

**MATSA RESOURCES LIMITED
ACN 106 732 487**

NOTICE OF ANNUAL GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

DATE OF MEETING

Friday, 24 November 2017

TIME OF MEETING

10.00am

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.

MATSA RESOURCES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2017 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 Friday, 24 November 2017 at 10.00am 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 Wednesday, 22 November 2017.

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 2017, 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 2017."

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:
 - (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 Andrew Chapman 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 Andrew Chapman, a Director, retires by rotation, and being eligible, is re-elected as a Director."

RESOLUTION 3 – Issue of Shares to Saracen Mineral Holdings Limited*

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 7.1 and for all other purposes, approval is given for the Company to issue 4,545,000 Shares at an issue price of \$0.22 per Share to Saracen Mineral Holdings Limited on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Saracen Mineral Holdings Limited or any of its 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.

* This resolution will only be put to Shareholders if the shares have not been issued by the date of the Annual General Meeting

RESOLUTION 4 – Ratification of Prior Issue of Shares to Saracen Mineral Holdings Limited*

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 7.4 and for all other purposes, this meeting ratifies the issue of 4,545,000 Shares at an issue price of \$0.22 per Share to Saracen Mineral Holdings Limited on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by Saracen Mineral Holdings Limited or any of its 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.

*This resolution will only be put to Shareholders if the shares are issued between the date of this Notice of Meeting and the date of the Annual General Meeting

RESOLUTION 5 – 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.”

The Company will disregard any votes cast on this Resolution by a person (and any Associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed (and any Associates of such a person). However, the Company will not disregard a vote if (a) 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 (b) 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 6 – Ratification of Prior Issue of 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 Listing Rule 7.4 and for all other purposes, this meeting ratifies the issue of 1,000,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by any person who participated in the Option issue or any of their 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.

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: 10 October 2017

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:
 - the proxy is not recorded as attending the meeting;
 - 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 22 November 2017. 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 2017 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

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 changes to the Corporations Act which came into effect on 1 July 2011, 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 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 Andrew Chapman 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 Chapman, the Director longest in office since his last election, retires by rotation at this Meeting. Mr Chapman, being eligible, offers himself for re-election.

Mr Chapman is a chartered accountant with over 20 years' experience with publicly listed companies where he has held positions as Director, Company Secretary and Chief Financial Officer and has experience in the areas of corporate acquisitions, divestments and capital raisings. He has worked for a number of public companies in the mineral resources, oil and gas and technology sectors.

Mr Chapman is an associate member of the Institute of Chartered Accountants (ICAA) and a Fellow of the Financial Services Institute of Australasia (Finsia).

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

3. RESOLUTION 3 – Issue of Shares to Saracen Mineral Holdings Limited

On 26 September 2017 the Company advised that it has entered into an Asset Sale and Purchase Agreement ("**ASPA**") with Saracen Mineral Holdings Limited ("**Saracen**") to acquire the Red October Gold Project from Saracen for a combination of cash and shares to the deemed value of \$2 million.

The Red October Gold Project is located immediately adjacent and contiguous with the Company's Lake Carey Project which contains the Fortitude Gold project where trial mining is underway. The project areas covers 64 km² and consists of nine MLs, an extensive well maintained underground mine with associated 68 person camp, offices, wet and dry messes, power, mining equipment and a Mineral Resource Estimate of 99,000 oz of gold.

Strategically, the Red October acquisition is an excellent geographical fit with the Lake Carey gold project, which will now give a combined project area totalling 509 sq. km.

The Company intends to immediately investigate the mining potential of Red October with a view to recommencing mining as soon as practicable, as well as to drill a number of targets to increase the life of a potential mining operation. Matsa believes the potential to do so is excellent.

The Company will also immediately utilise the Red October facilities to reduce operational expenses at Fortitude.

The consideration for the acquisition of the Red October Gold Project is:

1. A deposit of \$150,000 in cash at the time of execution of the ASPA (paid);
2. At completion the Company will issue 4,545,000 fully paid ordinary shares to Saracen at a deemed value of \$0.22 each ("**Consideration Shares**");
3. 90 days after completion the Company will pay Saracen a deferred cash consideration of \$850,000; and
4. Adoption of all rehabilitation of the existing mine area.

Completion is subject to the following conditions precedent:

1. Ministerial consent to the transfer of the mining tenements;
2. Royalty holder consents; and

3. Confirmation from Saracen's financier that it will remove its security from the sale assets.

Should completion not occur due to a breach of the agreement by either party then a break fee of \$150,000 will be payable by the party who caused the breach to the other party. Completion of the transaction should occur in late October 2017.

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the Consideration Shares. At the date of this Notice of Meeting, completion has not occurred under the ASPA and the Consideration Shares have not been issued. The Company does not require Shareholder approval to issue the Consideration Shares to Saracen as it has existing capacity under the Listing Rules to issue the shares without Shareholder approval.

This resolution will only be put to Shareholders if the Consideration Shares have not been issued by the date of the Annual General Meeting. If the Consideration Shares have been issued by the date of the Annual General Meeting, this resolution will not be put to Shareholders and Shareholders will instead be asked to vote on Resolution 4.

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.

Resolution 3 will allow the Company to issue the Consideration Shares 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.

Should the Consideration Shares be issued to Saracen prior to the Annual General Meeting but after the date of this Notice of Meeting, this resolution will not be put to Shareholders and the Company will instead seek ratification of the issue under Listing Rule 7.4. (Refer Resolution 4)

Information required under Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Consideration Shares to be issued is 4,545,000;
- (b) the Consideration Shares 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 Listing Rules);
- (c) the issue price will be \$0.22 per Consideration Share;
- (d) the Consideration Shares will be issued to Saracen Mineral Holdings Limited. Saracen is not a related party of the Company;
- (e) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Consideration Shares. The Consideration Shares are being issued as part of the consideration for the acquisition of the Red October Gold Project; and
- (g) a voting exclusion statement is included in the Notice.

4. RESOLUTION 4 – Ratification of Prior Issue of Shares to Saracen Mineral Holdings Limited

The background to this resolution is contained in Resolution 3 above.

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 for the ratification of the issue of the Consideration Shares to Saracen Mineral Holdings Limited. At the date of this Notice of Meeting, completion under the ASPA has not occurred and the Consideration Shares have not been issued. The Company does not require Shareholder approval to issue the Consideration Shares to Saracen as it has existing capacity under the Listing Rules to issue the Consideration Shares without Shareholder approval.

This resolution will only be put to Shareholders if the Consideration Shares are issued between the date of this Notice of Meeting and the date of the Annual General Meeting. In the event that the Consideration Shares have not been issued before the date of the Annual General Meeting, this resolution will not be put to Shareholders and the Company will instead put Resolution 3 to Shareholders.

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.

Should the Consideration Shares be issued to Saracen prior to the Annual General Meeting but after the date of this Notice of Meeting the Company would seek ratification of the issue under Listing Rule 7.4.

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 4, 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 7.5

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

- (a) the maximum number of Consideration Shares to be issued is 4,545,000;
- (b) the issue price will be \$0.22 per Consideration Share;
- (c) the Consideration Shares will be issued to Saracen Mineral Holdings Limited. Saracen is not a related party 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) no funds will be raised from the issue of the Consideration Shares. The Consideration Shares are being issued as part of the consideration for the acquisition of the Red October Gold Project; and
- (f) a voting exclusion statement is included in the Notice.

5. RESOLUTION 5 – Approval of 10% Placement Facility

5.1 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.

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 6.2(c) below).

The Company intends to use any funds raised under the 10% Placement Facility towards exploration and evaluation of the recently acquired Red October gold project, exploration on the Lake Carey 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 5 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).

5.2 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 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:

$$(A \times D) - E$$

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

- (a) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;

- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid ordinary shares 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 shares 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 5.2(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),

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

5.3 Listing Rule 7.1A

The effect of Resolution 5 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.

5.4 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 5 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 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 7 is passed at the Annual General Meeting. The formula in Listing Rule 7.1A.2 is outlined in Section 5.2(c) above.

The table also shows:

- (i) 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
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A2		Dilution		
		\$0.11 50% decrease in Issue Price	\$0.22 Issue Price	\$0.33 50% increase in Issue Price
Current Variable A 144,706,779 Shares	10% Voting Dilution	14,470,677 Shares	14,470,677 Shares	14,470,677 Shares
	Funds Raised	\$1,591,774	\$3,183,549	\$4,775,323
50% increase in current Variable A 217,060,168 Shares	10% Voting Dilution	21,706,016 Shares	21,706,016 Shares	21,706,016 Shares
	Funds Raised	\$2,387,662	\$4,775,323	\$7,162,985
100% increase in current Variable A 289,413,558 Shares	10% Voting Dilution	28,941,355 Shares	28,941,355 Shares	28,941,355 Shares
	Funds Raised	\$3,183,549	\$6,367,098	\$9,550,647

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Options are exercised into Shares before the date of the issue of Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) 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.
 - (v) 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.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.22, being the closing price of the Shares on the ASX on 9 October 2017.
- (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 exploration and evaluation of the recently acquired Red October gold project, exploration on the Lake Carey 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 2016 annual general meeting held on 18 November 2016.

The total number of Equity Securities issued by the Company in the 12 months preceding the date of the Annual General Meeting is 1,000,000. The percentage those Equity Securities represent of the total number of Equity Securities on issue at the commencement of that 12 month period is 0.69%. 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 5 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 or existing security holder to participate in an issue of Equity Securities pursuant to the Resolution. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

6. RESOLUTION 6 – Ratification of Prior Issue of Options

On 8 August 2017 the Company announced that it has entered into agreements with two separate parties for a \$4M facility. The funds from the financing facility will be predominantly used as a working capital facility for:

1. Providing sufficient working capital for the Fortitude Gold Project mining activities to ensure smooth operations of the trial mine and to provide for any expansion plans beyond the trial mine;
2. Conduct further exploration at Lake Carey at the previously identified high priority gold targets immediately and independently from the mining operations; and
3. Potential acquisition plans within the immediate area which could enable Matsa to be a significant regional player in the Laverton goldfields.

As part of the facility the Company agreed to issue a total of 1 million Options in the Company, split equally amongst the two lenders, with an exercise price of \$0.20 each with a two year life from the date of issue. The Options were issued to Robert Paul Martin and Susan Pamela Martin as trustees for the Nitro Super Fund (500,000) and Goldbondsuper Pty Ltd as trustee for Goldbondsuperone (500,000). The Options were issued on 21 August 2017.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options. Resolution 6 is an ordinary resolution and seeks approval from Shareholders pursuant to Listing Rule 7.4.

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.

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 6, 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 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) the maximum number of Options issued is 1,000,000;
- (b) the Options were issued for nil consideration and were part of loan facility provided to the Company;
- (c) the Options were issued on 21 August 2017;
- (d) the Options have an exercise price of \$0.20 each and expire on 21 August 2019. The terms and conditions of the Options are set out in Annexure B;
- (e) the Options were issued to Robert Paul Martin and Susan Pamela Martin as trustees for the Nitro Super Fund (500,000) and Goldbondsuper Pty Ltd as trustee for Goldbondsuperone (500,000);
- (f) no funds were raised from the issue of the Options as they were a term of the loan facility provided to the Company; and
- (g) a voting exclusion statement is included in the Notice.

GLOSSARY

\$ means Australian dollars.

10% Placement Facility has the meaning given in section 5.1 of the Explanatory Memorandum.

10% Placement Period has the meaning given in section 5.2(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.

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 2017.

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.

Consideration Shares has the meaning given in section 3 of the Explanatory Memorandum.

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.

Directors' Report means the directors' report included with the annual report of the Company for the financial year ended 30 June 2017.

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 2017.

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.

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 consideration³
21/08/2017	1,000,000	Unquoted options with an exercise price of \$0.20 each expiring 21 August 2019	Options issued as part of a loan facility	Issue price – Nil Exercise price - \$0.20	Nil	N/A	N/A	N/A	\$76,699

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.

³ The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

ANNEXURE B

TERMS AND CONDITIONS OF 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 the date that is two (2) years from the date of issue (**Expiry Date**).
3. Subject to condition 15, the amount payable upon exercise of each Option will be \$0.20 each (**Exercise Price**).
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. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
17. 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.
18. 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.

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 10.00am (WST) on Friday, 24 November 2017 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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director: Andrew Chapman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Shares to Saracen Mineral Holdings Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Shares to Saracen Mineral Holdings Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 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 is 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:
 - the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way; and
 - 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
 - if the proxy is Chairman, the proxy must vote on a poll and must vote that way; and
 - 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:
 - delivering it to Matsa Resources Limited in person at Suite 11, 139 Newcastle Street, Perth WA;
 - post to Matsa Resources Limited, PO Box 376, Northbridge, WA 6865;
 - facsimile to the Company on facsimile number +61 8 9227 0370; or
 - email to the Company at reception@matsa.com.auso 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.