



**MATRIX METALS**  
LIMITED

# QUARTERLY REPORT

FOR THE PERIOD ENDED

*30 September 2002*

MATRIX METALS LIMITED  
ACN 082 593 235

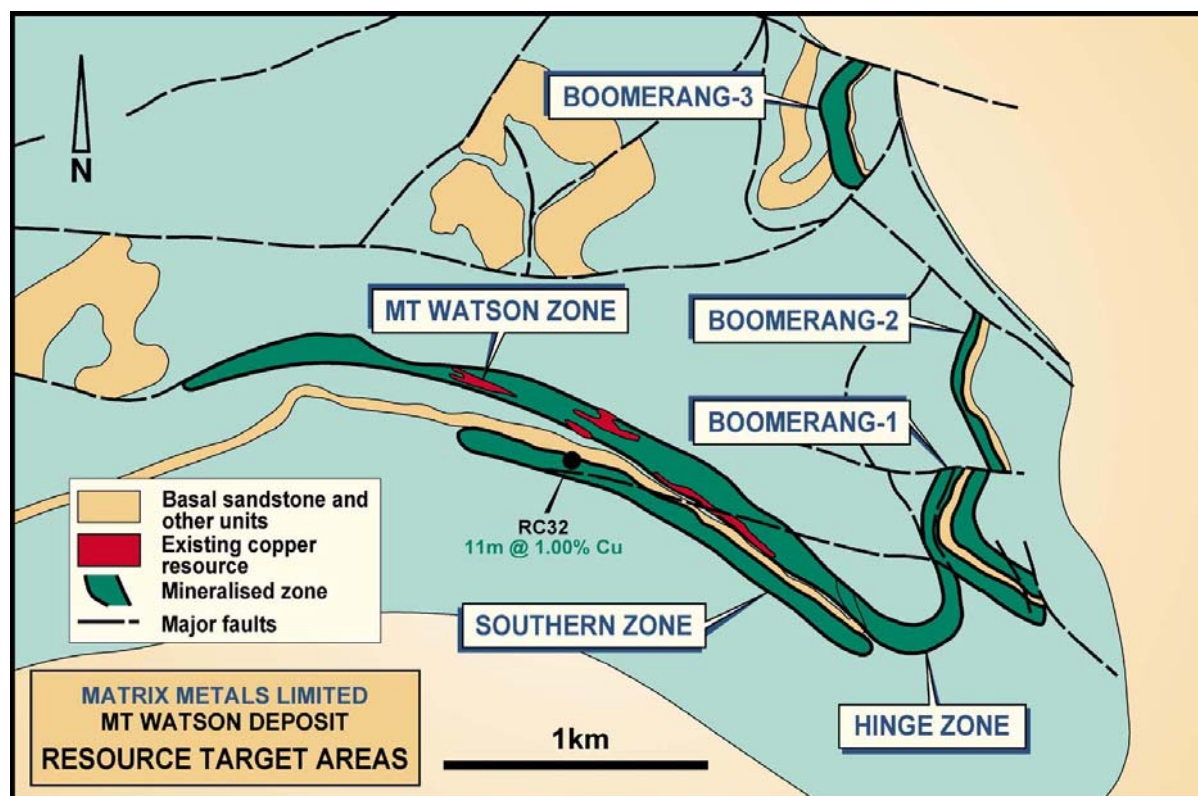
# CONTENTS

## CHIEF EXECUTIVE'S REVIEW

Introduction	3
Rights Issue Completed	3
Exploration Results	4
Mt Cuthbert Production	4
December Quarter Outlook	5

## COMPANY INFORMATION

6



Diagrammatic representation of the Mt Watson region showing the existing resource areas (in red) contrasted against the significantly larger areas of mineralisation (dark green). These newly identified areas are the target of the drilling program that commenced in late October 2002.

# CHIEF EXECUTIVE'S REVIEW

---

## Introduction

Activities during the September Quarter 2002 were focussed on the commencement of the program of work targeting a major increase in the Company's copper cathode production capability. The proposed production increase will be based on the ongoing growth of the resource inventories at both the Mt Cuthbert (incl. Mt Watson) and White Range project areas. Commencement of this exciting program of exploration, pre-development and ultimately production related work follows the successful completion of the underwritten Rights Issue during the period.

In addition to the content of this report, I urge you to read the Company's 2002 Annual Report which was posted to all shareholders last week. The Annual Report details the objectives, strategy and work program for the Company, illustrating the busy and exciting outlook for the next quarter and the 2003 new year.

## Rights Issue Completed Production Upgrade Strategy Underway

On 5 September 2002, the Company completed a 2 for 1 renounceable pro rata offer to shareholders of 183,394,054 shares at an issue price of 4.5 cents per share, to raise \$8.3 million (the "Issue"). The Issue was fully underwritten by Hartleys Limited. Constellation Copper Corporation (previously Summo Minerals Corporation), the Company's major shareholder, subscribed \$3 million pursuant to the Issue. In addition, on completion of the Issue Constellation converted its \$3.25 million loan to Matrix into equity at a conversion price of 16 cents per share, leaving the Company debt free.

With the Issue now complete, the Company has commenced an extensive and principally "brownfields" exploration program aimed at substantially increasing oxide copper resources at Mt Cuthbert, which includes the Mt Watson area. Achieving the anticipated resultant increase in resource inventory, and a simultaneous upgrade of the Mt Cuthbert plant, will allow the Company to significantly enhance the project's economics, targeting a profitable and sustainable long-term copper production profile for the project area.

It is also intended that a portion of the funds raised will be applied to exploration and pre-development activities at White Range including finalising the feasibility study for the Project. As at Mt Cuthbert, the "brownfields" exploration program will be aimed at further increasing oxide copper resources to support plans for a large scale project at White Range with robust economics, also allowing for a sustainable long-term copper production profile.

## **Exploration Results**

### **New Anomalies at Mt Watson**

Matrix's exploration team commenced a program of mapping and soil sampling at Mt Watson, focusing on the strike extension areas that have been identified around the existing resource areas. The successful program is a pre-cursor to a drilling program that will target a major increase in the Company's oxide copper resources.

The first results from the soil sampling program have identified a number of highly prospective targets, with the amplitude and width of the anomalies considered very significant.

The program has so far has comprised sampling lines across areas to the south and north east of the existing resource areas that have been interpreted to be prospective for additional copper mineralisation.

Specifically, an area 50 metres to the south of the existing Mt Watson deposit was soil sampled and a copper anomaly identified over a strike length of 900 metres. The anomaly varies in width between 30 to 40 metres with values of up to 350 parts per million (ppm) copper. This anomaly is supported by a previous drill intersection of 10m @ 1.0 % copper. Based on the existing geological knowledge of the area and the drill intersection, anomalous values in this range are considered highly significant.

In addition, three other areas directly along strike to the north of Mt Watson have also been sampled, again with significant results reported. These areas, now known as Boomerang 1, 2, & 3, reported anomalies with strike lengths of 250 metres, 250 metres and 300 metres respectively. Values of up to 700 ppm copper were reported with the width of the anomalies ranging from 30 to 90 metres.

These reconnaissance soil lines over the Southern and Boomerang areas, together with earlier drill coverage in the resource area, confirm encouraging surface copper indications occur over a total strike length of approximately 5 kilometres.

### **Mt Cuthbert Production**

Copper production from leach pad inventory drawdown continued during the period producing a total of 288 tonnes of copper cathode. As previously advised, copper production at Mt Cuthbert was suspended late in September 2002.

Copper production is targeted to recommence following the upgrading of the production capacity and an increase in the oxide copper resource inventory in the Mt Cuthbert region, including the resources in the Mt Watson area. Planning is proceeding on the basis of a recommencement of production in 2003, and it is proposed the Mt Watson deposit will be the ore source to the upgraded Mt Cuthbert plant upon this recommencement.

<b>Mt Cuthbert Operation</b>		
<b>September Quarter 2002</b>		
<b>Production and Cost Statistics</b>		
<b>ITEM</b>	<b>CURRENT QUARTER</b>	<b>YEAR TO DATE</b>
Ore Mined	Nil tonnes	Nil tonnes
Ore Crushed & Stacked	Nil tonnes	Nil tonnes
Ore Grade	N/A	N/A
Copper Cathode Produced	288 tonnes	288 tonnes
<b>Total Cash Cost (1)</b>	<b>US 65 c /lb</b>	<b>US 65 c /lb</b>
<b>Copper Price Received</b>	<b>US 70 c /lb</b>	<b>US 70 c /lb</b>

- (1) Total Cash Costs include the following:  
Mining, processing, administration, environmental, site-specific corporate charges, inventory changes and transportation costs.

## **December Quarter Outlook**

The December quarter and indeed the 2003 year promise to be the most exciting period yet in Matrix's short history. In the coming quarter, the focus will be on the RC drilling program at Mt Watson which commenced in late October 2002. A second drilling program is planned for the Greenmount area which is the key deposit in the White Range Project. This program is likely to commence in November 2002 upon completion of the initial Mt Watson program. Various other development, exploration and production planning activities will also continue during the coming period.

Yours Faithfully



Andrew Chapman  
Chief Executive Officer

*The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Messrs Phil Frank and Bob Dennis. Mr Frank is a Fellow of the Australasian Institute of Mining and Metallurgy and is employed by PH Frank and Associate and Mr Bob Dennis is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Both Messrs Frank and Dennis have sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 1999 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves. Messrs Frank and Dennis, each consent to the inclusion in the report of the matters based on information in the form and context in which it appears.*

## COMPANY INFORMATION

### **DIRECTORS**

David J. Humann  
*Chairman*

Andrew P. Chapman  
*Managing Director*

J. Christopher Mitchell  
*Non Executive Director*

Gregory A. Hahn  
*Non Executive Director*

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

Shane B. McBride

### **PRINCIPAL OFFICE**

937 Wellington Street  
West Perth WA 6005  
PO Box 1036, West Perth WA 6872  
Telephone: (08) 9486 7100  
Facsimile: (08) 9486 7300  
Email: [email@matrixmetals.com.au](mailto:email@matrixmetals.com.au)  
Website: [www.matrixmetals.com.au](http://www.matrixmetals.com.au)

ASX Code: MRX