26 February 2010

Caledon Resources plc
("Caledon" or the "Company")

Unaudited preliminary results for the year ended 31 December 2009

Highlights

Cook Mine

- Costs and cash outflows contained during global financial crisis; operational capability preserved
- Revenues A$67.8m (2008: A$121.9m), impacted by substantially lower average coal price of A$141/t (2008:A$264/t)
- Unit cost of sales fell 23% (1H09: A$171/t to 2H09: A$131/t)
- Argo South mining development well advanced to facilitate expansion of mining activities
- Sales targets for 2010 set at a minimum of 700kt - based on increased demand and market reports of a likely increase in prices in April 2010 contract year

Minyango

- Advanced concept study completed
- Base-line ecological study progressing

Corporate

- Strategic review process terminated
- Post year end - £4.2m fundraising (February 2010) provides additional working capital.

Summary of results

		Year ended 31.12.09	**Year ended 31.12.08**
Revenue	A$m	67.8	121.9
Cost of coal sales	A$m	(71.8)	(82.5)
Gross (loss)/profit (see note 1)	A$m	(4.1)	39.4
Net (loss)/profit for the year	A$m	(11.4)	8.2
Cash at bank	A$m	13.6	44.2
Basic EPS	cents	(5.4)	4.3
Sales	kt	479.0	463.0
Revenue	A$/t	141.0	264.0
Cost of coal sales	A$/t	(150.0)	(178.0)

Mark Trevan, Managing Director, commented:

"The first half of 2009 was a difficult period for the coal industry. As the global financial crisis took hold, demand for coal fell and many buyers reneged on off-take agreements – both in terms of price and tonnage. Our response was to reduce manning and costs to the minimum possible while keeping a productive mining team intact and preparing the Cook mine for future expansion.

In the last quarter of 2009 demand for coal increased and we have seen the recovery in coal prices continue in the early part of 2010.

Cook enters 2010 with the Argo South area established and most of the mains development required for the coming year already completed. The ABM25 continuous miner and Prairie mobile haulage system have been refurbished and relocated to Argo South. We are recruiting additional mine employees to support sales of at least 700kt in 2010."

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The published accounts will be sent to all shareholders in March 2010 and will be posted on the website (www.caledon.com) at that time. Copies of the published accounts will also be available from late March 2010 during normal business hours from the registered offices of Caledon Resources plc, Lacon House, 84 Theobald's Road, London, WC1X 8RW or from the Australian office at Level 2, 87 Wickham Terrace, Brisbane 4000.

About Caledon Resources plc
Caledon Resources plc is a dual listed public Company listed on the AIM of The London Stock Exchange and The Australian Securities Exchange (trading symbols: AIM:CDN & ASX: CCD).
Caledon is a coking coal producer and explorer in the Bowen Basin of Queensland, Australia. It acquired the mothballed Cook Mine in late 2006 and has since recommissioned the operation and introduced an innovative new underground mining methodology. The Company also purchased the nearby Minyango exploration concessions in 2006 and has conducted a number of drilling programs and a pre-feasibility study for a potential underground mine producing up to 4.5Mt per annum of raw coal.

Caledon Resources plc
Appendix 4E
For the year ended 31 December 2009

1. This statement presents unaudited preliminary results for Caledon Resources plc for the year ended 31 December 2009 and where applicable, comparative results for the year ended 31 December 2008.

2. **Results for announcement to the market:**

	Year to 31 December 2009 A$ million	Year to 31 December 2008 A$ million	Change
Revenue from ordinary activities	67.8	121.9	Down 44%
Profit/(loss) before income tax	(23.8)	10.4	N/A
Net profit/(loss) after tax – ordinary activities	(11.4)	8.2	N/A
Net profit/(loss) after tax – attributable to members	(11.4)	8.2	N/A

3. **Dividends**
The directors do not recommend the payment of a dividend for the year (2008: NIL).

Year ended 31 December 2009	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

4. Net Tangible Assets (NTA) per security

	31.12.09	31.12.08
NTA per security	A$0.41	A$0.46

5. There has been no change in the entities over which Caledon Resources plc has control over during the year.

6. All other information can be obtained from the attached financial statements and accompanying notes.

Comments on the Results and Short Term Outlook
Cook
Due to the advent of the global financial crisis and the associated fall in coal price and demand, plans to increase output in 2009 were put on hold and action was taken to constrain costs, including a reduction in manning, to preserve cash until the economic outlook had stabilised. By the third quarter demand was recovering and the operation has now been moved to a more expansionary stance.

Sales revenues declined from A$121.9m in 2008 to A$67.8m in 2009. Sales volumes for 2009 were very similar to 2008, amounting to 403kt (2008: 397kt) of coking and 76kt (2008: 66kt) of thermal product but the average price (coking and thermal coal combined) declined to A$141/t (2008: A$264/t).

The average A$- realised price deteriorated significantly during the year due to a lower US$ price and a strengthening A$. For the first quarter the average price (coking and thermal coal combined) was US$137/t and the exchange rate A$:US$0.63 resulting in an average realisation of A$217/t. For the fourth quarter the average price was US$106/t and the exchange rate A$:US$0.91 resulting in an average realisation of A$116/t.

Costs of sales amounted to $71.8m (2008: $82.5m), 13% lower than in 2008, despite production being slightly higher. Cost of sales on a unit basis fell from A$171/tonne in the first half to A$131/tonne in the second half of which A$5.50/tonne was a reduction in the royalty payment due to a lower A$ selling price.

The group continues to seek opportunities to improve operating efficiencies and production effectiveness to further drive unit costs down to sustainable levels.

Significant operational achievements during the year included driveage of the new mains development roads in the Southern Argo area, implementation of safe and efficient secondary extraction methods and the safe and effective sealing of a fully extracted panel in Argo North. Very little further mains development will be required to allow production panel development to proceed throughout 2010.

Capital expenditure at Cook was minimised in 2009 with only A$2.6m (2008: A$11.0m) spent in total. A$1.2m was spent on completing development of the Southern Argo access, the balance was spent on a range of minor equipment acquisitions and replacements.

At the time of this report the company has set its sales targets for 2010 at a minimum of 700kt based on increased demand, particularly for metallurgical coal, and market reports of a likely increase in prices in the contract year commencing April 2010.

Minyango
Exploration and consultancy expenditure on Minyango amounted to A$1.4m for the year compared to A$0.7m in 2008. The Company also purchased the 2004 hectare cattle property known as Tantallon in February 2009 for A$3.3m. This property encompasses the south eastern corner of Minyango which in turn has been identified as the logical site for any mine site infrastructure.

In April 2009 the Company received the results of an advanced concept level study for an underground mine at Minyango which demonstrated robust economics. The Company has since undertaken further drilling and is well advanced in completing a base line ecological study in preparation for the environmental permitting process.

Caledon has submitted a Wiggins Island Coal Terminal tonnage allocation request which is currently being assessed, together with all other such requests, by a due diligence review team. Successful applicants will be required to lodge a bid bond and enter into binding Take or Pay commitments based on their allocated tonnage.

Corporate
In February 2009, Caledon announced that it had engaged RBC Capital Markets ("RBC") to conduct a strategic review following receipt of a non-binding, conditional written indication of interest from a party interested in acquiring the Company.

As part of that review, RBC solicited interest from other parties and had ongoing discussions with potential acquirers for offers in excess of the then share price. However, despite the high level of interest and recognition of both the quality of Caledon's assets and the scarcity of high quality coking coal assets in general, no party provided a final and binding offer. Consequently, in December 2009, the Board decided the prospects for maximising shareholder value through a sale had been fully explored and the sale process was discontinued.

2010 Convertible loan notes
As disclosed in note 1 the Company needs to raise additional funds to finance the repayment of £18m unsecured loan notes on 5 July 2010. The Directors are actively pursuing a wide range of options to meet the future financing requirement and they expect that the Group will be able to raise the required funds.

Financial Review
Results from operations
The Group made a loss for the year of A$11.4m compared to a profit of A$8.2m for the previous financial year. The basic loss per share for the year was 5.4 cents compared with earnings per share of 4.3 cents for the same period in 2008.

The Group generated a loss from operations of A$16.9m on revenue of A$67.8m, compared to a profit from operations of A$19.9m and revenue of A$121.9m for the previous financial year.

Costs of sales were A$71.8m compared with A$82.5m for 2008.

Administrative expenses excluding impairment charges were A$12.8m (2008: A$10.5m) up 22% on the previous year. The principal contributor to the increase in administrative expense was the difference in foreign exchange gains realised on sales revenue and sterling denominated debt of A$0.6m (2008: A$4.3m). The other main contributors to the increase were redundancy costs of A$1.3m (2008: nil) and an increase in professional and consultancy costs to A$1.6m (2008: A$1.2m) associated with the strategic review process. These increases were offset by lower third party selling costs of A$2.0m (2008: A$3.8m), associated with lower sales prices. Net of foreign currency gains, redundancy, professional and consultancy and third party selling costs administrative expenses amounted to A$8.5m (2008: A$9.8m), down 13% on 2008. Administrative expenses are detailed in note 4.

Fundraising activities

In February 2010 the Company completed a private placement of £4.2 million nominal 8.5 per cent. unsecured convertible loan notes due 2013, each with a par value of £50,000 to certain existing shareholders and other investors.

The funds were raised to provide additional working capital for the Company including the potential lodgement of a bid bond associated with the Wiggins Island tonnage allocation process.

Financing costs

The interest charged on borrowing for the year was A$7.8m (2008: A$11.5m) and comprised interest charged on the 2010 convertible loan notes and asset finance loan.

The interest charged on the 2010 convertible loan notes has been calculated in accordance with IAS 39 ('Financial Instruments: recognition and measurement') and results in a higher amount being charged to the income statement of A$6.4m (2008: A$8.4m) compared to A$3m (2008: A$4.2m) being the actual amount paid during the year. See note 9 for further details.

Financial Position

The Group's balance sheet at 31 December 2009 and comparatives at 31 December 2008 are summarised below:

	2009 A$'000	2008 A$'000
Non-current assets	**159,411**	142,810
Current assets	**22,832**	62,212
Total assets	**182,243**	205,022
Current liabilities	**(45,424)**	(23,575)
Non-current liabilities	**(6,839)**	(41,045)
Total liabilities	**(52,263)**	(64,620)
Net assets	**129,980**	140,402

Non-current assets increased mainly as a result of an increase of A$13.6m in deferred tax assets, an upward revaluation of A$0.4m in the Company's investment in Dynasty Gold Corporation and the purchase of Tantallon, a rural property required for the construction of surface facilities for the Minyango prospect.

Total borrowings have decreased from A$37.3 million at 31 December 2008 to A$35.2 million at 31 December 2009. The movement is attributable to foreign exchange gains (decrease of A$3.8 million), unwinding expense (increase of A$4.0 million) and the repayment of the asset finance loan (decrease of A$2.3 million). Refer to note 9 for details.

Inventories

Included within inventories were coal stocks valued at A$2.3m (2008: A$4.8m), representing 4.2kt of run of mine coal stocks (2008: 17.1kt) and 25.5kt of product stocks (2008: 19.8kt) held at year end.

Cash Flows
The net cash outflow from operating activities for the year was A$17.7m (2008: A$17.7m net cash inflow).

Net cash used in investing activities was A$6.7m (2008: A$25.9m), including amounts of A$6.1m paid for property, plant and equipment (2008: A$11.0m); A$1.4m of exploration expenditure incurred on the Minyango project (2008: A$0.7m), less A$0.9m from interest received (2008: A$1.6m).

Net cash used from financing activities was A$5.2m (2008: A$29.5m generated) comprising A$0.2m received from the exercise of share options (2008: A$2.3m from options and warrants), A$2.3m (2008: A$7.0m received) used to repay part of the asset finance loan and A$3.1m (2008: A$nil) used to settle the December 2008 repurchase of £2m of convertible loan notes.

The resulting year end cash and cash equivalents held totalled A$13.6m (2008: A$44.2m).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	**2009 A$'000 Unaudited**	2008 A$'000 Audited
Revenue		**67,750**	121,949
Cost of sales		**(71,837)**	(82,488)
Gross (loss)/profit		**(4,087)**	39,461
Impairment of assets		**-**	(8,978)
Other administrative expenses		**(12,773)**	(10,549)
Administrative expenses	4	**(12,773)**	(19,527)
(Loss)/profit from operations		**(16,860)**	19,934
Finance income	5	**912**	1,989
Finance expense	5	**(7,802)**	(11,483)
(Loss)/profit for the year before taxation		**(23,750)**	10,440
Tax credit/(expense)		**12,388**	(2,200)
(Loss)/profit for the year attributable to equity holders of parent company		**(11,362)**	8,240
(Loss)/earnings per share expressed in cents per share	12		
– Basic		**(5.4)**	4.3
– Diluted		**(5.4)**	4.1

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 A$'000	2008 A$'000
(Loss)/profit after taxation	**(11,362)**	8,240
Other comprehensive income:		
Upward revaluation of available for sale investment	**381**	-
Total comprehensive income for the year	**(10,981)**	**8,240**

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

	Note	**2009 A$'000 Unaudited**	2008 A$'000 Audited
Assets			
Non-current assets			
Intangible assets		**44,660**	43,202
Property, plant and equipment	6	**81,935**	80,791
Financial asset – available for sale investment		**535**	154
Deferred tax asset		**32,281**	18,663
		159,411	142,810
Current assets			
Inventory	7	**4,399**	6,843
Trade and other receivables	8	**4,830**	11,204
Cash and cash equivalents		**13,603**	44,165
		22,832	62,212
Total assets		**182,243**	205,022
Liabilities			
Current liabilities			
Current tax payable		**-**	1,099
Borrowings	9	**35,163**	2,342
Provisions		**1,421**	898
Trade and other payables	10	**8,840**	19,236
		45,424	23,575
Non-current liabilities			
Borrowings	9	**-**	34,949
Provisions		**1,826**	1,691
Deferred tax liability		**5,013**	4,405
		6,839	41,045
Total liabilities		**52,263**	64,620
Capital and reserves attributable to shareholders			
Share capital	11	**2,345**	2,338
Share premium		**145,458**	145,266
Other reserves		**(206)**	(206)
Revaluation reserve		**381**	-
Option premium on convertible loan		**10,229**	10,229
Foreign currency translation reserve		**11,414**	11,414
Retained earnings		**(39,641)**	(28,639)
		129,980	140,402
Total equity and liabilities		**182,243**	205,022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital A$'000	Share premium A$'000	Capital reserve A$'000	Revaluation reserve A$'000	Foreign currency translation reserve A$'000	Options premium on convertible loan A$'000	Retained earnings A$'000	Total A$'000
At 1 January 2008	1,930	108,611	(206)	–	11,414	14,101	(41,578)	94,272
Total comprehensive income for the year	–	–	–	–	–	–	8,240	8,240
Issue of shares	408	38,510	–	–	–	–	–	38,918
Cost of share issue	–	(1,855)	–	–	–	–	–	(1,855)
Exercise of convertible loan notes	–	–	–	–	–	(3,846)	3,846	–
Repurchase of convertible loan notes	–	–	–	–	–	(26)	–	(26)
Equity settled share based payments	–	–	–	–	–	–	853	853
At 1 January 2009	**2,338**	**145,266**	**(206)**	**–**	**11,414**	**10,229**	**(28,639)**	**140,402**
Total comprehensive income for the year	–	–	–	381	–	–	(11,362)	(10,981)
Issue of shares	7	192	–	–	–	–	–	199
Equity settled share based payments	–	–	–	–	–	–	360	360
At 31 December 2009	**2,345**	**145,458**	**(206)**	**381**	**11,414**	**10,229**	**(39,641)**	**129,980**

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 A$'000 Unaudited	2008 A$'000 Audited
Cash flow from operating activities		
(Loss)/profit before taxation	**(23,750)**	10,440
Adjustments for:		
Finance income	**(912)**	(1,989)
Finance expense	**7,802**	11,483
Depreciation	**4,964**	4,600
Disposal of property plant and equipment	**-**	3
Impairment of intangible asset	**-**	8,551
Impairment of available for sale investment	**-**	427
Equity settled share-based payment expense	**360**	853
Foreign exchange differences	**(2,871)**	(3,618)
Net cash flow from operating activities before changes in working capital	**(14,407)**	30,750
Decrease/(increase) in inventories	**2,444**	(3,445)
(Decrease)/increase in payables	**(6,915)**	6,311
Decrease/(increase) in receivables	**6,370**	(7,176)
Net cash flow from operating activities before interest and taxation paid	**(12,508)**	26,440
Interest paid	**(3,509)**	(5,596)
Taxation paid	**(1,682)**	(3,139)
Net cash flow from operating activities	**(17,699)**	17,705
Investing activities		
Payments for property, plant and equipment	**(6,108)**	(10,979)
Payments for patents and trademarks	**(16)**	(5)
Interest received	**912**	1,567
Exploration costs capitalised	**(1,443)**	(660)
Deferred consideration on acquisition of subsidiary	**-**	(15,810)
Net cash flow from investing activities	**(6,655)**	(25,887)
Financing activities		
Issue of ordinary shares	**199**	24,271
Cost of share issue	**-**	(1,855)
(Repayment)/proceeds from asset finance loan	**(2,341)**	7,048
Repurchase of convertible loan notes	**(3,066)**	-
Net cash flow from financing activities	**(5,208)**	29,464
Net (decrease)/ increase in cash and cash equivalents in the year	**(29,562)**	21,282
Cash and cash equivalents at the beginning of the year	**44,165**	23,954
Effect of foreign exchange rate changes on cash and cash equivalents	**(1,000)**	(1,071)
Cash and cash equivalents at the end of the year	**13,603**	44,165

NOTES TO THE FINANCIAL INFORMATION

1. Basis of preparation

The financial information set out above is based on the consolidated financial statements of Caledon Resources plc and its subsidiary companies (together referred to as the "Group") which are unaudited and have not been reviewed. This preliminary announcement was approved by the Board on 26th February 2010. The financial information contained in this announcement does not constitute statutory accounts as defined by section 240 of Companies act 1985. While the financial information included in this announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. The Company expects to publish full financial statements that comply with IFRSs in March 2010. The statutory accounts for the year ended 31 December 2008 have been filed with the registrar of Companies and those for 31 December 2009 will be delivered following the Company's annual general meeting. The auditors' report on the 31 December 2008 accounts was unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.

The consolidated financial statements incorporate the results of Caledon Resources plc and its subsidiary undertakings as at 31 December 2009. The corresponding amounts are for the year ended 31 December 2008.

Going concern

The Directors have prepared cash projections, showing the need to raise additional funds to finance the repayment of £18 million of unsecured convertible loan notes on 5 July 2010 in the event holders elect not to exercise their conversion rights.

The Directors are actively pursuing a number of options to provide the required finance including both equity and debt. However in the current market there can be no certainty that any of these transactions will complete. Failure to raise the required funds within the required timeframe may result in the Group failing to meet its loan repayments. However the Directors expect to be able to secure the required funding within the required timeframe.

The financial statements have been prepared on a going concern basis as the Directors expect the Group will be able to raise the required funds. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

The audit report in respect of the financial statements for the year ended 31 December 2009 is expected to be modified in respect of the existence of this material uncertainty

2. Dividends

The directors do not recommend the payment of a dividend for the period.

3. Segmental analysis

The Group has three reportable segments:

- Cook - this segment is involved in the production and sale of coal from the Cook Mine In Australia
- Minyango - this segment is involved in the exploration of coal within the Minyango licence area in Australia
- Head Office Operations - this segment is the head office of the Group

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess their performance.

The segment results for the year ended 31 December 2009 are as follows:

Year ended 31 December 2009	**Cook A$'000**	**Minyango A$'000**	**Head Office operations A$'000**	**Group A$'000**
Revenue	**67,750**	**-**	**-**	**67,750**
Segment result before allocation of central costs	**(15,878)**	**(85)**	**(897)**	**(16,860)**
Segment result after allocation of central costs	**(15,878)**	**(85)**	**(897)**	**(16,860)**
Interest expense	**(724)**	**-**	**(7,078)**	**(7,802)**
Interest income	**856**	**18**	**38**	**912**
Loss before taxation	**(15,746)**	**(67)**	**(7,937)**	**(23,750)**
Taxation	**12,282**	**728**	**(622)**	**12,388**
Loss for the year	**(3,464)**	**661**	**(8,559)**	**(11,362)**

All revenues in the current and previous year are attributable to two external customers based in Australia.

The segment results for the year ended 31 December 2008 are as follows:

Year ended 31 December 2008	Cook A$'000	Minyango A$'000	Head Office operations A$'000	Group A$'000
Revenue	121,949	-	-	121,949
Segment result before allocation of central costs	21,256	(94)	(1,228)	19,934
Segment result after allocation of central costs	21,256	(94)	(1,228)	19,934
Interest expense	(912)	(1,461)	(9,110)	(11,483)
Interest income	1,026	8	955	1,989
Profit before taxation	21,370	(1,547)	(9,383)	10,440
Taxation	319	103	(2,622)	(2,200)
Profit for the year	21,689	(1,444)	(12,005)	8,240

Other segment items included in the income statement are as follows:

Year ended 31 December 2009	**Cook A$'000**	**Minyango A$'000**	**Head Office operations A$'000**	**Group A$'000**
Depreciation	**(4,957)**	**-**	**(7)**	**(4,964)**
Impairments of assets	**-**	**-**	**-**	**-**
Share based compensation charges	**-**	**-**	**(360)**	**(360)**
	(4,957)	**-**	**(367)**	**(5,324)**

Year ended 31 December 2008	Cook A$'000	Minyango A$'000	Head Office operations A$'000	Group A$'000
Depreciation	(4,588)	-	(12)	(4,600)
Impairment of assets	(8,551)	-	(427)	(8,978)
Share based compensation charges	-	-	(853)	(853)
	(13,139)	-	(1,292)	(14,431)

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

Year ended 31 December 2009	**Cook A$'000**	**Minyango A$'000**	**Head Office operations A$'000**	**Group A$'000**
Segment assets	**135,008**	**48,281**	**1,520**	**184,809**
Segment liabilities	**(20,229)**	**(1,329)**	**(30,705)**	**(52,263)**
Segment net assets/(liabilities)	**114,779**	**46,952**	**(29,185)**	**132,546**
Capital expenditure	**2,636**	**3,472**	**-**	**6,108**

All material non-current assets other than deferred tax and financial instruments are owned by Australian subsidiaries and located in Australia.

The segment assets and liabilities at 31 December 2008 and capital expenditure for the year then ended are as follows:

Year ended 31 December 2008	Cook A$'000	Minyango A$'000	Head Office operations A$'000	Group A$'000
Segment assets	157,075	44,664	3,283	205,022
Segment liabilities	(28,332)	(1,490)	(34,798)	(64,620)
Segment net assets/(liabilities)	128,743	43,174	(31,515)	140,402
Capital expenditure	10,979	-	-	10,979

4. Administrative expenses:

	2009 A$'000	2008 A$'000
Auditors' remuneration	**344**	429
Depreciation of property, plant and equipment[1]	**126**	102
Operating lease rentals	**-**	234
Staff costs (excluding redundancy costs)	**2,464**	3,358
Redundancy costs	**1,292**	-
Share based payments	**360**	853
Professional and consultancy	**1,622**	1,213
Marketing and promotion	**127**	150
Third party selling costs	**2,031**	3,820
(Profit)/loss on disposal of property, plant and equipment	**(1)**	3
Insurance	**1,898**	1,752
Environment and safety	**289**	431
Training and development	**112**	149
Travel and accommodation	**378**	437
Communication and IT	**268**	245
Property costs	**566**	449
Foreign exchange gains	**(612)**	(4,339)
Other expenses	**1,509**	1,263
Other administrative expenses	**12,773**	10,549
Impairment of investment – available for sale	**-**	427
Impairment of intangible asset[2]	**-**	8,551
Impairment of assets	**-**	8,978
Total administrative expenses	**12,773**	19,527

1. A$4.8m (2008: A$4.5m) of depreciation on property, plant and equipment was charged to cost of sales.

2. Reflects a write down in the carrying value of MTP in recognition of a much lower likelihood of achieving royalty income from the Magatar agency agreement in the current economic environment.

5. Finance income and expense

	2009 A$'000	2008 A$'000
Interest expense on borrowings	**(7,655)**	(9,887)
Unwinding of discount on deferred consideration	**-**	(1,460)
Unwinding of discount on provision	**(147)**	(136)
Total finance expense	**(7,802)**	(11,483)
Interest income receivable on bank deposits	**912**	1,567
Gain on the repurchase of loan notes	**-**	422
Total finance income	**912**	1,989
Net finance costs	**(6,890)**	(9,494)

6. Property, plant and equipment

	Land and buildings A$'000	Proven mining properties A$'000	Plant and equipment A$'000	Office and computer equipment A$'000	Furniture and fixtures A$'000	Motor vehicles A$'000	Construction in progress A$'000	Total A$'000
Cost								
At 1 January 2008	1,584	50,086	15,978	321	80	31	8,511	76,591
Additions	-	-	-	17	-	-	10,962	10,979
Transferred from construction in progress	3	1,658	16,380	174	-	31	(18,246)	-
Disposals	-	-	(6)	-	-	-	-	(6)
At 1 January 2009	1,587	51,744	32,352	512	80	62	1,227	87,564
Additions	3,472	-	-		-	-	2,636	6,108
Transferred from construction in progress	-	511	2,987	58	11	29	(3,596)	-
Disposals	-	-	-	-	-	(10)	-	(10)
At 31 December 2009	**5,059**	**52,255**	**35,339**	**570**	**91**	**81**	**267**	**93,662**
Depreciation								
At 1 January 2008	99	326	1,511	151	76	12	**-**	2,175
Depreciation charge	143	714	3,649	77	-	17	-	4,600
Disposals	-	-	(2)	-	-	-	-	(2)
At 1 January 2009	242	1,040	5,158	228	76	29	-	6,773
Depreciation charge	143	811	3,904	97	1	8	-	4,964
Disposals	-	-	-	-	-	(10)	-	(10)
At 31 December 2009	**385**	**1,851**	**9,062**	**325**	**77**	**27**	**-**	**11,727**
Net Book value 2009	**4,674**	**50,404**	**26,277**	**245**	**14**	**54**	**267**	**81,935**
Net book value 2008	1,345	50,704	27,194	284	4	33	1,227	80,791
Net book value 2007	1,485	49,760	14,467	170	4	19	8,511	74,416

7. Inventory

	2009 A$'000	2008 A$'000
At cost:		
spare parts and consumables	**2,120**	2,080
	2,120	2,080
At net realisable value:		
Work in progress	**243**	2,484
Finished goods	**2,036**	2,279
	2,279	4,763
	4,399	6,843

The amount of inventories that were recognised in cost of sales in the year was A$2.5 million (2008: A$2 million).

8. Trade and other receivables

	2009 A$'000	2008 A$'000
Current assets:		
Trade receivables	**3,690**	10,087
Other receivables	**400**	534
Prepayments	**740**	583
	4,830	11,204
Total debtors	**4,830**	11,204

The fair value of receivables is not significantly different from the carrying value.

9. Loans and borrowings

	2009 A$'000	2008 A$'000
Current loans and borrowings		
Convertible loan	**30,457**	-
Asset finance loan	**4,706**	2,342
	35,163	2,342
Non-current loans and borrowings		
Convertible loan	**-**	30,243
Asset finance loan	**-**	4,706
Total loans and borrowings	**35,163**	37,291

Asset finance loan

In March 2008 the Group sourced a A$9 million asset finance facility secured against the ABM25 continuous miner and Prairie haulage system from Australian Structured Finance. A$3.5 million of the sum advanced was required to be held in an interest bearing security deposit with Westpac Banking Corp and the balance of A$5.5 million was released. The security deposit was subsequently reduced to A$2.5million in 2009. The principal terms are as follows:

- Interest is payable at 9.95% per annum
- 24 month term with monthly capital repayments and a A$4.5m residual repayment at the end of the term

£18 million 2010 8.5% unsecured convertible loan notes

The principal terms are as follows:

- Interest is payable at 8.5% per annum, payable semi annually
- The principal is to be repaid on 5 July 2010
- The holder of the unsecured convertible loans may convert ay any time during the period at a strike price of 50 pence.

The convertible loan notes are listed on the Luxembourg stock exchange.

The convertible loan recognised in the balance sheet is calculated as follows:

	A$'000
Liability component at 1 January 2008	46,689
Interest expense	8,351
Interest paid	(4,221)
Amortisation of issue costs	759
Loan note conversion	(13,147)
Loan notes repurchased	(3,462)
Foreign exchange movements	(4,726)
Liability component at 1 January 2009	**30,243**
Interest expense	**6,371**
Interest paid	**(3,035)**
Amortisation of issue costs	**693**
Foreign exchange movements	**(3,815)**
Liability component at 31 December 2009	**30,457**

The fair value of the liability component on initial recognition was A$47,419,000 and was calculated using an estimated market interest rate for an equivalent non-convertible bond. The estimated rate used was 20%.

Conversion of loan notes
During 2008 A$15.6 million (£7.5 million) loan notes were converted into 15 million ordinary shares at a conversion price of 50 pence.

Repurchase of loan notes
On 31 December 2008 the Company repurchased and cancelled A$4.1 million (£2 million) loan notes. The total consideration paid was A$3.1 million (£1.51 million) including a commission of A$15,250 (£7,500). The repurchase of the loan notes resulted in a gain of A$422,000. This was calculated as follows:

	A$'000
Carrying value of the debt element of the loan notes at repurchase	3,462
Consideration paid to repurchase debt element	(3,040)
Net gain	**422**

10. Trade and other payables

	Group	
	2009 A$'000	2008 A$'000
Trade payables	**1,884**	2,649
Other payables	**461**	4,226
Other taxation and social security	**122**	781
Accruals and deferred income	**6,373**	11,580
	8,840	19,236

The fair value of payables is not significantly different from the carrying value.

Included in 'Other payables' as at 31 December 2008 was the A$3.1m consideration payable for the repurchase of £2m of loan notes. This amount was settled on 6th January 2009.

11. Share capital

	2009 No.	**2008 No.**
Authorised:		
Ordinary Shares of 0.5 pence each	**446,745,231**	406,745,231
Issued and fully paid:		
Ordinary Shares of 0.5 pence each	**209,983,849**	209,323,849

	2009		2008	
	£'000	A$'000	**£'000**	A$'000
Authorised:				
Ordinary Shares of 0.5 pence each	**2,234**	**-**	2,034	-
Issued and fully paid:				
Ordinary Shares of 0.5 pence each	**1,050**	**2,345**	1,047	2,338

Share issues during the year
Ordinary shares

	No.	Exercise/share issue price A$	A$'000
At 1 January 2008	**170,558,461**		**1,930**
Options exercised	66,667	0.42	1
Private placing	6,360,000	1.10	69
Warrants exercised	1,649,540	0.84	17
Convertible note exercised	2,600,000	1.05	28
Placing and offer	13,640,000	1.10	144
Placing and offer to employees	102,000	0.10	1
Acquisition of subsidiary	913,848	1.64	9
Warrants exercised	1,000,000	0.83	10
Convertible note exercised	10,000,000	1.04	104
Options exercised	33,333	0.39	-
Convertible note exercised	2,400,000	1.04	25
At 1 January 2009	209,323,849		2,338
Options exercised	410,000	0.36	4
Options exercised	250,000	0.21	3
At 31 December 2009	**209,983,849**		**2,345**

12. Earnings per Ordinary Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the year.

In order to calculate diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares according to IAS 33. Dilutive potential Ordinary Shares include the convertible loan notes and share options granted to employees and Directors where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's Ordinary Shares during the year. In 2009 the potential Ordinary Shares are anti-dilutive and therefore diluted earnings per share has not been calculated. At the balance sheet date there were 44,542,823 (2008: 47,369,347) potentially dilutive Ordinary Shares.

	Earnings A$'000	**2009 Weighted Average number of shares (thousands)**	**Per share amount (cents)**	Earnings A$'000	2008 Weighted average number of shares (thousands)	Per share amount (cents)
Basic EPS						
(Loss)/profit attributable to ordinary shareholders	**(11,362)**	**209,884**	**(5.4)**	8,240	193,421	4.3
Convertible loan					4,966	
Options					4,614	
Diluted EPS	**(11,362)**	**209,884**	**(5.4)**	8,240	203,001	4.1

13. Related party transactions

IAS 24, 'Related Party Transactions', requires the disclosure of the details of material transactions between the reporting entity and related parties. Key management personnel will be disclosed in the financial statements.

2009

On 4 March 2009 Polo acquired £4.7m, 2010 8.5% unsecured convertible loan notes of the Company.

On 11 February 2010 and following the year end Polo acquired £2.5m 2013 8.5% unsecured loan notes of the Company. For further information see Note 14.

Background

Caledon entered into a relationship agreement on 22 July 2008 ("Agreement") with Polo Resources Limited ("Polo"). This Agreement deals with certain aspects of the relationship between the Company and Polo, so as to ensure that the Company and its subsidiaries are operated independently from Polo and companies associated with it ("Polo Companies").The Agreement also imposes share dealing restrictions on the Polo Companies at times when any director of the Company, who has a business relationship with any Polo Company or who is nominated or proposed to the Board by any such party ("Non-Independent Director"), is in possession of unpublished price sensitive information or inside information in relation to the Company.

The Agreement will terminate immediately if the Polo Companies cease to be interested, in aggregate, in more than 15 per cent of the issued share capital of the Company, there ceases to be one or more Non-Independent Directors on the Board or an offer to acquire the entire issued share capital of the Company becomes or is declared unconditional in all respects

In accordance with this agreement two additional Non-executive Directors joined the board of directors of the Company: Stephen R. Dattels, a former Chairman of Caledon and currently Chairman of Polo, and David Weill, a Partner at Chiliogon Partners LLP.

2008
The only related party transaction during 2008 was in connection with the acquisition of MTP. One of the sellers of MTP was Peter Seear, a Director of the Company. The total consideration payable to the sellers of MTP in 2008 was A$8.5 million and had been fully paid as at 31 December 2008.

14. Post balance sheet events

2013 convertible loan notes
On 11 February 2010 the Company completed a private placement of £4.2 million nominal 8.5 per cent. unsecured convertible loan notes due 2013, each with a par value of £50,000 to certain existing shareholders and other investors.

The funds were raised to provide additional working capital for the Company including the potential lodgement of a bid bond associated with the Wiggins Island tonnage allocation process.

Share options
On 13 January 2010 the Company issued 550,000 Ordinary Shares following the exercise of 250,000 and 300,000 options over Ordinary Shares at an exercise price of 10 pence and 18.75 pence respectively.

15. Annual report

The published accounts will be sent to all shareholders in March 2010 and will be posted on the website (www.caledon.com) at that time. Copies of the published accounts will also be available from late March 2010 during normal business hours from the registered offices of Caledon Resources plc, Lacon House, 84 Theobald’s Road, London, WC1X 8RW or from the Australian office at level 2, 87 Wickham Terrace, Brisbane 4000.