MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **21 July 2016**

Significant Gold Acquisition

385,300 oz Lake Carey Gold Project

Highlights

- *Lake Carey gold project acquired including the Fortitude gold deposit (385,300 oz, JORC 2004)*
- *Due diligence demonstrates near term production potential and an excellent return on investment based on the following:*
  - *a potential 40,000 oz gold p.a. production plan with strong cashflows over the first 2 years of mine life*
  - *excellent existing haul roads and nearby processing facilities*
  - *strong exploration upside potential, near world class deposits*
  - *fully granted mining licences*
  - *extensive database and mining information providing a fast track to final feasibility and production*
  - *purchase consideration and mine development costs can be funded from Matsa's existing cash and liquid assets*
- *Consideration paid is a modest $4.54 per Resource ounce*
- *Considerable scope for regional exploration success adding to the project life*
- *The Lake Carey gold project is located in an area that hosts a number of world class deposits (Granny Smith, Sunrise Dam, Red October) and adjoins Matsa's existing Mt Weld gold project thereby creating a substantial gold project area in a highly prolific gold field*

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 19th July 2016

23 cents

Market Capitalisation

$33.16 million

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Matsa is pleased to advise that it has entered into an agreement to acquire the Lake Carey gold project. The project package includes the Lake Carey, Phantom Well and Wilga projects which contains the Fortitude gold deposit.

The Projects are located approximately 220km northeast of Kalgoorlie-Boulder and 70km south of Laverton within the north-eastern goldfields of Western Australia. The Project area covers 102km^2 and is located in the highly productive Laverton Tectonic Zone (LTZ) 25km south of AngloGold Ashanti's Sunrise Dam gold mine, 60km south of the Granny Smith gold mine and 12 km south of the Red October gold mine.

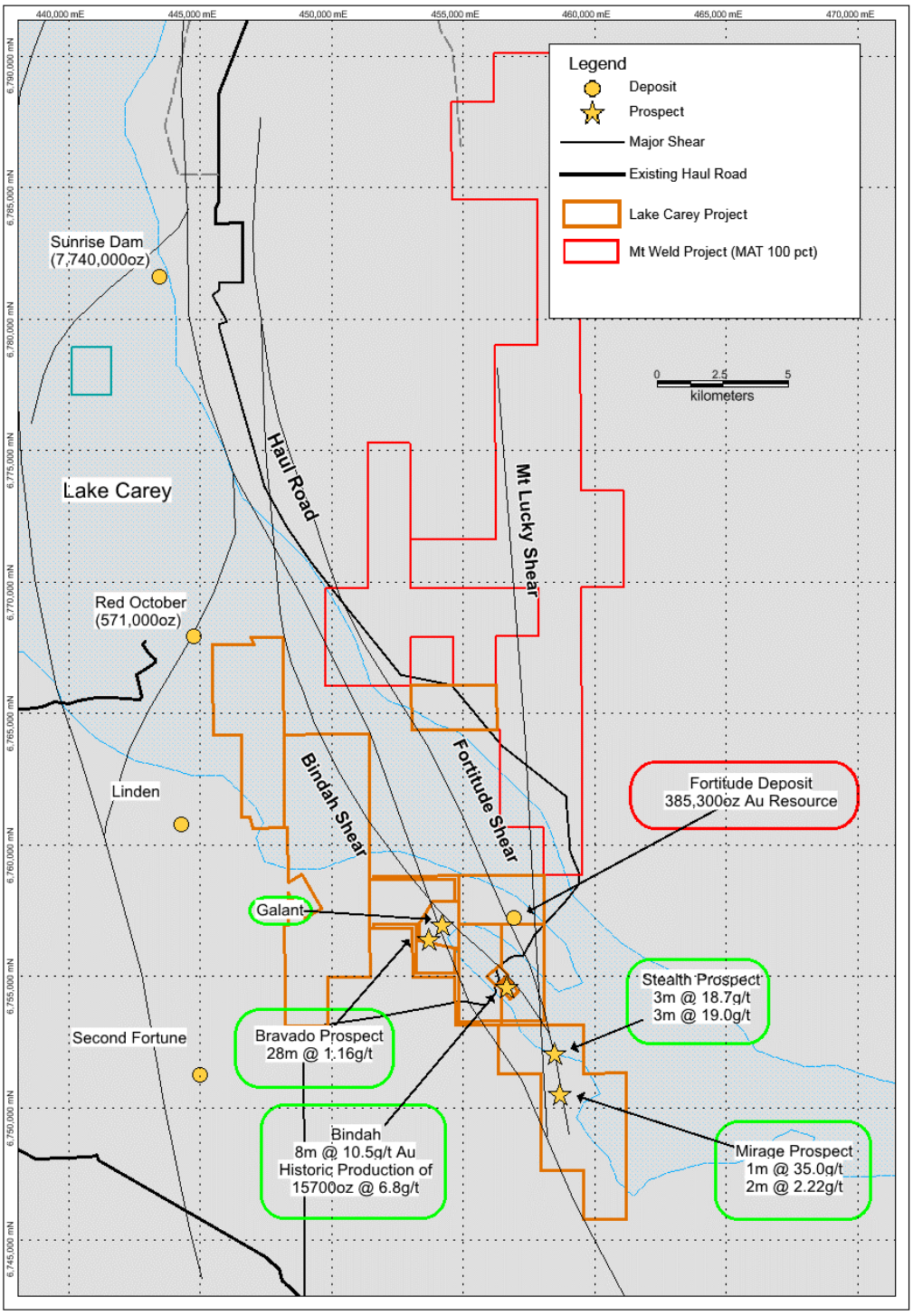

Figure 1: ***Location and Regional Infrastructure of the Lake Carey and Mt Weld Projects***

It is Matsa's intention to develop and mine the Fortitude deposit utilising a local third party processing facility as quickly as possible in order to take advantage of the current high gold prices. All studies and development capital can be funded from existing cash and liquid reserves. Preliminary discussions have already commenced and indicative offers received with nearby processing facilities.

The Lake Carey gold project area consists of 12 tenements and covers an area of 102km^2. There are existing Mineral Resources (JORC2004) located at Fortitude totalling 6.289Mt @ 1.9g/t for 385,300oz (Table 1, Appendix 1).

Strategically, the Lake Carey gold project is an excellent geographical fit with Matsa's existing Mt Weld gold project which adjoins the northern boundary of the Lake Carey gold project. The combined project area amounts to a total of 277km^2 (Figure 1).

Exploration potential within the combined project area is considered excellent. Initial high priority targets exist at Bindah and Galant which could increase short term production potential. Historically, regional exploration along the Fortitude and Bindah Shears has been superficial and carried out by wide spaced shallow aircore drilling. Matsa plans to target the regional extents of the Fortitude and Bindah Shears using modern geophysical techniques and drilling.

Type	Indicated			Inferred			Total		
	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces	Tonnes t	Au g/t	Au Ounces
Oxide	572,800	2.1	38,700	221,000	1.9	13,500	**794,000**	**2.0**	**51,400**
Transitional	150,900	1.8	8,700	148,200	1.9	9,100	**299,000**	**1.9**	**18,000**
Fresh	2,034,700	1.9	124,900	3,161,200	1.9	190,900	**5,196,000**	**1.9**	**315,800**
Total	**2,758,000**	**1.9**	**172,000**	**3,530,000**	**1.9**	**213,300**	**6,289,000**	**1.9**	**385,300**

***Table 1:* JORC 2004 Mineral Resource Estimate for the Fortitude Deposit**

Acquisition Terms

Matsa will acquire the Lake Carey project (consisting of the Lake Carey, Phantom Well and Wilga Gold projects), including all exploration and mining data, for a total consideration of $1,750,000 (ex GST) cash representing a modest $4.54 per ounce of gold consisting of:

- $250,000 on signing of agreement (paid), refundable if any tenements are forfeited.
- $1,500,000 upon settlement of the transaction, transfer of tenements.

The offer has general conditions applicable to a transaction of this nature. Matsa will easily fund the acquisition from its existing cash holdings. Settlement is expected this quarter.

Executive Chairman, Mr Paul Poli said *"the success in acquiring the Lake Carey gold project is a coup for Matsa at a very attractive price. This project offers an excellent opportunity to transform our company into a producer in the near term. It is feasible that we can be producing 40,000 ounces of gold per annum by early next year. It is extremely pleasing to me that Matsa has acquired this project using existing funds in a very strong gold environment without dilution to shareholders."*

Mr. Poli added "Lake Carey will not distract Matsa from its commitment to existing quality exploration projects where we anticipate exciting discoveries both in Australia and Thailand."

For further information please contact:

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Executive Chairman

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Mineral Resources and Exploration Results

The information in this report that relates to Mineral Resources and Exploration results, is based on information compiled by Richard Breyley, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Richard Breyley is a full time employee of Matsa Resources Limited. Richard Breyley 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'. Richard Breyley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is extracted from the report entitled "Resource Update – Fortitude Gold Deposit" released by Hammer Metals Limited (formerly Midas Resources Limited) on 6 May 2010 to the ASX http://www.asx.com.au/asxpdf/20100506/pdf/31q62k3084vy75.pdf. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the competent person's findings are presented here have not been materially modified from the original market announcement.

Appendix 1 - *Matsa Resources Limited – Lake Carey Gold 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 Portable XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	**The Company confirms that the Mineral Resources as reported here have not been materially modified from the announcement to the ASX by Midas Resources Ltd on 6th May 2010.** The information in this report that relates to Mineral Resources is extracted from the report entitled "Resource Update – Fortitude Gold Deposit" released by Midas Resources Limited (Now Hammer Metals Limited) on 6 May 2010 to the ASX. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.
	Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	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.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
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).*	As documented for ASX Release by Midas Gold Ltd 6th May 2010

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	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.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
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.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	The total length and percentage of the relevant intersections logged.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	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.	As documented for ASX Release by Midas Gold Ltd 6th May 2010

Criteria	JORC Code explanation	Commentary
	Whether sample sizes are appropriate to the grain size of the material being sampled.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
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.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	For geophysical tools, spectrometers, Portable 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 documented for ASX Release by Midas Gold Ltd 6th May 2010
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	The use of twinned holes.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Discuss any adjustment to assay data.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
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.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Specification of the grid system used.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Quality and adequacy of topographic control.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Data spacing for reporting of Exploration Results.	

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	*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.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	Whether sample compositing has been applied.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
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.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
	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.	As documented for ASX Release by Midas Gold Ltd 6th May 2010
Sample security	*The measures taken to ensure sample security.*	As documented for ASX Release by Midas Gold Ltd 6th May 2010
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Not to the knowledge of Matsa

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.*	• The project comprises 6 mining tenements, 5 exploration licenses and 1 prospecting license as follows: • All tenements are granted and can be transferred without any issues

TENID	TYPE	TENSTATUS	STARTDATE	STARTTIME	ENDTIME	GRANTDATE	ENDDATE	LEGAL_AREA	UNIT_OF_M
E 3901803	EXPLORATIO	LIVE	20140417	15:30:00	23:59:59	20150130	20200129	2	BL.
E 3901770	EXPLORATIO	LIVE	20130906	14:08:40	23:59:59	20140701	20190630	6	BL.
E 3901752	EXPLORATIO	LIVE	20130703	12:49:30	23:59:59	20140206	20190205	11	BL.
E 3901287	EXPLORATIO	LIVE	20070129	8:31:00	23:59:59	20081112	20181111	3	BL.
M 3900001	MINING LEA	LIVE	19820222	17:00:00	23:59:59	19821218	20241222	15.85	HA.
M 3901065	MINING LEA	LIVE	20061027	10:30:00	23:59:59	20080605	20290616	598	HA.
P 3905293	PROSPECTIN	LIVE	20120516	10:50:08	23:59:59	20130801	20170731	121.8717	HA.
M 3900709	MINING LEA	LIVE	19981202	14:42:00	23:59:59	20080605	20290616	573	HA.
M 3900286	MINING LEA	LIVE	19921116	15:47:00	23:59:59	19930316	20350322	30.585	HA.
E 3901819	EXPLORATIO	LIVE	20140612	11:05:00	23:59:59	20150116	20200115	7	BL.
M 3900710	MINING LEA	LIVE	19981202	15:18:00	23:59:59	20080605	20290616	562	HA.
M 3901089	MINING LEA	LIVE	20131106	10:19:00	23:59:59	20140718	20350717	226	HA.

Criteria	JORC Code explanation	Commentary
		• The Project is Located on Vacant Crown Land • All tenements except for P39/5293 predate requirement for heritage agreements • P39/5293 has heritage agreement with the Kurrku native title claimants managed by GLSC and exploration is carried out within the terms of that agreement
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Most significant exploration has been carried out by Aurora Minerals (1992 – 2002) and Midas Gold (2003 – 2010) •
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Structurally controlled orogenic quartz vein hosted gold mineralisation.

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.*
		• The coordinate system used to project drill hole collar information is AMG84 Zone 51

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.*	• Data used in the release is drawn from public information and company reports produced by Midas Gold

Criteria	JORC Code explanation	Commentary
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.*	• A suitable plans showing the project and prospect location with selected intersections is included in the body of this report
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.
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.*	• Not applicable
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.*	• Not applicable