



ASX Announcement

10th May 2021

RC Drilling Commences at Devon Lake Carey Gold Project

Highlights

- 4,000m Reverse Circulation (RC) drilling program has commenced at Devon on the first of 6 drill targets
- Drilling follows Matsa's highly successful 2020 drilling programs at Devon which were incorporated into the recently announced Mineral Resource Estimates at Devon Pit, Olympic and Hill East¹
- The drilling program is designed to test the mineralised structures as interpreted from Matsa's recently announced Hill East SAM survey including the HE1, HE5, Devon South and LIN1 targets²
- Additional targets have been defined from soil and rock chip geochemistry and geological mapping at LIN1 and LIN2³
- Drilling will focus on discovery of new mineralisation as part of Matsa's strong emphasis on growing the Mineral Resource base at Devon

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Directors

Frank Sibbel

Pascal Blampain

Director & Company Secretary

Andrew Chapman

Shares on Issue

313.76 million

Listed Options

28.12 million @ \$0.17

Unlisted Options

77.48 million @ \$0.17 - \$0.35

Top 20 shareholders

Hold 53.51%

Share Price on 7th May 2021

7.6 cents

Market Capitalisation

\$23.85 million

¹ ASX Announcement 29 Apr 2021 - Increase in Resources to 654,000 Oz Lake Carey Gold Project

² ASX Announcement 9 Mar 2021 - SAM Survey Highlights New Targets at Devon Gold Project

³ ASX Announcement 7 Mar 2021 - Soil Sampling Defines New Targets at Devon

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to announce that Reverse Circulation (RC) drilling has commenced over 6 high priority target areas at Devon. These targets are based on an interpretation of Matsa’s 2020 Sub-Audio-Magnetic (SAM) survey, recent soil and rock chip sample results, recent geological mapping as well as new geological and resource models at Devon.

The drilling comprises a program of approximately 4,000m of RC drilling and targets include the Devon Pit Hanging Wall Lode, potential gold-mineralised structures linking the HE1, HE2 and HE5 resources at the Hill East prospects, and the newly defined LIN1, LIN2 and Devon South targets (Figure 1). The objective is to identify new gold mineralisation at Devon as Matsa continues to grow its resource base in the Lake Carey Gold Project. This follows on from the recently announced Mineral Resource Estimate for Devon⁴.

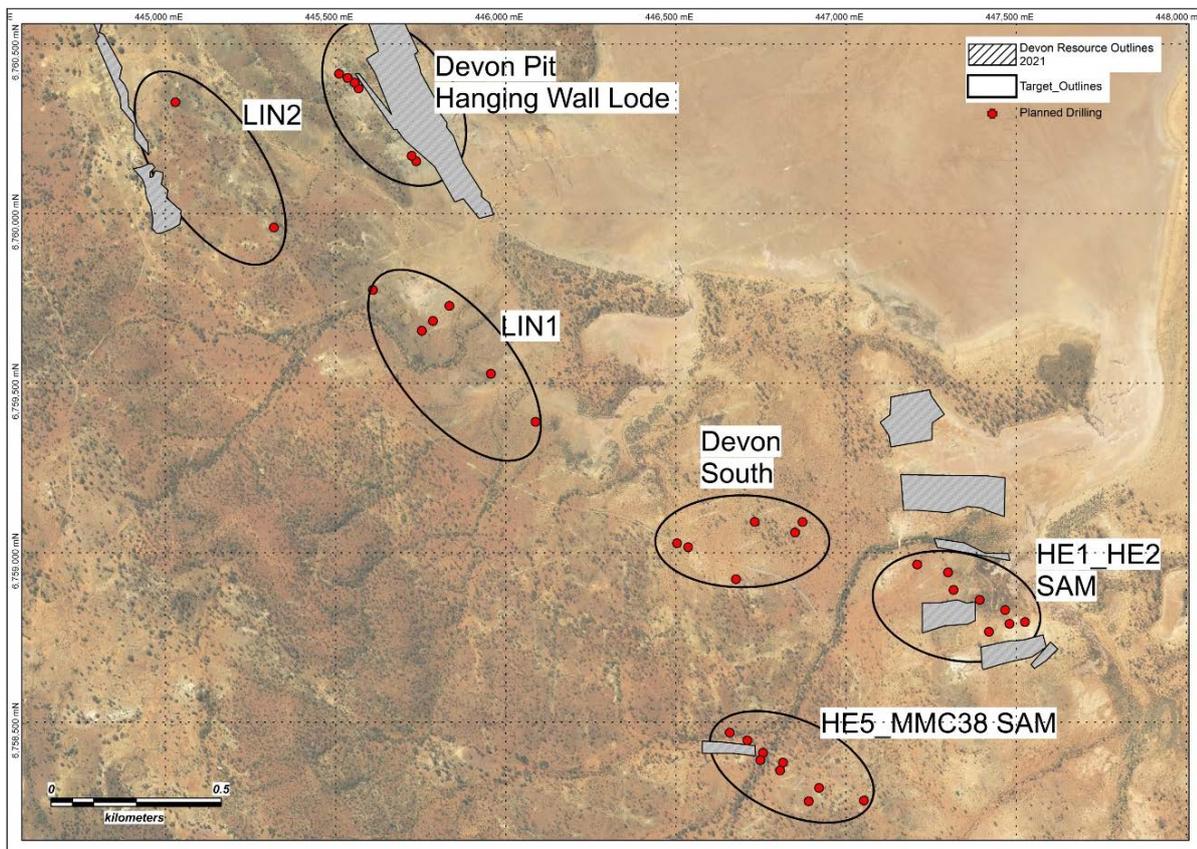


Figure 1: Devon drill targets and planned drill hole locations on terrain image, showing recently announced Devon Resource outlines 2021

Significant aspects of drill targets are summarised below (Figure 2 and Figure 3):

- LIN1 was highlighted as a +1km long coincident gold, arsenic and tellurium soil anomaly in altered sheared and brecciated metasediments and basalt with strong quartz veining with rock chip sampling up to 0.53 g/t Au. A strong Total Field Electromagnetic (TFEM) anomaly on the edge of 2020 SAM survey coincides with soil anomalies and this target has never been drilled. Aircore drilling immediately east of LIN1 returned significant gold values including 4m @ 1.54g/t Au from 24m to EOH (EXAC47)⁵.

⁴ ASX Announcement 29 Apr 2021 - Increase in Resources to 654,000 Oz Lake Carey Gold Project

⁵ ASX Announcement 7 December 2020 – High Grade Gold Results Enhances Devon

- LIN2: Drilling is targeting peak soil gold values >0.1 g/t Au over strongly sheared metasediments and volcanics which are similar to LIN1. Rock chip values up to 7.9 g/t Au in discordant quartz vein have been obtained in recent field sampling programs.
- Devon Pit: Drilling is targeting new near surface gold mineralisation in strike extensions to the sparsely drilled Hanging Wall Lode where drilling in 2020 intersected shallow high grade gold mineralisation including 8m @ 27g/t Au from 25m (19DVRC003) and 12m @ 8.97 g/t Au from 14m (20DVRC022)⁶.

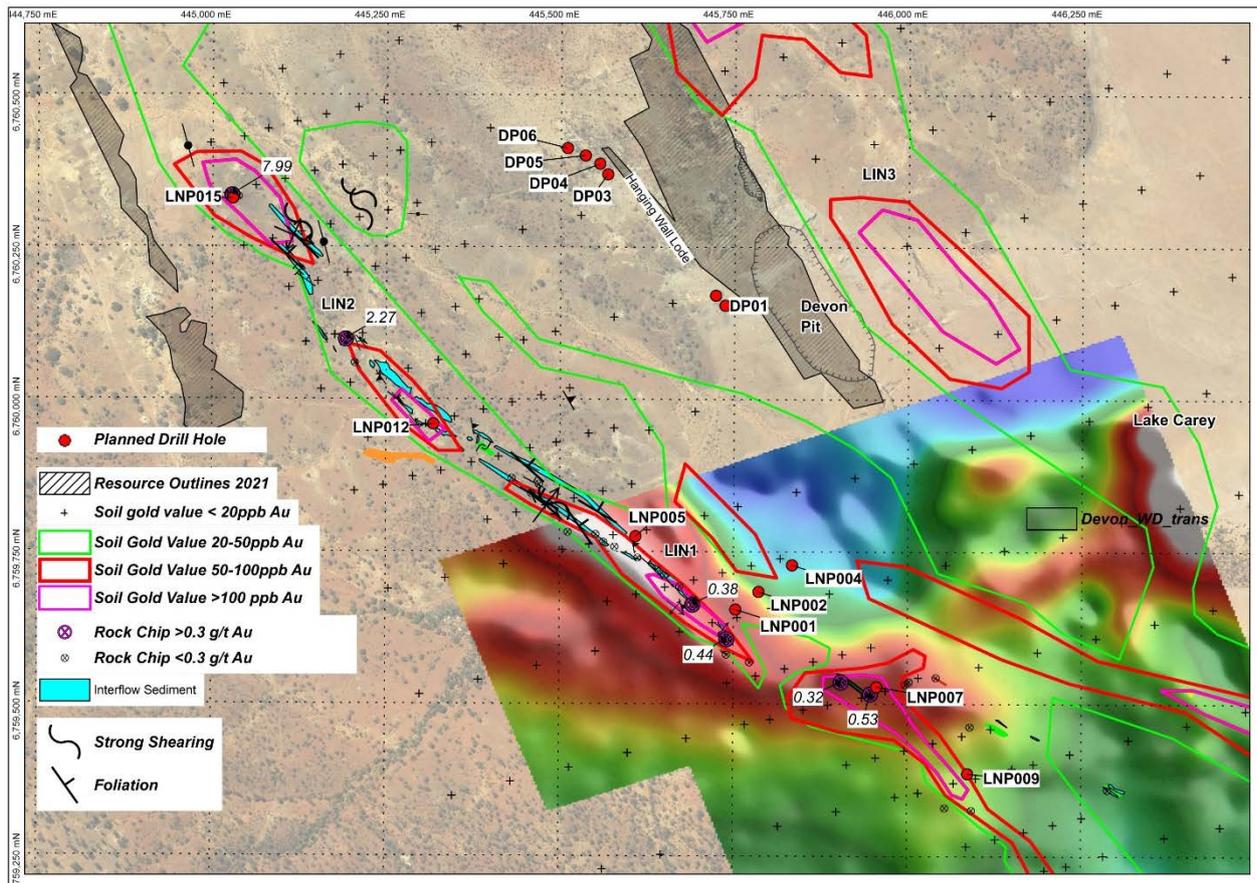


Figure 2: Summary of planned drilling at LIN1, LIN2 and Devon Pit, with SAM – TFEM image contoured soil gold values and recently announced Devon Resource outlines 2021

- HE5 MMC38 SAM: Drilling will test a strong MMC anomaly extending SE from Matsa’s HE5 resource. Potential for mineralisation associated with the SAM geophysical anomaly is supported by rock chip values up to 21 g/t Au in rock float in this area of poor outcrop⁷. Recent soil sampling with values >0.1g/t also enhances this target.
- Devon South: Drilling will principally target SAM (geophysical) anomalies in the vicinity of reported historic drill intercepts including 6m @ 4.66 g/t Au (HLP36), 1m @ 6.35 g/t Au (EXRC037) and 7m of 4.66 g/t Au (LP1). This target is located in an area largely devoid of outcrop⁸.
- HE1: Drilling will target a SAM feature which is interpreted as a potential gold-mineralised structure linking the HE1 and HE2 resources. HE1 and HE2 are located within a large 700m x 700m soil

⁶ ASX Announcement 7 Dec 2020- High Grade Gold Results Enhances Devon

⁷ ASX Announcement 27th April 2021 – MAT Quarterly Activities Report 31st March 2021

⁸ ASX Announcement “High Grade Results from Resampling confirms Potential New Near Surface Gold Discovery at Linden” (Anova Metals Ltd, formerly Exterra Resources Ltd EXC 20th October 2015

anomaly with soil gold values up to 10.9 g/t Au and strongly supports potential for additional mineralisation⁹ to be defined with additional drilling.

Drilling is underway and is expected to be completed by the end of the month. Assay results are expected to follow within 4-6 weeks thereafter.

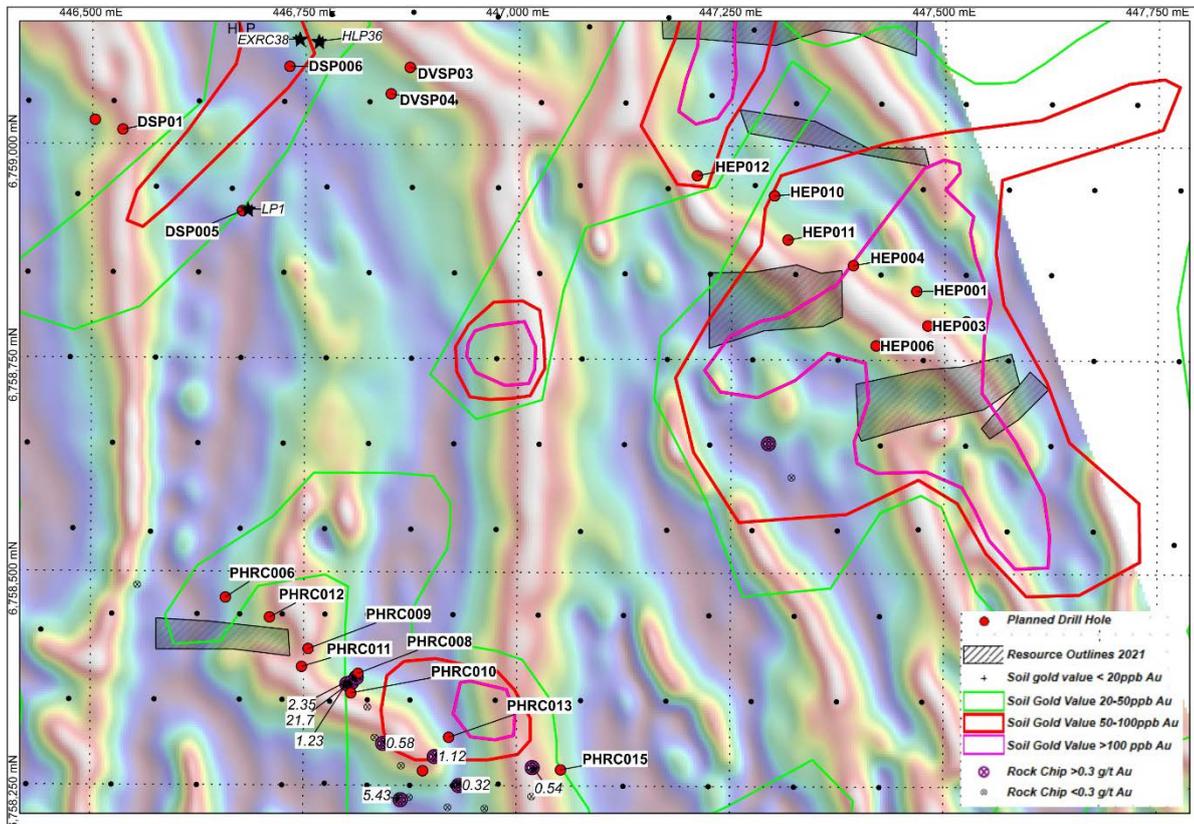


Figure 3: Summary of planned drilling at Devon South, HE1 and HE5 over SAM – MMC image contoured soil gold values and recently announced Devon Resource outlines 2021

Lake Carey Background

The Lake Carey Gold Project comprises Matsa’s Red October, Fortitude and Devon Mines and contains a significant number of historic gold workings. Recent successful surface drilling by Matsa has been focused on the Devon Pit, Olympic and Hill East prospects. In 2020, Matsa announced high grade drilling results from its exploration at the underground Red October gold mine.

The Company has established Mineral Resources of 654koz and an Ore Reserve of 58koz at the Lake Carey Gold Project. Further exploration and mine planning is, in time, expected to grow this Mineral Resource and Ore Reserve base.

Early in 2021, the Company announced significant and positive economic implications to the Lake Carey Gold Project if it were to build and operate its own 600,000tpa processing plant¹⁰. The study identified cost savings to process Lake Carey ore compared to the current 3rd party toll treatment or other processing arrangements. A Matsa owned and operated processing plant is therefore considered important to unlock the development potential of a number of deposits that would return higher margins under this model where under previous processing options these deposits would otherwise be significantly hampered by high cost structures.

⁹ ASX Announcement 9 March 2021 – Magnetic (SAM) Survey Highlights New Targets at Devon - Lake Carey Gold Project

¹⁰ ASX Announcement 22 January 2021 - Concept Study 600,000tpa Treatment Plant Lake Carey Project

In light of recent successes the Company announced¹¹ a refocused strategy which will enable Matsa to process Lake Carey ore through a Matsa owned processing plant.

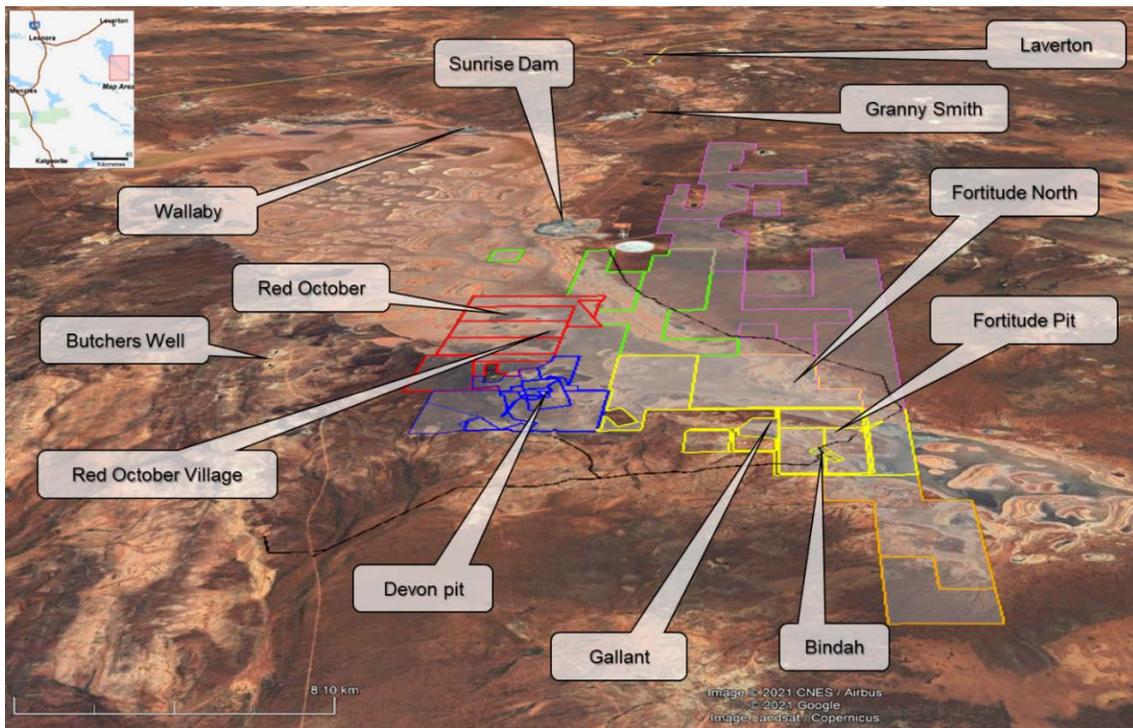


Figure 4: Lake Carey Gold Project and Tenement package colour coded by hubs

Hubs:

- | | | |
|-------------------|---------------------------|----------------------------|
| Red October (red) | Fortitude (yellow) | Lake Carey North (pink) |
| Devon (blue) | Lake Carey South (orange) | Lake Carey Central (green) |

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

For further information please contact:

Paul Poli
 Executive Chairman
 T 08 9230 3555
 E reception@matsa.com.au

Competent Person

The information in this report that relates to Exploration results, is based on information compiled by David Fielding, who is a Member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. David Fielding is a full-time employee, of Matsa Resources Limited and 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'. Mr Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

¹¹ ASX Announcement 29 January 2021 - Transformational Exploration Strategy Lake Carey Project