



ASX Announcement

2nd December 2019

Significant Exploration Programme to Commence Lake Carey

Highlights

- *In addition to the current ongoing underground Red October drilling programme, Matsa outlines an extensive project wide exploration programme*
 - *2,650m of diamond drilling*
 - *4,590m of RC drilling and*
 - *~20 line km of Induced polarisation "IP" surveys*
- *Drilling is scheduled to commence immediately with principal focus on:*
 - *Near mine Red October surface. Deep diamond drilling planned on three high priority structural targets along strike and >400m away from existing development*
 - *Fortitude North. Diamond drilling over the lake where ~1.5km of bedrock gold anomalism defined by aircore remains untested at depth*
 - *BE 1. Earlier diamond hole follow up of quartz vein with visible gold in deeply weathered basement*
 - *Devon Mine. RC drilling to define resource potential below existing pit where 9,593 ounces of gold were produced at average grade of 5.3 g/t Au between 2015 and 2016*
 - *Gallant and Hill East RC drilling to test potential for near term development of shallow supergene gold mineralisation*
 - *Linden. A 20km IP survey line over area of the historic Linden gold field*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

216.93 million

Unlisted Options

~26.35 million @ \$0.17 - \$0.25

Top 20 shareholders

Hold 52.78%

Share Price on 29th November 2019

13 cents

Market Capitalisation

\$28.2 million

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to announce that an extensive project-wide exploration programme has commenced within the Company's Lake Carey gold project in the Eastern Goldfields of Western Australia.

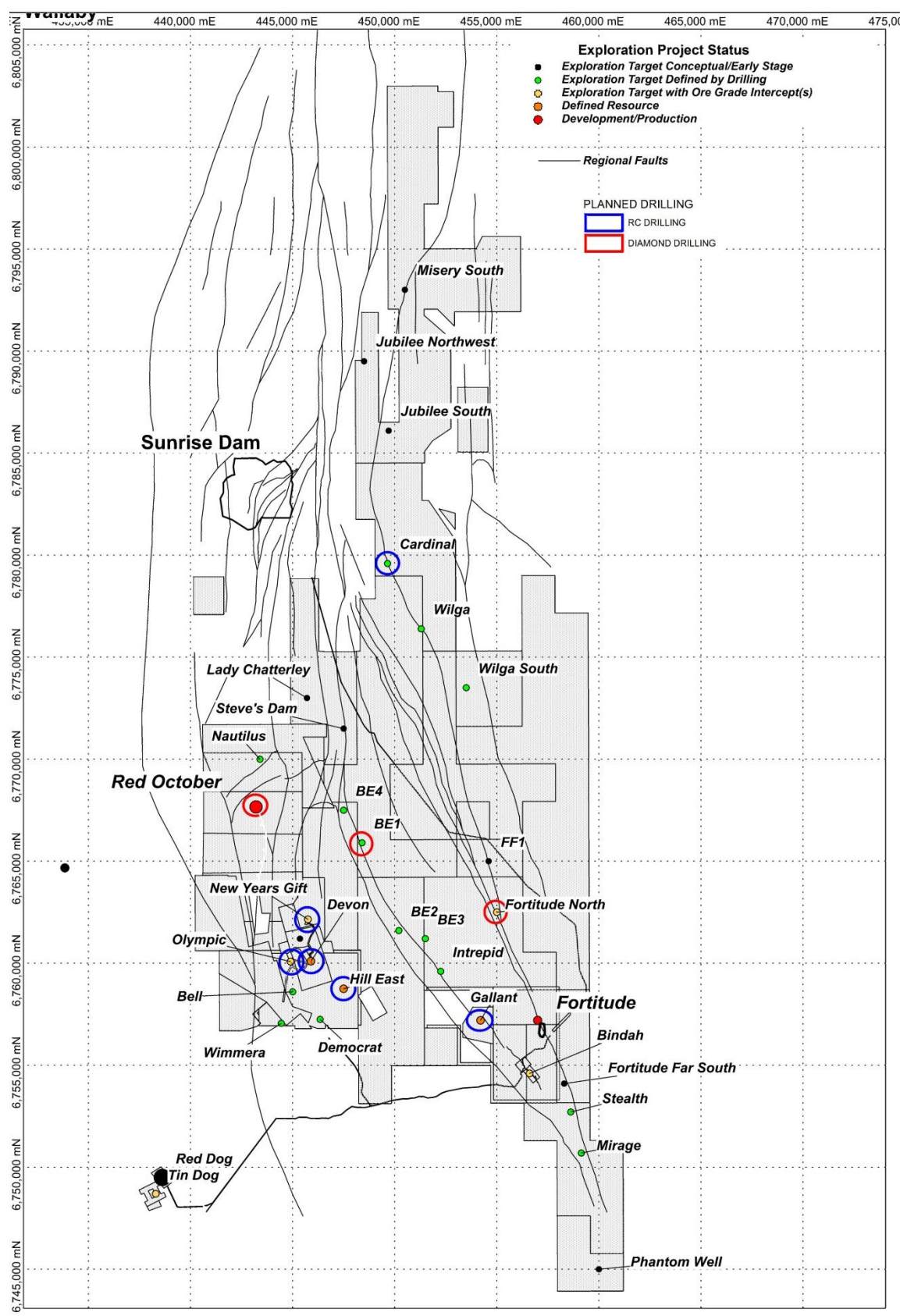


Figure 1: Lake Carey Project Exploration Targets and Location of Planned Drilling

The exploration programme is made up of the following components:

Diamond Drilling

Red October surface near-mine diamond drilling at (3 holes for ~1,300m)

Fortitude North diamond drilling (4 drill holes for ~950m)

BE 1 diamond drilling (2 drill holes for 400m)

RC Drilling

Devon Mine RC drilling 7 holes for ~1,000m

Gallant RC drilling 17 drill holes for ~1,000m

Hill East RC drilling 33 drill holes for ~1,100m

Olympic RC drilling 6 drillholes for 700m

New Years Gift RC drilling 8 drill holes for 590m

Cardinal RC drilling 2 drill holes for 200m

IP Surveys

IP surveys for around ~20 line km are planned to cover historic gold workings at Linden. Gold mineralisation is associated with disseminated sulphides, mostly pyrite which is expected to produce a recognisable IP response.

Site preparation for all planned RC drilling has commenced with diamond drilling expected to commence at Red October on the 5th December 2019. The drilling programme is expected to extend throughout and beyond the March 2020 quarter.

DIAMOND DRILLING

Red October Near-Mine

Diamond drilling to be carried out along strike to the NE. Three drill holes for ~1,300m of drilling will test high priority structural targets developed by from Matsa's 2018 geomechanical study. Drilling is targeting strike-extensions to the high grade Red October gold lodes >400m from current underground mining development.

Fortitude North

Four drill holes for ~950m of drilling will be carried out on the lake which conceals much of the 1.5km long bedrock gold target at Fortitude North. Aircore intercepts in the lake including **47m @ 2.55g/t Au** remain untested at depth. Previous diamond and RC drilling in the northern part of the target outside the lake defined a gold mineralised zone which is interpreted to dip to the NE at a moderate angle. This zone is associated with a **26m @ 1.95 g/t Au** intercept in deeply weathered basement. This zone was also intersected in fresh rocks in diamond drill hole 19FNDDH01, with a best intercept of **8m @ 2.94 g/t Au**. (MAT Announcement to ASX 7th May 2019).

BE 1

Two diamond drill holes for ~400m are planned to test gold mineralisation associated with a dacite intrusion at BE 1, with aircore intercepts including **21m @ 1.82 g/t Au** and **2m @ 24.3 g/t Au** (MAT Announcement to ASX 12th April 2017). Diamond drilling in 2017 achieved a best intercept of **0.1m @ 8g/t Au** and **1m @ 1.5 g/t Au** (MAT announcement to ASX 31st July 2017). Planned drilling is designed to follow up an intercept of quartz veining containing visible gold in deeply weathered basement rocks which coincides with a zone of significant core loss.

RC DRILLING

RC drilling using a conventional truck mounted drilling rig is planned over the Devon Mine and adjacent Olympic workings and at least one other regional exploration target at Cardinal.

Devon Mine

Currently on care and maintenance following completion of open pit mining where a total of 9,593 oz Au were produced by GME Resources Ltd at an average grade of 5.3 g/t Au between 2015 and 2016. Seven drill holes for ~1,000m are designed to evaluate resource potential beneath the existing open pit and extensions to historic gold workings.

Olympic/Danube Workings

Six drill holes for ~700m are planned to test extensions to historic gold workings which are located close to the Devon gold mine. Previous drilling has included very high grade intersections including **4m @ 24.5g/t Au** and **4m @ 285 g/t Au**.

Two RC drillholes for 200m are planned to test intercepts >15 g/t Au under shallow cover reported from historic aircore drilling. The target is located along an interpreted fault corridor where previous aircore and RC drilling has defined anomalous basement gold values between 0.1 g/t Au and 30 g/t Au over a distance of ~ 8km.

Hill East

33 RC drill holes for ~1,100m are planned to confirm continuity and resource potential of shallow supergene gold mineralisation previously defined by Anova Metals Ltd. Matsa believes that this target offers a near-term development opportunity.

Gallant

Previous drilling shows mineralisation to be associated with a strongly magnetic metasediment. A total of 17 RC drill holes for 1,000m are proposed to confirm continuity and resource potential. Gallant is located on a granted mining lease very close to Matsa's Fortitude gold mine and there may be synergies between the two projects which encourage near-term development.

New Years Gift

A total of 8 RC drill holes for 590m of drilling is planned to follow up high grade gold intercepts including **3m @ 13.9 g/t Au** and **1m @ 32.6 g/t Au** in previous drilling. Mineralisation appears to be confined to a narrow moderately dipping zone of quartz veining and drilling will target extensions to historic underground workings.

A light track mounted drilling rig able to work in a marginal lake environment is required for drilling at New Years Gift, Hill East and Gallant.

IP Surveys Linden

Mapping and sampling of extensive old gold workings in the Linden goldfield shows that gold mineralisation is commonly associated with disseminated sulphides which extend away from gold bearing quartz veins into the adjacent strongly altered wall rocks. This associated sulphide "halo" has the potential to present a straightforward IP target. There has been minimal past drilling targeting the historic gold workings and Matsa believes that there is excellent potential to discover significant new gold mineralisation using IP.

Other Activities

Approximately 1,400 samples of remnant drill cuttings were collected from previous aircore and Rotary Air Blast (RAB) drillholes are to be submitted for multi-element assay. Samples were selected as being representative of the deepest and consequently least weathered part of each drillhole. Multi-element assays and mineralogical scans can be used to highlight areas of hydrothermal

alteration. In conjunction with historic gold assays, this is expected to highlight targets for further drilling.

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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.