

ANNUAL REPORT 2000



**MATRIX METALS**  
LIMITED



## **MATRIX METALS** LIMITED

Matrix Metals Limited is a Company focused on the production of London Metals Exchange (LME) Grade A copper cathode. The assets acquired by Matrix will allow the Company to proceed into its first year of operations forecasting a profit. Proposed upgrades of the existing Mt Cuthbert mine, combined with plans for the development and commissioning of the second mine within 3 years, support strong and sustainable production growth potential for the Company.

### **MT CUTHBERT OPERATION** PRODUCING COPPER MINE

- Production capacity of 5,500tpa of copper cathode.
- Projected 5 year life.
- Immediate upgrade potential.
- Excellent exploration potential

### **WHITE RANGE PROJECT** PRE-FEASIBILITY STATUS PROJECT

- Resources of 12.3 million tonnes @ 1.2% copper.
- Design production rate of 8,500tpa copper cathode.
- Excellent exploration potential.
- Synergy with Mt Cuthbert.



*Copper cathode produced by Matrix in September 2000.*

**MATRIX METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

***Corporate Directory***

**Directors**

Gordon M. Freeman  
*Non Executive Chairman*

Andrew P. Chapman  
*Chief Executive Officer*

James K. Williams  
*Non Executive Director*

David J. Humann  
*Non Executive Director*

**Company Secretary**

Shane B. McBride  
*Chief Financial Officer  
and Company Secretary*

**Registered Office**

937 Wellington 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

**Solicitors**

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

**Auditor**

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

**Stock Exchange Listing**

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

**Shareholders are invited to visit our website at  
[www.matrixmetals.com.au](http://www.matrixmetals.com.au). The updated website will be  
operational on or about 31 October 2000.**

**MATRIX METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

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## Chairman's Letter

We are an Australian mining company with exposure to one commodity, copper. Our ASX listing came at an opportune time not only in consideration of the inherent value of the Company's assets, but as the weakness of the Australian dollar and the upward trend of the copper price is to our benefit. Your directors are aware of the existing opportunities and intend, with due consideration of risk, to develop the Company to its full potential.

A foundation stone of our Company is to create shareholder value and we are therefore sensitive of the need to achieve our goals. It is with pleasure that I can tell you that we are on track to do this.

You will recall that due to global equity market volatility and lack of investor confidence, the Company listed later than planned. As a consequence, there was a delay in recommencing open pit mining and construction of a new leach pad at the Mt Cuthbert Mine.

However the staff at Mt Cuthbert rose to the challenge and with noteworthy enthusiasm and skill, commenced the task of revitalising the operation, putting in place the necessary plans to catch up lost time to pursue the timely achievement of the production targets as defined in the Prospectus.

The greatest encouragement to our task has been our workforce. All staff previously employed at Mt Cuthbert remained and we were pleased to both review and renew their conditions of employment. We are therefore assured of their continuity and have a highly experienced workforce, not only to run the expanded operation but also to train staff for, and participate in, the design of the White Range Project when determined feasible.

Your Board of Directors has been very active and spent substantial periods of time on site and in Queensland over the past three months in order to understand and participate in the dynamics of the operation first hand. I am most grateful to them for their selfless support.

I also commend to you the Mine Management and our Perth Staff so ably lead by our Chief Executive, Andrew Chapman. His direction has been inspirational and our achievements in such a short time span are both remarkable and a testimony to his leadership.

I look forward to your attendance at the Annual General Meeting and your support for the motions set out in the Notice of Meeting. If you are unable to personally attend the meeting, I would encourage you to complete and return your proxy form.

**Gordon M Freeman**  
Chairman

### Our Intention

To be a significant player in the copper industry in general and the Mt Isa / Cloncurry area in particular.

To provide shareholder value.

To be a responsible corporate citizen identifying with the people and the area in which we operate.

## **POST LISTING PRODUCTION ACTIVITIES**

Matrix Metals Limited (Matrix) listed on the Australian Stock Exchange on 11 July 2000 after completing the purchase of the Mt Cuthbert Operation from Murchison United NL and the White Range Project from Majestic Resources NL on 10 July 2000.

As the statutory sections of this Annual Report predominantly detail events up to 30 June 2000, it is appropriate that events of significance which have occurred since the date of listing, are reported to shareholders.

## **PRODUCTION**

The business plan presented in the Matrix Prospectus defined the ramp-up of copper production at Mt Cuthbert as the priority post listing activity. Since Murchison United NL suspended open pit mining in November 1999, copper production from the existing leach pads naturally declined to levels approximately 25% of maximum capacity, at which point Matrix took over the operation.

Matrix's production ramp-up plan involved the immediate recommencement of open pit mining and construction of a new leach pad, with the target of regaining maximum production levels in late October / early November 2000.

Events to date in the execution of the business plan include the following:

- Via a competitive tender process, appointment of a new mining contractor.
- Completion of the capital works for the construction of an additional heap leach pad and associated infrastructure.
- Recommencement of mining operations in the Dobbyn open pit.
- Development work in preparation for the mining of the Orphan open pit.

Although commencement of open pit mining operations was delayed due to the late listing of the Company, the production ramp-up is proceeding well.

## **DEVELOPMENT**

In addition to the production ramp-up activities, work has commenced on finalising the feasibility study for the upgrade of the Mt Cuthbert production facility. Planning for the next phase of exploration at Mt Cuthbert is also underway.

At this time, apart from general administration and management matters, work has not yet commenced on the development studies for the White Range Project.

## **POST LISTING PRODUCTION ACTIVITIES (continued)**

### **COPPER PRICE AND AUSTRALIAN DOLLAR**

Two other important fundamentals which impact on the fortunes of Matrix, are the copper price and the Australian Dollar exchange rate.

Since listing on the 11 July 2000, the copper price has risen 12.5% from US 80c/lb to US 90c/lb on 26 September 2000. It should be noted that the Prospectus Forecast adopted a copper price of US 85c/lb for the July 2000 to December 2000 period.

Over the same period of time, the value of the Australian dollar has declined by 10% from 59c to 55c. Matrix receives payments for the copper cathode production in US dollars and hence the low value of the Australian dollar is positive in terms of net income to the Company.

The net effect of these variations has been an increase of 21% in the Australian dollar copper price from A\$1.36/lb to A\$1.64/lb.

### **OUTLOOK**

As described in the Prospectus, Matrix was formed to consolidate the ownership of the Mt Cuthbert and White Range Projects and allow the true potential of the projects to be realised. It was envisaged that these objectives would be achieved in an environment of improving copper prices and favourable exchange rates, assumptions which at this point are well justified.

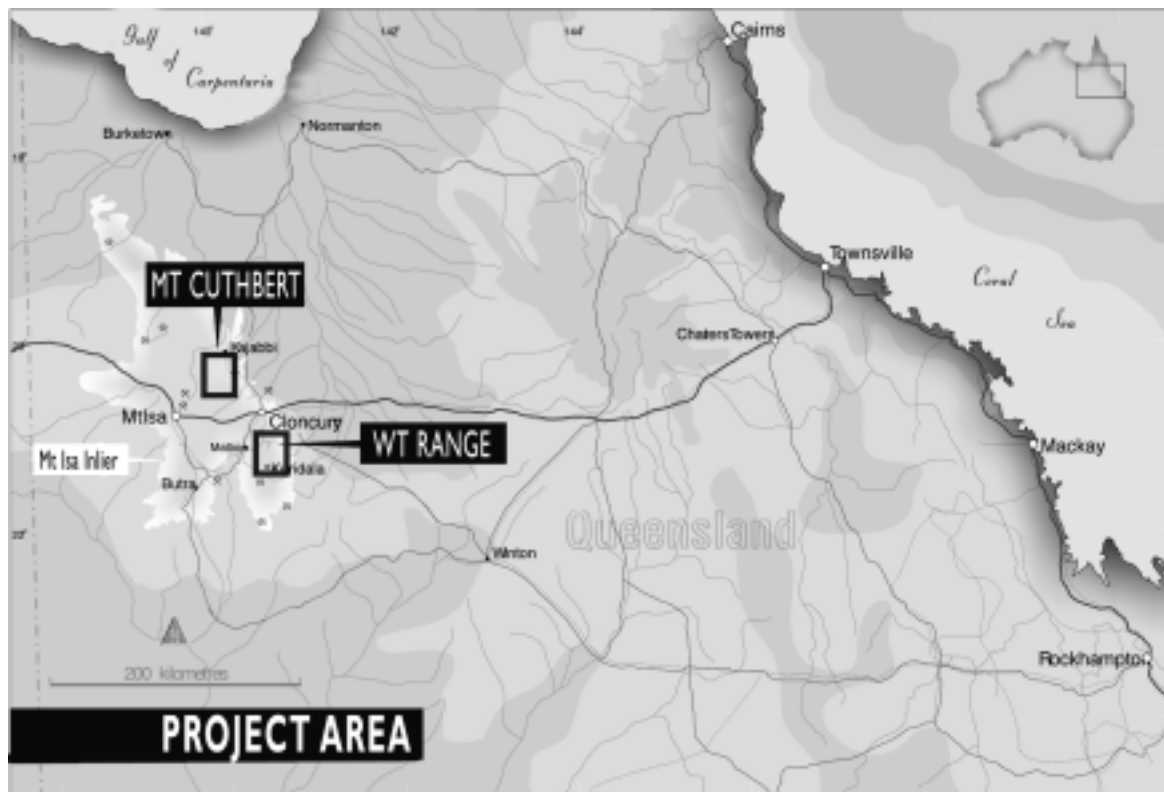
**Matrix is encouraged by the progress of the production ramp-up, the strongly improving copper price and the favourable exchange rate, and looks forward to achieving a successful first year of operations.**

## OVERVIEW OF MATRIX METALS

### THE COMPANY

As this is the first Annual Report of the Company it is considered appropriate to include a history of Matrix Metals Limited and a brief description of the Company's Projects.

Matrix was created to focus on the production of London Metal Exchange (LME) Grade A copper cathode extracted from oxide copper deposits utilising the commercially proven heap leaching and solvent extraction/electrowinning ("SX/EW") processing route. On 10 July 2000, Matrix took possession of the Mt Cuthbert Operation, which was, and continues to be a producing copper mine generating a positive cashflow. The Company also acquired the pre-development White Range Project, which together with the expansion of production capacity at Mt Cuthbert, supports strong future production growth.



### THE REGION AND THE INDUSTRY

Matrix's asset portfolio is based on oxide copper deposits located in the Mt Isa/Cloncurry region of North-West Queensland. This province hosts many world class polymetallic mining operations and deposits and is well serviced with the infrastructure and services required by the industry.

Historical exploration pursuits in the region have focused on primary sulphide mineralisation, which is mined and treated by flotation and pyro-metallurgical processes. The oxide copper deposits which typically overlie the primary deposits were previously discounted due to the unsuitability of the known process routes to extract the copper from the oxide ore.

### OVERVIEW OF MATRIX METALS (continued)

The introduction of SX/EW process technology has offered the opportunity for exploitation of oxide resources for which the Mt Isa/Cloncurry region is an area of prime potential. Three

SX/EW projects have been developed to date in the region, two of which, including Mt Cuthbert, are operating. The depressed copper price prevailing during the second half of the 1990's impeded the prosperity and growth of the copper industry. The recent recovery and continuing positive projection for the copper price presents an improved outlook for the industry and particularly for those targeting oxide deposits. The relatively low capital cost of SX/EW projects, combined with the demonstrated, yet largely untapped oxide exploration potential of the region, offer a unique opportunity for consolidation and growth of the SX/EW sector in the Mt Isa/Cloncurry area. Matrix, through its initial acquisitions, aims to position itself as a lead player in the consolidation and optimisation of the oxide copper opportunities in the world class Mt Isa/Cloncurry base metal province of North West Queensland.

## **ACQUISITION DETAILS**

### **Mt Cuthbert Operation**

The Mt Cuthbert Operation was purchased from Murchison United NL (Murchison) for a consideration of \$5 million. The consideration was paid by the issue of fully paid ordinary shares in the capital of Matrix at an issue price of 25 cents. Murchison will hold these shares in voluntary escrow until 15 January 2001. At the end of this period, Murchison plans to distribute these shares in specie to its shareholders.

### **White Range Project**

The White Range Project was purchased from Majestic Resources NL (Majestic) for a cash consideration of \$5 million. Payment will be made on a staged basis in accordance with the following:

- \$2,000,000 was paid on 10 July 2000.
- \$2,000,000 upon the earlier of:
  - (i) 30 June 2001; or
  - (ii) the making of a decision to mine in respect of any tenements.
- \$1,000,000 is payable for the Greenmount MLA on the MLA being granted as a Mining Lease. Completion is not to occur before 30 June 2001 unless a decision to mine is made. Matrix may elect not to acquire the Greenmount MLA if the Mining Lease is not granted by June 2002.

## **OVERVIEW OF MATRIX METALS (continued)**

### **YEAR 2000/2001 ACTIVITIES**

The achievement of the production and growth objectives of the Company involves the following priority activities:

- Review and optimisation of the existing Mt Cuthbert Operation, this is underway.
- Upgrade the Mt Cuthbert Operation to maximum capacity.
- Implement an exploration programme in the immediate vicinity of the Mt Cuthbert Operation targeting previously identified anomalous areas.
- Complete the White Range Project feasibility study.
- Finalise plans for the development of the White Range Project.
- Complete a study on various regional development scenarios related to both projects.
- Evaluate the regional oxide copper ore supply potential.
- Evaluate the regional acquisition opportunities

### **PRODUCTION TARGETS**

Matrix is targeting an annual production rate of 15,000 to 20,000 tonnes of copper cathode by the end of 2002, through:

- Maximising the production capability of the existing Mt Cuthbert Operation during 2000.
- Upgrading the Mt Cuthbert Operation from the current production rate of 5,500 tpa to at least 8,000 tpa by late 2001.
- Developing and commissioning the White Range Project by the end of 2002 at a production rate of more than 8,500 tpa.

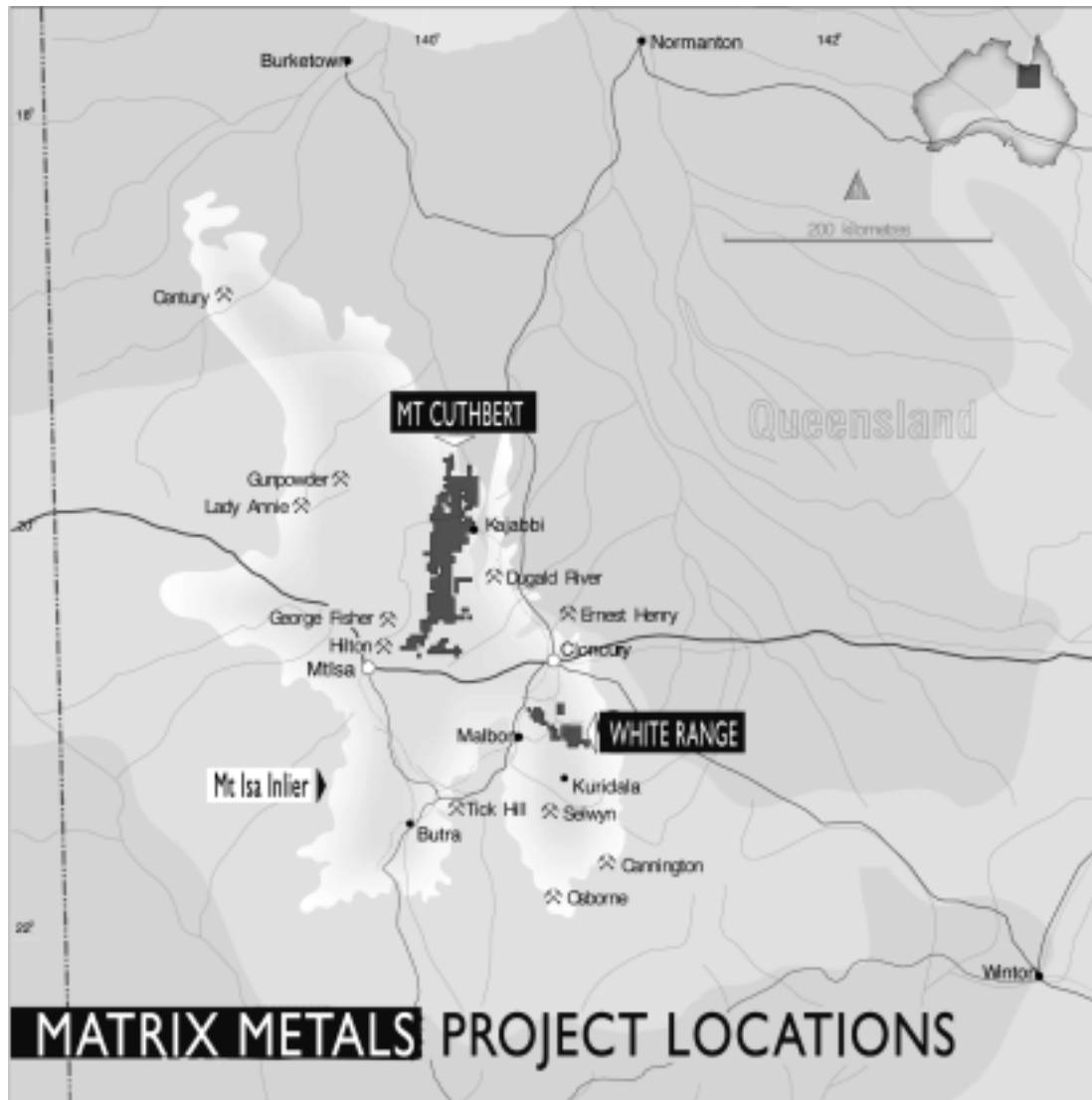
### **THE PROJECTS**

The two projects acquired by Matrix, being the Mt Cuthbert Operation and the White Range Project, are located in the world class Mt Isa/Cloncurry base metal region of North West Queensland.

Mt Cuthbert is an established mine producing LME Grade A copper cathode by the process of acid agglomeration, heap leach and SX/EW. Based on current resources Mt Cuthbert has an expected five year production life with excellent exploration potential.

White Range is a pre-feasibility status project from which Matrix expects to produce copper cathode by the same mining and processing methods utilised at Mt Cuthbert. Matrix is targeting to bring White Range into production in late 2002. Resources at White Range total 12.6 million tonnes (Mt) @ 1.2% copper, with excellent exploration potential.

## OVERVIEW OF MATRIX METALS (continued)



### *MT CUTHBERT OPERATION*

The Mt Cuthbert Operation is located 90km north-west of Cloncurry in North West Queensland and was commissioned in November 1996 by Murchison United NL. The project is a copper heap leach, SX/EW operation producing LME Grade A copper cathode which has been traditionally sold to the Australian market. To the end of December 1999, 13,800 tonnes of copper cathode had been plated and sold.

Ore is mined by open cut methods from a number of sources and hauled to a central processing facility at Mt Cuthbert. High grade Electro Static Precipitates ("ESP") dust purchased from an external source is also received at Mt Cuthbert. The mined ore is mixed with the ESP, crushed, acid agglomerated and stacked on pads. The stacked ore is then irrigated with dilute acidified liquor and the copper minerals are dissolved to produce copper sulphate solution. This is recovered in dams and further processed to produce high purity copper cathode by the SX/EW process.

## OVERVIEW OF MATRIX METALS (continued)

## **Production**

As at 31 December 1999, 1.24Mt of ore had been mined at a grade of 1.52% Cu from four deposits. The mined ore, plus ESP, has resulted in a total of 1.27Mt being stacked at an average grade of 1.80% Cu.

A total ore reserve of approximately 2.2Mt at 1.1% Cu is scheduled to be mined and stacked with the ESP. This is expected to allow mining and stacking to continue for five years with copper output from the leach pads to continue for up to six years.

## **Exploration**

The Mt Cuthbert exploration permits (EPMs) cover an area of over 750km<sup>2</sup>. The potential for the discovery of new leachable oxide/transition deposits is excellent. In addition, negotiations have been initiated with a major base metal producer for it to farm-in on the EPMs targeting major sulphide deposits. Matrix intends to further pursue this and other joint venture opportunities.

## **The Operation**

As is normal operating practice during the summer wet season, open pit mining operations were curtailed by Murchison in November 1999, with the stacking of available stockpiled ore completed in December 1999. In the absence of any new ore being stacked, copper production was restricted to what could be extracted from the existing heaps. This resulted in a declining rate of copper production, with this situation prevailing until Matrix took possession of the operation on 10 July 2000.

Upon taking possession, Matrix immediately introduced an operating plan for Mt Cuthbert based on optimising copper extraction from the leach pad inventories, recommencement of open pit mining and stacking of new ore targeting a return to maximum production during the last quarter of 2000. The operating plan involves the following:

- Continue the programme of heap re-mining, which was initiated to enhance copper output and increase total recoveries from the existing leach pads.
- Construction of an additional heap leach pad area.
- Recommencement of open pit mining in July 2000 with crushing, agglomeration and stacking of ore proceeding during August 2000.
- Mining will sequentially proceed at the open pits known as Dobbyn followed by Orphan, Hidden Treasure, Mighty Atom then Leichhardt.

This plan is well underway to achieve full capacity during the last quarter of the year 2000.

## **OVERVIEW OF MATRIX METALS (continued)**

### *WHITE RANGE PROJECT*

The White Range Project is located 35 km south of Cloncurry in North West Queensland and has a resource of 12.6Mt grading 1.2% copper, containing 151,000 tonnes of copper.

The resource is defined within five main deposits, namely Kuridala, Stuart, Mt McCabe, Vulcan and Greenmount, all of which, like Mt Cuthbert, are located in the world class Mt Isa/Cloncurry region. Metallurgical testwork confirms the deposits are all amenable to acid heap leaching to recover the contained metal. They can also be mined by open cut methods at low waste to ore stripping ratios.

The deposits are 100% owned and, apart from Greenmount, are held as granted Mining Leases. Greenmount is the subject of a Mining Lease application.

The tenements represent 198 km<sup>2</sup> of the Eastern Fold Belt of the Mount Isa Inlier and, in addition to the defined resources, host a number of highly prospective copper occurrences with the potential to prove up significant additional resources.

A pre-feasibility study was completed by Majestic in January 1999 based on a production scenario of 8,400 tonnes of copper cathode per annum utilising the SX/EW process route.

Matrix plans to proceed with a programme of feasibility work including additional exploration and resource drilling, targeting completion of a definitive feasibility study in late 2001.

## **CORPORATE GOVERNANCE STATEMENT**

This statement outlines the corporate governance practices that were established following the public listing of the Company on 11 July 2000.

### **BOARD OF DIRECTORS AND ITS COMMITTEES**

#### **Role of the Board**

The full board of directors ("Board") primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board of Matrix comprises three non-executive directors, including the Chairman, and one executive director, being the Chief Executive Officer.

The Board, when appointing committees, will determine the terms of reference and reporting accountability. In general terms, all committees will be responsible to the Board which will ratify committee findings and decisions. It is the policy of the Board to maintain a majority of independent directors and implement a number of corporate governance practices through the following specialist committees:

#### **Finance and Audit Committee**

This committee will comprise a non-executive director and the Chief Executive Officer of the Company. The committee's responsibilities will include financial and accounting activities, hedging policy and audit, accounting practices and risk management. It is scheduled to meet up to four times per annum and will seek external advice on hedging practices.

#### **Remuneration and Benefits Committee**

This Committee will comprise the three non-executive directors and will review remuneration packages and policies, and the operation of the Company's employee share option plan ("ESOP"). It also anticipates seeking external advice, as required, and monitoring practices of similar companies. This committee is scheduled to meet twice per annum, with one meeting within 30 days of the completion of the audit of the annual accounts.

#### **Corporate Governance Committee**

This committee will comprise the non-executive directors and will be responsible for reviewing the effectiveness and structure of the Board and the nature and probity of management practices and disclosures. It is scheduled to meet twice per annum.

## **CORPORATE GOVERNANCE STATEMENT (continued)**

### **Other Committees**

From time to time, additional adhoc or permanent committees will be appointed to overview functions or make findings on behalf of the Board.

### **INTERNAL CONTROL FRAMEWORK**

The Board acknowledges that it has responsibility for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

### **ETHICAL STANDARDS**

The directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

### **ENVIRONMENT**

The consolidated entity aims to be at the forefront of its industry in the application of environmental standards.

### **BUSINESS RISKS**

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile as determined by the Board.

### **THE ROLE OF SHAREHOLDERS**

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all major developments affecting the consolidated entity's state of affairs.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

## 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 entities, for the year ended 30 June 2000 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 Gordon M. Freeman ACSM, FIMM, C.Eng.* Appointed 21 March 2000  
Non Executive Chairman

Mr Freeman brings in excess of 40 years international resource industry experience to the Company covering the areas of corporate management, marketing, project development and production management. Positions held by Mr Freeman include Chief Executive of Hartley Platinum (Zimbabwe), Chief Executive Officer of BHP Iron Ore and General Manager of Rossing Uranium Ltd (Rio Tinto ~ Namibia). He has also held several significant positions with various industry bodies including Vice President of the Western Australian Chamber of Mines, Chairman of the Pilbara Iron Ore Producers' Association, Counsellor of the West Australian Confederation of Industry and a Member of both the Japan-Australia and Taiwan-Australia Business Councils.

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

Mr Chapman has 20 years experience in the resource industry predominantly focused in the base metals and gold sectors, with this experience base broadly spread across the areas of exploration, project evaluation, development and operations. He has been directly responsible for the development and commissioning of two gold projects within Australia and involved to varying degrees in many other project evaluations and developments both within Australia and internationally. He has a depth of corporate experience including, most recently, holding the position of Managing Director with a listed gold exploration company involved in exploration projects in both Queensland and Western Australia. Mr Chapman was an inaugural director of The Australian Gold Council.

*Mr James K. Williams ACSM, F Aus.IMM, MIMM, CEng* Appointed 28 February 2000  
Non Executive Director

Mr Williams is a qualified mining engineer with over 40 years experience in the industry covering both open cut and underground mining operations in a host of locations worldwide. This international experience includes 13 years on the Zambian Copper belt, four years in gold mining operations in South Africa, through to holding the position of Chief Executive Officer with a gold mining company overseeing the development of a project in Indonesia. He has a long history in the consultancy field including the management of his own business for 15 years. Most recently he held the position of Principal Resource Consultant with international merchant bank, Dresdner Kleinwort Benson.

### DIRECTORS' REPORT (continued)

*Mr David J. Humann FCA, FCPA* Appointed 21 March 2000  
Non Executive Director

Mr Humann is a Certified Practising Accountant with 40 years international experience predominantly with the accountancy firm, PricewaterhouseCoopers. He was a member of Pricewaterhouse World Board of Directors and its World 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. Mr Humann is currently Chairman of MacMahon Holdings Limited and a director of ERG Limited and Iscor Australia Pty Ltd (Group).

<i>Mr Doug Young</i>	Director while a dormant company.	Resigned 2 February 2000
<i>Mr Craig McGown</i>	Director while a dormant company.	Resigned 2 February 2000
<i>Mr Greg MacMillan</i>	Director while a dormant company.	Resigned 2 February 2000
<i>Mrs Tania Chapman</i>	Director during the change over to the operational Board. Appointed 2 February 2000	Resigned 21 March 2000
<i>Mr Shane McBride</i>	Director during the change over to the operational Board. Appointed 2 February 2000	Resigned 2 February 2000

## DIRECTORS' REPORT (continued)

### DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	<b>Directors Meetings</b>	
	<b><u>A</u></b>	<b><u>B</u></b>
Mr G M Freeman	4	4
Mr A P Chapman	6	6
Mr J K Williams	3	5
Mr D J Humann	4	4
Mr D Young	2	2
Mr C McGown	2	2
Mr G MacMillian	2	2
Mrs T Chapman	1	1
Mr S McBride	1	1

**A** - Number of meetings attended.

**B** - Reflects the number of meetings held during the period of each directorship.

Messrs T Chapman, S McBride, D Young, C McGown and G MacMillan were directors of the Company while it was dormant.

As the Company was dormant for the majority of the year no committee meetings were conducted.

### PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the course of the financial year were the evaluation of the Mt Cuthbert and White Range Copper Projects, preparation for and listing of the Company on the Australian Stock Exchange.

### RESULT

The consolidated loss after income tax for the financial year was \$182,124 (1999 \$nil).

### REVIEW OF OPERATIONS

During the year the Company evaluated the Mt Cuthbert and White Range Copper Projects and prepared for listing of the Company on the Australian Stock Exchange. The Company completed the purchase of these projects on 10 July 2000 and hence, they do not form part of the Review of Operations for the period to 30 June 2000. Further information on the operations of the Company can be found on page 15 of this report, under the heading, State of Affairs and on page 2, under the heading Post Listing Production Activities.

### 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.

## **DIRECTORS' REPORT (continued)**

### **STATE OF AFFAIRS**

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

- On 2 February 2000, the Company issued 2,139,997 shares to Mr A P Chapman and issued 1,069,998 shares to Overnight Nominees Pty Ltd (a nominee of Carmichael First Capital Pty Limited).
- On 10 February 2000, the Company signed a Heads of Agreement between Mr A P Chapman, Carmichael First Capital Pty Limited, Murchison United NL and Majestic Resources NL.
- On 15 May 2000, the Company signed a purchase agreement with Murchison United NL for the purchase of the Mt Cuthbert Copper Project.
- On 15 May 2000, the Company signed a purchase agreement with Majestic Resources NL for the purchase of the White Range Copper Project.
- On 15 May 2000, the Company lodged a Prospectus for the issue to the public of 23,000,000 shares, at 35 cents per share, with the Australian Securities and Investments Commission.
- On 2 June 2000, the Company lodged a Supplementary Prospectus for the issue to the public of 28,000,000 shares, at 25 cents per share, with the Australian Securities and Investments Commission.
- On 29 June 2000, the Company allotted 28,000,000 shares pursuant to the Prospectus dated 15 May 2000 and the Supplementary Prospectus dated 2 June 2000.
- On 10 July 2000, the Company completed the purchase agreements between Matrix and Murchison United NL and Matrix and Majestic Resources NL.
- On 10 July 2000, the Company allotted shares pursuant to the purchase agreement with Murchison United NL. As the purchase of the Mt Cuthbert Copper Project was considered substantially complete at 30 June 2000, the transaction has been brought to account, notwithstanding that legal completion occurred on 10 July 2000.
- On 11 July 2000, the Company listed on the Australian Stock Exchange.

## **DIRECTORS' REPORT (continued)**

### **EVENTS SUBSEQUENT TO BALANCE DATE**

Since 30 June 2000, the Company on 10 July 2000 took possession of the Mt Cuthbert Copper Project from Murchison United NL and completed the acquisition of the White Range Copper Project from Majestic Resources NL. On 11 July 2000 the Company listed on the Australian Stock Exchange.

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 as stated in the Prospectus dated 15 May 2000. Primarily these objectives are to optimise operations of the Mt Cuthbert Copper Mine and progress the development of the White Range Copper Project.

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' REPORT (continued)**

**DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS**

The Remuneration and Benefits Committee is responsible for making recommendations to the Board on remuneration policies and packages. The broad remuneration policy is to ensure that remuneration packages properly reflect each person's duties and responsibilities, 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.

Details of the nature and amount of each major element of the emoluments of each director of the Company and each of the five named officers of the Company and the consolidated entity receiving the highest emolument for the year ended 30 June 2000 are:

	<b>Base Emolum ent</b>	<b>Superannu ation</b>	<b>Option s Issued</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Director</b>				
Mr G M Freeman	14,491	1,014	51,000	66,505
Mr A P Chapman	87,500	6,125	145,732	239,357
Mr J K Williams	12,197	853	51,000	64,050
Mr D J Humann	10,032	702	51,000	61,734
<b>Officer</b>				
Mr S McBride	35,960	2,517	25,500	63,977

**OPTIONS**

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following directors and officer of the Company:

	<b>Number of Options granted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
<b>Director</b>			
Mr G M Freeman	500,000	25 cents per share	20 March 2005
Mr A P Chapman	1,428,750	25 cents per share	20 March 2005
Mr J K Williams	500,000	25 cents per share	20 March 2005
Mr D J Humann	500,000	25 cents per share	20 March 2005
<b>Officer</b>			
Mr S McBride	250,000	25 cents per share	20 March 2005

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

## DIRECTORS' REPORT (continued)

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

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of options over shares</b>
20 March 2005	25 cents per share	3,893,036
31 August 2005	25 cents per share	800,000

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, no shares in the Company have been issued as a result of the exercise of options.

## 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 Law, at the date of this report is as follows:-

	<b>Ordinary Shares</b>	<b>Number of options over shares</b>
Mr G M Freeman	80,000	500,000
Mr A P Chapman	2,140,000	200,000
Mr J K Williams	40,000	500,000
Mr D J Humann	Nil	Nil

## INDEMNIFICATION OF OFFICERS

The Company has agreed to indemnify the current directors of the Company, Mr G M Freeman, Mr A P Chapman, Mr J K Williams and Mr D J Humann, 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 entities, 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 entities 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.

**DIRECTORS' REPORT (continued)**

**INSURANCE PREMIUMS**

Since the end of the previous financial year the Company has committed to pay insurance premiums of \$21,617 in respect of directors' and officers' liability and legal expenses' insurance contracts, for current officers, including executive officers of the Company and directors, executive officers and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual officers of the Company.

Signed in accordance with a resolution of the directors.

Dated at Perth this 28<sup>th</sup> day of September 2000.

.....  
Gordon M Freeman  
Chairman

.....  
Andrew P Chapman  
Chief Executive Officer

**PROFIT & LOSS STATEMENTS**

	NOTE	CONSOLIDATED		COMPANY	
		2000 \$	1999 \$	2000 \$	1999 \$
Revenue	2	7,206	-	7,206	-
Operating (loss) before income tax		(182,124)	-	(182,124)	-
Income tax benefit (expense) attributable to operating (loss)	3(a)	-	-	-	-
Operating (loss) after income tax		(182,124)	-	(182,124)	-
Accumulated losses at the beginning of the financial year		-	-	-	-
Accumulated (losses) at the end of the financial year		(182,124)	-	(182,124)	-

The profit and loss statements are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 23 to 41.

**BALANCE SHEETS**

	NOTE	CONSOLIDATED		COMPANY	
		2000	1999	2000	1999
		\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash		4,783,115	5	4,783,115	5
Receivables	5		-	576,780	-
		576,780			
Inventories	6	2,852,239	-	2,852,239	-
Other	7	4,964	-	4,964	-
<b>TOTAL CURRENT ASSETS</b>		<b>8,217,098</b>	<b>5</b>	<b>8,217,098</b>	<b>5</b>
<b>NON CURRENT ASSETS</b>					
Investments	8	-	-	100,000	-
Property, plant and equipment	9	1,600,000	-	1,600,000	-
Exploration and evaluation	10	7,639,465	-	7,539,465	-
Other	11	29,840	-	29,840	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>9,269,305</b>	<b>-</b>	<b>9,269,305</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>17,486,403</b>	<b>5</b>	<b>17,486,403</b>	<b>5</b>
<b>CURRENT LIABILITIES</b>					
Accounts payable	12	2,597,996	-	2,597,996	-
Borrowings	13	408,000	-	408,000	-
Provisions	14	35,890	-	35,890	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,041,886</b>	<b>-</b>	<b>3,041,886</b>	<b>-</b>
<b>NON CURRENT LIABILITIES</b>					
Borrowings	13	326,121	-	326,121	-
Provisions	14	200,000	-	200,000	-
Deferred vendor consideration	15	3,000,000	-	3,000,000	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>3,526,121</b>	<b>-</b>	<b>3,526,121</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>6,568,007</b>	<b>-</b>	<b>6,568,007</b>	<b>-</b>
<b>NET ASSETS</b>		<b>10,918,396</b>	<b>5</b>	<b>10,918,396</b>	<b>5</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	16	11,100,520	5	11,100,520	5
Accumulated losses		(182,124)	-	(182,124)	-
		10,918,396	5	10,918,396	5

The balance sheets are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 23 to 41.

**STATEMENTS OF CASH FLOWS**

	NOTE	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
		2000	1999	2000	1999
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations					
Cash payments in the course of operations		(39,602)	-	(39,602)	-
Interest received		7,206	-	7,206	-
Net cash used in operating activities	25(ii)	<u>(32,396)</u>	-	<u>(32,396)</u>	-
<b>Cash flows from investing activities</b>					
Payments for:					
Cash acquired on acquisition of asset		40,542	-	40,542	-
Payments for Investments		-	-	(100,000)	-
Acquisition of exploration assets		(2,000,000)	-	(1,900,000)	-
		)			
Net cash used in investing activities		<u>(1,959,458)</u>	-	<u>(1,959,458)</u>	-
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares		7,003,210	-	7,003,210	-
Share issue expenses		(228,246)	-	(228,246)	-
Net cash provided by financing activities		<u>6,774,964</u>	-	<u>6,774,964</u>	-
Net increase in cash held		4,783,110	-	4,783,110	-
Cash at the beginning of the financial year		5	5	5	5
Cash at the end of the financial year	25(i)	<u>4,783,115</u>	<u>5</u>	<u>4,783,115</u>	<u>5</u>

The statements of cash flows are to be read in conjunction with the notes to and forming part of the financial statements set out on pages 23 to 41.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The significant policies which 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 Law.

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 consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been re-classified to achieve consistency in disclosure with current financial year accounts and other disclosures.

**(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 entities. 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.

**(c) Revenue Recognition**

*Sales Revenue*

Sales revenue comprises revenue earned from the provision of products to entities outside the consolidated entity. Sales revenue is recognised when the product is delivered and risk passes to the customer.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Revenue Recognition (continued)**

*Interest Income*

Interest income is recognised as it accrues.

*Other Revenue*

Other revenue is recognised when the goods are provided, or when the fee in respect of the services provided is receivable.

**(d) 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 profit and loss account in the financial year in which the exchange rates change.

**(e) 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 balance sheet 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 entities with tax losses are only brought to account when their realisation is virtually certain.

**(f) Non-Current Assets**

The carrying amounts of non-current assets, other than exploration and evaluation expenditure carried forward (refer note 1(k)) 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.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**(g) Receivables**

*Trade Debtors*

Trade debtors to be settled within 50 days are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

**(h) Investments**

*Controlled Entities*

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount. Dividends and distributions are brought to account in the profit and loss account when they are proposed by the controlled entities.

**(i) 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**(j) Property Plant and Equipment**

*Acquisition*

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

*Depreciation and Amortisation*

Depreciation and amortisation on mine property, plant and equipment is calculated on a unit of production basis so as to write off the cost of each asset in proportion to the depletion of the economically recoverable mineral resources, or on a straight line basis over the useful life of the asset.

Depreciation on 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.

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

Plant and equipment	20%
Leased plant and equipment	20%

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

Mine plant and equipment	20%
--------------------------	-----

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.

*Leased Plant and Equipment*

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating 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. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by payments of principal. The interest components of the lease payments are charged to the profit and loss account.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Exploration and Evaluation Expenditure**

Exploration and evaluation 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.

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.

**(l) Restoration and Rehabilitation Expenditure**

Restoration and rehabilitation costs necessitated by exploration, evaluation and mining activities are charged to costs of production on a gradual basis over the life of the economically recoverable reserves and resources.

Restoration and rehabilitation costs include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment.

Costs are estimated on the basis of current undiscounted costs, current legal requirements and current technology.

Estimates of future costs are reassessed at least annually. Changes in estimates relating to producing areas are dealt with prospectively over the remaining mine life.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Accounts Payable**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company or consolidated entity. Trade accounts payable are normally settled within 45 days.

**(n) Employee Entitlements**

*Wages, salaries, annual leave and sick leave*

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represents the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and includes related on-costs.

*Long service leave*

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

*Executive Share Option Plan*

Matrix Metals Limited granted options to certain executives under an executive share option plan. Further information is set out in Note 18 to the financial statements. Other than the costs incurred in administering the schemes which are expensed as incurred, the scheme does not result in any expense to the consolidated entity.

**(o) Royalties**

Royalties are accrued and charged against earnings when the liability from production or sale of the mineral crystallises.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

	CONSOLIDATED		COMPANY	
	2000	1999	2000	1999
	\$	\$	\$	\$
<b>2. REVENUE</b>				
Revenue from operating activities:				
Interest - Other parties	7,206	-	7,206	-
<b>3. TAXATION</b>				
<b>(a) Income tax expense</b>				
Prima facie income tax expense/(benefit) calculated at 36% (1999: 36%) on the operating (loss)	(65,564)	-	(65,564)	-
Tax effect of permanent differences:				
Non deductible expenditure	-	-	-	-
Tax losses not brought to account	65,564	-	65,564	-
Income tax expense/(benefit) attributable to the operating loss	-	-	-	-
<b>(b) Future income tax benefit</b>				
Future income tax benefit comprises the estimated future benefit at current income tax rates on the following items:	217,546	-	217,546	-
Tax losses carried forward	65,564	-	65,564	-
Exploration expenditure – Mt Cuthbert	151,982	-	151,982	-
	217,546	-	217,546	-

Future income tax benefit not taken to account:

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 derives 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 continues 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	2000	1999	2000	1999
	\$	\$	\$	\$
<b>4. AUDITORS' REMUNERATION</b>				
Audit services:				
Auditors of the Company	5,000	-	5,000	-
Other services:				
Auditors of the Company	40,000	-	40,000	-
	<u>45,000</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
<b>5. RECEIVABLES</b>				
Current				
Trade debtors	489,311	-	489,311	-
Other receivables	87,469	-	87,469	-
	<u>576,780</u>	<u>-</u>	<u>576,780</u>	<u>-</u>
<b>6. INVENTORIES</b>				
Current				
Consumable supplies – at cost	352,239	-	352,239	-
Copper in heaps – at cost	2,484,420	-	2,484,420	-
Finished goods – at cost	15,580	-	15,580	-
	<u>2,852,239</u>	<u>-</u>	<u>2,852,239</u>	<u>-</u>
<b>7. OTHER CURRENT ASSETS</b>				
Prepayments	<u>4,964</u>	<u>-</u>	<u>4,964</u>	<u>-</u>
<b>8. INVESTMENTS</b>				
Non-current				
Shares in controlled entities – at cost	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	2000	1999	2000	1999
	\$	\$	\$	\$
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>				
Plant and equipment – at cost	500,000	-	500,000	-
Accumulated depreciation	-	-	-	-
Property, plant and equipment	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Leased plant and equipment – at cost	1,100,000	-	1,100,000	-
	0			
Accumulated depreciation	-	-	-	-
Total leased plant and equipment	<u>1,100,000</u>	<u>-</u>	<u>1,100,000</u>	<u>-</u>
	0			
Total property, plant and equipment	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>	<u>-</u>
	0			
<b>10. EXPLORATION AND EVALUATION EXPENDITURE</b>				
Exploration - at cost	7,639,465	-	7,539,465	-
	5			
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.				
<b>11. OTHER NON CURRENT ASSE</b>				
Deposits	<u>29,840</u>	<u>-</u>	<u>29,840</u>	<u>-</u>
<b>12. ACCOUNTS PAYABLE</b>				
Trade creditors and accruals	<u>2,597,996</u>	<u>-</u>	<u>2,597,996</u>	<u>-</u>
<b>13. BORROWINGS</b>				
Current				
Lease liabilities	<u>408,000</u>	<u>-</u>	<u>408,000</u>	<u>-</u>
Non-current				
Lease liabilities	<u>326,121</u>	<u>-</u>	<u>326,121</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

	CONSOLIDATED		COMPANY	
	2000	1999	2000	1999
	\$	\$	\$	\$
<b>14. PROVISIONS</b>				
Current				
Employee entitlements	35,890	-	35,890	-
Non-current				
Provision for rehabilitation	200,000	-	200,000	-
<b>15. DEFERRED VENDOR CONSIDERATION</b>				
Non-current				
Deferred vendor consideration (i)	3,000,000	-	3,000,000	-

(i) Amount payable to Majestic Resources NL in relation to the acquisition of the White Range Copper Project on or after 30 June 2001.

**16. SHARE CAPITAL**

Issued and paid up capital				
51,210,000 (1999: 5) ordinary shares, fully paid	11,100,520	5	11,100,520	5
<i>Movements in ordinary share capital</i>				
1/1/1999 Opening balance	5	5	5	5
2/2/2000 share issue (a)	3,210	-	3,210	-
29/6/2000 share issue (b)	7,000,000	-	7,000,000	-
29/6/2000 share issue expenses (b)	(902,695)	-	(902,695)	-
10/7/2000 purchase of Mt Cuthbert (c)	5,000,000	-	5,000,000	-
30/6/2000 Closing balance	11,100,520	5	11,100,520	5

- (a) On 2 February 2000, 3,209,995 shares were issued at \$0.001 per share.
- (b) On 29 June 2000, 28,000,000 shares were issued at \$0.25 per share pursuant to the Prospectus dated 15 May 2000 and the Supplementary Prospectus dated 2 June 2000. Capital raising expenses of \$902,695 were recognised as a reduction of the proceeds of the issue.
- (c) On 10 July 2000, 20,000,000 shares were issued at \$0.25 per share pursuant to the purchase agreement with Murchison United NL. As the purchase of the Mt Cuthbert Copper Project was considered substantially complete at 30 June 2000, the transaction has been brought to account, notwithstanding that legal completion occurred on 10 July 2000.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**17. 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 below:

		<b>Fixed interest maturing in:</b>						
	Note	Weighted Average Interest Rate	Floating Interest Rate \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$	Non- interest bearing \$	Total \$
<b>2000</b>								
<i>Financial assets</i>								
Cash		5.48%	4,783,115	-	-	-	-	4,783,115
Receivables	5		-	-	-	-	576,780	576,780
Other	7		-	-	-	-	4,964	4,964
Deposits	11		-	-	-	-	29,840	29,840
			4,783,115	-	-	-	611,584	5,394,699
<i>Financial liabilities</i>								
Accounts payable	12		-	-	-	-	2,597,996	2,597,996
Lease liabilities	13		-	408,000	326,121	-	-	734,121
Deferred vendor consideration	15		-	-	-	-	3,000,000	3,000,000
Employee entitlements	14		-	-	-	-	35,890	35,890
			-	408,000	326,121	-	5,633,886	6,368,007
<b>1999</b>								
<i>Financial assets</i>								
Cash			-	-	-	-	5	5

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**17. ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE (continued)**

*(b) Credit risk exposures*

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

*On-Balance Sheet Financial Instruments*

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

*(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:

*On-Balance Sheet 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 and bank loans approximate net fair value.

*Net fair values*

*On-Balance Sheet Financial Instruments*

The carrying amounts approximate the net fair values of financial assets and liabilities at the reporting date.

**18. EMPLOYEE ENTITLEMENTS**

*Directors Options*

On 21 March 2000 the Company granted options over 3,178,750 unissued ordinary shares to directors and the company secretary. The options are exercisable at any time up to 20 March 2005 at a price of \$0.25 per share.

*Superannuation*

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 2000 (continued)**

	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	2000	1999	2000	1999
	\$	\$	\$	\$
<b>19. COMMITMENTS</b>				
<b>Finance lease Commitments:</b>				
Finance lease rentals are payable as follows:				
Not longer than one year	447,050	-	447,050	-
Longer than one year but not longer than five years	357,335	-	357,335	-
	<u>804,385</u>	-	<u>804,385</u>	-
Less future lease finance charges	(70,264)	-	(70,264)	-
	<u>734,121</u>	-	<u>734,121</u>	-
Finance lease liabilities provided for in the financial statements:				
Current	408,000	-	408,000	-
Non current	326,121	-	326,121	-
Total lease liability	<u>734,121</u>	-	<u>734,121</u>	-

**Remuneration Commitments:**

Commitments for the payment of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as

Liabilities payable:

Not later than one year	189,000	-	189,000	-
Later than one year but not later than five years	378,000	-	378,000	-
	<u>567,000</u>	-	<u>567,000</u>	-

**Exploration Commitments:**

The Company and the consolidated entity have minimum expenditure obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year of approximately \$500,000 (1999: \$nil).

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**20. 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.

**21. RELATED PARTY DISCLOSURES**

**Directors**

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

Mr G M Freeman	Mr A P Chapman	Mr J K Williams	Mr D J Humann
Mr D Young	Mr C McGown	Mr G MacMillan	Mrs T Chapman
Mr S McBride			

**Directors' Remuneration**

Information on directors' remuneration is disclosed in Note 22.

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	
	2000	1999
	Number Held	Number Held
Matrix Metals Limited:		
Ordinary Shares	2,300,000	-
Options over Ordinary Shares	2,928,750	-

**Directors' transactions in shares and share options**

During the year, Matrix Metals Limited issued 2,139,997 shares to Mr A P Chapman at \$0.001 cents per share.

During the year Matrix Metals Limited granted options over 2,928,750 unissued shares to directors and their director related entities.

During the year no options granted to directors and their director-related entities were exercised.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**21. RELATED PARTY DISCLOSURES (continued)**

**Other transactions with the Company or its controlled entities**

A director of the Company, Mr J K Williams, is a director and shareholder of Jim Williams Mining Associates. Jim Williams Mining Associates renders mine consulting services, at normal commercial rates to the Company in the ordinary course of business. Jim Williams Mining Associates was paid \$46,380 during the year (1999: nil).

During the year, Matrix Metals Limited issued 160,000 shares to the directors as a result of the initial public offering of the Company. These shares were issued on the same terms and conditions as the other participants in the in the initial public offering.

Other than outlined above, 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.

**Wholly Owned Group**

Details of interests in wholly owned controlled entities are set out at Note 26. Details of dealings with these entities are set out below:

	<b>COMPANY</b>	
	2000	1999
<b>22. DIRECTORS' REMUNERATION]</b>		
The number of directors of the Company		
Whose income from the Company or		
Any related party falls within the		
Following bands:		
\$ 0 - \$ 9,999	5	3
\$ 10,000 - \$19,999	3	-
\$ 90,000 - \$99,999	1	-

	<b>CONSOLIDATED</b>			
<b>COMPANY</b>	2000	1999	2000	1999
	\$	\$	\$	\$
Total income paid or payable, or otherwise made available, to all directors of the Company and controlled entities, from the Company or any related party	132,914	-	132,914	-

The remuneration bands are not consistent with the emoluments disclosed in the Directors' Report as the basis of calculation differs due to the differing requirements of the Corporations Law and the Accounting Standards.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**23. SEGMENT INFORMATION**

Matrix Metals Limited operates in the mining industry in Australia.

**24. EARNINGS PER SHARE**

	<b>CONSOLIDATED</b>	
	2000	1999
Basic earnings per share (cents per share).	(12.4)	-
Weighted average number of ordinary shares used in the calculation of basic earnings per share.	1,468,582	5
Diluted earnings per share – as the Company made a loss for the period, no diluted earnings per share calculation is shown.		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**25. NOTES TO STATEMENTS OF CASH FLOWS**

**(i) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and deposits maturing within the year. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		COMPANY	
	2000	1999	2000	1999
	\$	\$	\$	\$
Cash	4,783,115	5	4,783,115	5

**(ii) Reconciliation of operating loss after income tax to net cash used in operating activities**

Operating loss after income tax	(182,124)	-	(182,124)	-
Changes in assets and liabilities				
(Increase) in trade debtors	(143)	-	(143)	-
(Increase) in prepayments	(4,964)	-	(4,964)	-
Increase in trade creditors	154,835	-	154,835	-
Net cash (used in) operating activities	<u>(32,396)</u>	<u>-</u>	<u>(32,396)</u>	<u>-</u>

**(iii) Acquisition of entities**

During the financial year as part of the purchase of the White Range Project the Company acquired 100% of the ordinary shares of Maxiforde Pty Ltd.

Details of the acquisitions are as follows:

Consideration	(100,000)	-	(100,000)	-
Cash acquired	-	-	-	-
Outflow of cash	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
Fair value of the entity acquired				
Exploration and evaluation expenditure	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**25. NOTES TO STATEMENTS OF CASH FLOWS (continued)**

	<b>CONSOLIDATED</b>		<b>COMPANY</b>	
	2000	1999	2000	1999
	\$	\$	\$	\$
<b>(iv) activities</b>	<b>Non-cash financing and investment</b>			
<p>During the financial year the Company purchased 100% of the assets and liabilities of the Mt Cuthbert Cc Project from Murchison United NL. Details of the acquisitions are as follows:</p>				
Consideration – issue of shares	(5,000,000)	-	(5,000,000)	-
Cash acquired	40,542		40,542	
Inflow of cash	<u>40,542</u>	<u>-</u>	<u>40,542</u>	<u>-</u>
Fair value of the assets acquired				
Cash	40,542	-	40,542	-
Receivables and deposits	606,478		606,478	
Inventories	2,852,239	-	2,852,239	-
Property plant and equipment	1,500,000	-	1,500,000	-
Exploration and evaluation expenditure	2,367,348	-	2,367,348	-
Creditors	(1,396,596)		(1,396,596)	
Lease liabilities	(734,121)	-	(734,121)	-
Provisions	(235,890)	-	(235,890)	-
Non- cash consideration	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>

**26. PARTICULARS IN RELATION TO CONTROLLED ENTITIES**

	Class of Share	Interest held	
		2000	1999
		%	%
Matrix Metals Limited			
<b>Controlled Entities:</b>			
Maxiforde Pty Ltd	Ord	100	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2000 (continued)**

**27. EVENTS SUBSEQUENT TO BALANCE DATE**

Since 30 June 2000, the Company on 10 July 2000 took possession of the Mt Cuthbert Copper Project from Murchison United NL and completed the acquisition of the White Range Copper Project from Majestic Resources NL. On 11 July 2000 the Company listed on the Australian Stock Exchange.

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.

## DIRECTORS' DECLARATION

In the opinion of the directors of Matrix Metals Limited:

- (a) the financial statements and notes, set out on pages 20 to 41, are in accordance with the Corporations Law, including:
  - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2000 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 and the Corporations Regulations; 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 28<sup>th</sup> day of September 2000.

Signed in accordance with a resolution of the directors:

.....  
Gordon M Freeman  
Chairman

.....  
Andrew P Chapman  
Chief Executive Officer

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
MATRIX METALS LIMITED**

To the members of Matrix Metals Limited

**Scope**

We have audited the financial report of Matrix Metals Company Limited for the financial year ended 30 June 2000, consisting of the profit and loss statements, balance sheets, statements of cash flows, accompanying notes and the directors' declaration set out on pages 20 to 42. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit opinion**

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

(a) the Corporations Law, including:

- i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
- ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

KPMG  
Alison Kitchen  
Partner  
Perth WA  
28 September 2000

**Schedule of Interests in Mineral Tenements**

<b>MT CUTHBERT OPERATION</b>			
<b>TENEMENT</b>	<b>LOCATION</b>	<b>AREA</b>	<b>BENEFICIAL OWNERSHIP</b>

MATRIX METALS LIMITED AND ITS CONTROLLED ENTITIES  
For the year ended 30 June 2000

EPM 9681 Metals Limited	Mt Cuthbert	9 sub-blocks	Matrix
EPM 9867 Metals Limited	Mt Cuthbert	10 sub-blocks	Matrix
EPM 11025 Limited	Mt Cuthbert	254 sub-blocks	Matrix Metals
EPM 11090 Metals Limited	Mt Cuthbert	1 sub-block	Matrix
EPM 11371 Metals Limited	Mt Cuthbert	95 sub-blocks	Matrix
EPM 11387 Metals Limited	Mt Cuthbert	8 sub-blocks	Matrix
EPM 11977 Metals Limited	Mt Cuthbert	43 sub-blocks	Matrix
ML 2492 Metals Limited	Mt Cuthbert	3.96 hectares	Matrix
ML 2494 Metals Limited	Mt Cuthbert	8.09 hectares	Matrix
ML 2504 Metals Limited	Mt Cuthbert	4.05 hectares	Matrix
ML 2514 Metals Limited	Mt Cuthbert	4.05 hectares	Matrix
ML 2515 Metals Limited	Mt Cuthbert	8.09 hectares	Matrix
ML 2635 Metals Limited	Mt Cuthbert	4.05 hectares	Matrix
ML 2636 Metals Limited	Mt Cuthbert	4.05 hectares	Matrix
ML 2640 Metals Limited	Mt Cuthbert	129.5 hectares	Matrix
ML 2705 Metals Limited	Mt Cuthbert	18 hectares	Matrix
ML 2706 Limited	Mt Cuthbert	8 hectares	Matrix Metals
ML 2708 Metals Limited	Mt Cuthbert	18 hectares	Matrix
ML 2715 Metals Limited	Mt Cuthbert	2.02 hectares	Matrix
ML 2747 Metals Limited	Mt Cuthbert	130 hectares	Matrix
ML 2748 Metals Limited	Mt Cuthbert	130 hectares	Matrix
ML 2771 Metals Limited	Mt Cuthbert	8.323 hectares	Matrix

MATRIX METALS LIMITED AND ITS CONTROLLED ENTITIES  
For the year ended 30 June 2000

ML 2773 Metals Limited	Mt Cuthbert	3.92 hectares	Matrix
ML 2784 Metals Limited	Mt Cuthbert	8.094 hectares	Matrix
ML 7520 Limited	Mt Cuthbert	2 hectares	Matrix Metals
ML 90066 Metals Limited	Mt Cuthbert	30 hectares	Matrix
ML 90090 Metals Limited	Mt Cuthbert	116.3 hectares	Matrix
ML 90091 Metals Limited	Mt Cuthbert	72.12 hectares	Matrix
ML 90092 Metals Limited	Mt Cuthbert	85.5 hectares	Matrix
ML 90098 Metals Limited	Mt Cuthbert	514.1 hectares	Matrix
ML 90101 Metals Limited	Mt Cuthbert	73.5 hectares	Matrix
ML 90137 Limited	Mt Cuthbert	17.7729 hectares	Matrix Metals
ML 90141 Limited	Mt Cuthbert	116.25 hectares	Matrix Metals
ML 90142 Limited	Mt Cuthbert	15.4893 hectares	Matrix Metals

WHITE RANGE PROJECT			
TENEMENT	LOCATION	AREA	BENEFICIAL OWNERSHIP
EPM 4317 Metals Limited	White Range	8 sub-blocks	Matrix
EPM 11035 Metals Limited	White Range	7 sub-blocks	Matrix
EPMA 11510 Matrix Metals Limited	White Range	20 sub-blocks	
MDL 75 Metals Limited	White Range	511.9999 hectares	Matrix
MDL 76 Metals Limited	White Range	128 hectares	Matrix
MDL 77 Metals Limited	White Range	32 hectares	Matrix
MDL 78 Limited	White Range	8 hectares	Matrix Metals
MDL 88 Limited	White Range	8 hectares	Matrix Metals
MDL 204 Limited	White Range	1919.3 hectares	Matrix Metals
MDL 205 Metals Limited	White Range	3836 hectares	Matrix
ML 2519 Metals Limited	White Range	4.05 hectares	Matrix
ML 90081 Metals Limited	White Range	1247 hectares	Matrix
ML 90082 Metals Limited	White Range	272.5 hectares	Matrix
ML 90083 Limited	White Range	40.931 hectares	Matrix Metals
MLA 90134 Metals Limited	White Range	1207.1 hectares	Matrix

NOTE:

QUEENSLAND

:

ML = Mining Lease  
MLA = Mining Lease Application  
EPM = Exploration Permit for Minerals  
MDL = Mineral Development Lease

## ASX Additional information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### Substantial shareholders

The number of shares held by the substantial shareholders as at 13 September 2000 were:

Shareholder	Ordinary
Murchison United NL	20,600,000
Majestic Resources NL	4,000,000

### Class of shares and voting rights

At 13 September 2000, there were 682 holders of the ordinary shares of the Company.

The voting rights attaching to the ordinary shares, set out in clause 16.2 of The Company's Constitution, are:

Subject to section 250A(4), rules 14.6, 15, 16.4, 16.5, 16.6 and 29.4 and terms on which shares are issued:

- (a) on a show of hands:
  - (i) if a member has appointed 2 proxies, neither of those proxies may vote; and
  - (ii) subject to paragraph (a)(i), every individual present who is a member, or a proxy, attorney or representative of a member, entitled to vote has 1 vote;
- (b) on a poll every member entitled to vote who is present in person or by proxy, attorney or representative:
  - (i) has 1 vote for every fully paid share held; and
  - (ii) subject to rule 1.1(c), in respect of each partly paid share held has a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share; and
- (c) unless:
  - (i) permitted under the Listing Rules; and
  - (ii) otherwise provided in the terms upon which shares are issued, in calculating the fraction of a vote which the holder of a partly paid share has, the Company must not count an amount:
    - (i) paid in advance of a call; or
    - (ii) credited on a partly paid share without payment in money or money's worth being made to the Company.

At 13 September 2000 there were 4,693,036 options granted over unissued ordinary shares. These options have no voting rights. Voting rights will be attached to ordinary shares acquired as a result of the exercise of these options.

## ASX Additional information (continued)

### Distribution of shareholders (as at 13 September 2000)

Number of Shareholders	Ordinary
1 – 1,000	4
1,001 – 5,000	67
5,001 – 10,000	192
10,000 – 100,000	384
100,000 and over	<u>35</u>
	<u>682</u>

### Twenty largest shareholders (as at 13 September 2000)

Name	Number shares held	Ordinary Shares	Percentage of capital held
Murchison United NL	20,600,000		40.226
Majestic Resources NL	4,000,000		7.810
Andrew Chapman	2,140,000		4.178
National Nominees Limited	1,720,200		3.359
Overnight Nominees Pty Ltd	1,070,000		2.089
Equity Trustees Limited	979,800		1.913
<Fleet Investment Mgmt A/C>			
Mr Christopher Robert Rogerson	477,402		0.932
<Almondbury A/C>			
Mr William Henry Hernstadt	420,000		0.820
Excelsior Mining Fund	400,000		0.781
Woodhurst Pty Ltd	400,000		0.781
Flinders Capital Partners Pty Ltd	400,000		0.781
Bass Equities Fund No 1 Pty Limited	350,000		0.683
Invia Custodian Pty Limited	300,000		0.585
<WAM Equity Fund A/C>			
Mr Eugen Schilter	296,621		0.579
Tilbia Nominees Pty Ltd	280,000		0.546
Mr Christopher Robert Rogerson	260,000		0.507
<Almondbury A/C>			
Hylarod Pty Ltd	250,000		0.488
Invia Custodian Pty Limited	233,514		0.455
<WAM Capital Limited A/C>			
Jalintta Pty Ltd	200,000		0.390
JT Condon Pty Ltd	200,000		0.390
<b>TOTALS</b>	<b><u>34,977,537</u></b>		<b><u>68.293</u></b>

**MATRIX METALS LIMITED**  
**ABN 42 082 593 235**

**Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting of Matrix Metals Limited will be held at the Celtic Club - "Function Room", 48 Ord Street West Perth WA 6005, on Wednesday 15 November 2000 commencing at 10.00 am.

**Agenda**

**1. Accounts and Reports**

To receive and consider the financial report for the year ended 30 June 2000, the directors' report and auditors' report.

**2. Appointment of Director**

To re-elect Mr. G M Freeman as a director. Mr. G M Freeman was appointed as a director by the Board and, in accordance with the Company's constitution, offers himself for re-election at this meeting.

**3. Appointment of Director**

To re-elect Mr. D J Humann as a director. Mr. D J Humann was appointed as a director by the Board and, in accordance with the Company's constitution, offers himself for re-election at this meeting.

**4. Appointment of Director**

To re-elect Mr. J K Williams as a director. Mr. J K Williams was appointed as a director by the Board and, in accordance with the Company's constitution, offers himself for re-election at this meeting.

**5. Grant of Options**

To consider and if thought fit, pass the following resolution as an ordinary resolution:

"That the grant of 714,286 options on 28 September 2000 pursuant to the underwriting agreement dated 15 May 2000 (as varied by the supplementary prospectus dated 2 June 2000) be ratified pursuant to Listing Rule 7.4 of the Australian Stock Exchange Limited Listing Rules".

For further information, refer to the attached Explanatory Memorandum.

By Order of the Board

**S McBride**  
Secretary  
29 September 2000

**Note - Proxies**

A member may appoint not more than two proxies to attend and act for the member at a meeting of members. An appointment of proxy must be made by written notice to the Company. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes

**MATRIX METALS LIMITED**  
**ABN 42 082 593 235**

each proxy may exercise, each proxy may exercise half of those votes. A proxy need not be a security holder of the company. Proxies (and if a proxy form is signed by a members attorney, the authority under which the appointment was signed or a certified copy of the authority) must be lodged or received by facsimile at the registered office of the Company not later than 48 hours before the meeting. A form of proxy is provided with this notice.

## **Explanatory Memorandum**

This explanatory memorandum forms part of the Notice of Meeting of Matrix Metals Limited (“the Company”) to be held at the Celtic Club - “Function Room”, 48 Ord Street West Perth WA 6005, on Wednesday 15 November 2000 commencing at 10.00 am.

This explanatory memorandum has been prepared to provide shareholders with explanation and information on some of the resolutions to be considered at the Annual General Meeting.

### **Resolution 5 – Grant of Options**

#### **(1) Background**

Australian Stock Exchange (“ASX”) Listing Rule 7.1 sets out the rule known as the “15% rule” which limits the capacity of a company to issue securities without the approval of its shareholders. The 15% rule provides that a company may not, in any twelve month period, issue securities of more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period unless the issue is approved by shareholders or otherwise comes within one of the exceptions to ASX Listing Rule 7.1.

ASX Listing Rule 7.4 provides that where a company in general meeting ratifies a prior issue of securities that issue of securities shall be treated as having been made with approval for the purposes of ASX Listing Rule 7.1.

Resolution 5 proposes the ratification of an issue of securities made by the Company on 28 September 2000. If this resolution is passed, then the Company will have the full capacity to issue securities under the 15% rule without shareholder approval.

#### **(2) Information required by Listing Rule 7.5**

- (a) The number of securities allotted:  
714,286 unlisted options.
- (b) The price at which the securities were issued:  
The securities were issued as part of the underwriting fee as disclosed in the Prospectus dated 15 May 2000 (as varied by the Supplementary Prospectus dated 2 June 2000).
- (c) The terms of the securities:  
The options are unlisted and are exercisable at 25 cents per share on or before 20 March 2005. Each option can only be exercised into one ordinary share of the Company.
- (d) The names of the allottees:  
The 714,286 securities were issued to Overnight Nominees Pty Limited (a nominee of DJ Carmichael Limited, the underwriter).
- (e) The use (or intended) use of the funds raised:  
No funds were raised from this issue of securities.
- (f) Voting exclusion statement:  
The Company will disregard any votes cast on the resolution by:
  - a person who participated in the issue;

**MATRIX METALS LIMITED**  
**ABN 42 082 593 235**

- an associate of a person who person who participated in the issue.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



*Finished copper cathode ready for stripping.*

