



ASX Announcement

20th August 2018

Sale of Killaloe Project

Highlights

- Agreement executed for the sale of the Killaloe Project to Liontown Resources Limited
- Matsa to receive up to 20 million Liontown fully paid ordinary shares and a 1% royalty on all minerals recovered

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

176.93 million

Unlisted Options

13.70 million @ \$0.25 - \$0.30

Top 20 shareholders

Hold 51.68%

Share Price on 17th August 2018

14 cents

Market Capitalisation

\$24.77 million

Matsa Resources Limited (“Matsa” or “the Company” ASX: MAT) is pleased to advise that it has executed a binding agreement with Liontown Resources Limited (“Liontown” ASX: LTR) for the sale of the Company’s Killaloe Project to Liontown. The agreement covers the sale of all tenements held 100% by the Company and its 80% interest in two other tenements held in joint venture with Cullen Resources Limited (“Cullen”).

The consideration for the sale of the project is:

1. The issue of 20 million fully paid ordinary shares in Liontown to Matsa in two tranches as follows:
 - (i) Tranche 1 - 10 million fully paid ordinary shares for all the Killaloe tenements other than in respect of the tenements held in joint venture with Cullen; and
 - (ii) Tranche 2 - 10 million paid ordinary shares for those tenements held in joint venture with Cullen.
2. The grant of a 1% Net Smelter Royalty (“NSR”) in favour of Matsa on all minerals recovered and produced from the Killaloe Project.

Settlement of the transaction is subject to Liontown completing its legal due diligence within 14 days and obtaining any consents or approvals from the Minister which are necessary for the transfer of the tenements.

Executive Chairman, Mr Paul Poli said *“With the Company’s upcoming production at Red Dog and exploration at Red October and Fortitude, the sale of the Killaloe Project to Liontown allows Matsa to focus on its significant landholding within the Lake Carey project. Matsa retains exposure to Killaloe via its shareholding in Liontown and allows Liontown to build on its nearby Buldania lithium project.”*

Matsa holds an 80% interest in E63/1018 and E63/1199 with Cullen and the sale of those tenements is subject to and conditional on Cullen not exercising its pre-emptive right under the joint venture to acquire Matsa’s interest. Should Cullen exercise its pre-emptive right then Matsa would not receive Tranche 2 but would sell their interest to Cullen for an equivalent value.

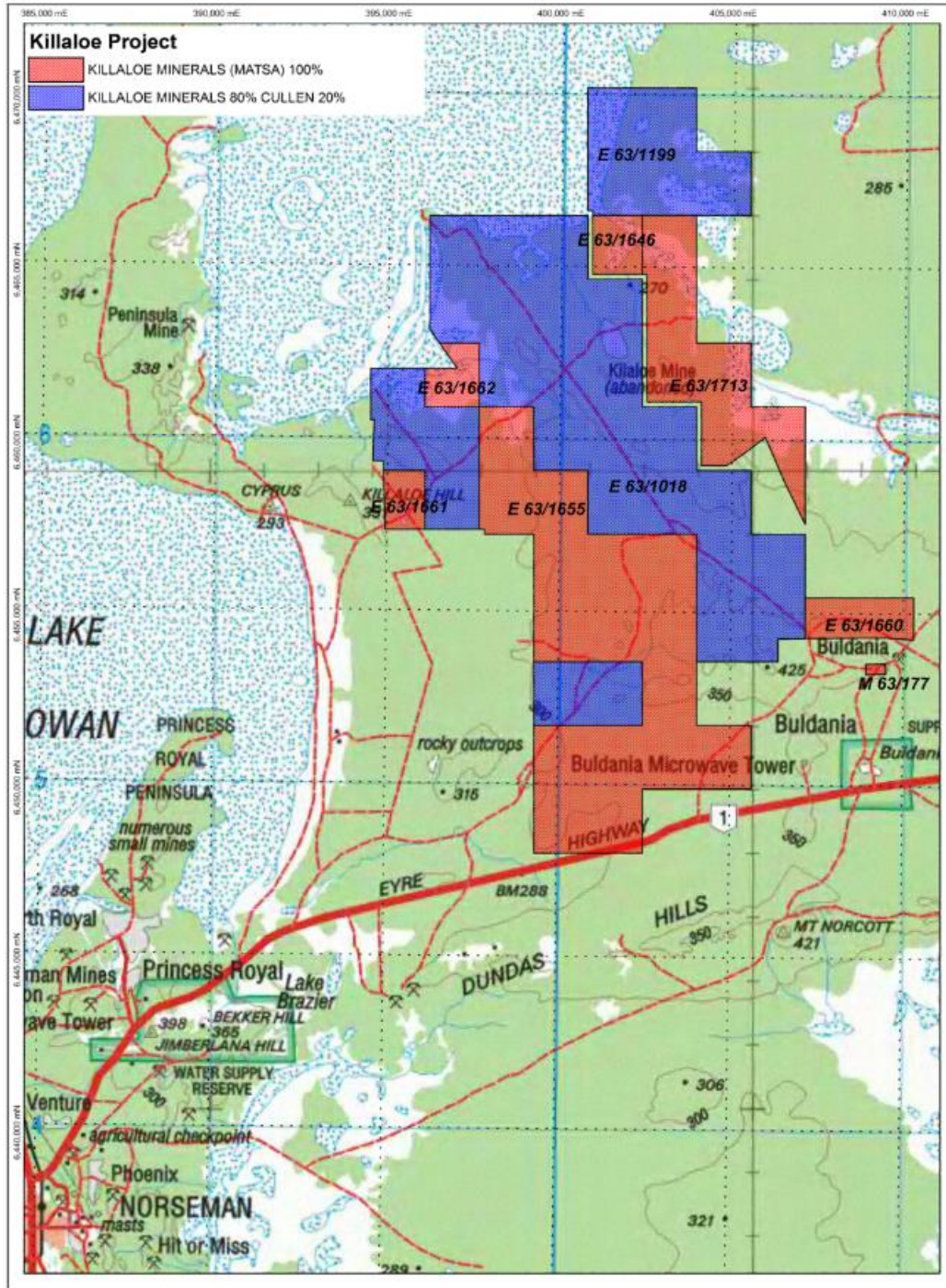


Figure 1: Killaloe Project Location and Tenements

For further information please contact:

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