



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

ASX Announcement

8 July 2011

**Third Chinese Investor to Commence Due Diligence over  
Norseman Gold Project**

**HIGHLIGHTS**

- Letter of intent to enter into agreement received from Shanghai Zendai Investment Development Co. Ltd.
- Field of potential Chinese investors widens to three
- Expressions of interest from other potential investors

**INTRODUCTION**

Matsa Resources (ASX:MAT) ("Matsa" or the "Company") is pleased to announce it is continuing progress towards developing its 1.47 million ounce Norseman Gold Project with a site visit and due diligence to commence shortly by a third Chinese investor interested in partnering with Matsa.

Matsa has received a letter of intent to enter into a binding agreement from Shanghai Zendai Investment Development Co. Ltd ("Shanghai Zendai").

This follows an announcement earlier this week ["Significant Developments in Norseman Gold Project"](#) that Matsa has signed a non-binding terms sheet with Shandong Gold Mineral Resources Group Co. Ltd ("Shandong Gold") and has also received a separate letter of intent to enter into a binding

**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 7 July 2011

23 cents

Market Capitalisation

\$28.14 million

agreement with China Nerin Engineering Co. Limited ("China Nerin").

Matsa is confident negotiations with either Shanghai Zendai, Shandong Gold or China Nerin could lead to a binding agreement to develop its Norseman Gold Project on terms highly favourable to Matsa shareholders.

Matsa remains in talks with other potential investors, and has rigorously evaluated a number of international investor proposals to make sure it achieves the best value proposition for shareholders.

"As always our primary objective is to make sure we get the best deal for our loyal shareholders," Executive Chairman Paul Poli said.

"All three parties are highly prestigious Chinese companies who have the potential to partner with Matsa to help us unlock the full value of our Norseman Gold Project."

Key features of the Shanghai Zendai Letter of Intent include:

- **Acquire a significant interest in the Norseman Gold Project held by ASPMI Pty Ltd (a wholly-owned Matsa subsidiary);**
- **Securing a finance facility of approximately \$103m, being 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 magnetite by-product produced by the Norseman Gold Project**

Mr Poli said that "while it was extremely encouraging to have expressions of interest from such large investors, previous experience had shown that only time would tell if any of these produce a binding agreement.

As with our earlier announcement regarding

Shandong Gold and China Nerin this is certainly a very encouraging step in our on-going Matsa journey, but until we get a binding agreement we will continue negotiations with other parties who have demonstrated they have the track record, financial strength, experience and pedigree to help us develop our Norseman Gold Project to its full potential.

We are fully committed to the success of the Norseman Gold Project and there will be no respite until we have a binding agreement in place on favourable terms to Matsa shareholders."

Matsa will continue to keep the market updated 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 developing its Norseman Gold Project (Resource Table is shown in Table 1 below) and associated magnetite by-product to generate cash flow for shareholder benefit.

### About Shanghai Zendai:

Shanghai Zendai Investment Development Co. Ltd is part of the Zendai Group.

Established in 1993, Zendai Group is a private-owned enterprise specialising in security investment and real estate development.

Zendai Group has achieved a strong competitive position in China's capital market and property market with assets of US\$500 million.

For further Information please contact:

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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.*

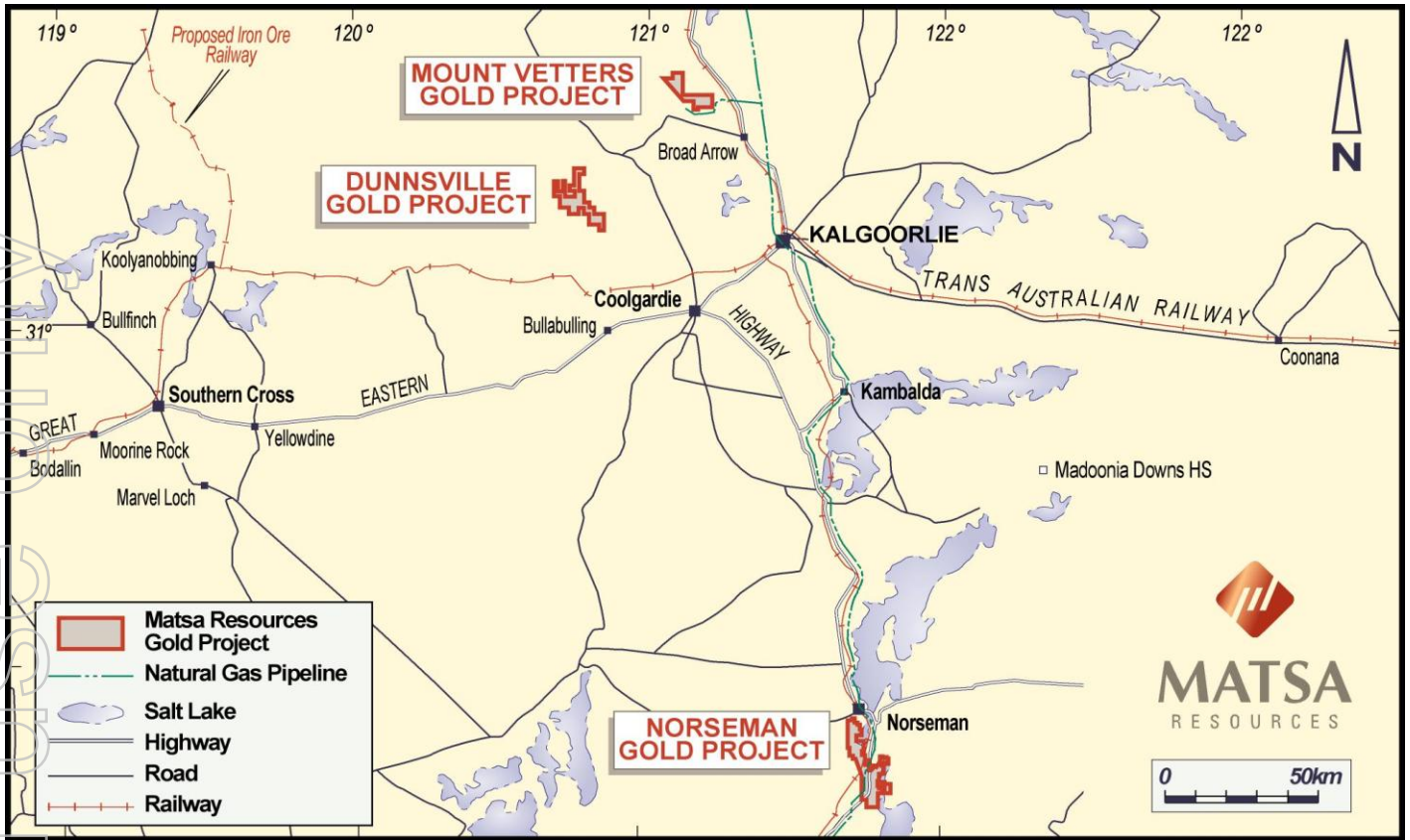


Figure 1 - Australian project locations

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.