



# CALEDONIA MINING CORPORATION

## NEWS RELEASE

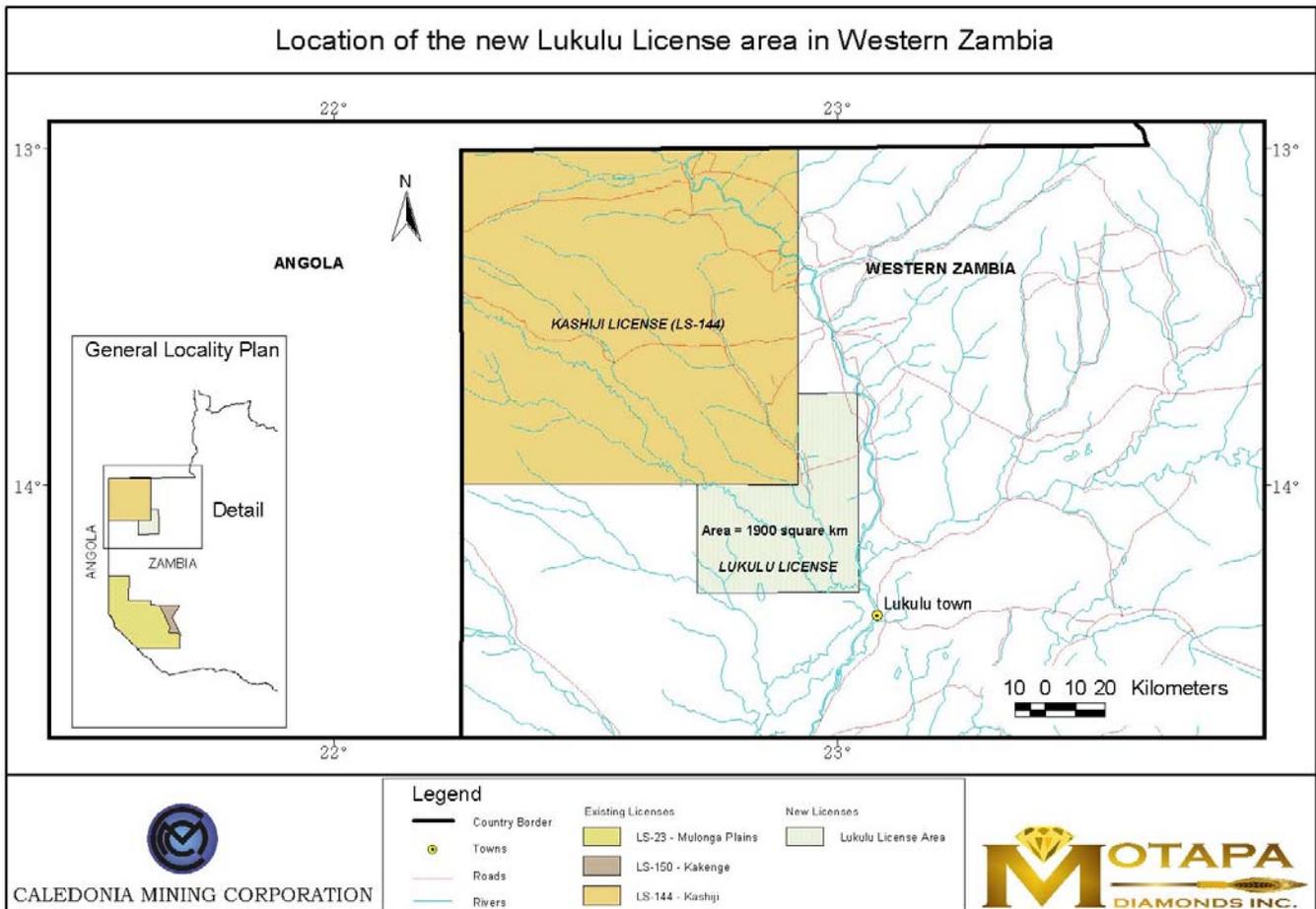
### CALEDONIA UPDATES RECENT ACTIVITIES

**January 21<sup>st</sup>, 2004 9.00 am.**

Caledonia Mining Corporation (“Caledonia”) of Toronto (TSX: CAL and NASDAQ-OTCBB: CALVF) is pleased to report that the Zambian Minister of Mines and Minerals Development has approved an application from Caledonia Western Limited, on behalf of the Mulonga Plain Joint Venture, for a Large Scale Prospecting Licence over the Lukulu Area of Zambia’s Western Province.

The Lukulu licence area is adjacent to the Kashiji Plains licence area, as shown on the map below. Exploration of these two areas for diamonds, together with the Mulonga Plain licence, is conducted by Motapa Diamonds Inc., Caledonia’s partner in the Mulonga Plain Joint Venture.

Sampling of the Lukulu licence area will follow-up on a diamond and kimberlite indicator mineral anomaly in the southeast part of the Kashiji licence identified by Motapa in previous exploration programs, and is intended to define a discrete area for future airborne follow-up.



Caledonia also announces that in the period from November 27, 2003 to January 6, 2004 a total of 8,341,546 share purchase warrants have been exercised realizing a total of \$2,465,689 for the Corporation.

At the Rooipoort platinum exploration project near Mokopane (Potgietersrust), South Africa the initial 15-hole drilling program was completed except for 1 hole in December 2003. Drilling was resumed on the January 13 2004 after the year-end break, with a further 8-10 holes (approx. 2000m) planned. This current phase is providing information to define the stratigraphy of the Rooipoort target area and will be used to focus the next drilling phase which is intended to define an initial resource at Rooipoort. This resource definition drilling program is currently scheduled to commence in mid 2004.

At the Barbrook Gold Mine in Mpumalanga, South Africa efforts are being concentrated on improving gold recoveries. A number of plant additions, resulting from positive test-work results, are being made to the metallurgical circuit. These should be completed by early February. In addition, laboratory tests are in progress to evaluate a proprietary process which may successfully treat the most refractory ores found at Barbrook.

Diamond drilling to further define the main Taylors ore zone below the existing reserves is in progress. In addition, exploratory drilling of three target zones will be initiated during the first quarter 2004.

**For further information please contact Caledonia Mining Corporation:**

**S. E. Hayden**

Chairman, President and CEO

South Africa

Tel: (011-27-11) 447-2499

Fax: (011-27-11) 447-2554

**James Johnstone**

V-P Operations and COO

Canada

Tel: (1-905) 607-7543

Fax: (1-905) 607-9806

**Chris Harvey**

Technical Director

Canada

Tel: (1-905) 607-7543

Fax: (1-905) 607-9806

**Further information regarding Caledonia's exploration activities and operations along with its latest financials may be found on the Corporation's website <http://www.caledoniamining.com>**