MATSA RESOURCES LIMITED
ABN 48 106 732 487

ASX Announcement **17th February 2014**

Symons Hill Programme Expanded to Include New Ni-Cu Targets

Highlights

- *New structural interpretation shows that the important olivine-bearing metagabbro associated with elevated Ni at SHG02 forms part of a much more extensive complexly folded metagabbro unit at Symons Hill*
- *The interpretation substantially increases the target area and prospectivity for Ni-Cu mineralisation at Symons Hill*
- *High priority Ni-Cu geochemical targets SHG01–SHG06 are all located within the interpreted metagabbro*
- *New targets in the metagabbro include previously identified EM conductors which have been significantly enhanced by the interpretation*
- *Aircore drilling programme has been substantially increased from 8,000m to 14,400m in order to test new targets*
- *Additional ground EM surveys underway to test newly identified bedrock conductors close to the prospective metagabbro unit*
- *Deep diamond drill targets currently being developed using the new structural interpretation*

Matsa Resources Limited ("Matsa" or "the Company" ASX:MAT) advises that a number of new Ni-Cu exploration targets have been identified at Symons Hill by a regional and project-scale structural/targeting analysis. The new targets are ranked highly alongside existing targets, and the current drilling and field programme (MAT report to ASX 27 January 2014) has been significantly expanded.

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 17 February 2014

20.5 cents

Market Capitalisation

$29.55 million

Head Office: Suite 11, 139 Newcastle Street, Perth Western Australia 6000 **Tel**: +61 8 9230 3555 **Fax:** +61 8 9227 0370
Bangkok Office: Unit 1808, Pacific Place 2, 142 Sukhumvit Road, Klongtoey, Bangkok 10110 **Tel**: +66 0 2653 0258 **Fax**: +66 0 2653 0258
reception@matsa.com.au www.matsa.com.au

Executive Chairman Mr Poli stated, "Past results from work conducted at Symons Hill has given us reason to be optimistic. As a result of this independent analysis, our confidence continues to grow, and we now have a compelling model to test. We are consistently ticking the boxes towards a discovery and this will add to that process. We remain cautiously optimistic but meticulous in our decision making and planning".

Mr Poli added, "We are currently working on site with drilling rigs, EM surveying, IP surveys and further soil sampling. We're throwing a lot at it, it's an exciting time to be a shareholder."

Structural / Targeting Study

Matsa commissioned a detailed independent structural targeting study incorporating all available data, focusing on the regional geology and structural setting of Symons Hill in relation to Nova/Bollinger and other nickel discoveries to:

1) Confirm and enhance existing targets;
2) Develop and improve geological and structural framework;
3) Identify new exploration targets and new targeting concepts;
4) Prioritise current ground and down hole EM programmes; and
5) Make recommendations on existing RAB/Aircore and deep RC/diamond drilling programmes.

Findings to date show that in common with Nova/Bollinger, Symons Hill can be seen to occupy a unique complex structural flexure within the generally NE-trending Fraser Zone (Figure 1).

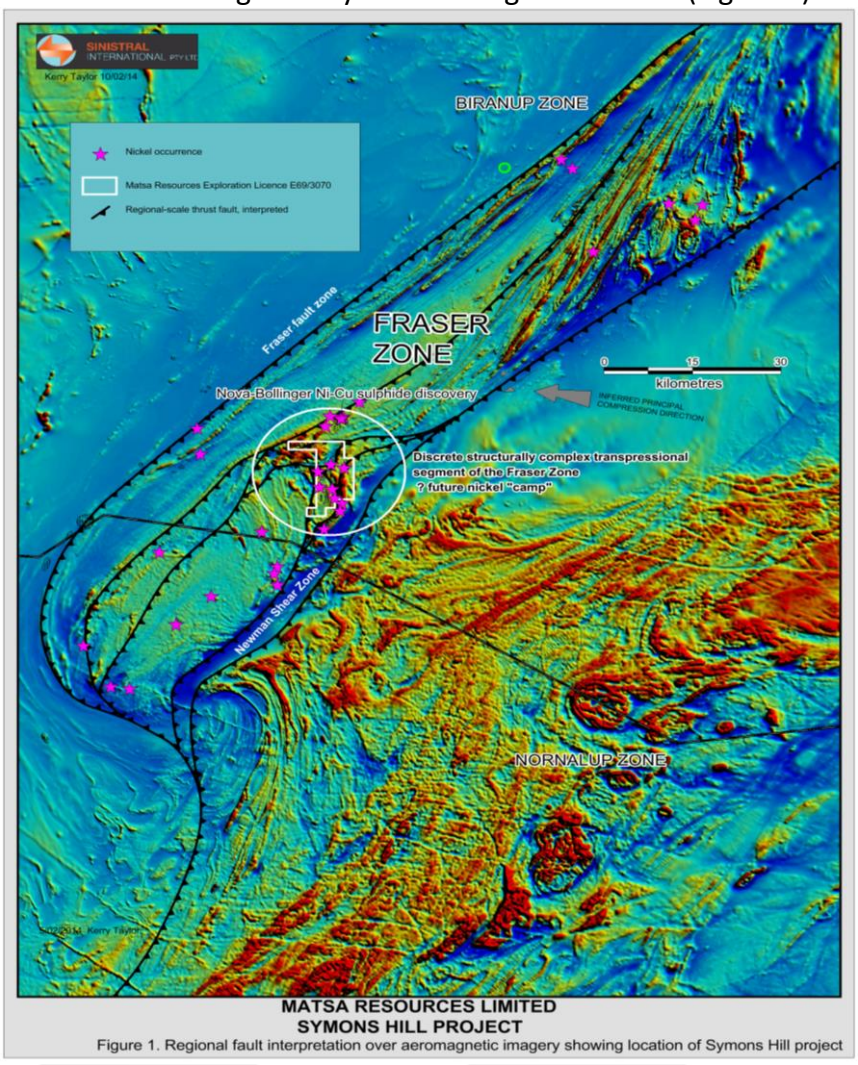

***Figure 1:** Regional structural setting of Symons Hill project on aeromagnetic imagery*

As a result of the findings at Symons Hill, we can interpret the magnetic units to define a large (~10km) NNW-trending complexly folded elliptical dome structure (Figure 2). This structural setting is believed to be highly favourable for Ni-Cu mineralisation because of similarities with the regional structural setting of a number of world-class mineral deposits, e.g. the Kambalda nickel deposits and the 30M oz Telfer gold deposit in Western Australia which are similarly located in structural domes.

The structural dome at Symons Hill (Symons Hill Dome, Figure 2) incorporates four of the six key soil geochemical targets along its margin. Target SHG04 is located at the NW apex of the dome, which also encloses targets SHG02 and SHG03 on its eastern margin and SHG06 on its western margin.

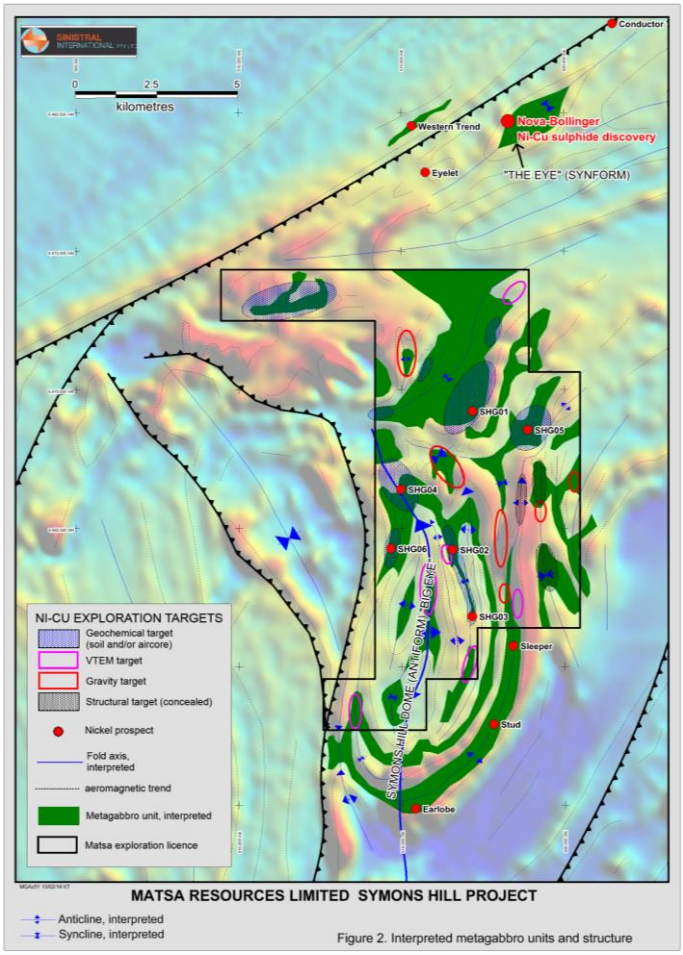

***Figure 2:* Structural interpretation and extent of metagabbro unit**

The important olivine-bearing gabbro identified by drilling in Target SHG02 is now interpreted to form part of a regionally extensive complexly folded stratabound metagabbro unit. This Ni-Cu prospective unit is interpreted to be an important component of the Symons Hill Dome and can be seen to be structurally repeated in a number of places both inside and outside the dome (Figure 2). For example NS trending tightly folded metagabbro units are interpreted to extend south from SHG05 over a distance of 9km (Figure 2).

Metagabbro units south of Target SHG05 are an important new target because available evidence suggests that they are overlain by younger transported cover and thus any associated Ni-Cu mineralisation would not be detected by soil geochemistry. The current exploration programme has been expanded to increase aircore drilling and ground EM to test this new area of interest at Symons Hill. This zone can be seen to be an extension of the mineralised corridor containing Sheffield Resources Ltd's Sleeper, Stud and Earlobe nickel discoveries immediately south of Symons Hill (Figure 2). The current exploration programme has been expanded to test a number of VTEM conductors and gravity anomalies in this zone.

Highest ranked targets to date, SHG02 and SHG03, are interpreted to occupy a small-scale tight syncline within the Symons Hill Dome. This structural setting is significant because the Nova/Bollinger discovery is interpreted to be also located within a small-scale synclinal fold ("The Eye") as reported by Sirius Resources Ltd. Accordingly, the current drilling and field programme has been prioritised and significantly expanded at SHG02 and SHG03.

High priority Ni-Cu soil anomaly SHG04 coincides with the interpreted location of a NNW trending fold closure in metagabbro at the northern limit of the Symons Hill dome. The RAB aircore programme has been expanded to test the fold closure for Ni-Cu sulphide accumulation.

Proposed FLEM (Fixed Loop ground EM Surveys)

A detailed analysis of the all ground EM data was undertaken taking into account the potential for concealment by younger cover and location relative to the newly defined stratabound metagabbro unit. Accordingly, previously identified but lower ranked conductors have been reprioritised higher as massive Ni-Cu sulphide targets.

As such, VTEM conductors VA01, VA02, VA011 and VA015 have been selected for ground EM surveys because of their location adjacent to the stratabound metagabbro unit and in the case of conductors VA11 and VA15, their location relative to high priority Ni-Cu targets SHG02 and SHG03 (Figure 2).

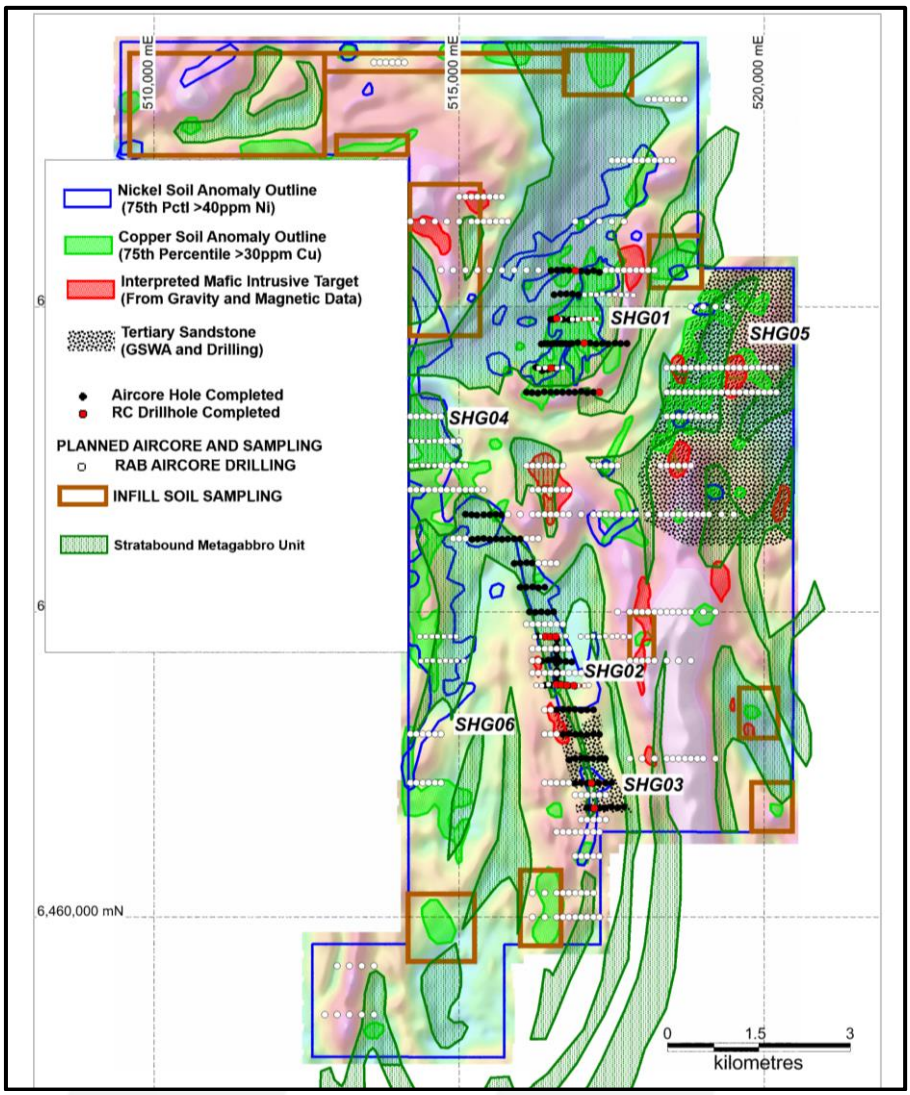

Figure 3: Symons Hill summary and planned exploration

Revised Increased Drill Programme

The planned 8,000m RAB Aircore as announced in January 2014 and currently underway has been increased to an estimated 14,400m in order to test targets delineated from the new models developed (Figure 3).

The integrity of the targets being tested have been substantially improved through Matsa's work and the current expanded RAB/Aircore drilling will provide valuable knowledge of the geology, chemistry and structure over a large area, which could further enhance the company's prospects.

For further Information please contact:

Paul Poli
Executive Chairman

Frank Sibbel
Director

Phone +61 8 9230 3555
Fax +61 8 9227 0370
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 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.

Structural targeting study

A structural targeting study was carried out by independent specialist mineral targeting consultant Kerry Taylor, Principal Geologist Sinistral International Pty Ltd. Kerry Taylor 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'. Kerry Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.