

**Caledonia Mining Corporation****(TSX: CAL, OTCQX: CALVF, AIM: CMCL)****Exercise of Share Options**

January 12, 2016: Caledonia Mining Corporation (“Caledonia” or the “Company”) announces that it received notice yesterday that Steve Curtis (Chief Executive Officer) exercised options over 30,000 common shares of no par value each (“Option Shares”) in the Company at an exercise price of 70 Canadian cents.

Caledonia has applied for these 30,000 Option Shares to be admitted to trading on AIM and it is anticipated that trading in such shares will commence on 15 January 2016.

Following the exercise, Mr. Curtis holds 300,000 Caledonia common shares, representing approximately 0.58 per cent of the total number of common shares in issue.

The total number of shares in issue following the admission of these shares will be 52,108,946.

Caledonia has no shares in Treasury, therefore this figure may be used by Shareholders, from Admission, as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

For further information please contact:

**Caledonia Mining Corporation**

Mark Learmonth

Tel: +27 11 447 2499

[marklearmonth@caledoniamining.com](mailto:marklearmonth@caledoniamining.com)**WH Ireland**

Adrian Hadden/Nick Prowting

Tel: +44 20 7220 1751

**Blytheweigh**

Tim Blythe/Camilla Horsfall/Megan Ray

Tel: +44 20 7138 3204