



ASX Announcement

7 September 2018

**Drilling Commences at Fortitude North
Lake Carey Gold Project**

Highlights

- The first drill hole in a 5 hole drilling programme to follow up recently discovered bedrock gold mineralisation at Fortitude North has commenced
- Previous drilling results included:
 - 8m @ 5.14 g/t Au**
 - incl. 2m @ 15.6 g/t Au*
 - within 26m @ 1.95 g/t Au*
- Follow up drilling will target mineralisation in fresh basement rocks underlying and along strike from this key intersection above which is located 5km north of Matsa's Fortitude mine

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

176.93 million

Unlisted Options

13.70 million @ \$0.25 - \$0.30

Top 20 shareholders

Hold 51.68%

Share Price on 6th September 2018

13 cents

Market Capitalisation

\$23 million

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to announce that a drilling programme has commenced to follow up recently discovered bedrock gold mineralisation at Fortitude North within the Company’s Lake Carey Gold Project in the Eastern Goldfields of Western Australia.

As previously announced (*MAT announcements to the ASX 11th July 2018 and 20th July 2018*), aircore drilling intersected a new bedrock gold mineralised zone at Fortitude North in excess of 1 km in length, which remains open to the south, and is located just 5km north of Matsa’s Fortitude Gold Mine.

Reverse Circulation Drilling Commenced

Reverse Circulation (“RC”) drilling commenced on Wednesday 5th September 2018 with the first drill hole of a planned 5 hole programme using a conventional truck mounted RC drilling rig.

Drilling is targeting an interpreted NNW trending bedrock mineralised zone with mineralised aircore intercepts in weathered basement. The potential for significant mineralisation is highlighted by a key intercept in the bottom 26m of aircore drill hole 18FNAC36 as follows:

8m @ 5.41g/t Au from 76m to end of hole

incl. 2m @ 15 g/t Au from 76m,

all within a broader intercept of:

26m @ 1.95 g/t Au from 57m to end of hole

The new drill programme comprises two lines and is designed to test fresh basement rocks immediately adjacent to the above intercept with a second line located 200m to the north (Figure 1).

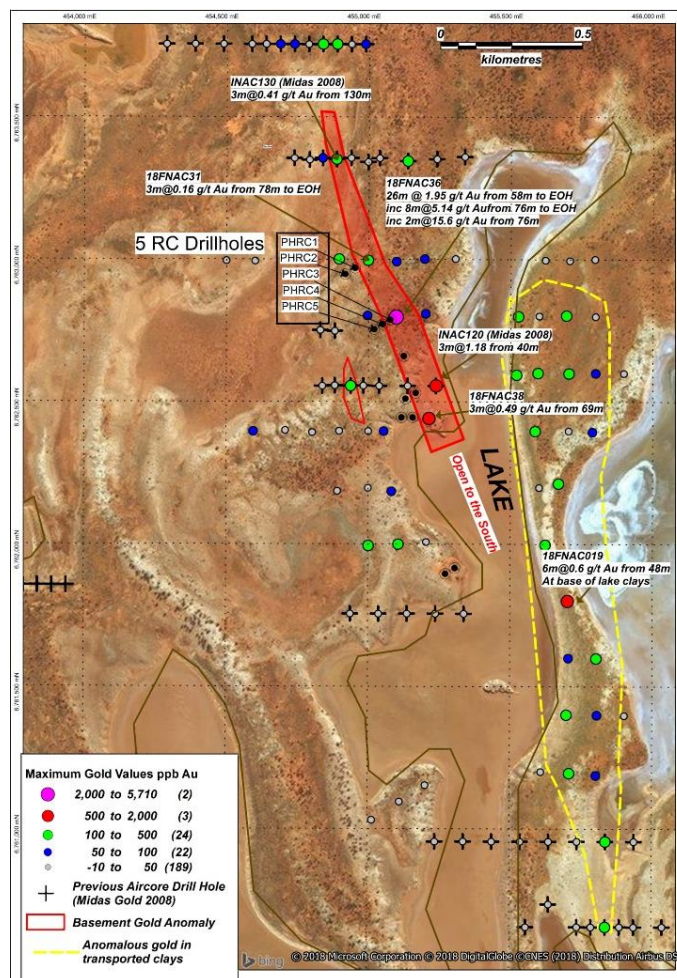


Figure 1: Fortitude North Summary Aircore Results and Planned RC programme

Further aircore drilling over the open southern extent of the interpreted mineralised zone which is located under a small salt lake is proposed to commence as soon as possible.

The Lake Carey Gold Project

Matsa holds a ground position of ~ 600km² at Lake Carey which is highly prospective for new gold discoveries. The Company is committed to becoming a mid-tier gold mining company. The implementation of this vision commenced with its recently completed trial mining operation at Fortitude and commencement of mining at the Red Dog deposit. Furthermore, studies are continuing into the viability of a full scale open-pit gold mine at Fortitude and the re-commencement of underground production at the Red October gold mine (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.

For further information please contact:

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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.