



CALEDONIA MINING CORPORATION

Base Metals – Zambia

Nama Cobalt Project

Nama Group of Licences – Zambia

This group of five contiguous licences covers an area of 1,150 square kilometres on the northern extension of the Zambian Copperbelt and hosts open-pit table near surface low grade cobalt /copper mineralization.



Property:

Caledonia Nama Limited, a wholly owned subsidiary of Caledonia, holds five contiguous exploration licences in northern Zambia which host near-surface cobalt/copper mineralization. This area lies immediately north west of the operating Konkola Copper mine and adjoins the extensive holdings of Teal Mining and Exploration Limited. In November 2006 the Zambian authorities agreed to grant a Retention Licence to Caledonia Nama Limited in order to enable the Company to conclude the detailed evaluation of mineral resources outlined by earlier work. This Retention Licence covers an area of 80,625 hectares and is valid for two years.

Work Completed:

The 2001/2002 soil sampling program carried out jointly by Caledonia and BHP Billiton was completed over the majority of the original licence areas. This program identified a number of high priority anomalous targets within the required geological setting. These targets have been followed up in the search for copper/cobalt oxide and sulphide bodies. The top priority targets established by follow up drilling in 1996/7 were determined to be anomalies A, C, and D.

In the second quarter of 2004, a mini bulk sample of 30 tonnes was excavated at Nama A (Discovery) site and underwent successful screening tests and heavy media/gravity separation tests in South Africa. Following encouraging results, further one-tonne samples were sent for additional test work to fine tune the extraction process for the cobalt oxide.



During 2006 metallurgical test work has provided a proposed metallurgical flow-sheet. Two further bulk samples were taken from Anomaly A to enhance and refine the metallurgical processes and cost parameters for producing a marketable and economically viable cobalt product. On the basis of this test work, it is anticipated that the design of a pilot plant will be finalized, enabling Caledonia to conclude long term product purchase agreements based on the signed letters of intent.



Also in 2006/2007 a Technical Report, compliant with NI 43-101 was prepared for Anomaly A a Nama by Mr. David Grant, C.Geol., FGS, Pr.Sci.Nat., an independent consultant who is the "Independent Qualified Person" for Nama's resources as required by National Instrument 43-10 of the Canadian Securities Administrators.

In his report Mr. Grant estimates the Indicated Resources at Anomaly A as 43,656,000 tonnes grading 0.055% Co, 0.099% Cu and 0.011% Ni. In a subsequent Technical Report published in 2007 Mr. Grant estimated an Indicated Resource of 78,218,000 tonnes grading 0.043% Co, 0.012% Cu and 0.019% Ni in the Anomaly C area. Thus the combined Indicated Resource for

**Area of Retention Licence
and Proposed Infrastructure**
[Click on map to view larger version.](#)

Anomalies A and C is estimated as 121,874,000 tonnes with a weighted average grade of 0.047 Co and 0.043% Cu. The NI 43-101 Technical Report detailing this full resource has been filed on SEDAR and is available in the Technical Report section of this website.

With the recent substantial increase in the price of copper, Caledonia is in negotiation with potential joint venture partners for the further exploration of the established oxide resources and potential underlying sulphide zones.