MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **23rd August 2016**

Matsa Expands Lake Carey Gold Project

Highlights

- *Matsa has acquired the rights to two additional Exploration Licence Applications covering an area of ~38km^2 and located immediately north and east of the Fortitude gold deposit*
- *This strategic acquisition significantly increases the prospectivity and size of Matsa's Lake Carey gold project in the highly prospective Laverton Tectonic Zone to ~151km^2*
- *The acquired licences cover 8km of the Fortitude Shear and 2.2km of the Bindah Shear, the key mineralised structures at the Lake Carey project*
- *There are a number of priority exploration targets including:*
  - *the BIF hosted Intrepid Prospect where previous drilling achieved intercepts up to **7m @ 2.37g/t Au;** and the*
  - *Fortitude North Prospect where previous limited, broadly spaced aircore drilling has returned intercepts of up to **3m @ 1.18g/t Au***
- *The Lake Carey gold project is located in an area that hosts a number of world class deposits (Granny Smith, Sunrise Dam, Wallaby) and adjoins Matsa's existing Mt Weld gold project to the north thereby now creating a substantial combined gold project area of ~334km^2 in a highly prolific gold field.*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.7 million

Unlisted Options

7.8 million @ $0.25 - $0.40

Top 20 shareholders

Hold 52.15%

Share Price on 22nd August 2016

26 cents

Market Capitalisation

$37.62 million

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Matsa is pleased to advise that it has entered into an agreement to acquire two Exploration Licence Applications, E39/1864 (30km^2) and E39/1863 (8km^2), located immediately north and east respectively of the Fortitude gold deposit, from Willie Grocer Pty Ltd, thereby significantly increasing the prospectivity and increasing the area available for exploration in the Lake Carey gold project (*Acquisition of the Lake Carey gold project was described in MAT announcement to the ASX 22nd July 2016).*

Matsa's 100% owned Lake Carey gold project (LCGP) is now ~151km^2 in extent and is located approximately 220km northeast of Kalgoorlie-Boulder and 70km south of Laverton within the North-eastern Goldfields of Western Australia. The project is located in the highly productive Laverton Tectonic Zone (LTZ) 25km south of AngloGold Ashanti's Sunrise Dam gold mine, 60km south of Gold Fields' Granny Smith gold mine and 12 km southeast of Saracen Minerals' Red October gold mine (Figure 1).

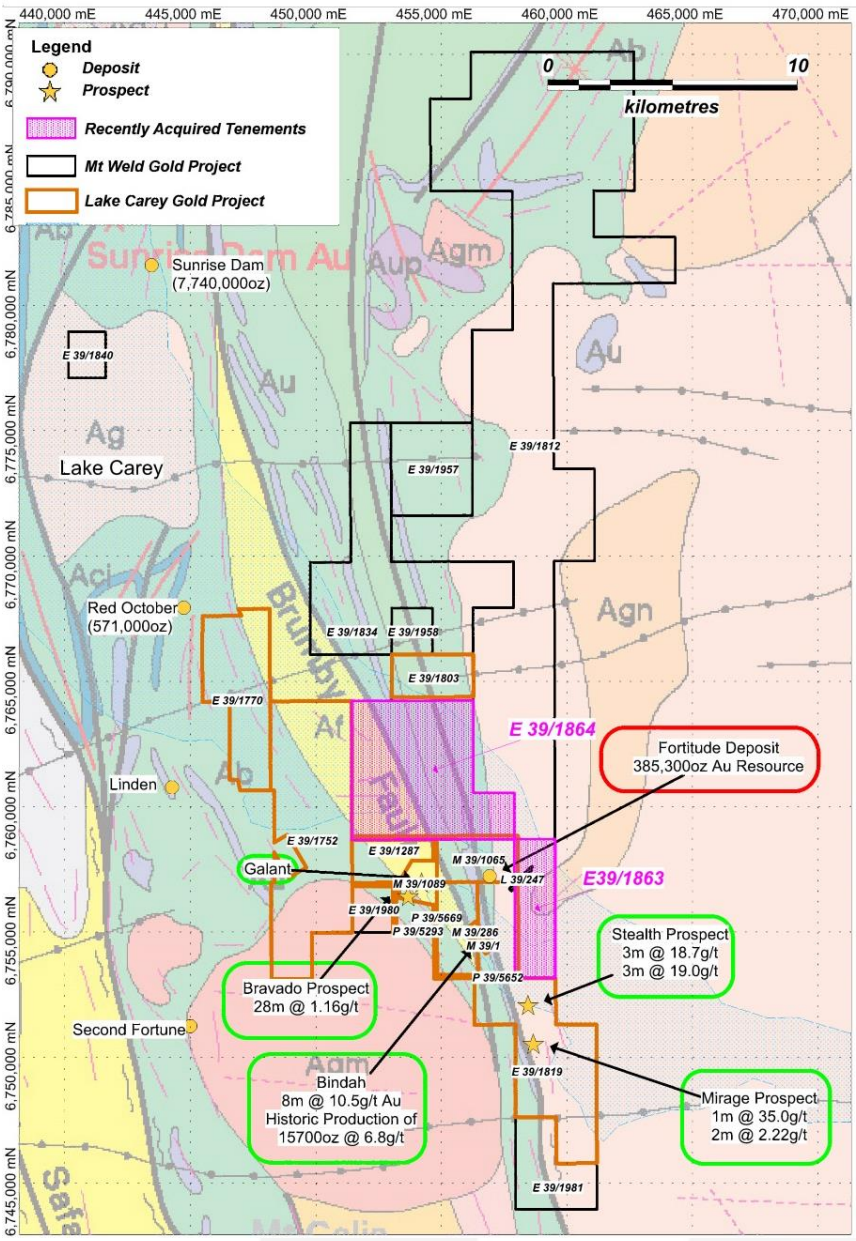

Figure 1: ***Location of Lake Carey Project and Recently Acquired Tenements***

Geology & Prospectivity

Prospective basement geology in E39/1863 and E39/1864 is largely concealed beneath transported cover associated with Lake Carey, and historic drilling has been comparitively superficial comprising mostly widly spaced shallow aircore drilling (Figure 2). Available historic drilling is summarised in Table 1 with key anomalous drill intersections included in the text of this anouncement. Salient aspects of past exploration are outlined in Appendix 1.

The new tenements cover the strike extensions of the highly prospective Fortitude and Bindah Shears and include the Intrepid Prospect and the Fortitude North and Fortitiude South targets (Figure 2).

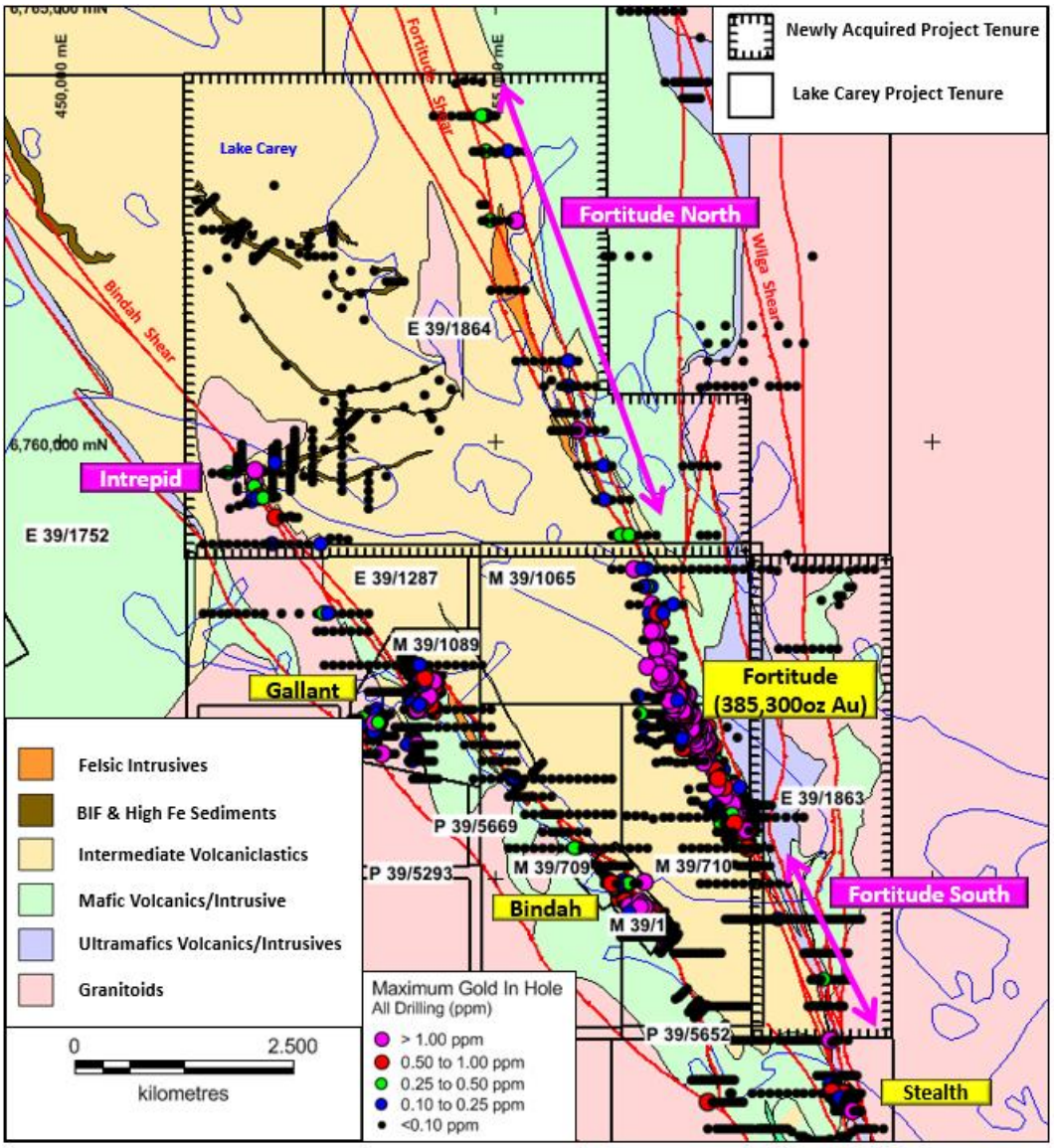

Figure 2 - Lake Carey Project Showing Newly Acquired Licences Over Interpreted Geology with all Existing Drilling Coloured By Gold Assay

Fortitude North Target

The Fortitude North Target comprises 5.5km of the Fortitude Shear, north-northwest of the Fortitude gold deposit. While a significant part of this target is covered by Lake Carey, geophysical interpretations and broad spaced reconnaissance aircore drilling indicate that the the Fortitude Shear is widening to the north with a number of prospective splay structures being interpreted. In addition,

3D magnetic inversion studies have suggested a series of lithologically contrasting units, including BIF and porphyry, being traversed by the shear. Such lithostructural settings are known to be potentially highly prospective.

The existing drill spacing is largely 800m x 100m with some 300m x 100m infill and comprises 90 aircore holes. Best historic aircore drill intersections to date include 2m @ 5.5g/t Au in hole LCAC356, 1m @ 3.0g/t Au in hole LCAC354 and 3m @ 1.18g/t Au in AC hole INAC120.

Drilling has also shown that the depth of the transported Lake Carey overburden is highly variable and can reach depths greater than 80m in the far north.

The drilling to date has confirmed the extension of the Fortitude Shear Zone and associated gold anomalism but is of insufficient density to define specific follow-up targets. In addition, very few holes have tested the highly prospective eastern shear contact between the intermediate volcanics and the Mafic volcanics.

Intrepid Prospect

The Intrepid Prospect is a substantial magnetic anomaly associated with interpreted D1 thrust repeated, folded and faulted BIF units hosted within an intermediate volcaniclastic package proximal to the Bindah Shear. The prospect was discovered by Aurora Gold in 1999 with further exploration by Midas Resources including geophysical surveys and drilling of a single diamond hole.

To date 158 aircore holes have been drilled within a 3km x 1km area over the magnetic targets. Best historic drill intersections include 43m @ 0.43g/t Au, including 7m @ 2.37g/t Au, in AC hole INAC043 and 30m @ 0.12g/t Au, including 3m @ 1.11g/t Au, in AC hole INAC046, both related to BIF style mineralisation at the western end of the prospect, proximal to the Bindah Shear. A single diamond core hole was drilled by Midas in 2010 beneath the peak AC intersections which revealed a high degree of structural complexity and returned a best result of 0.6m @ 1.70g/t Au.

Matsa plans to follow up these encouraging intersections using modern geophysical techniques and additional drilling.

Fortitude South Target

The Fortitude South Target comprises 2km of the Fortitude Shear, south-southeast of the the Fortitude gold deposit. While a significant part of this target is covered by Lake Carey, geophysical interpretations suggest that the historic aircore drilling in the area was drilled too far to the east. Additional drilling extending the current drill lines to the west to test the Fortitude Shear position will be investigated by the Company.

Tenement	Aircore		RC		DDH	
	Holes	Metres	Holes	Metres	Holes	Metres
E39/1863	154	4,410	0	0	0	0
E39/1864	320	23,792	0	0	1	344.6

Table 1 - Historic Drilling Within Newly Acquired Licences

Acquisition Terms

Matsa has acquired a 100% interest in Exploration Licence applications E39/1863 and E39/1864 and mining information, for a total consideration of $100,000 of which $26,000 has been paid as a deposit with the balance upon grant of the licences.

For further information please contact:

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Competent Person Statement

The information in this report that relates to Exploration results, is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 1 - *Matsa Resources Limited*

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or Portable XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	AC Drilling The historic AC drilling that falls within the newly acquired licences was drilled by Aurora Gold between 1993 to 2002 or Midas Resources between 2003 and 2013. Sampling techneques as described in the available DMP Annual Reports are consistent with industry standards including 2-6m composite sampling using spears. Resampling on 1m basis of any gold anomalous composite sample was routinely undertaken. Diamond Drilling The single DDH drilled at the Intrepid Prospect was completed by Midas resources. Sample processing as described in the DMP Annual Report is consistent with industry standard with half core being taken for assay.
	Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Very little outcrop in the project area. Geophysics was used to pick a drill direction orthogonal to the strike of the targeted structures. During drilling, hole directions were changed as required to ensure best sample representation of the mineralisation.
	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.	AC Drilling Standard AC drilling was used to collect representative samples on 1m intervals. These were then geologically logged in detail and sampled for assay on 2-6m composits. Gold anomalous samples were then resampled on 1m basis. Diamond Drilling Standard DDH was used to collect representative samples. The core was logged in detail and samples of half core were cut using a diamond saw.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	The AC drilling was undertaken by different drilling contractors using similar equipment (some truck and some track mounted) to collect a representative sample using aircore blade bits. Where possible holes were drilled to "blade refusal". The single diamond hole at Intrepid was drilled HQ3 to 104m and then completed in NQ2 to final depth of 344m.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	AC Drilling All AC drill samples were collected on 1m basis and either laid out on the ground in rows of 10 or captured in plastic bags and laid in rows of 10. AC drilling does not allow for any reliable method or recording recovery. Samples of varying interval were collected by the geologist into numbered bags with the details being carefully recorded. Diamond Drilling The handling of diamond core followed industry standards with core placed in carefully marked trays with wooden blocks marking drilling runs. Full recovery measurements were recorded during the logging process. Sample intervals were selected by the logging geologist and the samples were cut (half core) using a diamond saw. Samples of varying interval were collected by the geologist into numbered bags with the details being carefully recorded.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	The reported drilling contractors over the life of the project were all reputable and the drilling programs were supervised by experienced geologists.
	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.	It is possible in the case of wet AC drilling that some bias may occur. However, AC drilling is used to sampling detect anomalies which are then followed up using more reliable drilling techniques.
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.*	All drilling samples were geologically logged in detail. None of the drilling being reported in this announcement is being used in resource estimates.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Geological logging and assaying collects both qualitative and quantative data.
	The total length and percentage of the relevant intersections logged.	All drill holes were fully geologically logged.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Drill core was sawn in half.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	AC samples were spear sampled.

Criteria	JORC Code explanation	Commentary
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample prepration involved total prepration at a reputable assay laboratory.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Prior to 2003, little QA/QC proceedures were in place other than the internal checks used by the assay laboratories. After 2003 more routine QA/QC was introduced including assay standards and duplicate samples. While this was sometimes inconsistent for regional drilling, any subsequent resource drilling was carefully quality controlled
	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.	1m Resampling of anomalous composite AC samples was routinely undertaken. Only 1 DDH is reported under this release with no need for duplicate sampling.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The collected samples are considered appropriate.
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.*	The samples were all sent to reputable laboratories and used industry standard sample preprationa and assaying techniques of that time. The assy technique was considered total.
	For geophysical tools, spectrometers, Portable XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	N/A
	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.	Prior to 2003, little QA/QC proceedures were in place other than the internal checks used by the assay laboratories. After 2003 more routine QA/QC was introduced including assay standards and duplicate samples. While this was sometimes inconsistent for regional drilling, any subsequent resource drilling was carefully quality controlled
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The data has been reviewed numerous times by different companies and geologists.
	The use of twinned holes.	N/A
	Documentation of primary data, data entry procedures, data verification, data	Detailed logging has been digitally captured and a database rebuild was undertaken by

Criteria	JORC Code explanation	Commentary
	storage (physical and electronic) protocols.	Midas during 2008-2009.
	Discuss any adjustment to assay data.	N/A
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.*	The drill holes have been located by handheld GPS with an accuracy of +/- 5m.
	Specification of the grid system used.	Early drilling was captured on an AMG84 grid with subsequent data being captured on an MGA94 grid. Grid transformations have been undertaken on the ealier drilling.
	Quality and adequacy of topographic control.	Very little topographic relief in the area (maximum 10m).
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Spacing of drill holes has varied depending on the targeting being tested.
	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.	N/A
	Whether sample compositing has been applied.	AC drill holes were composited from 2-6m but anomalous samples were subsequently resampled.
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.*	N/A
	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.	N/A
Sample security	*The measures taken to ensure sample security.*	Unkonwn
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The drilling database was rebuilt in 2008-2009 and is considered reliable.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	The acquired EL's are summarized as follows: TenID | TYPE | TENSTATU | HOLDER1 | STARTDAT | ENDDATE | ENDTIME | GRANTDA | GRANTTIN | LEGAL_AREA | UNIT_OF_MEASURE E 39/1863 | EXPLORAT | PENDING | WILLIE GR | 20150227 | | | | | 3 | BL. E 39/1864 | EXPLORAT | PENDING | WILLIE GR | 20150227 | | | | | 10 | BL. Acquisition of the captioned EL's whereby both licences will be transferred to Matsa immediately upon granting with Matsa holding a 100% interest thereafter. The tenements are located on Vacant Crown Land. No issues are foreseen to hinder heritage agreements being reached with the Kurrku native title claimants during the application process.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Most significant exploration has been carried out by Aurora Minerals (1992 – 2002) and Midas Gold (2003 – 2010). See section 1 No significant drilling campaigns were carried out post 2010.
Geology	• *Deposit type, geological setting and style of mineralisation.*	Structurally controlled orogenic quartz vein hosted gold mineralisation.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		Drill hole locations are provided in plan to illustrate the Intrepid exploration target and coverage of past drilling along the Fortitude shear.
		Historic drillholes are summarised in Table 1.
		Drillholes with >0.5 g/t Au are listed in the report text.

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.*	Not applicable as only individual intercepts are described.

Criteria	JORC Code explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	All drill hole intercepts measured in down hole metres. Drilling has been carried out as closely as possible to achieve an orthogonal intercept on steeply dipping mineralisation.
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.*	suitable plans showing historic drilling in the two recently acquired EL's are included in the body of 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.*	Not applicable
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Not applicable.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Not applicable.