



ASX Announcement

4th June 2020

Corporate Update

Record Monthly Production

Highlights

- *Red October production levels continues to improve with record production achieved in May:*
 - *7,980t @ 4.29g/t for 935oz (an 18% increase on April production of 7,950t @ 3.65g/t for 793oz)*
- *June Quarter-to-date production has surpassed all of the March Quarter (with one month remaining):*
 - *15,840t @ 3.97g/t for 1,728oz for April and May (March Quarter: 15,827t @ 3.74g/t for 1,693oz)*
- *Average grade and throughput tonnages continue to improve at Red October as operations become more efficient and completed development work has opened up areas to extract higher grade ore. This is resulting in greater ore deliveries to Sunrise Dam for processing and operational improvements are expected to continue for the remainder of the calendar year*
- *Matsa's strategic 26.77% investment in Bulletin Resources Ltd (ASX: BNR) is up over 300% this year as BNR progresses its Lake Rebecca gold project*
- *Planning for the next round of exploration drilling at Lake Carey is underway to test extensions at Fortitude North, Devon and Hill East projects*
- *Repayment date for the existing \$4M loan extended to 31 July 2022*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

226.92 million

Unlisted Options

~26.35 million @ \$0.17 - \$0.25

Top 20 shareholders

Hold 54.48%

Share Price on 3rd June 2020

11.5 cents

Market Capitalisation

\$26.10 million

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to provide a corporate update on its activities within the Lake Carey gold project.

Red October Gold Mine

Performance at the Red October Gold Mine has continued to improve over the months of April and May with a record production in May of 7,980 tonnes, the highest it has been since Matsa recommenced mining operations in mid-2019. As noted in the March Quarterly Report, improvements in the mining operations and creation of further operational efficiencies are starting to take effect as illustrated in the production table below:

	March 2020 Quarter Production	April 2020 Production*	May 2020 Production*
Total Tonnes	15,827	7,950	7,980
Grade (g/t)	3.74	3.65	4.29
Met Recovery (%)	89%	85%	85%
Production (Oz)	1,693	793	935

Table 1: Red October Gold Production Summary

**Estimated budgeted recovery*

Matsa is pleased that these operational implementations are starting to have an impact and the Company continues to identify a number of potential efficiencies in the mining process at the Red October Gold Mine that will have a further positive impact on production. Such results are leading to greater ore deliveries to AngloGold Ashanti’s Sunrise Dam gold plant for processing, which in turn has improved the Company’s cash flow position.

In parallel with the current growth in production, further resource drilling will commence imminently to identify additional resources for future mining.

Lake Carey Exploration

Planning is currently underway for the next round of drilling at the Lake Carey gold project. Successful drilling campaigns at Fortitude North, Devon and Hill East in the first quarter of 2020 have illustrated that there is significant potential for further gold resources in the Company’s Lake Carey tenure.

As previously advised, assay results from the last drilling programme at Fortitude North confirmed the presence and continuity of primary gold mineralisation over a distance of 800m within the 1,500m long basement (aircore) gold anomaly, with the remainder yet to be tested. The next drilling programme is planned to explore the remaining 700m of prospective strike, as well as to carry out infill and step out drilling to define and delineate gold mineralisation at depth, and to assess the resource potential at Fortitude North.

Drilling at Hill East achieved significant mineralised intercepts at shallow depth in 5 of the 6 targets tested previously (*MAT Announcement to ASX 27/4/2020*) and ground geophysical surveys are planned to cover the 1.5km long geochemical target which encloses the HE 1 – HE 4 targets as a first step in developing drill targets for gold mineralisation at depth. This deeper target remains untested by the predominantly shallow drilling carried out to date.

Investment in Bulletin

Matsa retains a 26.77% interest (48M shares) in Bulletin Resources Limited (ASX: BNR). The value of its interest in Bulletin has trebled over the last 2 months as Bulletin focusses on the potential of its 80% owned Lake Rebecca gold project. Matsa retains a 20% interest in the project.

Bulletin is currently conducting a drilling programme at the Lake Rebecca gold project which is along strike from Apollo Consolidated Limited's ("Apollo"; ASX: AOP) Rebecca project, containing a 1.035Moz gold resource (refer ASX: AOP announcement dated 10th February 2020).

While still at an early stage the project is considered very interesting and Matsa looks forward to the results of the programme once they become available.

Extension of Loan Repayment

Matsa advises that it has entered into an agreement with its lenders whereby the loan repayment date has been extended for two years to 31st July 2022.

Matsa has a total loan outstanding of \$4 million that is held by two separate independent parties. Each of the lenders holds a \$2 million loan. Matsa first announced that it had entered into the loan facility in August 2017 (*MAT Announcements to ASX 8th August 2017* with a loan variation occurring in May 2019).

The fact that the lenders have agreed to the extension of the repayment date for a further 2 years endorses their view on Matsa and gives Matsa greater flexibility over its operations. All terms and conditions of the loan remain the same other than the extension of the repayment date to 31st July 2022.

To ensure full disclosure the lenders are Goldbondsuper Pty Ltd as Trustee for Goldbondsuperone and Robert Paul Martin and Susan Pamela Martin as Trustees for Nitro Super Fund. For clarity the lenders are not related parties of either Matsa or each other.

Matsa has agreed to pay each of the lenders an annual Facility Fee of 150,000 fully paid ordinary shares for every year or part year that the loans remain outstanding. These shares shall be issued on or about 1st June 2020 and 1st June 2021.

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

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