



## **Caledonia Installing a Standby Generator at Blanket Gold Mine in Zimbabwe**

**Toronto, Ontario – May 6, 2010:** Caledonia Mining Corporation (“Caledonia”) (TSX: CAL, NASDAQ-OTCBB: CALVF, AIM: CMCL) has taken immediate steps to address the significant worsening in recent weeks of the electricity supply to its Blanket Gold Mine. Accordingly, it has ordered the first of several planned 2.5MVA diesel generators. This first set is planned to be installed and commissioned in early June 2010.

Blanket Gold Mine currently relies exclusively on a Zimbabwe Electricity Supply Authority 33kV electricity supply to run all of its operations. In recent weeks, the continuity of electricity supplies has deteriorated significantly: average daily power outages at Blanket have increased from approximately 5 hours per day in February 2010 to over 9 hours per day in May. The increased frequency, coupled with the unpredictability and duration of power outages has an adverse effect on gold production, and also on the underground installations essential for the completion of the No. 4 Shaft Expansion Project.

In light of the rapid deterioration in electricity supply, Caledonia has decided to accelerate Blanket's program to install sufficient diesel generating capacity to allow mining operations to continue at the current rate of production during electricity outages. The first standby generator will allow the continuous operation of the Four Shaft Winders to operate on production and the installation works necessary to complete the No. 4 Shaft Expansion without interruption during outages.

Blanket plans to install additional generators after completion of the No. 4 Project. These additional generators will give Blanket sufficient standby generating capacity to maintain its target production of 40,000 ounces of gold per annum even if the current level of electricity outages continues. This situation will remain under review as circumstances relating to electricity supply change.

The cost of the standby generator will be met out of an increase in Blanket's existing US\$1.25 million debt facility which is in the process of being finalized.

### **For more information, please contact:**

**Mark Learmonth**  
Caledonia Mining  
Tel: +27 11 447 2499

**Alex Buck**  
BuckBias  
Tel: +44 7932 740 452

**Martin Eales**  
RBC Capital Markets  
Tel: +44 20 7029 7881

Further information regarding Caledonia's exploration activities and operations along with its latest financials may be found at [www.caledoniamining.com](http://www.caledoniamining.com).

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