

14 May 2004

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



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Dear Sir,

ANNOUNCEMENT

Two More Primary Sulphide Intersections at Mt Watson

Matrix Metals Limited is pleased to announce that the ongoing reverse circulation (RC) drilling program at Mt Watson, targeting the oxide copper zone, has intersected primary sulphide mineralisation in two more drillholes.

The intersections reported are:

MWRC 165 29m @ 1.39% Cu from 152m
Including 9m @ 2.31% Cu from 168m
Including 3m @ 3.88% Cu from 170m

MWRC 162 18m @ 0.90% Cu from 162m

These new primary sulphide intersections follow on from the intersection reported previously in drillhole MWRC 130 of **20m @ 3.03% Cu**. MWRC 165 and 162 are approximately 350 metres and 100 metres west of MWRC 130 respectively.

It is noted these new intersections are in reverse circulation drillholes which were drilled in areas targeting the delineation of additional oxide copper resources and were not specifically targeting primary sulphide mineralisation. In consideration of this, the Company considers the results highly encouraging in terms of the potential for additional primary sulphide mineralisation to be intersected in the specifically targeted program.

As advised by the Company after the MWRC 130 intersection, a program of diamond drilling was approved and commenced to specifically target the primary sulphides based on the MWRC 130 intersection. Following the establishment of a water bore at Mt Watson to provide the required water for a diamond drill program, diamond drilling will continue in the vicinity of MWRC 130 over the weekend, including an extension to drillhole MWRC 130 itself.

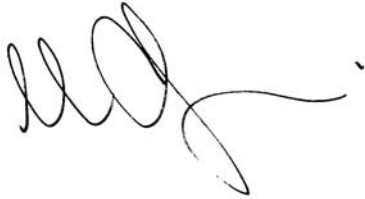
The primary sulphide intersections reported today from drillholes MWRC 162 and 165 will result in the diamond drilling program now being extended into these new areas.

In addition to the diamond drilling, a detailed ground based geophysical survey will commence today to further assess and identify targets in the primary sulphide zone at Mt Watson.

Drilling is also continuing on the Mt Watson oxide program with an additional 5,500 metres now underway. This brings the total reverse circulation metres drilled since the program commenced in November 2003 to approximately 15,000. Assays from the last part of the program are awaited.

Full assay details are presented in **Table 1** with drillhole locations detailed in **Table 2**.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'A. Chapman', with a long horizontal flourish extending to the right.

Andrew Chapman
Managing Director

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.



MATRIX METALS
LIMITED

Table 1

Mt Watson Deposit
May 2004 RC Drilling
Details of Primary Sulphide Intersections
(cut-off of 0.5% Cu, including up to 2m internal dilution)

Hole No	Intersection					
MWRC162	1	m@	0.90	%Cu	from 129m	
	and 18	m @	0.90	% Cu	from 162m	
MWRC165	3	m @	0.77	% Cu	from 83m	
	and 3	m @	1.00	% Cu	from 90m	
	and 29	m @	1.39	% Cu	from 152m	
	including 9	m @	2.31	% Cu	from 168m	
	Including 3	m@	3.88	% Cu	from 170m	

Table 2

Mt Watson Deposit
May 2004 RC Drilling
Drill Hole Details and Location

Hole No	Northing	Easting	RL	Dip	Azimuth (mag)	Hole Depth (m)
MWRC162	5042.0	9100.0	291.0	-70	198.3	183
MWRC165	5075.0	9350.0	289.0	-70	198.3	183

END