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This is an announcement falling under Rule 2.4 of the City Code on Takeovers and Mergers (the "Takeover Code") and does not constitute an announcement of a firm intention to make an offer or to pursue any other transaction under Rule 2.5 of the Takeover Code. Accordingly, Caledon Resources plc shareholders are advised that there can be no certainty that a formal offer for Caledon Resources plc will be forthcoming, even in the event that the pre-conditions in this announcement are satisfied or waived.

London, UK, 27 April 2010

Possible Merger of Polo Resources Limited and Caledon Resources plc

Summary

- The Boards of Polo and Caledon have reached an in principle understanding regarding a potential combination of the two companies
- If it proceeds, Polo will make an all share offer for the entire issued and to be issued share capital of Caledon at an exchange ratio of 11.4 Polo Shares for every Caledon Share
- The Possible Offer is subject to the waivable pre-conditions set out below and is expected to be effected by way of a scheme of arrangement by Caledon
- If it proceeds, the merger would create a coal-focused natural resources company with investments in geographically diverse exploration and development projects and direct exposure to current high coking coal prices through the producing Cook mine

The Board of Polo Resources Limited ("Polo") and the independent directors of Caledon Resources plc ("Caledon") are pleased to announce that they have reached an in principle understanding (the "Possible Offer") regarding a possible merger of the two companies (the "Merger"), to be effected by a scheme of arrangement by Caledon. The Caledon Independent Directors have indicated that they are supportive of the Possible Offer and the Merger, and that their current intention is that, if the Possible Offer proceeds on the same terms to a firm offer pursuant to Rule 2.5 of the Takeover Code, they will unanimously recommend such offer.

Under the terms of the Possible Offer and subject to a number of pre-conditions, Polo would be prepared to make an all share offer for the entire issued and to be issued share capital of Caledon at an exchange ratio of 11.4 Polo Shares for every Caledon Share. Based on the exchange ratio and the closing price of Polo Shares on AIM of 5.40 pence on 26 April 2010, the implied offer price for each Caledon Share would be 61.56 pence. This represents a premium of 14.53 per cent to the closing price of Caledon Shares on AIM on 26 April 2010 and 12.77 per cent to the volume weighted average price of Caledon Shares on AIM for the 20-trading day period ending on 26 April 2010.

The Merger would create a coal-focused natural resources company with existing production, interests in exploration and development projects with geographic diversity and a larger balance sheet.

Commenting on the Possible Offer, Neil Herbert, Executive Chairman of Polo, said: *“The transaction will provide all Polo shareholders with a renewed focus and direct exposure to the coking and thermal coal markets through 100% ownership of the Cook mine and the Minyango project.”*

Mark Trevan, Managing Director of Caledon, added: *“The proposed combination offers diversification for Caledon shareholders through Polo’s investments in resource companies and its joint venture in Mongolia, while retaining shareholders’ exposure to the upside potential contained within our Cook mine and Minyango project. The combined strength of Polo and Caledon’s balance sheets will also reduce the risk inherent in financing the development of the Minyango Project. Access to Polo’s strong management team with particular emphasis on capital markets experience will also be a major benefit.”*

Pre-conditions to the Announcement of a Firm Offer

Proceeding with the Merger, and any announcement pursuant to Rule 2.5 of the Takeover Code by Polo of a firm intention to make an offer for Caledon, is subject to satisfaction of the following pre-conditions:

- (i) the satisfactory completion of due diligence by Caledon and Polo;
- (ii) the unanimous recommendation of the Caledon Independent Directors of the terms and conditions of the Possible Offer
- (iii) the agreement of Caledon to the terms of an implementation agreement; and
- (iv) final Polo Board approval of the Possible Offer.

Save for precondition (iv) Polo reserves the right to waive any of the above pre-conditions which applies to it. Polo reserves the right, with the consent of the Caledon Independent Directors, to vary the share exchange ratio which is a term of the Possible Offer.

Any offer for Caledon would be subject to terms and conditions customary for a recommended offer for a public company governed by the Takeover Code.

Loan Facilities and Related Party Transactions

Additionally, Caledon and Polo have today entered into two loan facility agreements (“Loan Facilities”). Under the first agreement, Polo will provide a short term credit facility for up to £18 million to Caledon to be used, if required, to aid funding of the repayment of Caledon’s 8.5 per cent convertible loan notes due 5 July 2010. This first facility will be available for drawdown from 14 June 2010 to and including 20 July 2010 and will mature on 31 October 2010. Under the second agreement, Polo will provide a credit facility for up to A\$4 million to Caledon to be used, if required, in the potential lodgment of a bid bond associated with the Wiggins Island tonnage allocation process. This second facility will be available for drawdown immediately and up to and including 1 June 2010 and will mature on 30 September 2010.

The rate of interest on both the Loan Facilities is 10.0 per cent per annum. The Loan Facilities are secured by a first fixed charge over the shares in Hazelhurst Holdings Limited, a wholly owned subsidiary of Caledon, which is the parent company of Blackwater Coal Pty Limited which is the legal and beneficial owner of the Minyango project.

Drawdown of each of the Loan Facilities is dependent on Caledon not being in default of the other. In addition, drawdown of each of the Loan Facilities is conditional upon Caledon continuing to co-operate with Polo in its intention to pursue making an offer on the terms set out in this Announcement (and Caledon pursuing a scheme of arrangement thereafter); the Caledon Independent Directors not withdrawing their recommendation of any such offer by Polo; and no competing offer being received from a third party which is recommended by the Caledon Board or otherwise becoming unconditional. Each of the Loan Facilities is repayable upon a change of control of Caledon.

As a result of Polo being an existing substantial shareholder of Caledon and the presence on the Caledon Board of Mr David Weill and Mr Stephen Dattels (who were appointed under a relationship agreement between Polo and Caledon) Polo is considered a related party for the purposes of the AIM Rules for Companies ("AIM Rules") and, as a result, the Loan Facilities and (due to the aggregation of the transactions under the AIM Rules) the Inducement Fee as set out below, will be classed as related party transactions under AIM Rule 13. Accordingly, the Caledon Independent Directors, having consulted with Caledon's Nominated Adviser, RBC Capital Markets, consider that the terms of the Loan Facilities and the Inducement Fee to be fair and reasonable insofar as shareholders of Caledon are concerned. In addition, pursuant to Rule 21.2 of the Takeover Code, the Caledon Independent Directors and RBC Capital Markets have confirmed to the Panel that they consider the Inducement Fee arrangements to be in the best interests of Caledon shareholders.

Further Arrangements

It is contemplated that the Possible Offer will be made by way of a Court sanctioned scheme of arrangement under Part 26 of the UK Companies Act. However, Polo reserves the right to elect to implement the Possible Offer by means of a Takeover Code general offer. Polo currently owns 54,985,196 Caledon Shares (representing 26.1 per cent of the issued share capital), £4,700,000 (par value) of Caledon 8.5 per cent convertible loan notes due 2010 with 50 pence conversion price and £2,500,000 (par value) of Caledon 8.5 per cent convertible loan notes due 2013 with 47.5 pence conversion price. Polo will not be entitled to vote its Caledon Shares or any Caledon Shares it may receive as a result of the conversion of its convertible loan notes in favour of the scheme of arrangement. Should the Possible Offer proceed, Polo will require shareholder approval for the issuance of the new Polo Shares to the Caledon shareholders.

Upon completion of the Merger, if it proceeds, the Enlarged Group intends to continue to be admitted to trading on AIM and listed on the Toronto Stock Exchange. The Enlarged Group does not intend to seek a listing on the Australian Stock Exchange.

Non-Solicitation and Inducement Fee Agreement

Caledon has entered into a non-solicitation agreement with Polo under which it has agreed, during the period from the date of this Announcement until 30 June 2010 or a potentially later date if Polo announces a firm intention to make an offer (the "Non-Solicit Period"), to certain restrictions in its ability to solicit, encourage or seek to procure any alternative offer or participate in any discussions or negotiations with a third party in respect of a possible approach, other than an approach which is bona fide and which is at least as favourable as the Possible Offer by Polo and which is not less than 10 per cent greater in value than the value of the Possible Offer based on the fully diluted equity share capital of Caledon.

As an inducement to Polo to continue to investigate in good faith the making of an offer on the terms set out in this Announcement, Caledon has agreed to pay an inducement fee ("Inducement Fee") of one per cent of the value of the Possible Offer, based on the fully

diluted equity share capital of Caledon, in certain circumstances during the Non-Solicit Period.

Independent Directors

Because Mr David Weill and Mr Stephen Dattels were appointed to the Caledon Board by Polo under a relationship agreement dated 22 July 2008, Caledon has constituted a committee of independent directors, comprising all Caledon directors except for Mr Weill and Mr Dattels, for the purposes of considering the Possible Offer, the Merger, the Loan Facilities and the Inducement Fee.

Strategic Rationale for the Merger

The Caledon Independent Directors and the Polo Board believe that the combination of Polo and Caledon, should it proceed, represents a clear and compelling strategic fit, encompassing:

- Leverage to robust coking and thermal coal prices through a geographically diversified portfolio of interests in producing and development assets;
- Continued exposure for Caledon shareholders to the Cook mine and Minyango coal project with diversification through Polo's investments in resource companies and joint venture in Mongolia;
- Direct exposure to Caledon's Cook mine and Minyango coal project for Polo's shareholders;
- An enlarged capital structure which could provide support for further acquisitions and investments as well as through funding the development of Caledon's Minyango project;
- An enlarged public float which could facilitate a broader base of investors and give rise to increased trading liquidity for Polo's Shares; and
- Potential for reduced combined expenses as a result of the elimination of Caledon's public company costs and certain duplicated management and overhead functions.

Management Team and Board of Directors

If the Merger proceeds, each of Caledon and Polo will be entitled to up to four nominees of the Enlarged Group's board of directors with one further independent director to be agreed upon by Caledon and Polo.

Other

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and observe, any applicable requirements.

This announcement does not constitute an announcement of a firm intention to make an offer under Rule 2.5 of the Takeover Code and shareholders are advised that there can be no certainty that any offer to acquire Caledon Shares will ultimately be made, even if the pre-conditions are satisfied or waived. For clarity, Polo reserves the right not to make an offer for Caledon.

This Announcement does not constitute, or form part of, an offer or invitation to purchase any securities. This Announcement has been prepared in accordance with English law and the Takeover Code and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.

Key Investor Contacts

Polo

Neil Herbert + 27 82 404 3637

Caledon

Mark Trevan +61 7 3309 3100
Jeremy Gorman +44 (0) 20 7935 0027

Canaccord Adams, financial adviser, nominated adviser and corporate broker to Polo

Rory O'Sullivan +44 (0) 20 7050 6500
Ryan Gaffney
Henry Fitzgerald-O'Connor
Bhavesh Patel

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

Martin Eales +44 (0) 20 7653 4000
Richard Horrocks-Taylor
Stephen McPherson
James Obright

Financial Dynamics, media contact for Polo

Ben Brewerton + 44 (0) 20 7831 3113
Ed Westropp

Conduit PR, media contact for Caledon

Jos Simson +44 (0) 7899 879 450

Canaccord Adams Limited, which is authorised and regulated in the United Kingdom by The Financial Services Authority is acting exclusively for Polo and no-one else in connection with the Merger described in this announcement and accordingly will not be responsible to anyone other than Polo for providing the protections afforded to clients of Canaccord Adams Limited nor for providing advice in relation to the matters described 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 Merger described in this announcement 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 nor for providing advice in relation to the matters described in this Announcement.

Cautionary and Forward-Looking Statements

Certain statements in this Announcement are forward looking statements with respect to (amongst other things) the financial condition, results of operations and business of Caledon and Polo and certain plans and objectives of the Boards. These forward-looking statements, without limitation, can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as 'anticipate', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'will', 'may', 'should', 'would', 'could' or other words of similar meaning.. These statements are based on assumptions and assessments made by the Boards in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe appropriate. By their

nature, forward-looking statements involve a number of risks, uncertainties or assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties or assumptions could adversely affect the outcome and financial effects of the plans and events described in this Announcement. Forward-looking statements contained in this Announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement. Except as required by the London Stock Exchange, the Takeover Code or by law, the Boards are under no obligation to update or keep current the forward-looking statements contained in this Announcement or other forward-looking statements it may make or to correct any inaccuracies which may become apparent in such forward-looking statements.

No Profit Forecast

No statement in this Announcement is intended as a profit forecast or profit estimate and no statement in this Announcement should be interpreted to mean that the future earnings per share of the Enlarged Group, Caledon and/or Polo for current or future financial years will necessarily match or exceed the historical or published earnings per share of Caledon or Polo.

Publication on Website

A copy of this announcement will be available on both Caledon's and Polo's websites (www.caledonresources.com and www.poloresources.com respectively) by no later than 12 noon (London time) on 27 April 2010.

Rule 2.10

The following information is given in accordance with Rule 2.10 of the Takeover Code.

Caledon has in issue a total of 210,533,849 Caledon Shares the ISIN for which is GB00B1GJZT14 and Caledon CHESS Depository Interests ("CDIs"), the ISIN for which is AU000000CCD9. Each CDI represents the full beneficial interest in one underlying Caledon Share. The Caledon Shares are admitted to trading on AIM and the CDIs of Caledon are listed on the Australian Stock Exchange.

Caledon also has in issue £18 million 8.5 per cent unsecured convertible loan notes due 2010 the ISIN for which is GB00B1YHLM25 and which are listed on the Luxembourg Stock Exchange's Euro MTF Market and £4.2 million 8.5 per cent unsecured convertible loan notes due 2013 the ISIN for which is GB00B61JLC69 and which can be settled in CREST but are not listed on an exchange.

Polo has in issue 2,346,645,623 Polo Shares the ISIN for which is VGG6844A1075. The Polo Shares are admitted to trading on AIM and are listed on the Toronto Stock Exchange.

Neither Caledon nor Polo hold any shares in treasury.

Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (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 Takeover Code, any person who is, or becomes, interested in 1% 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 pm (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 Takeover 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.

APPENDIX I

Bases and Sources

In this Announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

1. Share prices

The prices of Caledon Shares and Polo Shares on a particular date are derived from the closing prices for that date.

2. Time

All the times referred to in this Announcement are London times.

APPENDIX II

Definitions

The following definitions apply throughout this Announcement unless the context requires otherwise:

'AIM'	the AIM Market operated by the London Stock Exchange
'AIM Rules'	the AIM Rules for Companies
'Announcement'	this announcement made in accordance with Rules 2.4 and 2.10 of the Takeover Code
'Boards'	the boards of directors of Caledon and Polo
'Caledon'	Caledon Resources plc
'Caledon Board'	the directors of Caledon
'Caledon Independent Directors'	the directors of Caledon excluding Mr David Weill and Mr Stephen Dattels
'Caledon Shares'	the existing unconditionally allotted or issued and fully paid ordinary shares of 0.5 pence each in the capital of Caledon
'CDIs'	CHESS Depositary Interests, a security used for trading foreign company shares on ASX
'Enlarged Group'	the Polo Group following completion of the Merger on the basis of the Possible Offer
'London Stock Exchange'	London Stock Exchange PLC
'Panel'	The Panel on Takeovers and Mergers
'Polo'	Polo Resources Limited
'Polo Board'	the directors of Polo

'Polo Group'	Polo and its subsidiaries and/or (where the context requires) any one or more of them
'Polo Shares'	the existing unconditionally allotted or issued and fully paid ordinary shares of no par value in the share capital of Polo
'Takeover Code'	the City Code on Takeovers and Mergers