



MATRIX METALS
LIMITED

Quarterly Activities Report

FOR THE QUARTER ENDED

31 December 2004

MATRIX METALS LIMITED
ACN 082 593 235

www.matrixmetals.com.au

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The Mt Watson and White Range Projects are contained within a tenement position totalling approximately 3,000 square kilometres. The tenements are located in the world class Mt Isa base metal province of North West Queensland.

The region hosts a number of world class base metal mines offering Matrix the potential for ongoing and significant exploration success.

1.0**HIGHLIGHTS AND SUMMARY****White Range Feasibility Study**

In January 2005, the Company announced the initial result from the White Range Bankable Feasibility Study. Although the Study presented a positive economic result, the Company is proceeding with a program of additional work to optimise the economics of the Project.

This work will involve the commencement of a resource delineation program designed to augment the existing resource inventory to progress the White Range Project (Project) to the development phase within the shortest possible timeframe.

In addition to the resource program, the Company has also identified a range of areas of optimisation to be evaluated with the objective of reducing the Project's sensitivity to copper price.

Primary Sulphide Drilling at Mt Watson

A 3,000 metre diamond drilling program was completed during the period. The program targeted primary sulphide mineralisation at Mt Watson and was designed to provide a more detailed assessment of the primary sulphide potential of the Prospect following the initial highly encouraging high grade drill intercept of 38m @ 2.28 % Cu and the results of the MIMDAS geophysical survey.

Significant intercepts reported included: **196 m @ 0.32% Cu from 187m, 144m @ 0.42% Cu from 256m and 18.0m @ 0.90% Cu from 162m (RC)**

New Mineralised Zone Discovered North East of Mt Watson

An new zone of mineralisation was discovered 1200m north east of the Mt Watson deposit. The new zone was identified during a reverse circulation (RC) scout drilling program, which tested several areas near the Mt Watson resource with an intersection of **7m @ 1.15 % Cu from 23m** reported.

Mt Earl Oxide Copper Resource Potential Confirmed

Results from a drilling program at the Mt Earl Prospect continued to prove the area as a potential source of satellite ore for a proposed copper heap leaching operation located at Mt Watson.

Cash Position

As at 31 December 2004, the Company's cash position was \$16.8 million.

Substantial Shareholding Notice

On 26 November 2004, the Company received a Notice of Substantial Holding from Independence Group NL ("Independence") pursuant to which Independence gave notice that it had a 19.96% interest in Matrix's issued capital.

The Company appointed Hartleys Limited to advise it in this matter, and is working to consider and assess all options to maximise value for all shareholders

2.0 **EXPLORATION REPORT**

Successful Primary Sulphide Drilling Program at Mt Watson

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

Highlights

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 include:

MWRCD03

196 m @ 0.32% Cu from 187m
incl 3.0m @ 1.00% Cu from 187m
and 28.2m @ 0.75% Cu from 197m
and 1.0m @ 8.52% Cu from 254m
and 4.3m @ 0.71% Cu from 295m

MWRCD06

144m @ 0.42% Cu from 256m
incl 7.0m @ 1.02% Cu from 256m
and 3.0m @ 1.64% Cu from 268m
and 2.0m @ 1.45% Cu from 296m
and 9.8m @ 1.19% Cu from 303m
and 11.0m @ 1.42% Cu from 325m

MWRCD07

3.0m @ 0.91% Cu from 198m
5.0m @ 0.76% Cu from 217m
1.3m @ 1.61% Cu from 292.3m

MWRCD10 (Diamond tail on MWRC162 renamed MWRCD10)

18.0m @ 0.90% Cu from 162m (RC)
10.7m @ 0.68% Cu from 183.3m (Diamond)
8.0m @ 0.62% Cu from 197.0m (Diamond)

Previous primary sulphide intercepts reported at Mt Watson prior to this specifically targeted program include:

MWRC 130

37.3m @ 2.18% Cu from 163.0m
incl 20.0m @ 3.03% Cu from 163.0m,
incl 8.0m @ 4.89% Cu from 175.0m.

MWRCD 01

15.4m @ 0.96% Cu from 198.7m
 incl 5.1m @ 1.45% Cu from 199.4m,
 4.5m @ 1.05% Cu from 220.5m,
 1.0m @ 0.79 % Cu from 235.0m,
 1.2m @ 2.38 % Cu from 239.2m,
 and 0.6m @ 2.49 % Cu from 252.5m.

MWRC 165

29.0m @ 1.39% Cu from 152.0m
 incl 9.0m @ 2.31% Cu from 168.0m,
 incl 3.0m @ 3.88% Cu from 170.0m.

MWRC 162

18.0m @ 0.90% Cu from 162.0m.

Interpretation of the Drilling Results

The drilling targeted a strong conductor defined by the MIMDAS geophysical survey in the vicinity of the previous primary sulphide intersections. The conductor is hosted by the lower Prd member of the Surprise Creek Formation. The drilling also tested a separate anomaly in the upper Prb member of the same Surprise Creek Formation. Significant sulphide copper mineralisation was intersected in both members of the Formation, as well as in the intervening Prc member.

Significantly, as well as the higher grade intervals, widespread lower grade mineralisation was reported in a number drill holes. Drill hole, MWRCD03, reported visible chalcopyrite copper mineralisation, assaying at **196m @ 0.32% Cu** (approximate true width of 180m), commencing at 187m down hole, with the mineralisation continuing as intermittent veins and disseminations to a down hole depth of 383m. Drill hole MWRCD06 reported a similar wide mineralised intersection of **144m @ 0.42% Cu from 256m** (approximate true width of 137m).

Based on these new results, the Company is now further 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.

Details of the Geology

The oxide and primary sulphide copper mineralisation at Mt Watson is present in three units of the Surprise Creek Formation, namely the Prd siltstone, which hosts most of the oxide and sulphide mineralisation reported to date, the underlying Prc sandstone and underlying that the Prb siltstone. The mineralisation in the Prb is of interest as it is far more widespread (as disseminated chalcopyrite) than the previously known mineralisation from this unit, previously reported as the Southern Zone mineralisation. This mineralisation has no representation at surface, nor is it evident in the shallower RC drill holes that penetrated into the Prb siltstone beyond the Southern area mineralisation.

These results continue to suggest that a significant mineralised copper system may be found at depth under the Mt Watson oxide resource. To date only 500m of strike length out of the oxide resource strike length of 1.5Km has been drill tested and at this stage only to a vertical depth of approximately 300m below surface.

Full intersection details for the drill holes are presented in Table 1, with the drill-hole location detailed in Table 2.

Follow-up Drill Program Following Wet Season

Based on the initial high grade drill intercepts, now supported by the success of this deep diamond drilling program, a full interpretative review of the results, incorporating the recently completed detailed surface mapping program over the entire Mt Watson mineralised zone, will be completed over the wet season.

Following from the interpretive review, it is expected a follow up diamond drilling program to further assess and potentially commence quantification of the Mt Watson primary sulphide mineralised zone, will occur.

Additional Mineralised Zone Discovered at Mt Watson

An additional zone of mineralisation was discovered 1200m north east of the Mt Watson deposit. The new zone was identified during a reverse circulation (RC) scout drilling program, which tested several areas near the Mt Watson resource.

The results are highly significant as they indicate additional oxide/transitional copper resource may be proven in the near vicinity of the main Mt Watson deposit. The find is also very encouraging for sulphide exploration as it suggests that sulphide mineralisation is likely to occur under cover rocks between the resource zone and the Boomerang 3 discovery.

The scout program consisted of 11 holes for 902m drilled. Complete intercepts for the program are given in Table 1.

Ore grade and width mineralisation was confirmed in two holes on a drill section at Boomerang 3, with a third hole, 100m along strike, in the same area, also recording anomalous copper values in the same horizon.

Results from the two higher grade holes are given below.

<u>Hole ID</u>	<u>Intercept</u>
MWRC208	7m @ 1.15 % Cu from 23m
MWRC209	1m @ 0.66 % Cu from 38m
and	4m @ 0.98 % Cu from 44m

Additional Drilling

The Boomerang 3 area will be further tested with more RC holes after cessation of the wet season in 2005.

Details of the copper intersections are presented in Table 3 with drillhole details and locations presented in Table 4.

Resource Potential Confirmed at Mt Earl

A drill program comprising 20 new holes, plus extensions to two earlier holes, was drilled during the period at the Mt Earl Prospect. The drilling program, comprising

1,469m, continued to prove the area as a potential source of satellite ore for a proposed copper heap leaching operation located at Mt Watson.

Additional mineralised Zone drill tested at the Ben Grid

A new mineralised zone was drill tested over 300m strike length at the Ben Grid area. The zone is coincident with and down dip of copper in soil and vegetation anomalies. The mineralisation is associated with quartz filled shears and concretions, as in the Mt Watson area. On the most western section, drill hole MERC45 was higher grade in the deeper of the two holes drilled on the section. Intercepts greater than 0.5% Cu are in Table 5 below.

An extension of mineralisation discovered at the Rita Grid

A new zone was intersected south of the Rita Grid in MERC48, which proves mineralization extends under shallow creek alluvium in this area. This hole is significant because it may explain high copper in soil values not directly supported by outcropping mineralisation in the area. The soil values may be the result of a low grade halo above higher grade mineralisation, whose direct surface expression is hidden under the creek alluvium. If this is correct significant tonnage could be added to the mineralisation at Mt Earl.

Also MERC47, in the main Rita Grid area, further tested high grade mineralisation.

Intercepts greater than 0.5% Cu are in Table 6 below.

Infill Drilling at the Sally Grid

At the Sally grid infill drilling showed that the area has two zones of higher grade with a more weakly mineralized zone in the centre. Significant intersections are presented in Table 7.

Drillhole Details and Locations for the Mt Earl Prospect scout drilling program are presented in Table 8.

White Range Regional Exploration Program

A program of regional exploration commenced at White Range during the quarter. The program, which is in addition to the ongoing work related to the White Range Feasibility Study, is designed to identify new prospects across the entire 1000 square kilometre (approximately) tenement holding in the White Range area. The program is targeting oxide and sulphide copper as well as gold.

Early success has been recorded with this program with results to be reported when analysis and interpretation is complete.

3.0 WHITE RANGE PROJECT BANKABLE FEASIBILITY STUDY

On 31 January 2005, the Company announced the commencement of a resource delineation program designed to augment the existing resource inventory at the White Range Project (Project) to allow the Project to progress through to the development phase.

Exploration in the past two years has confirmed the potential to both extend the resources at the existing deposits that comprise the Project and for the delineation of additional resources at a range of new prospects. These new prospects are located within the immediate vicinity of the Greenmount Deposit, where the Projects processing facility is planned to be located.

The work programs targeting the delineation of addition resources comprise the following:

- Quantification of the previously identified resource growth potential at the existing Vulcan, Greenmount, McCabe and the Kuridala Deposits.
- Quantification of the resource potential at the identified mineralised prospects in the immediate vicinity of Greenmount. These prospects are typically outcropping zones of mineralisation and include the Leonie, Expectation, Speculation, Desolation and Pete's prospects.
- Following up on very recent successful exploration work in the immediate vicinity of Greenmount, in both areas of outcrop and shallow cover. At one of these new prospects, known as Leopold, located 1.2 kilometres east of Greenmount, extensive visible copper mineralisation has been identified in an outcropping area untested by drilling to date. The recent work has also identified new areas of high copper and gold anomalism over extensive areas of shallow cover (1 to 2metres), again previously untested. In addition, a number of prospective structural targets, similar to Greenmount, have been confirmed in the area.

The Company believes that a concerted and focused work program in these areas has a high probability of delineating additional resources that will move to addressing the economic issues currently impacting on the Project. This program is underway.

The Company has also identified a range of other areas of Project optimisation to be evaluated. Work on these areas of optimisation is underway and include mining and geotechnical parameters, capital and operating costs and copper price protection strategies.

Further, the Company will commence economic modelling of the projected results of the resource delineation and optimisation work programs to allow the outcomes to be modelled and their respective impacts on the Project economics to be quantified.

4.0 EXPENDITURE

Expenditure on exploration and feasibility activities was \$1,864,341.

Expenditure on production activities was \$103,247.

No production occurred during the quarter, the expenditure described above is for care and maintenance activities.

5.0 **OUTLOOK FOR THE MARCH 2005 QUARTER**

Key activities planned for the March 2005 Quarter include the following:

- Commencement of drilling targeting additional oxide copper resources with close proximity to the Greenmount Deposit. This work is in line with the White Range Project Bankable Feasibility Study strategy of delineating additional resources to support the economics of the Project.
- Continuation of the White Range Project Feasibility Study optimisation work program.
- Commencement of drilling of new prospects identified from the White Range Regional Exploration program.
- Commencement of a scoping study for the Mt Watson Project.
- Continuation of drilling in the Mt Watson area targeting additional oxide copper resources.
- Commencement of the follow up drilling program targeting primary sulphide resources under the Mt Watson oxide copper resource.

Yours Faithfully



Andrew Chapman
Chief Executive Officer

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

6.0 **COMPANY INFORMATION**

COMPANY INFORMATION	
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Shane Mc Bride Executive Director, Chief Financial Officer and Company Secretary	ASX Code: MRX

Table 1
Mt Watson Deposit
Sulphide Drilling Program
Details of Copper Intersections
(cut-off of 0.5% Cu, including up to 2m internal dilution)

Hole No	Intersection					Drill Type
MWRCD03	2.0 m @	0.75 % Cu	from 74m		RC	
	And 0.4 m @	1.09 % Cu	from 159.7m		Diamond	
	And 3.0 m @	1.00 % Cu	from 187m		Diamond	
	And 28.2 m @	0.75 % Cu	from 197m		Diamond	
	And 1.2 m @	0.00 % Cu	from 101m		Diamond	
	And 1.0 m @	8.52 % Cu	from 254m		Diamond	
	And 1.3 m @	0.43 % Cu	from 291m		Diamond	
	And 4.3 m @	0.71 % Cu	from 295m		Diamond	
	And 1.0 m @	0.60 % Cu	from 334m		Diamond	
MWRCD05	2.0 m @	0.59 % Cu	from 76m		RC	
	And 1.0 m @	0.58 % Cu	from 85m		Diamond	
MWRCD06	7.0 m @	1.02 % Cu	from 256.0m		Diamond	
	And 3.0 m @	1.64 % Cu	from 268.0m		Diamond	
	And 3.0 m @	0.53 % Cu	from 275.0m		Diamond	
	And 2.0 m @	1.45 % Cu	from 296.0m		Diamond	
	And 9.8 m @	1.19 % Cu	from 303.4m		Diamond	
	And 2.0 m @	0.80 % Cu	from 318.0m		Diamond	
	And 11.0 m @	1.42 % Cu	from 325.5m		Diamond	
MWRCD07	3.0 m @	0.91 % Cu	from 198.0m		Diamond	
	And 2.0 m @	0.72 % Cu	from 204.0m		Diamond	
	And 5.0 m @	0.76 % Cu	from 217.0m		Diamond	
	And 1.3 m @	1.61 % Cu	from 292.3m		Diamond	
MWRCD08	0.9 m @	0.74 % Cu	from 238.1m		Diamond	
	And 1.0 m @	0.66 % Cu	from 391.0m		Diamond	
	And 1.0 m @	0.53 % Cu	from 395.0m		Diamond	
MWRCD09	3.0 m @	0.97 % Cu	from 298.0m		Diamond	
	And 1.0 m @	0.94 % Cu	from 308.0m		Diamond	
	And 1.0 m @	0.71 % Cu	from 313.0m		Diamond	
	And 1.0 m @	0.53 % Cu	from 325.0m		Diamond	
	And 1.0 m @	0.69 % Cu	from 361.0m		Diamond	
	And 2.0 m @	1.06 % Cu	from 384.0m		Diamond	
MWRCD10 rename of (MWRCD162)	1.0 m @	0.90 % Cu	from 129m		RC	
	And 18.0 m @	0.90 % Cu	from 162m		RC	
	And 10.7 m @	0.68 % Cu	from 183.3m		Diamond	
	And 8.0 m @	0.62 % Cu	from 197.0m		Diamond	

Assays from half NQ & HQ core, by AAS

Table 2
Mt Watson Deposit
Sulphide Drill Program
Drill Hole Details and Location

Hole No	Northing	Easting	RL	Dip	Azimuth (mag)	Hole Depth (m)
MWRCD03	5124.0	9258.3	265.1	-70	198.3	456
MWRCD04	4670.2	8987.5	242.6	-70	198.3	185
MWRCD05	4628.4	8536.5	272.5	-70	153.3	354
MWRCD06	5181.2	9049.5	275.4	-70	198.3	472
MWRCD07	5124.7	9150.6	274.2	-70	198.3	385
MWRCD08	5210.0	9200.0	270.0	-70	198.3	487
MWRCD09	5134.8	8950.0	294.4	-70	186.0	440
MWRCD10	5042.7	9099.9	292.1	-70	198.3	282

Table 3
Mt Watson Deposit
November 2004 RC Scout Drilling Program
Details of Copper Intersections
(cut-off of 0.5% Cu, including up to 2m internal dilution)

Hole No	Intersection					
MWRC201		2.0	M @	0.39	% Cu	from 61m
	And	3.0	M @	0.68	% Cu	from 79m
MWRC203		1.0	m @	0.56	% Cu	from 14m
	And	1.0	m @	0.53	% Cu	from 38m
	And	3.0	m @	0.65	% Cu	from 73m
	And	1.0	m @	0.53	% Cu	from 87m
MWRC208		7.0	m @	1.15	% Cu	from 23m
MWRC209		1.0	m @	0.66	% Cu	from 38m
	And	4.0	m @	0.98	% Cu	from 44m
MWRC210		1.0	m @	0.6	% Cu	from 49m

Table 4
Mt Watson Deposit
November 2004 Scout RC Drilling Program
Drill Hole Details and Location

Hole No	Northing	Easting	RL	Dip	Azimuth (mag)	Hole Depth (m)
MWRC200	4885.3	8728.8	254.3	-60	147.0	100
MWRC201	4904.1	8947.7	263.4	-70	198.0	94
MWRC202	4928.6	8940.8	264.7	-70	198.0	118
MWRC203	4881.3	10553.0	278.4	-70	198.0	88
MWRC204	4887.5	10552.9	278.4	-70	18.0	88
MWRC205	5050.8	10740.9	266.4	-60	198.0	40
MWRC206	5098.4	10734.1	262.5	-60	220.0	106
MWRC207	5602.8	10614.7	254.0	-60	111.3	82
MWRC208	6126.3	9954.2	270.1	-60	84.3	76
MWRC209	6125.2	9950.8	270.4	-80	84.3	52
MWRC210	6049.6	10023.2	264.0	-70	84.3	58

Table 5
Mt Earl Prospect
December 2004 Scout Drilling Program
Details of Copper Intersections at the Ben Grid Area

Grid Area	Hole ID	From	To	Intercept Description	Comment
Ben	MERC42	11.0 38.0	12.0 43.0	1m @ 1.23 % Cu 5m @ 0.54 % Cu	New Zone
Ben	MERC43	30.0 35.0 61.0	32.0 37.0 62.0	2m @ 0.87 % Cu 2m @ 0.65 % Cu 1m @ 0.53 % Cu	New Zone
Ben	MERC45	27.0	39.0	12m @ 0.57% Cu	New Zone gets better down dip

Assay intercepts at 0.5% Cu cut-off and 2m maximum carry.

Table 6
Mt Earl Prospect
December 2004 Scout Drilling Program
Details of Copper Intersections at the Rita Grid Area

Grid Area	Hole ID	From	To	Intercept Description	Comment
Rita	MERC47	3.0 14.0 17.0	4.0 15.0 20.0	1m @ 0.80 % Cu 1m @ 0.93 % Cu 3m @ 1.20 % Cu	
Rita	MERC48	1.0 11.0 19.0 29.0	8.0 15.0 21.0 30.0	7m @ 0.54 % Cu 4m @ 0.66 % Cu 2m @ 1.21 % Cu 1m @ 0.52 % Cu	New Zone trending south from the main zone

Assay intercepts at 0.5% Cu cut-off and 2m maximum carry.

Table 7
Mt Earl Prospect
December 2004 Scout Drilling Program
Details of Copper Intersections at the Sally Grid Area

Grid Area	Hole Id	From	To	Intercept Description	Comment
Sally	MERC49	2.0	7.0	5m @ 0.87 % Cu	
		11.0	14.0	3m @ 0.80 % Cu	
		19.0	21.0	2m @ 0.81 % Cu	
Sally	MERC50	40.0	49.0	9m @ 1.01 % Cu	
Sally	MERC51	39.0	40.0	1m @ 0.84 % Cu	
		44.0	48.0	4m @ 0.73 % Cu	
		66.0	67.0	1m @ 0.65 % Cu	
		72.0	77.0	5m @ 0.72 % Cu	
Sally	MERC53	24.0	25.0	1m @ 0.92 % Cu	
		34.0	35.0	1m @ 0.81 % Cu	
		43.0	45.0	2m @ 0.60 % Cu	
		59.0	60.0	1m @ 0.61 % Cu	
Sally	MERC59	50.0	57.0	7m @ 0.82 % Cu	
Sally	MERC31 Extended	29.0	50.0	21m @ 1.35 % Cu	Previously 16m @ 1.46% Cu

Assay intercepts at 0.5% Cu cut-off and 2m maximum carry.

Table 8
Mt Earl Prospect
December 2004 Scout Drilling Program
Drill Hole Details and Location

Hole No	Northing	Easting	RL	Dip	Azimuth (mag)	Hole Depth (m)
MERC40	7821717	386389	133.2	-60	305.3	70
MERC41	7821703	386404	131.5	-60	305.3	70
MERC42	7821628	386338	131.4	-60	305.3	52
MERC43	7821619	386349	130.2	-60	305.3	64
MERC44	7821496	386223	141.4	-60	305.3	52
MERC45	7821486	386235	138.4	-60	305.3	70
MERC46	7821039	386118	136.0	-60	132.3	52
MERC47	7821051	386107	135.1	-60	132.2	70
MERC48	7821036	386188	132.3	-60	222.3	100
MERC49	7820755	386311	131.9	-60	152.3	52
MERC50	7820772	386303	133.5	-60	152.3	82
MERC51	7820762	386253	135.2	-60	152.3	82
MERC52	7820725	386242	137.7	-60	152.3	64
MERC53	7820740	386232	138.5	-60	152.3	82
MERC54	7820712	386221	134.0	-60	152.3	82
MERC55	7820730	386214	137.0	-60	152.3	100
MERC56	7820683	386205	132.6	-60	152.3	64
MERC57	7820702	386197	135.2	-60	152.3	82
MERC58	7820721	386190	136.0	-60	305.3	100
MERC59	7820727	386106	135.5	-60	305.3	79

END

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Matrix Metals Limited

ABN

42 082 593 235

Quarter ended ("current quarter")

31 December 2004

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(2,091)	(4,191)
(b) development		
(c) production	(95)	(274)
(d) administration	(475)	(1,260)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	168	426
1.5 Interest and other costs of finance paid	(4)	(8)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(2,497)	(5,307)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	(1)
(b) equity investments		
(c) other fixed assets	(93)	(143)
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	-	3
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	(120)	(131)
Net investing cash flows	(213)	(272)
1.13 Total operating and investing cash flows (carried forward)	(2,710)	(5,579)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,710)	(5,579)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,815	1,813
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(6)	(13)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,809	1,800
	Net increase (decrease) in cash held	(901)	(3,779)
1.20	Cash at beginning of quarter/year to date	17,704	20,582
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	16,803	16,803

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	127
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	
Total	1,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	389	1,274
5.2 Deposits at call	16,414	16,430
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	16,803	17,704

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	575,387,509	575,387,509		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	34,250,000	34,250,000	5.3 cents	5.3 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
MRXAI	3,893,036	-	25 cents	20 March 2005
MRXAK	625,000	-	25 cents	31 August 2005
MRXAO	2,250,000	-	15 cents	14 June 2006
MRXAQ	612,500	-	15 cents	31 January 2007
MRXAS	750,000	-	10 cents	30 June 2005
MRXAS	750,000	-	10 cents	30 June 2006
MRXAS	750,000	-	10 cents	30 June 2007
MRXAS	75,000	-	10 cents	30 January 2007
MRXAU	9,999,999	-	18 cents	30 June 2008
MRXAU	200,000	-	12 cents	30 June 2008
7.8 Issued during quarter	9,999,999 200,000	- -	18 cents 12 cents	30 June 2008 30 June 2008

+ See chapter 19 for defined terms.

7.9	Exercised during quarter	34,250,000	-	5.3 cents	5.3 cents
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31 January 2005
(Company secretary)

Print name:

Shane McBride.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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