

11 March 2005

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



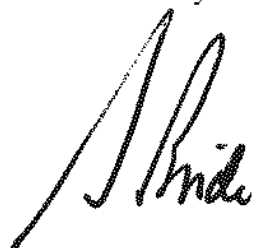
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No of pages: 19

Dear Sir

ANNOUNCEMENT

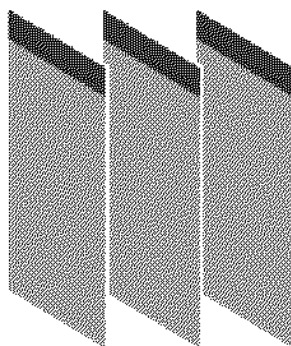
We enclose the Half-Year Financial Report and the Independent Review Report for the half-year ended 31 December 2004 and the Directors' Report.

Yours faithfully



Shane McBride
Company Secretary

Encl



MATRIX METALS

L I M I T E D

ABN 42 082 593 235

and its controlled entity

Half Year Financial Report

31 December 2004

**Matrix Metals Limited
and its controlled entity**

Corporate Directory

Directors

David J. Humann
Chairman

Andrew P. Chapman
*Managing Director and
Chief Executive Officer*

Shane B. McBride
*Executive Director,
Chief Financial Officer and
Company Secretary*

Stock Exchange Listing

The Company's shares are listed on
the Australian Stock Exchange
ASX Code – MRX

Registered Office

1131 Hay Street
West Perth, Western Australia 6005
Telephone: (08) 9486 7100
Facsimile: (08) 9486 7300
Email: email@matrixmetals.com.au
Website: www.matrixmetals.com.au

Share Registry

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

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**

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**Matrix Metals Limited
and its controlled entity**

Directors' Report

The directors present their report together with the financial report of the consolidated entity, being the Company and its controlled entities, for the half-year ended 31 December 2004 and the auditors' review 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 half-year are:

Mr David J. Humann FCA, FCPA
Non Executive Chairman

Appointed 21 March 2000

Mr Humann is a Chartered Accountant and Certified Practising Accountant with 43 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 and Managing Partner Asia Pacific and was a member of the Policy Committee of the Australasian firm. Mr Humann is currently Chairman of, Mincor Ltd and Tethyan Copper Company Limited and a director of Ticor Limited and MacMahon Holdings Limited.

Mr Andrew P. Chapman CP Eng, M.Aus.IMM, M.I.E.Aust, MAICD
Managing Director and Chief Executive Officer

Appointed 2 February 2000

Andrew Chapman has spent his 24 year career in the mineral resources industry predominantly in the gold, base metals and coal sectors. Commencing his career in civil engineering in the Victorian browncoal fields, 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 Shane B. McBride BBus., FCPA, FCIS, MAICD
Chief Financial Officer and Company Secretary

Appointed 22 July 2004

Mr McBride is a Certified Practising Accountant and Chartered Secretary with 23 years experience in the accounting profession, including 18 years experience in the resource industry. His experience has been gained in several listed Australian Public Companies in the areas of management and financial accounting, mine site administration, corporate management, and company secretarial functions. Mr McBride has a BBus.(Acct) degree, is a Fellow of CPA Australia, Fellow of Chartered Secretaries Australia and the Institute Chartered Secretaries and Administrators, and is a Member of the Australian Institute of Directors. Mr McBride has been the Chief Financial Officer and Company Secretary of Matrix since 2 February 2000.

**Matrix Metals Limited
and its controlled entity**

Directors' Report

Mr Ian C. Burvill BE, MBA, MAusIMM, GAICD, MIEAust, CP Eng Appointed 6 February 2003
Non Executive Director Resigned 29 November 2004

Mr Burvill has 19 years experience in the mining industry, comprising 12 years in finance and 7 years in engineering. He coordinates the Australian investment activities of Resource Capital Funds ("RCF") an American private equity fund manager. 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.

Mr Gregory A. Hahn M.Sc Appointed 11 September 2001
Non Executive Director Resigned 16 July 2004

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.

Result

The consolidated loss after income tax for the half-year was \$1,132,703.

Review of Activities

The principal activities of the Matrix Metals Limited during the course of the period were exploration for minerals at the Company's Mt Watson and White Range Project areas located in the Mt Isa region of North West Queensland and progression of the White Range Project Bankable Feasibility Study.

Mt Watson Exploration

Exploration activities continued at the Mt Watson Deposit with two key significant successes reported, being the achievement of a 300% increase in the leachable copper resource tonnes and the discovery of primary sulphide mineralisation underlying the leachable copper resource. Work also continued at other prospects in the Mt Watson area.

Directors' Report

Oxide Copper Exploration

Following drilling programs at Mt Watson and a re-estimation of the copper resources, the leachable copper resource now totals 6.54 million tonnes grading 1.01% copper (0.5% cut-off). It is planned to continue drilling at Mt Watson and at the surrounding prospects with confirmed oxide copper mineralisation, with the aim of continuing to grow the resource inventory. During the calendar year, the Company expects to commence a scoping study to assess the economics of a stand-alone heap leach, solvent extraction/electrowinning project to be located at Mt Watson.

Drilling at one of the nearby prospects, named Mt Earl, confirmed the resource potential of the prospect as well as confirming oxide copper mineralisation at two other new areas within the prospect.

Primary Sulphide Exploration

In December 2004, the Company announced results from the seven hole primary sulphide drilling program at Mt Watson. The results of the 3,000 metre diamond drilling program provided a more detailed assessment of the primary sulphide potential of the Prospect following the initial highly encouraging high grade drill intercepts and the success of the ("MIMDAS") geophysical survey.

The program significantly extended the zone of primary sulphide mineralisation. The zone now extends some 500 metres along strike and to a depth of 300 metres.

Intersections of significance reported in December 2004 include: 196 m @ 0.32% Cu from 187m from drill hole MWRC03 and 144m @ 0.42% Cu from 256m from drill hole MWRC06.

The primary sulphide intercepts reported at Mt Watson in the initial drilling in April 2004 include 37.3m @ 2.18% Cu from 163.0m in drill hole MWRC 130, 15.4m @ 0.96% Cu from 198.7m in drill hole MWRC01, 29.0m @ 1.39% Cu from 152.0m in drill hole MWRC 165 and 18.0m @ 0.90% Cu from 162.0m in drill hole MWRC 162.

Based on these latest results, the Company is encouraged by the wide and consistently mineralised intercepts, albeit low grade, in regard to the potential for the discovery of a major primary sulphide copper resource at Mt Watson. Interpretive work continues on the primary sulphide mineralisation at Mt Watson with the aim on confirming the details for follow up diamond drilling program.

White Range Project

The primary activity at the White Range Project ("Project") during the period was the continuation of the Bankable Feasibility Study ("BFS") to determine the development potential of the Project.

On 13 January 2005, the Company announced the results of the BFS to the Australian Stock Exchange. The announcement concluded that utilising an approximation to the current spot copper price and Australian/US dollar exchange rate, the Project generated a positive result. Nevertheless, the Project is highly sensitive to movements in the Australian dollar copper price and therefore, the Company believes that the key to progressing the Project to a development decision is the identification of additional copper resources.

Directors' Report

The program of work designed to delineate additional resources will target low strip ratio deposits with similar grade and leaching characteristics to the Company's existing Vulcan deposit, which is located within 5 kilometres of Greenmount. Vulcan is one of the deposits comprising the Project and has the potential for its resources to be increased significantly. Other prospects within a 5 kilometre radius of Greenmount, with potential for these targeted styles of copper mineralisation, include the prospects known as Leopard, Desolation, Speculation, Expectation, Leonie and Pete's. The Company believes that a concerted and focused work program in these exploration areas has a high probability of delineating additional resources.

White Range Project Regional Exploration

In addition to the activities specifically related to the BFS, a major program of regional exploration commenced in the greater White Range region during the period.

Based on a detailed assessment of the historical data, the prospectivity of the region and specifically Matrix's tenement holdings, a regional exploration program was commenced targeting the following:

- Additional oxide copper resources to supplement the existing White Range Project resource inventory
- Oxide copper resources outside the Project area
- Primary sulphide copper mineralisation
- Silver, lead and zinc mineralisation
- "Ernest Henry" style copper/gold mineralisation
- Gold
- Uranium

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 16 and forms part of the directors' report for the half-year ended 31 December 2004.

Signed in accordance with a resolution of the directors.

Dated at Perth this 11th day of March 2005.

.....
Andrew P Chapman
Managing Director and
Chief Executive Officer

**Matrix Metals Limited
and its controlled entity**

Statement of Financial Performance For the half-year ended 31 December 2004
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	Note	Consolidated December 2004 \$	December 2003 \$
Revenues from ordinary activities		497,781	66,777
Depreciation		(70,009)	(71,758)
Borrowing costs		(8,140)	(63,987)
Care and maintenance expenses		(257,419)	(282,684)
Corporate and administration expenses		(1,294,916)	(688,983)
Loss from ordinary activities before related income tax		(1,132,703)	(1,040,635)
Income tax attributable to ordinary activities		-	-
Net loss from ordinary activities after related income tax	3	(1,132,703)	(1,040,635)
Basic loss per share (cents)		(0.21)	(0.34)
There are no dilutive potential ordinary shares, therefore, diluted EPS has not been calculated or disclosed.			

The statement of financial performance is to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 11 to 14.

**Matrix Metals Limited
and its controlled entity**

**Statement of Financial Position
As at 31 December 2004**

		Consolidated	
	Note	December 2004 \$	June 2004 \$
CURRENT ASSETS			
Cash		16,803,012	20,582,252
Receivables		163,569	149,189
Inventories		232,220	178,553
Other		52,651	8,279
TOTAL CURRENT ASSETS		<u>17,251,452</u>	<u>20,918,273</u>
NON CURRENT ASSETS			
Property, plant and equipment		1,034,173	966,015
Exploration, evaluation and development		18,572,778	14,717,987
Other – cash security deposits		734,398	603,000
TOTAL NON CURRENT ASSETS		<u>20,341,349</u>	<u>16,287,002</u>
TOTAL ASSETS		<u>37,592,801</u>	<u>37,205,275</u>
CURRENT LIABILITIES			
Payables		983,317	1,290,261
Interest bearing liabilities		88,562	101,777
Provisions		187,854	154,377
TOTAL CURRENT LIABILITIES		<u>1,259,733</u>	<u>1,546,415</u>
NON CURRENT LIABILITIES			
Provisions		506,780	505,805
TOTAL NON CURRENT LIABILITIES		<u>506,780</u>	<u>505,805</u>
TOTAL LIABILITIES		<u>1,766,513</u>	<u>2,052,220</u>
NET ASSETS		<u>35,826,288</u>	<u>35,153,055</u>
EQUITY			
Contributed equity	2	50,061,574	48,255,638
Accumulated losses	3	<u>(14,235,286)</u>	<u>(13,102,583)</u>
TOTAL EQUITY		<u>35,826,288</u>	<u>35,153,055</u>

The statement of financial position is to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 11 to 14.

**Matrix Metals Limited
and its controlled entity**

**Statement of Cash Flows for the
Half-year ended 31 December 2004**

	Consolidated	
	December 2004	December 2003
	\$	\$
Cash flows from operating activities		
Cash payments in the course of operations	(1,534,591)	(962,295)
Interest received	426,196	53,155
Interest paid	(8,140)	(14,573)
Net cash used in operating activities	<u>(1,116,535)</u>	<u>(923,713)</u>
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	3,360	3,210
Payments for:		
Property, plant and equipment	(142,777)	(6,978)
Security deposits	(131,580)	1,400
Acquisition of exploration assets	(1,000)	(2,000)
Exploration, evaluation and development expenditure	(4,190,544)	(1,090,770)
Net cash used in investing activities	<u>(4,462,541)</u>	<u>(1,095,138)</u>
Cash flows from financing activities		
Proceeds from issue of shares	1,815,250	5,966,538
Payment of share issue expenses	(2,200)	(249,794)
Proceeds from borrowings	-	250,000
Lease repayments	(13,214)	(13,215)
Net cash provided by financing activities	<u>1,799,836</u>	<u>5,953,529</u>
Net increase in cash held	<u>(3,779,240)</u>	<u>3,934,678</u>
Cash at beginning of the financial period	<u>20,582,252</u>	<u>2,282,195</u>
Cash at the end of the financial period	<u>16,803,012</u>	<u>6,216,873</u>

The statements of cash flows are to be read in conjunction with the notes to and forming part of the half-year financial statements set out on pages 11 to 14.

**Matrix Metals Limited
and its controlled entity**

**Notes to and forming part of the Financial Statements
for the half-year ended 31 December 2004**

1. Statement of significant accounting policies

(a) Basis of preparation of the half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029 "Interim Financial Reporting", Urgent Issues Group Consensus Views, the recognition and measurement requirements of applicable AASB Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that this half-year financial report be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by Matrix Metals Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under 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 current valuations of non-current assets.

The accounting policies have been consistently applied by each entity in the economic entity and are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

2. Contributed Equity

	December 2004 \$	June 2004 \$
Issued and paid up capital 575,387,509 (June 2004: 541,137,509) ordinary fully paid shares	50,061,574	48,255,638
Movements in ordinary share capital		
Opening balance	48,255,638	24,508,661
Share issue (a)	-	350,000
Share issue (b)	-	3,616,539
Share issue (c)	-	2,000,000
Share issue (d)	-	6,409,841
Share issue (e)	-	8,590,155
Share issue (f)	-	4,498,545
Share issue (g)	1,815,250	-
Share issue expenses	(9,314)	(1,718,103)
Closing balance	50,061,574	48,255,638

**Matrix Metals Limited
and its controlled entity**

**Notes to and forming part of the Financial Statements
for the half-year ended 31 December 2004 (continued)**

2. Contributed Equity (continued)

- (a) On 30 September 2003, the Company issued 7,000,000 shares at an issue price of 5 cents per share.
- (b) On 28 November 2003, the Company issued 45,206,736 shares at an issue price of 8 cents per share, as Tranche 1 of a general placement.
- (c) On 23 December 2003, the Company issued 25,000,000 shares at an issue price of 8 cents per share, as Tranche 2 of a general placement.
- (d) On 19 April 2004, the Company issued 55,737,746 shares at an issue price of 11.5 cents per share, as Tranche 1 of a general placement.
- (e) On 6 May 2004, the Company issued 74,697,002 shares at an issue price of 11.5 cents per share, as Tranche 2 of a general placement.
- (f) On 6 May 2004, the Company issued 39,117,782 shares at an issue price of 11.5 cents per share, pursuant to a share purchase plan.
- (g) On 23 December 2004, the Company issued 34,250,000 shares at an issue price of 5.3 cents per share, pursuant to the exercise by SG Australia Limited of its 30 September 2006 options.

Options

On 13 December 2004, the Company granted 9,999,999 options exercisable at 18 cents per share on or before 5.00pm on the 30 June 2008, to officers of the Company in accordance with the Company's Employee Share Option Plan. On 23 December 2004, the Company granted 200,000 options exercisable at 12 cents per share on or before 5.00pm on the 30 June 2008, to officers of the Company in accordance with the Company's Employee Share Option Plan.

On 23 December 2004, SG Australia Limited exercised 34,250,000 of its 30 September 2006 options.

Other than as disclosed above, no options were granted, exercised or expired during the half-year.

	December 2004	December 2003
3. Accumulated Losses	\$	\$
Accumulated losses at the beginning of the half-year	(13,102,583)	(10,796,175)
Loss attributable to members of the parent entity	(1,132,703)	(1,040,635)
Accumulated losses at the end of the half-year	<u>(14,235,286)</u>	<u>(11,836,810)</u>

4. Segment Reporting

The company operates in one business segment, being exploration and mining of copper within Australia.

**Notes to and forming part of the Financial Statements
for the half-year ended 31 December 2004 (continued)**

5. Contingent Liabilities

There have been no changes in contingent liabilities since 30 June 2004.

6. Subsequent Events

For reporting periods beginning on or after 1 January 2005, the Company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board. In order to achieve transition to AIFRS reporting, an implementation project has been established which consists of the following three phases:

- *Assessment and Planning Phase* – This phase generated a high level overview of the impacts of conversion to AIFRS reporting on existing accounting and reporting policies, procedures and systems and processes.
- *Design Phase* – This phase aims to formulate the changes required to existing accounting policies, procedures, systems and processes in order to transition to AIFRS. It will include:
 - identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to the adoption of AIFRS;
 - designing accounting and business processes to support AIFRS reporting obligations;
 - identifying and planning required changes to financial reporting and business source systems; and
 - developing training programs for staff.
- *Implementation Phase* – This phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff.

At the date of this report, the Assessment and Planning Phase is completed in most respects and the Design and Implementation Phases are expected to be complete, or substantially complete, by 30 June 2005.

This half-year financial report has been prepared in accordance with Australian accounting standards and other financial requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004. The differences between Australian GAAP and AIFRS identified to date as potentially having a significant effect on the Company's financial report are summarised below. This summary is not an exhaustive list of all differences and no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

**Notes to and forming part of the Financial Statements
for the half-year ended 31 December 2004 (continued)**

6. Subsequent Events (continued)

The Company has not completed its project to assess the impact of adoption of AIFRS and has not quantified the effects of all the differences discussed below. As such, there can be no assurance that the financial performance and financial position as disclosed in this half-year financial report would not be significantly different if determined under AIFRS.

The key potential implications of the conversion to AIFRS on the Company are as follows:

- Under AIFRS, it is required that provision for mine site restoration and rehabilitation be immediately provided for in full rather than the existing incremental basis over the mine life. A corresponding asset will be recognised for the value of the provision. Therefore, additional fixed assets and provisions will be recognised in the Statement of Financial Position, which will lead to an increased depreciation charge and interest expense.
- Impairment of assets will be determined on a discounted basis, with strict tests for determining whether cash-generating operations have been impaired. Impairment losses have to be reversed if key assumptions have changed since the impairment loss was made. This can result in increased earnings volatility.
- Income tax will be calculated on the “balance sheet” approach which can potentially result in the recognition of more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.
- Financial instruments must be recognised in the statement of financial position and all derivatives and most financial assets must be carried at fair value. This is expected to have limited impact on the Company’s Statement of Financial Position.
- AASB 6 Exploration for and Evaluation of Mineral Resources was released in December 2004. The standard permits an entity to continue to follow its existing accounting policies for the treatment of exploration and evaluation expenditure. Consequently, no significant impact is anticipated in relation to exploration and evaluation costs upon transition to AIFRS.

The financial effects of these transactions have not been brought to account in the financial statements for the half year ended 31 December 2004.

On 13 January 2005, the Company announced the results of the White Range Project Bankable Feasibility Study. Detailed information is contained in the Directors’ Report under the heading “White Range Project”.

There are no other matters or circumstances that have arisen since 31 December 2004 which significantly affected the operations of the consolidated entity, the results of their operations, or the state of affairs of the consolidated entity in subsequent financial periods.

**Matrix Metals Limited
and its controlled entity**



**Lead Auditor's Independence Declaration under Section 307C of the Corporation Act 2001
To the directors of Matrix Metals Limited**

I declare that, to the best of my knowledge and belief in relation to the review for the half-year ended 31 December 2004, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A stylized signature of the KPMG firm, written in a cursive script.

KPMG

A handwritten signature of B C Pullarton, written in a cursive script.

B C PULLARTON
Partner

Perth
11 March 2005



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of KPMG International, a Swiss non operating
association.

**Matrix Metals Limited
and its controlled entity**

Directors Declaration

In the opinion of the directors of Matrix Metals Limited:

- (a) the financial statements and notes, set out on pages 8 to 15, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" 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 11th day of March 2005.

Signed in accordance with a resolution of the directors:

.....
Andrew P Chapman
Managing Director and
Chief Executive Officer

**Matrix Metals Limited
and its controlled entity**



Independent review report to the 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 the Matrix Metals Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 31 December 2004. The Consolidated Entity comprises Matrix Metals Limited ("the Company") and the entities it controlled during that half-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.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

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

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

**Matrix Metals Limited
and its controlled entity**



Independence

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

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Matrix Metals Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.

A stylized, handwritten signature of the KPMG firm, appearing as 'KPMG' in a cursive script.

KPMG

A handwritten signature of B C Fullarton, written in a cursive script.

B C FULLARTON
Partner

Perth
11 March 2005