

ASX ANNOUNCEMENT
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MURCHISON CAPITAL RETURN UPDATE

Murchison Metals Ltd ("Murchison" or the "Company") recently announced the successful settlement of the last current legal claim against the Company on 12 November 2012.

Following this settlement, the Company is now in a position to provide a more detailed overview of the expected cash position up until the intended appointment of a liquidator to commence winding up the Company in February/March 2013. As previously advised, the second and final capital return to shareholders is estimated to be in the range of 3.5c to 4.0c per share, or \$15.84 million to \$18.09 million in total. When aggregated with the first capital return payment of \$207.2 million (46.0 cents per share), total capital returned to shareholders across both payments is expected to be in the range of \$223 million to \$225 million.

The estimated total capital return to shareholders is comparable to the \$223 million of available cash Murchison held immediately post completion of the sale of its interests in Crosslands Resources Ltd and Oakajee Port & Rail to Mitsubishi Development Pty Ltd.

Two shareholder meetings are expected to be held in February/March 2013 to provide shareholders the opportunity to vote on the final distribution and to wind the Company up by way of a members' voluntary liquidation. As previously advised, under the terms of the Company's agreement with Mitsubishi Development Pty Ltd for the sale of the Company's interests in the Jack Hills mine and the Oakajee Port and Rail infrastructure joint ventures, the Company is not able to proceed to wind up the Company until after 20 February 2013.

An overview of the anticipated cash flows since 30 September 2012 through to February/March 2013 is as follows:

Cash balance as at 30 September 2012 (unaudited)	\$26.99 million
Less:	
Net settlement payable to O'Sullivan Partners including interest charges	\$1.91 million
Net settlement payable to Premar Capital Pty Ltd	\$1.60 million
Estimated net operating costs from 30 September 2012 through to February 2013 including ongoing statutory reporting, compliance and regulatory costs, listing and share registry maintenance fees, costs of preparation and holding three shareholder meetings, associated tax and legal advice regarding final capital return and legal matters, rents, staff and directors costs and general administrative costs.	\$3.0 million
Contingency for unforeseen matters or issues that arise throughout the shareholder approval and legal process associated with the final return of capital and closure of the Company, that may require additional external costs	\$0 - \$2.25 million
Estimated liquidation and closure costs, including employee entitlements and associated payroll tax obligations, 2013 compliance costs including statutory financial reporting, audit and tax compliance reporting costs, liquidation and legal costs, Directors and Officers indemnity insurance 7 year run-off cover, document and data archiving, final minor contract close payments	\$2.39 million
Estimated cash balance February 2013*	\$15.84 million - \$18.09 million
<i>*Please refer to important note on Forward Looking Statements</i>	
Per share equivalent (assuming 450,427,346 shares on issue)	3.5 cents – 4.0 cents

Forward Looking Statements

The forward looking statements in this announcement are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this announcement.

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