

ASX ANNOUNCEMENT

ASX Code: MMX

18 November 2009

**AGM CHAIRMAN'S ADDRESS AND PRESENTATIONS**

Copies of the Chairman's Address and presentations made to shareholders at the Company's Annual General Meeting in Perth on 18 November 2009 are attached.

**For further information, please contact:**

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Ladies and Gentlemen,

Thank you for joining us today for the Annual General Meeting of the Company for the financial year ended 30 June 2009.

I am pleased to report that the year saw a number of major achievements for both our mining and infrastructure businesses.

These achievements have cemented Murchison's position as the pivotal player in the development of the iron ore industry in the mid-west region of Western Australia and created a firm platform for the realisation of our vision for the Company.

There were several significant milestones for the Company in the 2009 financial year, and I would like to touch on just a few of them.

In July 2008 our 50% owned infrastructure business, Oakajee Port & Rail or OPR, was selected as the preferred developer of the Oakajee deep water port near Geraldton. OPR's submission was accepted by the Government as being the superior proposal in all respects and against all assessment criteria.

This decision underlined the volume and quality of the work conducted on this major project, which has been described by Premier Colin Barnett as the single most important project for Western Australia's economic development over the next 50 years.

In February 2009, our 50% owned mining business, Crosslands Resources, announced a substantial increase in Mineral Resources at its Jack Hills project to more than 1 billion tonnes<sup>1</sup>. Crosslands subsequently commenced one of Australia's largest exploration programs with the aim of proving even more resources.

The importance of this position should not be underestimated, as the Jack Hills project is fast emerging as one of the largest and most important iron ore projects in the mid-west region.

In March 2009 OPR signed a State Development Agreement with the Government of Western Australia, which confirmed OPR as the developer of the Oakajee port and associated northern rail infrastructure.

To underline the level of support for the project, the West Australian and Federal Governments have together committed a total of \$678 million by way of direct investment in the common use infrastructure for the port.

In addition, the investment of approximately \$2.5 billion by Chinese state and privately owned enterprises in projects and in Australian companies operating in the mid-west region is an endorsement of the region as a major future source of iron ore supply.

I am very proud of the role Murchison has played in reaching this stage and the role we will continue to play as the port and rail infrastructure projects develop.

Following year end, Crosslands announced the preliminary results of its exploration program indicating a further exploration target of 400 million to 1 billion tonnes<sup>2</sup>. An updated mineral resource will be announced next month.

Murchison has great confidence that Jack Hills has the potential to operate on a large scale for many decades producing very high quality iron ore products for the booming iron ore market.

Consequently, entities that are 50% owned by Murchison will own one of the biggest mines in the mid-west region and, in addition, provide the essential export infrastructure for the region through one of the most significant infrastructure projects in Australia with enormous commercial value in its own right.

In meeting these achievements, I would like to acknowledge the outstanding contribution of our partner Mitsubishi Development. Mitsubishi owns the remaining 50% of both OPR and Crosslands. Without Mitsubishi's involvement, these milestones would have been very difficult to achieve.

Together, Murchison and Mitsubishi have spent more than \$158 million on the mine and infrastructure projects to date.

It is an outstanding and successful partnership and we again thank Mitsubishi for sharing our vision and commitment in backing Crosslands, OPR and the mid-west.

I would also like to thank the West Australian Premier Colin Barnett for his ongoing support and commitment to the Oakajee project and the benefits it can deliver to the State of Western Australia.

The Premier has shown great foresight in backing the Oakajee project. In addition to his Government's commitment to invest \$339 million in the common use infrastructure, Mr Barnett was instrumental in securing a similar commitment from the Federal Government and his support has instilled an additional layer of confidence in the project and in the entire region.

Moving to the iron ore market, there has been a lot of speculation and discussion of iron ore prices this year, against the backdrop of the global financial crisis and speculation about its impact on demand out of China.

Thankfully, we are ending 2009 in a very strong position, with world markets stabilised and Chinese demand once again growing and looking strong far into the future.

Crosslands recently shipped its fourth millionth tonne of iron ore from Jack Hills, and as a consequence of this we have built a very good understanding of the dynamics of the iron ore market.

Crosslands continued to make regular shipments through the worst of the economic crisis experienced in late 2008 and early 2009, testament to its strong customer relationships and the quality of the Jack Hills product.

In recent months iron ore prices have steadily improved, with forecasters now predicting a steady rise in the iron ore price next year.

Clearly the iron ore market continues to expand lead of course by Chinese growth and there is now an ever growing need for new sources of supply.

So, from this I can say that we here at Murchison are fundamentally bullish on demand and forward pricing.

Murchison's position as arguably the most strategic player in the mid-west cannot be understated. Oakajee is the key to unlocking the mid-west as an iron ore province. If major 3<sup>rd</sup> party investments in the mid-west are to deliver value to their owners, Oakajee must deliver.

Investment in the mid-west is a win-win situation for Murchison – as the value and output of the proposed mines in the region increases for their owners, the value and potential earnings of OPR increase.

Couple this with Murchison's 50% interest in Crosslands, the owner of Jack Hills which is potentially the premier mine in the region, and it is clear that Murchison is in an enviable position.

Notwithstanding the strength of our position, we feel that this strategic importance is not currently recognised in our share price.

During 2009, Murchison also continued to evaluate strategic and growth opportunities in the bulk commodities sector beyond the mid-west.

We remain encouraged by our 100% owned Rocklea Project in the Pilbara region between the towns of Tom Price and Paraburdoo.

In September, we announced a revised Mineral Resource estimate of 89Mt<sup>3</sup> and we are currently undertaking a scoping study on the project's development that is on track for completion in the current quarter.

We have a strong balance sheet, good cash reserves and the funding backing of Mitsubishi so we find ourselves developing these great, major scale projects with no immediate funding pressure.

I would also like to take this opportunity to welcome Rod Baxter to the Board. Rod brings a track record of operational achievement and corporate success, notably as Managing Director of Consolidated Minerals where he presided over the strategic transformation of the company.

His experience will greatly assist the Board in a wide range of areas, including the review of corporate opportunities and Crosslands' expansion of the Jack Hills Project.

Looking forward to 2010, I can again see a very active year for Murchison.

The continued development of Jack Hills and the completion of feasibility studies for both the mine and infrastructure projects will continue.

In closing, I would like to thank my fellow directors and our Managing Director Trevor Matthews and the hard working and loyal staff at Murchison, along with the teams at Crosslands and OPR for all their efforts and enthusiasm over the year. We would not be in the enviable position we are in today without their collective efforts.

Thank you.

#### Competent Person's Statement

The information in this report that relates to Exploration Results and geological and mineralogical interpretations for Mineral Resources for the Jack Hills Project is based on information compiled by Roland Barch, who is a member of The Australasian Institute of Mining and Metallurgy and a full time employee of Crosslands Resources Limited.

The information in this report that relates to grade estimations for Mineral Resources for the Jack Hills Project is based on information compiled by Chris Allen, who is a member of The Australasian Institute of Mining and Metallurgy and a full time employee of CSA Global Pty Ltd.

The information in this report that relates to data collection and geological interpretations for Mineral Resources for the Rocklea Project is based on information compiled by Sean Gregory, who is a member of The Australasian Institute of Mining and Metallurgy and a full time employee of Murchison Metals Limited.

The information in this report that relates to grade estimations for Mineral Resources for the Rocklea Project is based on information compiled by Bruce Sommerville, who is a member of The Australasian Institute of Mining and Metallurgy and a full time employee of SRK Consultants.

Messrs Barch, Allen, Gregory and Sommerville have sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves'. Messrs Barch, Allen, Gregory and Sommerville consent or have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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<sup>1</sup> Refer to ASX announcement dated 4 February 2009 for full details of the Jack Hills Mineral Resource. The DSO Mineral Resource of 96Mt @ 58.7% Fe is comprised of 26Mt of Measured, 52Mt of Indicated, and 18Mt of Inferred. The BFO Mineral Resource of 991Mt @ 34.1%Fe is comprised of 69Mt of Measured, 258Mt of Indicated and 664Mt of Inferred.

<sup>2</sup> Refer to ASX announcement dated 3 September 2009 for full details of the Jack Hills exploration target. At this stage there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in a Mineral Resource, although results to date are encouraging.

<sup>3</sup> Refer to ASX announcement dated 30 September 2009 for full details of the Rocklea Mineral Resource. The Mineral Resource is reported at a 50% Fe cutoff grade and is comprised 15Mt of Indicated and 74Mt of Inferred. Tonnes are wet metric tonnes and grades are dry mass percent. The grade of the Mineral Resource is 59.9% calcined iron.



# Annual General Meeting

November 2009

*An emerging world class iron ore and infrastructure company*

Trevor Matthews, Managing Director



# Overview



- Leading emerging iron ore and infrastructure group in Western Australia
- Strategic alliance with Mitsubishi Development
- World-Class Businesses
  - Crosslands Resources Ltd (50%)
  - Oakajee Port & Rail (50%)
  - Rocklea Iron Ore Project (100%)
- Financial Strength
- Included in the S&P ASX 200 Index



# Corporate Snapshot



## Experienced Board

- Paul Kopejtka *Executive Chairman*
- Trevor Matthews *Managing Director*
- Rod Baxter Non-Executive Director
- James McClements Non-Executive Director
- Sun Moon Woo Non-Executive Director

## Major Shareholders

- Harbinger Capital 18.0%
- POSCO 12.3%
- Board \* 10.0%
- Sinosteel 6.1%

## Capital Structure

- Shares 416.6m
- Options 22m
- Market Cap. (A\$1.75\*/share) A\$730m
- Listed on ASX with code MMX

\* Approximate based on recent trading range

## Strong Financial Position

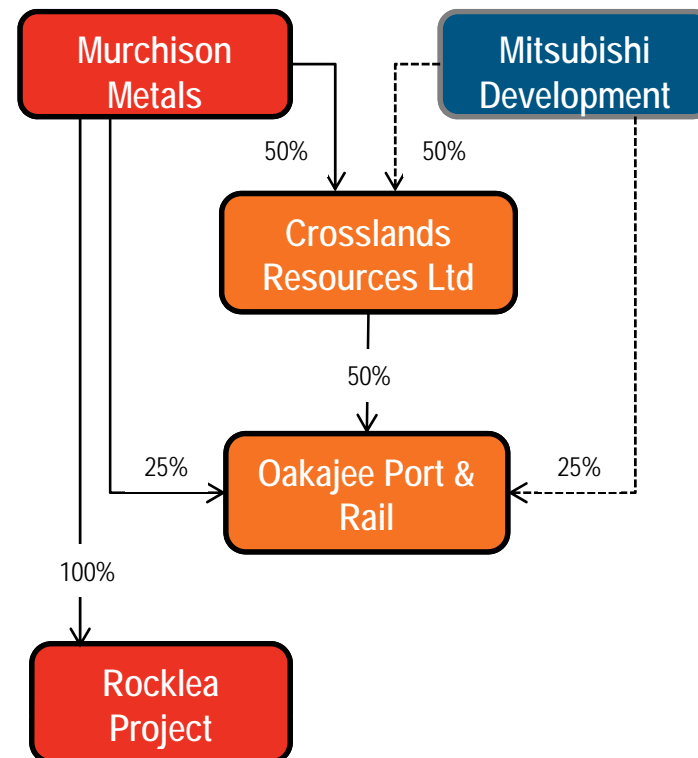
- Cash & Investments (Jun09) of A\$126m
- No Debt
- Mitsubishi Development Umbrella Financing Agreement
- Additional payment from Mitsubishi to come upon conclusion of BFS



# Corporate Structure



- 50% Crosslands Resources (CRL)
  - Iron ore mining company
  - Stage 1 producing, Stage 2 studies underway targeting major expansion
- 50% Oakajee Port & Rail (OPR)
  - Exclusive rights to develop deepwater port and northern rail infrastructure
  - Multi-user open access regime
- 100% Rocklea iron ore project
  - Maiden resource
  - Scoping study underway



# Strong Financial Position

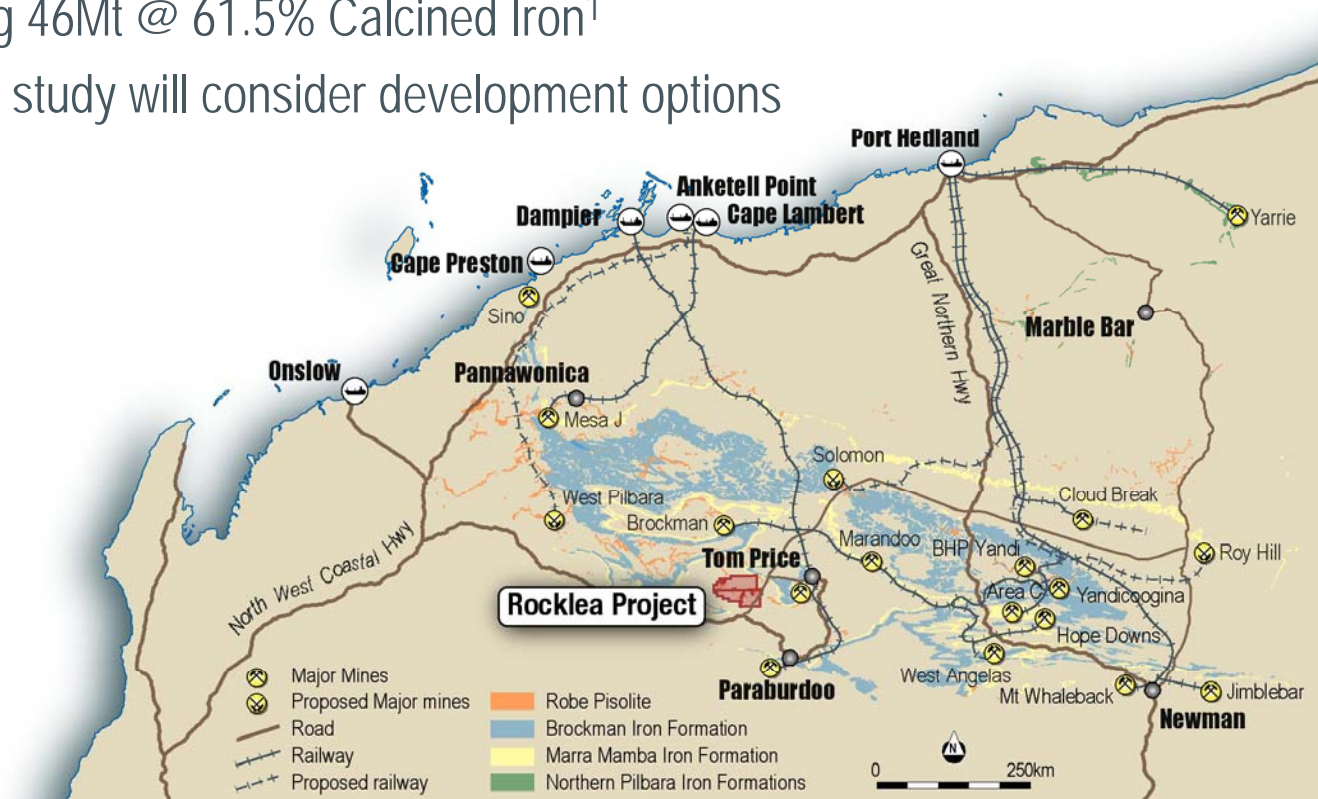


- Mitsubishi Development is required to make a further payment for its 50% interest in Crosslands and OPR
  - Residual Payment based on 50% of the assessed value of Jack Hills Stage 2 Project
  - Due following completion of BFS's
- Obligation to manage the arranging of debt financing of the mine and infrastructure
- Further funding obligations in favour of Murchison, including:
  - \$200m deferred carry funding
  - \$200m contingent capital funding
- Conservative project gearing

# Rocklea Iron Ore Project



- Resource 89Mt @ 59.9% Calcined Iron including 46Mt @ 61.5% Calcined Iron<sup>1</sup>
- Scoping study will consider development options



<sup>1</sup> Refer to ASX Announcement 30 September 2009 for full details of Rocklea Mineral Resource. The Mineral Resource includes 15Mt of Indicated and 74Mt of Inferred. The cutoff grade is 50% Fe. Tonnes are wet metric tonnes and grades are dry mass percent.

# 2010 – A Watershed Year Approaches



- Jack Hills JORC resource this year
- Completion of OPR and Crosslands BFS's
- MDP residual payment
- Financing commenced
- Commitments for mine, port and rail construction

# Thank you



## Disclaimer

*This presentation contains forward looking statements concerning projects owned by Murchison Metals or its related entities . Statements concerning Mineral Resources and Ore Reserves may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.*

*Any statements, opinions, projections, forecasts or other material contained in this presentation do not constitute a commitment, representation or warranty by Murchison or its directors, agents and employees who will in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in this presentation.*

*This presentation includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. Recipients of this presentation must make their own independent investigations, consideration and evaluation of the information. The recipient agrees that if it proceeds further with its investigation, consideration or evaluation of the agreement, it shall make and rely solely upon its own investigations and inquiries and will not in any way rely upon this presentation. It is recommended that you consult your professional advisor/s.*

## Competent Persons' Statement

*The information in this report that relates to data collection and geological interpretations of the Mineral Resource estimate of the Rocklea Project is based on information compiled by Mr Sean Gregory, who is a Member of The Australasian Institute of Mining and Metallurgy and is a full time employee of Murchison Metals Ltd.*

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[www.mml.net.au](http://www.mml.net.au)



**JACK HILLS IRON ORE MINE**  
**MID-WEST REGION**

## **Murchison Metals Limited 2009 AGM**

**Crosslands Resources Update**  
**Stuart Hall – Chief Executive Officer**

18 November 2009



# Competent Persons' Statement

*Project details presented in this report are preliminary and subject to further study. Key aspects may change as these studies progress.*

*The information in this presentation that relates to exploration results and geological and mineralogical interpretations of the Mineral Resource estimate of the Jack Hills Project is based on information compiled by Mr Roland Bartsch who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Bartsch is a full time employee of Crosslands Resources Ltd. The information in this announcement that relates to Mineral Resources of the Jack Hills Project is based on information compiled by Mr Chris Allen who is a Member of the Australasian Institute Geoscientists. Mr Allen is an employee of CSA Global Pty Ltd.*

# Major Advances During 2009

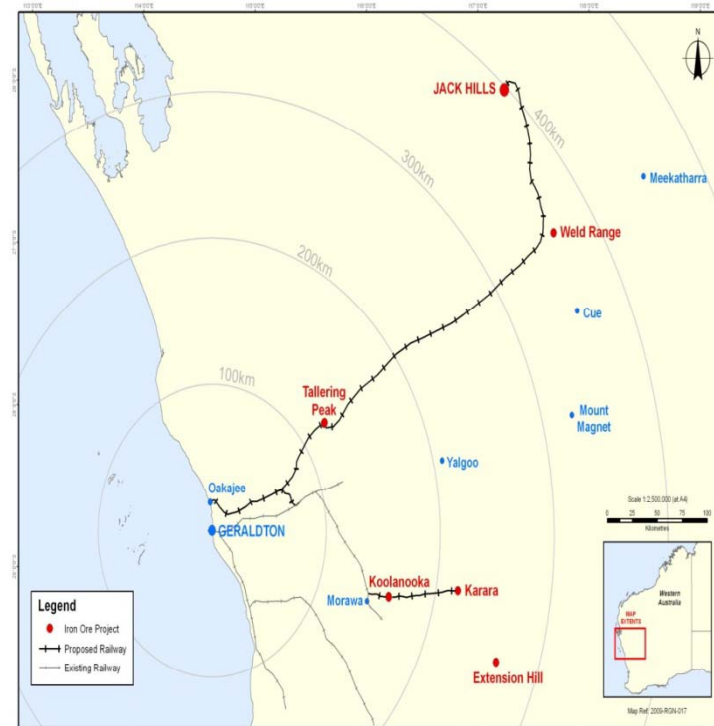
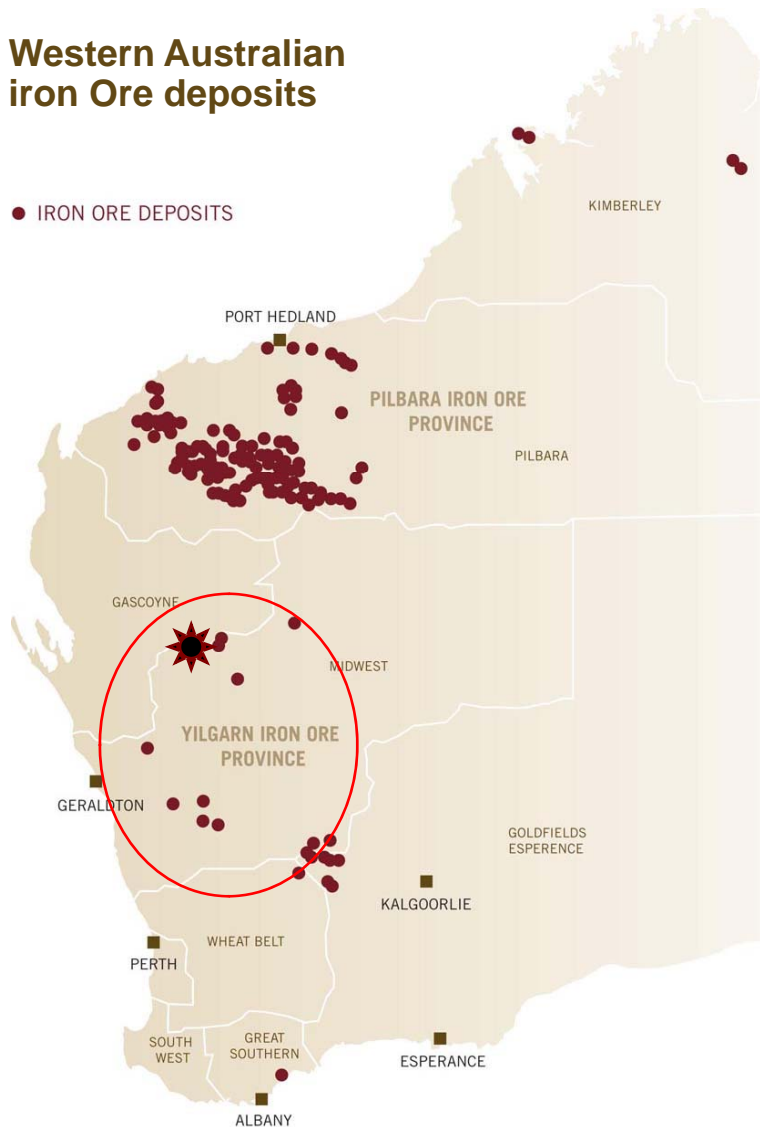
- Jack Hills resource size
- Low grade hematite recovery confirmed
- Large scale, long life project
- Targeting two beneficiated products
- Keen market interest
- Underwrites Oakajee development





# Midwest Region of Western Australia

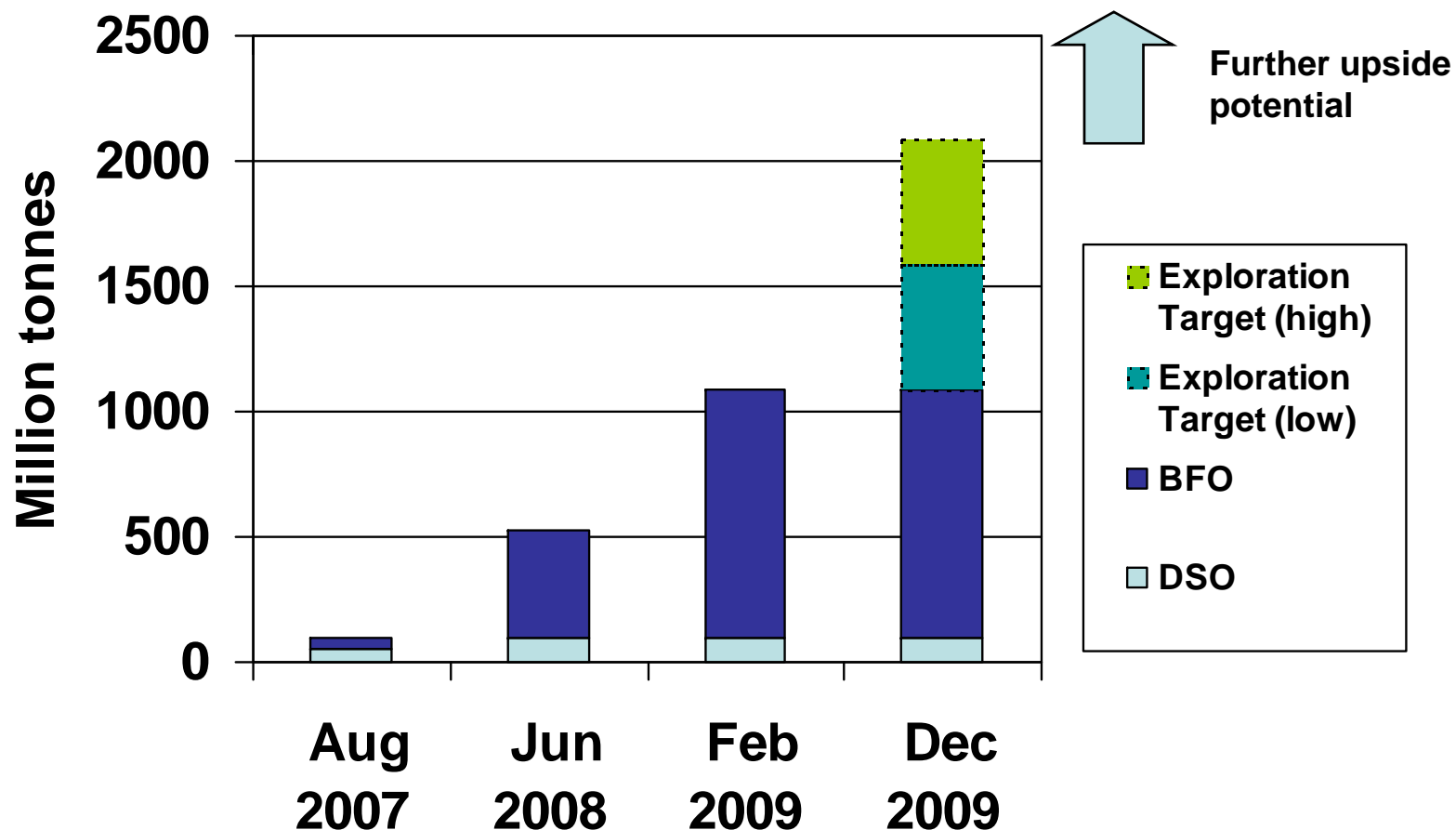
## Western Australian iron Ore deposits



- **Significant iron ore deposits**
- **Close to customers in Asia**
- **Existing (but constrained) infrastructure**
- **World class infrastructure development**

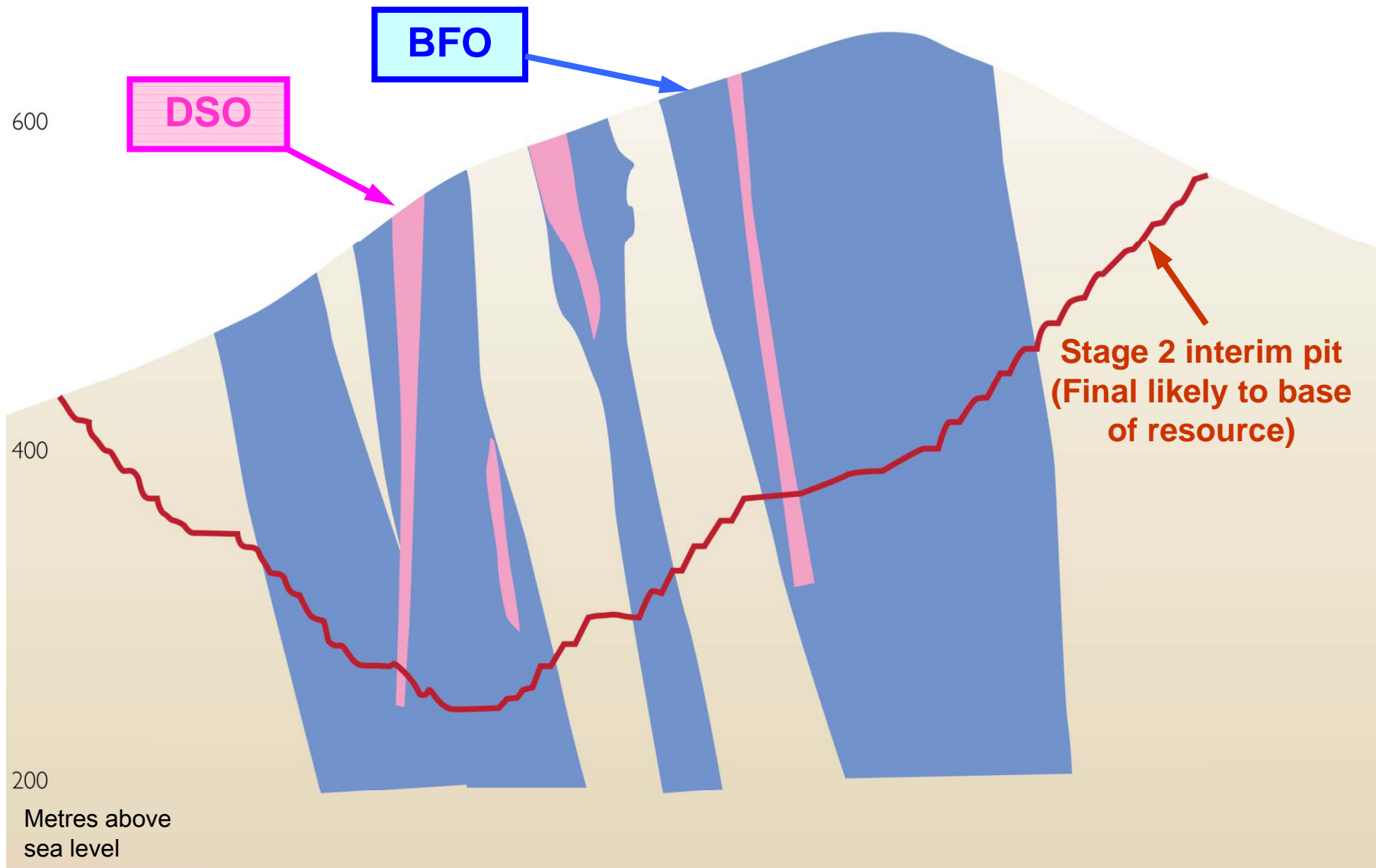
# Resource Progression

Supporting a global scale project with +25 yrs mine life

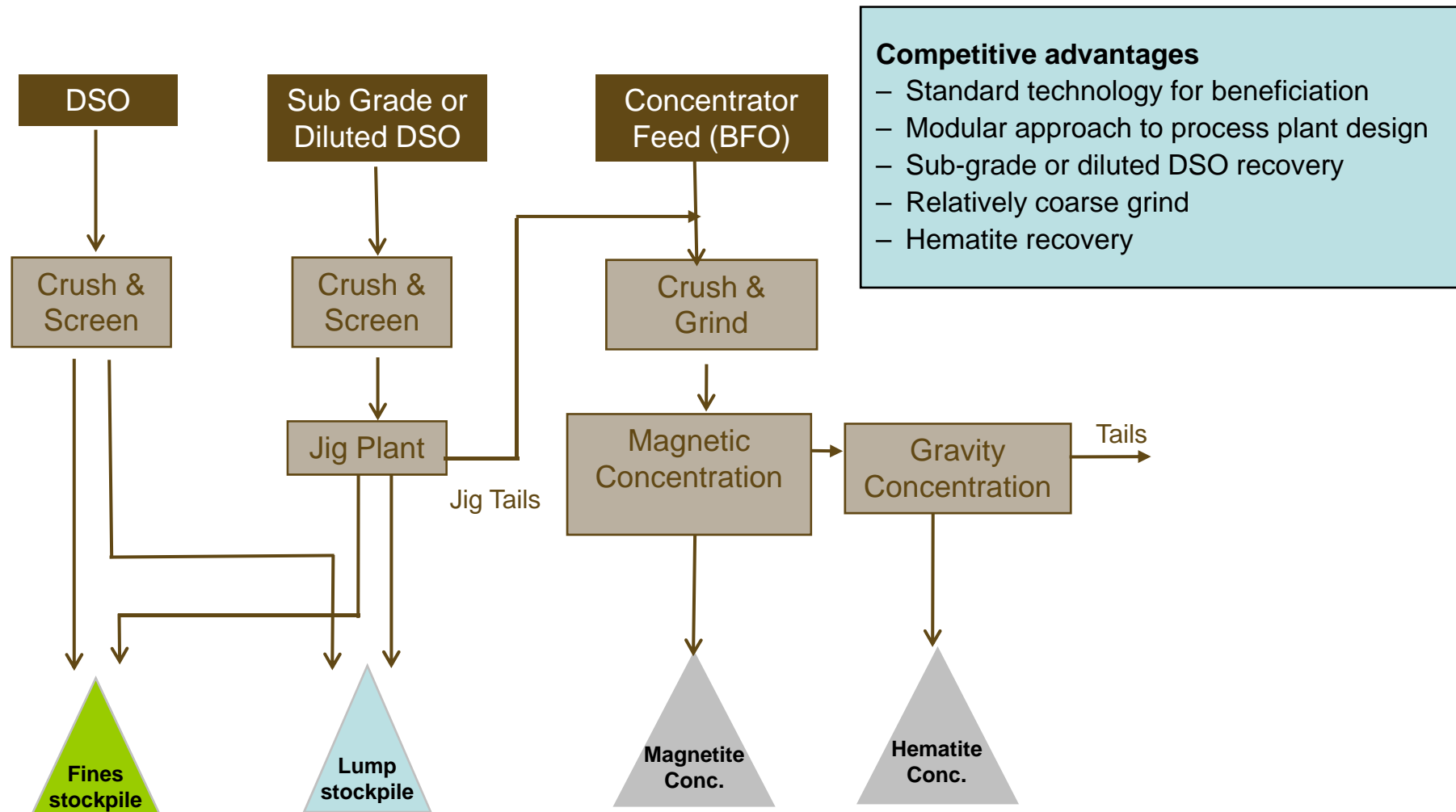


Refer ASX release dated 3<sup>rd</sup> September 2009. These Exploration Targets are at this stage conceptual in nature based on surface mapping supported by limited drilling. At this stage there has been insufficient exploration to define a Mineral Resource on these targets and it is uncertain if the further exploration will result in a Mineral Resource.

# Jack Hills Generalised Cross Section

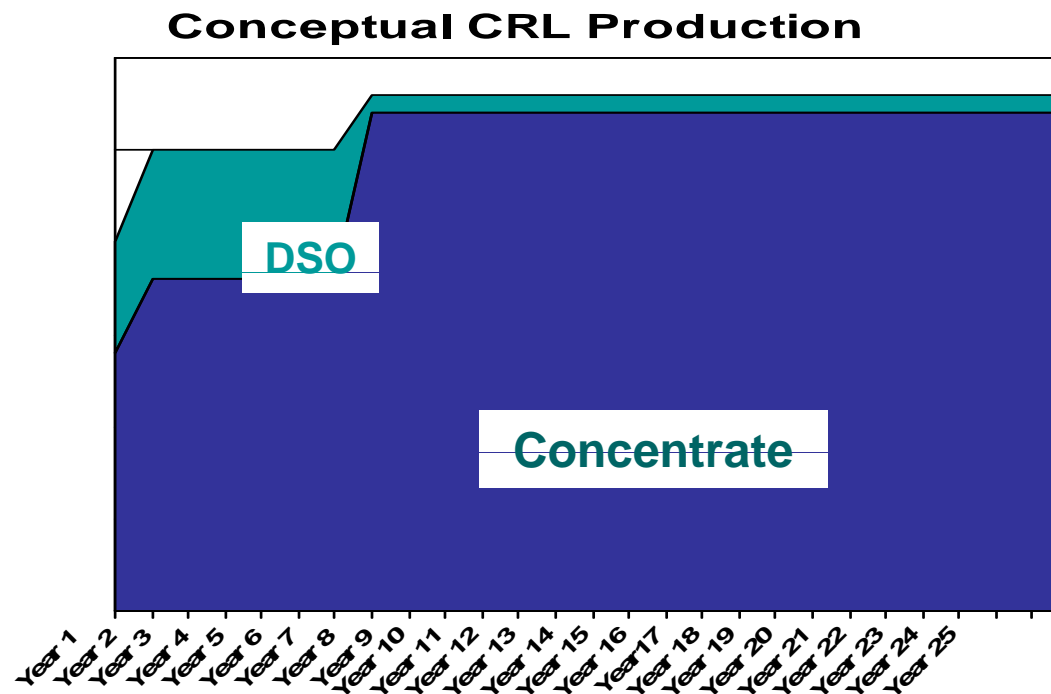


# Processing – Preliminary flow sheet



## Stage 2 – Production Rates – Under Study

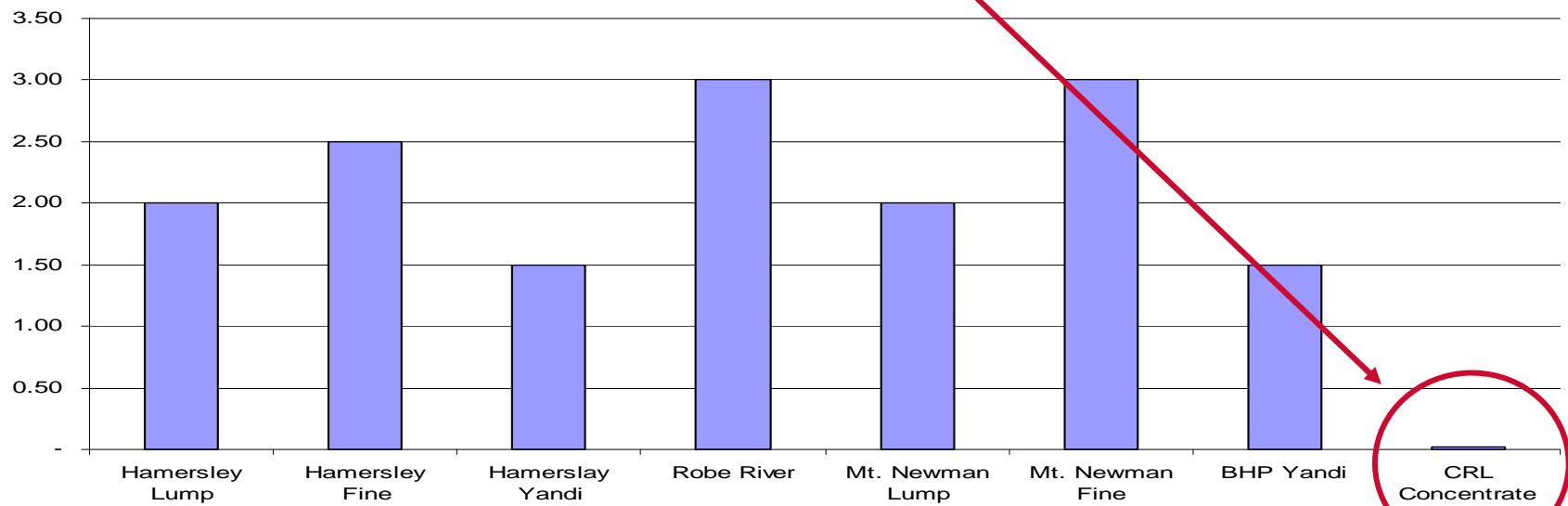
- **Concentrate**
  - 2~3 x 9Mt/a modules = 18~27Mt/a concentrate
- **DSO** will be largely mined in the early years – significant cash flow benefit
- Nominal 20Mt/a ramping up to 35 Mt/a total as market conditions allow



**>25 year  
mine life**

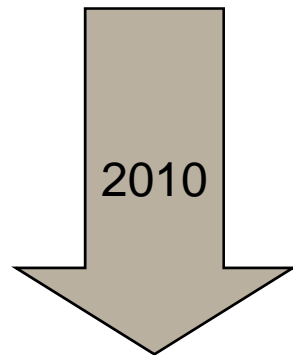
# Concentrate Quality – Preliminary Estimates

INDICATIVE CONCENTRATE CHEMISTRY						
	%Fe	%Al <sub>2</sub> O <sub>3</sub>	%SiO <sub>2</sub>	%MgO	%P	%LOI
<i>Fine magnetite product</i>	67.3	0.02	3.5	1.1	0.01	-1.9
<i>Coarser hematite product</i>	65.3	0.04	4.0	1.1	0.03	1.1

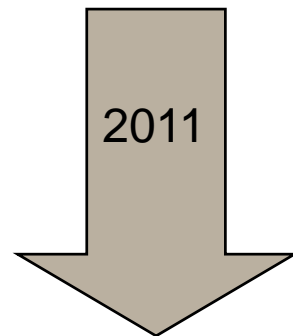


Source; "Iron Ore Manual 2008" published by The TEX Report Ltd.

# Next Steps



- Refine capital and operating cost estimates
- Negotiate logistics agreements
- Secure offtake LOI's
- Finalise BFS



- Environmental approvals
- Secure binding offtake agreements
- Financial close
- Commence construction

!



- First production



# Oakajee Port & Rail

## Oakajee Port and Rail Project Update

Alwyn Vorster  
Oakajee Port & Rail Pty Ltd  
Murchison Metals AGM  
18 November 2009





# Disclaimer

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- The statements made, the contents of this presentation and the information provided in this presentation (information) are provided for discussion purposes only and are subject to change without notice. No person may rely on any of the information.
- To the maximum extent permitted by law OPR, its shareholders, officers, employees and Joint Venture Participants disclaim any and all responsibility for the information and any loss or damage suffered or incurred by a person for any reason relying on any of the information.

# Agenda

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- The drivers for the OPR project
- 2009 progress
- 2010 focus areas



# The Mid-West region



# Oakajee has a compelling business case

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- Strong long term demand for iron ore
- Deepwater port needed for Cape class vessel cost efficiency
- Mid-West to be a major minerals region – currently no infrastructure
- Oakajee industrial estate will attract other industries
- Regional economy will be stimulated and significant jobs created

# The task of creating a greenfields supply chain

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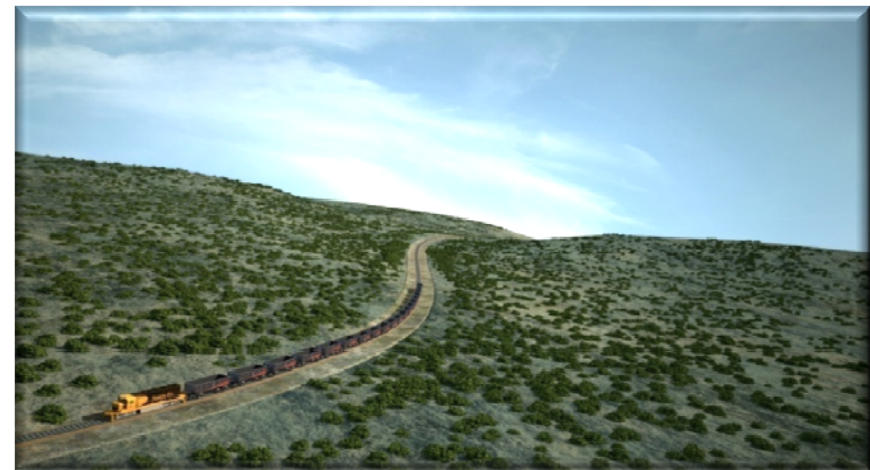


- Differences from the Pilbara supply chains
- Greenfields port site
- Fragmented mine ownership
- Infrastructure to be aligned with mine development
- OPR's operating model to prevent east-coast coal chain inefficiencies
- OPR's significant investment to date

# Summary of Project Concept



Port (Initial)	~35Mtpa
Rail (Initial)	~70Mtpa, 570km
Sponsors	MMX (50%) MDP (50%)
Initial Customers	Crosslands; Sinosteel Midwest; Karara Mining



# Government support underpins the project



- Project identified as highest priority by both State and Federal Governments.
- October 2008: State Government funding of ~\$339m confirmed.
- May 2009: Prime Minister Kevin Rudd visits Geraldton for briefing on OPR Project.
- May 2009: Federal Government funding of ~\$339m confirmed.



# Strong local community support secured



- OPR's office in Geraldton supports local initiatives
- OPR is the primary sponsor of the annual Mid-West Good Heart Art Exhibition
- OPR is the primary sponsor of the Great Northern Football League





# OPR has achieved all key milestones in 2009



March 2009	State Development Agreement
May 2009	Government funding secured
July 2009	Feasibility Study commences
July 2009	Successful China visit with Premier
August 2009	New executive team appointed
October 2009	Marine environmental approval
October 2009	Rail corridor defined



# Engineering studies on track



- Worley Parsons managing a team of industry leading sub-consultants on rail and port design
- Engineering discussions with Australian, Japanese, Chinese and Korean equipment and service providers
- Undertaking port and rail surveys, geotechnical drilling and operations simulations

# Mine customers engagement on track



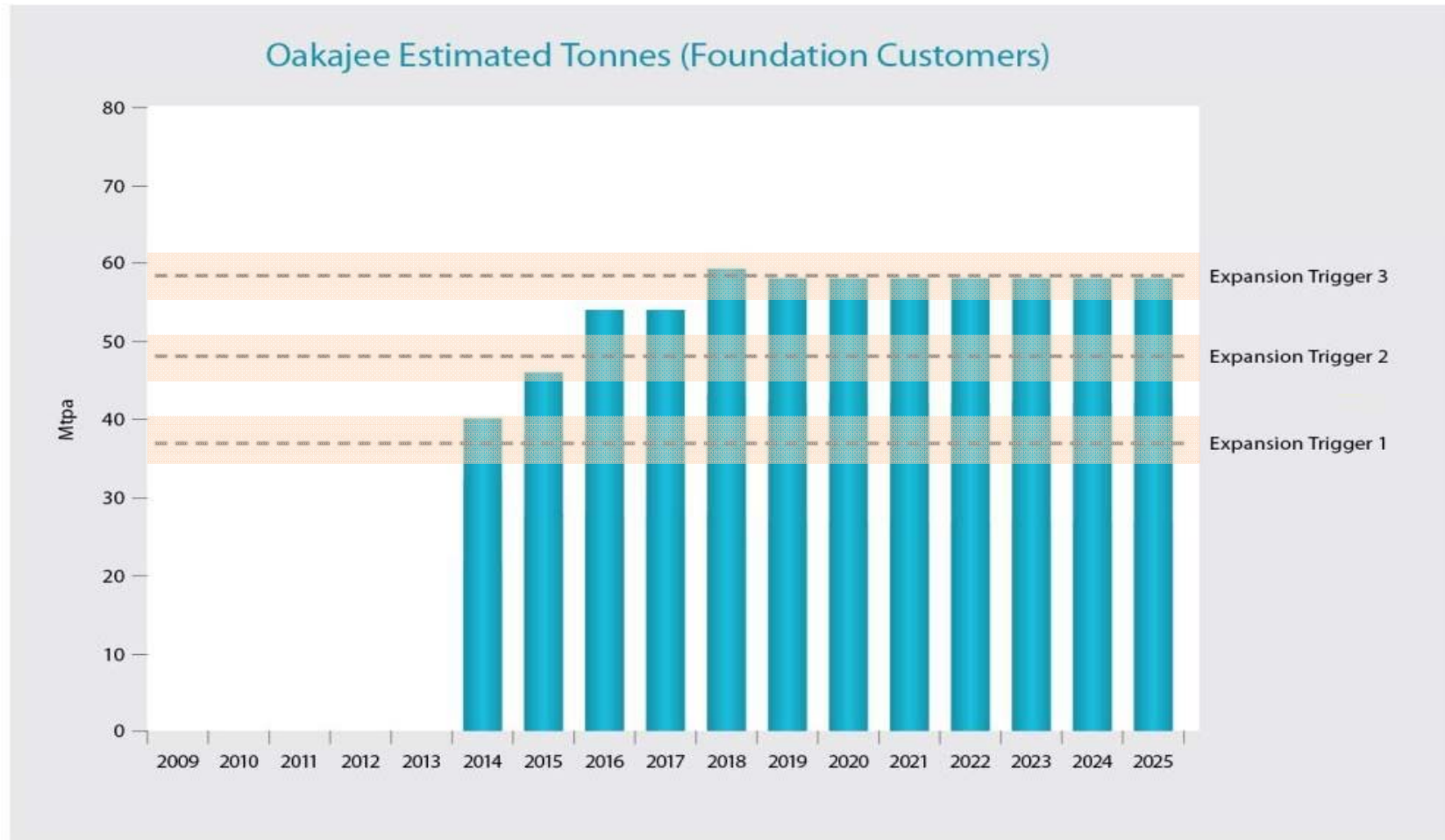
- OPR engaged 14 potential users of the infrastructure
- 3 mines likely to become foundation customers
- OPR finalising design requirements by mine customers
- Mines will need to prove feasibility to OPR
- Supply Chain Agreements to be concluded during 2010.



# Supply Chain Customers



Initial customer nominated tonnage will “bank” the OPR project



These demand forecasts are preliminary in nature. Discussions with potential customers regarding final tonnages are of a confidential nature.

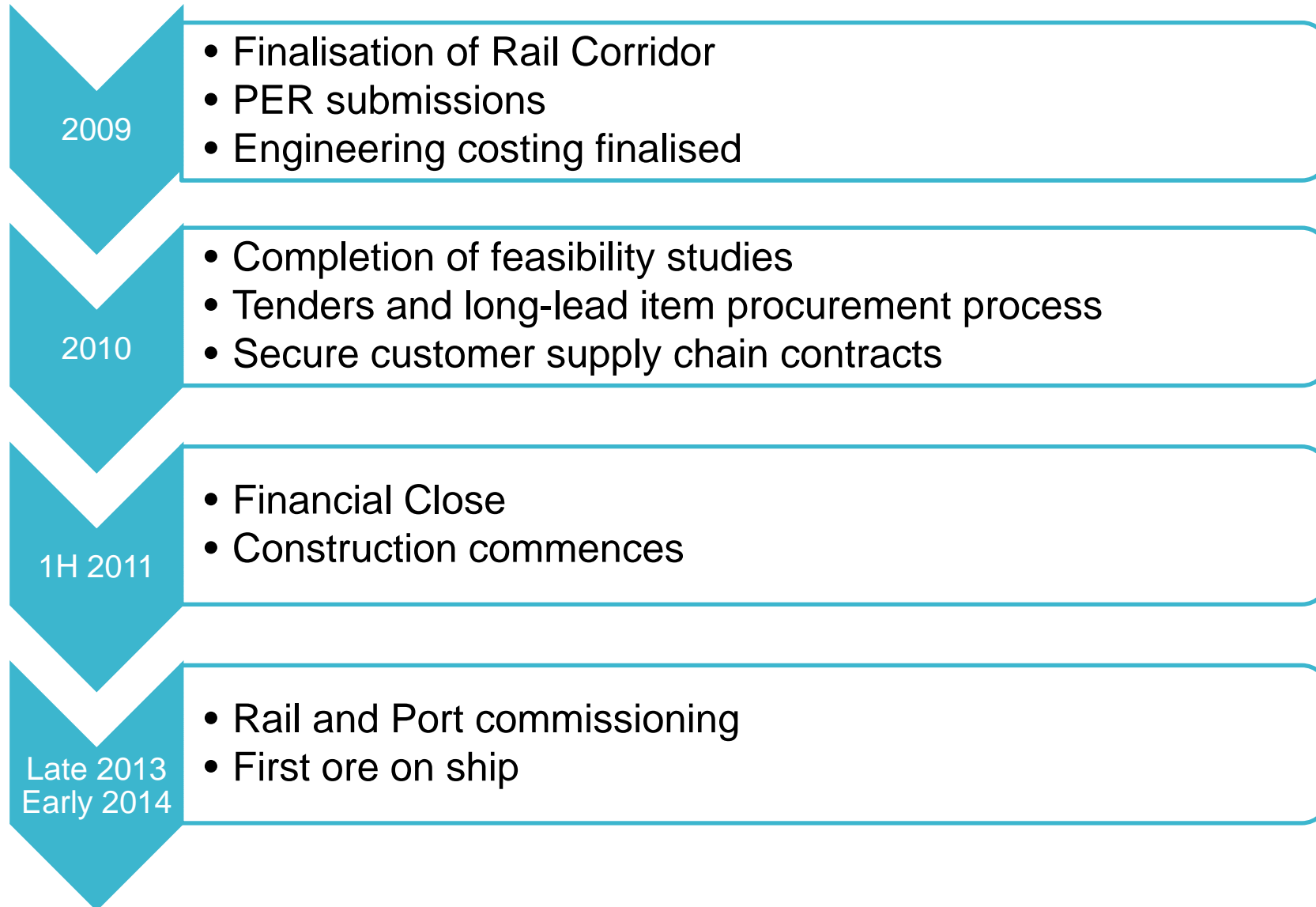
# Progress on regulatory issues



- Completed land access agreements with landowners
- Heritage, Native Title framework agreements established
- New Port Marine environmental approval
- Level of environmental assessment for Port landside and Rail now set
- Environmental surveys being finalised



# Key next steps in project development



# Summary

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- OPR has achieved all 2009 target development milestones
- Oakajee project concept and basis of design now complete
- OPR now moving into the project delivery phase
- OPR will have further positive development messages at the next Murchison AGM in 2010