



ABN 48 106 732 487

**ASX Announcement**

**16 October 2009**

## **New THAILAND Gold Project adjacent to Kingsgate's Chatree Mine**

### **KEY POINTS**

- **Applications for 11 Special Prospecting Licences lodged covering 180 square kilometres**
- **20 kilometres from Kingsgate Consolidated Limited's 5 million ounce Chatree Gold Mine**
- **Second largest landholding in Central Thailand Gold Province**
- **Project area is regarded as highly prospective for Gold in 'Chatree' geology.**
- **Two Gold anomalies of 2.5 km x 1.5 km identified from extensive first pass exploration.**
- **Consulting Agreement with Thai expert geologist associated with the discovery of Chatree.**

Matsa Resources Limited (ASX:MAT, the "Company") is pleased to announce that applications have been accepted by the Thailand Department of Industry and Mines through the Company's Thai subsidiaries for eleven (11) Special Prospecting Licences ("SPL's") covering approximately 180 square kilometres located only 20 kilometres east of Kingsgate Consolidated Limited's Chatree Gold Mine in central Thailand (Figure 1).

The SPL's include 32 square kilometres in 2 SPLA's ('SPL applications') that have had extensive first pass surface exploration which has defined co-incident gold, silver and multi-element anomalies each over approximately 2.5 km by 1.5 km in area. These SPLA's and exploration work was completed by highly regarded local geologist Mr Charnwit Premgamone and partners, with whom the Company exercised a Purchase Agreement. Mr Premgamone is an expert mineral geologist credited with a critical role in the original discovery of the large Chatree Gold Mine.

Executive Chairman Paul Poli said "The lodgement of the SPL applications and the acceptance and receipting by the Department of Minerals and Resources in Thailand on the 1<sup>st</sup> of October is very significant for the Company. It is the culmination of almost 2 years work by the Company and its predecessors in identifying and securing a valuable tract of land with significant defined gold mineralisation potential".

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Page | 1

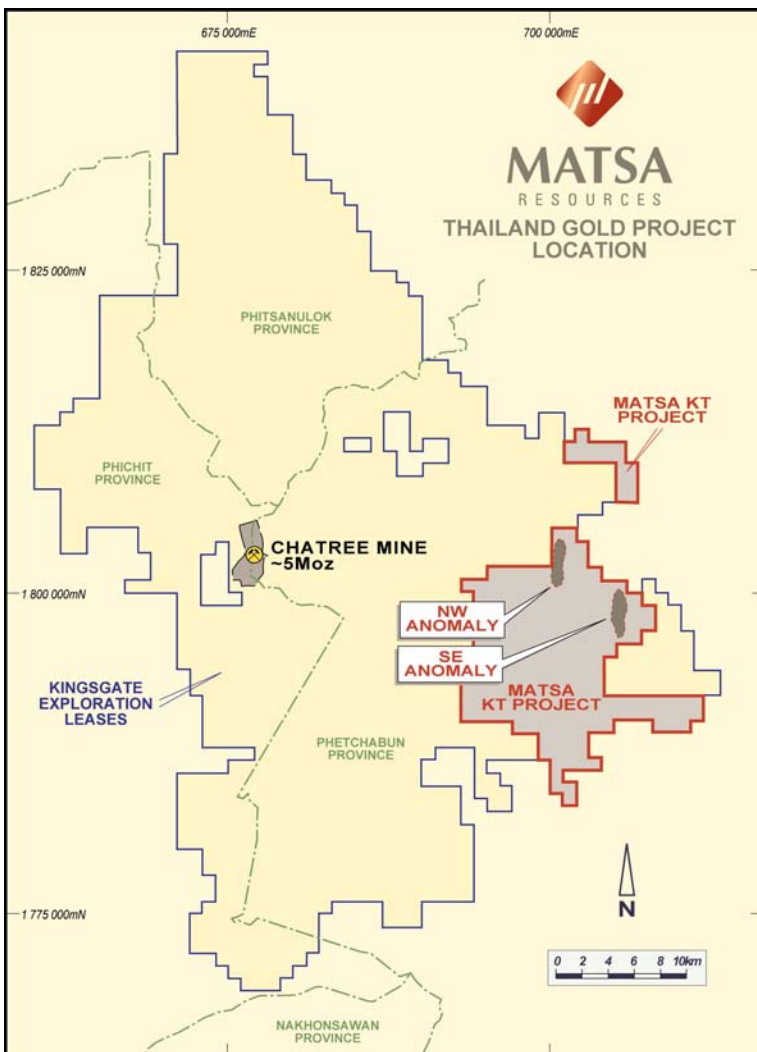


The Company has an agreement with Mr Premgamone and pre-eminent Thai company GeoMin Co. Ltd to provide future geological services to the Company on a priority basis as required. The Company has also been granted a first right of refusal to acquire any other controlled mineral projects of Mr Premgamone and partners within Thailand.

“We have also been successful in attracting the best local exploration geologists in the country to complete an enviable position in such a geological hot spot in South East Asia” said Mr Poli.

Mr Paul Poli added “The recent exploration success by Kingsgate Consolidated reinforces the excitement that we have in this locality. The KT project when granted could be the next large gold discovery in Thailand resulting in another Australian success story in that region. The experience and success in completing this deal adds significant strength and credibility in furthering this project and completing other deals in the region.”

Figure 1: Regional Project Location



### The KT Project

The project which the Company identifies as the KT Project because it is in the Ban Khlong Tabaek area is located north of Bangkok in the Petchabun Province and is approximately 20 kilometres to the east of the Chatree Gold Mine. The project SPLA’s are contiguous with Kingsgate’s licences and are bounded on the east by State Forest where exploration is prohibited (Figure 2).

The local Chon Daen township near the project is the agricultural service town for the region and has a population of approximately 5,000 people. The area is accessible via sealed roads from Bangkok, train to within 50 kilometres or flying to Phitsanulok city which is located 100 kilometres to the north.

The 2 SPLA’s secured from Mr Premgamone and partner were the subject of nearly 2 years surface geological investigation. The Company completed a thorough review of the data and property during a 6 week due diligence period in July this year.

Figure 2: Project area in relation to Kingsgate holdings

Of particular interest to the Company was the professional reporting and inherent quality of work completed that included;

1. Eight hundred (800) stream, soil and rock chip samples, 34 element analysis and semi-detailed geological mapping. Data is contained in a GIS dataset.
2. The presence of coherent gold-silver and associated multi-element anomalies within two discrete areas (NW and SE).
3. Government records indicating Diamond drilling within the State Forest only 100 metres from the project boundary had intersected **6 metres @ 2.42 g/t Au from 60 metres depth**.
4. Strong correlation between the geology of the mineralised drill-hole and the geology of the SE surface anomaly within the KT Project. This provides a good geological model for mineralisation in the area.

The prospectivity of the adjacent region was assessed and it was very fortunate that the Company managed to secure the majority of land available that was contiguous with the initial 2 SPLA areas, covering potential host rocks and interpreted mineralising structures.

### **Purchase Agreement**

Principal Terms of the Purchase Agreement entered into for the two SPLA areas include;

- A\$3,500 Option fee
- A\$30,000 payment on successful due diligence
- A\$17,000 payment on receipt of SPL applications by the Department of Industry and Minerals
- A\$85,000 payment upon the official lifting of the Governments moratorium on grant of SPL's for Gold
- A\$67,000 payment upon grant of SPL's.

Mr Premgamone and partners have met their obligation to provide full assistance with making the SPL applications and delivering all technical data to the Company.

The Company is confident that the Thailand Government will reach a resolution to lift the Moratorium for Gold SPL's in the medium term. This may include changes to Thai Mining Law. Advice given to the Company indicates that no other Party may apply for the same land as the Company and that there is no reason that the Government will not grant the SPL's once the Moratorium has been lifted as the applications meet all requirements and was accompanied by the correct fees.

### **Thailand Mining Industry Background**

The country of Thailand is a Constitutional Monarchy that has a well established western-style legal framework for the Mining Industry. The Mining Industry is dominated by Industrial Minerals, particularly limestone for the cement industry, but also barite, dolomite and fluorite. Historically tin and tungsten have been major minerals produced although now are only produced on a very minor scale. In the last 20 years zinc and recently gold and iron ore have been an important part of this small industry.

It is the opinion of the Company that Thailand has the potential to host many significant deposits of minerals including gold and copper and the geology is highly prospective for these minerals. This fact is highlighted by the Australian mining company Kingsgate Consolidated Limited which has had a major impact in the country through the discovery and successful development of the 5 million ounce Chatree Gold project in central Thailand and also PanAust Limited's large Puthep gold-copper deposit near Leoi in north east Thailand.

The Chatree Gold Mine is a world class gold and silver mine owned by Akara Mining Limited, a controlled subsidiary of Kingsgate Consolidated Limited. It is located 280 kms north of Bangkok in the Pitchit and Petchabun provinces and was commissioned in November 2001. The plant currently has capacity of 2.4Mtpa and Kingsgate have commenced an expansion to 5 Mtpa. Articles released by Kingsgate indicate the Gold

mineralisation is a low sulphidation quartz carbonate adularia hydrothermal style, occurring in gold bearing veins, breccias and stock-works, within a 7.5 x 2.5 kilometre zone.

The ore has a high metallurgical recovery of up to 91% extracted by conventional Carbon in Leach processing. Discoveries are present over a large area with mineralisation occurring over 23 kilometres in strike length north-south and also to the west of the current operation.

Chatree produced 93,000 ounces of gold at a cash cost of US\$405 per ounce in 2008/2009. As quoted on their website, Kingsgate is aggressively expanding its exploration programs and they believe they can significantly increase their resources and reserves within their existing leases and in the immediate proximity. Kingsgate believe there is a potential of up to 10 million ounces of gold within their area and immediate surrounds. The Chatree project covers some 1300 sq kilometres and Kingsgate believe they will discover several more Chatree size gold targets in that proximity.

### **SE Asia Strategy**

The Company regards the securing of the KT Project as a unique opportunity to enter into the minerals industry in SE Asia via this cost effective acquisition of a significant landholding in a world-class gold province in Thailand.

The Company continues to assess other opportunities for gold, copper and iron ore deposits within Thailand, Cambodia and Laos, with a preference for advanced projects with world-class deposit potential.

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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.*