Norgard *Clohessy*

CHARTERED ACCOUNTANTS

ASX ANNOUNCEMENT

MATRIX OIL N.L.
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 009 795 046 ("the Company")

As previously advised, subsidiary companies of Matrix Oil NL, being Matrix Oil (Asahan) Pty Ltd and Matrix Oil (Glagah Kambuna) Pty Ltd entered into Sale and Purchase Agreements ("SPA's") respectively for the Asahan Production Sharing Contract and the Glagah Kambuna Technical Assistance Contract. As at the date of this announcement, there remain to be satisfied a number of condtions precedent under both SPAs prior to these agreements being finalised. Whilst a number of the conditions precedent have been satisfied, the primary conditions outstanding relate to the receipt of Indonesian regulatory approval which has taken longer then anticipated. As such the date for the satisfaction or waiver of these conditions has been extended to 31 December 2003, and it is expected this date will be further extended to 29 February 2004. Accordingly, we now estimate that settlement of the Asahan SPA will not occur until some time in January 2004 followed by the likely settlement of the Glagah Kambuna SPA in Febraury 2004.

Further, we advise that after a prolonged negotiation period a SPA in relation to the Matrix Oil (Langsa) Ltd ("MOLL") interest in the Langsa TAC has been reached between MOLL and Modec Productions (Langsa) Pte Ltd (a wholly owned subsidiary of Modec Inc.). The formal SPA was executed by both parties during the period 2-3 December 2003. It is anticipated that settlement of the Langsa SPA will be achieved by no later than 15 February 2004 albeit this will largely be dependent upon the timing of the receipt of Indonesian regulatory approval of the sale transaction. The principal consideration for the sale of MOLL's interest in the Langsa TAC is a deferred revenue stream, being a percentage of the sale of all petroleum substances generated from production at the Langsa TAC (once production is recommenced by Modec and its operating partners).

We also advise that in consideration for entering into the Langsa SPA and associated agreements, MOLL, Modec and Langsa FPSO Pte Ltd have agreed to compromise the UK litigation by filing a Consent Order in London. This Consent Order will have the effect of staying the litigation between MOLL and Langsa FPSO Pte Ltd. However, I note that in the event that certain conditions within the SPA (or other formal documents related to the sale of the Langsa TAC) are not satisfied (particulalry the necessary rectification work program at the Langsa TAC) the effective provisions of the SPA and associated agreements will be reversed and the Langsa TAC will be reassigned to MOLL, and in turn the stay of the litigation can be lifted. Should this occur then the litigation may be recommenced by MOLL if it so chooses.

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As indicated above we are currently working towards ensuring all sale agreements pertaining to the various contract areas settle or close within the next two to three months. Within this timeframe, we will also be finalising our strategy in regards to the future of the Company and in the event there is a benefit for creditors and shareholders in restructuring the Company (as opposed to liquidating the Company), we will advise shareholders and creditors accordingly.

Dated this 18th day of December 2003

VINCENT SMITH
Joint and Several Deed Administrator