

12 February 2010



Caledon Resources plc
(‘Caledon’ or the ‘Company’)

Private Placement of £4.2 million nominal 8.5% unsecured Convertible Loan Notes

Caledon announces 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 (the "Loan Notes") to certain existing shareholders and other investors ("Placing").

The Placing is subject to the terms and conditions of a loan note instrument of the Company dated 5 February 2010 ("Loan Note Instrument").

The Loan Notes have a conversion price of 47.5p per ordinary share subject to adjustment in accordance with the terms of the Loan Note Instrument.

The Loan Notes are in substantially the same form as the existing unsecured convertible loan notes of the Company due 2010 ("2010 Loan Notes"). The proceeds of the Placing will be used, *inter alia*, to provide additional working capital for the Company including the potential lodging/lodgement of a bid bond associated with the Wiggins Island tonnage allocation process.

One of the principal investors in the Placing is Polo Resources Limited; which is an existing substantial shareholder of the Company and a related party for the purposes of the AIM Rules for Companies ("AIM Rules"). As a result of Polo's participation in the Placing (being the nominal amount of £2.5m), the Placing will be classed as a related party transaction under AIM Rule 13. Accordingly, the Directors (excluding David Weill and Stephen Dattels who are appointed to the Board under a shareholder relationship agreement between the Company and Polo), having consulted the Company's Nominated Adviser, RBC Capital Markets, consider that the terms of the transaction to be fair and reasonable insofar as shareholders of the company are concerned.

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About Caledon Resources plc

Caledon Resources plc is a dual listed public Company listed on the Alternative Investment Market of The London Stock Exchange and The Australian Securities Exchange (trading symbol: "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 in preparation for a feasibility study.

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