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MATRIX METALS
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Mining Commences at Leichhardt

Summary

- Mining operations have commenced at Mt Watson
- Mt Watson haul road construction will be completed during April
- Ore haulage to the Mt Cuthbert processing plant will commence during May
- Leichhardt processing plant refurbishment will be completed during May
- Commissioning of crushing operations will commence during June
- First copper cathode production will be during July 2007

Leichhardt

Leichhardt will produce copper cathode at the Mt Cuthbert processing plant using ore from the nearby Mt Watson orebody, utilising the heap-leach - solvent extraction - electrowinning process (“SX/EW”).

The mining fleet of one Komatsu PC 850 excavator (85 tonne capacity), one Komatsu PC220 excavator, three Komatsu 465 dump trucks (50 tonne capacity each), one Komatsu 275 bulldozer, one Komatsu 65S grader, one water cart and the drill and blast rig are on site and mining operations have commenced. Initially, top soil will be removed and stored for later use and then stockpiles of ore will be built up at the Mt Watson mine site.

Construction of the haul road from the Mt Watson orebody to the Mt Cuthbert processing plant has essentially been completed and it is anticipated that the haul road will be fully operational by the end of April. Ore cartage will commence during May, with stockpiles of ore to be built up at the Mt Cuthbert ROM pad.

The crushing circuit will arrive on site during May and its commissioning will be undertaken during June. During this commissioning stage, new ore will be stacked on

the leach pads which will enable the irrigation of ore during June. The crushing circuit has been built to accommodate the expanded Stage 2 production requirements of 10,000 tpa of copper cathode, further details of which are below.

The final stages of refurbishment of the Mt Cuthbert processing plant are currently being undertaken. This work has included replacement of the old electrowinning cells with “as-new” cells previously purchased for the project, refurbishment of the solvent extraction tanks, overhaul and repair of the process water ponds and the installation of a new acid delivery system to the agglomerator. Also, a new additional accommodation village and facilities are being installed. A engineering contractor is managing these activities and their construction team is expected to demobilise during the second week of May.

A specialist mechanical and electrical commissioning team from the same engineering contractor is scheduled to arrive at Mt Cuthbert during May to complete all of the inspection test plans prior to practical completion. A separate specialist process commissioning team will mobilise to site in early May to ensure effective commissioning of the entire processing circuit.

Planned Production Expansion

Stage One production from Leichhardt will produce copper cathode at a rate of 5,500 tpa of copper cathode, by treating of 2.1 million tonnes of ore over a four year period from the Mt Watson orebody.

The Mt Watson orebody has a total resource of 8 million tonnes of ore. Following further metallurgical and geotechnical testing, life extensions and/or a production rate increase is planned for the Mt Cuthbert processing plant. In addition, there are previously identified prospects at Mt Earl, Mt Wonder, Tewinga and Boomerang (all within the vicinity of Mt Watson) which may also provide the opportunity for further extensions and/or production rate increases.

The Mt Cuthbert plant can quite quickly be upgraded to a capacity of 10,000 tpa of copper cathode production. Matrix has already purchased the main equipment expansion components required for the upgrade, being the rectifier and electrowinning circuit. The upgrade of the Mt Cuthbert plant to 10,000 tpa of copper cathode production was previously the subject of a study by Matrix. Once results of the metallurgical testing and geotechnical drilling are available the study will be updated and economics assessed.

Yours Faithfully



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Managing Director