

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF CALEDON SHARES TO TRADING ON AIM AND THE TERMINATION OF THE QUOTATION OF CDIs ON THE ASX.

PART 2 OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or other appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Caledon Shares, please forward this document, the accompanying reply paid envelope and the Forms of Proxy as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred part of your holding of Caledon Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this document into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Recommended Acquisition

of



Caledon Resources plc (“Caledon”)

by

Guangdong Rising (Australia) Pty Ltd (“Bidco”)

a wholly-owned indirect subsidiary of Guangdong Rising Assets Management Co., Ltd
 (“GRAM”)

to be implemented by means of a

Scheme of Arrangement

under sections 895 to 899 of the Companies Act 2006

Caledon Shareholders should read carefully the whole of this document and the accompanying Forms of Proxy. Your attention is drawn to the letter from the Chairman of Caledon in Part 1 of this document which contains the unanimous recommendation of the Caledon Directors that you vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. A letter from RBC Capital Markets explaining the Scheme, which constitutes an explanatory statement in compliance with section 897 of the Companies Act, appears in Part 2 of this document.

Notices convening the Court Meeting and the General Meeting, both of which will be held at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London, WC1X 8RW on 25 July 2011 are set out in Parts 10 and 11 of this document. The Court Meeting will start at 10.00 a.m. on that date and the General Meeting will start at 10.15 a.m. on that date (or as soon thereafter as the Court Meeting has been concluded or adjourned).

The action to be taken in respect of the Meetings is set out on pages 9 and 10 of this document and in paragraph 14 of Part 1 of this document. Caledon Shareholders will find enclosed with this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the General Meeting.

Whether or not you intend to attend the Meetings in person, please complete and sign both of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and, in any event, so as to be received at least 48 hours before the time appointed for the relevant Meeting. You may also appoint a proxy through CREST by following the instructions set out on pages 9 and 10 of this document and in the notices of meeting contained in Parts 10 and 11 of this document. Forms of Proxy returned by fax will not be accepted.

If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or Computershare before the start of the Court Meeting and will still be valid. However, in the case of the General Meeting, unless the white Form of Proxy is returned by the time noted above, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting, or any adjournment thereof, if you so wish and if you are so entitled.

If you have any questions about this document, the Court Meeting or the General Meeting, or are in any doubt as to how to complete the Forms of Proxy or CDI Voting Instruction Forms, please call Computershare between 9.00 a.m. and 5.00 p.m. (local time) Monday to Friday (excluding bank or public holidays) on the following numbers:

For Caledon Shareholders: 0870 889 4093 (or +44 870 889 4093 if calling from outside the UK)

For CDI Holders: 1300 552 270 (or +61 3 9415 4000 if calling from outside Australia)

Please note that calls to these numbers may be monitored or recorded and that, for legal reasons, the helplines cannot provide advice on the Acquisition or its merits or give any personal, legal, financial or tax advice.

The attention of CDI Holders is also drawn to Part 3 of this document in relation to the action to be taken by them.

A copy of this document has not been provided to ASIC. Neither ASIC nor any of its officers takes any responsibility for the contents of this document. A copy of this document has been provided to ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this document.

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 Acquisition and will not be responsible to anyone other than GRAM and Bidco for providing the protections afforded to clients of PricewaterhouseCoopers or for providing advice in relation to the Acquisition or any other matters referred to in this document.

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 Acquisition and will not be responsible to anyone other than Caledon for providing the protections afforded to clients of RBC Capital Markets or for providing advice in relation to the Acquisition or any other matters referred to in this document.

IMPORTANT NOTICE

This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons who are subject to the laws of any jurisdiction other than the United Kingdom into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law, the City Code and the AIM Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England and Wales. Nothing in this document or the accompanying documents should be relied on for any other purpose.

CDI Holders and persons in, or resident in, Australia should note that the Scheme is 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 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". ASIC Class Order 07/9 provides that where securities are offered for issue under a scheme of arrangement which is between a foreign company and its members and regulated under a law that is in force in an "eligible foreign country", which includes the United Kingdom, the issuer is exempt from the requirement to prepare a prospectus under the Corporations Act 2001 (Cth) of Australia.

The Acquisition relates to the shares of an English company, is subject to UK disclosure requirements which are different from those of the United States, and is proposed to be implemented by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules promulgated by the US Securities and Exchange Commission under the US Exchange Act of 1934, as amended. Accordingly, the Acquisition is subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation and tender offer rules. Financial information included in this document has been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in the UK and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. If, in the future, Bidco exercises its right to implement the Acquisition by way of the Offer, such Offer, if it is made into the United States, will be made in compliance with the applicable US laws and regulations.

The receipt of cash pursuant to the Acquisition by a US holder as consideration for the cancellation of such holder's Caledon Shares pursuant to the Acquisition may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each US holder is urged to consult their independent professional advisor immediately regarding the tax consequences of the Acquisition applicable to such holder.

The Caledon financial information included in, and incorporated by reference into, this document has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which may not be comparable to the financial statements of companies reporting their financial statements pursuant to home country generally accepted accounting principles ("GAAP"), which differ in certain significant respects from IFRS. None of the financial information included in, or incorporated by reference into, this document has been audited in accordance with GAAP under any countries' laws.

Further details in relation to Overseas Shareholders are contained in paragraph 17 of Part 2 of this document. All Caledon Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to or may have a contractual or legal obligation to forward this document and the accompanying Forms of Proxy to a jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of Caledon, GRAM or Bidco concerning the Acquisition which are inconsistent with the statements contained in this document and any such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part 4 of this document. Each Caledon Shareholder and CDI Holder is advised to read and consider carefully the text of the Scheme itself. This document, and in particular the letter from the Chairman of Caledon and the Explanatory Statement, has been prepared solely to assist Scheme Shareholders in respect of voting on the resolution to approve the Scheme to be proposed at the Court Meeting and to assist Caledon Shareholders in respect of voting on the Resolution to be proposed at the General Meeting.

Caledon Shareholders and CDI Holders should not construe the contents of this document as legal, tax or financial advice and should consult with their own advisers as to the matters described in this document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this document and oral statements made regarding the Acquisition and other information published by Caledon, GRAM and Bidco in connection with the Acquisition may constitute "forward looking statements". In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "prepares", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These statements are based on the current expectations of the boards of Caledon, GRAM and Bidco and are naturally subject to uncertainty and changes in circumstances. Caledon Shareholders and CDI Holders should specifically consider the factors identified in this document, which could cause actual results to differ, before making an investment decision. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the ability of Caledon, GRAM and Bidco to control or estimate precisely and therefore undue reliance should not be placed on such statements. These factors include, but are not limited to, the satisfaction of the Conditions as well as additional factors, such as changes in economic conditions, changes in the level of capital investment, success of business and operating initiatives, restructuring objectives, customers' strategies and stability, changes in the regulatory environment, fluctuations in interest and exchange rates, the outcome of litigation, government actions and natural phenomena such as floods, earthquakes and hurricanes. Except as required by the FSA, the AIM Rules, the Disclosure and Transparency Rules, the London Stock Exchange, applicable law or relevant regulation, Caledon, GRAM and Bidco each expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in their respective expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Caledon Group or GRAM Group except where expressly stated.

DEALING DISCLOSURE REQUIREMENTS

Under Rule 8.3(a) of the 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 tenth business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the tenth 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 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 Takeover Panel's website at www.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.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown in this document are London times, unless otherwise stated.

(For further information on the key timetable dates for CDI Holders, please see Part 3 of this document.)

Event	Time and/or date
Latest time for receipt of blue Forms of Proxy for the Court Meeting	10.00 a.m. on 23 July 2011¹
Latest time for receipt of white Forms of Proxy for the General Meeting	10.15 a.m. on 23 July 2011²
Voting Record Time for the Court Meeting and General Meeting	6.00 p.m. on 23 July 2011 ³
Court Meeting	10.00 a.m. on 25 July 2011
General Meeting	10.15 a.m. on 25 July 2011⁴
The following dates are indicative only and are subject to change⁵	
First Court Hearing to sanction the Scheme	15 August 2011
Last day of dealings in CDIs on ASX	16 August 2011
Last day of dealings in, and for registration of transfers of, and disablement in CREST of, Caledon Shares on AIM	24 August 2011
Scheme Record Time	7.00 p.m. on 24 August 2011
Second Court Hearing to confirm the Reduction of Capital	25 August 2011
Effective Date of the Scheme	26 August 2011
Termination of quotation of CDIs on ASX	29 August 2011
Cancellation of admission to trading of Caledon Shares on AIM	8.00 a.m. on 30 August 2011
Latest date for despatch of cheques or settlement through CREST in respect of the Cash Consideration	within 14 days of the Effective Date

¹ It is requested that blue Forms of Proxy for the Court Meeting be lodged at least 48 hours prior to the time appointed for the Court Meeting. Blue Forms of Proxy not so lodged may be handed to the Chairman of the Court Meeting or Computershare at the Court Meeting. Please see "Action to be taken" on pages 9 and 10 of this document for further details regarding the lodgement of Forms of Proxy and the lodgement of CDI Voting Instruction Forms.

² White Forms of Proxy for the General Meeting must be lodged at least 48 hours prior to the time appointed for the General Meeting. White Forms of Proxy may NOT be handed to the Chairman of the General Meeting or Computershare at the General Meeting. Please see "Action to be taken" on pages 9 and 10 of this document for further details regarding the lodgement of Forms of Proxy and the lodgement of CDI Voting Instruction Forms.

³ If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be 6.00 p.m. on the second day before the day set for such adjourned Meeting.

⁴ Or as soon thereafter as the Court Meeting shall have concluded or been adjourned.

⁵ These dates and times are indicative only and will depend, among other things, upon the date upon which the Court sanctions the Scheme and confirms the Reduction of Capital and the date on which the Conditions set out in Part 5 of this document are satisfied or (if applicable) waived. It will also depend on when the Court Orders sanctioning the Scheme and confirming the Reduction of Capital are delivered to the Registrar of Companies. Caledon will give notice of any change(s) by issuing an announcement through a Regulatory Information Service and posting notice of the change(s) to Caledon Shareholders. All Caledon Shareholders have the right to attend the First Court Hearing and the Second Court Hearing (CDI Holders should refer to Part 3 of this document in relation to attendance at the Meetings and the Court Hearings).

ACTION TO BE TAKEN

ENCLOSED DOCUMENTS

Please check you have received the following with this document:

1. a blue Form of Proxy for use in respect of the Court Meeting;
2. a white Form of Proxy for use in respect of the General Meeting; and
3. a reply paid envelope for use within the United Kingdom.

If you have not received all of these documents please contact Computershare on the helpline telephone number set out below.

CDI Holders should have received this document accompanied by the CDI Voting Instruction Forms, rather than the Forms of Proxy. If CDI Holders have not received the CDI Voting Instruction Forms they should contact Computershare Investor Services Pty Limited on 1300 552 270 or +61 3 9415 4000 if calling from outside Australia.

INSTRUCTIONS ON THE ACTION TO BE TAKEN ARE SET OUT BELOW.

THE COURT MEETING AND THE GENERAL MEETING

The Scheme will require approval at a meeting of the Scheme Shareholders convened by order of the Court to be held at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW at 10.00 a.m. on 25 July 2011. Implementation of the Scheme will also require the passing of the Resolution by Caledon Shareholders at the General Meeting to be held at the same place at 10.15 a.m. on 25 July 2011 (or as soon thereafter as the Court Meeting is concluded or adjourned).

TO VOTE ON THE ACQUISITION USING THE FORMS OF PROXY:

Whether or not you plan to attend the Meetings, you are requested to complete and sign:

1. the blue Form of Proxy; and
2. the white Form of Proxy,

and return them BOTH to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible, but in any event so as to be received by the following times and dates:

Blue Forms of Proxy for the Court Meeting	10.00 a.m. on 23 July 2011
White Forms of Proxy for the General Meeting	10.15 a.m. on 23 July 2011

(or, in the case of an adjourned Meeting, not less than 48 hours prior to the time and date set for the adjourned Meeting).

Both Forms of Proxy and a reply paid envelope (for postage from within the UK) are enclosed.

IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF CALEDON SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY ENCOURAGED TO SIGN AND RETURN YOUR FORMS OF PROXY AS SOON AS POSSIBLE.

Return of your completed Forms of Proxy will enable your votes to be counted at the Meetings in the event of your absence. If the blue Form of Proxy for use at the Court Meeting is not lodged by 10.00 a.m. on 23 July 2011, it may be handed to the Chairman of the Court Meeting or Computershare before the start of the Court Meeting and will still be valid. If not lodged before the time set out above, the white Form of Proxy for use at the General Meeting will be invalid.

TO VOTE ON THE ACQUISITION USING A PROXY APPOINTMENT THROUGH CREST:

Caledon Shareholders who hold Caledon Shares through CREST and who wish to appoint a proxy or proxies for the Court Meeting and General Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) at least 48 hours prior to the Court Meeting or the General Meeting, as applicable (excluding any part of such 48 hour period falling on a weekend or a public holiday in the UK). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Caledon may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Regulations.

The completion and return of the Forms of Proxy or the submission of proxies via CREST will not prevent you from attending and voting at the Court Meeting or the General Meeting, or any adjournment thereof, in person should you wish to do so and should you be so entitled.

TO VOTE ON THE ACQUISITION IF YOU ARE A CDI HOLDER:

CDI Holders may instruct the CDI Registrar to instruct the CDI Depositary how to vote at the Court Meeting and/or General Meeting in respect of the Caledon Shares underlying the CDIs by using the enclosed CDI Voting Instruction Forms. The CDI Registrar will endeavour, insofar as is practicable, to vote or cause to be voted, at the Court Meeting and the General Meeting, the number of Caledon Shares represented by such CDIs in accordance with the instructions of the CDI Holders.

CDI Holders should complete the enclosed CDI Voting Instruction Forms in accordance with the accompanying instructions, and return them to the CDI Registrar who will then instruct the CDI Depositary how to vote on their behalf at the Court Meeting and the General Meeting. The CDI Voting Instruction Forms must be returned to the CDI Registrar in accordance with the instructions on the forms by no later than 7.00 p.m. (AEST) on 21 July 2011 for the Court Meeting and 7.15 p.m. (AEST) on 21 July 2011 for the General Meeting.

The CDI Depositary will not vote the Caledon Shares underlying the CDIs except in accordance with written instructions from the CDI Holder. If the CDI Registrar fails to receive the relevant CDI Voting Instruction Form from a CDI Holder prior to the deadlines set out in the preceding paragraph, then the CDI Registrar will not instruct the CDI Depositary how to vote the Caledon Shares underlying the CDIs of such CDI Holder at the relevant Meeting and, accordingly, such Caledon Shares will not be represented and will not be voted at the Court Meeting or the General Meeting, as appropriate. **YOU ARE THEREFORE STRONGLY ENCOURAGED TO SIGN AND RETURN YOUR CDI VOTING INSTRUCTION FORMS AS SOON AS POSSIBLE.**

CDI Holders who wish to attend, speak or vote at the Court Meeting or the General Meeting can appoint themselves as a proxy for the CDI Depositary in accordance with the instructions contained in the CDI Voting Instruction Forms.

Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, or the CDI Voting Instruction Forms, please call Computershare between 9.00 a.m. to 5.00 p.m. (local time) Monday to Friday (excluding bank or public holidays) on the following numbers:

For Caledon Shareholders: 0870 889 4093 (or +44 870 889 4093 if calling from outside the UK)

For CDI Holders: 1300 552 270 (or +61 3 9415 4000 if calling from outside Australia)

Calls to the 0870 889 4093 number from within the UK cost 7.3 pence (£0.073) per minute plus your service provider's network extras. Calls to the 1300 552 270 number are charged as a standard local call from a landline within Australia. Please note that calls to these numbers may be monitored or recorded and that, for legal reasons, the helplines cannot provide advice on the Acquisition or its merits or any personal, legal, financial or tax advice.

PART 1
LETTER FROM THE CHAIRMAN OF CALEDON



(Registered in England and Wales under company number 3993115)

Directors:

David de Jongh Weill (Non-Executive Chairman)
Mark Frederick Trevan (Managing Director)
Peter Kenneth Seear (Executive Director)
Stephen Bywater (Non-Executive Director)
George Gregory Salamis (Non-Executive Director)
David Treadwell (Non-Executive Director)

Registered office:

Lacon House
84 Theobald's Road
London
WC1X 8RW

1 July 2011

To all Caledon Shareholders and CDI Holders and, for information only, to participants in the Caledon Share Schemes and holders of the Caledon Loan Notes

Dear Caledon Shareholder

**RECOMMENDED PROPOSAL FOR THE ACQUISITION OF CALEDON RESOURCES PLC BY
GUANGDONG RISING (AUSTRALIA) PTY LTD, A WHOLLY-OWNED INDIRECT SUBSIDIARY OF
GUANGDONG RISING ASSETS MANAGEMENT CO., LTD**

1. INTRODUCTION

On 23 June 2011, the Caledon Directors, GRAM Directors and Bidco Directors announced that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Caledon by Bidco, a wholly-owned indirect subsidiary of GRAM, to be effected by way of a scheme of arrangement under sections 895 to 899 of the Companies Act.

I am now writing to you, on behalf of the Caledon Directors, to set out the terms of the Acquisition, to explain the background to and reasons for their unanimous recommendation and to seek your support and approval of the Scheme.

In order to approve the terms of the Scheme by which the Acquisition is to be implemented, a sufficient majority of Scheme Shareholders will need to vote in favour of the resolution to be proposed at the Court Meeting and Caledon Shareholders will need to pass the Resolution to be proposed at the General Meeting. The actions you should take in this regard are set out on pages 9 to 10 of this document.

2. SUMMARY OF THE TERMS OF THE ACQUISITION

The Acquisition will, if approved, be effected by means of a scheme of arrangement between Caledon and the Scheme Shareholders under sections 895 to 899 of the Companies Act involving a reduction of capital under section 648 of the Companies Act. In compliance with section 897 of the Companies Act full details of the Scheme are set out in the Explanatory Statement in Part 2 of this document.

Under the Scheme, eligible Caledon Shareholders will be entitled to receive:

for each Scheme Share held: 112 pence in cash.

The Acquisition values the Caledon Shares in issue at the close of business on 22 June 2011, being the last Business Day prior to the date of the Announcement, at approximately £313.1 million, which represents a premium of approximately:

- 34 per cent. to the Closing Price of 83.75 pence per Caledon Share on AIM on 5 November 2010 (being the last Business Day prior to the Possible Acquisition Announcement);
- 53 per cent. to the volume weighted average price of Caledon Shares on AIM for the 20-trading day period ending on 5 November 2010 (being the last Business Day prior to the Possible Acquisition Announcement) of 73.16 pence; and
- 100 per cent. to the Closing Price of 56.00 pence per Caledon Share on AIM on 16 September 2010 (being the last Business Day prior to the commencement of the Offer Period).

If you wish the Scheme to become Effective, you are urged to sign and return the enclosed Forms of Proxy as soon as possible. You should note that if there is insufficient Caledon Shareholder support for the Scheme at the Meetings, the Scheme will not become Effective.

If the Scheme becomes Effective, the New Caledon Shares will be issued to Bidco fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights attaching to them.

3. SCHEME BECOMING EFFECTIVE

It is expected that (subject to the satisfaction or, where appropriate, waiver of the Conditions, further details of which are set out in paragraph 3 of Part 2 of this document) the First Court Hearing (to sanction the Scheme) will be held on 15 August 2011, the Second Court Hearing (to confirm the Reduction of Capital) will be held on 25 August 2011, and the Effective Date will be 26 August 2011.

The Acquisition is conditional upon the Scheme becoming Effective by no later than 30 September 2011, or such later date as Caledon, GRAM and Bidco may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), failing which it will lapse.

Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting (and if they attended, and voted, whether or not they voted in favour). Further details of the Scheme are set out in the Explanatory Statement in Part 2 of this document.

CDI Holders will be given the opportunity to instruct the CDI Registrar (who will instruct the CDI Depository) as to how to vote on the Caledon Shares underlying their respective CDIs. If the Scheme becomes Effective, it will also be binding on the CDI Depository in respect of the Caledon Shares underlying the CDIs, irrespective of how CDI Holders instructed the CDI Registrar in respect of voting at the Meetings. If you are a CDI Holder, please see Part 3 of this document for more information.

An application will be made for cancellation of the admission to trading of Caledon Shares on AIM and, following the Scheme becoming Effective, Caledon will also request ASX to remove CDIs from official quotation on ASX and will apply for itself to be removed from the official list of ASX.

It is expected that the admission of the Caledon Shares to trading on AIM and dealings in such shares will be suspended from 4.30 p.m. on 24 August 2011 and that suspension of dealings in CDIs on ASX will occur from the close of trading on 16 August 2011. It is expected that the cancellation of the admission to trading of Caledon Shares on AIM will take place on 30 August 2011 and that termination of quotation of the CDIs on ASX will occur on 29 August 2011.

If the Scheme becomes Effective, cheques in respect of the Cash Consideration will be despatched by post by Computershare as receiving agent on behalf of Bidco to Scheme Shareholders or, as the case may be, CREST payment obligations in favour of the payment banks of the Scheme Shareholders will be created, in each case at the risk of the Scheme Shareholders, within 14 days after the Effective Date.

4. BACKGROUND TO AND REASONS FOR RECOMMENDING THE ACQUISITION

In January 2009, Caledon received a non-binding, indicative approach from an entity which had expressed an interest in potentially acquiring Caledon. This led to the formal appointment of RBC Capital Markets in February 2009 to conduct a strategic review focused on maximising value for Caledon Shareholders and CDI Holders.

As part of that review, RBC Capital Markets solicited interest from other parties and had ongoing discussions with potential acquirers in respect of offers in excess of the then share price. However, despite the high level of interest and recognition of both the quality of Caledon's assets and the scarcity of high quality coking coal assets in general, no party provided a final and binding offer and the strategic review process was terminated in December 2009.

In April 2010, Caledon announced the terms of a proposed merger with its largest shareholder, Polo. However, volatility and uncertainty in the equity and coal markets in the period following that announcement meant that the parties could not agree on mutually acceptable terms for a merger and this transaction was terminated in June 2010.

Since this date the Caledon Directors have continued to receive indicative approaches from potential acquirers of Caledon or parties wishing to make an investment at the asset level.

The Caledon Directors have received assurances from GRAM that it intends to provide the necessary financial resources to Caledon to implement its strategy and to take advantage of other opportunities as they arise. On that basis, the Caledon Directors believe that under the ownership of GRAM and with access to significant additional funding, the risks connected with optimising the Cook mine and developing the Minyango project would be substantially reduced.

The Acquisition will provide an opportunity for Caledon Shareholders and CDI Holders to realise their investment in Caledon at a significant premium to the market price prior to the Possible Acquisition Announcement, payable in cash.

5. BACKGROUND TO AND REASONS FOR THE ACQUISITION

GRAM has recently been seeking to acquire coal assets to satisfy demand for coal in Guangdong Province and its adjacent provinces. GRAM is attracted to Caledon's resource of coking coal, infrastructure access, rail and potential port capacity. Caledon would provide a platform for future expansion in Australia and the region. The Acquisition would fit well with GRAM's strategy and reflects the Guangdong Province's long term focus on securing supply.

GRAM plans to sell coal to Chinese customers on an arm's length basis.

6. CURRENT TRADING AND PROSPECTS OF CALEDON

The Cook underground coal mine produces coking and thermal coals in a ratio of approximately 80 per cent. coking to 20 per cent. thermal. Sales in 2010 were 431,000 tonnes of coking coal and 104,000 tonnes of thermal coal, for a total of 535,000 tonnes. In the quarterly report released on 3 May 2011, Caledon announced it had sold a total of 137,000 tonnes for the three months ending 31 March of that year. In the longer term, Caledon is targeting a minimum of one million tonnes of saleable product per annum from the Cook mine. The coal from the Cook mine is railed to the port of Gladstone for export.

Caledon has also commenced a feasibility study for an underground mine on the nearby Minyango deposit which is forecast to produce coking and thermal coal in a ratio of approximately 62 per cent. coking to 38 per cent. thermal with a target production of three million tonnes per annum. Development of this mine is dependent on the timing of the proposed new Wiggins Island Coal Export Terminal next to the existing port facilities at Gladstone.

Caledon is a foundation shareholder in WICET Holdings Pty Limited, which is the parent company of Wiggins Island Coal Export Terminal Pty Ltd, the company established by a consortium of coal producers to build the Wiggins Island Coal Export Terminal. Caledon was allocated four million tonnes per annum of the initial 27 million tonnes per annum of export capacity scheduled for completion in 2014.

Caledon incurred a loss after tax of A\$11.8 million for the year ended 31 December 2010 on revenues of A\$93 million. This included A\$7.5 million in finance expenses and a A\$3.5 million charge against the carrying value of the Caledon Loan Notes. Caledon undertook a number of

financing activities in 2010 and early 2011 which combined to leave its balance sheet in a more robust position. The only corporate debt outstanding at the date of this document is £4.2 million of Caledon Loan Notes and A\$2.8 million in equipment leasing. The pricing outlook for coking coal in 2011 has improved considerably from that in 2010 when the average price received for the Cook product was US\$175 per tonne. In May this year, Caledon announced that the average price in the first quarter of 2011 was US\$214 per tonne with the expectation that this would rise to US\$258 per tonne in the second quarter of 2011. Caledon also advised that the strengthening of the A\$:US\$ exchange rate over that time would absorb a significant portion of that increase in A\$ terms.

7. INFORMATION ON GRAM, BIDCO AND ORD

7.1 GRAM

GRAM is one of the largest state-owned enterprises in China, supervised by the State-owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government. GRAM is a Chinese investment group, with investments in a range of listed and unlisted entities across a wide range of sectors, including non-ferrous metals, technology, hotels and construction. Within its portfolio of investments, GRAM is the second largest shareholder of China Telecom Co., Ltd, and the controlling shareholder of two Chinese listed companies, Zhongjin Lingnan Nonfermet Co., Ltd and Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. GRAM also has a controlling stake in Guangdong Rising Nonferrous Metal Co., Ltd which is also a Chinese listed company.

GRAM has recently been active in the mining sector having acquired a 19.9 per cent. interest in PanAust Limited, an ASX listed copper and gold mine operator for A\$215 million in 2009. In 2010 GRAM increased its holding to 20.5 per cent.

Zhongjin Lingnan Nonfermet Co., Ltd acquired a 50.1 per cent. interest in Perilya Limited, an ASX listed lead and zinc mine operator for A\$45 million in 2009. In 2010 Zhongjin Lingnan Nonfermet Co., Ltd financially supported Perilya Limited in acquiring 100 per cent. of GlobeStar Mining Corporation for C\$184 million.

As of 31 December 2010, GRAM had consolidated total assets of RMB¥61.9 billion (approximately £6.1 billion), and had a net profit for the year ended 31 December 2010 of RMB¥1.8 billion (approximately £171.9 million).

7.2 Bidco

Bidco is a newly incorporated company in Australia formed for the purpose of making the Acquisition. The sole shareholder of Bidco is Guangdong Rising (Australia) Holding Pty Ltd, ultimately a wholly-owned subsidiary of GRAM.

7.3 Ord

Ord is a public company listed on ASX (trading symbol ORD.AX). Ord is a minerals exploration and development company with projects in copper, bauxite and gold. Its strategy is to grow by acquiring prospective precious and base metals tenements; exploring, appraising, then developing and, in time, mining gold and base metals.

Ord's projects include the Copper Flats Project, Suplejack Project and the Laos Bolaven Plateau Bauxite Project. The Laos Bolaven Plateau Bauxite Project focuses on bauxite resources on the Bolaven plateau in southern Laos over an aggregate area of 487 square kilometres. The Laos Bolaven Plateau Bauxite Project is being developed through Sino Australian Resources (Laos) Co., Ltd (SARCO). The Copper Flats Project focuses on copper anomalies in the East Kimberley area in Western Australia (WA) and the Northern Territory (NT).

Ord has assisted GRAM in relation to originating and facilitating the implementation of the Acquisition.

7.4 Arrangements between Ord and GRAM

In connection with the Acquisition, GRAM (or an affiliate of GRAM) has granted Ord an option to purchase an interest of between 5 and 10 per cent. in Caledon at the price paid by GRAM at the time of the completion of the Acquisition.

Ord and GRAM also announced on 30 November 2010 that they had signed a binding heads of agreement to establish a joint venture company in Australia to focus on exploration and mining investments in Australia and Asia Pacific.

8. MANAGEMENT, EMPLOYEES AND LOCATIONS

The GRAM Directors and Bidco Directors have given assurances to the Caledon Directors that, following the Scheme becoming Effective, the existing employment rights, including pension rights, of all employees of Caledon will be fully safeguarded. The GRAM Directors and Bidco Directors have confirmed to the Caledon Directors that GRAM's and Bidco's plans for the Caledon Group do not involve any immediate change to the continued employment or the terms and conditions of employment of the Caledon Group employees nor are there currently any plans to change the principal locations of Caledon's business or redeploy the fixed assets of Caledon.

The Caledon Directors note GRAM's and Bidco's intentions regarding Caledon's management, employees and locations of business, which the Caledon Board welcomes.

Upon the Scheme becoming Effective, the Bidco Directors will be Li Zezhong, Frank Zhu, Qiu Qingxin and Wang Lixing.

9. CALEDON SHARE SCHEMES

Information relating to the effect of the Scheme on holders of options under the Caledon Share Schemes is set out in paragraph 12 of Part 2 of this document. Participants in the Caledon Share Schemes will shortly receive further details of the action they can take in respect of their options.

10. CALEDON LOAN NOTES

Information relating to the effect of the Scheme on the holders of the Caledon Loan Notes is set out in paragraph 13 of Part 2 of this document.

11. IMPLEMENTATION AGREEMENT

Further details of the Implementation Agreement are set out in paragraph 15 of Part 2 and paragraph 8.3 of Part 8 of this document.

12. IRREVOCABLE UNDERTAKINGS, LETTERS OF INTENT AND CALEDON DIRECTORS' INTENTIONS

Bidco has received irrevocable undertakings to vote, letters of intent to vote, and letters of intent to use their reasonable endeavours to persuade or request the corresponding beneficial holder to vote, in favour of the Scheme at the Court Meeting and the Resolution in respect of a total of 149,607,329 Caledon Shares representing, in aggregate, approximately 53.52 per cent. of the existing issued share capital of Caledon, comprised as follows:

- irrevocable undertakings from those Caledon Directors who hold Caledon Shares in respect of, in aggregate 6,199,863 Caledon Shares, representing approximately 2.22 per cent. of the existing issued share capital of Caledon. These undertakings will continue to be binding even if a competing offer is made for Caledon which exceeds the value of the Acquisition and even if such higher offer is recommended for acceptance by the Caledon Board;
- irrevocable undertakings from certain other Caledon Shareholders in respect of, in aggregate 90,083,862 Caledon Shares, representing approximately 32.23 per cent. of the existing issued share capital of Caledon. These undertakings will continue to be binding even if a competing offer is made for Caledon which is recommended for acceptance by the Caledon Board, unless such competing offer represents an improvement of not less than 10 per cent. on the value of the Acquisition and is not subsequently exceeded by any revised wholly cash consideration announced by Bidco;
- letters of intent from certain other Caledon Shareholders to vote in favour of the Scheme at the Court Meeting and the Resolution in respect of, in aggregate 5,422,347 Caledon Shares, representing approximately 1.94 per cent. of the existing issued share capital of Caledon; and

- letters of intent from certain holders of contracts for differences to use their reasonable endeavours to persuade or request the corresponding beneficial holder to vote in favour of the Scheme at the Court Meeting and the Resolution in respect of, as at the date of the Announcement, in aggregate 47,901,257 Caledon Shares, representing approximately 17.14 per cent. of the existing issued share capital of Caledon.

Further details of these irrevocable undertakings and letters of intent are set out in paragraph 4 of Part 8 of this document.

13. TAXATION

A summary of certain aspects of UK and Australian taxation, which is intended as a general guide only, is set out in Part 6 of this document.

If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK or Australia, you are strongly advised to consult an appropriate independent professional adviser immediately.

14. ACTION TO BE TAKEN

Please see pages 9 to 10 for the actions to be taken by Caledon Shareholders and CDI Holders.

Overseas Shareholders should refer to paragraph 17 of the Explanatory Statement set out in Part 2 of this document.

Notices convening the Court Meeting and General Meeting are set out in Part 10 and Part 11 respectively of this document.

If you have any questions relating to this document or the completion and return of the Forms of Proxy or the CDI Voting Instruction Forms, helplines are available. Please see page 11 for details. Please note that calls to the helpline number may be monitored or recorded and that, for legal reasons, the helplines cannot provide advice on the Acquisition or its merits or give any personal, legal, financial or tax advice.

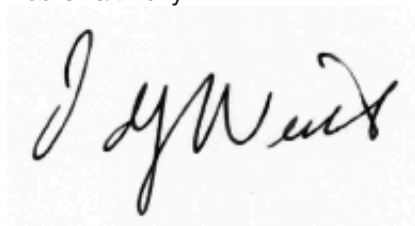
15. FURTHER INFORMATION

Your attention is drawn to the letter from RBC Capital Markets set out in Part 2 of this document (being the Explanatory Statement pursuant to section 897 of the Companies Act) and to the full Scheme set out in Part 4 of this document.

16. RECOMMENDATION

The Caledon Directors, who have been so advised by RBC Capital Markets, consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Caledon Directors, RBC Capital Markets has taken into account the commercial assessment of the Caledon Directors. Accordingly, the Caledon Directors recommend that all Scheme Shareholders vote, and that CDI Holders instruct the CDI Registrar (who will instruct the CDI Depository) to vote, in favour of the Acquisition at the Court Meeting and Caledon Shareholders vote, and that CDI Holders instruct the CDI Registrar (who will instruct the CDI Depository) to vote, in favour of the Resolution to be proposed at the General Meeting, as the Caledon Directors who hold Caledon Shares have irrevocably undertaken to do in respect of their entire beneficial holding of 6,199,863 Caledon Shares, representing approximately 2.22 per cent. of the existing issued share capital of Caledon.

Yours faithfully



David de Jongh Weill
Chairman
Caledon Resources plc

PART 2

EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act)



RBC Capital Markets®

Royal Bank of Canada Europe Limited
trading as RBC Capital Markets
71 Queen Victoria Street
London EC4V 4DE

Registered in England and Wales under number 995939

1 July 2011

To all Caledon Shareholders and CDI Holders and, for information only, to participants in the Caledon Share Schemes and holders of the Caledon Loan Notes

Dear Caledon Shareholder

RECOMMENDED PROPOSAL FOR THE ACQUISITION OF CALEDON RESOURCES PLC BY GUANGDONG RISING (AUSTRALIA) PTY LTD, A WHOLLY-OWNED INDIRECT SUBSIDIARY OF GUANGDONG RISING ASSETS MANAGEMENT CO., LTD

1. INTRODUCTION

On 23 June 2011, the Caledon Directors, the GRAM Directors and the Bidco Directors announced that they had reached agreement on the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Caledon by Bidco, a wholly-owned indirect subsidiary of GRAM. It is intended that the Acquisition is to be effected by means of a scheme of arrangement between Caledon and the Scheme Shareholders under sections 895 to 899 of the Companies Act.

Your attention is drawn to the letter from the Chairman of Caledon, set out in Part 1 of this document, which forms part of this Explanatory Statement. That letter contains, amongst other things, the background to and reasons for the recommendation of the Acquisition by the Caledon Directors (set out in paragraph 4 of Part 1 of this document) and states that the Caledon Directors, who have been so advised by RBC Capital Markets, consider the terms of the Acquisition to be fair and reasonable. In providing its advice, RBC Capital Markets has taken into account the commercial assessments of the Caledon Directors.

The Caledon Directors are unanimously recommending that all Scheme Shareholders vote in favour of the Scheme at the Court Meeting and that Caledon Shareholders vote in favour of the Resolution to be proposed at the General Meeting and that CDI Holders instruct the CDI Registrar to instruct the CDI Depository to vote in favour of the Scheme and the Resolution.

RBC Capital Markets has been authorised by the Caledon Directors to write to you to set out the terms of the Acquisition and the Scheme and to provide you with other relevant information.

In giving its advice, RBC Capital Markets is advising the Caledon Directors in relation to the Acquisition and is not acting for any Caledon Director in his personal capacity nor for any Caledon Shareholder in relation to the Acquisition. RBC Capital Markets will not be responsible to any such person for providing the protections afforded to its clients or for advising any such person in relation to the Acquisition. In particular, RBC Capital Markets will not owe any duties or responsibilities to any particular Caledon Shareholder concerning the Acquisition.

The terms of the Scheme are set out in full in Part 4 of this document. Your attention is also drawn to the other parts of this document including, for CDI Holders, Part 3, which all form part of this Explanatory Statement.

2. SUMMARY OF THE TERMS OF THE ACQUISITION AND THE SCHEME

The Acquisition is to be implemented by way of a scheme of arrangement between Caledon and the Scheme Shareholders under sections 895 to 899 of the Companies Act. The Scheme is subject to the satisfaction (or waiver) of the Conditions as described in paragraph 3 below and set out in full in Part 5 of this document. If the Scheme becomes Effective, all Scheme Shares will be cancelled, New Caledon Shares will be issued to Bidco and, in exchange for their Scheme Shares, Scheme Shareholders on Caledon's register of members at the Scheme Record Time will be entitled to receive the Cash Consideration.

If the Scheme becomes Effective, Scheme Shareholders will receive:

for each Scheme Share: 112 pence in cash.

The Cash Consideration of 112 pence per Caledon Share in cash represents a premium of approximately:

- 34 per cent. to the Closing Price of 83.75 pence per Caledon Share on AIM on 5 November 2010 (being the last Business Day prior to the Possible Acquisition Announcement);
- 53 per cent. to the volume weighted average price of Caledon Shares on AIM for the 20-trading day period ending on 5 November 2010 (being the last Business Day prior to the Possible Acquisition Announcement) of 73.16 pence; and
- 100 per cent. to the Closing Price of 56.00 pence per Caledon Share on AIM on 16 September 2010 (being the last Business Day prior to the commencement of the Offer Period).

If you wish the Scheme to become Effective, you are urged to sign and return the enclosed Forms of Proxy (or CDI Voting Instruction Forms, if applicable) as soon as possible. You should note that if there is insufficient Caledon Shareholder support for the Scheme at the Meetings, the Scheme will not become Effective.

If the Scheme becomes Effective, the New Caledon Shares will be issued to Bidco fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights attaching to them.

Details of the arrangements for the payment of the Cash Consideration are set out in paragraph 19 below.

3. CONDITIONS TO THE ACQUISITION

The Scheme and the Acquisition are conditional upon all Conditions having been satisfied (or, where applicable, waived) and the Scheme becoming Effective by no later than 30 September 2011, or such later date (if any) as Caledon, GRAM and Bidco may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court). In particular, the Scheme is conditional upon:

- 3.1 approval of the Scheme by Scheme Shareholders at the Court Meeting or at any adjournment of such meeting as described in paragraph 4.2 below;
- 3.2 the Resolution necessary to implement the Scheme, as set out in the notice of the General Meeting contained in Part 11 of this document, being duly passed by the requisite majority of Caledon Shareholders at the General Meeting or at any adjournment of such meeting as described in paragraph 4.2 below; and
- 3.3 the sanction (without modification or, as agreed by Caledon and Bidco, with modification) of the Scheme and the confirmation of the Reduction of Capital involved therein by the Court as described in paragraph 4.5 below.

The Scheme can only become Effective if all Conditions, including shareholder approvals and the sanction of the Court, have been satisfied (or, other than certain Conditions, waived). The Scheme will become Effective upon the sanction of the Court and the filing of office copies of the Court Orders with the Registrar of Companies (including the statement of capital

confirming the Reduction of Capital). This is expected to occur on 26 August 2011. Unless the Scheme becomes Effective on or before 30 September 2011, or such later date as Caledon, GRAM and Bidco may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), the Scheme will not become Effective and the Acquisition will not proceed.

The Conditions are set out in full in Part 5 of this document.

4. THE SCHEME

4.1 Scheme mechanism

The Acquisition is being implemented by means of a scheme of arrangement between Caledon and the Scheme Shareholders under sections 895 to 899 of the Companies Act. The Scheme Shareholders are those holders of Caledon Shares at the Voting Record Time and holders of Caledon Shares issued after such time and at any time prior to the Scheme Record Time either on terms that they shall be bound by the Scheme or in respect of which they have agreed to be bound by the Scheme, other than any Caledon Shares which are held by any member of the GRAM Group. The purpose of the Scheme is to provide for Bidco to become the owner of the whole of the issued share capital of Caledon. This is to be achieved under the Scheme by the cancellation of the Scheme Shares and Caledon issuing New Caledon Shares to Bidco by capitalisation of the reserves arising from such cancellation so that the entire issued share capital of Caledon is held by Bidco.

Scheme Shareholders, being those Caledon Shareholders whose names appear on the register of Caledon at the Scheme Record Time, that is at 7.00 p.m. on the Business Day immediately prior to the Second Court Hearing, will receive 112 pence in cash for each Scheme Share held by them. Caledon Shares issued after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is proposed that the Caledon Articles be amended so that Caledon Shares issued after the Scheme Record Time other than to Bidco or its nominees will be automatically acquired by Bidco on the same terms as under the Scheme as further described in paragraph 4.3 below.

Under the Scheme, Scheme Shareholders will receive cash consideration for their Scheme Shares, on the following basis:

for each Caledon Share: 112 pence in cash.

On the Effective Date, share certificates in respect of the Scheme Shares will cease to be valid and should be destroyed upon receipt of the Cash Consideration. In addition, on the Effective Date, entitlements to Scheme Shares held within CREST will be cancelled.

The provisions of the Scheme are set out in full in Part 4 of this document.

4.2 The Meetings

Notices of the Court Meeting and the General Meeting are set out in Part 10 and Part 11 of this document respectively. Entitlements to attend and vote at the Meetings and the number of votes which may be cast at them will be determined by reference to holdings of Caledon Shares as shown in the register of members of Caledon at the time specified in the notice of the relevant Meeting.

The Court Meeting

You will find set out in Part 10 of this document a notice of the meeting of Scheme Shareholders which has been convened by order of the Court for the purpose of considering and, if thought fit, approving the Scheme (with or without modification).

The Court Meeting, which has been convened for 10.00 a.m. on 25 July 2011, is being held at the direction of the Court to seek the approval of the Scheme Shareholders to the Scheme. At the Court Meeting, voting will be by way of poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders who are present and entitled to vote, either in person or by proxy, and who represent 75 per cent. or more in value of all Scheme Shares held by such Scheme Shareholders.

Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Court Meeting.

It is important that as many votes as possible (whether in person or by proxy) are cast at the Court Meeting so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion.

You are therefore strongly encouraged to complete and return the blue Form of Proxy for the Court Meeting as soon as possible and, in any event, so as to be received by 10.00 a.m. on 23 July 2011. A blue Form of Proxy for the Court Meeting not lodged at the relevant time may be handed to the Chairman of the Court Meeting or Computershare before the start of the Court Meeting and will still be valid. CDI Holders should return their completed CDI Voting Instruction Forms in the manner described on page 10 of this document.

The General Meeting

In addition to the Court Meeting, the General Meeting has been convened for 10.15 a.m. on 25 July 2011 or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:

- 4.2.1 the Reduction of Capital;
- 4.2.2 the issue of New Caledon Shares to Bidco in accordance with the Scheme;
- 4.2.3 the giving of authority to the Caledon Directors pursuant to the Caledon Articles to allot New Caledon Shares to Bidco as provided for in the Scheme; and
- 4.2.4 certain amendments to the Caledon Articles as described below.

You will find the notice of the General Meeting set out in Part 11 of this document.

Voting on the Resolution will be on a show of hands unless a poll is demanded. The Chairman reserves the right to demand a poll and, in such event, each Caledon Shareholder present in person or by proxy will be entitled to one vote for every Caledon Share held. All Caledon Shareholders will be entitled to vote on the Resolution.

4.3 Amendments to the Caledon Articles

It is proposed that the Caledon Articles be amended so as to ensure that any Caledon Shares which are issued after the General Meeting but at or prior to the Scheme Record Time will be subject to and bound by the Scheme. Any Caledon Shares issued, on the exercise of options under the Caledon Share Schemes or otherwise, after the Scheme Record Time will not be subject to the Scheme. Accordingly, it is also proposed that the Caledon Articles be amended so that any Caledon Shares issued to any person other than Bidco (or its nominee(s)) after the Scheme Record Time will be immediately transferred to Bidco (or as it may direct) in consideration for the payment by Bidco to such person of such amount of cash consideration as would have been paid pursuant to the Scheme for each such share as if it were a Scheme Share.

The proposed amendments to the Caledon Articles are set out in full in the notice of the General Meeting in Part 11 of this document.

4.4 Modifications to the Scheme

The Scheme contains a provision for Caledon and Bidco jointly to consent on behalf of all concerned to any modifications, additions or conditions to the Scheme which the Court may think fit to approve or impose. The Court would be unlikely to approve of, or impose, any modifications, additions or conditions to the Scheme which might be material to the interests of Scheme Shareholders unless Scheme Shareholders were informed of any such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held. Similarly, if a modification, addition or condition is put forward which, in the opinion of the Caledon Directors, is of such a nature or importance as to require the consent of Scheme Shareholders at a further meeting, the Caledon Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

4.5 Sanction of the Scheme by the Court

Under the Companies Act, the Scheme also requires the sanction of the Court. The First Court Hearing (to sanction the Scheme) is expected to be held on 15 August 2011 and the Second Court Hearing (to confirm the Reduction of Capital) is expected to be held on 25 August 2011. Bidco has confirmed that it will be represented by counsel at such hearings so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme will become Effective in accordance with its terms on delivery of office copies of the Court Orders and the statement of capital confirming the Reduction of Capital to the Registrar of Companies.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, including in effect, CDI Holders, irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the Resolution. If the Scheme does not become Effective by 30 September 2011 or such later date (if any) as Bidco, GRAM and Caledon may agree (with, where applicable, the consent of the Panel and (if required) the approval of the Court), the Scheme will not become Effective and the Acquisition will not proceed.

5. BACKGROUND TO AND REASONS FOR RECOMMENDING THE ACQUISITION

The details of the background to and reasons for recommending the Acquisition are set out in full in paragraph 4 of the letter from the Chairman of Caledon set out in Part 1 of this document.

6. BACKGROUND TO AND REASONS FOR THE ACQUISITION

The details of the background to and reasons for the Acquisition are set out in full in paragraph 5 of the letter from the Chairman of Caledon set out in Part 1 of this document.

7. INFORMATION ON CALEDON

Caledon is a public company admitted to trading on AIM and listed on the ASX (trading symbols: AIM:CDN and 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. Caledon also purchased the nearby Minyango exploration concessions in 2006 and has completed a prefeasibility study on a potential underground coking and thermal coal mine at Minyango. Caledon is also a shareholder in the parent company of the company established by a consortium of coal producers to build the proposed new Wiggins Island Coal Export Terminal. Caledon has been allocated four million tonnes per annum of the initial 27 million tonnes per annum of export capacity.

8. CURRENT TRADING AND PROSPECTS OF CALEDON

Details of the current trading and prospects of Caledon are contained in paragraph 6 of the letter from the Chairman of Caledon set out in Part 1 of this document.

9. INFORMATION ON GRAM, BIDCO AND ORD

Information on GRAM, Bidco and Ord is contained in paragraph 7 of the letter from the Chairman of Caledon set out in Part 1 of this document.

10. FINANCING AND CASH CONFIRMATION

Bidco will fund the consideration payable under the Acquisition from funds made available to it from GRAM's existing cash resources and bank facilities provided by Bank of China and China Minsheng Banking Corporation.

PricewaterhouseCoopers LLP, financial adviser to GRAM and Bidco, is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to Caledon Shareholders under the terms of the Acquisition.

Bidco does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of Caledon.

11. MANAGEMENT, EMPLOYEES AND LOCATIONS

Information on the effect of the Acquisition on management and employees of Caledon and the location of Caledon's business is contained in paragraph 8 of the letter from the Chairman of Caledon set out in Part 1 of this document.

12. EFFECT OF THE SCHEME ON THE CALEDON SHARE SCHEMES

The effect of the Scheme on outstanding options under the Caledon Share Schemes is summarised below.

The Scheme will extend to any Caledon Shares unconditionally allotted or issued at or prior to the Scheme Record Time (other than Caledon Shares owned by Bidco or any of its nominees), including Caledon Shares issued pursuant to the exercise of options granted under the Caledon Share Schemes.

As the Scheme will apply only to Scheme Shares in issue at the Scheme Record Time, it is proposed to amend the Caledon Articles at the General Meeting (details of which are set out in the notice of the General Meeting in Part 11 of this document) to provide that, if the Scheme becomes Effective, any Caledon Shares issued after the Scheme Record Time will be immediately transferred to Bidco (or as it may direct) in consideration for the payment by Bidco to the holder of such shares of such amount of cash consideration as would have been paid pursuant to the Scheme for each such share as if it were a Scheme Share. Consequently, participants in the Caledon Share Schemes who validly exercise any options after the Scheme Record Time will receive the same cash consideration per Caledon Share as the Scheme Shareholders.

(a) Finelot 2000 Discretionary Share Option Scheme (the "2000 Scheme")

All outstanding options under the 2000 Scheme are already exercisable. Accordingly, those options may (subject to the rules of the 2000 Scheme) be exercised at any time until the lapse date of those options, being 10 years following their date of grant.

As a term of its proposal to optionholders under the 2000 Scheme, Bidco intends to make a cashless exercise facility available to such option holders who exercise their options conditional on the sanction of the Scheme by the Court (and accordingly prior to the Scheme Record Time). Under the terms of the cashless exercise facility, the exercise price of options exercised conditional on the Scheme being sanctioned by the Court will be funded out of the cash consideration payable by Bidco for the Caledon Shares acquired on exercise of such options. The cashless exercise facility will not be available to option holders who exercise their options otherwise than under this conditional exercise route.

Outstanding options under the 2000 Scheme which are duly exercised in accordance with the rules of the 2000 Scheme will be satisfied by the issue of new Caledon Shares, subject to the transfer provisions in the amended Caledon Articles if issued after the Scheme Record Time.

(b) Caledon Resources plc 2006 Share Option Scheme (the "2006 Scheme")

Outstanding options under the 2006 Scheme which are already exercisable may (subject to the rules of the 2006 Scheme) be exercised at any time prior to the Scheme Record Time.

Holders of outstanding options under the 2006 Scheme which are not already exercisable will be given the opportunity to exercise those options in full (irrespective of the extent to which any performance and/or vesting conditions applying to them have been satisfied) between the date on which the Court sanctions the Scheme and the Scheme Record Time.

All outstanding options under the 2006 Scheme which are not exercised prior to the Scheme Record Time will cease to be exercisable at the Scheme Record Time and will lapse on the date falling six months after the Effective Date.

As a term of its proposal to optionholders under the 2006 Scheme, Bidco intends to make a cashless exercise facility available to such option holders who exercise their options conditional on the sanction of the Scheme by the Court (and accordingly prior to the Scheme Record Time). Under the terms of the cashless exercise facility, the exercise price of options exercised conditional on the Scheme being sanctioned by the Court will be funded out of the

cash consideration payable by Bidco for the Caledon Shares acquired on exercise of such options. The cashless exercise facility will not be available to option holders who exercise their options otherwise than under this conditional exercise route.

Outstanding options under the 2006 Scheme which are duly exercised in accordance with the rules of the 2006 Scheme will be satisfied by the issue of new Caledon Shares, subject to transfer provisions in the amended Caledon Articles if issued after the Scheme Record Time.

Participants in the Caledon Share Schemes will receive further details of the effect of the Scheme on their outstanding options in separate letters which will be despatched to them in due course.

13. CALEDON LOAN NOTE PROPOSAL

Noteholders representing £4,000,000, or approximately 95.24 per cent., in nominal value of the Caledon Loan Notes have given irrevocable undertakings to sign a written resolution, the effect of which is, *inter alia*, to require Caledon to redeem all the Caledon Loan Notes for an amount in cash representing their see-through value based on the Cash Consideration, conditional on the Acquisition becoming effective, either by means of the Scheme or by an Offer. These Noteholders have also given irrevocable undertakings to: (i) accept any proposals put to them by Bidco in relation to the Caledon Loan Notes, provided that the Noteholders would be entitled to receive not less than the amount in cash per Caledon Loan Note as they would have received under the above proposal and no additional liability or obligation is imposed on them by the terms of such proposals; and (ii) not to vote in favour of any other resolution or proposal in respect of the Caledon Loan Notes without the consent of Bidco.

These undertakings will continue to be binding even if a competing offer is made for the Caledon Loan Notes which exceeds the amount per Caledon Loan Note which would be due to Noteholders under the proposals outlined above by less than 10 per cent.

These undertakings will, however, be suspended in certain circumstances if a person not acting in concert with Bidco either (a) makes an offer for the Caledon Loan Notes or (b) announces a firm intention to make an offer howsoever structured (in accordance with Rule 2.5 of the Code) to acquire the entire issued and to be issued share capital of the Company (other than those already owned by such person) which includes proposals to deal with the Caledon Loan Notes, in each case which is for an amount in cash per Caledon Loan Note which represents an improvement of at least 10 per cent. per Caledon Loan Note over the value of the consideration available under the proposals outlined above.

This suspension will be lifted if, at or prior to 11.59 p.m. on the fifth day after such higher offer is announced, Bidco announces a revision to the proposals to the Noteholders which represents an improvement on the amount in cash per Loan Note to the amount in cash per Caledon Loan Note available under such higher offer. If Bidco fails to do so, the undertakings will lapse.

These undertakings will also lapse if the Scheme lapses or is withdrawn or the Implementation Agreement is terminated.

14. THE CALEDON DIRECTORS AND THE EFFECT OF THE SCHEME ON THEIR INTERESTS

The Caledon Directors and the details of their interests in the share capital of Caledon, if any, are set out in paragraph 5.2.1 of Part 8 of this document. Certain of the Caledon Directors are participants in the Caledon Share Schemes and paragraph 12 above will apply to their interests in such schemes in the same manner as in the case of other participants in the Caledon Share Schemes.

The Caledon Directors who hold Caledon Shares have irrevocably undertaken to vote in favour of the Acquisition in respect of their entire beneficial holding of 6,199,863 Caledon Shares, representing approximately 2.22 per cent. of the existing issued share capital of Caledon as further described in paragraph 4.1 of Part 8 of this document.

Particulars of the service contracts and letters of appointment of the Caledon Directors are set out in paragraph 6 of Part 8 of this document.

Save as disclosed, the effect of the Scheme on such interests of the Caledon Directors does not differ from its effect on the like interests of any other person.

15. IMPLEMENTATION AGREEMENT

Caledon entered into the Implementation Agreement with GRAM and Bidco on 23 June 2011, dealing with the conduct of the Scheme and imposing certain other obligations on Caledon, GRAM and Bidco in relation to the implementation of the Scheme. The Implementation Agreement also provides, amongst other things, that Caledon will pay to GRAM an inducement fee of one per cent. of the value of the Acquisition (inclusive of any VAT) calculated by reference to the Cash Consideration and the fully diluted share capital of Caledon in certain circumstances (the “**Inducement Fee**”). Similarly, GRAM has agreed to pay Caledon an Inducement Fee in certain circumstances. An overview of certain material provisions of the Implementation Agreement (including the circumstances in which such Inducement Fee becomes payable) is set out in paragraph 8.3 of Part 8 of this document.

16. TAXATION

A summary of certain aspects of UK and Australian taxation, which is intended as a general guide only is set out in Part 6 of this document.

If you are in any doubt as to your tax position, or if you are subject to tax in a jurisdiction outside the UK or Australia, you are strongly advised to consult your independent professional adviser immediately.

17. OVERSEAS SHAREHOLDERS AND CDI HOLDERS

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document and the accompanying documents have been prepared for the purposes of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside England and Wales.

CDI Holders and persons in, or resident in, Australia should note that the Scheme is 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 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”. ASIC Class Order 07/9 provides that where securities are offered for issue under a scheme of arrangement which is between a foreign company and its members and regulated under a law that is in force in an “eligible foreign country”, which includes the United Kingdom, the issuer is exempt from the requirement to prepare a prospectus under the Corporations Act 2001 (Cth) of Australia.

This document does not constitute an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful. This document does not constitute a prospectus or a prospectus equivalent document.

The implications of the Acquisition for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The Acquisition relates to the shares of an English company and is being implemented by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. If, in the future, Bidco exercises its right to implement the Acquisition by way of the Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations, including the US tender offer rules, to the extent applicable.

It may be difficult for Caledon Shareholders who are persons resident in jurisdictions other than the home jurisdictions of Caledon to enforce any rights and claims that they may have arising under any securities laws in respect of the Scheme due to the nature of where Caledon is located, the residences of the Caledon Directors and the enforceability of non-domestic judgements.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.

18. DELISTING OF CALEDON SHARES AND CDIs AND RE-REGISTRATION

It is anticipated that the last day of trading of CDIs on ASX will be 16 August 2011 (being the day after the First Court Hearing) and at the close of business on that date trading in CDIs on ASX will be suspended.

The last day of dealings in, and for registration of transfers of, Caledon Shares on AIM is expected to be 24 August 2011, the Business Day immediately prior to the Second Court Hearing and, from 7.30 a.m. on the following Business Day, the trading of Caledon Shares on AIM will be suspended. No transfers of Caledon Shares will be registered after this date, other than the registration of Caledon Shares released, transferred or issued under the Caledon Share Schemes.

Prior to the Scheme becoming Effective, an application will be made to the London Stock Exchange for the cancellation of admission to trading of Caledon Shares on AIM. It is expected that such cancellation will take place on 30 August 2011. Following implementation of the Scheme, Caledon will request ASX to remove the CDIs from official quotation on ASX and will apply for itself to be removed from the official list of ASX. In addition, on the Effective Date, share certificates in respect of Caledon Shares will cease to be valid and entitlements to Caledon Shares held within the CREST system will be cancelled. Similarly, CDI Holders will cease to hold CDIs.

It is intended that Caledon will be re-registered as a private company shortly after the Effective Date.

19. SETTLEMENT

Subject to the Scheme becoming Effective, and in accordance with the terms of the Scheme, settlement of the Cash Consideration will be effected within 14 days of the Effective Date in the manner set out below.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled to them.

Except with the consent of the Panel, settlement of the Cash Consideration will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be, entitled against such Scheme Shareholder.

19.1 Where Scheme Shares are held in certificated form

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of Cash Consideration shall be despatched either:

- (a) by first class post, by cheque; or
- (b) by such other method as may be approved by the Panel.

All cheques shall be in Sterling drawn on the branch of a UK clearing bank. Payments made by cheque shall be payable to the Scheme Shareholder concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of Caledon in respect of the joint holding concerned at the Scheme Record Time. The encashment of any such cheque as is referred to in this paragraph shall be a complete discharge for the monies represented by it.

All deliveries of cheques required to be made pursuant to the Scheme shall be effected by posting them by first class post in pre-paid envelopes addressed to the persons entitled to them at their respective addresses as appearing in the register of members of Caledon at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the register in respect of such joint holding at such time)

or in accordance with any special instructions regarding communications, and neither Caledon nor Bidco shall be responsible for any loss or delay in the transmission of cheques sent in this way.

19.2 Where Scheme Shares are held in uncertificated form (that is, in CREST)

On the Effective Date, Scheme Shares held within CREST will be cancelled. The payment of Cash Consideration to which CREST shareholders are entitled shall be effected by means of CREST by Bidco procuring the creation of a CREST payment obligation in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds those uncertificated Scheme Shares in respect of the Cash Consideration due to that shareholder. The creation of an assured payment arrangement shall be a complete discharge of Bidco's obligations under the Scheme with reference to payments through CREST.

The CREST payment obligations will be created within 14 days after the Effective Date. As from the Effective Date, each holding of Caledon Shares credited to any stock account in CREST will be disabled and all Caledon Shares will be removed from CREST in due course thereafter.

Bidco reserves the right to pay Cash Consideration to all or any relevant CREST shareholders at the Scheme Record Time as set out in sub-paragraph 19.1 (a) or (b) above if for any reason it wishes to do so.

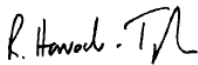
20. ACTION TO BE TAKEN

Your attention is drawn to pages 9 to 10 of this document which explains the actions you should take in relation to the Scheme.

21. FURTHER INFORMATION

The terms of the Scheme are set out in full in Part 4 of this document. Your attention is also drawn to the further information contained in this document, in particular to the Conditions to the implementation of the Scheme and Acquisition in Part 5, the information on UK and Australian taxation in Part 6 and the additional information set out in Part 8 of this document.

Yours faithfully



Richard Horrocks-Taylor
Managing Director
for and on behalf of RBC Capital Markets

PART 3

FURTHER INFORMATION FOR CDI HOLDERS

1. EXPECTED TIMETABLE OF PRINCIPAL EVENTS FOR CDI HOLDERS

Event	Time and/or Date
Voting record date and voting record time for the Court Meeting and General Meeting	7.00 p.m. AEST on 21 July 2011
Latest time for CDI Registrar to receive CDI Voting Instruction Forms for the Court Meeting	7.00 p.m. AEST on 21 July 2011
Latest time for CDI Registrar to receive CDI Voting Instruction Forms for the General Meeting	7.15 p.m. AEST on 21 July 2011
Court Meeting	7.00 p.m. AEST on 25 July 2011
General Meeting	7.15 p.m. AEST on 25 July 2011¹
The following dates are indicative only and are subject to change⁽²⁾	
First Court Hearing to sanction the Scheme	15 August 2011
Last day of dealings in CDIs on ASX	16 August 2011
Scheme Record Time	7.00 p.m. London time on 24 August 2011
Second Court Hearing to confirm the Reduction of Capital	25 August 2011
Effective Date	26 August 2011
Termination of quotation of CDIs on ASX	29 August 2011

1. Or as soon thereafter as the Court Meeting shall have been concluded or adjourned.

2. These dates and times are indicative only and will depend, among other things, upon the date upon which the Court sanctions the Scheme and confirms the Reduction of Capital and the date on which the Conditions set out in Part 5 of this document are satisfied or (if applicable) waived. It will also depend on when the Court Orders sanctioning the Scheme and confirming the Reduction of Capital are delivered to the Registrar of Companies. Caledon will give notice of any change(s) by issuing an announcement through a Regulatory Information Service and posting notice of the change(s) to Caledon Shareholders.

2. INFORMATION FOR CDI HOLDERS

2.1 The Scheme

Once the Scheme becomes Effective, the Caledon Share underlying each CDI will be cancelled.

2.2 Voting

The CDI Depositary will vote at the Court Meeting and the General Meeting on behalf of each CDI Holder as they direct. For this purpose, the CDI Registrar will distribute CDI Voting Instruction Forms. These forms must be completed by CDI Holders and delivered to the CDI Registrar in accordance with the instructions on the forms in order for the CDI Registrar to instruct the CDI Depositary how to vote on CDI Holders' behalf at the Court Meeting and the General Meeting.

The latest time for CDI Holders to provide the CDI Registrar with a CDI Voting Instruction Form for the Court Meeting is 7.00 p.m. (AEST) on 21 July 2011. The latest time for CDI Holders to provide the CDI Registrar with a CDI Voting Instruction Form for the General Meeting is 7.15 p.m. (AEST) on 21 July 2011.

CDI Holders who wish to attend, speak or vote at the Court Meeting or the General Meeting can appoint themselves as a proxy for the CDI Depositary in accordance with the instructions contained in the CDI Voting Instruction Forms.

2.3 Further information about CDIs

2.3.1 Introduction

CDIs take the form of CHESSE Depositary Interests and are units of beneficial ownership of Caledon Shares. One Caledon Share underlies each CDI. The legal title to the underlying shares is held by the CDI Depositary.

2.3.2 Converting from a CDI holding to a certificated holding

CDI Holders may at any time convert their CDI holding to a holding of the underlying Caledon Shares by:

- (a) in the case of issuer-sponsored CDIs, by notifying the CDI Registrar; or
- (b) in the case of CDIs sponsored on the CHESSE sub-register, by notifying their CHESSE participant (usually a stockbroker).

In both cases, once the CDI Registrar has been notified, it will transfer the relevant number of Caledon Shares from the CDI Depositary into the name of the holder. However, the conversion of CDIs to Caledon Shares will prevent a person from selling such shares on ASX, as only the CDIs can be traded on ASX. The last date on which the CDI Registrar may be notified in order to convert a holding of CDIs to a holding of Caledon Shares is 15 July 2011.

PART 4

THE SCHEME OF ARRANGEMENT

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 5491 of 2011

IN THE MATTER OF CALEDON RESOURCES PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under sections 895 to 899 of the Companies Act 2006)

between

CALEDON RESOURCES PLC

and

THE HOLDERS OF THE SCHEME SHARES

(as hereinafter defined)

PRELIMINARY

In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“Bidco”	means Guangdong Rising (Australia) Pty Ltd, registered in Australia with registration number ACN 147 138 592;
“Business Day”	means a day, other than a Saturday or a Sunday or public holiday or bank holiday, on which banks are generally open for business in the City of London;
“Caledon Articles”	means the articles of association of Caledon in force from time to time;
“Caledon Shareholders”	means holders of Caledon Shares;
“Caledon Share Schemes”	means the Finelot 2000 Discretionary Share Option Scheme and the Caledon Resources plc 2006 Share Option Scheme;
“Caledon Shares”	means the ordinary shares of 0.5 pence each in the share capital of Caledon;
“Cash Consideration”	means the cash consideration of 112 pence (£1.12) per Caledon Share payable to Scheme Shareholders for each Scheme Share cancelled pursuant to the Scheme;
“certificated” or “in certificated form”	means a share or other security which is not in uncertificated form (that is, not in CREST);
“Circular”	means the document dated 1 July 2011 sent by Caledon to Caledon Shareholders of which this Scheme forms part;
“Companies Act”	means the Companies Act 2006 including any statutory modification or re-enactment thereof from time to time in force;
“Company” or “Caledon”	means Caledon Resources plc registered in England and Wales with company number 3993115;
“Computershare”	means Computershare Investor Services PLC;

“Court”	means the High Court of Justice in England and Wales;
“Court Meeting”	means the meeting of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve (with or without modification) this Scheme, notice of which is set out in Part 10 of the Circular, including any adjournment thereof;
“Court Orders”	means the Scheme Court Order and the Reduction Court Order;
“CREST”	means the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
“Effective Date”	means the time and date on which this Scheme becomes effective in accordance with its terms;
“Euroclear”	means Euroclear UK & Ireland Limited;
“Excluded Shares”	means any Caledon Shares legally or beneficially owned by members of the GRAM Group;
“First Court Hearing”	means the hearing by the Court of the claim form to sanction this Scheme under section 899 of the Companies Act;
“General Meeting”	means the general meeting of Caledon Shareholders convened in connection with the proposed acquisition of Caledon by Bidco, notice of which is set out in Part 11 of the Circular, including any adjournment thereof;
“GRAM”	means Guangdong Rising Assets Management Co., Ltd;
“GRAM Group”	means GRAM and its subsidiaries and subsidiary undertakings;
“holder”	means a registered holder and includes any person entitled by transmission;
“New Caledon Shares”	means the new ordinary shares of 0.5 pence each in the share capital of Caledon to be issued in accordance with clause 1.2 of this Scheme;
“Reduction Court Order”	means the order of the Court confirming the Reduction of Capital under section 648 of the Companies Act;
“Reduction of Capital”	means the reduction of Caledon’s share capital pursuant to section 641 of the Companies Act, involving the cancellation and extinguishing of the Scheme Shares provided for by this Scheme;
“Registrar of Companies”	means the Registrar of Companies in England and Wales;
“Regulations”	means the Uncertificated Securities Regulations 2001, as amended;
“Scheme”	means this proposed scheme of arrangement under sections 895 to 899 of the Companies Act between Caledon and the Scheme Shareholders in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Caledon and Bidco;
“Scheme Court Order”	means the order of the Court sanctioning this Scheme under section 899 of the Companies Act;
“Scheme Record Time”	means 7.00 p.m. (London time) on the Business Day immediately prior to the Second Court Hearing;
“Scheme Shareholders”	means the holders of Scheme Shares from time to time;
“Scheme Shares”	means: <ul style="list-style-type: none"> (a) the Caledon Shares in issue at the date of the Circular; (b) any Caledon Shares issued after the date of the Circular and before the Voting Record Time; and

- (c) (if any) Caledon Shares issued at or after the Voting Record Time and at or prior to the Scheme Record Time, on terms that the holder shall be bound by the Scheme or, in the case of any subsequent holders of any such Caledon Shares issued prior to the adoption of the amendment to the Caledon Articles to be adopted at the General Meeting, in respect of which the holder shall have agreed in writing to be bound by this Scheme,

in each case, other than any Excluded Shares;

“Second Court Hearing”

means the hearing by the Court of the claim form to confirm the Reduction of Capital under section 645 of the Companies Act;

“uncertificated” or “in uncertificated form”

means a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;

“UK” or “United Kingdom”

means the United Kingdom of Great Britain and Northern Ireland (and its dependent territories); and

“Voting Record Time”

means 6.00 p.m. (London time) on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the day of such adjourned meeting.

References to clauses are to clauses of this Scheme.

Where the context so admits or requires, the plural includes the singular and vice versa.

1. The issued share capital of the Company at the date of this Scheme is £1,397,727.58 divided into 279,545,516 Caledon Shares, of which, as at the close of business on 29 June 2011, the last practicable date prior to the date of the Circular, 279,545,516 are credited as fully paid. There are currently no Caledon Shares held by the Company in treasury.
2. Options to acquire 6,887,894 Caledon Shares have been granted pursuant to the Caledon Share Schemes and remain unexercised at the date of the Circular.
3. Bidco has agreed to appear by counsel at the First Court Hearing and to consent to this Scheme and to undertake to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

THE SCHEME

1. CANCELLATION OF THE SCHEME SHARES

- 1.1 The capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares.
- 1.2 Subject to, and immediately upon, the Reduction of Capital taking effect, the reserve arising in the books of account of the Company as a result of the Reduction of Capital shall be capitalised and applied in paying up in full at par, such number of New Caledon Shares as have an aggregate nominal value equal to the aggregate nominal value of the Scheme Shares cancelled, which shall be allotted and issued (free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of whatsoever nature and together with all rights attaching to them credited as fully paid) to Bidco and/or its nominee(s).

2. CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES

In consideration for the cancellation of the Scheme Shares and the allotment and issue of the New Caledon Shares as provided in clause 1 of this Scheme, Bidco shall (subject to the remaining provisions of this Scheme) pay to, or for the account of, the Scheme Shareholders (as appearing in the register of members of the Company at the Scheme Record Time):

for every Scheme Share held: 112 pence in cash.

3. SETTLEMENT OF CONSIDERATION

- 3.1 Not more than 14 days after the Effective Date (or such other period as may be approved by the Panel on Takeovers and Mergers), settlement of the Cash Consideration shall be effected as follows:
 - 3.1.1 in the case of Scheme Shares which at the Scheme Record Time are in certificated form, despatch, or procure the despatch of, to the persons entitled thereto in accordance with the provisions of clause 3.2 of this Scheme, cheques for the Cash Consideration payable to them respectively in accordance with clauses 2 and 3.3 of this Scheme; or
 - 3.1.2 in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, ensure that a CREST payment obligation in respect of the Cash Consideration payable to the persons entitled thereto in accordance with the provisions of clauses 2 and 3.3 of this Scheme is created in accordance with the CREST payment arrangements provided that Bidco reserves the right to make payment of the consideration by cheque as described above if, for any reason, it wishes to do so.
- 3.2 All deliveries of notices, certificates and/or cheques required to be made under this Scheme shall be effected by posting the same by first class post in prepaid envelopes (or by such other method as may be approved by the Panel on Takeovers and Mergers) addressed to the persons entitled to them at their respective addresses as appearing in the register of members of the Company at the Scheme Record Time (or, in the case of joint holders, at the address of the joint holder whose name stands first in the applicable register in respect of such joint holding at such time) or in accordance with any special instructions regarding communications, and none of the Company, GRAM, Bidco, Computershare or their respective nominee(s) shall be responsible for any loss or delay in the transmission of any notice, certificate, cheque or payment sent in accordance with this clause 3, which shall be sent at the risk of the person entitled to it.
- 3.3 All cheques shall be in Sterling drawn on a UK clearing bank and payments shall be made to the holder or, in the case of joint holders, to the joint holder whose name stands first in the register of members of the Company in respect of such joint holding at the Scheme Record Time or to such other persons (if any) as such persons may direct in writing and the encashment of any such cheque shall be a complete discharge to Bidco for the obligation to pay the monies represented thereby. In respect of payments made through CREST, Bidco shall ensure that an assured payment obligation is credited in accordance with CREST assured payment arrangements. The creation of such a payment arrangement shall be a complete discharge of Bidco's obligations under this Scheme with reference to payments made through CREST.

3.4 The provisions of this clause 3 shall be subject to any prohibition or condition imposed by law.

4. CERTIFICATES AND CANCELLATIONS

With effect from and including the Effective Date:

- 4.1 all certificates representing the Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein, and every holder thereof shall be bound at the request of the Company to deliver up such certificate(s) to the Company or as it may direct, or to destroy them; and
- 4.2 in respect of those holders of Scheme Shares holding Scheme Shares in uncertificated form, Euroclear shall be instructed to cancel such holders' entitlements to such Scheme Shares.

5. EFFECTIVE DATE

- 5.1 This Scheme shall become effective in accordance with its terms as soon as office copies of the Court Orders and the statement of capital confirming the Reduction of Capital shall have been delivered to the Registrar of Companies for registration.
- 5.2 Unless this Scheme shall become effective on or before 30 September 2011 or such later date (if any) as Bidco, GRAM and the Company may agree (with, where applicable, the consent of the Panel on Takeovers and Mergers and the approval of the Court), this Scheme shall never become effective.

6. MODIFICATION

Bidco and the Company may jointly consent on behalf of all persons concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

Dated: 1 July 2011

PART 5

CONDITIONS AND CERTAIN FURTHER TERMS OF THE ACQUISITION AND THE SCHEME

PART A: Conditions of the Acquisition

1. The Acquisition is conditional on the Scheme becoming unconditional and becoming Effective by not later than 30 September 2011 or such later date (if any) as, subject to the requirements of the City Code, Caledon, GRAM and Bidco may agree and, if required, the Court may allow.
2. The Scheme is conditional on:
 - (a) approval of the Scheme by a majority in number representing three-fourths or more in value of the holders of Scheme Shares (or the relevant class or classes of them) entitled to vote and present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;
 - (b) the resolution required to approve and implement the Scheme being duly passed by the requisite majority at the General Meeting or any adjournment of that meeting; and
 - (c) the sanction (with or without modification, but subject to any such modification being acceptable to Bidco) of the Scheme and the confirmation of the Reduction of Capital by the Court and an office copy of each of the Court Orders and the statement of capital confirming the Reduction of Capital being delivered for registration to the Registrar of Companies.
3. In addition, Caledon and Bidco have agreed that, subject as specified in paragraph 3 of Part B below, the Acquisition will also be conditional on the following matters, and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied (and continue to be satisfied pending the commencement of the First Court Hearing) or waived:
 - (a) save (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this document, no Third Party having decided to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any such action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision or order or taken any other steps and there not continuing to be outstanding any statute, regulation, decision or order which would:
 - (i) make the Acquisition, its implementation or the acquisition of any Caledon Shares by any member of the Wider GRAM Group void, unenforceable or illegal under the laws of any jurisdiction or otherwise restrict, prohibit, delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge or require amendment to the terms of the Acquisition, in each case in a manner which is material in the context of the Acquisition;
 - (ii) require, prevent or delay the divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider Caledon Group or the Wider GRAM Group of all or any part of their respective businesses, assets or properties or impose any limitation on their ability to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part of them (to an extent which in each case is or is reasonably likely to be material in the context of the Wider GRAM Group and the Wider Caledon Group taken as a whole);
 - (iii) impose any limitation on, or result in a delay in, the ability of any member of the Wider GRAM Group to acquire or hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares or other securities (or the equivalent) in Caledon or on the ability of any member of the Wider Caledon Group to hold or exercise effectively any rights of ownership of shares or other securities in or to exercise management control over any member of the Wider

Caledon Group (to an extent which in each case is or is reasonably likely to be material in the context of the Wider GRAM Group and the Wider Caledon Group taken as a whole);

- (iv) require any member of the Wider GRAM Group or the Wider Caledon Group to acquire or offer to acquire any shares or other securities (or the equivalent) in any member of the Wider Caledon Group or any asset owned by any third party (other than in the implementation of the Acquisition);
- (v) require, prevent or delay a divestiture, by any member of the Wider GRAM Group of any shares or other securities (or the equivalent) in Caledon;
- (vi) result in any member of the Wider Caledon Group ceasing to be able to carry on business under any name under which it presently does so (with consequences which would be material in the context of the Wider GRAM Group and the Wider Caledon Group taken as a whole);
- (vii) impose any limitation on the ability of any member of the Wider Caledon Group to integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Caledon Group which is materially adverse to the Wider Caledon Group and the Wider GRAM Group taken as a whole; or
- (viii) otherwise affect the business, assets, profits or prospects of any member of the Wider GRAM Group or any member of the Wider Caledon Group in a manner which is materially adverse to the Wider GRAM Group and the Wider Caledon Group taken as a whole;

and all applicable waiting and other time periods during which any such Third Party could decide to take, institute or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise intervene under the laws of any jurisdiction in respect of the Acquisition, the Scheme or the proposed acquisition of any Caledon Shares having expired, lapsed, or been terminated;

- (b) all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, notifications, certificates, exemptions, permissions and approvals (“**Authorisations**”) necessary or reasonably deemed appropriate by Bidco in any jurisdiction for or in respect of the Acquisition and the acquisition or the proposed acquisition of any shares or other securities in, or control of, Caledon by any member of the Wider GRAM Group having been obtained in terms and in a form reasonably satisfactory to GRAM from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Caledon Group or the Wider GRAM Group has entered into contractual arrangements and, save as disclosed, all such material Authorisations necessary or reasonably deemed appropriate by GRAM to carry on the business of any member of the Wider Caledon Group in any jurisdiction having been obtained, and all such Authorisations remaining in full force and effect at the Effective Date and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew any of such Authorisations;
- (c) all necessary notifications, filings or applications having been made in connection with the Acquisition and/or the Scheme, and all necessary waiting periods (including extensions thereof) in respect of the Acquisition or its implementation under any applicable legislation or regulations in any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory or regulatory obligations in any jurisdiction having been complied with in all material respects in connection with the Acquisition or the acquisition by any member of the Wider GRAM Group of any shares or other securities in, or control of, Caledon;
- (d) save (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM; or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this document, there being no provision of any arrangement, agreement, licence, permit, lease or other instrument to which any member of the Wider Caledon Group is a party or by or to which any such member or

any of its assets is or may be bound or be subject which, or any event or circumstance having occurred which under any agreement, arrangement, licence, permit, lease or other instrument which any member of the Wider Caledon Group is a party to or to which any member of the Wider Caledon Group or any of its assets may be bound, entitled or subject would result in, as a consequence of the Acquisition or the acquisition or proposed acquisition by any member of the Wider GRAM Group of any shares or other securities (or the equivalent) in Caledon or because of a change in the control or management of any member of the Caledon Group or otherwise, would or might reasonably be expected to result, in a manner which could or might be material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole, in:

- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of any member of the Wider Caledon Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
 - (ii) the rights, liabilities, obligations, interests or business of any member of the Wider Caledon Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Caledon Group in or with any other firm or company or body or person (or any agreement or arrangements relating to any such business or interests) being terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken under any of them;
 - (iii) any member of the Wider Caledon Group ceasing to be able to carry on business under any name under which it presently does so;
 - (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Caledon Group being or falling to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Caledon Group otherwise than in the ordinary course of business;
 - (v) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Caledon Group or any such mortgage, charge or other security interest (whenever arising or having arisen) becoming enforceable or being enforced;
 - (vi) the value of, or the financial or trading position or profits of any member of the Wider Caledon Group being prejudiced or adversely affected; or
 - (vii) any liability of any member of the Wider Caledon Group to make any severance, termination, bonus or other payment to any of the directors or other officers.
- (e) except (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this document, or save as contemplated in the Implementation Agreement, no member of the Wider Caledon Group having:
- (i) (save as between Caledon and wholly-owned subsidiaries of Caledon and save for the issue of Caledon Shares on the exercise of options granted under the Caledon Share Schemes or upon the conversion of the Caledon Loan Notes in accordance with their terms and conditions) issued or agreed to issue or authorised or proposed the issue of additional shares or securities of any class, or securities convertible into or exchangeable for shares, or rights, warrants or options to subscribe for or acquire any such shares, securities or convertible securities;
 - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether in cash or otherwise) save for any dividend declared prior to the Effective Date by any wholly-owned subsidiary of Caledon;

- (iii) (save for transactions between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) implemented or authorised any merger or demerger or acquired any body corporate, partnership or business or acquired or disposed of, or transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, which in each case is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (iv) (save for transactions between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) implemented, effected or authorised, proposed or announced its intention to implement, effect, authorise or propose any reconstruction, amalgamation, commitment, scheme or other transaction or arrangement, which in each case is material in the context of the Wider Caledon Group taken as a whole;
- (v) (save for transactions between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) purchased, redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub paragraph (i) above, made any other change to any part of its share capital (other than in connection with the Scheme);
- (vi) (save as between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary and usual course of carrying out its current banking activities;
- (vii) (save as between Caledon and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) issued, authorised or proposed the issue of any debentures, or incurred or increased any indebtedness or contingent liability, and in each case to an extent which is material in the context of and has a material adverse effect on the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (viii) entered into or varied or announced its intention to enter into or vary any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary and usual course of business) which is of a long term (which shall mean not terminable by the giving of 12 months' notice or less), unusual or onerous nature or which is or is reasonably likely to be restrictive on the business of any member of the Wider Caledon Group, and in each case which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (ix) entered into or varied in any material respect the terms of any contract, service agreement or any arrangement with any director or senior executive of any member of the Wider Caledon Group (save as agreed by GRAM in writing);
- (x) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Caledon Group (except as agreed by GRAM in writing or in connection with the Scheme);
- (xi) made or agreed or consented to any significant change to the terms of the trust deeds constituting the pension schemes established for its directors, employees or their dependants or the benefits which accrue, or to the pensions which are payable, under them, or to the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined or to the basis on which the liabilities (including pensions) of such pension schemes are funded or made, or agreed or consented to any change to the trustees involving the appointment of a trust corporation, which in any such case would be material in the context of the pension schemes operated by the Wider Caledon Group;

- (xii) waived or compromised any claim otherwise than in the ordinary and usual course of business, which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
 - (xiii) (other than in respect of a member of the Wider Caledon Group which is dormant and was solvent at the relevant time) taken or proposed any corporate action or had any legal proceedings instituted or threatened against it for its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction;
 - (xiv) (other than in connection with the Scheme) made or agreed or consented to any alteration to its memorandum or articles of association or other constitutional documents which has not been filed with the Registrar of Companies prior to the date of this document, which is material in the context of the Acquisition; or
 - (xv) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business; or
 - (xvi) entered into any contract, commitment, agreement or arrangement or passed any resolution with respect to or announced an intention to effect or propose any of the transactions, matters or events referred to in this paragraph (e);
- (f) except (i) as fairly disclosed in the annual consolidated report and accounts of Caledon for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this document:
- (i) there having been no material adverse change or deterioration in the business, assets, financial or trading position or profits of any member of the Wider Caledon Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Caledon Group or to which any member of the Wider Caledon Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry or investigation by or complaint or reference to any Third Party against or in respect of any member of the Wider Caledon Group having been threatened, announced or instituted or remaining outstanding, in each case which would or would reasonably be expected to have a material adverse effect on the Wider Caledon Group and the Wider GRAM Group taken as a whole;
 - (iii) no contingent or other liability having arisen or being likely to arise or having become apparent to GRAM, which is or would be reasonably likely materially adversely to affect the business, assets, financial or trading position or profits or prospects of the Wider Caledon Group and the Wider GRAM Group taken as a whole; and
 - (iv) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Caledon Group which is necessary for the proper carrying on of its business and which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (g) except (i) as fairly disclosed in the annual consolidated report and accounts for the year ended 31 December 2010 (ii) as fairly disclosed to GRAM or (iii) as publicly announced to a Regulatory Information Service by or on behalf of Caledon (in each case) prior to the date of this document, GRAM not having discovered:
- (i) that any financial, business or other information concerning the Wider Caledon Group publicly disclosed or disclosed to any member of the GRAM Group at any time by or on behalf of any member of the Wider Caledon Group is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make

the information contained in any of them not misleading and which, in any case, is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;

- (ii) that any member of the Wider Caledon Group is subject to any liability, contingent or otherwise, which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (iii) any information which affects the import of any information disclosed to GRAM prior to the date of this document at any time by or on behalf of any member of the Wider Caledon Group to an extent which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole;
- (iv) that any past or present member of the Wider Caledon Group has failed to comply in all material respects with any applicable legislation or regulations of any jurisdiction or any notice or requirement of any Third Party with regard to the use, storage, treatment, transport, handling, disposal, discharge, spillage, release, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment (including property) or harm human or animal health or that there has otherwise been any such use, storage, treatment, transport, handling, disposal, discharge, spillage, leak or emission (whether or not the same constituted non-compliance by any person with any such legislation or regulation, and whenever or wherever the same may have taken place), any of which non-compliance would be likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider Caledon Group, in each case which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole; or
- (v) that there is or is likely to be any obligation or liability (whether actual or contingent) of any member of the Wider Caledon Group to make good, repay, re-instate or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Caledon Group or in which any such member may now or previously have had an interest under any environmental legislation, regulation, notice, circular, order or other requirement of any Third Party and in any jurisdiction, in each case which is material in the context of the Wider Caledon Group and the Wider GRAM Group taken as a whole.

PART B: Further terms of the Acquisition

1. For the purposes of the Conditions, information shall be regarded as having been “fairly disclosed to GRAM” if it has been made available: (i) in the virtual data room established in connection with the Acquisition; (ii) in written documents disclosed by Caledon (or its financial, legal or accounting advisers) during meetings or presentations held in connection with the Acquisition; or (iii) in written answers or documents disclosed by Caledon (or its financial, legal or accounting advisers) in response to due diligence queries raised by or on behalf of GRAM as part of a formal agreed process in connection with the Acquisition.
2. Bidco reserves the right to waive in whole or in part all or any of Conditions 3(a) to (g) inclusive. Bidco will be under no obligation to waive or treat as satisfied any of Conditions 3(a) to (g) (inclusive) by a date earlier than the sanction of the Scheme notwithstanding that the other Conditions may have been waived or satisfied and that there are at such earlier date no circumstances indicating that the relevant Condition may not be capable of satisfaction.
3. If Bidco or GRAM is required by the Panel to make an offer for Caledon Shares under the provisions of Rule 9 of the City Code, then Bidco or GRAM (as appropriate) may make such alterations to any of the above Conditions as are necessary to comply with the provisions of the City Code.
4. If the Scheme becomes Effective, the New Caledon Shares will be issued to Bidco fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever.

5. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable requirements.
6. The Acquisition and the Scheme will be governed by English law and be subject to the exclusive jurisdiction of the English courts.
7. Bidco reserves the right to elect (with the consent of the Panel) to implement the Acquisition by way of a takeover offer (as defined in Part 28 of the Companies Act) as it may determine in its absolute discretion. In such event, such offer will be implemented on the same terms so far as applicable, as those which would apply to the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Acquisition, including (without limitation and subject to the consent of the Panel) an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as the Bidder may decide): (i) in nominal value of the shares to which such offer relates; (ii) of the voting rights attached to those shares; and (iii) of the voting rights normally exercisable at a general meeting of Caledon, including, for this purpose, any such voting rights attaching to Caledon Shares that are unconditionally allotted or issued before the takeover offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

PART 6

PART A: UNITED KINGDOM TAXATION

The following paragraphs, which are intended as a general guide only, are based on current legislation and practice of Her Majesty's Revenue & Customs. They summarise certain limited aspects of the UK taxation treatment of the Scheme, do not constitute tax advice and relate only to the position of Scheme Shareholders who are resident or ordinarily resident in the UK for taxation purposes and who hold their Scheme Shares beneficially as an investment (other than under a personal equity plan or an individual savings account) and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. In addition, certain categories of Scheme Shareholders, such as brokers, dealers or traders in shares or securities, insurance companies and collective investment schemes may be subject to special rules and this summary does not apply to such Scheme Shareholders. If you are in any doubt as to your taxation position, or you are subject to taxation in a jurisdiction other than the UK, you should consult an appropriate independent professional financial adviser immediately.

Special tax provisions may apply to Scheme Shareholders who have acquired or who acquire their Scheme Shares by exercising options under the Caledon Share Schemes, including provisions imposing a charge to income tax. This summary does not apply to such shareholders and such shareholders are advised to seek independent professional advice.

1. UK TAXATION ON CHARGEABLE GAINS

Liability to UK taxation on chargeable gains will depend on the individual circumstances of each Scheme Shareholder.

The receipt by a Scheme Shareholder of the Cash Consideration under the Scheme will constitute a disposal of their Scheme Shares for the purposes of UK taxation of chargeable gains which may, depending on the Scheme Shareholder's individual circumstances (including the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or an allowable loss.

For Scheme Shareholders who are individuals, the capital gains annual exemption (which is £10,600 for 2011/2012) will also be available to offset any chargeable gain (to the extent it is not otherwise utilised).

For Scheme Shareholders within the charge to UK corporation tax (but which do not qualify for the substantial shareholdings exemption in respect of their Scheme Shares), indexation allowance will be available in respect of a full period of ownership of the Scheme Shares to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares.

2. UK STAMP DUTY AND STAMP DUTY RESERVE TAX ("SDRT")

No stamp duty or SDRT will be payable by Scheme Shareholders as a result of the Scheme.

3. VAT

No VAT will be payable by Scheme Shareholders as a result of the Scheme.

PART B: AUSTRALIAN TAXATION

In this Part B only, references to Scheme Shares include CDIs and references to Australian resident Caledon Shareholders include Australian tax residents who hold CDIs.

1. AUSTRALIAN TAXATION IMPLICATIONS FOR CDI HOLDERS (AND AUSTRALIAN TAX RESIDENT CALEDON SHAREHOLDERS)

The following is a general description of the Australian income, capital gains tax (“CGT”), goods and service tax (“GST”) and stamp duty consequences for Caledon Shareholders who are Australian tax resident investors who hold Scheme Shares (or CDIs) and receive cash consideration for the cancellation of their Scheme Shares (or CDIs, as relevant).

The information is based upon taxation law and practice in effect at the date of this Explanatory Statement. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia. The summary does not consider any specific facts or circumstances that may apply to particular CDI Holders or Caledon Shareholders who are Australian tax resident. Further, it does not deal with the taxation consequences of the cancellation of shares issued under an employee share scheme, which may be subject to specific tax provisions.

You are advised to seek independent professional advice regarding the Australian tax consequences of the cancellation under the Scheme, according to your own particular circumstances.

The Australian tax consequences of the cancellation under the Scheme will depend on a number of factors including:

- 1.1 whether you are an Australian resident or non resident for tax purposes;
- 1.2 whether you are an individual, a company or a trustee of a complying superannuation entity; and
- 1.3 the length of time that you have held your Scheme Shares (or CDIs, as relevant) prior to the cancellation of the Scheme Shares under the Scheme.

2. SHAREHOLDERS WHO ARE AUSTRALIAN RESIDENTS FOR TAX PURPOSES

2.1 Cancellation of Scheme Shares

The cancellation of your Scheme Shares will generally have Australian CGT consequences. The cancellation of Scheme Shares pursuant to the Scheme will constitute a CGT event for Australian tax purposes.

The CGT implications of the cancellation of your Scheme Shares will depend upon a number of factors, including:

- the date your Scheme Shares were acquired for CGT purposes;
- your taxpayer status; and
- the length of time you have held your Scheme Shares.

A capital gain or loss will arise depending on the difference between:

- the value of the capital proceeds (the cash received); and
- the cost base of your Scheme Shares (which would generally include the amount paid to acquire the Scheme Shares plus any incidental costs of acquisition).

Provided you have held your Scheme Shares for at least 12 months, the discount capital gain provisions may apply. This means that:

- if you are an individual or trust, only one-half of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) after offsetting any applicable capital losses will be taxable; or
- if you are a complying superannuation fund, only two-thirds of the capital gain (without any allowance for indexation for inflation in the cost base of the shares) after offsetting any applicable capital losses will be taxable.

If you are the trustee of a trust, the discount capital gains provisions may also apply to a distribution of the capital gain to beneficiaries in the trust (other than beneficiaries that are companies). You should seek advice from your professional tax adviser in this regard.

Note that the discount capital gain provisions do not apply to shareholders and trust beneficiaries that are companies.

A capital loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income, nor carried back to offset net capital gains arising in earlier income years.

If a discount applies to you in relation to any capital gain, any available capital loss will be applied to reduce the realised nominal gain before discounting the resulting net amount by either one-half or one-third (as applicable) to calculate the capital gain that is assessable.

If you hold your Scheme Shares as trading stock (eg, as a share trader) you will be required to include the value of the consideration from the disposal of your Scheme Shares (ie, the cash received) in your assessable income. Any capital gain will be reduced to the extent of any amount otherwise taxable.

If you hold your Scheme Shares on revenue account (eg, you acquired your Scheme Shares for the main purpose of reselling, or disposing of, them at a profit, such as if you are a bank or insurance company) then you will be required to treat any gain or loss arising on the disposal of your Scheme Shares as either assessable income or an allowable deduction. Any capital gain or capital loss will be reduced to the extent of any amount otherwise taxable or deductible.

The calculation of a revenue gain or loss will include the following:

- the value of the consideration (the cash received); and
- the cost of acquiring your Scheme Shares.

2.2 Shareholders who are not Australian residents for tax purposes

If you are not a resident of Australia for tax purposes, you will generally not be subject to CGT on the cancellation of your Scheme Shares unless:

- you (and your associates) owned at least 10 per cent. of the Scheme Shares either at the time you sold your Scheme Shares or for at least 12 months during the 24 months before you sold your Scheme Shares; and
- 50 per cent. or more of the value of Caledon is represented by real property in Australia (which for these purposes includes mining, quarrying or prospecting rights if the minerals, petroleum or quarry materials are located in Australia); or
- you have used your Scheme Shares at any time in carrying on a business through a permanent establishment in Australia.

If you are not a resident of Australia for tax purposes and hold your investment on revenue account, you should seek independent tax advice on the Australian tax implications in respect of any gain/loss arising on cancellation of the Scheme Shares for cash.

3. GST

No Australian GST should be payable on the disposal by cancellation of the Scheme Shares in return for the Cash Consideration.

Shareholders that are registered for GST may be entitled to claim input tax credits on certain costs incurred in connection with the Scheme. Those shareholders should seek their own advice in relation to any credits that may be claimed.

4. STAMP DUTY

On the basis that the Scheme Shares will be cancelled, no marketable securities duty should be payable on the disposal of the Scheme Shares under the Scheme.

PART 7

FINANCIAL INFORMATION ON THE CALEDON GROUP

The following table sets out financial information in respect of the Caledon Group as required by Rule 24.2(e) of the Code. The documents referred to in the table, the contents of which have previously been announced through a Regulatory Information Service, are incorporated into this document by reference:

Information incorporated by reference	Financial information provided	Reference
Annual consolidated report and accounts of Caledon for the financial year ended 31 December 2010	<p>Revenue/Turnover</p> <p>Net profit or loss before and after taxation</p> <p>Charge for tax</p> <p>Extraordinary items</p> <p>Minority interests</p> <p>Amount absorbed by dividends and earnings and dividends per share</p> <p>Statement of the assets and liabilities</p> <p>Cash flow statement</p> <p>Significant accounting policies, together with any points from the notes to the accounts, which are of major relevance to an appreciation of the figures including those relating to inflation-adjusted information</p>	<p>Consolidated income statement on page 28</p> <p>Consolidated income statement on page 28</p> <p>Consolidated income statement on page 28</p> <p>N/A</p> <p>N/A</p> <p>Results and dividends (page 16) and consolidated income statement on page 28</p> <p>Consolidated balance sheet on page 29</p> <p>Consolidated cash flow statement on page 33</p> <p>Significant accounting policies on pages 35 to 40; intangible assets (see note 7 on page 45); property, plant and equipment (see note 8 on page 46); deferred tax asset (see note 11 on page 47); and borrowings (see note 15 on page 49)</p>
Annual consolidated report and accounts of Caledon for the financial year ended 31 December 2009	<p>Revenue/Turnover</p> <p>Net profit or loss before and after taxation</p> <p>Charge for tax</p> <p>Extraordinary items</p> <p>Minority interests</p> <p>Amount absorbed by dividends and earnings and dividends per share</p> <p>Statement of the assets and liabilities</p> <p>Cash flow statement</p> <p>Significant accounting policies, together with any points from the notes to the accounts, which are of major relevance to an appreciation of the figures including those relating to inflation-adjusted information</p>	<p>Consolidated income statement on page 26</p> <p>Consolidated income statement on page 26</p> <p>Consolidated income statement on page 26</p> <p>N/A</p> <p>N/A</p> <p>Results and dividends (page 15) and consolidated income statement on page 26</p> <p>Consolidated balance sheet on page 27</p> <p>Consolidated cash flow statement on page 31</p> <p>Significant accounting policies on pages 33 to 38; intangible assets (see note 7 on page 43); property, plant and equipment (see note 8 on page 44); deferred tax asset (see note 11 on page 46); and borrowings (see note 15 on page 47)</p>
Annual consolidated report and accounts of Caledon for the financial year ended 31 December 2008	<p>Revenue/Turnover</p> <p>Net profit or loss before and after taxation</p> <p>Charge for tax</p> <p>Extraordinary items</p> <p>Minority interests</p> <p>Amount absorbed by dividends and earnings and dividends per share</p> <p>Statement of the assets and liabilities</p> <p>Cash flow statement</p> <p>Significant accounting policies, together with any points from the notes to the accounts, which are of major relevance to an appreciation of the figures including those relating to inflation-adjusted information</p>	<p>Consolidated income statement on page 27</p> <p>Consolidated income statement on page 27</p> <p>Consolidated income statement on page 27</p> <p>N/A</p> <p>N/A</p> <p>Results and dividends (page 17) and consolidated income statement on page 27</p> <p>Consolidated balance sheet on page 28</p> <p>Consolidated cash flow statement on page 32</p> <p>Significant accounting policies on pages 34 to 40; intangible assets (see note 7 on page 46); property, plant and equipment (see note 8 on page 47); deferred tax asset (see note 11 on page 49); and borrowings (see note 15 on page 50)</p>

Each of the documents is available at <http://www.caledonresources.com>

Caledon will provide, without charge to each person to whom a copy has been delivered, upon the oral or written request of such person, a hard copy of any or all of the documents which are incorporated by reference herein within two Business Days of the receipt of such request. Copies of any documents or information incorporated by reference into this document will not be provided unless such a request is made.

Requests for any copies of any such documents should be directed to either:

United Kingdom

Caledon Resources plc
64 Knightsbridge
London
SW1X 7JF
Tel: +44 (0)20 7590 3140

or

Australia

Caledon Coal Pty Limited
Level 2, 87 Wickham Terrace
Brisbane
Queensland 4000
Tel: +61(0)7 3309 3100

PART 8

ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 Caledon

The Caledon Directors, whose names appear in paragraph 2.1 of this Part 8, accept responsibility for the information contained in this document except for information for which the Bidco Directors and the GRAM Directors have taken responsibility. 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 document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 GRAM and Bidco

The GRAM Directors and the Bidco Directors, whose names appear in paragraphs 2.2 and 2.3 of this Part 8 accept responsibility for the information contained in this document relating to GRAM, Bidco, the Wider GRAM Group, the GRAM Directors and Bidco Directors and the members of their immediate families, related trusts and persons connected with them (within the meaning of Section 252 of the Companies Act) and Bidco's future plans for Caledon, the Wider Caledon Group and its management and employees. To the best of the knowledge and belief of each of the GRAM Directors and the Bidco Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS

2.1 The names of the Caledon Directors and their respective positions are as follows:

Name	Position
David Weill	Non-Executive Chairman
Mark Trevan	Managing Director
Peter Seear	Executive Director
Stephen Bywater	Non-Executive Director
George Salamis	Non-Executive Director
David Treadwell	Non-Executive Director

The registered office of Caledon is Lacon House, 84 Theobald's Road, London WC1X 8RW. The UK business address for Caledon is 64 Knightsbridge, London SW1X 7JF and the Australian business address for Caledon is Level 2, 87 Wickham Terrace, Brisbane, Queensland, Australia 4000.

The company secretary of Caledon is Jeremy Gorman.

2.2 The names of the GRAM Directors and their respective positions are as follows:

Name	Position
Li Jinming	Chairman of the Board, General Secretary
Zhong Jinsong	Director, Vice-general Secretary
Gao Guntao	Director, Vice-general Manager
Cheng Feilin	Director, Vice-general Manager
Ye Lieli	Director, Vice-general Manager
Deng Jinzian	Director, Vice-general Secretary, Chief Executive of Finance, Chairman of Union
Xu Sijun	Director, Vice-general Manager
Ye Xiaohui	Director, Vice-general Manager
He Bangfu	Director
Li Zezhong	Vice-general Manager

The registered office of GRAM and the business address of all of the above directors is Ramada Pearl Hotel, 15 Floor No.9, Mingyue NO.1 Road, Dongshan District, Guangzhou PC 510600.

2.3 The names of the Bidco Directors and their respective positions are as follows:

Name	Position
Li Zezhong	Director
Frank Zhu	Director
Wang Lixing	Director
Qiu Qingxin	Director

The registered office of Bidco and the business address of all of the above directors is Suite 502, Level 5, 71 Macquarie St., Sydney, NSW 2000, Australia.

3. PERSONS ACTING IN CONCERT

3.1 In addition to the Bidco Directors, the persons who, for the purposes of the City Code, are acting in concert with Bidco in respect of the Acquisition include any entities in which the State-owned Assets Supervision and Administration Commission of Guangdong Provincial People's Government together with any company which it controls, owns more than 20 per cent. of the shares and:

Name	Type	Registered office	Relationship
PricewaterhouseCoopers LLP	Limited liability partnership registered in England and Wales	7 More London Riverside, London SE1 2RT	Connected adviser
Ord River Resources Limited	Limited liability company registered in Australia	Suite 502, Level 5, 71 Macquarie St., Sydney, NSW 2000, Australia	Commercial counterparty

3.2 The persons who, for the purposes of the City Code, are acting in concert with Caledon in respect of the Acquisition include members of the Wider Caledon Group and:

Name	Type	Registered office	Relationship
Royal Bank of Canada Europe Limited, trading as RBC Capital Markets	Private limited company registered in England and Wales	71 Queen Victoria Street, London EC4V 4DE	Connected adviser

4. IRREVOCABLE COMMITMENTS AND LETTERS OF INTENT

- 4.1 The following Caledon Directors have given irrevocable undertakings to vote or, where applicable, procure the exercise of voting rights, in favour of the approval of the Scheme at the Court Meeting and the Resolution in respect of the number of Caledon Shares set out below:

Name	Number of Caledon¹ Shares	Percentage of existing issued share capital
Stephen Bywater	107,100	0.04
Peter Seear	5,146,263	1.84
George Salamis	771,500	0.28
David Treadwell	115,000	0.04
Mark Trevan	60,000	0.02
TOTAL	6,199,863	2.22

1 Note: includes certain family and related trusts investments.

These irrevocable undertakings will remain binding even in the event of any competing offer, howsoever to be implemented, being made for the Caledon Shares which exceeds the value of the Acquisition and, even if such competing offer is recommended for acceptance by the Caledon Board. However, these undertakings, lapse if the Scheme lapses or is withdrawn or if the Implementation Agreement is terminated (further details of which are set out in paragraph 8.3 of this Part 8).

- 4.2 The following holders or controllers of Caledon Shares (other than as disclosed in paragraph 4.1 above) have given irrevocable undertakings to vote in favour of the approval of the Scheme at the Court Meeting and the Resolution in respect of the number of Caledon Shares set out below:

Name	Number of Caledon Shares	Percentage of existing issued share capital
Banque Sarasin	1,000,000	0.36
Jean-Philippe Flament Transfer Trust	1,065,000	0.38
Jean-Philippe Flament Transfer Trust	1,500,000	0.54
Polo Resources Limited	74,472,687 ¹	26.64
Watami Trading Ltd	12,046,175	4.31
TOTAL	90,083,862	32.23

1 Note: this figure takes into account the 8,388,833 Caledon Shares which were sold by an affiliate of Polo on 23 June 2011 in accordance with the terms of Polo's irrevocable undertaking and which are therefore no longer subject to the undertaking described above.

These undertakings of the above Caledon Shareholders (other than the Caledon Directors) continue to be binding even in the event of a competing offer, howsoever to be implemented, being made for Caledon Shares which exceeds the value of the Acquisition by less than 10 per cent., even if such competing offer is recommended for acceptance by the Caledon Board. These undertakings will, however, be suspended in certain circumstances if a person not acting in concert with Bidco announces prior to the date by which the Forms of Proxy are to be received in respect of the Scheme, a firm intention to make an offer for Caledon which represents an improvement of at least 10 per cent. per Caledon Share over the value of the consideration available under the Acquisition.

This suspension will be lifted if, at or prior to 11.59 p.m. on the fifth day after such higher offer is announced, Bidco announces a revision to the terms of the Acquisition so that the cash price per share of any wholly cash consideration represents an improvement to the consideration per Caledon Share available under such higher offer. If Bidco fails to do so, the undertakings will lapse.

These undertakings will also lapse if the Scheme lapses or is withdrawn or the Implementation Agreement is terminated (further details of which are set out in paragraph 8.4 of this Part 8).

The undertaking given by Polo permits Polo to grant security over up to 4,000,000 of the Caledon Shares to which such undertaking applies, provided that it obtains an irrevocable undertaking in favour of Bidco to vote in favour, on substantially the same terms as that granted by Polo, from any third party obtaining the benefit of such security over those Caledon Shares (or interest in or rights in respect of those Caledon Shares).

- 4.3 The following Caledon Shareholders have provided non-binding letters of intent to vote in favour of the Scheme at the Court Meeting and the Resolution:

Name	Number of Caledon Shares	Percentage of existing issued share capital
Cheyne Capital Management	2,722,222	0.97
Lyxor/Havens International	1,700,125	0.61
Viking Holdings AS	1,000,000	0.36
TOTAL	5,422,347	1.94

- 4.4 The following holders of contracts for difference (“CFDs”) have provided letters of intent to use their reasonable endeavours to persuade or request the corresponding beneficial holder to vote in favour of the Scheme at the Court Meeting and the Resolution:

Name	Number of CFDs	Percentage of existing issued share capital
Arrowgrass Master Fund Ltd	6,529,060	2.34
Centaurus Capital Ltd	10,072,897	3.60
Cheyne Capital	13,850,894	4.95
Havens (various funds)	1,924,875	0.69
TIG Advisors, LLC	15,523,531	5.55
TOTAL	47,901,257	17.14

In total, therefore, Bidco has received undertakings to vote, letters of intent to vote, and letters of intent to use their reasonable endeavours to persuade or request the corresponding beneficial holder to vote, in favour of the Scheme at the Court Meeting and the Resolution in respect of a total of 149,607,329 Caledon Shares representing approximately 53.52 per cent of the issued share capital.

5. INTERESTS, SHAREHOLDINGS AND DEALINGS

5.1 Definitions

- 5.1.1 For the purposes of this paragraph 5:

“acting in concert” with a party

means any such person acting or deemed to be acting in concert with that party for the purposes of the City Code and/or the Acquisition;

“arrangement”

includes an indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

“control”

means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;

“dealing”

includes:

- (a) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
- (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- (c) subscribing or agreeing to subscribe for securities;
- (d) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
- (e) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- (g) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

“derivative”

includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of any underlying security but which does not include the possibility of delivery of such underlying securities;

“director”

includes persons in accordance with whose instructions the directors or a director are accustomed to act;

“disclosure date”

means 29 June 2011, being the latest practicable date prior to the posting of this document;

“disclosure period”

means the period commencing on 17 September 2009 (being the date 12 months prior to the announcement by Caledon that it was in discussions which may or may not lead to an offer being made for Caledon) and ending on 29 June 2011 (being the latest practicable date prior to the posting of this document); and

“relevant securities”

means the Caledon Shares, the CDIs and securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to the Caledon Shares or CDIs (as appropriate); and **“Caledon relevant securities”** shall be construed accordingly.

5.1.2 A person has an **“interest”** or is **“interested”** in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular if he:

- (a) has legal title to and beneficial ownership of (i.e. the ability to exercise, or control the exercise of, voting rights) securities;
- (b) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; or
- (c) holds a derivative referenced to, or which may result in, a long position in securities.

5.2 Interests in Caledon relevant securities

5.2.1 As at the disclosure date, the Caledon Directors and their immediate families and related trusts and companies had the following interests in Caledon relevant securities (other than options disclosed under paragraph 5.2.2 below):

Name	Number of Caledon Shares
Stephen Bywater	107,100
Peter Seear	5,146,263 ¹
George Salamis	771,500
David Treadwell	115,000
Mark Trevan	60,000

NOTES:

¹ including 1,286,566 Caledon Shares, representing one third of the Caledon Shares, which are held by the Seear Family Trust

As at the disclosure date, none of the Caledon Directors and their immediate families and related trusts and companies had any short positions in respect of Caledon relevant securities.

As set out at paragraph 4.1 of this Part 8, each of the above Caledon Directors has given an irrevocable undertaking to vote, or, where applicable, procure the exercise of voting rights, in favour of the approval of the Scheme at the Court Meeting and the Resolution in respect of the number of Caledon Shares in which he is interested.

5.2.2 As at the disclosure date, the following options over Caledon Shares had been granted to the Caledon Directors under the Caledon Share Schemes and remain outstanding:

Finelot 2000 Discretionary Share Option Scheme

Name	Date of grant	Number of Caledon Shares subject to option	Exercise price (p)	Exercise period (from)	Exercise period (to)
Mark Trevan	14.12.06	1,421,685	40	14.12.06	14.12.13
George Salamis	11.04.03	250,000	10	11.04.04	11.04.13
	29.04.03	600,000	15	29.04.04	29.04.13
	22.11.05	350,000	18.75	22.11.04	22.11.15
	14.12.06	1,777,106	40	14.12.06	14.12.13

Caledon Resources plc 2006 Share Option Scheme

Name	Date of grant	Number of Caledon Shares subject to option	Exercise price (p)	Exercise period (from)	Exercise period (to)
Mark Trevan	26.05.08	425,241	74	26.05.09	26.05.18
Peter Seear	26.05.08	314,024	74	26.05.09	26.05.18

5.3 Dealings in Caledon relevant securities

During the disclosure period, the following dealings in Caledon relevant securities by the Caledon Directors, their respective immediate families and related trusts and companies have taken place:

Date	Party	Transaction	Number of Caledon Shares	Price per Caledon Share
11 May 2011	George Salamis	Disposal	266,000	104.4786

5.4 General

Save as disclosed in this paragraph 5, as at the disclosure date:

- 5.4.1 neither Bidco, nor any other member of the Bidco Group, the Bidco Directors, nor (in the case of the Bidco Directors) any member of their respective immediate families or related trusts or companies, nor any person acting in concert with Bidco, nor any person with whom Bidco or any person acting in concert with Bidco had an arrangement, had any right to subscribe for, or had any short position in relation to, or was interested in, directly or indirectly, any relevant securities of Caledon, as appropriate, and nor had any such person dealt in any relevant securities of Caledon during the disclosure period;
- 5.4.2 neither Caledon nor any of the Caledon Directors, nor any of their immediate families or related trusts or companies, nor any person acting in concert with Caledon, nor any person with whom Caledon or any person acting in concert with Caledon had an arrangement owned or controlled or was interested in, directly or indirectly, nor had any right to subscribe for, or any short position in relation to, any relevant securities of Caledon, as appropriate, and nor had any such person dealt in any relevant securities of Caledon between the commencement of the Offer Period and the disclosure date;
- 5.4.3 neither Caledon nor any of the Caledon Directors (including any members of such directors' respective immediate families, related trusts or connected persons) had any interest in or right to subscribe for, or had any short position in relation to, any Bidco relevant securities, nor had any such person dealt in any Bidco relevant securities between the commencement of the Offer Period and the disclosure date;
- 5.4.4 neither Caledon or Bidco, nor any person acting or presumed to be acting in concert with Caledon or Bidco had borrowed or lent any relevant securities in Caledon (save for any borrowed shares which have been either on-lent or sold); and
- 5.4.5 save for the irrevocable undertakings given by the Caledon Directors who hold Caledon Shares as described in paragraph 4 above, there is no arrangement relating to relevant securities in Caledon which exists between Bidco or any person acting in concert with Bidco and any other person, nor between Caledon or any person acting in concert with Caledon and any other person.

6. SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT OF CALEDON DIRECTORS

- 6.1 Each of the following executive directors of Caledon has entered into a service agreement with the Company. The principal terms of these service agreements are as follows:

Name of Director	Date of agreement	Notice period (from employee or Caledon)	Current base salary
Mark Trevan	31 August 2006	12 months	A\$490,000
Peter Seear	25 September 2006	12 months	A\$350,000

With respect to both of the executive directors, Caledon may elect to provide payment in lieu of notice.

The agreements restrict each of the executive directors during the term of engagement from (among other things), without the consent of the Caledon Board, having any direct or indirect financial interest in any entity that would conflict with his duties or responsibilities, holding any directorship or other office or accept any appointment to any other entity or undertaking any other trade, business or profession.

Both of the executive directors' service agreements are governed by the law in force in Queensland, Australia.

- 6.2 Each of the following non-executive directors of Caledon has entered into a letter of appointment with the Company. The principal terms of these letters of appointment are as follows:

Name of Director	Date of letter	Notice period (from employee or Caledon)	Current base salary
David Weill	22 July 2008	3 months	£30,000
Stephen Bywater	5 July 2010	3 months	£30,000
George Salamis	28 July 2006	1 month	£30,000
David Treadwell	31 August 2010	3 months	£30,000

- 6.2.1 David Weill's appointment is for an initial term of three years commencing on 22 July 2008. Following the initial term, renewal of his appointment for a further period is open to review subject to a maximum aggregate appointment of six years. Mr Weill's appointment is contingent on satisfactory performance and will cease without compensation in the event he is not re-elected by shareholders or is disciplined from acting as a director. He is not permitted to take any appointment which could cause a conflict of interest. His anticipated time commitment to Caledon is two days a month.
- 6.2.2 Stephen Bywater's appointment is for an initial term of three years commencing on 30 June 2010. Following the initial term, renewal of his appointment for a further period is open to review subject to a maximum aggregate appointment of six years. Mr Bywater's appointment is contingent on satisfactory performance and will cease without compensation in the event he is not re-elected by shareholders or is disciplined from acting as a director. He is not permitted to take any appointment which could cause a conflict of interest. His anticipated time commitment to Caledon is two days a month.
- 6.2.3 George Salamis' appointment is contingent on satisfactory performance and will cease without compensation in the event he is not re-elected by shareholders or is disciplined from acting as a director. He is not permitted to take any appointment which could cause a conflict of interest.
- 6.2.4 David Treadwell's appointment is for an initial term of three years commencing on 31 August 2010. Following the initial term, renewal of his appointment for a further period is open to review subject to a maximum aggregate appointment of six years. Mr Bywater's appointment is contingent on satisfactory performance and will cease without compensation in the event he is not re-elected by shareholders or is disciplined from acting as a director. He is not permitted to take any appointment which could cause a conflict of interest. His anticipated time commitment to Caledon is two days a month.
- 6.2.5 Each of the appointment letters for the non-executive directors are governed by English law.
- 6.3 Save as disclosed above, there are no service agreements between any member of the Wider Caledon Group and any Caledon Director and no such agreement has been entered into or amended within six months preceding the date of this document.

7. MARKET QUOTATIONS

The following table lists the Closing Price for Caledon Shares on:

- 7.1 the first trading day of each of the six months prior to the date of this document;
- 7.2 16 September 2010 (being the latest Business Day before the commencement of the Offer Period); and
- 7.3 29 June 2011 (being the latest practicable date prior to the publication of this document).

Date	Caledon Share Price (p)
16 September 2010	56.00
4 January 2011	97.75
1 February 2011	101.25

Date	Caledon Share Price (p)
1 March 2011	100.75
1 April 2011	94.25
3 May 2011	101.75
1 June 2011	104.50
29 June 2011	110.88

8. MATERIAL CONTRACTS OF CALEDON

Save as set out below there are no contracts, not being contracts entered into in the ordinary course of business, which have been entered into by Caledon or any other member of the Caledon Group since 17 September 2008 (being two years prior to commencement of the Offer Period) and are, or may be, material:

8.1 Loan Note Instrument

On 11 February 2010, Caledon announced a private placement of £4.2 million Caledon Loan Notes, each with a par value of £50,000 to certain existing shareholders and other investors. The Caledon Loan Notes were constituted subject to the terms and conditions of a loan note instrument of Caledon dated 5 February 2010 ("**Loan Note Instrument**").

A summary of the principal terms of the Loan Note Instrument are as follows:

(a) Interest on the Caledon Loan Notes

The Caledon Loan Notes bear interest at the rate of 8.5 per cent. per annum, with interest payments required to be paid biannually to holders.

(b) Conversion of the Caledon Loan Notes

Each of the Caledon Loan Notes entitles the holder to convert the note into Caledon Shares, at the conversion price of 47.5 pence per Caledon Share, at any time on or before the date falling six dealing days prior to the final maturity date of the Caledon Loan Notes, being 4 February 2013 ("**Final Maturity Date**"). The conversion price is subject to adjustment in certain circumstances in accordance with the terms of the Loan Note Instrument. This includes on the occurrence of a change of control of the Company depending upon the date prior to the Final Maturity Date on which the change of control takes effect.

(c) Conversion at the option of Caledon

On giving not less than 15 nor more than 90 days' notice (an "**Optional Conversion Notice**") to the holders of the Caledon Loan Notes, Caledon may require the conversion of all but not some only of the Caledon Loan Notes on the date specified in the Optional Conversion Notice at their principal amount plus accrued interest:

- (i) at any time following the date falling 24 months from the date of the first issue of the Caledon Loan Notes (the "**Closing Date**"), if in any 20 dealing days within a period of 30 consecutive dealing days after the date falling 24 months from the Closing Date, the Volume Weighted Average Price (as calculated in accordance with the terms of the Loan Note Instrument) exceeds 160 per cent. of the then prevailing conversion price of the Caledon Loan Notes;
- (ii) if, at any time prior to the date that the relevant Optional Conversion Notice is given, conversion rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more of the principal amount of the Caledon Loan Notes originally issued.

(d) Early redemption

With the approval by extraordinary resolution of the holders of the Caledon Loan Notes (being a resolution passed at a meeting of the loan note holders duly convened and held in accordance with the Loan Note Instrument by a majority consisting of not less than 75 per cent. of the persons voting by a show of hands or by a poll), Caledon may by service of notice on all holders of the Caledon Loan Notes repay all principal (and accrued but unpaid interest).

(e) **Redemption at the option of the loan note holders**

Following the occurrence of a Relevant Event (defined below), each holder of the Caledon Loan Notes will have the right to require Caledon to redeem all (but not some only) of the Caledon Loan Notes held by it on the fourteenth calendar day after the expiry of the Relevant Event Period (defined below) at their aggregate principal amount together with accrued but unpaid interest.

A “**Relevant Event**” is defined in the Loan Note Instrument as being:

- (i) if an offer is made to all Caledon Shareholders to acquire all or a majority of the issued share capital of Caledon; or
- (ii) if any person proposes a scheme with regard to such acquisition,

and (such offer or scheme having become or been declared unconditional in all respects) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of Caledon has become unconditionally vested in the offeror.

“**Relevant Event Period**” is defined in the Loan Note Instrument as the period commencing on the date a Relevant Event occurs and ending on the date 30 days following the occurrence of the Relevant Event or, if later, 30 days following the date on which notice of such Relevant Event is given to the holders of the Caledon Loan Notes by or on behalf of the Company.

(f) **Purchase of the Caledon Loan Notes**

Subject to the rules of any stock exchange or market in which the Caledon Loan Notes may be listed or admitted to trading at the relevant time, Caledon may at any time purchase the Caledon Loan Notes in the open market or otherwise at any price. Any purchase by tender shall be made available to all holders of the Caledon Loan Notes alike. All Caledon Loan Notes purchased by Caledon will be cancelled.

(g) **Final redemption**

Unless previously purchased and cancelled, redeemed or converted under the terms of the Loan Note Instrument, the Caledon Loan Notes due 2013 will be redeemed by Caledon at their principal amount on the Final Maturity Date.

8.2 **Non-Solicitation Agreement**

On 20 April 2011, Caledon, GRAM and Bidco entered into a non-solicitation agreement (“**Non-Solicitation Agreement**”), which was extended as amended by letter on 15 June 2011. Pursuant to the Non-Solicitation Agreement, Caledon has agreed with Bidco and GRAM that, in summary:

- (a) 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 Acquisition; and
- (b) in the event that Caledon receives an Alternative Proposal which is at least 10 per cent. greater in value than the 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 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 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.

8.3 **Implementation Agreement**

Caledon, GRAM and Bidco have also entered into the Implementation Agreement which sets out the arrangements between them in relation to the implementation of the Scheme. Each party to the Implementation Agreement has agreed to implement the Scheme and to co-operate with the other on the terms set out in the Implementation Agreement. In addition, Caledon has entered into certain undertakings concerning the conduct of its business during that period.

Caledon has agreed, pursuant to the Implementation Agreement, to pay GRAM an inducement fee of one per cent. of the value of the Acquisition (inclusive of any VAT) calculated by reference to the Cash Consideration and the fully diluted share capital of Caledon. Such fee shall be payable if:

- (a) before the Scheme or the Offer (as applicable) lapses, is withdrawn, terminates or otherwise fails or (with the consent of the Panel) is not made, an announcement regarding an Alternative Proposal is made provided that such Alternative Proposal, or any other Alternative Proposal within 180 days of the Announcement, subsequently becomes effective;
- (b) the Caledon Directors do not unanimously and without qualification recommend the Caledon Shareholders to vote in favour of the Scheme at the Court Meeting and in favour of the Resolution at the General Meeting in the Scheme Document or, if Bidco elects to implement the Acquisition by means of the Offer, the Caledon Directors do not in the Offer Document unanimously and without qualification recommend the Caledon Shareholders to accept the Offer;
- (c) the Caledon Directors withdraw, qualify or adversely modify their recommendation or agree or resolve to recommend an Alternative Proposal;
- (d) the Scheme is not approved by the Caledon Shareholders at the Court Meeting or the Resolution is not passed at the General Meeting or, as the case may be, the acceptance condition in the Offer is not satisfied;
- (e) if the resolutions to be proposed at the Court Meeting and the General Meeting have been passed by the requisite majorities, but the Caledon Directors do not seek either of the Court Orders or do not file all requisite documentation with the Registrar of Companies, in either case, in accordance with the timetable agreed between Bidco, GRAM and Caledon;
- (f) the Panel permits Bidco to withdraw or not to proceed with the Acquisition for a breach of a condition which arises solely from an act or omission of Caledon;
- (g) Caledon or any of the Caledon Directors, whether before or after the Court Meeting and/or the General Meeting, does any act, including making a public statement, or makes any omission, which is or could reasonably be considered to be contrary to the recommendation of the Caledon Directors or their stated intention to give the recommendation in any Scheme Document or, as the case may be, Offer document; or
- (h) Caledon materially breaches the terms of the Implementation Agreement and Bidco elects to terminate it pursuant to its terms.

Pursuant to Rule 21.2 of the City Code, RBC Capital Markets has confirmed to the Panel that it considers these arrangements to be in the best interests of Caledon Shareholders.

GRAM has agreed, pursuant to the Implementation Agreement, to pay Caledon an inducement fee of one per cent. of the value of the Acquisition (inclusive of any VAT) calculated by reference to the Cash Consideration and the fully diluted share capital of Caledon. Such fee shall be payable if GRAM or Bidco take any material action following this document which results in the Scheme or the Offer (as applicable) lapsing, being withdrawn, terminating or otherwise failing, unless this occurs solely as a result of action taken by any competition or regulatory authority and GRAM and Bidco have taken all reasonable steps to procure such competition or regulatory permission or if they withdraw from the Scheme or Offer (as applicable) due to all material Conditions not being satisfied, if the Panel so permits or in circumstances where an inducement fee is payable by Caledon.

Caledon has also agreed neither, at any stage prior to the Scheme terminating or lapsing or, as applicable, the Offer being withdrawn by Bidco (with the consent of the Panel, if required) or lapsing or the Implementation Agreement being otherwise terminated in accordance with its terms, to pay nor to enter into any agreement to pay an inducement fee or a break fee to a third party.

8.4 Capacity Commitment Deed

On 30 September 2010, Caledon Coal Pty Limited (“CCPL”), a wholly-owned subsidiary of Caledon, entered into a capacity commitment deed with, *inter alia*, WICET Holdings Pty Limited (“WICET”), to fund its share of the pre-financial close project costs of the proposed new Wiggins Island Coal Export Terminal (“Capacity Commitment Deed”). As at 31 May 2011, CCPL had contributed A\$8 million of its committed A\$17 million.

8.5 Subscription Agreement

On 3 March 2011, CCPL entered into a subscription agreement for up to A\$37 million of preference equity in the share capital of WICET as part of the Wiggins Island fundraising campaign for which CCPL has already provided A\$10.2 million by way of collateral. CCPL’s allotment of preference equity at financial close is subject to adjustment depending on the level of third party interest in the fundraising. Any adjustment is on a *pro rata* basis with the other subscribers to the agreement. Funding provided under the Capacity Commitment Deed is also credited against this subscription at financial close. CCPL has provided certain customary warranties about its capacity to enter into the agreement.

9. SOURCES AND BASES

- 9.1 The value attributed to the entire issued share capital of Caledon is based upon the 279,545,516 Caledon Shares in issue as at the date of the Announcement.
- 9.2 Unless otherwise stated, all prices for Caledon Shares are the closing middle market quotation derived from AIM on the relevant date.
- 9.3 References to a percentage of Caledon Shares are based on the number of Caledon Shares in issue as set out in paragraph 9.1 above.
- 9.4 Unless otherwise stated financial information relating to Caledon and the Wider Caledon Group has been extracted or provided (without material adjustment) from the audited annual consolidated report and accounts for Caledon for the three years ended 31 December 2010.
- 9.5 All share prices expressed in pence and all percentages have been rounded to two decimal places.
- 9.6 Volume weighted average price has been calculated by adding up the value traded for every transaction (price times shares traded) and then dividing by the total shares traded for the specified time period.

10. OTHER INFORMATION

- 10.1 Save as disclosed in this document, no proposal exists in connection with the Acquisition that any payment or other benefit will be made or given to any of the Caledon Directors as compensation for loss of office or as consideration for, or in connection with, his retirement from office.
- 10.2 Save for the irrevocable undertakings and letters of intent disclosed in paragraph 4 of this Part 8, no agreement, arrangement or undertaking exists between any person and Caledon or Bidco or any person acting in concert with Caledon, for the purposes of the Acquisition, in relation to relevant securities of Bidco or Caledon, including, in addition to indemnity and option arrangements, any agreement or understanding, formal or informal, or whatever nature, which may be an inducement to deal or refrain from dealing.
- 10.3 Save for the irrevocable undertakings and letters of intent disclosed in paragraph 4 of this Part 8 and the option granted to Ord disclosed in paragraph 7.4 of Part 2 to this document, no agreement, arrangement or understanding (including any compensation agreement) exists between Bidco or any person acting in concert with Bidco for the purposes of the Acquisition and any of the directors, or recent directors, shareholders, recent shareholders of Caledon or any person interested or recently interested in shares of Caledon having any connection with or dependence on, or which is conditional on the Scheme becoming Effective.
- 10.4 PricewaterhouseCoopers has given and not withdrawn its written consent to the issue of this document with the references to its name included herein in the form and context in which they appear. PricewaterhouseCoopers is authorised and regulated by the Financial Services Authority.

- 10.5 RBC Capital Markets has given and not withdrawn its written consent to the issue of this document with the references to its letter and name included herein in the form and context in which they appear. RBC Capital Markets is authorised and regulated by the Financial Services Authority.
- 10.6 Save as disclosed in this document, the Caledon Directors do not know of any material change in the financial or trading position of the Caledon since 31 December 2010, the date to which the last published audited consolidated accounts of Caledon were prepared.
- 10.7 Save as disclosed in this document, neither Bidco nor any person acting in concert with Bidco for the purpose of the Acquisition, has any arrangement with any person in relation to relevant securities of Caledon. For these purposes “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.
- 10.8 At the date of this document, Caledon does not hold any Caledon Shares in treasury.
- 10.9 Except with the consent of the Panel, settlement of the consideration to which each Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be entitled, against such Scheme Shareholder.
- 10.10 Save as disclosed in this document, there are no arrangements of the kind referred to in Note 6(b) on Rule 8 of the City Code which exist between Bidco or any person acting, or presumed to be acting, in concert with Bidco, and any other person nor between Caledon or any associate of Caledon and any other person.
- 10.11 Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any of the New Caledon Shares issued to Bidco pursuant to the Scheme will be transferred to any other person, but Bidco reserves the right to transfer any New Caledon Shares to any member of the GRAM Group or any nominee.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on weekdays (Saturdays, Sundays and public holidays excluded) at the offices of Nabarro LLP, Lacon House, 84 Theobald’s Road, London WC1X 8RW during the period up to and including the Effective Date or the date on which the Scheme lapses or is withdrawn whichever is the earlier:

- 11.1 the existing memorandum of Caledon and the Caledon Articles;
- 11.2 a summary of the general provisions of the Corporations Act 2001 (Cth) which apply to Bidco, otherwise known as the “replaceable rules”;¹
- 11.3 a draft of the articles of association of the Company, marked to show the changes set out in the Resolution;
- 11.4 the published audited consolidated accounts of Caledon for the three years ended 31 December 2010;
- 11.5 the service agreements and letters of appointment of the Directors of Caledon referred to in paragraph 6 of this Part 8;
- 11.6 the irrevocable undertakings and letters of intent referred to in paragraph 4 of this Part 8;
- 11.7 the material contracts referred to in paragraph 8 of this Part 8;
- 11.8 the written consents referred to in paragraphs 10.4 and 10.5 of this Part 8; and
- 11.9 this document, the Forms of Proxy and the CDI Voting Instruction Forms.

In addition, the above documents are available for viewing at Caledon’s website at <http://www.caledonresources.com> or on GRAM’s website at <http://www.gdrising.com.cn/English>.

¹ Note: Bidco is not currently incorporated with a constitution as it is a wholly-owned indirect subsidiary of GRAM. Under Australian corporations law, if a private company has not specifically adopted a constitution, it will be governed by the “replaceable rules”.

PART 9

DEFINITIONS

The following definitions apply throughout this document (with the exception of Part 3) unless the context requires otherwise:

“£”, “p”, “pence” and “Sterling”	means pounds and pence sterling, the lawful currency of the United Kingdom;
“A\$”	means Australian dollars, the lawful currency of Australia;
“Acquisition”	means the proposed acquisition of Caledon by Bidco, a wholly owned subsidiary of GRAM, by means of the Scheme on the terms and subject to the conditions set out in this document and where the context admits, any subsequent revision, variation, extension or renewal thereof and together with all other related matters to be considered at the Court Meeting and General Meeting;
“AEST”	means Australian Eastern Standard Time;
“AIM”	means the AIM market operated by the London Stock Exchange;
“AIM Rules”	means the AIM Rules for Companies published from time to time by the London Stock Exchange;
“Alternative Proposal”	means (a) any offer (construed in accordance with the City Code, whether or not subject to any pre-condition(s)), proposal or indication of interest from, or on behalf of, any person other than GRAM or Bidco or any person acting in concert (as defined in the City Code) with GRAM or Bidco which, if accepted, implemented or otherwise carried out in full, would result in such person, directly or indirectly, acquiring (in one transaction or a series of transactions): (i) control (as defined in the City Code) of, or a substantial equity interest in, Caledon or any of its subsidiary undertakings; or (ii) a material part of the business or assets of Caledon or any of its subsidiary undertakings; or (b) any de-merger and/or any material re-organisation of the Caledon Group; or (c) any other agreement, arrangement, transaction or series of transactions with a party that is not acting in concert (as defined in the City Code) with GRAM or Bidco which would be inconsistent with or would be reasonably likely to preclude, impede or delay the implementation of the Acquisition;
“Announcement”	means the announcement made under rule 2.5 of the City Code on 23 June 2011 regarding the proposed offer for Caledon by Bidco;
“ASIC”	means the Australian Securities and Investments Commission;
“ASX”	means ASX Limited, and where the context requires, the market operated by ASX Limited;
“Australia”	means the Commonwealth of Australia, its territories and possessions and all areas subject to its jurisdiction and all political sub-divisions thereof;
“Bidco”	means Guangdong Rising (Australia) Pty Ltd, a limited liability company incorporated in Australia with registration number ACN 147 138 592;
“Bidco Directors”	means the directors of Bidco as at the date of this document;
“Bidco Group”	means Bidco and its subsidiaries and subsidiary undertakings;
“Business Day”	means a day, other than a Saturday or a Sunday or public holiday or bank holiday, which banks are generally open for business in the City of London;
“C\$”	means Canadian dollars, the lawful currency of Canada;

“Caledon Articles”	means the articles of association of Caledon in force from time to time;
“Caledon Board”	means the board of Caledon Directors;
“Caledon Directors”	means the directors of Caledon at the date of this document;
“Caledon Group”	means Caledon and its subsidiaries and subsidiary undertakings;
“Caledon Loan Notes”	means the 8.5 per cent convertible loan notes 2013 issued by Caledon and remaining outstanding;
“Caledon Shareholders”	means holders of Caledon Shares;
“Caledon Share Schemes”	means the Finelot 2000 Discretionary Share Option Scheme and the Caledon Resources plc 2006 Share Option Scheme;
“Caledon Shares”	means the ordinary shares of 0.5 pence each in the share capital of Caledon;
“Cash Consideration”	means the cash consideration of 112 pence (£1.12) per Caledon Share payable to Scheme Shareholders for each Scheme Share cancelled pursuant to the Scheme;
“CDI”	means interests in Caledon Shares held through a CHESSE Depositary Interest, a financial product quoted on ASX that represents a unit of beneficial interest in the foreign financial product to which it relates, which are quoted on ASX, where the underlying Caledon Shares are held by CHESSE Depositary Nominees Pty Limited ACN 071 346 506;
“CDI Depositary”	CHESSE Depositary Nominees Pty Limited, Level 6, 20 Bridge Street, Sydney, NSW 2000;
“CDI Holder”	means the registered holders of the CDIs;
“CDI Registrar”	means Computershare Investor Services Pty Ltd ACN 078 279 277;
“CDI Voting Instruction Form(s)”	means either or both of the voting instruction forms used to instruct CHESSE Depositary Nominees Pty Limited ACN 071 346 506 as to how to cast votes on the Caledon Shares underlying the CDIs for use at the Court Meeting or the General Meeting as the context requires;
“certificated” or “in certificated form”	means a share or other security which is not in uncertificated form (that is, not in CREST);
“China”	means the People’s Republic of China;
“City Code” or “Code”	means the City Code on Takeovers and Mergers issued from time to time by or on behalf of the Panel;
“Closing Price”	means the middle market price of a Caledon Share at the close of business on the day to which such price relates, as derived from the AIM Appendix of the Daily Official List of the London Stock Exchange for that day;
“Companies Act”	means the Companies Act 2006, including any statutory modification or re-enactment thereof from time to time in force;
“Company” or “Caledon”	means Caledon Resources plc registered in England and Wales with company number 3993115;
“Computershare”	means Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS13 8AE, who are Caledon’s registrars;
“Conditions”	means the conditions to the implementation of the Scheme and the Acquisition which are set out in Part 5 of this document;
“Court”	means the High Court of Justice in England and Wales;
“Court Hearings”	means the First Court Hearing and/or the Second Court Hearing as the case may be;

“Court Meeting”	means the meeting of the Scheme Shareholders convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve (with or without modification) the Scheme, notice of which is set out in Part 10 of this document including any adjournment thereof;
“Court Orders”	means the Scheme Court Order and the Reduction Court Order;
“CREST”	means the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the Regulations;
“CREST Manual”	means the CREST Reference Manual referred to in agreements entered into by Euroclear;
“CREST member”	means a person who is, in relation to CREST, a system-member (as defined in the Regulations);
“CREST participant”	means a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
“CREST payment”	has the meaning given in the CREST Manual;
“CREST sponsor”	means a person who is, in relation to CREST, a sponsoring system-participant (as defined in the Regulations);
“CREST sponsored member”	means a CREST member admitted to CREST as a sponsored member;
“Daily Official List”	means the Daily Official List of the London Stock Exchange;
“Disclosure and Transparency Rules”	means the latest edition of the “Disclosure and Transparency Rules” issued by the Financial Services Authority and made under part VI of FSMA;
“Effective”	means the Scheme having become effective in accordance with its terms;
“Effective Date”	means the time and date on which the Scheme becomes Effective;
“Euroclear”	means Euroclear UK & Ireland Limited;
“Explanatory Statement”	means this document and in particular the statement prepared in compliance with section 897 of the Companies Act and contained in Part 2 of this document;
“First Court Hearing”	means the hearing by the Court of the claim form to sanction the Scheme under section 899 of the Companies Act;
“Form(s) of Proxy”	means either or both of the blue form of proxy for use at the Court Meeting and the white form of proxy for use at the General Meeting which accompany this document, as the context requires;
“FSA” or “Financial Services Authority”	means the UK Financial Services Authority;
“FSMA”	means the Financial Services and Markets Act 2000, as amended;
“General Meeting”	means the general meeting of Caledon Shareholders convened in connection with the Acquisition, notice of which is set out in Part 11 of this document (and any adjournment thereof);
“GRAM”	means Guangdong Rising Assets Management Co., Ltd.;
“GRAM Directors”	means the directors of GRAM as at the date of this document;
“GRAM Group”	means GRAM and its subsidiaries and subsidiary undertakings;
“holder”	means a registered holder, including any person entitled by transmission;

“Implementation Agreement”	means the implementation agreement between Caledon, GRAM and Bidco dated 23 June 2011 in connection with the implementation of the Scheme, as further described in paragraph 8.3 of Part 8 of this document;
“London Stock Exchange”	means London Stock Exchange plc;
“Meetings”	means the Court Meeting and/or the General Meeting as the case may be;
“members”	means members of the Company on the register of members at any relevant date;
“New Caledon Shares”	means the new ordinary shares of 0.5 pence each in the capital of Caledon to be issued in accordance with clause 1.2 of the Scheme;
“Noteholders”	means the holders of Caledon Loan Notes;
“Offer”	means if Bidco elects to effect the Acquisition by means of a takeover offer (as defined in Part 28 of the Companies Act), the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of Caledon, other than any Caledon Shares owned by Bidco or Bidco’s associates including, where the context so requires, any subsequent revision, variation, extension or renewal of such offer;
“Offer Period”	means the period commencing on 17 September 2010 and ending on the Effective Date (or in accordance with the City Code);
“Ord”	means Ord River Resources Limited, a company incorporated in Australia with Australian Company Number 108 737 711
“Overseas Shareholders”	means Scheme Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the UK;
“Panel” or “Takeover Panel”	means the Panel on Takeovers and Mergers;
“participant ID”	means the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“Polo”	means Polo Resources Limited;
“Possible Acquisition Announcement”	means the announcement made under rule 2.4 of the City Code on 8 November 2010 regarding the possible offer for Caledon by Bidco;
“PricewaterhouseCoopers”	means PricewaterhouseCoopers LLP, financial adviser to GRAM and Bidco;
“RBC Capital Markets”	means Royal Bank of Canada Europe Limited, trading as RBC Capital Markets, financial adviser to Caledon;
“Reduction Court Order”	means the order of the Court confirming the Reduction of Capital under section 648 of the Companies Act;
“Reduction of Capital”	means the reduction of Caledon’s share capital pursuant to section 641 of the Companies Act, involving the cancellation and extinguishing of the Scheme Shares, provided for by the Scheme;
“Registrar of Companies”	means the Registrar of Companies in England and Wales;
“Regulations”	means the Uncertificated Securities Regulations 2001 as amended;
“Regulatory Information Service” or “RIS”	means any of the services set out in Appendix 3 to the Listing Rules made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services and Markets Act 2000 or any of the services through or ways in which announcements are released on or to the ASX;

“Resolution”	means the special resolution set out in the notice of the General Meeting in Part 11 of this document;
“RMB”	means Renminbi, the lawful currency of China;
“Scheme” or “Scheme of Arrangement”	means the proposed scheme of arrangement under sections 895 to 899 of the Companies Act between Caledon and Scheme Shareholders to implement the Acquisition set out in Part 4 of this document, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Caledon and Bidco;
“Scheme Court Order”	means the order of the Court sanctioning the Scheme under section 899 of the Companies Act;
“Scheme Record Time”	means 7.00 p.m. on the Business Day immediately prior to the Second Court Hearing;
“Scheme Shareholders”	means the holders of Scheme Shares from time to time;
“Scheme Shares”	means the Caledon Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and at or prior to the Scheme Record Time, on terms that the holder shall be bound by the Scheme or, in the case of any subsequent holders of any such Caledon Shares issued prior to the adoption of the amendment to the Caledon Articles to be adopted at the General Meeting, in respect of which the holder shall have agreed in writing to be bound by the Scheme, in each case excluding any Caledon Shares legally or beneficially owned by members of the GRAM Group;
“Second Court Hearing”	means the hearing by the Court of the claim form to confirm the Reduction of Capital under section 645 of the Companies Act;
“subsidiary”, “subsidiary undertaking” or “associated undertaking”	have the meanings ascribed to them under the Companies Act;
“Substantial Interest”	means a direct or indirect interest of 20 per cent or more of equity share capital;
“Third Party”	means a central bank, government, governmental, quasi-governmental, supranational, statutory, regulatory, environmental, or investigative body, trade agency, court, association, institution or any other body or person in any jurisdiction;
“UK” or “United Kingdom”	means the United Kingdom of Great Britain and Northern Ireland (and its dependent territories);
“UK Listing Authority”	means the FSA acting in its capacity as the competent authority for the purposes of part VI of FSMA;
“uncertificated” or “in uncertificated form”	means a share or other security recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“US” or “United States”	means the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia and any area subject to its jurisdiction;
“US\$”	means US dollars, the lawful currency of the United States;

“Voting Record Time”	means 6.00 p.m. on the second day before the Court Meeting or General Meeting or any adjournment thereof (as the case may be);
“Wider Caledon Group”	means Caledon, its subsidiary undertakings, associated undertakings and any other undertakings in which that company and such undertakings (aggregating their interests) have a Substantial Interest; and
“Wider GRAM Group”	means GRAM, its subsidiary undertakings, associated undertakings and any other undertakings in which that company and such undertakings (aggregating their interests) have a Substantial Interest.

All the times referred to in this document are London times unless otherwise stated.

References to the singular include the plural and vice versa.

PART 10

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT
DEPUTY REGISTRAR GARWOOD

No. 5491 of 2011

IN THE MATTER OF CALEDON RESOURCES PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 30 June 2011 made in the above matters, the Court has given liberty for Caledon Resources plc (the "**Company**") to convene a meeting (the "**Court Meeting**") of the holders of the Scheme Shares (as defined in the Scheme of Arrangement referred to below), for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement pursuant to section 899 of the Companies Act 2006 proposed to be made between the Company and the holders of the Scheme Shares and that such meeting will be held at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW on 25 July 2011, at 10.00 a.m. (London time) at which place and time all holders of the Scheme Shares are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the document of which this notice forms part.

Scheme Shareholders (as defined in the Scheme of Arrangement) entitled to attend and vote at the meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their place. A blue Form of Proxy for use at the Court Meeting is enclosed with this notice. Completion and return of a blue Form of Proxy will not prevent a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he wishes to do so.

In the case of joint holders of Scheme Shares, any one such joint holder may tender a vote, whether in person or by proxy, at the Court Meeting, however the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares. Scheme Shareholders are also entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. A space has been included in the blue Form of Proxy to allow Scheme Shareholders to specify the number of Scheme Shares in respect of which that proxy is appointed. Scheme Shareholders who return the blue Form of Proxy duly executed but leave this space blank or specify a number of Scheme Shares in excess of those held by the Scheme Shareholder at the time referred to below, will be deemed to have appointed the proxy in respect of all of their Scheme Shares.

Scheme Shareholders who wish to appoint more than one proxy in respect of their shareholding should read the notes on the blue Form of Proxy and note the principles that will be applied in relation to multiple proxies.

Scheme Shareholders who hold Scheme Shares through CREST (as defined in the Scheme of Arrangement) and who wish to appoint a proxy or proxies for the Court Meeting or any adjournment(s) by using the CREST voting service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

It is requested that the blue Form of Proxy (together with any power of attorney or other authority under which it is signed, or a duly certified copy of such power or authority) be returned by post using the pre-paid envelope (if posted from within the UK) or, during normal business hours only, by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by 10.00 a.m. (London time) on 23 July 2011 or, in the case of an adjourned Court Meeting, not less than 48 hours before the time appointed for the adjourned Court Meeting, but if the blue Forms of Proxy are not so returned they may be handed to the Chairman of the Court Meeting or Computershare, in each case before the start of the Court Meeting and will still be valid.

In order for a proxy appointment or instruction made using the CREST voting service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by no later than 10.00 a.m. (London time) on 23 July 2011 or, in the case of an adjourned meeting, not less than 48 hours before the time appointed for the adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsor or voting service provider, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timing.

CREST members may appoint a proxy or proxies electronically through CREST via Computershare (ID 3RA50).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Entitlement to attend and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two days before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time will be disregarded in determining the rights of any person to attend or vote at the meeting, or at any adjournment thereof.

Voting at the Court Meeting will be conducted on a poll rather than a show of hands.

By the said Order, the Court has appointed Mark Trevan or, failing him, Peter Seear or, failing him, David Treadwell to act as Chairman of the Court Meeting and has directed the Chairman to report the result of the Court Meeting to the Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated: 1 July 2011

Nabarro LLP
Lacon House
84 Theobald’s Road
London WC1X 8RW
Solicitors for the Company

PART 11

NOTICE OF GENERAL MEETING

CALEDON RESOURCES PLC

(Registered in England and Wales under company number 3993115)

NOTICE IS HEREBY GIVEN that a general meeting of Caledon Resources plc (the “**Company**”) will be held at Nabarro LLP, Lacon House, 84 Theobald’s Road, London WC1X 8RW on 25 July 2011 at 10.15 a.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT for the purpose of giving effect to the scheme of arrangement dated 1 July 2011 between the Company and the holders of its Scheme Shares (each as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof in its original form or subject to any such modification, addition or condition approved or imposed by the Court and/or agreed by the Company and Guangdong Rising (Australia) Pty Ltd (“**Bidco**”) (the “**Scheme**”):

1. the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
2. the share capital of the Company be reduced by cancelling and extinguishing all the Scheme Shares (as defined in the Scheme);
3. subject to and immediately upon the reduction of share capital referred to in paragraph 2 above taking effect:
 - 3.1 the reserve arising in the books of account of the Company as a result of the reduction of share capital referred to in paragraph 2 above shall be capitalised and applied by the Company in paying up in full at par such number of New Caledon Shares (as defined in the Scheme) as have an aggregate nominal value equal to the aggregate nominal value of the Scheme Shares cancelled pursuant to paragraph 2 above, which shall be allotted and issued, (free from all liens, charges, equitable interests, encumbrances, rights of preemption and any other third party rights of whatsoever nature and together with all rights attaching to them credited as fully paid), to Bidco and/or its nominee(s) in accordance with the terms of the Scheme; and
 - 3.2 for the purposes of section 551 of the Companies Act 2006 (and so that expressions used in this resolution shall bear the same meaning as in the said section 551), the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities in connection with the Scheme provided always that:
 - 3.2.1 the maximum aggregate nominal amount of relevant securities that may be allotted under this authority shall be the aggregate nominal amount of the said New Caledon Shares created pursuant to paragraph 3.1 of this resolution;
 - 3.2.2 this authority shall expire (unless previously revoked, varied or renewed) on the fifth anniversary of this resolution; and
 - 3.2.3 this authority shall be in addition and without prejudice to any other authority under section 551 of the Companies Act 2006 previously granted and in force on the date on which this resolution is passed; and
4. with effect from the passing of this resolution, the articles of association of the Company be amended by the adoption and inclusion of the following new article 168:

“168. SCHEME OF ARRANGEMENT

- 168.1 In this article 168, the “**Scheme**” means the scheme of arrangement dated 1 July 2011, between the Company and the holders of its Scheme Shares (each as defined in the Scheme) under section 899 of the Companies Act 2006 in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and Guangdong Rising (Australia) Pty Ltd (“**Bidco**”) and (save as defined in this article) expressions defined in the Scheme shall have the same meanings in this article.

- 168.2 Notwithstanding any other provision of these articles, if the Company issues any shares (other than to Bidco or its nominee(s)) after the adoption of this article and at or before the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the new member, and any subsequent holder of such shares (other than Bidco and/or its nominee or nominees) shall be bound by the Scheme accordingly.
- 168.3 Subject to the Scheme becoming Effective (as defined in the Scheme), if any shares are issued to any person (a **“New Member”**) (or transferred to any subsequent holder or any nominee of such New Member or any subsequent holder) (other than under the Scheme or to Bidco or its nominee(s)) after the Scheme Record Time (as defined in the Scheme) (the **“Transfer Shares”**), they shall (on the Effective Date (as defined in the Scheme) or, if later, on issue) be immediately transferred to Bidco (or as it may direct) (the **“Purchaser”**) in consideration of, and conditional on, the payment by the Purchaser to the New Member (or to any transferee if such shares have been so transferred to any subsequent holder or any nominee of such New Member or any subsequent holder) of such amount of cash consideration as would have been paid pursuant to the Scheme for each such share as if it were a Scheme Share.
- 168.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation), the value of the consideration per share to be paid under paragraph 168.3 of this article shall be adjusted by the Directors in such manner as the Company’s auditors may determine to be appropriate to reflect such reorganisation or alteration. References in this article to shares shall, following such adjustment, be construed accordingly.
- 168.5 To give effect to any transfer required by paragraph 168.3 above, the Company may appoint any person as attorney for the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) to transfer the Transfer Shares to the Purchaser and do all such other things and execute and deliver all such documents as may in the opinion of the attorney be necessary or desirable to vest the Transfer Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Transfer Shares as the Purchaser may direct. If an attorney is so appointed, the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) shall not thereafter be entitled to exercise any rights attaching to the Transfer Shares unless so agreed by the Purchaser. The attorney shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the purchase price of the Transfer Shares and may register the Purchaser as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) for the Transfer Shares. The Purchaser shall send a cheque drawn on a UK clearing bank in favour of the New Member (or the relevant transferee or nominee) for the purchase price of each Transfer Share within fourteen days of the time on which such Transfer Shares are issued to the New Member.
- 168.8 Notwithstanding any other provision of these articles neither the Company nor the Directors shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date.
- 168.9 If the Scheme shall not have become effective by the date referred to in clause 5.2 of the Scheme, this article 168 shall be of no effect.”

By order of the Board

Jeremy Gorman
Company Secretary
Lacon House
84 Theobald’s Road
London
WC1X 8RW
1 July 2011

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her provided that if more than one proxy is appointed each proxy is appointed to exercise rights attaching to different shares. A proxy need not be a member of the Company.
2. To appoint more than one proxy, please photocopy the white Form of Proxy indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed and follow the instructions set out in the white Form of Proxy.
3. The "Vote Withheld" option is provided to enable you to abstain on the specified resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the specified resolution.
4. A white Form of Proxy is enclosed with this notice. Instructions for use are shown on the form.
5. To be valid, the white Form of Proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received at the offices of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting. Completion and return of a white Form of Proxy will not prevent a member from attending and voting in person at the meeting, or any adjournment thereof, in person if he wishes to do so.
6. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that entitlement to attend and vote at the meeting or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 6.00 p.m. on the date two days before the date of the meeting or any adjourned meeting (as the case may be). Changes to the register of members after 6.00 p.m. on 23 July 2011 or, if the meeting is adjourned, after 6.00 p.m. on the day prior to the day immediately before the day fixed for the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.
7. Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for the meeting or any adjournment(s) by using the CREST voting service may do so by using the procedures described in the CREST Reference Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. If you submit your proxy electronically through CREST, to be valid the appropriate CREST message (regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Computershare (under CREST participant ID (3RA50)), by no later than 10.15 a.m. on 23 July 2011 (or, in the case of an adjourned meeting, not less than 48 hours before the time of the adjourned meeting). The time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in a manner prescribed by CREST.
8. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear do not make available special procedures in CREST for any particular messages and the normal system timings and limitations apply to the input CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider are referred, in particular, to those sections of the CREST Reference Manual concerning practical limitations of the CREST system and timings. CREST members may appoint a proxy or proxies electronically through CREST via Computershare.
10. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. Except as provided above, members who wish to communicate with the Company in relation to the matters set out in this notice should do so in writing to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, or by phone on 0870 889 4093 (or +44 870 889 4093 if calling from outside the UK). Calls to the 0870 889 4093 number cost 7.3 pence (£0.073) per minute from within the UK plus your service provider's network extras. Please note that calls to Computershare may be monitored or recorded, and no advice on the Scheme or its merits nor any legal, taxation or financial advice, can be given. No other methods of communication will be accepted. In particular you may not use any electronic address provided in the document of which this notice forms part or in any related documents (including the Form of Proxy for use at the meeting and the Form of Proxy for use at the related Court meeting) for any purposes other than those expressly stated.
12. CDI Holders may instruct the CDI Registrar to instruct the CDI Depository how to vote at this meeting in respect of the Caledon Shares underlying the CDIs. Registered CDI Holders may sign and complete a CDI Voting Instruction Form in accordance with the instructions contained thereon which should be received by the CDI Registrar by mail by no later than 7.15 p.m. (AEST) on 21 July 2011.
13. CDI Holders who wish to attend, speak or vote at the General Meeting can appoint themselves as a proxy for the CDI Depository in accordance with the instructions contained in the relevant CDI Voting Instruction Form.

