



**MURCHISON METALS LTD
AND ITS CONTROLLED ENTITIES
ABN 38 078 257 799**

**HALF YEAR REPORT FOR THE PERIOD
ENDED 31 DECEMBER 2013**

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CORPORATE INFORMATION
ABN 38 078 257 799

DIRECTORS

Gabriel Radzyminski	Non-Executive Director
Paul Jensen	Independent Non-Executive Director
Mark Licciardo	Independent Non-Executive Director (Appointed 30 October 2013)
S.C. Shin	Non-Executive Director (Resigned 30 October 2013)

COMPANY SECRETARY

Mark Licciardo

REGISTERED OFFICE

Level 11
139 Macquarie Street
SYDNEY NSW 2000
Tel: +61 2 8014 1188
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WEBSITE

www.mml.net.au

SHARE REGISTRY

Link Market Services
Level 12, 680 George Street
SYDNEY NSW 2000

HOME STOCK EXCHANGE

Australian Securities Exchange Ltd
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000
ASX Code: MMX

AUDITORS

MNSA Pty Limited
Level 1, 283 George Street
SYDNEY NSW 2000

The Directors of Murchison Metals Ltd submit the financial report for the half year ended 31 December 2013.

DIRECTORS

The names of the Directors of the Company during or since the end of the half year are:

Gabriel Radzynski

Paul Jensen

Mark Licciardo (Appointed 30 October 2013)

S.C. Shin (Resigned 30 October 2013)

Directors have been in office since the start of the financial period to the date of this report unless otherwise noted above.

REVIEW AND RESULTS OF OPERATIONS

Loss for the period after income tax

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
Loss from continuing operations	(140)	(6,381)
Total profit/(loss) for the period	(140)	(6,381)

No dividends have been paid or declared by the Company during the period (Dec 2012: \$Nil).

CORPORATE

Murchison Metals Limited ("**Murchison**") is a company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The principal activities of the Company were management of exploration licenses and investments of cash.

Share Buy-back

Shareholders approved an off-market equal access buy-back of shares at 4.2 cents per share at a General Meeting on 16 August 2013.

The off-market buy-back was completed on 1 October 2013 and a total of 172,260,869 shares were bought back. Following the completion of the buy-back, the total number of the Company's shares on issue was 278,236,477.

Exploration - Duck Hill Joint Venture

The partner in the Duck Hill joint venture relinquished their 50% share of the joint venture on 15 July 2013. However, this tenement expired on 15 September 2013 and the Company's interest was reduced to nil. This had no material impact on the financial statements.

Annual General Meeting

The Annual General Meeting ("AGM") of Shareholders for the year ended 30 June 2013 was held on 31 January 2014. ASIC granted an extension to the Company to hold its AGM for the financial year ended 30 June 2013.

Board Changes

On 30 October 2013, Mr S.C. Shin resigned as Director of the Company and Mark Licciardo was appointed to the Board.

Financial Position

As at 31 December 2013, Murchison had cash and cash equivalents totalling \$13.8 million. Cash outflows for the half-year period included \$7.2 million paid to Shareholders as a result of the share buy-back.

Unmarketable Parcel Share Sale Facility

On 20 December 2013, Murchison offered eligible shareholders the opportunity to sell their small shareholding without incurring any brokerage or handling costs. This offer applied to shareholders who on 18 December 2013 (record date) were holders of ordinary shares in Murchison valued at less than \$500 (unmarketable parcel) based on a price of \$0.043 per share, being the closing price of shares on the ASX on the record date. The closing date of the offer was 19 February 2014. The total number of shares accepted under the offer were 12,067,092.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors are currently completing a strategic review of the options and investment opportunities available to the Company.

SUBSEQUENT EVENTS

Refer to Note 17 for details of other matters or circumstances, which have arisen since the end of the reporting period for the half year ended 31 December 2013 that significantly affect or may significantly affect the operations of the Company, the results of those operations or state of affairs of the Company in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 and forms part of this report.

ROUNDING OFF OF AMOUNTS

The half year financial report is presented in Australian Dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

This Directors' report is signed in accordance with a resolution of the Board of Directors.



Gabriel Radzynski
Non- Executive Director
Sydney, 24 February 2014



**MURCHISON METALS LIMITED ABN 38 078 257 799
AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MURCHISON METALS LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2013 there have been no contraventions of:

- a. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. any applicable code of professional conduct in relation to the review.

MNSA Pty Ltd
MNSA Pty Ltd

Mark Schiliro
Director

Sydney
Dated this 24th day of February 2014

MURCHISON METALS LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

		CONSOLIDATED	
		31 DEC 2013	30 JUNE 2013
	NOTES	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	13,811	21,472
Receivables	9	26	100
Prepayments		130	30
		<u>13,967</u>	<u>21,602</u>
Non current assets classified as held for sale			
Exploration and evaluation expenditure	10(b)	79	78
		<u>79</u>	<u>78</u>
TOTAL ASSETS		<u>14,046</u>	<u>21,680</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	64	253
TOTAL CURRENT LIABILITIES		<u>64</u>	<u>253</u>
TOTAL LIABILITIES		<u>64</u>	<u>253</u>
NET ASSETS		<u>13,982</u>	<u>21,427</u>
EQUITY			
Contributed equity	12	31,411	38,716
Reserves	13	24,834	24,834
Accumulated losses		<u>(42,263)</u>	<u>(42,123)</u>
TOTAL EQUITY		<u>13,982</u>	<u>21,427</u>

The accompanying notes form part of these financial statements

MURCHISON METALS LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	NOTES	CONSOLIDATED HALF YEAR ENDED	
		31 DEC 2013 \$'000	31 DEC 2012 \$'000
CONTINUING OPERATIONS			
Revenue	4	212	2,620
Other Revenue	5	-	96
REVENUE		212	2,716
Employee and Director expenses	6	15	(2,109)
Hired services expenses	6	(9)	(746)
Administration expenses	6	(358)	(633)
Legal matters settlement expense	6	-	(3,511)
Impairment write-down expense	10(a)	-	(2,000)
Travel expenses		-	(58)
Other expenses		-	(40)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(140)	(6,381)
Income tax expense		-	-
LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX		(140)	(6,381)
LOSS FOR THE PERIOD AFTER INCOME TAX		(140)	(6,381)
Other comprehensive income/(loss) for the period		-	-
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(140)	(6,381)
LOSS FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the parent		(140)	(6,381)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the parent		(140)	(6,381)
Loss per share for loss attributed to the ordinary equity holders of the parent			
- basic (cents per share)		(0.04)	(1.42)
- diluted (cents per share)		(0.04)	(1.42)
Loss per share for loss attributed to the ordinary equity holders of the parent from continuing operations			
- basic (cents per share)		(0.04)	(1.42)
- diluted (cents per share)		(0.04)	(1.42)

The accompanying notes form part of these financial statements

MURCHISON METALS LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

CONSOLIDATED	FULLY PAID	EQUITY	ACCUMULATED	TOTAL
	ORDINARY	BENEFITS	LOSSES	EQUITY
	SHARES	RESERVE		
	\$'000	\$'000	\$'000	\$'000
BALANCE AT 1 JULY 2013	38,716	24,834	(42,123)	21,427
Other comprehensive income for the period	-	-	-	-
Loss for the period	-	-	(140)	(140)
Total comprehensive loss for the period	-	-	(140)	(140)
Transactions with owners in their capacity as owners:				
Share buy-back costs	(70)	-	-	(70)
Share buy-back payment to shareholders	(7,235)	-	-	(7,235)
BALANCE AT 31 DECEMBER 2013	31,411	24,834	(42,263)	13,982
BALANCE AT 1 JULY 2012	245,944	24,812	(35,655)	235,101
Other comprehensive income for the period	-	-	-	-
Loss for the period	-	-	(6,381)	(6,381)
Total comprehensive loss for the period	-	-	(6,381)	(6,381)
Transactions with owners in their capacity as owners:				
Issue of shares	91	-	-	91
Return of capital to shareholders	(207,197)	-	-	(207,197)
Share based payments	-	22	-	22
BALANCE AT 31 DECEMBER 2012	38,838	24,834	(42,036)	21,636

The accompanying notes form part of these financial statements

MURCHISON METALS LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	CONSOLIDATED	
	HALF YEAR ENDED	
	31 DEC 2013	31 DEC 2012
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(604)	(3,540)
Interest received	248	6,956
Net payment for settlement of legal matters	-	(3,511)
NET CASH (USED IN) OPERATING ACTIVITIES	(356)	(95)
CASH FLOWS FROM INVESTING ACTIVITIES		
Matured principal from term deposits	-	223,140
Disposal of Rocklea tenement	-	3,200
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	226,340
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	91
Return of capital to Shareholders	-	(207,197)
Share buy-back payment to Shareholders	(7,235)	-
Share buy-back costs	(70)	-
NET CASH (USED IN) FINANCING ACTIVITIES	(7,305)	(207,106)
Net (decrease)/ increase in cash and cash equivalents	(7,661)	19,139
Cash and cash equivalents at the beginning of the period	21,472	3,052
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,811	22,191

The accompanying notes form part of these financial statements

1. CORPORATE INFORMATION

The financial report of Murchison Metals Ltd for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 24 February 2014.

The Company is a company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The address of the registered office is Level 11, 139 Macquarie Street, Sydney NSW 2000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2013, together with any public announcements made during the following half-year.

The half year financial report has been prepared on a historical cost basis. The half year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

Significant accounting policies

There have been no significant changes in accounting policies during the period, the accounting policies and methods of computation are the same as those adopted in the Annual Financial Report of the Company for the year ended 30 June 2013.

From 1 July 2013, the Group has adopted the mandatory Standards and Interpretations for annual periods beginning on or after 1 July 2013. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any other new Standards or amendments that are issued but not yet effective.

3. SEGMENT INFORMATION

The Group previously has identified two operating segments, which are management of exploration licenses and investments of cash.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

MURCHISON METALS LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	CONSOLIDATED	
	HALF YEAR ENDED	
	31 DEC 2013	31 DEC 2012
	\$'000	\$'000
4. REVENUE		
Interest revenue	<u>212</u>	<u>2,620</u>
5. OTHER REVENUE		
Other revenue	<u>-</u>	<u>96</u>
6. LOSS FOR THE PERIOD		
Loss from continuing operations for the period has been arrived at after charging the following losses:		
Employee and director expenses		
Salaries and wages	-	1,463
Defined contribution superannuation expense	-	45
Directors' fees (Executive and Non-Executive)	19	426
Share-based payment expense charge	-	22
Other expenses	<u>(34)</u>	<u>153</u>
	<u>(15)</u>	<u>2,109</u>
Hired Services expenses		
Consultants	9	729
Other expenses	<u>-</u>	<u>17</u>
	<u>9</u>	<u>746</u>
Administration expenses		
Accounting and audit fees	54	69
Bank charges	2	2
Compliance and secretarial	167	126
Insurance	72	70
Legal expenses	52	128
Other expenses	<u>11</u>	<u>238</u>
	<u>358</u>	<u>633</u>
Legal matters settlement expense		
O'Sullivan Partners matter net expense	-	1,911
Premar matter net expense	<u>-</u>	<u>1,600</u>
	<u>-</u>	<u>3,511</u>

CONSOLIDATED	
31 DEC 2013	30 JUN 2013
\$'000	\$'000

7. DIVIDENDS

No dividends were paid or proposed during the period (2012: \$Nil).

8. CASH AND CASH EQUIVALENTS

For the purpose of the half year statement of cash flows, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	13,811	21,472
	<u>13,811</u>	<u>21,472</u>

9. RECEIVABLES

Interest receivable	18	54
Amounts receivable from Australian Taxation Authorities	3	41
Sundry debtors	5	5
	<u>26</u>	<u>100</u>

10. NON CURRENT ASSETS

10 (a) Available-for-sale financial assets

Shares – Unlisted	-	-
	<u>-</u>	<u>-</u>

Movement in available-for-sale financial assets

Beginning of the period	-	2,000
Impairment write-down of Cashmere Iron shares	-	(2,000)
End of the period	<u>-</u>	<u>-</u>

Available-for-sale financial assets, Cashmere Iron Ltd (Cashmere Iron), have no fixed maturity date or coupon rate. On 21 December 2012, the Board reassessed the recoverability of the asset and deemed the asset to be fully impaired. As at 31 December 2013, the Board consider the asset continues to be fully impaired. The Company will reassess the recoverability of the asset in future reporting periods if any observable market data becomes available to support a carrying value.

	CONSOLIDATED	
	31 DEC 2013	30 JUN 2013
	\$'000	\$'000

10(b) Exploration and evaluation expenditure

Exploration and evaluation expenditure in respect of areas of interest

Balance at the beginning of the period	78	3,279
Additions	1	-
Exploration assets relating to tenements divested during the period	-	(3,200)
Impairment write- down – minor tenements	-	(1)
Balance at the end of the period	<u>79</u>	<u>78</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sales of the respective areas.

11. TRADE AND OTHER PAYABLES

Trade payables	24	190
Other payables	40	63
	<u>64</u>	<u>253</u>

12. ISSUED CAPITAL

(i) Ordinary shares

Issued and fully paid	31,411	38,716
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	31 DEC 2013	
	NUMBER OF SHARES	\$'000

(ii) Movement in ordinary shares on issue

Beginning of the period	450,497	38,716
Share buy-back costs	-	(70)
Share buy-back payment to Shareholders (i)	<u>(172,261)</u>	<u>(7,235)</u>
End of the period	<u>278,236</u>	<u>31,411</u>

(i) On 1 October 2013, 172,260,869 shares were bought-back as approved by shareholders on 16 August 2013.

	CONSOLIDATED	
	31 DEC 2013	30 JUN 2013
	\$'000	\$'000
13. RESERVES		
Share based payment reserve	24,834	24,834
Share Based Payment Reserve		
Balance at the beginning of the period	24,834	24,812
Share based payment expense	-	22
Balance at the end of the period	<u>24,834</u>	<u>24,834</u>

This reserve records the value of equity benefits provided to employees as remuneration in respect to 30 June 2012 employee equity benefits and options issued in respect of interest bearing loans and borrowings.

14. INTEREST IN JOINTLY CONTROLLED ASSETS

The consolidated entity had the following interest in jointly controlled assets:

NAME OF OPERATION	PRINCIPAL ACTIVITY	OUTPUT INTEREST	
		31 DEC 2013	30 JUN 2013
Duck Hill	Mineral Exploration	0%	50%

Mineral exploration joint ventures

The joint venture was of the type where initially one party contributes tenements with the other party earning a specified percentage by funding exploration activities; thereafter the parties often share exploration and development costs and output in proportion to their ownership of joint venture assets. The partner in the Duck Hill joint venture relinquished their 50% share of the joint venture on 15 July 2013. However, this tenement expired on 15 September 2013 and the Company's interest was reduced to nil.

15. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period other than remuneration payments to Directors.

16. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2013.

17. SUBSEQUENT EVENTS

The Annual General Meeting ("AGM") of Shareholders for the year ended 30 June 2013 was held on 31 January 2014.

Shareholders approved the appointment of MNSA Pty Limited to replace the previous auditors, Ernst & Young.

Unmarketable Parcel Share Sale Facility

On 20 December 2013, Murchison offered eligible shareholders the opportunity to sell their small shareholding without incurring any brokerage or handling costs. This offer applied to shareholders who on 18 December 2013 (record date) were holders of ordinary shares in Murchison valued at less than \$500 (unmarketable parcel) based on a price of \$0.043 per share, being the closing price of shares on the ASX on the record date. The closing date of the offer was 19 February 2014. The total number of shares accepted under the offer were 12,067,092.

As at the date of this report, no other matters or circumstances of which Directors are aware, other than those referred to in the financial statements or notes thereto, have arisen since the end of the period, which significantly affect, or may affect the operations, results or state of affairs of the Consolidated Entity in subsequent financial periods.

The Directors of the Company declare that:

- (a) the financial statements and notes of the consolidated entity, as set out on pages 5 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Gabriel Radzynski
Non Executive Director
Sydney, 24 February 2014



**MURCHISON METALS LIMITED ABN 38 078 257 799
AND CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
MURCHISON METALS LIMITED**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Murchison Metals Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Murchison Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Murchison Metals Limited's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Murchison Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we consider the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Matters Relating to Electronic Publication of the Audited Financial Report

This review report relates to the financial report of Murchison Metals Limited for the half-year ended 31 December 2013 included on the website of Murchison Metals Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Murchison Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Murchison Metals Limited's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

MNSA Pty Ltd

MNSA Pty Ltd



Mark Schiliro

Director

Sydney

Dated this 24th day of February 2014