



ABN 48 106 732 487

ASX Announcement

14 July 2010

NORSEMAN IRON ORE

Matsa Resources Limited (ASX:MAT, “**Matsa**” or the “Company”) is pleased to update the market on significant advances in activities for Iron Ore at its Norseman Project in Western Australia.

The Norseman Project, whilst hosting extensive gold mineralisation, also has 15 strike kilometres of Banded Iron Formation which has a conceptual **Exploration Target of between 350 and 750 million tonnes of magnetite iron ore** (as defined under Section 18 of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' which is defined at the end of this announcement ^{*1}) and additional potential for small hematite iron ore enriched zones. The Company is very pleased to have a second major mineral target within the project. Matsa is actively conducting exploration to define this iron ore potential whilst also conducting discussions with potential Iron Ore Joint Venture partners.

On 2 February 2010 the Company announced that it and the Shandong Provincial Bureau of Geology and Mineral Resources (“**SDGM**”), via HF Resources Pty Ltd (“**HF**”), had agreed to commence negotiations in good faith to form a strategic project exploration and mine development partnership commencing with Matsa’s Norseman Project. The Company advises that it has not been able to agree terms and conditions with HF Resources Pty Ltd. in regard to the proposed strategic cooperation agreement. Accordingly Matsa has withdrawn from any further discussions with HF on this matter.

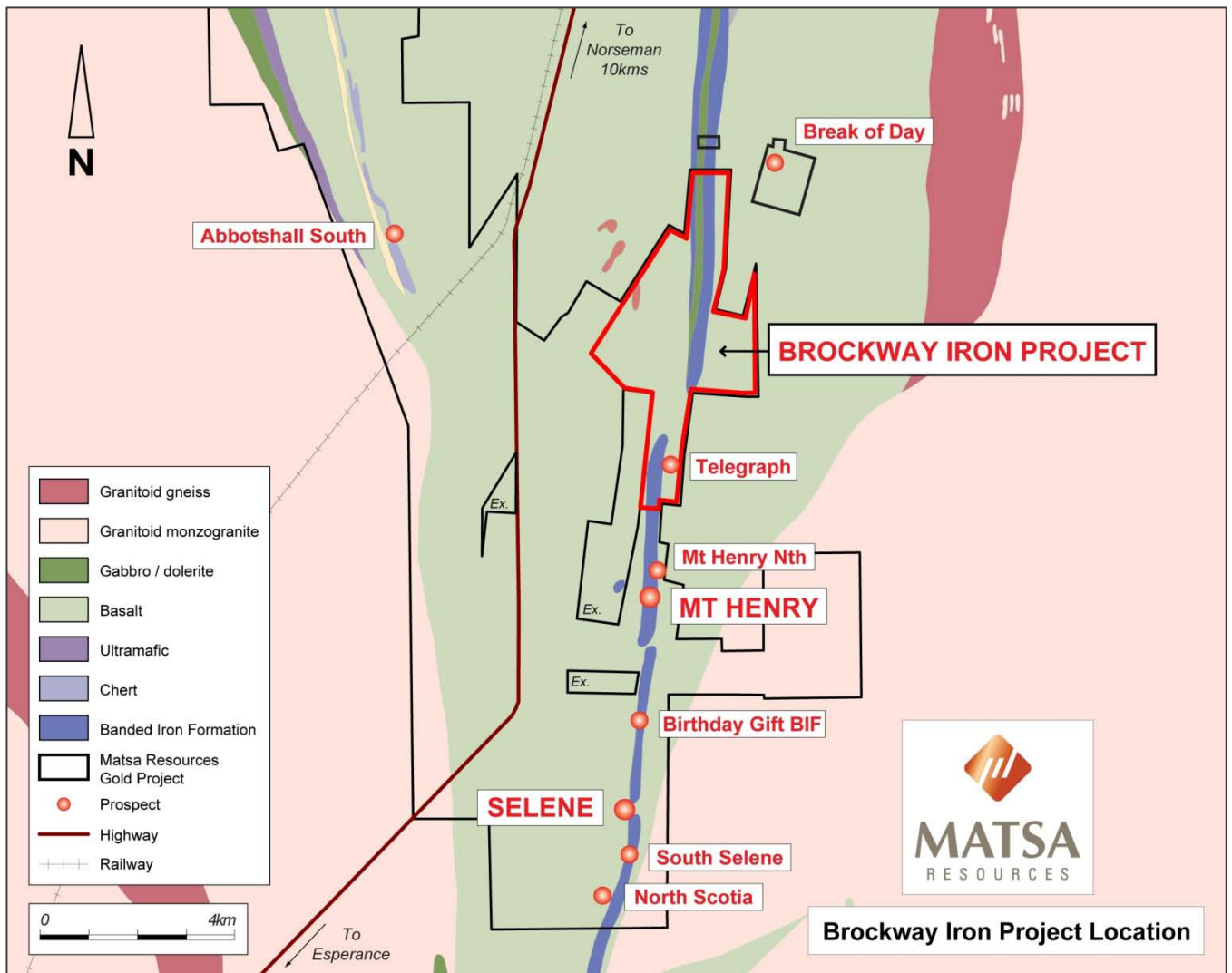
During June the Company’s Directors and senior Executives had very encouraging initial Joint Venture discussions with a number of pre-eminent iron ore mining and steel manufacturing companies in Beijing, China, and all groups are now proceeding to data reviews and further discussions. *A presentation designed for prospective joint venturers is attached to this announcement.*

An extremely important and valuable attribute to the potential viability of a Magnetite Iron project at Norseman is the very close proximity to key infrastructure of existing roads, railway, gas pipeline and port facilities. All infrastructures are suitable for magnetite production and transport, are available for open public use, and are currently under utilised making the project very attractive to potential Joint Venture partners.

The basis of Farm-in negotiations includes the 100% funding of all costs of an initial 12 month, 3 phase exploration and evaluation programme and then completion of a Definitive Feasibility Study.

Current Iron Ore Exploration

During the last three months the Company has completed preliminary iron ore exploration under the guidance of our in house Iron Ore Exploration Manager Mr. Dave Fielding with a focus on the northern 7 kilometres of the Norseman Project (the “**Brockway Iron Project**”) as referred in the ASX announcement of the 23rd April 2010. The results of the work completed to date have enabled the Company to gain confidence that there is the existence of a large magnetite iron ore Exploration Target ^{*1} of between 350 and 750 million tonnes within the Brockway Iron Project area.



Key findings have been;

- Reprocessing and interpretation of high resolution aeromagnetic data concludes that a target exists which is made up of three individual BIF bands over a strike extent of 7 kilometres with excellent continuity of mineralised units.
- Field mapping has confirmed continuity and width of banded iron units.
- It can be concluded that the Norseman magnetite rich iron ore unit closely resembles the Karara deposit (Ansteel-Gindalbie Metals) with a likely grind size of P80 -32 micron to achieve product liberation.

The Company has initiated a sampling and analysis program as described below, with results expected in early August;

- Samples of existing drill core and newly constructed pulp samples from the previous gold exploration programme at Mount Henry have been submitted for initial sighter metallurgical analysis of magnetic fractions and Davis Tube Recoveries from within the Banded Iron Formation.

The Company has designed and budgeted for an initial 3 phase evaluation programme involving extensive drilling, sample analysis and preliminary feasibility studies over a 12 month period to achieve the following objectives;

- Phase 1, including initial wide spaced drilling will determine whether an Exploration Target ^{*1} of between 350 and 750 million tonnes of magnetite is achievable with a grade of between 25% and 40% and beneficiable up to 68% Iron.
- Phase 2 is intended to outline magnetite mineralisation to an “Inferred Resource” status as outlined by JORC.
- Phase 3 is designed to convert magnetite mineralisation to an “Indicated Resource” status as outlined by JORC, and complete a Scoping Study.

The 1st Phase of the evaluation programme can be commenced as soon as DMP and DEC approvals have been obtained. The cost of this 1st Phase (~ \$1 million) is within the existing financial capacity of the Company.

The Exploration Target described in this announcement is conceptual in nature as defined under Section 18 of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' as stated below. The potential quantity and grade is conceptual in nature as there has been insufficient exploration by the Company at this stage to define a Mineral Resource and that there is no certainty that further exploration will result in the determination of a Mineral Resource or a Mineral Reserve. Estimates of tonnages and grade have been made by geologists who are familiar with the style and type of magnetite and hematite mineralisation and who have conducted field mapping and limited sampling of the mineralisation and completed aeromagnetic interpretation of the units hosting the mineralisation.

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Executive Chairman

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Executive Director

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'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'

Exploration Target*1

Under Clause 18 of the JORC Code the exploration targets (excluding the portion already classified into JORC resource) outlined in this report are conceptual in nature as there has been insufficient exploration to define additional mineral resources; it is uncertain if further exploration will result in the determination of any additional mineral resources.

Exploration results, mineral resources and reserves

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Viner, who is a member of the Australasian Institute of Mining and Metallurgy. Andrew Viner is a full time employee of Matsa Resources. Andrew Viner 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Andrew Viner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears



Brockway Magnetite Project

June 2010

Presented: Paul Poli, Executive Chairman

Author: Dave Fielding

MATSA RESOURCES

Forward Looking Statements

The material used in this presentation is intended to be a summary of selected geological data, current and proposed activities, concerning iron ore targets and are based on information available to Matsa Resources at the time.

It does not include all available information and should not be used in isolation as a basis to invest in Matsa Resources.

While the Company has a reasonable basis on which to express target resource estimates, any forward looking statement is subject to risk.

Risks include, without limitation: iron ore prices, foreign exchange rate movements, project funding capacity and estimates of future capital and operating costs.

The Company does not undertake to release publicly any revisions to forward looking statements included in this presentation to reflect events or results after the date of this presentation, except as may be required under applicable securities.

Any potential investor should refer to the reports ASX releases and statutory reports before considering investing in the company and seek independent advice.

Matsa Resources Limited ABN 48 106 732 487

BOARD & MANAGEMENT

Executive Chairman

Paul Poli - *BComm, FCPA*

Company Director and major shareholder with varied interests in Australia and South East Asia.

Executive Director

Andy Viner - *BAppSc, MAusIMM*

25 years geological experience and past founding Managing Director of ASX listed Jackson Minerals Limited from 2002 - 2007.

Non-Exec Director - Company Secretary

Andrew Chapman - *BBus CA Ffin*

16 years experience with publicly listed companies where he has held positions as Company Secretary and Chief Financial Officer and has experience in the areas of corporate acquisitions, divestments and capital raisings.

Exploration Manager – Iron Ore

Dave Fielding – *BSc Geol, MSc Min Exploration*

Geologist with 35 years experience in mineral exploration and evaluation with a focus on iron ore during the last 10 years.

Project Manager

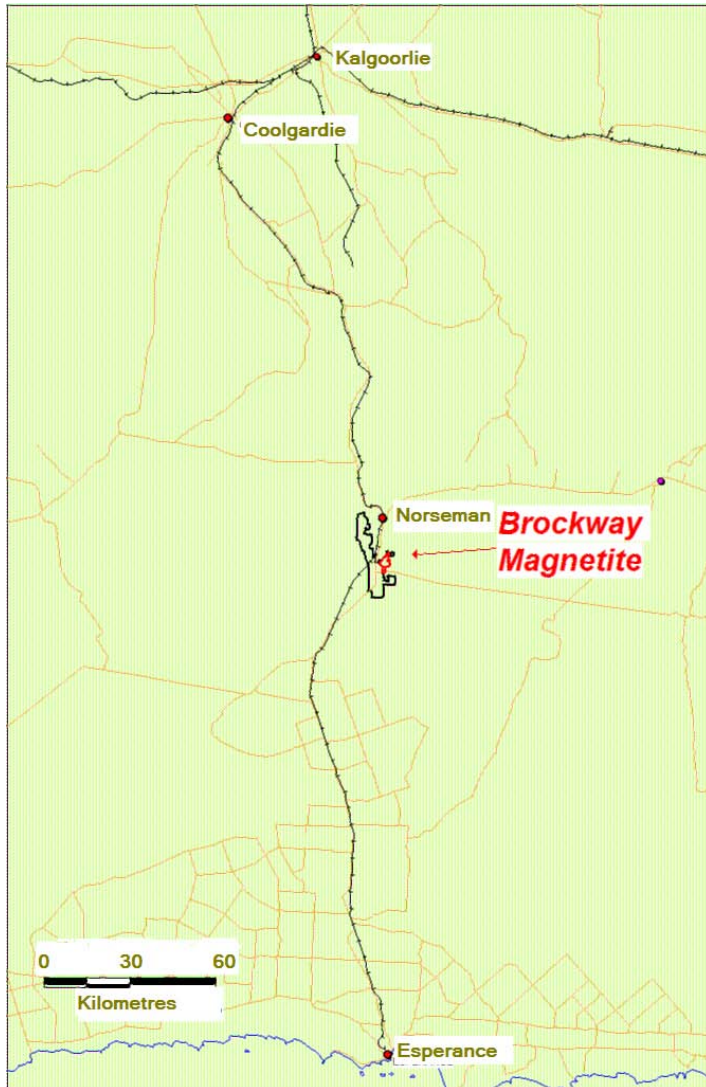
Frank Sibbel- *B.E (Hons) Mining, FAusIMM*

40 years operational, management and corporate experience in resource project development.

MATSA RESOURCES



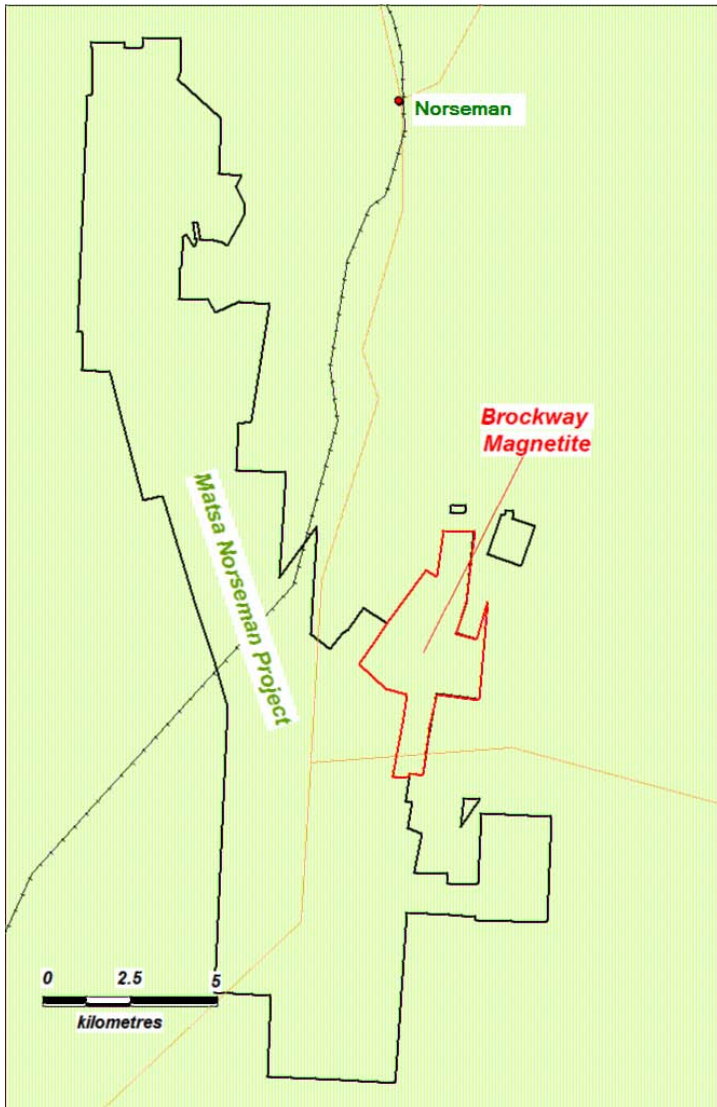
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LOCATION

- 20km South of Norseman
- 4km from Heavy Haul Rail
- Proximity to Natural Gas Pipeline
- 190km from Port of Esperance

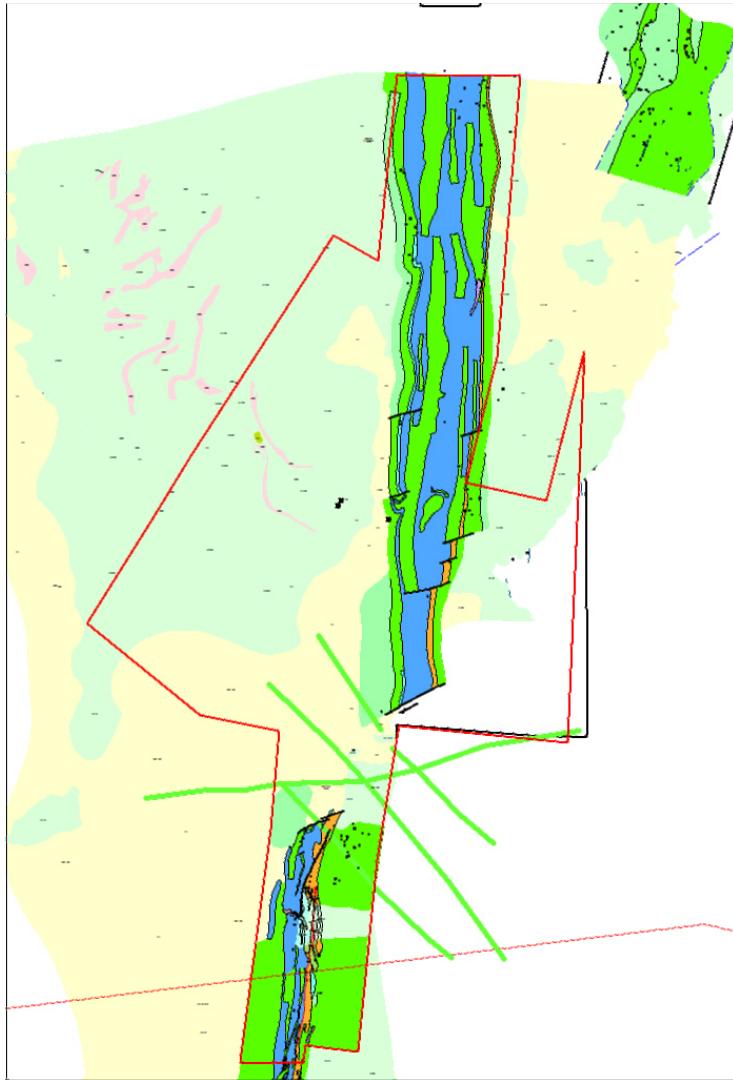
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MINERAL LICENCES

- Mining Lease Application covering 8 granted Prospecting Leases and part of granted Mining Lease 63/515
- All licences approved for iron ore
- Tenements held by ASPMI P/L (100% Subsidiary of Matsa)
- Adjacent to Matsa's Mt Henry-Selene Gold Project currently undergoing feasibility study

MATSA RESOURCES



GEOLOGY

- Magnetite Iron Formation
- No previous drilling by Matsa
- 3 Mineralised Bands contain an Exploration Target* between 25% to 40% magnetite by volume (visual estimate)
- Bands separated by Dolerite
- Bands show good continuity.
- Potential for thickening and upgrading in fold hinges and adjacent to faults

* Refer to the definition of an exploration target at the end of this presentation, required under clause 18 of the JORC Code

MATSA RESOURCES

EXPLORATION TO DATE

- Hematite Consultants confirms Magnetite Exploration Target* of 350 – 750 Mt.
- Magnetite closely resembles Karara (Ansteel-Gindalbie Metals) so likely similar grind size of -32 micron
- High Resolution Aeromagnetic Interpretation.
- Hematite Potential confirmed by Visual Recon / mapping / sampling
- Geological Structural Mapping by Don Findlay
- Mineralisation Report Completed and Mining Lease applied for.

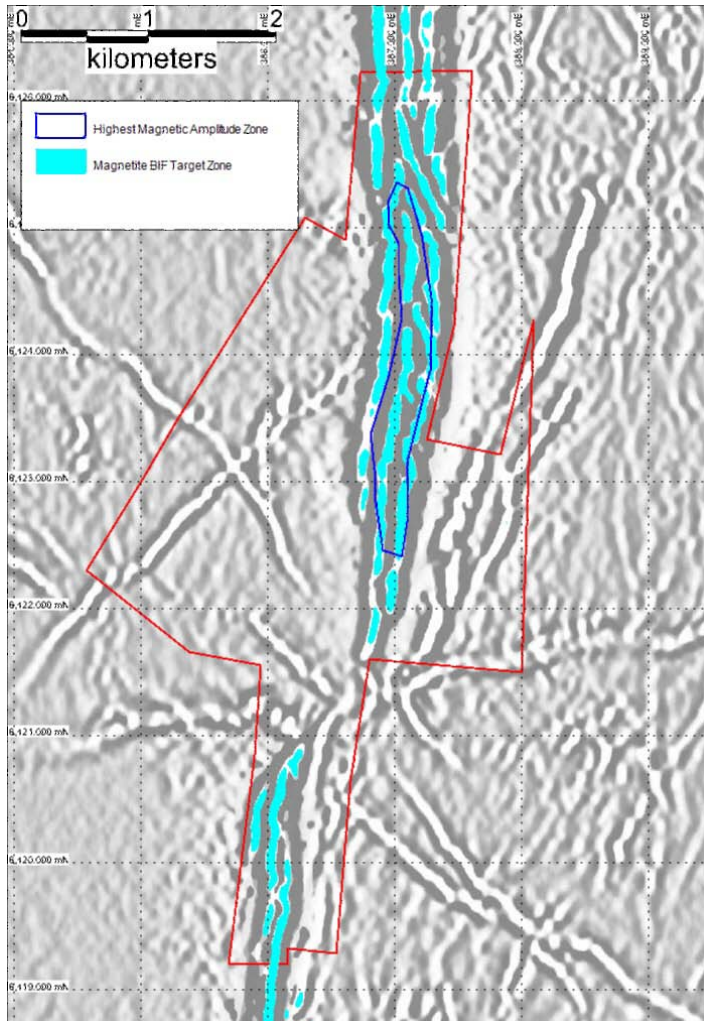
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MATSA RESOURCES

HIGH RESOLUTION MAGNETICS REPROCESSED

- 3 magnetic zones identified
- Continuity of individual magnetite rich bands
- Accurate mapping of folds and faults in magnetic units
- Used for accurate location of drill holes to test magnetic bodies.
- Enables estimates of depth to source as guide to hematite mineralisation associated with deep oxidation.

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MAGNETITE TARGETS

- Three principal BIF units
- Highest magnetic amplitudes associated with Central and Eastern BIF
- Good continuity of individual bands
- Strike length of 7 kilometres in the Brockway project area.
- Confirms Exploration Target* (350-750Mt @ 25-40% magnetite)

* Refer to the definition of an exploration target at the end of this presentation, required under clause 18 of the JORC Code

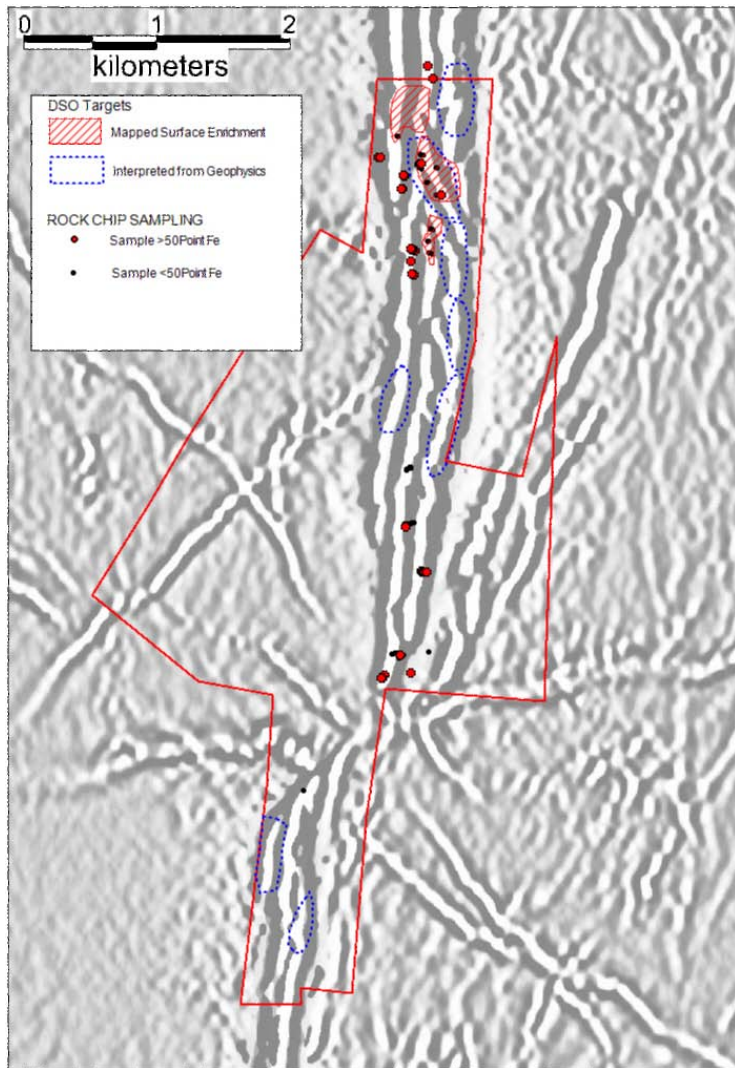
MATSA RESOURCES



*Magnetite BIF
at surface*



MATSA RESOURCES



HEMATITE TARGETS

- Hematite mineralisation has potentially major impact on project
- Several targets identified visually returned surface samples up to 62% Fe
- Surface enrichment partly associated with structurally complex zones
- Aeromagnetic targets comprise concealed BIF where depth to magnetic source is greater.

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*Outcropping
Iron-Enriched
BIF (50-62% Fe)*



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*Iron Enriched Surface
Samples within
hematite targets*

Sample ID	Orig_North	Orig_East	Fe_pct	SiO2_pct	Al2O3_pct	P_pct	S_pct
NH028	6425584	387060	62.1	5.01	1.85	350	0.06
NH032	6426230	387154	61.9	5.13	2.15	600	0.045
A55990	6425548	387055	61.6	5.23	2.33	520	0.051
NH027	6425574	387050.5	61.2	6.03	1.83	450	0.05
NH029	6425582	387069.8	60.3	8.53	2.91	350	0.065
A55991	6425545	387063	59.77	6.27	2.55	450	0.102
A55988	6425649	387066	58.29	9.5	2.05	290	0.043
A55986	6425787	386892	57.63	8.35	2.47	790	0.063
A55985	6425788	386880	55.25	11.88	3.4	490	0.047
A55984	6425091	387126	55.07	14.22	1.9	1080	0.024
A55976	6424902	387131	54.84	14.92	1.18	370	0.047
A55965	6421813	386900	54.77	10.25	2.47	750	0.116
A55975	6424897	387145	54.47	17.21	0.79	260	0.035
A55978	6424996	387125	54.37	17.7	1	690	0.021
A55983	6425087	387135	53.97	13.63	1.33	700	0.053
A55989	6425645	387078	53.79	12.79	4.06	310	0.061
A55982	6425086	387140	53.63	12.7	1.46	950	0.034
NH011	6421857	386904	53.2	15.1	1.97	550	0.085
A55966	6421838	386905	53.07	12.7	3.29	640	0.087
A55968	6421857	386928	52.95	13	1.38	370	0.059
NH004	6422485	387095	52.8	13.5	1.77	400	0.08
NH002	6422487	387076	52.4	13	3.16	550	0.06
A55969	6423875	387124	52.25	13.06	5.37	120	0.075
A55981	6425081	387207	52.12	10	5.19	1310	0.038
NH005	6422485	387107	51.5	12.9	1.93	400	0.07
NH001	6422489	387064	51.1	16	3.61	500	0.07
NH003	6422485	387085	50.5	17.5	1.68	650	0.055

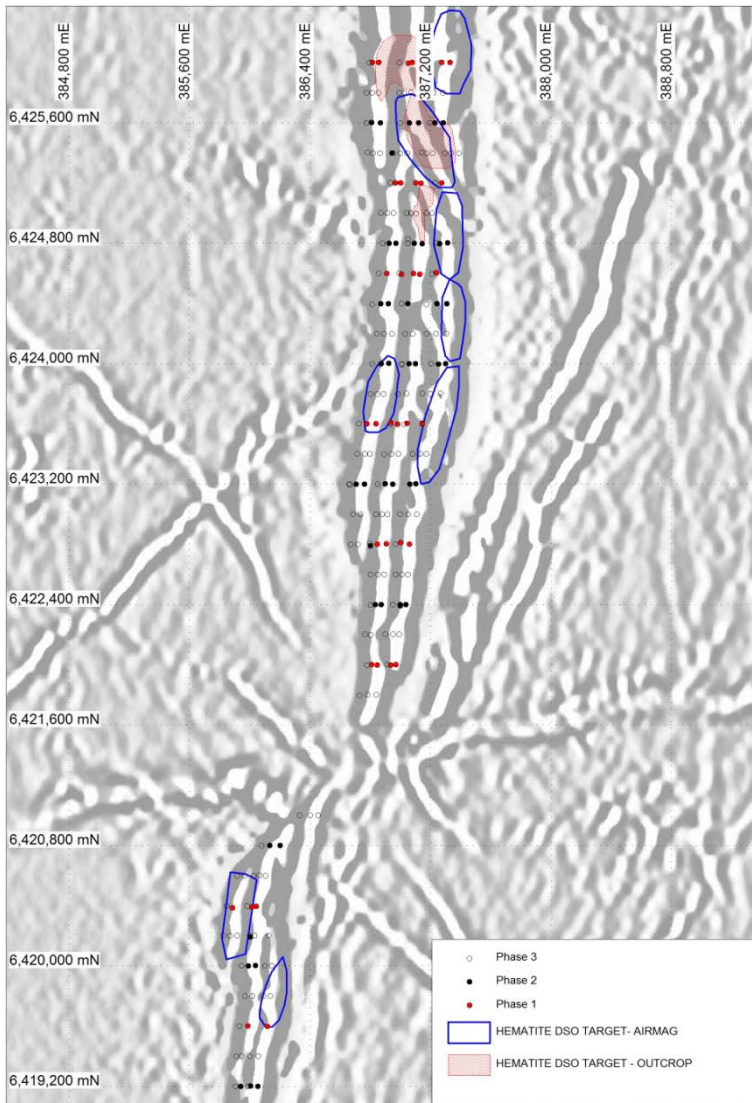
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EXPLORATION PROGRAMME

- 3 Phase Exploration Programme developed
- In-principle approval by Matsa Board for Phase 1 (\$1M of proposed \$5.8M)

MATSA RESOURCES

Planned Drilling



MATSA RESOURCES

Phase 1 Objective

- Grade and Continuity of target magnetite BIF Bands
- Exploration Target of 350-750Mt* (magnetite BIF)
- Exploration Target Weight recovery of 25 to 40%*
- Magnetite concentrate specs in terms of low content of SiO₂, Al₂O₃, P and S.
- Hematite Exploration Target of 5 to 10Mt*

* Refer to the definition of an exploration target at the end of this presentation, required under clause 18 of the JORC Code

MATSA RESOURCES

Phase 2 Objective

- To outline magnetite mineralisation to an “Inferred Resource” status as outlined by the JORC code
- Magnetite concentrate meet or exceed marketing specs for pellet plant feed.
- Delineate hematite targets
- Commence pre- scoping study into project viability as regards mining, processing, marketing and heritage and environmental aspects.

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Phase 3 Programme

- “Indicated Resource” status may be defined pursuant to the JORC code for both magnetite and hematite
- Metallurgy for conceptual process flow-sheet.

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RC DRILLING

- *Phase 1:* 33 holes for 3100m of drilling
- *Phase 2:* 40 holes for 3600m of drilling
- *Phase 3:* 139 holes for 17000m of drilling
- XRF Iron Ore Suite Assays through mineralised zone.
- Davis Tube Recoveries (DTR) carried out on 2m or 4m composites
- ICP Assays for Gold suite of elements on 2m composites.

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DIAMOND DRILLING

- 10 diamond holes over the 3 drilling Phases, with at least two holes completed after RC Phase 1
- Provide oriented core for detailed geological and structural information
- Material for metallurgical test-work

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METALLURGY

Grind Establishment Testwork

- Currently in Progress
- Replicate Process Plant
- Optimum grind size for magnetic separation
- Using Drill core from diamond drill hole from gold deposit south of Brockway

Lab Procedure Testwork

To Follow Grind Establishment Testwork

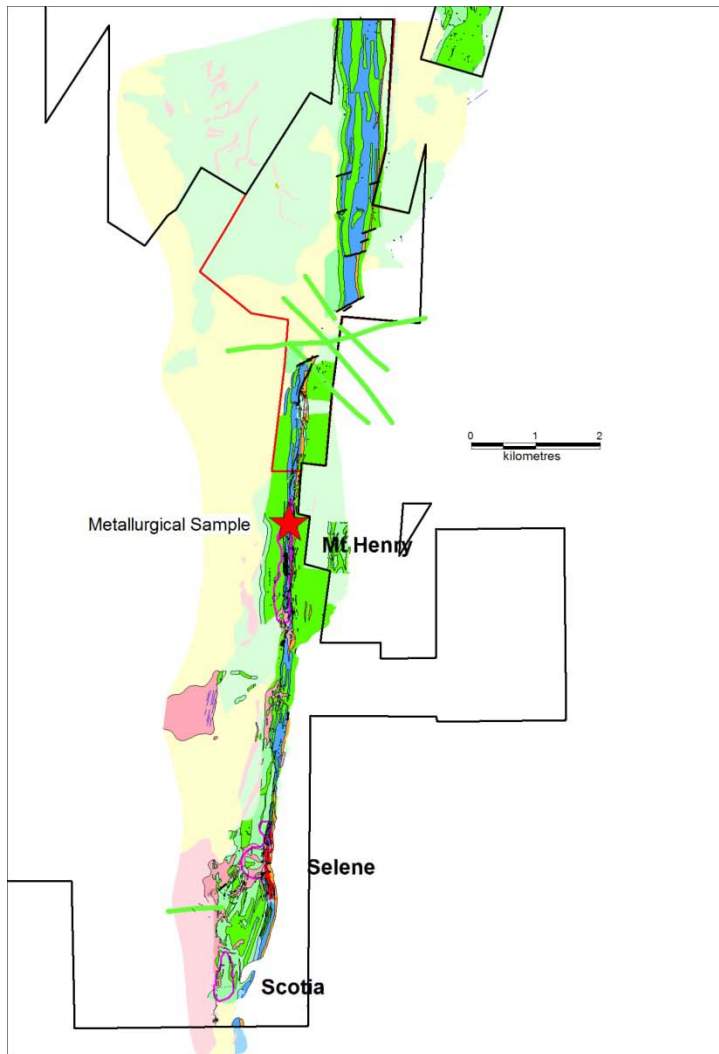
To develop routine Lab process for DTR analysis of drill samples

Will use material from Phase 1 Drilling at Brockway

MATSA RESOURCES

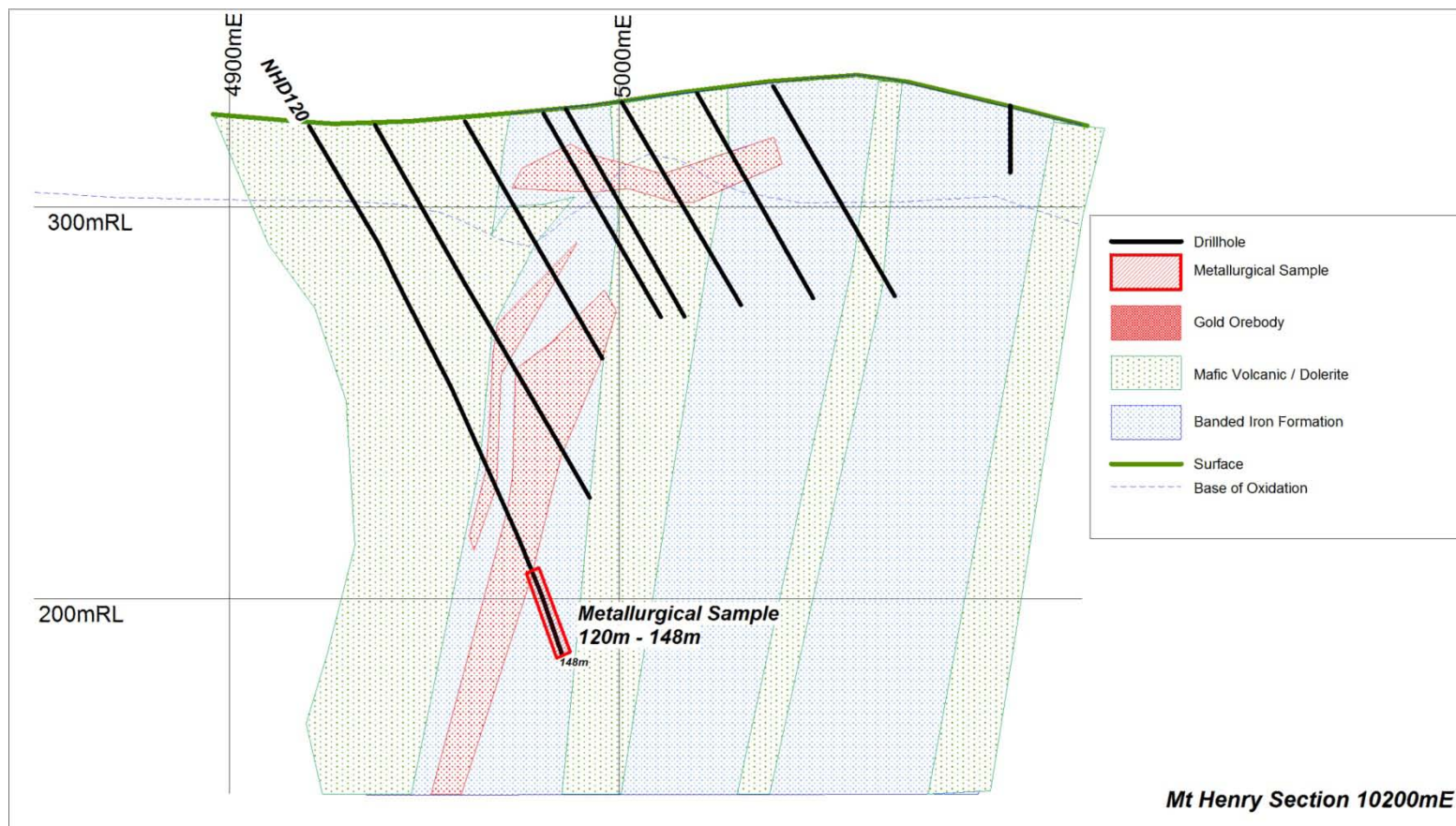
Metallurgical Testwork

- *40Kg Sample of drill Core*
- *Diamond Drillhole NHD120 (120m – 148m)*
- *Drillhole is located outside Brockway*
- *BIF Closely resembles Brockway BIF*
- *Testwork is ongoing Results mid July*



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Metallurgical Sample – Cross Section



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SCOPING STUDIES

- Pre – scoping Study after Phase 1 (mining, processing, transport, marketing environmental)
- Scoping Study on potential inferred resource status (Increase confidence in project feasibility).

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Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

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