

## Murchison Metals Ltd

# Sale of Crosslands and Oakajee Port and Rail

24 November 2011



# Transaction overview



## Transaction

- Murchison has entered into a conditional sale agreement with Mitsubishi Development Pty Ltd (**Mitsubishi**) in relation to its interests in Crosslands Resources Ltd (**Crosslands**) and Oakajee Port and Rail (**OPR**) (the **Projects**) for a cash price of A\$325m<sup>1</sup> (the **Transaction**)
- The sale is subject to Murchison shareholder vote, which is expected to occur in February 2012

## Share value

- Implied value per share of A\$0.51<sup>2</sup> represents a significant premium to recent trading prices
  - 85% premium to the last closing share price of A\$0.275 on 18 November 2011
  - 82% premium to the 1-month VWAP of A\$0.281

## Conditions precedent

- The Transaction is subject to a limited number of conditions, including:
  - Murchison shareholder approval
  - Novation of existing State Development Agreement with the WA Government
  - FIRB and any other required regulatory approvals
  - Settlement of Chameleon Mining NL (**CML**) litigation claim against Murchison and Crosslands<sup>3</sup>
  - Refer to Appendix 1 of ASX Announcement titled 'Summary of key terms of Share and Asset Purchase Agreement'

## Other

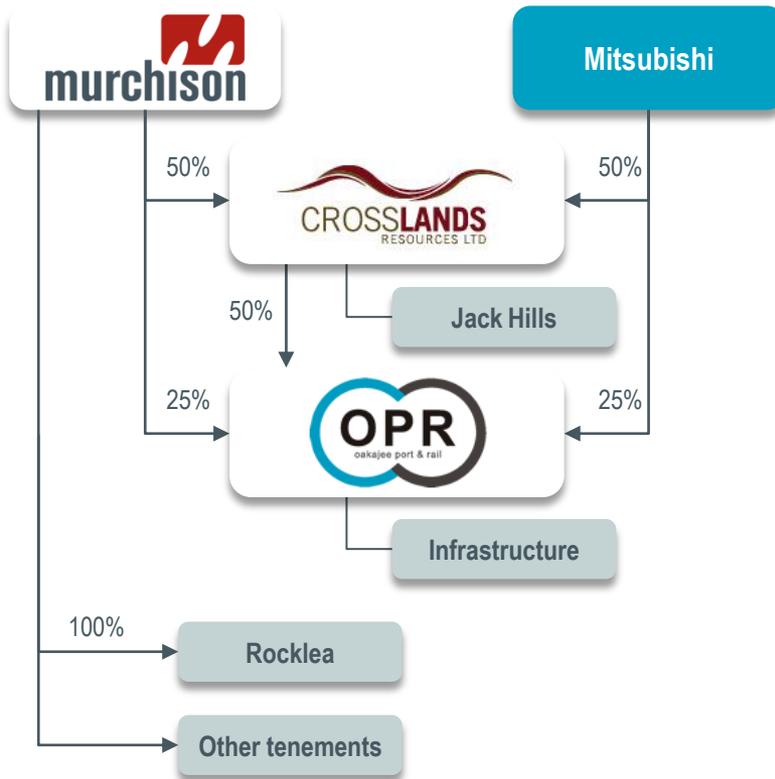
- No exclusivity arrangements - Murchison retains the ability to seek a superior proposal, subject to payment of a break fee of A\$3m
- All internal Mitsubishi approvals received, with no due diligence requirements

# Transaction overview (cont)

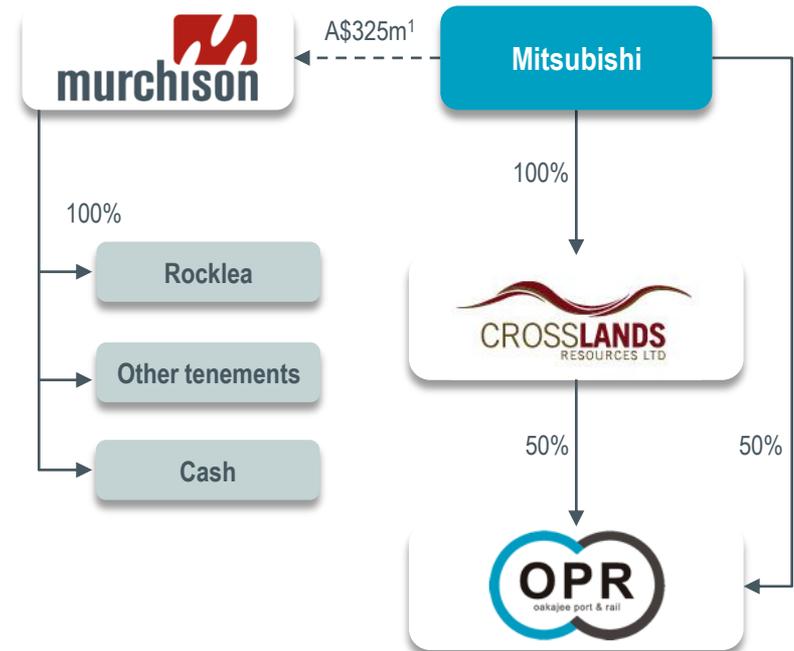
Current and pro forma ownership structures



## Current



## Pro forma, post Transaction completion



<sup>1</sup> Note that this figure is before net cash calls to fund Crosslands and OPR to completion of the Transaction

# Benefits to shareholders



- ✓ Crystallisation of value at a substantial premium to recent trading prices**

  - The implied value per share of A\$0.51<sup>1</sup> represents a premium of 85% to Murchison’s last closing price of A\$0.275 on 18 November 2011 and a premium of 82% to the 1-month VWAP of A\$0.281
  
- ✓ All cash transaction with limited conditions**

  - All internal Mitsubishi approvals received, with no due diligence required
  - Murchison retains the full flexibility to seek a superior proposal, subject to payment of a break fee of A\$3m
  
- ✓ Strategic Review announced on 4 July 2011 has, to date, not secured an attractive alternative proposal which provides sufficient certainty and value to Murchison shareholders**

<sup>1</sup> Reflects A\$325m cash proceeds less 30 Sep 2011 net debt of A\$44m and other estimated cash payments through to completion of A\$52m (including transaction costs, project cash calls and indicative legal settlement costs), based off fully diluted total shares outstanding of 448m (including 6m in-the-money options). The implied value per share does not take account of ongoing Murchison corporate expenditure and is an indicative estimate only

# Benefits to shareholders (cont)

The implied value per share of A\$0.51<sup>1</sup> represents a significant premium to recent trading prices



## Implied value per share<sup>1</sup> vs. recent trading prices<sup>2</sup>



<sup>1</sup> Reflects A\$325m cash proceeds less 30 Sep 2011 net debt of A\$44m and other estimated cash payments through to completion of A\$52m (including transaction costs, project cash calls and indicative legal settlement costs), based off fully diluted total shares outstanding of 448m (including 6m in-the-money options). The implied value per share does not take account of ongoing Murchison corporate expenditure and is an indicative estimate only <sup>2</sup> Market data as close of business on 18 Nov 2011 Source: Bloomberg

# Indicative Transaction timetable



<b>Date</b>	<b>Milestone</b>
Jan 2012	Notice of Meeting and Explanatory Memorandum dispatched to shareholders
Feb 2012	Murchison Extraordinary General Meeting to approve Transaction
Mar 2012	Completion of Transaction

Note: dates are indicative and subject to change



This presentation contains forward looking statements concerning projects owned by Murchison Metals or its related entities. Any statements, opinions, projections, forecasts or other material contained in this presentation do not constitute a commitment, representation or warranty by Murchison or its directors, agents and employees who will in no way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatsoever nature arising in any way out of, or in connection with, the information contained in this presentation. This presentation includes certain statements, opinions, projections, forecasts and other material, which reflect various assumptions. The assumptions may or may not prove to be correct. Recipients of this presentation must make their own independent investigations, consideration and evaluation of the information. The recipient agrees that if it proceeds further with its investigation, consideration or evaluation of the agreement, it shall make and rely solely upon its own investigations and inquiries and will not in any way rely upon this presentation. It is recommended that you consult your professional advisor/s.