

# Murchison Metals Limited Chairman Address At 2010 Annual General Meeting

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Perth, Australia (ABN Newswire) - Murchison Metals Limited (ASX: MMX) (PINK: MUMTF) is pleased to release Chairman's address at 2010 Annual General Meeting.

Ladies and Gentlemen,

Thank you for joining us today for the Annual General Meeting of the Company for the financial year ended 30 June 2010.

I am pleased to report that the year saw a number of major achievements for both our mining and infrastructure businesses.

At the same time, the year has been challenging and often demanding, as we have addressed a number of complex and difficult tasks along the road to developing our world class projects in the mid-west region of Western Australia.

Notwithstanding these challenges, significant progress has been made in realising our strategic vision for the midwest region.

As you know, development of the projects is effected through our 50:50 joint venture arrangements with Mitsubishi Development Pty Ltd. Crosslands Resources is developing the Jack Hills Expansion Project, focussing on the creation of a significant iron ore production business and Oakajee Port & Rail is creating the Oakajee deep water port and associated heavy haul railways.

I would like to assure shareholders that we are committed to completing the feasibility studies for the projects and thereafter financing and project go ahead.

We fully appreciate that this is not always what you hear about our projects in the market or in the media.

Over the past number of months, we have been subjected to a concerted campaign of de-stabilisation based on rumour and misinformation.

However, I can say personally and on behalf of Murchison that we remain resolute in our commitment to develop these projects for the benefit of our shareholders.

I would like to say a few things about the reality of the commitment of Murchison and Mitsubishi.

Together, we have expended approximately A\$370 million on the projects to date, with further investment to come as we approach the project go-ahead decision. Early engagement with potential lenders focusing on the Oakajee port and rail projects has already commenced. Our Managing Director, Trevor Matthews, will elaborate more on this process in his presentation later in the meeting.

Under the joint venture between Murchison and Mitsubishi (TYO:8058), Mitsubishi is responsible for managing the arrangement of finance for the Jack Hills project and for OPR's port and rail infrastructure projects.

Murchison has appointed Rothschild to advise us in regard to financing. Rothschild is one of the largest global mining advisory groups with extensive experience across all facets of financing. Rothschild's expertise and its relationships with key stakeholders will add significant strength and capability to the financing effort.

We plan to complete the financing process, incorporating both debt and equity, in the period following completion of the feasibility studies and prior to project go-ahead.

The deferred payment that Mitsubishi is contracted to make to Crosslands in consideration for Mitsubishi's

50% interest in the Jack Hills project is also required prior to project go-ahead.

As feasibility studies have progressed throughout 2010, a number of important milestones have been reached during the year.

At the Jack Hills project, Mineral Resources now exceed 3 billion tonnes, making it the largest Mineral Resource in the mid-west region.

Customer interest remains exceptionally strong, and Crosslands has now signed letters of intent with Chinese, Korean and Japanese steel mills for more than 55Mtpa of planned high grade magnetite and hematite concentrate products. This is in addition to planned sales of DSO product.

Jack Hills is shaping up as a world class project which will produce high quality, highly saleable iron products with a planned production profile placing it among the biggest iron ore producers in Australia. The port and rail infrastructure that OPR is developing is dependent on the co-development of several mines in the mid-west region. The fact that Jack Hills is the biggest of these means that the infrastructure projects as currently planned are simply not viable without Jack Hills as a foundation customer of OPR.

OPR has also made significant progress during the year, with Memoranda of Understanding signed with three potential foundation customers in August 2010. This followed the submission of a Draft Bankable Feasibility Study to the State Government in March 2010.

It was also announced during the year that OPR is now targeting an increased initial capacity of 45 million tonnes per annum at the new Oakajee port.

With these achievements also came significant challenges, with the joint venture partners recently announcing a revised schedule for completion of the project feasibility studies. The studies for both projects are now scheduled for completion in the second quarter of 2011. Project go-ahead is targeted for late 2011 / early 2012, followed by first shipments in late 2014 / early 2015.

These revised schedules were a necessary move to deliver the maximum economic returns for the projects and to underwrite the development of the mid-west region. They will ensure that the feasibility studies for the projects are completed to a standard and level of certainty required for project financing.

While I understand the concern this has created for shareholders we are working with the State Government on the issues that arise from the revised schedule and I am confident of an outcome that will realise our common goal of the development of a deep water port at Oakajee and the opening up of the mid-west region.

I am very pleased to announce that the Company has recently signed a terms sheet with a fund managed by Denver based Resource Capital Funds, whose funds have been a long term supportive shareholder of Murchison, for a US\$100m working capital bridge facility. The facility, which is for a term of 12 months, will provide funds for Murchison to meet its share of expenditure to complete feasibility studies for the mine and infrastructure projects and approved early construction works. The facility is subject to completion of binding legal documentation and the satisfaction of customary conditions precedent to draw down.

I am also pleased to report on the outcome of the litigation commenced by Chameleon Mining against Murchison, Crosslands and others. Chameleon's claim for an interest in the Jack Hills project or Murchison's shares in Crosslands was rejected by the Federal Court and vindicates the position that the Company took to strenuously oppose the claim. While the orders arising from the decision are still being finalised, we are very confident that the potential liability arising from transactions made by the Company's previous management in 2004 is relatively insignificant when compared to the amounts that Chameleon was promoting.

As Murchison moves towards the next stage of its development the Board has established a Nominations Committee that will consider the appointment of additional non-executive directors to complement the skill base of the current Board. This process is expected to be completed in the first half of the next calendar year.

During the year POSCO Australia Pty Ltd, a subsidiary of Korean steel giant, POSCO (SEO: 005490) (TYO: 5412) (NYSE: PKX), became Murchison's largest shareholder. POSCO is an important customer of Crosslands and has been a strong supporter of Murchison and our plans for the mid-west since 2005.

In summary, Murchison's strategic vision remains unchanged and firmly directed towards unlocking the mineral riches of the mid-west province. We hold interests in a potential world class iron ore producer, as well as the key to developing the region in the form of the deepwater port and heavy haul railway network at OPR.

In realising our strategic vision, I would again remind shareholders that Mitsubishi is contracted to make a deferred payment to Crosslands to complete the acquisition of Mitsubishi's 50% interest in the Jack Hills project prior to a project go-ahead decision which is targeted for late 2011 / early 2012.

In closing, I would like to thank the hard working and loyal staff at Murchison, along with the teams at Crosslands and OPR for all their efforts and enthusiasm over the year.

Thank you.

#### **About Murchison Metals Limited:**

Murchison is an Australian ASX-listed company and 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.

The Stage 1 Jack Hills project is currently producing up to 1.8 Mt of high grade iron ore per annum. Feasibility studies for a major Stage 2 expansion are well advanced.

In addition, Murchison has a 50% economic interest in independent infrastructure business, Oakajee Port and Rail (OPR). The remaining 50% economic interest in OPR is held by Mitsubishi. OPR's integrated port and rail development proposal will provide world class logistics services to miners (including Crosslands) and other potential customers in the mid-west region of WA.

In addition to its investments in Crosslands and OPR, Murchison is actively exploring growth opportunities in iron ore, coal and manganese in accordance with its approved corporate strategy.

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