



# QUARTERLY REPORT

FOR THE PERIOD ENDED

31 MARCH 2001

MATRIX METALS LIMITED  
ABN 42 082 593 235

# MARCH 2001 QUARTER SUMMARY

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## Production

A daily copper cathode production rate of 75% of maximum capacity was achieved during the quarter ending 31 March 2001. The production rate has since then steadily increased to a daily rate of 97% of maximum capacity as at 30 April 2001.

The impact of the abnormal December rain event continued to affect production of copper cathode during the period and also has had a negative impact on operating costs.

Recovery from the impact of the rain is now effectively complete with a daily production rates in excess of 15 tonnes per day (tpd) achieved and continuing to climb towards the maximum production level of 15.5tpd.

As scheduled, following the cessation due to the wet season, open pit mining recommenced at both the Dobbyn and Orphan open pits in early March. Stacking of ore on leach pad No 1 was completed as planned in late February with the shift to the new leach pad, No 6 Upper, successfully completed in early March.

## Exploration and Development

Fieldwork in preparation for proposed drilling programs commenced at both the Mt Watson Prospect located near Mt Cuthbert and the Greenmount Deposit at White Range. Encouraging results have been achieved from the initial work, particularly at Mt Watson.

The scope of work required to complete the White Range Feasibility Study was completed and tenders are now being sought to conduct the work. In addition, a program of metallurgical testwork on Mt Cuthbert ore types was commissioned to determine the leach characteristics of various ore types and improve operating efficiencies and recoveries.

## Summo Transaction

At the Extraordinary General Meeting held on 9 April 2001, all 5 resolutions related to the Summo Transaction were approved overwhelmingly by shareholders. Upon Summo's settlement of the transaction with Majestic Resources NL and Murchison United NL, Summo will hold a 48% shareholding position in Matrix. Summo has advanced the Company a loan facility of A\$3.25m of which A\$1.25m has been drawn down. A copy of the media release in regard to the approvals of the resolutions at the EGM is attached.

# CHIEF EXECUTIVE'S REVIEW

## Mt Cuthbert Operation

A daily production rate of 75% of maximum capacity was achieved as at 31 March 2001, with the production rate continuing to climb achieving 97% of capacity by 30 April 2001.

The impact on production of the unprecedented heavy December rain manifested itself during the March quarter with total cathode production 48% below budget. Daily production prior to the December rain had reached a high of 12.5 tpd but dropped to as low as 6 tpd during January due to the effects of the rain.

As at 30 April production levels had recovered to in excess of 14 tpd and following the end of the wet season, a run up to the maximum production level of 15.5 tpd can be expected during June.

Mining recommenced in the Dobbyn and Orphan open pits in early February 2001, following the wet season. These open pits are scheduled to be mined out during the June quarter with development of the next pit, Hidden Treasure now underway. Mining of the Hidden Treasure open pit is scheduled to commence in July.

Stacking of ore to leach pad No 1 was completed on 28 February with a total of 2,620 tonnes of recoverable copper stacked on the pad. As at 31 March, 1,450 tonnes of copper had been recovered from the pad.

The move to the new pad, No. 6 Upper, was successfully completed with stacking of ore commencing on 6 March with first copper extracted on 12 March.

Production statistics for the March Quarter are set out below.

<b>Mt Cuthbert Operation</b>		
<b>March Quarter 2001</b>		
<b>Production and Cost Statistics</b>		
<b>ITEM</b>	<b>MARCH QUARTER</b>	<b>YEAR TO DATE</b>
Ore Mined	39,324 tonnes	228,694 tonnes
Ore Crushed & Stacked	72,770 tonnes	212,191 tonnes
Ore Grade	2.01% Cu	2.09 % Cu
Copper Cathode Produced	753 tonnes	2,138 tonnes
<b>Total Cash Cost (1)</b>	<b>US 79c /lb</b>	<b>US 68c /lb</b>
<b>Copper Price Received</b>	<b>US 81c /lb</b>	<b>US 82c /lb</b>

(1) Total Cash Costs include the following:

Mining, processing, administration, environmental, site specific corporate charges, inventory changes, transportation costs and royalties.

## EXPLORATION

### Mt Cuthbert Exploration

Fieldwork commenced in March at the Mt Watson prospect located 23 km NW of Mt Cuthbert, in late March in preparation for the first drilling program scheduled to commence in the June quarter. The initial fieldwork program comprised surface mapping and sampling. The results of the surface mapping were encouraging and support management's initial view on the potential of the prospect to extend the mine life of the Mt Cuthbert Operation.

### White Range Project

Fieldwork commenced at the White Range Project with activities focussed on the Greenmount Deposit. In preparation for the next phase of drilling, initial field activities comprised relogging of drill chips and surface mapping. The relogging of the RC drill cuttings has resulted in a better understanding of the geology of the Greenmount deposit that may lead to a reinterpretation of the resource.

## DEVELOPMENT

### White Range Project

The scope of work required to complete the Feasibility Study for the Project was completed during the period. Tenders are now being sought for the key components of the Feasibility Study work program.

### Mt Cuthbert Metallurgical Testwork

A program of metallurgical testwork commenced on site during the period. The aims of the program are to determine the leach characteristics of various ore types and blends under varying conditions. A total of seven columns were installed and early results have improved the understanding of the leach kinetics of the various ore types, including ore currently under irrigation and those to be mined and stacked in the future.

## CORPORATE

As detailed in the Half Yearly accounts, a pre-tax profit of \$463,623 was reported for the period ending 31 December 2000. The result was in line with the budget used to prepare the Prospectus Forecast.

The adverse events of December significantly affected copper cathode production and hence financial performance during the March quarter. This effect combined firstly, with the higher operating costs being encountered predominately due to high world oil prices and secondly, with the impact of the subdued copper price, will flow through to the profit outcome for the full year ending 2001. Although cost performance is improving in the June quarter, copper product is sold at spot prices and receipts are exchanged at the spot US exchange rate. Given the volatility of these factors, the profit and cash flow impact to 30 June 2001 cannot be accurately qualified.

Accordingly, as stated in the Information Memorandum issued in relation to the Extraordinary General Meeting (EGM) held on 9 April 2001, the Directors advise that following the completion of the annual financial accounts, and as initial results from the feasibility work and exploration came to hand, the Directors will assess the cash flow and capital requirements of the Company. This may include a reassessment whether it is appropriate to pay the dividend projected in the Prospectus.

At the EGM held on 9 April 2001, all 5 resolutions related to the Summo Transaction were approved overwhelmingly by shareholders. Upon settlement of its transaction with Majestic Resources NL and Murchison United NL, Summo will hold a 48% shareholding position in Matrix and has advanced the Company a loan facility of A\$3.25m of which A\$1.25m has been drawn down.

Two of the resolutions approved at the EGM provided for the appointment of Mr Bob Prescott and Mr Chris Mitchell as directors of Matrix. Both Mr Prescott and Mr Mitchell are employees of Summo. The approval for the appointments was conditional on completion of the share transaction between Summo, Majestic and Murchison. Matrix is advised that completion is scheduled to occur in May 2001, after which time the appointments to the Board will be effected.

As part of the Board restructure related to the Summo Transaction, Mr Jim Williams, a founding director of Matrix, resigned from the Board. The Company takes this opportunity to acknowledge Mr Williams significant contributions to the creation and initial development of the Company. Mr Williams will continue his technical consulting role with the Company.

## OUTLOOK

Despite the adverse events of December, and the ongoing effects experienced during the March quarter, production at Mt Cuthbert is now in a steady state and climbing towards the maximum production rate.

In accordance with the objectives of the Company's business plan, the achievement of ramping up and stabilisation of the production at Mt Cuthbert has now been effectively achieved. This will allow the next phase of the business plan to be implemented including more intensive exploration at Mt Cuthbert and White Range and the commencement of the final stage of the Feasibility Study for the development of the White Range Project. The feasibility study for the upgrade of the processing facilities at Mt Cuthbert will also move to completion in tandem with the ongoing exploration program at Mt Watson and at the other priority exploration targets.

The successful completion of the Summo Transaction ends a period of corporate uncertainty and now allows the Company to move forward with a significantly enhanced and supportive shareholder support base and provides improved access to financial resources.

Andrew Chapman  
**Chief Executive Officer**

## COMPANY INFORMATION

### **DIRECTORS**

Gordon M. Freeman  
*Non Executive Chairman*

Andrew P. Chapman  
*Chief Executive Officer*

David J. Humann  
*Non Executive Director*

### **CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY**

Shane B. McBride

### **STOCK EXCHANGE LISTING**

Matrix Metals Limited shares are listed  
on the Australian Stock Exchange  
(Code MRX)

### **PRINCIPAL OFFICE**

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**MATRIX METALS LIMITED**

**MEDIA RELEASE**

**MONDAY, 9 APRIL 2001**

**MATRIX METALS' SHAREHOLDERS APPROVE SUMMO DEAL**

Matrix Metals Limited (Matrix) today secured its role as one of Australia's emerging copper producers following overwhelming shareholder approval for Summo Minerals Corporation (Summo) to acquire 48 percent of the Company's capital and provide a A\$3.25 million loan facility.

Shareholders approved all five resolutions proposed at the General Meeting held in Perth today.

The approval allows Summo to acquire Murchison United NL's and Majestic Resources NL's shares in Matrix for a net consideration of 23.8 cents per share to become a 48 percent shareholder.

Chief Executive Officer of Matrix Metals, Mr Andrew Chapman, said he believed that Summo had made a strategic investment to build a robust Australian copper production company, augmenting the growth opportunities, and existing technical and funding resources of Matrix with their extensive contacts and skills.

"Summo, like Matrix, is a focussed SX/EW copper company with a similar corporate philosophy and strategy. We welcome Summo as a major shareholder and look forward to a long and profitable relationship," Mr Chapman said.

"Summo's involvement enables Matrix to replace the previous major shareholders with a strongly supportive shareholder keen to encourage the Company's growth and maximise its value adding opportunities.

"The Summo transaction also provides us with debt funding that will allow Matrix to progress its current business plan and growth strategy without immediate dilution in our existing shareholders' interests.

"Summo also brings complimentary technical skills and industry expertise and introduces Matrix to new sources of medium to long term funding," Mr Chapman said.

Mr Chapman said the presence of Summo's stable shareholding should greatly enhance the market position of Matrix and enable investors to focus on its improved position to optimise the Mt Cuthbert Operation and secure and progress the White Range Project.

"Summo's involvement can only enhance our ability to pursue growth beyond the existing assets and help Matrix realise its full potential as a producer of cathode copper in Australia," Mr Chapman said.

**ENDS**