



ASX Announcement

3rd September 2020

Funding for Lake Carey Committed to Drive Exploration Expansion

Highlights

- *Matsa has received commitments for a \$6.6 million placement paving the way for it to focus on exploiting key projects within the Lake Carey Gold project*
- *Exploration drilling at Lake Carey is aimed at significantly increasing Matsa's existing gold resource via new gold discoveries through focused drilling campaigns*
- *The funds raised will be used for:*
 - *New underground exploration and development aimed at extending the current mine life within the Red October underground gold mine*
 - *New drilling programs at Devon and Fortitude North aimed at expanding and increasing gold resources*
 - *Discovery of new target areas to build on the Company's strategy to build its gold resources*
- *The capital raising was very well supported and highly successful and, importantly has brought a number of new institutional and sophisticated investors to Matsa's share register*
- *The placement is via the issue of approximately 44 million shares at \$0.15 per share (incl. a free 1 for 1 unlisted option exercisable at \$0.30 each within 2 years)*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

227.07 million

Unlisted Options

25.6 million @ \$0.17 - \$0.35

Top 20 shareholders

Hold 57.99%

Share Price on 31st August 2020

16 cents

Market Capitalisation

\$36.33 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 approximately \$6.6 million before costs and was heavily oversubscribed.

The funds raised will be used as follows:

- **Red October gold mine** – continue ongoing drilling programs within the underground mine that, if successful, will lead to ongoing mine development and extend both the production profile and overall mine life and build on the current mine plan;
- **Exploration drilling programs** – undertake exploration work at both Devon and Fortitude North including:
 - Further drilling at the Devon gold project aimed at delineating new resources.
 - Increase the Company’s gold resource base as well as exploiting a number of nearby gold occurrences. It is Matsa’s aim to focus on those with the highest expectation for discovery of new gold resources which can be brought into production in a three year time frame.
 - Drilling at Fortitude North aimed at expanding on the previously successful drilling program and test the remaining portion of the 1.5km anomaly not yet tested. Matsa intends to progress Fortitude North towards a JORC resource.

Executive Chairman Mr Paul Poli said *“This successful capital raising will underpin the strategy of significantly increasing the Company’s known gold resources. It is time Matsa illustrates the true potential of its exploration ground and focussed drilling programs are intended to achieve that outcome.”*

Mr Poli added *“I would like to thank Taylor Collison for their work in assisting the Company with this capital raising, and investors in placing their faith in the Company and its management. We warmly welcome our new shareholders to the register.”*

Placement

Under the Placement, \$6,611,901 has been raised (before costs) via the issue of 44,079,341 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, 22,387,605 shares will be issued under ASX Listing Rule 7.1 and 21,691,736 shares will be issued under ASX Listing Rule 7.1A. The Placement received firm bids significantly above \$6.6 million, requiring a scale back of applications. Placement shares have been allocated to a range of new institutional and sophisticated investors.

The placement issue price of \$0.15 per share represents a discount of 6.25% to the closing price of \$0.16 on 31 August 2020 and a discount of 8.2% to the VWAP of \$0.1634 for the 15 days up to and including 31 August 2020.

In addition, participants in the placement will receive one free unlisted option for every share subscribed for with an exercise price of \$0.30 each and expiring 2 years 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. A fee of up to 6% will be paid on the Placement and 2 million options with an exercise price of \$0.25 each, and 2 million options with an exercise price of \$0.35 each, both expiring 2 years after the date of issue (subject to shareholder approval).

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

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