

13 December 2010



Caledon Resources plc (“Caledon” or the “Company”)

Minyango Resource Upgrade to 1,216 Million Tonnes (Mt)

Australian coal producer and explorer Caledon Resources plc (AIM: CDN, ASX: CCD) announces a 256% increase (874 Mt) to the Coal Resource estimate for the Minyango coking and thermal coal project bringing the total Minyango Coal Resource estimate to 1,216 Mt. The Minyango project is located approximately 15km north of the Company’s Cook Mine.

The updated Resource estimate is based on the results of an exploration programme conducted between June 2009 and September 2010. The Resource evaluation included:

- The drilling of six partly cored boreholes (61mm diameter samples) of the Aries, Castor and Pollux seams.
- Re-processing of 2D seismic line data from 1982 and 1990.
- Re-interpreted fault patterns based on seismic data and new borehole data
- Updated seam correlation based on additional drilling data from ten gas boreholes

SEAM	IN SITU COAL RESOURCES (Mt)												TOTAL
	COAL THICKNESS > 1.5 M						COAL THICKNESS 1 M TO 1.5 M						
	Seam Depth to 500m			Seam Depth Below 500m			Seam Depth to 500m			Seam Depth Below 500m			
	MEA ¹⁾	IND ²⁾	INF ³⁾	MEA ¹⁾	IND ²⁾	INF ³⁾	MEA ¹⁾	IND ²⁾	INF ³⁾	MEA ¹⁾	IND ²⁾	INF ³⁾	
Aries	22.9	41	135	-	-	-	-	-	15	-	-	-	213.9
Castor	-	-	15	-	-	-	-	-	35	-	-	-	50
Pollux	24.2	59	190	-	-	-	0.3	4	5	-	-	-	282.5
Pisces 1	-	-	110	-	-	-	-	-	20	-	-	-	130
Vermont 2	-	-	35	-	-	5	-	-	-	-	-	-	40
Vermont 3	-	-	-	-	-	5	-	-	45	-	-	-	50
Vermont 4	-	-	-	-	-	-	-	-	105	-	-	5	110
Vermont 6	-	-	165	-	-	5	-	-	-	-	-	-	170
Aquarius 2	-	-	-	-	-	-	-	-	40	-	-	-	40
Sagittarius 1	-	-	-	-	-	-	-	-	35	-	-	-	35
Sagittarius 2	-	-	-	-	-	-	-	-	30	-	-	5	35
Taurus 1	-	-	30	-	-	15	-	-	10	-	-	5	60
TOTAL	47.1	100	680	-	-	30	0.3	4	340	-	-	15	1,216.40

¹⁾ MEA = Measured Resources Category

²⁾ IND = Indicated Resources Category

³⁾ INF = Inferred Resources Category

The previously disclosed figures for the Minyango JORC Resource (as at 31 December 2009) were as follows:

Seam	Average Thickness (metres)	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	TOTAL (Mt)
Aries	2.70	25.7	39	80	144.7
Pollux	2.64	25.9	61	110	196.9
Total		51.6	100	190	341.6

The primary difference of the current estimate and the previous estimation is due to re-interpretation of historical borehole data. The difference is within the accuracy of the relevant resource category in accordance with the JORC Code 2004.

The Aries and Pollux seams are the initial seams of interest with composite analysis of raw coal quality data (see table below) indicating both are medium volatile bituminous coal characterised by low to moderate ash, low sulphur, low to moderate CSN and high calorific value.

Seam	Relative Density (g/cc)	Ash (% ad)	Inherent Moisture (% ad)	Volatile Matter (% ad)	Fixed Carbon (% ad)	Total Sulfur (% ad)	Specific Energy (MJ/kg)	Raw Crucible Swell Number
Aries	1.32	12.13	1.56	22.06	64.24	0.37	30.35	4
Pollux	1.33	14.23	1.34	21.52	62.87	0.43	29.67	3
Total Composite	1.33	13.32	1.44	21.75	63.47	0.4	29.97	3.5

Washplant simulations indicate that coal from Minyango can generate a primary coking coal product of 7.5% to 8.0% ash with low to moderate sulphur and phosphorous and a secondary thermal product of 15% ash.

Seismic surveys are planned for the first half of 2011 in addition to ongoing drilling as part of the project feasibility study.

The information in this announcement relating to the Minyango Coal Resource is based on information compiled by Mr Yoga Suryanegara who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Suryanegara is a full-time resource geologist employed by Caledon. Mr Suryanegara has more than 13 years experience as a coal geologist in the resources industry involving exploration and evaluation assignments at operating coal mines and coal exploration areas in a number of coal basins throughout the world. With this level of experience, which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking, he is adequately qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The information compiled by Mr Suryanegara has also been independently reviewed.

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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). On 8 November 2010 the Company announced that it had reached an in principle agreement with Guangdong Rising Assets Management Co., Ltd (GRAM) on the terms of a possible acquisition of Caledon by Guangdong Rising (Australia) Pty Ltd, a wholly owned subsidiary of GRAM.

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 completed a prefeasibility study on a potential underground coking and thermal coal mine.

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 224,633,849 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 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 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 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.