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Broad zone of Uranium mineralisation discovered at Miranda. DYL expected to accelerate it's exploration effort.

Matrix Metals Limited ("Matrix") is pleased to provide this update with regard recent uranium drilling conducted by Deep Yellow Limited ("DYL"). DYL has today released an announcement to the ASX which provides results of uranium drilling completed during December 2006.

Summary of Drilling Results released by DYL Today

Miranda

At the Miranda Prospect two holes were drilled to undercut a bedrock uranium anomalous zone (peak assay 0.964% (9,640 ppm) U_3O_8). The drill intercepts confirmed the surface anomalous zone extends to depth and has a broad width. Both holes intercepted high grade uranium with intercepts reported as below.

- DMRC001 Complete hole length of 60 m contains 233 ppm U_3O_8 , including 12 m at 960 ppm U_3O_8 from 9 m downhole
- DMRC002 Complete hole length of 78 m contains 47 ppm U_3O_8 , including 3 m at 730 ppm U_3O_8 from 43 m downhole

They were encouraged by the width of anomalous and high uranium assay values attained, which together with a strong iron oxide association as evidenced by coincident uranium – magnetite – pyrite mineralisation and chlorite alteration, bode well for this to become a significant uranium project.

Multi-element ICP analysis will be available shortly which will assist to better understand the mineralisation style.

Given the association of uranium mineralisation with magnetite at Miranda it is planned to undertake a detailed magnetic and radiometric survey of the immediate area prior to systematic drilling when the wet season allows.

Lochness

Although broad zones of anomalous uranium values to 68 ppm U₃O₈ are present at the Lochness and Lochness North Prospects, the results were disappointing given the strongly limonite-altered gossanous mudstones units intersected and the rock chip values of surface samples of the limonite gossan material that returned assays up to 240 ppm U₃O₈.

Structural mapping will be carried out prior to further drilling.

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. Rather than divert from its copper exploration and development strategy Matrix elected to make arrangements with a specialist uranium explorer for exploration of the uranium potential. The encouraging uranium results from this DYL drilling support the potential on Matrix's tenements for economic uranium occurrences. Refer to the section below titled Matrix's Uranium Potential.

Matrix-DYL Joint Venture

To maximise this uranium potential, as announced on 20 February 2006 Matrix entered into an agreement with DYL, whereby DYL would become Matrix's uranium joint venture partner. Under the terms of that earn in and joint venture, for DYL to acquire a participating interest of 51% in the NW Uranium Joint Venture, DYL must elect to issue ordinary shares in DYL to Matrix (*equal to 2.2% of DYL's issued capital*) on 15 February 2007, unless extended by agreement between the parties and spend a further \$1,000,000 in the following year and \$1,500,000 for the year after that. DYL has further rights to acquire up to 80% of the joint venture, but it is then required to buy out each individual uranium resource, as identified. The Major Joint Venture Ownership Terms were included in Matrix's December 2006 Quarterly Activities Report and prior disclosures.

Matrix's Uranium Potential

The Matrix/DYL agreement is exploring ground with high potential for uranium deposits in the Mt Isa Inlier. In late 2004, Matrix commenced a detailed data search and regional exploration program (Program) across the Company's entire Mt Isa/Cloncurry region tenements, the findings have been previously announced to the ASX. This Program confirmed numerous significant occurrences of high grade uranium mineralisation and several extensive under explored anomalous uranium zones within the Company's 5,000 square kilometre tenement holdings (refer Figure 1). Some of these occurrences are within close proximity to the Mary Kathleen uranium mine and the large undeveloped Valhalla and Skal uranium deposits owned by Summit Resources.

Uranium occurrences of note include the following:

- Values of up to 1.18% U₃O₈ in rock chips taken at the Miranda Prospect (Prospect #2 in Figure 1) located about 23km SSW of Mt Cuthbert.
- Percussion drilling reporting results up to 0.38% U₃O₈, diamond drilling results up to 4m @ 0.12% and 0.84% U₃O₈ in rock chips on the Conquest Line in the Ewen Group Project Area, (Prospect #1 in Figure 1). 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 prospective co-incident geochemical and airborne radiometric uranium anomaly along the Sierra Line in the White Range Project area (Figure 1, Prospects #10 to 12) and Figure 3. 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.
- Sixteen (16) uranium occurrences identified on Matrix's tenements at that time are located in Figure 1 below.

Figure 1 Matrix Uranium Prospect Locations

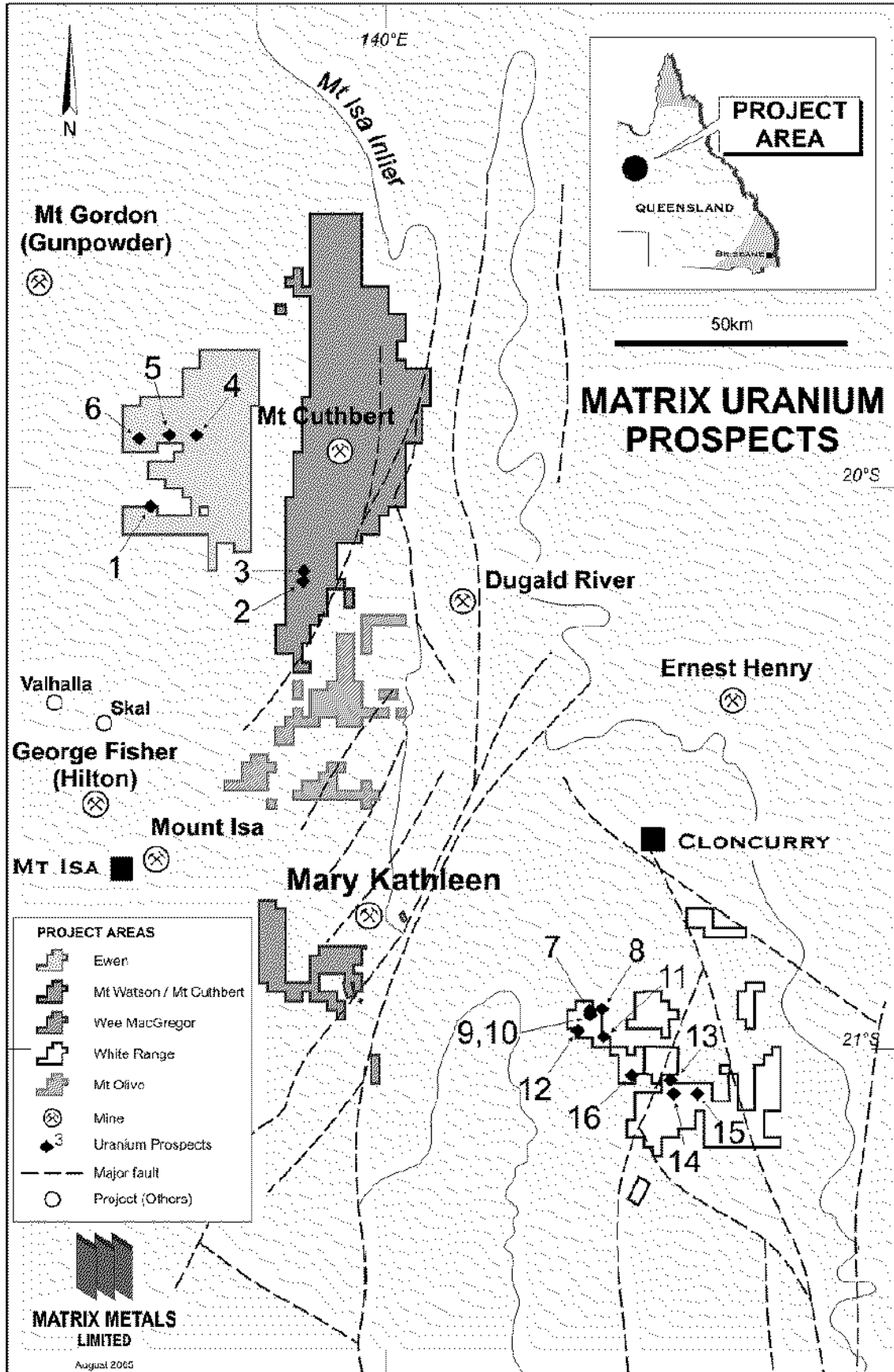


Figure 2 **Uranium Radiometric Anomalies
Matrix Southern Area**

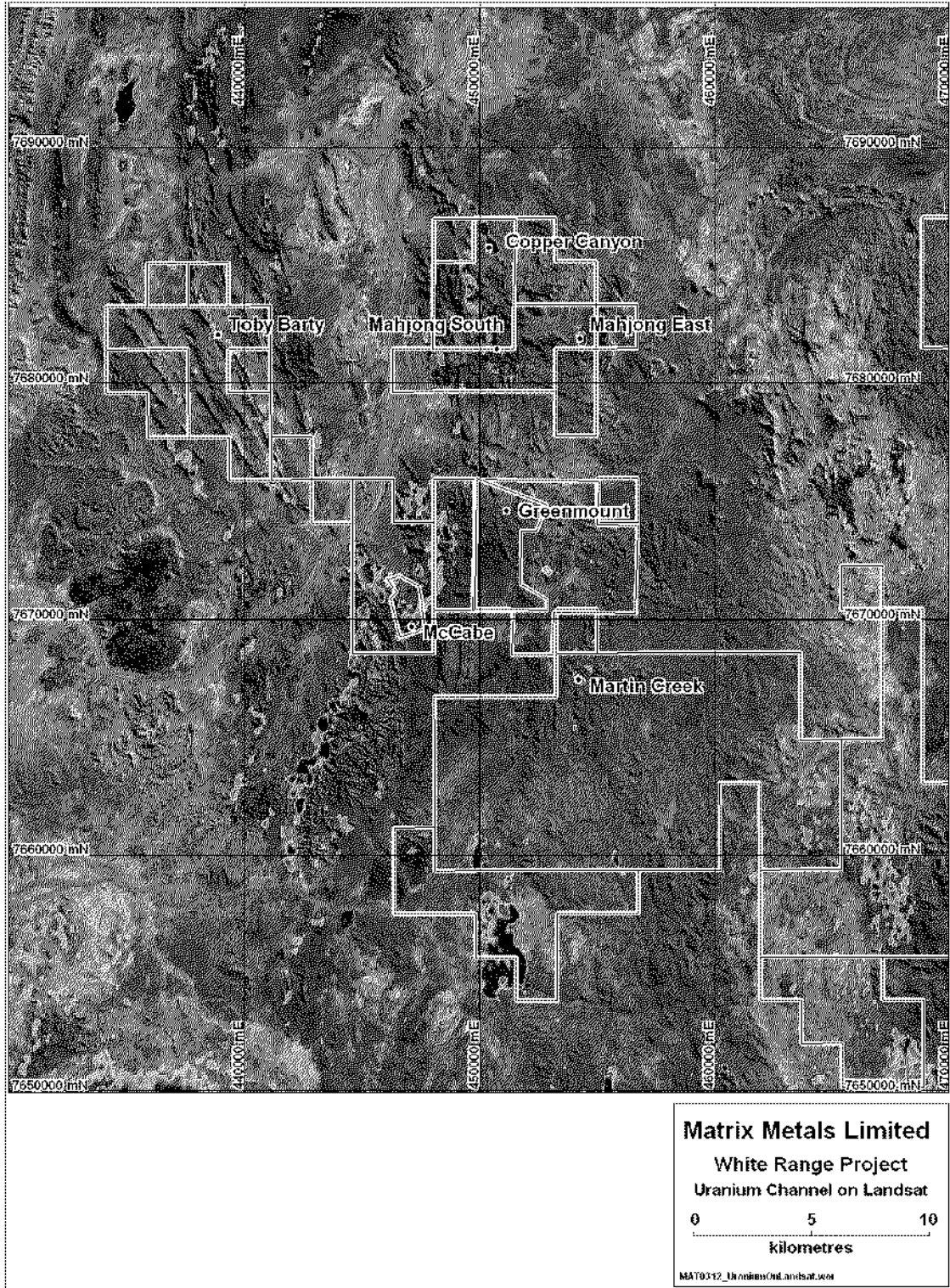
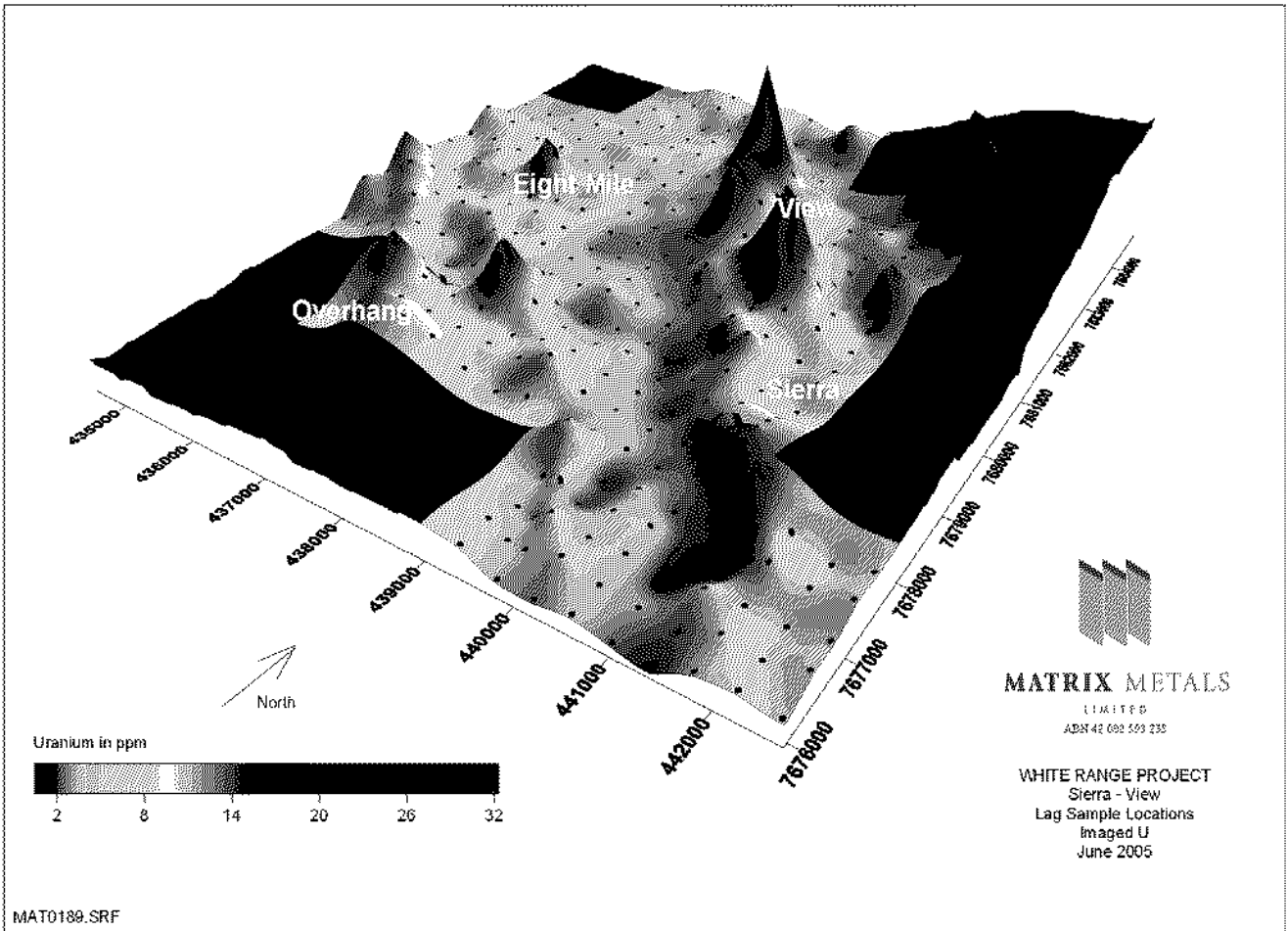


Figure 3 Sierra Line/Toby Barty Uranium Anomalies



Yours Faithfully

Andrew Chapman
Managing Director