

Murchison Metals Limited: Secures US\$100 Million Bridge Finance Facility

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Perth, Australia (ABN Newswire) - [Murchison Metals Limited](#) (ASX: MMX) (PINK: MUMTF) is pleased to announce it has signed a terms sheet for a US\$100 million Bridge Finance Facility ('the Facility') to be provided by a fund managed by Denver based Resource Capital Funds (RCF). RCF manages resources focused private equity funds, one of which is a long term shareholder of Murchison.

The Facility will provide Murchison with the ability to draw, at Murchison's election, up to US\$100 million to fund its share of expenditure to progress the Bankable Feasibility Studies (BFS) for the Jack Hills Expansion Project and Oakajee Port and Rail Infrastructure Project. The project BFSs are due for completion in the second quarter of 2011. The Facility may also be used for development activities for the projects and for working capital for Murchison.

The Facility is for a term of 12 months from first draw down with a 10% coupon rate. The Facility is subject to the completion of legal and security documentation and the satisfaction of customary conditions precedent prior to drawdown. Under the Facility Murchison will pay an establishment fee to be satisfied by the issue of 4.2m options that have an exercise price equal to 120% of the volume weighted average market price of Murchison shares over the 30 trading days prior to Murchison's acceptance. The term of the options is three years from the date of issue. Commitment fees and interest payments can be satisfied, at the Company's election, by the issue of shares or by the payment of cash. The Company must pay a break fee equal to 2% of the total commitment of the Facility if it elects not to proceed with the Facility.

Murchison Executive Chairman Paul Kopejtka said that establishing the Facility is a significant and positive step for Murchison.

'This Facility will provide us with standby funding support to confidently progress the feasibility studies for Crosslands and OPR,' said Mr Kopejtka.

'The Facility provides a robust safety buffer to Murchison's funding requirements, and provides us with significant flexibility in the timing of any drawdown.'

'I am also very pleased to be furthering our relationship with RCF, which is recognised as one of the world's leading resource project investors and is one of Murchison's biggest shareholders.'

RCF Partner Mason Hills said that RCF believed that both the Jack Hills Expansion Project and Oakajee infrastructure project were strong investment opportunities for its funds.

'Resource Capital Funds specialises in arranging funding for resources projects and the funds it manages have a track record of successful patient investment focussed on long term development.

Given our analysis during recent due diligence on the two projects, we are very confident in arranging this facility for Murchison. RCF is pleased to be continuing our association with the Company,' said Mr Hills.

RCF Managing Partner James McClements is also a Non Executive Director of Murchison. Mr McClements did not participate in the Board's decision to approve the Facility.

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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