



23 March 2021

Dear Shareholder

**PARTIALLY UNDERWRITTEN RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER TO RAISE A\$2.17M**

As originally announced on 22 March 2021, Matsa Resources Limited (ASX: MAT) (**Matsa** or the **Company**) will be undertaking a partially underwritten renounceable entitlement offer of one (1) fully paid ordinary share (**New Share**) for every ten (10) Shares held by Eligible Shareholders (defined below), at an issue price of \$0.08 per Share to raise up to \$2,169,173 (**Offer**) before costs together with one (1) free attaching Option (**New Option**) for every two (2) New Shares issued exercisable at \$0.17 on or before 30 April 2023. The Offer is partially underwritten by Mahe Capital Pty Ltd (**Mahe**) to an amount of \$1,500,000 (**Underwritten Amount**) and Mahe will also act as lead manager.

A prospectus containing information in respect of the Offer was announced on the Australian Securities Exchange (**ASX**) on 22 March 2021 (**Prospectus**).

The Offer is being made to certain shareholders of the Company named on its register of members as at 5:00pm (WST) on 26 March 2021 (**Record Date**), whose registered address is in Australia, New Zealand, Singapore and Germany (**Eligible Shareholders**).

In consideration for its services as underwriter and lead manager, Mahe will receive:

- (1) 2 New Options for every one dollar raised;
- (2) A Lead Manager fee of \$60,000. This will be subscribed for in scrip;
- (3) A management fee of 1% of the total amount raised;
- (4) 5% of the Underwritten Amount; and
- (5) 5% of any shortfall securities placed beyond the Underwritten Amount.

Funds raised under the Offer will be allocated towards a drilling program at the Lake Carey gold project, in particular at Devon, the winding down of operations at Red October, costs of the Offer and for working capital purposes.

## **Use of Funds**

The proceeds from the Offer (at both Underwritten Amount and maximum subscription) is proposed to be allocated in the following manner:

<b>Proposed use of funds</b>	<b>Underwritten Amount</b>	<b>Max. Offer Amount</b>
Devon drilling program	\$400,000	\$500,000
Winding down of Red October	\$750,000	\$750,000
Estimated costs of the Issue (including legal fees, lead manager's fees, underwriter's fees, Nominee's fees, Share Registry fees, ASX fees and other miscellaneous costs associated with the Offer)	\$174,000	\$183,000
Working capital	\$176,000	\$736,000
<b>Total (maximum raising)</b>	<b>\$1,500,000</b>	<b>\$2,169,000</b>

The above tabled expenditures represent a statement of current intentions as of the date of the Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

All of the Shares offered under the Offer will rank equally with the Company's existing Shares on issue.

Following completion of the Offer, and assuming all entitlements are accepted, the number of Shares on issue in the Company will increase from 271,146,709 Shares as at the date of the Offer, to 298,261,379 Shares.

## **Prospectus**

A copy of the Prospectus together with an Entitlement and Acceptance Form will be sent to Eligible Shareholders by 29 March 2021, and will be made available on the Company's website [www.matsa.com.au](http://www.matsa.com.au). Your entitlement (**Entitlement**) will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' Entitlement, fractions of Entitlements will be rounded up to the nearest whole number.

Eligible Shareholders should read the Prospectus in full before deciding whether to subscribe for Shares. Any Eligible Shareholder who wishes to acquire Shares under the Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised Entitlement and Acceptance Form that will accompany the Prospectus.

Any Entitlement not taken up pursuant to the Entitlement Offer will form part of the shortfall. Eligible Shareholders may also wish to apply for additional New Shares and additional New Options under the Shortfall Facility being offered by the Company. The Company will work with Mahe during and after the Offer in order to secure commitments and to place any shortfall of New Shares not subscribed for by Eligible Shareholders or Mahe. The Shortfall Facility will remain open for up to three months following the closing date of the Offer. The issue price for each Share to be issued under the Shortfall Facility shall be \$0.08 being the price at which Shares have been offered under the Offer.

## **Actions required by Eligible Shareholders**

There are a number of actions Eligible Shareholders may take:

- (a) You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**)

If you wish to accept your full Entitlement, you must complete the Entitlement and Acceptance Form and pay the Application Monies set out in the Entitlement and Acceptance Form by following the instructions set out on the Form so that payment is received by no later than 5pm Perth time, 16 April 2021.

(b) You may wish to accept part of your Entitlement

If you wish to accept only part of your Entitlement, you must complete the Entitlement and Acceptance Form (including by specifying how much of your Entitlement you wish to accept) and pay the Application Monies set out in the Entitlement and Acceptance Form by following the instructions set out on the Form so that payment is received by no later than 5pm Perth time, 16 April 2021.

(c) You may not wish to accept any of your Entitlement

If you do not want to accept any of your Entitlement, you are not required to do anything. If you take no action, you will not be allocated any New Shares or New Options and your Entitlement will lapse.

(d) You may wish to accept your full Entitlement and apply for New Shares under the Shortfall Facility.

If you wish to accept your full Entitlement and apply for shortfall shares, you must complete the Entitlement and Acceptance Form (including the part that deals with shortfall shares) and pay the Application Monies set out in the Entitlement and Acceptance Form by following the instructions set out on the Form so that payment is received by no later than 5pm Perth time, 16 April 2021.

Further details as to how you may accept the Entitlement Offer (or part thereof) and how to subscribe for New Shares and New Options under the Shortfall Facility is set out in the Prospectus and your Entitlement and Acceptance Form.

**Indicative Timetable**

<b>Announcement of Issue</b>	22 March 2021
<b>Lodgement of Prospectus with ASIC</b>	22 March 2021
<b>Notice to Option Holders</b>	22 March 2021
<b>Notice to security holders containing Appendix 3B information</b>	22 March 2021
<b>Shares commence trading on an ex rights basis</b>	25 March 2021
<b>Record Date for the Offer</b>	26 March 2021
<b>Prospectus and Entitlement and Acceptance Form despatched to Shareholders</b>	29 March 2021
<b>Opening Date of Offer (9am Perth time)</b>	29 March 2021
<b>Closing Date of Offer (5pm Perth time)</b>	16 April 2021
<b>Advise ASX of any shortfall</b>	19 April 2021
<b>Expected date of issue of New Shares</b>	23 April 2021
<b>Commencement of trading of New Shares on ASX</b>	26 April 2021
<b>Expected date of despatch of holding statements for New Shares</b>	26 April 2021

*The dates set out in this table are subject to change and are indicative only. The Company, in consultation with Mahe, reserves the right to alter this timetable at any time.*

The Directors, subject to the requirements of the ASX Listing Rules and the *Corporations Act 2001* (Cth), reserve the right to:

- (a) withdraw the Offer without prior notice; or
- (b) vary any of the important dates set out in this Offer, including extending the Offer.

Yours Sincerely



**PAUL POLI**  
**EXECUTIVE CHAIRMAN**



23 March 2021

Dear Shareholder

**MATSA RESOURCES LIMITED – PRO-RATA RENOUNCEABLE ENTITLEMENT ISSUE**

On 22 March 2021 Matsa Resources Limited (**Company** or **Matsa**) announced a pro rata renounceable entitlement offer of new fully paid ordinary shares (**New Shares**) in the Company to raise \$2,169,173, before costs, at a ratio of one (1) Share for every ten (10) Shares held, together with one (1) free attaching option (**New Option**) for every two (2) New Shares subscribed for and issued of up to 27,114,670 New Shares and 13,557,335 New Options (**Offer**). The price of the New Shares under the Offer is \$0.08 per New Share (**Offer Price**).

A prospectus containing information in respect of the Offer was announced on the Australian Securities Exchange (ASX) on 22 March 2021 (**Prospectus**).

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter.**

The Offer is partially underwritten by Mahe Capital Pty Ltd (**Mahe** or **Underwriter**) to \$1,500,000 (**Underwritten Amount**). In consideration for Mahe acting as Underwriter and lead manager of the Offer, the Company will pay Mahe:

- (1) 2 New Options for every one dollar raised;
- (2) A Lead Manager fee of \$60,000. This will be subscribed for in scrip;
- (3) A management fee of 1% of the total amount raised;
- (4) 5% of the Underwritten Amount; and
- (5) 5% of any shortfall securities placed beyond the Underwritten Amount.

The funds raised from the Offer are currently intended to be allocated towards a drilling program at the Lake Carey gold project, in particular at Devon, the winding down of operations at Red October in preparation for further drilling, costs of the Offer and for working capital purposes.

The Offer is being made to certain shareholders of the Company named on its register of members at 5:00pm (AEST) on 26 March 2021, whose registered address is in Australia, New Zealand, Singapore or Germany (**Eligible Shareholders**).

New Shares will rank equally with all fully paid ordinary shares (**Shares**) in the capital of the Company already on issue. All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of the Prospectus.

Following completion of the Offer, the Company will have issued approximately up to 27,114,670 New Shares and 13,557,335 New Options, resulting in total Shares on issue of up to approximately 298,261,379 and total options on issue of up to approximately 91,036,676.

## Ineligible Shareholders

A Shareholder who has a registered address outside of Australia, New Zealand, Singapore or Germany (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration:

- (a) the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand, Singapore or Germany;
- (b) the relatively small number of Ineligible Shareholders in the jurisdictions where the Offer is not being made; and
- (c) the number and value of New Shares to which the Ineligible Shareholders would otherwise be entitled.

Mahe (who is also the Underwriter) has been appointed as nominee (**Nominee**) to sell the rights to subscribe for New Shares pursuant to the Prospectus to which Ineligible Shareholders are entitled (**Entitlements**). The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any queries concerning the Entitlement Offer, please contact the Company Secretary on +61 8 9230 3555.

Yours sincerely



**Paul Poli**  
Executive Chairman