



Quarterly Activities Report – June 2009

KEY POINTS

- High-grade mining feasibility activities well advanced on the North Scotia and Mt Henry gold deposits.
- 2,086 metres of RC and 344.9 metres of Diamond drilling completed for resource in-fill, sterilisation, metallurgical and geotechnical data.
- Feasibility program aiming for mining commencement in late 2009 to early 2010.
- Positive negotiations for ore sale or toll milling advanced with regional mill operators.
- Metallurgical test-work planned on Mt Henry sulphide ore to potentially upgrade previous gold recoveries for future Large Scale Mining of the 1.5 million ounce Mount Henry and Selene gold resources.
- Encouraging discussions commenced with various engineering and financial groups regarding the capability of the Norseman project to support a 50-100,000 ounce per year gold project.

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Executive Director

Andy Viner

Non-Executive Director

Michael Atkins

Shares on Issue

91.04 million

Options unlisted

18.8 million @ 35c +

Top 20 shareholders

Hold 48%

Share Price on 29 July 2009

19.0c

Market Capitalisation

\$17.3 million

INTRODUCTION

Matsa Resources Limited, ABN 48 106 732 487 (ASX: MAT) (the “Company” or “Matsa”) is pleased to report on its exploration activities for the Quarter ended 30 June 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

Following successful resource upgrades and Scoping Studies at the Norseman Gold Project during the last quarter, the Company made a decision to fund a staged development of the project resources to take advantage of current higher gold prices.

The first stage of development is a Small Scale Mining Operation (SSM) focussed on shallow and higher grade resources. 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 the ore to regional gold treatment operators.

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

The second stage of development at Norseman is envisaged to be a new gold mining and processing operation located within the project. A previous Scoping Study undertaken by the company in March 2008 indicated the potential for production of up to 700,000ozs over a 7 year mine life (ASX: 17/04/2008)

The Company is currently reassessing key parameters for such an operation and have, under advice from its consultants following a review, incorporated additional drilling, sampling and test-work in the Small Scale Mining feasibility activities.

In essence the activities currently underway for the first stage will directly benefit the second stage of development;

1. Increased geological and other technical data acquisition.
2. Progression of Environmental studies and approval for mining activities.
3. Re-assessment of Native Title compliance and compensation
4. Planning approval from the Local Shire, DMP and DEC.

The third stage of project development at Norseman relates to ongoing and future exploration to define additional resources and reserves. As funds become available this activity will increase with a view to creating a long term sustainable gold mining development for the benefit of all stakeholders.

Apart from staged development of the Norseman project, the Company will continue to seek opportunities that diversify its interests and mitigates project risk. A number of projects in the Kalgoorlie area are the subject of target generation activities and may be tested by drilling during the coming September quarter.

In addition the Company continues to seek opportunities in the South East Asia region, focussing on world-class mineralised systems and projects at a relatively advanced stage of exploration.

The Company is confident that the strategy in place will conserve and then create shareholder wealth.

COMPANY ACTIVITIES

NORSEMAN PROJECT

The primary focus of the Company is to develop the Norseman Gold Project (Figure 1 appended), 200 kilometres south of Kalgoorlie, which contains 1.47 Million ounces of gold in JORC compliant, Indicated and Inferred Resources.

The current Mineral Resource for the Norseman Gold Project totals 26.5 million tonnes @ 1.7g/t for 1.47 million ounces and is tabled below;

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

- 1) All resources are reported to a lower cut-off grade of 1.0 g/t
- 2) Rounding, conforming to the JORC code may cause computational errors.

Small Scale Mining Operations Studies

Scoping Studies have confirmed the potential for high grade gold mining operations on the North Scotia and Mount Henry resources and treatment at nearby milling facilities. These studies also indicated that additional work to Feasibility standard was required before

reserves could be defined. A significant amount of historical feasibility work was defined indicating a fast-track to mining approval was possible.

Key Independent Consultants to the project appointed are;

- METS metallurgical consultants to review historical data, recommend sampling and supervise and interpret new test-work.
- GHD Engineering group to review and supervise Environmental, Hydro-geological and Geotechnical aspects of the activities.

Mount Henry

At Mt Henry the recent mining study showed that Nodes 1&2 can be developed in either of two milling scenarios. The low cost estimates show the potential for 560,000 tonnes at 2.8g/t for 50,000 ounces of production with cash costs of \$660 per ounce. The high cost study shows 260,000 tonnes at 3.2g/t for 25,000 ounces of production with cash costs of \$730 per ounce.

RC Infill Drilling

Two RC drillholes were completed to confirm the extension of shallow mineralisation to the surface within probable pit boundaries (Table 1 attached).

Results were as expected with mineralisation confirmed to continue to the surface with a similar geometry to the current interpretation. Drill coverage is now at least 20m x 25m through the resource in the initial area of proposed SSM at Mt Henry.

Metallurgical drilling

The Company, with its metallurgical consultant METS, reviewed the extent of previous metallurgical test-work completed by past owners Australasian Gold and Kinross Gold to consider the representivity of sampling and appropriateness of test-work completed.

This previous work has principally been focussed on Large Scale Mining and hence biased to deep sulphide material, so the current program was designed to provide additional samples from the oxide and transitional weathered ore. Test-work has not previously adequately defined gold recovery from gravity concentration or pre-oxygenation of samples and these important tests have been incorporated in the current hydrometallurgical test-work program. Comminution test-work is planned to provide additional data, particularly to characterise the transitional weathering zones.

Drilling completed with assays are shown in Table 1. Mineralised intercepts are largely as expected from within the ore zone, and hydrometallurgical composite samples have been selected. Comminution test-work has been completed and hydrometallurgical test-work is expected to commence shortly.

Sterilisation Drilling

A total of 30 holes for 1799 metres were drilled on a 100 x 50 metre pattern to sterilise an area for future waste rock. Results confirm that no gold mineralisation is present in this area.

North Scotia

At North Scotia the results from the scoping study show between 90,000 and 120,000 tonnes production within open pit optimisations at average grades of 6.8 to 7.3g/t with cash operating costs estimated in the range of \$570 to \$610 per ounce.

The Company has estimated the maximum start-up operational cash requirement to bring the North Scotia Small Scale Mining operation into production to be \$1,000,000 including \$350,000 of capital expense.

Diamond Drilling

Diamond Drilling of three holes was completed for metallurgical and geotechnical purposes as summarised in Table 2. Visible gold associated

with quartz veining and altered rock was noted in two holes intersecting the FW1 lode.

Core is currently being logged for geotechnical data prior to being submitted for analysis, after which samples will be selected for metallurgical composite samples and test-work. Details of drill results will be available by the end of the current quarter.

Other Site Activities

Environmental consultants GHD have reviewed all previous environmental surveys completed in the SSM and the general Norseman project, and plan to complete supplementary surveys to meet current flora and fauna clarification requirements.

Geotechnical consultants, also from GHD, have been to site and inspected a previous open pit, historical diamond drilling and current diamond drilling. At Mount Henry no additional drilling data is required to complete mine planning activities.

Hydrogeological consultants GHD have also reviewed historical and current data and are assisting with proposed test-work and modelling sufficient for Notice of Intent to Mine submissions.

Miscellaneous Licence applications have been made to provide access for ore transport and other heavy equipment. Shire consultation has been initiated as part of this process.

Contract Milling Discussions

The Company has been discussing the potential for either toll milling or direct sale of ore with regional mill owners. These discussions have generally been positive and can now be advanced more seriously following better definition of probable ore availability as feasibility work has progressed. There are several ore types at varying grades and

weathering characteristics that allow the Company to meet individual client requirements.

Large Scale Mining Review

The Company has held-off commencement of new studies into developing its own large scale mining and milling operation pending critical reviews of previous metallurgical information.

The Company's consultants, METS, have reviewed over 10 years of historical test-work and indicated that parts of the previous work does not meet the standard for current Industry best practice. Whilst there is a significant amount of useful data, key information remains lacking, including;

1. Definitive gravity gold recovery test-work; *potentially significantly higher recoveries may be expected with modern techniques.*
2. Pre-oxygenation leaching of high sulphide material is common with pyrrhotite mineralisation such as found at Mount Henry. This has *the potential to significantly enhance metallurgical recovery, reduce reagent consumption and costs.*

The Company believes this additional information is required before considering further feasibility studies. The recent Diamond drill core sampling of the sulphide ore at Mount Henry will be utilised for the recommended test-work, as part of the current activities.

Exploration Activities

The Magills prospect located near Mount Henry was tested by RC drilling which returned encouraging results (Table 3). Sufficient drilling is present to assess the open pit mining potential. Further follow-up drilling will be planned targeting any possible higher grade shoots.

Planned Activities

Activities in the next quarter will primarily focus on work required to bring the North Scotia and Mt Henry resources into production and negotiate suitable terms for toll treatment or sale of ore at third party facilities. Field work has been largely completed and as new data becomes available mine design will be completed before submission of Notice of Intent to Mine to the Department of Minerals and Petroleum.

Secondary activities will focus on reviewing all parameters associated with the 2008 Scoping Study on the larger 1.47 Million ounces of gold mineralisation to allow the company to conduct a Pre-Feasibility study into the building and commissioning of a 2-3 Million tonne per annum stand-alone mill and mining operation.

During the next quarter further drilling at the North Scotia deposit will be considered. The down dip and strike extension potential of the deposit is good and represents an exciting target for the company that may either translate into extra resources for open pit mining or represent potential future underground mining targets.

A ground based EM survey is also planned to follow up two interesting VTEM targets along strike of the North Scotia deposit.

OTHER PROJECTS

The Company has a number of other projects that it owns or has rights to acquire within the Eastern Goldfields of Western Australia. These projects are primarily prospective for gold. A review for potential rationalisation of these projects or some of their tenements is underway.

The **Broad Arrow** and **Mount Vettors** projects have immediate drill targets with resource potential that may be tested during the next quarter.

The Company has some tenement applications and projects under review in **South East Asia** and some progress has been made with the identification of a new precious and base-metal project that warrants further review.

The Company has potential for both magnetite and hematite Iron Ore within the Norseman project area and is examining options to fund exploration. Iron Ore rights for the leases have been granted during the quarter. The presence of extensive infrastructure in the region significantly enhances the economic potential should Iron Ore resources be defined.

CORPORATE ACTIVITIES

The Company held a General Meeting of shareholders at which all resolutions were passed, ratifying past share issues and repaying loans with the issue of Company securities as consideration.

For further Information please contact:

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Andy Viner

Executive Chairman

Executive Director

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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

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

Table 1

Mt Henry

Hole Id	North	East	Depth	Intersection				Comments
	(local grid)		(m)	From	To	Metres	Grade	
9HENC121	8949.878	5005.244	20	5	12	7	1.92	
9HENC124	9253.902	4991.201	35	2	20	18	1.8	Includes 7m @ 2.73g/t
9HEND025	8950.422	4968.189	55.2	30.9	43.2	12.3	2.42	
				45.35	46	0.65	2.08	
				51.7	54.2	2.5	2.09	
9HEND026	9000.732	4992.335	34.2	3	11	8	3.21	
				17	21	4	1.63	
				22	23	1	1.83	
9HEND027	9000.007	4946.577	80	32	33	1	5.74	
				54.35	54.9	0.55	1.07	
				65.6	72	6.4	2.84	
				76.4	77	0.6	1.47	
9HEND028	9175.538	4937.548	50	No significant assay, pre-collar only drilled.				
9HEND029	9175.374	4979.749	27.9	18.2	27.2	9	2.09	Includes 4m @ 2.71g/t
9HEND030	9227.509	4983.411	34.2	8.1	10.75	2.65	2.54	
				13.4	28	14.6	2.20	
				29.6	31.7	2.1	3.60	

Table 2

North Scotia

Hole Id	North	East	Depth	Intersection				Comments
	(local grid)		(m)	From	To	Metres	Grade	
9SSD013	3180	4224	52.9	awaiting Assays				
9SSD014	3270	4180	101.1	awaiting Assays				
9SSD015	3198	4186	136.4	awaiting Assays				

Table 3

Magills Lode

Hole Id	North	East	Depth	Intersection				Comments
	(local grid)		(m)	From	To	Metres	Grade	
9MRC033	9387.452	4734.723	70	No significant assay				
9MRC034	9406.79	4737.287	64	No significant assay				
9MRC035	9426.866	4738.505	55	44	49	5	2.04	Includes 1m @ 5.74g/t
9MRC037	9469.739	4758.513	35	25	26	1	1.28	
				27	28	1	1.04	
9MRC038	9468.443	4739.555	65	38	39	1	1.14	
				51	58	7	2.00	Includes 2m @ 4.18g/t
9MRC039	9487.393	4739.028	65	20	21	1	2.45	
				49	51	2	2.18	

- 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 leachwell confirmation on the higher grade samples.

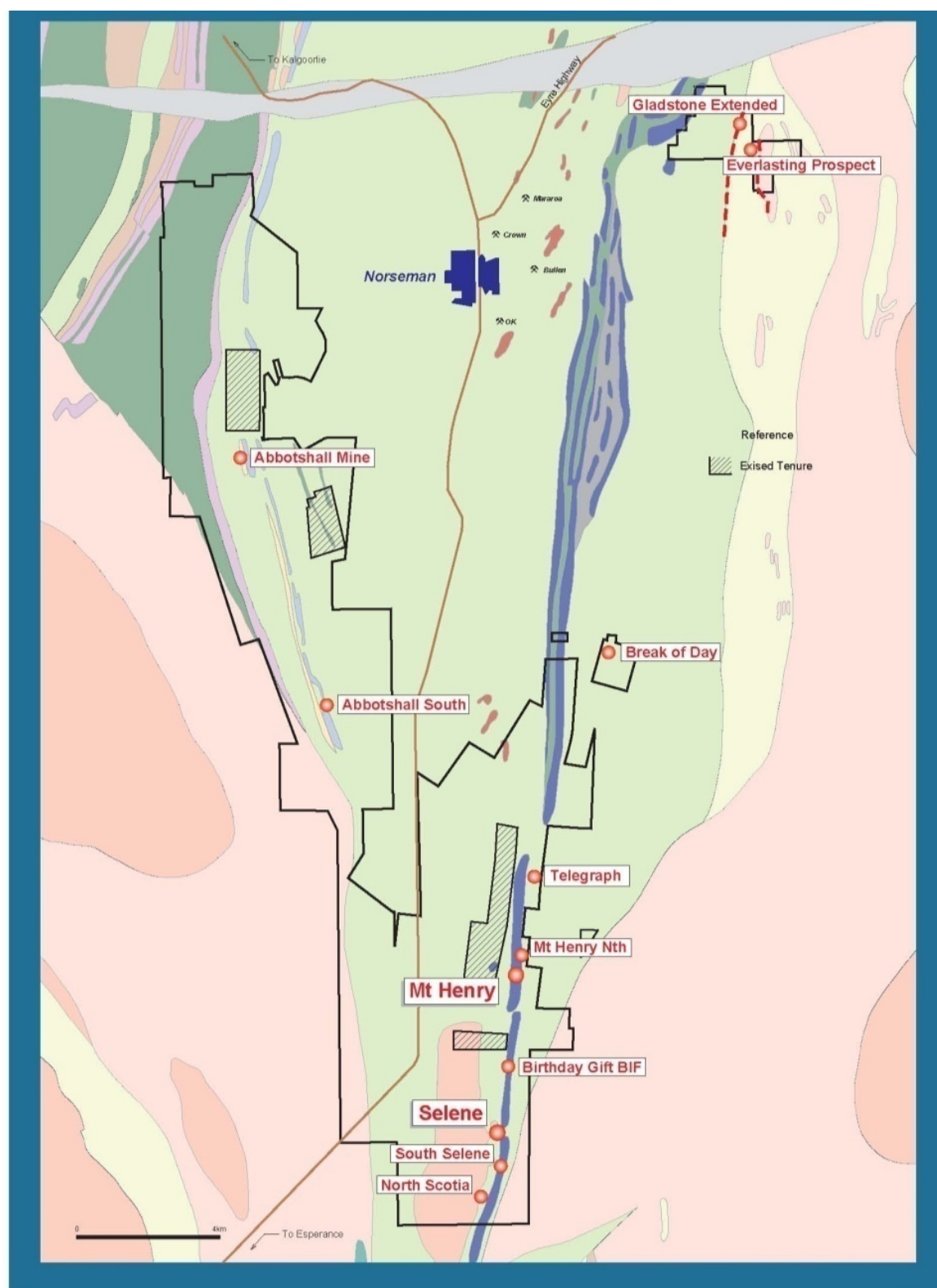


Figure 1 Norseman Project outline and prospect locations

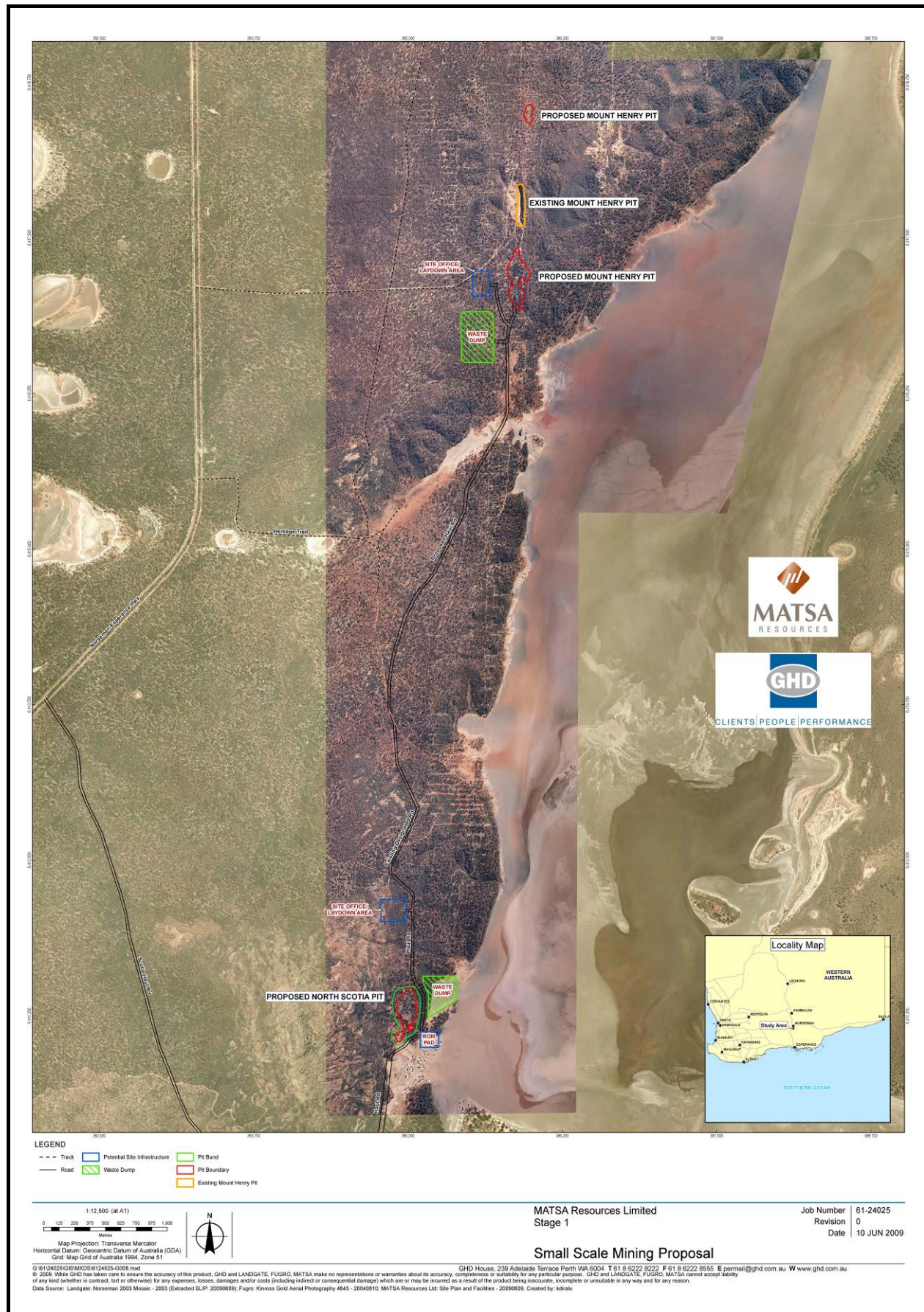


Figure 2 Small Scale Mining Proposal Layout

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 June 2009

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(12 months) \$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	(532)	(2,251)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(354)	(1,258)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	11	28
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		(875)	(3,481)
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	-	200
	(b)equity investments	-	-
	(c)other fixed assets	(1)	(8)
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – cash acquired on acquisition of new subsidiary		6
Net investing cash flows		(1)	198
1.13	Total operating and investing cash flows (carried forward)	(876)	(3,283)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(876)	(3,283)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	568	3,007
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	248
1.17	Repayment of borrowings	-	(50)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) – Cost of capital raising	(13)	(92)
	Net financing cash flows	555	3,113
	Net increase (decrease) in cash held	(321)	(170)
1.20	Cash at beginning of quarter/year to date	1,180	1,029
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	859	859

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	122
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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 18 December 2008 shareholders approved the acquisition of Matsa Resources Limited via the issue of 80 million ordinary shares and 20 million unlisted options exercisable at 7 cents each expiring 1 July 2011 to Matsa shareholders. Settlement of this transaction occurred on 23 December 2008.

As part of the acquisition the existing convertible note of \$3 million was converted into 30 million ordinary shares in the Company at a deemed issue price of 10 cents per share. All interest associated with the convertible note was forgiven by the note holder.

On 13 February 2009 the Company issued 450,000 ordinary shares to certain parties in lieu of consultancy services and tenement settlement payments.

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

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	248	248
3.2 Credit standby arrangements	nil	nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development/Production	-
Total	400

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	809	1,180
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)	859	1,180

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	P63/859	Direct	100%	0%
	P15/3964	Direct	100%	0%
	P15/4349	Direct	100%	0%
	P15/4350	Direct	100%	0%
6.2 Interests in mining tenements acquired or increased	P63/1420	Direct	0%	100%
	P63/1661	Direct	0%	100%
	P63/1212	Direct	0%	100%
	P63/1215	Direct	0%	100%
	P63/1673	Direct	0%	100%
	P63/1674	Direct	0%	100%
	P24/4390	Direct	0%	100%
	P24/4391	Direct	0%	100%

+ See chapter 19 for defined terms.

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	88,561,143	79,703,543		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	9,930,000	9,930,000	10 cents	10 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				

+ See chapter 19 for defined terms.

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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

Sign here:  Date: 30 July 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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+ See chapter 19 for defined terms.