

SX Announcement

## 28<sup>th</sup> January 2020

# High Grade Gold in New Target near Devon **Olympic - Lake Carey Gold Project**

### Highlights

Olympic is a new exploration target previously unexplored by Matsa and only 800m west of Devon gold mine where high grade gold results were recently announced

Drilling at Olympic returned a number of highly encouraging gold intercepts including:

8m @ 6.94 g/t Au	190DRC005		
Incl. <b>3m @ 16.3 g/t Au</b>	1		
2m @ 16.6 g/t Au	190DRC001		
Incl. <b>1m @ 28.6 g/t Au</b>			
<b>1m @ 4.57 g/t Au</b> 190DRC008			
1m @ 4.10 g/t Au 190DRC007			

The Olympic trend is largely untested at depths below 50m and along strike of historical workings

Further work is planned as part of a wider programme of the Devon gold project

#### **CORPORATE SUMMARY**

**Executive Chairman** 

Paul Poli

Director

Frank Sibbel

**Director & Company Secretary** 

Andrew Chapman

**Shares on Issue** 

216.93 million

**Unlisted Options** 

~26.35 million @ \$0.17 - \$0.25

**Top 20 shareholders** 

Hold 52.85%

Share Price on 24<sup>th</sup> January 2020

14 cents

**Market Capitalisation** \$30.37 million

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Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to announce additional results from its December 2019 RC drilling programme which was designed to test a number of exploration targets close to the Company's Red October gold mine. The programme included 8 RC drill holes at the newly acquired Olympic target. This new target is located 800m west of the Devon project where strong results were recently announced (*MAT Announcement to ASX 22/01/2020*).

The Olympic target has not been previously explored by Matsa. These results reaffirm Matsa's view of the high prospectivity and potential of its Lake Carey gold project in the Eastern Goldfields of Western Australia.

### **Results from Olympic RC Drilling**

Drilling was carried out at the Olympic target during December 2019. Drill holes completed were designed to test gold mineralisation below and along strike of historic drilling and underground workings.

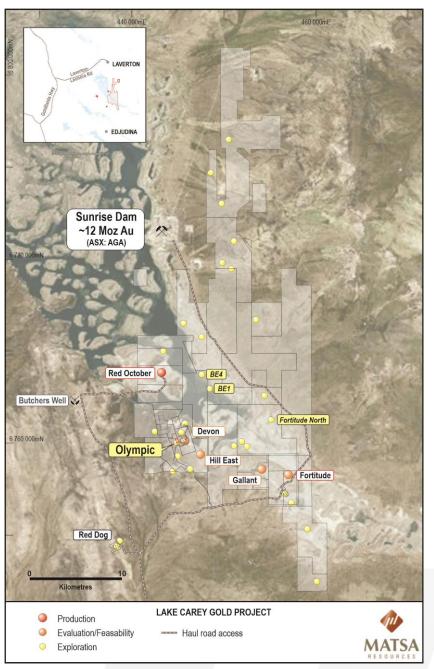


Figure 1: Lake Carey Project showing Olympic Location

High grade gold assay results were returned from the drill hole programme and the better results include (Figures 2 and 3):

190DRC005	8m @ 6.94 g/t Au from 80m
	Incl. 3m @ 16.3 g/t Au
190DRC001	<b>2m @ 16.6 g/t Au</b> from 74m
	Incl. 1m @ 28.6 g/t Au
190DRC008	<b>1m @ 4.57 g/t Au</b> from 60m
190DRC007	<b>1m @ 4.10 g/t Au</b> from 30m

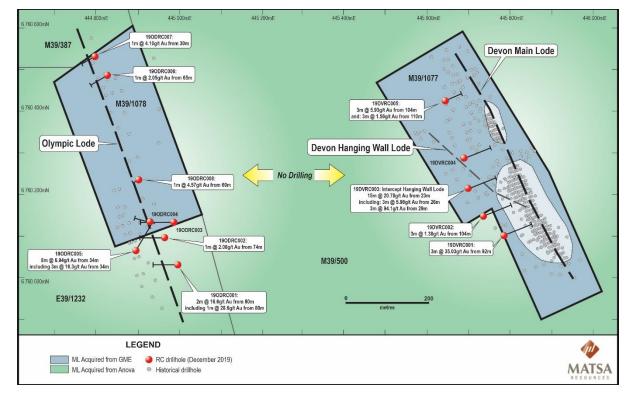


Figure 2: December 2019 Olympic and Devon RC drilling results with previous drilling

The mineralised structure at Olympic (Olympic Lode) lies 800m west of the Devon Mine where drilling during the same drill campaign produced results including 15m @ 20.8g/t Au and 3m @ 35g/t Au (*MAT announcement to ASX 22/01/2020*).

Previous tenement boundary limitations have resulted in the exploration prospectivity of the area between Olympic and Devon not being tested by drilling. Matsa's acquisition of the entire area provides an opportunity to efficiently and effectively explore the between and along strike of these two mineralised systems. The recent high grade results from drilling the hangingwall lode at Devon supports the potential for further high grade lodes to exist between Devon and Olympic areas and provides encouragement for further work in the area.

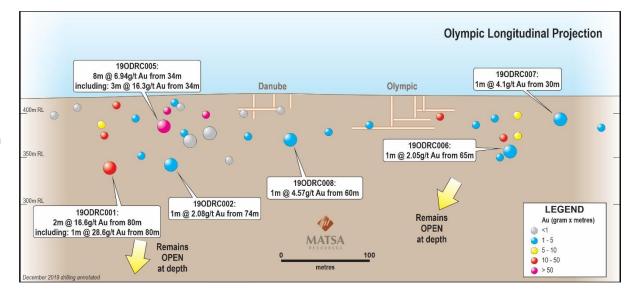


Figure 3: Olympic longitudinal projection showing new holes and historic workings

### **Gold Mineralisation at Olympic**

Olympic is located 8km south of Red October and 800m west of Devon. It is centred on a variable thickness (average 1m) quartz-sulphide bearing shear zone striking NNW and dipping 75° east over a current strike length of 500 metres. The shear is proximal and sub-parallel to the western contact of a felsic porphyry dyke within a sequence of metasediments and carbonated intermediate to mafic volcanics. Mineralised lodes appear as steeply plunging shoots within the Olympic shear zone and interpretation of historical assay data suggests mineralisation may also be present within sub-parallel hangingwall and footwall shears. A series of SE striking dextral faults cross the Olympic shear but their relationship to mineralisation is not yet understood. They may be linking faults between the Olympic shear and the Devon shear structure to the east.

The Olympic and Danube mines were worked sporadically between 1897 and 1921 (Figure 3). Available historical production reports total 1,436 tonnes @ 39 g/t for 1,805 ounces of gold.

### **RC Drilling Programme December 2019**

The December RC drilling programme was designed to test for high grade gold mineralisation at Olympic, which could, in conjunction with Devon, potentially complement gold production from Matsa's nearby Red October gold mine. Eight RC holes were drilled.

Location and setup information for holes completed at Olympic during December 2019, is shown in Table 1, logging, assay and quality assurance protocols are described in Appendix 1, and assays >1 g/t Au are presented in Appendix 2. Historical data summary is presented as Appendix 3.

Hole_ID	Hole_Type	Max_Depth (m)	MGA51_East	MGA51_North	RL
190DRC001	RC	119	445004	6760030	413
190DRC002	RC	107	444973	6760093	414
190DRC003	RC	155	444994	6760128	418
190DRC004	RC	77	444939	6760129	415
190DRC005	RC	119	444906	6760064	414
190DRC006	RC	89	444841	6760469	418
190DRC007	RC	77	444812	6760514	424
190DRC008	RC	90	444913	6760226	432

Table 1: Olympic Project, RC drilling December 2019 Location and Setup

#### **Next Steps**

Further drilling is planned to extend and better define high grade mineralisation trends and to test for potential mineralisation between Olympic and Devon.

An IP survey test, covering the Olympic and Devon area, is planned to confirm whether high grade lodes can be detected by this technique and to assess the area between the two deposits where there is no previous drilling.

#### **Background: Matsa's Lake Carey Gold Project**

Matsa holds a significant ground position of 563km<sup>2</sup> at Lake Carey which is highly prospective for new gold discoveries. The Company is committed to becoming a mid-tier gold mining company through its production at the Red October underground gold mine and planning nearing completion for commencement of Stage 2 open-pit gold mining at Fortitude.

Matsa also sees substantial opportunities for further discoveries in favourable structural and stratigraphic settings within the Lake Carey Project area which remain relatively under-explored.

Matsa's discovery at Fortitude North and earlier discoveries along the Bindah Fault and well as production history at Red October and Devon, provide strong support for Matsa's belief that there are significant areas which remain under-explored since the discovery of Sunrise Dam in 1988.

This ASX report is authorised for release by the Board of Matsa Resources Limited.

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 Mark Csar, who is a Fellow of the Australasian Institute of Mining and Metallurgy Mark Csar is a full time employee of Matsa Resources Limited. Mark Csar 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'. Mark Csar 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 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.	RC drill cuttings sampled at 1m intervals through cone splitter into numbered bag. Bulk residues stacked on the ground with one metre split sample on top. Composites Samples ~3kg in weight representing 3m downhole intervals are hand scooped from bulk residue bags and submitted for gold-only assay.
	• Measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Composite samples are poorer quality samples than the cone split 1m samples, but are used to identify mineralised intervals. Consequently, all composite intervals >0.1 g/t are selected 1m split sample assay. Where several composite samples return >0.1 g/t, any intermediate composited intervals which did not assay >0.1 g/t Au within the "run" are also selected for assay of 1m splits. Fire Assay AAS finis (ALS code AuAA25).
	• 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.	Detection limit 0.01ppm Au. No special measures were taken to account for coarse gold.
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.).	Drilling was carried out using a truck mounted RC rig. Drilling employed a face sampling RC system with sampling carried out through a cyclone and cone splitter which was cleaned regularly. Drilling made use of an air booster when required.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed.	Sample recovery as determined by bulk residue volume was consistent and sufficient for an evaluation drilling programme.

Criteria	JOR	C Code explanation	Commentary
	•	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Every effort made to clean sample system at the end of each 6m rod. Hand sampling of composites by scoop was carried out carefully to avoid any contamination by soil.
	•	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 regarded to be an issue with this programme.
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.	Simple qualitative geological logs using standard geological coding sheets.
	•	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Logging is qualitative in nature.
	•	The total length and percentage of the relevant intersections logged.	Logging was carried out on all RC cuttings.
Sub-sampling techniques and sample preparation	•	If core, whether cut or sawn and whether quarter, half or all core taken.	Non core.
	•	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Composite samples were scooped from bulk residue piles. 1m samples bagged at cyclone through rotary cone splitter.
	•	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample prep in commercial Lab is standard for all assay procedures, whereby sample is dried, homogenized and pulverised.
	•	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples	QA QC samples were submitted with composite samples. Individual 1m splits within and adjacent to composite intervals returning >0.1 g/t gold.
	•	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	Scooped 3m composites may be biased but individual 1 metre samples are continuous rotary cone split samples and as such are expected to be highly representative of in situ mineralisation.
	•	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample weights of ~3kg documented are adequate for fine gold. No screen fire assays were carried out.
Quality of assay data and laboratory	•	The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Samples were dispatched for low level gold determination by 30g Fire Assay with AAS finish which is an industry standard process. Assay accuracy determined by laboratory QACQ process. Very high grade gold assay values

Criteria	JOR	C Code explanation	Commentary
tests			were subjected to appropriate determinations prior to reporting.
	•	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.	Standards, duplicates and blanks were inserted in the composite sample batch at a ratio of approximately 1:10.
Verification of sampling and assaying	•	The verification of significant intersections by either independent or alternative company personnel.	Individual 1m splits were submitted for analysis following anomalous 3m composites. All assay and sampling procedures verified by company personnel All results reviewed by Senior Personnel.
	•	The use of twinned holes.	No twinned holes carried out.
	•	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Geological and sampling data recorded on Toughbook in the field to minimise transcription errors. Hole locations recorded on GPS and compared to plan prior to upload to database.
	•	Discuss any adjustment to assay data.	No adjustments are made to 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.	Collar location surveyed by hand held GPS to an accuracy of +-5m. RC drill hole were set up at surface using a compass and clinometer. Downhole measurements of azimuth, dip and total magnetic intensity were carried ou using an Eastman Multishot camera at ~30m intervals and manually recorder on daily drill records. Downhole Surveys have been incorporated into the interpretive cross section in the body of the report.
	•	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	•	Data spacing for reporting of Exploration Results.	RC drilling was designed as first pass to test mineralization and no specifi spacing was considered in planning.

Criteria	JOF	RC Code explanation	Commentary
degree of geolog Resource and O		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.	No resource or reserve estimation was carried out.
	•	Whether sample compositing has been applied.	Samples above 1 g/t Au have been composited and reported as individual intervals.
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.	Most holes were drilled perpendicular to the interpreted strike direction. One hole, 19ODRC005 was drilled at a shallow angle to strike due to site access limitations. This hole is considered to have provided a wider intercept than expected.
	•	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.	Drilling orientation unlikely to be biased except for 19ODRC005.
Sample security	•	The measures taken to ensure sample security.	Samples are delivered to the laboratory by Matsa Staff. No special security procedures are carried out in the field.
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	<ul> <li>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.</li> <li>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.</li> </ul>	Exploration was carried out over the following tenements: E39/1232 and M39/1078. There are no known impediments to operate.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	Limited drilling was completed in the 1980s. Previous drilling was carried ou by a variety of companies, mainly Haoma Resources and later GME Resource to a limited extent.

Criteria	JORC Code explanation	Commentary
Geology	• Deposit type, geological setting and style of mineralisation.	The deposit comprises high grade sulphide quartz lodes. The style of mineralization is Orogenic Gold, with mineralization occurring at or about peak deformation and metamorphism of the Archaean Host sequence which comprise mostly mafic ultramafic volcanics that have been intruded by a suite of small felsic porphyry bodies.
Drill hole Information	<ul> <li>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> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> </ul>	Drill hole information is summarized in the report, with collar location setup information and diagrams in the body of the report, assays 1 g/t Au are included as Appendix 2. Significant assays are presented in the body of the report. Reference is made to historic drilling, which has been summarized in the body of the report.
	• 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.	
Data aggregation methods	<ul> <li>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.</li> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	Quoted intercepts are based on amalgamations of individual 1m split samples sometimes. Aggregates are reported as simple averages of individual assay results.
Relationship between mineralisation	<ul> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralization with respect to the drill hole angle is</li> </ul>	All intercepts quoted relate to downhole depth and true widths have not been quoted.
widths and intercept lengths	<ul> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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</li> </ul>	The Olympic lode is interpreted to dip steeply east and strike NNE. Drilling was oriented across strike at 600 west, except for 19ODRC005.Refer to plan in report.

Criteria	JORC Code explanation	Commentary
	width not known').	Intercepts are expressed in downhole metres.
Diagrams	<ul> <li>Appropriate maps and sections (with scales) and tabulations of intercept should be included for any significant discovery being reported Thes should include, but not be limited to a plan view of drill hole collo locations and appropriate sectional views.</li> </ul>	Appropriate plans and a longitudinal projection have been used to illustrate the results in a meaningful way.
Balanced reporting	<ul> <li>Where comprehensive reporting of all Exploration Results is no practicable, representative reporting of both low and high grades and/c widths should be practiced to avoid misleading reporting of Exploratio Results.</li> </ul>	
Other substantive exploration data	<ul> <li>Other exploration data, if meaningful and material, should be reporte including (but not limited to): geological observations; geophysical surve results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwated geotechnical and rock characteristics; potential deleterious of contaminating substances.</li> </ul>	, f
Further work	<ul> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, includin the main geological interpretations and future drilling areas, provide this information is not commercially sensitive.</li> </ul>	most appropriate follow up drilling programme. Potential depth extensions of the lode zone are shown in the Longitudinal

## Appendix 2 – Olympic 2019 RC Drilling Assays > 1 gt Au

Hole ID	From(m)	To(m)	thick(m)	Grade (Au ppm)	Comment
190DRC001	80	82	2	16.6	incl. 1m at 28.6 g/t Au from 80m
190DRC002	74	75	1	2.08	
190DRC003					NSR
190DRC004					NSR
190DRC005	34	42	8	6.94	incl. 3m at 16.3 g/t Au from 34m
190DRC006	65	66	1	2.05	
190DRC007	30	31	1	4.10	
190DRC008	60	61	1	4.57	

## **Appendix 3** – Historical Significant Drilling Results at Olympic

		Max							
	Hole	depth			Din	Animouth	From(m)	To(m)	A.,
Hole_ID	Туре	(m)	MGA51_E	MGA51_N	Dip	Azimuth	From(m)	To(m)	Au ppm
93DP001	RC	30	444700	6760012	-60	70			
93DP002	RC	24	444916	6760102	-60	253	42	12	2.04
930WP001	RC	50	444960	6760311	-60	340	12	13	2.01
		60	444000	6750000	60	70.00	15	16	1.68
LNRC023	RC	60	444920	6759982	-60	76.66			
LNRC024	RC	60	444944	6759956	-60	41.66			
LNRC025	RC	60	444967	6759930	-60	76.66	-		
OCP001	RC	57	444841	6760458	-60	250	46	48	2.47
							49	50	1.19
							52	56	7.07
OCP002	RC	73	444881	6760382	-60	250			
OCP003	RC	85	444860	6760461	-60	250	75	77	2.38
OCP004	RC	125	444949	6760171	-60	250			
OCP005	RC	63	444835	6760471	-60	250	43	48	1.57
							56	57	1.05
OCP006	RC	65	444961	6760390	-60	250			
OCP007	RC	95	444947	6760508	-60	250			
OCP008	RC	57	444853	6760427	-60	250	39	40	1.64
OCP009	RC	46	444803	6760555	-60	250	35	36	4.00
OCP010	RC	30	444856	6760202	-60	71			
OCP011	RC	42	444869	6760205	-60	72			
OCP012	RC	30	444865	6760163	-60	84			
OCP013	RC	44	444880	6760165	-60	81			
OCP014	RC	30	444876	6760121	-60	78			
OCP015	RC	50	444891	6760126	-60	78	18	20	6.23
							34	40	18.07
							48	50	3.60
OCP016	RC	32	444892	6760081	-60	79			
OCP017	RC	40	444904	6760085	-60	78	30	38	145.20
OCP018	RC	38	444878	6760146	-60	78	28	30	1.85
OCP019	RC	48	444863	6760118	-61	82			
OCP020	RC	50	444893	6760103	-60	78			
OCP021	RC	80	444882	6760100	-62	76			
OCP022	RC	90	444897	6760083	-63	66			
OCP023	RC	44	444914	6760049	-61	72	38	40	1.36
OCP024	RC	80	444903	6760046	-62	73			
OCP025	RC	44	444924	6760010	-61	65	30	32	1.61
- 0. 010				0.00010		33	40	44	2.37
OCP026	RC	80	444910	6760005	-62	69	-		
OCP027	RC	90	444877	6760121	-62	70			
OCP028	RC	80	444869	6760121	-62	67			

				1	1		1	1		
	OCP029	RC	40	444911	6760278	-60	252			
	OCP030	RC	60	444892	6760271	-60	245			
	OCP031	RC	40	444874	6760307	-60	251			
	OCP032	RC	43	444891	6760334	-60	253			
	OCP033	RC	20	444866	6760346	-60	252	8	10	1.33
	OCP034	RC	40	444862	6760386	-60	252	30	32	1.58
	OCP035	RC	35	444848	6760381	-50	254	10	16	2.53
	OCP036	RC	40	444837	6760422	-60	251			
	OCP037	RC	40	444831	6760440	-60	253			
	OCP038	RC	40	444819	6760463	-60	253	16	20	1.25
	OCP039	RC	40	444806	6760497	-61	251			
	OCP040	RC	60	444924	6760183	-60	252			
	OCP041	RC	50	444932	6760118	-60	253	26	28	1.53
	OCP042	RC	59	444970	6760030	-60	251	46	50	2.71
	OCP043	RC	35	444917	6760095	-60	250			
	OCP044	RC	32	444936	6760035	-60	251	14	16	5.45
	OCP045	RC	70	444948	6760124	-60	252	10	12	1.32
								54	56	1.00
	OCP046	RC	35	444951	6759994	-60	250	28	30	3.13
	OCP100	RC	80	444874	6760433	-60	270			
	OCP101	RC	72	444941	6760107	-60	270			
	OLYM001	RC	42	444917	6760129	-60	220			