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Manager Company Announcements
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ANNOUNCEMENT

Significant Expansion of Copper Production at Leichhardt Project

Summary

Matrix Metals Limited (“Matrix” or “the Company”) is pleased to announce that:

- Matrix has resolved to immediately commence an increase in the Leichhardt processing plant production capacity to 9,000 tpa of copper cathode, from current levels of 5,500 tpa, where it is currently operating at name plate capacity. This Stage One Expansion requires no further ore resources, no change to the technical parameters of the ore body, and will process the same total tonnes as in the current mine plan but at a increased rate. The expansion will generate significantly increased cashflows for Matrix.
- Matrix already owns the electrical and SX/EW equipment which are the long lead time and significant capital items in respect of the capacity upgrade, and consequently the upgrade will be undertaken relatively quickly and inexpensively, with the upgraded capacity expected to be completed during the June Quarter 2008, for a cost of \$5.5 million. Production at current capacity is expected to continue uninterrupted through that period.
- Matrix has resolved to place up to 72,000,000 ordinary shares in Matrix at an issue price of \$0.105 per share (“Placement Price”), to raise up to \$7,560,000 (“the Placement”), principally to international and domestic institutional and sophisticated investor clients of Hartleys Limited, and major shareholders of Matrix.
- Matrix has resolved to undertake a Share Purchase Plan (“SPP”) of up to 30,000,000 at the Placement Price, to allow eligible shareholders to acquire additional Matrix shares.

Stage One Expansion - 9,000 tpa Copper Cathode Production

Over the last twelve months, Matrix has funded, refurbished and commissioned the Leichhardt project, which is now operating at its name plate capacity of 5,500 tpa of copper cathode. The Stage One Expansion at Leichhardt will increase the processing

plant capacity to 9,000 tpa of copper cathode, from current nameplate of 5,500 tpa. The capital requirement for the expansion of \$5.5 million will be funded by the Placement. Following completion of the Placement, the Stage One Expansion will commence immediately, with the expanded plant capacity expected to be completed during the June Quarter 2008, whilst production at current capacity is to continue through that period.

The Stage One Expansion requires no further ore resources, no change to the technical parameters of the ore body, will process the same tonnes as in the current mine plan but at an increased rate and will generate significantly increased cashflows for Matrix. The Stage One Expansion is based on the mining and treatment of only 2.1 million tonnes of the existing 8.8 million tonne copper resource at Mt Watson and surrounds. Since commencement of mining operations in April 2007, 265,000 tonnes of that copper resource has been mined.

Stage Two Expansion Study – Life Extensions

In addition to the Stage One Expansion, the Stage Two Study is progressing well. Stage Two will aim to complete the conversion of the remainder of the Mt Watson resource to reserve status and progress conversion of other known resources. Conversion of current resources to reserves will potentially provide a minimum 6 year mine life at the expanded production rate of 9,000 tpa copper cathode, with previously identified prospects at Mt Earl, Mt Wonder, Tewinga and Boomerang all offering potential for significant mine life extensions/production rate increases in the short term.

Geotechnical drilling (the first stage of the geotechnical assessment) was completed during the September quarter and metallurgical drilling (the first stage of the metallurgical testing) was completed during October 2007. Column test work will now be carried out during 2008 as part of the Stage Two study. If the study indicates that the project meets the Company's investment hurdles, then life extensions will result for the Leichhardt processing plant.

Placement and SPP

Matrix has resolved to place up to 72,000,000 ordinary shares in Matrix at an issue price of \$0.105 per share, to raise up to \$7,560,000, principally to international and domestic institutional and sophisticated investor clients of Hartleys Limited and major shareholders of Matrix. The Placement shares will be within the Company's 15% placement capacity in accordance with ASX Listing Rule 7.1.

In addition, and to allow all eligible shareholders to acquire Matrix shares at the Placement price, Matrix has resolved to undertake a SPP of up to 30,000,000. The record date for the SPP is 7 December 2007. More information will be provided in the offer letter which will be mailed to shareholders.

Funds raised pursuant to the Placement and SPP will be used to contribute to the Leichhardt Stage One Expansion, Stage Two Study, exploration and working capital.

Please also find following a Investor Presentation with regard to Matrix, its expansion options and exploration potential.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Shane McBride', written in a cursive style.

Shane McBride
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Bob Dennis. Mr Bob 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 they 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.