MATSA RESOURCES LIMITED

ABN 48 106 732 487

ANNUAL REPORT
For the Year Ended
30 June 2021

MATSA RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

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Franciscus (Frank) Sibbel	Director
Andrew Chapman	Director
Pascal Blampain	Director (appointed 17 February 2021)

Company Secretary
Andrew Chapman

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MATSA RESOURCES LIMITED

CHAIRMAN'S REPORT

Dear Shareholder,

The year saw us focused on developing a strategy that would serve the Company's future and create value for all shareholders. We substantially increased our gold resource, and produced several feasibility studies which demonstrates that the Company can develop excellent returns for shareholders by producing gold at the Lake Carey Gold Project through a Matsa owned and operated gold treatment plant. The pathway forward is by continuing to increase our gold resources through exploration and building our own treatment plant.

However, to achieve this strategy, we needed to take a step backwards during this year and temporarily suspend our operations at the Red October underground gold mine. We were not able to attain forecasted results at Red October and accordingly, it would be naive of us to not expect that this would bring disappointment to some shareholders. All indications at the onset were positive and we maintained good initial progress. It was not to last and whilst we could have, and some may say should have, ceased operations earlier, we took the decision to continue as the operations kept delivering important geological and mining information which proved invaluable for our future planning and drill preparations. Red October, in my opinion, will in the future be an excellent asset and combined with the open pits that are ready for development at Fortitude and Devon, we do have an excellent ore source for our own treatment plant. Future new discoveries will make it even better.

The Company will shape up, we are on the precipice of having a great Company, only patience and hard work is what will deliver the results that we are chasing and I am absolutely positive the team at Matsa are up for that challenge and will in the near term steer this Company to the success that we anticipate.

As I have mentioned in previous years, I am in awe with the pool of talent that has come together at Matsa and I thank them for their dedication and comradeship throughout the year. I thank my fellow board members, senior management and the whole great team within our exploration, mining and Thailand office who are always ready to put a dedicated and unwavering effort in the advancement of Matsa. We remain committed to achieving our goals in a safe, environmentally friendly and compassionate community minded manner.

The board appreciates the support offered by the many shareholders who communicated with us during the year.

PAUL POLI
EXECUTIVE CHAIRMAN

OPERATIONS REVIEW

SUMMARY – REPOSITIONING TO DELIVER THE STRATEGY

During the year, Matsa Resources Limited ('Matsa' or 'the Company') has repositioned itself to leverage off a growing resource base at Lake Carey (refer Figure 1) and has set about focussing activities with a clear purpose and pathway to establishing a sustainable long term gold inventory, mining and processing business, centred on Lake Carey.

With the strategy now driving business activities, Matsa has focussed its energy into building sufficient resources and reserves that will support construction of a Matsa owned and operated processing plant and deliver improved operating costs and higher margins to the Company. Ultimately, this repositioning of the business is expected to unlock the full potential of the Lake Carey asset.

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

- **An 99% increase in Mineral Resource at Lake Carey** from 439,000oz @ 2.3 g/t Au to 874,000*oz @ 2.4 g/t Au
- A scoping study into a Matsa owned and operated processing plant at Lake Carey returned a favourable outcome improving the bottom line at the Fortitude mine by A$33M
- Positive cash flow of A$96M from the Fortitude and Devon pits utilising a proposed Matsa processing plant
- Adopted a clear strategic pathway to realising vision of transitioning from an explorer with periodic small scale mining to a long term sustainable miner with processing capacity
- Suspension* of production at the Red October underground mine to enable a full drill out, mine design and rescheduling of the operation
- Established resource and mine development hubs to provide future operational and scheduling efficiencies
- Disciplined and diligent execution of a robust exploration and development project pipeline clearly aimed at delivering on the strategy

* *Note these changes are current as of 1st September 2021 but took effect after the June 30 reporting period*

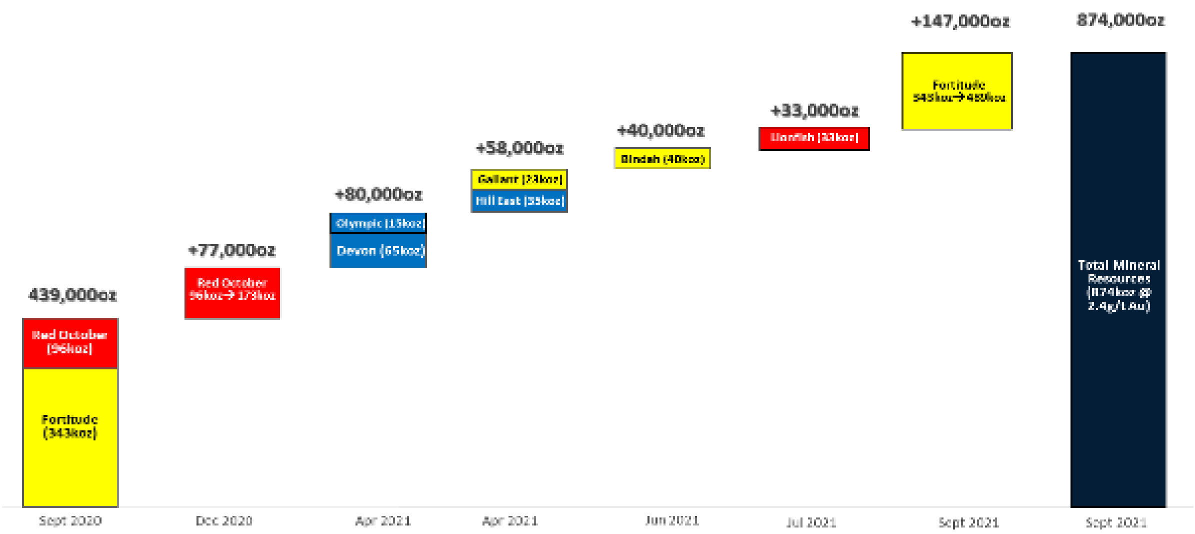


***Figure 1:** Lake Carey Mineral Resource growth since 2020 Annual Report (excluding mining depletion) to 1st September 2021. Refer Resources and Reserves table for actual 30 June statement.*

OPERATIONS REVIEW

Lake Carey (refer Figure 2) comprises 503km^2 of highly prospective landholding within the Laverton Tectonic Zone (LTZ) of the Kurnalpi Terrane. The Lake Carey project is bookended to the north by world class mines such as Granny Smith, Sunrise Dam and Wallaby, to the west Butchers Well and to the south Deep South. The eastern margin of the tenement package is bounded by the regional Barnicoat East Fault structure that separates the Kurnalpi and Burtville terranes.

The Laverton Tectonic Zone is located in the north-eastern area of the Eastern Goldfields of Western Australia's Yilgarn province (refer Figure 3).

Devon Pit RC drilling in October 2020

Matsa has additional gold and copper exploration projects in Western Australia's Pilbara, nickel exploration projects in Western Australia's Fraser Range and copper & iron ore prospects in Thailand (refer company website https://www.matsa.com.au/projects/ for further information).

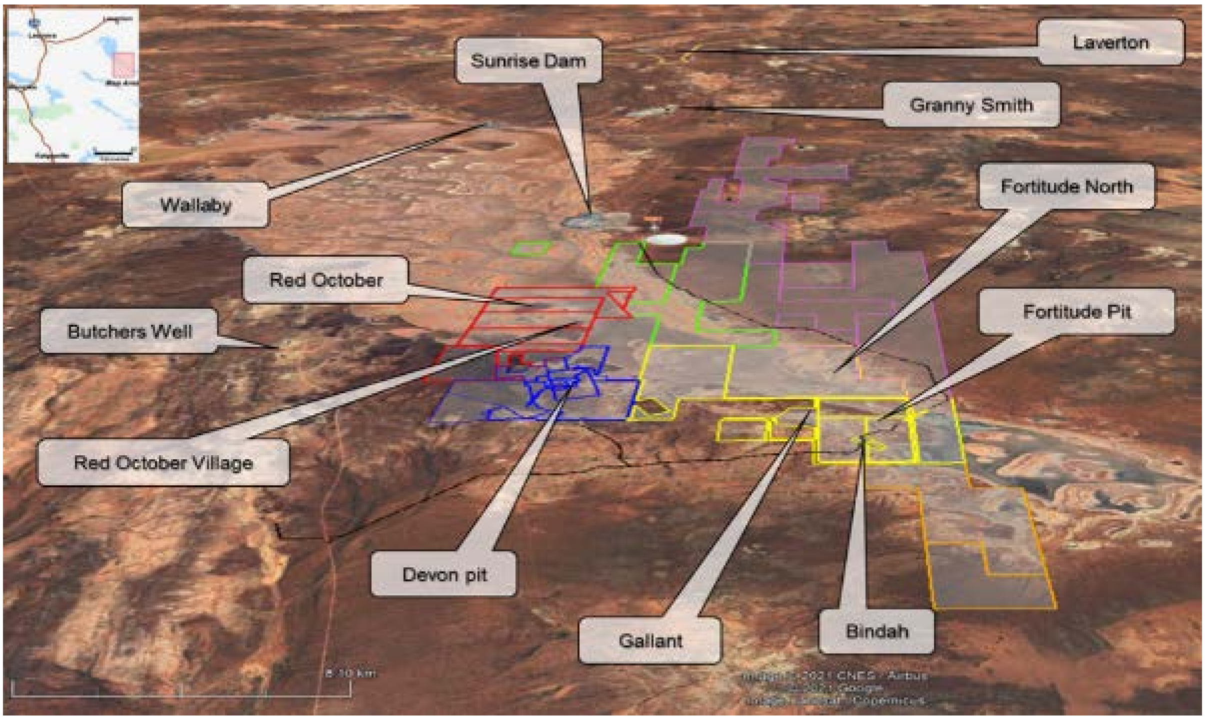


Figure 2:* *Lake Carey Gold Project

Matsa's Mining and Resource Hubs:

Red October (red)	Fortitude (yellow)	Lake Carey North (pink)
Devon (blue)	Lake Carey South (orange)	Lake Carey Central (green)

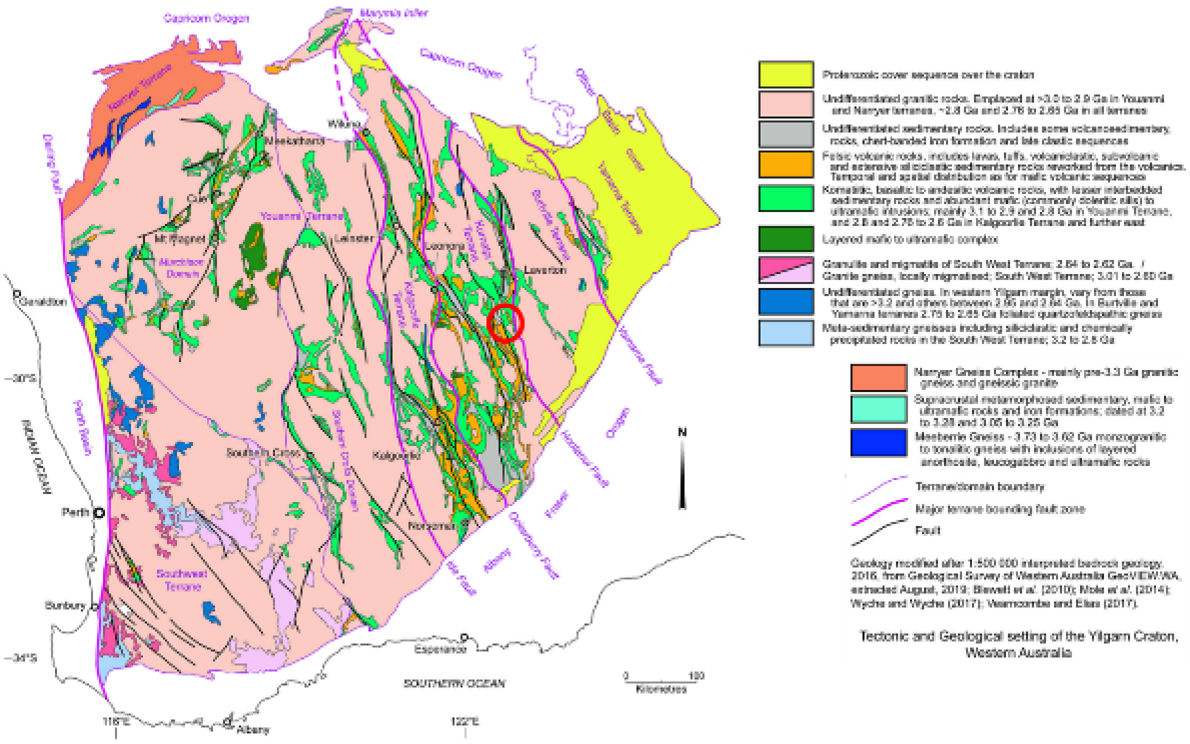


*Figure 3: **Regional Geological Setting and location of the Lake Carey project (red circle)***

In the Fraser Range, IGO Limited (IGO) has completed one diamond drill hole into the Company's E39/3070 tenement under an earn-in joint venture agreement.

REVIEW OF OPERATIONS

The Lake Carey project is well serviced by existing transport infrastructure and the regional centres of Laverton (to the north), Leonora (to the west) and Kalgoorlie (to the south west) who have all weather airstrips. Importantly much of the key resource projects are located within granted mining licences and accessible by a network of established haul roads. As such all of the key projects have a shorter lead time to obtaining final mining approvals than would normally be encountered at the exploration and assessment phase.

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

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

*Table 1: **Key resources and mining lease status***

OPERATIONS REVIEW

EXPLORATION AND DEVELOPMENT

The bulk of Matsa's exploration work during this financial year has been focussed on the Devon Hub and Red October with lesser work at the Fortitude Hubs, aiming to support the established resource base at the Fortitude mine as a key milestone to delivering Matsa's overall strategy:

- a concept study into a proposed Matsa processing plant located at Lake Carey has been completed
- work has commenced on site selection for a proposed Matsa processing plant
- at Red October, mining, underground exploration drilling and geophysics has been completed
- at Devon, drilling, soil sampling, geophysics, resource modelling and mining studies has been completed
- at Fortitude geophysics, mining studies and resource evaluation has been completed
- regionally, bottom of hole geochemical sampling and general reconnaissance field work has been completed.

PROPOSED MATSA PROCESSING PLANT

During the year, Matsa appointed CPC Project Design (CPC) to undertake an Engineering Concept Study ('Study') on a 600,000 tonnes per annum gold-ore treatment plant to be constructed at the Lake Carey Gold Project.

The Study demonstrates a Matsa owned and operated treatment plant located centrally to the existing Fortitude mine could significantly and positively impact the financial results of Matsa's mining opportunities.

Key results of the Study (accuracy level +/- 40%) show:

- Capital cost of a 600,000tpa gold-ore treatment plant to be A$35.4M, plus a contingency of A$7.1M
- Additional capital cost of associated Infrastructure to be A$13.6M, plus a contingency of A$2.7M
- Ore processing costs to be A$32.26/t, plus a contingency of A$5.54/t
- Overall project duration of 18 months from decision to proceed with a construction time of 12 months.

A review of the Fortitude mine study shows a projected positive cashflow from mining operations substantially increases to A$55.4M compared to A$21.8M (at A$2,500/oz Au) and there is potential to increase recoverable ounces through re-optimisation of existing pit shells using the CPC Study's lower haulage and processing cost profile.

The Study also highlights the potential for a dramatic positive impact on the economics of the Red October underground gold mine by reducing production costs in the area of haulage and 3rd party processing costs under the current ore purchase agreement. Operational cost savings could also lead to a reduction in operating cutoff grade thereby opening up opportunities that are currently being left behind.

DEVON HUB – LAKE CAREY

Highlights for the year at the Devon Hub include:

- Maiden Mineral Resource Estimate of 115,000oz @ 2.9 g/t Au

- Scoping study into open pit mining of Devon Pit demonstrates positive operating cashflow of A$41M using a Matsa processing plant
- Soil sampling identified a number of large footprint gold in soil anomalies with peak values of 10.9g/t Au
- Sub-Audio magnetic (SAM) survey produced 38 geophysical anomalies
- RC drilling of 10,171m across Devon Pit, Olympic, Hill East and LIN prospects returning excellent gold intercepts.

RESOURCES

During the financial year the Company released maiden Mineral Resource Estimates for Devon Pit (65koz @ 4.6 g/t Au), Olympic (15koz @ 2.8 g/t Au) and Hill East (35koz @ 1.7 g/t Au) prospects (refer Figure 4). This followed completion of 5,695m of RC drilling at Devon Pit, 2,382m of RC at Olympic during August to October 2020, and 1,416m of RC drilling at Hill East earlier in 2020.

Importantly, all resources start from surface and are characterised by relatively thin 1-3m near vertical to shallow dipping lode systems containing high grade shoots. These shoots are known to exist through official records of past mining when a number of shaft and level development mines operated in the area during the years before 1945.

The Devon Pit was briefly mined in two stages by GME Resources Limited (GME) in 2015 and 2016 producing approximately 61kt @ 5.3g/t for 10.4koz from the shallow oxide ores. The ore was trucked and processed at Saracen Mineral Holdings Limited's (Saracen) Carosue Dam operation returning a reported 93% mill recovery for the ore.

A number of additional prospects within the area are under review for the potential to quickly define resources with the addition of new drilling.

Figure 4: Devon Hub Mineral Resource outlines

GEOCHEMISTRY

During the financial year soil surveys were completed which have highlighted a number of large footprint gold in soil anomalies (refer Figure 5) some of which were drilled during May-June 2021. Additional surveys are planned to extend coverage to the west, northwest and east of current coverage. An added benefit in conducting these surveys is that historical shafts that are not on official records can be picked up and add to a growing understanding of the geological story and prospectivity. In many cases these shafts are obvious and worthy targets for new drilling.

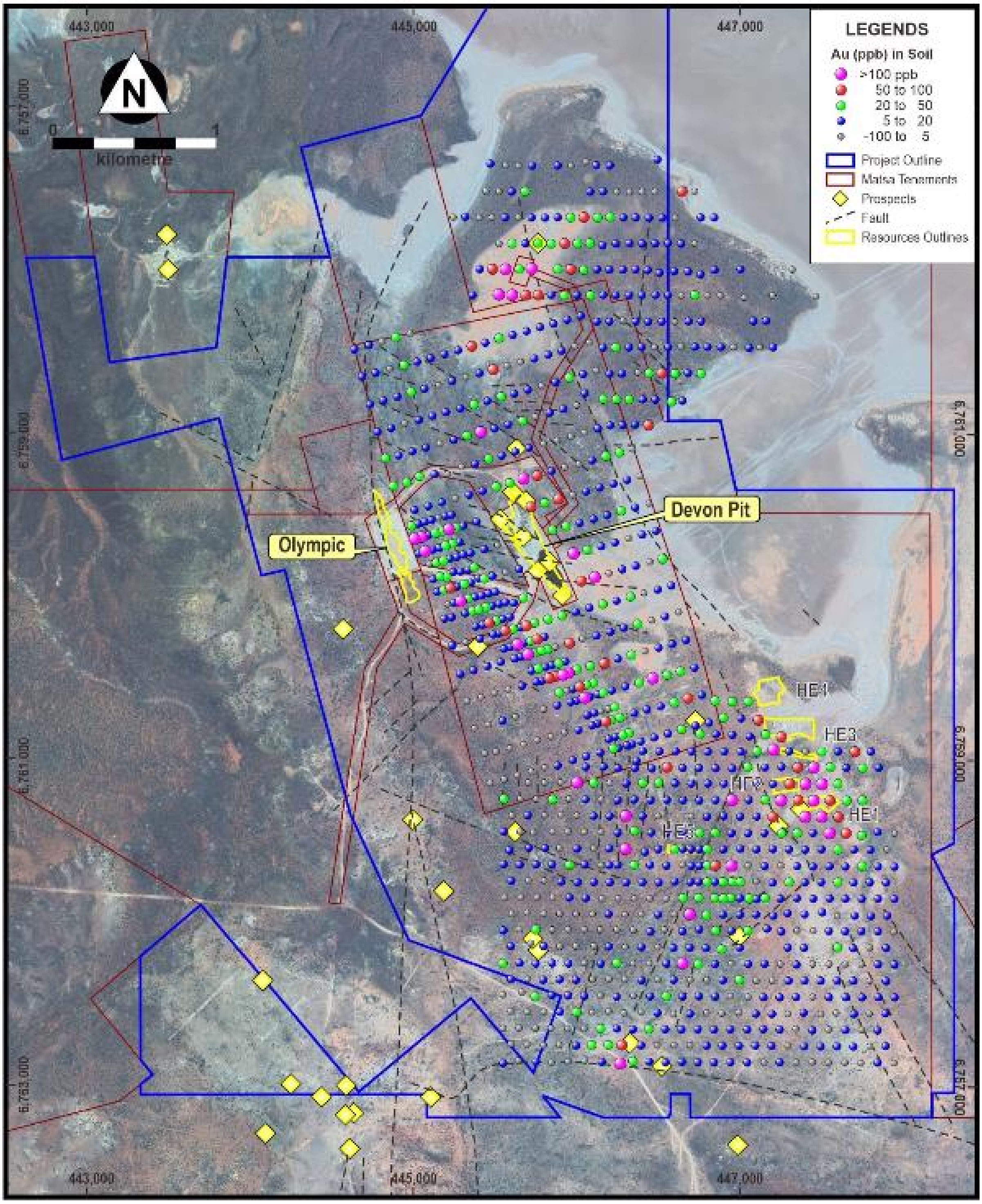


Figure 5: Devon Hub gold in soil anomalism

GEOPHYSICS

In October 2020, a geophysical survey (refer Figure 6) using Sub-Audio Magnetics ('SAM') was undertaken aimed at assisting interpretation of this strongly anomalous and complex structural area. The survey highlighted up to 38 geophysical anomalies, three of which were selected for immediate follow up drilling due to their proximity to existing resources and coincident gold in soil anomalism (refer Figure 7) being LIN1, HE1-2 and HE5 prospects.

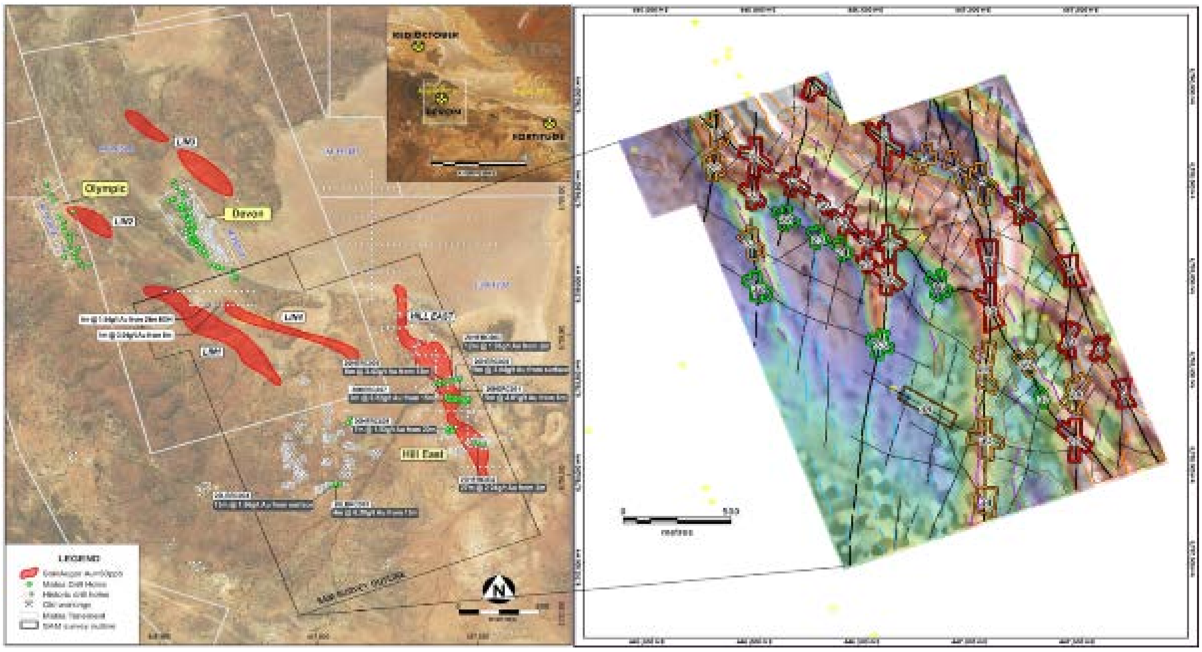


Figure 6: Devon Hub SAM survey coverage

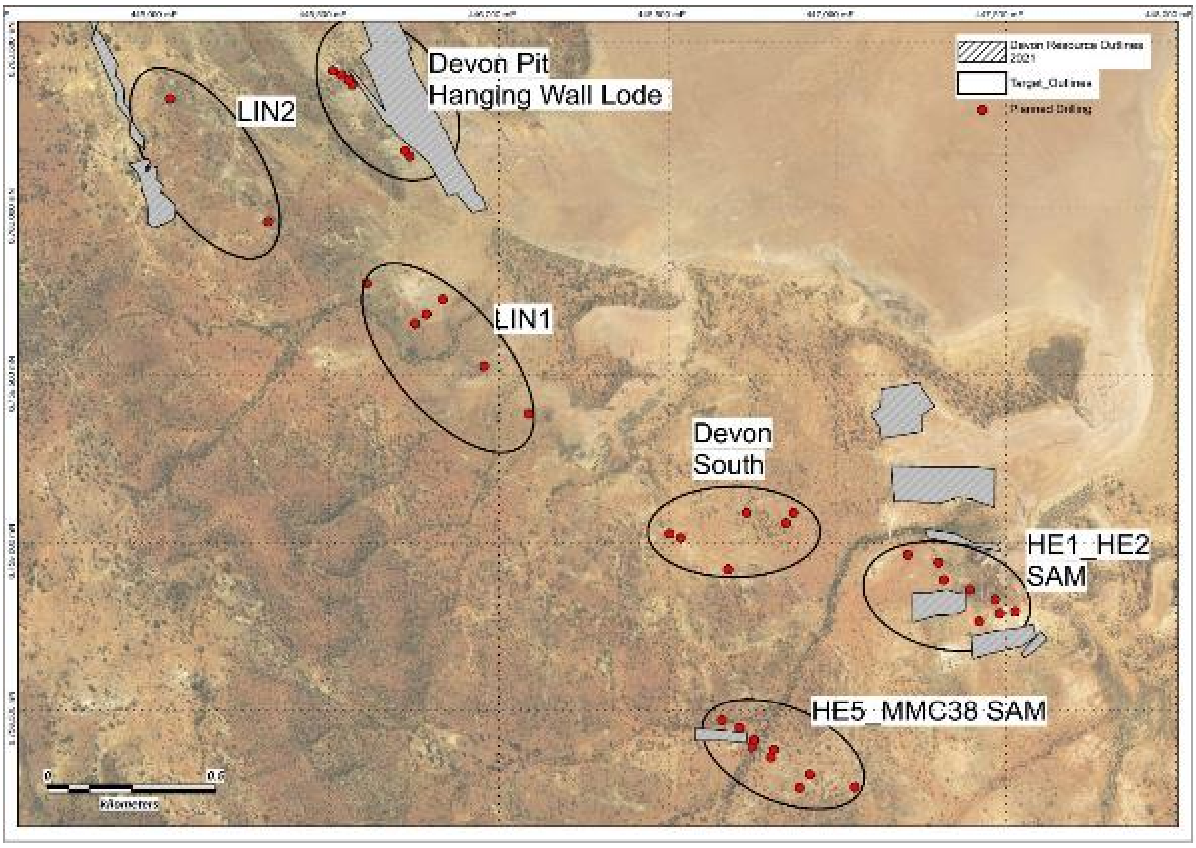


Figure 7: 2021 Devon Hub drilling program

OPERATIONS REVIEW

DRILLING

During October – November 2020, a program of 58 holes comprising 6,494m of RC drilling was completed across Olympic and Devon Pit prospects. The drilling was aimed at infill and resource definition of previous drilling completed by Matsa in 2018 and 2019. The results of this, and prior drilling, led to a maiden resource of 115,000oz @ 2.9g/t Au being established across the Devon Pit, Olympic and Hill East prospects (refer Figure 8).

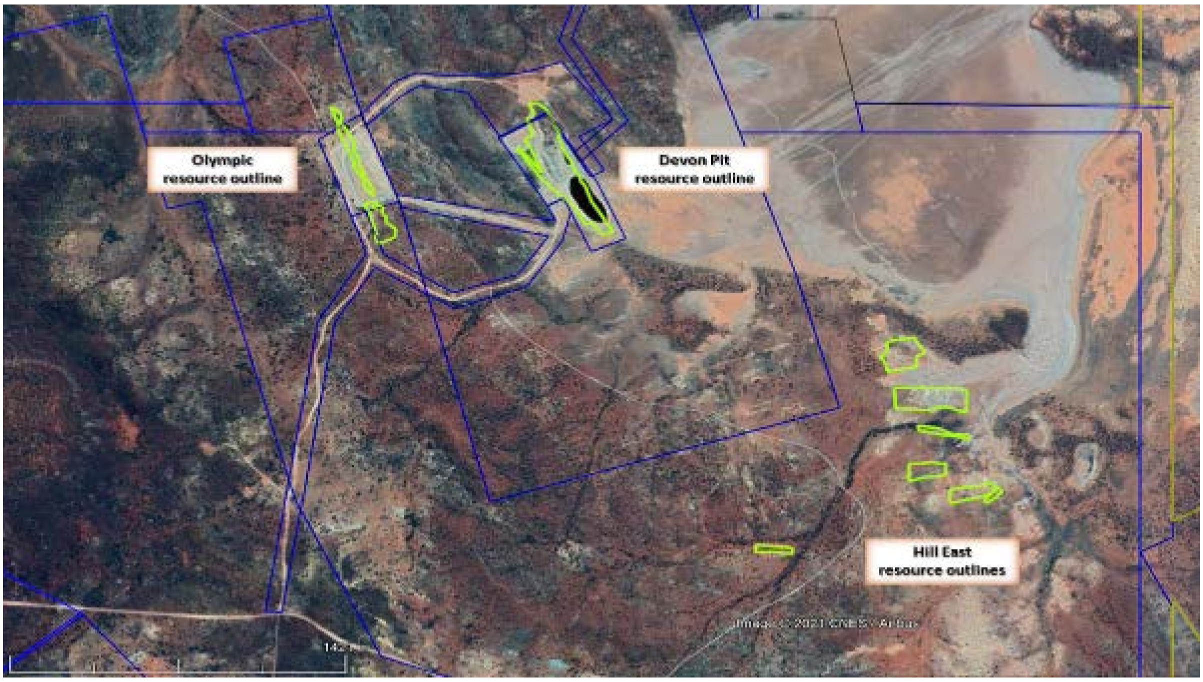


*Figure 8: **Devon Hub resource outlines***

In May 2021, an exploration program comprising 42 holes for 3,677m of RC drilling was completed at the Devon Pit, HE1/HE2, HE5 and LIN prospects. The aim of the drilling was designed to test exploration targets defined from gold in soil and geophysical anomalism as well as test for extensions to existing resources.

New high grade intercepts (refer Figure 9) at LIN5, HE1, HE2 and HE5 prospects combined with widespread lower tenor mineralisation reinforces the concept that extensive surface gold anomalism reflects significant mineralised potential at depth yet to be fully explored.

A selection of significant new intercepts include:

- **4m of 3.23 g/t Au** from 69m in hole 21DVRC054
- **3m of 2.52 g/t Au** from 99m in hole 21DVRC053
- **1m of 5.95 g/t Au** from 83m in hole 21DVRC063
- **1m of 6.77 g/t Au** from 10m in hole 21HERC035
- **1m of 5.03 g/t Au** from 22m in hole 21HERC039
- **3m of 14.2 g/t Au** from 123m in hole 21HERC042
- **3m of 6.64 g/t Au** from 84m in hole 21HERC046
- **8m @ 2.66 g/t Au** from 63m in hole 21HERC045
- **1m @ 29.2 g/t Au** from 17m in hole 21HERC061 (new lode)

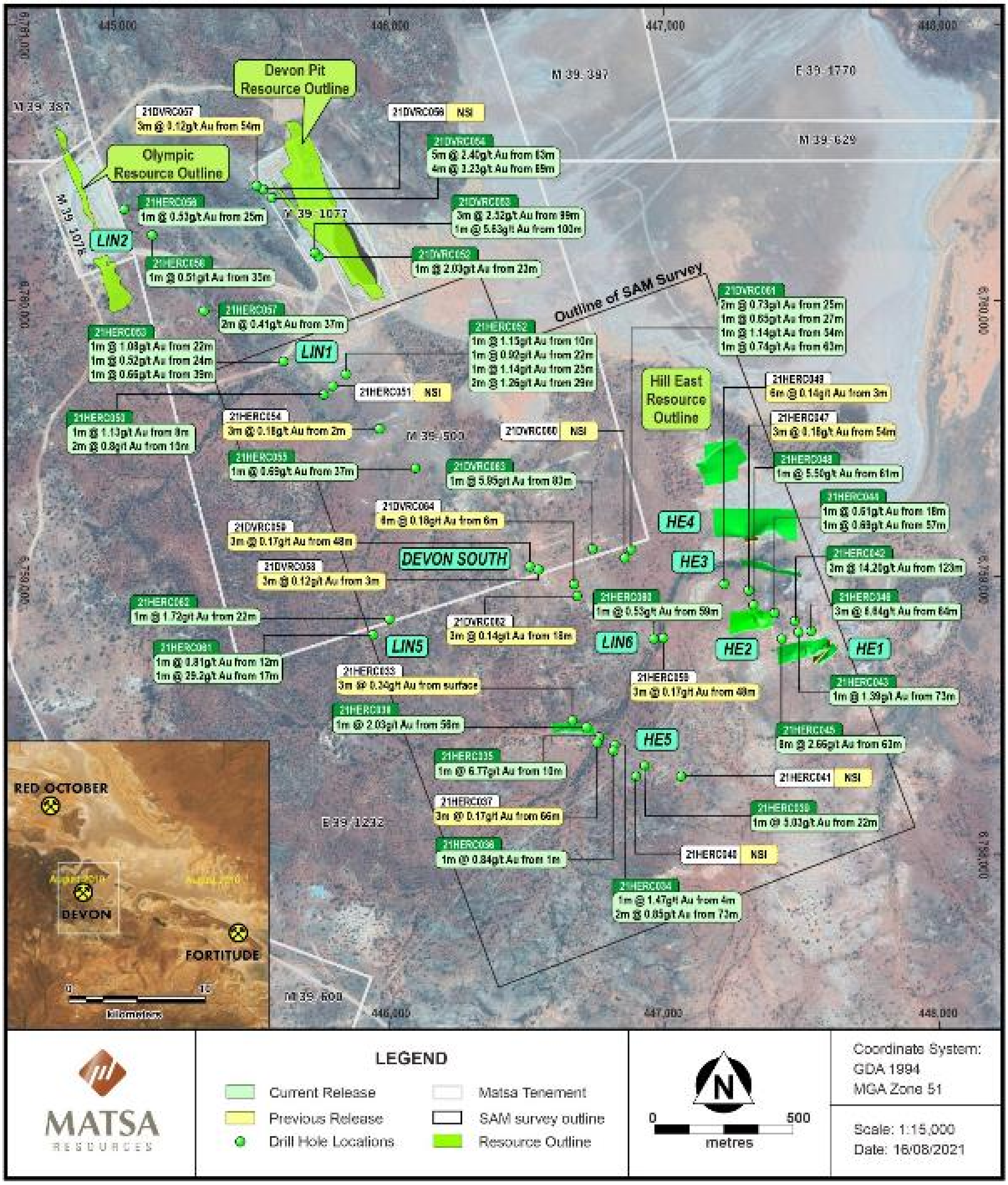


*Figure 9: **2021 drilling results***

Importantly, the deepest intercept of 3m @ 14.2 g/t Au from 123m in hole 21HERC042 (refer Figure 10) at Hill East, is also the highest grade intersected to date, suggesting grades potentially increase with depth. Further drilling is planned to test downdip and along strike of 21HERC042.

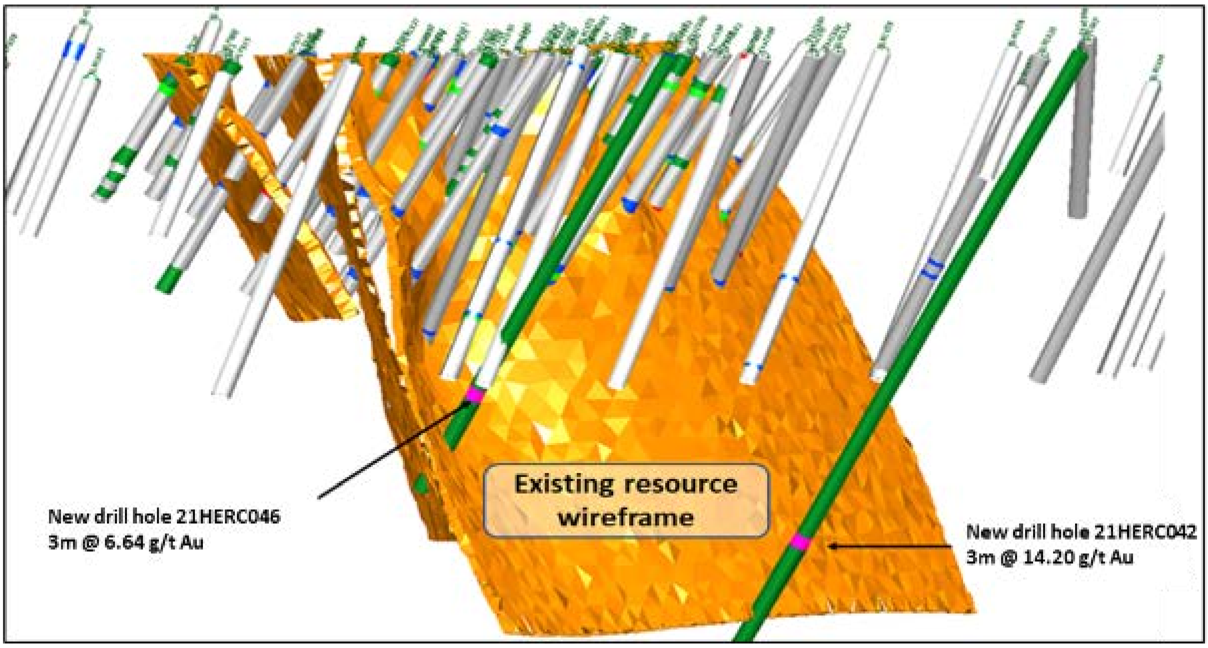


*Figure 10: **2021 drilling results***

Exploration at Devon has identified widespread surface gold anomalism in soil sampling and an abundance of historical workings. This anomalism covers a broad area in excess of 6km strike by 4km across strike.

Soil sampling and drilling continues to identify new lode structures (eg LIN5 in Figure 9) previously not recognised and demonstrates the high prospectivity of the area with potential to define additional new targets by extending soil survey coverage.

The drilling results demonstrate that the anomalous surface gold extends below surface to depths of at least 120m, which is the maximum depth of recent drilling. The area hosts well over 30-40 historic shafts, multiple large footprint gold in soil anomalies and is characterised by multiple structural faults and splays all focused on a large scale fault structure over a range of at least 6km by 4km. There are less than 10 drill holes completed to depths beyond 100m depth.

Matsa's exploration model for this area is a Kanowna Belle analogy (refer Figure 11) with multiple smoke/outcropping thin shallow quartz lodes, a probable zone of depletion below this (but yet to be identified in with drilling) and a large mineralised source/body at depth (also yet to be drill tested).

A key requirement for Matsa to advance this model is an improved understanding of the structural setting and it is hoped a 3D seismic survey will go a long way to providing some clarity. Matsa has recently participated in new research on 3D seismic experimental surveys at Nautilus and Fortitude North that if successful could be applied at Devon/Hill East.

Further drilling is planned for the coming year.

DEVON PIT SCOPING STUDY

During the year a maiden Mineral Resource Estimate was produced for the Devon Pit and a scoping study was undertaken on the resource based on processing the ore through a Matsa owned processing plant.

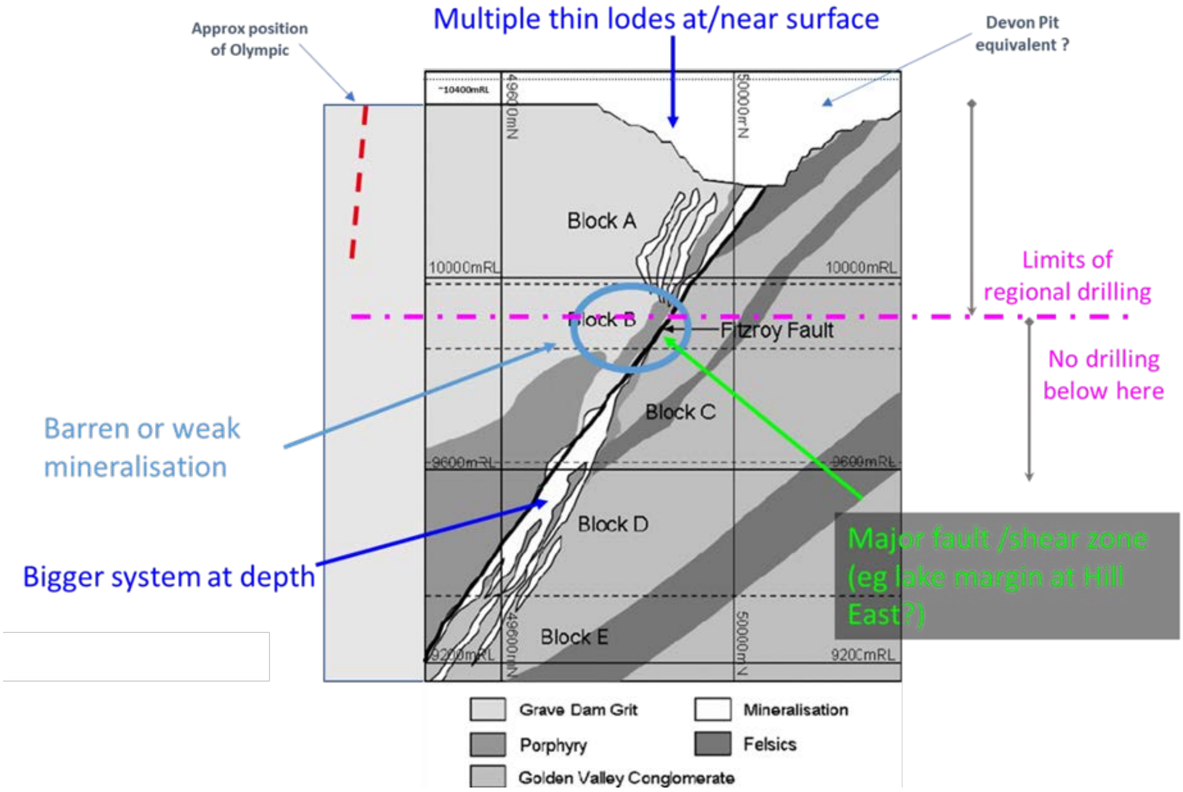


Figure 11: Devon exploration model (KB analogy)

One of the numerous historical shafts at Linden gold camp (Devon Hub)

OPERATIONS REVIEW

The scoping study delivers an excellent outcome (refer Figures 12 and 13) and indicates immediate commencement of mining at the Devon Pit is warranted. Summary findings include:

- Total operating cash surplus A$40.75M over 12 months
- Production of ~37,000 oz gold at 4.64g/t from 264,000t with an assumed 93% recovery based on past GME Resources trial mining experience
- Operating cash cost of A$1,144/oz gold
- Assumed average gold sale price of A$2,250/oz
- Production of ore commences from surface.

The shallow high grade nature of mineralisation at the Devon Pit, lends itself to a potential cutback mining scenario with minimal pre-strip requirements, early access to ore and mining and approvals related studies are underway. The grade and mineralisation are expected to be amenable to both open pit and underground mining methods and should provide a logical add-on to the established mining plan at the Fortitude mine.

Whilst expansion of the Devon Pit as a cutback looks to be a logical development, Matsa is reviewing the resource in context of an underground mining option to fully exploit the resource because pit optimisation reaches a maximum depth due to strip ratios, which leaves ore remaining at the bottom of the pit. The resource remains open at depth.

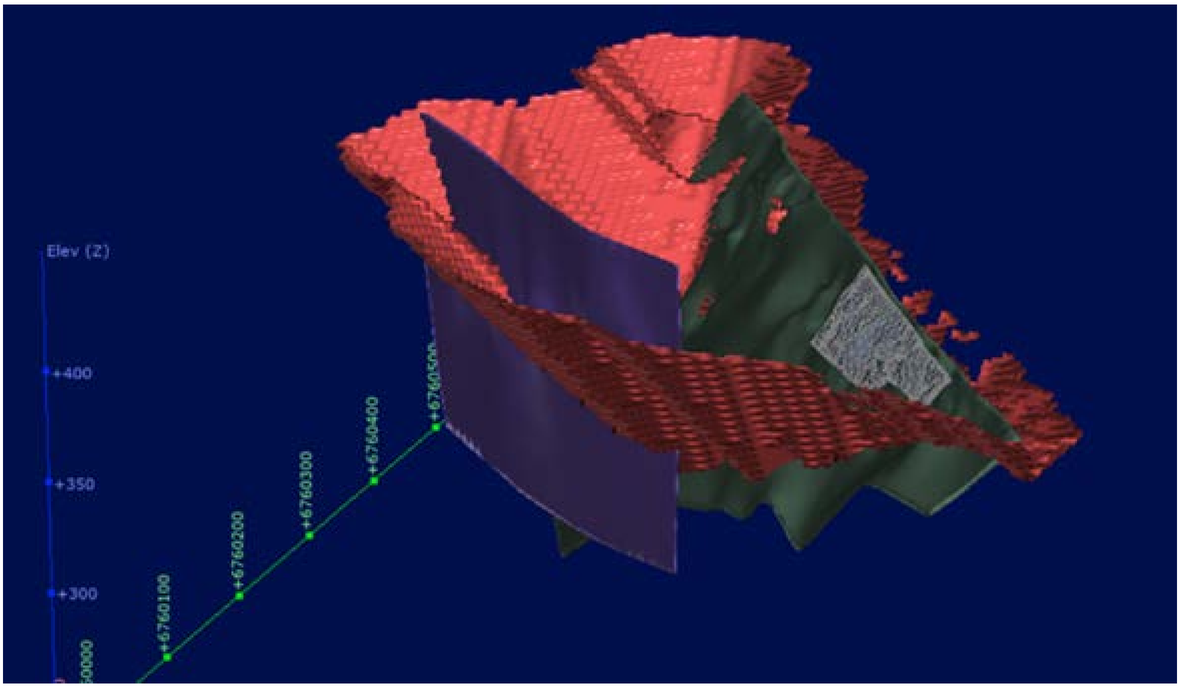


***Figure 12:* Devon Pit optimised shell and mineralised lodes**

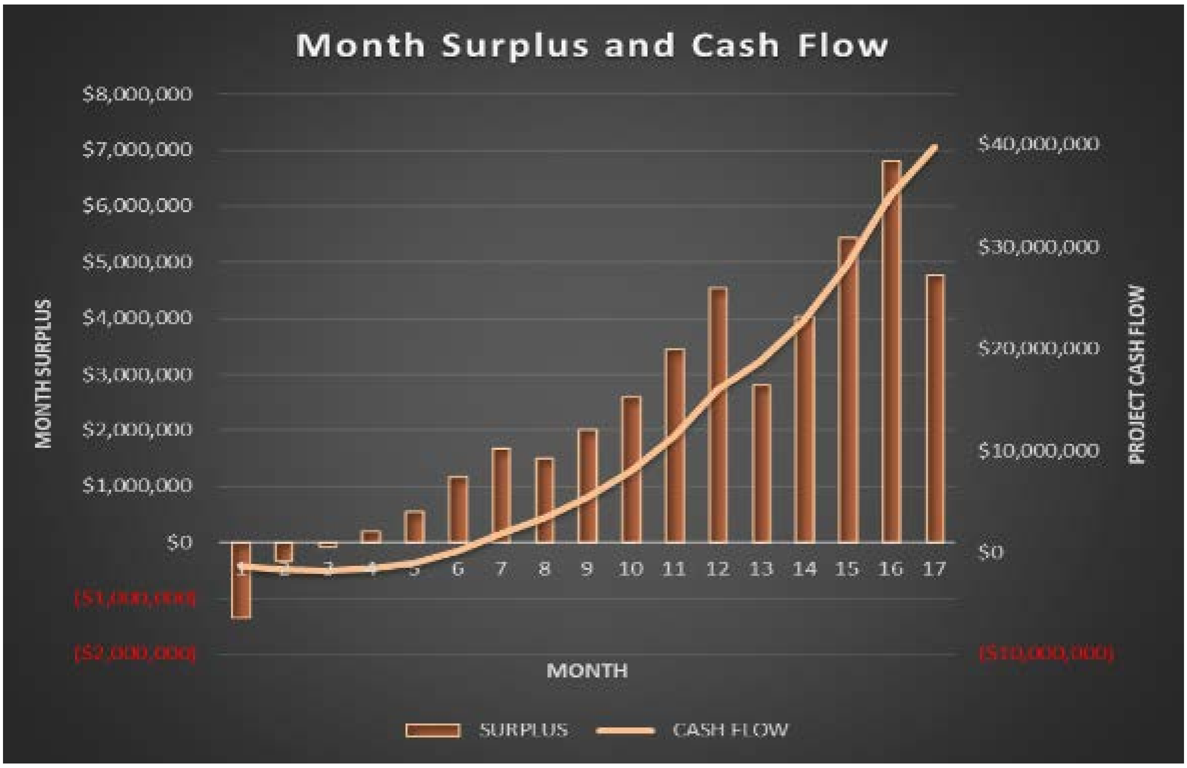


Figure 13: Devon Pit operation cash flow

The Devon Pit was originally mined in the early 1900s via shaft and level development and later mined during 2015 and 2016 by GME by open pit mining who reported production of approximately 61kt @ 5.3g/t for 10.4koz.

Devon was acquired by Matsa in November 2018 which removed multiple tenement ownership impediments to exploration and at the time of acquisition, no resource was reported.

Devon Pit Looking north towards Red October

UPCOMING ACTIVITES AT DEVON HUB

During the next financial year, the following activities are planned:

- Update Hill East and Devon Pit resource models for new drilling
- Develop preliminary geology/mineralising models for the LIN 5, New Year's Gift and Democrat lode structures
- Plan and execute follow up drilling at Hill East and other large footprint gold in soil anomalies
- Complete studies associated with obtaining mining approvals for Devon Pit
- Potential 3D seismic survey to define drill target/structures at depth.

FORTITUDE HUB – LAKE CAREY

Highlights for the year at the Fortitude Hub include:

- A 61% increase in Mineral Resource to 553,000oz @ 1.9 g/t Au, up from 343,000oz @ 2 g/t Au
- Revised cost input into the Fortitude mine using a Matsa owned and operated processing plant improving the bottom line at the Fortitude mine by A$33M
- Maiden Mineral Resources of 40,000oz @ 2.4 g/t Au at Bindah and 23,000oz @ 2.1 g/t Au at Gallant
- Inclusion of Gallant and Bindah prospects into the Fortitude exploration and development pipeline
- Reprocessing of Sub-audio magnetic (SAM) survey with target generation yet to be finalised
- Fortitude mine optimisation and mining review based on the upgraded resource model has commenced.

RESOURCES

During the financial year Matsa delivered maiden Mineral Resource Estimates of 63,000oz @ 2.3g/t Au for the Bindah and Gallant prospects of the Fortitude Hub. Bindah (refer Figure 14) was last mined by WMC Nickel in the 1980s exploiting the shallow high grade gold oxide ore. Gallant has not been mined before and both deposits sit under lake sediment cover.

Both prospects sit along well defined shear zone (Bindah Shear) running along the western/southern margin of Lake Carey (refer Figure 15) which also includes the Intrepid and Bravado prospects (refer Figure 16) further to the northwest.

The Bindah resource remains open along strike and at depth with clear exploration potential to extend the resource to the north west along the Bindah shear where the existing drilling remains shallow and largely confined to the existing pit shell. Mapping and modelling of the mineralisation suggests the presence of grade shoots within a single, well constrained lode structure. The geometry of these ore shoots remains poorly understood and requires further drilling.

Whilst both Bindah and Gallant are largely Inferred Resources, a small vertical zone of 15m of Indicated Resource exists at Bindah within the 15m immediately below the current base of the pit where close spaced drilling has previously been completed. Drilling to test for extensions to Bindah, as well as Gallant, requires a specialised lake capable drill rig. In this regard, a program is being planned for Bindah, Gallant and the nearby Fortitude North prospect.

Figure 14: ***Bindah pit***

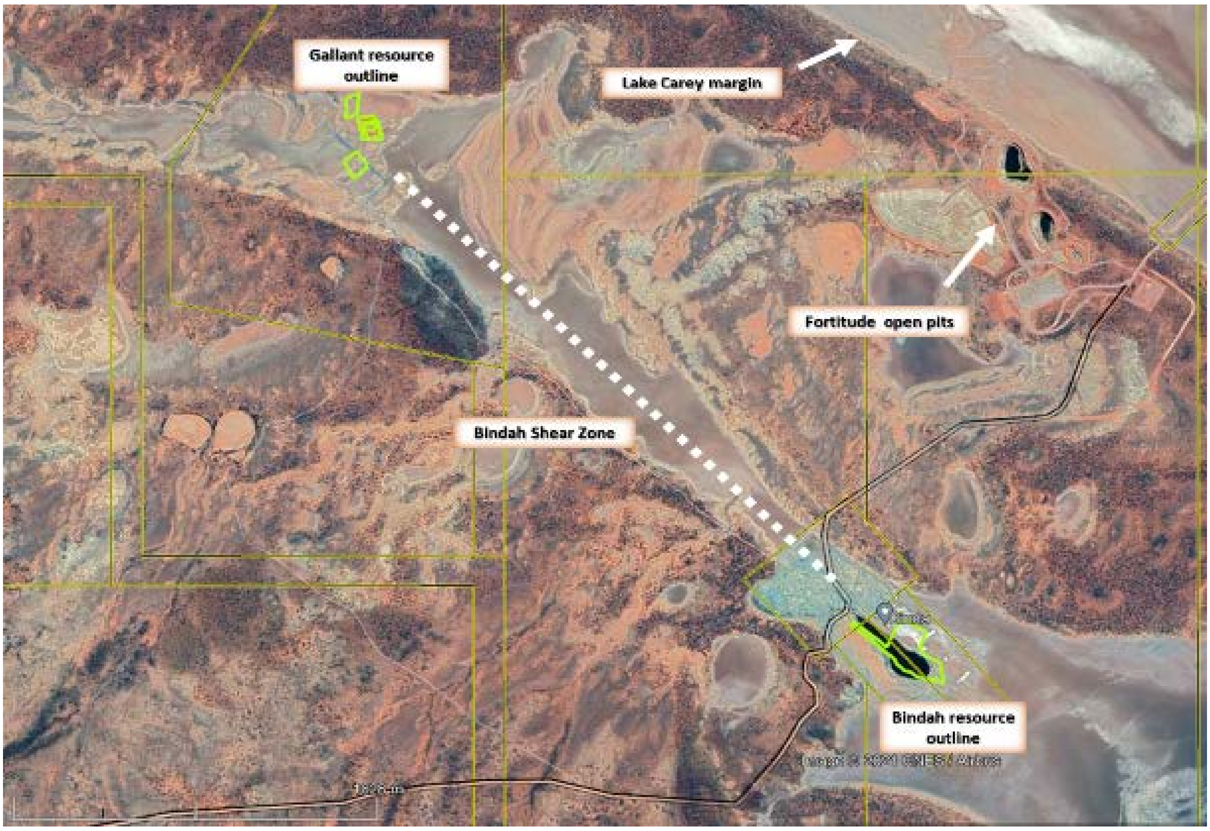


Figure 15: ***Bindah Shear, Bindah Pit and Gallant resource outlines***

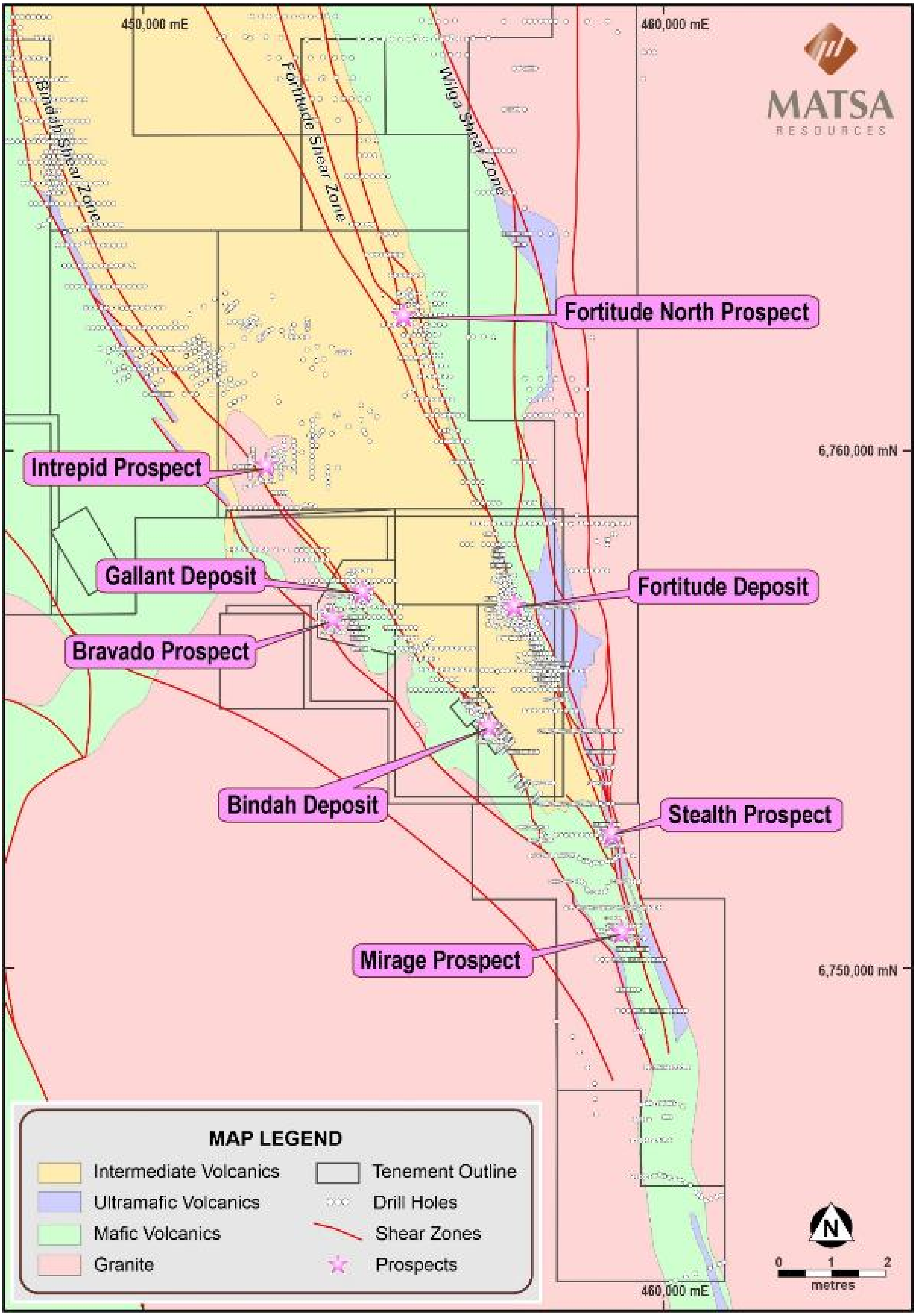


Figure 16: Regional setting of Bindah, Fortitude and Wilga Shear zones and existing prospects

In addition to Bindah and Gallant resources, and subsequent to the end of the financial year, Matsa finalised an update of the Fortitude Mineral Resource Estimate (MRE), which has resulted in a significant increase (30%) from 343,000oz to 447,000oz at similar grades (refer Figure 17).

Since release of the 2017 version of the Fortitude Mineral Resource Estimate, completion of additional drilling comprising 942RC holes for a total of 22,582m and trial mining during 2017-2018 totalling 162,003t @ 1.93g/t (9,522oz), has prompted this MRE update.

The upgrade in the estimate represents a significant change to the 2017 model which previously produced a 22-month open pit mining project, delivering 54,000 ounces of gold (recovered). A mining review and re-optimisation of the model is being undertaken to determine whether the upgrade in the model translates to a larger optimised pit shell with results expected in September-October 2021.

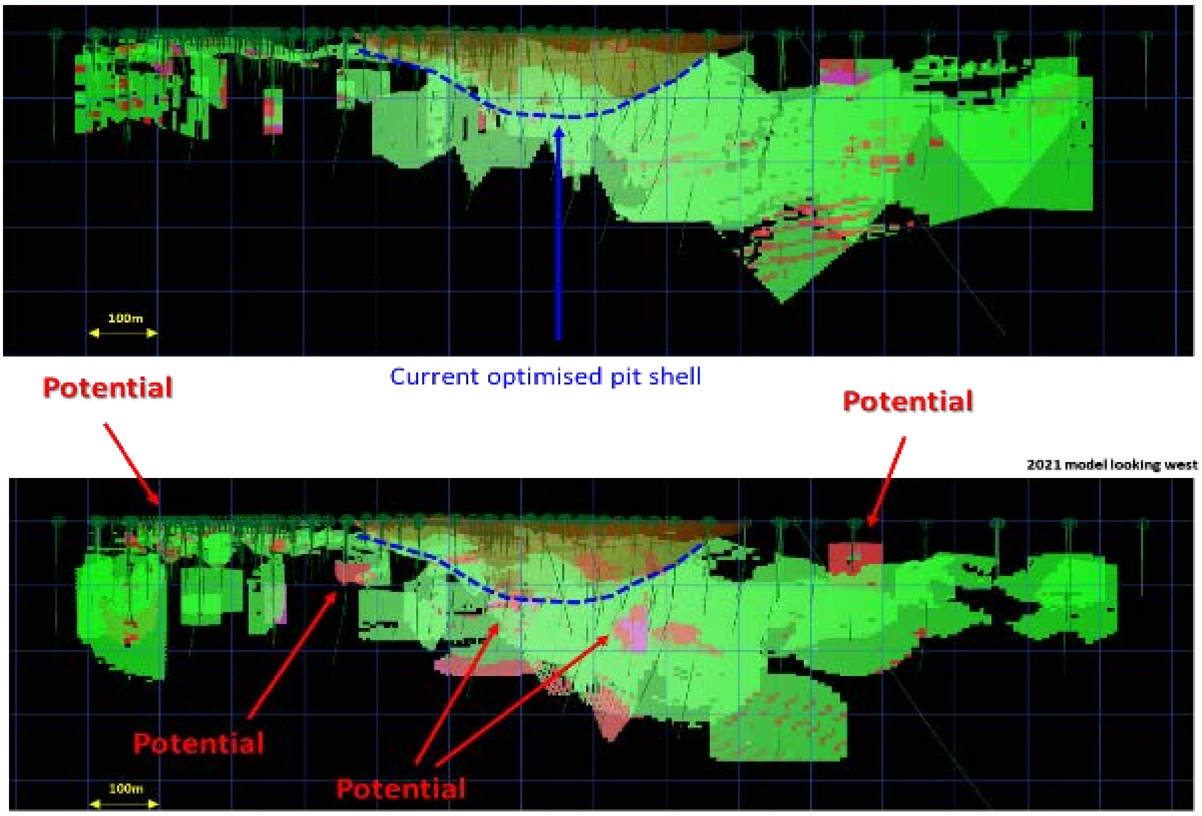


Figure 17: ***Fortitude model comparison between 2017 and 2021 versions***

GEOPHYSICS

An experimental 3D seismic survey was undertaken by the geophysical department at Curtin University late in the previous financial year however results were not available at the time of writing the previous annual report. Whilst results were encouraging technical issues were encountered with equipment which terminated the study early. It is planned to return and complete the survey in due course. The study emphasised the applicability of low cost DAS cabling in place of conventional geophones. This technology will lead to highly effective surveys completed at a fraction of the cost of conventional seismic surveys.

Preliminary results are highlighted in Figure 18 below, which identify a number of interpreted steep structures (white arrows) where there are apparent breaks in the bulk package of reflective signals (yellow arrows) that could provide targets for future exploration drilling.

Further work is required before committing to drill testing these seismic responses.

Laying out glass fibre cable at Lake Carey for seismic work

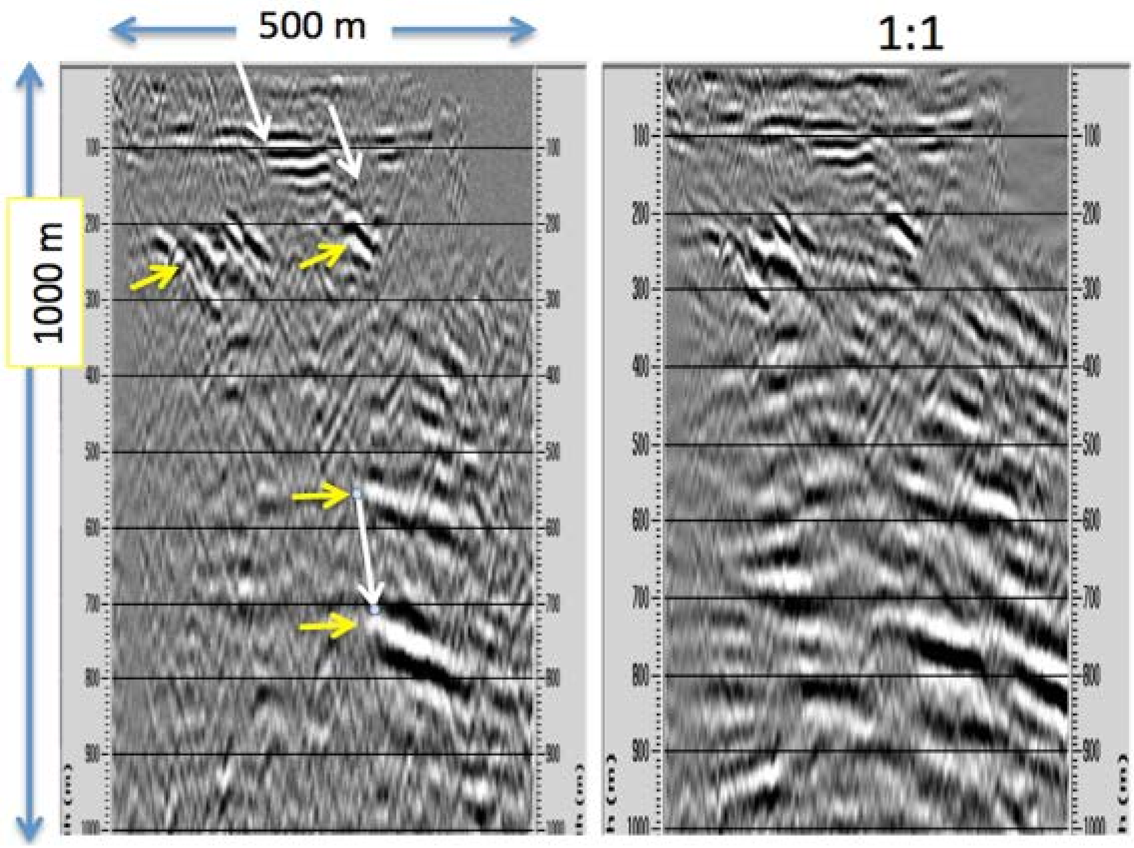
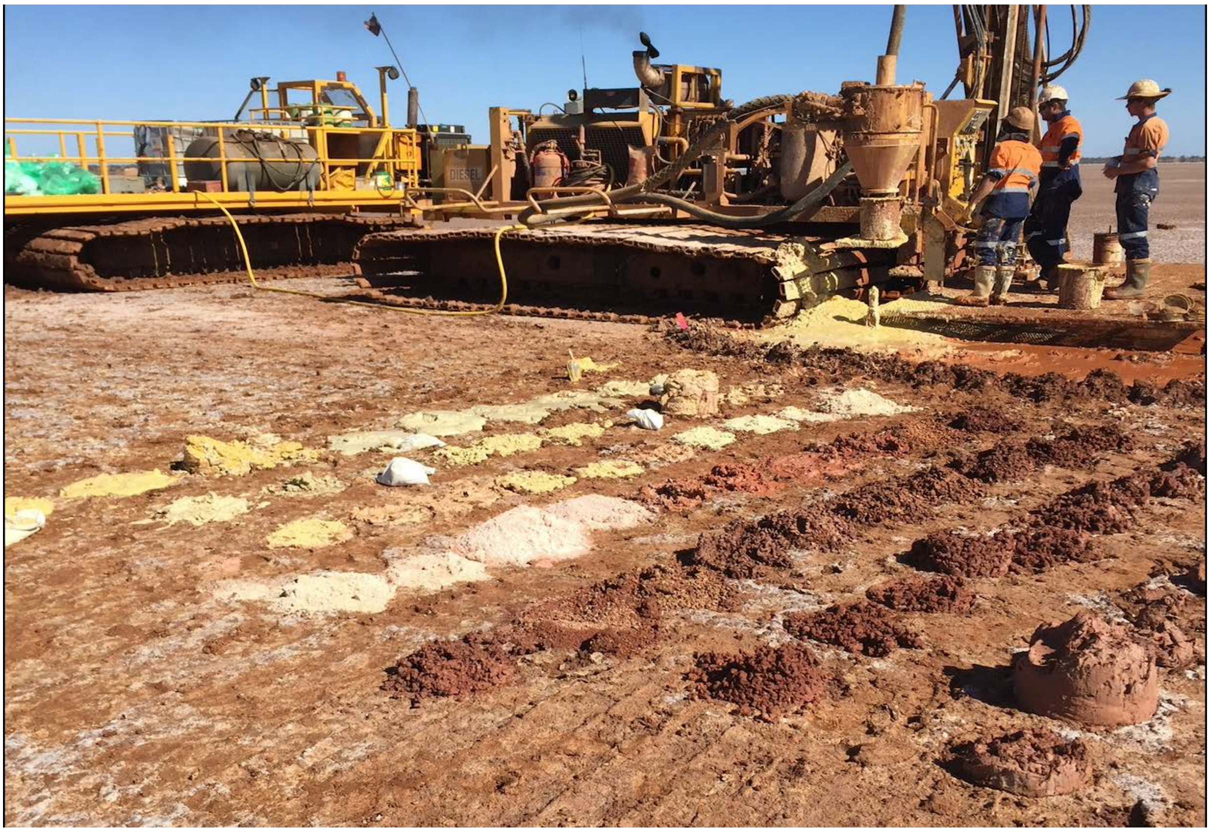


Figure 18: ***Initial stacks over soft part of the lake in depth, but scale 1:1. Residual stack (left) and CRS stack (right). A number of steeply dipping structures (white arrows) can be seen. Lithology is mainly dipping in range 30-45 degree (yellow arrows)***

Spring flowers at Lake Carey region

Shingleback lizard (Tiliqua rugosa) at Red October camp

Reprocessing of SAM and magnetic data appears to provide an accurate picture of faults and stratigraphic units which may lead to a reinterpretation of the geological model and potential to generate new exploration targets.



Lake drilling along Bindah Shear zone

STUDIES

All permits required to recommence Fortitude mining remain in place and an outline of the current site setup is shown below in Figure 19.

Figure 19: ***Proposed mine layout for Fortitude Stage 2 mining***

Matsa is currently assessing options for the treatment of ore from Fortitude with the preference being through a Matsa owned and operated processing plant.

Whilst the updated Fortitude Mineral Resource Estimate re optimisation study is yet to report final results, the most recent project cashflow based on the 2017 model version updated for cost assumptions from the CPC study for Fortitude is shown in Figure 20 below. The cost savings using a Matsa mill as compared to Matsa's current ore purchase arrangement improves the projects cashflow from approximately A$23M to A$55M.

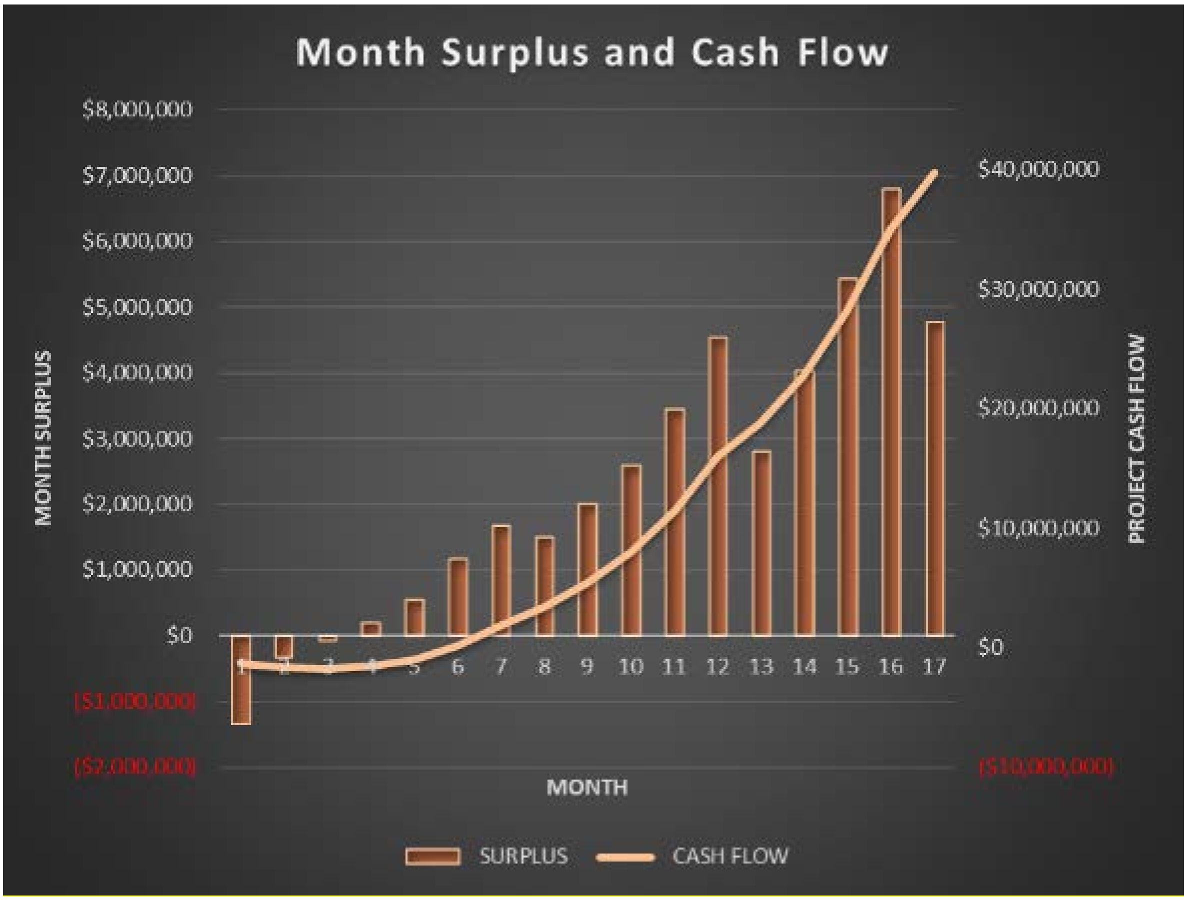


Figure 20: ***Fortitude Stage 2 operation cash flow***

UPCOMING ACTIVITES AT FORTITUDE HUB

During the next financial year, the following activities are planned:

- Re-optimisation of the updated Mineral Resource Estimate for Fortitude
- Plan and execute follow up drilling at Bindah
- Complete first pass model at Fortitude North to assess mining potential
- Potential 3D seismic survey to define drill target/structures at Fortitude North
- Conduct drilling to advance the exploration and project development pipeline at Fortitude Hub.

OPERATIONS REVIEW

RED OCTOBER HUB – LAKE CAREY

During the financial year, mining continued at the 100% Matsa owned and operated Red October underground gold mine, however subsequent to the end of the reporting period and due to recent underperformance, production has been suspended to enable a full resource drill out, long term mine designs and rescheduling of the operation.

Both historical and recent drilling, coupled with grade control data obtained during development has highlighted the complex nature of the narrow structures at Red October with variable short range grade continuity, has demonstrated the importance and necessity of ensuring close spaced drilling is completed at Red October. These learnings as well as the overall advancement of the Lake Carey exploration and project pipeline has resulted in suspension of production at Red October, under pinning the Company's repositioning.

Drone view of Red October mine looking northeast

It is expected a 12 to 18 month period will be required to reset the Red October mine and establish a robust long term mine plan before production operations resume.

RESOURCES

During the financial year, the Company updated the Lionfish resource with results from recent drilling (19 diamond drill holes for 1,919m) and the application of improved geological understanding of Red October's ore shoots from mining activities in the adjacent Marlin structure. The Lionfish lodes are located less than 200m west of the main Red October Shear Zone (ROSZ) and Marlin development which have been the focus of underground production at Red October.

Saracen briefly accessed the Lionfish prospect shortly before divestment, and unfortunately used the drive for waste stockpiling making access to the Lionfish ore structure inaccessible for mapping purposes. The updated model was completed and released subsequent to the end of the financial year.

The updated model has resulted in a 159% increase in the Mineral Resource Estimate to 54,000oz @ 7.4 g/t Au, up from 21,000oz @ 5.6 g/t Au. Encouragingly, the 32% increase in grade demonstrates the high grade nature of the mine and the value that can be gained from additional drilling. The resource remains open along strike and at depth with significant exploration potential available, particularly at depth where the Lionfish lode is postulated to intersect the underexplored western target (refer Figure 21) recently interpreted from seismic data.

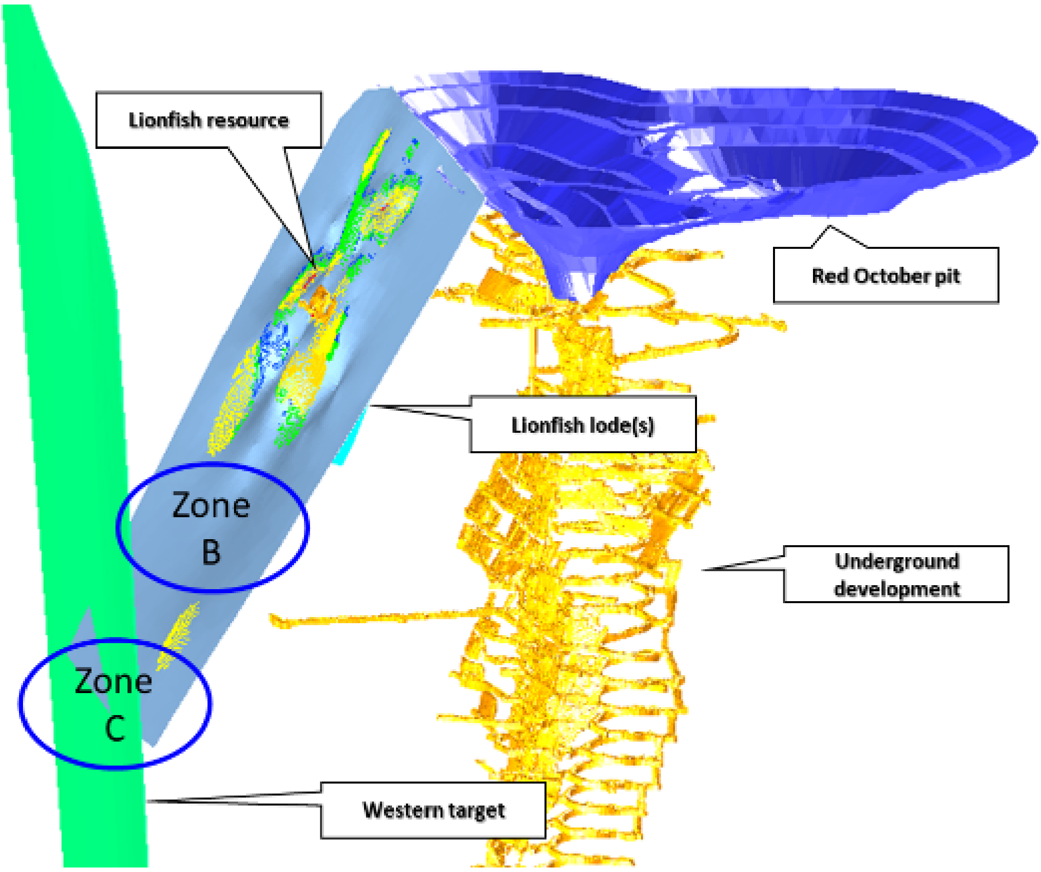


***Figure 21:** Lionfish resource and lode structures, western target and key exploration zones, Red October mine, oblique view looking grid north (Zone A exploration target, not annotated, comprises strike extensions of the Lionfish structure)*

Whilst further drilling is planned to expand the Lionfish resource, early conceptual mine design work indicates the Lionfish could provide a valuable additional, fresh, new mining front to the operation and that further exploratory drilling is warranted.

GEOPHYSICS

During the year, seismic survey work continued at Red October under an R&D research program “Seismic Surveys in the Drilling Workflow”. Traditional 2D, and more recently 3D, seismic surveys have been deployed extensively as a near mine exploration tool to map concealed structures however conventional seismic surveys remain prohibitively expensive.

In the past, processing technology was limited to deeper data ranges and shallow areas of data were difficult to process. Therefore, typically, seismic worked best at depths of significantly greater than 500 - 800m. New processing technology has allowed geologists to “see” at much shallower depths, less than 200m from surface, making seismic more attractive to gold explorationists for targets at relatively shallow depth.

Matsa’s support for this ongoing research project is aimed at developing technologies which have the potential to be an order of magnitude lower in cost, compared to conventional surveys and therefore more readily available throughout the drilling phase of exploration.

Following completion of a first pass experimental seismic survey (using DAS) in March 2020, interpretive work continued into this financial year (refer Figure 22). Results were highly encouraging for mapping the geology of the Archaean basement at Red October where both structural and stratigraphic elements were interpreted from the single 2D line completed. The innovative use of DAS cabling achieved very high data densities compared with conventional geophones. Whilst more experimental surveys are required to produce a larger data set, Matsa remains optimistic that this research project holds potential to map structurally and stratigraphically favourable targets for gold mineralisation, at greatly reduced costs, and at much shallower depths compared to conventional seismic surveys.

The results of the initial experimental line show some clear structures in the dataset that have been interpreted to reflect both known and previously unrecognised structures that may be gold bearing. Interpretation of the results suggest a number of structures that have been attributed to the Marlin/ROSZ and two new targets currently labelled as the “eastern” and “western” targets.

Both of these new targets have been modelled in 3D and compared to the existing drilling database. In both instances, there is support for these structures in existing drilling, albeit thin structures of moderate grade and strong mineral assemblages. It is postulated that further exploration drilling (refer Figure 23) could identify higher grade shoots withing these large footprint lode structures.

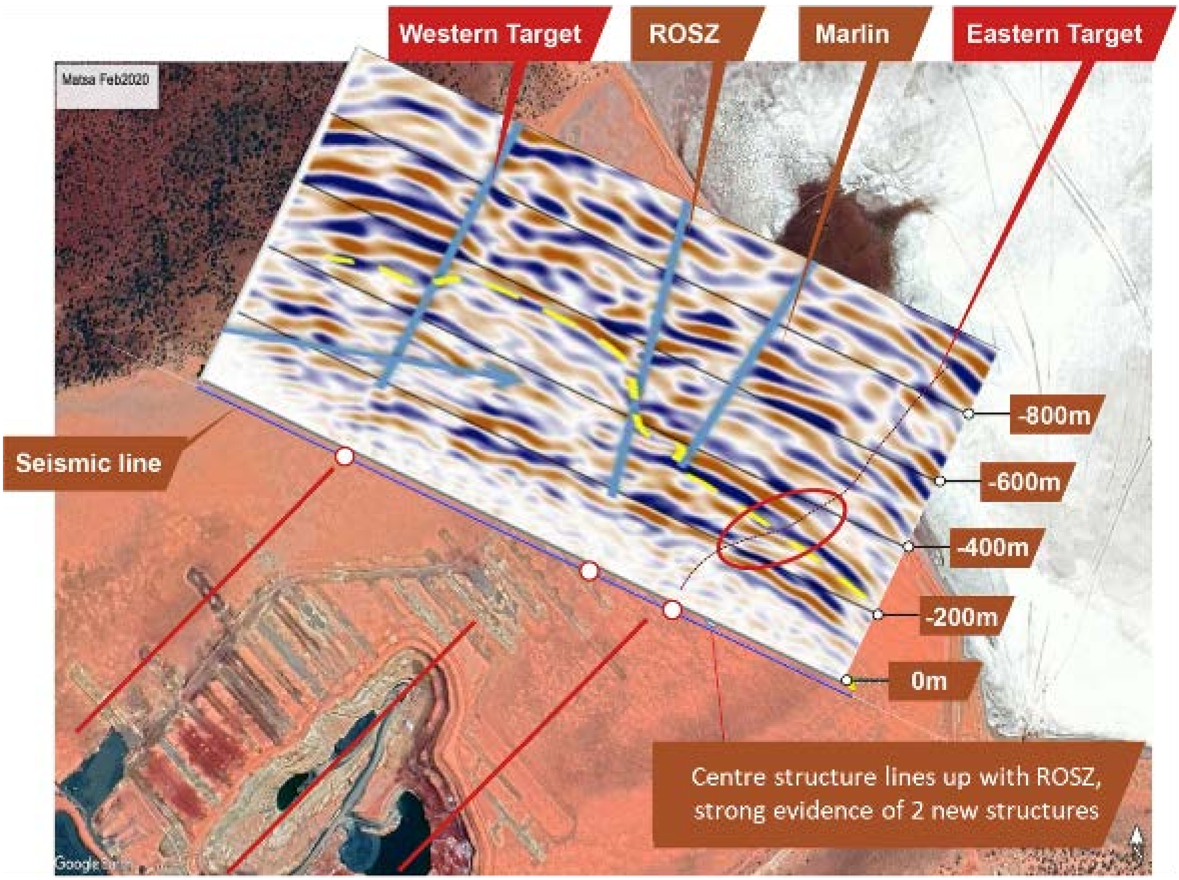


Figure 22: ***Seismic section to NE of Red October showing interpreted structures***

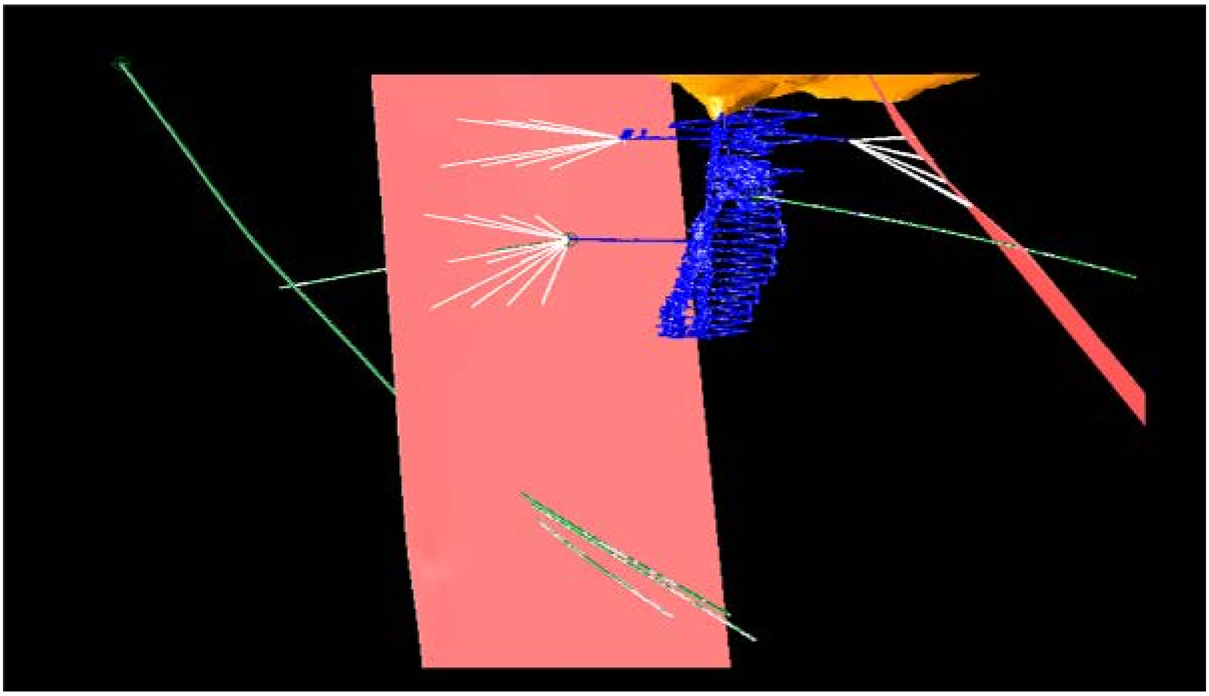


***Figure 23:* Interpreted targets from seismic survey, supported by historical drilling (in green), proposed exploration drilling (in white)**

In May 2021, a second experimental DAS line was completed (refer Figure 24) with final results pending.

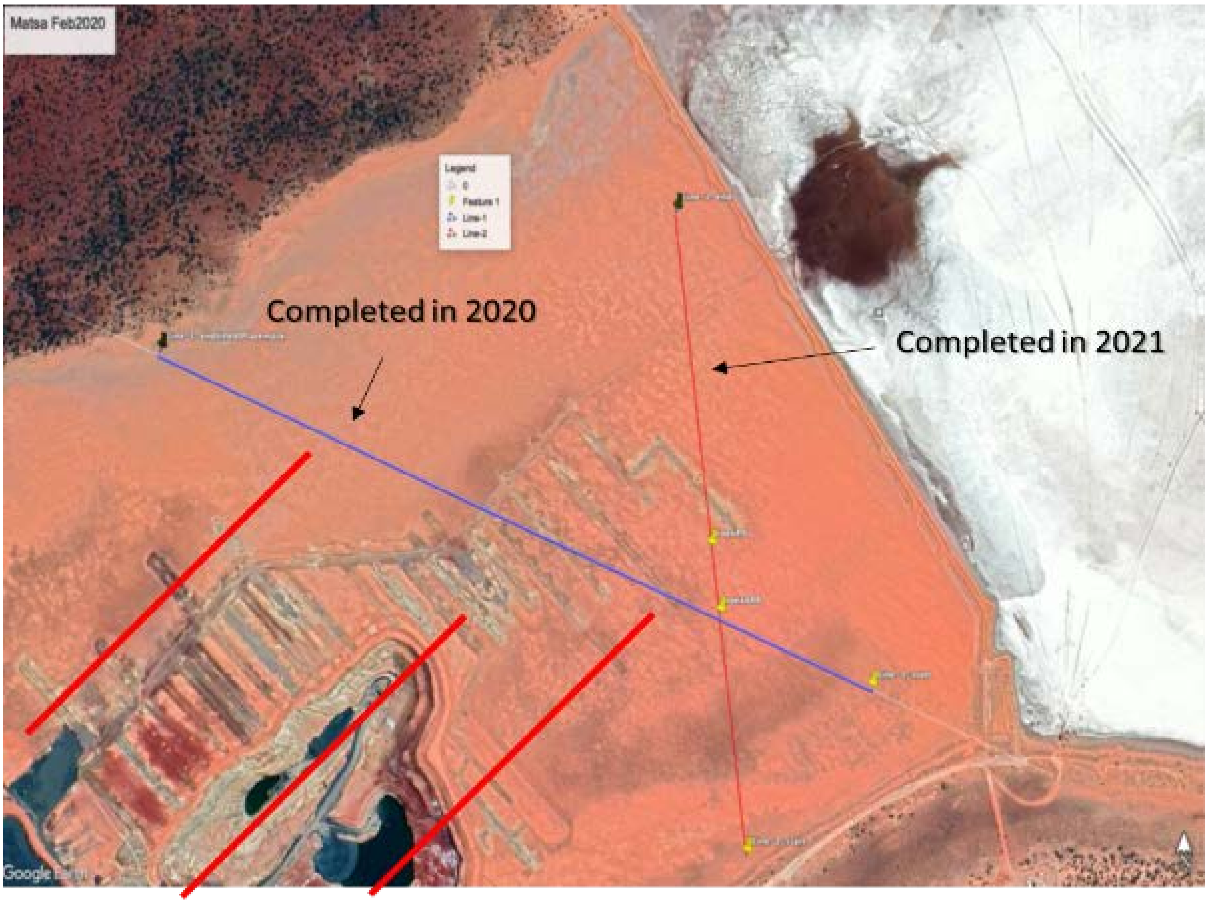


***Figure 24:* Plan view Red October showing 2020 and 2021 seismic survey lines**

NAUTILUS 3D EXPERIMENTAL SURVEY

At Nautilus, an experimental 3D survey (refer Figure 25) was completed in July-August 2020. The Nautilus prospect is located about 2km north of and parallel with the Red October shear zone. The area is characterised by complex structures that cannot be properly resolved with two-dimensional (2D) seismic technology.

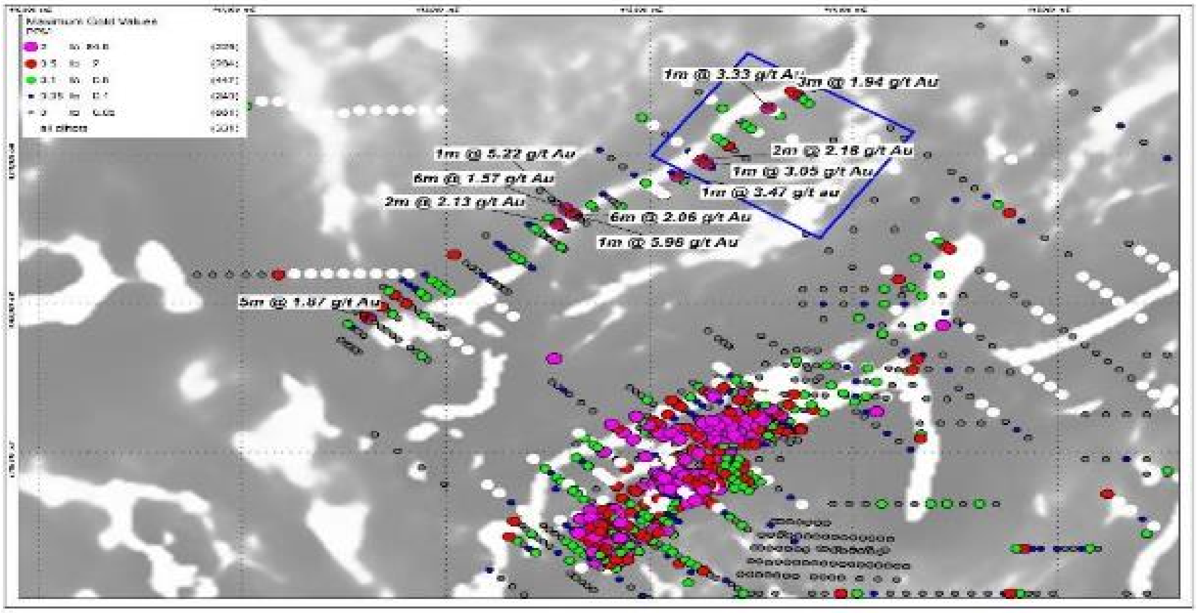


***Figure 25:* Location Nautilus**

The first phase of the 3D survey included ploughing 24km of "tight buffer" fibre optic (FO) cable in four segments of 6.2km each. A "snake" pattern is used for cable continuity and also to enable efficient ploughing and to optimise the recording geometry and reflection fold (refer Figure 26). Unfortunately results of this experimental survey were inconclusive. Further processing work is yet to be undertaken to determine if a better imaging outcome can be achieved that can be used to assist exploration targeting.

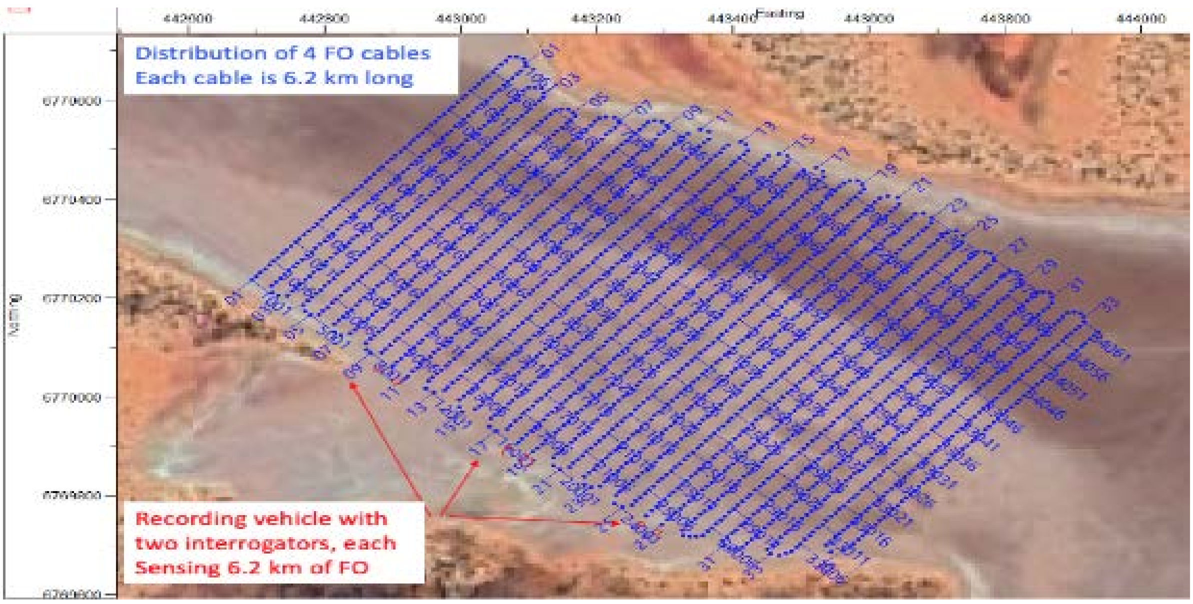


***Figure 26:* 3D seismic survey layout at Nautilus**

Helical cable ploughed with bob cat dedicated attachment into ground for seismic surveys

Underground diamond drilling at the Red October mine

OPERATIONS REVIEW

DRILLING

During the year Matsa, undertook underground exploration drilling with a strong emphasis on the Marlin, ROSZ (Red October Shear Zone) and Lionfish lodes (refer Figure 27). The ROSZ and Marlin lodes have been the subject of underground mining whilst the Lionfish lode structure was briefly accessed by Saracen just prior to divestment of the Red October underground mine.

Matsa completed 40 underground diamond drill holes during the year, for a total of 4,242m (refer Figure 27). The drilling produced outstanding gold assays and confirms the high-grade potential of the Red October gold mine.

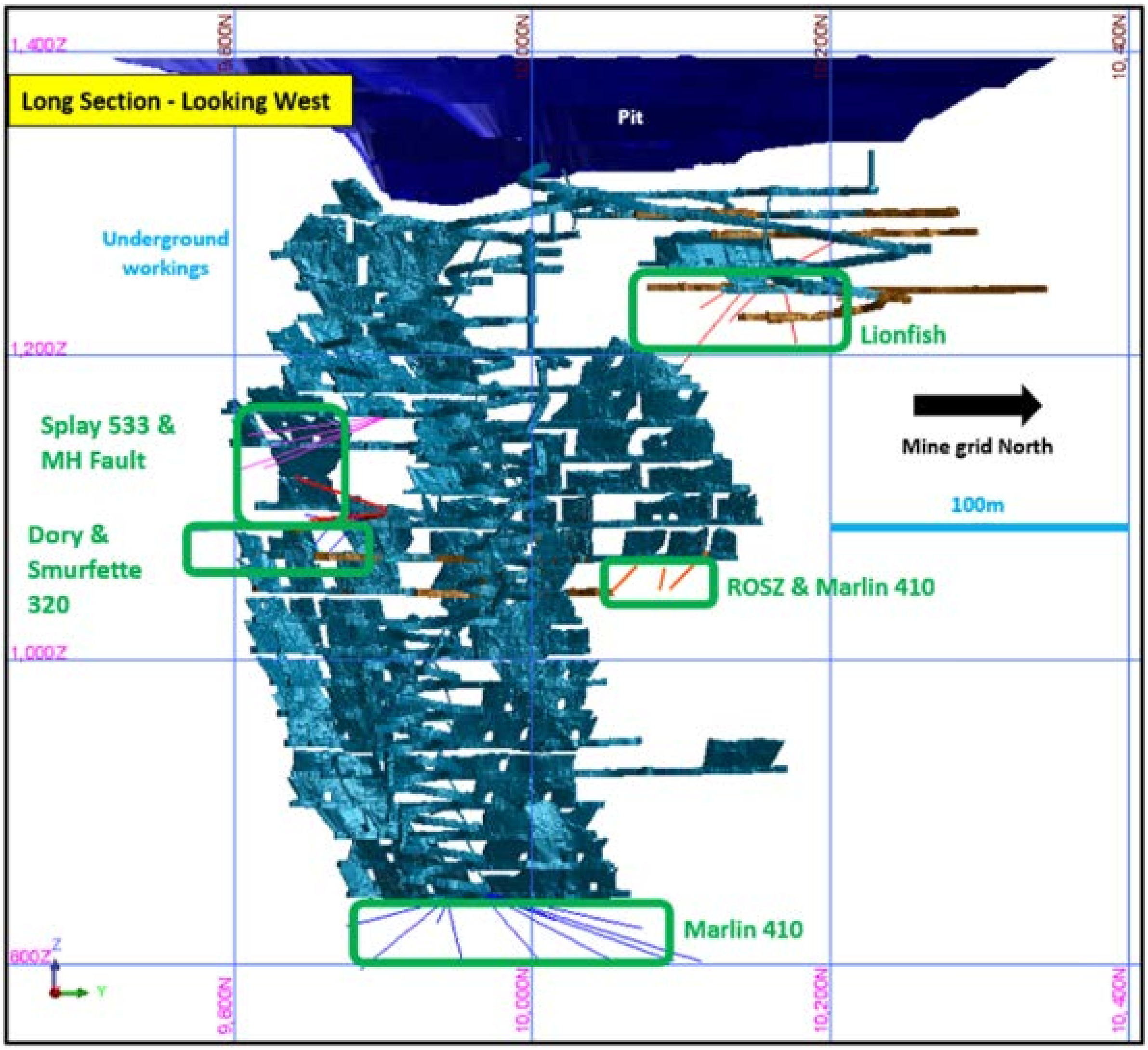


Figure 27: Red October underground exploration drilling for 2020-2021

A selection of significant new intercepts include:

- **3.8m @ 30.98g/t Au** from 97.20m in hole ROGC741
- **1.7m @ 68.3g/t Au** from 28.5m in hole ROGC747
- **2.0m @ 16.1g/t Au** from 56m in hole ROGC749
- **0.3m @ 161.5g/t Au** from 37.5m in hole ROGC751
- **0.75m @ 61.2g/t Au** from 73.4m in hole ROGC755

- **1.7m @ 51.68g/t Au** from 97.0m in hole ROGC758
- **5.5m @ 5.60g/t Au** from 70.0m in hole ROGC767
- **5.7m @ 27.94g/t Au** from 50.3m in hole ROGC770
- **7.0m @ 5.24g/t Au** from 0.0m in hole ROGC738.

Drilling at Lionfish has been included in the resource update, whilst the drilling at Marlin largely informed a local grade control model update that resulted in extension of the South Decline and establishment of the 822 ore drive, which has subsequently been mined.

Results of the drilling overall, and the data obtained from level mapping and face sampling of ore drives has highlighted the need for additional drilling to both extend resources and improve definition within the existing resource lodes. In the Marlin structure, mapping has demonstrated the variable short range of the higher grade shoots that can extend between 2-3m up to 15-25m as mapped in the 842, 862 and 882 ore drives of the Marlin lode (refer Figure 28).

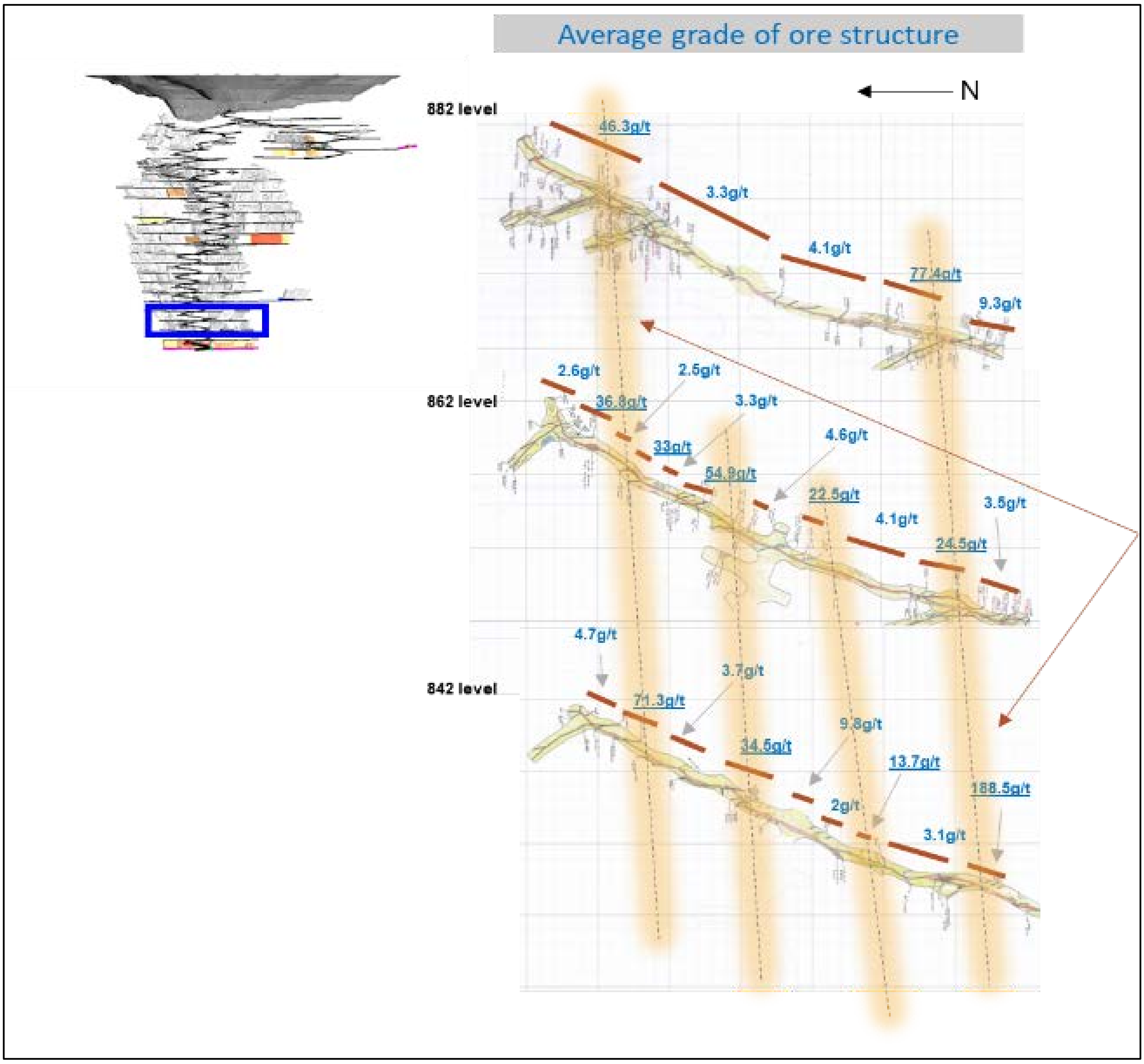


***Figure 28:* Marlin grade shoots 842-882 levels**

OPERATIONS REVIEW

New drilling and past historical intercepts (refer Figure 29) demonstrate the exploration strength and potential of the Red October deposit.

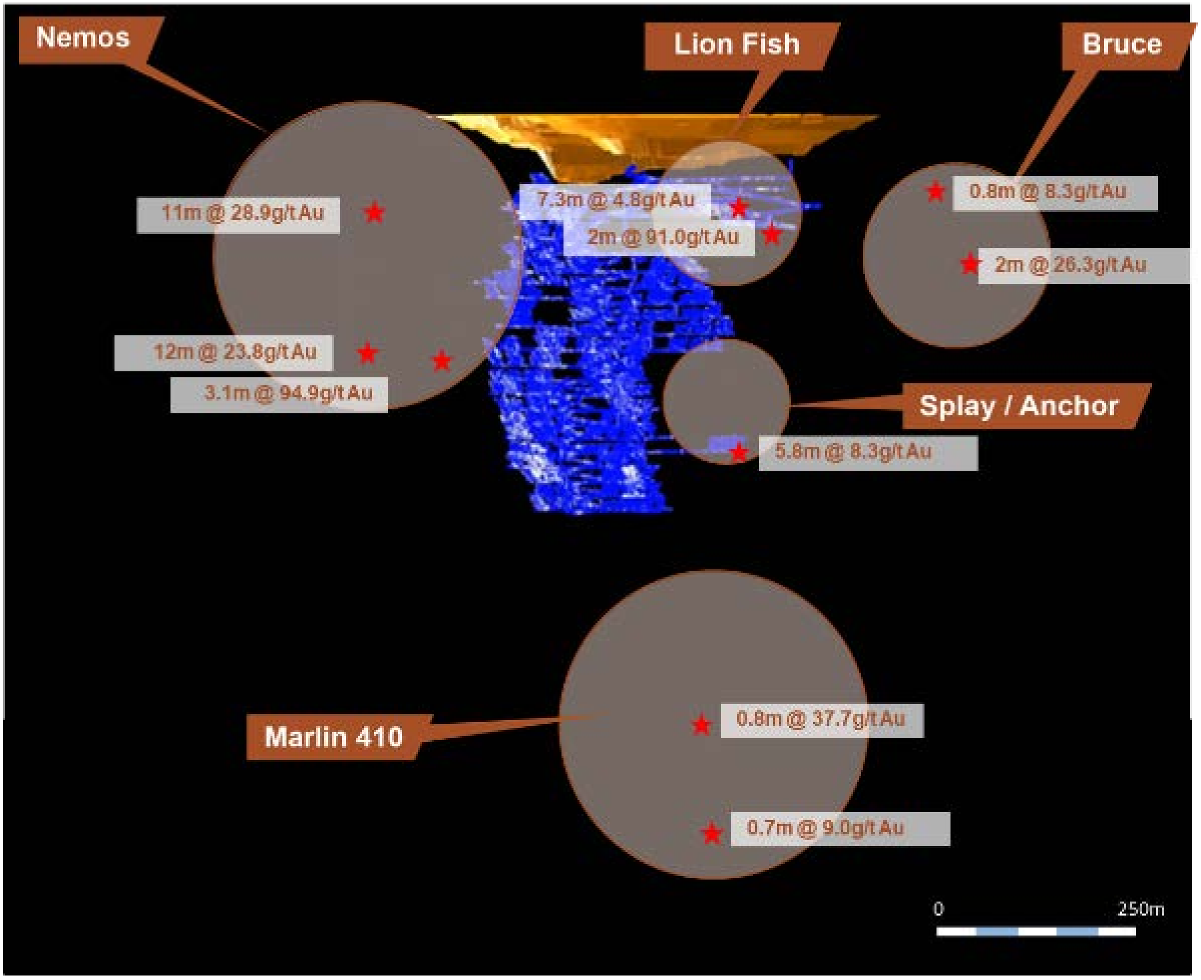


***Figure 29:* Key exploration targets and historical exploration results**

Ramp down to the underground operations at Red October

PRODUCTION AND DEVELOPMENT

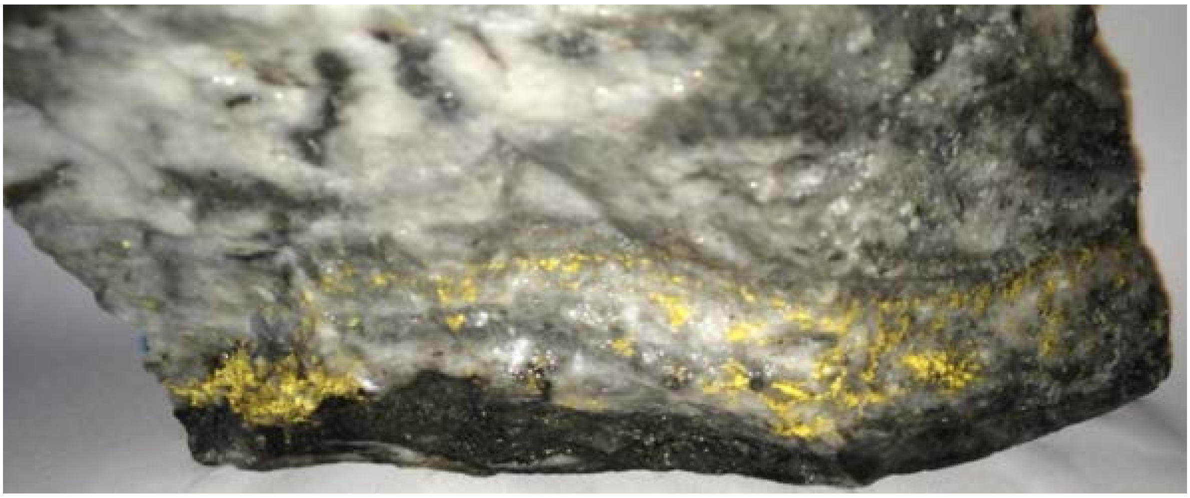
At Marlin, a small grade control model was completed following drilling aimed at the 822 level directly below the 842 ore drive, which was the lowest ore drive at Red October mined by Saracen prior to divestment of the mine. The updated model returned a 2% drop in overall grade but a 27% increase in overall tonnes due to an improved understanding of the pinch and swell nature of the ore shoot geometry. The 822 level has now been mined out.

Mining and development continued during the financial year with a summary of production shown in Table 2.

	September 2020 Quarter Actuals	**December 2020 Quarter Actuals**	**March 2021 Quarter Actuals**	**June 2021 Quarter Actuals**	**Total YTD 12 months**
Mine Production*					
Total Tonnes	28,308	13,855	21,136	9,893	73,192
Grade (g/t)	2.69	3.39	2.59	2.77	2.80
Production (oz)	2,444	1,510	1,760	881	6,595
Ore Sales					
Tonnes	20,386	23,220	21,016	9,335	73,957
Grade (g/t)	3.86	2.63	3.00	2.72	3.09
Ore Sales (oz)	2,532	1,963	2,027	816	7,338
Met Recovery (%)	81.40%	85%	85%	85%	83.76%
Recovered (oz)	2,061	1,669	1,723	694	6,147
Stockpiled Ore (oz)	700	259	37	47	47
Avg Gold Price (A$/oz)	2,668	2,560	2,326	2,357	2,478
Cash (C1) Costs (A$/oz)	1,781	1,259	1,382	2,612	1,666
AISC (A$/oz)	2,821	2,272	2,431	3,583	2,693

Table 2: Red October Gold Production Summary for 12 Months to June 30, 2021

**Previous published quarter results have been adjusted for subsequent receipt of updated tonnages, grades and/or metallurgical recoveries. Figures may not be precise due to rounding. Differences between production and sales represents ore mined and on the ROM pad at the end of each quarter.*



Gold from Marlin Lode 1220S stope

Production was dominated by selective remnant mining within the main upper body of the ROSZ and Marlin lodes including the minor Smurf and Smurfette structures, as well as development of the South Decline to the lower part of the Marlin lode structure (refer Figure 30).

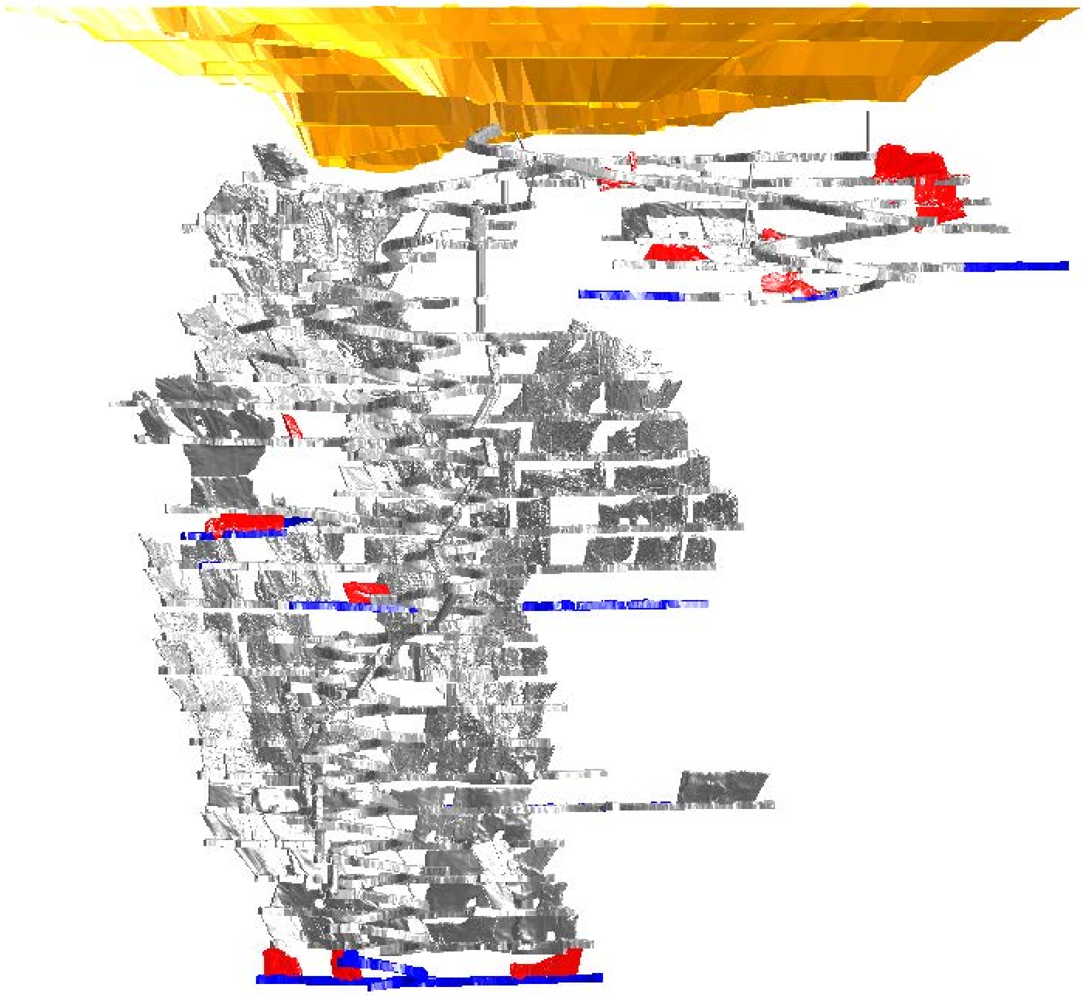


Figure 30: ***Red October mine, oblique view from above looking west, FY 2020-2021 mining with production shown in red and development shown in blue***

POTENTIAL FOR MINING TO CONTINUE AT RED OCTOBER

Subsequent to the end of the financial year, Matsa has opted to suspend production at Red October having recognised that a substantive exploration and resource drill out effort is required to optimise the future development of the mine. Targets such as the new eastern and western targets generated from the new recent seismic work, have the capacity to substantially alter the layout of the mine including future requirements of the major infrastructure setting.

With this in mind, Matsa has reset itself at Red October to undertake exploration that is expected to take over 12 months in order to define the global resource potential of Red October and enable the company to establish a scheduled long term development plan that can accommodate future growth without the potential need to redesign the operation's long term infrastructure requirements.

With an improved understanding of ore shoot geometry since Matsa first undertook exploration and development at Red October, together with the existing resource base (refer Figure 31) and known high grade exploration potential, as evidenced by recent drilling results, Matsa is confident that Red October can be returned to a profitable operational status at some stage.

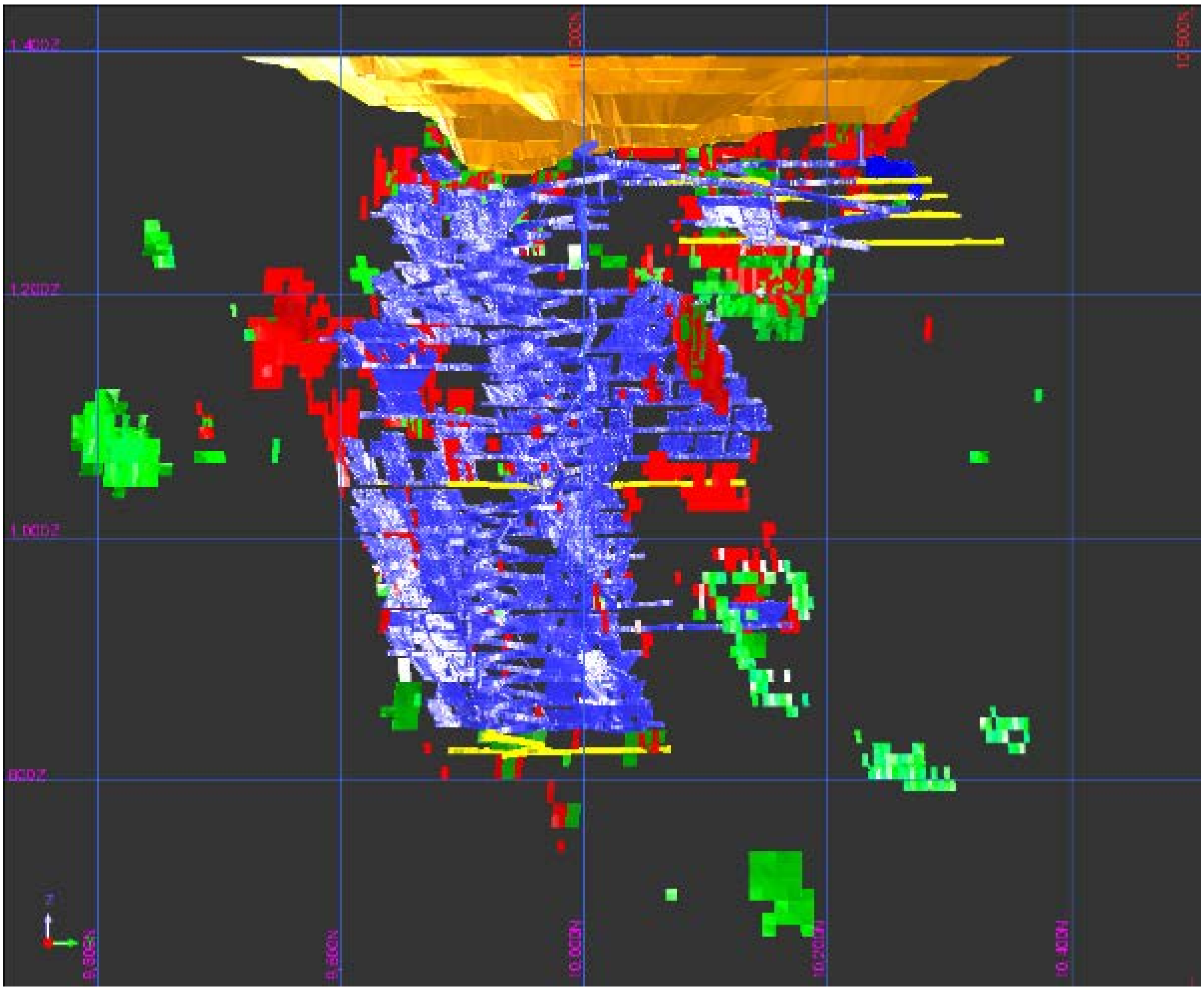


Figure 31: ***Red October longitudinal Projection with summary of high-grade gold mineralisation >5g/t Au (RO mine grid co-ordinates)*** *(June 2016 Saracen Resource Model)*

One of the clear requirements to successfully return Red October to production is to maximise the inherent high grades by reducing dilution impacts during the mining cycle. In this regard new mining fronts designed with a smaller development profile, reduced level separation and alternative drill and blast designs is expected to lead to successful future mining.

UPCOMING ACTIVITES AT RED OCTOBER HUB

During the next financial year, the following activities are planned:

- Exploration drilling of unmined and new targets including Lionfish, Costello, eastern and western targets at Red October
- Complete mine designs using smaller development profiles
- Complete soil, geochemical and geophysical surveys to enhance exploration targeting
- Conduct drilling to advance the exploration and project development pipeline at Red October Hub.

LAKE CAREY REGIONAL EXPLORATION

Bottom of Hole Sampling

A total of 270 bottom of hole (BOH) samples from historic aircore drill holes over a number of exploration target areas were submitted for multi-element analysis from different targets in the Lake Carey and Red October project areas (refer Figure 32). These samples were selected as being representative of the deepest and consequently least weathered part of each drill hole.

Multi-element assays and mineralogical scans of BOH samples are being interrogated to provide an accurate picture of bedrock geology as well as highlighting areas of hydrothermal alteration and potentially, associated gold mineralisation. In conjunction with historic gold assays, this is expected to highlight targets for further drilling.

Soil Sampling

Three campaigns of soil sampling were carried out in the Devon Hub (refer Figure 33) focusing on the immediate environs of the Devon Mine as discussed above. This technique was used as a very effective tool to map the distribution in basement rocks where there is little or no transported cover. As discussed above, soil sample results, magnetics and results from Matsa's SAM survey were used to define drill targets at Devon.

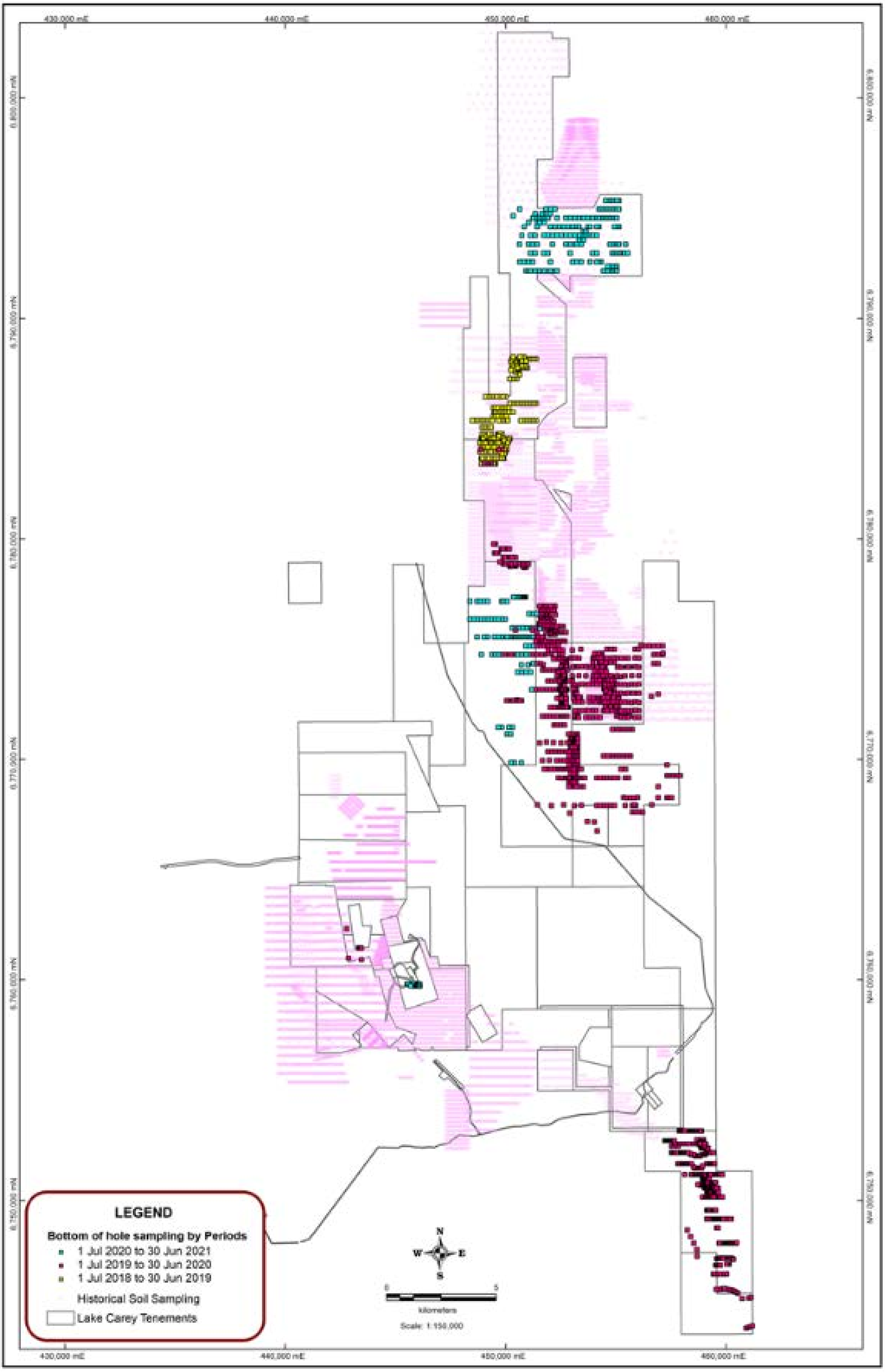


Figure 32: Bottom of hole sampling coverage in Matsa tenements

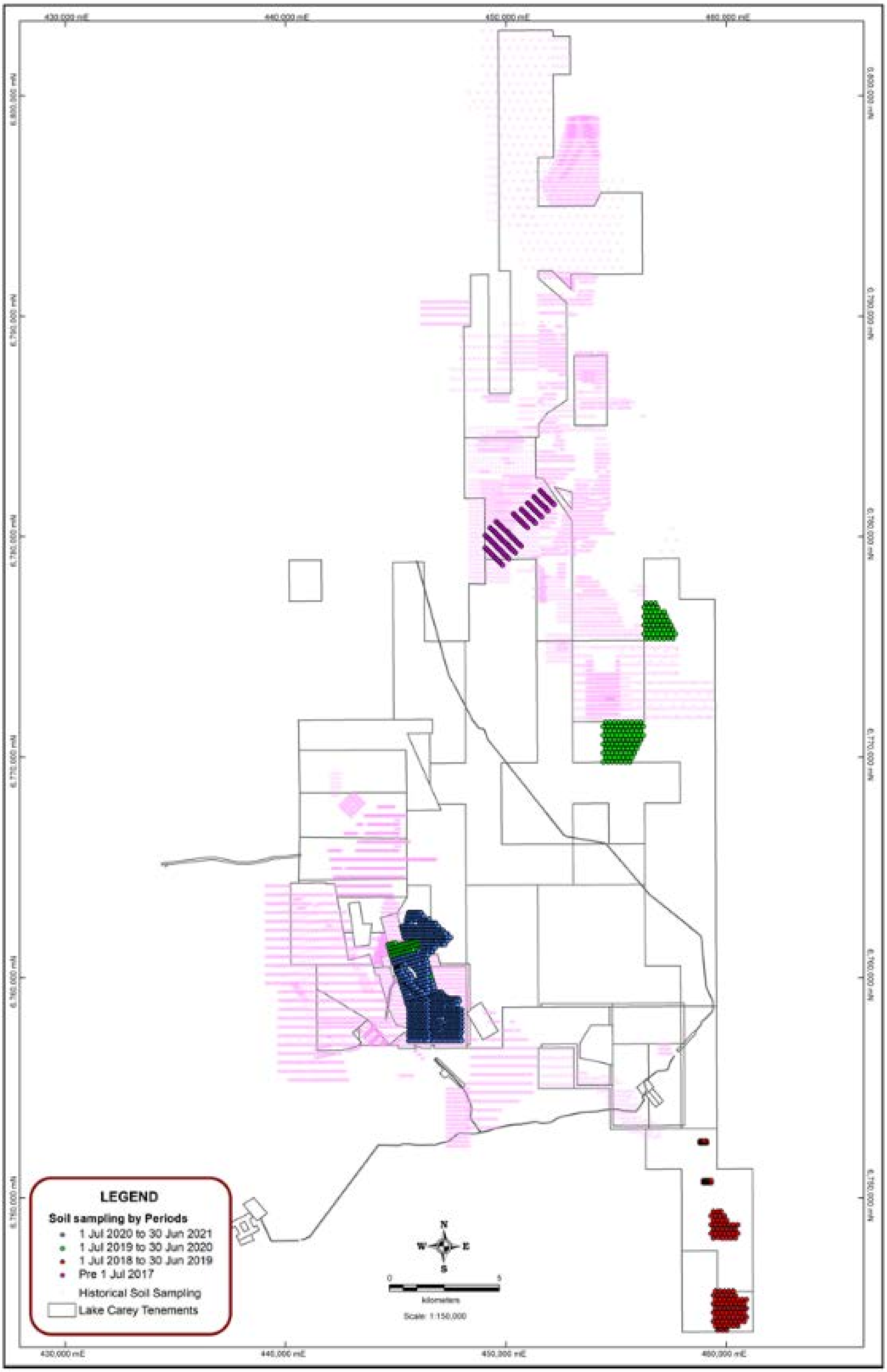
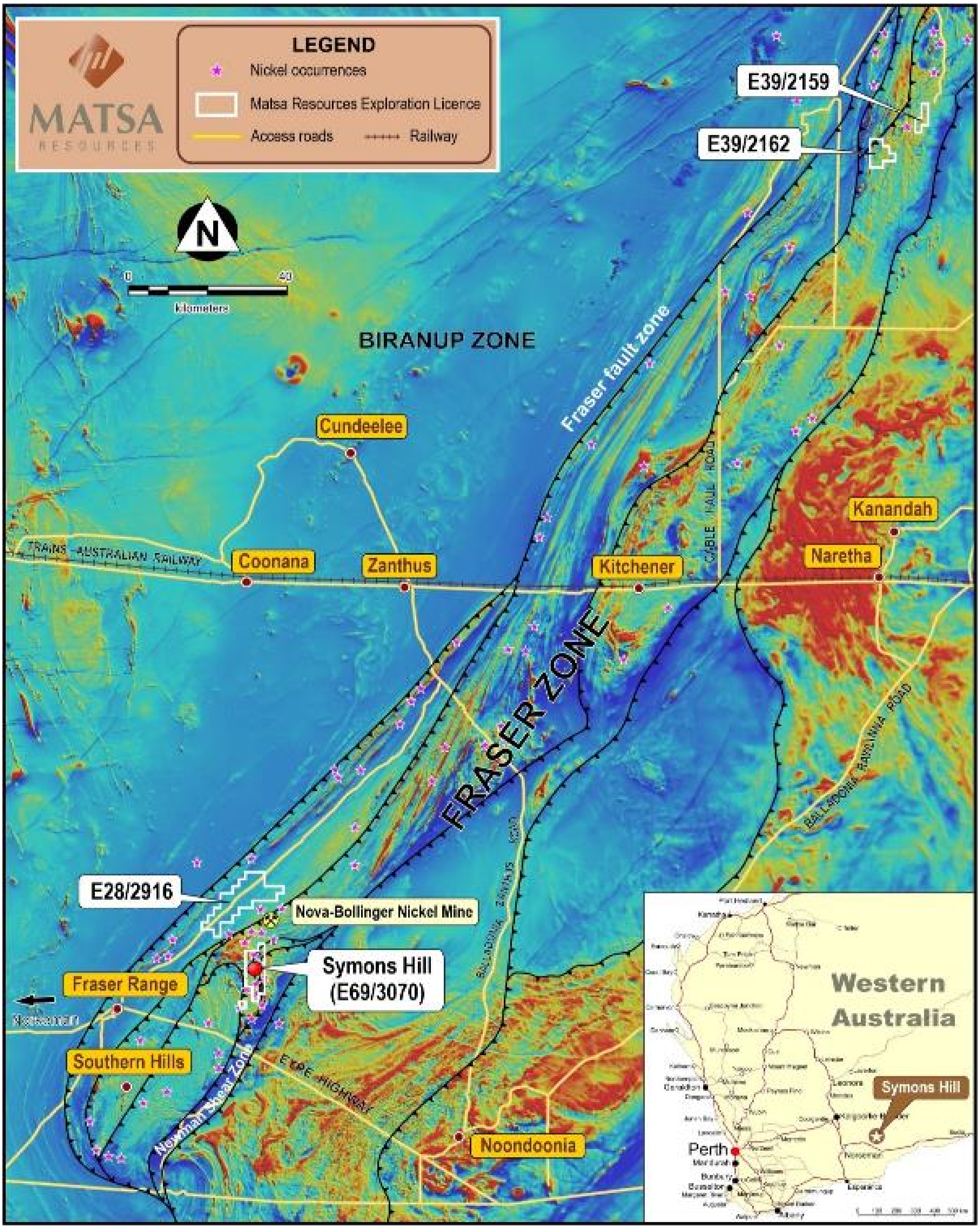


Figure 33: ***Plan of soil sampling coverage in Matsa tenements***

SYMONS HILL (Nickel Fraser Range)

The Symons Hill project is located approximately 6km south of IGO Limited's (IGO) NOVA NI-CU-CO Operation and is being explored by IGO under a $7M earn in agreement.



In June 2020, Matsa executed a $7M agreement with IGO Newsearch Pty Ltd (IGO Newsearch), who can earn a 70% interest in the Symons Hill nickel project in the Fraser Range (MAT announcement to ASX 17 June 2020). Matsa received a first payment of $625,000 from IGO Newsearch in June 2020.

OPERATIONS REVIEW

In June 2021, IGO Newsearch completed a single 843.3m long diamond core drill (DD) hole to test for nickel sulphides below previous aircore (AC) bottom of hole (BOH) anomalous geochemical results of 1m at 0.10% Ni and 0.11% Cu, and 1m at 0.09% Ni and 0.10% Cu.

IGO Newsearch's summary report to Matsa indicated "sulphides are present throughout the hole, with the sulphides dominated by disseminated pyrrhotite. Three-phase blebby to semi-massive sulphides were present from ~215-625m down hole with sporadic distribution and low visible nickel tenor Po>>Cp +/- Pn".

A 410m long interval (215m-625m) of blebby and semi massive sulphides was intersected and submitted for analysis with results indicating that 95.5m of the 843m long diamond drill hole (21AFDD105) returned anomalous nickel (Ni) above 100ppm up to 617ppm Ni from 65m.

IGO Newsearch are currently reviewing the assay results to determine the next steps which may include further drilling.

THAILAND EXPLORATION

As a result of the COVID-19 and the uncertain political and permitting environment in Thailand, exploration activities remain suspended, albeit low key reconnaissance field trips were completed, and will resume when more certainty evolves in the country.

The office and staff were retained and were successfully utilised in assisting the Australian geologists with data entry, data management and research of the Australian projects.

CORPORATE ACTIVITIES

On 10 September 2020, the Company completed a $6.6 million capital raising via the issue of 44 million shares at an issue price of $0.15 per share including a free 1 for 1 unlisted option exercisable at $0.30 per share within 2 years. The funds raised were used for exploration drilling campaigns at Lake Carey gold project in search for new gold discoveries to expand the Company's existing gold resource.

On 28 January 2021, the Company announced a significant change in its strategy whereby it would focus on exploration in the highly prospective Lake Carey gold project and other quality targets to drive resource growth. As a result, production of ore at Red October gold project was wound down with mining focused on development of access drives to support a future major mine drilling campaign.

On 2 February 2021, the Company and Bulletin Resources Limited (Bulletin) have through their 80/20 joint venture sold a 400m wide strip (1.35km^2) of the 576km^2 Lake Rebecca gold project to Apollo Consolidated Limited (Apollo) for a total consideration of approximately $5.6 million.

On 17 February 2021, the Company appointed Pascal Blampain as an Executive Director. Mr Blampain is a highly experienced geologist who will have responsibility for and immediately focus on, leading the exploration and technical advancement of the Lake Carey gold project.

On 23 April 2021, the Company completed a $1.27 million placement and a $2.17 renounceable rights issue of 42.6 million shares at $0.08 per share (including a free 1 for 2 listed option exercisable at $0.17 within 2 years). The capital raising was heavily oversubscribed and highly successful and has brought a number of new institutional and sophisticated investors to the Company's share register. Proceeds from the placement were used to advance the Lake Carey gold project.

OPERATIONS REVIEW

On 22 July 2021, Matsa raised $3.38 million by way of a placement of 42.2 million ordinary fully paid shares at $0.08 each with one free attaching option for every two shares issued with an exercise price of $0.17 each and expiring on 30 April 2023. The funds raised will be used for;

- New underground exploration at the Red October gold mine;
- Drilling program at Fortitude North;
- Further drilling at the Devon Hub;
- Feasibility and mine designs for Devon Pit; and
- Completion of permitting and working drawings for Matsa owned processing facility.

MATSA RESOURCES LIMITED

DIRECTORS' REPORT

Your directors present their report for the year ended 30 June 2021.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

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

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

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

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

Bulletin Resources Limited (Appointed 24 June 2014)

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

Mr Sibbel is a mining engineer who has in excess of 40 years operational and managerial experience, in both small and large scale mining projects from development through to successful production. He was formerly the Operations Director of Tanami Gold NL and has been the Managing Director of a mining consultancy firm which was founded by Mr Sibbel in 2008 and 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)

Mr Andrew Chapman CA F Fin GAICD

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

He has held Board positions as well as other senior roles including Director, Company Secretary and Chief Financial Officer. Mr Chapman has vast experience in the areas of corporate acquisitions, 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 Pascal Blampain BSc, MAusIMM, MAIG (Appointed 17 February 2021)

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

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

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

COMPANY SECRETARY

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

PRINCIPAL ACTIVITIES

During the year the principal activities of entities within the consolidated entity were gold and other base metal 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 $9,654,713 (2020: $5,235,103).

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

- Revenue from the sale of gold ore tonnes of $8,055,013 (2020: $10,680,968).
- A gain of $20,004 (2020: loss of $343,906) on the sale of shares held in listed investments.
- A gain of $1,674,472 (2020: nil) on the sale of investment held in an associate, Bulletin Resources Limited.
- A gain of $1,191,750 (2020: loss of $8,306) on the sale of tenements.
- Impairment losses of nil (2020: $741,202) attributable to the Group's exploration projects.
- Share based payments expense of $111,956 (2020: $297,042).

- Income of $204,868 (2020: $137,630) relating to a tax refund for eligible research and development expenditure and a cash flow boost from the Australian government.
- Share of profit from the investment in associate Bulletin Resources Limited of $1,051,922 (2020: loss $199,882).

Review of Financial Position

The net assets attributable to the shareholders of the parent have decreased by $36,743 from 30 June 2020 to $15,293,764 at 30 June 2021.

During the financial year:

1. $6,611,901 (before costs) was raised via the issue of 44,079,341 fully paid ordinary shares at an issue price of $0.15 each with one free attaching unlisted option for every share subscribed for with an exercise price of $0.30 each and expiring 30 November 2022; and
2. $3,409,173 (before costs) was raised via the issue of 42,614,664 fully paid ordinary shares at an issue price of $0.08 each with one free attaching option for every two shares subscribed for with an exercise price of $0.17 each and expiring 30 April 2023.

Cash reserves at 30 June 2021 were $3.03 million compared to $1.80 million in the previous financial year.

DIVIDENDS

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

CORPORATE STRUCTURE

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

EMPLOYEES

The Group had 27 employees of which 21 were full-time as at 30 June 2021 (2020: 27 full-time equivalent employees).

Review of Operations

A full review of the operations of the Group during the year ended 30 June 2021 is included on pages 4 to 43.

IMPACT OF COVID-19

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

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

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

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 22 July 2021, Matsa raised $3.38 million by way of a placement of 42.2 million ordinary fully paid shares at $0.08 each with one free attaching option for every two shares issued with an exercise price of $0.17 each and expiring on 30 April 2023.

In July 2021, production ceased at the Red October gold mine and the Company will focus on exploration to expand the current resource of Red October and the greater Lake Carey gold project.

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 43.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

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

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	7	7
Andrew Chapman	7	7
Pascal Blampain	3	3

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

	Number of Ordinary Shares	Number of $0.175 Unlisted Options	Number of $0.17 Unlisted Options	Number of $0.17 Listed Options
Paul Poli	13,650,000	2,750,000	2,500,000	640,500
Frank Sibbel	700,000	1,500,000	1,250,000	52,575
Andrew Chapman	300,000	1,500,000	1,250,000	115,500
Pascal Blampain	-	-	-	-

Options granted to directors and officers of the Company

During the financial year, the Company granted 700,000 options over unissued ordinary shares for no consideration in the Company to directors or officers of the Company as part of their remuneration.

SHARE OPTIONS

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

Date of Expiry	Exercise Price	Number under Option
30 November 2021	$0.17	7,300,000
30 November 2022	$0.175	5,750,000
30 November 2022	$0.35	1,000,000
30 November 2022	$0.35	2,000,000
30 November 2022	$0.25	2,000,000
30 November 2022	$0.30	44,079,341
30 April 2023	$0.17	28,124,324
30 April 2023	$0.17	21,095,929
31 October 2023	$0.21	3,250,000
		114,599,594

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

Shares Issued on Exercise of Options

During the financial year, there was 1,372 unlisted options exercised at an exercise price of $0.17 per share.

REMUNERATION REPORT - Audited

Principles of Compensation

This remuneration report for the year ended 30 June 2021 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by Section 308(3C) of the Act.

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

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

The remuneration report is presented under the following sections:

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

Individual Key Management Personnel Disclosures

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

Key Management Personnel

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

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

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

REMUNERATION REPORT (continued)

Board Oversight of Remuneration

Remuneration Committee

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

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

Remuneration Approval Process

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

Remuneration Strategy

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

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Remuneration Policy

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

REMUNERATION REPORT (continued)

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

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

Structure

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

The Executive Chairman receives no additional directors' fee in addition to his executive remuneration. The other 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 2021 and 30 June 2020 is detailed in this report.

Managing Director and Executive Remuneration Structure

Remuneration Policy

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

Structure

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

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration for each executive for the period ended 30 June 2021 and 30 June 2020 is detailed in this report.

REMUNERATION REPORT (continued)

Fixed Remuneration

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

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

The fixed remuneration component for executives for the period ended 30 June 2021 and 30 June 2020 is detailed in this report.

Variable Remuneration – Short Term Incentive (STI)

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

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

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

Variable Remuneration – Long Term Incentive (LTI)

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

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

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

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

REMUNERATION REPORT (continued)

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

Other Benefits

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

Company Performance and the Link to Remuneration

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

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

Service Agreements

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

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

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

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

Mr Andrew Chapman, Director and Company Secretary, has a contract of employment with the Company 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.

REMUNERATION REPORT (continued)

Mr Pascal Blampain, Executive Director, has a contract of employment with the Company receives a salary of $275,000 plus statutory superannuation and a one-off retention bonus of $25,000 upon completion of his probation service period. This contract is for an unlimited term and is capable of termination on one month's notice. The Group retains the right to terminate the contract immediately, by making payment equal to one month's pay in lieu of notice.

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

As at 30 June	**2021**	**2020**	**2019**	**2018**	**2017**
Closing share price	$0.072	$0.155	$0.145	$0.155	$0.25
Net comprehensive (loss) per year ended	(9,654,713)	(5,235,103)	(4,947,360)	(3,886,427)	2,517,038

2021	**Short Term Benefits**		**Post-employment Benefits**	**Share-based payments**			
Key Management Person	**Salary & Fees $**	**Other $**	**Superannuation $**	**Options $**	**Total $**	**% Performance Related**	**% of Remuneration that consists of securities**
Directors							
Paul Poli[1]	328,226	960	21,850	-	351,036	-	-
Frank Sibbel[2]	58,895	-	-	-	58,895	-	-
Pascal Blampain[3]	96,429	25,000	8,163	-	129,592	-	-
Andrew Chapman[4]	200,000	-	19,083	-	219,083	-	-
Total	**683,550**	**25,960**	**49,096**	**-**	**758,606**	-	-

[1] Mr Poli is a director and shareholder of Strategic Siam Co Ltd which received payments totalling $45,025 during the year. Strategic Siam provides administration services to Thai entities. Mr Poli receives an internet and travel allowance as part of his terms of employment.
[2] Mr Sibbel provided consultancy services to the Company totalling $16,895 during the year.
[3] Mr Blampain was appointed as Executive Director on 17 February 2021. Mr Blampain is due a retention bonus of $25,000 under the terms of his contract of employment.
[4] Mr Chapman provided company secretarial services to the Company totalling $200,000 during the year.

Executives							
David Fielding	236,000	-	21,775	24,114	281,889	8.55	8.55
Total	**236,000**	**-**	**21,775**	**24,114**	**281,889**	-	-

REMUNERATION REPORT (continued)

2020	Short Term Benefits		Post-employment Benefits	Share-based payments			
Key Management Person	Salary & Fees $	Other $	Superannuation $	Options $	Total $	% Performance Related	% of Remuneration that consists of securities
Directors							
Paul Poli[1]	331,045	500	21,002	142,064	494,611	28.72	28.72
Frank Sibbel[2]	79,758	-	-	77,489	157,247	49.28	49.28
Andrew Chapman[3]	190,770	-	18,123	77,489	286,382	27.06	27.06
Total	**601,573**	**500**	**39,125**	**297,042**	**938,240**	-	-

[1] Mr Poli is a director and shareholder of Strategic Siam Co Ltd which received payments totalling $45,035 during the year. Strategic Siam provides administration services to Thai entities. Mr Poli receives an internet allowance as part of his terms of employment.
[2] Mr Sibbel provided consultancy services to the Company totalling $37,758 during the year.
[3] Mr Chapman provided company secretarial services to the Company totalling $190,770 during the year.

Key Management Person	Salary & Fees $	Other $	Superannuation $	Options $	Total $	% Performance Related	% of Remuneration that consists of securities
Executives							
David Fielding	221,000	-	20,995	-	241,995	-	-
Total	**221,000**	**-**	**20,995**	**-**	**241,995**	-	-

Compensation Options Granted and Vested during the year

The table below sets out options granted during the year to Directors and Executives. There were 700,000 options issued to Executives during the year. There were no options that were granted in previous years that vested during the year. The options were issued free of charge and entitle the holder to subscribe for one fully paid ordinary share in the Company. Due to the nature of the Company's activities it does not believe it is appropriate to set vesting conditions at this time.

2021	Vested No.	Granted No.	Grant Date	Value per Security at Grant Date Cents	Exercise Price Cents	First Exercise Date	Expiry Date
P Poli	-	-	-	-	-	-	-
F Sibbel	-	-	-	-	-	-	-
P Blampain	-	-	-	-	-	-	-
A Chapman	-	-	-	-	-	-	-
D Fielding	700,000	700,000	27.11.20	0.03	0.21	27.11.20	31.10.23

For details on the valuation of the options, including models and assumptions used, please refer to Note 28.

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

REMUNERATION REPORT (continued)

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

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

Value of Options granted as part of remuneration

2021	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options during the year
	$	$	$	%
Paul Poli	-	-	-	-
Frank Sibbel	-	-	-	-
Pascal Blampain	-	-	-	-
Andrew Chapman	-	-	-	-
David Fielding	24,114	-	-	8.55

Option holdings of key management personnel

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

2020	Balance 1 July	Granted as remune-ration	Exercised	Net change other**	Balance on Resignation	Balance 30 June	Vested & Exercisable	Not Exercisable
	No.	No.	No.	No.	No.	No.	No.	No.
P Poli	5,250,000	2,750,000	-	(2,750,000)	-	5,250,000	5,250,000	-
A Chapman	2,750,000	1,500,000	-	(1,500,000)	-	2,750,000	2,750,000	-
F Sibbel	2,750,000	1,500,000	-	(1,500,000)	-	2,750,000	2,750,000	-
D Fielding	1,250,000	-	-	(500,000)	-	750,000	750,000	-
	12,000,000	5,750,000	-	(6,250,000)	-	11,500,000	11,500,000	-

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

REMUNERATION REPORT (Continued)

Shareholdings of key management personnel

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

2020	Balance 1 July No.	Granted as remuneration No.	Options exercised No.	Net change other** No.	Balance on resignation No.	Balance 30 June No.
P Poli	11,855,000	-	-	100,000	-	11,955,000
A Chapman	69,000	-	-	-	-	69,000
F Sibbel	494,852	-	-	100,000	-	594,852
D Fielding	755,929	-	-	-	-	755,929
	13,174,781	-	-	200,000	-	13,374,781

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

End of Audited Remuneration Report

INDEMNIFYING OFFICERS

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

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

PROCEEDINGS ON BEHALF OF COMPANY

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

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

CORPORATE GOVERNANCE

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

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

NON-AUDIT SERVICES

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

The following fees for non-audit services were paid/payable to the external auditors, or by related practices of the external auditors, during the year ended 30 June 2021:

Taxation services	$10,400

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 59.

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

Paul Poli
Executive Chairman
Dated this 30th day of September 2021

Nexia Australia

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

To the Directors of Matsa Resources Limited,

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper
Director

Perth
30 September 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Revenue		8,055,013	10,680,968
Mining operations		(12,640,909)	(8,874,916)
Amortisation and depreciation	5(c)	(5,673,440)	(2,692,144)
Loss from mining operations		(10,259,336)	(886,092)
Other income	5(a)	332,136	619,220
Depreciation expense	5(c)	(146,480)	(202,009)
Other expenses	5(d)	(2,756,125)	(2,933,163)
Gain on sale of investment in associates	11	1,674,472	-
Gain/(loss) on sale of financial assets	10	20,004	(343,906)
Gain/(loss) on sale of tenements	12	1,191,750	(8,306)
Exploration and evaluation expenditure written off/provided for	12	-	(741,202)
Results from operating activities		(9,943,579)	(4,495,458)
Finance income	5(b)	347	18,888
Finance costs		(763,403)	(558,651)
Net finance costs		(763,056)	(539,763)
Share of profit/(loss) of equity-accounted investee, net of tax	11	1,051,922	(199,882)
Loss before income tax expense		(9,654,713)	(5,235,103)
Income tax expense	6	-	-
Net loss for the year attributable to equity holders of the company		(9,654,713)	(5,235,103)
Other comprehensive income to be reclassified subsequently through profit or loss			
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive loss for the year attributable to equity holders of the company		(9,654,713)	(5,235,103)
Loss for the year is attributable to:			
Owners of the parent		(9,655,204)	(5,235,383)
Non-controlling interest		491	280
		(9,654,713)	(5,235,103)
Total comprehensive loss for the year is attributable to:			
Owners of the parent		(9,654,713)	(5,235,383)
Non-controlling interest		491	280
		(9,654,713)	(5,235,103)
Basic loss per share attributable to ordinary equity holders of the parent	22	(3.58)	(2.49)
Diluted loss per share attributable to ordinary equity holders of the parent	22	(3.58)	(2.49)

The accompanying notes form part of these financial statements.

MATSA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	25	3,029,326	1,797,098
Trade and other receivables	7	237,596	1,532,009
Other assets	8	253,900	82,084
Inventories	9	79,981	573,871
Total current assets		3,600,803	3,985,062
Non-current assets			
Other assets	8	287,363	324,895
Other receivables	7	200,000	-
Financial assets	10	-	351,600
Investments in associates	11	-	155,735
Exploration and evaluation assets	12	21,437,966	18,537,147
Property, plant and equipment	14	1,917,968	1,901,017
Mine properties and development	13	192,694	1,669,003
Right-of-use assets	15	195,831	186,813
Total non-current assets		24,231,822	23,126,210
Total assets		27,832,625	27,111,272
Current liabilities			
Trade and other payables	16	4,807,829	4,621,880
Borrowings	17	224,732	-
Lease liabilities	15	98,986	92,009
Provisions	18	376,222	304,552
Total current liabilities		5,507,769	5,018,441
Non-current liabilities			
Borrowings	17	3,984,116	3,973,264
Lease liabilities	15	87,434	60,514
Provisions	18	2,881,324	2,650,819
Total non-current liabilities		6,952,874	6,684,597
Total liabilities		12,460,643	11,703,038
Net assets		15,371,982	15,408,234
Equity			
Issued capital	19	60,696,604	51,348,741
Reserves	20	10,023,186	9,752,588
Accumulated losses	21	(55,426,026)	(45,770,822)
Total equity attributable to equity holders of the Company		15,293,764	15,330,507
Non-controlling interests		78,218	77,727
Total equity		15,371,982	15,408,234

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued Capital Ordinary $	Accumulated Losses $	Other Reserves $	Equity Settled Benefits Reserve $	Total $	Non-controlling interest $	Total $
Balance at 1 July 2019	44,292,467	(40,521,595)	(13,844)	9,410,806	13,167,834	77,447	13,245,281
Comprehensive gain/(loss) for the year	-	(5,235,383)	-	-	(5,235,383)	280	(5,235,103)
Total comprehensive gain/(loss) for the year	-	(5,235,383)	-	-	(5,235,383)	280	(5,235,103)
Transactions with owners recorded directly in equity							
Issue of share capital	7,569,050	-	-	-	7,569,050	-	7,569,050
Share issue costs	(512,776)	-	-	-	(512,776)	-	(512,776)
Reserve transferred to accumulated losses	-	(13,844)	13,844	-	-	-	-
Share based payment	-	-	-	341,782	341,782	-	341,782
Balance at 30 June 2020	51,348,741	(45,770,822)	-	9,752,588	15,330,507	77,727	15,408,234
Balance at 1 July 2020	51,348,741	(45,770,822)	-	9,752,588	15,330,507	77,727	15,408,234
Comprehensive gain/(loss) for the year	-	(9,655,204)	-	-	(9,655,204)	491	(9,654,713)
Total comprehensive gain/(loss) for the year	-	(9,655,204)	-	-	(9,655,204)	491	(9,654,713)
Transactions with owners recorded directly in equity							
Issue of share capital	10,197,307	-	-	-	10,197,307	-	10,197,307
Share issue costs	(849,444)	-	-	-	(849,444)	-	(849,444)
Reserve transferred to accumulated losses	-	-	-	-	-	-	-
Share based payment	-	-	-	270,598	270,598	-	270,598
Balance at 30 June 2021	60,696,604	(55,426,026)	-	10,023,186	15,293,764	78,218	15,371,982

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		11,032,184	9,270,824
Other income		349,166	507,460
Payments to suppliers and employees		(16,150,368)	(8,321,338)
Interest received		347	18,888
Interest paid		(35,002)	(53,815)
Net cash (used)/provided in operating activities	25	(4,803,673)	1,422,019
Cash flows from investing activities			
Payments for financial assets		-	(185,400)
Proceeds from sale of financial assets		1,113,354	600,100
Proceeds from sale of investment in associates		2,882,129	-
Purchase of plant and equipment		(777,055)	(860,990)
Exploration and evaluation expenditure (capitalised)		(3,851,538)	(3,967,159)
Payments for acquisition of mining tenements		-	(177,166)
Proceeds on sale of plant and equipment		-	5,859
Proceeds on sale of tenements		250,000	750,000
Payments for mine properties and development		(2,333,421)	(3,235,276)
Refund of security deposits		32,876	105,930
Net cash used in investing activities		(2,683,655)	(6,964,102)
Cash flows from financing activities			
Proceeds from issue of shares		10,022,423	7,569,050
Costs of issue		(691,919)	(468,036)
Repayment of lease liabilities	25	(114,972)	(170,563)
Interest paid		(495,976)	(492,418)
Net cash provided by financing activities		8,719,556	6,438,033
Net increase in cash and cash equivalents		1,232,228	895,950
Cash and cash equivalents at beginning of financial year		1,797,098	901,148
Cash and cash equivalents at end of financial year	25	3,029,326	1,797,098

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. CORPORATE INFORMATION

The consolidated financial statements of Matsa Resources Limited for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 30 September 2021.

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

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

The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company, its subsidiaries (together referred to as the "Group" or "Consolidated Entity") and the Group's interest in associates.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

The 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 2020 the Group has adopted all the Standards and Interpretations mandatory for annual reporting periods beginning on or after 1 July 2020. The adoption of any new and revised standards and interpretations effective from 1 July 2020 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 2021

The directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of consolidation

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

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

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

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

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

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

(e) Going Concern

The 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 working capital deficiency of $1,906,966 (2020: $1,033,379), a loss for the year of $9,654,713 (2020: $5,235,103) and a cash outflow from operating activities of $4,803,673 (2020: inflow $1,422,019).

At the reporting date, the Group had $3,029,326 in cash and term deposit balances. The Group also had borrowings of $4,000,000 due and payable on 31 July 2022. The Directors also manage discretionary expenditure in line with the Group's cash flow and are confident that there are sufficient funds to meet the Group's working capital and funding requirements for a minimum of 12 months from the date of this report.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Segment Reporting

Determination and presentation of operating segments

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

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

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

(g) Business combinations

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign currency transactions and balances

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

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

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

(i) Financial instruments

Non derivative financial instruments

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments (continued)

The Group's financial risk management objectives and policies are set out in Note 27.

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

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

Financial assets at FVPL

For assets measured at FVPL, gains and losses will be recorded in profit or loss. The Group's derivative financial instruments are recognised at FVPL. Assets in this category are subsequently measured at fair value. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. Refer to Note 27 for additional details. The Group has elected to measure its listed equities at FVPL.

Financial assets at OCI

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

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

<u>Other</u>

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Investments in associates

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

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

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

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

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

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

(k) Leases

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (continued)

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

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

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

(l) Impairment of non-financial assets

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

(m) Cash and cash equivalents

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

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

(n) Trade and other receivables

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Inventories

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

(p) Interests in Joint Ventures

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

(q) Property, plant and equipment

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

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

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

Derecognition

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

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

(r) Exploration, evaluation and development expenditure

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

i) it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; or

ii) exploration and evaluation activities are continuing in an area of interest, but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

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

Impairment

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(s) Mine properties and development

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

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

Impairment

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

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

(t) Trade and other payables

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

(u) Rehabilitation costs

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Interest-bearing loans and borrowings

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

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

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

(w) Borrowing costs

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

(x) Employee benefits

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

(y) Provisions

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

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

(z) Share-based payment transactions

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Share-based payment transactions (continued)

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black Scholes model. Further details of which are given in Note 28.

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Revenue

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

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

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

Dividend Income
Revenue is recognised on receipt of dividends from listed investments.

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

COVID-19 Government Grant
Cash flow boost incentive from the government is recognised when it is received or when the right to receive payment is established.

(ab) Income tax

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

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

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- when the taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Income tax (continued)

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.

(ac) Contributed equity

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

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

(ad) Other taxes

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ad) Other taxes (continued)

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.

(ae) Earnings per share

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

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

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

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

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 28. 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.

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.

Mine rehabilitation provision

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

4. SEGMENT REPORTING

Identification of reportable segment

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

The Group operates primarily in mineral exploration in Western Australia and Thailand. The Group was awarded Special Prospecting Licences (SPL's) in Thailand in March 2015 for the first time.

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

Accordingly, the Group effectively operates as one segment, being mineral exploration. The financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

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.

4. SEGMENT REPORTING (Continued)

Information about reportable segments

Information relating to each reportable segment is shown below.

	Reportable Segments		
2021	**Australia**	**Thailand**	**Total**
	$	**$**	**$**
External revenues	8,387,149	-	8,387,149
Inter-segment revenue	-	-	-
Segment revenue	8,387,149	-	8,387,149
Segment profit/(loss) before tax	(9,164,778)	(489,935)	(9,654,713)
Interest income	223	124	347
Interest expense	(763,403)	-	(763,403)
Depreciation and amortisation	(5,819,920)	-	(5,819,920)
Share of profit/(loss) of equity accounted investees	1,051,922	-	1,051,922
Other material non-cash items			
- Impairment of losses of non-financial assets	-	-	-
Segment assets	27,349,402	483,223	27,832,625
Equity accounted investees	-	-	-
Capital expenditure	777,056	-	777,056
Segment liabilities	12,458,606	2,037	12,460,643

	Reportable Segments		
2020	**Australia**	**Thailand**	**Total**
	$	**$**	**$**
External revenues	11,179,466	120,722	11,300,188
Inter-segment revenue	-	-	-
Segment revenue	11,179,466	120,722	11,300,188
Segment profit/(loss) before tax	(4,410,510)	(824,593)	(5,235,103)
Interest income	18,282	606	18,888
Interest expense	(558,651)	-	(558,651)
Depreciation and amortisation	(2,894,059)	(94)	(2,894,153)
Share of profit/(loss) of equity accounted investees	(199,882)	-	(199,882)
Other material non-cash items			
- Impairment of losses of non-financial assets	-	-	-
Segment assets	26,458,786	652,486	27,111,272
Equity accounted investees	155,735	-	155,735
Capital expenditure	860,990	-	860,990
Segment liabilities	11,700,985	2,053	11,703,038

	2021 $	2020 $
5. Income and expenses		
The loss before income tax includes the following revenues whose disclosure is relevant in explaining the performance of the entity:		
(a) Other income		
R&D tax incentive refund	204,868	137,630
Net gain on sale of plant and equipment	-	2,141
Other income	127,268	479,449
	332,136	619,220
(b) Finance income		
Interest earned	347	18,888
(c) Expenses included in the statement of comprehensive income		
Depreciation and amortisation expenses		
Mine property depreciation	369,695	272,373
Mine capital development amortisation	4,554,753	1,943,841
Property plant and equipment depreciation	760,105	542,639
Right-of-use assets depreciation	135,367	135,300
	5,819,920	2,894,153
Disclosure in Statement of Profit and Loss		
Amortisation and depreciation	5,673,440	2,692,144
Depreciation expense	146,480	202,009
	5,819,920	2,894,153
(d) Other expenses		
(i) Employee benefits expense		
Salaries and wages	1,352,460	1,179,383
Superannuation expenses	81,194	65,387
Share based payments	111,956	297,042
Total employee benefits expense	1,545,610	1,541,812
(ii) Administration and other expenses		
Operating lease rentals	6,371	72,802
Administration expenses	1,204,144	1,318,549
	1,210,515	1,391,351
	2,756,125	2,933,163

	2021 $	2020 $
6. Income taxes		
Tax expense/(income) 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 from continuing operations	(9,654,713)	(5,235,103)
Income tax expense calculated at 26% (2020: 27.5%)	(2,510,225)	(1,439,653)
Non-deductible expenses	31,145	177,949
Non-assessable income	(53,266)	(40,203)
Effect of temporary differences not recognised in current year	2,514,240	787,072
Effect of change in income tax rate	100,570	549,341
Effect of temporary differences that would be recognised directly in equity	(221,145)	(128,194)
Adjustments recognised in the current year in relation to the current tax of previous years	138,681	93,688
Income tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 26% (2020: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

	2021 $	2020 $
Unrecognised deferred tax assets/(liabilities)		
The following deferred tax assets have not been brought to account:		
Tax losses - revenue	10,166,353	7,737,412
Investments	-	115,679
Temporary differences - exploration	(2,601,206)	(2,148,716)
Section 40-880 expenses	155,232	159,686
Other temporary differences	415,477	(242,445)
	8,135,856	5,621,616

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.

	2021 $	2020 $
7. Trade and other receivables		
Current		
Trade debtors	-	1,423,669
Amounts receivable from Australian Taxation Authorities	153,281	9,363
Other receivables	84,315	98,977
	237,596	1,532,009
Non-current		
Other receivables (i)	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 (1.35km^2) of the 576km^2 Lake Rebecca gold project to Apollo Consolidated Limited (Apollo) for a total consideration of approximately $5.6 million. The Company's share of the consideration amount to $1.2 million. The remaining receivable of $200,000 is expected to be settled in 2025.

	2021 $	2020 $
8. Other assets		
Current		
Prepayments	253,900	49,469
Cash backed performance bond (i)	-	32,615
	253,900	82,084
Non-current		
Deposits held (ii)	287,363	324,895
	287,363	324,895

(i) The Company's bankers have provided performance bonds as security for the due and proper performance of leases in accordance with the tenement conditions associated with certain Group tenements. The Company has cash-backed performance bonds with fixed term deposits with the bank.

(ii) 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.

	2021 $	2020 $
9. Inventories		
Current		
Ore stocks	2,396	354,385
Stores, spares and fuel at cost	77,585	219,486
Total inventories at lower of cost and net realisable value	79,981	573,871

	2021 $	2020 $
10. Other assets		
Other financial assets	-	351,600
	-	351,600

	2021 $	2020 $
Movements in financial assets:		
At 1 July	351,600	1,110,206
Additions	741,750	185,400
Proceeds from sale (net of transaction cost)	(1,113,354)	(773,732)
Gain/(loss) on sale of financial assets	20,004	(343,906)
Net change in investments	-	173,632
At 30 June	-	351,600

Other financial assets consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

Listed shares

(i) The Company held shares in Panoramic Resources Limited (ASX: PAN), which is involved in the mining and exploration of base metals in Australia and Canada. Panoramic is listed on the Australian Securities Exchange. During the year, the Company sold all shares held in Panoramic Resources Limited. At 30 June 2020, the fair value of the investment was $194,400 which was based on Panoramic Resources Limited’s quoted share price.

(ii) The Company held shares in Anova Minerals Limited (ASX: AWV), which is involved in exploration and development of gold in Western. AWV is listed on the Australian Securities Exchange. During the year, the Company sold all shares held in Anova Minerals Limited. At 30 June 2020, the Company’s investment was $157,200 which was based on AWV’s quoted share price.

(iii) In February 2021, the Company received 2,150,000 Apollo Consolidated Ltd (ASX: AOP) shares for the partial sale of Lake Rebecca Project. The total value of consideration for the sale was $1.192 million, comprising of AOP shares and cash payments. In June 2021, the Company sold all shares held in Apollo Consolidated Ltd for a total consideration of $612,750 before costs.

11. Equity accounted investments

The Company has a nil (2020: 26.77%) interest in Bulletin Resources Limited (ASX: BNR), which is involved in the exploration of precious and base metals in Australia. Bulletin is listed on the Australian Securities Exchange. During the year, the Company has disposed all of its 26.77% shareholding in Bulletin Resources Ltd for a total consideration of $2.994 million before costs.

	2021 $	2020 $
Movements in carrying value of the Company's investment in associate:		
At 1 July	155,735	355,617
Share of gain/(loss) after income tax	1,051,922	(199,882)
Share of change in reserves	-	-
Gain on disposal of investment in associate	1,674,472	
Proceeds from sale (net of transaction cost)	(2,882,129)	-
At 30 June	-	155,735

The following table illustrates the summarised financial information of the Company's investment in Bulletin:

	2021 $	2020 $
Current assets	-	1,830,416
Non-current assets	-	239,027
Current liabilities	-	(513,432)
Non-current liabilities	-	-
Equity	-	1,556,011
Company's share of profit/(loss) for the year	1,051,922	(199,882)

The associate had no contingent liabilities or capital commitments as at 30 June 2021.

12. Exploration and evaluation assets

	2021 $	2020 $
Exploration expenditure capitalised at cost		
-exploration and evaluation phase	21,437,966	18,537,147
	21,437,966	18,537,147

Movements in carrying amounts

	2021 $	2020 $
Exploration and evaluation phase		
Balance at beginning of year	18,537,147	16,355,239
Acquisition of tenements	-	177,166
Disposal of tenements (i)	(15,757)	(758,306)
Exploration and evaluation expenditure incurred	4,031,294	3,504,250
Expenditure written off/impaired	-	(741,202)
Transferred from/(to) mine property and development	(1,114,718)	-
Balance at end of year	21,437,966	18,537,147

(i) On 2 February 2021, the Company and Bulletin Resources Limited (Bulletin) have through their 80/20 joint venture sold a 400m wide strip (1.35km^2) of the 576km^2 Lake Rebecca gold project to Apollo Consolidated Limited (Apollo). Refer to note 7 for further details. A gain on the sale of $1,191,750 was recognised in the statement of profit or loss and other comprehensive income.

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.

	2021 $	2020 $
13. Mine property and development		
Mine properties		
Balance at beginning of year	377,568	649,941
Additions	-	-
Depreciation expense for the period	(369,695)	(272,373)
Balance at end of year	7,873	377,568
Mine capital development		
Balance at beginning of year	1,291,435	-
Transferred from/(to) exploration and evaluation assets	1,114,718	-
Additions	2,333,421	3,235,276
Amortisation expense for the period	(4,554,753)	(1,943,841)
Balance at end of year	184,821	1,291,435
Total mine properties and development	192,694	1,669,003

	2021 $	2020 $
14. Property, plant and equipment		
Plant and equipment at cost	3,740,265	3,816,356
Accumulated depreciation	(1,822,297)	(1,915,339)
	1,917,968	1,901,017
Total property, plant and equipment	1,917,968	1,901,017

Movements in carrying amounts	**Plant and Equipment** **$**	**Total** **$**
Consolidated		
Balance 30 June 2019	1,785,389	1,785,389
Additions	860,990	860,990
Disposals	(3,318)	(3,318)
Assets transferred to Right of use assets	(199,405)	(199,405)
Depreciation expense	(542,639)	(542,639)
Balance 30 June 2020	1,901,017	1,901,017
Additions	777,056	777,056
Depreciation expense	(760,105)	(760,105)
Balance 30 June 2021	1,917,968	1,917,968

15. 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	81,595	222,270	230,309	534,174
Accumulated depreciation	(40,507)	(143,449)	(154,387)	(338,343)
As at 30 June 2021	41,088	78,821	75,922	195,831

Reconciliation

	Equipment $	Premises $	Motor Vehicles $	Total $
As at 1 July 2020	1,077	45,405	140,331	186,813
Additions	44,823	99,562	-	144,385
Depreciation expense	(4,812)	(66,146)	(64,409)	(135,367)
As at 30 June 2021	41,088	78,821	75,922	195,831

Lease liabilities

Set out below are the carrying amounts of lease liabilities.

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

Carrying Value 2020	Equipment $	Premises $	Motor Vehicles $	Total $
Current liabilities	1,902	47,845	42,262	92,009
Non-current liabilities	-	-	60,514	60,514
As at 30 June 2020	1,902	47,845	102,776	152,523

A maturity analysis of future minimum lease payments is presented in Note 27.

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

Movement for the period	Equipment $	Premises $	Motor Vehicles $	Total $
As at 1 July 2020	1,902	47,845	102,776	152,523
New leases entered	49,306	99,563	-	148,869
Repayments	(6,288)	(70,800)	(47,138)	(124,226)
Interest	499	3,879	4,876	9,254
Leases terminated	-	-	-	-
As at 30 June 2021	45,419	80,487	60,514	186,420

16. Trade and other payables

	2021 $	2020 $
Unsecured liabilities		
Trade payables	3,151,696	3,262,672
Sundry creditors and accrued expenses	1,656,133	1,359,208
	4,807,829	4,621,880

17. Borrowings

	2021 $	2020 $
Current		
Unsecured liabilities		
Insurance premium finance	224,732	-
	224,732	-
Non Current		
Secured liabilities		
Loan (i)	3,984,116	3,973,264
	3,984,116	3,973,264

(i) **Reconciliation of loan**

	2021 $	2020 $
Balance at beginning of year	3,973,264	3,960,846
Amount borrowed	-	-
Share based payment	-	-
Interest capitalised	10,852	12,418
Balance at end of year	3,984,116	3,973,264

17. Borrowings (Continued)

On 8 August 2017 Matsa entered into loan agreements with two separate parties for a $4M facility with the funds being predominantly used as a working capital facility to ensure smooth operations of the trial mine at the Fortitude Gold Project and to conduct further exploration at Lake Carey. The repayment date was initially 31 July 2018 but was extended by mutual consent on 12 April 2018 to 31 July 2019. On 5 May 2019 a further $1M was borrowed and the repayment date extended to 31 July 2020. On 29 May 2020 the repayment date was extended to 31 July 2022. On this basis the loan has been disclosed as non-current.

The key terms of the finance facility are as follows:

Principal Amount:	$5,000,000 ($4M drawn down)
Interest Rate:	12% per annum paid monthly in arrears (penalty rate of 18% if Matsa is in default)
Term:	Repayable by 31 July 2022
Security:	The loan facility is secured by a mortgage over the Fortitude gold project and the mining equipment and motor vehicles of Red October gold project.

At the time of the original loan Matsa agreed to issue a total of 1 million options in the Company, split equally amongst the parties, with an exercise price of $0.20 each with a two year life from the date of issue. The principal loan balance of $4M has been offset by the value of the options issued. At the end of the year the carrying value of the loan was $3,984,116. In return for the loan extension, Matsa agreed to pay each of the lenders an annual Facility Fee of 150,000 fully paid ordinary shares for every year or part year that the loans remain outstanding. There is one Facility Fee of 150,000 shares that was issued on 4 June 2021.

18. Provisions

	2021 $	2020 $
Current		
Provision for annual leave	376,222	304,552
	376,222	304,552
Non-current		
Provision for long service leave	244,706	223,737
Provision for mine restoration	2,636,618	2,427,082
	2,881,324	2,650,819

18. Provisions (Continued)

	2021 $	2020 $
Movement in long service leave provision		
Opening balance 1 July	223,737	176,136
Increase in provision	20,969	47,601
Closing balance 30 June	244,706	223,737
Movement in provision for mine restoration		
Opening balance 1 July	2,427,082	2,420,976
Increase/(decrease) in provision	209,536	6,106
Closing balance 30 June	2,636,618	2,427,082

19. Issued capital	2021 No.	2020 No.	2021 $	2020 $
Fully paid ordinary shares	315,962,745	227,067,368	60,696,604	51,348,741
Ordinary shares				
At the beginning of reporting period	227,067,368	176,917,368	51,348,741	44,292,467
Share placements	86,694,005	50,000,000	10,021,074	7,550,000
Shares issued as a facility fee	150,000	150,000	12,000	19,050
Shares issued in lieu of payment	2,050,000	-	164,000	-
Exercise of options	1,372	-	233	-
Transaction costs	-	-	(849,444)	(512,776)
At reporting date	315,962,745	227,067,368	60,696,604	51,348,741

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

Options

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

Exercise Price	Expiry Date	Balance at beginning of year	Issued	Exercised	Lapsed	Balance at end of year
$0.17	30 November 2021	5,000,000	-	-	-	5,000,000
$0.17	30 November 2021	3,600,000	-	-	(1,300,000)	2,300,000
$0.25	31 May 2021	11,000,000	-	-	(11,000,000)	-
$0.35	30 November 2022	1,000,000	-	-	-	1,000,000
$0.175	30 November 2022	5,750,000	-	-	-	5,750,000
$0.21	30 October 2023	-	4,100,000	-	(850,000)	3,250,000
$0.35	30 November 2022	-	2,000,000	-	-	2,000,000
$0.25	30 November 2022	-	2,000,000	-	-	2,000,000
$0.30	30 November 2022	-	44,079,341	-	-	44,079,341
$0.17	30 April 2023	-	28,125,696	(1,372)	-	28,124,324
		26,350,000	80,305,037	(1,372)	(13,150,000)	93,503,665

	2021 $	2020 $
20. Reserves		
Equity settled transaction	10,023,186	9,752,588
Other reserves	-	-
	10,023,186	9,752,588

Equity settled transaction reserve		
Balance at beginning of financial year	9,752,588	9,410,806
Share based payment	270,598	341,782
Balance at end of financial year	10,023,186	9,752,588

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

	2021 $	2020 $
Other reserve		
Balance at beginning of financial year	-	(13,844)
Amount transferred to accumulated losses (i)	-	13,844
Balance at end of financial year	-	-

(i) This amount relates to prior years recognition of share of reserves from its associate Bulletin Resources Limited reversed to accumulated losses in the current year.

	2021 $	2020 $
21. Accumulated losses		
Accumulated losses at beginning of financial year	45,770,822	40,521,595
Amount transferred from other reserves (note 20)	-	13,844
Loss for the year	9,655,204	5,235,383
Accumulated losses at end of financial year	55,426,026	45,770,822

22. Loss per share

	2021 $	2020 $
The loss and weighted average number of ordinary shares used in the calculation of loss per share are as follows:		
Loss	9,655,204	5,235,383
	No.	**No.**
Weighted average number of ordinary shares	269,926,042	210,042,368

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.

23. Commitments and contingencies

Exploration and expenditure commitments
In order to maintain the mineral tenements in which the Company and other parties are involved, the consolidated entity is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure commitment requirement for granted tenements for the next year is $2,424,824 (2020: $2,128,754). 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 2021.

24. Subsidiaries

	Country of Incorporation	Percentage Owned (%)	
		2021	2020
Parent Entity			
Matsa Resources Limited	Australia		
Subsidiary			
Matsa Gold Pty Ltd	Australia	100	100
Killaloe Minerals Pty Ltd	Australia	100	100
Lennard Shelf Exploration Pty Ltd	Australia	100	100
Red October Gold Pty Ltd	Australia	100	100
Australian Strategic and Precious Metals Investment Pty Ltd	Australia	100	100
Matsa Resources (Aust) Pty Ltd	Australia	100	100
Matsa Iron Pty Ltd	Australia	100	100
Cundeelee Pty Ltd	Australia	100	100
Matsa (Thailand) Co Ltd	Thailand	100	100
PVK Mining Loei Co Ltd	Thailand	100	100
Khlong Tabaek Co Ltd	Thailand	95	95
Paisali Mining Co Ltd	Thailand	95	95
Wichan Buri Resources Co Ltd	Thailand	-	100
Siam Copper Resources Co Ltd	Thailand	100	100
Loei Mining Co Ltd	Thailand	100	100
Azure Circle Co Ltd	Thailand	100	100

25. Cash flow information

Reconciliation of cash and cash equivalents

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

	2021 $	2020 $
Cash and cash equivalents	3,029,326	1,797,098

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

	2021 $	2020 $
Profit/(loss) for year	(9,654,713)	(5,235,103)
Non-cash flows in loss from ordinary activities:		
Share-based payments	111,956	297,042
Depreciation	895,472	202,009
Exploration expenditure written off	-	741,202
Share of investee (gain)/loss	(1,051,922)	199,882
Net (gain)/loss on sale of financial assets	(20,004)	517,538
Net (gain)/loss on disposal of plant and equipment	-	(2,541)
Net (gain)/loss on sale of investment in associates	(1,674,472)	-
Net (gain)/loss on sale of tenements	(1,191,750)	8,306
Net change in investments	-	(173,632)
Interest expense classified as financing cash flow	506,829	492,418
Amortisation	4,924,448	2,692,144
Shares issued as facility fees	12,000	-
Reversal of provision for tenement application money	-	(111,761)
Changes in assets and liabilities:		
Decrease/(increase) in receivables	1,438,810	(1,214,721)
Decrease/(increase) in inventories	498,371	(466,948)
Increase/(decrease) in trade creditors and accruals	99,126	3,375,926
Increase/(decrease) in provisions	302,176	100,258
Cash provided by operating activities	(4,803,673)	1,422,019

25. Cash flow information (Continued)

Reconciliation of liabilities arising from financing activities

2021	Lease Liabilities	Long Term Borrowings	Total
	$	$	$
Opening balance	152,523	3,973,264	4,125,787
Cash flows	(114,972)	-	(114,972)
Non-cash changes	148,869	10,852	159,721
Closing balance	186,420	3,984,116	4,170,536

2020	Lease Liabilities	Long Term Borrowings	Total
	$	$	$
Opening balance	200,379	3,960,846	4,161,225
Cash flows	(170,563)	-	(170,563)
Non-cash changes	-	12,418	12,418
Adoption of AASB 16 on lease premises	122,707	-	122,707
Closing balance	152,523	3,973,264	4,125,787

26. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2021, the parent company of the Group was Matsa Resources Limited.

	Company	
	2021	2020
	$	$
Result of the parent entity		
Loss for the year	(13,028,584)	(4,360,533)
Other comprehensive gain/(loss)	-	-
Total comprehensive loss for the year	(13,028,584)	(4,360,533)
Financial position of parent entity at year end		
Current assets	2,782,197	975,470
Total assets	12,585,878	15,938,597
Current liabilities	2,054,275	2,169,690
Total liabilities	6,424,097	6,366,691
Total equity of the parent entity comprising of:		
Share capital	60,696,604	51,348,741
Reserves	10,023,186	9,752,590
Accumulated losses	(64,558,009)	(51,529,425)
Total equity	6,161,781	9,571,906

27. Financial instruments

Financial risk management

Overview

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

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

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

Credit risk

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

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	
	2021	**2020**
	$	**$**
Trade and other receivables	84,315	1,522,646
Cash and cash equivalents	3,029,326	1,797,098
Deposits held	287,363	324,895

27. Financial instruments (Continued)

Liquidity risk

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

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

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

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

30 June 2021

	Weighted average interest rate %	Carrying amount $	Contractual cash flows $	6 mths or less $	6-12 mths $	1-2 years $	2-5 years $
Trade and other payables	-	3,655,941	3,655,941	3,655,941	-	-	-
Lease liabilities	6.78	186,420	186,420	48,286	50,700	74,547	12,887
Insurance premium finance	4.31	224,732	224,732	157,312	67,420	-	-
Loan	12	3,984,116	3,984,116	-	-	3,984,116	-
		8,051,209	8,051,209	3,861,539	118,120	4,058,663	12,887

30 June 2020

	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		3,894,463	3,894,463	3,894,463	-	-	-
Lease liabilities	6.77	152,523	152,523	65,978	26,031	33,806	26,708
Loan	12	3,973,264	3,973,264	-	-	-	3,973,264
		8,020,250	8,020,250	3,960,441	26,031	33,806	3,999,972

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.

27. Financial instruments (Continued)

Currency risk

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

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

	Carrying amount	
	2021	2020
	$	$
Other current assets	95,767	117,830
Cash and cash equivalents	101,652	202,266

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 2021 would have increased equity by $17,947 (2020: $32,009), 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	
	2021	2020
	$	$
Fixed rate instruments		
Cash and cash equivalents	50,000	50,000
Lease liabilities	186,420	152,523
Loan	3,984,116	3,973,264
	4,220,536	4,175,787
Variable rate instruments		
Cash and cash equivalents	2,979,326	1,747,098
Cash backed performance bonds	-	32,615
	2,979,326	1,779,713

27. Financial instruments (Continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2020.

	Profit or loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
30 June 2021				
Variable rate instruments	29,793	(29,793)	29,793	(29,793)
30 June 2020				
Variable rate instruments	17,797	(17,797)	17,797	(17,797)

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.

Equity Price Risk

Other Equity price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

Investments are managed on an individual basis and material buy and sell decisions are approved by the Board of Directors. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments are solely in equity instruments. These instruments are classified as financial investments and carried at fair value with fair value changes recognised directly in the statement of profit or loss and other comprehensive income.

27. Financial instruments (Continued)

The following table details the breakdown of the investment assets and liabilities held by the Group:

	Note	30 June 2021 $	30 June 2020 $
Listed equities (Level 1 fair value hierarchy)	10	-	351,600

Sensitivity analysis
The Group's equity investments are listed on the Australian Securities Exchange. A 3% increase in stock prices at 30 June 2021 would have increased equity by nil (2020: $10,548), an equal change in the opposite direction would have decreased equity by an equal but opposite amount.

Capital Management

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

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

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

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

28. Share-based payments

Shared based payments expense

	2021 $	2020 $
Directors and Executives	24,114	297,042
Employee Share Option Plan	77,508	-
Consultants	10,334	44,740
	111,956	341,782

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

Employee Share Option Plan

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

28. Share-based payments (Continued)

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.

(f) Options shall lapse upon the earlier of:

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

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

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

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

	2021 No.	2021 WAEP $	2020 No.	2020 WAEP $
Outstanding at the beginning of the year	2,850,000	0.17	5,750,000	0.22
Granted	3,400,000	0.21	-	-
Exercised	-	-	-	-
Expired	(2,150,000)	0.19	(2,900,000)	0.25
Outstanding at year-end	4,100,000	0.19	2,850,000	0.17
Exercisable at year-end	4,100,000	0.19	2,850,000	0.17

28. Share-based payments (Continued)

The outstanding balance as at 30 June 2021 is represented by the following options over ordinary shares, exercisable upon meeting the above terms and conditions:

- 1,550,000 options with an exercise price of $0.17 each and with an expiry date of 30 November 2021. All have vested and are exercisable at balance date; and
- 2,550,000 options with an exercise price of $0.21 each and with an expiry date of 30 October 2023. All have vested and are exercisable at balance date

Directors and Executives Options

In addition to the ESOP, the Company has issued options to Directors and Executives from time to time. The terms and conditions of those options vary between option holders. There were 700,000 (2020: 5,750,000) options issued to Directors or Executives during the financial year.

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

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

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

(b) Summary of options issued to Directors and Executives

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

	2021 No.	2021 WAEP $	2020 No.	2020 WAEP $
Outstanding at 1 July	11,500,000	0.172	12,000,000	0.21
Granted during the year	700,000	0.21	5,750,000	0.175
Expired during the year	-	-	(6,250,000)	0.25
Outstanding at 30 June	12,200,000	0.174	11,500,000	0.172
Exercisable at 30 June	12,200,000	0.174	11,500,000	0.172

There were 700,000 (2020: 5,750,000) options issued during the year.

Directors

No options were issued to Directors during the year

28. Share-based payments (Continued)

Executives

- 700,000 options over ordinary shares with an exercise price of $0.21 each exercisable upon meeting the relevant conditions and until 30 October 2023.

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

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

	2021		2020	
	Directors	**Executives**	**Directors**	**Executives**
Dividend yield (%)	-	-	-	-
Expected volatility (%)	-	67.78	72.67	-
Risk-free interest rate (%)	-	0.13	0.62	-
Expected life of options (years)	-	2.92	3.0	-
Option exercise price ($)	-	0.21	0.175	-
Share price at grant date ($)	-	0.12	0.13	-
Fair value at grant date (c)	-	3.44	5.16	-

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	
	2021	**2020**
Employee Expenses	**$**	**$**
Share options granted in 2021		
- equity settled	111,956	-
Share options granted in 2020		
- equity settled	-	297,042
Total expense recognised as employee costs	111,956	297,042

29. Key management personnel

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

Name	Position
Directors	
Paul Poli	Executive Chairman
Frank Sibbel	Non-Executive Director
Pascal Blampain	Executive Director
Andrew Chapman	Director and Company Secretary
Executives	
David Fielding	Group Exploration Manager

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report on pages 49 to 57. These transferred disclosures have been audited.

Compensation of Key Management Personnel

	2021 $	2020 $
Short-term employment benefits	945,510	823,073
Post-employment benefits	70,871	60,120
Termination benefits	-	-
Share-based payments	24,114	297,042
	1,040,495	1,180,235

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

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

Other transactions and balances with Key Management Personnel

(a) P Poli and F Sibbel are Directors of Bulletin Resources Limited. The Consolidated Entity has an agreement with Bulletin to provide accounting, technical and administrative services on an arms-length basis. In the current year $59,811 has been charged to Bulletin for these services (2020: $297,612).

At 30 June 2021 there was an outstanding balance of $4,400 (2020: $12,553) for Bulletin.

(b) In July 2019, Matsa announced that it entered into a Sale and Purchase Agreement (SPA) with its associate Bulletin Resources Limited ("Bulletin", "BNR"), to dispose of an 80% interest in the Lake Rebecca gold project, 150km east north-east of Kalgoorlie, Western Australia on the following basis:

1. A cash payment of $125,000 to Matsa Resources Limited; and
2. A 1% net smelter royalty (NSR) on all minerals.

29. Key management personnel (Continued)

Bulletin and Matsa entered into a joint venture agreement (80% BNR; 20% MAT) whereby Bulletin will be responsible for all expenditure on the project and Matsa will be free carried up to a feasibility study. A formal royalty agreement has also been entered into.

(c) P Poli is a director and controlling shareholder of West-Sure Group Pty Ltd which the Consolidated Entity sub-lets storage space from. In the current year $6,371 has been charged to the Consolidated Entity for this service (2020: $8,195).

At 30 June 2021, there was an outstanding balance of $1,752 (2020: $2,006) payable to West-Sure.

(d) P Poli is a director and controlling shareholder of WA Fleet Systems Pty Ltd which provided the Consolidated Entity with hire car services from time to time. In the current year $23,636 has been charged to the Consolidated Entity for this service (2020: $22,723).

At 30 June 2021 there was an outstanding balance of $8,250 (2020: 5,500) 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.

30. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in Note 24.

Key management personnel
Disclosures relating to key management personnel are set out in the Remuneration Report and Note 29.

31. Remuneration of auditors

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

	Consolidated	
	2021 $	2020 $
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.	62,500	60,500
Amounts received or due and receivable by related practices of Nexia Perth Pty Ltd for:		
- tax compliance	10,400	6,000
	72,900	66,500

32. Events Subsequent to Balance Date

On 22 July 2021, Matsa announced that that it had raised $3.38 million by way of a placement of 42.2 million ordinary fully paid shares at $0.08 each with one free attaching option for every two shares issued with an exercise price of $0.17 each and expiring on 30 April 2023.

In July 2021, production has ceased at the Red October gold mine and the Company will focus on exploration to expand the current resource of Red October.

MATSA RESOURCES LIMITED

DIRECTORS DECLARATION

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

1. the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:

    (ii) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2021 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 49 to 57 of the Remuneration Report in the Directors’ Report comply with the Corporations Act and Australian Accounting Standard AASB 124 Related Party Disclosures and

    (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the directors;

Paul Poli
Executive Chairman

Perth, 30 September 2021

Nexia Australia

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 2021, the consolidated statement of profit or loss and 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 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material Uncertainty in relation to Going Concern

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

Key audit matters

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

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Key audit matter	How our audit addressed the key audit matter
Capitalisation of Exploration and Evaluation assets ***Refer to Note 12 (Exploration and Evaluation Assets)*** As at 30 June 2021 the carrying value of Exploration and Evaluation assets was $21,437,966 (2020: $18,537,147). The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 2 (r). This is a key audit matter due to the fact that significant judgement is applied in determining whether: ▪ the capitalised Exploration and Evaluation assets meet the recognition criteria in terms of AASB 6 *Exploration for and Evaluation of Mineral Resources*; and ▪ facts and circumstances exist that suggest that the carrying value of the Exploration and Evaluation are in accordance with AASB 6.	Our procedures focussed on evaluating management's assessment of the capitalised Exploration and Evaluation assets' carrying value at the reporting date. These procedures included, amongst others: ▪ we confirmed whether the rights of tenure to the areas of interest remained current at the reporting date; ▪ obtained evidence of the future intention for the areas of interest, including reviewing future budgeted expenditure and related work programmes; ▪ we obtained an understanding of the status of ongoing exploration programmes for the areas of interest; and ▪ we assessed the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' responsibility for the financial report

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

In preparing the consolidated 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 49 to 57 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Matsa Resources Limited, for the year ended 30 June 2021, 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.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper
Director

Perth
30 September 2021

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 22 September 2021

Range (size of holding)	Number of Holders	Number of Units	%
1 – 1,000	105	10,169	0.003
1,001 – 5,000	180	671,003	0.19
5,001 – 10,000	261	1,955,162	0.55
10,001 – 100,000	861	31,317,764	8.74
100,001 – and over	406	324,200,522	90.52
	1,813	358,154,620	100.00

The number of shareholdings held in less than marketable parcels is 450.

Twenty Largest Registered Shareholders of Fully Paid Ordinary Shares as at 22 September 2021

	Name	No.	%
1	BNP Paribas Nominees Pty Ltd ACF Clearstream	54,486,836	15.21
2	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	39,738,692	11.10
3	Sparta AG	21,032,722	8.28
4	HF Resources Pty Ltd	12,947,000	3.62
5	HSBC Custody Nominees (Australia) Limited	11,806,075	3.30
6	Mr Paul Poli <P Poli Family A/C>	10,350,000	2.89
7	BNP Paribas Nominees Pty Ltd Six Sis <DRP A/C>	4,725,657	1.32
8	RASL AU LLC <Richard Alter A/C>	4,620,000	1.29
9	Citicorp Nominees Pty Limited	3,977,264	1.11
10	Mr Paul Poli & Mrs Sonya Kathleen Poli <P Poli Super Fund A/C>	3,300,000	0.92
11	Mr Stacey Hubert Carter	2,875,061	0.80
12	Mr Barry Phillip Alcock & Mrs Julie Patricia Alcock <BP &J P Alcock A/C>	2,650,000	0.74
13	Highlands Investments Holdings Pty Ltd	2,500,000	0.70
14	Mr Oliver Nikolovski & Mrs Suzanne Karine Nikolovski <The Nikolovski S/Fund A/C>	2,400,000	0.67
15	L & S Davies Pty Ltd <Davies International A/C>	2,255,887	0.63
16	Zetetic Investments Pty Ltd	2,250,000	0.63
17	BNP Paribas Noms Pty Ltd <UOB Kay Hian Priv Ltd DRP>	2,175,000	0.61
18	Yucaja Pty Ltd <The Yoegiar Family A/C>	2,154,780	0.60
19	Mr Oliver Nikolovski <The Nikolovski Family A/C>	2,100,000	0.58
20	Goldfire Enterprises Pty Ltd	2,060,337	0.58
		190,405,311	55.58

ASX ADDITIONAL INFORMATION

Substantial Shareholders

	Fully paid	
Ordinary shareholder	**Number**	**Percentage**
Sparta AG	23,717,161	6.62%

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

	Name	No.	%
1	Mr Jason Tang	2,800,000	5.69
2	Mr Bilal Ahmad	2,000,000	4.06
3	Mr Mobeen Iqbal	1,600,000	3.25
4	Mr Stacey Hubert Carter	1,437,503	2.92
5	BNP Paribas Nominees Pty Ltd ACF Clearstream	1,430,174	2.91
6	Gazump Resources Pty Ltd	1,296,562	2.63
7	Orca Capital GMBH	1,200,876	2.44
8	Zetetic Investments Pty Ltd	1,125,000	2.28
9	Mr Joel David Webb	1,000,000	2.03
10	Sparta AG	956,033	1.94
11	Certane CT Pty Ltd <BC1>	937,500	1.90
12	Mr Nicholas Dermott McDonald	725,000	1.47
13	Scintilla Strategic Investments Limited	687,500	1.40
14	Toner Capital Pty Ltd <The Toner Family A/C>	625,000	1.27
15	Yucaja Pty Ltd <The Yoegiar Family A/C>	625,000	1.27
16	Jetosea Pty Ltd	520,000	1.06
17	Jetosea Pty Ltd	500,000	1.01
18	Autumn Origin Capital	500,000	1.01
19	Mr Kevin Daniel Leary & Mrs Helen Patricia Leary <Kevin & Helen Leary S/F A/C>	500,000	1.01
20	Threebee Investment Group Pty Ltd	500,000	1.01
		20,966,148	42.56

Distribution of Optionholders as at 22 September 2021

Range (size of holding)	Number of Holders	Number of Units	%
1 – 1,000	83	37,005	0.08
1,001 – 5,000	66	163,520	0.33
5,001 – 10,000	33	244,945	0.50
10,001 – 100,000	114	5,736,856	11.65
100,001 – and over	124	43,037,927	87.44
	420	49,220,253	100.00

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
7,300,000	13	$0.17	30 November 2021
5,750,000	3	$0.175	30 November 2022
1,000,000	1	$0.35	30 November 2022
2,000,000	1	$0.35	30 November 2022
2,000,000	1	$0.25	30 November 2022
44,079,341	141	$0.30	30 November 2022
3,250,000	12	$0.21	30 October 2023

TABLE OF MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2021

Mineral Resource Estimates – Consolidated Summary & Annual Comparison

Project	Resource Category	Tonnes ('000)	Au (g/t)	Metal Oz('000)
30 June 2020				
Fortitude	Indicated	2,945	1.8	173
	Inferred	2,503	2.1	169
Red October	Indicated	324	4.6	48
	Inferred	99	15.3	49
		5,871	**2.3**	**439**
Mining Depletion				
Red October	Indicated	(37)	4.2	(5)
	Inferred	(10)	7.0	(2)
		(47)	**5.0**	**(7)**
Resource Adjustments				
Fortitude	Measured	0	0	0
	Indicated	43	3.3	5
	Inferred	824	2.2	58
Devon	Indicated	341	4.8	53
	Inferred	906	2.1	62
Red October	Measured	71	8.8	20
	Indicated	121	6.1	24
	Inferred	317	3.2	33
		2,623	**3.0**	**255**
30 June 2021				
Fortitude	Measured	0	0	0
	Indicated	2,988	1.8	175
	Inferred	3,328	2.1	228
Devon	Indicated	341	4.8	53
	Inferred	906	2.1	61
Red October	Measured	71	8.8	20
	Indicated	408	5.1	67
	Inferred	406	6.1	80
Total		**8,448**	**2.5**	**684**

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

TABLE OF MINERAL RESOURCES AND MINERAL RESERVES AT 30 JUNE 2021 (continued)

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 2020				
Fortitude	Probable	1,029	1.8	58
		1,029	**1.8**	**58**
Mining Depletion				
Nil				
Reserve Adjustments				
Nil				
30 June 2021				
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 2020 Annual Report. Matsa confirms there is no new information pertaining to reserves and no changes to the underlying reserve calculations/assumptions have been made.

Competent Persons Statement

Resources

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

Reserves

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

SCHEDULE OF MINING TENEMENTS

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

SCHEDULE OF MINING TENEMENTS

Tenement Type and No.	Project	Holder	Status	Share Held
E 39/1770	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1796[1]	Lake Carey	Matsa Gold Pty Ltd	Live	90%
E 39/1840	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 39/1889[1]	Lake Carey	Matsa Gold Pty Ltd	Live	90%
E 39/2015	Lake Carey	Matsa Gold Pty Ltd	Live	100%
L 39/291	Lake Carey	Matsa Gold Pty Ltd	Live	100%
E 28/2600[2]	Lake Rebecca	Matsa Gold Pty Ltd	Live	20%
E 28/2635[2]	Lake Rebecca	Matsa Gold Pty Ltd	Live	20%
E 47/3518	Paraburdoo	Matsa Resources Limited	Live	100%
L 39/268	Red Dog	Matsa Gold Pty Ltd	Live	100%
M 39/1099	Red Dog	Matsa Gold Pty Ltd	Live	100%
M 39/1100	Red Dog	Matsa Gold Pty Ltd	Live	100%
M 39/38	Red Dog	Matsa Gold Pty Ltd	Live	100%
L 39/217	Red October	Red October Gold Pty Ltd	Live	100%
L 39/273	Red October	Matsa Gold Pty Ltd	Live	100%
M 39/411	Red October	Red October Gold Pty Ltd	Live	100%
M 39/412	Red October	Red October Gold Pty Ltd	Live	100%
M 39/413	Red October	Red October Gold Pty Ltd	Live	100%
M 39/599	Red October	Red October Gold Pty Ltd	Live	100%
M 39/600	Red October	Red October Gold Pty Ltd	Live	100%
M 39/609	Red October	Red October Gold Pty Ltd	Live	100%
M 39/610	Red October	Red October Gold Pty Ltd	Live	100%
M 39/611	Red October	Red October Gold Pty Ltd	Live	100%
M 39/721	Red October	Red October Gold Pty Ltd	Live	100%
E 28/2916	Symons Hill	Matsa Resources Limited	Live	100%
E 69/3070	Symons Hill	Matsa Resources Limited	Live	100%

[1]= 90% held by Matsa
[2]= 20% held by Matsa