

14 September 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

Xstrata Copper ~ Matrix Joint Venture **Xstrata Copper to Spend up to \$15 Million on** **Earn-In to the McCabe Deposit**

Matrix Metals Limited is pleased to announce that a joint venture agreement has been signed with Xstrata Copper providing for Xstrata Copper to earn an interest in the McCabe Deposit and the surrounding exploration permit (EPM). The structure of the Joint Venture Agreement (JV) is as follows:

- **Xstrata Copper has the right to earn a 55% JV interest by spending not less than A\$5m within a three year period.**
- **Xstrata Copper then has the right to earn a further 20% JV interest during a sole funding period, by spending a further A\$10m within a further five year period or by completing a feasibility study during the sole funding period.**
- **Matrix maintains 100% ownership of the tenements to a depth of 100 metres until a decision to mine is made at which time the JV has the right to buy that part of the tenements at fair market value.**

Over recent years, Matrix has successfully compiled a tenement holding totalling approximately 5,000 square kilometres in the world class Mount Isa/Cloncurry base metals province. This province hosts several world class base metals deposits including Xstrata Copper and Xstrata Zinc's Mount Isa and Xstrata Copper's Ernest Henry deposits, with Matrix's specific target being the continuation of the discovery of such deposits.

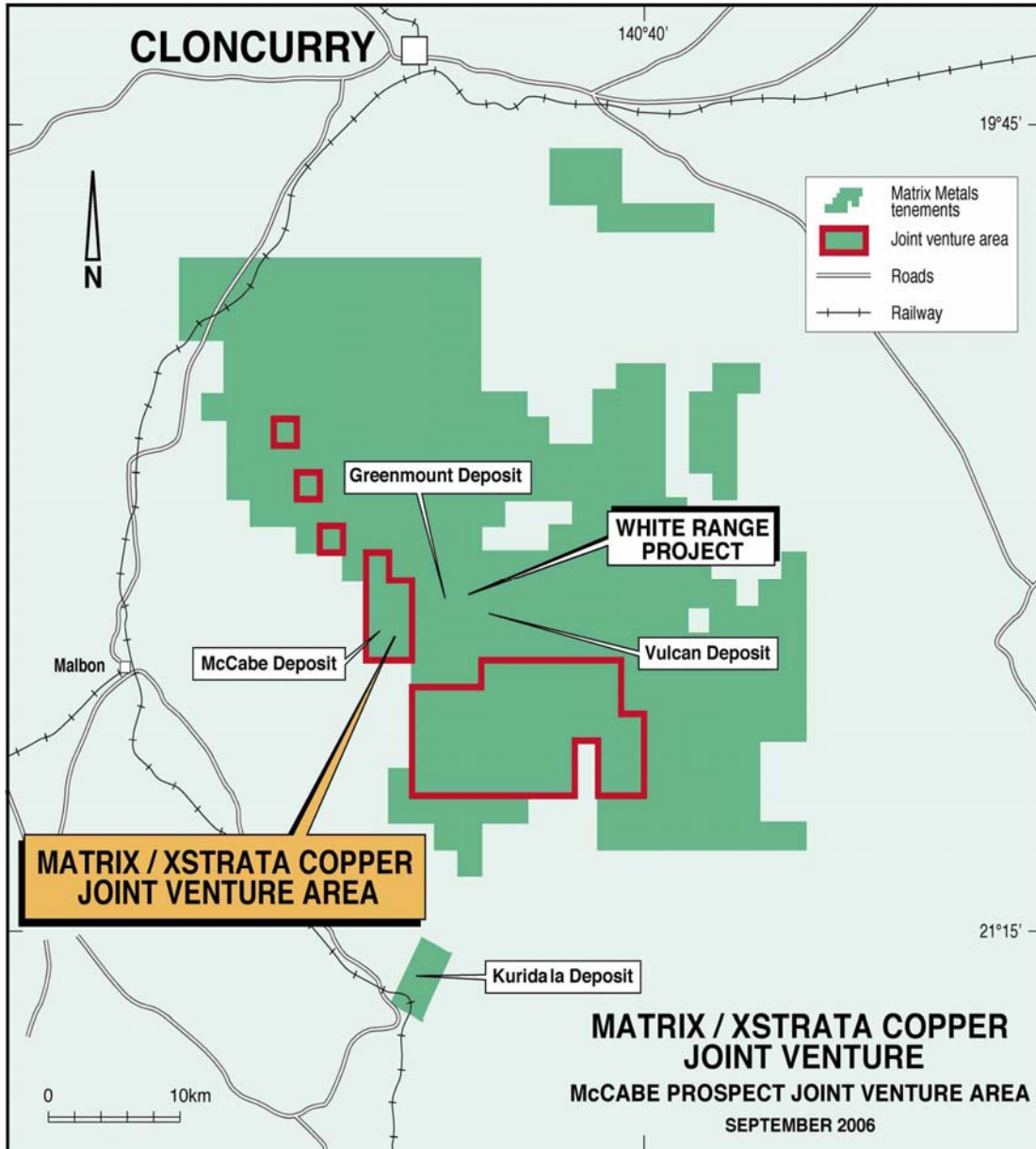
Matrix considers exploration for primary sulphide mineralisation as a key objective in the strategic growth profile of the Company and commenced a long-term primary sulphide exploration program in late 2004.

The building of the large and strategic tenement position over the past several years, success in the discovery of significant zones of primary sulphide mineralisation by Matrix at several prospects within those tenements and Matrix's ongoing independent exploration programs, all reinforce the decision to joint venture with a Company of the stature of Xstrata Copper. Xstrata Copper advises that the agreement is in line with it's stated goal of working with junior explorers to leverage its strong asset and infrastructure base in north-west Queensland.

Details of the Joint Venture Area & the McCabe Deposit

The area of the JV, totalling approximately 210 square kilometres and covering tenements ML 90082 and EPM 14148, is located approximately 40 kilometres south of Cloncurry as presented in Figure 1. It is noted Matrix's total tenement position in the Mount Isa/Cloncurry region totals approximately 5,000 square kilometres.

Figure 1
Matrix ~ Xstrata Copper Joint Venture Area



The McCabe deposit, located approximately 8 kilometres from the White Range Project's Greenmount Deposit, currently comprises a resource that was recently upgraded by 135% to 1.7 million tonnes @ 1.24% copper at a cut-off grade of 0.5% Cu. (ASX announcement dated 16 January 2006) The deposit is currently part of the White Range Project and in accordance with the terms of the Agreement, Matrix maintains ownership of the tenements to a depth of 100m

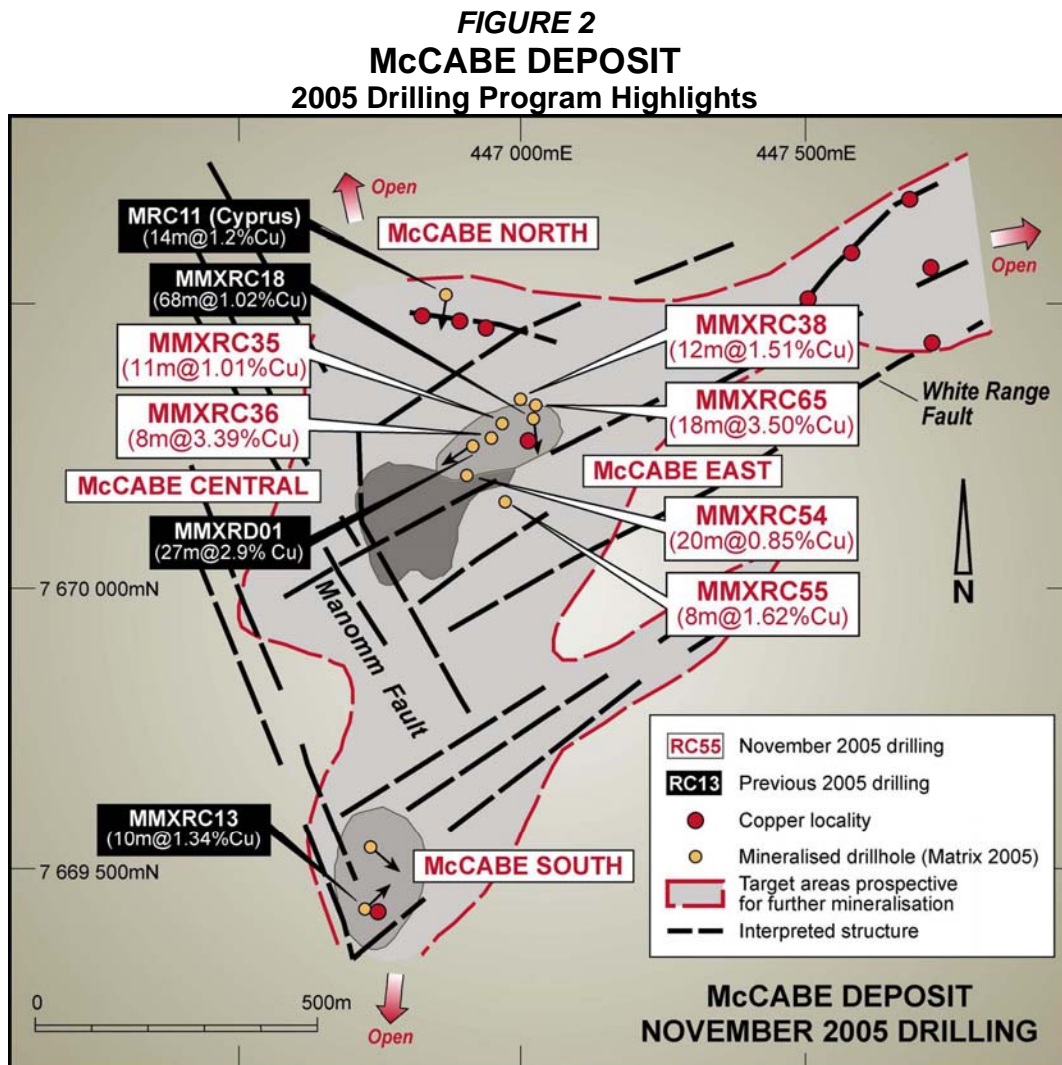
allowing for ongoing exploration and as appropriate, the mining of oxide ore for treatment at White Range.

Recent exploration work by Matrix has confirmed the growth potential of the oxide zone of the deposit as demonstrated by the 2005 drilling programs that resulted in the major resource upgrade.

Importantly this exploration work, that included limited deep drilling, has also demonstrated the depth potential of the McCabe deposit in the area subject to the JV. A drilling program in late 2005 reported significant copper intersections at considerable depths including drill hole MMXRD 01 as presented below.

<i>Drillhole</i>		<i>Intercept</i>
MMXRD	01	58 m @ 1.61% Cu from 211m
	incl	27 m @ 2.93% Cu from 235m
	incl	3 m @ 6.10% Cu from 235m
	and	4 m @ 7.40% Cu from 245m

Figure 2 presents a summary of significant drill results reported from the 2005 drilling programs at McCabe.

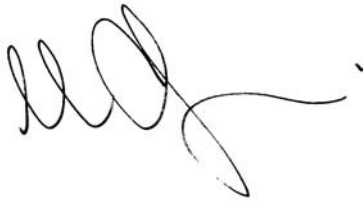


Matrix believes the joint venture agreement with Xstrata Copper demonstrates the prospectivity and resource potential of the Company's White Range area tenement position.

The terms of the joint venture with Xstrata Copper maintain Matrix's short term plan of production from oxide ore and importantly, provides a mechanism for the demonstrated primary sulphide potential of one of Matrix's sulphide targets to be tested in an appropriate manner.

Matrix looks forward to a long and mutually beneficial relationship with Xstrata Copper in the world class Mount Isa/Cloncurry base metals province.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'A. Chapman', with a small dot at the end of the signature.

Andrew Chapman
Managing Director

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