MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **8th August 2016**

RC Drilling Commenced
Mt Weld Gold Project

Highlights

- *An RC drilling programme comprising 5 drillholes for ~1,000m has commenced to test a steeply dipping zone of gold mineralisation identified by previous drilling at the Wilga South Prospect*
- *The target is 12km SE of AngloGold Ashanti's Sunrise Dam gold mine, 11km NE of Saracen Minerals' Red October gold mine and immediately north of Matsa's recently acquired Lake Carey gold project*
- *Drill holes are planned along 4 sections approximately 100m apart where previous aircore and RC drilling has achieved a number of significant gold intersections e.g.* ***15m @ 1.06g/t Au*** *and* ***1m @ 7.2 g/t Au***
- *This programme has commenced ahead of the previously announced Mt Day drilling programme because of widespread heavy rains at Mt Day which have delayed drill access*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.44 million @ $0.25 - $0.40

Top 20 shareholders

Hold 52.15%

Share Price on 8th August 2016

30.5 cents

Market Capitalisation

$43.91 million

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Matsa is pleased to announce that RC drilling has commenced at its 100% owned Mt Weld gold project located 12km SE of AngloGold Ashanti's Sunrise Dam gold mine and 11km NE of Saracen Mineral's Red October gold mine (Figure 1). The Mt Weld project is located immediately north of Matsa's recently acquired Lake Carey gold project. *(MAT announcements ASX 22nd July 2016 and 29th July 2016).*

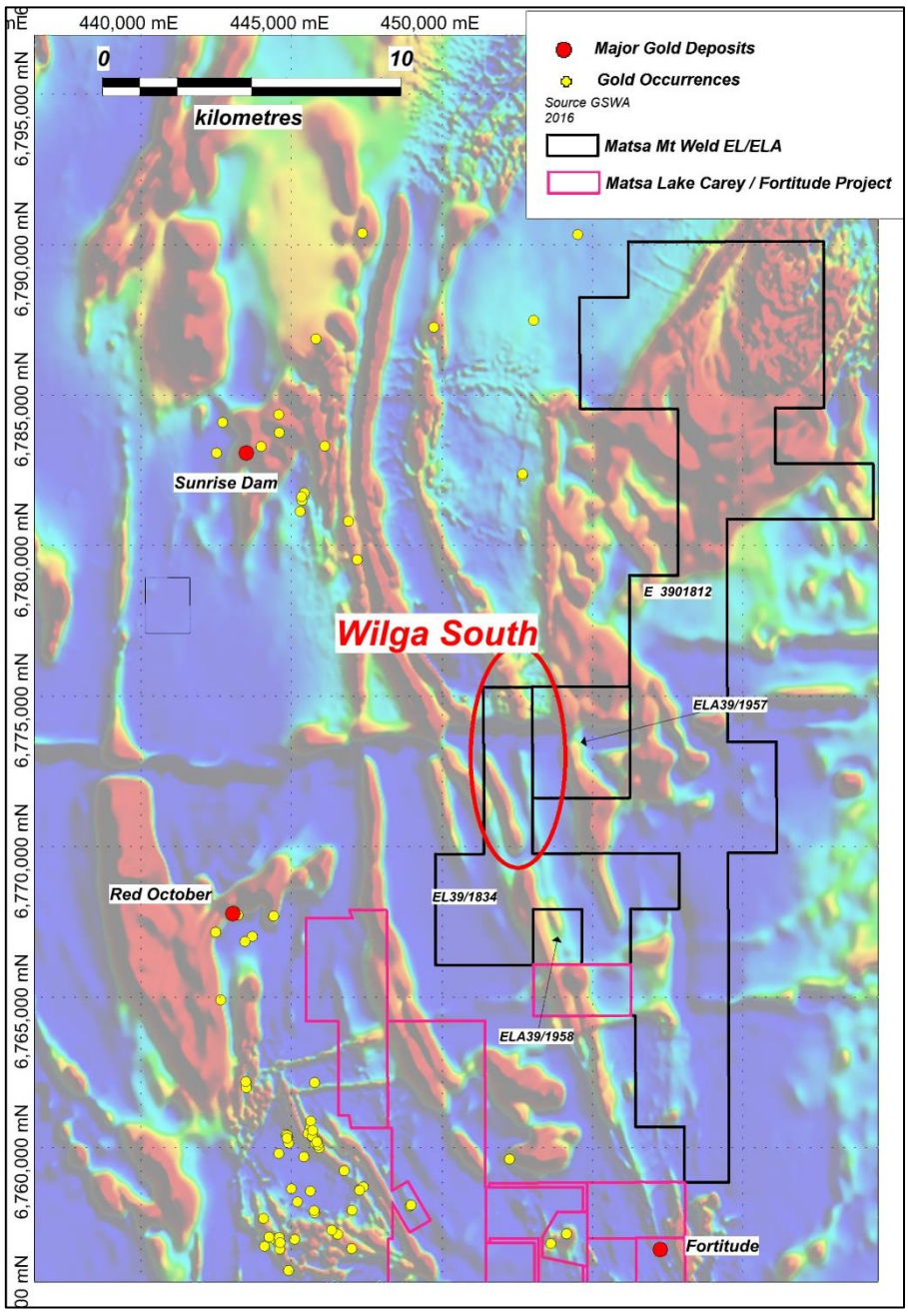

***Figure 1:* Location and regional geology of Mt Weld Project**

A programme of 5 RC drillholes is planned to test below several potentially significant gold intersections by previous explorers.

Drilling is underway at the Wilga South prospect which is at the northern end of a continuous 2.3km long zone of basement gold mineralisation defined by values between 0.1 g/t Au and 7.2 g/t Au in aircore drilling by previous explorers. The location of planned drillholes is shown in conjunction with significant past drilling intercepts in Figure 2.

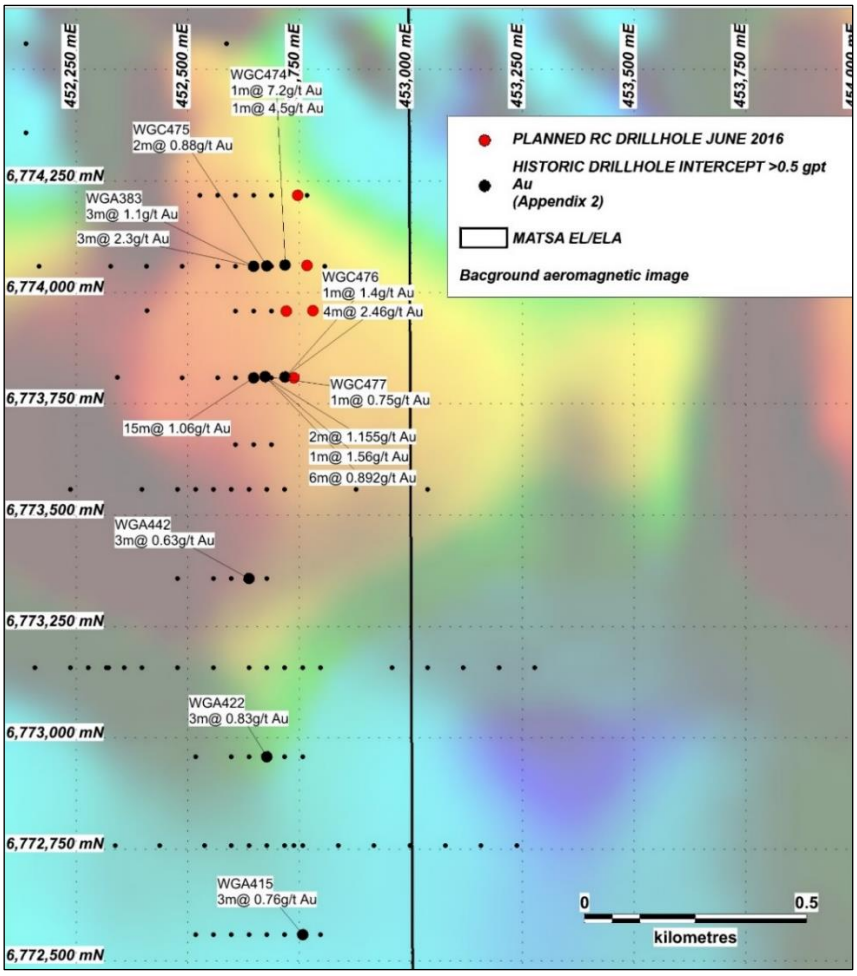

Figure 2: ***Location of planned RC drillholes at Wilga South and significant past intersections***

It is planned to carry out RC drilling beneath the best intercepts achieved by previous aircore and RC drilling as summarised in Table 1 and Figure 2. (*Drilling by previous explorers is briefly described in Appendix 1. Summary statistics of previous drilling together with a listing of intercepts of >0.5 g/t Au are included as Appendix 2).*

HOLE ID	DRILL_TYPE	Intercept
WGC474	RC	1m @ 4.5g/t Au from 41m
		1m @ 7.2g/t Au from 123m
WGA455	AC	15m @ 1.06g/t Au from 54m
WGA383	AC	3m @ 2.3g/t Au from 75m
		3m @ 1.1g/t Au from 81m
WGC356	RC	6m @ 1.275g/t Au from 36m
		3m @ 1.18g/t Au from 48m
WGC476	RC	4m @ 2.46g/t Au from 116m
		1m @ 1.4g/t Au from 122m

Table 1: ***Selected intercepts from previous drillholes at Wilga South***

Anomalous gold values were intersected by RAB, aircore and limited RC drilling by a number of previous explorers. Basement rocks have been weathered to depths >30m and weathered basement is overlain in places by transported sediments associated with the Lake Carey drainage system. Strong linear magnetic features in aeromagnetic data are evident and these appear to define major structural

and stratigraphic boundaries in the Archaean basement which is made up mostly of basalts with lesser andesitic volcanics, felsic porphyry and dolerites of the Laverton Tectonic Zone.

The gold-mineralised intercepts in Table 1 and Figure 2 lie at the northern end of a 2.3km long RAB/Aircore gold anomaly in weathered bedrock which follows a major NNW trending fault as interpreted in aeromagnetic data. Gold mineralised drill intercepts appear to define a steep east dipping zone of quartz veining and alteration which follows the faulted contact between andesitic volcanics to the west and basaltic lavas to the east.

Figure 3: ***Drilling underway at Wilga South***

Planned Drilling

A total of 5 RC drillholes are proposed along 4 sections which test below the best intercepts achieved by the comparatively shallow drilling completed to date (Figure 3, Table 2).

PLAN ID	GDA51E	GDA51N	Depth	Azimuth	Dip
MWPR1	452737	6773808	200	270	-60
MWPR2	452720	6773957	170	270	-60
MWPR3	452779	6773958	200	270	-60
MWPR4	452766	6774060	200	270	-60
MWPR5	452745	6774218	170	270	-60

Table 2: ***Wilga South Planned RC drill holes***

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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 – Mt Day 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.*	• Drilling data used to define the proposed drilling programme was acquired by previous explorers as summarised in Section 2. • Drilling data was obtained and compiled from publically available open file data via the DMP WAMEX open file reporting system • Drilling comprised mostly RAB and aircore with lesser RC as summarised in Appendix 2. • Sampling techniques varied in detail between different explorers, in most cases initial sampling was carried out on a single metre basis with assays carried out on composite grab samples of drill spoil • The predominant assay technique used by Acacia Resources and Gascoyne Gold Mines/Sons of Gwalia ltd was the bulk cycanide leach method on 4m composites • AngloGold Ashanti 2002-2009 used a combination of Fire Assay and Aqua Regia digest/ICP.
	• *Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *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.*	
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).*	
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	

Criteria	JORC Code explanation	Commentary
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	
	• *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.*	
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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Aircore chips were typically visually logged for lithology, regolith type, and alteration / mineralisation
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples* • *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* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Typical sample preparation for fire assay and for Aqua Regia digest involved crushing / pulverizing/ screening to P90 passing 75 micron screen
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Variable, AGA used low grade blind standard samples at ratio of 1 sample in 30 with one blank sample per batch. QA QC reported to be adequate. AGA made limited use of field duplicates and splits for check assays.

Criteria	JORC Code explanation	Commentary
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Not reported, non-quantitative use made of magnetic susceptibility readings on bulk residues
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Composite samples of up to 4 m collected and in the case of significant intersections, bulk residues in the field were resampled on 1m intervals.
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• This varied over time from survey control via tape and compass cut lines in the early 1990's with most drillholes being located by handheld GPS. In general accuracy probably >10 metres in easting and northing. (would not be as good as modern hand held GPS)
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• Typically line spacings up to 400m with closer spaced drill lines in gold anomalous areas.
Orientation of data in relation	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Drill lines set up to cross structural stratigraphic rock package as close as possible to right angle.

Criteria	JORC Code explanation	Commentary
to geological structure	• *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.*	
Sample security	• *The measures taken to ensure sample security.*	• None recorded
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Not recorded.

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.*	• Planned drilling is to be carried out in E38/1834 one of 5 EL's and ELA's making up the Mt Weld Project as shown below. • The Project is Located on Mt Weld Pastoral Lease. • A heritage agreement has been signed and exploration is carried out within the terms of that agreement.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Aircore drilling defined significant anomalism in transported cover, regolith and weathered bedrock with exploration carried out by the following parties

Tenement	Status	Holder 100%	Granted	Expiry	Size	Units
E 3901834	LIVE	MATSA RESOURCES LIMITED	20150617	20200616	11	BL.
E 3901812	LIVE	MATSA RESOURCES LIMITED	20150508	20200507	45	BL.
E 3901840	LIVE	MATSA RESOURCES LIMITED	20150901	20200831	1	BL.
E 3901957	PENDING	MATSA RESOURCES LIMITED			4	BL.
E 3901958	PENDING	MATSA RESOURCES LIMITED			1	BL.
			213	Km2	62	BL.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>
<table>
<tr><th>Company</th><th>Dates</th><th>Details</th></tr>
<tr><td colspan="3">Commodity Gold</td></tr>
<tr><td>Billiton Australia;</td><td>1990-91</td><td>Held part of ground as E39/174. Conducted aeromagnetic interpretation only.</td></tr>
<tr><td>Gascoyne Gold Mines NL/Sons of Gwalia Ltd;

Sons of Gwalia;</td><td>1992-1998

1999-2000</td><td>1992-1993, Reconnaissance style RAB with AC follow-up drilling -"W prefix holes".
1994, AC targeting magnetic anomalies-"WGAC prefix holes".

Airborne EM mapping of Palaeo-topographic surface. 800m spaced vertical AC traverses targeting EM-aeromagnetic and previous Au anomalies-"WGA prefix holes". Drilling tightened around anomalies.</td></tr>
<tr><td>Acacia Resources Ltd.</td><td>1993-2001</td><td>Held part of ground as (E39/365 & 364).
E39/364-"Mt Lucky Southeast" 500m spaced angled RAB-"MLSER prefix holes".
E39/364-"Mt Lucky Southwest", vertical RAB-"MLSER prefix holes" and vertical AC "MLAC prefix holes". RC follow-up drilling-"MLRC prefix holes".
Auger soil sampling, 200X100 spacing-"MLSA-prefix".</td></tr>
<tr><td>Metex Resources Ltd;</td><td>2005-2007</td><td>Held E39/1102, covering the same area as E39/1355, completed a previous exploration review only.</td></tr>
<tr><td>Goldphyre Resources PTY Limited</td><td>2007 → present</td><td>Current exploration agreement with AngloGold Ashanti Australia LTD from 30/10/2009</td></tr>
</table>

Most aircore drilling was completed by Gascoyne resources and Acacia Resources Ltd
AngloGold Ashanti carried out limited follow up aircore and RC drilling which confirmed anomalous gold values but did not identify potentially economic gold mineralisation.
Drilling established that parts of the gold anomaly were under significant transported and in situ regolith cover of up to 70m thick
A database comprising 438 drillholes by previous explorers was examined in conjunction with exploration reports. A breakdown of previous drillholes and a list of drill holes with >0.5 g/t Au are listed in Appendix 2.

</td></tr>
<tr><td>Geology</td><td>Deposit type, geological setting and style of mineralisation.</td><td>Structurally controlled orogenic quartz vein hosted gold mineralisation.</td></tr>
<tr><td>Drill hole Information</td><td>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all material drill holes:
easting and northing of the drill hole collar
elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</td><td>The coordinate system used to project drill hole collar information is GDA94 Zone 51S</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	○ *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.*	
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.*	• Exploration results summarized are drawn from public information.
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 drill hole intercepts measured in down hole 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.*	• Suitable summary plans have been included in the body of the report in support of the proposed drilling programme.
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.*	• Not applicable.

Criteria	JORC Code explanation	Commentary
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.*	
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.*	

Appendix 2 – Mt Weld Summary of drilling by previous explorers

438 Drillholes completed for 34,996m of drilling as follows:

Type	No of holes	Total m	Average depth
Air Core	302	22,285	74
RAB	83	3,767	45
RC	53	4,944	93

Previous drillhole Intercepts of >1m @ 0.5 g/t Au downhole width within Matsa's Mt Weld Project

HOLE ID	Easting_MGA	Northing_MGA	DRILL_TYPE	DEPTH_FROM	DEPTH_TO		Au_g/t	Intercept
WGA186	453277.062	6770757.978	AC	75	78	3	0.55	3m@ 0.55g/t Au from 75m
WGA208	453037.056	6769157.974	AC	81	84	3	0.54	3m@ 0.54g/t Au from 81m
WGA260	453157.063	6770757.978	AC	12	15	3	0.69	3m@ 0.69g/t Au from 12m
WGA279	453157.065	6770957.979	AC	96	97	1	0.65	1m@ 0.65g/t Au from 96m
WGA328	455417.04	6767912.966	AC	60	63	3	1.6	3m@ 1.6g/t Au from 60m
WGA383	452647.111	6774057.995	AC	75	78	3	2.3	3m@ 2.3g/t Au from 75m
				81	84	3	1.1	3m@ 1.1g/t Au from 81m
WGA415	452757.09	6772557.988	AC	27	30	3	0.76	3m@ 0.76g/t Au from 27m
WGA422	452677.095	6772957.99	AC	54	57	3	0.83	3m@ 0.83g/t Au from 54m
				63	66	3	0.63	3m@ 0.63g/t Au from 63m

WGA455	452647.107	6773807.994	AC	54	69	15	1.06	15m@ 1.06g/t Au from 54m
WGC319	452956.957	6769157.974	RC	114	117	3	0.61	3m@ 0.61g/t Au from 114m
WGC321	453226.065	6770959.979	RC	135	141	6	0.65	6m@ 0.65g/t Au from 135m
WGC322	453022.066	6770956.979	RC	72	75	3	0.78	3m@ 0.78g/t Au from 72m
				126	129	3	0.75	3m@ 0.75g/t Au from 126m
WGC356	453117.063	6770757.978	RC	36	42	6	1.275	6m@ 1.275g/t Au from 36m
				48	51	3	1.18	3m@ 1.18g/t Au from 48m
				135	138	3	0.93	3m@ 0.93g/t Au from 135m
WGC358	453117.066	6770957.979	RC	81	84	3	1.48	3m@ 1.48g/t Au from 81m
				87	90	3	0.7	3m@ 0.7g/t Au from 87m
WGC474	452717.41	6774060.895	RC	41	42	1	4.5	1m@ 4.5g/t Au from 41m
				123	124	1	7.2	1m@ 7.2g/t Au from 123m
WGC475	452677.011	6774059.495	RC	81	83	2	0.88	2m@ 0.88g/t Au from 81m
WGC476	452717.207	6773810.194	RC	116	120	4	2.46	4m@ 2.46g/t Au from 116m
				122	123	1	1.4	1m@ 1.4g/t Au from 122m
WGC477	452673.407	6773810.994	RC	57	58	1	1.56	1m@ 1.56g/t Au from 57m
				58	59	1	0.75	1m@ 0.75g/t Au from 58m
				57	59	2	1.155	2m@ 1.155g/t Au from 57m
				61	66	6	0.892	6m@ 0.892g/t Au from 61m