

ASX ANNOUNCEMENT

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12 March 2010

MURCHISON METALS RELEASES INTERIM FINANCIAL STATEMENTS

Murchison Metals Ltd (Murchison) today lodged its financial statements for the half year ended 31 December 2009.

For the half year the Consolidated Entity recorded a loss of \$20.3 million, finishing the period with cash reserves of \$102.4 million.

The major expenditure item for the period was \$32.4 million to finance feasibility studies and exploration costs for Crosslands Resources Ltd (Crosslands) and Oakajee Port & Rail (OPR). The feasibility studies are due for completion later this year.

Murchison owns 50% of Crosslands and OPR, the respective developers of the Jack Hills iron ore project and the Oakajee port and rail infrastructure project serving the burgeoning iron ore industry in the mid-west region of Western Australia. The remaining 50% of both Crosslands and OPR is owned by Mitsubishi Development Pty Ltd.

The December period saw record iron ore shipments by Crosslands to a range of customers across Asia. Customer shipments from the Stage 1 project rose 21% to 920,000 tonnes and costs per unit fell due to a number of efficiency measures put in place at the mining and transportation stages.

However, lower iron ore prices and the higher AUD exchange rate in the December half impacted significantly on the operating result, though the spot price for iron ore has rebounded strongly in the current half. Whilst most of Crosslands' sales are at benchmark prices, analysts are also expecting a significant increase in the 2010 benchmark iron ore price. Crosslands' contribution to the Murchison consolidated interim result was (\$10.1 million).

During the December half, Crosslands announced an upgraded JORC compliant Mineral Resource¹ of 3.01 billion tonnes and is now targeting a 25-35 million tonnes per annum (mtpa) operation for the Jack Hills Expansion Project (JHEP) and with a target date for commencement of mining in 2H 2013.

Stage 1 of the Jack Hills project has generated early cashflow and provided the Crosslands' marketing team with an extended opportunity to work alongside prospective customers in finalising product specifications for the JHEP. Crosslands now counts 5 of the top 10 steel mills in the world among its Stage 1 customers, two of whom are located in China.

It has also provided the opportunity for Crosslands to develop management systems and processes in areas such as mining production, safety, heritage and native title, and to be recognised as a reliable supplier of high grade iron ore to steel mill customers. Crosslands is continuously reviewing strategic, financial, operational and social considerations relevant to the Stage 1 operations as it progresses with feasibility studies for the JHEP.

OPR also made significant progress during the December half towards completion of a feasibility study which it is required to undertake in accordance with OPR's obligations under the State Development Agreement that was executed in March 2009. OPR is on track to deliver this study to the State later this month.

OPR is also progressing Implementation Agreements with the WA Government setting out more detailed arrangements for the design and construction of the new Oakajee port and associated rail infrastructure.

OPR met all of its key milestones in 2009, including executing confidentiality agreements with key mine customers, EPA approval for a Public Environmental Review level of assessment for the port terrestrial and rail projects, and commencement of environmental and Aboriginal heritage surveys.

Since balance date, OPR has received nominations from mid-west miners for capacity at Oakajee Port, with nominations in excess of the initial port capacity of 35mtpa.

Potential foundation customers of OPR continue to make significant investments in proving up their large scale, stage 2 projects. Sinosteel Midwest recently confirmed it was spending \$150 million on feasibility studies (PFS and BFS) for its Weld Range project.

Murchison Executive Chairman Paul Kopejtko said that "both Crosslands and OPR were making great progress with the feasibility studies for their respective projects.

Demand for iron ore remains robust based on strong market fundamentals and it is our expectation that this will continue in the medium to long term underpinning the development of the mid-west region of Western Australia. Based on this, the mid-west miners have demonstrated their keenness to start exporting their products through Oakajee," he said.

This is an exciting period for Murchison and we look forward to driving additional value for our shareholders in the months ahead."

-ends-

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About Murchison

Murchison Metals Limited (“Murchison”) is an Australian ASX listed company. Murchison is included in the S&P/ASX 200 Index.

Murchison is a 50% shareholder in Crosslands Resources Ltd (“Crosslands”) which is the owner of the Jack Hills iron ore project located in the mid-west region of Western Australia. The remaining 50% of Crosslands is held by Mitsubishi Development Pty Ltd (“Mitsubishi”), a subsidiary of Mitsubishi Corporation, Japan’s largest general trading company.

Murchison also has a 50% economic interest in an independent infrastructure business, Oakajee Port and Rail (“OPR”). OPR was established to construct new port and rail infrastructure to provide logistics services to miners (including Crosslands) and other potential customers in the mid-west region of WA. The remaining 50% economic interest in OPR is held by Mitsubishi.

In addition to its investments in Crosslands, OPR and its Rocklea iron ore project (100% Murchison) located in the Pilbara, Murchison is actively exploring growth opportunities in iron ore, coal and manganese in accordance with its approved corporate strategy.

¹ Refer to ASX announcement of 22 December 2009 and the attached half yearly report for full details on the Jack Hills Mineral Resource.

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

**HALF-YEAR REPORT FOR THE PERIOD
ENDED 31 DECEMBER 2009**

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CORPORATE INFORMATION

ABN 38 078 257 799

DIRECTORS

Paul Kopejtko	Executive Chairman
Trevor Matthews	Managing Director
Rodney Baxter	Non-Executive Director
James McClements	Non-Executive Director
Sun Moon Woo	Non-Executive Director

COMPANY SECRETARY

Chris Foley

REGISTERED OFFICE

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ASX Code: MMX

AUDITORS

Ernst and Young
11 Mounts Bay Road
Perth WA 6000

SOLICITORS

Freehills
QV.1 Building
250 St Georges Terrace
PERTH WA 6000

BANKERS

Commonwealth Bank of Australia

DIRECTORS' REPORT

The directors of Murchison Metals Ltd submit herewith the financial report for the half-year ended 31 December 2009. The directors report as follows:

DIRECTORS

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

Mr Paul Kopejtka
Mr Trevor Matthews
Mr Rodney Baxter
Mr James McClements
Mr Sun Moon Woo

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

Murchison Metals Ltd ("Murchison") is an Australian ASX listed company. Murchison is included in the S&P/ASX 200 Index. Murchison aims to create shareholder wealth through mining and exporting high quality iron ore to world markets.

Highlights

Murchison

- Cash and liquid investments at half-year end of \$102 million
- Settlement of Evans & Koh litigation
- Rocklea Mineral Resource Update

Crosslands Resources Ltd (Murchison 50% Interest)

- Jack Hills Mineral Resource increases to 3.01 billion tonnes
- Jack Hills targeting 25 – 35 million tonnes per annum
- Total tonnes shipped exceeds four million tonnes
- Record shipping volumes for period

Oakajee Port and Rail (Murchison 50% Interest)

- Achievement of 2009 target development milestones
- Senior management appointments
- Public Environment Review level of assessment approved for Port Terrestrial and Rail projects

Operating result

CONSOLIDATED	
31 DEC 2009	31 DEC 2008
\$'000	\$'000
(20,321)	17,498

No dividends have been paid or declared by the Company during the period (Dec 2008: \$nil)

ABOUT MURCHISON

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Murchison also has a 50% economic interest in an independent infrastructure business, Oakajee Port and Rail ("OPR"). OPR was established to construct new port and rail infrastructure to provide logistics services to miners (including Crosslands) and other potential customers in the mid-west region of WA. The remaining 50% economic interest in OPR is held by Mitsubishi.

Further details of the activities of Crosslands and OPR for the period ended 31 December 2009 appear below.

In addition to its investments in Crosslands, OPR and its Rocklea iron ore project (100% Murchison) located in the Pilbara, Murchison is actively exploring growth opportunities in iron ore, coking coal and manganese in accordance with its approved corporate strategy.

CORPORATE

As at 31 December 2009 Murchison was debt free and had cash and liquid investments of \$102.4 million, a decrease of \$23.1 million from 30 June 2009. Included in this cash outflow are amounts paid to Crosslands and OPR of \$32.4 million to finance feasibility studies and exploration costs. Interest earned on investments for the period amounted to \$2.1 million. Proceeds from option conversions during the period amounted to \$15.2 million.

On 22 December 2009, Crosslands announced a significant increase in Mineral Resources at the Jack Hills Project. The total of JORC compliant Mineral Resources at Jack Hills now amounts to 3.01 billion tonnes. The Resource comprises beneficiation feed (BFO) of 2.86 billion tonnes at 30.6% Fe, direct shipping feed (DSO) of 110 million tonnes at 56.9% Fe and near DSO material of 39 million tonnes at 45% Fe. The increase in Mineral Resources is the result of an exploration program that commenced in April 2009 and exceeded the exploration target announced in September 2009.

Positive price signals in the iron ore market continued to strengthen during the period.

Iron ore spot prices in China have continued to increase and are now around US\$125 to US\$135 per tonne for various product grades. These prices are approximately double the settlement price reached with Japanese steel mills for 2009.

Given the strong market fundamentals, many analysts have again increased predictions for iron ore prices in the new benchmark settlement for 2010, with expectations mostly in the range of a 30% to 40% increase, and as high as 50% more than the 2009 benchmark price.

Settlement of Evans and Koh Litigation

During the period, the Company settled the legal proceedings brought against the Company by David Evans and SH Koh, former directors of Chameleon Mining NL ("Chameleon").

The litigation, which 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.

Chameleon, which claimed to have an interest in the litigation under an agreement with the plaintiffs, had estimated the value of the claim to be in the order of \$150 million - \$250 million.

Under the terms of the settlement, Murchison issued 3.5 million shares, made a payment of \$350,000 and is to pay the plaintiff's costs (to be assessed).

Chameleon Litigation

On 29 November 2007, Chameleon commenced legal proceedings against Murchison and other respondents. Chameleon is claiming an interest in the Jack Hills and Weld Range projects and/or Murchison's shares in Crosslands, arising out of a series of transactions that occurred in 2004 before the current Board and management of Murchison were appointed.

Following a four week hearing in October 2009, closing oral submissions were completed on 5 February 2010. Justice Jacobsen has reserved his decision. Final written submissions are to be filed and the parties must seek to agree on a process for resolving a number of outstanding issues although this process is not expected to delay Justice Jacobsen's decision.

Annual General Meeting

The Company held its Annual General Meeting of shareholders on 18 November 2009. At the meeting, Messrs James McClements and Rod Baxter were re-elected as Non-Executive Directors. Shareholders were provided with a comprehensive update of the Company's projects and approved the Company's Remuneration Report for the 2009 financial year and the issue of options to Directors.

EXPLORATION

Rocklea Project (Murchison 100% interest)

Murchison's Rocklea Project is located in the Pilbara region between the towns of Tom Price and Paraburdoo, and is situated near existing and planned rail infrastructure.

Since announcing a maiden resource in February 2009, Murchison has conducted a comprehensive infill drilling program, with a focus on the eastern part of the project and a higher grade zone identified as part of previous drilling campaigns.

Murchison has previously announced a revised Mineral Resource estimate of 89Mt at 59.9% CaFe at a 50% Fe cut-off including a higher grade portion of 46Mt at 61.5% CaFe at a 53% cut-off that may be suitable for direct shipping. At a 50% Fe cut-off the Mineral Resource comprises an Indicated Resource of 15Mt and an Inferred Resource of 74Mt¹.

Subsequent to the end of this reporting period, Murchison released the results of a scoping study for Rocklea which showed that an economically robust project is possible at Rocklea with resources sufficient to support potential production rates of up to 10Mtpa².

Highlights of the study include:

- Test work confirming that the Resource can be upgraded by simple scrubbing and jigging;
- Marketable product specifications being selected;
- Initial capital expenditure estimate of \$370 million including \$44 million contingency; and
- Delivered mine gate operating cost estimate of \$21/t.

Murchison will now explore infrastructure options for the project to secure a viable transportation solution that would take product to port for export.

CROSSLANDS RESOURCES LTD (MURCHISON 50% INTEREST)

Crosslands is employing a two-stage strategy to develop its Jack Hills Project.

Stage 1 operations utilise contract mining, crushing and screening at the Jack Hills mine site to produce iron ore lump and fines products. Iron ore is then transported to Geraldton by contract road haulage to ore storage and transfer facilities at the Port of Geraldton, ahead of shipment to customers.

Crosslands' Jack Hills Expansion Project (JHEP), is targeting a substantial expansion of annual production capacity, utilising the new rail and port facilities being developed by OPR.

HALF-YEAR RESULTS OVERVIEW

Crosslands generated sales revenue of \$73 million for the period ended 31 December 2009, a decrease of 24% in comparison to sales revenue of \$96 million for the period ended 31 December 2008. Despite a 21% increase in sales volume for the period ended December 2009 (Dec 2009: 920,405 WMT; Dec 2008: 757,831 WMT), a 29% decline in the average iron ore price per tonne (Dec 2009: US\$70 per tonne; Dec 2008: US\$99 per tonne) and unfavourable exchange rates resulted in reduced sales revenue for the period.

On a unit cost basis, Crosslands expenses for the period reduced significantly. Coupled with the improved outlook for iron ore prices, lower unit costs will result in improved profitability of Stage 1 operations.

¹ Refer to ASX Announcement 30 September 2009 for full details of the Rocklea Mineral Resource.

² Refer to ASX Announcement 12 February 2010 for full details of the Rocklea Scoping Study.

STAGE 1 OPERATIONS

Mining

Ore mined for the period ended 31 December 2009 amounted to 929,862 tonnes, compared to the six months ended 31 December 2008 of 826,950 tonnes. The total material mined was 3,770,539 tonnes. The average grade of ore processed was 65.5% Fe for lump and 63.7% Fe for fines. The strip ratio for the period was 4:1.

A total of 959,959 tonnes were crushed during the period in comparison to 833,788 tonnes for the six months ended 31 December 2008. The crushing plant maintained a very high throughput level. The percentage of lump product produced was 68.4%.

Haulage and Shipping

Crosslands hauled a record 882,070 tonnes of ore to Geraldton Port during the period compared to 704,297 tonnes for the six months ended 31 December 2008. This significant increase is due to improvements in the logistics chain, reduced downtime of operations and improved maintenance systems.

Shipping for the period consisted of 18 vessels, with a total of 920,405 tonnes exported. This was an increase in shipped volume of 21% compared to the six months ended 31 December 2008.

The total tonnes shipped now exceeds four million tonnes since shipping commenced in February 2007.

Marketing and Sales

Sales amounted to \$73 million for the half-year ended 31 December 2009 compared to the sales revenue of \$96 million for the six months ended 31 December 2008. This was a decrease of 24% over the comparative period.

The seaborne iron ore market continued to recover during the period, driven by a period-end surge in Chinese iron ore imports. For 2009 as a whole, China showed increased dependency on foreign ore as imports were up by almost 42% over 2008 (calendar year) levels. Although demand is recovering more gradually outside of China, the positive overall trend globally has tightened the supply-demand balance and significantly boosted spot prices, signalling a favourable pricing environment going into 2010 with solid increases being forecast.

The quality of Crosslands cargo was high during the period, and several shipments were made to new customers in China and elsewhere in Asia.

Crosslands' first comprehensive technical marketing campaign took place during the period and involved visits to a wide cross-section of steel companies to present an interim report on the Jack Hills Expansion Project studies. Of main interest was the expected quality of concentrate products to be developed from Crosslands' extensive inventory of BFO. Marketing activity included a number of site visits and meetings with prospective customers.

JHEP EXPLORATION

Resource Update

The new resource estimate completed in December 2009 incorporated data from the first phase of a major drilling campaign, which commenced in April 2009. Resource estimates were compiled by SRK Consulting, which was also responsible for grade estimation and classification.

The new resource estimate has exceeded expectations, the highlights being:

- A three-fold increase in mineral resource size;
- A significant uplift in confidence, with over 67% of resources converting to measured and indicated JORC categories;
- Higher iron yields to concentrates predicated by an increase in average Davis Tube Recoveries;
- Amenability to bulk mining demonstrated, with broad widths and strong geological continuity of mineralisation defined; and
- Prospective extensions to mineralisation established for further drill testing.

The total combined direct shipping feed and beneficiation feed contained in in-situ resources in all JORC classes (measured, indicated and inferred) is estimated to be 3.01 Billion tonnes @ 31.7% Fe.

The Mineral Resource is summarised in figure 1.1 below. (Refer to Murchison ASX announcement released on 22 December 2009 for full details.)

	JORC Category	Cut-off % Fe	Dry Tonnes (millions)	Fe %	DTR %
In Situ Banded Iron Formation (BFO)					
	Measured	22	635.30	31.3	25.8
	Indicated	22	1,289.60	29.3	24.6
	Inferred	22	940.10	31.8	28.1
Sub Total	All	22	2,864.90	30.6	26.0
In Situ Massive Iron Mineralisation					
0 - 50% Fe, Potential Jig feed or BFO (MIM-JIG)					
	Measured	0 to 50	6.60	45.5	34.7
	Indicated	0 to 50	19.10	45.1	39.2
	Inferred	0 to 50	13.60	44.7	46.9
Sub Total	All	0 to 50	39.40	45.0	41.1
>50% Fe, DSO (MIM-DSO)					
	Measured	50	41.70	57.0	46.9
	Indicated	50	43.50	57.2	35.0
	Inferred	50	25.30	56.4	37.7
Sub Total	All	50	110.50	56.9	40.1
Total	Measured		683.60	33.0	27.2
Total	Indicated		1,352.30	30.5	25.2
Total	Inferred		979.00	32.6	28.6
Total	All		3,014.80	31.7	26.7

Figure 1.1 - Mineral Resource Summary Table (Dec 2009, SRK Consulting)

1. Mineral resources are based on drilling and assaying completed in October 2009 and actual pit limit surveyed in November 2009.
2. Tonnages are dry metric tonnes. Tonnages have been rounded, hence small difference may be present in the total.

The mineral resource is supported by extensive metallurgical test work conducted by Minproc/ProMet Engineers, which indicates that a high value concentrate product can be economically produced from BFO using conventional crushing and grinding followed by wet low intensity magnetic separation. Gravity separation would be used to enhance iron recovery.

Resource Definition Drilling

The emphasis of drilling activity at the Jack Hills deposit has shifted to detailed infill drilling to enhance geological modelling and resource confidence levels for mine planning, and to follow up on identified exploration targets. Eight drilling rigs are currently in operation across the Jack Hills tenements comprising four diamond rigs and four RC rigs. During the period, diamond and RC drilling advanced 9,963 metres and 58,849 metres respectively and 226 resource definition drill holes were completed.

In the period, resource and exploration drilling also commenced to test for DSO extensions to the Brindal deposit and significant gravity targets in prospective stratigraphy identified between Brindal and Mt Hale.

In addition to resource and exploration drilling programs, mine planning, geotechnical, hydrogeology and sterilisation drill programs have commenced.

JACK HILLS EXPANSION PROJECT

Study activities related to the mine expansion project continued during the period as planned. Crosslands has adopted a dual production strategy for the Jack Hills expansion project involving separate DSO and BFO operations, which will result in Jack Hills producing between 25 and 35 million tonnes per annum depending on the extent of front loading of DSO production, initial beneficiation capacity installed and speed of ramp-up. Flowsheets and plant layouts were developed for the process route for three production rate options. Capital and operating costs are being developed for each option.

Mine optimisation and planning activities continued with preliminary mine schedules being produced to support the development of mining capital and operating cost estimates.

Metallurgical test work continued to further enhance the understanding of the various domains in the ore body. This was used to finalise the selected process route.

Engineering design and drafting continued to finalise preliminary plant layouts. Estimating activities increased as part of ongoing development of capital and operating cost estimates for the project.

Other activities for the period included:

- Continuation of water resource investigations;
- Completion of preliminary geotechnical investigations for pit wall slope determination;
- Assessment and discussion of land access requirements with relevant stakeholders;
- Continuation of marketing activities with tier one steel producers to further expand the customer base for the expansion project; and
- Completion of a review of land access issues associated with a gas pipeline corridor and the integrated waste and tailings landform.

Crosslands lodged its Public Environmental Review (PER) for the Jack Hills Expansion Project with the Environmental Protection Authority on 11 February 2010.

The feasibility studies for the JHEP are planned to be completed in the second half of 2010.

SENIOR EXECUTIVE APPOINTMENT

During September 2009, Stephen Cowley was appointed to the position of Project Director – Mine. Mr Cowley will manage the completion of the JHEP feasibility studies and manage the project through the construction and commissioning phases.

Mr Cowley is a mechanical engineer with more than 30 years professional experience in the resources industry, overseeing large-scale design, development and expansion projects across most mineral commodities on several continents. Most recently, Mr Cowley was responsible for the delivery of a \$1.5 billion complex and remote green-fields copper-cobalt project in the Democratic Republic of Congo. Mr Cowley also has a strong iron ore background having spent 10 years in the Pilbara. Mr Cowley has a Masters Degree specialising in bulk materials handling and brings a wealth of experience to the Crosslands' team.

OAKAJEE PORT & RAIL (MURCHISON 50% ECONOMIC INTEREST)

In March 2009, the State Development Agreement - Oakajee Port and Rail Project was signed, appointing OPR as the sole developer of the Oakajee port and associated northern rail infrastructure within the mid west region. Since then, OPR has continued to work on the detailed planning and feasibility studies for the project. At the end of the December period, OPR had achieved all of its target development milestones for 2009, including

- Confidentiality Agreements with key mine customers;
- Agreements with landholders in the rail corridor to access land for study purposes;
- Public Environmental Review (PER) level of assessment for port terrestrial and rail projects approved by EPA;
- Environmental and Aboriginal heritage surveys commenced in the rail corridor and at the port site; and
- Completion of review of cyclonic and non-cyclonic wave conditions on the marine structures at Oakajee Port.

Over the next 12 months, OPR will focus on finalising supply chain agreements with customers and the completion of feasibility studies. The project is targeting financial close and project go-ahead by early 2011.

Since being appointed as the Project Management Study Contractor in July 2009, WorleyParsons has completed the following study objectives:

- Basis of Design (BoD);
- Study Execution Plan;
- Work Breakdown Structure;
- Field Health, Safety and Environmental Plan; and
- Gap Analysis and Quality Plans.

In addition, over 14 contracts have been awarded for areas as diverse as rail bridge design, hydrology and rail and port geotechnical investigations.

During the period, OPR issued a report entitled "Summary of Initial Project Facilities" to selected stakeholders, outlining elements of the BoD for the port and rail facilities. The report will enable potential customers to comment on specific materials handling requirements.

Port and Industrial Area

Key activities during the period included:

- The successful completion of a geotechnical investigation over the proposed dredge area with laboratory testing and analysis of core samples underway;
- Completion of unexploded ordinance clearance surveys over the Oakajee Industrial Estate;
- Preparation of a Project Execution Plan;
- Preliminary report on detailed modelling and analysis of long period wave impacts at Oakajee;
- Completion of review of cyclonic and non-cyclonic wave conditions on the marine structures at Oakajee Port and Rail; and
- Geotechnical investigation programs within the proposed quarry for the provision of rock for the breakwater.

Rail

Key activities during the period included:

- Execution of a Rail Feasibility Access Deed in July with the Public Transport Authority, following a declaration by the Executive Council of the Oakajee to Jack Hills Railway as a public work in June 2009;
- Rail alignment, earthworks and drainage design to Feasibility Study standards;
- Aerial survey of the rail alignment to detailed design standard;
- Flora, fauna and Aboriginal heritage surveys, noise and visual studies and the commencement of drilling and soil sampling within the rail corridor;
- Design of the rail yard and unloading operations at Oakajee Port;
- Feasibility study design of the train workshops and track construction/maintenance depot;
- Train performance simulation and system modelling to determine the type and size of trains, running time and fleet sizes; and
- Development of signals and communications system options.

Environmental

In the period, OPR continued its Environmental Impact Assessment (EIA) for both the port and rail projects:

- The Environmental Protection Authority (EPA) advised that the environmental approval for the Oakajee terrestrial port and Oakajee rail developments would be assessed at a PER level. This process is consistent with OPR's development timetable and will support the timely and efficient delivery of the project;
- Terrestrial Port baseline studies continued with further regional short-range endemic work undertaken during the period;
- Preparation of Environmental Management Plans (EMP) for the Oakajee Port including Introduced Marine Organisms and Underwater Noise Management Plans;
- Marine baseline studies with further sediment quality and marine mammal surveys and hydrodynamic modelling;
- Rail baseline studies with further flora, and vertebrate and invertebrate (short range endemic) fauna surveys;
- Further discussions with the Commonwealth Department of Environment, Water, Heritage and the Arts, in relation to surveys and studies of fauna protected under the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999.

OPR is continuing environmental surveys and investigations which will provide baseline data to feed into a range of EMPs, which will form part of wider Environmental Management Systems.

Indigenous Affairs

During the period, indigenous heritage and negotiations protocols were completed with the Mullewa Wadjari, Wajarri Yamatji, and Naaguja and Amangu Native Title groups, and OPR commenced negotiations with these groups on Indigenous Development (Comprehensive) Agreements. OPR achieved significant progress on heritage clearances, with phase 1 port terrestrial sites (including breakwater rock armour quarry site) completed, and further surveys within the port and rail feasibility corridor to achieve full heritage clearances either commenced or planned.

Senior Management Appointments

During the period, two senior appointments were made with Geoff Cowie and Phil McKeiver appointed to the positions of Project Director and General Counsel/Company Secretary respectively.

Mr Cowie has more than 35 years experience in major resource development projects in Australia, China, India and Africa with a proven track record in developing and delivering major projects.

Mr McKeiver joined OPR in September. Mr McKeiver has previously worked in government, for major law firms both in Australia and the UK, and more recently as a senior infrastructure lawyer with Telstra Corporation. Mr McKeiver has experience in advising, and negotiating with, a range of government departments and statutory authorities.

In September, Alwyn Vorster was appointed as Chief Development Officer. Following the resignation of OPR's inaugural Chief Executive Officer, Chris Eves, Mr Vorster temporarily assumed the responsibilities of the Chief Executive Officer pending a permanent appointment.

Subsequent to period end, on 15 January 2010, OPR announced that John Langoulant has been appointed Chief Executive Officer. Mr Langoulant brings to the role more than 35 years experience in government and the private sector. Mr Langoulant is a former Under Treasurer in the Government of Western Australia and Chief Executive of the WA Chamber of Commerce & Industry. Most recently, he was Chief Executive Officer of Australian Capital Equity, the private company of Kerry Stokes. In his new role, Mr Langoulant will oversee the development of OPR's port and rail infrastructure project to serve the mining industry in WA's mid-west region.

Mr Alwyn Vorster will continue in his capacity of Chief Development Officer.

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 2009 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 12 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.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Trevor Matthews', with a stylized flourish at the end.

Mr Trevor Matthews
Director
Perth, 12 March 2010

The information in this announcement that relates to Exploration Results and geological and mineralogical interpretations of the Mineral Resource estimate of the Jack Hills Project is based on information compiled by Mr Roland Bartsch who is a full time employee of Crosslands Resources Ltd.

The information in this announcement that relates to Exploration Results and geological and mineralogical interpretations of the Mineral Resource estimate of the Rocklea Project is based on information compiled by Mr Sean Gregory who is a full time employee of Murchison Metals Ltd.

The information in this announcement that relates to grade estimation of the Mineral Resources of the Jack Hills and Rocklea Projects is based on information compiled by Mr Bruce Sommerville in his capacity as an employee of SRK Consulting.

Messrs Bartsch, Gregory and Sommerville have sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves'. Messrs Bartsch, Gregory and Sommerville are Members of the Australasian Institute of Mining and Metallurgy and consent or have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

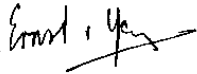
Refer to ASX announcement dated 12 February 2010 for full details of the Rocklea Scoping Study.

Refer to ASX announcement dated 22 December 2009 for full details of the Jack Hills Mineral Resource.

Refer to ASX announcement dated 30 September 2009 for full details of the Rocklea Mineral Resource. Tonnes are wet metric tonnes and grades are dry mass percent.

Auditor's Independence Declaration to the Directors of Murchison Metals Ltd

In relation to our review of the half year financial report of Murchison Metals Ltd for the period ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
Perth
12 March 2010

MURCHISON METALS LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		CONSOLIDATED	
	NOTES	31 DEC 2009	30 JUN 2009
		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	102,386	125,539
Receivables	9	729	1,487
Prepayment		140	193
TOTAL CURRENT ASSETS		<u>103,255</u>	<u>127,219</u>
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	10	37,002	29,326
Property, plant and equipment		1,171	599
Investments accounted for using the equity method	11	104,592	88,853
Available-for-sale financial assets	12	2,000	2,000
TOTAL NON-CURRENT ASSETS		<u>144,765</u>	<u>120,778</u>
TOTAL ASSETS		<u>248,020</u>	<u>247,997</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	9,437	11,330
Provisions		163	120
TOTAL CURRENT LIABILITIES		<u>9,600</u>	<u>11,450</u>
TOTAL LIABILITIES		<u>9,600</u>	<u>11,450</u>
NET ASSETS		<u>238,420</u>	<u>236,547</u>
EQUITY			
Equity Attributable to Equity Holders of the Parent			
Contributed equity	14	242,241	221,579
Reserves	15	16,309	14,777
(Accumulated loss) / Retained earnings		(20,130)	191
PARENT INTERESTS		<u>238,420</u>	<u>236,547</u>
TOTAL EQUITY		<u>238,420</u>	<u>236,547</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 2009

		CONSOLIDATED HALF-YEAR ENDED	
	NOTE	31 DEC 2009 \$'000	31 DEC 2008 \$'000
CONTINUING OPERATIONS			
Revenue	4	2,138	3,053
Other revenue	5	-	25,939
Revenue		2,138	28,992
Depreciation expense		(115)	(59)
Employee and director expenses	6	(4,087)	(3,009)
Hired services expenses	6	(1,101)	(921)
Administration expenses	6	(6,685)	(2,187)
Travel expenses		(353)	(99)
Finance costs		-	(2)
Other expenses		(7)	(4)
Share of (loss)/profit from a jointly controlled entity	11	(10,111)	2,940
(LOSS) / PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(20,321)	25,651
Income tax expense		-	(8,153)
(LOSS) / PROFIT FROM CONTINUING OPERATIONS AFTER INCOME TAX		(20,321)	17,498
Other comprehensive loss for the period			
Net loss on available-for-sale financial assets		-	(1,275)
Transfer to profit or loss on sale of available-for-sale asset		-	(25,902)
Income tax on items of other comprehensive income		-	8,153
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		-	(19,024)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(20,321)	(1,526)
(LOSS) / PROFIT FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the parent		(20,321)	17,498
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of the parent		(20,321)	(1,526)
 (Loss) / earnings per share for (loss)/ profit attributed to the ordinary equity holders of the parent			
- basic (cents per share)		(4.67)	4.24
- diluted (cents per share)		(4.67)	4.06

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 2009

CONSOLIDATED	FULLY PAID ORDINARY SHARES \$'000	EMPLOYEE EQUITY BENEFITS RESERVE \$'000	INVESTMENT REVALUATION RESERVE \$'000	(ACCUMULATED LOSSES) / RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
BALANCE AT 1 JULY 2009	221,579	14,777	-	191	236,547
Other comprehensive loss for the period	-	-	-	-	-
Loss for the period	-	-	-	(20,321)	(20,321)
Total comprehensive loss for the period	-	-	-	(20,321)	(20,321)
Transactions with owners in their capacity as owners:					
Issue of shares	20,662	-	-	-	20,662
Share based payments	-	1,532	-	-	1,532
BALANCE AT 31 DECEMBER 2009	242,241	16,309	-	(20,130)	238,420
Balance at 1 July 2008	221,470	13,454	19,024	(541)	253,407
Net loss on available-for-sale financial assets	-	-	(1,275)	-	(1,275)
Transfer to profit or loss	-	-	(25,902)	-	(25,902)
Related income tax expense	-	-	8,153	-	8,153
Other comprehensive loss for the period	-	-	(19,024)	-	(19,024)
Profit for the period	-	-	-	17,498	17,498
Total comprehensive (loss) / income for the period	-	-	(19,024)	17,498	(1,526)
Transactions with owners in their capacity as owners:					
Issue of shares	98	-	-	-	98
Share based payments	-	638	-	-	638
BALANCE AT 31 DECEMBER 2008	221,568	14,092	-	16,957	252,617

The accompanying notes form part of these financial statements

MURCHISON METALS LTD
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	CONSOLIDATED	
	HALF-YEAR ENDED	
	31 DEC 2009	31 DEC 2008
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(6,605)	(8,022)
Interest received	2,013	2,288
GST received	340	963
NET CASH USED IN OPERATING ACTIVITIES	<u>(4,252)</u>	<u>(4,771)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(895)	(174)
Exploration and evaluation expenditure	(7,676)	(11,250)
Proceeds on disposal of investments	-	135,684
Increase in investment in joint venture	(25,850)	-
Proceeds on disposal of plant and equipment	-	3
Proceeds from related parties	320	-
NET CASH (USED IN) / PROVIDED BY INVESTING ACTIVITIES	<u>(34,101)</u>	<u>124,263</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	15,202	98
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>15,202</u>	<u>98</u>
Net (decrease) / increase in cash and cash equivalents	(23,151)	119,590
Net foreign exchange difference	(2)	(4)
Cash and cash equivalents at the beginning of the period	125,539	42,063
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>102,386</u>	<u>161,649</u>

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 2009 was authorised for issue in accordance with a resolution of the directors on 12 March 2010.

The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The address of the registered office is Level 1, 5 Ord Street, West Perth, 6005 WA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Murchison Metals Ltd during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half-year financial report has been prepared on a historical cost basis, except for quoted available-for-sale financial assets and derivative financial instruments that have been measured at fair value.

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.

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Significant accounting policies

Apart from the changes in accounting policy noted below, 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 2009.

Changes in accounting policies

From 1 July 2009 the Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- AASB 8 and AASB 2007-3 Operating Segments and consequential amendments to other Australian Accounting Standards.
- AASB 1039 (Revised) Concise Reporting.
- AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards.
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations.
- AASB 127 (Revised) Consolidated and Separate Financial Statements.
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127.
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038].
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvement Project.
- AASB 2008-6 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.
- AASB 2009-7 Amendments to Australian Accounting Standards.
- AASB 3 (Revised) Business Combinations.

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 is mining and processing iron ore in Western Australia. Each area of operation has been aggregated and therefore the operations of the Group present one operating segment under AASB 8 *Operating Segments*.

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

CONSOLIDATED	
HALF-YEAR ENDED	
31 DEC 2009	31 DEC 2008
\$'000	\$'000

4. REVENUE

An analysis of the Group's revenue for the period is as follows:

Interest revenue	2,138	2,887
Recharge revenue earned on provision of goods and services	-	166
	2,138	3,053

5. OTHER REVENUE

Foreign exchange gain	-	37
Gain on sale of investment	-	25,902
	-	25,939
Income tax relating to other components of comprehensive income	-	8,153

6. COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived at after (crediting)/charging the following gains and losses:

Employee and director expenses		
Salaries and wages	1,511	1,021
Defined contribution superannuation expense	186	116
Directors' fees	648	813
Share-based payment expense	1,532	638
Recruitment	115	43
Other	95	378
	4,087	3,009

CONSOLIDATED

HALF-YEAR ENDED

31 DEC 2009 31 DEC 2008
\$'000 \$'000

6. COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD (CONTINUED)

Hired services expense

Air charter	22	-
Cartage and freight	2	3
Consultants	879	914
Equipment hire	11	4
Other	187	-
	<u>1,101</u>	<u>921</u>

Administration expenses

Accounting and audit fees	191	178
Bank charges	3	4
Compliance and secretarial	184	229
Insurance	71	42
Legal expenses	5,383	1,390
Loss on disposal of assets	129	-
Net loss on foreign exchange	14	-
Office rental	325	136
Other general administration expenses	279	149
Printing and stationery	106	53
Registration and stamp duty fees	-	6
	<u>6,685</u>	<u>2,187</u>

7. DIVIDENDS

No dividends were paid or proposed during the period (2008: \$nil).

CONSOLIDATED

31 DEC 2009 30 JUN 2009
\$'000 \$'000

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	12,260	1,883
Short term deposit	90,126	123,656
	<u>102,386</u>	<u>125,539</u>

9. RECEIVABLES

Interest receivable	370	364
Amounts receivable from Australian Taxation Authorities	149	402
Sundry debtor	206	717
Other receivables	4	4
	<u>729</u>	<u>1,487</u>

10. EXPLORATION COSTS

CONSOLIDATED
31 DEC 2009 30 JUN 2009
\$'000 \$'000

Exploration and evaluation expenditure in respect of areas of interest		
Balance at the beginning of the period	29,326	19,227
Additions	7,676	10,099
Balance at the end of the period (i)	37,002	29,326

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

- (i) Includes an amount of \$23,715,000 (31 December 2008: \$12,219,000) relating to Murchison's share of joint venture assets. Refer to Note 18.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

CONSOLIDATED
31 DEC 2009 30 JUN 2009
\$'000 \$'000

Investments in jointly controlled entities		
	104,592	88,853

Reconciliation of movement in investments accounted for using the equity method

31 DEC 2009 31 DEC 2008
\$'000 \$'000

Balance at the beginning of the period		
Investments during the year	88,853	66,653
Share of (loss) / profit for the period	25,850	-
	(10,111)	2,940
	104,592	69,593

Name of entity	Country of incorporation	Principal activity	OWNERSHIP INTEREST	
			31 DEC 2009	30 JUN 2009
			%	%
Crosslands Resources Ltd	Australia	Mining	50	50
Oakajee Port & Rail Pty Ltd ³	Australia	Construction	50	50

³ The Group holds a 25% interest in Oakajee Port & Rail through MMX Port Holdings Pty Ltd and an additional 25% indirect interest through Murchison's 50% interest in Crosslands Resources Ltd.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The aggregate financial position in respect of the Group's jointly controlled entities is set out below:

	CONSOLIDATED	
	31 DEC 2009	30 JUN 2009
	\$'000	\$'000
Financial position:		
Cash and cash equivalents	22,546	18,541
Trade and other receivables	22,616	16,834
Inventory	17,282	23,153
Current assets	62,444	58,528
Exploration and evaluation expenditure	130,094	93,221
Property, plant and equipment	54,726	62,316
Non-current assets	184,820	155,537
Total assets	247,264	214,065
Trade and other payables	(32,609)	(27,588)
Other current liabilities	(5,097)	(2,051)
Provision	(2,116)	(2,026)
Interest bearing loans and borrowings	-	(1,297)
Current liabilities	(39,822)	(32,962)
Intercompany payables	(3,062)	(4,505)
Deferred tax liability	-	(3,696)
Non-current liabilities	(3,062)	(8,201)
Total liabilities	(42,884)	(41,163)
Net assets	204,380	172,902
Group's share of jointly controlled entity's net assets	102,190⁴	86,451

⁴ The difference between Group's Share of Jointly Controlled Entity's Net Assets as shown in the Financial Position table above and Investments Accounted for Using the Equity Method as shown in the Consolidated Statement of Financial Position is due to share options issued by Murchison to Crosslands employees prior to the sale of 50% of Crosslands to Mitsubishi on 27 September 2007.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The aggregate financial performance in respect of the Group's jointly controlled entities is set out below:

	CONSOLIDATED HALF-YEAR ENDED	
	31 DEC 2009	31 DEC 2008
	\$'000	\$'000
Financial performance:		
Revenue	72,519	95,703
Other revenue	163	2,637
JV revenue	32	4
Revenue	72,714	98,344
Changes in inventory ¹	(5,980)	(2,553)
Administration expenses	(2,119)	(2,082)
Depreciation and amortisation expense	(8,243)	(7,299)
Employee expenses	(3,198)	(2,754)
Finance costs	(16)	(179)
Hired services expenses		
- mining	(18,601)	(20,360)
- cartage, freight and transport	(36,788)	(34,859)
- port charges	(4,862)	(4,078)
- accommodation, catering and air charter	(1,510)	(675)
- consultants	(1,164)	(808)
- equipment hire	(198)	(210)
- general	(202)	(263)
- other	(2,968)	(2,107)
Royalties	(6,510)	(8,878)
Other expenses	(2,081)	(2,462)
JV expenses	(2,192)	(372)
(Loss) / profit before income tax	(23,918)	8,405
Income tax	3,696	(2,525)
(Loss) / profit after income tax	(20,222)	5,880
(Loss) / profit attributable to members of parent entity	(20,222)	5,880
Group's share of jointly controlled entity's (loss) / profit	(10,111)	2,940

¹ Included in changes in inventory is an amount of \$7,154,000 (31 December 2008: \$4,246,000) relating to the net realisable write down adjustment for the period for Crosslands Resources Ltd.

	31 DEC 2009 \$'000	30 JUN 2009 \$'000
12. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Non-current		
Shares – Unlisted	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

Available for sale investments consist of investments in ordinary shares and therefore have no fixed maturity date or coupon rate.

13. TRADE AND OTHER PAYABLES		
Trade payables	6,271	8,511
Other payables	175	148
Related party payable	2,991	2,671
	<u>9,437</u>	<u>11,330</u>

14. ISSUED CAPITAL

(i) Ordinary shares		
Issued and fully paid	242,241	221,579

	31 DEC 2009 NUMBER OF SHARES '000	\$'000
(ii) Movement in ordinary shares on issue		
Beginning of the period	413,017	221,579
Exercise of share options	18,859	15,202
Issued as settlement of litigation (a)	3,500	5,460
End of the period	<u>435,376</u>	<u>242,241</u>

(a) 3,500,000 shares were issued as settlement of litigation.
 The fair value of the settlement was measured with reference to the share price on the date that settlement was agreed.

(iii) Share-based payment plans

Murchison Metals Ltd issued the following share options over ordinary shares as equity compensation benefits to certain key management personnel and employees during the period:

<i>Description</i>	<i>Number</i>	<i>Fair Value at Grant date \$</i>
\$2.00 Share options (expiry November 2011) (tranche A)	4,500,000	0.73
\$2.00 Share options (expiry November 2012) (tranche B)	4,500,000	0.90
\$1.25 Share options (expiry November 2012)	200,000	1.10

14. ISSUED CAPITAL (CONTINUED)

The following table lists the inputs to the model used for the half-year ended 31 December 2009:

	31 DEC 2009
Dividend yield (%)	-
Expected volatility (%)	80
Risk-free interest rate (%)	4.47
Expected life of the option (years)	2-3
Option exercise price (\$)	1.25-2.00
Weighted average share price at grant date (\$)	1.76

15. RESERVES

	CONSOLIDATED	
	31 DEC 2009	30 JUN 2009
	\$'000	\$'000
Share based payment reserve	16,309	14,777
Share Based Payment Reserve		
Balance at the beginning of the period	14,777	13,454
Share based payment	1,532	1,323
Balance at the end of the period	<u>16,309</u>	<u>14,777</u>

This reserve is used to record the value of equity benefits provided to employees and directors as remuneration.

Available-for-sale Revaluation Reserve

Balance at the beginning of the period	-	19,024
Revaluation during the current period	-	(1,275)
Transfer to profit on sale of available for sale investments	-	(25,902)
Related income tax	-	8,153
Balance at the end of the period	<u>-</u>	<u>-</u>

This reserve is used to record fair value changes on available-for-sale investments

16. CONTINGENT LIABILITIES

On 29 November 2007, Chameleon Mining NL ("Chameleon") commenced legal proceedings in the Federal Court against Murchison and other respondents. Chameleon is claiming an interest in the Jack Hills and Weld Range projects and / or Murchison's shares in Crosslands arising out of a series of transactions that occurred in 2004 before the current Board and management of Murchison were appointed.

Murchison maintains its previously announced view that there is no sustainable basis for the Chameleon claim so far as it constitutes a claim for a substantial interest in the Jack Hills or Weld Range tenements and/ or Murchison's shares in Crosslands.

Until a decision is handed down and a number of outstanding issues have been resolved, Murchison is unable to determine what obligations may arise from the proceedings.

17. SUBSEQUENT EVENTS

On 12 February 2010, Murchison announced the results of a scoping study performed for Rocklea. A summary of the release has been included in the Directors' Report.

No other matters or circumstances of which the directors are aware, other than those referred to in the financial statements or notes thereto, have arisen since the end of the financial period, which significantly affect, or may significantly affect the operations, results or state of affairs of the Group.

18. INTEREST IN JOINTLY CONTROLLED OPERATIONS AND ASSETS

The consolidated entity had the following interests in joint venture operations:

NAME OF OPERATION	PRINCIPAL ACTIVITY	OUTPUT INTEREST	
		31 DEC 2009	30 JUN 2009
Oakajee Port	Infrastructure	50% ⁵	50%
Oakajee Rail	Infrastructure	50%	50%
Tarraji	Mineral Exploration	10%	10%
Duck Hill	Mineral Exploration	50%	50%
Turtle	Mineral Exploration	65%	65%
Halls Creek	Mineral Exploration	10%	10%
Christmas Creek	Mineral Exploration	10%	10%

Mineral exploration joint ventures

These joint ventures are 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. There has been no activity in these tenements for the period ended 31 December 2009 (30 June 2009: \$nil) and there are no significant assets or liabilities to be disclosed for the period ended 31 December 2009 (30 June 2009: \$nil).

Infrastructure joint ventures

The joint ventures are not separate legal entities. They are contractual arrangements between participants for the sharing of costs and outputs and do not in themselves generate revenue and profit.

Joint venture net assets

The consolidated entity's share of significant assets and liabilities in jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements in their respective categories:

Non-current assets	CONSOLIDATED	
	31 DEC 2009	30 JUN 2009
	\$'000	\$'000
Exploration and evaluation expenditure	23,715	16,846

⁵ The Group holds a 25% interest in Oakajee Port & Rail through MMX Port Holdings Pty Ltd and an additional 25% indirect interest through Murchison's 50% interest in Crosslands Resources Ltd.

In accordance with a resolution of the directors of Murchison Metals Ltd I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) 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



Mr Trevor Matthews
Director
Perth, 12 March 2010

To the members of Murchison Metals Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Murchison Metals Ltd, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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 Ltd and the entities it controlled during the half-year, 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 other 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.

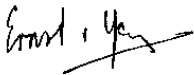
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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 Ltd is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year period ended on that date; and
- ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'R A Kirkby'.

R A Kirkby
Partner
Perth
12 March 2010