



**Caledonia Commissions the First Standby Generator at Blanket Gold Mine  
in Zimbabwe**

**Toronto, Ontario – June 14 2010:** Caledonia Mining Corporation (“Caledonia”) (TSX: CAL, NASDAQ-OTCBB: CALVF, AIM: CMCL) is pleased to announce the installation and commissioning on schedule of the first of several planned 2.5MVA diesel generators at the Blanket Gold Mine in Zimbabwe.

Blanket currently relies exclusively on the Zimbabwe Electricity Supply Authority 33kV electricity supply to run all of its operations. The continuity of electricity supplies to the mine has deteriorated significantly over the past few months: the average daily power outages have increased from approximately five hours per day in February to over nine hours per day in May. The increased frequency, coupled with the unpredictability and duration of power outages has an adverse effect both on gold production and 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 decided in early May to accelerate Blanket’s program to install standby diesel generating capacity. The first standby generator has now been installed and commissioned and will enable continuous operation of the mining operations and of the equipment installation activities which are necessary to complete the No. 4 Shaft Expansion. Blanket has sufficient surplus milling capacity to achieve its current production target if power outages continue to be experienced at the current level.

Blanket plans to install additional diesel generating capacity after completion of the No. 4 Shaft Project in order to provide sufficient standby generating capacity to maintain its increased production target of 40,000 ounces of gold per annum even if electricity outages continue to be experienced at the current level or deteriorate further. Blanket’s plans in this regard will remain under constant review as circumstances relating to electricity supply change.

The cost of the first standby generator has been met out of Blanket’s existing US\$2.5 million debt facility.

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**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)**

**PRESS RELEASE**