



MATSA RESOURCES

LIMITED

ABN 48 106 732 487

Quarterly Activities Report –30 September 2009

KEY POINTS

- Feasibility program for the Mt Henry and North Scotia gold deposits well advanced and aiming for mining commencement in first quarter 2010.
- Positive negotiations well advanced with regional mill operators for ore sales or toll milling.
- Purchase agreement for 11 Special Prospecting Licenses covering some 180 square kilometres in Central Thailand. The “KT” Project.
- The Project is considered highly prospective for gold in “Chatree” geology.
- Only 20 kilometres from Kingsgate Consolidated’s world class 5 million ounce Chatree Gold Mine.
- Second largest land holding in the Central Thailand Gold Province.
- Two Gold anomalies of 2.5 x 1.5 km identified from first pass exploration.

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Executive Director

Andy Viner

Non-Executive Director

Michael Atkins

Shares on Issue

104.54 million

Options unlisted

18.8 million @ 35c +

Top 20 shareholders

Hold 48%

Share Price on 29 October 2009

21.0 cents

Market Capitalisation

\$22.0 million

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INTRODUCTION

Matsa Resources Limited, (ASX: MAT) (the "Company" or "Matsa") is pleased to report on its exploration activities for the Quarter ended 30 September 2009.

BACKGROUND

Matsa is a gold exploration and production company based in Western Australia.

The Company's principal 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.

STRATEGY

The Company is currently focussed on the low-cost start-up development of a Small Scale Mining Operation targeting shallow and higher grade resources at Norseman. Such an operation will see the Company mining between 100,000 and 500,000 tonnes of ore during 2010-2011, and treating at or selling to regional gold treatment operators.

This initial development has the potential to deliver strong cash-flows from which the Company can further develop the Norseman project as well as other projects or acquisitions.

The Company has a deliberate strategy of seeking world-class exploration and mining opportunities in South East Asia where a number of Australian companies have been highly successful over the past decade. This strategy is beginning to show exciting potential with Matsa securing a 180 square kilometre exploration project adjacent to Kingsgate Consolidated Limited's 5 million ounce Chatree Gold Mine.

COMPANY ACTIVITIES

NORSEMAN PROJECT

As previously reported the current Mineral Resource for the Norseman Gold Project totals 26.5 million tonnes @ 1.7g/t for 1.47 million indicated and inferred ounces.

Small Scale Mining Development

A significant amount of work has been completed progressing the small scale mining operations towards commencement in the first quarter of 2010.

All field activities have now been completed and work is now progressing to mine design and lodgement of Notice of Intent to Mine with the Department of Mines and Petroleum.

Mount Henry

Final metallurgical test-work for optimal conditions is currently being finalised for all ore types.

Mine design has now been completed for a shallow open-pit development of mineralisation nodes 1, 2 and 5.

Road and site clearance permissions are currently being finalised.

North Scotia

The hydrology study and pump test-work was completed during the quarter at North Scotia, as well as the commencement of mineralogical and metallurgical test-work. Site fauna and flora surveys were completed and discussions have commenced with the DEC and DMP.

Diamond Drilling

The results of 3 diamond holes completed at North Scotia are detailed in table 1 on page 5. The holes were drilled to acquire an appropriate representative sample for metallurgical test work.

The results were largely as expected with high grade intersections of;

- **0.85m @ 9.39 g/t** (from 52.9m, 9SSD013),
- **2.15m @ 7.35g/t** (from 73.5m hole 9SSD015) including;
- 0.6m @ 24.27g/t**, and
- 1.65m @ 27.02g/t (including 0.6m @ 71.01g/t).**

Please see Table 1 for details.

These results confirm and improve the confidence in the high grade mineralisation at North Scotia.

Other Site Activities

Planned Activities

Activities during the next quarter will focus on finalising the feasibility study and completing and submitting a mining proposal for the small scale mining of the Mt Henry and North Scotia deposits at Norseman. Work will continue on negotiation with the operators of third party mills to commence mining in the first quarter of 2010.

THAILAND

In October Matsa announced that applications have been accepted by the Thailand Department of Industry & Mines for eleven (11) Special Prospecting Licences (SPLs) covering approximately 180 square kilometres located only 20 kilometres east of Kingsgate Consolidated Limited's 5 million ounce Chatree Gold Mine.

The project which the Company identifies as the KT Project (because it is in the Ban Khlong Tabaek area) is located 300 kilometres north of Bangkok in the Petchabun Province, and is

approximately 20 kilometres to the east of the Chatree Gold Mine. The project SPL's are contiguous with Kingsgate's licences and are bounded on the east by State Forest where exploration is prohibited.

Highlights of mineral exploration to date include:

1. Previous work includes 800 stream soil and rock chip samples with 34 element analyses and semi-detailed geological mapping contained in a GIS dataset.
2. The presence of coherent gold-silver and multi-element anomalies in 2 discrete areas (NW and SE).
3. Nearby diamond drilling in the state forest has intersected 6 metres @ 2.42g/t Au from 60 metres.

CORPORATE ACTIVITIES

On 24 July 2009 following the receipt of shareholder approval the Company issued 2,480,572 fully paid ordinary shares at an issue price of 10 cents each in satisfaction of loans previously advanced to the Company.

On 19 August 2009 the Company announced that it had agreed to place 4,002,236 shares at an issue price of 16.1 cents per share to raise \$612,160.

On 17 September 2009 the Company announced it raised \$1,900,000 through a placement of 9.5 million shares at an issue price of 20 cents per share to sophisticated and professional investors. The placement was facilitated by Lead Manager Patersons Securities Limited.

The funds raised from both placements will be used to advance the Company's development programs targeting the commencement of gold production within the first quarter of 2010 from the Mt Henry and North Scotia deposits within its Norseman Gold Project.

For further Information please contact:

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Andy Viner

Executive Chairman

Executive Director

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The information in this report that relates to Exploration Results, Mineral Resources or Ore 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. 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 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

Table 1

North Scotia

Hole Id	North (local grid)	East	Depth (m)	Intersection				Comments
				From	To	Metres	Grade	
9SSD013	3181.12	4225.2	52.9	30.4	31.25	0.85	9.39	
9SSD014	3271.77	4180.14	101.1	80.6	81.1	0.5	2.97	
9SSD015	3198.93	4184.86	136.4	13.45	14	0.55	3.12	
				31.15	32	0.85	1.75	
				35.7	38	2.30	1.64	
				63	64	1.0	2.84	
				73.5	75.65	2.15	7.35	Includes 0.6m @ 24.27g/t
				79.35	81	1.65	27.02	Includes 0.6m @ 71.01g/t

- These tables include all significant assays greater than 1.00g/t.
- Assays were carried out on ¼ PQ, ½ HQ diamond core or RC percussion samples using appropriate sampling protocol in each case.
- All assays were completed using either 30gm or 50 gm fire assay with screen fire assay on the higher grade samples.

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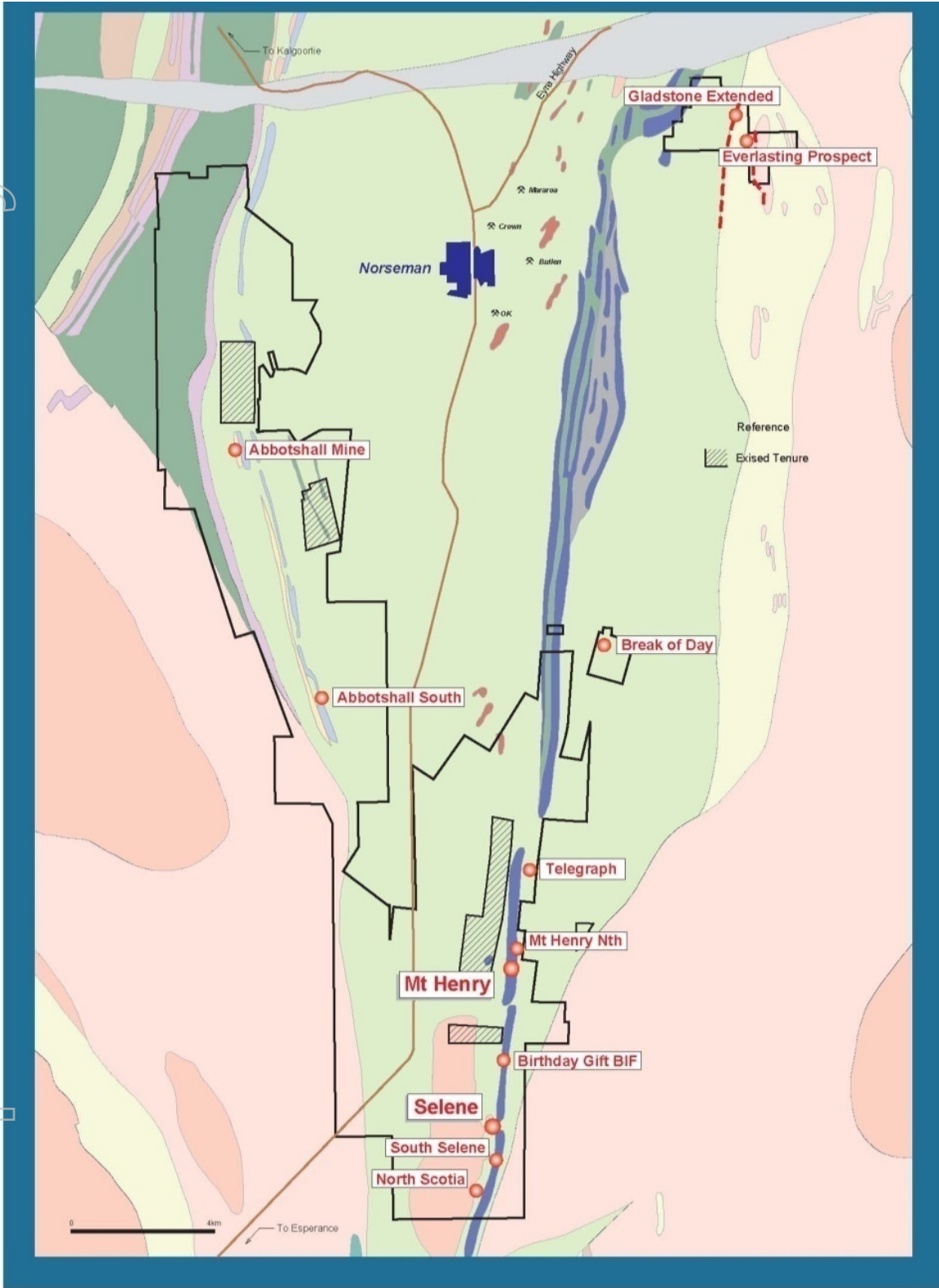


Figure 1 Norseman Project outline and prospect locations

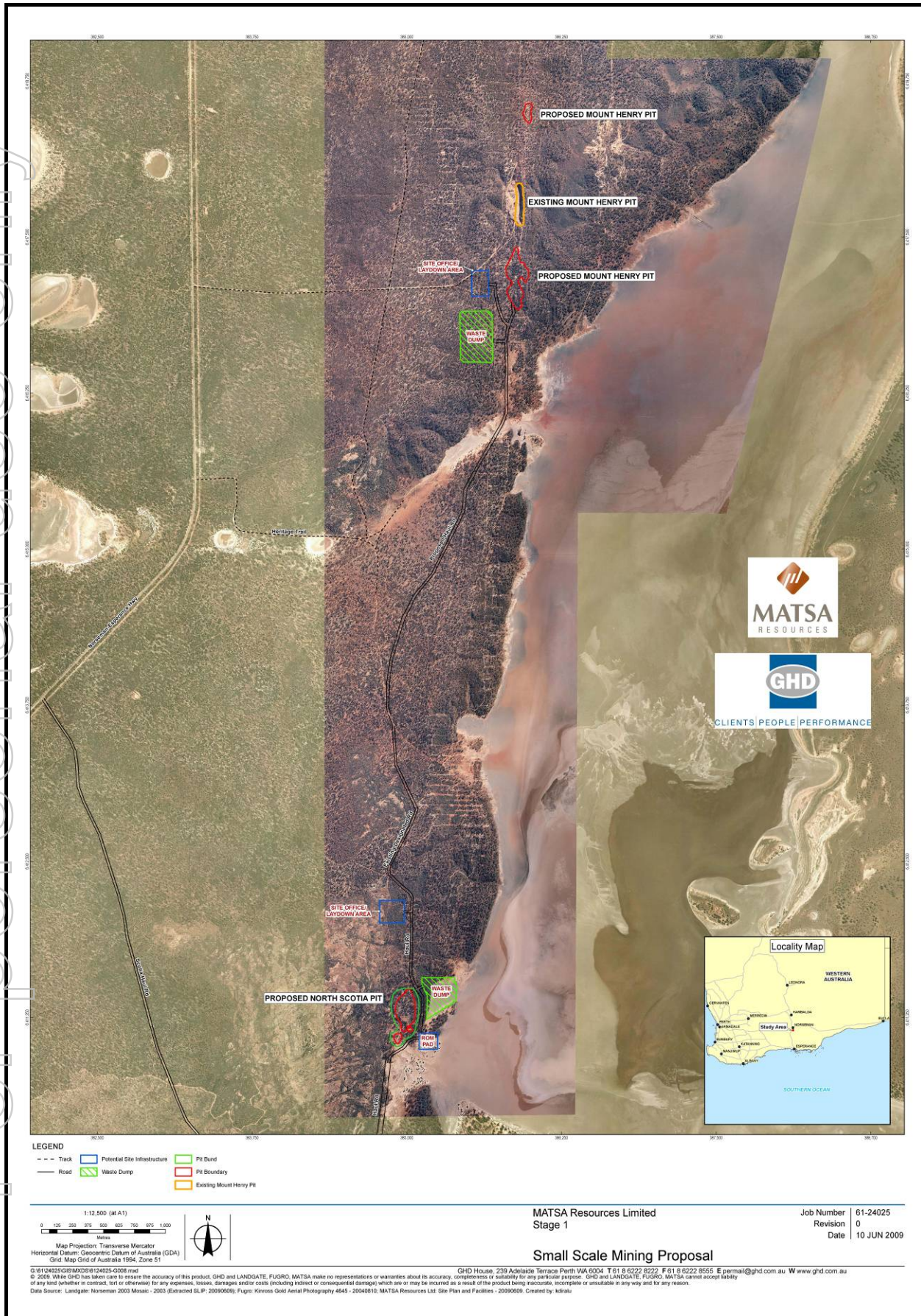


Figure 2 Small Scale Mining Proposal Layout



Figure 3 Thailand Location – KT Project

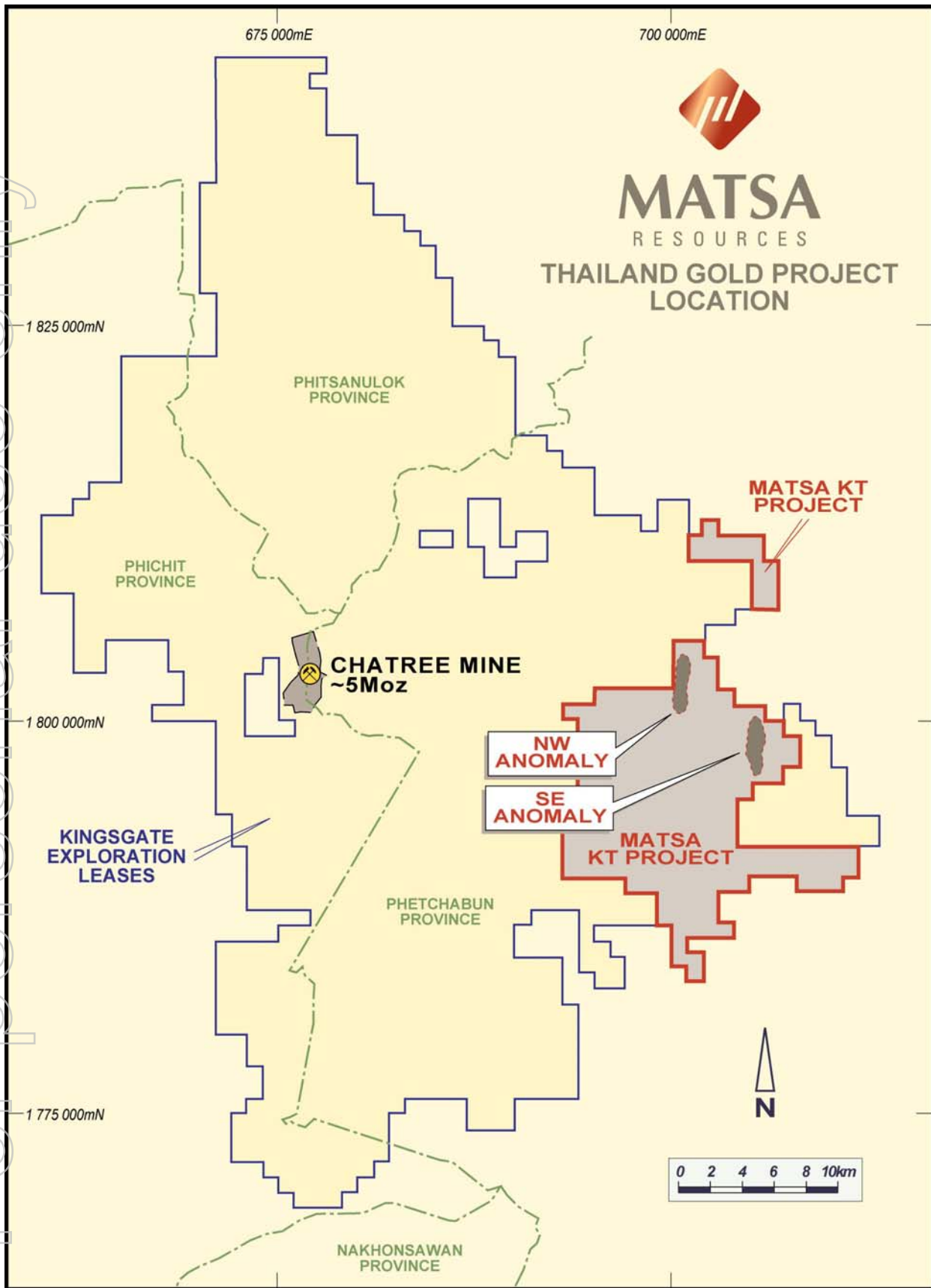


Figure 4 Thailand – KT Project location adjacent to Kingsgate mineral licences

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

MATSA RESOURCES LIMITED

ABN

48 106 732 487

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(1,099)	(1,099)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(296)	(296)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	12	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(1,383)	(1,383)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	(23)	(23)
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – deposits for guarantees	(52)	(52)
Net investing cash flows		(75)	(75)
1.13	Total operating and investing cash flows (carried forward)	(1,458)	(1,458)

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Appendix 5B – Matsa Resources Limited
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,458)	(1,458)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,480	2,480
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(33)	(33)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – Cost of capital raising	(93)	(93)
	Net financing cash flows	2,354	2,354
	Net increase (decrease) in cash held	896	896
1.20	Cash at beginning of quarter/year to date	859	859
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,755	1,755

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	147
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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

On 23 July 2009 shareholders approved the issue of 2,480,572 ordinary fully paid shares at an issue price of \$0.10 each to Paul Poli, Andrew Viner and RASL AU LLC in satisfaction of monies owed to them totalling \$248,057.

On 28 August 2009 200,000 ordinary fully paid shares were issued in lieu of payment for consultancy services provided to the Company.

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

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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	nil	nil
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	100
Total	600

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	1,755	809
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – fixed term deposit	-	50
Total: cash at end of quarter (item 1.22)	1,755	859

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	P24/2571	Direct	100%	0%
	P24/3108	Direct	100%	0%
	P24/3389	Direct	100%	0%
	P24/3395	Direct	100%	0%
	P16/2187	Direct	100%	0%
6.2 Interests in mining tenements acquired or increased	M24/485	Direct	0%	100%
	M24/503	Direct	0%	100%
	M24/641	Direct	0%	100%
	P25/2019	Direct	0%	100%
	P63/1675	Direct	0%	100%

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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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	104,543,951	95,686,351		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,487,070 4,002,236 9,500,000	2,487,070 4,002,236 9,500,000	10 cents 16.1 cents 20 cents	10 cents 16.1 cents 20 cents
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	400,000 400,000 260,000 260,000 250,000 250,000 250,000 7,800,000 9,000,000	- - - - - - - - -	<i>Exercise price</i> \$0.50 \$1.00 \$0.50 \$1.00 \$0.625 \$0.75 \$1.00 \$0.35 \$0.50	<i>Expiry date</i> 5 December 2010 5 December 2010 5 December 2010 5 December 2010 16 April 2011 16 April 2011 16 April 2011 1 July 2011 1 July 2012
7.8 Issued during quarter				
7.9 Exercised during quarter				


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7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 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 ~~not~~* *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  Date: 30 October 2009
 (Director/Company secretary)

Print name: Andrew Chapman (Company Secretary)

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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