



CALEDONIA

NEWS RELEASE

CALEDONIA [CAL-TSE; CALVF-Nasdaq] SIGNS OPTION TO ACQUIRE AN INTEREST IN PLATINUM and DIAMOND PROPERTIES

TUESDAY JUNE 12TH, 2001, 8.30 AM

Caledonia Mining Corporation of Toronto (CAL-TSE; CALVF-NASDAQ) ("Caledonia") and Sutherland Services Limited ("Sutherland") of the British Virgin Islands, have signed an agreement whereby Caledonia has the Option to acquire 50% of Sutherland's interests in the **Pruissen** [2,318.3 Ha] and **Vier-En-Twintig Rivier** [3,108.8 Ha] properties near Potgietersrus in the Northern Province, South Africa. The properties are considered to be highly prospective for platinum and diamond deposits.

The Bushveld Igneous Complex has been identified on the western portion of the property. This portion of the properties are approximately 12 kilometres east of Potgietersrus Platinums Ltd (owned by Anglo American Platinum) large open-pit platinum mine. The occurrence of platinum in the area is well documented. Caledonia intends to fast track the exploration for platinum and depending on results reach the drilling stage within months. The drilling stage will then be focused on defining an economic platinum resource. Should such a resource be identified and developed it is likely to have a significant impact on Caledonia's earnings.

Two phases of kimberlites have already been collected from locations on Pruisen by Caledonia and sent to Canada for analysis. Southern Era's Klipspringer fissure diamond mine, and Marsfontein open-pit kimberlite pipe lie approximately 15 kilometres and 20 kilometres respectively east of the properties. Diamond exploration by its nature will take considerably longer than the proposed platinum exploration, but if successful will further add considerable value to Caledonia.

Sutherland holds the Prospecting and Option Agreements over 75% of the Pruisen mineral rights and 58.57% of the remaining balance of the 25% of the mineral rights. Sutherland holds Prospecting and Option Agreements over 75% of the mineral rights over Vier-En-Twintig Rivier and 84.5% of the remaining balance of the 25% of the mineral rights.

Caledonia will manage and fund the exploration and development of these properties on behalf of Sutherland, and by agreement with Sutherland, will act for Sutherland. Should any portions of the mineral rights of either property be exploited or sold, the proceeds received shall be split equally between Caledonia and Sutherland, and Caledonia will then have a liability to Sutherland for US\$500,000 to be paid in cash or shares of Caledonia, at Caledonia's option and subject to Toronto Stock Exchange approvals. Caledonia will recover 50% of its exploration costs, when and if the properties are either developed or sold.

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