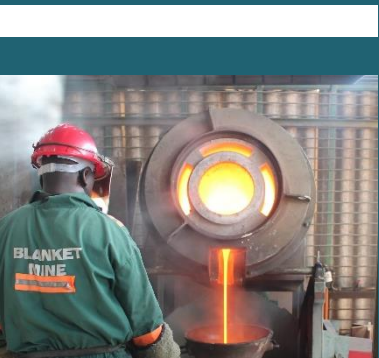




September 2019





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Company Overview



Caledonia Mining : Overview

Caledonia:

Profitable gold producer

- Established, profitable gold producer, now expanding production from the Blanket Gold Mine in the Gwanda Greenstone Belt, Zimbabwe
- Jersey domiciled company; listed on NYSE MKT, TSX and AIM
- US\$7.9m in cash at 30 June 2019
- H1 2019 P/E approximately 6x

Blanket Gold Mine:

Established with substantial production growth and cost reduction planned

	<u>Production (oz)</u>	<u>AISC (\$/oz)</u>
2016 Actual	50,351	\$912/oz
2017 Actual	56,135	\$847/oz
2018 Actual	54,512	\$802/oz
2019 Guidance	50,000 – 53,000	\$845 - \$890/oz
2021 Target	75,000	\$700-\$800/oz*
2022 Target	80,000	\$700-\$800/oz*

- M&I Resources of 805koz at 3.72g/t, Inferred resources of 963koz at 4.52g/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
- 4.1% yield (11 September 2019)

* 2021 target AISC is C3-On-mine cost per the Technical Report published in Feb 2018 after adjustment for head office expenses and removal of intercompany margin. No account taken of export incentive credits or potential savings arising from increased efficiency of the central shaft



Strategy

Increase in free cash flow to grow dividends and invest in further growth

Medium Term (2019 – 2022): Complete the Central Shaft Project

1. Increase annual production capacity to 80,000 ounces per annum*
2. Increased cash flows due to higher production, lower unit costs and reduced capex
3. Continued deep level exploration to extend the life of mine beyond 2034
4. Blanket is expected to be able to generate significant free cash flow from 2021 onwards

Longer term (post 2022): Deploy surplus cash flow to increase dividends and fund growth

1. Review dividend policy to deliver sustainable growth in dividends consistent with Free Cash Flow (FCF) growth
2. Evaluate new investment opportunities in Zimbabwe where surplus FCF from Blanket could be deployed
3. Typically, these opportunities have modest initial funding requirements - mainly to improve resource definition as a precursor to technical/feasibility studies
4. Zimbabwe is one of the last gold mining frontiers in Africa with a dearth of gold mining exploration for at least the last 20 years and possibly longer
5. Strict evaluation criteria for new projects:
 - Scale: minimum target resource 1Moz; minimum target production of 50,000 ounces per annum
 - NPV per share enhancing and, eventually, dividend per share enhancing

*Note – Increased production to an annual rate of 80,000 ounces per annum is expected to be achieved during 2021 following the commissioning of Central Shaft in 2020. Production in 2021 is expected to be approximately 75,000 ounces due to a slower production ramp-up



Building a solid track record

Built on production growth, good cost control and capital investment

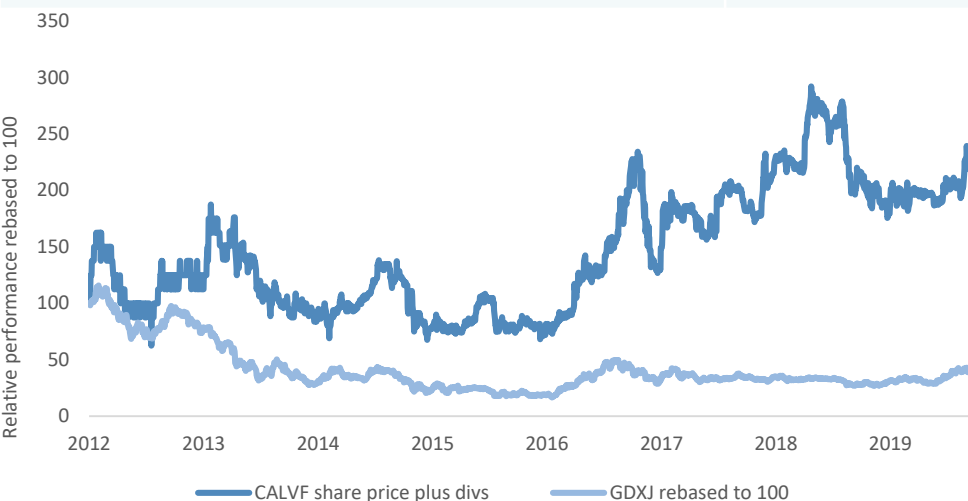
Caledonia Mining has built a solid track record with rising production and declining unit operating costs, this has delivered solid and growing operating cash flow which has supported significant capital investment in the Blanket mine which will deliver the company's growth ambition of 80,000 ounces by 2022

	2015	2016	2017	2018	CAGR
Revenue (\$k)	48,977	61,992	69,762	68,399	12%
Gold Production (oz)	42,802	50,351	56,133	54,511	8%
Operating Cash Flow (\$k)	6,869	23,011	24,512	17,667	37%
Capital Investment (\$k)	16,567	19,882	21,639	20,192	-
Cash (\$k)	10,880	14,335	12,756	11,187	-
Attributable Profit (\$k)	4,779	8,526	9,384	10,766	31%
Return on Shareholders Funds (%)	10%	15%	15%	15%	14%
Adjusted EPS (USc/share)	44.5	98.6	135.4	131.5	44%



Capital Structure & Financials

Relative Performance



Summary P&L

(\$'m except /share data)

	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	49.0	62.0	69.8	68.4
EBITDA**	8.9	19.7	24.2	19.2
Profit after Tax	5.6	11.1	11.9	13.8
EPS – basic (cents)***	45	79.5	86.5	98.9
EPS - adjusted (cents)***	44	98.6	135.4	131.5

** EBITDA is before Other Income

*** EPS numbers are after an effective 1 for 5 share consolidation on the 26th of June 2017

Capital Structure

Shares in issue (m) *	10.7
Options (m)	0.038
Cash (30 June 2019)	\$7.9m
Net Assets (30 June 2019)	\$114.7m

* Shares in issue reflect shares in issue at April 30, 2018. An additional 0.7m shares will be issued on completion of the “flip-up” of Fremiro from Blanket to Caledonia

Listing and Trading

Share price (10 th Sept 2019)	\$7.39
Market capitalisation (US\$m)	\$78.9m
52 week low/high (US\$)	5.30 – 9.90
Avg. daily liquidity (shares/day)	18,000

Shareholders

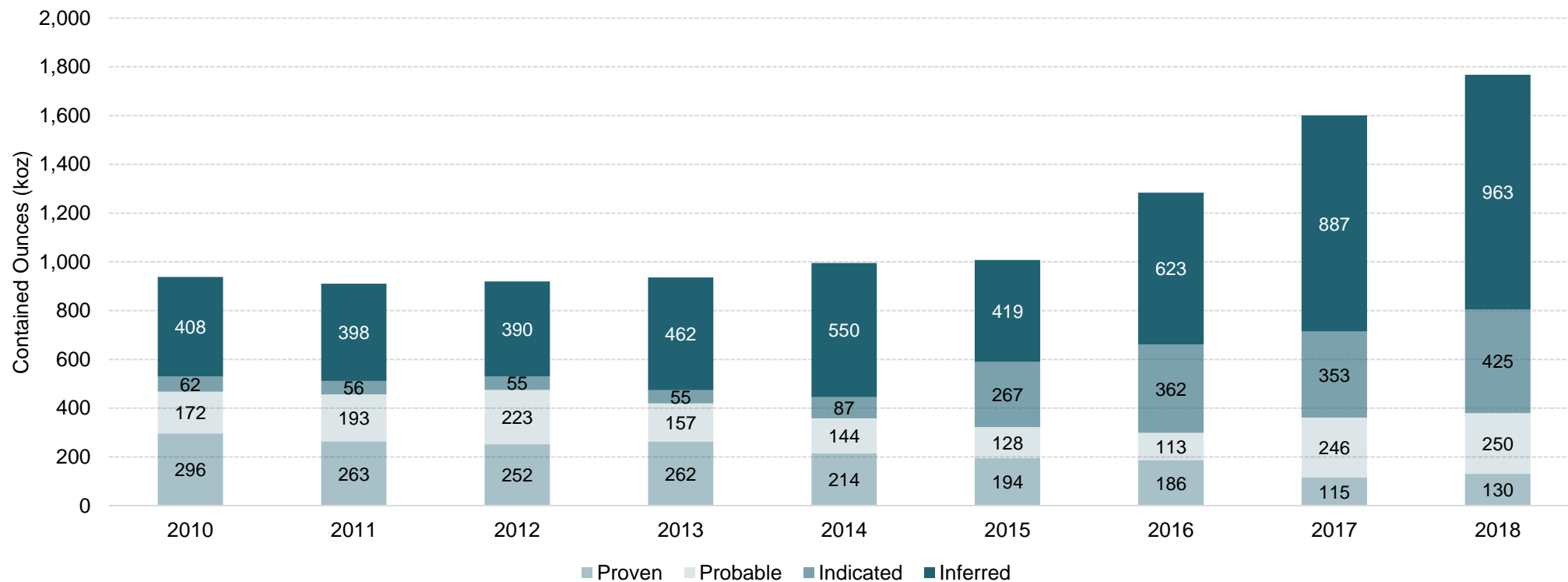
	%
Management and directors	4.2
Allan Gray (South African Institution)	19.2
Sales Promotion Services	7.8



Resources

Increased exploration expenditure begins to bear fruit

Consistent resource replacement despite growing production (250koz mined since 2011)



- Investment in infrastructure at depth will enable continued exploration drilling and resource delineation
- Grade remains well above mine head grade
 - M&I grade of 3.72g/t & Inferred grade of 4.52g/t vs 2017 head grade of 3.4g/t



Investing in growth : 45% growth to 80koz/year

Constructing a new generation mine below the current workings

Increase underground flexibility & rapid access to Blanket zone below 750m
Secure mine life to 2031

New Central Shaft
6m diameter; surface to 1,200m
Scheduled for commissioning in 2020

Approx \$63m capital investment from 2018 - 2022 fully funded from internal cash flows

Enables significant opportunity for deep level exploration



Will deliver a major improvement in production, costs and flexibility

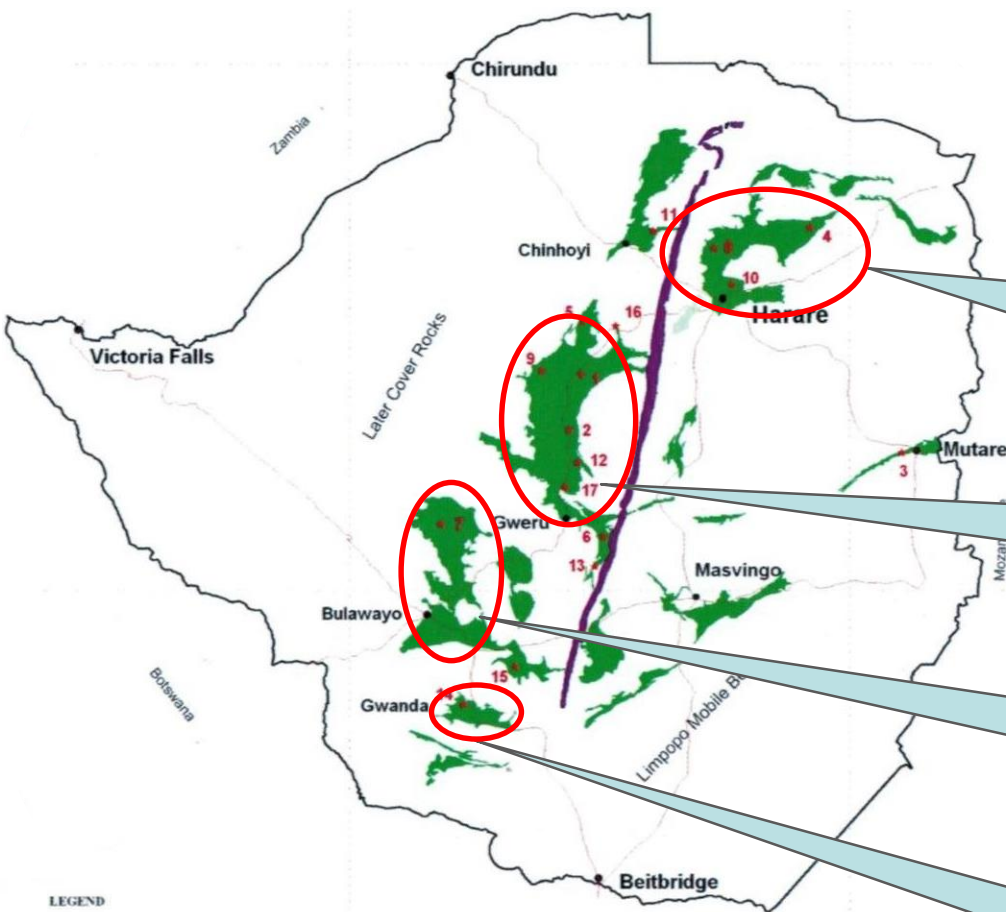


The Zimbabwe Opportunity

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 exploration investment since then

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



New infrastructure is transformational for the Blanket Mine

Central Shaft dramatically improves haulage and man movement management.



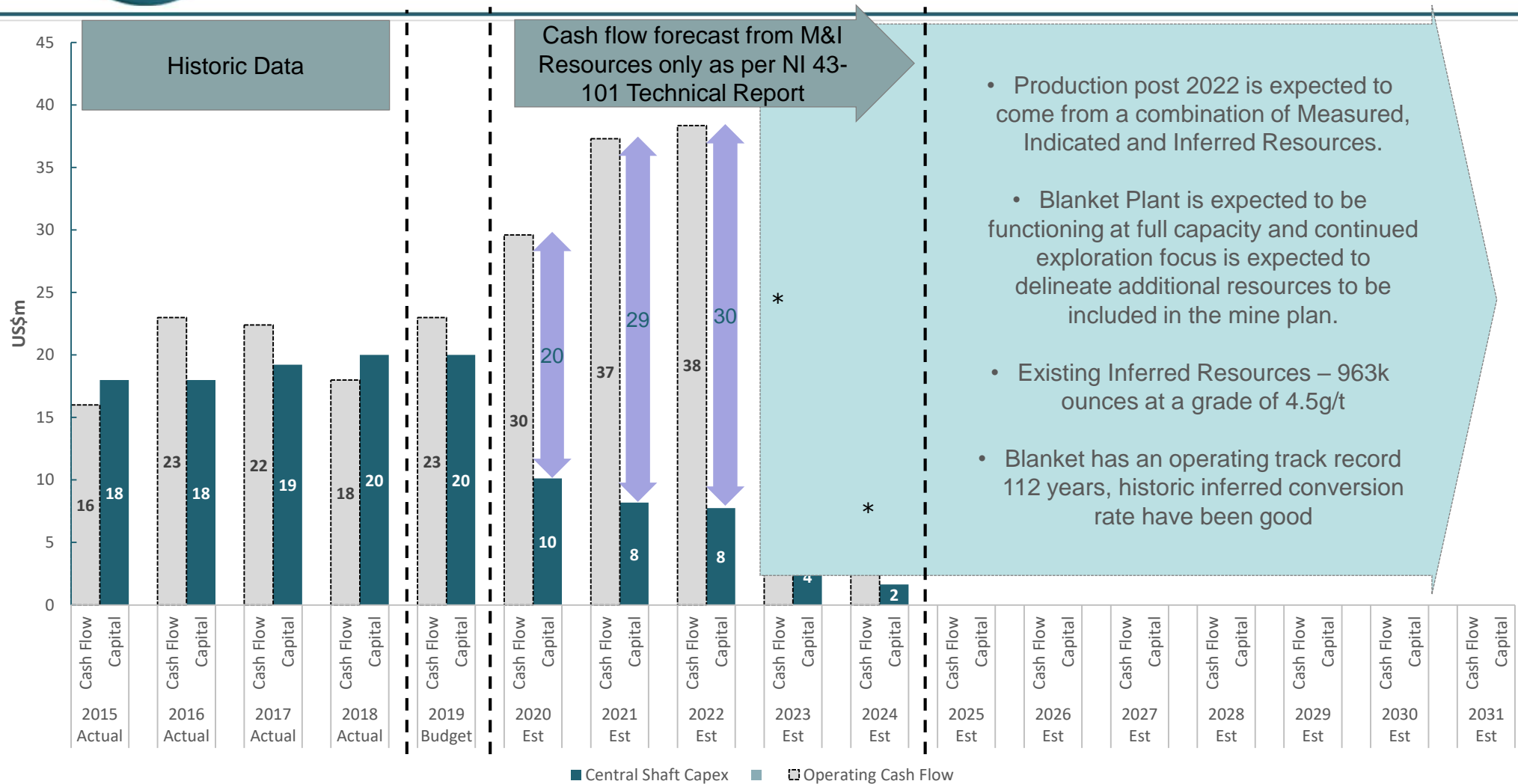
Sinking completed mid 2019, currently in a 12 month equipping phase

Commissioning and ramp up expected in H2 2020



Strong free cash flows expected from 2020 onwards

Declining capex and increasing cash generation



Operating cash flow and capital expenditure forecasts for Blanket Mine are extracted from the technical report dated 13 February 2018 entitled "National Instrument 43-101 Technical Report on the Blanket Mine, Gwanda Area, Zimbabwe (Updated February 2018), a copy of which was filed by the Company on SEDAR on March 2, 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

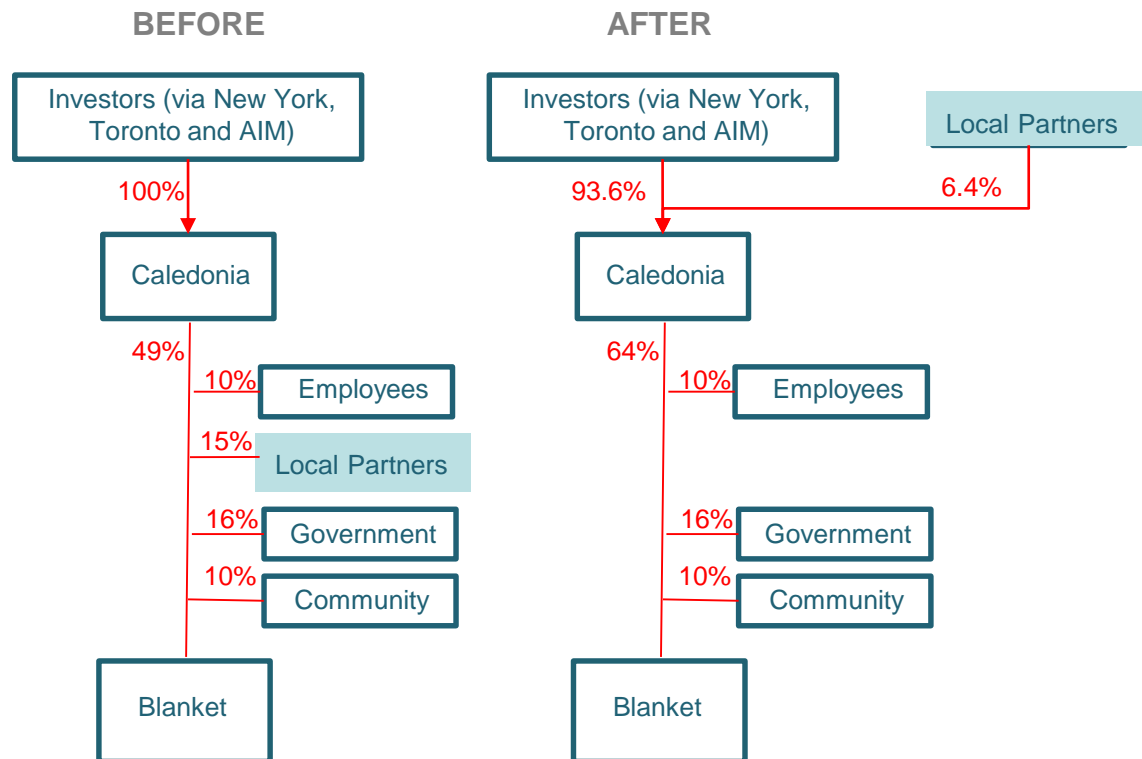
* Cash flow forecasts in 2023 and 2024 include only production from M&I resources as per National Instrument 43-101 standards. Management anticipate supplementing production from inferred resources as these resources are delineated with further exploration work.



Unwinding of Indigenisation

Significant Opportunities and a Major Catalyst for Investment

- Proposed increase in Caledonia's shareholding in Blanket from 49% to 64% as local partners "flip-up" from Blanket to a shareholding at Caledonia
 - Transaction is modestly enhancing for NPV-per-share
 - Caledonia will evaluate further transactions to buy out local partners
- Caledonia continues to evaluate further investment opportunities in Zimbabwe, both at Blanket and its satellite properties and in new areas
- Investment in the Zimbabwean mining sector is far more likely to be forthcoming when investors are able to keep 100% of the proceeds of their investment





Investment Case - Summary

14 years of high margin operations with upside potential

- **Substantial Production Growth : fully funded**
 - 45% production growth planned
 - Rising expected cash generation from 2020 expected
 - Strong future cash generation leaves resources available for strategic purposes : target rich environment
- **Attractive dividend yield**
 - One of the highest yields in the gold industry
 - Management anticipate maintaining the current dividend through any future capital investment requirement
 - Higher planned production & lower costs could support continued increases in dividends
- **High margin operations**
 - All-in Sustaining cost guidance of \$845/oz - \$890/oz
 - Operating costs to move down as new shaft ramps up : due to increased production volume, economies of scale and better mine efficiencies
- **Strong Management Team**
 - Excellent in-country relations
 - Proven track record of operating reliably and profitably in Zimbabwe
 - Strong, well established, local mine management team differentiates from other African producers





Outlook





Zimbabwe

Despite regulatory uncertainty – there are significant grounds for optimism

- Government has a commercial and pragmatic approach with several encouraging policy measures
- Genuine attempts to stimulate investment e.g. the removal of indigenisation requirement in 2018 and recent relaxation of Platinum and Diamond sector requirements
- Government is reducing its spending, increasing its tax base and addressing its offshore debts
 - Modest cuts to domestic spending (e.g. civil service salaries and head-count) and increased taxes has resulted in 4 consecutive months of budget surplus October 2018 to January 2019
 - Fiscal Surplus averaging \$100m per month for November 2018 – February 2019, no issuance of treasury bills or use of RBZ overdraft since October 2018



Prof. Mthuli Ncube
@MthuliNcube

Met with IMF Managing Director Christine @Lagarde at IMF Headquarters in Washington DC and provided an update on the progress of #Zimbabwe economic reforms since our last meeting at the IMF Annual Meetings in Bali, Indonesia.



- Proposed repeal the of the Public Order and Security Act (POSA) and Access to Information and Protection of Privacy Act (AIPPA), which are the major obstacles to a normalisation of relations with the USA
- Two factors are of critical importance to create a conducive investment and operating environment
 - A market related RTGS-FCA exchange rate which allows local inflation to be absorbed
 - Continued access to adequate FCA to make payments out of Zimbabwe

Bloomberg

Markets

Zimbabwe to Scrap Platinum and Diamond Mine Ownership Rules

By Felix Njini, Godfrey Marawanyika, and Antony Sguazzin

March 6, 2019, 12:15 PM GMT Updated on March 6, 2019, 1:09 PM GMT

- ▶ Government reversing rules requiring locals to hold 51% stake
- ▶ Foreign investors will be allowed to own 100% of operations



Zimbabwe's Ncube Says Local Mine Ownership Rule to Be Removed

Zimbabwean Finance Minister Mthuli Ncube said a rule requiring local investors to control platinum mines will be scrapped and foreigners will be allowed to own 100 percent in a bid to revive investment.

AVAIL
OUR
YEAR

Business



Medium to Long-term Outlook

Vision to build a mid tier gold producer with minimal dilution

18 – 24
Months

- Commission Central Shaft
- Increase production capacity to 80,000 ounces per annum by 2022
- Decrease AISC to \$700 - \$800 per ounce

70,000 – 80,000oz/yr

2 – 4
Years

- Declining CAPEX post Central Shaft delivers increased FCF
- Increased FCF will give an opportunity to review dividend policy
- Identify exploration of expansion opportunities in Zimbabwe

80,000 – 100,000oz/yr

> 5 Years

- Evaluation of and potential Investment in growth opportunities identified through exploration
- Establishment of a strong growth pipeline in one of the world's most prospective gold regions

Mid Tier Producer
>250,000oz/yr



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TSX - CAL

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