

ASX ANNOUNCEMENT

ASX Code: MMX

28 July 2011

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2011

HIGHLIGHTS

Murchison

- Cash, liquid investments and undrawn debt facilities at quarter end of \$82.5 million
- Board and management restructure
- Strategic Review to assist with project funding requirements ongoing
- Rothschild and O'Sullivan Partners appointed advisers to assist with the Strategic Review process

Crosslands Resources Ltd (Murchison 50% Interest)

- 429,356 tonnes of direct shipping ("DSO") lump and fines shipped during quarter
- Feasibility study for Jack Hills Expansion Project ("JHEP") delivered to Murchison and Mitsubishi
- Further review and optimisation work underway
- Material approvals well advanced

Oakajee Port and Rail (Murchison 50% Interest)

- Feasibility study for port and rail infrastructure projects delivered to Murchison and Mitsubishi
- Material approvals well advanced with respect to port and rail projects
- State and Federal governments agree on principles for a Memorandum of Understanding and Management Framework to facilitate coexistence between iron ore industry and the proposed Square Kilometre Array radio-astronomy project

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.

Further details of the activities of Crosslands and OPR in the June quarter appear below.

In addition to its investments in Crosslands and OPR, Murchison owns the Rocklea iron ore project located in the Pilbara.

CORPORATE

As at 30 June 2011, Murchison had cash, liquid investments and undrawn loan facilities totalling \$82.5 million¹. Interest earned on investments for the quarter amounted to \$0.2 million. The cash outflow for the quarter includes amounts paid to Crosslands and OPR of \$17.8 million and \$5.6 million respectively. To date, more than \$400 million has been expended by Murchison and Mitsubishi on the Oakajee and Jack Hills projects. The Government of Western Australia and the Federal Government have also committed a total of \$678 million towards construction of Common Use Infrastructure ("CUI") for the new Port.

During the quarter, feasibility studies for both the Oakajee infrastructure project and JHEP were delivered to Murchison and Mitsubishi on 30 June 2011. Murchison announced the outcomes of the feasibility studies on 4 July 2011.

The studies indicate the technical, commercial and operational viability of both the JHEP and OPR infrastructure projects, subject to OPR concluding Supply Chain Agreements ("SCAs") with its potential foundation customers – Crosslands, Sinosteel Midwest Corporation ("SMC") and Karara Mining.

As of the end of the June 2011 Quarter, OPR had not reached agreement with the potential foundation customers on tariffs and other commercial terms of the SCAs.

On 23 June 2011, SMC announced that it was deferring development of its Weld Range project. SMC has indicated that a revised tariff structure / model and further certainty on scheduling, including the date by which the port and rail infrastructure will be delivered, are necessary for it to re-engage in discussions with OPR with respect to an SCA.

Murchison considers that agreement on the SCAs remains vital to the development of its projects and is committed to finding a solution which is acceptable to all parties.

Summaries of the feasibility study outcomes for both the JHEP and Oakajee projects are provided in the Crosslands and OPR sections of this report.

¹ All dollar values are expressed in Australian dollars, unless stated otherwise

Board and Management

On 12 May 2011, Murchison announced the appointment of four independent Non-Executive Directors: Mr Greg Martin, Mr Ken Scott-Mackenzie, Mr Peter Wasow and Ms Samantha Tough.

Subsequent to the end of the period, on 4 July 2011, the Company announced the appointment of Mr Scott-Mackenzie as Non-Executive Chairman, succeeding Mr Paul Kopejtka, who stepped down from the position of Executive Chairman to become a Non-Executive Director.

Mr Scott-Mackenzie is currently the Chairman of ASX-listed mining and civil contractor Macmahon Holdings Ltd and a Non-Executive Director of construction materials producer Adelaide Brighton Ltd. He brings a wealth of experience derived from his executive career spanning 36 years in the engineering, mining and construction sectors. Before retiring from his executive roles in 2009, Mr Scott-Mackenzie spent four years as Chief Executive Officer of Bilfinger Berger Australia, the holding company for Abigroup, Boulderstone and Bilfinger Berger Services. Prior to this, he held a number of positions at Abigroup, including Chief Executive Officer.

The Company also announced the appointment of Mr Martin as Managing Director, succeeding Mr Trevor Matthews, who assumed the role of Murchison's Chief Operating Officer. Mr Martin has 30 years experience in the energy, utility and infrastructure sectors. He is a Non-Executive Director of major Australian oil and gas producer Santos Limited and ASX-listed Energy Developments Limited as well as the Australian Energy Market Operator.

Mr Martin spent 25 years with The Australian Gas Light Company Ltd ("AGL"), one of Australia's oldest and biggest publicly listed downstream energy companies, including five years as CEO and Managing Director between 2001 and 2006. After leaving AGL, Mr Martin spent two and a half years as CEO of the infrastructure division of ASX-listed Challenger Financial Services Group, during which time Challenger-backed consortiums led several major international infrastructure acquisitions.

Banking and Finance

On 16 March 2011, Murchison executed a US\$100 million bridging facility with Resource Capital Fund V L.P. (RCF V), to provide the Company with financing flexibility in the lead up to the completion of the studies. At 30 June 2011, Murchison had drawn a total US\$24.75 million against the facility to fund study progress and for general corporate purposes, leaving remaining availability of US\$75.25 million. The first interest payment under the facility was made on 11 July 2011, and was satisfied by the issue of shares and options.

With respect to project funding for the JHEP and Oakajee projects, under the current joint venture agreements, Mitsubishi is responsible for providing a future payment into Crosslands, known as the Residual Contribution.

The timing of the Residual Contribution is contingent on satisfaction of certain conditions, as detailed in the Company's announcement on 4 July 2011, and is to be determined through negotiations with Mitsubishi at that time. The final quantum of the payment will be based on final bankable feasibility studies as recommended by the chief executive officers of Crosslands and OPR, and there are a number of outstanding factors which may influence the size, or certainty, of the payment being made.

Although there remains significant uncertainty with respect to the potential size of the Residual Contribution, Murchison considers that this payment, on its own, will not be sufficient to cover its anticipated equity required for project development.

Strategic Review

In order to meet its project funding requirements and realise the inherent value of the JHEP and Oakajee projects, Murchison has been reviewing its funding options in parallel with the progression of the feasibility studies.

Following the release of the feasibility studies, Murchison is continuing with a strategic review to maximise shareholder value.

As part of the review process, a range of options is being considered, including the potential for transactions at the asset and/or corporate level. A data room has been established, and Murchison continues to advance discussions with interested parties. Murchison has appointed Rothschild and O'Sullivan Partners as advisers to assist with the strategic review process.

Chameleon Litigation

During the quarter, preparations continued for the Federal Court appeal which is listed for hearing commencing on 8 August 2011.

EXPLORATION

Rocklea Project (Murchison 100% interest)

Murchison's Rocklea Project is located in the Pilbara region between the towns of Tom Price and Paraburdoo and is situated near existing and planned rail infrastructure.

Murchison is considering a number of strategic alternatives for the project.

CROSSLANDS RESOURCES LTD (MURCHISON 50% INTEREST)

Crosslands is employing a two-stage strategy to develop its Jack Hills Project.

Stage 1 operations utilise contract mining, crushing and screening. Iron ore is transported to Geraldton by contract road haulage to ore storage and transfer facilities at the Port of Geraldton, ahead of shipment to customers.

The Jack Hills Expansion Project ("JHEP") is targeting a substantial expansion of annual production capacity aimed at producing premium quality magnetite and hematite iron concentrates. Crosslands intends to utilise new port and rail infrastructure which Oakajee Port and Rail ("OPR") plans to develop in the mid-west region of Western Australia that will enable ore from the mine to be transported by rail for shipment from the new Oakajee port. To date more than \$192 million has been expended by Crosslands on the JHEP mine exploration and mine feasibility activities.

STAGE 1 OPERATIONS

Production Summary

A comparative summary of operations statistics for the quarter is presented in Table 1 below:

Production Summary		Sept 10 Qtr	Dec 10 Qtr	Mar 11 Qtr	Jun 11 Qtr	Project to Date
Volume Waste	BCM	307,911	714,453	611,291	722,222	8,774,164
Volume Ore	BCM	79,242	57,644	6,676	62,498	1,728,960
Ore Mined	Tonnes	337,139	254,232	28,841	269,992	6,589,638
Ore Crushed	Tonnes	444,077	288,605	72,968	285,016	6,790,671
Ore Hauled to Port	Tonnes	429,335	396,636	270,615	413,648	6,459,110
Ore Shipped – lump	Tonnes	295,524	120,479	177,822	242,014	4,346,991
Ore Shipped – fines	Tonnes	181,620	247,562	121,956	187,342	2,096,114
Grade – lump	%Fe	61.8%	62.4%	62.2%	62.2%	64.2%
Grade - fines	%Fe	61.7%	61.1%	62.1%	61.8%	62.1%

Table 1

Stage 1 operations returned to normal operating levels after the previous quarter's flooding-related interruptions. Repair work on the haul road between Cue and Jack Hills continued throughout the reporting period.

During the quarter, the logistics model was changed by introducing a second transport contractor to the Cue – Geraldton leg operating alongside Toll (previously Mitchell West). Catalano's were also awarded 100% of the ore loading and transport responsibilities between Jack Hills and Cue.

The average total operating cash cost, including haulage, shipping, royalties and corporate costs, for the June Quarter was \$127/tonne, compared to \$124/tonne in the previous quarter.

Mining and Processing

Mining progressed down to the 460 RL of the T2 part of the Stage 1 pit and a full transition to 5 metre benches was completed to ensure ore quality specifications are maintained in the fresh rock.

Ore mined for the June quarter was 269,992 tonnes or 62,498 bcm, a significant increase on the 28,841 tonnes of ore mined in the previous quarter, reflecting the return to normal operating levels. The total mined volume for the quarter was 784,720 bcm, a significant increase from the 617,967 bcm mined in the previous quarter. The strip ratio was 11.6.

A total of 285,014 tonnes were crushed compared to 72,968 tonnes in the March quarter. The lump/ fines crushed ratio for the quarter was 65:35.

Haulage

Crosslands hauled 413,648 tonnes of ore to Geraldton port during the June quarter, a significant improvement on the 270,615 tonnes hauled in the March quarter. This was primarily due to operations returning to normal after the weather related interruptions in the preceding quarter and the deployment of the new logistics model.

Shipping

Shipping for the quarter consisted of seven vessels totalling 429,356 tonnes of which 242,014 tonnes were direct shipping ("DSO") lump and 187,342 tonnes were DSO fines. Total shipments were higher than the 299,778 tonnes shipped in the March quarter, reflecting the resumption of normal operations.

Marketing and Sales

June quarter sales were to a mix of Asian customers with interest in both the DSO lump and fines presently available from Crosslands' Stage 1 operations and future concentrate supply from the JHEP. The average realised price per tonne of ore shipped by Crosslands during the quarter was \$149/tonne, compared to \$152/tonne in the preceding quarter. The average prices for lump and fines achieved by Crosslands during the quarter were \$159/tonne and \$136/tonne respectively, compared to \$164/tonne for lump and \$141/tonne for fines in the previous quarter.

Marketing activities during the June quarter included the preparation of a draft base sales contract for JHEP products. These draft contracts have been provided to customers in China, Japan and Korea for review.

Product samples for testing are expected to be distributed to customers during the September Quarter 2011. The testwork is likely to take up to three months to complete

JACK HILLS EXPANSION PROJECT

On 30 June 2011, Crosslands delivered its feasibility study for the JHEP to Murchison and Mitsubishi. The results of the feasibility study were announced on 4 July 2011.

Crosslands plans to export production from the JHEP using the port and rail infrastructure proposed for development by OPR. As a potential foundation customer of OPR, Crosslands is presently negotiating infrastructure access with OPR. At the time of the delivery of the feasibility study, the terms for access to OPR's infrastructure had not been agreed.

Crosslands' feasibility study indicates the technical, commercial and operational viability of the JHEP, subject to the conclusion of a Supply Chain Agreement with OPR.

Further study and optimisation work will be undertaken by Crosslands during the September Quarter which is expected to result in additional benefits to the project. The feasibility study is also the subject of an independent peer review on behalf of Crosslands as part of this process. Murchison and Mitsubishi are each undertaking their own review of the study.

Expenditure on feasibility study-related activities during the June quarter totalled \$16.3 million.

Geology

Jack Hills currently ranks as the largest iron ore resource in the mid-west region. The total Jack Hills Project (comprising the Jack Hills and Brindal deposits) In Situ Mineral Resource is 3,234 Mt @ 32.30% Fe², 67% of which is in the Measured and Indicated JORC categories.

The global Jack Hills Project Mineral Resource Estimate is summarised in Table 2, below.

Category	Tonnes (Mt)	Fe (%)	DTR (wt %)
Measured	906	32.4	24.6
Indicated	1,267	32.2	28.1
Inferred	1,061	32.3	27.4
Total	3,234	32.3	26.9

Table 2

The Jack Hills Mineral Resource remains open along strike and at depth, and there is potential to extend the resource as drilling continues over the life of the project. Additional deposits and targets are currently being assessed for inclusion in the feasibility review and value improvement program that is being undertaken in the September Quarter. Targets include extensions to existing resources which remain open at depth, and an extensive area of prospective stratigraphy extending from the Brindal deposit to Mt Hale, where outcropping Massive Iron Mineralisation ("MIM") and gravity targets have been identified.

The JHEP feasibility study has produced a mining inventory that supports the reported feasibility study production rates and mine life of 39 years. The mining inventory is at a feasibility study level of accuracy and is based on rigorous analysis, detailed studies and ongoing external review which provides confidence in the project estimates. The feasibility study provides a solid foundation for the subsequent estimation of Ore Reserves. Crosslands expects that a sufficient proportion of the mining inventory will be converted into an Ore Reserve to support the proposed production rate and mine life for the JHEP.

During the June Quarter resource definition RC drilling advanced 6,115 metres for a total of 42 drill holes. Metallurgical diamond and Mt Hale geotechnical drilling totalled 2,875 metres and 136 metres respectively.

² Refer to ASX announcement dated 4 July 2011 for full details of the Mineral Resource. Cut-off grades are: MIM-DSO = 50% Fe, MIM-JIG = 0%-50% Fe, DID-BFO = 22% Fe, BIF-BFO 22% Fe. Tonnes are dry metric tonnes. DID tonnes (118Mt @ 32.6% Fe, 3.6% DTR) may not be available for future economic extraction due to position of integrated waste landform.

Mining and Processing

The JHEP is planned as a large scale, long life, iron ore mine that will produce on average, approximately 23.4 million wet tonnes per annum ("Mwtpa") of high purity iron concentrates and DSO products for the first ten years, supplying the key markets of Japan, China and Korea. Crosslands plans to produce two primary products, being a sinter feed averaging 64.4% iron (on a dry tonne basis), and a pellet feed averaging 68.5% iron (also on a dry tonne basis). Both products feature low impurities, especially alumina and phosphorous. The current mine plan projects total production of 701 Mt (dry) of concentrates and 13.5 Mwt of DSO over a 39 year project life, based on the mining inventory.

The feasibility study estimated total capital costs at \$3.7 billion, including contingency of \$335 million, indirect costs of \$580 million, and owners' costs during construction of \$254 million. The capital cost estimate also includes \$411 million associated with mining fleet and equipment. Mine development capital does not include \$252 million in current and non-current Run of Mine ("ROM") inventory that will be mined during pre-stripping and stockpiled for processing during the first five years of operation. These estimates are P50 estimates, reported in 31 March 2011 dollars, and have been completed to a nominal accuracy of between $\pm 10\%$ to $\pm 15\%$.

Annual operating costs (excluding royalties and infrastructure charges) are estimated at approximately \$33.66/wt, comparable with other large scale concentrate mining developments. Total production costs, including all transport costs, will depend on the outcome of ongoing negotiations with OPR. As a foundation customer of OPR, Crosslands will pay a commercial tariff to utilise OPR's port and rail services, based on JHEP's allocated share of port and rail capacity. However, as a 50% direct owner of OPR, Crosslands will have a 50% attributable share of all net revenue generated by OPR.

The JHEP mine plan, which has a projected life of 39 years, envisages a high-volume strip mining method utilising large-scale mining fleet at multiple working faces to produce a consistent quality of ore feed for the processing plant, with an average life of mine strip ratio of approximately 0.94:1.

Pre-stripping will involve the movement of approximately 140 Mt (dry) of material, including approximately 40.8 Mt of lower grade Banded Iron Formation material ("BIF") that will be stockpiled for later processing and 5.6Mt of DSO.

During steady-state production, approximately 120 Mt (dry) of material will be mined annually, to provide an average of 55 Mt (dry) of material for processing each year.

The JHEP process flowsheet comprises a two module concentration circuit, each with a processing capacity of 27.5 Mtpa (dry), and concentrate production capacity of +10 Mwtpa, to produce an average of 22 Mwtpa of high purity iron ore concentrates for the first ten years of operation.

In addition, the JHEP will produce a total of 13.5 Mwt of DSO lump and fines with an average head grade in excess of 60% Fe over the first ten years, similar in grade to current DSO production from the existing Stage 1 mine, through a separate crushing and screening plant.

The plant design incorporates established equipment and processing technologies used domestically and internationally within the iron ore and other extractive industries.

Each concentrator module will utilise conventional low-intensity magnetic separation to produce a premium magnetite pellet feed concentrate and a gravity / flotation circuit to produce a high quality hematite sinter feed concentrate. Pilot testing of the flowsheet achieved total iron recovery of 74.8%.

Pellet feed concentrate, which will account for 70-80 per cent of steady-state output, is expected to average 68.5% Fe, with ultra low alumina (0.03%), low phosphorous (0.004%) and low silica (3%) content. Sinter feed concentrate, primarily hematite, is expected to average 64.4% Fe, with ultra low alumina (0.13%), low phosphorous (0.03%) and medium silica content (4.1%). This ranks JHEP concentrates at the bottom end of the range globally for alumina and phosphorous content. This low alumina and phosphorous content is particularly

appealing to coastal Asian steelmakers given the increasing alumina content in Pilbara ores, and the depletion of low-phosphorous Brockman ores from major Pilbara mines.

Power

The production cost estimates reflect the feasibility study base case option for an Independent Power Producer to build and operate a dedicated 173 megawatt gas-fired power station on site, fed via a gas lateral connected to the Dampier-Bunbury natural gas pipeline.

Material Approvals

Crosslands has also made significant progress with its regulatory licences and approvals during the quarter, including:

- The Environmental Protection Authority's report to the WA Minister for the Environment is expected to be published shortly with final environmental approval targeted for the December quarter;
- A community consultation program was completed as part of Crosslands' water abstraction (5C) licence applications with final approval expected in the December quarter;
- The review of the existing Mining Agreement with the Wajirri Yamatji people is ongoing with a number of meetings held during the June quarter. Negotiations are targeted for completion in the current quarter; and
- A number of new heritage surveys were completed at Jack Hills and surrounding areas, including gas and water pipeline routes and proposed sites for water monitoring bores.

Government

Crosslands, OPR and other mid-west miners continued to engage positively with the State and Commonwealth governments to develop a management framework that would assist industry and radio astronomy to co-exist in the mid-west.

Crosslands also continued to provide regular high-level briefings and project updates for the Department of State Development.

OAKAJEE PORT & RAIL (MURCHISON 50% ECONOMIC INTEREST)

In March 2009 OPR signed a State Development Agreement ("SDA") with the Western Australian Government ("the State") granting OPR the exclusive right to develop the Oakajee port and associated northern rail infrastructure. As at 30 June 2011, Murchison and Mitsubishi have invested in excess of \$220 million in feasibility studies for the project

Project Activities

The primary focus of OPR's activities during the quarter was progressing the feasibility study for the port and rail infrastructure projects. The study was delivered to Murchison and Mitsubishi on 30 June 2011, and the results of the study were announced by Murchison on 4 July 2011.

The feasibility study indicates technical, commercial and operational viability of the infrastructure project subject to OPR concluding SCAs with its potential foundation customers. As of the end of the June 2011 Quarter, OPR had not reached agreement with the potential foundation customers on tariffs and other commercial terms of the SCAs.

On 23 June 2011, SMC announced that it was deferring development of its Weld Range project. SMC has indicated that a revised tariff structure / model and further certainty on scheduling, including the date by which

the port and rail infrastructure will be delivered, are necessary for it to re-engage in discussions with OPR with respect to an SCA.

Murchison considers that agreement on the SCAs remains vital to the development of the project and is committed to finding a solution which is acceptable to all parties.

The OPR feasibility study estimated the total capital cost of the port and rail infrastructure at \$5.94 billion inclusive of \$723 million for port CUI, contingency of \$533 million and \$508 million in owners' costs during construction. The CUI facilities include the breakwater, turning channel and navigation aids. The rail costs also include \$273 million in rolling stock. The study cost estimates reflect P50 estimates in January 2010 dollars and have been completed to a high level of accuracy of between $\pm 10\%$ and $\pm 15\%$.

OPR's average operating costs are estimated at \$228.8 million per annum, including contingency, or \$5.45/wt of throughput.

The OPR project is planned as an integrated new railway and port located in the upper mid-west region of Western Australia. The development will service regional iron ore miners exporting bulk iron ore products. The initial project configuration is designed to handle 42 Mwtpa at project completion (from a name plate capacity of 45 Mwtpa), reflecting the requirements of the three proposed foundation customers selected by OPR in March 2010.

The initial configuration comprises one rail dumper, one reclaimer and shiploader serving two Cape size berths, plus a 37t axle load railway of 570km with 8 trains of up to 180 wagons.

OPR also received indicative interest from other prospective miners which would require additional capacity beyond 45 Mwtpa. While expansion scenarios were not considered in the current study, OPR has undertaken preliminary engineering for incremental expansions of port capacity beyond 45 Mwtpa.

Incremental expansion to about 55 Mwtpa is considered achievable by the addition of a second shiploader and reclaimer. Expansion from 55 Mwtpa to 75 Mwtpa is possible with the addition of a second car dumper, additional stacker, and associated rolling stock and rail track. This has also been subject to engineering design and tested with operational modelling of the logistics chain.

The railway will be a Pilbara style heavy haulage network, with increasing tonnage corresponding to the port developments being possible with expansion in the rolling stock fleet and additional passing loops. At higher tonnage, the railway has been designed to allow longer trains with three locomotives and up to 260 wagons.

Port Marine

The 3D model testing and validation of the base case breakwater design solution were completed and the design package for the base case solution is being finalised.

An alternative breakwater design has been considered and desk top studies, together with modelling of the alternative breakwater's performance, have been commenced at HR Wallingford (UK). The viability assessment work is scheduled to be completed during the September Quarter 2011.

Work on mooring analysis and ship handling assessments was substantially progressed during the June Quarter. This work has been scoped to provide validation that the port performance in these areas will meet the objectives of the Basis of Design. Draft reporting and final review is underway and outcomes from this work are expected in the September Quarter 2011.

Port Landside

In the June Quarter, detailed planning in respect of the remaining works required to complete the feasibility study were ongoing. These works focussed on the key risks, being dust emissions and materials handling.

Significant efforts were spent on completing the dust mitigation study and participating in a peer review of that study during the quarter. Additional sensitivity analysis is being planned to establish the sensitivity of the emissions to the operational factors (eg wind speed, ore moisture content etc).

Planning for key infrastructure for the port development including early water supply strategy for water in the port, road access and camp to accommodate the construction workforce were progressed.

Rail Engineering & Design

Detailed design and optimisation of the rail alignment continued in the quarter, with particular focus on railway earthworks and drainage. Preliminary alignments for the rail spur and loop to Crosslands' Jack Hills mine were agreed and two loop options were prepared in respect of SMC's Weld Range mine.

The impacts of the proposed rail alignment on roads were also further assessed during the period. The design of the level crossings has been provided to Main Roads WA ("MRWA") for its review and approval. Additional consultation with Shire Councils on the MRWA approved designs is underway. OPR is assisting Shires which have proposed road closures within their boundaries with landholder and council consultations.

With respect to rail communications, discussions continued with CSIRO on the design of the GSM-R bandwidth. OPR is currently applying to the Australian Communication and Media Authority ("ACMA") for the 1800MHz bandwidth licences required for the GSM-R system.

The Rail Corridor Nomination Report has been submitted to the Public Transport Authority ("PTA"), thus commencing the PTA review and approval process and the preparation of legislation to go before the WA Parliament.

Native Title & Heritage

During the quarter full clearance ethnographic and archaeological studies continued along the proposed rail alignment with approximately 50% of the length of the rail surveyed to date. Ongoing survey results are being reported and will enable preparation and lodgement of the required section 18 applications under the Aboriginal Heritage Act.

Section 18 applications were also submitted for the port area and the bridge locations. In accordance with normal practice it is not expected that the section 18 approvals will be received until State environmental approval is obtained.

Native title negotiations also continued during the quarter.

Environment

On 13 June 2011, the WA Minister for the Environment made a positive determination in relation to OPR's two appeals with respect to the terms of the EPA's recommendations to approve both the port terrestrial and rail proposals. These appeals were primarily of an administrative nature and were not intended to amend key objectives of the environmental obligations proposed in the EPA's recommendations. Final State Ministerial approvals for the port terrestrial and rail developments are expected in the second half of 2011.

At the Federal level, OPR has received approvals under the Environment Protection and Biodiversity Conservation Act 1999 ("EPBC Act") for the port marine and rail proposals from the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC). The conditions of these approvals are in line with OPR's commitments for managing and avoiding impacts to matters of national environmental significance.

OPR continues to work collaboratively with SEWPaC on progressing its assessment of the port terrestrial development under the EPBC Act. This development is currently the subject of a "Preliminary Documentation Level of Assessment" with approval expected in the second half of 2011.

Government

During the quarter, OPR continued to progress with the State and relevant authorities the numerous agreements, rail enabling legislation, port planning issues for rail and road routes and approvals required for the project. The State and OPR continue to target finalisation of these agreements and approvals in the second half of 2011. As part of this process, the State has finalised its first round of due diligence and will shortly commence a second due diligence exercise.

During the quarter, the State and Federal Governments agreed the principles of a Memorandum of Understanding and Management Framework with respect to the proposed Square Kilometre Array radio-astronomy project to facilitate co-existence between miners and radio-astronomy in the mid-west. The agreement between the State and Federal governments represents an important step toward finalising agreements with the industry and implementing a regulatory regime that upholds the agreed principles of co-existence.

For further information, please contact:

Trevor Matthews
Chief Operating Officer
Murchison Metals Ltd
Telephone: (08) 9492 2600

Competent Persons' Statement

The information in this announcement that relates to Exploration Results and geological and mineralogical interpretations of the Mineral Resource estimate of the Jack Hills Deposit is based on information compiled by Mr Roland Bartsch. The information in this announcement that relates to Exploration Results and Mineral Resource estimate of the Brindal Deposit is based on information compiled by Mr Bartsch. Mr Bartsch is a full time employee of Crosslands Resources Ltd and is a Member of the Australasian Institute of Mining & Metallurgy. The information in this announcement that relates to estimation of the Mineral Resources of the Jack Hills Deposit is based on information compiled by Mr Danny Kentwell in his capacity as an employee of SRK Consulting. Mr Kentwell is a Member of the Australasian Institute of Mining & Metallurgy. Mr Bartsch and Mr Kentwell have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as competent persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bartsch and Mr Kentwell consent to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Murchison Metals Limited

ABN

38 078 257 799

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(5,630)	(26,404)
(b) development	-	-
(c) production	-	-
(d) administration	(3,496)	(13,543)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	202	2,261
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(8,924)	(37,686)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	(17,800)	(43,800)
(c) other fixed assets	50	30
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(17,750)	(43,770)
1.13 Total operating and investing cash flows (carried forward)	(26,674)	(81,456)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(26,674)	(81,456)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	23,047	23,047
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (loans from controlled entities)	-	(2,608)
	Net financing cash flows	23,047	20,439
	Net increase (decrease) in cash held	(3,627)	(61,017)
1.20	Cash at beginning of quarter/year to date	16,020	73,410
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	12,393	12,393

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	261
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions
 Payments for services received by the company from the directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$'000	Amount used \$'000
3.1 Loan facilities	US\$100,000	US\$24,750
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	6,700
4.2 Development	-
4.3 Production	-
4.4 Administration	7,400
Total	14,100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,758	2,745
5.2 Deposits at call	10,635	13,275
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	12,393	16,020

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E47/2045	Registered Holder	100%	0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	435,884,268	435,884,268		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	100,000		396c	Jun 11
	100,000		270c	Jun 11
	968,000		234c	Aug 11
	47,000		94c	Aug 11
	21,000		81c	Oct 11
	1,554,200		156c	Jun 12
	100,000		68c	Jun 12
	4,500,000		200c	Nov 12
	757,000		0c	Dec 13
	125,000		126c	Dec 13
	60,000		0c	Dec 14
	4,200,000		173c	Mar 14
7.8 Issued during quarter	60,000		0c	Dec 14
7.9 Exercised during quarter	0			
7.10 Expired during quarter	100,000		396c	Jun 11
	100,000		270c	Jun 11

+ See chapter 19 for defined terms.

7.11	Debtures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 28 July 2011

Print name: Chris Foley

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.