



MATSA RESOURCES LIMITED
ACN 106 732 487

NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting
23 July 2009

Time of Meeting
10.00am

Place of Meeting
Vultures Restaurant
Cnr of Francis and William Streets
Northbridge WA 6003

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

MATSA RESOURCES LIMITED
ACN 106 732 487

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Shareholders of Matsa Resources Limited (**Company** or **Matsa**) is to be held at **Vultures Restaurant, Cnr of Francis and William Streets, Northbridge WA 6003** on **23 July 2009** at **10.00am** for the purpose of transacting the following business.

An Explanatory Memorandum containing information in relation to the following resolutions accompanies this Notice of General Meeting.

AGENDA

RESOLUTION 1 – Ratification of Prior Issues of Shares

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue by the Company of:

- (a) 1,450,000 Shares on 13 February 2009 at an issue price of \$0.08 per Share; and*
- (b) 8,800,000 Shares on 6 March 2009 at an issue price of \$0.10 per Share,*

as further described in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by the persons who participated in these issues of Shares and any associates of those persons. However, the Company need not disregard a vote if the vote 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 the vote 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 2 – Approval of issue of Shares to Mr Paul Poli and Mr Andrew Viner (or their nominees)

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

"That for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,248,333 Shares in the Company to Mr Paul Poli and Mr Andrew Viner (or their nominees), in full and final satisfaction of an amount of \$124,833.32 owed to them by the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on this resolution by the persons who are to receive Shares, being Mr Poli and Mr Viner (or their nominees), or any associates of those persons. However, the Company need not disregard a vote if the vote 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 the vote 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 3 – Approval of issue of Shares to RASL

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

“That for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of 1,232,239 Shares in the Company to RASL AU, LLC (or its nominees), in full and final satisfaction of an amount of \$123,223.91 owed to RASL AU, LLC by the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by the persons who are to receive Shares, being RASL AU, LLC, (or its nominees) or any associates of those persons. However, the Company need not disregard a vote if the vote 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 the vote 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.

By order of the Board



Andrew Chapman
Company Secretary
Dated: 19 June 2009

NOTES ON VOTING AND PROXIES

PROXIES

- A shareholder entitled to attend and vote at the general meeting of shareholders may appoint not more than two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specified 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.
- A proxy may, but need not be, a shareholder of the Company.
- The instrument appointing a proxy must be in writing, executed by the appointor or his/her attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer, or officers, or his/her attorney(s) duly authorised.
- The instrument or proxy (and the power of attorney or other authority, if any, under which it is signed, or a certified copy of the same) must be lodged by person, post, courier or facsimile and reach the registered office of the Company at least 48 hours prior to the meeting. For the convenience of shareholders a Proxy Form is enclosed – that form provides further details on appointing proxies and lodging proxy forms.

CORPORATE REPRESENTATIVES

A body corporate may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the General Meeting

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations, the Company has determined that members holding ordinary shares at 5.00 pm Western Standard Time on 21 July 2009 will be entitled to attend and vote at the 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 General Meeting ("**Notice of Meeting**") of Matsa Resources Limited ("**Company**").

This Explanatory Memorandum contains important information (including that required to be disclosed to shareholders in accordance with the Corporations Act and the ASX Listing Rules) and the Directors of the Company 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.

RESOLUTION 1 – RATIFICATION OF PRIOR ISSUES OF SHARES

Background

On 13 February 2009 the Company announced it had raised \$80,000 for working capital purposes by placing 1,000,000 new Shares at an issue price of \$0.08 per Share as well as issuing 450,000 new Shares at the same issue price in lieu of consultancy services and tenement settlement payments (collectively the "**First Placement**").

On 6 March 2009 the Company announced that it had raised a further \$880,000 to accelerate the Company's development programs targeting gold production within the next 12 months at its Norseman Gold Project located in the Eastern Goldfields region of Western Australia, and for working capital purposes, by placing 8,800,000 new Shares at an issue price of \$0.10 per Share (the "**Second Placement**"). These shares were placed with professional and sophisticated investors and the placement was managed by LinQ Corporate Pty Ltd.

ASX Listing Rule 7.4 approval

Listing Rule 7.1 provides that a company may not (without shareholder approval) issue equity securities representing more than 15% of its issued capital within any 12 month period.

Under Listing Rule 7.4, an issue of securities made without prior shareholder approval can be ratified (and treated as having been made with approval for the purposes of Listing Rule 7.1) if:

- the issue did not breach Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

Accordingly, the Company seeks Shareholder ratification (pursuant to Listing Rule 7.4) of the issue of these 10,250,000 Shares (comprising the First Placement and Second Placement) in order to reinstate the Company's capacity to issue up to 15% of its ordinary capital, if required, in the next 12 months without shareholder approval.

For the purposes of Listing Rule 7.5, the following information is provided to Shareholders:

First Placement

- (a) 1,450,000 Shares were issued.
- (b) These Shares were issued at \$0.08 each.
- (c) These Shares are fully paid ordinary shares in the Company and rank pari passu with all other Shares on issue.
- (d) The issue was made to the following parties:

John Henry Rutter	200,000
Bradley James Breslin	50,000
Bajak Investments Pty Ltd ATF The Swallow Superannuation Fund	250,000
Edwin Leigh Davies ATF The Davies Family Trust	750,000
Mr Mario John Pirone <The Mandalay Investments Family A/C>	200,000
TOTAL	1,450,000

- (e) The purpose of the issue was to raise \$80,000 for working capital purposes and in lieu of payment for consultancy services provided to the Company and tenement settlement payments.

Second Placement

- (a) 8,800,000 Shares were issued.
- (b) These Shares were issued at \$0.10 each.
- (c) These Shares are fully paid ordinary shares in the Company and rank pari passu with all other Shares on issue.
- (d) The issue was made to the following sophisticated investors identified and introduced to the Company by LinQ Corporate Pty Ltd.

Celtic Capital Pty Ltd <The Celtic Capital A/C>	450,000
RBC Dexia Investor Services Australia Nominees Pty Limited	2,850,000
Generation Holdings Pty Ltd	500,000
Derida No 2 Pty Ltd <Derida No 2 A/C>	180,000
Manfree Nominees Pty Ltd <Freeman Super Fund A/C>	250,000
Richard Michaels	70,000
Malbek Holdings Pty Ltd <CPB Super Fund A/C>	70,000
William Robert Maunder & Jennette Margaret Maunder ATF WR & JM Maunder Superannuation Fund	300,000
Oliver Nikolovski ATF The Nikolovski Family Trust	450,000
Mr Paul Anthony Heatley <Heatley Family A/C>	30,000
Springbok Investments Pty Ltd <The Laurie Puddy S/F A/C>	150,000
Surfboard Pty Ltd <ARW Super Fund No 1>	850,000
ACP Investments Pty Ltd <A&L Pismiris S/F A/C>	250,000
Mr Aziz Hussain	250,000

Dr Salim Cassim	900,000
Mr John Georgiades & Miss Nicole Louise Morcombe <The Conventus Capital A/C>	250,000
HSBC Custody Nominees (Australia) Limited	1,000,000
TOTAL	8,800,000

- (e) The purpose of the issue was to raise \$880,000 to accelerate the Company's development programs targeting gold production within the next 12 months at its Norseman Gold Project located in the Eastern Goldfields region of Western Australia. and for working capital purposes.

RESOLUTION 2 – APPROVAL OF ISSUE OF SHARES TO MR PAUL POLI AND MR ANDREW VINER

Background

As shareholders would be aware, on 15 August 2008 the Company announced that it had entered into an agreement to acquire Matsa Resources Pty Ltd (**Matsa**), a private company associated with Mr Paul Poli and Mr Andrew Viner, and furthermore for Mr Paul Poli and Mr Andrew Viner to acquire the majority of Shares in the Company from the Company's major shareholder RASL AU, LLC (**RASL**). On 27 October 2008 the Company announced that due to turmoil in the international financial markets the terms of the proposed acquisition of Matsa and the proposed capital raising had been revised (pursuant to a revised transaction agreement between, inter alia, the Company, RASL, and Messrs Poli and Viner dated 26 October 2008 (the "**Transaction Agreement**")). These matters required shareholder approval and a general meeting was held for this purpose on 18 December 2008.

On 23 December 2008 the Company announced that, following shareholder approval at the meeting on 18 December 2008, it had concluded settlement of the acquisition of Matsa.

Pursuant to the Transaction Agreement, each of Mr Paul Poli and Mr Andrew Viner (on the one hand) and RASL (on the other) agreed to advance to the Company up to \$125,000 to be applied for short term working capital purposes. This advance (totalling up to \$250,000 in aggregate) was to be repaid on or before 31 December 2009 and was to be interest free unless not repaid by the relevant date. The loan was to be repaid in cash from the proceeds of any capital raising or (at the lenders' election) by way of an issue of Company shares at the same price as the Shares were issued under the relevant capital raising.

Following completion of the acquisition of Matsa on 23 December 2008, the Company announced (on 9 January 2009), that it had raised \$750,000 for working capital purposes by placing 9,375,000 new Shares at an issue price of \$0.08 per Share. This issue was covered by shareholder approvals granted at the meeting on 18 December 2008. As described in Resolution 1 (above), 1,450,000 Shares were issued on 13 February 2009 at an issue price of \$0.08 per Share and 8,800,000 Shares were issued on 6 March 2009 at an issue price of \$0.10 per Share. A further 9,930,000 Shares were issued on 3 April 2009 pursuant to a share purchase plan also at an issue price of \$0.10 per Share.

Subject to shareholder approval, Mr Paul Poli and Mr Andrew Viner have agreed to accept an issue of 1,248,333 Shares in the Company to them (or their nominees), in full and final satisfaction of the amount of \$124,833.32 owed to them by the Company. This values each of the Shares to be received at \$0.10 (the same value as the latter two capital raisings conducted by the Company (referred to above) following the acquisition by the Company of Matsa).

Corporations Act Chapter 2E approval

Section 208A of the Corporations Act (“**Act**”) provides that for a public company to give a financial benefit to a related party, that company must first obtain the approval of its members (unless the giving of the benefit falls within an exception in Chapter 2E). Mr Paul Poli and Mr Andrew Viner are directors of the Company and are, accordingly, considered to be related parties of it.

While the working capital loan arrangements in the Transaction Agreement were negotiated at arms’ length (which is an exception to the need to seek shareholder approval) prior to the acquisition of Matsa by the Company (or the appointment of Messrs Poli and Viner to the board), the Directors consider it prudent to seek a Chapter 2E approval and have these matters approved by shareholders.

Section 219 of the Act requires that shareholders be given all information that is reasonably required by them in order to decide whether or not it is in the Company’s interests to pass the proposed resolution.

In accordance with section 219 of the Corporations Act, the Company provides the following information:

- The related parties in relation to whom approval is sought are Messrs Poli and Viner (or their nominees). Messrs Poli and Viner are, as Directors of the Company, related parties of it.
- The nature of the proposed financial benefit is an issue of 1,248,333 fully paid ordinary shares in the Company at an issue price of \$0.10 per share. This is based on the issue price under the latter two capital raisings conducted by the Company (see above) but is lower than the most recent trading price of the Company’s shares on ASX (see trading details below). On the basis of the most recent trading price of \$0.14 on 1 June 2009 (being the last practicable date prior to finalisation of this Notice prior to its lodgement with ASIC), Messrs Poli and Viner will (by being issued shares at an issue price of \$0.10) receive a notional benefit of \$49,933.32. However, it should be noted that:
 - the Company’s Share price may fluctuate over time (and may fall below the most recently stated trading price); and
 - these shares are to be issued to discharge a debt of \$124,833.32 owed by the Company to Messrs Poli and Viner pursuant to the Transaction Agreement, and that those funds are being made available on an interest free basis to the Company.
- As executive directors, Messrs Poli and Viner are remunerated by the Company for their services. Pursuant to their Executive Service Agreements, Mr Poli and Mr Viner received a reduced annual remuneration of \$150,000 (exclusive of superannuation) until 1 April 2009 when their remuneration was increased to \$200,000 for an initial term of 3 years from the date of their appointment. They have also previously been awarded Options in the Company (see below).
- At present, there are 88,561,143 fully paid ordinary shares on issue. If this resolution 2 is approved, a further 1,248,333 shares will be issued, which would result in a dilution to existing shareholders of approximately 1.41% (or 1.16% on a fully diluted basis, assuming that all existing Options in the Company are exercised). Shareholders should note that further dilution may result if Resolution 3 is also approved (see the descriptions of that resolution in this Explanatory Memorandum).
- Given that Messrs Poli and Viner were ‘acting in concert’ in relation to the matters set out in the Transaction Agreement, they have previously regarded themselves as associates. Assuming this still to be the case, their aggregate present shareholding

in the Company (together with associates) is 11,587,600 (or 13.08%). Messrs Poli and Viner also have: (i) a right of first refusal over 3,000,000 shares in the Company held by RASL (disclosed and approved at the 18 December 2008 general meeting); and (ii) 11,414,400 options (the issue and conversion of which was approved by shareholders at the 18 December 2008 general meeting).

- The highest and lowest prices of the Company's Shares on ASX over the last 12 months prior to the date of finalisation of this Notice (adjusted to take into account the recent share consolidation) are \$0.415 on 3 June 2008 and \$0.065 on 26 November 2008 respectively. The most recent trading price of the Company's Shares on ASX prior to the finalisation of this Notice is \$0.14 on 1 June 2009.
- Mr Michael Atkins, the only director who does not have an interest in the outcome of this resolution, recommends that Shareholders approve this resolution as:
 - Having regard to current market and world financial conditions it is in the Company's interests to eliminate debt without reducing working capital or cash assets (which would be the position if this Resolution 2 is not passed, and the debt is required to be repaid in cash);
 - the shares will be issued at the same price as both the capital raising announced on 6 March 2009 and the share purchase plan (shares under which were issued on 3 April 2009), so there is considered a fair benchmark for the determination of the issue price; and
 - the dilutionary impact of the share issue is only 1.41%;

Given that the benefit proposed to be given is an issue of shares (and that shares can be valued by reference to ASX market trading, details of which are provided above) it was not considered necessary to commission a valuation, or expert's report in respect of, any proposed financial benefit to be given to Messrs Poli and Viner.

Having regard to their interests in the outcome of this resolution, Mr Paul Poli and Mr Andrew Viner abstain from making a recommendation to shareholders in respect of this resolution 2.

- Other than the information set out in the Notice of Meeting and Explanatory Memorandum, the Company and its Directors are not aware of any other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to approve this resolution. In particular, other than as set out in this Explanatory Memorandum, the Directors do not consider that there are any adverse or material opportunity costs, taxation consequences or benefits foregone to the Company in issuing the shares the subject of resolution 2.
- As required by section 220 of the Corporations Act, this Notice of Meeting and this Explanatory Memorandum were lodged with ASIC before notice of the General Meeting was given to Shareholders.

ASX Listing Rule 10.11 approval

As noted above, Messrs Poli and Viner are, by virtue of their position as directors, considered to be "related parties" of the Company. The fact that Messrs Poli and Viner are related parties means that approval is also required for the purposes of the ASX Listing Rules.

Listing Rule 10.11 provides that, without shareholder approval, a company may not issue equity securities (which includes Shares) to a related party. Approval is therefore sought to issue Messrs Poli and Viner (or their nominees) with the 1,248,333 Shares referred to above in full satisfaction of their \$124,833.32 loan to the Company (on the terms outlined above). It is intended that these Shares be issued as soon as practicable following the General

Meeting, but they will in any event be issued within one month of the General Meeting. The Shares will rank equally with all Shares currently on issue.

Shareholders should note that approval under Listing Rule 10.11 is an exception to Listing Rule 7.1 (so that any Shares so issued to Messrs Poli and Viner (or their nominees)) will not count toward determination of the Company's 15% capacity under Listing Rule 7.1).

No funds will be raised by the Company from the issue of the Shares – however, the issue of the Shares will allow the Company to avoid being required to repay the loan amount of \$124,833.32 in cash.

RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES TO RASL AU LLC

Background

As set out above, pursuant to the Transaction Agreement, each of Mr Paul Poli and Mr Andrew Viner (on the one hand) and RASL (on the other) agreed to advance to the Company up to \$125,000 to be applied for short term working capital purposes. This advance (totalling up to \$250,000 in aggregate) was to be repaid on or before 31 December 2009 and was to be interest free unless not repaid by the relevant date. The loan was to be repaid in cash from the proceeds of any capital raising or (at the lenders' election) by way of an issue of Company shares at the same price as the Shares were issued under the relevant capital raising.

Following completion of the acquisition of Matsa on 23 December 2008, the Company announced (on 9 January 2009), that it had raised \$750,000 for working capital purposes by placing 9,375,000 new Shares at an issue price of \$0.08 per Share. This issue was covered by shareholder approvals granted at the meeting on 18 December 2008. As described in Resolution 1 (above), 1,450,000 Shares were issued on 13 February 2009 at an issue price of \$0.08 per Share and 8,800,000 Shares were issued on 6 March 2009 at an issue price of \$0.10 per Share. A further 9,930,000 Shares were issued on 3 April 2009 pursuant to a share purchase plan also at an issue price of \$0.10 per Share.

Subject to shareholder approval, RASL has agreed to accept an issue of 1,232,239 Shares in the Company to it (or its nominees), in full and final satisfaction of the amount of \$123,223.91 owed to it by the Company. This values each of the Shares to be received at \$0.10 (the same value as the latter two capital raisings conducted by the Company following the acquisition by the Company of Matsa and referred to above).

Corporations Act Chapter 2E approval

As described above, section 208A of the Corporations Act ("**Act**") provides that for a public company to give a financial benefit to a related party, that company must first obtain the approval of its members (unless the giving of the benefit falls within an exception in Chapter 2E).

As announced on 24 December 2008, following the completion of the acquisition of Matsa on 23 December 2008, Messrs Stanley Lewis and Richard Alter tendered their resignations as directors of the Company. Prior to this Messrs Stanley Lewis and Richard Alter were directors of the Company and accordingly were considered to be "related parties" of it. Messrs Lewis and Alter were also (and continue to be) directors and shareholders of RASL and therefore RASL was also considered to be a "related party" (being an entity controlled by related parties).

Section 228(5) of the Act provides that an entity is a related party of a public company at a particular time if the entity was a related party at any time within the previous six months.

Accordingly RASL is at the date of this Notice considered to be a related party of the Company. Despite the fact that, at the time the Shares are proposed to be issued (being after 23 June 2009), RASL will no longer be a related party, the Company considered it prudent to obtain Chapter 2E approval.

Section 219 of the Act requires that shareholders be given all information that is reasonably required by them in order to decide whether or not it is in the Company's interests to pass the proposed resolution.

In accordance with section 219 of the Corporations Act, the Company provides the following information:

- The related party in relation to whom approval is sought is RASL AU, LLC (or its nominees). The Corporations Act provides that any entity that was a related party within the previous six months is still considered to be a related party of the Company for these purposes.
- The nature of the proposed financial benefit is an issue of 1,232,239 fully paid ordinary shares in the Company at an issue price of \$0.10 per share. This is based on the issue price under the latter capital raisings conducted by the Company (see above) but is lower than the most recent trading price (prior to the finalisation of this notice and its lodgement with ASIC) of the Company's shares on ASX (see trading details below). On the basis of the most recent trading price of \$0.14 on 1 June 2009, RASL will (by being issued shares at an issue price of \$0.10) receive a notional benefit of \$49,289.56. However, it should be noted that:
 - the Company's Share price may fluctuate over time (and may fall below the most recently stated trading price); and
 - these shares are to be issued to discharge a debt of \$123,223.91 owed by the Company to RASL pursuant to the Transaction Agreement, and that those funds are being made available on an interest free basis to the Company.
- Neither RASL nor its directors (Stanley Lewis and Richard Alter) hold any office with, or are employed or engaged by, the Company in any capacity – so receive no remuneration or similar emoluments from the Company. RASL does hold some Options in the Company (see below).
- At present, there are 88,561,143 fully paid ordinary shares on issue. If this resolution 3 is approved, a further 1,232,239 shares will be issued, which would result in a dilution to existing shareholders of approximately 1.39% (or 1.15% on a fully diluted basis, assuming that all existing options in the Company are exercised). Shareholders should note that further dilution may result if Resolution 2 is also approved (see the descriptions of that resolution in this Explanatory Memorandum).
- RASL's aggregate present shareholding in the Company (together with its associates) is 7,550,002 (or 8.52%). RASL also holds 3,000,000 options (the issue and conversion of which were approved by shareholders at the 18 December 2008 general meeting).
- The highest and lowest prices of the Company's Shares on ASX over the last 12 months prior to the date of the finalisation of this Notice (adjusted to take into account the recent share consolidation) are \$0.415 on 3 June 2008 and \$0.065 on 26 November 2008 respectively. The most recent trading price of the Company's Shares on ASX prior to the finalisation of this Notice is \$0.14 on 1 June 2009.
- The Directors of the Company (none of whom has an interest in the outcome of this resolution 3) each recommend that Shareholders approve this resolution as:
 - Having regard to current market and world financial conditions it is in the Company's interests to eliminate debt without reducing working capital or cash

assets (which would be the position if this Resolution 3 is not passed, and the debt is required to be repaid in cash);

- the shares will be issued at the same price as the capital raising announced on 6 March 2009 and the share purchase plan (shares under which were issued on 3 April 2009), so there is considered a fair benchmark for the determination of the issue price;
- the dilutionary impact of the share issue is only 1.39%;

Given that the benefit proposed to be given is an issue of shares (and that shares can be valued by reference to ASX market trading, details of which are provided above) it was not considered necessary to commission a valuation, or expert's report in respect of, any proposed financial benefit to be given to RASL.

- Other than the information set out in the Notice of Meeting and Explanatory Memorandum the Company and its Directors are not aware of any other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to approve this resolution. In particular, other than as set out in this Explanatory Memorandum, the Directors do not consider that there are any adverse or material opportunity costs, taxation consequences or benefits foregone to the Company in issuing the shares the subject of resolution 3.
- As required by section 220 of the Corporations Act, this Notice of Meeting and this Explanatory Memorandum were lodged with ASIC before notice of the General Meeting was given to Shareholders.

ASX Listing Rule 10.11 approval

As noted above, RASL is, by virtue of it having been a related party within the previous six months, considered to be a "related party" of the Company (although it will no longer be one at the time of the proposed issue of these Shares). The fact that RASL is a related party means that approval is also required for the purposes of the ASX Listing Rules.

Listing Rule 10.11 provides that, without shareholder approval, a company may not issue equity securities (which includes Shares) to a related party. Approval is therefore sought to issue RASL (or its nominees) with the 1,232,239 Shares referred to above in full satisfaction of its \$123,223.91 loan to the Company (on the terms outlined above). It is intended that these Shares be issued as soon as practicable following the General Meeting, but they will in any event be issued within one month of the General Meeting. The Shares will rank equally with the Shares currently on issue.

Shareholders should note that approval under Listing Rule 10.11 is an exception to Listing Rule 7.1 (so that any Shares so issued to RASL (or its nominees)) will not count toward determination of the Company's 15% capacity under Listing Rule 7.1).

No funds will be raised by the Company on the issue of the Shares – however, the issue of the Shares will allow the Company to avoid being required to repay the loan amount of \$123,223.91 in cash.

GLOSSARY

General Meeting means the general meeting of Shareholders to be held on 23 July 2009 and any adjournment of that meeting.

ASX means ASX Limited ABN 98 008 624 691 or the market operated by it, as the context requires.

Board means the board of Directors of the Company.

Business Day means a day that is not a Saturday, Sunday or public holiday in Perth, WA.

Company means Matsa Resources Limited ACN 106 732 487.

Corporations Act means the Corporations Act 2001 (Cwlth).

Directors means directors of the Company.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the Listing Rules of ASX.

Matsa means Matsa Resources Limited ABN 86 124 797 726 (formerly Matsa Resources Pty Ltd), a private company acquired by the Company in December 2008.

Notice of Meeting means the notice of the General Meeting which accompanies this Explanatory Memorandum.

Option means an option over an unissued Share.

Poli means Mr Paul Poli.

RASL means RASL AU, LLC, a company which currently holds 7,550,002 Shares in the Company.

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

Shareholder or **Member** means the holder of a Share.

Viner means Mr Andrew Viner.

MATSA RESOURCES LIMITED
ACN 106 732 487
PROXY FORM

The Company Secretary
Matsa Resources Limited
Suite 1, Vosper House
31-33 Dugan Street
Kalgoorlie WA 6430
Facsimile: (08) 9021 7277

I/We (name of shareholder)
of (address)

being a member/members of Matsa Resources Limited HEREBY APPOINT:

(name)
of (address)

and/or failing him/her (name)
of (address)

or failing that person then the Chairman of the General Meeting as my/our proxy to act generally for me/us and to vote in accordance with the following directions or, if no directions are given, as the proxy sees fit at the General Meeting of the Company to be held on 23 July 2009 at 10.00am WST at Vultures Restaurant, Cnr of Francis and William Streets Northbridge WA 6003, Perth, Western Australia and at any adjournment of the meeting.

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 Ratification of Prior Approval of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of issue of Shares to Mr Paul Poli and Mr Andrew Viner (or their nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of issue of Shares to RASL AU, LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

In respect of Resolution 2, if the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Resolution 2, please place a mark in this box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of Resolution 2 and that votes cast by the Chair of the meeting for Resolution 2 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your vote on that Resolution and your vote will not be counted in calculating the required majority if a poll is called on that Resolution.

The Chairman intends to vote any undirected proxies in favour of all Resolutions.

*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

1. A Shareholder entitled to attend and vote 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.
2. 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.
3. 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 under either the common seal of the corporation or under the hand of an officer of the company or its duly authorised attorney. In the case of joint Shareholders, this proxy must be signed by at least one of the joint Shareholders, personally or by a duly authorised attorney.
4. 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.
5. 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 delivery, post or facsimile to the respective addresses stipulated in this proxy form.
6. If the proxy form specifies a way in which the proxy is to vote on the Resolutions stated above, then the following applies:
 - (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) if the proxy has 2 or more appointments that specify different ways to vote on the Resolutions, the proxy must not vote on a show of hands;
 - (c) if the proxy is Chairperson, the proxy must vote on a poll and must vote that way; and
 - (d) if the proxy is not the Chairperson, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote that way.

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.