

Execution Version

23 June 2011

GUANGDONG RISING ASSETS MANAGEMENT CO., LTD

and

GUANGDONG RISING (AUSTRALIA) PTY LTD

and

CALEDON RESOURCES PLC

IMPLEMENTATION AGREEMENT

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(RRO/SLMU)

508730591

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THIS AGREEMENT is made on 23 June 2011.

PARTIES:

- (1) **GUANGDONG RISING ASSETS MANAGEMENT CO., LTD**, a company incorporated in China with registration number 4400001008974 and whose registered office is Ramada Pearl Hotel, 15 Floor, No.9 Mingyue No.1 Road, Dongshan District, Guangzhou, China PC:510600 ("**GRAM**");

AND

- (2) **GUANGDONG RISING (AUSTRALIA) PTY LTD**, a company incorporated in Australia with registration number ACN 147 138 592 and whose registered office is Suite 502, Level 5, 71 Macquarie Street, Sydney, New South Wales 2000, Australia (the "**Bidder**");

AND

- (3) **CALEDON RESOURCES PLC** a company incorporated in England and Wales with company number 03993115 and whose registered office is Lacon House, 84 Theobald's Road, London, WC1X 8RW ("**Caledon**"),

together referred to as the "**parties**" and each as a "**party**" to this Agreement.

RECITALS:

- (A) GRAM intends to acquire, through the Bidder, being its wholly owned subsidiary, the entire issued and to be issued share capital of Caledon on the terms set out in the Acquisition Announcement.
- (B) The Acquisition is intended to be effected by means of a scheme of arrangement under Part 26 of the Act but may, if GRAM and the Bidder determine in their absolute discretion (subject to the consent of the Panel), be effected by way of a takeover offer.
- (C) The parties have agreed to take certain steps to effect the completion of the Acquisition and wish to enter into this Agreement to record their respective obligations relating to such matters.
- (D) Each of GRAM and Caledon has indicated that neither is willing to proceed with the release of the Acquisition Announcement unless Caledon or GRAM (as applicable) agrees to pay the Break Fee to the other on the terms set out in Clause 12 of this Agreement.

IT IS AGREED as follows:

1. **INTERPRETATION**

- 1.1 In this Agreement each of the following words and expressions shall have the following meanings:

"Acquisition Announcement"	means the announcement in the agreed form set out in Schedule 1;
"Acquisition Document"	means the Scheme Document or, if the Acquisition is implemented by means of the Offer, the Offer Document;
"ASX Listing Rules"	means the listing rules of the ASX;
"Bidder Group"	means the Bidder and its subsidiaries and subsidiary undertakings from time to time and "member of the Bidder Group" shall be construed accordingly;
"Board Recommendation"	means the form of recommendation of the Caledon Directors to Caledon Shareholders, if the Acquisition is implemented by the Scheme, described in Clause 7.1(A) or, if the Acquisition is implemented by means of the Offer, described in Clause 7.1(B), in each case to be included in the Acquisition Announcement and in the Acquisition Document in accordance with Clause 7.1;
"Break Fee"	means the fee payable by Caledon or by GRAM (as applicable) in accordance with Clause 12 in each case of an amount equal to one per cent. of the value of the Acquisition (such amount being inclusive of any VAT or amount in respect of VAT, if any) calculated by reference to the price per Caledon Share set out in the Acquisition Announcement and the fully diluted share capital of Caledon (as such term is understood by the Panel);
"Caledon Group Connected Persons"	Caledon, each company in the Caledon Group and the directors, officers, employees, advisers and agents of each of them;
"CDI Documentation"	means any documentation required by the relevant depository to enable the depository to seek instructions from CDI Holders regarding how to vote in relation to the Scheme or whether to accept the Offer in respect of the Caledon Shares underlying the CDIs held by the CDI Holders;
"Confirmation"	means a notice in writing from the Bidder to Caledon that the Bidder has waived or treated as satisfied the Meetings Conditions and the

	Negative Conditions;
“Counsel”	means Andrew Thornton or such other specialist company law counsel as the parties may agree;
“Court Documentation”	means all the necessary evidence and pleadings in relation to the Scheme and the Reduction of Capital;
“Court Orders”	means the Scheme Court Order and/or the Reduction Court Order, as the case may be;
“Effective”	means: <ul style="list-style-type: none"> (i) if the Acquisition is implemented by means of the Scheme, the Scheme having become effective in accordance with its terms; or (ii) if the Acquisition is implemented by means of the Offer, the Offer having been declared or become unconditional in all respects in accordance with its terms;
“Effective Date”	means the date on which the Acquisition becomes Effective;
“Forms of Proxy”	means the forms of proxy for use by Caledon Shareholders and Scheme Shareholders at the Caledon General Meeting and the Court Meeting respectively;
“Meetings”	the Court Meeting and the Caledon General Meeting;
“Meetings Conditions”	means the Conditions contained in paragraph 2(a) and 2(b) of appendix 1 to the Acquisition Announcement;
“Negative Conditions”	means all the Conditions other than the Meetings Conditions and the other Conditions contained in paragraphs 1 and 2 of appendix 1 to the Acquisition Announcement;
“Offer Document”	means, if the Bidder elects to effect the Acquisition by means of the Offer, the offer document to be sent to Caledon Shareholders in connection with the Offer which will contain,

inter alia, the terms and conditions of the Offer;

“Offer Supplemental Document”	has the meaning given to it in Clause 6.3;
“Proceedings”	means any proceedings, suit or action arising out of or in connection with this Agreement, whether contractual or non-contractual;
“Reduction Court Hearing”	means the hearing by the Court of the petition to confirm the Reduction of Capital;
“Reduction Court Order”	means the order of the Court confirming the Reduction of Capital under section 648 of the Act;
“Reduction of Capital”	means the proposed reduction of Caledon’s share capital pursuant to section 641(1)(b) of the Act, provided for by the Scheme;
“Reduction Record Time”	means the time and date specified as such in the Scheme Document, expected to be 7.00 p.m. on the Business Day immediately before the date on which the Reduction Court Order is made;
“Registrar”	means the Registrar of Companies in England and Wales;
“Relevant Authority”	means any central bank, ministry, governmental, quasi-governmental (including the European Union), supranational, statutory, regulatory or investigative body or authority (including any national or supranational anti-trust or merger control authority), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), private body exercising any regulatory, taxing, importing or other authority, trade agency, association, institution or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction, including, for the avoidance of doubt, the Panel and the Financial Services Authority;
“Scheme Court Hearing”	means the hearing by the Court to sanction the Scheme;

“Scheme Court Order”	means the order of the Court sanctioning the Scheme under section 899 of the Act;
“Scheme Supplemental Document”	has the meaning given to it in Clause 5.6;
“Senior Employee”	means an employee, consultant or director of any member of the Caledon Group who is entitled to emoluments, or (in the case of fluctuating amounts) an average annual rate over the last three financial years, of in excess of AUS\$400,000 (or an equivalent amount in a different currency);
“Service Document”	means a claim form, application notice, order, judgment or other document relating to any Proceedings;
“Timetable”	means the timetable for the implementation of the Scheme set out in Schedule 2, subject to such amendment from time to time: <ul style="list-style-type: none"> (i) as may be necessary or desirable in respect of the procedures or requirements of the Court or the requirements of the Panel; or (ii) as may be agreed between the parties (with the consent of the Panel and/or the approval of the Court, as the case may be, if so required);
“VAT”	means any tax imposed in compliance with Directive 2006/112/EEC and any similar tax which may be imposed in substitution for or in addition to such tax; and
“Working Hours”	means 9.30 a.m. to 5.30 p.m. on a Business Day.

1.2 Terms used but not defined expressly herein shall, unless the context otherwise requires, have the meaning given to them in the Acquisition Announcement.

1.3 In this Agreement, except where the context otherwise requires:

- (A) the expressions “**subsidiary**” and “**subsidiary undertaking**” shall have the meanings given in section 1159 of the Act and a company shall be treated, for the purposes only of the membership requirement contained in sub-sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (i) another person (or its nominee),

whether by way of security or in connection with taking security, or (ii) its nominee;

- (B) the expressions "**acting in concert**", "**control**" and "**offer**" shall have the meanings given in the City Code;
- (C) the expression "**takeover offer**" shall have the meaning given in section 974 of the Act;
- (D) a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;
- (E) words in the singular shall include the plural and vice versa;
- (F) references to one gender include other genders;
- (G) a reference to a "**person**" shall include a reference to an individual, an individual's executors or administrators, a partnership, a firm, a body corporate, an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture or association (in any case, whether or not having separate legal personality);
- (H) references to a "**company**" shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established;
- (I) a reference to a Recital, Clause, paragraph or Schedule (other than to a schedule to a statutory provision) shall be a reference to a Recital, Clause, or paragraph of or Schedule to (as the case may be) this Agreement;
- (I) references to "**£**" and "**sterling**" are to the lawful currency of the United Kingdom;
- (J) references to times are to London time;
- (L) if a period of time is specified as from a given day, or from the day of an act or event, it shall be calculated exclusive of that day;
- (K) any reference to a "**day**" (including within the phrase "**Business Day**") shall mean a period of 24 hours running from midnight to midnight;
- (L) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction;

- (M) references to "**writing**" shall include any modes of reproducing words in any legible form and shall include email except where otherwise expressly stated;
- (N) a reference to "**includes**" or "**including**" shall mean "**includes without limitation**" or "**including without limitation**" respectively;
- (Q) (i) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word "other" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
- (i) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (O) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and
- (P) references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.
- 1.4 For the purposes of Clause 9 only, capitalised terms and expressions shall, unless otherwise defined, have the meanings given to them in the Loan Note Instrument dated 5 February 2010 regarding the up to £5,000,000 8.5 per cent. unsecured convertible loan notes 2013 of Caledon (the "**Loan Note Instrument**") a copy of which is attached as Schedule 3 to this Agreement.
- 1.5 The headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.
- 1.6 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.
2. **ANNOUNCEMENT**
- 2.1 The parties shall procure the release of the Acquisition Announcement at or before 9.00 a.m. on 23 June 2011 or such other time and date as may be agreed by the parties in writing.
- 2.2 The obligations of the parties under this Agreement (other than under Clauses 2.1, 15 and 16.2 to 30 which shall have immediate effect) shall be conditional upon the release of the Acquisition Announcement in accordance with Clause 2.1.
3. **STRUCTURE OF THE ACQUISITION**
- 3.1 GRAM and the Bidder currently intend to implement the Acquisition by means of the Scheme, however, the parties agree that GRAM and the Bidder may elect at any time in

their absolute discretion (subject to the consent of the Panel), whether before or after the posting of the Scheme Document, to implement the Acquisition by way of the Offer.

- 3.2 If GRAM or the Bidder elects to implement the Acquisition by means of the Offer, the parties will cease, as from the date of such election, to be under any further obligation under Clauses 5 and 8 and the Timetable shall cease to apply.

4. TERMS AND CONDITIONS OF ANY ACQUISITION

- 4.1 The principal terms of the Acquisition shall be the terms set out in the Acquisition Announcement and such other terms as the Bidder and Caledon may agree in writing (save in the case of an improvement to the terms of the Acquisition, which will be at the absolute discretion of the Bidder) and, to the extent required, the Panel may approve.

- 4.2 Each of the parties shall use reasonable endeavours to implement the Acquisition (and each stage of the Acquisition), save that nothing in this Agreement shall oblige the Bidder to:

- (A) waive any of the Conditions or treat them as satisfied; or
- (B) take any action required by any Relevant Authority to satisfy any of the Conditions (and for the avoidance of doubt, no Break Fee will be payable under Clause 12 by GRAM if the Bidder fails to do so).

- 4.3 The parties will co-operate with a view to all necessary or desirable statutory or regulatory clearances or obligations in connection with the Acquisition being obtained or complied with as promptly as reasonably practicable and, in particular, the parties will:

- (A) as promptly as reasonably practicable and, in any event, within any relevant time limit, make all such notifications to or filings with all appropriate Relevant Authorities, jointly or separately (as appropriate), as are necessary or expedient for the implementation of the Acquisition and/or satisfaction of the relevant Conditions;
- (B) provide as promptly as reasonably practicable in consultation with each other such information and assistance as may be reasonably requested by a Relevant Authority or by a party making a notification or filing to a Relevant Authority;
- (C) take such other reasonable measures as are necessary or desirable to ensure that the implementation of the Acquisition does not breach any applicable laws or regulations; and
- (D) keep the other parties informed reasonably promptly of any developments which are material or potentially material to the obtaining of, or compliance with, such statutory or regulatory clearances by the date of the Scheme Court Hearing as set out in the Timetable,

provided that nothing in this Clause 4.3 shall require either party to disclose any information which would result in it or another member of its group breaching any law,

regulation, provision of the City Code, court order or otherwise (including legal privilege or any confidentiality obligation on the disclosure).

- 4.4 Caledon and the Bidder shall ensure that they each include all information required by law or regulation in the Acquisition Announcement and in any other public document or announcement related to the Acquisition produced by Caledon or the Bidder (as applicable) or jointly with each other.
- 4.5 The parties agree to co-ordinate their input, and provide such assistance as the other party may reasonably require, to obtain any tax clearances that either party may reasonably require to be obtained in connection with the Acquisition.
- 4.6 Each of the parties represents and warrants to the others that, except as fairly disclosed in writing to the others before the date of this Agreement, neither it nor any of its directors is aware of any circumstances which are likely to prevent any of the Conditions from being satisfied.
- 4.7 If any of the parties is or becomes aware of any matter, not known so far as they are aware to the others, which might reasonably be considered to be material in the context of the satisfaction or waiver of any of the Conditions, it will (subject to any restrictions imposed on it by law, regulation, any provisions of the City Code or court order) as promptly as reasonably practicable make the substance of all such matters known to the others and provide such details and further information of which it is aware and which either of the other parties may reasonably request.
- 4.8 The Bidder undertakes that it will immediately before the Scheme Court Hearing provide the Confirmation if, at that time, each of the Meetings Conditions and the Negative Conditions has been satisfied or it has decided to waive those that have not been satisfied.

5. **SCHEME DOCUMENTATION**

- 5.1 Caledon shall, in consultation with the Bidder, as soon as reasonably practicable following the release of the Acquisition Announcement, prepare the Scheme Document, Forms of Proxy, the CDI Documentation and the Court Documentation and the parties shall ensure that such documents are finalised in sufficient time to permit application to the Court to be made for leave to convene the Court Meeting and for such documents to be posted, in each case, in accordance with the Timetable.
- 5.2 Caledon agrees:
- (A) to consult with the Bidder as to the form and content of the Scheme Document, Forms of Proxy, the CDI Documentation and the Court Documentation;
 - (B) to seek the approval of the Bidder (such approval not to be unreasonably withheld or delayed) to the content of the Scheme Document, the Forms of Proxy, the CDI Documentation and the Court Documentation (including, without limitation, the terms of the Scheme but excluding information in relation to Caledon, the Caledon Group or the Caledon Directors or any of their respective opinions, statements or expectations); and

- (C) not to post the Scheme Document to the Caledon Shareholders or finalise the Court Documentation unless Caledon has first obtained the prior written approval of the Bidder (such approval not to be unreasonably withheld or delayed).
- 5.3 Each of GRAM and the Bidder undertakes to provide Caledon with all such information about itself and the Bidder Group and any arrangements with management as may reasonably be required for inclusion in the Scheme Document and the Court Documentation and to provide as soon as reasonably practicable such other assistance as Caledon may reasonably require in connection with the preparation of the Scheme Document and the Court Documentation (in each case having regard to the requirements of the City Code, the Act and any other applicable laws and regulations), including access to, and procuring (so far as it is reasonably able) the provision of assistance by, relevant professional advisers to the Bidder Group and providing formal verification of all information relating to GRAM, the Bidder, the GRAM Group and the Bidder Group in the Scheme Document and the Court Documentation.
- 5.4 Each of GRAM and the Bidder will procure that its directors accept responsibility for all of the information in the Scheme Document relating to themselves or the GRAM Group or Bidder Group (as applicable) or their respective associates and statements of the opinion or expectation or future plans of the directors of GRAM or the Bidder in relation to the Acquisition or the combined group to the extent required by the Panel. Caledon will procure that its directors accept responsibility for all other information in the Scheme Document including that relating to Caledon Directors, the Caledon Group and the Board Recommendation (save for information on the Bidder's future plans for Caledon, the Caledon Group and its management and employees).
- 5.5 Each party shall as soon as reasonably practicable:
- (A) prepare, execute, agree, settle, publish and/or announce (and procure the preparation, execution, agreement, settlement, publishing and/or announcement) of all such documents, circulars, forms, notices or announcements (as the case may be) (which are not referred to in Clause 5.1) as may be necessary or desirable in the opinion of the other parties (acting reasonably) for the implementation of the Scheme in accordance with the terms of this Agreement and the requirements of (as applicable) the City Code, the Panel, the Court, the ASX and the London Stock Exchange; and
- (B) use reasonable endeavours to take the required steps necessary (and shall use reasonable endeavours to procure that their respective professional advisers and each of the members of the Caledon Group and the Bidder Group respectively, and directors and employees of the same, shall take all steps necessary) to provide such information as may be necessary or desirable in the opinion of the other (acting reasonably) for inclusion in the documentation referred to in Clause 5.5(A).
- 5.6 If any supplemental circular or document is required to be published or submitted to the Court in connection with the Scheme or any variation or amendment to the Scheme (a "**Scheme Supplemental Document**"), the parties will, as soon as reasonably practicable, provide such co-operation and information (including such information as is

necessary for the Scheme Supplemental Document to comply with all applicable legal and regulatory provisions) as the other parties may reasonably request to finalise the relevant Scheme Supplemental Document and shall publish any such Scheme Supplemental Document promptly. Caledon shall not publish or post any such Scheme Supplemental Document without the prior written approval of the Bidder (such approval not to be unreasonably withheld or delayed) unless required by law, regulation or pursuant to any requirements of the City Code or the AIM Rules or the ASX Listing Rules.

6. OFFER DOCUMENTATION

If the Bidder elects to implement the Acquisition by means of the Offer pursuant to Clause 3.1:

- 6.1 the Bidder shall be responsible for the preparation and despatch of the Offer Document and related documents;
- 6.2 Caledon undertakes:
 - (A) to provide the Bidder with all such information relating to itself, the Caledon Group (including any employees), the Caledon Directors and their associates as may be reasonably required for inclusion in the Offer Document and to provide all such other assistance as the Bidder may reasonably require in connection with the preparation of the Offer Document (in each case having regard to the requirements of the City Code, the Act and any other applicable laws and regulations) including access to, and procuring (so far as it is reasonably able) the provision of assistance by, relevant professional advisers to the Caledon Group;
 - (B) to take, or cause to be taken, all such steps as are within its powers and are necessary, or reasonably required by the Bidder, to assist the Bidder to implement the Offer; and
 - (C) to procure that the Caledon Directors accept responsibility for the Board Recommendation and all information in the Offer Document relating to themselves, their associates, Caledon and the Caledon Group (including any employees) or which is required to be included in the Offer Document pursuant to Rule 25 of the City Code; and
- 6.3 if any supplemental circular or document is required, or reasonably considered by the Bidder to be desirable, to be published in connection with the Offer or any variation or amendment to the Offer (an "**Offer Supplemental Document**"), the parties will, as soon as reasonably practicable, provide such co-operation and information (including such information as is necessary for the Offer Supplemental Document to comply with all applicable legal and regulatory provisions) as the other may reasonably request to finalise the relevant Offer Supplemental Document and shall publish any such Offer Supplemental Document promptly.

7. RECOMMENDATION AND DIRECTORS' DUTIES

7.1 Subject to Clause 7.2 Caledon agrees:

- (A) that the Scheme Document and any Scheme Supplemental Document (when issued and posted to the Caledon Shareholders) shall include a unanimous and unqualified recommendation from the Caledon Directors to: (i) the Scheme Shareholders to vote in favour of the resolution to be proposed at the Court Meeting; and (ii) the Caledon Shareholders to vote in favour of the Resolutions, such recommendation to be in substantially the following terms:

"The directors of Caledon, who have been so advised by Royal Bank of Canada Europe Limited, consider the terms of the acquisition to be fair and reasonable. In providing its advice to the directors of Caledon, Royal Bank of Canada Europe Limited has taken into account the commercial assessment of the directors of Caledon.

The directors of Caledon unanimously recommend that Caledon shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting."

- (B) if the Bidder elects to implement the Acquisition by means of the Offer, that the Offer Document and any Offer Supplemental Document, when issued and posted to the Caledon Shareholders, shall include a unanimous and unqualified recommendation from the Caledon Directors to the Caledon Shareholders to accept the Offer, such recommendation to be in the form set out at Clause 7.1(A) with such amendments as necessary to reflect that the Acquisition is to be implemented by means of the Offer rather than the Scheme;
- (C) not to, and that it will procure that the Caledon Directors do not, withdraw, qualify or adversely modify the Board Recommendation, as included in the Acquisition Announcement and the Acquisition Document, or pursuant to Clause 7.1(B), or propose to do the same; and
- (D) not to, and that it will procure that the Caledon Directors do not, whether before, at or after the Meetings, do any act, including making any public statement, or make any omission, which is likely to be considered to be contrary to the Board Recommendation.

7.2 The obligations in Clause 7.1 shall not apply following the receipt of an unsolicited Alternative Proposal if the Caledon Directors have determined, acting reasonably and in good faith, that the Board Recommendation should not be given or should be withdrawn, qualified or adversely modified in order to comply with their statutory and fiduciary duties to Caledon or be modified due to the requirements of Rule 3.1 of the City Code to make the substance of any independent advice known to the Caledon Shareholders, provided that the Caledon Directors first obtained, and had regard to, appropriate independent legal and financial advice.

7.3 GRAM and the Bidder agree that if the circumstances are such that Clause 7.2 is applicable, Caledon will be free to explain to the Court and Caledon Shareholders why

the Caledon Directors have withdrawn, qualified or adversely modified the Board Recommendation.

7.4 For the avoidance of doubt, for the purposes of Clause 7.1:

- (A) any postponement of the despatch of the Scheme Document from any relevant date set out in the Timetable;
- (B) any postponement of the date for which either of the Meetings is convened from any relevant date set out in the Timetable; and
- (C) any adjournment of either of the Meetings (other than in accordance with Clause 8.1(H)),

to which the Bidder has not agreed in writing (such consent not to be unreasonably withheld or delayed) shall each constitute an adverse modification to the Board Recommendation, save to the extent that such postponement or adjournment is: (i) imposed by the Panel or the Court; or (ii) a non-material postponement or adjournment for administrative purposes; or (iii) in accordance with the terms of this Agreement.

8. IMPLEMENTATION OF THE SCHEME

8.1 Caledon undertakes to GRAM and the Bidder, subject as provided in, and to the extent not otherwise inconsistent with, the terms of this Agreement, that it will take, or procure that its Caledon Group Connected Persons take, all such reasonable steps as are within its power and are necessary, or reasonably required by the Bidder, to implement the Scheme in accordance with the Timetable, and in accordance with and subject to the terms and conditions of the Acquisition Announcement and, in particular, but without limitation, Caledon shall:

- (A) instruct Counsel for the purposes of the Scheme and shall provide the Bidder with the opportunity to attend any conferences with the same to discuss the Scheme and any issues arising in connection with it;
- (B) as soon as reasonably practicable following the release of the Acquisition Announcement in accordance with Clause 2.1, apply to the Court for leave to convene the Court Meeting and settle with the Court the Scheme Document, Forms of Proxy and all necessary advertisements, and (subject to GRAM and the Bidder providing all such information in relation to the GRAM Group and the Bidder Group as are required to be included therein) file such documents and take such other steps as the Court may direct or require or as may otherwise be necessary in connection with such application;
- (C) subject to:
 - (i) the Court making the order necessary to convene the Court Meeting as contemplated by Clause 8.1(B);

- (ii) the necessary documents being settled and finalised, with the assistance of the Bidder and (where required) with the Court, and approved by the Bidder under Clause 5.2; and
- (iii) such documents (so far as required) being approved by any regulatory authority in an applicable jurisdiction including, without limitation, the Panel, the London Stock Exchange and ASX,

in accordance with the orders of the Court and as soon as reasonably practicable (and in any event so as to comply with the Timetable), publish and post the requisite documents (including the Scheme Document and Forms of Proxy), to the Caledon Shareholders on the register of members of Caledon on a date to be agreed with the Court (and any others entitled to receive such documents) and thereafter, as soon as reasonably practicable, publish and/or post (as required) such other documents and information as the Court or any competent regulatory authority may approve or require from time to time in connection with the due implementation of the Scheme;

- (D) once the Scheme Document has been published and posted to the Caledon Shareholders, except as required by law (including the statutory and fiduciary duties of the Caledon Directors to Caledon) or by regulation or by the Court or by the Panel (after any rights the Bidder may have elected to exercise to appeal a Panel Executive ruling to the Hearings Committee and the Takeover Appeal Board have been exhausted) or by any other regulatory body or to effect an adjournment in accordance with Clause 8.1(H), not make any amendment or addition to, or otherwise vary, the terms of the Scheme (including varying the Timetable) or withdraw the Scheme or allow the Scheme to lapse, without in any such case the prior written approval of the Bidder (such approval not to be unreasonably withheld or delayed);
- (E) in accordance with the relevant orders of the Court and the Timetable, convene the Court Meeting to consider and, if thought fit, approve the Scheme and, subject to Clause 8.1(H), hold the Court Meeting at the time and on the date on which it is convened and propose the Scheme in the form and manner directed by the Court;
- (F) convene the Caledon General Meeting for the date set out in the Timetable to consider and, if thought fit, approve the Resolutions, and subject to Clause 8.1(H), hold the Caledon General Meeting at that time and date and propose at the Caledon General Meeting the Resolutions in the terms set out in the Scheme Document without amendment (unless otherwise agreed by the Bidder in writing);
- (G) on each Business Day from and including the day falling five Business Days after the posting of the Scheme Document up to and including the Business Day immediately before the day for which the Meetings have been convened, use its best efforts to inform the Bidder of:

- (i) the number of valid proxy votes in respect of the Court Meeting, with the number of proxy votes for and against the resolution to be proposed at the Court Meeting being separately identified;
 - (ii) the number of Caledon Shareholders who have submitted valid Forms of Proxy for the Court Meeting, with the number of Caledon Shareholders who have submitted proxy votes for and against the resolution to be proposed at the Court Meeting being separately identified; and
 - (iii) the number of valid proxy votes in respect of the Caledon General Meeting, with the number of proxy votes for and against the Resolutions being separately identified;
- (H) take all necessary actions within its control to adjourn the Meetings (or either of them) to such date and time as the Bidder may require if the Bidder considers such adjournment to be reasonably necessary or desirable to implement the Scheme and co-operate with the Bidder in seeking consent to any such adjournment (if required) and not otherwise adjourn either of the Meetings except if required by the Court, Caledon's articles of association or applicable law or regulation (provided that such adjournment is not procured or instigated by or on behalf of Caledon unless the need for such adjournment arises as a result of some act or omission of any member of the Bidder Group);
- (I) as soon as reasonably practicable following the Meetings, subject to the resolutions to be proposed at each of the Court Meeting and the Caledon General Meeting having been passed by the requisite majorities and subject to Clause 8.1(K), seek the sanction of the Court to the Scheme and the confirmation by the Court of the Reduction of Capital in accordance with the Timetable and propose, issue, serve and lodge all relevant Court Documentation;
- (J) take any other action reasonably necessary to make the Scheme effective (including, for the avoidance of doubt, reconvening the Court Meeting and any other shareholder meetings as soon as reasonably practicable, if necessary);
- (K) not proceed with the Scheme Court Hearing unless the Bidder has given the Confirmation (so that the Confirmation is available at the Scheme Court Hearing), provided that the Confirmation shall cease to have effect if the Court has not made the Scheme Court Order by the end of the hearing;
- (L) as soon as reasonably practicable after the Reduction Court Order is made (and prior to the cancellation of the admission of the Caledon Shares to AIM), cause an office copy of the Court Orders to be filed with, and the statement of capital in connection with the Reduction of Capital to be registered by, the Registrar and to cause the Bidder to be recorded in the register of members of Caledon as the owner of the Caledon shares;

- (M) promptly provide the Bidder with a copy (certified as a true copy by the Caledon's solicitors or its company secretary) of the resolutions passed at the Meetings and of each of the Court Orders once obtained;
- (N) not allot or issue any Caledon Shares between:
 - (i) the Voting Record Time and the end of the Caledon General Meeting; or
 - (ii) the Reduction Record Time and the time at which the Scheme becomes Effective.
- (O) if requested by the Bidder, before the Reduction Record Time, but after the Scheme Court Order is made, allot and issue to the Bidder one Caledon Share at a subscription price, payable in cash, equal to the consideration per Caledon Share payable under the terms of the Scheme;
- (P) take reasonable steps in consultation with the Bidder to ensure that the issue of shares to the Bidder in accordance with the Scheme is effective at the time that Caledon causes an office copy of the Court Orders to be filed with the Registrar;
- (Q) take such steps (and only such steps) as the Bidder reasonably requests to delist the Caledon Shares from AIM and the CDIs from ASX on such terms as the Bidder requests; and
- (R) not take any action, or make any omission, which would be inconsistent with the foregoing.

8.2 The Bidder shall (subject to compliance by Caledon with the terms of this Agreement) take all such steps as are reasonably necessary or desirable to implement the Scheme in accordance with the Timetable (save for any non-material postponement or adjournment for administrative purposes) and on the terms (but subject to the Conditions) set out in the Acquisition Announcement, and in particular shall, subject to the satisfaction or waiver of the Conditions:

- (A) through Counsel, consent at the Scheme Court Hearing to be bound by the Scheme;
- (B) execute or procure the execution of all such documents, and do or procure the carrying out of all such actions, as may be reasonably necessary or desirable to implement the Scheme; and
- (C) give such undertakings as may be required by the Court in connection with the Scheme,

save that this Clause shall not oblige the Bidder to waive any of the Conditions or treat them as satisfied.

8.3 Each party will have due regard to, and take due account of, all reasonable requests from time to time of the other in relation to the Scheme and its implementation.

- 8.4 Caledon shall not apply to the Court or take any other step in respect of any scheme of arrangement pursuant to Part 26 of the Act other than the Scheme.

9. **LOAN NOTE PROPOSAL**

- 9.1 GRAM and/or the Bidder (as applicable) and Caledon agree that each of the Loan Note Holders be requested to execute an irrevocable undertaking (each an **"Irrevocable Undertaking"**) in which each Loan Note Holder undertakes, *inter alia* and conditional upon the Acquisition Announcement being made, to execute a written resolution in favour of certain modifications to the Loan Note Instrument and Conditions as described at Clause 9.2 of this Agreement below.
- 9.2 Caledon undertakes to present and recommend to each of the Loan Note Holders, simultaneously with the execution of the Irrevocable Undertaking, a written resolution (the **"Written Resolution"**) proposing the following modifications to the Loan Note Instrument and Conditions, conditional on the Acquisition becoming effective either by means of a Scheme or by an Offer:
- (A) the insertion of a provision requiring the mandatory redemption of the Loan Notes in the circumstances contemplated in Clause 9.2(B) of this Agreement below;
 - (B) the insertion of a new Condition to provide for payment of a mandatory redemption amount (the **"Mandatory Redemption Amount"**) within 14 days after the Acquisition becomes Effective and stating that accrued interest will be paid in respect of the Loan Notes from and including the Interest Payment Date immediately preceding the date on which the Loan Notes are mandatorily redeemed up to but excluding the date on which the Loan Notes are mandatorily redeemed;
 - (C) the insertion of a provision suspending the rights of the Loan Note Holders to convert Loan Notes into Ordinary Shares during the period from and including:
 - (i) if the Acquisition is implemented by means of the Offer, the Effective Date or
 - (ii) if the Acquisition is implemented by means of the Scheme, the Scheme Record Time up to and including the date on which the Loan Notes are mandatorily redeemed, this period being the **"Conversion Suspension Period"**;
 - (D) the insertion of a new provision in Condition 3.2 (*Adjustment of Conversion Price*) of the Loan Note Instrument stating that, for the avoidance of doubt, the only adjustment to the Conversion Price applicable in relation to events which may occur in connection with the implementation of the Scheme or Offer will be Condition 3.2.10 (*Change of Control*);
 - (E) the deletion of Clause 12.2.2 of the Loan Note Instrument regarding Caledon's obligation to procure that, *inter alia*, a like offer or scheme is extended to the Loan Note Holders in the event that an offer is made by an offeror to all (or as nearly as may be practicable all) of Caledon's shareholders to acquire all or a majority of the issued ordinary share capital of Caledon, or if a scheme is proposed with regard to Caledon; and

- (F) the deletion of Condition 3.8 regarding Caledon's obligation to give notice to the Loan Note Holders upon the occurrence of a Relevant Event.

9.3 Caledon undertakes to use reasonable endeavours to procure the execution by the Loan Note Holders of the Irrevocable Undertaking and the Written Resolution, and to execute a deed of modification to the Loan Note Instrument (the "**Deed of Modification**") implementing the modifications proposed in the Written Resolution, and to take all other actions considered by GRAM or the Bidder to be reasonably necessary or desirable to give effect to the modifications to the Loan Note Instrument and the Conditions proposed in the Written Resolution.

9.3 In the event that a Loan Note Holder, in contravention of the proposed restriction on conversion during the Conversion Suspension Period (to the extent that this Conversion Suspension Period has been agreed to by execution of the Written Resolution), seeks to exercise its Conversion Rights, Caledon undertakes not to issue or deliver any Ordinary Shares to any such Loan Note Holder, save as required by law or regulation or order of a Court.

10. **EMPLOYEE RELATED MATTERS**

10.1 Subject to applicable confidentiality, legal or regulatory requirements, Caledon undertakes to the Bidder to co-operate with and provide such details to the Bidder in relation to the Caledon Share Option Schemes as the Bidder reasonably requires to plan and communicate with the participants of the Caledon Share Option Schemes.

10.2 Caledon shall, in conjunction with the Bidder, prepare the documentation to be sent to participants in the Caledon Share Option Schemes and Caledon agrees to:

- (A) consult with the Bidder as to the form and content of such documentation;
- (B) seek the approval of the Bidder to the content of such documentation (such approval not to be unreasonably withheld or delayed);
- (C) afford the Bidder sufficient time to consider such documentation in order to give its approval; and
- (D) not finalise or post such documentation unless Caledon has first obtained the written approval of the Bidder (such approval not to be unreasonably withheld or delayed).

11. **CONDUCT OF BUSINESS**

11.1 Caledon undertakes, without prejudice to Rule 21 of the City Code, save as required by law, regulation or the Court or pursuant to any requirement of the Panel, the London Stock Exchange or any other regulatory body, that before the earlier of the Effective Date and the termination of this Agreement in accordance with its terms it shall not, and it shall procure that no other member of the Caledon Group shall (except with the prior written approval of the Bidder):

- (A) carry on business other than in the ordinary course and in all material respects consistently with past practice;
- (B) other than between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, recommend, declare, pay or make or propose to recommend, declare, pay or make, any bonus issue, dividend or other distribution, whether payable in cash or otherwise;
- (C) take any action which requires under Rule 21 of the City Code the approval of its shareholders in general meeting or the consent of the Panel or enter into or agree to enter into any transaction that would require notification of Caledon Shareholders under the AIM Rules or put to Caledon Shareholders for approval in general meeting any resolution which, if passed, would constitute approval for the purposes of Rule 21 of the City Code (other than in connection with the Scheme or pursuant to the exercise of options and satisfaction of awards granted under the Caledon Share Option Schemes or conversion of the Caledon Loan Notes in accordance with their terms and conditions);
- (D) except in accordance with Clause 8.1(O), the Scheme or pursuant to the exercise of options and satisfaction of awards granted under the Caledon Share Option Schemes before the date of this Agreement or the conversion of the Caledon Loan Notes in accordance with their terms and conditions:
 - (i) sub-divide, consolidate, re-classify or make any other change to its authorised, allotted or issued share capital; or
 - (ii) issue any share capital or grant any options or awards or rights to subscribe for securities;
- (E) settle or institute any legal, regulatory or arbitral proceedings, claims or disputes with a value of more than £500,000 (or equivalent in any other currency) or settle any claim or dispute in relation to any intellectual property owned or used by the Caledon Group;
- (F) make (or agree to make) any payment outside the ordinary course of business which would be material in the context of the Acquisition, save for Caledon's reasonable costs in connection with the Acquisition;
- (G) knowingly do any act, matter or thing which would cause any of the Conditions not to be satisfied or which is reasonably likely to have the effect of materially delaying satisfaction of any of the Conditions or to be materially prejudicial to the implementation of the Acquisition;
- (H) except pursuant to the Resolutions, amend the memorandum or articles of association of any member of the Caledon Group;
- (I) amend or alter the rules or terms of, or adopt, any share scheme of any member of the Caledon Group;

- (J) amend or terminate (other than for cause) the service agreement of, or other arrangements with, any director or Senior Employee of any member of the Caledon Group or provide, or agree to provide, a gratuitous payment or benefit of any kind to any such director or Senior Employee;
 - (K) incur any indebtedness which is material in the context of the Acquisition;
 - (L) encumber or dispose of any interest in any material assets of the business of the Caledon Group taken as a whole except in the ordinary course of business;
 - (M) alter the nature or scope of its business in any way which is material in the context of the business of the Caledon Group taken as a whole or the Acquisition;
 - (N) terminate, supplement or amend any agreement or arrangement which is material in the context of the Caledon Group as a whole; or
 - (O) enter into an agreement or assume any obligation to do any of the above.
- 11.2 If Caledon is or becomes aware of any breach or anticipated breach or any circumstances likely to give rise to a breach of any of the undertakings set out in Clause 11.1, or of any event or circumstance that Caledon Directors consider is likely to have a material impact on the Caledon Group's financial or operational position, or the implementation of the strategy of the Caledon Group, it shall notify the Bidder promptly.
- 11.3 Caledon undertakes that it shall, and shall procure that the other members of the Caledon Group shall, consult with the Bidder before entering into or varying, or announcing any intention to enter into or vary, or proposing to enter into or vary, any contract, commitment, arrangement or agreement which the Managing Director of Caledon in any case (acting reasonably) considers is material in the context of the Caledon Group as a whole. This Clause does not apply to any contract, commitment, arrangement or agreement in respect of which Clause 11.1 applies.
- 11.4 Caledon shall, and shall procure that each member of the Caledon Group shall, upon the reasonable request of the Bidder:
- (A) provide the Bidder with such access (during Working Hours only) to the executive directors of Caledon and its senior managers for the purposes of consultation with such personnel as the Bidder may reasonably request, provided that no such person shall be required to disclose any information which would result in breach of any confidentiality obligation, law or regulation; and
 - (B) from the date that the Acquisition Announcement is made, co-operate with and provide the Bidder with such information and assistance as it may reasonably require to identify any provisions of any material licences, authorisations, concessions, agreements, understandings, obligations and other arrangements by which it or any other member of the Caledon Group is bound or to which it or such other member of the Caledon Group is otherwise a party or subject, in each case that require any action to be taken by Caledon, any other member of

the Caledon Group, the Bidder and/or any other member of the Bidder Group because of the implementation of the Acquisition (including, for example, the giving of a notification or seeking a waiver of any rights arising on a change of control). Caledon's obligations under this Clause 11.4(B) shall at all times be subject to applicable confidentiality, legal and regulatory requirements and shall not require any member of the Caledon Group to permit the Bidder to take any such action prior to the Effective Date.

12. BREAK FEE

12.1 If:

- (A) following the publication of the Acquisition Announcement in accordance with Clause 2.1, and before the Scheme or the Offer (as applicable) lapses, is withdrawn, terminates or otherwise fails or (with the consent of the Panel) is not made ("**Termination**"), an announcement regarding an Alternative Proposal is made and that Alternative Proposal or any other Alternative Proposal within 180 days of the date of the Acquisition Announcement, subsequently becomes or is declared unconditional in all respects or is otherwise completed or effective;
- (B) the Caledon Directors do not in the Scheme Document unanimously and without qualification recommend: (i) the Scheme Shareholders to vote in favour of the Scheme at the Court Meeting; and (ii) the Caledon Shareholders to vote in favour of the Resolutions at the Caledon General Meeting or, if the Bidder elects to implement the Acquisition by means of the Offer, the Caledon Directors do not in the Offer Document unanimously and without qualification recommend the Caledon Shareholders to accept the Offer;
- (C) following the release of the Acquisition Announcement the Caledon Directors withdraw, qualify or adversely modify the Board Recommendation or agree or resolve to recommend an Alternative Proposal;
- (D) following the release of the Acquisition Announcement, the Scheme is not approved by the Caledon Shareholders at the Court Meeting or the Resolutions are not passed at the Caledon General Meeting or, as the case may be, the acceptance condition in the Offer is not satisfied;
- (E) if the Acquisition is being implemented by way of the Scheme, and the resolutions to be proposed at the Court Meeting and the Caledon General Meeting have been passed by the requisite majorities, the Caledon Directors do not, except in accordance with Clause 8.1(K), seek the Scheme Court Order or the Reduction Court Order in accordance with the Timetable or do not file the Court Orders with the Registrar in accordance with the Timetable;
- (F) following the release of the Acquisition Announcement the Panel permits the Bidder to withdraw or not to proceed with the Acquisition for breach of a Condition which arises solely from a material act or omission of Caledon;
- (G) Caledon or any of the Caledon Directors, whether before, at or after the Meetings, does any act, including making a public statement, or makes any

omission which is or could reasonably be considered to be contrary to the Board Recommendation or their stated intention to give the Board Recommendation in any Acquisition Announcement or any Scheme Document, or as the case may be, Offer Document; or

- (H) Caledon materially breaches the terms of this Agreement and the Bidder elects to terminate it,

then Caledon shall pay GRAM the Break Fee.

12.2 For the avoidance of doubt, for the purposes of Clause 12.1:

- (A) any postponement of the despatch of the Scheme Document from the relevant date in the Timetable;
- (B) any postponement of the date for which either of the Meetings is convened from the relevant date in the Timetable; and
- (C) any adjournment of either of the Meetings (other than in accordance with Clause 8.1(H)),

to which the Bidder has not agreed in writing (such consent not to be unreasonably withheld or delayed) shall each constitute an adverse modification to the Board Recommendation, save to the extent that such postponement or adjournment is: (i) imposed by the Panel or the Court; or (ii) a non-material postponement or adjournment for administrative purposes; or (iii) in accordance with the terms of this Agreement.

12.3 Subject to Clause 12.4, GRAM agrees to pay to Caledon the Break Fee if either GRAM or the Bidder take any material action following the release of the Acquisition Announcement which results in the Scheme or the Offer (as applicable) lapsing, being withdrawn, terminating or otherwise failing, provided that this Clause 12.3 shall not apply if GRAM or the Bidder has elected to implement the Acquisition by way of Offer before such lapse, termination, withdrawal or failure of the Scheme, or vice-versa.

12.4 GRAM shall not be obliged to pay Caledon the Break Fee in the event that:

- (A) following the Acquisition Announcement, the Scheme or the Offer (as applicable) lapses, terminates or otherwise fails as a result of action taken by any Relevant Authority, save where any of these events (without prejudice to the provisions of clause 4.2(B)) is caused by the actions or inactions of GRAM or the Bidder; or
- (B) GRAM or the Bidder withdraws from the Scheme or the Offer (as applicable):
- (i) due to all material Conditions not being satisfied;
- (ii) if the Panel so permits; or
- (iii) in circumstances where a Break Fee is payable by Caledon.

- 12.5 Payment of the Break Fee by Caledon or GRAM (as applicable) shall be made within 10 Business Days of such Break Fee becoming payable in immediately available funds (without any deduction or withholding, save only as required by law, and without regard to any lien, right of set-off, counterclaim or otherwise) to such bank account as may be notified to Caledon by GRAM or by GRAM to Caledon (as applicable) for such purpose.
- 12.6 Caledon warrants, represents and undertakes that it has not entered into, and shall not enter into after the date hereof, any break fee, inducement fee or similar arrangement in connection with an Alternative Proposal with any third party which is not acting in concert with the Bidder.
- 12.7 Caledon acknowledges and confirms that:
- (A) the Caledon Directors, having taken appropriate independent legal and financial advice, believe the arrangements set out in this Clause 12 will promote the success of Caledon for the benefit of its members as a whole;
 - (B) the Caledon Directors have considered the net assets of the Caledon (as at the date of this Agreement) for the purposes of section 677 of the Act and have concluded that the arrangement to pay the Break Fee does not reduce, to a material extent, the net assets for the purposes of section 677(1)(d)(i) of the Act; and
 - (C) such arrangements have been approved by the Panel pursuant to Rule 21.2 of the City Code.

13. **RIGHT TO MATCH**

Caledon undertakes that it will not (and shall procure that no Caledon Director nor any member of the Caledon Group (as applicable) shall) withhold, withdraw, change, qualify or adversely modify the Board Recommendation or advice to Caledon Shareholders in respect of the Acquisition or withdraw or fail to proceed with (in accordance with the Timetable) the Scheme, unless the provisions contained in clause 5 of the Non-Solicitation Agreement are complied with.

14. **GENERAL**

- 14.1 The obligations and restrictions imposed on Caledon and the Caledon Directors under Clauses 4.2, 5.1, 8.1(B) to 8.1(F) (inclusive), 8.1(H) to 8.1(J) (inclusive), 8.1(L), 8.1(N), 8.1(O) and 8.4 of this Agreement shall not apply to the extent that the Caledon Directors conclude (based on appropriate external financial and legal advice) that they are obliged to disregard such obligation or restriction in order to comply with their statutory and fiduciary duties.
- 14.2 Nothing in this Agreement shall in any way limit the parties' obligations under: (i) the City Code; (ii) any uncontested rulings of the Panel as to the application of the City Code; (iii) the Act; (iv) the AIM Rules; (v) the ASX Listing Rules; and (vi) the Corporations Act 2001 (Cth of Australia) in conflict with any of the terms of this Agreement, which shall take precedence over any such terms.

- 14.3 Nothing in this Agreement shall oblige Caledon to pay any amount which the Panel determines would not be permitted by Rule 21.2 of the City Code.

15. **APPROVALS AND CONFIRMATION**

GRAM, the Bidder and Caledon each confirms to the other that it has the requisite power and authority to enter into and perform its obligations under this Agreement and that the obligations expressed to be assumed by it hereunder are valid and binding and enforceable against it in accordance with their terms.

16. **TERMINATION**

- 16.1 Subject to Clauses 16.2 and 16.3, this Agreement may be terminated and all rights and obligations of the Bidder and Caledon under this Agreement shall cease:

- (A) as agreed in writing by the parties;
- (B) if the Effective Date has not occurred by 30 September 2011 (or such later date as the parties may agree in writing with the consent of the Panel);
- (C) on the earliest to occur of:
 - (i) the date on which the Scheme lapses, terminates or is withdrawn; and
 - (ii) the Effective Date,

provided this Clause 16.1(C) shall not apply if GRAM and the Bidder have elected to implement the Acquisition by way of the Offer (subject to the consent of the Panel) before such lapse, termination or withdrawal;

- (D) on the earliest to occur of:
 - (i) the date on which the Offer lapses terminates or is withdrawn; and
 - (ii) the Effective Date,

provided that this Clause 16.1(C) shall not apply if GRAM and the Bidder have elected to implement the Acquisition by way of a Scheme (subject to the consent of the Panel) before such lapse, termination or withdrawal;

- (E) if the Scheme is not approved by the requisite majority of the Scheme Shareholders at the Court Meeting or the Resolutions are not passed by the requisite majority at the Caledon General Meeting and GRAM and the Bidder have not elected, in accordance with Clause 3.1, within 10 Business Days of the date of the relevant Meeting, to implement the Acquisition by means of the Offer;
- (F) if the Scheme is not sanctioned at the Scheme Court Hearing or the Reduction of Capital is not confirmed by the Court at the Reduction Court Hearing and GRAM and the Bidder have not elected, in accordance with Clause 3.1, within

10 Business Days of the date of the relevant hearing, to implement the Acquisition by means of the Offer;

- (G) by written notice from the Bidder to Caledon:
- (i) following a material breach of any of the covenants and obligations to be performed by Caledon pursuant to Clauses 8 and 11 provided in each case that (if the breach is remediable within the time frame contemplated for effecting the Acquisition) Caledon has been given such period as is reasonable in the light of that timetable and the relevant breach (not exceeding 15 days) to remedy the same;
 - (ii) if any Condition is incapable of satisfaction; or
 - (iii) if the Board Recommendation contained in the Acquisition Announcement or the Acquisition Document is no longer unanimous or is withdrawn, qualified or adversely modified at any time or if Caledon;
- (H) if the Break Fee is paid or becomes payable pursuant to Clause 12; or
- (I) upon written notice by a party of a material breach of this Agreement by another party provided that (if the breach is remediable within the requirements of the Timetable) Caledon or GRAM or the Bidder (as the case may be) has been given such period as is reasonable in the light of that timetable and the relevant breach (not exceeding 15 days) to remedy the same; or
- (J) if the Scheme Document or the Offer Document is not published within 28 days of the Acquisition Announcement or, once published, the Bidder fails to comply with its obligations under the City Code arising from the publication of such document.

- 16.2 Termination of this Agreement shall be without prejudice to the rights of any of the parties which have arisen before termination.
- 16.3 This Clause and Clauses 1, 12 (other than Clause 12.6), 16.2 and 17 to 30 (inclusive) shall survive termination of this Agreement.
- 16.4 Subject only to Clause 14 (General), if this Agreement shall terminate on 30 September 2011 pursuant to Clause 16.1(B) (or such later date as the parties may otherwise agree in writing in accordance with Clause 16.1(B)), then Caledon shall as soon as possible after such termination and to the fullest extent permitted by the City Code, withdraw and terminate the Scheme.

17. NOTICES

- 17.1 A notice under this Agreement shall only be effective if it is in writing (which, for this purpose, does not include email).
- 17.2 Notices under this Agreement shall be sent to a party at its address or facsimile number and for the attention of the individual set out below:

Party and title of individual	Address	Facsimile no.
GRAM (Mr. Li Zezhong)	Suite 502, Level 5, 71 Macquarie Street, Sydney, New South Wales, 2000, Australia	+86 612 8307 8899
The Bidder (Mr. Li Zezhong)	Suite 502, Level 5, 71 Macquarie Street, Sydney, New South Wales, 2000, Australia	+86 612 8307 8899
Caledon (Jeremy Gorman, Company Secretary)	Lacon House, 84 Theobald's Road, London WC1X 8RW	+44 (0)20 7935 0026

provided that a party may change its notice details on giving notice to the other party of the change in accordance with this Clause 17.2 and Clause 17.1. That notice shall only be effective on the date falling one Business Day after the notification has been deemed to be given under Clause 17.3 or such later date as may be specified in the notice.

- 17.3 Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given:
- (A) if delivered personally, on delivery;
 - (B) if sent by first class inland post, two clear Business Days after the date of posting;
 - (C) if sent by airmail, six clear Business Days after the date of posting; or
 - (D) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the notice.
- 17.4 Any notice given under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been given until the start of the next period of Working Hours in such place.
- 17.5 The provisions of this Clause 17 shall not apply in relation to the service of Service Documents.
18. **REMEDIES AND WAIVERS**
- 18.1 No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by law or under this Agreement shall:
- (A) affect that right, power or remedy; or
 - (B) operate as a waiver of it.

- 18.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 18.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.
- 18.4 Without prejudice to any other rights and remedies which either party may have, each party acknowledges and agrees that damages would not be an adequate remedy for any breach by either party of the provisions of this Agreement and either party shall be entitled to seek the remedies of injunction, specific performance and other equitable remedies (and neither of the parties shall contest the appropriateness or availability thereof), for any threatened or actual breach of any such provision of this Agreement by either party and no proof or special damages shall be necessary for the enforcement by either party of the rights under this Agreement.
- 18.5 If the Break Fee has been paid by Caledon or the Bidder in accordance with Clause 12, the Bidder or Caledon (as applicable) acknowledges that it shall have no further claim against the other (including in respect of accrued rights) under this Agreement and, to the extent that any such rights are being pursued, they shall lapse and cease to have effect and all actions and claims in respect of those rights shall be withdrawn by Caledon or the Bidder (as applicable).

19. **VARIATION**

No variation of this Agreement shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the parties.

20. **INVALIDITY**

If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

- (A) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- (B) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

21. **ENTIRE AGREEMENT**

- 21.1 Save for the confidentiality agreement between GRAM, Caledon and Ord River Resources Limited dated 2 August 2010 and the Non-Solicitation Agreement (which remain in force), this Agreement constitutes the whole and only agreement between the parties relating to the Acquisition and supersedes any previous agreement whether written or oral between the parties in relation to the Acquisition.
- 21.2 Each party acknowledges that in entering into this Agreement it is not relying upon any pre-contractual statement that is not set out in this Agreement.

21.3 Except in the case of fraud, no party shall have any right of action against the other party arising out of or in connection with any pre-contractual statement except to the extent that it is repeated in this Agreement.

21.4 For the purposes of this Clause, pre-contractual statement means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time before the date of this Agreement.

22. LANGUAGE

Each notice or other communication under or in connection with this Agreement shall be in English.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

The parties do not intend that any term of this Agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

24. ASSIGNMENT

24.1 Subject to clause 24.2, no party shall be entitled to assign, transfer or create any trust in respect of the benefit or burden of any provision of this Agreement without the prior written consent of the other party.

24.2 The Bidder shall be entitled to novate its entire rights and obligations under this Agreement to any other person that is a direct or indirect wholly-owned subsidiary of GRAM, without the prior written consent of any other party and each of GRAM and Caledon hereby irrevocably consents to any such novation, provided such subsidiary is to become the bidder for the acquisition of Caledon.

25. ANNOUNCEMENTS

25.1 Subject to Clause 25.2, no announcement (other than the Acquisition Announcement) concerning the Acquisition or any ancillary matter contemplated by this Agreement shall be made by either party without the prior written approval of the other, such approval not to be unreasonably withheld or delayed.

25.2 Either party may make an announcement concerning the Acquisition or any ancillary matter:

- (A) if required by law or any securities exchange or regulatory or governmental body to which that party is subject, wherever situated, including (among other bodies) the London Stock Exchange, ASX, the FSA and the Panel, whether or not the requirement has the force of law provided that the party concerned shall (to the extent permitted by applicable law and regulation) take all such steps as may be reasonable and practicable in the circumstances to agree the contents, form and timing of such announcement with the other party before making such announcement; or

- (B) which GRAM, the Bidder or Caledon wishes or is required to make if Caledon Directors withdraw, qualify or adversely modify the Board Recommendation.

26. COSTS AND EXPENSES

Each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and any matter contemplated by it.

27. FURTHER ASSURANCE

Each party shall, and shall use reasonable endeavours to procure that any relevant third party shall, do and execute and perform all such further deeds, documents, assurances, acts and things as may reasonably be required to give effect to this Agreement.

28. COUNTERPARTS

28.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart.

28.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

29. APPLICABLE LAW AND JURISDICTION

29.1 This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

29.2 The parties irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales in respect of any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual.

30. AGENT FOR SERVICE

30.1 The Bidder irrevocably appoints Trusec Limited of 2 Lamb's Passage, London, EC1Y 8YY to be its agent for the receipt of Service Documents. The Bidder agrees that any Service Document may be effectively served on it in connection with Proceedings in England and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

30.2 A copy of any Service Document served on an agent shall be sent by post to the Bidder. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

30.3 GRAM irrevocably appoints Trusec Limited of 2 Lamb's Passage, London EC1Y 8YY to be its agent for the receipt of Service Documents. GRAM agrees that any Service Document may be effectively served on it in connection with Proceedings in England

and Wales by service on its agent effected in any manner permitted by the Civil Procedure Rules.

- 30.4 A copy of any Service Document served on an agent shall be sent by post to GRAM. Failure or delay in so doing shall not prejudice the effectiveness of service of the Service Document.

IN WITNESS of which the parties have executed this Agreement on the date first mentioned above.

SCHEDULE 1
ACQUISITION ANNOUNCEMENT

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

FOR IMMEDIATE RELEASE

23 June 2011

Recommended Acquisition
of
Caledon Resources plc ("Caledon")
by
Guangdong Rising (Australia) Pty Ltd ("Bidco")
a wholly-owned indirect subsidiary of
Guangdong Rising Assets Management Co., Ltd ("GRAM")
to be effected by means of a scheme of arrangement under
sections 895 to 899 of the Companies Act 2006

Summary

- Further to the announcement on 8 November 2010 of the Possible Acquisition of Caledon by Bidco, the directors of Bidco, GRAM and Caledon are pleased to announce that all of the pre-conditions set out in that announcement have been satisfied. Accordingly, the directors of Bidco, GRAM and Caledon have reached agreement on the terms of a recommended cash acquisition of Caledon by Bidco, a wholly-owned indirect subsidiary of GRAM, to be effected by way of a scheme of arrangement under sections 895 to 899 of the Act.
- Under the terms of the Acquisition, Caledon Shareholders will receive £1.12 in cash for each Caledon Share. CDI Holders will receive the equivalent of £1.12 in cash in Australian Dollars as described in paragraph 17 of the full text of this announcement. On this basis, the terms of the Acquisition value the existing issued share capital of Caledon at approximately £313.1 million.
- This represents a premium of:
 - approximately 34 per cent. to the Closing Price of Caledon Shares of 83.75 pence on AIM on 5 November 2010 (being the last Business Day immediately prior to the date of the announcement of the Possible Acquisition);
 - approximately 53 per cent. to the volume weighted average price of Caledon Shares on AIM for the 20-trading day period ending on 5 November 2010 of 73.16 pence; and
 - 100 per cent. to the Closing Price of Caledon Shares of 56.00 pence on AIM on 16 September 2010 (being the last Business Day immediately prior to the start of the Offer Period).
- The Scheme Document will be posted to Caledon Shareholders and CDI Holders as soon as practicable and in any event within 28 days of this announcement. Unless otherwise agreed with the Panel and, subject to the satisfaction or, where relevant, waiver of all relevant conditions, it is expected that the Scheme will become effective and the Acquisition completed by the end of August 2011.
- The Acquisition is conditional on, among other things, certain approvals by Caledon

Shareholders and the sanction of the Scheme by the Court. In order to become effective, the Scheme must be approved by a majority in number of Scheme Shareholders voting, representing three-fourths in value of the Scheme Shares that are voted, at the Court Meeting. In addition, a special resolution approving the Scheme and sanctioning the Capital Reduction must be passed by Caledon Shareholders representing 75 per cent. of the votes cast at the Caledon General Meeting.

Bidco has received irrevocable undertakings to vote, letters of intent to vote, and letters of intent to use their reasonable endeavours to persuade or request the corresponding beneficial holder to vote, in favour of the Scheme at the Court Meeting and the resolution to be proposed at the Caledon General Meeting in respect of a total of 149,607,329 Caledon Shares representing, in aggregate, approximately 53.52 per cent. of the existing issued share capital of Caledon, comprised as follows:

- (a) irrevocable undertakings from those Caledon Directors who hold Caledon Shares in respect of, in aggregate 6,199,863 Caledon Shares, representing approximately 2.22 per cent. of the existing issued share capital of Caledon. These undertakings will continue to be binding even if a competing offer is made for Caledon which exceeds the value of the Acquisition and even if such higher offer is recommended for acceptance by the Caledon Board;
 - (b) irrevocable undertakings from certain other Caledon Shareholders in respect of, in aggregate 90,083,862 Caledon Shares, representing approximately 32.23 per cent. of the existing issued share capital of Caledon. These undertakings will continue to be binding even if a competing offer is made for Caledon which is recommended for acceptance by the Caledon Board, unless such competing offer represents an improvement of not less than 10 per cent. on the value of the Acquisition and is not subsequently exceeded by any revised wholly cash consideration announced by Bidco;
 - (c) letters of intent from certain other Caledon Shareholders to vote in favour of the Scheme at the Court Meeting and any resolution to be proposed at the Caledon General Meeting in respect of, in aggregate 5,422,347 Caledon Shares, representing approximately 1.94 per cent. of the existing issued share capital of Caledon; and
 - (d) letters of intent from certain holders of contracts for differences to use their reasonable endeavours to persuade or request the corresponding beneficial holder to vote in favour of the Scheme at the Court Meeting and any resolution to be proposed at the Caledon General Meeting in respect of, in aggregate 47,901,257 Caledon Shares, representing approximately 17.14 per cent. of the existing issued share capital of Caledon.
- Noteholders representing £4,000,000 or approximately 95.24 per cent., in nominal value of the Caledon Loan Notes have given irrevocable undertakings to sign a written resolution, the effect of which would be, *inter alia*, to require Caledon to redeem all the Caledon Loan Notes for an amount in cash representing their see-through value at the Acquisition Price, conditional on the Acquisition becoming effective, either by means of the Scheme or the Offer. These undertakings will continue to be binding even if a competing offer is made for the Caledon Loan Notes, unless such competing offer is for an amount in cash per Caledon Loan Note which represents an improvement of not less than 10 per cent. on the amount per Caledon Loan Note which would be due to Noteholders under the proposals outlined above and is not subsequently exceeded by any revised terms announced by Bidco.
 - The Caledon Directors, who have been so advised by RBC Capital Markets, consider the terms of the Acquisition to be fair and reasonable and intend to recommend unanimously that Caledon Shareholders vote in favour of the Scheme (or, in the event that the Acquisition is implemented by means of an Offer, to accept the Offer) as those Caledon Directors who hold Caledon Shares have undertaken to do in respect of their own

beneficial holdings of 6,199,863 Caledon Shares in aggregate, representing approximately 2.22 per cent. of the Caledon Shares currently in issue.

Commenting on the Acquisition, Mr Li Jinming, Chairman of GRAM said:

"We are delighted to announce the acquisition of Caledon, which is a significant step forward in the implementation of GRAM's strategy of expanding its resource-focused investment activities. We are looking forward to working with Caledon's management in the future and to providing the necessary investment to substantially expand production in the years ahead."

Commenting on the Acquisition, Mark Trevan, Managing Director of Caledon said:

"The Caledon share price has been supported by the prospect of this transaction during a time when the equities markets have been under some pressure. The announcement by GRAM of this recommended cash offer allows shareholders and CDI Holders to now crystallise that support by way of cash. For our employees, GRAM's commitment to growing the business will provide the financial resources for delivering our strategy as well as providing the opportunities that come with being part of a much larger organisation."

If the Scheme becomes Effective, Caledon Shares will be issued to Bidco, a wholly-owned indirect subsidiary of GRAM, pursuant to the Acquisition, fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever.

Enquiries:

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This summary should be read in conjunction with the full text of the following announcement and Appendices. Appendix I of this announcement contains details of the conditions to the implementation, and further terms, of the Scheme. Appendix II of this announcement contains details of the bases of calculation and sources of information set out in this announcement. Appendix III of this announcement contains definitions of certain terms used in this summary and in the following announcement.

PricewaterhouseCoopers LLP, which is authorised and regulated in the United Kingdom by the Financial Services Authority is acting exclusively as financial adviser to GRAM and Bidco and no one else in connection with the Acquisition and will not be responsible to anyone other

than GRAM and Bidco for providing the protections afforded to clients of PricewaterhouseCoopers LLP or for providing advice in relation to the Acquisition or any other matters referred to in this announcement.

Royal Bank of Canada Europe Limited, trading as RBC Capital Markets, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Caledon and no-one else in connection with the Acquisition and accordingly will not be responsible to anyone other than Caledon for providing the protections afforded to clients of Royal Bank of Canada Europe Limited or for providing any financial advice in relation to the Acquisition or any matter referred to herein.

The release, distribution or publication of this announcement in jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK should inform themselves about and observe any applicable requirements. Copies of this announcement and any documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send such documents in or into or from a Restricted Jurisdiction. The Acquisition (unless otherwise determined by GRAM and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of the mails, or by any means of instrumentality (including without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of any Restricted Jurisdiction, and the Acquisition will not be capable of acceptance from or within any Restricted Jurisdiction.

CDI Holders and persons in, or resident in, Australia should note that the Scheme is exempt from the requirement to issue a prospectus under sections 1012A, 1012B and 1012C of the Corporations Act 2001 (Cth) of Australia, pursuant to the provisions of the Australian Securities and Investments Commission (ASIC) Class Order 07/9 ("Prospectus relief for foreign schemes of arrangement and PDS relief for Pt 5.1 schemes and foreign schemes of arrangement").

The Acquisition relates to the shares of an English company and is being implemented by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. If, in the future, Bidco exercises its right to implement the Acquisition by way of the Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations, including the US tender offer rules, to the extent applicable.

This announcement, including information included or incorporated by reference in it, contains "forward-looking statements" concerning Caledon, Bidco, GRAM and its and their respective subsidiaries. Generally, the words "will", "may", "should", "could", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the abilities of Bidco, GRAM and Caledon to control or estimate precisely, such as future market conditions and behaviours of other market participants, and therefore undue reliance should not be placed on such statements. Bidco, GRAM and Caledon assume no obligation, and do not intend, to update these forward-looking statements, except as required pursuant to applicable law.

This announcement is not intended to and does not constitute or form any part of an offer to sell or an invitation to purchase or the solicitation of an offer to subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely on the terms set out in the Scheme Document.

