31 August 2010

Caledon Resources plc
("Caledon" or the "Company")

Interim Results for the six months ended 30 June 2010

Caledon Resources plc announces its interim results for the six months ended 30 June 2010.

Highlights

- July-September realised coking coal prices forecast to increase to US$198/tonne
- 2010 forecast saleable production revised down to 600,000 tonnes
- 700,000 tonne rate forecast from September
- Wiggins Island bid bond lodged for 4 million tonnes of capacity

Summary of results

	6 months to 30.6.10 A$ million	6 months to 30.6.09 A$ million
Revenue	**39.4**	39.6
Cost of coal sales	**(43.1)**	(39.1)
Gross (loss)/profit	**(3.7)**	0.5
Loss for the period	**(7.1)**	(7.7)
EPS – cents	**(3.3)**	(3.7)
Cash at bank	**13.5**	28.8

Comments on the Results and Short Term Outlook

Cook

Recovery in coal prices and demand became apparent in the latter part of 2009. The average US$ price received during the current period was higher at US$143/tonne (1H09: US$121/tonne), but revenue received per tonne in A$ was lower at A$161/t (1H09 A$173/t) due the average exchange rate for the period rising to US$:A$0.89 (1H09 US$:A$0.70). The change in A$ and US$ revenues per tonne reflect in part a change in sales mix, with lower priced thermal coal sales being 17% of the mix in the current half, versus only 9% in the comparative half last year.

The trajectory of price movements in the current half was the opposite of the movement in the first half last year, as indicated in the table below. The first half of 2009 was characterised by prices falling to lower levels, to some extent offset by a decline in the A$:US$ exchange rate, whilst prices in the first half of the current year rose, with little movement in the relatively high exchange rate. Prices denominated in both US$ and A$ terms strengthened considerably in the current half in contrast to a significant decline in the first half last year.

		Average Price and Exchange Rate					
		Q1 10	**Q2 10**	**H1 10**	**Q1 09**	**Q2 09**	**H1 09**
Coking	US$/t	123.74	180.19	151.73	140.47	106.55	125.67
Thermal	US$/t	96.25	106.38	102.22	78.85	65.55	70.30
Average	US$/t	119.82	165.76	143.33	137.01	101.56	120.91
Average	A$:US$	0.90	0.89	0.89	0.66	0.77	0.70
Coking	A$/t	136.84	201.98	169.14	212.16	137.13	179.42
Thermal	A$/t	109.56	125.30	118.84	122.48	91.24	102.40
Average	A$/t	132.95	187.00	160.61	207.12	131.54	172.81

As with most of the industry, Caledon moved to quarterly coking coal pricing from April 2010. Based on agreed contract pricing and relevant shipment timing the average coking coal price for the July to September period is forecast to be approximately US$198/tonne.

In response to the recovery in demand, plans were adopted to expand production to meet the market opportunity. Late in 2009 the number of production crews employed was increased from 6 to 8 in order to fully crew 2 mining sections and during the first half of 2010 the number of production crews was increased to 12 to fully man 3 mining sections. A bar chart illustrating the comparative quarterly production profile for the two half years is set out in the full version of the Interim Results which is available on the Company's web-site at www.caledon.com

The ability to increase production during the half was initially constrained by the lack of opportunity to deploy a secondary extraction miner section. Cook had equipment for two development sections and up to two secondary extraction sections, but development of the South Argo area had not yet reached a stage where a secondary extraction section could be deployed and secondary extraction resources in North Argo were finally fully consumed in the first 6 weeks of 2010. It was therefore decided to implement a place change section using a non bolting miner and mobile bolting rig in an area between pit bottom and the previous North Argo workings to permit deployment of an additional production section. Unfortunately issues with roof control made this system relatively unproductive and, when secondary extraction coal became available in the second half of 2010, the place change operation was discontinued.

Coal processing performance is detailed in the following table.

Coal Processing Performance

		1H10	1H09
Coal Processed	tonnes x 1000	323.4	320.1
Coking Product	tonnes x 1000	194.7	209.1
Thermal Product	tonnes x 1000	40.1	40.7
Product Recovery	percent	73%	78%
Coking Split	percent	83%	84%

Coal processing performance was impacted by the lower proportion of feed sourced from secondary extraction, which delivers much higher recovery than does development coal. Secondary extraction coal comprised 17% of feed in 2010 vs 24% of feed in 2009. Performance was also affected by the need to take a thickening band of shale in the roof in the down dip area of the South Argo development panels. Future development panels are being planned to avoid the need to take as much of this shale.

Costs of sales were A$43.1 million (1H09: A$39.0 million) for 244kt of coal sold (1H09: 229kt). Cost of sales on a unit basis was A$177/tonne (1H09: A$171/tonne) up 3.5%.

Increased unit costs arose from:

- mining a higher proportion of coal in development rather than secondary extraction. Note: In many operations part of the cost of mains development is capitalised. This is not the case at Cook;
- a small increase in labour rates;
- a substantial increase in maintenance expenditure to conduct major overhauls;
- excavating the wash plant tailings dam to provide room for future production;
- increased cost of working in challenging strata conditions in the Magatar panel; and
- lower product recovery from run of mine coal feed.

The group continues to seek opportunities to improve operating efficiencies and production effectiveness to further drive unit costs down to sustainable levels.

Significant operational achievements during the period included driveage of two panels off the South mains, completed in July, which are now available for secondary extraction. Two further secondary extraction panels are being developed whilst these panels are extracted, so that secondary extraction operations may continue without interruption for the remainder of the year.

Slower than planned development rates have delayed the commencement of high productivity secondary extraction operations and the Company has consequently reduced its sales target for 2010 to 600kt. However, the Company is confident of achieving a minimum 700kt rate from September.

Minyango

The final report from the baseline ecological study undertaken over the proposed Minyango mining area has now been received with no significant issues identified.
A project manager has been engaged in preparation for commencing the final feasibility study in the fourth quarter of this year.

Wiggins Island

Caledon has been advised by Wiggins Island Coal Export Terminal Pty Ltd that its application for 4 million tonnes of capacity in Stage 1 of the proposed new coal terminal has satisfied the initial due diligence requirements for prospective users. As a result, the Company has entered into a Deed, supported by a A$3.1 million bid bond, detailing its intention to enter into a binding take or pay agreement on completion of funding for the project. The Deed and bid bond are currently held in escrow pending receipt by the Company of certain project authorisation milestones.

Polo Merger

On 27 April 2010 the Company entered into discussions with Polo Resources Limited ('Polo') for the potential combination of the two companies. Under the terms of the possible offer and subject to a number of pre-conditions, Polo were prepared to make an all share offer for the entire issued and to be issued share capital of Caledon.

Additionally, Caledon and Polo entered into two loan facility agreements ("Loan Facilities"). Under the first agreement, Polo provided a short term credit facility for up to £18 million to Caledon to be used, if required, to aid funding of the repayment of Caledon's 8.5 per cent convertible loan notes due 5 July 2010. Under the second agreement, Polo provided a credit facility for up to A$4 million to Caledon to be used, if required, in the potential lodgement of a bid bond associated with the Wiggins Island tonnage allocation process.

On 24 June 2010 the Company and Polo jointly agreed to terminate the merger discussions. The reason for this was primarily due to market volatility which prevented the parties from reaching mutually agreeable terms for any such merger.

Although the merger discussion had been terminated the Loan Facilities remained in place and on 2 July 2010 Caledon drew down £14.9 million from the £18 million facility in order to repay the £14.5 million 2010 loan notes then outstanding. This loan is repayable on or before 31 October 2010.

On 23 July 2010 the Company drew down the entire amount available from the A$4 million facility. A$3.1 million of these funds were used to lodge a bid bond in respect of the Wiggins Island Commitment Deed. The balance will be used to contribute to the Group's share of Wiggins Island project design and implementation costs. This loan is repayable on 31 October 2010.

Copies of this interim report for the six months ended 30 June 2010 will be available from the offices of Caledon Resources plc, 64 Knightsbridge, London, SW1X 7JF; the offices of Caledon Coal Pty Limited, Level 2, 87 Wickham Terrace, Brisbane, Queensland, Australia 4000 and on the Company's website www.caledon.com.

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Appendix 4D
Half-year report
For the half year ended 30 June 2010

1. This statement presents results for Caledon Resources plc for the 6 months ended 30 June 2010 and where applicable, comparative results for the six months ended 30 June 2009.

2. **Results for announcement to the market:**

	6 months to 30 June 2010 A$ million	6 months to 30 June 2009 A$ million	Change
Revenue from ordinary activities	39.4	39.6	Down 0.5%
Net loss after tax – ordinary activities	(7.1)	(7.7)	Down 7.8%
Net loss after tax – attributable to members	(7.1)	(7.7)	Down 7.8%

3. **Dividends**
The directors do not recommend the payment of a dividend for the period (1H09: NIL).

6 months ended 30 June 2010	Amount per security	Franked amount per security
Final dividend	Nil¢	Nil¢
Interim dividend	Nil¢	Nil¢

4. Net Tangible Assets (NTA) per security

	30.6.10	30.6.09
NTA per security	A$0.38	A$0.42

5. There has been no change in the entities over which Caledon Resources plc has control over the period.

6. All other information can be obtained from the attached financial statements and accompanying notes. This statement is based on a financial report which has been subject to a review.

Financial Review

The Group made a loss for the period of A$7.1 million compared to a loss of A$7.7 million in the first half of 2009, an improvement of 7.8%. The loss per share for the period was 3.33 cents compared with a loss per share of 3.66 cents for the same period in 2009.

The Group generated a loss from operations of A$9.0 million on revenue of A$39.4 million, compared to the first half 2009 loss from operations of A$9.4 million and revenue of A$39.6 million.

Revenue recognised for the period was generated from the sale of 203kt (1H09:210kt) of coking and 41kt (1H09: 20kt) of thermal product, being revenue generated from the Cook Mine, based in Queensland, Australia. Revenue received per tonne was A$169 for coking coal (1H09: A$179) and A$119 (1H09: A$102) for thermal coal. Details of prices received in US$ and exchange rates are included in the Cook commentary above.

Costs of sales were A$43.1 million (1H09: A$39.0 million). Cost of sales on a unit basis was A$177/tonne (1H09: A$171/tonne) up 3.5%. 235kt of coal was produced in the period (1H09: 250kt). Factors impacting on cost of sales are detailed in the Cook commentary above.

Administrative expenses were A$5.3 million (1H09: A$9.9 million) down 46.5%. The principal contributor to the decrease in administrative expense was an FX gain of $0.9 million (1H09: loss of $2.2 million). Additionally there were no redundancy costs in the period compared to the cost incurred in 1H09 of A$1.3 million. Net of FX gain/loss and redundancy costs, administrative expenses amounted to A$6.3 million (1H09: A$6.4 million), down 1.6%. Administrative expenses are detailed in note 4 to the interim financial statements.

Financing Costs

The interest charged on borrowing for the period was A$3.5 million (1H09: A$4.0 million) and comprised interest charged on the 2010 and 2013 convertible loans and asset finance loan.

The interest charged on the 2010 and 2013 convertible loans have been calculated in accordance with IAS 39 ('Financial Instruments: recognition and measurement') and result in a higher amount being charged to the income statement of A$3.5 million (1H09: A$3.7 million) compared to A$1.3 million (1H09: A$1.6 million) being the actual amount paid during the period.

Financial Position

The Group's balance sheet at 30 June 2010 and comparatives at 30 June 2009 are summarised below:

	30.6.10 **A$'000**	30.6.09 A$'000
Non-current assets	**164,315**	151,719
Current assets	**26,673**	39,166
Total assets	**190,988**	190,885
Current liabilities	**(43,196)**	(18,642)
Non-current liabilities	**(15,245)**	(39,109)
Total liabilities	**(58,441)**	(57,751)
Net assets	**132,547**	133,134

The increase in non-current assets was primarily due to a rise in the deferred tax asset and related mainly to the tax losses arising from the Australian operations.

Total borrowings have decreased from A$38.3 million at 30 June 2009 to A$34.4 million. The movement is attributable to the issue of new loan notes (increase of A$4.6 million), the conversion of loan notes (decrease of A$6.0 million), foreign exchange gains (decrease of A$4.6 million), unwinding expense (increase of A$4.0 million) and the asset finance loan (decrease of A$1.9 million).

Inventories
Included within inventories were coal stocks valued at A$1.9 million (1H09: A$3.1 million), representing 6.1kt (1H09: 1.1kt) of run of mine coal stocks and 16.3kt (1H09: 40.2kt) of product stocks held at period end.

Cash Flows
The net cash outflow from operating activities for the period was A$4.6 million (1H09: A$6.4 million).

Net cash used in investing activities was A$2.2 million (1H09: A$4.5 million), including amounts of A$2.2 million paid for property, plant and equipment; A$0.3 million of exploration expenditure incurred on the Minyango project, less A$0.3 million from interest received.

Net cash raised from financing activities was A$7.0 million (1H09: net cash used A$4 million) comprising A$0.1 million received from the exercise of share options, A$0.7 million being the net outflow from the repayment of the asset finance loan provided by Westpac Banking Corporation and a new asset finance loan provided by Commonwealth Bank of Australia and A$7.6 million (£4.2 million) raised from the issue of the 2013 convertible loan note.

The resulting period end cash and cash equivalents held totalled A$13.5 million (1H09: A$28.8 million).

INDEPENDENT REVIEW REPORT TO CALEDON RESOURCES PLC

Introduction

We have been engaged by the company to review the Consolidated Condensed Income Statement, the Consolidated Condensed Statement of Comprehensive Income, the Consolidated Condensed Balance Sheet, the Consolidated Condensed Statement of Changes in Equity, the Consolidated Condensed Cash Flow Statement and the related notes ("interim financial statements") in the interim report for the six months ended 30 June 2010.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Directors' responsibilities

The interim report, including the interim financial statements contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with IAS 34 "Interim Financial Reporting" and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim financial statements in the interim report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements in the interim report for the six months ended 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

Emphasis of matter – going concern

In forming our conclusion on the interim financial statements, we have considered the adequacy of the disclosures made in note 1 to the interim financial statements concerning the Group's ability to continue as a going concern. This is dependent on raising further funds to finance the repayment of loans on 31 October 2010. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

BDO LLP
Chartered Accountants and Registered Auditors
United Kingdom

30 August 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED CONDENSED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	**Unaudited 6 months to 30 June 2010 A$'000**	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Revenue	3	**39,396**	39,638	67,750
Cost of sales		**(43,108)**	(39,125)	(71,837)
Gross (loss)/profit		**(3,712)**	513	(4,087)
Administrative expenses	4	**(5,334)**	(9,912)	(12,773)
Loss from operations		**(9,046)**	(9,399)	(16,860)
Finance income	5	**1,523**	616	912
Finance expense	5	**(3,567)**	(4,082)	(7,802)
Loss for the period before taxation		**(11,090)**	(12,865)	(23,750)
Tax credit		**4,005**	5,182	12,388
Loss for the period attributable to equity holders of the parent company		**(7,085)**	(7,683)	(11,362)
Loss per share expressed in cents per share	13			
– Basic		(3.33)	(3.66)	(5.4)
– Diluted		(3.33)	(3.66)	(5.4)

CONSOLIDATED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited 6 months to 30 June 2010 A$'000	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Loss after taxation	**(7,085)**	(7,683)	(11,362)
Other comprehensive income:			
Upward revaluation of available for sale investment	**-**	-	381
Total comprehensive income for the period	**(7,085)**	(7,683)	(10,981)

CONSOLIDATED CONDENSED BALANCE SHEET AS AT 30 JUNE 2010

	Note	**Unaudited 6 months as at 30 June 2010 A$'000**	Unaudited 6 months as at 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Assets				
Non-current assets				
Intangible assets		**44,920**	44,291	44,660
Property, plant and equipment	6	**81,576**	82,357	81,935
Financial asset – available for sale investment		**535**	154	535
Deferred tax asset		**37,284**	24,917	32,281
		164,315	151,719	159,411
Current assets				
Inventory	7	**4,721**	4,804	4,399
Trade and other receivables	8	**8,464**	5,601	4,830
Cash and cash equivalents		**13,488**	28,761	13,603
		26,673	39,166	22,832
Total assets		**190,988**	190,885	182,243
Liabilities				
Current liabilities				
Borrowings	9	**26,885**	5,906	35,163
Derivative financial liability	9	**1,638**	-	-
Provisions		**1,711**	1,220	1,421
Trade and other payables	10	**12,962**	11,516	8,840
		43,196	18,642	45,424
Non-current liabilities				
Borrowings	9	**7,482**	32,383	-
Provisions		**1,899**	1,764	1,826
Deferred tax liability		**5,864**	4,962	5,013
		15,245	39,109	6,839
Total liabilities		**58,441**	57,751	52,263
Capital and reserves attributable to shareholders				
Share capital	11	**2,470**	2,345	2,345
Share premium	12	**154,960**	145,458	145,458
Other reserves	12	**(206)**	(206)	(206)
Revaluation reserve	12	**381**	-	381
Option premium on convertible loan	12	**8,240**	10,229	10,229
Foreign currency translation reserve	12	**11,414**	11,414	11,414
Retained earnings	12	**(44,712)**	(36,106)	(39,641)
		132,547	133,134	129,980
Total equity and liabilities		**190,988**	190,885	182,243

CONSOLIDATED CONDENSED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2010

Unaudited	**Share capital A$'000**	**Share premium A$'000**	**Other reserves A$'000**	**Revaluation reserve A$'000**	**Foreign currency translation reserve A$'000**	**Option premium on convertible loan A$'000**	**Retained earnings A$'000**	**Total A$'000**
At 1 January 2010	**2,345**	**145,458**	**(206)**	**381**	**11,414**	**10,229**	**(39,641)**	**129,980**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(7,085)**	**(7,085)**
Issue of shares	**125**	**9,502**	**–**	**–**	**–**	**–**	**–**	**9,627**
Conversion of loan notes	**–**	**–**	**–**	**–**	**–**	**(1,989)**	**1,989**	**–**
Equity settled share based payments	**–**	**–**	**–**	**–**	**–**	**–**	**25**	**25**
At 30 June 2010	**2,470**	**154,960**	**(206)**	**381**	**11,414**	**8,240**	**(44,712)**	**132,547**

Unaudited	Share capital A$'000	Share premium A$'000	Other reserves A$'000	Revaluation reserve A$'000	Foreign currency translation reserve A$'000	Option premium on convertible loan A$'000	Retained earnings A$'000	Total A$'000
At 1 January 2009	2,338	145,266	(206)	–	11,414	10,229	(28,639)	140,402
Total comprehensive income for the period	–	–	–	–	–	–	(7,683)	(7,683)
Issue of shares	7	192	–	–	–	–	–	199
Equity settled share based payments	–	–	–	–	–	–	216	216
At 30 June 2009	2,345	145,458	(206)	–	11,414	10,229	(36,106)	133,134

Audited	Share capital A$'000	Share premium A$'000	Other reserves A$'000	Revaluation reserve A$'000	Foreign currency translation reserve A$'000	Option premium on convertible loan A$'000	Retained earnings A$'000	Total A$'000
At 1 January 2009	2,338	145,266	(206)	–	11,414	10,229	(28,639)	140,402
Total comprehensive income for the year	–	–	–	381	–	–	(11,362)	(10,981)
Issue of shares	7	192	–	–	–	–	–	199
Equity settled share based payments	–	–	–	–	–	–	360	360
At 31December 2009	2,345	145,458	(206)	381	11,414	10,229	(39,641)	129,980

CONSOLIDATED CONDENSED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Unaudited 6 months to 30 June 2010 A$'000	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Cash flow from operating activities			
Loss before taxation	**(11,090)**	(12,865)	(23,750)
Adjustments for:			
Finance income	**(1,523)**	(616)	(912)
Finance expense	**3,567**	4,082	7,802
Depreciation	**2,542**	2,491	4,964
Disposal of property, plant and equipment	**4**	-	-
Equity settled share-based payment expense	**25**	216	360
Foreign exchange differences	**(770)**	515	(2,871)
Net cash flow from operating activities before changes in working capital	**(7,245)**	(6,177)	(14,407)
(Decrease)/increase in inventories	**(322)**	2,038	2,444
Increase/(decrease) in payables	**4,430**	(4,855)	(6,915)
Decrease in receivables	**122**	5,620	6,370
Net cash flow from operating activities before interest and taxation paid	**(3,015)**	(3,374)	(12,508)
Interest paid	**(1,401)**	(1,863)	(3,509)
Taxation paid	**(149)**	(1,166)	(1,682)
Net cash flow from operating activities	**(4,565)**	(6,403)	(17,699)
Investing activities			
Payments for property, plant and equipment	**(2,187)**	(4,057)	(6,108)
Payments for patents and trademarks	**-**	(16)	(16)
Interest received	**270**	616	912
Exploration costs capitalised	**(260)**	(1,073)	(1,443)
Net cash flow from investing activities	**(2,177)**	(4,530)	(6,655)
Financing activities			
Issue of ordinary shares	**143**	199	199
Issue of convertible loan note	**7,599**	-	-
(Repayment)/receipt of asset based finance	**(718)**	(1,142)	(2,341)
Repurchase of loan notes	**-**	(3,066)	(3,066)
Net cash flow from financing activities	**7,024**	(4,009)	(5,208)
Net increase/(decrease) in cash and cash equivalents in the period	**282**	(14,942)	(29,562)
Cash and cash equivalents at the beginning of the period	**13,603**	44,165	44,165
Effect of foreign exchange rate changes on cash and cash equivalents	**(397)**	(462)	(1,000)
Cash and cash equivalents at the end of the period	**13,488**	28,761	13,603

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The interim financial statements set out above are based on the consolidated financial statements of Caledon Resources plc and its subsidiary companies (together referred to as the "Group"). The interim financial statements of the Group for the six months ended 30 June 2010, which are unaudited, were approved by the Board on 31 August 2010. The interim financial statements contained in this Interim report do not constitute statutory accounts as defined by section 435 of Companies Act 2006. These interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 ('*Interim Financial Reporting*') and with the accounting policies set out in the Report and Accounts of Caledon Resources plc for the year ended 31 December 2009 and no changes to those policies are envisaged for the year end 31 December 2010 financial statements.

The statutory accounts for the year ended 31 December 2009 have been filed with the registrar of Companies. The auditors' report on those accounts was unqualified, but did include a reference to going concern which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) and 498 (3) of the Companies Act 2006.

The interim financial statements incorporate the results of Caledon Resources plc and its subsidiary undertakings as at 30 June 2010 using the acquisition and merger method of accounting as appropriate. The corresponding amounts are for the year ended 31 December 2009 and the 6 month period ended 30 June 2009.

The interim financial statements are presented in Australian dollars ('A$') and values are rounded to the nearest thousand dollars (A$000). This is also the Group's functional currency.

Going Concern

The interim financial statements have been prepared on a going concern basis. The Group's cash and cash equivalents stood at A$13.5 million at 30 June 2010. The Group intends to operate within its cash resources.

In July 2010 the Company utilised short term loan facilities provided by Polo Resources Limited borrowing £14.9 million and A$4 million. Both amounts must be repaid in full by 31 October 2010. Accordingly the Directors have prepared cash projections, showing the need to raise additional funds to finance the repayment of the amounts borrowed.

The Directors are actively pursuing a number of options to provide the required finance. However in the current market there can be no certainty that any of these transactions will complete. Failure to raise the required funds within the required timeframe may result in the Group failing to meet its loan repayments. As a result the Group's ability to continue as a going concern is dependent on raising the required funds in the required timeframe and the Directors expect to be able to secure this within the required timeframe.

The interim financial statements have been prepared on a going concern basis as the Directors expect the Group will be able to raise the required funds. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The interim financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

2. Dividend

The directors do not recommend the payment of a dividend for the period.

3. Segmental information

The Group has three reportable segments:

- Cook - this segment is involved in the production and sale of coal from the Cook Mine In Australia
- Minyango - this segment is involved in the exploration of coal within the Minyango licence area in Australia
- Head Office Operations - this segment is the head office of the Group

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess their performance.

The segment results for the period ended 30 June 2010 are as follows:

Unaudited Period ended 30 June 2010	**Cook A$'000**	**Minyango A$'000**	**Head office operations A$'000**	**Group A$'000**
Revenue from external customers	**39,396**	**-**	**-**	**39,396**
Segment result before allocation of central costs	**(8,258)**	**(59)**	**(729)**	**(9,046)**
Segment result after allocation of central costs	**(8,258)**	**(59)**	**(729)**	**(9,046)**
Interest expense	**(173)**	**-**	**(3,394)**	**(3,567)**
Interest revenue	**231**	**36**	**1,256**	**1,523**
Loss before taxation	**(8,200)**	**(23)**	**(2,867)**	**(11,090)**
Taxation	**4,357**	**(205)**	**(147)**	**4,005**
Reportable segment loss	**(3,843)**	**(228)**	**(3,014)**	**(7,085)**

Revenues from two external customers of the mining segment represent 100 percent of the Company's total revenues.

The segment results for the period ended 30 June 2009 are as follows:

Unaudited Period ended 30 June 2009	Cook A$'000	Minyango A$'000	Head office operations A$'000	Group A$'000
Revenue from external customers	39,638	-	-	39,638
Segment result before allocation of central costs	(6,428)	(67)	(2,904)	(9,399)
Segment result after allocation of central costs	(6,428)	(67)	(2,904)	(9,399)
Interest expense	(394)	-	(3,688)	(4,082)
Interest revenue	585	1	30	616
Loss before taxation	(6,237)	(66)	(6,562)	(12,865)
Taxation	5,271	99	(188)	5,182
Reportable segment loss	(966)	33	(6,750)	(7,683)

The segment results for the year ended 31 December 2009 are as follows:

Audited Year ended 31 December 2009	Cook A$'000	Minyango A$'000	Head office operations A$'000	Group A$'000
Revenue from external customers	67,750	-	-	67,750
Segment result before allocation of central costs	(15,878)	(85)	(897)	(16,860)
Segment result after allocation of central costs	(15,878)	(85)	(897)	(16,860)
Interest expense	(724)	-	(7,078)	(7,802)
Interest revenue	856	18	38	912
Loss before taxation	(15,746)	(67)	(7,937)	(23,750)
Taxation	12,282	728	(622)	12,388
Reportable segment profit	(3,464)	661	(8,559)	(11,362)

Other segment items included in the income statement

Unaudited Period ended 30 June 2010	**Cook A$'000**	**Minyango A$'000**	**Head office operations A$'000**	**Group A$'000**
Depreciation	**(2,535)**	**-**	**(7)**	**(2,542)**
Share-based payment expense	**-**	**-**	**(25)**	**(25)**
	(2,535)	**-**	**(32)**	**(2,567)**

Unaudited Period ended 30 June 2009	Cook A$'000	Minyango A$'000	Head office operations A$'000	Group A$'000
Depreciation	(2,484)	-	(6)	(2,490)
Share-based payment expense	-	-	(216)	(216)
	(2,484)	-	(222)	(2,706)

Audited Year ended 31 December 2009	Cook A$'000	Minyango A$'000	Head office operations A$'000	Group A$'000
Depreciation	(4,957)	-	(7)	(4,964)
Share-based payment expense	-	-	(360)	(360)
	(4,957)	-	(367)	(5,324)

The segment assets and liabilities at 30 June 2010 and capital expenditure for the period then ended are as follows:

Unaudited **Period ended 30 June 2010**	**Cook** **A$'000**	**Minyango** **A$'000**	**Head office operations** **A$'000**	**Group** **A$'000**
Segment assets	**137,625**	**48,382**	**4,981**	**190,988**
Segment liabilities	**(24,629)**	**(1,385)**	**(32,427)**	**(58,441)**
Segment net assets/(liabilities)	**112,996**	**46,997**	**(27,446)**	**132,547**
Capital expenditure	**2,187**	**-**	**-**	**2,187**

The segment assets and liabilities at 30 June 2009 and capital expenditure for the period then ended are as follows:

Unaudited Period ended 30 June 2009	Cook A$'000	Minyango A$'000	Head office operations A$'000	Group A$'000
Segment assets	137,093	49,567	4,225	190,885
Segment liabilities	(23,085)	(2,168)	(32,498)	(57,751)
Segment net assets/(liabilities)	114,008	47,399	(28,273)	133,134
Capital expenditure	585	3,472	-	4,057

The segment assets and liabilities at 31 December 2009 and capital expenditure for the year then ended are as follows:

Audited Year ended 31 December 2009	Cook A$'000	Minyango A$'000	Head office operations A$'000	Group A$'000
Segment assets	132,442	48,281	1,520	182,243
Segment liabilities	(20,229)	(1,329)	(30,705)	(52,263)
Segment net assets/(liabilities)	112,213	46,952	(29,185)	129,980
Capital expenditure	2,636	3,472	-	6,108

4. Administrative expenses

	Unaudited 6 months to 30 June 2010 A$'000	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Auditors' remuneration			
- audit services	**53**	45	188
- other services	**54**	46	156
Depreciation of property plant and equipment[1]	**62**	62	126
Staff costs (excluding redundancy costs)	**1,223**	1,309	2,464
Redundancy costs	**-**	1,292	1,292
Share based payments	**25**	216	360
Professional and consultancy	**1,133**	911	1,622
Marketing and promotion	**54**	63	127
Third party selling costs	**1,187**	1,175	2,031
Loss/(profit) on disposal of property, plant and equipment	**1**	(1)	(1)
Insurance	**867**	998	1,898
Environment and safety	**146**	166	289
Training and development	**83**	36	112
Travel and accommodation	**211**	188	378
Communication and IT	**107**	139	268
Property costs	**283**	281	566
Foreign exchange (gains)/losses	**(926)**	2,241	(612)
Other expenses	**771**	745	1,509
Total administrative expenses	**5,334**	9,912	12,773

1. A$2.5 million (1H09: A$2.4 million, FY09: A$4.8 million) of depreciation on property, plant and equipment was charged to cost of sales.

5. Finance income and expense

	Unaudited 6 months to 30 June 2010 A$'000	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Interest expense on borrowings	**(3,488)**	(4,003)	(7,655)
Unwinding of discount on provision	**(79)**	(79)	(147)
Total finance expense	**(3,567)**	(4,082)	(7,802)
Interest income receivable on bank deposits	**270**	616	912
Gain on revaluation of derivative financial liability	**1,253**	-	-
Total finance income	**1,523**	616	912
Net finance costs	**(2,044)**	(3,466)	(6,890)

6. Property, plant and equipment

Additions to property, plant and equipment since 30 June 2009 totalled A$4.3 million comprising A$4.0 million for mine plant and equipment, A$0.2 million on mining properties and A$0.1 million on other property, plant and equipment.

7. Inventory

Inventory value as at 30 June 2010 was A$4.7 million (1H09: A$4.8 million, FY09: A$4.4 million) comprising A$2.0 million coal stocks (1H09: A$3.1 million, FY09: A$2.3 million) and A$2.7 million stores inventory (1H09: A$1.7 million, FY09: A$2.1 million). Coal stocks, have been maintained at very low levels by industry standards and all stocks were sold in the subsequent accounting period. Stores inventory levels were relatively tight at approximately 90 days usage, the increase in level reflecting the growth in holdings of parts and materials to ensure continuity of operations.

8. Trade and other receivables

Trade and other receivables have increased to A$8.5 million as at 30 June 2010 compared to A$5.6 million at 30 June 2009 and A$4.8 million at 31 December 2009. This is mainly attributable to the A$3.8 million (£2.1 million) receivable from the Polo share placing.

9. Loans and borrowings

	Unaudited 6 months to 30 June 2010 A$'000	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Current loans and borrowings			
Convertible loan	**25,575**	-	30,457
Asset finance loan	**1,310**	5,906	4,706
	26,885	5,906	35,163
Non-current loans and borrowings			
Convertible loan	**4,804**	32,383	-
Asset finance loan	**2,678**	-	-
	7,482	32,383	-
Total loans and borrowings	**34,367**	38,289	35,163

£27.5 million 2010 8.5% unsecured loan notes

As at 30 June 2010, £14.5 million loan notes remained outstanding (30 June 2009: £18 million, 31 December 2009: £18 million). The principal terms are as follows:

- Interest is payable at 8.5% per annum, payable semi annually
- The principal is to be repaid on 5 July 2010
- The loan notes can be converted at any time during the period at a conversion price of 50 pence.

On 5 July 2010 the loan notes were repaid in full. For more information see note 15

£4.2 million 2013 8.5% unsecured loan notes

On 5 February 2010 the Company issued £4.2 million convertible loan notes. The principal terms are as follows:

- Interest is payable at 8.5% per annum, payable semi annually
- The principal is to be repaid on 5 February 2013
- The loan notes can be converted at any time during the period at a conversion price of 47.5 pence.

As the conversion price of the £4.2 million 2013 8.5% unsecured loan notes is in sterling whilst the functional currency of the Company is Australian dollars the conversion element of these loan notes is recognised separately in the balance sheet as a derivative financial liability and is valued at fair value with changes to fair value recognised in the income statement as they arise.

Asset finance loan

Westpac Banking Corporation ('Westpac')

The outstanding portion of the A$9 million asset finance facility provided by Westpac was repaid in full in March 2010.

Commonwealth Bank of Australia ('Commonwealth Bank')

The assets financed by Westpac were refinanced by the Commonwealth Bank for A$4.5M for a two year term at an interest rate of 9.48% p.a. commencing June 2010. The company's ABM25 miner and Prairie haulage system are sold to the bank and leased back from the bank under a hire purchase agreement as security for the loan.

10. Trade and other payables

	Unaudited 6 months to 30 June 2010 A$'000	Unaudited 6 months to 30 June 2009 A$'000	Audited year ended 31 December 2009 A$'000
Trade payables	**3,797**	1,578	1,884
Other payables	**511**	919	461
Other taxation and social security	**158**	531	122
Accruals and deferred income	**8,488**	8,488	6,373
Total trade and other payables	**12,954**	11,516	8,840

The fair value of payables is not significantly different from the carrying value.

11. Share capital

Issued and fully paid number of shares	30 June 2010	30 June 2009	31 December 2009
Ordinary Shares of 0.5 pence each	**224,633,849**	209,983,849	209,983,849

Issued and fully paid	**No.**	**Exercise/ share issue price A$**	**A$'000**
At 1 January 2010	**209,983,849**		**2,345**
Options exercised	**250,000**	**0.18**	**2**
Options exercised	**300,000**	**0.33**	**3**
Loan notes converted	**6,800,000**	**0.82**	**55**
Loan notes converted	**200,000**	**0.88**	**2**
Share placing to Polo Resources	**7,100,000**	**0.53**	**63**
At 30 June 2010	**224,633,849**		**2,470**

Issued and fully paid	No.	Exercise/ share issue price A$	A$'000
At 1 January 2009	209,323,849		2,338
Options exercised	410,000	0.36	4
Options exercised	250,000	0.21	3
At 30 June 2009 and at 31 December 2009	209,983,849		2,345

Authorised share capital
The 2006 Companies act removed the requirement for a Company to have an authorised share capital. As a consequence on 30 June 2010 the Company adopted new Articles in which all references to the authorised share capital were deleted.

Placing of Shares
On 30 June 2010 Caledon placed 7,100,000 new ordinary shares of 0.5p each with Polo at an issue price of 30p per share. The placing raised gross proceeds of £2,130,000, which will be used to provide additional working capital for the Company.

12. Reserves

The following describes the nature and purpose of each reserve within owners' equity.

Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserves	Amounts resulting from the merger of subsidiary investments.
Revaluation reserve	Gains/losses arising on the revaluation of the Group's investments in available for sale assets
Foreign currency translation reserve	Gains/losses arose on retranslating the net assets of overseas operations into presentational currency.
Option premium on convertible loan	Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).
Retained earnings	Cumulative net gains and losses less distributions made.

13. Loss per ordinary share

Basic loss per share ('LPS') is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

In order to calculate diluted LPS, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares according to IAS 33. Dilutive potential Ordinary Shares include share options granted to employees and Directors where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's Ordinary Shares during the period. The potential Ordinary Shares are anti-dilutive and therefore diluted earnings per share has not been calculated. At the balance sheet date there were 45,641,666 (30 June 2009: 44,897,404, 31 December 2009: 46,472,088) potentially dilutive ordinary shares.

	Unaudited 30 June 2010			Unaudited 30 June 2009			Audited 31 December 2009		
	Loss A$'000	**Weighted average number of shares (thousands)**	**Per share amount (cents)**	Loss A$'000	Weighted average number of shares (thousands)	Per share amount (cents)	Loss A$'000	Weighted average number of shares (thousands)	Per share amount (cents)
Basic and diluted LPS									
Loss attributable to ordinary shareholders	**(7,085)**	**212,758**	**(3.33)**	(7,683)	209,783	(3.66)	(11,362)	209,884	(5.4)
Convertible loan		**-**			-			-	
Options		**-**			-			-	
Diluted LPS	**(7,085)**	**212,758**	**(3.33)**	(7,683)	209,783	(3.66)	(11,362)	209,884	(5.4)

14. Related party transaction

IAS 24 'Related Party Transactions' requires the disclosure of the details of material transactions between the reporting entity and related parties.

Polo Resources Limited ('Polo')

Relationship agreement
Caledon entered into a relationship agreement on 22 July 2008 ('Agreement') with Polo. This Agreement deals with certain aspects of the relationship between the Company and Polo, so as to ensure that the Company and its subsidiaries are operated independently from Polo and companies associated with it ('Polo Companies'). The Agreement also imposes share dealing restrictions on the Polo Companies at times when any director of the Company, who has a business relationship with any Polo Company or who is nominated or proposed to the Board by any such party ('Non-Independent Director'), is in possession of unpublished price sensitive information or inside information in relation to the Company.

This agreement was terminated on 24 June 2010.

Caledon – Polo Merger
On 27 April 2010 the Company entered into discussions with Polo for the potential combination of the two companies. Under the terms of the possible offer and subject to a number of pre-conditions, Polo would be prepared to make an all share offer for the entire issued and to be issued share capital of Caledon.

Additionally, Caledon and Polo entered into two loan facility agreements ("Loan Facilities"). Under the first agreement, Polo provided a short term credit facility for up to £18 million to Caledon to be used, if required, to aid funding of the repayment of Caledon's 8.5 per cent convertible loan notes due 5 July 2010. Under the second agreement, Polo provided a credit facility for up to A$4 million to Caledon to be used, if required, in the potential lodgement of a bid bond associated with the Wiggins Island tonnage allocation process. Further information on the Loan Facilities is provided below.

On 24 June 2010 the Company and Polo jointly agreed to terminate the merger discussions. The reason for this was primarily due to market volatility which prevented the parties from reaching mutually agreeable terms for any such merger.

£18 million loan facility
On 27 April 2010 Caledon entered into a facility agreement relating to a £18 million secured term loan facility. The principal terms are as follows:

- Full repayment of loan to be on or before 31 October 2010.
- The loan is secured against the share capital of Hazelhurst Holdings Limited.
- Interest is payable monthly at a rate of 10% per annum.
- Facility fee of £500,000. This fee is reduced if a lesser amount is borrowed.

£14.9 million of this loan was drawn down on 2 July 2010. See note 15 for further details.

A$4 million loan facility
On 27 April 2010 Caledon entered into a facility agreement relating to a A$4 million secured term loan facility. The principal terms are as follows:

- Full repayment of loan to be on or before 31 October 2010.
- The loan is secured against the share capital of Hazelhurst Holdings Limited.
- Interest is payable monthly at a rate of 10% per annum.
- Arrangement fee of 8%.

This loan was drawn down in full on 23 July 2010. See note 15 for further details.

On 11 February 2010 Polo acquired £2.5 million 2013 8.5% unsecured loan notes of the Company. For further information see note 9.

On 4 March 2009 Polo acquired £4.7 million, 2010 8.5% unsecured convertible loan notes of the Company.

15. Events after the reporting date

Repayment of 2010 loan note
On 5 July 2010 the £14.5 million outstanding 2010 loan notes were repaid in full to the note holders.

Drawdown of Loans
On 2 July 2010 the Company issued a utilisation request to draw down £14,902,000 under the short term credit facility agreed with Polo dated 27 April 2010 (and amended on 24 June 2010). The amount drawn down was used to fund the repayment of the £14,500,000, 8.5 per cent unsecured convertible loan notes due 5 July 2010. This loan is repayable on 31 October 2010.

On 23 July 2010 the Company drew down the entire amount available from the A$4 million facility. A$3.1 million of these funds were used to lodge a bid bond in respect of the Wiggins Island Commitment Deed. The balance will be used to contribute to the Group's share of Wiggins Island project design and implementation costs. This loan is repayable on 31 October 2010.

16. Contingent liabilities

The Group has the following contingent liabilities.

Rail Freight Agreement
The Group has a contract for railing 500kt of coal each year from the mine site to the port. To the extent that the Group rails less than 500kt in any financial year (12 months to 30 June) the Group is liable to pay 'take or pay' penalties at the rate of approximately A$5.89/tonne (2009: A$5.80/tonne) on the shortfall below the contract quantity. This contract runs to March 2018 and includes provision for transfer of the contract entitlement to another party if not required by the user. It should be noted that the Group frequently rails coal using third party rail freight contractual entitlements and is therefore able to rail more than the Group contract tonnage in any year, but may be liable for take or pay charges even when Group railings exceed the Group rail contract tonnage.

Wiggins Island Coal Export Terminal ('WICET') Project

Gladstone Ports Corporation Feasibility Study

The Group has engaged as a participant in the Wiggins Island Coal Terminal Project. The participation contract with Gladstone Ports Corporation Limited ('GPC') provides that the cost of the project feasibility study incurred by GPC will be borne by the ultimate participants in the project in the form of a fee for service, provided that the project proceeds. If the project does not proceed then the Group will be required to finance its share of the feasibility and design costs incurred. The potential liability as at 30 June 2010 is shown in the following table:

	as at 30 June 2010 A$ million	as at 30 June 2009 A$ million	as at 31 December 2009 A$ million
Potential liability	**3.1**	2.1	2.5
Total project cost	**128.0**	85.0	103.4
Percentage of total project cost	**2.4%**	2.5%	2.4%
Estimated final cost of feasibility and design	**128.0**	140.0	127.0

The feasibility study is now complete.

WICET Project Design and Implementation Costs to Financial Close

Pending completion of financing arrangements for the project, expected by April 2011, Stage 1 participants have committed to fund Wiggins Island Coal Export Terminal Pty Ltd expenditure on ongoing design and project implementation costs amounting to an estimated A$40 million. As at 30 June 2010 a total of A$5.1 million had been incurred and the Group will be liable to contribute A$0.8 million of this expenditure upon completion of certain project authorisation milestones.

The Group has the right to exit the project at any time and incur no further costs, though in this event the bid bond provided in July 2010 would be forfeited (see below). In the event that the Group remains in the project to financial close its share of the project design and implementation costs would amount to an estimated A$6.4 million. This amount should be refunded to the Group at financial close.

WICET Bid Bond

In July 2010 the company provided a bid bond to the WICET consortium of A$3.1 million which is held in escrow pending completion of certain project authorisation milestones. Upon completion of the milestones the bid bond will be held by WICET and released upon financial close or may be forfeited if the Group withdraws from the project prior to financial close or does not sign a binding take or pay agreement at financial close.

17. Interim report

Copies of this interim report for the six months ended 30 June 2010 will be available from the offices of Caledon Resources plc, 64 Knightsbridge, London, SW1X 7JF; the offices of Caledon Coal Pty Limited, Level 2, 87 Wickham Terrace, Brisbane, Queensland, Australia 4000 and on the Company's website www.caledon.com.