



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

Q2 2014 Production Update and Revised 2014 Guidance

July 15 2014: Caledonia Mining Corporation (“Caledonia”) announces gold production from its 49 per cent owned subsidiary, the Blanket Mine (“Blanket”) in Zimbabwe, for the quarter ended June 30, 2014. All production numbers are expressed on a 100 per cent basis and are based on the final assays from the refiner.

- 11,223 ounces of gold were produced during Q2 2014 (11,587 ounces in Q2 2013), representing a 9.6 per cent increase on the gold produced in Q1 2014 (10,241 ounces).
- As advised in the Q1 Management Discussion and Analysis, the average head grade is now expected to be lower than has been achieved in previous quarters. Tonnes mined and milled in Q2 did not increase sufficiently to offset the lower grade mined, although plant recoveries have remained strong.
- In light of the 21,464 ounces produced during the first six months of 2014, guidance for gold production in 2014 is reduced from 48,000 ounces to approximately 45,000 ounces.

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Cautionary Note Concerning Forward-Looking Information

PRESS RELEASE

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Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Such factors include, but are not limited to: risks relating to estimates of mineral reserves and mineral resources proving to be inaccurate, fluctuations in gold price, risks and hazards associated with the business of mineral exploration, development and mining, risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom the Company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards, employee relations; relationships with and claims by local communities and indigenous populations; political risk; availability and increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development, including the risks of obtaining or maintaining necessary licenses and permits, diminishing quantities or grades of mineral reserves as mining occurs; global financial condition, the actual results of current exploration activities, changes to conclusions of economic evaluations, and changes in project parameters to deal with unanticipated economic or other factors, risks of increased capital and operating costs, environmental, safety or regulatory risks, expropriation, the Company’s title to properties including ownership thereof, increased competition in the mining industry for properties, equipment, qualified personnel and their costs, risks relating to the uncertainty of timing of events including targeted production rate increase and currency fluctuations. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Caledonia undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.