



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

Blanket Mine Second Quarter 2013 Production Update

July 2, 2013: Caledonia Mining Corporation (“Caledonia”) is pleased to announce gold production from its 49%-owned subsidiary, the Blanket Mine in Zimbabwe (“Blanket”) during the second quarter and six months ending June 30, 2013 (the “Quarter” and “First Half Year”, respectively).

11,592oz of gold were produced during the Quarter, a 10.7% increase on gold production in Q1 2013 (10,472oz) and a 0.3% increase on gold produced in Q2 2012 (11,560oz).

22,064oz of gold were produced in the First Half Year of 2013, a 6.5% increase on gold production in the first half year of 2012 (20,724oz).

The gold production for the Quarter is subject to minor revisions following the receipt of final assays for the last two deliveries to the refinery.

Further information regarding Caledonia’s exploration activities and operations along with its latest financials and Management Discussion and Analysis may be found at www.caledoniamining.com

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