



ABN 48 106 732 487

**ASX Announcement**

**1 April 2009**

**Scoping Study into high-grade mining of Mount Henry nodes 1 & 2 provides further project cash surplus potential of \$12-30 million**

**KEY POINTS**

**Mount Henry Scoping Study**

- Study completed on nodes 1 & 2 within southern 500 metre portion of 2.1 kilometre deposit strike length
- Low and High cost scenarios deliver between \$12 million and \$30 million cash surplus at current gold price
- Low Cost scenario estimates 560,000 tonnes at 2.8 g/t for 50,000 ounces and cash costs of \$660 per ounce
- High Cost scenario estimates 260,000 tonnes at 3.2 g/t for 25,000 ounces and cash costs of \$730 per ounce
- Maximum start-up operational cash requirement of \$1,000,000 including \$400,000 capital expense
- Shallow high grade nodes 3 to 6 along strike requires infill drilling for Resource upgrade and Scoping Study

**Combined Mount Henry – North Scotia high-grade mining scenario results**

- Low and High cost scenarios deliver between \$37 million and \$50 million cash surplus at current gold price
- Low Cost scenario delivers 680,000 tonnes at 4.1 g/t for 77,000 ounces and cash costs of \$630 per ounce
- High Cost scenario delivers 350,000 tonnes at 5.0 g/t for 48,000 ounces and cash costs of \$680 per ounce

Matsa Resources Limited (ASX:MAT, the “Company”) is pleased to announce positive results from a new Scoping Study of the Mount Henry deposit at its 100% owned Norseman Gold Project. These results strongly indicate that the Company has multiple ore sources suitable for treatment at regional toll milling facilities.

Executive Chairman Paul Poli said “These new high grade nodes at Mt Henry provide a huge boost to the previously announced North Scotia Study results. The combined cash-flow potential of some \$50 million puts the Company in a position of strength and increased value. It’s full steam ahead to expand our drilling to include nodes 3 to 6 at Mount Henry, fast-track mining approval for these shallow high grade areas and simultaneously undertake work on milling options including looking at building our own mill.”

## Mount Henry Scoping Study

The Mount Henry Indicated and Inferred Resource at less than one hundred metres depth and using a lower cut-off grade of 1.4 g/t was reported to the market in the December 2008 Quarterly Report. This Resource is a result of extensive drilling and various Pre-feasibility studies have been completed on it over the last 12 years (see attached drill cross sections). The Scoping Study utilised a conventional open cut mining operation. Resources estimated to fall within optimised pits are of the Indicated category. The Company is confident that forecast mining, milling and capital costs are realistic given the technical knowledge of the deposit, location of the project adjacent to the Kalgoorlie-Esperence highway and Norseman town-site, as well as the relatively short time period required for the proposed mining operation.

The key economic factor for this low capital cost mining scenario is the securing of an agreement with an existing mill operator for contract milling which has not yet been completed. The Company has undertaken a thorough review of public information regarding mill facilities between Norseman and Coolgardie and entered into initial discussions with a number of these. The Company believes that treatment opportunities are sufficiently encouraging to justify fast-tracking feasibility studies with a view to early submission of a Notice of Intent to the Department of Mines and Petroleum. A contract for milling is unlikely to be finalised until ore delivery schedules can be defined which is dependent on the date at which mining approval is given.

The Company will immediately commence the following development activities;

- Metallurgical drilling and sample analysis. Metallurgical recoveries have been based on numerous past studies. Additional work is required to confirm 'run of mine' recoveries in both oxide and sulphide material. An Independent consultant has been contracted to advise on this work.
- Hydrological drilling and associated studies.
- Update existing environmental surveys.
- Commence local and state government discussions and approval processes

The Project is located on a granted Mining Lease and is encompassed by a Native Title Agreement that has agreed mining arrangements. The Company can complete the above activities with existing funds. The Company is aiming for mining commencement before the end of 2009.

There are additional shallow high-grade Resources ('nodes') that the Company believes offers significant upside for potential future shallow high-grade mining at Mount Henry (see attached Figure 3 showing conceptual optimised pits on nodes 3 to 6). Mineralisation is not sufficiently well defined in all areas to fall in the Indicated Resource category and requires additional drilling, which the Company intends to complete during the June quarter.

### For further Information please contact:

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Andrew Viner, who is a member of the Australasian Institute of Mining and Metallurgy. Andrew Viner is a full time employee of Matsa Resources. Andrew Viner 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. Andrew Viner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Continued...*

## Background

The Mount Henry High-grade Scoping Study was completed as part of the Company's review of the potential for higher grade ore within the Norseman Project that improves the potential of either of the two development options for the project;

1. Lower risk early development of small to medium scale open pit mining operations utilising excess milling capacity within the region.
2. Early high profit tonnages that improve cash-flow and capital pay-back for a large-scale development based on the project Indicated and Inferred Resource of 26.5 million tonnes @ 1.7 g/t for 1.47 million ounces.

The Mount Henry deposit is located at the southern end of the Company's Norseman project (see figure 1).

Figure 1 Norseman Project Location and prospects

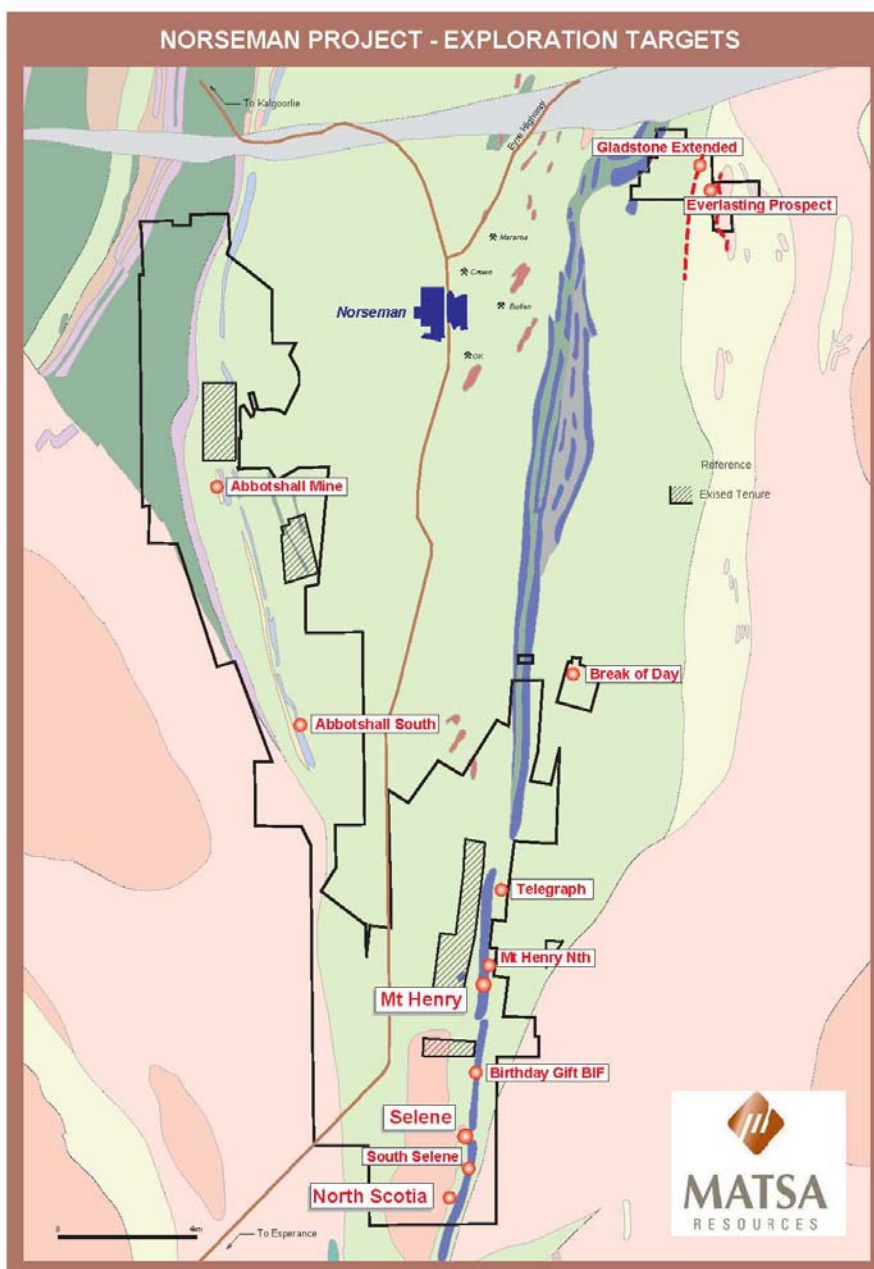


Figure 2 Mount Henry drill cross sections

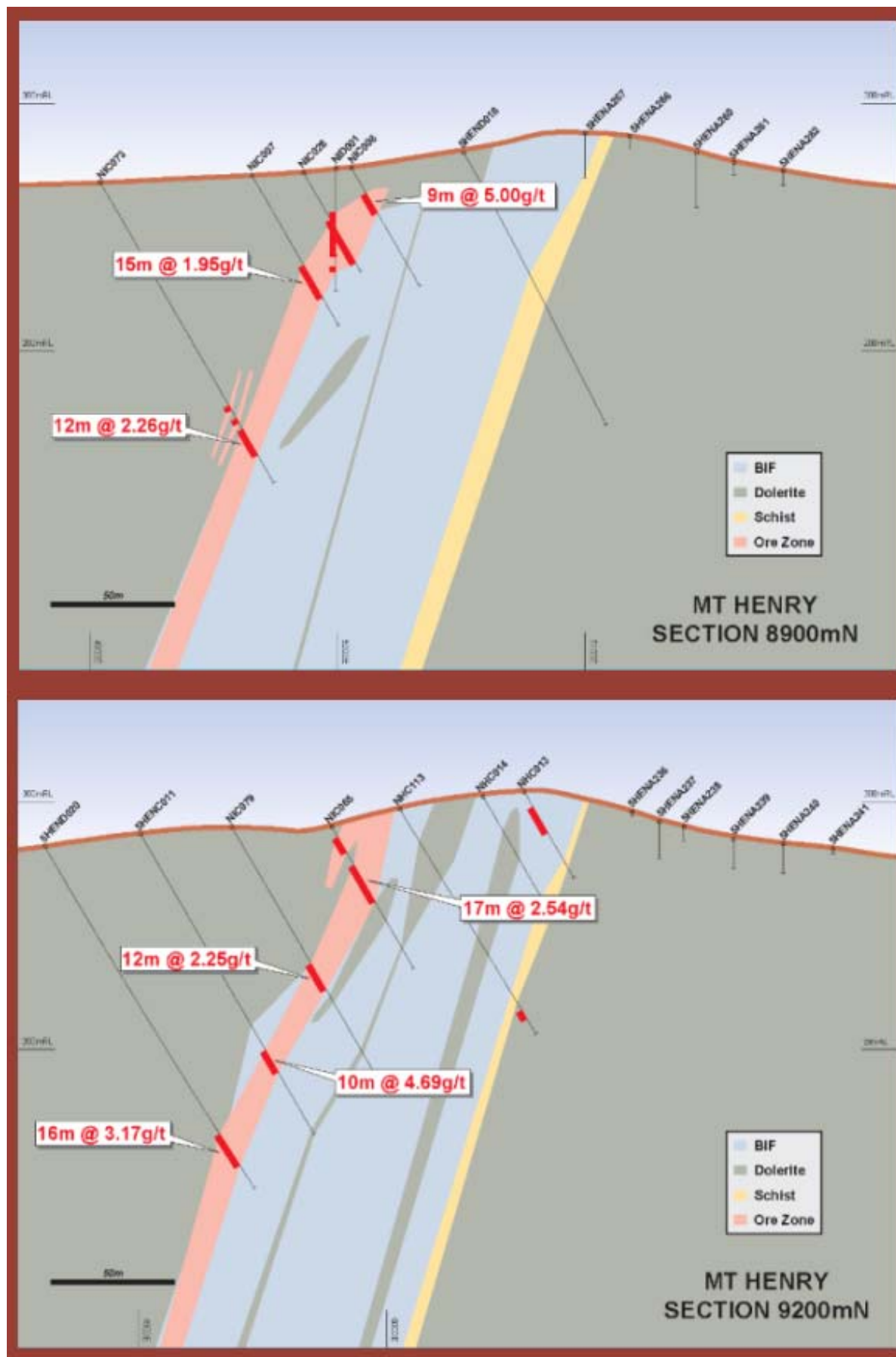


Figure 3 Mount Henry conceptual open pits and location of high grade Nodes

