

ASX ANNOUNCEMENT

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AGM CHAIRMAN'S ADDRESS

A copy of the Chairman's Address to shareholders at the Company's Annual General Meeting in Perth on 24 November 2011 is attached.

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CHAIRMAN'S ADDRESS

Ladies and Gentlemen,

Thank you for joining us today for the Annual General Meeting of the Company for the financial year ended 30 June 2011.

I'm sure you would all agree that the last year has been a very challenging one for Murchison Metals.

Let me say from the outset that the Board and management of the Company acknowledge and share your disappointment and frustration at the unacceptable erosion of shareholder value over the last year.

At the same time it is important that shareholders are mindful of the circumstances in which Murchison and our joint venture partner, Mitsubishi, have been seeking to develop the Jack Hills Expansion Project and Oakajee infrastructure projects.

These are huge greenfields developments – even for a company the size of Mitsubishi – with a combined capital cost in the order of \$10 billion. The proposed Jack Hills expansion will see annual production increase from approximately 1.5mtpa to 23mtpa, requiring the construction of substantial processing facilities, significant infrastructure to supply power and water, and accommodation for a workforce of over 1200 employees and contractors.

Transporting the ore from mine to port will also require construction of 570 km of heavy haul rail and a new 45mtpa port on a site which at present is nothing more than a beach. These port and rail facilities also need to service other miners in the region, which in turn requires their agreement on the terms under which these services are to be provided, and in a manner which enables the infrastructure to be financed.

And all of this is occurring at time of significant global financial instability, tightening capital markets, fluctuating commodity prices and an uncertain domestic taxation regime.

To assist in dealing with these challenges and improve corporate governance generally, in May 2011 the Company appointed four experienced independent Non-Executive Directors to complement the skills and expertise of the existing Board.

In July 2011, Greg Martin, one of the Non-Executive Directors appointed in May, was appointed Managing Director, succeeding Trevor Matthews, who assumed the role of Chief Operating Officer. Greg has extensive experience in the energy, utility and infrastructure sectors, including 25 years with Australian Gas Light Company, where he was Managing Director for five years from 2001 to 2006. We were lucky that a person of Greg's experience and capabilities was available on such short notice to take on the pressing challenges confronting the Company.

At the same time, I was appointed independent Non-Executive Chairman.

It quickly became clear to us as a Board that the funding task facing the Company had grown beyond the scope of Murchison as it is structured today given current market conditions.

These challenges mean that companies with far bigger balance sheets than Murchison need to be involved for the Oakajee and Jack Hills projects to move forward and it is on this basis that your Board embarked upon its Strategic Review to unlock value for shareholders.

That review has led to the Company receiving a substantial \$325 million cash offer from Mitsubishi for our interests in Crosslands and OPR which, in the circumstances, we have decided to recommend to you, subject to various approvals and conditions, and in particular, the Company not receiving a superior offer. Greg will discuss this transaction in more detail, but I think it's important to first provide some context for our decision to recommend this transaction to you.

While the feasibility studies delivered during the year provided greater clarity on the technical and operational parameters of both the infrastructure project and Crosslands' Jack Hills Expansion Project, they also highlighted, as previously mentioned, the significant financial and commercial challenges that must be overcome to bring them to fruition.

An added complication was the announcement in late June by Sinosteel Midwest Corporation, one of three targeted foundation customers of OPR, that it was deferring its Weld Range project, citing uncertainty over the timing of the Oakajee port and rail projects and concerns over OPR's proposed tariffs.

As we have stated a number of times, the preparation of a business plan underpinned by workable commercial arrangements between OPR and its targeted customers is fundamental to the development of infrastructure to support the mid-west.

Consequently, together with Mitsubishi, Murchison has been evaluating a number of options to achieve such an outcome.

In doing so, we have been engaging closely with all key stakeholders, including the WA Government, to identify a way forward. In this regard, we welcome the ongoing support of the WA Premier, Colin Barnett, for the Oakajee project and his active involvement in the process, including his initiatives to facilitate Chinese participation in the project.

Murchison believes that restructuring the ownership of OPR represents the best means of achieving a commercial outcome that meets the needs of all parties to then allow the infrastructure project to advance.

We believe that the WA Government shares our view that OPR, once restructured, remains the best placed vehicle to deliver infrastructure in the earliest possible timeframe by virtue of the extensive work completed over the last four years.

Seeking a solution for OPR's commercial issues, as part of our ongoing effort to unlock value for Murchison shareholders, has therefore been a key focus of the many discussions the Company has had, and continues to have, with third parties during the course of our Strategic Review.

This review process has taken us to all corners of the globe and seen us engage with a diverse number of parties over all manner of possibilities.

Which brings me back to the offer from Mitsubishi.

The Board is firmly of the view that the offer from Mitsubishi is in the best interests of Murchison shareholders. As I have said before, this recommendation is subject to the Company not receiving a superior offer.

The offer from Mitsubishi would deliver implied value to the shareholders at a premium to the closing share price before the trading halt last Monday. Not only that, the offer comes with a degree of certainty given the fact that there are few conditions.

Nonetheless, until such time as these conditions of the offer are waived or satisfied, there remain no assurances the transaction can be concluded, or that an alternative transaction will emerge which is either capable of being recommended to shareholders or otherwise implemented by the Company.

In closing, I would like to acknowledge the ongoing efforts of the Murchison staff and those at Crosslands and OPR, as well as our various contractors, in what has been a difficult year.

I will now hand over to Managing Director, Greg Martin, to comment in more detail on the Company's activities and what lies ahead

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