



ASX Announcement

23rd September 2019

\$6 Million Capital Raising to Fire Up Exploration at Red October and Lake Carey

Highlights

- *Matsa has completed a \$6 million placement allowing it to commence several new high impact exploration programmes on a number of fronts at the Lake Carey gold project*
- *The funds will be used to commence:*
 - *An extensive and immediate new underground exploration diamond drill programme within the Red October underground gold mine*
 - *New drilling programmes at Fortitude North, Red October near mine surface and Devon gold mine and surrounds*
 - *Increased regional exploration where numerous targets are being developed*
- *A part of the raising will be used to commence works on Fortitude Stage 2 gold mine*
- *The capital raising was heavily oversubscribed and highly successful and has brought a number of new institutional and sophisticated investors to Matsa's share register*
- *The placement is via the issue of 40 million shares at \$0.15 per share (incl. a free 1 for 4 unlisted option exercisable at 25c within 18 months)*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

176.93 million

Unlisted Options

~22 million @ \$0.17 - \$0.30

Top 20 shareholders

Hold 55.68%

Share Price on 18th September 2019

16.5 cents

Market Capitalisation

\$29.19 million

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to advise that it has received firm commitments for a placement to institutional and sophisticated investors to raise \$6 million before costs. The placement was heavily oversubscribed which demonstrates the excellent potential that’s lies within the Lake Carey gold project and at the Red October gold mine in particular.

The funds raised will be used as follows:

- **Red October gold mine** – conduct an extensive drilling programme within the underground mine that is expected to open up the true potential of the underground gold mine and ramp up production profiles to create a substantial mining operation;
- **Regional exploration** – undertake exploration work to advance other near mine opportunities including:
 - further drilling at Fortitude North where previous drilling resulted in the discovery of new gold mineralisation over a 1.5km zone
 - drilling from surface near Red October to delineate new near mine gold mineralisation
 - a 3D induced Polarisation “IP” survey over old workings and significant gold anomalism at Linden and surrounds
 - drilling at the Devon gold mine to determine extensions to the previously mined areas
- **Stage 2 Fortitude gold project** – commence work on Stage 2 where the recently announced mining studies illustrated a 2 year production scenario producing a potential cash surplus of \$21.6 million for a modest capital investment of \$6.6 million (*refer ASX announcement dated 21 August 2018 for full details*)

Executive Chairman Mr Poli said *“I am delighted with the outcome of this capital raising which not only underpins Matsa’s growth plan for the future but brings a number of new institutional and sophisticated investors to the Matsa share register. Our new shareholders include some highly-regarded investment funds who just want to be part of the Matsa story. Matsa is now well geared to deliver the next chapter.”*

Mr Poli added *“The work of Taylor Collison as our broker to this capital raising cannot be underestimated and I am extremely delighted with the outcome of this raising and their professionalism and look forward to working closely and grow with them from now on. I warmly welcome our new investors aboard.”*

Placement

Under the Placement, \$6 million has been raised (before costs) via the issue of 40,000,000 fully paid ordinary shares at \$0.15 per share. All of the shares under the Placement will be issued utilising the Company’s existing capacity under ASX Listing Rules 7.1 and 7.1A. Specifically, 26,537,605 shares will be issued under ASX Listing Rule 7.1 and 13,462,395 shares will be issued under ASX Listing Rule 7.1A. The Placement received firm bids significantly above \$6m, requiring a scale back of applications. Placement shares have been allocated to a range of new institutional and sophisticated investors.

In addition, allottees will receive one free unlisted option for every four shares subscribed for with an exercise price of \$0.25 each and expiring 18 months after the date of issue. The issue of the options will be subject to shareholder approval at the Company’s next shareholder meeting.

Taylor Collison Limited acted as sole lead managers and bookrunners to the Placement.

For further information please contact:

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