



ABN 42 082 593 235

## DECEMBER 2007 SHARE PURCHASE PLAN

7 December 2007

Dear Shareholder

Matrix Metals Limited (**Matrix**) is pleased to announce a Share Purchase Plan (**SPP**) to provide an opportunity for all eligible shareholders to subscribe for additional shares in Matrix.

This letter and the accompanying application form set out the terms of the offer under the SPP. By accepting the offer to subscribe for shares under the SPP, you agree to be bound by these terms and the constitution of Matrix.

Under the SPP, shareholders will have the opportunity to subscribe for up to \$5,000 worth of shares at 10.5 cents per share which is a 15.9% discount to the weighted average price of Matrix shares, based on the closing sale price of Matrix shares on the Australian Securities Exchange (**ASX**) for the five trading days prior to 7 December 2007 (Issue Date) (the **new shares**).

The offer under the SPP is non-renounceable. This means that you cannot transfer your right to subscribe for shares under the offer to anyone else.

### **PARTICIPATION**

You are eligible to participate in the SPP if you are a registered holder of fully paid ordinary shares of Matrix at the close of business on 7 December 2007 (**Record Date**) with a registered address in either Australia or New Zealand.

If you are eligible to participate in the SPP, you may apply for up to \$5,000 worth of new shares. The minimum subscription for each eligible shareholder is \$500, and amounts in excess of this must be in multiples of \$500.

The offer under the SPP has been structured to comply with the Australian Securities and Investments Commission Class Order 02/831. This means each shareholder can only apply for a maximum amount of \$5,000 worth of shares in any consecutive 12 month period (irrespective of size of holding). This applies even if you receive more than 1 offer from Matrix, including if you received an offer from Matrix under the February 2007 SPP. You may also receive more than 1 offer if, for example, you are a joint holder of shares or you hold more than one shareholding under separate share accounts.

Matrix last conducted an SPP offer in February 2007 (**February 2007 SPP**). Please note that any shareholder who participated in the February 2007 SPP offer can only be issued with a maximum aggregate of \$5,000 worth of new shares under **both** the SPP conducted in February 2007 SPP and this December 2007 SPP. The offer under an SPP is limited to a maximum subscription of \$5,000 in any 12 month period. Therefore if you were previously issued with \$5,000 worth of new shares totalling \$5,000 in the February 2007 SPP,

you are not able apply for any new shares under the current December 2007 SPP. If you did not participate in the February 2007 SPP, or received new shares under the February 2007 SPP totalling less than \$5,000, you may participate in this SPP up to the maximum aggregate of \$5,000. For example, if you were issued with new shares totalling \$3,000 under the February 2007 SPP, you may now apply for new shares totalling \$2,000 under the current SPP.

If you act as a trustee or nominee in respect of more than 1 beneficiary, you may apply for up to \$5,000 of new shares (in a consecutive 12 month period) for each occasion that you are separately recorded as a trustee or nominee for a different beneficiary. Matrix reserves the right to reject any application for new shares where it believes this requirement has not been complied with.

If Matrix believes it has received any applications for in excess of \$5,000 in aggregate under the February 2007 SPP and this SPP, the applications will be scaled back to a total of \$5,000 in aggregate.

### **ALLOCATION**

These funds will be used to contribute to Leichhardt Stage One Expansion, Leichhardt Stage Two, ongoing exploration and working capital.

### **PLACEMENT OF ANY SHORTFALL UNDER SPP AND PARTICIPATION COSTS**

The Directors of Matrix reserve the right to place some or all of the new shares that are not subscribed by shareholders through the SPP. Such new shares will be placed at the same price as the shares issued under the SPP.

Shareholders who acquire shares under the SPP will not incur brokerage or other costs that would otherwise apply to a purchase of shares.

### **PRICING OF NEW SHARES**

Shareholders will be entitled to subscribe for new shares at 10.5 cents per share. If the total dollar amount subscribed for exceeds the maximum amount permitted in accordance with the SPP, the number of new shares to be issued to you will be calculated by dividing the total dollar amount subscribed for and accepted by Matrix by the total dollar amount permitted pursuant to this SPP and that resultant amount divided by the Issue Price (fractions will be rounded up to the nearest whole share) for each shareholder.

The market price of the ordinary shares in Matrix might rise or fall between the date of this offer and the date the new shares are issued to you. This means that the price you pay for the new shares applied for by you under this offer might exceed the market price of Matrix's shares at the time the new shares are issued to you under the SPP.

You should consult your stockbroker or professional adviser in relation to this offer and your participation under the SPP.

### **ISSUE OF NEW SHARES**

New shares will be issued on or about 28 December 2007. New shares will rank equally with existing fully paid ordinary shares in Matrix and will carry the same voting rights, dividend rights and other entitlements at the issue date.

It is expected that the new shares issued to you under the SPP will be quoted on ASX on or about **7 January 2008** and you should receive your holding statement or confirmation advice shortly after that date.

## APPLICATION

The offer under the SPP will close at 5.00 pm (Perth time) on 20 December 2007 (although any payments by electronic funds transfer must be received by 19 December 2007 – see below).

If you wish to apply for any shares under the SPP, you should complete the enclosed application form and send it with your payment by cheque made payable to "Matrix Metals Limited – Share Purchase Plan" to Matrix's Share Registry so that it is received by 5.00 pm (Perth time) on 20 December 2007.

Alternatively, your payment can be by electronic funds transfer from your cheque or savings account to the account number listed on the application form. You must quote your Holder Identification Number (**HIN**) in the subject line of the funds transfer. You must still send in your application form if you choose this option, so that the application form and your payment are both received by 5.00 pm (Perth time) on 19 December 2007.

Applications received by cheque after 5.00 pm (Perth time) on 20 December 2007 or applications received by electronic transfer after 5.00 pm (Perth time) on 19 December 2007 will not be accepted, although Matrix reserves the right to extend the closing time without notice in its sole discretion.

The minimum subscription for each eligible shareholder is \$500, and amounts in excess of this must be in multiples of \$500. The issue price of the new shares will be determined on the issue date. Fractions will be rounded up to the nearest whole share.

Participation in the SPP is voluntary. If you do not wish to participate in the SPP, you do not need to do anything.

## OTHER TERMS AND CONDITIONS

Matrix has a broad discretion to reject your application to purchase new shares under the SPP and return your cheque to you or issue a refund cheque to you if your payment was by electronic funds transfer, including (without limitation) if:

- your application form is incorrectly completed or incomplete or is not received by Matrix;
- your cheque is dishonoured or has not been completed correctly;
- your electronic payment does not correctly identify your Holder Identification Number ("HIN") in the subject line in accordance with the instructions on the application form;
- Matrix is otherwise unable to match an application form with an electronic payment;
- the exact amount of money is not tendered with your application form or is not received by electronic funds transfer by the required time; or
- Matrix believes that you are not an eligible shareholder.

Matrix reserves the right to amend the SPP at any time. Any such amendment will be binding on all eligible shareholders even where Matrix does not notify one or more eligible shareholders of that event. Matrix has imposed a maximum number of 30,000,000 shares that can be issued under this SPP to raise a maximum amount of \$3,150,000 at 10.5 cents per share. If applications for new shares exceed this amount, the number of new shares allocated to eligible shareholders who apply for new shares will be scaled back on a pro rata basis (according to the number of shares applied for) and then rounded up to the nearest whole number, or otherwise as considered reasonable by the directors of Matrix.

No interest will be paid on any application money returned to you.

Matrix may settle in any manner it thinks fit any difficulties or disputes which may arise in connection with the SPP. Any determination will be conclusive and binding on all eligible shareholders and other persons to whom the determination relates.

If you have any questions about the SPP, please contact:

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Western Australia 6005  
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Yours Faithfully

Ian Goldberg

Company Secretary