



Exercise of Options

Toronto, Ontario January 4, 2013: Caledonia Mining Corporation (“Caledonia” or the “Company”) (TSX: CAL, OTCQX: CALVF, AIM: CMCL), received notice today that Robert Babensee, a Director of the Company, exercised options over an aggregate 200,000 ordinary shares in the Company (“Ordinary Shares”) at an exercise price of Cdn\$0.07 per share.

Following this transaction, Robert Babensee has interest in 200,000 Ordinary Shares representing approximately 0.04% of the Company's issued ordinary share capital, all of which are held beneficially.

The Company has applied for the 200,000 new Ordinary Shares to be admitted to trading on AIM and admission is expected to take place on January 10, 2013.

Following this notification, the Company has 514,661,780 Ordinary Shares in issue.

For more information, please contact:

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