



ASX Announcement

31st January 2020

Quarterly Activities Report – 31st December 2019

HIGHLIGHTS

Red October Gold Project

- No Lost Time Injuries reported during the quarter
- Knowledge and confidence in the Red October gold mine was significantly enhanced during the quarter through development, drilling and mining
- A strategic focus on development of access to higher mineralisation during the quarter, rather than stoping, was necessary to allow a sustained period of production ore from multiple fronts
- Due to the change in focus, a lower volume of ore (4,997t) was ⁵delivered at a grade of 4.1 g/t Au during the December Quarter. Production of stoping ore began in mid-January and this should deliver increased volumes at a higher grade moving forward.
- Diamond drilling produced impressive gold intercepts from new zones:

2.50m @ 48.70g/t Au

2.55m @ 4.89g/t Au

0.60m @ 70.60g/t Au

0.98m @ 14.88g/t Au

1.00m @ 14.60g/t Au

Fortitude Stage 2 Gold Mine

- Preparation for commencement of mining continued during the quarter
- Significant progress on an ore purchase agreement and financing package

Lake Carey Exploration

- Devon - Four out of five RC drillholes resulted in excellent gold intercepts:

3m @ 35.03 g/t Au Main Lode

3m @ 5.93 g/t Au Main Lode

15m @ 20.78 g/t Au Hanging Wall Lode

Incl. **3m @ 94.1 g/t Au**

- Olympic - RC drilling produced strongly positive gold intercepts:

8m @ 6.94 g/t Au

Incl. **3m @ 16.3 g/t Au**

2m @ 16.6 g/t Au

Incl. **1m @ 28.6 g/t Au**

Corporate

- Cash and liquid investments at 31st December 2019 A\$4.46M

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

216.93 million

Unlisted Options

~26.35 million @ \$0.17 - \$0.25

Top 20 shareholders

Hold 52.78%

Share Price on 31st January 2020

14 cents

Market Capitalisation

\$30.37 million

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 December 2019.

COMPANY ACTIVITIES

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

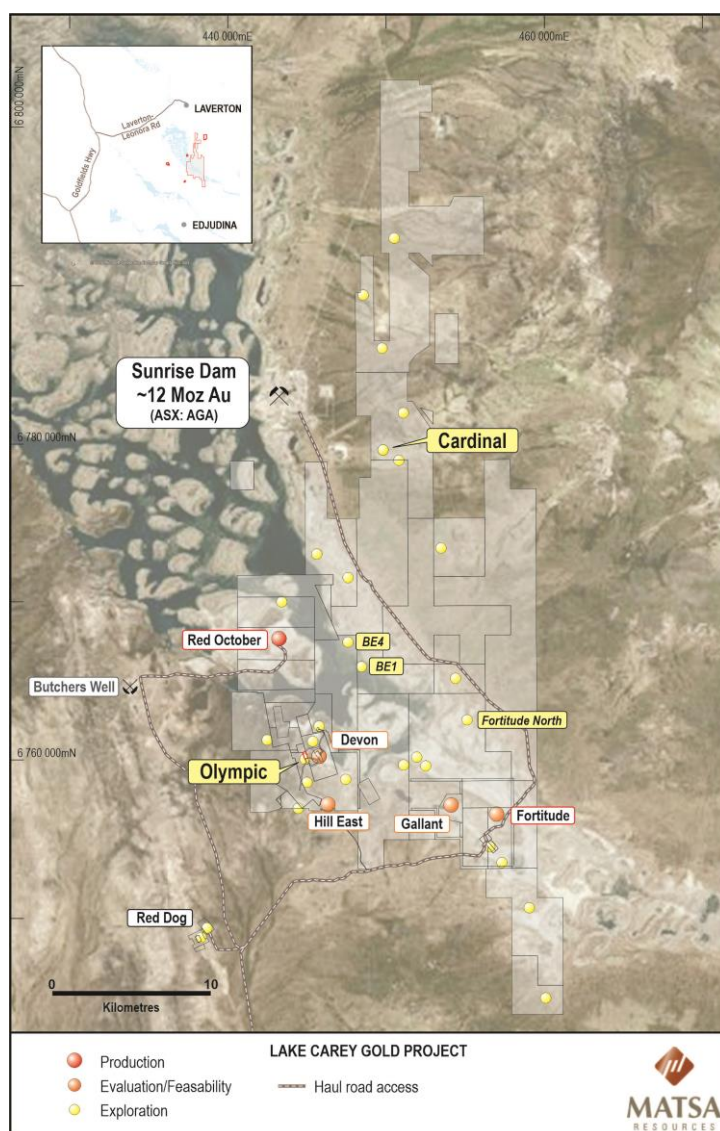


Figure 1: Lake Carey Gold Project

Activities during the quarter comprised the following:

- Red October gold mine, development and production continued in conjunction with underground resource and grade control diamond drilling
- Fortitude gold mine, planning continued into the commencement of Stage 2 mining development and included geotechnical diamond drilling
- Exploration activities included near mine diamond drilling at Red October and RC drilling over three other targets including the Devon gold mine where potential is seen for a near term development opportunity

RED OCTOBER GOLD MINE

Mining continued during the quarter for a total of 326.4 metres of development and a total production of 4,997 tonnes of ore at a grade of 4.1 g/t Au.

Production and Development Summary

With the strong drilling success in 2019 to the North of existing workings (including discovery of the Costello shoot), development of access to stoping ore was pushed forward in favour of production from higher grade stoping ore. This strong focus on development of access resulted in less ounces being produced. The development focus was based on Matsa's view of the importance of putting access in place to enable a sustained period of ore production from stoping. Development now in place has made it possible to open multiple fronts for stoping in the short term and with a consequent improvement in efficiency. This strategy has bolstered the long-term mining plan for Red October.

Stoping commenced towards the latter part of January 2020.

Mining remained on single shift during the quarter in support of Matsa's strong commitment to increasing geological knowledge and understanding.

Since commencement of underground operations, Matsa has now developed the ROSZ North, Smurfette 322, Anchor 343 and HW 362 lodes (as well as several other ancillary ore targets) on 5 levels, allowing stoping to occur on all these levels in the very near term. The information gained from the development during the quarter has been critical in optimising short-term stoping tonnage in Q1 2020 but more importantly to reinforce the long-term mining plan beyond this early mining stage.

A summary of development carried out during the quarter is shown in Table 1.

Development (m)		Gold Ore		
Waste	Ore	Tonnes	Grade*	Ounces*
94.9	231.5	4,997	4.1	560

Table 1: Red October Development December 2019 Quarter

**Estimate only, grade and metallurgical recovery results pending*

Development was primarily through low-grade sections of the ROSZ with the objective of accessing higher grade sections including very high-grade secondary lodes (Smurfette 322, Anchor 343, HW 362). Much of this necessary development was completed during the quarter. Significantly, and despite this, the grade achieved continues to be in accordance with the original mine study estimate due to extremely high grades of ancillary lodes accessible from the ROSZ development.

Mining Activities Production

Mining activities comprised development only with planned stoping deferred in order to expand development activities as described above.

Production from the Red October gold mine commenced in July 2019 and results from the first two quarters production are shown in Table 2.

	September 2019 Quarter Actuals	December 2019 Quarter Actuals	Total YTD 6 months	January 2020 Production (2 weeks stoping)*
Total Tonnes	10,903	4,997	15,900	4,012
Grade (g/t)	5.39	4.10*	4.98	3.72*
Metallurgical Recovery (%)*	85%	85%	85%	85%
Production (Oz)	1,607	560	2,167	408
Average Gold Price (A\$M)	2,183	2,149	2,174	2,330
AISC (A\$ per Oz)	1,277	3,212	1,777	\$1,650 ⁽¹⁾

Table 2: Red October Production Results for the December 2019 Quarter

*Estimate only, grade and metallurgical recovery results pending

⁽¹⁾ Preliminary January production indicates AISC is expected to decrease as stoping of ore is continuous throughout the entire month.

Mining Activities – ROSZ Development

Development of the N-1275 and N-1290 (Figure 2) levels progressed along a high-grade shoot, which was discovered by Matsa's recent drilling during February within the high grade ROSZ North which was discovered during the February-March 2019 grade control drilling campaign, and is currently a high priority mining target.

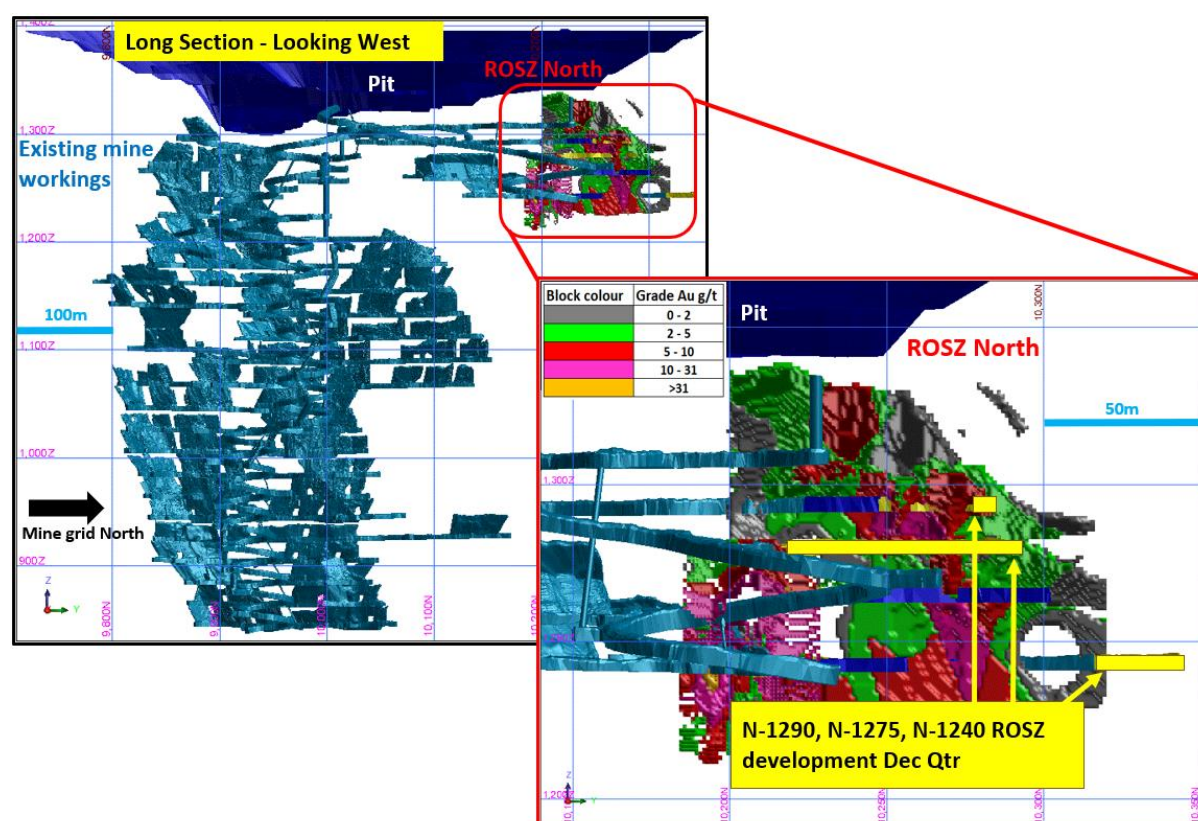


Figure 2: Long section looking West (mine grid) – ROSZ block model showing grade Au >1g/t

The ROSZ North high-grade shoot now has strike development in place from levels N-1240 to N-1290. This has enabled Matsa to commence stope production in the first quarter of 2020.

Stoping will commence on the N-1290 level first, and a grade control model (Figure 3) has been created for this purpose. The N-1290 level, which is an extension of existing Saracen (SAR) development intersected the ROSZ high-grade shoot, and confirmed the tenor and strike extents of the shoot.

The high-grade shoot developed on the N-1290 level also extends up-plunge to the 1300mRL Level which presents an opportunity for further development and stoping in the ROSZ (Figure 4).

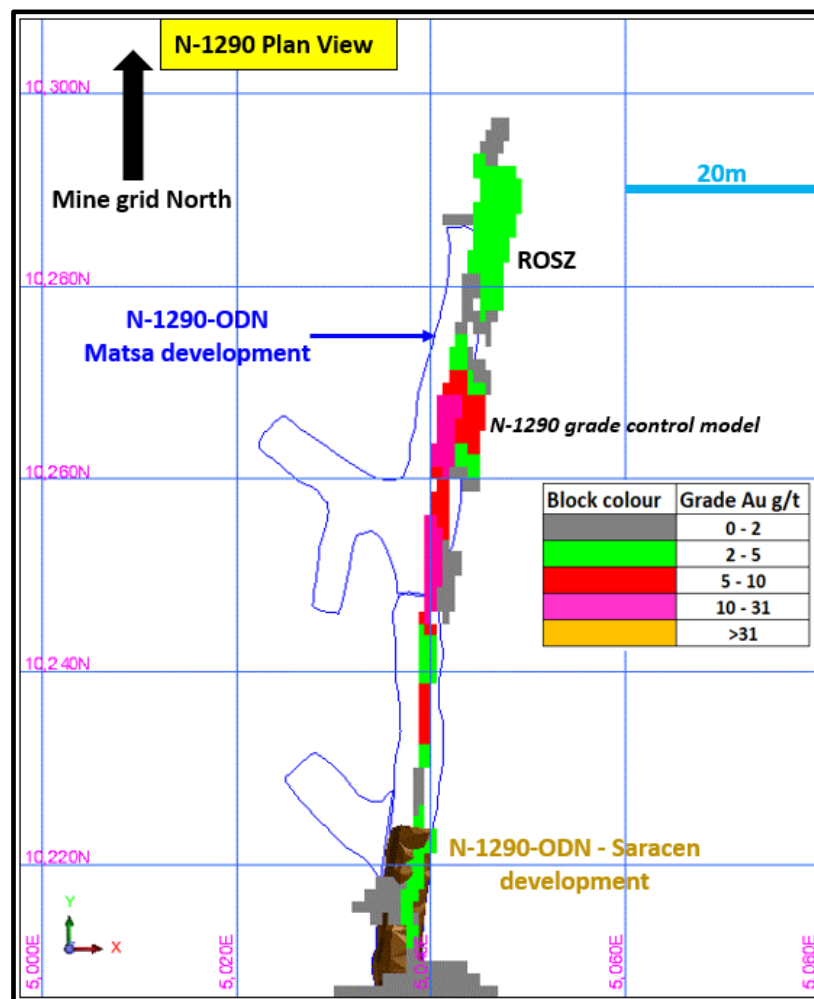


Figure 3: N-1290 level ROSZ development to date (blue outline), grade control block model shown Au >1g/t

Development on the N-1275 level follows along the Trelawney Fault, with the fault offsetting the ROSZ as anticipated. The placement of the development will provide better mining control of stope production above and below the fault (Figure 5).

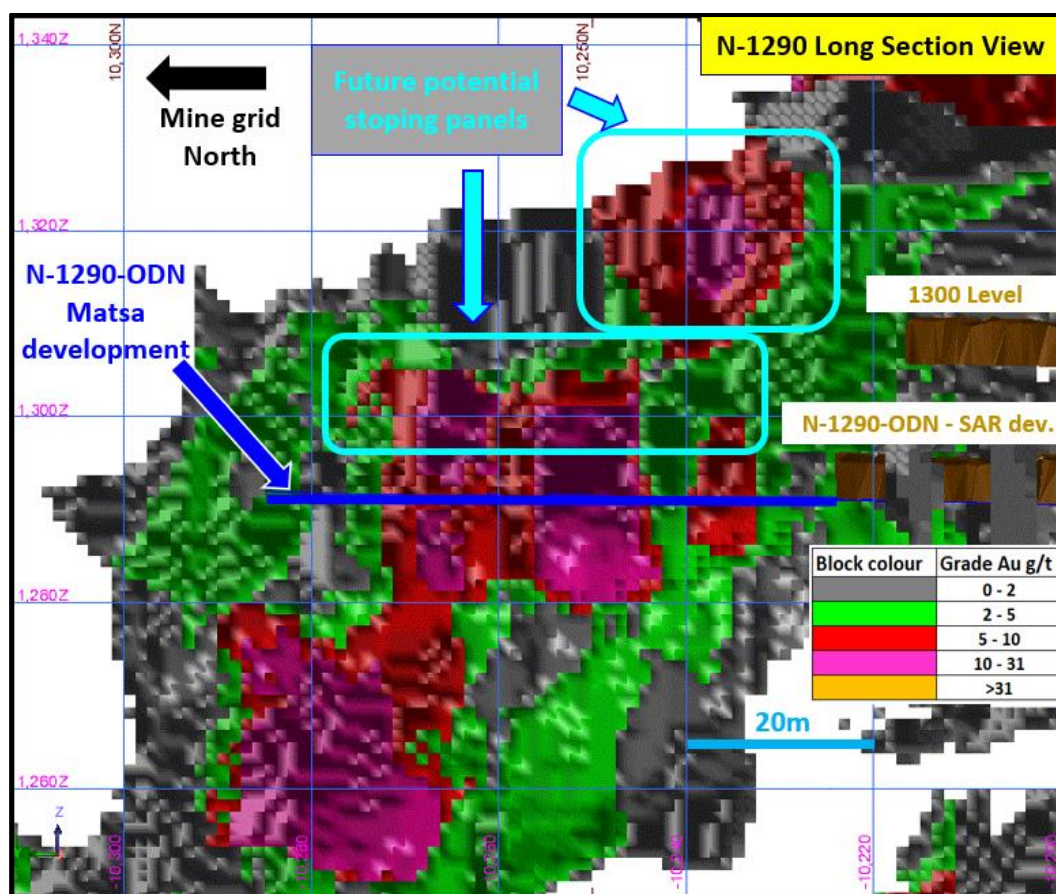


Figure 4: N-1290 level ROSZ potential stopping panels, grade control block model shown Au >1g/t

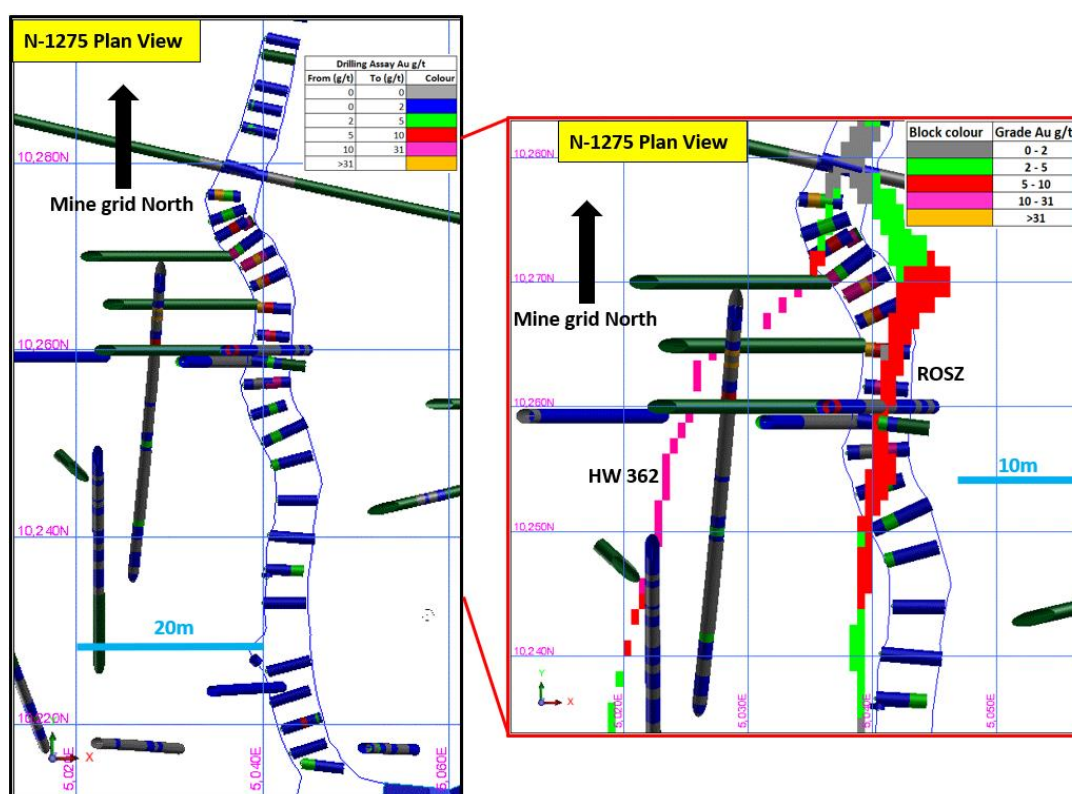


Figure 5: N-1275 level ROSZ development to date (blue outline), mine design block model shown Au >1g/t

Significantly, several cuts yielded grades within the ROSZ greater than 30g/t, outperforming the block model on which the drive was developed (Figures 5 and 6). The modelled HW 362 lode also provides an opportunity for further development on the N-1275 level (Figure 5).

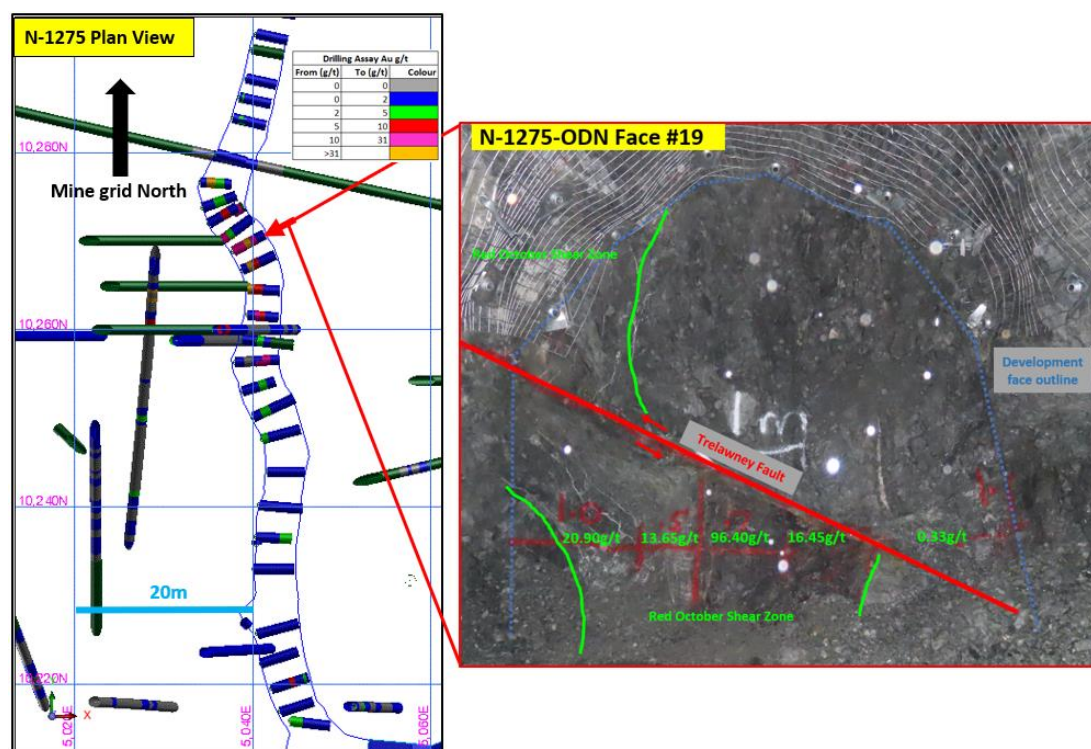


Figure 6: N-1275 level ROSZ face #19 showing assay grades >30g/t Au

Development on the N-1240 level was completed during the quarter, with the drive providing exploratory development for another grade shoot to the north. While no shoots were intersected, the drive is strategically placed for future access to the newly discovered Costello grade shoot (*MAT announcements to ASX 29th November 2019 & 15th January 2020*). The drive has also defined the bottom edge of the ROSZ North shoot, and will be assessed for stoping potential to the N-1260.

The results to date for the ROSZ North development are extremely encouraging for future stoping panels in the area and developing ancillary lodes to add to the mine plan.

Red October Drilling Underground

Matsa completed 11 underground diamond drill holes, for a total of 1,451 metres focussing on extensions in the main mining area (ROSZ North). Collar locations, logging and sampling procedures and assay protocols and assays have been previously announced (*MAT announcement to ASX 15th January 2020*).

Drill holes are located in plan and section views in Figures 7 and 8 below.

Drilling has produced outstanding gold assays and confirms the high-grade potential of the Red October gold mine as follows:

- The discovery of new high-grade lodes which are not reflected in the June 2016 Resource model is significant. The high-grade lodes indicate the strong potential for more ore-bearing structures to be discovered to the north by further drilling
- These new lodes will be prioritised for further evaluation as new opportunities outside of the known lode system

- Confirmation that another high-grade shoot exists within the ROSZ, further to the north. This new high-grade domain (ROSZ Costello) is a compelling mining area which warrants further follow-up in 2020.

This drilling programme was carried out as the first part of a longer-term campaign aimed at significantly increasing the gold resource at the Red October underground gold mine.

Drilling was carried out on the Red October Shear Zone (ROSZ) North with the following objectives:

- A total of 8 holes (ROGC724 - ROGC731) to better understand the potential for high-grade shoots below the current workings and to test for additional high-grade shoots to the north.
- A total of 3 follow-up holes (ROGC732 - ROGC734) were drilled selectively based on assays and visually interesting geology.

The drilling programme was successful in better defining the ROSZ which is typically associated with a number of footwall and hanging wall lodes as described below.

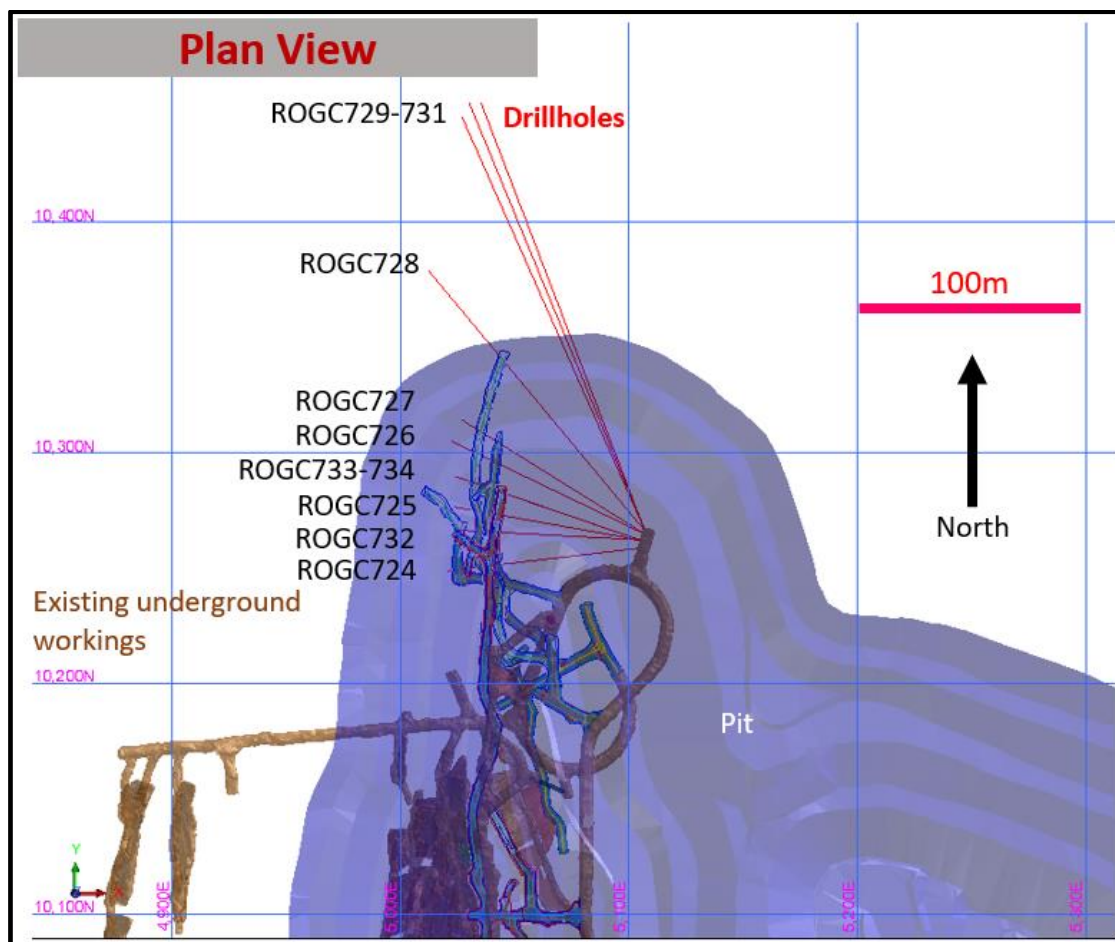


Figure 7: Plan view of Grade Control holes drilled - red traces (RO Local Grid)

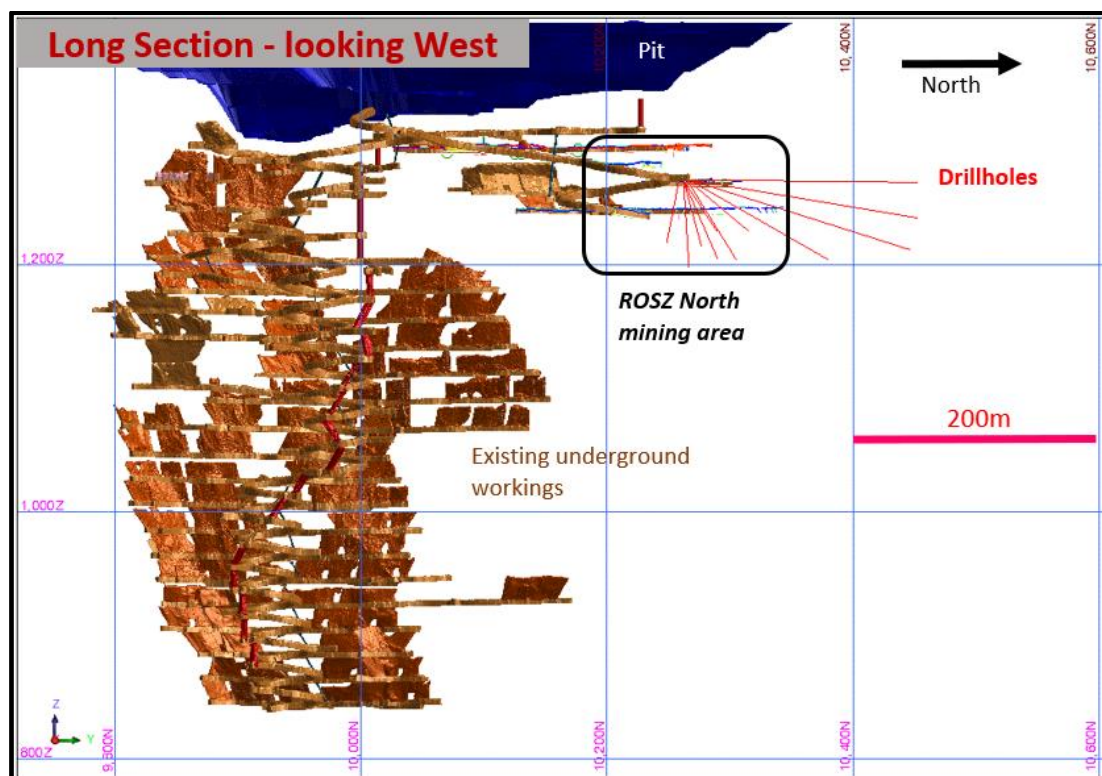


Figure 8: Long Section View - Grade Control drill holes as red traces (RO Local Grid)

Footwall lodes

Mineralised lodes in the footwall of the ROSZ were intersected, and exhibited carbonate alteration with pyrite and quartz-calcite veinlets. The host rock (tholeiitic pillow basalts) in this area is highly prospective as this brittle unit sits adjacent to more ductile high-magnesium basalts and ultramafic units, forming a rheology contrast (Figure 9).

2.50m @ 48.70g/t Au from 78m – new lode (ROGC725)

Inc 1.10m @ 105.5g/t Au from 78m

1.00m @ 14.60g/t Au from 69m – new lode (ROGC732)



Figure 9: ROGC725 footwall lode – 2.5m @ 48.70g/t

Hangingwall lodes

A suite of narrow mineralised lodes was also intersected in the hanging wall of the ROSZ. The lodes are situated in high-magnesium basalts, with carbonate alteration, pyrite and quartz-calcite veinlets.

These intersections are significant, as mining has occurred on similar lodes in the current ROSZ North mining area (Figure 10).

0.98m @ 14.88g/t Au from 88.72m – new lode (ROGC733)

2.55m @ 4.89g/t Au from 93.2m – new lode (ROGC734)

Inc 0.20m @ 37.80g/t Au from 94.1m



Figure 10: ROGC734 hangingwall lodes – 2.55m @ 4.89g/t

Red October Shear Zone - Costello

Costello is one of several zones or swarms of grade shoots along the ROSZ throughout the mine which include, from south to north, the 120 South, 130 Central, 110 Flo, ROSZ North, and Costello grade shoots. Costello sits within the ROSZ and is located ~150m north of the ROSZ North mining area.

High grades evident in historic RC holes to the north of the ROSZ North mining area were tested with three drillholes (ROGC729 to ROGC731 inclusive).

The drillholes confirmed the presence of the ROSZ and also intersected the edge of the suspected Costello high-grade shoot (Figure 11).

Drilling was targeted just south of the historic RC holes position, yielding:

2.10m @ 4.24g/t from 144.5m – ROSZ (ROGC729)

4.40m @ 3.30g/t Au from 135.14m – ROSZ (ROGC730)

6.00m @ 2.21g/t Au from 121.5m – ROSZ (ROGC731)

Inc 1.70m @ 4.07g/t Au from 122m

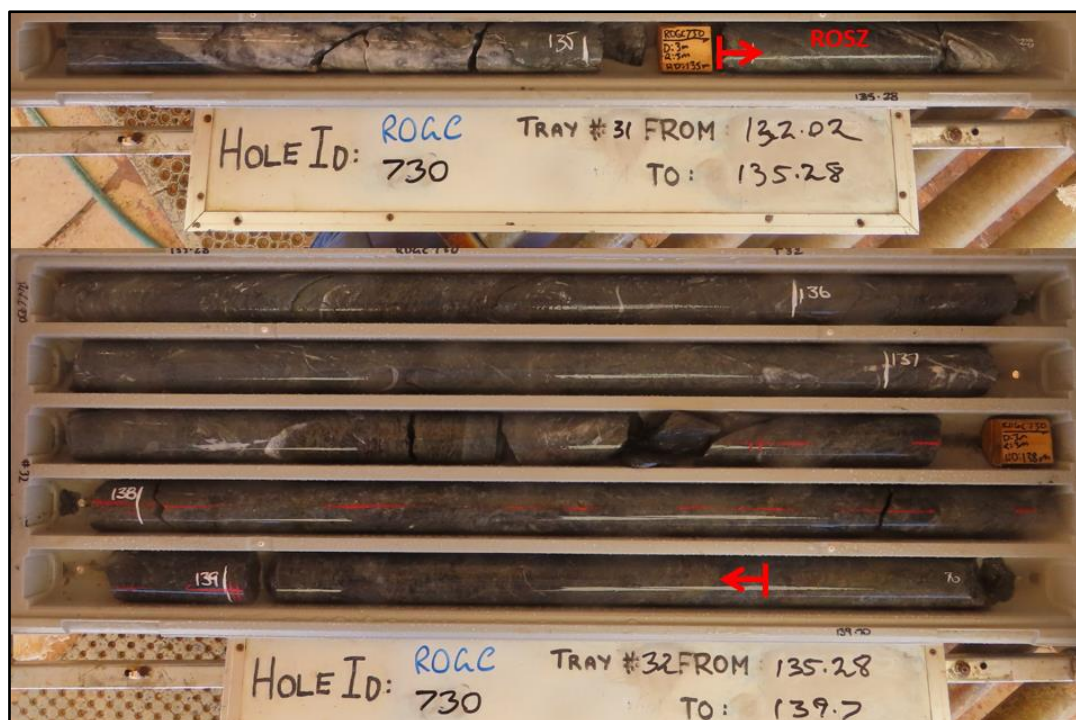


Figure 11: ROGC730 Red October Shear Zone interval – 4.40m @ 3.30g/t

Typically, the ROSZ is associated with mineralised hangingwall and footwall lodes, which are currently unquantified and offer further opportunities for the Costello area.

The ROSZ is made up of a sheared mafic package with a quartz breccia, pervasive pyrite and narrow intercalated sedimentary units. Typical alteration seen was biotite, carbonate, silica and +/-sericite.

Potential to Extend Mining Beyond Stage 1

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. This dataset strongly supports the idea that potential exists to continue mining beyond the initial phase:

- Within the existing resource wireframes, adjacent to existing workings and further afield (Figure 12); and
- Outside the existing resource wireframes where potential is demonstrated by existing high-grade drill results (Figure 13)

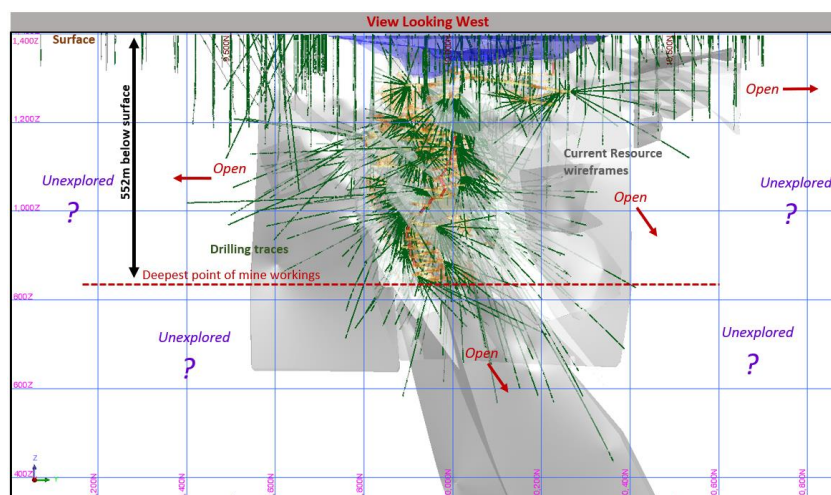


Figure 12: Red October, Longitudinal Section showing existing resource wireframes, drilling and mine workings (RO mine grid co-ordinates)

A number of new targets have already been identified for future mining as a result of studies undertaken to date. The initial mining operation represents an opportunity for Matsa to fine-tune narrow-vein mining at Red October, and gain a better understanding of geological controls on gold mineralisation.

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

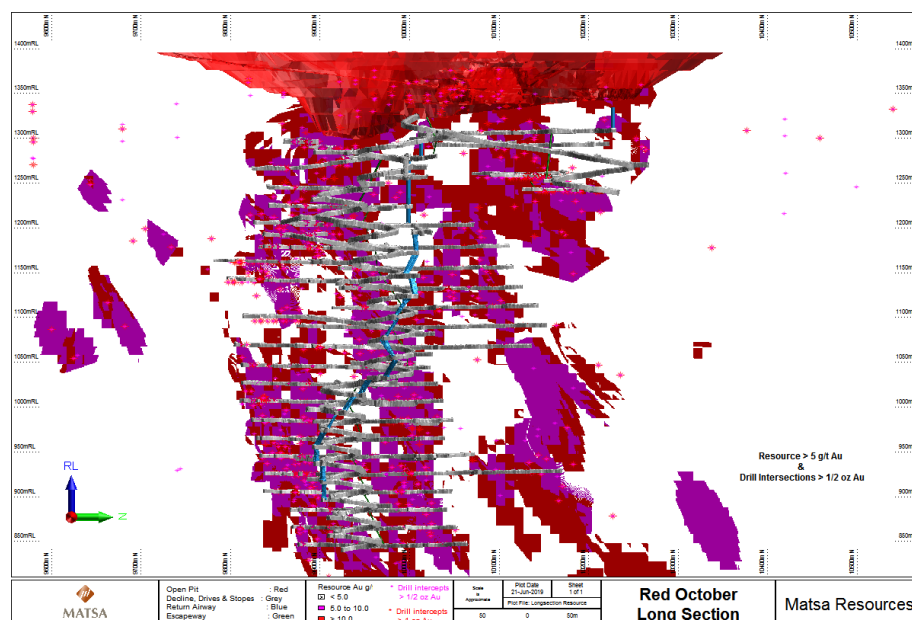


Figure 13: Red October, Longitudinal Projection with summary of high-grade gold mineralisation >5g/t Au (RO mine grid co-ordinates) (June 2016 Saracen Resource Model)

FORTITUDE GOLD MINE STAGE 2

Fortitude gold mine - Stage 2 mining, as previously announced, is a 22-month open pit project, which is expected to produce 54,000 ounces of gold. All mining permits required to commence Stage 2 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:

- One geotechnical drill hole completed
- Metallurgical studies on sulphide ore
- Discussions on hydrology, ore purchase agreement and financing progressed.

Geotechnical Diamond Drilling

During the quarter an additional geotechnical diamond drill hole 19FGT01, was completed to test the design of northern wall of the Stage 2 open pit at Fortitude mine (Table 3).

Prospect	Hole_ID	Peg-ID	Lease ID	North	East	Dip	Azimuth	M-Total
Fortitude	19FGT01		M39/1065	456950	6757175	-60	270	102

Table 3: Fortitude Geotechnical Drill Hole Collar and Setup Information

Because of the highly weathered nature of basement, a down-hole tele-viewer survey was carried out to provide structural information. Structural interpretation based on televiewer data led to a minor change to the pit design parameters in the scoping study to minimise the likelihood and extent of block sliding. Slight modifications on pit design had minimal effect on the overall scoping study mining parameters.

The Company also commenced further metallurgical testwork on samples of fresh sulphide ore for stage two of the Fortitude Mine.

Final test results are due mid Q1 2020 however, preliminary results from the metallurgical testwork show that sulphide responds very well to flotation and CIL processing methods, In addition to the scoping study review.

Other

A final review of hydrology data from the Stage 1 trial mine was completed in preparation for the mining tender.

The Company is also pleased to advise that negotiations on funding and ore purchase discussions with interested parties has progressed prior to the end of December.

LAKE CAREY EXPLORATION

A major exploration programme commenced during the quarter with the following activities carried out:

- Diamond drilling on structural targets NW of Red October mine
- 16 RC drill holes were completed for 1924m at Cardinal/Wilga Dam, Devon and Olympic targets.
- A total of 1275 bottom of hole samples from historic aircore drilling were submitted for multi-element assay
- 244 ultrafine soil samples collected over three target areas
- Botanical survey over planned drill sites at two targets

Diamond Drilling - Red October Near-Mine Exploration

Diamond drilling was carried out to the NE and along strike from the mine with two drill holes completed for 714.6m of drilling. (Drill logging, sampling and assay protocols are included in Appendix 1. Drill collar locations and setup are shown below.

Hole_ID	Lease ID	North	East	Dip	Azimuth	Depth
ROEX048	M39/412	443841	6768118	-60	214.5	414.3
ROEX049	M39/412	443824	6768222	-60	214.5	300.3

Table 4: Red October Near Mine Diamond Drill Holes Location and Setup

Drilling was designed in support of an R&D project and will play a part in a number of experiments focused on applicability seismic surveys in a near mine situation. Drilling which is targeting strike-extensions to the high grade Red October gold lodes >400m from current underground mining development will also be equipped with fibre optic cables and provide a platform of subsurface detection of seismic signals.

Drill holes were also designed to test high priority structural targets developed by from a geo-mechanical study carried out in 2018 (*MAT Announcement to ASX 31st January 2019*) and to be equipped with DAS fibre optic cable able to be connected to upcoming seismic experiment planned for early 2020 by Curtin university.

Drillhole ROEX048 was designed to test the Eastern Break geo-mechanical target interpreted to be at a depth of 310 to 330m. The drill hole intersected transported lake clays to 47.8m, saprolite to 86.3m before entering variably weathered basaltic volcanics which persisted to end of hole. A number of zones of biotite, epidote and K feldspar alteration and quartz veining were recognised with trace sulphides mostly pyrite observed to be associated with quartz veins. No obvious Red October style mineralised zones were observed. This hole was successfully cemented with fibre-optic seismic cable.

Drillhole ROEX049 was designed to test the IFH geo-mechanical target encountered transported lake clays and a basal sandy palaeo-channel unit to 65.8m. Saprolite, below the transported cover persisted to a depth of 97.4m before passing into variably weathered mafic volcanics. Narrow zones of strongly sheared mafic/ultramafic volcanics with minor quartz veining and sulphides were observed between 117.1m and 117.5m and between 151m and 153m. Several paler coloured zones of carbonate alteration associated with moderate shearing. No obvious Red October style mineralised zones were observed.

Fibre optic cable was grouted in place in both drill holes as part of upcoming Seismic R&D under Minex CRC "Seismic in the Drilling Workflow" project of which Matsa is an associate member.

Sampling and Assays Sample numbers submitted are shown in Table 5. Core was selectively sampled from intervals displaying bleaching (alteration), veining and possible sulphide development as having potential associated gold mineralisation. Sampling was carried out to geological boundaries with individual samples to a maximum length of 1.4m. Continuous sample intervals are summarised in Appendix 3.

Drill Hole	Samples Submitted	Status
ROEX048	20	Assays Received No Significant Results
ROEX049	137	Samples Submitted, Assays awaited

Table 5: Red October Exploration Diamond Drill Hole Sample Summary

19ROEX048 Assays were received during the quarter with no significant assays >0.1 g/t Au. 19ROEX049 Assays awaited.

RC Drilling December 2019

RC drilling using a conventional truck mounted drilling rig was carried out over the Devon Mine and adjacent Olympic workings and at least one other regional exploration target at Cardinal.

RC Drilling Devon Mine

Drilling during the quarter comprised 5 diamond holes for a total of 5 drill holes for 733m to evaluate resource potential beneath the existing open pit and extensions to historic gold workings.

Highly encouraging results received during January 2020 are the subject of a separate announcement which includes drill locations, sampling and assay protocols and significant assays (*MAT announcement to ASX 22/2/2020*). Four out of the five RC drillholes at the Devon mine returned excellent gold intercepts of which 3 are located at depth on the moderately dipping Devon Main Lode, and one intercept in a steeply dipping hangingwall lode as follows (Figure 14).

Main Lode Zone Intercepts

19DVR001 **3m @ 35.03 g/t Au** from 92m

19DVR002 **3m @ 1.38 g/t Au** from 104m

19DVR005 **3m @ 5.93 g/t Au** from 104m

and **3m @ 1.56 g/t Au** from 110

Hanging Wall Intercepts

19DVR003 **15m @ 20.78 g/t Au** from 23m
 Inc **3m @ 5.98 g/t Au** from 26m
 and **3m @ 94.1 g/t Au** from 29m

Matsa is highly encouraged by these exciting results because:

- Main lode intersections confirm the continuation of high grade gold mineralisation below previously mined high grade open pit. Previous drilling at Devon was mostly above 300m RL.
- Mineralisation at Devon occurs as high grade sulphide rich shears and quartz veins within a moderately dipping zone (Main lode zone) which remains highly prospective at depth. The complex structural setting at Devon, holds excellent potential for structural repetitions of the main lode zone and associated mineralised structures.
- Devon is an active mine site on care and maintenance and the approvals process to recommence mining is expected to be straightforward.
- Previous open pit mining was carried out to the limits of the mining lease boundary. A third party owned the area surrounding the mining lease. Matsa acquired all leases which removes this restriction.
- The Hangingwall lode was not previously mined and these new results illustrate potential for new resources at Devon.

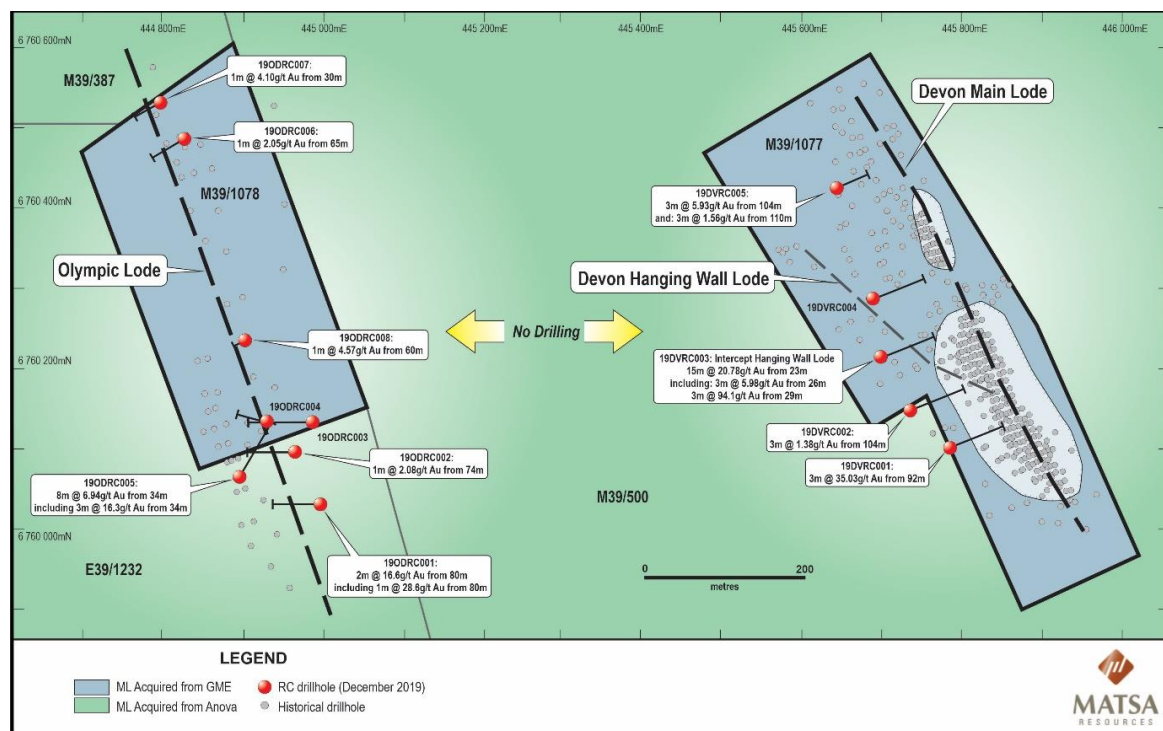


Figure 14: High Grade Gold Intersections Devon Mine and Olympic Prospects

Results to date are from 3m composite samples with individual 1m samples yet to be assayed.

These results are highly encouraging and the next stage of drilling will be planned upon receipt of assays from 1m samples.

Olympic Workings

The Olympic project is a new exploration target previously unexplored by Matsa and only 800m west of Devon gold mine. A total of 8 drill holes for 833m were completed under and adjacent to historic gold workings which are located 800m west of the Devon gold mine (Figure 14). Drill locations, sampling and assay protocols and significant assays were included in a recent announcement (*MAT Announcement to ASX 24/1/2020*).

The Olympic prospect is located 8km south of Red October and 800m west of Devon and is centered on a variable thickness (average 1m) quartz-sulphide bearing shear zone striking NNW and dipping 75° east over a current strike length of 500 metres. The shear is proximal and sub-parallel to the western contact of a felsic porphyry dyke within a sequence of meta-sediments and carbonated intermediate to mafic volcanics.

Previous drilling has included very high grade intersections including **4m @ 24.5g/t Au** and **4m @ 285 g/t Au**.

The drilling programme was designed to test depth extension from previous high-grade drill intercepts from the 1980s. The Olympic lode lies 800m west of Devon discussed above and underlies numerous historic workings. The trend is largely untested at depths below 50m and between the major historical workings. The Olympic and Danube mines were worked discontinuously from 1897 to 1921 (Figure 3). Available historical production reports total 1,436 tonnes @ 39 g/t for 1,805 ounces of gold.

Drilling along the Olympic lode trend returned excellent gold intercepts including:

8m @ 6.94 g/t Au from 80m	19ODRC005
Incl. 3m @ 16.3 g/t Au	
2m @ 16.6 g/t Au from 74m	19ODRC001
Incl. 1m @ 28.6 g/t Au	
1m @ 4.57 g/t Au from 60m	19ODRC008
1m @ 4.10 g/t Au from 30m	19ODRC007

Olympic and Devon Exploration Potential

Previous tenement boundary limitations have resulted in the prospectivity of the area between Olympic and Devon not being tested by drilling.

Matsa's acquisition of the entire area provides an opportunity to efficiently and effectively explore the between and along strike of these two mineralised systems. The recent high grade results from drilling the hanging wall lode at Devon supports the potential for further high grade lodes to exist between Devon and Olympic areas and provides encouragement to carry out further exploration including drilling.

RC Drilling Cardinal

Drilling was carried out in the central part of a regional gold anomaly defined by WMC and later Exodus Minerals. The anomaly which is located 2km east of Sunrise Dam gold mine has been defined by soil geochemistry and RAB aircore drilling over a NNW trending strike extent of >8km. Previous drilling results have included a number of highly anomalous gold values in basement >1 g/t.

Prospect	Hole ID	Lease Id	GDA_51_East	GDA_51_North	Depth	Azimuth	Dip
Cardinal	19MTWRC006	E39/1796	449887	6779455	120	270	-60
Cardinal	19MTWRC007	E39/1796	449936	6779454	119	270	-60
Cardinal	19MTWRC008	E39/1796	450017	6779353	119	270	-60

Table 6: Cardinal Prospect, RC Location and Setup

Three shallow RC drill holes for 358m were completed (19MTWRC06-19MTWRC08) to test a structural/stratigraphic target which is interpreted to be favourable for gold mineralisation. Drill Collars are shown in Table 6. Logging, sampling and assay protocols are described in Appendix 1.

Drilling encountered variably sheared metabasalt with a number of weakly sulphidic quartz veins.

Best results include 6m @ 0.34 g/t Au from 98m in 19MTWRC08, which do not coincide with significant alteration or quartz vein development. All assays >0.1 g/t are included in Table 7.

Hole	From	To	Sample	wt	Au ppm
19MTWRC006	80	83	163531	2.03	0.13
19MTWRC006	83	86	163532	1.87	0.17
19MTWRC007	20	23	163554	2.96	0.14
19MTWRC007	26	29	163556	2.45	0.31
19MTWRC007	35	38	163559	1.84	0.12
19MTWRC007	50	53	163565	2.21	0.15
19MTWRC008	59	62	163613	2.37	0.1
19MTWRC008	98	101	163627	2.39	0.43
19MTWRC008	101	104	163628	2.22	0.25

Table 7: Cardinal Prospect, Assay values >0.1 g/t Au

Despite extensive past drilling, this target remains of interest to Matsa. Next steps include an IP survey to address key structural targets associated with anomalous gold values.

Surface Sampling

Bottom of Hole Sampling

A total of 1,275 bottom of hole (BOH) samples from historic aircore drill holes over a number of exploration target areas were submitted for multi-element analysis from different targets in the Lake Carey and Red October project areas. These samples were selected as being representative of the deepest and consequently least weathered part of each drill hole. Multi-element assays and mineralogical scans can be used to more accurately discriminate bedrock geology as well as highlighting areas of hydrothermal alteration and potentially, associated gold mineralisation. In conjunction with historic gold assays, this is expected to highlight targets for further drilling.

Ultrafine Soil Sampling

Ultrafine soils is the name given to a new sample preparation and assay technique invented by CSIRO. This technique has been commercialised and Matsa submitted 244 samples from 3 targets to investigate the effectiveness of this technique in areas of interpreted shallow, patchy and mostly windblown transported cover. Geochemistry in such areas using traditional sampling and assay methods typically gave rise to highly variable and unreliable results.

Results from these 3 small surveys, will be assessed to determine whether this represents an effective exploration technique over areas with shallow cover.

Assay results are pending.

SYMONS HILL (Nickel - Fraser Range)

No exploration activity was carried out during the quarter.

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.

During the quarter, Matsa acquired a new tenement, E28/2916 which covers 119 km² and is located 5 kms WNW of the Nova nickel-copper mine (Figure 15). Matsa now holds an impressive and strategic ground holding in the Fraser Range all of which is in close proximity to IGO's Nova nickel-copper mine.

The new tenement adds considerably to the prospectivity of Matsa's nickel-copper project which is highlighted by its proximity to Nova. Matsa remains one of only a handful of companies which hold quality and sizable tenements in the Fraser range.

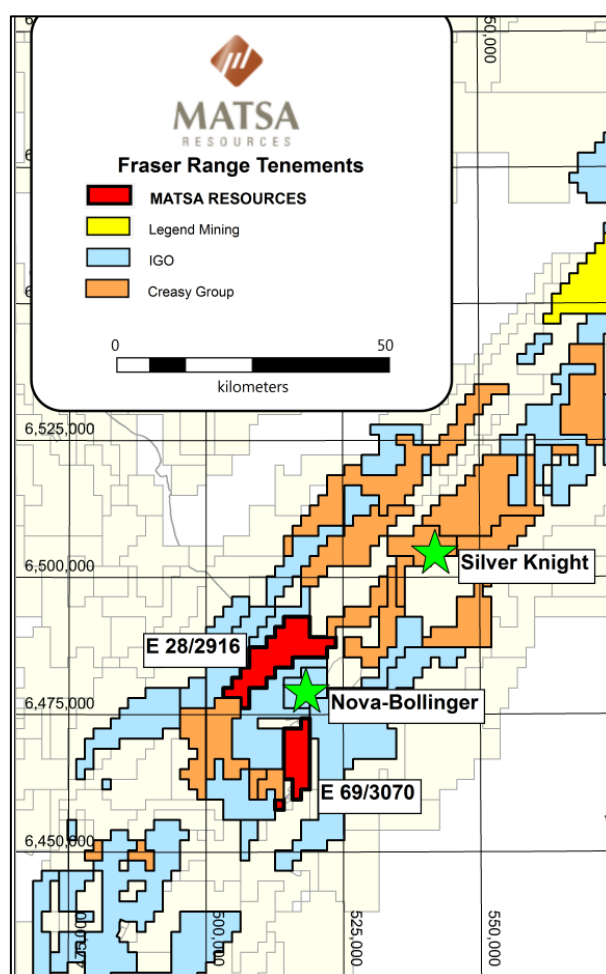


Figure 15: Fraser Range Tenure Summary 31st December 2019

CORPORATE

During the quarter the Company appointed Mr Tim Wither as Mine Manager of the Fortitude open pit gold mine responsible for bringing the Fortitude Stage 2 gold mine into production and management thereafter, and Mr Don Harper was appointed as Alternate Mine Manager at the Red October underground gold mine. Subsequent to the end of the quarter, Mr Don Harper was appointed the mine manager of the Red October gold mine. Both are highly experienced and senior mining professionals.

Cash and liquid assets total approximately A\$4.46M as at 31st December 2019. Cash and liquid assets do not include any stockpiled gold ore which could be classed as inventory on hand awaiting delivery to AGAA.

A A\$5M loan facility 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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Competent Person Statement

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources related to the Red October Resource Estimate is based upon information compiled by Mr Daniel Howe, a Competent Person who is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Daniel Howe is a full-time employee of Saracen Mineral Holdings Limited. Daniel Howe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Daniel Howe consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

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 - Matsa Resources Limited – Lake Carey Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>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.</i> <i>Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>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</i> 	<p>RC drill cuttings sampled at 1m intervals through cone splitter into numbered bag. Bulk residues stacked on the ground with one metre split sample on top. Composites Samples ~3kg in weight representing 3m downhole intervals are hand scooped from bulk residue bags and submitted for gold-only assay.</p> <p>Diamond Drilling logged and samples selected based on geology, attempting to keep maximum sample interval to ~1m in length. Selected intervals are split in two and bagged. This is a practical measure to ensure sample size reaching the laboratory is <3kg</p> <p>RC: Composite samples are poorer quality samples than the cone split 1m samples, but are used to identify mineralised intervals. Consequently, all composite intervals >0.1 g/t are selected 1m split sample assay. Where several composite samples return >0.1 g/t, any intermediate composited intervals which did not assay >0.1 g/t Au within the “run” are also selected for assay of 1m splits. Fire Assay AAS finis (ALS code AuAA25).</p> <p>Diamond Core samples are by their nature highly representative of the sampled section</p> <p>For both RC and diamond drill core assays, Detection limit 0.01ppm Au. No special measures were taken to account for coarse gold.</p>

Criteria	JORC Code explanation	Commentary
	<i>detailed information.</i>	
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <i>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.).</i> 	<p>RC Drilling was carried out using a truck mounted RC rig. Drilling employed a high quality face sampling RC system with sampling carried out through a cyclone and cone splitter which was cleaned regularly. Drilling made use of a booster and overall sample quality was good despite strong water inflows, dry samples throughout.</p> <p>Diamond drilling core recovery was excellent, no special measures taken to avoid core loss</p>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> 	<p>RCSample recovery as determined by bulk residue volume was very consistent and sufficient for an evaluation drilling programme., Diamond recovery based on measure core recovery which exceeded 95% with no significant core loss in the target basement sequence</p>
	<ul style="list-style-type: none"> <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> 	<p>RC Every effort made to clean sample system at the end of each 6m rod. Hand sampling of composites was carried out carefully to avoid any contamination by soil</p> <p>Diamond, maximum core recovery achieved by accurate monitoring by driller and pulling core when breakage occurs</p>
	<ul style="list-style-type: none"> <i>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.</i> 	<p>Not regarded to be an issue with this programme in respect to either diamond or RC drilling</p>
<i>Logging</i>	<ul style="list-style-type: none"> <i>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.</i> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	<p>Simple qualitative geological logs using standard geological coding sheets. The level of detail is considered sufficient for inclusion in any future resource estimate</p> <p>Logging is qualitative in nature.</p> <p>Logging was carried out on all RC cuttings and on all diamond drill core.</p>

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	Diamond drilling at Red October, half core samples were submitted for assay
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. 	Composite samples were scooped from bulk residue piles. 1m samples bagged at cyclone through rotary splitter
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	Sample prep in Lab is standard for all assay procedures, whereby sample is dried, homogenized and pulverised.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples 	QA QC samples were submitted at a ratio of between 1:10 and 1:20 in both RC and diamond assays. In addition RC drilling composite assays >0.1 g/t Au are followed up by assay of 1m splits. This is because the cone split samples are more representative and are a superior sample compared with hand scooped composites.
	<ul style="list-style-type: none"> 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 	For RC drilling, scooped composites can be biased and significant assays are followed up by individual 1 metre samples are continuous rotary split samples and as such are expected to be highly representative of in situ mineralization. Diamond core represents highly representative material
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	Sample weights of ~3kg documented are adequate for fine gold. No screen fire assays were carried out
	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	Samples were dispatched for low level gold determination by 30g Fire Assay with AAS finish which is an industry standard process. Assay accuracy determined by laboratory QACQ process. Very high grade gold assay values were subjected to appropriate determinations prior to reporting
	<ul style="list-style-type: none"> For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	Not applicable
	<ul style="list-style-type: none"> 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. 	Standards Duplicates and Blanks were inserted in the at a ratio of around 1:10 as follows:
	<ul style="list-style-type: none"> The verification of significant intersections by either independent or 	individual 1m splits were submitted for assay to more accurately define reported

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<p><i>alternative company personnel.</i></p> <ul style="list-style-type: none"> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<p>composite intercepts with results awaited. All assay and sampling procedures verified by company personnel. All results reviewed by Exploration Manager Dave Fielding</p> <p>No twinned holes carried out.</p> <p>Geological and sampling data recorded on Toughbook in the field to minimise transcription errors. Hole locations recorded on GPS and compared prior to upload to database.</p> <p>All assays reported in this announcement are assays of 3m composite samples.</p>
Location of data points	<ul style="list-style-type: none"> <i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<p>Collar location surveyed by hand held GPS to an accuracy of +/-5m. RC drill holes were set up at surface using a compass and clinometer. Downhole measurements of azimuth, dip and total magnetic intensity were carried out using an Eastman Multishot camera at ~30m intervals and manually recorded on daily drill records. Downhole Surveys have been incorporated into the interpretive cross section in the body of the report</p> <p>GDA94 UTM co-ordinate system Zone 51.</p> <p>+/-10m from AHD has been assumed for regional exploration holes used in designing the follow up programme. For practical purposes the RL for all holes is given as the level of Lake Carey namely 400m AHD. All collars will be picked up by differential GPS in order to be integrated with previous drilling</p>
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> 	<p>RC drilling was designed as first pass to test mineralization and spacing is appropriate for that objective, Diamond drill holes were designed as a first pass test specific structural targets.</p> <p>Results at Cardinal and on structural targets at Red October are first pass tests only, further drilling would be required to establish continuity of any mineralisation intersected</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	RC Compositing of samples from 1m to a maximum of 3m was carried out for first pass assay. Diamond samples have been selected on the basis of a maximum downhole length of ~1m, with a maximum sample width of 1.4m
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 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. 	<p>Angled drilling was oriented to take into account the interpreted structural characteristics of the target</p> <p>Drilling was oriented to minimise bias using the best interpretation of the target geometry</p>
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	Samples are delivered to the laboratory by Matsa Staff. No special security procedures are carried out in the field.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	No audit carried out yet.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary																									
Mineral tenement and land tenure status	<ul style="list-style-type: none">• <i>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.</i>• <i>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.</i>	<p>Exploration was carried out on tenements owned by Matsa Gold Pty Limited and Red October Gold Pty Limited both companies are wholly owned subsidiaries of Matsa Resources Limited.</p> <p>Drilling was carried out over the following tenements:</p> <table><tr><th>FMT_TENI ▲</th><th>HOLDER1</th><th>GRANTDATE</th><th>LEGAL_AREA</th><th>UNIT_OF_MEASURE</th></tr><tr><td>E 39/1796</td><td>Matsa Gold 90%</td><td>23/02/2015</td><td>10</td><td>BL.</td></tr><tr><td>M 39/1077</td><td>Matsa Gold Pty Ltd</td><td>20/12/2013</td><td>14.56</td><td>HA.</td></tr><tr><td>M 39/1078</td><td>Matsa Gold Pty Ltd</td><td>20/12/2013</td><td>9.41</td><td>HA.</td></tr><tr><td>M 39/500</td><td>Matsa Gold Pty Ltd</td><td>20/12/2013</td><td>419.85</td><td>HA.</td></tr></table> <p>*Purchased by Matsa Gold Pty Ltd effective 11/10/2019, transfer of title in</p>	FMT_TENI ▲	HOLDER1	GRANTDATE	LEGAL_AREA	UNIT_OF_MEASURE	E 39/1796	Matsa Gold 90%	23/02/2015	10	BL.	M 39/1077	Matsa Gold Pty Ltd	20/12/2013	14.56	HA.	M 39/1078	Matsa Gold Pty Ltd	20/12/2013	9.41	HA.	M 39/500	Matsa Gold Pty Ltd	20/12/2013	419.85	HA.
FMT_TENI ▲	HOLDER1	GRANTDATE	LEGAL_AREA	UNIT_OF_MEASURE																							
E 39/1796	Matsa Gold 90%	23/02/2015	10	BL.																							
M 39/1077	Matsa Gold Pty Ltd	20/12/2013	14.56	HA.																							
M 39/1078	Matsa Gold Pty Ltd	20/12/2013	9.41	HA.																							
M 39/500	Matsa Gold Pty Ltd	20/12/2013	419.85	HA.																							

Criteria	JORC Code explanation	Commentary
		progress.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	Significant drilling, and exploration has been undertaken within the Lake Carey project which has been extensively referenced in previous releases
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	The style of mineralization sought in the Lake Carey project is Orogenic Gold, Extensive research exists on the mineralization processes and timing of this style of mineralization in the Eastern Goldfields. Mineralization occurs at or about peak deformation and metamorphism of the Archaean Host sequence with resulting deposits often structurally complex
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>Drill hole information is summarized in the report, with collar location setup which have not been reported elsewhere as appendices and as tables information and diagrams in the body of the report, Significant assays are presented in the body of the report. Reference is made to historic drilling, which has been summarized in the body of the report.</p> <p>No significant information was excluded deliberately.</p>
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg. cutting of high grades) and cut-off grades are usually material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	Quoted intercepts are based on amalgamations of individual assays sometimes averaged over two or three samples. RC Aggregates are reported as simple averages of individual assay results.

Criteria	JORC Code explanation	Commentary
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> 	<p>All intercepts quoted relate to downhole depth and true widths have not been quoted.</p> <p>Drill hole orientations are based on the Current interpretation of drill target geometry.</p> <p>Intercepts are expressed in downhole metres.</p>
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> 	Appropriate plans, and tables have been used to illustrate the results in a meaningful way.
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> 	Significant gold intercepts included in this report are all the subject of separate announcements to the ASX which are referenced in the body of the report.
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 contaminating substances.</i> 	The review made use of publicly available aeromagnetics and gravity. Past drilling by a number of companies on the project as compiled by GME Resources was acquired upon acquisition of the project.
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> 	Further work planned where applicable is included in the body of the report

Appendix 2: Sampled Intervals Red October Diamond Drilling for Quarter

Drillhole	Sampled Intervals				
	From (m)	To (m)	Width (m)	Description	Assay Summary
ROEX048	331	333	2	Zone of Quartz veining in Basaltic Volcanic	NSR
ROEX048	345	347	2	Zone of Quartz veining in Basaltic Volcanic	NSR
ROEX048	389	401.7	12.7	Zones of Quartz veining in Basaltic Volcanic	NSR
ROEX049	48	49	1	Pebbly Quartz Gravels	Assays Awaited
ROEX049	83	90	7	Saprolite with hematite	Awaited
ROEX049	91	100	9	Saprolite with hematite	Awaited
ROEX049	108	115	7	Weathered basaltic volcanics,	Awaited
ROEX049	116	120	4	Quartz veins in Fresh basaltic volcanics	Awaited
ROEX049	123	128	5	Limonitic staining possibly after pyrite in fractures	Awaited
ROEX049	133	137	4	Bleached with quartz carbonate veining	Awaited
ROEX049	139	143	4	Bleached with quartz carbonate veining	Awaited
ROEX049	149	156	7	Basaltic volcanics with carbonate pyrite veins	Awaited
ROEX049	191	229	38	Basaltic volcanics with carbonate pyrite veins	Awaited
ROEX049	235	271	36	Basaltic volcanics with carbonate pyrite veins	Awaited
ROEX049	282	287	5	Quartz veins in Fresh basaltic volcanics	Awaited
ROEX049	289	293	4	Bleached and brecciated basaltic volcanics	Awaited

MATSA RESOURCES LIMITED
SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER 2019

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 38/2938		90% ²	0% ²	Withdrawn from joint venture
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%	

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 DECEMBER 2019

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
P 39/5293		100%	100%	
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

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,297	2,936
1.2 Payments for		
(a) exploration & evaluation	(1,528)	(2,012)
(b) development	-	-
(c) production	(2,494)	(4,162)
(d) staff costs	(193)	(496)
(e) administration and corporate costs	(297)	(491)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	8
1.5 Interest and other costs of finance paid	(80)	(223)
1.6 Income taxes paid	-	-
1.7 Research and development refunds		
1.8 Other – Other income	92	137
1.9 Net cash from / (used in) operating activities	(3,196)	(4,303)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(154)	(252)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	125
	(c) investments	-	414
	(d) 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	(4)	(5)
2.6	Net cash from / (used in) investing activities	(158)	282

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	6,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(158)	(386)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(27)	(61)
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	(185)	5,553

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,972	901
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,196)	(4,303)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(158)	282
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(185)	5,553
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,433	2,433

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	383	5,922
5.2 Call deposits	2,050	50
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)	2,433	5,972
Shares held in listed investments*	2,030	2,012
Total cash and liquid investments at end of quarter	4,463	7,984

* Market value at 31 December 2019 (Previous quarter 30 September 2019)

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	181
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	5,000	4,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include 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 30 June 2019 the Company had drawn down \$4M of the facility.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	941
9.2 Development	-
9.3 Production	1,780
9.4 Staff costs	194
9.5 Administration and corporate costs	592
9.6 Other - Capital	-
9.7 Total estimated cash outflows	3,507

*Estimated inflows for the quarter are estimated to be \$2.75M

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	See attached schedule of tenements			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	See attached schedule of tenements			

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 January 2020

Print name: Andrew Chapman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.