

Matsa Resources Limited
ACN 106 732 487

Supplementary Prospectus

Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 22 March 2021 (**Prospectus**) issued by Matsa Resources Limited (**Company**). This Supplementary Prospectus is dated 20 April 2021 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. Neither ASIC nor ASX (and their respective officers) take any responsibility as to the contents of this Supplementary Prospectus.

To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This document is important and should be read in its entirety in conjunction with the Prospectus. If you are in any doubt as to the contents of this document, you should consult your professional adviser.

1. Issue of Further Securities under the Prospectus

The Company advises that, as a result of excess demand under the Shortfall Facility it has today agreed to issue a further 15,500,000 New Shares and 7,750,000 attaching New Options under the Prospectus to raise an additional A\$1,240,000 (**Follow-on Placement**). Additional funds raised will be used for the purposes set out in the Prospectus.

The New Options will be quoted under ASX code MATO.

The Follow-on Placement is made without Shareholder approval, and the securities will be issued under the Company's existing capacity under Listing Rule 7.1.

Attached to this Supplementary Prospectus is an announcement made by the Company to ASX today.

The Company now closes the Shortfall Offer and no further issues will be made under the Prospectus.

2. Amendments to Prospectus

The following sections of the Prospectus are amended as follows:

2.1 Capital Structure

The Offer Statistics on page 2 of the Prospectus are amended to reflect as follows:

Offer statistics

Offer Price: \$0.08 per New Share

Offer Ratio: 1 New Share for every 10 Shares
with 1 Attaching Option for every 2 New Shares issued

Maximum amount of New Shares to be issued under the Offer: up to 27,114,670

Maximum amount of New Shares to be issued under the Follow-on Placement..... up to
15,500,000

Maximum amount to be raised under the Offer: \$2,169,173

Maximum amount to be raised under the Follow-on Placement:.....\$1,240,000

Number of Shares on issue following the Offer and Follow-on Placement*: 313,761,379

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Maximum number of New Options to be issued under the Offer: 13,557,335

Maximum number of New Options to be issued under the Follow-on Placement:.....7,750,000

Maximum number of Underwriter Options to be issued under the Underwriter Offer: 6,818,346

Number of Options on issue following the Offer and Follow-on Placement**: 105,605,022

*Excludes any New Shares which may be issued in the event that any Existing Options are exercised prior to the Record Date.

** Includes 77,479,341 Existing Options currently on issue.

Section 5.2 of the Prospectus is amended to reflect the current number of securities on issue:

	Shares		Options	
	Number	%	Number	%
On issue at the date of this Prospectus	271.14 million	86%	77,479,341	74%
Maximum number under Offer and Follow-on Placement	42.61 million ¹	14%	21,307,335	20%
Issued pursuant to the Underwriter Offer	nil	N/A	6,818,346	6%
Total:	313.76 million	100%	105,605,022	100%

Notes:

1. If any of the Existing Options are exercised prior to the Record Date, additional New Shares will be issued under the Offer under this Prospectus. If all Existing Options on issue as at the date of this Prospectus were exercised prior to the Record Date, the Company's issued shares would increase by 77.48 million resulting in a further 7,747,934 New Shares being issued pursuant to this Prospectus. This would increase the Company's total Shares on issue after completion of the Offer to 321,509,313 Shares.

The option capital structure of the Company immediately following the Offer, on the basis that the Offer is fully subscribed, and the Follow-on Placement will be as follows:

	Number
Existing Options on issue at the date of this Prospectus	77,479,341
Maximum number of Options issued under the Offer	13,557,335
Maximum number of Underwriter Options issued under the Underwriter Offer	6,818,346
Maximum number of Options issued under the Follow-on Placement	7,750,000
Total	105,605,022

2.2 Use of Funds

Section 1.5 of the Prospectus is amended to reflect the increased amount raised:

Proposed use of funds	Underwritten Amount	Max. Offer Amount*
Devon drilling program	\$400,000	\$750,000

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Winding down of Red October	\$750,000	\$750,000
Advance Devon mining approvals	-	\$500,000
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	\$291,860
Working capital	\$176,000	\$1,117,140
Total (maximum raising)	\$1,500,000	\$3,409,000

**Includes funds raised under the Offer and Follow-On Placement*

2.3 Statement of financial position

Section 5.1 of the Prospectus which sets out the pro-forma financial position of the Company on completion of the Offers is amended as follows:

To illustrate the effect of the issue on the Company, the pro-forma consolidated balance sheet has been prepared based on the half year financial report as at 31 December 2020.

The pro-forma balance sheet shows the effect of the Offer as a partially underwritten offer and as if the Offer (under this Prospectus) had been made on 31 December 2020. The pro-forma balance sheet sets out two scenarios, one assuming that the Offer is fully subscribed and the Follow-On Placement has been conducted, and the other assuming that the Offer has been subscribed up to the Underwritten Amount.

The accounting policies adopted in preparation of the pro-forma consolidated balance sheet are consistent with the policies adopted and as described in the Company's financial statements for the half year ended 31 December 2020.

The significant effects of the Offer (assuming the Offer is fully subscribed and no Existing Options are exercised) will be to:

- (a) increase cash reserves by between approximately \$3,118,000 to \$4,497,785 (after cash expenses of the Offer which are estimated to be \$290,860) assuming a \$0.08 per share subscription price;
- (b) increase the number of issued ordinary shares by approximately 42,614,670 to 313,761,379; and
- (c) increase the number of Options on issue from 77,479,341 to 105,605,022 as a result of New Options issued pursuant to this Prospectus, assuming that 1 New Option is issued for every 2 New Shares allotted, and the issue of the Underwriter Options pursuant to the Underwriter Offer.

If an Eligible Shareholder does not take up their Entitlement in full it will result in their percentage holding in the Company being diluted by the Offer.

	AUDIT REVIEW 31 December 2020 \$	PROFORMA Minimum Subscription \$	PROFORMA Full Subscription* \$
Current Assets			
Cash and cash equivalents	1,379,472	2,705,198	4,497,785
Trade and other receivables	521,084	521,084	521,084
Other assets	79,172	79,172	79,172
Inventories	481,011	481,011	481,011

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Total Current Assets	2,460,739	3,786,465	5,579,052
Non-Current Assets			
Other assets	324,895	324,895	324,895
Financial assets	210,375	210,375	210,375
Investments in associates	311,610	311,610	311,610
Exploration and evaluation assets	20,401,971	20,401,971	20,401,971
Property, plant and equipment	2,295,811	2,295,811	2,295,811
Mine properties and development	3,073,963	3,073,963	3,073,963
Right-of-use assets	213,912	213,912	213,912
Total Non-Current Assets	26,832,537	26,832,537	26,832,537
Total Assets	29,293,276	30,619,002	32,411,589
Current Liabilities			
Trade and other payables	5,155,331	5,155,331	5,155,331
Borrowings	55,170	55,170	55,170
Lease liabilities	85,050	85,050	85,050
Provisions	312,068	312,068	312,068
Total Current Liabilities	5,607,619	5,607,619	5,607,619
Non-Current Liabilities			
Borrowings	3,984,116	3,984,116	3,984,116
Lease liabilities	99,095	99,095	99,095
Provisions	2,771,046	2,771,046	2,771,046
Total Non-Current Liabilities	6,854,257	6,854,257	6,854,257
Total Liabilities	12,461,876	12,461,876	12,461,876
Net Assets	16,831,400	18,157,126	19,949,713
Equity			
Issued capital	57,477,574	58,803,300	60,595,887
Reserves	9,958,981	9,958,981	9,958,981
Accumulated losses	(50,682,481)	(50,682,481)	(50,682,481)
Total equity attributable to equity holders of the Company	16,754,074	18,079,800	19,872,387
Non-controlling Interests	77,326	77,326	77,326
Total Equity	16,831,400	18,157,126	19,949,713

**Includes funds raised under the Offer and Follow-On Placement.*

2.4 Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount under the Offer and the Follow-On Placement is raised and no further Shares are issued or Options exercised:

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Holder	Holding at Record Date		Entitlement	Holding following the Offer if Offer not taken up		Holding following the Offer and Follow-on Placement if Offer not taken up	
	Number Shares	%		Number	%	Number	%
1	271,140	0.1	27,114	271,140	0.09	271,140	0.086
2	2,711,400	1	271,140	2,711,400	0.1	2,711,400	0.864
3	27,114,000	10	2,711,400	27,114,000	9.01	27,114,000	8.64
4	271,140,000	100	27,114,000	271,140,000	90.9	271,140,000	86.42

2.5 Expenses of the Offer

For the purposes of section 8.15 of the Prospectus, the total expenses of the Offer are estimated to be \$291,860, consisting of the following:

ASIC fees	\$4,008
ASX fees	\$10,386
Underwriting / Lead Manager fees	\$259,750
Legal fees	\$12,000
Printing and distribution including share registry costs	\$5,716
Total	\$291,860

2.6 Consents

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

2.7 Expenses of the Offer

The Directors do not consider the circumstances disclosed in this Supplementary Prospectus to be materially adverse from the point of view of an investor, and no withdrawal rights will be offered to investors.

3. Directors' authorisation and consent

This Third Supplementary Prospectus has been signed by a Director of the Company with the authority of each of the Directors and is dated 20 April 2021. Each Director has consented to lodgement of this Third Supplementary Prospectus with ASIC.



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Paul Poli
Chairman