



MATSA

RESOURCES

ABN 48 106 732 487

ASX Announcement

17 March 2011

POSITIVE DUNDAS IRON ORE DRILLING RESULTS

HIGHLIGHTS:

- Results include excellent iron in concentrate grades of up to 69.8% Fe at a grind size of 32 microns.
- Highest grade Intercepts include the following DTR results:
 - 10DURC002 56m @ 31.78% DTR, 67.81% Fe and 4.95% SiO₂ (From 40 m)
 - 10DURC007 31m @ 29.33% DTR, 68.78% Fe and 3.66% SiO₂ (From 46 m)
 - 10DURC006 26m @ 37.04% DTR, 66.49% Fe and 7.37% SiO₂ (From 53 m)
 - 10DURC007 20m @ 30.67% DTR, 68.32% Fe and 4.12% SiO₂ (From 126 m)
 - 10DURC006 19m @ 36.20% DTR, 69.79% Fe and 3.24% SiO₂ (From 53 m)
 - 10DURC003 15m @ 41.41% DTR, 67.23% Fe and 6.02% SiO₂ (From 35 m)
 - 10DURC005 15m @ 34.97% DTR, 68.18% Fe and 4.40% SiO₂ (From 45 m) hole stopped in Magnetite zone
 - 10DURC022 59m @ 37.66% DTR, 65.30% Fe and 7.57% SiO₂ (From 49 m) hole stopped in Magnetite zone
 - 10DURC011 11m @ 33.42% DTR, 68.01% Fe and 4.89% SiO₂ (From 41 m)
- Impurities such as Alumina and Phosphorous are at very low levels while sulphur is at acceptable levels.
- DTR results have confirmed that highest iron grades in concentrate grades are focused in the Central and Eastern BIF units.
- The Company believes that a significant Exploration Target*1 of beneficiable magnetite BIF exists.
- All zones remain open at depth.

Matsa Resources Limited (ASX:MAT, "Matsa" or the "Company") is pleased to advise that it has received very encouraging results from recently completed Davis Tube Recovery (DTR) test work on the shallow Reverse Circulation (RC) and Diamond Drill samples from Matsa's Dundas Magnetite Project. All zones remain open at depth.

Preliminary interpretation reveals that there exists the potential for an economically viable project. Davis Tube Recoveries up to 49% with concentrate grade of up to 70.7% Fe were achieved and drilling has provided a clear focus for further work in the Central and Eastern BIF units. As only one drill hole was completed to the base of the most prospective Eastern BIF the remainder of the Eastern BIF along strike remains an attractive target for further drilling.

The Dundas drilling programme comprised 22 drill holes for 1,901m of RC and 197.5m of HQ3 Diamond drilling. The programme was carried out between 26th October and 16th December 2010.

There are broadly three Banded Iron Formation (BIF) Units at Dundas which can be seen in Figure 2 to be oriented north – south and dipping moderately to steeply towards the west.

From an interpretation of detailed aeromagnetic data it is apparent that the Central and Eastern BIF bands have a higher magnetite content than the Western band. Consequently drilling to test magnetite mineralisation was concentrated in the Central and Eastern BIF units.

Drill hole locations are presented in Figure 2 and Appendix 2. A summary of DTR results is presented in Appendix 1.

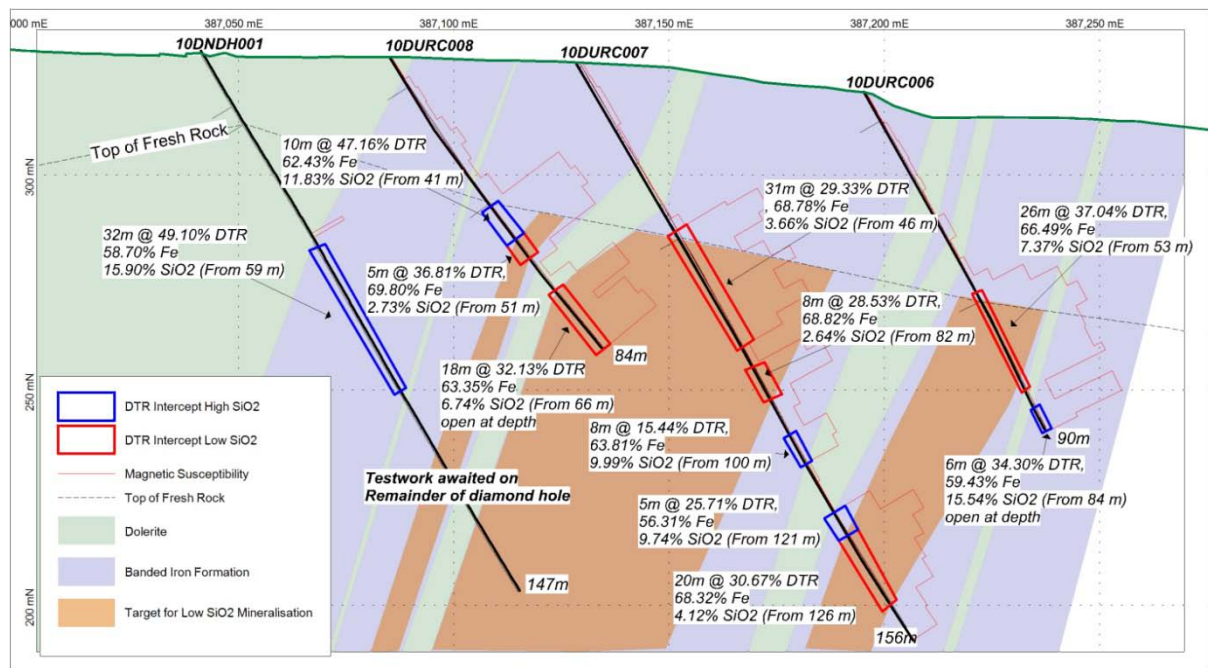


Figure 1: Dundas Summary Drill Section 6424550N

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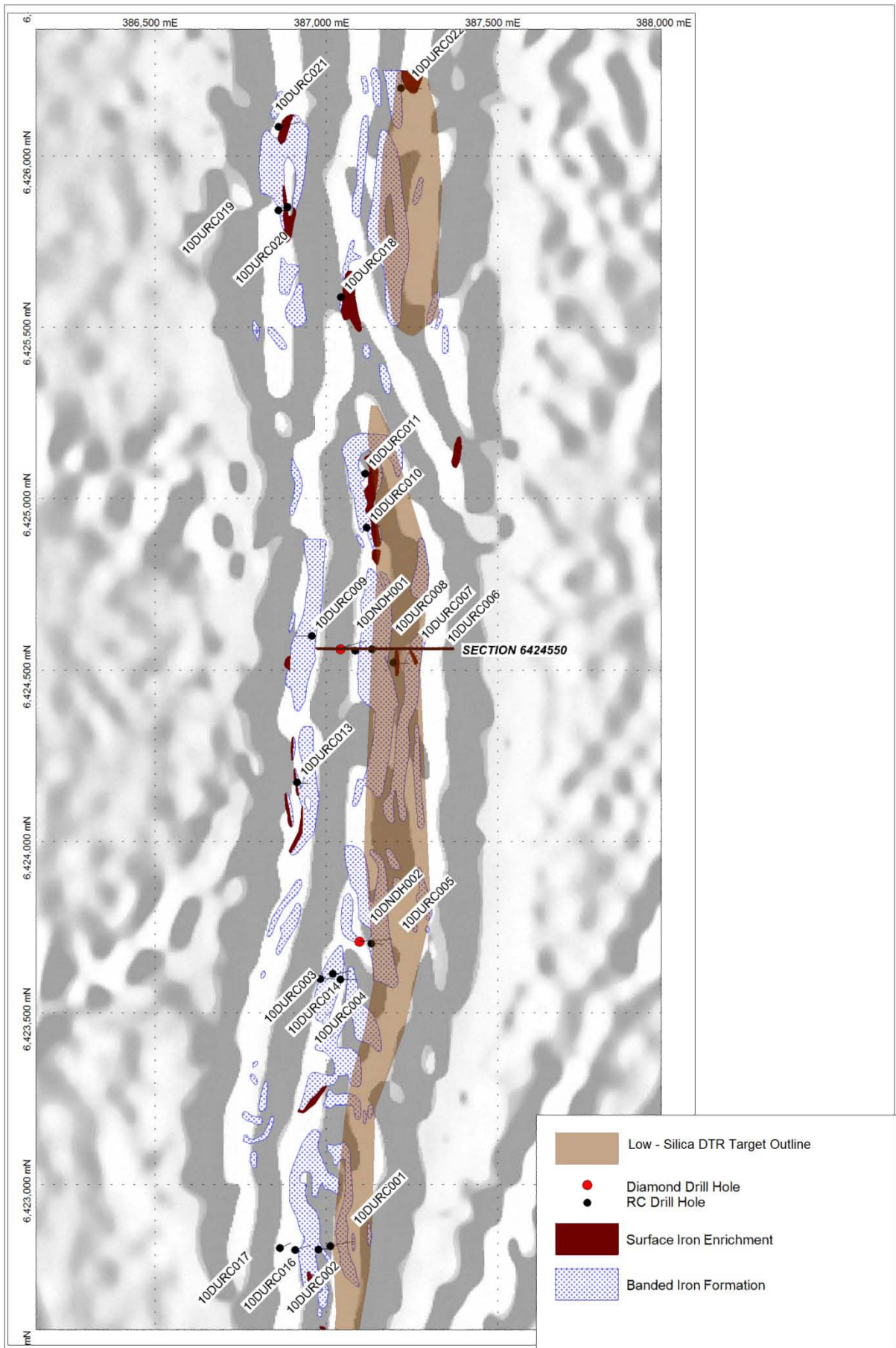


Figure 2: Dundas drill holes and Summary Geology on Aeromagnetic Image

Davis Tube Test work on RC Drill Samples

This test work was carried out in order to establish where the best magnetite recoveries and grade can be achieved at Dundas and to use this information to redefine Matsa's Exploration Target*¹ on the project.

A total of 155 composite samples were submitted for DTR test work. These include all samples with an estimated magnetite content >15% based on magnetic susceptibility values.

Stage pulverizing was carried out to achieve a P₈₀ of 32 microns and provide a basis for comparison across the project.

Results are presented in Appendix 1 and a representative cross section is presented in Figure 1.

Minimum iron(Fe%) in DTR concentrate, Maximum DTR, maximum iron(Fe%) in DTR concentrate and weighted average and associated assay values are presented in Table 1.

	Davis Tube	Associated grade in that DTR Concentrate				
	Recovery weight%	Fe %	SiO ₂ %	Al ₂ O ₃ %	P%	S%
Min DTR %Fe grade	14.96	49.33	22.10	0.07	0.14	2.49
Max DTR%	54.51	61.41	13.60	0.06	0.02	0.03
Max DTR %Fe grade	38.20	70.79	1.69	0.02	0.00	0.02
Weighted average of the listed intercepts	34.80	67.20	5.72	0.31	0.01	0.13

Table 1. Values for RC DTR Concentrates

Results from this work suggest that the Dundas BIF units include significant zones where excellent DTR recoveries and concentrate grades exist.

Figure 1 and Figure 2 show the location of high grade concentrate intercepts which are located in the Eastern part of the project area within the Eastern and Central BIF bands. This provides a clear target for further drilling.

Further work

Matsa will refine the Exploration Target*¹ at Dundas based on these results with further drilling planned as soon as practical.

It is noteworthy that there are variations between the BIF units where DTR on intercepts with very similar magnetite contents produces markedly different concentrate grades particularly iron and silica using the same grinding protocol. Matsa is currently engaged in detailed studies to characterise the geological differences between these units.

Splitting and sampling of remaining diamond core in 10DNDH001 and 10DNDH002 is underway with samples currently being prepared for assay and DTR test work.

Planning has commenced on a follow up drilling programme designed to determine an Inferred Resource at Dundas.

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Competent Persons Statement

Exploration Target *¹

Under Clause 18 of the JORC Code the exploration targets outlined in this report are 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 mineralisation and who have conducted field mapping and limited sampling, including the drilling contained in this announcement, of the mineralisation and completed aeromagnetic interpretation of the units hosting the mineralisation.

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 David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources. 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 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.

Appendix 1: DTR Results on RC Drill Samples

Hole	From (m)	To (m)	Intercept (m)	DTR %	Fe %	SiO2 %	Al2O3 %	P %	S %	Remark
10DNDH001	59	91	32	49.10	58.70	15.90	0.40	0.048	0.04	
10DURC001	61	90	29	28.02	55.60	18.60	0.61	0.019	0.16	open at depth
10DURC002	40	96	56	31.78	67.81	4.95	0.35	0.005	0.03	
10DURC003	35	50	15	41.41	67.23	6.02	0.11	0.014	0.03	
10DURC003	35	69	34	35.82	63.03	10.31	0.63	0.026	0.09	
10DURC003	50	69	19	31.41	59.71	13.69	1.04	0.035	0.14	
10DURC004	40	49	9	31.09	57.88	16.51	0.49	0.024	0.02	
10DURC004	67	71	4	34.39	57.03	17.85	0.10	0.017	0.39	
10DURC004	75	79	4	28.65	62.80	11.80	0.11	0.012	0.04	
10DURC005	20	40	20	28.64	63.92	9.48	0.31	0.026	0.03	
10DURC005	45	60	15	34.97	68.18	4.40	0.14	0.007	0.14	open at depth
10DURC006	53	79	26	37.04	66.49	7.37	0.11	0.006	0.02	
10DURC006	53	72	19	36.20	69.79	3.24	0.03	0.001	0.02	
10DURC006	72	79	7	39.31	57.52	18.59	0.32	0.018	0.04	
10DURC006	84	90	6	34.30	59.43	15.54	0.69	0.017	0.18	open at depth
10DURC007	46	77	31	29.33	68.78	3.66	0.05	0.003	0.54	
10DURC007	82	90	8	28.53	68.82	2.64	0.08	-0.001	0.54	
10DURC007	100	108	8	15.44	63.81	9.99	-0.01	-0.001	0.45	
10DURC007	121	126	5	25.71	56.31	9.74	0.18	0.010	3.90	
10DURC007	126	146	20	30.67	68.32	4.12	0.32	0.011	0.10	
10DURC008	41	51	10	47.16	62.43	11.83	0.08	0.015	0.00	
10DURC008	51	56	5	36.81	69.80	2.73	0.04	0.004	0.00	
10DURC008	66	84	18	32.13	63.35	6.74	0.11	0.012	1.68	open at depth
10DURC009	50	89	39	30.26	61.89	11.19	0.20	0.040	0.33	
10DURC010	54	65	11	31.02	69.16	3.75	0.02	0.001	0.05	
10DURC010	70	75	5	18.83	61.73	9.60	0.11	0.011	1.03	
10DURC011	41	52	11	33.42	68.01	4.89	0.03	0.007	0.07	
10DURC011	41	61	20	28.86	65.32	7.46	0.03	0.009	0.29	
10DURC011	52	61	9	23.28	62.04	10.61	0.04	0.012	0.56	
10DURC011	71	79	8	31.61	55.08	16.80	0.09	0.012	1.71	
10DURC013	40	50	10	42.14	60.88	14.09	0.28	0.052	0.03	
10DURC014	31	47	16	34.74	60.01	14.47	0.40	0.027	0.01	
10DURC014	82	85	3	37.18	61.79	12.20	0.38	0.028	0.02	
10DURC016	47	52	5	33.15	55.72	18.90	0.05	0.016	0.33	
10DURC016	54	66	12	35.11	55.98	17.65	0.14	0.018	0.76	
10DURC017	40	60	20	23.31	63.48	10.06	0.34	0.030	0.08	open at depth
10DURC021	50	80	30	35.36	65.12	8.37	0.19	0.021	0.05	
10DURC021	88	107	19	32.25	59.49	14.72	0.58	0.050	0.07	open at depth
10DURC022	49	108	59	37.66	65.30	7.57	0.66	0.012	0.07	open at depth

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Appendix 2 Drill hole collar locations

Hole_ID	Hole_Type	Depth	Zone	East	North	RL
10DNDH001	RC/DD	147	MGA94_51	387041	6424561	322
10DNDH002	RC/DD	161	MGA94_51	387097	6423708	309
10DURC001	RC	90	MGA94_51	386977	6422810	290
10DURC002	RC	150	MGA94_51	387012	6422820	293
10DURC003	RC	80	MGA94_51	386983	6423599	299
10DURC004	RC	84	MGA94_51	387041	6423598	304
10DURC005	RC	60	MGA94_51	387132	6423702	302
10DURC006	RC	90	MGA94_51	387196	6424522	314
10DURC007	RC	156	MGA94_51	387133	6424561	322
10DURC008	RC	84	MGA94_51	387085	6424557	322
10DURC009	RC	96	MGA94_51	386958	6424600	328
10DURC010	RC	78	MGA94_51	387118	6424916	305
10DURC011	RC	84	MGA94_51	387114	6425073	304
10DURC013	RC	60	MGA94_51	386914	6424173	311
10DURC014	RC	96	MGA94_51	387019	6423614	304
10DURC016	RC	90	MGA94_51	386909	6422809	278
10DURC017	RC	60	MGA94_51	386865	6422815	271
10DURC018	RC	60	MGA94_51	387043	6425588	290
10DURC019	RC	54	MGA94_51	386861	6425841	289
10DURC020	RC	36	MGA94_51	386887	6425851	304
10DURC021	RC	108	MGA94_51	386860	6426085	320
10DURC022	RC	108	MGA94_51	387218	6426197	296