



**MATRIX METALS**  
LIMITED

***QUARTERLY REPORT***

***FOR THE PERIOD ENDING***

***30 SEPTEMBER 2000***

***MATRIX METALS LIMITED***  
***ABN 42 082 593 235***



## ***HIGHLIGHTS***

- Matrix Metals Limited successfully listed on the Australian Stock Exchange on 11 July 2000.
- Acquisition of the Mt Cuthbert and the White Range Projects was completed on 10 July 2000.
- Copper production for the period totalled 436.7 tonnes.
- Cash production costs for the period were on budget totalling US 79c per pound.
- Daily copper production rate at Mt Cuthbert rose from 3 tonne per day (as at the date of acquisition) to over 11.5 tonne per day at 30 September. This represents 76% of maximum production capacity. The rate achieved as at the end of September was in excess of the daily rate budgeted for that time.
- Average price of copper sales during the period was US 85c per pound. The Company has enjoyed benefits of the rising copper price and declining Australian dollar exchange rate.
- The US dollar revenue received during the period has been converted at an average exchange rate of 55c. Although having Call Options in place to ensure conversion of US dollar to Australian Dollar at a rate no greater than 60c, the Options have been let lapse (at no penalty to Matrix), and revenue converted at the spot price.

# ***CHIEF EXECUTIVES REVIEW***

It is with great pleasure that I present to you the inaugural Quarterly Report of Matrix Metals Limited.

I am pleased to report that since the listing of the Company on the ASX on 11 July 2000, and the successful acquisition of the Mt Cuthbert Operation and the White Range Project, the following events have occurred:

## ***Mt Cuthbert Operation***

- The production ramp up at Mt Cuthbert to full production capacity is well underway. Significant activities undertaken include:
  - Construction of a new heap leach pad.
  - Appointment of a new mining contractor.
  - Recommencement of mining in the Dobbyn Open Pit.
  - Commencement of mining in the Orphan Open Pit.
  - Re-mining of two existing leach pads.
- A detailed review of medium term production plans has commenced.
- Engagement of an engineering company to progress the production upgrade study to feasibility status.
- Negotiations have progressed with the local native title claimants to conclude an Indigenous Land Use Agreement.
- A review of exploration targets at Mt Cuthbert has commenced.

## ***White Range Project***

- The White Range Project database is under review preparing for commencement of the next phase of the feasibility study.

In an overall sense, the Company is on target with the cost, production and development activities described in the Prospectus.

I trust you enjoy reading about our progress.

Yours sincerely



Andrew Chapman  
**Chief Executive Officer**

# ***PRODUCTION***

Shareholders will recall from the Prospectus that Matrix was preparing to take control of the Mt Cuthbert Operation at a reduced production level, at the date of acquisition, being approximately 25% of maximum capacity. This planned situation was a consequence of open pit mining having ceased in November 1999 and hence new copper not being stacked, and the inventory progressively depleting.

At the time of the handover the daily output was approximately 3 tonnes of copper cathode per day (representing 20% of capacity) and plans were immediately implemented to re-commence mining, construct a new leach pad, and reinstate a full workforce targeting an accelerated ramp up of production to a sustainable 15 tonnes of copper per day by the end of November 2000.

Budgeted copper cathode production was achieved for the month of September. Overall production for the period was below budget due to the late acquisition of the Operation. The achievement of a steeper ramp up rate than projected has allowed the budgeted production to be achieved in September with a continuation of this steeper ramp up rate through October assisting in making up the production shortfall recorded in the early part of the quarter.

Cash production costs for the period were on budget at US 79c per pound. In considering the costs, the impact of the higher than normal operating costs associated with the production ramp up phase, which were budgeted, need to be noted.

| <b><i>Mt Cuthbert Operation</i></b>   |                          |                     |
|---------------------------------------|--------------------------|---------------------|
| <b>Production and Cost Statistics</b> |                          |                     |
| <b>ITEM</b>                           | <b>SEPTEMBER QUARTER</b> | <b>YEAR TO DATE</b> |
| Ore Mined                             | 52,578 tonne             | 52,578 tonne        |
| Ore Crushed & Stacked                 | 51,410 tonne             | 51,410 tonne        |
| Ore Grade                             | 1.69 % Cu                | 1.69 % Cu           |
| Copper Produced                       | 436.7 tonne              | 436.7 tonne         |
| <b>Total Cash Cost (1)</b>            | <b>US 79c /lb</b>        | <b>US 79c /lb</b>   |
| <b>Copper Price Received</b>          | <b>US 85c /lb</b>        | <b>US 85c /lb</b>   |

(1) Total Cash Costs include the following charges:

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

## ***CURRENCY HEDGING & COPPER SALES***

As previously announced, immediately after listing the Company purchased Call Options to convert US dollars to Australian Dollars at an exchange rate of 60c. Sufficient Options were purchased to cover the production receipts for the 2000/2001 financial year. The Options represent an opportunity to deliver at 60 cents, but not a commitment.

During the quarter, the exchange rate has been below 60c which has resulted in the Company enjoying the benefit of letting the Option lapse and converting the US dollar income at the lower exchange rate. The average price at which the income was converted was 55c.

Copper production remains unhedged with the spot price received during the period averaging US 85c per pound.

## ***EXPLORATION REPORT***

### ***Mt Cuthbert Operation***

A detailed review of the existing project area geological and exploration database was commissioned during the period. The review, scheduled to be completed in October 2000, will result in the ranking of exploration targets and presentation of exploration programs for the existing mineralised deposits and anomalies within the Mt Cuthbert area. Exploration costs for the period totalled A\$13,728.

Commencement of field work is planned to commence in late 2000 or early 2001.

### ***White Range Project***

No exploration work was carried out at the White Range Project during the period.

# ***DEVELOPMENT STUDIES***

## ***Mt Cuthbert Operation***

### **Production Upgrade Feasibility Study**

Proposals were received from four engineering consulting companies to progress the Production Upgrade Study from prefeasibility to feasibility status. A preferred bidder has been selected for the feasibility study with work due to commence upon completion of an internal medium term production plan review.

## ***White Range Project***

### **Feasibility Study**

Work has commenced reviewing the existing project exploration and prefeasibility study database. This review will culminate in the definition of a scope of work required to progress the assessment of the project to bankable Feasibility Study status.

A handwritten signature in black ink, appearing to read 'A. Chapman', with a stylized flourish at the end.

Andrew P Chapman  
Chief Executive Officer  
24 October 2000

## **COMPANY INFORMATION**

### **DIRECTORS**

Gordon M. Freeman  
*Non Executive Chairman*

Andrew P. Chapman  
*Chief Executive Officer*

James K. Williams  
*Non Executive Director*

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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