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Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000



MATRIX METALS
LIMITED

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Prospector Drilling Program and VTEM Survey

- **Significant copper mineralisation intersected from 16 holes (2,187 metres drilled)**
- **543 line km helicopter based VTEM (Versatile Time Domain Electro Magnetic) survey flown over the Prospector area**
- **17 VTEM anomalies identified, 12 have supporting copper mineralisation exposed at surface**
- **Initiated detailed modelling of 5 VTEM high priority anomalies**
- **Drilling, VTEM, soil sampling, geologic mapping and magnetic surveying support the model of hydrothermal magnetite and IOCG style copper mineralisation connection at Prospector 2**
- **Selected drill results**

P2RC-001	23 m @ 1.21% Cu from 11 m at 0.3% Cu cut
P2RC-006	9 m @ 1.07% Cu from 15 m at 0.3% Cu cut
P2RC-008	3 m @ 1.86% Cu from 132 m at 0.3% Cu cut
P1RC-001	3 m @ 1.23% Cu from 48 m at 0.3% Cu cut

Matrix Metals Limited (“Matrix” or “the Company”) is pleased to report on progress of exploration at its Prospector area, located approximately 35 kilometres south of the Leichhardt Copper Plant, in the Mt Isa area of North West Queensland.

The Company has completed further RC drilling and has flown a VTEM survey over the prospect. Over the last two years evaluation of the area by many exploration methods – including soil sampling, rock chip sampling, airborne magnetics, geological and structural mapping, VTEM (another form of airborne magnetics) and drilling,

support the geological model that Iron Oxide Copper Gold (“IOCG”) mineralisation is present in the Prospector area.

Prospector Drilling

Sixteen RC drill holes, for 2,187 metres have been completed. The primary objective of this drilling program is to confirm the IOCG targets, which the Company believes have the potential to lead to the discovery of sulphide copper and gold mineralisation, with by-product magnetite. In the upper levels leachable copper mineralisation may be identified.

Drilling To Date

Significant copper intersections reported from the program to date include:

- P2RC-001** 23 m @ 1.21% Cu from 11 m at 0.3% Cu cut
including 12 m @ 2.00% from 12 m at 0.5% Cu cut
including 7 m @ 3.01% from 17 m at 1.0% Cu cut
- and 7 m @ 0.43% Cu from 41 m at 0.3% Cu cut
- and 5 m @ 0.66% Cu from 109 m at 0.3% Cu cut
including 1 m @ 1.92% from 113 m at 1.0% Cu cut
- P2RC-005** 4 m @ 0.84% Cu from 27 m at 0.3% Cu cut
- and 2 m @ 0.63% Cu from 46 m at 0.3% Cu cut
- P2RC-006** 9 m @ 1.07% Cu from 15 m at 0.3% Cu cut
including 4m @ 1.92 % Cu from 19m at 1.0% Cu cut
- and 2 m @ 0.72% Cu from 26 m at 0.3% Cu cut
- and 4 m @ 0.47% Cu from 51 m at 0.3% Cu cut
- P2RC-007** 10 m @ 0.67% Cu from 72 m at 0.3% Cu cut
including 4 m @ 1.00% Cu from 78 m at 1.0% Cu cut
- P2RC-008** 3 m @ 1.86% Cu from 132 m at 0.3% Cu cut
including 1 m @ 4.51% Cu from 132 m at 1.0% Cu cut
- P2RC-011** 5 m @ 0.73% Cu from 50 m at 0.3% Cu cut
including 2 m @ 1.22% Cu from 53 m at 1.0% Cu cut
- P1RC-001** 3 m @ 1.23% Cu from 48 m at 0.3% Cu cut
including 1 m @ 2.74% Cu from 49 m at 1.0% Cu cut

Hole details are in Table 1 and all intercepts at 0.3% Cu cut are in Table 2.

The company is highly encouraged by the results to date. Further high grade intercepts have been recorded as well as numerous additional lower grade zones. The core of strongly magnetic material under Prospector 2, shown in Figure 1, remains to be tested, (as it is out of reach for the RC drill rig used to date). The initial RC drill program was designed to gather near surface information to support and help target later, more penetrative diamond drilling. The figure shows that the strongly mineralised intercepts are plunging deeper with successive step out holes on the section and progressively out of range of the drill rig. Testing will require diamond drilling to reach the core of the anomaly.

As a precursor to the diamond drilling Matrix decided to fly the VTEM survey to determine if, and where, conductive material occurs at the prospect. As shown in Figure 4, VTEM has identified a strong conductor under Prospector 2 and is represented through to the deepest levels tested by the survey. The conductors causing this anomaly are being modelled to determine details of strength, depth and orientation. This will be compared with the shallow RC drilling results prior to targeting the deeper anomalies. Locations of the drilled holes are shown in Figure 2. The VTEM section below describes the VTEM method and details of the survey.

Figure 1
Modelled Magnetic Susceptibility, Drilled and Planned Holes
Section 7749625N

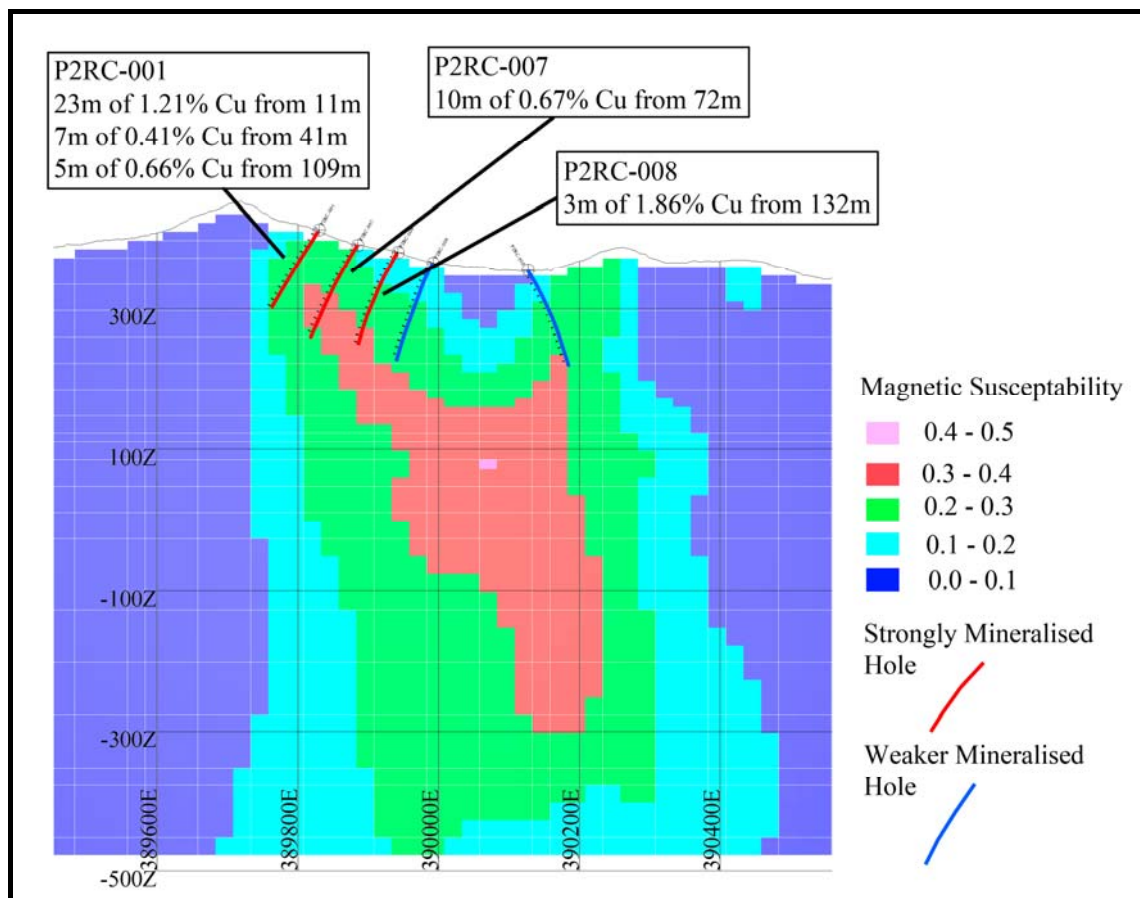
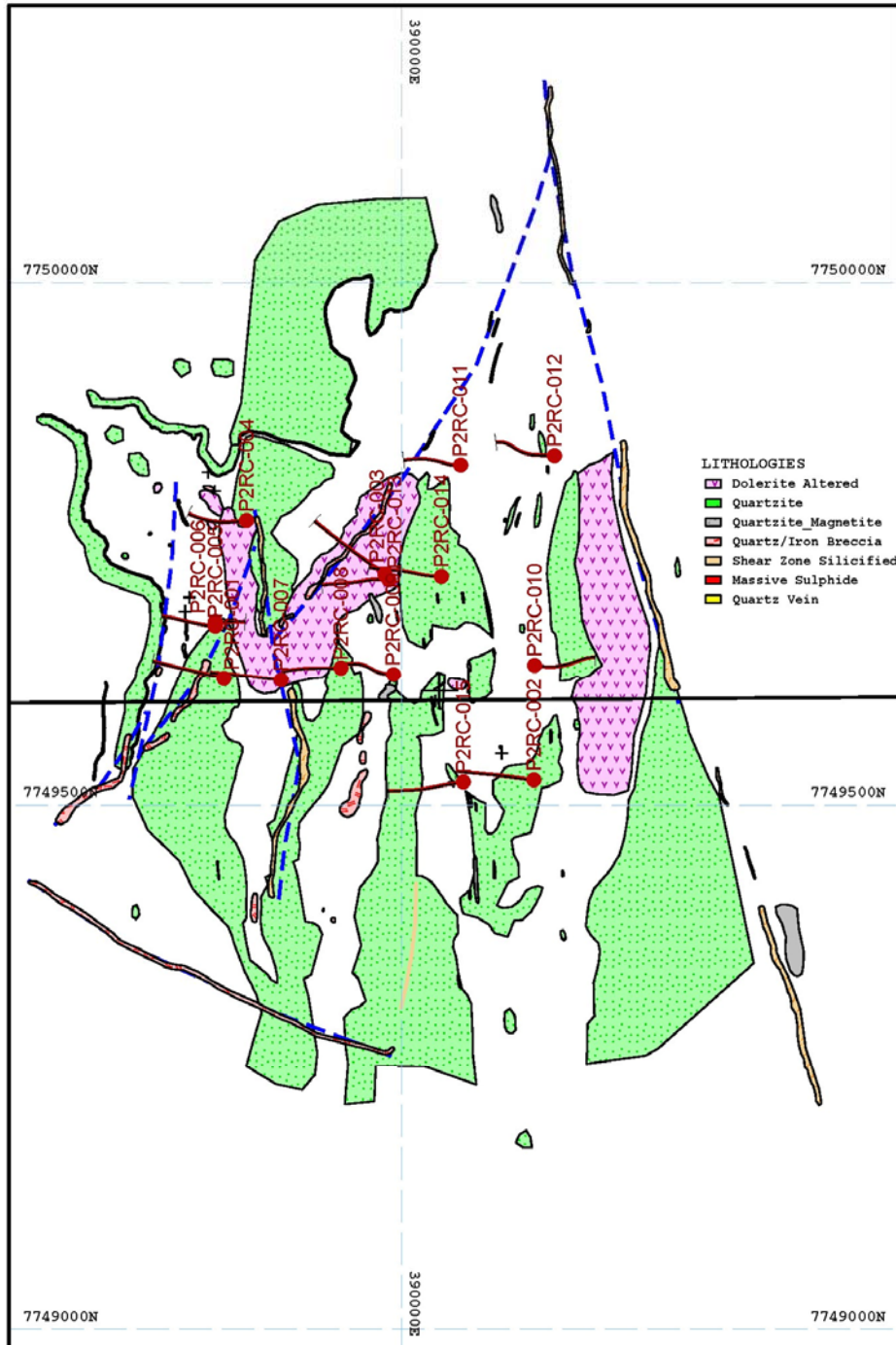


Figure 2
Geology and Drill Hole Locations
Prospector 2



VTEM Survey

The VTEM survey was flown in early July with preliminary results at hand. Processing of data is progressing, but already an initial five anomalous areas have been selected for detailed modelling.

VTEM is an airborne electromagnetic (EM) system. This geophysical method was chosen for the Prospector area because of high host rock resistivity, which allows very deep penetration and detection of conductors, and because of the areas rugged terrain, which can be more easily surveyed from the air than on the ground. The method has been very successful in targeting drill finds at a number of locations, such as Straits Resources recent find at the Balla Balla massive sulphide prospect at Whim Creek.

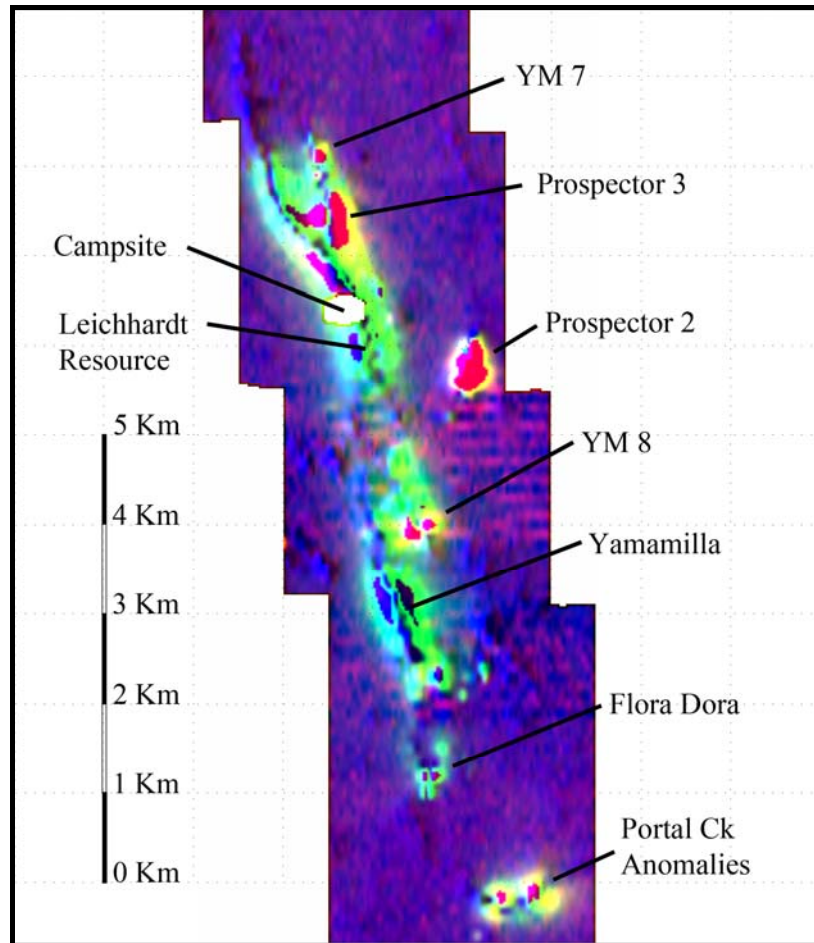
Figure 3
VTEM survey underway at Prospector



The anomalous areas at Prospector are shown in Figure 4. The anomalous areas represented are in blue for near surface depths, green for mid level depths and red for the deepest depths penetrated by the survey. The survey was flown east-west on lines 100 m apart. The actual depths penetrated will be determined by the detailed anomaly modelling, which is currently in progress.

It can be clearly seen from this image that Prospector 2 is strongly anomalous to the greatest depth penetrated by the survey. This is encouraging, with the anomaly still to be modelled, compared to the current drill results and be further drilled to fully understand the implications.

Figure 4
Prospector VTEM Anomalies



The anomalous areas represented are in blue for near surface depths, green for mid level depths and red for the deepest depths penetrated by the survey.

All of the anomalies on this plan i.e. YM7, Prospector 3, Prospector 2, YM8, Yamamilla, Flora Dora and Portal Creek are associated with known prospects and/or anomalous copper geochemistry in soil and LAG surveys. The co-incidence of surface mineralisation with the presence of conductors at depth is encouraging and the ongoing modelling work will better define drill targets and facilitate focus into the most strongly conductive locations. Causes of the conductivity anomalies are still speculative, but given the presence of sulphide mineralisation in drilling to date, sulphide mineralisation is the most likely cause.

Yours Faithfully

Shane McBride
Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Bob Dennis. Mr Dennis is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the Company. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to 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, the JORC Code". Mr Dennis consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Table 1 Prospector 2, Drill Hole Details and Location

Hole No	Easting MGA94	Northing MGA94	RL	Dip	Azimuth MGA94	Hole Depth (m)
P2RC-001	389830	7749621	413	-57	289	132
P2RC-002	390126	7749524	372.8	-59	278	150
P2RC-003	389984	7749721	366.9	-54	306	150
P2RC-004	389852	7749772	406.604	-61	270	135
P2RC-005	389822	7749671	401.5	-54	278	102
P2RC-006	389822	7749676	403.5	-71	101	94
P2RC-007	389885	7749620	390.91	-58	274	150
P2RC-008	389942	7749631	380.723	-58	272	144
P2RC-009	389992	7749625	365.219	-60	271	150
P2RC-010	390127	7749634	355.412	-58	102	150
P2RC-011	390056	7749825	355.535	-58	267	120
P2RC-012	390146	7749834	351.867	-59	272	150
P2RC-013	389988	7749716	365.257	-57	274	138
P2RC-014	390038	7749719	358.012	-59.7	270.1	144
P2RC-015	390059	7749522	374.088	-54.8	262.3	138
P1RC-001	389496.7	7750525	331.685	-60	84	150

Survey by single shot down hole camera. Drill hole location by hand held GPS.

Table 2 Prospector 2, All Drill Hole Intercepts at 0.3% Cu cut, max 1m carry

Hole No	Intersection	Comment
P2RC-001	23 m @ 1.21 % Cu from 11m	Quoted Previous announcement
	and 7 m @ 0.43 % Cu from 41m	Quoted Previous announcement
	and 1 m @ 0.62 % Cu from 73m	Quoted Previous announcement
	and 5 m @ 0.66 % Cu from 109m	Quoted Previous announcement
P2RC-002	3 m @ 0.37 % Cu from 10m	Quoted Previous announcement
	and 1 m @ 0.48 % Cu from 25m	Quoted Previous announcement
	and 1 m @ 1.40 % Cu from 29m	Quoted Previous announcement
	and 1 m @ 0.39 % Cu from 50m	Quoted Previous announcement
	and 1 m @ 0.38 % Cu from 65m	Quoted Previous announcement
P2RC-003	3 m @ 0.33 % Cu from 26m	Quoted Previous announcement
	and 1 m @ 0.62 % Cu from 67m	Quoted Previous announcement
	and 2 m @ 0.44 % Cu from 78m	Quoted Previous announcement
	and 1 m @ 0.34 % Cu from 83m	Quoted Previous announcement
	and 1 m @ 0.59 % Cu from 125m	Quoted Previous announcement
P2RC-005	1 m @ 0.32 % Cu from 10m	Quoted Previous announcement
	and 1 m @ 0.54 % Cu from 18m	Quoted Previous announcement
	and 4 m @ 0.84 % Cu from 27m	Quoted Previous announcement
	and 2 m @ 0.63 % Cu from 46m	Quoted Previous announcement
	and 1 m @ 1.81 % Cu from 65m	Quoted Previous announcement
	and 2 m @ 0.53 % Cu from 77m	Quoted Previous announcement
	and 1 m @ 1.96 % Cu from 81m	Quoted Previous announcement
P2RC-006	5 m @ 0.31 % Cu from 3m	Quoted Previous announcement
	and 9 m @ 1.07 % Cu from 15m	Quoted Previous announcement
	and 2 m @ 0.72 % Cu from 26m	Quoted Previous announcement
	and 3 m @ 0.4 % Cu from 43m	New Results
	and 4 m @ 0.5 % Cu from 51m	New Results
	and 2 m @ 0.5 % Cu from 60m	New Results
	and 1 m @ 1.3 % Cu from 84m	New Results
	and 1 m @ 0.7 % Cu from 90m	New Results
P2RC-007	1 m @ 0.3 % Cu from 19m	New Results
	and 1 m @ 0.5 % Cu from 21m	New Results
	and 3 m @ 0.7 % Cu from 25m	New Results
	and 1 m @ 0.4 % Cu from 33m	New Results
	and 2 m @ 0.6 % Cu from 36m	New Results
	and 3 m @ 0.3 % Cu from 41m	New Results
	and 4 m @ 0.4 % Cu from 47m	New Results
	and 4 m @ 0.3 % Cu from 59m	New Results
	and 10 m @ 0.7 % Cu from 72m	New Results
	and 1 m @ 0.4 % Cu from 88m	New Results
	and 2 m @ 0.3 % Cu from 115m	New Results
	and 3 m @ 0.4 % Cu from 137m	New Results
	and 1 m @ 0.3 % Cu from 147m	New Results

P2RC-008		1 m @	0.3 % Cu	from 51m	New Results
	and	1 m @	0.4 % Cu	from 93m	New Results
	and	1 m @	0.5 % Cu	from 98m	New Results
	and	3 m @	0.7 % Cu	from 122m	New Results
	and	2 m @	0.7 % Cu	from 127m	New Results
	and	3 m @	1.9 % Cu	from 132m	New Results
P2RC-009		1 m @	0.3 % Cu	from 60m	New Results
	and	1 m @	0.4 % Cu	from 63m	New Results
	and	1 m @	0.3 % Cu	from 73m	New Results
	and	1 m @	0.5 % Cu	from 79m	New Results
	and	1 m @	0.3 % Cu	from 82m	New Results
	and	1 m @	0.3 % Cu	from 99m	New Results
P2RC-011		2 m @	0.5 % Cu	from 39m	New Results
	and	5 m @	0.7 % Cu	from 50m	New Results
P2RC-013		1 m @	0.6 % Cu	from 16m	New Results
	and	1 m @	0.3 % Cu	from 52m	New Results
	and	1 m @	0.9 % Cu	from 131m	New Results
P2RC-014		1 m @	0.3 % Cu	from 3m	New Results
	and	1 m @	0.4 % Cu	from 22m	New Results
	and	1 m @	0.3 % Cu	from 39m	New Results
	and	2 m @	0.7 % Cu	from 57m	New Results
	and	1 m @	0.4 % Cu	from 96m	New Results
P2RC-015		4 m @	0.3 % Cu	from 6m	New Results
P1RC-001		2 m @	0.4 % Cu	from 4m	New Results
	and	1 m @	0.4 % Cu	from 33m	New Results
	and	1 m @	0.4 % Cu	from 45m	New Results
	and	3 m @	1.2 % Cu	from 48m	New Results

Based on 140mm RC drill cuttings sampled every 1m, riffle split to nominal 3Kg prior to despatch to SGS Townsville for Cu determination by method AAS220.