26 September 2003

MATRIX METALS
LIMITED
ABN 42 082 593 235

Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

Electronic
No of pages: 44

Dear Sir

ANNOUNCEMENT

We enclose the audited Annual Financial Statements and Audit Report for the year ended 30 June 2003 and the Directors' Report.

Yours faithfully

S McBride

Shane McBride
Company Secretary

Encl

1131 Hay Street, West Perth, W.A. 6005 PO Box 1036 West Perth, W.A. 6872
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MATRIX METALS

LIMITED

ABN 42 082 593 235

DIRECTORS' REPORT

and

FINANCIAL REPORT

For The Year Ended
30 June 2003

MATRIX METALS LIMITED
AND ITS CONTROLLED ENTITY

CORPORATE DIRECTORY

Directors

David J. Humann
Chairman

Andrew P. Chapman
Chief Executive Officer
and Managing Director

Gregory A. Hahn
Non-Executive Director

Ian C. Burvill
Non-Executive Director

John C. Mitchell
Alternate to Mr G A Hahn

Company Secretary and Chief Financial Officer

Shane B. McBride

Corporate Advisor

Hartleys Limited
Level 7, Hartleys Building
141 St Georges Terrace
Perth
Western Australia 6000

Share Registry

Advanced Share Registry Services
Level 7
200 Adelaide Terrace
East Perth
Western Australia 6000
Telephone: (08) 9221 7288
Facsimile: (08) 9221 7869

Registered and Principal Office

Matrix Metals Limited
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West Perth
Western Australia 6005
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Western Australia 6872

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Lawyers

Blake Dawson Waldron
Level 19
Forrest Centre
221 St George's Terrace
Perth
Western Australia 6000

Auditors

KPMG
Level 31, Central Park
152 – 158 St George's Terrace
Perth
Western Australia 6000

MATRIX METALS LIMITED
AND ITS CONTROLLED ENTITY

CONTENTS

CORPORATE GOVERNANCE STATEMENT

The directors are responsible to the shareholders for the performance of the Company. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company, including its controlled entity, are properly managed. The Board draws on relevant corporate governance best practice principles to assist it to contribute to the performance of the Company.

The functions of the Board include:

- review and approval of corporate strategies, budgets and financial plans
- overseeing and monitoring organisation performance and the achievement of the Company's strategic goals and objectives
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors
- appointment of, and assessment of the performance of, the Managing Director and the members of the senior management team
- ensuring there are effective management and control processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation
- ensuring the significant risks facing the Company and its controlled entity have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place, and
- reporting to shareholders.

A description of the Company's main corporate governance practices is set out below.

All these practices, unless otherwise stated, were in place for the entire year.

Composition of the Board

The composition of the Board operates in accordance with the following broad principles:

- the Board should be comprised of both executive and non-executive directors, with a majority of non-executive directors. Further information about the directors is set out in the directors' report under the heading "Information on directors".
- in recognition of the importance of independent views and the Board's role in supervising the activities of management, the Chairman should be a non-executive director
- the Chairman of the Board is elected by the full Board and should meet regularly with the Managing Director
- there is sufficient benefit to the Company in maintaining a mix of directors on the Board from different backgrounds with complementary skills and experience
- Given the present size of the Company and its Board, the Company has decided not to establish separate nomination, remuneration and audit committees. It is the responsibility of the full Board to carry out these functions.

CORPORATE GOVERNANCE STATEMENT (continued)

- The Company's Constitution specifies that all directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting following their last election.

In addition the Board seeks to ensure that the membership at any point in time represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external perspective.

Commitment

The Board meets on a regular basis to meet the demands of the Company's activities.

Non-executive directors are expected to spend sufficient time preparing for, and attending, Board meetings and associated activities.

Independent Professional Advice

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense.

Remuneration

The Board determines remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance, relevant comparative industry information and independent expert advice. As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits. Executives are also eligible to participate in the Employee Share Option Scheme.

Remuneration packages are set at levels that are intended to attract and retain first class executives capable of managing the consolidated entity's operations and achieving the Company's strategic objectives.

Remuneration and other terms of employment for the Managing Director and certain other senior executives may be formalised in service agreements.

CORPORATE GOVERNANCE STATEMENT (continued)

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The Board's terms of reference include responsibility for reviewing any transactions between the organisation and the directors, or any interest associated with the directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Act and are appropriately disclosed.

Further information on directors' and executives' remuneration is set out in the directors' report and notes 26 and 27 to the financial statements.

Audit

The main responsibilities of the Board with regard to the Audit are to:

- review the annual report, the annual and half-year financial reports and all other financial information published by the Company or released to the market
- review the effectiveness of the organisation's internal control environment covering:
  - effectiveness and efficiency of operations
  - reliability of financial reporting
  - compliance with applicable laws and regulations
- oversee the effective operation of the risk management framework, and
- decide on the appointment, removal and remuneration of the external auditors, and review the terms of their engagement and the scope and quality of the audit.

In fulfilling its responsibilities, the Board receives regular reports from management. It also meets with the auditors as required. The auditors have an informal right of direct communication at any time to the Chairman of the Board.

The Board may seek any information it requires from any employee or external party.

Risk Assessment and Management

The Company's focus on risk management recognises that risk management is, prima facie, an issue for management; however, as a small company the Board works closely with management to identify and manage operational, financial and legislative risks which would prevent the Company from achieving its objectives.

CORPORATE GOVERNANCE STATEMENT (continued)

Environment, Health and Safety Management

The Company recognises the importance of environmental and occupational health and safety issues and is committed to the highest levels of performance.

Information on compliance with significant environmental regulations is set out in the Directors' Report.

Ethical Standards

The Company requires that at all times, all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of both the law and Company policies.

The purchase and sale of Company securities by directors and employees is only permitted during a reasonable period following company announcements to the market. Any transactions undertaken must be notified to the Company Secretary.

ASX - Principles of Good Corporate Governance and Best Practice Recommendations.

The Board is well aware of the ASX - Principles of Good Corporate Governance and Best Practice Recommendations, released in March 2003. The Board is reviewing the recommendations and will report in the annual report for 2004 on the Company's compliance with them.

However, the Board in considering the issues related to adopting these recommendations in full, makes the following points:

- The Company is a junior mining company with limited financial and human resources.
- The Company has confined its management structures to maximise its mining and exploration activities.
- The Board of directors is comprised of four directors.
- The minimisation of organisational structures allows the Company to respond quickly to opportunities and expedite the outcome of what would otherwise be complex managerial issues.
- Given the Company is reliant on the continuing support of its shareholders and the stock market to fund its exploration and mining activities, the minimisation of administration expenditure is critically important.
- The Company recognises the importance of proper corporate governance and will endeavour to meet the principles of good corporate governance and best practice recommendations set by the ASX Corporate Governance Council.
- Given the onerous responsibilities attaching to public company directorships and the limited resources of junior companies, it is difficult to fulfil all of the recommendations on good corporate governance despite the best intention of the directors.

DIRECTORS' REPORT

The Directors present their report together with the financial report of Matrix Metals Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entity, for the year ended 30 June 2003 and the auditors' report thereon.

DIRECTORS

The names and particulars of the directors of Matrix Metals Limited holding office at any time during or since the end of the financial year are:

Mr David J. Humann FCA, FCPA — Appointed 21 March 2000
Non Executive Chairman

Mr Humann is a Chartered Accountant with 42 years international experience predominantly with the accountancy firm, PricewaterhouseCoopers. He was a member of Pricewaterhouse World Board of Directors and its World Executive Management Committee based in London and New York. He also held the positions of Chairman and Senior Partner of Pricewaterhouse - Hong Kong and China, Managing Partner Asia Pacific and was a member of the Policy Committee of the Australasian firm. Mr. Humann is currently Chairman of MacMahon Holdings Limited, Mincor Ltd and a director of ERG Limited and TICOR Limited.

Mr Andrew P. Chapman CP Eng, M.Aus.IMM, M.I.E.Aust — Appointed 2 February 2000
Chief Executive Officer

Andrew Chapman has spent his 23 year career in the mineral resources industry predominately in the gold, base metals and coal sectors. Commencing his career in civil engineering in the Victorian brown coalfields, he moved to Western Australia in the late 1980's and progressed into the gold and base metals industry focussing in the fields of project evaluation and development. He has been directly responsible for the development of two gold projects in WA. After spending time with an international engineering group responsible for its business development and project evaluation activities, he moved into company and corporate management in the mid 1990's. Andrew created and listed Matrix Metals in 2000 and is the Managing Director of Matrix. He was also a founding director of the Australian Gold Council.

Mr Gregory Hahn M.Sc — Appointed 11 September 2001
Non Executive Director

Mr Hahn is the President and C.E.O. of Constellation Copper Corporation. He is a Certified Professional Geologist. He spent 10 years with the Noranda organisation before joining CoCa Mines Inc. At CoCa he was instrumental in the development of CoCa's precious metal operations and properties as their Chief Geological Engineer. Mr. Hahn joined CoCa for the start-up of its initial operation in California, was interim site manager during a start-up transition and turnaround which solved some difficult processing obstacles, and assisted in the feasibility and optimisation studies for development of the second California operation. Mr Hahn managed all exploration at the development properties, which successfully expanded reserves at the CoCa's operations. Mr. Hahn developed the strategy to acquire heap leach copper deposits currently being pursued by Constellation.

DIRECTORS' REPORT (continued)

Mr Ian C. Burvill BE, MBA, MAusIMM, MIEAust, CP Eng Appointed 6 February 2003
Non Executive Director

Mr. Burvill was appointed to the Board of Matrix on 7th February 2003. He has 17 years experience in the mining industry, comprising 10 years in finance and 7 years in engineering. He coordinates the Australian investment activities of Resource Capital Funds (RCF) an American private equity firm. Prior to joining RCF in late 2001, Mr. Burvill was Head of Technical Services in the resource banking department of N.M. Rothschild & Sons (Australia) Limited. Before joining Rothschild in 1992, he worked for engineering consultants on the design, construction and commissioning of mineral processing plants in Australia and North America. Mr. Burvill's mining industry experience ranges from feasibility study development, to project development, to debt and equity financing. He is currently a Director of SouthCoal Pty. Ltd. (a coking coal producer).

Mr J. Christopher Mitchell MBA, P.Eng., M.Cdn.IMM Appointed 22 June 2001, Resigned 4 February 2003. Appointed alternate to Mr Gregory Hahn on 6 February 2003

Mr Mitchell is the Chief Financial Officer of Constellation Copper Corporation. He is a registered professional engineer in British Columbia. Mr Mitchell has been employed in the minerals business for over 31 years, initially as a metallurgist and financial analyst. Since 1970 he has held positions of increasing responsibility in corporate finance and administration, marketing of base and precious metals concentrates, environmental permitting and executive management positions with several mining companies in Canada and the United States. . In addition to his duties with Constellation, Mr. Mitchell serves as Chief Financial Officer of two resource companies headquartered in Vancouver, British Columbia, whose shares trade on the TSX Venture Exchange: First Point Minerals Corp., and Diamondex Resources Ltd.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meetings	
	A	**B**
Mr A P Chapman	7	7
Mr D J Humann	7	7
Mr G Hahn	7	7
Mr I C Burvill	2	2
Mr J C Mitchell	5	5

A - Number of meetings attended.
B - The number of meetings held during the time the director held office during the year.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were exploration for minerals at the Company's Mt Cuthbert and White Range Projects, and the ongoing feasibility assessment of the White Range Project.

RESULT

The consolidated loss after income tax for the financial year was $2,833,965 (2002: $1,682,129).

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS

Exploration

Mt Cuthbert Project:

The Company continued significant exploration activity in the Mt Cuthbert area, specifically targeting the Mt Watson and Mt Earl areas. In addition to exploration, planning and site activities continued in preparation for the restart of production at Mt Cuthbert including ongoing work related to the proposed production upgrade.

Key activities completed during the year included:

- Geological mapping and sampling in the Mt Watson area.
- Geological mapping and sampling in the Mt Earl area.
- Drilling at Mt Watson to confirm new zones of resource grade and width mineralisation.
- Subsequent to year-end, drilling was performed at Mt Earl to confirm resource width and grade mineralisation.
- Preliminary geological evaluation of a range of other "Mt Earl" look alike prospects.
- Ongoing care and maintenance activities at the Mt Cuthbert Operation.
- Preparation work for a Mt Cuthbert production restart.
- Ongoing evaluation and pre-construction activities in preparation for the Mt Cuthbert plant production upgrade.

White Range Project

Activities during the year at the White Range Project area focussed on confirming the Greenmount oxide copper resource, demonstrating the growth potential of the resource inventory in the greater White Range area and progression of the White Range Bankable Feasibility Study for the development of the project.

Key activities completed during the year included:

- Drilling at the Greenmount deposit increased the leachable copper resource by 80 %, from 4.3 million tonne to 7.0 million tonnes. The category of the resource was also increased.
- Drilling at three surrounding prospects known as Toby Barty, Copper Canyon and Desolation confirmed resource grade and width mineralisation at all three prospects.
- A final scope of work for the final stage of the bankable feasibility study was confirmed. The scope of work estimates that the study is approximately three-quarters complete.
- An assessment of the gold intersections reported from within the Greenmount deposit was completed with a 90,000oz resource estimated
- Subsequent to year-end, it was announced that SG Australia Limited had agreed to provide a $2,000,000 debt facility to complete the final stage of the White Range Bankable Feasibility Study.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

Native Title

Following three years of negotiations, in early 2003 the Company achieved completion of two milestone native title agreements with the Kalkadoon People. The Kalkadoon People are the single native title Claimants in the Mt Cuthbert region. The key agreement is an Indigenous Land Use Agreement ("ILUA") with the Kalkadoon that provides for the granting of mining leases throughout the entire Mt Cuthbert region including the prospects to the north in the Mt Watson/Mt Earl area. The first milestone achieved under the workings of the ILUA has been the granting of the Mt Watson mining lease in July 2003. The second agreement, which was completed in May 2003, was a separate agreement with the Kalkadoon that provided for two important exploration permits to be granted under the Queensland State Government "Alternative State Procedures" legislation.

In addition, negotiations were initiated during the year with the Mitakoodi People in regard to the granting of the mining lease at Greenmount which is part of the White Range Project Area. These negotiations are continuing.

Production

The Mt Cuthbert processing plant was placed on "care and maintenance" on 13 September 2002. Even though stacking of new copper bearing ore had ceased prior to the end of the 2002 financial year, copper cathode production from the leach pads continued into the 2003 financial year. During the 2003 financial year 288 tonnes of copper cathode were produced and delivered for sale. At this time the Mt Cuthbert processing plant remains on care and maintenance.

DIVIDENDS

No dividend has been declared or paid since the end of the previous financial year.

The Directors recommend that no dividend be paid in respect of the current financial year.

STATE OF AFFAIRS

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows: -

- On 5 September 2002, the Company completed a rights issue and issued 183,394,054 shares at an issue price of 4.5 cents per share raising $8,252,732, before costs of the issue.
- On 10 September 2002, the Company announced the full and final satisfaction of the Constellation Copper Corporation Loan of A$3,250,000. The loan was satisfied by the issue of 19,284,562 shares at 16 cents per share.
- On 13 September 2002, the Company put the Mt Cuthbert Production Facility on care and maintenance.
- On 20 February 2003, the Company announced that an ILUA covering all of the Company's tenements in the Mt Cuthbert area had been formally registered with the National Native Title Tribunal and was operative. This ILUA addressed the native title issues of all Matrix tenements in the greater Mt Cuthbert area.

DIRECTORS' REPORT (continued)

ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to significant environmental regulations under both Commonwealth and State legislation in relation to mining activities. As far as the Board is aware, the consolidated entity has complied with all applicable environmental requirements.

EVENTS SUBSEQUENT TO BALANCE DATE

On 24 July 2003, the Company announced that it had secured funding from SG Australia Limited ("SG") in the form of both debt and equity. Under the terms of the agreement, SG will subscribe to 7,000,000 ordinary shares at $0.05 cents per share to raise $350,000 and will provide a $2 million debt facility for completion of the White Range Feasibility Study. The three-year debt facility incurs an interest rate equal to the 6 month Australian Bank Bill Rate plus 2.5 % and is secured by a fixed and floating charge over the Company's assets.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The consolidated entity will continue to pursue its objectives to increase resources and reserves at Mt Cuthbert to justify an upgrade of the production facility at the Mt Cuthbert Operation. Furthermore, the consolidated entity will continue to focus on increasing resources and reserves and completing the White Range Bankable Feasibility Study.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS

The general remuneration policy is to ensure that remuneration packages properly reflect each person's duties, responsibilities and level of performance; and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executive directors and senior executives may receive bonuses. Options are also issued under the Employee Share Option Plan.

DIRECTORS' REPORT (continued)

DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS (continued)

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the named officers of the Company and the consolidated entity receiving the highest emolument:

	Base Emolument	Superannuation	Other Benefits	Total
Director	$	$	$	$
Mr A P Chapman	230,000	20,000	21,634	271,634
Mr D J Humann	52,000	4,680	50	56,730
Mr G Hahn	-	-	50	50
Mr I Burvill	-	-	50	50
Mr J C Mitchell	-	-	50	50
Officer				
Mr S McBride	165,000	10,000	15,329	190,329

Directors not remunerated by the consolidated entity, are remunerated directly by the shareholders that they represent on the Board.

OPTIONS

During or since the end of the financial year, the Company has not granted any options over unissued ordinary shares to directors or the five most highly renumerated officers of the Company.

No options have been granted since the end of the financial year.

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of options over shares
20 March 2005	25 cents per share	3,893,036
31 August 2005	25 cents per share	625,000
14 June 2006	15 cents per share	2,250,000
31 January 2007	15 cents per share	975,000

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

During or since the end of the financial year, the Company has issued 2,600 shares as a result of the exercise of 2,600 options at $0.20 per share.

There were no amounts unpaid on shares issued.

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Stock Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows: -

	Ordinary Shares	Number of Options over Shares
Mr A P Chapman	2,520,000	200,000
Mr G A Hahn	-	500,000
Mr D J Humann	-	-
Mr I C Burvill	-	-
Mr J C Mitchell	-	500,000

INDEMNIFICATION OF OFFICERS

The Company has agreed to indemnify the current directors of the Company, Mr A P Chapman, Mr D J Humann, Mr G A Hahn, Mr I C Burvill and Mr J C Mitchell, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entity, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current directors of its controlled entity for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

INSURANCE PREMIUMS

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors and officers liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Signed in accordance with a resolution of the directors.

Dated at Perth this 25th day of September 2003.

Andrew P Chapman
Managing Director

STATEMENTS OF FINANCIAL PERFORMANCE
For the year ended 30 June 2003

	Note	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		$	$	$	$
Revenues from sale of copper	2	814,977	6,908,303	814,977	6,908,303
Cost of sales		(1,388,530)	(7,802,532)	(1,388,530)	(7,802,532)
Gross profit		(573,553)	(894,229)	(573,553)	(894,229)
Other revenues from ordinary activities	2	141,144	330,396	141,144	330,396
Borrowing costs	3	(189,984)	(233,572)	(189,984)	(233,572)
Write-off of copper in heaps		(1,188,804)	-	(1,188,804)	-
Depreciation		(52,065)	(40,531)	(52,065)	(40,531)
Corporate and administration expenses		(970,703)	(844,193)	(970,703)	(844,193)
Loss from ordinary activities before related income tax		(2,833,965)	(1,682,129)	(2,833,965)	(1,682,129)
Income tax benefit relating to ordinary activities	5	-	-	-	-
Loss from ordinary activities after related income tax	20	(2,833,965)	(1,682,129)	(2,833,965)	(1,682,129)
Basic loss per share (cents)	31	(1.10)	(2.39)	(1.10)	(2.39)

The statements of financial performance are to be read in conjunction with the notes to the financial statements set out on pages 18 to 40.

STATEMENTS OF FINANCIAL POSITION
As at 30 June 2003

	Note	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		$	$	$	$
Current assets					
Cash assets	6	2,282,195	885,916	2,282,195	885,916
Receivables	7	15,847	182,008	15,847	182,008
Inventories	8	236,005	362,805	236,005	362,805
Other	9	4,067	-	4,067	-
Total current assets		2,538,114	1,430,729	2,538,114	1,430,729
Non-current assets					
Inventories	8	-	1,188,804	-	1,188,804
Other financial assets	10	-	-	100,000	100,000
Property, plant and equipment	11	1,449,442	1,313,657	1,449,442	1,313,657
Exploration, evaluation and development	12	10,241,500	8,764,479	10,141,500	8,664,479
Other	13	540,119	478,206	540,119	478,206
Total non-current assets		12,231,061	11,745,146	12,231,061	11,745,146
Total assets		14,769,175	13,175,875	14,769,175	13,175,875
Current liabilities					
Payables	14	349,190	1,732,902	349,190	1,732,902
Interest - bearing liabilities	15	26,428	1,019,406	26,428	1,019,406
Provisions	17	79,294	131,673	79,294	131,673
Deferred vendor consideration	18	-	1,000,000	-	1,000,000
Total current liabilities		454,912	3,883,981	454,912	3,883,981
Non-current liabilities					
Interest-bearing liabilities	15	101,777	3,104,027	101,777	3,104,027
Provisions	17	500,000	450,000	500,000	450,000
Total non-current liabilities		601,777	3,554,027	601,777	3,554,027
Total liabilities		1,056,689	7,438,008	1,056,689	7,438,008
Net assets		13,712,486	5,737,867	13,712,486	5,737,867
Equity					
Contributed equity	19	24,508,661	13,700,077	24,508,661	13,700,077
Accumulated losses	20	(10,796,175)	(7,962,210)	(10,796,175)	(7,962,210)
Total equity		13,712,486	5,737,867	13,712,486	5,737,867

The statements of financial position are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 18 to 40.

STATEMENTS OF CASH FLOWS
For the year ended 30 June 2003

	Note	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		$	$	$	$
Cash flows from operating activities					
Cash receipts in the course of operations		996,985	8,923,206	996,985	8,923,206
Cash payments in the course of operations		(3,293,530)	(9,656,831)	(3,293,530)	(9,656,831)
Interest received		141,144	27,275	141,144	27,275
Borrowing costs paid		(135,838)	(111,503)	(135,838)	(111,503)
Net cash used in operating activities	28(b)	(2,291,239)	(817,853)	(2,291,239)	(817,853)
Cash flows from investing activities					
Payments for property, plant and equipment		(525,044)	(30,791)	(525,044)	(30,791)
Payments for:					
Security deposits		(90,753)	(423,566)	(90,753)	(423,566)
Acquisition of exploration assets			-		-
Mine development		(14,120)	(76,967)	(14,120)	(76,967)
Exploration, evaluation and development expenditure		(1,344,898)	(734,074)	(1,344,898)	(734,074)
Net cash used in investing activities		(1,974,815)	(1,265,398)	(1,974,815)	(1,265,398)
Cash flows from financing activities					
Proceeds from issue of shares		7,563,252	2,606,592	7,563,252	2,606,592
Share issue expenses		(569,998)	(141,266)	(569,998)	(141,266)
Proceeds from borrowings:					
Funds from loan facility		-	690,000	-	690,000
Payment of deferred vendor consideration		(1,000,000)	-	(1,000,000)	-
Finance lease payments		(330,921)	(299,399)	(330,921)	(299,399)
Net cash provided by financing activities		5,662,333	2,855,927	5,662,333	2,855,927
Net increase in cash held		1,396,279	772,676	1,396,279	772,676
Cash at the beginning of the financial year		885,916	113,240	885,916	113,240
Cash at the end of the financial year	28(a)	2,282,195	885,916	2,282,195	885,916

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 18 to 40.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy as described in note 1(u), are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Principles of consolidation

The consolidated financial statements of the consolidated entity include the financial statements of the Company, being the parent entity, and its controlled entity. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased. The balances and the effects of transactions, between controlled entities included in the consolidated accounts have been eliminated in full.

(c) Revenue Recognition

Sale of Copper
Revenue from the sale of copper is recognised when control passes to the customer.

Interest Income
Interest income is recognised as it accrues.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goods and services tax (continued)

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are classified as operating cash flows.

(e) Foreign currency

Transactions
Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings including trade creditors and lease finance charges.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which generally take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is that incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

Exploration and evaluation expenditure carried forward relating to areas of interest which have not reached a stage permitting reliable assessment of economic benefits are not qualifying assets.

(g) Taxation

Income Tax
The consolidated entity adopts the income statement liability method of tax effect accounting.

Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses are not recorded unless their realisation is virtually certain

FOR THE YEAR ENDED 30 JUNE 2003 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Acquisition of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration plus incidental costs attributable to the acquisition.

(i) Receivables

Trade Debtors
The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(j) Inventories

Inventories of broken ore, copper in ore and solution, work in progress and metal are physically measured or estimated and valued at the lower of cost or net realisable value. Cost comprises direct material, labour and transportation expenditure incurred in transporting inventories to their existing location and condition, together with an appropriate portion of fixed and variable overhead expenditure incurred during the period in which such inventories were produced.

Net realisable value is determined on the basis of normal selling patterns. Expenses of selling and distribution are estimated and are deducted to establish net realisable value.

Inventories of consumable supplies and spare parts expected to be used in production are valued at cost. Obsolete or damaged inventories are valued at net realisable value.

(k) Investments

Investments in controlled entity are carried in the Company's financial statements at the lower of cost and recoverable amount.

(l) Leased assets

Leases under which the Company or its controlled entity assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases
Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by payments of principal. The interest components of the lease payments are expensed as incurred.

Operating leases
Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where a right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period in which the decision is made.

Each area of interest is also reviewed at the end of each accounting period and accumulated costs are written off to the extent that they will not be recoverable in the future.

(n) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward (refer note 1(m)), are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. The write-down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(o) Depreciation and amortisation

Items of property, plant and equipment are initially recorded at cost and depreciated as outlined below.

All assets have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives, with the exception of carrying forward exploration, evaluation and development costs which are amortised on a units of production basis over the life of the economically recoverable reserves.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as in allocation of production overheads.

Depreciation of other property, plant and equipment is calculated on a straight line basis so as to write off the cost of each asset over its estimated useful life.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Depreciation and amortisation (continued)

The depreciation rates used where straight line depreciation is applied are as follows:

	2003	2002
Plant and equipment	20% - 33%	20% - 33%
Leased plant and equipment	20%	20%

The amortisation rate used where the asset is written off in proportion to depletion of the economical recoverable mineral resource is as follows:

	2003	2002
Mine plant and equipment (units of production)	288	2,450

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

(p) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(q) Interest bearing liabilities

Loans are recognised at their principal amount. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

(r) Employee entitlements

Wages, salaries, annual leave and sick leave
The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to the reporting date, calculated at undiscounted amounts based on current wage and salary rates and includes related on-costs.

Superannuation
The Company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made.

Employee Share Option Plan
The Company granted options to certain employees under the Employee Share Option Plan. Further information is set out in Note 24 to the financial statements. Other than the costs incurred in administering the scheme, which are expensed as incurred, the scheme does not result in any expense to the consolidated entity.

(s) Rehabilitation provision

Provisions are made for mine site rehabilitation and restoration on an incremental basis during the course of mine life. Provisions are determined on an undiscounted basis and include the following costs: reclamation, plant closure, waste site closure and monitoring activities. These costs have been determined based on current costs, current legal requirements and current technology. Changes in estimates are dealt with on a prospective basis. Assumptions have been made as to the remaining life of existing sites.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the parent entity for the reporting period, after excluding any cost of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basis EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares adjusted for any bonus issue.

CHANGE IN ACCOUNTING POLICY:

(u) Provisions and contingent liabilities

The consolidated entity has applied AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from 1 July 2002.

There was no impact on the net profit for the financial year to 30 June 2003.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
2. REVENUE FROM ORDINARY ACTIVITIES				
Sale of goods revenue from operating activities	814,977	6,908,303	814,977	6,908,303
Other revenues:				
From operating activities				
Unrealised net foreign exchange gain on borrowings	-	303,121	-	303,121
Interest	141,144	27,275	141,144	27,275
Total other revenues	141,144	330,396	141,144	330,396
Total revenue for ordinary activities	956,121	7,238,699	956,121	7,238,699
3. LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSES				
(a) Individually significant items included in loss from ordinary activities before income tax expenses				
Write-off of copper in heaps	(1,188,804)	-	(1,188,804)	-
(b) Loss from ordinary activities before income tax expenses has been arrived at after charging the following items:				
Government royalties on copper sales	4,615	(30,501)	4,615	(30,501)
Depreciation of:				
Property, plant and equipment	(52,065)	(146,888)	(52,065)	(146,888)
Amortisation of:				
Development expenditure	(28,896)	(115,583)	(28,896)	(115,583)
Property, plant and equipment	(166,482)	(305,950)	(166,482)	(305,950)
Total amortisation	(195,378)	(421,533)	(195,378)	(421,533)
Total amortisation and depreciation	247,443	(568,421)	247,443	(568,421)
Borrowing costs				
Related parties	(48,916)	(181,755)	(48,916)	(181,755)
Realised net foreign exchange on borrowings	(109,708)	-	(109,708)	-
Finance charges on capitalised leases	(31,360)	(51,817)	(31,360)	(51,817)
	(189,984)	(233,572)	(189,984)	(233,572)
Write-off of fixed assets	(1,315)	-	(1,315)	-
Operating lease payments	(29,785)	(33,437)	(29,785)	(33,437)
Net expense from movements in provision for:				
Employee entitlements	52,379	(18,971)	52,379	(18,971)
Rehabilitation	(50,000)	(50,000)	(50,000)	(50,000)
	2,379	(68,971)	2,379	(68,971)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
4. AUDITORS' REMUNERATION				
Audit services:				
Auditors of the Company - KPMG	30,341	35,000	30,341	35,000
Other services:				
KPMG related practices	5,500	18,300	5,500	18,300
	35,841	53,300	35,841	53,300
5. INCOME TAX BENEFIT				
Prima facie tax benefit calculated at 30% on the loss from ordinary activities	(850,190)	(504,639)	(850,190)	(504,639)
Increase in income tax benefit due to:				
Unrealised income	-	(90,936)	-	(90,936)
Decrease in income tax benefit due to:				
Non-deductible items	39,876	34,009	39,876	34,009
Future income tax benefit relating to tax losses not brought to account	810,314	561,566	810,314	561,566
Income tax benefit attributable to operating loss from ordinary activities	-	-	-	-
Future income tax benefit not brought brought to account				
The future income tax (benefit) not brought to account comprises :				
Tax losses and timing differences	4,422,776	3,094,117	4,422,776	3,094,117

The potential future income tax benefit of the Company and a controlled entity, arising from tax losses and timing differences has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt:

The potential future income tax benefit will only be obtained if:

(i) the relevant companies derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;

(ii) the relevant companies and/or the consolidated entity continue to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the relevant companies and/or the consolidated entity in realising the benefit.

FOR THE YEAR ENDED 30 JUNE 2003 (continued)

5. SEGMENT INFORMATION

Matrix Metals Limited operates solely in the mining industry in Australia.

	Note	CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
		$	$	$	$
6. CASH ASSETS					
Cash at bank and on hand	28(a)	2,282,195	885,916	2,282,195	885,916
7. RECEIVABLES					
Other receivables		15,847	182,008	15,847	182,008
8. INVENTORIES					
Current					
Work in progress / (ESP) at cost		65,815	65,815	65,815	65,815
Consumable supplies at cost		170,190	296,990	170,190	296,990
		236,005	362,805	236,005	362,805
Non-Current					
Copper in heaps at net realisable value		-	1,188,804	-	1,188,804
9. OTHER					
Prepayments		4,067	-	4,067	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
10. OTHER FINANCIAL ASSETS				
Investment in controlled entity – at cost	-	-	100,000	100,000
11. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment				
At cost	2,321,319	741,419	2,321,319	741,419
Accumulated depreciation	(990,302)	(261,473)	(990,302)	(261,473)
Property, plant and equipment	1,331,017	479,946	1,331,017	479,946
Leased plant and equipment				
At capitalised cost	180,375	1,410,691	180,375	1,410,691
Accumulated amortisation	(61,950)	(576,980)	(61,950)	(576,980)
	118,425	833,711	118,425	833,711
Total property, plant and equipment net book value	1,449,442	1,313,657	1,449,442	1,313,657

Plant and equipment primarily consists of assets at the Mt Cuthbert mining operation. Due to the suspension of operations at Mt Cuthbert on 13 September 2002, depreciation and amortisation of those assets has ceased. On recommencement of operations, depreciation and amortisation will again be charged.

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below:

	CONSOLIDATED 2003	CONSOLIDATED 2002	THE COMPANY 2003	THE COMPANY 2002
Plant and equipment				
Carrying amount at the beginning of the year	479,946	468,348	479,946	468,348
Additions	355,647	158,486	355,647	158,486
Transfer from leased assets	689,411	-	689,411	-
Write-off of assets	(1,315)	-	(1,315)	-
Depreciation	(192,672)	(146,888)	(192,672)	(146,888)
Carrying amount at the end of the year	1,331,017	479,946	1,331,017	479,946
Leased plant and equipment				
Carrying amount at the beginning of the year	833,711	1,059,013	833,711	1,059,013
Additions	-	80,648	-	80,648
Transfer to owned asset	(689,411)	-	(689,411)	-
Amortisation	(25,875)	(305,950)	(25,875)	(305,950)
Carrying amount at the end of the year	118,425	833,711	118,425	833,711

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

	Note	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	THE COMPANY 2003 $	THE COMPANY 2002 $
12. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE					
Costs carried forward in respect of areas of interest in:					
Production phase at cost		615,165	615,347	615,165	615,347
Accumulated amortisation		(336,962)	(308,066)	(336,962)	(308,066)
		278,203	307,281	278,203	307,281
Exploration and or evaluation phase at cost		9,963,297	8,457,198	9,863,297	8, 357,198
		9,963,297	8,457,198	9,863,297	8,357,198
Total exploration, evaluation and development expenditure		10,241,500	8,764,479	10,141,500	8,664,479

Production phase costs carried forward relate the Mt Cuthbert mining operation. Due to the suspension of operations at Mt Cuthbert on 13 September 2002, amortisation of those costs carried forward has ceased. On recommencement of operations, amortisation will again be charged.

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

	Note	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	THE COMPANY 2003 $	THE COMPANY 2002 $
13. OTHER NON-CURRENT ASSETS					
Security deposits		540,119	478,206	540,119	478,206
14. PAYABLES					
Trade creditors and accruals		349,190	1,732,902	349,190	1,732,902
15. INTEREST-BEARING LIABILITIES					
Current					
Loan facility		-	690,000	-	690,000
Lease liabilities	22	26,428	329,406	26,428	329,406
		26,428	1,019,406	26,428	1,019,406
Non-current					
Loan facility		-	2,975,822	-	2,975,822
Lease liabilities	22	101,777	128,205	101,777	128,205
		101,777	3,104,027	101,777	3,104,027
Total interest-bearing liabilities		128,205	4,123,433	128,205	4,123,433

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

15. INTEREST-BEARING LIABILITIES (continued)

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
Financing arrangements				
The consolidated entity has access to the following lines of credit:				
Total facilities available:				
Shareholder loan	-	4,750,000	-	4,750,000
Facilities utilised at balance date:				
Shareholder loan	-	3,665,822	-	3,665,822
Facilities not utilised at balance date:				
Shareholder loan	-	1,084,178	-	1,084,178

Constellation Copper Corporation a substantial shareholder of the Company previously provided loan facilities of $4,750,000. These facilities incurred an interest rate of LIBOR plus 3%. Of the total amount, A$3,250,000 (which is denominated in United States Dollars) was secured by a fixed and floating charge over the Company's assets. An amount of $1,500,000 (which was denominated in Australian Dollars) was unsecured. The total drawn down facility at 30 June 2002 totalled $3,665,822 which consisted of the following amounts:

- An amount of A$690,000, which was denominated in Australian Dollars, converted to shares by the issue of 15,333,333 shares at 4.5 cents per share on 5 September 2002, as part of the subscriptions to the Company's two for one rights issue, completed on 5 September 2002.

- An amount of USD 1,673,900 which was equivalent to A$3,250,000 at the time of draw down. At 30 June 2002, the USD 1,673,900 was equivalent to A$2,975,822 due to movements in the USD/AUD exchange rate. At the time of conversion on 5 September 2002, the loan was equivalent to A$3,085,530 and was converted into 19,284,562 shares at an issue price of 16 cents per share.

- The facility was closed on 5 September 2002.

16. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCIES

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates, are as follows:				
United States dollars				
Amounts payable:				
Current	-	98,800	-	98,800
Non-Current	-	2,975,822	-	2,975,822

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)

		CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
	Note	$	$	$	$
17. PROVISIONS					
Current					
Employee benefits	24	79,294	131,673	79,294	131,673
Non-current					
Provision for rehabilitation		500,000	450,000	500,000	450,000
18. DEFERRED VENDOR CONSIDERATION					
Current					
Deferred vendor consideration (i)		-	1,000,000	-	1,000,000

(i) An amount was payable to Majestic Resources NL in relation to the acquisition of the White Range Copper Project. This amount was paid to Majestic Resources NL on 2 July 2002.

		CONSOLIDATED		THE COMPANY	
		2003	2002	2003	2002
19. CONTRIBUTED EQUITY					
Issued and paid up capital					
294,378,243 (2002: 91,697,027) ordinary shares fully paid		24,508,661	13,700,077	24,508,661	13,700,077
Movements in ordinary share capital					
Opening balance		13,700,077	11,173,127	13,700,077	11,173,127
Share issues (a)		-	57,353	-	57,353
Share issues (b)		-	537,681	-	537,681
Share issues (c)		-	2,068,910	-	2,068,910
Share issues (d)		-	44,070	-	44,070
Share issue (e)		520	-	520	-
Share issue (f)		8,252,732	-	8,252,732	-
Share issue (g)		3,085,530	-	3,085,530	-
Share issue expenses		(530,198)	(181,064)	(530,198)	(181,064)
Closing balance		24,508,661	13,700,077	24,508,661	13,700,077

(a) On 9 October 2001, the Company allotted 517,550 ordinary fully paid shares at 11.08 cents per share to Constellation Copper Corporation in satisfaction of interest due.
(b) On 12 December 2001, following a placement of shares, 7,681,165 ordinary fully paid shares were issued at 7 cents per share.
(c) On 21 January 2002, following approval at a general meeting of shareholders conducted on 11 January 2002, 29,555,862 ordinary fully paid shares were issued at 7 cents per share.
(d) On 22 January 2002, the Company allotted 1,982,450 ordinary fully paid shares at 2.22 cents per share to Constellation Copper Corporation in satisfaction of interest due.
(e) On 30 July 2002, the Company issued 2,600 shares on exercise of 2,600 14 February 2003 options at 20 cents per share.
(f) On 5 September 2002, the Company completed a rights issue and issued 183,394,054 shares at an issue price of 4.5 cents per share raising $8,252,732, before costs of the issue.
(g) On 10 September 2002, the Company announced the full and final satisfaction of the Constellation Copper Corporation loan of A$3,250,000, which was denominated in United States Dollars and equalled USD 1,673,900. At the time of conversion on 5 September 2002, the Loan was equivalent to A$3,085,530 and was converted into 19,284,562 shares at an issue price of 16 cents per share.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

19. CONTRIBUTED EQUITY (continued)

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Other than the issue of 2,600 shares on exercise of 2,600 14 February 2003 options at 20 cents per share, there were no shares issued on exercise of options.

Options on issue over ordinary shares as at 30 June 2003: 7,743,036 (2002: 28,826,892).

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
20. ACCUMULATED LOSSES				
Accumulated losses at beginning of year	(7,962,210)	(6,280,081)	(7,962,210)	(6,280,081)
Loss attributed to members of the parent entity	(2,833,965)	(1,682,129)	(2,833,965)	(1,682,129)
Accumulated losses at the end of the year	(10,796,175)	(7,962,210)	(10,796,175)	(7,962,210)

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE

(a) Interest rate risk

Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out on the following page.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

	Note	Weighted Average Interest Rate	Floating Interest Rate $	Fixed interest maturing in: 1 year or less $	Fixed interest maturing in: Over 1 to 5 years $	Non-interest bearing $	Total $
2003							
Financial assets							
Cash	6	4.62%	2,282,195	-	-	-	2,282,195
Receivables	7		-	-	-	15,847	15,847
Other	13		-	-	-	540,119	540,119
			2,282,195	-	-	555,966	2,838,161
Financial liabilities							
Payables	14		-	-	-	349,190	349,190
Lease liabilities	15	8.50%	-	26,428	101,777	-	128,205
Employee entitlements	17		-	-	-	79,294	79,294
			-	26,428	101,777	428,484	556,689
2002							
Financial assets							
Cash	6	4.20%	885,916	-	-	-	885,916
Receivables	7		-	-	-	182,008	182,008
Other	13		-	-	-	478,206	478,206
			885,916	-	-	660,214	1,546,130
Financial liabilities							
Payables	14		-	-	-	1,732,902	1,732,902
Loan facility	15	4.90%	3,665,822	-	-	-	3,665,822
Lease liabilities	15	8.50%	-	329,406	128,205	-	457,611
Deferred vendor consideration	18		-	-	-	1,000,000	1,000,000
Employee entitlements	17		-	-	-	131,673	131,673
			3,665,822	329,406	128,205	2,864,575	6,988,088

(b) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. As at 30 June 2003, the Company does not have any trade debtors.

Recognised Financial Instrument

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

21. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)

(c) Net fair values of financial assets and liabilities
Valuation Approach
Net fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Recognised Financial Instruments
Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of expected future cash flows. The carrying amounts of bank term deposits, accounts receivable, accounts payable, lease liabilities, employee entitlements and bank loans approximate net fair value.

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
22. COMMITMENTS				
Finance lease Commitments:				
Finance lease rentals are payable as follows:				
Not longer than one year	37,429	350,610	37,429	350,610
Longer than one year but not longer than five years	112,568	149,997	112,568	149,997
	149,997	500,607	149,997	500,607
Less future lease finance charges	(21,792)	(42,996)	(21,792)	(42,996)
	128,205	457,611	128,205	457,611
Finance lease liabilities provided for in the financial statements:				
Current	26,428	329,406	26,428	329,406
Non current	101,777	128,205	101,777	128,205
Total lease liability	128,205	457,611	128,205	457,611

The consolidated entity leases plant and equipment under finance leases expiring from one to three years. At the end of the lease term, the consolidated entity will purchase the equipment.

Operating lease Commitments:

Operating lease rentals are payable as follows:				
Not longer than one year	62,604	36,306	62,604	36,306
Longer than one year but not longer than five years	62,604	36,306	62,604	36,306
Total lease rentals liability	125,208	72,612	125,208	72,612

The consolidated entity leases property under a non-cancellable lease expiring in two years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

22. COMMITMENTS (continued)

	Note	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	THE COMPANY 2003 $	THE COMPANY 2002 $
Remuneration Commitments:					
Commitments for the payment of salaries and other remuneration under employment contracts in existence at the reporting date but not recognised as liabilities payable:					
Not later than one year		225,000	275,000	225,000	275,000
		225,000	275,000	225,000	275,000
Exploration Commitments:					
Minimum exploration expenditure obligations in pursuance of the terms and conditions of tenement licences:					
Not later than one year		800,000	500,000	800,000	500,000
Later than one year but not later than five years		880,000	2,000,000	880,000	2,000,000
		1,680,000	2,500,000	1,680,000	2,500,000

23. CONTINGENT LIABILITIES

Native Title

There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans. Nevertheless, significant advancements have been made by the Company with regard to native title and we refer the reader to the Native Title section of the Review of Activities contained within the Directors' Report.

24. EMPLOYEE ENTITLEMENTS

	Note	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	THE COMPANY 2003 $	THE COMPANY 2002 $
Aggregate liability for employee entitlements, Including on-costs					
Current	17	79,294	131,673	79,294	131,673
Number of employees					
Number of employees at the year end		8	19	8	19

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

24. EMPLOYEE ENTITLEMENTS (continued)

Employee Share Option plan

The Company has an employee share option plan ("ESOP") which provides for eligible participants to receive options over ordinary shares for no consideration.

Each option is exercisable into one ordinary share. The exercise price of options, determined in accordance with the rules of the ESOP, is determined by the Committee at the time of grant.

Options expire in accordance with the conditions imposed at the time of grant, but in any case at their expiry date. Options vest in accordance with the conditions imposed at the time of grant. All options granted to date, are fully vested.

There are no voting or dividend rights attached to the options. There are no voting or dividend rights attached to the unissued ordinary shares. Voting rights will be attached to the ordinary shares issued as a result of the exercise of these options.

Summary of options over unissued ordinary shares

Details of options over unissued ordinary shares as at the beginning and ending of the reporting year are set out below:

The total of options granted to eligible participants of the ESOP are as follows:

- On 21 March 2000, the Company granted 3,178,750 options exercisable at any time up to 20 March 2005 at a price of $0.25 per share.
- On 31 July 2000, the Company granted 625,000 options exercisable at any time up to 31 August 2005 at a price of $0.25 per share.
- On 7 February 2002, the Company granted 2,250,000 options exercisable at any time up to 14 June 2006 at a price of $0.15 per share.
- On 20 February 2002, the Company granted 975,000 options exercisable at any time up to 31 January 2007 at a price of $0.15 per share.

No ESOP options were issued, exercised or expired during the year ended 30 June 2003.

Superannuation plan

The Company is currently meeting all of its legal obligations to provide superannuation benefits to its employees.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

25. RELATED PARTIES

Directors

The names of each person holding the position of director at Matrix Metals Limited during the financial year are:

Mr A P Chapman
Mr D J Humann
Mr G A Hahn
Mr I C Burvill – appointed 6 February 2003
Mr J C Mitchell – resigned 4 February 2003, appointed alternate to Mr G. A. Hahn on 6 February 2003

Directors' Remuneration

Information on directors' remuneration is disclosed in Note 26.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at year-end.

Directors' holdings of shares and share options

The interests of directors of the reporting entity and their director-related entities in shares and share options of entities within the consolidated entity at year-end are set out below.

	CONSOLIDATED	
	2003	2002
	Number Held	Number Held
Matrix Metals Limited:		
Ordinary Shares	131,536,944	44,255,715
Options over Ordinary Shares	3,928,750	15,779,893

Directors' transactions in shares and share options

As Mr Burvill is an executive of the Resource Capital Funds Group, a substantial shareholder of Constellation Copper Corporation ("Constellation") and Messrs Hahn and Mitchell are executives of Constellation, the shareholdings of Constellation have been included in the above figures.

On 5 September 2002, Constellation purchased 51,333,334 shares, Mr A P Chapman purchased 330,000 shares and entities related to Mr D J Humann purchased 1,000,000 shares, each at 4.5 cents per share as part of the subscriptions to the Company's two for one rights issue, completed on that date.

On 5 September 2002, advances of $690,000 from Constellation converted to shares by the issue of 15,333,333 shares at 4.5 cents per share as part of the subscriptions to the Company's two for one rights issue, completed on that date.

On 10 September 2002, the consolidated entity announced the full and final satisfaction of the Constellation loan of A$3,250,000, that was denominated in United States Dollars and equalled USD 1,673,900. At the time of conversion on 5 September 2002, the Loan was equivalent to A$3,085,530 and was converted into 19,284,562 shares at an issue price of 16 cents per share.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

25. RELATED PARTIES (continued)

On 9 October 2001, the Company issued 517,550 shares at 11.08 cents per share, in satisfaction of interest due to 22 August 2001 on the Constellation loan. These shares were issued in accordance with Resolution 5 approved by shareholders on 9 April 2001, which dictated the issue price of the shares.

On 11 January 2002, shareholders granted authority to issue 500,000 options each to Messrs A P Chapman, D J Humann, G A Hahn and J C Mitchell.

On 21 January 2002, the Company issued 14,285,715 ordinary fully paid shares at 7 cents per share to Constellation, subsequent to approval granted by shareholders on 11 January 2002.

On 22 January 2002, the Company issued 1,982,450 shares at 2.223 cents per share to Constellation, in partial satisfaction of interest due to 21 November 2001 on the Constellation loan. These shares were issued in accordance with Resolution 5 approved by shareholders on 9 April 2001, which dictated the issue price of the shares.

Other than these transactions, no shares were issued or options granted to directors and their director related entities during the year. During the year no options granted to directors and their director-related entities were exercised.

Wholly Owned Group

Details of interests in wholly owned controlled entity are set out at Note 29.

Directors' transactions with the Company

Mr Burvill is an executive of the Resource Capital Funds Group, a substantial shareholder of Constellation and Messrs Hahn and Mitchell are executives of Constellation, a substantial shareholder of the Company which has previously provided loan facilities of $4,750,000. These facilities incurred an interest rate of LIBOR plus 3%. Of the total amount, A$3,250,000 (which was denominated in United States Dollars) was secured by a fixed and floating charge over the Company's assets, the balance of $1,500,000 (which was denominated in Australian Dollars) was unsecured. As at 30 June 2003, the Company had converted this debt into equity through the following transactions:

- An amount of A$690,000, which was denominated in Australian Dollars, converted to shares by the issue of 15,333,333 shares at 4.5 cents per share on 5 September 2002, as part of the subscriptions to the Company's two for one rights issue, completed on 5 September 2002.

- An amount of USD 1,673,900 which was equivalent to A$3,250,000 at the time of draw down. At 30 June 2002, the USD 1,673,900 was equivalent to A$2,975,822 due to movements in the USD/AUD exchange rate. At the time of conversion on 5 September 2002, the Loan was equivalent to A$3,085,530 and was converted into 19,284,562 shares at an issue price of 16 cents per share.

The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

26. DIRECTORS' REMUNERATION

	THE COMPANY 2003	THE COMPANY 2002
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
\$ 0 - \$ 9,999	3	3
\$ 20,000 - \$29,999	-	1
\$ 30,000 - \$39,999	-	1
\$ 50,000 - \$59,999	1	-
\$270,000 - \$279,999	1	1

Directors' income includes amounts paid by the Company during the year to indemnify directors (if any), and an allocation of insurance premiums paid by the Company in respect of directors' and officers' liabilities and legal expenses insurance contracts, in accordance with common commercial practice.

	CONSOLIDATED 2003	CONSOLIDATED 2002	THE COMPANY 2003	THE COMPANY 2002
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entity, from the Company or any related party	328,514	335,396	328,514	335,396

27. EXECUTIVES REMUNERATION

The number of executive officers of the Company and of controlled entity, whose remuneration from the Company and from entities in the consolidated entity, falls with the following bands:

	CONSOLIDATED 2003	CONSOLIDATED 2002	THE COMPANY 2003	THE COMPANY 2002
\$150,000 - \$159,999	-	1	-	1
\$190,000 - \$199,999	1	1	1	1
\$270,000 - \$279,999	1	1	1	1
Total income in respect of the financial year received, or due and receivable, from the Company, entities in the consolidated entity or related parties by executive officers of the Company and of controlled entity whose income is \$100,000 or more	461,963	628,841	461,963	628,841

Executive officers are those officers involved in the strategic direction, general management or control of the business at a company or operating division level. Executives' remuneration includes amounts paid by the Company during the year to indemnify executives, and an allocation of insurance premiums paid by the Company or related parties in respect to directors and officers liabilities and legal expenses insurance contracts, in accordance with common commercial practice.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

28. NOTES TO STATEMENTS OF CASH FLOWS

	CONSOLIDATED		THE COMPANY	
	2003	2002	2003	2002
	$	$	$	$
(a) Reconciliation of Cash				
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and deposits at call. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash assets	2,282,195	885,916	2,282,195	885,916
(b) Reconciliation of operating loss after income tax to net cash used in operating activities				
Loss from ordinary activities after income tax	(2,833,965)	(1,682,129)	(2,833,965)	(1,682,129)
Add / (less) non-cash items:				
Amortisation	195,378	421,533	195,378	421,533
Depreciation	52,065	146,888	52,065	146,888
Foreign exchange (gain)/loss	109,708	(303,121)	109,708	(303,121)
Shares issued for interest expense	-	101,423	-	101,423
Write-off of fixed assets	30,156	-	30,156	-
Write-off of copper in heaps	1,188,804	-	1,188,804	-
	(1,257,854)	(1,315,406)	(1,257,854)	(1,315,406)
Changes in assets and liabilities:				
Decrease/(Increase) in inventories	126,799	749,093	126,799	749,093
Decrease/(Increase) in prepayments	(2,550)	-	(2,550)	-
Decrease /(Increase) in receivables	166,161	1,833,269	166,161	1,833,269
Increase / (Decrease) in payables	(1,373,795)	(2,134,809)	(1,373,795)	(2,134,809)
Increase / (Decrease) in provisions	50,000	50,000	50,000	50,000
Net cash used in operating activities	(2,291,239)	(817,853)	(2,291,239)	(817,853)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003 (continued)

28. NOTES TO STATEMENTS OF CASH FLOWS (continued)

(c) Non-cash financing and investment activities

During the financial year ended 30 June 2002, the consolidated entity acquired plant and equipment by means of finance leases for $80,648.

During the financial year ended 30 June 2003, the consolidated entity completed the following transactions which have not been included in the statement of cash flows:

i. On 5 September 2002, an amount of $690,000 previously loaned to the Company converted to equity by the issue of 15,333,333 shares at 4.5 cents per share,

ii. On 5 September 2002, an amount of $3,085,530 previously loaned to the Company converted to equity by the issue 19,284,562 shares at an issue price of 16 cents per share.

29. PARTICULARS IN RELATION TO CONTROLLED ENTITY

	Class of Share	Interest held	
Parent Entity		2003 %	2002 %
Matrix Metals Limited			
Controlled entity			
Maxiforde Pty Ltd	Ord	100	100

30. EVENTS SUBSEQUENT TO BALANCE DATE

On 24 July 2003, the Company announced that it had secured funding from SG Australia Limited ("SG") in the form of both debt and equity. Under the terms of the agreement, SG will subscribe to 7,000,000 ordinary shares at $0.05 cents per share to raise $350,000 and will provide a $2 million debt facility for completion of the White Range Feasibility Study. The three-year debt facility incurs an interest rate equal to the 6 month Australian Bank Bill Rate plus 2.5 % and is secured by a fixed and floating charge over the Company's assets.

The financial effects of these transactions have not been brought to account in the financial statements for the year ended 30 June 2003.

31. EARNINGS PER SHARE

	CONSOLIDATED	
	2003 (Cents)	2002 (Cents)
Basic earnings per share (cents per share).	(1.10)	(2.39)
Weighted average number of ordinary shares used as the denominator number for basic earnings per share.	257,465,127	70,471,645

There are no potential dilutive ordinary shares, therefore, diluted EPS has not been calculated or disclosed.

DIRECTORS' DECLARATION

In the opinion of the directors of Matrix Metals Limited:

(a) the financial statements and notes, set out on pages 15 to 40, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 25th day of September 2003.

Signed in accordance with a resolution of the directors:

Andrew P Chapman
Managing Director

KPMG

Independent audit report to members of Matrix Metals Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Matrix Metals Limited (the "Company") and the Consolidated Entity, for the year ended 30 June 2003. The Consolidated Entity comprises both the Company and the entity it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

KPMG

Audit opinion

In our opinion, the financial report of Matrix Metals Limited is in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2003 and of their performance for the financial year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

B C Fullarton

B C FULLARTON
Partner

Perth
25 September 2003