

**DEED OF IRREVOCABLE UNDERTAKING**  
*(Polo Resources Limited)*

To: Guangdong Rising (Australia) Pty Limited (the "Offeror")  
Suite 502  
Level 5  
71 Macquarie St  
Sydney  
New South Wales 2000  
Australia

23 June 2011

**Offer for Caledon Resources plc (the "Company")**

By this deed we the undersigned understand that the Offeror is considering:

- (i) the Acquisition as referred to in a draft of the announcement to be made pursuant to Rule 2.5 of the City Code on Takeovers and Mergers (the "**Code**"), a copy of which is annexed hereto (the "**Announcement**") and/or on such other terms and conditions as may be agreed between the Company and the Offeror, required by the Code and/or the requirements of the Financial Services Authority and/or London Stock Exchange plc and/or any other relevant securities exchange and/or as are customarily included in offers made under the Code; and
- (ii) proposing modifications to the terms and conditions of the Caledon Resources Plc 8.5 per cent. Unsecured Convertible Loan Notes 2013 as set out in a draft of the written resolution, a copy of which is annexed hereto (as may be revised from time to time, the "**Loan Note Proposal**")

When used in this deed "**Acquisition**" shall:

- (i) mean the proposed acquisition by or on behalf of the Offeror of the entire issued and to be issued share capital of the Company, which acquisition may be by way of a scheme of arrangement (under Part 26 of the Companies Act 2006) (referred to in this deed as the "**Scheme**") or takeover offer (within the meaning of Section 974 of the Companies Act 2006) (referred to in this deed as the "**Offer**") on terms that (a) the price payable for each ordinary share in the capital of the Company is no less than £1.12 per share and (b) such price is payable in cash; and
- (ii) include any revision or variation in the terms of any acquisition as referred to in paragraph (i)(a) above, which represents no diminution in the value of the Scheme or the Offer (as the case may be for any shareholder of the Company) or any alteration in the nature of the all cash consideration set out in the Announcement.



## 1. Warranties and Undertakings

We irrevocably and unconditionally confirm, undertake, represent and warrant to the Offeror that:

- (i) we are the beneficial owner of (or are otherwise able to control the exercise of all rights attaching to, including the ability to procure the transfer of), and, where stated in the third column of Table 1 below, are the registered holder of, the number of ordinary shares of 0.5p each in the capital of the Company (which expression shall include any other shares in the Company issued after the date hereof and attributable to or derived from such shares) set out in the first column of Table 1 below (the "Shares");
- (ii) we are the beneficial owner of (or are otherwise able to control the exercise of all rights attaching to, including the ability to procure the transfer of), and, where stated in the second column of Table 2 below, are the registered holder of, the number of Caledon Resources Plc 8.5 per cent Unsecured Convertible Loan Notes 2013 in the Company (which shall include any other loan notes in the Company issued after the date hereof and any rights and/or shares attributable to or derived from such loan notes) set out in the first column of Table 2 below (the "Loan Notes");
- (iii) we confirm that we are not interested in any shares, loan notes or other securities of the Company other than those of which details are set out in the tables below;
- (iv) subject as set out in paragraphs 4 and 5 below, we shall not prior to the earlier of the Scheme becoming effective or being rejected by shareholders at a general meeting of the Company or not approved by the Court (or, if applicable, the Offer being declared or becoming wholly unconditional or being withdrawn or lapsing):
  - (a) sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any of such Shares or interest in such Shares, save that we shall be permitted to:
    - (I) sell up to 8,838,833 Shares; and
    - (II) grant security over up to a further 4,000,000 Shares (the "Secured Shares"), provided that we first procure that any third party obtaining the benefit of such security over the Secured Shares (or interest in or rights in respect of the Secured Shares) enters into an irrevocable undertaking relating to the Secured Shares in favour of the Offeror, on terms reasonably satisfactory to the Offeror and which is substantially on the same terms and having the same effect as this deed, including so as to require any such third party in the event it becomes entitled to exercise or procure the exercise of

voting rights in respect of the Secured Shares or to control acceptance of an Offer, to effect such exercise or acceptance in circumstances where we would otherwise have been obliged to do so under this deed and, prior to such third party entitlement arising, we shall not alienate any interest in (or rights in respect of) such Shares.

For the avoidance of doubt, nothing in paragraphs 1(iv)(a)(I) or 1(iv)(a)(II) shall permit us to sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any of such Shares or interest in such Shares such that we cease to be the beneficial owner of, or cease to be able to control the exercise of all rights attaching to, including the ability to control the voting rights of and to accept an Offer in respect of, at least 70,472,687 Shares (currently representing 24.6 per cent. of the ordinary shares of 0.5p each in the capital of the Company, for this purpose calculated on a fully diluted basis, excluding any shares which may be issued on conversion of the Loan Notes) or all or any of such Loan Notes or interest in such Loan Notes except under the Acquisition;

- (b) (other than pursuant to the Acquisition or a sale or grant of security permitted by paragraph 1(iv)(a) above) enter into any agreement or arrangement or permit any agreement or arrangement to be entered into or incur any obligation or permit any obligation to arise:
- (I) in relation to, or operating by reference to, the Shares or Loan Notes or any interest in the Shares or Loan Notes; or
  - (II) to do all or any of the acts referred to in sub-paragraph (a) above; or
  - (III) which would or might restrict or impede the implementation of the Loan Note Proposal or the acceptance of the Scheme or Offer or otherwise preclude us from complying with our obligations under paragraphs 2, 3 or 7;

and references to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation, whether or not subject to any conditions, which is to take effect upon or following the effective date (or, if applicable, closing) or lapsing of the Acquisition or upon or following this deed ceasing to be binding or upon or following any other event; or

- (c) without the consent of the Offeror, convene or requisition, or join in convening or requisitioning, any general or class meeting or sign any written resolution of the Company whether of shareholders or Loan Note holders

- (v) if we acquire any shares, securities, loan notes or interests of the Company (including for these purposes shares arising on the exercise of options), such shares, securities, loan notes or interest (as the case may be) shall be deemed to be included in the expression "Shares" or "Loan Notes" (as appropriate) for the purposes of this deed and if we sell any shares or interests in shares of the Company pursuant to paragraph 1(iv)(a), the number of "Shares" shall be deemed amended accordingly;
- (vi) we have the full power and authority and the right (free from any legal or other restrictions) (and will at all times continue to have all relevant power and authority and the right) to enter into and perform the undertakings in this deed in accordance with their terms; and
- (vii) save as required by law, by order of any Court or by the rules or regulations of any regulatory body or authority having jurisdiction over us, we shall keep secret and confidential the terms of this irrevocable undertaking until the Announcement is released.

## 2. Scheme

Subject as set out in paragraphs 4 and 5 below, we irrevocably and unconditionally undertake, if the Acquisition is implemented by way of the Scheme, to the Offeror that:

- (i) we shall exercise or, where applicable, procure the exercise of, all voting rights attaching to the Shares on any resolution (whether or not amended and whether put to a show of hands or a poll) which is proposed at the Caledon General Meeting (as defined in the Announcement) and the Court Meeting (as defined in the Announcement) in favour of the resolutions to approve the Scheme together with any other resolutions to approve any related matters set out in the Scheme Document (as defined below) (the "**Resolutions**") and against any resolution or proposal to adjourn the Court Meeting or the Caledon General Meeting in accordance with the Offeror's instructions; and
- (ii) to the extent that we exercise the voting rights in respect of the Shares by proxy, we shall after the posting of the circular to be sent to shareholders of the Company containing an explanatory statement in respect of the Scheme (the "**Scheme Document**") return the signed forms of proxy enclosed with the Scheme Document (completed and signed and voting in favour of the Resolutions) in accordance with the instructions printed on those forms of proxy, as soon as possible and in any event so they are received at least five London business days before the deadline for receipt of such forms as provided for in the Scheme Document.

## 3. Offer

We irrevocably and unconditionally undertake, if the Acquisition is implemented by way of the Offer, to the Offeror that:



- (i) upon the Offer being made, we will be able to accept or, where applicable, procure the acceptance of the Offer in respect of the Shares and to transfer the Shares free from all liens, charges, options, equities and encumbrances and together with all rights now or hereafter attaching thereto, including the right to all dividends and other distributions (if any) declared, made or paid hereafter;
- (ii) we shall as soon as possible and in any event so it is received at least five London business days prior to the first closing date of such offer, duly accept or procure acceptance of the Offer in accordance with its terms in respect of the Shares (and shall accept or procure acceptance of the Offer in respect of any further Shares (as described in paragraph 1(v) above) within five days of becoming the registered holder of such Shares) and shall forward, if applicable, the relevant share certificate(s) at the time of acceptance or a form of indemnity reasonably acceptable to the directors of the Company in respect of any lost certificate(s) at the time of acceptance and, if applicable, take any equivalent action which may be required in respect of any Shares held in uncertificated form;
- (iii) notwithstanding that the terms of the formal document containing the Offer (the "Offer Document") will confer rights of withdrawal on accepting shareholders, we shall not withdraw any acceptance of the Offer in respect of the Shares or any of them and shall procure that no rights to withdraw any acceptance in respect of such Shares are exercised; and
- (iv) the Shares shall be acquired by the Offeror free from all liens, charges, options, or other encumbrances or other third party rights of any nature, and together with all rights attaching or accruing to them, including the right to all dividends of any nature or other distributions or interest hereafter declared, made or paid.

#### 4. Higher Competing Offer

- (i) The undertakings, representations and warranties set out in paragraphs 1, 2 and 3 shall be suspended if, prior to the date by which forms of proxy are to be received in respect of the Scheme, or, if the Acquisition proceeds by way of an Offer, two days prior to the first closing of the Offer, any person other than the Offeror or a subsidiary of the Offeror or any person acting in concert with the Offeror announces a firm intention to make an offer howsoever structured (in accordance with Rule 2.5 of the Code) to acquire the entire issued and to be issued share capital of the Company (other than those already owned by such person) provided that the price per share of the consideration represents an improvement in the price per share of at least 10 per cent. over the price per share of the consideration available under the Acquisition as at the date on which such firm intention to make an offer is announced (a "Higher Competing Offer").
- (ii) If at or before 11:59 p.m. on the fifth day after a Higher Competing Offer is announced in accordance with Rule 2.5 of the Code, the Offeror or a subsidiary of the Offeror announces a revision of the Acquisition so that the cash price per

share of any wholly cash consideration represents an improvement on the price of the consideration available per share under the Higher Competing Offer (the "Revised Offer"), the suspension referred to in paragraph 4(i) shall come to an end and the undertakings, representations and warranties set out in paragraphs 1, 2 and 3 shall resume with full force and effect from the date of the Revised Offer with all relevant time periods applying to any revised Scheme Document, or as applicable, Offer Document. During the period of suspension we shall not accept or vote in favour of or enter into an arrangement to support the Higher Competing Offer or sell, transfer or dispose of (or permit the sale, transfer or disposal of) any interest in the Shares or Loan Notes.

- (iii) If the Offeror does not announce a revision of the Acquisition in accordance with this paragraph 4, the rights and obligations arising in connection with this undertaking shall lapse at 11:59 p.m. on the fifth day after a Higher Competing Offer is announced (subject to any accrued rights and obligations).

#### 5. Conditions

This undertaking will cease to be of any further force or effect (without prejudice to any rights in respect of any prior breach) if:

- (i) the Announcement is not made by 24 June 2011;
- (ii) the Scheme lapses or is withdrawn (other than in connection with a switch to an Offer with the consent of the Panel on Takeovers and Mergers (the "Panel") and the board of directors of the Company and an Offer is not announced (whether under Rule 2.5 of the Code or otherwise) within five London business days of such lapse or withdrawal) or the Offer lapses or is withdrawn (other than in connection with a switch to a Scheme with the consent of the Panel and the board of directors of the Company);
- (iii) the Offer Document or Scheme Document (as appropriate) is not posted to shareholders of the Company within the permitted period under the Code or as otherwise agreed with the Panel, or the Panel requires or agrees that the Offeror need not make the Offer; or
- (iv) the implementation agreement, in agreed form, to be entered into between the Company and the Offeror in relation to the Scheme is terminated in accordance with its terms.

#### 6. Miscellaneous

- (i) Prior to the effective date (or, if applicable, closing) or lapsing of the Acquisition we shall not directly or indirectly solicit or encourage any person other than the Offeror to make any offer for any shares or other securities of the Company (howsoever to be implemented) or enter into any discussion which would provide any information

to any person who is considering making such an offer which would or might have the effect of preventing any of the conditions of the Acquisition from being fulfilled.

- (ii) With the exception of paragraphs 1(i), 1(ii) and 1(iii) and 6(i), the obligations and provisions set out in this deed apply equally to the persons from whom we are to procure votes in favour pursuant to the terms of paragraphs 2(i) and 2(ii) above or acceptance of the Offer pursuant to the terms of paragraphs 3(i) and 3(ii) above (as the case may be) and we shall procure the observance by such persons of the terms hereof as if they were each specifically a party hereto.
- (iii) We consent to the issue of the Announcement incorporating references to us and to the undertakings in this deed substantially in the terms set out in the Announcement. We understand that, if the Acquisition proceeds, this deed will be made available for inspection until the Scheme becomes effective or during the Offer Period (as defined in the Code) (as the case may be) and that particulars of it will be contained in the Scheme Document or the Offer Document (as the case may be).
- (iv) This deed shall not oblige the Offeror to announce or proceed with the Acquisition.

## 7. Loan Notes

Subject to the Rule 2.5 Announcement being made we shall, as soon as reasonably practicable following presentation of a resolution to us by the Company, and in any event within five London business days, exercise or, where applicable, procure the exercise of, all voting rights attaching to the Loan Notes on each resolution (whether or not amended (provided that (i) we shall be entitled to receive not less than the amount in cash per Loan Note we would have received under the unamended proposal set out in Annex II; and (ii) no additional liabilities or obligations are imposed on us as a result of such amendment) and whether put to a show of hands or a poll) which is proposed either at a general meeting of holders of Loan Notes or as a written resolution in favour of the resolutions set out in the Loan Note Proposal and will not vote in favour of any further resolution or proposal in relation to the Loan Notes without the consent of the Offeror.

We agree that, in the period from and including the date on which the Loan Note Proposal becomes unconditional to the date on which the Loan Notes are redeemed in accordance with the Loan Note Proposals, we shall not exercise any right to convert any Loan Notes into ordinary shares in the Company.

If the Offeror makes an offer for the Loan Notes in place of the Loan Note Proposal, pursuant to which (i) we shall be entitled to receive not less than the amount in cash per Loan Note as we would have received under the Loan Note Proposal and (ii) no additional liabilities or obligations are imposed on us pursuant to the terms of the Offer (save as provided for below), we irrevocably and unconditionally undertake to the Offeror that, as soon as reasonably practicable after the day on which we exercise our voting rights attaching to the Shares or accept the Offer pursuant to paragraphs 2 or 3:

- (i) if the acquisition of the Loan Notes is implemented by way of a scheme of arrangement (the "**Loan Note Scheme**"):
- (a) we shall exercise or, where applicable, procure the exercise of, all voting rights attaching to the Loan Notes on each resolution (whether or not amended and whether put to a show of hands or a poll) which is proposed at any meeting of the Loan Note holders or in writing in favour of the resolutions to approve the Loan Note Scheme together with any other resolutions to approve any related matters set out in the Loan Note Scheme Document (as defined below) (the "**Loan Note Resolutions**") and against any resolution or proposal to adjourn any meeting of the Loan Note holders in accordance with the Offeror's instructions; and
  - (b) to the extent that we exercise the voting rights in respect of the Loan Notes by proxy, we shall after the posting of the circular to be sent containing an explanatory statement in respect of the Loan Note Scheme (the "**Loan Note Scheme Document**") return the signed forms of proxy enclosed with the Loan Note Scheme Document (completed and signed and voting in favour of the Loan Note Resolutions) in accordance with the instructions printed on those forms of proxy, as soon as possible and in any event within 10 days after the posting of the Loan Note Scheme Document or, in respect of any further Loan Notes (as described in paragraph 1(v) above), within five days of becoming the registered holder of such Loan Notes, if later.
- (ii) if the acquisition of the Loan Notes is implemented by way of an offer for the Loan Notes (the "**Loan Note Offer**"):
- (a) upon the Loan Note Offer being made, we will be able to accept or, where applicable, procure the acceptance of the Loan Note Offer in respect of the Loan Notes and to transfer the Loan Notes free from all liens, charges, options, equities and encumbrances and together with all rights now or hereafter attaching thereto;
  - (b) we shall as soon as possible and in any event within 10 days after the posting of the formal document containing the Loan Note Offer (the "**Loan Note Offer Document**") duly accept or procure acceptance of the Loan Note Offer in accordance with its terms in respect of the Loan Notes (and shall accept or procure acceptance of the Loan Note Offer in respect of any further Loan Notes (as described in paragraph 1(v) above) within five days of becoming the registered holder of such Loan Notes) and shall forward, if applicable, the relevant loan note instrument(s) and Loan Note Certificate at the time of acceptance and, if applicable, take any action which may be required in respect of any Loan Notes held in uncertificated form;
  - (c) notwithstanding that the terms of the Loan Note Offer Document may confer rights of withdrawal on accepting holders of loan notes, we shall not withdraw any acceptance of the Loan Note Offer in respect of the Loan Notes or any of

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them and shall procure that no rights to withdraw any acceptance in respect of such Loan Notes are exercised; and

- (d) the Loan Notes shall be acquired by the Offeror free from all liens, charges, options, or other encumbrances, equities or other third party rights of any nature, and together with all rights attaching or accruing to them, including the right to all interest, principal and dividends of any nature or other distributions hereafter declared, made or paid.

**8. Higher Competing Loan Note Offer or Loan Note Proposal**

- (i) The undertakings set out in paragraph 7 shall be suspended if, prior to the date by which the resolutions set out in the Loan Note Proposal are passed or, if the Offeror makes an offer for the Loan Notes in place of the Loan Note Proposal, forms of proxy are to be received in respect of the Loan Note Scheme, or, if it proceeds by way of a Loan Note Offer, two days prior to the first closing of the Loan Note Offer, any person other than the Offeror or a subsidiary of the Offeror or any person acting in concert with the Offeror either (a) makes an offer to acquire all of the Loan Notes (other than those already owned by such person); or (b) announces a firm intention to make an offer howsoever structured (in accordance with Rule 2.5 of the Code) to acquire the entire issued and to be issued share capital of the Company (other than those already owned by such person) which includes proposals to deal with the Loan Notes, in each case provided that the amount in cash per Loan Note represents an improvement of at least 10 per cent. over the amount in cash per Loan Note which would be due to us as holders of Loan Notes under the Loan Note Proposals, the Loan Note Scheme or the Loan Note Offer (as the case may be) as at the date on which such offer or announcement is made (a "**Higher Competing Loan Note Offer**").
- (ii) If at or before 11:59 p.m. on the fifth day after a Higher Competing Loan Note Offer made, the Offeror or a subsidiary of the Offeror revises the Loan Note Proposal or offer for the Loan Notes so that the amount in cash per Loan Note represents an improvement on the amount in cash per Loan Note available under the Higher Competing Loan Note Offer (the "**Revised Loan Note Offer**"), the suspension referred to in paragraph 8(i) shall come to an end and the undertakings set out in paragraph 7 shall resume with full force and effect from the date of the Revised Loan Note Offer with all relevant time periods applying to any revised resolutions relating to the Loan Notes, Loan Note Scheme Document, or as applicable, Loan Note Offer Document. During the period of suspension we shall not accept or vote in favour of or enter into an arrangement to support the Higher Competing Loan Note Offer or sell, transfer or dispose of (or permit the sale, transfer or disposal of) any interest in the Loan Notes.
- (iii) If the Offeror does not announce a Revised Loan Note Offer in accordance with this paragraph 8, the rights and obligations arising in connection with this undertaking shall lapse at 11:59 p.m. on the fifth day after a Higher Competing Loan Note Offer is announced (subject to any accrued rights and obligations).



**9. Supply of Information**

We undertake to provide the Offeror with all such further information in relation to our interest and that of any person connected with us as the Offeror may reasonably require in order to comply with the requirements of the Financial Services Authority, London Stock Exchange plc, the Panel on Takeovers and Mergers and any other legal or regulatory requirements, and shall immediately notify the Offeror in writing of any material change in the accuracy or import of such information.

**10. Time of Essence**

Any date, time or period referred to in this undertaking shall be of the essence except to the extent to which the Offeror and we agree in writing to vary any date, time or period, in which event the varied date, time or period shall be of the essence.

**11. Independent Advice**

We confirm that we have been given adequate opportunity to consider whether or not we should give this undertaking and that we have received independent advice about its nature and contents.

**12. Damages not an Adequate Remedy**

We agree that damages would not be an adequate remedy for breach of this undertaking.

**13. Financial Advisor**

We acknowledge that, in connection with the Scheme and Loan Note Scheme or Offer and Loan Note Offer or Loan Note Proposal, PricewaterhouseCoopers LLP (the "Financial Advisor") is acting for the Offeror and for no-one else and agree that the Financial Advisor will not be responsible to us for providing the protections afforded to its clients nor for providing advice in relation to the Scheme and Loan Note Scheme or Offer and Loan Note Offer or Loan Note Proposal.

**14. Successors and Assigns**

This undertaking shall be binding upon and enure for the benefit of our executors, administrators, heirs, successors and assigns.

**15. Governing Law**

This deed (and all non-contractual obligations arising from or connected with it) shall be governed by and construed in accordance with English law and we irrevocably submit to the exclusive jurisdiction of the English courts.

TABLE 1

1. Number of ordinary shares	2. Number of ordinary shares under option	3. Registered *owner	4. Beneficial *owner
83,311,520	N/A	Pershing Nominees Limited	Polo Australasia Limited

\* Where more than one, indicate number of shares attributable to each

TABLE 2

1. Number of Loan Notes	3. Registered *owner	4. Beneficial *owner
£2,500,000	Pershing Nominees Limited	Polo Australasia Limited

\* Where more than one, indicate number of Loan Notes attributable to each

We intend this document to be a deed and execute and deliver it as a deed.

**EXECUTED and delivered as a )  
deed on behalf of Polo )  
Resources Limited, a company )  
incorporated in the British  
Virgin Islands, by Ian Burns,  
being a person who in  
accordance with the laws of  
that territory, is acting under  
the authority of the company**

A handwritten signature in black ink, appearing to read 'Ian Burns', written over a horizontal line.

Authorised signatory

Annex 1

Announcement

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**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.

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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.

*The Bidco Directors and the GRAM Directors accept responsibility for the information contained in this announcement relating to GRAM, Bidco, the GRAM Group, the GRAM and Bidco Directors and members of their immediate families, related trusts and persons connected with them (within the meaning of section 252 of the Act) and Bidco's future plans for Caledon, the Caledon Group and its management and employees.*

*To the best of the knowledge and belief of each of the Bidco Directors and the GRAM Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The Caledon Directors accept responsibility for the information contained in this announcement other than information relating to GRAM, Bidco, the GRAM Group, the GRAM and Bidco Directors and members of their immediate families, related trusts and persons connected with them (within the meaning of section 252 of the Act) (save for information on Bidco's future plans for Caledon, the Caledon Group and its management and employees).*

*To the best of the knowledge and belief of the Caledon Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*Bidco reserves the right to elect, in its absolute discretion (subject to the consent of the Panel), to implement the Acquisition by means of an Offer. In such event, the Offer will be implemented on substantially the same terms, subject to appropriate amendments, as those which would apply to the Scheme. If the Acquisition is implemented by means of an Offer, it will be made in accordance with the requirements of applicable laws, including US securities laws, to the extent applicable.*

#### **Disclosure requirements of the City Code**

*Under Rule 8.3(a) of the City Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any paper offeror is first identified.*

*An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure. Caledon and Bidco previously disclosed their Opening Positions on 1 October 2010 and 16 November 2010 respectively.*

*Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether*

*formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified.*

*If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.*

In accordance with Rule 19.11 of the City Code, a copy of this announcement will be published on the following websites: [www.gdrising.com.cn/english](http://www.gdrising.com.cn/english) and [www.caledonresources.com](http://www.caledonresources.com)

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**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**

**1. Introduction**

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 (although Bidco reserves the right to effect the Acquisition by means of an Offer).

Details of the Scheme are set out below, and the bases and sources of information are set out in Appendix II of this announcement.

**2. The Acquisition**

Under the Scheme, and subject to the conditions and further terms set out in Appendix I and the conditions and further terms to be set out in the Scheme Document, Caledon Shareholders will receive:

<b>for each issued and to be issued Caledon Share</b>	<b>£1.12 in cash</b>
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CDI Holders will receive the equivalent of £1.12 in cash in Australian Dollars as described in paragraph 17 of this announcement.

The Acquisition values the existing issued share capital of Caledon at approximately £313.1 million and 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).

### 3. Information on GRAM, Bidco and Ord

#### *GRAM*

GRAM is one of the largest state-owned enterprises in China, supervised by the State-owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government. GRAM is a Chinese investment group, with investments in a range of listed and unlisted entities across a wide range of sectors, including non-ferrous metals, technology, hotels and construction. Within its portfolio of investments, GRAM is the second largest shareholder of China Telecom Co., Ltd, and the controlling shareholder of two Chinese listed companies, Zhongjin Lingnan Nonfermet Co., Ltd and Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. GRAM also has a controlling stake in Guangdong Rising Nonferrous Metal Co., Ltd which is also a Chinese listed company.

GRAM has recently been active in the mining sector having acquired a 19.9 per cent. interest in PanAust Limited, an ASX listed copper and gold mine operator for A\$215 million in 2009. In 2010 GRAM increased its holding to 20.5 per cent.

Zhongjin Lingnan Nonfermet Co., Ltd acquired a 50.1 per cent. interest in Perilya Limited, an ASX listed lead and zinc mine operator for A\$45 million in 2009. In 2010 Zhongjin Lingnan Nonfermet Co., Ltd financially supported Perilya Limited in acquiring 100 per cent. of GlobeStar Mining Corporation for C\$184 million.

As of 31 December 2010, GRAM had consolidated total assets of RMB¥61.9 billion (approximately £6.1 billion), and had a net profit for the year ended 31 December 2010 of RMB¥1.8 billion (approximately £171.9 million).

#### *Bidco*

Bidco is a newly incorporated company in Australia formed for the purpose of making the Acquisition. The sole shareholder of Bidco is Guangdong Rising (Australia) Holding Pty Ltd, ultimately a wholly-owned subsidiary of GRAM.

Bidco will fund the consideration payable under the Acquisition from funds made available to it from GRAM's existing cash resources and bank facilities provided by Bank of China and China Minsheng Banking Corporation.

PricewaterhouseCoopers LLP, financial adviser to GRAM and Bidco, is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to Caledon Shareholders under the terms of the Acquisition.

#### *Ord*

Ord is a public company listed on ASX (trading symbol ORD.AX). Ord is a minerals exploration and development company with projects in copper, bauxite and gold. Its strategy is to grow by acquiring prospective precious and base metals tenements; exploring, appraising, then developing and, in time, mining gold and base metals.

Ord's projects include the Copper Flats Project, Suplejack Project and the Laos Bolaven Plateau Bauxite Project. The Laos Bolaven Plateau Bauxite Project focuses on bauxite resources on the Bolaven plateau in southern Laos over an aggregate area of 487 square

kilometres. The Laos Bolaven Plateau Bauxite Project is being developed through Sino Australian Resources (Laos) Co., Ltd (SARCO). The Copper Flats Project focuses on copper anomalies in the East Kimberley area in Western Australia (WA) and the Northern Territory (NT).

Ord has assisted GRAM in relation to originating and facilitating the implementation of the Acquisition.

#### *Relationship between Ord and GRAM*

In connection with the Acquisition, GRAM (or an affiliate of GRAM) has granted Ord an option to purchase an interest of between 5 and 10 per cent. in Caledon at the price paid by GRAM at the time of the completion of the Acquisition.

Ord and GRAM also announced on 30 November 2010 that they had signed a binding heads of agreement to establish a joint venture company in Australia to focus on exploration and mining investments in Australia and Asia Pacific.

#### **4. Information on Caledon**

Caledon is a public company admitted to trading on AIM and listed on the ASX (trading symbols: AIM:CDN and ASX:CCD). Caledon is a coking coal producer and explorer in the Bowen Basin of Queensland, Australia. It acquired the mothballed Cook mine in late 2006 and has since recommissioned the operation and introduced an innovative new underground mining methodology. Caledon also purchased the nearby Minyango exploration concessions in 2006 and has completed a prefeasibility study on a potential underground coking and thermal coal mine at Minyango. Caledon is also a shareholder in the company established by a consortium of coal producers to build the proposed new Wiggins Island Coal Export Terminal. Caledon has been allocated four million tonnes per annum of the initial 27 million tonnes per annum of export capacity.

#### **5. Reasons for the Acquisition**

GRAM has recently been seeking to acquire coal assets to satisfy demand for coal in Guangdong Province and its adjacent provinces. GRAM is attracted to Caledon's resource of coking coal, infrastructure access, rail and potential port capacity. Caledon would provide a platform for future expansion in Australia and the region. The Acquisition would fit well with GRAM's strategy and reflects the Guangdong Province's long term focus on securing supply.

GRAM plans to sell coal to Chinese customers on an arm's length basis.

#### **6. Current trading and prospects of Caledon**

The Cook underground coal mine produces coking and thermal coals in a ratio of approximately 80 per cent. coking to 20 per cent. thermal. Sales in 2010 were 431,000 tonnes of coking coal and 104,000 tonnes of thermal coal, for a total of 535,000 tonnes. In the quarterly report released on 3 May 2011, Caledon announced it had sold a total of 137,000 tonnes for the three months ending 31 March of that year. In the longer term, Caledon is targeting a minimum of one million tonnes of saleable product per annum from the Cook mine. The coal from the Cook mine is railed to the port of Gladstone for export.

Caledon has also commenced a feasibility study for an underground mine on the nearby Minyango deposit which is forecast to produce coking and thermal coal in a ratio of approximately 62 per cent. coking to 38 per cent. thermal with a target production of three million tonnes per annum. Development of this mine is dependent on the timing of the proposed new Wiggins Island Coal Export Terminal next to the existing port facilities at Gladstone.

Caledon is a foundation shareholder in Wiggins Island Coal Export Terminal Pty Ltd, which is the company established by a consortium of coal producers to build the Wiggins Island Coal Export Terminal. Caledon was allocated four million tonnes per annum of the initial 27 million tonnes per annum of export capacity scheduled for completion in 2014.

Caledon incurred a loss after tax of A\$11.8 million for the year ended 31 December 2010 on revenues of A\$93 million. This included A\$7.5 million in finance expenses and a A\$3.5 million charge against the carrying value of the Caledon Loan Notes. Caledon undertook a number of financing activities in 2010 and early 2011 which combined to leave its balance sheet in a more robust position. The only corporate debt outstanding at the date of this announcement is £4.2 million of Caledon Loan Notes. The pricing outlook for coking coal in 2011 has improved considerably from that in 2010 when the average price received for the Cook product was US\$175 per tonne. In May this year, Caledon announced that the average price in the first quarter of 2011 was US\$214 per tonne with the expectation that this would rise to US\$258 per tonne in the second quarter of 2011. Caledon also advised that the strengthening of the A\$:US\$ exchange rate over that time would absorb a significant portion of that increase in A\$ terms.

#### **7. Recommendation of the Caledon Directors**

The Caledon Directors, who have been so advised by RBC Capital Markets, consider the terms of the Acquisition to be fair and reasonable. In providing advice to the Caledon Directors, RBC Capital Markets has taken into account the Caledon Directors' commercial assessments. The Caledon Directors intend to recommend unanimously that Scheme Shareholders and Caledon Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the Caledon General Meeting respectively (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.

#### **8. Background to and reasons for the recommendation**

In January 2009, Caledon received a non-binding, indicative approach from an entity which had expressed an interest in potentially acquiring Caledon. This led to the formal appointment of RBC Capital Markets in February 2009 to conduct a strategic review focused on maximising value for Caledon Shareholders and CDI Holders.

As part of that review, RBC Capital Markets solicited interest from other parties and had ongoing discussions with potential acquirers in respect of offers in excess of the then share price. However, despite the high level of interest and recognition of both the quality of Caledon's assets and the scarcity of high quality coking coal assets in general, no party provided a final and binding offer and the strategic review process was terminated in December 2009.

In April 2010, Caledon announced the terms of a proposed merger with its largest shareholder, Polo. However, volatility and uncertainty in the equity and coal markets in the period following this announcement meant that the parties could not agree on mutually acceptable terms for a merger and this transaction was terminated in June 2010.

Since this date the Caledon Directors have continued to receive indicative approaches from potential acquirers of Caledon or parties wishing to make an investment at the asset level.

The Caledon Directors have received assurances from GRAM that it intends to provide the necessary financial resources to Caledon to implement its strategy and to take advantage of other opportunities as they arise. On that basis, the Caledon Directors believe that under the ownership of GRAM and with access to significant additional funding, the risks connected with optimising the Cook mine and developing the Minyango project would be substantially reduced.

The Acquisition will provide an opportunity for Caledon Shareholders and CDI Holders to realise their investment in Caledon at a significant premium to the market price prior to the announcement on 8 November 2010 of the Possible Acquisition, payable in cash.

### 9. Irrevocable undertakings

Bidco has received undertakings to vote in favour of the Scheme at the Court Meeting and the resolution to be proposed at the Caledon General Meeting (or in the event that the Acquisition is implemented by means of an Offer, to accept or procure acceptance of the Offer), in respect of a total of 96,283,725 Caledon Shares representing approximately 34.44 per cent. of the entire issued share capital of Caledon, comprised as follows:

#### Directors

<i>Name</i>	<i>Number of Caledon Shares<sup>1</sup></i>	<i>Percentage of issued share capital</i>
Stephen Bywater	107,100	0.04
George Salamis	771,500	0.28
Peter Seear	5,146,263	1.84
David Treadwell	115,000	0.04
Mark Trevan	60,000	0.02
<i>Total</i>	<i>6,199,863</i>	<i>2.22</i>

<sup>1</sup> Note: includes certain family and related trust interests

These undertakings continue to be binding even in the event of a competing offer, howsoever to be implemented, being made for Caledon Shares which exceeds the value of the Acquisition and even if such competing offer is recommended for acceptance by the Caledon Board. However, these undertakings lapse if the Scheme lapses or is withdrawn or the Implementation Agreement is terminated.

#### Other Caledon Shareholders

<i>Name</i>	<i>Number of Caledon Shares</i>	<i>Percentage of issued share capital</i>
Banque Sarasin	1,000,000	0.36
Jean-Philippe Flament Transfer Trust	1,065,000	0.38
Jean-Philippe Flament Transfer Trust	1,500,000	0.54
Polo Resources Limited	74,472,687	26.64
Watami Trading Ltd	12,046,175	4.31
<i>Total</i>	<i>90,083,862</i>	<i>32.23</i>
<i>Total irrevocable undertakings received</i>	<i>96,283,725</i>	<i>34.44</i>

These undertakings of the above Caledon Shareholders (other than the Caledon Directors) continue to be binding even in the event of a competing offer, howsoever to be implemented, being made for Caledon Shares which exceeds the value of the Acquisition by less than 10 per cent., even if such competing offer is recommended for acceptance by the Caledon Board. These undertakings will, however, be suspended in certain circumstances if a person not acting in concert with Bidco announces prior to the date by which proxy forms are to be received in respect of the Scheme, a firm intention to make an offer for Caledon which represents an improvement of at least 10 per cent. per Caledon Share over the value of the consideration available under the Acquisition.

This suspension will be lifted if, at or prior to 11.59 p.m. on the fifth day after such higher offer is announced, Bidco announces a revision to the terms of the Acquisition so that the cash

price per share of any wholly cash consideration represents an improvement to the consideration per Caledon Share available under such higher offer. If Bidco fails to do so, the undertakings will lapse.

These undertakings will also lapse if the Scheme lapses or is withdrawn or the Implementation Agreement is terminated.

The undertaking given by Polo Resources Limited permits Polo to grant security over up to 4,000,000 of the Caledon Shares to which such undertaking applies, provided that it obtains an irrevocable undertaking in favour of Bidco to vote in favour, on substantially the same terms as that granted by Polo, from any third party obtaining the benefit of such security over those Caledon Shares (or interest in or rights in respect of those Caledon Shares). An affiliate of Polo Resources Limited currently holds a further 8,838,833 Caledon Shares which, if such Caledon Shares continue to be held by Polo or its affiliate at the relevant time, will also be subject to the undertaking described above.

The following Caledon Shareholders have provided non-binding letters of intent to vote in favour of the Scheme at the Court Meeting and the resolution to be proposed at the Caledon General Meeting:

<i>Name</i>	<i>Number of Caledon Shares</i>	<i>Percentage of issued share capital</i>
Cheyne Capital Management	2,722,222	0.97
Lyxor/Havens International	1,700,125	0.61
Viking Holdings AS	1,000,000	0.36
<i>Total</i>	<i>5,422,347</i>	<i>1.94</i>

The following holders of contracts for difference ("CFDs") have provided 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:

<i>Name</i>	<i>Number of CFDs</i>	<i>Percentage of issued share capital</i>
Arrowgrass Master Fund Ltd	6,529,060	2.34
Centaurus Capital Ltd	10,072,897	3.60
Cheyne Capital	13,850,894	4.95
Havens (various funds)	1,924,875	0.69
TIG Advisors, LLC	15,523,531	5.55
<i>Total</i>	<i>47,901,257</i>	<i>17.14</i>

In total, therefore, Bidco has received 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 approximately 53.52 per cent of the issued share capital.

## **10. Non-Solicitation Agreement and Implementation Agreement**

### *Non-Solicitation Agreement*

As previously announced on 21 April 2011, Caledon, GRAM and Bidco have entered into the Non-Solicitation Agreement, which was extended as announced on 15 June 2011.

Pursuant to the Non-Solicitation Agreement, Caledon has agreed with Bidco and GRAM that, in summary:

- it will not, directly or indirectly, solicit any Alternative Proposal, and will not consider or take into account any Alternative Proposal which is less than 10 per cent. greater in value than the Possible Acquisition; and
- in the event that Caledon receives an Alternative Proposal which is at least 10 per cent. greater in value than the Possible Acquisition, the Caledon Directors will not accept, approve, recommend or enter into any agreement to implement such Alternative Proposal unless Bidco fails to confirm within five Business Days following Bidco being notified of such proposal by Caledon that it intends to increase the value of the Possible Acquisition in cash to a value per Caledon Share equal to or greater than that provided for under the relevant Alternative Proposal,

in each case until the Scheme terminates or lapses in accordance with its terms or, as applicable, the Offer is withdrawn by Bidco (with the consent of the Panel, if required) or lapses or the Non-Solicitation Agreement is otherwise terminated in accordance with its terms.

#### *Implementation Agreement*

Caledon, GRAM and Bidco have also entered into the Implementation Agreement which sets out the arrangements between them in relation to the implementation of the Scheme. Each party to the Implementation Agreement has agreed to implement the Scheme and to co-operate with the other on the terms set out in the Implementation Agreement. In addition, Caledon has entered into certain undertakings concerning the conduct of its business during that period.

Caledon has agreed, pursuant to the Implementation Agreement, to pay Bidco an inducement fee of one per cent. of the value of the Acquisition (inclusive of any VAT) calculated by reference to the Acquisition Price and the fully diluted share capital of Caledon. Such fee shall be payable if:

- (a) 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, an announcement regarding an Alternative Proposal is made provided that such Alternative Proposal, or any other Alternative Proposal within 180 days of this announcement, subsequently becomes effective;
- (b) the Caledon Directors do not unanimously and without qualification recommend the Caledon Shareholders to vote in favour of the Scheme at the Court Meeting and in favour of the Resolutions at the Caledon General Meeting in the Scheme Document or, if Bidco 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) the Caledon Directors withdraw, qualify or adversely modify their recommendation or agree or resolve to recommend an Alternative Proposal;
- (d) 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 resolutions to be proposed at the Court Meeting and the Caledon General Meeting have been passed by the requisite majorities, but the Caledon Directors do not seek either of the Court Orders or do not file all requisite documentation with the Registrar of Companies, in either case, in accordance with the timetable agreed between Bidco, GRAM and Caledon;

- (f) the Panel permits Bidco to withdraw or not to proceed with the Acquisition for a breach of a condition which arises solely from an act or omission of Caledon;
- (g) Caledon or any of the Caledon Directors, whether before or after the Court Meeting and/or the Caledon General Meeting, does any act, including making a public statement, or makes any omission, which is or could reasonably be considered to be contrary to the recommendation of the Caledon Directors or their stated intention to give the recommendation in any Scheme Document or, as the case may be, Offer document; or
- (h) Caledon materially breaches the terms of the Implementation Agreement and Bidco elects to terminate it pursuant to its terms.

Pursuant to Rule 21.2 of the City Code, RBC Capital Markets has confirmed to the Panel that it considers these arrangements to be in the best interests of Caledon Shareholders.

GRAM has agreed, pursuant to the Implementation Agreement, to pay Caledon an inducement fee of one per cent. of the value of the Acquisition (inclusive of any VAT) calculated by reference to the Acquisition Price and the fully diluted share capital of Caledon. Such fee shall be payable if GRAM or Bidco take any material action following this announcement which results in the Scheme or the Offer (as applicable) lapsing, being withdrawn, terminating or otherwise failing, unless this occurs solely as a result of action taken by any competition or regulatory authority and GRAM and Bidco have taken all reasonable steps to procure such competition or regulatory permission or if they withdraw from the Scheme or Offer (as applicable) due to all material Conditions not being satisfied, if the Panel so permits or in circumstances where a Break Fee is payable by Caledon.

Caledon has also agreed neither, at any stage prior to the Scheme terminating or lapsing or, as applicable, the Offer being withdrawn by Bidco (with the consent of the Panel, if required) or lapsing or the Implementation Agreement being otherwise terminated in accordance with its terms, to pay nor to enter into any agreement to pay an inducement fee or a break fee to a third party.

Further details of the Non-Solicitation Agreement and the Implementation Agreement will be set out in the Scheme Document.

## **11. Structure of the Acquisition**

The Acquisition is to be effected by means of a scheme of arrangement between Caledon and the Scheme Shareholders under sections 895 to 899 of the Act. The procedure involves an application by Caledon to the Court to sanction the Scheme and to confirm the Capital Reduction. In consideration for the cancellation, Scheme Shareholders will receive £1.12 in cash for each Caledon Share held. CDI Holders will receive the equivalent of £1.12 in cash in Australian Dollars as described in paragraph 17 of this announcement. Bidco has, however, reserved the right to implement the Acquisition by way of an Offer.

In order to become Effective, the Scheme will require, amongst other things, approval: (i) by the Scheme Shareholders at the Court Meeting; and (ii) by the Caledon Shareholders of the Resolutions to be proposed at the Caledon General Meeting.

The Court Meeting will be convened by order of the Court for the purposes of considering and, if thought fit, approving the Scheme (with or without modification). The Scheme will be approved at the Court Meeting if a majority in number representing not less than 75 per cent. in value of Scheme Shareholders present and voting, either in person or by proxy, vote in favour of the Scheme.

Once the necessary approvals from the Scheme Shareholders and the Caledon Shareholders have been obtained at the Court Meeting and the Caledon General Meeting respectively, and the other Conditions have been satisfied or (where applicable) waived, the Scheme will become effective upon sanction by the Court and registration of the Court Orders by the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all

