



Chameleon Mining NL

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ASX ANNOUNCEMENT

22 February 2012

Chameleon Litigation Update

- Full Federal Court hands down decision in litigation proceedings
- Chameleon to pursue Grimaldi for an account of profits
- Consent Orders filed reflecting settlement for \$25,000,000 with Murchison

Chameleon Mining NL [ASX Code: **CHM**] today announced that it had been successful in the Federal Court appeal proceedings against Mr Phillip Grimaldi (**Grimaldi**) and was pleased with the terms of the settlement entered into with Murchison Metals Limited (**Murchison**).

The Full Federal Court yesterday delivered the reasons for its decision in respect of Chameleon's action against Murchison and Grimaldi.

On 23 December 2011 Chameleon announced that it had entered into an agreement to settle the litigation as against Murchison for \$25,000,000. The Chameleon and Murchison parties' filed consent orders yesterday afternoon.

At the time the offer was made the Chameleon's Board believed Murchison's viability as a going concern was a serious factor to be considered in the event the Mitsubishi Transaction did not proceed. The Chameleon Board was also mindful of the delay and disjointed nature of the decision at first instance.

The Murchison offer provided Chameleon with a substantial result and level of certainty that, given the circumstances, provided Chameleon with a solid capital resource base from which to move forward.

Further, the Board considered that had the litigation not been settled, it was likely that either of the parties (if unsuccessful) would have filed an appeal to the High Court. A High Court appeal would have provided another level of cost, delay and uncertainty for Chameleon.

For these reasons, the Board believes the settlement with Murchison, and the certainty of \$25,000,000 was in the best interests of shareholders.

Chameleon has now received those funds.

The Company is currently reviewing investment opportunities including securing a major interest in a potentially substantial mining resource.

Chameleon is pleased with the outcome and notes that as **against Grimaldi**, the Full Federal Court:

- Dismissed Grimaldi's appeal (on all grounds); and
- awarded Chameleon costs in the proceedings;

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- Upheld the findings against Grimaldi determined at first instance, namely that Grimaldi was liable to account for profits obtained by him and for 10 million shares and 12 million in options in Murchison.

Chameleon notes that the Court found that the value of these 22 million shares would be assessed at either \$1.52¹ or the value of the shares when actually sold.

In anticipation of this successful outcome against Grimaldi, the Company has been preparing its documentation to assist in the inquiry into the account of Grimaldi's² profits.

Chameleon will move ahead swiftly in the inquiry before His Honour Justice von Doussa to assess the quantum of the account of profits it is entitled to from Grimaldi. Chameleon believes it can establish in excess of \$50million worth of sales in the account.

The settlement with Murchison does not affect Chameleon's ability to pursue Grimaldi.

Project Investment Update

Following receipt of the settlement funds from Murchison, Chameleon is in the final stages of due diligence with respect to an investment into a promising manganese project.

The board expects to make an announcement in relation to the project within the next week.

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¹ This being the value of Murchison shares on the date the decision of the Federal Court at first instance was handed down.

² The account includes profits of Grimaldi's nominees