

ASX ANNOUNCEMENT

ASX Code: MMX

23 December 2011

CHAMELEON LITIGATION UPDATE

Murchison Metals Ltd ("Murchison") is pleased to advise that it has reached agreement with Chameleon Mining NL (Chameleon) to settle the Federal Court proceedings commenced by Chameleon against Murchison, Crosslands Resources Ltd ("Crosslands") and Jack Hills Holdings Pty Ltd ("Jack Hills Holdings", a subsidiary of Murchison).

Chameleon will be paid a total of \$25 million in cash to settle the proceedings commenced against Murchison, Crosslands and Jack Hills Holdings. A non refundable payment of \$5m will be made by 29 December with the balance of \$20m to be paid subject to and conditional on completion of the proposed sale of Murchison's interests in Crosslands and the Oakajee Port & Rail projects to Mitsubishi Development Pty Ltd ("Mitsubishi") for \$325 million, which was announced on 24 November 2011.

The settlement reached does not affect the proceedings between:

- Chameleon and Mr Phillip Grimaldi; and
- Murchison and Mr Phillip Grimaldi.

Those various claims will remain on foot. Murchison considers that these claims will not result in any material liability as against Murchison.

Settlement of the Chameleon litigation by 23 December 2011 was a condition precedent of the proposed sale to Mitsubishi.

The sale to Mitsubishi remains conditional on the approval of Murchison shareholders at a general meeting to be held in February 2012, and various other conditions, including the approval of the Foreign Investment Review Board and the novation of key contracts relating to the Oakajee Port & Rail projects (including the State Development Agreement).

Documentation for the shareholders meeting, including an Independent Experts' Report on the transaction, will be mailed to shareholders in January.

For further information, please contact:

Greg Martin
Managing Director
Murchison Metals Ltd
+61 8 9492 2600

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

Shaun Duffy
Managing Director
FTI Consulting
+61 8 9386 1233
+61 404 094 384