

18 Upper Brook Street
London
W1K 7PU

George Salamis
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Wednesday 26th July 2006

Dear George,

TERMS OF DIRECTOR'S APPOINTMENT

I am writing on behalf of the Board of Directors to confirm the arrangements we have discussed with regard to the terms of your appointment as a director of Caledon Resources PLC (the "Company").

1. Appointment and Term of Office

1.1 Your appointment as a director is in accordance with the Articles of Association of the Company and subject, in particular, to the provisions dealing with retirement by rotation. If you have any queries about the Articles please do not hesitate to contact me or the Company Secretary. Your appointment which is contingent on satisfactory performance will automatically cease without compensation or notice in the event that you are not re-elected as a director by the shareholders of the Company or if for any reason you become disqualified or prohibited by law from being or acting as a director or from being involved in the management of a company or are dismissed for gross misconduct.

If the Company is taken over, your period of appointment will terminate automatically when the bid becomes or is declared unconditional as to acceptances. You will also resign as a director at that time if asked to do so by the Board.

1.2 Subject to these provisions, your continuing appointment will be on a rolling basis commencing on the date of Caledon Resource's re-admission, and continuing unless and until terminated at the discretion of either party on one months' notice in writing.

1.3 Nothing in this letter should be taken to exclude or vary the terms of our Articles as they apply to you and, as a member of the Board, you will share with all directors equal responsibility for the direction of the Company and the Group. Please feel free to raise any issues either with myself or at any Board Meeting. Board Meetings are generally held every two months either at the Company's London or Australian offices or in such other jurisdiction in which the Company operates. The next AGM will be held on a date to be agreed in the future. A schedule of any future meetings for this year will be sent to you by the Company Secretary.

2. Fees

- 2.1 You will be entitled to a fee at the rate of £20,000 per annum subject to such deductions in respect of tax and social security contributions as and are required by law. The fee will be payable in 12 equal instalments in arrears on or before the last day of each month and will be subject to an annual review by the Board.
- 2.2 On the termination of your appointment on notice, you will be paid your director's fees on a pro-rata basis, to the extent that they are unpaid, up to the date of termination. Early termination or termination in the circumstances outlined in clause 1.1, will not give rise to any right to compensation or payment in lieu of notice.

3. Expenses

- 3.1 You will be entitled to be reimbursed reasonable expenses incurred in performing your duties. You should contact the Finance Director of the Company who will provide you with a copy of our policy on fees for directors which should be submitted to the Finance Director together with all the relevant receipts within three months of the date they were incurred. The Company will make all the necessary flight and hotel arrangements if applicable on behalf of all directors who need to travel unless otherwise notified to you.
- 3.2 You will be covered by and required to participate in the Company's directors' and officers' liability insurance as amended from time to time. Details of the current policy can be obtained from the Company Secretary.

4. Duties

- 4.1 You are required to exercise such duties and responsibilities as are assigned to you by the Board from time to time.
- 4.2 As a director you will be expected to exercise the general fiduciary duties and duties of care and confidentiality expected of every director and to use your utmost endeavours to promote and act in the interest of the Company and any other member of the Group, and in accordance with the principles outlined in the Combined Code on Corporate Governance as amended from time to time and to comply with all directions given to you by the Board and with all codes and policies adopted by the Company/from time to time on all issues discussed at Board level, including on issues relating to strategy, performance and financial matters.
- 4.3 You will be required to accept responsibility, publicly and, where necessary, in writing:-
- (a) when required to do so under the Companies Act 1985 or the Financial Services and Markets Act 2000;
 - (b) when required to do so by the rules and guidance of the London Stock Exchange as applicable to AIM Companies and under the Combined Code on Corporate Governance;
 - (c) when required to do so by the terms of The City Code on Takeovers and Mergers and the Rules Governing Substantial Acquisitions of Shares; and

- (d) in any event, in the terms set out in the statement of Adherence to Directors' Responsibilities which will be printed in the Company's Accounts.

4.4 During the term of your appointment as director you must comply with the AIM Rules as amended from time to time and any rules or code as may from time to time be adopted by the Company or its holding company on director's conduct or dealings in securities as the Company. You must also comply with all requirements, recommendations or regulations of the Companies Act 1985 and 1989, the Criminal Justice Act 1993, the Financial Services and Markets Act 2000 (or any other statutory re-enactment or modification of any such Acts) and the Rules and guidance of the London Stock Exchange in respect of AIM listed companies as amended or re-enacted from time to time. For these purposes your holdings will include that of any person who is a connected person with you within the meaning of Section 839 of the Income and Corporation Taxes Act 1988 as amended from time to time.

5. Outside Interests

5.1 You must disclose any other potential directorships, shares in other companies or interests in contracts with any company as soon as possible including those covered by Section 324 (as extended to Section 328) of the Companies Act 1985. This restriction does not apply to shareholdings held for investment purposes only where the shares concerned are quoted or dealt in on a recognised investment exchange and represent 3% or less of the issued share of the class concerned save that, in relation to any company engaged in the same type of business in which any member of the Group operates, such shareholding will need to be disclosed to the Board and its prior written consent obtained.

5.2 You must not accept any appointment or hold any other interests or shareholding which might cause a conflict of interest with your duties to the Group. If at any time you foresee any potential areas of conflict, you must raise these with the me/ the Chairman and discuss the situation before accepting the role/position.

6. Confidential Information

6.1 You must not without my prior clearance, unless required to do so by law, the London Stock Exchange or The Panel on Takeovers and Mergers, either during the continuation of your appointment or at any time after its cessation, for any reason directly or indirectly divulge or use or exploit (other than for the purposes of performing your duties to the Company or any member of the Group) to any person or persons whatsoever any trade secret, confidential information or other information concerning the business discoveries technical processes, designs, services provided and/or the products sold, marketed or under development by the Company or any Group member finances or customers agents, suppliers or distributors of the Company or other member of the Group or of any third party for which any member of the Group is responsible or in respect of which any member of the Group has an obligation not to disclose of which you may, in the course of your appointment, become aware and you are required to use your best endeavours to prevent unauthorised publication, disclosure, use or exploitation of any such trade secrets or information. These restrictions will cease to

apply to information which may have come into the public domain other than through an unauthorised disclosure by you or which constitutes protected disclosure under Part IVA Employment Rights Act 1996, as may be amended from time to time.

- 6.2 Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from me or the Company Secretary.
- 6.3 You agree and acknowledge that title and all copyrights design rights database rights and other intellectual property rights whatsoever in all works, including correspondence, reports and documents you prepare as a result of the performance of your duties as a non-executive director on behalf of the Company, will at all times be the absolute property of the Company and you hereby assign these to the Company with the intention that all such rights shall vest in the Company immediately on the creation devising or making of each of the works to which they relate and hereby unconditionally and irrevocably waive all rights arising under Chapter IV of Part I of the Copyright Designs and Patents Act 1988 (as amended from time to time) in respect of all copyright works so created.
- 6.4 On termination of your appointment, for whatever reason, you must promptly return to the Company or its authorised representative all property (including but without limitation) all documents, listings, keys, correspondence, security or charge cards or discs, tapes, credit cards, mobile phone, computer, computer peripherals, communications equipment, software, electronic documents, data files or other equipment, items or information in your possession or under your control which are the property of the Company or any other member of the Group or which relate in any way to the business or affairs or customers of the Company or any other member of the Group and all copies thereof regardless of the medium on which such copies are stored or held. In respect of any such items or information held on any computer software data files or other equipment belonging to you, you are required to delete any such items and information and all copies immediately on termination of your appointment.

7. Governing Law

This Agreement shall be governed by and construed in accordance with English law and each of the parties submits to the exclusive jurisdiction of the Courts of England.

I would be grateful if you would confirm your acceptance to these terms and of your responsibilities by signing and returning the attached copy letter.

Yours sincerely,

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Robert Alford
Chairman

I have read this letter and accept the appointment on the terms detailed above.

George Salamis
Signature:Date:....September 21.....2006

Name: George Salamis