MATSA RESOURCES LIMITED
ABN 48 106 732 487

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ASX Announcement **5th October 2017**

Paraburdoo Gold Project Pilbara

Highly Anomalous Gold Values in Stream Samples

Highlights

- *First pass exploration conducted at the 107km^2 Paraburdoo Gold Project (E47/3518) located 12km north of Paraburdoo and expected to be granted shortly*
- *Stream sediment samples have returned highly anomalous gold values up to 0.38g/t Au in an area of minimal previous gold exploration*
- *Results define a gold anomaly over a strike extent of ~12km of pebbly sandstones and conglomerates of the lower Hardey Formation on the flanks of the Bellary Dome*
- *Numerous gold nuggets are reported to have been retrieved within the stream sediment gold anomaly on P47/1687, which is contained within the Paraburdoo gold project. Matsa is finalising an agreement to acquire this licence*
- *Conceptual exploration targets include:*
  - *Stratabound gold mineralisation in conglomerates of the lower Hardey Formation which overlie volcanics of the Mt Roe Basalt in the project area*
  - *Structurally controlled vein hosted gold mineralisation akin to the ~1Moz Paulsens gold mine 160km to the NW, which is located in a similar dome and stratigraphic position immediately above the Mt Roe Basalt*
- *Further exploration to commence immediately to better define the source of anomalous gold*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.7 million

Unlisted Options

16.98 million @ $0.25 - $0.30

Top 20 shareholders

Hold 54.62%

Share Price on 4th October 2017

23 cents

Market Capitalisation

$33.28 million

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Matsa is pleased to announce results from its first pass exploration programme at E47/3518 (Paraburdoo gold project) currently under application and expected to be granted shortly. The project is located 12km north of the town of Paraburdoo and covers an area of 107km^2.

Project Background

Matsa applied for E47/3518 in June 2016 in response to the reported discovery of a significant number of gold nuggets by prospectors using gold detectors in the area. The location of the reported surface gold discovery is covered by a small granted prospecting lease P47/1687 which Matsa is finalising an agreement to acquire (Figure 1).

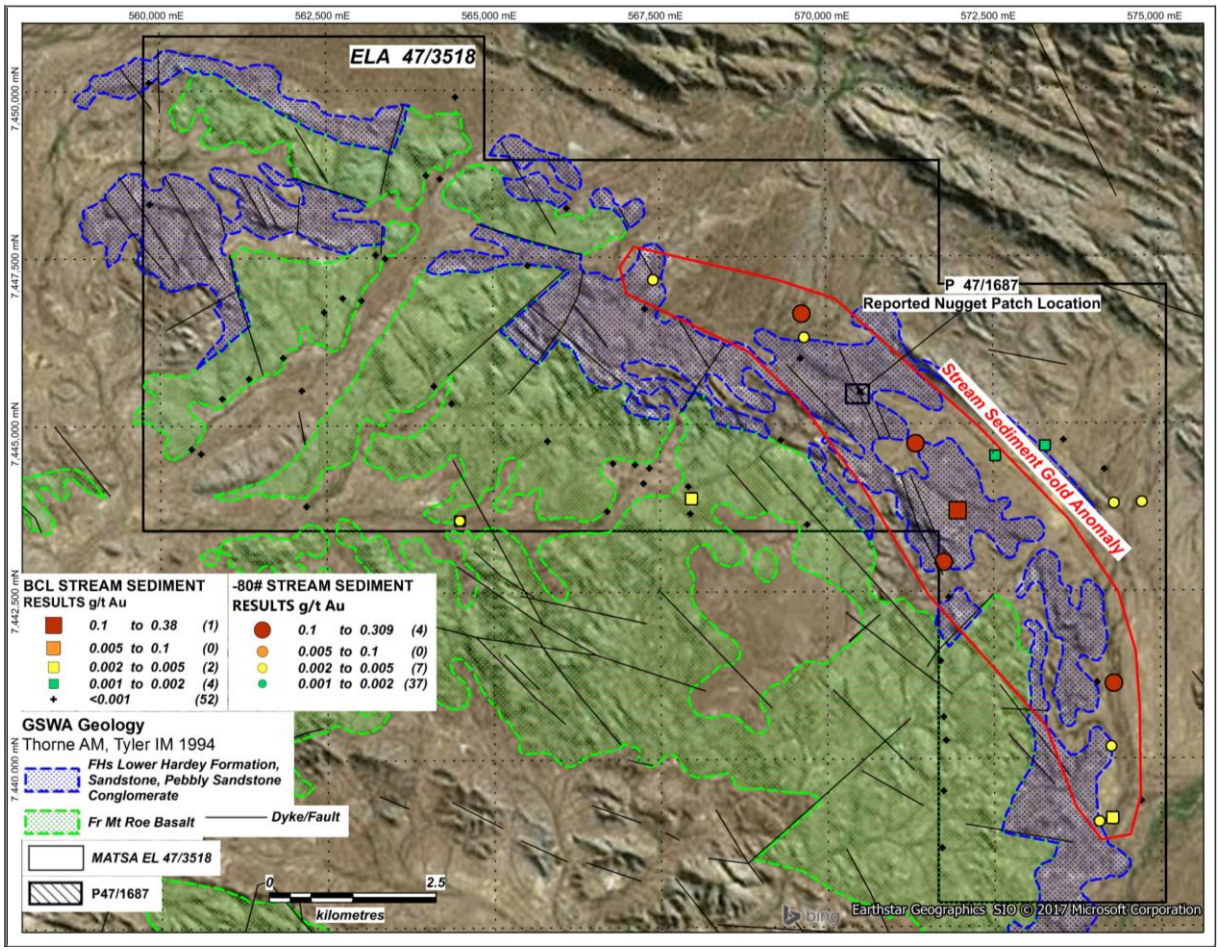

***Figure 1:* First Pass Stream Sediment Results and Location of Reported Nugget Patch**

Target Concepts

E47/3518 covers rocks of the lower Fortescue Group which are exposed along the northern margin of the Bellary Dome. Target concepts include:

- Structurally controlled gold mineralisation associated with folding and faulting on the Bellary Dome similar to the ~1Moz Paulsens gold mine 160km to the west which is located in a similar structural and stratigraphic setting, namely in sediments of the Hardey Formation on the flanks of the Wyloo Dome.
- Stratabound/palaeo-placer gold mineralisation in conglomerates of the lower Hardey Formation. This style of mineralisation is currently being assessed and promoted from elsewhere in rocks of the lower Fortescue Group in the Pilbara and similarities are being drawn with gold deposits in the giant Witwatersrand Basin in South Africa.

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Stream Sediment Sampling

The Paraburdoo gold project is strongly incised by creeks, and significant gold mineralisation can be expected to shed a robust geochemical anomaly. Accordingly, a wide spaced stream sediment programme was carried out in early August 2017 as a first pass test for gold mineralisation.

A total of 60 stream sediment sites were selected for sampling as shown in Figure 1. At each site, two samples were collected as follows:

- One sample of -6mm active sediment around 1-2kg in weight for cyanide bottle roll analysis (bulk cyanide leach or BCL) with gold assay by ICP MS; and
- One sample of -1mm active sediment which was pulverised to -80# (180 micron), and analysed using aqua-regia digest with gold determination by ICP MS.

Results are summarised in Table 1.

			Gold Assays g/t Au						
Assay	Element	Samples	Min	Maximum	Range	Percentile75	Percentile90	Percentile95	Percentile98
BCL / ICPMS	Au_ppm	59	0.0001	0.382	0.382	0.0005	0.00102	0.00173	0.006872
"-80# AR/ICP MS"	Au_ppm	60	-0.001	0.309	0.31	0.001	0.002	0.1162	0.1472

Table 1: Summary Assay Statistics for BCL and -80# stream sediment anomalies

The 90th percentile gold values of 0.001 g/t Au (BCL) and 0.002 g/t Au (-80#) respectively are shown in Figure 1. These values have been used to define a gold anomaly, within which **five samples (1 BCL sample and 4 - 80# samples) returned highly significant gold values > 0.1 g/t Au with a highest value in BCL of 0.39 g/t Au**. A number of weakly anomalous gold values outside of this anomaly will also be followed up.

All anomalous results are located in streams draining a ~12km section of the lower Hardey formation which is made up of sandstones, pebbly sandstones and conglomerates (Thorne AM, Tyler IW, GSWA report 1994).

Reported Surface Gold discovery

Matsa is finalising an agreement to acquire P47/1687. A field inspection carried out at the time of the stream sediment survey, confirmed the presence of numerous small prospecting holes over an area of ~350m x ~170m, which supports the reported recovery of significant surface gold nuggets within the lease* (Figure 2).

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***Figure 2:** View looking SE of in P47/1687, showing holes reported to made by prospectors to recover gold nuggets*

** Matsa confirms that the vendor has supplied this information with respect to the gold nuggets on P47/1687. Matsa confirms it has not completed any work on the licence covered by this proposed agreement, except for an initial site visit and review.*

Further Work

An immediate follow up programme of low impact surface sampling is planned to follow up these highly encouraging results.

For further Information, please contact:
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Executive Chairman

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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 - *Matsa Resources Limited – Paraburdoo 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.*	Stream sediment samples collected from active channel fill. • BCL sample comprises 1-2kg of active channel fill sieved in the field to a particle size between 1mm and 6mm. • -80# sample comprises around 300 g of active channel fill sieved in the field to a particle size of <1mm
	• *Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Typically channel fill is sampled along a shallow trench oriented across the direction of flow to obtain the most representative sample
	• *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.*	**BCL ASSAY PROTOCOL** **SAMPLE PREPARATION** ALS CODE / DESCRIPTION WEI-21 Received Sample Weight LEV-01 Waste Disposal Levy LOG-22 Sample login – Rcd w/o BarCode **ANALYTICAL PROCEDURES** ALS CODE / DESCRIPTION / INSTRUMENT Au-CN12 BLEG on 1 to 3Kg – bottle roll / ICP-MS **-80# SAMPLE PROTOCOL**

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Criteria	JORC Code explanation	Commentary
		SAMPLE PREPARATION ALS CODE / DESCRIPTION WEI-21 Received Sample Weight LEV-01 Waste Disposal Levy PUL-31 Pulverize split to 85% <75 um LOG-22 Sample login - Rcd w/o BarCode BAG-01 Bulk Master for Storage SCR-41 Screen to -180um and save both **ANALYTICAL PROCEDURES** ALS CODE / DESCRIPTION / INSTRUMENT Au-TL43 Trace Level Au - 25g AR ICP-MS ME-MS43 Up to 11 elements 25g A/R MS ICP-MS ME-ICP43 Up to 18 element add-on AR Au ICP-AES
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).*	• No drilling carried out
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.*	• Not applicable

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Not applicable
	• *The total length and percentage of the relevant intersections logged.*	• Not applicable
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.*	• Not applicable
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Sample prep in lab is standard for all assay procedures.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples*	• Not applicable
	• *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*	• Not applicable
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not determined.
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.*	• Assay accuracy determined by laboratory QACQ process.
	• *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.*	• Not submitted

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Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• No verification carried out at time of reporting
	• *The use of twinned holes.*	• Not applicable
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Sample locations decided in advance and loaded to GPS, field notebook used to record salient features of sample site
	• *Discuss any adjustment to assay data.*	
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.*	• Data accuracy has been taken as +-2.5m for the purposes of designing follow up exploration.
	• *Specification of the grid system used.*	• GDA94 UTM co-ordinate system Zone 51.
	• *Quality and adequacy of topographic control.*	• +-10m from AHD has been assumed for regional exploration holes used in designing the follow up programme.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Approximately 1 sample per 2km^2 which as a first pass is insufficient to definitive conclusion on prospectivity to be reached.
	• *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.*	• Not applicable
	• *Whether sample compositing has been applied.*	• Not carried out
Orientation of data in relation to	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Not applicable

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Criteria	JORC Code explanation	Commentary
geological structure	• *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
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody maintained until samples delivered to lab.
Audits or reviews	• *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	• *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.*	• E47/3518 was applied for on 24th June 2016 • The Project is Located on Vacant Crown Land. • The project is located within Native Title Claim No. 2010/016 by the Yinhawangka people. • A heritage agreement is currently being finalized • Surface gold mineralisation within E47/3518 is covered by P47/1687 granted 17th March 2017 and held by Paul "Charlie" Spencer and Steven David Foers • A binding terms sheet is being finalised between Matsa Resources Ltd and the holders of P47/3518
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• A review of the Wamex system has revealed minimal documented gold exploration in E47/3518 • The holders of P47/1687 advise that "numerous gold nuggets" were discovered by prospectors using metal detectors within their licence
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The target is gold mineralisation hosted by coarse clastic sediments in the lower Hardey formation of the Fortescue group. Target concepts include (1) structurally controlled gold

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Criteria	JORC Code explanation	Commentary
		mineralisation along the margin of the Bellary dome akin to Paulsens deposit 160km to the west and (2) stratabound/palaeoplacer gold mineralisation of Witwatersrand (Wits) type.
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.*	• Not applicable
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 aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable
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').*	• No in situ mineralisation has yet been identified

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Criteria	JORC Code explanation	Commentary
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.*	• A suitable summary plan has been 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.*	• Publically available 1:100,000 scale geology • Publically available aeromagnetic data.
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.*	• Detailed low impact surface sampling to better define the primary source(s) of gold. • Heritage surveys over any targets which arise • Trenching and/or drilling

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