



ASX Announcement

28th January 2021

Matsa Transformational Exploration Strategy Lake Carey Gold Project

Highlights

- Matsa is undertaking a strategic review with the aim of becoming a mid-tier gold producer
- Exploration driven resource growth is key to realising the significant value potential in the highly prospective Lake Carey Gold project
- Focus will be on increasing the current gold resource of 515,000 oz to underpin a 600,000t pa gold-ore treatment plant
- Commencement of financing negotiations and lodgement of permitting and licencing for the proposed treatment plant underway
- Key board and management appointments to be made
- Recent drilling success provides confidence that Matsa can achieve its Exploration Target¹ statement and production ambitions
- Extensive exploration pipeline, 30 high quality targets with advanced targets scheduled for immediate field work including geophysics, resource drilling and feasibility studies
- New strategy will build gold resources at Red October, Devon and Fortitude as well as identifying additional gold resources from Fortitude North, FF1, Gallant, Jubilee and others
- Production of ore at Red October to be wound down with mining focussed on development of access drives to support a major in mine drilling campaign

**Forward Looking Statements - Statements regarding Matsa's plans with respect to the mineral properties, resource reviews, programs, economic studies and future development are forward-looking statements. There can be no assurance that Matsa's plans for development of its mineral properties will proceed any time in the future. There can also be no assurance that Matsa will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Matsa's mineral properties.*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

271.14 million

Unlisted Options

77.78 million @ \$0.17 - \$0.35

Top 20 shareholders

Hold 56.86%

Share Price on 28th January 2021

11 cents

Market Capitalisation

\$29.83 million

¹ ASX Announcement 18 August 2020 - Significant Gold Potential Lake Carey Gold Project

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to outline a new business strategy and strategic pathway centred on resource growth through a targeted exploration drive to support a proposed 100% Matsa owned, 600,000tpa treatment plant².

The Matsa Board believes that the strategy of becoming a mid-tier gold producer through exploration and construction of Matsa’s own gold-ore treatment plant will create significant shareholder value and appeal. As a result, the Board is committed to making the necessary changes to achieve this strategy.

To deliver the strategy, Matsa will focus on:

- Growing the Company’s resources and reserves to enable the construction and successful operation of a proposed 600,000tpa treatment plant
- Commencing background works such as site location, environmental and permitting activities to expedite the Company’s mining and processing objectives
- Securing the funding to explore and unlock value from the Company’s Lake Carey Gold project
- Re-optimisation and mine designs at Fortitude and Devon and develop a robust long term mine plan at Red October through exploration, grade control drilling and mine designs
- Key board and management appointments to be made to deliver the strategy

Matsa’s Executive Chairman, Mr Paul Poli, commented,

“Since 2018, Matsa has demonstrated it has the capacity to successfully operate both open cut and underground mines. With that in mind, our recently completed CPC study into a 600,000tpa facility presents a compelling case for Matsa to preserve resource tonnes for a Matsa owned treatment plant and commence an aggressive exploration program in order to substantially increase the Company’s resources. We already have 515,000oz of gold resources and we fully intend to grow these through our planned exploration activities. We will be working through our plans at Red October in light of our recent highly successful drilling programs, and a Matsa owned treatment plant will enable us to work towards getting Fortitude and Devon into production with far more attractive project economics than were previously achievable.

Our recent drilling at Red October, Devon, Olympic and Fortitude North, tells me that we have a great opportunity to significantly expand the Company’s resources and reserves through a concentrated exploration effort. I am regularly reminded that our tenements in the Lake Carey area represents as some of the most attractive exploration space in the goldfields. We already have multiple walk up targets that are ready for drilling.

At Red October, our geologists recently identified two new structural targets parallel to the ROSZ and Marlin lodes, each of which have the capacity to substantially alter the outlook for the mine. As a result of our confidence in exploration success at Red October we will need to wind down the ore production and change our focus to drilling and identifying those impressive targets and grow the reserves into a long term mine plan.

Over the coming months our team expects to provide new targets from the seismic and SAM geophysics datasets and we will also add those to our drilling programs.

² ASX Announcement 22 January 2021 – Concept Study 600,000tpa Treatment Plant Lake Carey Project

At Devon, Olympic, Hill East and Fortitude North we are busy updating models and we've got some very strong gold anomalism in excess of 7km along the Fortitude Fault and 5km long on the Bindah structural trends. This area remains largely unexplored and simply needs drilling and that's what we'll do.

During the December quarter our geologists have worked up a comprehensive exploration and development pipeline which we intend to fully exploit. I'm very confident we have the tenement package and more importantly, the right people to deliver on this strategy. When all this is done and we have successfully executed our strategy, we will be a very different company."

Growth by unlocking Lake Carey's value

Matsa holds 503km² of highly prospective ground at Lake Carey (Figure 1) which is located in the prolific Laverton Tectonic zone (LTZ) with a regional gold endowment in excess of 20Moz hosting the Sunrise Dam, Granny Smith, Red October and Fortitude Gold Mines.

The project hosts numerous historical workings that have not been adequately explored. Recent drilling results at Red October³, Devon⁴ and other prospects provides confidence that the Company's objective of building a sustainable resource base and become a mid-tier producer can be achieved through further exploration. A number of key prospect areas have been identified for comprehensive exploration work programs planned over 2021-2022 (refer Figure 1).

Recent drilling

Model updates are underway for Red October and Devon⁵ following the recent drilling completed by Matsa. A number of other prospects such as Gallant, which have historical shallow drilling with gold mineralisation, will also be updated to JORC 2012 compliance so that the Company can complete optimisation studies as well as undertake additional exploratory drilling.

³ ASX Announcement 14 December 2020 - Resource at Red October Now 173,000 oz Gold New High Grade Results Received

⁴ ASX Announcement 19 January 2021 - High Grade Olympic Results Enhances Devon Gold Mine &

ASX Announcement 7 December 2020 - High Grade Gold Results Enhances Devon

⁵ ASX Announcement 14 December 2020 - Resource at Red October Now 173,000 oz Gold New High Grade Results Received,

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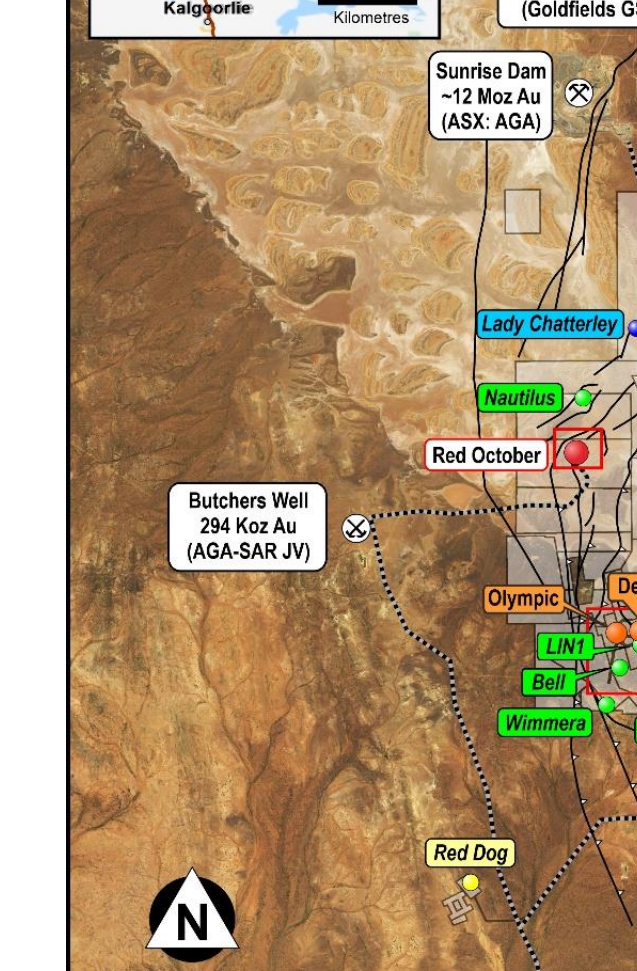


Figure 1: Lake Carey Project showing key prospects of the exploration pipeline for 2021 and 2022

Project status for key targets as highlighted in Figure 1 are listed in Table 1 below:

PROSPECT NAME	STATUS AND KEY WORK ACTIVITIES PLANNED
Red October	Major drill out of the ROSZ and adjacent structures from SAM and Seismic surveys
Fortitude	Open Pit Reserve of 58,000 oz, drilling for depth and lateral extensions, re-optimisation and mine designs
Fortitude North	Drilling to define high grade mineralisation, Only 800m of 1.5km long target tested below aircore refusal
Devon/Olympic	Updating model and resource optimisation, drilling planned at both prospects to test for extensions along strike and at depth
Hill East	Model supergene mineralisation, develop and drill-test SAM geophysical targets
Gallant	Update model, resource optimisation, drilling required to test along strike and at depth
FF1	New discovery near Sunrise Dam (3m @ 1.47 g/t Au in aircore) with flanking gold values in deep palaeochannel, interesting magnetic target along Fortitude Shear. Early diamond drilling to test below aircore refusal, followed by target definition aircore and RC drilling – potential SAM survey to assist structural interpretations
LIN1	New 1km Matsa soil gold anomaly to 0.24 g/t Au, elevated historic rock chip values in interflow iron rich sediment/basalt sequence coincident EM anomaly, first pass drilling planned
BE1	1 km long aircore anomaly with Matsa drill results 24m @ 0.98g/t Au including 8m @ 2.27g/t Au, 2m @ 25.3 g/t Au. Drilling planned to test visible gold bearing quartz veins in saprolite at depth and along strike

Table 1: Prospect summary for 2021 and 2022 work plan (for full list of Lake Carey prospects in Figure 1 refer Table 2)

Red October

Current Resource: 173,000oz @ 5.8g/t Au

Exploration target⁶: 200,000oz to 340,000 (in mine exploration)

The Company recently announced results of drilling and an updated Resource for Red October⁷. The drilling has highlighted the opportunity to find new gold occurrences at Red October and Matsa is committed to undertaking a significant exploration program within the mine.

Drilling targets include the traditional mining areas such as the Marlin and ROSZ as well as the recently targeted Lion Fish, Dory & Nemo lodes. Drill drives are being prepared to enable underground drilling to the north and south of existing mine workings to test for mineralised extensions to the Lionfish, ROSZ and Marlin structures along strike. Infill drilling of the Dory, Nemo and other areas are expected to provide sufficient drill intercepts to enable model updates for these supplementary lode structures that are currently not in the resource.

In addition to the above Exploration Target and stepping away from the main mine workings, two new large footprint targets have been identified parallel to the ROSZ, Marlin and Lion Fish lodes. The targets are the result of interpretation of seismic and SAM (Sub-Audio Magnetic) surveys (Figure 2) where coincident geophysical responses are interpreted to represent significant structures. The two newly identified structures are located 250m east of the main workings and 350m to the west of the main workings respectively and provide considerable exploration potential in areas that have had

⁶ ASX Announcement 18 August 2020 - Significant Gold Potential Lake Carey Gold Project

⁷ ASX Announcement 14 December 2020 - Resource at Red October Now 173,000 oz Gold New High Grade Results Received

limited drilling. Each one of these structures has the potential to significantly alter the outlook for Red October in terms of mining and development options.

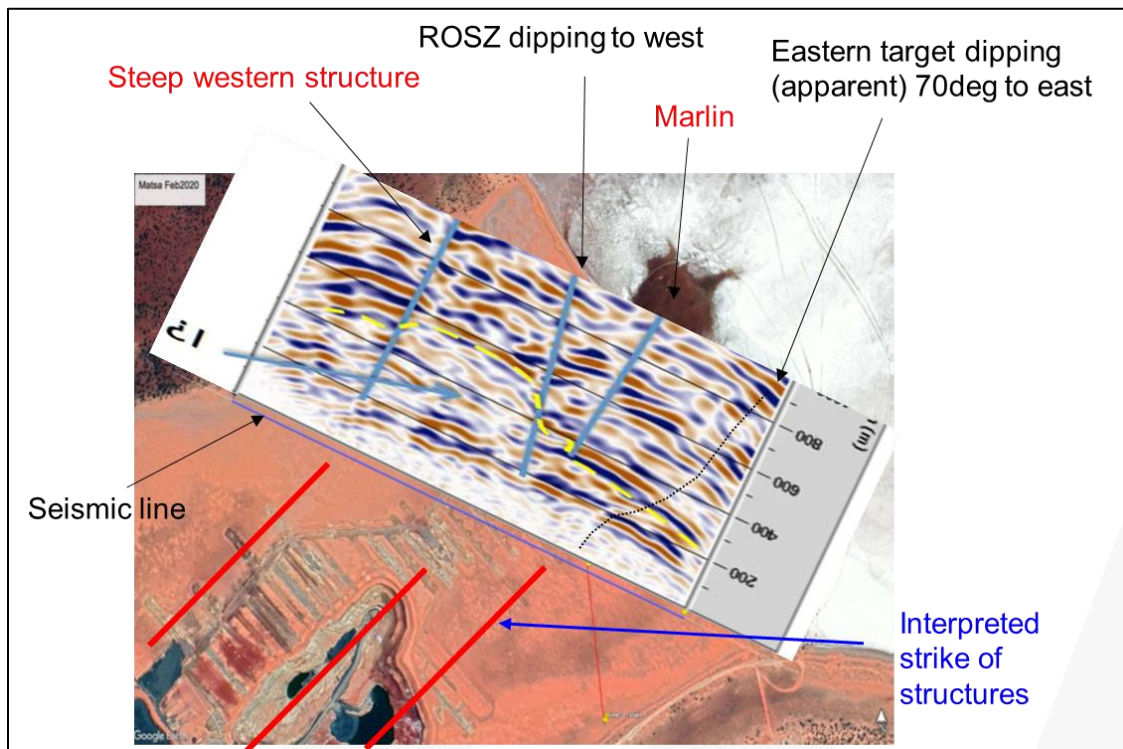


Figure 2: Red October 2D seismic line with interpreted key structural trends including new eastern and western exploration targets

The SAM data highlights additional potential targets near the mine that require more work that could lead to further exploration drilling.

Matsa's development and exploration activities at Red October has highlighted the very high grade nature of the orebody, but it's complex structural disposition requires detailed drilling. Extensive grade control drilling has been demonstrated to be critical to providing sufficiently detailed information for effective mine planning and scheduling. Matsa has therefore undertaken to conduct a major exploration and grade control drilling campaign to enable detailed long term mine planning and scheduling.

To efficiently conduct this drilling program, the Company has decided to wind down production related activities and focus its development activities to support the exploration drive. As such there will be limited production from Red October over the coming quarters.

Fortitude

Current Resource: 342,600oz @ 1.96g/t Au

Current Reserve: 58,100koz

Fortitude Stage 2 mine is fully permitted and licenced and has a positive cash flow of A\$55M⁸ within 22 months. Potential still exists below the current pit optimisation for additional resources that could form an underground option. Drilling is planned to define and extend the existing resource. In addition there is scope to re optimise the open pit resource.

⁸ ASX Announcement 22 January 2021 – Concept Study 600,000tpa Treatment Plant Lake Carey Project

Devon

Current Resource: the Company is currently modelling the recent drilling results including Devon Pit, Olympic and Hill East prospects.

Exploration target⁹: 133,000 to 386,000oz

Work has commenced to update Devon, which includes the Devon pit, Olympic and Hill East prospects, to produce 2012 JORC compliant models based on recent drilling. Optimisation studies will be completed to determine the potential for open pit and underground development opportunities. In addition, results are currently being evaluated from a recently completed 4km² Sub Audio Magnetic (SAM) survey (Figure 3) that is expected to assist in defining new drill targets. Historical pits and recent drilling highlights the significant exploration potential at Devon.

At Hill East, most of the gold mineralisation defined by drilling to date is the product of supergene enrichment and is associated with EW trending high grade quartz veins. While supergene mineralisation at shallow depth is an attractive target, it appears to be underlain by a zone of gold depletion with potential for primary gold mineralisation at depth. Discrete zones of supergene gold mineralisation at Hill East, lie within a strong 1,500m long NNW trending soil gold anomaly which remains only sparsely drilled at depth and is a priority search space for deeper primary mineralisation untested by current drilling.

The interpretation of Matsa's recently completed SAM survey will provide additional structural information and will be used to define drilling targets for deeper primary gold mineralisation. Deeper primary mineralisation was not included in Matsa's previously announced Exploration Target estimate at Hill East.

Fortitude North

Current Resource: the Company is currently modelling the recent drilling results

Exploration target¹⁰: 310,000oz to 600,000oz

Aircore and limited diamond drilling of this new discovery has highlighted a mineralised trend 1,500m long at Fortitude North, which provides a terrific opportunity to define a significant body of mineralisation. Only limited drilling (8 diamond drill holes) has been completed below aircore refusal at Fortitude North. The exploration space at Fortitude North of some 1,500m by 250m wide by >500m depth, represents an exciting opportunity to define a major body of mineralisation.

It is expected that geophysical surveys, such as SAM, could provide better control on the structural setting of the area to improve drill targeting. Early interpretation of magnetics suggest there could be a number of offset/parallel settings that also require drill testing.

Fortitude Fault Zone

The Fortitude Fault zone forms part of the regionally extensive north trending Barnicoat East Fault system which extends over the full extent of Matsa's Lake Carey Gold project over a distance of 48km. Fortitude and Fortitude North are located within this fault zone, as are the Jubilee and Keringal mines (both outside Matsa's tenements), and it is interpreted to represent a major pathway for gold mineralised fluids.

⁹ ASX Announcement 18 August 2020 - Significant Gold Potential Lake Carey Gold Project

¹⁰ ASX Announcement 18 August 2020 - Significant Gold Potential Lake Carey Gold Project

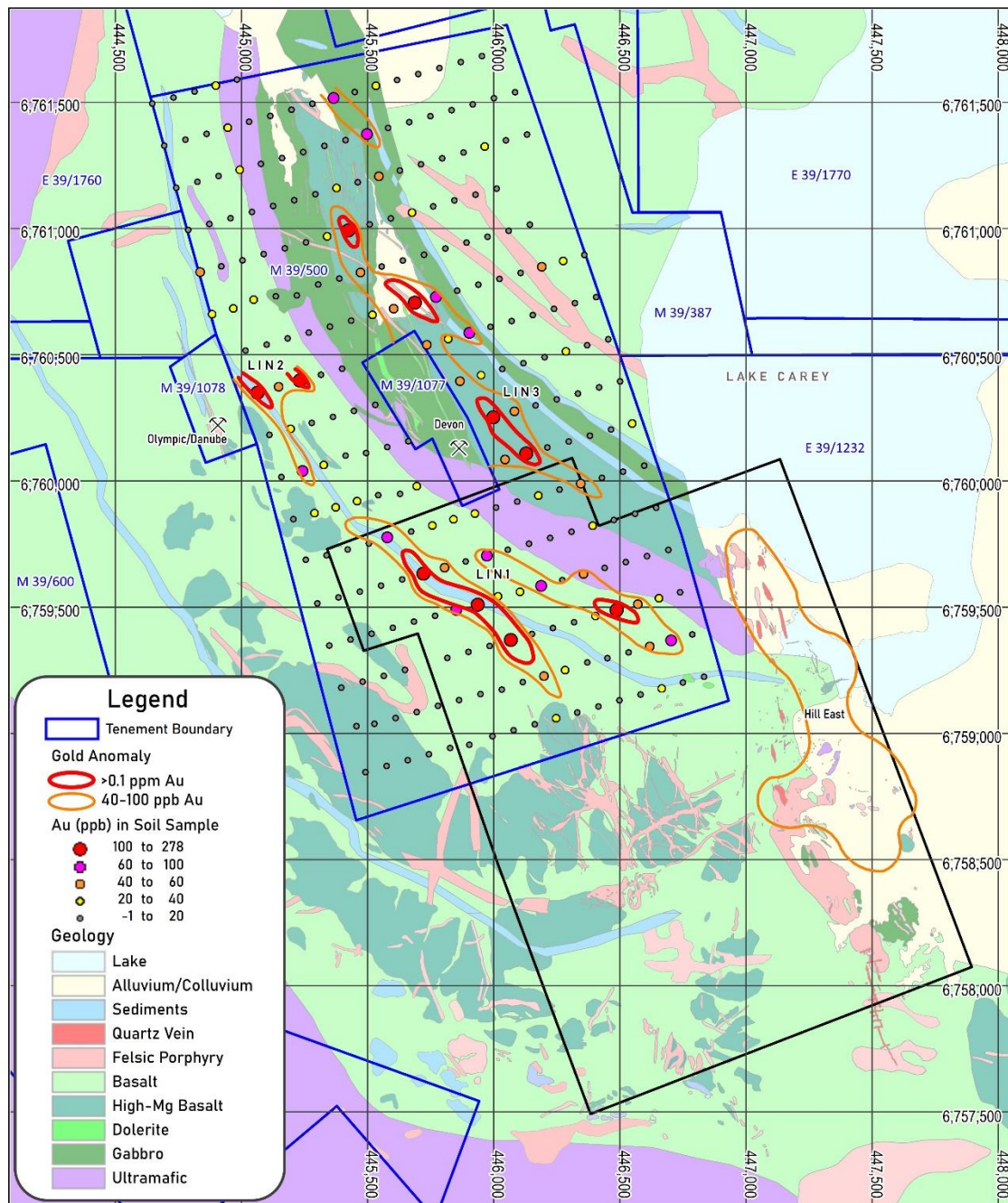


Figure 3: Devon area showing Exploration Targets, Soil Geochemistry and SAM Survey Location

Matsa has 5 targets along the Fortitude/Barnicoat East structures as shown in Figure 1 which includes Matsa's recent basement gold discovery at FF1. The gold intersection of 3m @ 1.47 g/t Au at FF1 has opened up a target area of ~1km by 250m along the Fortitude Fault Zone in an area where drilling by previous explorers was unable to reach basement through deep sand and clay cover.¹¹

Exploration, including sampling of previous drillholes, is continuing along the Fortitude Fault zone where gold mineralisation has been identified by previous exploration. The potential search areas are large, for example structurally controlled gold mineralisation was identified over >5km of strike by WMC and Exodus Minerals over the Cardinal and Wilga Dam targets¹². Exploration is planned which will include SAM surveys, which is aimed at validating past drilling and re-evaluating these high quality targets for early drilling.

¹¹ ASX Announcement 27th February 2020 - New Gold Discovery Lake Carey Gold Project

¹² WAMEX report A56033 Exodus Minerals Ltd 1998

Bindah – Gallant - BE trend

This trend is a fault corridor which is 26km long (extends beyond Matsa's tenements) along the Bindah Fault and remains virtually untested by drilling because of the lake, prior to Matsa's exploration in 2016. The corridor hosts known mineralisation at the Bindah Mine and at Gallant, and Matsa's early exploration led to new gold discoveries (BE1-BE4). Follow up of aircore intercepts including 21m @ 1.84g/t Au (including 7m @ 5.17 g/t Au) at BE1 defined a 1km long mineralised zone within a dacite porphyry intrusion.

A limited 4 hole diamond drill program was carried out in which visible gold was encountered in the first diamond hole¹³. Further lake RC drilling is planned to define primary mineralisation below aircore refusal. Targets BE2–BE4 remain untested below aircore refusal and these remain a high priority target for Matsa. Additionally the northern 4-5km of the Bindah Fault (Steves Dam) remains untested by drilling (Figure 1).

Matsa is currently modelling existing drilling at Gallant to produce a 2012 JORC compliant resource estimate. Additional drilling at Gallant is planned to test for further mineralisation along strike and at depth. Exploration will also be refocused on the potential for further mineralisation over the 3km section of the Bindah Fault, between Gallant and the Bindah Mine.

Limited drilling and known gold occurrences suggest the exploration space at Bindah trend is likely to be multiples of 600m strike by 350m wide to depths of 500-600m.

¹³ ASX Announcement 5th April 2017 - Significant New Gold Mineralisation Lake Carey Gold Project.

Prospect Name	Comment	Reference (ASX or WAMEX)
Red October	Major Drillout of the ROSZ and adjacent structures from SAM and Seismic	MAT Announcement to ASX 18th August 2020 Lake Carey Gold Project
Fortitude	Open Pit Reserve of 58,000 oz, drilling for depth and lateral extensions	MAT Announcement to ASX 21st August 2019
Fortitude North	Drilling to define high grade mineralisation, Only 800m of 1.5km long target tested below aircore refusal	MAT Announcement to ASX 18th August 2020 Lake Carey Gold Project
Devon	Updating model and resource optimisation, drilling on both lodes along strike and at depth	MAT Announcement to ASX 18th August 2020 Lake Carey Gold Project
Olympic	Updating model and resource optimisation, drilling on both lodes along strike and at depth	MAT Announcement to ASX 18th August 2020 Lake Carey Gold Project
Hill East	Model supergene mineralisation, develop and drill-test SAM geophysical targets	MAT Announcement to ASX 18th August 2020 Lake Carey Gold Project
Gallant	Update model, resource optimisation, drilling along strike and at depth.	MAT Announcement to ASX 18th August 2020 Lake Carey Gold Project
FF1	New discovery near Sunrise Dam (3m @ 1.47 g/t gold in aircore) with flanking gold values in deep palaeochannel, interesting magnetic target along Fortitude Shear. Early diamond drilling to test below aircore refusal, followed by target definition aircore and RC drilling	Matsa ASX Announcement 27th February 2020
LIN1	New 1km Matsa soil gold anomaly anomaly to 0.24 g/t Au, elevated historic rock chip values in interflow iron rich sediment/basalt sequence coincident EM anomaly, First pass drilling.	Matsa September Quarterly Report 30 October 2020
Nautilus	5km long gold aircore RC Red October lookalike, Key 1km section with favourable structure in magnetics remains undrilled due to previous access difficulties.	A75083 Saracen Digital Compilation
Lady Chatterley	NE extension of RO Stratigraphy, along Nautilus Trend. Discrete zone of strong magnetite altered basalt on strong gravity gradient. Diamond drill results of 1m of 0.87 Au Deep palaeochannel untested by aircore drilling	WAMEX Report A60349 Sons of Gwalia Ltd
Democrat/Wimmera	A number of historic workings of the Linden goldfield on high grade lodes, historic production recorded 8002 tonnes for 14,469 oz Au reported .	Production Records MINEDEX database
Bell/Indigo	Anomalous rock chips and soil samples over 4km of strike associated with iron rich interflow sediment in basalts, similarities to Olympic	A59636 Goldfields Australia 1998 A39523 Haomal NW 1993
Bindah	WMC open Pit production of 44kt @ 3.13 g/t for 4,489 oz gold, potential at depth and along strike. Historic gold Production from 1913 to 1924 26,987t @ 12.9g/t (recovered) for 11,225 oz.	A21501, Lake Carey Annual Report 2003 Aurora Minerals
Red Dog	Matsa Mined 185kt @ 2.3 g/t gold	MAT Announcement to ASX 11th January 2019 Lake Carey Gold Project
BE1	1 km long aircore anomaly with Matsa drill results 24m @ 0.98 including 8m @ 2.27g/t Au, 2m @ 25.3 g/tAu. Drilling to test VG-bearing quartz vein in saprolite at depth and along strike	Matsa ASX Announcement 21st March 2017 and 12th April 2017
BE2	Anomalous intercepts in altered dolerite, peak value of 1m of 1.46 g/t from 71m, historic 4m @ 0.69 g/t Au	Matsa ASX Announcement 27th July 2017
BE3	Anomalous intercepts in altered dolerite, peak value of 3m of 3.62 g/t Au from 42m, historic 4m @ 0.87 g/t Au	Matsa ASX Announcement 27th July 2017
BE4	Anomalous intercepts in altered intermediate volcanics, peak value of 3m of 2.62 g/t Au from 45m	Matsa Quarterly Report to ASX 31st January 2019
Stealth	Aurora discovery, AC 2m @ 27.5 g/t Au, follow up by Midas 7m @ 8 g/t Au, along Fortitude Fault, likely structural complexity missed by earlier drilling	A64739 (Aurora). A68398 Midas Gold Limited
Mirage	Arimoc discovery 1997, best aircore 1m @ 35 g/t in sulphidic quartz veins, junction of Fortitude and Bindah faults, structurally favourable, possible EW strike untested by drilling.	A60728. A55048
Intrepid	Continuation of BE3 to the south along Bindah Fault, best drillhole 7m @ 2.37 g/t in aircore, remains unresolved	Midas A77724
Misery South	3km section of the Barnicoat East Fault, south of Misery Gold, only aircore which did not effectively test through palaeochannels	A56251 1998 Placer Granny Smith
Steve's Dam	5km section of the Bindah Fault north of tBE4 which remains untested by drilling under 40-60m of cover	Conceptual, No drilling carried out
Wilga Dam/Cardinal	7km long zone of gold mineralisation SAM survey to work up first pass drilling program, validate key drilling results	A52374
Wilga Southeast	Gold anomalism in RC drilling by Delta Gold with gold intercepts, compile and validate historic drilling data	A
Jubilee South	NNE fault abuts Jubilee Mine (2.3Mt @ 2.8 g/t Au (210,000 ounce) aircore did not penetrate palaeochannel strong Ag-As-Bi-Cu-Mo anomalism in Bottom of hole samples	A47027 1995 Placer Exploration
Jubilee Northwest	3.5km target BIF horizon, 3km east of Golden Delicious very wide spaced drilling	A57772 1998 Placer Granny Smith
Fortitude Far South	1.0km largely untested "Fortitude Position" contact ultramafics/intermediate volcanics under lake, 3km SE of Fortitude	Midas A77724
Jubilee East	500m east of Jubilee Mine, historic drillholes best 4m @ 4.6 g/t Au in aircore, gravity gradient	A57772, 1998 Placer Exploration

Table 2: Lake Carey Project exploration pipeline prospect status

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

For further information please contact:

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Competent Person Statement

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.