

ASX ANNOUNCEMENT

ASX Code: MMX

2 March 2011

WA GOVERNMENT GRANTS OAKAJEE EXTENSION

Murchison Metals Limited (Murchison) is pleased to announce that the Government of Western Australia has today agreed to grant an extension to the State Development Agreement (SDA) for the Oakajee port and rail infrastructure project in Western Australia.

Murchison and its partner in the Oakajee project, Mitsubishi Development Pty Ltd (Mitsubishi) requested the extension following their announcement of revised project schedules for the Oakajee infrastructure project and proposed expansion of the Jack Hills iron ore project on 4 November 2010. Murchison and Mitsubishi each hold a 50% interest in the projects through their jointly owned Oakajee Port & Rail (OPR) and Crosslands Resources Ltd (Crosslands) businesses respectively.

The SDA executed in March 2009 specified 31 March 2011 as the “sunset date” for execution of detailed “implementation agreements” for the port and rail infrastructure projects. These implementation agreements will set out the specific responsibilities of the parties in relation to development of the projects.

The Government announced today that it has agreed to extend the date for execution of the implementation agreements from 31 March 2011 to 31 December 2011. The parties will now proceed to finalise the documentation to give effect to the extension.

Notwithstanding the extension, the parties aim to complete the implementation agreements as soon as possible.

Murchison also confirms that completion of Bankable Feasibility Studies for both the infrastructure project and Jack Hills Expansion Project (JHEP) is targeted for the June Quarter 2011, in line with the revised project schedules announced on 4 November 2010.

First shipments of ore through the new Oakajee Port are expected in late 2014 / early 2015.

Welcoming the State Government’s decision, Murchison Executive Chairman Paul Kopejtka said the extension would ensure optimum progress is maintained at both the Oakajee and JHEP projects.

“These are world scale projects that are pivotal to the unlocking of the mineral riches of WA’s mid-west and we are committed to seeing them developed in the best interests of everyone involved – the Government, the miners and the people of Geraldton and the mid-west,” said Mr Kopejtka.

“Our teams at Crosslands and OPR are working hard, and with great confidence, to complete the feasibility work so that project financing and construction can follow as soon as possible thereafter.

“The certainty provided by this extension will greatly assist in delivering these vital projects in the most timely and optimum manner.”

The State Government’s decision to extend the date for execution of the implementation agreements means that OPR retains the exclusive right to develop the infrastructure project.

Murchison and Mitsubishi have agreed to additional reporting commitments to the WA Government and to complete, by the end of 2011, key activities necessary to make a commitment to proceed with the Oakajee project (subject to conditions precedent in the implementation agreements), including feasibility studies and the conclusion of formal supply chain agreements with OPR's Foundation Customers (including Crosslands).

Murchison and Mitsubishi have also confirmed their commitment to consider third party investment in the project in future, should it be deemed appropriate to do so.

The Oakajee infrastructure project involves construction of a multi-user deepwater iron ore port with an initial capacity of 45 million tonnes per annum at the greenfields Oakajee site, 25km north of Geraldton, and associated heavy haulage rail infrastructure serving the mid-west region of WA.

Reflecting the economic significance of the infrastructure project, the State Government has committed to directly invest \$339 million in common user infrastructure at the Port. This commitment has been matched by the Federal Government, bringing total direct government investment commitments in Oakajee to \$678 million.

-ENDS-

For further information, please contact:

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

John Phaceas
Manager External Relations
Murchison Metals Ltd
+61 8 9492 2600
+61 411 449 621

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.