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Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
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ANNOUNCEMENT

White Range Project Development Update

Development Update

- Negotiations with copper off-take funding parties and banks are progressing well
- Power supply from the local grid likely to be available at favourable tariff rates, negotiations continuing
- Updated Copper Price forward curves provided by a bank add \$56m to the Project EBIT and EBITDA, \$43m to NPV and 21% to IRR, for a total of:

EBITDA	\$186m
EBIT	\$127m
NPV	\$ 86m
IRR	60%

Introduction

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

Subsequent to the last update on the Project in November 2005, funding negotiations have continued with both alternative funding parties and with banks. Copper price forward curves provided by a bank that the Company is negotiating with, have been applied to the Project financial model. The new price curves significantly enhance the Project economics.

Table 1 presents a summary of the new analysis together with a comparison of the analysis announced in November 2005.

Table 1

White Range Project
Updated Project Financial Analysis
February 2006

	New Base Case Model Feb 06	Base Case Model Nov 05	Variance
Production Rate	15,000 tpa	15,000 tpa	Nil
Copper Cathode Produced	87,081 tonnes	87,081 tonnes	Nil
LOM Capital Costs	A\$ 59m	A\$ 59m	Nil
Operating cost /lb	USD 0.74c	USD 0.72c	plus USD 0.02c
USD/AUD Exchange rate	Hedging Curves then 0.70c	Hedging Curves then 0.70c	Nil
USD Copper Price	Hedging Curves then \$1.10	Hedging Curves then \$1.10	
EBITDA	A\$186m	A\$130m	plus A\$56m
EBIT	A\$127m	A\$71m	plus A\$56m
NPV @ 8% Disc.	A\$86m	A\$43m	plus A\$43m
IRR	60%	39%	plus 21%

Modelling Criteria and Assumptions:

- Discount Rate of 8%
- The backwardation curve assumes hedging was effected 27Jan 06 for 100% of copper production, with production commencing in Mid 2007
- Power costs assume grid power at currently indicated tariff rates
- Modelling structured as per the January 2005 BFS assessment unless otherwise noted.

Conclusion and Outlook

Based on this significant enhancement to the Project economics, Matrix continues to advance funding negotiations, negotiations in relation to final grid power tariffs, and is progressing all other matters required for a decision to proceed with the development of the Project.

Yours Faithfully



Andrew Chapman
Managing Director