ASX Announcement **27th April 2021**

Quarterly Activities Report 31st March 2021

Highlights

Devon

- High grade gold results received from the October 2020, 12 hole (1,437m) reverse circulation (RC) drilling program at Olympic
- Significant new intercepts include[1]:
    - **5m of 23.84 g/t Au** from 63m
        - incl. **1m of 114.5 g/t Au** from 63m
    - **2m of 5.19 g/t Au** from 38m
    - **1m of 13.9 g/t Au** from 71m
    - **2m of 3.78 g/t Au** from 84m
    - **2m of 6.35 g/t Au** from 169m
    - **1m of 4.72 g/t Au** from 22m
- 38 structural targets identified by a recent Sub-Audio Magnetic (SAM) Survey at Devon provides new drilling targets[2]
- Three key SAM targets have been prioritised for immediate follow up RC drilling, including LIN1, HE1-HE2 and HE5
- Infill soil sampling over the LIN1 and LIN2 targets at Devon returned anomalous gold values and improved definition of both targets for drilling
- Subsequent to the end of the quarter Matsa announced a new Devon Mineral Resource Estimate (MRE) of 80koz @ 4.1g/t Au (1g/t cut-off). Mineralisation remains open at depth and along strike to the north[3].

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 58.24%

Share Price on 27th April 2021

7.2 cents

Market Capitalisation

$22.59 million

[1] ASX Announcement 20th January 2021 – High Grade Olympic Results Enhances Devon Gold Mine Lake Carey Gold Project
[2] ASX Announcement 9th March2021 – Magnetic (SAM) Survey Highlights New Targets at Devon – Lake Carey Gold Project
[3] ASX Announcement 8th April 2021 – Initial High Grade Resource at Devon Lake Carey Gold Project

Red October Gold Mine

- There were no lost time injuries during the quarter
- Winding down of mining operations continued during the quarter in preparation to commence exploration during the 2nd quarter.
- Total mine production of **20,666 tonnes @ 2.99 g/t Au for 1,689** recovered ounces gold-equivalent
- **C1 cash costs were A$1,222/oz** and **AISC was A$2,150/oz**

Scoping study for a proposed Matsa owned and operated processing plant[4]

- Matsa appointed CPC Project Design (CPC) to undertake an Engineering Concept Study ("Study") on a 600,000 tonnes per annum gold-ore treatment plant.
- The Study demonstrates a Matsa owned and operated treatment plant located centrally to the existing Fortitude gold mine to significantly and positively impact the financial results of Matsa's mining opportunities and unlock other opportunities.
- A review of the Fortitude Stage 2 mine study shows a projected positive cash flow from mining operations substantially increases to **A$55.4M** compared to A$21.8M (at A$2,500/oz Au) under the current ore purchase agreement.
- A Scoping Study on the Devon Pit subsequent to the end of the quarter illustrated a projected positive cash flow from mining operations of **A$40.75M** over 12 months (at A$2,250/oz Au)
- Concept Study highlights a dramatic positive impact on the economics & operating costs of the Red October underground gold mine

Matsa Transformational Exploration Strategy[5]

- Strategic review of Matsa portfolio with the aim of becoming a significant gold producer
- Exploration driven resource growth is key to realising the significant value potential in the highly prospective Lake Carey Gold project
- Focus will be on increasing the current gold resources of 596koz to underpin a 600,000tpa gold-ore treatment plant

Scoping study into Devon pit[6]

- A recently completed scoping study confirms near term open pit production potential at the Devon Pit located on a granted mining lease, currently under Care and Maintenance
- Scoping Study (based on Matsa owned processing plant) delivers highly positive results which indicates immediate commencement of Devon Pit feasibility study is warranted.
    - Total operating cash surplus **A$40.75M over 12 months**
    - Production of **~37,000 oz gold at 4.64g/t** from 264,000t with a **93%** recovery
    - Operating **cash cost of A$1,144/oz** gold
    - Assumed average gold sale price of A$2,250/oz
    - Production of ore commences from surface
- Historical metallurgical test work indicates that Devon Pit ore is amenable for treatment at any of the nearby standard CIP/CIL processing facilities.

Symons Hill Fraser Range Project (IGO Farm-in)

- Re-interpretation of aeromagnetic data with conceptual diamond drill target on Nova Haul Road

[4] ASX Announcement dated 22nd Jan 2021 - Positive Concept Study 600,000tpa Gold-Ore Treatment Plant Lake Carey Project
[5] ASX Announcement dated 28th Jan 2021 - Matsa Transformational Exploration Strategy Lake Carey Gold Project
[6] ASX Announcement dated 14th Apr 2021 - Devon Pit Scoping Study Delivers Excellent Results

Lake Rebecca Gold Project

- Matsa and Bulletin Resources Limited, through their 20/80 joint venture, sold a 400m wide strip (1.35km^2) of the Lake Rebecca gold project for a total consideration of approximately **A$5.6M** to Apollo Consolidated Ltd[7]
- First aircore drilling results at Lake Rebecca produce at least 3 new gold mineralised zones with one zone identified at over 2.4km in length[8]
- A 2,000m RC drill program was commenced in March to follow up recent lake-aircore drilling intercepts eg 2m at 2.72 g/t Au including 1m at 4.86g/t Au and target areas directly along strike of Apollo's Rebecca gold project

Corporate

- Appointment of Pascal Blampain as an Executive Director [9]
- Launched a 1 for 10 renounceable rights issue to raise up to $2.17M before costs[10]

[7] ASX Announcement dated 23rd Apr 2022 - Partial Sale of Lake Rebecca Gold Project Receipt of AOP Shares
[8] ASX Announcement dated 11th Feb 2021 - Highly Successful Drilling Identifies New 2.4 km Gold Zone Lake Rebecca Gold Project
[9] ASX Announcement 17 FEB 2021 - Appointment of Executive Director
[10] ASX Announcement 22 MAR 2021 Renounceable Rights Issue to Raise up to $2.17M

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 March 2021.

COMPANY ACTIVITIES

Activities during the quarter have been principally focused on the Company's 503km^2 Lake Carey Gold project (Figure 1):

Lake Carey Gold Project

- Final results for RC drilling on the Devon Pit and Olympic prospects
- Geological and model updates for the Devon Pit and Olympic prospects
- Interpretation of SAM ground geophysical survey Devon
- Infill Soil sampling on the LIN1 and LIN2 targets at Devon
- Rock chip sampling, prospecting and mapping Devon project
- Sampling of historic drill holes
- Development and production from Red October underground gold mine
- Planning of exploration drilling for Red October
- Scoping study for construction of Matsa owned and operated 600,000tpa gold-ore treatment plant

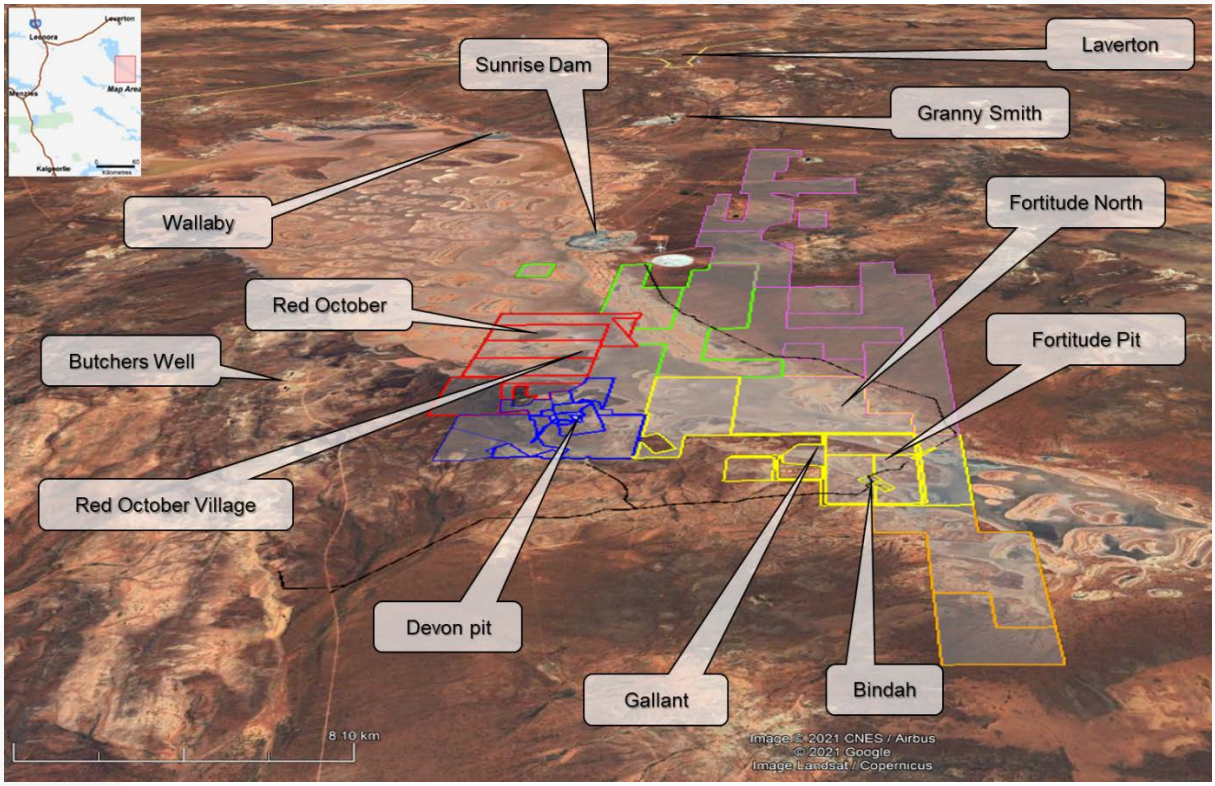

Figure 1: ***Regional setting of Lake Carey gold project, depicted in colour by hubs***

Hubs:

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

MATSA TRANSFORMATIONAL EXPLORATION STRATEGY & ORE TREATMENT PLANT

The Matsa Board believes that the strategy of becoming a significant producer through exploration and construction of Matsa's own gold-ore treatment plant will create significant shareholder value and appeal by dramatically increasing project economics across our multiple Lake Carey Project deposits. As a result, the Board is committed to making the necessary changes to achieve this strategy.

To deliver the strategy, Matsa will focus on:

- Growing the Company's resources and reserves to enable the construction and successful operation of a proposed 600,000tpa treatment plant
- Commencing background works such as site location, environmental and permitting activities to expedite the Company's mining and processing objectives
- Securing the funding to explore and unlock value from the Company's Lake Carey Gold project
- Re-optimisation and mine designs at Fortitude and Devon and develop a robust long term mine plan at Red October through exploration, grade control drilling and mine designs
- Key board and management appointments to be made to deliver the strategy

Plant Description and Design Criteria[11]

CPC undertook the Study on the basis of requirements and information supplied by Matsa. The full study document is included as an attachment.

Battery limits to estimating the Capital Cost were defined as ore feed into the primary crusher feed bin and discharge of tailings to an approved tailings storage facility. Additionally, other non-process infrastructure such as offices, workshop, store buildings, power station, construction of the TSF, water supply etc were excluded from the CPC scope.

The 600,000t per annum processing plant will consist of a primary and secondary crushing circuit, stockpile reclaim ahead of a single stage ball mill which will grind to a target size of P_{80} 125µm. The ball mill will be arranged in a standard configuration with a cyclone cluster and associated pumps. A single stage closed circuit ball mill has been selected for the grinding process. The ball mill has a diameter of 4.2 meters (m), and effective grinding length of 5.4m fitted with a 1,300kW motor. The availability is expected to be 91.3%. Process water will be added to the mill to maintain the mill discharge slurry density at 70-75% solids. It is anticipated that the design criteria will cater for a range of feed types from oxide to fresh rock. Targeted metallurgical recovery was anticipated between 90 and 95% based on an average feed grade of 2 to 2.5g/t.

Power would be provided by a power supply contractor under a power purchase agreement. The contractor would build, own and operate a power station of the appropriate size (with diesel generators considered as the base case) and sell the power to Matsa. This is a typical contractual arrangement found throughout the Goldfields and other remote areas in WA.

Limited metallurgical data was available to CPC, so it is acknowledged that the cost estimates have been prepared at a Concept Study accuracy level of ± 40%. Whilst the overall estimate is based on all available test work and information collected so far, a number of additional assumptions have been made based on industry norms and CPC's experience. Risks to CAPEX are limited as the design is fairly robust, considered a stock standard CIL (carbon in leach) plant design throughout the industry, and indicative parameters are in most cases adequate to make informed equipment selections.

[11] ASX Announcement dated 22nd Jan 2021 - Positive Concept Study 600,000tpa Gold-Ore Treatment Plant Lake Carey Project

Gold recovery will include a gravity circuit where gold will be recovered via a centrifugal concentrator combined with an intensive leach reactor. The cyclone underflow will be split 50/50 and directed to regrind and the gravity circuit via a screen. The gold collected from the gravity circuit will be processed using a drying oven and smelting furnace to allow for separate metallurgical accounting of the gravity circuit. The final doré gold bars will be stored in the gold room safe.

Cyclone overflow slurry will be directed to the CIL circuit where it will be cyanide leached and gold adsorbed on to activated carbon. Loaded carbon will be recovered periodically to recover the gold using acid washing and hot solution elution, before being regenerated. Regenerated carbon will be returned to the last CIL tank.

The leach and CIL circuit consist of a single agitated leach tank followed by six agitated CIL tanks all connected, in series, by launders with bypass capability. The total combined retention time in the leach/CIL circuit is 24 hours. To avoid short circuiting within the leach tank, feed slurry will enter opposite to the submerged outflow position. Slurry leaves the tank by an overflow launder. Each CIL tank will be equipped with an interstage screen and a recessed impellor slurry pump. The interstage screen will allow the carbon to be retained in the respective CIL tank while permitting the pulp to flow through the screen to the next CIL tank in the circuit.

Loaded carbon from the CIL circuit is transferred to the elution circuit to start each elution cycle (once per day). The carbon is acid washed prior to desorbing the gold back into solution, electrowinning and smelting into gold doré.

Tailings slurry discharged from the last CIL tank that flows through the carbon safety screen will be collected in a hopper and pumped directly to the tailing storage facility. Decant solution from the tailings storage facility is returned to the process water pond for reuse in the plant.

Provision has been made for reagent delivery, storage and mixing; and for provision of all services including process water, potable water and compressed air.

Power will be provided to all areas of the plant from the outgoing side of the switchroom located immediately adjacent to the power station building. Overall power consumption was estimated to be 15.5M kwhrs per annum. On the basis of 8,000 operating hours per annum the average power draw would be 2MW and the power station will be designed with sufficient residual capacity to reliably start the mill (largest load) on demand.

ITEM	COST (AUD $M)
Direct Cost	28.1
Indirect Cost	5.6
Owners Cost	1.7
Contingency (20%)	7.1
Total Plant only Cost	**42.5M**

Table 1: ***Capital Cost for plant only estimated by CPC***

The estimation of the Other Capital Cost items is based on internal work by Matsa and experience with other site establishment costs.

ITEM	COST (AUD$M)
Plant site bulk earthworks	0.5
Tailing storage initial lift	2.5
Non Process Infrastructure (NPI): (Offices, workshop, store buildings, crib & ablutions, First aid facility, pad for power station, fuel facility, HV switch room, communications and IT)	5
Mill vehicles (forklift, IT machine, LV's, Franna crane, bobcat etc)	0.6
Camp expansion (assumes a significant camp expansion will be required for firstly the construction workforce plus additional mining personnel plus the direct personnel associated with the processing plant)	5
Contingency (20%)	2.7
Total Other Capital Costs	**16.3M**

Table 2*: *Other Capital Cost Expenditure estimated by Matsa

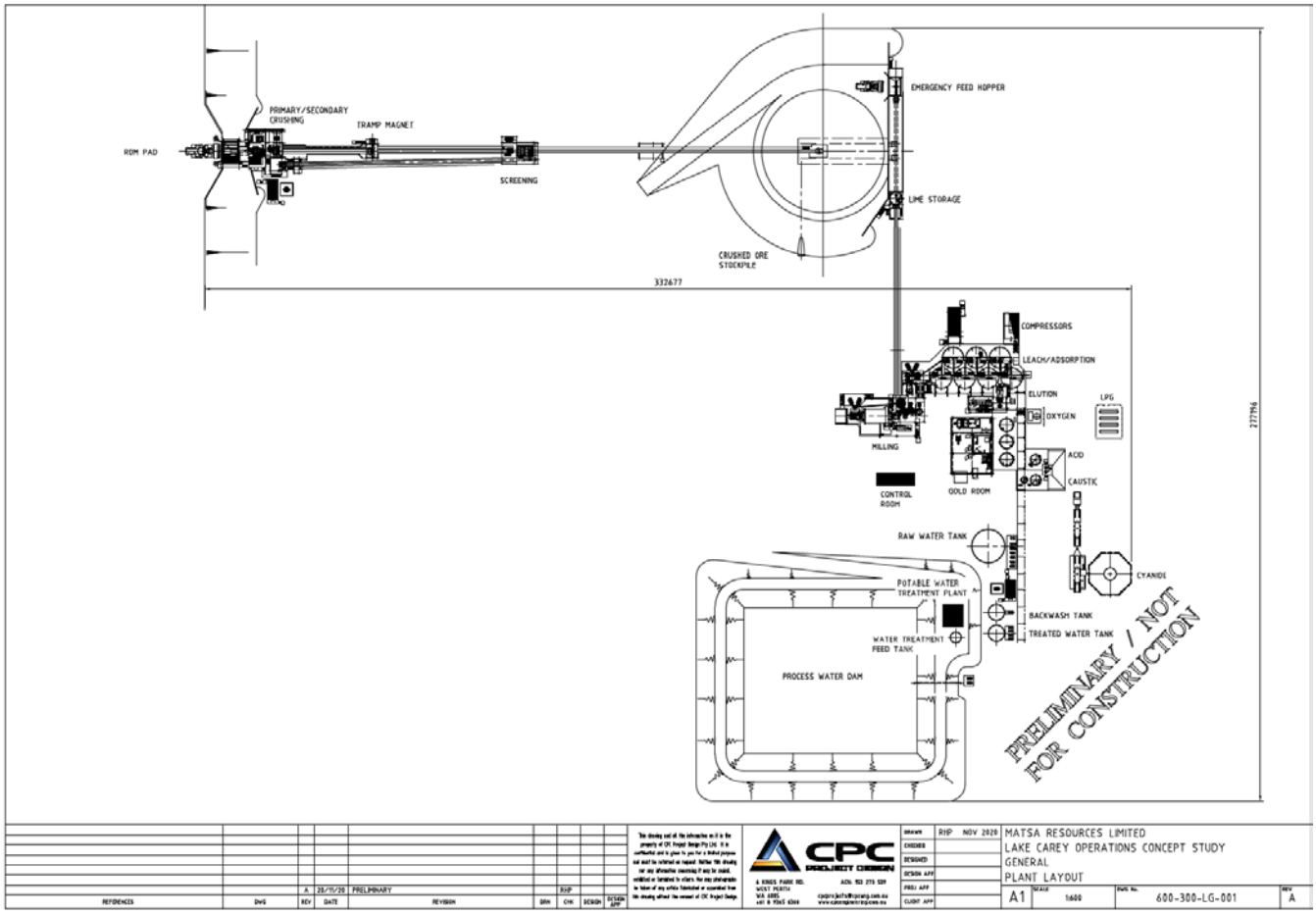

Figure 1 :* *Schematic of the Plant General Arrangement

Operating Costs

CPC estimated the operating cost based on the following;

- Labour for the onsite management and technical service activities associated with the processing plant
- Labour for the operation and maintenance of the processing plant
- Costs associated with the direct operation of the processing plant, including reagents, consumables,
- Supply of maintenance materials and analytical services
- Cost of power supplied from an onsite generating plant.

Exclusions were cost of flights and accommodation for the plant workforce and cost of crusher feed and ROM pad services (to be provided by the mining contractor). These were separately estimated by Matsa based on industry experience and reference to other site costs.

Derivation of operating cost estimate by CPC and Matsa as per Tables 3, 4 and 5.

Labour	Typical manning numbers, shift patterns and current industry salaries
Power	Consumption based on motor list, sizing and utilisation
Power unit cost	Assumed to be $0.20 per Kwhr which includes diesel fuel supply
Reagents	Based on testwork from Fortitude and industry norms & historical data
Reagents	Estimated usage and supplier pricing
Maintenance	Calculated as percentage of direct capital cost, in this case ~4.6%
Analytical services	Typical lab running costs for consumables
Exclusions	Flights and accommodation
Exclusions	Crusher feed, ROM pad services

***Table 3:* Basis of CPC operating cost assumptions**

ITEM	COST (AUD $M)
Labour	6,300,000
Power	4,000,000
Reagents & Consumables	5,200,000
Maintenance Services and Parts/Store items	460,000
Analytical services	670,000
Sub total	16,630,000
Contingency (20%)	3,326,000
Total	19,956,000
Cost per tonne AUD$ per dry tonne	**$ 33.40**

***Table 4:* Summary of CPC operating cost expenditure estimation by area per annum**

ITEM	COST (AUD $M)
Flights & accommodation for 35 to 40 personnel	1,226,400
Crusher feed and ROM pad services, dayworks provided by the mining contractor	1,500,000
Total	2,726,400
Cost per tonne A$	**$ 4.50**

***Table 5:* Other operating costs estimated by Matsa**

Project duration and timing

An estimate project duration of 18 months is anticipated from award of EPCM contract to operation of the new process facility. The critical path long lead items range from 20 weeks to 46 weeks. The delivery of the ball mill would be the longest lead time item.

Additional timing risks would be managed by the early appointment of a Project Director who would be tasked with co-ordination of statutory approvals, design of the TSF; co-ordination of specification, tendering, evaluation and delivery of Non Process Infrastructure and ensuring the EPCM contractor is fully integrated with the Matsa team.

Potential throughput upgrade from 600Ktpa to 1Mtpa

Provision would be required in the plant layout for additional leach tanks and/or a pre-leach thickener. A second ball mill would be required to reach 1Mtpa so layout and positioning within the 600Ktpa footprint would need to be planned for to allow this to occur seamlessly at a later date. Neither of these considerations would incur any significant additional cost for construction of the 600Ktpa initial plant.

Additionally, the 2-stage crushing circuit will be initially sized for 70% utilization for day shift operation only resulting in an instantaneous rate of 200 t/h. The circuit design has the capacity for the upgraded plant throughout and can be operated for more hours. The stockpile live capacity will be reduced to 9.6 hours for the expanded 1.0 Mt/y case, down from 16 hours initially. Stockpile reclaim feeders will need to be operated duty/duty. The emergency feeder is still available as back up.

Overall the case for upgrading throughput by ~ 60% will be determined on its own merits however with some careful design and pre-planning, the expansion costs will be minimised and payback will be relatively short based on reduced operating costs.

Plant feed will be sourced from the company's Red October, Fortitude, Devon Gold mines, low grade stockpiles, and other newly discovered projects arising from systematic exploration and resource definition drilling campaigns.

Impact on Fortitude Stage 2 Mining Study

On 21st August 2019, Matsa announced an ore reserve for the Fortitude Gold Mine Stage 2[12]. This was based on a toll treatment option for the ore and a gold price of A$2,150 per ounce. All assumptions used in the ore reserve calculation and have been re-examined and are reported again below. Changes have been made based on the results of the CPC Study and these are highlighted below.

ITEM	Reserve Assumption 2019	CPC Assumption 2020	Cashflow Impact ($A million)
Gold price A$per ounce	$2,150	$2,500	$19
Treatment cost – fresh ore	$55	$38	$15
Ore haulage	$6	$2	$4
Overall Surplus ($ million)	$22	$55	$42

*Table 6: **Impact on Fortitude Stage 2 Economics***

[12] ASX Announcement 21 August 2019 - Mining Study Results Fortitude Gold Project Stage 2

The revised study shows that Fortitude Stage 2 mining is attractive, with a potential cash surplus of A$55.4M over a period of 22 months. A sensitivity analysis indicates that the project is robust with potential for improvement to the financial model as new optimisations come to hand. Finalisation of discussions with key parties and completion of the tender process may deliver further improvements.

Metallurgical test work indicates that Fortitude ore is amenable for treatment at any of the nearby processing facilities, and will deliver very good-to-excellent gold recoveries with no deleterious elements. Treatment costs have been based on the recently completed CPC Study.

Matsa has completed a revision of the mining study into the Stage 2 mining operation at the Fortitude gold deposit. The Stage 2 gold mining operation becomes cash flow positive after month 6 (Refer Figure 3), and has the following positive financial summary:

- Capital outlay for the mining is **A$6.6M** which includes A$5.1M for pre-stripping of overburden
- Maximum cash outlay exposure **A$8.4M**
- Cash surplus **A$55.4M** after 22 months
- Assumed gold price of **A$2,500**
- Production 1.029M t @ 1.8g/t (**58,080 oz contained**) with **54,400 recovered ounces of gold**
- Total movement of **5.85M bcm's**
- Waste to ore ratio **14.4**
- Operating cash cost per ounce **A$1,483**

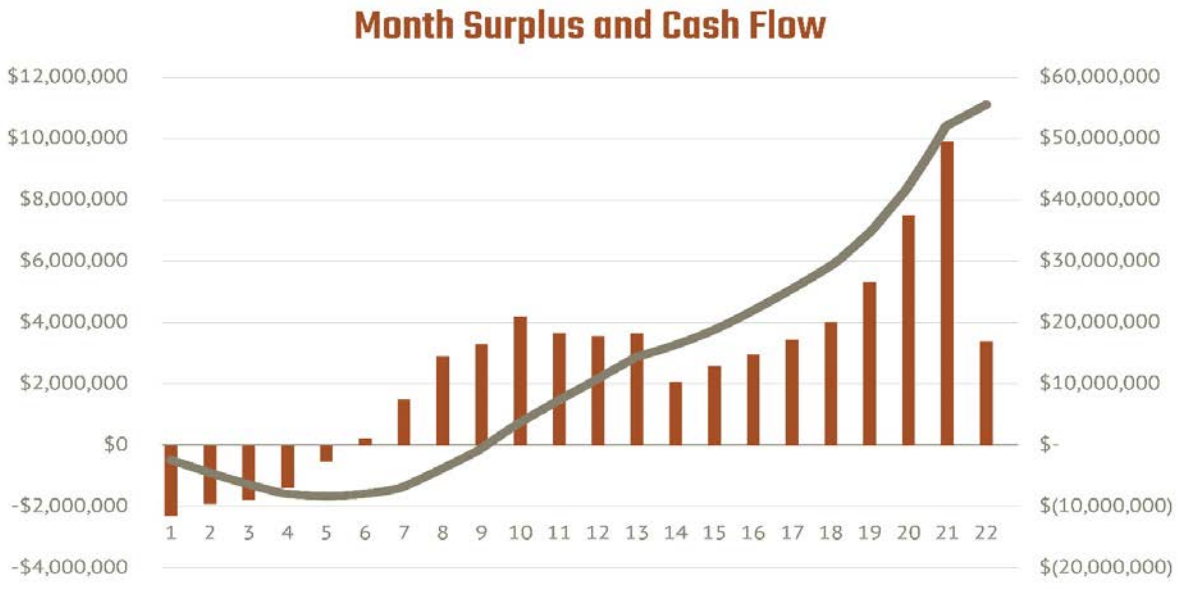

Figure 2: Mining Study Projected Cash Flow ($AUD)

Transformational Exploration Strategy[13]

Project status for key targets is listed in Table 8 below:

PROSPECT NAME	STATUS AND KEY WORK ACTIVITIES PLANNED
Red October	Major drill out of the ROSZ and adjacent structures from SAM and Seismic surveys
Fortitude	Open Pit Reserve of 58,000 oz, drilling for depth and lateral extensions, re-optimisation and mine designs
Fortitude North	Drilling to define high grade mineralisation, only 800m of 1.5km long target tested below aircore refusal
Devon/Olympic	Updating model and resource optimisation, drilling planned at both prospects to test for extensions along strike and at depth
Hill East	Model supergene mineralisation, develop and drill-test SAM geophysical targets
Gallant	Update model, resource optimisation, drilling required to test along strike and at depth
FF1	New discovery near Sunrise Dam (3m @ 1.47 g/t gold in aircore) with flanking gold values in deep palaeochannel, interesting magnetic target along Fortitude Shear. Early diamond drilling to test below aircore refusal, followed by target definition aircore and RC drilling – potential SAM survey to assist structural interpretations
LIN1	New 1km Matsa soil gold anomaly to 0.24 g/t Au, elevated historic rock chip values in interflow iron rich sediment/basalt sequence coincident EM anomaly, first pass drilling planned.
BE1	1 km long aircore anomaly with Matsa drill results 24m @ 0.98 including 8m @ 2.27g/t Au, 2m @ 25.3 g/t Au. Drilling planned to test visible gold bearing quartz veins in saprolite at depth and along strike
Wilga Dam/Cardinal	7km long zone of gold mineralisation with strong historic drilling results up to 7 g/t Au. SAM survey planned to work up first pass drilling program
Bell/Indigo	Anomalous rock chips up to 1.4 g/t over 4km of strike on iron rich interflow sediment in basalts, SAM Survey planned to work up first pass drilling program

***Table 7:* Prospect summary for 2021 and 2022 work plan**

RED OCTOBER

Mining continued, albeit under a winding down process, during the quarter for a total of 289 metres of development and a total production of 20,666 tonnes @ 2.99 g/t Au for 1,689 ounces gold equivalent (Table 1).

Underground Mining and Production

Total mine production for the quarter was **20,666 tonnes at 2.99 g/t** Au for **1,689** recovered ounces gold equivalent. Production came from a combination of jumbo development and long-hole stoping from the North Decline area and ore drive development from the South Decline Area. In total there was a total of 289 metres development. Recovered ounces sold at an assumed metallurgical recovery of 85% was 1,990 oz gold.

[13] ASX Announcement dated 28th Jan 2021 - Matsa Transformational Exploration Strategy Lake Carey Gold Project

	2019-20 Actuals	September 2020 Quarter Actuals	December 2020 Quarter Actuals	March 2021 Quarter Actuals	2020-21 YTD 9 months
Mine Production					
Total Tonnes	55,076	28,308	13,855	20,666	62,829
Grade (g/t)	4.20	2.69	3.80	2.99	3.03
Production (oz)	7,431	2,444	1,692	1,987	6,123
Recovered (oz)	6,391	1,989	1,438	1,689	5,116
Ore Sales					
Tonnes	48,826	20,386	23,220	21,016	64,622
Grade (g/t)	4.11	3.86	2.70	3.46	3.30
Ore Sales (oz)	6,445	2,532	2,014	2,341	6,887
Met Recovery (%)	86%	81.4%	85%	85%	83.7%
Recovered (oz)	5,560	2,061	1,712	1,990	5,763
Stockpiled Ore (oz)	-	700	259	37	37
Avg Gold Price (A$/oz)	2,375	2,668	2,560	2,326	2,522
Cash (C1) Costs (A$/oz)	N/A	1,781	1,259	1,222	1,456
AISC (A$/oz equivalent)	2,051	2,821	2,272	2,150	2,448

***Table 9:** Red October gold production summary*

**Previous published quarter results have been adjusted for subsequent receipt of updated tonnages, grades and/or metallurgical recoveries. Figures may not be precise due to rounding. Differences between production and sales represents ore mined and on the ROM pad at the end of each quarter*

The Red October underground operations continued during the quarter with a focus on finalising the South Decline and gaining access to Marlin ore via ore drive development. While stope ore grades accorded with mine plans, decline and development drives formed a dominant proportion of mining activities during quarter to access deeper parts of the mine for exploration and future mining. In line with Matsa's recently announced strategy, exploration will now be the key focus and mining activities will principally support exploration.

Analysis of Matsa's production, costs and exploration drilling, indicates that Red October can deliver high margin ounces. It is clear that resource growth through exploration, coupled with grade control drilling, can lead to more consistent mining schedules and could more reliably deliver a robust and sustained production profile. The recent CPC study[14] into a Matsa owned and operated processing plant demonstrated a significant and positive economic impact on the Red October mine.

Mining Activities – ROSZ North Production and Development

Production on the ROSZ lodes on the N1240 and N1225 levels continued (Figure 4) and stopes were taken on the Smurfette structures on the 1085 level as well as the 1042N Marlin lode.

ROSZ, 1042 Marlin and Smurfette mining areas were the key production centres of the mine for the quarter whilst new development is being completed in the following areas to assist exploration:

- the South Decline is being developed to the next level in the Marlin Lode
- north along the ROSZ (N1240) is extended to provide exploration and development opportunities in the Costello and Bruce exploration areas

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

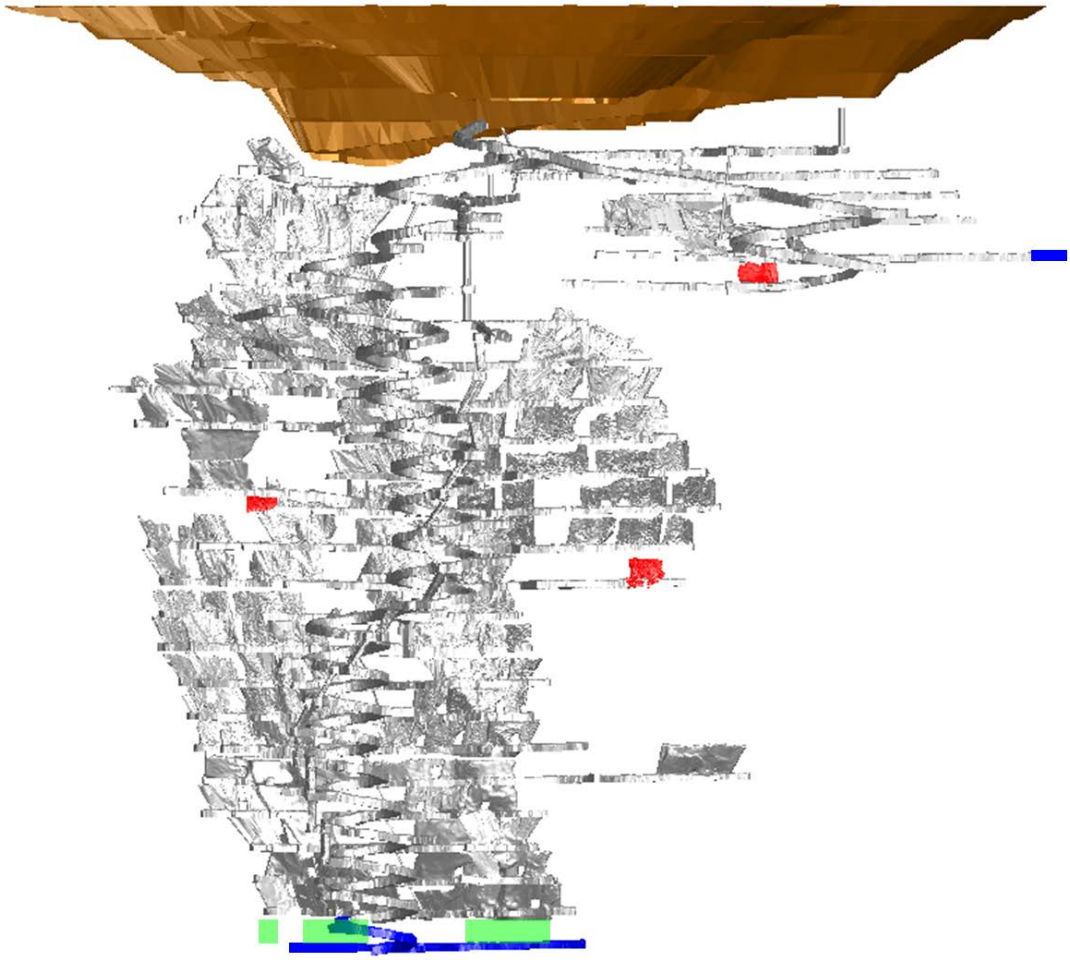

Figure 4: ***Red October mine, oblique view from above looking west (March quarter production stoping in red, new development in blue, planned stopes in green)***

Red October Exploration

Whilst much of the exploration focus in the recent past has been centred on the key lode systems of Red October such as Marlin, Lion Fish, ROSZ and Dory, work has been completed with a view to casting a wider exploration net at Red October.

Recent new interpretation of past Sub Audio Magnetics (SAM) and seismic work suggests the presence of a number of potential structures sub-parallel to the main lodes (ROSZ and Marlin) currently mined at Red October.

Two strong coincident SAM and seismic geophysical responses have been identified as priority exploration targets (Figures 5 & 6) which have only 5 pierce points from previous deep drilling. In each of these intercepts the drilling returned a strong lode mineral assemblage of quartz-carbonate-sericite-biotite with anomalous gold.

The SAM survey completed for Saracen in 2014, highlights additional potential targets (Figure 7) near the mine that require more work and with further exploration, drilling could deliver positive results.

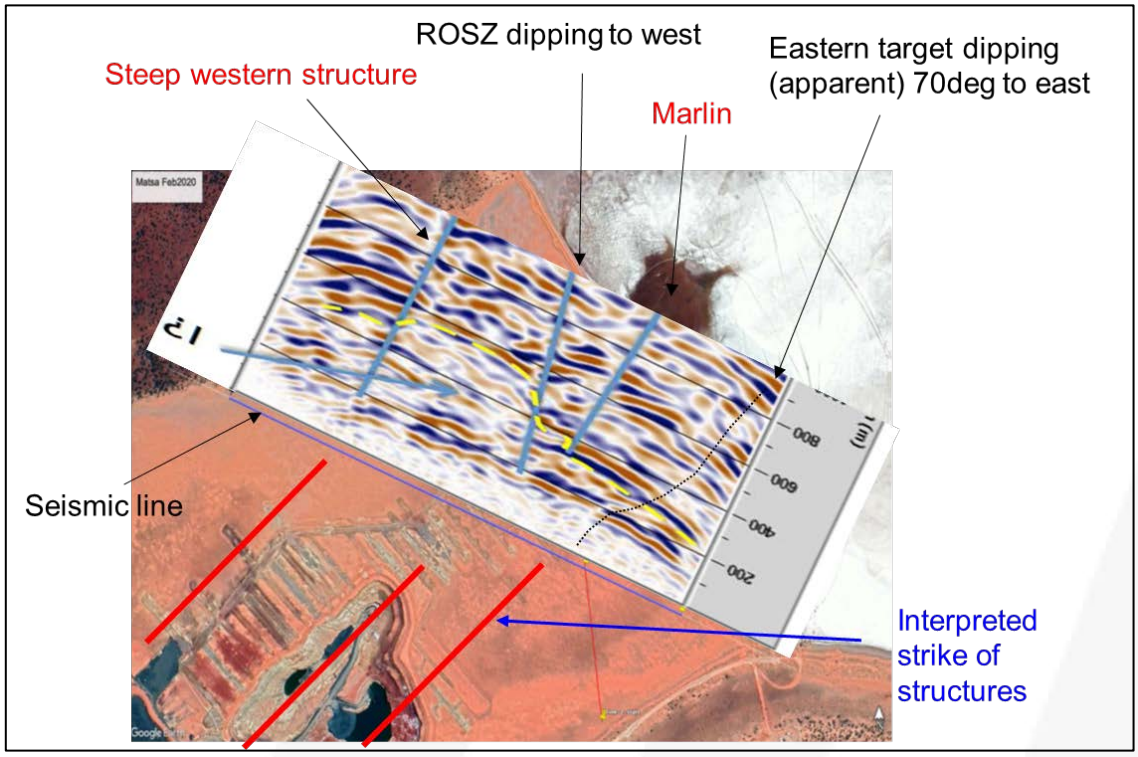

Figure 5: ***Red October 2D seismic line with interpreted key structural trends including new eastern and western exploration targets***

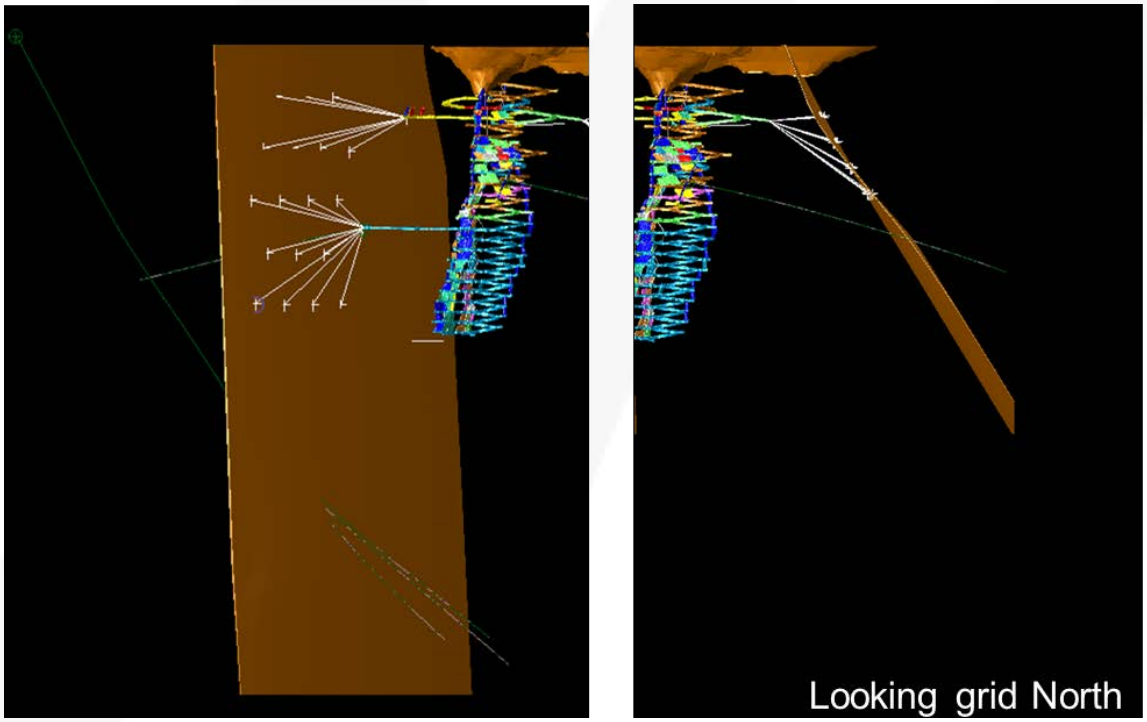

Figure 6: ***2 coincident SAM and seismic response generated targets (brown shapes) pinned at depth with historical drilling (green traces) and proposed exploration drilling (in white)***

Matsa's development and exploration activities at Red October has highlighted the very high grade nature of the orebody, but its complex structural disposition requires detailed drilling. Extensive grade control drilling has demonstrated to be critical to providing sufficiently detailed information for effective mine planning and scheduling leading to a sustainable mining operation.

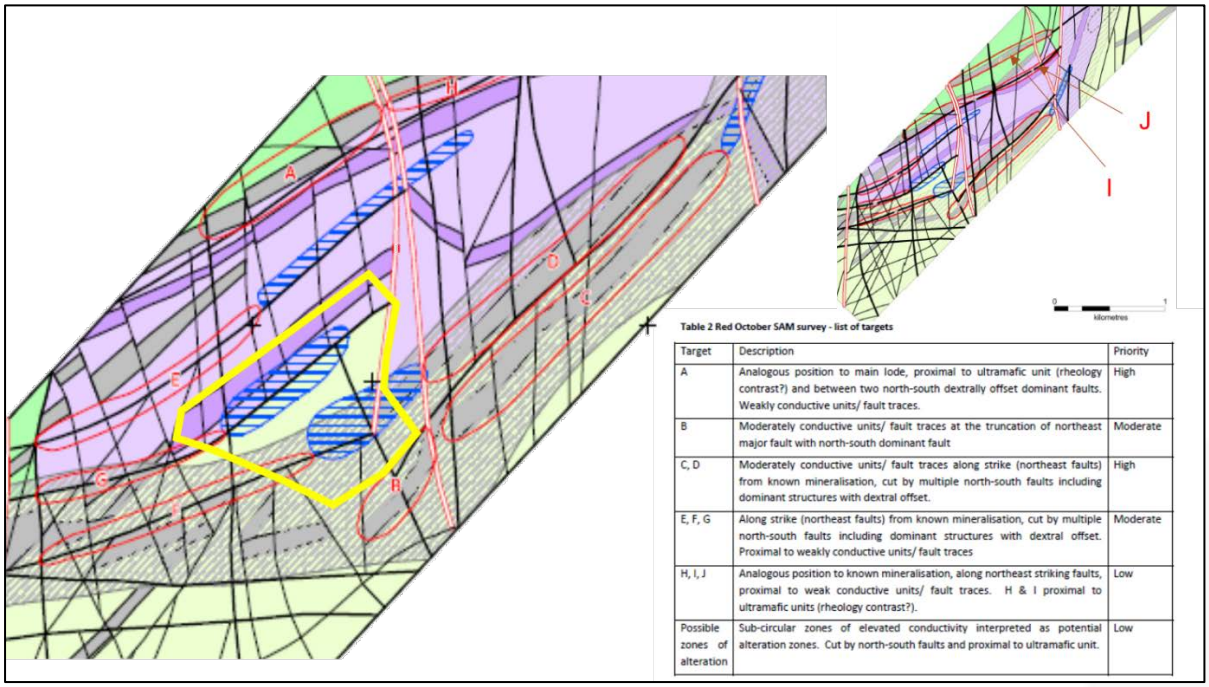

Table 2 Red October SAM survey - list of targets

Target	Description	Priority
A	Analogous position to main lode, proximal to ultramafic unit (rheology contrast?) and between two north-south dextrally offset dominant faults. Weakly conductive units/ fault traces.	High
B	Moderately conductive units/ fault traces at the truncation of northeast major fault with north-south dominant fault	Moderate
C, D	Moderately conductive units/ fault traces along strike (northeast faults) from known mineralisation, cut by multiple north-south faults including dominant structures with dextral offset.	High
E, F, G	Along strike (northeast faults) from known mineralisation, cut by multiple north-south faults including dominant structures with dextral offset. Proximal to weakly conductive units/ fault traces	Moderate
H, I, J	Analogous position to known mineralisation, along northeast striking faults, proximal to weak conductive units/ fault traces. H & I proximal to ultramafic units (rheology contrast?).	Low
Possible zones of alteration	Sub-circular zones of elevated conductivity interpreted as potential alteration zones. Cut by north-south faults and proximal to ultramafic unit.	Low

***Figure 7:* Red October SAM generated targets – targets A and C/D are interpreted to be coincident with the seismic responses shown in Figure 3**

FORTITUDE

Fortitude Gold Mine Stage 2, as previously announced, is a 22-month open pit project, which is expected to produce 54,400 ounces. All permits required to commence Stage 2 mining are in place.

A scoping study into a Matsa owned and operated mill[15] returned a positive outcome in which the Fortitude Stage 2 pit would significantly benefit with a projected positive cash flow from mining operations substantially increased **to A$55.4M** compared to A$21.8M (at A$2,500/oz Au) under current mining and processing arrangements.

DEVON

Subsequent to the end of the quarter, Matsa released a new resource for the Devon Pit and a scoping study demonstrated a positive operating cash flow of **A$40.75M** (at A$2,250/oz Au) over a 12 month period utilising a proposed Matsa owned and operated processing plant.

LAKE CAREY EXPLORATION

The following activities were carried out during the quarter:

- Receipt and interpretation of final results for Olympic RC drilling program Devon[16].
- First Mineral Resource Estimate (MRE) reported for Devon[17]
- Infill Soil Sampling LIN1 and LIN2 targets for 100 samples at Devon
- Extend soil sampling over SAM grid and Hill East for a further 485 samples at Devon
- Interpretation and targeting Hill East Sub Audio Magnetic (SAM) Survey at Devon[18]
- Geological mapping and rock chip sampling at Devon
- Sampling of historic drillholes for Multi-element assay

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

16 ASX Announcement 28th January 2020 – High Grade Gold at Olympic

17 ASX Announcement 8th April 2021 Initial High Grade Resource at Devon

18 ASX Announcement 9th March 2021; Magnetic (SAM) Survey Highlights New Targets at Devon

Devon - Olympic RC Drilling Program October 2020

As previously announced, drilling was undertaken to test the resource potential at Olympic in terms of the continuity and strike extent of gold mineralisation and the distribution of thicker and higher grade mineralisation (Figure 8). Drilling results included further high grade intersections, have confirmed continuity of gold mineralisation over a distance of ~500m which remains open along strike and at depth.

Significant RC drill intercepts reported during the March 2021 quarter include:

- 20ODRC012: **5m of 23.84 g/t Au** from 63m,
  incl **1m of 114.5** from 63m
- 20ODRC013: **2m of 5.19 g/t Au** from 38m
- 20ODRC015: **1m of 13.9 g/t Au** from 71m
- 20ODRC017: **2m of 3.78 g/t Au** from 84m
- 20ODRC019: **2m of 6.35 g/t Au** from 169m
- 20ODRC020: **1m of 4.72 g/t Au** from 22m

Drilling results at Olympic can be summarised as follows:

- Mineralisation has mostly been tested to a vertical depth of ~75m below surface and remains open at depth
- There are multiple mineralised shoots of thicker and/or higher grade gold mineralisation which coincide broadly with the historic workings
- Recent deeper drilling (20ODRC019 2m @ 6.35 g/t Au from 169m) has demonstrated that the mineralised shoot below the historic Olympic workings continues at depth and remains open
- Gold mineralisation at Olympic, together with Hill East and a number of other early stage exploration targets including LIN1 are expected to add new resources and to potentially enhance the development potential of Devon

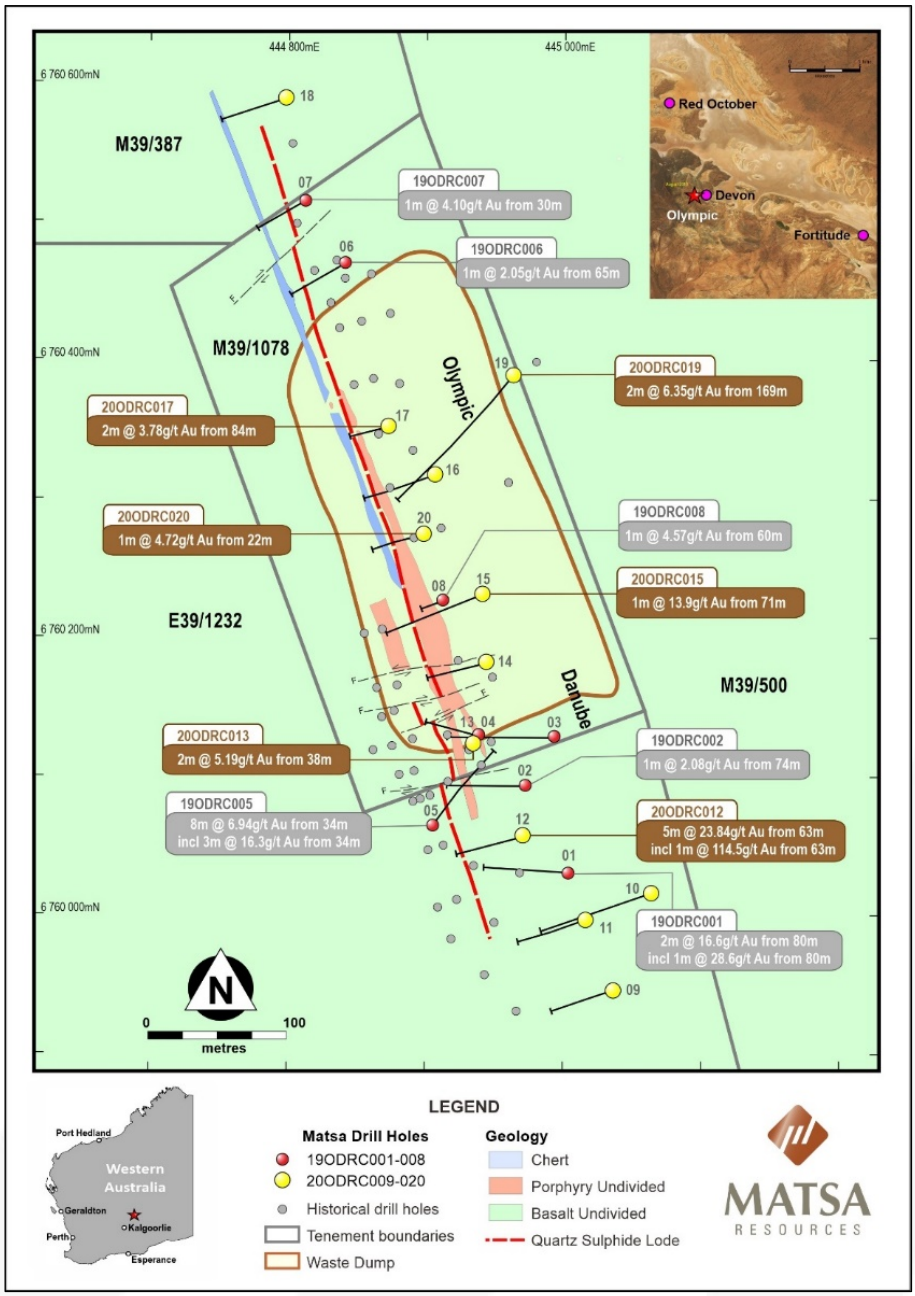

***Figure 8:* Olympic RC Drilling Summary**

Devon Resource Model

Subsequent to the end of the quarter, Matsa announced an initial Mineral Resource Estimate at Devon comprising the Devon pit and Olympic prospects (Figure 9). Within 500m of these two prospects lie the Hill East and LIN1 gold and SAM geophysical anomalies that have been prioritised for a drilling program in the June quarter.

Whilst the drilling is sufficient to establish a Mineral Resource Estimate, mineralisation at both prospects remains open at depth and potential for offset extensions to the north and south also exists.

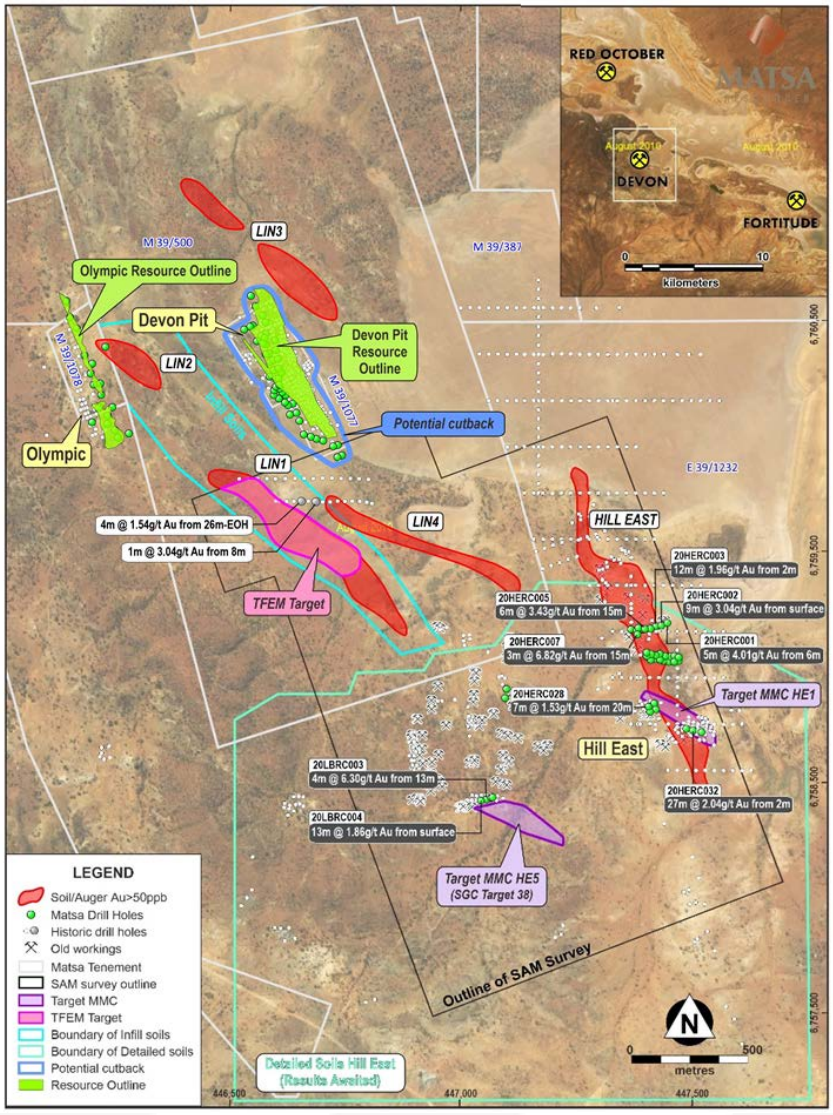

***Figure 9:* Devon, Resource Locations, SAM and Soil Survey Outlines and Targets**

The 2021 Mineral Resource Estimate is tabulated below:

Devon 2021 Mineral Resource Estimate (1g/t Au cut off)							
	Indicated		Inferred		Total Resource		
	Tonnes	Au	Tonnes	Au	Tonnes	Au	Au
Prospect	kt	g/t	kt	g/t	kt	g/t	koz
Devon pit	341	4.8	102	3.6	443	4.6	65
Olympic	-	-	171	2.8	171	2.8	15
Total	**341**	**4.8**	**273**	**3.1**	**614**	**4.1**	**80**

Resource Statement notes:

- *The geographic region for the Mineral Resource Estimate is Australia.*
- *Figures have been rounded in compliance with the JORC Code (2012).*
- *Rounding errors may cause a column to not add up precisely. Resources exclude recoveries.*
- *Resource is depleted for past mining*
- *No reserves have been estimated*
- *There are no Measured Resources*
- *Cut-off grades used in this report are not mining cut-off grades.*
- *No metallurgical or other modifying factors were used in this Resource Statement*

The shallow high grade nature of mineralisation at Devon pit (Figure 9) in particular, lends itself to a potential open pit cutback mining scenario with minimal pre strip requirements with early access to ore. Mining studies have commenced for the Devon pit. The grade and mineralisation are expected to be amenable to both open pit and underground mining methods and may provide a logical add-on to the established mining plan at Fortitude Stage 2.

Soil and Rock Chip Sampling Devon

Strike extensive soil gold anomalies LIN1 – LIN4 were defined by the initial 180m x 80m spaced soil survey in 2020 in the historically neglected area between and immediately adjacent to Devon Pit and Olympic. Field inspection and mapping has shown LIN1, LIN2 and LIN3 to be associated with variably sheared and brecciated metasediments within a sequence predominantly made up of basaltic volcanics. LIN4 is entirely concealed by colluvium and lake cover.

Sampling during the quarter included (Figure 9):

- Infill Sampling to better define the LIN1 and LIN2 soil anomalies
- Rock chip sampling of Devon prospects including LIN1, LIN2 and HE5
- Extensional soil sampling (100m x 100m staggered grid) over the remainder of the SAM survey area and Hill East

Infill soil sampling in conjunction with field inspection and mapping was carried out over the 2km strike continuous LIN1 and LIN2 anomalies, with 100 infill soil samples collected. Sampling was conducted on spacing of 40m along NE oriented lines 80m apart. Gold assays returned values of up to 0.2 g/t Au from the LIN1 anomaly and up to 0.34 g/t Au at LIN2.

Infill sample results for LIN1 and LIN2 are summarised as follows, with both targets prioritised for first pass drilling:

- Results confirm and better define soil gold anomalism over the strike continuous LIN2 and LIN1 anomalies with infill values to 0.34 g/t Au at LIN2 and 0.2 g/t at LIN1
- The intensity of shearing, brecciation, quartz veining and secondary iron oxide development is visually highest at LIN1
- Pathfinder support by Te is best developed at LIN1 (Figure 10)
- Pathfinder element support by As best developed at LIN1 and LIN2
- Part of LIN1 is supported by strong TFEM (SAM) anomaly, with survey yet to be extended to the north
- Strongly anomalous rock chips over LIN1 and LIN2, with best values of 7.99 g/t Au at LIN2

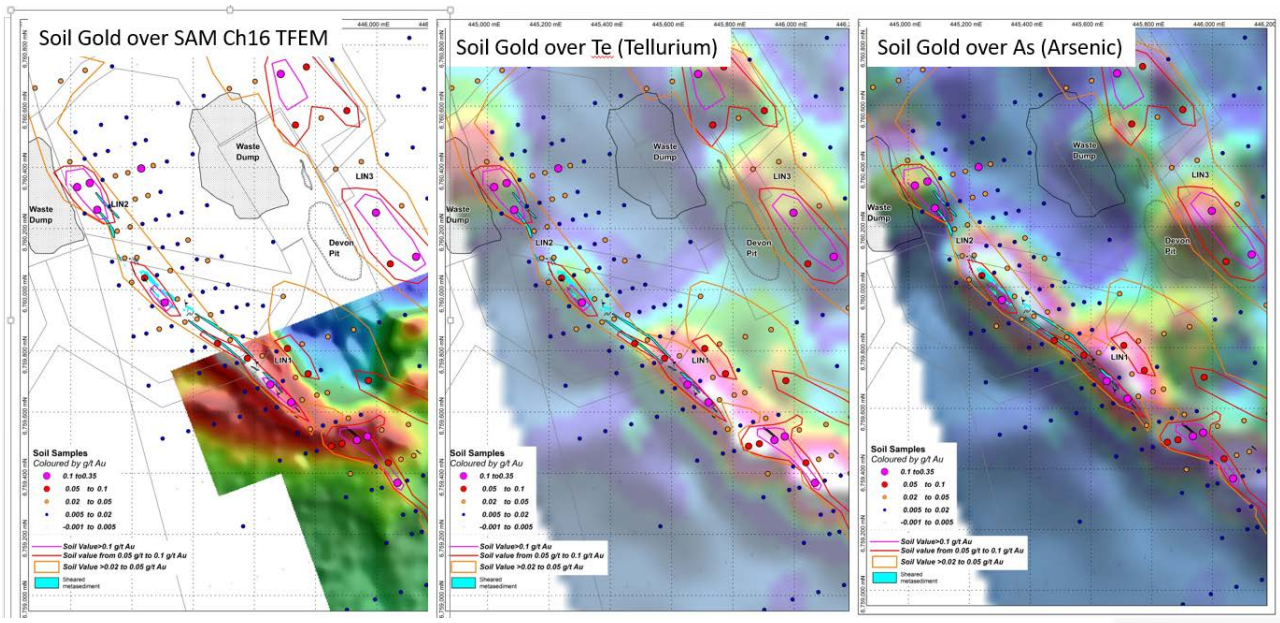

***Figure 10:* Devon, LIN1 and LIN2 Targets Infill Soil Sampling and TFEM Target**

Field inspection and rock grab sampling and mapping revealed reasonable outcrop over LIN2 while most of LIN1 is concealed by colluvium and variable scree cover. Assays from this sampling program are expected during the June quarter.

A total of 55 rock chip samples were collected from the Devon project as summarised in Table 10 strongly mineralised rock chip samples at LIN1, LIN2 and HE5 in particular indicate potential for significant gold mineralisation to be followed up by drilling. Follow up sampling and mapping is in progress on further regional targets.

Target	Samples	Max Value g/t Au
LIN1	24	0.53
LIN2	4	7.99
HE5/SAM38	17	21
Regional	10	18
	55	

***Table 10:* Devon Rock Grab Samples March Quarter**

A soil sampling program was also extended immediately adjacent and south of the SAM survey area on a staggered 100m x 100m grid, for a total of 485 samples as summarised in Figure 6. The area includes a large number of historic gold workings including Hill East, where drilling by Matsa last year confirmed significant gold mineralisation at HE1, HE4 and HE5. The area overlaps with earlier 200m x 50m auger sampling carried out by previous explorers. The objective is to use detailed soil geochemistry in conjunction with results of the SAM survey to define new targets and to potentially extend existing targets for drilling. Results will also be compared with earlier 200m x 50m soil-auger sampling carried out by previous explorers over the same area. Assay results for the soil sampling program are expected during the June quarter.

Sampling and assay procedures are described in Appendix 1.

Devon – Sub Audio Magnetic (SAM) Survey Hill East

The SAM survey was designed to cover known gold mineralisation and geochemical anomalies at Hill East and was extended to cover LIN1 and LIN4 geochemical targets SE of the Devon pit. SAM surveys measure two parameters namely:

- Magnetometric Conductivity (MMC) which can map conductive fault zones which may control the movement of gold-mineralised fluids.
- Total Field electro-magnetic response (TFEM) with the ability to directly detect sulphide mineralisation.

During the quarter Southern Geoscience Consultants (SGC) were commissioned to process and interpret SAM survey results and select targets for follow up.

The following targeting criteria were taken into consideration by SGC for identifying target areas for potential gold mineralisation within the Hill East SAM survey area.

- Major/secondary structures parallel to stratigraphy and along lithological contacts
- Cross-cutting (NNE-NE) major/secondary and minor structures (provide enhanced fluid mobility and increase Au grade of mineralisation, thickening mineralised zones across stratigraphy)
- Proximity to conductivity trends exhibited within MMC and TFEM data
- Proximity to known gold mineral occurrences

A total of 38 targets (Figure 11) have been selected over the Hill East SAM survey area with 20 assigned as high (red) priority, 12 as moderate (orange) priority and 6 as low (green) based on the above targeting criteria.

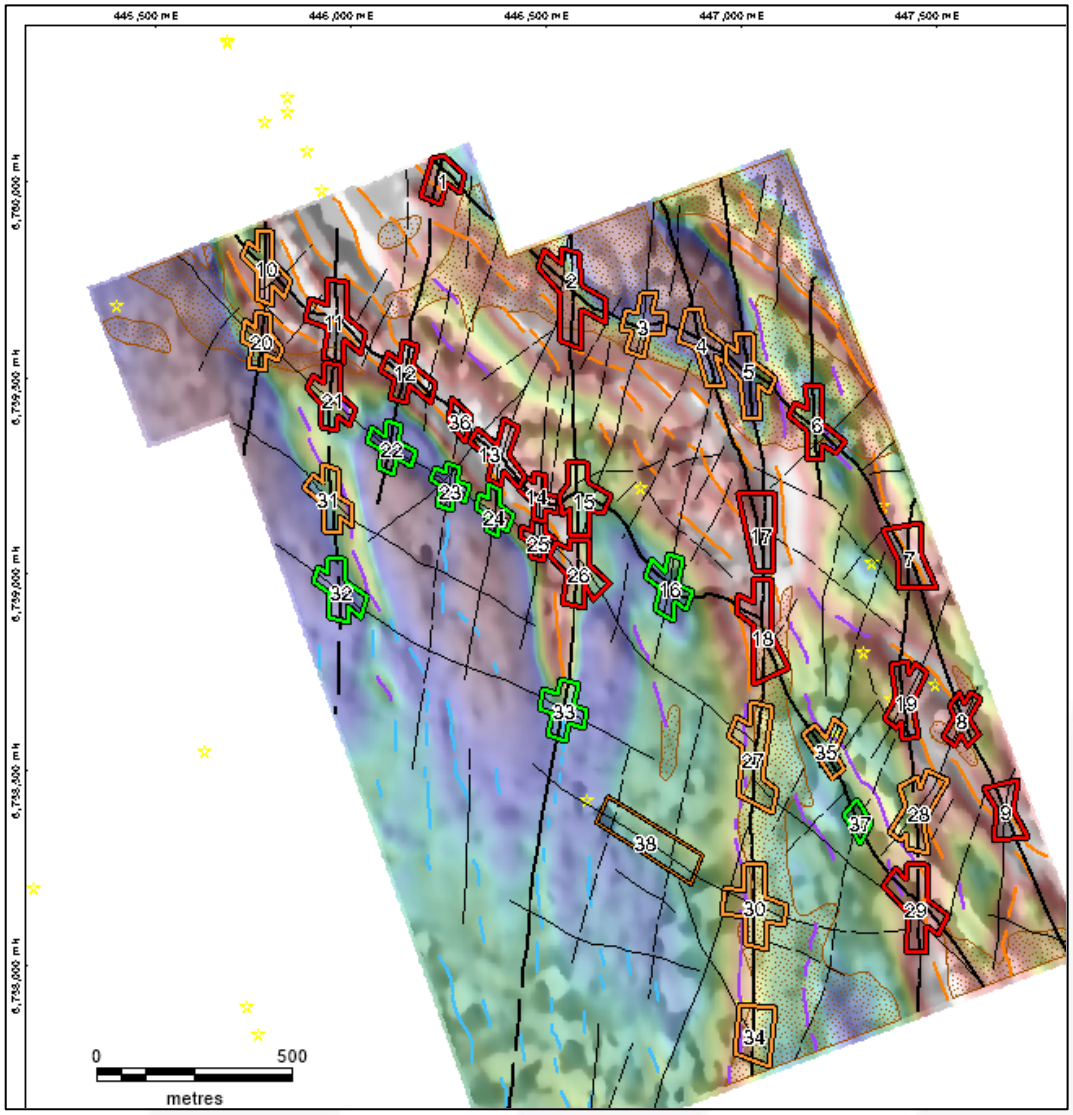

Figure 11: ***SGC Target areas labelled with target ID's (numbers) and priority (red-high, orange-moderate and green-low) overlaying MMC and RTP1VD greyscale image.***

Historic Drill Hole Sampling

Bottom of hole (BOH) samples from historic drill holes were collected for multi-element assay during the quarter from two projects:

- Devon samples were collected from 17 historic drill holes located east of the LIN1 project
- Wilga Cardinal project area east of Sunrise Dam where 114 drill holes were sampled

All samples were analysed using a four acid digest with assay by ICP-AES and ICP-MS, for a total of 48 elements. The results of the BOH sampling are being evaluated using ioGAS software to determine lithology, alteration and orogenic gold pathfinder signatures using major and trace elements.

Lake Carey Exploration Planned for June 2021 Quarter

A review of the existing drilling data, results of the SAM survey and recent soil sampling has highlighted a number of targets for RC drilling. It is expected that targets may be extended when results from newly completed soil sampling at Hill East are available.

Initial targets have been selected for drilling as summarised in Figure 6.

- LIN1, with gold in soil values to 0.2 g/t Au, strong Te and As pathfinder support, and partly coincident TFEM target. Two historic aircore drill-holes immediately east of LIN1, intersected significant gold mineralisation at shallow depth were **4m at 1.54 g/t Au** from 26m to EOH (EXAC047) and **1m of 3.04 g/t Au** from 8m (EXAC049)[19].
- LIN2 gold in soil values to 0.34, strong As pathfinder support, located outside SAM survey
- HE1, HE2 significant gold values from Hill East drilling, linked by SAM anomaly with potential to extend mineralisation
- HE5 significant gold values from Hill East drilling at western end of SAM anomaly (SGC Target 38), with potential to extend mineralisation

Drilling is expected to commence May 2021.

FRASER RANGE NICKEL PROJECT

Symons Hill Project (Matsa 100%; IGO Earning 80%)

IGO undertook desktop reviews of work completed in previous field seasons for planning the upcoming 2021 field season.

A review of the magnetic inversion over E69/3070 has **generated a conceptual diamond drillhole target**, Haul Road (Figure 12). This target is supported by coincident Ni-Cu aircore anomalies previously identified by Sirius Resources (SFRA2925- 1m at 0.10% Ni and 0.11% Cu, BOH sample; SFRA2639- 1m at 0.09% Ni and 0.10% Cu, BOH sample). A PoW (Program of Works) has been submitted during the quarter to cover the Haul Road area to obtain statutory approvals to conduct drilling activities.

Planned Work for the June Quarter

Complete a diamond drill hole (800m) at Haul Road target to test a conceptual model of magnetic inversion and aircore anomalies.

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

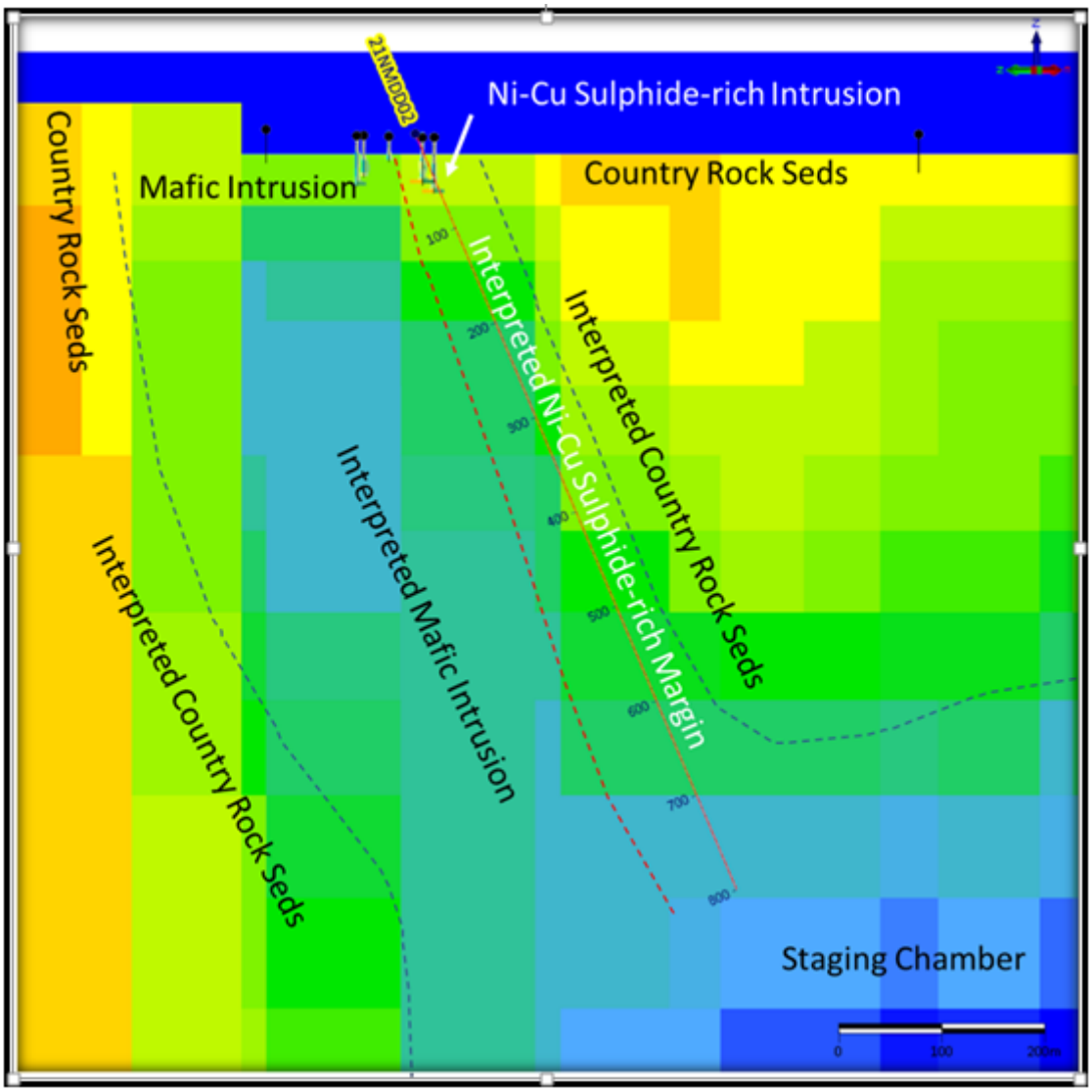

Figure 12: ***Cross-section view of the Haul Road target looking Northwest. Diagram shows colourised magnetics inversion model, overlayed with geological interpretation.***

LAKE REBECCA GOLD PROJECT (80% BNR; 20% MAT)

During the quarter assay results from the first aircore drilling program at the Lake Rebecca gold project were announced. The project is immediately along strike of Apollo Consolidated Limited's ("Apollo"; ASX: AOP) 1.03M oz Au Rebecca gold project[20].

The lake aircore drilling program was designed as an initial test of structural features such as folds that are considered prospective for gold. The aircore drilling identified several new gold-mineralised zones with comparable gold tenor and extent to the >0.1 g/t gold anomaly that led to the discovery of Apollo's Rebecca gold deposit[21]. The discovery of these mineralised zones provides the BNR/MAT JV with strong support and encouragement for finding additional gold deposits on its tenement package (Figure 13).

20 ASX Announcement 10 February 2020 AOP announcement

21 ASX Announcement 11th February 2021 Highly Successful Drilling Identifies New 2.4 km Gold Zone Lake Rebecca Gold Project

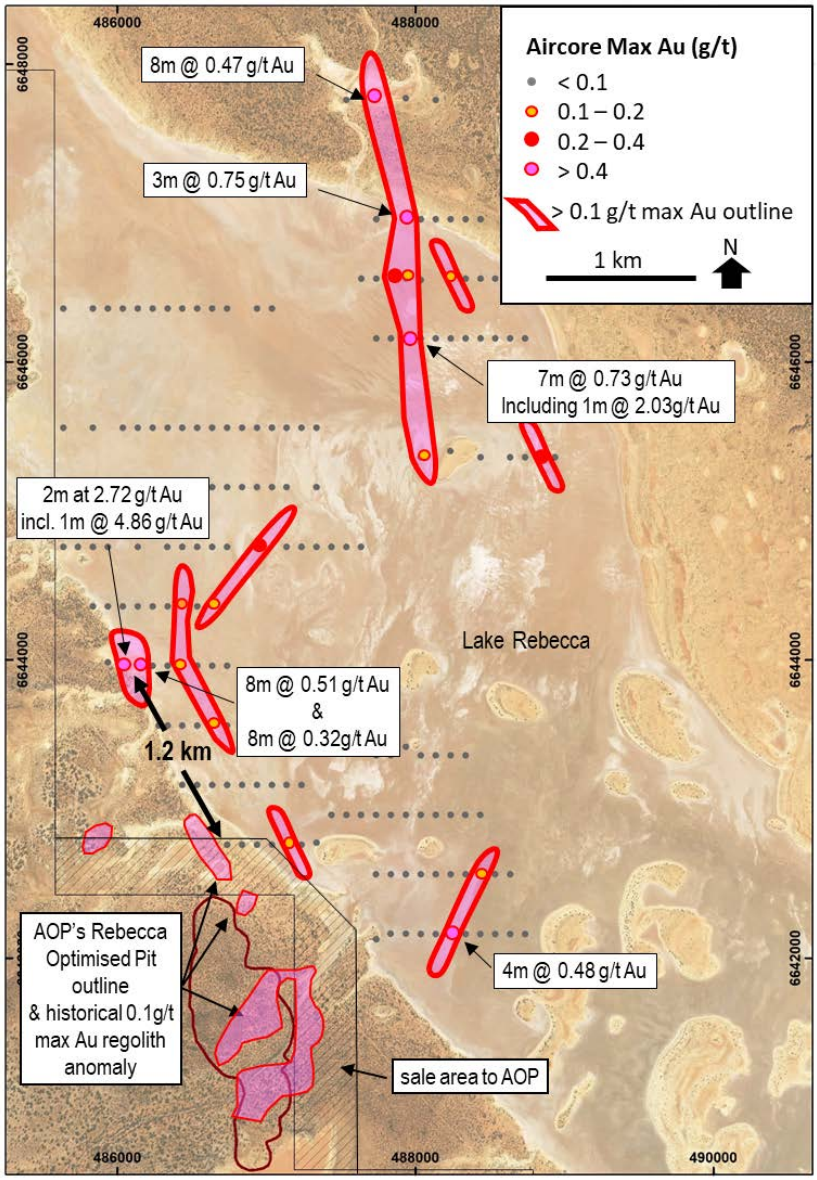

Figure 13: ***Sampling results from aircore drilling on the salt lake at Bulletin's Lake Rebecca Project***

Significant gold intercepts within the anomalous gold zones include:

2m at 2.72 g/t Au *from 33m* *20LRAC087*

incl. ***1m at 4.86 g/t Au*** *from 33m*

8m at 0.51 g/t Au *from 28m* *20LRAC088*

7m at 0.73 g/t Au *from 76m* *20LRAC169*

incl. ***1m at 2.03 g/t Au*** *from 82m to end of hole*

3m at 0.75 g/t Au *from 76m* *20LRAC187*

8m at 0.47 g/t Au *from 72m* *20LRAC190*

4m at 0.48 g/t Au *from 20m* *20LRAC029*

The discovery of gold anomalism within the eastern Rebecca Complex block significantly increases the area of prospective geology for the project and provides strong encouragement to explore for deposits

of a similar size to those found in the western Rebecca Complex block such as Apollo's Rebecca deposit. Two structural targets to the north of the salt lake have yet to be tested with aircore drilling.

In late March drilling recommenced at the Lake Rebecca gold project with a new 2,000m RC drill program aimed at following up on positive results from previous RC programs and testing along strike extensions of AOP's Rebecca lodes further north (Figure 14). Drilling will also explore depth extensions to the recent aircore drilling.

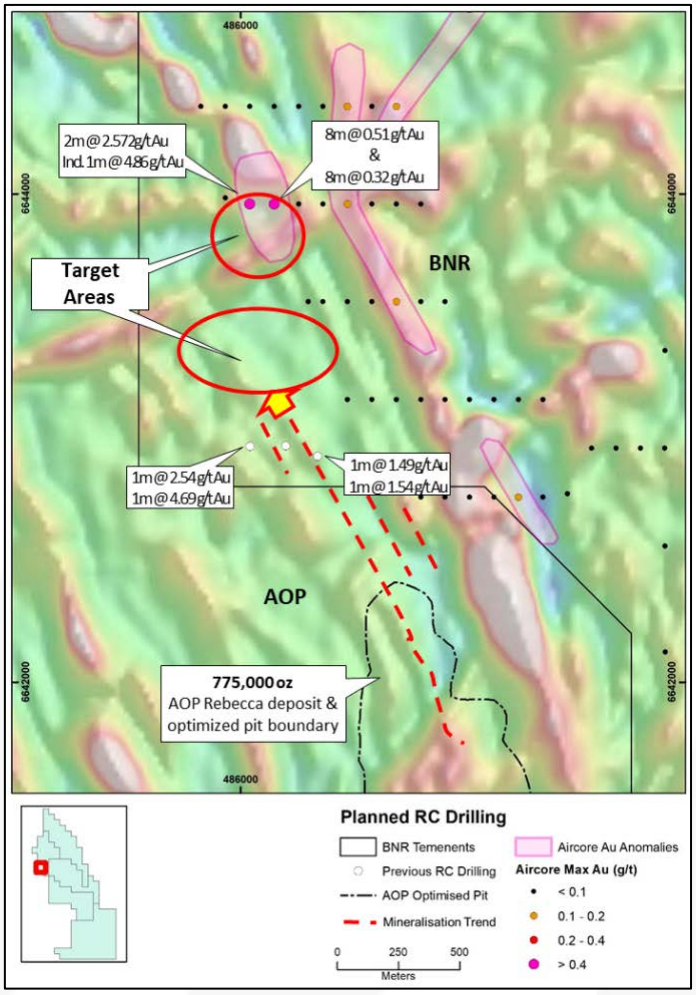

Figure 14: ***Bulletin's RC drilling target areas on magnetic background***

CORPORATE

On 2 February 2021, both Matsa and Bulletin announced the sale of a 400m wide strip of land totalling 1.35km^2 of tenement E28/2600 within the Lake Rebecca gold project to Apollo Consolidated Limited ("AOP") for a total combined consideration of:

- 10.75 million AOP shares upfront (50% escrowed for 6 months and 50% escrowed for 12 months)
- $250,000 in cash payable on satisfaction of certain conditions
- $1.0M payable in cash or AOP shares at AOP's election, on the earliest of the granting of a Mining Lease to AOP over the sale area or 24 months from signing
- $1.0M payable in cash or AOP shares at AOP's election, on the earliest of AOP's decision to mine the Rebecca Deposit or 48 months from signing

The sale crystallised significant value for the BNR/MAT joint venture while preserving its Lake Rebecca land area and highlights the exploration potential of the project.

Importantly, it provides the BNR/MAT joint venture partners with significant exposure to AOP's Rebecca Gold Project through the acquisition of a combined 4% interest in AOP via the issue of 10.75 million shares as part of the consideration.

On 17 February 2021, the Company appointed Mr Pascal Blampain as an Executive Director of the Company. Mr Blampain is a geologist with over 27 years experience across Australia and Papua New Guinea and will have responsibility for and immediately focus on leading the exploration and technical advancement of the Lake Carey Gold Project.

On 22 March 2021, the Company announced it would conduct a capital raising via a 1 for 10 renounceable rights issue ("Rights Issue") priced at $0.08 per share to raise up to $2.17M before costs. For every two New Shares issued, all participating eligible shareholders will receive one free attaching New Option with an exercise price of $0.17 each expiring 30 April 2023.

Proceeds from the Rights Issue will be used predominantly for the drilling program proposed at the Devon area within the Lake Carey gold project.

Financial Commentary

An overview of the Company's financial activities for the quarter ending 31 March 2021 (Appendix 5B) notes that:

- Receipts from customers from the sale of gold ore from Red October gold mine was $3.66M for the quarter after deduction of processing costs. Costs of production for the quarter amounted to $3.36M with capitalised development of $0.3M
- There was a negative operating cashflow for the quarter of $0.5M taking into account corporate and other overhead expenditure
- Exploration expenditure for the quarter at the Lake Carey gold project was $0.95M. The total amount paid to directors of the entity and their associates in the period (Item 6.1 of the Appendix 5B) was $114,000 and includes salary, director's fees, consulting fees and superannuation
- Cash and listed shares total approximately A$4.5M as at 31 March 2021. During the quarter the Company sold A$1M of listed investments
- A loan facility of A$5M drawn down to A$4M is available to the Company

2021 MARCH QUARTER - ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

20-Jan-21	Olympic High Grade Results Enhances Devon Gold Project
11-Feb-21	Drilling Identifies 2.4KM Gold Trend Lake Rebecca Project
9-Mar-21	SAM Survey Highlights New target at Devon Gold Project
8-April-21	Initial High Grade Resource at Devon Lake Carey Gold Project

These announcements are available for viewing on the Company's website under the Investors centre tab under ASX Announcements. The Company confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

This ASX report 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 Statement

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

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Devon soil sampling Field procedure: Samples were collected at 100m along EW lines spaced 100m apart on a "diamond" pattern to maximise coverage of mineralised structures with different orientations • Sample collected from a depth of 7-15cm depth after removal of surface rubble and top soil. Sample sieved and approximately 300 grams of minus 1mm material sampled
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Sampling was carried out in an area of historic mining along the western shore of Lake Carey. • Samples sites were selected avoiding areas of potential contamination from past mining activities • Regolith type was recorded and areas of transported cover (eg lake clays and silts) were not sampled
	• *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.*	• Samples were pulverised to P90 -75 microns and assayed for gold only by acid digest AAS to a detection limit of 1ppb Au at ALS Perth. • It is planned to carry out multi-element assays on pulps using Matsa's Vanta pXRF analyser
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*	• Not Applicable

Criteria	JORC Code explanation	Commentary
	standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Not Applicable
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Not Applicable
	• *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.*	• Not Applicable
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.*	• Geological logging was completed to an appropriate level of detail for soil sampling programs
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Qualitative geological logging was completed using a standard set of codes
	• *The total length and percentage of the relevant intersections logged.*	• Samples were logged in their entirety
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Not Applicable
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• All samples were dry sieved and approximately 300 grams of minus 1mm material sampled in the field and bagged. No further subsampling is conducted
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• A 300g sample is considered appropriate for soil sampling

Criteria	JORC Code explanation	Commentary
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Certified standards and blanks are used in the assaying workflow.
	• *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.*	• A primary sample is taken from the targeted soil profile, no field duplicate is collected
	• *Whether sample sizes are appropriate to the grain size of the material being sampled*	• A specific soil horizon is targeted for this fines type of sampling. • A sifted sample of 300g is considered appropriate for the grain size of the material being sampled
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.*	• Matsa Gold submitted all samples to ALS in Kalgoorlie for analysis by fire assay with a 30g charge
	• *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
	• *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.*	• Standard industry practice using certified standards and blanks has been employed. • Assaying is conducted by external certified mineral analytical laboratory
	• *The verification of significant intersections by either independent or alternative company personnel.*	• No verification of significant intersections was carried out by either independent or alternative company personnel

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The use of twinned holes.*	• Not Applicable
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Data entry, verification and storage procedures are not formally documented
	• *Discuss any adjustment to assay data.*	• No data adjustments are made for soil sampling programs.
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.*	• Standard handheld GPS are used in the field
	• *Specification of the grid system used.*	• Matsa used the MGA94_51 grid system.
	• *Quality and adequacy of topographic control.*	• Topography was set to gridded GSWA data.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Soil Sampling at Devon: The staggered "diamond" shaped distribution of soil sampling points was employed to minimise directional bias, and accommodate multiple orientations for fault shear controlled gold mineralisation
	• *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.*	• Follow up infill soil sampling is proposed to tighten and better resolve areas of anomalous gold mineralisation
	• *Whether sample compositing has been applied*	• No sample compositing was applied
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.*	• Soil Sampling at Devon: The staggered "diamond" shaped distribution of soil sampling points was employed to minimise directional bias, and accommodate multiple orientations for fault shear controlled gold mineralisation
	• *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.*	• Not Applicable

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• Samples were bagged into numbered plastic RC bags then bulka bags prior to transport to the laboratories in Kalgoorlie. • The lab was sent a sample submission sheet detailing the sample numbers, method of sample preparation and analyses and a full list of analytes. The sample submission sheet was cross referenced with the samples on arrival at the laboratory. No sample preparation or analyses was to commence if there were any discrepancies.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of sampling techniques were undertaken

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.*	• All work carried out on Tenements owned and operated by Matsa as summarised in the tenements schedule.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• There are no impediments to the security of tenements. Current extension of term application on E39/1889 is expected to be granted.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Work carried out by other parties included in the report, relate to earlier announcements which are referenced in the body of the report
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The targets at Lake Carey can be collectively described as Archaean structurally controlled lode gold deposits. There is potential for remobilised primary magmatic mineralisation eg associated with Syenite intrusions eg Red Dog, and for remobilised VMS gold copper mineralisation such as Gallant and Bindah

Criteria	JORC Code explanation	Commentary
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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.*	• Not Applicable
	• *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.*	• No material information was excluded from announcements referenced in the report
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.*	• Matsa has reported raw assays for soil sampling with no further criteria applied
	• *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.*	• Not Applicable
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated*	• Not applicable, no metal equivalent results have been used.
Relationship between mineralisation widths and	• *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*	• Soil sampling generate a set of point data. In aggregation these may define an anomaly whose size and geometry becomes apparent. No structural context is gleaned from this dataset

Criteria	JORC Code explanation	Commentary
intercept lengths	*reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	
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.*	• Diagrams of a summary nature have been included in the report. Detailed information from earlier announcements is referenced in the 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.*	• Results summarised in the report are referenced to appropriate detail and for large datasets, ranges of results are provided
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.*	• The use of exploration data used as background for information in this report, has been referenced to earlier announcements where the data source and technical descriptions have been included
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Further work is proposed and is subject to both budgetary constraints and to new information coming to hand which may lead to changes in the proposed work
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive*	• In all cases the areas of potential to be evaluated in proposed further works are highlighted in announcements and referenced in the report.

MATSA RESOURCES LIMITED

SCHEDULE OF TENEMENTS HELD AT 31 MARCH 2021

Tenement	Project	Interest at Beginning of Quarter	Interest at End of Quarter	Change During Quarter
E 69/3070	Symons Hill	100%	100%	
E 28/2916		100%	100%	
E 52/3339	Glenburg	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 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		100%	100%	
L 39/267		100%	100%	
L 39/268		100%	100%	
L 39/291		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 MARCH 2021

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		100%	100%	
E 39/1232		100%	100%	
L39/222		100%	100%	
L 39/235		100%	100%	
L 39/237		100%	100%	
M 39/386		100%	100%	
M 39/387	Devon	100%	100%	
M 39/500		100%	100%	
M 39/629		100%	100%	
M 39/1077		100%	100%	
M 39/1078		100%	100%	
P 39/6116		100%	100%	
P 39/6117		100%	100%	
L 39/217		100%	100%	
L 39/273		100%	100%	
M 39/411		100%	100%	
M 39/412		100%	100%	
M 39/413		100%	100%	
M 39/599	Red October	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%	

All tenements are located in Western Australia.

[1] = Joint venture with Raven Resources Pty Ltd
[2] = Joint venture with Bruce Legendre
[3] = Joint venture with Bulletin Resources Limited

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MATSA RESOURCES LIMITED

ABN	**Quarter ended ("current quarter")**
48 106 732 487	31 March 2021

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	3,662	10,268
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(312)	(2,648)
	(c) production	(3,362)	(9,839)
	(d) staff costs	(280)	(1,025)
	(e) administration and corporate costs	(346)	(1,326)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	17
1.5	Interest and other costs of finance paid	(122)	(327)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Other Income	261	365
1.9	**Net cash from / (used in) operating activities**	**(499)**	**(4,515)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(36)	(805)
	(d) exploration & evaluation (if capitalised)	(956)	(2,926)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	369	369
	(c) property, plant and equipment	-	-
	(d) investments	994	1,298
	(e) 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	30	33
2.6	**Net cash from / (used in) investing activities**	**401**	**(2,031)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	6,612
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(418)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(62)	(223)
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**	**(62)**	**5,971**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,382	1,797
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(499)	(4,515)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	401	(2,031)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(62)	5,971

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	1,222	1,222

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	1,172	1,332
5.2	Call deposits	50	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)**	**1,222**	**1,382**
	Shares held in listed investments*	**3,299**	**4,001**
	Total cash and liquid investments at end of quarter	**4,521**	**5,383**

*Market value at 31 March 2021 (previous quarter 31 December 2020)

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	114
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Payments to directors and related parties are included in Item 1

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	5,000	4,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	5,000	4,000

7.5	**Unused financing facilities available at quarter end**	1,000

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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 2022. On 6 May 2019 a variation to the loan increased the facility to $5M. At 30 June 2020 the Company had drawn down $4M of the facility.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(499)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(956)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,455)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,222
8.5	Unused finance facilities available at quarter end (Item 7.5)	1,000
8.6	Total available funding (Item 8.4 + Item 8.5)	2,222*
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	1.52

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: As noted previously net operating cash flows are expected to continue to decrease due to a decision to wind down production at Red October resulting in minimal development expenditure and, to a lesser extent, a reduction in exploration expenditure. This has been evident in this quarter's significant reduction compared to the previous quarter.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The Company has $3.3M in liquid investments at 31 March 2021 available to it to provide further cash to fund its operations. The winding down of production at Red October will continue to result in lower expenditure and proceeds from the sale of ore will continue over the June 2021 quarter. On 22 March 2021 the Company announced a renounceable rights issue to raise $2.17M before costs. Subsequent to the end of the quarter the rights issue closed and, due to excess demand, a further $1.24M was raised via a placement resulting in a total of $3.41M received.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes – as noted above the Company will continue to wind down mining at Red October and continue with its strategic focus on exploration.

*The Company has $3.3M in liquid investments not included in its total available funding

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2021

Authorised by: .....By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.