

Matrix Metals Limited

Hold

McCabe the Answer to White Range Feasibility?

Date

28 July 2005

ASX Code

MRX

Share Price

6.5cps

Market Cap (fully diluted)

\$37.4m (\$37.4m)

Issued Capital (fully diluted)

575.4m shares (575.4m)

Cash (as at 30 June 2005)

\$12.8m (2.2cps)

Management

David Humann (Chairman)

Andrew Chapman (Managing Director)

Top Shareholder

Independence Group NL (18.9%)

Analyst

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Matrix Metals Limited ("MRX") has identified a large copper breccia system at McCabe which has become the focus in terms of increasing the copper oxide feed for the feasibility of the White Range Project. The company is currently interpreting the most recent drill results from McCabe to design a resource delineation and extensional drill programme. Drilling is expected to commence in September.

White Range

- The company has made the McCabe prospect its priority in terms of resource growth. By drilling out a resource, MRX believes that the White Range project economics will become more attractive.
- The McCabe drilling has confirmed copper mineralisation over an area of 1200m x 700m to a depth of 300m. Geotechnical sampling has further extended the copper anomalism 1.25km to the south, 1.25km to the north and 2km to the east.
- A resource re-estimation is underway at Vulcan. The current resource of Vulcan is 0.9Mt at 0.59% Cu for 5kt of Copper Metal.
- In addition to McCabe, MRX will continue its step-out and infill drilling programmes along Leopard Line over the next quarter, with a focus on the Leonie Prospect
- Further drilling was undertaken at the Mahjong prospect during the quarter to follow-up the intersections of 14m at 0.61g/t Au and 13m at 1.0g/t Au. The 11 holes that intersected mineralisation have an average intersection of 14m at 0.46g/t Au.

Mt Watson

- No drilling was conducted during the quarter in the Mt Watson region, however, a number of drill programmes have been designed for the Mt Watson, Mt Earl, Tewinga and Mt Wonder deposits. These have been placed on hold due to the priority of McCabe.

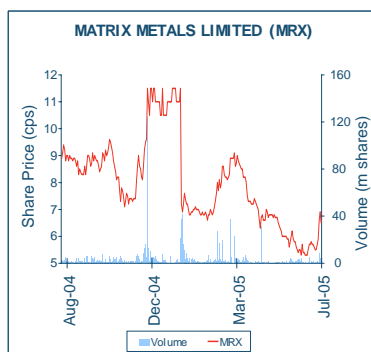
Corporate Appeal

- Further consolidation in the Queensland copper region is probable. While Xstrata is more interested in copper sulphides, Copperco is interested in copper oxide resource and have outlined their intention for vigorous consolidation in the region demonstrated by its attempted takeover of Universal.

Summary

Just over six months ago, MRX released the results of the White Range Feasibility Study, which was conducted at \$US1.40/lb and was shown to be difficult to fund. Since the disappointment associated with the BFS, the focus has now shifted towards exploration to find additional near surface copper oxide tonnes to increase the profitability of the project. Whilst the results from McCabe are encouraging, work is at an early stage and additional drilling and geotechnical work is required that we believe could take at least six months to complete. We see further value in MRX in terms of exploration, optimisation of the feasibility study and potential corporate appeal. We rate Matrix Metals Limited as a **Hold**.

Share Price Performance



Source: Iress

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Hartleys Recommendation Categories

Strong Buy	Significant share price appreciation anticipated
Buy	Share price appreciation anticipated
Speculative Buy	Share price appreciation anticipated but is considered high risk
Accumulate	Buy in periods of weakness
Hold	Take no action
Reduce	Sell in periods of strength
Sell	Significant price depreciation anticipated

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