



CALEDONIA MINING CORPORATION

NEWS RELEASE

CALEDONIA ACQUIRES THE STRATEGIC KONKOLA WEST PROSPECTING LICENCE IN ZAMBIA

WEDNESDAY, JULY 18th, 2001, IMMEDIATE

Caledonia Mining Corporation ("Caledonia") of Toronto (TSE CAL) AND (NASDAQ-OTCBB - CALVF) is pleased to announce that it has been granted an Exclusive Prospecting Licence over the Konkola West area of about 128 sq kilometers. The licence contains most of the Roan stratigraphy exposed around the Konkola Dome and is one of the few remaining possibilities of extremely prospective ground on the Zambian Copperbelt. Konkola West is located on the north-west limb of the famous Zambian Copperbelt - a prolific producer of copper and cobalt and which is undergoing a resurgence in production and development following the successful privatization of the copper industry by the Zambian Government in 1999/2000.

The Konkola West Licence is adjacent to Caledonia's Nama and Ngosa licences to the west, to the north-east is the Konkola Mining Licence area owned by Zambian Copper Investments Ltd (a 50.9% subsidiary of Anglo American PLC) and to the south-east the Konkola North Mining Licence area and prospecting licences owned by Avmin Limited. The Konkola Mining licence was recently privatized by the Zambian government and is now owned, operated and being developed by Anglo American PLC (Anglo) at a cost of approximately US\$300 million and includes the Konkola Deep Project area division which if it proceeds will be a new copper mine budgetted by Anglo to cost approximately \$US 800 million to develop. Avmin have carried out deep drilling in an area close to the eastern boundary of Konkola West and have reported copper intersections of 4% copper.

The Konkola West licence was acquired by Caledonia because of the near surface copper and cobalt resources discovered and quantified as resources during the 1996/7 drilling program on its Nama and Ngosa licence areas. These deposits extend into the Konkola West licence and its proximity to the known copper resources of the Konkola Mining Licence and Konkola North Mining Licence contiguous to the eastern side of the Konkola West Licence. The Konkola North shaft lies about 3 to 4 km to the north-east and the Konkola Main shaft lies the same distance to the south-east of the eastern boundary of the Konkola West licence area. The northern edge of the Konkola West licence is located on the southern extremity of the Konkola Dome. Wrapped around the Dome, within the licence are the Katanga Rock series in which lies the Upper Roan, the Lower Roan and the Kundelungu Carbonate formations. The presence of the steeply dipping Lower Roan rocks, (which are the usual host to the Copperbelt-type deposits) makes the area extremely prospective for copper and cobalt. The shallow copper-cobalt mineralization in the Nama "A" deposit in Caledonia's Nama licence may suggest a deep-seated sulphide source to the east within the Lower Roan rocks of the Konkola West licence.

Discussions are underway with a number of major mining companies regarding a possible joint venture on the Konkola West licence area. Caledonia intends to start a stratigraphic drilling program on the Konkola West licence during this year.

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