

MALLESONS STEPHEN JAQUES

Mr Shane McBride
Company Secretary
Matrix Metals Limited
1311 Hay Street
West Perth
Western Australia 6005
Fax 08 9486 7300

9 November 2006

Jeremy Wade
Partner
Direct line
+61 8 9269 7128

Copy to

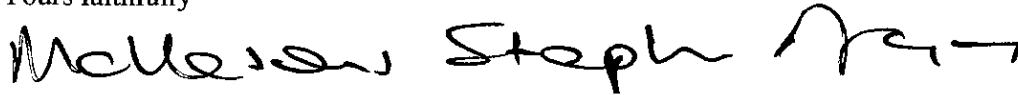
The Company Announcements Office
Australian Stock Exchange Limited
Fax 1900 999 279

Dear Shane

Substantial Shareholder Notice - Matrix Metals Limited

Attached is an ASIC form 603 – notice of initial substantial shareholder from Glencore International AG in relation to Matrix Metals Limited.

Yours faithfully



Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder**To Company Name/Scheme MATRIX METALS LIMITEDACN/ARSN 082 593 235**1. Details of substantial holder (1)**Name GLENCORE INTERNATIONAL AGACN/ARSN (if applicable) Not applicableThe holder became a substantial holder on 23 / 10 / 2006**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	41666667	41666667	6.75%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Glencore International AG	Issue of fully paid ordinary shares at a price of \$0.06 per share pursuant to a Subscription Agreement with Matrix Metals Limited dated 18 October 2006 a copy of which accompanies this notice and is marked A.	Ordinary Shares 41666667

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Glencore International AG	Glencore International AG	Glencore International AG	Ordinary Shares 41666667

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-Cash	
Glencore International AG	23 / 10 / 2006	\$0.06 per share	Not applicable	Ordinary Shares 41666667

4.

	Completion – Obligations of the Applicant	conditions precedent set out above, the Applicant must pay the Company the Subscription Price for the Placement Shares in immediately available funds.
11.	Placement Completion – Obligations of the Company	<p>At Placement Completion, subject to the satisfaction or waiver of the conditions precedent set out above, the Company must:</p> <ul style="list-style-type: none"> (a) issue the Placement Shares to the Applicant; (b) give Glencore a holding statement showing the Applicant as the holder of the Placement Shares; (c) deliver the s 708A (6) notice to the ASX; and (d) take all other steps required under the Company's constitution, the ASX Listing Rules and the Corporations Act to constitute and evidence the Applicant as the holder of the Placement Shares.
12.	Quotation of Placement Shares	On or as soon as possible after Placement Completion, the Company must apply to ASX for official quotation of the Placement Shares.
13.	General warranties	On the same terms as the Heads of Agreement (including the indemnity set out in clause 8.2 of the Heads of Agreement).
14.	Limits on warranties	<p>The Company's liability for a breach of its warranties is subject to the following limits of liability:</p> <ul style="list-style-type: none"> (a) maximum liability for all claims against the Company is \$2,500,000; (b) no liability unless the aggregate amount for all claims exceeds \$100,000; and (c) the claim must be notified on or before 2 months after the audited accounts for the Company for the financial year ended 30 June 2007 have been released. <p>The Applicant represents and warrants that it is not relying on any warranty or representation not expressly stated in either the Heads of Agreement or in this letter agreement or both.</p> <p>A warranty is not breached by any matter which has been fully and accurately disclosed to ASX or the Applicant (in writing within the last 3 months) prior to the date(s) on which that warranty is given.</p>
15.	Governing Law	Western Australia

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Not applicable	Not applicable

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Glencore International AG	PO BOX 777 BAARERMATTSTRASSE 3 CH- 6341 BAAR SWITZERLAND

Signature

print name Jeremy Wade Capacity Attorney for Glencore International AG
 sign here  date 9/11/2006

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

ANNEXURE A

SUBSCRIPTION AGREEMENT

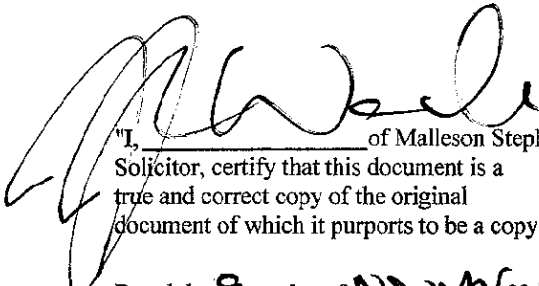
DATE: 18 October 2006

BETWEEN:

Matrix Metals Limited
ABN 42 082 593 235
(Company)

AND

Glencore International AG
ABN 11 632 526 640
(Applicant)



"I, _____ of Malleon Stephen Jaques
Solicitor, certify that this document is a
true and correct copy of the original
document of which it purports to be a copy

Dated the 9 day of November 2006

The Applicant applies for the number of ordinary shares in the Company (**Placement Shares**) set out in, at the Subscription Price and on and subject to the terms specified in, this letter agreement (including Schedule 1).

The Company agrees to issue and allot the Placement Shares to the Applicant on the terms and conditions set out in this letter agreement (including Schedule 1).

The Subscription Price will be paid by the Applicant in full and in cleared funds at the Placement Completion by telegraphic transfer to a bank account specified in writing by the Company or, at the Applicant's election, by bank cheque in favour of the Company.

This letter agreement constitutes the "Subscription Agreement" for the purposes of the Heads of Agreement entered into between the Applicant and the Company on or about the date of this letter agreement.

The Applicant agrees to be bound by the constitution of the Company.

The Applicant acknowledges as follows:

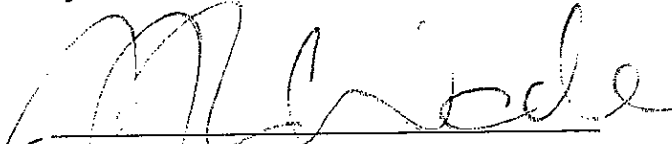
- (a) A prospectus or other disclosure document is not required to be lodged with the Australian Securities and Investments Commission under the *Corporations Act 2001* (Cth) in respect of any offer or invitation to the Applicant for the issue of the Placement Shares to the Applicant.
- (b) Other than as set out in Schedule 1, neither the Company nor any other person makes, or has made, any representation or warranty to the Applicant in respect of the Company, its business, assets, liabilities, financial position, profits, losses or prospects, or the value of the Placement Shares.
- (c) An investment in the Placement Shares is speculative.

2.

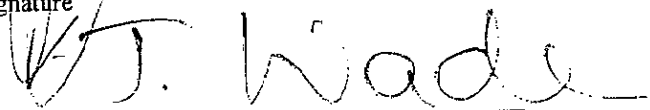
- (d) Neither the Company nor any of its directors, officers, employees or any other person will be liable to the Applicant in contract, in tort, for negligence or otherwise for any loss or damage arising as a result of the investment by the Applicant in the Placement Shares (except in respect of a breach of the warranties set out in Schedule 1).
- (e) The Placement Shares will not be issued by the Company for the purpose of the Applicant selling or transferring any of them or granting, issuing or transferring interests in, or options or warrants over, any of them.

Words and expressions used but not defined in this letter agreement have the same meaning as they have in the Heads of Agreement unless the contrary intention appears.

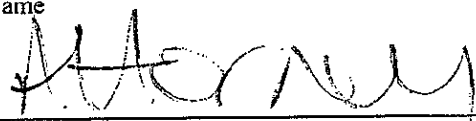
SIGNED for and on behalf of the Applicant
by:



 Signature

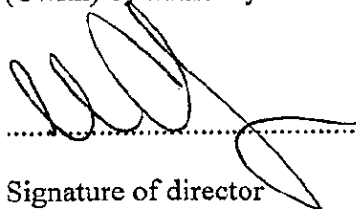


 Name




 Capacity in which the signatory signs (eg attorney, director, duly authorised officer etc)

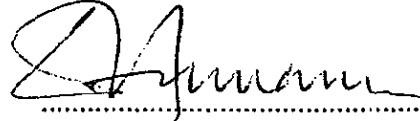
EXECUTED by **MATRIX METALS LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:



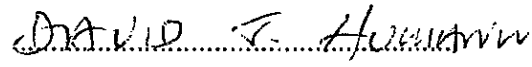
 Signature of director



 Name of director (block letters)



 Signature of director



 Name of director (block letters)

3.

SCHEDULE 1

1.	Placement Shares	That number (rounded to the nearest whole number) of fully paid ordinary shares in the Company which is equal to AUD 2,500,000 divided by the Subscription Price.
2.	Placement Date/Placement Completion Date	The day which is 2 Business Days after satisfaction or waiver of the conditions precedent set out below or any other date which is agreed in writing by the parties.
3.	Subscription Price	AUD 0.06 per Placement Share
4.	Conditions precedent	The Cathode Offtake Agreement being executed.
5.	Waiver	The conditions precedent are inserted for the benefit of the Applicant and may only be waived by the Applicant.
6.	Best endeavours	The parties must use their best endeavours (other than waiver) to ensure the conditions precedent set out above are satisfied on or before the Quit Date.
7.	Additional equity raising	The Company may not undertake further equity raisings prior to the Loan Completion, save for a placement of shares within the Company's placement capacity under ASX Listing Rule 7.1 on or about the date of the issue of shares under this letter agreement at a price no more than a 10% discount to the market price.
8.	Termination	If the conditions precedent set out above are not satisfied or waived on or before 2 Business Days after the execution of this letter agreement, then all rights and obligations under this letter agreement terminate on that date except for rights that accrue before that date.
9.	Voluntary Escrow	The Applicant agrees for a period of 12 months from Placement Completion not to do any of the matters set out in clause 1(a), (b) or (c) of Appendix 9A to the ASX Listing Rules in relation to the Placement Shares without the prior written consent of the Company (such consent not to be unreasonably withheld or delayed). For the avoidance of doubt, it is acknowledged that the Applicant will be not be prevented from doing any of the matters set out in clause 1(a), (b) or (c) of Appendix 9A to the ASX Listing Rules in the circumstances referred to in Rules 9.18.1, 9.18.2, 9.18.3 or 9.18.4. The Applicant agrees to the application of a holding lock on the Placement Shares for the period that the Placement Shares are in voluntary escrow and to do all things necessary to facilitate the application of the holding lock.
10.	Placement	At Placement Completion, subject to the satisfaction or waiver of the