

ASX ANNOUNCEMENT

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CHAMELEON LITIGATION UPDATE

Murchison Metals Ltd (**Murchison**) advises that the Full Federal Court is today expected to hand down its decision in the appeal proceedings associated with the litigation commenced by Chameleon Mining NL (**Chameleon**) against Murchison, Crosslands Resources Ltd (Crosslands) and other parties.

As previously announced, the litigation between Murchison, Crosslands and Chameleon has been settled. Consequently, the Court's decision in relation to the issues in dispute between Murchison, Crosslands and Chameleon has no commercial impact on Murchison or Crosslands.

The settlement of the Chameleon litigation was a condition precedent imposed by Mitsubishi Development Pty Ltd (**Mitsubishi**) to the sale of Murchison's interest in Crosslands and the Oakajee Port and Rail infrastructure projects for \$325m (**Mitsubishi Transaction**).

Murchison's Board believed the Mitsubishi Transaction was unlikely to proceed if the condition requiring the settlement of the litigation was not accepted. Further, the Board considered that had the litigation not been settled, an appeal to the High Court from the Full Federal Court's decision was likely. A High Court appeal would inevitably have prolonged the uncertainty caused by the litigation and could have been an impediment to arranging ongoing funding to replace Murchison's debt facility which was due for repayment in April this year. For these reasons, the Board believes the settlement with Chameleon was in the best interests of shareholders.

Murchison announced yesterday that it completed the Mitsubishi Transaction on 20 February 2012.

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