

ASX ANNOUNCEMENT

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PROJECT UPDATE – OAKAJEE PORT & RAIL

Murchison Metals Limited (“Murchison”) is pleased to provide an update on the Oakajee Port & Rail (OPR) mid-west infrastructure project.

OPR is the independent infrastructure business that has been granted the exclusive right by the WA State Government to design and construct the Oakajee port development and associated northern rail infrastructure in the state’s mid-west region. OPR is expected to be a world-class infrastructure business unlocking the significant economic potential of the mid-west. Murchison holds a 50% economic interest in OPR with the remaining 50% held by Mitsubishi Development Pty Ltd, a subsidiary of Mitsubishi Corporation, Japan’s largest general trading company.

OPR’s bankable feasibility study (“BFS”) contemplates a 45Mtpa port facility at Oakajee with the construction of two cape-sized berths as part of the initial configuration. The rail infrastructure comprises a standard gauge, heavy haul rail line extending from Crosslands Resources’ Jack Hills Project through to the Oakajee port site with the ability to link to foundation customer projects at Weld Range and Karara.

Work recently undertaken in connection with the BFS has seen progress in key project areas including:

- Signing of Memoranda of Understanding (“MOU”) for the provision of supply chain services with the foundation customers, Sinosteel Midwest, Karara Mining and Crosslands Resources. The MOU’s provide for the development of detailed supply chain agreements with OPR that will underpin the construction of the infrastructure for the export of high volume iron products through the Oakajee port. Due Diligence is now underway between OPR and the foundation customers to define the timing, mineral resource status and high level financial capacity of each of the projects, to support the finalisation of final financial inputs for the BFS.
- Completion of the period for comment on OPR’s Public Environmental Review (“PER”) for both the port landside operation and rail infrastructure. The Environmental Protection Agency received a total of 26 public submissions for both projects, of which 22 came from other government agencies. OPR will respond to these submissions in the December quarter and continue to advance Environmental Management Plans required for the project. Environmental approvals for the marine side port operations have already been received.
- OPR continues to progress detailed Implementation Agreements with the State Government, covering both port & rail. These Implementation Agreements will form the final legislative framework for the Oakajee infrastructure development and incorporate arrangements for the provision of \$678 million in Federal and State Government funding.
- A wide range of engineering tasks have been undertaken including revised rail specifications for 37 tonne axle loads in line with the expansion of the initial port capacity to 45Mtpa, temporary port arrangements for construction berths, marine environment studies, port road alignments, geotechnical testing and rail signalling systems.

- Significant progress in the development of a number of key operational practice areas including process manuals, information technology requirements, scoping and ongoing development plans.
- Completion of a number of Heritage Surveys over the project area including the initial construction areas. Planning for clearances on the entire rail route is well advanced. OPR continues to enjoy constructive working relationships with the traditional owners of the mid-west region.

During the remainder of 2010, OPR's focus remains on finalising a revised project cost estimate that reflects the additional engineering and design work undertaken during the year. OPR, Murchison and Mitsubishi are currently carrying out a detailed review of the project schedules and expect to announce a revised schedule shortly.

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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 in the Pilbara region of WA.