



ASX Announcement

19th February 2020

Significant Extension of Primary Gold Mineralisation Fortitude North - Lake Carey Gold Project

Highlights

- Assays received for 2 drill holes from a 7 diamond drill hole programme
- All 7 diamond drill holes intersected alteration and veining which appear to be a continuation of the mineralised zone. This programme has tested only half of the 1,500m basement gold anomaly
- Key intercepts received to date include:
 - 10.3m @ 3.48 g/t Au from 124.6m 20FNDD04
incl 6.5m @ 4.79 g/t Au from 127m
 - 4m @ 13.63 g/t Au from 79m 20FNDD02
incl 1m @ 10.2 g/t Au from 81m
and 1m @ 42.9g/t Au from 82m
- Intercepts occur in zones of strong alteration and veining within the 1,500m long basement gold anomaly discovered by aircore drilling in 2018. The altered zone remains open to the south and at depth
- Originally only 4 drill holes were planned but due to the presence of distinctive and highly prospective alteration and veining, the programme was expanded to 7 drill holes. Further drilling is planned over the remaining strike extent of the anomaly and to test the resource potential of this discovery

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 18th February 2020

15 cents

Market Capitalisation

\$32.54 million

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to announce new results which have been received so far from diamond drilling at Fortitude North, which is part of the previously announced exploration programme within the Company’s Lake Carey gold project. The original programme of 4 diamond drill holes was expanded to 7 using a lake drilling rig (*MAT announcement to ASX 2nd December 2019*).

Significant Extension of Primary Gold Mineralisation

Drilling was designed to test the strike extent of gold mineralisation previously intersected by diamond and RC drilling in 2018 and 2019 (*MAT announcement to ASX 7th May 2019*). Drilling at the time was limited to only the northern end of the 1,500m long basement gold anomaly discovered by Matsa’s aircore drilling in 2018. The recently completed programme was carried out using a lake diamond drill rig in order to explore an 800m segment of the 1,500m long anomaly which is located under the lake (Figure 1). A minimum of a further 6 diamond holes are planned to test the remaining strike extent of the anomaly and test the resource potential of this discovery.

Key intercepts Include:

20FNDD02	4m @13.63 g/t Au from 79m incl 1m @ 10.2 g/t Au from 81m and 1m @ 42.9g/t Au from 82m
20FNDD04	10.3m @ 3.48 g/t Au from 124.6m incl 6.5m @ 4.79 g/t Au from 127m incl 1m @ 13.9g/t Au from 127m

Seven drill holes (20FNDD02 – 20FNDD08) were completed for 1,837m and assay results have been received for only two of these drill holes so far. Logging, sampling and assays are in progress on the remaining 5 diamond drill holes. Collar and setup information is shown in Table 1 and drilling logging and assay protocols are provided in Appendix 1.

Key assay values and gold intercepts are listed in Appendix 2.

The intersection in 20FNDD02 is located in soft deeply weathered basement rocks. The presence of quartz veining was observed within the intercept, but rock textures and alteration have been partly obscured by weathering.

Both intersections in 20FNDD04 occur in an interval of strong bleaching and alteration of the host rock over a 20m downhole width. Better gold assays are associated with intervals of irregular pyritic crackle veinlets and increased quartz veining.

All diamond drill holes completed to date have intersected similar distinctive alteration and veining which appear to be a characteristic feature of this gold mineralisation.

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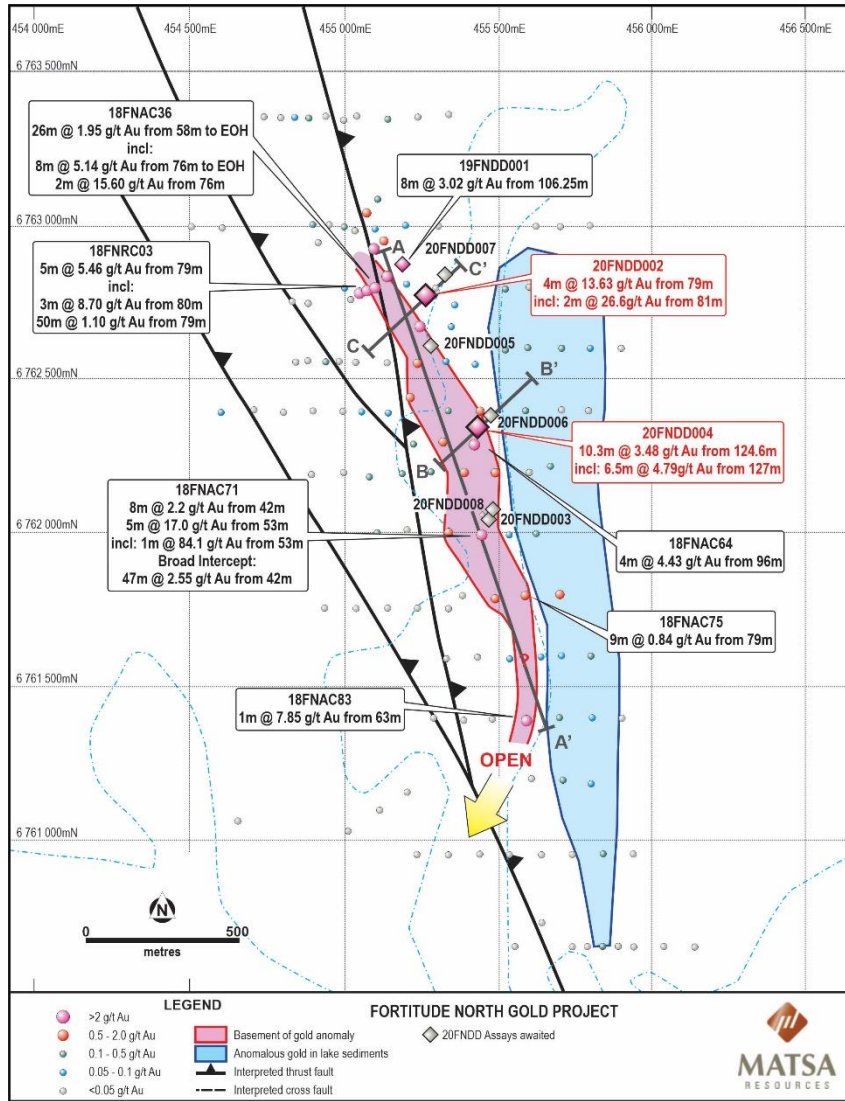


Figure 1: Fortitude North drill hole location and summary results

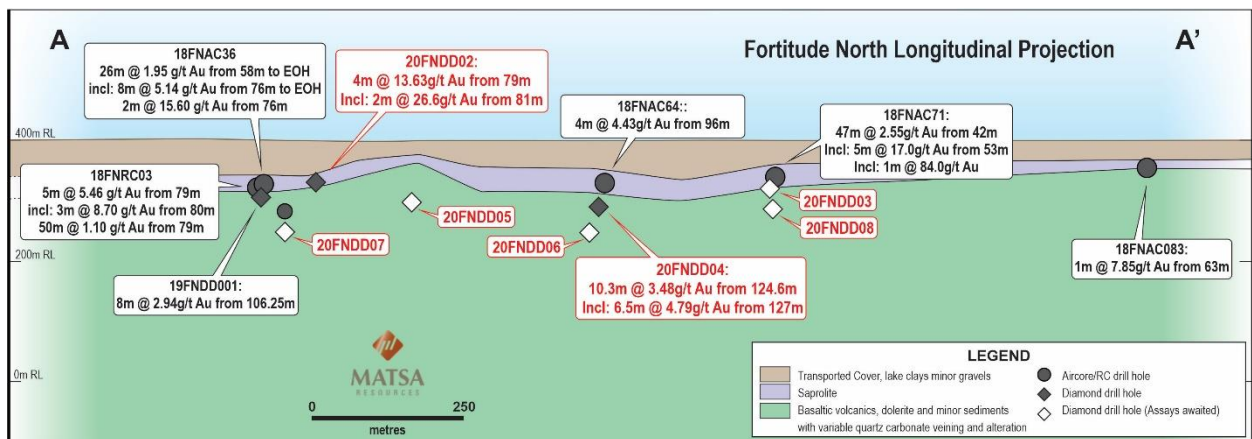


Figure 2: Fortitude North Longitudinal Projection with Summary Drill Results

As previously announced, the intercept in diamond drill hole 19FNDD001 is also associated with this zone of strong alteration with associated pyrite and quartz veining (MAT Announcement to ASX 7th May 2019). Importantly, this distinctive alteration zone has been recognised in all diamond holes completed to date (including those where assays are still awaited) over a strike extent of 800m from 19FNDD001 (Figure 1 and Figure 2).

The alteration zone remains open to the south and at depth and is interpreted to dip moderately to steeply to the NE (Figure 3, Figure 4), and is most likely the source of the 1,500m long basement gold anomaly discovered by Matsa’s aircore drilling programmes in 2018 and 2019.

The current phase of drilling has been completed. A comprehensive analysis of results to date is underway.

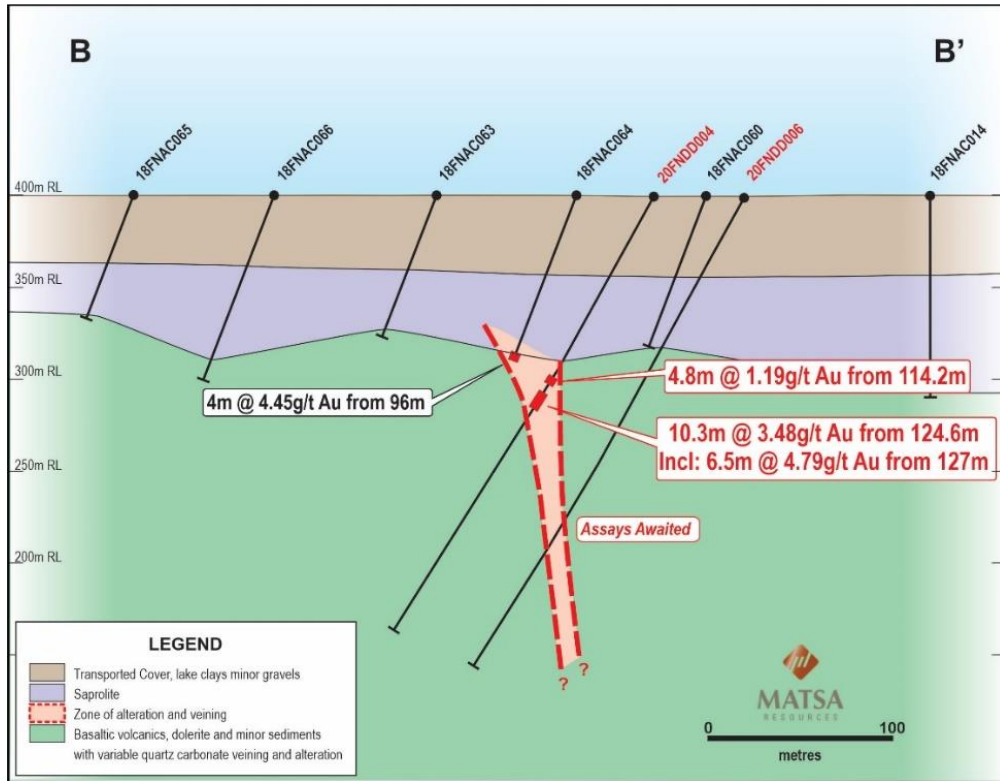


Figure 3: Fortitude North Interpretative Cross Section 20FNDD04

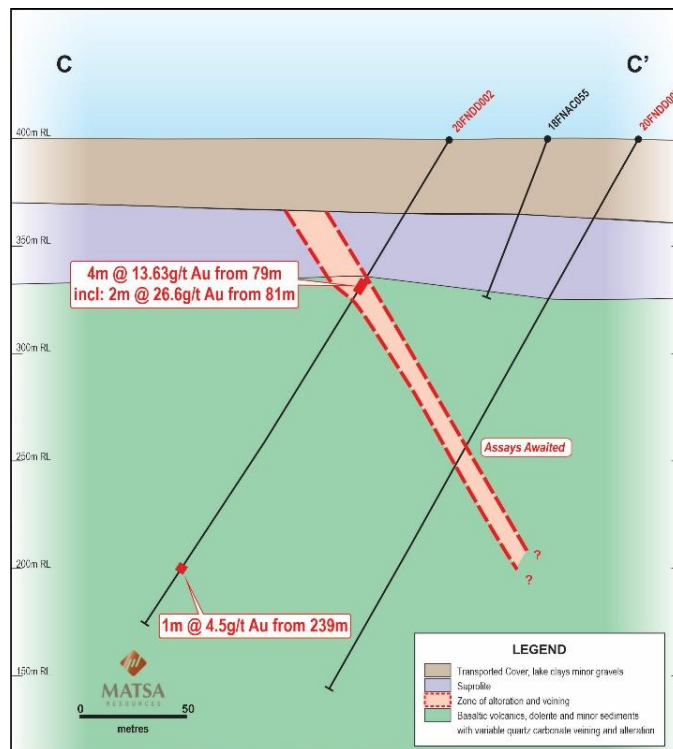


Figure 4: Fortitude North Cross Section 20FNDD02

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Fortitude North Drilling

The current drilling programme has comprised 7 diamond holes for a total of 1833.6m with collar locations and setup information are listed in Table 1. Results together with those from previous drilling have been summarised in Figure 1.

Hole_ID	Grid ID	East (m)	North (m)	RL	Depth	Azimuth	Dip
20FNDD002	MGA94_51	455263	6762769	400	270.3	235	-60
20FNDD003	MGA94_51	455471	6762042	400	252.3	235	-60
20FNDD004	MGA94_51	455435	6762349	400	278.7	235	-60
20FNDD005	MGA94_51	455285	6762607	400	271.1	235	-60
20FNDD006	MGA94_51	455475	6762380	400	271.2	235	-60
20FNDD007	MGA94_51	455325	6762835	400	252	235	-60
20FNDD008	MGA94_51	455,510	6762072	400	238	250	-60

Table 1: Fortitude North Diamond Drilling January-February 2020

Significance of Fortitude North Discovery and Recent Drill Results

- The Fortitude North prospect is located in the gold endowed Kurnalpi terrain which contains world class gold deposits such as Sunrise Dam, Granny Smith and Wallaby, which in Matsa's opinion greatly increases the potential at Fortitude North for a major discovery.
- This discovery supports Matsa's focus on structurally favourable target areas with minimal previous drilling, in this case because of access difficulties in lakes and dunefields north of Lake Carey proper.
- Mineralisation is located close to a major litho-structural boundary where andesitic volcanics are separated from basalts and dolerites across the Fortitude Fault.
- Only 800m of the prospective 1,500m long basement gold anomaly at Fortitude North (Figure 1) has been tested by diamond drilling.
- Fortitude North is located only 5km north of Matsa's Fortitude gold mine and there is potential for it to impact positively on a future mining project.

The Lake Carey Gold Project

Matsa holds a ground position of 563km² at Lake Carey which is highly prospective for new gold discoveries. The Company is committed to becoming a mid-tier gold mining company with the commencement of underground production at the Red October gold mine. This follows its recently completed trial mining operation at Fortitude and mining at the Red Dog deposit. A scoping study was recently completed into the viability of a full scale open-pit gold mine at Fortitude (Refer to previous ASX announcements).

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. The Fortitude and Bindah Faults are examples of favourable corridors which contain gold mineralisation (eg. Bindah, Fortitude, Jubilee, Misery and Keringal) and Matsa's recently discovered gold targets (BE 1 - 4).

Matsa's discovery at Fortitude North and earlier discoveries along the Bindah Fault, provides strong support for Matsa's belief that there are significant areas which remain under-explored despite 30 years of exploration since the discovery of Sunrise Dam in 1988.

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

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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. 	<p>Diamond drilling logged and samples selected based on geology, attempting to keep maximum sample interval to ~1m in length. Selected intervals are split in two and bagged. This is a practical measure to ensure sample size reaching the laboratory is <3kg.</p> <p>Sampling is carries out after geological logging is complete in order to ensure representivity of samples.</p>
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.). 	<p>Drilling was carried out using a diamond drill rig specially constructed to operate in a salt lake environment.</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. 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. 	<p>Sample recovery is estimated based on measured recovery block to block. Generally excellent recoveries in fresh rock with variable to poor core recoveries in saprolite and deeply weathered bedrock.</p> <p>Typically the focus has been on fresh rock where sample recovery is excellent.</p> <p>Not determined.</p>

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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.</p> <p>Logging is qualitative in nature.</p> <p>Logging was carried out on all drill 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>Half core samples were submitted for assay.</p> <p>Core.</p> <p>Sample prep in Lab is standard for all assay procedures, whereby sample is dried, homogenized and pulverised.</p> <p>Approximately 1 standard sample/20 samples and one blank sample per 20 samples submitted for assay.</p> <p>No duplicates were submitted but selected pulps to be re submitted for multi element and duplicate gold assays.</p> <p>Sample weights of ~3kg documented are adequate for fine gold. No special measures were taken to deal with the presence of coarse gold.</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. 	<p>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.</p> <p>Not applicable.</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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. 	As noted one standard per 20 samples and one blank per 20 samples.
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. 	Composites validated by individual 1m splits. All assay and sampling procedures verified by company personnel. All results reviewed by senior staff. No twinned holes carried out. 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.
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. 	Collar location surveyed by hand held GPS to an accuracy of +/-5m. RC drill holes were set up at surface using a compass and clinometer. Downhole measurements of azimuth, dip and total magnetic intensity were carried out using an Eastman Multishot camera at ~30m intervals and manually recorded on daily drill records. Downhole Surveys have been incorporated into the interpretive cross section in the body of the report. GDA94 UTM co-ordinate system Zone 51. +10m from AHD has been assumed for regional exploration holes used in designing the follow up programme. For practical purposes the RL for all holes is given as the level of Lake Carey namely 400m AHD.
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. 	The reported drilling was of a reconnaissance nature and drill spacings is not sufficient to confidently infer continuity between drill holes. Drill hole spacing too large to confidently assign continuity of anomalous values. Drilling was designed to test a preliminary interpretation that mineralisation is likely to be moderately to steeply NE dipping. No compositing has been applied and where possible sampling was carried out to geological boundaries.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<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. 	Drilling carried out on lines oriented at 230 degrees to take into account NNW trending structural interpretation. This is considered to be a reasonable approach for first pass drilling.
	<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. 	Drilling too wide spaced for bias to be a problem. 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. 	Samples are delivered to the laboratory by Matsa Staff. No special security procedures are carried out in the field.
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 was carried out 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 39/1864***</td> <td>LIVE</td> <td>Matsa Gold Pty Ltd</td> <td>27/02/2017</td> <td>10</td> <td>BL</td> </tr> </tbody> </table>	Tenement	Status	Holder	Granted	Area	Units	E 39/1864***	LIVE	Matsa Gold Pty Ltd	27/02/2017	10	BL
Tenement	Status	Holder	Granted	Area	Units									
E 39/1864***	LIVE	Matsa Gold Pty Ltd	27/02/2017	10	BL									
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	Past work which included anomalous gold values in aircore drilling at Fortitude North has been acknowledged as being carried out by Midas Gold Ltd in 2008.												
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	The deposit types being sought are orogenic syntectonic gold mineralisation similar to Fortitude which is located 5km south on the same major fault system.												
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: 	Fortitude North: Drill hole, Significant assays summarized in the report. Hole collar parameters and all significantly anomalous assays >0.1g/t Au reported in the body of the report.												

Criteria	JORC Code explanation	Commentary
	<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. <ul style="list-style-type: none"> ● 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. 	No significant information was excluded deliberately.
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. 	Quoted intercepts are length weighted for each sample included. Aggregates did not include assays <0.5 g/t Au. All intercepts are quoted between bounding samples containing >1 g/t Au.
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>Current interpretation suggests that drill holes need to be oriented from east towards the west to test for a combination of subvertical to shallow east dipping structures.</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. 	A drill hole location plan, longitudinal projection and cross section summarising salient aspects of drilling were included in the text.
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. 	All drilling information has been used to determine exploration targets.

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none"> <i>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.</i> 	The review made use of publicly available aeromagnetics and gravity, past drilling by Midas Gold Ltd which was acquired with purchase of the Lake Carey Fortitude project.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	The planned drilling is intended to test hypotheses regarding stratigraphic and structural targets Lake Carey.

Appendix 2 – Fortitude North 20FNDD02 and 20FNDD04 Key Assays and Intercepts

Hole_ID	From m	Depth m	Sample	Interval	S Type	Au ppm	Intercept
20FNDD002	79	80	169506	1	HCORE	1.31	4m @13.63 g/t Au from79m Inc. 1m @ 42.9g/t Au from 82m And 1m @ 10.2 g/t Au from 81m
20FNDD002	80	81	169507	1	HCORE	0.09	
20FNDD002	81	82	169508	1	HCORE	10.2	
20FNDD002	82	83	169509	1	HCORE	42.9	
20FNDD002	235.48	237	169568	1.52	HCORE	1.1	1.52m @ 1.1 g/t Au from 235.48
20FNDD002	239	240	169542	1	HCORE	4.5	1m @ 4.5 g/t Au from 239m
20FNDD004	112	114.2	169578	2.2	HCORE	0.71	4.8m @ 1.19 g/t Au from 114.2
20FNDD004	114.2	115	169579	0.8	HCORE	1.79	
20FNDD004	115	116	169581	1	HCORE	0.18	
20FNDD004	116	117	169582	1	HCORE	0.08	
20FNDD004	117	118	169583	1	HCORE	1.72	
20FNDD004	118	119	169584	1	HCORE	2.29	
20FNDD004	119	120	169585	1	HCORE	0.12	
20FNDD004	120	121.5	169586	1.5	HCORE	0.35	
20FNDD004	121.5	122.1	169587	0.6	HCORE	1	
20FNDD004	122.1	123	169588	0.9	HCORE	0.09	
20FNDD004	123	124	169589	1	HCORE	0.36	6.5m@ 4.79 g/t Au from127m
20FNDD004	124	124.6	169591	0.6	HCORE	0.23	
20FNDD004	124.6	125.6	169592	1	HCORE	1.33	
20FNDD004	125.6	125.75	169593	0.15	HCORE	0.36	
20FNDD004	125.75	126	169594	0.25	HCORE	2.93	
20FNDD004	126	127	169595	1	HCORE	1.09	
20FNDD004	127	128	169596	1	HCORE	13.9	
20FNDD004	128	129	169597	1	HCORE	1.39	
20FNDD004	129	130	169598	1	HCORE	1.11	
20FNDD004	130	131	169599	1	HCORE	6.04	
20FNDD004	131	132	169601	1	HCORE	2.3	10.3m @ 3.48 g/t Au from 124.6m
20FNDD004	132	133	169602	1	HCORE	4.6	
20FNDD004	133	133.5	169603	0.5	HCORE	3.66	
20FNDD004	133.5	133.8	169604	0.3	HCORE	0.44	
20FNDD004	133.8	134.9	169605	1.1	HCORE	1.23	
20FNDD004	151	151.9	169625	0.9	HCORE	0.67	
20FNDD004	151.9	153	169626	1.1	HCORE	0.18	
20FNDD004	159	160	169635	1	HCORE	2.44	1m @ 2.44 g/t Au from 159m

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