

ASX ANNOUNCEMENT

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18 March 2010

OPR PLANNING 45MTPA CAPACITY FOR FOUNDATION CUSTOMERS

Murchison Metals Ltd (Murchison) is pleased to announce that Oakajee Port & Rail (OPR) is now targeting initial capacity of 45 million tonnes per annum (mtpa) at the new Oakajee Port.

OPR has also announced Karara Mining (Gindalbie Metals – Ansteel joint venture), Crosslands Resources Ltd (Jack Hills Iron Ore Project) and Sinosteel Midwest Corporation (Weld Range Iron Ore Project) as the potential foundation customers for the port and rail infrastructure projects.

Murchison and Mitsubishi Development Pty Ltd each own 50% of OPR and Crosslands.

Murchison's Executive Chairman, Paul Kopejtka, said: "When OPR was formed in 2007, we were confident that the development of infrastructure by OPR was the key to unlocking the potential of the mid-west region.

"The demand for capacity on the rail and through the port from potential customers in the region has exceeded our expectations and reinforces our long held view that OPR will be a viable, standalone business that will facilitate development in the mid-west region of WA.

"The selection of the potential foundation customers represents an exciting milestone for the project and has triggered a significant increase in the size of the project."

OPR is now working with the three selected mid-west miners to settle memoranda of understanding in the near future.

There is potential for further expansion of Oakajee beyond 45mtpa to meet additional demand from foundation and expansion customers.

OPR is on track to deliver a feasibility study to the Western Australian Government by the end of March with the final feasibility study to be completed later in 2010.

A copy of OPR's Media Statement dated 18 March 2010 is attached.

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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 an independent infrastructure business, Oakajee Port and Rail (“OPR”). OPR was established to construct new port and rail infrastructure to provide logistics services to miners (including Crosslands) 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.

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Thursday 18 March 2010

OPR Plans Increased Port Start-Up Capacity and Selects Potential Initial Customers

Oakajee Port and Rail (OPR) today announced its intention to increase the planned initial capacity of the new Oakajee deepwater port in Western Australia's mid-west to 45 million tonnes per annum (mtpa).

It has also announced that it has selected three potential foundation customers for contractual discussions.

OPR Chief Executive John Langoulant said the plan to increase initial capacity at the port beyond the original 35mtpa proposal by nearly 30 percent followed strong interest from regional iron ore miners.

"The level of iron ore tonnage nominations we received last month from regional miners made it clear that there is a real case to consider greater start-up capacity than we had originally anticipated," Mr Langoulant said.

"OPR's studies during 2010 will now focus on designing a port configuration, including two berths, that will accommodate up to 45mtpa of mid-west iron ore.

"Progressing the more detailed capacity studies and finalising the project parameters is also dependent on the mines finalising the feasibility of their projects".

The selected potential foundation customers are Sinosteel Midwest (Weld Range project), Karara Mining (Karara project) and Crosslands Resources (Jack Hills project). Subject to further due diligence studies, these potential foundation customers could receive an offer of initial capacity for the new Oakajee port and rail system.

OPR looks forward to now engaging these potential foundation customers with the aim of agreeing memoranda of understanding and a due diligence process to define project timing, volumes and financial capacity.

"Positive due diligence results could lead to offers of initial port capacity and more detailed supply chain contract discussions during 2010", Mr Langoulant said.

Mr Langoulant said OPR is preparing a feasibility study for submission to the Western Australian Government at the end of March 2010, with the final feasibility study due later this year.



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MEDIASTATEMENT

This study is another milestone in the joint WA Government-OPR process towards construction of the port and rail project and first shipments through Oakajee in early 2014.

OPR has also received interest from miners for expanded capacity beyond the initial 45Mtpa.

“While our focus and feasibility studies remain firmly focused on the start-up infrastructure, the further expansion of Oakajee port will be considered as the mid-west iron ore industry grows and additional projects progress through project development and feasibility,” Mr Langoulant said.

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