

29 September 2009

**Caledon Resources plc (AIM: CDN, ASX: CCD)
('Caledon' or 'the Company')**

The following update replaces the update released on 28 September 2009.



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Update on Minyango Drilling Program and Strategic Review

- Minyango drilling program continues to demonstrate good coking coal quality
- Application made for Mineral Development License
- Corporate Strategic Review Process ongoing and attracts additional parties

Caledon Resources plc, the AIM and ASX listed Australian coking coal producer announces a drilling update at its Minyango coal project, located 15km north of Caledon’s Cook Mine.

Minyango Update ¹

Further to the resource estimate announced on 7 May 2009 it was decided to focus the most recent drilling program at Minyango on generating sufficient bulk samples to enable carbonisation testwork to be undertaken. Sufficient samples were collected from the Pollux and Aries seams covering the target mining area to facilitate 7kg coke oven testing in duplicate for each of the seams. This was considered a higher priority than seeking to expand the resource size. This work, in conjunction with further general coal quality analysis, was designed to give a better understanding of the coking properties of the coal in preparation for a Bankable Feasibility Study (BFS).

Test work to date shows saleable product from Minyango to be 62% coking coal and 38% high energy thermal coal. The coking coal quality results from the latest drilling program are shown below.

Parameter	Aries Seam	Pollux Seam
Moisture % adb	3.0	1.7
Ash % adb	7.7	7.4
Volatile Matter % adb	21.3	23.0
Fixed Carbon % adb	68.0	67.9
Sulphur % adb	0.37	0.45
Phos % adb	0.041	0.007
CSN	6.5	8
Maximum Fluidity ddpm	3	17
Petrographics		
Rv max %	1.19	1.19
Vitrinite	40.7	52.6
Semifusinite %	49.5	39.0
Ultimate Analysis % daf		
Carbon	88.2	87.7
Hydrogen	4.98	5.14
Nitrogen	1.87	1.89
Sulphur	0.41	0.50
Oxygen (by difference)	4.54	4.77
Carbonisation Testing (7kg Coke Oven)		
Coke yield	76.9	77.5
Coke Reactivity Index	44.0	39.3
Coke Strength after Reaction	50.9	47.7

The above results provide a more complete analysis of the coking coal quality that can be produced at Minyango and confirm that it sits comfortably in the sought after low-medium volatile and low sulphur category. These results give added confidence to the viability of the project and will provide a solid foundation for future discussions with potential consumers of the coal.

An application has also been made to the Department of Mines and Energy to convert the majority of the Exploration Permits for Coal (EPCs) 699 and 997 and MDL 375 into one Mineral Development Licence (MDL 424). This is the next stage in the process towards a full Mining Lease (ML) application. Once granted, MDL 424 will cover an area of 8,868 hectares.

Work is also due to commence in Q4 2009 on a baseline ecological study in preparation for the environmental permitting process. This is a long lead time component of the BFS and granting of the ML. Consultancy support to develop the BFS is planned to be engaged in 2010.

Corporate Strategic Review

As announced on 27 February this year, Caledon 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 (the "Process") and discussions with a number of potential acquirers remain ongoing. However, in recent weeks, a number of parties that have not previously had access to Caledon's data room have approached the Company to be included in the Process. Their inclusion is currently being accommodated. The increasing number of parties interested in the company reflects the positive outlook in the coking coal sector.

There is no certainty as to the timing, terms or structure of any transaction nor that an offer will be made for the Company. Shareholders are therefore advised to take no action at this time. Any further announcement will be made as soon as appropriate.

¹The information in this announcement that relates to Minyango exploration results is based on information compiled by Mr C. Sprague who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Sprague is employed by A&B Mylec Pty Ltd. Mr Sprague has sufficient experience, which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Sprague consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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About Caledon

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.

Royal Bank of Canada Europe Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Caledon Resources plc and will not be responsible to anyone other than Caledon Resources plc for providing the protections afforded to customers of Royal Bank of Canada Europe Limited nor for providing advice in relation to the matters referred to above.

Dealing disclosure requirements

Under the provisions of Rule 8.3 of the Takeover Code, if any person is, or becomes, 'interested' (directly or indirectly) in 1% or more of any class of 'relevant securities' of Caledon, all 'dealings' in any 'relevant securities' of Caledon (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3.30 pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which any offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities' of Caledon, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Takeover Code, all 'dealings' in 'relevant securities' of Caledon by any potential offeror or Caledon, or by any of their respective 'associates', must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk.

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.