

22 July 2004

Manager Company Announcements  
Company Announcements Office  
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Level 10, 20 Bond Street  
SYDNEY NSW 2000



ABN 42 082 593 235

**Delivery: Electronic**  
No of pages: 3

## ANNOUNCEMENT

# Mt Watson Deposit

## Positive Metallurgical Testwork Results

Following the announcement to ASX on 20 July 2004 of the 250% increase of the leachable copper resource at Mt Watson to 6.54 million tonnes @ 1.0 % Cu for 65,000 tonnes of copper metal, Matrix Metals Limited is pleased to announce the results of a metallurgical column test-work program on Mt Watson ore.

The column testwork program reported rapid and high total recovery rates plus very low acid consumption. With the quantum and rates of copper recovery and acid consumption being the key drivers of profitable solvent extraction/electrowinning (SX/EW) copper cathode production, the reported results are very positive in regard to the likely economics of the Mt Watson project.

The column testwork program tested a range of oxide ores from the Eastern zone of the deposit. The results reported were exceptional, with the key outcomes being:

- total copper recoveries were very high;
- copper recovery rates were exceptionally high; and
- acid consumption was very low

The testwork was completed following the initial discovery of Mt Watson, and at the time when Matrix began to develop confidence that a significant resource would be delineated at Mt Watson. As reported earlier this week, the Mt Watson resource now forms the foundation of an SX/EW project, and hence the results are now of considerable significance. The highly encouraging testwork results will support a rapid and confident progression of the Mt Watson project into the bankable feasibility study phase.

Testwork results of this nature have not been experienced on previous ore treated at the Mt Cuthbert Operation. The positive results are likely driven by the host rocks and characteristics of the Mt Watson deposit, which is the first deposit of this type to be systematically tested in the Western Succession area of the Mt Isa Inlier.

The testwork program comprised three test columns which ran for 70 days and reported total copper recoveries in excess of 93 % in all columns with recoveries in excess of 76 % in the first 20 days.

Overall results for the column test-work program are summarised in the table below:

**Mt Watson Deposit  
Metallurgical Testwork Program  
Summary of Results**

<b>Column</b>	<b>Copper Recovery, %</b>	<b>Net Acid Consumption, kg/tonne ore</b>	<b>Time under irrigation, Days</b>
<b>MW 1</b>	95	-5.4	70
<b>MW 1</b>	79	-2.7	18
<b>MW 2</b>	93	-2.7	70
<b>MW 2</b>	76	-0.2	21
<b>MW 3</b>	96	-6.2	70
<b>MW 3</b>	78	-2.1	18

As noted above, such rapid recovery rates and high levels of total copper recoveries have not been experienced on ore previously treated at the Mt Cuthbert Operation. In addition, initial interpretations of the Mt Watson results indicate acid consumptions to be exceptionally low relative to that previously experienced.

The testwork reported relates to oxide samples from the eastern zone of the deposit. Mineralogical assessments across all oxide zones defined to date, including the Central zone and the Western zone, confirm all the oxide resources are hosted in the same lithologies and it would therefore be expected that the metallurgical performance reported to date would be repeated across all oxide zones comprising the Mt Watson deposit. This will be confirmed by a feasibility study.

Drilling is continuing at Mt Watson to delineate additional leachable resources. Preliminary work is underway in preparation for the commencement of a bankable feasibility study in the second half of the 2004 calendar year.

Yours sincerely,

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.*