MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **27th February 2020**

New Gold Discovery
Lake Carey Gold Project

Highlights

- *Matsa's portfolio of gold targets has increased with discovery of a new gold mineralised zone by aircore drilling over FF1, a target 2.5km north from Fortitude North where significant diamond drilling results were recently announced*
- *Elevated gold in basement was achieved in two drill holes 300m apart with a best intercept of **3m @ 1.49 g/t Au** from 108m to EOH (20FFAC04)*
- *Importantly, elevated gold values were also intersected in transported sands between these two intercepts in drill holes which were unable to reach basement*
- *These highly anomalous results are located in a geological setting which is interpreted to be identical to the Fortitude gold mine and the recent Fortitude North discovery*

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 52.85%

Share Price on 26th February 2020

14 cents

Market Capitalisation

$32.54 million

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Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to announce new results which have been received from aircore drilling on the FF1 target which is located 2.5km north of Matsa's recently discovered Fortitude North gold deposit (Figure 1). Aircore drilling formed part of the previously announced exploration programme within the Company's Lake Carey gold project. *(MAT announcement to ASX 2nd December 2019).*

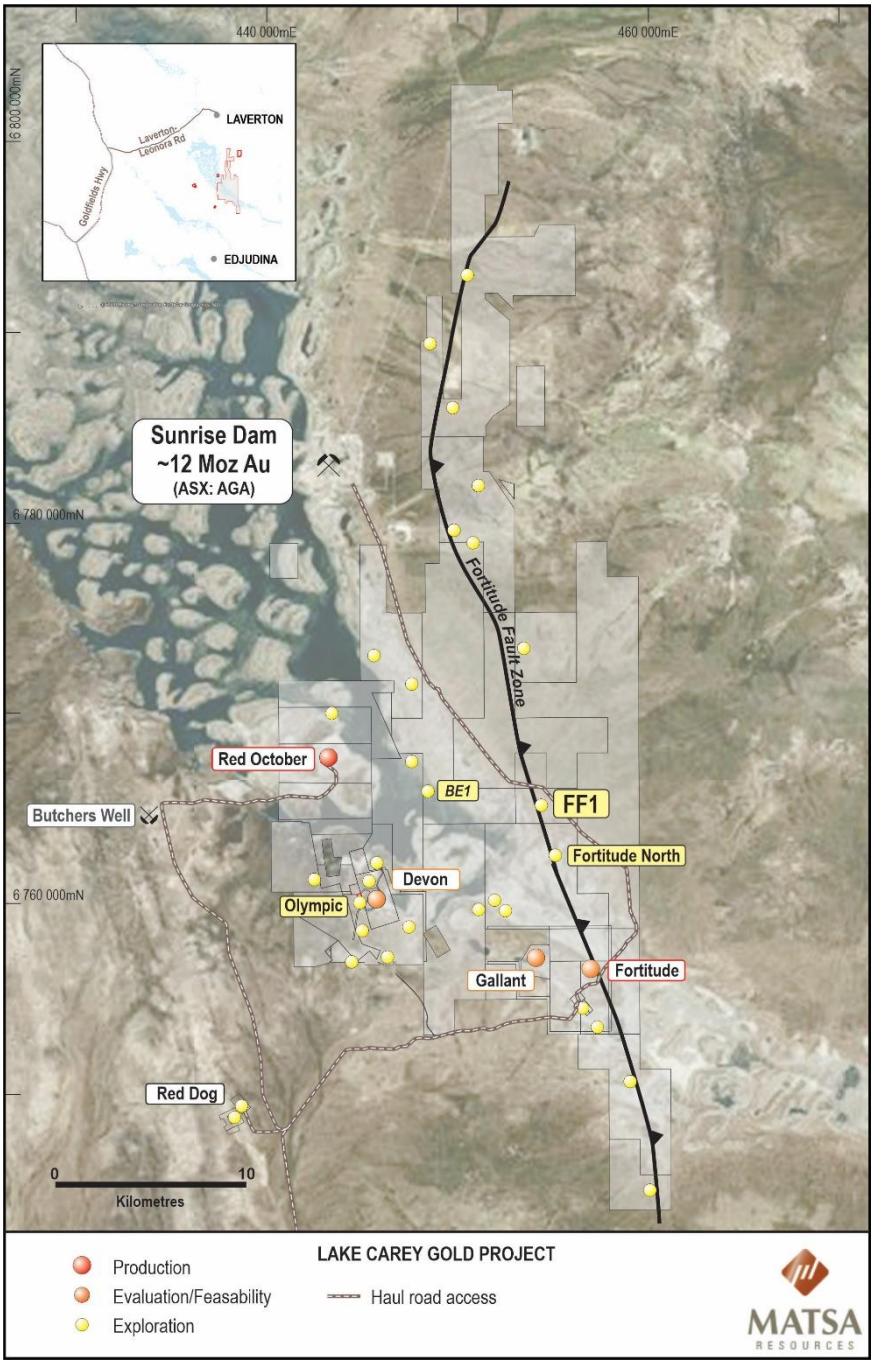

***Figure 1:* Location of FF1 target, Lake Carey Project and interpreted Fortitude Fault Zone**

New Gold Mineralisation Discovered at FF1

Anomalous gold values were returned in 7 drill holes and include intercepts in basement and in the overlying transported cover (Appendix 2).

Significantly, two drill holes located 300m apart, intersected anomalous gold values >0.1 g/t in basement rocks, with one intercept of **3m @ 1.49 g/t Au** from 108m to end of hole (EOH) in drill hole

20FFAC04. Highly anomalous gold values between 0.2 g/t Au and 0.24 g/t Au were intersected in sandy transported cover between the two basement intersections which probably represent the products of erosion of primary gold mineralisation in basement.

Two other anomalous basement gold intercepts with values >0.1g/t Au at EOH were achieved in drill holes 20FF1AC09 and 20FF1AC12 as shown in Figure 2 and Appendix 1.

Drilling was designed to test a target along the Fortitude Fault, approximately 2.5km north of Fortitude North, where drilling by previous explorers had been mostly unable to reach basement because of drilling difficulties in loose sands and gravel at the base of the transported cover sequence.

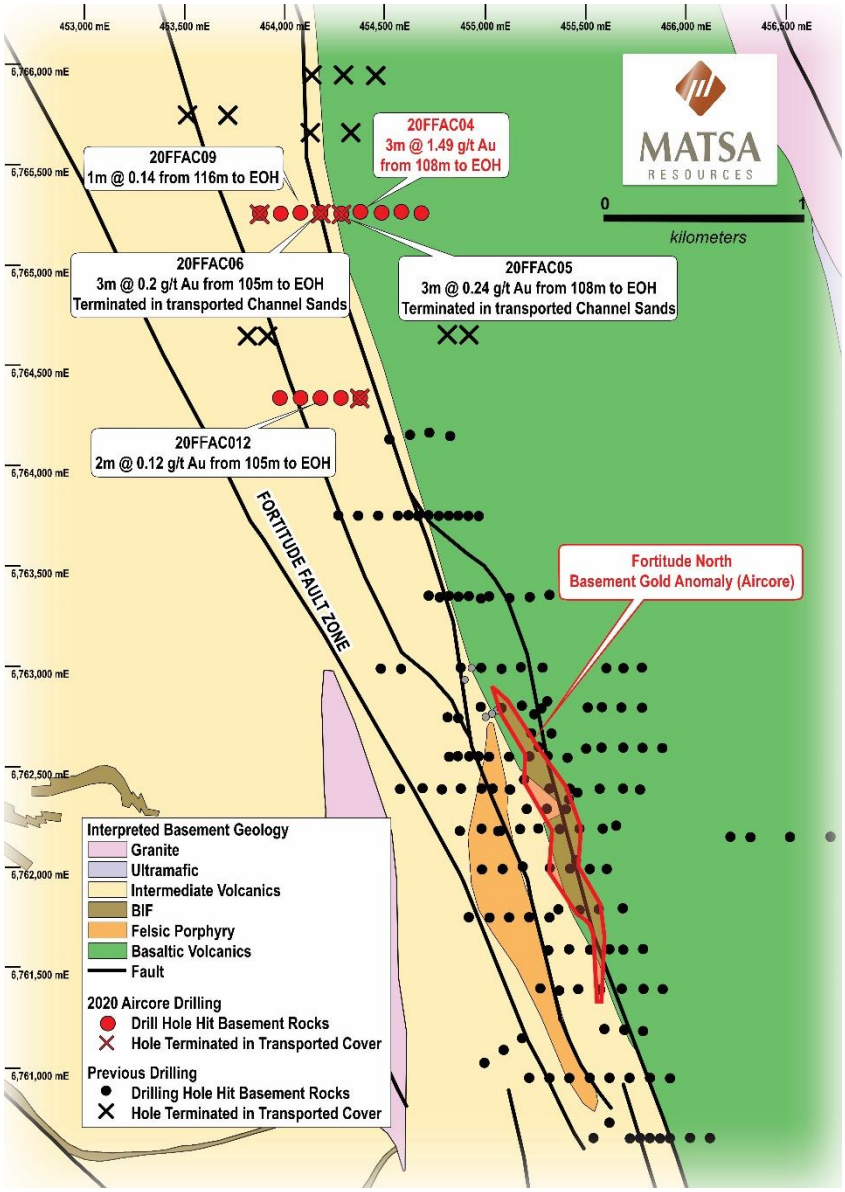

Figure 2: FF1 Summary, location and interpreted basement geology

Interpreted basement geology as summarised in Figure 2, shows FF1 to lie along the faulted boundary between basaltic volcanics to the east and intermediate and felsic volcaniclastics and intrusives to the west. This major structural and stratigraphic boundary which follows the Fortitude fault zone is the setting for the recent Fortitude North discovery as well as the Fortitude gold mine to the south.

Significance of the Gold Discovery at FF1

The discovery of new gold mineralisation by a limited aircore drilling programme at FF1, has highlighted the prospectivity of the Fortitude Fault zone which extends over the full extent of the Lake Carey Gold project from north to south (Figure 1). This discovery so soon after the Fortitude North discovery, emphasises the potential for further gold mineralisation along established "gold trends", particularly in areas where previous exploration has been hampered by transported cover.

***Figure 3:* Track Mounted Aircore Rig at FF1**

FF1 Drilling

A total 14 drill holes for 1520m along 2 drill lines 1km apart, were completed by Strike Drilling (Figure 3). Ten of the 14 drill holes reached basement while 4 holes were terminated early because of drilling difficulties in loose sandy and gravelly transported cover (Figure 2).

Drill hole collar information is provided in Table 1, logging, sampling and assay protocols are described in Appendix 1 and all gold assays >0.1 g/t Au are presented in Appendix 2.

Hole	Type	Grid	MGAEast	MGAN	RL	Depth	Azimuth	Dip
20FFAC001	AC	MGA94_51	454701	6765265	400	96	0	-90
20FFAC002	AC	MGA94_51	454600	6765273	400	118	0	-90
20FFAC003	AC	MGA94_51	454503	6765267	400	112	0	-90
20FFAC004	AC	MGA94_51	454396	6765273	400	111	0	-90
20FFAC005	AC	MGA94_51	454302	6765263	400	111	0	-90
20FFAC006	AC	MGA94_51	454200	6765266	400	108	0	-90
20FFAC007	AC	MGA94_51	453999	6765263	400	120	0	-90
20FFAC008	AC	MGA94_51	453897	6765265	400	84	0	-90
20FFAC009	AC	MGA94_51	454099	6765266	400	117	0	-90
20FFAC010	AC	MGA94_51	453996	6764342	400	120	0	-90
20FFAC011	AC	MGA94_51	454100	6764343	400	115	0	-90
20FFAC012	AC	MGA94_51	454198	6764341	400	107	0	-90
20FFAC013	AC	MGA94_51	454300	6764341	400	108	0	-90
20FFAC014	AC	MGA94_51	454396	6764345	400	93	0	-90

***Table 1:* FF1 Aircore Drilling January-February 2020**

The Lake Carey Gold Project

Matsa holds a ground position of 563km^2 at Lake Carey which is highly prospective for new gold discoveries. The Company is committed to becoming a mid-tier gold mining company with the commencement of underground production at the Red October gold mine. A scoping study was recently completed into the viability of a full scale open-pit gold mine at Fortitude (Refer to previous ASX announcements).

Matsa also sees substantial opportunities for further discoveries in favourable structural and stratigraphic settings within the Lake Carey Project area which remain relatively under-explored. The Fortitude and Bindah Faults are examples of favourable corridors which contain gold mineralisation (eg. Bindah, Fortitude, Jubilee, Misery and Keringal) and Matsa's recently discovered gold targets including Fortitude North.

Matsa's discovery at Fortitude North and earlier discoveries along the Bindah Fault, provides strong support for Matsa's belief that there are significant areas which remain under-explored despite 30 years of exploration since the discovery of Sunrise Dam in 1988.

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

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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.)

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.*	Aircore samples hand sampled at 1m intervals with bulk residues placed in piles on the ground. Composites Samples ~3kg in weight representing 3m downhole scooped from sample piles. Sampling commenced at the base of the lacustrine clay sequence where it passed into underlying sand and gravel. Composite Samples were submitted for gold only assay. One additional sample from the last 1m interval of each drill hole was submitted for multi element assay lithogeochemistry suite. A field duplicate of this last metre (which represents the least weathered portion in the drill hole) was also submitted with the composite samples for gold assay for QAQC purposes.
	• *Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Hand scoop, comparatively poor sample.
	• *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.*	Composite Samples were submitted to ALS Laboratories Kalgoorlie for Aqua Regia digest ICP analysis. Detection limit 0.01ppm Au. No special measures were taken to account for coarse gold.
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 Moorooka mounted aircore drill rig specially capable of slimline RC drilling.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample recovery variable and significant contamination in channel sands.

Criteria	JORC Code explanation	Commentary
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	Every effort made to clean sample system 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 drill cuttings.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	Non core.
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	Aircore samples were scooped or "grab" sampled from bulk residue piles on the ground.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	Sample prep in Lab is standard for all assay procedures, whereby sample is dried, homogenized and pulverised.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples*	Approximately 1 standard sample/20 samples and one blank sample per 20 samples submitted for assay.
	• *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*	This report is based on 3m composite samples.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Sample weights of ~3kg documented are adequate for fine gold. No special measures were taken to deal with the presence of coarse gold.
Quality of assay data and	• *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 30g Fire Assay with AAS finish which is an industry standard process. Assay accuracy determined by laboratory QACQ process.

Criteria	JORC Code explanation	Commentary
laboratory tests	• *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.*	Not applicable.
	• *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.*	As noted one standard per 20 samples and one blank per 20 samples.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	Composites to be validated by individual 1m splits. All assay and sampling procedures verified by company personnel. All results reviewed by senior staff.
	• *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.*	Collar location surveyed by hand held GPS to an accuracy of +-5m. RC drill holes were set up at surface using a compass and clinometer. Downhole measurements of azimuth, dip and total magnetic intensity were carried out using an Eastman Multishot camera at ~30m intervals and manually recorded on daily drill records. Downhole Surveys have been incorporated into the interpretive cross section in the body of the report.
	• *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. For practical purposes the RL for all holes is given as the level of Lake Carey namely 400m AHD.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	The reported drilling was of a reconnaissance nature and drill spacings is not sufficient to confidently infer continuity between drill holes.
	• *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. Drilling was designed to test a preliminary interpretation that mineralisation is likely to be moderately to steeply NE dipping.

Criteria	JORC Code explanation	Commentary
	• *Whether sample compositing has been applied.*	Composite to rod length was applied except for BOH sample where last meter was duplicated as shown in Appendix 2.
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 E-W lines This is considered to be a reasonable approach for first pass drilling.
	• *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. Orientation of continuous in-situ mineralisation yet to be determined.
Sample security	• *The measures taken to ensure sample security.*	Samples are delivered to the laboratory by Matsa Staff. No special security procedures are carried out in the field.
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.)

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 on E39/1803 which is held 100% by Matsa Gold Pty Ltd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Past work which included wide spaced aircore drilling most of which was unable to penetrate the transported cover sequence.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The deposit types being sought are orogenic syntectonic gold mineralisation similar to Fortitude which is located 5km south on the same major fault system.

Criteria	JORC Code explanation	Commentary
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:* ○ *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.*	Fortitude North: Drill hole, Significant assays summarized in the report. Hole collar parameters Appendix 2 contains a listing of composite and 1m split samples which either returned assays >= 0.1 g/t Au or are at BOH, and includes duplicate BOH values. No significant information was excluded deliberately.
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 are length weighted for each sample included.
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. Drilling is vertical as having much better chance of penetrating cover sequence than angled drill hole. 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.*	A drill hole location plan, plus supporting location map is provided in the report.

Criteria	JORC Code explanation	Commentary
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.*	All drilling information has been used to determine exploration targets.
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 publicly available aeromagnetics and gravity, past drilling by Midas Gold Ltd which was 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.*	Highly anomalous gold values in basement and overlying lake sediments may reflect economic gold mineralisation. Matsa intends, as soon as possible to follow results up with diamond drilling and further aircore drilling.

Appendix 2 – FF1 Aircore Drilling Key Assays and BOH Duplicate Results

Sample	Hole ID	From M	To M	Au_ppm	Note	Lithology
164221	20FFAC001	84	87	0.21		
164225	20FFAC001	95	96	0.03	BOH	
164226	20FFAC001	95	96	0.05	BOH	Feldspar Porphyry
164239	20FFAC002	117	118	0.05	BOH	
164241	20FFAC002	117	118	0.07	BOH	Metamorphosed Mafic
164250	20FFAC003	102	105	0.15		
164251	20FFAC003	105	108	0.25		
164252	20FFAC003	108	111	0.05		
164253	20FFAC003	111	112	0.04	BOH	
164254	20FFAC003	111	112	0.03	BOH	Felsic Volcanic
164265	20FFAC004	105	108	0.24		
164266	20FFAC004	108	110	1.46		
164267	20FFAC004	110	111	1.94	BOH	
164268	20FFAC004	110	111	1.11	BOH	Metamorphosed Mafic
164279	20FFAC005	108	111	0.24	Abandoned	Channel Sands
164289	20FFAC006	105	108	0.2	Abandoned	Channel Sands
164290	20FFAC007	81	84	0.05		
164304	20FFAC007	119	120	0.06	BOH	
164305	20FFAC007	119	120	0.04	BOH	BIF
164306	20FFAC008	81	84	0.02	BOH	Channel Sands
164310	20FFAC009	84	87	0.1		
164311	20FFAC009	87	90	0.04		
164312	20FFAC009	90	93	0.05		
164313	20FFAC009	93	96	0.11		
164314	20FFAC009	96	99	0.03		
164315	20FFAC009	99	102	0.02		
164316	20FFAC009	102	105	0.02		
164317	20FFAC009	105	108	0.19		
164318	20FFAC009	108	111	0.03		
164319	20FFAC009	111	114	0.03		
164321	20FFAC009	114	117	0.03		
164322	20FFAC009	116	117	0.16	BOH	
164323	20FFAC009	116	117	0.12	BOH	Metamorphosed Mafic
164343	20FFAC010	119	120	0.03	BOH	
164344	20FFAC010	119	120	0.03	BOH	Basalt
164363	20FFAC011	104	105	<0.01	BOH	
164364	20FFAC011	104	105	<0.01	BOH	Basalt
164382	20FFAC012	105	106	0.18		
164383	20FFAC012	106	107	0.06	BOH	
164384	20FFAC012	106	107	0.04	BOH	Basalt
164404	20FFAC013	107	108	0.02	BOH	
164405	20FFAC013	107	108	0.01	BOH	Basalt
164416	20FFAC014	90	93	0.01	Abandoned	Clay with Minor Sands