

EXECUTION VERSION

20 APRIL 2011

GUANGDONG RISING ASSETS MANAGEMENT CO., LTD

and

GUANGDONG RISING (AUSTRALIA) PTY LTD

and

CALEDON RESOURCES PLC

NON-SOLICITATION AGREEMENT

Slaughter and May
One Bunhill Row
London EC1Y 8YY
(RRO/SLMU/JJXC)

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THIS AGREEMENT is made on 20 April 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 2, 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) On 8 November 2010, the parties entered into a non-solicitation agreement setting out certain restrictions concerning solicitation of competing proposals and a right to match (the "**Original NSA**") which terminated on 31 December 2010 because the State Approval could not be obtained prior to that date.
- (B) On 27 January 2011, the parties entered into a second non-solicitation agreement on similar terms to the Original NSA, which terminated on 28 February 2011 because the State Approval could not be obtained prior to that date.
- (C) GRAM announced a possible offer by the Bidder, being its wholly owned indirect subsidiary, for the entire issued and to be issued share capital of Caledon on 8 November 2010.
- (D) The Acquisition, if it proceeds, 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.

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”** means the proposed acquisition, if an Acquisition Announcement is made, on the Core Terms by the Bidder of the entire issued and to be issued ordinary share capital of Caledon to be implemented by means of the Scheme or, if GRAM and the Bidder so determine in their absolute discretion (subject to the consent of the Panel), by means of the Offer;
- “Acquisition Announcement”** means an announcement by GRAM or the Bidder of a firm intention to make an offer, without any pre-conditions, for the entire issued and to be issued share capital of Caledon on the Core Terms under Rule 2.5 of the City Code;
- “AIM Rules”** the AIM Rules for Companies;
- “Alternative Proposal”** means (a) any offer (construed in accordance with the City Code, whether or not subject to any pre-condition(s)), proposal or indication of interest from, or on behalf of, any person other than GRAM or the Bidder or any person acting in concert (as defined in the City Code) with GRAM or the Bidder which, if accepted, implemented or otherwise carried out in full, would result in such person, directly or indirectly, acquiring (in one transaction or a series of transactions): (i) control (as defined in the City Code) of, or a substantial equity interest in, Caledon or any of its subsidiary undertakings; or (ii) a material part of the business or assets of Caledon or any of its subsidiary undertakings; or (b) any de-merger and/or any material re-organisation of the Caledon Group; or (c) any other agreement, arrangement, transaction or series of transactions with a party that is not acting in concert (as defined in the City Code) with GRAM or the Bidder which would be inconsistent with or would be reasonably likely to preclude, impede or delay the implementation of the Acquisition;

“Alternative Proposal Notice”	has the meaning given to it in Clause 4.2(B);
“Announcement”	means the announcement made by GRAM on 8 November 2010 of a possible offer by the Bidder;
“Caledon Share Schemes”	means the Finelot plc 2000 Discretionary Share Option Scheme and the Caledon Resources Plc 2006 Share Option Scheme;
“Conditions”	means the conditions in respect of the Scheme as set out in Schedule 2 or such conditions that relate to the Offer;
“Core Terms”	means, in relation to any Acquisition Announcement, the offer referred to in such announcement being on terms that (i) the price payable for each Caledon Share is no less than £1.12 per Caledon Share, (ii) such price is payable in cash and (iii) the offer is subject to the Conditions;
“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;
“First Court Hearing”	means the hearing by the Court of the petition to sanction the Scheme under section 899 of the Act;
“FSA”	means the Financial Services Authority;
“FSMA”	means the Financial Services and Markets Act 2000;

"Implementation Agreement"	means any implementation agreement which is entered into between Caledon, GRAM and the Bidder following the Announcement and prior to any Acquisition Announcement being made;
"Listing Rules"	means the listing rules made by the FSA under Part IV of FSMA;
"NSA Announcement"	means the announcement to be made by the Company through a Regulatory Information Service of the terms of this Agreement, a copy of which is set out in Schedule 1 to this Agreement;
"Offer"	means, if the Bidder elects to effect the Acquisition by means of a takeover offer, the offer to be made by or on behalf of the Bidder to acquire the entire issued and to be issued ordinary share capital of Caledon, other than any Caledon Shares owned by the Bidder or the Bidder's associates including, where the context so requires, any subsequent revision, variation, extension or renewal thereof;
"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;
"Regulatory Information Service"	any of the services set out in Appendix 3 of the Listing Rules or provided by the ASX;
"Resolutions"	means the resolutions to approve, <i>inter alia</i> , the cancellation of all Scheme Shares, the alteration of Caledon's articles of association and such other matters as may be necessary to facilitate the implementation of the Scheme;

“Revised Offer”	has the meaning given in Clause 5.1(ii);
“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;
“Service Document”	means a claim form, application notice, order, judgment or other document relating to any Proceedings;
“State Approval”	means the approvals set out in paragraph 3(ii) of the Announcement;
“Third Party”	means a central bank, government, governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, trade agency, court, association, institution or any other body or person in any jurisdiction;
“Wider Caledon Group”	the Caledon Group and associated undertakings of Caledon, and any other body corporate, partnership, joint venture or person in which Caledon and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent;
“Wider GRAM Group”	the GRAM Group and associated undertakings of GRAM, and any other body corporate, partnership, joint venture or person in which GRAM and such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent; 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 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;

- (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 The headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

1.5 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. GENERAL

2.1 The obligations of the parties under this Agreement shall have effect immediately prior to the release of the NSA Announcement.

2.2 Caledon undertakes that it will release the NSA Announcement as promptly as practicable following the execution of this Agreement.

2.3 Caledon undertakes that it will not make any request to the Panel for the imposition of a deadline by which GRAM or the Bidder must announce a firm intention to make an offer for Caledon under Rule 2.5 of the City Code or otherwise be subject to the restrictions set out in Rule 2.8 of the City Code.

2.4 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 Corporations Act of Australia (Cth. of Australia), and (vi) the applicable regulations of ASX in conflict with any of the terms of this Agreement, which shall take precedence over any such terms.

3. STATE APPROVAL

3.1 Each of GRAM and the Bidder shall use its reasonable endeavours to, and shall, so far as it is reasonably within its power to do so, procure that each member of its group, its

- directors and its relevant professional advisers assist the Bidder to, obtain the State Approval as promptly as practicable following the date of this Agreement.
- 3.2 Caledon shall provide as promptly as reasonably practicable in consultation with GRAM and the Bidder such information about itself and the Wider Caledon Group and such assistance as may be reasonably requested by GRAM or the Bidder in connection with obtaining the State Approval, save that Caledon shall not be required to provide any assistance which would have a significantly adverse impact on the resources of Caledon's senior management. The Bidder shall pay any reasonable costs and expenses incurred by Caledon in providing such information and/or assistance.
- 3.3 GRAM and the Bidder agree to keep Caledon informed reasonably promptly of any developments which are material or potentially material to the obtaining of the State Approval, provided that nothing in this Clause 3.3 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).
- 3.4 GRAM and the Bidder each represents and warrants to Caledon that neither it nor any of its directors is aware of any circumstances which are likely to prevent the State Approval from being obtained.
- 3.5 If Caledon is or becomes aware of any matter, not known so far as it is aware to GRAM, which is of sufficient materiality that Caledon believes that it is likely to have to announce it pursuant to the AIM Rules and/or the rules of the ASX, 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 GRAM and the Bidder.
4. **NON-SOLICITATION AND ALTERNATIVE PROPOSALS**
- 4.1 Subject to Clause 4.4, Caledon undertakes to the Bidder that it will not consider any Alternative Proposal after the date of the NSA Announcement, and that Caledon will not take into account any Alternative Proposal made before the date of the NSA Announcement, unless it is at least 10% greater in value than the Acquisition and such Alternative Proposal is, in the reasonable opinion of Caledon, acting in good faith, a serious Alternative Proposal.
- 4.2 Subject to Clauses 4.3 and 4.4, Caledon undertakes that:
- (A) it shall not, and shall procure that no other member of the Caledon Group nor any of its or their respective directors, officers, employees, advisers or agents shall, directly or indirectly:
- (i) solicit, encourage, initiate or otherwise seek to procure the submission of any proposal, indication of interest or offer of any kind which is reasonably likely to lead to an Alternative Proposal (including, without limitation, by disclosing due diligence information);

- (ii) enter into or continue or participate in any communications, discussions, negotiations, correspondence or arrangement relating to any Alternative Proposal or which are reasonably likely to lead to an Alternative Proposal (save to the extent that the Caledon Directors reasonably consider, having taken appropriate independent legal and financial advice, that they would be in breach of their fiduciary duties to Caledon not to do so in response to an unsolicited Alternative Proposal); or
 - (iii) provide any information to any third party in connection with an Alternative Proposal; and
- (B) it shall notify the Bidder (an **"Alternative Proposal Notice"**) promptly, and in any event within 24 hours, in writing of:
- (i) any approach that is made, or any circumstances indicating that an approach will be or is likely to be made, to Caledon, any other member of the Caledon Group or to any of their respective directors, officers, employees, advisers or agents in relation to any Alternative Proposal (including by someone who has previously approached Caledon, any other member of the Caledon Group or any of their respective directors, officers, employees, advisers or agents) and the material terms of such Alternative Proposal (including as to price, form of consideration, timetable, conditionality and (subject to the extent permitted under the terms of any legally binding confidentiality undertaking to which it is subject) the identity of all interested parties involved in that Alternative Proposal), and shall keep the Bidder informed as to the progress of any such Alternative Proposal; and
 - (ii) any request for information received by it under Rule 20.2 of the City Code,

provided that nothing in this Clause 4.2 shall preclude Caledon or its directors, officers, employees, advisers and agents from providing to: (a) any other party any information required to be provided to it under Rule 20.2 of the City Code; or (b) any regulatory authority such information as it may duly require.

4.3 In complying with a request under Rule 20.2 of the City Code:

- (A) Caledon shall only provide such information (in the same form and in no further level of detail) to such third party as it has previously provided to the Bidder and only to the extent specifically requested;
- (B) the period of engagement Caledon grants to a third party in relation to due diligence shall not extend over a period longer than that afforded to the Bidder; and
- (C) if, notwithstanding Clause 4.3(A), Caledon provides to a third party additional information that it has not already provided to the Bidder, Caledon will, without delay, also provide to the Bidder any such additional information.

4.4 Clauses 4.1 and 4.2 will no longer apply if the Scheme terminates or lapses in accordance with its terms or, as applicable, the Offer is withdrawn by the Bidder (with the consent of the Panel if required) or lapses or this Agreement is otherwise terminated in accordance with its terms.

4.5 Caledon will co-operate with any reasonable request of the Bidder in seeking a direction from the Panel to require any person rumoured to be interested in acquiring Caledon to make an announcement clarifying its intentions in accordance with the requirements of the City Code.

5. RIGHT TO MATCH

5.1 Caledon undertakes that if it receives or is informed of an Alternative Proposal (or an improvement to the terms of an existing Alternative Proposal), or an Alternative Proposal (or an improvement to the terms of an existing Alternative Proposal) is announced, it shall not (and it shall procure that no Caledon Director nor any member of the Caledon Group (as applicable) shall) accept, approve, recommend or enter into any agreement to implement such Alternative Proposal unless:

- (i) an Alternative Proposal Notice has been provided to the Bidder in accordance with Clause 4.2(B); and
- (ii) the Bidder does not, before 5.00 p.m. on the fifth Business Day after the date of the Alternative Proposal Notice, announce a possible offer, on terms otherwise consistent with the Announcement (where an Acquisition Announcement has not been made) or its firm intention to improve the terms of the Acquisition (where an Acquisition Announcement has been made) to provide for a price in cash per Caledon Share which is equal to or more than the price per Caledon Share under the Alternative Proposal (a "**Revised Offer**").

5.2 For the purposes of determining the price per Caledon Share of an Alternative Proposal for the purpose of Clause 5.1(ii):

- (A) if there has been an announcement regarding the Alternative Proposal under Rule 2.4 of the City Code (but no announcement under Rule 2.5 of the City Code), the price per share shall, subject to Clause 5.4, be the price per share, if any, indicated in the last such announcement;
- (B) if there has been an announcement regarding the Alternative Proposal under Rule 2.5 of the City Code, the price per share shall, subject to Clause 5.4, be the price per Caledon Share stated in such announcement or any higher price stated in any announcement revising the Alternative Proposal.

5.3 To the extent that any Alternative Proposal includes any non-cash consideration, the "price per Caledon Share" represented by such non-cash consideration shall, to the extent practicable, be determined by reference to the middle market closing price of such non-cash consideration as at the last trading day before the date on which the Alternative Proposal is announced or, if such non-cash consideration is not in the form of traded securities, the market value of such non-cash consideration as at the date on which the Alternative Proposal is announced.

- 5.4 The market value of any non-cash consideration which is not in the form of traded securities shall be determined by the Caledon's financial advisers, acting reasonably.
- 5.5 If a "competitive situation" arises pursuant to Rule 32.5 of the City Code in relation to the Bidder and a third party or parties, Caledon shall, and shall procure that Caledon Directors and Caledon's financial advisers shall, use their respective reasonable endeavours to ensure that the auction procedure determined by the Panel shall give effect to and be consistent with the Bidder's rights and the obligations of Caledon pursuant to this Clause 5. Caledon shall, to the extent practicable, keep the Bidder fully informed of any discussions in this regard with the Panel.
- 5.6 If the Panel imposes an auction procedure that would require Caledon to breach its obligations set out in Clause 5.1, the Bidder and Caledon agree that the relevant provisions of such Clauses shall not apply solely to the extent required to permit Caledon to comply with the auction procedure imposed by the Panel pursuant to Rule 32.5 of the City Code.

6. 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.

7. TERMINATION

- 7.1 Subject to Clauses 7.2 and 7.3, this Agreement may be terminated and all rights and obligations of GRAM, the Bidder and Caledon under this Agreement shall cease:
- (A) as agreed in writing by the parties;
 - (B) if the State Approval is refused or cannot be obtained on or before 15 June 2011;
 - (C) if an Acquisition Announcement has not been made by GRAM or the Bidder on or before 15 June 2011;
 - (D) following an Acquisition Announcement:
 - (i) 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);
 - (ii) on the earliest to occur of:
 - (a) the date on which the Scheme lapses, terminates or is withdrawn; and
 - (b) the Effective Date,

provided this Clause 7.1(D)(ii) 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;

- (iii) on the earliest to occur of:
 - (a) the date on which the Offer lapses terminates or is withdrawn; and
 - (b) the Effective Date,

provided that this Clause 7.1(D)(ii) 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;

- (iv) 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 within 20 Business Days of the date of the relevant Meeting, to implement the Acquisition by means of the Offer;
 - (v) 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 within 20 Business Days of the date of the relevant hearing, to implement the Acquisition by means of the Offer; or
 - (vi) any Condition is incapable of satisfaction unless (where permitted) it is waived by the Bidder or GRAM; or
- (E) if a notice to terminate is given by a party upon a material breach of this Agreement by another party.

7.2 Termination of this Agreement shall be without prejudice to the rights of any of the parties which have arisen before termination.

7.3 This Clause and Clauses 1, 7.2 and 8 to 21 (inclusive) shall survive termination of this Agreement.

7.4 Subject only to Clause 2 (General), if this Agreement shall terminate on 30 September 2011 pursuant to Clause 7.1(D)(i) (or such later date as the parties may otherwise agree in writing in accordance with Clause 7.1(D)(i)), 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.

8. NOTICES

8.1 A notice under this Agreement shall only be effective if it is in writing (which, for this purpose, does not include email).

- 8.2 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 2, Level 5, 71 Macquarie Street, Sydney, New South Wales 2000, Australia	+86 612 9250 1838
the Bidder (Mr. Li Zezhong)	Suite 2, Level 5, 71 Macquarie Street, Sydney, New South Wales 2000, Australia	+86 612 9250 1838
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 8.2 and Clause 8.1. That notice shall only be effective on the date falling one Business Day after the notification has been received or such later date as may be specified in the notice.

- 8.3 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.
- 8.4 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.
- 8.5 The provisions of this Clause shall not apply in relation to the service of Service Documents.
9. **REMEDIES AND WAIVERS**
- 9.1 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.

- 9.2 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.
- 9.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.
- 9.4 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.
- 9.5 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.

10. **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.

11. **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.

12. **ENTIRE AGREEMENT**

- 12.1 Save for the confidentiality agreement between GRAM, Caledon and Ord River Resources Limited dated 2 August 2010 (which remains 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.
- 12.2 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.
- 12.3 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.

- 12.4 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.

13. **LANGUAGE**

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

14. **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.

15. **ASSIGNMENT**

- 15.1 Subject to Clause 15.2, 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.

- 15.2 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 consent to any such novation.

16. **ANNOUNCEMENTS**

- 16.1 Subject to Clause 16.2, no announcement (other than the 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.

- 16.2 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 Financial Services Authority 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 the Caledon Directors withdraw, qualify or adversely modify (or refuse to repeat) an intention to give a board recommendation.

17. 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.

18. 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.

19. COUNTERPARTS

19.1 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.

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

20. APPLICABLE LAW AND JURISDICTION

20.1 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.

20.2 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.

21. AGENT FOR SERVICE

21.1 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.

21.2 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.

21.3 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.

21.4 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
NSA 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

[Xx] April 2011

**Caledon Resources plc
(AIM: CDN, ASX: CCD)**

Potential Acquisition – Non-Solicitation Agreement signed with GRAM

Introduction

On 8 November 2010 the directors of Bidco, GRAM and Caledon announced that an agreement in principle had been reached with GRAM on the terms of a Possible Acquisition of Caledon by Bidco, a wholly owned indirect subsidiary of GRAM.

On 11 April 2011 Bidco, GRAM and Caledon announced that GRAM had received approval from the State-owned Assets Supervision and Administration Commission on behalf of the State Council ("SASAC").

Signing of Non-Solicitation Agreement

The non-solicitation agreement between Bidco, GRAM and Caledon that was signed on 27 January 2011 expired on 28 February 2011.

Following receipt of the SASAC approval, Bidco, GRAM and Caledon have now entered into a new Non-Solicitation Agreement on the same terms. The new Non-Solicitation Agreement will expire (i) on 15 June 2011 if the Acquisition Announcement has not been made or the approval set out below is refused or cannot be obtained by that date; or (ii) if 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.

Pursuant to the new Non-Solicitation Agreement, Caledon has also agreed that it shall not make any request to the Panel for the imposition of a deadline by which GRAM or Bidco must announce a firm intention to make an offer for Caledon under Rule 2.5 of the City Code or otherwise be subject to the restrictions set out in Rule 2.8 of the City Code prior to the termination of the new Non-Solicitation Agreement.

Status of pre-conditions

Any announcement by GRAM or Bidco of a firm intention to make an offer for Caledon pursuant to Rule 2.5 of the City Code, remains subject to satisfaction or waiver of the following pre-conditions:

- (i) the unanimous recommendation of the board of Caledon of the terms of any such offer, having been advised by RBC Capital Markets that the terms of such an offer are fair and reasonable;
- (ii) the receipt of all necessary approvals from regulatory authorities in China relating to the Possible Acquisition, including the following:
 - project approval for outbound investment from the National Development and Reform Commission of China on behalf of the State Council;
 - approval for outbound investment from Ministry of Commerce of China; and
 - approval for the remittance of foreign exchange out of China from the State Administration of Foreign Exchange of China; and

(iii) finalisation by GRAM of the terms of its financing for the Possible Acquisition.

Mr Li Jinming, Chairman of GRAM said:

"We are pleased to have agreed an extension of the non-solicitation agreement. GRAM continues to actively engage with the regulatory authorities in China in an effort to obtain the necessary approvals within the period covered by the non-solicitation agreement."

Mark Trevan, Managing Director of Caledon said:

"The board of Caledon continues to believe that GRAM's Possible Acquisition would be very positive for Caledon's shareholders and employees. We are in regular contact with GRAM and acknowledge and appreciate their efforts in progressing approvals with the Chinese authorities."

General

All defined terms in this announcement shall have the same meaning as those contained in Caledon's announcement of 8 November 2010 falling under Rule 2.4 of the City Code.

Enquiries:

GRAM / Bidco

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Caledon

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RBC Capital Markets, financial adviser, nominated adviser and corporate broker to Caledon

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Martin Eales	
Stephen McPherson	

PricewaterhouseCoopers LLP, financial adviser to GRAM and Bidco

Simon Boadle	+44 (0) 20 7583 5000
Jon Raggett	

Tavistock Communications, media contact for Caledon

Jos Simson	+44 (0) 7789 879 450
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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 Possible Acquisition and any subsequent 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 Proposed Acquisition or any subsequent 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 Possible Acquisition and any subsequent 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 Possible Acquisition or any subsequent 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 Possible 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. Any Acquisition, if it proceeds (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 such 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 any Scheme will be 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").

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 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. 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 Possible Acquisition, any subsequent Acquisition or otherwise. If it proceeds, any 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, the GRAM Group, the GRAM Directors and members of their immediate families, related trusts and persons connected with them (within the meaning of section 252 of the Act).

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, the GRAM Group, the GRAM Directors and members of their immediate families and persons connected with them (within the meaning of section 252 of the Act).

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.

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 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th 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.

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, 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.

SCHEDULE 2
TERMS AND CONDITIONS OF ANY ACQUISITION

PART A: Conditions of the Acquisition

1. The Acquisition will be conditional on the Scheme becoming unconditional and becoming Effective by not later than 30 September 2011 or such later date (if any) as, subject to the requirements of the City Code, Caledon and the Bidder may agree and, if required, the Court may allow.
2. The Scheme will be conditional on:
 - (a) approval of the Scheme by a majority in number representing three-fourths or more in value of the holders of Scheme Shares (or the relevant class or classes of them) entitled to vote and present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;
 - (b) the resolutions required to approve and implement the Scheme being duly passed by the requisite majority at the Caledon General Meeting or any adjournment of that meeting; and
 - (c) the sanction (with or without modification, but subject to any such modification being acceptable to the Bidder) of the Scheme and the confirmation of the Reduction of Capital by the Court and an office copy of each of the Court Orders and the minute confirming the Reduction of Capital being delivered for registration to the Registrar of Companies in England and Wales and, in relation to the Reduction of Capital, the registration of such Court Order by him.
3. In addition, Caledon and the Bidder have agreed that, subject as specified in paragraph 2 of Part B below, the Acquisition will also be conditional on the following matters, and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied (and continue to be satisfied pending the commencement of the First Court Hearing) or waived:
 - (a) save (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this announcement, no Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any such action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision or order or taken any other steps and there not continuing to be outstanding any statute, regulation, decision or order which would:
 - (i) make the Acquisition, its implementation or the acquisition of any Caledon Shares by any member of the Wider GRAM Group void, unenforceable or illegal under the laws of any jurisdiction or otherwise restrict, prohibit, delay or otherwise interfere with the implementation of,

or impose additional conditions or obligations with respect to, or otherwise challenge or require amendment to the terms of the Acquisition, in each case in a manner which is material in the context of the Acquisition;

- (ii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Caledon Group of all or any part of their respective businesses, assets or properties or impose any limitation on their ability to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part of them (to an extent which in each case is or is reasonably likely to be material in the context of the Wider GRAM Group and the Wider Caledon Group taken as a whole);
- (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider GRAM Group to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in Caledon or on the ability of any member of the Wider Caledon Group to hold or exercise effectively any rights of ownership of shares or other securities in or to exercise management control over any member of the Wider Caledon Group (to an extent which in each case is or is reasonably likely to be material in the context of the Wider GRAM Group and the Wider Caledon Group taken as a whole);
- (iv) require any member of the Wider GRAM Group or the Wider Caledon Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the Wider Caledon Group or any asset owned by any third party (other than in the implementation of the Acquisition);
- (v) require, prevent or delay a divestiture, by any member of the Wider GRAM Group of any shares or other securities (or the equivalent) in Caledon;
- (vi) result in any member of the Wider Caledon Group ceasing to be able to carry on business under any name under which it presently does so (with consequences which would be material in the context of the Wider GRAM Group and the Wider Caledon Group taken as a whole);
- (vii) impose any limitation on the ability of any member of the Wider Caledon Group to integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Caledon Group which is materially adverse to the Wider Caledon Group and the Wider GRAM Group taken as a whole; or
- (viii) otherwise affect the business, assets, profits or prospects of any member of the Wider GRAM Group or any member of the Wider Caledon Group in a manner which is materially adverse to the Wider GRAM Group and the Wider Caledon Group taken as a whole;

and all applicable waiting and other time periods during which any such Third Party could decide to take, institute or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise intervene under the laws of any jurisdiction in respect of the Acquisition, the Scheme or the proposed acquisition of any Caledon Shares having expired, lapsed, or been terminated;

- (b) all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, notifications, certificates, exemptions, permissions and approvals ("**Authorisations**") necessary or reasonably deemed appropriate by the Bidder in any jurisdiction for or in respect of the Acquisition and the acquisition or the proposed acquisition of any shares or other securities in, or control of, Caledon by any member of the Wider GRAM Group having been obtained in terms and in a form reasonably satisfactory to the Bidder from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Caledon Group or the Wider GRAM Group has entered into contractual arrangements and, save as disclosed, all such material Authorisations necessary or reasonably deemed appropriate by the Bidder to carry on the business of any member of the Wider Caledon Group in any jurisdiction having been obtained, and all such Authorisations remaining in full force and effect at the Effective Date and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew any of such Authorisations;
- (c) all necessary notifications, filings or applications having been made in connection with the Acquisition and/or the Scheme, and all necessary waiting periods (including extensions thereof) in respect of the Acquisition or its implementation under any applicable legislation or regulations in any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any jurisdiction having been complied with in all material respects in connection with the Acquisition or the acquisition by any member of the Wider GRAM Group of any shares or other securities in, or control of, Caledon;
- (d) save (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM; or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this announcement, there being no provision of any arrangement, agreement, licence, permit, lease or other instrument to which any member of the Wider Caledon Group is a party or by or to which any such member or any of its assets is or may be bound or be subject which, or any event or circumstance having occurred which under any agreement, arrangement, licence, permit, lease or other instrument which any member of the Wider Caledon Group is a party to or to which any member of the Wider Caledon Group or any of its assets may be bound, entitled or subject would result in, as a consequence of the Acquisition or the acquisition or the proposed acquisition by any member of the Wider GRAM Group of any shares or other securities (or the equivalent) in Caledon or because of a change in the control or management of any member of the Caledon Group or otherwise, would or might reasonably be expected to result, in a manner which could or

might be material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole, in:

- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of any member of the Wider Caledon Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
 - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Caledon Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Caledon Group in or with any other firm or company or body or person (or any agreement or arrangements relating to any such business or interests) being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken under any of them;
 - (iii) any member of the Wider Caledon Group ceasing to be able to carry on business under any name under which it presently does so;
 - (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Caledon Group being or falling to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Caledon Group otherwise than in the ordinary course of business;
 - (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Caledon Group or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable or being enforced;
 - (vi) the value of, or the financial or trading position or profits of any member of the Wider Caledon Group being prejudiced or adversely affected; or
 - (vii) any liability of any member of the Wider Caledon Group to make any severance, termination, bonus or other payment to any of the directors or other officers.
- (e) except (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this announcement, or save as contemplated in the Implementation Agreement, no member of the Wider Caledon Group having:

- (i) (save as between Caledon and wholly-owned subsidiaries of Caledon and save for the issue of Caledon Shares on the exercise of options granted under the Caledon Share Schemes or upon the conversion of the Caledon Loan Notes in accordance with their terms and conditions) issued or agreed to issue or authorised or proposed the issue of additional shares or securities of any class, or securities convertible into or exchangeable for shares, or rights, warrants or options to subscribe for or acquire any such shares, securities or convertible securities;
- (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether in cash or otherwise) save for any dividend declared prior to the Effective Date by any wholly-owned subsidiary of Caledon;
- (iii) (save for transactions between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) implemented or authorised any merger or demerger or acquired any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, which in each case is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (iv) (save for transactions between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) implemented, effected or authorised, proposed or announced its intention to implement, effect, authorise or propose any reconstruction, amalgamation, commitment, scheme or other transaction or arrangement, which in each case is material in the context of the Wider Caledon Group taken as a whole;
- (v) (save for transactions between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) purchased, redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub paragraph (i) above, made any other change to any part of its share capital (other than in connection with the Scheme);
- (vi) (save as between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary and usual course of carrying out its current banking activities;
- (vii) (save as between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) issued, authorised or proposed the issue of any debentures, or incurred or increased any indebtedness or contingent liability, and in each case to an extent which

is material in the context of and has a material adverse effect on the Wider Caledon Group and the Wider GRAM Group taken as a whole;

- (viii) entered into or varied or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary and usual course of business) which is of a long term (which shall mean not terminable by the giving of 12 months' notice or less), unusual or onerous nature or which is or is reasonably likely to be restrictive on the business of any member of the Wider Caledon Group, and in each case which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (ix) entered into or varied in any material respect the terms of any contract, service agreement or any arrangement with any director or senior executive of any member of the Wider Caledon Group (save as agreed by GRAM in writing);
- (x) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Caledon Group (except as agreed by GRAM in writing or in connection with the Scheme);
- (xi) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors, employees or their dependants or the benefits which accrue, or to the pensions which are payable, under them, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis on which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation, which in any such case would be material in the context of the pension schemes operated by the Wider Caledon Group;
- (xii) waived or compromised any claim otherwise than in the ordinary and usual course of business, which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (xiii) (other than in respect of a member of the Wider Caledon Group which is dormant and was solvent at the relevant time) taken or proposed any corporate action or had any legal proceedings instituted or threatened against it for its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;

- (xiv) (other than in connection with the Scheme) made or agreed or consented to any alteration to its memorandum or articles of association or other constitutional documents which has not been filed with the Registrar of Companies prior to the date of this announcement, which is material in the context of the Acquisition; or
 - (xv) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business; or
 - (xvi) entered into any contract, commitment, agreement or arrangement or passed any resolution with respect to or announced an intention to effect or propose any of the transactions, matters or events referred to in this paragraph (e);
- (f) except (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this announcement:
- (i) there having been no material adverse change or deterioration in the business, assets, financial or trading position or profits of any member of the Wider Caledon Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Caledon Group or to which any member of the Wider Caledon Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry or investigation by or complaint or reference to any Third Party against or in respect of any member of the Wider Caledon Group having been threatened, announced or instituted or remaining outstanding, in each case which would or would reasonably be expected to have a material adverse effect on the Wider Caledon Group and the Wider GRAM Group taken as a whole;
 - (iii) no contingent or other liability having arisen or being likely to arise or having become apparent to GRAM, which is or would be reasonably likely materially adversely to affect the business, assets, financial or trading position or profits or prospects of the Wider Caledon Group and the Wider GRAM Group taken as a whole; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Caledon Group which is necessary for the proper carrying on of its business and which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;

- (g) except (i) as fairly disclosed in the annual consolidated report and accounts for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this announcement, GRAM not having discovered:
- (i) that any financial, business or other information concerning the Wider Caledon Group publicly disclosed or disclosed to any member of the GRAM Group at any time by or on behalf of any member of the Wider Caledon Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained in any of them not misleading and which, in any case, is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
 - (ii) that any member of the Wider Caledon Group is subject to any liability, contingent or otherwise, which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole; or
 - (iii) any information which affects the import of any information disclosed to GRAM prior to the date of this announcement at any time by or on behalf of any member of the Wider Caledon Group to an extent which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole; and
 - (iv) that any past or present member of the Wider Caledon Group has failed to comply in all material respects with any applicable legislation or regulations of any jurisdiction or any notice or requirement of any Third Party with regard to the use, storage, treatment, transport, handling, disposal, discharge, spillage, release, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment (including property) or harm human or animal health or that there has otherwise been any such use, storage, treatment, transport, handling, disposal, discharge, spillage, leak or emission (whether or not the same constituted non-compliance by any person with any such legislation or regulation, and whenever or wherever the same may have taken place), any of which non-compliance would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider Caledon Group, in each case which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
 - (v) that there is or is likely to be any obligation or liability (whether actual or contingent) of any member of the Wider Caledon Group to make good, repay, re-instate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Caledon Group or in which any such member may now or previously have had an interest under any environmental legislation, regulation, notice, circular, order or other requirement of any Third Party and in any jurisdiction, in each case which is material in the

context of the Wider Caledon Group and the Wider GRAM Group taken as a whole.

PART B: Terms of the Acquisition

1. For the purposes of the Conditions, information shall be regarded as having been "fairly disclosed to GRAM" if it has been made available (i) in the virtual data room established in connection with the Acquisition, (ii) in written documents disclosed by Caledon (or its financial, legal or accounting advisers) during meetings or presentations held in connection with the Acquisition or (iii) in written answers or documents disclosed by Caledon (or its financial, legal or accounting advisers) in response to due diligence queries raised by or on behalf of GRAM as part of a formal agreed process in connection with the Acquisition.
2. The Bidder reserves the right to waive in whole or in part all or any of Conditions 3(a) to (g) inclusive. The Bidder will be under no obligation to waive or treat as satisfied any of Conditions 3(a) to (g) (inclusive) by a date earlier than the sanction of the Scheme notwithstanding that the other Conditions may have been waived or satisfied and that there are at such earlier date no circumstances indicating that the relevant Condition may not be capable of satisfaction.
3. If the Bidder or GRAM is required by the Panel to make an offer for Caledon Shares under the provisions of Rule 9 of the City Code, then the Bidder or GRAM (as appropriate) may make such alterations to any of the above Conditions as are necessary to comply with the provisions of the City Code.
4. The Caledon Shares will be acquired by the Bidder fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the date of this announcement.
5. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.
6. The Acquisition and the Scheme will be governed by English law and be subject to the exclusive jurisdiction of the English courts.
7. The Bidder reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a takeover offer (as defined in Part 28 of the Companies Act 2006) as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Acquisition, including (without limitation and subject to the consent of the Panel) an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as the Bidder may decide): (i) in nominal value of the shares to which such offer relates; (ii) of the voting rights attached to those shares; and (iii) of the

voting rights normally exercisable at a general meeting of Caledon, including, for this purpose, any such voting rights attaching to Caledon Shares that are unconditionally allotted or issued before the takeover offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription of conversion rights or otherwise.

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acting for and on behalf of
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THE BIDDER

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