Caledonia Mining Corporation Plc

Death, Taxes and Mining Equity Dilution

Natural Resources Forum, London

June 2018

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Caledonia Mining : Overview

Caledonia:

Profitable unhedged gold producer

- Established, profitable gold producer, now expanding production from the Blanket Gold Mine in Zimbabwe
- Jersey domiciled company; listed on NYSE MKT, TSX and AIM
- Robust cash position: USD13.4m at 31st March 2018
- 2017 trailing P/E approximately 6X

Blanket Gold Mine:

Established with substantial production growth and cost reduction planned

	Production (oz)	AISC ($/oz)
2016 Actual	50,351	$912/oz
2017 Actual	56,135	$847/oz
2018 Guidance	55,000 – 59,000	$845 - $890/oz
2021 Target	**80,000**	**$700-$800/oz***

- M&I Resources of 714koz at 3.98g/t, Inferred resources of 887koz at 4.99g/t
- Fully funded investment program supporting a 14 year life of mine
- Significant on-mine and regional exploration upside

Dividend

- 6.875 US cents per share per quarter
- 3.2% yield (15 June 2018)

* 2021 target AISC, which is an unverified estimate and should therefore be considered with caution, is C3 On-mine cost per the Technical Report published in Feb 2018 after adjustment for anticipated head office expenses and removal of expected intercompany margin. No account is taken of any efficiency savings arising from the commissioning of the Central Shaft

Buy, Build or Buy-Back?

- Successful acquisition of Blanket Mine from Kinross in 2006
- ….followed by a bit of building (2009 to 2011)…
- ….and then a lot more building (2015 to 2020)….
- As we approach the end of a major investment phase, there are three likely options for Caledonia in the context of an anticipated increase in free cash flow

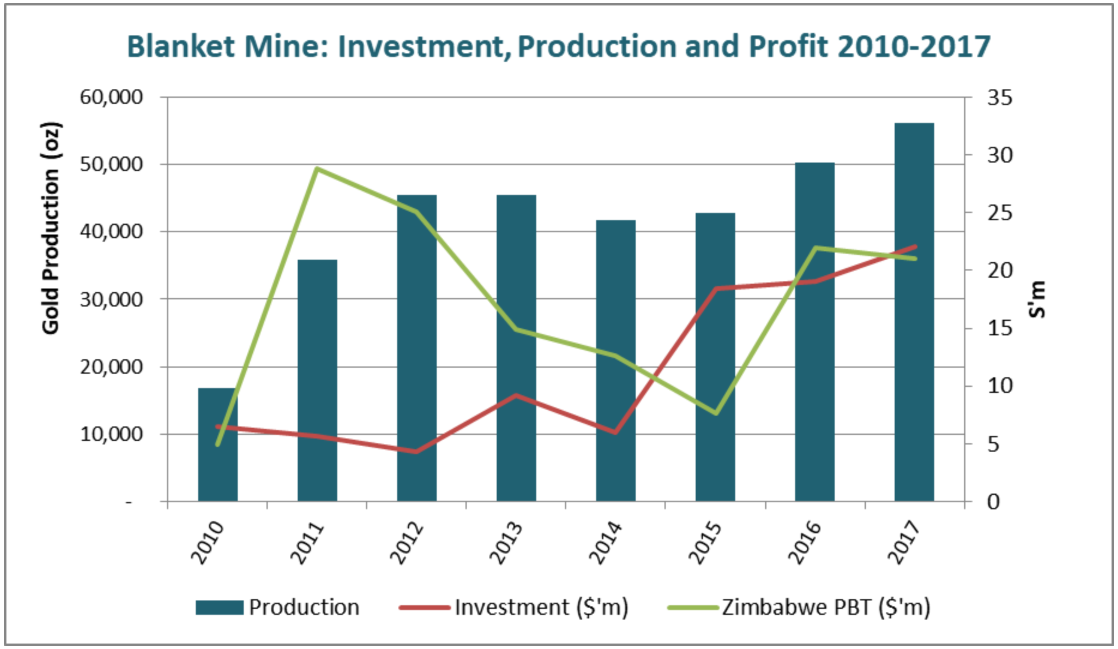
  - BUY:
    - Recent developments in Zimbabwe may herald a more conducive investment environment
    - Geologically, Zimbabwe is highly prospective and has been virtually ignored for 30 years

  - BUILD:
    - Cheaper and lower risk to invest further in our own properties
    - Not incompatible with buying assets for development

  - BUY-BACK AND INCREASE DIVIDENDS
    - Anticipated increase in cash-flows from 2020 makes a buyback and increased dividends compelling
    - Establishes a “base line” to evaluate all other options

Blanket Mine: a good acquisition and subsequent investment reaps early returns

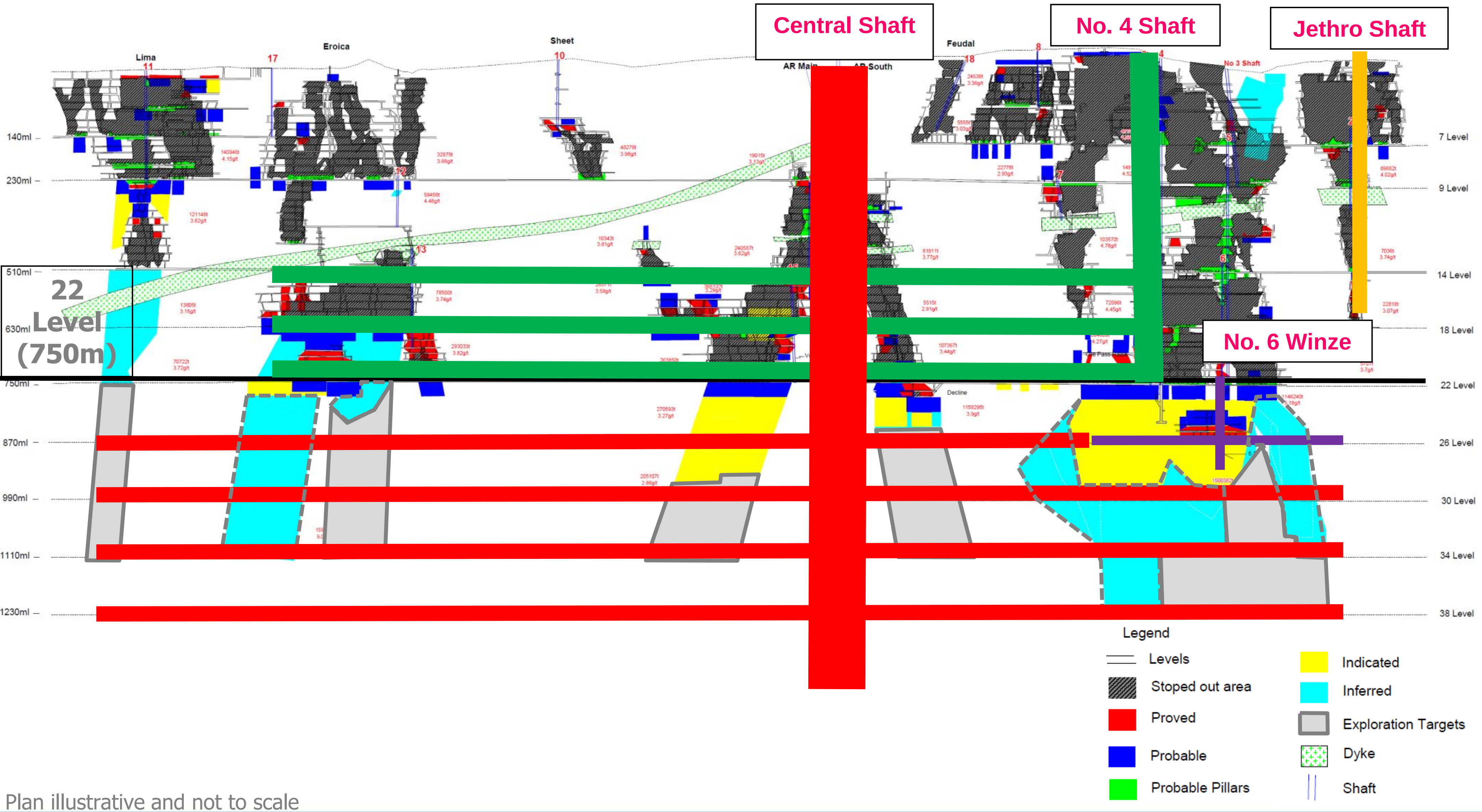
- Caledonia acquired Blanket in 2006 for $4m
- October 2008 to April 2009: production suspended due to economic turmoil in Zimbabwe
- 2010 to 2012:
  - investment $17m
  - PBT $60m
- By late 2014 more investment was needed to maintain production and extend the mine life
  - October 2014: embark on $70m investment programme 2015-2020
  - Target production of approx. 80,000 ounces of gold by 2021 at an on-mine C3 cost of $720/oz[1]



1. Source – NI 43 101 Technical Report published February 2018: excludes head office costs and any export incentive credit payable arising on gold sales; before elimination of intercompany items.

New Central Shaft drives development of sub-750m zones

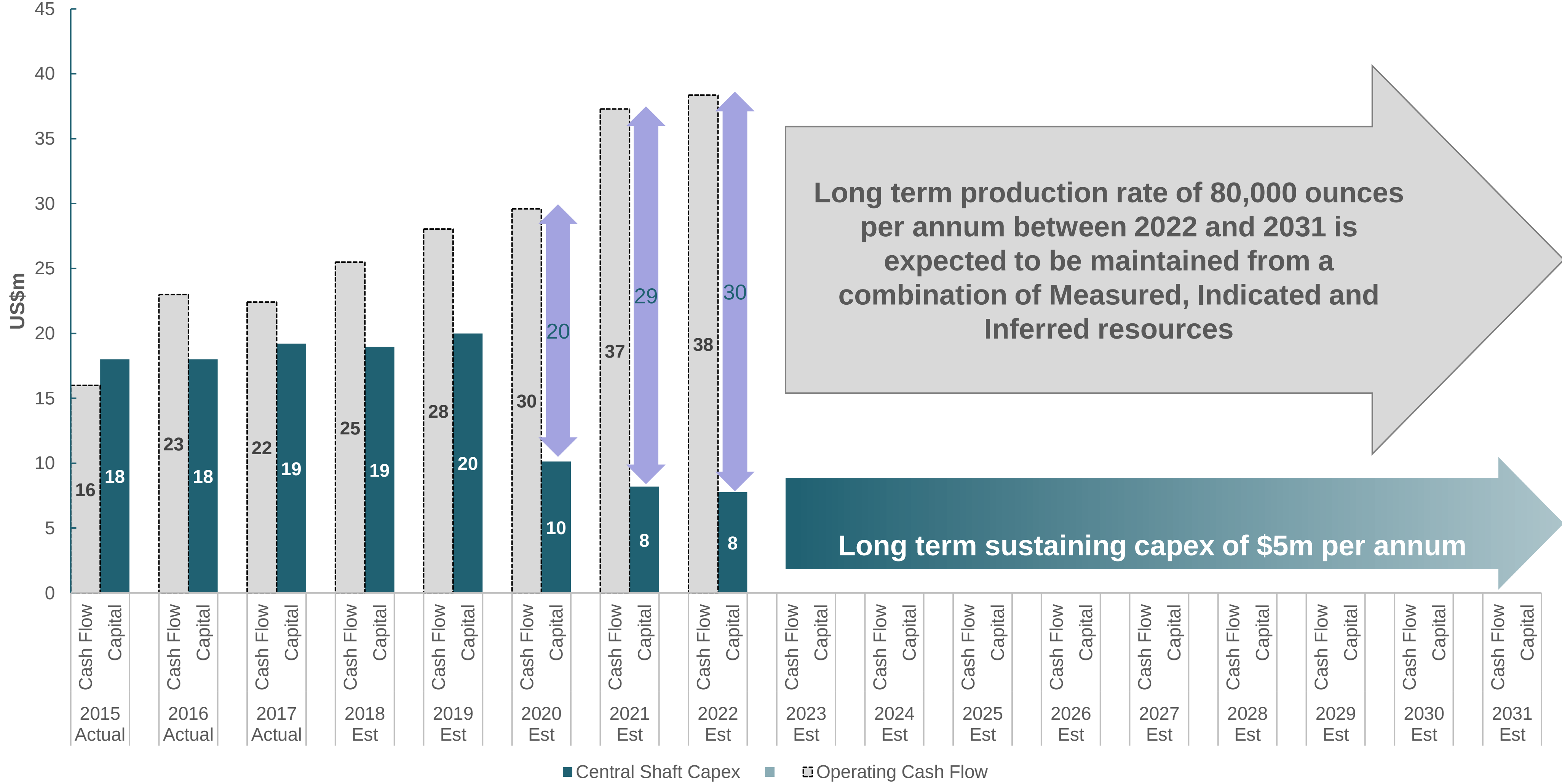
Constructing a new generation mine below the current workings



Plan illustrative and not to scale

Strong free cash flows from 2020 onwards

Declining capex and increasing cash generation



Operating cash flow and capital expenditure forecasts for Blanket Mine are extracted from the National Instrument 43-101 Technical Report on the Blanket Mine published in February 2018 using a gold price of $1,214 per ounce. These forecasts are for Blanket Mine and exclude Caledonia's G&A costs, inter-company adjustments and the export credit incentive for Zimbabwean gold producers

Share buybacks and increasing dividends

- 2021 indicative Blanket Mine free cash flow: $29m[1]
  - Caledonia currently collects 80% of Blanket's dividends (direct dividends plus repayment of indigenisation loans)
  - Current G&A approx. $6m (ignore inter-company procurement margin and assume no incremental overheads)
  - Indicative net cash flow to Caledonia of approx. $17m
  - Assuming a 100% pay-out ratio implies a dividend of approx. $1.60/share
  - Approximate 6-fold increase on the current annual dividend of 27.5 cents

- As we "tickle up" the dividend, Caledonia could use some cash to buy back shares and further boost the eventual dividend
  - Subject to share price and NPV/share calculations
  - Implications for liquidity?

- Easy to implement and understand; low-risk

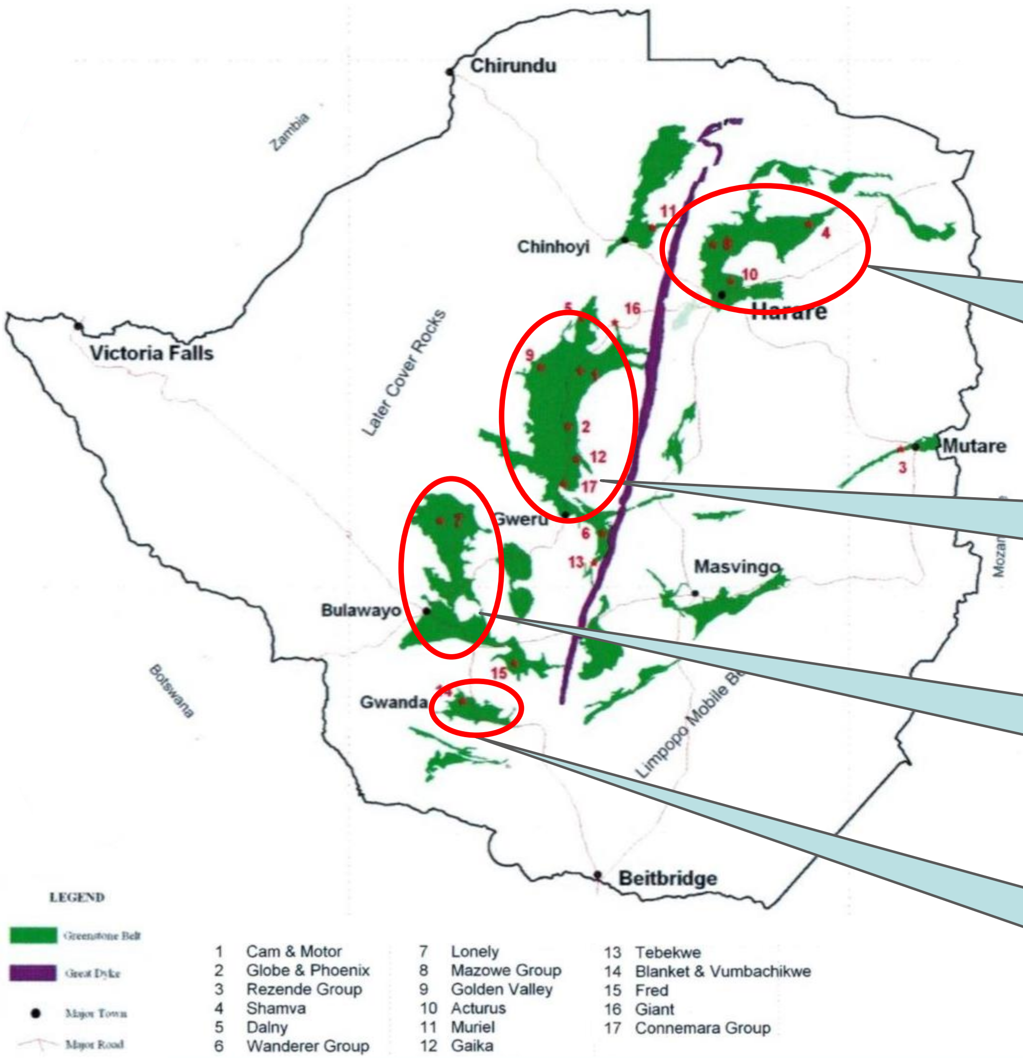
- Establishes a base-line against which all other strategies can be compared

1. Extracted from the National Instrument 43-101 Technical Report on the Blanket Mine published in February 2018 using a gold price of $1,214 per ounce.

Zimbabwe Acquisition Opportunities

World-class gold potential : under-explored and under-capitalized

Historic & current 1Moz+ producers



Significant regional potential

- Zimbabwe has historically produced over **45 million ounces** of gold
- Several prolific multi million ounce gold belts: substantial potential for further multi-million ounce discoveries
- Prior to 2000, Zimbabwe produced more gold than Mali, Tanzania, Burkina Faso and Guinea; minimal investment and exploration since

Harare
Production: >4Moz
Existing Resources: approx. 1.9Moz
Average Grade: approximately 3g/t

Gweru
Production: >15Moz
Existing Resources: approx. 1.9Moz
Average Grade: approximately 3g/t

Bulawayo
Production: >2.5Moz
Existing Resources: approx. 6.5Moz
Average Grade: 2.5g/t – 5g/t

Gwanda Greenstone Belt – Including Blanket Mine
Production: >2.5Moz
Existing Resources: approx. 2.7Moz
Average Grade: 3.5g/t – 5g/t

Possible Acquisition Opportunities

Balancing risk and reward

- Multiple acquisition opportunities
  - Usually small-scale operations, operating at break-even
  - Often with non-compliant resource statement
  - Urgent recapitalisation requirement
  - Remediation of existing operations
  - Further exploration and technical evaluations required to produce acceptable resource statements, feasibility studies
  - Substantial expansion capital required to realise full potential

Multiple "Value Leakage" opportunities

- Government and communities are anxious to see rapid progress: production, employment, foreign exchange
  - Current political and fiscal environment is highly supportive:
    - Removal of Indigenisation
    - Export Credit Incentive
    - 100% capital allowances

Do the recent positive developments give enough confidence for a 10 year investment programme and a 30 year mine life?

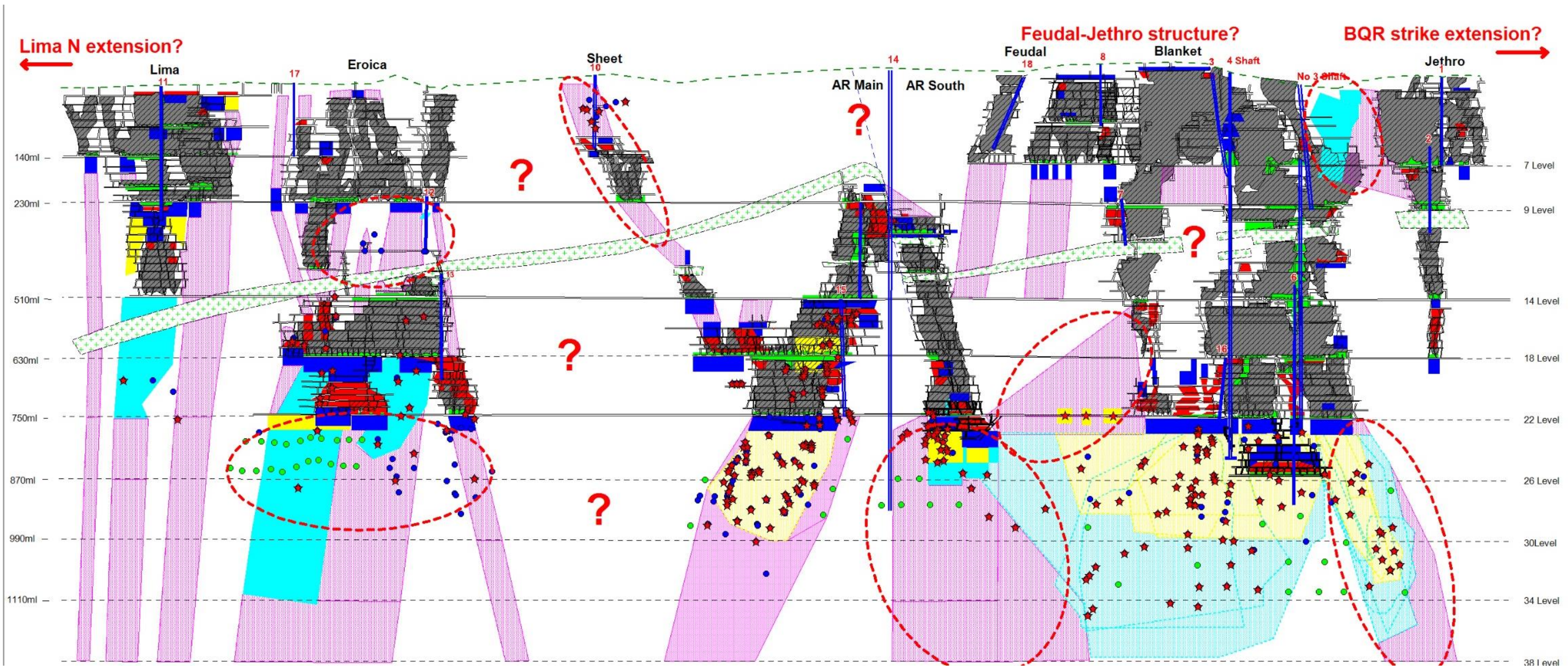
High government expectations for increased production etc may result in a swift adverse reaction if they are disappointed

Upside Case: $200m investment to build a regionally focused 300,000 -350,000 oz pa gold producer

Downside Case: over-pay, over-spend, under-produce

Significant Exploration Potential

Significant focus areas for exploration within the mine footprint



Historic discovery cost at Blanket – approx. $4/oz

Exploration Target

? Other Possible Targets

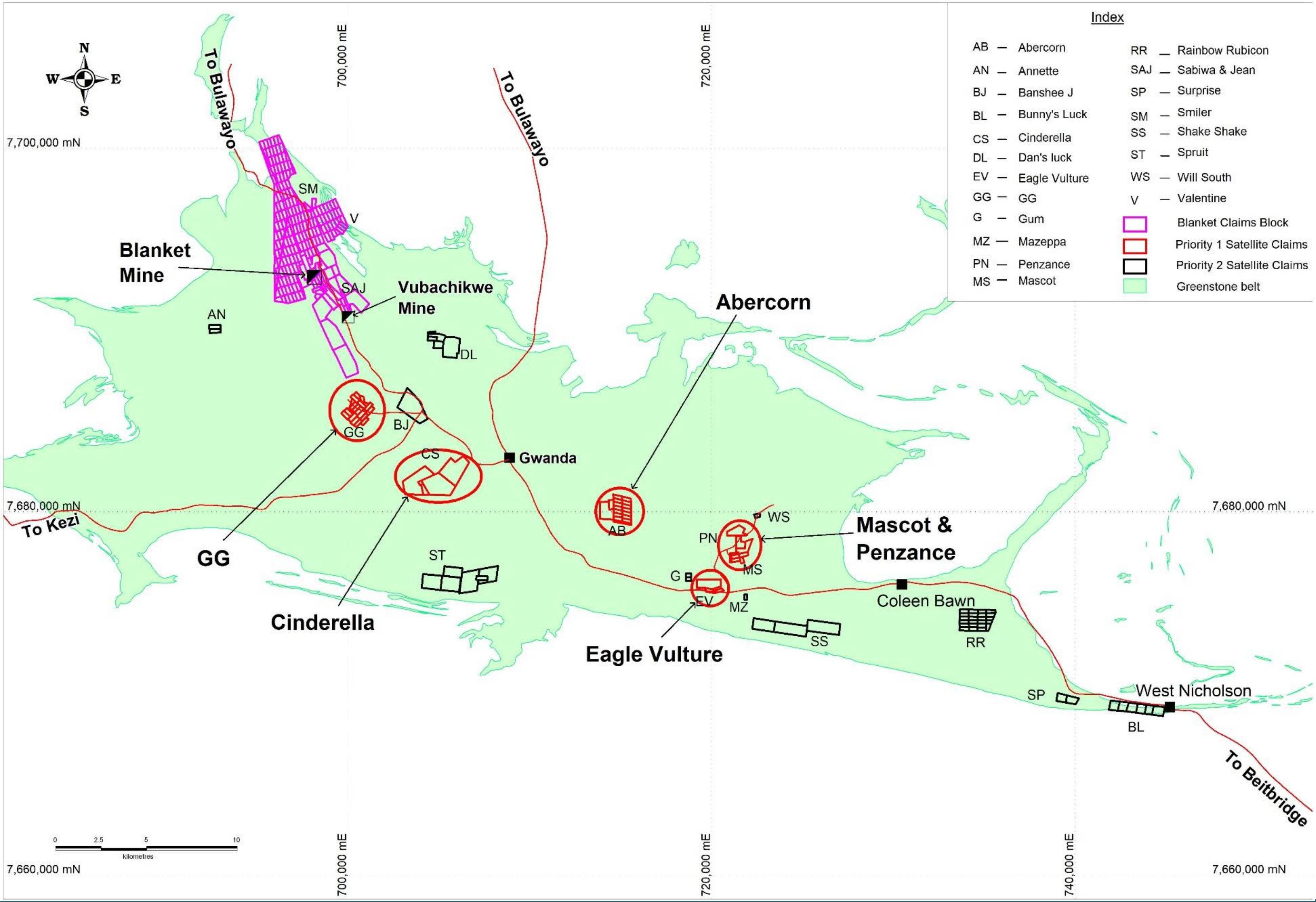
Focus Area

★ Intersection > 1.89g/t over 1.2m

0 250 500
metres

Exploration Opportunities

Investing $4m in satellite exploration opportunities surrounding Blanket



Conclusions

- Buyback and increased dividends creates the base line against which all other options are evaluated
  - Potential approximate 6-fold increase in dividends by 2021[1]

- Key evaluation criteria for new investments:
  - NPV per share (but watch out for fancy footwork on discount rates etc)
  - Dividends per share
    - Any new investment should eventually enable Caledonia to pay a higher dividend per share than if we retain our focus on Blanket and deploy 100% of free cash flow to dividends increase the dividend
    - Take account of dilution
    - 2-3 year time horizon (but that could extend if Zimbabwe comes good)
    - A margin of upside to allow for increased risk

1. Refer to pro forma calculation set out on page 8 of this presentation