

**Caledonia Mining Corporation****(TSX: CAL, OTCQX: CALVF, AIM: CMCL)****Update on Implementation of the Revised Investment Plan**

**June 18, 2015:** On November 3, 2014, Caledonia Mining Corporation (“Caledonia”) announced the Revised Investment Plan (“Revised Plan”) for the Blanket Mine which entails:

- Developing a “Tramming Loop” 750 meter below surface;
- Continuing to sink the No. 6 Winze to provide access to deeper level resources; and
- Sinking a new 6-meter diameter Central Shaft from surface to 1,080 meters. The new Central Shaft will provide access to the current inferred mineral resources below 750 meters and allow for further exploration, development and mining in these sections along the known Blanket strike, which is approximately 3 kilometers in length.

Caledonia provides the following update on the implementation of the Revised Plan:

- The Tramming Loop was completed ahead of schedule in June 2015. The completed Tramming Loop will allow for an increase in development which is expected to result in increased production towards the end of 2015, as reflected in the 2015 production guidance set out in the November 3, 2014 press release of approximately 42,000 ounces of gold.
- Sinking the No. 6 Winze has been completed and preparations have commenced for equipping the shaft. It is expected that the shaft will be equipped by the end of July, as scheduled, after which horizontal development towards the two main resource bodies will commence. First production from the No. 6 Winze is scheduled for January 2016 and is expected to reach the target rate of 500 tonnes per day in May 2017. Production from No. 6 Winze is included in the production guidance for 2016 and 2017 as set out in the November 3, 2014 press release.
- At the Central Shaft, surface earthworks have been completed and the shaft has been sunk to 8 meters which completes the void for the shaft collar and is ready to be filled with concrete, after which shaft sinking will commence again. The shaft will be sunk to 1,080 meters below surface. The civil engineering crew is ready to commence with the excavations for the foundations of the winders and the Kibble winder will be transported to site within the next two weeks.

Steve Curtis, Caledonia's Chief Executive Officer, commented:

"We are pleased with the ongoing implementation of the Revised Plan, which is proceeding as scheduled and within budget. The completion of the Trammig Loop and sinking of the No. 6 Winze are significant steps towards incrementally increasing production from 2016 onwards to achieve an annual rate of 80,000 ounces of gold by 2021. We look forward to keeping the market updated with further progress."

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## Cautionary Note Concerning Forward-Looking Information

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