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Australian Stock Exchange Limited
Level 10, 20 Bond Street
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Deep Yellow-Matrix Uranium Joint Venture to Proceed

Matrix Metals Limited ("Matrix") is pleased to advise that Deep Yellow Limited (DYL) has advised that it will take up its right to acquire a 51% interest in the NW Queensland Joint Venture (JV) from Matrix.

Under the terms of the Heads of Agreement between DYL and Matrix, DYL will issue to Matrix 21,459,541 fully paid ordinary shares in DYL on or before 28 February 2007.

DYL has advised Matrix that the decision to proceed to the next stage of the initial earn-in of 51% interest in the Joint Venture was in part driven by the excellent assay results returned from the recent drill programme at the Miranda Prospect (ASX 12 February 2007) which outlined a **broad zone of uranium mineralisation** with a strong iron oxide association including significant intersections of **12 m at 960 ppm U₃O₈** from 9 m in hole DMRC-001 and **3 m at 730 ppm U₃O₈** from 43 m in hole DMRC-002. Previous drilling at Miranda by CRAE in 1982 returned 18 m at 810 ppm U₃O₈ from 30 m depth and surface rock chips collected by Matrix 100 m NNE of the drill holes assayed up to 1.18% U₃O₈.

The major joint venture terms were included in Matrix's December 2006 Quarterly Activities Report and prior announcements. In summary, in addition to the imminent issue of 21,459,541 fully paid ordinary shares in DYL, DYL must now spend a further \$2.6 million on exploration by 28 February 2009 to acquire a 51% interest in the Joint Venture. DYL will then have the option to acquire a further 29% in the JV by payment of \$3 million to Matrix and can ultimately buy out each individual uranium resource by additional payment to Matrix of 15% of the in-ground value of its then holding in the JV (nominally a minimum of 20% of the JV). Importantly, this payment does not reduce Matrix's JV ownership position in the greater JV, its then position continues for the JV.

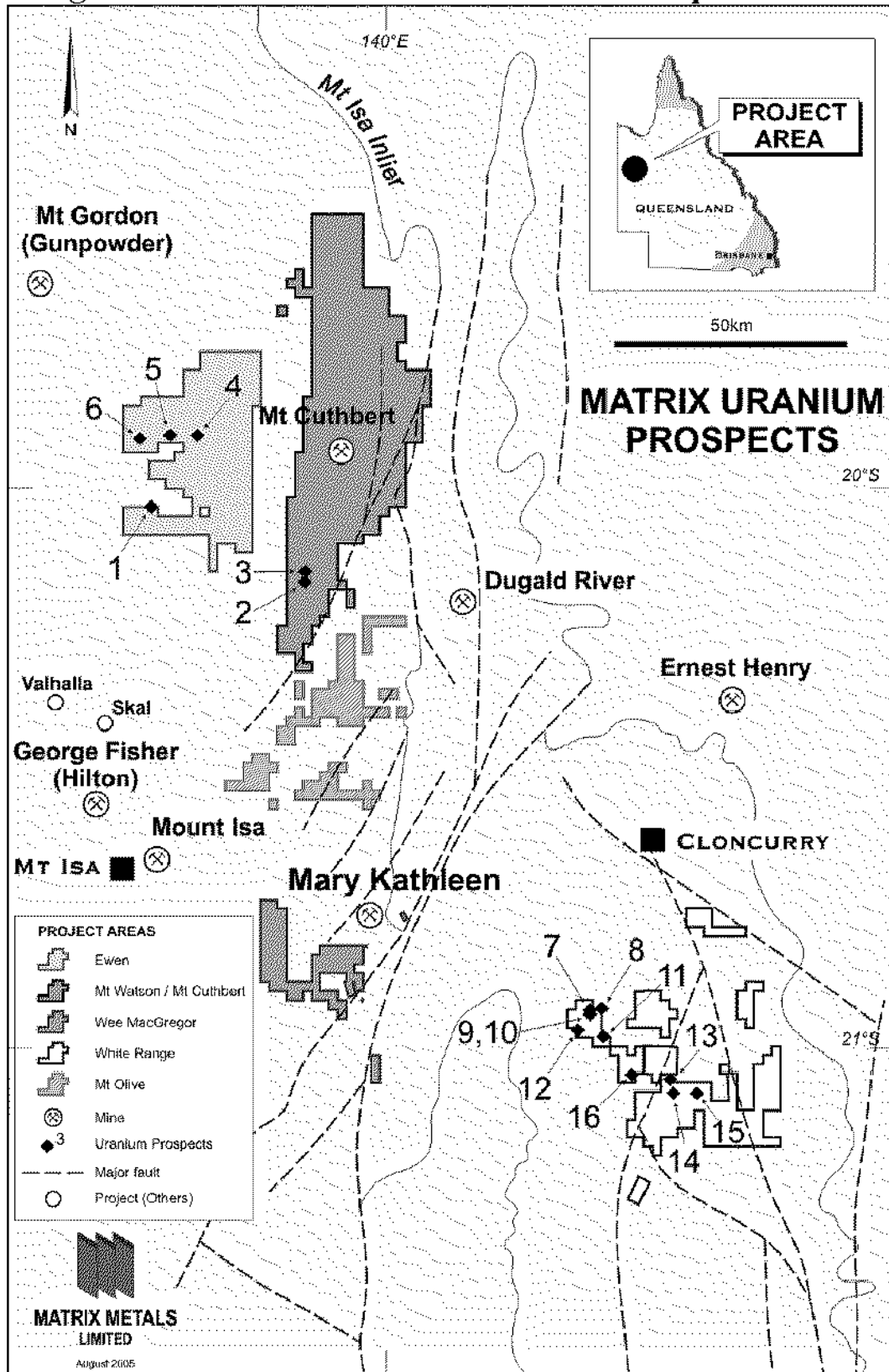
In addition to a planned follow-up detailed drill programme at the Miranda Prospect and further regional exploration in the Mt Cuthbert tenements there are numerous uranium anomalies within Matrix's White Range project area to the south of Cloncurry which require follow-up mapping, sampling and drilling in order to fully evaluate their uranium potential, which will commence upon completion of the wet season.

The DYL-Matrix Joint Venture will now be run by a Queensland based exploration team from DYL's newly established permanent base in Mt Isa.

Matrix' Uranium Strategy

As has been previously announced to the ASX, Matrix's 5,000 square kilometres of tenements in the Mt Isa district of north west Queensland, host many uranium anomalies. See Uranium Prospect Locations in the Figure 1 below.

Figure 1 Matrix Uranium Prospect Locations



Yours Faithfully

Shane McBride
Director