

MATSA RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
ABN 48 106 732 487

For personal use only

ANNUAL REPORT
For the Year Ended
30 June 2023

MATSA RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Paul Poli	Executive Chairman
Pascal Blampain	Director
Andrew Chapman	Director

Company Secretary

Andrew Chapman

Registered Office

Suite 11,
139 Newcastle Street
PERTH WA 6000
Tel: (08) 9230 3555
Fax: (08) 9227 0370
Email: reception@matsa.com.au

Postal Address

PO BOX 376
Northbridge W.A. 6865

Website

www.matsa.com.au

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Tel: (08) 9389 8033
Fax: (08) 9262 3723

Home Stock Exchange

Australian Securities Exchange Ltd
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
ASX Code: MAT

Auditors

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
PERTH WA 6000

For personal use only

MATSA RESOURCES LIMITED

CONTENTS

Page		
	CORPORATE DIRECTORY	1
	CHAIRMAN'S REPORT	3
	OPERATIONS REVIEW	4
	DIRECTORS' REPORT	31
	AUDITOR'S INDEPENDENCE DECLARATION	47
	FINANCIAL STATEMENTS	
	- Consolidated Statement of Profit or Loss	48
	- Consolidated Statement of Other Comprehensive Income	49
	- Consolidated Statement of Financial Position	50
	- Consolidated Statement of Changes in Equity	51
	- Consolidated Statement of Cash Flows	52
	- Notes to Consolidated Financial Statements	53
	DIRECTORS' DECLARATION	97
	INDEPENDENT AUDIT REPORT	98
	ADDITIONAL ASX INFORMATION	101
	SCHEDULE OF MINING TENEMENTS	106

For personal use only

MATSA RESOURCES LIMITED

CHAIRMAN'S REPORT

Dear Shareholder,

During the year Matsa, continued its focus on building its asset base that in time can create future value for shareholders. To that end, Matsa has worked hard on two fronts, increasing the value of its Lake Carey Gold Project and building a significant ground holding in Thailand which is considered a new frontier and highly prospective for lithium.

Successful drilling programs at Fortitude North earlier this year, significantly expanded the mineralised footprint of that prospect to in excess of 1.7km in length and 250m across strike. Such were the results at Fortitude North, that similarities to the nearby Sunrise Dam Gold Mine were identified providing strong encouragement for a future resource.

In November 2022, Matsa finalised a formal binding profit-sharing joint venture with Linden Gold Alliance Limited on the Devon Pit. This followed the collapse of the \$20M Sale and Purchase Agreement with Linden whereby Linden was to acquire the Red October and Devon projects from Matsa for a mixture of cash and shares and subject to a successful IPO listing. While the joint venture is not without its problems, Linden did advance the Devon Pit through an updated Scoping Study. While Linden have been notified of certain defaults with respect to Linden meeting expected outcomes as required under the joint venture, both parties are working towards a mutually beneficial outcome in this regard.

During the year, Matsa increased its resource at Lake Carey to 936,000oz @ 2.5g/t following new modelling at Red October. Subsequent to the end of the financial year, Matsa entered in to an agreement with AngloGold Ashanti whereby AngloGold have been granted a 3-month exclusive period to conduct due diligence on Matsa's Red October and wider Lake Carey Gold Project. This could lead to a potential transaction between the parties although I stress, that there is no guarantee that this will occur. What it does signify, is there is real value in the Lake Carey Gold Project that is yet to be recognised outside the Company.

Matsa continued to build on its identification of a number of highly prospective areas in Thailand for lithium. Matsa has some 1,684km² in applications lodged with the Thai Department of Primary Industries and Mining with certain applications expected to be granted in the near term. In particular, Matsa has discovered six separate lithium bearing outcropping pegmatite occurrences that form the basis of future drilling plans once the grants have been obtained.

Such has been the interest in these applications that lithium metallurgical samples were taken to China earlier this year and illustrated the potential of a high-grade product with recoveries of up to 97% using Yongxing Special Materials Co., Ltd's commercial processing facilities in China. Yongxing are a lithium carbonate producer in China using lepidolite ore. The samples provided by Matsa to Yongxing illustrated the quality of the lepidolite product that could exist within Matsa's Thai applications. There is a considerable story to play out here.

The Company continues to focus on a "work smarter" discipline which identified opportunities that in time, I believe will create value and deliver results for all stakeholders. These are not without their challenges but discipline and patience are key to producing results from all the effort being put in.

I would like to thank all those involved with Matsa for their hard work and support throughout the year. In particular, I would also like to thank my fellow board members, senior management and the team both in Perth and Thailand.



PAUL POLI
EXECUTIVE CHAIRMAN

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

SUMMARY – DELIVERING STRATEGY AND GROWTH

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

The focus of all exploration efforts at Lake Carey during 2023 has been on the Fortitude Fault trend, where Matsa has demonstrated an economic mining opportunity at the Fortitude Gold Mine.

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

Elsewhere, the Company has made significant inroads in establishing a robust lithium exploration project in the western granite belt of western Thailand, with the discovery of five drill ready outcropping lithium pegmatite occurrences. The discoveries have resulted in the Company progressing select tenements through the grant process to enable drilling operations to commence upon approval from regulatory authorities.

Matsa recognised early the importance of establishing credibility for lithium micas as an important and economically competitive ore source, for the extraction of lithium and its potential for lithium carbonate production. To that end, the lithium minerals lepidolite and polyolithionite of western Thailand were tested early in 2023 with the potential for a high grade lithium product, returning up to 97% lithium recoveries was demonstrated using commercial processing technology readily accessible in southern China. This is a very important and exciting result and substantiates Matsa's strategic move into lithium exploration in Thailand.

On the development front, through its joint venture partner Linden Gold Alliance Limited ("Linden"), the Company is advancing the Devon Pit Gold Mine through regulatory approvals and feasibility studies with a view to commencing open pit mining mid 2024 that will provide the Company with a revenue stream from production.

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

- Mineral resources at Lake Carey increased to 936,000oz @ 2.5 g/t Au following model updates for the Costello lode at Red October
- A scoping study for the Devon Pit demonstrated positive cash flow with all applications for permitting having been lodged
- Drilling at Fortitude North has extended the footprint of the prospect to 1.7km strike and approximately 250m across strike. The drilling also returned exceptional widths providing strong encouragement that further drilling could lead to defining of a resource to compliment the nearby Fortitude Gold Mine
- Lithium micas lepidolite and polyolithionite, from Matsa's western Thailand projects, demonstrated superb recoveries of up to 97% and 86% respectively using available commercial processing facilities in southern China
- Exploration applications lodged and accepted by Thailand's Department of Mineral Resources now total 1,684km² of tenure in Thailand's western granite belt where the Company has identified a number of walk up drill targets for lithium exploration

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

- Progressing select tenements through regulatory approvals to permit drilling operations to commence and provide maiden drilling into the Company's identified lithium bearing pegmatites in western Thailand
- In addition to newly discovered outcropping lithium bearing pegmatites, additional drill targets have been identified from results of ground magnetic and radiometric surveys at Kanchanaburi and Phang Nga
- Sampling and assay of 625 regional rock chip, soil and stream sediment samples across Matsa's regional WA tenements for gold, lithium and REEs.



All set for soil sampling in regional Western Australia – March 2023

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

Lake Carey comprises of almost 450km² of highly prospective tenements within the Laverton Tectonic Zone (LTZ) of the Kurnalpi Terrane in Western Australia's eastern goldfields region. The district is well serviced by infrastructure including a network of high-quality roads, gas pipelines, communication infrastructure, airstrips with regular services to Perth and close proximity to an established mining workforce and supply network.

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

Matsa also holds a number of rapidly developing lithium and copper assets in Thailand with 1,684km² under Special Prospecting Licence Applications (SPLA) for lithium and tin in Thailand's western granite belt, and a further 584km² under SPLA for copper, silver, gold and base metals in central Thailand's Loei Fold Belt.



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

Exploration has continued at both Lake Carey and Thailand during the July 2022 to June 2023 reporting periods.

Matsa has additional gold and copper exploration projects in Western Australia's Pilbara (refer Company website <https://www.matsa.com.au/projects/> for further information).

REVIEW OF OPERATIONS

AUSTRALIAN OPERATIONS

LAKE CAREY

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

Importantly, from a development perspective the key resource projects are located within granted mining licences and accessible by a network of established haul roads. As such, all of the key projects

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

have a shorter lead time to obtaining final mining approvals than would normally be encountered at the exploration and assessment phase.

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

Project	Mining Lease	Haul Roads	Mine Proposal
Fortitude Stage 2	Granted	Existing	Current
Gallant	Granted	Existing	Required
Bindah	Granted	Existing	Required
Red October	Granted	Existing	Current
Devon Pit	Granted	Existing	Required
Hill East	No	Partial	Required
Olympic	Granted	Existing	Required

Table 1: Key resources and mining lease status, new changes are marked in blue

* The Devon Pit Gold Mine is subject to a profit share joint venture agreement with Linden Gold Alliance Ltd where studies are being completed and contemplates a restart of open pit mining operations.

OVERVIEW

The bulk of exploration work during this financial year has been focussed on Fortitude North and the Devon Pit at Lake Carey. Exploration activities this year included reverse circulation drilling (RC), diamond drilling (DD) and evaluation studies.

Summary of drilling:

Drilling type	No. holes	Metres
Reverse circulation	41	5,186
Diamond core	8	839
Total	49	6,025

Table 2: Summary of drilling

Key results from this work include:

- An updated study for the Devon Pit Gold Mine demonstrated A\$50,000,000 positive cash flow mining 250kt @ 5.15g/t for approximately 40,000oz mined
- Diamond drilling (DD) and reverse circulation (RC) drilling at the Devon Pit resulting in an updated resource model of 69koz (up from 65koz) and provision of core for metallurgical studies
- Progression of relevant studies to finalise a definitive feasibility study
- Applications for permitting to commence mining at the Devon Pit Gold Mine
- Reverse circulation drilling at Fortitude North extended the footprint of known mineralisation to 1.7km strike length and 250m across strike with 'economic' type intercepts recorded

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

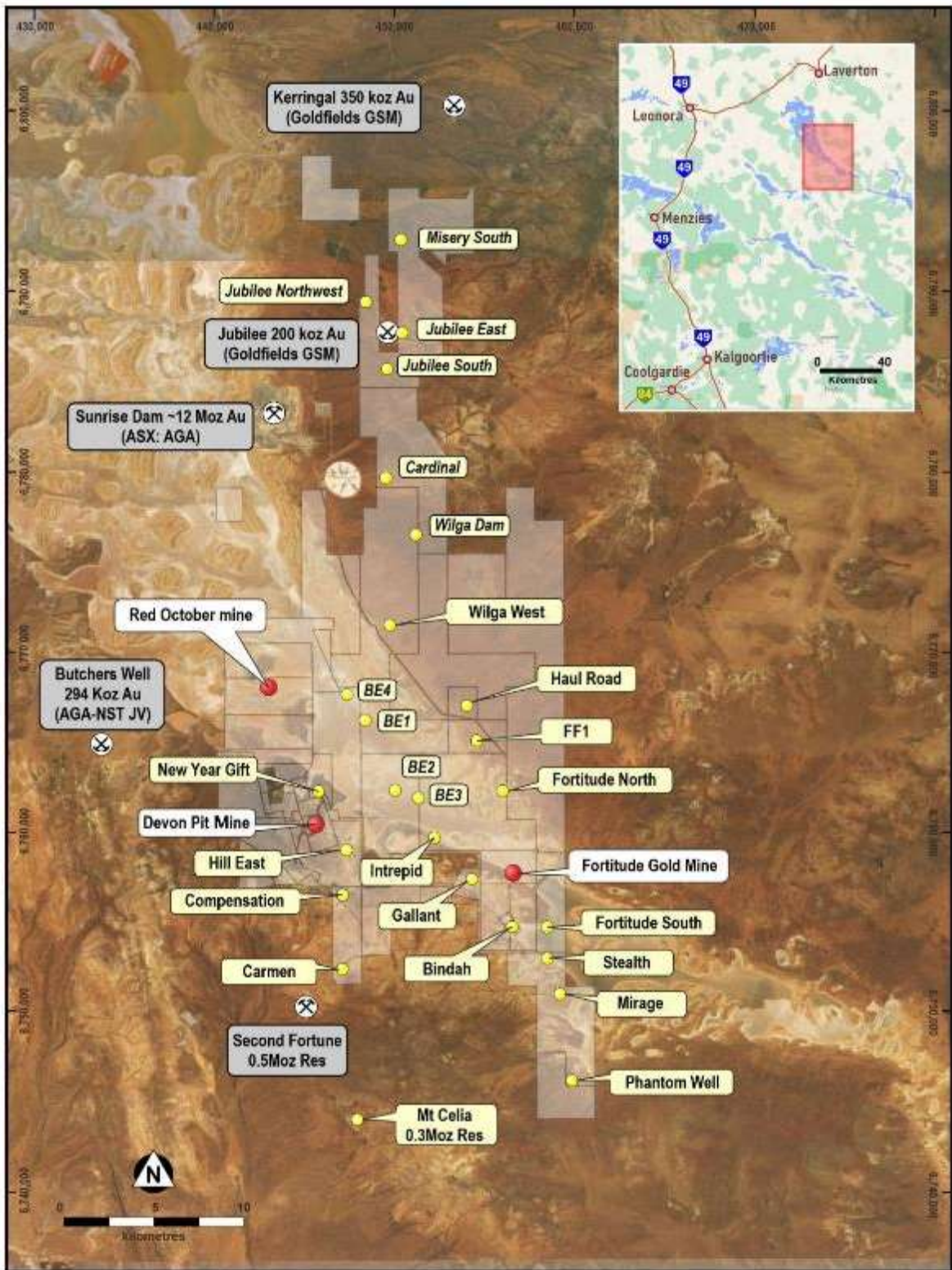


Figure 2: Lake Carey Gold Project

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW



Matsa's Red October camp looking southeast with Lake Carey backdrop



Geologist in action logging RC chips at Fortitude North in May 2023

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

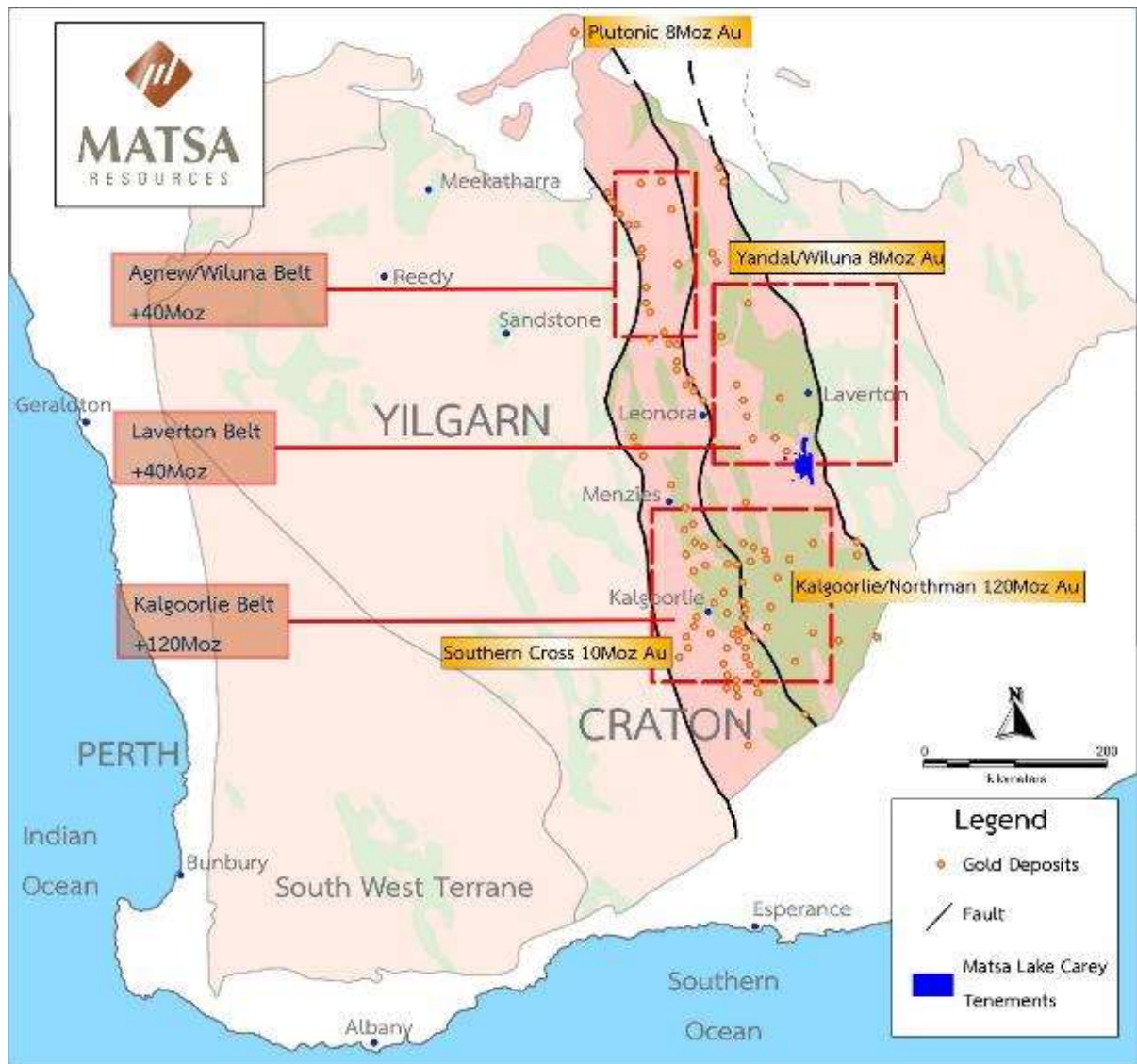


Figure 3: Regional Geological Setting and location of the Lake Carey project

RESOURCES

The gold resource at Lake Carey grew to 936koz (30 June 2023, Table 3) through the following additions and mining adjustments (Figure 4):

- Minor increase of 5koz at Devon Pit Gold Mine following modelling of new drilling
- Increase of 45koz at Red October following modelling of the Costello lode (inclusion of development and drilling results)
- No mining has taken place during the reporting period with Red October placed on a care and maintenance program in July 2021.

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

	Cutoff g/t Au	Measured		Indicated		Inferred		Total Resource		
		('000t)	g/t Au	('000t)	g/t Au	('000t)	g/t Au	('000t)	g/t Au	('000 oz)
Red October										
Red October UG	2.0	105	8.4	608	5.4	635	5.4	1348	5.6	244
Red October Subtotal		105	8.4	608	5.4	635	5.4	1348	5.6	244
Devon										
Devon Pit (OP)	1.0	18	4.4	434	4.6	16	6.0	467	4.6	69
Olympic (OP)	1.0	-	-	-	-	171	2.8	171	2.8	15
Hill East (OP)	1.0	-	-	-	-	748	2.0	748	2.0	48
Devon Subtotal		-	-	434	4.6	935	2.2	1386	3.0	132
Fortitude										
Fortitude	1.0	127	2.2	2,979	1.9	4,943	1.9	8,048	1.9	489
Gallant (OP)	1.0	-	-	-	-	341	2.1	341	2.1	23
Bindah (OP)	1.0	-	-	43	3.3	483	2.3	526	2.4	40
Fortitude Subtotal		127	2.2	3021	2.0	5,767	1.9	8,915	1.9	553
Stockpiles		-	-	-	-	191	1.0	191	1.0	6
Total		232	5.0	4,063	2.7	7,337	2.2	11,840	2.5	936

Table 3: Lake Carey Gold Resource Table (resources include reserves, refer Resources and Reserves table for formal 30 June statement). Note rounding adjustments may not total.

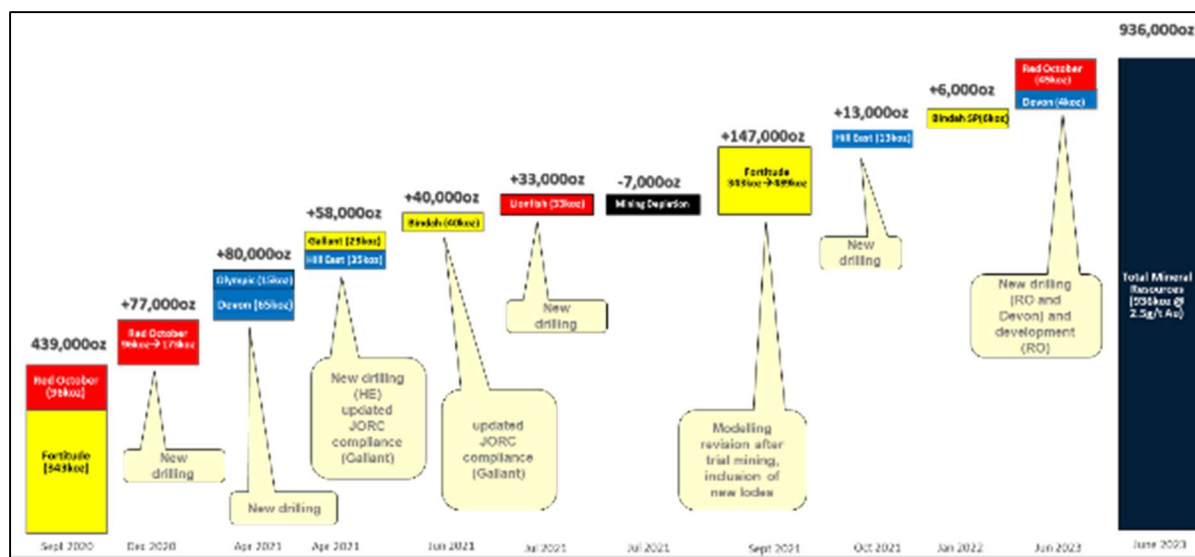


Figure 4: Lake Carey Mineral Resource growth since 2020 Annual Report

EXPLORATION AND GROWTH

Exploration highlights at Lake Carey for the year include:

- 41 RC holes completed at Devon Pit (15), New Years Gift (6) and Fortitude North (20) for a total of 5,186m
- 8 diamond core holes for 839m completed at Devon Pit for metallurgical testwork
- Modelling of the Costello lode at Red October produced a maiden resource of 45koz for the Costello lode increasing the Red October Resource to 244koz (@ 5.6g/t Au)
- An updated MRE for Devon Pit increasing the resource from 65koz to 69koz
- Progressing studies and permitting with a view to developing the Devon Pit Gold Mine

MATSA RESOURCES LIMITED

OPERATIONS REVIEW



Drone view of drilling at Fortitude North (looking north)

Drilling

All drilling activities during the year were undertaken at the Company's flagship project, the Lake Carey Gold Project.

Reverse circulation drilling at Fortitude North (Figure 5) comprising 20 holes were completed for 3,747m with results surpassing previous drilling in both volume of mineralisation and average intercept grades. The results also established that the system has not been closed off along strike as previously thought, and that further drilling is warranted. The Fortitude North prospect has now been defined over a strike length of 1.7km and further drilling is contemplated during the FY24 calendar, aiming to model a maiden resource.

An additional six holes for 264m of reverse circulation drilling was undertaken at New Years Gift where the Company has defined a narrow quartz lode with patchy high grade shoots. The proximity of this prospect to the Devon Pit could provide mining synergies.

At the Devon Pit diamond drilling (8 holes for 839m) and reverse circulation drilling (15 holes for 1,175m) was completed during the year. These work programs were undertaken as part of a definitive feasibility study into the recommencement of mining at the Devon Pit.

Fortitude North Drilling Summary

During the year, drilling recommenced at Fortitude North where 20 RC holes for 3,747m were completed. The drilling has now extended the Fortitude North discovery by 200m to the north resulting in a strike extent of 1.7km which remains open in both directions along strike. In addition, the drilling has extended mineralisation down dip to the east by 70m for a total width of some 250m across strike. The new 2023 drilling has added significantly to the potential size and scale of Fortitude North.

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

For personal use only

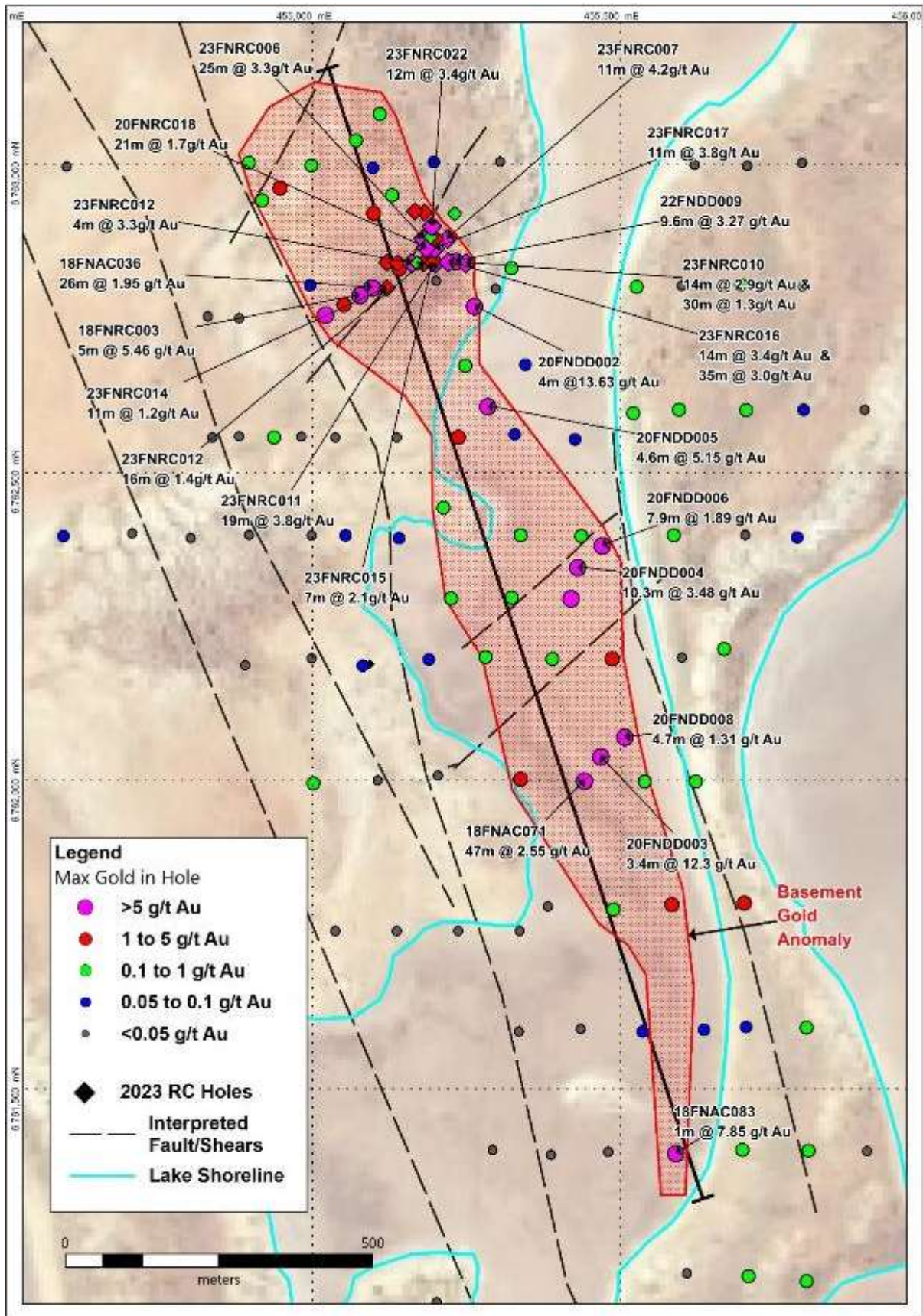


Figure 5: Fortitude North Drilling Summary

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

All drilling results are presented on long section (Figure 6) that highlights interpreted high grade shoot geometry. Drill hole section 6762840N (Figure 7) displays the recent results from holes 23FNRC015 and 23FNRC016 extending the known mineralisation approximately 70 metres towards the east with improved grades and thicknesses.

Of particular note is the substantial volume increase in mineralisation now wireframed (Figure 6) when comparing the 2021 Fortitude North exploration model (blue shape) and the model update following new drilling results (red shapes). It is evident there are multiple lode structures and potential brittle offsets within Fortitude North.

Diamond drilling is planned to obtain important structural information as well as test for extensions to these thick lode intercepts. The drilling will also test conclusions from 3D Magnetic Inversion modelling, that hypothesises a key magnetic unit associated with gold mineralisation and apparent NE structural controls that are discordant to the dominant regional NNW trending magnetic feature. The key observation here is that much of the past drilling has been oriented from NE to SW which may have been ineffective due to the drilling being parallel to potential NE trending structure.

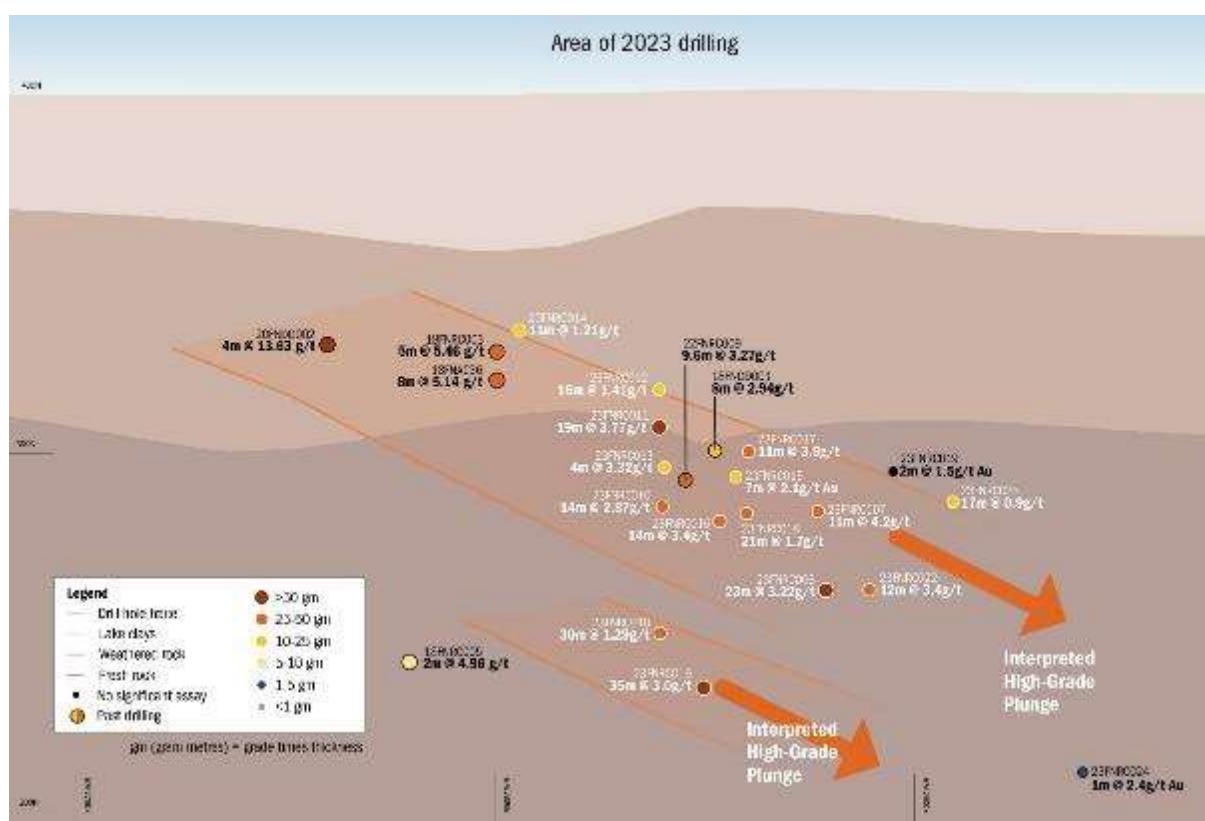


Figure 6: Longitudinal projection of Fortitude North with new drilling showing interpreted high-grade plunging shoots

Devon Pit Drilling Summary

The Devon Pit (Figure 8) drill program comprised 15 RC holes for 1,175m. The drilling was designed to target both the Main and Western lodes within the current optimised pit shell at the Devon Pit (Figure 9) and the results validate the gross architecture and lode interpretation of the Devon Pit resource previously completed by Matsa and reported in April 2021.

For personal use only

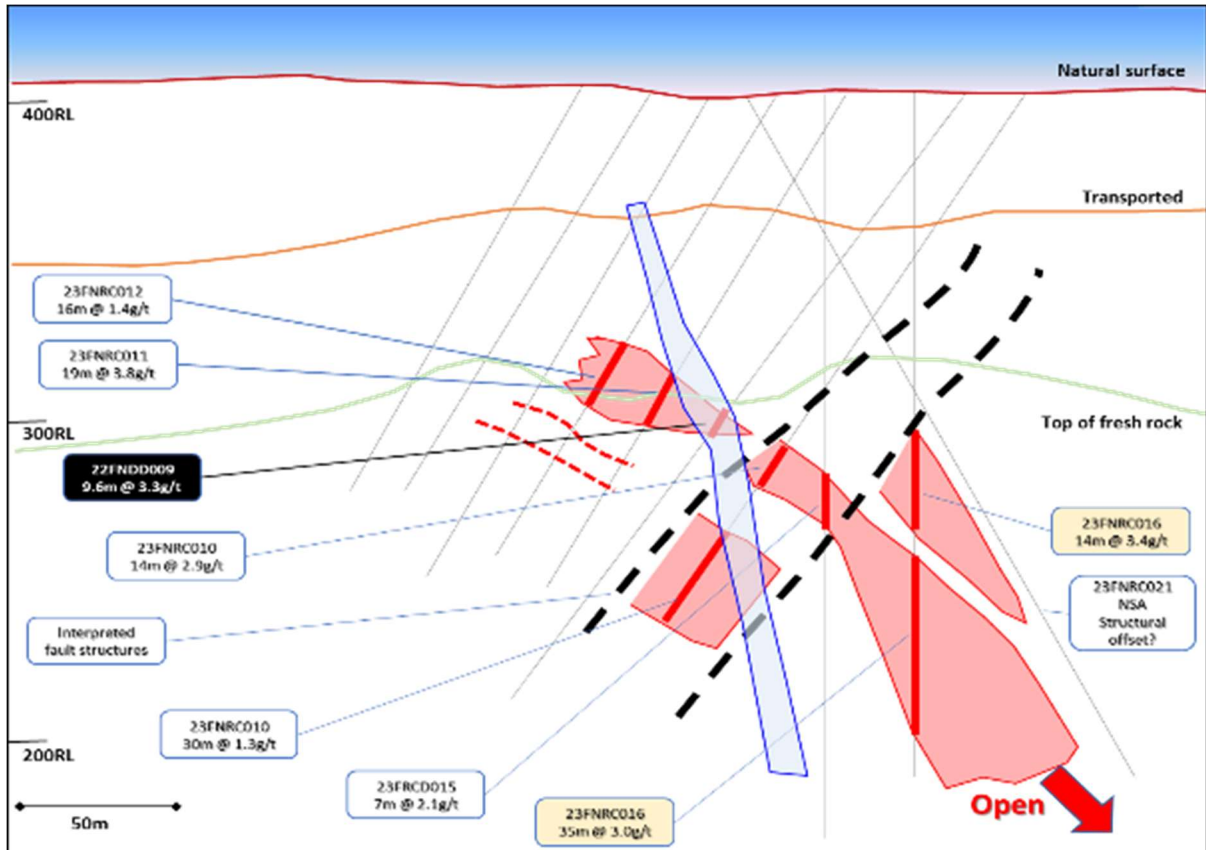


Figure 7: Interpreted drill section at 6762840N showing the best mineralisation is open at depth, note volume change between blue shape (old model) and new drilling results (red shapes)

The Devon JV is a 50/50 split Profit Share Joint Venture between Matsa and Linden Gold Alliance Limited (“Linden”) with Linden being appointed the joint venture manager. Under the terms of the Devon JV, Matsa is free carried on a non-recourse basis for all costs associated with permitting, financing, development and mining of the Devon Pit with Linden required to meet certain milestones.



Figure 8: Devon Open Pit, oblique view looking along strike to the northeast

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

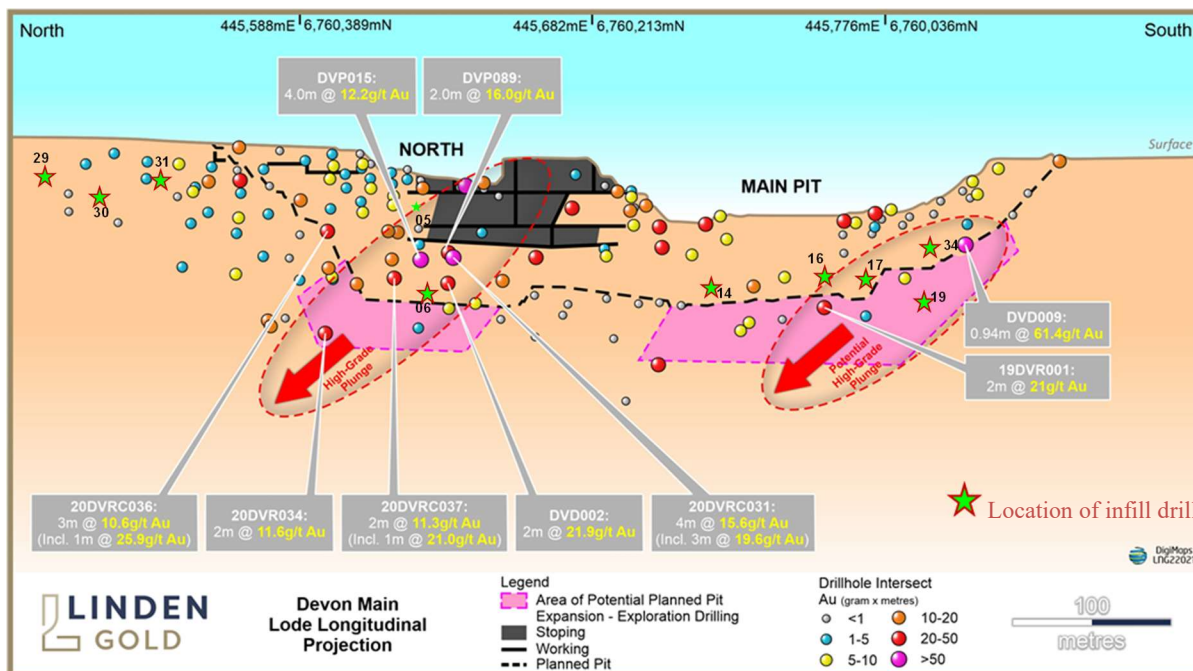


Figure 9: Long Section of Devon Pit (looking east) showing location of new drilling

Studies

During the year, studies into the potential to recommence mining at the Devon Pit were initiated. In addition, a Mining Proposal (under a small operations plan) to haul and process stockpiled ore from the Bindah Pit was approved by DMIRS.

Historically, Devon Pit ore had been successfully processed through two different processing plants (Darlot, Red 5 and Carosue Dam, Northern Star) during the GME mining operation in 2015 and 2016 respectively.

A total of 60,622t at 5.31g/t for 10,349oz was processed through the plants for an average recovery of 92.69%. The material comprised mostly oxide and transitional, with fresh forming part of the campaign in the later stages.

Underground mining took place during the early part of the 20th Century and whilst the historical production numbers look healthy, it is difficult to obtain accurate total production due to the patchy nature of the available data.

Studies have commenced to obtain approvals for a restart of the Devon Pit with the following permitting applications lodged:

- Mining Proposal
- Mine Closure Plan
- Works Approval
- Clearing Permit Application
- Abstraction licence

Final statutory approvals are expected by June 2024. A conceptual site layout plan (Figure 10) for the Devon Pit Gold Mine is shown below:

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

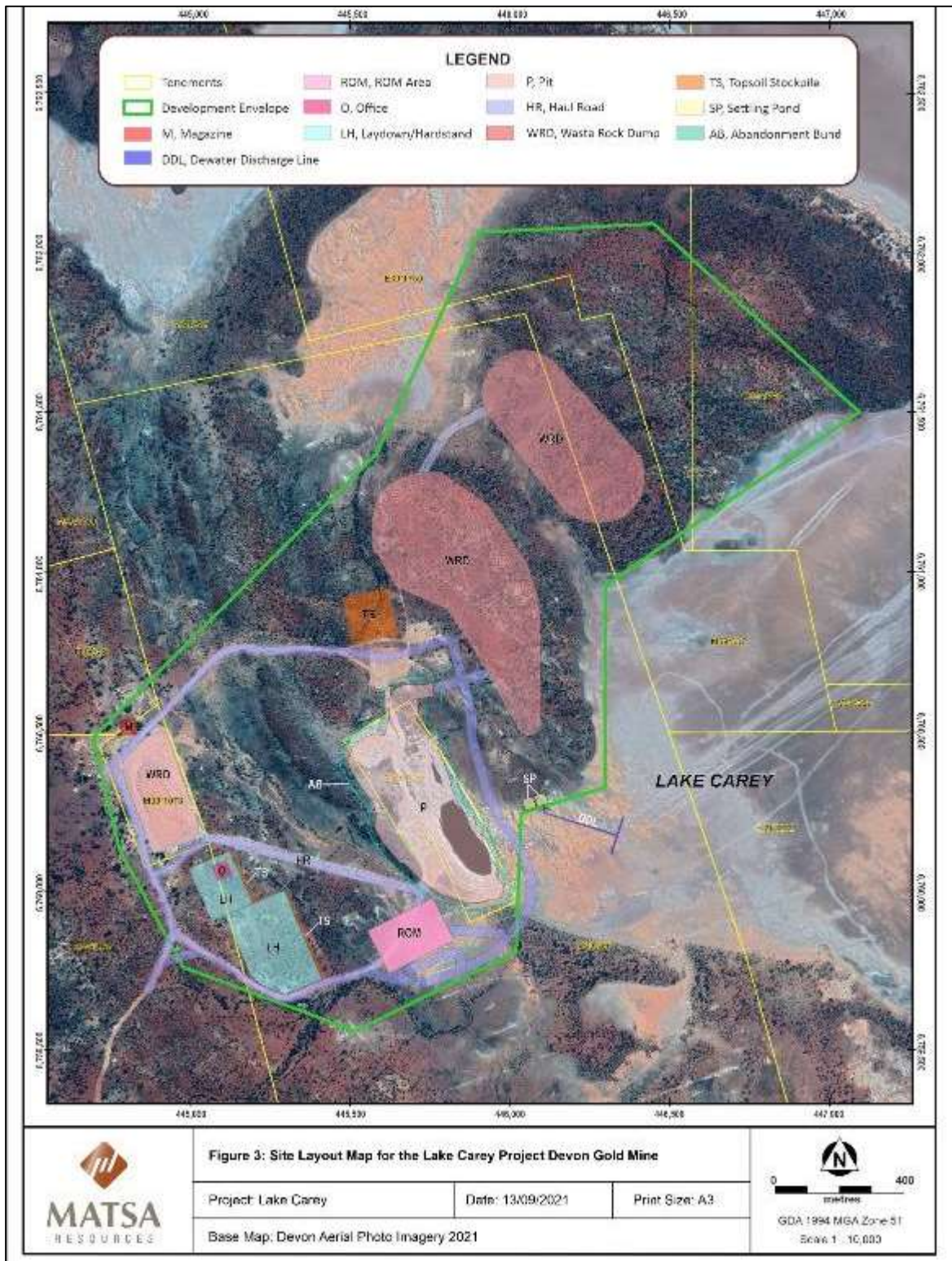


Figure 10: Proposed mine layout for Devon Pit Gold Mine

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

NEXT STEPS

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

- Finalise definitive feasibility studies (DFS) for the Devon Pit Gold Mine and subject to a positive outcome, approve a development proposal (decision to mine)
- Obtain regulatory approvals to put the Devon Pit Gold Mine into production
- Drilling at Fortitude North with the aim of delivering a maiden resource to complement the nearby Fortitude Gold Mine
- Drilling at advanced exploration projects including FF1, Carmen, Stealth and Mirage
- Drill testing of newly discovered gold in basement anomalies at Wilga West and Phantom Well
- Additional regional geophysical coverage to assist exploration drilling
- Ongoing regional soil coverage



Bindah Pit looking NW towards Gallant along the Bindah Shear structure

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

THAILAND OPERATIONS

Matsa has made substantial progress on lithium exploration and potential development in Thailand with the discovery of five new outcropping lithium bearing pegmatite fields and establishing early in the exploration stage, that the lepidolite and polyolithionite lithium micas can be processed using current commercially operating processing plants to extract lithium and produce battery grade lithium carbonate.

Matsa is progressing 6 tenements at Kanchanaburi, Ratchaburi and Phang Nga, through the granting process that will provide regulatory approvals to conduct exploration drilling. Once drilling is permitted, and subject to the rainy season, Matsa is hopeful that resource drilling will rapidly advance.

During the period, Matsa has applied for additional tenements that cover the highly prospective western granite belt and the Company now holds 1,684km² in Special Prospecting Lease Applications (SPLAs) (Figure 11). Matsa arguably holds access to one of the largest lithium hard rock exploration plays in south-east Asia.

Soil, stream and rock chip sampling amounted to 553 samples (Table 4) across the project area. Customs, logistics and third-party reliability to process these samples for assaying has been a challenge and as a result the Company has since set up an in-house sample preparation facility at Kanchanaburi to dry, crush and pulverise samples that takes out the longer lead time activities in the sample preparation and assay process flow. The samples are then sent to Australia for assaying at one of the commercial laboratories in Perth.

Sample Type	Quantity
Rock Chips	159
Stream Sediment	340
Soil	54
Total	553

Table 4: Table of sampling for Matsa's lithium exploration in western Thailand.

All samples undergo multielement assaying for lithium, tin, rubidium and other rare earth pegmatite associated elements. A total of 514 samples are awaiting assay with 273 samples currently at ALS (Perth) and a further 241 samples ready for dispatch.

Ground geophysical surveys were undertaken at Kanchanaburi and Phang Nga where radiometric surveys were successful in defining potential drill targets in both areas. The magnetic survey results were less conclusive with coincident radiometric and magnetic signatures identified at Phang Nga, reaffirming potential drill targets, but at Kanchanaburi no coincident magnetic and radiometric responses were observed.

EXPLORATION AND GROWTH

Lithium Exploration and Lithium Mica Processing

Matsa has identified widespread lithium anomalism at Phang Nga, Ratchaburi and Kanchanaburi resulting in the discovery of five outcropping lithium bearing pegmatites that are ready for drill testing. The five outcropping lithium bearing pegmatites, 3 at Kanchanaburi, 1 at Ratchaburi and 1 at Phang Nga, are closely associated with the regionally extensive western granite belt (Figure 12) and host lepidolite and polyolithionite lithium micas. It is noted that both of these lithium minerals do not occur within the same pegmatite units.

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

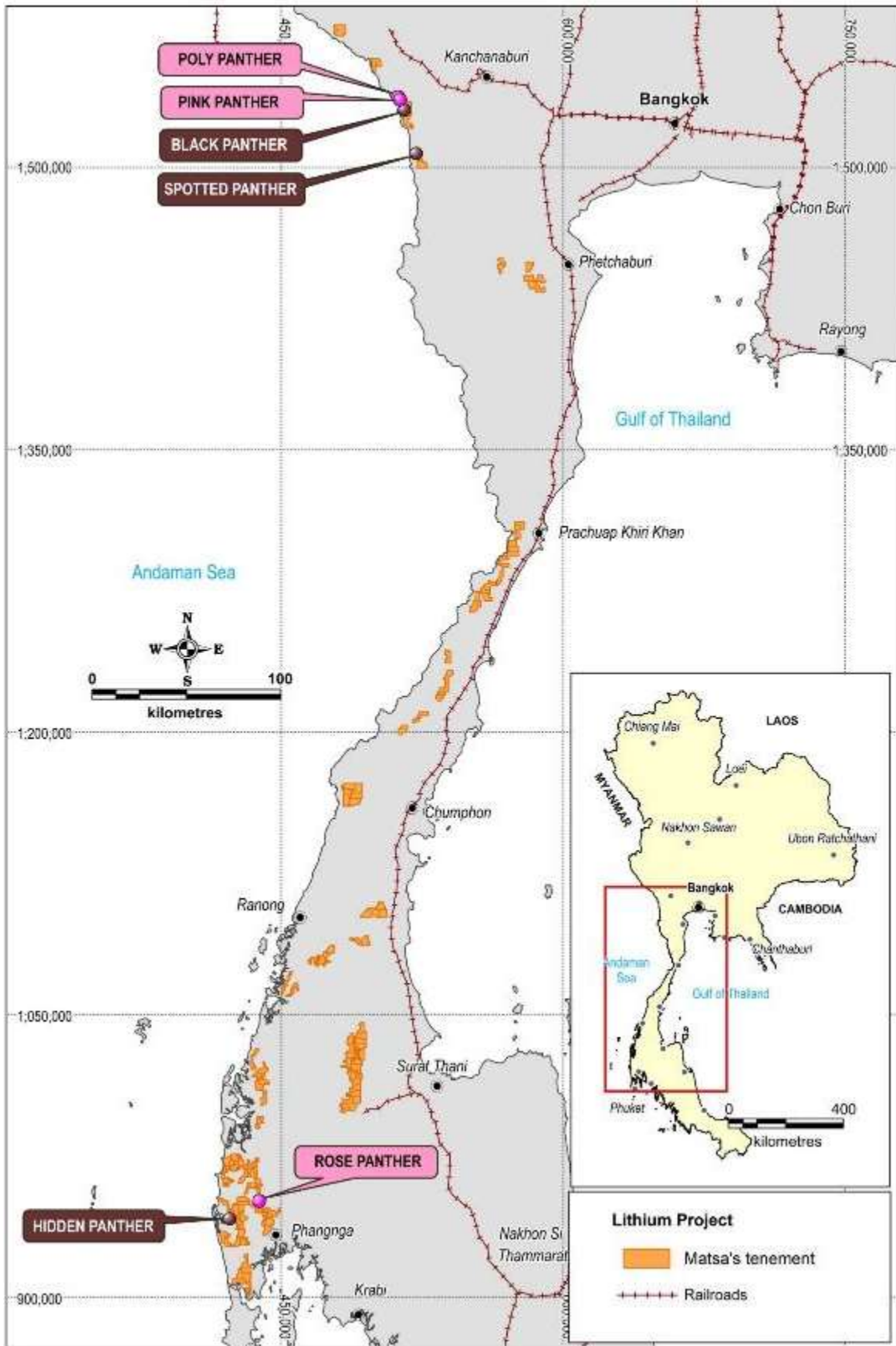


Figure 11: Plan of Matsa's Thailand lithium/tin projects

For personal use only

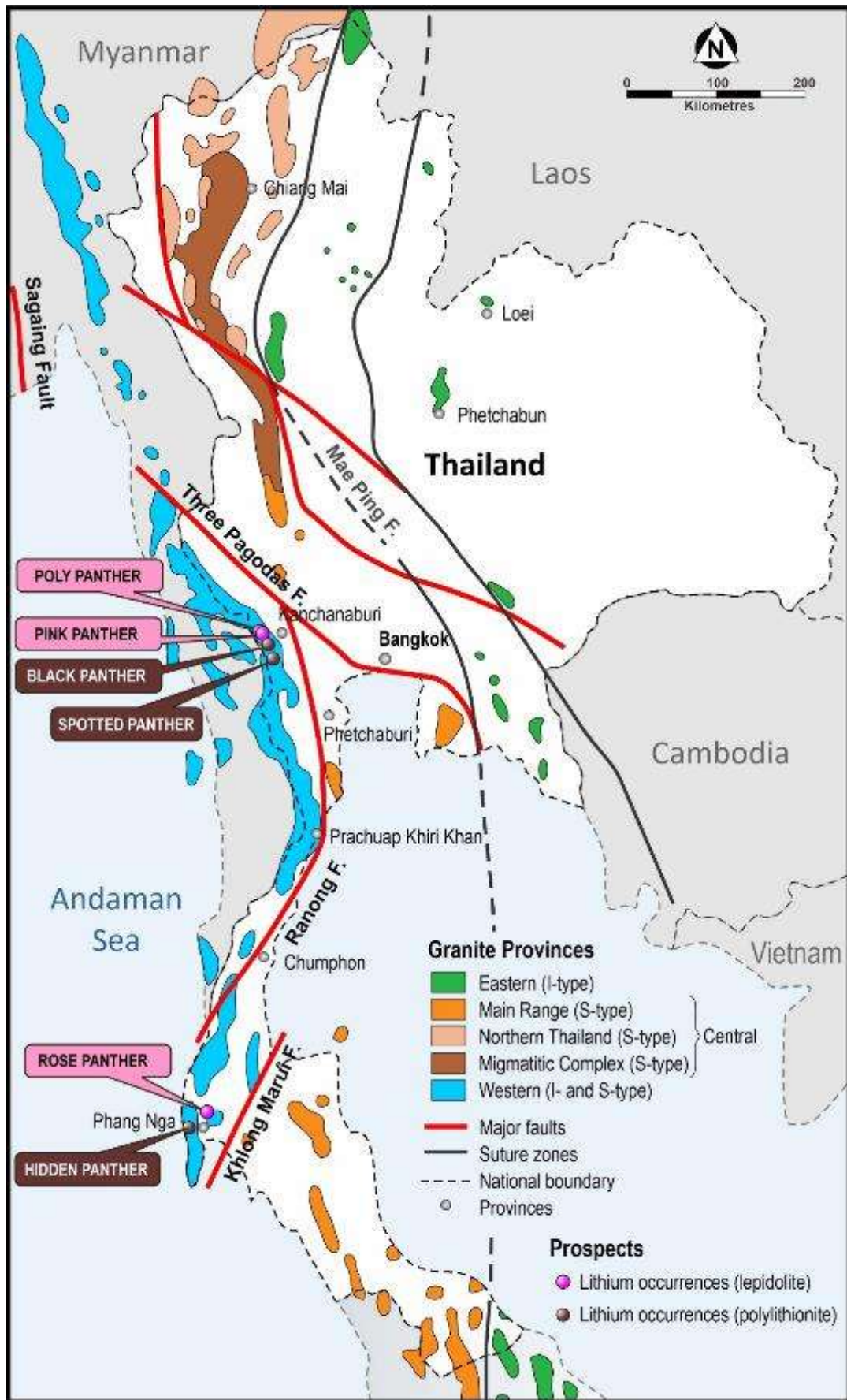


Figure 12: Western Thailand's granite and major regional fault setting with Matsa lithium discoveries (colour coded pink for lepidolite and brown for polyolithionite bearing pegmatites)

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

Early during the discovery phase of exploration, Matsa recognised the need to establish that lepidolite and polyolithionite lithium micas can be readily and commercially processed to extract lithium and that these lithium micas could present as an economic alternative to the spodumene market. As such, in March 2023, four 25kg samples were collected for testwork. These samples comprised both lepidolite and polyolithionite lithium micas from Matsa's Phang Nga, Ratchaburi and Kanchanaburi project areas.

In April 2023, Matsa received confirmation from Yongxing Special Materials Co. Ltd (Yongxing) that both lepidolite and polyolithionite ores could be processed for lithium extraction using current commercial processing facilities. In addition, the lepidolite samples presented to Yongxing were of sufficient grade to constitute a DSO (direct shipping ore) product. Final lithium recoveries of up to 97% present an excellent outcome and establishes the viability of both lepidolite and polyolithionite as raw materials for the production of battery grade lithium carbonate.



Pink Panther lithium bearing pegmatite outcrop at Kanchanaburi

Lithium Recovery and Testwork

During the year, Matsa released initial metallurgical testwork results¹ for flotation and recovery of lithium from lithium mica ores using representative samples from the Pink Panther, Black Panther, Spotted Panther and Rose Panther prospects (Table 5). The testwork was conducted by Yongxing at their lepidolite mining and processing operations in southern China, which has been producing high quality lithium carbonate from lepidolite since 2019. Yongxing claim an Li_2CO_3 (lithium carbonate) purity of 99.81% from its lepidolite mining and processing operation in Jiangxi.

There are four producers in Jiangxi province produce lithium from lepidolite: Yongxing Material, Jiangte Motor, Nanshi Lithium and Feiyu New Energy. A variety of technologies are used, primarily at the roasting stage. These are being continually advanced in an effort to reduce production costs and increase extraction efficiency².

Yongxing's Jiangxi processing plant has been processing 1.2Mtpa of locally sourced lepidolite ore running at 0.6% lithium oxide and for the 2022 calendar year, generated sales of A\$3.26B and a net profit of A\$1.33B.

¹ ASX Announcement 4 April 2023 – Positive Lepidolite Processing Test Results Thailand Lithium

² 11 March 2022, CRU International Limited <https://www.crugroup.com/knowledge-and-insights/insights/2022/scrutinising-the-lithium-technology-boom-part-3/>

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

The Matsa testwork was conducted on four separate composites, using standard flotation, sulphate roast and leaching for lithium extraction. Two lepidolite and two polyolithionite ore types were tested. Both lepidolite samples were also tested for DSO potential.

Sample	Grade Li ₂ O (%)	Leaching rate (%)	Commentary	
DSO	Pink Panther DSO	1.65%	94.50%	Roasting is feasible (lepidolite ore)
	Rose Panther DSO	2.44%	91.06%	Roasting is feasible (lepidolite ore)
Concentrate	Pink Panther concentrate	4.04%	94.78%	Roasting is feasible (lepidolite ore)
	Black Panther concentrate	0.68%	55.30%	The raw material lithium oxide is too low (polyolithionite ore)
	Spotted Panther concentrate	2.06%	85.64%	Roasting is feasible (polyolithionite ore)
	Rose Panther concentrate	5.91%	97.32%	Roasting is feasible (lepidolite ore)

Table 5: Table of lithium recovery from testwork on Pink Panther & Rose Panther, Black Panther and Spotted Panther samples from western Thailand.

Key points regarding the testwork include:

- Pink Panther “mined grade” of 1.65% Li₂O produced a concentrate grading 4.04% Li₂O (via flotation)
- Rose Panther “mined grade” of 2.44% Li₂O produced a concentrate grading 5.91% Li₂O (via flotation) which compares favourably to typical commercial spodumene concentrates
- Spotted Panther returned favourable extraction rates (86%) considering the chemistry and processing reagent ratios were not adjusted for the slight difference in chemical composition of polyolithionite, which contains sodium, compared to lepidolite for which the processing facility is tuned

China is currently the only jurisdiction in the world to process lepidolite for lithium carbonate production. During the past five years, China has managed to master the technological requirements to process lepidolite at competitive production costs. In addition, environmental issues associated with processing lithium micas have been largely remedied. Lepidolite processing flowchart is shown (Figure 13) below:

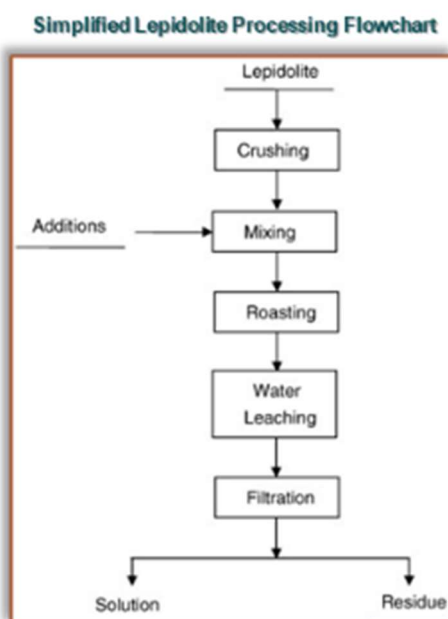


Figure 13: Processing flow chart for extraction of lithium from lepidolite (lithium micas)

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

Chemistry of Lithium Micas

The chemical composition³ of spodumene, lepidolite and polyolithionite is shown (Figure 14) below:

Spodumene (lithium proxene)					Lepidolite (lithium mica)					Polyolithionite (lithium mica)				
					Potassium	10.07%	K	12.13%	K ₂ O	Potassium	9.95%	K	11.98%	K ₂ O
										Sodium	1.75%	Na	2.36%	Na ₂ O
Lithium	3.73%	Li	8.03%	Li₂O	Lithium	3.58%	Li	7.70%	Li₂O	Lithium	3.00%	Li	6.46%	Li₂O
Aluminium	14.50%	Al	27.40%	Al ₂ O ₃	Aluminium	6.95%	Al	13.13%	Al ₂ O ₃	Aluminium	6.86%	Al	12.97%	Al ₂ O ₃
Silicon	30.18%	Si	64.58%	SiO ₂	Silicon	28.93%	Si	61.89%	SiO ₂	Silicon	28.58%	Si	61.14%	SiO ₂
					Hydrogen	0.26%	H	2.32%	H ₂ O	Hydrogen	0.26%	H	2.29%	H ₂ O
Oxygen	51.59%	O			Oxygen	45.32%	O			Oxygen	44.77%	O		
					Fluorine	4.89%	F	4.89%	F	Fluorine	4.83%	F	4.83%	F
								-2.06%	-O=F2				-2.03%	-O=F2
Total	100%		100%		Total	100%		100%		Total	100%		100%	

Figure 14: General chemistry of key lithium mineral species

Technical specifications of both lepidolite and polyolithionite indicate that flotation can successfully produce concentrates of 6% Li₂O, which is comparable to the typical market specifications for spodumene concentrates. The results of Yongxing’s testwork on Matsa’s samples confirm the technical capacity of producing a high spec concentrate from lithium mica, which demonstrated a concentrate of 5.9% (~6%) Li₂O for the Rose Panther lepidolite sample.

The testwork results provide Matsa with a high level of confidence that commercially viable lithium development in western Thailand can be achieved with further work.



Yongxing display (right to left) of lepidolite concentrate and lithium products derived from lepidolite processing

³ Source: <https://www.webmineral.com/chem/Chem-Li.shtml>

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

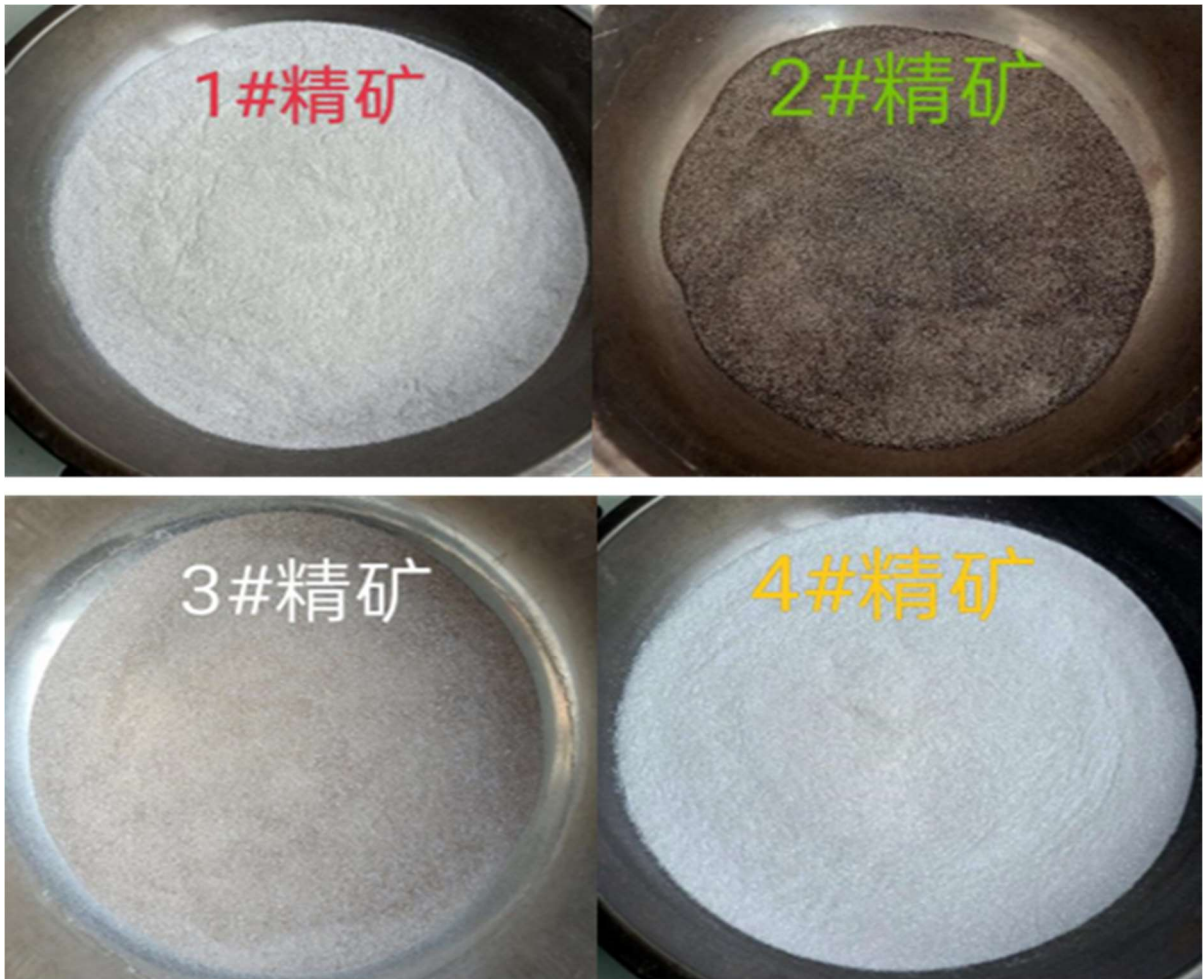


Photo set: Matsa testwork flotation concentrate samples from left to right and top to bottom; lepidolite concentrate from Pink Panther, polyolithionite concentrate from Black Panther, polyolithionite concentrate from Spotted Panther & lepidolite concentrate from Rose Panther

Geophysics Surveys

A total of 61.57 line km ground magnetic and radiometric surveys, at 25m line spacing, was undertaken across three key project areas including Pink, Rose and Hidden Panther prospects.

The surveys were undertaken to assist exploration targeting in areas of limited outcrop. Where outcrop does exist, the results of the surveys demonstrated good correlation between known lithium occurrences and strong radiometric responses, particularly in potassic counts (cK).

A number of targets have been interpreted from both the magnetic and radiometric surveys that will be drill tested following field inspection. Should drilling confirm these targets contain lithium mineralisation, further surveys will be conducted in other parts of the project area where outcrop is limited.

For personal use only



Pink Panther (Kanchanaburi) sampling for Yongxing's metallurgical testwork



Stream sediment sampling at Chumphon next to a palm oil plantation

For personal use only



Sampling lithium bearing (lepidolite- pink colours) pegmatite outcrop in western Thailand

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

NEXT STEPS

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

- Progress applications for grant of Special Prospecting Leases ("SPL") that will enable Matsa to conduct drilling operations at Phang Nga, Ratchaburi and Kanchanaburi
- Conduct drilling to define lateral extent of lithium pegmatites at Pink Panther and Rose Panther once SPL has been granted
- Conduct ground truthing field trips to assess the quality of targets generated from ground magnetic and radiometric surveys and drill test
- Undertake additional ground geophysical surveys in other parts of the project area to generate further drill targets
- Continue regional assessment through stream sediment and soil sampling programs
- Further petrographic and ME analysis of regional lithium bearing rocks to improve geological understanding of mineralisation models to assist exploration



Conducting ground magnetic and radiometric surveys at Kanchanaburi in western Thailand

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

CORPORATE ACTIVITIES

Linden Profit Sharing Joint Venture Agreement

On 7 October 2022, Matsa announced that that it had executed a non-binding indicative term sheet with Linden whereby Matsa and Linden form an equal 50/50 development and profit sharing joint venture to advance the Devon Pit to a feasibility study and subsequently into production and that Linden had paid a \$100,000 deposit.

On 11 November 2022, a formal binding profit-sharing joint venture agreement (“JVA”) with Linden was executed.

On 23 December 2022, Matsa announced that it received \$3,900,000 from Linden as required under the profit-sharing JVA between Matsa and Linden in relation to the Devon Pit and that settlement of the transaction had been achieved.

The key terms of the JVA are as follows:

- Linden will be granted a 50% profit-share interest in the Devon Pit and be appointed JV Manager
- Matsa is not obligated to repay the \$4,000,000 upfront non-recourse prepayment and Linden can only recoup that prepayment from profits generated by the Devon Pit
- Matsa will be free carried by Linden and fund Matsa’s share of feasibility, development, finance, working capital and all other mining costs, with Matsa’s share of these costs only recouped from the Devon Pit’s profits (“Carried Costs”). Furthermore, under the terms of the free carry, Matsa is not responsible for any losses
- Matsa is entitled to 50% of the profit once the \$4,000,000 and free-Carried Costs have been repaid to Linden
- Linden is required to deliver certain development milestones:
 - (i) Non-binding commitment from a toll mill or ore purchaser by 31 March 2023
 - (ii) Delivery of an approved Definitive Feasibility Study by 31 August 2023
 - (iii) Proof of funding by 30 September 2023
 - (iv) Commencement of mining before 30 June 2024
- If milestones 1, 3 and 4 are not met, Matsa has the right to terminate the JVA (except in certain extension scenarios including suppressed gold prices, government permitting/approvals and other items outside Linden’s control)
- A JV committee will be formed with two representatives each from Linden and Matsa

As part of the settlement of the JVA the existing Sale and Purchase Agreement between Matsa and Linden in respect of Red October and Devon Pit and any subsequent amendments were terminated.

Other activities

On 2 December 2022, Matsa announced that it had extended the term of its existing \$4,000,000 borrowing facility to 30 November 2025, on the same terms and conditions as the previous \$4,000,000 facility which was due to be repaid on 30 November 2022.

For personal use only

MATSA RESOURCES LIMITED

OPERATIONS REVIEW

Matsa executed new loan agreements with its existing two independent lenders who have each provided a \$2,000,000 facility. The key terms and conditions of the loans are as follows:

Amount:	\$4,000,000
Term:	3 years, repayable by 30 November 2025
Interest Rate:	12% pa payable monthly in arrears
Security:	Charge over all property of the Company by way of a general security agreement and a mortgage over the Fortitude Gold Project tenements
Fee:	Issue of 150,000 fully paid Matsa ordinary shares to the lenders at the commencement date and each anniversary date of the loan advance while it remains outstanding.

On 28 June 2023, Matsa entered into a short-term loan agreement with one of its existing lenders for an additional \$750,000 loan facility. As at 30 June 2023, \$500,000 was drawn down from the facility. The \$750,000 short-term loan facility is repayable by 30 September 2023.

All other terms and conditions are standard for a transaction of this nature and remain the same to the terms and conditions of the existing loan.

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

Your directors present their report for the year ended 30 June 2023.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

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

Mr Poli is a fellow of the Australian Society of Certified Practising Accountants and a former registered Securities Trader. He was the founder and managing partner of a taxation and business advisory firm for 19 years prior to founding and heading Matsa Resources Limited from 2009 to date. He is well versed in all aspects of business, particularly financial management through both his previous consulting roles and through his personal ownership of private companies in Western Australia, the Northern Territory and South East Asia. Mr Poli led the negotiations for several significant transactions for Matsa including the \$14,000,000 Norseman sale to Panoramic Resources Limited, \$6,000,000 minority interest sale to Westgold Resources Limited, and \$7,000,000 Symons Hill IGO joint venture. Mr Poli, in his capacity as Chairman of Bulletin Resources also negotiated the sale of Halls Creek gold project for \$12,000,000 to Pantoro Limited, and the \$5.7M Apollo transaction.

He has been chairman of Matsa for over 13 years and a significant investor in the mining industry. Mr Poli is particularly well qualified to drive the creation of a significant mining and exploration company.

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

Bulletin Resources Limited (Appointed 24 June 2014)

Mr Pascal Blampain BSc, MAusIMM, MAIG

Pascal Blampain is a geologist with over 28 years' experience across Australia and Papua New Guinea having held senior positions with global miners including Barrick Gold Corporation and Gold Fields Limited.

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

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

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

Mr Andrew Chapman CA F Fin GAICD

Mr Chapman is a chartered accountant with over 31 years' experience in publicly listed companies in the mineral resources, oil and gas and technology sectors.

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

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

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

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

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

Mr Franciscus (Frank) Sibbel B.E.(Hons) Mining, F.Aus.IMM (resigned 3 March 2023)

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

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

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

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

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

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

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

Operating Results for the Year

The Group's net loss for the year after income tax is \$818,647 (2022: \$6,028,025).

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

- Income of \$4,000,000 in relation to a non-refundable prepayment for a 50% profit share in the Devon Pit from Linden (2022: \$3,000,000 in non-refundable deposit received in relation to the sale of the Red October and Devon under the terms of the JVA).
- A loss of sale of tenements of \$nil (2022: \$2,353,509).
- Capitalised exploration and evaluation assets of \$322,419 (2022: 1,028,175) written off/impaired.
- Share based payments expense of \$104,060 (2022: \$5,329).
- Income of \$95,774 (2022: \$86,079) relating to Research and Development tax refunds for eligible research.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

Review of Financial Position

The net assets attributable to the shareholders of the Company have increased by \$1,174,905 from 30 June 2022 to \$13,720,165 at 30 June 2023.

During the financial year, \$1,976,000 (before costs) was raised via the issue of 52,000,000 fully paid ordinary shares at an issue price of \$0.038 each; and

Cash reserves at 30 June 2023 were \$794,303 compared to \$1,572,483 in the previous financial year.

Going Concern

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

The Group has reported a loss for the year of \$818,647 (2022: \$6,028,025) and a cash outflow from operating activities of \$354,851 (2022: \$2,791,531). At the reporting date, the Group had \$794,303 in cash and term deposit balances. The Group also had borrowings of approximately \$4,000,000 due and payable on 30 November 2025 and approximately \$500,000 due and payable on 30 September 2023.

These financial statements have been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that based on the matters noted below the Group has, or in the Directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

In forming this view the directors have taken into consideration the following:

- On 31 July 2023, the Company executed an agreement with AGAA, which provides AGAA an exclusive three month period to conduct due diligence and to discuss and negotiate a potential transaction with the Company in respect of the Lake Carey Gold Project. AGAA paid the Company a lump sum of \$500,000 for the maintenance and dewatering costs of Red October Gold Mine in return for the exclusivity period;
- On 28 September 2023, the repayment date of its short term borrowing of \$500,000 was extended for a further three months to 31 December 2023;
- The ability of the Group to manage discretionary expenditure in line with the Group's cashflow; and
- The ability of the Group to obtain additional funding as and when required.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

DIVIDENDS

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

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

CORPORATE STRUCTURE

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

EMPLOYEES

The Group had 23 employees of which 19 were full-time as at 30 June 2023 (2022: 14 full-time equivalent employees).

Review of Operations

A full review of the operations of the Group during the year ended 30 June 2023 is included on pages 4 to 30.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group that occurred during the financial year are disclosed in the corporate activities section of the operations review of this report.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 25 July 2023 Matsa announced that Linden was unable to meet Milestone 1 by 31 March 2023 as well as an extension to meet Milestone 1 by 30 June 2023. In addition, Linden has failed to implement approved budgets and programmes and failed to provide a 2024 financial year proposed programme and budget as obligated as the Manager of the joint venture. As a result, Matsa issued a default notice to Linden.

On 31 July 2023, the Company executed an agreement with AGAA, which provides AGAA an exclusive three month period to conduct a due diligence and to discuss and negotiate a potential transaction with the Company in respect of the Lake Carey Gold Project. AGAA paid the Company a lump sum of \$500,000 for the maintenance and dewatering costs of Red October Gold Mine in return for the exclusivity period.

On 30 August 2023, the Company successfully completed a placement to professional and sophisticated investors to raise approximately \$2,000,000 before costs to advance the Lake Carey Gold Project and continue building on the lithium prospectivity in Thailand.

On 28 September 2023, the repayment date for the drawn down amount of \$500,000 was extended for a further three months to 31 December 2023.

As required under the terms of the JVA, on 31 August 2023, Linden submitted a Definitive Feasibility Study in which Matsa considers not in compliant with the requirements of the JVA and deemed not of suitable standard for financing purposes. As a result, a further Default Notice was issued on 20 September 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is expected that the Group will continue its exploration activities in Australia and Thailand. These are described in more detail in the Review of Operations on page 4 to 30.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Group's exploration activities are subject to various environmental laws and regulations under Australian and Thai Legislation. The Group has adequate systems in place for the management of its

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

environmental obligations. The directors are not aware of any breaches of the legislation during the financial year which are material in nature.

DIRECTORS' MEETINGS

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Paul Poli	7	7
Frank Sibbel (resigned 3 March 2023)	3	3
Andrew Chapman	7	7
Pascal Blampain	7	7

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

	Number of Ordinary Shares	Number of \$0.09 Unlisted Options	Number of \$0.17 Unlisted Options
Paul Poli	13,900,000	2,000,000	-
Andrew Chapman	600,000	1,500,000	-
Pascal Blampain	300,000	2,000,000	1,000,000

Options granted to directors and officers of the Company

During the financial year, the Company granted 6,000,000 options over unissued ordinary shares for no consideration in the Company to directors or officers of the Company as part of their remuneration.

SHARE OPTIONS

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

Date of Expiry	Exercise Price	Number under Option
31 October 2023	\$0.21	2,150,000
30 November 2023	\$0.17	1,000,000
30 November 2025	\$0.08	15,000,000
30 November 2025	\$0.09	6,000,000
30 November 2025	\$0.09	3,000,000
7 September 2025	\$0.07	31,833,833
		<u>58,983,833</u>

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

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

Shares Issued on Exercise of Options

During the financial year 2,750 listed options were exercised with an exercise price of \$0.17 each.

During the financial year, the following options were forfeited or lapsed:

- 1,000,000 with an exercise price of \$0.35
- 5,750,000 with an exercise price of \$0.175
- 1,100,000 with an exercise price of \$0.21
- 2,000,000 with an exercise price of \$0.35
- 2,000,000 with an exercise price of \$0.25
- 44,079,341 with an exercise price of \$0.30
- 28,124,324 with an exercise price of \$0.17

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT - Audited

Principles of Compensation

This remuneration report for the year ended 30 June 2023 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. This information has been audited as required by Section 308(3C) of the Act.

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

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

The remuneration report is presented under the following sections:

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

Individual KMP Disclosures

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

Name	Position	Date of Appointment	Date of Resignation
Directors			
P Poli	Executive Chairman and Managing Director	23 December 2008	-
F Sibbel	Non-Executive Director	25 October 2010	3 March 2023
A Chapman	Executive Director and Company Secretary	17 December 2009*	-
P Blampain	Executive Director	17 February 2021	-
Executives			
D Fielding	Group Exploration Manager	12 April 2010	5 December 2022

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

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

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Board Oversight of Remuneration

Remuneration Committee

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

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

Remuneration Approval Process

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

Remuneration Strategy

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

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Remuneration Policy

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

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

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

Structure

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

Non-Executive Directors received a base fee of \$42,000 per annum during the financial year for being a director of the Group.

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

The remuneration report for the Non-Executive Directors for the year ended 30 June 2023 and 30 June 2022 is detailed in this report.

Managing Director and Executive Remuneration Structure

Remuneration Policy

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

Structure

In determining the level and make-up of executive remuneration, the Board engages external consultants as needed to provide independent advice. No external advice was received during the year.

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration for each executive for the years ended 30 June 2023 and 30 June 2022 is detailed in this report.

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Managing Director and Executive Remuneration Structure

Fixed Remuneration

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

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

The fixed remuneration component for executives for the period ended 30 June 2023 and 30 June 2022 is detailed in this report.

Variable Remuneration – Short Term Incentive (STI)

The objective of the STI is to provide sufficient incentive to the Executives to achieve their performance goals. The total potential STI available is set at a level such that the cost to the Group is reasonable in the circumstances.

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

The aggregate of STI payments available for Executives across the Group is subject to the Board's discretion and approval. Payments are usually delivered as a cash bonus. During the year, no STI was paid or awarded.

Variable Remuneration – Long Term Incentive (LTI)

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

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

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

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

During the year, options were granted to Directors with vesting price conditions established in advance of grant by the Board.

For personal use only

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

Other Benefits

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

Company Performance and the Link to Remuneration

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

The Matsa Long Term Incentive Plan typically has no direct financial performance requirements but has specified time restrictions on the exercise of options. The granting of options is in substance a performance incentive which allows executives to share the rewards of the success of the Company. The options have no vesting conditions and they vest immediately on grant date.

During the year, options were issued to Directors with deemed vesting conditions attached. These options are therefore linked to the Company's performance due to vesting conditions being dependent on the Company's share price.

Service Agreements

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

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

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

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

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

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

As at 30 June	2023	2022	2021	2020	2019
Closing share price	\$0.036	\$0.043	\$0.072	\$0.155	\$0.145
Net comprehensive (loss) per year ended	(818,647)	(6,028,025)	(9,654,713)	(5,235,103)	(4,947,360)

2023	Short Term Benefits		Post-employment Benefits	Share-based payments	Total	% Performance Related	% of Remuneration that consists of securities
	Salary & Fees	Other	Superannuation	Options			
Key Management Person	\$	\$	\$	\$	\$		
Directors							
Paul Poli ¹	292,327	5,750	25,468	22,200	345,745	6.42	6.42
Frank Sibbel ²	28,000	-	-	5,550	33,550	16.54	16.54
Pascal Blampain ⁴	272,685	13,985	25,468	22,200	334,338	6.64	6.64
Andrew Chapman	199,234	-	21,003	16,650	236,887	7.03	7.03
Total	792,246	19,735	71,939	66,600	950,520	-	-
Executives							
David Fielding ³	94,672	-	9,941	-	104,613	-	-
Total	94,672	-	9,941	-	104,613	-	-

¹ Mr Poli is a director and shareholder of Strategic Siam Co Ltd which received payments totalling \$43,809 during the year. Strategic Siam provides administration services to Thai entities. Mr Poli receives an internet and travel allowance as part of his terms of employment (disclosed as other short term benefits).

² Mr Sibbel resigned on 3 March 2023.

³ Mr Fielding resigned on 5 December 2022.

⁴ Mr Blampain receives a travel allowance as part of his terms of employment and also received a one-off leave cash-out payment during the year (disclosed as other short term benefits).

2022	Short Term Benefits		Post-employment Benefits	Share-based payments	Total	% Performance Related	% of Remuneration that consists of securities
	Salary & Fees	Other	Superannuation	Options			
Key Management Person	\$	\$	\$	\$	\$		
Directors							
Paul Poli ¹	328,973	3,963	23,712	-	356,648	-	-
Frank Sibbel ²	54,320	-	-	-	54,320	-	-
Pascal Blampain	275,000	-	23,712	5,329	304,041	-	-
Andrew Chapman	200,000	-	20,083	-	220,083	-	-
Total	858,293	3,963	67,507	5,329	935,092	-	-
Executives							
David Fielding	224,933	-	22,219	24,114	271,266	-	-
Total	224,933	-	22,219	24,114	271,266	-	-

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

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

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Compensation Options Granted and Vested during the year

The table below sets out options granted during the year to KMP. There were 6,000,000 options issued to Directors during the year. There were no options that were granted in previous years that vested during the year. The options entitle the holder to subscribe for one fully paid ordinary share in the Company.

2023	Vested	Granted	Grant Date	Spot price per Security at Grant Date	Exercise Price	First Exercise Date	Expiry Date
	No.	No.		\$	\$		
P Poli	2,000,000	2,000,000	25.11.22	0.04	0.09	30.6.2023	30.11.25
F Sibbel	500,000	500,000	25.11.22	0.04	0.09	30.6.2023	30.11.25
P Blampain	2,000,000	2,000,000	25.11.22	0.04	0.09	30.6.2023	30.11.25
A Chapman	1,500,000	1,500,000	25.11.22	0.04	0.09	30.6.2023	30.11.25

The options carry an exercise price of \$0.09 each. The exercise price has been calculated at 145% of \$0.06 which is deemed as the vesting price condition attached to the options, based on a 10-day trading period above the share price on the date of issue of the options up to the expiry date. The contractual life of each option is three years and there is no cash settlement of the options.

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

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

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

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

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

Value of Options granted as part of remuneration

2023	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options during the year
	\$	\$	\$	%
Paul Poli	22,200	-	142,064	6.42
Frank Sibbel	5,550	-	77,489	16.54
Pascal Blampain	22,200	-	-	6.64
Andrew Chapman	16,650	-	77,489	7.03
	66,600	-	297,042	-

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Option holdings of key management personnel

2023	Balance 1 July	Granted as remuneration	Exercised	Net change other*	Balance on Resignation	Balance 30 June	Vested & Exercisable	Not Exercisable
	No.	No.	No.	No.	No.	No.	No.	No.
P Poli	3,390,500	2,000,000	-	(3,390,500)	-	2,000,000	-	2,000,000
A Chapman	1,615,500	1,500,000	-	(1,615,500)	-	1,500,000	-	1,500,000
F Sibbel	1,552,575	500,000	-	(1,500,000)	(552,575)	-	-	-
P Blampain	1,000,000	2,000,000	-	-	-	3,000,000	-	3,000,000
D Fielding	742,797	-	-	-	(742,797)	-	-	-
	8,301,372	6,000,000	-	(6,506,000)	(1,295,372)	6,500,000	-	6,500,000

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

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

Shareholdings of key management personnel

2023	Balance 1 July	Granted as remuneration	Options exercised	Net change other**	Balance on resignation	Balance 30 June
	No.	No.	No.	No.	No.	No.
P Poli	13,900,000	-	-	-	-	13,900,000
A Chapman	300,000	-	-	300,000	-	600,000
F Sibbel	700,000	-	-	500,000	(1,200,000)	-
P Blampain	300,000	-	-	-	-	300,000
D Fielding	941,522	-	-	-	(941,522)	-
	16,141,522	-	-	800,000	(2,141,522)	14,800,000

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

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

End of Audited Remuneration Report

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

INDEMNIFYING OFFICERS

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

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

INDEMNIFYING AUDITORS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred by the auditor in relation to the performance of the audit. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF COMPANY

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

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

CORPORATE GOVERNANCE

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

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

NON-AUDIT SERVICES

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

The following fees for non-audit services were paid/payable to the external auditors, or by related practices of the external auditors, during the year ended 30 June 2023:

Taxation services	\$16,000
-------------------	----------

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 47.

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



Paul Poli

Executive Chairman

Dated this 29th day of September 2023

For personal use only

To the Board of Directors of Matsa Resources Limited,

Auditor's Independence Declaration under section 307C of the Corporations Act 2001

As lead auditor for the audit of the financial statements of Matsa Resources Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Nexia Perth Audit Services Pty Ltd



PTC Klopper
Director

Perth
29 September 2023

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED
30 JUNE 2023

	Note	2023 \$	2022 \$
Continuing operations			
Net loss on sale of tenements		-	(2,353,509)
Net gain on sale of fixed assets		17,273	60,000
Other income	5	4,225,212	3,275,060
Depreciation expense	5	(102,626)	(103,379)
Salaries and employment benefits expenses	5	(1,523,049)	(1,273,501)
Exploration and expenditure written-off/provided for	9	(322,419)	(1,028,175)
Other administration expenses	5	(1,554,604)	(1,670,283)
Share based payments expense	5	(104,060)	(5,329)
Results from operating activities		635,727	(3,099,116)
Finance income	5	4,681	496
Finance costs	5	(514,358)	(540,148)
Net finance cost		(509,677)	(539,652)
Profit/(loss) before income tax expense		126,050	(3,638,768)
Income tax expense		-	-
Profit/(loss) from continuing operations		126,050	(3,638,768)
Discontinued operations			
Loss from discontinued operations	19	(944,697)	(2,389,257)
Net loss for the year		(818,647)	(6,028,025)

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Net loss for the year		(818,647)	(6,028,025)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to equity holders of the company		<u>(818,647)</u>	<u>(6,028,025)</u>
Loss for the year is attributable to:			
Owners of the parent		(819,031)	(6,028,111)
Non-controlling interest		384	86
		<u>(818,647)</u>	<u>(6,028,025)</u>
Total comprehensive loss for the year is attributable to:			
Owners of the parent		(819,031)	(6,028,111)
Non-controlling interest		384	86
		<u>(818,647)</u>	<u>(6,028,025)</u>
Earnings per share:			
Basic/diluted loss per share attributable to ordinary equity holders of the parent (cents per share)	18	(0.20)	(1.70)
Earnings per share – continuing operations:			
Basic/diluted profit/(loss) per share attributable to ordinary equity holders of the parent (cents per share)	18	0.03	(1.02)

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	22	794,303	1,572,483
Trade and other receivables	7	237,340	175,469
Other assets	8	146,596	172,935
Assets classified as held for sale	19	6,565,347	9,008,264
Total current assets		7,743,586	10,929,151
Non-current assets			
Other assets	8	367,363	287,363
Other receivables	7	200,000	200,000
Exploration and evaluation assets	9	14,532,559	10,627,811
Property, plant and equipment	10	296,760	538,564
Right-of-use assets	11	94,651	61,776
Total non-current assets		15,491,333	11,715,514
Total assets		23,234,919	22,644,665
Current liabilities			
Trade and other payables	12	1,478,057	2,694,409
Borrowings	13	590,783	4,118,332
Lease liabilities	11	64,864	66,360
Provisions	14	286,630	295,290
Liabilities associated with assets held for sale	19	2,650,832	2,506,240
Total current liabilities		5,071,166	9,680,631
Non-current liabilities			
Borrowings	13	3,992,621	-
Lease liabilities	11	33,679	15,850
Provisions	14	417,288	402,924
Total non-current liabilities		4,443,588	418,774
Total liabilities		9,514,754	10,099,405
Net assets		13,720,165	12,545,260
Equity			
Issued capital	15	65,596,745	63,892,578
Reserves	16	10,317,900	10,028,515
Accumulated losses	17	(62,273,168)	(61,454,137)
Total equity attributable to equity holders of the Company		13,641,477	12,466,956
Non-controlling interests		78,688	78,304
Total equity		13,720,165	12,545,260

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Issued Capital Ordinary \$	Accumulated Losses \$	Equity Settled Benefits Reserve \$	Total \$	Non- controlling interest \$	Total \$
Balance at 1 July 2021	60,696,604	(55,426,026)	10,023,186	15,293,764	78,218	15,371,982
Comprehensive gain/(loss) for the year	-	(6,028,111)	-	(6,028,111)	86	(6,028,025)
Total comprehensive gain/(loss) for the year	-	(6,028,111)	-	(6,028,111)	86	(6,028,025)
<i>Transactions with owners recorded directly in equity</i>						
Issue of share capital	3,420,950	-	-	3,420,950	-	3,420,950
Share issue costs	(224,976)	-	-	(224,976)	-	(224,976)
Share based payment	-	-	5,329	5,329	-	5,329
Balance at 30 June 2022	63,892,578	(61,454,137)	10,028,515	12,466,956	78,304	12,545,260
Balance at 1 July 2022	63,892,578	(61,454,137)	10,028,515	12,466,956	78,304	12,545,260
Comprehensive gain/(loss) for the year	-	(819,031)	-	(819,031)	384	(818,647)
Total comprehensive gain/(loss) for the year	-	(819,031)	-	(819,031)	384	(818,647)
<i>Transactions with owners recorded directly in equity</i>						
Issue of share capital	2,016,218	-	-	2,016,218	-	2,016,218
Share issue costs	(312,051)	-	-	(312,051)	-	(312,051)
Issue of options	-	-	1,500	1,500	-	1,500
Share based payment	-	-	287,885	287,885	-	287,885
Balance at 30 June 2023	65,596,745	(62,273,168)	10,317,900	13,641,477	78,688	13,720,165

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Other income		4,291,005	3,302,846
Payments to suppliers and employees		(3,400,483)	(3,063,207)
Interest received		4,681	496
Net payments to discontinued operations	19	(1,250,054)	(3,031,666)
Net cash used in operating activities	22	(354,851)	(2,791,531)
Cash flows from investing activities			
Payments for financial assets		(80,000)	-
Purchase of plant and equipment		(156,340)	(4,119)
Exploration and evaluation assets		(1,571,204)	(1,624,031)
Proceeds on sale of plant and equipment		17,273	35,000
Proceeds on sale of tenements		-	713,636
Net payments to discontinued operations	19	(259,733)	(80,473)
Net cash used in investing activities		(2,050,004)	(959,987)
Cash flows from financing activities			
Proceeds from issue of shares	15	1,976,468	3,375,350
Proceeds from issue of options		1,500	-
Costs of issue	15	(128,226)	(224,976)
Repayment of lease liabilities	22	(89,072)	(104,210)
Repayment of borrowings	22	(4,120,040)	(224,868)
Proceeds from borrowings	22	4,500,000	-
Interest paid		(513,955)	(526,092)
Net payments to discontinued operations	19	-	(529)
Net cash provided by financing activities		1,626,675	2,294,675
Net (decrease)/increase in cash and cash equivalents		(778,180)	(1,456,843)
Cash and cash equivalents at beginning of financial year		1,572,483	3,029,326
Cash and cash equivalents at end of financial year	22	794,303	1,572,483

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

1. CORPORATE INFORMATION

The consolidated financial statements of Matsa Resources Limited (the “Company” or “Matsa”) and its controlled entities (the “Group”) for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 29 September 2023.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The consolidated financial statements have been prepared on the historical cost basis.

The consolidated financial report is presented in Australian dollars.

(b) Compliance with IFRS

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

(c) Changes in Accounting Policies and Disclosures

Since 1 July 2022 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2022. The adoption of any new and revised standards and interpretations effective from 1 July 2022 has not resulted in any changes to the Group’s accounting policies and has had no material effect on the amounts reported to the current or prior period. The Group has not elected to early adopt any new standards or interpretations that are not mandatory effective.

Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023

The directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of consolidation

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

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

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

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

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

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

(e) Going Concern

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

The Group has reported a loss for the year of \$818,647 (2022: \$6,028,025) and a cash outflow from operating activities of \$354,851 (2022: \$2,791,531). At the reporting date, the Group had \$794,303 in cash and term deposit balances. The Group also had borrowings of approximately \$4,000,000 due and payable on 30 November 2025 and approximately \$500,000 due and payable on 30 September 2023.

These financial statements have been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that based on the matters noted below the Group has, or in the Directors opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of at least 12 months from the date of signing this report.

In forming this view the directors have taken into consideration the following:

- On 31 July 2023, the Company executed an agreement with AGAA, which provides AGAA an exclusive three month period to conduct a due diligence and to discuss and negotiate a potential transaction with the Company in respect of the Lake Carey Gold Project. AGAA paid the Company a lump sum of \$500,000 for the maintenance and dewatering costs of Red October Gold Mine in return for the exclusivity period;
- On 28 September 2023, the repayment date of its short term borrowing of \$500,000 was extended for a further three months to 31 December 2023;
- The ability of the Group to manage discretionary expenditure in line with the Group's cashflow; and

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Going Concern (continued)

- The ability of the Group to obtain additional funding as and when required.

Should the Group not achieve the matters set out above there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern and meet its debts as and when they fall due.

(f) Segment Reporting

Determination and presentation of operating segments

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

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

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

(g) Business combinations

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

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Business combinations (continued)

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with AASB 9 *Financial Instruments* ('AASB 9') either in profit or loss or as a change to other comprehensive income.

If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate Australian accounting standard.

(h) Foreign currency transactions and balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

Non derivative financial instruments

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

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

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

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

The Group's financial risk management objectives and policies are set out in Note 24.

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

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

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

Other

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leases

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

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

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments include fixed payments, amounts expected to be paid under a residual value guarantee, the exercise price of purchase options for which the Group is reasonably certain to exercise and incorporate the Group's expectations of lease extension options.

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

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

(k) Impairment of non-financial assets

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

(l) Cash and cash equivalents

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

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Trade and other receivables

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

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

(n) Interests in Joint Ventures

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

(o) Property, plant and equipment

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

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

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

Derecognition

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

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Exploration, evaluation and development expenditure

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

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

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

Impairment

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

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

(q) Mine properties and development

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

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

Impairment

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

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Trade and other payables

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

(s) Rehabilitation costs

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

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

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

(t) Interest-bearing loans and borrowings

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

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

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

(u) Borrowing costs

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

(v) Employee benefits

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Provisions

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

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

(x) Share-based payment transactions

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

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model. Further details of which are given in Note 25.

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

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

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

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Share-based payment transactions (continued)

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

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

(y) Revenue

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

Sale of goods

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

R&D Refund

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

Finance income

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Income tax

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

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

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

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

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

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

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

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

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

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Contributed equity

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

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

(ab) Other taxes

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

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

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

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

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

(ac) Earnings per share

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

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

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

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Significant accounting estimates and assumptions

Share-based payment transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black Scholes model, using the assumptions as discussed in Note 25. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

Impairment of capitalised exploration and evaluation expenditure

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

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

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

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

Impairment of property, plant and equipment

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

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

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

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Mine rehabilitation provision

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

4. SEGMENT REPORTING

Identification of reportable segment

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

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

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

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

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

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

4. SEGMENT REPORTING (Continued)

Information about reportable segments

Information relating to each reportable segment is shown below.

	Reportable Segments		Total
	Australia	Thailand	
2023	\$	\$	\$
External revenues from continued operations	4,242,485	-	4,242,485
External revenues from discontinued operations	1,116,248	-	1,116,248
Segment revenue	5,358,733	-	5,358,733
Profit/(loss) from continued operations	781,169	(655,119)	126,050
Loss from discontinued operations	(944,697)	-	(944,697)
Segment loss before tax	(163,528)	(655,119)	(818,647)
Interest Income	4,581	100	4,681
Interest expense	(514,358)	-	(514,358)
Depreciation expense	(96,909)	(5,717)	(102,626)
Segment assets	22,676,798	558,121	23,234,919
Capital expenditure	75,169	81,171	156,340
Segment liabilities	9,514,633	121	9,514,754
2022			
External revenues from continued operations	3,275,060	-	3,275,060
External revenues from discontinued operations	871,235	-	871,235
Segment revenue	4,146,295	-	4,146,295
Loss from continued operations	(3,153,701)	(485,067)	(3,638,768)
Loss from discontinued operations	(2,389,257)	-	(2,389,257)
Segment loss before tax	(5,542,958)	(485,067)	(6,028,025)
Interest Income	126	370	496
Interest expense	(540,148)	-	(540,148)
Depreciation expense	(103,379)	-	(103,379)
Segment assets	22,174,226	470,439	22,644,665
Capital expenditure	33,504	-	33,504
Segment liabilities	10,093,491	5,914	10,099,405

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

	<u>2023</u>	<u>2022</u>
	\$	\$
5. Income and expenses		
<p>The loss before income tax includes the following revenues whose disclosure is relevant in explaining the performance of the entity:</p>		
(a) Other income		
R&D tax incentive refund	95,774	86,079
Other income	4,129,438	3,188,981
	<u>4,225,212</u>	<u>3,275,060</u>

In 2022, the Company received a non-refundable deposit of \$3,000,000 in relations to the Red October and Devon Sale and Purchase Agreement (SPA). Refer note 19 for further details.

On 11 November 2022, the Company executed a formal binding JVA with Linden, in respect of a joint venture over the Devon Gold Pit. During the period, the Company received an upfront non-refundable prepayment of \$4,000,000 cash from Linden for a 50% profit share in the Devon Pit.

Other key terms of the JVA include;

- the Company and Linden will form an unincorporated development and profit-sharing joint venture (50/50) (JV) which will be responsible for the progression of the development of the Devon Pit and, in turn, production;
- the Company will be free carried by Linden for all costs of development including all development capital, sustaining capital, attributable debt financing and operating working capital including completion and closure of mining activities;
- Linden will recover all of the Company's attributed share of costs (including the \$4,000,000) from the Company's share of proceeds from the sale of its share of production of the JV. Should the Company's share of proceeds be insufficient for Linden to recover its costs and the upfront \$4,000,000, the Company will have no liability to pay any outstanding balance;
- Linden will be appointed as the manager of the JV and must deliver an acceptable Definitive Feasibility Study by 31 August 2023 and be able to commence mining by 30 June 2024, subject to certain conditions. If Linden fails to meet these deadlines the JV terminates and the \$4,000,000 paid to the Company is non-refundable. The Company retains 100% ownership in the Devon Gold Mine tenements at all times; and
- Upon execution of the JVA and the receipt of the \$4,000,000, the existing Sale and Purchase Agreement between the Company and Linden in respect of Red October and Devon (SPA) and subsequent amendments to that SPA will be terminated. See note 19 for further details.

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023

	2023 \$	2022 \$
5. Income and expenses (Continued)		
(b) Finance income		
Interest earned	4,681	496
(c) Finance cost		
Interest on lease liabilities and borrowings	514,358	540,148
(d) Expenses included in the statement of comprehensive income		
Depreciation and amortisation expenses		
Mine property	-	7,873
Mine capital development	-	184,821
Property plant and equipment	276,911	622,182
Property plant and equipment held for sale	127,687	-
Right-of-use assets	72,529	103,261
	<u>477,127</u>	<u>918,137</u>
Disclosure in Statement of Profit and Loss		
<i>Continuing operations:</i>		
Depreciation expense	102,626	103,379
	<u>102,626</u>	<u>103,379</u>
<i>Discontinued operations:</i>		
Amortisation and depreciation	374,501	814,758
	<u>374,501</u>	<u>814,758</u>
	<u>477,127</u>	<u>918,137</u>
(e) Other expenses		
(i) Employee benefits expense		
Salaries and wages (including bonus)	1,448,730	1,201,128
Superannuation expenses	74,319	72,373
Share based payments	104,060	5,329
Total employee benefits expense	<u>1,627,109</u>	<u>1,278,830</u>
(ii) Administration and other expenses		
Operating lease rentals	6,371	6,371
Administration expenses	1,548,233	1,663,912
	<u>1,554,604</u>	<u>1,670,283</u>

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023

	2023	2022
	\$	\$
6. Income taxes		
Income tax expense/(benefit) comprises:		
Current tax expense/(income)	-	-
Deferred tax expense/(income)	-	-
	-	-

Income tax recognised in profit or loss

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

Loss for the year	(818,647)	(6,028,025)
Income tax expense calculated at 25% (2022: 25%)	(204,662)	(1,507,007)
Non-deductible expenses	32,477	6,574
Non-assessable income	(23,944)	(21,520)
Effect of temporary differences not recognised in current year	(604,111)	1,580,278
Effect of temporary differences that would be recognised directly in equity	(78,013)	(56,244)
Adjustments recognised in the current year in relation to the current tax of previous years	878,253	(2,081)
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% (2022: 25%) payable by Australian corporate entities on taxable profits under Australian tax law.

	2023	2022
	\$	\$
Unrecognised deferred tax assets/(liabilities)		
The following deferred tax assets have not been brought to account:		
Tax losses - revenue	10,919,659	11,262,170
Investments		
Temporary differences - exploration	(2,028,174)	(2,028,174)
Section 40-880 expenses	211,186	136,402
Other temporary differences	9,352	345,736
	9,112,023	9,716,134

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

As at 30 June 2023, the Company had carried forward revenue losses of \$42,747,873 (2022: \$41,535,677). These losses remain available indefinitely for offset against future taxable profits of the Company provided certain test criteria for their deductibility are met.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

	2023	2022
	\$	\$
7. Trade and other receivables		
Current		
Amounts receivable from Australian Taxation Authorities	80,580	49,476
Other receivables	156,760	125,993
	237,340	175,469
Non-current		
Other receivables (i)	200,000	200,000
	200,000	200,000

- (i) On 2 February 2021, the Company and Bulletin Resources Limited (Bulletin) have, through their 80:20 joint venture, sold a 400m wide strip (1.35km²) of the 576km² Lake Rebecca gold project to Apollo Consolidated Limited (Apollo) for a total consideration of approximately \$5,600,000. The Company's share of the consideration amount to \$1,200,000. The remaining receivable of \$200,000 is expected to be settled in 2025.

	2023	2022
	\$	\$
8. Other assets		
Current		
Prepayments	146,596	172,935
	146,596	172,935
Non-current		
Deposits held (i)	287,363	287,363
Other	80,000	-
	367,363	287,363

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

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

	2023	2022
	\$	\$
9. Exploration and evaluation assets		
Exploration expenditure capitalised at cost -exploration and evaluation phase	14,532,559	10,627,811
	14,532,559	10,627,811

Movements in carrying amounts

Exploration and evaluation phase		
Balance at beginning of year	10,627,811	21,437,966
Acquisition of tenements	-	45,600
Disposal of tenements (i)	-	(3,068,729)
Exploration and evaluation expenditure incurred	1,571,204	1,994,430
Expenditure written off/impaired (ii)	(322,419)	(1,028,175)
Transfer from/(to) assets held for sale (note 19)	2,655,963	(8,753,281)
Balance at end of year	14,532,559	10,627,811

- (i) On 30 June 2022, IGO Newsearch Pty Ltd ("IGO") acquired a 70% interest in the Symons Hill project as well as the Company's other Fraser Range tenements for a cash consideration of \$600,000 and then free carry the Company for all exploration to completion of feasibility studies or decision to mine whichever occurs earlier. A loss on the sale of \$2,209,192 was recognised in the statement of profit or loss and other comprehensive income.
- (ii) During the year, the Company surrendered several tenements and exploration costs of \$322,419 previously capitalised for these tenements were written off and recognised in the consolidated statement of profit or loss and other comprehensive income.

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

	2023	2022
	\$	\$
10. Property, plant and equipment		
Plant and equipment at cost	1,883,943	1,924,483
Accumulated depreciation	(1,587,183)	(1,385,919)
	296,760	538,564
Total property, plant and equipment	296,760	538,564

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023

10. Property, plant and equipment (Continued)

Movements in carrying amounts

	Plant and Equipment \$	Total \$
Consolidated		
Balance 30 June 2021	1,917,968	1,917,968
Additions	33,504	33,504
Disposals	(535,743)	(535,744)
Transfer to asset held for sale (note 19)	(254,983)	(254,983)
Depreciation expense	(622,182)	(622,181)
Balance 30 June 2022	<u>538,564</u>	<u>538,564</u>
Additions	156,340	156,340
Disposals	(121,233)	(121,233)
Depreciation expense	(276,911)	(276,911)
Balance 30 June 2023	<u>296,760</u>	<u>296,760</u>

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

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

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

Right-of-use-assets

Carrying Amount

	Equipment \$	Premises \$	Motor Vehicles \$	Total \$
Cost	44,823	105,404	119,297	306,297
Accumulated depreciation	(33,617)	(21,959)	(119,297)	(211,646)
As at 30 June 2023	<u>11,206</u>	<u>83,445</u>	<u>-</u>	<u>94,651</u>

Reconciliation

	Equipment \$	Premises \$	Motor Vehicles \$	Total \$
As at 1 July 2022	26,147	29,040	6,589	61,776
Additions	-	105,404	-	105,404
Disposals	-	-	-	-
Depreciation expense	(14,941)	(50,999)	(6,589)	(72,529)
As at 30 June 2023	<u>11,206</u>	<u>83,445</u>	<u>-</u>	<u>94,651</u>

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

11. Right-of-use-assets & lease liabilities (Continued)

Lease liabilities

Set out below are the carrying amounts of lease liabilities.

Carrying Value 2023	Equipment \$	Premises \$	Motor Vehicles \$	Total \$
Current liabilities	12,887	51,977	-	64,864
Non-current liabilities	-	33,679	-	33,679
As at 30 June 2023	<u>12,887</u>	<u>85,656</u>	<u>-</u>	<u>98,543</u>

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

A maturity analysis of future minimum lease payments is presented in Note 24.

Movement for the period	Equipment \$	Premises \$	Motor Vehicles \$	Total \$
As at 1 July 2022	30,933	31,246	20,031	82,210
Additions	-	105,404	-	105,404
Repayments	(18,843)	(55,872)	(20,533)	(95,248)
Interest	797	4,878	502	6,177
As at 30 June 2023	<u>12,887</u>	<u>85,656</u>	<u>-</u>	<u>98,543</u>

12. Trade and other payables

Unsecured liabilities

	<u>2023</u> \$	<u>2022</u> \$
Trade payables	935,424	1,651,509
Sundry creditors and accrued expenses	542,633	1,042,900
	<u>1,478,057</u>	<u>2,694,409</u>

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

	2023 \$	2022 \$
13. Borrowings		
Current		
Secured liabilities		
- Loan (i)	500,000	3,998,172
Unsecured liabilities		
- Insurance premium finance	90,783	120,160
	590,783	4,118,332
Non-current		
Secured liabilities		
- Loan (i)	3,992,621	-
	3,992,621	-
 (i) Reconciliation of loan	2023 \$	2022 \$
Balance at beginning of year	3,988,172	3,984,116
Additions	4,500,000	-
Repayment	(4,000,000)	-
Interest capitalised	4,449	14,056
Balance at end of year	4,492,621	3,998,172

Matsa's \$4,000,000 loan facility was due to be repaid on 30 November 2022. On 1 December 2022, Matsa executed new loan agreements with its existing independent lenders who have each provided a \$2 million facility. The key terms of the finance facility are as follows:

Principal Amount: \$4,000,000
 Interest Rate: 12% per annum paid monthly in arrears
 Term: \$4,000,000 repayable by 30 November 2025
 Security: The loan facility is secured by a mortgage over the Fortitude gold project tenements.
 Fee: Issue of 150,000 fully paid ordinary shares at the commencement date and each anniversary date of the loan advance while it remains outstanding.

A Facility Fee of 150,000 shares was issued to the lenders on or about 9 December 2022 (note 15).

On 28 June 2023, Matsa entered into a short-term loan agreement with an existing lender for an additional \$750,000 loan facility. As at 30 June 2023, \$500,000 was drawn down from the facility. The \$750,000 short-term loan facility is repayable by 30 September 2023. On 28 September 2023, the repayment date for the drawn down amount of \$500,000 was extended for a further three months to 31 December 2023. All other key terms of the short-term loan include:

Interest Rate: 12% per annum paid monthly in arrears
 Security: The short-term loan facility is secured by a mortgage over the Fortitude gold project tenements

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

	2023	2022
	\$	\$
14. Provisions		
Current		
Provision for annual leave	286,630	295,290
	286,630	295,290
Non-current		
Provision for long service leave	215,373	201,009
Provision for mine restoration	201,915	201,915
	417,288	402,924
Movement in long service leave provision		
Opening balance 1 July	201,009	244,706
Increase)/(decrease) in provision	14,364	(43,697)
Closing balance 30 June	215,373	201,009
Movement in provision for mine restoration		
Opening balance 1 July	201,915	2,636,618
Transfer to liabilities associated with assets held for sale (note 19)	-	(2,506,240)
Increase in provision	-	71,537
Closing balance 30 June	201,915	201,915

	2023	2022	2023	2022
	No.	No.	\$	\$
15. Issued capital				
Fully paid ordinary shares	412,007,370	358,954,620	65,596,745	63,892,578
Ordinary shares				
At the beginning of reporting period	358,954,620	315,962,745	63,892,578	60,696,604
Share placements	52,000,000	42,191,875	1,976,000	3,375,350
Shares issued as a facility fee	150,000	-	5,550	-
Shares issued in lieu of payment (i)	900,000	800,000	34,200	45,600
Exercise of options	2,750	-	468	-
Transaction costs (ii)	-	-	(312,051)	(224,976)
At reporting date	412,007,370	358,954,620	65,596,745	63,892,578

- (i) During the year, 900,000 shares were issued at \$0.038 per share to acquire mining information, data and technical advice. The amount of \$34,200 was expensed in the consolidated statement of profit or loss.
- (ii) During the year, 15,000,000 share options with an exercise price of \$0.08 each, were issued to Westar Capital as part of their fee for acting as Lead Managers to the share placements. At 30 June 2023, these options valued at \$183,825 was recognised directly in equity as capital raising transaction costs.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

15. Issued capital (Continued)

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

Options

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

Exercise Price	Expiry Date	Balance at	Issued	Exercised	Lapsed	Balance at
		beginning of year				end of year
		No.	No.	No.	No.	No.
\$0.08	30/11/2025	-	15,000,000	-	-	15,000,000
\$0.09	30/11/2025	-	6,000,000	-	-	6,000,000
\$0.09	30/11/2025	-	3,000,000	-	-	3,000,000
\$0.35	30/11/2022	1,000,000	-	-	(1,000,000)	-
\$0.175	30/11/2022	5,750,000	-	-	(5,750,000)	-
\$0.21	31/10/2023	3,250,000	-	-	(1,100,000)	2,150,000
\$0.35	30/11/2022	2,000,000	-	-	(2,000,000)	-
\$0.25	30/11/2022	2,000,000	-	-	(2,000,000)	-
\$0.30	30/11/2022	44,079,341	-	-	(44,079,341)	-
\$0.17	30/4/2023	28,124,324	-	-	(28,124,324)	-
\$0.17	30/11/2023	1,000,000	-	-	-	1,000,000
		87,203,665	24,000,000	-	(84,053,665)	27,150,000

16. Reserves

Equity settled transaction

	2023	2022
	\$	\$
Equity settled transaction	10,317,900	10,028,515
	<u>10,317,900</u>	<u>10,028,515</u>

Equity settled transaction reserve

Balance at beginning of financial year

Share based payment

Balance at end of financial year

Balance at beginning of financial year	10,028,515	10,023,186
Share based payment	289,385	5,329
Balance at end of financial year	<u>10,317,900</u>	<u>10,028,515</u>

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

17. Accumulated losses

Accumulated losses at beginning of financial year

Loss for the year

Accumulated losses at end of financial year

	2023	2022
	\$	\$
Accumulated losses at beginning of financial year	61,454,137	55,426,026
Loss for the year	819,031	6,028,111
Accumulated losses at end of financial year	<u>62,273,168</u>	<u>61,454,137</u>

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

18. (Loss)/earnings per share

	2023	2022
	\$	\$
The (loss)/earnings and weighted average number of ordinary shares used in the calculation of loss per share are as follows:		
Loss	(818,647)	(6,028,025)
Basic/diluted loss per share (cents per share)	(0.20)	(1.70)
Profit/(loss) from continued operations	126,050	(3,638,768)
Basic/diluted earnings/(loss) per share (cents per share)	0.03	(1.02)
	No.	No.
Weighted average number of ordinary shares	402,704,243	355,009,331

Diluted loss per share

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

19. Assets classified as held for sale and discontinued operations

On 20 December 2021, the Company entered into a \$20,000,000 Sale and Purchase Agreement (SPA) with Linden for the sale of Red October and Devon Pits and associated tenements, which has delivered the Company \$3,000,000 in non-refundable deposits.

On 29 September 2022, the Company was advised that Linden had not received conditional approval for admission to the ASX as required by the SPA and that Linden had 5 business days to advise the Company whether or not it will complete the sale via a cash payment of \$12,000,000. Linden was not able to do so and therefore could not complete the transaction as per the SPA.

Following ongoing discussions with Linden, a proposal for a joint venture for the Devon Pit was agreed. This allowed the Company to retain 100% of all the tenements listed in the SPA including the Red October Gold project and Devon Gold project and continue to conduct exploration activities on these projects (excluding the Devon Pit area) unhindered. See note 5(a) for further details of the JVA between the Company and Linden.

As at 30 June 2022, the Red October and Devon Gold Project was previously classified as assets held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5).

As a result of the JVA, the Company continues to retain 100% ownership in the Devon Gold Project and the project is no longer classified as an asset held for sale. At 30 June 2023, the carrying value (\$2,655,963) of the Devon Gold Project was reclassified as exploration and evaluation assets in the consolidated statement of financial position. The Devon Gold Project did not have any impact on the comparative information in discontinued operations disclosed in the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income.

The Company is continuing to evaluate all viable options for the Red October Gold Project including ongoing discussions with multiple parties on a separate deal for the project. At 30 June 2023, the Red October Gold Project continues to be classified as asset held for sale in accordance with AASB 5.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

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

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

At the balance sheet date, the projects continue to be classified as assets held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The carrying value of the projects were reassessed and it was determined that they were being carried at the lower of their carrying value and fair value less cost to dispose (FVLCD).

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

As at 30 June 2023, the carrying value of assets held for sale and liabilities associated with assets held for sale in the statement of financial position are detailed below:

Assets held for sale:

	2023	2022
	\$	\$
Exploration and evaluation assets	6,438,051	8,753,281
Plant and equipment	127,296	254,983
	6,565,347	9,008,264

Liabilities associated with assets held for sale:

	2023	2022
	\$	\$
Provision for mine restoration (note 14)	2,650,832	2,506,240
	2,650,832	2,506,240

For the period ended 30 June 2023, the results of discontinued operations in the statement of profit or loss are detailed below:

	2023	2022
	\$	\$
Revenue from customers (i)	930,763	230,235
Other income	185,485	641,000
Mining operations	-	(444,537)
Amortisation and depreciation	(374,501)	(814,758)
Care and maintenance	(1,485,013)	(1,675,747)
Other expenses	(16,605)	(932)
Loss on sale of fixed assets	(40,234)	(252,452)
Finance costs	(144,592)	(72,066)
Loss from discontinued operations	(944,697)	(2,389,257)

- (i) During the year, the Company received confirmation that the final performance obligations for gold ore delivered in 2021 has fulfilled the grade and recovery requirements. As such the variable consideration related to these performance obligations has been met and the amount recognised as revenue.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

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

	2023 \$	2022 \$
Net cash used in operating activities	(1,250,054)	(3,031,666)
Net cash used in investing activities	(259,733)	(80,473)
Net cash used in financing activities	-	(529)
Net cash flows used in discontinued operations	(1,509,787)	(3,112,668)

20. Commitments and contingencies

Exploration and expenditure commitments

In order to maintain the mineral tenements in which the Company and other parties are involved, the Group is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure commitment requirement for granted tenements for the next year is \$2,236,400 (2022: \$2,439,581). This amount has not been provided for in the financial report. These obligations are capable of being varied from time to time. Exploration expenditure commitments beyond twelve months cannot be reliably determined.

Mine development and operating commitments

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

Contingencies

There are no contingent assets or contingent liabilities as at 30 June 2023 (30 June 2022: \$nil).

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

21. Subsidiaries

	Country of Incorporation	Percentage Owned (%)	
		2023	2022
Parent Entity			
Matsa Resources Limited	Australia		
Subsidiary			
Matsa Gold Pty Ltd	Australia	100	100
Killaloe Minerals Pty Ltd	Australia	100	100
Lennard Shelf Exploration Pty Ltd	Australia	100	100
Red October Gold Pty Ltd	Australia	100	100
Australian Strategic and Precious Metals Investment Pty Ltd	Australia	100	100
Matsa Resources (Aust) Pty Ltd	Australia	100	100
Matsa Iron Pty Ltd	Australia	100	100
Cundeelee Pty Ltd	Australia	100	100
Matsa (Thailand) Co Ltd	Thailand	100	100
PVK Mining Loei Co Ltd	Thailand	100	100
Khlong Tabae Co Ltd	Thailand	95	95
Paisali Mining Co Ltd	Thailand	95	95
Siam Copper Resources Co Ltd	Thailand	100	100
Loei Mining Co Ltd	Thailand	100	100
Azure Circle Co Ltd	Thailand	100	100
Forward Metals Co Ltd	Thailand	100	-
Thai EV Minerals Co Ltd	Thailand	100	-

22. Cash flow information

Reconciliation of cash and cash equivalents

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

	2023	2022
	\$	\$
Cash and cash equivalents	794,303	1,572,483

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

22. Cash flow information (Continued)

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

	2023	2022
	\$	\$
Loss for year	(1,749,410)	(6,028,025)
Non-cash flows in loss from ordinary activities:		
Share-based payments	104,060	5,329
Depreciation	477,127	725,442
Exploration expenditure written off/impaired	322,419	1,028,175
Net (gain)/loss on disposal of plant and equipment	22,961	192,452
Net (gain)/loss on sale of tenements	-	2,353,509
Interest expense classified as financing cash flow	514,358	526,621
Amortisation	-	192,695
Changes in assets and liabilities:		
(Decrease)/increase in receivables	(764)	68,828
Increase in inventories	-	79,981
Decrease in trade creditors and accruals	(195,899)	(1,883,445)
Increase/(decrease) in provisions	150,297	(53,093)
Cash used in operating activities	<u>(354,851)</u>	<u>(2,791,531)</u>

Reconciliation of liabilities arising from financing activities

2023	Lease Liabilities	Borrowings	Total
	\$	\$	\$
Opening balance	82,210	4,118,332	4,200,542
Cash flows	(89,072)	379,960	290,888
Non-cash changes	105,405	85,112	190,517
Closing balance	<u>98,543</u>	<u>4,583,404</u>	<u>4,681,947</u>
2022	Lease Liabilities	Borrowings	Total
	\$	\$	\$
Opening balance	186,420	4,208,848	4,395,268
Cash flows	(104,210)	(224,868)	(329,078)
Non-cash changes	-	134,352	134,352
Closing balance	<u>82,210</u>	<u>4,118,332</u>	<u>4,200,542</u>

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

23. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2023, the parent company of the Group was Matsa Resources Limited.

	Company	
	2023	2022
	\$	\$
Result of the parent entity		
Loss for the year	(1,420,477)	(5,740,470)
Other comprehensive gain/(loss)	-	-
Total comprehensive loss for the year	(1,420,477)	(5,740,470)
Financial position of parent entity at year end		
Current assets	481,053	1,387,360
Total assets	10,113,073	9,483,444
Current liabilities	1,709,393	5,659,824
Total liabilities	5,917,387	5,860,832
Total equity of the parent entity comprising of:		
Share capital	65,596,744	63,892,577
Reserves	10,317,900	10,028,515
Accumulated losses	(71,718,958)	(70,298,481)
Total equity	4,195,686	3,622,611

24. Financial instruments

Financial risk management

Overview

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

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

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

Credit risk

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. Financial instruments (Continued)

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

Cash and cash equivalents

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

Trade and other receivables

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

Exposure to credit risk

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

	Consolidated Carrying amount	
	2023	2022
	\$	\$
Trade and other receivables	237,340	175,469
Cash and cash equivalents	794,303	1,572,483
Deposits held and other	367,363	287,363

Liquidity risk

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

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023

24. Financial instruments (Continued)

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

30 June 2023

	Weighted average interest rate %	Carrying amount \$	Contractual cash flows \$	6 mths or less \$	6-12 mths \$	1-2 years \$	2-5 years \$
Trade and other payables	-	1,478,057	1,478,057	1,478,057	-	-	-
Lease liabilities	10.08	98,543	98,543	33,466	31,398	33,679	-
Insurance premium finance	4.66	90,783	90,783	54,470	36,313	-	-
Loan	12	4,492,621	4,492,621	500,000	-	-	3,992,621
		<u>6,160,004</u>	<u>6,160,004</u>	<u>2,065,993</u>	<u>67,711</u>	<u>33,679</u>	<u>3,992,621</u>

30 June 2022

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

Market risk

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

Currency risk

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

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

24. Financial instruments (Continued)

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

	Carrying amount	
	2023	2022
	\$	\$
Other current assets	117,341	103,941
Cash and cash equivalents	79,225	80,376

Sensitivity analysis

The Group is exposed to fluctuations in foreign currencies arising from the acquisition of services from time to time in currencies other than the Group's functional currency. A change of 10% in the foreign currency exchange rate at 30 June 2023 would have increased equity by \$17,870 (2022: \$16,756), an equal change in the opposite direction would have decreased equity by an equal but opposite amount.

Interest rate risk

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

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

Profile

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

	Carrying amount	
	2023	2022
	\$	\$
Fixed rate instruments		
Cash and cash equivalents	50,000	50,000
Lease liabilities	98,543	82,210
Loan	4,492,621	4,118,332
	4,641,164	4,250,542
Variable rate instruments		
Cash and cash equivalents	794,303	1,522,483
Cash backed performance bonds	-	-
	794,303	1,522,483

Fair value sensitivity analysis for fixed rate instruments

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

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

24. Financial instruments (Continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2022.

	Profit or loss		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
30 June 2023				
Variable rate instruments	7,943	(7,943)	7,943	(7,943)
30 June 2022				
Variable rate instruments	15,225	(15,225)	15,225	(15,225)

Fair values

Fair values versus carrying amounts

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

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

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration and evaluation activities and mine development. The Group monitors its debt facility the majority of which is not repayable until 30 November 2025.

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

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. Share-based payments

Share-based payments expense

	2023	2022
	\$	\$
Directors and Executives (ii)	66,600	5,329
Employee Share Option Plan (i)	37,460	-
Consultants (iii)	183,825	-
	<u>287,885</u>	<u>5,329</u>

During the year, the following options were issued;

- (i) 3,000,000 share options with an exercise price of \$0.09 each, were issued to employees. The options vest immediately at the date of grant. The contractual life of each option is three years and there is no cash settlement of the options. As at 30 June 2023, these options valued at \$37,460 was recognised directly in the consolidated statement of profit and loss as share-based payment expense.
- (ii) 6,000,000 share options with an exercise price of \$0.09 each, were issued to directors. The exercise price has been calculated at 145% of \$0.06 which is deemed as the vesting price condition attached to the options, based on a 10-day trading period above the share price on the date of issue of the options up to the expiry date. The contractual life of each option is three years and there is no cash settlement of the options. As at 30 June 2023, these options valued at \$66,600 was recognised directly in the consolidated statement of profit and loss as share-based payment expense.
- (iii) 15,000,000 share options with an exercise price of \$0.08 each, were issued to Westar Capital as part of their fee for acting as Lead Managers to the share placement. The options vest immediately at the date of grant. The contractual life of each option is three years and there is no cash settlement of the options. As at 30 June 2023, these options valued at \$183,825 was recognised directly in equity as capital raising transaction costs.

Employee Share Option Plan

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

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

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

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

25. Share-based payments (Continued)

(f) Options shall lapse upon the earlier of:

- (i) The expiry of the exercise period; and
- (ii) The expiry of three months after the option holder ceases to be an employee by reason of dismissal, resignation or termination of employment, office or services for any reason, except the Directors may resolve that the options shall lapse on other terms they consider appropriate.

(g) Upon exercise the options will be settled in ordinary shares of Matsa Resources Limited.

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

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

	2023	2023	2022	2022
	No.	WAEP	No.	WAEP
		\$		\$
Outstanding at the beginning of the year	2,550,000	0.21	4,100,000	0.19
Granted	3,000,000	0.09	-	
Other*	700,000	0.21	-	
Forfeited	(1,100,000)	0.21	(1,550,000)	0.17
Outstanding at year-end	5,150,000	0.14	2,550,000	0.21
Exercisable at year-end	5,150,000	0.14	2,550,000	0.21

* David Fielding retired as the Group Exploration Manager but remained as a casual employee with the Company from 5 December 2022. 700,000 options previously issued to Mr Fielding when he was a key management personnel is added back to the total balance of options issued under ESOP.

The outstanding balance as at 30 June 2023 is represented by the following options over ordinary shares, exercisable upon meeting the above terms and conditions:

- 2,150,000 options with an exercise price of \$0.21 each and with an expiry date of 30 October 2023. All have vested and are exercisable at balance date
- 3,000,000 options with an exercise price of \$0.09 each and with an expiry date of 30 November 2025. All have vested and are exercisable at balance date

Directors and Executives Options

Directors

In addition to the ESOP, the Company has issued options to Directors and Executives from time to time. The terms and conditions of those options vary between option holders. There were 6,000,000 (2022: 1,000,000) options issued to Directors or Executives during the financial year.

For personal use only

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25. Share-based payments (Continued)

These share options were issued with an exercise price of \$0.09. The exercise price has been calculated at 145% of \$0.06 which is deemed as the vesting price condition attached to the options, based on a 10-day trading period above the share price on the date of issue of the options up to the expiry date. The contractual life of each option is three years and there is no cash settlement of the options.

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

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

Executives

No options were issued to executives during the year ended 30 June 2023 (30 June 2022: \$nil).

(b) Summary of options issued to Directors

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

	2023	2023 WAEP	2022	2022 WAEP
	No.	\$	No.	\$
Outstanding at 1 July	7,450,000	0.178	12,200,000	0.174
Granted during the year	6,000,000	0.09	1,000,000	0.17
Other*	(1,200,000)	0.21	-	-
Expired during the year	(5,750,000)	0.175	(5,750,000)	0.17
Outstanding at 30 June	6,500,000	0.10	7,450,000	0.178
Exercisable at 30 June	6,500,000	0.10	7,450,000	0.178

* David Fielding retired as the Group Exploration Manager but remained as a casual employee with the Company from 5 December 2022. Frank Sibbel retired as Non-Executive Director on 3 March 2023.

(c) Valuation models of options issued to Directors and employees under the ESOP

The fair value of the options granted to Directors during 2023 is estimated at the date of grant using a Trinomial Option Valuation Model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options granted to Directors during 2022 is estimated at the date of grant using a Black & Scholes model.

The fair value of the options granted to employees under the Employee Share Option Plan during 2023 is estimated at the date of grant using a Black & Scholes model.

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

25. Share-based payments (Continued)

The following table gives the assumptions made in determining the fair value of the options granted in the year.

	2023		2022	
	Directors	Employees	Directors	Employees
Number of share options	6,000,000	3,000,000	1,000,000	-
Dividend yield (%)				
Expected volatility (%)	69.1	68.94	71.71	-
Risk-free interest rate (%)	3.27	3.02	0.54	-
Expected life of options (years)	3	3	2.0	-
Option exercise price (\$)	0.09	0.09	0.17	-
Share price at grant date (\$)	0.04	0.04	0.05	-
Fair value at grant date (\$)	0.011	0.01	0.005	-

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

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

	Consolidated	
	2023	2022
	\$	\$
Employee Expenses		
Share options granted in 2023		
- equity settled	37,460	-
Share options granted in 2022		
- equity settled	-	-
Total expense recognised as employee costs	37,460	-

Consultants

During the year, 15,000,000 share options with an exercise price of \$0.08 each, were issued to Westar Capital as part of their fee for acting as Lead Managers to the share placement. The options vest immediately at the date of grant. The contractual life of each option is three years and there is no cash settlement of the options.

The fair value of the options granted to Westar Capital is estimated at the date of grant using a Black Scholes Option Valuation Model, taking into account the terms and conditions upon which the options were granted.

For personal use only

MATSA RESOURCES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30
JUNE 2023**

25. Share-based payments (Continued)

The fair value of the options granted was estimated at the date of grant using the following assumptions:

Grant Date	1 September 2022
Number of Share Options	15,000,000
Dividend Yield (%)	Nil
Expected Volatility (%)	69.13
Risk-free interest rate (%)	3.33
Expected Life (years)	3
Exercise Price (\$)	0.08
Fair Value per Option (\$)	0.01
Total Value of Options (\$)	183,825

The Company has recognised \$183,825 (2022: \$nil) of share based payment expense in equity as share issue costs in the condensed consolidated statement of financial position.

26. Key management personnel

Details of key management personnel

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

Name	Position
Directors	
Paul Poli	Executive Chairman and Managing Director
Frank Sibbel	Non-Executive Director (Resigned 3 March 2023)
Pascal Blampain	Executive Director
Andrew Chapman	Executive Director and Company Secretary
Executives	
David Fielding	Group Exploration Manager (Resigned 5 December 2022)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report on pages 37 to 45. These transferred disclosures have been audited.

Compensation of Key Management Personnel

	2023	2022
	\$	\$
Short-term employment benefits	906,653	1,087,189
Post-employment benefits	81,880	89,726
Termination benefits	-	-
Share-based payments	66,600	5,329
	1,055,133	1,182,244

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

Loans to Key Management Personnel

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

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

26. Key management personnel (Continued)

Other transactions and balances with Key Management Personnel

- (a) P Poli is a Director of Bulletin Resources Limited. The Group has an agreement with Bulletin to provide accounting, technical and administrative services on an arms-length basis. In the current year \$145,737 has been charged to Bulletin for these services (2022: \$145,140).

At 30 June 2023 there was an outstanding balance of \$25,300 (2022: \$nil) for Bulletin.

- (b) P Poli is a director and the only shareholder of Ultim8 Minesite Security Pty Ltd ('Ultim8'). In the prior year, the Group sold two vehicles to Ultim8 for \$22,727. No further transactions were entered into during the year.

At 30 June 2023 there was an outstanding balance of nil (2022: nil) receivable from Ultim8.

- (c) P Poli is a director and controlling shareholder of West-Sure Group Pty Ltd which the Group sub-lets storage space from. In the current year \$6,371 has been charged to the Group for this service (2022: \$6,371).

At 30 June 2023, there was an outstanding balance of \$1,752 (2022: \$1,752) payable to West-Sure.

- (d) P Poli is a director and controlling shareholder of WA Fleet Systems Pty Ltd which provided the Group with hire car services from time to time. In the current year \$nil has been charged to the Group for this service (2022: \$1,250).

At 30 June 2023 there was an outstanding balance of \$nil (2022: \$nil) payable to WA Fleet Systems.

Individual directors and executives compensation disclosure

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

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

27. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in Note 21.

Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report and Note 26.

MATSA RESOURCES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

28. Remuneration of auditors

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

	Consolidated	
	2023	2022
	\$	\$
Amounts received or due and receivable by Nexia Perth Audit Services Pty Ltd for an audit or review of the entity and any other entity in the consolidated group.	66,650	65,750
Amounts received or due and receivable by related practices of Nexia Perth Pty Ltd for:		
- tax compliance	16,000	19,190
	<u>82,650</u>	<u>84,940</u>

29. Events Subsequent to Balance Date

On 25 July 2023 Matsa announced that Linden was unable to meet Milestone 1 by 31 March 2023 as well as an extension to meet Milestone 1 by 30 June 2023. In addition, Linden has failed to implement approved budgets and programmes and failed to provide a 2024 financial year proposed programme and budget as obligated as the Manager of the joint venture. As a result, Matsa issued a default notice to Linden.

On 31 July 2023, the Company executed an agreement with AGAA, which provides AGAA an exclusive three month period to conduct a due diligence and to discuss and negotiate a potential transaction with the Company in respect of the Lake Carey Gold Project. AGAA paid the Company a lump sum of \$500,000 for the maintenance and dewatering costs of Red October Gold Mine in return for the exclusivity period.

On 30 August 2023, the Company successfully completed a placement to professional and sophisticated investors to raise approximately \$2,000,000 before costs to advance the Lake Carey Gold Project and continue building on the lithium prospectivity in Thailand.

As required under the terms of the JVA, on 31 August 2023, Linden submitted a Definitive Feasibility Study in which Matsa considers not in compliant with the requirements of the JVA and deemed not of suitable standard for financing purposes. As a result, a further Default Notice was issued on 20 September 2023.

On 28 September 2023, the repayment date for the drawn down amount of \$500,000 was extended for a further three months to 31 December 2023.

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

MATSA RESOURCES LIMITED

DIRECTORS' DECLARATION

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

1. the consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and
 - (iii) complying with Australian Accounting Standards and Corporations Regulations 2001;
 - (a) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b);
 - (b) the remuneration disclosures that are contained in page 37 to 44 of the Remuneration Report in the Directors' Report comply with the *Corporations Act 2001* and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the directors;



Paul Poli
Executive Chairman

Perth, 29 September 2023

For personal use only

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Matsa Resources Limited (the "Company") and its subsidiaries (the "Group"), which comprises the Consolidated Statement of Financial Position as at 30 June 2023, the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material Uncertainty in relation to Going Concern

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

Key audit matters

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

Advisory. Tax. Audit.

ACN 145 447 105

Nexia Perth Audit Services Pty Ltd (ABN 27 145 447 105) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Key audit matter	How our audit addressed the key audit matter
<p>Capitalisation of Exploration and Evaluation assets</p> <p><i>Refer to Note 9 (Exploration and evaluation assets)</i></p> <p>Included in the statement of financial position as at 30 June 2023 is an amount for \$14,532,559 (2022: \$10,627,811) relating to the Group capitalised exploration and evaluation expenditure.</p> <p>The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the capitalised exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators that require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgments including but not limited to:</p> <ul style="list-style-type: none"> ▪ Whether the Group has right of tenure of the area of interest; ▪ Whether the Group has sufficient funds to meet the area of interest minimum expenditure requirements; and ▪ Whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. <p>Due to the significance to the Group's financial report and the level of judgment involved in assessing whether there are impairment indicators present, we consider this to be a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> ▪ Obtaining an understanding of and evaluating the processes and controls associated with the assessment of impairment indicators; ▪ Assessing the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. Also considering the status of the exploration licences as they relate to tenure; ▪ Assessing the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, including an assessment of the Group's cash-flow forecast models, discussing with senior management and directors as to the intentions and strategy of the Group; ▪ Assessing whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the resource could be determined; and ▪ Assessing the adequacy of the disclosures in the financial report.

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

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

This description forms part of our auditor's report

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 37 to 44 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Matsa Resources Limited, for the year ended 30 June 2023, complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

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



Nexia Perth Audit Services Pty Ltd



PTC Klopper

Director

Perth
29 September 2023

For personal use only

MATSA RESOURCES LIMITED

ASX ADDITIONAL INFORMATION

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

SHAREHOLDING

Distribution of Shareholders as at 8 September 2023

Range (size of holding)	Number of Holders	Number of Units	%
1 – 1,000	63	4,728	0.001
1,001 – 5,000	45	143,445	0.030
5,001 – 10,000	130	1,099,234	0.231
10,001 – 100,000	785	28,734,061	6.041
100,001 – and over	377	445,692,569	93.697
	1,400	475,674,037	100.00

The number of shareholdings held in less than marketable parcels is 465.

Twenty Largest Registered Shareholders of Fully Paid Ordinary Shares as at 8 September 2023

Name	No.	%
1 BNP Paribas Nominees Pty Ltd ACF Clearstream	62,631,032	13.17
2 BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	54,510,068	11.46
3 Sparta AG	37,699,389	7.92
4 BNP Paribas Noms Pty Ltd UOBKH A/C R'miers <DRP>	18,576,076	3.90
5 HSBC Custody Nominees (Australia) Limited – A/C 2	14,314,270	3.01
6 HF Resources Pty Ltd	12,947,000	2.72
7 Delphi Unternehmensberatung Aktiengesellschaft	11,683,333	2.46
8 Mr Paul Poli <P Poli Family A/C>	10,600,000	2.23
9 Newmek Investments Pty Ltd	6,706,037	1.41
10 Goldfire Enterprises Pty Ltd	6,000,000	1.26
11 Duketon Consolidated Pty Ltd	4,845,707	1.02
12 RASL AU LLC <Richard Alter A/C>	4,620,000	0.97
13 Goldfire Enterprises Pty Ltd	4,500,000	0.95
14 Citicorp Nominees Pty Limited	4,108,415	0.86
15 Goldfire Enterprises Pty Ltd	4,060,337	0.86
16 Mr Jiaming Zhang	3,840,154	0.81
17 Barry & Julie Alcock Pty Ltd <BP & JP Alcock SF A/C>	3,829,215	0.80
18 Delphi Unternehmensberatung Aktiengesellschaft	3,826,373	0.80
19 Emprise Nominees Pty Ltd	3,764,075	0.79
20 Mr Paul Poli & Mrs Sonya Kathleen Poli <P Poli Super Fund A/C>	3,300,000	0.70
	276,361,481	58.10

MATSA RESOURCES LIMITED
ASX ADDITIONAL INFORMATION

Substantial Shareholders

Ordinary shareholder	Fully paid	
	Number	Percentage
Sparta AG	54,363,533	11.43%

RESTRICTED SECURITIES

The Company has no restricted securities on issue.

STATEMENT OF UNQUOTED SECURITIES

Number of Options	Number of Holders	Exercise Price	Date of Expiry
2,150,000	12	\$0.21	31 October 2023
1,000,000	1	\$0.17	30 November 2023
31,833,833	44	\$0.07	7 September 2025
15,000,000	8	\$0.08	30 November 2025
6,000,000	4	\$0.09	30 November 2025
3,000,000	5	\$0.09	30 November 2025

For personal use only

MATSA RESOURCES LIMITED

ASX ADDITIONAL INFORMATION

TABLE OF MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2023

Mineral Resource Estimates – Consolidated Summary & Annual Comparison

Project	Resource Category	Tonnes ('000)	Au (g/t)	Metal Oz('000)
30 June 2022				
Fortitude	Measured	127	2.2	9
	Indicated	3,021	2.0	194
	Inferred	5,767	1.9	350
Devon	Indicated	341	4.8	53
	Inferred	1,021	2.3	76
Red October	Measured	105	8.0	27
	Indicated	483	5.7	88
	Inferred	411	6.3	83
Stockpiles	Inferred	191	1.0	6
		11,467	2.4	886
Mining Depletion				
Nil				
Resource Adjustments				
Devon	Measured	18	4.4	3
	Indicated	93	(0.2)	11
	Inferred	(86)	(0.1)	(9)
Red October	Measured	-	-	-
	Indicated	125	(0.3)	17
	Inferred	224	(0.9)	28
		373	4.1	50
30 June 2023				
Fortitude	Measured	127	2.2	9
	Indicated	3,021	2.0	190
	Inferred	5,767	1.9	353
Devon	Measured	18	4.4	3
	Indicated	434	4.6	64
	Inferred	935	2.2	66
Red October	Measured	105	8.4	28
	Indicated	608	5.4	105
	Inferred	635	5.4	111
Stockpiles	Inferred	191	1.0	6
Total		11,840	2.5	936

For personal use only

MATSA RESOURCES LIMITED
ASX ADDITIONAL INFORMATION

TABLE OF MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2023 (continued)

Resource Statement Notes

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

Ore Reserve Estimates – Consolidated Summary & Annual Comparison

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

Project	Reserve Category	Tonnes ('000)	Au (g/t)	Metal Oz('000)
30 June 2022				
Fortitude	Probable	1,029	1.8	58
		1,029	1.8	58
Mining Depletion				
Nil				
Reserve Adjustments				
Nil				
30 June 2023				
Fortitude	Probable	1,029	1.8	58
Total		1,029	1.8	58

Reserve Statement Notes

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

Summary of Governance Arrangements and Internal Controls

The Mineral Resource and Reserve estimates are reported in accordance with the JORC 2012 Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. The Mineral Resource and Reserve are estimated by suitably qualified employees of Matsa Resources Ltd. There is no change to the reserve from the 2022 Annual Report. Matsa confirms there is no new information pertaining to reserves and no changes to the underlying reserve calculations/assumptions have been made.

Competent Persons Statement

Resources

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

MATSA RESOURCES LIMITED

ASX ADDITIONAL INFORMATION

Blampain consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Reserves

There are no changes to reserves from the 2022 Annual Report. The information in this document that relates to exploration targets, exploration results and Mineral Resources, is based on information compiled by Pascal Blampain, who is a Member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Pascal Blampain is a full-time employee, and serves on the Board, of Matsa Resources Limited and has sufficient experience which is relevant to the style of mineralisation and the type of ore deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Blampain consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For personal use only

MATSA RESOURCES LIMITED

SCHEDULE OF MINING TENEMENTS

Tenement Type and No.	Project	Holder	Status	Share Held
E 52/3339	Glenburg	Cundeelee Pty Ltd	Live	100%
E 28/2600 ¹	Lake Rebecca	Matsa Gold Pty Ltd	Live	20%
E 28/2635 ¹	Lake Rebecca	Matsa Gold Pty Ltd	Live	20%
E38/2945	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1837	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1863	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1864	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1957	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1958	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1980	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1981	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5652	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1796 ²	Lake Carey	Matsa Gold Pty Ltd	Live	90%
E 39/1752	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1770	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1803	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1812	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1819	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1834	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1840	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1889 ²	Lake Carey	Matsa Gold Pty Ltd	Live	90%
E 39/2015	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E39/2128	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/247	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/260	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/267	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/268	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/291	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L39/295	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/1	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/1065	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/1089	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/286	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/709	Lake Carey	Matsa Gold Pty Ltd	Live	100%
M 39/710	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5669	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5670	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5694	Lake Carey	Matsa Gold Pty Ltd	Live	100%
P 39/5841	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 47/3518	Paraburdoo	Matsa Resources Limited	Live	100%
E 39/1760	Devon	Matsa Gold Pty Ltd	Live	100%
E 39/1232	Devon	Matsa Gold Pty Ltd	Live	100%
L39/222	Devon	Matsa Gold Pty Ltd	Live	100%
L 39/235	Devon	Matsa Gold Pty Ltd	Live	100%

For personal use only

MATSA RESOURCES LIMITED

SCHEDULE OF MINING TENEMENTS

Tenement Type and No.	Project	Holder	Status	Share Held
L 39/237	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/386	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/387	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/500 ³	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/629	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/1077 ³	Devon	Matsa Gold Pty Ltd	Live	100%
M 39/1078	Devon	Matsa Gold Pty Ltd	Live	100%
P 39/6116	Devon	Matsa Gold Pty Ltd	Live	100%
P 39/6117	Devon	Matsa Gold Pty Ltd	Live	100%
L 39/217	Red October	Red October Gold Pty Ltd	Live	100%
L 39/273	Red October	Red October Gold Pty Ltd	Live	100%
M 39/411	Red October	Red October Gold Pty Ltd	Live	100%
M 39/412	Red October	Red October Gold Pty Ltd	Live	100%
M 39/413	Red October	Red October Gold Pty Ltd	Live	100%
M 39/599	Red October	Red October Gold Pty Ltd	Live	100%
M 39/600	Red October	Red October Gold Pty Ltd	Live	100%
M 39/609	Red October	Red October Gold Pty Ltd	Live	100%
M 39/610	Red October	Red October Gold Pty Ltd	Live	100%
M 39/611	Red October	Red October Gold Pty Ltd	Live	100%
M 39/721	Red October	Red October Gold Pty Ltd	Live	100%
E52/4237	Four Corners	Cundeelee Pty Ltd	Live	100%

¹= 20% held by Matsa

²= 90% held by Matsa

³= Subject to a 50% profit sharing joint venture with Linden Alliance Limited

For personal use only