



# Acquisition of Bilboes Gold

TRANSACTION PRESENTATION

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Refer to the technical report entitled "BILBOES GOLD PROJECT FEASIBILITY STUDY" with effective date 15 December 2021 prepared by DRA Projects (Pty) Ltd filed by the Company on SEDAR ([www.sedar.com](http://www.sedar.com)) on 21 July 2022 for resources and reserves and planned production from Bilboes as stated in this presentation. Mr Dana Roets (B Eng (Min.), MBA, Pr.Eng., FSAIMM, AMMSA), Chief Operating Officer, is the Company's qualified person as defined by Canada's National Instrument 43-101 and has approved any scientific or technical information contained in this document.

# A Strategy Focused on Genuine Returns for our Shareholders



**Central Shaft:**  
near-term,  
low-risk growth



**Significant  
increase**  
in production in  
2022



Committed to  
**return money**  
to shareholders



Attractive **new  
opportunities**



# Bilboes Gold Transaction Highlights

## A LARGE SCALE, LOW COST, LONG LIFE GOLD PROJECT

- Caledonia has signed an agreement to purchase Bilboes for a total consideration of 5.12m Caledonia shares representing approximately 28.5% of Caledonia's fully diluted equity, and a 1% NSR on the Project
- Bilboes has an NI43-101 compliant P&P Reserve of 1.96Moz @ 2.29 g/t and a M&I Resource of 2.56Moz @ 2.26 g/t and an additional Inferred mineral resource of 577Koz @ 1.89 g/t
- A FS indicates the potential for an open-pit gold mine producing an average of 168Koz per year over a 10-year steady state life of mine. The FS has a post-tax NPV of US\$323 million (@ US\$1650/oz & 10%) and an IRR of 33% with an AISC of US\$826/oz and a CAPEX requirement of US\$250 million
- Prior to completion of the transaction, Caledonia will enter into a tribute arrangement to restart oxide mining operations which are currently on care and maintenance. This is expected to result in Bilboes returning to profitable operations within 6 months
- The transaction is subject to several conditions precedent detailed later in this presentation.



Bilboes is a large-scale high grade open pit gold deposit located approximately 75km north of Bulawayo. Historically the project has produced over 280koz of gold from open pit oxide mining

# About Bilboes

## ONE OF THE PREMIER GOLD DEVELOPMENT PROJECTS IN AFRICA

- Bilboes was formerly owned and explored by Anglo American Corporation Zimbabwe Limited prior to its exit from the Zimbabwean gold sector in the late 1990s after which it was acquired by the current owners
- The project is approximately 75km north of Bulawayo with a total land package comprising mining claims covering 6,870 hectares and exclusive prospecting orders totaling approximately 92,000 hectares
- Current Bilboes Shareholders are:
  - **Toziyana Resources Limited (50%)** a Mauritian company controlled by Mr. Victor Gapare, a prominent Zimbabwean mining entrepreneur. Mr Gapare was previously the Operations Director for the gold and pyrites business of Anglo American Corporation Zimbabwe Limited when Bilboes was part of its portfolio, prior to a management buyout in which he was involved, and is a former President of the Chamber of Mines Zimbabwe. Following the successful completion of the Transaction, Mr Gapare will be appointed as an executive director of Caledonia;
  - **Baker Steel Resources Trust Limited (24%)** – a London-listed investment trust managed by Baker Steel Capital; and
  - **Infinite Treasure Limited (26%)** – a British Virgin Islands registered subsidiary of Shining Capital Holdings LP. II, a Cayman Islands registered investment fund.



Bilboes has a functional oxide processing plant consisting of crushers, heap leach facilities and a carbon absorption plant. The facility is currently on care and maintenance





# Bilboes Feasibility Study

# Bilboes Reserves and Resources

MULTI-MILLION OUNCE RESOURCE BASE WITH EXPLORATION POTENTIAL

## Mineral Resources (Cut off grade 0.9g/t)

| Category             | Tonnes (Mt)   | Grade (g/t) | Ounces (koz) |
|----------------------|---------------|-------------|--------------|
| Measured             | 6.128         | 2.51        | 495          |
| Indicated            | 29.052        | 2.21        | 2,061        |
| <b>Total M&amp;I</b> | <b>35.180</b> | <b>2.26</b> | <b>2,555</b> |
| Inferred             | 9.475         | 1.89        | 577          |

## In Situ Mineral Reserves

| Category                           | Tonnes (Mt)   | Grade (g/t) | Ounces (koz) |
|------------------------------------|---------------|-------------|--------------|
| Proven                             | 5.858         | 2.42        | 456          |
| Probable                           | 20.785        | 2.26        | 1,509        |
| <b>Total Proven &amp; Probable</b> | <b>26.644</b> | <b>2.29</b> | <b>1,964</b> |

1. Mineral resources are inclusive of mineral reserves.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Mineral resources have been assessed using a long term gold price of \$2,400/oz and mineral reserves have been assessed using a long term gold price of \$1,500/oz.
4. CIM definitions (May 10, 2014) observed for classification of mineral resources.
5. Block bulk density interpolated from specific gravity measurements taken from core samples.
6. Resources are constrained by a Lerchs-Grossman (LG) optimized pit shell using Whittle software.
7. Mineral resources are not mineral reserves and have no demonstrated economic viability. The estimate of mineral resources may be materially affected by mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors ("Modifying Factors").
8. Numbers may not add due to rounding.
9. Effective date of resource estimate is 25th of October 2021.
10. DRA is confident that enough geological work has been undertaken, and sufficient geological understanding gained, to enable the construction of an ore body model suitable for the derivation of mineral resource and mineral reserve estimates. DRA considers that both the modelling and the grade interpolation have been carried out in an unbiased manner and that the resulting grade and tonnage estimates should be reliable within the context of the classification applied. In addition, DRA is not aware of any metallurgical, infrastructural, environmental, legal, title, taxation, socio-economic, or marketing issues that would impact on the mineral resource, or reserve statements as presented in the DRA Feasibility Study.



Bilboes has also completed a total of 93,400 meters of drilling (60% diamond core) over a total strike length of 7.4km.



# Feasibility Study

## A LARGE SCALE, LOW-COST, LONG-LIFE ASSET

- The existing DRA feasibility study indicates a robust project with healthy returns and a substantial margin of safety at lower gold prices
- Caledonia will conduct its own feasibility study to identify the most judicious way to commercialise the Project to optimise shareholder returns, having regard to the availability of debt and equity on acceptable terms to augment the cash that is expected to be generated from Blanket Mine.
- Based on Caledonia's assessment of the existing capital intensity of the Project and Caledonia's experience of project development in Zimbabwe, Caledonia estimates that the peak up-front capital investment could be reduced to less than \$100m for the construction of a mine with an initial production capacity of approximately 60,000 ounces per year before increasing the operation in subsequent phases to achieve an operation of similar scale to that described in the DRA Feasibility Study, being approximately 168,000 ounces per year.
- The ore at the Bilboes deposits is refractory and will require specialised metallurgical processing. DRA has conducted work on the metallurgical processing which concludes that approximately 84 per cent of the gold contained can be recovered using Biox technology in conjunction with gravity and carbon-in-leach processing. DRA's work has been reviewed by Caledonia's internal team and technical consultants during the due diligence process.

### Feasibility Study Highlights

|                          |  |            |            |
|--------------------------|--|------------|------------|
| Life of Mine             | 10 Years                                     |            |            |
| Planned Production Rates | Isabella & McCays 2.88Mtpa<br>Bubi 2.160Mtpa |            |            |
| LOM Gold Production      | 1.673 million ounces                         |            |            |
| Average LOM Production   | 168koz per year                              |            |            |
| Peak Production          | 208koz per year                              |            |            |
| LOM C1 Cash Cost         | \$719/oz                                     |            |            |
| Peak Funding Requirement | \$250m                                       |            |            |
| Gold Price               | \$1,350/oz                                   | \$1,500/oz | \$1,650/oz |
| Post Tax NPV (10%)       | \$126.9m                                     | \$225.2m   | \$323.3m   |
| Post Tax IRR (%)         | 20.5%  | 27.3%      | 33.4%      |
| AISC (\$/oz)             | \$811/oz                                     | \$818/oz   | \$826/oz   |

Caledonia intends to spend approximately 12 months following completion of the Transaction further reviewing the DRA Feasibility Study with a view to formulating a project development plan that takes into account Caledonia's future cash generation profile from the Blanket Mine and the oxide mining and processing operations at Bilboes, the availability of additional funding on acceptable terms and Caledonia's experience of developing large-scale mining projects in Zimbabwe over the past 6 years (e.g. the Central Shaft project). Accordingly, readers should treat the above economic highlights as indicative only and as subject to change following the finalisation of Caledonia's revised development plan. Caledonia will update the market when the results of its own feasibility study review are complete.





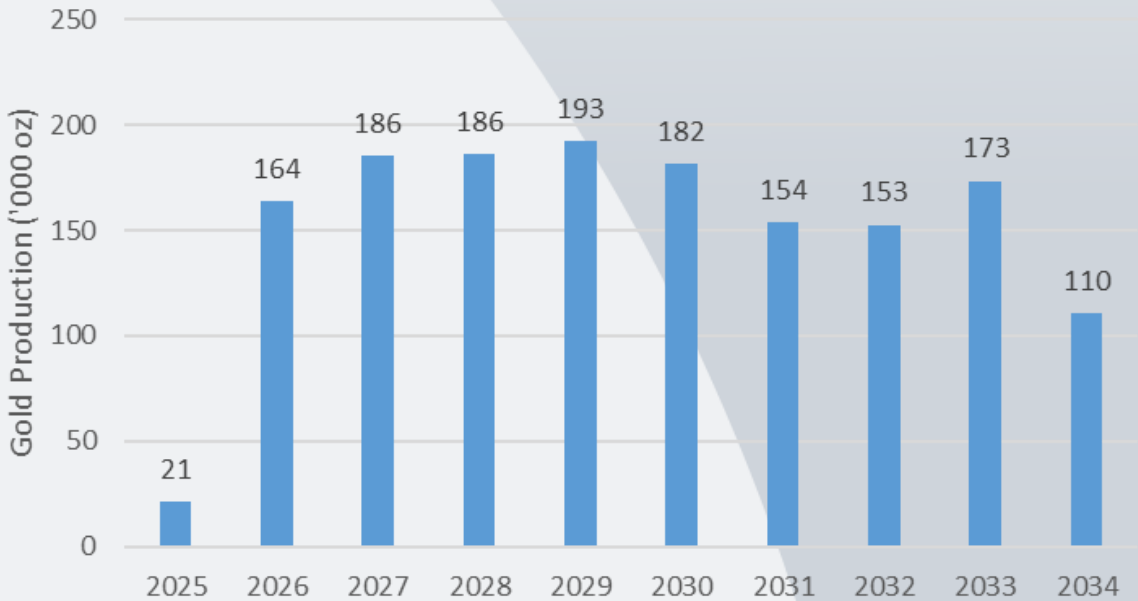
# Bilboes Production and Cost Profile

LONG-LIFE, LOW-COST GOLD PRODUCTION

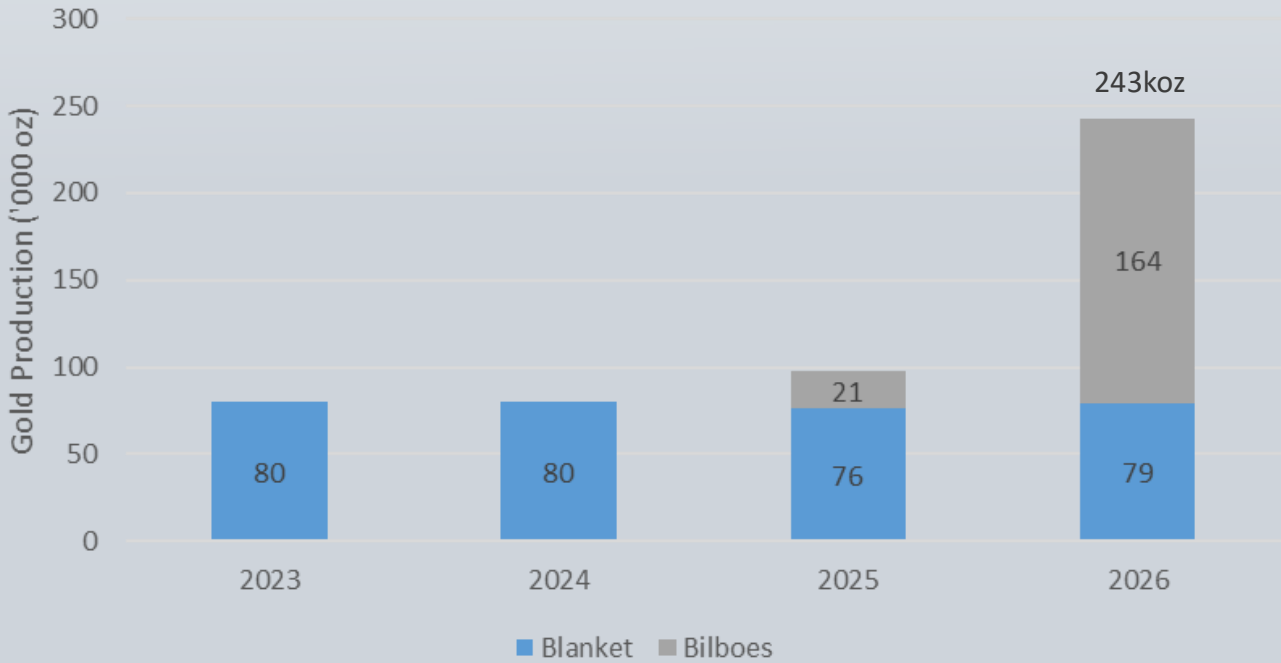
# Production

COMBINED GROUP CONSOLIDATED PRODUCTION WILL BE IN EXCESS OF 240 THOUSAND OUNCES

Bilboes Estimated Production



Pro Forma Group Estimated Production to 2026



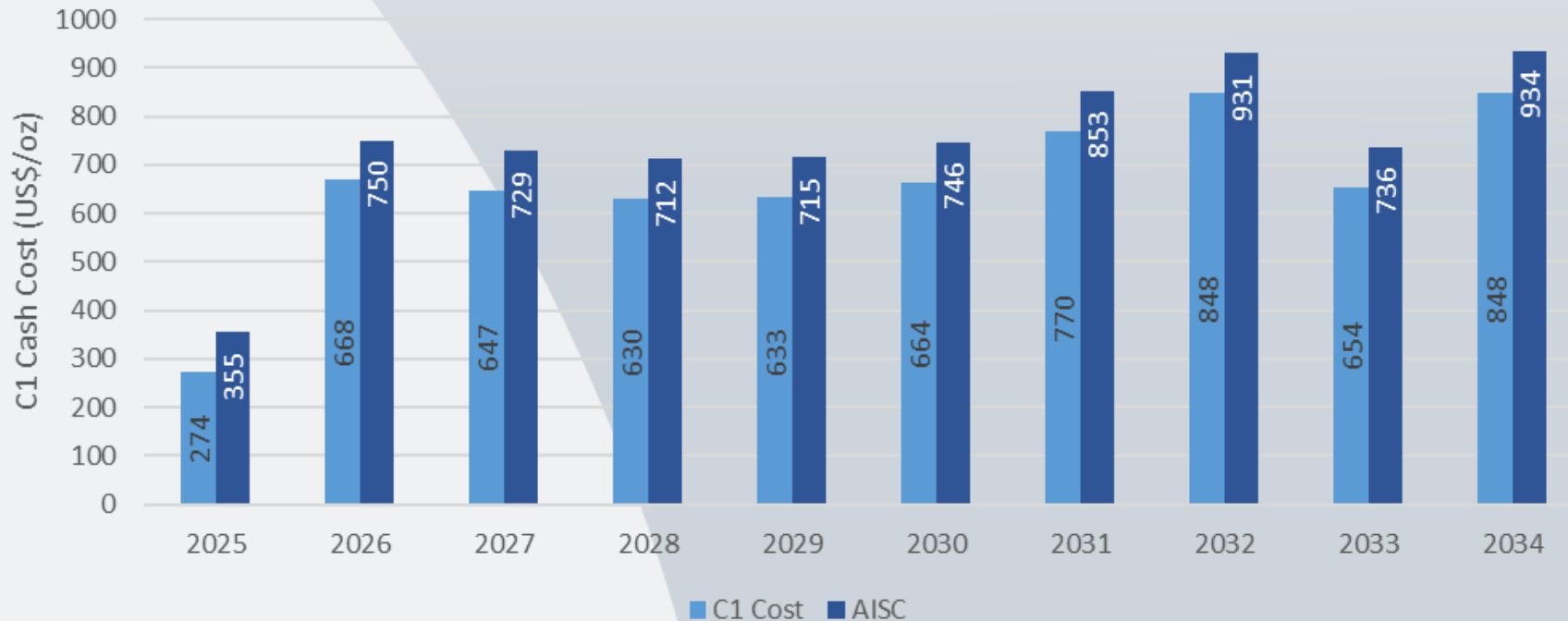
1. Production data for Bilboes is based on the DRA feasibility study. Refer to the technical report entitled "BILBOES GOLD PROJECT FEASIBILITY STUDY" with effective date 15 December 2021 prepared by DRA Projects (Pty) Ltd and filed on SEDAR ([www.sedar.com](http://www.sedar.com))

2. Production data for the group includes production from Blanket Mine. Refer to technical report entitled "Caledonia Mining Corporation Plc NI 43-101 Technical Report on the Blanket Gold Mine, Zimbabwe" by Minxcon (Pty) Ltd dated January 1, 2020 and filed on SEDAR ([www.sedar.com](http://www.sedar.com))

# Operating Costs

AVERAGE LIFE OF MINE CASH COSTS OF \$719/OZ

Bilboes Estimated Production Cost



- The combined group will have an overall cost profile of well below \$1,000/oz giving investors a substantial margin of safety in the event of lower gold prices
- Increasing costs in later years are as a result of increases in the strip ratio and as a result of ore from the Bubi ore body being processed which is harder and results in higher milling costs

Refer to the technical report entitled "BILBOES GOLD PROJECT FEASIBILITY STUDY" with effective date 15 December 2021 prepared by DRA Projects (Pty) Ltd filed on SEDAR ([www.sedar.com](http://www.sedar.com))  
Costs have been based on the DRA feasibility study and AISC costs have been calculated using a gold price of \$1,500/oz. Higher gold prices will result in higher royalty which will in turn result in a higher AISC

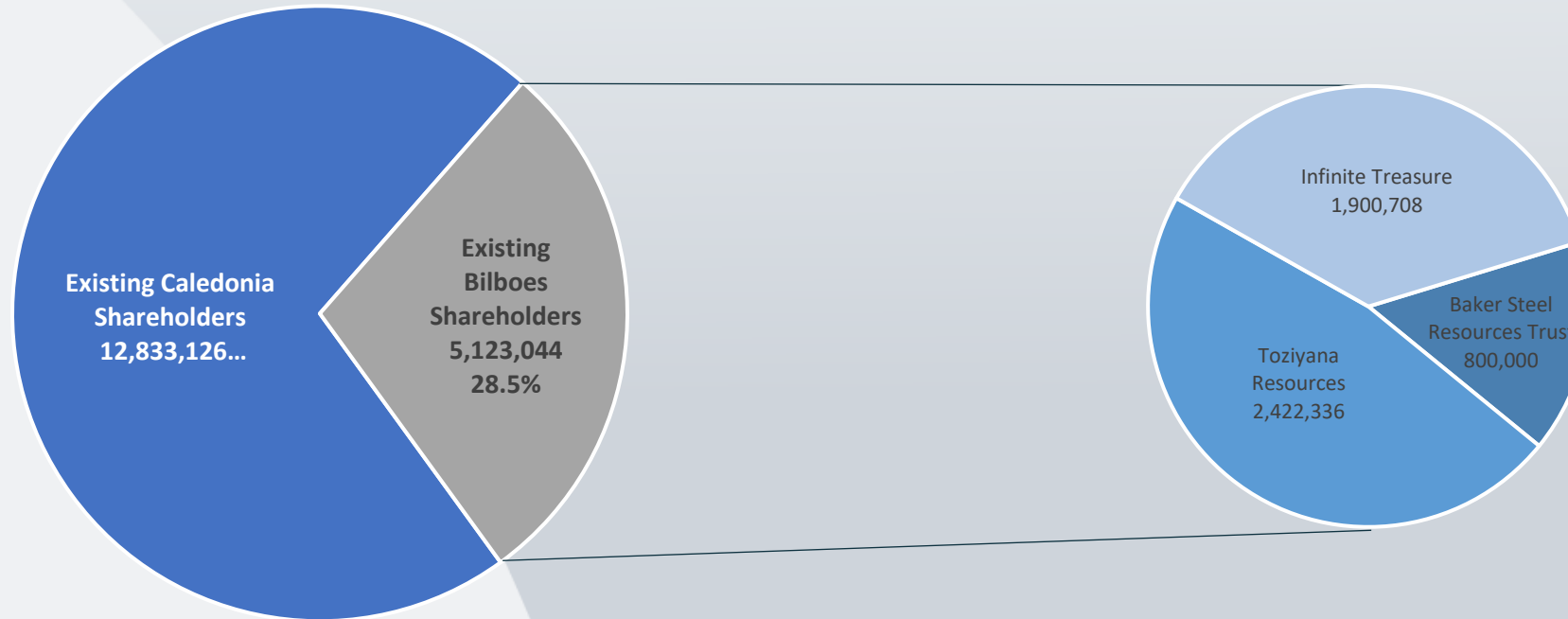




# Transaction Structure

# Transaction Structure

THE TRANSACTION WILL BE SETTLED BY THE ISSUE OF NEW EQUITY IN CALEDONIA AND A 1% NSR



Baker Steel Resources Trust will also be granted a 1% NSR on the project which will be capped (currently at a hypothetical amount of \$75m over the life of the project)

- Subject to customary adjustments to reflect any unexpected working capital movements between exchange and completion, Caledonia will issue 5,123,044 new shares to the sellers. Post the transaction Caledonia will have 17,956,170 shares in issue with a total dilution of 28.5%. New shares will be subject to sale restrictions for a 6-month period following completion of the transaction
- New shareholders will own the following percentage of the enlarged group:
  - Toziyana Resources Limited (13.5%) – Toziyana will become Caledonia's largest shareholder on completion of the transaction and will enter into a relationship agreement with Caledonia with customary terms
  - Baker Steel Resources Trust Limited (4.5%) – Baker Steel will also be granted a 1% NSR on the project on completion of the transaction
  - Infinite Treasure Limited (10.6%) – 2,863,336 new shares in Caledonia will be issued to Toziyana of which approximately 441,000 Caledonia shares will be withheld by Caledonia and will be issued to Infinite Treasure in settlement of a separate commercial arrangement between Toziyana's holding company and Infinite Treasure. The issue of the withheld shares to Infinite Treasure is subject to Reserve Bank of Zimbabwe approval for the commercial arrangement.

# Conditions Precedent

## THE TRANSACTION IS SUBJECT TO THE FOLLOWING CONDITIONS PRECEDENT

- An arrangement with the Zimbabwe authorities which allows inter alia:
  - that Bilboes Holdings will, for the life of the mine, be able to export gold directly and to retain 100 per cent of the sale proceeds in US dollars; and
  - that there will be no requirement for Bilboes Holdings to convert US dollar gold revenues into domestic currency;
- An arrangement with the Zimbabwe authorities, or an independent power producer regarding the future availability and cost of a sufficiently reliable electricity supply to the Bilboes mining and processing operations;
- Zimbabwean regulatory approvals from the Zimbabwe Competition and Tariff Commission, the Zimbabwe Revenue Authority and the Reserve Bank of Zimbabwe; and
- Approvals for the listing of the Consideration shares from applicable securities exchanges.

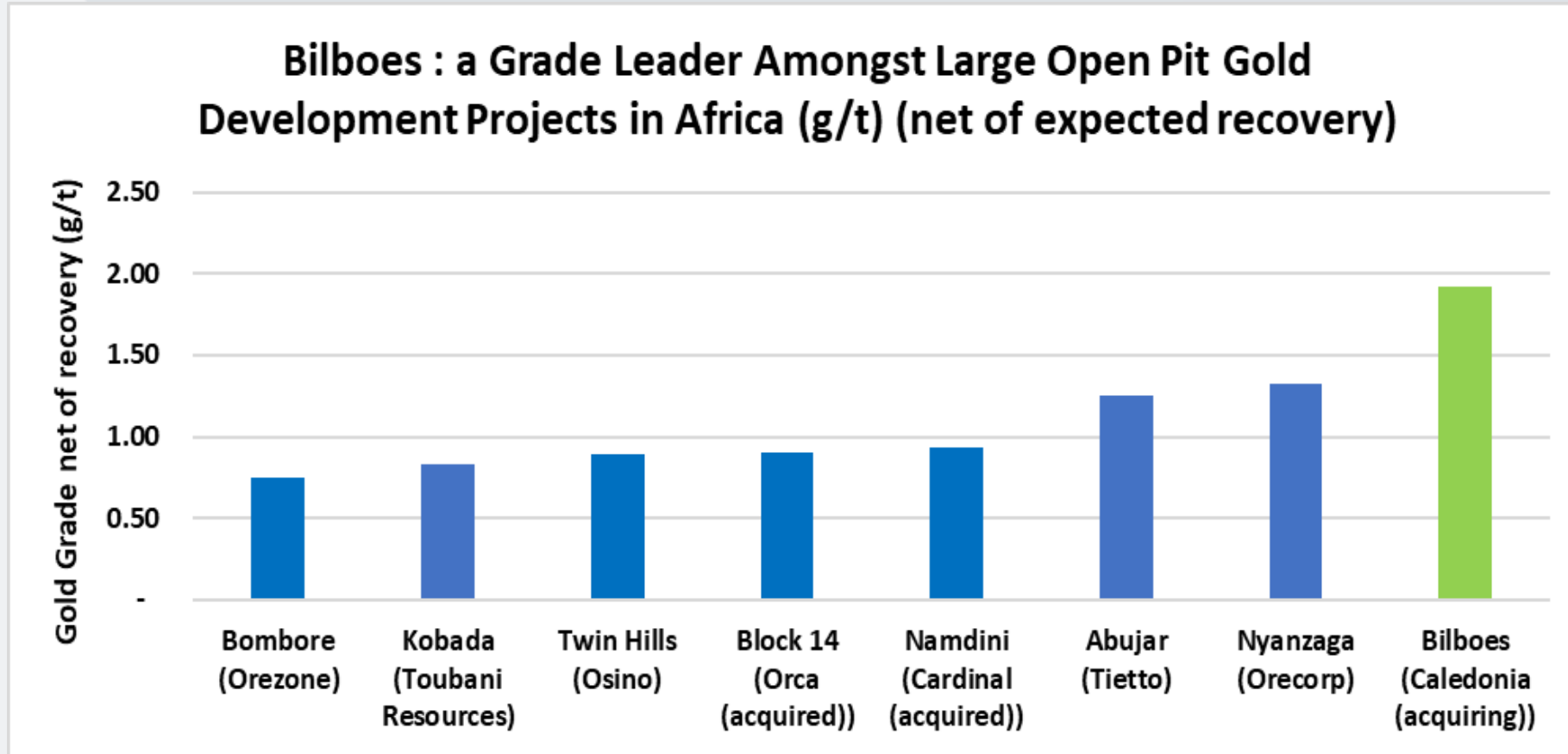




# Bilboes Comparator Metrics

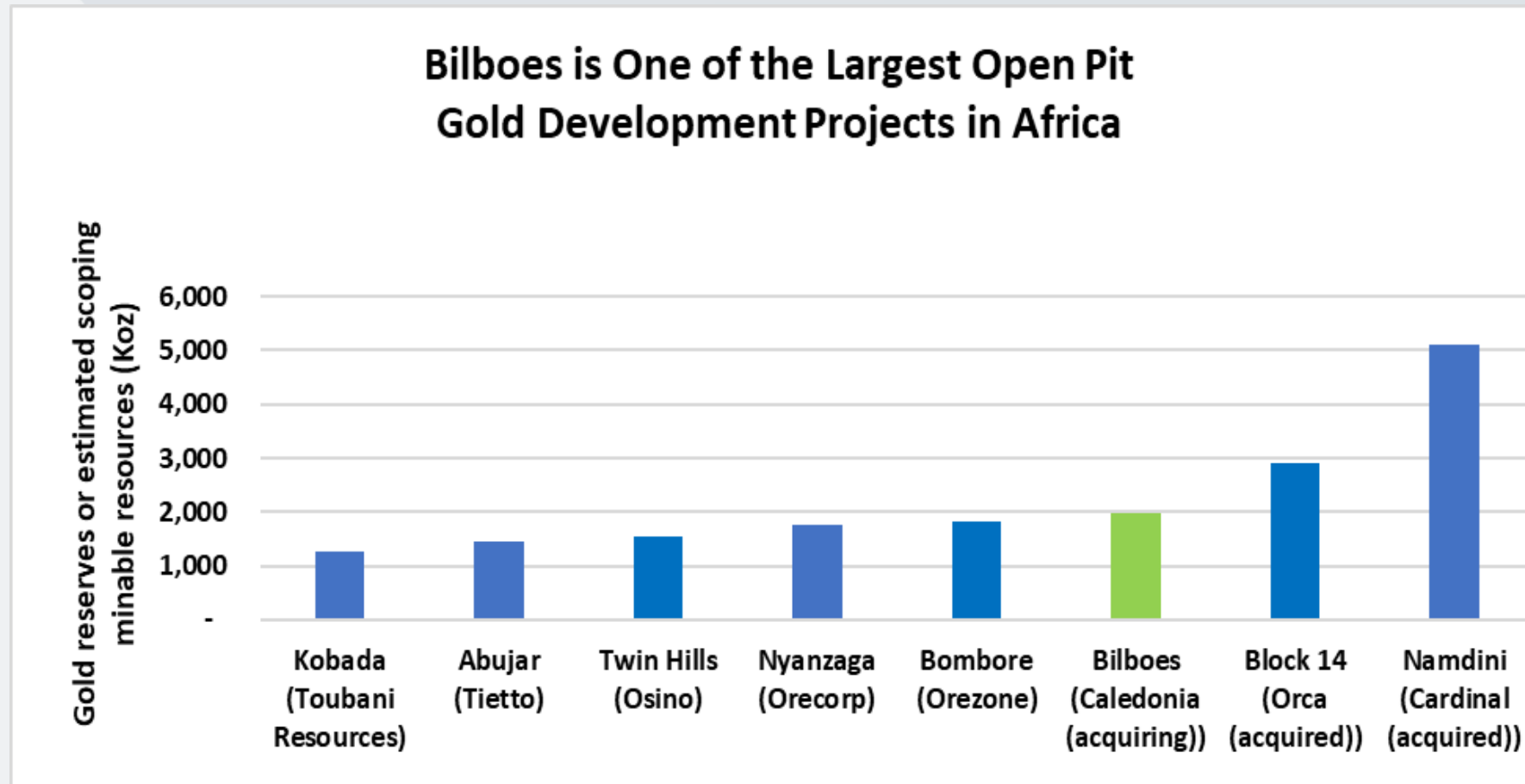
ONE OF THE BEST GOLD DEVELOPMENT PROJECTS IN AFRICA

# Comparison to African Gold Projects - Grade



Source – Bloomberg, Company Public Statements, Company Technical Reports

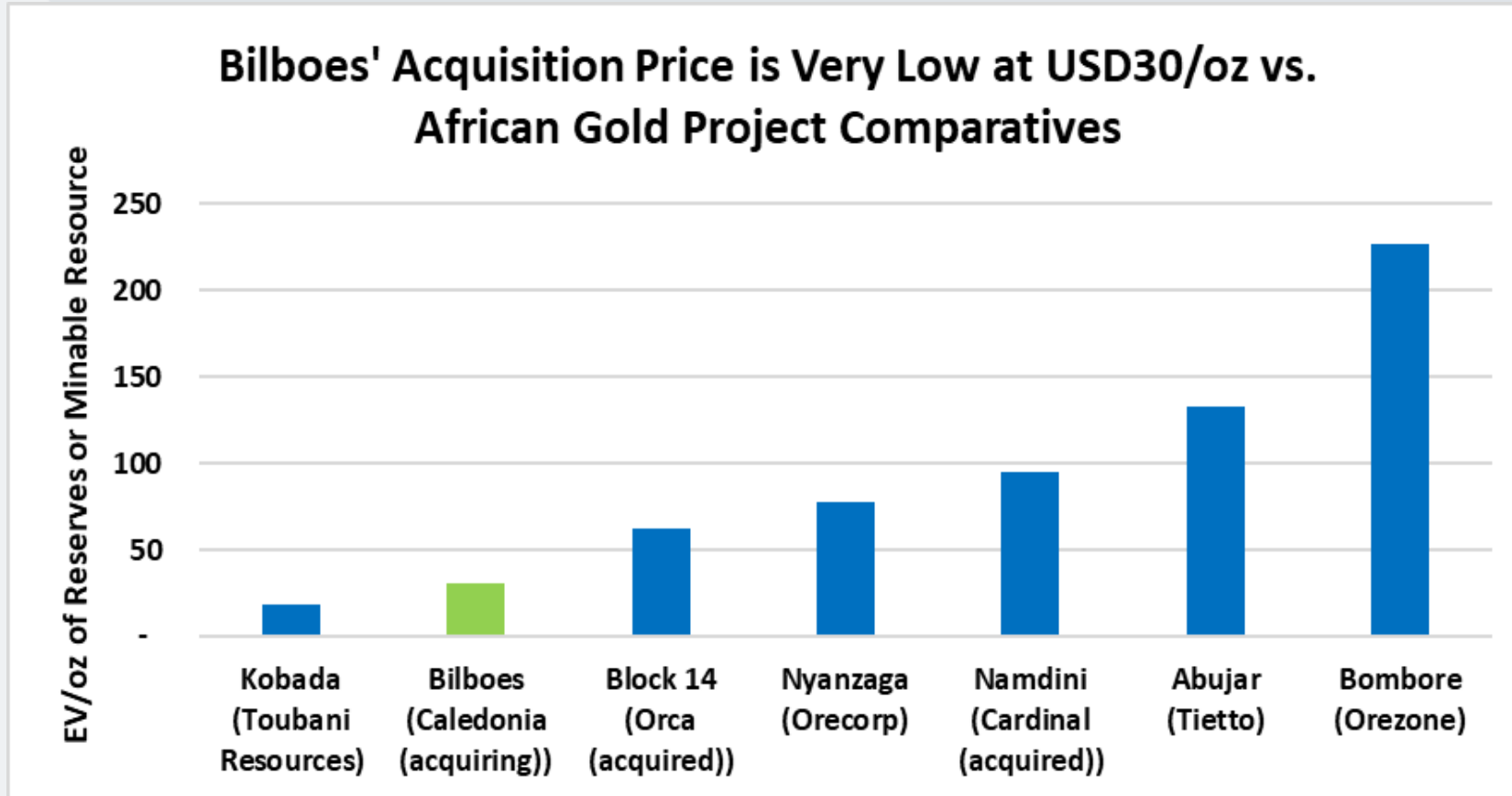
# Comparison to African Gold Projects - Scale



Source – Bloomberg, Company Public Statements, Company Technical Reports



# Comparison to African Gold Projects - Price



Source – Bloomberg, Company Public Statements, Technical Reports

Note: Abujar and Bombore are already in construction, Nyanzaga is at pre feasibility stage, all other comparators are at feasibility study stage

# Tribute Arrangement

## SHORT TERM CASH FLOW AVAILABLE THROUGH A TRIBUTE AGREEMENT

- Bilboes has an on-site oxide mining and metallurgical plant which has previously produced up to 20,000 ounces of gold pa but is on care and maintenance
- Caledonia will enter a tribute agreement with Bilboes to mine and process the oxide and transitional ore. The tribute will start as soon as it is registered with the relevant authorities and will continue until completion of the Transaction
- Objectives of the tribute: create short term cash flow; maintain operational integrity prior to completion of the Transaction and the start of sulphide operations
- Caledonia will fund the necessary capital and operational costs and will receive 100 per cent of the revenue from the mining operation while paying a 5 per cent royalty to Bilboes which it will apply to its working capital liabilities
- The cumulative maximum funding cost to restart the oxides is expected to be \$3-5 million and the oxide mining operation is expected to take approximately 6 months to restart and repay the initial funding costs
- If the Transaction fails to complete the tribute will terminate after Caledonia has recouped its investment at an adequate IRR. On completion of the Transaction, Caledonia expects to continue to mine and process the oxides and transitional ore and to use the proceeds to contribute to funding the large-scale sulphide project



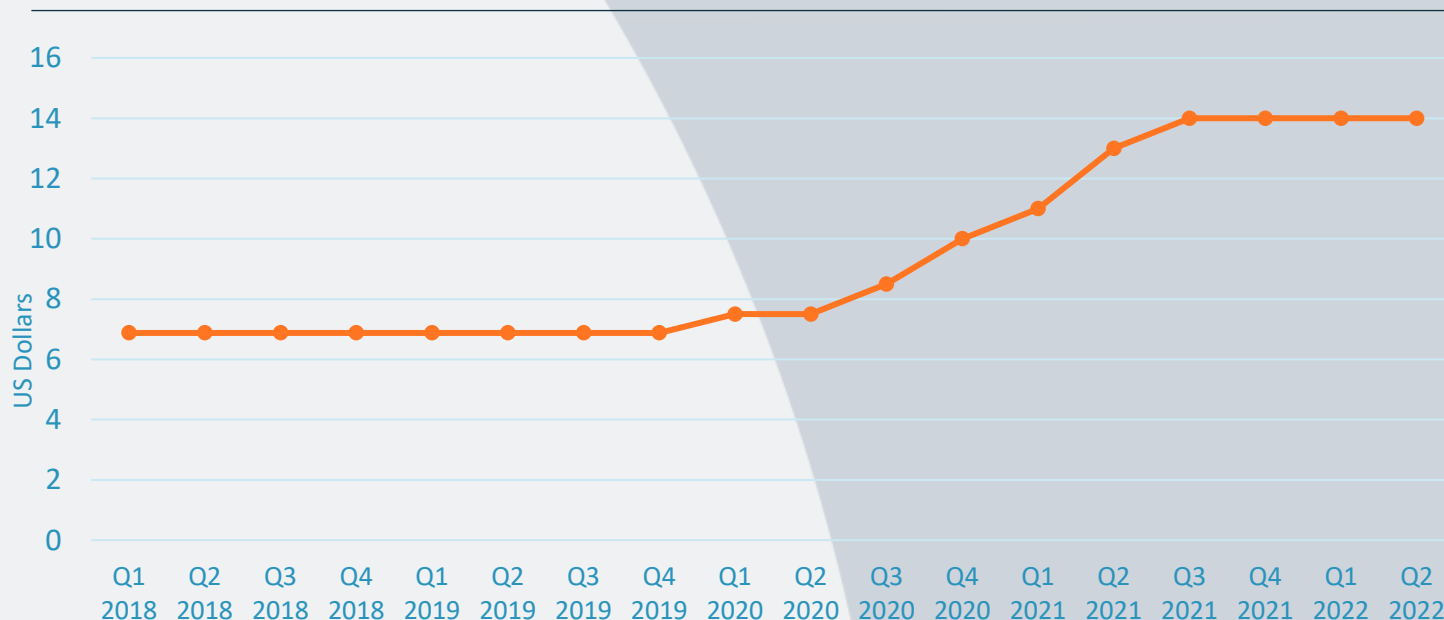
Existing crushing plant and carbon column gold absorption plant at Bilboes

# Dividend

## CALEDONIA REMAINS COMMITTED TO DIVIDEND PAYMENTS

- Caledonia remains committed to the quarterly dividend as a cornerstone of the company's strategy to deliver value to shareholders
- Given the scale of future capital investment that is likely with Bilboes it is unlikely that additional dividend increases can be expected in the medium term

### QUARTERLY DIVIDEND PAYMENTS



Quarterly dividend of

**US\$0.14 (14c)**

Dividend yield

**5.4%**

\*as of 20 July 2022

Dividend payer since

**2012**

**104% Increase**

in quarterly dividend since October 2019



## SINCE MUGABE THE GOVERNMENT HAS TRIED TO IMPROVE THE COUNTRY'S BUSINESS CLIMATE AND MAKE IT MORE ATTRACTIVE TO INVESTORS

- 51% indigenisation requirement was scrapped in March 2019: Caledonia subsequently increased its shareholding in Blanket to 64%
- Exporters listed on the Victoria Falls Stock Exchange retain 100% of FOREX earned on incremental output: for Caledonia this is gold production over 57,000 ounces
- Including the royalty requirement, Blanket has a total effective tax rate of about 29.5% which is slightly lower than for gold producers in South Africa
- In 2021 Zimbabwe received its highest ever FOREX inflows of US\$ 9.7 billion - a 54% increase on 2020
- Zimbabwe is one of the few global tax regimes where 100% mining capital deductions are allowed in the year they are incurred.
- One of the conditions to the transaction is that Caledonia will not be required to sell gold produced at Bilboes to the government-owned refiner. This addresses a key investor concern

***"From a group perspective, I would have to say that Zimbabwe has probably been our best jurisdiction to operate in over the last 20 years.... we have the least amount of disruptions, we have the most predictable production profile, the safest operations, the best control over our costs.."***

**Impala Platinum CEO, Nico Muller**





# Caledonia's Vision



Target production from Central Shaft of 80,000 ounces a year



Balance returning money to shareholders and investing in the Company's growth



Continues to evaluate investment opportunities in Zimbabwe to de-risk the business from being a single asset producer



The strategy will focus on becoming a multi-asset, Zimbabwe-focused gold producer



# Contacts

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## Investment Research

**Cenkos Securities:** [cenkos.com](http://cenkos.com)

**Liberum Capital:** [liberum.com](http://liberum.com)

**WH Ireland:** [whirelandplc.com](http://whirelandplc.com)

**Cantor Fitzgerald:** [cantor.com](http://cantor.com)

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