



ASX Announcement

23rd May 2017

Visible Gold in First Diamond Drill Hole BE 1

Lake Carey Gold Project

Highlights

- *Visible gold mineralisation observed in laminated quartz vein in first diamond drill hole at BE 1*
- *Visible gold is associated with sulphide minerals in a laminated and brecciated quartz vein in deeply weathered basement rocks*
- *This result confirms the presence of in-situ gold mineralisation within the interpreted 700m long mineralized zone at BE 1*

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 54.68%

Share Price on 19th May 2017

24.5 cents

Market Capitalisation

\$35.45 million

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Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to report on progress of its diamond drilling programme at BE 1 at Lake Carey. Diamond drilling which commenced on the 17th May 2017 is designed to test an interpreted 700m long zone of in-situ gold mineralisation at BE 1. (Refer MAT announcement to the ASX 17th May 2017)

Anomalous gold values from recent aircore appear to be associated with quartz veining within and along the margins of the intrusion and appear to reflect structurally controlled gold bearing quartz veins formed in response to brittle fracture of the intrusion by movement along the Bindah fault. This is the style of gold mineralisation described at the world class ~7 million oz. Granny Smith gold deposit 47km to the north which occurs in and along the margins of a granodiorite intrusion.

Visible Gold Observed

A 14cm wide laminated quartz vein was intersected at a drilled depth of 79m and was observed to contain visible gold and associated with primary sulphide minerals sphalerite and pyrrhotite. (Figures 1 and 2).

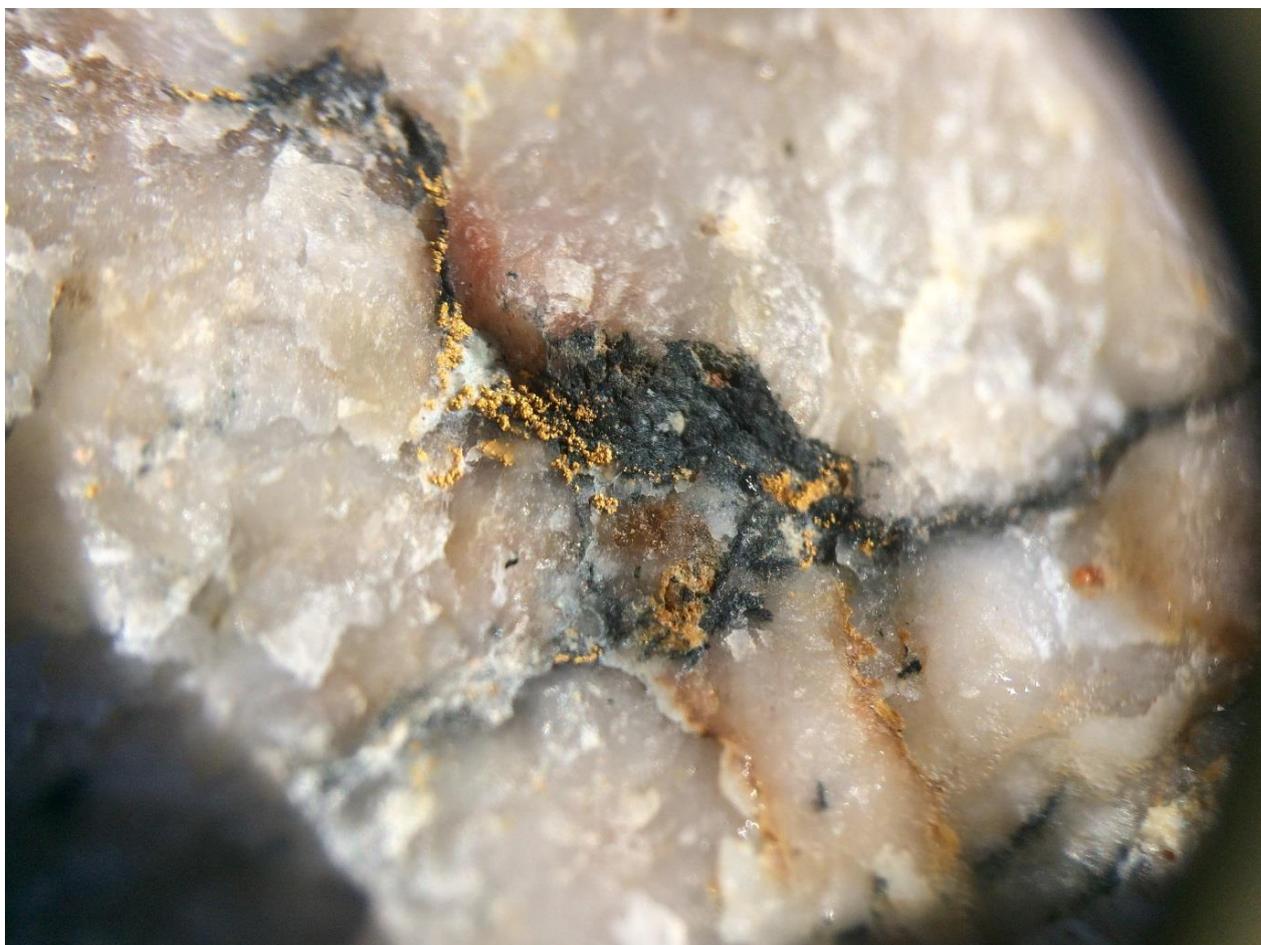


Figure 1: Visible gold along darker sulphide rich stringers in laminated quartz vein

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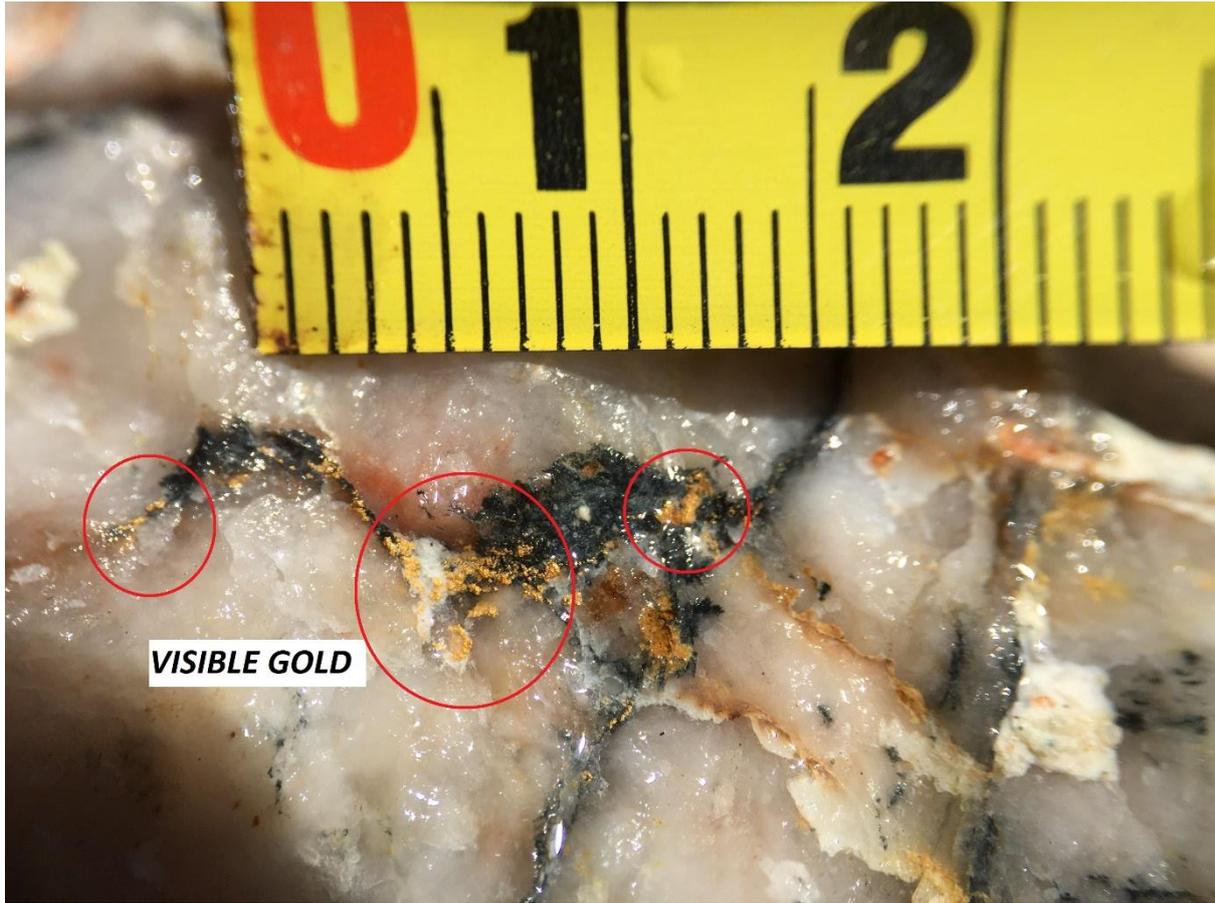


Figure 2: Visible gold as per Figure 1, presented to scale in centimetres

Matsa Executive Chairman Paul Poli said “To have received a call from our site geologists on a Friday afternoon that they saw visible gold so early in the first drill hole of the programme was a great way to end the working week. The presence of visible gold in a quartz vein verifies that there is in-situ gold mineralisation at BE 1. Whilst it is extremely early days, we keenly await further exploration success for the remainder of the drilling programme in this world class gold district.”

Mr Poli added “We are further enthused that aircore will commence shortly at BE 3 where results to date also show great promise. Matsa is at a fascinating stage with exciting exploration underway and the approaching commencement of gold production at Fortitude.”

Diamond Drilling

Diamond drill hole 17BEDD01 was collared on 17th May 2017 and depth at the time of writing is 90m (Table 1, Figure 3 and Figure 4) Background drilling information included as Appendix 1.

Hole ID	Zone	East	North	Planned Depth	Azimuth	Dip
17BEDD01	GDA51	448405	6765585	250	320	-60

Table 1: Diamond drill hole 17BEDD01 location and planned depth

The diamond drill hole is angled at -60 degrees towards the NW and is designed to explore the extent of gold mineralisation intersected in aircore drill hole 17LCAC130, namely:

- 21m @ 1.82 g/t Au** from 87m
- Including **7m @5.17 g/t Au**
- Including **1m @ 17.2 g/t Au**

Figure 4 shows the position of the visible gold bearing quartz vein which was intersected in saprolite ~50m SE of the targeted aircore intercept. Significantly this visible gold occurrence is located within the interpreted zone of in-situ gold mineralisation. Matsa regards this to be an exciting early result within a few days of commencing drilling.

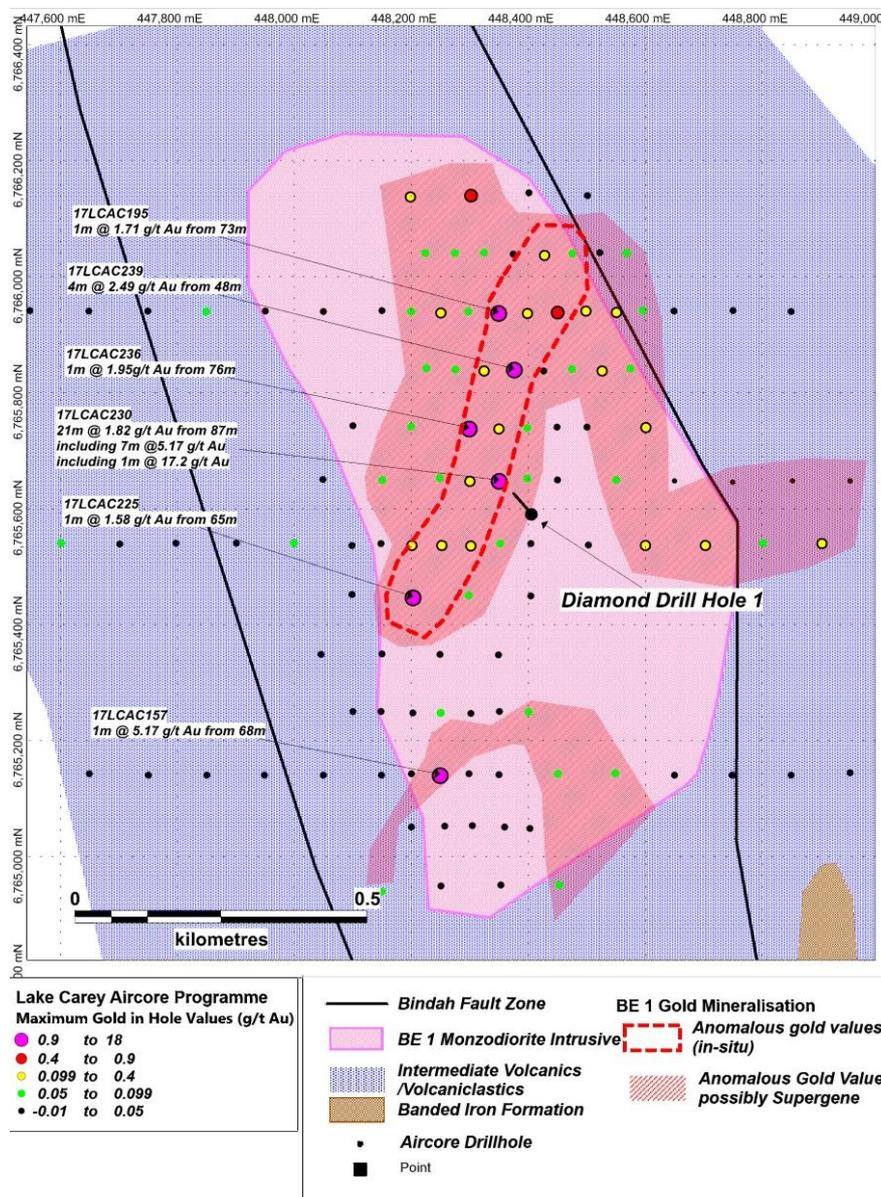


Figure 3: BE 1 Exploration Summary showing location of diamond drill hole 17BEDD01

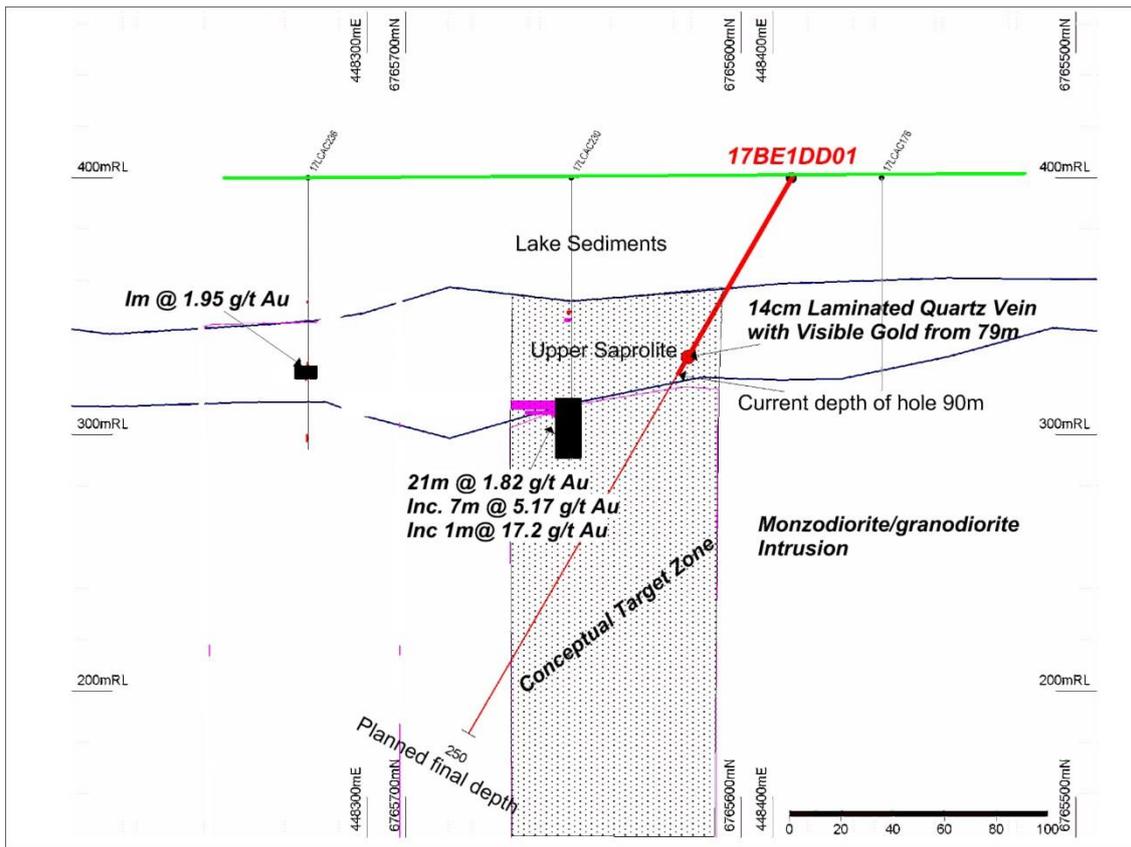


Figure 4: BE 1 Schematic Cross Section 17BEDD01

Background

First pass aircore drilling at 100m centres along EW lines spaced 400m apart, identified three high priority gold anomalous target areas (BE 1, BE 2 and BE 3). (Refer MAT announcement to ASX 17th March 2017)

Mineralised intercepts at BE 1 are associated with a granitic (monzo-diorite) intrusion ~1km x 0.7km in extent. The monzo-diorite intrudes a suite of intermediate volcanic rocks and volcanoclastic sediments at a location which is interpreted to be a structurally favourable dilational site along the Bindah fault.

Step out and infill aircore drilling at BE 1 defined a NNE trending zone of strongly anomalous gold values which are interpreted to reflect in-situ gold mineralisation over a strike extent now estimated to be ~700m. (MAT announcement to ASX 5th April 2017)

For further information please contact:

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Executive Chairman

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Competent Person

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.

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Appendix 1 - Matsa Resources Limited – Lake Carey Project

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 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. 	Diamond Drilling BE 1: Diamond core through saprolite with comparatively poor recovery of friable clays. Visual observations only carried out at this preliminary stage. Intended to halve very soft sections using a paint scraper to provide representative half core sample.
Drilling techniques	<ul style="list-style-type: none"> 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). 	Drilling carried out using specially designed lake diamond drill rig. Upper section of drill hole to date has been drilled using HQ (5cm) core barrel.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	Very poor core recovery in saprolite includes 1.5m of core loss adjacent to the quartz vein containing visible gold.
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	Short core runs were used to maximise recovery.
	<ul style="list-style-type: none"> 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 determined.

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Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> 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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<p>Simple qualitative geological logs using standard geological coding sheets carried out on mostly regolith clays with minor quartz veining.</p> <p>Logging is qualitative in nature.</p> <p>Logging was carried out on all recovered core.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 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. 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. 	<p>Intention to submit half core for assay.</p> <p>Sample prep in lab is standard for all assay procedures.</p> <p>N/A.</p> <p>¼ core splits to be submitted on 1 sample in 20.</p> <p>Evidence of coarse gold suggests that special screen fire assays may be appropriate in some sections.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 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. 	<p>Samples to be dispatched for low level gold determination by fire assay, which is an industry standard process. Where coarse gold is expected particularly in the weathered zone, results may be checked by screened fire assays. Assay accuracy determined by laboratory QACQ process.</p> <p>Plan to use standard samples and submit field duplicate for each 20th sample.</p>

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Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<p>All assay and sampling procedures verified by exploration manager Dave Fielding. N/A</p> <p>Geological and sampling data recorded on Toughbook in the field to minimise transcription errors. Hole locations recorded on GPS and compared prior to upload to database.</p>
Location of data points	<ul style="list-style-type: none"> 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. 	<p>Data accuracy has been taken as +-2.5m for the purposes of designing follow up exploration.</p> <p>GDA94 UTM co-ordinate system Zone 51.</p> <p>+10m from AHD has been assumed for regional exploration holes used in designing the follow up programme.</p>
Data spacing and distribution	<ul style="list-style-type: none"> 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. 	<p>Aircore at Bindah Extended was of a reconnaissance nature only and on approximately 400m x 100m centres. Follow up and step out drilling at BE 1 on approximately 100m x 100m intervals and selectively 50m x 100m intervals was intended to provide mineralised boundaries for deeper diamond drilling. Diamond drilling to determine the nature of mineralisation and unweathered basement rocks.</p> <p>Drill hole spacing too large to confidently assign continuity of anomalous values.</p> <p>Compositing of aircore samples from 1m to a maximum of 4m was carried out on all targets.</p>
Orientation of data in relation	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<p>Diamond drilling using oriented core is designed to provide robust structural data to guide further drilling. First pass diamond holes oriented towards NW which is interpreted to be normal to the strike of in-situ mineralised zone.</p>

Criteria	JORC Code explanation	Commentary
to geological structure	<ul style="list-style-type: none"> 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. 	Orientation of continuous in-situ mineralisation yet to be determined.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	Core is held in Matsa field facility and removed from drill site at the end of each shift.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	No audit carried out yet.

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	<ul style="list-style-type: none"> 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. 	<p>Exploration is proposed over the following tenements:</p> <table border="1"> <thead> <tr> <th>Tenement</th> <th>Status</th> <th>Holder</th> <th>Granted</th> <th>Area</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>E 39/1770</td> <td>LIVE</td> <td>Matsa Gold Pty Limited</td> <td>20140701</td> <td>6</td> <td>BL.</td> </tr> <tr> <td>E 39/1752</td> <td>LIVE</td> <td>Matsa Gold Pty Limited</td> <td>20140206</td> <td>11</td> <td>BL.</td> </tr> <tr> <td>E 39/1889**</td> <td>LIVE</td> <td>RAVEN RESOURCES PTY LTD</td> <td>20160308</td> <td>16</td> <td>BL.</td> </tr> </tbody> </table> <p>**JV tenement held by Raven Resources and explored under farm in and JV agreement E39/1889.</p>	Tenement	Status	Holder	Granted	Area	Units	E 39/1770	LIVE	Matsa Gold Pty Limited	20140701	6	BL.	E 39/1752	LIVE	Matsa Gold Pty Limited	20140206	11	BL.	E 39/1889**	LIVE	RAVEN RESOURCES PTY LTD	20160308	16	BL.
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E 39/1889**	LIVE	RAVEN RESOURCES PTY LTD	20160308	16	BL.																					
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	Work in the vicinity of the Bindah Extended target was previously carried out by Dioro Exploration.																								
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	The deposit types being sought at Bindah extended are orogenic syntectonic gold mineralisation similar to Fortitude and VMS related gold (+base metals) mineralisation typical of Bindah and Galant.																								

Criteria	JORC Code explanation	Commentary
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<p>Information is contained in the body of the report.</p> <p>No significant information was excluded deliberately.</p>
Data aggregation methods	<ul style="list-style-type: none"> 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 aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<p>Quoted intercepts to date refer either to individual composite aircore samples or subsequent 1m splits previously reported.</p> <p>Aggregates are reported as simple averages of individual assay results, with higher grade intervals reported as “including...”</p> <p>N/A</p>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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’). 	<p>All intercepts quoted relate to downhole depth and true width is unknown.</p> <p>Not known.</p> <p>Intercepts in aircore drill holes are expressed in downhole metres.</p>
Diagrams	<ul style="list-style-type: none"> 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. 	<p>Diagrams have been included in the text.</p>

Criteria	JORC Code explanation	Commentary
Balanced reporting	<ul style="list-style-type: none"> 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. 	Information from past drilling has been used to determine exploration targets only.
Other substantive exploration data	<ul style="list-style-type: none"> 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 review made use of publically available aeromagnetics and gravity, past drilling by Dioro Exploration and in-house data acquired with purchase of the Lake Carey Fortitude project.
Further work	<ul style="list-style-type: none"> 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. 	The planned drilling is intended to test hypotheses regarding stratigraphic and structural targets at BE 1.