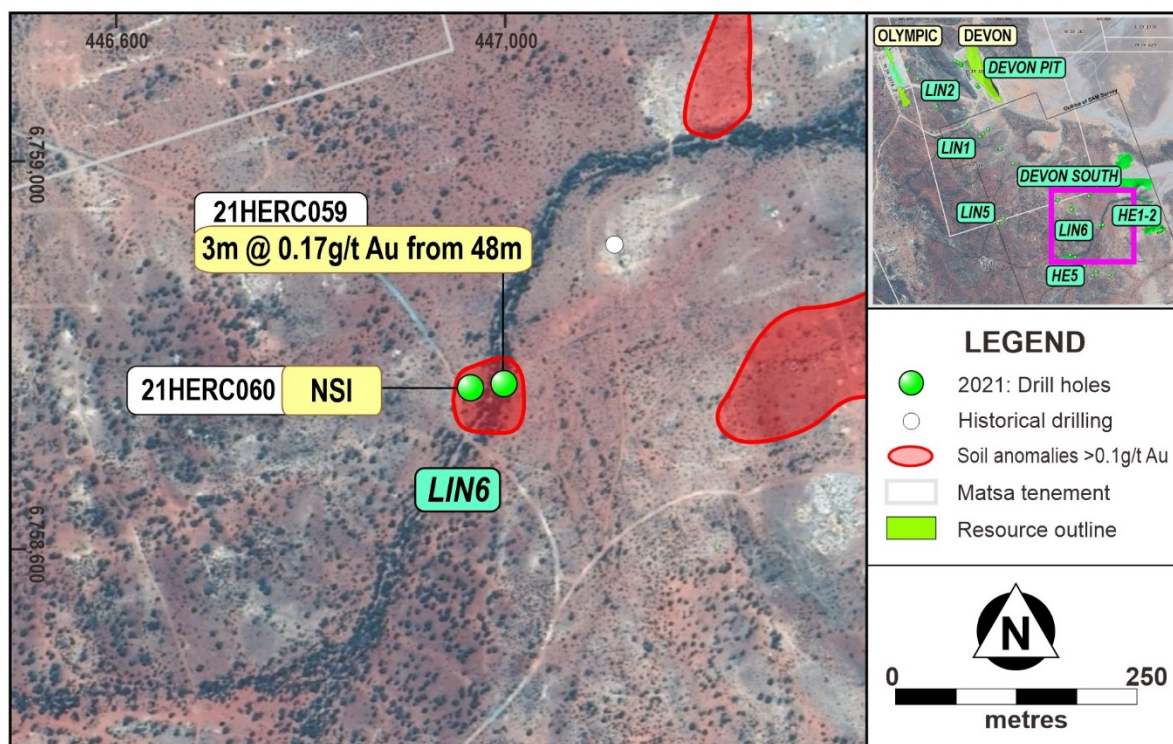


Figure 11: LIN6 drilling results and nearby Hill East resource outlines

Devon South drilling results

Significant intercepts are listed below:

(for a full list of assay results >0.1 g/t Au refer Appendix 2 – Part 2)

- **3m @ 0.84 g/t Au** from 81m (21DVRC063) at Devon South
- **3m @ 0.67 g/t Au** from 24m (21DVRC061) at Devon South

Devon South results and interpretation

Devon South was defined by low order gold in soil geochemistry and a series of historical costean samples returning peak assays of 3.4m @ 9.3 g/t Au. Historical drilling by Haoma returned a number of encouraging intercepts with a peak of 6m @ 4.68 g/t Au in hole HLP36¹² (refer Figure 12).

Nine drill holes were completed and all returned low tenor gold mineralisation with a best intercept of 3m @ 0.84 g/t Au (refer Figure 13). The drilling failed to define economic intercepts of significant continuity or replicate the type of grades recorded in the historical Haoma drilling. Final 1m composite assays are awaited to determine the next steps for this prospect area.

¹² ASX Announcement "High Grade Results from Resampling confirms Potential New Near Surface Gold Discovery at Linden" (Anova Metals Ltd, formerly Exterra Resources Ltd EXC 20th October 2015)



Figure 12: Historical drilling and costeans at Devon South in the SE corner of M39/500 tenement

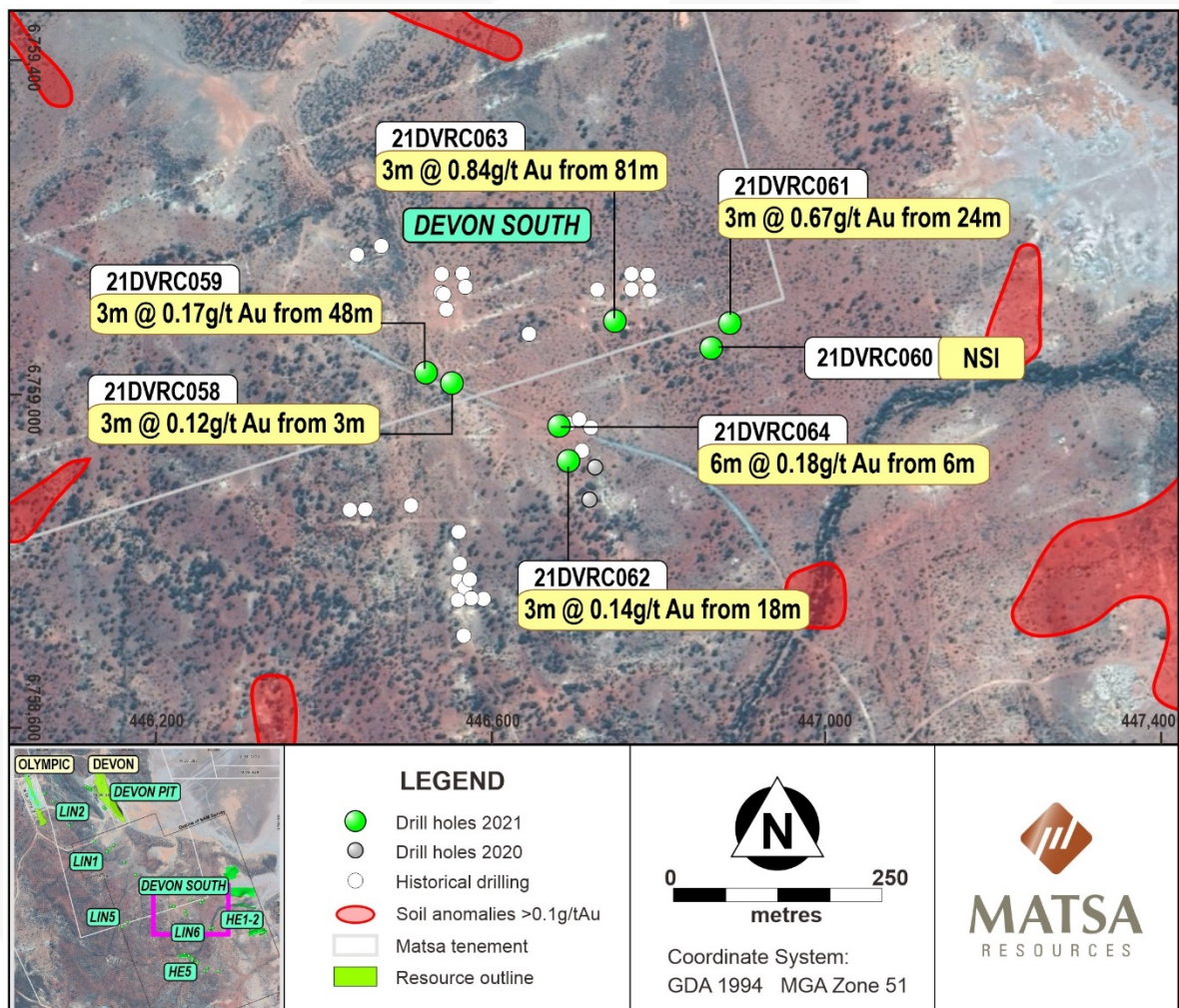


Figure 13: Devon South drilling

Devon Pit drilling results

Significant intercepts are listed below:

(for a full list of assay results >0.1 g/t Au refer Appendix 2 – Part 2)

- **6m @ 2.33 g/t Au** from 69m (21DVRC054) at Devon Pit
- **3m @ 7.2 g/t Au** from 63m (21DVRC053) at Devon Pit

Devon Pit results and interpretation

In April 2021, Matsa announced a Resource of 65,000oz¹³ for the Devon Pit and a scoping study showed A\$40M positive cash flow could be achieved¹⁴.

A small program of 6 drill holes (5 holes completed) was designed to test for extensions to the narrow but high grade Hangingwall Lode of the Devon Pit Resource (refer Figure 14). Drilling returned mixed results at both the northern and southern extremities of the lode system. Historical mapping by past workers mapped a number of small SW - NE brittle fault structures across the region and it is thought these types of structures may have impacted the north and southern extent of the Devon Pit Resource resulting in only minor mineralisation being detected in the drilling.

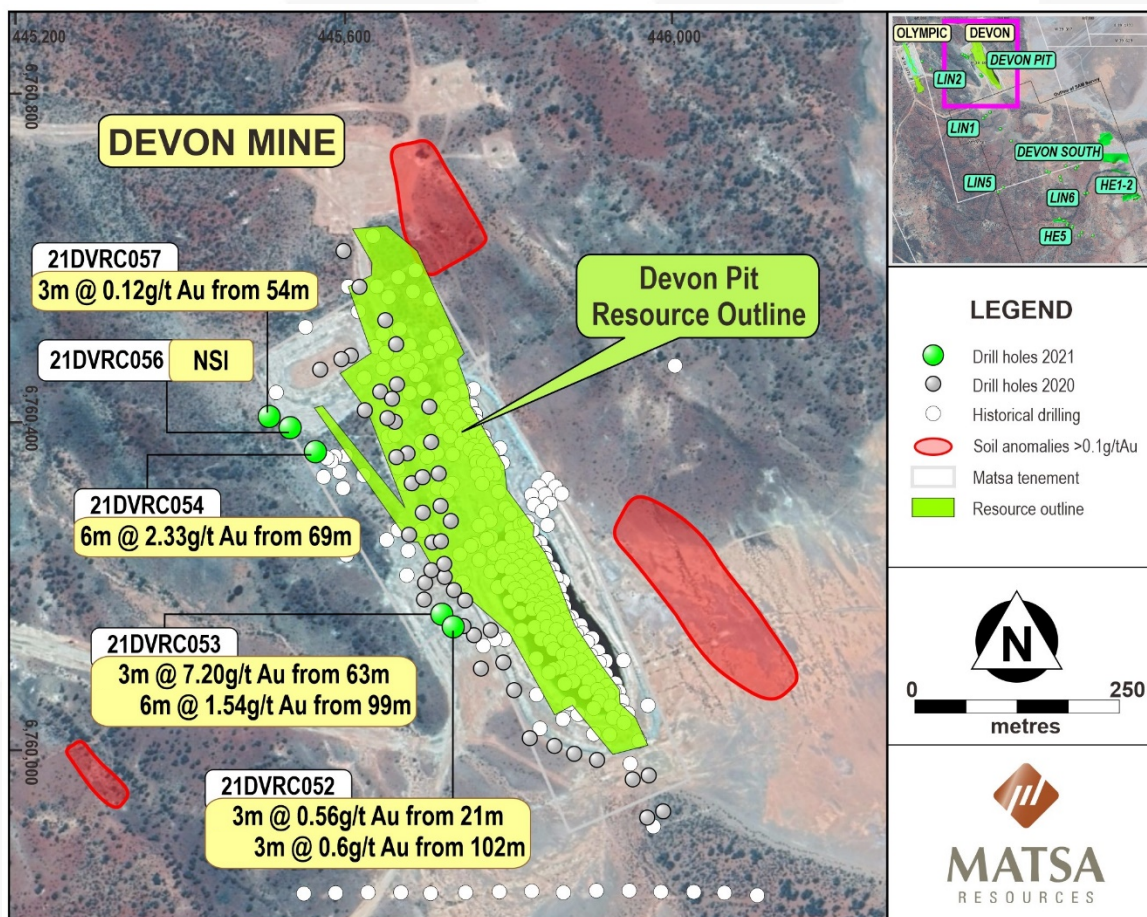


Figure 14: Devon Pit drilling and Devon Pit and Olympic current resource outlines

¹³ ASX Announcement 8th April 2021 - Initial High Grade Resource at Devon Lake Carey Gold Project

¹⁴ ASX Announcement 14th April 2021 - Devon Pit Scoping Study Delivers Excellent Results

Whilst final 1m composite sample assays are pending, it is expected that the strong intercepts of 6m @ 2.33 g/t Au (21DVRC054) and 3m @ 7.2 g/t Au (21DVRC053) will make a positive impact to an update of the Devon Pit Resource.

Significance of the new RC drilling results

Exploration at Devon has identified widespread surface gold anomalism in both soil sampling and an abundance of historical workings. This anomalism covers a broad area in excess of 5km strike by 4km across strike. Matsa has previously reported a number of gold in soil anomalies and SAM geophysical responses that form the basis of drill targeting.

The drilling results demonstrate that the anomalous surface gold extends below surface to depths of at least 120m, which is the maximum depth of recent drilling. Whilst results returned a limited number of drill intercepts of significant “economic” type grades, it is equally encouraging that a large number of thick lower grade “smoke” intercepts were recorded across the entire program. It is postulated that such a widespread distribution of both surface and below surface gold anomalism, could be associated with more substantial mineralisation at depth that is yet to be explored.

Drilling results at HE1 - HE2 are considered highly encouraging suggesting significant exploration potential at depth remains with the deepest hole in this Resource area, returning the highest grade for HE1 - HE2 being **3m @ 16.8g/t from 123m** in hole 21HERC042. Importantly, drilling results at HE1 - HE2 are expected to result in an update of the resource models for these 2 prospects.

Results at HE5 hint at potential extensions to mineralisation and potential resource implications and new mineralisation at LIN5, demonstrates the potential of the Devon Hub to offer new opportunities.

Whilst drilling at LIN1 did not return economic intercepts, the widespread thick low grade anomalous gold at relatively shallow depths supported by surface gold anomalism demonstrates gold presence is not restricted to the surface. Further drilling at depth at LIN1 may return more encouraging results in the future.

The widespread surface and near surface anomalism, coupled with unresolved SAM geophysical responses suggests that LIN1 remains a valid target.

Open Pit Scoping Study – Devon

During the quarter, Matsa reported highly positive results from a Scoping Study for the Devon Pit.

The study showed that a mining operation at the Devon Pit will produce attractive project economics with a potential cash surplus of **A\$40.75M** over an estimated mining period of **12 months**. A sensitivity review indicates that the project is robust with potential for improvement to the financial model as new optimisations come to hand and exploration progresses to potentially add additional ounces to the resource.

While the scoping study of the Devon Pit was based on processing at Matsa’s proposed treatment facility, metallurgical test work indicates that Devon Pit ore is amenable for treatment at any of the nearby standard CIP/CIL processing facilities, having been previously mined by GME Resources in 2015 – 2016 and treated at Carosue Dam. Future mining is expected to deliver very good-to-excellent gold recoveries with no deleterious elements.

The mining operation demonstrates a strong return in 12 months:

- Operating cash surplus of **A\$40.75M**
- Mined grade of **4.64g/t Au**
- Operating cash cost per ounce **A\$1,144/oz Au**
- Assumed gold sale price of **A\$2,250/oz Au**
- Production of 265kt @ 4.64g/t (~**37,000 oz Au**) using optimized pit shell at \$2,000/oz
- Total movement of **6.8Mt**
- Waste to ore ratio **24.7:1**

Devon next steps

- Commencement of a feasibility study and related mining study requirements
- Conduct environment, heritage and other studies to advance the project through statutory approvals process
- The deposit remains open in multiple directions. An extensive infill and extensional drilling program will continue through 2021 to both upgrade and expand the MRE
- Complete potential underground mining evaluation to complement an initial open pit cutback

The study is classified as a scoping study with a confidence level of +/-40%. Further details of the scoping study can be found in the ASX announcement dated 14 April 2021.

Soil Sampling Program

During the quarter, Matsa announced results from recently completed soil sampling program at Devon, within the Company's Lake Carey Gold Project. This soil sampling program (Figure 15) was extended south of Matsa's recent sampling at Devon to include Hill East and the area covered by the recent sub-audio magnetic (**SAM**) survey.

A total of 485 samples were collected at 100m intervals along EW lines spaced 100m apart to produce a staggered or diamond shaped pattern to minimise potential directional bias imposed by line orientation. Samples were collected at a depth of 5-30cm and are expected to more accurately define gold anomalies in soil than historical auger samples which sampled a variety of positions within the soil/weathered rock profile.

Whilst the results are yet to be fully evaluated, it is clear that there is significant gold anomalism in soils at Devon with 3 samples returning above 1g/t Au, including one sample close to Matsa's HE1 resource which returned in excess of 10g/t Au (Figure 15).

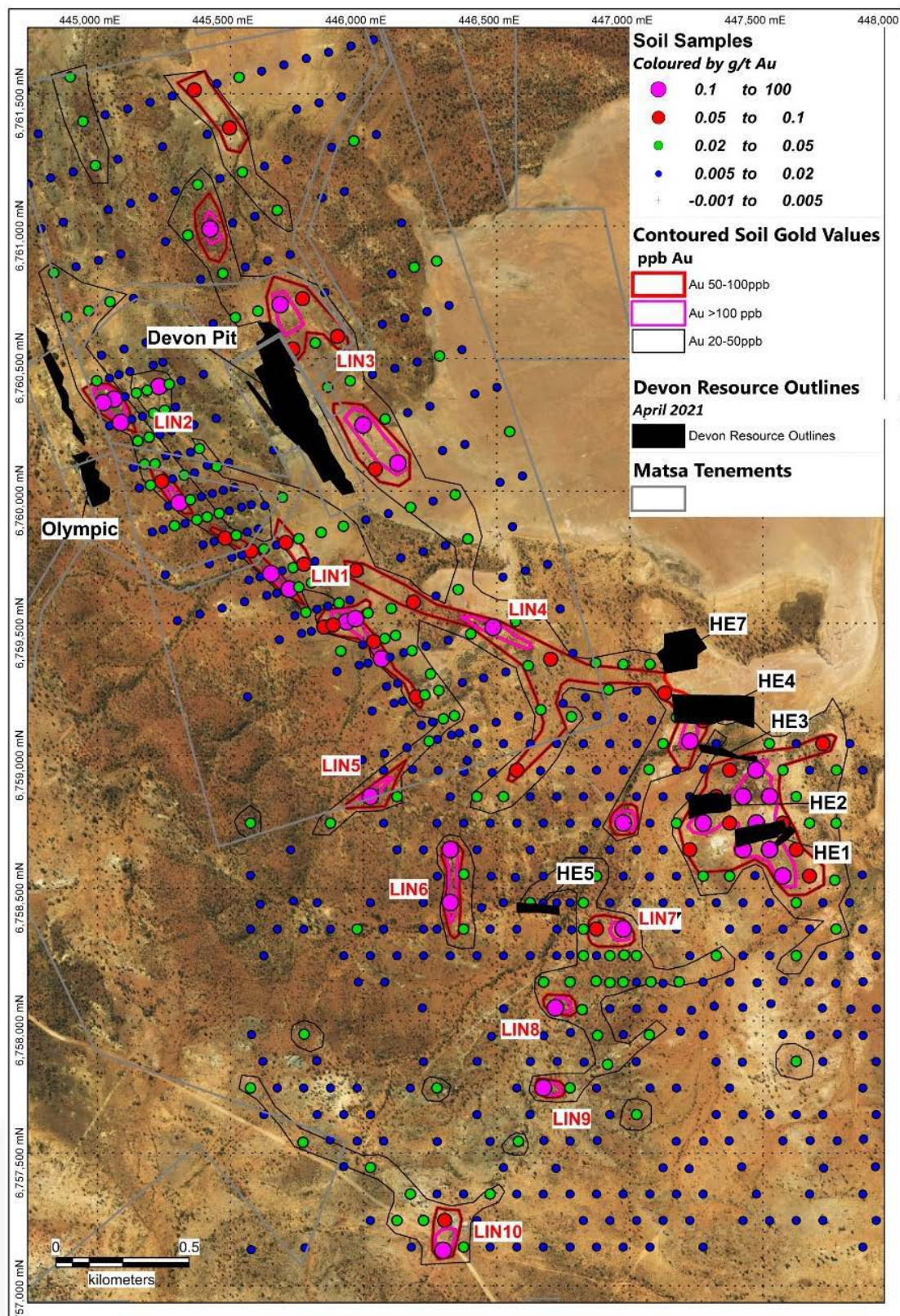


Figure 15: Devon soil sampling summary on satellite image. Matsa's April 2021 Devon Resource outlines in black

Fortitude Hub

During the June quarter, the Company completed Mineral Resource estimates for the Gallant and Bindah gold deposits.

Gallant Mineral Resource Estimate

Gallant occurs within the Bindah Shear, 3km west of Fortitude Gold Mine. It is described as a VMS style deposit and hosted by a sulphidic interflow sediment along a sheared mafic-intermediate volcanic contact.

The stratigraphic top of the sequence is marked by a magnetite rich exhalite which has been typically logged as a BIF or chert.

The VMS mineralisation occurs in stringer and stockwork styles with up to 3% Cu+Ag+Zn. Pyrite and pyrrhotite are the dominant sulphide minerals. Whilst Matsa is yet to conduct drilling on this prospect, which will require use of a specialised lake rig, select highlights of past drilling results previously reported¹⁵ and listed below, illustrate the development potential of this deposit:

| | |
|---------|--------------------------------------|
| BNDC090 | 5m @ 5.57 g/t Au from 18m |
| BSAC090 | 3m @ 3.8 g/t Au from 1m |
| BSAC356 | 2m @ 3.11 g/t Au from 13m |
| | and 9m @ 4.91 g/t Au from 34m |
| BSAC357 | 7m @ 2.24 g/t Au from 48m |

The drill hole database consists of 195 holes of which 55 are RC, 124 are AC and 7 are diamond. The bulk of the drilling was completed by Aurora and WMC with only 1 RC drill hole being completed by each of Midas (now Hammer Metals, ASX:HMX) and Matsa.

Modelling was completed in Leapfrog™ (geological wireframing) and Surpac™ (grade interpolation) 3D software. Ore lodes and grades are well constrained with sharp boundaries between ore and waste noted in the modelling. Lode wireframes were developed on a 3-dimensional basis with “anomalous” mineralisation included in lode interpretations rather than using a static minimum grade approach. This allows for the natural grade variability of the ore to be captured in a mineralised model as well as accounting for thinning of ore not picked up during drilling due to the nature of RC sampling.

Seven mineralised domains (Figure 16) were developed based on an interpreted NE steeply plunging ore shoot geometry over a strike length of approximately 300m. Past interpretations have assumed a sectional interpretation with the mineralised domains striking NW and dipping moderately towards the NE. Latest interpretations suggest north plunging ore shoots on a folded sequence of intercalated sediment/volcanics +/- BIF (SIF/Chert).

¹⁵ ASX Announcements 18 August 2020 – Significant Gold Potential at Lake Carey Gold Project

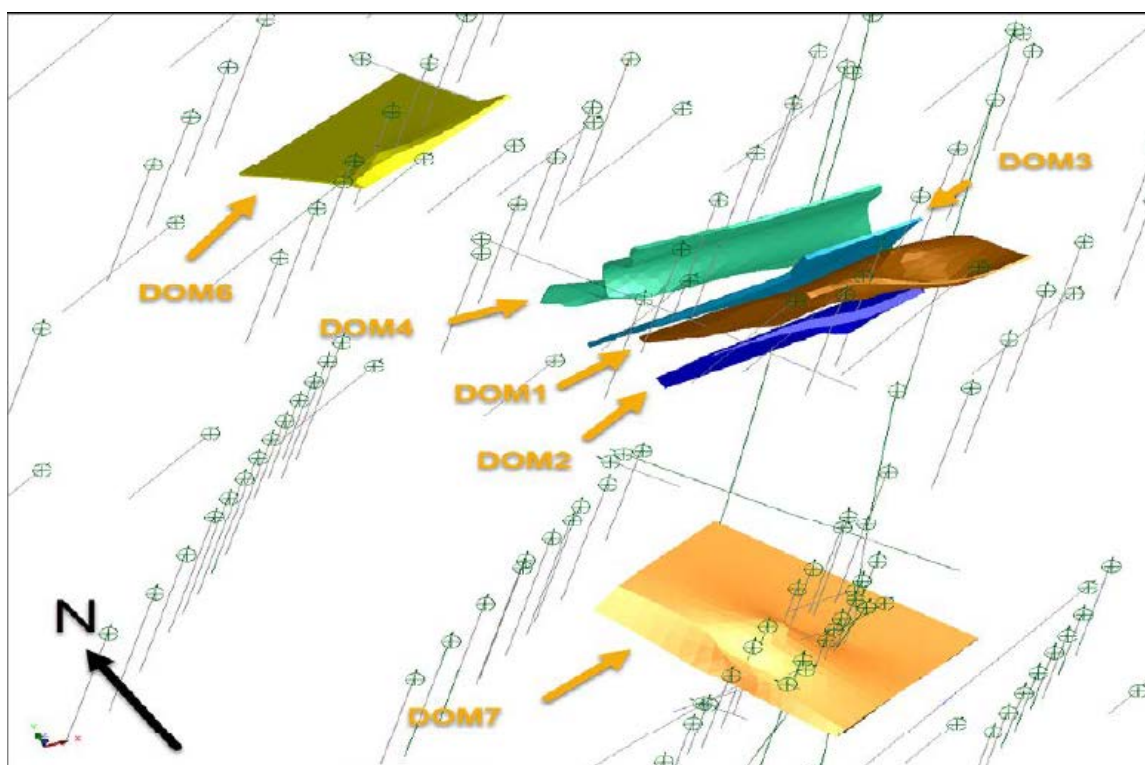


Figure 16: Gallant mineralised domains (1-4, 6 & 7), oblique view

The 2021 Mineral Resource Estimate for Gallant is tabulated (Table 3) below:

| Gallant 2021 Mineral Resource Estimate (1g/t Au cut-off) | | | | | | | |
|--|-------------|----------------|-------------|----------------|------------------------|----------------|------------|
| Type | Indicated | | Inferred | | Total Mineral Resource | | |
| | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Gold (koz) |
| Oxide | - | - | 51 | 2.3 | 51 | 2.3 | 4 |
| Transitional | - | - | 129 | 2.5 | 129 | 2.5 | 10 |
| Fresh | - | - | 161 | 1.8 | 161 | 1.8 | 9 |
| Total | - | - | 341 | 2.1 | 341 | 2.1 | 23 |

Table 3: Gallant Mineral Resource Estimate

Mineral Resource Statement notes for Gallant:

- Figures have been rounded in compliance with the JORC Code (2012).
- Rounding errors may cause a column to not add up precisely. Resources exclude recoveries.
- Mineral Resource is depleted for past mining
- There are no Measured or Indicated Mineral Resources
- No Ore Reserves have been estimated
- Cut-off grades used in this report are not mining cut-off grades.
- No metallurgical or other modifying factors were used in this Mineral Resource estimate

The Gallant deposit sits under lake sediments of Lake Carey, with a dominant proportion of past drilling being largely vertical aircore drilling. This type of drilling has limitations in developing and understanding the key geometric and structural relationships important to assist modelling and drill targeting.

Bindah Mineral Resource Estimate

Past production from Bindah is recorded¹⁶ as 26,897t @ 12.9g/t Au for 11,225oz up to 1922. Records suggest mining below the water table was a challenge that could not be overcome at the time. The mine was again worked for a short time in the mid 1930's. The mine was later developed as an open pit by WMC in the mid 1980's with production of 44,478t @ 3.13g/t Au for 4,490oz from oxide ores.

Subsequent to WMC activities the mine was held by Aurora and Midas where limited exploration drilling was completed. Matsa acquired the project in 2016 when it acquired the Fortitude project from Fortitude Gold Pty Ltd.

The Bindah Gold Mine is on the southern lake bed of the Lake Carey salt-pan approximately 100 kilometres south of Laverton passing the Sunrise Dam Gold Mine and sits less than 2km south of Matsa's Fortitude Stage 2 planned mining operation.

Select highlights of Midas's drilling results¹⁷ listed below illustrate the high grade potential of the prospect:

| | |
|---------|---|
| BNDH001 | 1m @ 5.41 g/t Au from 117.5m |
| BNRC007 | 8m @ 10.56g/t Au from 116m |
| BNRC008 | 6m @ 3.01g/t Au from 183m |
| BNRC009 | 7m @ 1.83g/t Au from 156m, incl. 3m @ 3.30g/t Au from 160m |
| BNRC011 | 5m @ 3.36g/t Au from 147m |
| BNRC012 | 2m @ 4.39g/t Au from 160m |

A single lode has been interpreted for Bindah and mineralisation is fairly consistent along strike in respect of the continuity of mineralisation. There appears to be a thickened supergene cap and then the ore structure thins and steepens, plunging to the NE. This interpretation is supported by WMC in pit mapping with a single lode structure mapped at the base of the pit (refer Figure 17).

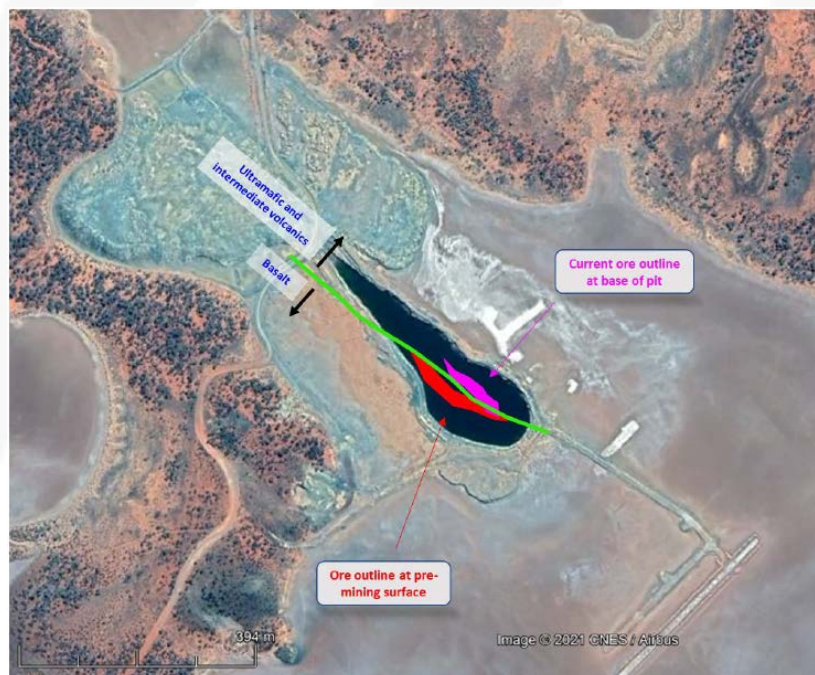


Figure 17: Bindah pit, ore outlines and contact between ultramafic and basalt (after WMC 1987)

¹⁶ Midas ASX Announcement 25 September 2006

¹⁷ Midas ASX Announcement 31 Jan 2007, 30 March 2007 & 5 November 2007

The lode dips steeply to the NE and from the RC drilling, the mineralisation was up to 15 metres wide in places. WMC records indicate that the open pit mining was terminated at the base of the oxidised zone at a depth of 48m when fresh sulphide ore was intersected.

WMC reported that the mineralisation at Bindah is hosted by sub-parallel, ferruginous quartz – infilled shear zones, within a tholeiitic basalt, adjacent to an ultramafic contact.

The geology of the Bindah deposit was reviewed by SRK Consulting in 2000 who concluded the mineralisation consisted of quartz + pyrite + chalcopyrite hosted by a chert unit in a sediment – ultramafic schist, forming the Bindah Shear.

Mineralisation at Bindah appears well constrained and has been pinned by drilling at depth, approximately 300m below surface. Shallow drilling along strike is likely to be inadequate to have thoroughly tested for the presence of potential high grade shoots.

The 2021 Mineral Resource Estimate for Bindah is tabulated (Table 4) below:

| Bindah 2021 Mineral Resource Estimate (1g/t Au cut-off) | | | | | | | |
|---|-------------|----------------|-------------|----------------|------------------------|----------------|------------|
| Type | Indicated | | Inferred | | Total Mineral Resource | | |
| | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Tonnes (kt) | Grade (g/t Au) | Gold (koz) |
| Oxide | 6 | 1.1 | - | - | 6 | 1.1 | 0 |
| Transitional | 1 | 1.1 | - | - | 1 | 1.1 | 0 |
| Fresh | 35 | 3.9 | 483 | 2.3 | 519 | 2.4 | 40 |
| Total | 43 | 3.3 | 483 | 2.3 | 526 | 2.4 | 40 |

Table 4: Bindah Mineral Resource Estimate

Mineral Resource Estimate notes for Bindah:

- Figures have been rounded in compliance with the JORC Code (2012).
- Rounding errors may cause a column to not add up precisely. Resources exclude recoveries.
- Mineral Resource is depleted for past mining
- There are no Measured Mineral Resources
- Indicated Resources cover a depth of 15m immediately below the mapped pit floor
- No Ore Reserves have been estimated
- Cut-off grades used in this report are not mining cut-off grades
- No metallurgical or other modifying factors were used in this Mineral Resource estimate

There is high potential to both extend and upgrade the resource through exploration and resource infill and the Bindah resource remains open along strike and at depth.

Red October Hub

During the quarter, a follow up seismic survey was completed at Red October following interpretation of seismic data from 2020, which identified two new potentially mineralised structures.

These structures contain limited historical drilling in which the drilling returned anomalous gold values in strong mineral alteration assemblages typically seen throughout the Red October mine.

The new survey was offset to the 2020 survey as shown in Figure 18 below. Data processing is ongoing and it is hoped that final results will provide additional information for exploration drilling.

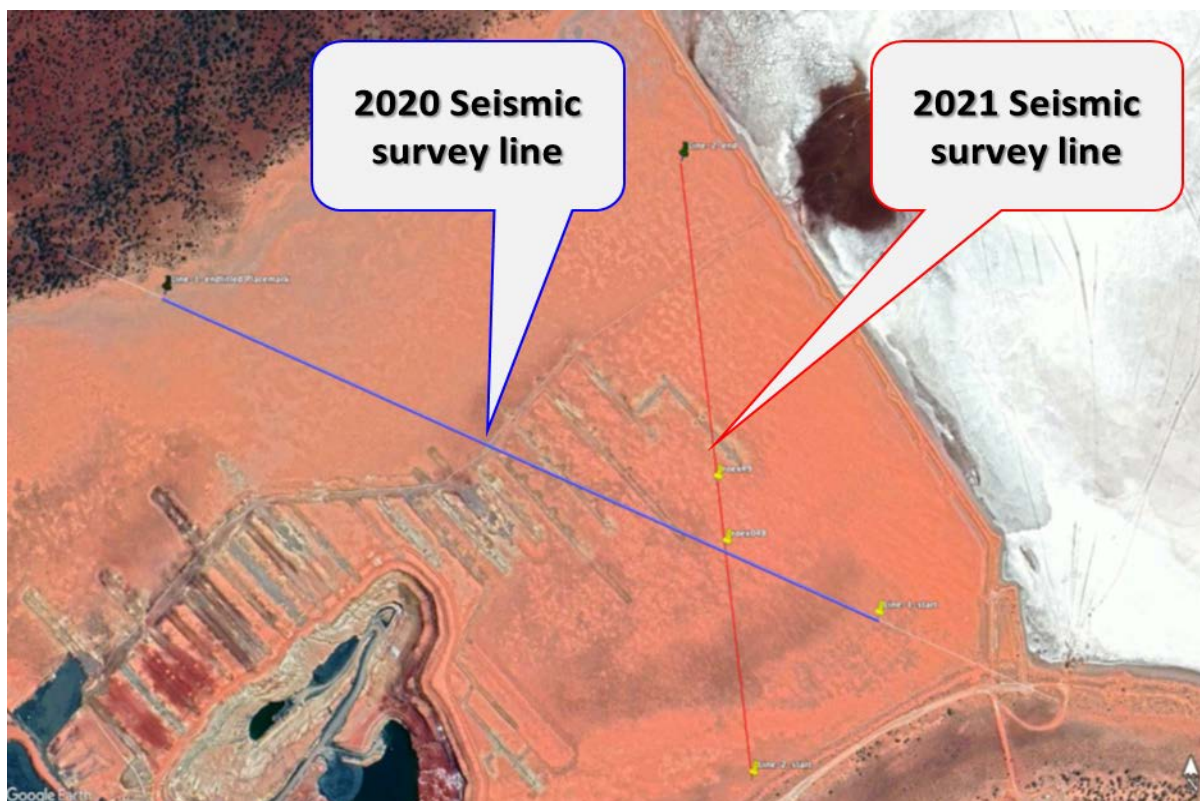


Figure 18: Red October 2D 2020 and 2021 seismic survey lines, Red October mine in left bottom corner

Interpretation of seismic work completed in 2020 identified two potential structural targets at Red October, one to the west of current known lodes and one to the east (refer Figure 19).

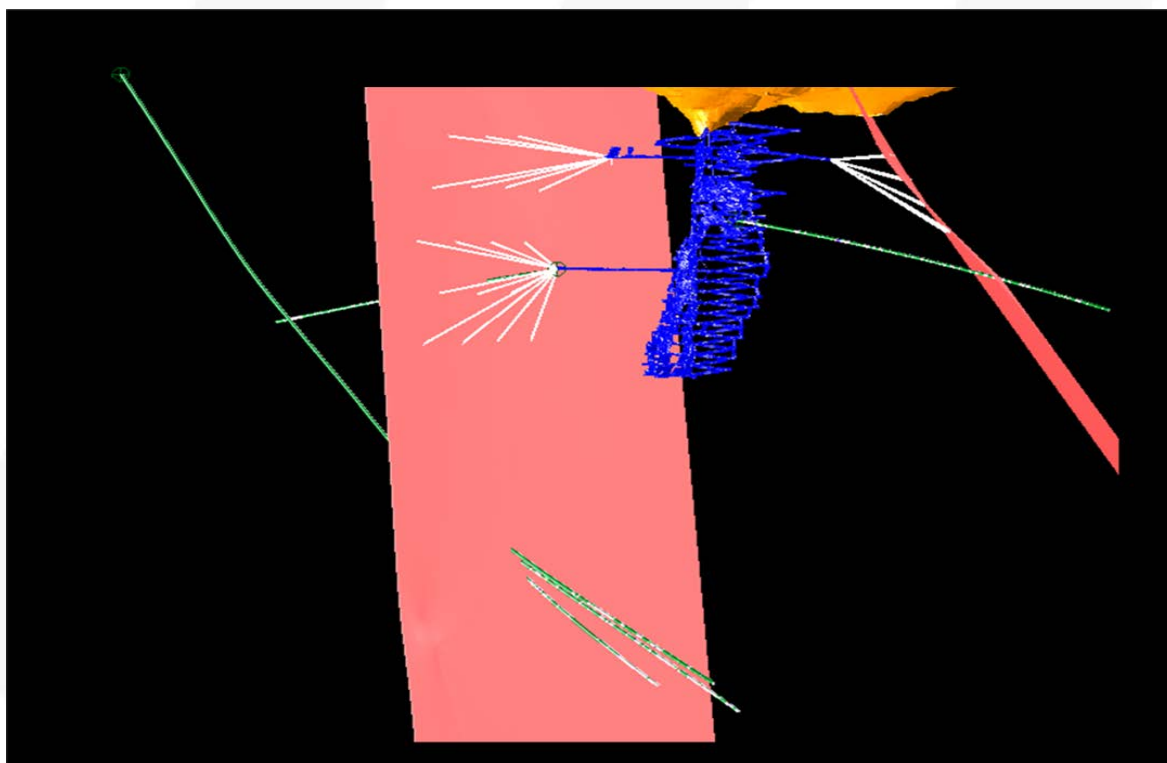


Figure 19: Exploration targets (peach coloured shapes) generated from seismic interpretation, proposed exploration drilling in white and existing drilling in green, current development in blue)

These targets are the subject of planned exploration drilling scheduled late 2021, although interpretation of seismic responses in the new dataset may influence final exploration drilling designs.

Fraser Range

Two new tenements have been added to Matsa's Fraser range portfolio being E39/2162 and E39/2159, located in the NE extent of the Fraser Range belt and approximately 80km south of the Tropicana Mine (refer Figure 20).

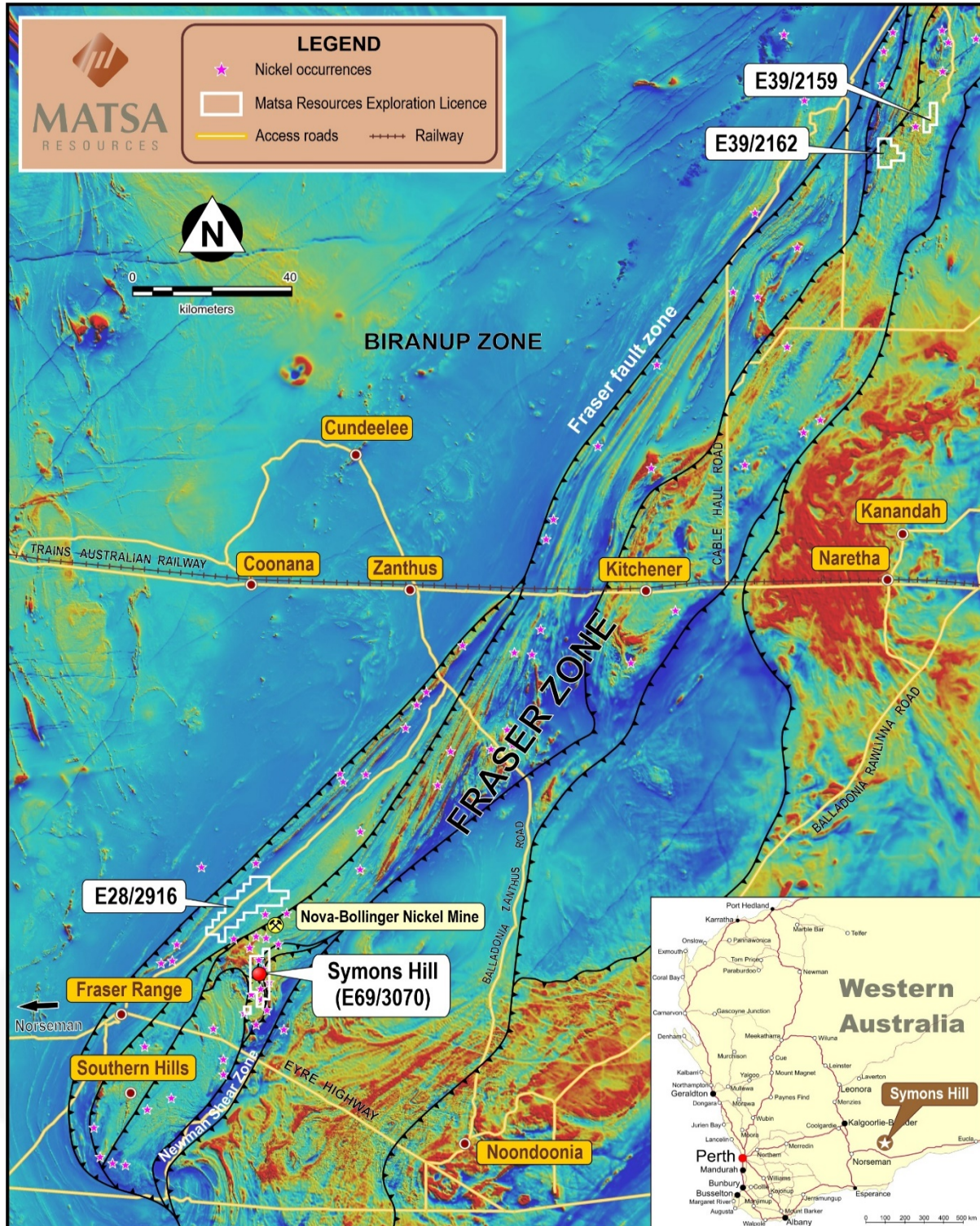


Figure 20: Fraser Range magnetics, distribution of nickel occurrences and Matsa tenements

Symons Hill

The Symons Hill project is located approximately 6km south of IGO's NOVA NI-CU-CO Operation and is being explored by IGO under a \$7M earn in agreement. Exploration completed by IGO during the June 2021 quarter is summarised as follows:

Summary

Diamond drilling was completed for 21AFDD105 at the Haul Road prospect (Figure 21), for a total of 843.8m. 343 samples were submitted to ALS and assays are pending. A DHEM survey was completed on 21AFDD105, with no conductors detected. Further data review will be completed in Q1/2022 to determine whether follow-up work in the area is needed.

A ground clearance heritage survey was undertaken over the 21AFDD105 drill area. No significant ethnographic or archaeological sites were found.

Work Completed during the quarter

Between April 1 and June 30 2021, the following exploration activities were completed by IGO as part of the IGO – Matsa Agreement for tenement E69/3070:

- A heritage survey was conducted over the drill area with ethnographical and archaeological clearance granted by the Ngadju people.
- One diamond hole (21AFDD105) was completed to a depth of 843.8m. The diamond core was processed and logged, with significant zones sampled as half core and sent to ALS Wangara for analysis, with results expected in FY2022 Q1.
- Down Hole Electro Magnetic (DHEM) survey was conducted on the hole upon completion of drilling.

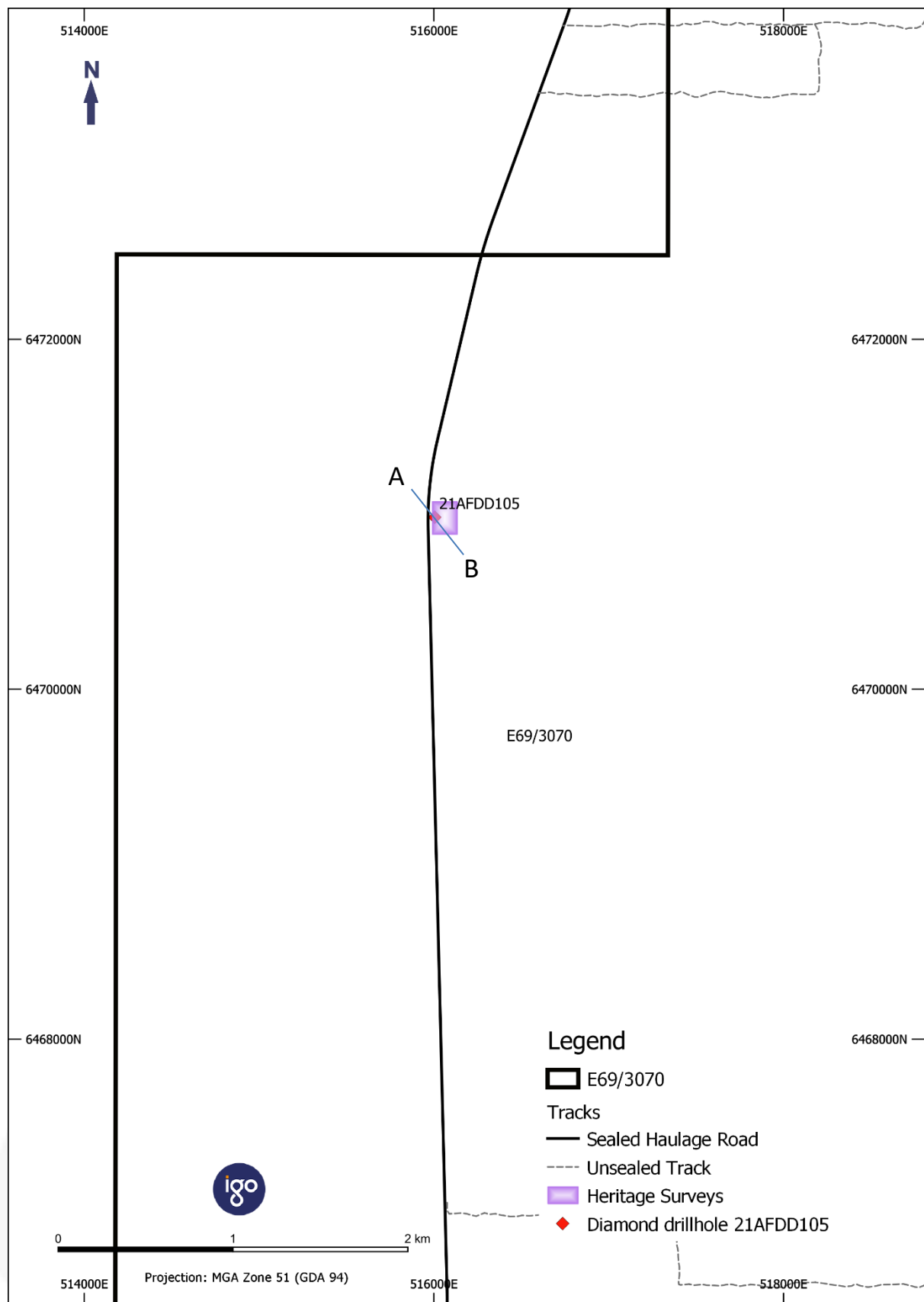


Figure 21: Location of work carried out for Q4, 2021

Results

Geophysics

No ground geophysics were conducted. Downhole EM was undertaken on 21AFDD105 and is discussed later.

Drilling

Aircore Drilling

There were no aircore holes drilled during the quarter.

Diamond Drilling

21AFDD105 is targeting a conceptual magnetic inversion target of potential linking structures between intrusions. This target is below the depth of investigation for LT-SQUID MLEM. The hole is also planned to follow up on previous aircore BOH anomalous geochemical results of 1m at 0.10% Ni and 0.11% Cu, and 1m at 0.09% Ni and 0.10% Cu in olivine-bearing differentiated mafic and ultramafic intrusion.

Table IGO1. Drill hole details

| Hole ID | 21AFDD105 |
|-----------------|------------|
| EOH | 843.8 |
| Target depth(s) | 800m |
| Easting (GDA94) | 516010 |
| Northing | 6470990 |
| RL | 290 |
| Start Date | 02/06/2021 |
| End Date | 11/06/2021 |

Geology Summary

The drill hole intersected the contact between gabbro-norite intrusive and meta pelitic/semi pelitic country rock (Figure 22). The intrusive was dominated by a mesocumulate gabbro-norite (pg>opx>cpx) with zones of taxitic texture (Figure 23). Small zones of mesocumulate/taxitic websterite (opx>cpx>pg) were also intersected (Figure 24). Zones of significant rafting and assimilation of country rock were observed throughout the contact zone (Figure 25).

The intrusion became a more homogeneous mesocumulate texture and norite>gabbro-norite in composition with decreasing clinopyroxene.

Repeated intersections of minor pegmatites were present throughout the hole, with hematite dusting and minor/moderate micro shearing and late fracturing. Minor to moderate serpentinisation occurred in mylonitic micro shear zones.

Sulphides were present throughout the hole, dominated by disseminated pyrrhotite (Figure 26). Three phase blebby to semi massive sulphides were present from ~215 - 625m with sporadic distribution and low visible nickel tenor Po>>Cp +/- Pn (Assays pending) (Figure 27, Figure 28).

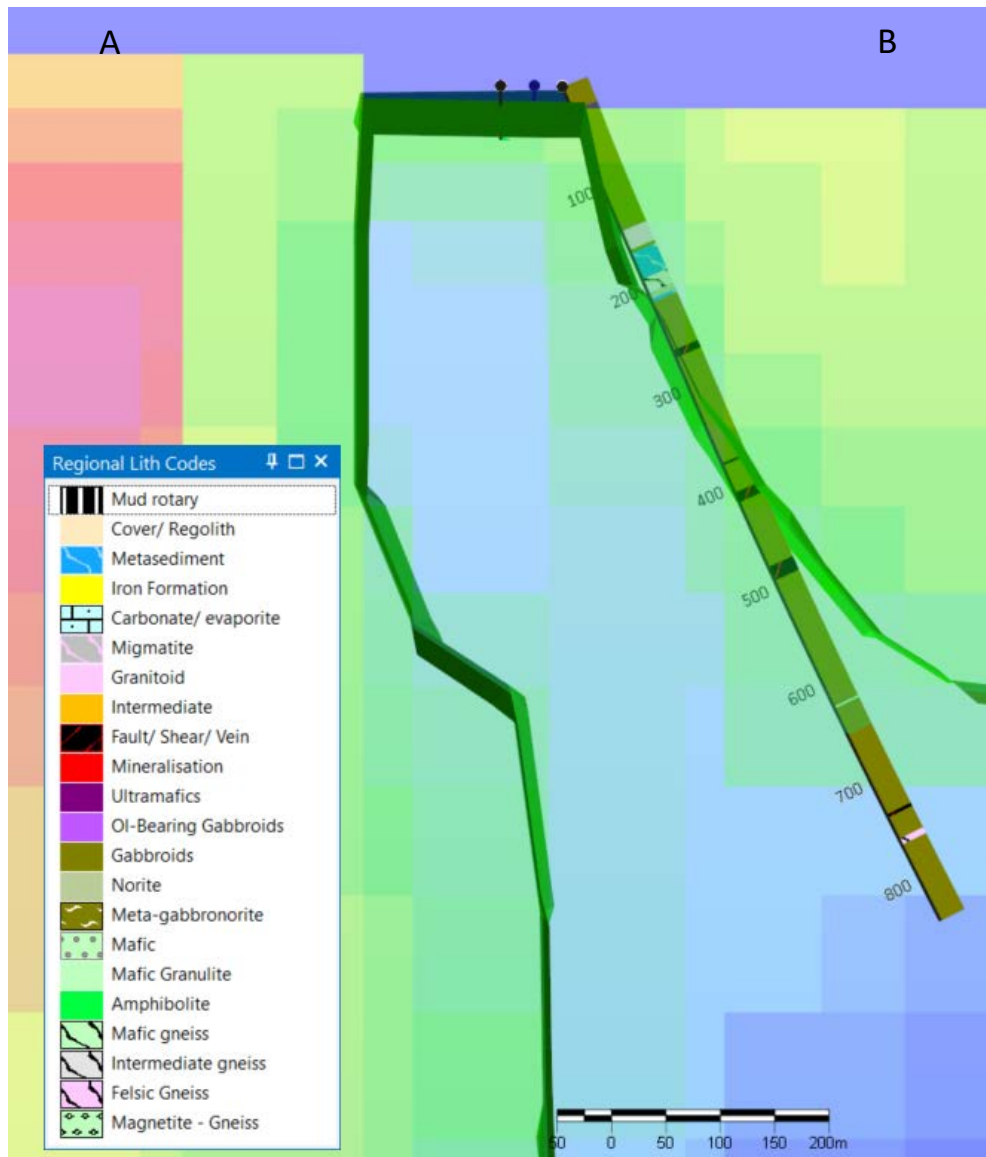


Figure 22: Cross Section looking NE of 21AFDD105 showing the interpreted position of the gabbro-norite intrusive

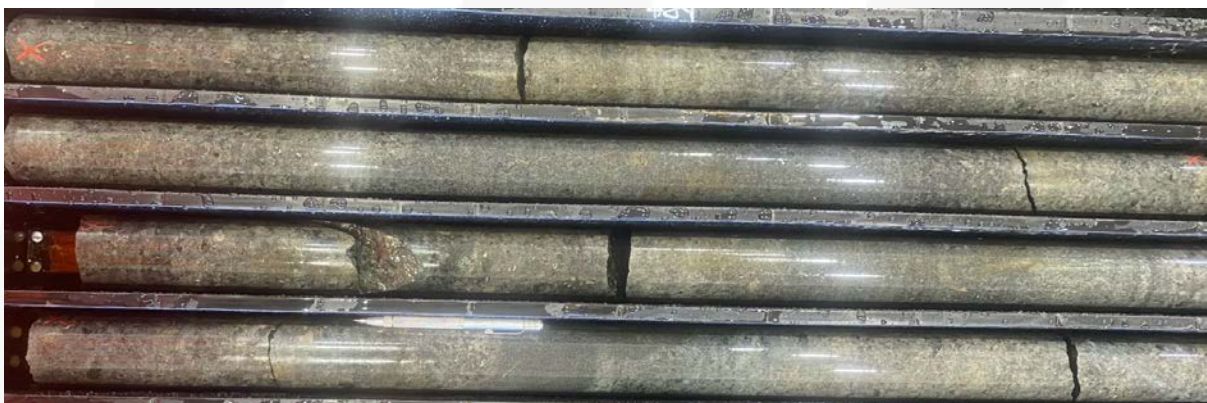


Figure 23: Taxitic gabbro-norite with disseminated sulphides, 398m



Figure 24: Mesocumulate websterite with disseminated 2 phase sulphides (Po>Cp), 503m

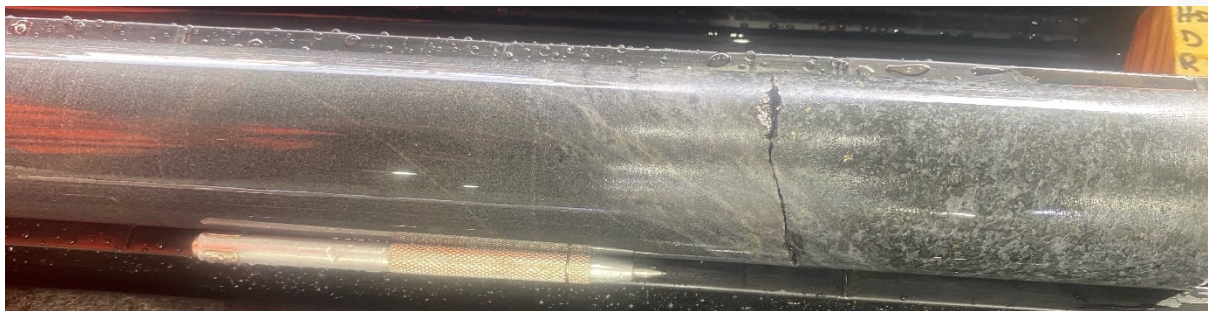


Figure 25: Contact of K feldspar ortho gneiss raft and gabbro norite 765.3m



Figure 26: Disseminated pyrrhotite in mesocumulate gabbro norite, 222.5m

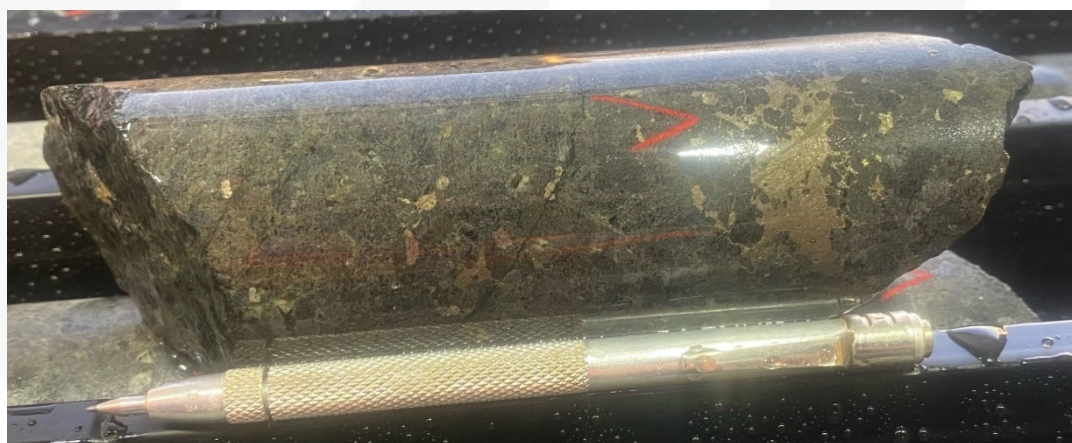


Figure 27: Blebby 3 phase sulphides in cumulate gabbro norite, 528.1m



Figure 28: Semi massive 3 phase sulphides in cumulate gabbro, 576.8m

Down Hole Electromagnetic Survey (DHEM)

A downhole survey was completed utilising a 500m by 500m transmitter loop, designed to couple with moderately to steeply dipping conductors, in particular along the eastern contact of the interpreted intrusion with the host stratigraphy. No anomalies of interest were detected.

Recommendations and Summary

Interpretation of the mafic intrusive contact against the aeromagnetic inversion model suggests this drill hole has intersected on the intrusive side of the contact but within the interaction zone, evident from the regular xenolith occurrences (Figure 23, Figure 26). This helps to confirm the magnetic low outlining the size and scale of the intrusion (Figure 23).

Interpretation of the mafic intrusive shape has indicated the potential for preferential trap sites in parasitic fold hinges along the intrusive contact. The abundance of sulphides intersected through a significant portion of the hole (215 - 625m) could indicate a lack of trap development prevented significant accumulation (Figures 27 and 28). The targeted position is aimed at a potential preferential trap site where more prolific sulphide accumulation may have occurred. It is recommended that a review is completed of these structural traps once assay results have been returned for 21AFDD105.

Geochemistry

There were no drilling results returned during the quarter.

Planned future work

Proposed work for the next quarter may include:

- Interpretation of assay results for 21AFDD105 and defining any potential for follow up drilling
- Peer Review of potential follow up targets & POW application for additional drilling if required

NORTH BORE

Gravity Survey

Matsa's North Bore project is located in the Proterozoic Capricorn Orogen between the Archaean Yilgarn and Pilbara Cratons. The principal target at North Bore is a discrete ESE trending 8km long magnetic anomaly (refer Figure 29) along a major fault and close to a number of major fault intersections. Exploration at the North Bore considers the magnetic anomaly as having potential for related iron-oxide copper gold (IOCG) mineralisation and targeting is derived from the potential presence of strong magnetite alteration which can be characteristic of IOCG mineralisation.

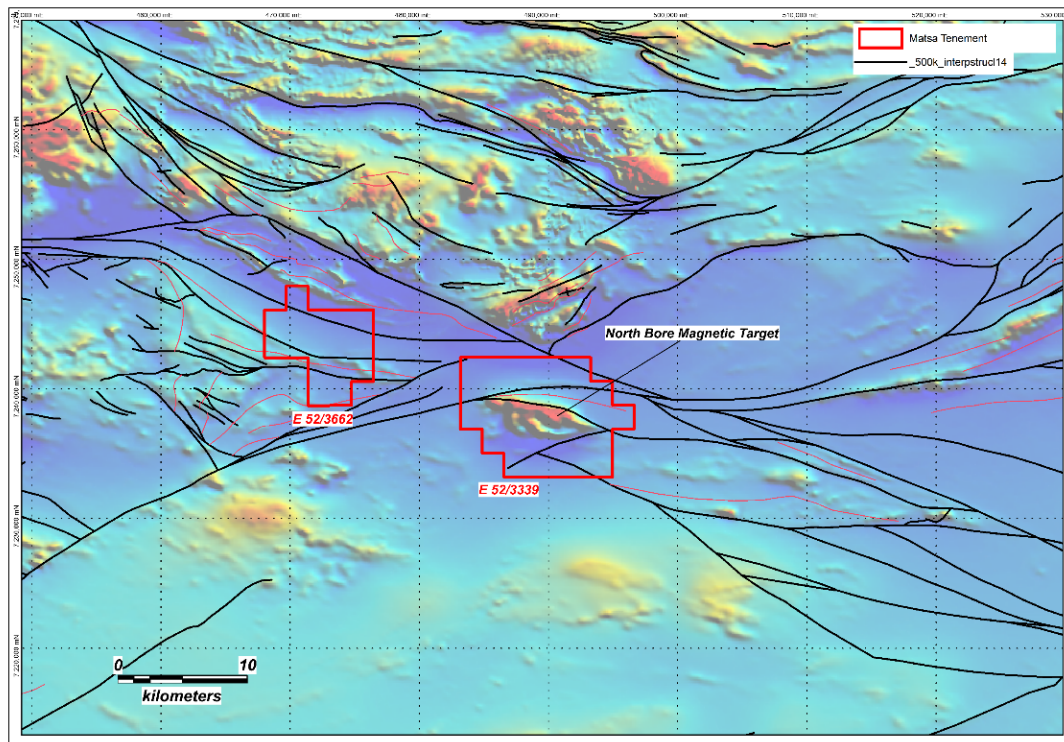


Figure 29: Location of North Bore project on aeromagnetic image and summary of major faults

The magnetic anomaly is partly co-incident with a mapped granodiorite intrusion but is largely concealed to the west by transported cover. A gravity survey comprising 350 stations at 200m intervals along lines spaced 400m apart was completed during the June quarter by Atlas geophysics (Figure 30).

Survey results in milligals are summarised in Figures 30 to 32 and survey results are described in Appendix 2. Results of the gravity survey define an anomaly which broadly coincides with the North Bore magnetic anomaly. Interestingly, peak gravity values appear to define three discrete gravity high features at the western end of the target in an area of transported cover.

Previous soil sampling by Matsa in 2018 (Figures 30 to 32) and prior historic sampling by Aurora Minerals returned weakly anomalous copper values up to 45ppm Cu has only partially covered the target.

It is planned to extend soil sampling over the entire magnetic/gravity anomaly to fine tune and define targets for RC follow up drilling.

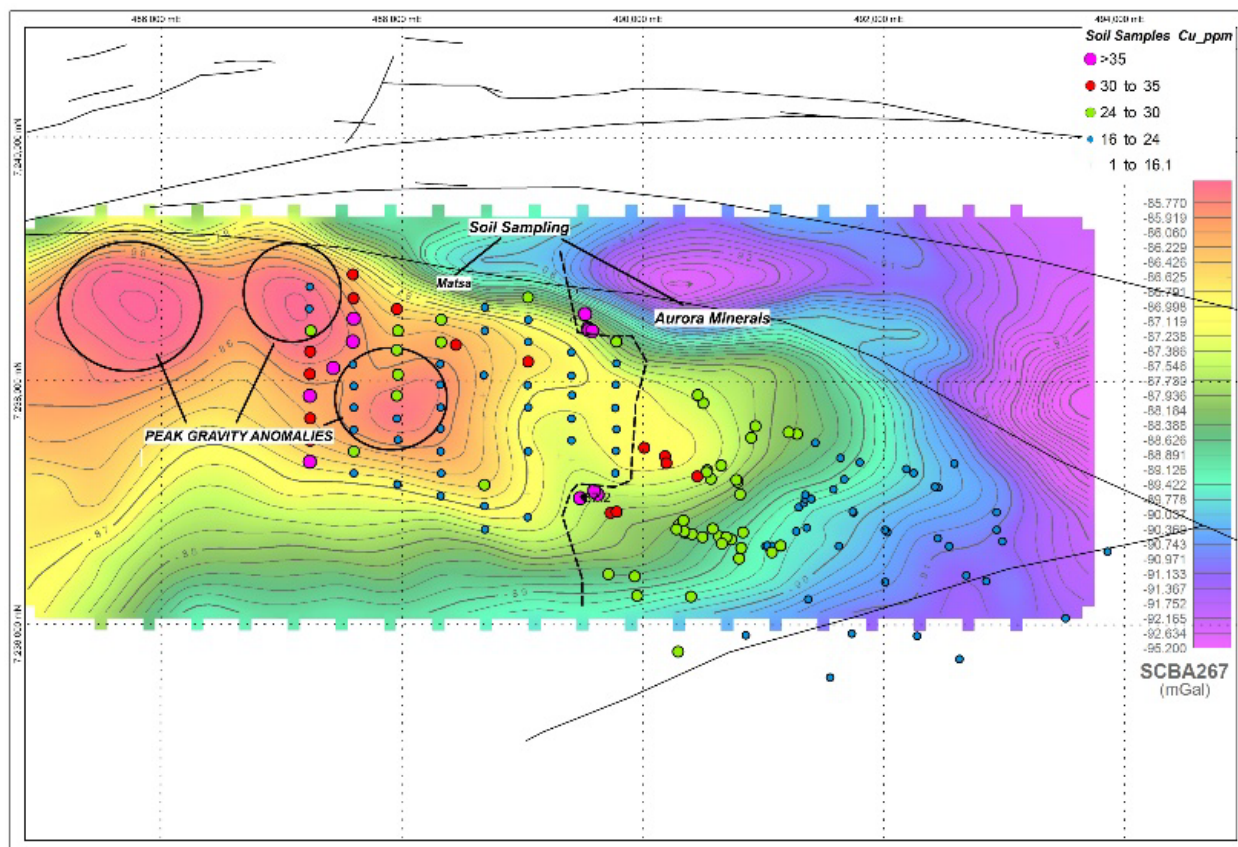


Figure 30: North Bore gravity survey results (contour in mgals) and existing soil copper values

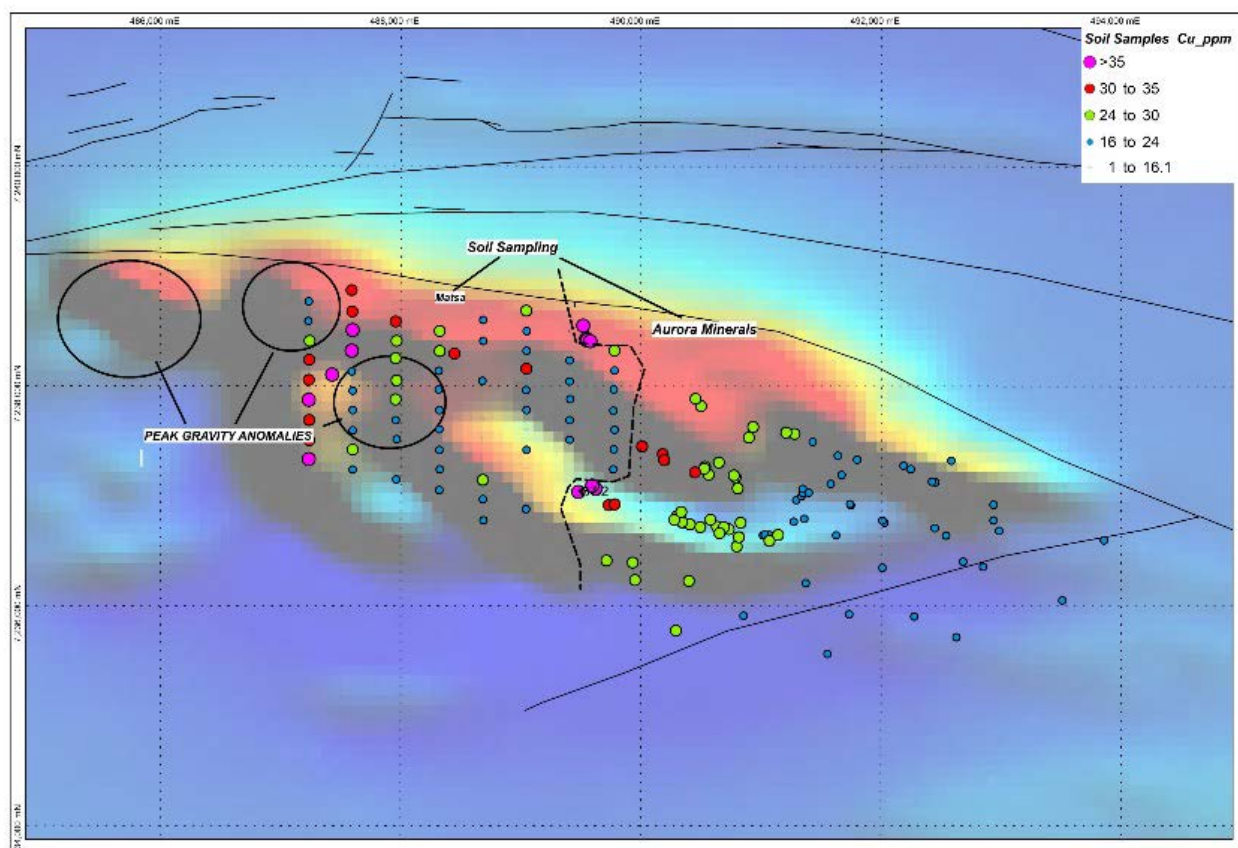


Figure 31: North Bore magnetic target, soil copper values and discrete gravity anomalies

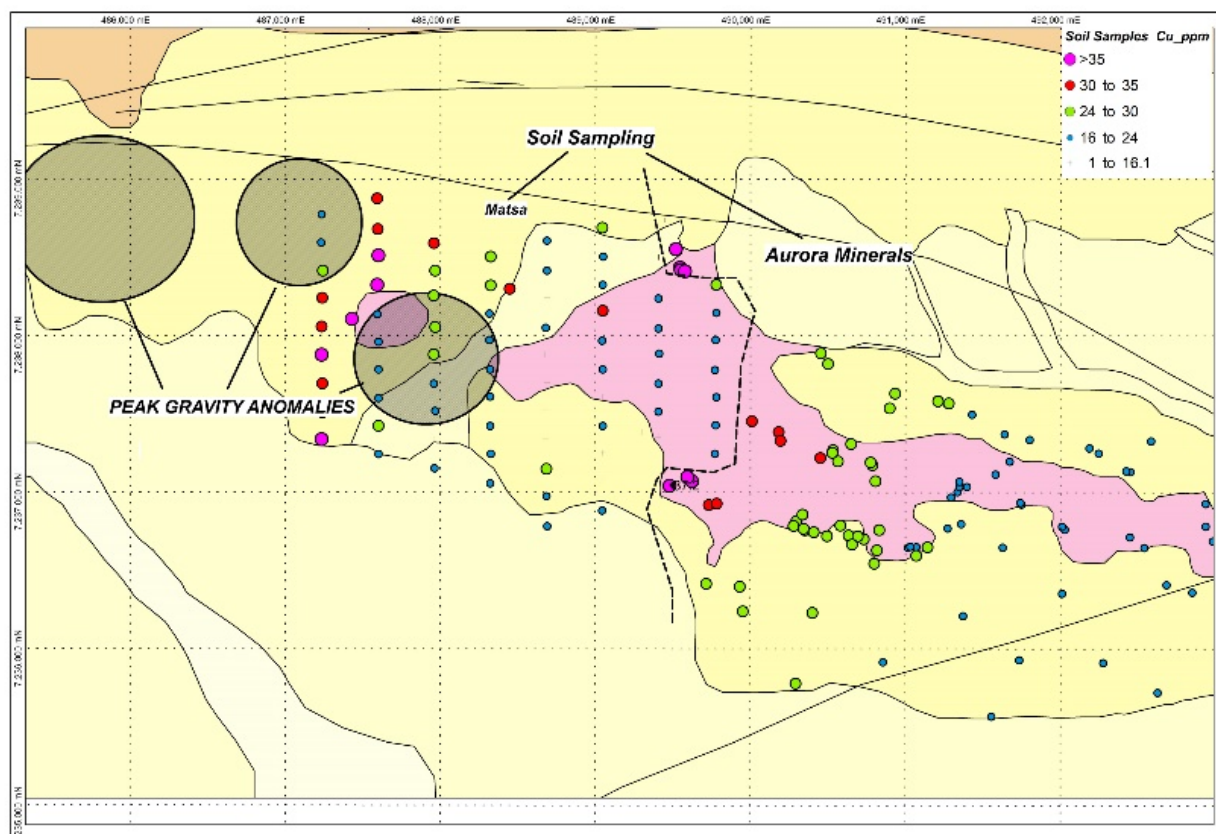


Figure 32: North Bore project surface geology and location of discrete gravity anomalies

OPERATIONS

Red October Hub

Mining continued, albeit under a winding down process during the quarter.

Underground Mining and Production

Total mine production for the quarter during wind down was **9,893 tonnes at 2.77 g/t Au** for **881** recovered ounces gold equivalent. In line with Matsa's strategy, exploration will now be the key focus and mining activities will principally support exploration.

Mining Activities – Marlin 822 Production and Development

Production on the Marlin 822 level commenced (Figure 33) where three stopes have been planned. Final stope extraction is expected late July 2021.

Matsa will no longer be reporting quarterly production figures in line with cessation of production and a focus will be on exploration at the Red October underground mine.

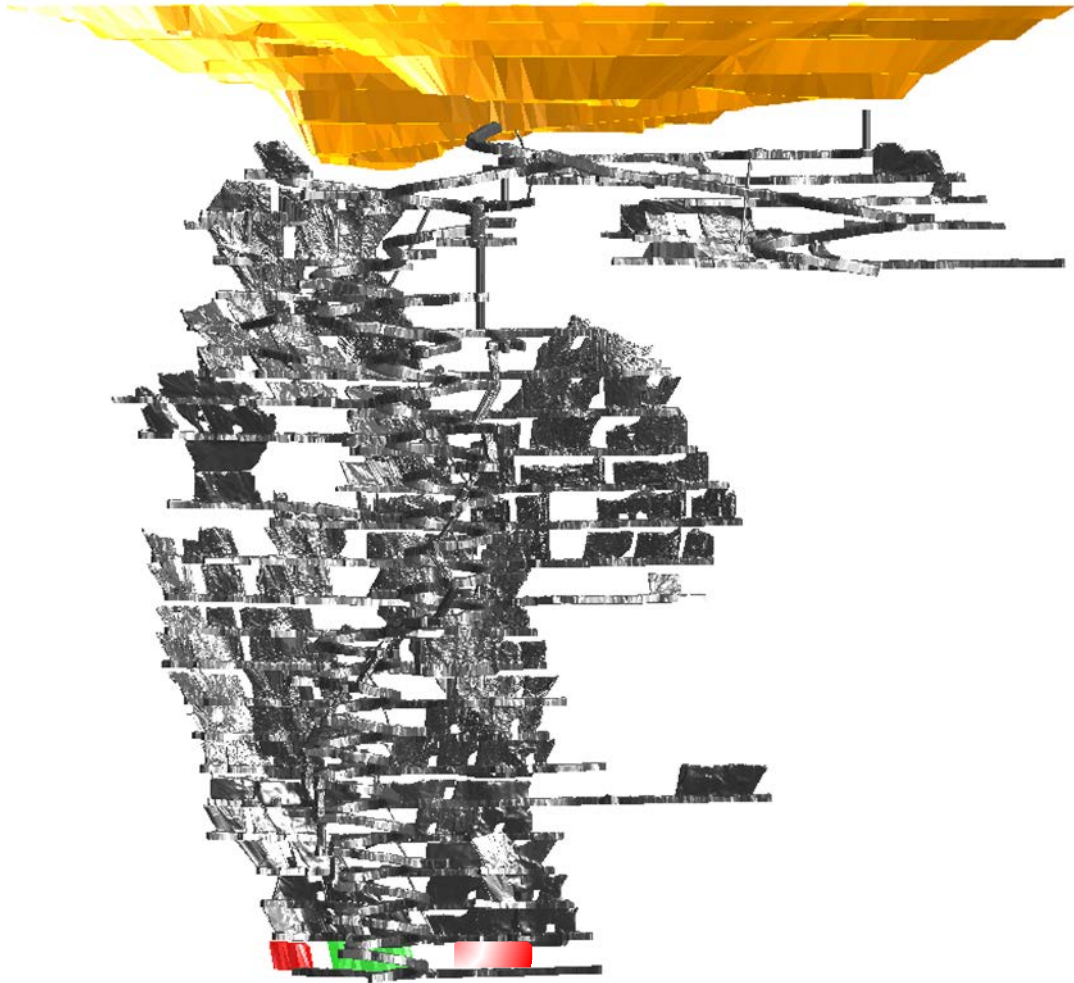


Figure 33: Red October mine, oblique view from above looking west (June quarter production stoping in red, planned stopes in green)

TOTAL MINERAL RESOURCES – JUNE 2021

At the end of the June quarter, Matsa's global Mineral Resources were 694,000oz, an increase of 57% since September 2020.

| Project | Cutoff g/t Au | Measured ('000t) | g/t Au | Indicated ('000t) | g/t Au | Inferred ('000t) | g/t Au | Total Resource ('000t) | g/t Au | ('000 oz) |
|-----------------------------|---------------|---------------------|------------|----------------------|------------|---------------------|------------|---------------------------|------------|------------|
| LAKE CAREY | | | | | | | | | | |
| Red October | 2.0 | 71 | 8.8 | 445 | 5.0 | 416 | 6.1 | 932 | 5.8 | 173 |
| Red October UG | | | | | | | | | | |
| Red October Subtotal | | 71 | 8.8 | 445 | 5.0 | 416 | 6.1 | 932 | 5.8 | 173 |
| Devon | | | | | | | | | | |
| Devon Pit | 1.0 | - | - | 341 | 4.8 | 102 | 3.6 | 443 | 4.6 | 65 |
| Olympic | 1.0 | - | - | - | - | 171 | 2.8 | 171 | 2.8 | 15 |
| Hill East | 1.0 | - | - | - | - | 633 | 1.7 | 633 | 1.7 | 35 |
| Devon Subtotal | | - | - | 341 | 4.8 | 906 | 2.1 | 1247 | 2.9 | 115 |
| Fortitude | | | | | | | | | | |
| Fortitude Stage 2 | 1.0 | - | - | 2,945 | 1.8 | 2,503 | 2.1 | 5,449 | 2.0 | 343 |
| Gallant | 1.0 | - | - | - | - | 341 | 2.1 | 341 | 2.1 | 23 |
| Bindah | 1.0 | - | - | 43 | 3.3 | 483 | 2.3 | 526 | 2.4 | 40 |
| Fortitude Subtotal | | - | - | 2,988 | 1.8 | 3,328 | 2.1 | 6,316 | 2.0 | 406 |
| Total | | 71 | 8.8 | 3,774 | 2.5 | 4,650 | 3.0 | 8,495 | 2.5 | 694 |

Refer to ASX announcement dated 11 June 2021 for more details of the Mineral Resource Estimate.

Matsa confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement dated 11 June 2021 entitled "Lake Carey Mineral Resource Increased to 694,000oz" and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

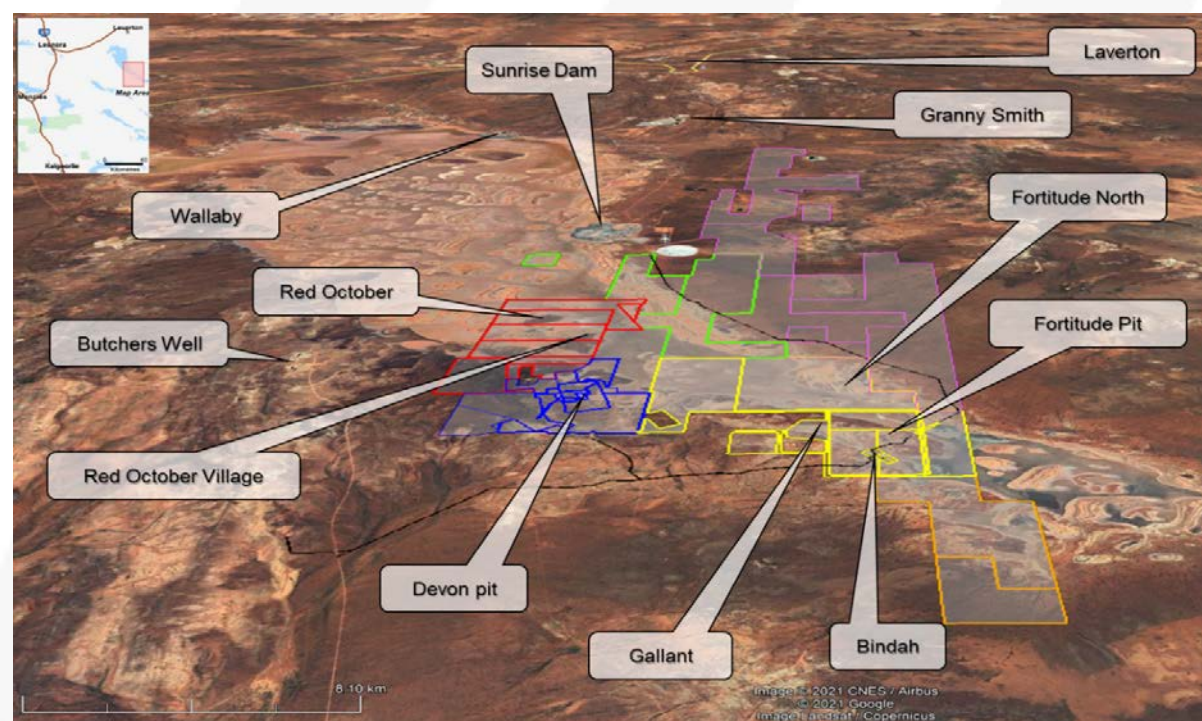


Figure 34: Lake Carey Gold Project and Tenement package colour coded by hubs

Hubs:

Red October (red)
Devon (blue)

Fortitude (yellow)
Lake Carey South (orange)

Lake Carey North (pink)
Lake Carey Central (green)

CORPORATE

During the June quarter, the Company completed an oversubscribed 1-for-10 renounceable rights issue, raising \$2.17 million at \$0.08 per share. Participating shareholders also received one (1) new attaching option for every two (2) shares applied for. The attaching options have an exercise price of \$0.17 and an expiry date of 30 April 2023.

Following strong support for the Rights Issue, the Company undertook a follow-on placement, raising a further \$1.24 million on the same terms.

In total, \$3.41 million was raised before costs, providing the Company with sufficient funds to continue aggressively exploring the Lake Carey Gold Project.

Subsequent to the June quarter, the Company completed a \$3.38M placement¹⁸ to help fund an aggressive exploration program at the Lake Carey Gold project via the issue of approximately 42.2 million shares at \$0.08 per share (incl. a free 1 for 2 listed option exercisable at \$0.17 each expiring 30 April 2023).

Financial Commentary

An overview of the Company's financial activities for the quarter ending 30 June 2021 (Appendix 5B) notes that:

- Receipts from customers from the sale of gold ore from Red October gold mine was \$464K for the quarter after deduction of processing costs. Costs of production for the quarter amounted to \$3.24M. This is in line with the winding down of production at Red October
- There was a negative operating cashflow for the quarter of \$3.44M taking into account corporate and other overhead expenditure
- Exploration expenditure for the quarter at the Lake Carey gold project was \$0.69M. The total amount paid to directors of the entity and their associates in the period (Item 6.1 of the Appendix 5B) was \$214,000 and includes salary, director's fees, consulting fees and superannuation
- Cash on hand was approximately A\$3.03M as at 30 June 2021. During the quarter the Company sold A\$2.8M of listed investments
- A loan facility of A\$5M drawn down to A\$4M is available to the Company

Conferences and Marketing

During the quarter, the Company presented at the RIU Resources Round Up Conference in Sydney and the RIU Investment Showcase on the Gold Coast. The Company's presentations were well received by current and prospective shareholders and are available on the Company's website.

SEPTEMBER 2021 PLANNED ACTIVITIES

During the September quarter, the Company intends to undertake the following activities:

- Advance environmental and other related studies for regulatory mining approvals process for Devon Pit
- Commence site selection and environmental studies for regulatory approvals process for Matsa's proposed ore treatment plant
- Finalise updated Fortitude model, complete re-optimisation and updated mining studies
- Undertake resource model updates at Devon Pit and Hill East following receipt of final drilling assays of the May 2021 RC program

¹⁸ ASX Announcement dated 15 July 2021 - \$3.38M Placement to Fund Aggressive Drilling Campaign

- Continue the mining and feasibility studies at Bindah
- Plan and conduct further drilling at Devon, Red October and Fortitude Hubs
- Design and plan regional exploration programs to advance the Company's exploration pipeline
- Review results of Red October May 2021 seismic survey for potential drill targeting

2021 JUNE QUARTER - ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

| | |
|-----------|--|
| 8 Apr 21 | Initial high grade resource at Devon Lake Carey Gold Project |
| 14 Apr 21 | Increase in Resources to 654,000oz Lake Carey Gold Project |
| 20 Apr 21 | Rights Issue closes oversubscribed |
| 29 Apr 21 | Increase in resources to 654,000oz Lake Carey Gold Project |
| 4 May 21 | RIU Resources RoundUp Sydney Presentation |
| 7 May 21 | Soil sampling defines new targets at Devon |
| 10 May 21 | RC drilling commences at Devon, Lake Carey Gold Project |
| 11 Jun 21 | Lake Carey Mineral Resource increased to 694,000oz |
| 24 Jun 21 | Presentation – Gold Coast Investment Showcase |

These announcements are available for viewing on the Company's website under the Investors centre tab under ASX Announcements. The Company confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

This ASX report is authorised for release by the Board of Matsa Resources Limited.

For further information please contact:

Paul Poli
Executive Chairman
T 08 9230 3555
E reception@matsa.com.au

Competent Person Statement

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.

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 30 JUNE 2021

| Tenement | Project | Interest at Beginning of Quarter | Interest at End of Quarter | Change During Quarter |
|-----------------|---------------------------|---|-----------------------------------|------------------------------|
| E 69/3070 | Symons Hill | 100% | 100% | |
| E 28/2916 | | 100% | 100% | |
| E 39/2159 | Fraser Range | 0% | 100% | Granted during the quarter |
| E 52/3339 | Glenburg | 100% | 100% | |
| E 28/2600 | Lake Rebecca ³ | 20% | 20% | |
| E 28/2635 | | 20% | 20% | |
| E38/2945 | Lake Carey | 100% | 100% | |
| E 39/1837 | | 100% | 100% | |
| E 39/1863 | | 100% | 100% | |
| E 39/1864 | | 100% | 100% | |
| E 39/1957 | | 100% | 100% | |
| E 39/1958 | | 100% | 100% | |
| E 39/1980 | | 100% | 100% | |
| E 39/1981 | | 100% | 100% | |
| P 39/5652 | | 100% | 100% | |
| E 39/1796 | | 90% ² | 90% ² | |
| E 39/1752 | | 100% | 100% | |
| E 39/1770 | | 100% | 100% | |
| E 39/1803 | | 100% | 100% | |
| E 39/1812 | | 100% | 100% | |
| E 39/1819 | | 100% | 100% | |
| E 39/1834 | | 100% | 100% | |
| E 39/1840 | | 100% | 100% | |
| E 39/1889 | | 90% ¹ | 90% ¹ | |
| E 39/2015 | | 100% | 100% | |
| L 39/247 | | 100% | 100% | |
| L 39/260 | | 100% | 100% | |
| L 39/267 | | 100% | 100% | |
| L 39/268 | | 100% | 100% | |
| L 39/291 | | 100% | 100% | |
| M 39/1 | | 100% | 100% | |
| M39/1099 | | 100% | 100% | |
| M39/1100 | | 100% | 100% | |
| M39/38 | | 100% | 100% | |
| M 39/1065 | | 100% | 100% | |
| M 39/1089 | | 100% | 100% | |
| M 39/286 | | 100% | 100% | |
| M 39/709 | | 100% | 100% | |

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 30 JUNE 2021

| Tenement | Project | Interest at Beginning of Quarter | Interest at End of Quarter | Change During Quarter |
|-----------------|----------------|---|-----------------------------------|------------------------------|
| M 39/710 | | 100% | 100% | |
| P 39/5293 | | 100% | 100% | |
| P 39/5669 | | 100% | 100% | |
| P 39/5670 | | 100% | 100% | |
| P 39/5694 | | 100% | 100% | |
| P 39/5841 | | 100% | 100% | |
| E 47/3518 | Paraburdoo | 100% | 100% | |
| E 39/1760 | Devon | 100% | 100% | |
| E 39/1232 | | 100% | 100% | |
| L39/222 | | 100% | 100% | |
| L 39/235 | | 100% | 100% | |
| L 39/237 | | 100% | 100% | |
| M 39/386 | | 100% | 100% | |
| M 39/387 | | 100% | 100% | |
| M 39/500 | | 100% | 100% | |
| M 39/629 | | 100% | 100% | |
| M 39/1077 | | 100% | 100% | |
| M 39/1078 | | 100% | 100% | |
| P 39/6116 | | 100% | 100% | |
| P 39/6117 | | 100% | 100% | |
| L 39/217 | Red October | 100% | 100% | |
| L 39/273 | | 100% | 100% | |
| M 39/411 | | 100% | 100% | |
| M 39/412 | | 100% | 100% | |
| M 39/413 | | 100% | 100% | |
| M 39/599 | | 100% | 100% | |
| M 39/600 | | 100% | 100% | |
| M 39/609 | | 100% | 100% | |
| M 39/610 | | 100% | 100% | |
| M 39/611 | | 100% | 100% | |
| M 39/721 | | 100% | 100% | |

All tenements are located in Western Australia.

¹ = Joint venture with Raven Resources Pty Ltd

² = Joint venture with Bruce Legendre

³ = Joint venture with Bulletin Resources Limited

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

30 June 2021

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|-------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 464 | 10,732 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation (if expensed) | - | - |
| | (b) development | - | (2,648) |
| | (c) production | (3,244) | (13,083) |
| | (d) staff costs | (284) | (1,309) |
| | (e) administration and corporate costs | (317) | (1,644) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | 17 |
| 1.5 | Interest and other costs of finance paid | (160) | (486) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other – Other Income | 96 | 460 |
| 1.9 | Net cash from / (used in) operating activities | (3,445) | (7,961) |

| | | | |
|-----------|---|-------|---------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (5) | (810) |
| | (d) exploration & evaluation (if capitalised) | (689) | (3,615) |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | 369 |
| | (c) property, plant and equipment | 25 | 25 |
| | (d) investments | 2,809 | 4,107 |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other – Bond Deposits | - | 33 |
| 2.6 | Net cash from / (used in) investing activities | 2,140 | 109 |

| | | | |
|-------------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 3,409 | 10,021 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (273) | (690) |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | (21) | (244) |
| 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 | 3,115 | 9,087 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,222 | 1,797 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (3,445) | (7,961) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 2,140 | 109 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,115 | 9,087 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|-------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 3,032 | 3,032 |

| 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 | 2,982 | 1,172 |
| 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) | 3,032 | 1,222 |
| | Shares held in listed investments* | - | 3,299 |
| | Total cash and liquid investments at end of quarter | 3,032 | 4,521 |

*Market value at 30 June 2021 (previous quarter 31 March 2021)

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

214

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to directors and related parties are included in Item 1

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| | | |
|---|---|--|
| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
| <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> | | |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | 5,000 | 4,000 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 5,000 | 4,000 |
| 7.5 Unused financing facilities available at quarter end | | 1,000 |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| On 8 August 2017 Matsa entered into a secured \$4M loan facility split equally between two separate parties. The loan attracts a 12% per annum interest rate and is repayable by 31 July 2022. On 6 May 2019 a variation to the loan increased the facility to \$5M. At 30 June 2020 the Company had drawn down \$4M of the facility. | | |

| | |
|--|----------------|
| 8. Estimated cash available for future operating activities | \$A'000 |
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (3,445) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | (689) |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (4,134) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 3,032 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | 1,000 |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 4,032 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 0.97 |
| 8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: As previously advised net operating cash flows are expected to decrease significantly as production at Red October ceased just after the end of the quarter. Therefore, production costs will be significantly reduced for the September quarter. No development expenditure was incurred during the quarter and, to a lesser extent, a reduction in exploration expenditure occurred. | |
| 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: Subsequent to the end of the quarter the Company announced on 15 th July 2021 that it had raised \$3.38M via a capital raising. Finalisation of Red October production expenditure and ore sales is expected by early August. The Company is evaluating its ongoing future capital requirements | |

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes – as noted above the Company has completed mining at Red October, raised additional funds via a capital raising and will continue with its strategic focus on exploration.

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.

Date: 29 July 2021

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.