



# Caledonia Mining Corporation

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Gold



PGMs



Diamonds



Base Metals

## Caledonia Mining Third Quarter Results 2005

**Toronto, Ontario – November 14, 2005:** Caledonia Mining Corporation (“Caledonia”) (TSX: CAL, NASDAQ-OTCBB: CALVF, AIM: CMCL) is pleased to announce its key financial and operating results for the third quarter ended September 30, 2005. The financial results are reported in thousands of Canadian dollars except where otherwise stated.

### Operational Highlights

#### Barbrook Gold Mine

- Gold production decreased 12% for the quarter to 1,497 ounces (Q2: 1,712 ounces) due to the lower feed grade to the plant and gold losses in the carbon removal circuit, however for the nine months to end September, gold production increased 400% for the same period last year.
- Plant throughput was 20,451 tonnes (Q2: 18,528 tonnes), the highest since the plant restart in 2003. The plant feed-grade for the quarter was 4.37 g/t (Q2: 4.80 g/t).
- The expansion of the metallurgical plant to treat 15,000 tonnes per month is currently underway. Initial construction started in late September and is expected to take 3 to 4 months at an estimated cost of \$1.51 million, to be funded from operating cash flows. This is intended to more than double gold production.

#### Exploration

- The first phase of drilling on the Grasvally platinum property was completed in August and 978 meters were drilled during the quarter to complete the four-hole program. Exploration drilling at Rooipoort and adjoining areas of Grasvally has identified a number of target areas. A drilling program for 2006 is under preparation.
- A series of exploration targets has been identified along 12km of known gold bearing structures at the Eersteling Gold Project. Exploration in these areas is planned for 2006.
- Four holes totaling 392 meters were drilled adjacent to the Stellaria diamondiferous kimberlite at the Kikerk Lake joint venture in Canada.
- Eleven targets have been identified for the Mulonga Plain drilling program which was started in October.

#### Corporate

- During September, Caledonia amended the terms of 27,232,909 outstanding share purchase warrants. All the warrants were exercisable at \$0.11 per share on or before October 31, 2005.
- Discussions with a number of large cobalt end-users continue with a view to signing long-term purchase agreements.

PRESS RELEASE

- For the quarter ended September 30, 2005 Caledonia recorded an operating loss of \$1.3 million or (\$0.004 per share) compared with an operating loss of \$1.9 million (\$0.006 per share) in the same quarter of 2004.
- The net loss after all expenses, amortization and exchange losses was \$2.6 million (\$0.008 per share) for the quarter ended September 30, 2005. Previously reported results, which excluded amortization, were a net loss of \$2.2 million (\$0.005 per share) during the same period in 2004. The loss in the third quarter of 2005 results from a change in the application of amortization, ongoing exploration and assay costs, unrealized exchange losses and Nama testwork costs.

Reviewing the quarter, Stefan Hayden, President and CEO, said "Despite record mill throughput since the plant restart, gold production fell slightly during the quarter to 1,497 ounces due to gold losses in the carbon removal circuit and milling development ore with a reduced mining grade. However, Barbrook's performance compared to the nine months to September 2004 has greatly improved with over a 400% increase in gold production. A new metallurgical plant manager was appointed in September and we anticipate that despite electrical problems in October increased plant throughput in December will result in production similar to that in the first and second quarters.

The plant expansion to treat 15,000 tonnes per month is underway and forecast to take 3 to 4 months at an estimated cost of \$1.51 million. This expansion will be funded from Caledonia's cash flow and will incorporate ultra-fine milling. We continue to intersect economic gold grades in areas previously considered not to host mineralization and these areas continue to be the main focus of underground development.

The planned drilling programmes at our Rooipoort and Grasvally platinum exploration projects have now been completed and indicate extensive zones of platinum group elements, nickel and copper sulphide mineralization in rocks that can be correlated with the Critical Zone of the Bushveld Complex, the host to nearly all the major producing platinum mines in the world. The composite results will be compiled and included in the Project Status Report, due to be published in December.

Discussions regarding our Nama cobalt project in Zambia continue with several large end-users showing keen interest in securing off-take agreements. The refinery, with whom we have already signed a Letter of Intent, expects to complete their metallurgical testwork, which is the preliminary step ahead of finalising a long-term purchase agreement.

During the fourth quarter, Caledonia will focus on the Barbrook plant expansion, modelling the Rooipoort and Grasvally deposits to form the basis for reporting an 'inferred resource' and hopefully drawing conclusions on discussions on Nama."

Caledonia Management's Discussion and Analysis was published on November 14, 2005 and is available on the company's website: [www.caledoniamining.com](http://www.caledoniamining.com).

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*Certain statements included herein are "forward-looking statements". Management cautions that forward-looking statements are not guarantees and that actual results could differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause the actual results of operations, exploration or development programmes, or the financial condition of the Company, to differ include, but are not necessarily limited to, the risks and uncertainties discussed in documents filed by the Company with the various regulatory authorities having jurisdiction.*