MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **3rd May 2016**

Ground EM Survey Commences

Mt Day Nickel Project

Highlights

- *The Mt Day nickel project, located 25km north of Maggie Hayes near Forrestania, is the latest addition to Matsa's pipeline of quality projects*
- *Previous shallow drilling at Mt Day achieved nickel intercepts up to 1.51% Ni with strong supporting copper values up to 0.17% Cu in weathered ultramafics*
- *Review of past exploration data at Mt Day has identified significant untested potential for Ni sulphides*
- *A Moving Loop EM (MLTEM) survey is planned utilizing a high power transmitter to test prospective komatiites which remain untested by earlier surveys*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.44 million @ $0.25 - $0.40

Top 20 shareholders

Hold 52.15%

Share Price on 2nd May 2016

18 cents

Market Capitalisation

$25.95 million

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Matsa is pleased to announce commencement of a ground EM survey at its 100% owned Mt Day nickel project located 25km NW of Poseidon's Emily Anne and Maggie Hayes nickel mines near Forrestania (Figure 1).

A detailed review of past exploration data over the Mt Day project has identified significant untested nickel potential in this highly prospective greenstone belt, including a number of shallow drill intersections in weathered ultramafic rocks containing significant nickel values up to 1.51% Ni with supporting copper values up to 0.17%Cu.

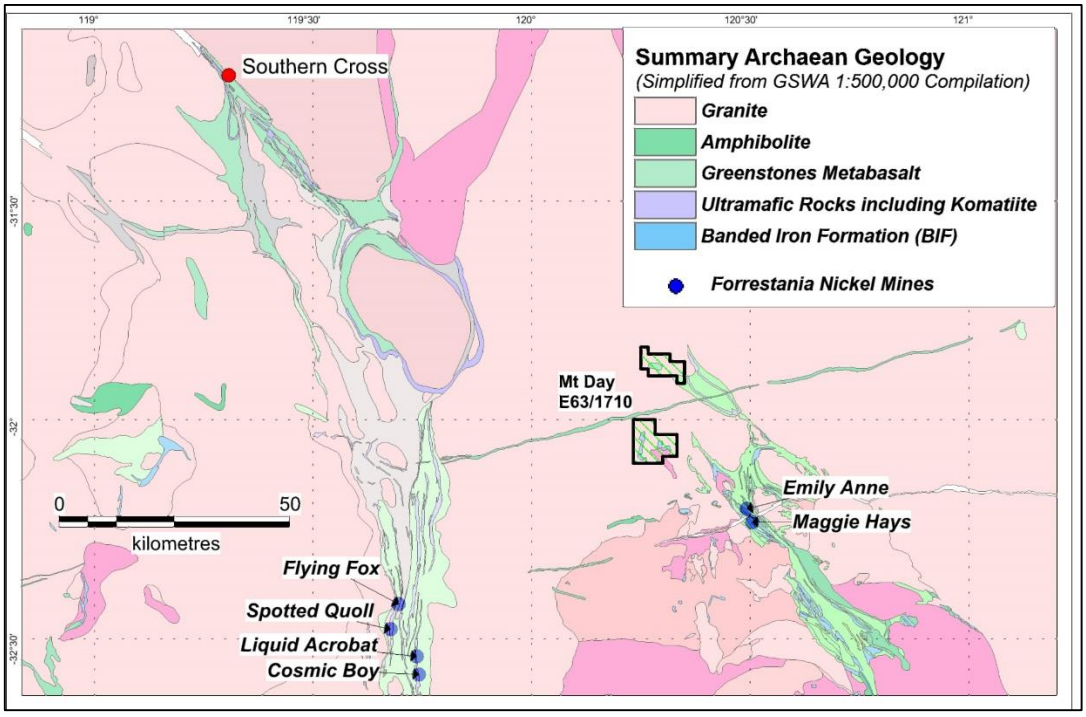

Figure 1: ***Location and regional geology of Mt Day Project***

Planned EM

The target area is located in the southernmost of the two blocks, making up Matsa's E63/1710. The planned EM survey is intended to cover the southern end of an 8km long belt of komatiite lavas in interpreted early stage fold closures which Matsa believes to be a structurally favourable location for nickel mineralisation in the Maggie Hays area.

The prospective belt of komatiite lavas coincides with a high amplitude NS trending magnetic anomaly which can be seen in aeromagnetic data. Only the northern part of this komatiite unit has been previously explored by ground EM surveys and the presence of komatiite lavas was confirmed by mostly shallow aircore drill holes (Figure 2). Support for the potential of significant nickel occurrences in this deeply weathered ultramafic belt is provided in significant results from aircore drilling by previous explorers as listed below:

- JSA066 3m @ 1.02% Ni from 69m
- JSA170 3m @ 1.03% Ni and 0.08% Cu from 36m
- JSA179 3m@ 1.03% Ni and 0.05% Cu from 51m
- JSA180 3m @ 1.51% Ni and 0.17% Cu from 21m

These highly anomalous and encouraging intercepts have all been made in deeply weathered ultramafic rocks and no nickel sulphides were observed. The presence of supporting copper values in three of the anomalous nickel intercepts above suggests that the intersections were made at least partly in weathered sulphides or "gossan" rather than simply reflecting lateritic enrichment of nickel in the weathering profile, which typically is not accompanied by elevated copper values.

Based on trends visible in the aeromagnetic image in Figure 2, the prospective komatiite continues around a fold closure towards the east to where additional interpreted fold closures can be seen as distinctive magnetic anomalies.

Past exploration including EM surveys and drilling was focused on the northern portion of the 8km long western komatiite belt. The southern fold closure and the interpreted eastern extension of the komatiite remain virtually untested.

Matsa has commenced the first of 5 planned lines for a planned ~12.5 line-kilometre moving loop EM (MLEM) survey over two areas which have received minimal exploration to date. A total of 4 lines are planned over the interpreted fold closure at the southern end of the western komatiite trend where a potential conductor target identified in previous surveys appears to become stronger. The conductor target is highlighted in Figure 2. One additional line is planned to cover a strong discrete magnetic feature thought to reflect a second fold closure to the NE.

Follow up EM surveys may be carried out to better define any targets which are identified by this survey. Diamond drilling is planned to test any sulphide type conductors detected as soon as possible after completion of surveying.

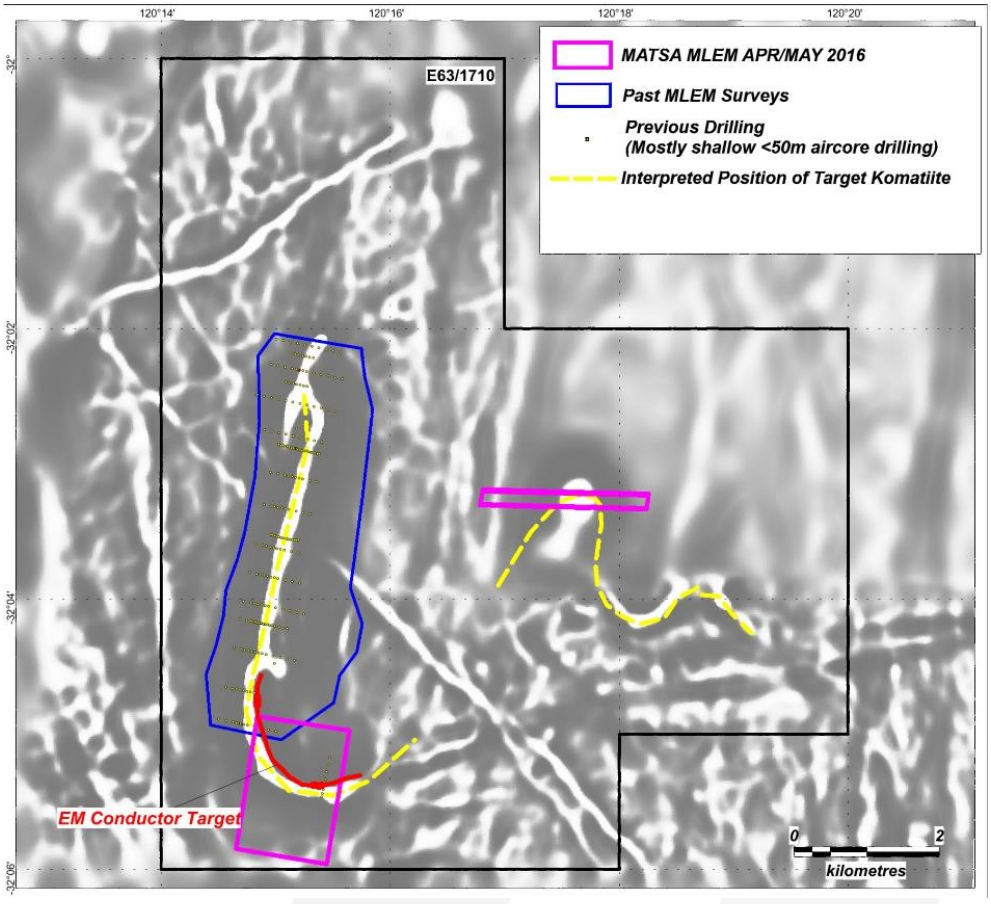

Figure 2: ***Mt Day, Planned MLEM survey areas, past EM and drilling over aeromagnetic image***

For further Information please contact:

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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 2012 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.

Appendix 1 - *Matsa Resources Limited – Mt Day Project*

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• The project is entirely located in E63/1710. • The Project is Located on Vacant Crown Land. • A heritage agreement has been signed and exploration is carried out within the terms of that agreement. • At the time of writing these licenses expire between 14th June 2013 and 8th July 2017.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Significant past work has been carried out by other parties for Ni including, surface geochemical sampling, ground electromagnetic surveys, RAB, AC, RC and DD drilling. Most of the exploration was carried out by Lion Ore and Norilsk Nickel
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Kambalda or Lake Johnston style Ni sulphide mineralisation in komatiite lavas.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• Not applicable, the coordinate system used to project drill hole collar information is GDA94 Zone 51S

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Exploration results summarized are drawn from public information.

Criteria	JORC Code explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All intercepts reported are composite aircore samples are measured in down hole metres.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A suitable summary plan of past drilling, has been included in the body of the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not applicable.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• High quality aeromagnetic data was acquired over part of the area by past workers. Images used are based on in-house compilation of this survey plus publically available and open file data to achieve the highest resolution possible.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	EM surveys proposed are being carried out by High Power EM Surveys Pty Limited..