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Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

MATRIX METALS
LIMITED

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Dear Sir,

ANNOUNCEMENT

White Range Project Update

Highlights

- **Alternative funding options under negotiation for the White Range Project.**
- **Project power supply from the local grid under negotiation offering potential significant operating cost reductions.**
- **Sustained supply deficits and consequential high copper price offers support to enhanced Project economics.**
- **Enhanced Project Economics Presented**

Introduction

Matrix Metals Limited ("**Matrix"**) has been progressing towards the development of the White Range Project ("**Project**") and is in the process of completing optimisation work on the Bankable Feasibility Study ("**BFS**").

The BFS now incorporates an upgraded resource estimate of 13.87 million tonnes @ 1.1 % copper (refer Table 2) with resource delineation drilling programs at various prospects continuing.

In an environment of prevailing world wide copper supply deficits resulting in rising copper prices, the Company has been working through a range of optimisation studies including the incorporation of grid power rather than a site based power generation option as well assessing alternative funding opportunities for the Project.

In this regard the Company advises the following:

- Alternative Project funding options are the subject of negotiations with various product end users and off-take parties who have expressed strong interest in supporting the funding of the Project.

- Negotiations for the Project to be supplied with power from the local grid are ongoing with indications being that a significant reduction in power costs from those assumed in the initial BFS results as reported in January 2005 may be achievable.
- Since the reporting of the initial BFS results in January 2005, copper price has risen a further 40% to all time highs of almost US$2.00 per pound. Matrix believes that this is now a significant factor in regard to the funding potential of the Project.
- Various other optimisation activities are ongoing, including a review of various other key cost components of the Project including earthworks capital costs, mining costs, acid supply costs and modifications to the Project site layout and access routes.

Project Financial Modelling

Remodelling of the Project economics, taking into account these various changes in circumstances presents an enhanced financial outcome for the Project. The remodelling adopts the basic cost structures that applied in the January 2005 financial analysis, but incorporates the reduced power costs that are indicated as achievable and applies the effects of the updated copper prices structures.

Table 1 below presents a summary of the enhanced Project economics at a range of copper price and exchange rates.

Table 1

White Range Project

Updated Project Financial Analysis

	Column 1 ***Base Case Model***	***Column 2*** ***YTD A$ Cu Price***	***Column 3*** ***Spot A$ Cu Price***
Production Rate	***15,000 tpa***	***15,000 tpa***	***15,000 tpa***
Copper Cathode Produced	***87,081 tonnes***	***87,081 tonnes***	***87,081 tonnes***
LOM Capital Costs	***A$ 59m***	***A$ 59m***	***A$ 59m***
Operating cost /lb	***USD 0.72c***	***USD 0.78c***	***USD 0.75c***
USD/AUD Exchange rate	***0.70c***	***0.76c***	***0.73c***
USD Copper Price	***Hedging Curves then $1.10***	***$1.54 flat***	***$1.94 flat***
EBITDA	***A$130m***	***A$188m***	***A$305m***
EBIT	***A$71m***	***A$129m***	***A$246m***
NPV @ 8% Disc.	***A$43m***	***A$86m***	***A$175m***
IRR	***39%***	***60%***	***122%***

Column 1 in the table presents the Project economics adopting the current copper price backwardation curves settling at a base of USD$1.10 per pound of copper, nominated as the **Base Case** model.

Column 2 presents the economics of the Project modelled at the year to date average copper price, nominated as the **YTD A$ Cu Price** model.

Column 3 models the Project at the current spot copper price, nominated as the **Spot A$ Cu Price** model.

Notwithstanding the inherent merit of the Base case model, the latter two scenarios demonstrate the further upside potential of the Project.

Modelling Criteria and Assumptions:

- Discount Rate of 8%
- Base Case Copper Price model adopts the current copper backwardation curve reducing to a flat US$1.10 at a $0.70 AUD/USD exchange rate.
- The backwardation curve assumes production commences in early 2007
- Year to Date Price adopts the moving average copper price for the 2005 year of US$1.56 at a 76 cent AUD
- Spot Copper Price model adopts a price of US$1.90 with a 73 cent AUD
- Power costs assume grid power at currently indicated tariff rates
- Modelling cost structured as per the January 2005 BFS assessment unless otherwise noted.

Longer Term Supply/Demand Pressures Provide New Funding Options

As a result of the continuing world wide supply deficit situation, copper price has risen a further 40% to all time highs in November 2005 of almost US$2.00 per pound. Matrix believes that the supply/demand pressures are a significant factor in regard to the funding potential of the Project.

Various sections of the market now perceive an outlook of sustained high copper price with this outlook offering Matrix a new range of alternative funding options for the Project. These opportunities relate to the copper supply deficit situation being projected to continue and hence, copper end users and off-take parties are seeking to secure long term supplies of the commodity at source.

Matrix has been assessing and negotiating these opportunities throughout the year with groups from Japan, USA, Europe and China, and now believes the opportunity exists to develop a funding package for the Project.

Negotiations are continuing with number of parties.

Resource Growth and Additional Prospects Proven

As a key component of the ongoing Project work, a number of drilling programs have been completed during 2005 with these programs confirming the resource growth potential of the White Range Project area. Drilling at the McCabe, Vulcan and Leone prospects have confirmed large new zones of copper mineralisation with step out and resource delineation drilling programs continuing at this time. A 50% increase in the Vulcan resource was reported on 16 September 2005.

The drilling programs that commenced in September 2005 are due to be completed in early December 2005. The programs, comprising approximately 10,000m of RC and diamond core drilling, were designed to further test the resource growth potential and overall extent of the McCabe, Vulcan and Leone prospects. Due to the ongoing overload situation that prevails in the assay laboratories, less than half the assay results have been received to date. The

limited results received indicate resource width and grade leachable copper intercepts at all areas drilled. Full results of the program will be reported when they have been received and interpreted.

The updated White Range Project leachable copper resource inventory is presented in Table 2 below. The inventory includes the Stuart Deposit (located approximately 45 km south of Kuridala) which was not included in the BFS as previously reported nor is it in the projections in this announcement, however Matrix considers that higher copper prices should now provide for this significant leachable copper resource to be economic and hence be included in the Project.

Table 2

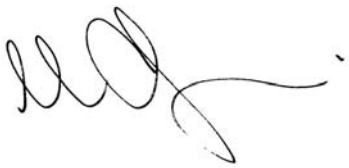
White Range Project
Leachable Copper Resource Estimate
November 2005

DEPOSIT	MEAS'D TONNES	% Cu	INDIC'D TONNES	% Cu	INFER'D TONNES	% Cu	TOTAL TONNES	% Cu	CUT OFF % Cu	COMPETENT PERSON ATTRIB'N
Greenm't	1,330,000	1.1	3,260,000	0.9	3,380,000	1.0	7,970,000	1.0	0.3	3
Kuridala	1,240,000	1.4	1,480,000	1.3	780,000	1.2	3,500,000	1.3	0.5	4
McCabe	240,000	1.4	320,000	1.2	160,000	1.2	720,000	1.2	0.8	2
Vulcan			341,000	1.2	119,000	0.8	460,000	1.1	0.5	1
Stuart			1,222,000	1.1			1,222,000	1.1	0.5	2
TOTAL	**2,810,000**	**1.3**	**6,623,000**	**1.0**	**4,439,000**	**1.0**	**13,872,000**	**1.1**	**N/A**	
GRAND TOTAL	**3,949,000**	**1.3**	**13,867,000**	**1.0**	**6,356,000**	**1.0**	**24,172,000**	**1.1**	**N/A**	

Conclusion and Outlook

Matrix believes the opportunity now exists to develop a funding package for the development of the White Range Project in its current form, based on the updated economics as presented in this announcement. This belief is based on the revised Project economics that incorporate the potential for negotiating significantly reduced Project power costs, together with the effects of the outlook for sustained high copper prices and the pursuit of long term supplies of copper at source by end users and off-take parties.

Yours Faithfully



Andrew Chapman
Managing Director

JORC Code Compliance Attributions

1.
The information in this report that relates to Mineral Resources is based on information compiled by Bob Dennis. Mr. Dennis is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr. Dennis consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

2.
The information in this report that relates to Mineral Resources is based on information compiled by Phil Frank. Mr. Frank is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Mr. Frank has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr. Frank consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

3.
The information in this report that relates to Mineral Resources is based on information compiled by Andrew Richmond. Dr. Richmond is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Golder Associates. Dr. Richmond has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Dr. Richmond consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

4.
The information in this report that relates to Mineral Resources is based on information compiled by John Horton. Mr. Horton is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Golder Associates. Mr. Horton has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Mr. Horton consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

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