

18 August 2011

CHAMELEON MINING LITIGATION UPDATE

Murchison Metals Ltd ("Murchison") advises that the Federal Court hearing of the appeals (and cross appeals) relating to the proceedings commenced by Chameleon Mining NL ("Chameleon") against Murchison, Crosslands Resources and other parties concluded on 17 August. The Court reserved its decision.

The appeals and cross-appeals relate to the decision handed down by Justice Jacobson on 20 October 2010, which dismissed Chameleon's claim that it was entitled to an interest in either the Jack Hills project and/or Murchison's shares in Crosslands Resources. The effect of the orders made by Justice Jacobson (which were the subject of the appeals) was that:

- Murchison was 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 October 2010. Murchison notes that it has not been paid any dividends as a consequence of its investment in Crosslands.

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

- Crosslands was 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 was entitled, at its election, to equitable compensation of \$152,750 from Crosslands plus interest at commercial rates on a compounding basis.

- Murchison is not liable to Chameleon with respect to 10 million Crosslands shares held by Murchison (over which Chameleon had claimed a constructive trust) nor was Murchison liable for the profits made by another defendant in the proceedings from the sale of 10 million Murchison shares.
- There was no entitlement on the part of Chameleon to claim to any future income or profits from the Jack Hills project.

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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 region of Western Australia.