



**MATSA**  
RESOURCES  
LIMITED  
ABN 48 106 732 487

**ASX Announcement**

**4 July 2011**

**Significant Developments in Norseman Gold Project**

**HIGHLIGHTS**

- **Terms sheet signed with Shandong Gold Mineral Resources Group Co. Ltd**
- **Letter of Intent to enter into an agreement received from China Nerin Engineering Co. Ltd**
- **Chinese companies to commence site and project due diligence**

**INTRODUCTION**

Matsa Resources (ASX: MAT) ("Matsa" or the "Company") is pleased to announce that it has progressed towards the development of its 1.47 million ounce Norseman Gold Project with site visits and due diligence planned to commence as soon as possible by two separate Chinese investors whilst the final terms of a binding agreement are negotiated.

Matsa has signed a non binding terms sheet with Shandong Gold Mineral Resources Group Co. Ltd ("Shandong Gold") and also has received a separate letter of intent to enter into a binding agreement from China Nerin Engineering Co. Limited ("China Nerin").

**CORPORATE SUMMARY**

**Executive Chairman**

Paul Poli

**Director**

Frank Sibbel

**Director & Company Secretary**

Andrew Chapman

**Shares on Issue**

122 million

**Unlisted Options**

18.75 million @ 27.3c +

**Top 20 shareholders**

Hold 58%

**Share Price on 29 June 2011**

20 cents

**Market Capitalisation**

\$24.4 million

Matsa is confident that negotiations with either of these parties could lead to a binding agreement and enable Matsa to develop its Norseman Gold Project. This in turn could provide real value for Matsa shareholders.

The Company has rigorously evaluated a number of international investor proposals to make sure it achieved the best value proposition for shareholders.

"There has been significant interest among numerous Chinese investors in our Norseman Gold Project for some time and our over-riding priority has always been to ensure we get the best deal for our loyal shareholders for the long term" Executive Chairman Paul Poli said.

"Given the level of interest in Matsa and both our projects in Norseman we could have already completed a deal with other Chinese investors, but those terms were less favourable than the current discussions. That's why we have decided to patiently continue negotiations with these prestigious Chinese companies so we can negotiate a deal that allows for the development of the Norseman Gold Project and is beneficial to all shareholders.

The above non-binding agreements are the result of discussions over the last 12 months with a number of companies interested in developing the Norseman Gold Project.

The key features of the Terms Sheet and Letter of Intent include:

- Acquiring a significant interest in the Norseman Gold Project held by ASPMI Pty Ltd (a wholly-owned Matsa subsidiary);
- The securing of a finance facility of approximately \$103M which is the preliminary estimate to establish the plant and mine;
- Participating pro rata in the Definitive Feasibility Study;

- Establishing a Joint Venture entity with Matsa to look for further resource opportunities throughout Australia;
- Securing off take agreements for the magnetite by-product produced by the Norseman Gold Project.

"I am pleased to report that following many months of comprehensive negotiations we are starting to narrow the field down to a number of potential investors.

The focus of these discussions and negotiations will centre on entering into a formal binding agreement with one company as soon as possible. Both have the potential to position Matsa as one of Australia's fastest emerging diversified resource companies with a clear path to production across its range of projects."

Mr Poli said "Matsa's major objective over many months of detailed discussions has always been to balance shareholder value with getting the Company's gold to market.

I have been very encouraged to see so many Chinese investors who are intrigued by the Matsa story and are interested to become involved," he said.

"It seems we could be in the final stages of discussions with the company we will partner with, although it is important to note we are dealing with very large and progressive Chinese entities that have a highly structured process which they need to follow before committing to a project. While Matsa can work expediently I ask our shareholders to remember that these potential investors will work at their own pace and we can't rush this process. Our previous experiences with past potential investors have taught us the art of patience.

Our overriding priority has always been to ensure that Matsa maximises shareholder returns and continues to develop Norseman as

a long term, highly lucrative project that will put us on the map."

While the Company believes this is a positive step forward it must be emphasised that there is no certainty that an agreement will be reached and the Company will continue discussions with further potential investors until a formal agreement has been reached.

The Company will continue to keep the market informed as and when required.

## **BACKGROUND**

### **About Matsa:**

Matsa is an ASX listed exploration and development company based in Western Australia. The Corporate office is located in Perth with offices in Kalgoorlie and Bangkok, Thailand.

The Company aims to increase shareholder wealth through the discovery and development of mineral properties within Australia and South East Asia.

It is committed to the development of its Norseman Gold Project (Resource Statement is shown in Table 1 below) and associated magnetite by-product to generate cash flow for shareholder benefit.

### **About Shandong Gold:**

Shandong Gold Group was founded in 2000 and is one of China's top 500 listed enterprises. It is a state-owned enterprise principally engaged in

the exploration, mining and smelting of gold and is viewed to be one of the largest gold producers in China.

Shandong is also involved in the purification, processing, production and distribution of precious metals, non-ferrous metal products, as well as the manufacture and distribution of gold mining equipment, materials and construction materials. The company's major products are gold.

### **About China Nerin:**

China Nerin Engineering Co. Ltd (Nerin) was founded in 1983 and listed on the China Shenzhen Stock Exchange and is an international company that operates in many countries. China Nerin's business covers the whole process of non-ferrous metal projects from mining, ore dressing, smelting to metal processing. Its total assets reached 3.332 billion RMB in 2006.

Nerin is well established throughout China with branches in many cities such as Shenzhen, Ningbo, Xiamen, Hainan, Shanghai, Hangzhou and Chongqing.

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***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.*

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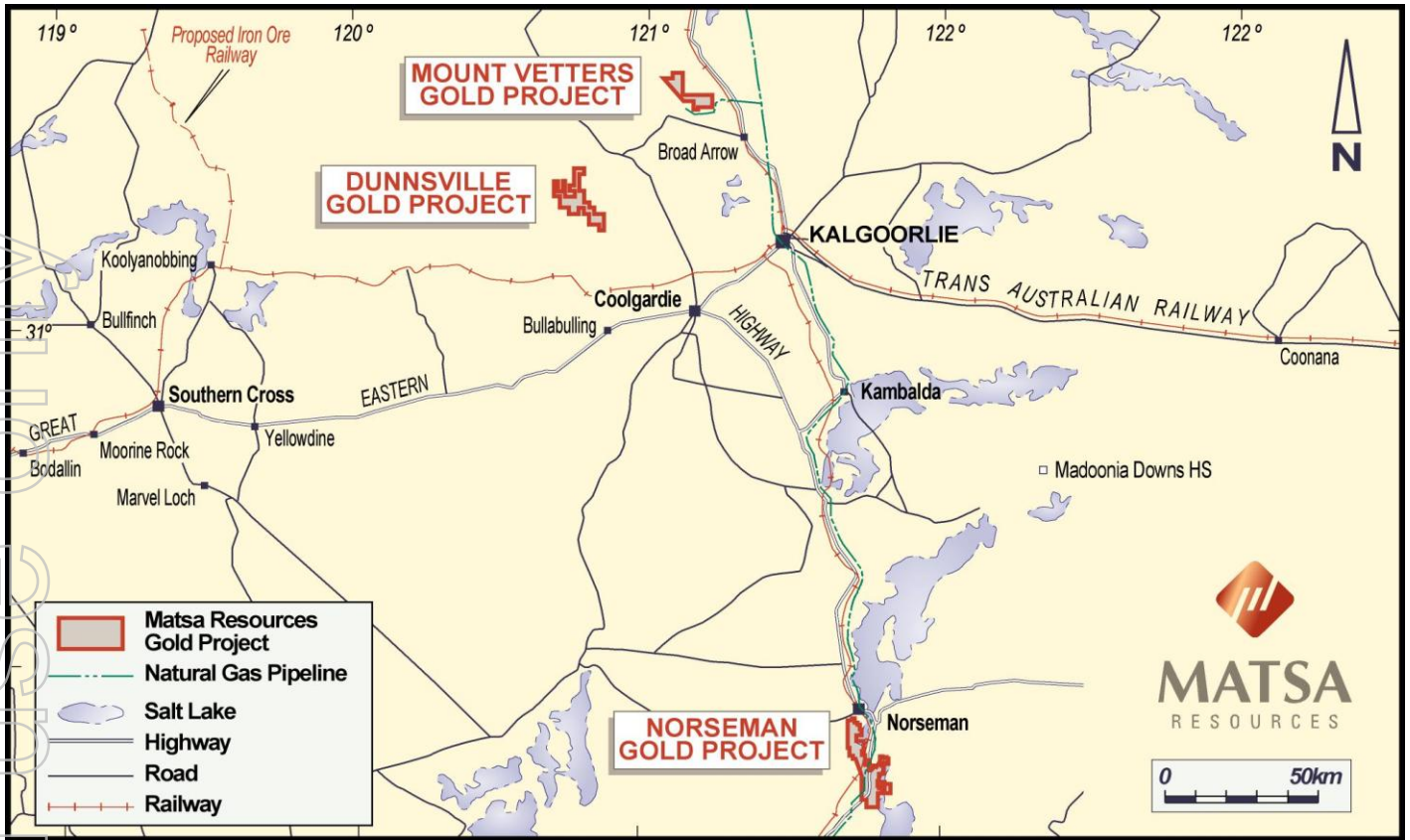


Figure 1 - Australian project locations

Norseman Gold Project Resources			
(>1g/t Au)			
	Tonnes (Million)	Grade (g/t)	Ounces
<b>Indicated</b>			
Mt Henry	5.6	1.9	350,000
Selene	11.8	1.6	600,000
North Scotia	0.2	5.2	36,000
<b>Total</b>	<b>17.6</b>	<b>1.8</b>	<b>990,000</b>
<b>Inferred</b>			
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
<b>Total</b>	<b>8.9</b>	<b>1.7</b>	<b>480,000</b>
<b>Grand Total</b>	<b>26.5</b>	<b>1.7</b>	<b>1,470,000</b>

Table 1 - Norseman Gold Project Resources

- 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.