

**ERNST & YOUNG**

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4 February 2011

James Rowe  
ASX Compliance Pty Limited  
PO Box Bridge Street  
Sydney NSW 2000

Dear James

**Matrix Metals Limited (Subject to Deed of Company Arrangement)  
(In Liquidation) (Receivers and Managers Appointed)  
ACN 082 593 235 ("the Company")**

I refer to your letter dated 1 February 2011 in relation to the requirement for the Company to submit a Trading Policy.

I advise that Mr Andrew Howie of my office has previously discussed this issue with Mr Cameron Bill of your office and this was followed by an email dated 22 January 2011, which I have enclosed for your information.

In relation to the questions in your letter I respond as follows using your numbering for ease:

1. The Company is currently under external administration and the trading of shares is currently suspended. As a result, the Deed Administrators do not feel it is appropriate that they, as caretaker managers of the Company, prepare and submit a Trading Policy on behalf of the Company.
2. The Deed Administrators are currently working towards recapitalising the Company which will result in a new board of directors being appointed to the Company. The proposed new board understands that the submission of a Trading Policy and all other outstanding matters will need to be attended to prior to the ASX reinstating the Company to quotation.

If you have any questions please do not hesitate to contact either Mr Howie or myself on (08) 9429 2222.

Yours sincerely

Vincent Smith  
Joint and Several Deed Administrator  
Matrix Metals Limited (Subject to Deed of Company Arrangement)  
(In Liquidation) (Receivers and Managers Appointed)



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1 February 2011

Vincent Smith  
Matrix Metals Limited (Administrators Appointed)  
Administrator

By email: georgia.white@au.ey.com

Dear Vincent

**Matrix Metals Limited (Administrators Appointed) ("The Company") – Trading Policy Disclosure**

We refer to the following.

1. Listing rule 12.9, effective from 1 January 2011, which states as follows:  
*An entity must have a trading policy that complies with the requirements of ASX listing rule 12.12. An entity must give its trading policy to the company announcements office for release to the market.*
2. Listing rule 12.12, effective from 1 January 2011, which states as follows:  
*At a minimum, an entity's trading policy must include the following information:*
  - 12.12.1 *The entity's closed periods.*
  - 12.12.2 *The restrictions on trading that apply to the entity's key management personnel.*
  - 12.12.3 *Any trading which is not subject to the entity's trading policy.*
  - 12.12.4 *Any exceptional circumstances in which the entity's key management personnel may be permitted to trade during a prohibited period with prior written clearance.*
  - 12.12.5 *The procedures for obtaining prior written clearance for trading under rule 12.12.4.*
3. *Guidance Note 27 – "Trading Policies"*, which was published to assist listed entities to comply with their obligations under listing rules 12.9, 12.10 and 12.12.
4. The Companies Update dated 13 August 2010, notifying listed entities of their obligation to comply with the requirements in listing rules 12.9 and 12.12, effective from 1 January 2011.
5. The Companies Update dated 9 December 2010, reminding listed entities of their obligation to comply with the requirements in listing rules 12.9 and 12.12, effective from 1 January 2011.

ASX Limited ("ASX") attaches particular importance to encouraging a consistently high standard of listed entities' disclosure in respect of trading policies.

Our records indicate that, despite the reminders mentioned above, the Company has not yet lodged with ASX a trading policy in compliance with listing rules 12.9 and 12.12.



ASX notes that the Company has been suspended since 12 November 2008. ASX reminds the Company of its contract with ASX to comply with the listing rules. This obligation is not affected by the suspension of the Company's securities from trading (see listing rule 18.6).

In the circumstances ASX requires the Company to answer the following questions:

1. Please explain why the Company has not lodged a trading policy with ASX.
2. Please advise when the Company expects to lodge a trading policy with ASX in compliance with listing rules 12.9 and 12.12.

Your response should be sent to me by e-mail at [james.rowe@asx.com.au](mailto:james.rowe@asx.com.au) or by facsimile on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e. before 9.30 a.m. A.E.D.T.) on Friday 4 February 2011.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked.

ASX notes that the suspension in quotation of the securities of the Company will continue until the listed entity releases to the market a trading policy that is compliant with the listing rules. This is in addition to any other requirements that the Company must meet for reinstatement to quotation.

Please note that ASX Compliance has discretion not to reinstate a listed entity should it fail to comply with the listing rules, the spirit of the listing rules or be unable to disclose information to the market as requested by ASX or required by listing rule 3.1.

If you have any queries about this letter, please contact me immediately.

Yours sincerely,

A handwritten signature in black ink that reads 'James Rowe'.

James Rowe

**Manager, Listings (Perth)**