



# MATSA

R E S O U R C E S

ABN 48 106 732 487

**ASX Announcement**

**21 April 2011**

## **KILLALOE PROJECT FARM-IN AGREEMENT FINALISED**

Matsa Resources Limited (ASX:MAT, "Matsa" or the "Company") is pleased to advise that the agreement with Cullen Resources Limited ("Cullen") to farm-in to Cullen's Killaloe Project near Norseman, WA is now unconditional and in accordance with the agreement will issue Cullen with \$100,000 worth of Matsa shares.

On 15 December 2010 Matsa announced that it had reached a conditional agreement with Cullen to earn a 70% interest in the Killaloe Project. Each of the conditions has now been met.

The key terms of the farm-in agreement are:

1. Matsa to issue shares to the value of \$100,000 at 5 day VWAP to Cullen within 5 business days of satisfaction of the conditions precedent;
2. Matsa to sole-fund \$500,000 of exploration costs within 3 years of satisfaction of the conditions precedent ("Farm-in Period"), and to maintain the tenements in good standing throughout the term;
3. Matsa, after incurring a minimum of \$100,000 of exploration costs, may elect to withdraw from the agreement within the Farm-in Period without further cost;
4. Following Matsa earning its 70% interest an unincorporated joint venture will be formed with Cullen who may, within 30 business days, elect to convert its 30% interest to a 20% interest free carried until the making of a decision to mine; and
5. Cullen may, within 30 business days of a decision to mine, elect to convert its then joint venture interest into a 2% net smelter return royalty payable on all minerals (any payments in relation to the net profits interest royalty will be an allowable deduction from the obligations of this royalty).

Accordingly Matsa is to issue 342,252 ordinary shares at an issue price of \$0.2939 each based on the 5 day VWAP subsequent to the satisfaction of the conditions. An appendix 3B to that effect is attached.

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.

### **KILLALOE PROJECT:**

The Killaloe Project is a highly prospective, but only partially explored terrain located near the town of Norseman in WA. The Killaloe Project covers around 20 strike kilometres of prospective terrain and includes the Duke, Killaloe, Cashel, Baseline and Peninsular gold prospects, all of which are highly

prospective for structurally controlled gold deposits. At Cashel, a sub-cropping narrow quartz vein with bonanza-grade native gold was discovered by costean. At the Duke Prospect, previous drilling returned 4m @ 5.6g/t Au from 8m depth and several other >1g/t Au intercepts.

The Killaloe Project is a significant area of prospective land which totals 141km<sup>2</sup> and is located between 17 and 32km north east of Norseman and only 30km from Matsa's Norseman Gold Project. (See Figure 1).

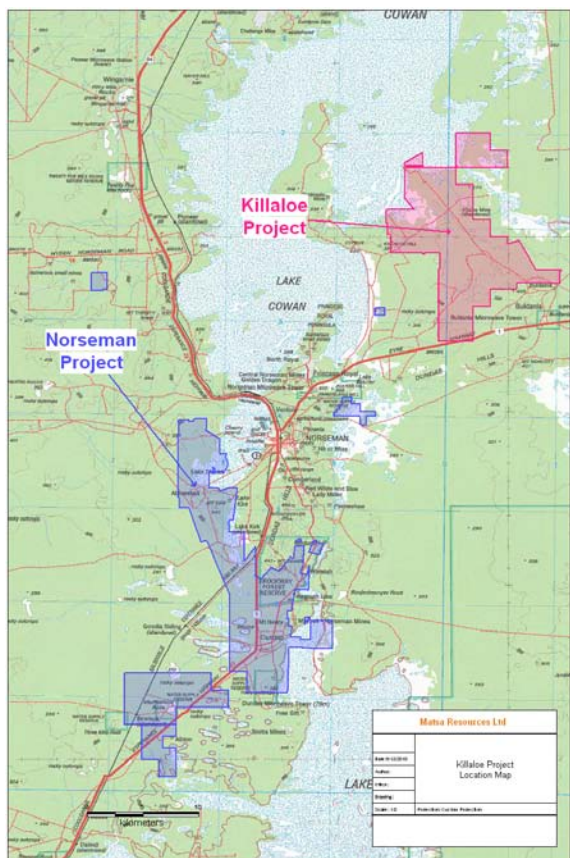


Figure 1 Location Map

### Exploration Results

There is a number of exciting exploration targets within the Killaloe Project including:

#### *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 1.

The Duke prospect is a 300<sup>0</sup> trending zone of anomalism measuring 350m x 45m. It has been closed off towards the north and south by ineffective shallow drilling which is unlikely to have reached the supergene zone. Figure 3 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 2,500m long to the north west and

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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 and the prospect is not adequately tested.

**Cashel**

Soil anomaly with results up to 3,000ppb were followed up with 40 x 20 metres spaced RAB drilling (Figure 4). The best results include:

- 2m @ 5.83g/t KCRO23 from 20 metres

See table 1.

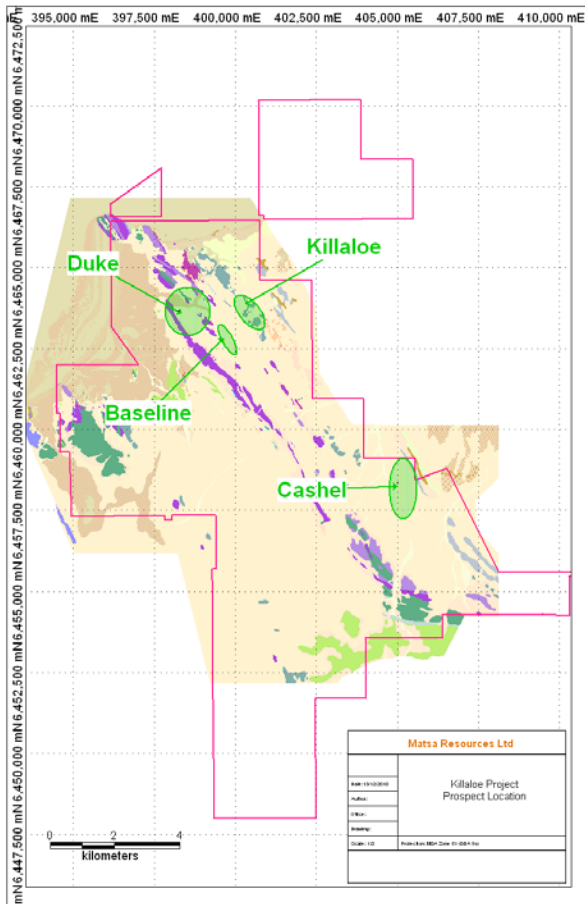


Figure 2 Prospect Location

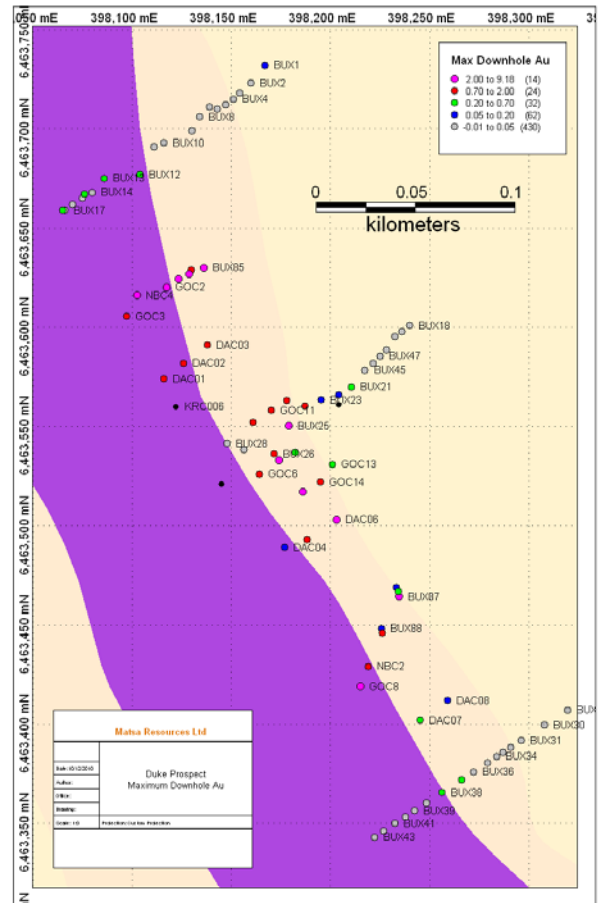


Figure 3 Duke Prospect



Figure 4 Cashel Prospect

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### **Competent Persons Statement**

*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.*

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		

Table 1 Historic assays

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

**MATSA RESOURCES LIMITED**

ABN

48 106 732 487

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | Ordinary fully paid shares  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 340,252   |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary fully paid shares ranking equally with existing ordinary fully paid shares |

+ See chapter 19 for defined terms.

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>	
<p>5 Issue price or consideration</p>	<p>29.39 cents per share (5 day VWAP)</p>	
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of shares to farm-in to Killaloe Project</p>	
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>21 April 2011</p>	
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<p>Number</p>	<p><sup>+</sup>Class</p>
	<p>122,351,215</p>	<p>Fully Paid Ordinary Shares</p>

	Number	+Class
9	7,800,000	Unlisted Options exercisable at \$0.35 each expiring 1 July 2011
	9,000,000	Unlisted Options exercisable at \$0.50 each expiring 1 July 2012
	2,000,000	Unlisted Options exercisable at \$0.273 each expiring 26 November 2012
	1,200,000	Unlisted ESOP Options exercisable at \$0.273 each expiring 31 December 2012
	2,300,000	Unlisted ESOP Options exercisable at \$0.40 each expiring 31 August 2013
	4,250,000	Unlisted Options exercisable at \$0.45 each expiring 30 November 2013
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	No dividend policy has been established.	

## Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	
15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	

+ See chapter 19 for defined terms.

- 17 Policy for deciding entitlements in relation to fractions
  
- 18 Names of countries in which the entity has <sup>+</sup>security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
  
- 19 Closing date for receipt of acceptances or renunciations
  
- 20 Names of any underwriters
  
- 21 Amount of any underwriting fee or commission
  
- 22 Names of any brokers to the issue
  
- 23 Fee or commission payable to the broker to the issue
  
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of <sup>+</sup>security holders
  
- 25 If the issue is contingent on <sup>+</sup>security holders' approval, the date of the meeting
  
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
  
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
  
- 28 Date rights trading will begin (if applicable)
  
- 29 Date rights trading will end (if applicable)



30 How do +security holders sell their entitlements *in full* through a broker?

31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

- 1 - 1,000
- 1,001 - 5,000
- 5,001 - 10,000
- 10,001 - 100,000
- 100,001 and over

37  A copy of any trust deed for the additional +securities

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+ See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

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**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: ..... Date: 21 April 2011

(~~Director~~/Company secretary)

Print name: Andrew Chapman

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+ See chapter 19 for defined terms.



# MATSA

R E S O U R C E S

ABN 48 106 732 487

**ASX Announcement**

**21 April 2011**

Company Announcements Office  
Australian Securities Exchange Limited ('ASX')

**MATSA RESOURCES LIMITED (ASX Code: MAT)**

## **SECONDARY TRADING NOTICE PURSUANT TO SECTION 708A (5) (e) OF THE CORPORATIONS ACT 2001**

Matsa Resources Ltd ('Company') gives this notice pursuant to section 708A (5) (e) of the Corporations Act 2001 (Cth) ('Act').

The Company has issued 340,252 fully paid ordinary shares.

The Company advises that the Shares were issued without disclosure to investors under Part 6D.2 of the Act. The Company, as at the date of this notice has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) Section 674 of the Act.

As at the date of this notice there is no information that is excluded information for the purposes of sections 708A (7) and (8) of the Act.

Yours sincerely

**Andrew Chapman**  
**Company Secretary**