

2 January 2009

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

Repurchase of Loan Notes

Caledon announces that, on 31 December 2008, it repurchased for cancellation a total of £2 million nominal of its outstanding 8.5% unsecured convertible loan notes 2010 (the “Loan Notes”), for a consideration of £1.5 million.

The Company now has in issue a total of £18 million Loan Notes.

For further information, please contact:

United Kingdom

Caledon Resources plc

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

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.