



ASX Announcement

22 July 2016

**Revised: Significant Gold Acquisition
385,300 oz Lake Carey Gold Project**

On 21 July 2016 Matsa Resources Limited (“Matsa”) made an ASX announcement titled “Significant Gold Acquisition 385,300 oz Lake Carey Gold Project”. In that announcement Matsa made a statement referring to a “a potential 40,000 oz gold p.a. production plan with strong cashflows over the first 2 years of mine life”.

As such Matsa retracts this statement at this time and will provide further detailed information on the likelihood of production from the Lake Carey Project when it has completed sufficient mining studies the results of which will be released over the next few months. Investors should not rely on the previous statement when making investment decisions.

This announcement is a re-release of the above announcement with the statements referred to above removed.

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.44 million @ \$0.25 - \$0.40

Top 20 shareholders

Hold 52.15%

Share Price on 21st July 2016

24.5 cents

Market Capitalisation

\$35.32 million



MATSA
RESOURCES

LIMITED
ABN 48 106 732 487

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385,300 oz Lake Carey Gold Project

Highlights

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

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

The Projects are located approximately 220km northeast of Kalgoorlie-Boulder and 70km south of Laverton within the north-eastern goldfields of Western Australia. The Project area covers 102km² and is located in the highly productive Laverton Tectonic Zone (LTZ) 25km south of AngloGold Ashanti's Sunrise Dam gold mine, 60km south of the Granny Smith gold mine and 12 km south of the Red October gold mine.

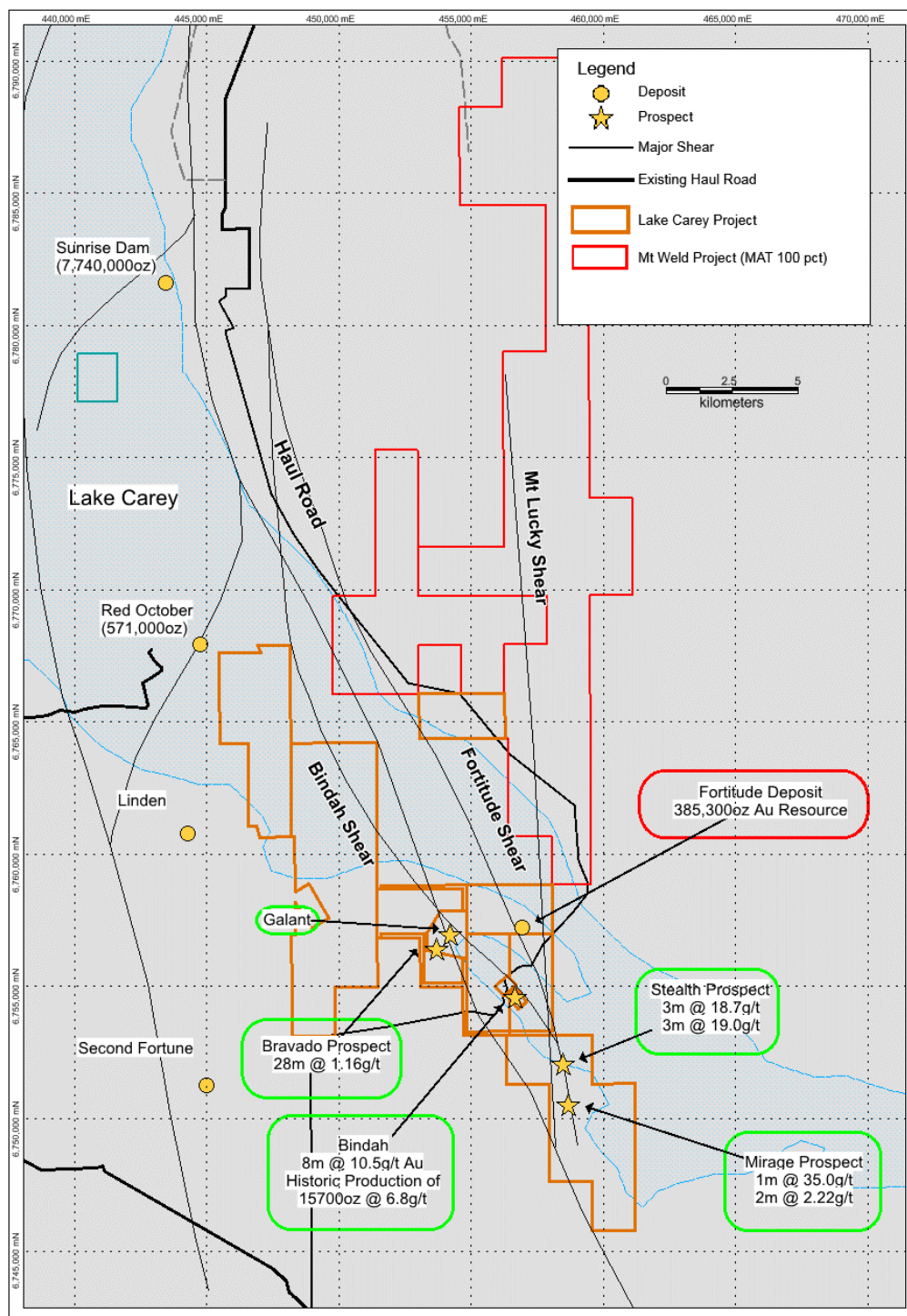


Figure 1: Location and Regional Infrastructure of the Lake Carey and Mt Weld Projects

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

The Lake Carey gold project area consists of 12 tenements and covers an area of 102km². There are existing Mineral Resources (JORC2004) located at Fortitude totalling 6.289Mt @ 1.9g/t for 385,300oz (Table 1).

Strategically, the Lake Carey gold project is an excellent geographical fit with Matsa's existing Mt Weld gold project which adjoins the northern boundary of the Lake Carey gold project. The combined project area amounts to a total of 277km² (Figure 1).

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

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

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

Note 1: Mineral Resources are reported at a cut-off of grade of 1g/t.

Note 2: Rounding may cause some apparent discrepancy in the totals.

"This information was prepared and first disclosed under the JORC Code 2004 by Midas Resources Limited. It has not been updated since to comply with the JORC Code 2012 and Matsa has not done sufficient work to bring it under JORC Code 2012.

Acquisition Terms

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

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

The offer has general conditions applicable to a transaction of this nature. Matsa will easily fund the acquisition from its existing cash holdings. Settlement is expected this quarter. The project has been acquired from Ferrier Hodgson, Martin Bruce Jones (in his capacity as official liquidator of Fortitude Gold Pty Ltd (in liquidation)).

Executive Chairman, Mr Paul Poli said *"the success in acquiring the Lake Carey gold project is a coup for Matsa at a very attractive price. This project offers an excellent opportunity to transform our company into a producer in the near term. It is Matsa's goal to be in production early in 2017. It is*

extremely pleasing to me that Matsa has acquired this project using existing funds in a very strong gold environment without dilution to shareholders.”

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

For further information please contact:

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Competent Person Statement

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