

## Matrix Metals Limited

## Speculative Buy

### Share Register Wide Open

**Date**

16 July 2004

**ASX Code**

MRX

**Share Price**

9.1cps

**Market Cap (fully diluted)**

\$49.2m (\$52.3m)

**Issued Capital (fully diluted)**

541.0m shares (575m)

**Cash as at 30 June 2004**

\$20.5m

**Management**

David Humann (Chairman)

Andrew Chapman (Managing Director)

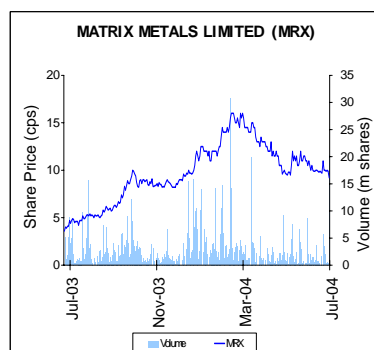
Shane McBride (Company Secretary)

**Head of Research**

Kevin Tomlinson

Ph: 618 9268 2827

kevin\_tomlinson@hartleys.com.au

**Share Price Performance**


Major shareholder Constellation Copper today sold its holding in Matrix Metals ("Matrix, MRX") to institutions. We understand that Constellation will employ the funds as part of its equity component requirement to develop its Lisbon Valley Project in Utah.

### Constellation Copper Share Sale

- We understand that Constellation Copper has sold its 23.64% holding in Matrix to 4 or 5 European and North American institutions at 8cps
- The share register is now wide open
- Sale proceeds are to be used by Constellation as part of the equity component to start production at its own Lisbon Valley Copper project

### Mt Watson

- Matrix has recently made significant discoveries at Mt Watson and Mt Earl which will present the opportunity for Mt Watson to be a stand alone copper cathode project. Current resources stand at 2.6mt at 1.1% Cu (28,600t copper metal). Matrix is currently re-estimating the resource at Mt Watson for release by the end of July
- Following a site visit in April, we believe the resource upgrade could be significant
- The company has recently completed electrical geophysical surveys at Mt Watson and defined several very good conductors, possibly sulphide which it plans to drill commencing in 10 days time

### White Range

- The White Range project has a measured and indicated resource of some 12mt at 1.1% Cu (132,000t copper metal) which is currently the subject of a feasibility study for a 15,000tpa operation
- Matrix is expected to make a go-ahead decision in the near-term
- Matrix is likely to relocate the Mt Cuthbert plant to White Range and expand the current plant capacity from 5,500tpa to 15,000tpa

### Valuation

- Our base valuation of 15cps remains the same and includes only production from White Range using a flat copper price of US\$0.85/lb and a flat AUD/USD exchange rate of 0.68. The expanded case valuation is 30cps based upon additional production from Mt Watson

### Summary

Notwithstanding the sale price of 8cps, we believe the sale of Matrix shares to European and North American institutions will be a positive for Matrix and see the current price weakness as a buying opportunity. The sale now means that the register is wide open and the Company could be in play. Matrix has many programmes in progress and we anticipate a steady stream of announcements that should lift the share price to previous levels. We continue to rate Matrix as a **Speculative Buy**.

# Hartleys Corporate Directory

## Research

Kevin Tomlinson	Head of Research	+61 8 9268 2827
Jonathan Battershill	Resources Analyst	+61 8 9268 3045
Simon Tonkin	Research Analyst	+61 8 9268 2826
Chris Bossong	Industrial Analyst	+61 8 9268 3048
Ashleigh Palmer	Research Assistant	+61 8 9268 2831

## Corporate Finance

Richard Simpson	Managing Director & Head of Corporate Finance	+61 8 9268 2824
Martin Pyle	Director-Corporate Finance	+61 8 9268 2821
Grey Egerton-Warburton	Director-Corporate Finance	+61 8 9268 2851
Paul Fryer	Assoc Director-Corp Finance	+61 8 9268 2819
Dale Bryan	Corp Finance Executive	+61 8 9268 2829

## Registered Office

Level 6, 141 St Georges Tce  
Perth WA 6000  
Australia

Postal Address  
GPO Box 2777  
Perth WA 6001  
Australia

Contact Details  
Telephone: +61 8 9268 2888  
Facsimile: +61 8 9268 2800  
Website: [www.hartleys.com.au](http://www.hartleys.com.au)  
Email: [info@hartleys.com.au](mailto:info@hartleys.com.au)

Note: personal email addresses of company employees are structured in the following manner:  
firstname\_lastname@hartleys.com.au

## Wealth Management

Stephen Anastos	+61 8 9268 2871
Nicola Bond	+61 8 9268 2840
Bradley Booth	+61 8 9268 2873
Nathan Bray	+61 8 9268 2874
Sven Burrell	+61 8 9268 2847
Simon Casey	+61 8 9268 2875
Tony Chien	+61 8 9268 2850
Travis Clark	+61 8 9268 2876
David Cross	+61 8 9268 2860
Nicholas Draper	+61 8 9268 2883
John Featherby	+61 8 9268 2811
Robin Forbes	+61 8 9268 2813
John Georgiades	+61 8 9268 2887
John Goodlad	+61 8 9268 2890
Andrew Gribble	+61 8 9268 2842
Neil Inglis	+61 8 9268 2894
Murray Jacob	+61 8 9268 2892
Gavin Lehmann	+61 8 9268 2895
Shane Lehmann	+61 8 9268 2897
Andrew Macnaughtan	+61 8 9268 2898
Joanne Malaxos	+61 8 9268 2832
Christian Marriott	+61 8 9268 2828
Scott Metcalf	+61 8 9268 2807
David Michael	+61 8 9268 2835
Nicole Morcombe	+61 8 9268 2896
Steven Morris	+61 8 9268 2809
Jamie Moullin	+61 8 9268 2856
Chris Munro	+61 8 9268 2858
Ian Parker	+61 8 9268 2810
Michael Pugh	+61 8 9268 2836
Charlie Ransom	+61 8 9268 2868
James Robinson	+61 8 9268 2859
Elliott Rowton	+61 8 9268 3040
Carrick Ryan	+61 8 9268 2864
Conlie Salvemini	+61 8 9268 2833
Darryl Smalley	+61 8 9268 2808
Craig Smith-Gander	+61 8 9268 2866
David Smyth	+61 8 9268 2839
Greg Soudure	+61 8 9268 2834
Sonya Soudure	+61 8 9268 2865
Margaret Radici	+61 8 9268 2820
Dirk Vanderstruyf	+61 8 9268 2855
Matthew Walker	+61 8 9268 2825
Marlene White	+61 8 9268 2806

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Hartleys has completed a placement of \$15m in Matrix Metals for which it received a fee of 6%, and a SPP of \$4.5m for which it received a fee of 4.5%. Hartleys has also provided and does provide corporate advice to Matrix Metals, for which it receives fees.

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