



**Caledonia Mining Corporation
(TSX: CAL, OTCQX: CALVF, AIM: CMCL)**

New Marketing Arrangements for Gold Exports

January 28, 2014: Caledonia Mining Corporation (“Caledonia”) announces new marketing arrangements for the gold produced from its 49 per cent owned subsidiary, the Blanket Mine (“Blanket”) in Zimbabwe.

In terms of new regulations introduced by the Zimbabwean Ministry of Finance, all gold produced in Zimbabwe must now be sold to Fidelity Printers and Refiners Limited (“Fidelity”), a company which is controlled by the Zimbabwean authorities. Fidelity is now responsible for the final refining and marketing of all gold produced in Zimbabwe. Accordingly, all of Blanket’s production will be sold to Fidelity with immediate effect. The sale of gold to Fidelity replaces Blanket’s previous refining and marketing arrangements.

Blanket’s terms of trade with Fidelity will result in Blanket receiving 98.5% of the value of the gold within a maximum of 7 days of sale to Fidelity.

Blanket today sold gold to Fidelity with a value in excess of \$3.8 million and expects to receive the proceeds on January 29.

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