MATRIX METALS

LIMITED

ABN 42 082 593 235

Half-Year Financial Report

31 December 2013

CORPORATE DIRECTORY

Directors Joe Ariti (Executive Director) – resigned 26 July 2013 Jason Bontempo (Non-Executive Director, Executive Director from 26 July 2013) Antony Sage (Non-Executive Director) Jeff Hamilton (Non-Executive Director) – appointed 26 July 2013 **Company Secretary** Claire Tolcon	**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) 9389 7871	**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 Home exchange: Perth ASX Code – MRX	**Website** www.matrixmetals.com.au

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the financial report of Matrix Metals Limited ("Matrix" or the "Company") for the half-year ended 31 December 2013 and the auditor's review report thereon.

DIRECTORS

The names of directors who held office during or since the end of the half-year are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Joe Ariti - resigned 26 July 2013
Mr Antony Sage – appointed 26 July 2013
Mr Jason Bontempo - Non-Executive Director, Executive Director from 26 July 2013
Mr Jefferey Hamilton – appointed effective 26 July 2013

RESULT

The net loss for the half-year was $25,860 (2012 loss: $126,614).

REVIEW OF OPERATIONS

Matrix Metals Limited (ASX: MRX) ("Matrix" or the "Company") is an ASX listed exploration company based in Perth, Western Australia. The objective of the Company is to initially focus on the evaluation and exploration of its 100% owned Wee MacGregor Project, located in Queensland, whilst actively pursuing new business opportunities in the mineral and energy sectors.

Acquisition of Caeneus Minerals Pty Ltd

On 24 December 2013, the Company announced that it had entered into a binding agreement to acquire 100% of the capital of private company Caeneus Minerals Pty Ltd (**Caeneus**) in consideration for Matrix issuing to the Caeneus shareholders a total of 306,150,001 shares and 306,150,001 unlisted options exercisable at $0.03 each within three (3) years after the date of issue.

On completion of the acquisition, Matrix will change its name to Caeneus Minerals Limited and Mr Martin Dormer and Mr Thomas Alabakis will be appointed as new Non-Executive Directors of the Company and Mr Jason Bontempo will resign as Non-Executive Director. The acquisition is subject to Matrix shareholder approval which will be sought in February 2014.

Caeneus has secured access to a number of exploration properties in Western Australia, namely the Super Nova Project and Mt Davis Tenements.

<u>Super Nova Project</u>

The Supernova Project is located on tenement E69/3066, 125km east of the gold mining centre of Norseman in Western Australia (refer Figure 1). The project is situated within the Proterozoic Albany-Fraser Mobile Belt on the south-east margin of the Yilgarn Craton. The Belt hosts the Fraser Complex which are a series of layered mafic intrusions where recently a new nickel province has emerged following the discovery of the Nova-Bollinger deposits by Sirius Resources Ltd, just 23km NNE of Supernova.

Caeneus currently has an option agreement with the right to acquire 100% of the legal and beneficial interest in the Super Nova Project through the final payment of $65,000 on or before the expiry date of 14 April 2014 (refer ASX announcement dated 24 January for further details on the Super Nova Project).

Mt Davis Tenements

The Mt Davis Gold Project at Leonora comprises leases formerly held by Jupiter Mines Ltd and then Bligh Resources Ltd. It comprises eight contiguous prospecting licences totalling 1287ha, refer Figure 2. The tenements are situated approximately 6km southeast of the Tarmoola Gold Mine that has produced over 3M oz of gold. The leases run parallel to the northwest to southeast trending mafic units that host the Tarmoola Deposit (refer ASX announcement dated 24 January for further details on the Mt Davis Tenements).

Projects

Wee MacGregor Copper Project ("Wee MacGregor Project" or "Project")

The Wee MacGregor Project is located approximately 30km southeast of Mt Isa in Queensland (refer Figure 3). The Project comprises five granted Exploration Permits for Minerals ("EPMs") covering an area of 187km^2 and one EPM application covering an area of approximately 19.2km^2 (refer Figure 4). The tenements are prospective for oxide and sulphide copper, gold and cobalt mineralisation. The Company has commenced an initial exploration program with the objective of determining the potential for standalone and/or satellite oxide and sulphide copper-gold deposits.

Exploration at the Wee MacGregor Project during the quarter comprised geophysical data acquisition with a view to enable further targeting of copper-gold mineralisation. Southern Geoscience Consultants of Perth have been engaged to reprocess and merge historic "Mount Isa Mines" 200m aeromagnetic and radiometric data with more recent 50 and 100 meter spaced open file data. Upon completion, a full geophysical interpretation will be completed with an aim to develop large scale copper-gold targets for scout drilling during 2014. The geophysical interpretation is anticipated to be completed during Q1 2014.

Tenement EPM17904 underwent a compulsory 50% partial relinquishment with 19 of 36 graticular blocks being surrendered. The "Wee MacGregor Project" area has therefore reduced to 187km^2 from 209km^2.

Competent Person's Statement:

The information in this report that relates to Exploration Results is based on information compiled by Mr. Dennis Kruger, a member of The Australasian Institute of Mining and Metallurgy. Mr. Kruger, is a consultant to Matrix Metals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Kruger consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

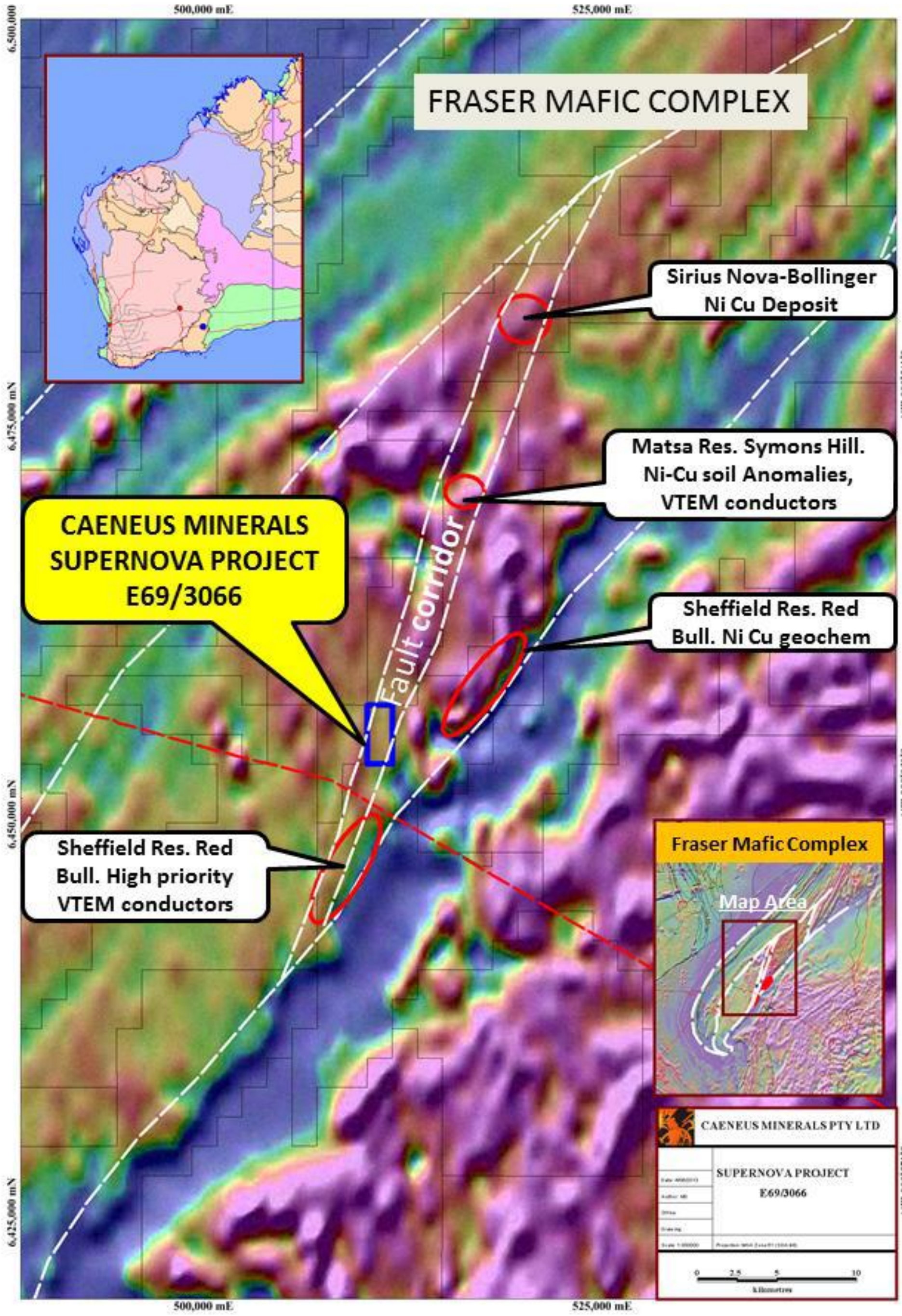

Figure 1: Location of Supernova Project

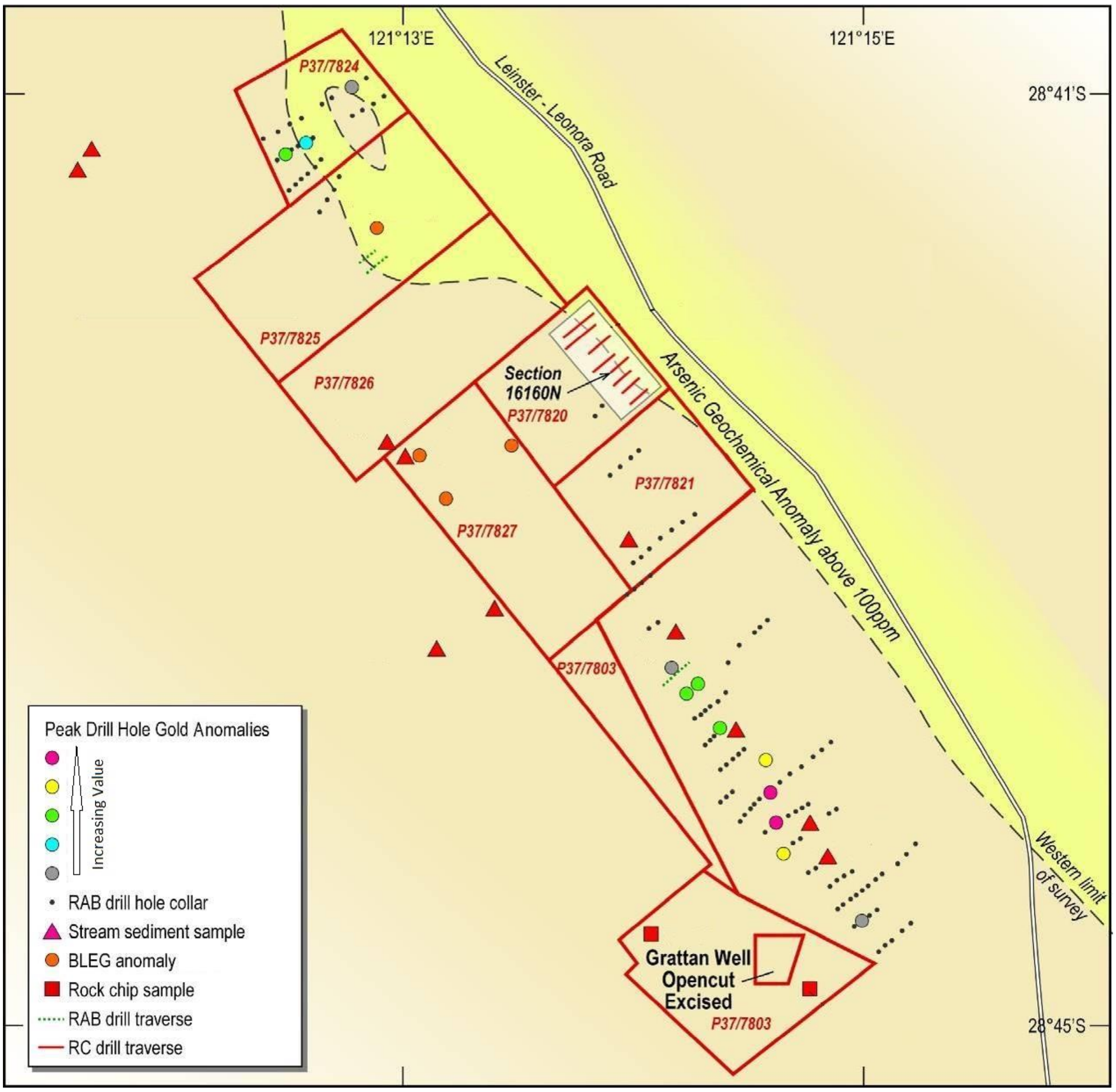

Figure 2: Mt. Davis Tenements (P37/7803, P37/7804, P37/7820, P37/7821, P37/7824, P37/7825, P37/7826 and P37/7827).

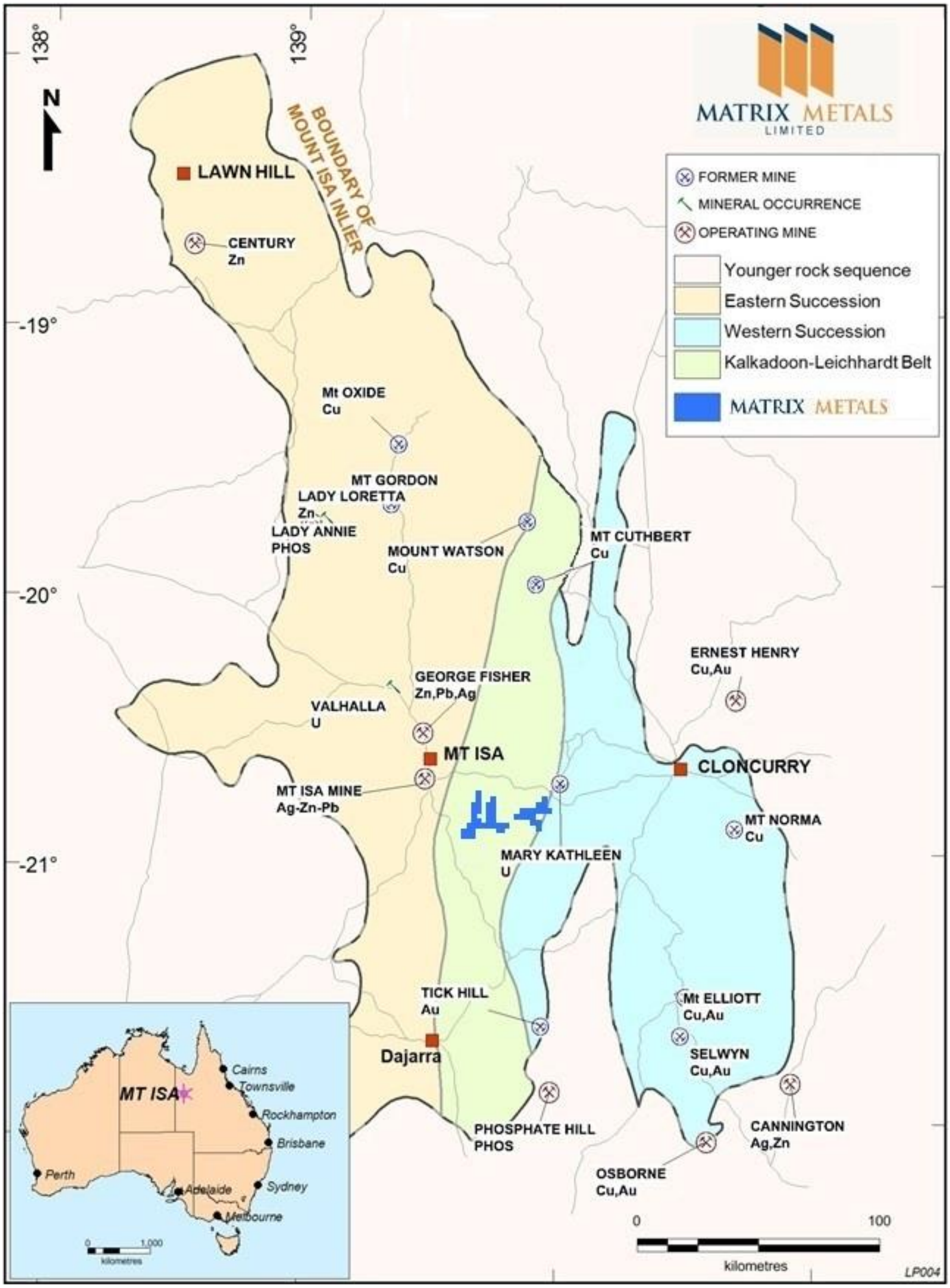

Figure 3: Matrix Metals Tenement Location Plan

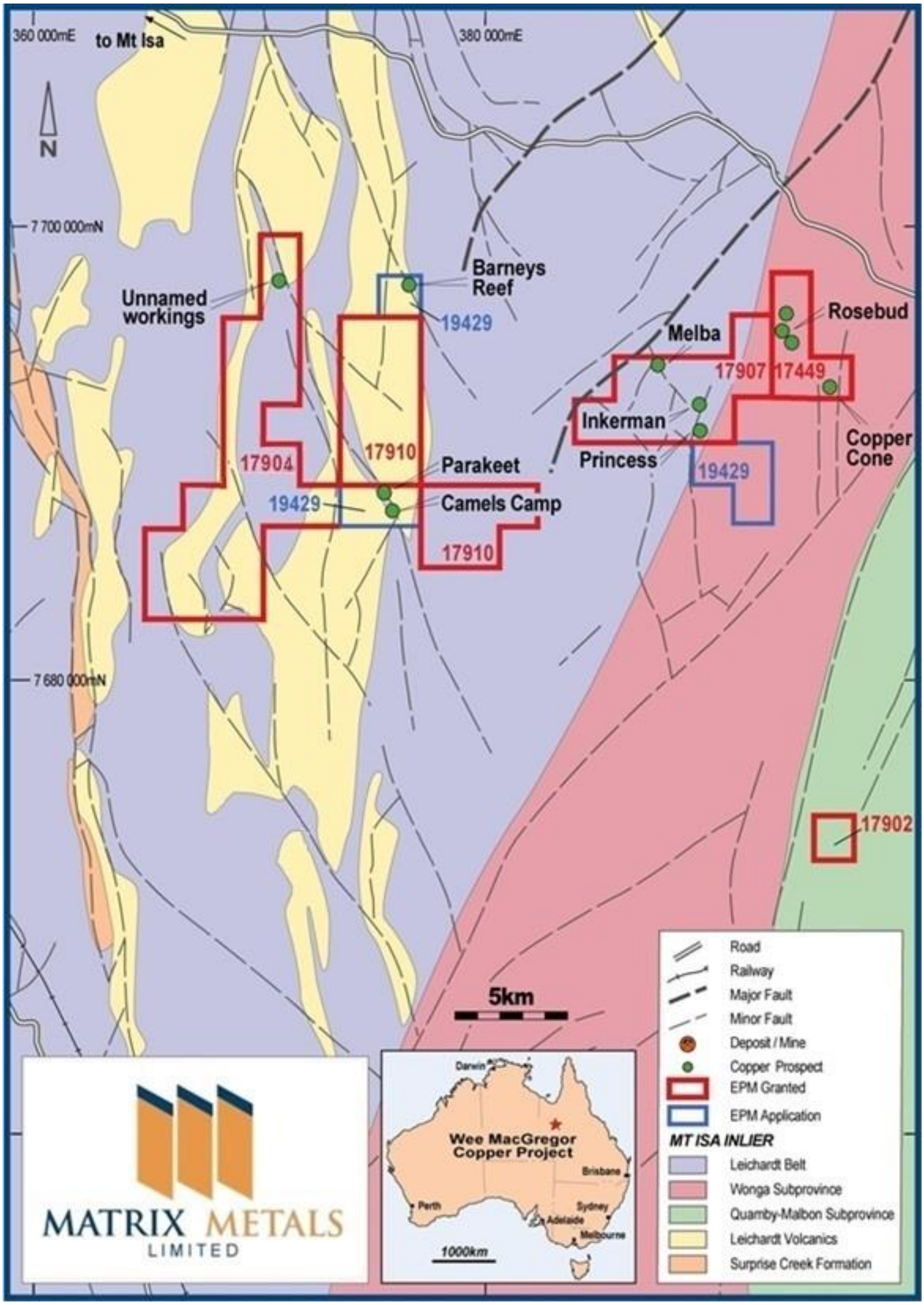

Figure 4: Matrix Metals - Wee McGregor Copper Prospect Location Plan

EVENTS SUBSEQUENT TO BALANCE DATE

The Notice of General Meeting for the acquisition of Caeneus Minerals Limited was distributed to shareholders on 24 January 2014 with the General Meeting of shareholders to take place on 25 February 2014.

No other event has arisen since 31 December 2013 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.

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 9 of the financial report.

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

On behalf of the Directors

Jason Bontempo
Executive Director
13 February 2014

Stantons International Audit and Consulting Pty Ltd
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13 February 2014

Board of Directors
Matrix Metals Limited
32 Harrogate Street
WEST PERTH 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 review of the financial statements of Matrix Metals Limited for the six months ended 31 December 2013, 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 review; and

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

Yours faithfully

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

Samir Tirodkar
Director

MATRIX METALS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	December 2013 $	December 2012 $
Other income	3	**14,835**	**6,953**
Administration costs		**(19,063)**	**(29,274)**
Consultants costs		**(1,259)**	**(66,649)**
Compliance costs		**(20,373)**	**(32,607)**
Travel costs		**-**	**(5,037)**
(Loss) before tax		**(25,860)**	**(126,614)**
Income tax expense		**-**	**-**
(Loss) after tax		**(25,860)**	**(126,614)**
Other comprehensive income / (expenditure) net of tax			
Items that will be reclassified to profit or loss		**-**	**-**
Items that may be reclassified subsequently to profit or loss		**-**	**-**
Total comprehensive (loss) for the period		**(25,860)**	**(126,614)**
(Loss) from continuing operations after income tax attributable to:			
Equity holders of the parent		**(25,860)**	**(126,614)**
Total comprehensive (loss) attributable to:			
Equity holders of the parent		**(25,860)**	**(126,614)**
Earnings per share attributable to the ordinary equity holders of the company:			
Basic (loss) per share (cents)		**(0.01)**	**(0.04)**
Diluted (loss) per share (cents)		**(0.01)**	**(0.04)**

The accompanying notes form part of this financial report.

MATRIX METALS LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	31 December 2013 $	30 June 2013 $
Current assets			
Cash and cash equivalents		**661,618**	698,586
Trade and other receivables	4	**5,016**	47,880
		666,634	746,466
Non-current assets			
Exploration and evaluation expenditure	5	**256,843**	214,259
Tenement bonds and security deposits		**17,500**	17,500
Total non-current assets		**274,343**	231,759
Total assets		**940,977**	978,225
Current liabilities			
Trade and other payables		**6,412**	17,800
		6,412	17,800
Non-current liabilities			
Provisions		**27,000**	27,000
Total non-current liabilities		**27,000**	27,000
Total liabilities		**33,412**	44,800
Net assets		**907,565**	933,425
Equity			
Issued capital	6	**70,009,924**	70,009,924
Reserves		**1,000**	1,000
Accumulated losses		**(69,103,359)**	(69,077,499)
Total equity		**907,565**	933,425

The accompanying notes form part of this financial report.

MATRIX METALS LIMITED

STATEMENT OF CHANGES IN EQUITY
For the Half-year ended 31 December 2013

	Issued Capital $	**Options Reserve $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2013	**70,009,924**	**1,000**	**(69,077,499)**	**933,425**
Net loss for the half year	-	-	(25,860)	(25,860)
Other comprehensive income / (expenditure)	-	-	-	-
Total comprehensive loss	-	-	(25,860)	25,860)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2013	**70,009,924**	**1,000**	**(69,103,359)**	**907,565**

	Issued Capital $	**Options Reserve $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2012	**70,009,924**	**1,000**	**(68,917,735)**	**1,093,189**
Net loss for the half year	-	-	(126,614)	(126,614)
Other comprehensive income / (expenditure)	-	-	-	-
Total comprehensive loss	-	-	(126,614)	(126,614)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2012	**70,009,924**	**1,000**	**(69,044,349)**	**966,575**

The accompanying notes form part of this financial report.

MATRIX METALS LIMITED

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	December 2013 $	December 2012 $
Cash flows from operating activities			
Payments to suppliers and employees		**(60,457)**	**(230,972)**
Receipts - other		**64,949**	**-**
Interest received		**1,124**	**6,953**
Net cash from / (used in) operating activities		**5,616**	**(224,019)**
Cash flows from investing activities			
Payments for exploration and evaluation		**(42,584)**	**(105,921)**
Net cash (used in) investing activities		**(42,584)**	**(105,921)**
(Decrease) in cash and cash equivalents		**(36,968)**	**(329,940)**
Cash and cash equivalents at 1 July		**698,586**	**1,042,610**
Cash and cash equivalents at 31 December		**661,618**	**712,670**

The accompanying notes form part of this financial report.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

1. SUMMARY OF ACCOUNTING POLICIES

Matrix Metals Limited is a company domiciled in Australia. The interim financial report was authorised for issue by the directors' on 13 February 2014.

(a) Basis of preparation

The financial report is presented in Australian dollars which is the Company's functional currency. The financial report is prepared on the historical cost basis. Current and non-current assets are stated at the lower of carrying amount and recoverable amount.

The half-year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements. The interim financial statements were approved by the board of Directors on the date of the Directors Report.

(b) Significant accounting policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of Matrix Metals Ltd as at 30 June 2013. It is also recommended that the half-year financial report be considered together with any public announcements made by Matrix Metals Ltd during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001. The accounting policies have been applied consistently by the Company.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed in the note below.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

(i) The following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: *Consolidated Financial Statements;*
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 13:Fair Value Measurement
- AASB 11: *Joint Arrangements;*
- AASB 128: *Investments in Associates and Joint Ventures* (August 2011);
- AASB 12: *Disclosure of Interests in Other Entities;*
- AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards;* and
- AASB 2012-10: *Amendments to Australian Accounting Standards — Transition Guidance and* Other *Amendments.*
- AASB 2012-2: Amendments to Australian Accounting Standards — Disclosures — Offsetting Financial Assets and Financial Liabilities and AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle.
- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the company for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The company has applied the following accounting policies for the first time as a result of these new and revised accounting standards.

(i) *Fair value measurements and disclosures*

The company has adopted AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB* 13 from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the company for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. Although these Standards do not significantly impact the fair value amounts reported in the company's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as, set out in Note 1(b), should be incorporated in these financial statements.

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Matrix Metals Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

b. Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the company selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The company would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the company recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Critical Judgements in Applying the Company's Accounting Policies

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 Company's accounting policy for exploration and evaluation (which is set out in the Company June 2013 Annual Report) 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 profit or loss and other comprehensive income.

During the half-year ended 31 December 2013, management have not recognised any impairment losses in respect of capitalised exploration and evaluation expenditure (31 December 2012: nil).

(c) Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the period ending 31 December 2013 the Company incurred a loss of $25,860. Based on the Company's existing cash resources of $661,618 and the ability to modify expenditure outlays if required, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis preparation is considered to be appropriate for the 2013 half-year financial report.

In the event that the Company is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in its financial report.

2. SEGMENT INFORMATION

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

3. OTHER INCOME

	December 2013 $	December 2012 $
Interest received	**1,124**	**6,953**
Other income	**13,711**	**-**
	14,835	**6,953**

4. TRADE AND OTHER RECEIVABLES

	31 December 2013 $	30 June 2013 $
GST and other receivables	**5,016**	47,880
	5,016	47,880

5. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013 $	30 June 2013 $
Carrying value at the beginning of the period	**214,259**	84,355
Expenditure incurred during the period	**42,584**	129,904
Impairment losses	**-**	-
Carrying value at the end of the period	**256,843**	214,259

6. ISSUED CAPITAL

	31 December 2013		30 June 2013	
	$	No. of shares	$	No. of shares
Issued and paid up capital	**70,009,924**	**306,151,329**	70,009,924	306,151,329
Balance at beginning of period	**70,009,924**	**306,151,329**	70,009,924	306,151,329
Balance at end of period	**70,009,924**	**306,151,329**	70,009,924	306,151,329

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.

7. CONTINGENT LIABILITIES

On 24 December 2013, the Company announced that it had entered into a binding agreement to acquire 100% of the capital of private company Caeneus Minerals Pty Ltd (**Caeneus**) in consideration for Matrix issuing to the Caeneus shareholders a total of 306,150,001 shares and 306,150,001 unlisted options exercisable at $0.03 each within three (3) years after the date of issue.

On completion of the acquisition, Matrix will change its name to Caeneus Minerals Limited. The acquisition is subject to Matrix shareholder approval which will be sought in February 2014.

Caeneus Mineral Limited currently has an option agreement with the right to acquire 100% of the legal and beneficial interest in the Super Nova Project through the final payment of $65,000 on or before the expiry date of 14 April 2013 (rer ASX announcement dated 24 January for further details on the Super Nova Project).

8. EVENTS SUBSEQUENT TO BALANCE DATE

The Notice of General Meeting for the acquisition of Caeneus Minerals Limited was distributed to shareholders on 24 January 2014 with the General Meeting of shareholders to take place on 25 February 2014.

No other event has arisen since 31 December 2013 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:

   a) the financial statements and notes of the comapny are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of its financial position as at 31 December 2013 and its performance for the half-year ended on that date of the company; and

      (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   b) subject to the matters described in note 1(c), there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Perth this 13th day of February 2014.

Jason Bontempo
Executive Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MATRIX METALS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Matrix Metals Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Matrix Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Matrix Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Matrix Metals Limited on 13 February 2014.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Matrix Metals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter Regarding Going Concern and Carrying Values of Non-current Assets

Without qualification to the review opinion expressed, attention is drawn to the following matters.

As referred to in note 1(c) to the interim financial report, the half year report has been prepared on a going concern basis. At 31 December 2013 the company had net assets of $907,565, cash and cash equivalents of $661,618 and net working capital of $660,222. The company had incurred a loss for the period ended 31 December 2013 of $25,860.

The ability of the company to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the company raising further working capital, and/or commencing profitable operations. In the event that the company cannot raise further equity, the company may not be able to meet its liabilities as they fall due.

The recoverability of the company's carrying value of capitalised exploration assets of $256,843 as at 31 December 2013 is dependent on the successful commercial exploitation of the assets and/or sale of the assets at amounts equal to or in excess of the book values. In the event that the company is not successful in the commercial exploitation and/or sale of the exploration assets, the realisable value of the entity's exploration assets may be significantly less than its current carrying values.

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

Stantons International

Samir

Samir Tirodkar
Director

West Perth, Western Australia
13 February 2014