ASX Announcement **22 March 2021**

Renounceable Rights Issue to Raise up to $2.17M

Highlights

- Matsa provides the opportunity for all eligible shareholders to participate in a partially underwritten Rights Issue
- Directors have indicated their intention to take up their full entitlements in the capital raising
- Proceeds to be used to advance the Lake Carey gold project with a drilling program focussed on:
    - LIN1 at Devon where a soil gold anomaly >1km long has had no previous drilling
    - Assessing the Hill East prospect also at Devon following strong drilling results in early 2020
    - Winding down of production operations and recommencement of exploration drilling at Red October to focus on increasing the mine's gold resources
- 1 for 10 Renounceable Rights Issue to raise up to $2.17M priced at $0.08 per Share which is at a discount (market price) to the 10 day VWAP of 7.57% and to the 30 day VWAP of 9.97% which will provide an opportunity for existing shareholders to participate at a discounted price
- For every two New Shares issued, all participating eligible shareholders will receive one free attaching New Option
- Shareholders will be given the opportunity to trade their rights and have the ability to apply for additional shares and options under a shortfall facility

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Directors

Frank Sibbel

Pascal Blampain

Director & Company Secretary

Andrew Chapman

Shares on Issue

271.14 million

Unlisted Options

77.48 million @ $0.17 - $0.35

Top 20 shareholders

Hold 56.86%

Share Price on 19 March 2021

8.3 cents

Market Capitalisation

$22.50 million

Matsa Resources Limited ("Matsa" or "the Company" ASX: MAT) is pleased to announce that it is undertaking a capital raising via a renounceable rights issue ("Rights Issue") to raise up to $2.17M before costs.

Proceeds from the Rights Issue will be used predominantly for the drilling program proposed at the Devon area within the Lake Carey gold project. The recent Sub-Audio Magnetic (SAM) survey completed at Devon[1] has produced 38 targets favourable for gold mineralisation of which 3 have been selected for immediate drill testing which include:

- LIN1 where no previous drilling has been recorded and is covered by a soil gold anomaly >1km long that lies 300m SE of the Devon pit.
- Following up the potential for a link between the HE1 and HE2 prospects at Hill East where Matsa announced strong drilling results in early 2020[2]
- Hill East Target HE5 where high grade gold mineralisation was intersected by Matsa's previous drilling at shallow depth in early 2020

It is expected that the results from the drilling program will assist in developing gold resources at Devon and be part of Matsa's stated objective of building the gold resource base at Lake Carey.

Proceeds from the Rights Issue will also be directed to the winding down of operations and immediately recommence drilling at Red October which will allow an increased focus on building up the gold resources within the mine.

Matsa's Executive Chairman, Mr Paul Poli said ""We are pleased to give Matsa shareholders the opportunity to participate in the Company's continued growth and success at a discounted price through this Rights Issue, providing all with an opportunity to maintain or increase their investment in the Company. Importantly we have ensured that this opportunity is also extended to our eligible German and Singapore based shareholders who have been strong supporters of Matsa and deserve to be recognised. If some shareholders do not wish to participate, they can sell their rights and receive cash." "Devon is shaping up to being a key contributor in unlocking gold resources growth at Lake Carey. The recent SAM survey and previous drilling results at Devon give us confidence that there is more gold to be found."

Key Terms

The Key Terms of the Rights Issue are as follows:

Nature of Offer	Renounceable Rights Issue
New Share issue price	$0.080 per new share
Rights Issue Ratio	1 New Share for every 10 existing shares at the Record Date plus one New Option for every 2 New Shares issued
Number of New Shares to be issued	Up to 27,114,670 New Shares
Number of New Options to be issued	Up to 13,557,335 New Options with an exercise price of $0.17 each expiring 30 April 2023
Amount Raised under the Rights Issue	Up to $2,169,173 before issue costs

[1] ASX announcement dated 9 March 2021 – SAM Survey Highlights New Targets at Devon Gold Project
[2] ASX announcement 28 April 2020 - Further High Grade Gold near Devon Hill East - Lake Carey Gold Project

Mahe Capital Pty Ltd (ACN 634 087 84) (AFSL 517 246) (Mahe Capital) has been appointed as Lead Manager and Underwriter to the Rights Issue, and has agreed to partially underwrite the Rights Issue to $1.5M. Each of the Company's directors intend to fully take up their entitlement in the Rights Issue.

Shareholders who are eligible with registered addresses inside Australia, New Zealand, Singapore and Germany who hold ordinary shares in the Company ("Existing Shares") as at 5.00pm AWDT on 26 March 2021 ("Eligible Shareholders") will be entitled to participate in the Rights Issue. Eligible overseas shareholders holding shares through a nominee should contact their nominee to ensure they can participate.

Shareholders with registered addresses outside of Australia, New Zealand, Singapore and Germany are not eligible to participate in the Offer ("Ineligible Shareholders"). The Company will appoint a sale nominee to arrange for the sale of the entitlements that would otherwise have been offered to those Shareholders had they not been Ineligible Shareholders.

All Eligible Shareholders will be offered 1 New Share in the Company for every 10 Existing Shares held by the Eligible Shareholder, at an issue price of $0.08 per New Share and 1 New Option for every 2 New Shares issued. This represents a discount of approximately 7.57% to the volume weighted average price (VWAP) of Matsa's shares for the ten trading days before the announcement of $0.0865 and a discount of approximately 9.97% to the 30 day VWAP of $0.997.

Key Dates

Key dates for the Issue are set out below. The dates are indicative only and Matsa reserves the right to vary them, subject to the Corporations Act 2001 ("Act") and the ASX Listing Rules.

Announcement of Renounceable Rights Issue and Cleansing Statement given to ASX	22 March 2021
Entitlement trading commences and Shares are quoted on a deferred settlement basis	25 March 2021
Record Date to Determine entitlements to New Shares and New Options	26 March 2021
Invitation to participate in Entitlement Issue and Entitlement Acceptance Forms dispatched to Eligible Shareholders	1 April 2021
Entitlement trading ends	9 April 2021
Closing Date and final time for receipt of Entitlement and Acceptance Forms and payment in full for New Shares and New Options	16 April 2021
Issue of New Shares and New Options	23 April 2021
Holding Statements dispatched to Shareholders and commencement of trading	26 April 2021

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

For further information please contact:

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