

9 December 2002

Matrix Metals Limited

Discovery of Northern Parallel Zone to Mt Watson Deposit

ASX Code

MRX

Recommendation

Speculative Buy

Share Price

\$0.043

Market Cap

\$ 13m

Cash

\$4.8m

Enterprise Value

\$8.2m

Commodity

Copper

Analyst

Kevin Tomlinson

+61 8 9268 3662

kevin_tomlinson@hartleys.com.au

A new copper oxide discovery with significant grade and widths immediately north and parallel to the Mt Watson deposit called the "Mt Watson Northern Zone".

Highlights

- The newly discovered Northern Zone has intersected copper mineralisation over a 150 m strike length, to a depth of 60 m and remains open to the east, west and at depth. Furthermore, the latest drilling programme has extended known mineralisation at the west, central and east zones of the Mt Watson deposit.
- Copper mineralisation at the Central Resource area has also been extended 25 m east and west of the current resource and remains open in both directions.
- Copper mineralisation in the Southern Zone has now been confirmed 300 m east and west of the initial Southern Zone intersection to a depth of 65 m.

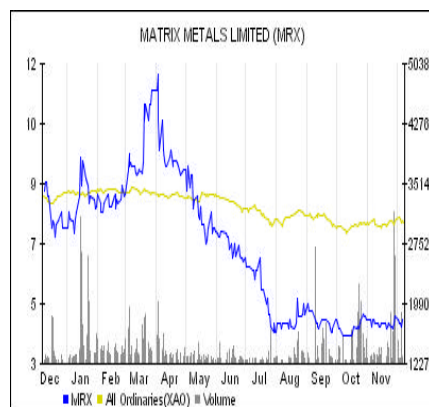
Further Comment

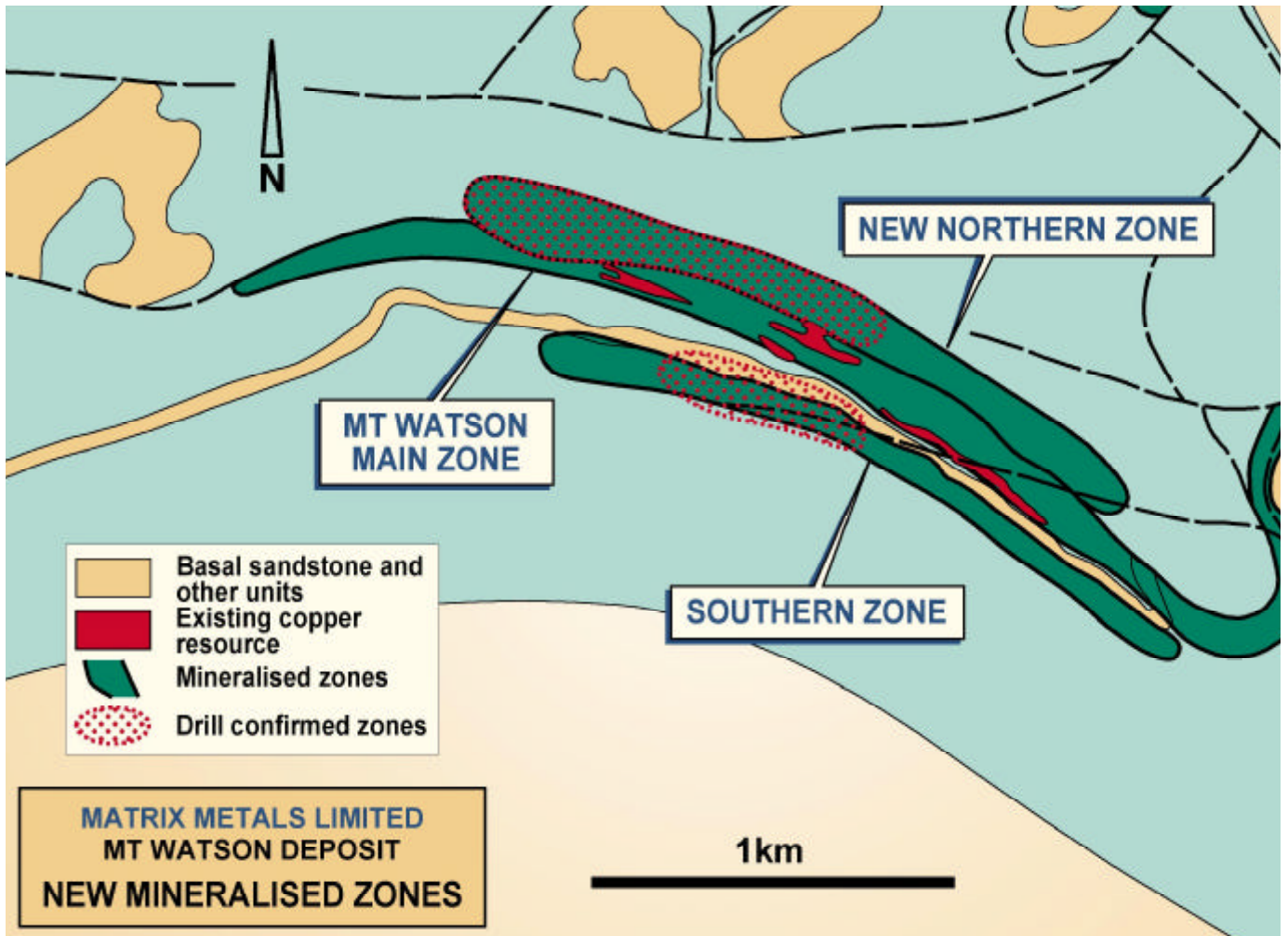
- Matrix is planning further resource delineation drilling and additional scout drilling programmes to increase the resource and discover any other copper oxide resources in the Mt Watson area.
- The current Mt Watson deposit contains a resource of 1.6 mt @ 1.1% copper. We see the latest drilling and new discovery as clear evidence that the Mt Watson resource will be increased significantly.
- The grades discovered to date at Mt Watson are in line with our expectations. The existing processing plant, which is on care and maintenance, relies on grades more than 0.5% copper, which the current drill results have exceeded.
- From our field visit, it was obvious that there was no carbonate present, which can increase acid consumption. Thus, we would anticipate that operating costs for Mt Watson ore would be pushed further down the cost curve due to low acid consumption and higher throughput.
- Drilling has also recently been completed at the White Range Project, which is located 100 km south of the Mt Cuthbert/Mt Watson area. The programme was targeted at extending the Greenmount resource and results are expected in due course. From our site visit, we believe there is excellent potential to increase this resource significantly.

Conclusion

We see today's announcement as confirmation of Matrix's strong exploration potential and short time frame to recommencing production and we continue to rate it as a **Speculative Buy**.

Share Price Performance





Hartleys Equity Research

Base Metals

Kevin Tomlinson +61 8 9268 3662

Gold

Richard Harris +61 8 9268 2773

Emerging Mining Companies

Richard Harris +61 8 9268 2773

Kevin Tomlinson +61 8 9268 3662

Emerging Oil & Gas

Kevin Tomlinson +61 8 9268 3662

Industrial Companies

Steven Piotrowski +61 8 9266 0576

Research Assistants

Simon Tonkin +61 8 9268 2945

Karin Woolhouse +61 8 9268 2869

Hartleys Locations

NEW SOUTH WALES

Sydney

Level 17, Angel Place
117 – 123 Pitt Street
Sydney NSW 2000
Telephone: +61 2 9338 2888
Facsimile: +61 2 9338 2700

SOUTH AUSTRALIA

Adelaide

Level 11, 50 Pirie Street
Adelaide SA 5000
Telephone: + 61 8 8218 2888
Facsimile: +61 8 8218 2800

VICTORIA

Melbourne

Level 20, 367 Collins Street
Melbourne VIC 3000
Telephone: +61 3 9222 2888
Facsimile: +61 3 9222 2800

WESTERN AUSTRALIA

Perth

Level 7, Hartleys Building
141 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9268 2888
Facsimile: +61 8 9268 2800

QUEENSLAND

Brisbane

Level 2, Waterfront Place
1 Eagle Street
Brisbane QLD 4000
Telephone: +61 7 3845 9100
Facsimile: +61 7 3845 9190

Gold Coast

Shop 54-56, Level 2
Oasis Shopping Centre
Broadbeach QLD 7218
Telephone: +61 7 5538 4949
Facsimile: + 61 7 5538 4939

Mackay

Hartleys House
45 Gordon Street
Mackay QLD 4740
Telephone: +61 7 4969 4888
Facsimile: + 61 7 4969 4800

Maroochydore

Level 3, Hartleys House
57 The Esplanade
Maroochydore QLD 4558
Telephone: +61 7 5456 7888
Facsimile: +61 7 5456 7800

Disclaimer/ Disclosure

The author of this publication, Hartleys Limited ("Hartleys") ABN 67 009 136 029, its Directors and their Associates from time to time may hold shares in MRX and may benefit from any increase in the price of those shares. Hartleys and its Advisers may earn brokerage, fees or other benefits mentioned in documents to clients.

Hartleys was Underwriter to the placement of \$8,252,732 for which is received a fee of \$437,779.10. Hartleys also receives fees for strategic and corporate advice that it provides to Matrix.

Any financial product advice contained in this document is unsolicited general information only. Do not act on this advice without first consulting your investment adviser to determine whether the advice is appropriate for your investment objectives, financial situation and particular needs.

Hartleys believes that any information or advice (including any financial product advice) contained in this document is accurate when issued. However, Hartleys does not warrant its accuracy or reliability. Hartleys, its officers, agents and employees exclude all liability whatsoever, in negligence or otherwise, for any loss or damage relating to this document to the full extent permitted by law.