

25 August 2006

Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000



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Dear Sir,

ANNOUNCEMENT

Matrix Acquires Tenement Block from Exco

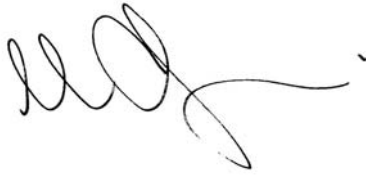
Matrix Metals Limited is pleased to announce that a tenement swap has been agreed with EXCO Resources Limited. The swap involves Matrix taking 100% ownership of approximately 340 square kilometres of highly prospective Exploration Permits (EPM's) in an area surrounding the White Range Project area. In return, Matrix will pass 100% ownership of the Mt Colin Mining Lease (1.3 sq km) to EXCO. The final agreement is subject to completion of legal due diligence and conditions precedent regarding third party interests.

The tenements being procured by Matrix, being **EPM's 13708, 14073 and 14446** are located to the north, west and south of the White Range Project area as presented in Figure 1.

The EPM's cover the northern extent of the Marimo Basin, which is the geological feature that hosts the copper and gold deposits of the White Range Project together with various other deposits in the region. Through interpretation of geologic mapping and airborne geophysical datasets over the tenements, Matrix has identified the locations of the fundamental basin formation structures. These structures control the locations of most known prospects and exhibit strong signs of fluid flow. They have the potential to host large and high grade copper and copper/gold deposits. Ownership of these tenements will give Matrix the ability to test the considerable potential of these structures and significantly enhance the potential of the White Range area and Matrix's overall strategic tenement holding in the Mt Isa/Cloncurry region.

The Mt Colin mining lease (ML 2640) that is to be transferred to EXCO is located some 100km by road from the White Range Project area. The ML is currently under a sub lease from Matrix to a third party who are mining a small oxide copper resource to which Matrix has been receiving a royalty. Under the terms of the agreement both the mining lease and the sub lease will be assigned to EXCO.

Yours Faithfully



Andrew Chapman
Managing Director

**Figure 1 ~ EXCO Tenements Acquired by Matrix.
New Matrix Area bounded in Red Line**

