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MATRIX METALS
LIMITED

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Leichhardt Production Expansion Engineer Appointed

Matrix Metals Ltd (Matrix) is pleased to advise that it has appointed Como Engineers Pty Ltd ('Como' - a subsidiary of the VDM Group Ltd) as the design engineer for the Leichhardt Stage One Expansion which will increase current copper cathode production from 5,500 tpa to 9,000 tpa.

The Leichhardt Stage One Expansion, to 9,000 tpa of copper cathode, requires relatively modest changes to allow for the full debottlenecking of the operation; the Solvent Extraction ('SX') section of the plant, requires only a simple change to the configuration of the filtration area of the plant with the addition of a SpinTek filter and modifications to existing dual media filters, currently in operation. The existing Electrowinning ('EW') rectifier will be debottlenecked and the addition of extra tankhouse cells, anodes and cathodes which are already owned by Matrix, will allow the processing facility to handle the planned increase in copper production.

Matrix will also widen and upgrade sections of the haul road, enabling it to efficiently cater for the increased annual tonnages of ore. To plate the extra copper cathode in the circuit the power station capacity will also be upgraded. To that end, three one megawatt Detroit power generators will be installed. Only minimal other site works are required to be undertaken.

Como completed the refurbishment the Leichhardt processing plant in June 2007, which allowed the plant to achieve its current nameplate production rate of 5,500 tpa copper cathode. Works associated with the production expansion are budgeted to cost \$5.5 million. These capital costs are this low because the expansion is merely a scale-up of current capacity and several years ago Matrix acquired the long lead time tankhouse cells, anodes and cathodes (all of which are required for the production rate increase to 9,000 tpa).

While the expansion works are being undertaken the Company's copper cathode output rate will continue with no material interruption. It is anticipated that these works will be completed during the second quarter 2008.

The expansion period will also enable other plant optimisation and efficiency programs to be undertaken - which are expected to result in cost reductions. Typical of these include the addition of a semi-automatic copper cathode stripping machine to improve cathode stripping efficiency.

Of significance is that this Stage One Expansion of the Leichhardt project requires no additional mineral resources and no changes to the technical parameters for development of the orebody. The expansion just processes the current mine plan resource at a greater rate, the benefit being the generation of significantly increased cashflows for Matrix (as was identified in the Investor Presentation released to the ASX on Friday 7 December 2007). It is relevant that Matrix currently has significant identified oxide resources in the Leichhardt area that are not included in the mine plan. During 2008, however, the Company anticipates that these resources will be converted to reserves with the intention to extend the mine life to a minimum of six years.

Yours Faithfully

Shane McBride
Managing Director