MATSA RESOURCES

LIMITED
ABN 48 106 732 487

ASX Announcement **14th December 2016**

Further High Grade Gold Results at Fortitude
Lake Carey Gold Project

Highlights

- *Results from the last 12 diamond drill holes now received from the recently completed diamond drilling program at the Fortitude gold deposit*
- *Further significant high grade mineralisation has been intercepted in all holes with uncut results including:*
  - ***4.5m @ 21.8g/t Au** from 147.5m including **0.8m @ 89.6g/t Au***
  - ***10.3m @ 3.09g/t Au** from 87.7m including **0.9m @ 14.5g/t Au***
  - ***35.3m @ 3.21g/t Au** from 49.7m including **12.2m @ 6.12g/t Au** from 50.3m which includes **1m @ 15.7g/t Au** and **0.6m @ 23.2g/t Au***
- *This largely infill drilling program confirms the primary mineralisation styles and the occurrence of high grade zones within the ore body*
- *The resource model is currently being updated to include these drilling results and will be reported in Q1 2017*
- *A ~15,000m aircore exploration drilling program which commenced on 23rd November remains in progress*

CORPORATE SUMMARY

Executive Chairman
Paul Poli

Director
Frank Sibbel

Director & Company Secretary
Andrew Chapman

Shares on Issue
144.7 million

Unlisted Options
17.02 million @ $0.25 - $0.30

Top 20 shareholders
Hold 52.15%

Share Price on 13th December 2016
19 cents

Market Capitalisation
$27.49 million

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to announce the results from the last 12 diamond drill holes at the Fortitude gold deposit within the Lake Carey Gold Project.

Drilling Summary

Matsa recently completed a 2,293m HQ3 diamond drilling program at the Fortitude gold deposit. A drill hole layout showing this program with historic drilling can be seen in Figure 5. This drilling is largely infill drilling and has been planned to:

1. Confirm and update the geological interpretation
2. Supply sufficient samples for metallurgical testwork
3. Confirm inferred mineralisation within the anticipated mining area

Geological logging, sampling and the assay procedures carried out are included in Appendix 1.

Summary of Results

The following significant high grade results have been returned:

- ***4.5m @ 21.8g/t Au*** *from 147.5m including* ***0.8m @ 89.6g/t Au*** *(16LCDD004)*
- ***10.3m @ 3.09g/t Au*** *from 87.7m including* ***0.9m @ 14.5g/t Au*** *(16LCDD012)*
- ***35.3m @ 3.21g/t Au*** *from 49.7m including* ***12.2m @ 6.12g/t Au*** *from 50.3m which includes* ***1m @ 15.7g/t Au*** *and* ***0.6m @ 23.2g/t Au*** *(16LCDD013)*

** All intervals are downhole lengths and not true widths*
***No top cuts applied*

Gold mineralisation grade can be directly correlated with quartz vein intensity and sulphide mineralisation. This is a low sulphide system with the occurrence of 2-3% pyrite being significant. Sulphide minerals consist of dominant pyrite with minor arsenopyrite. Boudinaged and sigmoidal quartz veins that are concordant with the foliation are well mineralised whereas discordant veins are barren. Mineralised veins occur within a zone of pervasive sericite-siderite alteration. Figures 1 and 2 show examples of high grade mineralised ore.

All significant drilling results have been listed in Table 1.

The resource model is currently being updated with the results of the recent drilling and is expected to be completed in Q1 2017.

Planning for commencement of mining activities on an as soon as practicable basis is continuing with hydrology and metallurgical testing now in progress.

Figure 1: Diamond Core Hole 16LCDD004 showing high grade gold mineralisation up to 89.5g/t Au associated with intense quartz veining and associated sericite-siderite alteration

Figure 2: Diamond Core Hole 16LCDD012 showing high grade gold mineralisation up to 14.5g/t broadly correlating with quartz vein intensity

Table 1: Fortitude Diamond Drilling Results

<table>
<tr><th>Hole_ID</th><th>m From</th><th>m To</th><th>Au_g/t</th><th>Intercept Au g/t</th><th>Comments</th></tr>
<tr><td>16LCDD004</td><td>15</td><td>15.8</td><td>1.43</td><td rowspan="2">1.5m @ 1.34</td><td></td></tr>
<tr><td>16LCDD004</td><td>15.8</td><td>16.5</td><td>1.23</td><td></td></tr>
<tr><td>16LCDD004</td><td>81.7</td><td>82.2</td><td>1.76</td><td rowspan="5">3.5m @ 2.24</td><td rowspan="5">Includes 1m of internal dilution</td></tr>
<tr><td>16LCDD004</td><td>107</td><td>107.5</td><td>4.45</td></tr>
<tr><td>16LCDD004</td><td>107.5</td><td>108</td><td>1.56</td></tr>
<tr><td>16LCDD004</td><td>108</td><td>109</td><td>0.25</td></tr>
<tr><td>16LCDD004</td><td>109</td><td>110</td><td>3.72</td></tr>
<tr><td>16LCDD004</td><td>119.5</td><td>120.2</td><td>1.26</td><td rowspan="9">8.5m @ 2.60</td><td rowspan="9">Includes 1.1m of internal dilution</td></tr>
<tr><td>16LCDD004</td><td>120.2</td><td>120.8</td><td>3.95</td></tr>
<tr><td>16LCDD004</td><td>120.8</td><td>121.8</td><td>3.12</td></tr>
<tr><td>16LCDD004</td><td>121.8</td><td>122.8</td><td>3.33</td></tr>
<tr><td>16LCDD004</td><td>122.8</td><td>123.9</td><td>6.82</td></tr>
<tr><td>16LCDD004</td><td>123.9</td><td>125</td><td>0.3</td></tr>
<tr><td>16LCDD004</td><td>125</td><td>126</td><td>0.02</td></tr>
<tr><td>16LCDD004</td><td>126</td><td>126.8</td><td>1.52</td></tr>
<tr><td>16LCDD004</td><td>126.8</td><td>128</td><td>2.8</td></tr>
<tr><td>16LCDD004</td><td>136.3</td><td>137</td><td>2.68</td><td></td><td></td></tr>
<tr><td>16LCDD004</td><td>139</td><td>139.9</td><td>3.1</td><td></td><td></td></tr>
<tr><td>16LCDD004</td><td>141.7</td><td>142.2</td><td>6.92</td><td rowspan="3">2.3m @ 8.57</td><td rowspan="3">Includes 0.8m @ 13.6 g/t</td></tr>
<tr><td>16LCDD004</td><td>142.2</td><td>143</td><td>13.6</td></tr>
<tr><td>16LCDD004</td><td>143</td><td>144</td><td>5.38</td></tr>
<tr><td>16LCDD004</td><td>147.5</td><td>148.2</td><td>1.82</td><td rowspan="6">4.5m @ 21.80</td><td rowspan="6">Includes 0.8m @ 89.6 g/t</td></tr>
<tr><td>16LCDD004</td><td>148.2</td><td>149</td><td>1.47</td></tr>
<tr><td>16LCDD004</td><td>149</td><td>150</td><td>2.41</td></tr>
<tr><td>16LCDD004</td><td>150</td><td>150.7</td><td>28.9</td></tr>
<tr><td>16LCDD004</td><td>150.7</td><td>151.5</td><td>89.6</td></tr>
<tr><td>16LCDD004</td><td>151.5</td><td>152</td><td>2.62</td></tr>
<tr><td>16LCDD004</td><td>198</td><td>198.9</td><td>1.82</td><td rowspan="3">2.8m @ 2.39</td><td></td></tr>
<tr><td>16LCDD004</td><td>198.9</td><td>200.2</td><td>1.46</td><td></td></tr>
<tr><td>16LCDD004</td><td>200.2</td><td>200.8</td><td>5.27</td><td></td></tr>
<tr><td>16LCDD004</td><td>203.6</td><td>204.3</td><td>6.92</td><td rowspan="3">2.3m @ 3.05</td><td></td></tr>
<tr><td>16LCDD004</td><td>220.4</td><td>221.5</td><td>1.33</td><td></td></tr>
<tr><td>16LCDD004</td><td>221.5</td><td>222</td><td>1.4</td><td></td></tr>
<tr><td>16LCDD005</td><td>125.5</td><td>126</td><td>9.79</td><td rowspan="10">6.7m @ 3.99</td><td></td></tr>
<tr><td>16LCDD005</td><td>126</td><td>127</td><td>1.04</td><td></td></tr>
<tr><td>16LCDD005</td><td>127</td><td>127.6</td><td>0.56</td><td></td></tr>
<tr><td>16LCDD005</td><td>127.6</td><td>128.4</td><td>0.2</td><td></td></tr>
<tr><td>16LCDD005</td><td>128.4</td><td>129</td><td>6.2</td><td></td></tr>
<tr><td>16LCDD005</td><td>129</td><td>130</td><td>5.65</td><td></td></tr>
<tr><td>16LCDD005</td><td>130</td><td>130.5</td><td>2.48</td><td></td></tr>
<tr><td>16LCDD005</td><td>130.5</td><td>131.6</td><td>5.23</td><td></td></tr>
<tr><td>16LCDD005</td><td>131.6</td><td>132.2</td><td>6.54</td><td></td></tr>
<tr><td>16LCDD005</td><td>132.2</td><td>132.8</td><td>4.75</td><td></td></tr>
<tr><td>16LCDD005</td><td>136</td><td>137</td><td>2.52</td><td></td><td></td></tr>
<tr><td>16LCDD005</td><td>139.7</td><td>141</td><td>1.49</td><td rowspan="5">3.9m @ 3.31</td><td></td></tr>
<tr><td>16LCDD005</td><td>141</td><td>141.5</td><td>0.02</td><td></td></tr>
<tr><td>16LCDD005</td><td>141.5</td><td>142</td><td>1.78</td><td></td></tr>
<tr><td>16LCDD005</td><td>142</td><td>143</td><td>6.55</td><td></td></tr>
<tr><td>16LCDD005</td><td>143</td><td>143.6</td><td>5.86</td><td></td></tr>
<tr><td>16LCDD005</td><td>148</td><td>148.3</td><td>1.01</td><td></td><td></td></tr>
<tr><td>16LCDD005</td><td>151.8</td><td>152.8</td><td>8.99</td><td></td><td></td></tr>
<tr><td>16LCDD005</td><td>167.2</td><td>168.4</td><td>1.33</td><td></td><td></td></tr>
<tr><td>16LCDD005</td><td>172</td><td>172.8</td><td>3.24</td><td rowspan="2">1.6m @ 2.86</td><td></td></tr>
<tr><td>16LCDD005</td><td>172.8</td><td>173.6</td><td>2.48</td><td></td></tr>
<tr><td>16LCDD005</td><td>183.2</td><td>184</td><td>1.39</td><td></td><td></td></tr>
<tr><td>16LCDD005</td><td>185</td><td>185.6</td><td>1.46</td><td></td><td></td></tr>
<tr><td>16LCDD007</td><td>144.5</td><td>145</td><td>11.95</td><td rowspan="3">1.5m @ 7.84</td><td></td></tr>
<tr><td>16LCDD007</td><td>145</td><td>145.5</td><td>0.01</td><td></td></tr>
<tr><td>16LCDD007</td><td>145.5</td><td>146</td><td>3.71</td><td></td></tr>
<tr><td>16LCDD007</td><td>149</td><td>149.5</td><td>7.63</td><td></td><td></td></tr>
<tr><td>16LCDD007</td><td>151.2</td><td>151.6</td><td>1.89</td><td></td><td></td></tr>
<tr><td>16LCDD007</td><td>162.7</td><td>163.2</td><td>10.2</td><td rowspan="4">2.3m @ 4.84</td><td></td></tr>
<tr><td>16LCDD007</td><td>163.2</td><td>164</td><td>4.65</td><td></td></tr>
<tr><td>16LCDD007</td><td>164</td><td>164.5</td><td>1.42</td><td></td></tr>
<tr><td>16LCDD007</td><td>164.5</td><td>165</td><td>3.22</td><td></td></tr>
<tr><td>16LCDD007</td><td>171.5</td><td>172.4</td><td>1.82</td><td></td><td></td></tr>
</table>

Hole_ID	m From	m To	Au_g/t	Intercept Au g/t	Comments
16LCDD007	201	201.5	1.61		
16LCDD007	206.5	207.1	5.66	1m @ 4.31	
16LCDD007	207.1	207.5	2.28		
16LCDD012	63.5	64.4	2.1		
16LCDD012	66.6	67	1.28		
16LCDD012	67	67.5	0.51		
16LCDD012	67.5	68	3.45		
16LCDD012	68	68.5	0.85		
16LCDD012	68.5	69.1	1.74		
16LCDD012	69.1	69.3	5.89	4.4m @ 2.04	
16LCDD012	69.3	69.5	2.17		
16LCDD012	69.5	69.8	2.8		
16LCDD012	69.8	70	0.51		
16LCDD012	70	70.5	1.51		
16LCDD012	70.5	71	3.42		
16LCDD012	73	73.5	1.19		
16LCDD012	74.9	75.3	1.82	0.8m @ 1.53	
16LCDD012	75.3	75.8	1.29		
16LCDD012	79.4	80	2.31		
16LCDD012	80	80.8	1.35	1.6m @ 2.14	
16LCDD012	80.8	81	4.82		
16LCDD012	82.3	83	1.77		
16LCDD012	87.7	88	4.13		
16LCDD012	88	88.5	5.31		
16LCDD012	88.5	89.2	1.53		
16LCDD012	89.2	90.1	14.5		
16LCDD012	90.1	91	0.71		
16LCDD012	91	92	1.65		
16LCDD012	92	92.5	1.13		
16LCDD012	92.5	92.7	0.5		
16LCDD012	92.7	93	2.09	10.3m @ 3.09	Includes 0.9m @ 14.5 g/t
16LCDD012	93	93.9	1.16		
16LCDD012	93.9	94.25	0.13		
16LCDD012	94.25	94.75	2.08		
16LCDD012	94.75	95.05	0.05		
16LCDD012	95.05	95.1	Core Loss		
16LCDD012	95.1	95.9	7.24		
16LCDD012	95.9	96.5	1.61		
16LCDD012	96.5	97	0.21		
16LCDD012	97	98	1.27		
16LCDD012	101.5	102	2.77		
16LCDD012	106.1	106.5	1.7		
16LCDD013	49.7	50.3	0.72		
16LCDD013	50.3	50.6	1.35		
16LCDD013	50.6	51	1.24		
16LCDD013	51	51.6	1.04		
16LCDD013	51.6	51.9	Core Loss		
16LCDD013	51.9	52.6	2.88		
16LCDD013	52.6	53	0.9		
16LCDD013	53	53.5	2.5		
16LCDD013	53.5	54	16.55		
16LCDD013	54	54.5	14.85		
16LCDD013	54.5	54.9	23.6		
16LCDD013	54.9	55.2	25		
16LCDD013	55.2	55.8	23.2	12.2m @ 6.12	Includes 1m @ 15.70 g/t and 0.6m @ 23.2 g/t
16LCDD013	55.8	56	7.94		
16LCDD013	56	56.5	6.39		
16LCDD013	56.5	56.8	3.15		
16LCDD013	56.8	57.3	1.49		
16LCDD013	57.3	58	3.74		
16LCDD013	58	58.5	8.87		
16LCDD013	58.5	59	5.13		
16LCDD013	59	59.5	2.21		
16LCDD013	59.5	60	0.7		
16LCDD013	60	60.5	3.12		
16LCDD013	60.5	61	0.97		
16LCDD013	61	61.5	0.61		
16LCDD013	61.5	62	0.14		

Hole_ID	m From	m To	Au_g/t	Intercept Au g/t	Comments
16LCDD013	62	62.5	5.97		
16LCDD013	62.5	63	0.14		
16LCDD013	63	63.5	0.15		
16LCDD013	63.5	64	0.04		
16LCDD013	64	65	0.27		
16LCDD013	65	65.5	2.42		
16LCDD013	69.6	70	3.28	3.4m @ 4.08	
16LCDD013	70	70.5	2.61		
16LCDD013	70.5	71	2.99		
16LCDD013	71	71.5	3.45		
16LCDD013	71.5	72	2.22		
16LCDD013	72	72.5	3.85		
16LCDD013	72.5	73	9.99		
16LCDD013	73	73.2	0.32		
16LCDD013	73.2	74	0.05		
16LCDD013	74	75	0.09		
16LCDD013	75	75.35	0.04		
16LCDD013	75.35	76	0.05		
16LCDD013	76	76.7	0.22		
16LCDD013	76.7	77.1	4.23	5.2m @ 2.78	
16LCDD013	77.1	77.5	1.71		
16LCDD013	77.5	78	1.63		
16LCDD013	78	78.3	1.2		
16LCDD013	78.3	78.6	4.02		
16LCDD013	78.6	79	1.97		
16LCDD013	79	79.5	5.54		
16LCDD013	79.5	80	0.49		
16LCDD013	80	81	2.33		
16LCDD013	81	81.2	0.34		
16LCDD013	81.2	81.9	5.03		
16LCDD013	81.9	82.1	0.03		
16LCDD013	82.1	82.5	0.09		
16LCDD013	82.5	83	0.07		
16LCDD013	83	83.4	0.04		
16LCDD013	83.4	84	0.05		
16LCDD013	84	84.4	0.05		
16LCDD013	84.4	85	7.43		
16LCDD015	45.5	46	2.31		
16LCDD015	54.1	54.7	5.74	1m @ 5.68	
16LCDD015	54.7	55.1	5.57		
16LCDD015	58.3	58.7	3.01		
16LCDD015	62.9	63.3	2.06		
16LCDD015	65	65.5	2.63	4m @ 6.01	
16LCDD015	65.5	66	2.36		
16LCDD015	66	66.5	1.73		
16LCDD015	66.5	67.3	1.57		
16LCDD015	67.3	67.7	26.8		
16LCDD015	67.7	68	9.37		
16LCDD015	68	68.5	10.6		
16LCDD015	68.5	68.75	1.41		
16LCDD015	68.75	69	1.81		
16LCDD017	18.7	19.5	1.45		
16LCDD017	49.2	49.8	1.02		
16LCDD017	56.1	57	2.23		

Notes:
1. *Intervals are downhole lengths, not true widths.*
2. *Parameters: 1g/t Au lower cut-off, discretionary internal waste included*
3. *No top cuts applied*
4. *Location data for the drill holes is provided in Appendix 2*

Disclosure – Table 1 is a summary of all the significant diamond drilling results to date. The JORC 2012 compliance table for the reporting of exploration results (section 1 and section 2) is provided in Appendix 1.

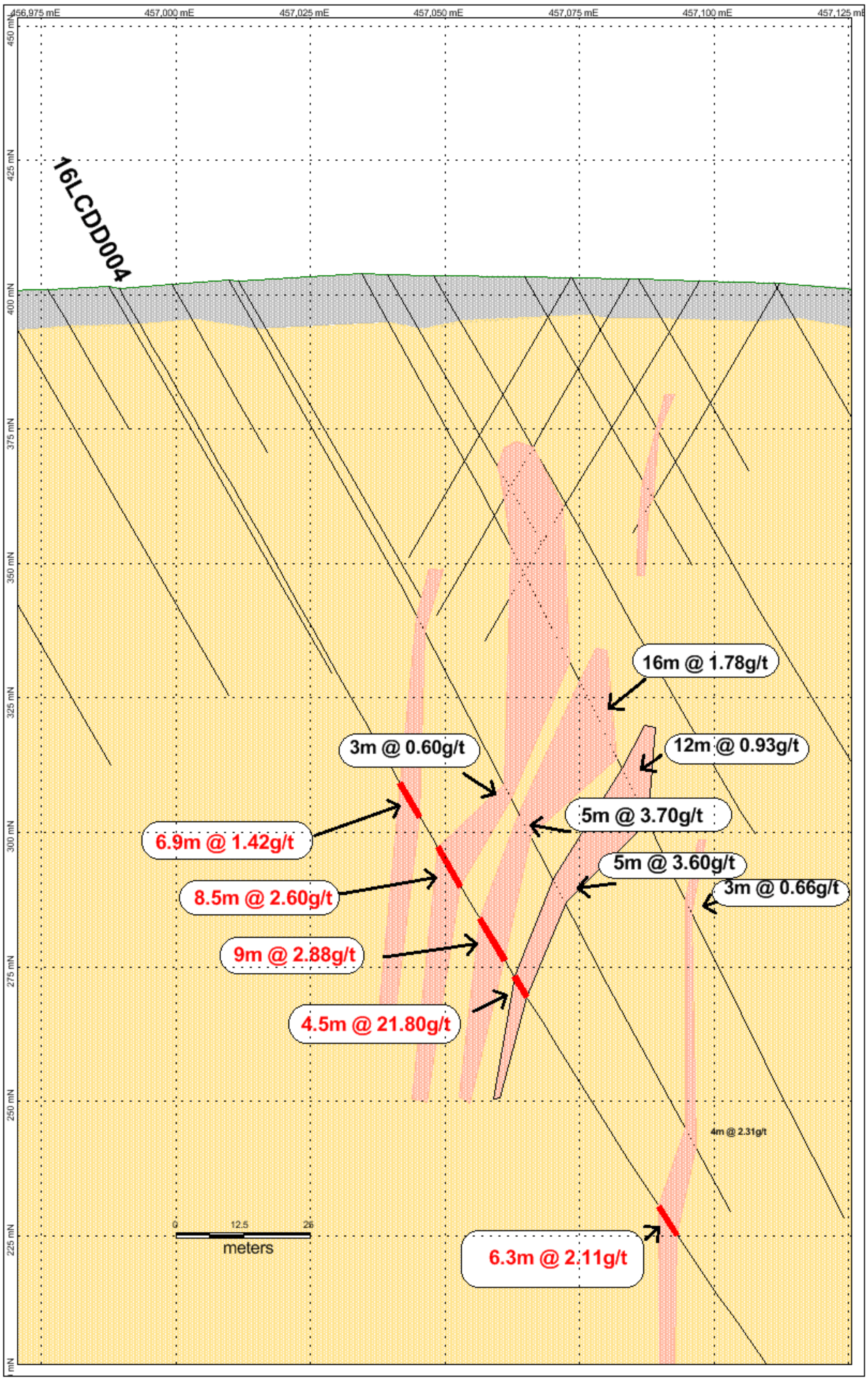

Figure 3: ***Fortitude Drill Hole Section 6757108m North (new drill results in red)***

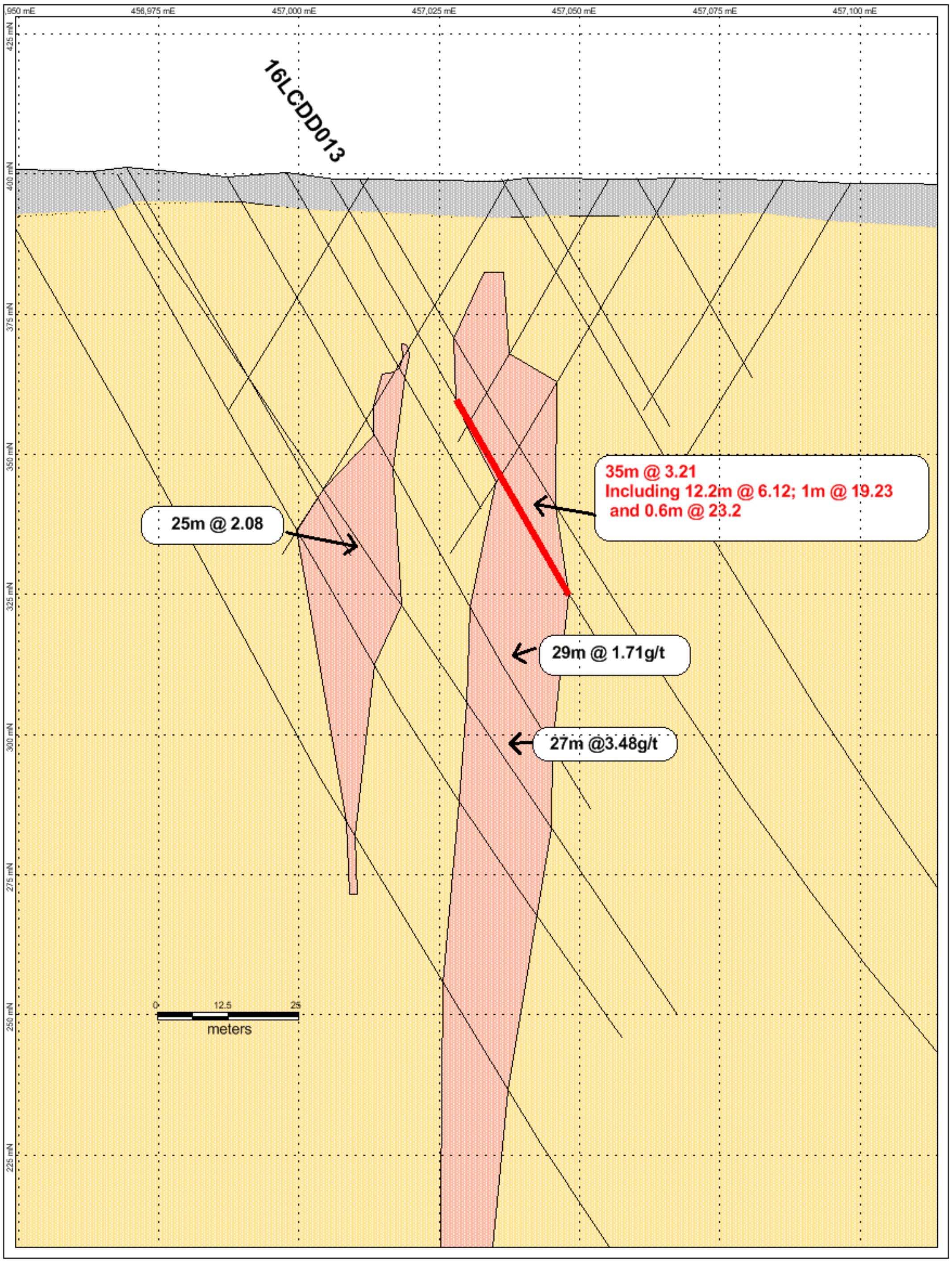

Figure 4: ***Fortitude Drill Hole Section 6757208m North (new drill results in red)***

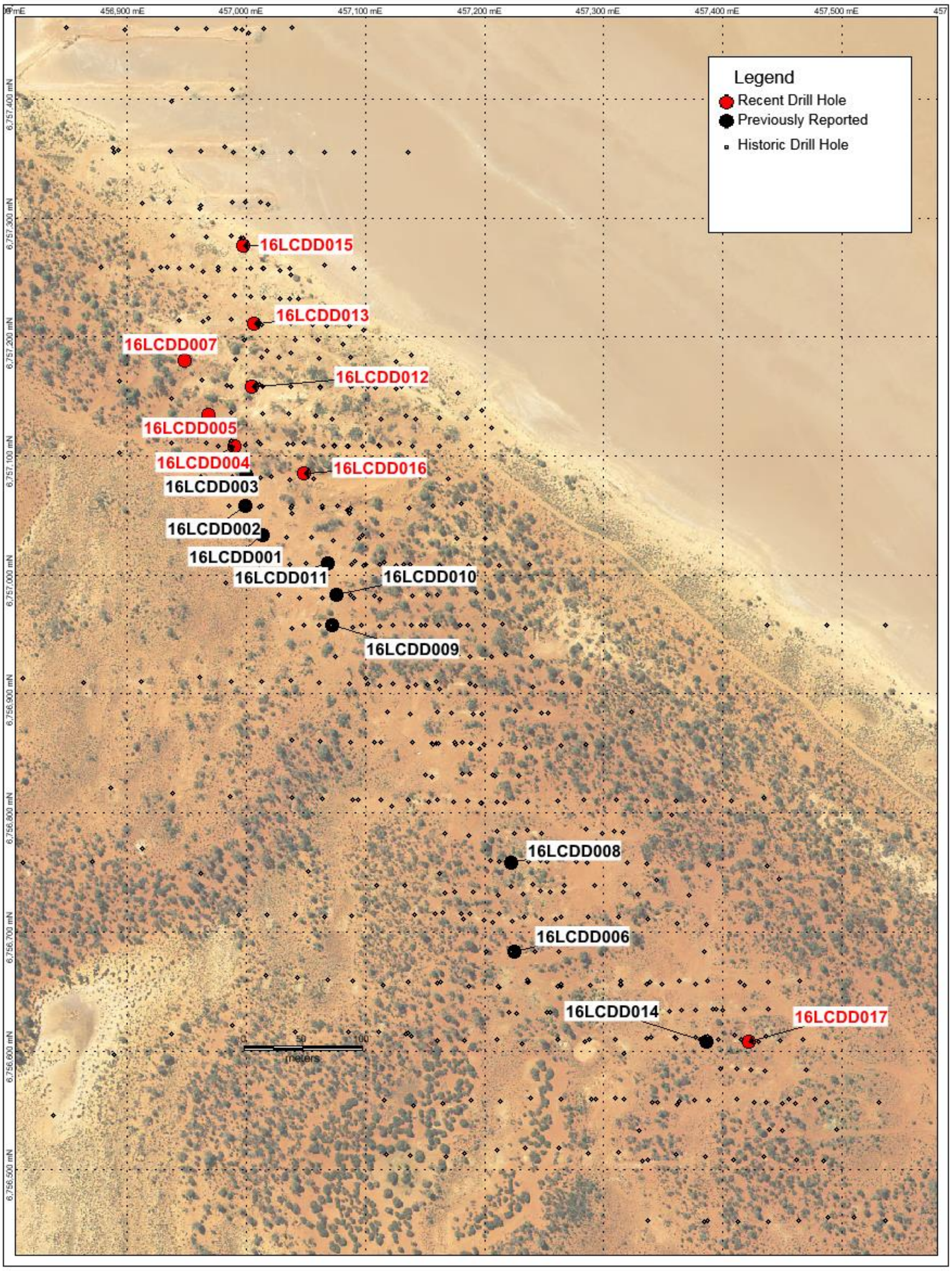

***Figure 5:* Fortitude Drill Hole layout**

For further information please contact:

Paul Poli
Executive Chairman

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Competent Person

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

Appendix 1 - Matsa Resources Limited – Lake Carey Gold Project

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.*	Matsa diamond sampling at Fortitude was carried out according to an industry standard procedure whereby the core was cut in half or quarters using an Almonte core saw. The core was sampled to logged geological boundaries with half core in oxide rock and quarter core in competent rock being submitted to the laboratory.
	• *Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	
	• *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.*	
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).*	Diamond drilling was carried out by Frontline Drilling using triple tube techniques and an HQ3 bit size.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample recovery was calculated by measuring the core recovered against the run length.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	Drilling was by triple tube techniques.
	• *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.*	No evidence of excessive sample loss through mineralised zone.
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.*	Diamond core and RC chips are typically visually logged for lithology, regolith type, and alteration/mineralisation. Typically semi-quantitative logging is carried out using in-house logging codes and percentages.

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	
	• *The total length and percentage of the relevant intersections logged.*	The entire drill hole is logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	Core was sawn in competent rock and split in less competent ground. Quarter core was sampled in competent rock with half core taken in less competent ground.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	The samples were dried, crushed and pulverized prior to analyses.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples*	
	• *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*	
	• *Whether sample sizes are appropriate to 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.*	All assays are carried out by fire assay techniques at ALS global in Kalgoorlie for gold only.
	• *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.*	
	• *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.*	QAQC procedures adopted by Matsa include the insertion of one blank and one standard in the logged ore zones every 20 samples. 10% of samples are re-assayed at a umpire laboratory. No bias has been determined.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	Significant intersections have been independently verified by company personnel.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	Geological logging was completed into Logchief software using company codes. Hard copy cut sheets are prepared for the samplers.

Criteria	JORC Code explanation	Commentary
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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Holes are surveyed using a DGPS to an accuracy of +/-10cm. MGA94-Zone 51.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	Drills holes are drilled at a nominal 25m by 25m grid. Not applicable.
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.* • *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.*	Drill holes are planned to intersect the mineralizing structures at a high angle. No bias has been recognised.
Sample security	• *The measures taken to ensure sample security.*	Core and samples are in the position of Matsa personnel and are hand delivered to the laboratory for analyses.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	No audits carried out.

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.*	All drilling is carried out on granted mining tenements in the state of Western Australia. The tenements are wholly owned by Matsa Gold Pty Ltd, a wholly owned subsidiary of Matsa Resources Ltd.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	Previous drilling was carried out by Aurora and Midas Resources.
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.*	Summarised in a table in the body of the 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.* • *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*	Intersections are reported above 1ppm Au. Now top cuts have been used. Where short lengths of very high grade material are included in has been reported in Table 1. Internal waste has been included on a discretional basis. Zones of core loss were assigned a nominal grade of 0.00ppm Au.

Criteria	JORC Code explanation	Commentary
	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.
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 maps and section 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.*	All significant results >1ppm Au have been reported.
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.*	
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.*	

Appendix 2 – Drill Hole Location

Hole_ID	Type	MGA East	MGA North	RL	Depth	Azimuth	Dip
16LCDD001	DD	457014	6757033	400.5	130	90	-60
16LCDD002	DD	457000	6757058	400.5	150.8	90	-60
16LCDD003	DD	457001	6757083	400.5	160.8	90	-60
16LCDD004	DD	456990	6757108	401	240.6	90	-60
16LCDD005	DD	456968	6757133	402	211	90	-60
16LCDD006	DD	457226	6756683	400.4	30	90	-90
16LCDD007	DD	456949	6757183	403.5	210.8	90	-60
16LCDD008	DD	457223	6756758	400	87.8	90	-90
16LCDD009	DD	457072	6756958	401.6	30	90	-90
16LCDD010	DD	457076	6756983	401.5	35.4	90	-90
16LCDD011	DD	457067	6757009	401.4	65	90	-90
16LCDD012	DD	457004	6757158	402	140	90	-60
16LCDD013	DD	457006	6757211	399	100	90	-60
16LCDD014	DD	457388	6756608	400	35	270	-60
16LCDD015	DD	456998	6757283	399	85	90	-60
16LCDD016	DD	457048	6757083	399	100	90	-60
16LCDD017	DD	457423	6756608	399	70	270	-60
GT001	DD	456963	6757083	399	70	240	-55
GT002	DD	456983	6756993	399	125.7	50	-55
GT003	DD	457088	6757183	399	105	60	-60
GT004	DD	457038	6757233	399	110	35	-50
TOTAL					**2292.9**		