



LIMITED

ABN 48 106 732 487

Quarterly Activities Report – 31 December 2010

KEY POINTS

Significant inroads in the Company's strategies completed during the quarter including:

- **Letter of intent (LOI) from China Kinwa received to Joint Venture the Norseman Gold Project.**
- **Killaloe farm-in agreement nearly doubles Matsa Resources ground in the prospective terrain between the Zulieka Shear and the Boulder-Lefroy Fault at the southern end of the Norseman Wiluna Greenstone Belt.**
- **Acquisition of two tenements over the historic Buldania mining area near Killaloe farm-in area.**
- **Dundas Iron RC and diamond drilling program completed with 2,098.5 metres drilled which completes the Phase 1 drilling of the preliminary evaluation program.**
- **6,900 of RAB drilling completed on the Big Red Gold Prospect at Dunnsville.**
- **Substantial increase in Exploration Area in Thailand applied for.**
- **Significant inroads made with respect to advancement of granting of Exploration Applications in Thailand.**
- **\$1.2M raised by issue of 3M shares at 40c to progress the Dundas Iron Project with Rock Resources Limited.**

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Non Executive Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

122 million

Unlisted Options

27.3 million @ 27.3c +

Top 20 shareholders

Hold 59%

Share Price on 31 January 2011

34 cents

Market Capitalisation

\$41.48 million

INTRODUCTION

Matsa Resources Limited, (ASX: MAT, the “Company” or “Matsa”) is pleased to report on its exploration activities for the Quarter ended 31st December 2010.

The Company has had a busy quarter and is extremely pleased with its progress of developing relationships and potential partnering with China Kinwa and Joint Venture agreement for the Norseman Gold Project, which is seen as a significant step forward in putting the Norseman Gold Project into production.

The Company during the quarter completed the Phase 1 drilling campaign of the 3 part evaluation program at the Dundas Iron project and also furthered its exploration by drilling at Dunnsville.

Furthermore, Matsa acquired significant new exploration ground near its Norseman project area through the acquisition of the Killaloe project from Cullen Resources Ltd and the Buldania project from Focus Minerals Ltd. Expanding the Company’s exploration area of the Norseman gold/magnetite project was previously considered difficult to accomplish due to the demand of exploration tenements in the Norseman area. The Company is continuing its search to acquire further prospective ground in the region with some encouraging discussions thus far.

Thailand, whilst difficult to develop projects is finally nearing a stage where applications should be granted in the near future with the bulk of the licensing requirements being completed for the first parcel of 11 SPLA’s. Government ministerial signing is the final step required and the Company is working towards these approvals relentlessly. The bulk of the other applications are also progressing well and the Company is confident of gaining access to this prized land this year.

The progress made this quarter on all fronts by the existing team at Matsa both in Australia and Thailand bodes well for the Company’s future as it continues on its strategy.

STRATEGY

The Company aims to become a substantial mining Company with diverse minerals in several sovereign nations.

The primary focus remains on maximising value from development of the Norseman Gold Project which contains JORC defined Resources of 1.47 million ounces of gold and developing the Dundas Iron Ore Project, whilst building a substantial and impressive land holding in Thailand with a diverse range of minerals.

The Company has a deliberate strategy of seeking world-class exploration and mining opportunities in Australia and South East Asia where a number of Australian companies have been highly successful over the past decade. This strategy of working in Thailand is beginning to show exciting potential with Matsa applying for approximately 1,349 square kilometres of exploration land, some of which is adjacent or near to Kingsgate Consolidated Limited’s 5 million ounce Chatree Gold Mine. This is a significant landholding for a foreign company in Thailand and the Company believes there is high potential for discovery of high-grade magnetite Iron Ore, Copper and Gold within the Company’s landholding applied for.

COMPANY ACTIVITIES

NORSEMAN GOLD PROJECT

Letter of Intent to Develop the Norseman Gold Project

Matsa Resources received a letter of intent from China Kinwa Technology Co. Ltd confirming China Kinwa’s intention to enter into a binding memorandum of understanding to jointly develop Matsa Resources’ Norseman Gold Project with substantial benefits to Matsa if the joint venture proceeds.

During the quarter, Kinwa has completed a site visit and has significantly progressed its technical and legal due diligence.

Matsa is expecting that the results of the due diligence will be known in the first quarter of 2011 noting that delays are expected during the Chinese New Year celebration period which

commences on the 4th February. The agreement provides for:

- China Kinwa will acquire a 50% interest in the Norseman Gold Project which will include the Mt Henry, Selene and North Scotia gold deposits as well as any associated magnetite concentrate by-product associated with those deposits on commercial terms already discussed. Matsa will manage and operate the project and enter into a co-operation agreement with China Kinwa.
- China Kinwa and Matsa will undertake a feasibility study on the project as soon as possible on equal terms to establish a gold mining operation and/or combined gold/magnetite mining operation.
- China Kinwa is to secure commercial loan financing for the development and construction of a gold or gold/magnetite operation.
- China Kinwa will assist in the procurement of an off take agreement for any magnetite iron ore concentrate produced from the Norseman Gold Project on normal terms and conditions.
- China Kinwa to assist Matsa in the development and marketing of other projects to Chinese interests.
- China Kinwa and Matsa to form a joint venture to assess other resource sector opportunities in both Australia and Thailand.

Whilst discussions are held in earnest with China Kinwa, Matsa has received a significant number of other enquiries and held discussions with these interested parties concerning the Norseman Gold Project. These discussions are continuing, but are being held at bay by Matsa and are considered an alternative option, whilst, Matsa awaits the completion of the due diligence by China Kinwa.

Killaloe Farm-in Agreement

Matsa Resources entered into a conditional agreement with Cullen Resources Limited to farm-in to the Killaloe Project near Norseman.

The Killaloe Project, comprising 4 prospecting licences and 2 exploration licences, is Archean greenstone terrain between the Zuleika Shear and the Boulder Lefroy Fault at the southern end of the Norseman-Wiluna Greenstone Belt, an area highly prospective for gold. The joint venture would nearly double Matsa's land holding in the Norseman area and any significant discovery could contribute positively to the economics of Matsa's Norseman Gold Project.

The farm-in agreement is conditional upon due diligence being completed on the tenements comprising the Killaloe Project to the sole satisfaction of Matsa and the assignment of existing heritage agreements and royalty obligations (relating to a 7.5% net profits interest royalty) insofar as it relates to the interest being acquired by Matsa and effective from the date the farm-in interest is earned. The conditions must be satisfied within 2 months of execution of the agreement.

Matsa Resources has completed the technical due diligence with the legal due diligence ongoing.

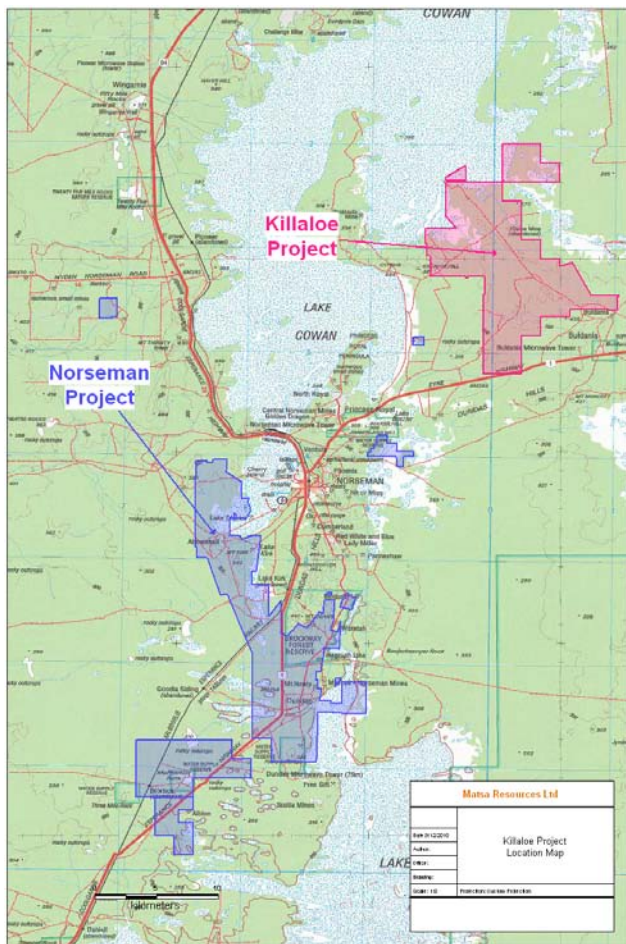


Figure 1- Killaloe Project

Duke

The Duke prospect was discovered by sampling nickel exploration drilling spoils for gold. Some historic significant intersections are detailed below.

- 24m @ 2.15g/t BUX86 from 4 metres
- 12m @ 1.04g/t NBC4 from 38 metres
- 18m @ 1.41g/t GOC5 from 7 metres
- 6m @ 1.50g/t CUX25 from 14 metres

(See table 4)

The Duke prospect is a 300⁰ trending zone of anomalism measuring 350m x 45m. Figure 2 shows the down hole maximum value Au assays at Duke.

Killaloe

The Killaloe Prospect area is centred on the historic Killaloe workings where only limited RAB drilling has been completed. Other workings are scattered along a trend over 2500m long to the north west and south east of

Killaloe, along which further exploration is warranted. Only 15 RAB holes to an average depth of 20-25 metres have been drilled on the prospect.

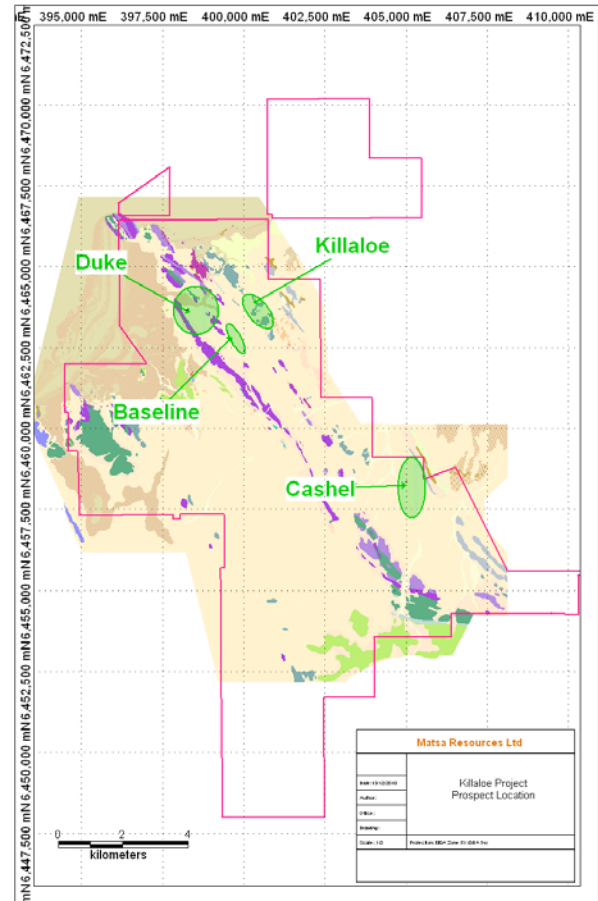


Figure 2 - Killaloe Prospect Locations

Cashel

Soil anomaly with results up to 3,000ppb were followed up with 40 x 20 metres spaced RAB drilling (Figure 2). The best results include:

- 2m @ 5.83g/t KCR023 from 20 metres

BULDANIA GOLD PROJECT

Matsa Resources purchased two Buldania tenements, M63/177 and P63/1503 from Focus Minerals Limited by selling to Focus the Company's Jackpot Project.

Buldania is a historic mining area with significant artisanal working covering 5 E-W trending lodes. Historic mining from 1897-1912 produced 728oz from 804t of ore, with a

further 460oz from 1,915t of ore produced in the 1980's.

The Buldania Tenements compliment Matsa Resources' holdings in the Norseman Area, see Figure 3.

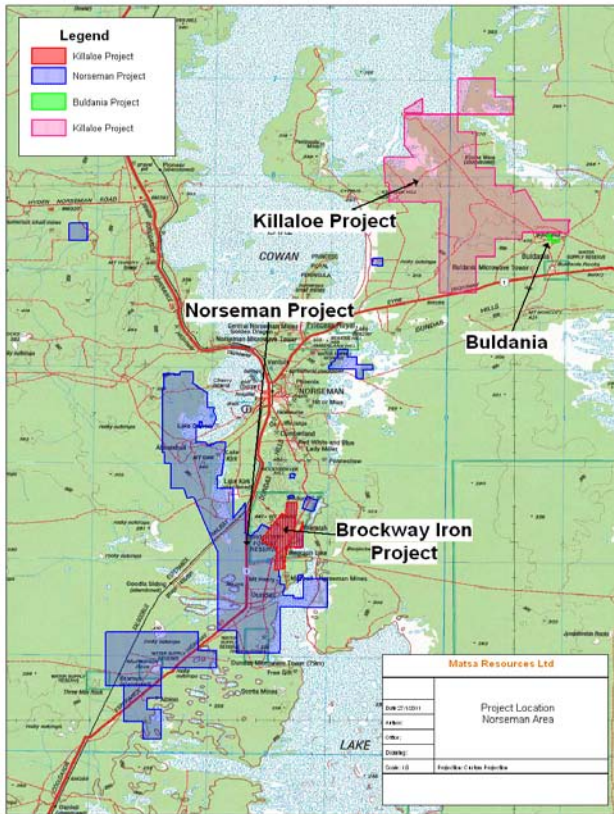


Figure 3 - Norseman Projects



Figure 4 - Historic workings at Buldania

DUNDAS IRON PROJECT

EXPLORATION

As noted in the September 2010 quarterly report a drilling programme commenced on 26th October 2010. Objectives of the programme were:

- Confirming that magnetite mineralisation has potential to achieve Exploration Target*¹ size and thereby form the basis of a viable magnetite project.
- Obtaining samples for assay and metallurgical testing to confirm that magnetite can be economically recovered.
- Obtaining assays through zones of iron enrichment to establish whether there is a viable DSO grade iron ore deposit at Dundas.

The programme comprising a total of 1,901 meters of Reverse Circulation (RC) drilling and 197.5 meters of diamond drilling was completed in mid - December 2010.

RC drillhole samples were combined at the assay laboratory into composites mostly 5m in length. Composites were submitted for the following determinations:

- Magnetic Susceptibility
- Analysis for usual suite of iron ore oxides and major elements by X-Ray Fluorescence spectroscopy (XRF) on a fused bead
- Gold determination by Atomic Absorption Spectroscopy (AAS) on an acid digest.

Preliminary results have been received although in the case of gold assays these are currently subject to further check assays.

Magnetite recovery based on the Davis Tube Recovery (DTR) method is planned on all composites where magnetic susceptibility indicates >15% magnetite.

DTR determinations await completion of metallurgical testwork currently underway on a bulk sample of diamond drill core. Results of this testwork will be used to design a standardised DTR flow sheet which will be used on RC drill samples.

Sampling of diamond core has commenced with submission of a 30m section from drillhole 10DNDH001 currently undergoing grind establishment testwork as noted above.

Results

Drilling has confirmed that target Banded Iron Formation Units dip steeply towards the west separated by interbands of dolerite. In detail the BIF units can be seen to be dominated by strongly banded quartz magnetite BIF and subordinate massive zones of coarse amphibole, quartz and lesser magnetite containing variable iron sulphide (pyrrhotite).

The base of complete oxidation is variable between vertical depths of 25m to 40m below surface. Above this depth, strongly banded BIF is typically oxidised to a quartz, martite/goethite assemblage with variable clay content attributable to weathering of iron rich amphiboles.

Preliminary gold results have been received for the RC composite samples. A total of 14 samples reporting values >0.1 g/t and 3. samples reporting values > 1 g/t. Check assays are currently in progress and results are awaited.

Preliminary whole rock XRF and magnetic susceptibility results have been received for all RC drillholes. Results are summarised as value ranges for Key elements for all samples and for samples within target magnetite BIF bands.

	All Data		Primary Quartz Magnetite BIF *	
	Min	Max	Min	Max
Samples	440		118	
Fe %	7.13	46.49	20.82	36.44
Est Magnetite %*	0.06	58.03	20.96	58.03
SiO ₂ %	16.8	73.9	40.5	58.9
Al ₂ O ₃ %	0.04	21.5	0.19	5.68
LOI %	<0.01	13	<0.01	5.29
P %	<0.005	1200	<0.002	680
S %	0.002	5	0.035	2.66
Au ppm	<0.01	2.1	<0.01	2.03

*Based on Mag Susceptibility Values.

Dundas Iron Summary Assay Data.

The following comments can be made on the basis of preliminary results received to date.

- Magnetic susceptibility results include values up to 58%. Results are reported as “% magnetite” on the basis of comparing results with magnetite standards. These values are a convenient way to define target magnetite mineralisation and to select samples for DTR determination.
- Maximum Fe values to 46% Fe were achieved by surface enrichment processes compared to maximum values in primary quartz magnetite BIF of 36.44% Fe. Enriched values do not meet the Company’s target for Hematite direct shipping grade mineralisation. No additional work is planned on the targets tested for Hematite direct shipping ore .
- Maximum values of penalty elements (0.12% P, 5.0% S) occur outside target quartz magnetite bands. Using a magnetic susceptibility value of 20% as an arbitrary boundary, average values in quartz magnetite BIF are 0.35% S and 0.04% P.
- The average magnetic susceptibility value for the target quartz magnetite BIF is 34% using the same magnetic susceptibility boundary of 20%.

It is appropriate to note that the significant information awaited for are the DTR results and these results will be reported in due course as they come to hand.

DUNNSVILLE

In June 2010 Matsa Resources completed a sub-audio magnetic survey over the Big Red Prospect. This survey was designed to identify and locate mineralising structures within a dolerite sill responsible for the large soil gold anomaly measuring 3km long and up to 75ppb and the supergene mineralisation previously drilled by KBRL.

Matsa Resources completed 6,900 metres of RAB drilling on the Big Red Prospect in December 2010 targeting the numerous primary structures identified in the SAM survey and coincident gold and arsenic anomalies. (see Figure 5).

Assay results are pending for this drilling completed just before Christmas.

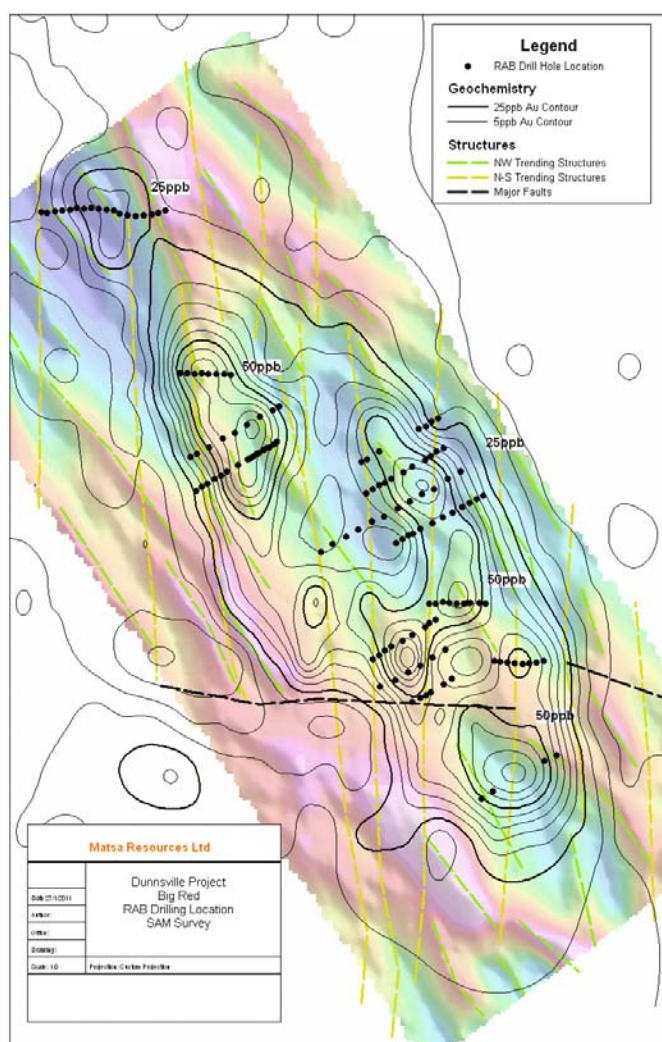


Figure 5 - Big Red drill hole location with structures and soil geochemistry

THAILAND

Tenement Application Progress

Matsa Resources have now applied for a total of 1,349km² of prospecting licenses prospective for gold, iron ore and copper in Thailand. Matsa has made significant progress on the application process of non gold applications and is confident that these non gold tenements should start being granted shortly. The Company's Thailand office is ready to

commence exploration immediately on the granting of these tenements.



Figure 6 - Thailand Location – KT Project and Paisali Iron Project

Whilst it is difficult to obtain licenses for exploration and mining in Thailand, it seems that Matsa has the capacity to overcome these barriers to entry due to its highly qualified and experienced Thai office staff. It is furthermore considered that these difficulties pose a significant deterrent for other companies to enter this highly prospective and potentially highly rewarding mining area and as such any granted exploration licenses are considered highly valuable.

A tenement status table showing all applications and their estimated respective percentage completion to exploration license grant is attached below.

KT Project

The KT Project totals 170km² of land under 11 SPLA's located 18 kilometres east of Kingsgate Consolidated's very low cost 5 million ounce Chatree gold mine.

The SPL's include 32 square kilometres in 2 SPLA's that have had extensive first pass surface exploration which has defined co-incident gold, silver and multi-element anomalies each over approximately 2.5 km by 1.5 km in area.

Of particular interest to the Company was the professional reporting and inherent quality of work completed that included:

- Eight hundred (800) stream, soil and rock chip samples, 34 element analysis and semi-detailed geological mapping. Data is contained in a GIS dataset.
- The presence of coherent gold-silver and associated multi-element anomalies within two discrete areas (NW and SE).
- Government records indicating Diamond drilling within the State Forest only 100 metres from the project boundary had intersected **6 metres @ 2.42 g/t Au from 60 metres depth.**
- Strong correlation between the geology of the mineralised drill-hole and the geology of the SE surface anomaly within the KT Project. This provides a good geological model for mineralisation in the area.

The prospectivity of the adjacent region was assessed and it was very fortunate that the Company managed to secure the majority of land available that was contiguous with the initial 2 SPLA areas, covering potential host rocks and interpreted mineralising structures.

At the time of SPL application, the Thai Government had a Moratorium on granting new gold mineral licences pending a review of objections from sectors of the public. The Company is confident that the Thailand Government will reach a resolution to lift the Moratorium for Gold SPL's in the medium term. Advice given to the Company indicates that no other Party may apply for the same land as the Company and that there is no reason that the

Government will not grant the SPL's once the Moratorium has been lifted as the applications meet all requirements and was accompanied by the correct fees. The Company is content to consider this application as a land bank whilst it progresses other applications and determines the best course of action in regard to these applications as information as to the lifting of the moratorium comes to hand.

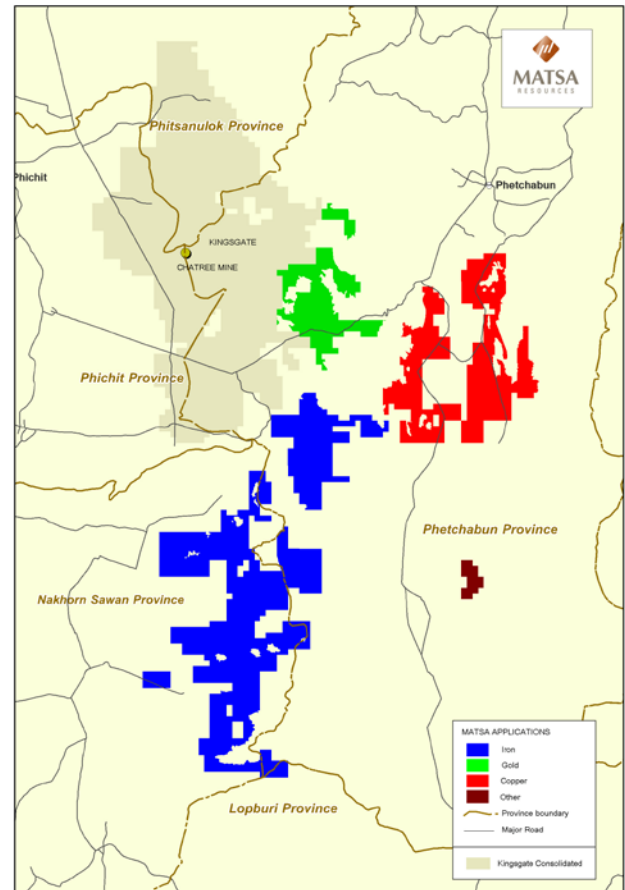


Figure 7 - Tenement mineralisation license areas

Paisali Project

The Paisali Project totals 788km².

The Paisali Project area was selected initially by inspection of small scale iron occurrences and observation of recent exploration drilling on Prospecting permits. Geological interpretation and field inspection defined a larger prospective area covering potential host rocks and interpreted mineralising structures which correlated well with ground magnetic surveys.

An initial 107 square kilometres was applied for in November 2009, with two SPLA's of 18 square kilometres under Agreement with existing Prospecting licence holders.

Mineralisation is of the skarn style iron deposits which are being actively mined on a small scale in Thailand. There are numerous deposits generally associated with Permo-Triassic granite intrusions, particularly where they intrude the extensive Permian limestone stratigraphy. Skarn mineralisation in Thailand and other parts of the world are also commonly associated with economic deposits of copper, gold, lead, zinc, molybdenum, tungsten and tin.

In Thailand the largest defined skarn occurrence is PanAust's Phutep copper-gold-iron skarn deposit with current resources of 183 million tonnes at 0.5% copper and 0.13 g/t gold (copper cut-off grade 0.30%), for 913,000 tonnes copper and 771,000 ounces of gold.

Chondaen Copper

The Chondaen Copper Project totals 387km². This area has been selected based on geochemical data and work completed to date by our Thai geological staff. It is believed to have potential for copper mineralisation in a sequence of andesitic volcanic and shallow intrusives.

For further Information please contact:

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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.

'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

The information in this report that relates to Exploration Results, is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding 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. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mineral resources and reserves

The information in this report that relates to mineral resources and reserves, is based on information compiled by Richard Breyley, who is a member of the Australasian Institute of Mining and Metallurgy. Richard Breyley is a full time employee of Matsa Resources Limited. Richard Breyley 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. Richard Breyley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

BACKGROUND

Matsa is a mineral exploration and development Company based in Western Australia. The Company's primary assets are extensive mineral leases that contain defined gold resources and various mineral prospects. The principal project is located in the Norseman region within the southern part of Western Australia's Eastern Goldfields (Figure 8 below).

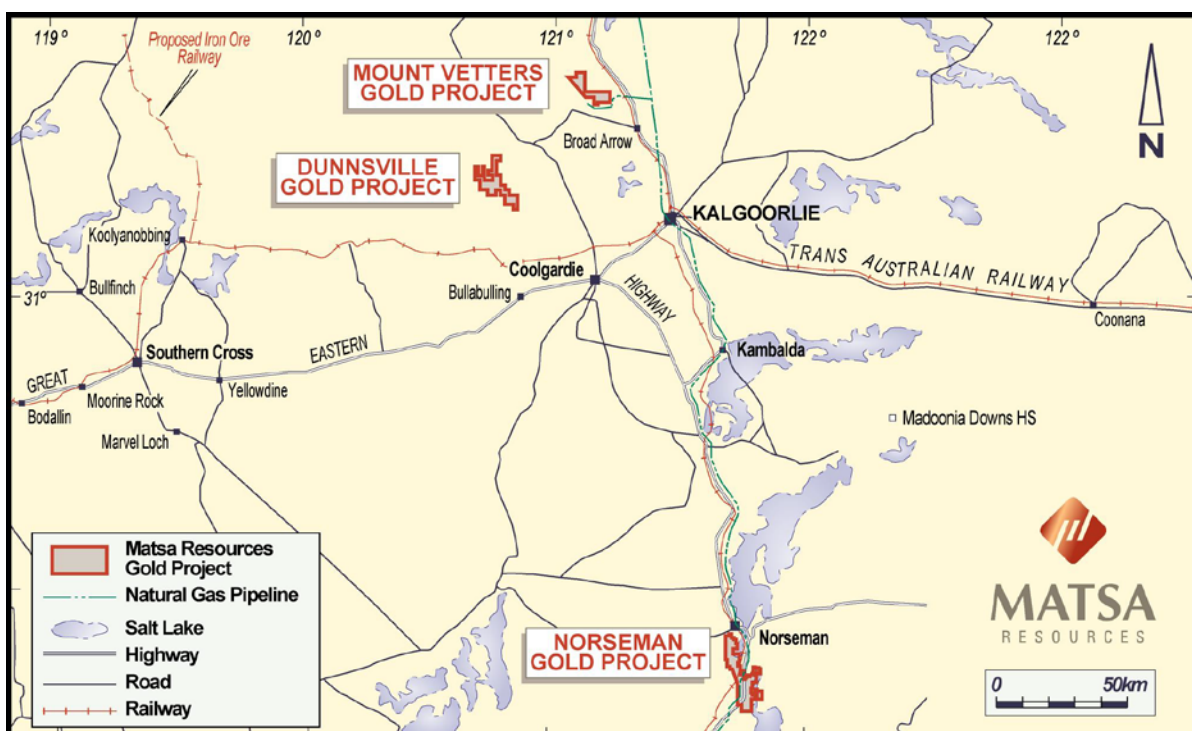


Figure 8 - Australian project locations

Table 1 - Norseman Gold Project Resources

Norseman Gold Project Resources			
(>1g/t Au)			
	Tonnes (Million)	Grade (g/t)	Ounces
Indicated			
Mt Henry	5.6	1.9	350,000
Selene	11.8	1.6	600,000
North Scotia	0.2	5.2	36,000
Total	17.6	1.8	990,000
Inferred			
Mt Henry	4.9	1.8	280,000
Selene	3.1	1.4	140,000
North Scotia	0.3	2.2	24,000
Abbotshall	0.5	2.0	30,000
Total	8.9	1.7	480,000
Grand Total	26.5	1.7	1,470,000

- 1) All Resources are reported to a lower cut-off grade of 1.0g/t.
- 2) Rounding, conforming with the JORC code may cause computational errors.

List and status of applications for Special Prospecting License Areas (SPLA's) in Thailand

Type of Mineral	District	Amphoe	Total Area (sq.km.)	Application Submission to Local DPIM	Status
PAISALI Project					
Fe	Wangkhoi	Phai Sali	15.98	28-Oct-09	75%
Fe	Wangkhoi	Phai Sali	15.80	28-Oct-09	75%
Fe	Samrongchai, Wangkhoi, Phai Sali	Phai Sali	16.00	28-Oct-09	75%
Fe	Takhro, Samrongchai, Wangkhoi	Phai Sali	15.11	28-Oct-09	75%
Fe	Wangkhoi	Phai Sali	14.88	28-Oct-09	75%
Fe	Wangkhoi	Phai Sali	2.88	28-Oct-09	75%
Fe	Wangkhoi	Phai Sali	11.71	24-Oct-09	75%
Fe	Wangkhoi	Phai Sali	2.00	24-Oct-09	75%
Fe	Phai Sali, Wangnamlad, Khokdue	Phai Sali	8.00	24-Oct-09	75%
Fe	Yangrak	Khokcharoen	7.99	11-Mar-10	
Fe	Wangpikul, Sapnoi	Bung Sampan, Wichianburi	15.51	11-Mar-10	75%
Fe	Phu Namyod	Wichianburi	9.46	11-Mar-10	75%
Fe	Thungthong, Nongbua	Nongbua	13.93	15-Mar-10	75%
Fe	Nongbua, Wangbo	Nongbua	16.00	15-Mar-10	75%
Fe	Nongbua	Nongbua	15.00	15-Mar-10	85%
Fe	Nongbua	Nongbua	15.52	15-Mar-10	75%
Fe	Nongbua, Wangbo	Nongbua	16.00	15-Mar-10	75%
Fe	Nongbua, Wangbo, Tarntahan	Nongbua	15.00	15-Mar-10	85%
Fe	Nongbua, Wangbo	Nongbua	14.50	15-Mar-10	85%
Fe	Nongbua, Wangbo	Nongbua	14.56	15-Mar-10	85%
Fe	Wangbo, Nakhom	Nongbua, Phai Sali	15.00	15-Mar-10	75%
Fe	Wangbo, Nakhom	Nongbua, Phai Sali	13.00	15-Mar-10	75%
Fe	Nakhom	Phai Sali	12.65	15-Mar-10	75%
Fe	Wangbo, Wangnamlad, Nakhom	Nongbua, Phai Sali	16.00	15-Mar-10	75%
Fe	Nakhom	Phai Sali	14.83	15-Mar-10	75%
Fe	Wangnamlad, Nakhom	Phai Sali	16.00	15-Mar-10	85%
Fe	Wangnamlad, Nakhom, Phai Sali	Phai Sali	16.00	15-Mar-10	85%
Fe	Wangnamlad, Nakhom, Phai Sali	Phai Sali	16.00	15-Mar-10	75%
Fe	Wangnamlad	Phai Sali	16.00	15-Mar-10	85%
Fe	Wangnamlad, Khokdue	Phai Sali	16.00	15-Mar-10	85%
Fe	Wangnamlad, Khokdue, Phai Sali	Phai Sali	16.00	15-Mar-10	85%
Fe	Nakhom, Phai Sali, Wangkhoi	Phai Sali	16.00	15-Mar-10	75%
Fe	Nakhom, Phai Sali, Wangkhoi	Phai Sali	14.00	15-Mar-10	75%
Fe	Nakhom, Phai Sali, Wangkhoi	Phai Sali	14.20	15-Mar-10	75%
Fe	Nakhom, Wangkhoi	Phai Sali	13.60	15-Mar-10	75%
Fe	Nakhom	Phai Sali	4.22	15-Mar-10	75%
Fe	Donkha, Khokdue	Tha Tako, Phai Sali	15.00	15-Mar-10	85%
Fe	Khokdue, Phai Sali, Wangkhoi	Phai Sali	16.00	15-Mar-10	75%
Fe	Samrongchai, Phoprasart, Takhro	Phai Sali	14.36	15-Mar-10	75%
Fe	Takhro	Phai Sali	13.22	15-Mar-10	75%
Fe	Thoogthong, Nongbua	Nongbua	15.07	20-Nov-10	20%
Sub-total			558.97		
Fe, Cu	Takam	Chondaen	14.33	04-Nov-10	20%
Fe, Cu	Srimongkol	Bungsampan	15.26	04-Nov-10	20%
Fe, Cu	Ladkae	Chondaen	16.00	04-Nov-10	20%

Type of Mineral	District	Amphoe	Total Area (sq.km.)	Application Submission to Local DPIM	Status
Fe, Cu	Ladkae, Payawang	Chondaen, Bungsampan	15.80	04-Nov-10	20%
Fe, Cu	Takam, Bangloury, Ladkae	Chondaen	16.00	04-Nov-10	20%
Fe, Cu	Takam, Ladkae	Chondaen	16.00	04-Nov-10	20%
Fe, Cu	Srimongkol, Payawang, Sapmaidaeng	Bungsampan	16.00	04-Nov-10	20%
Fe, Cu	Ladkae	Chondaen	15.00	04-Nov-10	20%
Fe, Cu	Ladkae	Chondaen	15.00	04-Nov-10	20%
Fe, Cu	Ladkae	Chondaen	16.00	04-Nov-10	20%
Fe, Cu	Ladkae, Banphod	Nongpai	15.00	04-Nov-10	20%
Fe, Cu	Srimongkol, Payawang, Ladkae	Chondaen, Bungsampan	15.00	04-Nov-10	20%
Fe, Cu	Ladkae	Chondaen	16.00	04-Nov-10	20%
Fe, Cu	Ladkae	Chondaen	12.45	04-Nov-10	20%
Fe, Cu	Wangpikul	Bungsampan	16.00	04-Nov-10	20%
Sub-total			229.84		
KT Project					
Au	Subpoeb	Wangpong	15.61	02-Oct-09	75%
Au	Phuttabat	Chondaen	15.25	02-Oct-09	75%
Au	Wangsarn, Phuttabat	Wangpong, Chondaen	15.39	02-Oct-09	75%
Au	Phuttabat	Chondaen	15.97	02-Oct-09	75%
Au	Phuttabat	Chondaen	16.00	02-Oct-09	75%
Au	Phuttabat	Chondaen	15.53	02-Oct-09	75%
Au	Phuttabat, Chondaen	Chondaen	15.80	02-Oct-09	75%
Au	Phuttabat, Chondaen	Chondaen	16.00	02-Oct-09	75%
Au	Phuttabat, Chondaen	Chondaen	15.55	02-Oct-09	75%
Au	Phuttabat, Chondaen	Chondaen	15.38	02-Oct-09	75%
Au	Chondaen	Chondaen	14.18	02-Oct-09	75%
Sub-total			170.65		
CHONDEAN Copper					
Cu	Nam ron, Chon phrai	Muang	14.95	20-Dec-10	20%
Cu	Wang chomphu, Ban Tok	Muang	15.43	20-Dec-10	20%
Cu	Wang chomphu, Na yom, Hoai sakae	Muang	15.80	20-Dec-10	20%
Cu	Nam ron, Na yom	Muang	15.05	20-Dec-10	20%
Cu	Na yom, Rawing	Muang	15.31	20-Dec-10	20%
Cu	Rawing	Muang	15.40	20-Dec-10	20%
Cu	Na yom, Bo thai	Muang, Nongphai	15.29	20-Dec-10	20%
Cu	Rawing, Wang bot	Muang, Nongphai	16.00	20-Dec-10	20%
Cu	Rawing, Wang bot	Muang, Nongphai	14.34	20-Dec-10	20%
Cu	Bo thai	Nongphai	15.12	20-Dec-10	20%
Cu	Wang bot	Nongphai	16.00	20-Dec-10	20%
Cu	Wang bot, Bo thai	Nongphai	16.00	20-Dec-10	20%
Cu	Wang bot	Nongphai	16.00	20-Dec-10	20%
Cu	Nongphai, Na chaliang	Nongphai	16.00	20-Dec-10	20%
Cu	Na chaliang	Nongphai	15.93	20-Dec-10	20%
Cu	Na chaliang, Nongphai	Nongphai	15.04	20-Dec-10	20%
Cu	Nongphai	Nongphai	15.78	20-Dec-10	20%
Cu	Chondaen, Nongpai	Chondaen, Nongphai	15.73	20-Dec-10	20%
Cu	Na chaliang	Nongphai	15.99	20-Dec-10	20%
Cu	Na chaliang	Nongphai	15.68	20-Dec-10	20%
Cu	Huai pong, Na chaliang	Nongphai	15.12	20-Dec-10	20%

Type of Mineral	District	Amphoe	Total Area (sq.km.)	Application Submission to Local DPIM	Status
Cu	Huai sakae, Hoai pong	Muang, Nongphai	16.00	20-Dec-10	20%
Cu	Huaisakae, Hoai pong	Muang, Nongphai	13.79	20-Dec-10	20%
Cu	Huai sakae	Muang	15.36	20-Dec-10	20%
Cu	Wang chomphu	Muang	15.47	20-Dec-10	20%
Sub-total			386.59		
Other					
Other	Khokpong	Wichienburi	2.00	09-Nov-10	20%
Other	Khokpong, Bungkajab	Wichienburi	1.00	09-Nov-10	20%
Sub-total			3.00		
Grand Total			1,349.05		

Killaloe Project, historic gold intersections

Hole Id	North	East	From	To	Au_ppm
BUX86	6463624.43	398123.33	4	24	2.15
NBC4	6463616.14	398102.52	38	50	1.04
GOC5	6463533	398174	7	25	1.41
BUX25	398178.92	6463550.29	13	19	1.50
KCR023	405005	6458423	20	22	5.83
Including 1m @ 9.4					

NB: Samples have been composited by ALS laboratories. Original samples were dried, crushed, and mat mixed before a precise sample weight was composited, pulverised and analysed for gold by 25gm fire assay. However there can be significant differences between the real and assayed values of composite samples. The original 1 meter samples were submitted by Cullen Resources Limited for assay.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(650)	(1,415)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(572)	(1,069)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	36	107
1.5	Interest and other costs of finance paid	(7)	(7)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material) – R&D Refund	-	315
Net Operating Cash Flows		(1,193)	(2,069)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(137)	(174)
1.9	Proceeds from sale of: (a) prospects	-	8
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other - Security deposits	(112)	(112)
	- Deposits for application licences	(332)	(332)
Net investing cash flows		(581)	(610)
1.13	Total operating and investing cash flows (carried forward)	(1,774)	(2,679)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,774)	(2,679)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,200	1,200
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	41	41
1.17	Repayment of borrowings	(16)	(47)
1.18	Dividends paid	-	-
1.19	Other - costs of capital raising	(43)	(45)
	Net financing cash flows	1,182	1,149
	Net increase (decrease) in cash held	(592)	(1,530)
1.20	Cash at beginning of quarter/year to date	2,734	3,672
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,142	2,142

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	238
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	N/A
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	548
4.2 Development	-
4.3 Production	-
4.4 Administration	337
Total	885

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	127	734
5.2 Deposits at call	2,015	2,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,142	2,734

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	P25/2019 P25/2099	Direct Direct	100% 100%	0% 0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

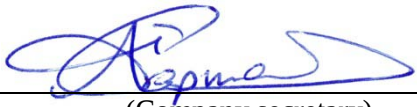
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference ⁺securities (description)	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	122,010,963	122,010,963		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,000,000	3,000,000	\$0.40	\$0.40
7.5 *Convertible debt securities (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	250,000 250,000 250,000 7,800,000 9,000,000 2,000,000 1,200,000 2,300,000 4,250,000	Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted	<i>Exercise price</i> \$0.625 \$0.75 \$1.00 \$0.35 \$0.50 \$0.273 \$0.273 \$0.40 \$0.45	<i>Expiry date</i> 16 April 2011 16 April 2011 16 April 2011 1 July 2011 1 July 2012 26 November 2012 31 December 2012 31 August 2013 30 November 2013
7.8 Issued during quarter	4,250,000	Unlisted	\$0.45	30 November 2013
7.9 Exercised during quarter				
7.10 Expired during quarter	400,000 400,000 100,000 100,000	Unlisted Unlisted Unlisted Unlisted	\$0.50 \$1.00 \$0.50 \$1.00	5 December 2010 5 December 2010 5 December 2010 5 December 2010
7.11 Debentures (totals only)	Nil			
7.12 Unsecured notes (totals only)	Nil			

Compliance statement

+ See chapter 19 for defined terms.

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 31 January 2011

Print name: Andrew Chapman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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