



CALEDONIA MINING CORPORATION

NEWS RELEASE

FINANCING COMPLETED AND 2ND QUARTER RESULTS

AUGUST 29th 2001, IMMEDIATE

Caledonia Mining Corporation ("Caledonia") of Toronto (TSE: CAL) and (NASDAQ - OTCBB - CALVF) announces that it has closed a private placement of 17,000,000 units priced at \$C 0.06 each to raise \$C 1,020,000. Each unit is comprised of one common share and one common share purchase warrant ("warrant"). Each warrant entitles the holder to purchase an additional common share of Caledonia for \$C 0.075 during a period of 18 months following the closing date. Proceeds from the financing will be used for general corporate purposes and the further reduction of debt.

The Corporation also announces the financial results for the six month period ending the 30th June 2001. All amounts are stated in Can. \$.

<u>Second Quarter</u>	<u>2001</u>	<u>2000</u>
Revenues from Sales	\$ 33,000	\$ 3,459,000
Net Profit (loss) for period	(\$ 254,000)	(\$ 369,000)
Earnings (loss) per share - fully diluted	(\$ 0.002)	(\$ 0.006)

<u>First Six Months:</u>	<u>2001</u>	<u>2000</u>
Revenues from Sales	\$ 33,000	\$ 6,618,000
Net Profit (loss) for period	(\$ 480,000)	(\$ 1,094,000)
Earnings (loss) per share - fully diluted	(\$ 0.003)	(\$ 0.014)

Revenues during 2000 included sales by the Corporation's subsidiary, the Filon Sur Gold Mine, which was sold effective 1st July 2000.

<u>Comparative as at:</u>	<u>30th June, 2001</u>	<u>30th June, 2000</u>
Assets	\$ 25,040,000	\$ 32,424,000
Liabilities	\$ 4,534,000	\$ 27,772,000
Shareholder's Equity	\$ 20,560,000	\$ 4,652,000

This shows the significant debt reduction and the substantial increase in Shareholder's Equity during the period.

A final decision to return Barbrook to production will be made during the 4th Quarter 2001 once MINTEK have completed the test work on the innovative Caledonia metallurgical process for refractory gold ores.

Further information regarding the Corporation's exploration activities and operations may be found in the second quarter report and on the Corporation's website <http://www.caledoniamining.com>.

For further information, please contact Caledonia Mining Corporation:

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or visit Caledonia on the Worldwide Web at <http://www.caledoniamining.com>