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**27 January 2011**

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

## **Renewal of Non-Solicitation Agreement**

### **Introduction**

On 8 November 2010 the directors of Bidco, GRAM and Caledon announced that 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. The parties also announced that they had entered into a Non-Solicitation Agreement which expired on 31 December 2010.

### **Status of pre-conditions**

The announcement went on to state that 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, was 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:
  - o project approval for outbound investment from the National Development and Reform Commission of China on behalf of the State Council;
  - o project approval for outbound investment from the State-owned Assets Supervision and Administration Commission on behalf of the State Council;
  - o approval for outbound investment from Ministry of Commerce of China; and
  - o 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.

On 31 December 2010 the parties announced that GRAM had not yet been able to satisfy or waive these preconditions due to the Chinese approval process taking longer than originally foreseen. However, Mr Li Jinming, Chairman of GRAM said at the time: "GRAM remains committed to completing the acquisition and is actively engaged with Chinese regulators in the approval process."

### **Renewal of Non-Solicitation Agreement**

Following further discussions and reassurance that it is making good progress on its approval process, Caledon has agreed to a renewal of the Non-Solicitation Agreement with Bidco and GRAM on the same terms such that, in summary:

- it will not, directly or indirectly, solicit any Alternative Proposal, and will not consider or take into account any Alternative Proposal which is less than 10 per cent. greater in value than the Possible Acquisition; and

- in the event that Caledon receives an Alternative Proposal which is at least 10 per cent. greater in value than the Possible Acquisition, the Caledon Directors will not accept, approve, recommend or enter into any agreement to implement such Alternative Proposal unless Bidco fails to confirm within five Business Days following Bidco being notified of such proposal by Caledon that it intends to increase the value of the Possible Acquisition in cash to a value per Caledon Share equal to or greater than that provided for under the relevant Alternative Proposal,

in each case until 28 February 2011 if the Acquisition Announcement has not been made or the approval set out in paragraph (ii) above is refused or cannot be obtained by that date or until 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 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 Non-Solicitation Agreement.

In commenting on the renewal of the Non-Solicitation Agreement, Mr Li Jinming, Chairman of GRAM said:

“GRAM remains committed to working with Caledon to complete the possible acquisition of Caledon at the original Rule 2.4 Announcement price of £1.12 per share and is expecting to receive the necessary regulatory approvals by 28 February 2011”.

### **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.

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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.

### **Rule 2.10**

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

Caledon has in issue a total of 241,481,426 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 GBP4.2 million 8.5 per cent unsecured convertible loan notes due 2013, the ISIN for which is GB00B61JLC69 and which are traded on the Channel Islands Stock Exchange.

### **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 10<sup>th</sup> business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> 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 [thetakeoverpanel.org.uk](http://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.*