

ASX ANNOUNCEMENT

ASX Code: MMX

21 December 2012

**CAPITAL MANAGEMENT REVIEW CONTINUES, CASHMERE IRON STAKE WRITTEN DOWN**

Following careful consideration, the Board of Murchison Metals Ltd (the **Company**) has taken the decision to write down the value of its stake in Cashmere Iron Ltd from its original cost of \$2 million to nil.

By way of background, the Company invested \$2 million for 10 million Cashmere Iron (**Cashmere**) shares at a price of 20 cents per share in 2008. Cashmere was planning an initial public offering of its shares in early 2012, but their plans were abandoned as market conditions for iron ore and capital raising deteriorated. In November 2012, Cashmere wrote its shareholders advising that market conditions have not been conducive for iron ore companies such as Cashmere to proceed with an initial public offering and they have focused on reducing the costs of their operations

The company engaged an external adviser to work with management and potential strategic options were considered to realise its holding in Cashmere. A value accretive strategy has not been identified.

The review of the carrying value of the Cashmere stake formed part of the Board's strategic review of capital management and means by which it can efficiently return capital to shareholders. The Board anticipates updating shareholders on the results of its review prior to 31 December 2012.

-ENDS-

**For further information, please contact:**

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