



MATRIX METALS
LIMITED

QUARTERLY REPORT

FOR THE PERIOD ENDED

30 June 2002

MATRIX METALS LIMITED
ACN 082 593 235

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HIGHLIGHTS

Growth Period to Commence Following Rights Issue

- On 18 July 2002, the Company lodged a Prospectus for 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 is fully underwritten by Hartleys Limited. Summo Minerals Corporation, the Company's major shareholder, will subscribe \$3 million pursuant to the Issue. Following the Issue, Summo will convert its \$3.25 million loan to Matrix into equity at a conversion price of 16 cents per share, leaving the Company debt free.
- Upon completion of the Issue the Company will be able to commence 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 principally 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.

Mt Watson

- In May 2002, the Company announced that the Reverse Circulation (RC) drilling program completed in March 2002 had resulted in the Mt Watson deposit Eastern zone resource being increased to 1,000,000 tonnes @ 1.0% copper at a 0.5% cut off grade. This represent a 50% increase in the Eastern zone resource tonnes, which when combined with the other existing resources in the Western and Central zones, represents a 23% increase in total resource tonnes to **1,600,000 tonnes @ 1.1% copper at a 0.5% cut off.**
- As a measure of perspective on the resource, the 1,600,000 tonnes identified to date is now approximately equal to the total amount of ore tonnes that has been treated at Mt Cuthbert since the commissioning of the project in 1996.
- The Directors anticipate that the exploration program to commence upon completion of the Issue will see the strong resource potential of the Mt Watson area realised.

HIGHLIGHTS CONTINUED

Mt Cuthbert Production

- A campaign crushing and stacking production run was commenced in May 2002, which has resulted in production for the period increasing over the previous quarter, to a total of 379 tonnes of copper cathode.

Mt Cuthbert Upgrade Feasibility Study

- The feasibility study for the production upgrade of the Mt Cuthbert processing facility was completed during the period, estimating that the capital costs for the upgrade of the Mt Cuthbert plant to 8,500 tpa and 10,000 tpa of copper cathode to be in the vicinity of \$1.0 million and \$1.5 million respectively. The Directors anticipate that combined with ongoing resource upgrades at Mt Watson, continuing feasibility studies during the forthcoming quarter will confirm that such an increase in the economy of scale will lead to a significant reduction in the cost of copper production.

Chairman Appointed

- On 1 July 2002 the Company announced the appointment of Mr David Humann as Chairman of the Company. Mr Humann was appointed a director of the Company on 21 March 2000 prior to the listing of the Company on the ASX in July 2000.

CHIEF EXECUTIVE'S REVIEW

Significant Growth Program to Proceed Rights Issue Announced

On 18 July 2002, the Company lodged a Prospectus for 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 is fully underwritten by Hartleys Limited. Summo Minerals Corporation, the Company's major shareholder will subscribe \$3 million pursuant to the Issue.

Following the Issue, Summo will convert its \$3.25 million loan to Matrix into equity at a conversion price of 16 cents per share, leaving the Company debt free.

While the Company has proven its ability to produce premium quality copper cathode from its Mt Cuthbert Operation, the project's relatively limited economy of scale, combined with the weak copper price, has resulted in limited operational returns, additionally Matrix has had significant debt and as a consequence of these factors has had minimal funds to apply towards exploration and development activities.

Following completion of the Issue Matrix will commence an extensive and principally "brownfields" exploration program aimed at substantially increasing its 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.

In addition, it is 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 White Range Project. As at Mt Cuthbert, the principally "brownfields" exploration program will be aimed at substantially increasing oxide copper resources. This will allow the Company to plan for a large-scale project with robust economics, allowing for a sustainable long-term copper production profile.

Matrix's copper reserves are unhedged, and the Company is well positioned to take advantage of the anticipated upturn in the world copper price.

The target of the exploration, feasibility and pre-development work is to have a resource inventory defined to sustain a production capacity significantly greater than current capacity, thus positioning Matrix as a competitive cost, mid-tier copper producer.

Full details of the Issue are presented in the Prospectus, which will be dispatched to Shareholders by 2 August 2002.

Exploration Results
Mt Watson Deposit
(Mt Cuthbert Area)

**50% INCREASE IN EASTERN ZONE RESOURCE TONNES
“MEASURED RESOURCE ” CATEGORISATION ACHIEVED**

During the period it was announced that the Reverse Circulation (RC) drilling program completed in March 2002 had resulted in the Eastern zone resource being increased to 1,000,000 tonnes @ 1.0% copper at a 0.5% cut off grade. This represent a 50% increase in the Eastern zone resource tonnes, which when combined with the other existing resources in the Western and Central zones, represents a 23% increase in total resource tonnes to:

1,600,000 tonnes @ 1.1% copper at a 0.5% cut off.

The Western and Central resource zones are yet to be drill tested to the base of oxidation and hence the resource size and categorisation in these zones is as yet unchanged.

As a measure of perspective on the resource, the 1,600,000 tonnes identified to date is now approximately equal to the total amount of ore tonnes that has been treated at Mt Cuthbert since the commissioning of the project in 1996.

The Eastern zone resource, which was calculated by the Kriging Method, is now predominately (80%) categorised as Measured Resource achieving the prime aim of the March RC drilling program.

A summary table of the Mt Watson resources is presented below:

**Mt Watson Deposit
Summary Table of Resources**

	Cut-off % Grade	Tonnage tonnes	Grade %Cu
Measured	0.5	770,000	1.0%
Indicated	0.5	470,000	1.0%
Inferred	0.5	350,000	1.2%
Total	0.5	1,590,000	1.1%

The drilling program and subsequent analysis work has been successful in providing confirmation of the geological interpretation of the Eastern zone resource area. The resource is characterised by being continuous to the base of oxidation, continuous over its entire 500m length and indicating healthy mining widths of between 20 and 50 m.

Oxide copper deposits, by definition are, in relative terms, shallow. The confirmation of the base of oxidation, and hence the bottom of the oxide portion of the ore-body at approximately 50 to 60 m, is typical of known oxide copper deposits in the region.

In terms of the ongoing growth potential for oxide resources, the target is lateral (not depth) extensions to the mineralisation. To this extent, the current Mt Watson resource area and the greater Mt Watson region are demonstrating robust potential for lateral extensions to the existing defined resource zones within the areas of mineralisation and mapped structure/strike extension totalling some 20 km.

Demonstrating this potential, the current Eastern resource zone is open to the west, east and north. The Western and Central zones are open to west and east and possibly to the north. The recent RC drilling program recorded a strongly mineralised intersection in what is interpreted to be a parallel zone of mineralisation approximately 50m south of the current resource area. This new southern area is open in all directions. In addition, resource grade mineralisation has been identified in areas 500m east and 500m west of the resource area. Further, in the overall Mt Watson and Surprise Creek area, mapping has confirmed structure, mineralised strike and copper rich outcrop over a semi continuous 20 km length. It is therefore expected that ongoing exploration along this defined strike length will continue to grow the resource inventory in the Mt Watson and Surprise Creek area.

Drilling programs are being finalised to further test the Eastern, Western and Central resource zones, to evaluate the immediate strike extensions to the current resource area and to test the new southern parallel zone of mineralisation.

Significant intersections recorded in the March 2002 RC drilling program (previously reported to ASX on 4 April 2002) that have resulted in the resource upgrade being achieved, are presented below:

**Mt Watson Deposit -
March 2002 Drilling Program
Highlighted Intersections**

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

The Mt Watson Deposit is located 25 km from the Company's copper production facility at Mt Cuthbert in north-west Queensland. The Deposit is envisaged to provide an ongoing ore supply to the Mt Cuthbert production facility.

Exploration expenditure for the quarter was \$66,293, for a year to date total of \$678,179.

Mt Cuthbert Production

To supplement the inventory drawdown production profile, a campaign crushing and stacking production run was commenced in May 2002 which has resulted in production for the period increasing over the previous quarter to a total of 379 tonnes of copper cathode.

The high production costs for the quarter are related to the once off preparatory work and start up costs for the campaign crushing and stacking program.

The campaign production run was to comprise two phases, however the lower than budgeted performance of phase one has resulted in a decision not to proceed with the second phase.

Mt Cuthbert Operation		
June Quarter 2002		
Production and Cost Statistics		
ITEM	CURRENT QUARTER	YEAR TO DATE
Ore Mined	Nil tonnes	Nil tonnes
Ore Crushed & Stacked	18,501 tonnes	64,598 tonnes
Ore Grade	4.20%	2.57 % Cu
Copper Cathode Produced	379 tonnes	2,450 tonnes
Total Cash Cost (1)	US 125c /lb	US 72c /lb
Copper Price Received	US 74c /lb	US 68c /lb

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

Metallurgical Testwork

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

Initial results from the testwork program indicate highly positive metallurgical parameters for the ore, with acid consumptions being low, copper recoveries high and rapid rates of recovery observed.

White Range Project

The White Range Project, which is located some 100 kilometres south of Mt Cuthbert, currently has a resource inventory of 12.2 million tonnes grading 1.2 % copper. The existing resource was the basis of a previous feasibility study that confirmed the economics of a medium term life project. A recent technical review clearly demonstrated the potential to significantly increase the resource inventory in the White Range area.

Activities related to the recommencement of the feasibility study, including redesign of infill and exploration drilling programs, continued during the period.

Development and Production Outlook

The Feasibility Study for the production upgrade of the Mt Cuthbert Processing Facility was completed during the period.

The study, which had been previously completed to pre-feasibility level, evaluated two options for increasing the production rate at Mt Cuthbert to 8,500 tpa and 10,000 tpa of copper cathode, based primarily on the treatment of ore from the Mt Watson Deposit. The study estimated capital costs of \$1.0m and \$1.5 m respectively for the two production rate options.

Upon the completion of the draw-down of economic copper inventory, it is planned that copper production will be suspended in the coming quarter. A program of plant maintenance will then commence in preparation for the upgrading of the plant and the re-commencement of production at an improved economy of scale. In accordance with the results of the recently completed Plant Upgrade feasibility study, the Directors intend to have the plant upgraded to a capacity of 8,500 – 10,000 tpa prior to the commencement of treatment of the Mt Watson ore.

Chairman Appointed

On 1 July 2002 the Company announced the appointment of Mr David Humann as Chairman of the Company. Mr Humann was appointed a director of the Company on 21 March 2000 prior to the listing of the Company on the ASX in July 2000.

Mr Humann is a Chartered Accountant with 40 years international experience predominantly with the accountancy firm, PricewaterhouseCoopers. He was a member of Pricewaterhouse World Board of Directors and its World Executive Management Committee based in London and New York. He also held the positions of Chairman and Senior Partner of Pricewaterhouse - Hong Kong and China and Managing Partner Asia Pacific.

Mr. Humann is currently Chairman of MacMahon Holdings Limited, Mincor Ltd and a director of ERG Limited, Kumba Australia Pty Ltd Group (formerly ISCOR) and TICOR Limited.

On behalf of the Board I take the opportunity to welcome Mr Humann to the position of Chairman.

Summo Name Change

Matrix has been advised by its major shareholder that effectively immediately, they have changed the name of their Company from Summo Minerals Corporation to Constellation Copper Corporation.

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 is 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 and
Chief Executive Officer*

J. Christopher Mitchell
Non Executive Director

Gregory A. Hahn
Non Executive Director

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Shane B. McBride

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