

ASX ANNOUNCEMENT

ASX Code: MMX

15 December 2010

CHAMELEON LITIGATION UPDATE

Murchison Metals Limited (Murchison) is pleased to provide an update on the Federal Court proceedings brought by Chameleon Mining against Murchison, Crosslands Resources Ltd ("Crosslands") and others.

In his judgment handed down on 20 October 2010, Justice Jacobsen dismissed Chameleon's claim that it was entitled to an interest in either the Jack Hills iron ore project in Western Australia owned by Crosslands and / or Murchison's shares in Crosslands.

The parties returned to Court on 15 December 2010 for the Judge to make final orders to reflect his reasons for decision. The orders have now been finalised and Murchison expects they will be formally entered later today.

As between Murchison / Crosslands and Chameleon the orders that will be made by the Court reflect Murchison's previously announced understanding of the decision. The effect of the orders is that:

1. There is no constructive trust over the Jack Hills iron ore project or Murchison's shares in Crosslands.
2. Murchison is liable to pay Chameleon a portion of the profit it received as a consequence of the investment of \$277,840 in Crosslands from 24 July 2004 to the present time. Murchison notes that it has not been paid any dividends as a consequence of its investment in Crosslands.

As an alternative, Chameleon is entitled, at its election, to equitable compensation of \$277,840 from Murchison plus interest at commercial rates on a compounding basis.

3. Crosslands is liable to pay Chameleon the profit obtained by it from the use of \$152,750 on the same basis as Murchison. Murchison notes that the project operated at a loss over the relevant period.

As an alternative, Chameleon is entitled, at its election, to equitable compensation of \$152,750 from Crosslands plus interest at commercial rates on a compounding basis.

4. Murchison is not liable to pay Chameleon for 10 million shares in Murchison received by another defendant in the proceedings or for the profits from the sale of those shares. In this regard, Murchison is pleased that the Court rejected Chameleon's submission that the Court should make an order pursuant to the Corporations Act requiring Murchison to pay Chameleon for the profits received from the sale of these shares.

The Court has fixed 7 April 2011 as the date by which Chameleon must make the election as to its remedy, as referred to in paragraphs 2 and 3 above.

Chameleon has indicated that it intends to appeal from the Court's orders with respect to the relief granted to it as against Murchison / Crosslands and intends to apply to the Court for a stay of the judgment as against Murchison / Crosslands pending the appeal. The Court has indicated that any such application should be filed by 1 February 2011 and heard on 4 February 2011.

Murchison will seek to have Chameleon's foreshadowed appeal dealt with as expeditiously as possible.

By agreement, the issue of costs as between Murchison / Crosslands and Chameleon was deferred. However, as a result of the orders made by the Court, and subject to the appeal which has now been foreshadowed by Chameleon, Murchison expects that Chameleon will ultimately be ordered to pay Murchison's / Crosslands' costs of the proceedings.

-ENDS-

For further information, please contact:

Paul Kopejtka
Executive Chairman
Murchison Metals Ltd
+61 8 9492 2600

John McGlue
Director
FD
+61 8 9386 1233
+61 417 926 915

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 Joint Venture ("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 and OPR, Murchison owns the Rocklea iron ore project in the Pilbara region of WA.

830700