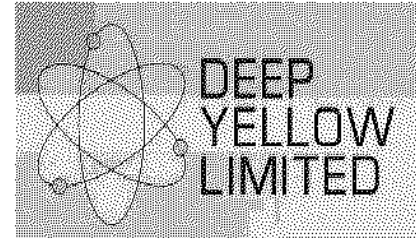


**MATRIX METALS**

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## ***Uranium Exploration and Development Joint Venture***

Deep Yellow Limited ("Deep Yellow") and Matrix Metals Limited ("Matrix") are delighted to announce that they have agreed a Uranium Joint Venture ("UJV") whereby Deep Yellow will be granted access to explore for uranium on Matrix's 5,000 sq km of tenement holdings in the uranium rich Mt Isa – Cloncurry region. The UJV will be formally known as the NW Uranium Joint Venture.

On 11 August 2005 Matrix announced that an evaluation of past uranium exploration work and uranium mining that had been carried out in the region, had identified 15 occurrences of uranium mineralisation or anomalism. Many of the occurrences in the Ewen EPMA14916 are geologically similar to the Skal and high grade Valhalla deposits, owned by Summit Resources. Anomalies hosted in the Corella Formation in the White Range area suggest similarities to the Mary Kathleen uranium mine.

After completion of a competitive selection process involving a number of parties, Matrix selected Deep Yellow, a specialist uranium explorer, as its uranium exploration partner. Dr Leon Pretorius Executive Chairman of Deep Yellow commented that it *"had approached Matrix to become involved in what it recognised as a large ground position with exceptional potential to host uranium mineralisation of significant size and grade"*. During the competitive process, Deep Yellow has undertaken a comprehensive review of the historical data and site review, coincident with further work undertaken by Matrix.

Deep Yellow will now immediately commence planning its field operations which will commence in the second quarter 2006, as weather permits. There are a number of targets that need detail mapping and geochemical sampling, while others where previous explorers had reported anomalous intersections in drill holes will be assessed as immediate drill targets. The field work by Matrix over recent months, which included review and field investigation of airborne radiometric uranium anomalies, as well as assaying of rock chips from a number of previously drilled RC holes in its White Range tenement area, has produced further highly encouraging exploration results. Details of these newly identified anomalies are presented in Table 2. This portfolio of new results auger well for the success of future uranium exploration in the White Range belt.

### **Key Terms of the UJV**

Matrix and Deep Yellow have executed a binding heads of agreement to be followed by a formal joint venture agreement on the following terms:

- Deep Yellow has the right to earn a 51% position in the UJV by spending \$3,000,000 over a 3 year period.
- The expenditure commitments require Deep Yellow to spend \$500,000 in the first nine months and to issue to Matrix ordinary shares in Deep Yellow equal to 2.2% of the issued capital of Deep Yellow, provided Deep Yellow elect to continue earning towards a 51% position. On election, Deep Yellow must spend \$1,000,000 in the following year and \$1,500,000 the year after that, to earn its 51% position.
- After earning the 51% position, Deep Yellow can acquire an additional 29% at any time up until the commencement of a bankable feasibility study ("BFS") on any specific resource, for an additional \$3,000,000 indexed at CPI.
- After completion of any individual BFS on any particular resource, Deep Yellow may buy out Matrix's residual 20% position in that specific resource for a value equal to 15% of the in-ground value of Matrix's 20% holding in the resource.
- Each discovered resource subject to a BFS, is subject to the buyout provision referred to above. The greater UJV continues at the respective ownership positions as may dictated at any point in time.

### **Matrix's Announcement to the ASX of 11 August 2005**

On 11 August 2005, Matrix announced to ASX that a preliminary evaluation of past uranium exploration work had identified 15 occurrences of uranium mineralisation or anomalism within its tenements. Details of the occurrences are presented in Table 1.

Matrix Metals Limited commenced a detailed data search and regional exploration program (Program) across the Company's entire Mt Isa region

tenement portfolio commencing in late 2004. The Company is pleased to announce that this Program has confirmed numerous significant occurrences of high grade uranium mineralisation and several extensive under explored anomalous uranium zones within the Company's 3,500 square kilometre, 100% owned, tenement holding. These occurrences are within close proximity to the Mary Kathleen uranium mine and the large undeveloped Valhalla and Skal uranium deposits.

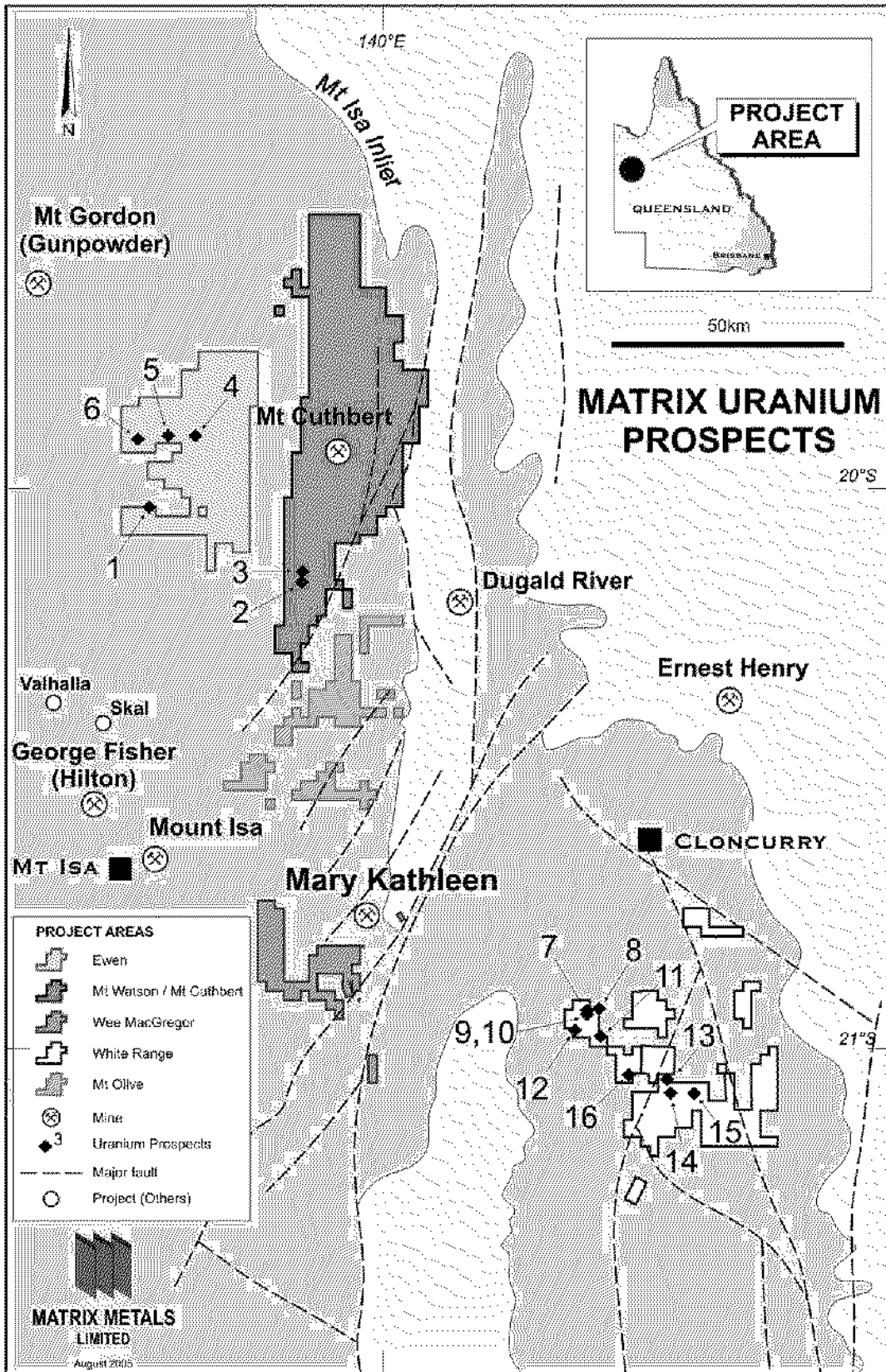
Uranium occurrences of note include the following:

- Percussion drilling reporting results up to 0.38%  $U_3O_8$ , diamond drilling results up to 4m @ 0.12% and 0.84%  $U_3O_8$  in rock chips on the Conquest Line in the Ewen Group Project Area, (Prospect #1 in Figure1). The majority of the prospects in the Ewen Group are hosted by sediments within the Eastern Creek Volcanics which host the Skal & Valhalla uranium deposits. (resource grade of 0.14%  $U_3O_8$ )
- A 12 kilometre long very prospective co-incident geochemical and airborne radiometric uranium anomaly along the Sierra Line in the White Range Project area (Prospects #10 to 12). The uranium anomalies in the White Range area are hosted by the Mary Kathleen Group geological package in which the Mary Kathleen uranium mine occurred.
- Values of up to 1.18%  $U_3O_8$  in rock chips taken at the Miranda Prospect (Prospect #2) located about 23km SSW of Mt Cuthbert.

The top 15 uranium occurrences identified on Matrix's tenements at this time are located in Figure 1 below. Specific details of the top 15 occurrences are set out in Table 1.

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Figure 1 Matrix Uranium Prospect Locations



## Uranium History in the Region

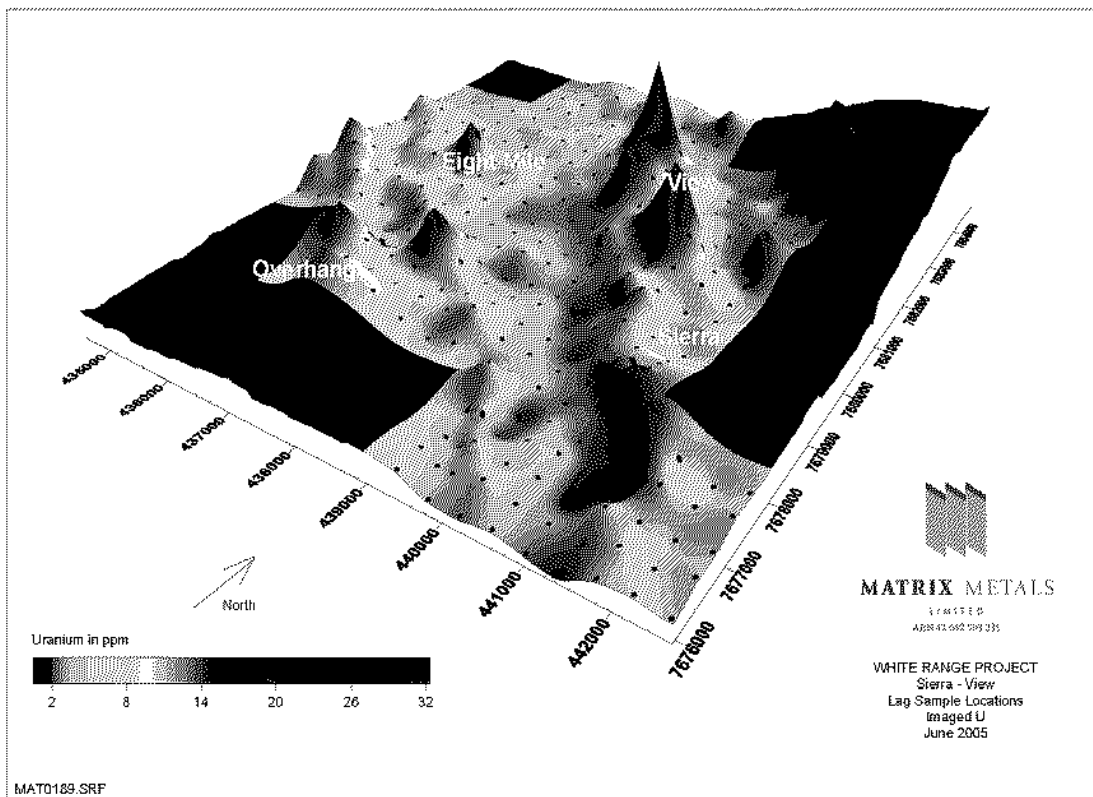
The Mt Isa region has a significant history in regard to the discovery and mining of uranium. The most notable uranium discovery in the Mt Isa region is the Mary Kathleen mine. This mine operated in two phases between 1958 and 1982. A total of 9.2 million tonnes grading 0.13%  $U_3O_8$  was treated during the period.

Various other major uranium occurrences have been identified in the region, with the most notable of these being a series of deposits located some 40 kilometres south west of the Matrix's Mt Cuthbert and Ewen tenement blocks. These deposits, owned by a third party, comprise indicated and inferred resources of approximately 75 million pounds of  $U_3O_8$ .

## Recent Work by Matrix Metals

As part of the regional exploration program commenced by Matrix in late 2004, a significant number of uranium occurrences have been identified via researching of existing data bases. In addition, geochemical sampling carried out by Matrix in 2005 in the White Range area has identified a 12 kilometre long uranium geochemical anomaly along the Sierra Line. Modelling of the anomalous uranium assays from lag sampling programs completed along the Sierra Line produces the 3D contour image as presented in Figure 2 below.

*Figure 2* **Sierra Line Uranium Anomalies**



Yours Faithfully



**Andrew Chapman**  
**Chief Executive Officer**  
**Matrix Metals Limited**



**Leon Pretorius**  
**Executive Chairman**  
**Deep Yellow Limited**

*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.*

Table 1 - Details of the Top 15 Uranium Prospects Identified by Matrix

<b>Prospect No.</b> <i>(Figure 1)</i>	<b>Prospect Name</b>	<b>Nature of Uranium Identified</b>
1.	Conquest – Barrier – Impassable Line	Line of radioactive occurrences over a strike length of 2kms. Maximum rock chip of 0.84% U <sub>3</sub> O <sub>8</sub> . Maximum percussion drill intersection of 0.2 metres @ 0.38% U <sub>3</sub> O <sub>8</sub> . Maximum diamond drill intersection of 4.0 metres at 0.12% U <sub>3</sub> O <sub>8</sub>
2.	Miranda	Line of radioactive occurrences over a strike length of 1km. Rock chips up to 1.18% U <sub>3</sub> O <sub>8</sub>
3.	Prospect	Line of radioactive occurrences over a strike length of 1km. Rock chips up to 0.145% U <sub>3</sub> O <sub>8</sub>
4.	Lochness	Large structure noted as anomalous in Uranium.
5.	Shock – Stance	Line of radioactive occurrences over a strike length of 1.5km. Rock chips up to 0.25% U <sub>3</sub> O <sub>8</sub>
6.	Wahn	Structure noted as anomalous in Uranium.
7.	Great Western	Peak lag value to date of 33.7 ppm Uranium
8.	Mother's Delight	Lag programme underway. Peak lag value to date of 31.3 ppm Uranium, near radiometric anomaly.
9.	Cyril	Lag programme underway. Peak lag value to date of 26.8 ppm Uranium, near radiometric anomaly.
		See Figure 2 for 4 km anomaly covering Prospects 10 – 12. This anomaly is within the major 12 kilometre Sierra Line anomaly (as defined by lag, old workings & airborne radiometric).
10.	View	Rock chips up to 209 ppm Uranium. Previous drilling +1% Cu but not assayed for Uranium.
11.	Sierra South	Peak lag value to date of 17.9 ppm Uranium, coincident with radiometric anomaly.
12.	Overhang East	Lag programme underway. Peak lag value to date of 17.2 ppm Uranium. Very strong Molybdenum anomaly (234ppm). Mo and U are commonly associated.
13.	Big Mick	Strong airborne Uranium/Thorium anomaly, near high level granites.
14.	Prospect	Uranium/Thorium anomaly coincident with magnetic anomaly, some 2.5 km SSE of Big Mick.
15.	Prospect	Strong airborne Uranium/Thorium anomaly, near a granite contact, some 6 km SE of Big Mick.

Table 2 - Details of Uranium Follow-up Work and Identified Anomalies

PROSPECT	CO-ORDINATES AGD66		U Values (ppm)	Associated Anomalous Elements (ppm)	Comments
	E	N			
Copper Canyon	450214	7686334	2m @ 502U from 45m	0.321Au,1.12%Cu,816Co 879As	chips from RC HoleCCNRC37 clay altered shale 1500counts per sec(cps)
	450451	7685790	85.4 U	678Cu,0.051Au	gravel, weathered shale/Fe 1000cps
Mahjong East	454270	7681924	226 U	none	Outcrop altered QBX & green chert (sericite, ferruginous, Fe oxide, silicified) 600cps
Greenmount	451150	7674635	3m @ 476 U from 65m (incl's 1m @ 1040 U from 66m )	1160As,1365Co 5600Cu,0.124Au	RC pre-collar to Met hole GDHM17 edge of 1%Cu zone in shale clay/Fe altered material(dyke?) 2800cps
Leone	451970	7675757	1m @ 570 U from 30m	0.07Au,3300Cu	RC Hole GRM 159
Leone East	453686	7675574	209 U	758 V, 667Cu 0.095Au, plus500Ce	ironstone ridge 1100cps
Martin Creek 1 (MC 1)	453986	7665532	77 U	none	pegmatite OC 500cps
MC 3	454815	7667897	236 U	none	Fine grained. "quartzite" intrusive albitic 1800cps
MC 4	460600	7666600	50 U	4.5 g/tAu nearby (~250m to SSE)	Corella BX Lag sample
Mannom North	445530	7672590	220 U	2760Zn, 2200As 112Mo	OC Fest & Siltstone Brecciated 700cps
McCabe	447095	7669750	76.6 U	1010V	Fest ridge 1000cps up to 110ppmU from nearby RC drilling
Toby Barty	438918	7682114	209 U	3.3%Cu	Majestic sample from OC visible U 200m to W -drilled but max value 50ppm U
Kuridala North	450500	7659000			Prominent uranium airborne radiometric Anomaly between radioactive granites
Angelay	462700	7665000			Uranium anomalies on the margin of Radioactive granite.