



ABN 48 106 732 487

ASX Announcement

11 October 2012

**DUNNSVILLE BIG RED
DIAMOND DRILLING RESULTS**

HIGHLIGHTS

- **Gold bearing quartz veins discovered at Big Red provides encouragement**
- **The gold bearing quartz veins are highly sulphidic and should prove amenable to geophysical exploration techniques such as Induced Polarisation (IP)**
- **IP and further drilling to be prioritised at Big Red**
- **Matsa plans to fast track exploration including 10,000m RAB drilling programme on geochemical targets at Heines Dam, Great Kangaroo and Yarmany**

Matsa Resources ("Matsa" or "the Company" ASX:MAT) is pleased to provide an update on results it has received from the recently completed Exploration Incentive Scheme (EIS) funded diamond drilling programme at Big Red on its' Dunnsville Project 45kms NW of Coolgardie.

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

132.42 million

Unlisted Options

9.75 million @ \$0.273 - \$0.45

Top 20 shareholders

Hold 54%

Share Price on 10 October 2012

40 cents

Market Capitalisation

\$52.9 million

Matsa recently completed a targeted 4 hole diamond drilling program to test for vein hosted gold mineralisation in basement at Big Red.

Royalties for Regions EIS refunds up to 50% of approved direct drilling costs for this diamond drill program.

The drilling program was designed to test a conceptual geophysical/geochemical gold target concealed beneath regolith as detailed in previous releases and shown in Figure 1.

The conceptual target at Big Red was defined by the following:

- a +25ppb soil gold anomaly extending over an area of 3.5km x 1.5km within which 7 discrete zones containing +1g/t gold (Max. 7.85g/t) have been previously been defined by RAB drilling in weathered basement (Figure 1);
- Aeromagnetic data shows the soil anomaly to be located in a Southeast trending corridor bounded by the Bullabulling and Reptile shears.

Matsa proposed the concept that Big Red is located in a favourable structural setting where brittle fracture of country rocks associated with shearing, has provided a focus for subsequent emplacement of gold bearing quartz veins into fractures.

The key objective of the programme was to test the target concept and determine the nature of gold mineralisation in fresh rock. Earlier RAB drilling had intersected gold mineralisation in weathered rock only.

A total of 4 HQ diamond holes were completed along two sections for a total of 514.5 metres of drilling. Drill holes were oriented at -60 degrees towards 60 degrees (Figure 1). Samples were submitted at 0.3-2m intervals and gold determinations were carried out by Fire Assay.

Geological logging showed fresh basement lithologies to be made up of variably altered

medium to fine grained gabbro/dolerite and in addition, assays confirmed the presence of gold mineralised quartz veins.

Gold bearing intersections are detailed in Appendix 1 and include (Figure 2):

- 0.7m @ 2.44g/t from 80.4m (12BRDDH002)
- 2m @ 1.06g/t from 98m (12BRDDH002)
- 1.1m @ 2.56g/t from 56.9m (12BRDDH004)

The gold mineralised quartz veins were seen to contain significant disseminated pyrite and are enclosed by pyrrhotite rich altered margins in the gabbro/dolerite country rocks. It is likely that pyrrhotite (a magnetic mineral) within the country rocks gives rise to the discrete magnetic feature which partly underlies the Big Red target.

Gold assays from the current round of drilling support the target concept in that gold mineralisation has been shown to occur in steeply dipping pyritic quartz veins which intersect gabbro/dolerite country rock on an orientation of around 330 degrees.

While these gold bearing quartz vein intersections are narrow and isolated, Matsa believes that they support the geological model as described above. Zones of more intense veining or thicker individual veins are required to define any potential economic mineralisation.

Pyritic quartz veins in a variably pyrrhotite bearing host could be expected to produce a distinctive electrical signature identifiable by the Induced Polarisation (IP) geophysical technique.

IP will now be the immediate focus of Matsa's exploration at Big Red, as a potential geophysical tool to help define any potential economic quartz vein hosted gold mineralisation prior to any further drilling.

The two diamond drill sections located 500 metres apart have tested only small parts of the Big Red prospect which comprises highly

anomalous gold in soil values (>25ppb Au) extending over an area of 3.5km x 1.5km.

The diamond drill programme has determined the source of 2 of the 7 mineralised zones in deeply weathered rock which had been identified by earlier RAB drilling (Figure 2).

Matsa also plans to complete a 10,000m RAB drilling program on other existing geochemical targets at Heines Dam, Great Kangaroo and Reptile Shear (Figure 3).

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 Norseman and Bangkok, Thailand.

Matsa aims to increase shareholder wealth through the discovery and development of mineral properties within Australia and South East Asia.

For further Information please contact:

Paul Poli
Executive Chairman

Frank Sibbel
Director

Phone +61 8 9230 3555
Email reception@matsa.com.au
Web www.matsa.com.au

Exploration results

The information in this report that relates to Exploration results, is based on information compiled by David Fielding, who is a Fellow of the Australasian Institute of Mining and Metallurgy. David Fielding is a full time employee of Matsa Resources Limited. David Fielding 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. David Fielding consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration results are based on standard industry practice. Sample preparation and analyses were undertaken by Genalysis Intertek. Diamond core samples are taken as quarter HQ core and sampled to geological boundaries where appropriate. Gold assays are based on 50g lead collection fire assay and analysed by flame atomic absorption spectrometry. Reported intersections represent "down hole" widths not the true width of the intersection. Drill hole intersections in table 1 are reported to a cut-off grade of 0.1g/t.

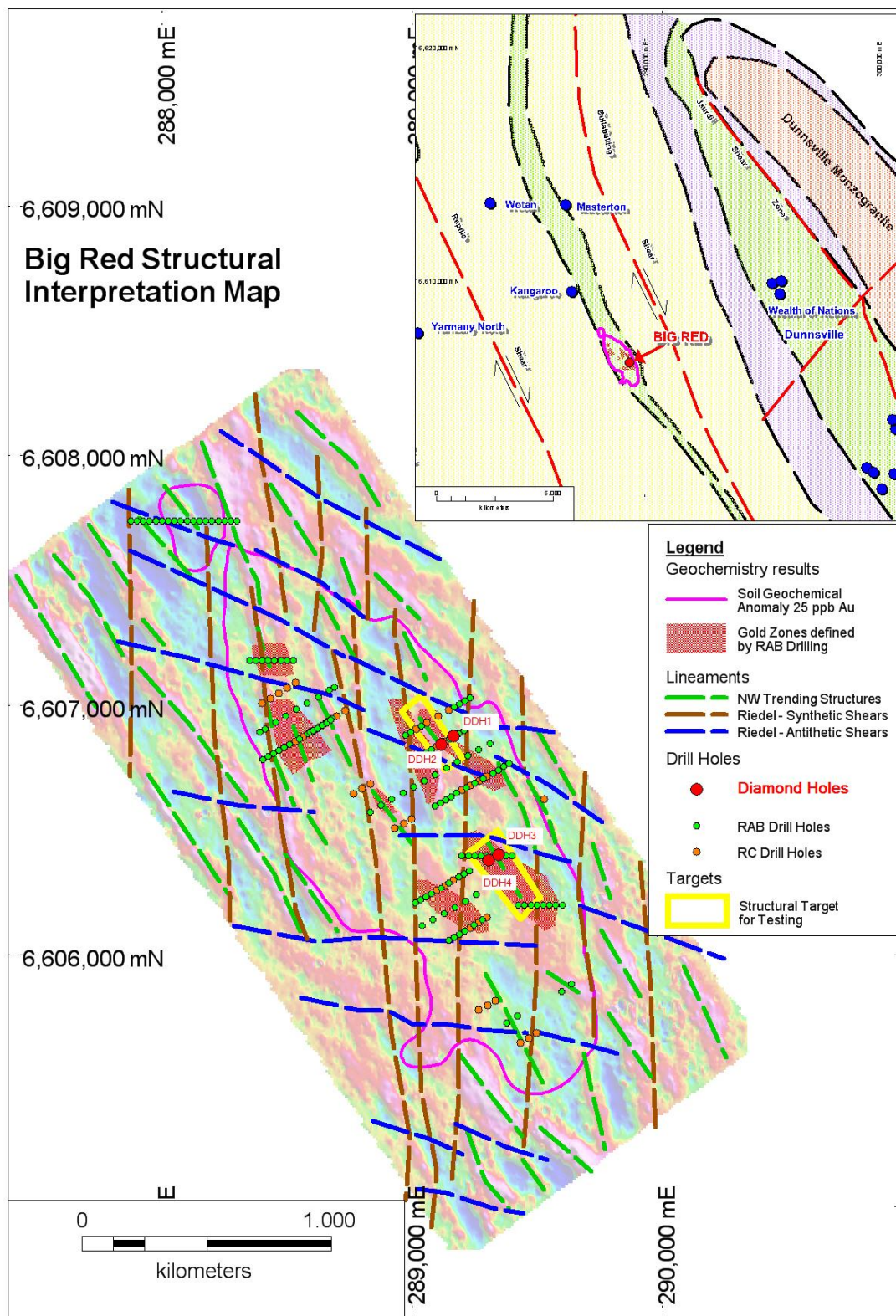
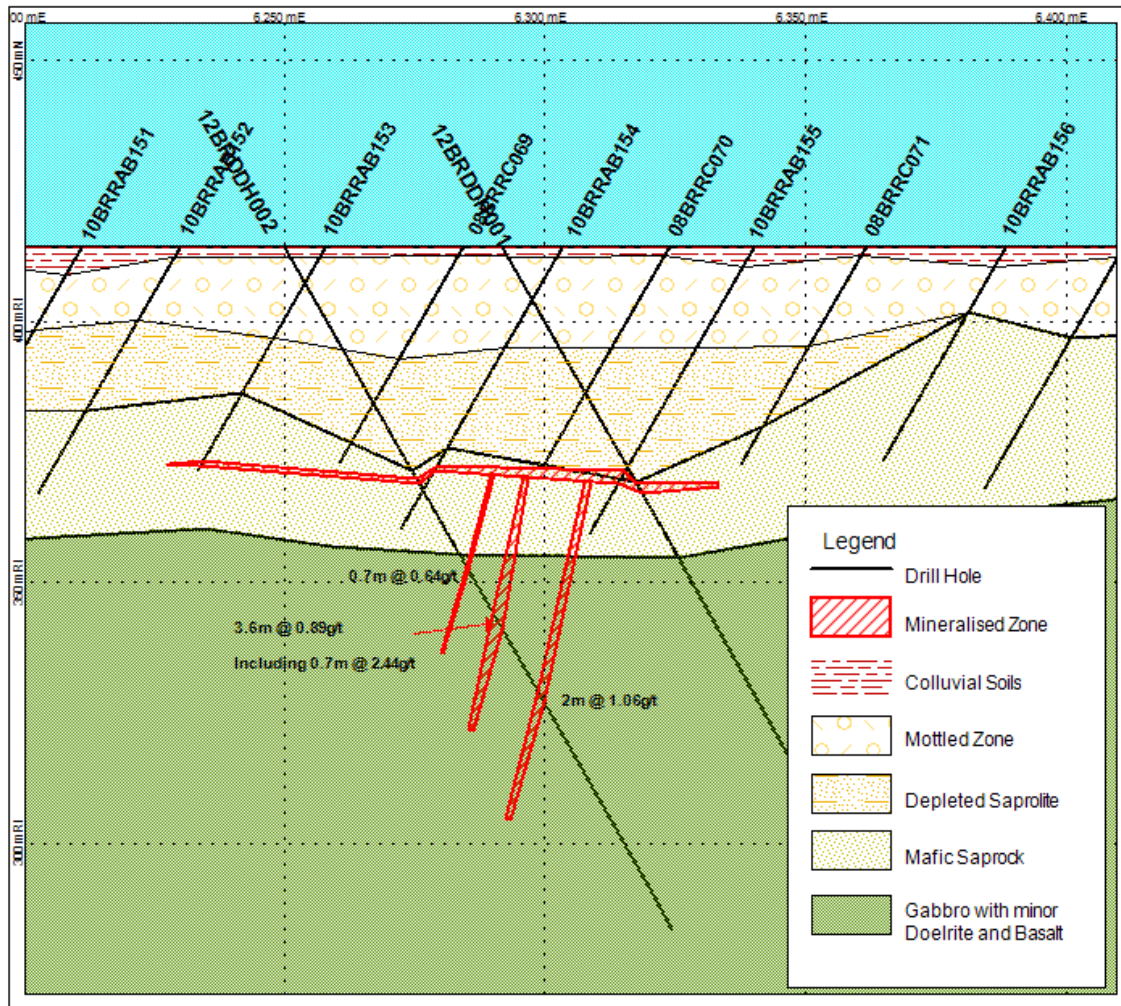


Figure 1: Big Red Prospect Drilling, Soil



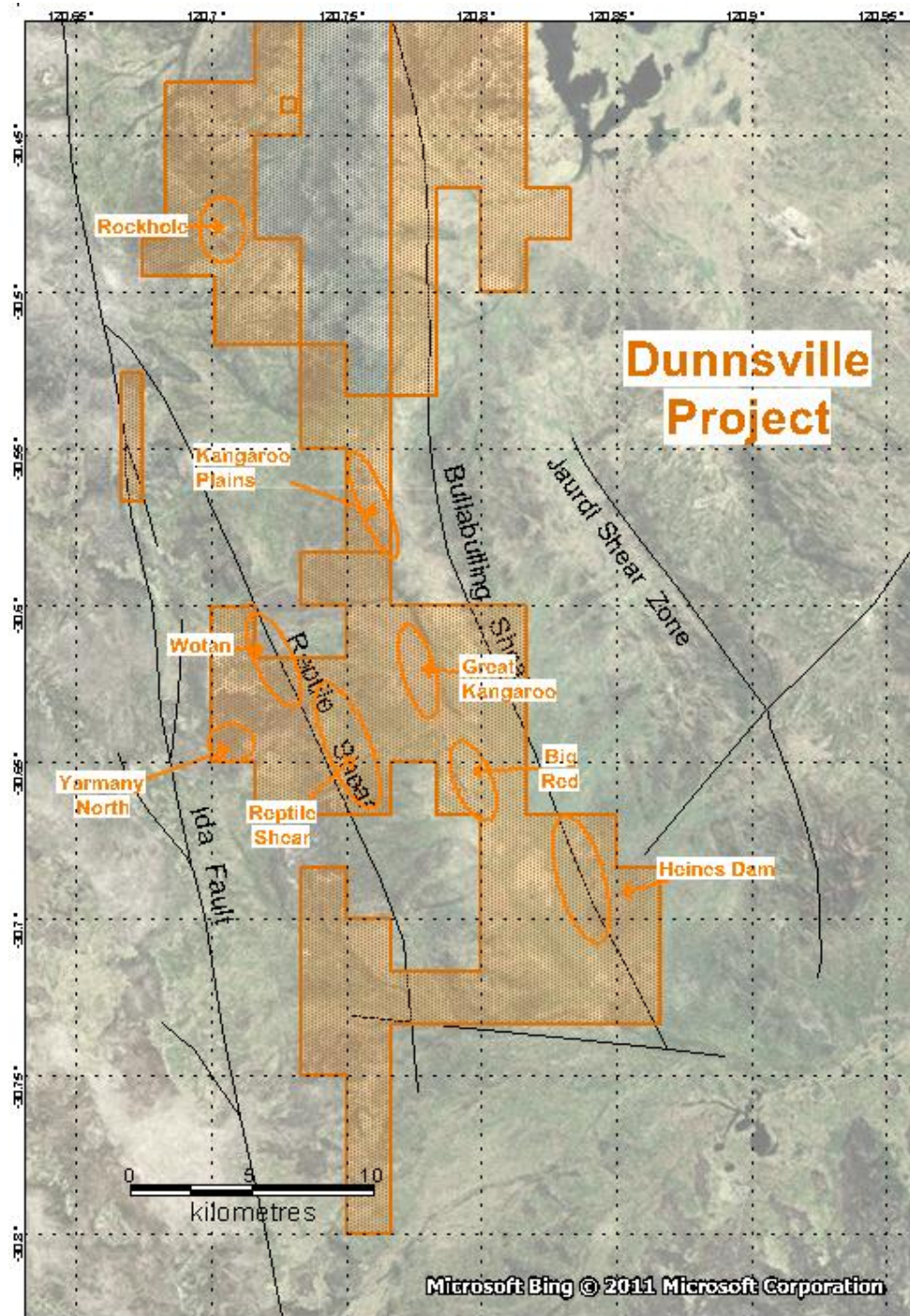


Figure 3: Regional Targets

Appendix 1: Drill Hole Results Summary

Hole No	North	East	Dip	Azim	From m	To m	Width m	Grade g/t
12BRDDH001	6606844	289102	-60	60	52.5	53.1	0.6	0.155
12BRDDH001					53.1	54	0.9	0.602
12BRDDH001					70.8	72	1.2	0.499
12BRDDH002	6606823	289066	-60		51	52	1	0.125
12BRDDH002					66	68	2	0.16
12BRDDH002					69	69.7	0.7	0.151
12BRDDH002					70	70.7	0.7	0.64
12BRDDH002					80.4	81.1	0.7	2.437
12BRDDH002					81.1	84	2.9	0.51
12BRDDH002					86	87	1	0.188
12BRDDH002					94	95	1	0.24
12BRDDH002					98	100	2	1.06
12BRDDH003	6606372	289283	-60	60	58.9	61	2.1	0.69
12BRDDH004	6606352	289250	-60	60	51.8	52.1	0.3	0.101
12BRDDH004					53.2	54.5	1.3	0.15
12BRDDH004					56.9	58	1.1	2.559
12BRDDH004					94.4	95	0.6	1.156