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Manager Company Announcements
Company Announcements Office
Australian Stock Exchange Limited
Level 10, 20 Bond Street
SYDNEY NSW 2000

MATRIX METALS
LIMITED

ABN 42 082 593 235

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Dear Sir,

New Discovery at Mt Earl

Matrix Metals Limited is pleased to announce results of the evaluation of the July 2003 drilling program conducted at the Mt Earl prospect.

Following announcement of the drilling results on 30 July 2003, detailed evaluation of the data has indicated that further drilling may result in a significant oxide copper resource being delineated at the Mt Earl prospect.

In light of this evaluation, Matrix now regards the Mt Earl prospect as a new discovery. The successful integration of ore from Mt Earl and Mt Watson will have positive consequences for the Company's future production plans at its Mt Cuthbert production facility.

Evaluation of Results of Drilling Program

The evaluation provides a positive assessment of the resource potential of the Mt Earl prospect.

The following was concluded from the evaluation.

- Sufficient untested potential remains, along strike and down dip, to expect that a significant resource may be defined in the area. The July drilling program tested two separate areas of interest at the prospect, with these areas having strike lengths of 275m and 200m respectively, out of a highly prospective strike length of 1,600m.

- The mineralisation is of the same geologic style as the Mt Watson deposit. As at Mt Watson, the copper was introduced into the susceptible host horizon (the lower Prd member of the Surprise Creek Formation) by fluids passing along faults and fractures, which now contain quartz veins. Figure 2 shows the style of mineralisation at the Sally Grid area. It is hosted in the susceptible siltstones of the lower Prd member, immediately above the footwall sandstone (Prc member), as is mineralisation at Mt Watson.

- Two or three parallel and adjacent zones of mineralisation are developed within the Prd at various locations within the mineralised zones, as is observed for the Mt Watson mineralisation. Horizontal widths of the mineralised package

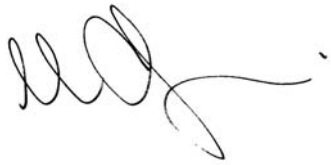
(including both zones) range up to 30 metres, with up to 18 metres cumulative horizontal widths at cut-offs above 0.5% Cu.

- The mineralised intersections align consistently between sections over ranges of up to 100 metres between individual sections and over drill tested strikes to 275 metres (the maximum continuous strike length tested in the program). This consistency supports the likelihood that a Resource will be defined by additional drilling in the area.

The July drilling program consisted of 15 RC holes for 693m drilled that were drilled into two areas of the prospect, namely the Rita and Sally grids (See Figures 1 and 2 attached). Details of drill-hole locations and lengths were previously announced on 30 July 2003.

A resource delineation drilling program is being considered for the near future.Additional scout drilling programs are also proposed to evaluate the potential of the 1,000m of untested strike length of the prospect.

Yours sincerely,



Andrew Chapman
Chief Executive Officer

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr Bob Dennis. Mr Bob Dennis is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Mr Dennis has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he 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. Mr Dennis, consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Figure 1 - Geologic Plan of Mt Earl with the July Drill Hole Locations

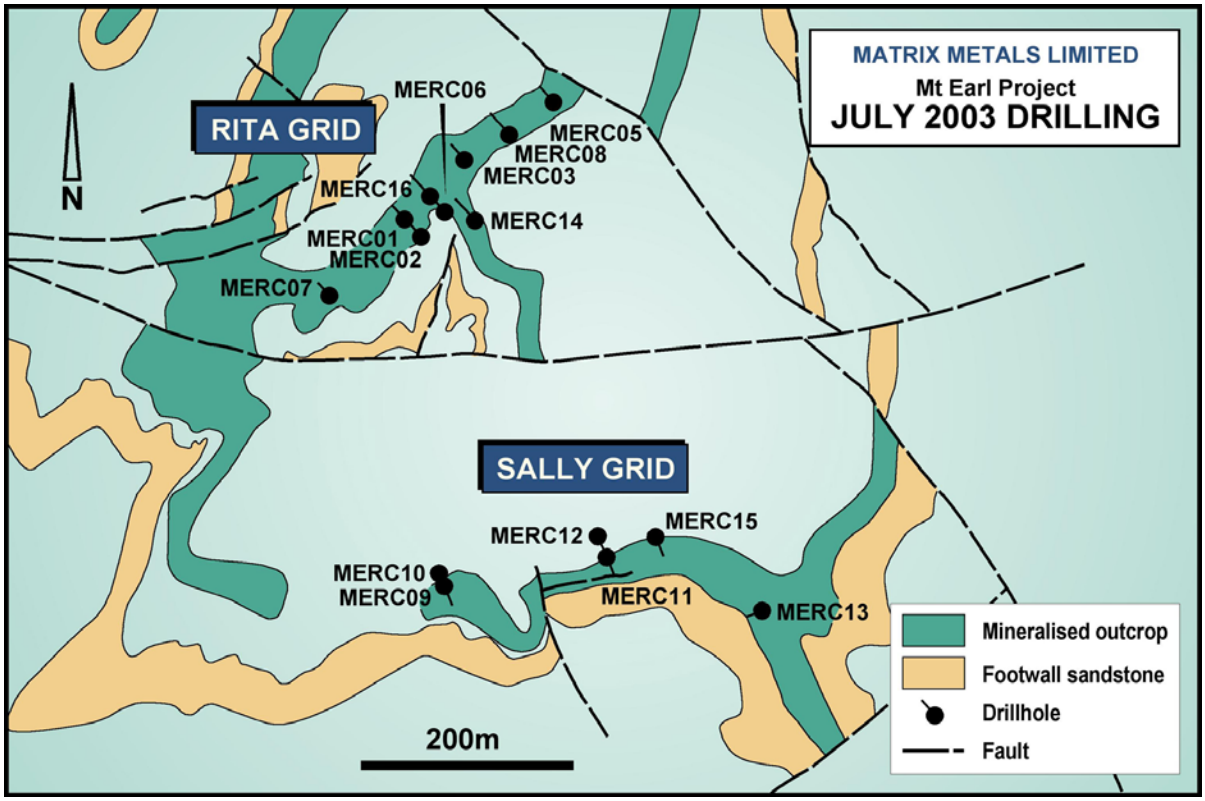


Figure 2 - Geologic Section of Mt Earl July Drill Program from Sally Grid Area