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Manager Company Announcements
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White Range Project Feasibility Study

Introduction

Matrix Metals Limited (Matrix) is the 100% owner of the White Range Copper Project (Project) located 40 kilometres south of Cloncurry in North West Queensland which comprises the Greenmount, Kuridala, Vulcan and Mc Cabe deposits. The Project was purchased in July 2000 and at that stage had been the subject of a feasibility study completed by the previous owner. The results of the previous feasibility study indicated the potential for the development of an economic heap leach, solvent extraction/electrowinning (SX/EW) project. Based on this previous study and in combination with the exploration success that has been achieved by Matrix during the period 2001 to 2003, Matrix commenced a Bankable Feasibility Study (BFS) on the Project in late 2003.

Summary of Results of the BFS

Utilising an approximation to the current spot copper price and Australian/US dollar exchange rate, the Company announces a positive result for the White Range Project Bankable Feasibility Study, as presented in the table below.

BFS Economic Analysis Results

Item	Column 1
Copper Cathode Production per year (Tonnes)	15,000
Project Life (Years)	6.2
USD Copper Price Flat (Per lb)	\$1.40
USD/AUD Exchange Rate Flat(Per lb)	\$0.75
A\$ Copper Price Flat (Per lb)	<u>A\$1.87</u>

Total Net Profit	A\$74M
NPV @ 5% Discount	A\$53M
IRR	33%
Pre Production Capital Cost	A\$39M
Operating Cost (Per lb AUD)	A\$1.16
Capital Cost (Per lb AUD)	A\$0.30
Total Cost (Per lb AUD)	<u>A\$1.46</u>

However, the Project is highly sensitive to movements in the Australian dollar copper price. By way of example, a 10 cent movement in the US\$ copper price would cause the NPV of the Project to change by approximately A\$20m. A movement of 5 cents in the AUD exchange rate would have the same effect.

The Company has formed the view that unless the copper price consolidates at its current level or in fact continues to rise, this high level of sensitivity will make funding of the Project difficult to achieve.

Accordingly, the Company believes that the key to progressing the Project is the identification of additional copper resources. Specifically, exploration will target low strip ratio deposits with similar grade and leaching characteristics to the Company's existing Vulcan deposit which is located within 5 kilometres of Greenmount. Vulcan is one of the deposits comprising the Project and has the potential to be increased significantly from its current size. Other prospects within a 5 kilometre radius of Greenmount with the potential for the targeted styles of copper mineralisation include the prospects known as Desolation, Speculation, Expectation, Leonie and Pete's.

BFS Analysis of Costs

As detailed above, although presenting a positive outcome to the BFS at the current copper price, the sensitivity to the copper price under the current capital and operating cost structure is expected to make funding of the Project difficult.

The key issues effecting the Project economics are presented below.

Capital Costs

Leaving aside the capital cost increases associated with inflation and the effective doubling of the planned production rate, the capital cost has further increased from previous estimates due to the following:

- The requirement for a more extensive and hence more capital intensive water supply system.
- An increase in construction costs due to the current over committed state of the construction industry.

Operating Costs

The operating costs increases over previous estimates include the following;

- Geotechnical studies at the Greenmount deposit have effected the mine design resulting in a substantial increase in the striping ratio at the deposit. The geotechnical drilling at Greenmount identified significant clay filled fractures in the pit walls and the finalised interpretation received in recent weeks has resulted in an open pit design incorporating low pit batter angles.
- Increase in mining contract costs.
- Significant increase in the acid price related to the tightness of the acid market.
- Increased cost of diesel fuel.
- Increased labour costs.

Outlook and Additional Work Program

Sensitivity testing of the economic model adopted in the BFS has highlighted various areas of optimisation to be pursued. These areas will include the pursuit of operating and capital cost reductions, along with the key objective of the delineation of additional copper resources.

The identification of additional resources to extend the life and to improve the economics of the Project will be the priority, and within that, the targets will be low strip ratio deposits, with similar grade and leaching characteristics, such as the existing Vulcan deposit which is located close to Greenmount.

Exploration over the past two years has been successful in identifying a range of mineralised prospects. These prospects have all demonstrated strong resource potential and are within close proximity of Greenmount where the processing facility and associated infrastructure is to be located. Not the least of these identified target areas is the confirmed potential for a major upgrade to the current Vulcan resource. The other prospects identified to date include Desolation, Speculation, Expectation, Leonie and the Pete's Prospect, all of which are located within a 5 kilometre radius of Greenmount.

BFS Parameters and Assumptions

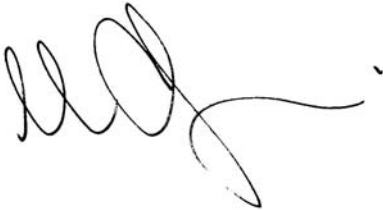
The key parameters and assumptions related to the BFS results as reported are as follows:

- The BFS result reported utilises an approximation to the spot or current market prices for copper, Australian dollar, fuel and acid and an adjusted copper cathode premium.
- The resource estimate is JORC compliant.
- Completion of the final phase of the mining studies will result in a JORC compliant Ore Reserve.
- Metallurgical recoveries and leaching rates utilised are at the upper end of the range indicated by the current testwork. Additional testwork that has been recommended has the potential to improve

these recovery parameters.

- The capital and operating costs are derived from historical data, budget pricing, formal quotes and tenders.
- Labour costs have been derived from experience at Matrix's previous operation at Mt Cuthbert, historical data and industry surveys.
- Contingencies have not been included.
- All financial projections are before interest and tax.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'AC', with a long horizontal flourish extending to the right.

Andrew Chapman
Managing Director