



CALEDONIA MINING CORPORATION

NEWS RELEASE

KIMBERLITE DISCOVERED ON KIKERK LAKE PROPERTY

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Caledonia Mining Corporation ("Caledonia") of Toronto (TSE: CAL) and (NASDAQ - OTCBB - CALVF) is pleased to announce the discovery of a kimberlite, "Potentilla", on the Kikerk Lake property in Nunavut, by its joint venture partner and operator of the property, Ashton Mining of Canada Inc. ("Ashton"). The Potentilla kimberlite is located at the head of a well-defined indicator mineral dispersion fan which returned a diamond measuring 1.40 x 0.68 x 0.60 mm from a till sample collected during the 2000 exploration program on the property.

The Potentilla kimberlite is represented by a magnetic anomaly with approximate dimensions of 140 x 60 metres. A vertical hole drilled in the center of the anomaly intersected kimberlite breccia beneath 9.9 metres of glacial overburden to a depth of 142.3 metres and terminated in hypabyssal kimberlite at a depth of 184.7 metres. A second hole was drilled from the same location at a 53 degree angle from horizontal. The orientation of this hole was approximately parallel to the longest dimension of the anomaly. The drill intersected kimberlite breccia from 9.7 to 98.4 metres and hypabyssal kimberlite from 98.4 to 107.0 metres. Drilling was terminated in sedimentary rock at 161.2 metres. These results suggest that the kimberlite extends 65 metres from the center of the anomaly along its longest dimension.

The program tested a second target located approximately one km east of the Potentilla kimberlite and associated with a linear magnetic feature. Two angle holes drilled across this feature from the same location intersected and terminated in highly altered clay-rich serpentine-, carbonate- and phlogopite-bearing breccia. The first hole was drilled at 45 degrees from horizontal and intersected the breccia from 68.9 to 69.3 metres before premature termination due to drilling problems. The second hole was drilled at 65 degrees from horizontal and intersected breccia from 95.7 to 123.4 metres before termination.

Material from the Potentilla kimberlite will be tested for microdiamonds at Ashton's North Vancouver laboratory with results expected in the fourth quarter. The altered mafic breccia recovered from the second target will undergo petrographic analysis to determine if it is kimberlitic in nature.

Caledonia and Northern Empire Minerals Ltd. ("Northern") respectively hold a 70 percent and 30 percent interest in the property. Ashton is entitled 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. Brooke Clements, Professional Geologist and Ashton's Vice President, Exploration, is responsible for the design and conduct of the exploration programs.

Further information regarding Caledonia's exploration activities and operations along with its latest financials may be found on the Corporation's website <http://www.caledoniamining.com>.

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