

18 December 2008

**Caledon Resources plc (AIM: CDN, ASX: CCD)  
(‘Caledon’ or the ‘Company’)**

**Operational Update and Closure of London Office**

- 2008 sales forecast 460,000t
- 2009 sales guidance revised down due to market outlook
- London office to be closed and functions transferred to Brisbane office

In an analyst presentation posted on the Caledon website on 18 November 2008 the Company forecast saleable production of 500kt for 2008 and 900kt for 2009.

Due to production constraints the Company’s revised sales forecast for 2008 is now 460kt.

In addition, due to the very significant deterioration in the market outlook for coking coal over the past month, the Company is now revising its 2009 production target downwards. In this regard the Company now believes it is prudent to forecast a minimum of 400kt of saleable production for 2009, with greater sales possible if market conditions improve. The Company’s immediate focus is on cost reduction and cash conservation.

In line with this focus, the Board has decided to transfer the functions currently performed within the Company’s London office to existing finance staff in Brisbane and terminate the lease on its Hudson House offices. This decision will result in the redundancy of three staff in London.

For further information, please contact:

***United Kingdom***

**Caledon Resources plc**

Robert Alford +44 (0) 20 3178 6170  
Jeremy Gorman +44 (0) 20 7935 0027

**RBC Capital Markets (NOMAD & Broker)**

Andrew Smith +44 (0) 20 7029 7882  
Martin Eales +44 (0) 20 7029 7881

**Conduit PR**

Leesa Peters/Jos Simson +44 (0) 20 7429 6603  
+44 (0) 7899 879 450

***Australia***

**Caledon Resources plc**

Mark Trevan

+61 7 3309 3103

**Rowland (media enquiries)**

Bruce Ruddy

+61 7 3229 4499

**About Caledon**

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. The Company also purchased the nearby Minyango exploration concessions in 2006 and has conducted a number of drilling programs in preparation for a feasibility study.