MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **12th April 2017**

Significant New Gold Assays
Lake Carey Gold Project

Highlights

- *New high grade aircore assays greatly enhances BE 1:*
  - ***1m @ 39.8 g/t Au***

  within ***2m @ 25.3 g/t Au*** *from 93m*
- *Further new assays also include the following:*
  - ***3m @ 1.94 g/t Au*** from 50m

    including **1m @ 3.43 g/t Au**
  - ***1m @ 2.47 g/t*** Au from 45m
- *Results strongly support the interpretation of a zone of in-situ gold mineralisation, now ~700m long, in deeply weathered monzodiorite*
- *Diamond drilling is planned to commence as soon as possible*
- *A ~1,700 line kilometre high resolution airborne magnetic survey was completed over the Bindah Extended (BE) target corridor including BE 1 and preliminary data is expected after Easter*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.7 million

Unlisted Options

17.02 million @ $0.25 - $0.30

Top 20 shareholders

Hold 53.12%

Share Price on 11th April 2017

26 cents

Market Capitalisation

$37.62 million

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to report further significant results (**including values in excess of 1 oz/t Au**), from its aircore drilling programme at Lake Carey. The program has been focused on the Bindah Extended (BE) target area where basement rocks are concealed beneath transported lacustrine clays in Lake Carey. Matsa is targeting an 8km section along this highly prospective structural and stratigraphic corridor which is largely untested by previous drilling. *(Refer MAT announcement to the ASX 22nd November 2016 and 30th January 2017)*

Mineralisation within the gold mineralised zone defined by drilling at BE 1, is thought to be related to brittle fracture and focus of gold mineralised fluids by movement along the Bindah fault. This is the style of gold mineralisation described at the world class ~7 million oz. Granny Smith gold deposit 47km to the north which occurs in and along the margins of a granodiorite intrusion.

Assay Results

Assay results were received as follows:

- a total of 36 individual 1m samples over previously reported gold anomalous composites samples (typically 4m in length) from drillholes 17LCAC239- 17LCAC245 intervals.
- all remaining composite samples from the Stage 1 aircore programme (76 samples from aircore drillholes 17LCAC271 – 17LCAC274)

Results > 1g/t Au are highlighted in yellow in Figure 1 and discussed below.

Individual 1m assay results

Significant new gold assays from 1m samples at BE 1 replace previously announced composite assays and in some cases eg. 17LCAC245, the intercept is significantly increased. Key results include:

17LCAC245**: 2m @ 25.3 g/t Au** from 93m including **1m @ 39.8 g/t Au**.

The composite sample over this interval previously assayed **4m @ 0.14 g/t Au** from 92m. This significant upgrading by individual 1m samples probably reflects the presence of free gold in this interval and strongly supports potential for significant gold mineralisation at BE 1.

17LCAC239: **3m @ 1.94 g/t Au** from 50m including **1m @ 3.43g/t Au.**

The composite sample over this interval previously assayed 4m @ 2.49 g/t Au.

17LCAC240; **1m @ 2.47 g/t** Au from 45m.

The composite sample over this interval previously assayed **4m @ 0.14 g/t Au**.

These results are highlighted in yellow and lie within the previously defined NNE trending linear zone (outlined in red on Figure 1) of highly anomalous gold values in weathered monzodiorite. This zone is interpreted to reflect in-situ gold mineralisation and a follow up diamond drilling programme is being designed to test this zone at depth.

Composite assay results

A number of anomalous gold values (>0.1 g/t Au) were returned in these drill holes across the eastern contact between the BE 1 monzodiorite intrusion and adjacent intermediate volcanics as listed in Appendix 2 and shown in Figure 1. These anomalous gold values probably reflect gold dispersed by supergene processes in the weathering profile and the overlying lake sediments. There is potential for further in-situ mineralisation in the monzodiorite and the adjacent volcanics within and adjacent to this supergene zone as defined by gold values >0.05 g/t Au.

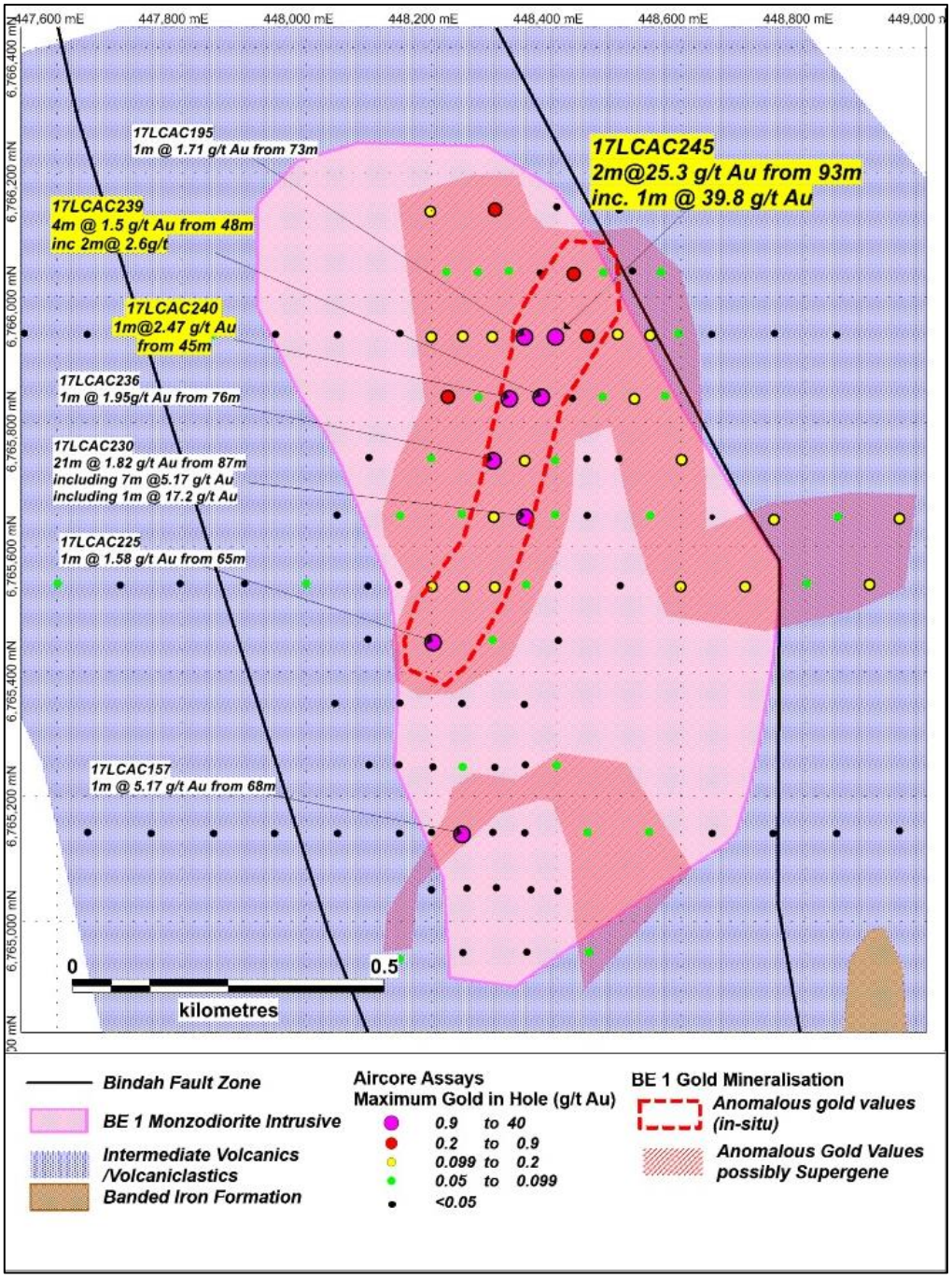

***Figure 1:** Bindah Extended aircore drilling summary and interpreted basement geology*

Background

First pass aircore drilling at 100m centres along EW lines spaced 400m apart, identified three high priority gold anomalous target areas (BE 1, BE 2 and BE 3). *(Refer MAT announcement to ASX 17th March 2017)*

Step out and infill aircore drilling at BE 1 defined a NNE trending zone of strongly anomalous gold values which are interpreted to reflect in-situ gold mineralisation over a strike extent now estimated to be ~700m. *(MAT announcement to ASX 5th April 2017)*

A description of sampling and assay procedures is presented in Appendix 1, and individual assays with values >0.05g/t Au are presented in Appendix 2.

Aeromagnetic Survey

A ~1,700 line kilometre low altitude high resolution aeromagnetic survey was completed at Lake Carey centred on the Bindah Extended target area, and essentially replacing early low resolution data over the western part of the Lake Carey project, was completed. Preliminary data and images are expected within 1 - 2 weeks.

For further information please contact:

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Executive Chairman

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Competent Person

The information in this report that relates to Exploration results, is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1 - *Matsa Resources Limited – Lake Carey Project*

Section 1 Sampling Techniques and Data

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

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td rowspan="3">Sampling techniques</td><td>• 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.</td><td>Aircore samples hand sampled at 1m intervals direct from container placed under the cyclone. Three sample categories are collected. 1m samples are placed in numbered bag ~2-3kg in weight and retained until composite assays are completed. Composites Samples are incrementally collected from 4 successive 1m samples and submitted for gold only assay. A bottom of hole sample representing the least weathered part of the drilled profile is collected submitted immediately for a multi-element suite of assays. 1m chip samples are submitted selectively based on results from composite samples and on presence of visually interesting cuttings.</td></tr>
<tr><td>• Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</td><td>Hand scoop, comparatively poor sample: The nature of the regolith encountered in lake aircore drilling being mostly sticky clays, prevents use of a splitter, so all samples are hand scooped.</td></tr>
<tr><td>• 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.</td><td>Aircore drilling was sampled at 1m, these were hand composited to 4m samples approx. 3kg in weight. Composite samples and follow up 1m splits for anomalous composites submitted to ALS Laboratories Kalgoorlie for Fire Assay with AA finish. Detection limit 0.01ppm Au. No special measures were taken to account for coarse gold.
Bottom of hole samples submitted for multi-element suite of assays:
<table>
<tr><th colspan="3">ANALYTICAL PROCEDURES</th></tr>
<tr><th>ALS CODE</th><th>DESCRIPTION</th><th>INSTRUMENT</th></tr>
<tr><td>ME- ICP06</td><td>Whole Rock Package - ICP- AES</td><td>ICP- AES</td></tr>
<tr><td>C- IR07</td><td>Total Carbon (Leco)</td><td>LECO</td></tr>
<tr><td>S- IR08</td><td>Total Sulphur (Leco)</td><td>LECO</td></tr>
<tr><td>ME- MS81</td><td>Lithium Borate Fusion ICP- MS</td><td>ICP- MS</td></tr>
<tr><td>ME- MS42</td><td>Up to 34 elements by ICP- MS</td><td>ICP- MS</td></tr>
<tr><td>TOT- ICP06</td><td>Total Calculation for ICP06</td><td>ICP- AES</td></tr>
<tr><td>ME- 4ACD81</td><td>Base Metals by 4- acid dig.</td><td>ICP- AES</td></tr>
<tr><td>ME- GRA05</td><td>H2O/LOI by TGA furnace</td><td>TGA</td></tr>
<tr><td>Au- AA25</td><td>Ore Grade Au 30g FA AA finish</td><td>AAS</td></tr>
</table>
</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
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).*	Drilling was carried out using a lake aircore drilling rig in the area close to the Bindah Extended target. All drill holes are vertical.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample recovery problematic in sticky clay sections with quite variable sample size.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	Every effort made to blast sample system clear at least at the end of each 3m rod. Significant effort made to clean cyclone and containers to avoid contamination.
	• *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.*	Not determined.
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.*	Simple qualitative geological logs using standard geological coding sheets.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	Logging is qualitative in nature.
	• *The total length and percentage of the relevant intersections logged.*	Logging was carried out on all cuttings produced by aircore.
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.*	Aircore samples were as scooped or “grab” sampled from the containers at the cyclone with bulk residues discarded.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Sample prep in lab is standard for all assay procedures.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples*	Anomalous composites repeated with individual 1m splits. Selected splits on the basis of 5% of composite samples submitted.

Criteria	JORC Code explanation	Commentary
	• *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*	Splits are in effect field duplicates of composites.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Sample weights of ~3kg documented are adequate for fine gold.
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.*	Samples were dispatched for low level gold determination by Fire Assay, which is an industry standard process. Assay accuracy determined by laboratory QACQ process.
	• *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.*	Not recorded.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	Composites validated by individual 1m splits.
	• *The use of twinned holes.*	No twinned holes carried out.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	Geological and sampling data recorded on Toughbook in the field to minimise transcription errors. Hole locations recorded on GPS and compared prior to upload to database.
	• *Discuss any adjustment to assay data.*	
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.*	Data accuracy has been taken as +-2.5m for the purposes of designing follow up exploration.
	• *Specification of the grid system used.*	GDA94 UTM co-ordinate system Zone 51.
	• *Quality and adequacy of topographic control.*	+-10m from AHD has been assumed for regional exploration holes used in designing the follow up programme.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	Aircore at Bindah Extended is of a reconnaissance nature only and on approximately 400m x 100m centres. Follow up and step out drilling at BE 1 on approximately 100m x 100m intervals and selectively 50m x 100m intervals is intended to provide mineralised boundaries for deeper diamond drilling.

Criteria	JORC Code explanation	Commentary
	• *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.*	Drill hole spacing too large to confidently assign continuity of anomalous values.
	• *Whether sample compositing has been applied.*	Compositing of aircore samples from 1m to a maximum of 4m was carried out on all targets.
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.*	Drilling carried out on EW lines with which was adequate to address the interpreted orientation of geology. Vertical holes not ideal for steeply dipping rocks but selected to minimize drilling difficulties in deep clays.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	Drilling too wide spaced for bias to be a problem.
Sample security	• *The measures taken to ensure sample security.*	1m splits retained in the field at least until composite assays are received.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audit carried out yet.

Section 2 Reporting of Exploration Results

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

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>• 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.</td><td>Exploration is proposed over the following tenements:
<table><tr><td>Tenement</td><td>Status</td><td>Holder</td><td>Granted</td><td>Area</td><td>Units</td></tr><tr><td>E 39/1770*</td><td>LIVE</td><td>Matsa Gold Pty Limited</td><td>20140701</td><td>6</td><td>BL.</td></tr><tr><td>E 39/1752*</td><td>LIVE</td><td>Matsa Gold Pty Limited</td><td>20140206</td><td>11</td><td>BL.</td></tr><tr><td>E 39/1889**</td><td>LIVE</td><td>RAVEN RESOURCES PTY LTD</td><td>20160308</td><td>16</td><td>BL.</td></tr></table>*Transfer of two tenements to Matsa Gold Pty Ltd as announced to ASX 7th October 2016.
**JV tenement held by Raven Resources and explored under farm in and JV agreement E39/1889.</td></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgment and appraisal of exploration by other parties.</td><td>Work in the vicinity of the Bindah Extended target was previously carried out by Dioro Exploration.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>The deposit types being sought at Bindah extended are orogenic syntectonic gold mineralisation similar to Fortitude and VMS related gold (+base metals) mineralisation typical of Bindah and Galant.</td></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all material drill holes:
○ easting and northing of the drill hole collar
○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
○ dip and azimuth of the hole
○ down hole length and interception depth
○ hole length.
• If the exclusion of this information is justified on the basis that the information is not material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>Collar locations all previously announced.

No significant information was excluded deliberately.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
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.*	Quoted intercepts refer either to individual composite samples or subsequent 1m splits.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	All intercepts quoted relate to downhole depth and true width is unknown. Not known. Intercepts in aircore drill holes are expressed in downhole metres.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Diagrams have been included in the text and material assays reported in Appendix 2.
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.*	Information from past drilling has been used to determine exploration targets only.
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.*	The review made use of publically available aeromagnetics and gravity, past drilling by Dioro Exploration and in-house data acquired with purchase of the Lake Carey Fortitude project.
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.*	The planned drilling is intended to test hypotheses regarding stratigraphic and structural targets at Bindah Extended and regarding potential for shallow gold resources at Galant.

Appendix 2 - Matsa Resources Limited – Lake Carey Project

New Aircore assays with >0.05 g/t Au

Hole_ID	Depth	Grid	East	North	Sample	M From	M To	Sample_Type	Au g/t
17LCAC239	86	MGA94_51	448376	6765842	137180	50	51	1m Split	3.43
17LCAC239	86	MGA94_51	448376	6765842	137181	51	52	1m Split	1.78
17LCAC239	86	MGA94_51	448376	6765842	137182	52	53	1m Split	0.62
17LCAC239	86	MGA94_51	448376	6765842	137183	53	54	1m Split	0.3
17LCAC239	86	MGA94_51	448376	6765842	137184	54	55	1m Split	0.1
17LCAC239	86	MGA94_51	448376	6765842	137185	55	56	1m Split	0.09
17LCAC239	86	MGA94_51	448376	6765842	137186	56	57	1m Split	0.11
17LCAC239	86	MGA94_51	448376	6765842	137187	57	58	1m Split	0.83
17LCAC240	93	MGA94_51	448325	6765840	137236	45	46	1m Split	2.47
17LCAC242	111	MGA94_51	448226	6765842	137413	76	77	1m Split	0.21
17LCAC242	111	MGA94_51	448226	6765842	137414	77	78	1m Split	0.06
17LCAC242	111	MGA94_51	448226	6765842	137415	78	79	1m Split	0.08
17LCAC243	93	MGA94_51	448200	6765939	137477	54	55	1m Split	0.14
17LCAC243	93	MGA94_51	448200	6765939	137478	55	56	1m Split	0.09
17LCAC244	93	MGA94_51	448298	6765939	137561	70	71	1m Split	0.14
17LCAC245	99	MGA94_51	448399	6765939	137652	93	94	1m Split	10.8
17LCAC245	99	MGA94_51	448399	6765939	137653	94	95	1m Split	39.8
17LCAC245	99	MGA94_51	448399	6765939	137654	95	96	1m Split	0.09
17LCAC247	102	MGA94_51	448428	6766039	137797	76	77	1m Split	0.4
17LCAC272	77	MGA94_51	448749	6765646	139761	52	56	4m COMP	0.1
17LCAC272	77	MGA94_51	448749	6765646	139766	72	76	4m COMP	0.05
17LCAC273	109	MGA94_51	448852	6765648	139772	44	48	4m COMP	0.06
17LCAC274	102	MGA94_51	448950	6765648	139800	72	76	4m COMP	0.1