

Caledon Resources PLC
18 May 2010

Caledon Resources PLC ('Caledon' or the 'Company' (**AIM: CDN, ASX: CCD**))

Conversion of Loan Notes

The Company announces that, following receipt of a notice of conversion and as a result of the conversion of £300,000 nominal 8.5% unsecured convertible loan notes 2010 (the "Loan Notes"), it has issued 600,000 new ordinary shares of 0.5p each in the capital of the Company ("New Shares") at a conversion price of 50p per share in accordance with the terms of the Loan Notes.

Application has been made for the admission of the New Shares to trading on AIM. The New Shares will rank *pari passu* with existing ordinary shares and it is expected that admission will occur at 8.00am on 21 May 2010.

Following Admission of the 600,000 new Ordinary Shares, the total number of voting rights in the Company's Ordinary Shares will be 217,333,849 which may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, Caledon under the Financial Service Authority's Disclosure and Transparency Rules.

Rule 2.10

The following information is given in accordance with Rule 2.10 of the Takeover Code.

Following the conversion of Loan Notes referred to above, Caledon has in issue a total of 217,333,849 Caledon Shares the ISIN for which is GB00B1GJZT14 and Caledon CHESS Depository Interests ("CDIs"), the ISIN for which is AU000000CCD9. Each CDI represents the full beneficial interest in one underlying Caledon Share. The Caledon Shares are admitted to trading on AIM and the CDIs of Caledon are listed on the Australian Stock Exchange.

Caledon also has in issue £14.6 million 8.5 per cent unsecured convertible loan notes due 2010 the ISIN for which is GB00B1YHLM25 and which are listed on the Luxembourg Stock Exchange's Euro MTF Market and £4.2 million 8.5 per cent unsecured convertible loan notes due 2013 the ISIN for which is GB00B61JLC69 and which can be settled in CREST but are not listed on an exchange.

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