

MATSA RESOURCES LIMITED
ACN 106 732 487

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

DATE OF MEETING

Thursday, 28 November 2019

TIME OF MEETING

10.30am

PLACE OF MEETING

Suite 11
139 Newcastle Street
PERTH WA

These papers should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

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MATSA RESOURCES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting of the Shareholders of Matsa Resources Limited ("**Company**") will be held in the Company's offices at Suite 11, 139 Newcastle Street, Perth, Western Australia on Thursday, 28 November 2019 at 10.30am WST for the purpose of transacting the following business referred to in this Notice of Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies and forms part of this Notice of Meeting.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4.00pm (WST) on Tuesday, 26 November 2019.

Please note terms used in the Resolutions contained in this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

AGENDA

BUSINESS

ANNUAL REPORT

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019, together with the declaration of the directors, the directors' report, the Remuneration Report and the auditors' report.

RESOLUTION 1 – Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2019."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- | | |
|-----|--|
| (a) | the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or |
| (b) | the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none">(i) does not specify the way the proxy is to vote on this Resolution; and(ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. |

RESOLUTION 2 – Re-Election of Mr Paul Poli as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.2 of the Company's Constitution, and for all other purposes, Mr Paul Poli, a Director, retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 3 – Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 26,537,605 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) any person who participated in the issue; or
- (b) any of their Associates.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 4 – Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 13,462,395 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) any person who participated in the issue; or
- (b) any of their Associates.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 5 – Approval to Issue Placement Options

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 10,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 6 – Approval to Issue Options to Taylor Collison

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 2,000,000 Options to Taylor Collison Limited, or its nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 7: Issue of Options to Paul Poli

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 2,750,000 Options to Paul Poli or his Related Party Nominee on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

In accordance with Listing Rule 14.11 the Company will disregard any votes cast in favour of this Resolution 7 by or on behalf of Mr Paul Poli (or his Related Party Nominee) or any of his Associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, a vote on Resolution 7 must not be cast by or on behalf of Mr Paul Poli (or his Related Party Nominee) or any of their Associates.

However, this does not prevent the casting of a vote on Resolution 7 if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Poli (or his Related Party Nominee) or any of their Associates.

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 7 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 6.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution 7 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 8: Issue of Options to Frank Sibbel

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 1,500,000 Options to Frank Sibbel or his Related Party Nominee on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

In accordance with Listing Rule 14.11 the Company will disregard any votes cast in favour of this Resolution 8 by or on behalf of Mr Frank Sibbel (or his Related Party Nominee) or any of his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, a vote on Resolution 8 must not be cast by or on behalf of Mr Frank Sibbel (or his Related Party Nominee) or any of their Associates.

However, this does not prevent the casting of a vote on Resolution 8 if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Sibbel (or his Related Party Nominee) or any of their Associates.

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 8 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 5.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution 8 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 9: Issue of Options to Andrew Chapman

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 208 of the Corporations Act 2001, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue and allot 1,500,000 Options to Andrew Chapman or his Related Party Nominee on the terms and conditions set out in the Explanatory Memorandum”.

Voting Exclusion Statement:

In accordance with Listing Rule 14.11 the Company will disregard any votes cast in favour of this Resolution 8 by or on behalf of Mr Andrew Chapman (or his Related Party Nominee) or any of his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, a vote on Resolution 8 must not be cast by or on behalf of Mr Andrew Chapman (or his Related Party Nominee) or any of their Associates.

However, this does not prevent the casting of a vote on Resolution 9 if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Chapman (or his Related Party Nominee) or any of their Associates.

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 9 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 6.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution 9 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 10 – Employee Share Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2 Exception 9 and for all other purposes, approval is given for the Company to grant options and issue shares to employees in accordance with the employee share option plan, the terms and conditions of which are set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 10 if:

- (a) the person is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 10.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution 10 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 11 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass, the following Resolution as a **special resolution**:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who is expected to participate in the 10% Placement Facility; or
- (b) a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of Shares; or

- (c) any Associates of those persons.

However, the Company will not disregard a vote if

- (d) it is cast by the person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (e) it is cast by the person chairing the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 12: Approval to Amend Terms of Existing Options

To consider, and if thought fit, to pass, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, approval be given to amend the terms of 5,000,000 existing Options on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

In accordance with Listing Rule 14.11 the Company will disregard any votes cast in favour of this Resolution 12 by or on behalf of Mr Frank Sibbel (or his Related Party Nominee) and any of his associates, Mr Paul Poli (or his Related Party Nominee) and any of his associates and Mr Andrew Chapman (or his Related Party Nominee) and any of his associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 12 if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution 12.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution 12 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel

OTHER BUSINESS

To deal with any other business which may be lawfully brought forward in accordance with the Company's Constitution and the Corporations Act.

BY ORDER OF THE BOARD



Andrew Chapman
Company Secretary

Dated: 11 October 2019

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has the right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- delivering it to Matsa Resources Limited, Suite 11, 139 Newcastle Street, Perth WA
- post to Matsa Resources Limited, PO Box 376, Northbridge, WA 6865; or
- facsimile to the Company on facsimile number +61 8 9227 0370; or
- email to the Company at reception@matsa.com.au.

To be effective, a Proxy Form and, if the Proxy Form is signed by the Shareholder's attorney, the authority under which the appointment is signed (or a certified copy of that authority) must be received by the Company not later than 48 hours before the time specified for the commencement of the General Meeting.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - o the proxy is not recorded as attending the meeting;
 - o the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

CORPORATE REPRESENTATIVES

A body corporate that is a Shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

DATE FOR DETERMINING HOLDERS OF SHARES

In accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the Annual General Meeting. For the purposes of determining voting entitlements at the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding at 4.00pm (WST) on 26 November 2019. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

MATSA RESOURCES LIMITED

ACN 106 732 487

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting ("**Notice of Meeting**") of Matsa Resources Limited ("**Company**").

The Directors recommend Shareholders read this Explanatory Memorandum (which forms part of the Notice of Meeting) in full before making any decision in relation to the Resolutions. If you have any questions regarding the matters set out in this Explanatory Memorandum or the Notice of Meeting, please contact your stockbroker or other professional adviser.

Terms used in this Notice of Meeting have defined meanings which are explained in the Glossary appearing at the end of this Explanatory Memorandum.

Financial Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.matsa.com.au.

Shareholders will be given an opportunity to ask questions of the Directors and the Company's Auditors in relation to the accounts of the Company at the Annual General Meeting.

1. RESOLUTION 1 – Adoption of Remuneration Report

1.1 General

Section 250R(2) of the Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the directors or the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for the financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting Consequences

Under Part 2G.2 Division 9 of the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company ("**Spill Resolution**") if, at two consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to a vote. If required, the Spill Resolution must be put to a vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting ("**Spill Meeting**") within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%.

Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

1.4 Proxy Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

- ***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

You must direct the proxy how they are to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

- ***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you are taken to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel. The Chair intends to exercise such proxies in favour of this Resolution.***

- ***If you appoint any other person as your proxy:***

You **do not** need to direct your proxy how to vote on this Resolution.

2. RESOLUTION 2 – Re-Election of Mr Paul Poli as a Director

Clause 11.3 of the Company's Constitution requires that at each annual general meeting, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, must retire from office, provided always that no Director (except the Managing Director) shall hold office for a period in excess of 3 years, or the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at any annual general meeting are those who have been in office longest since their last election, but, as between persons who became Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by drawing lots.

A retiring director under clause 11.4 of the Company's Constitution is eligible for re-election.

The Company currently has three directors and accordingly one must retire.

Mr Poli, the Director longest in office since his last election, retires by rotation at this Meeting. Mr Poli, being eligible, offers himself for re-election.

Mr Poli is a fellow of the Australian Society of Certified Practising Accountants and was the founder and managing partner of an accounting firm for 19 years from 1989 to 2008. He is well versed in all aspects of accounting and taxation and has considerable experience in business through his role as a consultant to many varied clients and through his own involvement in ownership of businesses in Western Australia, the Northern Territory and South East Asia.

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

Mr Poli is also a director of Bulletin Resources Limited.

The Board unanimously supports the re-election of Mr Poli.

3. RESOLUTION 3 – Ratification of Prior Issue of Shares

On 23 September 2019 the Company announced it was undertaking a capital raising via way of a placement to new institutional and sophisticated investors issuing 40,000,000 fully paid ordinary shares at an issue price of \$0.15 each with one free unlisted option for every four shares subscribed for with an exercise price of \$0.25 each and expiring 18 months after the date of issue. The total consideration received from the placement was \$6 million before costs.

The Company issued 26,537,605 of the Shares the subject of the Capital Raising without prior Shareholder approval out of its 15% annual placement capacity under Listing Rule 7.1.

The Company also issued 13,462,395 Shares the subject of the Capital Raising without prior Shareholder approval pursuant to the Company's capacity under ASX Listing Rule 7.1A, which was approved by Shareholders at the annual general meeting held on 23 November 2018. The Company also seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (and that ratification is the subject of Resolution 4).

The issue of 10,000,000 Options remains subject to Shareholder approval (and is the subject of Resolution 5).

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 26,537,605 Shares referred to above (First Ratification).

Listing Rule requirements

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period, without Shareholder approval.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that then previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1. By ratifying the issue, the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

Information required under Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 26,537,605 Shares were issued;
- (b) the issue price was \$0.15 per Share;
- (c) the Shares were issued to various institutional and sophisticated investors. None of the institutional or sophisticated investors are Related Parties of the Company;
- (d) the Consideration Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) The funds raised from the placement were used as follows:
 - (i) Exploration programmes at the Red October gold project;
 - (ii) Exploration programmes at the Lake Carey gold project; and
 - (iii) Commencement of work on Stage 2 of the Fortitude gold project.

4. RESOLUTION 4 – Ratification of Prior Issue of Shares

On 23 September 2019 the Company announced the completion of the capital raising.

The Company issued 13,462,395 Shares the subject of the Capital Raising without prior Shareholder approval pursuant to the Company's capacity under ASX Listing Rule 7.1A, which was approved by Shareholders at the annual general meeting held on 23 November 2018.

The Company also issued 26,537,605 Shares the subject of the Capital Raising without prior Shareholder approval out of its 15% annual placement capacity. The Company also seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options (and that ratification is the subject of Resolution 3).

The issue of 10,000,000 Options remains subject to Shareholder approval (and is the subject of Resolution 5).

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 26,537,605 Shares as referred to above (Second Ratification).

Listing Rule requirements

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E"

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

By ratifying the issue the subject of Resolution 4, the base figure (ie variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

Information required under Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 13,462,395 Shares were issued;
- (b) the issue price was \$0.15 per Share;
- (c) the Shares were issued to various institutional and sophisticated investors. None of the institutional or sophisticated investors are Related Parties of the Company;
- (d) the Consideration Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) The funds raised from the placement were used as follows:
 - (i) Exploration programmes at the Red October gold project;
 - (ii) Exploration programmes at the Lake Carey gold project; and
 - (iii) Commencement of work on Stage 2 of the Fortitude gold project.

5. RESOLUTION 5 – Approval to Issue Placement Options

On 23 September 2019 the Company announced the completion of the capital raising.

The Company issued 26,537,605 of the Shares the subject of the Capital Raising without prior Shareholder approval out of its 15% annual placement capacity under Listing Rule 7.1.

The Company also issued 13,462,395 Shares the subject of the Capital Raising without prior Shareholder approval pursuant to the Company's capacity under ASX Listing Rule 7.1A, which was approved by Shareholders at the annual general meeting held on 23 November 2018. The Company also seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (and that ratification is the subject of Resolution 4).

The issue of 10,000,000 Options remains subject to Shareholder approval.

Resolution 5 seeks Shareholder approval for the issue of up to 10,000,000 Options with an exercise price of \$0.25 each and an expiry date of 5.00pm WST on the date that is 18 months from the date of issue, for nil cash consideration to various institutional and sophisticated investors under the Capital Raising on the basis of 1 Option for every 4 Shares subscribed for and issued (Option Placement).

Listing Rule requirements

A summary of ASX Listing Rule 7.1 is set out in section 3 above. The effect of Resolution 5 will be to allow the Company to issue the Options pursuant to the Option Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Information required under Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of options to be issued is 10,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Capital Raising on a 1:4 basis;
- (d) the Options will be issued to various institutional and sophisticated investors. None of the institutional or sophisticated investors are Related Parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the Option Placement as the Options are being issued for nil cash consideration.

6. RESOLUTION 6 – Approval to Issue Options to Taylor Collison

Taylor Collison Limited acted as Lead Managers to the capital raising the capital raising that is the subject of Resolutions 3 to 5.

A component of the fee that Taylor Collison receive for their role as Lead Manager is that they are to be issued 2,000,000 Options (Option Fee). The Options will be issued in two tranches:

- (i) 1,000,000 with an exercise price of \$0.25 each expiring 31 May 2021; and
- (ii) 1,000,000 with an exercise price of \$0.35 each expiring 30 November 2022.

The issue of 2,000,000 Options remains subject to Shareholder approval.

Resolution 6 seeks Shareholder approval for the issue of 2,000,000 Options for nil cash consideration to Taylor Collison Limited as part of their fee as a result of the Capital Raising.

Listing Rule requirements

A summary of ASX Listing Rule 7.1 is set out in section 3 above. The effect of Resolution 6 will be to allow the Company to issue the Options pursuant to the Option Fee during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Information required under Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of options to be issued is 2,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (c) the issue price of the Options will be nil as they will be issued free as part of the fee paid to Taylor Collison to act as Lead Manager;
- (d) the Options will be issued to Taylor Collison who is not a Related Party of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 2; and
- (f) no funds will be raised from the Option Fee as the Options are being issued for nil cash consideration.

7. RESOLUTIONS 7 TO 9: APPROVAL FOR THE ISSUE OF OPTIONS

7.1. General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue 5,750,000 Options in aggregate (**Director Options**) with:

- (a) an expiry date of 5.00pm WST on the date that is three (3) years from the date of issue; and
- (b) an exercise price equal to 130% (rounded up to the nearest one half of a cent) of VWAP of the Shares over a period of 10 trading days ending on the trading day immediately before the date of this Annual General Meeting,

to Mr Paul Poli, Mr Frank Sibbel and Mr Andrew Chapman who are Directors of the Company (or their respective Related Party Nominee/s) on the terms and conditions set out below.

7.2. Related Party Transaction

For a public company, or an entity that the public company controls, to give a financial benefit to a Related Party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit. Mr Paul Poli, Mr Frank Sibbel and Mr Andrew Chapman are Related Parties of the Company by virtue of being Directors. Related Party Nominees of each Director are also Related Parties of the Company by virtue of their relationship with the respective Director (see definition of Related Party Nominee in the Glossary).

In addition, Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a Related Party, or a person whose relationship with the entity or a Related Party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options.

7.3. Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Director Options:

- (a) Mr Paul Poli, Mr Frank Sibbel and Mr Andrew Chapman are Related Parties of the Company by virtue of being Directors. Related Party Nominees of each Director are also Related Parties of the Company by virtue of their relationship with the respective director (see definition of Related Party Nominee in the Glossary);
- (b) the number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:

- (i) 2,750,000 Options to Mr Paul Poli (or his Related Party Nominee/s);
- (ii) 1,500,000 Options to Mr Frank Sibbel (or his Related Party Nominee/s); and
- (iii) 1,500,000 Options to Mr Andrew Chapman (or his Related Party Nominee/s);
- (c) the Director Options will be granted no later than 1 month after the date of the Annual General Meeting and it is anticipated the Director Options will be issued on one date as soon as practicable after the Annual General Meeting;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 4;
- (f) the value of the Director Options and the pricing methodology is set out in Annexure B. The Company considers that together with the other directors' fees proposed to be paid to Directors this financial year (see below), the value of the Director Options represents appropriate remuneration to retain the Directors which is comparable to director remuneration at similar ASX listed companies;
- (g) the relevant interests of the Directors in the securities of the Company are set out below:

Related Party	Shares	Options¹	Options²
Mr Paul Poli	11,855,000	2,750,000	2,500,000
Mr Frank Sibbel	494,852	1,500,000	1,250,000
Mr Andrew Chapman	69,000	1,500,000	1,250,000

¹ The options have an exercise price of \$0.25 each expiring 30 November 2019.

² The options have an exercise price of \$0.17 each expiring 30 November 2021.

- (h) the remuneration and emoluments (excluding share based payments but inclusive of superannuation) from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Paul Poli	\$360,000	\$363,367
Mr Frank Sibbel	\$70,000	\$64,990
Mr Andrew Chapman	\$219,000	\$257,388

- (i) if the Director Options granted are exercised, a total of 5,750,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 216,917,368 to 222,667,368 (assuming that no other Options are granted or exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.65%, or 2.41% on a fully diluted basis.
- (j) The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company;
- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	20 cents	3 September 2019
Lowest	10.5 cents	23 November 2018
Last	16 cents	7 October 2019

- (l) the Board believes the grant of Director Options to each of the Directors is in accordance with the guidelines for non-executive director remuneration set out in Recommendation 8.2 of The Corporate Governance Principles and Recommendations (3rd Edition) as published by The ASX Corporate Governance Council as they do not have performance hurdles attached to them. The Board considers the grant of Options to Mr Paul Poli, Mr Frank Sibbel and Mr Andrew Chapman reasonable in the circumstances for the reasons set out below:
- (i) the grant of Director Options to the Directors will align the interests of the Directors with those of Shareholders;
 - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed;
- (m) the primary purpose of the grant of the Director Options to the Directors is to provide an overall Company performance linked incentive component in the remuneration package for the Directors to motivate and reward the performance of the Directors;
- (n) each of the Directors declines to make a recommendation to Shareholders in relation to Resolutions 7, 8 and 9 due to either their material personal interest in the outcome of the Resolution (to the extent they or their Related Party Nominee(s) are to be granted Options in the Company) or the potential for a conflict of interest in making a recommendation about the remuneration of other Directors; and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7 to 9.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Options as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Voting exclusion statements in relation to Resolution 7, 8 and 9 are included in the Notice of Annual General Meeting.

The Chairman intends to exercise all undirected proxies in favour of Resolution 7, 8 and 9. If the Chairman of the Annual General Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolutions 7, 8 and 9, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

8. RESOLUTION 10 - Employee Share Option Plan

Resolution 10 seeks shareholder approval, for the purposes of Listing Rule 7.2 Exception 9 and for all other purposes, for the approval of the grant of options and issue of shares under Matsa

Resources Limited Employee Share Option Plan (**Plan**). If shareholder approval for Resolution 6 is obtained, all Options and Shares issued by the Company in accordance with the Plan will be excluded from the 15% limit imposed by Listing Rule 7.1 for a period of 3 years from the date of the approval.

The purpose of the Plan is to attract, motivate and retain key employees of the Company. The Company previously approved the Plan on 18 November 2016. To obtain the benefit of Listing Rule 7.2 Exception 9(b) (which is explained in detail below), Resolution 10 seeks the renewed approval of the Plan by the Shareholders of the Company in order to have an active plan as it is an important component of remuneration of employees, particularly in light of current market conditions.

Notwithstanding the approval of the Plan, this does not increase the capacity of the Company to issue options beyond the thresholds specified in the Corporations Act. In particular, the total number of shares the subject of options issued under all plans must not exceed 5% of the then issued share capital of the Company on a fully diluted basis, subject to certain exceptions stated in the Corporations Act 2001.

Listing Rule requirements

Subject to the exceptions in Listing Rule 7.2, Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue equity securities (which includes Options) equal to an amount of more than 15% of a company's ordinary capital in any 12 month period without Shareholder approval (**15% Limit**).

Exception 9(b) of Listing Rule 7.2 permits securities issued under an employee incentive scheme (such as the Plan) to be excluded from the 15% Limit where Shareholders have approved the issue of securities under the employee incentive scheme within 3 years before the date they are issued.

Resolution 6, if passed, will allow Options to be granted under the Plan during the 3 years after the date of this AGM without the need for further Shareholder approval and without diminishing the Company's capacity to issue Shares up to the 15% Limit under Listing Rule 7.1.

A summary of the terms of the Plan is attached as Schedule 5 to this Explanatory Memorandum and a copy of the Plan is available on the Company's website at www.matsa.com.au.

A total of 8,075,000 Options have been issued under the Plan since it was last approved on 18 November 2016, comprising:

- (a) 4,375,000 unlisted Options (exercisable at 25 cents on or before 30 November 2019) on 24 November 2016;
- (b) 3,700,000 unlisted Options (exercisable at 17 cents on or before 30 November 2021) on 12 December 2018.

9. RESOLUTION 11 – Approval of 10% Placement Facility

9.1 General

Listing Rule 7.1A enables eligible entities to seek Shareholder approval to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity with a market capitalisation of \$31.54M as at 4 October 2019.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The maximum number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) below).

The Company intends to use any funds raised under the 10% Placement Facility towards further exploration on the Lake Carey project, development of the Fortitude Stage 2 gold production exploration at the Red October gold project, and/or for general working capital. In addition, the Company may, in future, choose to evaluate new investments and may use the funds raised for acquisitions (including expenses associated with such acquisitions).

The Directors recommend that the Shareholders vote in favour of this Resolution.

Resolution 11 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

9.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Security

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Annual General Meeting, the Company has on issue:

- (i) 216,917,368 Shares; and
- (ii) 22,025,025 unlisted options.

The Company has only one class of quoted Equity Security, being Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- (c) plus the number of fully paid ordinary securities issued in the 12 months with approval of shareholders under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid ordinary securities cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c) above).

(e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking). The approval will cease to be valid in the event that holders of the eligible entity's ordinary securities approve a transaction under rule 11.1.2 or rule 11.2,

or such longer period if allowed by ASX ("**10% Placement Period**").

9.3 Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Company to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

9.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 11 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, there is a risk that the economic value and voting power of each Share in the Company may be diluted, including a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of approval of this Resolution at the Annual General Meeting; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or as part of consideration for the acquisition of a new asset.

The below table shows the possible dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice (with numbers rounded to the nearest whole number). This assumes the Company has its full capacity available under Listing Rule 7.1A and Resolution 11 is passed at the Annual General Meeting. The formula in Listing Rule 7.1A.2 is outlined in Section 7.2(c) above.

The table also shows:

- (a) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (b) two examples of where the issue price of Equity Securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A2		Dilution		
		\$0.08 50% decrease in Issue Price	\$0.16 Issue Price	\$0.24 50% increase in Issue Price
Current Variable A 216,917,368 Shares	10% Voting Dilution	21,691,737 Shares	21,691,737 Shares	21,691,737 Shares
	Funds Raised	\$1,735,339	\$3,470,678	\$5,206,017
50% increase in current Variable A 325,376,052 Shares	10% Voting Dilution	32,537,605 Shares	32,537,605 Shares	32,537,605 Shares
	Funds Raised	\$2,603,008	\$5,206,017	\$7,809,025
100% increase in current Variable A 433,834,736 Shares	10% Voting Dilution	43,383,473 Shares	43,383,473 Shares	43,383,473 Shares
	Funds Raised	\$3,470,678	\$6,941,356	\$10,412,033

Note: The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. No Options are exercised into Shares before the date of the issue of Equity Securities.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
5. The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
7. The issue price is \$0.16, being the closing price of the Shares on the ASX on 7 October 2019.

- (c) The Company will only issue the Equity Securities during the 10% Placement Period.
- (d) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) Non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) Cash consideration towards further exploration on the Lake Carey project, development of the Fortitude Stage 2 gold production exploration at the Red October gold project, and/or for general working capital. In addition, the Company may, in future, choose to evaluate new investments and may use the funds raised for acquisitions (including expenses associated with such acquisitions).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisors (if applicable).

The subscribers under the 10% Placement Facility have not been determined as at the date of this Notice of Annual General Meeting but may include existing Shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2018 annual general meeting held on 23 November 2018.

The total number of Equity Securities issued by the Company in the 12 months preceding the date of the Annual General Meeting is 48,700,000. The percentage those Equity Securities represent of the total number of Equity Securities on issue at the commencement of that 12 month period is 25.55%. The table at Annexure A details all issues of Equity Securities by the Company during the 12 months preceding the date of the Annual General Meeting as required by Listing Rule 7.3A.

- (g) A voting exclusion statement in relation to this Resolution 11 is included in the Notice of Annual General Meeting. At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of Equity Securities pursuant to this Resolution 11. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

10. RESOLUTION 12: Approval to Amend Option Terms for Previously Issued Options

On 23 November 2018, Shareholders approved the allotment and issue of a total of 5,000,000 Options to Mr Paul Poli, Mr Frank Sibbel and Mr Andrew Chapman (or their respective nominees) (2018 Options). The terms and conditions of the 2018 Options (2018 Option Terms) were set out in Annexure A to the Explanatory Statement that accompanied the notice of AGM held on 23 November 2018 (2018 NoM).

The Company seeks Shareholder approval to amend the 2018 Option Terms to allow the entitlement of the holders of those Options to be preserved if the Company undertakes any bonus issue to holders of Shares, which is consistent with Listing Rule 6.22.3.

The proposed term for inclusion is as follows:

If, prior to the expiry of an Option, there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

The terms of the 2018 Options are otherwise unchanged and are set out more fully in the 2018 NoM.

The Chairman intends to exercise all undirected proxies in favour of Resolution 12. If the Chairman of the Annual General Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 12, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

GLOSSARY

\$ means Australian dollars.

10% Placement Facility has the meaning given in section 7.1 of the Explanatory Memorandum.

10% Placement Period has the meaning given in section 7.2(e) of the Explanatory Memorandum.

Annual General Meeting or **Meeting** means the annual general meeting of the Company the subject of the Notice of Meeting.

Associate has the meaning given in sections 11 to 17 of the Corporations Act.

ASX means the Australian Securities Exchange or ASX Limited, as the context requires.

Auditor's Report means the auditor's report included with the annual report of the Company for the financial year ended 30 June 2019.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Matsa Resources Limited ACN 106 732 487.

Constitution means the Company's constitution.

Corporations Act means Corporations Act 2001 (Cth) including any Class Orders or Legislative Instruments made by the Australian Securities and Investments Commission.

Directors means the current directors of the Company.

Director Options means the Options being proposed to be offered to Mr Paul Poli, Mr Frank Sibbel and Mr Andrew Chapman or their respective Related Party Nominee/s on the terms and conditions set out in Annexure B.

Directors' Report means the directors' report included with the annual report of the Company for the financial year ended 30 June 2019.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which accompanies and forms part of this Notice of Meeting.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Notice of Meeting means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

Option means a right to subscribe for a Share.

Optionholder means the holder of an Option.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Related Party means a party so defined by section 228 of the Corporations Act.

Related Party Nominee in relation to a person means a spouse, an entity controlled by the spouse or that person or a trust or superannuation fund in which the spouse and/or that person are primary beneficiaries.

Remuneration Report means the remuneration report appearing in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

Resolution means a resolution proposed pursuant to the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a person entered in the Company's register as a holder of a Share.

Spill Meeting has the meaning given to it in section 3 of the Explanatory Memorandum.

Spill Resolution has the meaning given to it in section 3 of the Explanatory Memorandum.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means the volume weighted average price.

WST means Western Standard Time in Perth, Western Australia.

ANNEXURE A

ISSUES OF EQUITY SECURITIES BY THE COMPANY OVER THE LAST 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING

Date of Issue	Number of Equity Securities Issued	Class of Equity Securities Issued and Summary of Terms of that Class	Names of Allottees or Basis on which Allottees Determined	Price at which Equity Securities Issued and Discount to Market Price¹	Total Cash Consideration²	Amount of Cash Spent and Use of Cash	Intended Use of Remaining Cash	Non-cash consideration	Current Value of Non-cash consideration
23/11/2018	5,000,000	Unlisted options with an exercise price of \$0.17 each expiring 30 November 2021	Option holders	Nil	Nil	N/A	N/A	N/A	N/A
12/12/2018	3,700,000	Unlisted options with an exercise price of \$0.17 each expiring 30 November 2021	Option holders	Nil	Nil	N/A	N/A	N/A	N/A
1/10/2019	40,000,000	Ordinary Shares	Placement to sophisticated and professional investors	Issue price - \$0.15 Market price - \$0.16 Discount to market price – 6.2%	\$6,000,000	Advance exploration on the Lake Carey and Red October gold projects, development of the Fortitude Stage 2 gold project	N/A	N/A	N/A

NOTES

¹ Market price is the closing price on the trading platform, excluding special crossings, overnight sales and ETO exercises.

² Number of Equity Securities issued multiplied by the issue price less costs of the issue.

ANNEXURE B

VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to Messrs Poli, Sibbel and Chapman pursuant to Resolutions 7, 8 and 9 have been valued taking into account the terms and conditions in Schedule 4.

In determining the value of the Director Options the Company has made the following assumptions set out below:

Assumptions:	
Valuation date	7 October 2019
Market price of Shares	\$0.16
Exercise price	\$0.208
Expiry date (length of time from issue)	3 years from date of issue
Risk free interest rate	0.61%
Volatility (discount)	74.67%
Indicative value per Director Option	\$0.0666

Based on these assumptions and using the Black and Scholes valuation model, the Company estimates that the options to be issued to Messrs Poli, Sibbel and Chapman (or their nominee(s)) have an implied value as follows:

Total Value of Director Options	
- <i>Mr Paul Poli</i>	\$183,267
- <i>Mr Frank Sibbel</i>	\$99,963
- <i>Mr Andrew Chapman</i>	\$99,963

Note: The valuation noted above is not necessarily the market price that the Director Options could be traded at and is not automatically the market price for taxation purposes.

SCHEDULE 1

TERMS AND CONDITIONS OF PLACEMENT OPTIONS

The following are the terms and conditions of the Placement Options:

1. Nil consideration will be payable per Option for the issue of the Options.
2. The Options shall expire at 5.00pm WST on the date that is 18 months from the date of issue (**Expiry Date**).
3. Subject to condition 15, the amount payable upon exercise of each Option will be \$0.25 each
4. Subject to these terms and conditions each Option will entitle the holder to subscribe for one fully paid ordinary share (**Share**) in Matsa Resources Limited ACN 106 732 487 (**Company**) by paying the full amount of the Exercise Price.
5. Options may be exercised at any time from the date of issue until the Expiry Date.
6. Options not exercised on or before the Expiry Date will automatically lapse.
7. The Exercise Price shall be payable in full on exercise of the Options.
8. Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of Options being exercised and must be accompanied by:
 - (a) payment for the Exercise Price for each Options being exercised; and
 - (b) the certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) on or before the Expiry Date.
9. Subject to condition 7, within 10 Business Days after the notice referred to in condition 8 becoming effective, the Company must:
 - (a) allot and issue the number of Shares specified in the notice to the holder;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the notice.
10. The Company will not apply for the Options to be quoted on ASX.
11. The Options are transferable.
12. Shares allotted pursuant to an exercise of the Options shall rank, from the date of allotment, *pari passu* with existing Shares of the Company in all respects.
13. The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options quoted on ASX.
14. There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. However, the

Company must give notice as required under the Listing Rules to Optionholders of any new issue of capital before the record date for determining entitlements to the issue in accordance with the Listing Rules.

15. If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules and Corporations Act at the time of the reorganisation.
16. If, prior to the expiry of an Option, there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
17. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
18. If at any time prior to the Expiry Date the Optionholder dies, the deceased holder's legal personal representative may:
 - (a) elect to be registered as the new Optionholder of the deceased Optionholder's Options;
 - (b) whether or not he or she becomes so registered, exercise those Options as if he or she were the holder of them in accordance with those terms and conditions; and
 - (c) if the deceased Optionholder has already given a notice of exercise of his Options, pay the Exercise Price in respect of those Options.
19. There is no right to change the Exercise Price of an Option or the number of underlying Shares over which the Option can be exercised.
20. In these terms and conditions the capitalised terms have the meanings given to them in the Glossary of the Notice of Annual General Meeting.

SCHEDULE 2

TERMS AND CONDITIONS OF TRANCHE 1 TAYLOR COLLISON OPTIONS

The following are the terms and conditions of the Options:

1. Nil consideration will be payable per Option for the issue of the Options.
2. The Options shall expire at 5.00pm WST on 31 May 2021 (**Expiry Date**).
3. Subject to condition 15, the amount payable upon exercise of each Option will be \$0.25 each.
4. Subject to these terms and conditions each Option will entitle the holder to subscribe for one fully paid ordinary share (**Share**) in Matsa Resources Limited ACN 106 732 487 (**Company**) by paying the full amount of the Exercise Price.
5. Options may be exercised at any time from the date of issue until the Expiry Date.
6. Options not exercised on or before the Expiry Date will automatically lapse.
7. The Exercise Price shall be payable in full on exercise of the Options.
8. Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of Options being exercised and must be accompanied by:
 - (a) payment for the Exercise Price for each Options being exercised; and
 - (b) the certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) on or before the Expiry Date.
9. Subject to condition 7, within 10 Business Days after the notice referred to in condition 8 becoming effective, the Company must:
 - (a) allot and issue the number of Shares specified in the notice to the holder;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the notice.
10. The Company will not apply for the Options to be quoted on ASX.
11. The Options are non-transferable.
12. Shares allotted pursuant to an exercise of the Options shall rank, from the date of allotment, *pari passu* with existing Shares of the Company in all respects.
13. The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options quoted on ASX.
14. There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. However, the Company must give notice as required under the Listing Rules to Optionholders of any new

issue of capital before the record date for determining entitlements to the issue in accordance with the Listing Rules.

15. If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules and Corporations Act at the time of the reorganisation.
16. If, prior to the expiry of an Option, there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
17. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
18. If at any time prior to the Expiry Date the Optionholder dies, the deceased holder's legal personal representative may:
 - (a) elect to be registered as the new Optionholder of the deceased Optionholder's Options;
 - (b) whether or not he or she becomes so registered, exercise those Options as if he or she were the holder of them in accordance with those terms and conditions; and
 - (c) if the deceased Optionholder has already given a notice of exercise of his Options, pay the Exercise Price in respect of those Options.
19. There is no right to change the Exercise Price of an Option or the number of underlying Shares over which the Option can be exercised.

SCHEDULE 3

TERMS AND CONDITIONS OF TRANCHE 2 TAYLOR COLLISON OPTIONS

The following are the terms and conditions of the Options:

1. Nil consideration will be payable per Option for the issue of the Options.
2. The Options shall expire at 5.00pm WST on 30 November 2022 (**Expiry Date**).
3. Subject to condition 15, the amount payable upon exercise of each Option will be \$0.35 each.
4. Subject to these terms and conditions each Option will entitle the holder to subscribe for one fully paid ordinary share (**Share**) in Matsa Resources Limited ACN 106 732 487 (**Company**) by paying the full amount of the Exercise Price.
5. Options may be exercised at any time from the date of issue until the Expiry Date.
6. Options not exercised on or before the Expiry Date will automatically lapse.
7. The Exercise Price shall be payable in full on exercise of the Options.
8. Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of Options being exercised and must be accompanied by:
 - (a) payment for the Exercise Price for each Options being exercised; and
 - (b) the certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) on or before the Expiry Date.
9. Subject to condition 7, within 10 Business Days after the notice referred to in condition 8 becoming effective, the Company must:
 - (a) allot and issue the number of Shares specified in the notice to the holder;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the notice.
10. The Company will not apply for the Options to be quoted on ASX.
11. The Options are non-transferable.
12. Shares allotted pursuant to an exercise of the Options shall rank, from the date of allotment, pari passu with existing Shares of the Company in all respects.
13. The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options quoted on ASX.
14. There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. However, the Company must give notice as required under the Listing Rules to Optionholders of any new

issue of capital before the record date for determining entitlements to the issue in accordance with the Listing Rules.

15. If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules and Corporations Act at the time of the reorganisation.
16. If, prior to the expiry of an Option, there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
17. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
18. If at any time prior to the Expiry Date the Optionholder dies, the deceased holder's legal personal representative may:
 - (a) elect to be registered as the new Optionholder of the deceased Optionholder's Options;
 - (b) whether or not he or she becomes so registered, exercise those Options as if he or she were the holder of them in accordance with those terms and conditions; and
 - (c) if the deceased Optionholder has already given a notice of exercise of his Options, pay the Exercise Price in respect of those Options.
19. There is no right to change the Exercise Price of an Option or the number of underlying Shares over which the Option can be exercised.

SCHEDULE 4
TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The following are the terms and conditions of the Director Options:

1. Nil consideration will be payable per Option for the issue of the Options.
2. The Options shall expire at 5.00pm WST on the date that is three (3) years from the date of issue (**Expiry Date**).
3. Subject to condition 15, the amount payable upon exercise of each Option will be equal to 130% (rounded up to the nearest one half of a cent) of VWAP of the Shares over a period of 10 Trading Days ending on the Trading Day immediately before the date of the Annual General Meeting (**Exercise Price**). The Company will announce the Exercise Price before the Annual General Meeting, however by way of example and based on the VWAP of the shares in the 10 Trading Days immediately prior to the date of this Notice being 15 cents, the exercise price of each option would be 19.5 cents.
4. Subject to these terms and conditions each Option will entitle the holder to subscribe for one fully paid ordinary share (**Share**) in Matsa Resources Limited ACN 106 732 487 (**Company**) by paying the full amount of the Exercise Price.
5. Options may be exercised at any time from the date of issue until the Expiry Date.
6. Options not exercised on or before the Expiry Date will automatically lapse.
7. The Exercise Price shall be payable in full on exercise of the Options.
8. Options may only be exercised by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of Options being exercised and must be accompanied by:
 - (a) payment for the Exercise Price for each Options being exercised; and
 - (b) the certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of that cheque) on or before the Expiry Date.
9. Subject to condition 7, within 10 Business Days after the notice referred to in condition 8 becoming effective, the Company must:
 - (a) allot and issue the number of Shares specified in the notice to the holder;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new certificate for any remaining Options covered by the certificate accompanying the notice.
10. The Company will not apply for the Options to be quoted on ASX.
11. The Options are transferable.
12. Shares allotted pursuant to an exercise of the Options shall rank, from the date of allotment, *pari passu* with existing Shares of the Company in all respects.

13. The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options quoted on ASX.
14. There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. However, the Company must give notice as required under the Listing Rules to Optionholders of any new issue of capital before the record date for determining entitlements to the issue in accordance with the Listing Rules.
15. If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, Options will be reorganised in accordance with the Listing Rules and Corporations Act at the time of the reorganisation.
16. If, prior to the expiry of an Option, there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
17. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
18. If at any time prior to the Expiry Date the Optionholder dies, the deceased holder's legal personal representative may:
 - (a) elect to be registered as the new Optionholder of the deceased Optionholder's Options;
 - (b) whether or not he or she becomes so registered, exercise those Options as if he or she were the holder of them in accordance with those terms and conditions; and
 - (c) if the deceased Optionholder has already given a notice of exercise of his Options, pay the Exercise Price in respect of those Options.
19. There is no right to change the Exercise Price of an Option or the number of underlying Shares over which the Option can be exercised.
20. In these terms and conditions the capitalised terms have the meanings given to them in Section 7 "Definitions" of the Notice of Annual General Meeting.

SCHEDULE 5

KEY TERMS OF THE EMPLOYEE SHARE OPTION PLAN

The following are the key terms and conditions of the Employee Share Option Plan:

1. Only full time or part-time employee or consultant of the Company or a Related Body Corporate of the Company are eligible to participate in the Plan. Participation in the Plan is at the absolute discretion of the Board.
2. Subject to any applicable Listing Rules or laws, the Plan will take effect when the Board decides and may be suspended, terminated or amended at any time by resolution of the Board.
3. Eligible participants may from time to time be made offers to be issued Options under the Plan for no or nominal consideration.
4. The number of Options that may be offered under the Plan is limited in accordance with the limits prescribed in the Corporations Act.
5. The Options are exercisable wholly or in part at any time before 5.00 pm AWST on the last day of the exercise period. Options not exercised by that date shall lapse. The exercise of options may be subject to a restriction period.
6. Each Option shall entitle the option holder to acquire one fully paid ordinary Share upon payment of the sum of the exercise price specified in the offer accepted by the participant. The exercise price will be an amount determined by the Board prior to the offer of the Option as the subscription price per Share payable by a participant on exercise of the Option.
7. The Options are non-transferable unless to a nominee or otherwise approved by the Board.
8. Each Option may be exercised by notice in writing to the Company at any time before their date of expiry. Any notice of exercise of an Option received by the Company with payment in full of the exercise price will be deemed to be a notice of the exercise of that Option as at the date of receipt.
9. Application will not be made to ASX for official quotation of the Options. Application will be made for official quotation of the Shares issued upon exercise of Options.
10. An Option will lapse immediately upon the first to occur of its expiry date or the holder acting fraudulently or dishonestly in relation to the Company.
11. An Option will lapse 1 month after voluntary resignation from employment or engagement by the party to whom an offer of Options was made (whether or not the Options are held by that person or a nominee).
12. An Option will lapse one year after the death, permanent disability or redundancy of the party to whom an offer of Options was made (whether or not the Options are held by that person or a nominee).
13. There are no participating rights or entitlements inherent in the Options and option holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 business days after the issue is announced so as to give option holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

14. Shares allotted pursuant to the exercise of Options will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued Shares.
15. In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed in accordance with the Listing Rules.
16. If, from time to time, before the expiry of the Options the Company makes a pro-rata issue of Shares to shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the option holder would have received if the option had been exercised before the date for calculating entitlements to the pro-rata issue.
17. If, prior to the expiry of an Option, there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.

MATSA RESOURCES LIMITED
ACN 106 732 487
PROXY FORM

Name: _____

Address: _____

SRN / HIN: _____

Appointment of a proxy

I/We being a member(s) of Matsa Resources Limited hereby appoint:

(Write here the name of the person you are appointing)

or failing the person named, or if no person is named, the Chairman as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Matsa Resources Limited to be held at Suite 11, 139 Newcastle Street, Perth Western Australia at 10.30am (WST) on Thursday, 28 November 2019 and at any adjournment of that meeting.

The Chairman of the Annual General Meeting intends to vote all undirected proxies in favour of all Resolutions in which the Chairman is entitled to vote.

Should you so desire to direct the proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

		For	Against	Abstain
Resolution 1	Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director: Paul Poli	☐	☐	☐
Resolution 3	Ratification of Prior Issue of Shares	☐	☐	☐
Resolution 4	Ratification of Prior Issue of Shares	☐	☐	☐
Resolution 5	Approval of Issue of Placement Options	☐	☐	☐
Resolution 6	Approval of Issue of Options to Taylor Collison	☐	☐	☐
Resolution 7	Issue of Options to Paul Poli	☐	☐	☐
Resolution 8	Issue of Options to Frank Sibbel	☐	☐	☐
Resolution 9	Issue of Options to Andrew Chapman	☐	☐	☐
Resolution 10	Approval of Employee Share Option Plan	☐	☐	☐
Resolution 11	Approval of 10% Placement Facility	☐	☐	☐
Resolution 12	Approval to Amend Terms of Existing Options	☐	☐	☐

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

IMPORTANT - If the Chairman of the

Meeting is your proxy or is appointed as your proxy by default and you do not mark any of the boxes above in respect of Resolution 1, 7, 8, 9 and 12 you are expressly authorising and directing the Chairman of the Meeting to exercise your proxy on that Resolution in accordance with the Chairman's voting intentions as set out above and in the Notice of Annual General Meeting, even though Resolution 1, 7, 8, 9 and 12 are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

*This Proxy is appointed to represent _____% of my voting right, or if two proxies are appointed Proxy 1 represents _____% and Proxy 2 represents _____% of my/our total votes.
My/our total voting right is _____ shares.*

IF THE SHAREHOLDER IS AN INDIVIDUAL OR JOINT HOLDER:

Signature: _____

Signature: _____

IF THE SHAREHOLDER IS A COMPANY:

Affix common seal (if required by Constitution)

Director/Sole Director and Secretary

Director/Secretary

Dated:

In addition to signing the Proxy Form above please provide the information below in case we need to contact you.

Contact name

Contact Daytime Telephone

INSTRUCTIONS FOR APPOINTMENT OF PROXY

- (a) A Shareholder entitled to attend and to cast two or more votes is entitled to appoint no more than two proxies to attend and vote at this Annual General Meeting as the Shareholder's proxy. A proxy need not be a Shareholder of the Company.
- (b) Where more than one proxy is appointed, each proxy must be appointed to represent a specific proportion of the Shareholder's voting rights. If such appointment is not made then each proxy may exercise half of the Shareholder's voting rights. Fractions shall be disregarded. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available from the Company, or alternatively you may copy this form.
- (c) The proxy form must be signed personally by the Shareholder or his attorney, duly authorised in writing. If a proxy is given by a corporation, the proxy must be executed in accordance with its constitution or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by each of the joint Shareholders, personally or by a duly authorised attorney.
- (d) If a proxy is executed by an attorney of a Shareholder, then the original of the relevant power of attorney or a certified copy of the relevant power of attorney, if it has not already been noted by the Company, must accompany the proxy form.
- (e) Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
- (f) To be effective, forms to appoint proxies must be received by the Company no later than 48 hours before the time appointed for the holding of this Annual General Meeting by post, facsimile or email to the address stipulated in this proxy form. If the proxy form specifies a way in which the proxy is to vote on any of the Resolutions stated above, then the following applies:
 - o the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - o if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
 - o if the proxy is Chairman, the proxy must vote on a poll and must vote that way; and
 - o if the proxy is not the Chairman, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.
- (g) If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.
- (h) To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - o delivering it to Matsa Resources Limited in person at Suite 11, 139 Newcastle Street, Perth WA;
 - o post to Matsa Resources Limited, PO Box 376, Northbridge, WA 6865;
 - o facsimile to the Company on facsimile number +61 8 9227 0370; or
 - o email to the Company at reception@matsa.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.