

MATRIX METALS LIMITED ABN 42 082 593 235

NOTICE OF 2006 ANNUAL GENERAL MEETING

Matrix Metals Limited gives notice that the 2006 Annual General Meeting of members will be held at City West Function Centre, 45 Plaistowe Mews, City West Centre, West Perth WA 6005 on Thursday, 30 November 2006 at 3.00 pm (WST).

ORDINARY BUSINESS

1. Reports

To consider the financial report of the Company and the reports of the directors and auditor for the year ended 30 June 2006.

2. Resolution 1 – Adoption of the remuneration report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"To adopt the remuneration report, which forms part of the directors' report and is contained in pages 47 to 51 of the Annual Report, for the year ended 30 June 2006."

The vote on this resolution is advisory only and does not bind the directors or the Company.

3. Resolution 2 – Re-election of Mr Shane McBride

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"To re-elect as a director Mr Shane McBride who retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election."

4. Resolution 3 – Re-election of Mr Clive Donner

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"To re-elect as a director Mr Clive Donner, who retires in accordance with the Company's constitution and, being eligible, offers himself for re-election."

5. Resolution 4 – Re-election of Mr Geoff M Jones

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"To re-elect as a director Mr Geoff M Jones, who retires in accordance with the Company's constitution and, being eligible, offers himself for re-election."

6. Resolution 5 – Approval of issues of options and shares under the Employee Share Option Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for the purposes of Exception 9(b) of Rule 7.2 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes to the grant of options (and the issue of shares on exercise of those options) under the Matrix Metals Limited Employee Share Option Plan for a period of 3 years commencing on the date of this meeting."

NOTICE OF 2006 ANNUAL GENERAL MEETING

The Company will disregard any votes cast on this resolution by any director of the Company and any associate of any director. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides and the member who is entitled to vote has indicated on the proxy form that the Chairman may vote as a proxy in relation to each resolution to which the voting exclusion relates.

7. Resolution 6 – Ratification of past placements of shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, approval is given for the past issues of a total of 41,916,667 fully paid ordinary shares in the Company on the terms and to the persons set out in the Explanatory Memorandum accompanying this Notice."

The Company will disregard any votes cast on this resolution by any person who participated in any of the past issues and any associate of them. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides and the member who is entitled to vote has indicated on the proxy form that the Chairman may vote as a proxy in relation to each resolution to which the voting exclusion relates.

8. Resolution 7 – Approval for additional placement of shares

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Rule 7.1 or Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited (as applicable) and for all other purposes, approval is given for the issue of up to 44,300,000 fully paid ordinary shares in the Company at an issue price of 5.3 cents per share on the terms and to the persons set out in the Explanatory Memorandum accompanying this Notice."

The Company will disregard any votes cast on this resolution by any person who participated or who may participate in the placement and any associate of that person. However, the Company need not disregard a vote if:

MATRIX METALS LIMITED ABN 42 082 593 235

NOTICE OF 2006 ANNUAL GENERAL MEETING

- it is cast by a person as proxy for a member who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman as proxy for a member who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides and the member who is entitled to vote has indicated on the proxy form that the Chairman may vote as a proxy in relation to each resolution to which the voting exclusion relates.

9. Other business

To consider any other business brought forward in accordance with the Company's Constitution or the law.

Entitlement to attend and vote

The directors have determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 7.00pm (Sydney time) on 28 November 2006.

Voting by proxy

A member who is entitled to attend and cast a vote at the Meeting may appoint a proxy.

A proxy need not be a member. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints an individual as a representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A member who is entitled to cast 2 or more votes may appoint 2 or more proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

For an appointment of a proxy for the meeting to be effective:

- the proxy's appointment; and
- if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (eg a power of attorney) or a certified copy of it,

must be received by the Company at least 48 hours before the meeting.

The following addresses are specified for the purposes of receipt of proxies:

MATRIX METALS LIMITED ABN 42 082 593 235

NOTICE OF 2006 ANNUAL GENERAL MEETING

- by mail to Matrix Metals Limited PO Box 1036, West Perth WA 6872; or
- by fax, on 08 9486 7300.

Voting by Attorney

A member may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office (or one of the addresses listed above for the receipt of proxy appointments) at least 48 hours before the meeting.

Corporate Representatives

A body corporate which is a member, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

By order of the Board

S McBride
Company Secretary
27 October 2006

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

1. Resolution 2 – Re-election of Mr Shane McBride

In accordance with the Company's Constitution, Mr Shane McBride retires by rotation and offers himself for re-election.

Mr Shane B. McBride BBus., FCPA, FCIS, MAICD

Appointed 22 July 2004

Chief Financial Officer and Company Secretary

Mr McBride is a Certified Practising Accountant and Chartered Secretary with 25 years' experience in the accounting profession, including 20 years' experience in the resource industry. His experience has been gained in several listed Australian public companies in the disciplines of management and financial accounting, mine site administration, corporate management, corporate finance and company secretarial functions. Mr McBride has a BBus(Acct) degree, is a Fellow of CPA Australia, a Fellow of Chartered Secretaries Australia and the Institute of Chartered Secretaries and Administrators, and is a Member of the Australian Institute of Company Directors.

Mr McBride has been the chief financial officer and company secretary of Matrix since 2 February 2000. As at the end of the financial year and during the three years prior, Mr McBride has not had any directorships of listed companies outside of the Matrix Metals Limited Group.

The other members of the Board support the re-election of Mr McBride.

2. Resolution 3 – Re-election of Mr Clive Donner

Mr Clive Donner was appointed since the last annual general meeting of the Company, on 17 October 2006. In accordance with the Company's Constitution, Mr Clive Donner retires and offers himself for re-election.

Mr Clive Donner

Appointed 17 October 2006

Non-executive director

Mr Donner has substantial skills in fundraising and project financing spanning over 25 years. He was previously the project finance head and director responsible for Rothschild Australia's project finance mining business in Western Australia before spending almost a decade in venture capital and equities in the resources sector. Mr Donner is the Managing Director of LinQ Resources Fund, a mining and resources fund specialising in small cap resources. He is also the chairman of both Wedgetail Mining Limited and China Gold Mines plc and a non-executive director of Dioro Exploration Limited, all of which are listed companies.

The other members of the Board support the re-election of Mr Donner.

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

3. Resolution 4 – Re-election of Mr Geoff M Jones

Mr Geoff M Jones was appointed since the last annual general meeting of the Company, on 17 October 2006. In accordance with the Company's Constitution, Mr Geoff M Jones retires and offers himself for re-election.

Mr Geoff M Jones

Appointed 17 October 2006

Non-executive director

Mr Jones is a Fellow of the Institution of Engineers, Australia, with a Bachelor of Engineering (Civil) degree. He has over 22 years' experience in construction, engineering, mineral processing and project development, including over 6 years with Resolute Limited, where he was responsible for the development of its projects both in Australia and Africa. Mr Jones also managed the study works for Gallery Gold Limited's Botswana gold project in his capacity as Executive Director, Operations. Since 2001, Mr Jones has operated his own project management and engineering consultancy, JMG Projects Pty Ltd, servicing the mining industry. Mr Jones is also a non-executive director of the listed company Adamus Resources Limited.

The other members of the Board support the re-election of Mr Jones.

4. Resolution 5 – Approval of grant of Options and Issue of Shares Under the Employee Share Option Plan

4.1 Background

Resolution 5 is seeking shareholder approval for the issue of securities under the Company's Employee Share Option Plan (the "**Plan**").

The Plan was approved by holders of ordinary shares in general meeting on 20 November 2003. As a result, grants of options (and issues of shares on exercise of those options) under the Plan during the 3 years since that date have not been required to be counted in calculating the Company's 15% limit under Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited (**ASX**). Under that rule, the Company must not issue in aggregate securities (including options) equal to more than 15% of the issued ordinary capital of the Company in any rolling 12 month period without shareholder approval.

The 3 year period is about to expire and, without the shareholder approval sought under resolution 5, issues of options under the Plan would count towards the 15% limit.

Listing Rule 7.2 Exception 9(b) permits securities issued under an employee incentive scheme to be excluded from calculations of the 15% limit if they are approved by shareholders within 3 years before their date of issue. Accordingly, the effect of the approval sought by resolution 5 will be that options granted (and shares issued on exercise of the those options) under the Plan will not be counted as reducing the number of

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

securities which the Company can issue during the 3 years after the date of the meeting without shareholder approval.

A separate shareholder approval will be required before any options under the Plan could be issued to directors.

4.2 Listing Rules Disclosures

Listing Rule 7.2 Exception 9(b) sets out a number of details which must be included in a notice of meeting requesting shareholder approval for that purpose. The following information is therefore provided in relation to resolution 5:

- (a) a summary of the terms of the Plan is set out in Annexure A to this explanatory memorandum; and
- (b) as at the date of this explanatory memorandum, the following options have been issued under the Plan:

Number	Exercise Price	Hurdle Price	Expiry Date
75,000	\$0.10	nil	31 January 2007
250,000	\$0.10	\$0.12	30 June 2005
250,000	\$0.10	\$0.14	30 June 2006
250,000	\$0.10	\$0.16	30 June 2007
9,999,999	\$0.18	nil	30 June 2008
2,650,000	\$0.07	nil	30 Nov 2008

To date, no shares have been issued on the exercise of these options and five hundred thousand (500,000) of these options have expired.

The Company confirms that all options issued under the Plan will be issued in accordance with the Listing Rules of ASX.

5. Resolution 6 – Ratification of past placements of shares

Under Rule 7.1 of the Listing Rules of ASX, the Company can issue up to 15% of its issued equity securities in a rolling 12 month period (subject to certain exceptions) without shareholder approval.

This item seeks shareholder approval under Rule 7.4 of the Listing Rules of ASX to ratify the past issues of fully paid ordinary shares in the Company which are listed below. The effect of the ratification will be that these issues of shares will not be counted as reducing

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

the number of securities which the Company can issue in the future without shareholder approval under the 15% limit imposed by Rule 7.1 of the Listing Rules of ASX (ie the 15% limit is "renewed" to the extent of the ratification).

The Company has made the following issues of shares in the past 12 months:

- (a) placement of 250,000 shares for no cash consideration to Mitakoodi Juhnjar Aboriginal Corporation, announced to ASX on 15 June 2006; and
- (b) placement of 41,666,667 shares at 6 cents per share to Glencore International AG (**Glencore**), announced to ASX on 19 October 2006.

The shares issued to Mitakoodi Juhnjar Aboriginal Corporation were issued for no cash consideration in accordance with a Native Title Resource and Infrastructure Agreement for the company's White Range Project. These shares will be voluntarily escrowed until 14 June 2007.

The shares issued to Glencore will be voluntarily escrowed until October 2007. The funds raised from the placement to Glencore will be used for capital requirement to restart the Mt Cuthbert/Mt Watson mine site and working capital purposes for the mine restart. This placement is the first tranche of a placement announced to ASX on 19 October 2007. Further information is set out in the explanatory notes to resolution 7.

All of the shares issued pursuant to the placements listed above were fully paid ordinary shares which ranked equally with all other existing fully paid ordinary shares in the Company. None of the allottees of the placements was a related party of the Company within the meaning of the *Corporations Act 2001* (Cth) and the Listing Rules of ASX.

The directors of the Company believe that this resolution is in the best interests of the Company and its shareholders and unanimously recommend that shareholders vote in favour of it.

6. Resolution 7 – Approval for additional placement of shares

6.1 Background

Resolution 7 seeks shareholder approval for the issue of up to 44,300,000 fully paid ordinary shares in the Company at 5.3 cents per share. This placement will be in addition to the Company's renewed ability to issue up to 15% of its share capital in accordance with Rule 7.1 of the Listing Rules of ASX, pursuant to resolution 6.

The Company anticipates that this placement will have occurred by the time of the Company's Annual General Meeting (**AGM**), in which case the placement will require approval under Rule 7.4 of the Listing Rules of ASX. If the placement has not occurred by the time of the AGM, resolution 7 allows the Company to undertake the placement after

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

the AGM without affecting the Company's ability to issue up to 15% of its share capital in accordance with Rule 7.1 of the Listing Rules of ASX.

On 19 October 2006, the Company announced that it proposed to undertake an equity raising to raise approximately \$4.85 million by way of the issue of 86,000,000 ordinary fully paid shares pursuant to ASX Listing Rule 7.1.

The placement is divided into 2 tranches:

- (a) the placement of 41,666,667 fully paid ordinary shares to Glencore at 6 cents per share (which has already occurred and which is to be ratified under resolution 6) (**First Tranche**); and
- (b) the placement of up to 44,300,000 fully paid ordinary shares at 5.3 cents per share (**Second Tranche**).

Resolution 7 seeks approval for the placement of 44,300,000 shares under the Second Tranche.

The Second Tranche is subject to the completion of satisfactory due diligence by Glencore. This due diligence is being conducted by Glencore as a condition to its provision of a debt facility to the Company to help fund the re-start of the Company's Mt Cuthbert/Mt Watson mine. Further information is set out in the Company's ASX announcement of 19 October 2006.

Matrix has reached in-principle agreement with Hartleys Limited for it to act as broker in respect of the Second Tranche. Independence Group NL and LinQ Resources Fund have indicated that they will participate in the Second Tranche, maintaining their pro rata interest in Matrix.

The funds raised from the issue of shares under the First Tranche and the Second Tranche will be used for capital requirement to restart the Mt Cuthbert/Mt Watson mine site and working capital purposes for the mine restart.

6.2 Listing Rule Disclosures

The Company provides the following further information in relation to this resolution:

- (a) the names of the allottees are not yet known however it is intended that they will be institutional, sophisticated and professional investors as determined by the Company and pursuant to offers that will not require the issue of a disclosure document. As noted above, Independence Group NL and LinQ Resources Fund have indicated that they will participate in the placement;
- (b) none of the allottees of the placements will be a related party of the Company within the meaning of the *Corporations Act 2001* (Cth) and the Listing Rules of ASX;

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

- (c) the maximum number of securities the Company will issue is 44,300,000 fully paid ordinary shares in the Company;
- (d) the Company will issue the Shares as soon as possible and in any event no later than three months after the date of the AGM (or such later date as approved by ASX) and it is intended that allotment of the shares will occur on the same date; and
- (e) the shares to be issued will be ordinary fully paid shares in the capital of the Company and will rank equally in all respects with the Company's existing ordinary fully paid shares.

The directors of the Company believe that this resolution is in the best interests of the Company and its shareholders and unanimously recommend that shareholders vote in favour of it. The directors note that this resolution gives the Company the flexibility to issue further shares under Rule 7.1 of the Listing Rules of ASX representing up to 15% of the Company's share capital during the next 12 months without the need to seek prior shareholder approval.

EXPLANATORY MEMORANDUM TO THE NOTICE OF 2006 ANNUAL GENERAL MEETING

This information forms part of the Notice of 2006 Annual General Meeting.

ANNEXURE A

Summary of the terms of the Matrix Metals Limited Employee Share Option Plan

Matrix established an Employee Share Option Plan (the "**Plan**") to assist in the recruitment, reward, retention and motivation of employees and officers ("**Eligible Persons**") of the Matrix group.

The Plan is managed and administered by the board of Matrix or a committee established by the board for that purpose.

In its discretion, the committee decides:

- whether it is appropriate for an Eligible Person to participate in the Plan;
- the number of options to be issued to Eligible Persons;
- the exercise conditions (if any) to apply to options issued pursuant to the Plan; and
- the exercise price for each option (subject to certain restrictions contained in the Plan).

In so deciding, the committee must consider:

- the Eligible Person's position within the Matrix group and the services provided to the Matrix group by the Eligible Person;
- the Eligible Person's record of employment or service with the Group;
- the Eligible Person's potential contribution to the growth of the Matrix group; and
- any other matters which tend to indicate the Eligible Person's merit.

The total number of shares the subject of options issued under the Plan immediately following an issue of options under the Plan must not exceed 5% of the then issued share capital of the Company on a fully diluted basis.

The Plan will continue in operation until the board decides to terminate it.

Options issued under the Plan:

- have a vesting period of one year or such other period as is fixed by the committee;
- are not transferable except in limited circumstances;
- generally lapse on termination of employment if it occurs after the vesting period;
- do not participate in any rights issue by the Company but holders will be given not less than nine business days' notice of the record date for the issue to allow them to exercise their options prior to that date;
- do participate in bonus issues by the Company; and
- will be reconstructed in accordance with the Plan if the Company undertakes a capital reconstruction.