



ASX Announcement

30th April 2020

Quarterly Activities Report – 31st March 2020

HIGHLIGHTS

Red October Gold Project

- There were no lost time injuries during the quarter
- Total mine production for the March 2020 quarter increased by 217% to 15,827 tonnes @ 3.74 g/t Au, up from 4,997 tonnes @ 4.1 g/t Au in the previous quarter
- Ore produced during the March quarter was sold using an average gold price of \$A2,578
- Total ore production for the month of April 2020 has seen continued improvements with 7,490 tonnes @ 4.16 g/t Au being produced
- Operational and efficiency changes made during the quarter will bring further improvements in the next quarter, as seen in April's production
- Commencement of underground diamond drilling to extend mine life at Red October is planned

Fortitude North Exploration

- Significant gold intercepts were achieved in 6 out of the 7 diamond drill holes completed over approximately half of the 1.5km long basement gold target which remains open to the south. Key intercepts include:

3.4m @ 12.3 g/t Au from 64m	20FNDD03
17.2m @ 3.4g/t Au from 73m	20FNDD03
4.6m @ 5.15 g/t Au from 183.4m	20FNDD05
10.3m @ 3.48 g/t Au from 124.6m	20FNDD04
4m @ 13.63 g/t Au from 79m	20FNDD02

- Only 800m of the 1,500m long zone of basement gold mineralization as delineated by aircore drilling, has been tested by diamond drilling to date

Hill East Exploration

- A 40 RC drill hole programme at Hill East returned significant near-surface gold intercepts from 5 out of the 6 gold targets (HE 1 – HE 6) tested including:

Target HE4	5m @ 4.01 g/t Au from 6m	20HERC001
	9m @ 3.04 g/t Au from 0m	20HERC002
	12m @ 1.96 g/t Au from 2m	20HERC003
	6m @ 3.43 g/t Au from 15m	20HERC005
	2m @ 7.14 g/t Au from 7m	20HERC007
	3m @ 6.82 g/t Au from 15m	20HERC007
	1m @ 13.3 g/t Au from 21m	20HERC008

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

226.92 million

Unlisted Options

~26.35 million @ \$0.17 - \$0.25

Top 20 shareholders

Hold 52.78%

Share Price on 30th April 2020

12.5 cents

Market Capitalisation

\$28.36 million

HIGHLIGHTS CONTINUED...

Target HE2	4m @ 3.29 g/t Au from 4m	20HERC027
	7m @ 1.53 g/t Au from 20m	20HERC028
Target HE1	27m @ 2.04 g/t Au from 2m	20HERC032
	3m @ 2.23 g/t Au from 28m	20HERC033
Target HE3	2m @ 2.68 g/t Au from Surface	20HERC015
	1m @ 4.06 g/t Au from 39m	20HERC018
	6m @ 1.33 g/t Au from 0m	20HERC026
Target HE5	4m @ 6.3 g/t Au from 13m	20LBRC003
	13m @ 1.86 g/t Au from 0m	20LBRC004

- Four of the Hill East targets namely HE 1 – HE 4, are located within a well-defined gold geochemical anomaly with potential for significant gold mineralisation at depth with ground geophysics and drilling planned

FF 1 Discovery

- Discovery of a new gold mineralised zone by aircore drilling over FF 1, a target located 2.5km north of Fortitude North with gold values in basement including **3m @ 1.49 g/t Au**
- Importantly, elevated gold values were also intersected in transported sands adjacent 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

- The Covid19 Pandemic has not materially impacted Matsa's Red October Mine
- Matsa placed 10 million shares at A\$0.155 per share for A\$1.55 million at a premium to the then current market price to Deutsche Balaton AG
- Additions to Matsa's wholly owned mining fleet including an Atlas Copco MT5010 underground haul truck and an Elphinstone 1700 underground loader
- Planning and commencement of construction of aircraft landing strip which will increase safety and time efficiencies associated with crew changeovers
- Cash and liquid investments at 30th April 2020 A\$5.01M

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 March 2020.

COMPANY ACTIVITIES

Activities during the quarter have been principally focused on the company’s 563km² Lake Carey Gold Project (Figure 1).

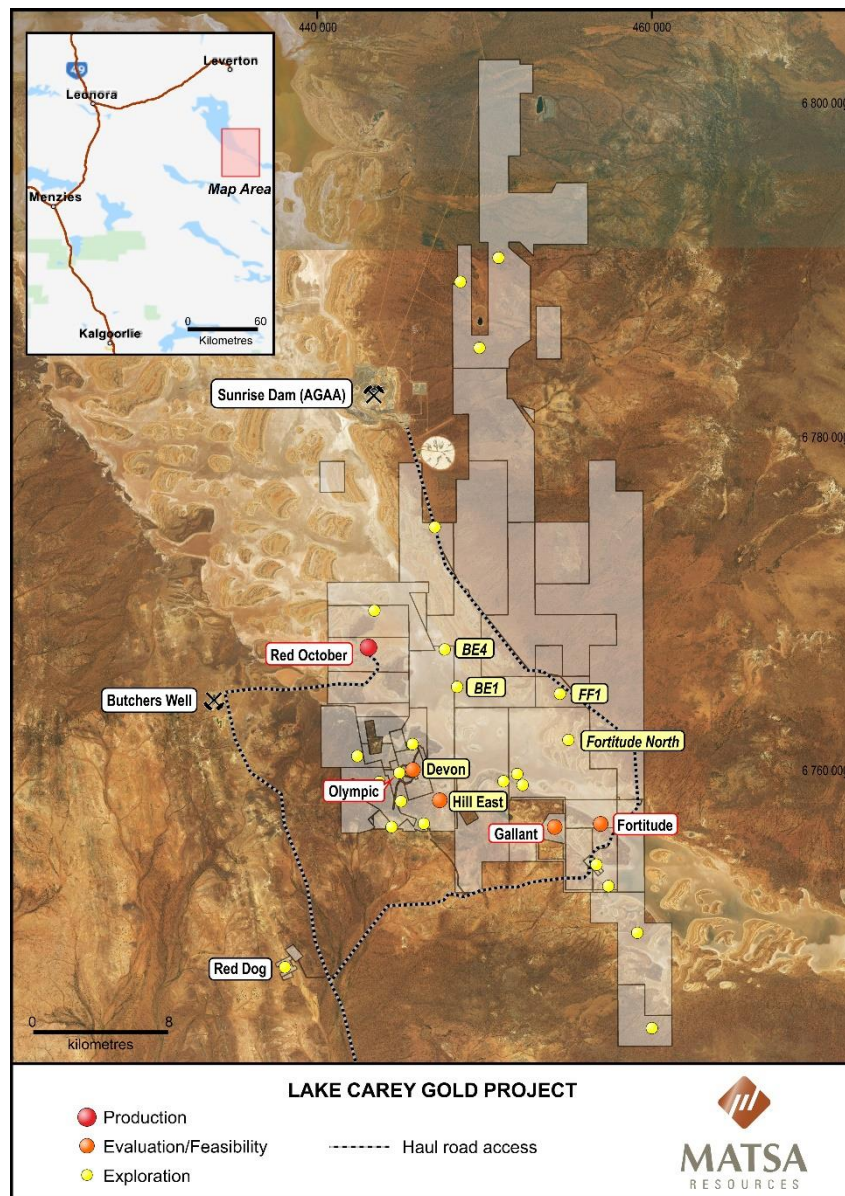


Figure 1: Lake Carey Gold Project

Activities during the quarter comprised the following:

- Red October gold mine, development and production with a significant boost in production which resulted in **15,827 tonnes of gold ore @ 3.74 g/t Au** for the quarter compared with 4,997 tonnes @ 4.1 g/t Au in the quarter to December 2019
- Fortitude gold mine, planning continued into the commencement of Stage 2 mining development with metallurgical studies completed

- Exploration activities comprised highly successful drilling programmes with diamond drilling at Fortitude North, RC drilling at the Gallant, Hill East and New Years Gift projects and aircore drilling at FF 1

RED OCTOBER GOLD MINE

Mining continued during the quarter for a total of 421.9 metres of development and a total production of 15,827 tonnes of gold ore at a grade of 3.7 g/t Au.

Underground Mining and Production

Mining continued ramping up during the March quarter delivering:

- Total 421.9m of development up 29% on the previous quarter.
- Total ore production for the quarter achieved a record 15,827t up 217% on the previous quarter
- Total recovered ounces at an estimated metallurgical recovery of 89% was 1,693oz gold up 189% on previous quarter.

	September 2019 Quarter Actuals	December 2019 Quarter Actuals	March 2020 Quarter Actuals	Total YTD 9 months	April 2020 Estimate
Total Tonnes	10,903	4,997	15,827	31,727	7,490
Grade (g/t)	5.39	4.10	3.74	4.30	4.16
Met Recovery (%)	85%	87.5%*	89%	87%	85%
Production (Oz)	1,607	560	1,693	3,860	852
Adjustments (Oz)		16*		16	
Adj. Production (Oz)	1,607	576*	1,693	3,876	852
Avg Gold Price (A\$/oz)	2,183	2,149	2,578	2,375	N/A
Cash (C1) Costs (A\$/oz)	N/A	N/A	1,969		N/A
AISC (A\$/Oz)	1,277	3,122	2,372	2,113	N/A

Table 1: Red October Gold Production Summary

* December 2019 quarter adjustments resulted from actual metallurgical recoveries increasing up to 89% instead of the budgeted 85% recovery, which resulted in an increased recovery of 16 ounces of gold.

The Red October underground operations continued to ramp up production during the quarter. Operations went onto double shifts with continued mining on a 24hr cycle, which achieved the immediate effect of increasing production and delivering significantly improved equipment utilisation.

Lateral development during the quarter focussed on ore zone extensions directly beneath areas previously mined by Saracen (ASX: SAR). Mining continued through the Red October Shear Zone (ROSZ) in both the north and central zones.

There was a focus during the quarter on achieving sustained stope production which commenced in earnest in mid-February 2020. The N1290N was the primary stope delivering a large proportion of stope production during February and March 2020. The operations embarked on a stope drilling campaign by engaging experienced stope/long-hole drilling contractors, Perseverance Drilling to drill out the N1290N and the N1275N stoping blocks providing multiple stope horizons which remain as mining areas for the next quarter, thus ensuring a good ongoing production rate.

Executive Chairman Paul Poli said “Although early days, it is pleasing to see the Red October operations continue to ramp up production. With multiple stopes now coming on line and moving from low grade stope extremities to high grade stoping areas, we expect to see an improvement in stoping grades as we continue to mine. With further investment in mine equipment and ongoing recruitment of key personnel, we look forward to an exciting phase for Red October.”

Mining Activities – ROSZ North Production

Production (stopping) of the ROSZ lodes on the N-1290 level continued (Figure 2), and stopping on the N-1275 level commenced. The ROSZ North stopping front is a key part of the mining plan, and will continue delivering tonnes next quarter.

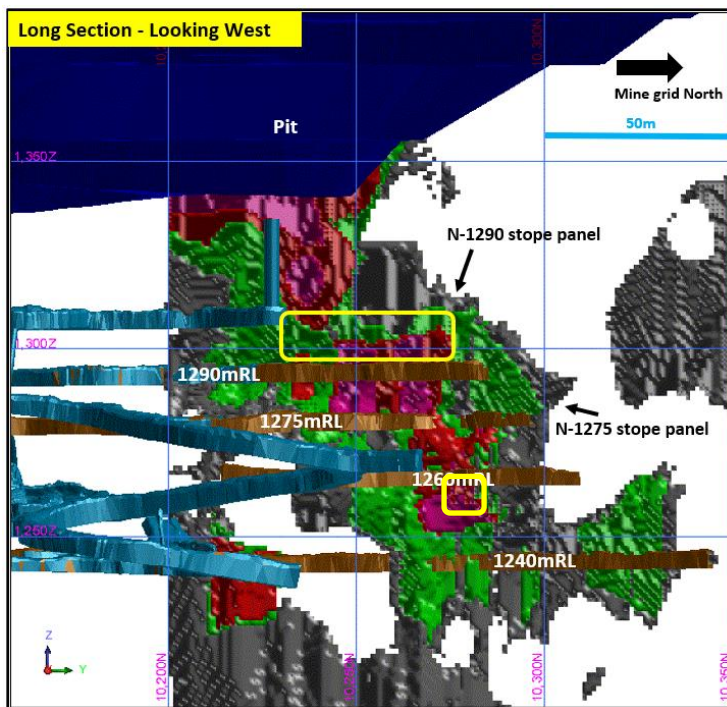


Figure 2: Long section looking West (mine grid) – ROSZ block model showing grade (Au >1g/t)

Mining Activities – ROSZ Central Development

The ROSZ Central area is a key part of the mine plan to continue providing development and production areas. Most activity during the quarter took place on the N-1240 level, with some development also of the N-1225 and N-1255 levels (Figure 3).

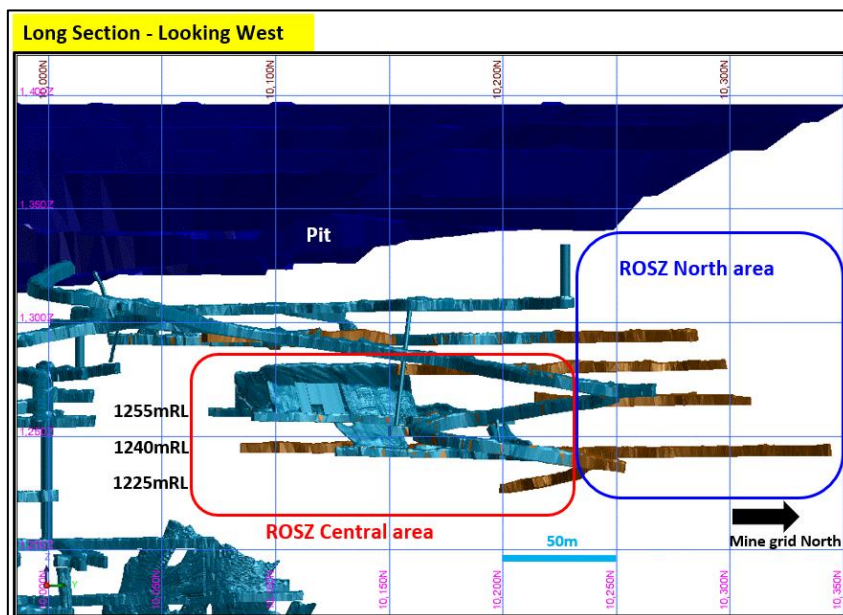


Figure 3: N-1240 level ROSZ Central development to date, mine design block model shown (Au >1g/t)

The ROSZ Central development focussed on the N-1240 level, with a strike drive developed along the ROSZ lode (Figure 4). The level was developed underneath the Saracen-mined N-1255 level, with a

potential stope panel up to the N-1255. Importantly, the development also enables access to mine towards the narrow, high grade HW-363 lode.

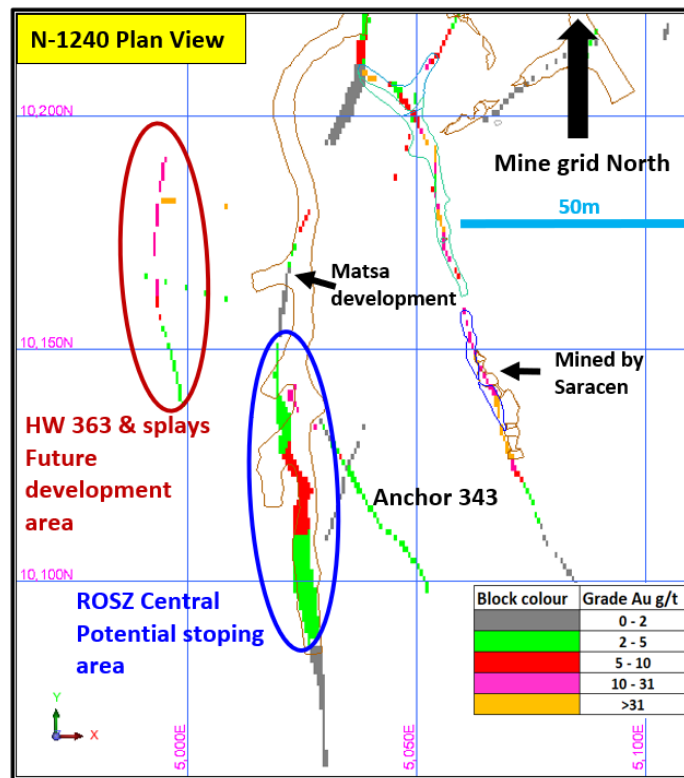


Figure 4: N-1240 level ROSZ Central development to date, mine design block model shown (Au >1g/t)

The Smurfette 322 and ROSZ Central lodes were accessed on the N-1225 level during the quarter (Figure 5). Development of these lodes will be a focus for Matsa to establish more stoping panels for future mining.

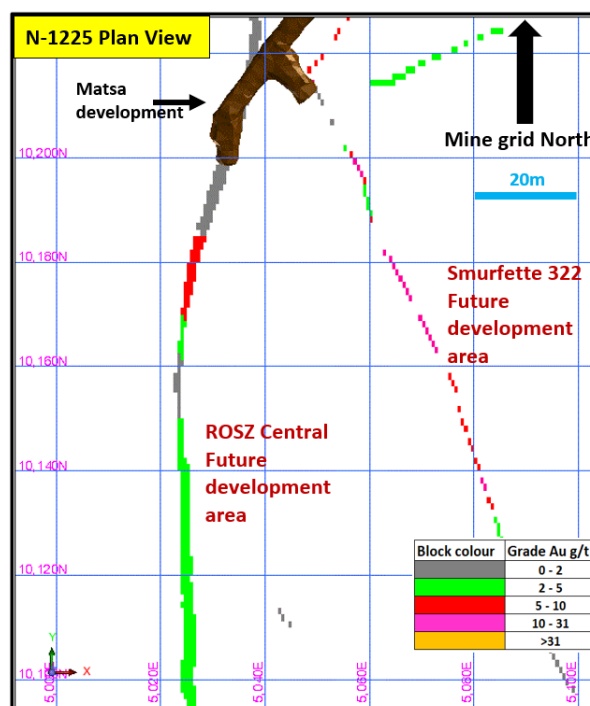


Figure 5: N-1225 level ROSZ Central development to date, mine design block model shown (Au >1g/t)

The Smurfette 322 has also been accessed on the N-1255 level. A stope void on the level below has been back-filled to allow further development and stoping of this high-grade lode.

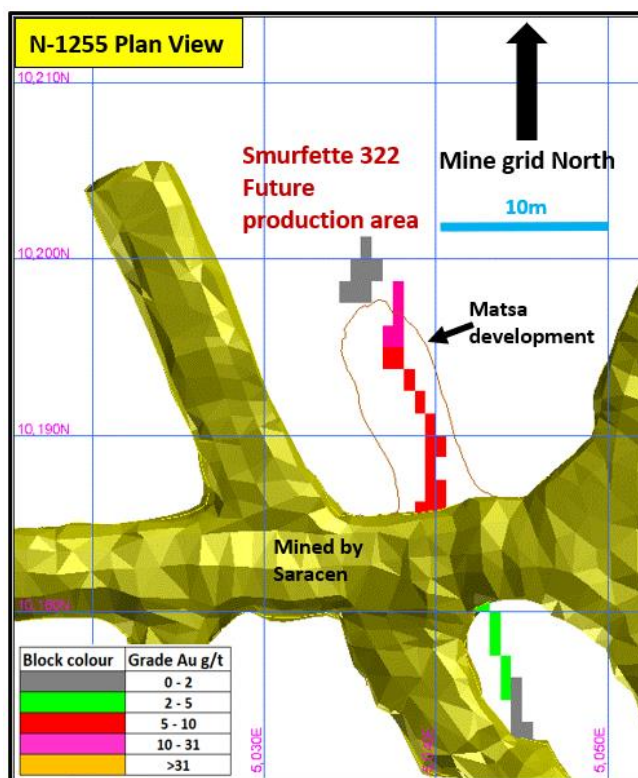


Figure 6: N-1255 level Smurfette 322 development to date, mine design block model shown (Au >1g/t)

Mining Activities – South Smurfette 320 Development

Accessing the South Decline side of the mine is an opportunity for Matsa to access a number of lodes and open up new areas for mining.

The Smurfette 320 was developed by Saracen on the S-1064 level (Figure 7), however it was not stoped. Matsa has re-accessed the Smurfette 320 drive, with the aim of extending it towards some significant drilling intercepts and assess potential for stoping. Nearby lodes will also be assessed for development potential.

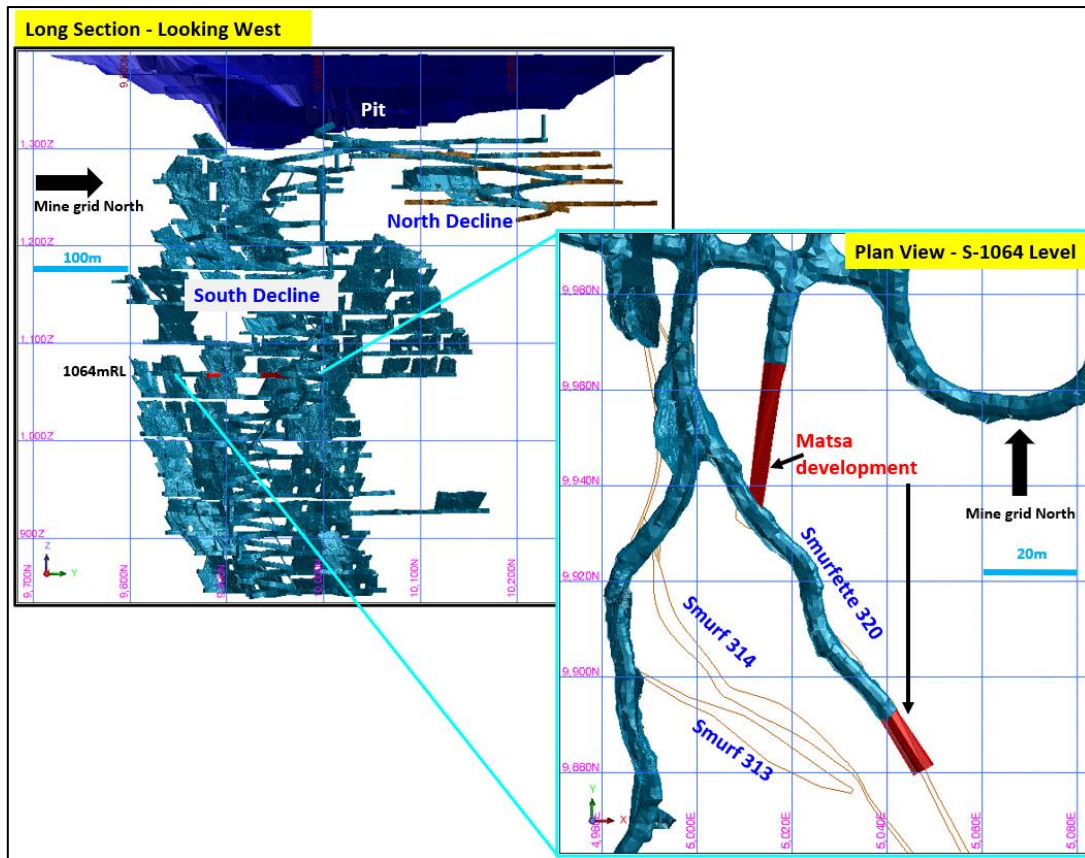


Figure 7: S-1064 level Smurfette 320 development to date

Potential for mining to continue at Red October

Matsa considers that the Red October resource remains open and under-explored along strike and down-dip. There is evidence of high-grade gold intersections within the existing drilling dataset, both within and outside of the existing mine footprint.

Existing drill data strongly supports the idea that potential exists to continue mining:

- Within the existing resource wireframes, adjacent to existing workings and further afield (Figure 8); and
- Outside the existing resource wireframes where potential is demonstrated by existing high-grade drill results >10 g/t (Figure 9)

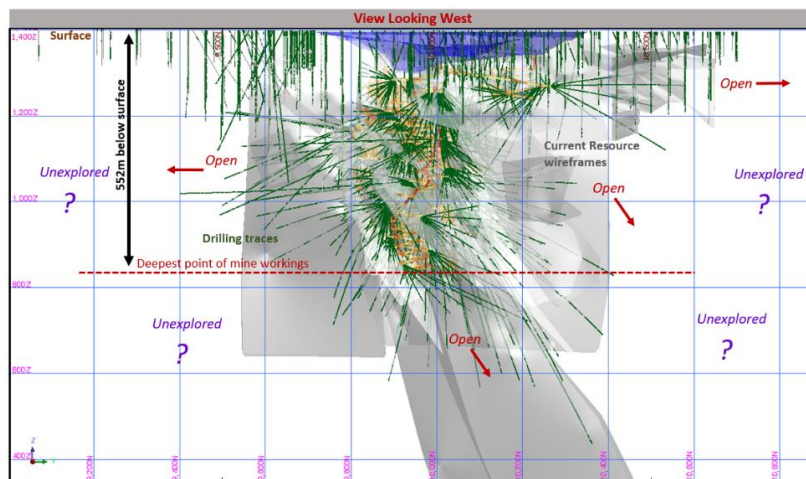


Figure 8: Red October, Longitudinal Section showing existing resource wireframes, drilling and mine workings (RO mine grid co-ordinates)

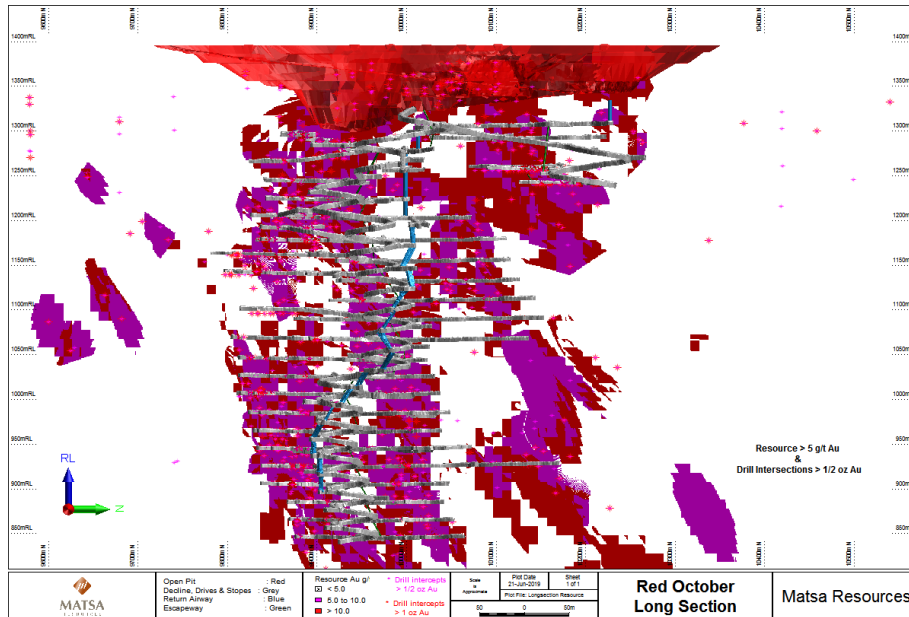


Figure 9: Red October, Longitudinal Projection with summary of high-grade gold mineralisation >5g/t Au (RO mine grid co-ordinates) (June 2016 Saracen Resource Model)

New targets continue to be identified and prioritised for continuation of mining as mining progresses.

Exploration drilling both underground and from surface, will define new mineralisation and continue to build the resource base.

FORTITUDE GOLD MINE STAGE 2

Fortitude Stage 2, as previously announced, is a 22-month open pit project, which is expected to produce 54,000 ounces of gold. All permits required to commence Stage 2 mining are in place. Matsa is currently assessing processing options for the treatment of ore from Fortitude, and is in discussions with a number of parties including AngloGold Ashanti Australia Ltd “AGAA”, which is currently treating gold ore from Matsa’s nearby Red October underground gold mine under a five-year Ore Purchase Agreement. (MAT Announcement to ASX 21st August 2019).

Activities carried out during the quarter included:

- Metallurgical studies on transitional and sulphide ore were completed
- Discussions on ore purchase agreement and financing were progressed

Metallurgical Test-work Results

The Fortitude Stage 2 metallurgical test-work programme was developed using representative processing protocols for transitional sulphide/oxide and primary sulphide ore types. Composite samples were obtained from approximately 130kg of HQ diamond drill core. Results of the metallurgical test work are summarised as follows:

- Comminution characterisation test-work confirmed a low Bond Ball Mill Work Index demonstrating no grinding issues with Fortitude transitional and fresh ore types
- Gravity Au recovery demonstrated gold extraction between 23% and 51%
- Flotation tests were conducted with consistent gold recoveries between 39% and 56% to the flotation concentrates
- Gravity-cyanidation tests showed material responded well to low cyanide levels
- Combined gravity and flotation concentrates recoveries are seen to be between 81% and 94%, which is an excellent result and in agreement with feasibility study assumptions.

LAKE CAREY EXPLORATION

Principal Exploration activities during the quarter included:

- Fortitude North diamond drilling, 7 drill holes for 1,832m which confirms that this is a new gold discovery
- Hill East RC drilling, 40 RC drill holes for 1,444m was completed over 6 targets (HE 1 – HE 6), which confirms significant near-term development potential and prospectivity for associated deeper mineralisation
- FF 1 aircore drilling, 14 aircore drill holes for 1,570m which led to discovery of new basement gold mineralisation 2.5 km north of Fortitude North
- Gallant RC drilling, one RC drill hole for 84m completed, this programme was halted early because of ground conditions being too wet to complete the programme. Programme deferred for specialised lake drilling programme later this year
- New Year's Gift RC drilling, 7 drill holes for 352m confirming very narrow but high grade gold mineralisation associated with old workings
- Final assays received for Red October diamond drill hole ROEX49 returned no significant results
- Red October supergene target RC drilling, 28 drill holes for 886m, returned results which downgrade near term development potential
- Orientation seismic line at Red October as part of Minex CRC Research and Development group

FORTITUDE NORTH DIAMOND DRILLING

A total of 7 diamond drill holes (20FNDD02 – 20FNDD08), were completed during the quarter for a total of 1,837m of drilling. Final assay results were received during the quarter for all drilling carried out to date. Descriptions of drilling, logging, sampling procedures and key assay results were included in two announcements during the quarter. (*MAT Announcements to ASX 19th February 2020 and 30th March 2020*).

Assay results continue to confirm the presence and continuity of primary gold mineralisation over a distance of 800m within the 1,500m long basement (aircore) gold anomaly, with the remainder to be tested. The basement gold anomaly remains open to the south (Figure 10).

Key results include the following summary intercepts (Figures 10 and 11):

10.3m @ 3.48 g/t Au	<i>from 124.6m</i>	20FNDD04
4m @ 13.63 g/t Au	<i>from 79m</i>	20FNDD02
3.4m @ 12.3 g/t Au	<i>from 64m</i>	20FNDD03
17.2m @ 3.4g/t Au	<i>from 73m</i>	20FNDD03
4.6m @ 5.15 g/t Au	<i>from 183.4m</i>	20FNDD05
7.9m @ 1.89 g/t Au	<i>from 212.6m</i>	20FNDD06
4.7m @ 1.31 g/t Au	<i>from 137m</i>	20FNDD08
2m @ 8.11g/t Au	<i>from 223.5m</i>	20FNDD08
10.3m @ 3.48 g/t Au	<i>from 124.6m</i>	20FNDD04
4m @ 13.63 g/t Au	<i>from 79m</i>	20FNDD02

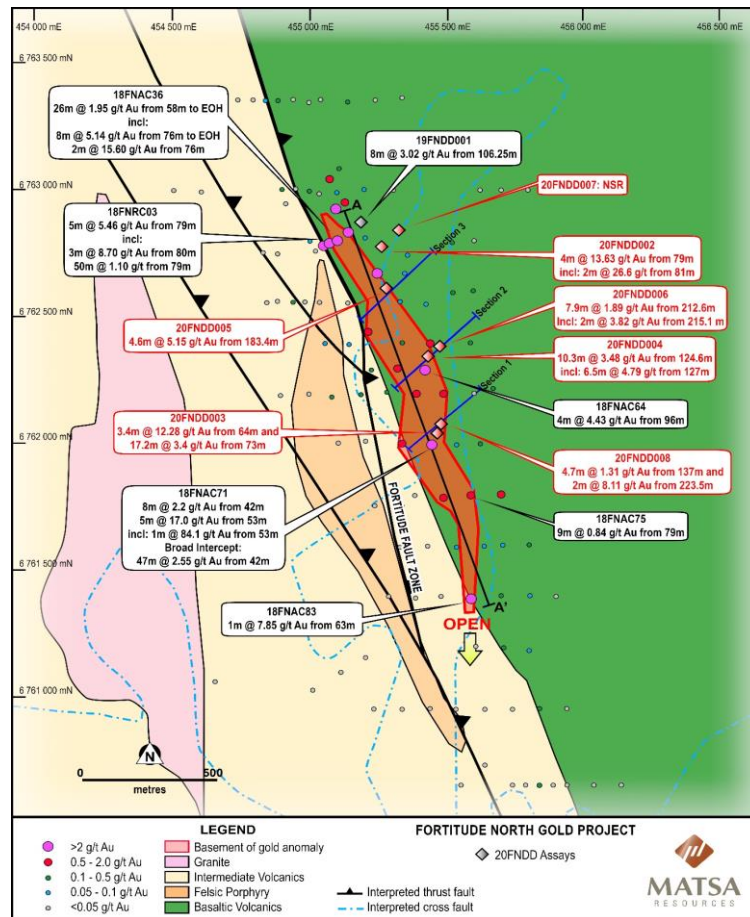


Figure 10: Fortitude North drill hole location and summary results (new results in red)

These drill results have confirmed continuity of a zone of basement mineralisation 800m in length which represents just over half of the 1,500m strike extent of basement gold mineralisation defined by aircore drilling. This gold mineralisation is interpreted to occur in a broad continuous moderately to steeply dipping zone of albite-carbonate altered basalt and associated mostly steeply dipping quartz veins.

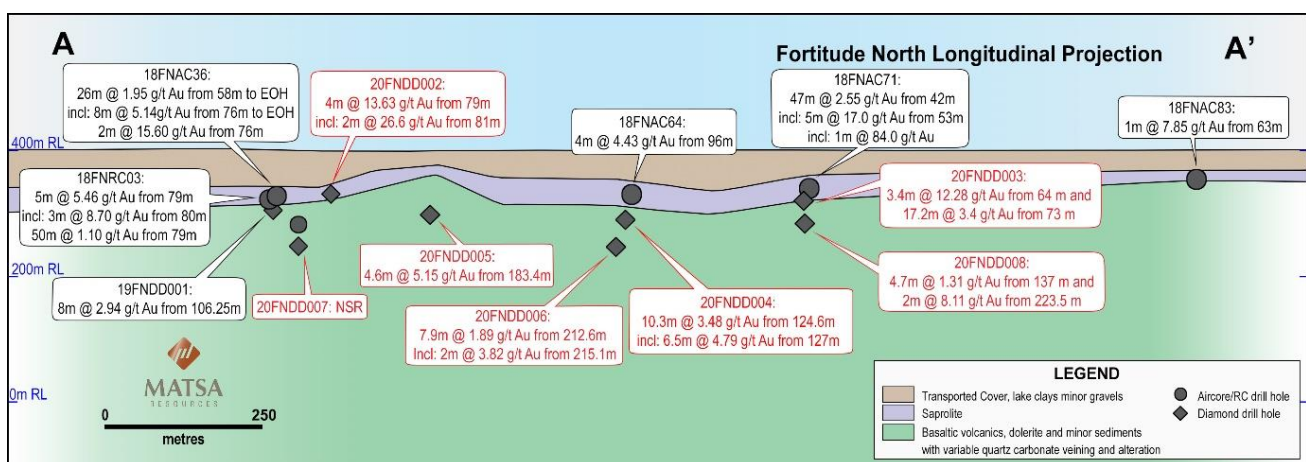


Figure 11: Fortitude North longitudinal projection with summary drill results (new results in red)

At shallower depth, within the saprolite profile, gold mineralisation has undergone deep weathering resulting in a number of very high grade intercepts through mobilisation and enrichment by supergene processes. Mineralised intercepts in aircore drilling and in the upper parts of drill holes 20FNDD02, 20FNDD03 and 20FNDD04 include supergene mineralisation which has been modified by weathering processes. These shallow intercepts together with high grade intercepts in unweathered basement such as **4.6m @ 5.15 g/t Au** in 20FNDD05 provide strong encouragement for the presence of further high grade mineralisation at Fortitude North.

Mineralisation at Fortitude North occurs in a mafic sequence made up of basalts and dolerites containing thin lenses of laminated shale, located immediately east of the Fortitude Fault zone (Figure 10). The Fortitude Fault represents a major tectono-stratigraphic boundary between dominantly basaltic volcanics which host the mineralisation at Fortitude North to the east and dominantly intermediate volcanics to the west.

Deeply weathered basement rocks are overlain by approximately 40m of Tertiary lake sediments.

There appear to be two styles/end-members of gold mineralisation at Fortitude North, namely:

- Auriferous quartz veins and pyritic crackle veins within a distinctive broad zone of bleached albite-carbonate altered basalt up to 30m wide
- Individual anastomosing auriferous quartz vein sets outside the main altered zone

Quartz veining and pyritic crackle veining over downhole widths of up to 10 metres in altered basalt account for most of the mineralised intercepts (Figure 11). The albite-carbonate alteration “envelope” is distinguished by its cream to pale brown colour in contrast to the dark olive-green colours of the enclosing basalts and dolerites. Narrow shale bands have been observed within and adjacent alteration and mineralised quartz veins. Higher grade gold assays within the altered zone are associated with an increase in quartz veins and intensity of irregular pyritic crackle veinlets and disseminations (Plate 1).

All diamond drill holes completed to date intersected this distinctive zone of albite-carbonate alteration.

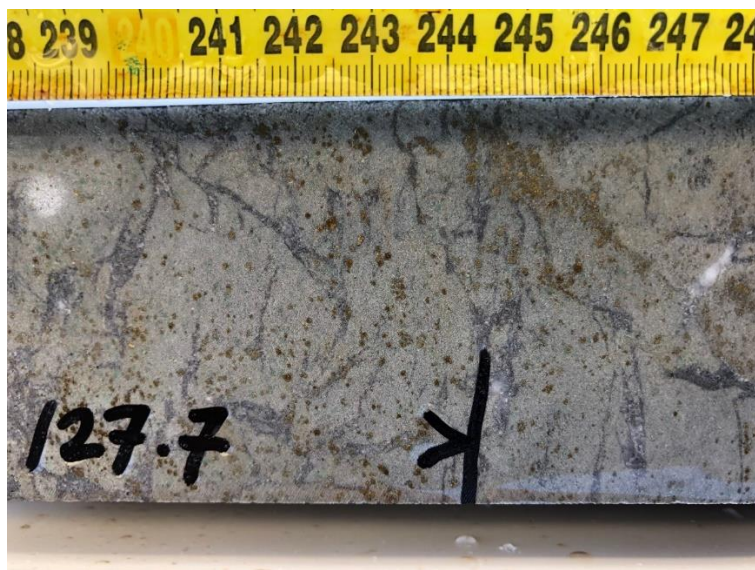


Plate 1: Fortitude North albite carbonate alteration with quartz veins and disseminated pyrite (20FNDD04, 127.7m)

Fortitude North Next Stage of Exploration

This exciting discovery has become Matsa’s highest priority greenfields target and significant further drilling is planned to explore the remaining 700m of prospective strike, as well as to carry out infill and step out drilling to define and delineate gold mineralisation at depth, and to assess the resource potential at Fortitude North.

Potential for geophysical techniques such as Sub Audio Magnetics (SAM) is also being considered to define prospective structural targets and possibly to directly target sulphides as a vector for gold mineralisation.

HILL EAST RC DRILLING

RC drilling was focused on 6 targets designated HE 1 – HE 6. Each of these targets is typically ~200m long and drilling was carried out at comparatively close spacing, with the objective of determining

continuity and extent of shallow mineralisation and to evaluate the potential for near-term development as satellite deposits to Matsa's Red October Mine. As previously announced, this drilling achieved significant mineralised intercepts at shallow depth in 5 of the 6 targets tested with key intercepts as follows:

Target HE4	5m @ 4.01 g/t Au from 6m	(20HERC001)
	9m @ 3.04 g/t Au from 0m	(20HERC002)
	12m @ 1.96 g/t Au from 2m	(20HERC003)
	6m @ 3.43 g/t Au from 15m	(20HERC005)
	2m @ 7.14 g/t Au from 7m	(20HERC007)
	3m @ 6.82 g/t Au from 15m	(20HERC007)
	1m @ 13.3 g/t Au from 21m	(20HERC008)
Target HE2	4m @ 3.29 g/t Au from 4m	(20HERC027)
	7m @ 1.53 g/t Au from 20m	(20HERC028)
Target HE1	27m @ 2.04 g/t Au from 2m	(20HERC032)
	3m @ 2.23 g/t Au from 28m	(20HERC033)
Target HE3	2m @ 2.68 g/t Au from 0m	(20HERC015)
	1m @ 4.06 g/t Au from 39m	(20HERC018)
	6m @ 1.33 g/t Au from 0m	(20HERC026)
Target HE5	4m @ 6.3 g/t Au from 13m	(20LBR003)
	13m @ 1.86 g/t Au from 0m	(20LBR004)

A description and summary of drilling, logging, sampling and assay results together with summary cross sections have been included in a recent announcement. Also included is a description and summary of significant previous exploration (*MAT Announcement to ASX 27/4/2020*).

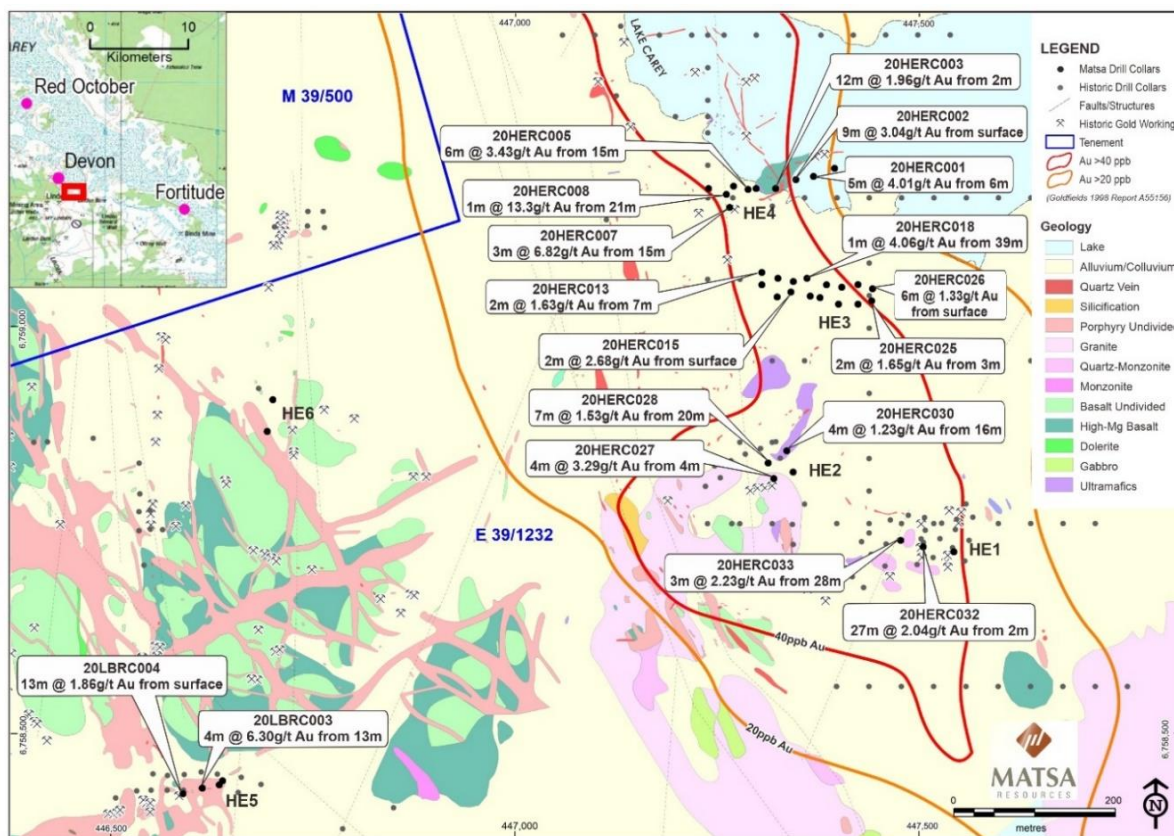


Figure 12: Hill East geology and drill hole summary

The Hill East group of exploration targets are a subset of the extensive historic Linden gold workings and include small scale historic workings which have been the focus of mostly shallow drilling by previous explorers. The Hill East targets are located 2km SE of the Devon gold mine, 6km west of Fortitude gold mine, 9km SW of Fortitude North and 10km S of Red October gold mine. Gold mineralisation is associated with auriferous quartz veins in a background of complexly deformed basalts, dolerites, ultramafics and minor sediments, which have been extensively intruded by felsic porphyry sills and dykes. Basement rocks at Hill East are variably weathered with a thin veneer of unconsolidated, mostly residual cover.

The four eastern targets (HE 1 - HE 4), are the focus of a very strong NS oriented 1.5km long gold geochemical anomaly (Figure 12). Further exploration including ground geophysical surveys is planned to explore this target for a much larger, deeper body of gold mineralisation associated with the small near surface deposits currently under investigation.

Hill East Next Steps

Ground geophysical surveys are planned to cover the 1.5km long geochemical target which encloses the HE 1 – HE 4 targets as a first step in developing drill targets for gold mineralisation at depth. This deeper target remains untested by the predominantly shallow drilling carried out to date.

Additional RC drilling is planned to evaluate potential for near surface gold mineralisation amenable to near term development.

A mining lease application will be submitted over the tenement to provide for later mining access.

FF 1 AIRCORE DRILLING

During the quarter, Matsa carried out an aircore programme comprising 14 drill-holes for 1,570 metres of drilling 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 difficulty penetrating loose sands and gravel at the base of the transported cover sequence (Figure 13).

Anomalous gold values were returned in 7 drill holes and include intercepts in basement and in the overlying transported cover. Drilling, logging, and sampling procedures together with a summary of drilling results was previously announced (*Matsa Announcement to ASX 27th February 2020*).

Significant results were returned in a number of drill holes including 2 drill holes located 300m apart, which intersected anomalous gold values >0.1 g/t Au in basement rocks, with one intercept of **3m @ 1.49 g/t Au** from 108m to end of hole (EOH) in drill hole 20FFAC04 (Figure 13).

Highly anomalous gold values between 0.2 g/t Au and 0.24 g/t Au were also 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 >0.1 g/t Au at EOH were achieved in drill holes 20FF1AC09 and 20FF1AC12.

The litho-structural setting of FF1 along the faulted boundary between basaltic volcanics to the east and intermediate and felsic volcanoclastics and intrusives to the west, is very similar to the setting for both the recent Fortitude North gold discovery and Matsa's Fortitude gold mine to the south. Matsa believes that this similarity is very significant and highlights the Fortitude Fault zone which extends over the full extent of the Lake Carey gold project from north to south, as an important "gold trend" in this highly prospective district.

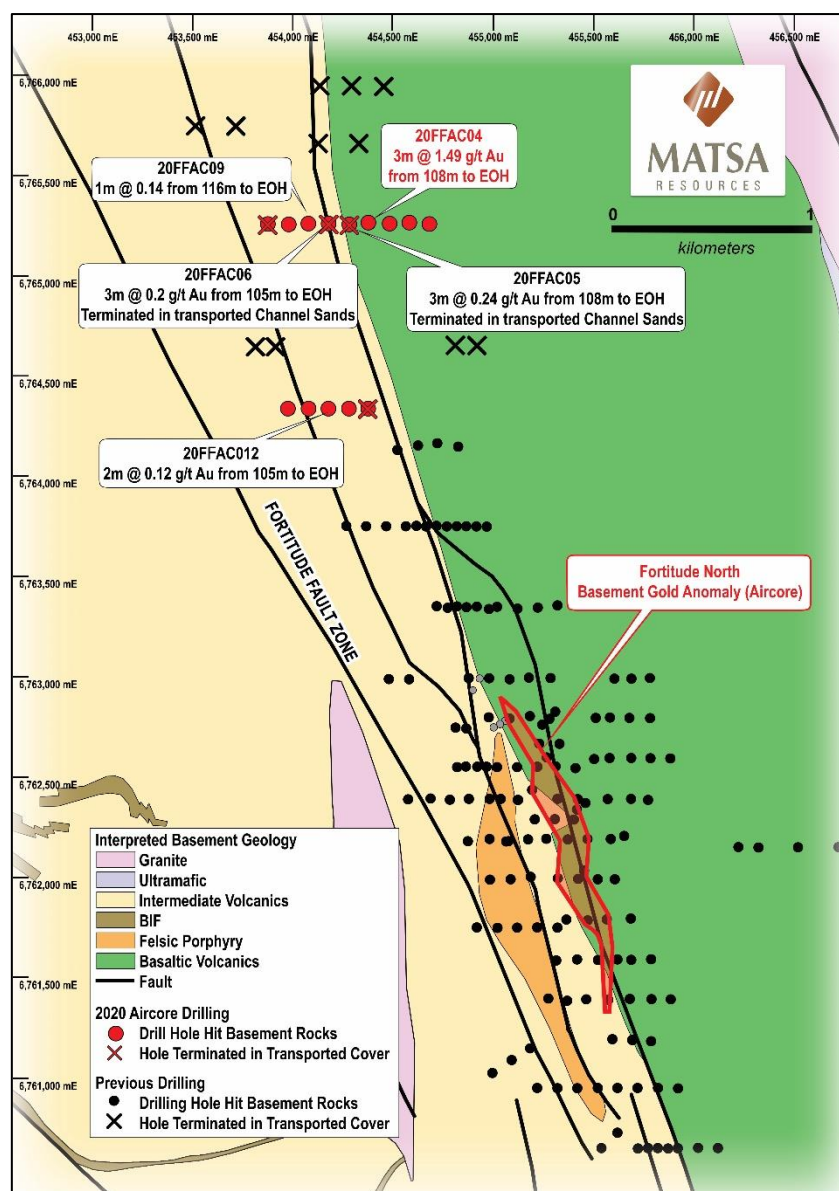


Figure 13: FF 1 summary, location and interpreted basement geology

RED OCTOBER NEAR MINE EXPLORATION

Final Assay Results ROEX049

Diamond drilling was carried out during the December 2019 quarter, comprising 2 drill holes ROEX048 and ROEX49, for 714.6m of drilling. Drilling was carried out NE and along strike from the mine and was designed to test two structurally favourable targets for gold mineralization based on a geo-mechanical strain model.

Assay results have now been received for ROEX049 which do not include any significant values.

Red October Phase 1 Seismic Survey

As previously announced drilling was designed in support of an R&D project focused on applicability of both 2D and 3D seismic surveys in a near mine situation. Fibre-optic cables were placed into both drill holes as acoustic sensors for both active and passive seismic surveys with drill holes acting as subsurface platforms for detection of seismic signals (*MAT announcement to the ASX 31st January 2020*).

A trial seismic survey was carried out by a Curtin University geophysical research team during the quarter and results are awaited.

Red October Mine Supergene Target

A total of 31 drill holes for 886m completed on a near surface supergene target located within the existing Red October mine. Drilling was designed to test remnant high grade supergene mineralisation interpreted from previous drilling.

Results from part of the programme have been received with no significant assays. Further assays and evaluation of results is awaited.

NEW YEARS GIFT RC DRILLING

New Years Gift comprises historic gold workings located between Hill East and Devon Mine on a small lake along the edge of Lake Carey (Figure 1). Historic workings are developed over about 150m along a NS oriented mineralized zone comprising quartz veins up to 1.5m thick, in moderately weathered dolerite and minor felsic porphyry bodies.

A total of 7 close spaced angled RC drill holes were completed for a total of 352 metres and were designed to test a target dipping moderately towards the east as a potential shallow near-term development opportunity similar to the targets at Hill East (Appendix 1).

Drilling, sampling, logging and assay protocols are described in the recent announcement on Hill East. *(MAT announcement to ASX 27th April 2020)*

First pass assays were carried out on 3 metre composite samples. Stage 2 assays were carried out on cone split 1 metre samples. All assays containing >0.5 g/t Au are listed in Appendix 1.

Two narrow high grade intercepts were achieved as follows:

20NYGRC06 **1m @ 19.4 g/t Au** from 44m

20NYGRC07 **1m @ 10.4 g/t Au** from 35m

While drilling has downgraded the near term development potential at New Years Gift, the project lies within an area which has been prioritised for ground geophysical surveys targeting deeper mineralisation.

SYMONS HILL (Nickel - Fraser Range)

Matsa holds the Symons Hill project (E69/3070) which is located 6kms immediately to the south of the Nova mine owned by Independence Group Limited (IGO) and is located in the Fraser Range Tectonic Zone. Regional aeromagnetic and gravity information on the Symons Hill project indicates similarities in geological setting to the Nova mine.

No exploration activity was carried out during the quarter.

Matsa's recent successful application for a new tenement, E28/2916 which covers 119 km² and is located 5 km WNW of the Nova nickel-copper mine has increased Matsa's land holding and is an impressive and strategic ground holding in the Fraser Range, all of which is in close proximity to IGO's Nova nickel-copper mine.

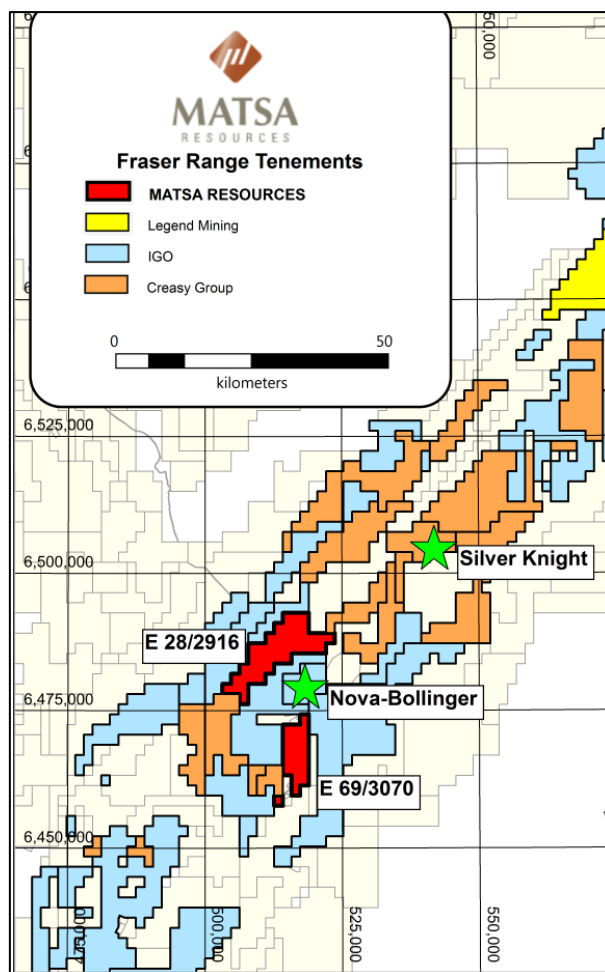


Figure 15: Fraser Range tenure summary

CORPORATE

During the quarter Matsa placed 10 million shares at A\$0.155 per share with Deutsche Balaton AG to raise A\$1.55 million before costs. The placement was conducted at a slight premium to the then prevailing market price demonstrating a strong belief in the Red October underground gold mine in particular.

Deutsche Balaton AG is a German investment company listed with the Frankfurt Stock exchange with €164 million in capital. The company invests in both listed and unlisted companies and engages in minority and majority shareholdings.

The funds raised will be used to increase efficiencies and production capacity at the Red October underground mine in the current mining environment, acquire additional mining fleet including an Atlas Copco MT5010 underground haul truck and an Elphinstone 1700 underground loader, and conduct further exploration within the Red October underground gold mine to identify and open further areas for mining.

Cash and liquid assets total approximately A\$5.01M as at 30th April 2020. Cash and liquid assets do not include any stockpiled gold ore which could be classed as inventory on hand awaiting delivery to AGAA.

A loan facility of A\$5M drawn down to A\$4M is available to the Company.

Please refer to Appendix 5B for further details.

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

For further information please contact:

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Executive Chairman

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Director

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Competent Person Statement

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.

Appendix 1:

New Years Gift Drill Collar Setup Information

Hole ID	Drill Type	Depth	Azimuth	Dip	Zone	East	North	RL
20NYGRC005	RC	40	270	-60	MGA94_51	445808	6762005	400
20NYGRC006	RC	58	270	-60	MGA94_51	445805	6762195	400
20NYGRC007	RC	46	270	-60	MGA94_51	445802	6762155	400
20NYGRC008	RC	64	270	-60	MGA94_51	445823	6762156	400
20NYGRC009	RC	46	270	-60	MGA94_51	445797	6762138	400
20NYGRC010	RC	58	270	-60	MGA94_51	445817	6762114	400
20NYGRC011	RC	40	270	-60	MGA94_51	445793	6762062	400

New Years Gift Assays > 0.5 g/t Au

Hole ID	Sample ID	m From	m To	Au ppm	Au Ave
20NYGRC006	169117	44	45	19.4	10.02
20NYGRC006	169118	45	46	0.64	
20NYGRC007	169165	34	35	0.53	3.93
20NYGRC007	169166	35	36	10.45	
20NYGRC007	169167	36	37	0.81	

MATSA RESOURCES LIMITED
SCHEDULE OF TENEMENTS HELD AT 31 MARCH 2020

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
E 69/3070	Symons Hill	100%	100%	
E 09/2162	Glenburg	100%	100%	
E 52/3339		100%	100%	
E 28/2600	Lake Rebecca ³	20%	20%	
E 28/2635		20%	20%	
E38/2945	Lake Carey	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 39/1796		90% ²	90% ²	
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% ¹	90% ¹	
E 39/2015		100%	100%	
L 39/247		100%	100%	
L 39/260		1000%	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%	

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 MARCH 2020

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter	
P 39/5669		100%	100%		
P 39/5670		100%	100%		
P 39/5694		100%	100%		
P 39/5841		100%	100%		
E 47/3518	Paraburdoo	100%	100%		
E 39/1760	Devon	100%	100%		
L39/222		100%	100%		
L 39/235		100%	100%		
L 39/237		100%	100%		
M 39/1077		100%	100%		
M 39/1078		100%	100%		
P 39/6116		100%	100%		
P 39/6117		100%	100%		
L 39/273		Red October	100%	100%	
M 39/411			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 80/2558	Siam Project	100%	100%		

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

¹ = Joint venture with Raven Resources Pty Ltd

² = Joint venture with Bruce Legendre

³ = Joint venture with Bulletin Resources Limited

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,149	4,085
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	(1,741)	(5,903)
(d) staff costs	(407)	(903)
(e) administration and corporate costs	(291)	(782)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	18
1.5 Interest and other costs of finance paid	(138)	(361)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Other Income	91	228
1.9 Net cash from / (used in) operating activities	(1,327)	(3,618)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements	-	-
(c) property, plant and equipment	(81)	(333)
(d) exploration & evaluation (if capitalised)	(938)	(2,950)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	125
	(c) property, plant and equipment	2	2
	(d) investments	11	425
	(e) 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	(21)	(26)
2.6	Net cash from / (used in) investing activities	(1,027)	(2,757)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,550	7,550
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(386)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(18)	(79)
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	1,532	7,085

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,433	901
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,327)	(3,618)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,027)	(2,757)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,532	7,085

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,611	1,611

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	1,561	383
5.2	Call deposits	50	2,050
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)	1,611	2,433
	Shares held in listed investments*	1,151	2,030
	Total cash and liquid investments at end of quarter	2,762	4,463

*Market value at 31 March 2020 (previous quarter 31 December 2019)

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to directors and related parties are included in Item 1

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	5,000	4,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	5,000	4,000
7.5	Unused financing facilities available at quarter end		1,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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 2020. On 6 May 2019 a variation to the loan increased the facility to \$5M. At 31 March 2020 the Company had drawn down \$4M of the facility.			

8. Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,327)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(938)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(2,265)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,611
8.5	Unused finance facilities available at quarter end (Item 7.5)	1,000
8.6	Total available funding (Item 8.4 + Item 8.5)	2,611
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.15
8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1.	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: No. Improved production at the Red October mine has resulted in significant cash inflows received in April from March production with further production increases subsequently in April resulting in additional cash inflows.	
2.	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: The Company is always assessing opportunities to improve its funding options but has not, at this time, taken any formal measures in this regard.	
3.	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Yes – based on above responses	

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.

Date: 30 April 2020

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.