

ASX ANNOUNCEMENT

ASX Code: MMX

3 July 2009

### SETTLEMENT OF EVANS AND KOH LITIGATION

Murchison Metals Ltd ("Murchison") advises that it has reached a settlement in the legal proceedings brought against the Company by David Evans and SH Koh, former directors of Chameleon Mining NL ("Chameleon").

The litigation, which was commenced in March 2005, concerned an agreement made in 2004 between the plaintiffs and Nicu Metals Ltd (now Murchison) before the current Murchison Board and senior management group were appointed. The plaintiffs had claimed a 5% interest in the Jack Hills iron ore project and a quantity of Murchison shares.

Under the terms of the settlement, Murchison will issue 3.5 million shares, make a payment of \$350,000 and pay the plaintiff's costs (to be assessed)

The matter was due to be heard in the Supreme Court of New South Wales on 10 August 2009.

Murchison Executive Chairman Paul Kopejtko said the Board believed settlement of the matter on the agreed terms was in the best interests of shareholders.

"This is a legacy of the people who were running the Company before the current team became involved," said Mr Kopejtko.

"We are very pleased to have put this unwanted distraction behind us and to move forward with maximising value from our interests in iron ore mining and infrastructure development.

"We have settled this matter for an amount that is far less than what was sought by the plaintiffs and given the inherently uncertain nature of litigation, the settlement was appropriate and in the best interests of our investors".

Separate proceedings commenced by Chameleon against Murchison, Crosslands Resources Ltd and other parties, have been listed for a four week hearing commencing on 28 September 2009.

In a directions hearing in the Federal Court on 3 July, Justice Jacobson also ordered the parties to those proceedings to attend mediation prior to the hearing.

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