



**Caledon**  
Resources plc

Registered (England) 3993115  
Registered Office:  
Lacon House  
84 Theobald's Road  
London WC1X 8R

5 July, 2010

Mr Stephen Bywater  
13 Admiral Court  
Admiral square  
Chelsea Harbour  
London SW10 0UU

Dear Stephen

**Appointment as a non-executive director of Caledon Resources plc ("Company")**

I am writing on behalf of the board of directors of the Company ("**Board**") and in accordance with recommended principles on corporate governance to confirm the arrangements we have discussed with regard to the terms of your appointment as a non-executive director of the Company. It is agreed that this is a contract for services and is not a contract of employment.

**1. Term of office**

- 1.1 Your appointment as a director is in accordance with the Articles of Association ("**Articles**") of the Company and subject, in particular, to the provisions dealing with retirement by rotation. If you have any queries about the Articles please do not hesitate to contact me or the Company Secretary. Your appointment which is contingent on satisfactory performance will automatically cease in the event that you are not re-elected as a director by the shareholders of the Company or if for any reason you become disqualified or prohibited by law from being or acting as a director or from being involved in the management of a company.
- 1.2 If the Company is taken over, your period of appointment will terminate when the bid becomes or is declared unconditional as to acceptances. You will also resign as a director at that time if asked to do so by the Board.
- 1.3 Subject to these provisions, your appointment will be for an initial term of three years commencing on 30 June 2010, unless otherwise terminated earlier by and at the discretion of either party on three months' notice in writing. While it is anticipated that most non-executive directors would serve two three-year terms, we do not undertake to renew your appointment but confirm that your appointment for a further period is open to review subject to a maximum aggregate appointment of six years.
- 1.4 Nothing in this letter should be taken to exclude or vary the terms of our Articles as they apply to you and, as a member of the Board, you will share with all directors equal responsibility for the direction of the Company and the Company's subsidiaries (together, the "**Group**"). Please feel free to raise any issues either with myself or at any meeting of the Board ("**Board Meeting**"). Board Meetings are generally held via teleconference at least every two months or as required.

## **2. Fees**

- 2.1 You will be entitled to a fee at the rate of £30,000 per annum subject to such deductions in respect of tax and social security contributions as are required by law. The fee will be payable in 12 equal instalments in arrears by the last day of each month and will be subject to an annual review by the Board.
- 2.2 You will be responsible for all liabilities in respect of taxes, including social security contributions or similar contributions in respect of your fees as a non-executive director, except to the extent that the Company or any company in the Group has made or does make an actual deduction in respect of such liability, and you will indemnify the Company in full, and without any rights of set-off against all claims and liabilities in respect of any demands by any relevant tax authority against the Company in respect of income tax or social security contributions or other contributions due in relation to the fees payable to you as a non-executive director.
- 2.3 For the avoidance of doubt, you will not be entitled to benefit from or participate in any past, existing or future share incentive arrangements operated by the Company or any member of the Group.
- 2.4 On the termination of your appointment on notice, you will be paid your director's fees on a pro-rata basis, to the extent that they are unpaid, up to the date of termination. Early termination or termination in the circumstances outlined in **clause 1.2**, will not give rise to any right to compensation.
- 2.5 These terms do not cover any collateral arrangements (if any) whereby on the request of the Board you undertake any special task or one-off consultancy role for the Company. These are matters which will be dealt with, should they arise, in separate correspondence.

## **3. Expenses**

- 3.1 You will be entitled to be reimbursed reasonable expenses incurred in performing your duties. You should contact the Managing Director of the Company who will provide you with a copy of our policy on fees for non-executive directors which should be submitted to the Managing Director together with the relevant receipts within three months of the date they were incurred. When Board Meetings are held out of the UK, the Company will make all the necessary flight and hotel arrangements on behalf of all directors unless otherwise notified to you.
- 3.2 Expenses would include legal and other fees which may arise should you feel it necessary for you to seek independent legal advice about the performance of your duties. The circumstances in which this might occur may be difficult; if you are minded to seek such advice I would expect you to discuss the issue in advance either with me or, in my absence, another of the Company's non-executive directors before taking such advice and incurring such expenses.
- 3.3 You will be covered by and required to participate in the Company's directors' and officers' liability insurance as amended from time to time. Details of the current policy can be obtained from the Company Secretary.

## **4. Duties**

- 4.1 As a non-executive director you will be expected to exercise the general fiduciary duties and duties of care and confidentiality expected of every director, and in accordance with the principles outlined in the Combined Code on Corporate Governance as amended from time to time. In particular, you should have regard to the Guidance on Liability of Non-Executive Directors in Schedule B of the Combined Code.

4.2 As a non-executive director you are expected to exercise independence on all issues discussed at Board or committee level, including on issues relating to strategy, performance and financial matters such as:

- (a) development of strategy;
- (b) performance of the Company's management;
- (c) ensuring that financial information is accurate and that financial controls and systems of risk management are robust and defensible;
- (d) determining appropriate levels of remuneration of executive directors;
- (e) present and future availability and use of resources;
- (f) standards of conduct;
- (g) approval of the Group's annual budget;
- (h) shareholder relations (in the widest sense) including compliance with the Rules of the London Stock Exchange, the AIM Rules for Companies, the official listing rules of the Australian Stock Exchange ("ASX") ("**ASX Listing Rules**"), the Combined Code on Corporate Governance, the Companies Act 2006 (as amended) (the "**Companies Act**") and the Corporations Act 2001 (Commonwealth of Australia) ("**Corporations Act**");
- (i) acquisitions or disposal of any companies, investments or businesses which are significant in nature in the context of the Group as a whole;
- (j) appointment or removal of senior management and directors of the Company; and
- (k) appointment or removal of the Company Secretary.

You will be required to accept responsibility, publicly and, where necessary, in writing:-

- (a) when required to do so under the Companies Act, the Corporations Act or the Financial Services and Markets Act 2000;
- (b) when required to do so by the rules and guidance of the London Stock Exchange as applicable to AIM companies and under the Combined Code on Corporate Governance;
- (c) when required to do so by the terms of the City Code on Takeovers and Mergers and the Rules Governing Substantial Acquisitions of Shares; and
- (d) in any event, in the terms set out in the statement of Adherence to Directors' Responsibilities which will be printed in the Company's annual accounts.

4.3 Overall, you should anticipate a time commitment of two days per month. This will include attending Board Meetings (which will be notified to you in writing or by telephone). You may be asked to serve on our Audit, Remuneration or Health, Safety and Environment Committees from time to time and on such other committees as may be formed from time to time. As you know, the Chairmen of these committees are appointed by the Board and these committees have powers and responsibilities to meet in accordance with arrangements determined by the Board from time to time. Any alteration of membership of the committees on which you sit will be discussed with you in advance. In the normal course of events it is unlikely that you would be required to attend at meetings of committees of the Board on more than 12 days per year.

Where possible we try to arrange these meetings an hour or so before or just after the main Board Meetings to minimise unnecessary travel. You are also required to attend all annual general meetings and general meetings of the Company during your appointment and to attend meetings with the Company's shareholders when required to do so. You will also be expected to devote appropriate preparation time ahead of meetings.

- 4.4 By accepting this appointment, you have confirmed that you are able to allocate sufficient time to meet the expectations of your role. In addition, in accepting this appointment you have confirmed that you are not in breach of any other contractual arrangements. You must seek my agreement before accepting any additional commitments that could affect the time you are able to devote to your role as a non-executive director of the Company.
- 4.5 During the term of your appointment as a non-executive director you must comply with the AIM Rules for Companies as amended from time to time, the ASX Listing Rules and any other rules and regulations adopted by the Company as a result of its listing on the ASX and any other rules or code as may from time to time be adopted by the Company on directors conduct or dealings in securities of the Company. You must also comply with all requirements, recommendations or regulations of the Companies Act, the Corporations Act, the Criminal Justice Act 1993, the Financial Services and Markets Act 2000 (and any other statutory re-enactment or modification of any such Acts) and the rules and guidance of the London Stock Exchange in respect of AIM companies, as amended or re-enacted from time to time. For these purposes your holdings will include those of any person who is a connected person with you within the meaning of Section 1122 of the Corporation Tax Act 2010 as amended from time to time.
- 4.6 Forthwith on the termination of your directorship or at the giving of notice to terminate this Agreement by either party or at any time during the appointment on the request of the Company, you will resign from all offices held by you in the Company or any other member of the Group or trusteeships held in relation to the business, shares or pension schemes of the Company or any member of the Group and transfer all nominee shares held by you in the Company or any member of the Group without compensation for loss of office or otherwise and should you fail to do so the Board is hereby irrevocably authorised to appoint some person in your name and on your behalf to sign any documents or do any acts or things necessary or requisite to give effect thereto.
- 4.7 The Company must include in its annual accounts a note of any material interest that a Director may have in any transaction or arrangement that the Company has entered into. Such interest should be disclosed no later than when the transaction or arrangement comes up at a Board Meeting so that the minutes may record your interest appropriately and our records updated. A general notice that you are interested in any contracts with a particular person, firm or company is acceptable.

## **5. Outside interests**

- 5.1 I understand that you have business interests and other directorships other than those in the Company, which are of considerable benefit and enable you to make a full contribution to the work of the Board. However, we would not expect you to accept any appointment or hold any other interests or shareholding which might cause a conflict of interest with your duties to the Group. If at any time you foresee any potential areas of conflict I would be obliged if you would contact me to discuss the situation.
- 5.2 You are required to disclose to the Board any other potential directorships, shares in other companies or interests in contracts with any company as soon as possible. This requirement does not apply to shareholdings held for investment purposes only where the shares concerned are quoted or dealt in on a recognised investment exchange and represent three per cent or less of the issued share of the class concerned save that, in relation to any company engaged in the same field in which any member of the Group operates, such shareholding will need to be disclosed to the Board and its prior written consent obtained.

## **6. Confidential information**

- 6.1 You must not without my prior clearance, unless required to do so by law, the London Stock Exchange, the Panel on Takeovers and Mergers or the ASX, either during the continuation of your appointment or at any time after its cessation, for any reason directly or indirectly divulge or use or exploit (other than for the purposes of performing your duties to the Company or any member of the Group) to any person or persons whatsoever any trade secret, confidential information or other information concerning the business technical processes, designs, services provided and/or the products sold, marketed or under development by the Company or any Group member, finances or customers, agents, suppliers or distributors of the Company or other member of the Group or of any third party for which any member of the Group is responsible or in respect of which any member of the Group has an obligation not to disclose of which you may, in the course of your appointment, become aware and you are required to use your best endeavours to prevent unauthorised publication, disclosure, use or exploitation of any such trade secrets or information.
- 6.2 Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of price sensitive information. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from me or the Company Secretary.
- 6.3 You agree and acknowledge that title and all copyrights, design rights, database rights and other intellectual property rights whatsoever in all works, including correspondence, reports and documents you prepare as a result of the performance of your duties as a non-executive director on behalf of the Company, will at all times be the absolute property of the Company and you hereby assign these to the Company with the intention that all such rights shall vest in the Company immediately on the creation devising or making of each of the works to which they relate and hereby unconditionally and irrevocably waive all rights arising under Chapter IV of Part I of the Copyright Designs and Patents Act 1988 (as amended from time to time) in respect of all copyright works so created.
- 6.4 On termination of your appointment, for whatever reason, you must promptly return to the Company or its authorised representative all property (including but without limitation) all documents, listings, keys, correspondence, security or charge cards or discs, tapes, credit cards, mobile phone, computer, computer peripherals, communications equipment, software, electronic documents, data files or other equipment, items or information in your possession or under your control which are the property of the Company or any other member of the Group or which relate in any way to the business or affairs or customers of the Company or any other member of the Group and all copies thereof regardless of the medium on which such copies are stored or held. In respect of any such items or information held on any computer software data files or other equipment belonging to you, you are required to delete any such items and information and all copies immediately on termination of your appointment.

## **7. Induction**

After your appointment, the Company will provide you with an induction programme organised by the Company Secretary and which will include some site visits and meetings with senior and middle management and the Company's auditors. We will also arrange for you to meet major investors in the first 12 months of your appointment. If at any time there is further knowledge or information you feel you require, please let me know.

## **8. Governing law**

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

We all look forward to your contribution to our business and to working with you in the months ahead. If you require any further information on the business or affairs of the Group, please let me know.

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

Yours sincerely,



.....  
David Weill  
Chairman

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

Signed by Stephen Bywater  
as a Deed in the presence of:

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Witness' signature:



Witness' name:

JENNA JOHNSON

Witness' address:

5, GASSIOT ROAD  
SW17 8LB