



CALEDONIA MINING CORPORATION

NEWS RELEASE

Caledonia Mining Corporation Announces the J.V. with Ashton is to Drill the Kikerk Lake Diamond Property

Thursday July 5th 2001, 9.00 a.m.

Caledonia Mining Corporation ("Caledonia") of Toronto, Canada (TSE-CAL: NASDAQ-CALVF) is pleased to announce that a drill program will be carried out this summer on the Kikerk Lake property in Nunavut by its joint venture partner and operator of the property, Ashton Mining of Canada Inc ("Ashton"). The Kikerk Lake property consists of 15 mineral claims covering approximately 15,400 hectares, situated 30 km north of the diamondiferous Perseus kimberlite, and 15 km northeast of the diamondiferous Knife kimberlite.

More than 900 heavy mineral samples have been taken on the property, including approximately 500 samples collected by Ashton during the exploration in 2000. This exploration identified at least two distinct indicator mineral dispersion fans with varying mineralogy, including eclogitic pyrope garnets, G10 garnets and recovered one macro diamond measuring 1.40 x 0.68 x 0.60 mm. The diamond, together with more than 1,900 indicator minerals, many with fresh abrasion characteristics, were recovered from a single till sample near the head of one of the dispersion fans. While encouraging, an isolated diamond occurrence in a till sample must obviously be replicated before any inference can be drawn as to the presence of a diamondiferous kimberlite nearby.

As part of this year's exploration program a ground geophysical survey was conducted during April 2001. Interpretation of the geophysical data obtained has identified five anomalies associated with the indicator mineral dispersion fans. Additional ground geophysics and more specific heavy mineral sampling will be carried out during July 2001, with drilling of the most promising targets to follow in August 2001.

The Kikerk property was acquired by Caledonia, and subsequently joint-ventured to Northern Empire Minerals Ltd. ("Northern") in 1998. Currently Caledonia holds a 70% interest and Northern a 30 percent interest in the property subject to a two percent royalty on all diamond and mineral production. Ashton's activities on the property are in terms of an option agreement between Ashton and Caledonia, which entitles Ashton to earn a 52.5 percent interest in the property from Caledonia by incurring \$750,000 in exploration expenditures not later than May 31, 2003. Ashton has a further option to earn an additional seven percent by funding Caledonia's share of expenditures on the property through completion of a fully-engineered feasibility study. Under a recently negotiated interim agreement, Northern can elect to contribute its 30 percent pro rata share of the current \$650,000 program, or dilute its interest to approximately 17 percent.

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To download a Map showing Kikerk please visit our website <http://www.caledoniamining.com>