QUARTERLY REPORT

FOR THE PERIOD ENDED

31 March 2002

MATRIX METALS LIMITED

ACN 082 593 235

MARCH QUARTER 2002
SUMMARY

Mt Watson Deposit Drilling

A highly successful third program of drilling at the Mt Watson Deposit was completed during the quarter. The combined Reverse Circulation and Diamond drilling program was successful in confirming continuity of the resource grade mineralisation both laterally and at depth and also identifying new extensions to the current resource area.

In addition, a single scout hole drilled to the south of the resource area reported a strong resource grade intersection. Follow up ground mapping has interpreted that a parallel zone of mineralisation is likely to exist to the south.

Mt Cuthbert Copper Production

Production for the period totalled 216 tonnes of copper cathode, which was in line with the copper inventory draw-down budget.

Planning proceeded for the commencement of a campaign crushing and stacking production run scheduled to commence in May 2002. The campaign production run is budgeted to result in significantly higher production rates being achieved in the June to September period.

Mt Cuthbert Upgrade Feasibility Study

The Feasibility Study for the production upgrade of the Mt Cuthbert Processing Facility was commenced during the period and is expected to be completed during the June 2002 quarter.

CHIEF EXECUTIVE'S REVIEW

MT CUTHBERT PRODUCTION

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Mt Cuthbert Operation		
March Quarter 2002 **Production and Cost Statistics**		
ITEM	**CURRENT QUARTER**	**YEAR TO DATE**
Ore Mined	Nil tonnes	Nil tonnes
Ore Crushed & Stacked	Nil tonnes	46,097 tonnes
Ore Grade	NIL	1.92 % Cu
Copper Cathode Produced	216 tonnes	2,071 tonnes
Total Cash Cost (1)	**US 79c /lb**	**US 62c /lb**
Copper Price Received	**US 70c /lb**	**US 66c /lb**

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

EXPLORATION

Mt Watson Deposit

(Mt Cuthbert Area)

DEEPER DRILLING CONFIRMS:

- **RESOURCE GRADE MINERALISATION CONTINUES AT DEPTH**
- **NEW LATERAL EXTENSION AREAS IDENTIFIED**
- **NEW MINERALISED ZONE IDENTIFIED TO THE SOUTH**

During the Quarter, the results of a successful 36 hole deeper drilling program (maximum depth 106m) which was completed at the Mt Watson Deposit were reported. The Mt Watson Deposit is located 25 km from the Company's copper production facility at Mt Cuthbert in north-west Queensland. The Deposit will provide an ongoing ore supply to the Mt Cuthbert facility.

The success of the program was highlighted by thirty four of the 36 holes drilled in the program containing significant intersections of resource grade mineralisation. In addition, a previously discounted area is now indicating an extension zone of deeper, high-grade mineralisation at the east end of the known Eastern resource area. Further, a single scout hole (MWRC32) drilled south of the known areas of mineralisation has reported a significant resource grade intersection (11m @ 1.0 % copper). This hole is interpreted to have identified a previously unknown parallel zone of mineralisation.

The 36 hole drilling program was primarily designed to test the depth extensions of the open pit extractable oxide and transitional mineralisation and to provide information to allow the resource to be re-estimated with a majority of the resource to be elevated to the "Measured" category.

In summary, as a result of the successful program, the Eastern resource zone has been extended at depth and continues to remain open laterally to the east, west, north and at depth to the east. The new Southern zone is open in all directions.

The most significant intersections reported include:

MWDD01	15.8m @	1.70	%	Copper from	0.0 m
MWDD02	7.3m @	1.75	%	Copper from	16.5 m
MWDD03	16.3m @	3.34	%	Copper from	1.5 m
MWDD04	14.0m @	1.28	%	Copper from	8.8 m
MWRC01	10.0m @	1.27	%	Copper from	16.0 m
MWRC07	29.0m @	1.68	%	Copper from	15.0 m
MWRC11	19.0m @	1.92	%	Copper from	5.0 m
MWRC13	12.0m @	2.16	%	Copper from	10.0 m
MWRC13	10.0m @	1.21	%	Copper from	28.0 m
MWRC14	12.0m @	1.09	%	Copper from	19.0 m
MWRC15	12.0m @	1.15	%	Copper from	15.0 m
MWRC17	11.0m @	1.40	%	Copper from	29.0 m
MWRC19	6.0m @	3.04	%	Copper from	43.0 m
MWRC21	5.0m @	2.17	%	Copper from	22.0 m
MWRC22	8.0m @	1.15	%	Copper from	22.0 m
MWRC24	9.0m @	1.66	%	Copper from	20.0 m
MWRC24	11.0m @	1.10	%	Copper from	35.0 m
MWRC26	6.0m @	1.82	%	Copper from	30.0 m
MWRC27	10.0m @	1.10	%	Copper from	1.0 m
MWRC28	18.0m @	1.11	%	Copper from	33.0 m
MWRC29	22.0m @	1.44	%	Copper from	16.0 m
MWRC31	14.0m @	1.87	%	Copper from	3.0 m
MWRC32	11.0m @	1.00	%	Copper from	37.0 m

The assay results from the program, which comprised 32 Reverse Circulation (RC) and 4 Diamond drill-holes which ranged in depth from 30 m to 106 m, have confirmed the high grade copper mineralisation at Mt Watson extends to depths of up to at least 52 m. The two previous drilling programs, which resulted in a resource of **1.3 million tonnes at 1.3 % copper** being estimated, had only penetrated the mineralisation to a vertical depth of 22 m although a portion of the current resource is estimated below this level. A resource re-estimation using the additional information is currently being compiled, the results of which will be reported when complete.

An initial scouting hole (MWRC32) was drilled to the south of the current resource area for the purpose of sterilizing potential waste dump areas. The hole produced significant resource grade mineralisation (11m @ 1.0% Cu) and will be followed up in the next phase of the program. The presence of mineralisation in this southern area is significant and elevates the importance of the vegetation anomalies and concretion occurrences previously identified to the south of the current footwall zone and may also be used as a guide to exploration in other areas adjacent to the known areas of mineralisation at Mt Watson.

Full details of the drilling program were released to ASX on 4 April 2002. A copy of the announcement can be found on the Company's website ~ www.matrixmetals.com.au

DEVELOPMENT

Mt Cuthbert Upgrade Feasibility Study

The Feasibility Study for the production upgrade of the Mt Cuthbert Processing Facility was commenced during the period and is expected to be completed during the June 2002 quarter.

The study, which had been previously completed to pre-feasibility level, will evaluate increasing the production rate at Mt Cuthbert to 8,500 tpa of copper cathode, based primarily on the treatment of ore from the Mt Watson Deposit.

Metallurgical Testwork

A program of metallurgical testwork on the Mt Watson ore was commenced during the period utilising the samples retrieved from the diamond core holes drilled in the recent program.

In addition to the Mt Watson program, a further program of metallurgical column testwork was commenced at the Mt Cuthbert Operation during the period. The program will test various other ore types and substrate materials as to their suitability for heap leaching and for the purpose of ongoing copper recovery optimisation studies.

White Range Project

Apart from ongoing management and administration activities, no work was completed on the White Range Project during the period.

OUTLOOK

Exploration

Following interpretation of the results from the recent RC and diamond drilling program, the Mt Watson resource is being re-estimated targeting conversion of the Eastern resource area into the "Measured" category.

Subsequent to the interpretation work, the next phase of drilling will be designed with the next field program expected to proceed in June 2002. In general terms, the drilling program under design will test lateral and depth extensions to Central and Western zones, further test the Eastern zone in the newly identified extension areas, and importantly, evaluate the new parallel zone of mineralisation identified to the south of the current resource area.

Production

Planning is proceeding for the commencement of a campaign crushing and stacking production run scheduled to commence in May 2002. The campaign production run is budgeted to result in significantly higher production rates being achieved in the June to September period. Several options are being evaluated in regard to crushing and stacking activities for the latter part of 2002.

Yours Faithfully

Andrew Chapman
Chief Executive Officer

The geological information in this report is based on information compiled by the Company's Senior project Geologist, Mr Phil Frank and the Company's Operations Manager, Mr Bob Dennis both of whom are employees of Matrix Metals Limited. Messrs Frank and Dennis are both qualified geologists and each have a minimum of 5 years experience in estimation, assessment of, and evaluation of Mineral Resources and Ore Reserves, which are relevant to the style of mineralisation under consideration.

COMPANY INFORMATION

DIRECTORS

Andrew P. Chapman
Managing Director and Chief Executive Officer

David J. Humann
Non Executive Director

J. Christopher Mitchell
Non Executive Director

Gregory A. Hahn
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)

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