



President's Report

**Results of Operations**

**Zambia**

Results from the 2000 field season at Kalimba are being analysed. These results, together with those of earlier programs are being used by BHP and Caledonia staff to develop the exploration program at Kalimba for the 2001 season, which is expected to start in June.

During the first quarter Motapa Diamonds Inc., the operator for the Joint Venture, developed a comprehensive 25 hole drilling program based on the results from 2000. Motapa is seeking quotations for this work from qualified contractors and drilling is planned to commence during the third quarter 2001.

**South Africa**

On March 27th the Corporation advised Spring Hills Trading Limited ("Spring Hills") that it was in default under the terms of the sale and option agreements. Subsequently, on April 11th, 2001 the Corporation cancelled the agreements when Spring Hills failed to remedy the defaults. The Corporation is now pursuing legal action to recover damages from Spring Hills.

At Barbrook, the Corporation is reviewing production alternatives for the mine. These include metallurgical modifications to improve gold recovery in a revised circuit. Discussions are ongoing with metallurgical consultants and contractors. It is expected that a pilot metallurgical plant may be commissioned later this year.

The Eersteling Mine continued on a care and maintenance basis during the quarter.

**Canada**

There was no activity at Kikerk Lake during the quarter. Ashton Mining (Northwest Territories) Ltd. the operators of the Joint Venture are reviewing the results of their 2000 program in preparation for the upcoming season.

**Liquidity**

On April 19th, 2001 the Corporation announced its intention to raise up to \$1.0 million by a means of a private placement by the issue of up to 17,000,000 units priced at \$0.06 per unit. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company for \$0.075 during a period of 18 months following the closing date of the private placement. The units issued will be subject to the usual regulatory approvals.

**Other**

Negotiations with prospective partners for certain of the Corporation's properties continue.

(signed) S. E. Hayden  
President & C.E.O.  
May 14, 2001

**Financial Disclosure Note**

The unaudited interim consolidated financial statements have been presented in accordance with Canadian generally accepted accounting principles for interim reporting. In the opinion of management all adjustments required for a fair presentation are included in these statements in accordance with the accounting policies of the Corporation. The interim consolidated financial statements should be read in conjunction with the year end 2000 audited financial statements for the detailed note disclosure which is not materially different to these interim financial statements.

**Consolidated Balance Sheets**
*(in thousands of Canadian dollars)*

(Unaudited)  
**March 31,**      December 31,  
2001              2000

**Assets**
**Current**

Cash and short term deposits	\$ 4	\$ 75
Accounts receivable	116	118
Prepaid expenses	7	7
	<u>127</u>	<u>200</u>

<b>Capital assets</b>	<b>7,505</b>	<b>7,505</b>
<b>Mineral properties</b>	<b>17,358</b>	<b>17,358</b>
	<u>\$ 24,990</u>	<u>\$ 25,063</u>

**Liabilities and Shareholders' Equity**
**Current**

Accounts payable	\$ 1,711	\$ 1,577
Loan payable	998	979
	<u>2,709</u>	<u>2,556</u>

<b>Provision for site restoraion</b>	<b>1,026</b>	<b>1,026</b>
<b>Non-controlling interest</b>	<b>787</b>	<b>787</b>
	<u>4,522</u>	<u>4,369</u>

<b>Shareholders' equity</b>		
Share capital	143,026	143,026
(shares issued: 2001 - 148,202,115; 2000 - 148,202,115)		
Deficit	<u>(122,558)</u>	<u>(122,332)</u>
	<u>20,468</u>	<u>20,694</u>
	<u>\$ 24,990</u>	<u>\$ 25,063</u>

On behalf of the Board of Directors:

 (signed) S.E. Hayden  
 President & CEO

 (signed) J. Johnstone  
 V.P. Operations

**Consolidated Statements of Deficit**
*(in thousands of Canadian dollars)*

(Unaudited)

**For the three months ended March 31,**  
2001              2000

**Deficit, beginning of period**              \$ (122,332)      \$ (129,744)

**Net (loss) for the period**                      (226)              (722)
**Deficit, end of period**                      \$ (122,558)      \$ (130,466)
**Consolidated Statements of Operations**

(Unaudited)

2001              2000

**Revenue and operating costs**

Revenue from sales	\$ -	\$ 3,159
Operating costs	-	3,411
Gross (loss)	<u>-</u>	<u>(252)</u>

**Expenses**

General and administrative	232	227
Interest	20	-
Amortization	-	258
Other (income)	<u>(26)</u>	<u>(7)</u>
	<u>226</u>	<u>478</u>

**(Loss) before non-controlling interest**              (226)              (730)
**Non-controlling interest**                      -                      8
**Net (loss) for the period**                      \$ (226)              \$ (722)
**(Loss) per share**

For the period - basic	\$ (0.001)	\$ (0.010)
- fully diluted	<u>\$ (0.001)</u>	<u>\$ (0.010)</u>

**Consolidated Statements of Cash Flow**
*(in thousands of Canadian dollars)*

(Unaudited)

**For the three months ended March 31,**  
2001              2000

**Cash provided by (used in)**
**Operating activities**

Net (loss) for the period	\$ (226)	\$ (722)
Items not involving cash	-	595
	<u>(226)</u>	<u>(127)</u>

Changes in non-cash working capital balances	<u>155</u>	<u>537</u>
	<u>(71)</u>	<u>410</u>

**Investing activities**

Purchase of capital assets - net of grant	-	(65)
Expenditures on mineral properties	<u>-</u>	<u>(33)</u>
	<u>-</u>	<u>(98)</u>

**Financing activities**

Long term debt, net of commissions	<u>-</u>	<u>14</u>
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**Increase (decrease) in cash for the period**                      (71)                      326
**Cash, beginning of period**                      75                      51
**Cash and short term deposits, end of period**                      \$ 4                      \$ 377
**BOARD OF DIRECTORS**

 S.E. Hayden  
 J. Johnstone  
 F.C. Harvey  
 W.I.L. Forrest  
 C.R. Jonsson

**OFFICERS**

 S.E. Hayden  
 F.C. Harvey  
 J. Johnstone  
 S.W. Poad  
 J. Smith

**INTERNET**

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**SHARES LISTED**

 The Toronto Stock Exchange  
 Symbol "CAL"  
 NASDAQ OTC BB  
 Symbol "CALVF"

**CAPITALIZATION**

 (March 31, 2001)  
 Authorized: Unlimited  
 number of common shares  
 Issued Shares: 148,202,115  
 Options & Warrants: 6,565,800

**SOLICITORS**
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