



27 September 2010

ASX Compliance Pty Ltd  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Attention: Ms Elizabeth Harris

Dear Ms Harris

**PRICE QUERY**

I refer to your letter dated 27 September 2010.

In response to the queries in your letter I advise as follows:

1. No.
2. Not applicable.
3. Murchison has been aware for some time of rumours concerning the on-going role of Mitsubishi in the mid-west joint ventures.

A number of issues prompted by these rumours were raised in articles published last week in *The Australian* newspaper and the *DealReporter (mergermarket)* news website.

All inquiries into the matter by Murchison have found no substance to the suggestion that Mitsubishi is intending to withdraw or dilute its involvement in the infrastructure and mining joint ventures.

To date, Mitsubishi has spent approximately \$280 million on the mid-west joint ventures, with extensive on-going work at both infrastructure developer Oakajee Port & Rail (OPR) and iron ore miner Crosslands Resources.

In its report, *DealReporter* quoted a Mitsubishi spokesman in Tokyo as saying: "Nothing has changed in our stance... we remain committed to devote our energy into the 50/50 joint venture with Murchison".

Nor has Murchison seen any evidence whatsoever that indicates a change to the support and commitment to the OPR infrastructure project by Premier Barnett and the Government of Western Australia, as also suggested in the articles.

The legally binding contractual agreements, which were signed with Mitsubishi in September 2007, are unchanged, with both Murchison and Mitsubishi continuing to progress the projects.



In particular, there has been no change to the contractual arrangements in relation to the residual payment to be made by Mitsubishi to Murchison for its 50% interest in the projects.

Murchison expects the residual payment will be made in 2011.

Work on the iron ore and infrastructure projects continues apace. Updates on the project timelines and milestones, including Bankable Feasibility Study schedules, will be provided to the market early next month.

However, the Company continues to expect first iron exports through the new Oakajee port in 2014.

4. Murchison confirms it is in compliance with the listing rules and, in particular, listing rule 3.1.

If you require any further information please contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Foley'.

Chris Foley  
*Company Secretary*  
**Murchison Metals Ltd**

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27 September 2010

Mr Chris Foley  
Company Secretary  
Murchison Metals Limited  
Level 1 5 Ord Street  
WEST PERTH WA 6005

By Email: [cfoley@mml.net.au](mailto:cfoley@mml.net.au)

Dear Chris

**Murchison Metals Limited ("the Company")**

**PRICE AND VOLUME QUERY**

We have noted a change in the price of the Company's securities from a closing price on Friday 24 September 2010 of \$1.81 to an intra-day low today, Monday 27 September 2010, of \$1.51. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price and volume change in the securities of the Company?
4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by email to [Elizabeth.Harris@asx.com.au](mailto:Elizabeth.Harris@asx.com.au) or by facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 10.00 am (WST) today Monday 27 September 2010.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

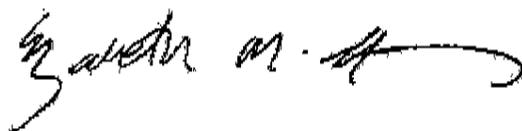
If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,



Elizabeth Harris

**Senior Adviser, Issuers (Perth)**