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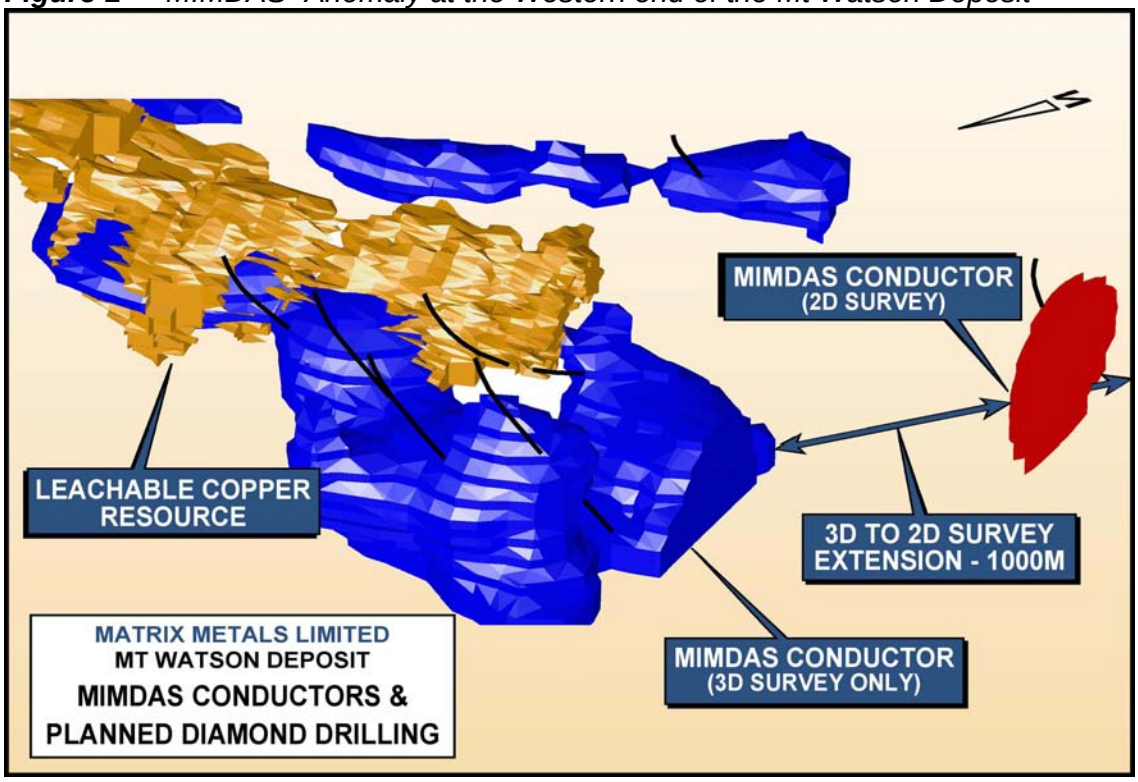
ANNOUNCEMENT

Mt Watson Deposit
Geophysical Survey
Identifies Major Anomaly

Matrix Metals Limited is pleased to announce that a "MIMDAS" geophysical survey completed at Mt Watson in June 2004 has identified a major geophysical anomaly underneath the existing leachable copper resource. A diamond drilling program comprising 7 holes for 2,800 metres to test the anomaly commenced in late July 2004. A representation of the anomaly in the Western Zone is presented in Figure 1.

Figure 1 *~ "MIMDAS" Anomaly at the Western end of the Mt Watson Deposit*



Primary Sulphide Drill Intersections

Following several highly significant primary sulphide copper intercepts reported at Mt Watson over recent months, the MIMDAS survey was commissioned to provide geophysical information to test the potential for a primary sulphide copper deposit at Mt Watson.

The primary sulphide intercepts previously reported are as follows:

- Drillhole MWRC 130 reported 37.3m @ 2.18 % Cu from 163 m, including 20m @ 3.03% Cu, which includes 8m @ 4.89 % Cu**,**
- Drillhole MWRCD 01 reported 15.4m @ 0.96% Cu including 5.1m @ 1.45% Cu,
- Drillhole MWRC 165 reported 29m @ 1.39% Cu from 152m including 9m @ 2.31% Cu from 168m, which includes 3m @ 3.88% Cu from 170m.
- Drillhole MWRC 162 reported at 18m @ 0.90% Cu from 162m

Significant Geophysical Anomalies Detected

The MIMDAS survey was commissioned based on geological concepts supporting the possible existence of a primary sulphide body that were developed based a series of primary sulphide mineralised intercepts at Mt Watson including the “underground mining ore grade and width” intercept in drillhole MWRC130 of 37.3m @ 2.18% copper, including 20m @ 3.03%, which includes 8m @ 4.89% Cu.

The MIMDAS survey, completed in June 2004, was highly successful with the following results and conclusions reported:

1. A large geophysical anomaly, being a strongly conductive body, exists from section line 9400E (the section line for the MWRC130 intercept) extending some 1,400m to the western end of the survey at section line 8,000E. The anomaly also extends to the east of the 9,400 section line, but with less intensity. An earlier “GEOTEM” airborne electro magnetic survey flown several years ago by a third party detected this conductor and also identified its existence over this length.

2. The conductor correlates very closely with the recently drilled mineralisation, specifically the drill confirmed primary sulphide mineralisation in MWRC130 on section line 9,400E at the eastern end of the conductor. The conductor is also confirmed up dip by its correlation with the oxide/transitional mineralisation on other sections to the west of 9,400E.

3. The correlation of the anomaly with the drilled primary sulphide copper mineralisation, indicates that the conductor is indicated to be caused by chalcopyrite mineralisation rather than the alternatives being a pyrite or graphite conductor.

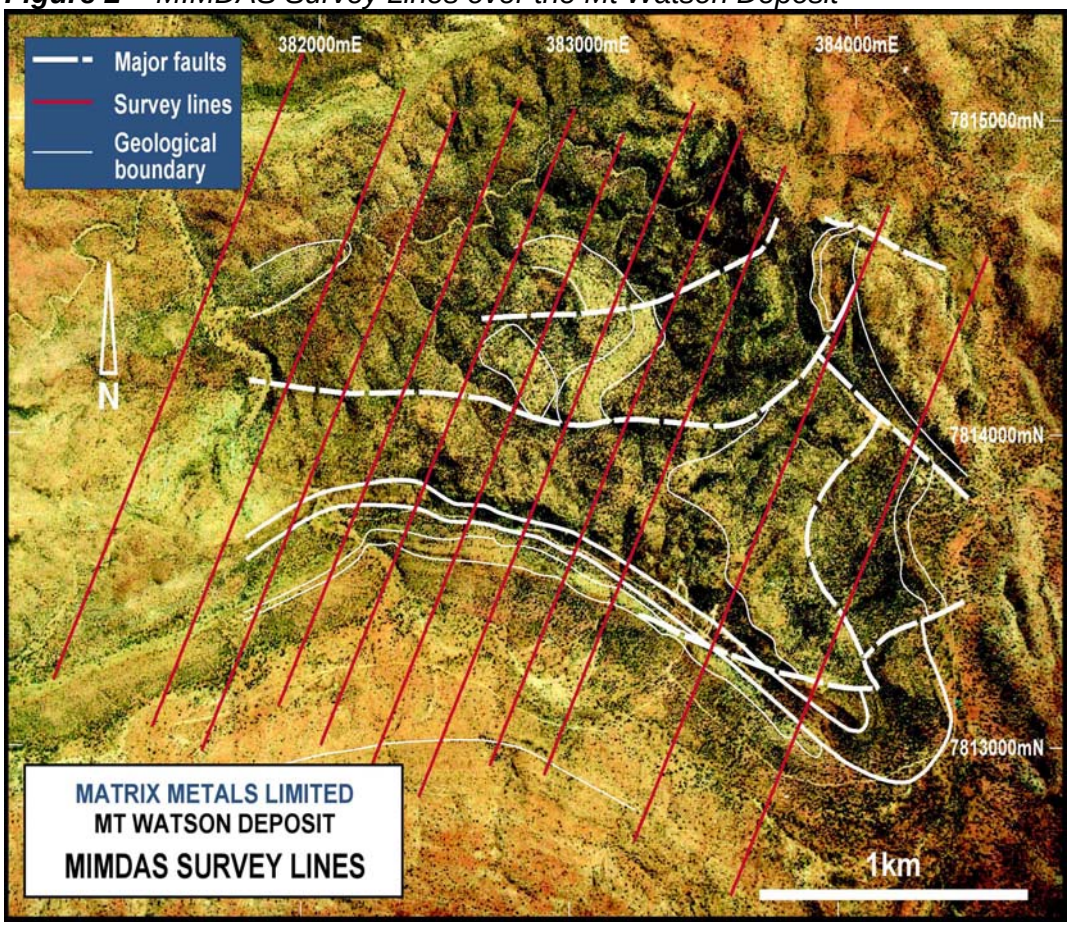
4. A second strong anomaly was detected in two dimensional lines to the north west of the main anomaly. Further investigation of this anomaly by field mapping is planned.

5. A third anomaly is present to the south of the main anomaly. Its source is not presently understood but analysis of shallow drillholes in the area that report increased grade in the bottom of these holes, suggest a possible mineralisation origin, and hence the potential significance of this anomaly. This anomaly will also be further investigated.

"MIMDAS" Survey Details

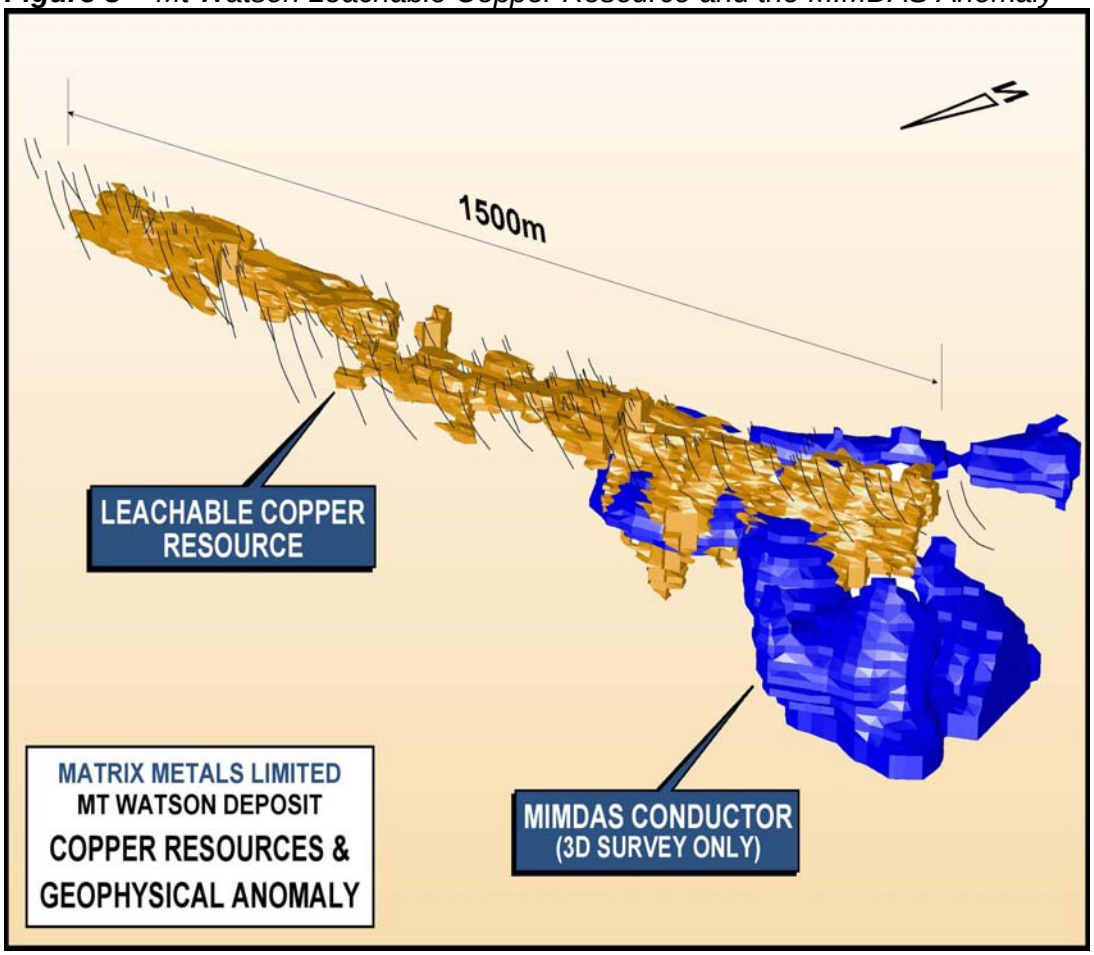
MIMDAS is an advanced Induced Polarisation and Resistivity surveying method, which was developed by MIM Limited. It utilises synchronised potential electrode and magneto telluric data acquisition to provide exceptional quality data. The use of these refinements allows more reliable interpretation of survey results than that provided by previous technologies. Two modes of operation, two dimensional (2D) and three dimensional (3D), were used for the survey. The 3D blocks were surveyed from 8,800E to 9,800E with additional 2D lines covering 8,000E to 8,800E and 9,800E to 10,600E. The survey lines are depicted in figure 2 below.

Figure 2 *~ MIMDAS Survey Lines over the Mt Watson Deposit*



Two outputs are produced by the survey, Resistivity and Chargeability. Resistivity details any conductors present, to approximately 400m vertical depth, and Chargeability details the presence or otherwise of chargeable material to similar depths. The three dimensional output can be imported into block models for comparison with other information such as drillhole locations and known mineralisation. By way of example, Figure 3 below depicts the relationship of the largest conductor in the 3D part of the survey to drilling and current estimated leachable copper resource.

Figure 3 *~ Mt Watson Leachable Copper Resource and the MIMDAS Anomaly*



Diamond Drilling to Test Anomalies

Initial drilling to test the main anomaly commenced in late July 2004 and will initially target the shallower parts of the anomaly, in the Western Zone from section lines 9,300E to 8,900E, with a scout hole further to the west on section 8,600E to test the anomaly where it was detected by a 2D line. A single hole will test the smaller southern anomaly. The proposed holes are depicted in Figure 1, on page 1. The holes planned to test the north western anomaly will wait until field evaluation of the surface geology has been completed.

Yours sincerely,

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.