



Chameleon Mining NL

ABN 17 098 773 785

ASX ANNOUNCEMENT

23 December 2011

SETTLEMENT OF MURCHISON LITIGATION

Chameleon Mining NL (Chameleon) is pleased to advise that it has reached agreement with Murchison Metals Ltd and its related entities ("Murchison") to finalise a significant commercial settlement in the Federal Court proceedings between the parties. The judgment in the Federal Court appeal remains reserved.

Chameleon will receive a twenty five million dollar (AUD\$25Million) cash payment from Murchison to settle the proceedings.

Murchison will make the payment to Chameleon in two tranches. The first tranche is a non-refundable payment of \$5,000,000 in cash to be made by 29 December 2011.

The balance of \$20,000,000 is to be paid upon (and conditional on) completion¹ of the proposed sale of Murchison's interests in Crosslands and the Oakajee Port & Rail projects to Mitsubishi Development Pty Ltd ("Mitsubishi").

The settlement represents a significant milestone and resolution for Chameleon shareholders.

Chameleon Chairman Ben Elias said the company had agreed to accept the Murchison offer primarily on the basis that, in the circumstances, the settlement amount in today's current economic environment provides a significant platform from which the company can build.

Additionally, the board paid careful consideration of the settlement amount relative to the significant change in value of Murchison today compared to when the proceedings were commenced in November 2007.

The settlement represents a commercially sensible resolution for both parties.

"After completion, the settlement amount will represent a cash backed implied value of approximately \$0.05 cents per share". When the Company's mining assets are added to that number there is an indicative value of approximately 7 cents, before any recovery from Philip Grimaldi.

¹ *Completion* means satisfaction of the Conditions Precedent recorded in bullet points and text in Appendix 1 of the MMX Announcement dated 24 November 2011 at the heading 'Conditions precedent'. Payment by Murchison is to be made within 5 business days thereafter.

As against Phillip Grimaldi (Grimaldi)

Significantly the settlement with Murchison does not affect the proceedings between Chameleon and Grimaldi.

Chameleon will continue to vigorously pursue all steps to realise its Judgment against Grimaldi. The company can now focus its final litigation activities on the recovery from Grimaldi.

The Federal Court expanded Grimaldi's liability to include an order that Grimaldi account in favour of Chameleon for all profits derived from his breaches of fiduciary duty including those profits derived from 10 Million Murchison shares and 12 million Murchison options.

Given the very low option exercise price (20c) of the Murchison options and the trading range for the shares in the relevant periods during which the Murchison shares were sold (up to circa \$5.50) the account of profit for this component of the Judgment may be significant.

We expect that the inquiry into Grimaldi's profits will exceed \$50Million.

Where the shares were not, or have not been sold, the profit will be calculated with reference to the price of Murchison shares on 20 October 2010 (circa \$1.52 per share).

Moving Forward

Mr Elias said "Chameleon is now in a very strong position both financially and with respect to its mining expertise based on its strategic alliance with Cape Lambert. The company will be active in its acquisition of mining projects."

Cape Lambert has a proven track record of developing mining assets all around the world, and these would be of great assistance in generating significant shareholder value.

Over the past few months the Company has reviewed a number of projects and should be in a position to firm up its position in respect of those projects with the confidence of having the funding required.

"I am very optimistic about the prospects for Chameleon, as this settlement will provide the company with a new beginning – a chameleon in every sense".

The Chameleon Board will be meeting early in the New Year to discuss the development and broadening of the company's mining interests.

As previously announced, the Company will look to initiate the share buy back noted at the last Annual General Meeting

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