



ASX Announcement

14th November 2018

Matsa Expands Lake Carey Gold Project

Highlights

- *Matsa has acquired an option over Anova Metals Ltd's 17.8 km² Devon tenements just south of the Red October gold mine within the Lake Carey gold project*
- *Matsa can elect to exercise the option by paying \$200,000 within 18 months to acquire a 100% interest in the Devon tenements*
- *Numerous gold targets have already been identified with historical drill results including:*
 - 1m at 37.1 g/t Au from 4m*
 - 2m at 13.3 g/t Au from 16m*
 - 5m at 4.7 g/t Au from 43m*
 - 10m at 2.0 g/t Au from 16m*
- *Matsa to take a placement in Anova of 10 million shares at a price of 2.25 cents per share*
- *Matsa has also executed an agreement to acquire Anova's Zelica gold project for a sum of \$150,000 subject to due diligence*

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 53.42%

Share Price on 13th November 2018

15 cents

Market Capitalisation

\$26.54 million

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to advise that it has entered into two agreements with Anova Metals Ltd ("Anova", ASX: AWW) whereby Matsa on one hand can acquire Anova's Devon project and in a separate transaction, Anova's nearby Zelica gold project.

Matsa continues to expand its interest in the Lake Carey gold project area south of Laverton by executing these two agreements. Matsa believes in the prospectivity of this gold province and continually seeks to increase its footprint in the region by entering into agreements which are strategically positioned and contain meaningful gold exploration targets. The acquisition is of particular interest as it forms a larger contiguous land package with existing gold targets already to hand and strongly complements the recently acquired Red October gold mine.

It is envisaged that exploration will commence immediately in conjunction with surrounding tenements where recent aeromagnetic surveys and aircore drilling have been completed. This strategic acquisition complements the overall strategy of building a company with high quality gold potential in a contiguous land package all within close proximity of the Red October gold mine, village and infrastructure.

Devon Tenements

The Devon tenements are located immediately south of Red October and are contiguous to Matsa's Red October tenements (Figure 1). The tenements hold multiple historical workings that produced approximately 23,000 ounces of gold from an average grade of 50 g/t over outcropping and near surface quartz veins.

Significant historical drill results at Devon highlight several gold mineralised areas as shown in Figure 2, with better results being:

1m at 37.1 g/t Au from 4m
2m at 13.3 g/t Au from 16m
5m at 4.7 g/t Au from 43m
10m at 2.0 g/t Au from 16m

Devon Acquisition Terms

Matsa and Anova entered have entered into a Placement and Option Deed whereby:

1. Matsa will take a placement in Anova via the issue of 10 million fully paid ordinary shares in Anova at an issue price of 2.25 cents per share;
2. Matsa has been granted an option to acquire the Devon tenements for \$200,000 at any time within the next 18 months;
3. Anova retains a 1% net smelter royalty (NSR) over any gold produced from the Devon tenements.

Importantly, Matsa can withdraw at any time during the next 18 months at no cost. Matsa has completed due diligence on the Devon tenements and believes there are excellent drill ready exploration opportunities which are to be assessed.

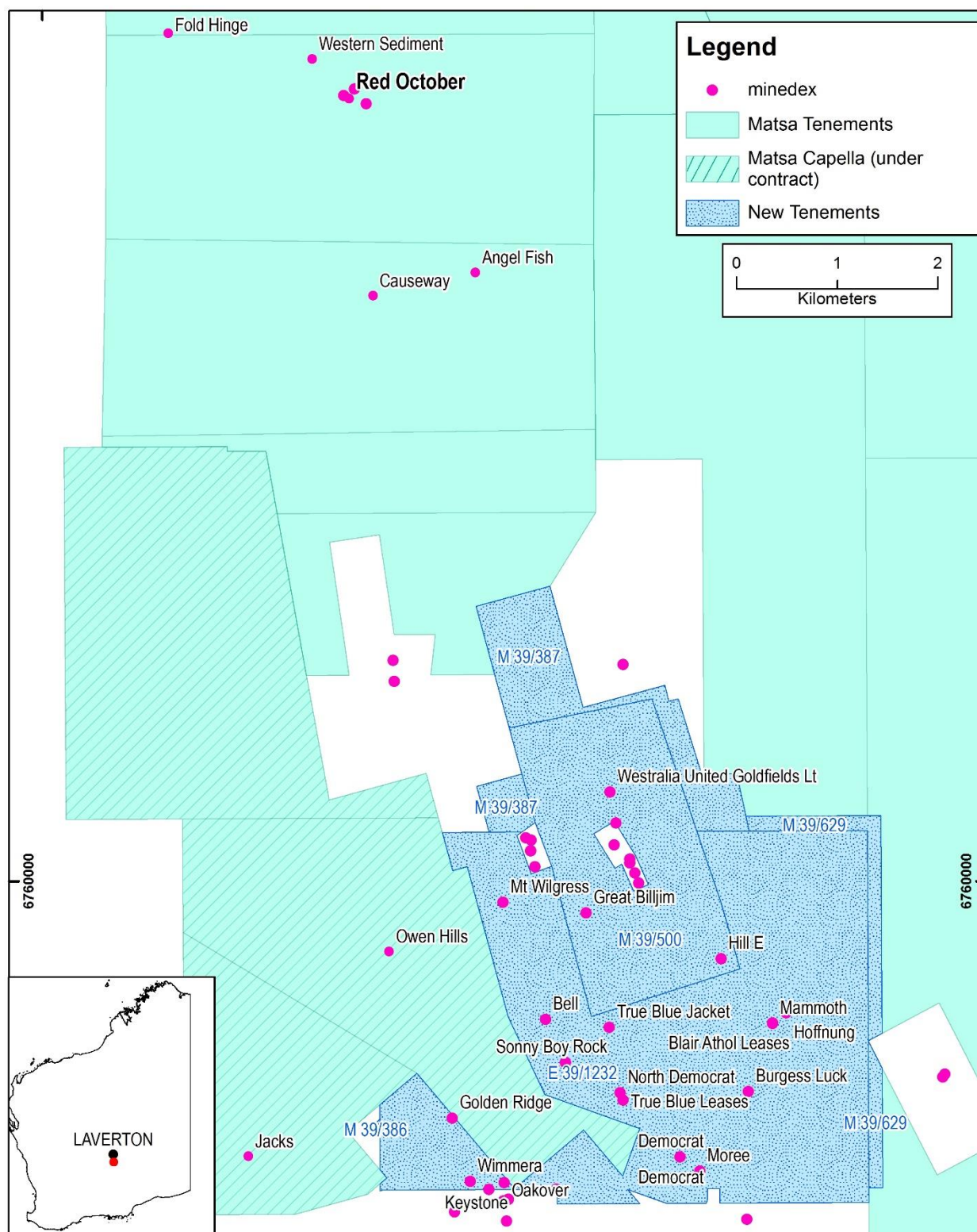


Figure 1: Location of Devon Tenements and prospects subject to Option Agreement

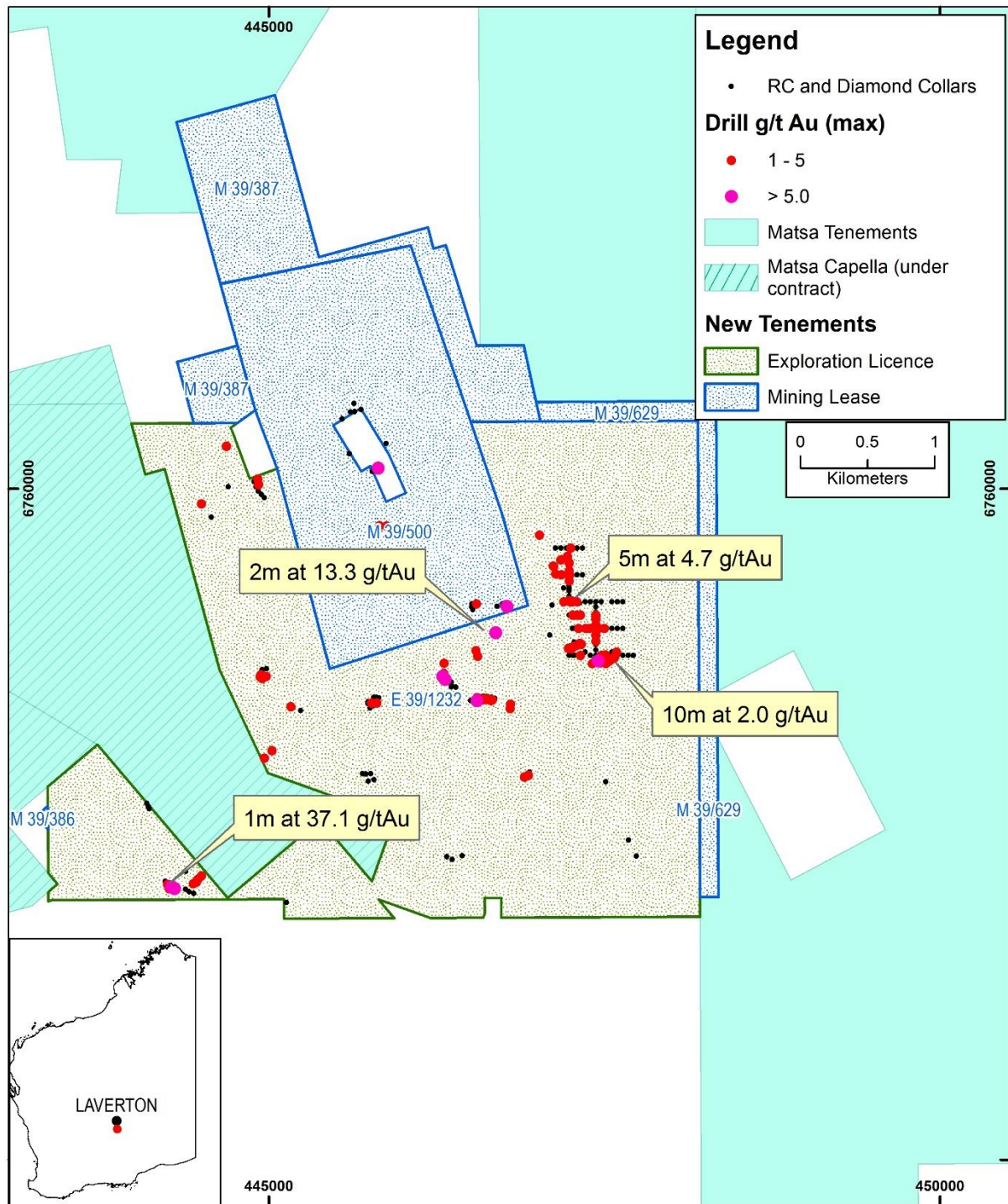


Figure 2: Location of Devon Tenements and significant drill results

Zelica Project

The Zelica gold project is located 20km to the NW of Red October (Figure 3).

The Zelica gold project contains a 2004 JORC compliant 30,000 oz gold resource as previously reported by Exterra Resources Limited.

Previous exploration activities undertaken by Anova have concentrated on carrying out optimisation studies on the insitu gold resources. Work included drilling on the low grade stockpile to confirm grades from historic drilling and a programme of pit floor trenching, mapping and sampling.

Anova also identified the potential presence of near-surface, high-grade zones within the main ore zone, most notably in the central parts, and near the southern pit ramp.

Zelica JORC 2004 Resource Estimate

	Indicated			Inferred			Combined		
	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces
Zelica	358,200	1.65	19,036	216,600	1.58	11,134	576,8008	1.63	30,170

Cautionary Statement

The Zelica Mineral Resource estimate was originally publicly reported to the ASX by Exterra Resources Limited (ASX: EXG) on 30 July 2012. Mineral Resources are not reported in accordance with the JORC Code 2012. A Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2102. Nothing has come to the attention of Matsa that causes it to question the accuracy or reliability of the estimate but Matsa has not independently validated the estimate and therefore is not to be regarded as reporting, adopting or endorsing that estimate.

Refer to Exterra's ASX Announcement titled Quarterly Activities and Cashflow Report and dated 30 July 2012 for further information in relation to the Zelica Mineral Resource. Matsa confirms that it is not aware of any new information or data that materially affects the information included in this document in relation to the Zelica Mineral Resource estimate and that all material assumptions and technical parameters underpinning these estimates continue to apply and have not materially changed. Zelica was estimated using Ordinary Kriging reported above a 0.5 g/t Au block model grade with a 12.0 g/t Au top cut.

Acquisition Terms

Matsa has entered into a Sale and Purchase Agreement with Anova whereby it can acquire Anova's Zelica gold project on the following basis:

1. Matsa will pay Anova a cash sum of \$150,000 for a 100% interest in the Zelica project; and
2. Anova receives a 1.5% NSR on the first 25,000 tonnes of gold bearing ore produced from the tenements and a 1% NSR on the next 25,000 tonnes of gold bearing ore produced from the tenement.

The agreement is subject to Matsa completing due diligence to its absolute satisfaction no later than 20 December 2018.

For further information please contact:

Paul Poli

Executive Chairman

Phone +61 8 9230 3555

Fax +61 8 9227 0370

Email reception@matsa.com.au

Web www.matsa.com.au

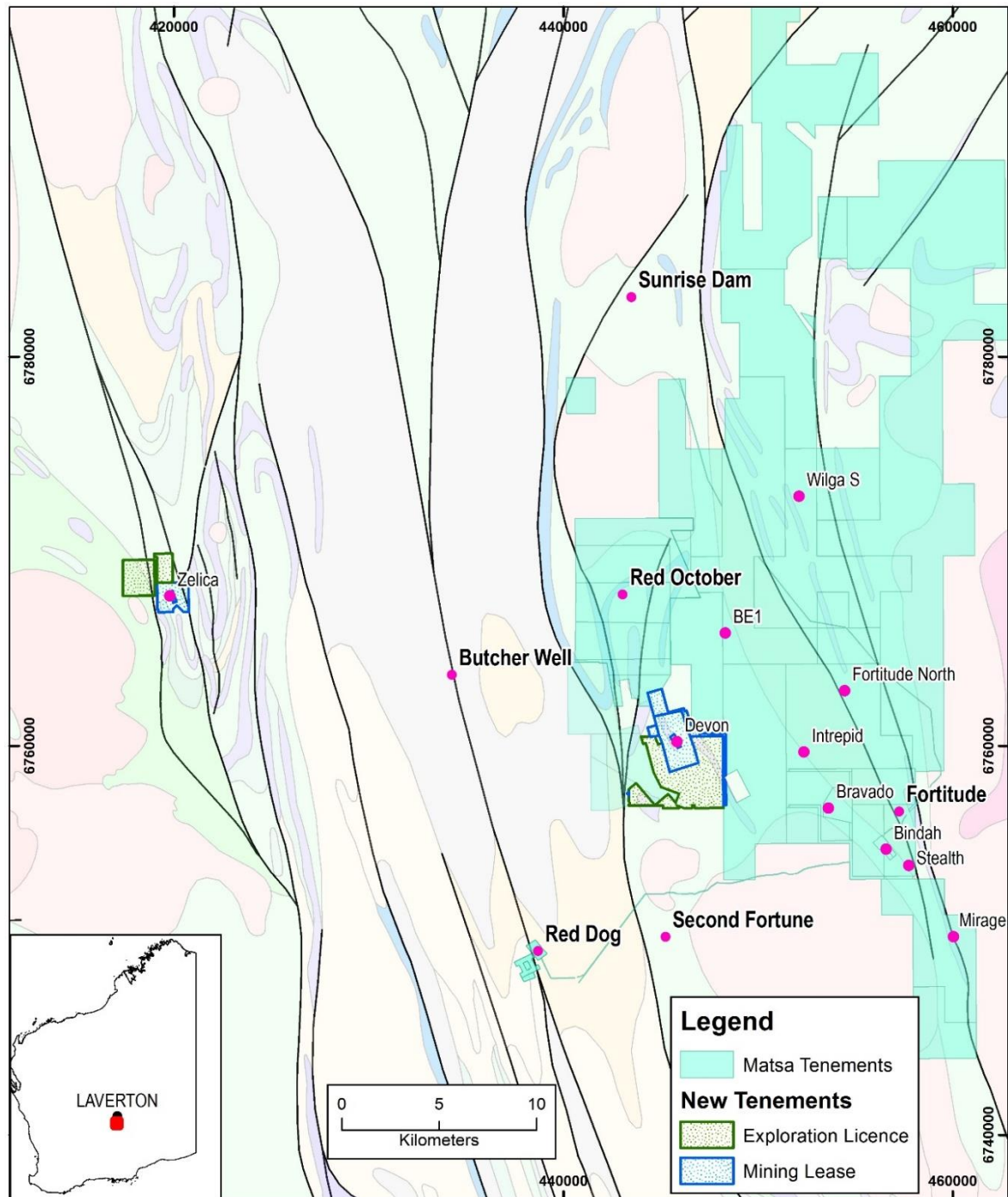


Figure 3: Location of Zelica and Devon Projects

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. 	Devon: Results compiled from DMIRS open files. Details generally unknown. Deeper AC drilling at 1m intervals with 4m composites of +/- 2kg sent to lab.
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.). 	Devon: Historical RAC, AC, RC and Diamond drilling.
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. 	Devon: Sample recoveries not noted in historical files. Holes have been geologically logged with data recovered where available.

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. 	
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. 	Devon: Historical data not recorded
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. 	Devon: Historical data not recorded.

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. 	
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. 	Devon: Historical data not recorded
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. 	Devon: Historical data not recorded. Some Wamex reports indicate some hole (RC holes) surveyed with GPS. Elevation data assumed or unknown.
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. 	Devon: Drilling at various spacings. Shallow (4") auger at 50m x 200m over the majority of the tenement area. AC, RC drilled on irregular pattern over target areas. Samples are generally not composited in original dataset. Samples have been composited at 1 g/t Au cut in this report.
Orientation of data in relation	<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. 	Devon: Orientation of continuous in-situ mineralisation yet to be determined.

Criteria	JORC Code explanation	Commentary
to geological structure	<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. 	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	Devon: Historical data – unknown.
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. 	Devon: tenements are live; M39/386, M39/387, M39/500, M39/629 and E39/1232. There are no known impediments to operate.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	Devon: Goldfields Exploration Pty Ltd, Exterra and Hoama have been the major explorers in the area.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	Devon: 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"> 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: <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 	Devon: Refer to appendix for drilling with intercepts greater than 5 gram-metre Au. Shallow (0.5 - 1.2m deep) AC drilling covers the tenements at 50m x 200m spacing. Other RAB, AC, RC and diamond (3 holes) are not included as this information is not considered to detract from the understanding of the report.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ down hole length and interception depth ○ hole length. ● 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. 	
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. 	Devon: Data reported herein is reported as composite intervals that have been weight averaged.
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'). 	Devon: 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.
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. 	Devon: 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 	Devon: The report made use of publicly available past drilling

Criteria	JORC Code explanation	Commentary
	<i>treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	
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> 	Devon: Planned drilling is intended to test known and interpreted target locations.

Appendix 2 – Devon drill summary with > 5 gram-metre Au intercepts

Hole_ID	Type	MGA_E	MGA_N	RL	dip	azi	depth	mFrom	mTo	mThick	Au_ppm
LNRC014	RC	444276	6757037	430	-60	222	66	4.0	5.0	1.0	37.10
LPR001	RAB	446683	6758924	492	-60	64	27	16.0	18.0	2.0	13.28
SLRC017	RC	447238	6759158	402	-60	90	82	43.0	48.0	5.0	4.67
HLP007	RC	447328	6758838	400	-60	315	40	16.0	26.0	10.0	2.02
EXAC089	AC	447487	6758768	400	-60	190	69	59.0	63.0	4.0	4.87
EXAC100	AC	447323	6758858	400	-60	160	51	33.0	38.0	5.0	3.37
EXAC078	AC	446311	6758579	400	-60	90	12	3.0	5.0	2.0	8.02
EXAC080	AC	446612	6758433	384	-60	180	18	9.0	13.0	4.0	3.80
SLRC042	RC	447438	6759078	400	-60	180	82	40.0	43.0	3.0	4.94
EXAC082	AC	447542	6758728	400	-60	190	36	12.0	16.0	4.0	3.60
EXAC093	AC	447441	6758720	400	-60	135	57	23.0	27.0	4.0	3.17
HLP002	RC	447503	6758739	400	-60	156	56	6.0	12.0	6.0	1.99
EXAC087	AC	447506	6758735	400	-60	190	39	22.0	26.0	4.0	2.92
EXRC030	RC	446290	6758602	422	-60	90	35	11.0	13.0	2.0	5.22
EXAC090	AC	447459	6758733	400	-60	190	57	32.0	33.0	1.0	10.20
DVD015	Diamond	445772	6760128	485	-60	61	126	100.0	102.0	2.0	5.07
LNRC035	RC	446936	6757848	422	-60	352	60	35.0	38.0	3.0	3.35
EVRB024	RAB	445036	6758061	431	-60	225	54	32.0	36.0	4.0	2.45
OCP025	RC	444914	6760016	398	-61	36	44	40.0	44.0	4.0	2.37
HLP002	RC	447503	6758739	400	-60	156	56	18.0	20.0	2.0	4.65
GRR003	RC	444504	6757122	430	-60	225	106	21.0	26.0	5.0	1.84
HLP002	RC	447503	6758739	400	-60	156	56	22.0	26.0	4.0	2.30
HLP009	RC	447166	6759468	400	-60	85	60	16.0	20.0	4.0	2.29
SLRC065	RC	447227	6759503	400	-60	180	82	16.0	18.0	2.0	4.50
EXAC088	AC	447508	6758749	400	-60	190	57	35.0	39.0	4.0	2.21
EXRC006	RC	446591	6758450	400	-60	180	59	32.0	33.0	1.0	8.52
SLRC020	RC	447398	6758958	400	-60	90	82	44.0	47.0	3.0	2.73
SLRC031	RC	447318	6758758	403	-60	90	82	9.0	10.0	1.0	7.90
EXAC087	AC	447506	6758735	400	-60	190	39	19.0	21.0	2.0	3.79
93BP005	RC	444963	6758601	400	-60	214	50	37.0	39.0	2.0	3.77
EXRC012	RC	446570	6758449	400	-60	180	50	33.0	35.0	2.0	3.68
93BP001	RC	444946	6758613	400	-60	214	50	16.0	18.0	2.0	3.60
EXAC082	AC	447542	6758728	400	-60	190	36	22.0	25.0	3.0	2.40
LNRC121	RC	444298	6757023	427	-60	220	60	4.0	5.0	1.0	7.09
SLRC021	RC	447358	6758958	400	-60	90	82	7.0	9.0	2.0	3.50
EXRC013	RC	446550	6758430	400	-60	180	38	17.0	18.0	1.0	6.92
EXAC069	AC	446302	6758621	402	-60	90	30	4.0	5.0	1.0	6.87
LNRC017	RC	444465	6757081	436	-60	202	60	7.0	11.0	4.0	1.71
EXRC008	RC	446632	6758450	400	-60	180	44	29.0	31.0	2.0	3.36
HLP001	RC	447507	6758765	399	-60	160	62	54.0	58.0	4.0	1.62
EXRC038	RC	446743	6759123	407	-60	90	68	61.0	62.0	1.0	6.35
SLRC016	RC	447269	6759158	402	-60	90	82	50.0	54.0	4.0	1.43
EXAC079	AC	446590	6758430	385	-60	180	18	10.0	12.0	2.0	2.85
SLRC058	RC	447178	6759358	400	-60	90	82	3.0	6.0	3.0	1.89
SLRC069	RC	447238	6759058	404	-60	90	100	50.0	52.0	2.0	2.64
EXRC044	RC	446539	6759141	410	-60	90	23	18.0	20.0	2.0	2.57