

ASX Announcement
13 December 2011

UPDATE ON RECAPITALISATION PROCESS

Key points:

- Share consolidation completed
- New holding statements despatched to shareholders
- Deed of Company Arrangement effectuated
- Resignation of Administrator

Share consolidation and dispatch of new holding statements

Matrix Metals Limited (“**Matrix**” or “**Company**”) is pleased to advise that subsequent to shareholders approving the recapitalisation of the Company, the Company’s shares have been consolidated on a 1 for 50 basis, and new holding statements were despatched to shareholders on 12 December 2011.

Shareholders should contact the Company’s share registry if any of their shareholding details are not correct:

Advanced Share Registry Services
150 Stirling Highway
Nedlands
Western Australia 6009
Telephone: +61 (0)8 9389 8033
Facsimile: +61 (0)8 9389 7871

Effectuation of Deed of Company Arrangement

In November 2010, the Company entered into a Deed of Company Arrangement (**DOCA**) with Antony William Paul Sage as trustee of the EGAS Super Fund, Genmin Capital Pty Ltd (an entity controlled by Joe Ariti), BR Corporation Pty Ltd (an entity controlled by Jason Bontempo), and Marcello Cardaci as trustee of the MD Cardaci Family Trust (the **Proponents**) in order for the Proponents to recapitalise the Company.

The DOCA required that an amount of \$800,000 in cash, the issue of 20,000,000 shares at a deemed issue price of 1 cent per share (**Administrator Shares**) and certain assets of the Company be made available for satisfaction of the claims of creditors and to meet the costs of the Administrator.

On 12 December 2011, the Proponents arranged for the Company to issue the Administrator Shares and for \$700,000 in cash to be advanced to Matrix to enable it to meet its obligations under the DOCA (the Proponents had advanced \$100,000 previously). This resulted in the DOCA being effectuated and the Company being released from external administration.

Appendix 3B

Attached is an Appendix 3B reflecting the following changes to the Company's capital structure:

- impact of the share consolidation on a 1 for 50 basis – the number of fully paid ordinary shares on issue was reduced from 807,534,380 to 16,151,329;
- issue of the Administrator Shares; and
- at the time the Company entered administration, it had the following options on issue (issued under the Company's Employee Share Option Plan):
 - 1,100,000 unlisted options with an exercise price of 7 cents and an expiry date on 30 November 2008;
 - 6,500,000 unlisted options with an exercise price of 10 cents and an expiry date of 19 June 2012; and
 - 4,000,000 unlisted options with an exercise price of 8.5 cents and an expiry date of 26 April 2013.

As a consequence of the Company entering administration in November 2008 and all employees ceasing to be employed by the Company, all of these options were forfeited.

Yours sincerely

Fiona Taylor
Company Secretary

For further information, please contact the Company Secretary on (08) 9380 9555

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

MATRIX METALS LIMITED

ABN

42 082 593 235

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 20,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Pari passu with existing ordinary shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state: the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</p>	<p>Yes</p>				
<p>5 Issue price or consideration</p>	<p>Shares have been issued for nil consideration pursuant to the terms of a Deed of Company Arrangement.</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Shares have been issued pursuant to the terms of a Deed of Company Arrangement.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>12 December 2011</p>				
<p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="778 1285 1027 1323">Number</th> <th data-bbox="1027 1285 1359 1323">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="778 1323 1027 1624">36,151,329</td> <td data-bbox="1027 1323 1359 1624">Fully Paid Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	36,151,329	Fully Paid Ordinary Shares
Number	+Class				
36,151,329	Fully Paid Ordinary Shares				

+ See chapter 19 for defined terms.

9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Nil	
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	
18 Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	
19 Closing date for receipt of acceptances or renunciations	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20 Names of any underwriters

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21 Amount of any underwriting fee or commission

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22 Names of any brokers to the issue

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23 Fee or commission payable to the broker to the issue

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24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders

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25 If the issue is contingent on +security holders' approval, the date of the meeting

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26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled

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27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders

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28 Date rights trading will begin (if applicable)

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29 Date rights trading will end (if applicable)

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30 How do +security holders sell their entitlements *in full* through a broker?

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31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?

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32 How do +security holders dispose of their entitlements (except by sale through a broker)?

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+ See chapter 19 for defined terms.

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1 only

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Fiona Taylor
 (Company Secretary)

Date: 13 December 2011