



MATSA
RESOURCES

ANNUAL REPORT 2022

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Dear Shareholder,

Last year I noted that Matsa had focussed on developing a strategy that would serve the Company's future and create value for shareholders. This year Matsa has continued to reposition itself by building on the delivery of that strategy.

To that end, Matsa now has an 886,000oz gold resource across the Lake Carey Gold Project, a 30% increase on the prior year, providing a pathway towards reaching a gold resource that would support a Matsa owned processing plant. New optimisations undertaken for both the Fortitude and Devon projects illustrated that under a Matsa owned and operated processing plant both projects could generate an estimated \$135M positive cash flow based on the given assumptions. In order to progress mining proposals on these projects towards future development flora, fauna and other related studies as well as regulatory approvals were progressed.

Further drilling programs and surveys conducted during the year have identified new gold targets at Lake Carey and, with further work, may provide additional resources in the future. A disciplined exploration approach will continue so that the value of the Lake Carey Gold Project can be displayed. This approach encompasses operating in a safe and environmentally friendly manner and with awareness of local communities.

In December 2021, Matsa executed a \$20M Sale and Purchase Agreement with Linden Gold Alliance Limited whereby Linden would acquire the Red October and Devon projects from Matsa for a mixture of cash and shares. Matsa has thus far received \$3M cash in non-refundable deposits from Linden, however settlement has not yet occurred at the date of this report.

One of the pleasing things to occur this year was the identification of a number of highly prospective areas in Thailand for lithium and tin. This has resulted in a number of applications being lodged with the Thai authorities and is a credit to our Thai team. Whilst it is early days, I really believe there is a story yet to unfold here and over the next 12 months and beyond it will start to be unveiled.

The Company has worked hard this year to instil a "work smart" discipline and identify opportunities that can create value with patience and hard work and deliver results for all stakeholders. I am of the belief that these challenges are being met front on and that in time results will become evident, where in turn I anticipate that this Company will show the results from all the effort being put in.

I would like to again thank all the people involved with Matsa for their hard work, preparedness to do what is required and support throughout the year. In particular I would also like to thank my fellow board members, senior management and the whole team both in Perth and Thailand. I remain committed to ensuring that Matsa can achieve the goals it has set for itself and that this in turn results in rewarding shareholders.



PAUL POLI
EXECUTIVE CHAIRMAN

SUMMARY – DELIVERING STRATEGY AND GROWTH

This year, Matsa Resources Limited ('Matsa' or 'the Company' or 'the Group') continued to reposition itself by leveraging off a significant resource potential at the Lake Carey Gold Project (Lake Carey, refer Figure 1) and has set about building a clear pathway to establishing a sustainable long term gold inventory, mining and processing business, centred at Lake Carey.

The focus of all exploration efforts during 2022 has been on the Fortitude Fault trend at Lake Carey, where Matsa has demonstrated an economic mining opportunity at the Fortitude and Devon Gold Mines.

Additionally, situated only 6km north of the Fortitude Gold Mine, the Fortitude North prospect continues to demonstrate real potential to deliver a significant resource through future drilling, and is expected to complement the 489koz resource modelled at the Fortitude Gold Mine.

Significant growth opportunities also exist elsewhere, outside of gold, and to that end with recent significant and positive changes in exploration and mining outlook in Thailand, Matsa has expanded its exploration portfolio through new applications in the highly prospective western granite belt for tin and lithium.

The growing Electric Vehicle (EV) market with a large share of manufacturing output centred in southeast Asia, has Thailand well positioned as a potential major supplier of the natural resources that will be required to support the growth forecasts of the EV market. In that respect, Matsa is well placed to leverage off that demand and economic outlook with its established operational team and project pipeline.

As a result, a number of important and positive outcomes have been achieved over the past 12 months whose highlights include:

- Mineral Resource at Lake Carey increased to 886,000oz @ 2.4 g/t Au following drilling at Hill East and resource updates for both Hill East and Fortitude
- The resource upgrade at Fortitude resulted in new optimisations and a scoping study into a Matsa owned and operated processing plant at Lake Carey returned a favourable outcome improving the estimated bottom line at the Fortitude mine by A\$40M (to \$95M)
- A combined estimated Positive cash flow of A\$135M for the Fortitude and Devon Gold Mines, utilising a proposed Matsa owned processing plant, has been modelled following revision of optimisations and CPC scoping study input parameters
- Completion of flora, fauna and other regulatory approvals and related studies to progress Mining Proposals for the Fortitude and Devon gold mines
- Matsa entered into a \$20M Sale and Purchase Agreement ("SPA") with Linden Gold Alliance Limited ("LGA") for the sale of Red October and Devon gold mines and associated tenements, which has delivered Matsa \$3M in non-refundable deposits (note: subsequent to June 30, LGA has been granted an extension to complete the transaction by 30 September 2022)
- Exploration applications lodged and accepted by Thailand's Department of Mineral Resources for 942km² of tenure in Thailand's western granite belt known to be highly prospective for lithium and tin
- IGO Limited purchasing a 70% stake in the Fraser Range project for \$600,000 under a JV agreement whereby Matsa retains a 30% free carried interest to decision to mine

Matsa's key asset is its 100%-owned Lake Carey Gold Project, located approximately 40km south of Laverton and approximately 250km north-northeast of Kalgoorlie in Western Australia (Figure 1). The project is situated in the heart of an active gold mining district that hosts several multi-million-ounce gold mines including Wallaby and Sunrise Dam with Northern Star's Carouse Dam located a little further south.

Lake Carey comprises of almost 500km² of highly prospective tenements within the Laverton Tectonic Zone (LTZ) of the Kurnalpi Terrane in Western Australia's eastern goldfields region. The district is well serviced by infrastructure including a network of high-quality roads, gas pipelines, communication infrastructure, airstrips with regular services to Perth and close proximity to an established mining workforce and supply network.

Matsa also holds a number of rapidly developing lithium and copper assets in Thailand with 942km² under Special Prospecting Licence Applications (SPLA) for lithium and tin in Thailand's western granite belt, and a further 584km² under SPLA for copper, silver, gold and base metals in central Thailand's Loei Fold Belt.



FIGURE 1: Matsa's projects with a gold focus at Lake Carey in Western Australia and lithium – copper – tin focus in Thailand

Exploration has progressed at both Lake Carey and Thailand during the July 2021 to June 2022 reporting period.

Matsa has additional gold and copper exploration projects in Western Australia's Pilbara, and nickel exploration projects in Western Australia's Fraser Range under JV with IGO Limited (refer company website <https://www.matsa.com.au/projects/> for further information).

REVIEW OF OPERATIONS

AUSTRALIAN OPERATIONS

LAKE CAREY

The Lake Carey Gold Project (Figure 2), located in the Laverton Tectonic Zone in the heart of the Eastern Goldfields of Western Australia's Yilgarn province (Figure 3), is bookended to the north by world class mines such as Granny Smith, Sunrise Dam and Wallaby, to the west Butchers Well and to the south Deep South. The eastern margin of the tenement package is bounded by the regional Barnicoat East Fault structure that separates the Kurnalpi and Burtville terranes.

Importantly, the bulk of the key resource projects are located within granted mining licences and accessible by a network of established haul roads. As such, all of the key projects have a shorter lead time to obtaining final mining approvals than would normally be encountered at the exploration and assessment phase.

Project status for key resource and mining options are outlined in the following table:

PROJECT	MINING LEASE	HAUL ROADS	MINE PROPOSAL
Fortitude Stage 2	Granted	Existing	Current
Gallant	Granted	Existing	Required
Bindah	Granted	Existing	Required
Red October*	Granted	Existing	Current
Devon Pit*	Granted	Existing	Required
Hill East*	No	Partial	Required
Olympic*	Granted	Existing	Required

TABLE 1: Key resources and mining lease status

* These projects are subject to the Sale and Purchase Agreement with Linden Gold Alliance Ltd

OVERVIEW

The bulk of Matsa's exploration work during this financial year has been focussed on Fortitude and Fortitude Fault trend with the remaining part at Devon and the Lake Carey region in general. Exploration activities this year included soil and geochem surveys to test for new gold anomalism, ground magnetic surveys to assist drill targeting, air core (AC) drilling to test gold/geochemical anomalism, diamond drilling (DD) and evaluation studies.

Key results from this work include:

- Reverse circulation (RC) drilling at the Devon area resulting in an updated resource model for Hill East adding 15koz to the 2021 resource model
- Regional soil surveys and air core drilling identifying 2 new gold in basement anomalies
- Ground magnetic surveys at Fortitude North, FF1 and Mirage/Stealth which assisted structural interpretations and geological setting to direct future drilling
- An updated model for the Fortitude Gold Mine resulting in an increase of approximately \$40M to the estimated bottom line following revised optimisation and mining studies
- Diamond drilling at Fortitude North returning approximately 36% more gold in the latest drill intercept compared to the next closest drill hole

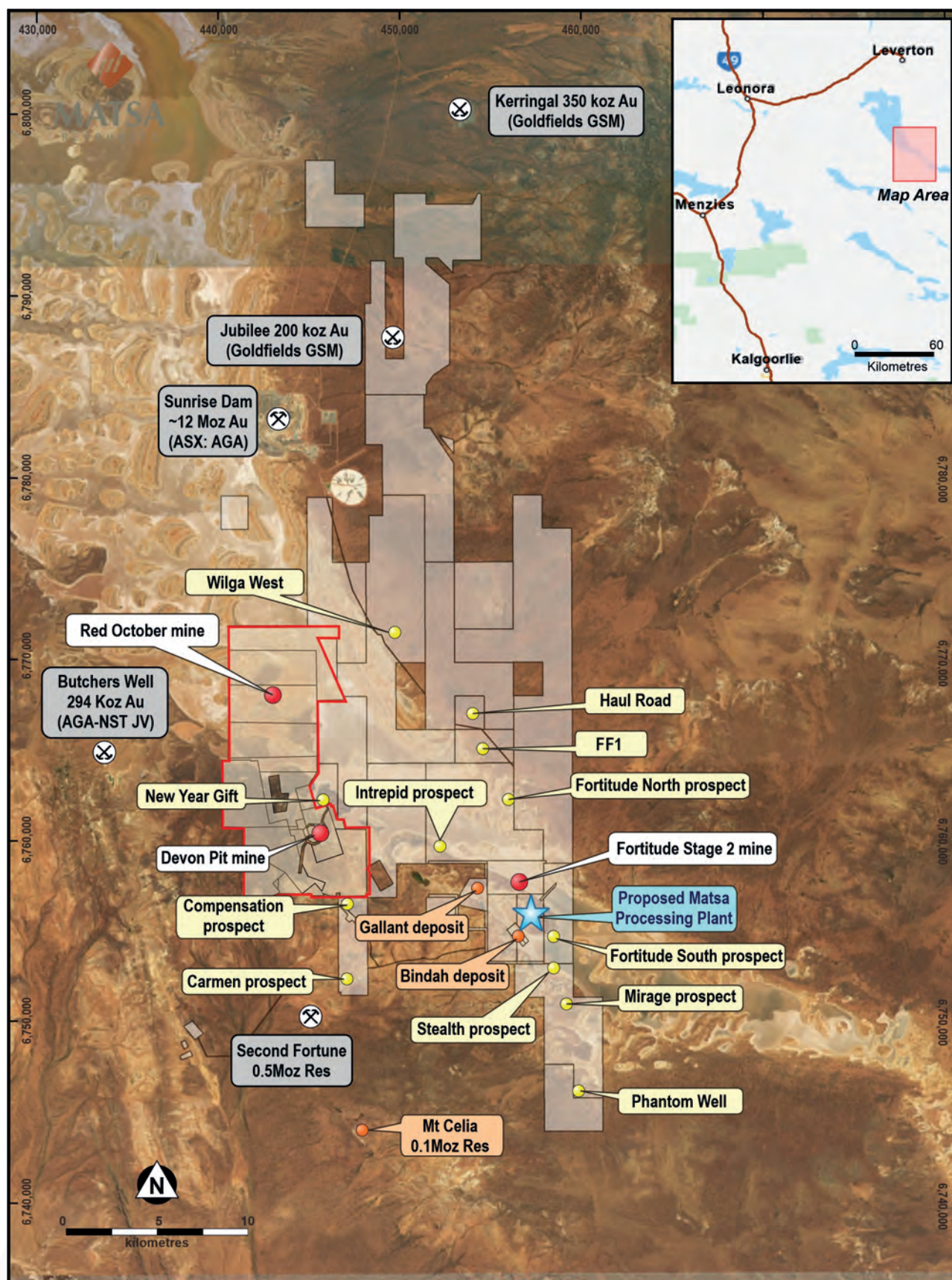


FIGURE 2: Regional Geological Setting and location of the Lake Carey project (red circle)

- Ground magnetic surveys have identified a large bullseye magnetic anomaly just north of FF1 which remains unexplained and is a target for future drilling, and a northerly trending magnetic feature just west of Fortitude North, which also remains undrilled

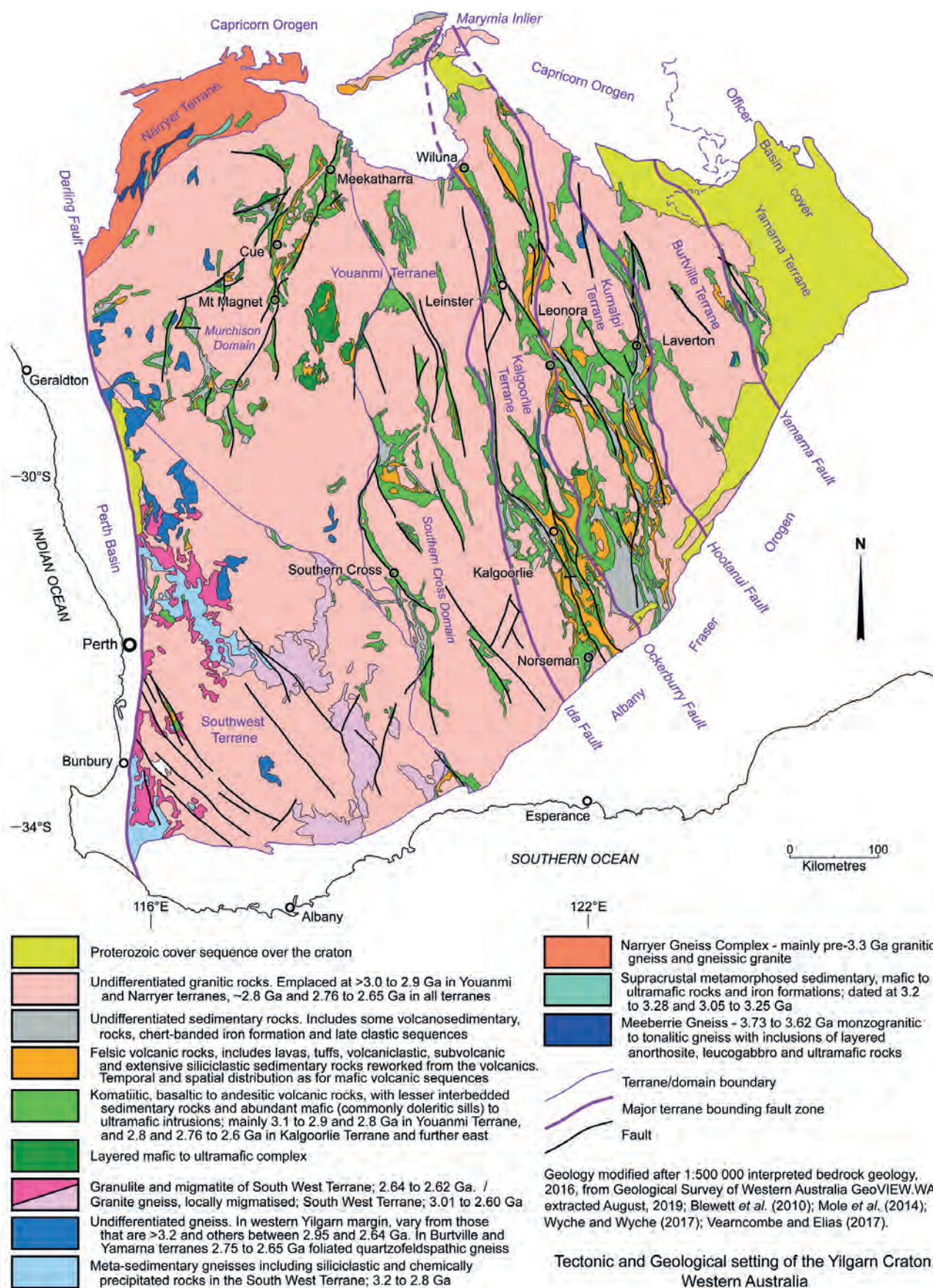
- A new tenement hosting Compensation and Carmen prospects was added to Lake Carey where rock chip sampling returned up to 13.7g/t Au at the Carmen prospect in the south of the tenement and gold in soil anomalism up to 215ppb recorded in the northern part of the tenement



Sunset at Red October



Spring flowers at Laverton

**FIGURE 3: Lake Carey Gold Project**

(projects outlined in red are subject to a Sale and Purchase Agreement with Linden Gold Pty Ltd)

RESOURCES

The gold resource at Lake Carey grew from 684koz (30 June 2021) to 886koz (30 June 2022) (Table 2) representing a 30% increase through the following additions and mining adjustments (Figure 4):

- 147koz added to the Fortitude Resource following modelling of grade control drilling and changes to the geological model arising from in pit mapping and completion of trial pit mining
- An upgrade of 13koz at Hill East following new RC drilling
- Increase of 33koz at Red October following modelling of new drilling at Lionfish
- Depletion of 7koz from mining of the resource at Red October

	Cutoff	Measured		Indicated		Inferred		Total Resources		
	g/t Au	('000t)	g/t AU	('000t)	g/t AU	('000t)	g/t AU	('000t)	g/t AU	('000) oz)
Red October										
Red October UG	2.0	105	8	483	5.7	411	6.3	999	6.2	199
Red October Subtotal		105	8.4	483	5.7	411	6.3	999	6.2	199
Devon										
Devon Pit (OP)	1.0	-	-	341	4.8	102	3.6	443	4.6	65
Olympic (OP)	1.0	-	-	-	-	171	2.8	171	2.8	15
Hill East (OP)	1.0	-	-	-	-	748	2.0	748	2.0	48
Devon Subtotal		-	-	341	4.8	1,021	2.3	1,362	2.9	128
Fortitude										
Fortitude	1.0	127	2.2	2,979	1.9	4,943	1.9	8,048	1.9	489
Gallant (OP)	1.0	-	-	-	-	341	2.1	341	2.1	23
Bindah (OP)	1.0	-	-	43	3.3	483	2.3	526	2.4	40
Fortitude Subtotal		127	2.2	3,021	2.0	5,767	1.9	8,915	1.9	553
Stockpiles		-	-	-	-	191	1.0	191	1.0	6
TOTAL		232	5.0	3,845	2.7	7,199	2.2	11,467	2.4	886

TABLE 2: Lake Carey Gold Resource Table (resources include reserves, refer Resources and Reserves table for formal 30 June statement). Note rounding adjustments may not total.

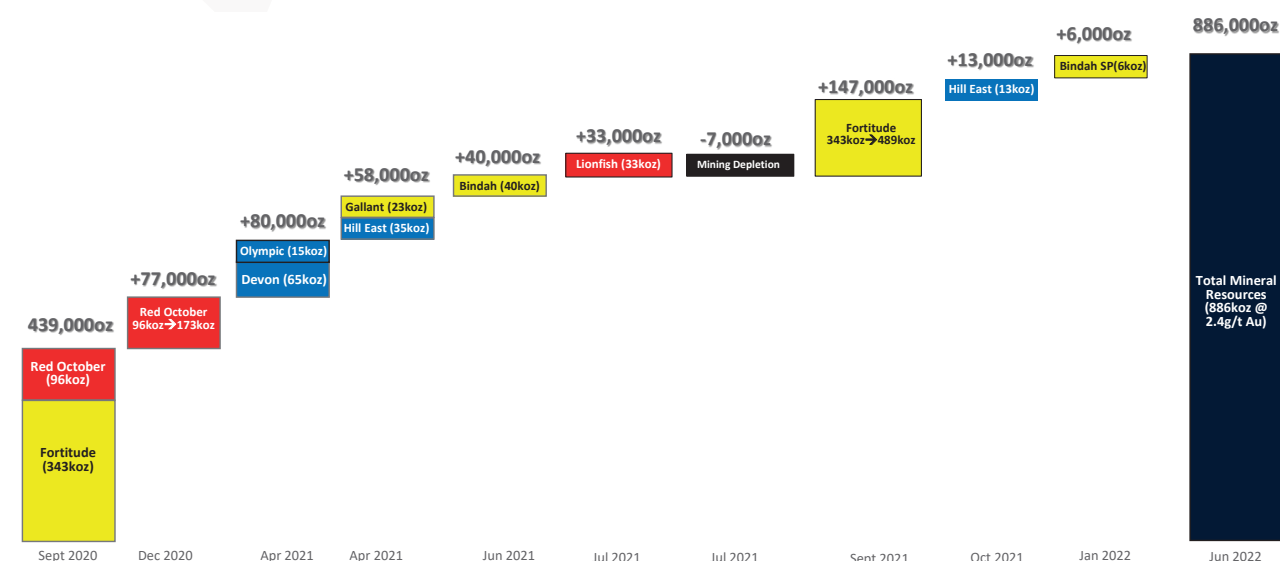


FIGURE 4: Lake Carey Mineral Resource growth since 2020 Annual Report

EXPLORATION AND GROWTH

Exploration highlights at Lake Carey for the year include:

- Exploration drilling at Hill East and Devon prior to Matsa and LGA signing a SPA for the Red October and Devon projects
- Approximately 466 line kilometres of high resolution ground magnetic survey being completed, focussed on the Fortitude Shear Zone
- 838 soil samples collected across the Lake Carey tenements
- Completion of 7,876m of aircore, reverse circulation and diamond drilling across six prospects at Lake Carey
- An updated resource model for Fortitude Gold Mine and revised optimisation studies resulting in more than doubling the original results of the optimisation work from 55koz mined to 132koz mined
- Carmen and Compensation prospects added to the Lake Carey Gold Project where rock chip sampling has returned gold grades up to 13.7g/t



Drone view looking from Fortitude Gold Mine south towards Bindah Gold Mine

FORTITUDE AND FORTITUDE FAULT

GROUND MAGNETIC SURVEYS

Four high resolution ground magnetic surveys (Figure 5) comprising 466 line kilometres, were completed along the regionally significant Fortitude Shear Zone which host's Matsa's Fortitude Gold Mine. The surveys were conducted east, north and south of the Fortitude Gold Mine and were designed to provide information that would assist in detailed structural interpretation and help focus future drilling designs.

The results of the surveys broadly support the existing regional aeromagnetic interpretation of a major NNW trending regional structure (shear zone) and provided additional detail at the prospect

scale, that have been interpreted as either dilational jog structures and/or NE trending cross cutting structures that elsewhere, are known to host mineralisation.

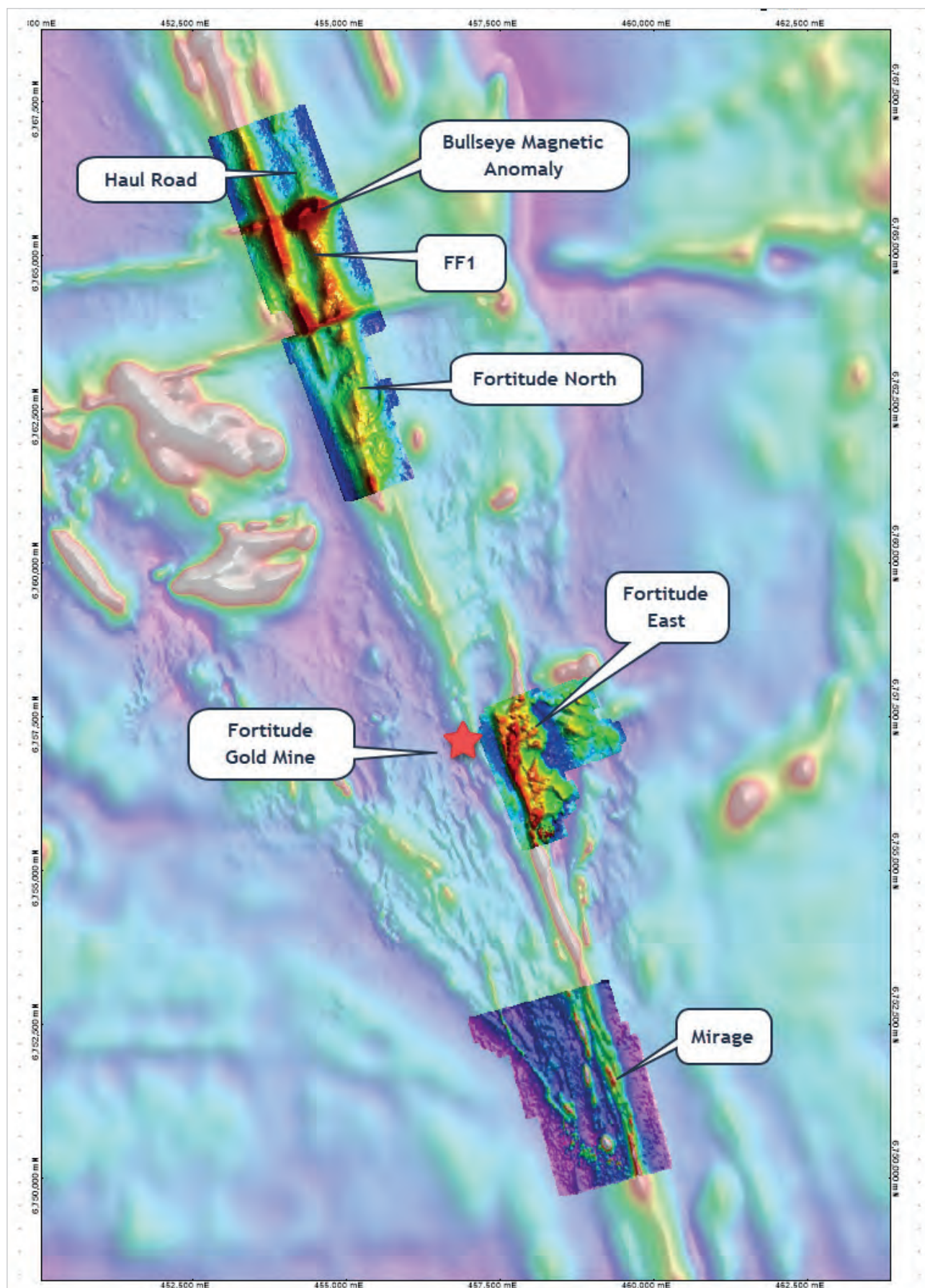


FIGURE 5: High resolution ground magnetic surveys over regional aeromagnetic data

The Fortitude Shear zone, along with the Bindah Shear located to the west, forms a narrow corridor of S-SE trending greenstone belt which is bounded to the east and the west by granitoid terrane (Figure 6). As the Fortitude-Bindah system extends north the greenstone pile thickens, and is host to numerous large mineralised systems (Sunrise Dam, Wallaby, Granny Smith and Mt Morgan).

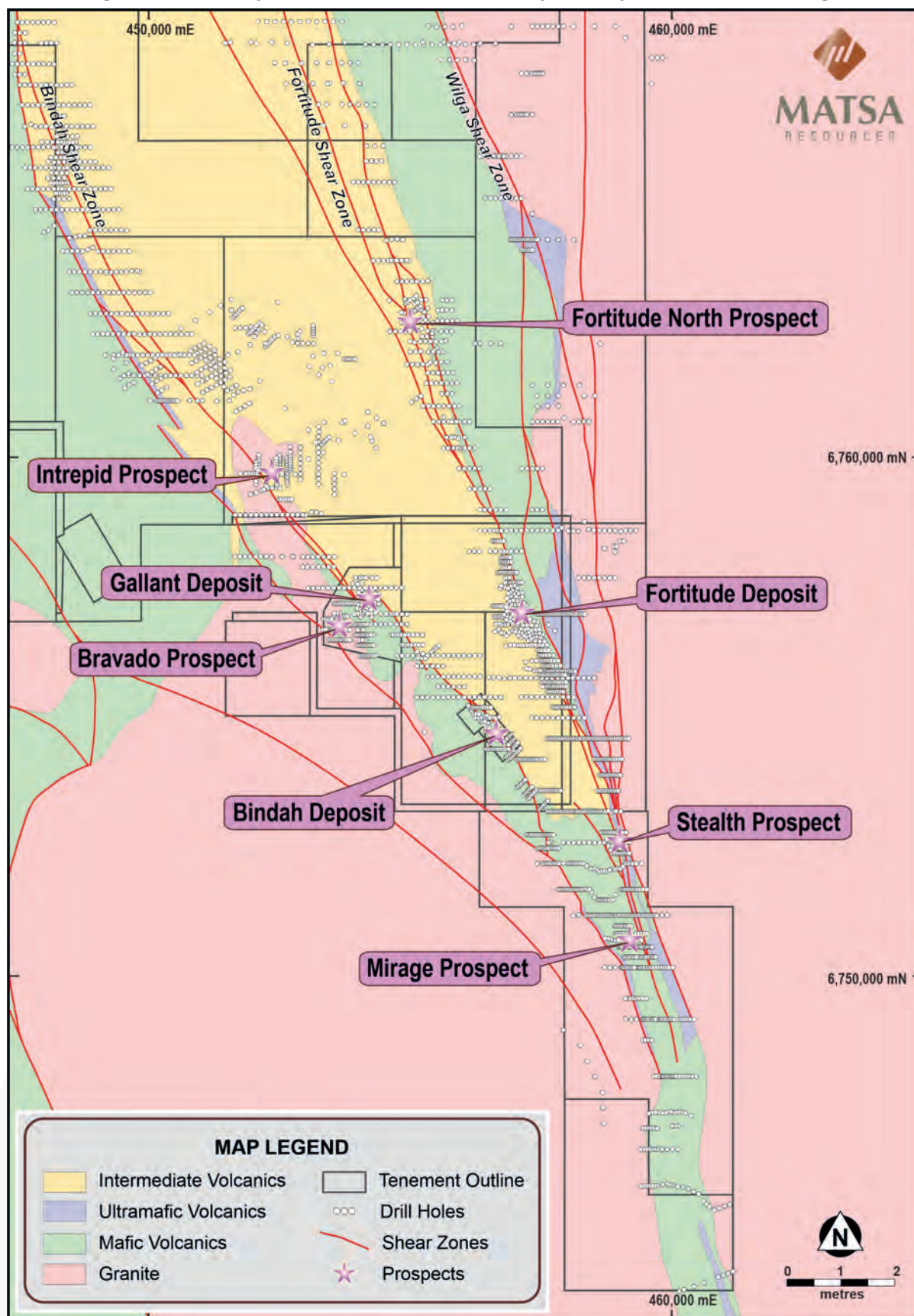


FIGURE 6: High resolution ground magnetic surveys over regional aeromagnetic data

Matsa's exploration focus along the Fortitude Shear is aimed at resource drilling at Fortitude North to develop a maiden resource, which will support the Fortitude Gold Mine and proposed processing facility.

A number of strong geophysical anomalies (circled in pink in Figure 7) where limited drilling has previously been completed provide priority drilling targets. It is pleasing to note that new targets continue to be generated using this exploration technique.

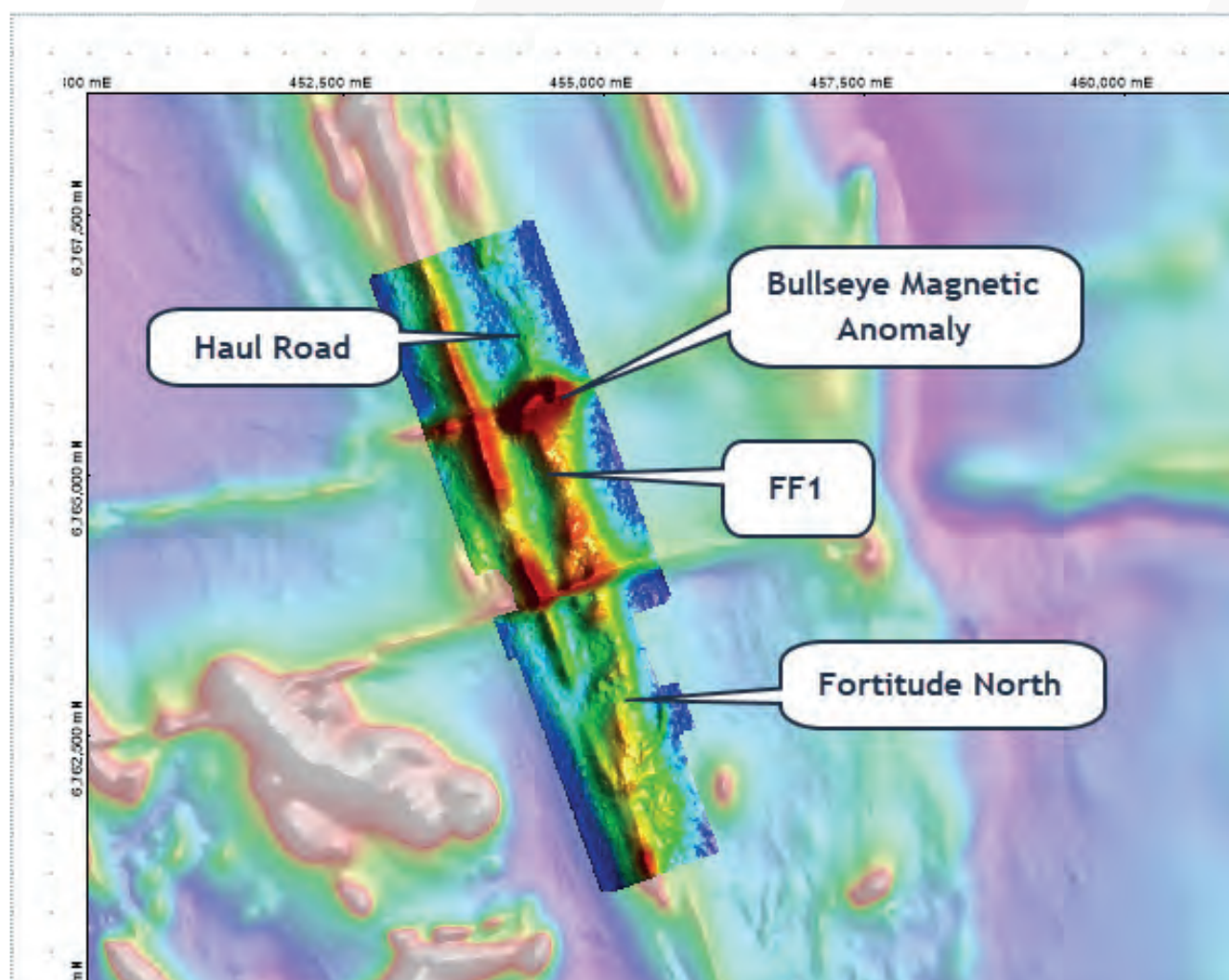


FIGURE 7: High resolution ground magnetic surveys over regional aeromagnetic data

DRILLING

Aircore drilling (Figure 8) comprising 45 holes were completed for 3,627m with results indicating elevated gold values defining new saprolite gold targets at Wilga West and Phantom Well and confirming elevated gold values in transported sand and gravel overlying the FF1 basement gold occurrence previously discovered in 2020.

Four key target areas namely, Wilga West, Haul Road, FF1 and Phantom Well on the Fortitude Fault were selected based on strong responses in the magnetic survey data which suggests the presence of favourable structures and geological setting that could host gold mineralisation.

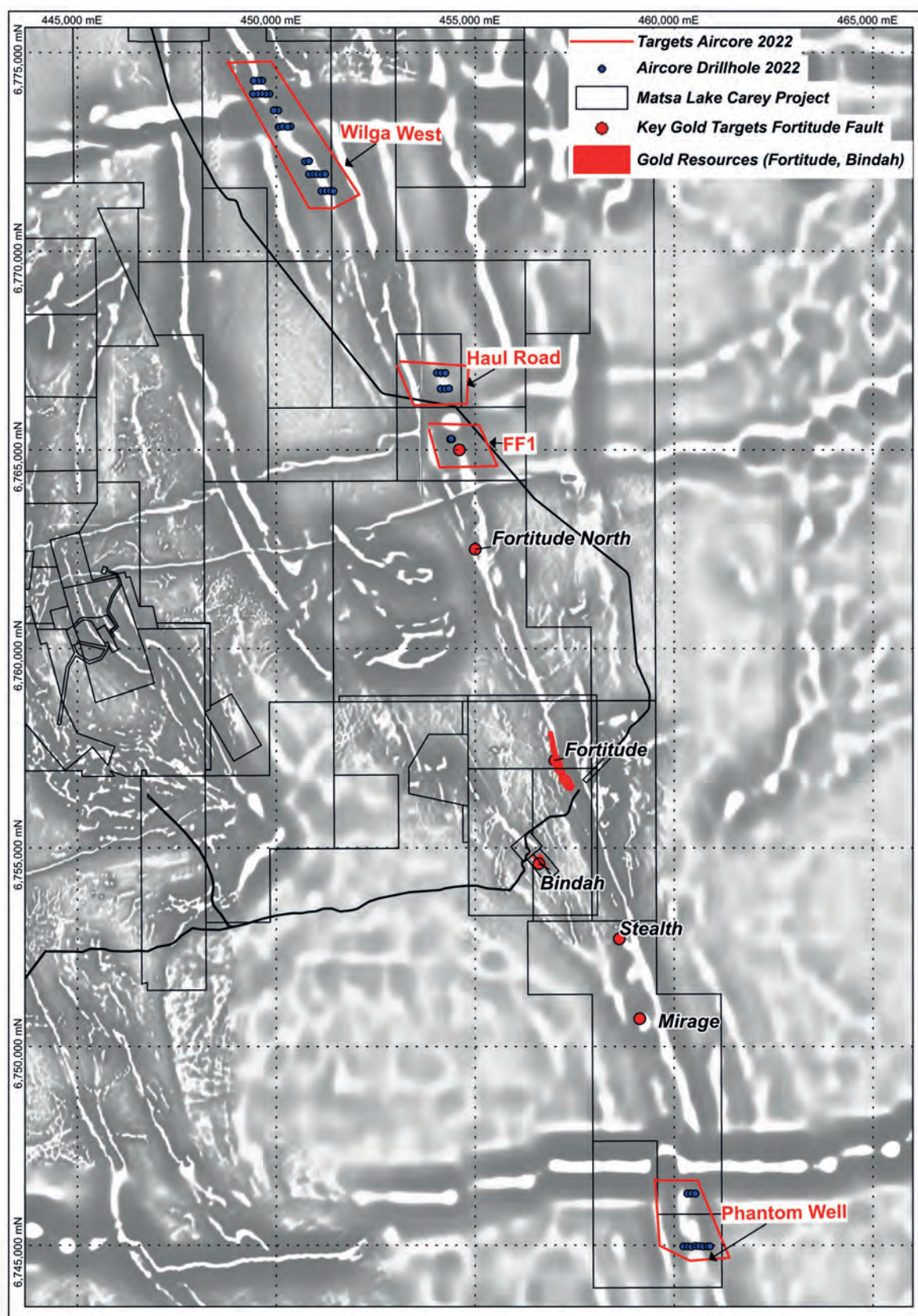


FIGURE 8: Plan of four aircore drilling programs completed during the year with background aeromagnetic data



Collecting ground magnetic data at Lake Carey

In July 2021, Matsa reported results of RC drilling at Devon and Hill East which has led to an increase of reportable resource at Hill East from 35koz to 48koz. The Hill East prospect has since been subject to a SPA with LGA announced in December 2021.

Diamond drilling at Fortitude North was undertaken following an inhouse review of the prospect's ability to host significant exploitable mineralisation where Matsa identified it is conceivable to define between 380koz and 600koz with further drilling. Geological modelling indicates Fortitude North is likely to be characterised by a shear hosted mineralised envelope encapsulating north easterly plunging higher grade shoots. This has been modelled through interpretation of drilling and geophysical (ground magnetic) results along a 1.5km anomaly. Logging of diamond drill core has indicated the presence of hydraulic fracture quartz veining, suggesting a long lived gold mineralising system.

The new drilling was designed to test this geological model with a focus on confirming the potential of higher grade shoots within this extensive system. Results were positive in that the drilling (hole 22FNDD009, Figure 9) returned assay results of 9.6m @ 3.27 g/t Au from 120.8m including a higher grade zone of 2.1m @ 7.76 g/t Au from 121.65m (using 1 g/t cutoff). This drilling reflects down-dip continuity of the mineralised intersection in the next nearest diamond drill hole (19FNDD001), which intersected 8m @ 2.94 g/t Au from 106.25m including a higher-grade zone of 2.75m @ 5.24 g/t Au from 107.25m.

Conclusions from the drilling results and recent logging, suggest a high-grade shoot resides in the hanging wall position within the broader lode and mineralised system. Importantly, the data also suggests that grades appear to increase with depth as demonstrated by 2.75m @ 5.24 g/t at 107.25m (19FNDD001) and 2.1m @ 7.76 g/t at 121.65m (22FNDD009). This trend is not an uncommon feature of structurally complex narrow vein gold settings.

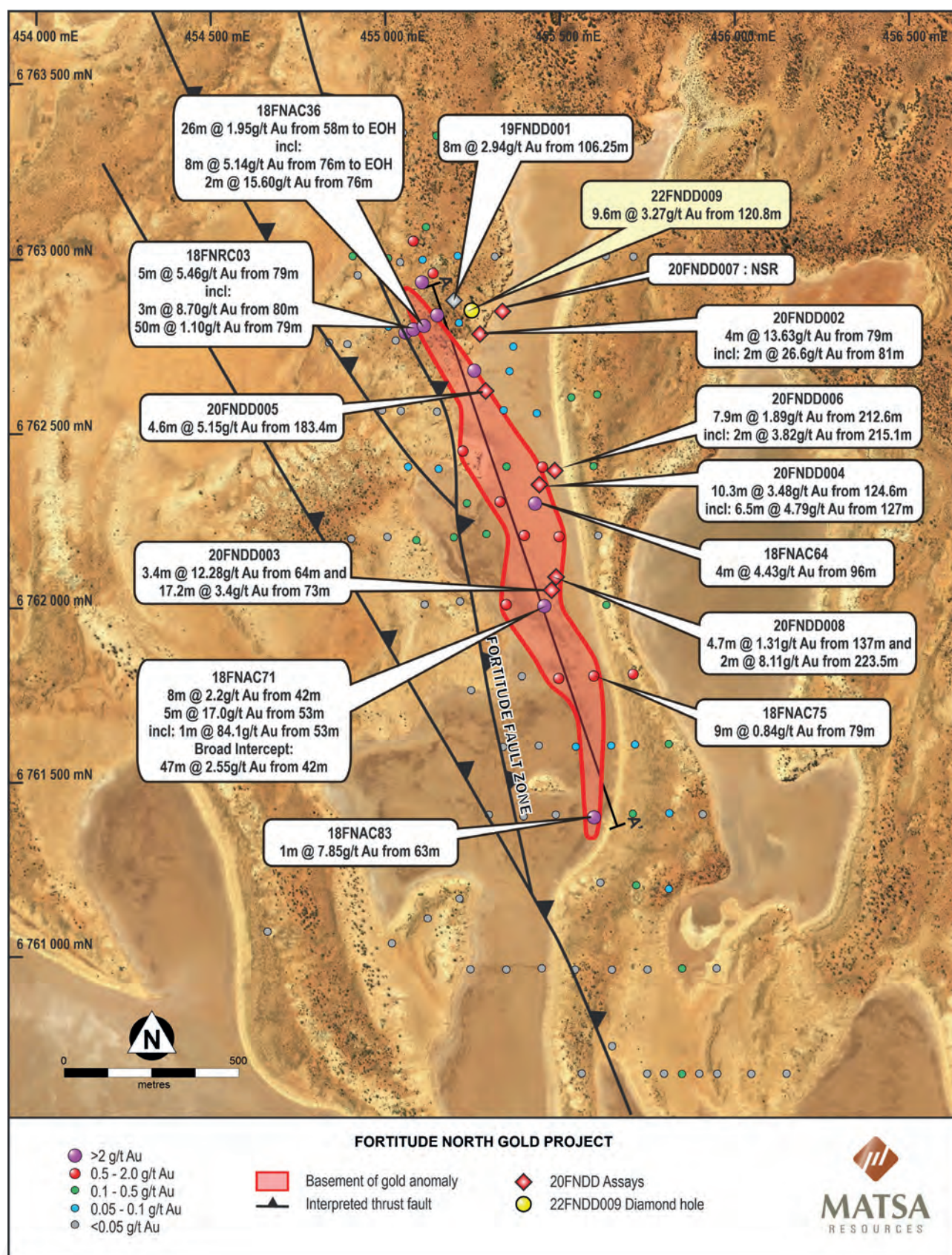


FIGURE 9: Fortitude North Drilling Summary and Location of 22FNDD009

At FF1 an initial diamond drill hole was completed which returned 1m @ 6.57g/t from 148m. The diamond drilling results do not explain the relatively thick 10m gravels and basement gold anomaly recorded in the aircore programs and further drilling is being contemplated to help resolve this apparent disparity.

STUDIES

All permits required to recommence mining at the Fortitude Gold Mine remain in place and an outline of the proposed site setup is shown below in Figure 10. Key changes to the Fortitude layout is the inclusion of a proposed Matsa processing plant and associated tailings facility. Studies for approvals continue.

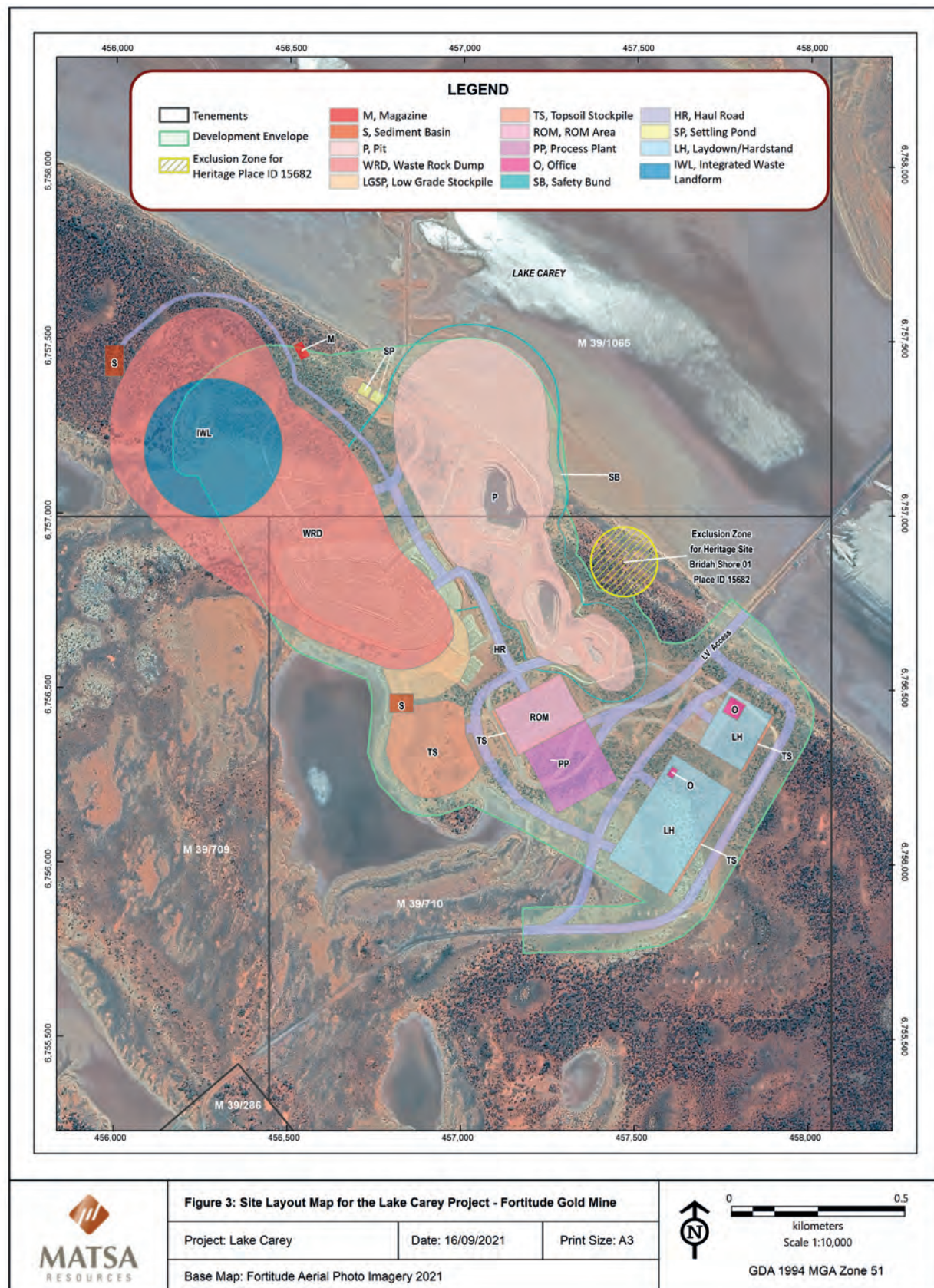


FIGURE 10: Proposed mine layout for Fortitude Gold Mine including potential mill and tailings facilities

LAKE CAREY REGIONAL EXPLORATION

SOIL SAMPLING

A number of soil sampling campaigns were completed across Lake Carey (Figure 11) aimed at identifying new drill targets. Results are typically reviewed in context of additional information such as magnetics to assist refining drill designs.

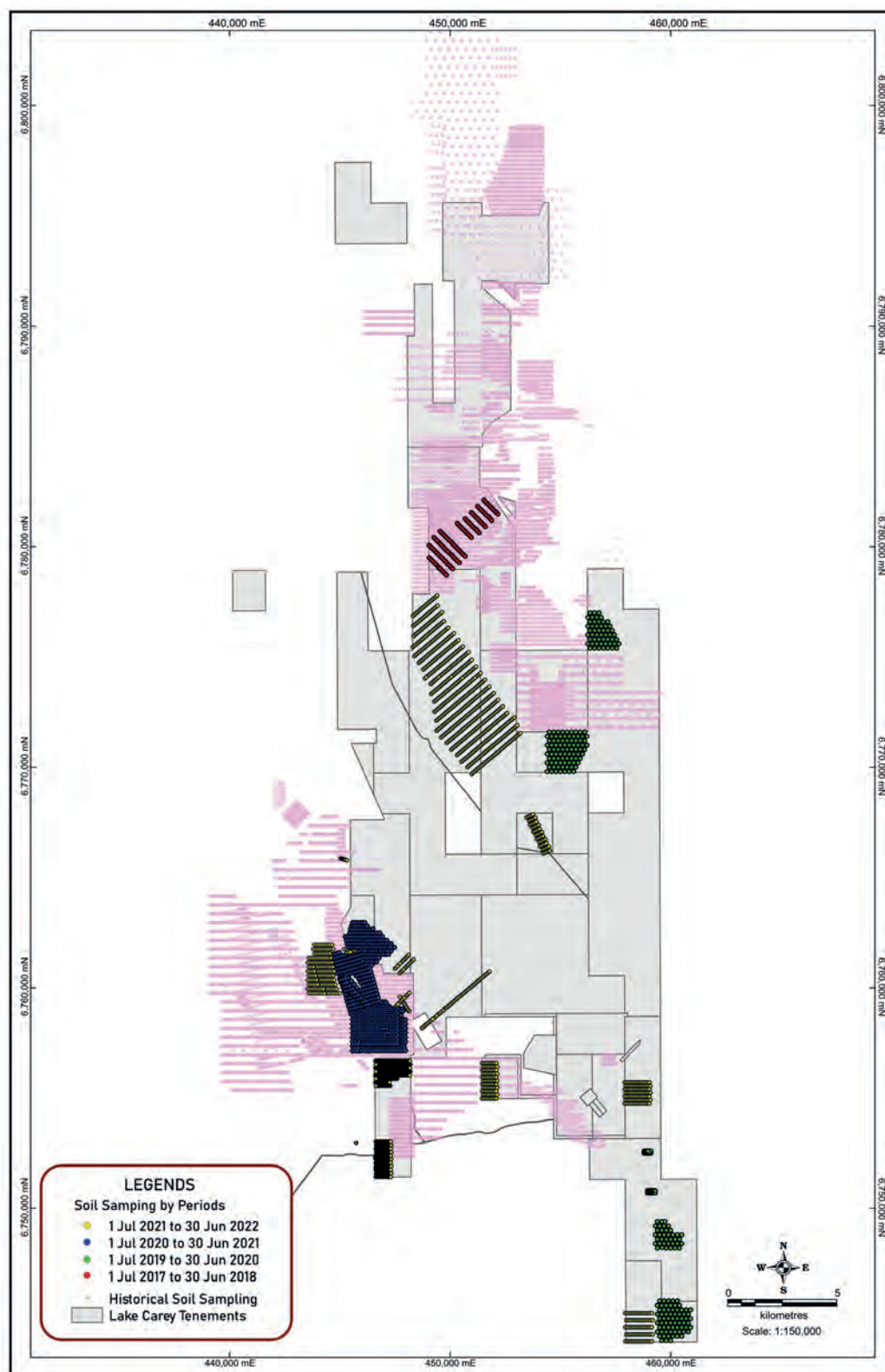


FIGURE 11: Plan of soil sampling coverage in Matsa tenements
(note Red October and Devon tenements subject to the SPA not shown)



Sunrise at the Red October village

NEXT STEPS

Exploration activities at Lake Carey for the coming year will include:

- Drilling at Fortitude North with the aim of delivering a maiden resource to complement the nearby Fortitude Gold Mine
- Drilling at advanced exploration projects including FF1, Carmen, Stealth and Mirage
- Drill testing of newly discovered gold in basement anomalies at Wilga West and Phantom Well
- Additional regional geophysical coverage to assist exploration drilling
- Ongoing regional soil coverage

The entire Fraser Range project (Figure 12) is now under a 70:30 Joint Venture between IGO Limited (70%) and Matsa (30%) whereby Matsa has a free carried interest to decision to mine.

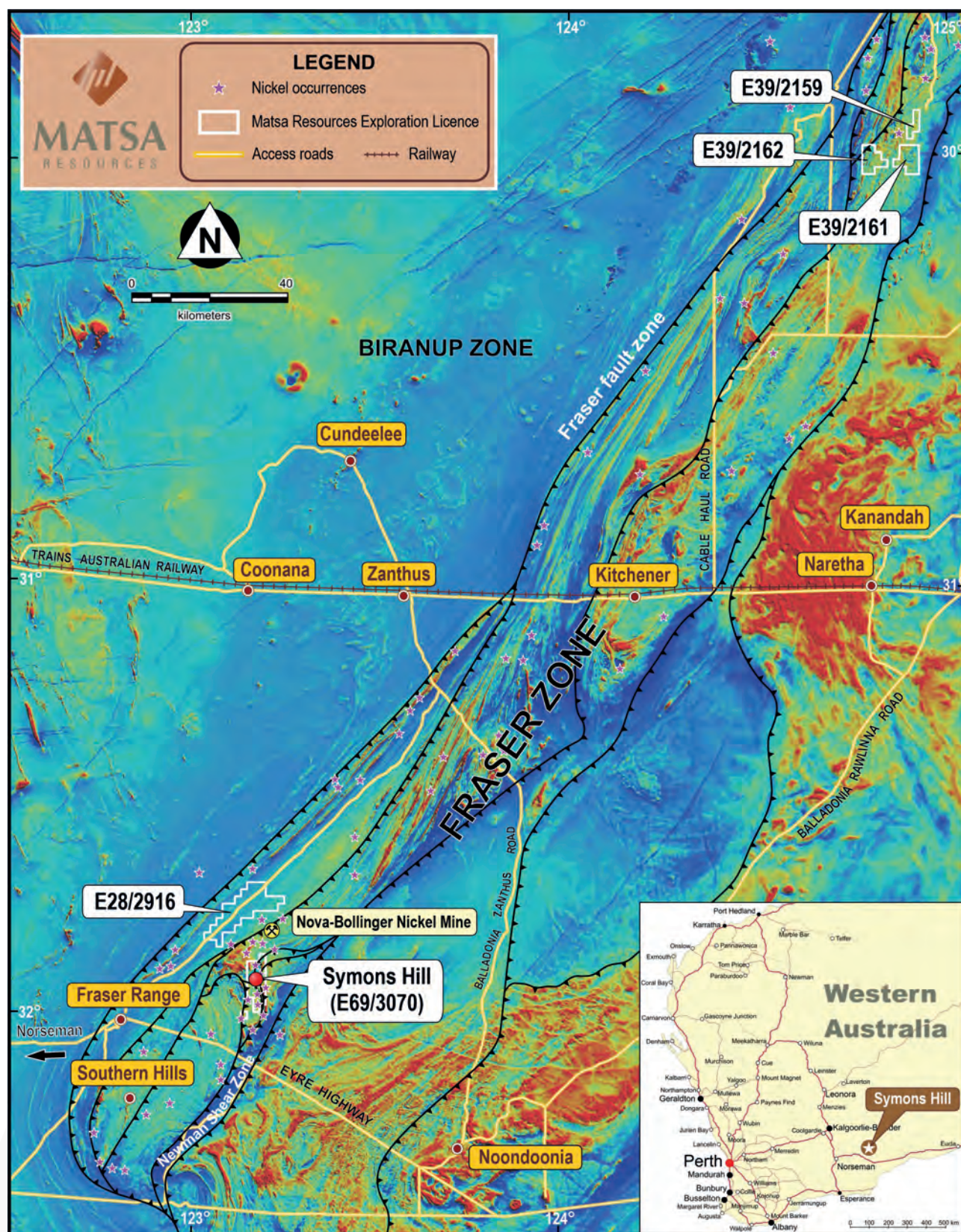


FIGURE 12: Plan of Fraser Range tenements

THAILAND OPERATIONS

Matsa has held a presence in Thailand since 2009 and sees enormous opportunities in exploration for lithium, gold and base metals, not only because of the highly prospective geological setting, but also the economic ramifications of Thailand's central geographic location within southeast Asia and a growing resource need for the EV market.

The Company discovered and explored a number of significant copper targets (Siam 1, Siam 2 and Chang 1 projects) prior to scaling back activities in 2016 due to low political support for mining and exploration activities. These projects have all been retained under SPLAs/EPLAs (Special Prospecting Licence Applications and Exclusive Prospecting Licence Applications) and have demonstrated strong potential for the discovery of extensive mineralisation.

Recently, Matsa has seen a change in geopolitical support for exploration and mining evidenced by positive recent developments including:

- Kingsgate Consolidated Limited announcing expected recommencement of operations at the world class Chatree gold mine
- The recent drilling activities by Pan Asia Metals Limited (ASX: PMA) indicating government support for drilling culminating in a maiden lithium resource in southern Thailand
- Positive sentiment for exploration building in recent government policy and dialogue

In addition to the changing political landscape, Thailand has an upgraded rail network system linking it to mainland China, which will have positive economic benefits to any mine development within the region.

Matsa will build upon past exploration in the country and seek to establish a strategic landholding targeting lithium, copper, lead, zinc, silver and gold in Thailand's rich metalliferous and geological setting.

Matsa has a fully functional office, staff and skills in the country and is well positioned to actively grow its portfolio. The Company believes the positive recent developments strongly encourage mineral exploration and, as a result, is ramping up its activities in Thailand.

OVERVIEW

Prior to 2022, Matsa held 52 EPLAs and SPLAs for a total of 511km² comprising its Chang and Siam Copper discoveries in the Loei Fold Belt (LFB) of Central Thailand. The LFB contains important mineral deposits including the 3.42Moz Chatree gold mine owned by Kingsgate and the Phu Kham porphyry skarn (copper-gold) mine in Laos operated by PanAust Limited.

During the year new lithium and tin exploration projects as well as additional silver and base metals projects, including the former Venture Minerals Ltd's (ASX:VMS) Thali silver and base metals project in the Loei province, have been added to the Company's existing portfolio of copper projects.

Matsa's Thailand exploration licence and applications position is summarised in Table 3 below.

PROJECTS	SPLA	AREA	EPLA	AREA	TOTAL AREA
Base & precious metals	48	556	9	29	584
Lithium, tin, tungsten & tantalum	65	942	0	0	942
Total	113	1,497	9	29	1,526

TABLE 3: Thailand SPLA and EPLA summary

EXPLORATION AND GROWTH

LITHIUM EXPLORATION

The regionally extensive granite/pegmatite belt of western Thailand (Figure 13) has been a significant tin producer on the world stage and extends for some 800km. Mapping by the likes of the British Geological Survey in the 1970's recorded lepidolite (lithium mica) boulders and lithium bearing pegmatite however lithium was of little exploration interest at that time.

The pegmatites of the western granite belt have in more recent times been classified as "LCT" type (lithium-caesium-tantalum) demonstrating their potential for the discovery of lithium and other rare elements, and initial pegging of applications by Matsa has been guided by the historical records of lithium and associated rare element occurrences in reports lodged with Thailand's Department of Mineral Resources. Matsa believes these licences contain all the right ingredients to make a discovery.



Mapping a pegmatite swarm in western Thailand

During the year, Matsa applied for 65 SPLAs covering some 942km². The SPLAs (Figure 14) encompass ground that is expected to yield lithium mineralisation. The applications include projects in the Phang Nga province where PAM has recently delineated a maiden lithium resource of 10mt @ 0.44% lithium at Reung Kiet.

Exploration activities during the year have been aimed at discovering and mapping pegmatites, stream sediment sampling, regional muscovite geochemical sampling for potassium/rubidium ratios and administrative works associated with lodgement of applications and provincial approvals and agreements to conduct field activities.

The work programs have initially focussed on the Phang Nga province adjacent to Reung Kiet where existing information and an understanding of geological setting is strongest, gradually moving north into less well understood regional settings.

Exploration at Phang Nga has taken a traditional grass roots approach with Matsa conducting initial stream sediment sampling to ascertain the geochemical dispersion of lithium and other pathfinder elements, in a field containing known occurrences of lithium bearing pegmatites.

Matsa is progressing an initial program of approximately 200 stream sediment samples in the Phang Nga (Figure 15) province in campaigns as licencing (Mineral Exploration Licence) for each subdistrict becomes available. The results of multi element assays for these samples are expected to provide Matsa with initial focus points where lithium anomalism in stream sediment sample results are strongest.

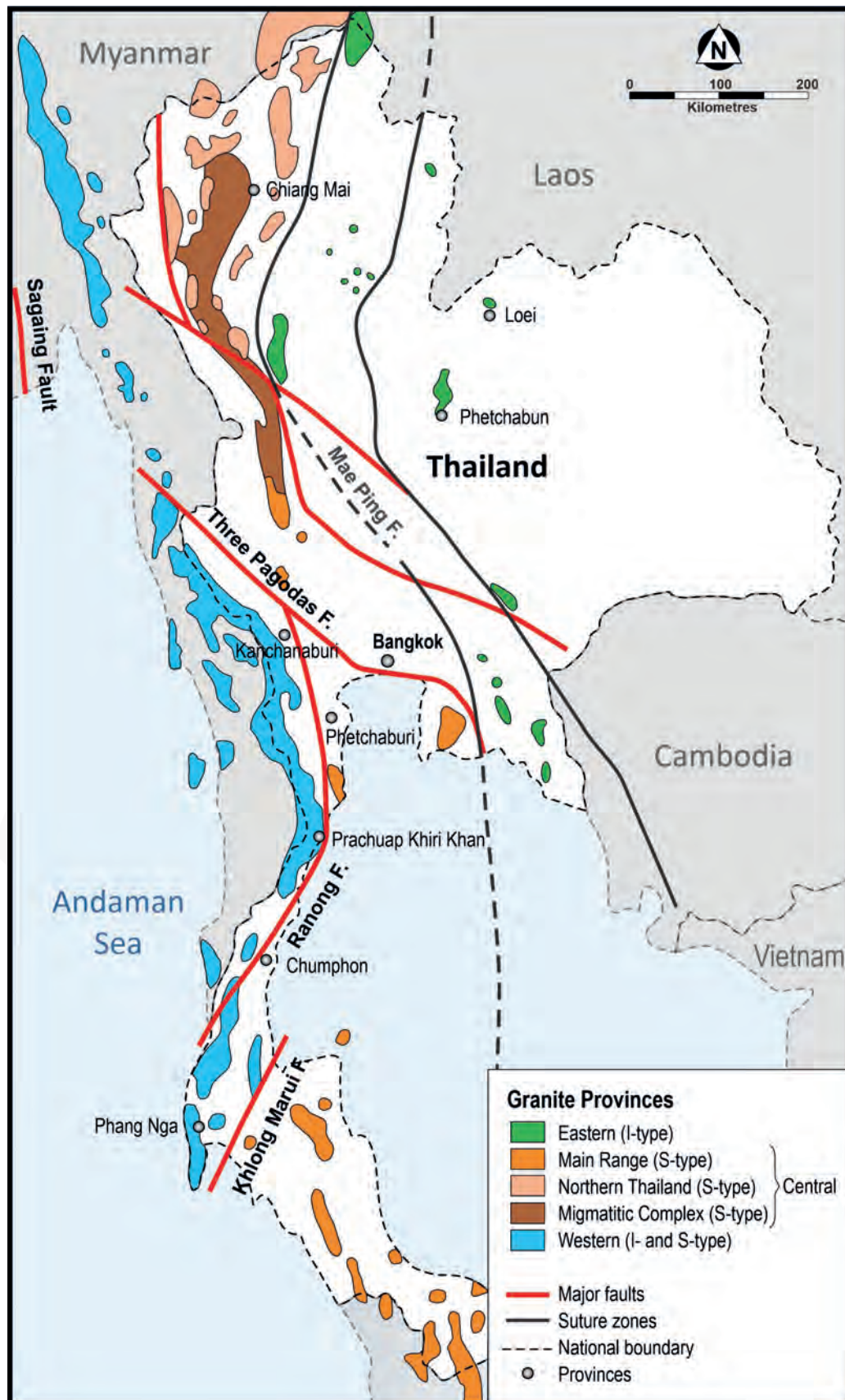


FIGURE 13: Western Thailand's granite and major regional fault setting

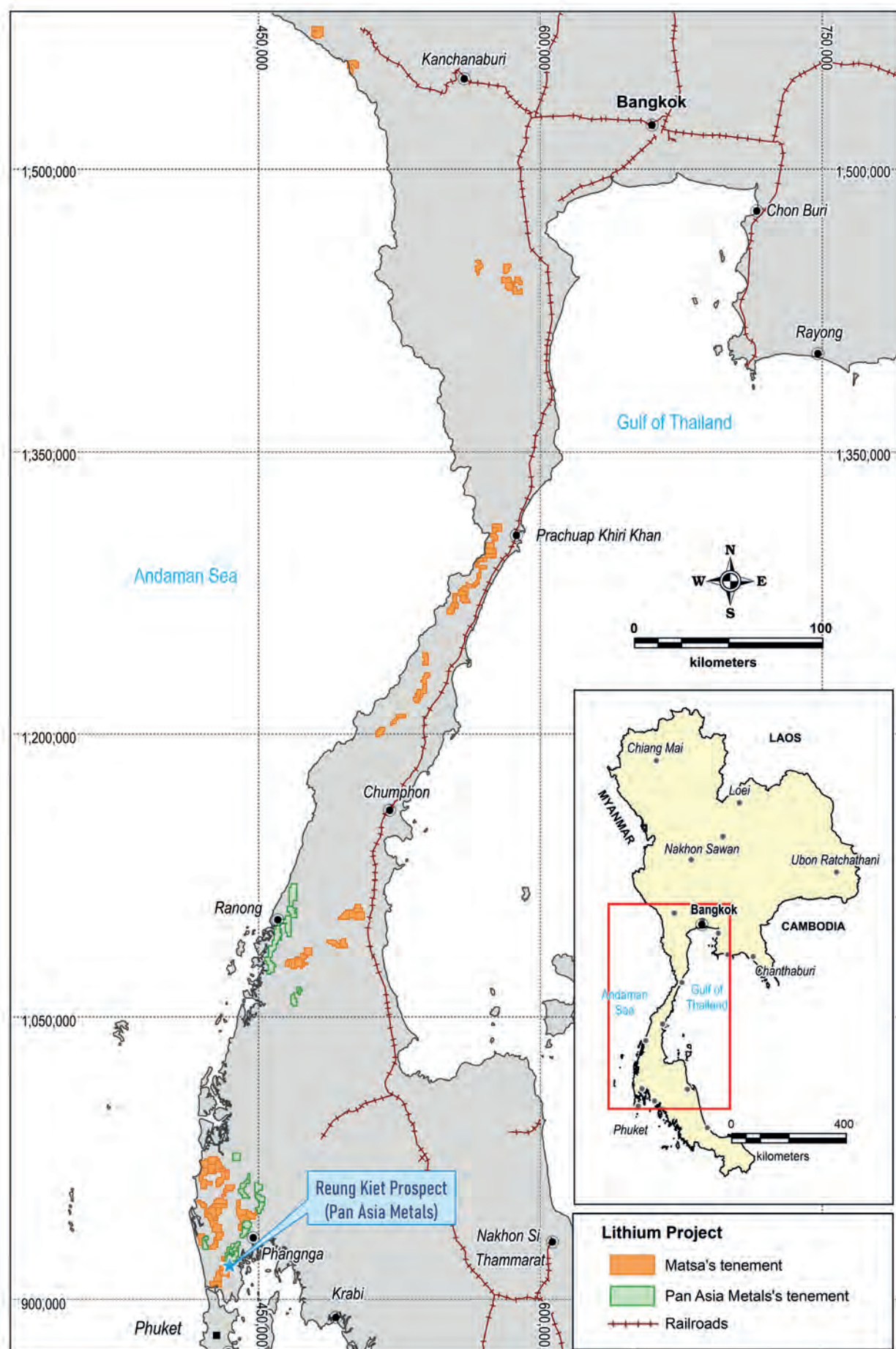


FIGURE 14: Fortitude Stage 2 operation cash flow

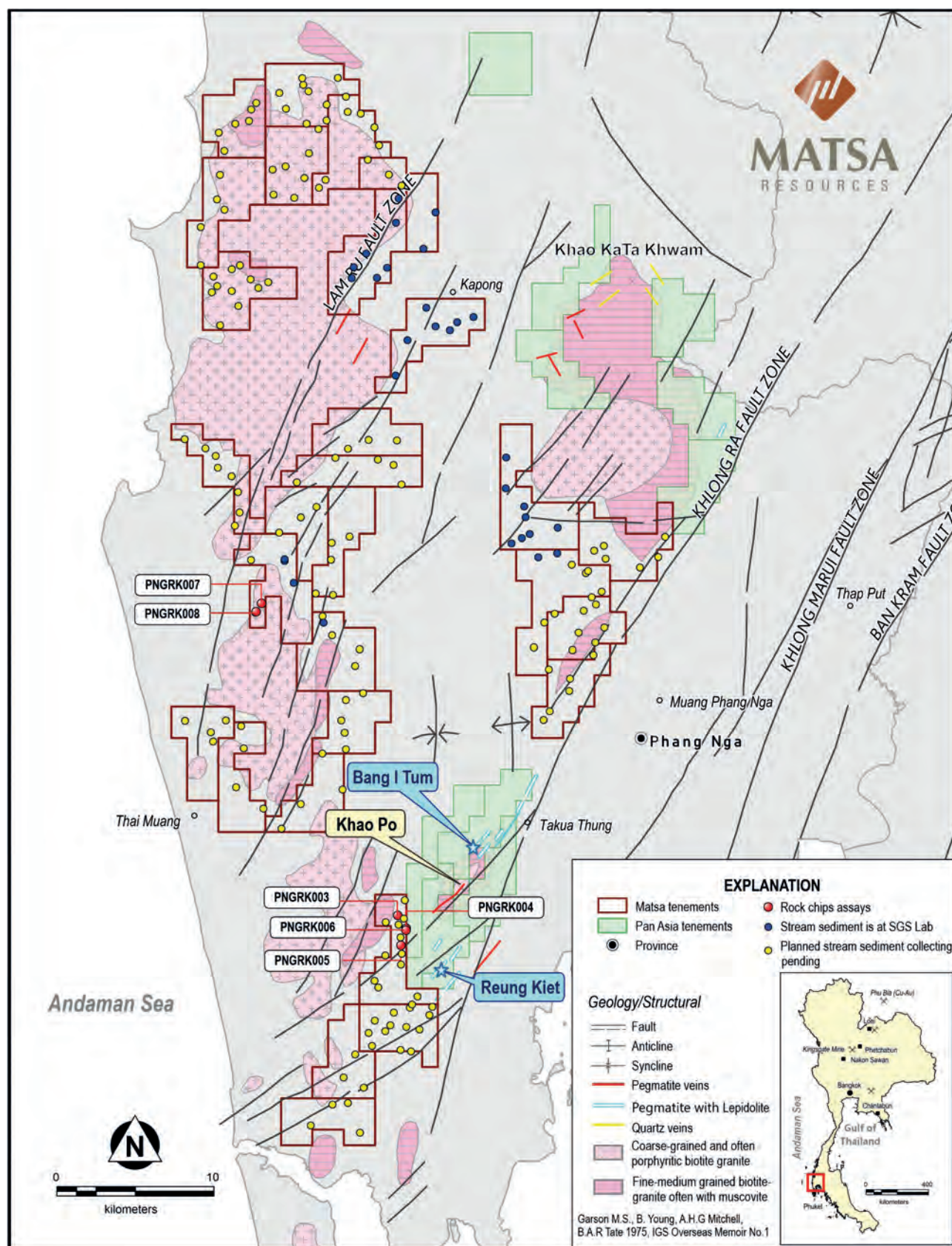


FIGURE 15: Plan of stream sediment sampling at Phang Nga

On a more regional level, exploration has initially focussed on muscovite K/Rb (potassium v rubidium) ratios to assist defining the more prospective parts of the granite belt where the rocks have undergone fractionation. Increasing fractionation of the granite/pegmatite rock mass is considered to equate to a more fertile environment and therefore more prospective for the discovery of lithium bearing pegmatites. This work is ongoing and typically immediately followed up with stream sediment sampling.



Muscovite sampling of granite and pegmatite outcrop in western Thailand



Stream sediment sampling at Phang Nga

COPPER (GOLD AND SILVER) EXPLORATION

Matsa holds a number of advanced and early stage base metals projects centred on the regionally extensive Loei Fold Belt (LFB) of central Thailand (Figure 16).

Matsa's Bangkok based team explored for base metals between 2010 and 2016. Matsa recognised that despite the highly prospective geology (at the time Chatree was amongst the lowest cost gold mines in the world), very high quality of available geological data, excellent infrastructure and a skilled workforce, the country remained largely under-explored.

Between 2016 and 2022, Matsa paused field activities due to low political support for mining and exploration activities. Changes to legislation and an improved positive sentiment towards the minerals sector has provided Matsa positive indicators to ramp up exploration efforts in Thailand.

THALI HIGH GRADE SILVER-LEAD PROJECT

Matsa has pegged five new SPLAs for 73km² in the Loei province to explore for base and precious metals. The project includes the Thali prospect where high grade silver-lead veins were identified in 2015 by Venture Minerals Ltd ('VMS'). No drilling has ever been undertaken at this prospect.

Exploration by VMS at Thali, discovered a number of strong silver in soil anomalies defined by values exceeding 0.3 g/t Ag with individual anomalies >2km long and with surface rock grab samples up to 1,860g/t Ag and 27% Pb. Mineralisation, which is poorly exposed, appears to be related to stockwork veins in strongly altered granite and limestone. Induced Polarisation (IP) surveys carried out by VMS at Thali during early 2018, returned a number of targets associated with key soil anomalies.

CHANG COPPER PROJECT

At Chang 1, the Company has previously identified a copper mineralised diorite intrusion, under shallow transported cover with minimal outcrop. The surface expression of mineralisation is a soil copper geochemical anomaly 1.8km x 1.2km in extent. Geophysical (IP) surveys confirm the size and distribution of the soil anomaly and highlight additional targets yet to be explored.

In 2016, Matsa halted work at Chang 1 pending legislation changes to allow access to the most prospective parts of the prospect, that to this day, remains unexplored. There has been significant progress in addressing access issues since 2016 and Matsa is confident that impediments to drilling these high priority targets at Chang 1 will be removed during FY2023.

SIAM COPPER

Siam 1 comprises a ~20km² stream sediment anomaly in an area of mostly soil cover containing scattered boulders of altered basalt with disseminated native copper mineralisation. Initial follow up led to discovery of a discordant NW trending sulphide vein dominated by chalcocite which returned an assay of 54.7% Cu and 148 g/t Ag. Soil sampling and a ground IP survey were carried out to define targets for drilling.

A total of 11 diamond drill holes were completed by Matsa which returned a number of broad intersections of anomalous copper (eg 22m @ 0.55% Cu) and demonstrates the potential size of the mineralised zone. Further exploration drilling is planned to better define the context of the high grade copper within this large 20km² copper anomaly.

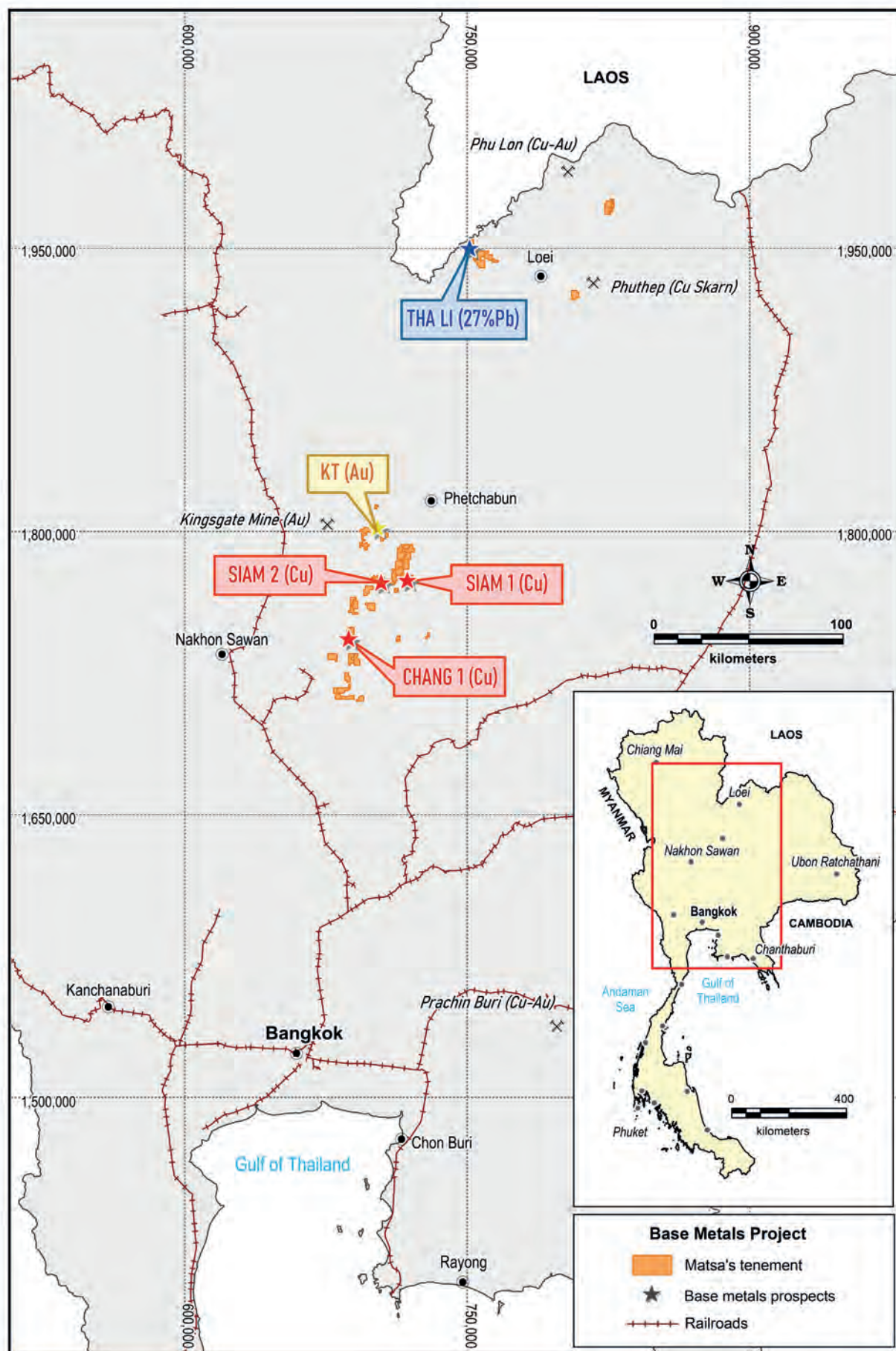


FIGURE 16: Plan of Matsa's Thailand copper/gold/silver projects

TIN EXPLORATION

The granite belt in western Thailand has been a prolific source of tin, largely from alluvial mining. Matsa has obtained very encouraging assay results for tin at both Phang Nga (sample PNGRK008 returning an assay of 0.9% - Figure 17) and Kanchanaburi (sample KCB014RK returning an assay of 0.2% - Figure 18). Both these assay results reflect strong tin anomalism with 0.9% comparing very favourably to industry reported resource grades.



FIGURE 17: Phang Nga sample PNGRK008 from a water course cutting showing tin mineralisation



FIGURE 18: Kanchanaburi sample KCB014RK from outcropping pegmatite showing tin mineralisation. This pegmatite has been mapped over 2km strike, 600m wide and striking NW

Further exploration work is planned including gridded hand auger work and ongoing field mapping and sampling.



Lithium bearing (lepidolite- maroon colours) pegmatite outcrop in western Thailand

NEXT STEPS

Work at Matsa's Thailand projects for the coming year will include:

- Continued regional stream sediment and muscovite sampling to focus priority areas based on lithium fertility assessment
- Detailed mapping of priority areas based on lithium anomalism
- Progress selected SPLA to grant to enable drilling activities
- Follow up exploration in areas of identified tin anomalism
- Continue work and field activities in areas where rare earth anomalism is demonstrated from multi element assay data
- Obtain approvals to conduct drilling at Matsa's copper/base metals/silver/gold Loei prospects in Loei Fold Belt
- Where possible attain additional tenure to enhance the Matsa portfolio



Inspecting pegmatite outcrop in western Thailand

CORPORATE ACTIVITIES

SALE OF RED OCTOBER AND DEVON

On 20 December 2021, Matsa entered in to a SPA with LGA to sell the Red October and Devon gold projects to Linden for a total consideration of \$20M. Matsa has so far received a total of \$3M non-refundable deposit.

While LGA planned an Initial Public Offering (IPO), LGA has not yet received conditional approval for admission to the ASX as required under the SPA and subsequent amendments to that SPA by 30 June 2022.

Accordingly, LGA did not settle the purchase of the Devon and Red October projects by year end. LGA has provided Matsa with a formal notice advising that as a result of events beyond the control of Linden, it has not received conditional approval for admission to the ASX and consequently, pursuant to the SPA, LGA claimed to be entitled to an automatic extension for a further period of up to 90 days.

LGA may elect by 5 October 2022 to complete the sale by paying the balance of the payments owing in cash, ie. \$12M to Matsa.

Matsa has the right to terminate the SPA should LGA not successfully complete the acquisition by no later than 12 October 2022 (through either successful listing on the ASX or cash settlement). Matsa can retain the \$3M deposit it has received, at which point ownership of the Red October and Devon gold projects is retained by Matsa.

Matsa will retain 385km² of the Lake Carey Gold Project including the 553,000oz gold resource at Fortitude gold Mine, the nearby Bindah and Gallant satellite resources if the sale of the Red October and Devon gold projects proceeds.

SALE OF 70% INTEREST IN FRASER RANGE PROJECTS TO IGO

On 1 July 2022, Matsa entered in to an agreement with IGO Newsearch Pty Ltd ("IGO", a wholly owned subsidiary of IGO Limited) whereby IGO acquired a 70% interest in the Symons Hill project as well as Matsa's other Fraser Range tenements. Under the terms of this agreement IGO has paid \$600,000 in cash and will free carry Matsa for all exploration to completion of feasibility studies or decision to mine whichever occurs earlier.

CAPITAL RAISING

In July 2021, Matsa completed a \$3.38M placement via the issue of approximately 42.2M shares at \$0.08 per share (incl. a free 1 for 2 listed option exercisable at \$0.17 each expiring 30 April 2023).

UNMARKETABLE PARCEL SHARE SALE FACILITY

Matsa conducted an Unmarketable Parcel Share Sale Facility whereby shareholders of fully paid ordinary shares in the Company with a holding valued at less than \$500 would be able to dispose of those shares at no cost to them.

The final number of shares eligible sold was 1,086,067 from a total of 270 shareholdings which was completed in April 2022.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

Your directors present their report for the year ended 30 June 2022.

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Paul Poli Bachelor of Commerce, FCPA DFP (Executive Chairman)

Mr Poli is a fellow of the Australian Society of Certified Practising Accountants and a former registered Securities Trader. He was the founder and managing partner of a taxation and business advisory firm for 19 years prior to founding and heading Matsa Resources Limited from 2009 to date. He is well versed in all aspects of business, particularly financial management through both his previous consulting roles and through his personal ownership of private companies in Western Australia, the Northern Territory and South East Asia. Mr Poli led the negotiations for several significant transactions for Matsa including the \$14M Norseman sale to Panoramic Resources Limited, \$6M minority interest sale to Westgold Resources Limited, and \$7M Symons Hill IGO joint venture. Mr Poli, in his capacity as Chairman of Bulletin Resources also negotiated the sale of Halls Creek gold project for \$12M to Pantoro Limited, and the \$5.7M Apollo transaction.

He has been chairman of Matsa Resources Limited for over 10 years and a significant investor in the mining industry, Mr Poli is particularly well qualified to drive the creation of a significant mining and exploration company.

During the past three years, Mr Poli has also served as a Director of the following publicly listed companies:

Bulletin Resources Limited (Appointed 24 June 2014)

Mr Pascal Blampain BSc, MAusIMM, MAIG

Pascal Blampain is a geologist with over 27 years' experience across Australia and Papua New Guinea having held senior positions with global miners including Barrick Gold Corporation and Gold Fields Limited.

Mr Blampain's roles have spanned regional and near-mine exploration, operational geology, long-term strategic planning and resource development. He has a strong track record of delivering resource and reserve growth in gold during his time working at world-class deposits such as Plutonic, Wallaby (Granny Smith) and Lawlers (now Lawlers-Agnew).

Mr Blampain has also served as Chief Geologist/Geology Manager roles at Plutonic (Superior Gold Inc.), Mount Monger-Mt Belches (Silver Lake Resources Limited), Darlot (Gold Fields Limited) and Lawlers (Barrick Gold Corporation).

Mr Andrew Chapman CA F Fin GAICD

Mr Chapman is a chartered accountant with over 25 years' experience in publicly listed companies in the mineral resources, oil and gas and technology sectors.

He has held Board positions as well as other senior roles including Director, Company Secretary and Chief Financial Officer. Mr Chapman has vast experience in the areas of corporate acquisitions,

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

divestments and capital raisings. He has developed specialist knowledge of dealing with ASX and other corporate regulatory bodies, financial institutions and other advisory groups.

Mr Chapman is an associate member of the Chartered Accountants Australia and New Zealand (CAANZ), a Fellow of the Financial Services Institute of Australasia (Finsia) and a graduate of the Australian Institute of Company Directors (AICD).

Mr Chapman has not served as a Director of any other publicly listed companies during the past three years.

Mr Franciscus (Frank) Sibbel B.E.(Hons) Mining, F.Aus.IMM

Mr Sibbel is a mining engineer who has in excess of 40 years operational and managerial experience, in both small and large scale mining projects from development through to successful production. Since 2008, he has been a mining consult where he has successfully consulted on numerous projects for a diversified range of mining companies throughout Australia and overseas.

Mr Sibbel's vast experience in development of gold projects from the grass roots will ensure the company has the extensive skills to deliver on its strategy.

During the past three years, Mr Sibbel has also served as a Director of the following publicly listed companies:

Bulletin Resources Limited (Appointed 13 August 2013; resigned 1 September 2021)

COMPANY SECRETARY

Mr Chapman is also the Company Secretary of Matsa. Refer to the directors' particulars as noted above.

PRINCIPAL ACTIVITIES

During the year the principal activities of entities within the consolidated entity were gold and other mineral exploration in Australia and Thailand.

There were no significant changes in the nature of these activities during the year.

Operating Results for the Year

The Group's net loss for the year after income tax is \$6,028,025 (2021: \$9,654,713).

The Group's net loss for the year includes the following items:

- Revenue from the sale of gold ore of \$230,235 (2021: \$8,055,013).
- Income of \$3,000,000 (2021: nil) in non-refundable deposit received in relation to the sale of the Red October and Devon under the terms of the SPA.
- A loss of \$2,353,509 (2021: gain of \$1,191,750) on the sale of tenements.
- Impairment losses of \$1,028,175 (2021: nil) attributable to the Group's exploration projects.
- Share based payments expense of \$5,329 (2021: \$111,956).
- Income of \$86,079 (2021: \$204,868) relating to a tax refund for eligible research.

Review of Financial Position

The net assets attributable to the shareholders of the parent have decreased by \$2,826,722 from 30 June 2021 to \$12,545,260 at 30 June 2022.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

During the financial year:

1. \$3,375,350 (before costs) was raised via the issue of 42,191,875 fully paid ordinary shares at an issue price of \$0.08 each with one free attaching listed option for every two shares subscribed for with an exercise price of \$0.17 each and expiring 30 April 2023; and

Cash reserves at 30 June 2022 were \$1.57M compared to \$3.03M in the previous financial year.

Going Concern

The consolidated financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Group has reported a loss for the year of \$6,028,025 (2021: \$9,654,713) and a cash outflow from operating activities of \$2,791,531 (2021: \$4,803,673). At the reporting date, the Group had \$1,572,483 in cash and term deposit balances. The Group also had borrowings of approximately \$4,000,000 due and payable on 30 November 2022. Refer Note 15 for further details. On 20 December 2021, the Company executed a binding agreement to sell the Red October and Devon gold projects to Linden Gold Pty Ltd (LGL) for a consideration of \$20,000,000 with the sale expected to be completed within the next 4 to 9 months. Refer note 21 for further details.

The Directors also manage discretionary expenditure in line with the Group's cash flow and are confident that there are sufficient funds to meet the Group's working capital and funding requirements for a minimum of 12 months from the date of this report.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds and extension of borrowings. In the event that the Group is not successful in raising funds from the issue of new equity or extension of borrowings or if the sale of LGL does not realise, there exists material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

DIVIDENDS

No dividend was paid or declared by Matsa in the period since the end of the previous financial year, and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend.

CORPORATE STRUCTURE

Matsa is a company limited by shares, which is incorporated and domiciled in Australia.

EMPLOYEES

The Group had 17 employees of which 13 were full-time as at 30 June 2022 (2021: 21 full-time equivalent employees).

Review of Operations

A full review of the operations of the Group during the year ended 30 June 2022 is included on pages 4 to 33.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

IMPACT OF COVID-19

While the onset of the COVID-19 pandemic was rapid and dramatic, the Company took immediate action to protect the integrity of the Company's business interests and the safety and wellbeing of its employees and stakeholders. Prompt implementation and affirmative compliance with government and health bodies forced quick change to operating processes.

Matsa operates a remote mining operation and an overseas office, fortunately with the positive protection measures and support of governments and employees our operation continued to function close to normal levels though travel restrictions, social distancing and isolation practices had some impacts on the Group. The closure of borders required immediate action to manage these impacts on our labour force.

Roster changes, changed travel and commuting schedules, changed camp operations including dining and enhanced hygiene practices created potential social and mental health impacts. The Company has taken a considerate approach to the hidden consequences of such changes and continues to work with its employees to lessen the impact. The over-arching objective of the Group has been to keep all its employees and stakeholders safe and free from infection and/or spread, and importantly to keep people employed during these uncertain times.

Given the exploration nature of the Company's operations the net impact of the pandemic was estimated to be minor on the Group's operations. The over-arching objective of the Group is to keep its employees and stakeholders safe and free from infection and/or spread.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year other than as disclosed in note 21 of the consolidated financial statements.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 29 August 2022, the Company successfully completed a placement to institutional and sophisticated investors to raise approximately \$1.98M before costs which was heavily oversubscribed.

On 29 September 2022, the Company announced that LGA was not able to settle the purchase of the Devon and Red October projects via the issue of shares and cash. Under the terms of the SPA, LGA has 10 business days to complete the sale via a cash settlement of \$12M. Discussions with LGA for a resolution to settlement of the sale is currently ongoing. The Directors consider the reclassification of the Devon and Red October projects as assets held for sale to be appropriate.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected that the Group will continue its exploration activities in Australia and Thailand. These are described in more detail in the Review of Operations on page 4 to 33.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group's exploration activities are subject to various environmental laws and regulations under Australian and Thai Legislation. The Group has adequate systems in place for the management of its environmental obligations. The directors are not aware of any breaches of the legislation during the financial year which are material in nature.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Paul Poli	5	5
Frank Sibbel	5	5
Andrew Chapman	5	5
Pascal Blampain	5	5

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares and options of Matsa Resources Limited were:

	Number of Ordinary Shares	Number of \$0.175 Unlisted Options	Number of \$0.17 Unlisted Options	Number of \$0.17 Listed Options
Paul Poli	13,900,000	2,750,000	-	640,500
Frank Sibbel	700,000	1,500,000	-	52,575
Andrew Chapman	300,000	1,500,000	-	115,500
Pascal Blampain	300,000	-	1,000,000	-

Options granted to directors and officers of the Company

During the financial year, the Company granted 1,000,000 options over unissued ordinary shares for no consideration in the Company to directors or officers of the Company as part of their remuneration.

SHARE OPTIONS

As at the date of this report the unissued ordinary shares of Matsa Resources Limited under option are as follows:

Date of Expiry	Exercise Price	Number under Option
30 November 2022	\$0.175	5,750,000
30 November 2022	\$0.35	1,000,000
30 November 2022	\$0.35	2,000,000
30 November 2022	\$0.25	2,000,000
30 November 2022	\$0.30	44,079,341
30 April 2023	\$0.17	49,220,253
31 October 2023	\$0.21	3,250,000
30 November 2023	\$0.17	1,000,000
		<u>108,299,594</u>

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares Issued on Exercise of Options

During the financial year, there were no options exercised.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT - Audited

Principles of Compensation

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the four executives in the parent and the Group receiving the highest remuneration.

For the purposes of this remuneration report, the term 'executive' includes the Executive Directors, Senior Executives and Secretary of the Company and the Group.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Board oversight of remuneration
3. Non-executive Director remuneration arrangements
4. Executive remuneration arrangements
5. Company performance and the link to remuneration
6. Executive contractual arrangements
7. Equity instruments disclosures.

Individual Key Management Personnel Disclosures

Details of KMP of the Company and Group are set out below:

Key Management Personnel

Name	Position	Date of Appointment	Date of Resignation
Directors			
P Poli	Executive Chairman	23 December 2008	-
F Sibbel	Director	25 October 2010	-
A Chapman	Director and Company Secretary	17 December 2009*	-
P Blampain	Executive Director	17 February 2021	-
Executives			
D Fielding	Group Exploration Manager	12 April 2010	-

*A Chapman was appointed Company Secretary on 6 November 2007.

There were no other changes to key management personnel after reporting date and before the date the consolidated financial report was authorised for issue.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Board Oversight of Remuneration

Remuneration Committee

In the opinion of the directors, the Company is not of sufficient size to warrant the formation of a remuneration committee. It is the board of directors' responsibility for determining and reviewing compensation arrangements for the directors and the senior executives.

The Board assesses the appropriateness of the nature and amount of remuneration of Non-Executive Directors and Executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Director and executive team.

Remuneration Approval Process

The Board approves the remuneration arrangements of the Executive Directors and Executives and all awards made under the long-term incentive plan. The Board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

Remuneration Strategy

The Company's remuneration strategy is designed to attract, motivate and retain employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, the Company embodies the following principles in its remuneration framework:

- retention and motivation of key executives;
- attraction of quality management to the Company; and
- performance incentives which allow executives to share the rewards of the success of the Company.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Management remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Remuneration Policy

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The current aggregate remuneration is \$250,000 per year.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process. No external advice was received during the year. Each Director receives a fee for being a Director of the Company.

Non-Executive Directors are encouraged by the Board to hold shares in the Company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the Company on whose Board he or she sits.

Structure

The remuneration of Non-Executive Directors consists of directors' fees. Non-Executives are entitled to receive retirement benefits and to participate in any incentive programs. There are currently no specific incentive programs.

The Executive Chairman receives no additional directors' fee in addition to his executive remuneration. Non-executive directors received a base fee of \$42,000 per annum during the financial year for being a director of the Group.

There are no additional fees for serving on any board committees. Non-executive directors can receive additional fees for work conducted for the Company outside the scope of their normal duties subject to being authorised by the Board.

The remuneration report for the Non-Executive Directors for the year ended 30 June 2022 and 30 June 2021 is detailed in this report.

Managing Director and Executive Remuneration Structure

Remuneration Policy

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company. The current remuneration policy adopted is that no element of any executive package be directly related to the Company's financial performance. Indeed there are no elements of any executive remuneration that are dependent upon the satisfaction of any specific condition. Remuneration is not linked to the performance of the Company but rather to the ability to attract and retain executives of the highest calibre. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

Structure

In determining the level and make-up of executive remuneration, the Board engages external consultants as needed to provide independent advice.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary and superannuation); and
- Variable remuneration (short and long term incentives).

The proportion of fixed remuneration and variable remuneration for each executive for the period ended 30 June 2022 and 30 June 2021 is detailed in this report.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Managing Director and Executive Remuneration Structure

Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increase. Fixed remuneration is reviewed annually by the Board. The process consists of a review of the Company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component for executives for the period ended 30 June 2022 and 30 June 2021 is detailed in this report.

Variable Remuneration – Short Term Incentive (STI)

The objective of the STI is to link the increase in shareholder value over the year with the remuneration received by the Executives charged with achieving that increase. The total potential STI available is set at a level so as to provide sufficient incentive to the Executives to achieve the performance goals and such that the cost to the Group is reasonable in the circumstances.

Annual STI payments granted to each Executive depend on their performance over the preceding year and are based on recommendations from the Executive Chairman following collaboration with the Board. Typically included are measures such as contribution to strategic initiatives, risk management and leadership/team contribution.

The aggregate of annual STI payments available for Executives across the Group is subject to the approval of the Board. Payments are usually delivered as a cash bonus. During the year there were no STI payments.

Variable Remuneration – Long Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the Executive and the responsibilities the Executive assumes in the Group.

LTI grants to Executives are delivered in the form of employee share options. These options are issued at an exercise price determined by the Board at the time of issue. The employee share options are issued in accordance with the Company's Share Option Plan.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time. However, under certain circumstances, including breach of employment conditions, the Directors may cause the options to expire prior to their vesting date.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

The Group does have a policy to prohibit executives or directors from entering into arrangements to protect the value of unvested LTI awards.

Other Benefits

Key management personnel can receive additional benefits as non-cash benefits as part of the terms and conditions of their appointment. Non-cash benefits typically include car parking and expenses where the Company pays fringe benefits tax on these benefits.

Company Performance and the Link to Remuneration

Remuneration is not linked to the performance of the Company, but based on the ability to attract and retain executives of the highest calibre. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth.

The Matsa Resources Limited Long Term Incentive Plan has no direct performance requirements but has specified time restrictions on the exercise of options and performance rights. The granting of options and performance rights is in substance a performance incentive which allows executives to share the rewards of the success of the Company.

Service Agreements

It is the Board's policy that service contracts are entered into with all key management personnel and that these contracts have no termination date.

Mr Paul Poli, Executive Chairman, has a contract of employment with the Company. Mr Poli is entitled to receive a salary of \$375,000 plus statutory superannuation. This contract is for an unlimited term and is capable of termination by Mr Poli on one month's notice. The Group has the right to terminate the employment contract by giving Mr Poli six months' notice or making payment equal to six months' pay in lieu of notice.

Mr Pascal Blampain, Technical Director, has a contract of employment with the Company. Mr Blampain receives a salary of \$275,000 plus statutory superannuation. This contract is for an unlimited term and is capable of termination on one month's notice. The Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice.

Mr David Fielding, Group Exploration Manager, has a contract of employment with the Company. Mr Fielding receives a salary of \$241,000 plus statutory superannuation. This contract is for an unlimited term and is capable of termination on one month's notice. The Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice.

Mr Frank Sibbel, Non-Executive Director, has a consultancy contract with the Company. Mr Sibbel is paid an hourly rate for the provision of consultancy services outside those provided as a director as required. This contract is capable of termination on one month's notice. The Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Mr Andrew Chapman, Director and Company Secretary, has a contract of employment with the Company. Mr Chapman receives a salary of \$200,000 plus statutory superannuation. This contract is for an unlimited term and is capable of termination on one month's notice. The Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice.

The table below shows the performance of the Group as measured by share price.

As at 30 June	2022	2021	2020	2019	2018
Closing share price	\$0.043	\$0.072	\$0.155	\$0.145	\$0.155
Net comprehensive (loss) per year ended	(6,028,025)	(9,654,713)	(5,235,103)	(4,947,360)	(3,886,427)

2022	Short Term Benefits		Post-employment Benefits	Share-based payments			
Key Management Person	Salary & Fees \$	Other \$	Superannuation \$	Options \$	Total \$	% Performance Related	% of Remuneration that consists of securities
Directors							
Paul Poli ¹	328,973	3,963	23,712	-	356,648	-	-
Frank Sibbel ²	54,320	-	-	-	54,320	-	-
Pascal Blampain	275,000	-	23,712	5,329	304,041	1.75	1.75
Andrew Chapman	200,000	-	20,083	-	220,083	-	-
Total	858,293	3,963	67,507	5,329	935,092	-	-
Executives							
David Fielding	224,933	-	22,219	-	247,152	-	-
Total	224,933	-	22,219	-	247,152	-	-

¹ Mr Poli is a director and shareholder of Strategic Siam Co Ltd which received payments totalling \$42,785 during the year. Strategic Siam provides administration services to Thai entities. Mr Poli receives an internet and travel allowance as part of his terms of employment.

² Mr Sibbel provided consultancy services to the Company totalling \$12,320 during the year.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

2021	Short Term Benefits		Post-employment Benefits	Share-based payments			
Key Management Person	Salary & Fees \$	Other \$	Superannuation \$	Options \$	Total \$	% Performance Related	% of Remuneration that consists of securities
Directors							
Paul Poli ¹	328,226	960	21,850	-	351,036	-	-
Frank Sibbel ²	58,895	-	-	-	58,895	-	-
Pascal Blampain ³	96,429	25,000	8,163	-	129,592	-	-
Andrew Chapman	200,000	-	19,083	-	219,083	-	-
Total	683,550	25,960	49,096	-	758,606	-	-
¹ Mr Poli is a director and shareholder of Strategic Siam Co Ltd which received payments totalling \$45,025 during the year. Strategic Siam provides administration services to Thai entities. Mr Poli receives an internet and travel allowance as part of his terms of employment.							
² Mr Sibbel provided consultancy services to the Company totalling \$16,895 during the year.							
³ Mr Blampain was appointed as Executive Director on 17 February 2021. Mr Blampain is due a retention bonus of \$25,000 under the terms of his contract of employment.							
Executives							
David Fielding	236,000	-	21,775	24,114	281,889	8.55	8.55
Total	236,000	-	21,775	24,114	281,889	-	-

Compensation Options Granted and Vested during the year

The table below sets out options granted during the year to Directors and Executives. There were 1,000,000 options issued to a Director during the year. There were no options that were granted in previous years that vested during the year. The options were issued free of charge and entitle the holder to subscribe for one fully paid ordinary share in the Company. Due to the nature of the Company's activities it does not believe it is appropriate to set vesting conditions at this time.

2022	Vested	Granted	Grant Date	Spot price per Security at Grant Date	Exercise Price	First Exercise Date	Expiry Date
	No.	No.		\$	\$		
P Poli	-	-	-	-	-	-	-
F Sibbel	-	-	-	-	-	-	-
P Blampain	1,000,000	1,000,000	30.11.21	0.05	0.17	30.11.21	30.11.23
A Chapman	-	-	-	-	-	-	-
D Fielding	-	-	-	-	-	-	-

For details on the valuation of the options, including models and assumptions used, please refer to Note 27.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

The maximum value of the award is equal to the number of options granted multiplied by the fair value at the grant date. The minimum value of the award in the event of forfeiture is zero.

There were no shares issued on exercise of compensation options during the year.

Value of Options granted as part of remuneration

2022	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options during the year
	\$	\$	\$	%
Paul Poli	-	-	-	-
Frank Sibbel	-	-	-	-
Pascal Blampain	5,329	-	-	1.75
Andrew Chapman	-	-	-	-
David Fielding	-	-	-	-
	5,329	-	-	-

Option holdings of key management personnel

2022	Balance 1 July	Granted as remune- ration	Exercised	Net change other**	Balance on Resignation	Balance 30 June	Vested & Exercisable	Not Exercisable
	No.	No.	No.	No.	No.	No.	No.	No.
P Poli	5,890,500	-	-	(2,500,000)	-	3,390,500	-	-
A Chapman	2,865,500	-	-	(1,250,000)	-	1,615,500	-	-
F Sibbel	2,802,575	-	-	(1,250,000)	-	1,552,575	-	-
P Blampain	-	1,000,000	-	-	-	1,000,000	-	-
D Fielding	1,492,797	-	-	(750,000)	-	742,797	-	-
	13,051,372	1,000,000	-	(5,750,000)	-	8,301,372	-	-

2021	Balance 1 July	Granted as remune- ration	Exercised	Net change other*	Balance on Resignation	Balance 30 June	Vested & Exercisable	Not Exercisable
	No.	No.	No.	No.	No.	No.	No.	No.
P Poli	5,250,000	-	-	640,500	-	5,890,500	5,890,500	-
A Chapman	2,750,000	-	-	115,500	-	2,865,500	2,865,500	-
F Sibbel	2,750,000	-	-	52,575	-	2,802,575	2,802,575	-
P Blampain	-	-	-	-	-	-	-	-
D Fielding	750,000	700,000	-	42,797	-	1,492,797	1,492,797	-
	11,500,000	700,000	-	851,372	-	13,051,372	13,051,372	-

*Net change other refers to free attaching options acquired from the participation of share placements during the year.

**Net change other refers to expiry of options during the year.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

Shareholdings of key management personnel

2022	Balance 1 July No.	Granted as remuneration No.	Options exercised No.	Net change other** No.	Balance on resignation No.	Balance 30 June No.
P Poli	13,650,000	-	-	250,000	-	13,900,000
A Chapman	300,000	-	-	-	-	300,000
F Sibbel	700,000	-	-	-	-	700,000
P Blampain	-	-	-	300,000	-	300,000
D Fielding	941,522	-	-	-	-	941,522
	15,591,522	-	-	550,000	-	16,141,522

2021	Balance 1 July No.	Granted as remuneration No.	Options exercised No.	Net change other** No.	Balance on resignation No.	Balance 30 June No.
P Poli	11,955,000	-	-	1,695,000	-	13,650,000
A Chapman	69,000	-	-	231,000	-	300,000
F Sibbel	594,852	-	-	105,148	-	700,000
P Blampain	-	-	-	-	-	-
D Fielding	755,929	-	-	185,593	-	941,522
	13,374,781	-	-	2,216,741	-	15,591,522

**Net change other refers to on market purchases and sale and any other corporate action taken by the Company during the year.

End of Audited Remuneration Report

INDEMNIFYING OFFICERS

The Company's Constitution provides that, subject to and so far as permitted by the *Corporations Act* 2001, the Company must, to the extent the person is not otherwise indemnified, indemnify every officer of the Company out of the assets of the Company to the relevant extent against any liability incurred by the officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the duties of the officer.

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability. The policy indemnifies all Directors and Officers of the Company and its controlled entities against certain liabilities. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liability insured against and the amount of the premium. The Directors have not included details of the nature of the premium paid in respect of Directors' and Officers' liability as such disclosure is prohibited under the terms of the contract.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the needs for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is available on the Company's website at:

<http://www.matsa.com.au/company/corporate-governance/>

NON-AUDIT SERVICES

The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence as the nature of the services provided did not compromise the general principles relating to auditor independence.

The following fees for non-audit services were paid/payable to the external auditors, or by related practices of the external auditors, during the year ended 30 June 2022:

Taxation services	\$19,190
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AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 49.

Signed in accordance with a resolution of the Board of Directors.



Paul Poli
Executive Chairman

Dated this 29th day of September 2022

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the Directors of Matsa Resources Limited,

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Perth Audit Services Pty Ltd



PTC Klopper
Director

Perth
29 September 2022

MATSA RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED
30 JUNE 2022**

	Note	2022 \$	2021* \$
Continuing operations			
Net gain on sale of investments in associates		-	1,674,472
Net gain on sale of financial assets		-	20,004
Net (loss)/gain on sale of tenements		(2,353,509)	1,191,750
Net gain on sale of fixed assets		60,000	-
Other income	5	3,275,060	297,131
Depreciation expense		(103,379)	(146,480)
Salaries and employment benefits expenses	5	(1,273,501)	(1,433,655)
Exploration and expenditure written-off/provided for	10	(1,028,175)	-
Other administration expenses	5	(1,670,283)	(1,199,074)
Share based payments expense	5	(5,329)	(111,956)
Results from operating activities		(3,099,116)	292,192
Finance income	5	496	347
Finance costs		(540,148)	(553,182)
Net finance cost		(539,652)	(552,835)
Share of profit/(loss) of investment in associates, net of tax		-	1,051,922
Loss/(profit) before income tax expense		(3,638,768)	791,279
Income tax expense		-	-
Loss/(profit) from continuing operations		(3,638,768)	791,279
Discontinued operations			
Loss from discontinued operations	21	(2,389,257)	(10,445,992)
Net loss for the year		(6,028,025)	(9,654,713)

*Comparative information has been re-presented due to a discontinued operation. See Note 21.

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2022**

	Note	2022 \$	2021* \$
Net loss for the year		(6,028,025)	(9,654,713)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to equity holders of the company		<u>(6,028,025)</u>	<u>(9,654,713)</u>
Loss for the year is attributable to:			
Owners of the parent		(6,028,111)	(9,655,204)
Non-controlling interest		86	491
		<u>(6,028,025)</u>	<u>(9,654,713)</u>
Total comprehensive loss for the year is attributable to:			
Owners of the parent		(6,028,111)	(9,655,204)
Non-controlling interest		86	491
		<u>(6,028,025)</u>	<u>(9,654,713)</u>
Earnings per share:			
Basic/diluted (loss) per share attributable to ordinary equity holders of the parent (cents per share)	20	(1.70)	(3.58)
Earnings per share – continuing operations:			
Basic/diluted ((loss)/profit per share attributable to ordinary equity holders of the parent (cents per share)	20	(1.02)	0.29

*Comparative information has been re-presented due to a discontinued operation. See Note 21.

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	24	1,572,483	3,029,326
Trade and other receivables	7	175,469	237,596
Other assets	8	172,935	253,900
Inventories	9	-	79,981
Assets classified as held for sale	21	9,008,264	-
Total current assets		10,929,151	3,600,803
Non-current assets			
Other assets	8	287,363	287,363
Other receivables	7	200,000	200,000
Exploration and evaluation assets	10	10,627,811	21,437,966
Property, plant and equipment	12	538,564	1,917,968
Mine properties and development	11	-	192,694
Right-of-use assets	13	61,776	195,831
Total non-current assets		11,715,514	24,231,822
Total assets		22,644,665	27,832,625
Current liabilities			
Trade and other payables	14	2,694,409	4,807,829
Borrowings	15	4,118,332	224,732
Lease liabilities	13	66,360	98,986
Provisions	16	295,290	376,222
Liabilities associated with assets held for sale	21	2,506,240	-
Total current liabilities		9,680,631	5,507,769
Non-current liabilities			
Borrowings	15	-	3,984,116
Lease liabilities	13	15,850	87,434
Provisions	16	402,924	2,881,324
Total non-current liabilities		418,774	6,952,874
Total liabilities		10,099,405	12,460,643
Net assets		12,545,260	15,371,982
Equity			
Issued capital	17	63,892,578	60,696,604
Reserves	18	10,028,515	10,023,186
Accumulated losses	19	(61,454,137)	(55,426,026)
Total equity attributable to equity holders of the Company		12,466,956	15,293,764
Non-controlling interests		78,304	78,218
Total equity		12,545,260	15,371,982

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Issued Capital Ordinary \$	Accumulated Losses \$	Equity Settled Benefits Reserve \$	Total \$	Non- controlling interest \$	Total \$
Balance at 1 July 2020	51,348,741	(45,770,822)	9,752,588	15,330,507	77,727	15,408,234
Comprehensive gain/(loss) for the year	-	(9,655,204)	-	(9,655,204)	491	(9,654,713)
Total comprehensive gain/(loss) for the year	-	(9,655,204)	-	(9,655,204)	491	(9,654,713)
<i>Transactions with owners recorded directly in equity</i>						
Issue of share capital	10,197,307	-	-	10,197,307	-	10,197,307
Share issue costs	(849,444)	-	-	(849,444)	-	(849,444)
Share based payment	-	-	270,598	270,598	-	270,598
Balance at 30 June 2021	60,696,604	(55,426,026)	10,023,186	15,293,764	78,218	15,371,982
Balance at 1 July 2021	60,696,604	(55,426,026)	10,023,186	15,293,764	78,218	15,371,982
Comprehensive gain/(loss) for the year	-	(6,028,111)	-	(6,028,111)	86	(6,028,025)
Total comprehensive gain/(loss) for the year	-	(6,028,111)	-	(6,028,111)	86	(6,028,025)
<i>Transactions with owners recorded directly in equity</i>						
Issue of share capital	3,420,950	-	-	3,420,950	-	3,420,950
Share issue costs	(224,976)	-	-	(224,976)	-	(224,976)
Share based payment	-	-	5,329	5,329	-	5,329
Balance at 30 June 2022	63,892,578	(61,454,137)	10,028,515	12,466,956	78,304	12,545,260

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Other income		3,302,846	314,161
Payments to suppliers and employees		(3,063,207)	(2,522,681)
Interest received		496	347
Interest paid		-	(35,002)
Net payments to discontinued operations		(3,031,666)	(2,560,498)
Net cash used in provided by operating activities	24	(2,791,531)	(4,803,673)
Cash flows from investing activities			
Proceeds from sale of financial assets		-	1,113,354
Proceeds from sale of investment in associates		-	2,882,129
Purchase of plant and equipment		(4,119)	(10,900)
Exploration and evaluation assets		(1,624,031)	(2,102,694)
Proceeds on sale of plant and equipment		35,000	-
Proceeds on sale of tenements		713,636	250,000
Refund of security deposits		-	32,876
Net payments to discontinued operations		(80,473)	(4,848,420)
Net cash used in investing activities		(959,987)	(2,683,655)
Cash flows from financing activities			
Proceeds from issue of shares	17	3,375,350	10,022,423
Costs of issue	17	(224,976)	(691,919)
Repayment of lease liabilities	24	(104,210)	(114,972)
Repayment of borrowings	24	(224,868)	-
Interest paid		(526,092)	(495,976)
Net payments to discontinued operations		(529)	-
Net cash provided by financing activities		2,294,675	8,719,556
Net (decrease)/increase in cash and cash equivalents		(1,456,843)	1,232,228
Cash and cash equivalents at beginning of financial year		3,029,326	1,797,098
Cash and cash equivalents at end of financial year	24	1,572,483	3,029,326

*Comparative information has been re-presented due to a discontinued operation. See Statements of Consolidated Profit or Loss and Other Comprehensive Income and Note 21.

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

The consolidated financial statements of Matsa Resources Limited for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 29 September 2022.

Matsa Resources Limited (the “Company”) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company, its subsidiaries (together referred to as the “Group” or “Consolidated Entity”) and the Group’s interest in associates.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The consolidated financial statements have been prepared on the historical cost basis except for the financial assets which have been measured at fair value.

The consolidated financial report is presented in Australian dollars.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Changes in Accounting Policies and Disclosures

Since 1 July 2021 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2021. The adoption of any new and revised standards and interpretations effective from 1 July 2021 has not resulted in any changes to the Group’s accounting policies and has had no material effect on the amounts reported to the current or prior period. The Group has not elected to early adopt any new standards or interpretations that are not mandatory effective.

Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022

The directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity and its subsidiaries ('the Group') as at 30 June each year.

Control is achieved where the Company has exposure to variable returns from the entity and the power to affect those returns. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a consolidated entity controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

Changes in ownership interest of a subsidiary (without a change in control) are accounted for as a transaction with owners in their capacity as owners.

(e) Going Concern

The consolidated financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Group has reported a consolidated loss for the year of \$6,028,025 (2021: \$9,654,713) and a cash outflow from operating activities of \$2,791,531 (2021: \$4,803,673). At the reporting date, the Group had \$1,572,483 in cash and term deposit balances. The Group also had borrowings of approximately \$4,000,000 due and payable on 30 November 2022. Refer Note 15 for further details. On 20 December 2021, the Company executed a binding agreement to sell the Red October and Devon gold projects to Linden Gold Pty Ltd (LGL) for a consideration of \$20,000,000 with the sale expected to be completed within the next 4 to 9 months. Refer note 21 for further details.

The Directors also manage discretionary expenditure in line with the Group's cash flow and are confident that there are sufficient funds to meet the Group's working capital and funding requirements for a minimum of 12 months from the date of this report.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and confidence in raising additional funds and extension of borrowings. In the event that the Group is not successful in raising funds from the issue of new equity or extension of borrowings or if the sale of LGL does not realise, there exists material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Segment Reporting

Determination and presentation of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

(g) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 9 *Financial Instruments* ('AASB 9') either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate Australian accounting standard.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign currency transactions and balances

(i) Functional and presentation currency

The functional currency of each entity within the Consolidated Entity is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian Dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non monetary items are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. All exchange differences in the consolidated financial report are recorded in profit and loss.

(iii) Transactions of subsidiary Companies' functional currency to presentation currency

The results of the subsidiaries are translated into Australian Dollars (presentation currency). Income and expenses are translated at the exchange rates at the date of the transactions. Assets and liabilities are translated at the closing exchange rate for each reporting date. Share capital, reserves and accumulated losses are converted at applicable historical rates.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of comprehensive income.

(i) Financial instruments

Non derivative financial instruments

Non derivative financial instruments comprise investments in equity securities, other receivables, cash and cash equivalents and trade and other payables.

Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Trade and other receivables are recognised at amortised cost using the effective interest rate method, less any allowance for expected credit losses.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 to determine any allowances for expected credit losses, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience. The amounts held in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these trade and other receivables, it is expected that the amounts will be received when due.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (continued)

The Group's financial risk management objectives and policies are set out in Note 26.

Due to the short-term nature of these receivables their carrying value is assumed to approximate their fair value.

Financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Group classifies its financial assets as either financial assets at fair value through profit or loss ("FVPL"), fair value through other comprehensive income ("FVOCI") or at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For investments in equity instruments, the classification depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVPL or FVOCI.

Financial assets at FVPL

For assets measured at FVPL, gains and losses will be recorded in profit or loss. The Group's derivative financial instruments are recognised at FVPL. Assets in this category are subsequently measured at fair value. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Refer to Note 26 for additional details. The Group has elected to measure its listed equities at FVPL.

Financial assets at OCI

For assets measured at FVOCI, gains and losses will be recorded in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Assets in this category are subsequently measured at fair value. The fair values of quoted investments are based on current bid prices in an active market.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments in associates

The Consolidated Entity's investment in its associates is accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Consolidated Entity has significant influence and that are neither subsidiaries nor joint ventures.

The Consolidated Entity generally deems it has significant influence if it has over 20% of the voting rights.

Under the equity method, investments in the associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any impairment loss with respect to the Consolidated Entity's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate. The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in the profit and loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate are prepared for the same reporting period as the Consolidated Entity. When necessary, adjustments are made to bring the accounting policies in line with those of the Consolidated Entity.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is considered to contain a lease if it allows the Group the right to control the use of an identified asset over a period of time in return for consideration. Where a contract or arrangement contains a lease, the Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

A right-of-use asset is initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred. Lease assets are depreciated using the straight-line method over the shorter of their useful life and the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and for impairment losses.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments, amounts expected to be paid under a residual

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (continued)

value guarantee, the exercise price of purchase options for which the Group is reasonably certain to exercise and incorporate the Group's expectations of lease extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets.

Short term leases (lease term of 12 months or less) and leases of low value assets (\$5,000 or less) are recognised as incurred as an expense in the consolidated income statement. Low value assets comprise computers and items of IT equipment.

(l) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(m) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the statement of financial position.

(n) Trade and other receivables

Trade and other receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(p) Interests in Joint Ventures

The Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements.

(q) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment.

Capital work-in-progress is stated at cost and comprises all costs directly attributable to bringing the assets under construction ready to their intended use. Capital work-in-progress is transferred to property, plant and equipment at cost on completion.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset which ranges between 3 and 5 years except for buildings which are depreciated over 20 years.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(r) Exploration, evaluation and development expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is capitalised and carried forward at cost where rights to tenure of the area of interest are current and:

- i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or
- ii) exploration and evaluation activities are continuing in an area of interest, but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the statement of comprehensive income or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Exploration, evaluation and development expenditure (continued)

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The asset or cash generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the statement of comprehensive income.

(s) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(t) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(u) Rehabilitation costs

The Consolidated Entity is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(w) Borrowing costs

Borrowing costs are recognised as an expense when incurred unless they relate to qualifying assets in which case they are capitalised.

(x) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(y) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(z) Share-based payment transactions

The Consolidated Entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The Consolidated Entity has one plan in place that provides these benefits. It is the Employee Share Option Plan ("ESOP") which provides benefits to all employees including Directors. The scheme has no direct performance requirements. The terms of the share options are as determined by the Board. Where a participant ceases employment prior to the vesting of their share options, the share options are forfeited. Where a participant ceases employment after the vesting of their share options, the share options automatically lapse after one month of ceasing employment unless the Board decides otherwise at its discretion.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Share-based payment transactions (continued)

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model. Further details of which are given in Note 27.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. The charge to the statement of profit or loss and other comprehensive income for the year is the cumulative amount as calculated above less the amounts already charged in previous years. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Consolidated Entity, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Consolidated Entity, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(aa) Revenue

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled. The following specific recognition criteria must be met before revenue is recognised:

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Revenue (continued)

Sale of goods

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer which occurs when control of goods or services have been transferred to the buyer and the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue from ore sales is brought to account when the control of goods or services is transferred have transferred to the buyer and selling prices are known or can be reasonably estimated.

R&D Refund

Revenue is recognised on receipt of refunds from the Australian Taxation Office for research and development expenditure incurred during the previous financial year.

Dividend Income

Revenue is recognised on receipt of dividends from listed investments.

Finance income

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

COVID-19 Government Grant

Cash flow boost incentive from the government is recognised when it is received or when the right to receive payment is established.

(ab) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Income tax (continued)

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised income taxes are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(ac) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(ad) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ad) Other taxes (continued)

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

(ae) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting estimates and assumptions

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black Scholes model, using the assumptions as discussed in Note 27. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Where a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use" (being net present value of expected future cash flows of the relevant cash generating unit) and "fair value less costs to sell."

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

In determining the value in use, future cash flows are based on:

- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices; and
- future cash costs of production and capital expenditure.

Variations to the expected cash flows, and the timing thereof, could result in significant changes to any impairment losses recognised, if any, which in turn could impact future financial results.

Mine rehabilitation provision

The Consolidated Entity assesses its mine rehabilitation provision on an annual basis in accordance with the accounting policy stated in Note 2(u). In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of those future costs (largely dependent on the life of mine) and the estimated level of inflation. The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. The expected timing of expenditure can also change, for example in response to changes in reserves or to production rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

4. SEGMENT REPORTING

Identification of reportable segment

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group operates primarily in small scale mining and mineral exploration in Western Australia and Thailand. The Group considers that it operates in two geographical segments but within the same operating segment. The decision to allocate resources to individual projects is predominantly based on available cash reserves, technical data and the expectation of future metal prices.

The financial information presented in the statement of profit and loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker. For financial reporting purposes, the Australian and the Thai segments are presented separately.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

4. SEGMENT REPORTING (Continued)

Information about reportable segments

Information relating to each reportable segment is shown below.

	Reportable Segments		
	Australia	Thailand	Total
2022	\$	\$	\$
External revenues from continued operations	3,275,060	-	3,275,060
External revenues from discontinued operations	871,235	-	871,235
Segment revenue	4,146,295	-	4,146,295
Loss from continued operations	(3,153,701)	(485,067)	(3,638,768)
Loss from discontinued operations	(2,389,257)	-	(2,389,257)
Segment loss before tax	(5,542,958)	(485,067)	(6,028,025)
Interest Income	126	370	496
Interest expense	(540,148)	-	(540,148)
Depreciation expense	(103,379)	-	(103,379)
Segment assets	22,174,226	470,439	22,644,665
Capital expenditure	33,504	-	33,504
Segment liabilities	10,093,491	5,914	10,099,405
2021*			
External revenues from continued operations	297,131	-	297,131
External revenues from discontinued operations	8,090,018	-	8,090,018
Segment revenue	8,387,149	-	8,387,149
Profit/(loss) from continued operations	1,281,214	(489,935)	791,279
Loss from discontinued operations	(10,445,992)	-	(10,445,992)
Segment loss before tax	(9,164,778)	(489,935)	(9,654,713)
Interest Income	223	124	347
Interest expense	(553,182)	-	(553,182)
Depreciation expense	(146,480)	-	(146,480)
Share of profit/(loss) of equity accounted investees	1,051,922	-	1,051,922
Segment assets	27,349,402	483,223	27,832,625
Capital expenditure	777,056	-	777,056
Segment liabilities	12,458,606	2,037	12,460,643

*Comparative information has been re-presented due to a discontinued operation. See Note 21.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

	2022	2021
	\$	\$
5. Income and expenses		
The loss before income tax includes the following revenues whose disclosure is relevant in explaining the performance of the entity:		
(a) Other income		
R&D tax incentive refund	86,079	204,868
Other income (i)	3,188,981	92,263
	<u>3,275,060</u>	<u>297,131</u>
(i) During the year, the Company received a non-refundable deposit of \$3,000,000 in relations to the Red October and Devon Sale and Purchase Agreement (SPA). Refer note 21 for further details.		
(b) Finance income		
Interest earned	496	347
(c) Expenses included in the statement of comprehensive income		
Depreciation and amortisation expenses		
Mine property depreciation	7,873	369,695
Mine capital development amortisation	184,821	4,554,753
Property plant and equipment depreciation	622,182	760,105
Right-of-use assets depreciation	103,261	135,367
	<u>918,137</u>	<u>5,819,920</u>
Disclosure in Statement of Profit and Loss		
<i>Continuing operations:</i>		
Depreciation expense	103,379	146,480
	<u>103,379</u>	<u>146,480</u>
<i>Discontinued operations:</i>		
Amortisation and depreciation	814,758	5,673,440
	<u>814,758</u>	<u>5,673,440</u>
	<u>918,137</u>	<u>5,819,920</u>
(d) Other expenses		
(i) Employee benefits expense		
Salaries and wages (including bonus)	1,201,128	1,352,460
Superannuation expenses	72,373	81,194
Share based payments	5,329	111,956
Total employee benefits expense	<u>1,278,830</u>	<u>1,545,610</u>
(ii) Administration and other expenses		
Operating lease rentals	6,371	6,371
Administration expenses	1,663,912	1,192,703
	<u>1,670,283</u>	<u>1,199,074</u>

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

	2022	2021
	\$	\$
6. Income taxes		
Income tax expense/(benefit) comprises:		
Current tax expense/(income)	-	-
Deferred tax expense/(income)	-	-
	-	-

Income tax recognised in profit or loss

The prima facie income tax expense/(income) on the pre-tax accounting profit/(loss) from operations reconciles to the income tax expense/(income) in the financial statements as follows:

Loss for the year	(6,028,025)	(9,654,713)
Income tax expense calculated at 25% (2021: 26%)	(1,507,007)	(2,510,225)
Non-deductible expenses	6,574	31,145
Non-assessable income	(21,520)	(53,266)
Effect of temporary differences not recognised in current year	1,580,278	2,514,240
Effect of change in income tax rate	-	100,570
Effect of temporary differences that would be recognised directly in equity	(56,244)	(221,145)
Adjustments recognised in the current year in relation to the current tax of previous years	(2,081)	138,681
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% (2021: 26%) payable by Australian corporate entities on taxable profits under Australian tax law.

	2022	2021
	\$	\$
Unrecognised deferred tax assets/(liabilities)		
The following deferred tax assets have not been brought to account:		
Tax losses - revenue	11,262,170	10,166,353
Investments	-	-
Temporary differences - exploration	(2,028,174)	(2,601,206)
Section 40-880 expenses	136,402	155,232
Other temporary differences	345,736	415,477
	9,716,134	8,135,856

The ability of the Group to utilise unrecognised tax losses will depend on whether the Group meets the statutory requirements for utilising tax losses as and when it generates taxable profit.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

	2022	2021
	\$	\$
7. Trade and other receivables		
Current		
Amounts receivable from Australian Taxation Authorities	49,476	153,281
Other receivables	125,993	84,315
	<u>175,469</u>	<u>237,596</u>
Non-current		
Other receivables (i)	200,000	200,000
	<u>200,000</u>	<u>200,000</u>

- (i) On 2 February 2021, the Company and Bulletin Resources Limited (Bulletin) have, through their 80:20 joint venture, sold a 400m wide strip (1.35km²) of the 576km² Lake Rebecca gold project to Apollo Consolidated Limited (Apollo) for a total consideration of approximately \$5.6M. The Company's share of the consideration amount to \$1.2M. The remaining receivable of \$200,000 is expected to be settled in 2025.

	2022	2021
	\$	\$
8. Other assets		
Current		
Prepayments	172,935	253,900
	<u>172,935</u>	<u>253,900</u>
Non-current		
Deposits held (i)	287,363	287,363
	<u>287,363</u>	<u>287,363</u>

- (i) The Company has cash deposits held with the Thailand government with respect to a number of tenement applications in Thailand. Prior to changes in the Thailand Mineral Act (2017), should the applications not be successful the deposits will be refunded in full.

	2022	2021
	\$	\$
9. Inventories		
Current		
Ore stocks	-	2,396
Stores, spares and fuel at cost	-	77,585
Total inventories at lower of cost and net realisable value	<u>-</u>	<u>79,981</u>

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

	2022 \$	2021 \$
10. Exploration and evaluation assets		
Exploration expenditure capitalised at cost		
-exploration and evaluation phase	10,627,811	21,437,966
	<u>10,627,811</u>	<u>21,437,966</u>

Movements in carrying amounts

Exploration and evaluation phase

Balance at beginning of year	21,437,966	18,537,147
Acquisition of tenements	45,600	-
Disposal of tenements (i) & (ii)	(3,068,729)	(15,757)
Exploration and evaluation expenditure incurred	1,994,430	4,031,294
Expenditure written off/impaired	(1,028,175)	-
Transfer to assets held for sale (note 21)	(8,753,281)	-
Transferred from/(to) mine property and development	-	(1,114,718)
Balance at end of year	<u>10,627,811</u>	<u>21,437,966</u>

- (i) On 2 February 2021, the Company and Bulletin Resources Limited (Bulletin) have through their 80:20 joint venture sold a 400m wide strip (1.35km²) of the 576km² Lake Rebecca gold project to Apollo Consolidated Limited (Apollo). Refer to note 7 for further details. A gain on the sale of \$1,191,750 was recognised in the statement of profit or loss and other comprehensive income.
- (ii) On 30 June 2022, IGO Newsearch Pty Ltd ("IGO") acquired a 70% interest in the Symons Hill project as well as the Company's other Fraser Range tenements for a cash consideration of \$600,000 and then free carry the Company for all exploration to completion of feasibility studies or decision to mine whichever occurs earlier. A loss on the sale of \$2,209,192 was recognised in the statement of profit or loss and other comprehensive income.

The ultimate recoupment of costs carried forward for exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

	2022 \$	2021 \$
11. Mine property and development		
Mine properties		
Balance at beginning of year	7,873	377,568
Depreciation expense for the period	(7,873)	(369,695)
Balance at end of year	<u>-</u>	<u>7,873</u>
Mine capital development		
Balance at beginning of year	184,821	1,291,435
Transferred from/(to) exploration and evaluation assets	-	1,114,718
Additions	-	2,333,421
Amortisation expense for the period	(184,821)	(4,554,753)
Balance at end of year	<u>-</u>	<u>184,821</u>
Total mine properties and development	<u>-</u>	<u>192,694</u>

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
12. Property, plant and equipment		
Plant and equipment at cost	1,924,483	3,740,265
Accumulated depreciation	(1,385,919)	(1,822,297)
	<u>538,564</u>	<u>1,917,968</u>
Total property, plant and equipment	<u>538,564</u>	<u>1,917,968</u>
Movements in carrying amounts		
	Plant and Equipment \$	Total \$
Consolidated		
Balance 30 June 2020	1,901,017	1,901,017
Additions	777,056	777,056
Depreciation expense	(760,105)	(760,105)
Balance 30 June 2021	<u>1,917,968</u>	<u>1,917,968</u>
Additions	33,504	33,504
Disposals	(535,743)	(535,744)
Transfer to asset held for sale (note 21)	(254,983)	(254,983)
Depreciation expense	(622,182)	(622,181)
Balance 30 June 2022	<u>538,564</u>	<u>538,564</u>

13. Right-of-use-assets & lease liabilities

The Group has lease contracts for various items of equipment, motor vehicles and office premises used in its operations. Leases generally have lease terms between two and four years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Right-of-use-assets

Carrying Amount

	Equipment \$	Premises \$	Motor Vehicles \$	Total \$
Cost	44,823	222,270	156,070	423,163
Accumulated depreciation	(18,676)	(193,230)	(149,481)	(361,387)
As at 30 June 2022	<u>26,147</u>	<u>29,040</u>	<u>6,589</u>	<u>61,776</u>

Reconciliation

	Equipment \$	Premises \$	Motor Vehicles \$	Total \$
As at 1 July 2021	41,088	78,821	75,922	195,831
Additions	-	-	-	-
Disposals	-	-	(30,794)	(30,794)
Depreciation expense	(14,941)	(49,781)	(38,539)	(103,261)
As at 30 June 2022	<u>26,147</u>	<u>29,040</u>	<u>6,589</u>	<u>61,776</u>

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

13. Right-of-use-assets & lease liabilities (continued)

Lease liabilities

Set out below are the carrying amounts of lease liabilities.

Carrying Value 2022

	Equipment	Premises	Motor Vehicles	Total
	\$	\$	\$	\$
Current liabilities	15,083	31,246	20,031	66,360
Non-current liabilities	15,850	-	-	15,850
As at 30 June 2022	<u>30,933</u>	<u>31,246</u>	<u>20,031</u>	<u>82,210</u>

Carrying Value 2021

	Equipment	Premises	Motor Vehicles	Total
	\$	\$	\$	\$
Current liabilities	15,941	49,240	33,805	98,986
Non-current liabilities	29,478	31,247	26,709	87,434
As at 30 June 2021	<u>45,419</u>	<u>80,487</u>	<u>60,514</u>	<u>186,420</u>

A maturity analysis of future minimum lease payments is presented in Note 26.

Movement for the period

	Equipment	Premises	Motor Vehicles	Total
	\$	\$	\$	\$
As at 1 July 2021	45,419	80,487	60,514	186,420
Repayments	(15,874)	(53,561)	(43,349)	(112,784)
Interest	1,388	4,320	2,866	8,574
As at 30 June 2022	<u>30,933</u>	<u>31,246</u>	<u>20,031</u>	<u>82,210</u>

14. Trade and other payables

Unsecured liabilities

	2022	2021
	\$	\$
Trade payables	1,651,509	3,151,696
Sundry creditors and accrued expenses	<u>1,042,900</u>	<u>1,656,133</u>
	<u>2,694,409</u>	<u>4,807,829</u>

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
15. Borrowings		
Current		
Secured liabilities		
- Loan (i)	3,998,172	-
Unsecured liabilities		
- Insurance premium finance	120,160	224,732
	<u>4,118,332</u>	<u>224,732</u>
Non-current		
Secured liabilities		
- Loan (i)	-	3,984,116
	<u>-</u>	<u>3,984,116</u>
 (i) Reconciliation of loan	 2022	 2021
	\$	\$
Balance at beginning of year	3,984,116	3,973,264
Interest capitalised	14,056	10,852
Balance at end of year	<u>3,998,172</u>	<u>3,984,116</u>

On 8 August 2017, Matsa entered into two loan agreements with two separate parties for a \$4M facility with the funds being predominantly used as a working capital facility to ensure smooth operations of the trial mine at the Fortitude Gold Project and to conduct further exploration at Lake Carey. The repayment date was initially 31 July 2018 but was extended by mutual consent on 12 April 2018 to 31 July 2019. On 5 May 2019 a further \$1M was borrowed and the repayment date extended to 31 July 2020. On 29 May 2020, the repayment date was extended to 31 July 2022. On 28 September 2022, the repayment date was extended to 30 November 2022. The Company is expecting to reach a new loan agreement with the lending parties before 30 November 2022. On this basis the loans have been classified as current.

The key terms of the finance facility are as follows:

Principal Amount: \$5,000,000 (\$4M drawn down)
Interest Rate: 12% per annum paid monthly in arrears (penalty rate of 18% if Matsa is in default)
Term: Repayable by 30 November 2022
Security: The loan facility is secured by a mortgage over the Fortitude gold project and the mining equipment and motor vehicles of Red October gold project.

At the time of the original loan Matsa agreed to issue a total of 1M options in the Company, split equally amongst the parties, with an exercise price of \$0.20 each with a two year life from the date of issue. The principal loan balance of \$4M has been offset by the value of the options issued. At the end of the year the carrying value of the loan was \$3,998,172. In return for the loan extension, Matsa agreed to pay each of the lenders an annual Facility Fee of 150,000 fully paid ordinary shares for every year or part year that the loans remain outstanding. There is one Facility Fee of 150,000 shares that was issued on 4 June 2021.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022	2021
	\$	\$
16. Provisions		
Current		
Provision for annual leave	295,290	376,222
	<u>295,290</u>	<u>376,222</u>
Non-current		
Provision for long service leave	201,009	244,706
Provision for mine restoration	201,915	2,636,618
	<u>402,924</u>	<u>2,881,324</u>
 Movement in long service leave provision		
Opening balance 1 July	244,706	223,737
(Decrease)/increase in provision	(43,697)	20,969
Closing balance 30 June	<u>201,009</u>	<u>244,706</u>
 Movement in provision for mine restoration		
Opening balance 1 July	2,636,618	2,427,082
Transfer to liabilities associated with assets held for sale (note 21)	(2,506,240)	-
Increase in provision	71,537	209,536
Closing balance 30 June	<u>201,915</u>	<u>2,636,618</u>

	2022	2021	2022	2021
	No.	No.	\$	\$
17. Issued capital				
Fully paid ordinary shares	358,954,620	315,962,745	63,892,578	60,696,604
Ordinary shares				
At the beginning of reporting period	315,962,745	227,067,368	60,696,604	51,348,741
Share placements	42,191,875	86,694,005	3,375,350	10,021,074
Shares issued as a facility fee	-	150,000	-	12,000
Shares issued in lieu of payment	800,000	2,050,000	45,600	164,000
Exercise of options	-	1,372	-	233
Transaction costs	-	-	(224,976)	(849,444)
At reporting date	<u>358,954,620</u>	<u>315,962,745</u>	<u>63,892,578</u>	<u>60,696,604</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

17. Issued Capital (continued)

Options

The movement of the options on issue during the financial year is set out below:

Exercise Price	Expiry Date	Balance at beginning of year No.	Issued No.	Exercised No.	Lapsed No.	Balance at end of year No.
\$0.17	30/11/2021	5,000,000	-	-	(5,000,000)	-
\$0.17	30/11/2021	2,300,000	-	-	(2,300,000)	-
\$0.35	30/11/2022	1,000,000	-	-	-	1,000,000
\$0.175	30/11/2022	5,750,000	-	-	-	5,750,000
\$0.21	31/10/2023	3,250,000	-	-	-	3,250,000
\$0.35	30/11/2022	2,000,000	-	-	-	2,000,000
\$0.25	30/11/2022	2,000,000	-	-	-	2,000,000
\$0.30	30/11/2022	44,079,341	-	-	-	44,079,341
\$0.17	30/4/2023	28,124,324	-	-	-	28,124,324
\$0.17	30/11/2023	-	1,000,000	-	-	1,000,000
		93,503,665	1,000,000	-	(7,300,000)	87,203,665

18. Reserves

Equity settled transaction

2022 \$	2021 \$
10,028,515	10,023,186
10,028,515	10,023,186

Equity settled transaction reserve

Balance at beginning of financial year

Share based payment

Balance at end of financial year

10,023,186	9,752,588
5,329	270,598
10,028,515	10,023,186

The equity settled transaction reserve records share-based payment transactions.

19. Accumulated losses

Accumulated losses at beginning of financial year

Loss for the year

Accumulated losses at end of financial year

2022 \$	2021 \$
55,426,026	45,770,822
6,028,111	9,655,204
61,454,137	55,426,026

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20. (Loss)/earnings per share

	2022 \$	2021 \$
The (loss)/earnings and weighted average number of ordinary shares used in the calculation of loss per share are as follows:		
Loss	(6,028,025)	(9,655,204)
Basic/diluted loss per share (cents per share)	(1.70)	(3.58)
(Loss)/profit from continued operations	(3,638,768)	791,279
Basic/diluted (loss)/earnings per share (cents per share)	(1.02)	0.29
	No.	No.
Weighted average number of ordinary shares	355,009,331	269,926,042

Diluted loss per share

Diluted loss per share has not been calculated as the Company's potential ordinary shares are not considered dilutive and do not increase loss per share.

21. Assets classified as held for sale and discontinued operations

On 20 December 2021, the Company executed a binding agreement to sell the Red October and Devon gold projects to Linden Gold Pty Ltd (LGL) for a consideration of \$20M.

The \$20M consideration under the terms of the Sale and Purchase Agreement (SPA) consists of the following:

1. A deposit of \$1M payable on the execution of the SPA. The Company has received this amount from LGL. LGL has until 28 February 2022 to obtain a conditional approval from the ASX for admission to the ASX.
2. The Company has further received deposits totalling \$2M to have the conditional approval date extended to no later than 30 June 2022.
3. On completion occurring in conjunction with the successful listing of LGL on the ASX, the Company will receive:
 - (a) A cash payment of \$5M reduced by any amounts paid under 2 above; and
 - (b) \$9M either in cash or LGL shares (the full \$9M in shares is expected to equate to an approximately 19.6% interest in LGL at the time of LGL listing on the ASX) at LGL's election, subject to a maximum of \$4.5M able to be paid by way of cash.
4. A deferred payment of \$5M consisting of:
 - (a) A deferred cash payment of \$2.5M within 24 months of LGL receiving conditional approval from the ASX for admission to the ASX; and
 - (b) A net profit payment of \$2.5M payable quarterly from mining operations at the Devon gold project.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21. Assets classified as held for sale and discontinued operations (Continued)

On 1 July 2022, LGL has provided a formal notice to the Company advising that as a result of events beyond the control of LGL, it has not received conditional approval for admission to the ASX and consequently, pursuant to the SPA, LGL claimed to be entitled to an automatic extension for a further period of up to 90 days. At this point, LGL may elect to complete the sale by paying the balance of the payments described in 3(a) and (b) \$12M in cash to the Company.

At the balance sheet date, the projects were classified as assets held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The fair value of the Red October and Devon gold projects at 30 June 2022 have been determined based on comparable market transactions. The fair value methodology adopted at 30 June 2022 is categorised as Level 3 in the fair value hierarchy.

In accordance with Australian Accounting Standards, immediately before the classification of the Red October and Devon gold projects as assets held for sale, the carrying value of the projects were assessed that they were being carried at the lower of their carrying value and fair value less cost to dispose (FVLCD).

Any profit or loss arising from the sale of a discontinued operations or its measurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations.

As at 30 June 2022, the carrying value of assets held for sale and liabilities associated with assets held for sale in the statement of financial position are detailed below:

Assets held for sale:

Exploration and evaluation assets	\$8,753,281
Plant and equipment	\$254,983
Total	\$9,008,264

Liabilities associated with assets held for sale:

Provision for mine restoration (note 16)	\$2,506,240
Total	\$2,506,240

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21. Assets classified as held for sale and discontinued operations (Continued)

For the period ended 30 June 2022, the results of discontinued operations in the statement of profit or loss are detailed below:

	2022 \$	2021 \$
Revenue from customers	230,235	8,055,013
Other income	641,000	35,005
Mining operations	(444,537)	(12,640,909)
Amortisation and depreciation	(814,758)	(5,673,440)
Care and maintenance	(1,675,747)	-
Other expenses	(932)	(11,440)
Loss on sale of fixed assets	(252,452)	-
Finance costs	(72,066)	(210,221)
Loss from discontinued operations	(2,389,257)	(10,445,992)

The cash flow from discontinued operations included in the consolidated statement of cash flows are as follow:

	2022 \$	2021 \$
Net cash used in operating activities	(3,031,666)	(2,560,498)
Net cash used in investing activities	(80,473)	(4,848,420)
Net cash used in financing activities	(529)	-
Net cash flows used in discontinued operations	(3,112,668)	(7,408,918)

22. Commitments and contingencies

Exploration and expenditure commitments

In order to maintain the mineral tenements in which the Company and other parties are involved, the consolidated entity is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure commitment requirement for granted tenements for the next year is \$2,439,581 (2021: \$2,424,824). This amount has not been provided for in the financial report. These obligations are capable of being varied from time to time. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Mine development and operating commitments

The mine development and operating costs are determined on a time and cost basis.

Contingencies

There are no contingent assets or contingent liabilities as at 30 June 2022.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

23. Subsidiaries

	Country of Incorporation	Percentage Owned (%)	
		2022	2021
Parent Entity			
Matsa Resources Limited	Australia		
Subsidiary			
Matsa Gold Pty Ltd	Australia	100	100
Killaloe Minerals Pty Ltd	Australia	100	100
Lennard Shelf Exploration Pty Ltd	Australia	100	100
Red October Gold Pty Ltd	Australia	100	100
Australian Strategic and Precious Metals Investment Pty Ltd	Australia	100	100
Matsa Resources (Aust) Pty Ltd	Australia	100	100
Matsa Iron Pty Ltd	Australia	100	100
Cundeelee Pty Ltd	Australia	100	100
Matsa (Thailand) Co Ltd	Thailand	100	100
PVK Mining Loei Co Ltd	Thailand	100	100
Khlong Tabaek Co Ltd	Thailand	95	95
Paisali Mining Co Ltd	Thailand	95	95
Siam Copper Resources Co Ltd	Thailand	100	100
Loei Mining Co Ltd	Thailand	100	100
Azure Circle Co Ltd	Thailand	100	100

24. Cash flow information

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2022	2021
	\$	\$
Cash and cash equivalents	1,572,483	3,029,326

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2022**

24. Cash flow information (Continued)

Reconciliation of loss for year to net cash flows from operating activities

	2022	2021
	\$	\$
Loss for year	(6,028,025)	(9,654,713)
Non-cash flows in loss from ordinary activities:		
Share-based payments	5,329	111,956
Depreciation	725,442	895,472
Exploration expenditure written off/impaired	1,028,175	-
Share of investee (gain)/loss	-	(1,051,922)
Net (gain)/loss on sale of financial assets	-	(20,004)
Net (gain)/loss on disposal of plant and equipment	192,452	-
Net (gain)/loss on sale of investment in associates	-	(1,674,472)
Net (gain)/loss on sale of tenements	2,353,509	(1,191,750)
Interest expense classified as financing cash flow	526,621	506,829
Amortisation	192,695	4,924,448
Shares issued as facility fees	-	12,000
Changes in assets and liabilities:		
Increase in receivables	68,828	1,438,810
Increase in inventories	79,981	498,371
(Decrease)/increase in trade creditors and accruals	(1,883,445)	99,126
(Decrease)/increase in provisions	(53,093)	302,176
Cash used in operating activities	(2,791,531)	(4,803,673)

Reconciliation of liabilities arising from financing activities

2022	Lease Liabilities	Borrowings	Total
	\$	\$	\$
Opening balance	186,420	4,208,848	4,395,088
Cash flows	(104,210)	(224,868)	(329,078)
Non-cash changes	-	134,352	134,352
Closing balance	82,210	4,118,332	4,200,542

2021	Lease Liabilities	Borrowings	Total
	\$	\$	\$
Opening balance	152,523	3,973,264	4,125,787
Cash flows	(114,972)	-	(114,972)
Non-cash changes	148,869	235,584	384,453
Closing balance	186,420	4,208,848	4,395,268

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

25. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022, the parent company of the Group was Matsa Resources Limited.

	Company	
	2022	2021
	\$	\$
Result of the parent entity		
Loss for the year	(5,740,470)	(13,028,584)
Other comprehensive gain/(loss)	-	-
Total comprehensive loss for the year	(5,740,470)	(13,028,584)
Financial position of parent entity at year end		
Current assets	1,387,360	2,782,197
Total assets	9,483,444	12,585,878
Current liabilities	5,659,824	2,054,275
Total liabilities	5,860,832	6,424,097
Total equity of the parent entity comprising of:		
Share capital	63,892,577	60,696,604
Reserves	10,028,515	10,023,186
Accumulated losses	(70,298,481)	(64,558,009)
Total equity	3,622,611	6,161,781

26. Financial instruments

Financial risk management

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash balances at bank, deposits with statutory authorities.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. Financial instruments (Continued)

Presently, the Group undertakes exploration and evaluation activities exclusively in Australia and Thailand. At the reporting date there were no significant concentrations of credit risk with the exception of its cash balances at bank.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating of no less than AA rating.

Trade and other receivables

The Group manages its exposure to credit risk by extensive due diligence on the party processing its gold sales.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Carrying amount	
	2022	2021
	\$	\$
Trade and other receivables	175,469	84,315
Cash and cash equivalents	1,572,483	3,029,326
Deposits held	287,363	287,363

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group also has investments in listed shares that could be sold to raise cash.

The Company has leased assets financed by way of finance leases and has taken out a premium funding facility over their insurance requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

30 June 2022

	Weighted average interest rate %	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$
Trade and other payables	-	2,694,409	2,694,409	2,694,409	-	-	-
Lease liabilities	6.78	82,210	82,210	47,414	18,946	15,850	-
Insurance premium finance	3.83	120,160	120,160	120,160	-	-	-
Loan	12	3,998,172	3,998,172	3,998,172	-	-	-
		6,894,951	6,894,951	6,860,155	18,946	15,850	-

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. Financial instruments (Continued)

30 June 2021

	Weighted average interest rate %	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$
Trade and other payables	-	4,807,829	4,807,829	4,807,829	-	-	-
Lease liabilities	6.78	186,420	186,420	48,286	50,700	74,547	12,887
Insurance premium finance	4.31	224,732	224,732	157,312	67,420	-	-
Loan	12	3,984,116	3,984,116	-	-	3,984,116	-
		<u>9,203,097</u>	<u>9,203,097</u>	<u>5,013,427</u>	<u>118,120</u>	<u>4,058,663</u>	<u>12,887</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on investments and purchases that are denominated in a currency (Thai baht) other than the respective functional currencies of Group entities, which is primarily the Australian dollar.

As at the statement of financial position date the Group holds the following financial assets or liabilities which are exposed to foreign currency risk.

	Carrying amount	
	2022	2021
	\$	\$
Other current assets	103,941	95,767
Cash and cash equivalents	80,376	101,652

Sensitivity analysis

The Group is exposed to fluctuations in foreign currencies arising from the acquisition of services from time to time in currencies other than the Group's functional currency. A change of 10% in the foreign currency exchange rate at 30 June 2022 would have increased equity by \$16,756 (2021: \$17,947), an equal change in the opposite direction would have decreased equity by an equal but opposite amount.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures. The Group is not exposed to cash flow volatility from interest rate changes on borrowings as the finance leases carry fixed rates of interest.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short terms deposit at interest rates maturing over 90 day rolling periods or less.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. Financial instruments (Continued)

Profile

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Carrying amount	
	2022	2021
	\$	\$
Fixed rate instruments		
Cash and cash equivalents	50,000	50,000
Lease liabilities	82,210	186,420
Loan	4,118,332	3,984,116
	<u>4,250,542</u>	<u>4,220,536</u>
Variable rate instruments		
Cash and cash equivalents	1,522,483	2,979,326
Cash backed performance bonds	-	-
	<u>1,522,483</u>	<u>2,979,326</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2021.

	Profit or loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
30 June 2022				
Variable rate instruments	15,225	(15,225)	15,225	(15,225)
30 June 2021				
Variable rate instruments	29,793	(29,793)	29,793	(29,793)

Fair values

Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities approximate fair value. The basis for determining fair values versus carrying value of financial instruments not carried at fair value is described below.

- (i) Other receivables, trade and other payables:
Other receivables, trade and other payables are short term in nature. As a result, the carrying amount of these instruments is considered to approximate its fair value.
- (ii) Deposits held on tenement applications:
The deposits held with Thai authorities are fully recoverable should the applications not be granted. As a result the carrying amount is considered to approximate its fair value.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

26. Financial instruments (Continued)

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities and mine development. The Group monitors also has a debt facility which is not repayable until 31 July 2022.

The Group encourages employees to be shareholders through the Long Term Incentive Plan and the Executive Share Option Plan.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27. Share-based payments

Shared based payments expense

	2022 \$	2021 \$
Directors and Executives	5,329	24,114
Employee Share Option Plan	-	77,508
Consultants	-	10,334
	<u>5,329</u>	<u>111,956</u>

As at 30 June 2022, options were issued to a Director. These options valued at \$5,329 was recognised directly in the consolidated statement of profit and loss as share-based payment expense.

As at 30 June 2021, options were issued to consultants as part of the Company's capital raising. These options valued at \$158,642 was recognised directly in equity as capital raising transaction costs.

Employee Share Option Plan

The Group has an Employee Share Option Plan (ESOP) for the granting of options to staff members, directors and consultants. A new ESOP was approved by shareholders on 28 November 2019 and adopted. Options issued under the ESOP vest on the grant date.

Other relevant terms and conditions applicable to options granted under the ESOP include:

- (a) Options issued pursuant to the plan will generally be issued free of charge.
- (b) The exercise price of the options shall be as the Directors in their absolute discretion determine, provided the exercise price shall not be less than the weighted average of the last sale price of the Company's shares on ASX at the close of business on each of the 5 business days immediately preceding the date on which the Directors resolve to grant the options.
- (c) Subject to the above, the options may be exercised at any time prior to the expiration date from the issue date.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27. Share-based payments (Continued)

- (d) The Directors may limit the total number of options which may be exercised under the plan in any year.
- (e) Options with a common expiry date may have a different exercise price and exercise date.
- (f) Options shall lapse upon the earlier of:
 - (i) The expiry of the exercise period; and
 - (ii) The expiry of three months after the option holder ceases to be an employee by reason of dismissal, resignation or termination of employment, office or services for any reason, except the Directors may resolve that the options shall lapse on other terms they consider appropriate.
- (g) Upon exercise the options will be settled in ordinary shares of Matsa Resources Limited.

(a) Summary of options issued under the Employee Share Option Plan

The following table summarises the number (No.) and the weighted average exercise price (WAEP) of, and movements in, share options issued during the year to employees other than to key management personnel which have been disclosed in the Remuneration Report.

	2022 No.	2022 WAEP \$	2021 No.	2021 WAEP \$
Outstanding at the beginning of the year	4,100,000	0.19	2,850,000	0.17
Granted	-		3,400,000	0.21
Exercised	-		-	-
Expired	(1,550,000)	0.17	(2,150,000)	0.19
Outstanding at year-end	2,550,000	0.21	4,100,000	0.19
Exercisable at year-end	2,550,000	0.21	4,100,000	0.19

The outstanding balance as at 30 June 2022 is represented by the following options over ordinary shares, exercisable upon meeting the above terms and conditions:

- 2,550,000 options with an exercise price of \$0.21 each and with an expiry date of 30 October 2023. All have vested and are exercisable at balance date

Directors and Executives Options

In addition to the ESOP, the Company has issued options to Directors and Executives from time to time. The terms and conditions of those options vary between option holders. There were 1,000,000 (2021: 700,000) options issued to Directors or Executives during the financial year.

Options issued to the Executive Chairman and the Executive Director and Executives vested immediately.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27. Share-based payments (Continued)

Other relevant terms and conditions applicable to options granted as above include:

- any Directors or Executives vested options that are unexercised by the anniversary of their grant date will expire or, if they resigned, in accordance with their specific terms and conditions; and
- upon exercise, these options will be settled in ordinary shares of Matsa Resources Limited.

(b) Summary of options issued to Directors and Executives

- (i) The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of share options issued.

	2022 No.	2022 WAEP \$	2021 No.	2021 WAEP \$
Outstanding at 1 July	12,200,000	0.174	11,500,000	0.172
Granted during the year	1,000,000	0.17	700,000	0.21
Expired during the year	(5,750,000)	0.17	-	-
Outstanding at 30 June	7,450,000	0.178	12,200,000	0.174
Exercisable at 30 June	7,450,000	0.178	12,200,000	0.174

There were 1,000,000 (2021: 700,000) options issued during the year.

Directors

During the year ended 30 June 2022, 1,000,000 share options with an exercise price of \$0.17 each, were issued to a director. The options vest immediately at the date of grant. The contractual life of each option is two years and there is no cash settlement of the options.

Executives

No options were issued to executives during the year ended 30 June 2022.

In 2021, 700,000 options over ordinary shares with an exercise price of \$0.21 each exercisable upon meeting the relevant conditions and until 30 October 2023 were issued an executive.

(c) Valuation models of options and performance rights issued to Directors and Executives

The fair value of the options is estimated at the date of grant using a Black & Scholes model. The following table gives the assumptions made in determining the fair value of the options granted in the year.

	2022		2021	
	Directors	Executives	Directors	Executives
Dividend yield (%)	-	-	-	-
Expected volatility (%)	71.71	-	-	67.78
Risk-free interest rate (%)	0.54	-	-	0.13
Expected life of options (years)	2.0	-	-	2.92
Option exercise price (\$)	0.17	-	-	0.21
Share price at grant date (\$)	0.05	-	-	0.12
Fair value at grant date (\$)	0.005	-	-	0.03

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

27. Share-based payments (Continued)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

	Consolidated	
	2022	2021
	\$	\$
Employee Expenses		
Share options granted in 2022		
- equity settled	-	-
Share options granted in 2021		
- equity settled	-	111,956
Total expense recognised as employee costs	-	111,956

28. Key management personnel

Details of key management personnel

The directors and other members of key management personnel of the Group during the financial year were:

Name	Position
Directors	
Paul Poli	Executive Chairman
Frank Sibbel	Non-Executive Director
Pascal Blampain	Executive Director
Andrew Chapman	Director and Company Secretary

Executives

David Fielding	Group Exploration Manager
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Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report on pages 39 to 47. These transferred disclosures have been audited.

Compensation of Key Management Personnel

	2022	2021
	\$	\$
Short-term employment benefits	1,087,189	945,510
Post-employment benefits	89,726	70,871
Termination benefits	-	-
Share-based payments	5,329	24,114
	1,182,244	1,040,495

The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to their services rendered to the Company.

Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

28. Key management personnel (Continued)

Other transactions and balances with Key Management Personnel

- (a) P Poli is a Director of Bulletin Resources Limited. The Consolidated Entity has an agreement with Bulletin to provide accounting, technical and administrative services on an arms-length basis. In the current year \$145,140 has been charged to Bulletin for these services (2021: \$59,811).

At 30 June 2022 there was an outstanding balance of nil (2021: \$4,400) for Bulletin.

- (b) P Poli is a director and the only shareholder of Ultim8 Minesite Security Pty Ltd ('Ultim8'). During the year, the Consolidated Entity sold two vehicles to Ultim8 for \$22,727 (2021: nil).

At 30 June 2022 there was an outstanding balance of nil (2021: nil) receivable from Ultim8.

- (c) P Poli is a director and controlling shareholder of West-Sure Group Pty Ltd which the Consolidated Entity sub-lets storage space from. In the current year \$6,371 has been charged to the Consolidated Entity for this service (2021: \$6,371).

At 30 June 2022, there was an outstanding balance of \$1,752 (2021: \$1,752) payable to West-Sure.

- (d) P Poli is a director and controlling shareholder of WA Fleet Systems Pty Ltd which provided the Consolidated Entity with hire car services from time to time. In the current year \$1,250 has been charged to the Consolidated Entity for this service (2021: \$23,636).

At 30 June 2022 there was an outstanding balance of nil (2021: \$8,250) payable to WA Fleet Systems.

Individual directors and executives compensation disclosure

Information regarding individual directors and executives compensation and some equity instruments disclosures as permitted by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

No director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

29. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in Note 23.

Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report and Note 28.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

30. Remuneration of auditors

The auditor of Matsa Resources Limited is Nexia Perth Audit Services Pty Ltd (Nexia Perth).

	Consolidated	
	2022	2021
	\$	\$
Amounts received or due and receivable by Nexia Perth Audit Services Pty Ltd for an audit or review of the entity and any other entity in the consolidated group.	65,750	62,500
Amounts received or due and receivable by related practices of Nexia Perth Pty Ltd for:		
- tax compliance	19,190	10,400
	84,940	72,900

31. Events Subsequent to Balance Date

On 29 August 2022, the Company successfully completed a placement to institutional and sophisticated investors to raise approximately \$1.98M before costs and was heavily oversubscribed.

On 29 September 2022, the Company announced that LGA was not able to settle the purchase of the Devon and Red October projects via the issue of shares and cash. Under the terms of the SPA, LGA has 10 business days to complete the sale via a cash settlement of \$12M. Discussions with LGA for a resolution to settlement of the sale is currently ongoing. The Directors consider the reclassification of the Devon and Red October projects as assets held for sale to be appropriate.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no financial impact for the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matter or circumstance has arisen subsequent to the reporting date, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

MATSA RESOURCES LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Matsa Resources Limited (the "Company"):

1. the consolidated financial statements and notes are in accordance with the *Corporations Act* 2001, including:
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date; and
 - (iii) complying with Australian Accounting Standards and Corporations Regulations 2001;
 - (a) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b);
 - (b) the remuneration disclosures that are contained in page 39 to 47 of the Remuneration Report in the Directors' Report comply with the *Corporations Act* and Australian Accounting Standard AASB 124 Related Party Disclosures and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act* 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2022.

Signed in accordance with a resolution of the directors;



Paul Poli
Executive Chairman

Perth, 29 September 2022

Independent Auditor's Report to the Members of Matsa Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the Annual financial report of Matsa Resources Limited (the Company) and its subsidiaries (the Group), which comprises the Consolidated Statement of Financial Position as at 30 June 2022, the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial report" section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty in relation to Going Concern

Without modifying our opinion, we draw attention to Note 2 (e) to the Financial Report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned exploration and administration expenditure. These conditions, along with other matters as set forth in Note 2 (e), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty related to Going Concern* section, we have determined the matter described below to be key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Capitalisation of Exploration and Evaluation assets <i>Refer to Note 10 (Exploration and evaluation assets)</i> As at 30 June 2022 the carrying value of Exploration and evaluation assets was \$10,627,811 (2021: \$21,437,966). The Group's accounting policy in respect of Exploration and evaluation assets is outlined in Note 2 (r). This is a key audit matter due to the fact that significant judgement is applied in determining whether: - the Exploration and evaluation assets meet the recognition criteria in terms of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>; and - facts and circumstances exist that suggest that the carrying value of the Exploration and evaluation assets are in accordance with AASB 6.	Our procedures focussed on evaluating management's assessment of the capitalised Exploration and evaluation assets' carrying value at the reporting date. These procedures included, amongst others: - we verified that the rights of tenure to the areas of interest remained current at the reporting date; - obtained evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes; - we obtained an understanding of the status of ongoing exploration programmes for the areas of interest; and - we assessed the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Annual financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf.

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 39 to 47 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Matsa Resources Limited, for the year ended 30 June 2022, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Nexia Perth Audit Services Pty Ltd



PTC Kloppe
Director

Perth
29 September 2022

MATSA RESOURCES LIMITED

ASX ADDITIONAL INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

SHAREHOLDING

Distribution of Shareholders as at 5 September 2022

Range (size of holding)	Number of Holders	Number of Units	%
1 – 1,000	63	3,965	0.001
1,001 – 5,000	44	146,087	0.036
5,001 – 10,000	140	1,186,086	0.289
10,001 – 100,000	755	26,604,477	6.474
100,001 – and over	380	383,014,005	93.201
	1,382	410,954,620	100.00

The number of shareholdings held in less than marketable parcels is 330.

Twenty Largest Registered Shareholders of Fully Paid Ordinary Shares as at 5 September 2022

Name	No.	%
1 BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	63,223,633	15.38
2 BNP Paribas Nominees Pty Ltd ACF Clearstream	62,233,634	15.14
3 Sparta AG	21,032,722	5.12
4 HF Resources Pty Ltd	12,947,000	3.15
5 HSBC Custody Nominees (Australia) Limited	11,598,186	2.82
6 Mr Paul Poli <P Poli Family A/C>	10,600,000	2.58
7 Duketon Consolidated Pty Ltd	6,545,707	1.59
8 RASL AU LLC <Richard Alter A/C>	4,620,000	1.12
9 Goldfire Enterprises Pty Ltd	4,500,000	1.10
10 Citicorp Nominees Pty Limited	3,941,803	0.96
11 Mr Paul Poli & Mrs Sonya Kathleen Poli <P Poli Super Fund A/C>	3,300,000	0.80
12 Goldfire Enterprises Pty Ltd	3,060,337	0.75
13 Mr Stacey Hubert Carter	2,875,061	0.70
14 Scintilla Strategic Investments Limited	2,700,000	0.66
15 Capretti Investments Pty Ltd <Castello A/C>	2,650,000	0.65
16 Mr Oliver Nikolovski & Mrs Suzanne Karine Nikolovski <The Nikolovski S/Fund A/C>	2,400,000	0.58
17 L & S Davies Pty Ltd <Davies International A/C>	2,255,887	0.55
18 Mr Oliver Nikolovski <The Nikolovski Family A/C>	2,100,000	0.51
19 Emprise Nominees Pty Ltd	2,001,219	0.49
20 Zero Nominees Pty Ltd	2,000,000	0.49
	226,585,189	55.14

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Substantial Shareholders

	Fully paid	
Ordinary shareholder	Number	Percentage
Sparta AG	23,717,161	5.77%

Distribution of Optionholders as at 5 September 2022

Range (size of holding)	Number of Holders	Number of Units	%
1 – 1,000	83	36,133	0.07
1,001 – 5,000	66	162,228	0.33
5,001 – 10,000	29	219,735	0.45
10,001 – 100,000	100	4,904,637	9.96
100,001 – and over	96	43,897,520	89.19
	374	49,220,253	100.00

Twenty Largest Registered Holders of Quoted Options Exercisable at \$0.17 each expiring 30 April 2023

	Name	No.	%
1	Mr Bilal Ahmad	5,000,000	10.16
2	Mr Mobeen Iqbal	3,250,000	6.60
3	Gazump Resources Pty Ltd	2,096,562	4.26
4	Mr Stacey Hubert Carter	1,437,503	2.92
5	BNP Paribas Nominees Pty Ltd ACF Clearstream	1,436,300	2.92
6	Mr Mark Richard Jensen	1,400,000	2.84
7	Mr Steven John Diggerman	1,375,000	2.79
8	Mr Sufian Ahmad	1,300,000	2.64
9	Goffacan Pty Ltd <KMM Family A/C>	1,200,000	2.44
10	Mr Luke Kukulj	1,200,000	2.44
11	Zetetic Investments Pty Ltd	1,125,000	2.29
12	Sparta AG	956,033	1.94
13	Mr Gordon John Merchant & Mr Dennis Graham Pointing	939,206	1.91
14	IQ Global Asset Partners Pty Ltd <IQ S/F A/C>	790,000	1.60
15	Mr Nicholas Dermott McDonald	725,000	1.47
16	Scintilla Strategic Investments Limited	687,500	1.40
17	Mr Raden Grayson-Widarsito	636,277	1.29
18	Mr Denis Graham Pointing	600,000	1.22
19	Jetosea Pty Ltd	520,000	1.06
20	Toner Capital Pty Ltd <The Toner Family A/C>	510,394	1.04
		27,184,775	55.23

MATSA RESOURCES LIMITED
ASX ADDITIONAL INFORMATION

RESTRICTED SECURITIES

The Company has no restricted securities on issue.

STATEMENT OF UNQUOTED SECURITIES

Number of Options	Number of Holders	Exercise Price	Date of Expiry
5,750,000	3	\$0.175	30 November 2022
1,000,000	1	\$0.35	30 November 2022
2,000,000	1	\$0.35	30 November 2022
2,000,000	1	\$0.25	30 November 2022
44,079,341	141	\$0.30	30 November 2022
3,250,000	12	\$0.21	30 October 2023
1,000,000	1	\$0.17	30 November 2023

MATSA RESOURCES LIMITED

ASX ADDITIONAL INFORMATION

TABLE OF MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2022

Mineral Resource Estimates – Consolidated Summary & Annual Comparison

Project	Resource Category	Tonnes ('000)	Au (g/t)	Metal Oz('000)
30 June 2021				
Fortitude	Measured	-	-	-
	Indicated	2,988	1.8	175
	Inferred	3,328	2.1	228
Devon	Indicated	341	4.8	53
	Inferred	906	2.1	61
Red October	Measured	71	8.8	20
	Indicated	408	5.1	67
	Inferred	406	6.1	80
		8,448	2.5	684
Mining Depletion				
Red October	Indicated	-	-	-
	Inferred	-	-	-
		-	-	-
Resource Adjustments				
Fortitude	Measured	127	2.2	9
	Indicated	33	17.9	19
	Inferred	2,439	1.6	122
Devon	Indicated	-	-	-
	Inferred	115	4.0	15
Red October	Measured	34	6.4	7
	Indicated	75	8.7	21
	Inferred	5	18.6	3
Stockpiles	Inferred	191	1.0	6
		3,019	2.09	202
30 June 2022				
Fortitude	Measured	127	2.2	9
	Indicated	3,021	2.0	194
	Inferred	5,767	1.9	350
Devon	Indicated	341	4.8	53
	Inferred	1,021	2.3	76
Red October	Measured	105	8.0	27
	Indicated	483	5.7	88
	Inferred	411	6.3	83
Stockpiles	Inferred	191	1.0	6
Total		11,467	2.4	886

MATSA RESOURCES LIMITED
ASX ADDITIONAL INFORMATION

TABLE OF MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2022 (continued)

Resource Statement Notes

- The geographic region for Gold Mineral Resources is Australia.
- Figures have been rounded in compliance with the JORC Code (2012). Rounding errors may cause a column to not add up precisely.
- Resources exclude recoveries.
- Resources include reserves.

Ore Reserve Estimates – Consolidated Summary & Annual Comparison

(The Ore Reserve estimates are a subset of the Mineral Resource estimates)

Project	Reserve Category	Tonnes ('000)	Au (g/t)	Metal Oz('000)
30 June 2021				
Fortitude	Probable	1,029	1.8	58
		1,029	1.8	58
Mining Depletion				
Nil				
Reserve Adjustments				
Nil				
30 June 2022				
Fortitude	Probable	1,029	1.8	58
Total		1,029	1.8	58

Reserve Statement Notes

- Figures are rounded to reflect appropriate levels of confidence. Apparent differences may occur due to rounding.
- The geographic region for Gold Mineral Resources is Australia.

Summary of Governance Arrangements and Internal Controls

The Mineral Resource and Reserve estimates are reported in accordance with the JORC 2012 Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. The Mineral Resource and Reserve are estimated by suitably qualified employees of Matsa Resources Ltd. There is no change to the reserve from the 2021 Annual Report. Matsa confirms there is no new information pertaining to reserves and no changes to the underlying reserve calculations/assumptions have been made.

Competent Persons Statement

Resources

The information in this document that relates to exploration targets, exploration results and Mineral Resources, is based on information compiled by Pascal Blampain, who is a Member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Pascal Blampain is a full-time employee, and serves on the Board, of Matsa Resources Limited and has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Blampain consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MATSA RESOURCES LIMITED

ASX ADDITIONAL INFORMATION

Reserves

The information in this report that relates to Ore Reserve results is based on information compiled by Mr Frank Sibbel, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Sibbel is a non-executive director of Matsa Resources Limited. Mr Sibbel has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sibbel consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

MATSA RESOURCES LIMITED

SCHEDULE OF MINING TENEMENTS

Tenement Type and No.	Project	Holder	Status	Share Held
P 39/6116	Devon	Matsa Gold Pty Ltd	Live	100%
P 39/6117	Devon	Matsa Gold Pty Ltd	Live	100%
E 39/1232	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/386	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/387	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/500	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/629	Devon	Matsa Gold Pty Ltd	Live	100%
E 39/1760	Devon	Matsa Gold Pty Ltd	Live	100%
L 39/222	Devon	Matsa Gold Pty Ltd	Live	100%
L 39/235	Devon	Matsa Gold Pty Ltd	Live	100%
L 39/237	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/1077	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/1078	Devon	Matsa Gold Pty Ltd	Live	100%
E 39/2159 ³	Fraser Range	Matsa Resources Limited	Live	30%
E 39/2162 ³	Fraser Range	Matsa Resources Limited	Live	30%
E 52/3339	Glenburg	Cundeelee Pty Ltd	Live	100%
E 39/1752	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1803	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1812	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1819	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1834	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1837	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1863	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1864	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1957	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1958	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1980	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1981	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/247	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/260	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/267	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/1	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/1065	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/1089	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/286	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/709	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/710	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5652	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5669	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5670	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5694	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5841	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 38/2945	Lake Carey	Matsa Gold Pty Ltd	Live	100%

MATSA RESOURCES LIMITED

SCHEDULE OF MINING TENEMENTS

Tenement Type and No.	Project	Holder	Status	Share Held
E 39/1770	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1796 ¹	Lake Carey	Matsa Gold Pty Ltd	Live	90%
E 39/1840	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1889 ¹	Lake Carey	Matsa Gold Pty Ltd	Live	90%
E 39/2015	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/2128	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/291	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L /39/295	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 28/2600 ²	Lake Rebecca	Matsa Gold Pty Ltd	Live	20%
E 28/2635 ²	Lake Rebecca	Matsa Gold Pty Ltd	Live	20%
E 47/3518	Paraburdoo	Matsa Resources Limited	Live	100%
L 39/268	Red Dog	Matsa Gold Pty Ltd	Live	100%
L 39/217	Red October	Red October Gold Pty Ltd	Live	100%
L 39/273	Red October	Matsa Gold Pty Ltd	Live	100%
M 39/411	Red October	Red October Gold Pty Ltd	Live	100%
M 39/412	Red October	Red October Gold Pty Ltd	Live	100%
M 39/413	Red October	Red October Gold Pty Ltd	Live	100%
M 39/599	Red October	Red October Gold Pty Ltd	Live	100%
M 39/600	Red October	Red October Gold Pty Ltd	Live	100%
M 39/609	Red October	Red October Gold Pty Ltd	Live	100%
M 39/610	Red October	Red October Gold Pty Ltd	Live	100%
M 39/611	Red October	Red October Gold Pty Ltd	Live	100%
M 39/721	Red October	Red October Gold Pty Ltd	Live	100%
E 28/2916	Symons Hill	Matsa Resources Limited	Live	30%
E 69/3070 ³	Symons Hill	Matsa Resources Limited	Live	30%
E 66/105 ³	Galena	Matsa Resources Limited	Live	100%

¹= 90% held by Matsa

²= 20% held by Matsa

³= 30% held by Matsa





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