



Update on Indigenisation at the Blanket Mine in Zimbabwe.

Toronto, Ontario – August 23, 2011: Caledonia Mining Corporation (“Caledonia”) (TSX: CAL, NASDAQ-OTCBB: CALVF, AIM: CMCL) provides below the text of a joint statement issued this morning in Harare, Zimbabwe.

“Joint statement issued by the Ministry of Youth Development, Indigenisation and Empowerment and Caledonia Mining Corporation on behalf of Blanket Mine regarding the Blanket Mine Indigenisation Implementation Plan.

The parties met on 22 August 2011 and agreed on a process that will result in the production of a revised Indigenisation Implementation Plan for Blanket Mine that is compliant with the Indigenisation and Economic Empowerment Act. The plan will take into account the independently verified intrinsic value of the mineral resources, plant and equipment at the mine.

As a result the Hon Minister Saviour Kasukuwere has agreed to suspend the cancellation of Blanket Mine/s operating licence pending the submission of a compliant Indigenisation Implementation Plan.”

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