



ASX Announcement

13th December 2018

Acquisition of Devon Gold Mine

Highlights

- *Matsa has acquired the Devon gold mine and surrounding project area from GME Resources Ltd*
- *In conjunction with the recently announced agreements with Anova Metals Ltd for an option to acquire the Anova Metals Devon tenements, Matsa now controls all the mineralised areas surrounding the Devon gold mine*
- *Importantly, the area is contiguous to the Red October gold mine and Capella tenements which acquisition is expected to be finalised in the near term*
- *Matsa now holds a ground position of ~620km² at Lake Carey*
- *Consideration for the acquisition is \$100,000 consisting of \$50,000 cash with the \$50,000 balance payable in cash or Matsa shares*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

176.93 million

Unlisted Options

22.4 million @ \$0.17 - \$0.30

Top 20 shareholders

Hold 53.42%

Share Price on 12th December 2018

14 cents

Market Capitalisation

\$24.77 million

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to advise that it has entered into a Sale and Purchase Agreement (“SPA”) with GME Resources Ltd (“GME”, ASX: GME) to acquire the Devon gold mine and surrounding projects, including the New Years Gift project from GME. This new agreement with GME complements the agreement with the greater Devon project acquired from Anova Metals Ltd (“Anova”) announced recently. This now gives Matsa control over the known gold mineralised areas surrounding the Devon mine, now on care and maintenance.

Importantly for Matsa, the combined Anova and GME land package allows for exploration beneath and along strike of the Devon open pit mine which averaged over 5 g/t Au.

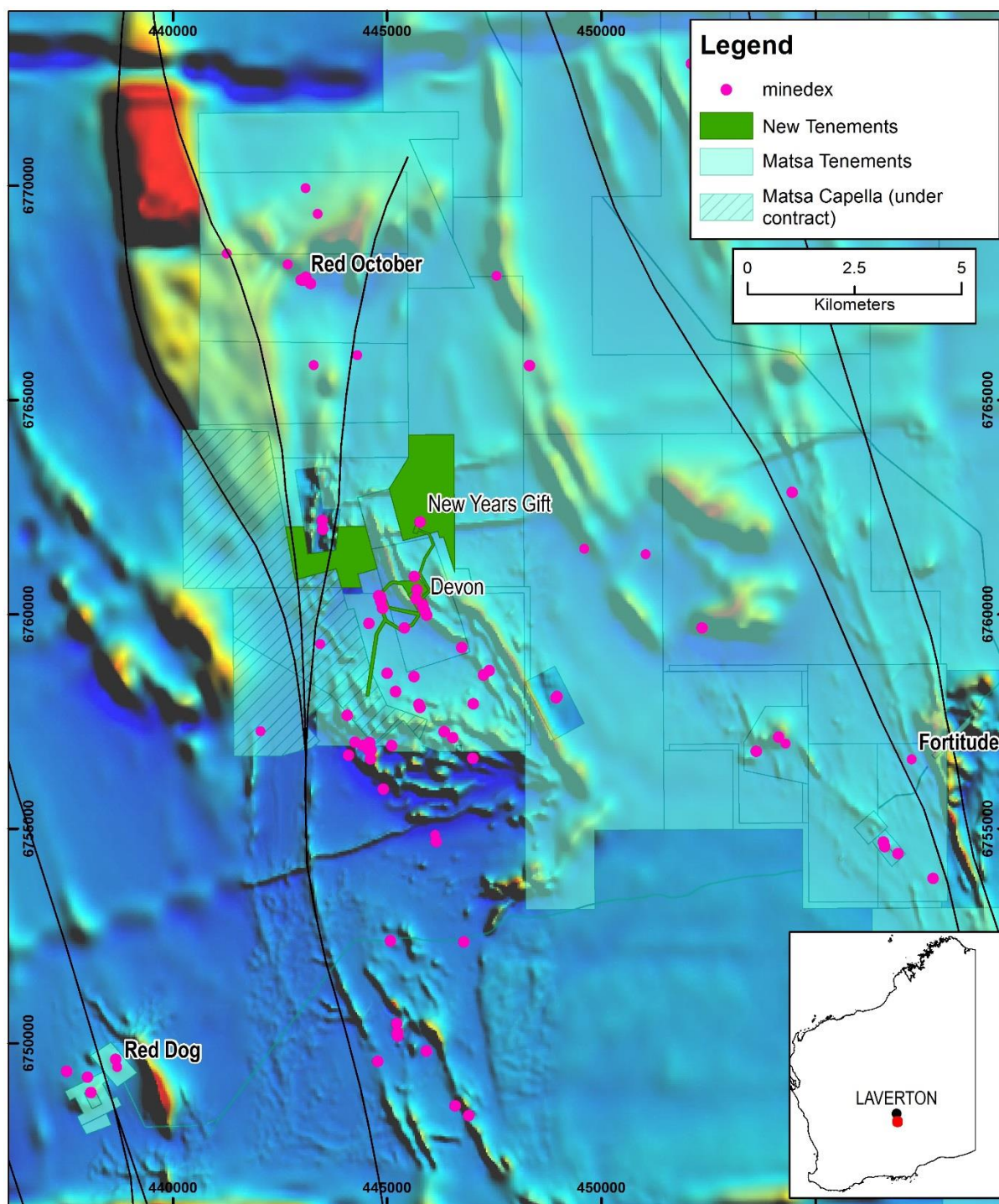


Figure 1: Location plan of new tenements over a background of magnetics

Devon

The Devon open pit gold mine was initially trial mined by GME Resources in May 2015, producing approximately 13,590t at 5.36g/t for 2,195 oz of gold. The pit was extended in 2016 with GME Resources reporting production of 47,032t at 5.3g/t for 7,398oz gold over the six month mining operation. GME Resources reported drilling below the pit and old workings indicated mineralisation remained open at depth (Figure 2) and planned to test down dip extensions (refer GME ASX releases dated 19 June 2015, 18 November 2016 and 24 October 2018). However, access for drilling or potential extensions of the open pits were limited by tenure. The recent agreement with Anova Metals Limited on the surrounding ground of M39/500 removes any obstacles previously encountered with drilling permission from 3rd parties at the Devon gold mine tenements and will now allow Matsa to progress exploration to the fullest extent desired. (refer MAT ASX announcement dated 14 November 2018).

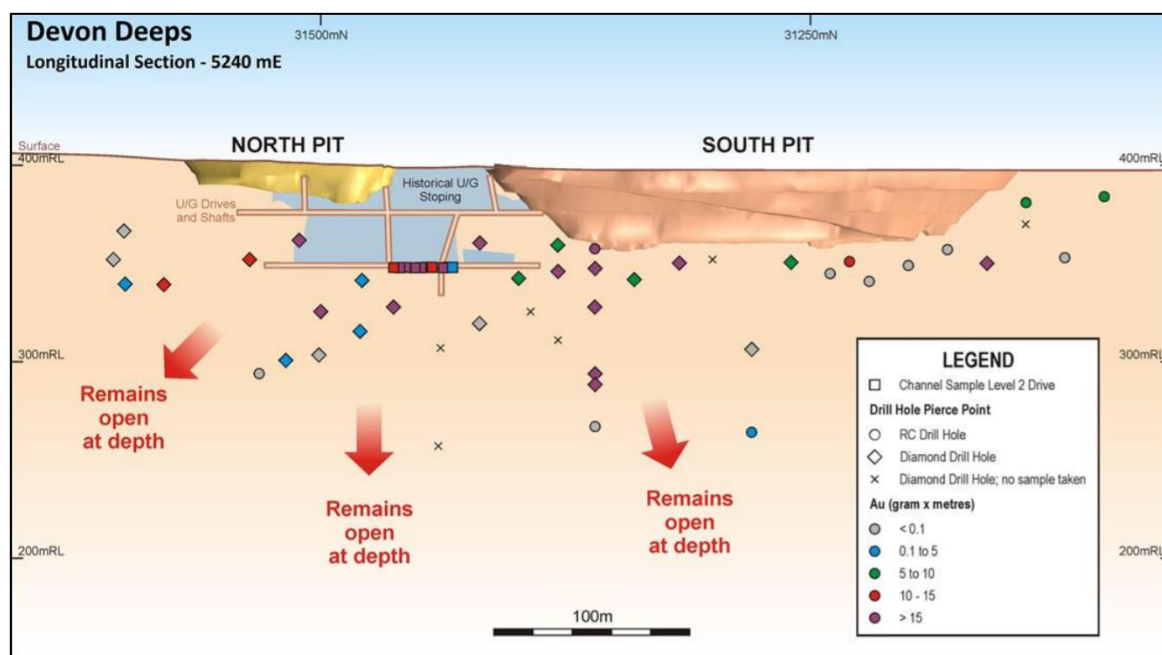


Figure 2: Devon Deeps long section (refer GME ASX announcement dated 18 November 2016)

New Year's Gift

Less than 2km north of the Devon deposit, the New Year's Gift prospect is hosted within the same north-northwest trending greenstone package as Devon (Figure 1). The New Year's Gift is another example of the many historical workings in the area requiring follow up exploration. In 2015, GME drilled a preliminary program of 4 RC holes over sub-cropping quartz at New Year's Gift (refer GME ASX announcements dated 6 July 2015 and 4 Nov 2015). All holes intersected mineralisation with gold values greater than 1 g/t Au and better results of:

4m at 10.6g/t Au from 25m
1m at 23.6g/t Au from 23m

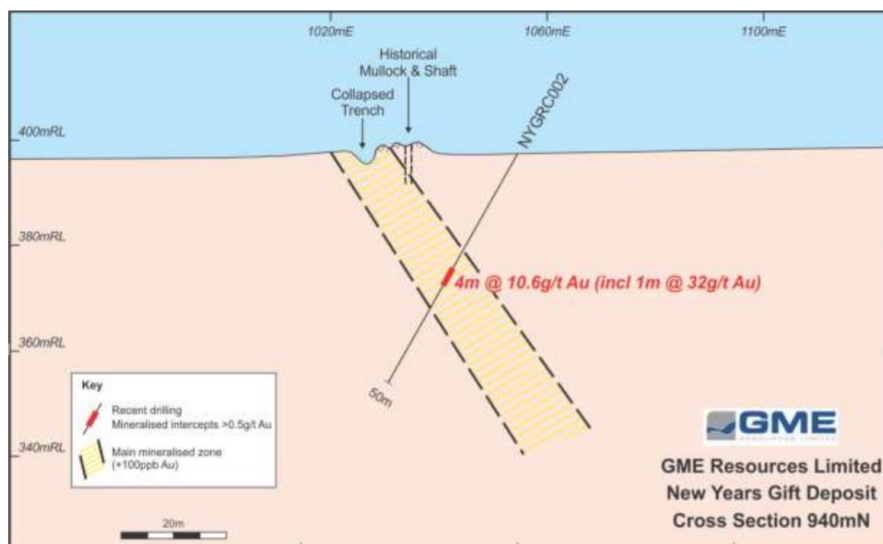


Figure 3: Cross section through drilling at New Year's Gift (reference: ASX: GME announcement dated 4 November 2015)

Devon and New Years Gift Project Acquisition Terms

Matsa and GME have entered into a SPA whereby Matsa will acquire both the Devon and New Years Gift gold projects from GME for:

1. A total consideration of \$100,000 consisting of:
 - (a) A cash payment of \$50,000; and
 - (b) At Matsa's election, a further amount of \$50,000 in cash or Matsa fully paid ordinary shares; and
2. GME retains a 1% net smelter royalty (NSR) over any gold produced from the Devon tenements.

The agreement is subject to Matsa completing due diligence to its absolute satisfaction and approval by the Minister to transfer the tenements.

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Competent Person

The Mineral Resource and exploration information in this report 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

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>Devon: Historic details of Costeans, RC and Diamond sample preparation, analyses and security unknown. GME Drill hole spacing within the sectional cross-section plane is typically 10-20m. Drill hole collars were picked up by survey contractors</p> <p>New Year's Gift: RC 4 ¾ inch dia face sampling drilling with 1m sampling via cone splitter. Samples analysed at commercial lab with 40gm split, fire assay followed by AAS finish.</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>Devon: Historical Details of the recording and assessing core and chip sample recoveries of the historic data are not available. GME: RC and Diamond drilling</p> <p>New Year's Gift: RC</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<p>Devon: Sample recoveries not noted in historical files. GME: sample weights of the bags were checked in the field by the logging geologist and light samples which might indicate core loss were noted in the log. All drilling was dry, above the water table. Consistent sample bag weights were obtained for the vast majority of RC samples.</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> 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>New Year's Gift: recoveries logged as good with no significant issues noted.</p>
<p>Logging</p>	<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>Devon: Some historical drill data available. GME: geologist logging on site and monitoring sample quality. Data captured and loaded into database. New Year's Gift: All holes logged and loaded into GME company database</p>
<p>Sub-sampling techniques and sample preparation</p>	<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 	<p>Devon: Historical data not recorded. GME:RC samples spilt using riffle splitter. Most samples were dry. Samples assayed by accredited lab, pulverized to 75um passing. Standards, blanks (1:20) and field duplicates (1:50) included. New Year's Gift: 1m samples from cone splitter. Samples pulverised to 75um and 40gm split for assay. Field dups every 50th sample. Gold standards every 20th sample.</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	
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. 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. 	<p>Devon: Historical data not recorded. GME: utilised industry best practice NATA accredited lab. Au assayed by Fire assay (40g charge)</p> <p>New Year's Gift: commercial lab standards established.</p>
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. 	<p>Devon: Historical data not recorded. GME: External consultants reviewed data and verified significant intersections. Small number of twinned holes confirm mineralisation continuity.</p> <p>New Year's Gift: no external lab check of high grades recorded.</p>
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. 	<p>Devon: Historical data not recorded. Some Wamex reports indicate some hole (RC holes) surveyed with GPS. Elevation data assumed or unknown. GME: qualified surveyor pickup. Shallow RC not downhole surveyed as deviation deemed insignificant.</p> <p>New Year's Gift: holes picked up by licenced surveyor using DGPS. No downhole surveys.</p>

Criteria	JORC Code explanation	Commentary
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i> 	<p>Devon: Variety of drill spacings with up to 10m x 10m in mined area and up to 20m x 420m from initial drilling spacing. Samples have been composited at 1m downhole. All RC sampling t 1m. Most diamond drilling sampled at 1m.</p> <p>New Year's Gift: initial drill program spacing only</p>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>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.</i> 	<p>Devon: Drilling oriented to intersect ore optimally. GME External consultants considered data suitable for geology and mineralised structures.</p> <p>New Year's Gift: no orientation sampling bias noted. Lodes dip moderately east and drilling west.</p>
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<p>Devon: Historical data – unknown. GME samples stored on site before transported to Perth lab.</p> <p>New Year's Gift: GME managed chain of custody.</p>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<p>GME: External consultants have reviewed work and completed resource estimates.</p>

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"> <i>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.</i> <i>The security of the tenure held at the time of reporting along with any</i> 	<p>Tenements: M39/1077, M39/1078, L39/222, L39/235, L39/237 and E39/1760. Tenements held 100% by GNE Resources Ltd under option with Matsa. There are no known impediments to operate.</p>

Criteria	JORC Code explanation	Commentary
	<i>known impediments to obtaining a license to operate in the area.</i>	
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	Devon and New Year's Gift: Goldfields Exploration Pty Ltd, Exterra and Haoma have been the major explorers in the area.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	Devon and New Year's Gift: Volcanics and sediments dominate the area. Coarse grained mafic and ultramafic rocks occur conformably as intrusive sills. Banded iron and chert form prominent marker horizons. Mineralisation is hosted in narrow, steeply east dipping quartz veins with associated argillite alteration.
Drill hole Information	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>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.</i> 	New Year's Gift: Refer to appendix for drilling. Devon: Refer GME ASX announcements dated 19 June 2015, 4 Nov 2016, 18 Nov 2016 and 24 Oct 2018
Data aggregation methods	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	Devon and New Year's Gift: Data reported herein is reported as composite intervals that have been weight averaged unless otherwise stated.
Relationship between mineralisation	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	Devon and New Year's Gift: All intercepts quoted relate to downhole depth and true width is unknown. 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. Intercepts are expressed in downhole metres.

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	<ul style="list-style-type: none"> 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'). 	
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. 	Diagrams included in report
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 available drilling information has been used to determine exploration targets.
Other substantive exploration data	<ul style="list-style-type: none"> 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. 	Devon and New Year's Gift: The report makes use of publicly available past drilling from ASX: GME announcements as well as provided company datasets.
Further work	<ul style="list-style-type: none"> 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. 	Devon and New Year's Gift: Planned drilling is intended to test known and interpreted target locations.

Appendix 2 – New Years Gift RC drilling significant results

Hole_ID	Total Depth	GDA_East	GDA_North	Local_East	Local_North	From	To	Width	Au (g/t)
NYGRC001	50	445770	6762228	1055	982	7	8	1	0.56
						17	23	6	0.54
					<i>includes</i>	22	23	1	1.08
						26	27	1	1.28
NYGRC002	50	445778	6762190	1058	942	25	29	4	10.60
					<i>includes</i>	26	27	1	32.00
					<i>and</i>	27	28	1	7.86
NYGRC004	50	445790	6762112	1059	861	15	16	1	0.82
						23	24	1	23.60
NYGR003 *	22	445774	6762132	1046	883	12	14	2	3.62

Notes: Results calculated with 0.5 g/t Au lower cut, no upper cut and 2 m maximum internal dilutions. RC holes orientated nominally -60° → 260° Local Grid. 1m riffle splits samples assayed by 40g fire assay method.

*Table includes significant results from historical RAB (i.e. NYGR003) drilling.