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Dear Security Holder

Your Board has developed a roadmap for the company for 2007 and has established the following development priorities:

- ABO™ on a chip
- SQZit for video compression

Products such as PDA's, thumb drives, external storage drives, digital cameras, mobile phones, video applications, email applications are all outstanding opportunities for the ABO™ technology.

The USA is a major focus market for the company, with the consumer electronic market segments clearly driven from the USA, Japan and Korea.

As you would be aware, we are already in discussions and trials with a number of major US companies who occupy strong positions in these global markets. We expect these discussions to result in contracts over the next 6 months. As such, we will need to increase the level of technical support and sales strength in our US office and accelerate the Research and Development program in India.

This increased level of investment will require further fundraising as advised to Security Holders in several previous announcements.

The TREK2000 announcement just prior to Christmas was a tremendous commercial breakthrough for MatrixView. The SQZit technology is now embedded in TREK2000's new generation of thumb drives delivering compression ratios (on a defined sample of files) exceeding 7 times – as we understand it, the best of any compression technology in the world.

The Board expects revenues to gradually pick up from March on the back of the TREK2000 contract and the distribution agreements signed in Germany and Italy. Our early expectation is that cash flow breakeven will occur in the May/June timeframe, based on these revenue assumptions.

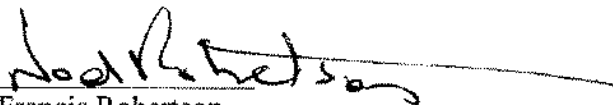
However, in order to fund the expansion of the business, additional capital is required in the short term. The Board has extensively evaluated a number of opportunities and has agreed to raise this capital via:

1. A placement of shares (which will be subsequently converted to CDIs) to all registered Security Holders as at the close of business on 2nd February 07 (Record Date) of up to \$A5, 000 of fully paid ordinary shares. These shares will be priced at 90% of the volume weighted average traded price of MVU CDIs in the 5 trading days prior to the Record Date. This is permissible under Australian Stock Exchange regulations and will allow all Security Holders the opportunity to increase their investment. The offer document and relevant acceptance forms will be despatched to all eligible Security Holders on or about the 9th February 07.

2. Other funding options either by way of a note issuance facility through the capital market or a bank funding, depending on the attractiveness of the submitted proposals. The Board has to date received definitive funding proposals but in the interest of stake holders would prefer more time to evaluate and negotiate the best possible terms.

The funding opportunities will comply with the 15 per cent capital raising approval given at the AGM on November 16th, 2006.

Yours Sincerely,



Noel Francis Robertson
Managing Director /CEO

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