

**MATRIX METALS**  
LIMITED

**Q U A R T E R L Y**  
**R E P O R T**

FOR THE PERIOD ENDED

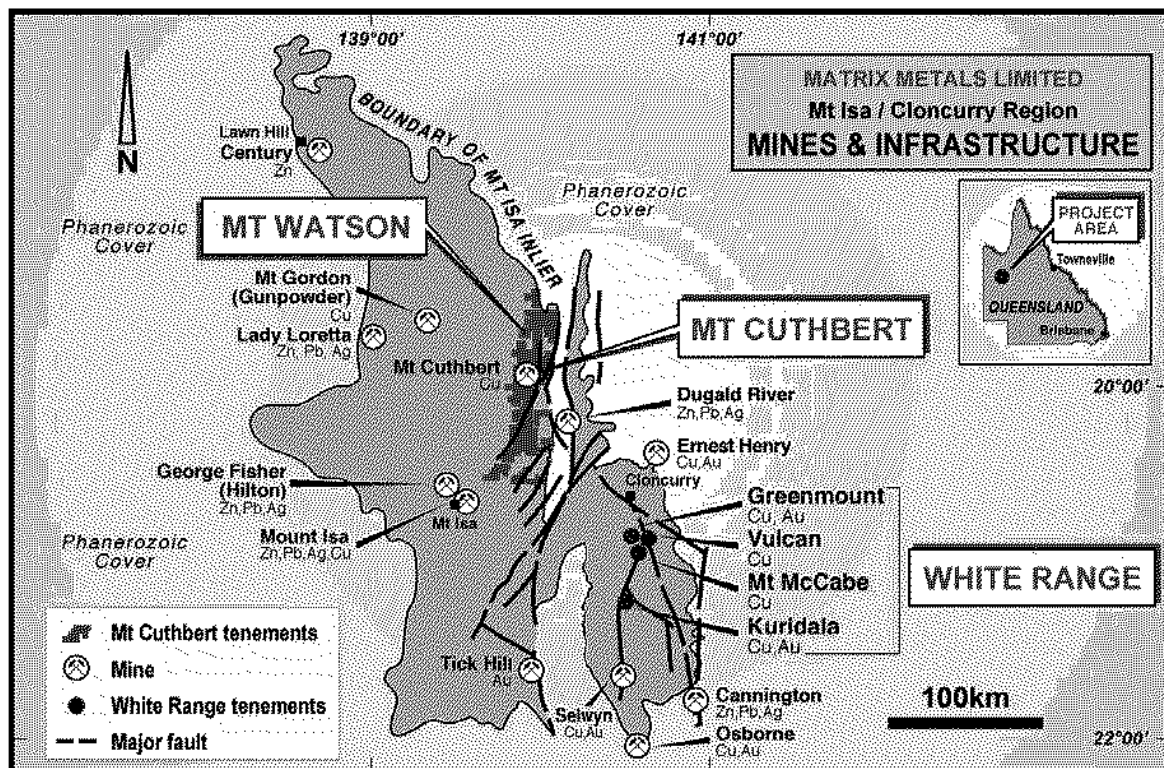
30 June 2003

MATRIX METALS LIMITED  
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The tenements owned by Matrix which comprise the Mt Cuthbert and White Range Projects, total approximately 2,000 square kilometres and are located in the world class Mt Isa base metal province. The area hosts several world class base metal mines. All tenements are 100% owned by Matrix.

# HIGHLIGHTS

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## Mt Earl Prospect Drilling

A reverse circulation drilling program was completed at the Mt Earl prospect during the period comprising 15 RC holes for 693m. The objective of the program was to identify resource width and grade oxide copper mineralisation and to confirm the resource potential of the prospect. With every hole drilled being mineralised, this objective has been achieved with the significant high grade copper intercepts reported below.

MERC 10	<b>16m @ 1.62 % Cu</b> from 28m incl. <b>6m @ 2.26% Cu</b> from 33m
MERC 11	<b>20m @ 1.22 % Cu</b> from 4m incl. <b>8m @ 1.83% Cu</b> from 12m
MERC 09	<b>19m @ 1.15 % Cu</b> from 8m incl. <b>3m @ 2.23% Cu</b> from 10m
MERC 16 and	<b>5m @ 1.33 % Cu</b> from 1m incl. <b>2m @ 2.11% Cu</b> from 2m <b>12m @ 0.99 % Cu</b> from 28m incl. <b>3m @ 1.52% Cu</b> from 31m
MERC 01	<b>12m @ 0.90 % Cu</b> from 21m incl. <b>3m @ 1.37% Cu</b> from 24m

## White Range- New Prospect Drilling

Drilling programs at the Toby Barty, Desolation and Copper Canyon prospects were completed successfully with resource grade and width mineralisation reported at all three prospects. Significant intersections reported include:

DRC 15	<b>3m @ 4.49 % Cu</b> from surface
DRC 16	<b>9m @ 1.28 % Cu</b> from 3 m
DRC 14	<b>5m @ 1.20 % Cu</b> from 12 m
DRC 13	<b>5m @ 1.28 % Cu</b> from 9 m
MRC 03	<b>14m @ 0.89 % Cu</b> from surface

## Funding for White Range Feasibility Secured

SG Australia Limited ("SG", a member of the Societe Generale Group) has agreed to fund the completion of the bankable feasibility study ("BFS") for the Company's 100% owned White Range copper project.

SG's funding assistance comes in the form of both debt and equity, with a \$2 million debt facility and a \$350,000 share placement, the terms of both, Matrix considers to be very attractive.

## Native Title & Tenement Grants

The Mining Lease for the Mt Watson Deposit was granted during the period as the first outcome of the workings of the Matrix/Kalkadoon Indigenous Land Use Agreement (ILUA).

In addition, under a separately negotiated agreement with the Kalkadoon People, two Exploration Permits (EPM's) were granted including the EPM hosting the Mt Earl Prospect.

# EXPLORATION REPORT

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## More Successful Exploration Results

The Company is pleased to report that all drilling programs conducted during the quarter were highly successful.

Drilling programs were conducted at Toby Barty, Desolation and Copper Canyon all located within the White Range Project area and at the highly regarded Mt Earl prospect which is located within the Mt Cuthbert area.

The achievements and outcomes of the quarter record a highly successful conclusion to part one of the Company's production upgrade strategy. Specifically, the initial objectives of this strategy have all been achieved, namely to demonstrate potential to significantly grow resources at both the White Range and Mt Cuthbert Project areas via extensions to existing deposits and by confirmation of resource width and grade mineralisation at a range of new prospects.

## Immediate Success at the Mt Earl Prospect

Late in July 2003, the Company announced the results of a highly successful drilling program completed in the Mt Earl area during July 2003. The Mt Earl prospect is located 8 km north east of the Mt Watson deposit, with both located within trucking distance of the Mt Cuthbert production facility.

The reverse circulation drilling program consisted of 15 RC holes for 693m drilled with the program targeting resource width and grade oxide copper mineralisation to confirm the resource potential of the prospect. With every hole drilled being mineralised, this objective has been achieved with the significant high grade copper intercepts reported below. These successful results confirm the Company's strategy of focusing on the Mt Watson/Mt Earl area in regard to a resource base to support the production restart at Mt Cuthbert. The next stage in the strategy, including the next phase of drilling, will now be rapidly confirmed.

MERC 10	16m @ 1.62 % Cu from 28m incl. 6m @ 2.26% Cu from 33m
MERC 11	20m @ 1.22 % Cu from 4m incl. 8m @ 1.83% Cu from 12m
MERC 09	19m @ 1.15 % Cu from 8m incl. 3m @ 2.23% Cu from 10m
MERC 16 and	5m @ 1.33 % Cu from 1m incl. 2m @ 2.11% Cu from 2m 12m @ 0.99 % Cu from 28m incl. 3m @ 1.52% Cu from 31m
MERC 01	12m @ 0.90 % Cu from 21m incl. 3m @ 1.37% Cu from 24m
MERC 03	3m @ 1.57 % Cu from 20m
MERC 14	3m @ 1.63 % Cu from 10m

Full details of the intersections are presented in **Table 1** with drillhole locations and details presented in **Table 2**.

The Mt Earl prospect was identified earlier this year as a high priority target based on the geological similarities to the Mt Watson Deposit, which has a current resource inventory of

1.6 million tonnes @ 1.1% Cu. Subsequent reviews of historic mapping, soil sampling and rock chip sampling at Mt Earl confirmed the prospect's potential as an additional source of ore for the Mt Cuthbert Operation. In respect to this overall potential, folding of the prospective horizon has resulted in 3,600 m of the prospective horizon outcropping within the area and includes 1,600 m of highly prospective strike which has either visible mineralisation at surface, strong soil anomalism or both.

This 15 hole program tested two separate areas of interest along the prospective horizon with the two areas having strike lengths of 275m and 200m respectively. The two areas are approximately 350 metres apart on opposing sides of a down folded basin of the host rock to the mineralisation. Several additional areas with exposed copper bearing rock outcropping in the area remain to be tested following the success of this program.

### **Significance of Results**

The following can be concluded from the results.

- Confirmation of the significant width of resource grade mineralisation indicates that subject to further drilling, an oxide copper resource is likely to be delineated at Mt Earl.
- Significant prospective areas which as yet are untested have been identified along strike and down dip, further adding to the resource potential of the prospect area.
- The Mt Earl prospect, combined with Mt Watson and other deposits in the overall Mt Cuthbert project area, underpin the long life potential of the project once a production re-start is committed.
- Other geological "look alike" discoveries at prospects known as Tewinga and Mt Wonder (both located a short distance north of Mt Earl) remain untested with their prospectivity and resource potential enhanced by these Mt Earl results.

## **White Range New Prospect Drilling**

### **Copper Mineralisation Confirmed at all New Prospects Drilled**

During the period the Company announced the results of a reverse circulation drilling program at three prospects within the White Range Project area.

#### **Summary**

The drilling program tested for resource grade and width mineralisation at three prospects, Desolation, Toby Barty and Copper Canyon, and sought to confirm the growth potential of the already significant oxide copper resource at White Range. The resource is currently 12.6 million tonnes grading 1.2% copper, sufficient to support a mine life of 9 years at a production rate of 15,000 tonnes per annum of copper cathode.

The drilling program was highly successful in achieving these objectives with resource grade and width mineralisation confirmed at all three prospects.

The nature and extent of the new mineralisation has confirmed additional resource growth potential for the White Range Project, with the newly discovered mineralised zones extending over some 3 kilometres in the resource target zone.

#### **Details of the Results**

The three prospects drilled are all located within 10 kilometres of the Greenmount deposit (see attached map). Earlier this year Matrix announced that the Greenmount deposit had increased in size from a leachable resource of 4 million tonnes to 7.3 million tonnes, for a leachable in-ground copper resource of 71,600 tonnes.

The drilling at Desolation (DRC&MRC), Toby Barty (TBRC) and Copper Canyon (CCRC&CCWRC), reported the following significant copper intersections:

DRC 15	3m @ 4.49 % Cu from surface
DRC 16	9m @ 1.28 % Cu from 3 metres
including	4m @ 1.76 % Cu from 7 metres
DRC 14	5m @ 1.20 % Cu from 12 metres
DRC 13	5m @ 1.28 % Cu from 9 metres
MRC 03	14m @ 0.89 % Cu from surface
including	6m @ 0.99 % Cu from 2 metres
and	5m @ 1.18 % Cu from 9 metres
SRC 03	4m @ 0.73 % Cu from 20 metres
TBRC 01	39m @ 0.60 % Cu from surface
including	14m @ 0.94 % Cu from 9 metres
and	5m @ 1.36 % Cu from 18 metres
TBRC 02	3m @ 1.21 % Cu from 36 metres
CCSRC 04	2m @ 1.21 % Cu from 30 metres
CCWRC 01	10m @ 0.86 % Cu from 13 metres
including	3m @ 1.09 % Cu from 16 metres
	2m @ 1.61 % Cu from 31 metres

In detail, the achievements from the scout drilling are:

- Significant resource grade and width copper mineralisation reported at all three prospects.
- At the Desolation prospect, resource grade and width copper grades were reported in all holes drilled with some significant high grade copper intersected.
- Discovery of a large mineralised basin linking four separate zones within the Desolation prospect.
- Confirmation of both stratigraphic and structural control for the mineralisation within the Marimo Basin, which is the Basin that hosts all the White Range Project mineralisation.
- Indications of a potentially wide zone of copper mineralisation at the Toby Barty prospect.
- Discovery of a broad mineralised copper body at Copper Canyon.
- Discovery of a new copper occurrence at in the Copper Canyon area hosting resource copper grades.

The scout drilling program comprised 14 holes for a total of 627 metres. These holes were drilled at three 100 % owned tenements namely Mineral Development Licence ("MDL") 204, MDL 205 and Exploration Permit ("EPM") 4317 and tested seven individual copper deposits. On MDL 205, the drilling explored three separate copper bodies within the Desolation prospect. These deposits are exposed around the rim of a complexly folded and faulted shallow dipping basin, measuring some 1,200 metres in diameter. The drilling, together with detailed geological mapping completed recently, has confirmed the mineralisation in the White Range tenements occurs within the Marimo Slate at or just above the contact between the Marimo Slate and the underlying Staveley and or Corella Formations. The mapping has also identified a second stratigraphic horizon in the Marimo Slate hosting copper. This horizon has had minimal previous testing. The geological mapping also recognized a new copper mineralised locality (named Expectation) and the geological interpretation now links all four mineralised zones within the Desolation prospect.

At EPM 4317, two holes for a collective total of 108 metres were drilled into the Toby Barty mineralisation. Both holes intersected a wide zone of copper with each achieving a moderate width of resource grade copper. The mineralisation at Toby Barty is structurally controlled occurring in fine grained sandstone within the Marimo sequence.

Two target areas were investigated by the scout drilling at MDL204 on the Copper Canyon prospect. The first target was explored by two 80 metre holes, with mineralisation confirmed in both holes. This new mineralisation occurs along strike from a high grade intercept found by earlier drilling where hole CCNRC27 intersected 44 metres at 1.88% copper. One of the holes from the Current program intersected a wide low grade copper zone with a resource grade intersection. The second target had not been previously drill tested, with the 46 metre drill hole producing a highly encouraging result. The drill hole CCWRC01 intersected two significant zones of mineralisation including some high grade copper values. This mineralisation occurs in a similar geological setting as the Desolation deposit and has a potential unexplored and extensively alluvium covered strike of 1500 metres.

Results for the complete suite of drill holes are set out in **Table 3** with drillhole locations and details presented in **Table 4**.

## **White Range Feasibility Study** **Funding Secured**

On 24 July 2003, the Company announced that SG Australia Limited ("SG", a member of the Societe Generale Group) has agreed to fund the completion of the bankable feasibility study ("BFS") for the Company's 100% owned White Range copper project.

Matrix is delighted with the support offered from SG, with SG's independent assessment of the project affirming Matrix's belief that the White Range SX/EW oxide copper project is on track to be developed as a robust, long-life project of more than 8 years life at a production rate of 15,000 tonnes per annum of copper cathode.

SG will provide Matrix with funding of \$2.35 million, of which \$2 million will be committed to complete the BFS in respect of the White Range project.

The Company considers that SG's funding comes on attractive terms with the funding structured at a significant premium to the market price of Matrix shares.

It is envisaged documentation for the funding will be completed within the next few weeks with the initial feasibility study work activities ready to proceed upon the availability of drawdown of the funds.

# NATIVE TITLE & TENEMENT GRANTS

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## Two Key Exploration Permits Granted

During the period the Company announced the granting of two high impact Exploration Permits (EPM's) by the Queensland Department of Natural Resources and Mines. The EPM's cover a number of highly prospective areas surrounding the tenement containing the Mt Watson deposit, with the key prospect identified to date within the new EPM's, known as Mt Earl.

Based on the knowledge gained from the success in the delineation and growth of the Mt Watson resource, Mt Earl has been identified as the highest priority target in the Mt Watson region with historical data for the prospect now being correlated. A drilling program is being finalised and preparations to proceed with the program are underway.

The new high impact EPM's, being numbers 13577 and 13600, were granted under the provisions of the Queensland Government's Alternative State Procedures. As a part of the process resulting in the grant of these EPM's, another agreement with the Kalkadoon People was successfully negotiated. These grants are another milestone achievement for the Company in regard to native title issues. As has been experienced in the past with the Kalkadoon People, their progressive and conciliatory approach to the negotiations resulted in a rapid and mutually beneficial outcome being achieved.

## Mt Watson Mining Lease Granted

In addition to the granting of the two EPM's, the Company also announced the granting of the Mining Lease for the Mt Watson deposit by the Queensland Department of Natural Resources and Mines. The Mining Lease, being number 90154, is the first lease granted under the provisions of the milestone Indigenous Land Use Agreement between the Kalkadoon People and Matrix.

The granting of the Mining Lease provides approval for open pit mining and associated activities to proceed at the Mt Watson deposit.

The Mt Watson deposit, located 25 km north of the Mt Cuthbert SX/EW processing plant, is targeted as the next source of feed to the Mt Cuthbert plant upon a decision by the Company to recommence copper production. The Mt Watson deposit Currently comprises 1.6 million tonnes grading 1.1 % copper.

# MT CUTHBERT PRODUCTION PLANT

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Maintenance on the Mt Cuthbert processing plant and the associated infrastructure is ongoing as is the preparatory work for the production upgrade and restart.

## EXPENDITURE

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Expenditure on exploration activities for the June 2003 quarter was \$177,875. Expenditure on production and development activities for the quarter was \$87,901. No production activities occurred during the quarter.

## OUTLOOK FOR THE SEPTEMBER 2003 QUARTER

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Following the achievement of the initial suite of exploration objectives, the focus now moves onto reinstating the copper production status of the Company. These activities will relate to the delineation of additional resources at Mt Watson and a new resource at Mt Earl, on the basis of these deposits clearly demonstrating the potential to provide a 5 year plus ore supply to the Mt Cuthbert plant at the upgraded production capacity.

The second, and critically important component of this phase of activities is to progress the White Range feasibility study through its final phase to achieve bankable status. The securing of the debt from SG Australia Limited to fund the final stage of the feasibility study now assures the completion of that study, without compromising the Company's other exploration and production objectives.

Yours Faithfully



**Andrew Chapman**  
**Chief Executive Officer**

*The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Messrs Phil Frank and Bob Dennis. Mr Frank is a Fellow of the Australasian Institute of Mining and Metallurgy and is employed by PH Frank and Associates and Mr Bob Dennis is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Both Messrs Frank and Dennis have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 1999 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Messrs Frank and Dennis, each consents to the inclusion in the report of the matters based on information in the form and context in which it appears.*

## COMPANY INFORMATION

### DIRECTORS

David J. Humann  
*Chairman*

Andrew P. Chapman  
*Managing Director*

Ian C. Burvill  
*Non Executive Director*

Gregory A. Hahn  
*Non Executive Director*

### CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Shane B. McBride

### PRINCIPAL OFFICE

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ASX Code: **MRX**

**Table 1**  
**Mt Earl Prospect**  
**Summary of Drill results**

(above a cut-off of 0.5% Cu)

Hole No	Intersections
MERC 01	1m @ 1.66% Cu from 1m 1m @ 0.96% Cu from 19m 12m @ 0.90% Cu from 21m Including 3m @ 1.37% Cu from 24m
MERC 02	1m @ 0.65% Cu from 37m 2m @ 0.76% Cu from 42m 5m @ 1.30% Cu from 50m
MERC 03	3m @ 0.80% Cu from 15m 3m @ 1.57% Cu from 20m
MERC 04	Hole not Drilled
MERC 05	2m @ 1.00% Cu from 29m
MERC 06	2m @ 0.65% Cu from 23m
MERC 07	5m @ 0.95% Cu from 8m 1m @ 0.77% Cu from 20m 1m @ 0.57% Cu from 29m
MERC 08	2m @ 0.86% Cu from 37m 1m @ 0.78% Cu from 46m
MERC 09	2m @ 0.89% Cu from 1m 19m @ 1.15% Cu from 8m Including 3m @ 2.23% Cu from 10m 1m @ 0.61% Cu from 34m 1m @ 0.65% Cu from 36m
MERC 10	1m @ 1.12% Cu from 18m 1m @ 0.64% Cu from 20m 16m @ 1.62% Cu from 28m Including 6m @ 2.26% Cu from 33m 2m @ 0.63% Cu from 46m
MERC 11	20m @ 1.22% Cu from 4m Including 8m @ 1.83% Cu from 12m
MERC 12	2m @ 0.93% Cu from 42m
MERC 14	3m @ 1.63% Cu from 10m
MERC 16	5m @ 1.33% Cu from 1m Including 2m @ 2.11% Cu from 2m 1m @ 0.69% Cu from 8m 12m @ 0.99% Cu from 28m Including 3m @ 1.52% Cu from 31m

**Table 2**  
**Mt Earl Prospect**  
**Drill-hole Location and Survey Data**

<b>Hole No</b>	<b>Depth</b> Metres	<b>Dip</b> Degrees	<b>Dip Direction</b> AMG Degrees	<b>Northing</b> AMG Metres	<b>Easting</b> AMG Metres	<b>RL</b> AMG Metres
MERC 01	40	-60	318	7,821,055	386,104	136
MERC 02	63	-60	318	7,821,039	386,118	136
MERC 03	40	-60	318	7,821,111	386,158	149
MERC 05	40	-60	318	7,821,165	386,241	135
MERC 06	60	-60	318	7,821,061	386,141	135
MERC 07	36	-60	318	7,820,984	386,033	146
MERC 08	55	-60	318	7,821,135	386,200	143
MERC 09	40	-60	158	7,820,714	386,140	135
MERC 10	52	-60	158	7,820,727	386,135	134
MERC 11	34	-60	158	7,820,741	386,291	134
MERC 12	70	-60	158	7,820,762	386,282	135
MERC 13	28	-60	248	7,820,691	386,435	131
MERC 14	55	-60	318	7,821,055	386,168	133
MERC 15	31	-60	158	7,820,760	386,336	130
MERC 16	49	-60	318	7,821,076	386,126	137

**Table 3**  
**White Range Prospect Drilling**  
**Summary Of Drill Results**

Prospect	Tenement	Hole ID	From metres	To metres	Interval	Cu % Average	
Desolation	MDL205	DRC13	0.0	4.0	4.0	0.50	
			9.0	14.0	5.0	1.28	
			17.0	27.0	10.0	0.72	
			17.0	19.0	2.0	0.79	
Desolation	MDL205	DRC14	12.0	17.0	5.0	1.20	
Desolation	MDL205	DRC15	0.0	3.0	3.0	4.49	
Desolation	MDL205	DRC16	3.0	12.0	9.0	1.28	
			7.0	11.0	4.0	1.76	
Martins	MDL205	MRC01	0.0	19.0	19.0	0.16	
Martins	MDL205	MRC02	0.0	18.0	18.0	0.24	
			3.0	5.0	2.0	0.76	
			30.0	39.0	9.0	0.38	
			30.0	32.0	2.0	0.69	
			36.0	37.0	1.0	0.72	
			36.0	37.0	1.0	0.72	
Martins	MDL205	MRC03	0.0	14.0	14.0	0.89	
			2.0	8.0	6.0	0.99	
			9.0	14.0	5.0	1.18	
Martins	MDL205	MRC04	0.0	24.0	24.0	0.16	
			0.0	24.0	24.0	0.16	
Speculation	MDL205	SRC03	27.0	34.0	27.0	0.31	
			20.0	24.0	4.0	0.73	
Toby Barty	EPM4317	TBRC01	0.0	39.0	39.0	0.60	
			9.0	23.0	14.0	0.94	
			18.0	23.0	5.0	1.36	
Toby Barty	EPM4317	TBRC02	16.0	53.0	37.0	0.43	
			36.0	39.0	3.0	1.21	
Copper Canyon South	MDL204	CCSRC03	No results of significance				
			2.0	39.0	37.0	0.29	
			27.0	38.0	11.0	0.67	
			30.0	32.0	2.0	1.21	
			35.0	37.0	2.0	0.82	
			42.0	61.0	19.0	0.28	
			51.0	54.0	3.0	0.49	
Copper Canyon West	MDL204	CCWRC01	1.0	26.0	25.0	0.52	
			13.0	23.0	10.0	0.86	
			16.0	19.0	3.0	1.09	
			31.0	33.0	2.0	1.61	

**Table 4**  
**White Range Prospect Drilling**  
**Drill-Hole Locations And Survey Data**

<i>Hole ID</i>	<b>AMG North</b>	<b>AMG East</b>	<b>RL</b>	<b>Depth</b>	<b>Dip</b>	<b>Azimuth</b>
DRC13	7672207.6	453815.7	209.5	40	-60	276
DRC14	7672137.8	453785.7	214.2	40	-60	276
DRC15	7672242.4	543794.5	210.3	30	-55	294
DRC16	7672264.5	453807.0	208.4	19	-48	276
MRC01	7671381.5	454270.2	217.9	30	-60	137
MRC02	7671400.5	454252.5	216.2	46	-56	136
MRC03	7671445.9	454294.3	215.0	28	-54	131
MRC04	7671460.0	454280.4	215.5	40	-54	133
SRC01	7671691.0	455115.1	222.0	40	-60	202
TBRC01	7682014.2	438622.0	325.1	50	-56	69
TBRC02	7682048.0	438612.6	328.9	58	-54	63
CCSRC03	7685606.8	450676.1	238.6	80	-54	230
CCSRC04	7685529.9	450720.8	256.9	80	-55	276
CCWRC01	7686197.0	44594.4	190.0	46	-54	71