RESPONSE TO MEDIA ARTICLE

The Board of Kupang Resources Ltd (ASX:KPR) (Kupang or Company) makes this announcement to clarify factual inaccuracies and potentially misleading statements contained in an article in The Age and Sydney Morning Herald on Saturday, 13 October 2012 (Article).

The factual inaccuracies contained in the Article (and the Company’s factual responses) are set out below:

Statement in Article: “It (Kupang) won $25 million just before Christmas, and it knew a judgment was coming, but it still went shopping for manganese in Indonesia.”

Fact: At the time of entering into the agreement to acquire an interest in the Kupang Manganese Project in Indonesia (Kupang Transaction), the Company (then named Chameleon Mining NL) was successful in an appeal decision against an action brought against it by litigation funder Paul Lindholm (via his company International Litigation Partners Pte Limited’s (ILP)) in the Court of Appeal in NSW. At the time of entering into the Kupang Transaction, ILP had been granted special leave to appeal to the High Court and the Board considered it unlikely that such an appeal would be successful following the Court of Appeal decision in the Supreme Court of NSW in favour of Kupang. The Board considered the investment to be a prudent commercial decision.

Statement in Article: “There was also roughly $5 million that went to directors and others in “facilitation fees”, success fees and bonuses arising from the win in the Murchison case, not to mention the obligatory $2 million or so for the lawyers.”

Fact: The total amount paid in facilitation fees, success fees and bonuses following the Murchison settlement totalled approximately $3.9 million, the majority of which was contractually owed to an historical third party unrelated to the current Kupang Directors or to Cape Lambert Resources Limited (Cape Lambert). As detailed in the Company’s Annual Report for 30 June 2012, only $176,400 was paid to the current Chairman (and $570,582 to past directors) as a “success fee” on settlement of the Murchison Metals Limited (Murchison) litigation. Cape Lambert was not paid any funds following the settlement although it was entitled to under its Strategic Alliance Agreement with the Company (Alliance Agreement). The approximate $2 million paid in legal fees relates to all legal matters and not specific to the Murchison matter.
Statement in Article: “Alas it seems from a note to a resolution in Chameleon’s notice of meeting back in April that this funding was quietly snipped and Cape Lambert instead was awarded 40 million shares.”

Fact: Cape Lambert subscribed for shares and options in the Company to the value of $2 million to provide working capital to the Company. In accordance with the terms of the Alliance Agreement Cape Lambert provided the Company with a $6.5 million funding facility and was entitled to repayment of funds and a percentage of the Murchison settlement. As detailed above, at the time the Board considered it unlikely that ILP’s High Court appeal would be successful and the parties agreed to terminate the Alliance Agreement. In a strong show of support to the Company, Cape Lambert agreed to receive shares in the Company (which at the time of issue had a value of $1.72 million) in lieu of repayment of funds and a percentage of the Murchison Settlement.

Statement in Article: “Every resolution was approved when the meeting rolled around in May, including a lavish increase in directors’ fees, despite the fact that three directors had gone - Anthony Karam, James Arkoudis and Jason Bontempo - and there were just three left: Sage, Elias and Sage’s chief executive at Perth Glory, Paul Kelly.”

Fact: The resolution put to shareholders at the meeting in May 2012 to increase the maximum possible amount of remuneration payable to Non-Executive Directors was done so on the basis that the Company was transitioning from a company focussed on litigation to one focussed on the development of a manganese project in Indonesia, and therefore the Board would need to be strengthened over time to reflect this change in direction. The increase in maximum amount payable (not to be paid) to Non-Executive Directors was sought to provide the Company with flexibility to attract suitable personnel in the future (if it chose to do so). While approval was obtained, the current Non-Executive Directors do not take anywhere near the level of maximum amount payable under the constitution. As detailed in the Company’s Annual Report for 30 June 2012 the current level of fees payable to Non-Executive Directors is $138,000 while approval for a maximum of $500,000 was obtained. The amount of fees payable to the current Non-Executive Directors has not been increased since the resolution was passed by shareholders in May 2012.

Notwithstanding the inaccuracies contained in the Article, the Board acknowledges the need to balance the interests of Kupang’s liability with its obligations to ILP. The Company is in discussions with ILP with a view to resolution and finalisation of this matter.

At the request of the Company trading in its securities remains suspended. The Company will keep the market informed of any developments.

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