MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **20 May 2014**

Third New High Priority Nickel-Copper Target

Symons Hill

Highlights

- *A third high priority target at Symons Hill with potential for Ni-Cu sulphide mineralisation defined within the Gloucester Corridor.*
- *2 steeply east dipping conductor plates identified immediately adjacent to and along strike from strongly enriched Ni values at SHG11 at depths of 125m below surface to a depth of 800m, giving the target a depth extent of ~675.*
- *High priority target lies within the Gloucester Corridor along strike from recently announced high aircore Ni values at SHG11.* ***(4m @ 0.72% Ni, 0.026% Cu, 0.030% Co to BOH****)*
- *Diamond drilling is planned to test target at a depth of ~250m vertical depth below surface with provision for further target definition by downhole EM surveys.*

CORPORATE SUMMARY

Executive Chairman

Paul Poli

Director

Frank Sibbel

Director & Company Secretary

Andrew Chapman

Shares on Issue

144.15 million

Unlisted Options

8.3 million @ $0.31 - $0.43

Top 20 shareholders

Hold 48%

Share Price on 19 May 2014

25 cents

Market Capitalisation

$36.04 million

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Matsa is very pleased to report that a target comprising 2 deep conductor plates has been interpreted from recently completed MLTEM surveys along the Gloucester Corridor at SHG11 (Figure 1).

It can be seen that the target is located along strike from recently announced highly enriched Ni values at SHG11 including ***4m @ 0.72% Ni, 0.026% Cu, 0.030% Co*** within a broader intercept *of* ***16m @ 0.31% Ni 0.013% Cu 0.012% Co*** (*SHAC625)* in weathered ultramafic granulites at the bottom of the drillhole.

Important aspects of the target include:

- Modeling of recently completed MLTEM data identified 2 interpreted deep conductivity responses coinciding with VTEM anomaly VA11 immediately adjacent to bedrock Ni anomaly SHG11.
- Geophysical modeling of conductivity responses indicate the presence of 2 interpreted steep easterly dipping sub-parallel conductor plates separated by distance of 30-75 metres, extending from ~125m below surface to approximately 800m below surface. (Figure 2)
- In the opinion of geophysical consultants SGC, ***this is a formational/bedrock conductivity anomaly which may well reflect the presence of sulphides, including Ni and Cu sulphides***. Alternatively it may reflect the presence of other formational conductors.
- The conductive plate targets are located within the Gloucester Corridor and are interpreted to lie along strike from previously announced strongly elevated bedrock Ni values at SHG02 (***108m @ 0.27% Ni,*** **0.004% Cu)** and SHG03 (***56m @ 0.39% Ni, 0.016% Cu).***
- It is noteworthy that trace ***disseminated sulphides*** were seen in RC drillholes, to occur with elevated Ni values in unweathered olivine metagabbro at SHG02 and SHG03.

Executive Chairman and CEO Mr Paul Poli commented "The Matsa team is enthusiastic about our continuing exploration successes in the Gloucester Corridor with further high priority conductors identified. The presence of coincident elevated nickel, ultramafic rocks and geophysical targets at SHG02, SHG03 and SHG11 in the Gloucester Corridor, provides an exciting programme of diamond drilling, and the team are gearing up for immediate commencement."

Data Review and Interpretation

The 3D assessment of recently acquired MLTEM and IP survey data in conjunction with aircore and RC drilling is ongoing. *(Ground electrical survey procedures including instrumentation survey layout were attached to MAT announcement to the ASX 8th May 2014)*

For further Information please contact:

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Executive Chairman

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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.

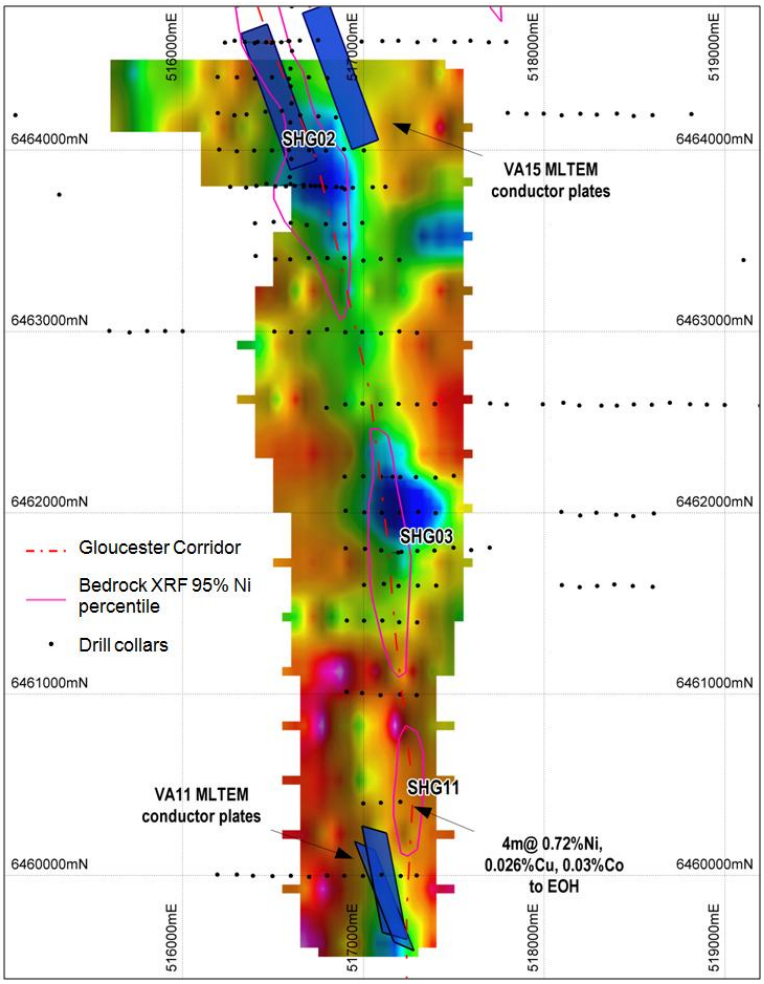

Figure 1: SHG02 – SHG11 MLTEM Survey – Conductivity Image and Location of Interpreted Conductor Plates

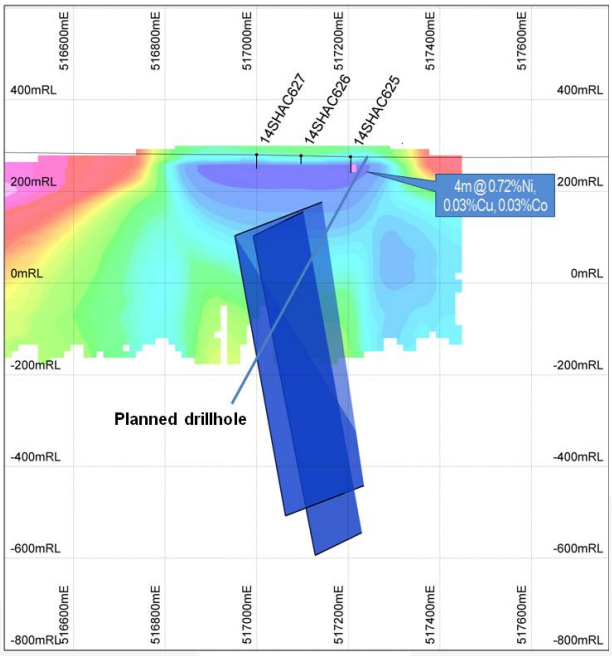

Figure 2: Section 6460400 (SHG11) showing MLTEM Conductors VA11 (projected to section) underlying elevated Ni in aircore drilling. VTEM Resistivity contours as background image