

31 January 2022

Dear Shareholder

GENERAL MEETING – NOTICE AND PROXY FORM

Matsa Resources Limited ACN 106 732 487 (ASX: MAT) (**Matsa** or the **Company**) confirms that a General Meeting to seek shareholder approval for the disposal of its Red October Gold Mine and Devon Gold Project (which form part of Matsa's Lake Carey Gold Project) pursuant to the sale and purchase agreement between Matsa and Linden Gold Pty Ltd ACN 138 222 705 (**LGL**) (refer to ASX announcement dated 20 December 2021), is scheduled to be held at Suite 11, 139 Newcastle Street, Perth on 28 February 2022 at 10.00am (AWST) (**Meeting**).

The purpose of the Meeting is to seek shareholder approval pursuant to ASX Listing Rule 11.4 to dispose of the assets to LGL. Matsa intends, if appropriate and dependent on the final mix of cash and share consideration, to consider an in-specie distribution at a later date, where shareholders would receive shares in LGL (at no cost) with the quantum and timing to be determined by Matsa (and subject to any necessary approvals, including Matsa shareholder approval as required). Whilst it is being contemplated, an in-specie distribution of some or all of any consideration shares received by Matsa under the sale and purchase agreement cannot be finalised prior to settlement of the sale and purchase, and cannot be part of this General Meeting.

In accordance with the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021* (Cth), the Company will not be dispatching physical copies of the Notice of Meeting and accompanying Explanatory Memorandum (**Notice**) to eligible Matsa shareholders. Instead, a copy of the Notice is available on the Company's website located on the Investors page at <https://www.matsa.com.au/asx-announcements>.

If you have any difficulties obtaining a copy of the Notice or proxy form, please contact Advanced Share Registry on (08) 9389 8033 (within Australia) or +61 8 9389 8033 (outside Australia).

You may vote by attending the Meeting in person, by proxy or by appointing an authorised representative.

Details on how to lodge your proxy form can be found on the enclosed proxy form. If you have any questions about your proxy form, please contact the Company Secretary by telephone at +61 8 9230 3555.

Proxy Forms must be received by no later than 10.00am (AWST) on 26 February 2022.

If COVID-19 social distancing restrictions change prior to the Meeting, the Company will advise via an ASX announcement as to any changes in the manner in which the Meeting will be held and as to whether shareholders will still be able to attend in person and participate in the usual way.

The Notice and proxy form are important documents and should be read in their entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser.

Yours sincerely



Andrew Chapman
Director/Company Secretary

MATSA RESOURCES LIMITED
ACN 106 732 487

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

DATE OF MEETING

Monday, 28 February 2022

TIME OF MEETING

10.00am

PLACE OF MEETING

Suite 11
139 Newcastle Street
PERTH WA

This is an important document. Please read it carefully.

If you are unable to attend the General Meeting (**Meeting**), please complete the proxy form **enclosed** and return it in accordance with the instructions set out on that form.

With regards to the COVID-19 pandemic, the Company will adhere to any social distancing measures prescribed by government authorities at the Meeting, and Shareholders attending the Meeting will need to ensure they comply with the protocols. The Company is concerned for the safety and health of Shareholders, staff and advisers, so we will put in place necessary measures including any social distancing requirements.

The Resolution to be put to the Meeting will be decided by poll vote, as a combination of proxy votes lodged, together with any votes cast in person at the Meeting. Accordingly, Shareholders are encouraged to lodge their votes online via the Company's Registry (www.advancedshare.com.au/investor-login) or via the proxy form to be supplied.

Any questions that Shareholders would like to put to the Meeting can also be emailed to the Company Secretary (andrew.chapman@matsa.com.au) by 10.00am AWST 26 February 2022.

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

Notice of General Meeting

Matsa Resources Limited

Notice is hereby given that a Meeting of Shareholders of Matsa Resources Limited ACN 106 732 487 (**Company** or **Matsa**) will be held at Suite 11, 139 Newcastle Street, Perth, Western Australia on Friday, 28 February 2022 at 10.00am AWST.

Agenda

Ordinary business

Resolution 1: Disposal of a major asset

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

"That, for the purposes of Listing Rule 11.4.1(b) and for all other purposes, approval is given for the sale of the Company's Red October and Devon gold projects, on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the acquirer of the asset and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder in ordinary securities in the entity) or any associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (1) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (2) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

BY ORDER OF THE BOARD



Andrew Chapman

Company Secretary

Dated: 31 January 2022

Notice of General Meeting

Voting by proxy

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the Meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, scanned and emailed or sent by facsimile transmission to the address listed below** or as otherwise specified on the proxy form not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

BY MAIL Advanced Share Registry Limited 110 Stirling Highway, Nedlands WA 6009; or PO Box 1156, Nedlands WA 6909 BY FAX +61 8 6370 4203 IN PERSON Advanced Share Registry Limited 110 Stirling Highway, Nedlands WA 6009	ONLINE Lodge your vote online at www.advancedshare.com.au/investor-login or scan the QR code on the proxy form BY EMAIL admin@advancedshare.com.au ALL ENQUIRIES TO Telephone: +61 8 9389 8033
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If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Registry.

A proxy form is attached to this Notice.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 10.00am AWST on 26 February 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

Individual:	Where the holding is in one name, the holder must sign.
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Notice of General Meeting

Joint Holding:	Where the holding is in more than one name, either holder may sign.
Power of Attorney:	To sign under Power of Attorney, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	<p>Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can sign alone.</p> <p>Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.</p> <p>Please indicate the office held by signing in the appropriate place.</p>

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders of Matsa Resources Limited ACN 106 732 487 (**Matsa** or **Company**) to explain the Resolution to be put to Shareholders at an General Meeting (**Meeting**) to be held at Suite 11, 139 Newcastle Street, Perth, Western Australia on Monday, on 28 February 2022 at 10.00am AWST.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolution.

The Directors unanimously recommend that Shareholders vote in favour of the Resolution. The Chair of the Meeting intends to vote all available undirected proxies in favour of the Resolution.

Terms used in the Notice of Meeting and this Explanatory Memorandum are defined in Schedule 1.

2. RESOLUTION 1 – Approval of Disposal of the Asset

2.1 Background

Matsa is an ASX listed gold exploration and mining company operating south of Laverton in the north eastern goldfields of Western Australia.

Matsa has been conducting a focused exploration drive at its flagship Lake Carey Gold Project in order to discover and develop minable ounces which can feed into a company owned and operated mill with the ability of transforming the Company into a significant gold producer.

The Lake Carey Gold Project comprises the Red October Gold Mine (**Red October**), the Devon Gold Project (**Devon**), the Fortitude North prospect, the Fortitude Gold Mine as well as a number of other exploration targets and prospects.

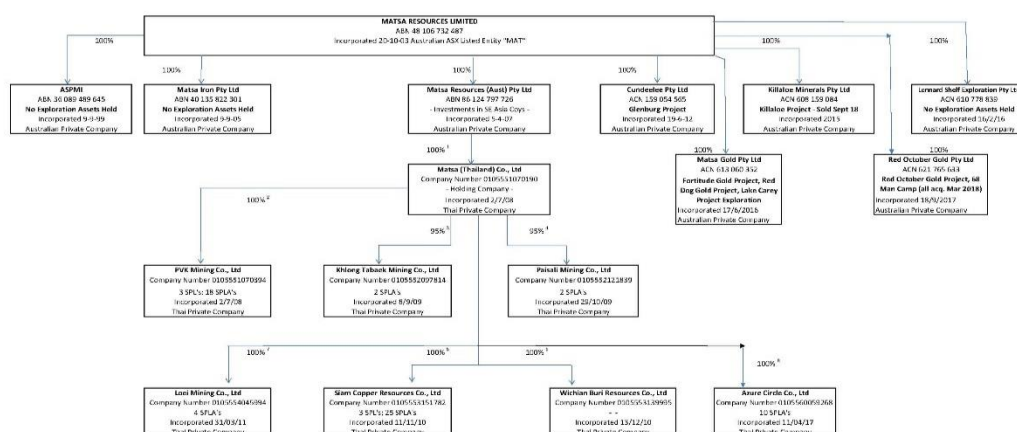
In addition to the Lake Carey Gold Project, the Company also has the following projects:

- (a) Symons Hill – Fraser Range Project;
- (b) Lake Rebecca Gold Project;
- (c) Paraburdoo Exploration Project; and
- (d) North Bore Exploration Project.

The current corporate structure of Matsa is shown below in Figure 1.

Figure 1. Matsa current structure

Explanatory Memorandum



As announced on 20 December 2021, Matsa has entered into a sale and purchase agreement (**Sale and Purchase Agreement**) with Linden Gold Pty Ltd ACN 138 222 705 (to be converted to a public company and renamed Linden Gold Limited) (**LGL**) to sell its Red October and Devon gold projects to LGL for a potential consideration of \$20 million (**Disposal**).

LGL is currently an unlisted mining company that is currently mining the Second Fortune gold project, the boundary of which is contiguous to the boundary of the Devon gold project.

Following completion of the Disposal, the Red October and Devon assets will be divested to LGL and the remaining projects (including the other two sub-projects comprising the Lake Carey Gold Project being the Fortitude North prospect, the Fortitude Gold Mine as well as a number of other exploration targets and prospects.) and the Company's other remaining projects (Symons Hill – Fraser Range Project, Lake Rebecca Gold Project, Paraburdoo Exploration Project and the North Bore Exploration Project) together the Excluded Assets will be retained by Matsa.

The Red October and Devon gold projects the subject of the Disposal are not Matsa's main undertaking and the Disposal will not result in a significant change in the nature or scale of Matsa's activities. The Disposal will not result in a change in the corporate structure shown above, but rather will involve the sale of the Red October and Devon project assets only (and not the subsidiaries holding the same).

In conjunction with the sale of Red October and Devon, LGL proposes to undertake an initial public offering of LGL shares (**IPO**) to raise capital and apply for admission to the Official List of the ASX.

2.2 About Red October

The Red October mine is a structurally controlled gold deposit located in the Laverton Greenstone Belt which hosts a number of world class and emerging gold mines with resources greater than 25 Million oz of gold which include Sunrise Dam, Mt Morgans, Butcher Well, Granny Smith and Wallaby.

During the 2021 financial year, mining continued at the Red October underground gold mine, however, subsequent to the end of the reporting period and due to recent underperformance, production was suspended to enable activities to be carried out including a full resource drill out, long term mine designs and rescheduling of the operation. The mine remains on care and maintenance and as such, the underground workings remain dewatered.

Explanatory Memorandum

Both historical and recent drilling, coupled with grade control data obtained during development highlighted the complex nature of the narrow structures at Red October with variable short range grade continuity, demonstrated the importance and necessity of ensuring close spaced drilling is completed at Red October. These learnings as well as the overall advancement of the Lake Carey exploration and project pipeline has resulted in suspension of production at Red October, underpinning the Company's repositioning and ultimately the opportunity to sell the asset to LGL. Since suspending production in July the focus has been on a complete resource update which has not yet been finalised. This would be the first global update since 2016. Interpretation of the seismic survey conducted in June 2021 has been ongoing.

2.3 About Devon

The Devon project includes the Devon mine and a significant number of historic gold workings in the northern part of the Linden goldfield. The Devon area is located immediately south of Red October and is contiguous with Matsa's Red October tenements. Devon is an active mine site which also remains on care and maintenance and the approvals process to recommence mining is expected to be simple. The flora and fauna studies have been completed to update the mining proposal and resource drilling was conducted to update the resource and optimisation studies. Conceptual mine and waste dump layout has been presented to DMIRS as part of the permitting process.

The Devon open pit gold mine was initially trial mined by GME Resources in May 2015, over a six-month mining operation. GME Resources reported drilling below the pit and old workings which indicated mineralisation remained open at depth.

During the 2021 financial year a maiden Mineral Resource Estimate of 115,000oz @ 2.9g/t Au was declared, a scoping study into open pit mining of Devon Pot demonstrated a positive operating cashflow of \$41M using a Matsa processing plant, soil sampling identified a number of large footprint gold in soil anomalies with peak values of 10.9g/t Au, a Sub-Audio magnetic (SAM) survey produced 38 geophysical anomalies and RC drilling across Devon Pit, Olympic, Hill East and LIN prospects returned excellent gold intercepts (refer to ASX announcements dated 14 April 2021, 29 April 2021 and 13 July 2021 for details).

2.4 Material Terms of the Sale and Purchase Agreement

As noted above, Matsa has entered into the Sale and Purchase Agreement with LGL. The key terms of the Sale and Purchase Agreement are summarised below:

(a) Consideration

The \$20 million consideration under the terms of the Sale and Purchase Agreement consists of the following:

- (1) A deposit of \$1 million payable on the execution of the Sale and Purchase Agreement. Matsa has received this amount from LGL. This deposit may be increased by two additional \$1 million instalments if:
 - (A) LGL has not received conditional approval from the ASX for admission to the ASX by 28 February 2022, extending the completion date to 30 April 2022; and
 - (B) LGL has not received conditional approval from the ASX for admission to the ASX by 30 April 2022, extending the completion date to 30 June 2022.
- (2) On completion occurring in conjunction with the successful listing of LGL on the ASX, Matsa will receive:
 - (A) a cash payment of \$5 million reduced by any amounts paid under 1(A) or 1(B) above; and
 - (B) \$9 million either in cash or LGL shares (the full \$9 million in shares is expected to equate to an approximately 19.6% interest in LGL at the time of LGL listing)

Explanatory Memorandum

on the ASX) at LGL's election, subject to a maximum of \$4.5 million able to be paid by way of cash. Note that the amount that may be paid to Matsa in cash (together with shares in LGL) will be subject to ASX Listing Rule 1.1 condition 11, to the extent applicable.

- (3) Deferred payment of \$5 million consisting of:
- (A) a deferred cash payment of \$2.5 million within 24 months of LGL receiving conditional approval from the ASX for admission to the ASX; and
 - (B) a net profit payment of \$2.5 million payable quarterly from mining operations at Devon.

Although LGL is not obliged to undertake mining of the Devon deposit, Matsa understands that LGL as an active miner in the area entered into the SPA with the intent of increasing the reserves and resources it owns in order to be able to expand its existing mining operation.

Should LGL not receive conditional approval from the ASX for admission to the ASX by 30 June 2022 as a result of events beyond the control of LGL, the deadline for conditional approval will be extended for up to a further 90 days. At this point, LGL may elect to complete the sale by paying the balance of the payments described in 2(A) and (B) in cash, ie. \$12M to Matsa.

Matsa has the right to terminate the SPA should LGL not successfully complete the acquisition by the deadlines noted above (through either successful listing on the ASX or cash settlement) and elect not to complete the sale, Matsa can retain any deposit it has received, at which point ownership of the Red October and Devon gold projects is retained by Matsa.

Where Matsa holds at least a 15% shareholding interest in LGL, Matsa has the right to appoint a nominee director to LGL.

Based on early due diligence enquiries and discussions with LGL and its IPO lead manager, Argonaut Securities, Matsa expects LGL (inclusive of its current operations and the sale assets from Matsa) to be suitable for listing. However, there is no guarantee that LGL will be listed on ASX. In the event the sale assets were to be acquired entirely for cash (without listing of LGL), settlement would be dependent on LGL obtaining finance for the same.

(b) **Conditions Precedent**

The Sale and Purchase Agreement is subject to conditions precedent, including that:

- (1) Matsa Shareholders approve the Resolution; and
- (2) Ministerial consent under regulation 41(c) of the *Mining Regulations 1981* (WA) or section 82(1)(d) of the Mining Act (as applicable) to the transfer of each Tenement that is a miscellaneous licence or a mining lease.

It is noted that Ministerial consent has been obtained and this condition precedent is therefore satisfied.

(c) **Excluded Assets**

Shareholders should be advised that the Excluded Assets will not be transferred to LGL as part of the Disposal.

Explanatory Memorandum

2.5 Listing Rule 11.4

The Devon and Red October assets the subject of the Disposal are a 'major asset' of Matsa on the basis set out in section 2.7. Under Listing Rule 11.4 and 11.4.1, a listed company can only dispose of a major asset if:

- (a) the securities in the spin-out vehicle (other than those being retained by the company itself) are being offered, issued or transferred pro rata to the holders of the ordinary shares in the company, or in another way that, in ASX's opinion, is fair in all the circumstances; or
- (b) the company's shareholders approve the disposal.

The Disposal is regarded as a disposal of a major asset for these purposes and paragraph (a) above does not apply, so it is a requirement for the Disposal to proceed that Matsa's Shareholders approve the Disposal under paragraph (b) above.

The Resolution seeks the required Shareholder approval for the Disposal under and for the purposes of Listing Rule 11.4.1(b).

If the Resolution is passed, Matsa will be able to proceed with the Disposal and will continue with its outlined strategy of continuing exploration of its remaining Lake Carey assets particularly the Fortitude Gold Mine and Fortitude North, as well as other exploration targets with a view to establishing a sufficient resource to support a stand-alone processing plant.

If the Resolution is not passed, Matsa will not be able to proceed with the Disposal, will be required to repay to LGL the deposit LGL will have paid to Matsa to that point in time and will continue with its strategy of building sufficient resources for each project to allow development to occur with ore to be processed in a proposed stand-alone processing plant.

2.6 **Reasons why the Directors consider that effecting the Disposal without the offer, issue or transfer referred to in Listing Rule 11.4.1(a) being made is in the interest of the Company and its Shareholders**

Listing Rule 11.4.1(a) contemplates an offer of consideration shares in the spin-out entity being made pro-rata to the holders of ordinary securities in the entity or in another way that, in ASX's opinion, is fair in all the circumstances. Such an offer is presently considered not appropriate for the following reasons:

- (a) the Company considers the Disposal to be the best commercial deal available to the Company, notwithstanding that the terms of the Sale and Purchase Agreement do not contemplate an in-specie pro-rata distribution of LGL shares to Shareholders; and
- (b) there is no guarantee that the consideration shares will be issued, and if so, the quantum is not certain given the ability for LGL to so elect and the application of certain Listing Rules that remain under consideration (including Listing Rule 1.1 condition 11, to the extent applicable). Accordingly there are no securities that can presently be offered on a pro-rata basis to Shareholders under the terms of the Sale and Purchase Agreement.

Matsa reserves its position to undertake in the future an in specie distribution of some or all of any consideration shares received by Matsa under the Share Sale Agreement at a later date, being either prior to or after completion of the Disposal. There is no guarantee or certainty as to whether this step to distribute LGL shares in specie to Matsa shareholders will or will not be taken.

In the event consideration shares are distributed in specie to Shareholders, Shareholders would receive shares in LGL, with the quantum and timing to be determined by the Matsa board (and subject to any necessary approvals, including Matsa shareholder approval as required).

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At present, the Board's intention is to progress to complete such an in specie distribution at a later date, and shareholders will be kept informed.

2.7 Major Asset and Consideration for Asset

Pursuant to Guidance Note 13, ASX will regard an asset to be a major asset if its disposal will result in a decrease of 25% or more in any of the following measures:

- (a) consolidated total assets;
- (b) consolidated total equity interests;
- (c) consolidated annual revenue, or in the case of a mining exploration entity, oil and gas exploration entity or other entity that is not earning material revenue from operations, consolidated annual expenditure;
- (d) consolidated EBITDA; or
- (e) consolidated annual profit before tax,

or if the value of the consideration received by the listing entity and its security holders for disposing of the asset exceeds 25% of its consolidated assets.

The value of the consideration to be received by Matsa and its Shareholders for disposing of Red October and Devon is estimated to be \$20 million (as outlined above in paragraph 2.4(a)). This equates to approximately 71.86% of the total consolidated assets specified in Matsa's Annual Report (as announced on 26 October 2021), being \$27,832,625, and is therefore above the 25% threshold set by ASX and considered a major asset.

2.8 Value of Red October and Devon

The value of Red October and Devon in the Company's 30 June 2021 annual report was \$8,304,251 consisting of \$5,921,197 attributable to Red October and \$2,383,054 attributable to Devon, after any amortisation or impairment of the assets.

The current market value of the Red October and Devon assets is \$20M, being the overall value of the total consideration payable by LGL under the Sale and Purchase Agreement. Matsa notes that \$5M of the total consideration is deferred. Matsa has not undertaken a formal valuation of the Red October and Devon assets and cautions that the value of these assets is speculative and will be subject to LGL's ability to prove up additional resources, develop the projects and enter production.

2.9 Impact of the Disposal on the Company

The pro forma statement of the financial position of the Company showing the financial effect of the Disposal on the Company is annexed at Schedule 2.

The Disposal, being a sale of assets, will:

- (a) not change the Company's corporate structure;
- (b) not have a dilutionary effect on the Shareholders;
- (c) not result in any changes to the Company's Board or senior management;
- (d) not result in any changes to the Company name; and
- (e) result in the Company having additional funds to direct towards its ongoing exploration assets and in particular Lake Carey.

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The Company will not acquire an equity interest in LGL unless the relevant milestones are satisfied and LGL elects to issue consideration shares (**Consideration Shares**), as set out in section 2.4(a)(2)(B). In the event the Consideration Shares are:

- (a) issued, Shareholders will retain an indirect interest in Red October and Devon; and
- (b) not issued, Shareholders will not retain an interest in Red October and Devon.

From a tax perspective, Matsa will not seek a private taxation ruling from the ATO seeking demerger relief for income tax purposes on the basis that the Disposal will have no direct tax implications for Shareholders.

2.10 Advantages and Disadvantages

The Directors have assessed the advantages and disadvantages of the Disposal as set out below, and are of the view that the advantages outweigh the disadvantages. Accordingly, the Directors have formed the view that the Disposal is in the best interests of the Company.

(a) Advantages

- (1) increase the Company's cash position;
- (2) provides the Company with a clearer focus and corporate strategy;
- (3) the Disposal results in the Company no longer incurring approximately \$150,000 per month on care and maintenance costs at Red October and Devon;
- (4) the Disposal allows Matsa shareholders to retain an indirect interest in the Red October and Devon assets via its holding in LGL which is an active miner on tenements which adjoin the Devon gold project;
- (5) the Company believes there is considerable underlying value in its Lake Carey assets that is not being valued by the market and the Disposal consideration reflects that; and
- (6) allows a greater exploration focus of the Fortitude Stage 2 and Fortitude North projects where the Company believes there is significant potential to build on the current mineral resource.

(b) Disadvantages

- (1) the Disposal involves the Company reducing its interest in a major asset (as discussed in section 2.7 above), which may not be consistent with the investment objectives of all Shareholders;
- (2) the Company has to continue to incur approximately \$150,000 per month on care and maintenance operations at Red October and Devon;
- (3) the Company will incur costs associated with the Disposal, including, but not limited to legal, accounting and advisory fees incurred in the preparation of documentation required to give effect to the Disposal and tax advice obtained in relation to any taxation consequences of the Disposal
- (4) the Company will have to rely on LGL to conduct additional exploration, development and production from Red October and Devon gold projects, both of which are on active care and maintenance and that LGL has sufficient capital to achieve this,

Explanatory Memorandum

2.11 Implications if the Disposal Does Not Proceed

If the Resolution is not passed and/or for any other reason the Company does not dispose of Red October and Devon, it will, amongst other things:

- (a) continue to hold 100% of Red October and Devon, and continue to investigate opportunities to obtain value from these projects;
- (b) be required to refund LGL the deposit it has paid to the time the Resolution is not passed;
- (c) may result in a reduced level of expenditure on the Lake Carey gold project;
- (d) may have to raise additional funding in order for it to conduct ongoing operations.

2.12 Indicative Timetable

The below timetable is a summary of the indicative dates relevant to the Disposal:

Event	Date
Enter Sale and Purchase Agreement	15 December 2021
Matsa ASX Announcement of Disposal	20 December 2021
Dispatch of Notice of Meeting	31 January 2022
Shareholder Approval – Meeting	28 February 2022
Completion (subject to timing of LGL's IPO progress)	April 2022

Note: The above dates are indicative only and may change without notice.

2.13 Listing of LGL

LGL intends to undertake an IPO, to be completed in or about April 2022. LGL intends to combine the Red October and Devon assets from Matsa, together with the Second Fortune Gold Mine that it acquired in 2020 as referred to in the ASX announcement of Anova Metals Limited (**Anova**) made on 26 August 2020. Subsequent to that announcement in August 2020, LGL reached agreement with Anova to pay the outstanding consideration earlier than agreed and therefore Anova remains entitled to a royalty over the Second Fortune Gold Mine owned by LGL.

LGL has raised over \$5 million from its two major shareholders, Mako Mining Pty Ltd and the MTM Group and with that funding together with a secured facility provided by St Barbara Limited (**St Barbara**), LGL has brought the Second Fortune Gold Mine back into operation and is currently producing in the order of 2000 ounces of gold per month.

Contemporaneously with progressing its IPO, LGL is undertaking an underground diamond drilling program to grow its resource base with a view to prolonging the life of its underground mining operation. This strategy will give LGL time to expand operations, incorporating the resources on the Red October and Devon tenements once the acquisition from Matsa is completed.

LGL has as part of the facility it obtained from St Barbara, an agreement with St Barbara whereby it sells its ore to St Barbara for processing through the Gwalia plant. At the time of the IPO, LGL expects that St Barbara will convert \$6 million of its debt to equity and to convert \$577,000 of other debt to equity in Linden.

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LGL is in the process of seeking ASX in-principle approval to list on ASX.

The IPO is expected to be carried out at \$0.20 per new share and to raise approximately \$15M. Details of the final capital structure and plans for LGL will be made available in a prospectus to be issued by LGL. As noted above, it is expected that if LGL were to elect to issue the full \$9M in LGL consideration shares, this would equate to an approximately 19.6% interest in LGL at the time of LGL listing on the ASX. It is not intended that Matsa shareholders will receive any priority offer in the LGL IPO offer.

The Linden IPO is targeted for April 2022, with the IPO indicative timetable is set out below:

Event	Date
LGL seeking in-principle approval to list on ASX	February 2022
Issue of prospectus by LGL	Early March 2022
Opening date of IPO	Early March 2022
Closing date of IPO	Late March 2022
LGL admitted to the Official List of ASX	Late April 2022
LGL commences trading on ASX	Late April 2022

Note: The above dates are indicative only and may change without notice.

2.14 Material Information

Comprehensive disclosure required by Guidance Note 13 regarding the Disposal is contained in sections 2.1 to 2.13, including the following:

- (a) the name of the 'spin-out vehicle' is set out in section 2.1;
- (b) how the spin-out is intended to be effected (including details of consideration, securities, participation and timetable) are set out in sections 2.4 and 2.13;
- (c) information about the assets being spun-out (being Red October and Devon), including a description of the assets and a valuation of the assets are set out in sections 2.2, 2.3, 2.4 and 2.8.
- (d) the impact the Disposal will have on the Company is set out in section 2.9;
- (e) the impact the Disposal will have on Shareholders is set out in section 2.9;
- (f) the reasons why the Directors consider that effecting the Disposal without the offer, issue or transfer referred to in Listing Rule 11.4.1(a) being made is in the interests of the Company and its Shareholders are set out in section 2.6;
- (g) a summary of the material terms of the Sale and Purchase Agreement are set out in section 2.4; and
- (h) a voting exclusion statement is included in this Notice of Meeting.

Explanatory Memorandum

2.15 Forward Looking Statements

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward looking statements.

You should be aware that such statements are only predictions and are subject to inherent risk and uncertainties, many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company such as (without limitation):

- (a) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences;
- (b) liquidity risk;
- (c) risks associated with the exploration or developmental stage of projects; native title claims;
- (d) funding risks;
- (e) operational risks;
- (f) climate change regulation;
- (g) changes to Government fiscal policy;
- (h) monetary and regulatory policies;
- (i) the impact of actions of Governments;
- (j) the potential difficulties in enforcing agreements;
- (k) protecting assets;
- (l) alterations to resource estimates and the imprecise nature of resource and reserve statements;
- (m) any circumstances adversely affecting areas in which the Company operates;
- (n) fluctuations in the production, volume and price of commodities;
- (o) any imposition of significant obligations under environmental regulations;
- (p) fluctuations in exchange rates;
- (q) the fluctuating industry and commodity cycles;
- (r) the impact of inflation on operating and development costs;
- (s) taxation;
- (t) regulatory issues and changes in law and accounting policies;
- (u) the adverse impact of wars, terrorism, political, economic or natural disasters;
- (v) the impact of changes to interest rates;
- (w) loss of key personnel;
- (x) delays in obtaining or inability to obtain any necessary Government and regulatory approvals; and

Explanatory Memorandum

(y) insurance and occupational health and safety.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of the Company, any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, or any events or results expressed or implied in any forward looking statement, and you are cautioned not to place undue reliance on those statements.

Subject to any continuing obligations under any applicable law or the Listing Rules, the Company expressly disclaim any obligation to give any updates or revisions to any forward looking statements to reflect any change in events, conditions or circumstances on which any such statement is based.

The forward looking statements in this document reflect views held only as at the date of this document.

2.16 **Directors Recommendations**

The Board notes that its Directors have certain holdings in Matsa shares but have no additional rights or interests in the outcome of this Resolution.

The Directors have approved the proposal to put this Resolution to the Shareholders.

Based on the information available, all of the Directors consider that the Disposal to be in the best interests of the Company and the Shareholders; and recommend that Shareholders vote in favour of the Resolution.

Schedule 1 Glossary

\$	means Australian Dollars.
ASX	means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).
AWST	means Australian Western Standard Time as observed in Perth, Western Australia.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting.
Company or Matsa	means Matsa Resources Limited ACN 106 732 487.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended, varied or replaced from time to time.
Devon	has the meaning given in section 2.1 of the Explanatory Memorandum.
Director	means a director of the Company.
Excluded Assets	as described in section 2.1 above.
Explanatory Memorandum	means the explanatory memorandum accompanying and forming part of the Notice of Meeting.
LGL	means Linden Gold Pty Ltd ACN 138 222 705 (to be converted to a public company and renamed Linden Gold Limited).
Listing Rules	means the official listing rules of the ASX as amended from time to time.
Meeting	means the general meeting of the Company convened by the Notice of Meeting.
Notice of Meeting	means the Notice of General Meeting and Explanatory Memorandum of the Company dated 31 January 2022.
Official List	means the official list of the ASX.
Red October	has the meaning given in section 2.1 of the Explanatory Memorandum.
Resolution	means the resolution referred to in the Notice of Meeting.
Sale and Purchase Agreement	means the sale and purchase agreement between Matsa and LGL dated 15 December 2021.
Share	means a fully paid ordinary share in the capital of the Matsa.
Shareholder	means a registered holder of a Share.

Schedule 2

MATSA RESOURCES LIMITED PRO-FORMA STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

Note	Actual 30 June 2021 \$	Impact of Disposal to LGL	Pro-forma Post Disposal 30 June 2021 \$
Current assets			
Cash and cash equivalents	3,029,326	5,900,000	8,929,326
Trade and other receivables	237,596	-	237,596
Other assets	253,900	-	253,900
Inventories	79,981	-	79,981
Total current assets	3,600,803	5,900,000	9,500,803
Non-current assets			
Other assets	287,363	9,000,000	9,287,363
Other receivables	200,000	5,000,000	5,200,000
Exploration and evaluation assets	21,437,966	(8,111,557)	13,326,409
Property, plant and equipment	1,917,968	(215,000)	1,702,968
Mine properties and development	192,694	(192,694)	-
Right-of-use assets	195,831	-	195,831
Total non-current assets	24,231,822	5,480,749	29,712,571
Total assets	27,832,625	11,380,749	39,213,374
Current liabilities			
Trade and other payables	4,807,829	-	4,807,829
Borrowings	224,732	-	224,732
Lease liabilities	98,986	-	98,986
Provisions	376,222	-	376,222
Total current liabilities	5,507,769	-	5,507,769
Non-current liabilities			
Borrowings	3,984,116	-	3,984,116
Lease liabilities	87,434	-	87,434
Provisions	2,881,324	-	2,881,324
Total non-current liabilities	6,952,874	-	6,952,874
Total liabilities	12,460,643	-	12,460,643
Net assets	15,371,982	11,380,749	26,752,731
Equity			
Issued capital	60,696,604	-	60,696,604
Reserves	10,023,186	-	10,023,186
Accumulated losses	(55,426,026)	11,380,749	(44,045,277)
Total equity attributable to equity holders of the Company	15,293,764	11,380,749	26,674,513
Non-controlling interests	78,218	-	78,218
Total equity	15,371,982	11,380,749	26,752,731

Notes:**Impact of Disposal:**

Assumes Matsa receives \$6,000,000 in cash, \$9,000,000 in LGL shares based on receipt of 45M shares at an IPO price of \$0.20 each, and a non-current receivable of \$5,000,000 as a deferred payment (refer section 2.4 for details of the Sale and Purchase Agreement).

Matsa disposes of:

1. Red October with a carrying value of \$5,921,197 made up of exploration and evaluation (\$5,728,503), mine properties and development (\$192,694) and property, plant and equipment (\$215,000)
2. Devon with a carrying value of \$2,383,054, all of which is classed as exploration and evaluation.

Matsa is expected to have a gain of \$11,380,749 from the sale after costs of the transaction.


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MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

2022 GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Matsa Resources Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chair of the Meeting

OR



PLEASE NOTE: If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) are named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the General Meeting of the Company to be held **at Suite 11, 139 Newcastle Street, PERTH WA on 28 February 2022 at 10.00am (WST)** and at any adjournment or postponement of that Meeting.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES:

The Chair intends to vote undirected proxies in favour of the Resolution. In exceptional circumstances the Chair may change his/her voting intention on the Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

VOTING DIRECTIONS
Resolution

For Against Abstain*

1 Disposal of a major asset

☐
☐
☐


* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

☐

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on how to vote by placing a mark in one of the boxes opposite the resolution of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given resolution, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on a resolution, your vote on the resolution will be invalid.

PLEASE NOTE: If you appoint the Chair as your proxy (or if he is appointed by default) but do not direct him how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite the resolution), the Chair may vote as he sees fit on the resolution.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10.00am (WST) on 26 February 2022, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 6370 4203



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033