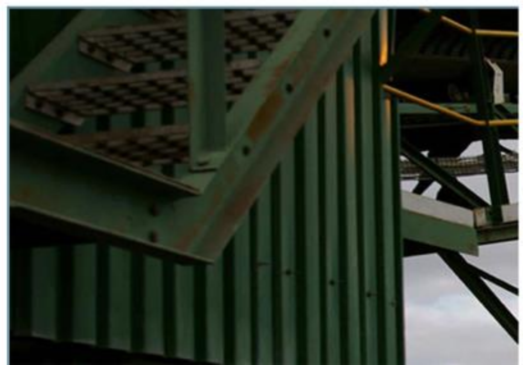


Caledonia Mining Corporation plc


A Growing, Zimbabwean Gold Producer

April 2017




Disclaimer

This presentation does not constitute, or form part of, any offer to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in Caledonia Mining Corporation Plc (“Caledonia”), nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, or act as an inducement to enter into any contract or agreement thereto.

Certain forward-looking statements may be contained in the presentation which include, without limitation, expectations regarding metal prices, estimates of production, operating expenditure, capital expenditure and projections regarding the completion of capital projects as well as the financial position of the Company. Although Caledonia believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be accurate. Accordingly, results could differ from those projected as a result of, among other factors, changes in economic and market conditions, changes in the regulatory environment and other business and operational risks.

Accordingly, neither Caledonia, nor any of its directors, officers, employees, advisers, associated persons or subsidiary undertakings shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon this presentation or any future communications in connection with this presentation and any such liabilities are expressly disclaimed.

FY 2017 Results Summary

Record gold production and reduced unit costs support strong cash generation

	3 months to 31 December 2015	3 months to 31 December **2016**	12 months to 31 December 2015	12 months to 31 December **2016**	yoy % Change	Comment
Gold produced (oz)	11,515	**13,591**	42,804	**50,351**	+18%	Record gold production in the Year and Quarter due to increased tonnes milled
All-in sustaining cost per ounce ($/oz) ("AISC")[1]	1,127	**843**	1,037	**912**	-12%	Lower AISC per ounce as fixed costs are spread across higher production ounces. AISC also includes the effect of the export incentive
Gross profit ($'000)[2]	3,408	**6,888**	13,181	**23,492**	+78%	Increased profit due to higher sales, the higher realised gold price and reduced costs per ounce
Adjusted basic earnings per share ("EPS")[3] (cents)	1.1	**7.8**	8.8	**21.4**	+143%	Increased earnings per share due to higher adjusted attributable earnings
Cash and equivalents net of overdraft ($'000)	10,880	**14,335**	10,880	**14,335**	+32%	Increase in cash due to strong operational cashflows and draw-down of $3m term facility offset by the continued high level of expansion investment
Net cash from operating activities ($'000)	1,392	**6,940**	6,869	**23,011**	+235%	Increased cash from operating activities due to higher profit and increased net non-cash expenses

1 - Non-IFRS measures such as "On-Mine Cost per ounce", "AISC" and "average realised gold price" and "adjusted earnings per share" are used throughout this document. Refer to Section 10 of the MD&A for a discussion of non-IFRS measures.

2 - Gross profit is after deducting royalties, production costs and depreciation but before administrative expenses, other income, interest and finance charges and taxation.

3 - Adjusted EPS is a non-IFRS measure which aims to reflect Caledonia's ordinary trading performance. Refer to Section 10 of the MD&A for a discussion of non-IFRS measures.

Caledonia Mining Overview

Caledonia	• Growing Zimbabwean gold producer • Management team combines financial acumen, mining expertise and strong local relationships • Robust cash position: $14.3m at 31st December 2016
Blanket Gold Mine, Zimbabwe	• 49% owned - fully indigenized • 2016 production 50,351oz: cash-cost $636/oz; AISC $912/oz • 2017 guidance 60,000oz: cash cost $600-$630/oz, AISC $810-$850/oz ounce • Approx $39m of further investment to complete a project to increase production to 80k oz by 2021 and reduce AISC to below $750/oz – Further investment to be funded from internal cash flows
Dividend Paying	• 1.375 US cents per share per quarter • 3.8% yield (17th March 2017)

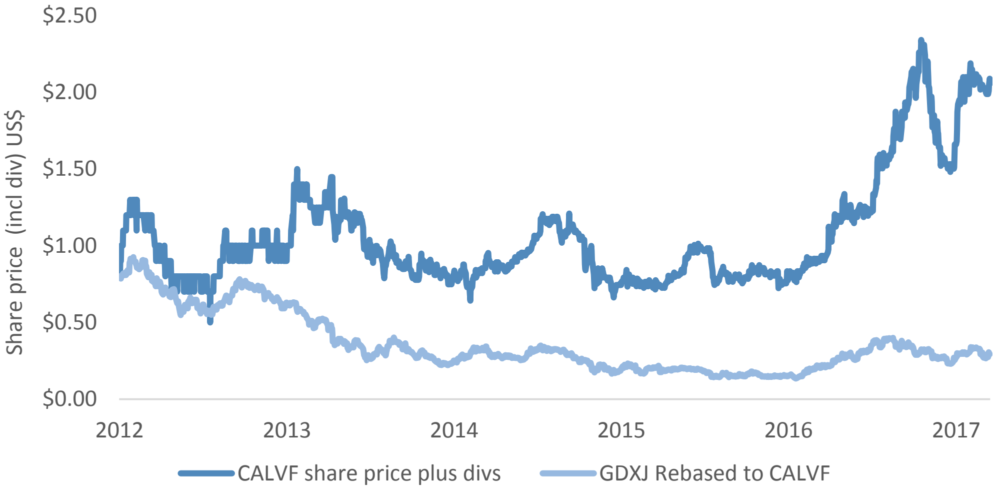
Zimbabwe

A track record of good operating performance

Political Environment	• Political continuity: ZANU-PF in power since 1980 • Government is pragmatic although constrained by a weakening economy • Established, functional government administration
Indigenization	• 51% of all businesses must be owned by Zimbabweans • Indigenization at Blanket was implemented in 2012 - shareholders include community (10%) and workers (10%) • Blanket is fully compliant with indigenization legislation • Management has established relationships in country
Economy	• Currently mild deflation • Functional currency is US$ • Liquidity challenges in the banking system
Infrastructure	• Manageable power supply • Functioning roads, airports – efficient supply from Johannesburg • Effective “soft” infrastructure: education, labour, administration
Exchange Controls	• Manageable exchange controls: remittances via dividends, management fee and South Africa procurement margin

Capital Structure & Financials

Relative Performance



Summary Profit and Loss *($'m except per share data)*	**FY 2015**	**FY 2016**
Revenues	49.0	62.0
EBITDA*	8.9	19.7
Profit after Tax	5.6	11.1
EPS – basic (cents)	8.9	15.8
EPS - adjusted (cents)	8.8	21.4

** EBITDA is before Other Income*

Capital Structure	
Shares in issue (m)	52.8
Options (m)	0.46
Cash (30th Sept 2016)	$14.3m
Net Assets (30th Sept 2016)	$59.3m

Listing and Trading	
Share price (17th March 2017)	$1.43
Market capitalisation (US$'m)	$75.5m
52 week low/high (US$)	0.48-1.75

Shareholders	**%**
Management and directors	2.04
Allan Gray (South African Institution)	15.97

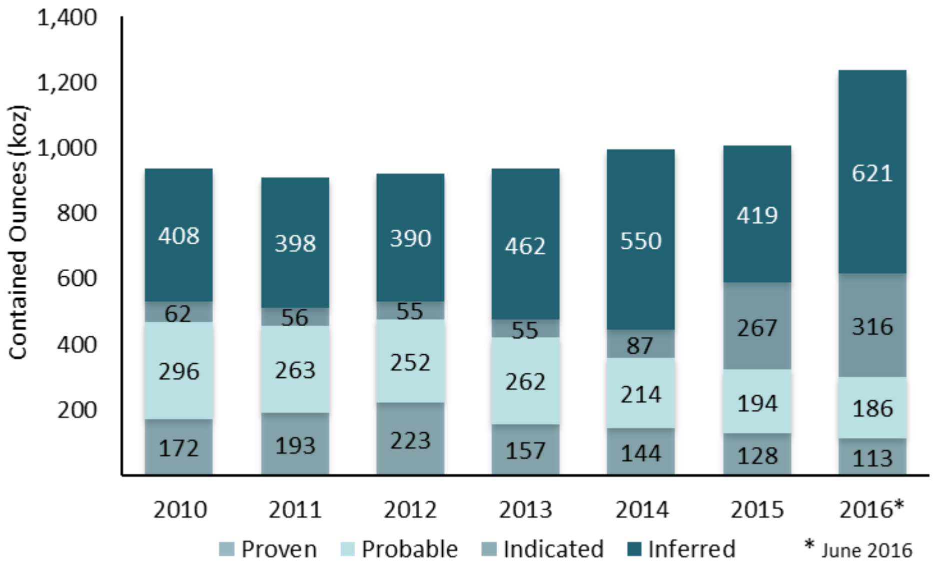
Resources

Mineral Resources at June 30th 2016 ($1,200 gold)

	Tonnes (000's)	Grade (g/t)	Gold (k.oz)
Measured	1,177	4.01	152
Indicated	3,678	4.31	509
Total M&I Resources	**4,855**	**4.23**	**661**
Inferred Resources	**3,863**	**5.01**	**623**

1. *Tonnes are in situ*
2. *All figures are in metric tonnes*
3. *Mineral Resources include Mineral Reserves*
4. *Mineral Resources are stated at cut-off grade of 2.11g/t*
5. *No geological losses were applied to the tonnage*
6. *Tonnage and grade have been rounded and this may result in minor adding discrepancies*
7. *The tonnages are stated at a relative density of 2.86t/m3*
8. *Conversion from kg to oz: 1:32.15076*

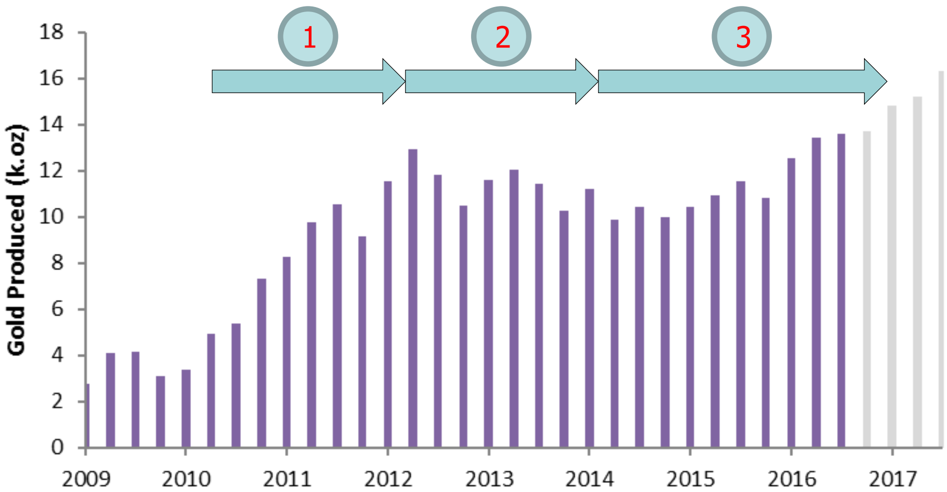
Resource replacement 2010 - 2016



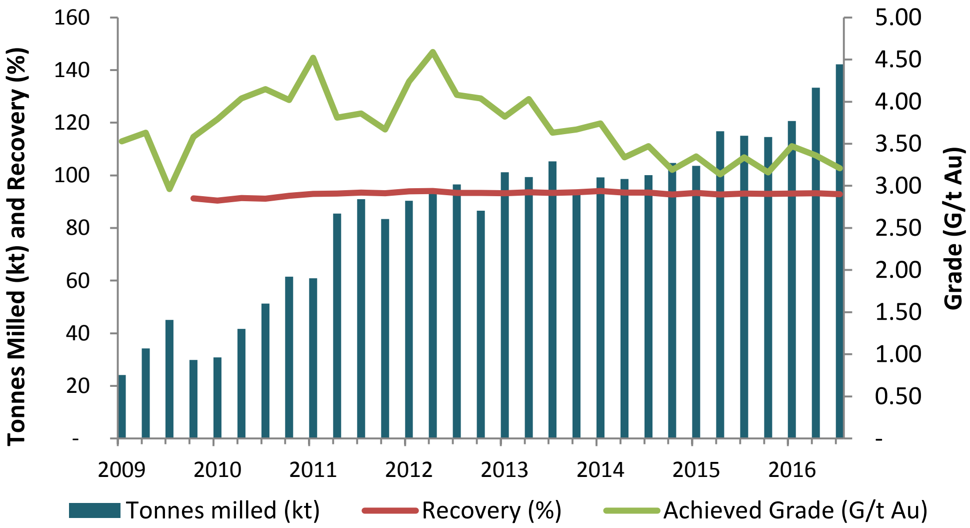
- Increased exploration spend begins to bear fruit:
  - June 2016: reclassification of 343,000 tonnes from Inferred to Indicated; an additional 1,276,000 tonnes of new inventory added to Inferred Resources
- Management is confident that the investment in infrastructure at depth will enable continued exploration drilling and resource delineation in the future
- Grade continues to improve with depth and is trending back towards the average resource grade, this trend is anticipated to lead to a recovery in mined grade as Blanket progresses deeper

Historic and Projected Gold Production

Quarterly Production



Tonnes Milled, Grade and Recovery



1. 2010-2012: production increases following completion of shaft expansion programme in 2010
2. 2012-2014 production falls due to lower grade and underground logistical constraints
3. Revised Plan announced in November 2014
   - Improved underground logistics
   - Access to higher grade, ores on deeper levels

Benefits of the Revised Plan now being seen

- 10% increase in tonnes mined following completion of the Tramming Loop in June 2015
  - Record production in Q4 2016 and FY 2016
- Guidance issued of 60,000 oz. in 2017, a further 20% improvement
- 2017 guidance 60,000oz: cash cost $600-$630/oz, AISC $810-$850/oz ounce
- Anticipated increases in production from 2017 attributable to
  - increased tonnes mined
  - improving grade and recovery

Investment plan for 80k ounces

Improved Logistics; Accelerate Access to Deeper Resources

Increase Underground Flexibility

- Tramming Loop increases tramming capacity from 400tpd to 1,000tpd
- Completed loop allows sustained increase in mine production from H2 2015
- Development of declines at AR South and Blanket increase mining flexibility

No. 6 Winze 630m to 870m

- Rapid access to Blanket zone below 750m
- Production started Q1 2016; ramp-up to 500tpd by mid-2017
- Resume sinking from 870m after completion of Central Shaft

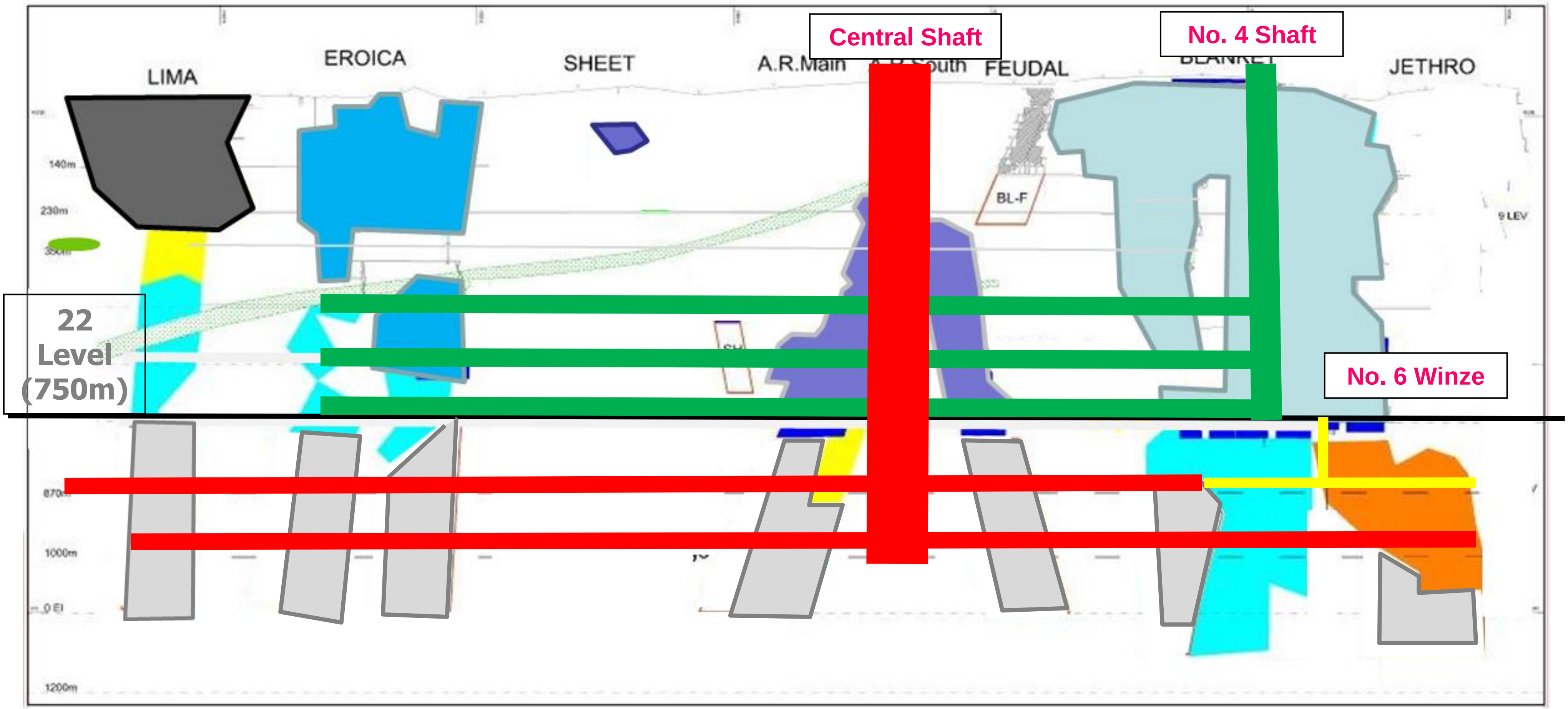
New Central Shaft Surface to 1,080m

- Capital cost $23m
- Commenced Aug 2015; complete June 2018; depth 534m at January 2017
- 6m diameter; 4-compartment; 3,000tpd; men, material, equipment
- Access horizontal development: 2 directions on 2 levels sub-750m
- Improves efficiency and de-risks current single-shaft status

Major impact on production, costs and flexibility

Investment Plan to Double Production

Improved Logistics; Accelerate Access to Deeper Resources

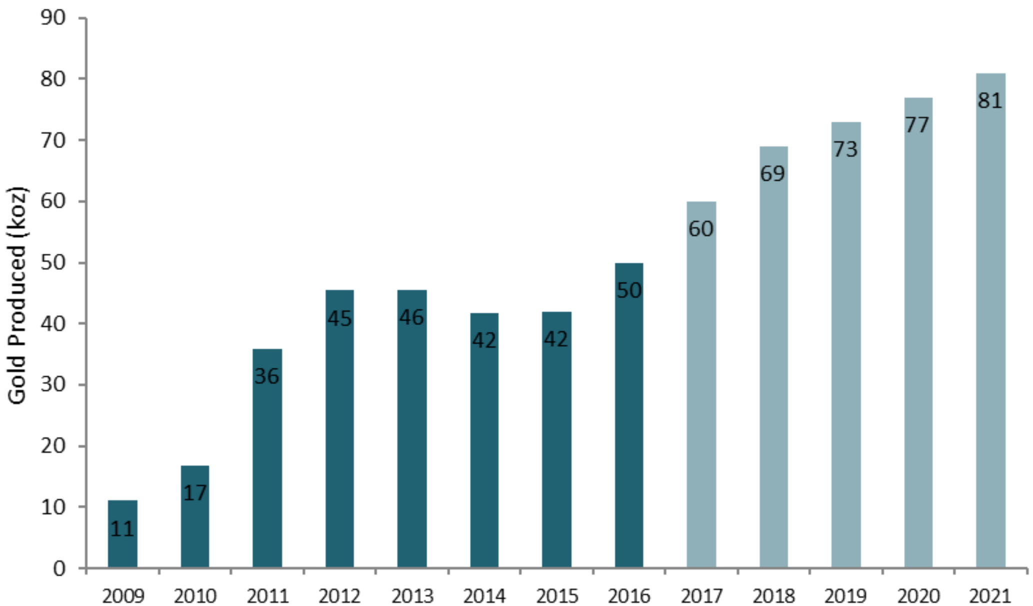


Plan illustrative and not to scale

Central Shaft
Progress to date

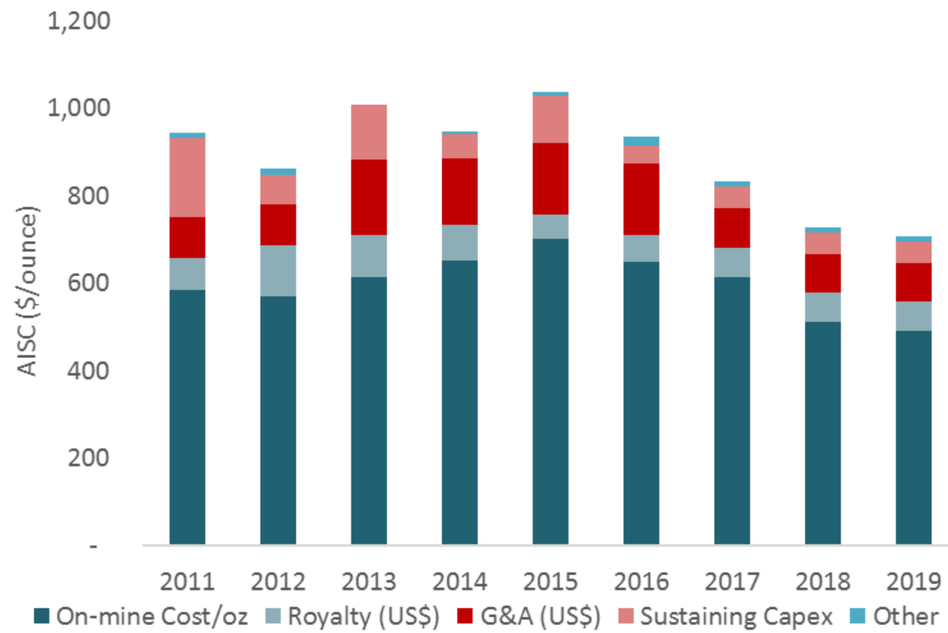
Blanket Expansion improves production and reduces operating costs

Historic & Projected Gold Production



- Life of Mine Plan has been independently reviewed and confirmed by Minxcon, Johannesburg.

Historic & Projected AISC

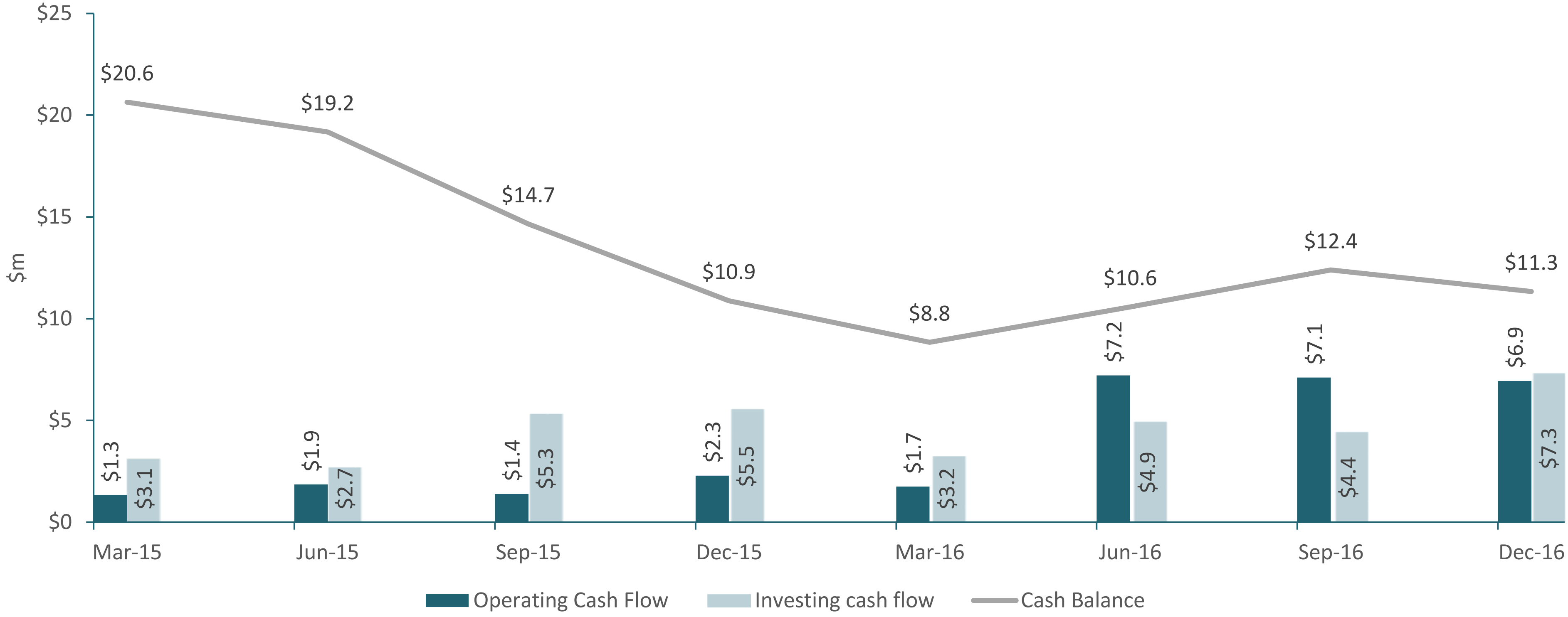


- Projected AISC falls as fixed costs are spread over more production ounces
- Improved operating efficiency resulting from the Central Shaft not included

Operations remain strongly cash generative

Cash increased in 2016 despite $20m in Capex and dividends of $3m

Operating and investing cash flow and net cash balance: 2015 - 2016



- Caledonia's operations remain strongly cash generative with cash from operations sufficient to support both the investment program and the dividend and grow the group's cash balance in 2016
- Investing cash flow is likely to decline from 2018 onwards as the Blanket investment plan nears completion

Blanket Expansion improves production and reduces operating costs

- Blanket is anticipated to produce 80koz by 2021 at an AISC of between $700/oz - $800/oz
- At $1,200/oz this production will deliver an operating cash margin of between $400/oz - $500/oz
- Blanket will generate significant attributable cash flows for Caledonia in addition to the repayment of indigenisation facilitation loans which currently stand at $30m

Projected Earnings (Edison Research – November 2016)

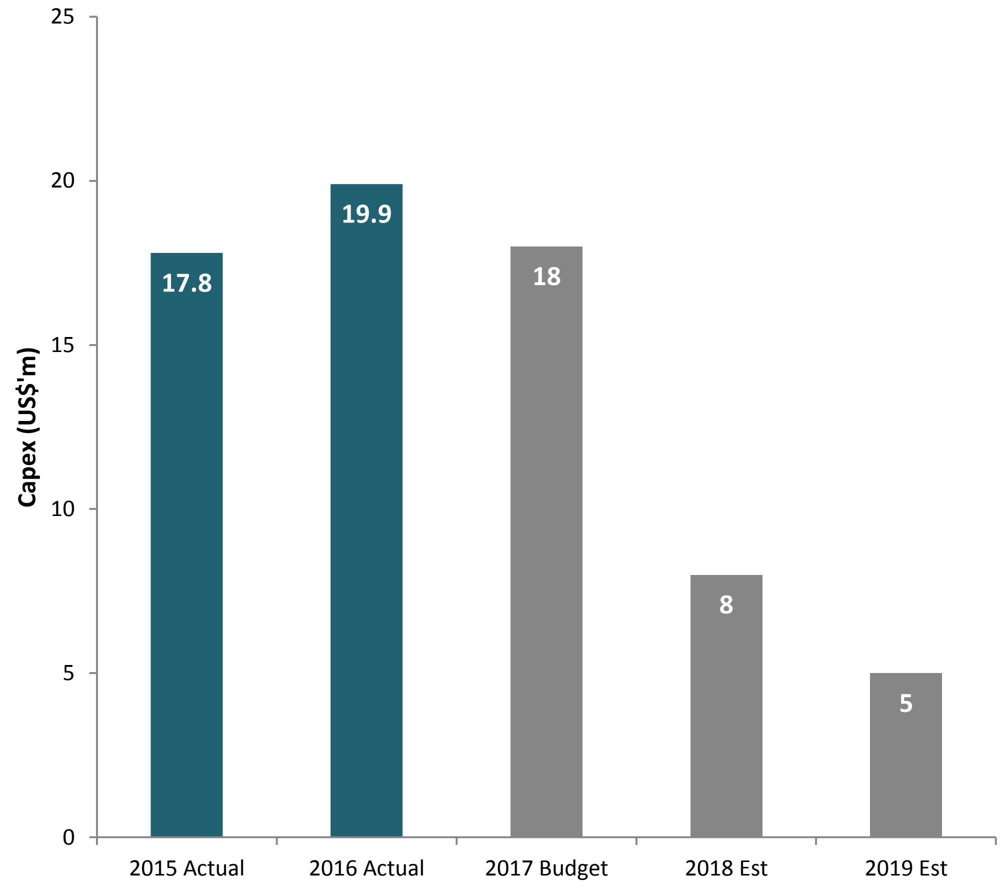
	2015 Actual	2016 F'cast	2017 F'cast	2018 F'cast
Gold price	1,139	1,224	1,275	1,220
Production (k.oz)	42.8	50.0	60.0	67.0
On-mine cost/oz ($/oz)	701	652	615	513
EPS (cents)	**8.1**	**18.1**	**34.2**	**45.2**

Source: www.edisoninvestmentresearch.com Edison investment research is paid for by Caledonia Mining and can not be considered independent

- Current annualised PE (17th March 2017 share price 140 cents) – 7.9x

Blanket Expansion Plan
Capex declines sharply after 2017

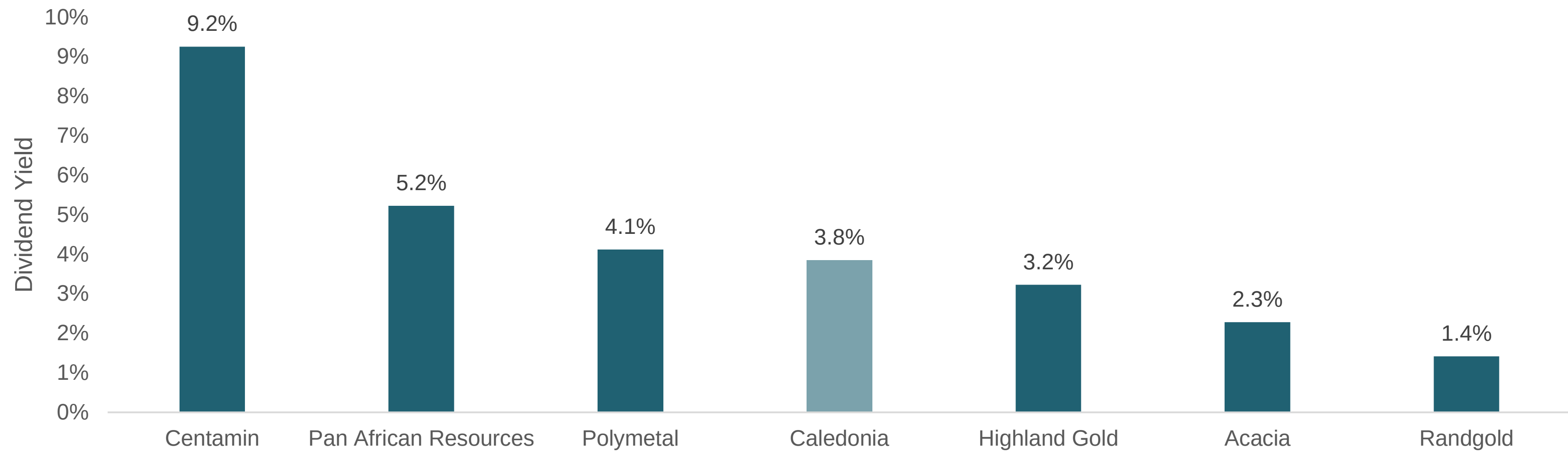
- 2017 Capex revised upwards to reflect increased investment in underground mine development and material handling infrastructure to further enhance operational flexibility
- Front-loading of capital purchases: specific items were available at attractive prices
  - results in $5m cumulative reduction in projected project capex from 2016 to 2020
- All future capex is expected to be funded by Blanket's internal cash generation
- Caledonia intends to maintain its dividend



Dividend

A track record of sustainable and increasing dividends

Dividend Sector Comparison – 29th March 2017



Payout Ratio	77%	58%	47%	26%	-188%	43%	38%

- Caledonia commenced annual dividend payment in 2013 at 5 Canadian cents per share
  - Quarterly dividends adopted from January 2014 of 1.5 Canadian cents per quarter
  - Re-stated to 1.125 US cent per quarter from January 2016 following adoption of US$ financial reporting
- July 2016: Caledonia increased its quarterly dividend by 22% from 1.125 US to 1.375 US cents per quarter.
- Caledonia's dividend is more than 4 times covered by earnings and 10 times covered by operating cash flow
- Dividends remain a vital component of the Caledonia strategy for delivering shareholder value
- Quarterly dividends have been paid since January 2014 over a period of sustained weakness in the gold price and a significant capital investment program – a strong testament to the cash generating potential of Caledonia

Revised Investment Plan
Low-Risk Growth

Not a "Stretch" plan

- Implementation parameters based on achieved rates at other Blanket projects
- Highly experienced management team with experience of similar projects

Fully Funded

- 97% of the capex is generated by cash flows from mining existing higher-confidence resources
- Caledonia retains the financial capacity to provide support to Blanket if required

High margin
High return

- Highly-skilled, in-house labour reduces costs and increases control
- Availability of high-quality, low-cost, refurbished equipment from South Africa
- Favourable rock dynamics: no need for shaft lining

Mature environment

- Access to existing on-site experience and skills
- Management has long-standing experience of the geology and operating environment
- Established and highly efficient supply network

Investment Case

- **Strong dividend yield**
  - Industry leading dividend yield with payments sustainable over the long term
  - Management anticipate maintaining the current dividend through any future capital investment requirement
- **High margin operations**
  - All-in Sustaining costs of $912/oz for 2016
  - Downward trend likely to be sustained as increased production volume and economies of scale lead to lower unit operating costs
- **Growth potential**
  - Blanket investment plan is beginning to yield fruit with strong cash generation from 2017 onwards
  - Low dividend pay-out ratio and strong future cash generation leaves resources available for strategic purposes
- **Strong Management Team**
  - Excellent in country relations
  - Proven track record of operating reliably and profitably in Zimbabwe
  - The only fully-indigenized operator in Zimbabwe

Contacts

Caledonia Mining

Website: www.caledoniamining.com

Share Codes: TSX - CAL; OTCQX – CALVF;
AIM - CMCL

Contact:

Mark Learmonth

Tel: +44 (0) 1534 702 998

Email: marklearmonth@caledoniamining.com

Maurice Mason

Tel: +44 (0) 759 078 1139

Email: mauricemason@caledoniamining.com

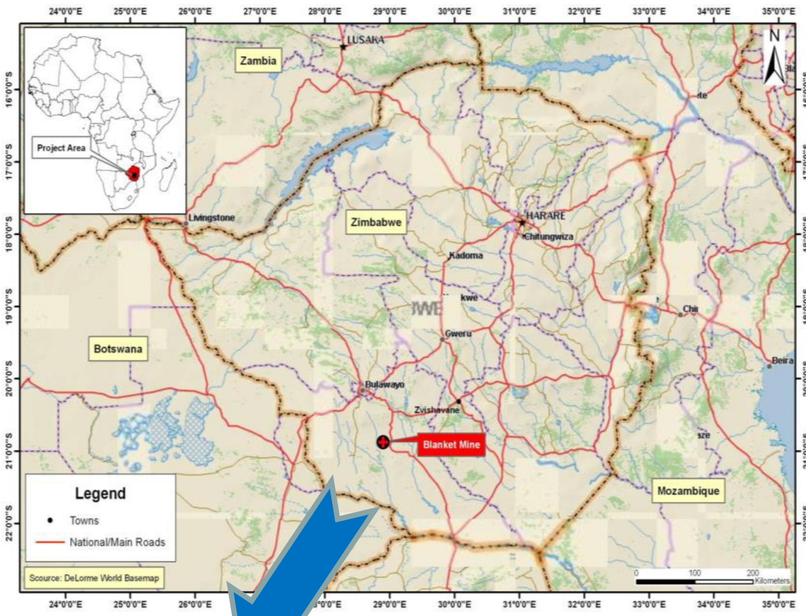
PR (UK): Blytheweigh
Tim Blythe, Camilla Horsfall
Tel: +44 (0) 207 138 3204

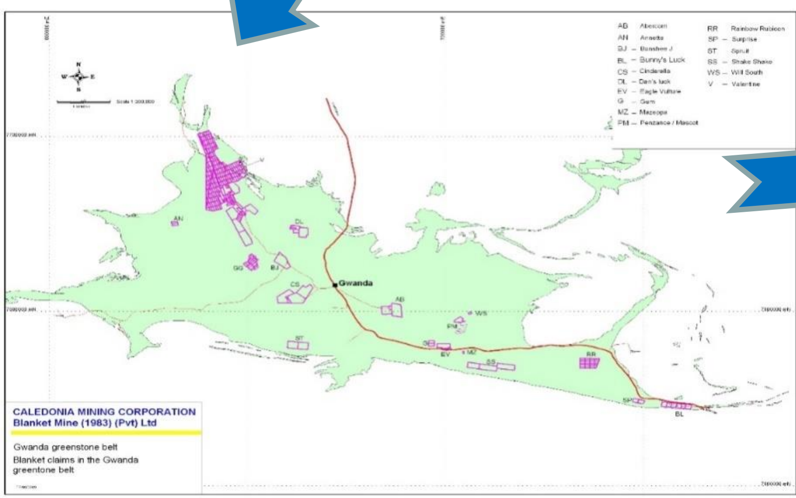
AIM Broker/Nomad: WH Ireland
Adrian Hadden
Tel: +44 (0) 207 220 1666
Email: adrian.hadden@wh-ireland.co.uk

Investment Research

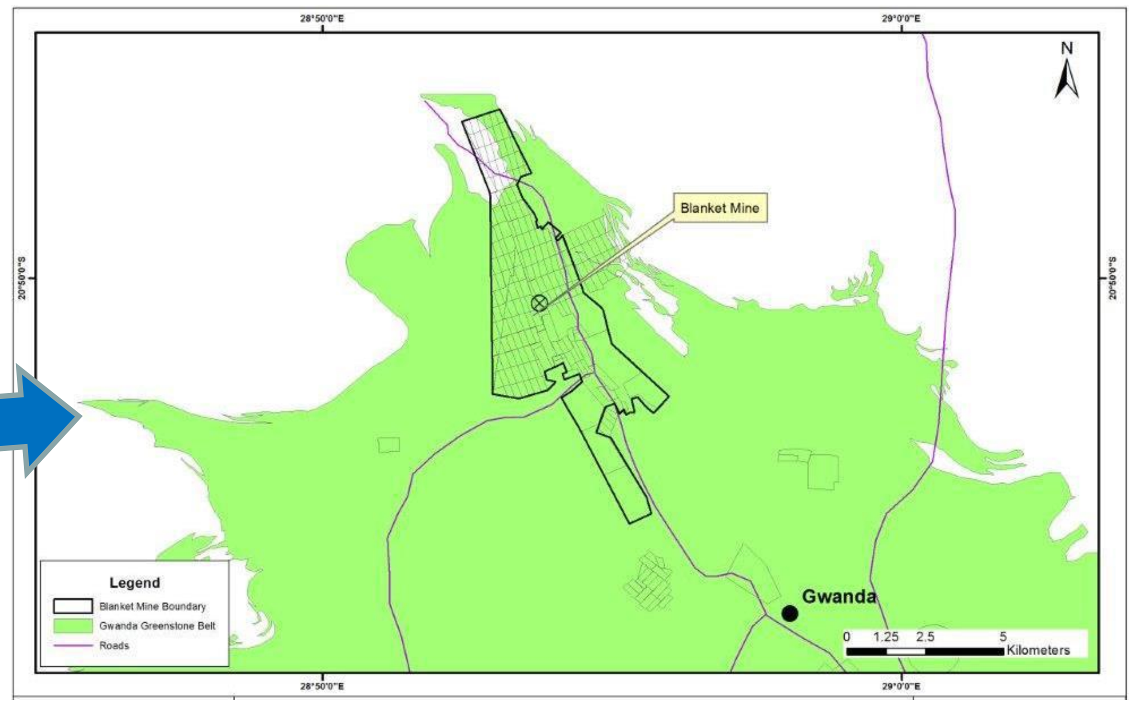
WH Ireland	www.whirelandplc.com
Edison	www.edisoninvestmentresearch.com
Marten & Co	www.martenandco.com

Other Information: Location



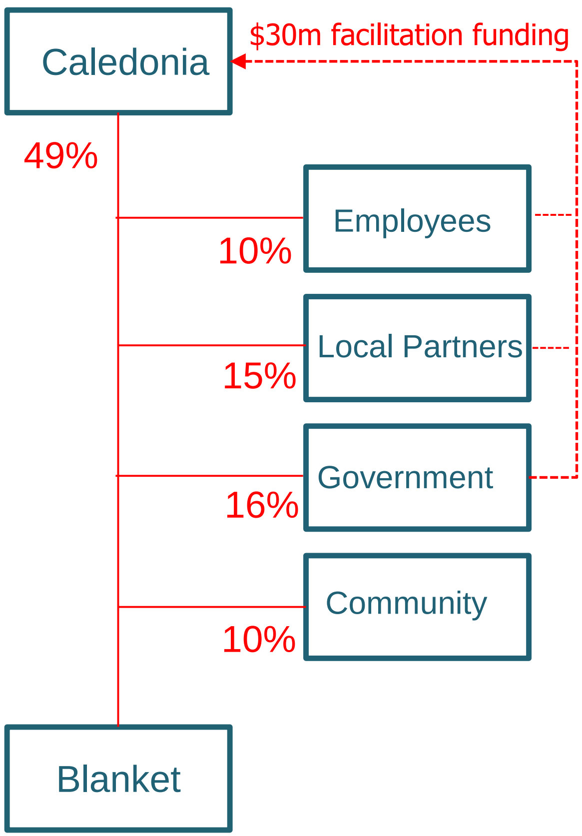


- Key greenstone mining district
- All infrastructure in place
- Skills and labour freely available
- Close enough to Johannesburg for easy supply of SA-sourced supplies



Blanket Gold Mine, Zimbabwe
The First Indigenized Zimbabwean Gold Miner

- Indigenisation completed and implemented in Q3 2012
  - 10% of Blanket donated to local community
  - 41% of Blanket sold to 3 parties for US$30.09 million
  - Zimbabweans given full credit for resources in the ground
- Caledonia continues to consolidate Blanket
- US$30.09M sale transaction is **vendor-financed** by Blanket
  - Purchasers repay their loans from 80% of their attributable Blanket dividends
  - $30m vendor-finance receivable is not shown on Caledonia’s balance sheet
- **Minimal effect on Caledonia’s medium term net cash receipts from Blanket**
- **As an indigenized entity, Blanket can implement its growth strategy**



Other Information
Directors and Management

Management	
Chief Executive	Steve Curtis
Chief Finance Officer	Mark Learmonth
Chief Operating Officer	Dana Roets
Blanket Mine Manager	Caxton Mangezi
VP Corporate Development	Maurice Mason
General Council	Adam Chester

Directors	
Chairman	Leigh Wilson (USA)
CEO	Steve Curtis (S Africa)
CFO	Mark Learmonth (Jersey)
Independent Director	Johan Holtzhausen (S Africa)
Independent Director	Jim Johnstone (Canada)
Independent Director	John Kelly (USA)
Independent Director	John McGloin (UK)

- Management based in Jersey, London, South Africa and Zimbabwe
- Strong in-country support in Zimbabwe from Blanket's Indigenous Shareholders, including Mr. Nick Ncube, Blanket's chairman

- Independent directors bring additional technical, legal, financial and commercial expertise
- Re-structure of Caledonia's management and board improves transparency and effectiveness