



ASX Announcement

31st January 2019

Quarterly Activities Report – 31st December 2018

HIGHLIGHTS

Red Dog Gold Project

- Mining at the Red Dog gold project successfully completed in late November with last ore hauled to AngloGold Ashanti's SDGM operation on 24 December 2018
- An unaudited operating profit of \$5.5M was achieved which exceeded forecast
- Delivery of 185,730 tonnes mined at 2.3 g/t gold

Red October Gold Project

- Mining studies continued during the quarter with a view to commence mining during the first quarter 2019
- Key personnel appointed and mining equipment purchased in anticipation of commencement of mining
- Settlement of the acquisition of the Capella tenements from Saracen

Lake Carey – Exploration

- Fortitude North grows in size and significance from new assay results with a best result of 47m @ 2.55 g/t Au from 42m including 1m @ 84.1g/t from 53m
- Results at Fortitude North have almost doubled the strike extent of basement gold mineralisation to ~2km
- Option acquired over Anova Metals Ltd's 17.8 km² Devon tenements just south of the Red October gold mine
- Acquisition of Anova's Zelica gold project 20km west of Red October
- Acquisition of the Devon gold mine New Years Gift project from GME Resources Ltd with an area of ~6km²

Corporate

- Cash and liquid investments as at 31 December 2018 ~ \$5.1 million, with proceeds from ore sales of \$5.5 million received early January 2019. Debt of \$3 million remains
- Matsa has determined to pay a 1 cent dividend for every 5 shares held (0.2 cents per share) with details forthcoming shortly

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

176.93 million

Unlisted Options

22.4 million @ \$0.17 - \$0.30

Top 20 shareholders

Hold 53.16%

Share Price on 31st January 2019

16 cents

Market Capitalisation

A\$28.31 million

INTRODUCTION

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to report on its development, exploration and corporate activities for the quarter ended 31st December 2018.

COMPANY ACTIVITIES

Activities have been principally focused on bringing the Red Dog and Red October gold mines into production and advancing exploration at the ~600km² Lake Carey Gold project south of Laverton (Figure 1).

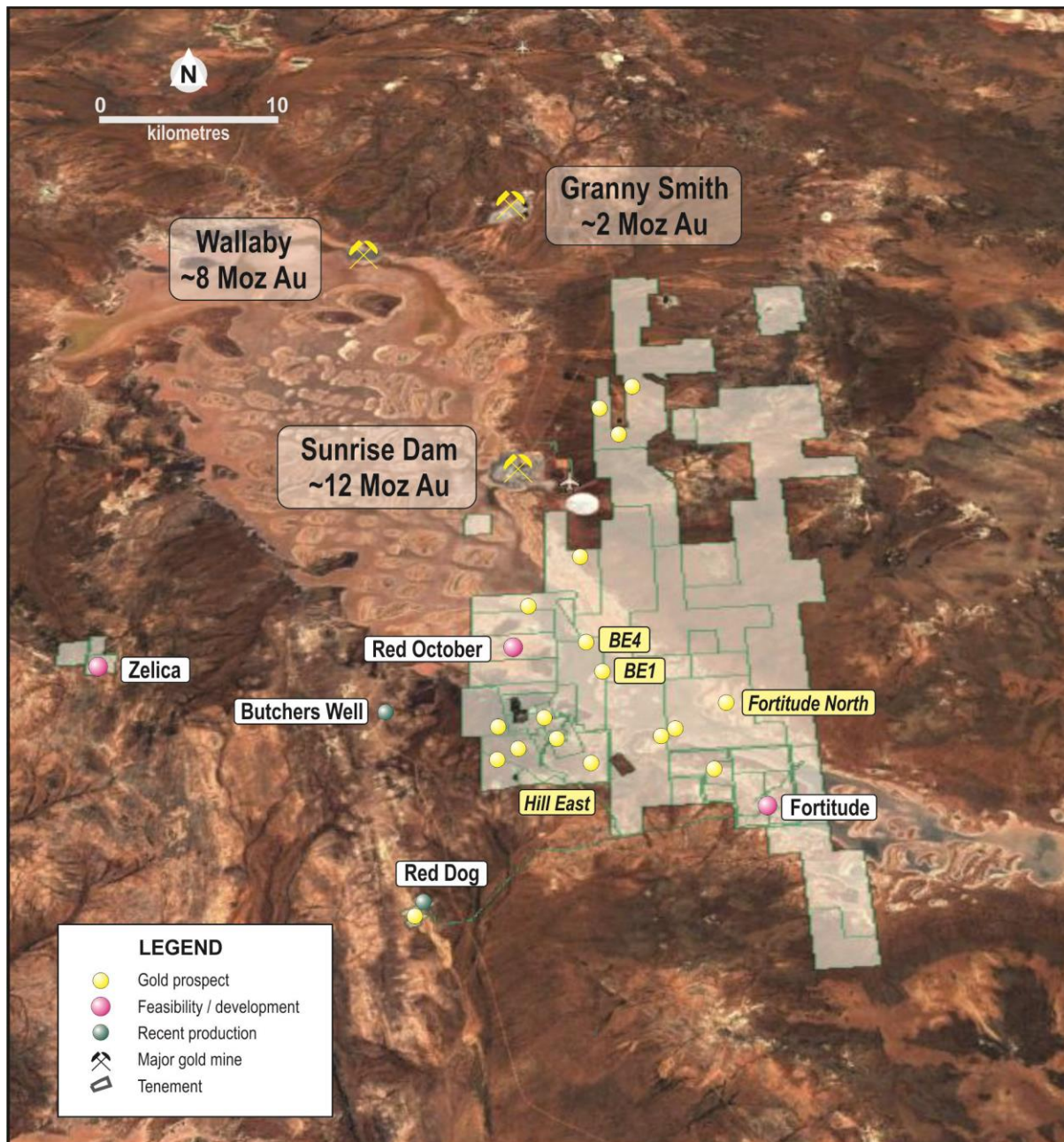


Figure 1: Lake Carey Gold Project

RED DOG GOLD PROJECT

Mining operations at the Red Dog project were completed in late November 2018, and haulage of ore to the Sunrise Dam Gold Mine (SDGM) under Matsa’s ore purchase agreement with AngloGold Ashanti Australia Limited (AGAA) was completed in late December.

The mining at Red Dog delivered an outstanding result, generating production of 12,704 ounces and an operating profit of \$5.5 million, which exceeded the forecast set down in the Company's Red Dog mine study. Final proceeds from the ore delivered in December were received the week ending 11th January 2019 from AGAA.

The Red Dog gold project result further demonstrates the successful execution of Matsa's gold mining strategy.

The key outcomes from the Red Dog gold project are shown in Table 1 with the open pit mine shown in Figure 2.

	Mining Study July 2018	Actual	% Achieved
Total Tonnes	182,000	185,730	101.88
Grade (g/t)	2.5	2.3	92.00
Strip Ratio (Waste:Ore)	2.4	1.7	70.83
Metallurgical Recovery (%)	92.5	92.5	100
Production (Oz)	13,400	12,704	94.81
Cash Surplus (A\$M)	5.4	5.5	101.85
AISC (A\$ per Oz)	1,294	1,288	(6)*

* Absolute figure

Table 1: Red Dog Gold Project Key Outcomes



Figure 2: Red Dog Gold Project close to completion of mining

Mining Summary

The mining and haulage operations at Red Dog gold project were conducted over a 4 month period commencing in late August 2018 with the establishment of the required infrastructure. Actual mining started in mid-September 2018. Adverse weather conditions impacted haulage of the ore to SDGM which was completed on 24 December 2018, 3 weeks behind schedule. However the weather delays did not impact mining operations and overall the project exceeded Matsa's forecasts. Importantly the mining was conducted in a safe manner with no time lost due to injuries.

Mining was completed as initially planned with the mine design altered only slightly following grade control drilling resulting in approximately 5% less ounces. These lower ounces were significantly compensated for by a lower stripping ratio which resulted in lower mining costs. A gold price slightly higher than forecast was achieved during the operation. Dilution was contained by using contour mining methods and by implementing stringent geological supervision.

RED OCTOBER GOLD MINE

Activities during the quarter remained focused on the potential for commencement of trial mining.

The Red October gold mine remains under care and maintenance while potential for near-term mining is being actively advanced. Dewatering continued to ensure that all areas of the underground mine are accessible for exploration and mining.

Activities during the quarter included:

- Finalisation of Stage 2 mining studies
- Consultant-led geomechanical strain modelling to define near mine exploration targets

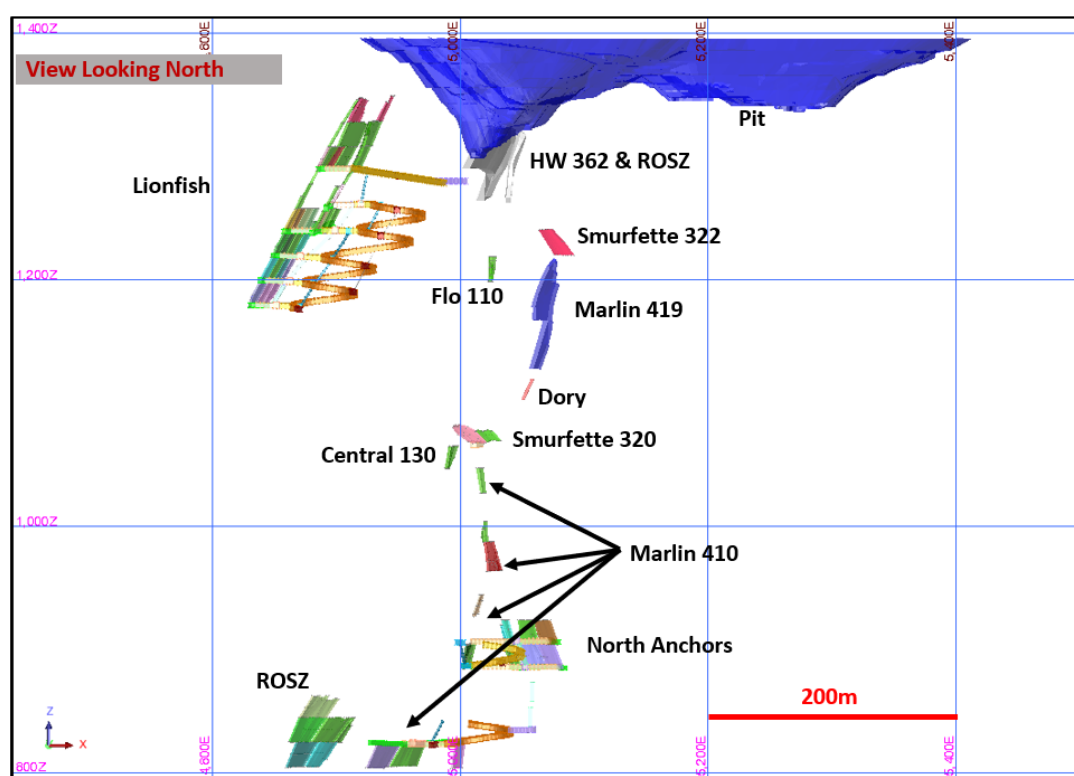


Figure 3: Stage 1 additional targets identified (Cross-section view)

In April 2018 Matsa announced that it had entered into Stage 1 high level economic analysis work for the Red October underground gold mine. Stage 1 was completed, with quality resource definition targets and potential mining targets identified throughout the mine.

Stage 1 was an initial high level mine design and financial model, which identified areas within the existing 85,000 oz @ 13.6 g/t Au underground resource with potential for near-term mining. Twelve additional targets (Figure 3) outside of the existing resource were also identified as having near mine potential and have been flagged for further exploration and evaluation.

Stage 2 Mining Studies

Stage 2 involved detailed mine planning, designs, mine definition drilling designs, cost models and schedules with a view to the commencement of trial mining and diamond drilling. Matsa secured the services of Red Rock Engineering to provide diligent mine planning and stope economic analysis in combination with geology assessments. Mine planning focused on further refinement of Stage 1 targets, plus an optimisation run on the current block model to identify additional mining targets (Figure 4).

Stage 2 also involved obtaining all the necessary permits and approvals, tenders and contracts. To date, all necessary permitting has been approved and the tender/contracting phase is well advanced.

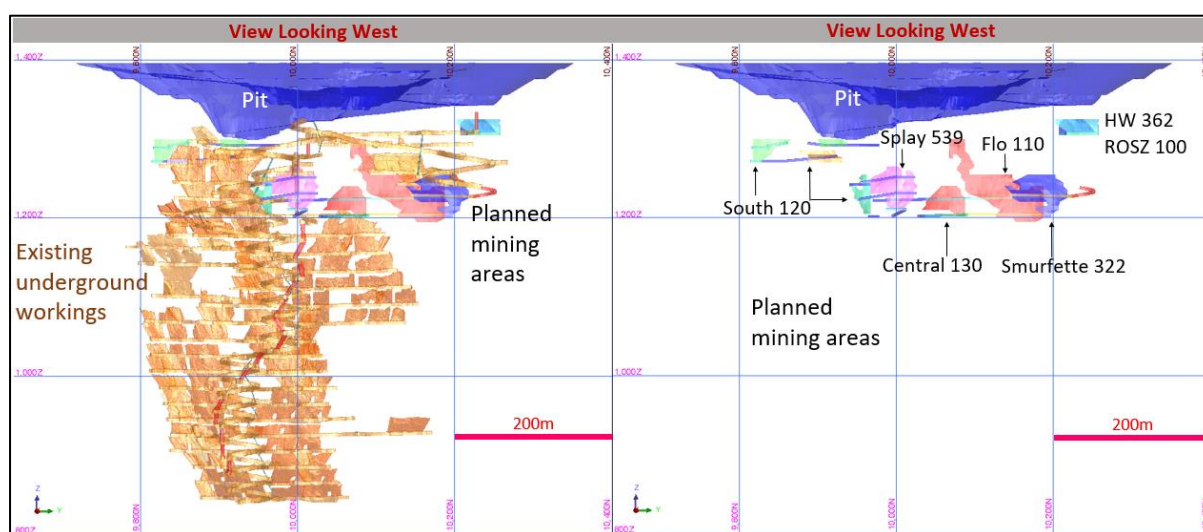


Figure 4: Stage 2 planned mining areas identified at Red October (Long-section view)

The Stage 2 study comprised of the following components:

- mine infrastructure planning
- development designs
- stope designs and economic analysis
- mine definition drilling designs
- cost models
- mine production schedules
- metallurgy studies
- lodgement of necessary permits and approvals applications
- commence of tenders
- staffing requirements

It is expected that the results of the Stage 2 mining studies will be announced shortly.

Geomechanical Strain Modelling

In late 2018, Matsa commissioned the services of GMEX (Dr John McLellan) to construct a geomechanical model to aid in the prediction of mineralised fluid flow within structures. The technique has been used successfully at Red October before under Saracen's ownership, and has also been used at Sunrise Dam. The geomechanical model was instrumental in the 2Moz+ Vogue deposit discovery at Sunrise Dam by AngloGold Ashanti.

The analysis process builds a 3-dimensional interpretative model of the near mine environment constrained by high quality ground magnetics, underground geological mapping and drill hole information including oriented structural data. The objective is to identify “dilational” target areas of low to moderate strain, where gold-bearing fluids may have accumulated during the complex structural history of the Red October area.

Geomechanical analysis has the potential to be a cost-effective tool to focus exploration drilling, discover new gold mineralisation and expand the gold resource base at Red October.

The Red October model has recently been completed, and initial results show favourable conditions along known structures for localised fluid flow and potential for mineralisation. The model shall be interrogated further during H1 of 2019 to assist with the finalisation of an exploration targeting pipeline in addition to existing structural geology, lithology, geochemistry and geophysics datasets.

Red October Gold Mine Background

The Red October gold mine and project area covers 44 km² and consists of six granted Mining Leases (ML's), an extensive well-maintained underground mine, a 68-person camp, offices, workshops and exploration base, wet and dry messes, underground mine equipment and a JORC 2012 compliant Mineral Resource of ~99,000 oz of gold, which importantly includes **85,000 oz @ 13.6g/t Au**.

The Red October mine is a structurally controlled gold deposit located in the Laverton Tectonic Zone which hosts a number of world class gold mines with resources >25M oz of gold which include Sunrise Dam, Granny Smith, Wallaby and Mt Morgans (Figure 1). Red October is located only 18km west of Matsa's Fortitude Gold Mine.

FORTITUDE GOLD MINE

No gold production or exploration was carried out during the quarter under review.

The trial mining operation at the Fortitude gold mine was completed at the end of April 2018. Matsa continues to conduct mining studies and prepare budgets into the commencement of a longer-term mining operation at Fortitude.

The strong relationship established with AGAA through the ore purchase agreement which underpinned the trial mining project, also provides an excellent foundation for future mining operations at Fortitude. All mining permits applicable to the Stage 2 mining operation are already in hand as part of the permitting for the trial mine.

LAKE CAREY EXPLORATION

Exploration at Lake Carey during the quarter comprised the following:

- Lake aircore drilling to complete coverage of Fortitude North and BE4 prospects
- Resampling of historic drill holes in the Capella Mining leases
- Complete airborne magnetic and radiometric survey of Capella and Red October
- Review of results from R&D Seismic Survey over BE1

Lake Aircore Drilling Programme

Matsa carried out the drilling using a specially designed lake aircore rig capable of operating on the surface of salt lakes. A total of 55 drill holes were completed for a total of 4,361m of drilling as summarised in Table 1. Of these drill holes, 29 drillholes for 2,622m were completed at Fortitude North, 20 drillholes for 1,347m at BE 4 and a further 6 drill holes for 392m were carried out over regional aeromagnetic target AF 1 (Figure 1).

Logging and sampling procedures for drilling and collar co-ordinates and all assays > 0.1 g/t Au at Fortitude North, were included in a previous announcement (*MAT announcement to ASX 9th November 2018*).

Collar co-ordinates and assays > 0.1 g/t Au from BE4 and AF 1 are listed in Appendix 1 and 2.

Drilling Results Fortitude North

The Fortitude North Target is located ~7km northwest of Matsa's Fortitude Gold Mine, and is also located along the Fortitude Fault. Drilling to date has defined a linear zone of bedrock mineralisation almost 2km long. Recent lake drilling almost doubled the strike extent of this zone (Figure 5 and Figure 6).

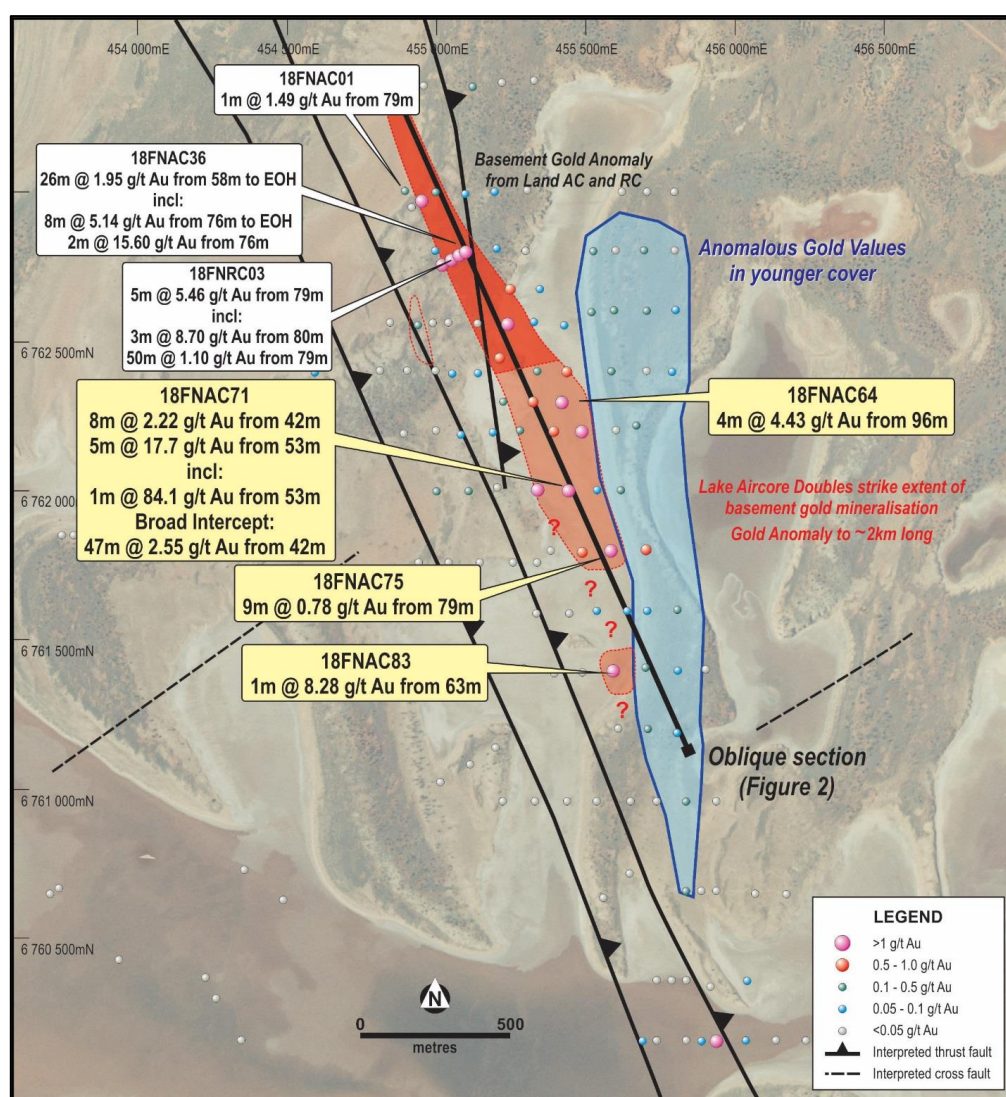


Figure 5: Fortitude North Summary Drill Results and Interpretation

(Significant new drill results in yellow boxes)

Assays received from lake aircore drilling carried out during the current quarter at Fortitude North returned a number of significant gold values, with the following best intercepts as previously announced (MAT announcement to ASX 9th November 2018):

47m @ 2.55 g/t Au from 42m (18FNAC071)
incl. 8m @ 2.22 g/t Au from 42m
 and **5m @ 17.7 g/t Au** from 53m
incl. 1m @ 84.1 g/t Au from 53m
 and **2m @ 1.10 g/t Au** from 79m
4m @ 4.43 g/t Au from 96m (18FNAC064)
1m @ 1.87 g/t Au from 42m (18FNAC070)
9m @ 0.78 g/t Au from 79m (18FNAC075)
1m @ 8.28 g/t Au from 63m (18FNAC083)

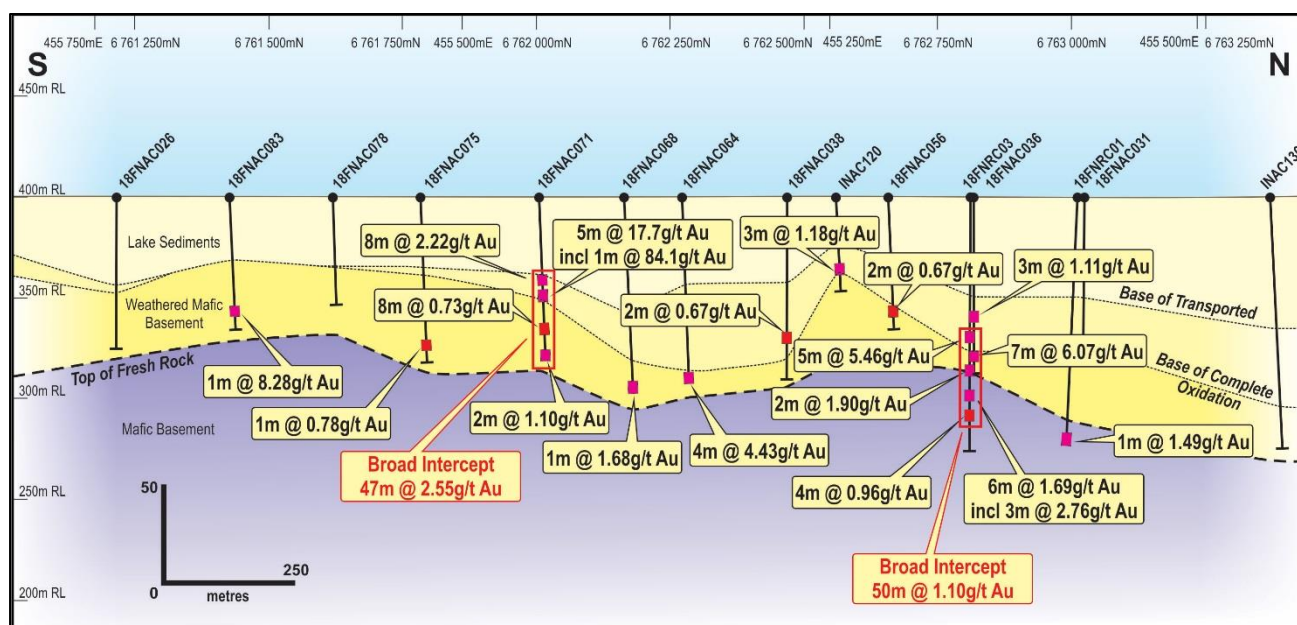


Figure 6: Fortitude North Interpreted Oblique Longitudinal Section showing gold intercepts in weathered basement rocks

These new intercepts are in deeply weathered basement rocks (mostly metabasalt and dolerite). This programme has extended gold mineralisation by more than 1km under the lake and has now been defined for a distance of almost 2km along the Fortitude Fault (Figure 12).

The selected higher-grade intercepts in drill hole 18FNAC071 are all located within a broad intersection with gold values up to 84.1 g/t Au, with the average assay grade based on 1m samples.

The highest grades in aircore drill hole 18FNAC71 are interpreted to reflect supergene enrichment in the weathering profile above primary gold mineralisation.

Anomalous gold up to 0.78 g/t Au in transported lake clays to the east of the zone of basement mineralisation is interpreted as the product of erosion and dispersion of adjacent basement gold mineralisation during deposition of the lake sediments (Figure 6).

Next Steps at Fortitude North

Currently gold mineralisation is defined by comparatively wide spaced (200m x 100m) aircore drilling and two RC drill sections outside the lake. Further infill and step out drilling is planned to more accurately define the extents of the mineralised zone and to determine whether there is more than one mineralised zone.

The initial follow up drilling programme made up of RC and diamond drilling commenced in early January 2019 along three sections spaced 100m apart. Current drilling will test the interpreted mineralised zone which dips at a shallow to moderate angle towards the east as previously announced (MAT announcement to ASX 22nd October 2018).

Drilling Results BE4

Step out lake aircore drilling 2km north of BE 1 in mid-2017 intersected anomalous gold values up to 3m @ 2.62 g/t Au at a new gold target which was named BE 4. Subsequent aircore in early 2018 using a land based drilling rig, returned best values of 1m @ 1.22 g/t Au in one drill hole and a number of significantly anomalous gold results > 0.5 g/t Au. (MAT announcements to ASX 31st July 2017 and 11th July 2018).

Drilling during the December quarter included a best intercept of **3m @ 2.01 g/t Au** from 62m in drill hole 18BN053 (Figure 7). This result is located on the western end of a drill traverse which remains open to the west. Anomalous gold values are located over a NS distance of ~2km and follow the western edge of the Bindah fault corridor which has undergone a major strike change from NNW to N trending. This change in strike direction is interpreted to be a structurally favourable location for accumulation of gold mineralisation along the Bindah Fault. The anomalous gold values occur in deeply weathered intermediate and mafic volcanics. Further infill and step-out aircore drilling is proposed in order to better define this target for RC and diamond drilling.

Drilling Results AF 1

This prospect is located approximately 5km SW of BE 1 and comprised a discrete linear magnetic anomaly. No significantly anomalous results were returned from drill samples in six drill holes completed on this prospect. No further work is proposed at this stage.

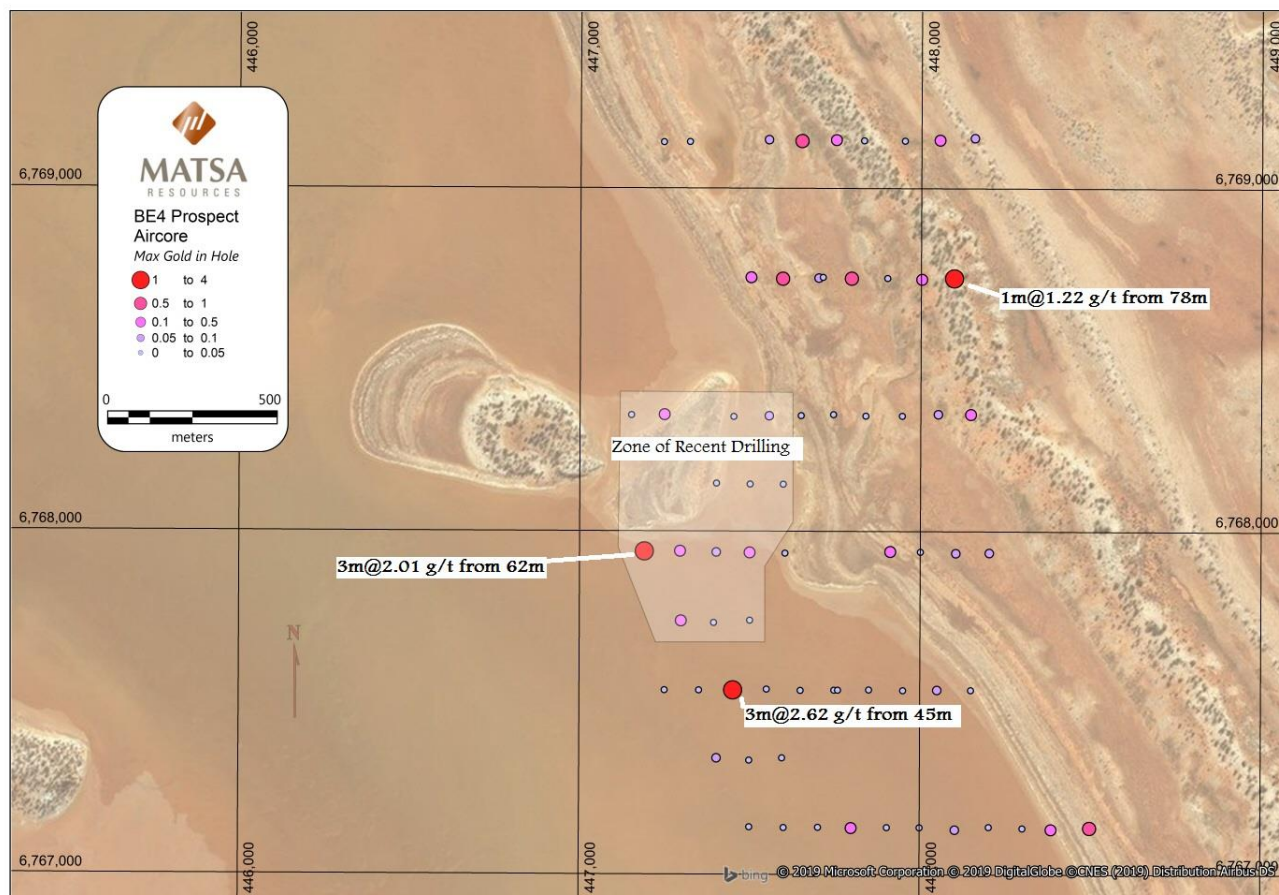


Figure 7: BE4 Aircore Drilling Summary

Capella, Re-sampling of Historic Aircore Drill Holes

Matsa has re sampled drill spoil from 447 aircore drill holes completed by previous explorers including Saracen Minerals, in the Capella mining leases south of Red October. Exploration records for these drill holes include assays for gold only and the objective was to obtain samples for multi element analysis and mineralogical scanning. There is potential to use this data to detect hydrothermal alteration footprints associated to prioritise areas for follow up drilling. This sampling was carried out by locating drill collars in the field and carefully sampling cuttings which have been least affected by weathering in each drill hole. Assay results are awaited.

Airborne Magnetic and Radiometric Survey Capella

During the quarter Matsa carried out a detailed aeromagnetic survey over the western part of the Lake Carey gold project including the Capella / Red October mining leases. This is the first survey of this kind carried out over the Red October mine. Matsa has integrated this data into the project-wide aeromagnetic coverage and it can be seen to have significantly increased the resolution of potentially important structures and rock types.

NEW TENEMENTS ACQUIRED AT LAKE CAREY

During the quarter Matsa announced tenement acquisitions which significantly add to its portfolio and complement and expand the Lake Carey gold project. As previously announced these include:

- Tin Dog gold project, option to purchase from Scott Wilson.
- Devon gold mine purchase from GME Resources Ltd - ASX GME
- Devon gold project option to purchase from Anova Metals Ltd – ASX AWW
- Zelica gold project purchase from Anova Metals Ltd - ASX AWW

Tin Dog Project Acquisition

In November Matsa entered into an option to purchase agreement with Scott Wilson to acquire a granted mining lease adjoining Matsa's Red Dog gold mine which Matsa believes to be a part of the same gold mineralised system and to be highly prospective for significant further gold mineralisation. *(MAT announcement to ASX 5th November 2018)*

This project includes a number of significant gold intercepts from historic drilling including:

- **6m at 13.8 g/t Au from 20m**
- **16m at 2.9 g/t Au from 55m**

Mineralisation appears to be related to the presence of syenite intrusions adjacent to the Mt Hornet shear zone and may be similar to the Anglo/Saracen JV project at Butchers Well which is also associated with syenite intrusions on the same structure. Mineralisation at Matsa's Red Dog mine is interpreted to form part of this potentially much larger gold-mineralised system (Figure 8). Matsa is currently integrating drilling, aeromagnetic and geological data from the two projects to guide exploration drilling.

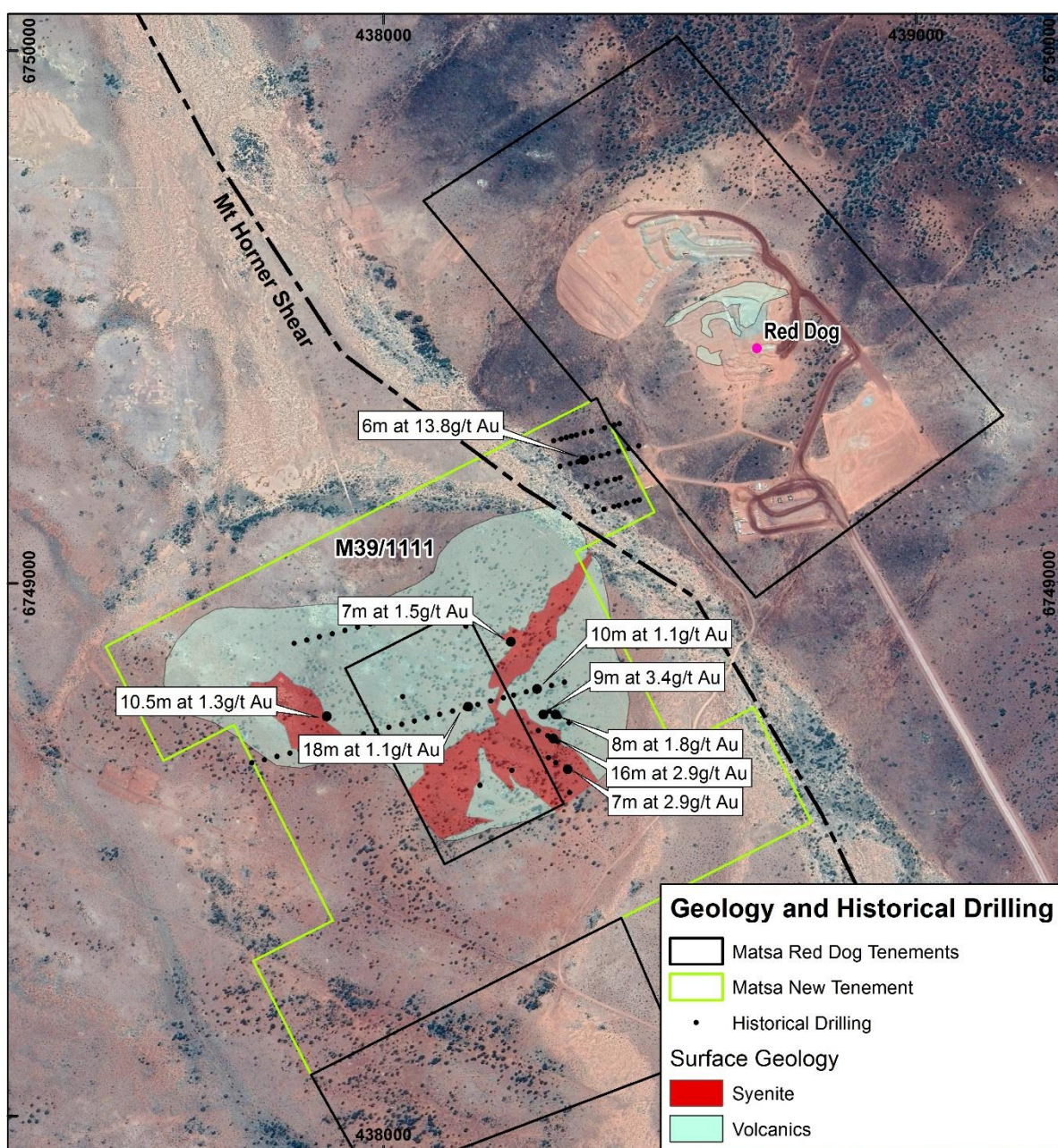


Figure 8: Significant Historical Drill Results and Geology of Tin Dog M39/1111

Acquisitions from Anova Metals Ltd

In November Matsa entered into two agreements with Anova Metals Ltd ("Anova", ASX: AWW) whereby Matsa can acquire two projects (*MAT announcement to ASX 14th November 2018*):

- Five mining leases and one exploration licence making up Anova's 17.8 km² Devon gold project; and
- One mining lease, one exploration licence and one miscellaneous licence making up Anova's Zelica gold project located 20km NW of Matsa's Red October gold mine

Devon Gold Project

The Devon tenements are located immediately south of Red October and are contiguous with Matsa's Red October tenements (Figure 9). The tenements hold multiple historical workings that produced approximately 23,000 ounces of gold with quoted average gold grades of ~ 50 g/t Au, over outcropping and near surface quartz veins. The acquisition is of particular interest as it forms a large contiguous land package with existing gold targets already to hand and strongly complements the recently acquired Red October gold mine.

Significant historical drill results at Devon highlight a number of gold mineralised areas with associated historic gold workings (Figure 15). Better results from recent drilling by Anova Metals include:

1m at 37.1 g/t Au from 4m
 2m at 13.3 g/t Au from 16m
 5m at 4.7 g/t Au from 43m
 10m at 2.0 g/t Au from 16m

Matsa has already identified a number of excellent drill ready exploration opportunities which are currently being compiled and assessed for further drilling.

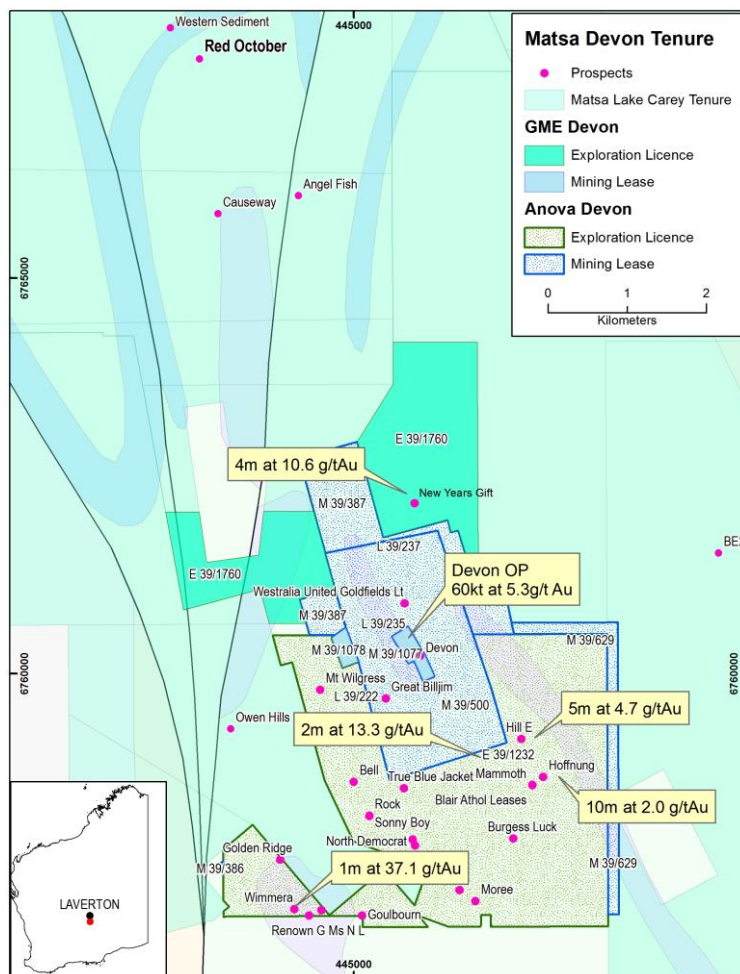


Figure 9: Summary of the Anova-Devon and GME-Devon Projects and significant drill results

Zelica Project

The Zelica gold project is located 20km to the NW of Red October (Figure 1).

Drilling at Zelica has advanced the project to the status of a JORC 2004 Resource of 358,200t @ 1.65 g/t Au for a total of **19,036 ounces of gold** (Table 2).

	Indicated			Inferred			Combined		
	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces
Zelica	358,200	1.65	19,036	216,600	1.58	11,134	576,8008	1.63	30,170

Table 2: Zelica Gold Project JORC 2004 Resource

Cautionary Statement on Zelica Resource Table

The Zelica Mineral Resource estimate was originally publicly reported to the ASX by Exterra Resources Limited (ASX: EXG) on 30 July 2012. Mineral Resources are not reported in accordance with the JORC Code 2012. A Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2102. Nothing has come to the attention of Matsa that causes it to question the accuracy or reliability of the estimate but Matsa has not independently validated the estimate and therefore is not to be regarded as reporting, adopting or endorsing that estimate.

Exploration activities undertaken by Anova prior to acquisition of the project by Matsa have concentrated on carrying out optimisation studies on the in-situ gold resources. Work included drilling on the low grade stockpile to confirm grades from historic drilling and a programme of pit floor trenching, mapping and sampling.

Anova also identified the potential presence of near-surface, high-grade zones within the main ore zone, most notably in the central parts, and near the southern pit ramp.

Matsa is currently evaluating the potential of the project for near-term mining.

Devon Gold Mine acquisition from GME Resources Ltd

In December Matsa entered into a Sale and Purchase Agreement (“SPA”) with GME Resources Ltd (ASX: GME) to acquire 2 mining leases and one miscellaneous licence comprising the Devon gold mining project and the adjacent New Years Gift exploration licence. (MAT announcement to ASX 13th December 2018). The tenements acquired under this agreement make up the rest of the greater Devon project as acquired from Anova and gives Matsa control of the known gold mineralised areas surrounding the Devon mine, which is currently on care and maintenance (Figure 9).

The Devon open pit gold mine was initially trial mined by GME Resources in May 2015, producing approximately 13,590t at 5.36g/t for 2,195 oz of gold. The pit was extended in 2016 with GME Resources reporting production of 47,032t at 5.3g/t for 7,398oz gold over the six month mining operation. GME Resources reported drilling below the pit and old workings indicated mineralisation remains open at depth (Figure 10) and had planned to test down dip extensions (refer GME ASX releases dated 19 June 2015, 18 November 2016 and 24 October 2018). However, access for drilling for potential extensions of the open pits was limited by tenure. The recent agreement with Anova on the surrounding ground in M39/500 removes this tenure obstacle and will now allow Matsa to progress exploration of this exciting high grade opportunity. (refer MAT ASX announcement dated 14 November 2018).

The New Year’s Gift prospect which was also acquired from GME, is located less than 2km north of the Devon mine. This prospect is hosted within the same north-northwest trending greenstone package as Devon. This prospect which was defined by a number of historical gold workings and has undergone minimal recent exploration. In 2015, GME drilled 4 RC holes over the New Year’s Gift prospect. All holes intersected mineralisation with gold values greater than 1 g/t Au and potential for high grade mineralisation was confirmed in two holes with better results of (GME announcement to ASX 6th July 2015 and 4th November 2015):

4m at 10.6g/t Au from 25m
1m at 23.6g/t Au from 23m

Matsa is planning a follow-up RC drilling programme to better define and assess the potential of this high-grade mineralisation to commence in the first half of 2019.

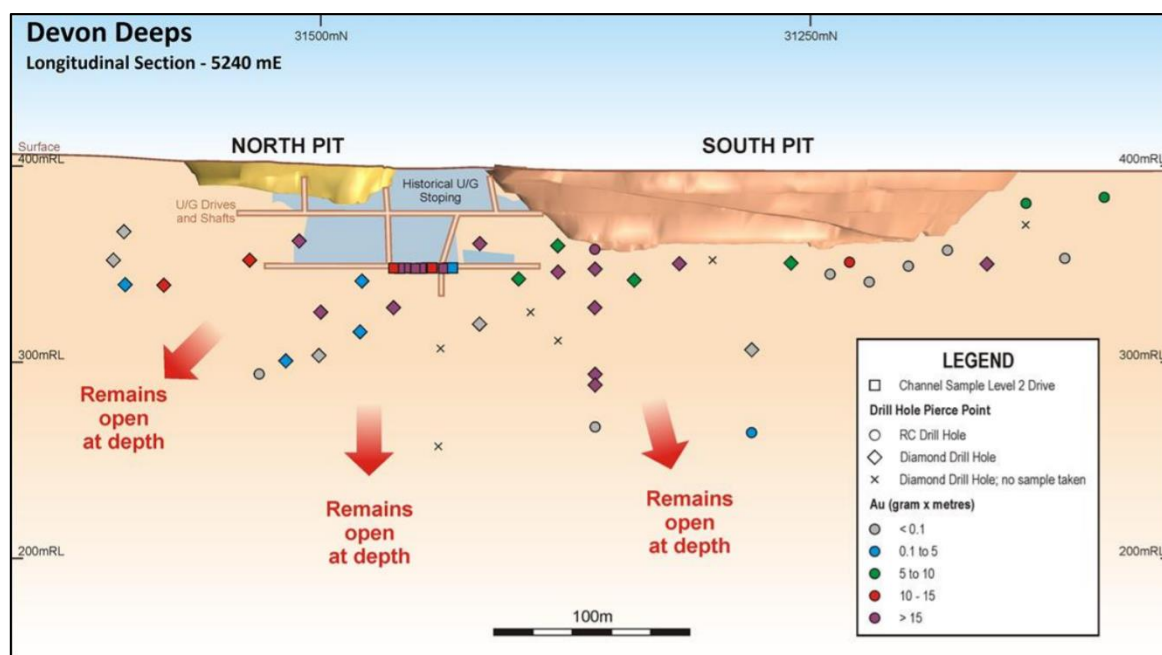


Figure 10: Devon Deeps long section (refer GME ASX announcement dated 18 November 2016)

CORPORATE

Cash and liquid assets total approximately A\$5.1 million as at 31st December 2018, with the long-term debt facility of A\$4 million remaining constant and drawn down to only A\$3 million. Sale proceeds of \$5.5 million from the ore delivered in December were received in the week ending 11th January 2019, and therefore not included in the 31th December 2018 cash balance.

As a result of the highly successful outcome at the Red Dog gold project, the Company announced it has determined to pay a maiden dividend to shareholders of 1 cent for every 5 shares held (0.2 cents per share).

Please refer to Appendix 5B for further details.

For further Information please contact:

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Director

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Competent Person Statement

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources related to the Red October Resource Estimate is based upon information compiled by Mr Daniel Howe, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Daniel Howe is a full-time employee of Saracen Mineral Holdings Limited. Daniel Howe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Daniel Howe consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

Exploration results

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

Competent Person – Red Dog Gold Project

The information in this report that relates to Exploration results is based on information compiled by Mark Csar, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mark Csar is a full time employee of Matsa Resources Limited. Mark Csar 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'. Mark Csar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information contained in this ASX release relating to Mineral Resources has been compiled by Susan Havlin of Optiro Ltd. Susan Havlin is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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". Susan Havlin consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Appendix 1 – Lake Aircore Drill Collars BE4 and AF1

Hole ID	Target	Drill Type	GDA East	GDA North	Depth	Azimuth	Dip
18AFAC001	AF1	Aircore	446530	6765943	93	0	-90
18AFAC002	AF1	Aircore	447427	6765943	82	0	-90
18AFAC003	AF1	Aircore	447332	6765939	90	0	-90
18AFAC004	AF1	Aircore	446782	6763936	45	0	-90
18AFAC005	AF1	Aircore	446683	6763937	55	0	-90
18AFAC006	AF1	Aircore	446582	6763940	27	0	-90
18BNAC046	BE4	Aircore	447555	6768339	48	0	-90
18BNAC047	BE4	Aircore	447451	6768337	94	0	-90
18BNAC048	BE4	Aircore	447597	6768140	41	0	-90
18BNAC049	BE4	Aircore	447500	6768140	72	0	-90
18BNAC050	BE4	Aircore	447401	6768142	72	0	-90
18BNAC051	BE4	Aircore	447248	6768342	93	0	-90
18BNAC052	BE4	Aircore	447151	6768341	102	0	-90
18BNAC053	BE4	Aircore	447190	6767943	79	0	-90
18BNAC054	BE4	Aircore	447298	6767741	74	0	-90
18BNAC055	BE4	Aircore	447394	6767736	48	0	-90
18BNAC056	BE4	Aircore	447500	6767743	32	0	-90
18BNAC057	BE4	Aircore	447596	6767342	62	0	-90
18BNAC058	BE4	Aircore	447499	6767335	72	0	-90
18BNAC059	BE4	Aircore	447403	6767341	66	0	-90
18AFAC001	BE4	Aircore	446530	6765943	93	0	-90
18AFAC002	BE4	Aircore	447427	6765943	82	0	-90
18AFAC003	BE4	Aircore	447332	6765939	90	0	-90
18AFAC004	BE4	Aircore	446782	6763936	45	0	-90
18AFAC005	BE4	Aircore	446683	6763937	55	0	-90
18AFAC006	BE4	Aircore	446582	6763940	27	0	-90

Appendix 2 – BE 4 Lake Aircore Assays >0.1 g/t Au

Hole ID	Sample Type	Sample ID	Metres From	Metres To	Gold g/t
18BNAC053	1m split	161102	62	63	1.13
18BNAC053	1m	161103	63	64	3.99
18BNAC053	1m	161104	64	65	0.9
18BNAC053	1m	161105	65	66	0.24
18BNAC053	1m	161106	66	67	0.49
18BNAC053	1m	161107	67	68	0.13
18BNAC053	1m	161108	68	69	0.36
18BNAC053	1m	161116	76	77	0.29
18BNAC053	1m	156980	78	79	0.61
18BNAC053	1m	158758	78	79	0.56
18BNAC054	1m	156981	73	74	0.18
18BNAC054	1m	158774	73	74	0.18

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER

2018

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
E 69/3070	Symons Hill	100%	100%	
E 63/1018	Killaloe#	80% ¹	0% ¹	Sold
E 63/1199		80% ¹	0% ¹	Sold
E 63/1646		100%	0%	Sold
E 63/1655		100%	0%	Sold
E 63/1660		100%	0%	Sold
E 63/1661		100%	0%	Sold
E 63/1662		100%	0%	Sold
M 63/177		100%	0%	Sold
E 63/1713		100%	0%	Sold
E 09/2162	Glenburg	100%	100%	
E 52/3339		100%	100%	
E 28/2600	Lake Rebecca	100%	100%	
E 28/2635		100%	100%	
E 38/2948	Mount Weld	100%	100%	
E 38/2949		100%	100%	
E 38/3102		100%	100%	
E 39/1287	Lake Carey	100%	100%	
E38/2945		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 38/2938		90% ³	90% ³	
E 39/1796		90% ³	90% ³	
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% ²	90% ²	
E 39/2015		100%	100%	

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER

2018

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
L 39/247		100%	100%	
L 39/267		100%	100%	
L 39/268		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%	
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%	
E47/3518	Paraburdoo	100%	100%	
M 39/411	Red October*	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%	
SPL 22/2558	Siam Project	100%	100%	
SPL 23/2558		100%	100%	
SPL 39/2558		100%	100%	
SPL 41/2558		100%	100%	
SPL 44/2558		100%	100%	
SPL 52/2558		100%	100%	
SPL 80/2558		100%	100%	

The Killaloe tenements have been sold to Lione Resources Limited. Settlement of Tranche 2 of the sale occurred during the quarter.

MATSA RESOURCES LIMITED
SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER
2018

*The Red October tenements were acquired in March 2018 but have yet to be transferred into Matsa's name.

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

¹ = Joint Venture with Cullen Resources Limited

² = Joint venture with Raven Resources Pty Ltd

³ = Joint venture with Bruce Legendre

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,406	7,064
1.2 Payments for		
(a) exploration & evaluation	(396)	(1,067)
(b) development	-	(46)
(c) production	(3,564)	(3,993)
(d) staff costs	(321)	(612)
(e) administration and corporate costs	(175)	(680)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	22
1.5 Interest and other costs of finance paid	(120)	(208)
1.6 Income taxes paid	-	-
1.7 Research and development refunds		
1.8 Other – Other income	36	98
- Red October Care & Maintenance	(434)	(907)
1.9 Net cash from / (used in) operating activities	1,445	(329)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(709)	(748)
(b) tenements (see item 10)	(475)	(875)
(c) investments	(225)	(225)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	80
	(b) tenements (see item 10)	-	-
	(c) investments		
	(d) 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	(10)	(19)
2.6	Net cash from / (used in) investing activities	(1,419)	(1,787)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(27)	(47)
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	(27)	(47)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,630	3,792
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,445	(329)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,419)	(1,787)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(27)	(47)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,629	1,629

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,145	1,145
5.2 Call deposits	50	485
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,629	1,630
Shares held in listed investments*	3,498	4,894
Total cash and liquid investments at end of quarter	5,127	6,524

* Market value at 31 December 2018 (Previous quarter 30 September 2018)

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	233
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	4,000	3,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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 2019. At 31 December 2018 the Company had drawn down \$3M of the facility.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	974
9.2 Development	-
9.3 Production	2,651
9.4 Staff costs	372
9.5 Administration and corporate costs	426
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	4,423

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	<u>Killaloe (WA)</u>			
	E63/1018	Direct	80%	0%
	E63/1199	Direct	80%	0%
	E63/1646	Direct	100%	0%
	E63/1655	Direct	100%	0%
	E63/1660	Direct	100%	0%
	E63/1661	Direct	100%	0%
	E63/1662	Direct	100%	0%
	E63/1713	Direct	100%	0%
	M63/177	Direct	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 January 2019

Print name: Andrew Chapman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.