



ABN 48 106 732 487

**ASX Announcement**

**10 June 2009**

## **Norseman High Grade Feasibility Work On-track**

### **KEY POINTS**

- **Feasibility work program on-track for Mining approval before the end of 2009.**
- **Metallurgical and in-fill drilling program on Mount Henry Small Scale Mining operation completed.**
- **Metallurgical consultant METS has completed a review of historical test-work and designed the current test-work program to optimise recovery and extraction using modern metallurgical techniques.**
- **Engineering consultants GHD commissioned to review historical Environmental, Hydro-geological and Geotechnical work, and design and recommend new programs. Minimal additional work requirements indicated.**
- **North Scotia feasibility and exploration drilling to commence by the end of June.**
- **Strong interest from regional mills for contract processing.**

Matsa Resources Limited (ASX:MAT, the "Company") is pleased to update the market on the status of activities associated with feasibility studies for Small Scale Mining (SSM) operations on the Mount Henry and North Scotia deposits at its 100% owned Norseman Gold Project.

Drilling programmes at Mount Henry that are now substantially completed were planned in consultation with Independent consultants to ensure information is sufficient to enable the Company to take the high-grade /near surface resources through to mining approval as well as provide additional data applicable to the larger 1.5 million ounce project development potential. RC infill and Diamond metallurgical drilling has been completed on the Mount Henry deposit.

Other aspects of SSM feasibility work on both the Mt Henry and North Scotia high-grade deposits currently underway include Environmental, Metallurgical, Geotechnical, Hydrological and Heritage reviews and surveys sufficient to allow the Company to submit Notice of Intent to Mine as soon as possible to the Department of Mines and Petroleum.

Work on the North Scotia deposit will now commence following successful Heritage site clearance by Native Title claimants ensuring both exploration and future mining approval. Department of Mines and Petroleum clearance for ground activities is anticipated before the end of this month.

A more detailed summary of the status of activities follows;

## Mount Henry

### RC Infill Drilling

Infill RC drilling on the proposed SSM operation mineralisation was completed to confirm near surface resources for mine planning and financial evaluation. Two RC holes were drilled and successfully defined mineralisation in the expected position;

### RC Drilling Mt Henry

Hole Id	North	East	Dip	Azimuth	Depth	Intersection (m)			Grade
	(local grid)					From	To	metres	
9HENC121	8950	5003	-60	90	20	5	12	7	1.92
9HENC124	9250	4992	-60	90	35	2	20	18	1.8
					Including	5	12	7	2.73

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 20m 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 material. 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.

Drill core is currently being analysed to define mineralised intercepts, from which hydrometallurgical composite samples will be selected. Comminution test-work will commence this week and hydrometallurgical test-work is expected to commence next week. Drilling completed was as follows;

### Metallurgical Drilling Mt Henry

Hole Id	North	East	Dip	Azimuth	Depth	Hole Type	Ore type
	(local grid)				(m)		
9HEND025	8950	4964	-55	90	0-25	RC	transitional
					25-55.2	PQ	& sulphide
9HEND026	9000	4992	-60	90	30.2	PQ	oxide
9HEND027	9000	4945	-60	90	0-55	RC	sulphide
					55-80	PQ	
9HEND029	9175	4985	-50	90	27.9	PQ	oxide
9HEND030	9225	4984	-60	90	34.25	PQ	oxide & transitional

## **North Scotia**

### *Planning*

The Company has completed consultation and Heritage surveys with the Ngadju Native Title claimants over the last month to prepare for clearance for mining activities at the North Scotia site.

### *Site activities*

Work programmes are currently with the DMP for ground clearance approval. Planned activities include RC and Diamond drilling for infill, metallurgical and geotechnical data.

A site for waste rock storage has been defined with the DMP and Native Title claimants and sterilisation drilling will be completed over this area.

### **Other Site Activities**

Environmental consultants GHD have reviewed all previous 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 old mine workings, historical diamond drilling and current diamond drilling. At Mount Henry no additional drilling data is required to complete mine planning activities.

Hydrological 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 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. Diamond drill core sampling of the sulphide ore at Mount Henry has been completed and will be utilised for the recommended test-work, as part of the current activities.

For further information please contact:

Andy Viner

Executive Director

Paul Poli

Executive Chairman

Phone +61 8 9230 3555

Fax +61 8 9227 0370

Email [reception@matsa.com.au](mailto:reception@matsa.com.au)

Web [www.matsa.com.au](http://www.matsa.com.au)

*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.*