MATRIX METALS

LIMITED

ABN 42 082 593 235

ANNUAL REPORT

30 JUNE 2012

CORPORATE DIRECTORY

Directors Joe Ariti (Executive Director) Antony Sage (Non-Executive Director) Jason Bontempo (Non-Executive Director) **Company Secretary** Claire Tolcon (appointed 2 July 2012) Fiona Taylor (resigned 2 July 2012)	**Registered Office** 32 Harrogate Street West Leederville WA 6007 Telephone: (08) 9380 9555 Facsimile: (08) 9380 9666
Share Registry Advanced Share Registry Services 150 Stirling Highway Nedlands Western Australia 6009 Telephone: (08) 9389 8033 Facsimile: (08) 93897871	**Auditors** Stantons International Level 2, 1 Walker Avenue West Perth Western Australia 6005
Stock Exchange Listing The Company's shares are on the official list of the Australian Securities Exchange ASX Code – MRX	**Website** www.matrixmetals.com.au

CONTENTS

MATRIX METALS LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial report of Matrix Metals Limited ("Matrix" or the "Company") for the financial year ended 30 June 2012 and the auditor's report thereon.

DIRECTORS

The names, qualifications and independence status of the directors of the Company holding office at any time during or since the end of the financial year are:

Mr Joe Ariti B.Sc, Dip Min. Sci. (Murdoch), MBA (Edinburgh), MAusIMM, MAICD
Executive Director
Mr Ariti is a mining industry executive with more than 25 years experience in technical, management and executive roles in assessing, developing, financing and managing mining projects and companies in Australia and overseas. He has been involved in the development and management of both open cut and underground mining projects in Australia, Africa, Indonesia and Papua New Guinea.

Other Current Listed Directorships
Non-Executive Director of:
Energio Limited (since April 2012)

Previous Listed Directorships in the last three years
Non-Executive Director of:
DMC Mining Ltd[1] (from August 2009)
African Iron Limited[2] (from January 2011 to June 2012)
Azumah Resources Ltd (from September 2007 to October 2009)
Swick Mining Services Limited (from February 2008 to February 2012)
Territory Resources Limited[3] (from August 2008 to July 2011)

Interest in shares and options of the company as at date of signing this report
Shares: 8,000,000
Options: 10,000,000

Mr Antony Sage B.Com, FCPA, CA, FTIA
Non-Executive Director
Mr Sage has more than 27 years experience in the fields of corporate advisory services, funds management, capital raising and management of several mining/exploration companies. Mr Sage is based in Western Australia and was formerly a successful funds manager with Growth Equities Mutual for a period of 13 years. During the last 15 years he has been involved in the management and financing of several listed exploration and mining companies.

Other Current Listed Directorships
Executive Chairman of:
Cape Lambert Resources Ltd (since December 2000)
Cauldron Energy Ltd (since June 2009)
Non-Executive Chairman of:
International Goldfields Ltd (since February 2009)
Fe Ltd (since August 2009)
Global Strategic Metals NL (since June 2012)
NSX listed International Petroleum Ltd (since January 2006)
Non-Executive Director of:
Kupang Resources Limited (previously Chameleon Mining NL) (since September 2010)
NSX listed African Petroleum Corporation Ltd (since October 2007)

Previous Listed Directorships in the last three years
African Iron Limited[2] (January 2011 to March 2012)

Interest in shares and options of the Company as at date of signing this report
Shares: 60,000,000
Options: 10,000,000

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[1] Delisted from ASX in September 2010
[2] Delisted from ASX in March 2012
3 Delisted from ASX in August 2011

DIRECTORS' REPORT

Mr Jason Bontempo B. Business, ACA
Non-Executive Director
Mr Bontempo has worked in investment banking and corporate advisory after qualifying as a chartered accountant with Ernst & Young in 1997.

Other Current Listed Directorships
Executive Director of:
Glory Resources Limited (since June 2010)

Non-Executive Director of:
Red Emperor Resources NL (since February 2011)
Orca Energy Limited (since July 2011)

Previous Listed Directorships in the last three years
Executive Director of:
International Goldfields Ltd (from April 2008 to December 2011)

Non-Executive Director of:
Stirling Minerals Limited[3] (from May 2007 to January 2011)
Kupang Resources Ltd (from August 2010 to March 2012)

Interest in shares and options of the Company as at date of signing this report
Shares: 40,000,000
Options: 9,500,000

INCOMPLETE RECORDS

The management and affairs of the Company was under the control of a Receiver and Manager and an Administrator from November 2008 until the Company was released from external administration on 12 December 2011, and has been under the control of the Company's directors since that date.

This financial report was prepared by directors who were not in office at the time the Company entered voluntary administration.

To prepare this financial report, the directors have reconstructed the financial records of the Company using:
- data extracted from the Company's accounting system for the period 1 July 2008 to the point the Company entered administration;
- the record of receipts and payments made available by the Administrator for the period from their appointment on 11 November 2008 to 12 December 2011 (the date on which the Deed of Company Arrangement was effectuated); and
- the record of receipts and payments made available by the Receivers and Managers for the period from their appointment on 14 November 2008 to 27 October 2011 (the date on which the Receiver and Manager retired).

It has not been possible for the directors to obtain all the books and records:
- of the Company for the period prior to the appointment of the Administrator and Receivers and Managers;
- maintained by the Administrator since their appointment on 11 November 2008; and
- maintained by the Receivers and Managers since their appointment on 14 November 2008.

Consequently, the directors have prepared the financial information for the periods presented in this financial report to the best of their knowledge based on the information made available to them up to the date of retirement of the Receiver and Manager (27 October 2011), and effectuation of the Deed of Company Arrangement (12 December 2011).

Given that the directors were not in control of the management and affairs of the Company until 12 December 2011, they are of the opinion that it is not possible to state that the financial information has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

[3] Delisted from ASX in March 2012

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

Director	Eligible to Attend	Attended
Antony Sage	1	1
Joe Ariti	1	1
Jason Bontempo	1	1

PRINCIPAL ACTIVITIES

The Company came out of external administration on 12 December 2011. The principal activity of the Company is mineral exploration in Australia.

RESULT

The result after income tax for the financial year was a profit of $56,390,324 (2011: loss of $2,889,100).

REVIEW OF OPERATIONS

During the year ended 30 June 2012, the following important milestones were achieved:

- On 27 October 2011, Gary Doran and John Greig of Deloitte Touche and Tohmatsu retired as the Receiver and Manager of the Company. The Receiver and Manager had been appointed on 14 November 2008 by the Company's secured creditor, Glencore International AG.
- On 25 November 2011, the Company's shareholders approved a proposal to recapitalise the Company, which included a share consolidation on a 1:50 basis, the issue of 250,000,000 new shares to the Proponents of the recapitalisation proposal ("Proponents") to raise $1,950,000, the issue of 40,000,000 unlisted options to the Proponents to raise $1,000 and the issue of 20,000,000 shares to the Trustee of the Creditors Trust.
- On 12 December 2011, the consolidation of the Company's ordinary shares on a 1:50 basis was completed.
- On 12 December 2011, the Deed of Company Arrangement (entered into in November 2010) was effectuated and the Company was released from external Administration.
- On 13 December 2011, EM17910 was granted to the Company.
- On 13 December 2011, the Company lodged a prospectus to raise $2,151,000 (before costs).
- On 21 December 2011, the Company confirmed that the offers under the prospectus had closed fully subscribed and that 270,000,000 ordinary shares and 40,000,000 unlisted options had been issued raising $2,151,000 (before costs).
- On 4 January 2012, Joe Ariti was appointed as Executive Director of the Company and on 11 January 2012, the Company was reinstated to quotation on the Australian Securities Exchange.
- On 6 February 2012, EPM 17907 was granted to the Company, and on 7 February, EPM 17904 was granted to the Company.

EVENTS SUBSEQUENT TO BALANCE DATE

No event has arisen since 30 June 2012 that would be likely to materially affect the operations of the Company, or its state of affairs which have not otherwise been disclosed in this financial report.

DIVIDENDS

No dividend has been declared or paid since the end of the previous financial year.

CHANGES IN STATE OF AFFAIRS

There has been no change in state of affairs of the Company from the previous financial year.

MATRIX METALS LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT - audited

Principles of Remuneration - audited

The Company entered voluntary administration in November 2008 and came out of administration in December 2011. Since December 2011, the directors are the only persons regarded as key management personnel with authority and responsibility for planning, directing and controlling the activities of the Company.

During the current year and prior year, no remuneration was paid to any of the directors of the Company.

Options and rights over equity instruments granted as remuneration - audited

No options over ordinary shares or shares in the Company were granted as remuneration to the Company's directors or any of its employees during the current year (2011: Nil).

UNISSUED SHARES UNDER OPTION

At the date of this report there were 40,000,000 options exercisable at $0.005 each on or before 31 December 2016 on issue.

Since the end of the financial year, no options have been exercised or granted. There are no amounts unpaid on shares issued.

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Number of options over shares
Mr Sage	60,000,000	10,000,000
Mr Ariti	8,000,000	10,000,000
Mr Bontempo	40,000,000	9,500,000

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its operations. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

NON-AUDIT SERVICES

During the current year the auditors provided other non-audit services amounting to $20,900.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 6 of the financial report.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Joe Ariti

Joe Ariti
Executive Director
25 September 2012

Stantons International Audit and Consulting Pty Ltd
trading as
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25 September 2012

Board of Directors
Matrix Metals Limited
32 Harrogate Street
West Leederville,WA 6007

Dear Directors

RE: MATRIX METALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Matrix Metals Limited.

As Audit Director for the audit of the financial statements of Matrix Metals Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

MATRIX METALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Other income	2(a)	**138,209**	188,945
Gain on transfer of net liabilities to the Creditors Trust	2(b)	**57,851,606**	-
Care and maintenance costs		**(275,646)**	(776,203)
Tenement administration costs		**(80,425)**	93,794
Employee benefits costs		**(15,235)**	(173,416)
Occupancy costs		**-**	(146,613)
Administration costs		**(54,733)**	(121,017)
Consultants costs		**(240,226)**	(413,156)
Compliance costs		**(79,947)**	(21,391)
Fees paid to Administrator and Receiver and Manager		**(250,578)**	(1,458,496)
Finance costs		**(359,701)**	(61,547)
Impairment losses		**(243,000)**	-
Profit / (loss) before tax		**56,390,324**	(2,889,100)
Income tax expense	4	**-**	-
Profit / (loss) after tax	15	**56,390,324**	(2,889,100)
Other comprehensive income / (expenditure) net of tax		**-**	-
Total comprehensive income / (loss) for the year		**56,390,324**	(2,889,100)
Profit / (loss) from continuing operations after income tax attributable to:			
Equity holders of the parent		**56,390,324**	(2,889,100)
Total comprehensive income / (loss) attributable to:			
Equity holders of the parent		**56,390,324**	(2,889,100)
Earnings per share attributable to the ordinary equity holders of the company:			
Basic earnings / (loss) per share (cents)	16	**10.76**	(0.36)
Diluted earnings / (loss) per share (cents)	16	**10.71**	(0.36)

The above Statement of Comprehensive income should be read in conjunction with the accompanying notes.

MATRIX METALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	2012 $	2011 $
Current assets			
Cash and cash equivalents	19(b)	**1,042,610**	-
Cash balances under the control of the Administrator and the Receiver and Manager	19(b)	**-**	5,089,143
Trade and other receivables	6	**8,190**	26,713
		1,050,800	5,115,856
Assets held for sale			
Tenement bonds and security deposits	9	**-**	728,267
Total current assets		**-**	5,844,123
Non-current assets			
Exploration and evaluation expenditure	8	**84,355**	284,000
Tenement bonds and security deposits	9	**17,500**	-
Total non-current assets		**101,855**	284,000
Total assets		**1,152,655**	6,128,123
Current liabilities			
Trade and other payables	10	**32,466**	61,925,784
Loans and borrowings	11	**-**	1,600,000
Employee benefits	12	**-**	64,096
Provisions	13	**-**	117,847
		32,466	63,707,727
Non-current liabilities			
Provisions	13	**27,000**	27,000
Total non-current liabilities		**27,000**	27,000
Total assets / (liabilities)		**59,466**	63,734,727
Net assets / (liabilities)		**1,093,189**	(57,606,604)
Equity			
Issued capital	14(a)	**70,009,924**	67,701,455
Reserves	14(b)	**1,000**	-
Accumulated losses	15	**(68,917,735)**	(125,308,059)
Total equity		**1,093,189**	(57,606,604)

The above Statement of financial position should be read in conjunction with the accompanying notes.

MATRIX METALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Issued Capital $	Options Reserve $	Accumulated losses $	Total $
Balance at 1 July 2011	**67,701,455**	**-**	**(125,308,059)**	**(57,606,604)**
Net profit for the year	-	-	56,390,324	56,390,324
Other comprehensive income / (expenditure)	-	-	-	-
Total comprehensive income	-	-	56,390,324	56,390,324
Transactions with owners in their capacity as owners				
Issue of shares pursuant to Deed of Company Arrangement	200,000	-	-	200,000
Issue of shares and options pursuant to a prospectus (net of costs)	2,108,469	1,000	-	2,109,469
Balance at 30 June 2012	**70,009,924**	**1,000**	**(68,917,735)**	**1,093,189**

	Issued Capital $	Accumulated losses $	Total $
Balance at 1 July 2010	**67,701,455**	**(122,418,959)**	**(54,717,504)**
Net loss for the year	-	(2,889,100)	(2,889,100)
Other comprehensive income / (expenditure)	-	-	-
Total comprehensive loss	-	(2,889,100)	(2,889,100)
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2011	**67,701,455**	**(125,308,059)**	**(57,606,604)**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

MATRIX METALS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,393,485)**	(6,645,328)
Other income		**-**	4,526
Interest received		**119,729**	159,269
Interest paid		**(359,701)**	(46,150)
Net cash used in operating activities	19 (a)	**(1,633,457)**	(6,527,683)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**-**	1,704,645
Proceeds from sale of exploration assets		**-**	8,350,355
Proceeds from sale of equity securities		**-**	2,525,150
Environmental performance bonds returned		**696,949**	1,453,373
Environmental performance bonds put in place		**(22,520)**	-
Exploration expenditure incurred		**(43,355)**	-
Net cash from investing activities		**631,074**	14,033,523
Cash flows from financing activities			
Repayment of borrowings		**(1,600,000)**	(4,257,816)
Proceeds from issue of shares and options		**2,151,000**	-
Payment of capital raising costs		**(41,531)**	-
Loan funding repaid		**(100,000)**	-
Cash balances previously under the control of the Administrator transferred to the Creditors Trust		**(3,453,619)**	-
Deposit received from proponents		**-**	100,000
Net cash used in financing activities		**(3,044,150)**	(4,157,816)
(Decrease) / Increase in cash and cash equivalents		**(4,046,533)**	3,348,024
Cash and cash equivalents at 1 July		**5,089,143**	1,741,119
Cash and cash equivalents at 30 June	19 (b)	**1,042,610**	5,089,143

The above Statement of Cashflows should be read in conjunction with the accompanying notes.

1. SUMMARY OF ACCOUNTING POLICIES

Matrix Metals Limited (the "Company") is a company domiciled in Australia.

The financial report of Matrix Metals Limited comprises the Company for the financial year ended 30 June 2012.

The financial report was authorised for issue by the directors on 25 September 2012.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Incomplete Records

The management and affairs of the Company was under the control of a Receiver and Manager and an Administrator from November 2008 until the Company was released from external administration on 12 December 2011, and has been under the control of the Company's directors since that date.

This financial report was prepared by directors who were not in office at the time the Company entered voluntary administration.

To prepare this financial report, the directors have reconstructed the financial records of the Company using:

- data extracted from the Company's accounting system for the period 1 July 2008 to the point the Company entered administration;
- the record of receipts and payments made available by the Administrator for the period from their appointment on 11 November 2008 to 12 December 2011 (the date on which the Deed of Company Arrangement was effectuated); and
- the record of receipts and payments made available by the Receivers and Managers for the period from their appointment on 14 November 2008 to 27 October 2011 (the date on which the Receiver and Manager retired).

It has not been possible for the directors to obtain all the books and records:

- of the Company for the period prior to the appointment of the Administrator and Receivers and Managers;
- maintained by the Administrator since their appointment on 11 November 2008; and
- maintained by the Receivers and Managers since their appointment on 14 November 2008.

Consequently, the directors have prepared the financial information for the periods presented in this financial report to the best of their knowledge based on the information made available to them up to the date of retirement of the Receiver and Manager (27 October 2011), and effectuation of the Deed of Company Arrangement (12 December 2011).

Given that the directors were not in control of the management and affairs of the Company until 12 December 2011, they are of the opinion that it is not possible to state that the financial information has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

(b) Adoption of new and revised accounting standards

Changes in accounting policy and other disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The following standards and interpretations have been applied by the Company during the current year:

	Application date of standard	Application date for the Company
AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7,101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] * In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.	1 January 2013*	1 January 2013*
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013	1 July 2013
AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	1 July 2011	1 July 2011
Revised AASB 9 Financial Instruments (addressing accounting for financial liabilities and the derecognition of financial assets and financial liabilities) and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) * In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.	1 January 2013*	1 January 2013*
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	1 January 2012	1 January 2012
AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.	1 January 2013	1 January 2013
AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	1 January 2013
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	1 July 2012	1 July 2012
AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	1 January 2013	1 January 2013
AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.	1 July 2012	1 July 2012
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.	1 July 2013	1 July 2013

	Application date of standard	Application date for the Company
AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation and AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements	1 July 2011/ July 2013	1 July 2011/ July 2013
AASB 2011-13 Amendments to Australian Accounting Standard - Improvements to AASB 1049	1 July 2012	1 July 2012
AASB 2012-3 Amendments to Australian Accounting Standard – Offsetting Financial Assets and Financial Liabilities	1 January 2014	1 January 2014
AASB 2012-2 Amendments to Australian Accounting Standard - Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013	1 January 2013
AASB 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]	1 July 2013	1 July 2013
AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements- 2009-2011 Cycle	1 January 2013	1 January 2013
Amendments to IFRS 10, 11 and 12 - Transition guidance (clarification only) - no separate disclosure needed	1 January 2013	1 January 2013

The standards and amendments that are mandatory for the first time for the financial year beginning 1 July 2012 did not have any impact on the current period or any prior period and is not likely to affect future periods.

Accounting Standards and interpretations issued but not yet effective
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2012 are set out below. Unless otherwise stated, it is expected that there will be no impact on the Company on applying the new standards and interpretations once they are effective.

AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective for annual reporting periods beginning on or after 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect accounting for available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Company has not yet decided when to adopt AASB 9.

AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective 1 July 2013)
On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Matrix Metals Ltd has public accountability as defined in AASB 1053 and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective 1 July 2013)
In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities,* revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013)
In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. There is also new guidance on participating and protective rights and on agent/principal relationships.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Company will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to its investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the Company will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept.

The Company does not expect to adopt the new standards before their operative date.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)
AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Company does not intend to adopt the new standard before its operative date.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
In September 2011, the AASB made an amendment to AASB 101 Presentation of Financial Statements which requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Company intends to adopt the new standard from 1 July 2012.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) and Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective 1 January 2014 and 1 January 2013 respectively)
In December 2011, the IASB made amendments to the application guidance in IAS 32 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the Company's current offsetting arrangements. However, the IASB has also introduced more extensive disclosure requirements into IFRS 7 which will apply from 1 January 2013. The AASB is expected to make equivalent changes to IAS 32 and AASB 7 shortly. When they become applicable, the Company will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Company intends to apply the new rules for the first time in the financial year commencing 1 July 2013.

AASB 1054 ***Australian Additional Disclosures,*** **AASB 2011-1** ***Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*** **and AASB 2011-2** ***Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements*** **(**effective 1 July 2011) The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to the new standard AASB 1054. Adoption of the new rules will not affect any of the amounts recognised in the financial statements, but may simplify some of the Company's current disclosures.

AASB 2011-4 ***Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*** (effective 1 July 2013)
In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities and AASB 2012-2 Disclosures - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 and 1 January 2013 respectively) In June 2012, the AASB approved amendments to the application guidance in AASB 132 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the Company will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Company intends to apply the new rules for the first time in the financial year commencing 1 July 2013.

AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013) In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The Company will apply the amendments from 1 July 2012.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(c) Basis of preparation

The financial report is presented in Australian dollars which is the entity's functional currency. The financial report is prepared on the historical cost basis. Non-current assets are stated at the lower of carrying amount and recoverable amount. The accounting policies have been applied consistently.

(d) Revenue Recognition

Interest Income
Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

(e) Expenses

Operating lease payments
Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Financing costs
Financing costs comprise interest payable on borrowings calculated using the effective interest method and lease finance charges. Financing costs are expensed as incurred. Interest cost incurred during preproduction have been capitalised to property plant and equipment.

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (“GST”), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (“ATO”) is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available.

The Company operates in one business segment and one geographical being exploration within Australia.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits.

(j) Property, plant and equipment

Property, plant and equipment is stated at cost less provision for depreciation and any impairment in value.

(k) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

(l) Exploration and evaluation expenditure

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, exploration costs are accumulated in respect of each separate area of interest. Exploration costs are carried forward at cost where the rights of tenure are current and:

(i) Such costs are expected to be recouped through successful development and exploration of the area of interest, or alternatively by its sale; or
(ii) Exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable resources.

Exploration and evaluation assets are assessed annually for impairment in accordance with AASB 6, and where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units. An impairment loss is recognised in the Statement of Comprehensive Income where the carrying values of exploration and evaluation assets exceed their recoverable amounts.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the period in which that assessment is made. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(m) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Calculation of recoverable amount
The recoverable amount of the Company's assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are not discounted to their present value. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables with a short duration are not discounted.

(n) Trade and other payables

Trade and other payables are stated at their amortised cost and are non-interest bearing.

(o) Employee benefits

Long-term service benefits
The Company's net obligation in respect of long-term service benefits, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating to the terms of the Company's obligations.

Wages, salaries, annual leave, sick leave and non-monetary benefits
Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date, including related on-costs.

Defined contribution superannuation funds
Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Statement of Comprehensive Income as incurred.

(p) Provisions

A provision is recognised in the Statement of Financial Performance when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Mine rehabilitation
Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the mine's operation up to reporting date but not yet rehabilitated. Provision has been made in full for all disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of recontouring, topsoiling and revegetation, applying legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

Significant uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of mine infrastructure and dismantling obligations is recognised at the commencement of the mining project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset included in property, plant and equipment.

At each reporting date the rehabilitation liability is re-measured in line with changes in discount rates and timing or amount of costs to be incurred. Changes in the liability relating to rehabilitation of mine infrastructure and dismantling obligations are added to or deducted from the related asset, other than the unwinding of the discount which is recognised as a finance cost in the Statement of Comprehensive Income as it occurs. If the change in liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written-down to nil and the excess is recognised immediately in the Statement of Comprehensive Income.

If the change in the liability results in an addition to the cost of the asset, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write-down recognised in the Statement of Comprehensive Income in the period in which it occurs. The amount of the provision relating to rehabilitation of environmental disturbance caused by ongoing production and extraction activities is recognised in the Statement of Comprehensive Income as incurred. Changes in the liability are charged to the Statement of Comprehensive Income as rehabilitation expense, other than the unwinding of the discount which is recognised as a finance cost.

(q) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and Evaluation

The application of the Company's accounting policy for exploration and evaluation set out in Note (l) necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves may be determined. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure, it is determined that recovery of the expenditure by future exploitation or sale is unlikely, then the relevant capitalised amount is written off in the statement of comprehensive income.

During the year ended 30 June 2012, management have recognised impairment losses in respect of capitalised exploration and evaluation expenditure of $243,000.

	2012 $	2011 $
2(a) OTHER INCOME		
Interest received	**119,729**	159,269
Profit on sale of shares	**-**	25,150
Other	**18,480**	4,526
	138,209	188,945

2(b) GAIN ON TRANSFER OF NET LIABILIITIES TO THE CREDITORS TRUST

Gain on transfer of net liabilities to the Creditors Trust	**57,851,606**	-

The management and affairs of the Company was under the control of a Receiver and Manager and an Administrator from November 2008 until the Company was released from external administration on 12 December 2011, and has been under the control of the Company's directors since that date.

On 25 November 2011, the Company's shareholders approved a proposal to recapitalise the Company, which included a share consolidation on a 1:50 basis, the issue of 250,000,000 new shares to the proponents of the recapitalisation proposal ("Proponents") to raise $1,950,000, the issue of 40,000,000 unlisted options to the Proponents to raise $1,000 and the issue of 20,000,000 shares to the Trustee of the Creditors Trust.

This proposal was approved by Shareholders on 25 November 2011 and on 12 December 2011, the Deed of Company Arrangement was effectuated and the Company was released from external Administration.

The gain on transfer of net liabilities to the Creditors Trust is $57,851,606.

3. AUDITOR'S REMUNERATION

Fees paid or payable to Stantons International		
Audit and review of financial reports[1]	**51,673**	10,000
	51,673	10,000

[1] Fees paid or payable for the audit of financial statements for the period 31 December 2008 to the 30 June 2012.

4. INCOME TAX BENEFIT

Reconciliation between tax expense and pre-tax profit		
Accounting loss before tax	**56,390,324**	(2,889,100)
At the statutory income tax rate of 30% (2011: 30%)	**16,917,097**	(866,730)
Adjusted for:		
Non-deductible expenses	**14,552**	-
Non-assessable income	**(17,355,482)**	-
Capital raising costs deductible over 5 years	**(2,492)**	
Temporary differences not recognised	**426,325**	866,730
Income tax benefit attributable to pre-tax operating loss	**-**	-

Deferred tax assets have not been recognised because it is not probable that future taxable profits will be generated against which the Company can utilise the deferred tax asset.

5. SEGMENT INFORMATION

The Company operates in one business segment and one geographical segment, being mineral exploration within Australia.

6. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
Other receivables	**8,190**	26,713

7. PROPERTY, PLANT AND EQUIPMENT

As a consequence of the Company entering into voluntary administration on 11 November 2008, the Company's plant and equipment and mine properties and development have been written down to their net realisable values. It was impracticable to assess the realisable values for plant and equipment separately from the realisable values for mine development and properties. Accordingly, the movement analysis below is for plant and equipment and mine development and properties as a package.

	Plant and equipment and mine properties and development	
	2012 $	**2011 $**
Opening carrying value	**-**	1,704,645
Disposals	**-**	(1,704,645)
Closing carrying value (net realisable value)	**-**	-

As at 30 June 2010, all of the Company's plant and equipment and mine properties and development was classified as held for sale. In August 2010, the plant and equipment was sold at its net realisable value of $1,704,645.

8. EXPLORATION AND EVALUATION EXPENDITURE

	2012 $	2011 $
Carrying value at the beginning of the year	**284,000**	11,234,355
Expenditure incurred during the year	**43,355**	-
Disposals[1]	**-**	(10,950,355)
Impairment losses	**(243,000)**	-
Carrying value at the end of the year	**84,355**	284,000
Carrying value of exploration assets held as long term interest	**84,355**	284,000
	84,355	284,000

[1] On 20 July 2010, the sale of the White Range Project to Queensland Mining Corporation Limited ("QMC") for $5,000,000 completed. The proceeds on sale included non cash proceeds of $2,500,000 being shares in QMC.

On 18 August 2010, the sale of the Leichhardt Copper Project to Cape Lambert Leichhardt Pty Ltd for $5,950,355 completed.

9. TENEMENT BONDS AND SECURITY DEPOSITS

	2012 $	2011 $
Current		
Security deposits	**-**	728,267
Non-current		
Security deposits	**17,500**	-

10. TRADE AND OTHER PAYABLES

	2012 $	2011 $
Trade payables and accrued expenses	**32,466**	24,180,550
Accrual for additional creditor claims received[1]	**-**	37,645,234
Deposits received	**-**	100,000
	32,466	61,925,784

[1] This accrual represents those claims received from suppliers and other creditors which were not recorded as liabilities in the accounts of the Company at the time it went into voluntary administration.

11. LOANS AND BORROWINGS

	2012 $	2011 $
Secured Loan[1]	**-**	1,600,000
	-	1,600,000

[1] The loan was secured by a fixed charge over the assets that comprise the Leichhardt Copper Project and associated tenements, owed to Glencore International AG. The loan was repaid during the current year.

12. EMPLOYEE BENEFITS

	2012 $	2011 $
Current		
Liability for annual leave	**-**	64,096
	-	64,096

13. PROVISIONS

	Rehabilitation		Retirement Benefit	
	2012 $	2011 $	2012 $	2011 $
Balance at beginning of year	**27,000**	915,737	**117,847**	117,847
Provisions made / (released) during the year	**-**	(888,737)	**-**	-
Transferred to the Creditors Trust	**-**	-	**(117,847)**	-
Balance at end of year	**27,000**	27,000	**-**	117,847
Current				
Retirement benefit	**-**	-	**-**	117,847
	-	-	**-**	117,847
Non-current				
Rehabilitation provision associated with exploration assets held for long term interest	**27,000**	27,000	**-**	-

Rehabilitation

A provision for rehabilitation has been recognised in relation to the Company's operations. The basis of accounting is set out in Note (p) of the significant accounting policies.

14(a) ISSUED CAPITAL

	2012		2011	
	$	No. of shares	$	No. of shares
Issued and paid up capital	**70,009,924**	**306,151,329**	67,701,455	807,534,380
Balance at beginning of period	**67,701,455**	**807,534,380**	67,701,455	807,534,380
Reduction in shares on issue due to share consolidation	**-**	**(791,383,051)**	-	-
Company Arrangement	**200,000**	**20,000,000**	-	-
Shares issued pursuant to a prospectus	**2,150,000**	**270,000,000**	-	-
Capital raising costs	**(41,531)**	**-**	-	-
Balance at end of period	**70,009,924**	**306,151,329**	67,701,455	807,534,380

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

14(b) RESERVES

At 30 June 2012, there were 40,000,000 unlisted options on issue over ordinary shares with an exercise price of $0.005 and an expiry date of 31 December 2016. Total reserves as at 30 June 2012 is $1,000 (30 June 2011: Nil).

15. ACCUMULATED LOSSES

	2012	2011
	$	$
Balance at beginning of period	**(125,308,059)**	(122,418,959)
Total recognised income and expense	**56,390,324**	(2,889,100)
Balance at end of period	**(68,917,735)**	(125,308,059)

16. LOSS PER SHARE

	2012	2011
Basic earnings / (loss) per share (cents)	**10.76**	(0.36)
Diluted earnings / (loss) per share (cents)	**10.71**	(0.36)

The calculation of basic earnings / (loss) per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of $56,390,324 (2011: loss of $2,889,100) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2012 of 524,175,428 (2011: 807,534,380).

The calculation of diluted earnings / (loss) per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of $56,390,324 (2011: loss of $2,889,100) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2012 of 526,564,853 (2011: 807,534,380).

17. FINANCIAL INSTRUMENTS

(a) Interest rate risk

Interest rate risk exposures

The Company's exposure to interest rate risk and the classes of financial assets and financial liabilities is set out below.

2012	Note	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets				
Cash on hand in bank	19(b)	**1,042,610**	**-**	**1,042,610**
Receivables	6	**-**	**8,190**	**8,190**
Tenement bonds and security deposits	9	**-**	**17,500**	**17,500**
		1,042,610	**25,690**	**1,068,300**
Financial liabilities				
Payables	10	**-**	**32,466**	**32,466**
		-	**32,466**	**32,466**

2011	Note	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets				
Cash balances under the control of the Administrator and the Receiver and Manager		5,089,143		5,089,143
Receivables	6	-	26,713	26,713
Tenement bonds and security deposits	9	700,000	28,267	728,267
		5,789,143	54,980	5,844,123
Financial liabilities				
Payables	10	-	61,925,784	61,925,784
Secured Loan	11	1,600,000	-	1,600,000
		1,600,000	61,925,784	63,525,784

Finance income and expenses

	2012 $	2011 $
Interest income on bank deposits	**119,729**	159,269
Finance income	**119,729**	159,269
Interest expense on financial liabilities	**-**	47,195
Withholding tax and other	**-**	15,397
Finance expense	**-**	62,592

17. FINANCIAL INSTRUMENTS *(continued)*

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.
The credit risk on financial assets, excluding investments, which have been recognised in the Statement of Financial Position, is the carrying amount, net of any allowance for doubtful debts. Credit risk in respect of cash, deposits and receivables is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

(c) Net fair values of financial assets and liabilities

Valuation Approach
Net fair values of financial assets and liabilities are determined by the Company on the following basis:
Recognised Financial Instruments
Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of expected future cash flows. The carrying amounts of bank term deposits, accounts receivable and accounts payable are deemed to reflect fair value.

(d) Interest rate risk management

The Company is exposed to interest rate risk as it holds cash and term deposits and borrows funds at floating interest rates.

18. COMMITMENTS

Operating lease Commitments

The Company had no operating lease commitments as at 30 June 2012 (30 June 2011: Nil).

Key management personnel

There are no commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date that have not been recognised as liabilities payable as at 30 June 2012 (30 June 2011: Nil).

Mineral Tenement Discretionary Commitments

In order to maintain current rights of tenure to mining tenements, the Company has the following discretionary exploration expenditure and rental requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:

	30 June 2012 $	30 June 2011 $
Not longer than one year	**183,812**	-
Longer than one year, but not longer than five years	**266,694**	-
Longer than five years	**-**	-
	450,506	-

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

19. CASH FLOW INFORMATION

(a) Reconciliation of cash flows from operating activities

	2012 $	2011 $
Cash flows from operating activities		
Profit / (loss) for the period	**56,390,324**	(2,889,100)
Adjustments for:		
Gain on transfer of net liabilities to the Creditors Trust	**(57,851,606)**	-
Impairment loss	**243,000**	-
Profit on sale of shares	**-**	(25,150)
Operating loss before changes in working capital and provisions:	**(1,218,282)**	(2,914,250)
Movement in inventories	**-**	95,000
Movement in trade and other receivables	**(182,230)**	68,133
Movement in trade and other payables	**(232,945)**	(2,690,691)
Movement in employee benefits	**-**	(197,138)
Movement in provisions	**-**	(888,737)
Net cash used in operating activities	**(1,633,457)**	(6,527,683)

(b) Reconciliation of cash and cash equivalents for purposes of the cash flow statements

	2012 $	2011 $
Cash on hand in bank	**1,042,610**	**-**
Cash balances under the control of the Administrator and the Receiver and Manager	**-**	5,089,143
	1,042,610	5,089,143

(c) Non Cash financing and investing activities

There were no non cash financing and investing activities undertaken by the Company during the year.

20. RELATED PARTIES

During the current year, no remuneration has been paid to any of the directors or executives of the Company (2011: Nil)

Information regarding individual directors' and executives' remuneration and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 is provided in the Remuneration Report section of the Directors' Report.

During the prior year, Mr Sage, Mr Ariti and Mr Bontempo each advanced the Company $25,000 in accordance with the terms of the Deed of Company Arrangement.

During the current year, Mr Sage, Mr Ariti and Mr Bontempo each advanced the Company $200,000 in accordance with the Deed of Company Arrangement. The loans were fully repaid at year end.

Apart from the details disclosed in this note and the Remuneration Report within the Directors' report, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Equity Instruments

Movement in option holdings

The movement during the current year in the number of share options in the Company held directly, indirectly or beneficially, by each director, including their related parties, is as follows:

	Balance as at 1 July 2011	Purchases[1]	Sales	Balance as at 30 June 2012
A Sage	-	10,000,000	-	10,000,000
J Ariti	-	10,000,000	-	10,000,000
J Bontempo	-	10,000,000	(500,000)	9,500,000

[1]Acquisition of securities pursuant to participation in offers under a prospectus dated 31 December 2011.

There are 40,000,000 options on issue at 30 June 2012.

There were nil options on issue at 30 June 2011.

Movement in shares

The movement during the current year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each director, including their related parties, is as follows:

	Balance as at 1 July 2011	Purchases	Balance as at 30 June 2012
A Sage	-	60,000,000	60,000,000
J Ariti	-	8,000,000	8,000,000
J Bontempo	-	40,000,000	40,000,000

The movement during the prior year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by directors and executives, including their related parties, is as follows:

	Balance as at 1 July 2010	Balance as at 30 June 2011
A Sage	-	-
J Ariti	-	-
J Bontempo	-	-

21. EVENTS SUBSEQUENT TO BALANCE DATE

No event has arisen since 30 June 2012 that would be likely to materially affect the operations of the Company or its state of affairs which have not otherwise been disclosed in this financial report.

MATRIX METALS LIMITED

DIRECTORS' DECLARATION

1. In the opinion of the directors of Matrix Metals Limited ("the Company"):

   (a) as set out in note 1(a), although the directors have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Signed in accordance with a resolution of the directors.

Dated at Perth on 25 September 2012.

Joe Ariti
Executive Director

Stantons International Audit and Consulting Pty Ltd
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QUALIFIED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MATRIX METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Matrix Metals Limited, which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Because of the matter discussed in the basis of Disclaimer of Auditor's Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Basis for Disclaimer of Auditor's Opinion

The company was placed into administration on 11 November 2008, with the company emerging from administration on 12 December 2011. Consequently, the financial information relating to the year under audit, was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls, that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.

As stated in Note 1(a), the Directors are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Disclaimer of Auditor's Opinion

In our opinion:

(a) because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of Matrix Metals Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  (iii) complying with all the requirements of the International Financial Reporting Standards.

Report on the Remuneration Report

We have audited the remuneration report included on page 5 of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Disclaimer of opinion

Because of the existence of the limitation on scope of our work, as described in the Basis of Disclaimer of Auditor's Opinion, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion on the remuneration report of Matrix Metals Limited for the year ended 30 June 2012 and whether it complies with Section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)
Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
25 September 2012

MATRIX METALS LIMITED

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement below reflects the corporate governance policies that were adopted by the directors of the Company in January 2012.

The Board of Directors of Matrix Metals Limited (**Matrix**) is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council's (**CGC**) Corporate Governance Principles and Recommendations (**Recommendations**) and CGC published guidelines.

In accordance with ASX Listing Rule 4.10.3, this corporate governance statement discloses the extent to which the Company has followed the Recommendations by detailing the Recommendations that have not been adopted by the Company and the reasons why they have not been adopted. In the areas where the Company does not follow the Recommendations, the Company is working toward compliance or deso not consider that the practices are appropriate for the current size and scale of operations.

Matrix corporate governance practices were put in place from January 2012, the time the Company was reinstated to official quotation on ASX. The current corporate governance policies are posted in a dedicated corporate governance information section of the Company's website at www.matrixmetals.com.au.

Adherence to the Guide on Best Practice Recommendations

	Recommendation	**Comply Yes / No**
Principal 1 – Lay solid foundations for management and oversight		
1.1	Establish and disclose the functions reserved to the Board and those delegated to senior executives.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the guide to reporting on Principle 1.	Yes
Principal 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	No
2.2	The chairperson should be an independent director.	No
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	No
2.4	The Board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the guide to reporting on Principle 2.	Yes
Principal 3 – Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 The practices necessary to maintain confidence in the Company's integrity. 3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	No
3.5	Provide the information indicated in the guide to reporting on Principle 3.	Yes

		Comply Yes / No
Principal 4 – Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	No
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chairperson, who is not chairperson of the Board; and • has at least three members.	No
4.3	The audit committee should have a formal charter	Yes
4.4	Provide the information indicated in the guide to reporting on Principle 4.	Yes
Principal 5 – Make timely and balanced disclosure		
5.1	Companies should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the guide to reporting on Principle 5.	Yes
Principal 6 – Respect the rights of shareholders		
6.1	Companies should design a communication policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the guide to reporting on Principle 6.	Yes
Principal 7 – Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the guide to reporting on Principle 7.	Yes
Principal 8 – Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	No
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; and • has at least three members.	No
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.4	Provide the information indicated in the guide to reporting on Principle 8.	Yes

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board in carrying out its functions, it has developed a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company. Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available on the Company's website: www.matrixmetals.com.au.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

(a) appointment of an Executive Director (being Executive Director, Managing Director or Chief Executive Officer) and other senior executives and the determination of their terms and conditions including remuneration and termination;

(b) driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;

(c) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;

(d) approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;

(e) approving and monitoring the budget and the adequacy and integrity of financial and other reporting;

(f) approving the annual, half yearly and quarterly accounts;

(g) approving significant changes to the organisational structure;

(h) approving the issue of any shares, options equity instruments or other securities in the Company;

(i) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;

(j) recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and

(k) meeting with the external auditor, at their request, without management being present.

Structure of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report. Directors are appointed based on the specific skills required by the Company and on other attributes such as their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Antony Sage and Mr Jason Bontempo are Non-Executive Directors. Mr J Ariti is an Executive Director of the Company. None of the Directors meet the Company's criteria for independence.

An Independent Director is a Non-Executive Director and:

(a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
(b) within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
(c) within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
(d) is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
(e) has no material contractual relationship with the Company or other group member other than as a Director of the Company;
(f) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
(g) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The term in office held by each director in office at the date of this report is as follows:

Mr Antony Sage	1 year & 9 months	(Non-Executive Director)
Mr Joe Ariti	1 year & 9 months	(Executive Director)
Mr Jason Bontempo	1 year & 9 months	(Non-Executive Director)

Performance Review/Evaluation

It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.

The performance of the Chief Executive Officer (Executive Director) is monitored by the Board as a whole. A formal performance review of the Chief Executive Officer did not occur during the year.

The Board have established formal practices to evaluate the performance of the Board, committees, non-executive Directors, the Chief Executive Officer, and senior management. Details of these practices are available on the Company's website. No formal performance evaluation of the Board, individual directors of senior management took place during the year.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skill gaps where they are identified.

Securities Trading Policy

Under the Company's Securities Trading Policy, a Director, executive or other employee must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. Additionally, the Board and other employees may not deal in the Company's securities during the 2 business days immediately before and 1 business day after the release of the Company's half yearly or yearly results and the date of the board meeting to approve those results.

Approval is required by Directors and employees before they trade in securities.

As is required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by a Director in the securities of the Company.

Diversity Policy

Recommendation 3.2 of the Recommendations states that companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.

The Company has adopted a diversity policy which provides a framework for the Company to achieve:

- a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- a workplace culture characterised by inclusive practices and behaviors for the benefit of all staff;
- improved employment and career development opportunities for women;
- a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and
- awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Board is primarily responsible for setting achievable objectives on gender diversity and monitoring the progress of the Company towards them on an annual basis. Due to the size and scale of operations of the Company, the Board has determined that a long term gender diversity objective is more appropriate.

Recommendation 3.3 of the Recommendations states that the board should disclose in each annual report the measurable objective for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity. The Board will review progress against any objectives identified on an annual basis.

Recommendation 3.4 of the Recommendations states that the board should disclose in each annual report:

(a) the proportion of women employees in the whole organisation;
(b) women in senior executive positions; and
(c) women on the board.

The Company has no employees.

Audit and Risk Committee

Due to the current size of the Board, the functions of the Audit and Risk Committee are discharged by the Board as a whole. The Board reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval. The Board each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Board as a whole is also responsible for establishing policies on risk oversight and management.

Risk Management Policies

The Board’s Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of the operations of the Company and the size of the Board, risk management issues are considered by the Board as a whole. In accordance with Recommendation 7.1, the Board has established a formal policy for risk management and a framework for monitoring and managing material business risks on an ongoing basis. The policies and procedures adopted are directed at meeting the following objectives:

- effectiveness and efficiency in the use of the Company’s resources.
- compliance with applicable laws and regulations.
- preparation of reliable published financial information.

In developing its risk management policies, the Board has taken into consideration any legal obligations and the reasonable expectations of its stakeholders in relation to risk management The Chair is accountable to the Board for effective risk management. The Board undertakes to review the management of material business risks at least annually.

The Company's Risk Management Policy is located on its website: www.matrixmetals.com.au.

Attestations by Chief Executive Officer

It is the Board's policy, that the Chief Executive Officer makes the attestations recommended by the CGC as to the Company's financial condition prior to the Board signing the Annual Report. The role of Chief Executive Officer is discharged by the Executive Director, Mr Joe Ariti. The certification required in accordance with section 295A of the Corporations Act is provided by Mr Joe Ariti prior to acceptance by the Board as a whole. The Board has received assurance that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Remuneration Committee

Due to the current size of the Board, the functions of the Remuneration Committee are discharged by the Board as a whole. The Board as a whole, is charged with the responsibility in respect of establishing appropriate remuneration levels and incentive policies for employees, executives and directors.

The Board is responsible for setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and amending the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

As at the date of this report, the Company has no employees and no incentive schemes.

Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. As at the date of this report, the Non-Executive Directors do not receive any remuneration.

Nomination Committee

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times. As the whole Board only consists three members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

Continuous Disclosure

The Board has adopted a continuous disclosure policy to ensure that the Company complies with the disclosure requirements of the ASX Listing Rules which is available on the Company's website. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and

- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company's Continuous Disclosure Policy is located on its website (www.matrixmetals.com.au).

Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company and encourages shareholders to visit the Company's website for information. The Company's Shareholder Communication Policy is available on the Company's website (www.matrixmetals.com.au).

ASX ADDITIONAL INFORMATION

Shareholding

The distribution of members and their holdings of equity securities in the Company as at 4 September 2012 was as follows:

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 – 1,000	2,847	1,202,123	0.393%
1,001 – 5,000	1,526	3,591,354	1.173%
5,001 – 10,000	268	1,963,071	0.641%
10,001 – 100,000	197	5,616,827	1.835%
100,001 – 999,999,999	81	293,777,954	95.958%
Total	**4,920**	**306,151,329**	**100%**

Equity Securities

There are 4,919 shareholders, holding 306,151,329 fully paid ordinary shares.

As at 4 September 2012, there are 4,721 shareholders holding less than a marketable parcel.

All issued ordinary shares carry one vote per share and are entitled to dividends.

Options

The Company currently has 40,000,000 unlisted options exercisable at $0.005 each on or before 31 December 2016 on issue.

Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Options do not carry a right to vote.

MATRIX METALS LIMITED

ASX ADDITIONAL INFORMATION

Twenty Largest Shareholders

The names of the twenty largest fully paid ordinary shareholders as at 4 September 2012 are as follows:

Rank	Name	Number of Fully Paid Ordinary Shares Held	% held of Issued Capital
1	Antony Sage <Egas Superannuation Fund A/C>	60,000,000	19.598
2	Mr Marcello Davide Cardaci <MP Cardaci Family Fund A/C>	27,500,000	8.982
3	Mrs Tiziana Battista <Morriston A/C>	25,000,000	8.166
4	Mr Marcello Cardaci & Mrs Gayle Elizabeth Cardaci <The Spyder Super Fund A/C>	20,000,000	6.533
5	Matrix CT Pty Ltd	20,000,000	6.533
6	Jason Bontempo & Tiziana Battista <The Morriston S/F A/C>	15,000,000	4.900
7	Ms Fiona Taylor	15,000,000	4.900
8	Mr Giuseppe Vince Ariti	8,000,000	2.613
9	Mr Brian Edward Von Bergheim <The Indulgence A/C>	7,500,000	2.450
10	Seventy Three Pty Ltd <King Super Fund No 3 A/C>	5,000,000	1.633
11	Invia Custodian Pty Limited <Price Family Investment A/C>	5,000,000	1.633
12	Miss Allison Jayne Fitzgerald	5,000,000	1.633
13	J&J Bandy Nominees Pty Ltd <J&J Bandy Super Fund A/C>	5,000,000	1.633
14	HSBC Custody Nominees (Australia) Limited A/C 2	4,454,482	1.455
15	Metvest Pty Ltd	3,606,504	1.178
16	Amy Fink	2,500,000	0.817
17	Mr Matthew Norman John Storey	2,500,000	0.817
18	Residuum Nominees Pty Ltd <The Carbrakine S/F A/C>	2,500,000	0.817
19	Rangewood Pty Ltd	2,500,000	0.817
20	Mrs Soo Fong Hamilton	2,500,000	0.817
		238,560,986	**77.93**

Schedule of Mineral Tenements Held at Balance Sheet Date

Tenement	Location	Tenement Name
EPM 17449	QLD	Rosebud
EPM 17902	QLD	Pindora North
EPM 17904	QLD	Split Rock West
EPM 17907	QLD	Rosebud West
EPM 17910	QLD	Rocky Creek