



# CALEDONIA MINING CORPORATION

## NEWS RELEASE

### FINANCIAL GOALS ACHIEVED BY CALEDONIA [CAL-TSE; CALVF-Nasdaq]

JUNE 5<sup>TH</sup>, 2001, 9.00A.M.

**Caledonia Mining Corporation** of Toronto (CAL-TSE; CALVF-Nasdaq) announces its financial results for the fiscal year ended December 31, 2000 and provides comparative performance highlights. Results are reported in Canadian dollars.

#### **Performance Highlights**

Caledonia is now refocusing its business having achieved its goals of reducing debt and trimming overheads over the past 2½ years, while retaining virtually all of its major assets. This has been achieved despite the depressed market for resource stocks. In future the Corporation will focus on generating revenues and continuing to add shareholder value by developing its exploration projects and other assets.

Since 1998 Caledonia has successfully reduced both its current and long term liabilities, as demonstrated in the table below. The table also demonstrates that the dilutive effect of the sale of Filon Sur on shareholders was effectively minimized.

	<u>2000</u>	<u>1999</u>	<u>1998</u>
<b>Financial - \$ Thousands</b>			
Net Income (Loss) before write-downs	7,412	3,082	(4,439)
Net income (Loss) after write-downs	7,412	(7,460)	(50,437)
Assets	25,063	33,189	50,831
Current Liabilities	2,556	5,143	7,678
Long Term Liabilities	1,813	21,747	34,032
Shareholders' Equity	20,694	6,299	9,121
<b>Share Information</b>			
Shares Outstanding (Thousands)	148,202	68,830	41,615
Earnings (Loss) per Share	0.08	(0.12)	(1.35)
Net Asset Value per Share	0.14	0.09	0.22

Caledonia is now positioned, as a virtually debt free corporation, to focus on turning its assets to account.

Caledonia has two gold mines in South Africa which are presently on care and maintenance and are capable of restarting operations upon short notice. Metallurgical tests are currently being undertaken in South Africa, which if confirmed as successful, will likely result in the immediate resumption of gold production.

Exploration on two diamond exploration joint ventures, with BHP World Exploration Inc. in Zambia and Ashton in Nunavut, Canada respectively, continues, as does the Kalimba base metal joint venture in Zambia with BHP. Independently Caledonia continues its exploration for precious and base metals, and diamonds, while seeking additional joint ventures with major companies.

### **Financial Results**

For the year ended December 31, 2000 Caledonia recorded net income of \$7.4 million which contributed to earnings of \$0.08 per share, compared to a net loss of \$7.4 million in 1999 which resulted in a loss of \$0.12 per share.

In 2000 the sole contributor to revenue from sales was the Filon Sur gold mine in Spain in an amount of \$6.6 million as compared to \$14.7 million in 1999. The decrease in revenue in 2000 is due to a lower gold production as the mine was sold in June 2000. Caledonia continues to manage Filon Sur in return for 30% of the distributable cash flow from operations.

With the Book Net Asset Value per share exceeding the recent share price, Caledonia should be poised for market recognition of the underlying value of its assets.

The 2001 first quarter results and the Corporation's 2000 annual report were mailed to shareholders on May 18, 2001 and are available on our website at: <http://www.caledoniamining.com>.

The Annual Meeting of Shareholders will be held in Toronto on June 29, 2001.

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