



**ASX Announcement**

**11<sup>th</sup> January 2019**

## **Successful Mining Completed at Red Dog**

### **Company to Pay Maiden Dividend**

#### **Highlights**

- *Mining at the Red Dog gold project successfully completed in late November with last ore hauled to AngloGold Ashanti's SDGM operation on 24 December 2018*
- *An unaudited operating profit of \$5.5M was achieved which exceeded forecast*
- *Delivery of 185,730 tonnes mined was higher than budget - at 2.3 g/t gold*
- *Red Dog mining operation was an outstanding success and further demonstrates Matsa's ability to profitably mine small deposits*
- *New opportunities for further mines have been identified within the Lake Carey gold project with planning commenced to enable continuation of the Company's strategy*
- *As a result of the successful Red Dog mining operation, Matsa has determined to pay a 1 cent dividend for every 5 shares held (0.2 cents per share) and will announce details shortly.*

#### **CORPORATE SUMMARY**

##### **Executive Chairman**

Paul Poli

##### **Director**

Frank Sibbel

##### **Director & Company Secretary**

Andrew Chapman

##### **Shares on Issue**

176.93 million

##### **Unlisted Options**

22.4 million @ \$0.17 - \$0.30

##### **Top 20 shareholders**

Hold 53.16%

##### **Share Price on 10<sup>th</sup> January 2019**

17 cents

##### **Market Capitalisation**

\$30.08M

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to advise of the completion of its highly successful mining operations at the Red Dog gold project in Western Australia’s Eastern Goldfields.

Mining operations at the Red Dog project were completed in late November 2018, and haulage of ore to the Sunrise Dam Gold Mine (SDGM) under Matsa’s ore purchase agreement with AngloGold Ashanti Australia Limited (AGAA) was completed in late December.

The mining at Red Dog has delivered an outstanding result, generating production of 12,704 ounces and an operating profit of \$5.5 million – which exceeds the target set down in the Company’s Red Dog Mine Study of July 2018. Sale proceeds from the ore delivered in December are to be remitted by AGAA to Matsa by the week ending 11<sup>th</sup> January 2019.

The key outcomes from the Red Dog gold project are shown in Table 1 below.

	Mining Study July 2018	Actual	% Achieved
Total Tonnes	182,000	185,730	101.88
Grade (g/t)	2.5	2.3	92.00
Strip Ratio (Waste:Ore)	2.4	1.7	70.83
Metallurgical Recovery (%)	92.5	92.5	100
Production (Oz)	13,400	12,704	94.81
Cash Surplus (A\$M)	5.4	5.5	101.85
AISC (A\$ per Oz)	1,294	1,288	(6)*

\* Absolute figure

**Table 1: Red Dog Gold Project Key Outcomes**

The Red Dog gold project result is further demonstration of the successful execution of Matsa’s small-scale gold mining and revenue generating strategy at its wider Lake Carey gold project area in WA’s Eastern Goldfields, and comes after the successful completion of Stage 1 mining operations at the Fortitude gold project in 2018 (ASX announcement, 19 June 2018).

Executive Chairman Paul Poli said, *“I am delighted that mining at the Red Dog gold project produced a result that met expectations, producing an operating profit of \$5.5M despite highly unusual and unexpected weather delays. By working closely with our contractors and continuing our good relationship with AngloGold Ashanti Australia, our team at Matsa achieved this excellent outcome.”*

## Maiden Dividend

As a result of the highly successful outcome of Matsa’s mining operations at the Red Dog gold project, the Company’s board is pleased to announce it has determined to pay a maiden dividend to shareholders of 1 cent for every 5 shares held (0.2 cents per share). Details will be announced shortly.

Mr Poli said, “As a result of the successful result at Red Dog, the Board has taken the decision to deliver some direct benefit to Matsa shareholders which will enable them to share in the Company’s success. Accordingly, the Matsa board has determined to pay a 1 cent dividend for every 5 shares held to all shareholders reflecting Matsa’s confidence in the Company and as reward to loyal shareholders. This dividend demonstrates Matsa’s ability to deliver on its mining strategy, and helps distinguish the Company amongst its peer group of junior gold companies.”



**Figure 1: Red Dog Gold Project Pit Near Completion**

## Mining Summary

The mining and haulage operations at Red Dog gold project were conducted over a 4 month period commencing in late August 2018 with the establishment of the required infrastructure and physical mining starting in mid-September 2018. Due to adverse weather conditions there were some delays in haulage of the ore to SDGM but this was completed on 24 December 2018, 3 weeks behind schedule. The weather delays did not impact mining operations and as such, this had little impact on the final result. Importantly the mining was conducted in a safe manner with no LTI’s.

Mining was completed largely as initially envisaged. The initial design of the July pit was altered slightly following grade control drilling resulting in a slightly lower grade pit containing approximately 5% less ounces. These lower ounces were significantly compensated by a lower stripping ratio which resulted in lower mining costs. A slightly higher gold price was achieved during the operation. Dilution was contained by using contour mining methods and by implementing meticulous geological supervision which resulted in a low mining dilution rate of 8% compared to a budgeted 15% initially planned.

## Future Operations

Matsa has continued its strategy of mining gold deposits within the region utilising its experience, contractor relationships and importantly, utilising the excellent rapport with AGAA. The Company is pleased that it has already identified two more potential small scale operations within the current Lake Carey Project area which it believes could be brought into production this year. Work is commencing with planning and preparing mine plans which are expected to be lodged with the relevant authorities on completion.

For further information please contact:

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