

ASX ANNOUNCEMENT

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18 November 2009

CROSSLANDS TARGETING 25-35 MTPA OPERATION AT JACK HILLS

Murchison Metals Limited (Murchison) is pleased to announce that a study update has been released by Crosslands Resources Limited (Crosslands).

Major points of significance in the Crosslands update are:

- Crosslands is targeting a production rate of between 25 and 35mtpa from the expanded Jack Hills operations comprising a mix of Direct Shipping Material (DSO), hematite sinter feed and magnetite concentrates.
- Initial studies suggest a production rate of up to 10Mtpa of DSO.
- Early feedback from potential customers has been positive, with the ultra low alumina and phosphorous content of the Jack Hills products being highly attractive in the international steel market.
- While a new, interim resource statement is due out shortly, Crosslands has identified further DSO and Beneficiation Feed Material (BFO) targets that require further testing.

The update underlines Murchison's growing confidence in Jack Hills' potential as a large scale, multi-decade project yielding substantial cash flows and economic value.

Crosslands is 50% owned by each of Murchison and Mitsubishi Development Pty Ltd.

Murchison Executive Chairman Paul Kopejtko said the Crosslands update positioned Jack Hills as a significant project globally in terms of new supply sources.

"Jack Hills is now a substantial project in international terms, sitting above many other projects in terms of the size of the target resource, quality, premium products low in impurities and the target production profile," said Mr. Kopejtko.

"It is now emerging with a production profile on a par with projects such as Anglo-American's Minas Rio in Brazil, Vale's Maquine-Bau and Rio Tinto's Brockman 4.

"We believe Jack Hills is on track to be the biggest exporter of iron ore from the mid-west but we are also very pleased with its growing significance in international supply terms."

In its update, Crosslands said it was adopting a dual production strategy for Jack Hills, involving both DSO and BFO facilities to produce two high quality products to meet demand from customers in Asia.

DSO operations will be configured to enable Crosslands to better optimise DSO production and drive cash flows in the early years of the expansion.

Crosslands said it has adopted a modular approach to processing capacity for the beneficiation plant, which will provide it with unique flexibility at Jack Hills in being able to incrementally add further modules as demand rises.

The likely production profile of each beneficiation module will be in the order of 10 million tonnes of product per annum.

Crosslands will be a foundation customer of Oakajee Port & Rail, the developer and manager of the port and rail infrastructure for miners in the mid-west region.

OPR is also 50% owned by each of Murchison and Mitsubishi Development Pty Ltd.

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About Murchison

Murchison Metals Limited ("Murchison") is an Australian ASX listed company. Murchison is included in the S&P/ASX 200 Index.

Murchison is a 50% shareholder in Crosslands Resources Ltd ("Crosslands") which is the owner of the Jack Hills iron ore project located in the mid-west region of Western Australia. The remaining 50% of Crosslands is held by Mitsubishi Development Pty Ltd ("Mitsubishi"), a subsidiary of Mitsubishi Corporation, Japan's largest general trading company.

Murchison also has a 50% economic interest in Oakajee Port and Rail (OPR), an independent infrastructure business established to construct new port and rail infrastructure to provide logistics services to miners and other potential customers in the mid-west region of WA. The remaining 50% economic interest in OPR is held by Mitsubishi.

In addition to its investments in Crosslands, OPR and its Rocklea iron ore project (100% Murchison) located in the Pilbara, Murchison is actively exploring growth opportunities in iron ore, coal and manganese in accordance with its approved corporate strategy.



JACK HILLS
IRON ORE MINE
WESTERN
AUSTRALIA'S
MID-WEST
REGION



MEDIA STATEMENT

18 November 2009

CROSSLANDS ADVANCES JACK HILLS EXPANSION STUDIES

Crosslands Resources Limited (Crosslands) is pleased to provide an update on its studies in respect to the Jack Hills Expansion Project.

Based on studies to date, Crosslands is increasingly confident that the Jack Hills project will be a world scale, cornerstone project for the mid-west of Western Australia.

Production Studies

Crosslands has adopted a dual production strategy for the Jack Hills expansion project involving separate Direct Shipping Ore (DSO) and Beneficiation Feed (BFO) operations, which will result in Jack Hills producing between 25 and 35 million tonnes per annum (mtpa) depending on the extent of front loading of DSO production, initial beneficiation capacity installed and speed of ramp-up.

DSO Operations

DSO operations will comprise a simple crush, screen and jig circuit which is planned to be run independently of the beneficiation plant and will enable Crosslands to better optimise DSO production and drive cash flows in the early years of the expansion. Preliminary mine designs are demonstrating the potential to selectively mine DSO while BFO operations ramp up to full production. Initial studies suggest a production rate of up to 10 mtpa of DSO for approximately 5 years before reverting to a lower base rate.

Product specifications are still to be finalised but are likely to be similar to those exhibited in current operations – being approximately 62-63% Fe for fines and 64-65% Fe for lump. The current lump to fines split in Stage 1 operations is approximately 65% lump:35% fines.

BFO Operations

Metallurgical testwork has confirmed the ability to recover the hematite component of the BFO that had been previously recognised – but excluded until now - from the resource inventory. This testwork has been used to modify flowsheet assumptions, with BFO operations now being designed to recover both magnetite and hematite fractions and produce two saleable products (see figure 1, page 3 for preliminary processing flowsheet).

Competitive advantages of this flowsheet design include;

- Standard, low risk processing technologies;
- Separate hematite and magnetite products, at different grind sizes, to allow penetration into both the sinter and pellet feed markets;
- lower grinding power requirements;

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- highly attractive chemistry with very low phosphorous and alumina expected in both products. (refer figure 2, page 3 for preliminary estimates of alumina compared to Australian competitors)

Crosslands has adopted a modular approach to processing capacity for the beneficiation plant, which will provide Crosslands with unique flexibility at Jack Hills so that it will be able to incrementally add further modules as market demand dictates.

Whilst studies are still underway, Crosslands is targeting initial production of 25 to 35 mtpa of combined DSO and beneficiated products (hematite and magnetite).

Resource Definition

The 2009 Jack Hills exploration program, reported in September 2009, continues with some 61,000 metres drilled to date. This program has returned positive results and Crosslands is confident of achieving a significant upgrade to the current mineral resource at the end of the year.

Importantly the deposit remains open at depth and new DSO and BFO targets have been identified along strike between the Brindal deposit and Mt Hale (refer figures 3 and 4 on page 4)

Marketing

Crosslands' marketing team has been engaging with key existing and potential customers in Asia as part of the expansion project studies. Feedback to date has been highly encouraging and activity will increase as studies progress.

Infrastructure

Crosslands is a foundation customer of Oakajee Port and Rail (OPR) and is actively engaging with OPR engineers to ensure that port and rail design, materials handling capabilities and infrastructure capacity are well understood as Crosslands' studies progress.

Timeline

Major milestones such as negotiating logistics agreements with OPR, securing offtake letters of intent from customers and finalising the project's bankable feasibility study are being targeted for completion in 2010. Other milestones to be achieved before construction begins includes obtaining all relevant environmental approvals, securing binding offtake agreements and obtaining financial close for the project. First production is being targeted to coincide with the introduction of new infrastructure and port facilities at Oakajee in 2013/2014.

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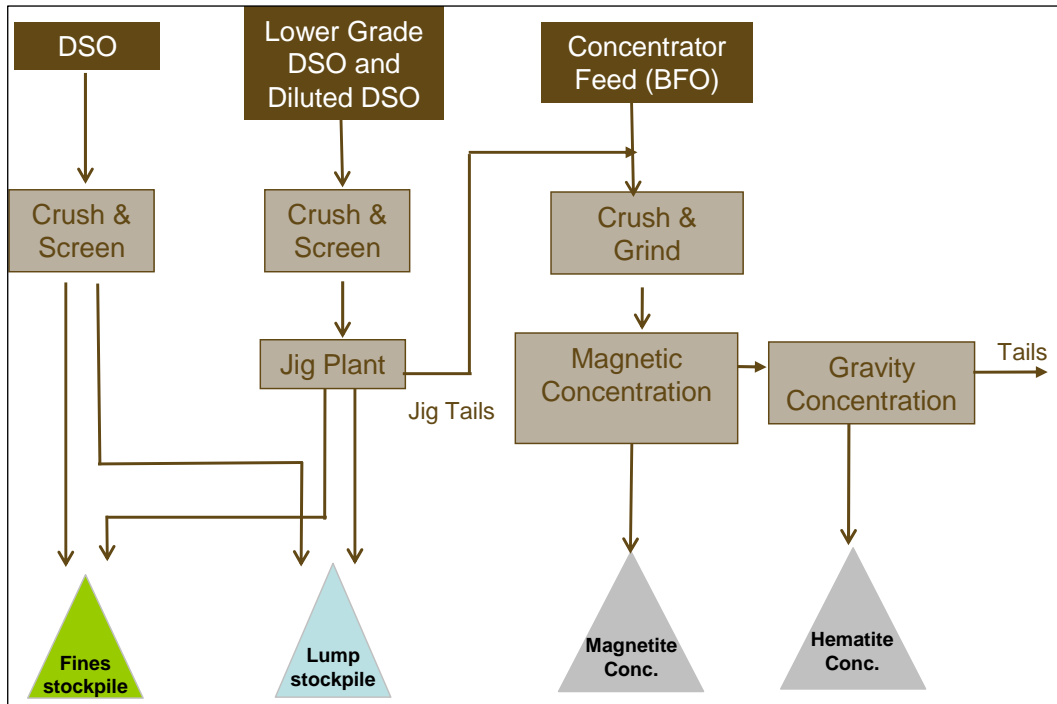


Figure 1: Preliminary processing flowsheet

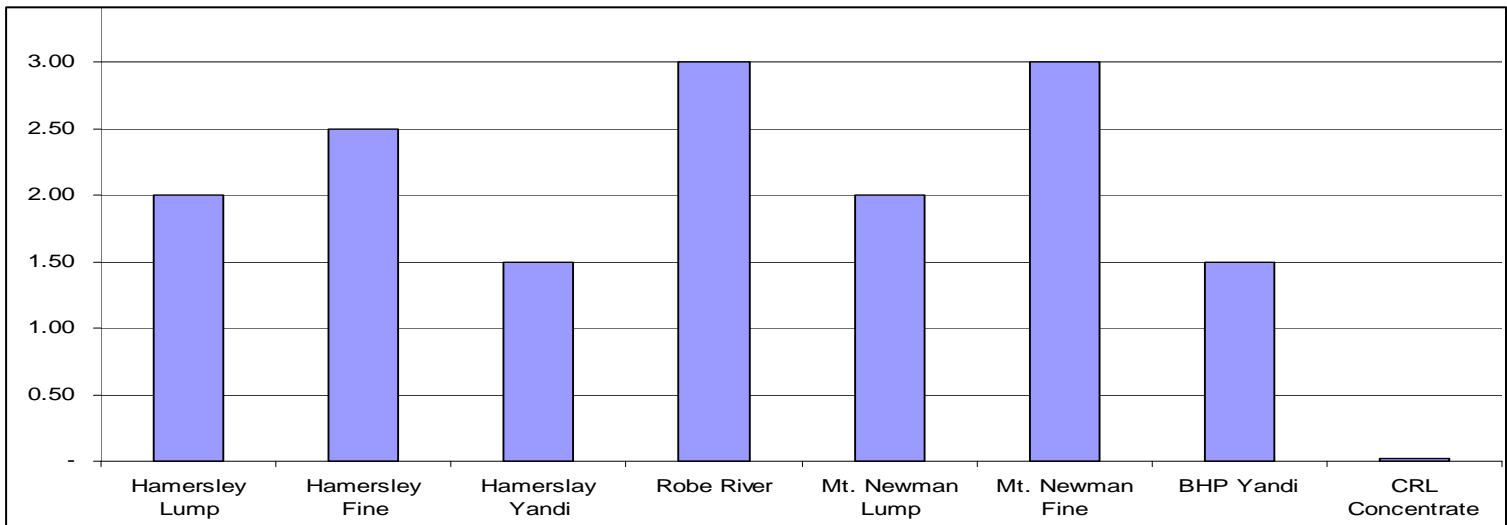


Figure 2: Concentrate Quality – Preliminary Estimates of Al₂O₃ (Source; “Iron Ore Manual 2008” published by the TEX Report Ltd.)

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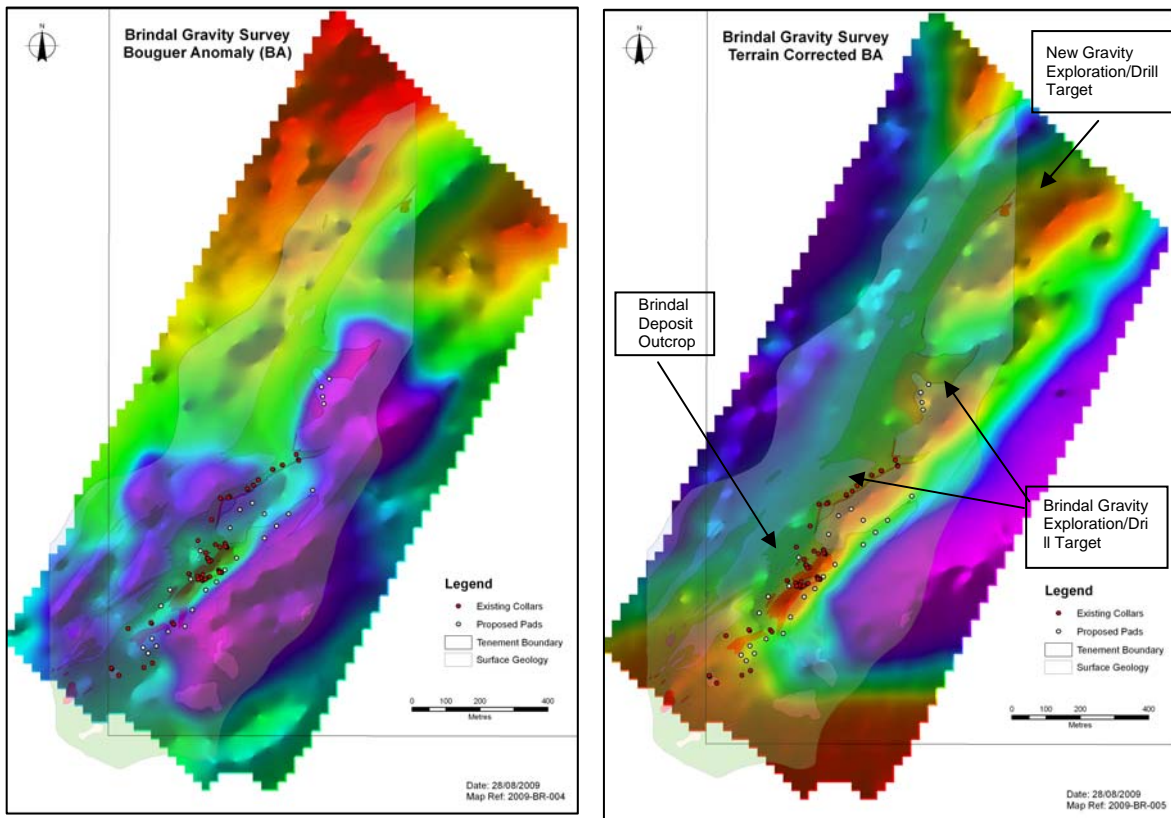


Figure 3: Exploration Gravity Surveys of Brindal deposit

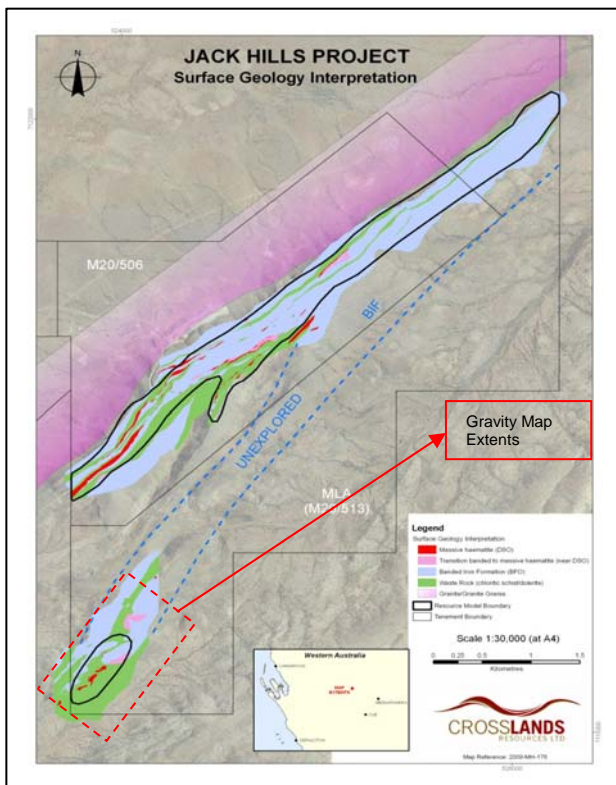


Figure 4: Map of the Jack Hills range

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About Crosslands

Crosslands Resources Ltd (“Crosslands”) is the owner of the Jack Hills iron ore project located in the mid-west region of Western Australia. Crosslands is jointly owned by ASX listed Murchison Metals Ltd (“Murchison”) and Mitsubishi Development Pty Ltd (“Mitsubishi”), a subsidiary of Mitsubishi Corporation, Japan’s largest general trading company.

In addition, Crosslands, Murchison and Mitsubishi have established a new independent infrastructure business, Oakajee Port and Rail (OP+R).

Competent person’s 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.

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