



ASX Announcement

19th April 2016

RC Drilling Commences at Dunnsville Gold Project

Highlights

- *RC Drilling has commenced on the first of 10 planned RC drill holes at Matsa's Big Red gold target at Dunnsville 48km NW of Coolgardie*
- *Previous RAB drilling of this 2.8km by 1km gold target by Matsa achieved several high grade intercepts, e.g. 1m @ 7.85 g/t Au*
- *Previous diamond drilling by Matsa intersected mineralised quartz veins with best intercepts of 1.1m @ 2.56g/t Au and 3.6m @ 0.89 g/t Au*
- *Drilling is targeted on structures in a complex aeromagnetic anomaly which underlies the Big Red gold target*
- *RC drill holes have been planned to a depth of 250m for a total of 2,500m of drilling*

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 18 April 2016

15.5 cents

Market Capitalisation

\$22.34 million

Matsa is pleased to report that RC drilling has commenced at the Dunnsville gold project (Figure 1). Drilling is planned to test the large (2.7km x 0.93km) well defined Big Red gold target and associated underlying magnetic anomaly.

Previous RAB drilling by Matsa at Big Red obtained a number of significant narrow gold intercepts at shallow depth, which included 1m @ 7.85 g/t Au (RAB155) and 1m @ 6.33 g/t Au (RAB147).

Best gold assays from diamond drilling, include 1.1m @ 2.56 g/t Au (BRDD04) and 3.6m @ 0.89 g/t Au (BRDD02). (Refer previous reports to the ASX including MAT announcements dated 2nd March 2011, and 11th October 2012)

3D inversion modelling of detailed aeromagnetic data has shown that the magnetic anomaly which is located beneath the Big Red gold anomaly remains untested by existing drill holes. This drilling seeks to test the concept that mineralisation improves below the depth of current drilling and that the very large soil anomaly is indicative of significant gold mineralisation.

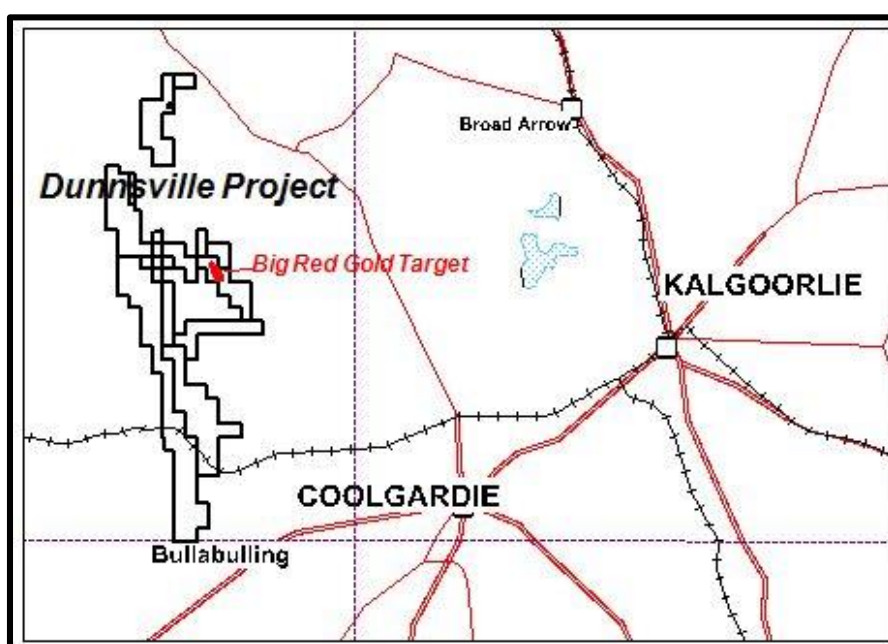


Figure 1: Dunnsville Big Red Location

Executive Chairman Mr Paul Poli said “We were delighted with the results of our detailed aeromagnetic survey and a recent modelling has provided us with some exciting targets. They could represent significant new gold mineralisation, rewarding Matsa’s perseverance in this highly prospective area which has readily available infrastructure. Even a small discovery here could prove to be very valuable for Matsa.”

RC Drilling Programme

The first of 10 planned RC drill holes to a nominal 250m depth has commenced at Big Red to test structural targets within the magnetic body which underlies the soil gold anomaly as depicted in Figure 2.

The RC drilling will target structurally controlled vein-hosted gold mineralisation in and close to the magnetic body which underlies and coincides with the outline of the gold anomaly at surface.

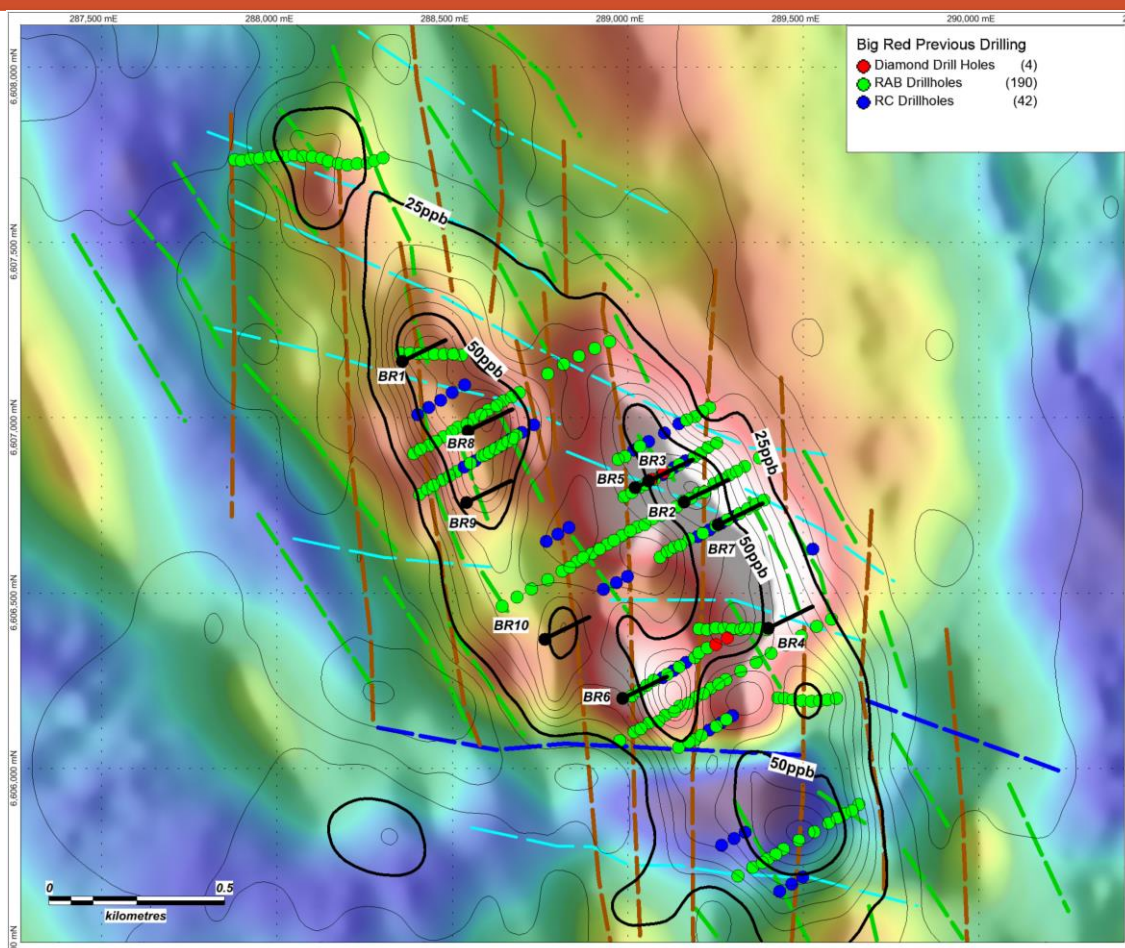


Figure 2: Dunnsville Big Red, planned drilling shown over soil gold contours, past drilling and aeromagnetic data

Big Red Prospect Background

Matsa discovered gold mineralisation at the Big Red prospect during 2009. The prospect is located 48km NW of Coolgardie and 70km NW of Kalgoorlie in the Bullabulling Terrane of the Eastern Goldfields. It is located in EL's 16/294 and 16/390 which form part of Matsa's wholly owned Dunnsville gold project. Big Red is located in an area with up to 50m of cover comprising colluvium and weathered basement with only minimal surface exposures.

Previous drilling at Big Red by Matsa comprises 190 RAB drill holes to a maximum depth of 81m, 42 RC drill holes to a maximum depth of 120m and 4 diamond drill holes to a maximum depth of 150m.

Previous RAB drilling obtained a number of significant narrow gold intercepts close to the base of oxidation with narrow lower grade intercepts in diamond drilling. Three dimensional modelling of the associated magnetic anomaly at Big Red, shows the magnetic body to lie below the mostly very shallow drilling carried out to date.

For further Information please contact:

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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.

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	<ul style="list-style-type: none"> 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 licence to operate in the area. 	<ul style="list-style-type: none"> Planned RC Drilling to be carried out on the following Exploration Licences which are 100% owned by Matsa, EL16/294 and EL16/390. The area relating to the drilling programme is underlain by the Mt Burgess Pastoral lease and notices have been submitted in accordance with statutory conditions. At the time of writing the licence is granted for a 5-year period expiring on 6th March 2018.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> No previous exploration data has been reported. The Big Red gold anomaly was discovered in 2009 by Matsa Resources.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The target is structurally controlled mesothermal gold mineralization.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<p>Drilling is being carried out using an RC drilling rig, selected as being suitable to carry out the programme to planned depths of 250m.</p> <p>Drilling is carried out using a face sampling hammer with samples split at the cyclone into bags of approximately 4kg /m. Remaining drill spoil is laid out on the ground as 1m piles.</p>

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> <i>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.</i> <i>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.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none">
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>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').</i> 	<ul style="list-style-type: none">
Diagrams	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Suitable summary plans have been included in the body of the report.
Balanced reporting	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none">
Other substantive exploration data	<ul style="list-style-type: none"> <i>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</i> 	<ul style="list-style-type: none"> Three D modelling of aeromagnetic data was carried out by Matsa's inhouse geophysicist using high resolution aeromagnetic data carried out in March 2014 by Thompson Aviation. Data was acquired along EW lines spaced at 50m intervals at a flying height of 50m.

Criteria	JORC Code explanation	Commentary
	contaminating substances.	
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Further work will be dependent on results of the planned RC drilling programme.