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**MATRIX METALS**  
LIMITED

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## **First Results Prospector Drilling Program**

- **Results for 6 holes for 708 metres of the 6,955 metre RC drilling program have been received**
- **Drilling results to date support a connection between hydrothermal magnetite and copper mineralisation of the IOCG style at Prospector 2**
- **Drilling is testing four targets within a large prospective area approximately 12km by 2km**

Matrix Metals Limited (“Matrix” or “the Company”) is pleased to announce early results from drilling at its highly prospective Prospector exploration area, located approximately 35 kilometres south of the Leichhardt Copper Plant, in the Mt Isa area of North West Queensland.

The 48 hole, 6,955 metre RC drilling programme commenced on 1 June 2008 with the objective to drill test targets within a large 12km by 2km prospective area on which the Company has methodically and systematically conducted geochemical and geophysical programs over the last two years. The primary objective of this drilling is to confirm Iron Oxide Copper Gold (“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 initial copper intersections reported from the program to date include:

**P2-001      23m @ 1.21% Cu from 11m at 0.3% Cu cut  
                 including 12m @ 2.00% from 12m at 0.5% Cu cut  
                 including 7m @ 3.01% from 17m at 1.0% Cu cut**

**and 7m @ 0.43% Cu from 41m at 0.3% Cu cut**

**and 5m @ 0.66% Cu from 109m at 0.3% Cu cut  
                 including 1m @ 1.92% from 113m at 1.0% Cu cut**

**P2-005            4m @ 0.84% Cu from 27m at 0.3% Cu cut**

**and 2m @ 0.63% Cu from 46m at 0.3% Cu cut**

**P2-006            9m @ 1.07% Cu from 15m at 0.3% Cu cut**

**including 4m @ 1.92 % Cu from 19m at 1.0% Cu cut**

**and 2m @ 0.72% Cu from 26m at 0.3% Cu cut  
(preliminary assays received to 39m)**

Hole details are in Tables 1 and all intercepts at 0.3% Cu cut are in Table2.

The company is very encouraged by the results to date. As can be seen in the sections in Figure 1 below, high grade copper appears to be closely associated with the presence of magnetically susceptible rocks. The high susceptibility is because of the presence of hydrothermal magnetite emplaced in the dolerite and sandstone host rocks. In places the alteration becomes so intense that the original rock is almost completely replaced by magnetite, resulting in a mineralised magnetite rock.

Only 210 gold assays have been received and these are slightly anomalous to date, with the highest value being 0.2g/t Au from 21m to 22m in P2-001. This correlates with a 3.82% Cu assay suggesting a correlation of the anomalous gold with the higher copper assays. The presence of anomalous gold with the high grade sample is important in that it supports that the upper P2-001 intersection and other near surface intersections are more likely to be due to primary grade rather than secondary enrichment, which can't be completely ruled out with the early information.

Figure 1 shows the location on section of the most strongly mineralised hole P2-001, which penetrates the western periphery of a large magnetically susceptible body with dimensions in excess of 400m across and 600m vertical modelled from the high resolution, low altitude, airborne magnetic survey. A steep southerly plunge is depicted by the 3D representation in Figure 2. The presence of magnetically susceptible rock does not guarantee the presence of high grade copper mineralisation. However, the association of high grade copper with susceptible rock on the periphery of the magnetic body shown in Figure 2 suggests that the magnetic body is an excellent exploration target. The drilling is currently continuing from west to east on the section in Figure 1 and the Company will make further announcements as results come to hand.

Hole P2-005 and P2-006 holes are on a section 50m north of P2-001. Once again these holes are located on the western periphery of the magnetically susceptible body. P2-006 was sited to drill east and was completed at 94m but to date only assays to 39m have been received. Further anomalous results are expected as sporadic chalcopyrite mineralisation has been observed through the remainder of the hole.

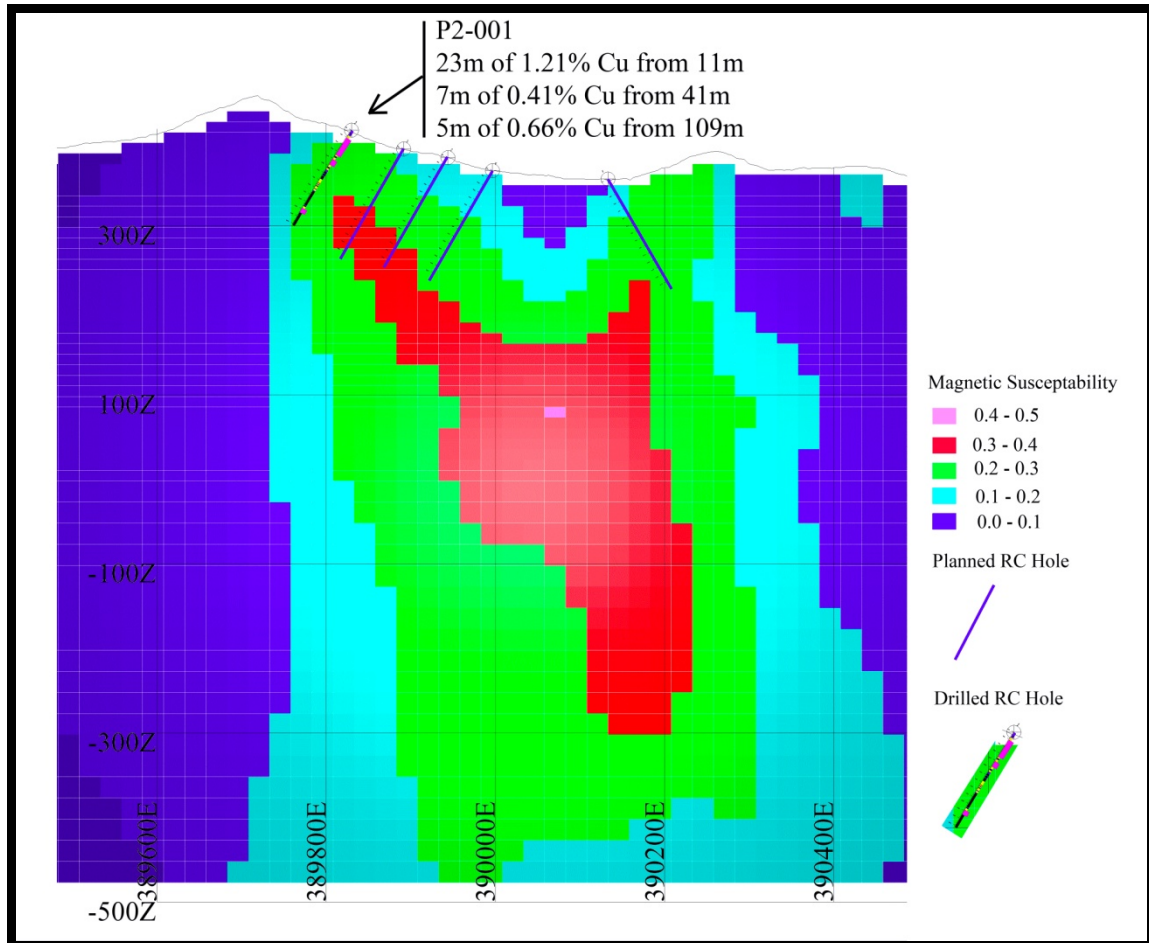
Apart from the high grade results the most impressive aspect of the mineralisation is its widespread nature. At 0.1% Cu cut wide intercepts are recorded as listed in Table 3, suggesting a strong hydrothermal system, which circulated mineralising solution through a large rock volume. This aspect of Prospector 2 enhances the chance of locating significant mineralisation at the prospect.

If strong copper mineralisation associated with magnetically susceptible rock is confirmed by the remaining nine holes of the Prospector 2 RC drilling program Matrix will plan an ongoing deeper diamond drilling program to test the core regions of the

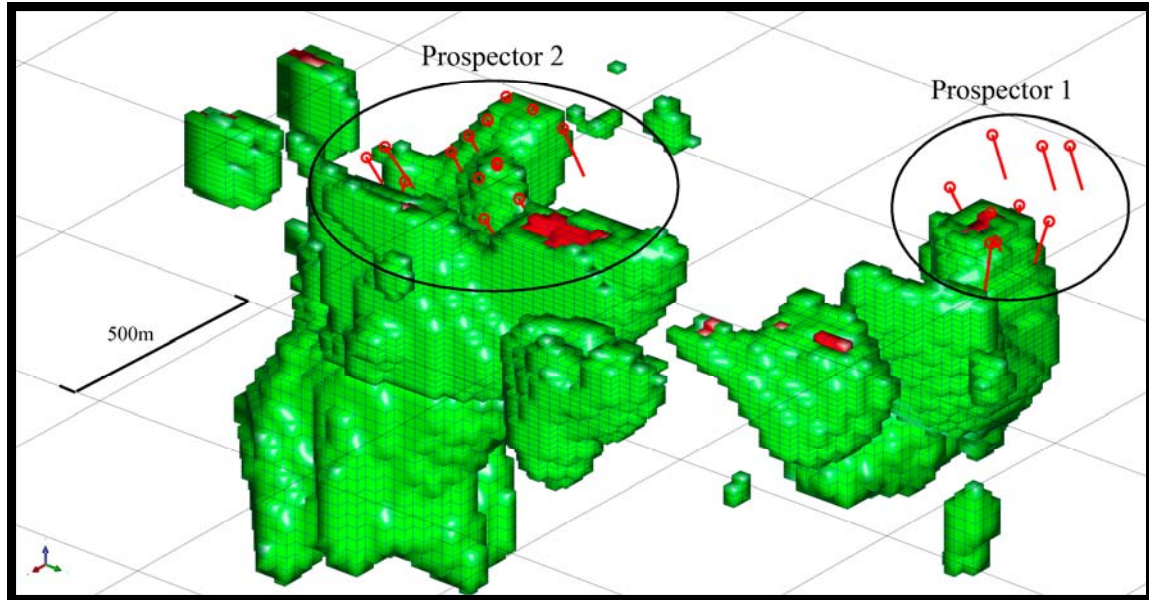
magnetic target. The current program will also be varied as dictated by the geologic and assay information as it comes to hand.

Locations of the holes are shown in Figure 3.

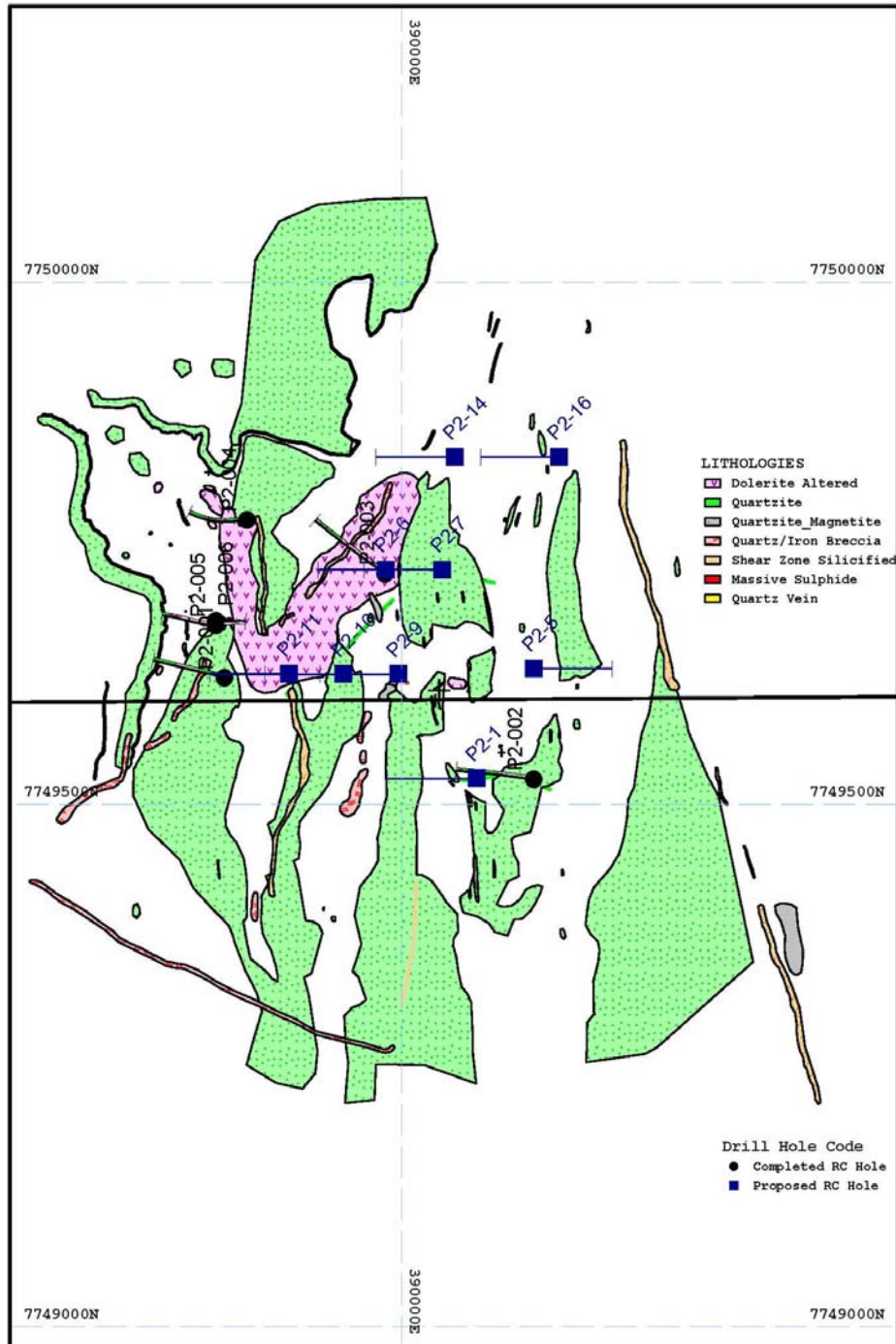
**Figure 1**  
**Modelled Magnetic Susceptibility, Drilled and Planned Holes**  
**Section 7749625N**



**Figure 2**  
**3D Model of Magnetic Susceptibility**  
**Showing the location of planned holes**  
**at Prospector 1 and Prospector 2**



**Figure 3**  
**Geology and Drill Hole Locations**  
**Prospector 2**



## **Details of the Prospector Area**

Exploration since 2007 has resulted in the discovery of a cluster of prospective IOCG targets, defined by soil sampling and geologic mapping, with locations shown in Figure 4 below. The IOCG style of deposit includes Olympic Dam and Ernest Henry and many other smaller deposits, including a number in the Mt Isa Inlier.

The Prospector area explored to date, is approximately 12 km long and 2 km wide, and contains four major prospects (Prospector 1, Prospector 2, Prospector 3 named in order of prospect discovery and Yamamilla named after a small historic mine in the area), the Leichhardt Copper Resource (894,000t @ 1.0% Cu Indicated and 241,000t @ 0.9% Cu Inferred) and other smaller prospects. All occur in or adjacent to large strong magnetic. Mineralisation is associated with abundant hydrothermal magnetite, which is the source of many of the magnetic anomalies.

Over the last two years evaluation of the area by soil sampling, rock chip sampling, airborne magnetics, geological and structural mapping has continued in a methodical and systematic manner.

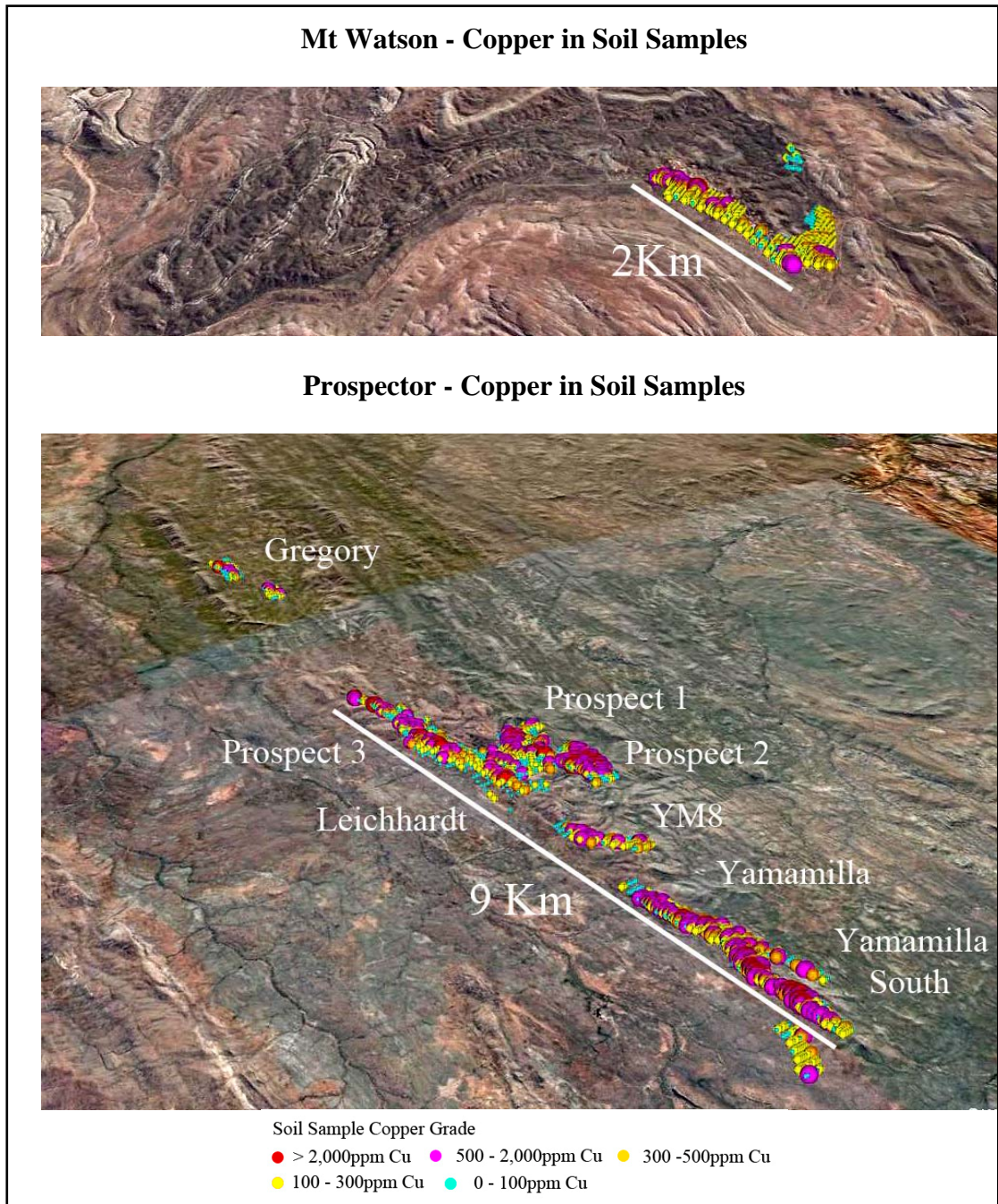
## **Comparison of Soil Results Prospector vs. Mt Watson**

As investors will be aware, Matrix is currently mining copper from its Mt Watson Mine to feed the Leichhardt Copper Processing Plant.

It is interesting to compare the soil results recorded at Mt Watson with those of the Prospector area to date. The Prospector soil results provide additional strong support for the potential of the area, with large, high peak value, copper anomalies documented at all four major prospects. The significance of these anomalies is best illustrated by comparison to the anomalies of the Mt Watson area.

Figure 4 shows that the Prospector anomalies are far more extensive and consistent than those at Mt Watson. The Mt Watson copper in soil anomaly is a single occurrence over approximately 2 km by 0.1km, whereas Prospector consists of a number of occurrences located in an area of 9 km by 2 km (excluding Gregory), with the greatest anomalous width of 0.4km at Prospector 2. Factors influencing the significance of the soil sampling are reported in Appendix 1 below.

**Figure 4**  
**Comparison of Prospector and Mt Watson Soil Copper Anomalies**



## **Mt Watson Stage 1 Ore Reserve and Operations Update**

A separate announcement with regard the Mt Watson Stage 1 Ore Reserve and Operations Update is being released at the same time as this announcement. We encourage investors to read both documents.

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.

### **Appendix 1 Soil Sampling Parameters**

Grid parameters; Sampling mostly at 25m spacing on lines 50m apart, incomplete scout sampling at 25m spacing on lines 100m apart

Location Control; Hand held GPS, approx. 5m horizontal

Sample; Spot 1 Kg to 1.5Kg soil sample sieved minus 1.6mm

Assaying; Au by Fire Assay, Cu, Pb, Zn, Ag, As, Bi, Fe, Mo, V, U, Ni, P, Co, Mn by ICP

Significance; No quantifiable resource significance can be inferred from the sampling, which is a geochemical indication of the presence of mineralisation in the substrate and is not regarded as representative of underlying material.

Tenure; The areas are held under Exploration Permit to Matrix Metals Limited who hold mineral rights in entirety apart from uranium under which a JV arrangement exists with Deep Yellow Limited. Details of this JV arrangement have been released by Matrix in previous ASX announcements.

**Table 1 Prospector 2, Drill Hole Details and Location**

Hole No	Northing MGA94	Easting MGA94	RL	Dip	Azimuth MGA94	Hole Depth (m)
P2-001	7749621	389830	413	-57	289	132
P2-002	7749524	390126	373	-59	279	150
P2-003	7749721	389984	367	-54	306	150
P2-004	7749772	389852	407	-61	270	135
P2-005	7749671	389822	410	-54	278	102
P2-006	7749676	389822	412	-71	101	94

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

Hole No	Intersection
P2-001	23 m @ 1.21 % Cu from 11m
	and 7 m @ 0.43 % Cu from 41m
	and 1 m @ 0.62 % Cu from 73m
	and 5 m @ 0.66 % Cu from 109m
P2-002	3 m @ 0.37 % Cu from 10m
	and 1 m @ 0.48 % Cu from 25m
	and 1 m @ 1.40 % Cu from 29m
	and 1 m @ 0.39 % Cu from 50m
	and 1 m @ 0.38 % Cu from 65m
P2-003	3 m @ 0.33 % Cu from 26m
	and 1 m @ 0.62 % Cu from 67m
	and 2 m @ 0.44 % Cu from 78m
	and 1 m @ 0.34 % Cu from 83m
	and 1 m @ 0.59 % Cu from 125m
P2-005	1 m @ 0.32 % Cu from 10m
	and 1 m @ 0.54 % Cu from 18m
	and 4 m @ 0.84 % Cu from 27m
	and 2 m @ 0.63 % Cu from 46m
	and 1 m @ 1.81 % Cu from 65m
	and 2 m @ 0.53 % Cu from 77m
	and 1 m @ 1.96 % Cu from 81m
P2-006	5 m @ 0.31 % Cu from 3m
	and 9 m @ 1.07 % Cu from 15m
	and 2 m @ 0.72 % Cu from 26m

**Table 3 Prospector 2, Drill Hole Intercepts at 0.1% Cu cut, max 1m carry**

Hole No	Intersection
P2-001	29 m @ 0.99 % Cu from 7m and 17 m @ 0.27 % Cu from 38m and 16 m @ 0.16 % Cu from 68m and 8 m @ 0.48 % Cu from 106m
P2-002	5 m @ 0.14 % Cu from 0m and 9 m @ 0.26 % Cu from 7m and 12 m @ 0.28 % Cu from 22m and 8 m @ 0.17 % Cu from 55m and 1 m @ 0.38 % Cu from 65m and 1 m @ 0.18 % Cu from 140m
P2-003	1 m @ 0.12 % Cu from 12m and 4 m @ 0.19 % Cu from 18m and 10 m @ 0.19 % Cu from 24m and 7 m @ 0.14 % Cu from 37m and 3 m @ 0.33 % Cu from 78m and 1 m @ 0.34 % Cu from 83m and 1 m @ 0.29 % Cu from 88m and 1 m @ 0.12 % Cu from 93m and 1 m @ 0.59 % Cu from 125m and 1 m @ 0.11 % Cu from 138m and 4 m @ 0.16 % Cu from 142m
P2-004	2 m @ 0.13 % Cu from 0m and 1 m @ 0.12 % Cu from 44m and 4 m @ 0.11 % Cu from 85m
P2-005	18 m @ 0.19 % Cu from 2m and 6 m @ 0.65 % Cu from 23m and 2 m @ 0.15 % Cu from 33m and 1 m @ 0.22 % Cu from 38m and 4 m @ 0.37 % Cu from 46m and 19 m @ 0.24 % Cu from 53m and 12 m @ 0.38 % Cu from 75m and 1 m @ 0.23 % Cu from 90m
P2-006	31 m @ 0.49 % Cu from 1m and 1 m @ 0.24 % Cu from 37m incomplete assays