ASX Announcement **4th October 2022**

Significant Lithium Bearing Pegmatites Discovered

Phang Nga - Southern Thailand

HIGHLIGHTS

- A cluster of 9 visually coarse grained lithium bearing pegmatite outcrops have been identified highlighting a new regionally significant lepidolite discovery in the Phang Nga project in southern Thailand
- Bruker Bravo Raman Spectrometer testing has confirmed the samples are lithium (lepidolite) bearing. Rock chip sampling has been undertaken to confirm grade with samples delivered to Perth for assay
- The sampled area is approximately 500m wide by at least 2km long with continuity between samples/outcrop is yet to be established due to cover and vegetation
- A gridded soil sampling and mapping follow up program is being planned for immediate action
- Further results from the ongoing stream sediment and rock chip sampling programs in other areas at Phang Nga are pending, and Matsa expects to provide progressive updates as these results become available

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Directors

Frank Sibbel

Pascal Blampain

Andrew Chapman

Shares on Issue

410.95 million

Listed Options

49.22 million @ $0.17

Unlisted Options

59.08 million @ $0.17 - $0.35

Top 20 shareholders

Hold 55.38%

Share Price on 3rd October 2022

3.6 cents

Market Capitalisation

A$14.79 million

INTRODUCTION

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to announce it has discovered new outcropping lepidolite bearing pegmatite cluster over 2km at its Phang Nga project in southern Thailand (Figure 1) where occurrences of lithium bearing pegmatites, mapped by British Geological Survey in the 1970s (Figure 2), are currently being explored by Pan Asia Metals who have recently reported a maiden resource at its Reung Kiet project.

At Matsa's new lithium prospect, visual coarse grained lepidolite was observed at a number of sites and samples have arrived in Perth for assaying at one of the commercial laboratories. Matsa has used a Bruker Bravo Raman Spectrometer to confirm the micas are lithium bearing and supports the determination of lepidolite bearing pegmatite.

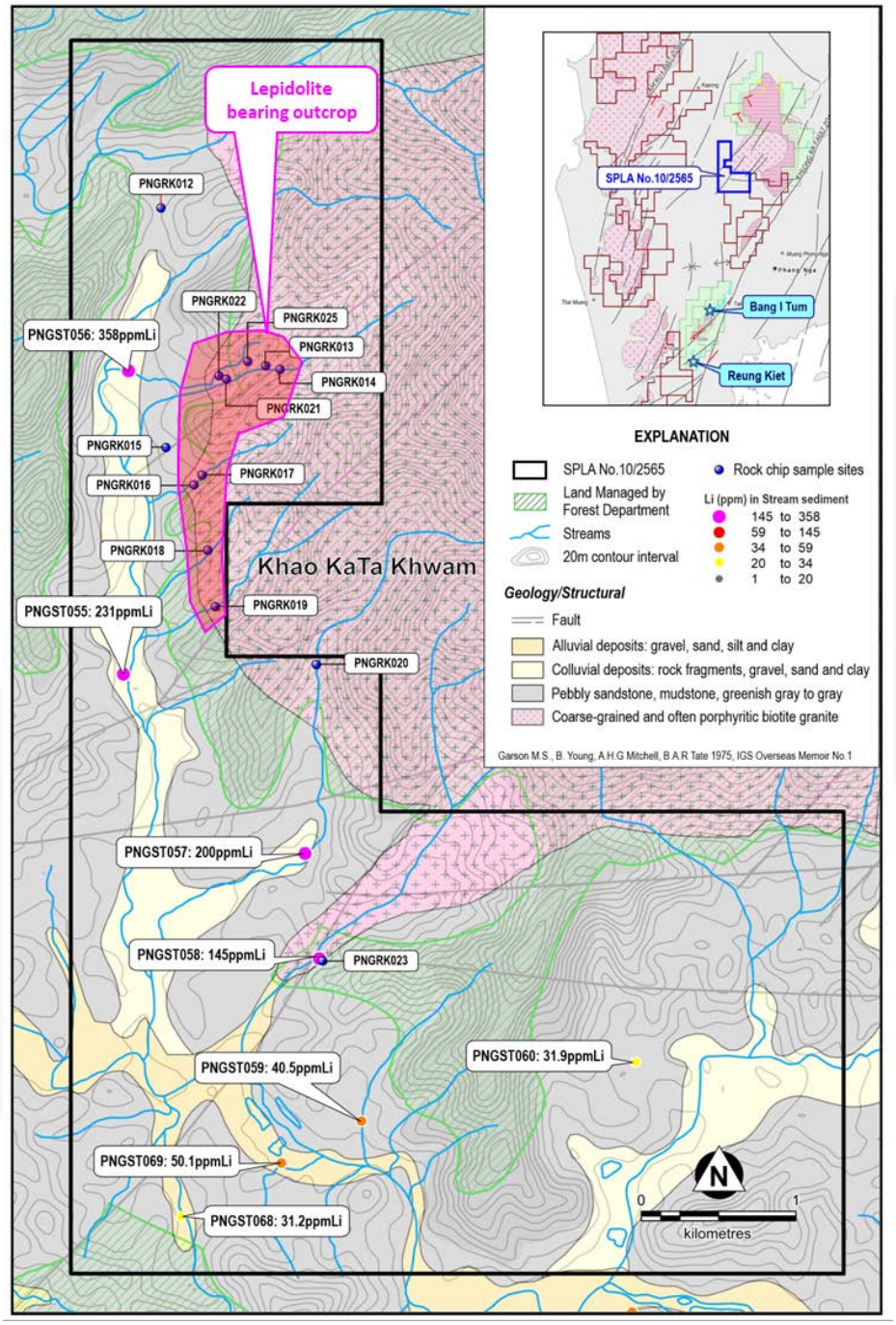


***Figure 1:* SPLA 10/2565 - location of rock chip and stream sediment sampling**

The discovery follows assay results from stream sediment sampling indicating a cluster of anomalous lithium (up to 358ppm Li) in SPLA 10/2565 (Figure 3), which was subsequently prioritised and targeted for reconnaissance field mapping.

Matsa Executive Chairman Mr Paul Poli commented:

"I cannot be more delighted, nor prouder, of the team who have achieved so much in such a short period of time. To develop a grassroots concept and take it from an idea, to applications and now a discovery in under 9 months is quite remarkable. Thailand will keep delivering and gives me greater confidence by the day that our projects are highly attractive. We also know that this is the first of several potential lithium areas and I believe the upside can be significant.

The results show stream sediment sampling can be used to find outcropping lithium bearing pegmatites. This new discovery in the Phang Nga province, means that Matsa is now on the road to establishing its credentials as a lithium explorer in Thailand. I hold high hopes that in time, we will continue to find more lithium and to advance these into new lithium resources.

The western granite belt has long been one of the great tin provinces of the world and I am eager to add lithium to that story. This is a very exciting project, exciting times for Matsa, and I look forward to developing this story further in due course."

Phang Nga Stream Sediment Program

Exploration at Phang Nga has taken a tried and trusted approach with Matsa conducting initial stream sediment sampling to ascertain the geochemical dispersion of lithium and other pathfinder elements, in a field known to contain occurrences of lithium bearing pegmatites.

An initial 200 stream sediment sampling program has been planned and progressively collected and assayed as individual sub district Mineral Exploration Licences are obtained. This program is expected to outline the distribution of lithium-anomalous stream catchments, which can then be followed up with stream sediment sampling programs of the smaller tributaries and /or immediate land based reconnaissance field mapping and gridded sampling. While lithium is the primary target, this program is also able to detect and potentially define other lithophile mineralisation eg tin (Sn), tantalum (Ta) and tungsten (Wo).

The first results have highlighted a cluster of anomalous lithium values in SPLAs 9/2565 and 10/2565 (Figure 3). The magnitude of the assay results received and their clustering has resulted in an initial field focus on SPLA 10/65 culminating in the discovery of lepidolite bearing pegmatite outcrop. These results demonstrate Matsa's approach to lithium exploration in Thailand using stream sediment sampling works.

Follow up field activities are being planned for SPLA 9/65 where anomalous lithium in stream sediment sampling was also identified. With the success of results so far, it is not inconceivable that further targets will be generated through Matsa's comprehensive stream sediment sampling program.

All stream sediment samples were sieved to minus 2mm and underwent sample preparation at SGS Thailand Limited (Bangkok) with subsequent multi-element assaying completed at SGS Australia (Perth). All lithium assays above 100ppm and associated multi-element data are presented in Appendix 1. Details of sampling and assaying are presented in JORC Table 1 (Appendix 2).

It is expected that this first pass stream sediment program will be completed by the end of the year, weather permitting.

Photos: pegmatite with lepidolite (pink lithium bearing mica) discovered at Phang Nga (rock mass visually estimated to contain up to 40% lepidolite, top right photo)

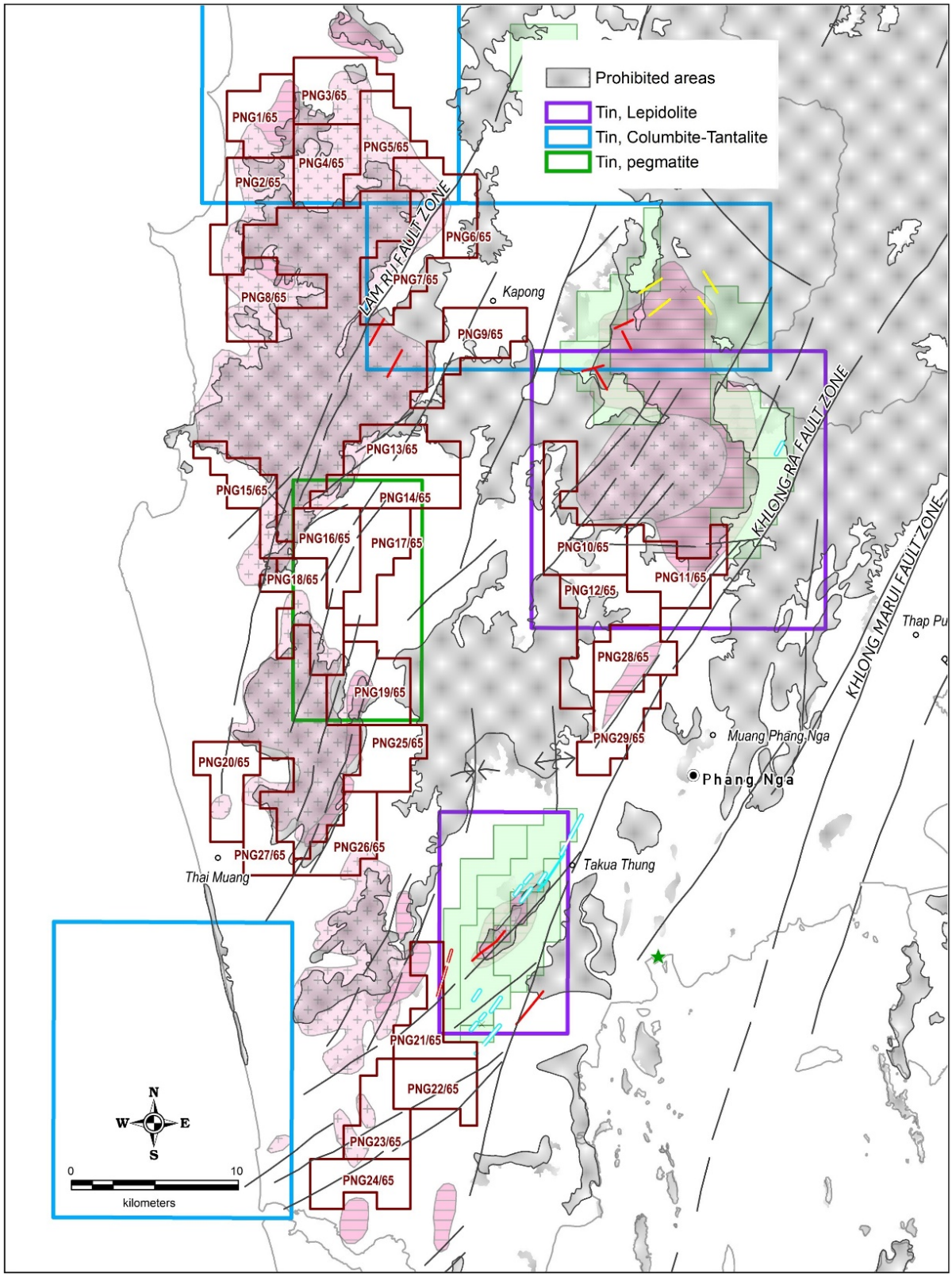


Figure 2: ***Matsa's lithium projects (brown outlines), Pan Asia Metals (in green) and Geological Survey study areas in purple, blue and green outlines including key minerals recorded***

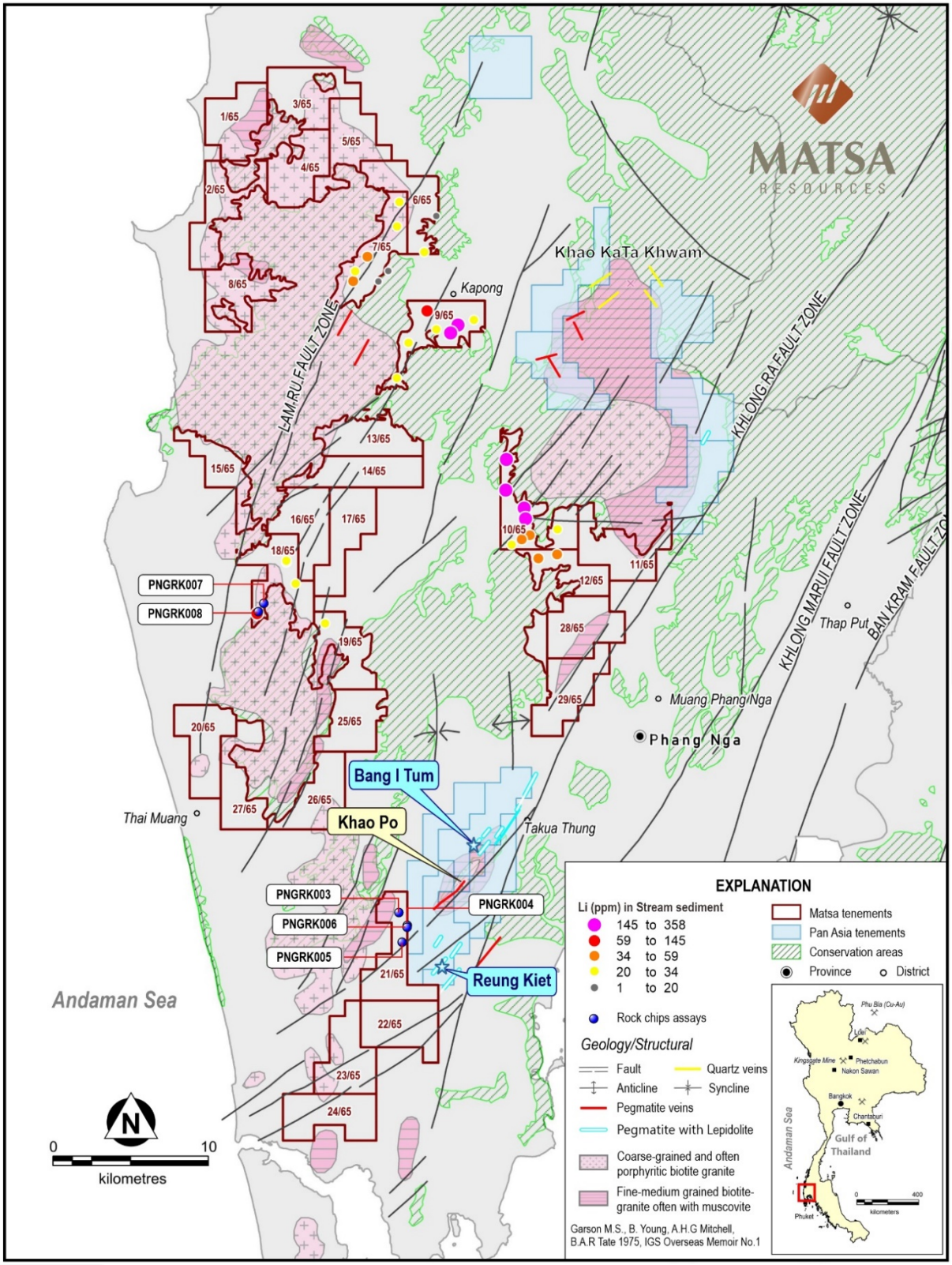


Figure 3: ***Phang Nga stream sediment sample results***
(wider program of stream sediment sampling is incomplete and will be progressively completed as subdistrict mineral exploration licences are received)

SPLA 10/65 Multi Element Results

SPLA 10/2565 (SPLA 10/65) was prioritised based on peak stream sediment sample assay results returning, from south to north, 145, 200, 231 and 358ppm lithium (Figure 4). The lithium anomaly is also supported by strong tin, caesium, tantalum and moderate niobium anomalism (Figure 5).

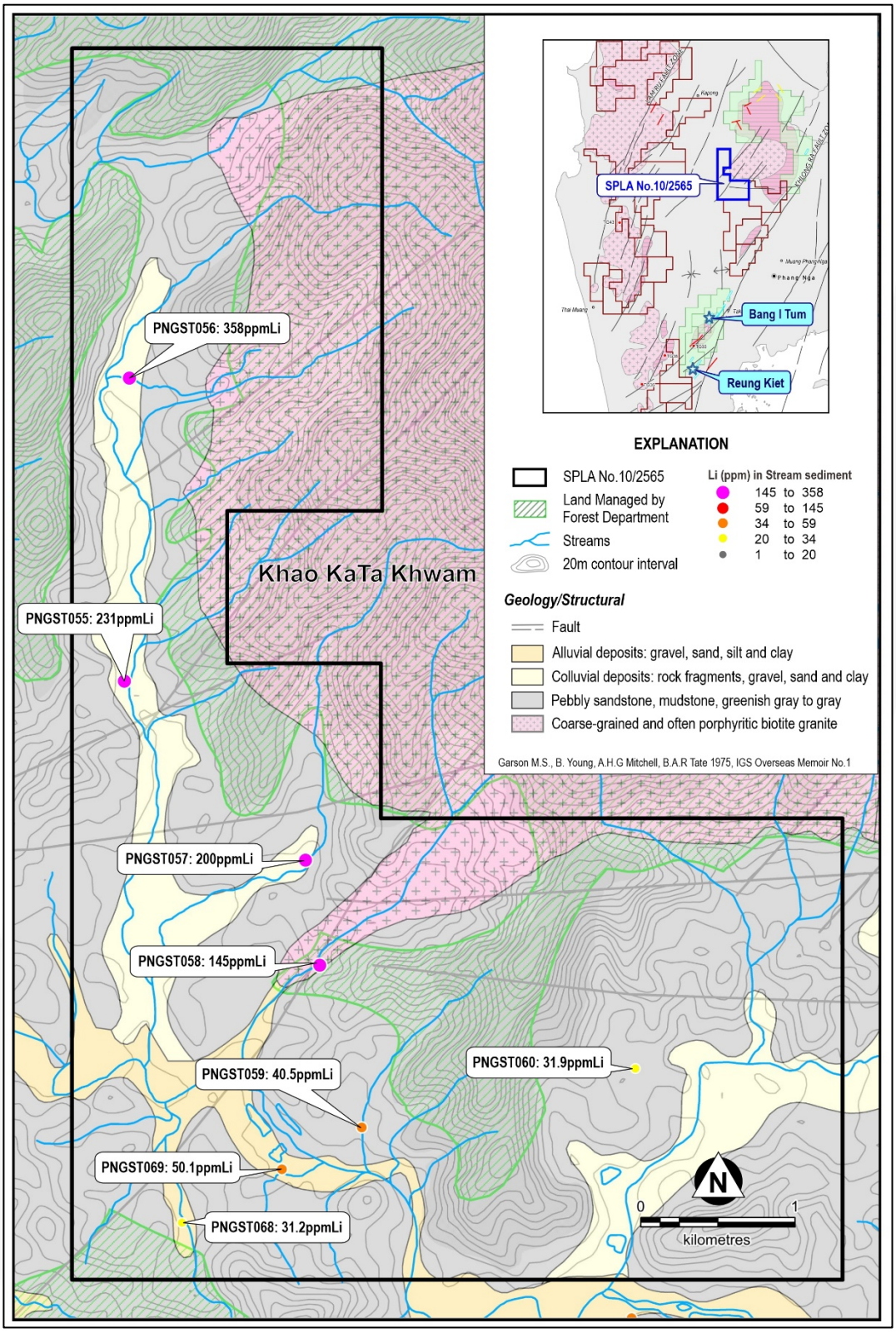


Figure 4: ***SPLA 10/65 with stream sediment sampling sites and results***

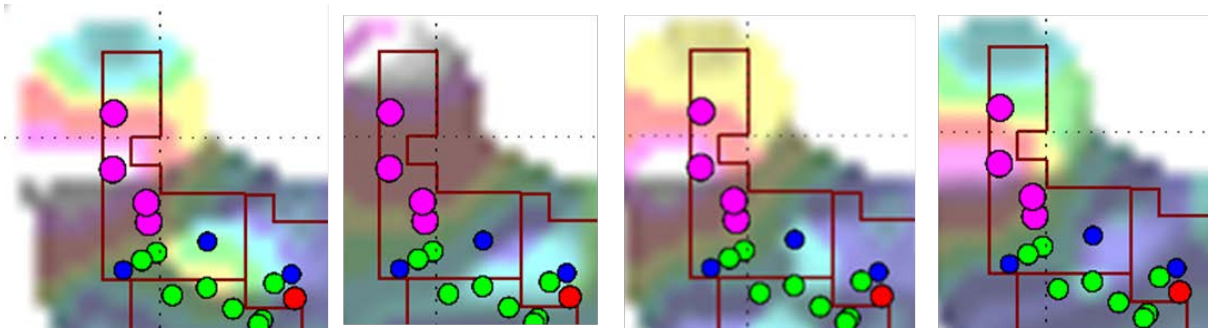


Figure 5: ***Lithium anomalism over gridded tin, caesium, tantalum and niobium***

SPLA 10/65 Reconnaissance Field Program

Field work has resulted in discovery of coarse grained lepidolite observed in 9 samples across an area of approximately 500m wide by 2km long. The field is characterised by minor outcrop within rubber tree and palm oil plantations. Due to the limited outcrop, it is not yet clear whether the pegmatite outcrops reflect a dyke swarm or a continuous regional pegmatite unit. Granite and minor sedimentary rock outcrop were also noted.

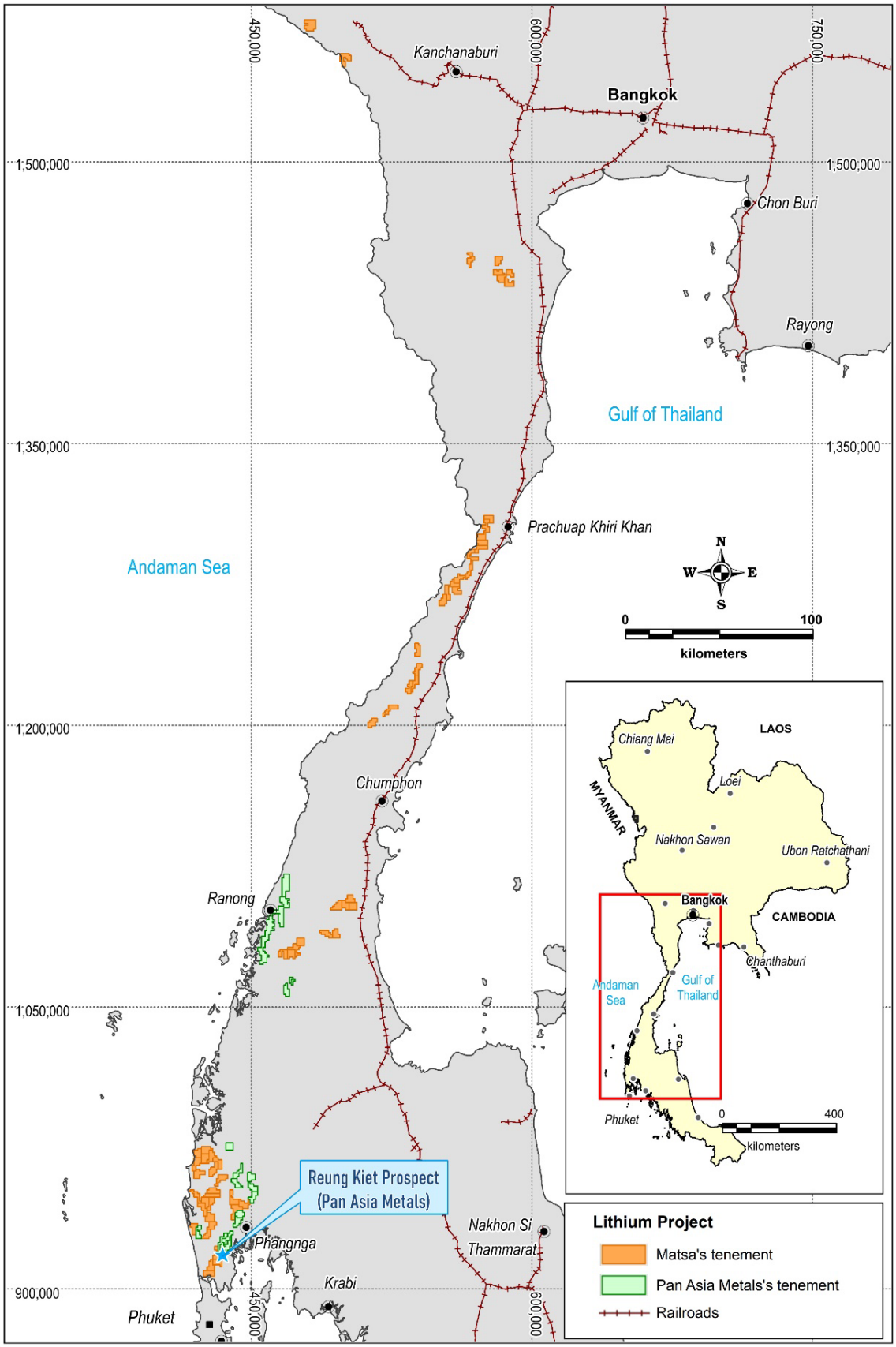
Matsa believes the source of anomalism for stream sediment samples PNGST055 and PNGST056 can be explained by this outcropping lepidolite pegmatite discovery.

Next Steps

Key work plan to advance this new discovery include:

- Laboratory analysis of samples to determine percentages of lithium and other rare elements
- Gridded soil sampling and mapping covering area of lepidolite discovery
- Obtain appropriate approvals to progress SPLA to granted licences
- Ascertain land use and agreements required to advance exploration to drilling operations
- Further stream sediment sampling of minor tributaries associated with samples PNGST058, 059 & 069
- Extension of stream sediment sampling to the north of PNGST056
- Continue regional stream sediment program to identify additional anomalous lithium targets

Photos: sampling lepidolite bearing pegmatite outcrop (site PNGRK025 in Figure 1) at Phang Nga (images shows both rubber (upper photo) and palm oil (lower photo) plantation in background)



Matsa's lithium projects in Thailand

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 Pascal Blampain, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Blampain serves on the Board and is a full time employee, of Matsa Resources Limited. Mr Blampain has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activities undertaken 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 Blampain 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: Stream sediment results* > 100ppm lithium

SAMPLE	WGS84_N	WGS84_E	Ba	Be	Ce	Cs	Gd	Li	Nb	Rb	Sn	Ta	W	Y
PNGST055	948898.6	438334.049	210	76	47.8	46.2	2.7	231	90	291	>2000	130	44	16.1
PNGST056	950867.64	438363.006	215	85.7	48.7	74.2	2.5	358	20	411	59	20	14	11.6
PNGST057	947736.91	439511.045	270	44.1	44.4	77.6	3.3	200	20	429	138	10	17	18.5
PNGST058	947053.52	439602.948	210	29.6	95	36.8	6.3	145	70	359	278	50	15	43.1

*all assay results are report in ppm

***Appendix 2* - Matsa Resources Limited**

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	Stream sediment samples are collected along the surface of the sediment lode of active streams. The samples are approximately 2-5 kg (wet sample), and sieved to -2mm. Rock chipping – 2.5 – 3.5 kg samples taken from outcrop Float sampling – 2.5 – 3.5 kg lag sample collected from float. Float largely reflects subcrop material loosened during tilling of earth by farming operations.
	• *Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Stream sediments are variable and dependent on source of materials which form the sediments. Stream sediments are essentially a subset of the full sediment load and are considered an acceptable sampling medium whilst acknowledging they are not fully representative. Stream sediments are only used as an indicator for the presence of target elements and/or minerals. Rock chip samples were selected based on visual inspection for representivity and assessment of indicative target mineralogy, Float sampled on broad grid pattern where available.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Stream sediment sampling is an industry standard practice for first pass regional evaluation. Samples were collected by Matsa's Thailand geologists then dried and then crushed and pulverized at SGS lab in Thailand. Pulps were transported to SGS lab in Perth and assayed using standard industry analytical methods for lithium and multi element analysis.
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.).*	N/A, no drilling.
	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	N/A, no drilling.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	N/A, no drilling.
	• *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.*	N/A, no drilling.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	N/A, no drilling.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	Samples are described including stream morphology surrounding the sample point and photographic records taken or for rock chips the size and type of outcrop (or lag) and any, if any, adjacent rock units and their orientation (if any).
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.*	Sub sampling is completed at the lab. Samples are spilt down to 250gram.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Standard sample preparation including, dry, crush, pulverise and scoop (50g) for pulp assays.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples*	No QA QC samples inserted at the field, assay integrity is based on laboratory QAQC protocols including lab standards, blanks and duplicates.
	• *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.*	Sample weights of ~3kg documented are adequate for lithium.
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.*	All samples were dried at 105 degrees Celsius, crushed pulverize 75 microns, and split 50g at SGS lab in Thailand then all samples were sent to SGS Lab in Perth for assay. Assay accuracy determined by laboratory QACQ process. All samples were assayed by conventional 50g ICP-MS.

Criteria	JORC Code explanation	Commentary
	• *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.*	All stream sediment samples -2mm returned to the Bangkok office were assayed using handheld XRF instruments (Olympus Vanta Model M) to compare pXRF dataset to standard laboratory assay dataset. Lepidolite minerals were recorded based on visual inspection. Rock chip samples were tested using a Bruker Bravo Raman spectrometer analyser to confirm the presence of lepidolite recorded in the field.
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.*	N/A no drilling, these are simple stream sediment or rock chip samples. N/A no drilling. Sample locations are recorded on GPS and then recorded in Logchief and digitally uploaded to the database (Datashed).
	• *Discuss any adjustment to assay data.*	No data adjustments have been made to the assay dataset.
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.*	Sample locations were recorded with a handheld GPS with +/- 3m accuracy. The grid used was WGS84, zone47N.
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	WGS84 UTM co-ordinate system Zone 47N.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	Stream sediment - data spacing is dependent on the catchment basins available for sampling with supplemental coverage in areas where basins of the specified size range are not available. The result is an average sampling density for drainage basins of 1 sample per 2km^2. Rock chip – sample density is dependent on volume and extent of outcrop accessible for sampling.
	• *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.*	There is insufficient data to determine any economic parameters or mineral resources.

Criteria	JORC Code explanation	Commentary
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.*	Stream sediment or rock chip sampling is not representative of mineralisation and is only conducted to detect the presence of target element and/or minerals.
	• *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.*	N/A no drilling.
Sample security	• *The measures taken to ensure sample security.*	Matsa Thailand staff delivered samples from the field directly to the SGS lab Thailand for sample preparation and analysis.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audits have been completed.

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 license to operate in the area.*	Exploration was carried out over the following Special Prospecting License Applications: SPLA5-7/2565, SPLA9/2565, SPLA11/2565, SPLA18/2565, and part SPLA12/2565 which are all held by PVK Mining Co., Ltd under Matsa Resources. Part sampling of SPLA subject to individual sub district exploration agreements in place.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	The area was surveyed in 1968-1969 by a joint British-Thai team led by Dr M. S. Garson. Exploration targeting was based off historical work, ***The geology of the tin Peninsular Thailand around Phuket, Phangnga, and Takua Pa report*** by Garson, M. S., and others. 1975. Overseas Mem. Inst. Geol. Sci., No. 1. 112 pp and Journal of Southeast Asian Earth Sciences, Vol. 8, ***The Phuket, Phangnga and Takua Pa tin-field***, Thailand, Nos 1-4 pp. 359-368, 1993.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The Phang Nga project is situated on the western side of the Thai peninsula about 850 km south of Bangkok. The granites of the Western Tin Belt are Cretaceous in age and occur as elongated bodies aligned in a north-south direction. The targets for exploration are the associated pegmatites, which contain minor amounts of cassiterite and associated Li - Ta - Nb minerals. They are present in Takua Pa (Khao Lam Ru, Khao Kata Khwam and Khao Khanim), Phang Nga (Khao Po). They intrude in both country rocks and the granites. Most pegmatites follow the major NE-SW fault zones such as the Khlong Marui and Lam Ru faults. Gocht and Pluhar (1982) reported that there are two types of pegmatites, ie. Sn-Ta-Nb-mica-free pegmatite and Sn-Li-F-W-Ta-Nb-REE-mica-rich pegmatite. Lepidolite or lithium muscovite was found to be associated with the pegmatites at Khao Po, Khao Kata Khwam, and Kathu Valley. Garson et al. (1975) mentioned that the pegmatite at Khao Po is the largest unzoned lepidolite pegmatite in the world.
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:*	N/A, no drilling.

Criteria	JORC Code explanation	Commentary
	○ *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.*	
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.*	Stream sediment sample results are single point data as are rock chip samples and are only used to provide an indication of the potential for the field to host lithium.
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').*	Stream sediment sample results are single point data as are rock chip samples.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Maps have been provided in body of report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	A description of results, including major analytes if available, is provided in the appendix.

Criteria	JORC Code explanation	Commentary
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.*	Stream sediment sampling is considered a first pass grassroots exploration tool, rock chip samples are considered early stage confirmation that rocks bearing the target element/ore are present.
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.*	Further mapping, sampling and potential drilling is planned to progress the project and has been discussed in the body of the report.