

KEY FEATURES:

Location:	Between Polokwane (formerly Pietersburg) and Mokopane (Potgietersrus), Limpopo Province, South Africa
Comprises:	Greenstone gold deposit
Management:	Eersteling Gold Mining Company Limited
Estimates:	Historical measured and indicated resource of 600,000 tonnes containing 150,000 ounces of gold. Inferred resource of 2.0 million tonnes containing 380,000 ounces
Project Status:	Placed on care & maintenance in early 1997
Licence Status:	Mining and Prospecting Licences are current
Qualified Person:	Dr Trevor Pearton
Independent Consultant:	Venmyn Rand

INTRODUCTION

The first gold discovered in South Africa was on a farm named "Eersteling" which was located near the village of Marabastad, 30 km southeast of Polokwane. Mining started in May 1874 and continued until the second Anglo-Boer War (1899 - 1902) when the mine was shut down. The mining rights of the fragmented mining and exploration properties were consolidated and on July 16 1987, Eersteling Gold Mining Company Limited was formed and was listed on the Johannesburg Stock Exchange (JSE).

Eersteling Gold Mining Company Limited ("Eersteling") holds the mining and prospecting rights over an area of 190 square kilometres. The mine areas are located between the city of Polokwane (Pietersburg) and the town of Mokopane (Potgietersrus) in the Limpopo Province of South Africa, some 300km north of Johannesburg. Production was halted in early 1997 due to the prevailing low gold prices.

In early 2004 Caledonia converted the shares held by the minority shareholders into redeemable preference shares, redeemed them and subsequently delisted Eersteling from the JSE Securities Exchange South Africa ("JSE"). As a result Caledonia owns 100% of Eersteling's gold assets and the Rooipoort platinum project, which is not included in the disposal of Eersteling..

Eersteling has a historical measured and indicated resource of 600,000 tonnes containing 150,000 ounces of gold and a further inferred resource of 2.0 million tonnes containing 380,000 ounces. This resource was prepared by the mine staff in 1996, and as such predates compliancy with NI 43-101. Eersteling's mineral rights holdings are less than 10% explored. Eersteling has a Section 9 mining licence (Old Order Mining Right) and has a metallurgical plant with a capacity of 25,000 tonnes of ore per month and the ability to mine ore from any of five fully equipped shafts. In December 2006 Caledonia's Board of Directors mandated management to seek potential purchasers for the Eersteling gold mine.



EXPLORATION

The Eersteling mine property, extends for a distance of about 25 km and is located in the Pietersburg Greenstone belt which is of Archaean age consisting of an upper and lower sequence. The upper sequence is mainly conglomerate, grit and sandstone and the lower sequence is undifferentiated mafic and ultramafic volcanic rocks and intrusives, with banded iron formation and chert. The ENE trending Willems shear and related structures controls most gold mineralization in the Eersteling area.

A full geological review of the Eersteling property, including the mine plans and other technical data, was commenced in October 2004 and continued throughout 2005. The resources at Eersteling were evaluated and a development program prioritized.

Field work in 2005/6 focussed on mapping of known mineralised reef structures around the Doreen Shaft and the Pienaar and Girlie Reef. Compilation of previous information is being integrated with the results of the high resolution aeromagnetic survey flown in January 2005 as well as the gold-in-soil sampling completed in the first quarter.

of known mineralised reef structures around the Doreen Shaft and the Pienaar and Girlie Reef. Compilation of previous information is being integrated with the results of the high resolution aeromagnetic survey flown in January 2005 as well as the gold-in-soil sampling completed in the first quarter.

The near surface gold potential of at least 8 km of gold bearing structures along the Doreen, Pienaar and Girlie structures was highlighted. Only Girlie has been systematically drilled (by Anglo American in the 1980's) and has an fully equipped new inclined shaft to 60m depth with limited lateral development. Pienaar was excavated on surface to 10m depth by Eersteling's previous owners, Severin Mining Development, in early 1990's and has over 5kms of as yet unmined strike extension.

Doreen has a shaft to 60m and 100m of strike development as well as a number of old winzes in the oxide zone which has been systematically trenched. Twenty-three trenches and old workings have been cleared, logged and resampled along the strike of the Doreen reef. A total of 223 channel and grab samples have been collected for analysis.

Similar work along the Pienaar strike is planned for 2006. Apart from the vertical Franka shaft, which was sunk to a depth of 220 meters to access the Maltz reef, all other reefs are essentially "virgin" even though they have limited access from various shafts. Diamond drilling is planned to systematically test the structures to 100m depth initially.

