

ASX ANNOUNCEMENT

ASX Code: MMX

2 July 2012

MURCHISON TO SEEK APPROVAL FOR CAPITAL RETURN

Murchison Metals Ltd ("Murchison" or "the Company") advises that a General Meeting of shareholders will be held at 10am (WST) on Thursday 16 August 2012 to consider the distribution of the majority of Murchison's available funds.

If shareholders approve the proposed distribution, Murchison would return an amount of approximately \$207 million to shareholders, representing a return of 46 cents per share¹. As at 30 June 2012 the Company's unaudited cash balance was \$226.2 million. The record date for determining entitlements to receive the proposed capital return is expected to be 24 August 2012, with payment to occur by no later than 14 September 2012.

A notice convening a General Meeting of Shareholders will be lodged with ASX shortly and dispatched to shareholders thereafter. In the meantime, the Company is considering options for dealing with its remaining non-cash assets.

As previously advised, the Board considers that if shareholders approve the proposed capital return, the most likely outcome is that a further meeting of shareholders will be convened in early 2013 to consider a resolution to wind up the Company.

The amount of the capital return has been determined to ensure that the Company retains sufficient funds to cover employee entitlements, corporate costs and contingent liabilities until February 2013. A second distribution of remaining surplus funds is expected to be made around the time that shareholders are asked to consider the winding up of the Company.

For further information, please contact:

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¹ Assumes that there remains 450,093,277 Shares on issue.