

**ASX ANNOUNCEMENT**

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**FEDERAL COURT UPHOLDS MURCHISON POSITION ON OWNERSHIP OF JACK HILLS IRON ORE PROJECT**

Murchison Metals Limited (“Murchison”) advises that Justice Jacobson has today handed down his decision in the Federal Court action brought by Chameleon Mining against Murchison, Crosslands Resources Ltd (“Crosslands”) and others.

Murchison is pleased to report that Justice Jacobsen dismissed Chameleon’s claim that it was entitled to any interest in either the Jack Hills iron ore project in Western Australia owned by Crosslands and / or Murchison’s shares in Crosslands.

The critical findings by the Court as regards to Murchison and Crosslands were:

1. There is no constructive trust over the Jack Hills iron ore project or Murchison’s shareholding in Crosslands.
2. Murchison is liable to account for a portion of the income it received as a consequence of the investment of \$277,840 in Crosslands from 24 July 2004 to the present time. (Murchison notes that the project operated at a loss over this time).

As an alternative, Chameleon is entitled, at its election, to equitable compensation of \$277,840 from Murchison with interest at commercial rates on a compounding basis. (Murchison has calculated this sum at approximately \$407,000 based on an interest rate of 5.86%).

3. Crosslands is liable to account for the benefit received by it from the use of \$152,750 on the same basis as Murchison. (Murchison notes that the project operated at a loss over this time).

As an alternative, Chameleon is entitled, at its election, to equitable compensation of \$152,750 from Crosslands with interest at commercial rates on a compounding basis. (Murchison has calculated this sum at approximately \$227,000 based on an interest rate of 5.86%).

4. Murchison is not liable to account for 10 million shares in Murchison received by another defendant in the proceedings.

The Decision is clear that there is no claim to any future income or profits from the Jack Hills project.

Murchison Executive Chairman Paul Kopejtka said he was very pleased with the decision.

“It is disappointing that the legal action and its defence have come at some cost, but our Board had been resolute throughout in its desire to protect the interests of Murchison shareholders,” said Mr Kopejtka.

“This judgment vindicates our long-standing position on this legal action and Chameleon’s claim that it was entitled to a material share of the Jack Hills project or Murchison’s shares in Crosslands.

“The remedies in the decision are also strikingly different to the ‘potential \$1.5 billion claim’ that Chameleon promoted in the course of the litigation or what Chameleon Chairman Benny Elias described as ‘the big claim which is for a greater than 50% interest in Murchison’.”

Mr Kopejtka said work was advanced on Murchison’s two major projects owned jointly with partner Mitsubishi Development Pty Ltd – Crosslands Resources’ Jack Hills Expansion Project and Oakajee Port & Rail’s port and rail infrastructure project in Western’s Australia’s mid-west region.

Finally, in respect to the statement in Chameleon’s ASX announcement today that the \$277,840 comprised 24% of the cash consideration for the project, Murchison notes that the Court expressly stated that Murchison’s liability to account for profits is not to be approached on the basis of its shareholding in Crosslands [paragraph 1036].

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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 and OPR, Murchison owns the Rocklea iron ore project located in the Pilbara.

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