

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F
ANNUAL REPORT

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2019

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

For the transition period from to

Commission file number 001-38164

Caledonia Mining Corporation Plc
(Exact name of Registrant as specified in its charter)

Jersey, Channel Islands
(Jurisdiction of incorporation or organization)

Caledonia Mining Corporation Plc
B006 Millais House, Castle Quay, St Helier, Jersey, JE2 3EF
(Address of principal executive offices)

Mark Learmonth, +44 1534 679 800, marklearmonth@caledoniamining.com, B006 Millais House, Castle Quay, St Helier, Jersey Channel Islands, JE2 3EF.

(Name, telephone, email and/or facsimile number and address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Shares, no par value	CMCL	NYSE American LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or stock as of the closing of the period covered by the annual report:

10,763,041 ("Common shares" or "shares")

Indicate by check mark if the registration is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, and/or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act. ☐

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐

International Financial Reporting Standards as issued by the International Accounting Standards Board ☒

Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 20-F ("**Annual Report**") and the exhibits attached hereto contain "forward-looking information" and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation that involve risks and uncertainties relating, but not limited to, the Company's current expectations, intentions, plans, and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "target", "intend", "estimate", "could", "should", "may" and "will" or the negative of these terms or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of forward-looking information in this Annual Report include: our reserve calculations with underlying assumptions, production guidance, estimates of future/targeted production rates, planned mill capacity increases, estimates of future metallurgical recovery rates and the ability to maintain high metallurgical recovery rates, Caledonia Mining Corporation Plc's ("**Caledonia**" or "**Company**") plans and timing regarding further exploration, drilling and development, the prospective nature of exploration and development targets, the ability to upgrade and convert mineral reserves, capital costs, our intentions with respect to financial position and third party financing and future dividend payments. This forward-looking information is based, in part, on assumptions and factors that may change or prove to be incorrect, thus causing actual results, performance or achievements to be materially different from those expressed or implied by forward-looking information. Such factors and assumptions include, but are not limited to: failure to establish estimated reserves, the grade and recovery of ore which is mined varying from estimates, success of future exploration and drilling programs, reliability of drilling, sampling and assay data, assumptions regarding the representativeness of mineralization being inaccurate, success of planned metallurgical test-work, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, changes in government regulations, legislation and rates of taxation, inflation, changes in exchange rates and the availability of foreign exchange, fluctuations in commodity prices, delays in the development of projects and other factors.

Shareholders, potential shareholders and other prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Such factors include, but are not limited to: risks relating to estimates of mineral reserves proving to be inaccurate, fluctuations in gold price, risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected geological or structural formations, pressures, power outages, explosions, landslides, cave-ins and flooding), risks relating to the credit worthiness or financial condition of suppliers, refiners and other parties with whom the Company does business; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards, employee relations; relationships with and claims by local communities and indigenous populations; political risk; risks related to natural disasters, terrorism, civil unrest, public health concerns (including health epidemics or outbreaks of communicable diseases such as the coronavirus); availability and increasing costs associated with mining inputs and labor; the speculative nature of mineral exploration and development, including the risks of obtaining or maintaining necessary licenses and permits, diminishing quantities or grades of mineral reserves as mining occurs; global financial condition, the actual results of current exploration activities, changes to conclusions of economic evaluations, and changes in project parameters to deal with un-anticipated economic or other factors, risks of increased capital and operating costs, environmental, safety or regulatory risks, expropriation, the Company's title to properties including ownership thereof, increased competition in the mining industry for properties, equipment, qualified personnel and their costs, risks relating to the uncertainty of timing of events including targeted production rate increase and currency fluctuations. Shareholders, potential shareholders and other prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Caledonia reviews forward-looking information for the purposes of preparing each annual report, however Caledonia undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law. **For the reasons set forth above, investors should not place undue reliance on forward-looking statements.**

STATUS AS AN EMERGING GROWTH COMPANY

We are an “emerging growth company” as defined in Section 3(a) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) by the Jumpstart Our Business Startups Act of 2012 (the “**JOBS Act**”), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We will continue to qualify as an “emerging growth company” until the earliest to occur of: (a) the last day of the fiscal year during which we had total annual gross revenues of US\$1,070,000,000 (as such amount is indexed for inflation every 5 years by the United States Securities and Exchange Commission (“**SEC**”)) or more; (b) the last day of our fiscal year following the fifth anniversary of the date of the first sale of equity securities pursuant to an effective registration statement under the Securities Act; (c) the date on which we have, during the previous 3-year period, issued more than US\$1,000,000,000 in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer”, as defined in Exchange Act Rule 12b-2. We expect to continue to be an emerging growth company for the foreseeable future.

Generally, a registrant that registers any class of its securities under section 12 of the Exchange Act is required to include in the second and all subsequent annual reports filed by it under the Exchange Act a management report on internal control over financial reporting and, subject to an exemption available to registrants that are neither an “accelerated filer” or a “larger accelerated filer” (as those terms are defined in Exchange Act Rule 12b-2), an auditor attestation report on management’s assessment of internal control over financial reporting. However, for so long as we continue to qualify as an emerging growth company, we will be exempt from the requirement to include an auditor attestation report on management’s assessment of internal controls over financial reporting in its annual reports filed under the Exchange Act, even if we were to qualify as an “accelerated filer” or a “larger accelerated filer”. In addition, Section 103(a)(3) of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”) has been amended by the JOBS Act to provide that, among other things, auditors of an emerging growth company are exempt from any rules of the Public Company Accounting Oversight Board requiring a supplement to the auditor’s report in which the auditor would be required to provide additional information about the audit and the financial statements of the company.

SPECIAL NOTE REGARDING LINKS TO EXTERNAL WEBSITES

Links to external, or third-party websites, are provided solely for convenience. We take no responsibility whatsoever for any third-party information contained in such third-party websites, and we specifically disclaim adoption or incorporation by reference of such information into this report.

NON-IFRS FINANCIAL INFORMATION

This Annual Report contains financial statements of the Company prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”). In addition, this Annual Report also contains non-IFRS financial measures (“**Non-IFRS Measures**”) including “on-mine cost per ounce”, “all-in sustaining cost per ounce”, “all-in cost per ounce”, “average realized gold price” and “adjusted earnings per share” as we believe these are useful metrics for measuring our performance. However, these Non-IFRS Measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

FOREIGN PRIVATE ISSUER FILINGS

We are considered a “foreign private issuer” pursuant to Rule 405 promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”). In our capacity as a foreign private issuer, we are exempt from certain rules under the Exchange Act that impose certain disclosure obligations and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. In addition, we are not required to comply with Regulation FD, which restricts the selective disclosure of material information.

For as long as we are a “foreign private issuer” we intend to file our annual financial statements on Form 20-F and furnish our quarterly financial statements on Form 6-K to the SEC for so long as we are subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act. However, the information we file or furnish may not be the same as the information that is required in annual and quarterly reports on Form 10-K or Form 10-Q for U.S. domestic issuers. Accordingly, there may be less information publicly available concerning us than there is for a company that files as a domestic issuer.

We may take advantage of these exemptions until such time as we are no longer a foreign private issuer. We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. We would cease to be a foreign private issuer at such time as more than 50% of our outstanding voting securities are held by United States residents and any of the following three circumstances applies: (1) the majority of our executive officers or directors are United States citizens or residents; (2) more than 50% of our assets are located in the United States; or (3) our business is administered principally in the United States. If we lose our “foreign private issuer status” we would be required to comply with Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirement for “foreign private issuers”.

PART I

ITEM 1 - IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2 - OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3 - KEY INFORMATION

A. Selected Financial Data

The following tables present our selected consolidated financial data. You should read these tables in conjunction with our audited Consolidated Financial Statements and accompanying notes included in Item 18 of this Annual Report and “Operating and Financial Review and Prospects” included in Item 5 of this Annual Report.

The selected consolidated financial information set forth below has been derived from our audited Consolidated Financial Statements that are prepared in accordance with IFRS, which differ in certain respects from the principles we would have followed had our Consolidated Financial Statements been prepared in accordance with U.S. GAAP. The selected consolidated financial information should be read in conjunction with our Consolidated Financial Statements and related notes thereto. The selected consolidated financial information is presented in United States Dollars (“USD” or “\$”), which is also the functional currency of the Company.

Financial – All in USD’000’s unless indicated otherwise	2019	2018	2017	2016	2015
Revenue	75,826	68,399	69,762	61,992	48,977
Gross Profit	31,138	21,587	26,321	23,492	13,181
Net Income – after tax from operations	50,401	13,756	11,896	11,085	5,590
Net Income – after tax from continuing operations	50,401	13,756	11,896	11,085	5,590
Profit attributable to owners of the Company	42,018	10,766	9,384	8,526	4,779
Net cash and cash equivalent	8,893	11,187	12,756	14,335	10,880
Current Assets	29,839	28,168	27,913	25,792	23,562
Total Assets	143,553	125,693	110,056	90,709	72,838
Current Liabilities	9,350	12,198	15,602	9,832	8,397
Non-current Liabilities	9,486	34,687	25,243	21,560	14,080
Net Assets/Total equity	124,717	78,808	69,211	59,317	50,361
Total Capital Expenditures – Cash	20,024	20,192	21,639	19,885	16,567
Dividend per share – cents ⁽¹⁾	27.5	27.4	27.4	24.5	24
Earnings per share – cents ⁽¹⁾	382	99	86.5	79.5	44.5
Diluted earnings per share – cents ⁽¹⁾	381	99	86.4	79	44.5

Share Information

	2019	2018	2017	2016	2015
Market Capitalization at December 31 ⁽²⁾	90,624	57,852	77,932	60,178	32,209
Shares Outstanding (Thousands) ⁽¹⁾	10,763	10,603	10,603	10,557	10,416
Options Outstanding (Thousands) ⁽¹⁾	38	38	28	92	448

⁽¹⁾ All dividends per share, earnings per share, diluted earnings per share and option numbers are stated on the bases of the 1:5 share consolidation on June 26, 2017.

⁽²⁾ Based on the NYSE American share price quoted in USD from July 27, 2017. Amounts before July 27, 2017 were based on the OTCQX share price quoted in USD.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not Applicable.

D. Risk Factors

An investment in our shares involves a high degree of risk and should be considered speculative. You should carefully consider the following risks set out below and other information before investing in our shares. If any event arising from these risks occurs, our business, prospects, financial condition, results of operations or cash flows could be adversely affected, the trading price of our shares could decline and all or part of any investment may be lost.

Our operations are highly speculative due to the high-risk nature of our business, which include the acquisition, financing, exploration, development of mineral infrastructure and operation of mines. The risks and uncertainties set out below are not the only ones we face. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also impair our operations. If any of the risks actually occur, our business, financial condition and operating results could be adversely affected. As a result, the trading price of our shares could decline and investors could lose part or all of their investment. Our business is subject to significant risks and past performance is no guarantee of future performance.

Our shares may not continue to be listed on the NYSE American LLC ("NYSE American")

Failure to meet the applicable maintenance requirements of the NYSE American could result in our shares being delisted from the NYSE American. If we are delisted from the NYSE American, our shares may be eligible for trading on an over-the-counter market in the United States. In the event that we are not able to obtain a listing on another U.S. stock exchange or quotation service for our shares, it may be extremely difficult or impossible for shareholders to sell their shares in the United States. Moreover, if we are delisted from the NYSE American, but obtain a substitute listing for our shares in the United States, it will likely be on a market with less liquidity, and therefore potentially more price volatility, than the NYSE American. Shareholders may not be able to sell their shares on any such substitute U.S. market in the quantities, at the times, or at the prices that could potentially be available on a more liquid trading market. As a result of these factors, if our shares are delisted from the NYSE American, the price of our shares is likely to decline. In addition, a decline in the price of our shares will impair our ability to obtain financing in the future.

Future sales of our shares into the public market by holders of our options may lower the market price, which may result in losses to our shareholders.

As of March 30, 2020, we had 11,515,860 shares issued and outstanding. In addition, as of March 30, 2020, 38,000 shares were issuable upon exercise of outstanding stock options, all of which may be exercised in the future resulting in dilution to our shareholders. As of March 30, 2020 we may issue stock options to purchase an additional 1,113,586 shares under our existing stock option plan. As of March 30, 2020, our senior officers and directors beneficially owned, as a group, 477,665 shares (4.15% of our issued share capital), including stock options to acquire an additional 18,000 shares. Sales of substantial amounts of our shares into the public market, by our officers or directors or pursuant to the exercise of options, or even the perception by the market that such sales may occur, may lower the market price of our shares.

The price of gold is subject to volatility and may have a significant effect on our future activities and profitability.

The economic viability of our revenues, operations and exploration and development projects is, and is expected to be, heavily dependent on the price of gold, which is particularly subject to fluctuation and has fluctuated significantly in recent years. The price of gold is affected by numerous factors beyond our control including, but not limited to: international economic and political conditions; expectations of inflation; international currency exchange rates; interest rates; global or regional consumption patterns; speculative activities; levels of supply and demand; increased production due to new mine developments and improved mining and production methods; availability and costs of metal substitutes; and inventory carrying costs. The effect of these factors on the price of gold, and therefore the economic viability of our operations, cannot be accurately predicted. Blanket Mine (1983) (Private) Limited, the company which owns the Blanket Mine (all hereinafter referred to as “Blanket” or “Blanket Mine” as the context requires) continues to sell all of its gold production from the Blanket Mine to Fidelity Printers and Refiners Limited (“Fidelity”), as required by Zimbabwean legislation, and received the spot price of gold less an early settlement discount of 1.25% (2.5% from October 1, 2018 to January 11, 2019). The Company may enter into hedging agreements from time to time for economic hedging purposes as described in note 16 of the Consolidated Financial Statements.

Our Business Operations and/or Activities could be impacted by the spread of the Coronavirus.

Our business could be significantly adversely affected by the effects of a widespread global outbreak of contagious disease, including the recent outbreak of respiratory illness caused by a novel coronavirus (“COVID-19”). We cannot accurately predict the impact COVID-19 will have on third parties’, including our employees, ability to fulfil their obligations to the Company, including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries (including those countries we rely on to conduct our business operations), resulting in an economic downturn that could negatively impact our operating results.

We cannot guarantee that there will not be an increase in input costs affecting our results of operations and financial performance.

Mining companies could experience higher costs of steel, reagents, labor, electricity, government levies, fees, royalties and other direct and indirect taxes. Our planned growth at Blanket Mine should allow the fixed cost component to be absorbed over increased production, thereby helping to alleviate somewhat the net cash effect of any further cost increases due to increased revenue cash flows. However, there can be no assurance that we will be able to control such input costs and any increase in input costs above our expectations may have a negative result on our results of operations and financial performance.

Our operations may be subject to increased costs or even suspended or terminated as a result of any loss of required infrastructure in our operations.

Infrastructure, including water and electricity supplies, that is currently available and used by us may, as a result of adverse climatic conditions, natural disaster, incorrect or inadequate maintenance, sabotage or for other reasons, be destroyed or made unavailable or available in a reduced capacity. Were this to occur, operations at our properties may become more costly or have to be curtailed or even terminated, potentially having serious adverse consequences to our financial condition and viability that could, in turn, have a material adverse effect on our business, results of operations or financial performance.

Our operations may be subject to inadequate water supply.

Blanket uses water in the metallurgical process, some of which is pumped from the deeper levels of the mine but most of which is obtained from the “Blanket dam” (which, despite its name, is neither owned nor managed by Blanket Mine) which also supplies water to the nearby town of Gwanda. Blanket is situated in a semi-arid region and rainfall typically only occurs in the period November to February. The 2018/19 rainy season was very poor and the 2019/2020 rainy season was somewhat late but has improved in recent weeks. Water levels in the dam are lower than usual and the water authority has released water from an upstream dam to replenish the Blanket dam. Management believes that, with careful management, there is enough water in the Blanket dam to maintain normal operations until the start of the next rainy season in late 2020. As a precautionary measure, Blanket intends to resuscitate existing boreholes and determine their yield; conduct hydrological surveys to identify potential new boreholes; recycle water from the lower levels of unused workings and construct a pond to store water that is pumped from current workings. If, however, there is inadequate water supply, operations at Blanket Mine may become more costly or have to be curtailed, suspended or even terminated which may have serious adverse consequences to the viability of gold production from Blanket Mine that could, in turn, have a material adverse effect on our business, results of operations or financial performance.

Our operations may be subject to inadequate electricity supply.

Zimbabwe's electricity generation is mainly from the Kariba hydro station on the Zambezi and the Hwange coal-fired station with several other much smaller coal-fired power stations. Even if Zimbabwe's installed generating capacity is fully operational, it cannot generate enough electricity to meet its requirements and therefore Zimbabwe imports electricity from Mozambique and South Africa. Since 2010 Blanket Mine, along with most other gold producers, had a supply agreement with the Zimbabwe Electricity Supply Authority ("ZESA") in terms of which the consumers paid a premium rate in return for uninterrupted power. This agreement expired on December 31, 2018 and was not renewed as ZESA demanded that payment should be in US Dollars, which was neither practical (due to insufficient access to US Dollars) nor permissible in terms of the prevailing Zimbabwean foreign exchange controls.

The generating capacity at the Kariba hydro generating station has been significantly reduced due to low water levels caused by insufficient rain in the catchment area. In addition, in July and early August 2019, South Africa reduced its deliveries of electricity to Zimbabwe due to non-payment for historic deliveries. In October 2019 the export of electricity from South Africa was further interrupted due to a lack of generating capacity in South Africa.

The combined effect of these factors is that Zimbabwe experiences a severe electricity shortage and has resorted to "load-shedding" whereby electricity consumers experience prolonged power outages. Initially load-shedding targeted domestic consumers; however, from early July 2019, Blanket and other industrial users experienced substantial interruptions to their electricity supply. In the case of Blanket which has a maximum demand of 18MW, in July and early August 2019 it was regularly required to reduce its consumption by up to 8 MW for periods of up to 16 hours each day. As a result of load-shedding, Blanket's use of diesel for generating electricity increased from approximately 30,000 liters per month in 2018 to 265,000 liters in July 2019. The recurrence of load-shedding in October was less severe and Blanket was required to reduce consumption by up to 4MW for periods of up to 10 hours per day.

Blanket and Caledonia management had constructive engagement with the relevant authorities both directly and via the Chamber of Mines to find an urgent resolution to this matter. All parties understand that without enough power, Zimbabwe's gold production and hence its ability to earn foreign exchange will be severely affected if the gold industry does not receive sufficient power to maintain production.

Although it is hoped that power production from Kariba will increase when water levels return to normal, it is likely that Zimbabwe will continue to experience severe electricity shortages due to the continued difficulties experienced by the South African state-owned electricity generator, which has been a substantial supplier to Zimbabwe.

An additional difficulty, which Blanket has experienced for many months, is that the electricity supply from the grid is highly unstable and is subject to frequent surges and dips in voltage. Power surges, if not controlled, cause severe damage to Blanket's electrical equipment. Blanket has therefore installed its own equipment to regulate the incoming power; however, this equipment was itself damaged by the incoming supply although it was repaired and re-installed in the previous quarter. If an electricity shortage persists, operations at Blanket Mine may become more costly or have to be curtailed, suspended or even terminated which may have serious adverse consequences to the viability of production from Blanket Mine that could, in turn, have a material adverse effect on our business, results of operations or financial performance.

Blanket has addressed the issue of interrupted power supply by installing stand-by generators and entering into an arrangement with the state-owned electricity company to receive ring-fenced imported power in return for paying a US Dollar denominated tariff. Management is assessing the potential to install a solar plant to provide some of Blanket's power requirements.

We do business in countries and jurisdictions outside of the United States where different economic, cultural, regulatory, monetary and political environments could adversely impact our business, results of operations and financial condition.

The jurisdictions in which we operate are unpredictable. Assets and investments in these foreign jurisdictions are subject to risks that are usually associated with operating in a foreign country and any of these could result in a material adverse effect on our business, results of operations or financial performance. These risks include, but are not limited to, access to assets, labor disputes and unrest; arbitrary revocation of government orders, approvals, licenses and permits; corruption; uncertain political and economic environments; bribery; war; civil disturbances and terrorist actions; sudden and arbitrary changes to laws and regulations; delays in obtaining government permits; limitations on foreign ownership; more onerous foreign exchange controls; currency devaluations; import and export regulations; inadequate, damaged or poorly maintained infrastructure; and endemic illnesses. There can be no guarantee that governments in these jurisdictions will not unilaterally expropriate the property of companies that are involved in mining.

Caledonia's mining operations are conducted in Zimbabwe and, as such, these operations are exposed to various levels of political, economic and other risks and uncertainties in addition to those set out above. These risks and uncertainties include, but are not limited to, expropriation and nationalization, or mandatory levels of Zimbabwean ownership beyond currently mandated levels; renegotiation, nullification or partisan terms of existing concessions, licenses, permits and contracts; illegal mining; changes in monetary and taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The current economic situation in Zimbabwe can be summarized as follows:

- There continues to be a shortage of foreign currency in Zimbabwe, although in recent months Blanket has had satisfactory access to foreign exchange due to the higher gold price and increased production.
- The rate of annual inflation increased from 5% in September 2018 to approximately 500% by December 2019. The Zimbabwe Government no longer releases annualised inflation data, but it is widely accepted that the rate of inflation although still high has moderated to approximately 80% per annum in early 2020. A high rate of inflation has little effect on Blanket's operations now that Blanket has adjusted employee remuneration to reflect the increased cost of living and Blanket's costs and revenue track US Dollar prices.
- Since October 2018, bank accounts in Zimbabwe have been bifurcated between Foreign Currency Accounts ("FCA"), which can be used to make international payments, and local currency (known as "RTGS" or "RTGS\$") accounts which can only be used for domestic transactions.
- On February 20, 2019 the Reserve Bank of Zimbabwe ("RBZ") allowed inter-bank trading between currency held in the RTGS\$ system and the FCA system. Prior to this, the RBZ had stipulated that a Dollar in the RTGS system was worth 1 US Dollar in the FCA system. The interbank exchange rate at each quarter-end since the introduction of the interbank rate in February 2019 is set out below.

Interbank Exchange Rates	
(RTGS\$: US\$1)	
February 20, 2019	2.500
March 31, 2019	3.003
June 30, 2019	6.543
September 30, 2019	15.090
December 31, 2019	16.773

- The interbank trading mechanism addressed the most pressing difficulty that emerged after the October 2018 policy implementation, being the erosion of the purchasing power of Blanket's employees due to rapidly increasing retail prices, which had an adverse effect on employee morale. Management has increased RTGS-denominated remuneration so that it remains more closely aligned to the US Dollar value using the interbank rate. This has alleviated some of the financial distress experienced by Blanket employees. The interbank market is relevant in terms of creating an exchange rate; however, there is little liquidity in the interbank market, so it is not a meaningful mechanism to trade between RTGS\$ and US Dollars. In February 2020 the RBZ announced its intention to further liberalise the interbank market with the objective of increasing liquidity and transparency.
- Zimbabwean gold producers, including Blanket, are required to sell their gold to Fidelity. 55% of the sale proceeds are received in FCA and the balance is received in RTGS\$. Blanket uses the FCA component to pay for imported goods, services and electricity; the RTGS\$ component is used to pay for goods and services procured in Zimbabwe and to pay employees and taxes. At prevailing gold prices and the current rate of production the 55% FCA allocation is enough for Blanket to continue normal mining operations, to fully implement the investment plan as scheduled and allow Caledonia to remit dividends from Zimbabwe.

- On June 24, 2019 the Government issued S.I. 142 which stated: “Zimbabwe dollar (RTG\$) to be the sole currency for legal tender purposes for any transactions in Zimbabwe”. Throughout these announcements and to the date of the issue of the Consolidated Financial Statements the US Dollar has remained the primary currency in which the Group’s Zimbabwean entities operate and the functional currency of these entities. Previously there was uncertainty as to what currency would be used to settle amounts owed to the Zimbabwe Government. The announcement of S.I.142 clarified the Zimbabwean Government’s intentions that these liabilities were always denominated in RTG\$ and that RTG\$ would be the currency in which they would be settled. The devaluation of the deferred tax, electricity and term loan liabilities were the largest contributions to the net gain of \$27.1 million which was recognised in 2019. Refer to note 17 and 12 of the Consolidated Financial Statements for the tax and foreign exchange effects of the pronouncements.

Investors should recognize that Blanket’s ability to implement its investment plan and Caledonia’s ability to sustain its operations outside Zimbabwe and pay future dividends depends, inter alia, on the ability to continue to externalize cash from Zimbabwe.

Our operations are subject to various government approvals, permits, licenses and legal regulation for which no assurance can be provided that such approvals, permits or licenses will be obtained or if obtained will not be revoked or suspended.

Government approvals, permits and licenses are required in connection with a number of our activities and additional approvals, permits and licenses may be required in the future. The duration and success of our efforts to obtain approvals, permits and licenses are contingent upon many variables outside of our control. Obtaining governmental approvals, permits and licenses can increase costs and cause delays depending on the nature of the activity and the interpretation of applicable requirements implemented by the relevant authority. While we and our affiliates currently hold the necessary licenses to conduct operations there can be no assurance that all necessary approvals, permits and licenses will be maintained or obtained or that the costs involved will not exceed our estimates or that we will be able to maintain such permits or licenses. To the extent such approvals, permits and licenses are not obtained or maintained, we may be prohibited from proceeding with planned drilling, exploration, development or operation of properties which could have a material adverse effect on our business, results of operations and financial performance.

In addition, failure to comply with applicable laws, regulations and requirements in the countries in which we operate may result in enforcement action, including orders calling for the curtailment or termination of operations on our property, or calling for corrective or remedial measures requiring considerable capital investment. Although we believe that our activities are currently carried out in all material respects in accordance with applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of our properties or otherwise have a material adverse effect on our business, results of operations and financial performance.

We face risks related to mining, exploration and mine construction on potential properties.

Our level of profitability, if any, in future years will depend on whether the Blanket Mine produces at forecasted rates and whether any exploration stage properties can be brought into production. The mining, exploration and development of mineral deposits involves significant risks. It is impossible to ensure that any current and future exploration programs will establish reserves. Whether a mineral ore body will be commercially viable depends on several factors, and the exact effect of these factors cannot be accurately predicted. The exploration, development and production activities are subject to political, economic and other risks, including:

- cancellation or renegotiation of contracts;
- changes in local and foreign laws and regulations;
- changes in tax laws;
- delays or refusal in granting prospecting permissions, mining authorizations and work permits for foreign management staff;
- environmental controls and permitting;
- expropriation or nationalization of property or assets;
- foreign exchange controls and the availability of foreign exchange;
- government mandated social expenditures;
- import and export regulation, including restrictions on the sale of production in foreign currencies;
- industrial relations and the associated stability thereof;

- inflation of costs that is not compensated for by a currency devaluation;
- requirement that a foreign subsidiary or operating unit has a domestic joint venture partner, which, possibly, the foreign company must subsidize;
- restrictions on the ability of local operating companies to hold foreign currencies in offshore and/or local bank accounts;
- restrictions on the ability of a foreign company to have management control of exploration and/or development and/or mining operations;
- restrictions on the remittance of dividend and interest payments offshore;
- retroactive tax or royalty claims;
- risks of loss due to civil strife, acts of war, guerrilla activities, insurrection and terrorism;
- royalties and tax increases or claims by governmental entities;
- unreliable local infrastructure and services such as power, water, communications and transport links;
- demands or actions by native or indigenous groups;
- other risks arising out of foreign sovereignty over the areas in which operations are conducted; and
- lack of investment funding.

Such risks could potentially arise in any country in which we operate.

As a result of the foregoing, our exploration, development and production activities in Zimbabwe may be substantially affected by factors beyond our control, any of which could materially adversely affect our financial position or results from operations. Furthermore, in the event of a dispute arising from such activities, we may be subject to exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute.

We will need to identify new reserves to replace mineral reserves that have been depleted by mining activities and to commence new projects. No assurance can be given that exploration activities by us will be successful in identifying sufficient mineral reserves of an adequate grade and suitable metallurgical characteristics suitable for further development or production.

Blanket Mine is our principal mining asset. In addition, Blanket Mine has title to numerous but smaller satellite properties in the surrounding Gwanda greenstone terrain. These satellite properties are in the exploration stage and are without any known bodies of commercial ore. Further development of the properties will only proceed upon obtaining satisfactory exploration results. There is no assurance that our mineral exploration activities will result in any discoveries of commercial bodies of mineral reserves. The long-term profitability of our operations will, in part, be directly related to the costs and success of our exploration programs, which may be affected by several factors.

There can be no assurance, even when an economic deposit of minerals is located, that any of our property interests can be commercially mined. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period which a combination of careful evaluation, experience and knowledge of management may not eliminate. While the discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that our current exploration programs will result in profitable commercial mining operations. The profitability of our operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by several factors. Additional expenditures are required to establish reserves that are sufficient to commercially mine and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed.

Further development and commercial production at Blanket Mine and the other surrounding properties cannot be assured.

We are engaged in further development activities at Blanket Mine and its surrounding properties. Estimates for future production, at Blanket Mine, are based on mining plans and are subject to change. Production estimates are subject to risk and no assurance can be given that future production estimates will be achieved. Actual production may vary from estimated production for a variety of reasons including un-anticipated variations in grades, mined tonnages and geological conditions, accident and equipment breakdown, changes in metal prices and the cost and supply of inputs and changes to government regulations. Construction and development of projects are subject to numerous risks including, but not limited to: obtaining equipment, permits and services; changes in regulations; currency rate changes; labor shortages; fluctuations in metal prices; and the loss of community support.

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract gold from ore and to develop the mining, processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be capable of economic extraction by metallurgical process, or discovered in sufficient quantities or grades, or the estimated operating costs of the mining venture are sufficient, to justify development of the deposit, or that the funds required for development can be obtained on a timely and economically acceptable basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond our control and which cannot be predicted, such as metal price and market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is not commercially feasible to commence or continue commercial production.

We face credit risk exposure from counterparties to certain contractual obligations and there is no assurance that any such counterparty may not default in such obligation causing us to incur a financial loss.

Credit risk is the risk that a party with a contractual obligation with us will default causing a loss. New regulations introduced by the Zimbabwean Ministry of Finance in January 2014 require that all gold produced in Zimbabwe must be sold to Fidelity, a company which is controlled by the Zimbabwean authorities. Accordingly, all of our production from Blanket Mine is sold to Fidelity. At the date of approval of this document, Blanket has received all payments due from Fidelity in full and on time. This arrangement introduces a credit risk, beyond our control, that receivables and contractual performance due from Fidelity will not be paid or performed in a timely manner, or at all. If Fidelity or the Zimbabwean government were unable or unwilling to conduct business with us, or satisfy obligations to us, we could experience a material adverse effect upon our operations and financial performance.

The mining industry is highly competitive and there is no guarantee we will always be able to compete effectively.

The mining industry is a highly diverse and competitive international business. The selection of geographic areas of interest are only limited by the degree of risk a company is willing to accept by the acquisition of properties in emerging or developed markets and/or prospecting in explored or virgin territory. Mining, by its nature, is a competitive business with the search for fresh ground with good exploration potential and the raising of the requisite capital to move projects forward to production. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. We will compete with other interests, many of which have greater financial resources than we will have, for the opportunity to participate in promising projects. Such competition may have better access to potential resources, more developed infrastructure, more available capital, have better access to necessary financing, and more knowledgeable and available employees than us. We may encounter competition in acquiring mineral properties, hiring mining professionals, obtaining mining resources, such as manpower, drill rigs, and other mining equipment. Such competitors could outbid us for potential projects or produce gold at lower costs. Increased competition could also affect our ability to attract necessary capital funding or acquire suitable properties or prospects for gold exploration or production in the future. Significant capital investment is required to achieve commercial production from successful exploration and development efforts. Globally, the mining industry is prone to cyclical variations in the price of the commodities produced by it, as dictated by supply and demand factors, speculative factors and industry-controlled marketing cartels. Nature provides the ultimate uncertainty with geological and occasionally climatic surprises. Commensurate with the acceptance of this risk profile is the potential for high rewards. If we are unable to successfully compete for properties, capital, customers or employees it could have a materially adverse effect on our results of operations.

We were required to facilitate the economic participation of certain indigenous groups in our business and there can be no assurance that such required participation was at fair market value or that the terms of the agreements can be amended.

The government of Zimbabwe introduced legislation in 2012 requiring companies to facilitate participation in their shareholdings and business enterprises by the indigenous population (typically referred to as indigenization). It is not assured that such interests were paid for at full fair value. As reported, Blanket Mine complied with the requirements of the Indigenization and Economic Empowerment Act in Zimbabwe whereby indigenous shareholders legally owned 51% of Blanket Mine since September 2012 (until recently – see below).

Pronouncements from the Zimbabwe Government following the appointment of the new President in late 2017 announced a relaxation in the indigenization policy which, amongst other things, included the removal of an indigenization requirement for gold mining companies. These pronouncements were passed into law in March 2018.

On November 6, 2018, the Company announced that it had entered into a sale agreement with Femiro Investments (Private) Limited (“**Femiro**”) to purchase Femiro’s 15% shareholding in Blanket for a gross consideration of \$16.7 million to be settled through a combination of the cancellation of the loan between the two entities which stood at \$11.5 million as at June 30, 2018 and the issue of 727,266 new shares in Caledonia at an issue price of \$7.15 per share. On completion of the transaction on January 20, 2020, Caledonia owned 64% in Blanket and Femiro held approximately 6.3% of Caledonia’s shares.

Further, Caledonia has indicated to the Government of Zimbabwe a desire to engage in discussions to purchase the shareholding in Blanket that is currently held by the National Indigenization and Economic Empowerment Fund (“**NIEEF**”). There is no certainty that agreement will be reached on a transaction in respect of NIEEF’s shareholding.

We currently do not depend on our ability to successfully access the capital and financial markets. However, should our financial position change any inability to access the capital or financial markets may limit our ability to execute our business plan or pursue investments that we may rely on for future growth.

Depending on our ability to generate income from our operations, we may require further financing for current and future exploration and development. Should our projections for fiscal years 2020 through to 2022 prove incorrect, to finance our working capital needs, we may have to raise funds through the issuance of additional equity or debt securities. Depending on the type and the terms of any financing we pursue, shareholders’ rights and the value of their investment in our shares could be reduced. Any additional equity financing will dilute shareholdings, and new or additional debt financing, if available, may involve restrictions on financing and operating activities. In addition, if we issue secured debt securities, the holders of the debt would have a claim to our assets that would be prior to the rights of shareholders until the debt is paid. Interest on these debt securities would increase costs and negatively impact operating results.

If we are unable to obtain additional financing, as needed, at competitive rates, our ability to implement our business plan and strategy may be affected, and we may be required to reduce the scope of our operations and scale back our exploration and development programs as the case may be. There is, however, no guarantee that we will be able to secure any additional funding or be able to secure funding which will provide us with sufficient funds to meet our objectives, which may adversely affect our business and financial position.

Our share price has been and is likely to continue to be volatile and an investment in our shares could suffer a decline in value.

Market prices for mining company securities, by their nature, are volatile. Factors, such as rapidly changing commodity prices, political unrest globally and in countries where we operate, speculative interest in mining stocks etc. are but a few factors affecting the volatility of the share price. Our shares are listed in the U.S. on the NYSE American, in Canada on the Toronto Stock Exchange (“**TSX**”) and depositary interests representing our shares are admitted to trading on AIM of the London Stock Exchange (“**AIM**”) (the use of the term “share” in this Annual Report also, where the context requires, extends to a depositary interest representing a share).

You should consider an investment in our shares as risky and invest only if you can withstand a significant loss and wide fluctuations in the market value of your investment. The market price of our shares may be highly volatile and subject to wide fluctuations. In addition, the trading volume of our shares may fluctuate and cause significant price variations to occur. If the market price of our shares declines significantly, you may be unable to resell your shares at or above the purchase price, if at all. We cannot assure you that the market price of our shares will not fluctuate or significantly decline in the future. Factors affecting our share price include but are not limited to:

- actual or expected fluctuations in our operating results;
- actual or expected changes in our growth rates or our competitors’ growth rates;
- changes in the market price of gold;
- changes in the demand for gold;
- high extraction costs;

- accidents
- changes in market valuations of similar companies;
- additions to or departures of our key personnel;
- actual or anticipated fluctuations in our quarterly operating results or those of our competitors;
- publication of research reports by securities analysts about us or our competitors in the industry;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- fluctuations of exchange rates between the USD, GBP, CAD and ZAR;
- changes or proposed changes in laws and regulations affecting the gold mining industry;
- changes in trading volume of our shares on the NYSE American, TSX or AIM;
- sales or perceived potential sales of our shares by us, our directors, senior management or our shareholders in the future;
- short selling or other market manipulation activities;
- announcement or expectation of additional financing efforts;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters and other calamities;
- litigation involving us, including: shareholder litigation, investigations or audits by regulators into our operations; or proceedings initiated by our competitors or clients;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- fluctuations in the valuation of companies perceived by investors to be comparable to us; and
- conditions in the U.S., Canadian and United Kingdom financial markets or changes in general economic conditions.

We are dependent on key management employees.

Our success depends (i) on the continued contributions of our directors, executive officers, management and consultants; and (ii) on our ability to attract new personnel whenever we seek to implement our business strategy. The loss of the services of any of these persons could have a materially adverse effect on our business, prospects results of operations and financial performance. The limited availability of mining and other technical skills and experience in Zimbabwe and the difficulty of attracting appropriately skilled employees to Zimbabwe creates a risk that appropriate skills may not be available if, for whatever reason, the current skills base at the Blanket Mine is depleted. There is no assurance that we will always be able to locate and hire all the personnel that we may require. Where appropriate, we engage with consulting and service companies to undertake some of the work functions.

Our mineral rights may be subject to defects in title.

We are not currently aware of any significant competing ownership claims or encumbrances respecting title to our properties. However, the ownership and validity or title of unpatented mining claims and concessions are often uncertain and may be contested. We also may not have, or may not be able to obtain, all necessary surface rights to develop a property. Although we have taken reasonable measures to ensure proper title to our properties, there is no guarantee of title to our properties or that competing ownership claims or encumbrances respecting our properties will not be made in the future. Title insurance is generally not available for mineral properties and our ability to ensure that we have obtained secure claims to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. We may incur significant costs related to defending the title to our properties. A successful claim contesting our title to a property may cause us to compensate other persons or perhaps reduce our interest in the affected property or lose our rights to explore and, if warranted, develop that property. This could result in us not being compensated for our prior expenditures relating to the property. Also, in any such case, the investigation and resolution of title issues would divert our management's time from ongoing exploration and, if warranted, development programs. Any impairment or defect in title could have a negative impact on us.

We are subject to operational hazards and risks that could have a material adverse effect on our business, results of operations and financial performance.

We are subject to risks typical in the mining business. These include, but are not limited to, operational issues such as unexpected geological conditions or earthquakes causing unanticipated increases in the costs of extraction or leading to falls of ground and rock bursts, particularly as mining moves into deeper levels. Major cave-ins, flooding or fires could also occur under extreme conditions. Although equipment is monitored and maintained and all staff receive safety training, accidents caused by equipment failure or human error could occur. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. As a result, we may incur significant liabilities and costs that could have a material adverse effect upon our business, results of operations and financial performance.

Lawsuits may be filed against us and an adverse ruling in any such lawsuit could have a material adverse effect on our business, results of operations and financial performance.

We may become party to legal claims arising in the ordinary course of business. There can be no assurance that unforeseen circumstances resulting in legal claims will not result in significant costs or losses. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to us and as a result, could have a material adverse effect on our assets, liabilities, business, financial condition and results of operations. Even if we prevail in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from our business operations, which could adversely affect our financial condition. In the event of a dispute arising in respect of our foreign operations, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in the United States of America, South Africa, Zimbabwe, Canada, the United Kingdom, Jersey Channel Islands or international arbitration. The legal and political environments in which we operate may make it more likely that laws will not be enforced and that judgments will not be upheld. If we are unsuccessful in enforcing our rights under the agreements to which we are party to or judgments that have been granted, or if laws are not appropriately enforced, it could have a material adverse effect on our business, results of operations and financial performance.

We face risks related to illegal mining at Blanket Mine and no assurance can be provided that such illegal mining will not have an adverse effect on our business, results of operations and financial performance.

Illegal mining activities on properties controlled by Blanket have been identified. This gives rise to increased security costs and an increased risk of theft and damage to equipment. Blanket has received adequate support and assistance from the Zimbabwean police in investigating such cases but there can be no guarantee that the support from the Zimbabwean police will continue and whether their support will stop illegal mining activities.

Most of our employees are members of the Associated Mine Workers Union of Zimbabwe and any work stoppage or industrial action implemented by the union may affect our business, results of operations and financial performance.

Most of the employees are members of the Associated Mine Workers Union of Zimbabwe. Pay rates for all wage-earning staff are negotiated on a Zimbabwe industry-wide basis between the union and representatives of the mine owners. Any industrial action called by the union may affect our operations even though our operations may not be at the root cause of the action. Strikes, lockouts or other work stoppages could have a material adverse effect on our business, results of operations and financial performance. In addition, any work stoppage or labor disruption at key customers or service providers could impede our ability to supply products, to receive critical equipment and supplies for our operations or to collect payment from customers encountering labor disruptions. Work stoppages or other labor disruptions could increase our costs or impede our ability to operate.

There can be no assurance that changes to any environmental, health and safety laws to which we are currently subject would not adversely affect our exploration and development programs.

Our exploration, development and operations are subject to environment, health and safety (“EH&S”) laws and regulations in the countries in which the relevant activity is being conducted.

In 2018, a training facility (called the Nyanzvi initiative) was established at Blanket using dedicated facilities and specially trained facilitators. A total of 120 senior supervisors participated in the Nyanzvi initiative during the last quarter of 2019, with the heads of departments at Blanket completing the programme in January 2020, thereby completing the training of Blanket’s workforce as was required. As a result of this increased focus on safety training, there were no fatal accidents in 2019, and the total number of accidents was reduced from 45 in 2018 to 31 in 2019. Safety training is an ongoing exercise and it will remain an area of focus for the Company. There is no assurance, however, that future changes in EH&S, if any, will not adversely affect our exploration and development programs or our operations. There are no assurances that regulatory and environmental approvals required under EH&S will be obtained on a timely basis or if at all. A breach of EH&S may result in the temporary suspension of operations, the imposition of fines, other penalties (including administrative penalties and regulatory prosecution), and government orders, which could potentially have a material adverse effect on operations.

Due to the nature of our business, our operations face extensive EH&S risks.

Gold mining is exposed to numerous risks and events, the occurrence of which may result in the death of, or personal injury, to employees. EH&S legislation applicable to us could suspend part or all of our operations. EH&S incidents could therefore lead to increased unit production costs or lower production which could negatively affect our business, operating and/or financial results.

We may enter into acquisitions or other material transactions at any time.

We continually seek to replace and expand our reserves through the exploration of our existing properties and may expand through acquisitions of interests in new properties or of interests in companies that own such properties. Acquisitions involve a number of risks, including: the possibility that we, as a successor owner, may be legally and financially responsible for liabilities of prior owners; the possibility that we may pay more than the acquired company or assets are worth; the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of integrating the operations and personnel of an acquired business; the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; the inability to integrate, train, retain and motivate key personnel of an acquired business; and the potential disruption of our ongoing business and the distraction of management from its day-to-day operations. These risks and difficulties, if they materialize, could disrupt our ongoing business, distract management, result in the loss of key personnel, increase expenses and may have a material adverse effect on our business, results of operations and financial performance.

As a foreign private issuer, we are permitted to file less information with the SEC than a company that is not a foreign private issuer or that files as a domestic issuer.

As a foreign private issuer, we are exempt from certain rules under the Exchange Act that impose disclosure requirements as well as procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and “short-swing” profit recovery provisions of Section 16 of the Exchange Act. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as a company that files as a domestic issuer whose securities are registered under the Exchange Act, nor are we generally required to comply with the SEC’s Regulation FD, which restricts the selective disclosure of material non-public information. For as long as we are a “foreign private issuer” we intend to file our annual financial statements on Form 20-F and furnish our quarterly financial statements on Form 6-K to the SEC for so long as we are subject to the reporting requirements of Section 13(g) or 15(d) of the Exchange Act. However, the information we file or furnish is not the same as the information that is required in annual and quarterly reports on Form 10-K or Form 10-Q for U.S. domestic issuers. Accordingly, there may be less information publicly available concerning us than there is for a company that files as a domestic issuer.

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act’s domestic reporting regime and cause us to incur additional legal, accounting and other expenses.

We are required to determine our status as a foreign private issuer on an annual basis at the end of our second fiscal quarter. In order to maintain our current status as a foreign private issuer, either (1) a majority of our shares must be either directly or indirectly owned of record by non-residents of the United States or (2) (a) a majority of our executive officers or directors must not be U.S. citizens or residents, (b) more than 50 percent of our assets cannot be located in the United States and (c) our business must be administered principally outside the United States. If we lost this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We would also be subject to additional restrictions on offers and sales of securities outside the United States and would have to comply with the generally more restrictive Regulation S requirements under the Securities Act that apply to U.S. domestic issuers, which could limit our ability to access capital markets in the future. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs.

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies may make our shares less attractive to investors and, as a result, adversely affect the price of our shares and result in a less active trading market for our shares.

We are an “emerging growth company” as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that apply to other public companies that are not emerging growth companies. For example, we have qualified for an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act relating to internal control over financial reporting, and we will not provide such an attestation from our auditors.

We may avail ourselves of these disclosure exemptions until we are no longer an emerging growth company. We cannot predict whether investors will find our shares less attractive because of our reliance on some or all these exemptions. If investors find our shares less attractive, it may adversely impact the price of our shares and there may be a less active trading market for our shares.

We will cease to be an emerging growth company upon the earliest of:

- the last day of the fiscal year during which we have total annual gross revenues of \$1,070,000,000 (as such amount is indexed for inflation every five years by the SEC or more);
- the last day of our fiscal year following the fifth anniversary of the completion of our first sale of equity securities pursuant to an effective registration statement under the Securities Act;
- the date on which we have, during the previous three-year period, issued more than \$1,000,000,000 in non-convertible debt; or
- the date on which we are deemed to be a “large accelerated filer”, as defined in Rule 12b-2 of the Exchange Act, which would occur if the market value of our shares that are held by non-affiliates exceeds \$700,000,000 as of the last day of our most recently-completed second fiscal quarter.

If we fail to establish and maintain proper internal controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

Section 404(a) of the Sarbanes-Oxley Act requires that our management assess and report annually on the effectiveness of our internal controls over financial reporting and identify any material weaknesses in our internal controls over financial reporting. Although Section 404(b) of the Sarbanes-Oxley Act requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal controls over financial reporting, we have opted to rely on the exemptions provided to us by virtue of being a foreign private issuer and an emerging growth company, and consequently will not be required to comply with SEC rules that implement Section 404(b) of the Sarbanes-Oxley Act until we lose our emerging growth company status.

If either we are unable to conclude that we have effective internal controls over financial reporting or, at the appropriate time, our independent auditors are unwilling or unable to provide us with an unqualified report on the effectiveness of our internal controls over financial reporting as required by Section 404(b) of the Sarbanes-Oxley Act, investors may lose confidence in our operating results, the price of our shares could decline and we may be subject to litigation or regulatory enforcement actions.

There is uncertainty with our Mineral Reserve estimates.

Our mineral reserve figures described in this document are management’s best estimates and are reported in accordance with the requirements of Industry Guide 7 (“IG 7”) of the SEC. These estimates may not reflect actual reserves or future production. Should we encounter mineralization or formations different from those predicted by past drilling, sampling and similar examinations, reserve estimates may have to be adjusted and mining plans may have to be altered in a way that might ultimately cause our reserve estimates to decline. Moreover, if the gold price declines, or if our labor, consumable, electricity and other production costs increase or recovery rates decrease, it may become uneconomical to recover our reserves. Under these circumstances, we would be required to re-evaluate our reserves. The reserve estimates are based on drilling results and because unforeseen conditions may occur, the actual results may vary from the initial estimates. These factors could result in reductions in our reserve estimates, which could in turn adversely impact the total value of our business.

There are differences in IG 7 and Canadian reporting of mineral reserves and mineral resources.

From time to time, we also report mineral resources in accordance with the Canadian requirements outlined in Canadian National Instrument 43-101 which are not directly comparable to IG 7 mineral reporting and disclosure requirements. The terms “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are defined in and sometimes used by the Company pursuant to Canadian National Instrument 43-101; however, these terms are not defined terms under IG 7 and historically have not been permitted to be used in reports and registration statements filed in accordance with IG 7. Investors are cautioned not to assume that any part of or all mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of the measured mineral resources, indicated mineral resources, or inferred mineral resources will ever be upgraded to a higher category.

Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” is permitted disclosure under Canadian regulations; however, IG 7 has historically only permitted issuers to report “resources” as in-place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in some of our reports may not be comparable to information made public in accordance with IG 7.

Further, the terms “Mineral Reserve”, “Proven Mineral Reserve” and “Probable Mineral Reserve” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum standards. These definitions differ from the definitions in IG 7. Under IG 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and all necessary permits or governmental authorizations must be filed with the appropriate governmental authority.

Accordingly, the information contained in some of the reports containing descriptions of the Company's mineral deposits may not be comparable to similar information made public in accordance with IG 7.

U.S. investors may not be able to enforce their civil liabilities against us or our directors and officers.

It may be difficult to bring and enforce suits against us, because we were amalgamated and exist under the laws of Jersey, Channel Islands and are situated in Jersey, Channel Islands and do not have assets located in the United States.

All our assets are located outside the United States and most of our directors and all of our officers are residents of countries other than the United States. As a result, it may be difficult for investors to effect service of process on us or these non-United States resident persons within the United States or to rely in the United States upon judgments obtained in the United States based on the civil liability provisions of the U.S. federal securities laws against us or our officers and non-United States resident directors. In addition, our U.S. shareholders should not assume that the courts of Jersey, Channel Islands (i) would enforce judgments of U.S. courts obtained in actions against us, our officers or directors predicated upon the civil liability provisions of the U.S. federal securities laws or other laws of the United States, or (ii) would enforce, in original actions, liabilities against us, our officers or directors predicated upon the U.S. federal securities laws or other laws of the United States.

We are incorporated under the laws of Jersey, Channel Islands and our principal offices are located outside of the United States which could have negative tax consequences for U.S. investors.

We are incorporated under the laws of Jersey, Channel Islands and are located outside of the United States. Accordingly, U.S. investors could be subject to negative tax consequences. If we choose to make an offering of securities in the United States, the applicable prospectus is expected to include a discussion of the material United States tax consequences relating to the purchase, ownership and disposition of any securities offered thereby, to the extent not set out in this Annual Report; however, investors should consult their own tax advisors as to the consequences of investing in Caledonia.

ITEM 4 - INFORMATION ON THE COMPANY

A. History and Development of the Company

Caledonia Mining Corporation Plc (previously Caledonia Mining Corporation) was incorporated, effective February 5, 1992, by the amalgamation of three predecessor companies and was registered at the time under the Canada Business Corporations Act.

Following the creation of Caledonia its shares were listed on the TSX and quoted on the NASDAQ small caps market. On October 16, 1998, Caledonia announced that NASDAQ would no longer quote its securities for trading. Caledonia's stock commenced trading on the OTCQX in June 2005.

Effective April 1, 2006 the Company purchased 100% of the issued shares of the Zimbabwean company, Caledonia Holdings Zimbabwe (Private) Ltd ("**CHZ**") that held 100% of the shares of Blanket Mine. The purchase consideration was \$1,000,000 and 20,000,000 shares of Caledonia. The Company acquired all the assets and assumed all the liabilities of CHZ.

The Company re-domiciled from Canada to Jersey using a legal process called "Continuance" on March 19, 2016. The Company operates under the Companies (Jersey) Law 1991, as amended, (the "**Companies Law**"). The Continuance had no effect on the Company's listing on the TSX or on the trading facilities on AIM in London or on the OTCQX in the United States of America.

On July 24, 2017 the Company announced that its shares would be listed on the NYSE American and trading began on July 27, 2017. The trading of the Company's shares on the OTCQX ceased upon the commencement of trading on the NYSE American.

As at the date of this report Caledonia's shares trade on AIM under the ticker symbol "CMCL", are listed on the TSX under the symbol "CAL" and on the NYSE American as "CMCL".

The addresses and telephone numbers of Caledonia's principal offices are:

Registered and Head Office

African Office - South African Subsidiaries

Caledonia Mining Corporation Plc	Caledonia Mining South Africa Proprietary Limited
B006 Millais House, Castle Quay, St Helier	4 th Floor, 1 Quadrum office park
Jersey, Channel Islands	Johannesburg, Gauteng, 2198
JE2 3EF	South Africa
(44) 1534 679 800	(27) 11 447 2499

Indigenization of Blanket Mine

On February 20, 2012 certain companies within Caledonia's group of companies (the "**Group**") announced that they had signed a Memorandum of Understanding ("**MoU**") with the Minister of Youth, Development, Indigenization and Empowerment of the Government of Zimbabwe pursuant to which the Group agreed that indigenous Zimbabweans would acquire an effective 51% ownership interest in the Blanket Mine for a transactional value of \$30.09 million. Pursuant to the above, the Group entered into agreements with each indigenous shareholder to transfer 51% of the Group's ownership interest in Blanket Mine whereby it:

- sold a 16% interest to the NIEEF for \$11.74 million;
- sold a 15% interest to Fremiro, which is owned by indigenous Zimbabweans, for \$11.01 million;
- sold a 10% interest to Blanket Employee Trust Services (Private) Limited ("**BETS**") for the benefit of present and future managers and employees for \$7.34 million. The shares in BETS are held by the Blanket Mine Employee Trust ("**Employee Trust**") with Blanket Mine's employees holding participation units in the Employee Trust; and
- donated a 10% ownership interest to the Gwanda Community Share Ownership Trust ("**Community Trust**"). In addition Blanket Mine paid a non-refundable donation of \$1 million to the Community Trust.

Following completion of the underlying subscription agreements, advances were made to NIEEF and the Community Trust against their rights to receive dividends declared by Blanket Mine on their shareholdings as follows:

- a \$1.8 million payment to NIEEF on or about June 21, 2012;
- a \$2 million payment to the Community Trust on or before September 30, 2012;
- a \$1 million payment to the Community Trust on or before February 28, 2013; and
- a \$1 million payment to the Community Trust on or before April 30, 2013.

Advances made to NIEEF as an advanced dividend loan were settled through dividend repayments in 2014. Refer to note 6 of the Consolidated Financial Statements for the outstanding balance of the advanced dividend loan with the Community Trust.

The Group facilitated the vendor funding of these transactions and the advanced dividend loans which are repaid by way of dividends from Blanket Mine. 100% of dividends declared by Blanket Mine as payable to the Community Trust were used to repay its advanced dividend loan although Blanket has recently agreed that from the beginning of 2020 80% of dividends declared by Blanket Mine will be used to repay such loan and the remaining 20% will unconditionally accrue to the Community Trust, which is the same arrangement that applies to the other indigenous shareholders. The timing of the repayment of the loans depends on the future financial performance of Blanket Mine and the extent of future dividends declared by Blanket Mine. Subsequent to the indigenization transactions the facilitation loans relating to the Group were transferred as a dividend in specie to the Company.

On June 23, 2017, the Group, Blanket Mine and the indigenous shareholders of Blanket Mine reached agreement to change the interest terms of the facilitation and advanced dividend loan agreements. The agreements changed the interest rate from the previously agreed 12-month LIBOR + 10% to the lower of a fixed 7.25% per annum, payable quarterly or 80% of the Blanket Mine dividend in the quarter. The modification was considered beneficial to the indigenous shareholders and gave rise to an equity-settled share-based expense of \$806,000 on June 23, 2017 when all parties reached agreement to modify the interest charged. It was agreed that the interest change was to be applied to the facilitation and advanced dividend loan balances from January 1, 2017.

Pronouncements from the Zimbabwe Government following the appointment of the new President in late 2017 declared a relaxation in the indigenization policy which, amongst other things, included the removal of an indigenization requirement for gold mining companies. These pronouncements were passed into law in March 2018. In light of the changed legislation, on November 6, 2018, the Company announced that it had entered into a sale agreement with Fremiro to purchase Femiro's 15% shareholding in Blanket for a gross consideration of \$16.667 million to be settled through a combination of the cancellation of the loan between the two entities (which stood at \$11.467 million as at June 30, 2018) and the issue of 727,266 new shares in Caledonia at an issue price of \$7.15 per share. On completion of the transaction on January 20, 2020, Caledonia owned 64% in Blanket and Fremiro held approximately 6.3% of Caledonia's shares. The Company is also evaluating the potential to buy NIEEF's shareholding in Blanket. There is no certainty that agreement will be reached on a transaction in respect of NIEEF's shareholding.

Capital Investment

The main capital development project is the central shaft at the Blanket Mine ("Central Shaft") which will allow for three new production levels below the current operations; a fourth level is intended to be added in due course via a decline construction. Shaft sinking commenced in early 2015 and the shaft reached its target depth of 1,204 metres (approx. 4,000 feet) in July 2019. Work on equipping the shaft has commenced and it is expected to be commissioned in the last quarter of 2020 after which production ramp-up can commence: production in 2021 is expected to be approximately 75,000 ounces, increasing to the target rate of 80,000 ounces in 2022.

Work on underground development was hampered by the unstable electricity supply which has caused frequent power interruptions and by systemic power outages due to the general lack of electricity in Zimbabwe. In November 2019 further diesel generators were installed so that work at Central shaft can continue uninterrupted throughout any interruptions to the electricity supply from the grid.

In addition to the Central shaft, work continued on decline developments at the AR South, AR Main and Eroica ore bodies, preparations commenced for a further decline at the Blanket orebody and work continued on haulages on the 870m level. In total 417 meters of development were achieved in the last quarter of 2019.

Total cash capital expenditure increased to \$20,240,000 (2018: \$20,192,000; 2017: \$21,639,000). Significant projects on which capital expenditures were incurred in 2019 included:

- Central shaft – \$12.5 million
- Oxygen plant - \$1.6 million
- Deep drilling – \$574,262
- Underground equipment - \$465,020
- Load Haul Dumpers - \$413,000

Capital projects and expenditures are further analyzed under Item 4.B Mining Operations and note 18 of the Consolidated Financial Statements.

Eersteling Gold Mining Company Limited

On May 31, 2018 the Group entered into an amended share sale agreement with SH Mineral Investments Proprietary Limited (“**SH Minerals**”) to sell the shares and claims of Eersteling Gold Mining Company Limited (“**Eersteling**”), a South African subsidiary previously consolidated as part of the Group, that has been on care and maintenance since 1997. The amended share sale agreement allowed for a purchase price of \$3 million which would be settled by three payments of \$1 million payable on the completion date, 12 and 18 months after the completion date. On January 31, 2019 all conditions for the sale were met and the Group transferred the registered and beneficial ownership of Eersteling to SH Minerals. During 2019, the ZAR equivalent of \$1 million was received and the ZAR equivalent of approximately \$0.9 million was received post year-end as payment towards the next instalment of the purchase price with the remainder of that instalment expected to be received shortly.

Available Information

The SEC maintains an internet site (<http://www.sec.gov>) that contains report, proxy and information statements and other information regarding issuers that file electronically with the SEC. Such information can also be found on the Company’s website (<http://www.caledoniamining.com>).

B. Business Overview

Description of Our Business

Caledonia’s primary focus is the operation of a gold mine and the exploration and development of mineral properties for precious metals. Caledonia’s activities are focused on Blanket Mine in Zimbabwe. The Company’s business during the last three completed fiscal years has been focused primarily on increasing production to 80,000 oz. of gold by 2022 through its investment plan.

Total gold production at Blanket Mine for 2019 was 55,182 oz. (2018: 54,511 oz.; 2017: 56,133 oz.). In terms of regulations introduced by the Zimbabwean Ministry of Finance in January 2014, all gold produced in Zimbabwe must be sold to Fidelity, a company which is controlled by the Zimbabwean authorities. Gold producers compete globally based on their operating and capital costs. Certain gold producers benefit from their ability to produce other minerals in commercial quantities as by-products. Caledonia derives approximately 0.1% of its revenues from silver, which is insignificant. 100% of Blanket’s revenues over the last three years was derived from its operations in Zimbabwe.

Blanket Mine’s available reserves are disclosed under Item 4.D under the subheading of “Mineral Reserve Calculations”.

Mining Operations

On November 3, 2014 Caledonia announced the investment plan and production projections for the Blanket Mine. The objectives of the investment plan are to improve the underground infrastructure and logistics to allow efficient and sustainable production build-up.

Continued exploration over the last three years has improved the understanding of the ore bodies below 22 level (750 metres) and has resulted in a further increase in resources below 750 meters. Progress on implementing the Central Shaft has been adversely affected by an increase in the incidence of power interruptions due to the instability of the incoming grid power. Due to these delays and to ensure that the completion of the equipping of the shaft does not delay the planned production build-up, the vertical shaft sinking terminated at 1,204 metres to add three new production levels below 750 metres. A fourth production level is intended to be added via a decline construction in due course. The decline is expected to allow production from below 34 level (1,110 metres) to commence in mid-2024, which is the same as if the shaft had been extended to 38 level. Further progress on the Central Shaft depends on the continued availability of enough foreign exchange. The investment plan provides for a proposed investment of approximately US\$21.5 million for 2020 and US\$23 million in 2021 and 2022.

Caledonia's exploration activities are focused on the growth and development of Blanket Mine. There was no deep exploration drilling in the fourth quarter of 2019 as all the available drilling sites had been drilled out in accordance with the annual budget. 9,824 meters were drilled in 2019 compared to 18,551 meters in 2018. Deep level exploration drilling will re-commence after the Central Shaft and the related development has been completed to provide access to new drilling positions.

In January 2020, Ms. Janet Hobkirk joined the Group as Group Mineral Resource Manager. Ms. Hobkirk will be responsible for driving exploration activities both at Blanket and for any new properties that are under investigation by the Group.

Metallurgical Process

Metallurgical plant – Blanket Mine

Average plant recovery was 93.4% for 2019, compared to 92.3% in 2018 (2017: 93.4%).

Recoveries improved following the commissioning of the new oxygen plant in October 2019. A full assessment of the effect of the new oxygen plant can only be made after the introduction of an upgraded oxygen sparging system in the first quarter of 2020. The new oxygen sparging system will assist in maintaining recoveries as the tonnages increase in 2021 and thereafter. In 2019 the oxygen plant has resulted in a reduction in cyanide consumption which reduced from 0.88kg per tonne milled before the plant was commissioned to 0.79 kg per tonne milled by the end of the fourth quarter of 2019.

Safety, Health and Environment

The following safety statistics have been recorded for the year 2019 and the preceding two years.

Classification	2017	2018	2019
Fatal	2	2	-
Lost time injury	6	5	3
Restricted work activity	21	16	17
First aid	11	9	-
Medical aid	30	13	11
Occupational illness	1	-	-
Total	71	45	31
Incidents	41	33	54
Near misses	21	11	22
Disability Injury Frequency Rate	0.320	0.270	0.12
Total Injury Frequency Rate	2.94	1.71	1.2
Man-hours worked (thousands)	4,874	5,254	5,174

In 2018 a training facility (called the Nyanzvi initiative) was established at Blanket using dedicated facilities and specially trained facilitators. 120 senior supervisors participated in the Nyanzvi initiative during the fourth quarter of 2019 and the heads of departments at Blanket completed the programme in January 2020 thereby completing the training of Blanket's entire workforce. As a result of this increased focus on safety training, there were no fatal accidents and the number of accidents reduced from 45 in 2018 to 31 in 2019. Safety training is an ongoing exercise and it will remain an area of focus for management.

The Group takes the safety of its employees very seriously and, accordingly, measures have been taken to instill adherence to prescribed safety procedures.

Exchange Controls, Social Investment and Contribution to the Zimbabwean Economy

Exchange control approvals from the RBZ and the Reserve Bank of South Africa are required on the flow of funds in and out of Zimbabwe and South Africa. The Company obtained necessary approvals from both the RBZ and the Reserve Bank of South Africa to transfer foreign currency during the fiscal year 2019.

Additionally, Blanket Mine's investment in community and social projects which are not directly related to the operation of the mine or the welfare of Blanket Mine's employees, the payments made to the Community Trust in terms of Blanket Mine's indigenization, and payments of royalties, taxation and other non-taxation charges to the Zimbabwe government and its agencies are set out in the table below.

Payments to the Community and the Zimbabwe Government (\$'000's)			
	Community and Social Investment	Payments to Zimbabwe Government	Total
Year 2017	5	11,988	11,993
Year 2018	4	10,140	10,144
Year 2019	47	10,357	10,404

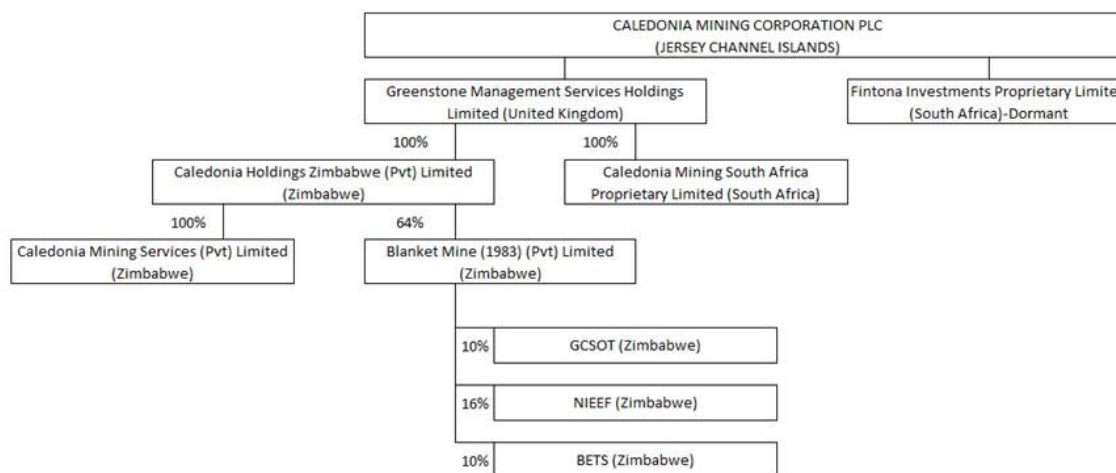
General Comments

Caledonia's activities are centered on Zimbabwe and occur year-round. Caledonia is not dependent, to any material extent, on patents, licenses, contracts, specialized equipment or new manufacturing processes at this time. However, there may be occasions that Caledonia may wish to adopt such patents, licenses, specialized equipment, etc. if these are economically beneficial to its operations. All mining and exploration activities are conducted under the various economic, mining and environmental regulations of the country where the operations are being carried out. It is always Caledonia's standard that these regulations are complied with by Blanket Mine. Caledonia has not experienced a shortage of availability of raw materials or significant price volatility.

Investors should recognize that Blanket's ability to implement its investment programme and Caledonia's ability to sustain its operations outside Zimbabwe and pay future dividends depends, inter alia, on the ability to externalise cash from Zimbabwe.

C. Organizational Structure

The Company has the following organizational structure as at March 30, 2020:



D. Property, Plant and Equipment

(a) Zimbabwe:

The Company indirectly owns 64% of the shares of Blanket Mine after the purchase of Fremiro's 15% shareholding became effective in January of 2020. The Blanket Mine is fully equipped with all the necessary plant and equipment to conduct mining operations and the production of gold from the ore mined from the mine.

For a detailed breakdown of the property, plant and equipment and encumbrances thereon refer to note 18 of the Consolidated Financial Statements. The property, plant and equipment of the Group is predominantly held in Zimbabwe and the continued implementation of the investment plan is expected to increase the property, plant and equipment of the Group. The investment plan is expected to be funded with existing cash, a term loan, an overdraft facility and cash generated from operating activities. The investment plan is expected to be completed in 2021.

(b) South Africa:

Refer to Item 4.A "History and Development of the Company" concerning the sale of Eersteling.

Mining Geology and Exploration Activities

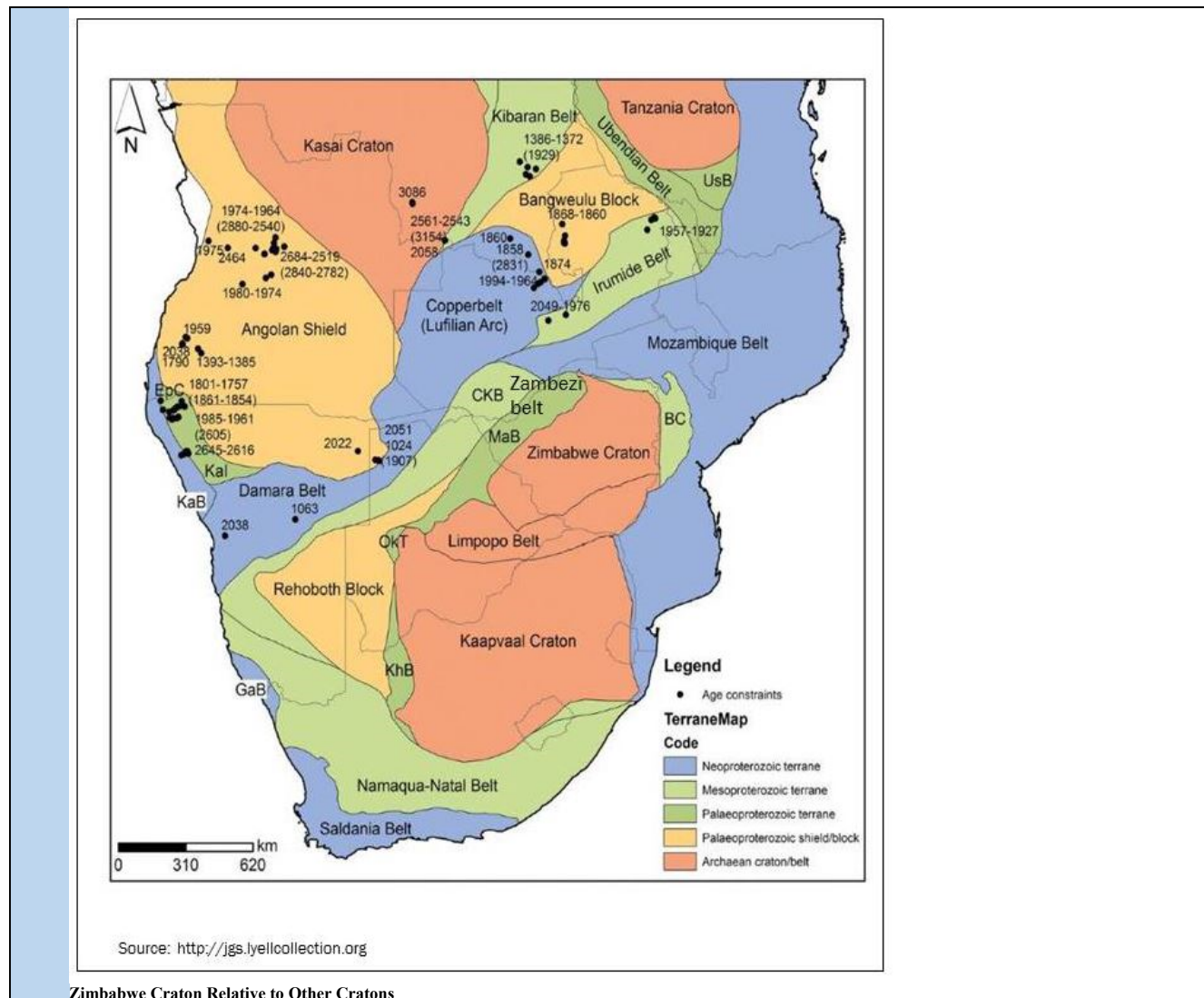
Geology and Mineral Deposit

Zimbabwe's known gold mineralisation occurs in host rocks of the Zimbabwe Craton, which is made up of Archaean rocks. The geology of the Craton is characterised by deformed and metamorphosed rocks which include high-grade metamorphic rocks, gneisses, older granitoids, greenstone belts, intrusive complexes, younger granites and the Great Dyke. The Chingezi gneiss, Mashaba tonalite and Shabani gneiss form part of a variety of tonalities and gneisses of varying ages. Three major sequences of slightly younger gold-bearing greenstone belt supracrustal rocks exist:

- Older greenstones called the Sebakwian Group, which are mostly metamorphosed to amphibolite facies. They comprise komatiitic and basaltic volcanic rocks, some banded iron formation ("BIF"), as well as clastic sediments.
- The Lower Bulawayan Group, which comprises basalts, high-Mg basalts, felsic volcanic rocks and mixed chemical and clastic sediments. The Lower Bulawayan Group forms the Belingwe (Mberengwa) greenstones.
- The Upper Bulawayan (upper greenstones) and Shamvaian groups, which comprise a succession of sedimentary and komatiitic to tholeiitic to calc-alkaline rocks.

Three metamorphic belts surround the Zimbabwe Craton:

- Archaean Limpopo Mobile Belt to the south;
- Magondi Mobile Belt on the north-western margin of the Craton; and
- Zambezi Mobile Belt to the north and northeast of the Zimbabwe Craton.



Overview of the Project Geology

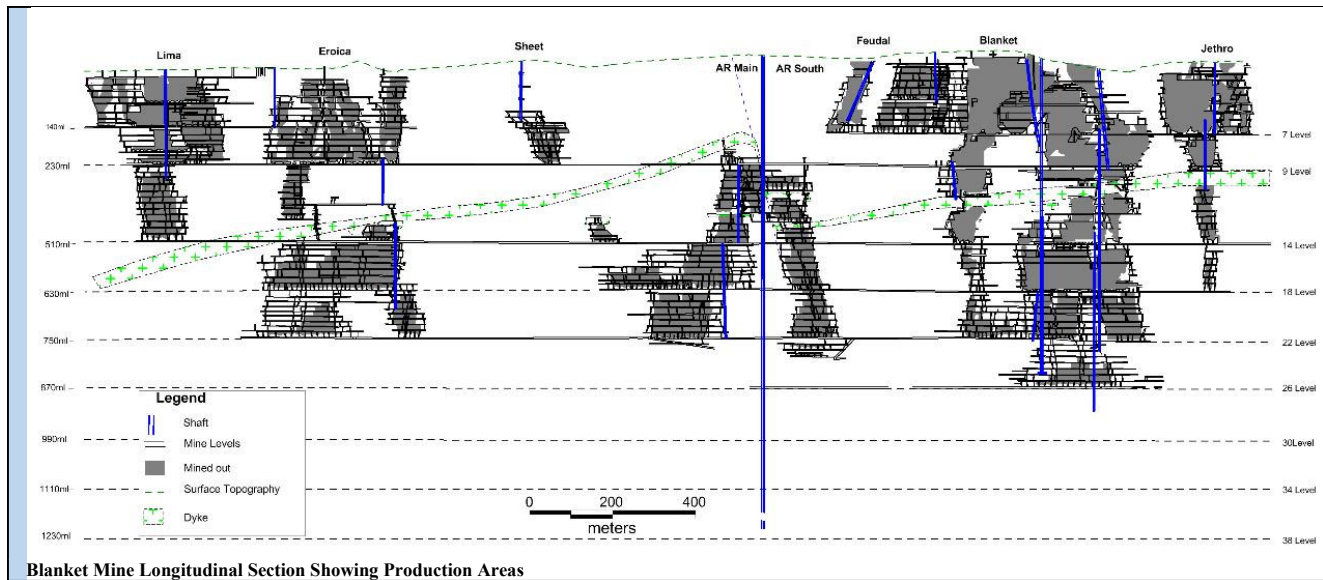
The Blanket Mine is situated on the north-western limb of the Archaean Gwanda Greenstone Belt. Several other gold deposits are situated along the same general strike as the mine. Approximately 268 mines operated in this greenstone belt at one stage; however, the Blanket Mine is one of the few remaining operational mines. At Blanket Mine, the rock units strike north-south, and generally dip steeply to the west.

Local Property Geology

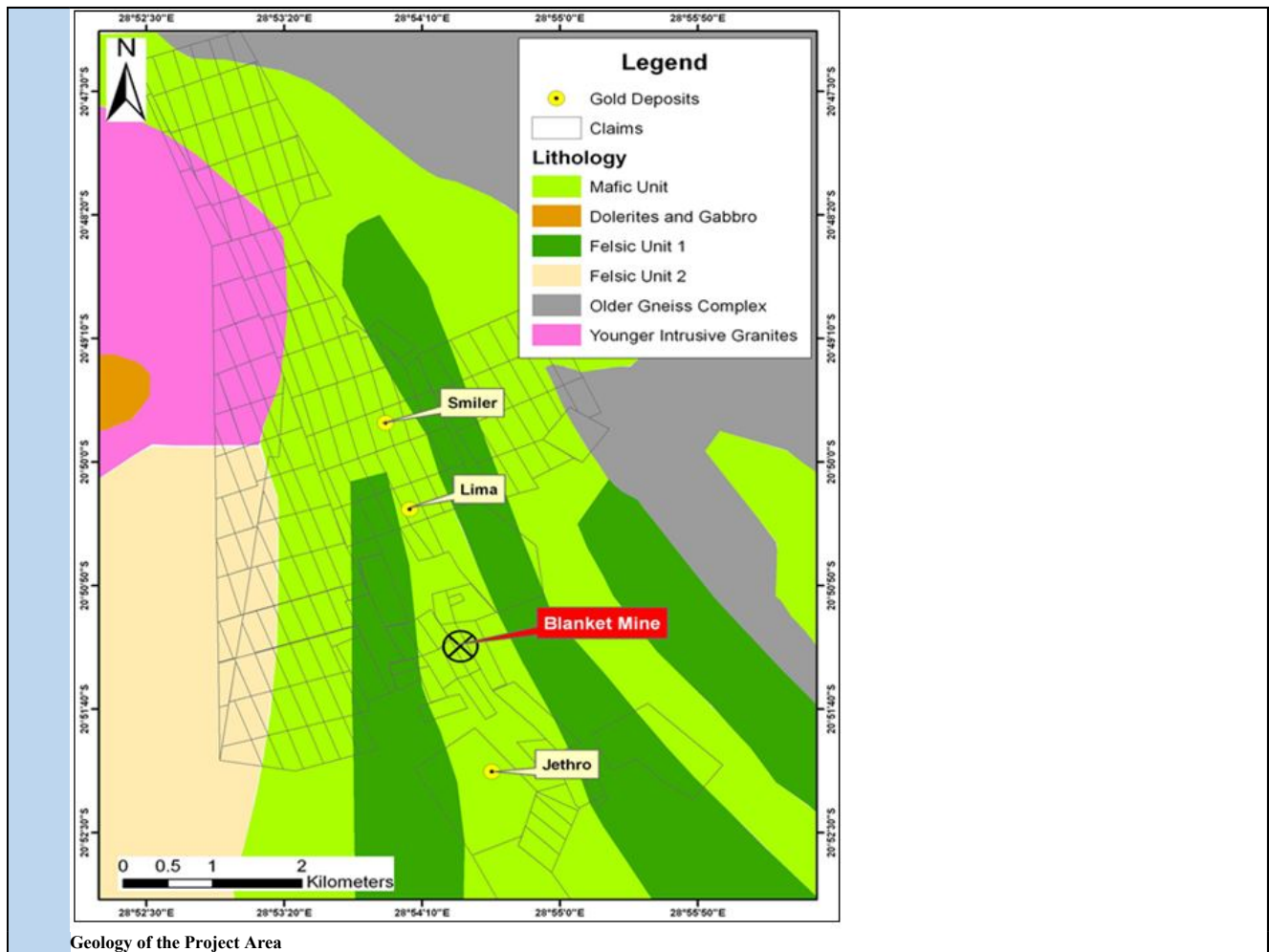
The local geology consists of the Felsic Unit made up of, largely, quartz and quartz-sericite schists overlain by the Mafic Unit. The lower zone of the Mafic Unit comprises ultramafics and banded iron formations which host the orebodies of the Vubachikwe mine, that is located south of Blanket. The upper zone of the Mafic Unit is made up of massive to pillowed basaltic lavas with intercalations of interflow sediments now showing as cherty argillites (locally commonly referred to as Black Markers) and this hosts the Blanket complex orebodies. The Blanket orebodies are in an orogenic setting with hydrothermal mineralization hosted in selected shears of country basaltic metavolcanics. This package is intruded by a younger and seemingly barren olivine-gabbro sheet. The sequence is capped by an Intermediate Unit comprising andesitic lavas with amphibole feldspar schists.

The Blanket complex orebodies together with those of the Vubachikwe complex comprise the north-western Mining Camp, also called the Sabiwa group of mines. Blanket Mine complex is a cluster of deposits that extend from Jethro in the south, through Blanket, Feudal, AR South, AR Main, Sheet, Eroica and Lima to the north.

Longitudinal Section of Blanket Mine

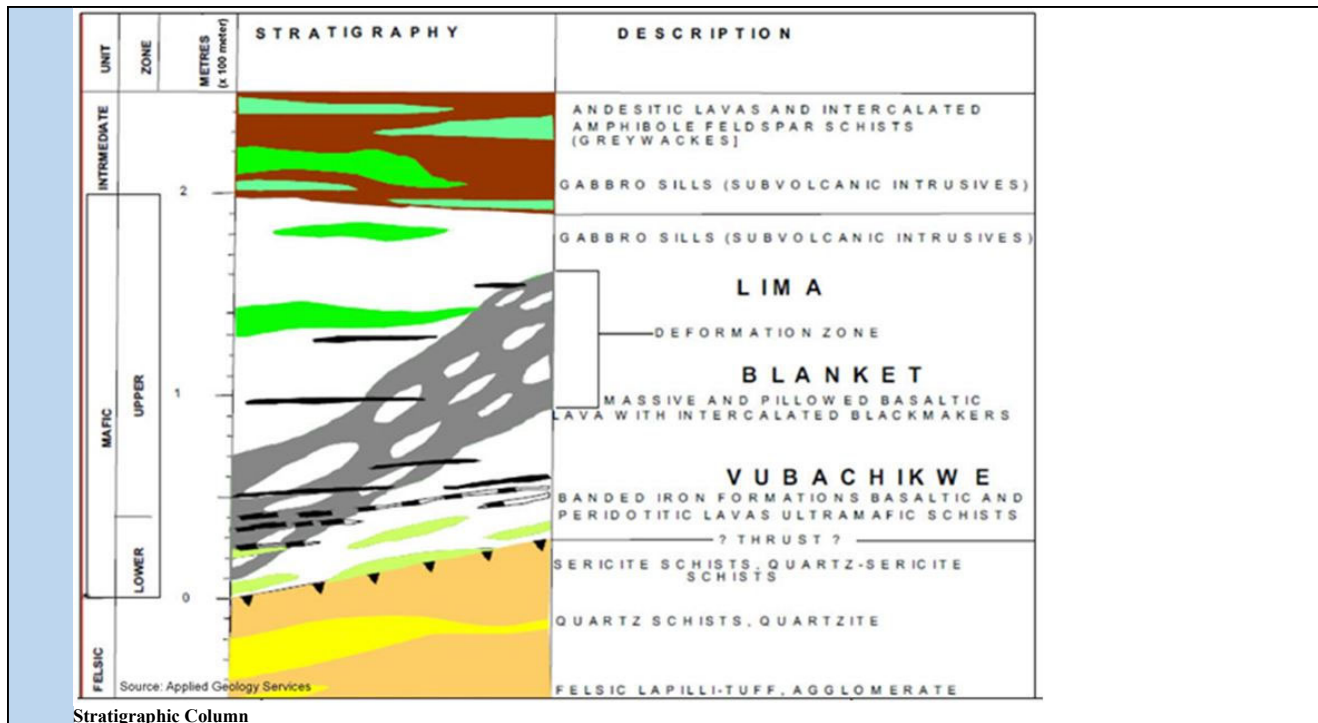


Dormant old workings include Sabiwa, Jean, Provost, Redwick, Old Lima, and Smiler. The latter group of mines form the northern continuation of the Vubachikwe zone and are hosted by BIFs. The mafic unit which hosts the gold mineralisation is, for the most part, a metabasalt with occasional remnants of pillow basalts. Regionally, the rock is a fine-grained massive amphibolite with localised shear planes. A low angle transgressive anastomosing shear zone (up to 500 m wide cutting through the mafic zone) is the locus of the gold ore shoots. The shear zone is characterised by a well-developed fabric and the presence of biotite. A regional dolerite sill cuts the entire sequence from Vubachikwe through Blanket to Smiler. The sill does not cause a significant displacement and although it truncates the ore shoots, there is continuity of mineralisation below the sill. The upper zone comprises massive to pillowed lavas with intercalations of interflow sediments.



The gold deposits are found around a low-angle transgressive shear zone. A simplified stratigraphic column for the Blanket Mine is shown in the following figure.

Stratigraphic Column



Status of Exploration

The Blanket Mine is a producing operation. Exploration activities are carried out both on and off the mine. Mine exploration takes place mostly underground on the producing claims and is aimed at expanding the lateral and depth extension of the known ore bodies which are being mined, as well as searching for potential additional orebodies. Near-mine exploration takes place on satellite properties that are currently non-producing assets, which have the potential to yield new sources of ore and possibly give rise to new mines.

The mine's exploration title holdings are in the form of 358 registered mining claims and a 2,120 ha mining lease (registered number 40) in the Gwanda Greenstone Belt. These claims include a small number under option and cover an area of approximately 3,500 ha.

The blocks of claims pegged as follows:

- 348 are registered as precious metal (gold) blocks covering 2,818ha.; and
- 10 claims were pegged and are registered as base metal (Cu, Ni, As) blocks, covering an area of 721 ha.

9,824 metres were drilled in the year compared to 18,651 in 2018 and 24,930 metres in 2017. Drilling during 2019 was targeted at Blanket section, AR South (North-South and East-West Limbs) and Eroica between 22 (750 metres) and 34 (1,110 metres) levels. The reduction in drilling metres in 2019 was in line with budget and directly related to the availability of drilling platforms. Exploration drilling will ramp up in relation to the Central Shaft equipping and the related development completion which will provide access to new drilling platforms.

Mineral Reserve Calculations

Mineral reserve estimates in this Annual Report are reported in accordance with the requirements of IG 7. Accordingly, as of the date of the Annual Report, all minerals reserves are planned to be mined out under the life of mine plan within the period of our existing rights to mine, or within the time period of assured renewal periods of our rights to mine. In addition, as of the date of this Annual Report, all mineral reserves are covered by required permits and governmental approvals.

Blanket Mine's mineral reserve estimates are set out in the table below.

Mineral Reserve Classification	Stope Grade	Stope Tonnes	Gold Content	
	g/t	kt	kg	ounces
Proven	3.33	1,213	4,043	130,001
Probable	3.40	3,591	12,215	392,722
Total	3.38	4,804	16,259	522,723

Notes:

1. Tonnages refer to tonnes delivered to the metallurgical plant.
2. All figures are in metric tonnes.
3. Pay limit Blanket Mine 2.10 g/t.
4. Pay Limit calculated: USD/oz. = 1,240; Direct Cash Cost (C1) = USD71 /t milled.
5. Tonnage and grade have been rounded and this may result in minor adding discrepancies.

The mineral reserves information is from Blanket's current life-of-mine plan, using an internal reserve update as at August 31, 2017. Refer to our technical report dated February 13, 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 for key assumptions, parameters, and methods used to estimate the mineral reserves and risks that could materially affect the potential development of the mineral reserves.

Our mineral reserve figures are estimates, which may not reflect actual reserves or future production. These figures are prepared in accordance with industry practice, converting mineral deposits to reserves through the preparation of a mining plan. The mineral reserve estimates contained herein inherently include a degree of uncertainty and depend to some extent on statistical inferences. Reserve estimates require revisions based on actual production experience or new information. Should we encounter mineralization or formations different from those predicted by past drilling, sampling and similar examinations, mineral reserve estimates may have to be adjusted and mining plans may have to be altered in a way that might adversely affect our operations. Moreover, if the price of gold declines, stabilizes at a price that is lower than break-even level, if our production costs increase or recovery rates decrease, it may become uneconomical to recover mineral reserves with lower grades of mineralization.

Access to the Property, Power and Water Supply

Access to the Blanket Mine is by an all-weather single lane tarred road from Gwanda. Gwanda is linked by national highways to Bulawayo, Harare and the Beitbridge Border post. Earlier, Zimbabwe had good road infrastructure. However, lack of investment over the past ten to fifteen years resulted in its deterioration; substantial investment is required country-wide. The railway line connecting the Zimbabwean national network to South Africa passes through Gwanda. An airstrip for light aircraft is located 5 km to the northwest of the town. Blanket power is supplied primarily from ZESA. Blanket also has a combined 18MW of installed stand-by diesel generating capacity which is sufficient to allow all mining and processing activities and shaft-sinking work at the Central Shaft to continue if there are any interruptions to the ZESA supply. Water to the mine and its township is supplied through the Mtshabezi river, on-mine boreholes and the Gwanda municipality.

Caledonia's approach to the electricity situation is threefold:

- i. continue to engage constructively with ZESA with the objective of securing cheap, reliable and stable power from the grid. This includes agreeing a realistic electricity pricing formula in the context of the current monetary conditions; assisting ZESA to repair and maintain its equipment and participating in an industry-wide scheme to import power. On August 9, 2019 Blanket signed a new power supply agreement in terms of which Blanket will receive uninterrupted power in return for a US Dollar-denominated tariff which, although cheaper than the tariff which prevailed until December 31, 2018, is still sufficient to allow ZESA to import power so that (subject to the availability of power in neighboring countries) it can keep its supply commitment to the participants in the scheme. This arrangement has worked reasonably well, although Blanket continues to experience less severe outages during periods when South Africa's electricity system has come under pressure;
- ii. increase Blanket's standby diesel generating capacity. Blanket commissioned a further 6MW of diesel generators in the fourth quarter of 2019 and it now has 18MW of installed diesel generators which is enough to maintain production and allow work to continue on the Central Shaft. However, diesel generators are not a long-term solution to the electricity problem: diesel power is expensive and requires large quantities of diesel which is environmentally damaging and is not always easily available; and
- iii. explore the installation of a solar power plant to supply some or all of Blanket's requirements. Management is currently completing financial and technical evaluations of a solar project and has received a generating license so that it can move quickly if the evaluations indicate that a solar project will be cost-effective. Caledonia ran a tender process during late 2019 to identify a party either to build the solar plant for Caledonia or to own and operate the solar plant and sell the power to Blanket. Caledonia and its advisers are currently evaluating the proposals it has received from interested parties and is considering various funding options.

Blanket Claims

Blanket Mine's exploration interests in Zimbabwe include operating claims (*i.e.* on-mine), non-operating claims and a portfolio of brownfield exploration projects ("**Satellite Prospects**").

Blanket Mine operates under a mining lease with registered number 40 issued under the Mines and Minerals Act of 1961 (Chapter 21:05). A copy is exhibited at Exhibit 4.9.

The mine's claims under the lease cover an area of 2,120 hectares, and include Lima, Sheet, Oqueil, Feudal, Sabiwa, Jethro, Harvard and Blanket claims..

Blanket Mine also has a number of registered claims, not incorporated under the lease, which include Oqueil, Valentine, Sheet, Mbudzane, Mascot, Vulture, Abercorn, Rubicon and others.

Prior Ownership and Ownership Changes – Blanket Mine

The Blanket Mine is part of the Sabiwa group of mines within the Gwanda Greenstone Belt from which gold was first extracted in the 19th century. The Blanket Mine is a cluster of mines extending some 3 km from Jethro in the south through Blanket itself, Feudal, AR South, AR Main, Sheet, and Eroica, to Lima in the north. Blanket Mine has produced over a million ounces of gold during its lifetime.

Following sporadic artisanal working, the Blanket Mine was acquired in 1904 by the Matabele Reefs and Estate Company. Mining and metallurgical operations commenced in 1906 and between then and 1911, 128,000 t were mined. From 1912 to 1916 mining was conducted by the Forbes Rhodesia Syndicate who achieved 23,000 t. There are no reliable records of mining for the period between 1917 and 1941 and it is possible that operations were adversely affected by political instability during World Wars I and II. In 1941 F.D.A. Payne produced some 214,000 t before selling the property to Falconbridge in 1964 (Blanket Mine, 2009). Under Falconbridge, production increased to 45 kg per month and the property yielded some 4 Mt of ore up until September 1993. Kinross Gold Corporation ("**Kinross**") then took over the property and constructed a larger Carbon-in-Leach ("**CIL**") plant with a capacity of 3,800 tpd. This was designed to treat both run of mine ("**RoM**") ore and an old tailings dump.

The Blanket Mine is currently 64% indirectly owned and operated by Caledonia, which initially completed the purchase of the mine from Kinross on 1 April 2006. The Blanket Mine re-started production in April 2009 after a temporary shut-down due to the economic difficulties in Zimbabwe.

ITEM 4A - UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5- OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Operating and Financial Review and Prospects section is intended to help the reader understand the factors that have affected the Company's financial condition and results of operations for the historical period covered by the financial statements and management's assessment of factors and trends which are anticipated to have a material effect on the Company's financial condition and results in future periods. This section is provided as a supplement to, and should be read in conjunction with, our Consolidated Financial Statements and the other financial information contained elsewhere in this document. Our financial statements have been prepared in accordance with IFRS. Our discussion contains forward-looking information based on current expectations that involve risks and uncertainties, such as our plans, objectives and intentions. Our actual results may differ from those indicated in such forward-looking statements.

A. Operating Results

The key drivers of our operating results and principal activities are:

- revenue, which is influenced by:
 - the price of gold, which fluctuates in terms of the realized USD gold price obtained; and
 - our production tonnages and gold content thereof, impacting on the amount of gold we produce at our operation;
- our cost of producing gold; and
- other significant matters affecting profitability.

Revenue

Revenue increased to \$75,826,000 in fiscal year 2019 from \$68,399,000 in fiscal year 2018 (2017: \$69,762,000). Gold produced was 55,182 oz. (2018: 54,511 oz.; 2017: 56,133 oz.) although the amount sold during 2019 was slightly less than in 2018 (see below). The increase in revenue was principally due to an increase in the average realized gold price received to \$1,382 per oz. (2018: \$1,245 per oz.; 2017: \$1,243 per oz.).

Gold price

Average realized gold price per ounce is a non-IFRS measure which management believes assists the stakeholders in understanding the average price obtained for an ounce of gold.

Our revenues are derived from the sale of gold produced by the Blanket Mine. As a result, our revenues are directly influenced by the average realized gold price obtained from the sale of gold. The gold prices obtained may fluctuate widely and are influenced by factors beyond the control of the Company. The table below indicates the average realized gold price per ounce obtained for the 2019, 2018 and 2017 fiscal years.

\$'000	2017	2018	2019
Revenue (IFRS)	69,762	68,399	75,826
Revenue from silver sales	(74)	(61)	(64)
Revenue from gold sales	69,688	68,338	75,762
Gold ounces sold	56,059	54,899	54,801
Average realized gold price per ounce	1,243	1,245	1,382

Gold produced

Tonnes milled, average grades, recoveries and gold produced are shown in the table below.

Blanket Mine Production Statistics					
	Year	Tonnes Milled (t)	Gold Head (Feed) Grade (g/t Au)	Gold Recovery (%)	Gold Produced (oz.)
Quarter 1	2017	124,225	3.42	93.7	12,794
Quarter 2	2017	136,163	3.08	92.8	12,518
Quarter 3	2017	136,064	3.52	93.6	14,396
Quarter 4	2017	150,755	3.62	93.6	16,425
Year	2017	547,207	3.41	93.4	56,133
Quarter 1	2018	123,628	3.48	93.4	12,924
Quarter 2	2018	132,585	3.19	92.8	12,657
Quarter 3	2018	151,160	3.12	92.6	13,978
Quarter 4	2018	153,540	3.27	92.8	14,952
Year	2018	560,913	3.26	92.9	54,511
Quarter 1	2019	122,389	3.26	93.4	11,948
Quarter 2	2019	136,262	3.11	93.2	12,712
Quarter 3	2019	142,706	3.19	93.2	13,646
Quarter 4	2019	155,389	3.61	93.8	16,876
Year	2019	556,746	3.26	93.4	55,182

Ounces produced increased by 1% mostly due to the increased recovery that improved as a result of the oxygen plant compared to 2018. Tonnes milled in the year were 0.8% lower than 2018. Mine production in the first part of 2019 was adversely affected by Zimbabwe's economic difficulties and technical problems: mine production was lower than planned due to mining dilution, low employee morale because of Zimbabwe's deteriorating economic climate and delays in procuring equipment and consumables because of the shortage of foreign exchange. Production in July and early August was hampered by sustained interruptions to the electricity supply and sporadic shortages of diesel.

The second half of 2019 saw a substantial improvement in production due to the following factors:

- a new electricity tariff resulted in a cheaper and more reliable supply of imported electricity;
- workers' remuneration was revised so that they are better protected from inflation;
- a revised bonus structure was implemented to incentivize individual teams;
- new controls were introduced to minimize mining dilution and increase transparency in the daily targets for production teams;
- on-mine supervision was strengthened; and
- underhand stoping in narrow reef areas was re-introduced to reduce dilution with improved support in certain areas so that safety is not compromised.

Blanket's improved operating performance resulted in a record level of production in the last quarter of 2019 which, in conjunction with a stronger gold price, resulted in a substantial improvement in gross profit. The strong operational performance achieved has continued into 2020 and gives grounds for confidence for future performance.

Production cost

Production cost includes salaries and wages, on mine administration, consumable materials and electricity and other related costs incurred in the production of gold. Production cost for 2019, 2018 and 2017 is summarized below.

\$ '000	2017	2018	2019
Salaries and wages	13,440	13,160	13,905
Cash-settled share-based payments (note 27.1 (a))	311	43	107
Consumable materials	9,916	12,143	13,020
Electricity costs	8,701	9,313	6,383
Site restoration	58	84	-
Pre-feasibility exploration cost	410	411	301
Safety	323	592	525
On mine administration	3,004	3,616	2,159
Other production cost	17	-	-
	36,180	39,315	36,400

On-mine cost, all-in sustaining cost ("AISC") and all-in cost per ounce

On-mine cost, AISC and all-in cost per ounce are non-IFRS cost measures which managements believes assist the stakeholders in understanding the cost structures of the Company. The table below reconciles production cost as stated in terms of IFRS to these cost measures.

A narrow focus on the direct costs of production (mainly labour, electricity and consumables) does not fully reflect the total cost of gold production. Accordingly, cost per ounce data for the fiscal year and previous fiscal years has been prepared in accordance with the Guidance Note issued by the World Gold Council on June 23, 2013 and is set out in the table below on the following bases:

- On-mine cost per ounce**, which shows the on-mine costs of producing an ounce of gold and includes direct labour, electricity, consumables and other costs that are incurred at the mine including insurance, security and on-mine administration;
- All-in sustaining cost ("AISC") per ounce**, which shows the on-mine cost per ounce *plus* royalty paid, additional costs incurred outside the mine (i.e. at offices in Harare, Johannesburg, London and Jersey), costs associated with maintaining the operating infrastructure and reserve base that are required to maintain production at the current levels (sustaining capital investment), the share-based expense arising from unit awards under the Company's 2015 Omnibus Equity Incentive Compensation Plan (the "LTIPs") less silver by-product revenue and the ECI; and
- All-in cost per ounce**, which shows AISC per ounce *plus* the additional costs associated with activities that are undertaken to increase production (expansion capital investment).

(\$'000's unless otherwise indicated)			
	2017	2018	2019
Production cost (IFRS)	36,180	39,315	36,400
Less exploration and site restoration costs	(933)	(1,003)	(826)
Cash-settled share-based payment expense - allocated to production cost	(311)	(43)	(107)
Other cost	563	(395)	212
On-mine production cost	35,499	37,874	35,679
Gold sales (oz.)	56,059	54,899	54,801
On-mine cost per ounce (\$/oz.)	633	690	651
Royalty	3,498	3,426	3,854
ECI	(2,446)	(6,482)	(1,930)
Exploration, remediation and permitting cost	316	305	416
Sustaining capital development	3,509	2,154	565
Administrative expenses	5,911	6,465	5,637
Silver by-product credit	(74)	(61)	(64)
Cash-settled share-based payment expense	976	315	689
Cash-settled share-based payments expense - allocated to production cost	311	43	107
All in sustaining cost	47,500	44,039	44,953
Gold sales (oz.)	56,059	54,899	54,801
AISC per ounce (\$/oz.)	847	802	820
Permitting and exploration expenses	183	132	132
Non-sustaining capital expenses	17,441	17,760	20,030
Total all in cost	65,124	61,719	65,115
Gold sales (oz.)	56,059	54,899	54,801
All in cost per ounce (\$/oz.)	1,162	1,124	1,188

On-Mine costs

On-mine cost comprises labour, electricity, consumables and other costs such as security and insurance. Production costs are detailed in note 9 to the Consolidated Financial Statements. The on-mine cost per ounce of gold sold decreased compared to the 2018 due to the higher grade and higher recovery and lower costs of electricity and other costs, the combined effect of which was offset somewhat by higher labour and consumable costs.

The grade improved throughout 2019. A higher grade increases the ounces produced and reduces the on-mine cost per ounce which is generally related to tonnes of production – if each tonne mined and processed contains more gold, a higher grade will result in a lower cost per ounce even if costs remain unchanged.

Labour costs in 2019 were higher than previous years due to production bonuses paid out in the latter part of 2019 and additional staff recruitment required to enable the planned production increase in 2021.

Consumable costs for 2019 were higher than in the comparable years due to the increased cost of maintaining the underground trackless equipment; consumable costs for 2019 also increased due to the increased consumption rate for cyanide before the commissioning of the new oxygen plant in October 2019.

The electricity cost in 2019 was lower due to the implementation of the new power supply arrangements from mid-August. The lower cost for 2019 was also the result of the low US-Dollar denominated cost of power arising in the first half of 2019 when the cost of Blanket's grid power was denominated in local currency which depreciated substantially against the US Dollar.

Other costs comprise a small component of on-mine costs; these costs were reduced in 2019 as they are largely denominated in local currency which depreciated substantially against the US Dollar.

All-in sustaining costs

All-in sustaining costs for the previous year and for the comparable quarter were reduced by \$4.5 million and \$1.8 million respectively due to other income received in terms of the ECI and gold support price. On a cost per ounce basis, the benefit of these were \$118 per ounce for 2018 and \$126 per ounce for the comparable quarter. After adjusting prior periods for the benefits arising from these, all-in sustaining costs for 2019 were approximately 10% lower than the previous year. The reduction is due to lower on-mine costs as discussed above, lower administrative expenses and lower sustaining capital expenditure. Administrative expenses which are detailed in note 13 to the Consolidated Financial Statements were reduced due to *inter alia* lower expenditure on investor relations, listing fees and reduced costs associated with Eersteling following its sale.

All-in costs

All-in costs include investment in expansion projects which remained at a high level due to the continued investment at Blanket.

Other significant matters affecting profitability

Foreign exchange gains

On October 1, 2018 the RBZ issued a directive to Zimbabwean banks to separate foreign currency from RTGS\$ on the accounts held by their clients and pegged the RTGS\$ at 1:1 to the US Dollar. On February 20, 2019 the RBZ issued a further monetary policy statement, which allowed inter-bank trading between RTGS\$ and foreign currency. The interbank rate was introduced at 2.5 RTGS\$ to 1 US Dollar and traded at 16.77 RTGS\$ to 1 US Dollar as at December 31, 2019. On June 24, 2019 the Government issued S.I. 142 which stated “*Zimbabwe dollar (RTGS\$) to be the sole currency for legal tender purposes for any transactions in Zimbabwe*”. Throughout these announcements and to the date of issue of the Consolidated Financial Statements the US Dollar has remained the primary currency in which the Group’s Zimbabwean entities operate and the functional currency of these entities.

Previously there was uncertainty as to what currency would be used to settle amounts owed to the Zimbabwe Government. S.I. 142 clarified the Zimbabwean Government’s intentions that these liabilities were always denominated in RTGS\$ and that RTGS\$ would be the currency in which they would be settled. The devaluation of the deferred tax and electricity liabilities contributed the largest portion of the foreign exchange gain set out below.

The table below illustrates the effect the weakening of the RTGS\$ and other non-RTGS\$ currencies had, against the US Dollar, on the statement of profit or loss and other comprehensive income.

	2017	2018	2019
Unrealized Foreign exchange (loss)/gain	(379)	230	31,411
Realised foreign exchange (loss)	(1)	(7)	(1,750)
Net foreign exchange (loss)/gain	(380)	223	29,661

Sale of Eersteling

On May 31, 2018 the Group entered into an amended share sale agreement with SH Minerals to sell the shares and claims of Eersteling. The amended share sale agreement allowed for a purchase price of \$3 million which would be settled by three payments of \$1 million payable on the completion date, 12 and 18 months after the completion date. On January 31, 2019 all suspensive conditions for the sale were met and the Group transferred the registered and beneficial ownership of Eersteling to SH Minerals. During 2019, the ZAR equivalent of \$1 million was received and the ZAR equivalent of approximately \$0.9 million was received post year-end as payment towards the next instalment of the purchase price with the remainder of that instalment expected to be received shortly.

Refer to note 22.1 of the Consolidated Financial Statements for the detail on the sale of the subsidiary.

Administrative expenses

Administrative expenses decreased by 12.8% from the previous year, principally due to a decrease in investor relations and listing related fees. Administrative expenses are further analyzed in note 14 of the Consolidated Financial Statements.

Government grant – Gold sale export incentive

From May 2016 the Reserve Bank of Zimbabwe announced an export credit incentive (“ECI”) on the gold proceeds received for all large scale gold mine producers. On January 1, 2018 the ECI decreased from 3.5% to 2.5% and on February 1, 2018 increased to 10%. All incentives granted by the Zimbabwean Government were included in other income when determined receivable. All receipts were received in Blanket Mine’s RTGS\$ account. In the monetary policy statement issued on February 20, 2019 the RBZ announced the cancellation of the ECI.

Government grant – Gold support price

From March 6, 2019 it became apparent that Blanket Mine’s sales proceeds received from Fidelity were calculated at a gross price of \$44,000 per kilogram (\$1,368.58 per ounce), which exceeded the prevailing London Bullion Market Association (“LBMA”) price. On May 12, 2019 the Company received confirmation from Fidelity of this windfall receipt, called the “gold support price”, which has been implemented to incentivise gold producers to increase gold production. The gold support price has not been increased as the LBMA gold price has subsequently increased above \$1,368.58 per ounce.

Greenstone Retirement Fund pay-out

The Greenstone Retirement Fund (the “Fund”) was established with the aim to provide retirement benefits to employees of mines previously owned by Caledonia Mining South Africa Proprietary Limited. A surplus remained in the Fund after all members were retrenched or terminated in 1997 when the mines were closed. The Financial Services Board in South Africa appointed a tribunal that liquidated the Fund and concluded that the surplus of ZAR 3.6 million (\$250,000) that remained in the Fund be paid out to the former employer. On October 25, 2019 the surplus was paid out to Caledonia Mining South Africa Proprietary Limited.

Gold hedge

The Company entered into a 5-month hedge in respect of 4,500 ounces of gold per month from February to June 2019 through the purchase of put options with a strike price of \$1,250 per ounce. The gold price never went below \$1,250 per ounce and the hedge was concluded at a cost of \$324,000.

The Company entered a new hedge in November 2019 at a cost of \$379,000. The new hedge was in the form of put options in respect of 4,600 ounces of gold per month for the period January to June 2020 exercisable at a strike price of \$1,400 per ounce. At December 31, 2019 the mark-to-market valuation, that represents the fair value of the hedge, amounted to \$102,000 (2018: Nil; 2017: Nil).

Both hedges were entered into by the Company for economic hedging purposes to ensure sufficient cash availability for Blanket Mine’s capital investment plan, rather than as a speculative investment. The total expense of the derivative contracts amounted to \$601,000 (2018: \$360,000; 2017: Nil) for the year.

Share-based payment awards

Caledonia established its 2015 Omnibus Equity Incentive Compensation Plan (“OEICP”) for grants after May 2015. Share options issued before May 2015 were issued in terms of a rolling stock option plan, which was superseded by the OEICP. In accordance with the previous plan, options were granted at an exercise price not less than the closing price of the shares on the TSX on the trading day prior to the grant date. Under the OEICP, options are granted on the same basis or, if greater, at not less than the volume-weighted average trading price of the shares on the TSX for the five trading days immediately prior to the grant date. In January 2020, the OEICP was amended to allow options and other awards made under the OEICP to be priced with reference also to the share price on the NYSE American or AIM (i.e. not just limited to the TSX). Options vest according to dates set at the discretion of the Compensation Committee or the Board of Directors at the date of grant. All outstanding option awards that have been granted pursuant to the plan vest immediately. All remaining options granted under the previous plan were exercised during fiscal year 2017.

The maximum term of the options under the OEICP is 10 years and under the rolling stock option plan was 5 years. The terms and conditions relating to the grant of options under the rolling stock option plan were that all options would be settled by physical delivery of shares.

Certain key management members have been granted Restricted Share Units (“RSUs”) and Performance Units (“PSUs”) pursuant to provisions of the OEICP. All RSUs and PSUs were granted and approved by the Compensation Committee of the Board of Directors.

The RSUs will vest three years after grant date given that the service condition of the relevant employees is fulfilled. The value of the vested RSUs will be the number of RSUs vested multiplied by the fair market value of the Company’s shares, as specified by the OEICP and in the award agreements, on date of settlement.

The PSUs have a service condition and a performance period of three years. The performance condition of the currently outstanding PSUs is a function of gold production and for PSUs that have now vested also included production cost and central shaft depth targets on certain specified dates. The number of PSUs that will vest will be the PSUs granted multiplied by a performance multiplier, which will reflect the actual performance in terms of the performance condition compared to expectations on the date of the award.

RSU holders are entitled to receive dividends over the vesting period. Such dividends will be reinvested in additional RSUs at the then applicable share price. PSUs have rights to dividends only after they have vested.

RSUs and PSUs were originally granted to be settled in cash. On May 8, 2018 the Board approved amendments to the awards to allow for settlement of the vesting date value in cash or shares issuable at fair market value or a combination of both at the discretion of the unitholder.

The fair value of the RSUs, at the reporting date, was based on the Black Scholes option valuation model. The fair value of the PSUs, at the reporting date, was based on the Black Scholes option valuation model less the fair value of the expected dividends during the vesting period multiplied by the performance multiplier expectation. At the reporting date it was assumed that there is a 93%-100% probability that the performance conditions will be met and therefore a 93%-100% (2018: 85%; 2017: 94%) average performance multiplier was used in calculating the estimated liability. The liability as at December 31, 2019 amounted to \$524,000 (December 31, 2018: \$2,043). Included in the liability as at December 31, 2019 is an amount of \$107,000 (December 31, 2018: \$43,000; December 31, 2017: \$311,000) that was expensed and classified as production costs; refer note 9. During the year PSUs and RSUs to the value of \$2,243,000 vested of which \$963,000 was issued as share capital.

An example award agreement for PSUs granted on January 11, 2019 as well as an addendum is disclosed as Exhibit 4.6.

On January 11, 2020 and January 19, 2020 an aggregate of 121,332 PSUs and 17,585 RSUs were awarded to executives as well as to certain senior management of the companies in the Group. An example of the award agreement is disclosed as Exhibit 4.7.

Caledonia Mining South Africa employee incentive scheme

From July 2017, Caledonia Mining South Africa Proprietary Limited granted 52,282 awards respectively to certain of its employees that entitle them to a cash pay-out at the Company’s share price on November 30 each year over a 3-year period from the grant date. The cash-settled share-based payment liability was calculated based on the number of awards expected to vest multiplied by the Company’s Black Scholes option valuation fair value of £6.07 at the reporting date and apportioned for the quantity vested over the total vesting period. The liability relating to these cash-settled share-based payment awards amounted to \$16,000 (December 31, 2018: \$47,000) and the expense amounted to \$73,000 (December 31, 2018: \$97,000; December 31, 2017: \$123,000) for the year ended December 31, 2019.

Adjusted earnings per share

“Adjusted earnings per share” is a Non-IFRS Measure which management believes assists investors in understanding the Company’s cash-based performance of core business activities. The table below reconciles “adjusted earnings per share” to the Profit/Loss attributable to Owners of the Company shown in the Consolidated Financial Statements which have been prepared under IFRS and adjusts for deferred tax and non-core business activities.

Reconciliation of Adjusted Earnings per Share ("Adjusted EPS") to IFRS Profit Attributable to Owners of the Company <i>(\$'000's unless otherwise indicated)</i>			
	*2017	*2018	2019
Profit for the period (IFRS)	11,896	13,756	50,401
Non-controlling interest share of profit for the period	(2,512)	(2,990)	(8,383)
Profit attributable to owners of the Company	9,384	10,766	42,018
Blanket Mine Employee Trust adjustment	(210)	(280)	(986)
Earnings (IFRS)	9,174	10,486	41,032
Weighted average shares in issue	10,607	10,603	10,742
IFRS EPS (cents)	86	99	382
Add back/(deduct) amounts in respect of foreign exchange gains and losses:			
Realised net foreign exchange losses	1	5	1,648
- less tax	-	(1)	(414)
- less non controlling interest	-	(1)	(198)
Unrealized net foreign exchange losses/(gains)	379	(230)	(31,309)
- less tax	(97)	55	519
- less non controlling interest	(62)	16	5,000
Adjusted IFRS profit excl. foreign exchange	9,395	10,330	16,278
Weighted average shares in issue	10,607	10,603	10,742
Adjusted IFRS EPS excl foreign exchange (cents)	89	97	152
Add back/(deduct) amounts in respect of:			
Reversal of Blanket Mine Employee Trust adjustment	210	280	986
Deferred tax	3,696	3,607	2,460
Deferred tax net of non controlling interest	(691)	(601)	(477)
Hedge loss	-	360	601
Equity-settled share-based expense	806	14	-
Profit on sale of subsidiary	-	-	(4,409)
Adjusted profit	13,416	13,990	15,439
Weighted average shares in issue (m)	10,607	10,603	10,742
Adjusted EPS (cents)	126	132	144

*Restated period and numbers for the reversal of realised foreign exchange and the reversal of Blanket Mine Employee Trust adjustment.

B. Liquidity and Capital Resources

Cash and cash equivalents

\$'000	2017	2018	2019
Bank balances	13,067	11,187	9,383
Cash and cash equivalents in the statements of financial position	13,067	11,187	9,383
Bank overdraft used for cash management purposes	(311)	-	(409)
Cash and cash equivalents in the statements of cash flows	12,756	11,187	8,893

Blanket Mine has arranged unsecured overdraft facilities with the following banks and terms.

<u>Overdraft facilities</u>	Denomination RTG\$	Interest rate
Stanbic Bank	15,000,000	25%
First Capital Bank	10,000,000	26%

As at year end, Caledonia's cash was held in the following jurisdictions:

\$'000	2017	2018	2019
Jersey, Channel Islands	4,470	1,954	1,146
United Kingdom	369	1,311	1,735
South Africa	1,619	2,931	2,513
Zimbabwe (net of overdraft)	6,298	4,991	3,499
Total	12,756	11,187	8,893

An analysis of the sources and uses of Caledonia's cash is set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements.

As of December 31, 2019, Caledonia had a working capital surplus of \$20,489,000 (2018: \$15,970,000; 2017: \$12,311,000). As of December 31, 2019, Caledonia had potential liabilities for rehabilitation work on Blanket (2019 and prior) and Eersteling in 2018 and 2017 – if and when those mines permanently close – at an estimated present value cost of \$3,346,000 (2018: \$3,309,000; 2017: \$3,797,000). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its mining operations and exploration activities.

The Company's primary objective with respect to its capital management is to ensure that it has enough cash resources to maintain its ongoing operations, to provide returns for shareholders, complete the investment plan and accommodate any asset retirement obligation. Refer to note 31 of the Consolidated Financial Statements for information on the type of financial instruments used and the maturity profiles thereof. Management believes that the current working capital and future production cash proceeds will be enough to meet its capital requirements.

It is intended that all the capital investment which will be required to fund the planned growth and development at Blanket Mine over the next 3 years will be funded by Blanket Mine's internal cash flows and debt facilities.

Blanket foreign exchange approval requirements

Approval from the RBZ is required for the remittance of dividends declared from Zimbabwe, for the repayment of loans and advances from Blanket Mine to Caledonia and the repayment of capital and consumables purchased from Caledonia Mining South Africa Proprietary Limited. During 2019 Caledonia obtained the necessary approvals from the RBZ to obtain foreign currency to conduct normal business operations.

C. Research and development, patents and licenses, etc

The Company is an exploration, development and mining company and does not carry on any research and development activities.

D. Trend Information

Production Guidance

Production for 2019 was 55,182 ounces, which exceeded the guidance range of 50,000 to 53,000 ounces due mainly to improved grade and recoveries. Refer to section 5A – gold produced for further discussion and detail of actual production.

Production guidance for 2020 is between 53,000 and 56,000 ounces.

Cost Guidance

The estimated on-mine cost for 2019 was in the range of \$735 to \$817 per ounce and the estimated AISC for 2019 was a range of \$933 to \$1,022 per ounce. The actual on-mine cost per ounce for 2019 was \$651 and actual AISC per ounce for 2019 was \$820 - lower than guidance. Costs were generally better than guidance due to higher than expected production (particularly arising from improved grade), a lower electricity cost and continued close attention to controlling costs.

On-mine cost guidance for 2020 is in the range of \$693 to \$767 per ounce; guidance for AISC is \$951 to \$1,033 per ounce. The guidance for on-mine cost per ounce is higher than the on-mine cost per ounce in 2019 because costs in early 2019 benefitted from a one-time reduction in the cost of electricity as a result of the depreciation of the local currency. On mine costs in 2020 are also expected to be higher than in 2019 due to higher maintenance costs for the underground fleet of trackless equipment which is used in the declines.

The guidance for AISC per ounce in 2020 is higher than AISC per ounce in 2019 – the increase is largely due to the projected increase in on-mine costs and the removal of the ECI.

Earnings Guidance

Guidance for adjusted earnings per share for 2019 was in the range of 86 to 117 cents per share. This guidance was issued in the MD&A published on March 20, 2019 and reflected the Company's production and cost guidance and assumed a gold price for 2019 of \$1,300 per ounce.

On January 30, 2020 the Company issued guidance for earnings per share for 2019 on an IFRS basis of between 380 to 400 cents per share and for earnings per share adjusted to remove net realized and unrealized foreign exchange profits of 155 to 175 cents per share. Actual earnings per share for 2019 on an IFRS basis were 382 cents per share and were towards the bottom end of the guidance range due to a revision in the calculation of the taxation charge, primarily relating to the appropriate exchange rate to apply in the calculation of the annual tax charge. Actual IFRS earnings per share adjusted to exclude foreign net realized and unrealized foreign exchange profits were 151 cents per share - slightly lower than the bottom end of the guidance range issued on January 30, 2021 due to the revision in the taxation charge. Adjusted earnings per share for 2019 excluding all foreign exchange gains and, *inter alia*, deferred tax and the proceeds of the sale of Eersteling were 144 cents.

Any outbreaks of contagious diseases and other adverse public health developments in countries where we operate could have a material and adverse effect on our business, financial condition and results of operations. For example, the recent outbreak of COVID-19 first identified in Wuhan, Hubei Province, China, has resulted in significant measures being implemented by governments of affected countries to control the spread of COVID-19, including restrictions on mobility and transportation. COVID-19 related restrictions and disruptions, including for employees, manufacturers, suppliers and customers across different industries, may negatively impact our business operations and therefore our financial results. In addition, COVID-19 may result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect our ability to access or raise capital as and when needed for business operations.

The foregoing expected results for 2020 are subject to risks and uncertainties and actual results may be lower. See "Cautionary Note Regarding Forward-Looking Statements".

E. Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements apart from the facilitation loans of \$30.97 million which are not reflected as loans receivable for IFRS purposes (refer to note 6 of the Consolidated Financial Statements).

F. Tabular Disclosure of Contractual Obligations

As at December 31, 2019, the Company had the following contractual obligations:

\$'000	Payments due by period			
	Less than 1 year	1-3 years	4-5 years	More than 5 years
Falling due				
Trade and other payables	8,697	-	-	-
Term loan facility	529	1,942	-	-
Provisions	124	708	144	2,370
Capital expenditure commitments	371	-	-	-
Total	9,721	2,650	144	2,370

Except for capital expenditure commitments, the contractual obligations in the table above are based on the classification requirements under IFRS.

ITEM 6 - DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following is a list of our current directors and the Group's officers as of March 30, 2020.

Name, Office Held and Municipality of Residence	Principal Occupations During Past Five Years	Company position(s) held Since	Number of Shares Beneficially Owned, Controlled or Directed as of March 30, 2020
Steven Curtis Johannesburg, South Africa	Previous VP Finance and Chief Financial Officer. Director of the Company and director of certain of its subsidiary companies. Chief Executive Officer.	Director since 2008 Chief Executive Officer since 2014	164,882
Leigh Wilson Non-Executive Director & Chairman Stuart, Florida, USA	Chairman of the Victory Portfolios Winston Maritime LLC Stella and Hack Wilson Family Foundation Martin Health Foundation	Director since 2012	52,000
Nick Clarke Non-Executive Director East Molesey, United Kingdom	Chairman and former Chief Executive Officer of Central Asia Metals Plc.	Director since 2019	Nil
John Kelly Non-Executive Director New Canaan, Connecticut	Independent Trustee, The Victory Funds (From February 2015). Non-Executive Member of CrossRoad LLC (From May 2009). Partner, McCarvill Capital Partners (September 2016 to September 2017). Managing Partner, Endgate Commodities LLC (August 2014 to January 2016). Adviser, Endgate Commodities LLC (January to April 2016). Chief Operating Officer, Liquidnet Holdings Inc. (2011-2014).	Director since 2012	29,493
Johan Holtzhausen Non-Executive Director Cape Town, South Africa	Business consultant and Independent Director of DRDGOLD Limited.	Director since 2013	19,825

Name, Office Held and Municipality of Residence	Principal Occupations During Past Five Years	Company position(s) held Since	Number of Shares Beneficially Owned, Controlled or Directed as of March 30, 2020
Dana Roets Chief Operating Officer Johannesburg, South Africa	Chief Operating Officer.	Chief Operating Officer since 2013	Nil
Mark Learmonth Chief Financial Officer & Director Jersey, Channel Islands	Vice-President of the Company focused on financial reporting, investor and shareholder relations and corporate development. Former Vice-President Business Development of the Company.	Chief Financial Officer since 2014, Director since 2015 and formerly Vice-President, Business Development since 2008	149,775
John McGloin Non-Executive Director Bishops Stortford, United Kingdom	Previous Executive Chairman and Chief Executive Officer of Amara Mining Plc. Current non-executive director of Perseus Mining Limited, non-executive chairman of Oriole Resources Plc and non-executive director of Amphi Capital Limited.	Director since 2016	Nil
Maurice Mason VP Corporate Development and Investor Relations London, England	Previous Director at Equity Research for Stifel Nicolaus Europe Ltd. Research analyst, Peel Hunt LLP (2012-2015).	VP Corporate Development and Investor Relations since 2016	36,137
Adam Chester General Counsel, Company Secretary and Head of Risk and Compliance Jersey, Channel Islands	Solicitor of the Supreme Court of England and Wales. Partner at Walkers and advocate of the Royal Court of Jersey.	General Counsel, Company Secretary and Head of Risk and Compliance since 2017	25,553

No family relationships exist between any of the Directors or senior management.

A brief profile of each of the Directors and the officers is given below:

Steven Curtis, CA (SA) – Director and Chief Executive Officer

Mr. Steven Roy Curtis is a Chartered Accountant with over 35 years of experience and has held a number of senior financial positions in the manufacturing industry. Before joining Caledonia in April 2006, he was Director Finance and Supply Chain for Avery Dennison SA and, prior to this, Financial Director and then Managing Director of Jackstadt GmbH South African operation. Mr. Curtis is a member of the South African Institute of Chartered Accountants and graduated from the University of Cape Town.

Mr. Curtis was appointed Vice-President Finance and Chief Financial Officer in April 2006 and served in the position until Dec 2014 when he was appointed as President and Chief Executive Officer.

Leigh Wilson - Non-Executive Director and Chairman

Mr. Leigh Alan Wilson has been a senior executive in international business and financial services and held positions with Union Bank of Switzerland (Securities) Ltd. in London and with the Paribas Group in Paris and New York where he served as CEO of Paribas North America between 1984 and 1990.

Mr. Wilson has served on the Board of Trustees of a mutual fund complex managed by Victory Capital Management since 1993. He currently serves as Independent Chairman of the Board.

The mutual fund complex is the largest client of Victory Capital Management high of Trustees of the mutual fund complex managed by Victory Capital Management, an independent investment management firm with total assets and advisement as of December 31, 2019 of \$61.8 billion.

In March 2006, Mr. Wilson received the Mutual Fund Trustee of the Year Award from Institutional Investor Magazine. Between March 2008 and October 2008, Mr. Wilson was an Independent Non-Executive Director of the Company.

Nick Clarke - Non-Executive Director

Mr. Nick Clarke joined the Company's board as a Non-Executive Director on September 23, 2019. Mr. Clarke, who is Chairman of Central Asia Metals PLC (AIM: CAML), is a highly experienced Chartered Engineer (CEng) with 45 years in the mining industry. He has held senior positions in several resource companies and is well known as a successful executive in the sector having been involved in the construction of major mining projects and conducted several fundraisings on AIM and TSX.

He has an extensive background in managing AIM and TSX listed minerals companies including his current position as Chairman of Central Asia Metals PLC, where he was CEO from 2009 until 2016. Between 2004 and 2008 he was Managing Director of Oriel Resources plc (AIM: ORI) and from 2006 to 2008 he was President and CEO of Lero Gold Corporation (TSX: LER). Mr. Clarke has significant experience as a non-executive director of a number of AIM and TSX listed resource companies having previously held non-executive directorships on the boards of Afcan Mining Corp. (TSX: AFK), Caledon Resources plc (AIM: CDN), Obtala Resources plc (AIM: OBT), Columbus Copper Corp (TSX: CCU) and Sunkar Resources plc (AIM: SKR).

Mr. Clarke is an Associate of Camborne School of Mines (ACSM). He is a trustee of the Camborne School of Mines Trust and is a member of the Institution of Materials Minerals & Mining (MIMMM).

John Kelly - Non-Executive Director

Mr. John Lawson Kelly has over 36 years of experience in the financial services industry in the U.S.A and international markets including emerging markets in Asia. Mr. Kelly is currently an Independent Trustee of the Victory Funds and a non-executive Member of CrossRoad LLC. Within the last five years, Mr. Kelly has been a partner of McCarvill Capital Partners and EndGate Commodities LLC, an officer of Liquidnet Holdings, Inc. and a director of Liquidnet Europe Ltd. Mr. Kelly is a graduate of Yale University and the Yale School of Management.

Johan Holtzhausen - Non-Executive Director

Mr. Johan Andries Holtzhausen is a retired partner of KPMG South Africa with 42 years of audit experience, of which 36 years were as a partner focused on the mining sector. Mr. Holtzhausen chaired the Mining Interest Group at KPMG South Africa and his clients included major listed mining companies operating in Africa and elsewhere, which operated across a broad range of commodities. In addition to his professional qualifications, Mr. Holtzhausen holds a B.Sc. from the University of Stellenbosch, majoring in chemistry and geology.

Mr. Holtzhausen is chairman of the Finance, Audit and Risk Committees of Strategic Partners in Tourism and its related party the Tourism Micro Enterprises Support Fund, both of which are not-for-profit organizations. Until February 28, 2011, Mr. Holtzhausen served as a director of KPMG Inc. and KPMG Services (Pty) Ltd, both of which are private companies registered in South Africa and which provided audit, taxation and advisory services.

Dana Roets – Chief Operating Officer

Mr. Dana Roets is a qualified Mining Engineer and holds a B.Sc. Mining Engineering degree from Pretoria University (1986) and an MBA from the University of Cape Town (1995). Mr. Roets is a South African national with over 25 years of operational and managerial experience in the South African gold and platinum industries. He started his career with Gold Fields at the St Helena Gold Mine as a graduate trainee and progressed via various operational roles from being an underground shift boss to become Vice President and Head of Operations at Kloof Gold Mine in January 1999 at which time Kloof produced over 1,000,000 ounces of gold per annum. More recently, Mr. Roets was the COO at Great Basin Gold which had gold mining operations in the United States of America and South Africa.

Mark Learmonth – Director and Chief Financial Officer

Mr. John Mark Learmonth joined Caledonia in July 2008. Prior to this, he was a Division Director of Investment Banking at Macquarie First South in South Africa and has over 17 years of experience in corporate finance and investment banking, predominantly in the resources sector. Mr. Learmonth graduated from Oxford University and is a chartered accountant. He is a member of the Executive Committee of the Chamber of Mines, Zimbabwe and is also a member of the Gold Producers Sub-Committee.

Mr. Learmonth was appointed Vice-President Finance, Chief Financial Officer of the Company in November 2014. Mr. Learmonth was responsible for Investor Relations and Corporate Development of the Company until the appointment of Mr. Maurice Mason.

John McGloin – Non-Executive Director

John McGloin is the former Chairman and Chief Executive of Amara Mining and is currently a non-executive director of Perseus Mining Limited, the non-executive chairman of Oriole Resources Plc and a non-executive director of Amphi Capital Limited. Mr. McGloin joined Caledonia in August 2016. He is a geologist and graduate of Camborne School of Mines.

Mr. McGloin worked for many years in Africa within the mining industry before moving into consultancy. He joined Arbuthnot Banking Group following four years at Evolution Securities as their mining analyst. He is also the former Head of Mining at Collins Stewart.

Maurice Mason – VP Corporate Development and Investor Relations

Mr. Maurice Mason is a dual South African and UK national, resident in London, who holds a BSc in Engineering from the University of Natal, South Africa and an MBA from Henley Management College. Mr. Mason's career includes positions at Unilever, SABMiller and Anglo American. Most recently, Mr. Mason was director, Equity Research, for Stifel Nicolaus Europe Ltd covering mining companies listed in the UK. Mr. Mason has taken over the day-to-day responsibility for Investor Relations and Corporate Development from Mr. Learmonth, who, since November 2014 had combined this role with that of Chief Financial Officer.

Adam Chester – General Counsel, Company Secretary and Head of Risk and Compliance

In January 2017 Mr. Adam Chester joined the management team as General Counsel, Company Secretary and Head of Risk and Compliance. Mr. Chester is a dual qualified lawyer (England and Jersey, Channel Islands) and previously worked as a solicitor of the Supreme Court of England and Wales at international law firms in the City of London and, more recently, as an advocate of the Royal Court of Jersey at an international offshore law firm in which he was a partner. He has approximately 15 years' experience advising businesses and individuals on a variety of commercial and corporate legal issues.

Arrangements, Understandings, etc.

Caledonia has no arrangements or understanding with any major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management.

B. Compensation

Summary Compensation Table

Name and principal position (a)	Year (b)	Salary (\$) (c)	Share-based awards (\$) ⁽¹⁾ (d)	Option-based awards (e)	Non-equity incentive plan compensation (\$) (f)		Pension value (\$) (g)	All other compensation (\$) (h) ⁽²⁾	Total compensation (\$) (i)
					Annual incentive plans ⁽¹⁾	Long term incentive plans			
Steven Curtis Chief Executive Officer	2019	459,900	200,391	-	-	-	-	70,000	730,291
	2018	450,000	80,562	-	-	-	-	45,000	575,562
	2017	428,637	363,948	-	-	-	-	48,000	840,585
Dana Roets Chief Operating Officer	2019	442,602	128,217	-	-	-	-	65,000	662,292
	2018	418,182	52,678	-	-	-	-	41,818	512,678
	2017	418,182	237,966	-	-	-	-	47,000	703,148
Mark Learmonth Chief Financial Officer	2019	433,942	163,350	-	-	-	-	65,000	662,292
	2018	410,000	43,267	-	-	-	-	41,000	494,267
	2017	410,000	229,218	-	-	-	-	44,000	683,218
Caxton Mangezi General Manager and Director of the Blanket Mine	2019	450,377	107,050	-	-	-	-	63,771	621,198
	2018	358,503	43,379	-	-	-	-	124,518	526,400
	2017	348,400	195,967	-	-	-	-	117,322	661,689
Adam Chester General Counsel, Company Secretary and Head of Risk and Compliance	2019	281,744	73,046	-	-	-	-	29,773	384,563
	2018	273,872	14,936	-	-	-	-	32,768	321,576
	2017	257,489	70,019	-	-	-	-	26,686	354,194
Maurice Mason VP Investor Relations and Corporate Development	2019	197,145	51,859	-	-	-	-	20,145	269,149
	2018	179,010	6,381	-	-	-	-	15,654	201,045
	2017	151,734	66,631	-	-	-	-	15,735	234,100

(1) OEICP awards (also referred to herein as Long-term incentive plan or LTIPs) represents the non-cash expense amount as determined by the method described in note 27.1 of the Consolidated Financial Statements and are, following amendment to allow for settlement in shares as well as or instead of cash, considered to be share based awards. Note 27.1 (a) of the Consolidated Financial Statements indicates the amounts that settled during 2019.

(2) Bonuses paid to directors and key management (Refer to note 35 of the Consolidated Financial Statements)

Non-executive director fees were paid in equal quarterly instalments in arrears during 2019. From January 1, 2019 to December 31, 2019 the approved non-executive director fees amounted to \$55,000 p.a. payable to non-executive directors other than Mr. John McGloin who received \$58,640 during the year and Mr. Nick Clarke who received \$16,315 for his services from September 23, 2019.

Long term incentive plan

The following key management members were granted RSUs and PSUs, pursuant to the provisions of the OEICP. The outstanding RSUs and PSUs as at December 31, 2019 were as follows:

Key management member	Vesting date	RSUs	PSUs
Steve Curtis	2022/01/11	-	44,309
Dana Roets	2022/01/11	-	27,898
Mark Learmonth	2022/01/11	-	28,287
Caxton Mangezi	2022/01/11	-	23,533
Adam Chester	2020/01/19	5,052	17,774
Maurice Mason	2022/01/11	-	14,672
Total		5,052	156,473

For further detail on the RSUs and PSUs refer to note 27.1 (a) of the Consolidated Financial Statements.

Refer to Item 6.E for a breakdown of director equity options outstanding, these equity options and their grant dates.

Caledonia does not have a pension, retirement or similar benefits scheme for Directors.

C. Board Practices

The directors all hold their positions for an indefinite term, subject to re-election at each annual general meeting of the shareholders. The officers hold their positions subject to being removed by resolution of the board of directors. The term of office of each director expires as of the date that an annual general meeting of the shareholders is held, subject to the re-election of a director at such annual general meeting. The following persons comprise the following committees:

Audit	Compensation	Governance	Nomination	Disclosure
J Holtzhausen	L Wilson	L Wilson	L Wilson	M Learmonth
J McGloin	J Kelly	J Kelly	J Holtzhausen	S Curtis
J Kelly	J Holtzhausen	J McGloin	J McGloin	J Holtzhausen
			N Clarke	L Wilson
				J Kelly
				D Roets
				M Mason
				A Chester
Technical	Strategic Planning			
J Holtzhausen	L Wilson			
D Roets	J Kelly			
J McGloin	S Curtis			
S Curtis	M Learmonth			
N Clarke	D Roets			
	J McGloin			
	J Holtzhausen			
	M Mason			
	N Clarke			

Terms of reference of the Audit Committee are given in the charter of the Audit Committee, and the terms of reference of the Compensation Committee are given in the charter of the Compensation Committee. All charters of committees are available on the Company's website or, on request, from the Company's offices listed in this report.

The Audit Committee is comprised of the following directors: (i) Johan Holtzhausen (Chairperson), (ii) John McGloin, and (iii) John Kelly. Each member of the Audit Committee is considered independent as defined under Canadian National Instrument 52-110 and as defined pursuant to Section 803 of the NYSE American LLC Company Guide (as such definition may be modified or supplemented) and considered to be financially literate as such terms are defined under Canadian National Instrument 52-110 Audit Committees.

Benefits upon termination are disclosed in note 33 of the Consolidated Financial Statements and an example contract is disclosed in Exhibit 4.2.

D. Employees

The average, approximate number of employees, their categories and geographic locations for each of the last 3-years are summarized in the table below:

Geographic Location and Number of Employees:

Employee Location	2017	2018	2019
Total Employees			
London, United Kingdom - Management and administration	1	1	1
Jersey, Channel Islands - Management and administration	3	3	3
South Africa - Management, procurement, administration and technical	14	15	13
Zimbabwe - Mine operations. ⁽ⁱ⁾	1,410	1,445	1,569
South Africa (Eersteling)	1	1	-
Total Employees at all Locations	1,429	1,465	1,586

Management and Administration:

Employee Locations:	2017	2018	2019
London, United Kingdom - Management and administration	1	1	1
Jersey, Channel Islands - Management and administration	2	3	3
Zimbabwe - Mine operations	44	44	44
South Africa - Management, procurement, administration and technical	12	14	12
South Africa (Eersteling)	-	-	-
Total Management and Administration	59	62	60

E. Share Ownership

(a) The direct and indirect shareholdings of the Company's directors, officers and senior management as at March 30, 2020 were as follows:

	Number of shares	Percentage share holding
L Wilson	52,000	0.45%
S Curtis	164,882	1.43%
M Learmonth	149,775	1.30%
J. Kelly	29,493	0.26%
J Holtzhausen	19,825	0.17%
M Mason	36,137	0.31%
A Chester	25,553	0.22%
J McGloin	Nil	0%
N Clarke	Nil	0%
C Mangezi	Nil	0%
D Roets	Nil	0%
Total	477,665	4.15%

All of the shares held above are voting shares and do not have any different voting or other rights than the other outstanding shares of the Company.

The information as to shares beneficially owned or controlled or directed, not being within the knowledge of the Company, has been furnished by the respective directors, officers and senior management members individually.

(b) Share purchase options outstanding as of March 30, 2020:

Name		Exercise Price CAD	Expiry Date	Number of Options
DSA Corporate Services	Advisor	4.00	October 7, 2020	5,000
J McGloin	Non-Executive Director	11.50	October 13, 2021	18,000
J Staiger	Advisor	8.10	May 30, 2022	5,000
P Chidley	Advisor	*9.30	August 25, 2024	5,000
P Durham	Advisor	*9.30	August 25, 2024	5,000
TOTAL				38,000

*The exercise price of CAD\$9.30 per share was converted into a USD amount of \$7.35 at the prevailing USD/CAD exchange rate at the date of grant (August 25, 2017).

In terms of the OEICP, the expiry of the options that expire in a closed period will be extended by 10 days from the cessation of the closed period.

ITEM 7 - MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

To the best of Caledonia's knowledge, as at March 30, 2020, we are aware of the following beneficial owners that directly or indirectly exercise control or direction over more than 5% of the voting rights to our shares.

Beneficial owner name	Number of Shares Held	Percentage of Issued Shares
Allan Gray (through two of its funds)	2,070,348	17.98%
Sales promotion Services S.A./ Heinrich Auwärter	848,773	7.37%
TD Ameritrade	884,647	7.68%
Fremiro	727,266	6.32%

All shareholders have the same voting rights as all other shareholders of Caledonia.

According to our share register and information received from our registrar on March 9, 2020 the shares of Caledonia (including those represented by depositary interests) were held in the following geographic locations:

Geographic Location	Number of Shares Held	Percentage of Issued Shares
United Kingdom	4,696,301	40.8%
USA	3,698,409	32.1%
Canada	2,360,744	20.5%
Zimbabwe	727,266	6.3%
Other	33,140	0.3%
	11,515,860	100%

Caledonia is not aware of any arrangement which may at some subsequent date result in a change of control of Caledonia.

B. Related Party Transactions

No related party transactions exist, other than disclosed in note 35 of the Consolidated Financial Statements.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8 - FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

This Annual Report contains the audited Consolidated Financial Statements which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018 and the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2019, December 31, 2018 and December 31, 2017.

Reference is made to page 69 where the Consolidated Financial Statements are filed as part of this Annual Report on pages F1 – F75.

Legal Proceedings and Regulatory Actions

To our knowledge, there are no legal proceedings material to us to which we are or were a party to or of which any of our properties are or were the subject of during the financial year ended December 31, 2019 nor are there any such proceedings known to us to be contemplated which would materially impact our financial position or ability to continue as a going concern.

During the twelve months ended December 31, 2019, there were no (i) penalties or sanctions imposed against us by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against us that would likely be considered important to a reasonable investor in making an investment decision, or (iii) settlement agreements we entered into before a court relating to securities legislation or with a securities regulatory authority.

Dividend policy

On January 3, 2020, the Company announced an increased quarterly dividend to 7.50 US cents (from the previous 6.875 US cents per share paid quarterly). The quarterly dividend of 7.50 US cents per quarter (payable at the end of January, April, July and October) represents Caledonia's current dividend policy which is expected to be maintained.

B. Significant Changes

We have not experienced any significant changes since the date of the Consolidated Financial Statements included with this Annual Report except as disclosed in this Annual Report.

ITEM 9 - THE OFFERING AND LISTING

A. Offering and Listing Details

The Company's shares trade on the TSX under the trading symbol "CAL" and on the NYSE American under the trading symbol "CMCL". The Company's depositary interests in the shares are admitted to trading on AIM under the trading symbol "CMCL".

B. Plan of Distribution

Not applicable.

C. Markets

The Company's shares trade on the TSX and the NYSE American and depositary interests in its shares are admitted to trading on AIM.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10 - ADDITIONAL INFORMATION

A. Share Capital

Not Applicable.

B. Articles of Association

Securities Registrar

Computershare Investor Services Inc. is the transfer agent and registrar for the shares at its principal office in the City of Toronto, with branch registrars of transfers at Computershare Trust Company, N.A office in the City of Golden, Colorado. Computershare Investor Services PLC at its principal office in Bristol, United Kingdom is the transfer agent for the depositary interests.

Director's power to vote on a proposal, arrangement or contract in which the director is materially interested.

An interested director must disclose to the Company the nature and extent of any interest in a transaction with the Company, or one of its subsidiaries, which to a material extent conflicts or may conflict with its interests and of which the director is aware. Failure to disclose an interest entitles the Company or a shareholder to apply to the court for an order setting aside the transaction concerned and directing that the director account to the Company for any profit.

A transaction is not voidable and a director is not accountable notwithstanding a failure to disclose an interest if the transaction is confirmed by special resolution and the nature and extent of the director's interest in the transaction are disclosed in reasonable detail in the notice calling the meeting at which the resolution is passed.

Although it may still order that a director account for any profit, a court will not set aside a transaction unless it is satisfied that the interests of third parties who have acted in good faith would not thereby be unfairly prejudiced and the transaction was not reasonable and fair in the Company's interests at the time it was entered into.

Except as otherwise provided in the Articles (as defined below) and save in respect of a limited number of instances as set out in the Articles, a director shall not vote on, or be counted in the quorum in relation to, any resolution of the board or of a committee of the board concerning any matter in which he has to his knowledge, directly or indirectly, an interest (other than his interest in shares or debentures or other securities of, or otherwise in or through, the Company) or duty which (together with any interest of a person connected with him) is material and, if he shall do so, his vote shall not be counted.

Directors' power, in the absence of an independent quorum, to vote compensation to themselves or any members of their body.

The compensation of the directors is decided by the directors unless the board of directors specifically requests approval of the compensation from the shareholders. If the issuance of compensation to the directors is decided by the directors, a quorum is the majority of the directors in office. The Articles do not require that the compensation of any director be approved by disinterested directors.

The Company has a compensation committee that is currently composed of three independent directors. The compensation committee makes recommendations to the board with respect to compensation, including bonuses, incentive stock options and securities of directors and executive officers.

Borrowing powers exercisable by the directors and how such borrowing powers may be varied.

The board may exercise all the Company's powers to borrow money, to guarantee, to indemnify and to mortgage or charge all or any part of the Company's undertaking, property and assets (present and future) and uncalled capital and, subject to the Companies Law to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

The board shall restrict the Company's borrowings and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) to secure (but as regards subsidiary undertakings only in so far as by the exercise of such rights or powers of control the board can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Company's group (exclusive of borrowings owing by one member of the Company's group to another member of the Company's group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to three times the Adjusted Capital and Reserves (as defined in the Articles). The borrowing powers may be varied by amendment to the Articles which requires approval of the Company's shareholders by special resolution, being a resolution passed by at least 2/3 majority of the votes cast on the resolution.

Retirement and non-retirement of directors under an age limit requirement.

There are no such provisions applicable to the Company under the Articles or the Companies Law.

Number of shares required for a director's qualification.

Under the Articles, the directors are not required to hold any shares as qualification for service on the board.

Place of Incorporation and Purpose

The Company was incorporated, effective February 5, 1992, by the amalgamation of three predecessor companies. It was registered in terms of the Canada Business Corporations Act. The company re-domiciled to Jersey, Channel Islands, effective March 19, 2016 through the Continuation process. The Continuation had no appreciable effect on the Company's listing in Toronto, the admission of its depositary interests to trading on AIM in London or the trading facility on the OTCQX (from July 27, 2017 the OTCQX trading ceased and shares commenced trading on NYSE American) and the Company's securities continued to be traded on these listing and trading platforms after the Continuation process was completed.

Neither the Company's memorandum of association nor the Articles stipulate any objects or purposes of the Company and no objects or purposes are required to be stated by the Companies Law.

Articles of Association

At a special meeting of shareholders held on February 18, 2016, Caledonia's shareholders voted in favor of a resolution to approve the Continuance. This resolution, inter alia, included provisions to replace Caledonia's by-laws with new articles of association (the "**Articles**"). The Articles do not place any restrictions on the Company's business.

The holders of the shares are entitled to one vote per share at all meetings of the shareholders of the Company. The holders of shares are also entitled to dividends, if and when declared, and the distribution of the residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company. The Company's shares do not have pre-emptive rights to purchase additional shares.

No preference shares are currently issued and outstanding. Preference shares may be issued from time to time in one or more series composed of such number of shares with such preference, deferred or other special rights, privileges, restrictions and conditions as specified in the Articles or as fixed before such issuance by a resolution passed by the directors and confirmed and declared by shareholders by a special resolution. The preference shares shall be entitled to preference over shares in respect of the payment of dividends and shall have priority over other shares in the event of a distribution of residual assets of the Company in the event of a liquidation, dissolution or winding up of the Company. The rights attaching to the shares or the preference shares can only be modified by the affirmative vote of at least two-thirds of the votes cast at a meeting of the relevant shareholders called for that purpose.

Meetings of Shareholders

The Articles require the Company to call an annual general meeting of shareholders within 13 months after holding the last preceding annual general meeting and permits the Company to call any other meeting of shareholders at any time. The Company is required to mail a notice of meeting and management information circular to registered shareholders not less than 21 clear days and not more than 60 days prior to the date of any annual or other general meeting of shareholders. These materials must also be filed with Canadian securities regulatory authorities. The Articles provide that a quorum of two shareholders in person or represented by proxy holding or representing by proxy not less than 5% of the Company's issued shares carrying the right to vote at the meeting is required to transact business at a general meeting. Shareholders, and their duly appointed proxies and corporate representatives, as well as the Company's auditors, are entitled to be admitted to the Company's annual and other general meetings of shareholders.

Limitations on the Right to Own Securities

There are no limitations on the rights to own securities in the Company.

Limitations on Restructuring

There is no provision in the Articles that would have the effect of placing any limitations on any corporate restructuring in addition to what would otherwise be required by applicable law.

Disclosure of Share Ownership

The Articles permit the Company to give a disclosure notice to any person that the Company has reasonable cause to believe is/was interested in the Company's shares within the preceding three years; such notice may require the person to inform the Company whether that person holds/has held an interest in the Company's shares. The Articles also incorporate by reference certain of the disclosure guidance and transparency rules ("**DTR**") published by the UK's Financial Conduct Authority. The DTR include, inter alia, a requirement that a shareholder must notify the Company of the percentage of its voting rights (held directly and indirectly) if the percentage of those voting rights reaches, exceeds or falls below 3% of the Company's issued voting securities and each 1% threshold above 3%.

Differences in Corporate Law between United States (Delaware) and Jersey, Channel Islands

Set forth below is a comparison of certain shareholder rights and corporate governance matters under Delaware law and Jersey law:

<u>Corporate Law Issue</u>	<u>Delaware Law</u>	<u>Jersey Law</u>
<i>Special Meetings of Shareholders</i>	Shareholders generally do not have the right to call meetings of shareholders unless that right is granted in the certificate of incorporation or by-laws. However, if a corporation fails to hold its annual meeting within a period of 30 days after the date designated for the annual meeting, or if no date has been designated for a period of 13 months after its last annual meeting, the Delaware Court of Chancery may order a meeting to be held upon the application of a shareholder.	Shareholders holding 10% or more of the company's voting rights and entitled to vote at the relevant meeting may legally require directors to call a meeting of shareholders. Under the Articles, the percentage required to requisition a meeting is reduced to 5%. The Jersey Financial Services Commission, or JFSC, may, at the request of any officer, secretary or shareholder, call or direct the calling of an annual general meeting. Failure to call an annual general meeting in accordance with the requirements of the Companies Law is a criminal offense on the part of a Jersey company and its directors and secretary.
<i>Interested Director Transactions</i>	Interested director transactions are permissible and may not be legally voided if: <ul style="list-style-type: none">• either a majority of disinterested directors, or a majority in interest of holders of shares of the corporation's capital stock entitled to vote upon the matter, approves the transaction upon disclosure of all material facts; or• the transaction is determined to have been fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof or the shareholders.	An interested director must disclose to the company the nature and extent of any interest in a transaction with the company, or one of its subsidiaries, which to a material extent conflicts or may conflict with the interests of the company and of which the director is aware. Failure to disclose an interest entitles the company or a shareholder to apply to the court for an order setting aside the transaction concerned and directing that the director account to the company for any profit. A transaction is not voidable and a director is not accountable notwithstanding a failure to disclose an interest if the transaction is confirmed by special resolution and the nature and extent of the director's interest in the transaction are disclosed in reasonable detail in the notice calling the meeting at which the resolution is passed. Although it may still order that a director account for any profit, a court will not set aside a transaction unless it is satisfied that the interests of third parties who have acted in good faith would not thereby be unfairly prejudiced and the transaction was not reasonable and fair in the interests of the company at the time it was entered into. The Articles set out a limited number of transactions and matters in which a director may be interested and in which he may vote and be counted in the quorum in relation to a resolution on the matter.

Cumulative Voting	The certificate of incorporation of a Delaware corporation may provide that shareholders of any class or classes or of any series may vote cumulatively either at all elections or at elections under specified circumstances.	There are no provisions in the Companies Law relating to cumulative voting.
Approval of Corporate Matters by Written Consent	Unless otherwise specified in a corporation's certificate of incorporation, shareholders may take action permitted to be taken at an annual or special meeting, without a meeting, notice or a vote, if consents, in writing, setting forth the action, are signed by shareholders with not less than the minimum number of votes that would be necessary to authorize the action at a meeting. All consents must be dated and are only effective if the requisite signatures are collected within 60 days of the earliest dated consent delivered.	<p>If permitted by the articles of association of a company, a written consent signed and passed by the specified majority of members may affect any matter that otherwise may be brought before a shareholders' meeting, except for the removal of a company's auditors. Such consent shall be deemed effective when the instrument, or the last of several instruments, is signed by the specified majority of members or on such later date as is specified in the resolution.</p> <p>The Articles do not contain provisions regarding shareholder resolutions in writing.</p>
Business Combinations	With certain exceptions, a merger, consolidation or sale of all or substantially all of the assets of a Delaware corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon.	A sale or disposal of all or substantially all the assets of a Jersey company must be approved by the board of directors and, only if the articles of association of the company require, by the shareholders in general meeting. A merger involving a Jersey company must be generally documented in a merger agreement which must be approved by special resolution of that company.
Limitations on Director's Liability and Indemnification of Directors and Officers	A Delaware corporation may indemnify a director or officer of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of his or her position if (i) the director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful.	<p>The Companies Law does not contain any provision permitting Jersey companies to limit the liabilities of directors for breach of fiduciary duty.</p> <p>However, a Jersey company may exempt from liability, and indemnify directors and officers, for liabilities:</p> <ul style="list-style-type: none"> • incurred in defending any civil or criminal legal proceedings where: <ul style="list-style-type: none"> - the person is either acquitted or receives a judgment in their favor; - where the proceedings are discontinued other than by reason of such person (or someone on their behalf) giving some benefit or suffering some detriment; or - where the proceedings are settled on terms that such person (or someone on their behalf) gives some benefit or suffers some detriment but in the opinion of a majority of the disinterested directors, the person was substantially successful on the merits in the person's resistance to the proceedings; • incurred to anyone other than to the company if the person acted in good faith with a view to the best interests of the company; • incurred in connection with an application made to the court for relief from liability for negligence, default, breach of duty or breach of trust under Article 212 of the Companies Law in which relief is granted to the person by the court; or • incurred in a case in which the company normally maintains insurance for persons other than directors.

<i>Appraisal Rights</i>	A shareholder of a Delaware corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights under which the shareholder may receive cash in the amount of the fair value of the shares held by that shareholder (as determined by a court) in lieu of the consideration the shareholder would otherwise receive in the transaction.	There are no appraisal rights under the Companies Law but the Articles include dissent rights of shareholders, based on Canadian law, whereby shareholders who dissent to certain transactions of the Company may apply to have the Company buy their shares for fair value.
<i>Shareholder Suits</i>	Class actions and derivative actions generally are available to the shareholders of a Delaware corporation for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.	<p>Under Article 141 of the Companies Law, a shareholder may apply to court for relief on the ground that the conduct of a company's affairs, including a proposed or actual act or omission by a company, is "unfairly prejudicial" to the interests of shareholders generally or of some part of shareholders, including at least the shareholder making the application.</p> <p>There may also be customary law personal actions available to shareholders. Under Article 143 of the Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Companies Law), the court may make an order regulating the affairs of a company, requiring a company to refrain from doing or continuing to do an act complained of, authorizing civil proceedings and providing for the purchase of shares by a company or by any of its other shareholders.</p>
<i>Inspection of Books and Records</i>	All shareholders of a Delaware corporation have the right, upon written demand, to inspect or obtain copies of the corporation's shares ledger and its other books and records for any purpose reasonably related to such person's interest as a shareholder.	The register of shareholders and books containing the minutes of general meetings or of meetings of any class of shareholders of a Jersey company must during business hours be open to the inspection of a shareholder of the company without charge. The register of directors and secretaries must during business hours (subject to such reasonable restrictions as the company may by its articles of association or in general meeting impose, but so that not less than two hours in each business day be allowed for inspection) be open to the inspection of a shareholder or director of the company without charge.
<i>Amendments to Charter</i>	Amendments to the certificate of incorporation of a Delaware corporation require the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon or such greater vote as is provided for in the certificate of incorporation. A provision in the certificate of incorporation requiring the vote of a greater number or proportion of the directors or of the holders of any class of shares than is required by Delaware corporate law may not be amended, altered or repealed except by such greater vote.	The memorandum of association and the articles of association of a Jersey company may only be amended by special resolution (being a two-thirds majority if the articles of association of the company do not specify a greater majority) passed by shareholders in general meeting or by written resolution signed by all the shareholders entitled to vote.

C. Material Contracts

We enter into various contracts in the normal course of business. On November 6, 2018, the Company announced that it had entered into a sale agreement with Fremiro to purchase Femiro's 15% shareholding in Blanket for a gross consideration of \$16.7 million to be settled through a combination of the cancellation of the loan between the two entities which stood at \$11.5 million as at June 30, 2018 and the issue of 727,266 new shares in Caledonia at an issue price of \$7.15 per share. On January 20, 2020 the transaction was concluded, and Caledonia now holds an indirect 64% shareholding in Blanket and Fremiro holds approximately 6.3% of Caledonia's diluted equity.

As stated under Item 4.A subheading "Eersteling Gold Mining Company Limited", On May 31, 2018, the Group entered into an amended share sale agreement with SH Minerals to sell the shares and claims of Eersteling, a South African subsidiary previously consolidated as part of the Group, that has been on care and maintenance since 1997. The amended share sale agreement allowed for a purchase price of \$3 million which would be settled by three payments of \$1 million payable on the completion date, 12 and 18 months after the completion date. On January 31, 2019 all suspensive conditions for the sale were met and the Group transferred the registered and beneficial ownership of Eersteling to SH Minerals. During 2019, the ZAR equivalent of \$1 million was received and the ZAR equivalent of approximately \$0.9 million was received post year-end as payment towards the next instalment of the purchase price with the remainder of that instalment expected to be received shortly. The payment received in February 2019 effectively transferred the registered and beneficial ownership of Eersteling to SH Minerals and the Group relinquished control.

The material contracts above are disclosed as Exhibit 4.5 and 4.8 under Item 19.

D. Exchange Controls

There are no governmental laws, decrees or regulations existing in Jersey, Channel Islands, which restrict the export or import of capital, or the remittance of dividends, interest or other payments to non-resident holders of Caledonia's securities, nor does Jersey, Channel Islands have foreign exchange currency controls. Exchange control approvals from the RBZ and the Reserve Bank of South Africa are required on the flow of funds in and out of Zimbabwe and South Africa; Caledonia obtained the necessary approvals from the RBZ and the Reserve Bank of South Africa to transfer foreign currency during 2019.

E. Taxation

Certain United States Federal Income Tax Considerations

The following is a general summary of certain material U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of shares. This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may apply to a U.S. Holder arising from and relating to the acquisition, ownership, and disposition of shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences to such U.S. Holder, including without limitation specific tax consequences to a U.S. Holder under an applicable tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. This summary does not address the U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences to U.S. Holders of the acquisition, ownership, and disposition of shares. In addition, except as specifically set forth below, this summary does not discuss applicable tax reporting requirements. Each prospective U.S. Holder should consult its own tax advisor regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences relating to the acquisition, ownership, and disposition of shares. No legal opinion from U.S. legal counsel or ruling from the Internal Revenue Service (the "IRS") has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the acquisition, ownership, and disposition of shares. This summary is not binding on the IRS, and the IRS is not precluded from taking a position that is different from, and contrary to, the positions taken in this summary. In addition, because the authorities on which this summary are based are subject to various interpretations, the IRS and the U.S. courts could disagree with one or more of the conclusions described in this summary.

Scope of this Summary

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations (whether final, temporary, or proposed), published rulings of the IRS, published administrative positions of the IRS, and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this document. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation.

U.S. Holders

For purposes of this summary, the term “**U.S. Holder**” means a beneficial owner of shares that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax considerations applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, the following U.S. Holders that: (a) are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) are broker-dealers, dealers, or traders in securities or currencies that elect to apply a mark-to-market accounting method; (d) have a “functional currency” other than the USD; (e) own shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other integrated transaction; (f) acquired shares in connection with the exercise of employee stock options or otherwise as compensation for services; (g) hold shares other than as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); or (h) own, have owned or will own (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the outstanding shares of the Company; (i) U.S. expatriates or former long-term residents of the U.S., or (j) are subject to special tax accounting rules with respect to shares. U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders described immediately above, should consult their own tax advisor regarding the U.S. federal, U.S. federal net investment income, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and foreign tax consequences relating to the acquisition, ownership and disposition of shares.

If an entity or arrangement that is classified as a partnership (or other “pass-through” entity) for U.S. federal income tax purposes holds shares, the U.S. federal income tax consequences to such entity and the partners (or other owners) of such entity generally will depend on the activities of the entity and the status of such partners (or owners). This summary does not address the tax consequences to any such owner. Partners (or other owners) of entities or arrangements that are classified as partnerships or as “pass-through” entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences arising from and relating to the acquisition, ownership, and disposition of shares.

Ownership and Disposition of shares

The following discussion is subject to the rules described below under the heading “Passive Foreign Investment Company Rules”.

Taxation of Distributions

A U.S. Holder that receives a distribution, including a constructive distribution, with respect to a share will be required to include the amount of such distribution in gross income as a dividend (without reduction for any foreign income tax withheld from such distribution) to the extent of the current or accumulated “earnings and profits” of the Company, as computed for U.S. federal income tax purposes. To the extent that a distribution exceeds the current and accumulated “earnings and profits” of the Company, such distribution will be treated first as a tax-free return of capital to the extent of a U.S. Holder’s tax basis in the shares and thereafter as gain from the sale or exchange of such shares (see “Sale or Other Taxable Disposition of shares” below). However, the Company may not maintain the calculations of its earnings and profits in accordance with U.S. federal income tax principles, and each U.S. Holder may have to assume that any distribution by the Company with respect to the shares will constitute ordinary dividend income. Dividends received on shares by corporate U.S. Holders generally will not be eligible for the “dividends received deduction”. Subject to applicable limitations and provided the shares are readily tradable on a United States securities market dividends paid by the Company to non-corporate U.S. Holders, including individuals, generally will be eligible for the preferential tax rates applicable to long-term capital gains for dividends, provided certain holding period and other conditions are satisfied, including that the Company not be classified as a PFIC (as defined below) in the tax year of distribution or in the preceding tax year. The dividend rules are complex, and each U.S. Holder should consult its own tax advisor regarding the application of such rules.

Sale or Other Taxable Disposition of Shares

A U.S. Holder will generally recognize gain or loss on the sale or other taxable disposition of shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder’s tax basis in such shares sold or otherwise disposed of. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if, at the time of the sale or other disposition, such shares are held for more than one year.

Preferential tax rates apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to significant limitations under the Code.

Passive Foreign Investment Company (“PFIC”) Rules

If the Company were to constitute a PFIC for any year during a U.S. Holder’s holding period, then certain potentially adverse rules would affect the U.S. federal income tax consequences to a U.S. Holder resulting from the acquisition, ownership and disposition of shares. The Company believes that it was not a PFIC for the tax year ended December 31, 2019. No opinion of legal counsel or ruling from the IRS concerning the status of the Company as a PFIC has been obtained or is currently planned to be requested. However, PFIC classification is fundamentally factual in nature, generally cannot be determined until the close of the tax year in question and is determined annually. Additionally, the analysis depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. Consequently, there can be no assurance that the Company has never been and will not become a PFIC for any tax year during which U.S. Holders hold shares.

In addition, in any year in which the Company is classified as a PFIC, a U.S. Holder will be required to file an annual report with the IRS containing such information as Treasury Regulations and/or other IRS guidance may require. A failure to satisfy such reporting requirements may result in an extension of the time period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding the requirements of filing such information returns under these rules, including the requirement to file an IRS Form 8621 annually.

The Company generally will be a PFIC under Section 1297 of the Code if, after the application of certain “look-through” rules with respect to subsidiaries in which the Company holds at least 25% of the value of such subsidiary, for a tax year, (a) 75% or more of the gross income of the Company for such tax year is passive income (the “income test”) or (b) 50% or more of the value of the Company’s assets either produce passive income or are held for the production of passive income (the “asset test”), based on the quarterly average of the fair market value of such assets. “Gross income” generally includes all sales revenues less the cost of goods sold, plus income from investments and incidental or outside operations or sources, and “passive income” generally includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. Active business gains arising from the sale of commodities generally are excluded from passive income if substantially all of a foreign corporation’s commodities are stock in trade or inventory, depreciable property used in a trade or business or supplies regularly used or consumed in the ordinary course of its trade or business, and certain other requirements are satisfied.

If the Company were a PFIC in any tax year during which a U.S. Holder held shares, such holder generally would be subject to special rules with respect to “excess distributions” made by the Company on the shares and with respect to gain from the disposition of shares. An “excess distribution” generally is defined as the excess of distributions with respect to the shares received by a U.S. Holder in any tax year over 125% of the average annual distributions such U.S. Holder has received from the Company during the shorter of the three preceding tax years, or such U.S. Holder’s holding period for the shares. Generally, a U.S. Holder would be required to allocate any excess distribution or gain from the disposition of the shares ratably over its holding period for the shares. Such amounts allocated to the year of the disposition or excess distribution would be taxed as ordinary income, and amounts allocated to prior tax years would be taxed as ordinary income at the highest tax rate in effect for each such year and an interest charge at a rate applicable to underpayments of tax would apply.

While there are U.S. federal income tax elections that sometimes can be made to mitigate these adverse tax consequences (including the “**QEF Election**” under Section 1295 of the Code and the “**Mark-to-Market Election**” under Section 1296 of the Code), such elections are available in limited circumstances and must be made in a timely manner.

U.S. Holders should be aware that, for each tax year, if any, that the Company is a PFIC, the Company can provide no assurances that it will satisfy the record-keeping requirements of a PFIC, or that it will make available to U.S. Holders the information such U.S. Holders require to make a QEF election with respect to the Company or any subsidiary that also is classified as a PFIC.

Certain additional adverse rules may apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether the U.S. Holder makes a QEF Election. These rules include special rules that apply to the amount of foreign tax credit that a U.S. Holder may claim on a distribution from a PFIC. Subject to these special rules, foreign taxes paid with respect to any distribution in respect of stock in a PFIC are generally eligible for the foreign tax credit. U.S. Holders should consult their own tax advisors regarding the potential application of the PFIC rules to the ownership and disposition of shares, and the availability of certain U.S. tax elections under the PFIC rules.

Additional Considerations

Receipt of Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or payment received on the sale, exchange or other taxable disposition of shares, generally will be equal to the USD value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into USD at that time). A U.S. Holder will have a basis in the foreign currency equal to its USD value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method with respect to foreign currency received upon the sale, exchange or other taxable disposition of the shares. Each U.S. Holder should consult its own U.S. tax advisor regarding the U.S. federal income tax consequences of receiving, owning, and disposing of foreign currency.

Foreign Tax Credit

Subject to the PFIC rules discussed above, a U.S. Holder that pays (whether directly or through withholding) foreign income tax with respect to dividends paid on the shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such foreign income tax. Generally, a credit will reduce a U.S. Holder’s U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder’s income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year. The foreign tax credit rules are complex and involve the application of rules that depend on a U.S. Holder’s particular circumstances. Each U.S. Holder should consult its own U.S. tax advisor regarding the foreign tax credit rules.

Backup Withholding and Information Reporting

Under U.S. federal income tax law and Treasury Regulations, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain threshold amounts. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. U.S. Holders may be subject to these reporting requirements unless their shares are held in an account at certain financial institutions. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the requirements of filing information returns, including the requirement to file an IRS Form 8938.

Payments made within the U.S. or by a U.S. payor or U.S. middleman, of dividends on, and proceeds arising from the sale or other taxable disposition of, shares will generally be subject to information reporting and backup withholding tax, at the rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, certain exempt persons generally are excluded from these information reporting and backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS in a timely manner.

The discussion of reporting requirements set forth above is not intended to constitute a complete description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. Each U.S. Holder should consult its own tax advisor regarding the information reporting and backup withholding rules.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

Any statement in this Annual Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. Readers must review the exhibits themselves for a complete description of the contract or document.

Readers may review a copy of our filings with the SEC, including exhibits and schedules filed with it, at the SEC's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. Readers may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC maintains a website (<http://www.sec.gov>) that contains reports, submissions and other information regarding registrants that file electronically with the SEC.

Readers may read and copy any reports, statements or other information that we file with the SEC at the address indicated above and may also access them electronically at the website set forth above. These SEC filings are also available to the public from commercial document retrieval services.

We are required to file reports and other information with the SEC under the Exchange Act. Reports and other information filed by us with the SEC may be inspected and copied at the SEC's public reference facilities described above.

We also file certain reports with the Canadian Securities Administrators that you may obtain through access of the SEDAR website, www.sedar.com.

Copies of our material contracts are kept at our registered office.

I. Subsidiary Information

Not applicable.

ITEM 11 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital and protecting current and future Company assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets.

The board of directors of the Company has a responsibility to ensure that an adequate financial risk management policy is established and to approve the policy. The Company's Audit Committee oversees management's compliance with the Company's financial risk management policy.

The fair value of the Company's financial instruments approximates their carrying value unless otherwise noted. The types of risk exposure and the way in which such exposures are managed are as follows:

A. Currency Risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currency that it transacts in and the functional currency. The results of the Group's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Group are reported in USD in the Consolidated Financial Statements.

The availability of foreign exchange and the fluctuation of the USD in relation to other currencies that entities, within the Group, may transact in will consequently have an impact upon the profitability of the Group and may also affect the value of the Group's assets and liabilities. As noted below, the Group has certain financial assets and liabilities denominated in currencies other than the functional currency of the Company. To reduce exposure to currency transaction risk, the Group regularly reviews the currency in which it spends its cash to identify and avoid specific expenditures in currencies that experience inflationary pressures. Further the Group aims to maintain cash and cash equivalents in USD to avoid foreign exchange exposure and to meet short-term liquidity requirements.

B. Sensitivity Analysis

As a result of the Group's monetary assets and liabilities denominated in foreign currencies which is different to the functional currency of the underlying entities, the profit or loss and equity in the underlying entities could be affected by movements between the functional currency and the foreign currency. The table below indicates consolidated monetary assets/ (liabilities) in the Group that have a different functional currency and foreign currency.

	2019 USD'000		2018 USD'000		2017 USD'000	
	Functional currency		Functional currency		Functional currency	
	ZAR	USD	ZAR	USD	ZAR	USD
Cash and cash equivalents	57	4,176	57	8,147	57	601
Trade and other receivables	-	1,735	-	126	-	-
Trade and other payables	-	(179)	-	(345)	-	-
Term loan	-	(2,471)	-	(5,960)	-	-
Overdraft	-	(490)	-	-	-	-
	57	2,771	57	1,968	57	601

A reasonably possible strengthening or weakening of 5% of the various functional currencies against the foreign currencies would have the following equal or opposite effect on profit or loss before tax for the Group:

	2019 USD'000		2018 USD'000		2017 USD'000	
	Functional currency		Functional currency		Functional currency	
	ZAR	USD	ZAR	USD	ZAR	USD
Cash and cash equivalents	3	199	3	388	3	30
Trade and other receivables	-	82	-	6	-	-
Trade and other payables	-	9	-	(16)	-	-
Term loan	-	(117)	-	(283)	-	-
Overdraft	-	(23)	-	-	-	-
	3	150	3	95	3	30

C. Interest Rate Risk

The Group's interest rate risk arises from loans and borrowings, overdraft facility and cash held. The loans and borrowings, overdraft facility and cash held have variable interest rate borrowings. Variable-rate borrowings expose the Group to cash flow interest rate risk. The Group has not entered into interest rate swap agreements.

The Group's assets and (liabilities) exposed to interest rate fluctuations as at year-end are summarized as follows:

	2019	2018	2017
Term loan	(2,471)	5,960	(1,486)
Cash and cash equivalents	9,383	11,187	12,756
Overdraft	(490)	-	-

Interest rate risk arising is offset by available cash and cash equivalents. The table below summarizes the effect of a change in finance cost on the Group's profit or loss and equity for the year, had the rates charged differed.

Sensitivity analysis – cash and cash equivalents

	2019	2018	2017
Increase in 100 basis points	94	111	128
Decrease in 100 basis points	(94)	(111)	(128)

Sensitivity analysis – term loan

	2019	2018	2017
Increase in 100 basis points	(25)	(60)	(15)
Decrease in 100 basis points	25	60	15

	2019	2018	2017
Increase in 100 basis points	(5)	-	-
Decrease in 100 basis points	5	-	-

D. Concentration of Credit Risk

Credit risk is the risk of a financial loss to the Company if a debtor fails to meet its contractual obligation. From 2014, gold sales were made to Fidelity in Zimbabwe and the payment terms stipulated in the service delivery contract have been adhered to in all instances. Trade and other receivables are analysed in note 20 to the Consolidated Financial Statements and include \$3.0 million (2018: \$2.7 million; 2017: \$1.4 million) due from Fidelity in respect of gold deliveries immediately prior to the close of business at the end of 2019 and \$1.8 million (2018: \$2.7 million; 2017: \$2.9 million) due from the Zimbabwe Government in respect of VAT refunds. The amount due from Fidelity was paid in full after year-end; the outstanding balance at December 31, 2019 reflects a normal balance in the context of the timing of bullion shipments to Fidelity and payments from Fidelity for bullion received. The amount due in respect of the longer-outstanding VAT refunds were within the agreed terms.

E. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity risk by ensuring that there is enough cash to meet its likely cash requirements, after taking into account cash flows from operations and the Group's holdings of cash and cash equivalents. The Group believes that these sources will be enough to cover the anticipated cash requirements. Senior management is also actively involved in the review and approval of planned expenditures by regularly monitoring cash flows from operations and anticipated investing and financing activities.

F. Market Risk – Gold Price

The value of the Company's mineral properties is related to the price of gold and the outlook for these minerals. In addition, adverse changes in the price of certain key or high cost operating consumables can significantly impair the Company's cash flows.

Gold prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and macro-economic variables, and certain other factors related specifically to gold.

The Company entered into a 5-month hedge in respect of 4,500 ounces of gold per month from February to June 2019 through the purchase of put options with a strike price of \$1,250 per ounce. The gold price never went below \$1,250 per ounce and the hedge was concluded at a cost of \$324,000.

The Company entered a new hedge in November 2019 at a cost of \$379,000. The new hedge was in the form of put options in respect of 4,600 ounces of gold per month for the period January to June 2020 exercisable at a strike price of \$1,400 per ounce. At December 31, 2019 the mark-to-market valuation, that represents the fair value of the hedge, amounted to \$102,000 (2018: Nil).

Both hedges were entered into by the Company for economic hedging purposes to ensure enough cash availability for Blanket Mine's capital investment plan, rather than as a speculative investment. The total expense of the derivative contracts amounted to \$601,000 (2018: \$360,000) for the year.

ITEM 12 - DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13 - DEFAULTS, DIVIDEND ARREARS AND DELINQUENCIES

There has not been a material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within thirty days, relating to indebtedness of the Company or any of its significant subsidiaries. There are no payments of dividends by the Company in arrears, nor has there been any other material delinquency relating to any class of preference shares of the Company.

ITEM 14 - MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

A. to D.

None.

E. Use of Proceeds

Not applicable.

ITEM 15 - CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, and assessed the design of the Company's internal control over financial reporting as of December 31, 2019. As required by Rule 13(a)-15 under the Exchange Act, in connection with this Annual Report on Form 20-F, under the direction of our CEO and CFO, we have evaluated our disclosure controls and procedures as of December 31, 2019, and we have concluded our disclosure controls and procedures were effective as at December 31, 2019.

B. Management's annual report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting has been designed to provide reasonable assurance with respect to the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with IFRS. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

As of the date of this filing, we have in place controls and procedures to maintain appropriate segregation of duties in our manual and computer-based business processes that we believe are appropriate for a company of our size and extent of business transactions. Under the supervision and with the participation of the CEO and CFO, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making their assessment, management used the control objectives established in the 2013 Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework. Based upon that assessment and those criteria, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2019.

C. Attestation report of registered public accounting firm

This Annual Report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which permits us to provide only management's report in this Annual Report; the Dodd-Frank Act permits a "non-accelerated filer" to provide only management's report on internal control over financial reporting in an Annual Report and omit an attestation report of the issuer's registered public accounting firm regarding management's report on internal control over financial reporting and (ii) as we qualify as an "emerging growth company" under section 3(a) of the Exchange Act (as amended by the JOBS Act, enacted on April 5, 2012), and are therefore exempt from the attestation requirement.

D. *Changes in internal controls over financial reporting.*

There were no changes in the Company's internal controls over financial reporting identified in connection with the evaluation required by paragraph (d) of 17 CFR 240.13a-15 or 240.15d-15 that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting.

ITEM 16A - AUDIT COMMITTEE FINANCIAL EXPERT

Caledonia's board of directors has determined, as of March 30, 2020, that the three members of its Audit Committee are considered independent as defined under Canadian National Instrument 52-110 and as defined pursuant to Section 803 of the NYSE American LLC Company Guide (as such definition may be modified or supplemented) and considered to be financially literate as such terms are defined under Canadian National Instrument 52-110, and one of the members can be considered to be a financial expert as defined in Item 407(d)(5) of Regulation S-K under the Exchange Act. The financial expert serving on the Audit Committee is Mr. J. Holtzhausen, whose experience is disclosed in this Annual Report under Item 6.A "Directors and Senior Management". Messrs. J. Holtzhausen, J. Kelly and J. McGloin are all independent directors under the applicable rules.

The SEC has indicated that the designation of an audit committee financial expert does not make that person an "expert" for any purpose, impose any duties, obligations, or liability on that person that are greater than those imposed on members of the Audit Committee and board of directors who do not carry this designation, or affect the duties, obligations, or liabilities of any other member of the Audit Committee.

ITEM 16B - CODE OF ETHICS

On November 8, 2016 the registrant's board of directors approved in principle, and the Company formally adopted on March 7, 2017, a revised code of business conduct, ethics and anti-bribery policy that applies to the registrant's directors, CEO, CFO, principal accounting officer or controller, or persons performing similar functions, and all other employees and contractors. The code was further revised and the most recent updated version was adopted on August 7, 2018.

The text of this code is available on the Company's website (www.caledoniamining.com/index.php/aboutus/corporate-governance).

The Company has not granted any waiver from the Code of Ethics to the CEO, CFO, principal accounting officer or controller, or persons performing similar functions during the fiscal year 2019.

ITEM 16C - PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees billed by our external auditors, unless stated otherwise, for the years indicated:

	(1)(2)2019	(1)(3)2018
Audit fees	176,415	157,849
Audit – related fees	-	-
Tax fees	-	-
All other fees	1,542	19,598
TOTAL	177,957	177,447

Notes:

- (1) Prior to the start of the audit process, Caledonia's Audit Committee receives an estimate of the costs from its auditors and reviews such costs for their reasonableness. After their review and pre-approval of the fees, the Audit Committee recommends to the board of directors whether to accept the estimated audit fees given by the auditors.
- (2) Represents fees billed by BDO South Africa Incorporated
- (3) Represents fees billed by KPMG Inc.

ITEM 16D - EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E - PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F - CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

In 2018, the Audit Committee of the board of directors of the Company conducted a review of the Company's audit requirements and, as a result of the review, the Audit Committee determined not to propose the reappointment of KPMG Inc. ("KPMG") as the Company's auditor at the annual general meeting ("AGM") of the shareholders of the Company during 2018 ("2018 AGM") and to propose BDO South Africa Incorporated ("BDO") (formerly Grant Thornton Johannesburg Partnership) as the Company's auditor until the next annual general meeting of shareholders.

On May 8, 2018, the board of directors of the Company approved the recommendation of the Audit Committee, and a resolution to appoint BDO as the Company's auditor was proposed to be put to the shareholders at the 2018 AGM.

At the conclusion of the 2018 AGM held on June 27, 2018, KPMG was not re-appointed as the auditor of the Company. At the 2018 AGM and at the 2019 AGM held on May 8, 2019, the appointment and reappointment, respectively, of BDO as the auditor of the Company for the ensuing fiscal year was approved unanimously by way of a show of hands.

The report issued by KPMG for the year ended December 31, 2017 did not contain an adverse opinion nor a disclaimer opinion nor was qualified nor modified as to uncertainty, audit scope or accounting principles.

There have been no disagreements with KPMG or BDO on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedures applied.

The disclosure required pursuant to this Item 16F was included in the Company's Current Report on Form 6-K filed with the SEC on May 18, 2018, including Exhibits 99.1, 99.2 and 99.3, which are hereby incorporated by reference into this Annual Report.

ITEM 16G - CORPORATE GOVERNANCE

Because our securities are listed on NYSE American, being a national securities exchange in the United States, we are subject to the corporate governance requirements set out in the NYSE American LLC Company Guide. We are also subject to a variety of corporate governance guidelines and requirements enacted by the jurisdictions and exchanges in which we operate our business and on which our securities are traded. We incorporate a mix of corporate governance best practices to ensure that our corporate governance complies in all material respects with the requirements of the jurisdictions in which we operate and the exchanges on which our securities are traded.

Section 110 of the NYSE American Company Guide permits NYSE American to consider the laws, customs and practices of foreign issuers, and to grant exemptions from NYSE American listing criteria based on these considerations. A company seeking relief under these provisions is required to provide a written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to NYSE American standards is as follows:

Shareholder Meeting Quorum Requirement: the NYSE American Company Guide specifies a quorum requirement of at least 33-1/3% of the shares issued and outstanding and entitled to vote for meetings of a listed company's shareholders. The Company's quorum requirements for shareholder meetings, as set forth in the Articles, are two members entitled to vote at the meeting present in person or by proxy together holding or representing by proxy not less than five percent of the issued shares of the Company. The Company's quorum requirement as set forth in the Articles is not prohibited by, and does not contravene, the Companies Law.

Proxy Delivery Requirement: the NYSE American requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings and requires that these proxies be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Company complies with the applicable rules and regulations in Jersey.

In addition, the Company may from time-to-time seek relief from NYSE American corporate governance requirements on specific transactions under Section 110 of the NYSE American Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by our home country law, in which case, the Company shall make the disclosure of such transactions available on its website at <http://www.caledoniamining.com>. Information contained on the Company's website is not part of this Form 20-F.

ITEM 16H - MINE SAFETY DISCLOSURE

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities with respect to mining operations and properties in the United States that are subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). During the year ended December 31, 2019, the Company had no mines in the United States that were subject to regulation by the MSHA under the Mine Act.

PART III

ITEM 17 - FINANCIAL STATEMENTS

See Item 18.

ITEM 18 - FINANCIAL STATEMENTS

The Consolidated Financial Statements and schedules appear on pages F-1 through F-75 of this Annual Report and are incorporated herein by reference. Our audited financial statements as prepared by our management and approved by the board of directors include:

[Consolidated Statements of Profit or Loss and Other Comprehensive Income](#)
[Consolidated Statements of Financial Position](#)
[Consolidated Statements of Changes in Equity](#)
[Consolidated Statements of Cash Flows](#)
[Notes to the Consolidated Financial Statements](#)

All the above statements are available on the Company's website at www.caledoniamining.com or under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com

ITEM 19 – EXHIBITS

Financial Statements

Description	Page
Financial Statements and Notes	F1- F75

Exhibit List

Exhibit No.	Name
1.1	Articles of Association (incorporated herein by reference to Exhibit 1.1 to the Registrant's Annual Report on Form 20-F filed with the SEC on March 31, 2016)
2.1	Description of Registered Securities
4.1	OEICP (revised 2015) (incorporated herein by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 20-F filed with the SEC on March 31, 2015)
4.2	Employment contracts/executive employment agreements (incorporated herein by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 20-F filed with the SEC on March 31, 2017)
4.3	Share Subscription Agreements – Blanket Mine (incorporated herein by reference to Exhibit 15.4 to the Registrant's Annual Report on Form 20-F filed with the SEC on March 31, 2015)
4.4	Addendum to share subscription agreements – FREMIRO, GCSOT, NIEEF, BETS (incorporated herein by reference to Exhibit 4.4 of the Registrant's Annual Report on Form 20-F filed with the SEC on April 2, 2018)
4.5	Share Purchase Agreement by and between the Company and Fremiro, dated November 6, 2018 (incorporated herein by reference to Exhibit 4.5 of the Registrant's Annual Report on Form 20-F filed with the SEC on March 28, 2019)
4.6	January 11, 2019 PSU award agreement and addendum example (incorporated herein by reference as Exhibit 4.6 of the Registrant's Annual Report on Form 20-F filed with the SEC on March 28, 2019)
4.7	January 19, 2020 RSU and PSU award agreement example
4.8	Eersteling sale agreements (incorporated herein by reference to Exhibit 4.7 of the registrant's Annual Report on Form 20-F filed with the SEC on March 28, 2019)
4.9	Mining Lease
8.1	List of Caledonia Mining Corporation Plc group entities
12.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit No.	Name
13.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Property and Claims Information of Blanket Mine (incorporated herein by reference to Exhibit 15.2 of the Registrant's Annual Report on Form 20-F filed with the SEC on March 31, 2015)
15.2	Notice of Change of Auditor (incorporated herein by reference to Exhibit 99.1 of the Registrant's Form 6-K filed with the SEC on May 18, 2018)
15.3	Letter from BDO South Africa Incorporated (formerly Grant Thornton Johannesburg Partnership) (incorporated herein by reference to Exhibit 99.2 of the Registrant's Form 6-K filed with the SEC on May 18, 2018)
15.4	Letter from KPMG Inc. (incorporated herein by reference to Exhibit 99.3 of the Registrant's Form 6-K filed with the SEC on March 18, 2018)
15.5	Consent of BDO South Africa Incorporated
15.6	Consent of KPMG Inc.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

Caledonia Mining Corporation Plc

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Caledonia Mining Corporation Plc
St Helier, Jersey Channel Islands

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Caledonia Mining Corporation Plc (the “Group”) as of December 31, 2019 and 2018, the related consolidated statements of profit and loss and other comprehensive income, stockholders’ equity, and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on the Group’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

[s] BDO South Africa Inc.

We have served as the Group's auditor since year 2018.

Chartered Accountants (SA)
Registered Auditors
Wanderers Office Park
52 Corlett Drive
Illovo, 2196
March 30, 2020

Caledonia Mining Corporation Plc

To the Shareholders and Board of Directors Caledonia Mining Corporation Plc

Opinion on the Consolidated Financial Statements

We have audited, before the effects of the adjustments to retrospectively apply the changes in accounting described in notes 4 (c) and (d), the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows of Caledonia Mining Corporation Plc (the Company) for the year ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). The 2017 consolidated financial statements before the effects of the adjustments described in notes 4 (c) and (d) are not presented herein. In our opinion, the consolidated financial statements, before the effects of the adjustments to retrospectively apply the changes in accounting described in notes 4 (c) and (d), present fairly, in all material respects, the financial performance of the Company and its cash flows for the year ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the changes in accounting described in notes 4 (c) and (d) and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by other auditors.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

We served as the Company's auditor from 2013 to 2017.

[s] KPMG Inc

85 Empire Road
Parktown
Johannesburg
South Africa
March 29, 2018

Caledonia Mining Corporation Plc

Consolidated statements of profit or loss and other comprehensive income

(In thousands of United States Dollars, unless indicated otherwise)

For the years ended December 31

	Notes	2019	*2018	*2017
Revenue		75,826	68,399	69,762
Less: Royalties		(3,854)	(3,426)	(3,498)
Production costs	9	(36,400)	(39,315)	(36,180)
Depreciation	18	(4,434)	(4,071)	(3,763)
Gross profit		31,138	21,587	26,321
Other income	10	2,274	7,101	2,594
Other expenses		(666)	(336)	(14)
Impairment loss on trade receivables	11	-	-	(181)
Administrative expenses	14	(5,637)	(6,465)	(5,911)
Cash-settled share-based expense	27.1	(689)	(315)	(976)
Equity-settled share-based expense	27.2	-	(14)	(835)
Net foreign exchange gain/(loss)	12	29,661	223	(380)
Profit on sale of subsidiary	22.1	5,409	-	-
Gold hedge expense	16	(601)	(360)	-
Operating profit		60,889	21,421	20,618
Finance income	15	146	53	38
Finance cost	15	(344)	(273)	(69)
Profit before tax		60,691	21,201	20,587
Tax expense	17	(10,290)	(7,445)	(8,691)
Profit for the year		50,401	13,756	11,896
Other comprehensive income				
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences of foreign operations		49	(676)	373
Reversal of foreign currency translation differences on disposal of subsidiary	22.1	(2,109)	-	-
Total comprehensive income for the year		48,341	13,080	12,269

* The Group initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There was no cumulative effect of initially applying IFRS 16 to recognise in retained earnings at the date of initial application.

Caledonia Mining Corporation Plc

Consolidated statements of profit or loss and other comprehensive income (continued)

(In thousands of United States Dollars, unless indicated otherwise)

For the years ended December 31

	<i>Notes</i>	2019	*2018	*2017
Profit attributable to:				
Owners of the Company		42,018	10,766	9,384
Non-controlling interests		8,383	2,990	2,512
Profit for the year		50,401	13,756	11,896
Total comprehensive income attributable to:				
Owners of the Company		39,958	10,090	9,757
Non-controlling interests		8,383	2,990	2,512
Total comprehensive income for the year		48,341	13,080	12,269
Earnings per share				
Basic earnings - per share (\$)	25	3.82	0.99	0.86
Diluted earnings per share (\$)	25	3.81	0.99	0.86

* The Group initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There was no cumulative effect of initially applying IFRS 16 to recognise in retained earnings at the date of initial application.

The accompanying notes on page F-8 to F-74 are an integral part of these consolidated financial statements.

Signed on behalf of the Board: "S.R. Curtis"- Chief Executive Officer and "J.M. Learmonth"- Chief Financial Officer.

Caledonia Mining Corporation Plc

Consolidated statements of financial position

(In thousands of United States Dollars, unless indicated otherwise)

	Notes	2019	*2018
<i>As at 31 December</i>			
Assets			
Property, plant and equipment	18	113,651	97,427
Deferred tax asset	17	63	98
Total non-current assets		113,714	97,525
Inventories	19	11,092	9,427
Prepayments		2,350	866
Trade and other receivables	20	6,912	6,392
Cash and cash equivalents	21	9,383	11,187
Gold hedge	16	102	-
		29,839	27,872
Assets held for sale	22.2	-	296
Total current assets		29,839	28,168
Total assets		143,553	125,693
Equity and liabilities			
Share capital	23	56,065	55,102
Reserves	24	140,730	142,790
Retained loss		(88,380)	(127,429)
Equity attributable to shareholders		108,415	70,463
Non-controlling interests	37	16,302	8,345
Total equity		124,717	78,808
Liabilities			
Provisions	26	3,346	3,309
Deferred tax liability	17	3,129	23,328
Loans and borrowings - long-term portion	28	1,942	5,960
Cash-settled share-based payments	27.1	540	2,090
Total non-current liabilities		8,957	34,687
Loans and borrowings - short-term portion	28	529	-
Trade and other payables	29	8,697	10,051
Income tax payable	17	163	1,538
Overdraft	21	490	-
		9,350	11,589
Liabilities associated with assets held for sale	22.2	-	609
Total current liabilities		9,350	12,198
Total liabilities		18,836	46,885
Total equity and liabilities		143,553	125,693

The accompanying notes on page F-8 to F-74 are an integral part of these consolidated financial statements.

* The Group initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There was no cumulative effect of initially applying IFRS 16 to recognise in retained earnings at the date of initial application.

Caledonia Mining Corporation Plc

Consolidated statements of changes in equity

(In thousands of United States Dollars, unless indicated otherwise)

		Share capital	Foreign Currency Translation Reserve	Contributed Surplus	Equity- settled Share- based payment reserve	Retained Loss	Equity attributable to shareholders	Non- controlling interests ("NCI")	Total Equity
	<i>Notes</i>								
Balance at January, 2017*		55,002	(6,258)	132,591	16,041	(141,767)	55,609	3,708	59,317
Transactions with owners:									
Equity-settled share-based expense transactions	27.2	-	-	-	705	-	705	130	835
Shares issued – Option exercises	23	246	-	-	-	-	246	-	246
Shares repurchased	23	(146)	-	-	-	-	(146)	-	(146)
Dividends paid		-	-	-	-	(2,904)	(2,904)	(406)	(3,310)
Total comprehensive income:									
Profit for the year		-	-	-	-	9,384	9,384	2,512	11,896
Other comprehensive income for the year		-	373	-	-	-	373	-	373
Balance at December 31, 2017*		55,102	(5,885)	132,591	16,746	(135,287)	63,267	5,944	69,211
Transactions with owners:									
Equity-settled share-based expense transactions	27.2	-	-	-	14	-	14	-	14
Dividends paid		-	-	-	-	(2,908)	(2,908)	(589)	(3,497)
Total comprehensive income:									
Profit for the year		-	-	-	-	10,766	10,766	2,990	13,756
Other comprehensive income for the year		-	(676)	-	-	-	(676)	-	(676)
Balance at December, 2018*		55,102	(6,561)	132,591	16,760	(127,429)	70,463	8,345	78,808
Transactions with owners:									
Equity-settled share-based expense transactions									
Dividends paid		-	-	-	-	(2,969)	(2,969)	(426)	(3,395)
Shares issued – Share based payments	27.1 (a)	963	-	-	-	-	963	-	963
Total comprehensive income:									
Profit for the year		-	-	-	-	42,018	42,018	8,383	50,401
Other comprehensive income for the year		-	(2,060)	-	-	-	(2,060)	-	(2,060)
Balance at December, 2019		56,065	(8,621)	132,591	16,760	(88,380)	108,415	16,302	124,717
<i>Notes</i>		23	24	24	24			37	

The accompanying notes on page F-8 to F-74 are an integral part of these consolidated financial statements.

* The Group initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There was no cumulative effect of initially applying IFRS 16 to recognise in retained earnings at the date of initial application.

Caledonia Mining Corporation Plc

Consolidated Statements of cash flows

For the years ended December 31

(In thousands of United States Dollars, unless indicated otherwise)

	<i>Note</i>	2019	*2018	*2017
Cash flows from operating activities	<i>30</i>	23,885	21,119	28,885
Interest received		146	53	38
Interest paid		(454)	(161)	(199)
Tax paid	<i>17</i>	(5,517)	(3,344)	(4,212)
Net cash from operating activities		18,060	17,667	24,512
Cash flows from investing activities				
Acquisition of property, plant and equipment		(20,024)	(20,192)	(21,639)
Proceeds on sale of subsidiary	<i>22.1</i>	1,000	-	-
Net cash used in investing activities		(19,024)	(20,192)	(21,639)
Cash flows from financing activities				
Dividends paid		(3,395)	(3,497)	(3,310)
Term loan repayments	<i>28</i>	-	(1,500)	(1,500)
Term loan proceeds	<i>28</i>	2,340	6,000	-
Term loan transaction costs	<i>28</i>	(46)	(60)	-
Payment of lease liabilities	<i>13</i>	(124)	-	-
Proceeds from issue of share capital		-	-	246
Share repurchase cost		-	-	(146)
Net cash (used in)/from financing activities		(1,225)	943	(4,710)
Net decrease in cash and cash equivalents		(2,189)	(1,582)	(1,837)
Effect of exchange rate fluctuation on cash held		(105)	13	258
Cash and cash equivalents at beginning of year		11,187	12,756	14,335
Net cash and cash equivalents at year end	<i>21</i>	8,893	11,187	12,756

The accompanying notes on page F-8 to F-74 are an integral part of these consolidated financial statements.

* The Group initially applied IFRS 16 on January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There was no cumulative effect of initially applying IFRS 16 to recognise in retained earnings at the date of initial application.

1 Reporting entity

Caledonia Mining Corporation Plc (the “Company”) is a company domiciled in Jersey, Channel Islands. The address of the Company’s registered office is B006 Millais House, Castle Quay, St Helier, Jersey, Channel Islands. These consolidated financial statements of the Company and its subsidiaries (the “Group”) comprise the consolidated statements of financial position as at December 31, 2019 and 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for each of the years ended December 31, 2019, 2018 and 2017, notes, significant accounting policies and other explanatory information. The Group is primarily involved in the operation of a gold mine and the exploration and development of mineral properties for precious metals.

Caledonia’s shares are listed on the NYSE American stock exchange (symbol - “CMCL”) and on the Toronto Stock Exchange (symbol - “CAL”). Depository interests in Caledonia’s shares are admitted to trading on AIM of the London Stock Exchange plc (symbol - “CMCL”).

2 Basis for preparation

i) Statement of compliance

The consolidated financial statements have been prepared on a going concern basis, in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The consolidated financial statements were authorised for issue by the Board of Directors on March 17, 2020.

ii) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for:

- cash-settled share-based payment arrangements measured at fair value on grant and re-measurement dates;
- derivative financial instruments measured at fair value; and
- equity-settled share-based payment arrangements measured at fair value on grant date.

iii) Functional currency

These consolidated financial statements are presented in United States dollars (“\$” or “US Dollar”), which is also the functional currency of the Company. All financial information presented in United States dollars have been rounded to the nearest thousand, unless indicated otherwise.

3 Use of accounting assumptions, estimates and judgements

In preparing these consolidated financial statements, management has made accounting assumptions, estimates and judgements that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates are recognised prospectively.

(a) Assumptions and estimation uncertainties

i) Depreciation of Property, plant and equipment

Depreciation on mine development, infrastructure and other assets in the production phase is computed on the units-of-production method over the life-of-mine based on the estimated quantities of reserves (proven and probable) and resources (measured, indicated and inferred), which are planned to be extracted in the future from known mineral deposits. Where items have a shorter useful life than the life-of-mine, the mine development, infrastructure and other assets are depreciated over their useful life. Confidence in the existence, commercial viability and economical recovery of reserves and resources included in the life-of-mine may be based on historical experience and available geological information. This is in addition to the drilling results obtained by the Group and management's knowledge of the geological setting of the surrounding areas, which would enable simulations and extrapolations to be done with a sufficient degree of accuracy. In instances where management is able to demonstrate the economic recovery of resources with a high level of confidence, such additional resources, are included in the calculation of depreciation.

Other items of property, plant and equipment are depreciated as described in note 5(f)(iv) *Useful lives*.

ii) Mineral reserves and resources

Mineral reserves and resources are estimates of the amount of product that can be economically and legally extracted. In order to calculate the reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity prices and exchange rates. Estimating the quantity and grade of mineral reserves and resources requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological assumptions and calculations to interpret the data. Estimates of mineral reserves and resources may change due to the change in economic assumptions used to estimate mineral reserves and resources and due to additional geological data becoming available during the course of operations.

The Group estimates its reserves (proven and probable) and resources (measured, indicated and inferred) based on information compiled by a Qualified Person in terms of the Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") relating to geological and technical data of the size, depth,

3 Use of accounting assumptions, estimates and judgements (continued)

(a) Assumptions and estimation uncertainties (continued)

ii) Mineral reserves and resources (continued)

shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires geological and engineering assumptions to interpret the data. These assumptions include:

- correlation between drill-holes intersections where multiple reefs are intersected;
- continuity of mineralisation between drill-hole intersections within recognised reefs; and
- appropriateness of the planned mining methods.

The Group estimates and reports reserves and resources in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) - CIM Definition Standards for Mineral Resources and Mineral Reserves. Complying with the CIM code, NI 43-101 requires the use of reasonable assumptions to calculate the recoverable resources. These assumptions include:

- the gold price based on current market price and the Group’s assessment of future prices;
- estimated future on-mine costs, sustaining and non-sustaining capital expenditures;
- cut-off grade;
- dimensions and extent, determined both from drilling and mine development, of ore bodies; and
- planned future production from measured, indicated and inferred resources.

Changes in reported reserves and resources may affect the Group’s financial results and position in a number of ways, including the following:

- asset carrying values may be affected due to changes in the estimated cash flows;
- depreciation and amortisation charges to profit or loss may change as these are calculated on the unit-of-production method or where useful lives of an asset change; and
- decommissioning, site restoration and environmental provisions and resources which may affect expectations about the timing or cost of these activities.

iii) Blanket mine’s indigenisation transaction

The initial indigenisation transaction and modifications to the indigenisation transaction of Blanket Mine (1983) (Private) Limited (“Blanket Mine”) required management to make significant assumptions and estimates which are explained in note 6.

3 Use of accounting assumptions, estimates and judgements (continued)

(a) Assumptions and estimation uncertainties (continued)

iv) Site restoration provision

The site restoration provision has been calculated for the Blanket Mine based on an independent analysis of the rehabilitation costs as performed in 2018. Assumptions and estimates are made when determining the inflationary effect on current restoration costs and the discount rate to be applied in arriving at the present value of the provision where the time value of money effect is significant. Assumptions, based on the current economic environment, have been made that management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to the provision from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation. The final cost of the currently recognised site rehabilitation provision may be higher or lower than currently provided for (refer to note 26).

v) Exploration and evaluation (“E&E”) assets

The Group also makes assumptions and estimates regarding the possible impairment of E&E assets by evaluating whether it is likely that future economic benefits will flow to the Group, which may be based on assumptions about future events or circumstances. Assumptions and estimates made may change if new information becomes available. If information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalised is written off in profit or loss in the period the new information becomes available. The recoverability of the carrying amount of exploration and evaluation assets depends on the availability of sufficient funding to bring the properties into commercial production, the price of the products to be recovered and the undertaking of profitable mining operations. As a result of these uncertainties, the actual amount recovered may vary significantly from the carrying amount.

vi) Taxes

Significant assumptions and estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. In 2019 the Zimbabwe Revenue Authority (“ZIMRA”) issued Public Notice 26 (“PN26”) effective from February 22, 2019. PN26 provided clarity on the interpretation of Section 4 (a) of the Finance Act [Chapter 23:04] of Zimbabwe, that requires a company earning taxable income to pay tax in the same or other specified currency that the income is earned. PN 26 clarifies that the calculation of taxable income be expressed in RTGS\$ and that the payment of the tax payable, determined in RTGS\$, be paid in the ratio of turnover earned. The application of PN26 resulted in a significant reduction in the deferred tax liability at December 31, 2019 and the Group recorded the best estimate of the tax liability. The clarification of PN26 was applied prospectively and had no impact on comparative amounts.

3 Use of accounting assumptions, estimates and judgements (continued)

(a) Assumptions and estimation uncertainties (continued)

vi) Taxes (continued)

The tax liability of the Group includes interest and penalties in its provision. Management believes they have adequately provided for the probable outcome of tax related matters; however, the final outcome or future outcomes anticipated in the calculation of the tax liabilities may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Group makes assumptions and estimates in recognising deferred tax assets relating to tax losses carried forward to the extent that there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses may be utilised or sufficient estimated taxable income against which the losses can be utilised.

vii) Share-based payment transactions

Equity-settled share-based payment arrangements

The Group measures the cost of equity-settled share-based payment transactions with employees, directors and Blanket's indigenous shareholders (refer notes 6 and 27.2) by reference to the fair value of the equity instruments on the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the appropriate valuation model and considering the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield. Additional information about significant assumptions and estimates for estimating fair value for share-based payment transactions are disclosed in note 27.2. Where the Company granted the counterparty to a share-based payment award the choice of settlement in cash or shares the equity component is measured as the difference between the fair value of the goods and services and the fair value of the cash-settled share-based payment liability at the date when the goods and services are received at measurement date. For transactions with employees the equity component is zero.

Option pricing models require the input of assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a reliable single measure of the fair value of the Group's share options.

Cash-settled share-based payment arrangements

The fair value of the amount payable to employees in respect of share-based awards which will be settled in cash is recognised as an expense with a corresponding increase in liabilities over the period over which the employee becomes unconditionally entitled to payment. The liability is re-measured at each reporting date. Any change in the fair value of the liability is recognised in profit or loss.

Additional information about significant assumptions and estimates used to determine the fair value of cash settled share-based payment transactions are disclosed in note 27.1.

3 Use of accounting assumptions, estimates and judgements (continued)

(a) Assumptions and estimation uncertainties (continued)

viii) Impairment

Non-financial assets

At each reporting date, the Group determines if impairment indicators exist, and if present, performs an impairment review of the non-financial assets held in the Group. The exercise is subject to various assumptions and estimates.

Non-derivative financial assets

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

(b) Judgements

Judgement is required when assessing whether an entity is controlled by the group or not. Controlled entities are consolidated. Further information is given in notes 5(a) and 6.

Refer to note 5(b)(ii) for judgement applied to determine functional currency of entities in the Group and the interbank rate of exchange to translate the Zimbabwean real time gross settlement, bond notes or bond coins ("RTGSS").

4 Change in significant accounting policies

A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the Group's financial statements. 4(a) and (b) were initially applied in fiscal 2019. 4(c) and (d) were initially applied in fiscal 2018.

(a) IFRS 16 - Leases

The Group initially applied IFRS 16 Leases from January 1, 2019. A number of other new standards are also effective from January 1, 2019 but they do not have a material effect on the Group's financial statements. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application has to be recognised in retained earnings at January 1, 2019, although the adoption of IFRS 16 had no significant effect on the Group's retained earnings at initial recognition. Accordingly, the comparative information presented for 2018 and 2017 are not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the change in the accounting policy is disclosed below. Additionally, the disclosure requirements in IFRS 16 have not been applied to comparative information.

4 Change in significant accounting policies (continued)
(a) IFRS 16 - Leases (continued)

As a lessee, the Group leases property for its administrative offices in Jersey, Channel Islands and in Johannesburg, South Africa. The Group previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right of use assets and lease liabilities for these leases – i.e. these leases are on-balance sheet.

i) Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rates as at January 1, 2019, of 4% and 10,25% for each of the two leases accounted for at December 31, 2019.

Right of use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right of use assets for impairment on the date of transition and concluded that there were no indications that the right of use assets were impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right of use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right of use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right of use asset at the date of initial application; and
- used hindsight when determining the lease term.

ii) Impact on initial date of transition to IFRS 16

The impact of initial date of transition is summarised below:

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Right of use assets (cost) – Property, plant and equipment (note 18)	410
Right of use assets (accumulated depreciation) – Property, plant and equipment (note 18)	(146)
Lease liabilities – Trade and other payables	264

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied ranged between 4% and 10,25%.

4 Change in significant accounting policies (continued)
(b) IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Interpretation requires:

- The Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirements in IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on January 1, 2019 and required no adjustment to the amounts in the financial statements.

(c) IFRS 9 – Financial instruments

The Group adopted IFRS 9 on January 1, 2018. The limited retrospective approach followed in the adoption of IFRS 9 did not have a significant effect on the Group's financial assets and liabilities.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 - Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. Previously, the Group's approach was to include the impairment of the royalty rebate in other expenses. Consequently, the Group reclassified impairment losses amounting to \$181, recognised under IAS 39, from other expenses to impairment loss on trade receivables in the statement of profit or loss and other comprehensive income for the year ended December 31, 2017.

(d) IFRS 15 – Revenue from contracts with customers

The Group has adopted IFRS 15 on January 1, 2018. The Group's revenue arrangements consist of a single performance obligation to transfer promised goods. As a result, the Group did not identify any material differences in the amount and timing of revenue recognition for its revenue. Accordingly, the Group did not record any transition adjustment upon adoption of the new guidance. Under the new standard, substantially all of the Group's revenue is recognised when the goods are delivered to Fidelity Printers and Refiners Limited.

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 - Revenue, IAS 11 - Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed in notes 4(a), 5(c) and 5(d).

(a) Basis of consolidation

i) Subsidiaries and structured entities

Subsidiaries and certain structured entities are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variability in returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

ii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interests ("NCI") and other components of equity. Any gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

iii) Non-controlling interests

NCI are measured at their proportionate share of the carrying amounts of the acquiree's identifiable net assets at fair value at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iv) Transactions eliminated on consolidation heading and par outstanding

(b) Foreign currency

i) Foreign operations

As stated in note 2(iii) the presentation currency of the Group is the United States Dollar. The functional currency of the Company and all its subsidiaries is the United States Dollar except for the South African subsidiary that uses the South African Rand ("ZAR") as its functional currency. Subsidiary financial statements have been translated to the presentation currency as follows:

- assets and liabilities are translated using the exchange rate at period end; and
- income, expenses and cash flow items are translated using the rate that approximates the exchange rates at the dates of the transactions.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognised in Other Comprehensive Income ("OCI").

If settlement is planned or likely in the foreseeable future, foreign exchange gains and losses are included in profit or loss. When settlement occurs, settlement will not be regarded as a partial disposal and accordingly the foreign exchange gain or loss previously recognised in OCI is not reclassified to profit or loss/reallocated to NCI.

5 Significant accounting policies (continued)

(b) Foreign currency (continued)

i) Foreign operations (continued)

When the Group disposes of its entire interest in a foreign operation, or loses control over a foreign operation, the foreign currency gains or losses accumulated in OCI related to the foreign operation are reclassified to profit or loss. If the Group disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in OCI related to the subsidiary are reattributed between controlling and non-controlling interests.

All resulting translation differences are reported in OCI and accumulated in the foreign currency translation reserve.

ii) Foreign currency translation

In preparing the financial statements of the Group entities, transactions in currencies other than the functional currency (foreign currencies) of these Group entities are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities are translated using the current foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in profit or loss for the year.

From October 1, 2018 the RBZ pegged the RTG\$ at 1:1 to the US Dollar and on February 20, 2019 issued a further monetary policy statement, which allowed inter-bank trading between RTG\$ and foreign currency. The interbank rate was introduced at 2.5 RTG\$ to 1 US Dollar and traded at 16.77 RTG\$ to 1 US Dollar as at December 31, 2019. On June 24, 2019 the Government issued SI 142 which stated “Zimbabwe dollar (RTG\$) to be the sole currency for legal tender purposes for any transactions in Zimbabwe”.

Further, the Reserve Bank of Zimbabwe (“RBZ”) issued a directive to Zimbabwean banks to separate foreign currency (“Foreign currency”) and RTG\$ for bank accounts held by clients on October 1, 2018. Subsequent to the directive the RBZ announced that 30% of Blanket Mine’s gold proceeds will be received in Foreign currency (i.e. United States dollars) and the remainder received as RTG\$. From November 12, 2018 the RBZ increased the Foreign currency allocation from 30% to 55% with the remainder received as RTG\$. The allocation percentages remained in effect up to the date of approval of these financial statements.

In applying IAS 21, management determined that the US Dollar remained the primary currency in which the Group’s Zimbabwean entities operate, as:

- the majority of revenue is received in US Dollar;
- the gold price receivable was calculated in US Dollar;
- the majority of costs are calculated by reference to the US Dollar if denominated in RTG\$ or is paid in US Dollar; and
- income tax liabilities calculated in RTG\$ are settled predominantly in US Dollar.

The application of IAS 21, the advent of SI 142 and the devaluation of the RTG\$ against the US Dollar had a significant impact on the US Dollar value of RTG\$ denominated Zimbabwean monetary assets and liabilities consolidated, as part of the Group. Monetary items mostly affected include, monetary liabilities such as income and deferred tax liabilities, loans and borrowings, trade and other payables and to a lesser extent monetary assets such as cash held in RTG\$.

5 Significant accounting policies (continued)

(c) Leases

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5 Significant accounting policies (continued)

(c) Leases (continued)

Policy applicable before January 1, 2019

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(d) Financial instruments

i) Non-derivative financial assets

Policy applicable from January 1, 2018

Recognition and initial measurement

The Group holds only financial assets measured at amortised cost and at fair value through profit or loss. Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

5 Significant accounting policies (continued)
(d) Financial instruments (continued)
i) Non-derivative financial assets (continued)

Classification and subsequent measurement

On initial recognition, a financial asset is classified as and measured at amortised cost or at fair value through profit or loss. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Group not classified as and measured at amortised cost are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, that otherwise meets the requirements to be measured at amortised cost, to fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses are recognised in profit or loss. Financial assets classified as and measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Policy applicable before January 1, 2018

Trade receivables were initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less a provision for estimated credit losses. All other financial assets were recognised initially on the trade date at which the Group became a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

5 Significant accounting policies (continued)
(d) Financial instruments (continued)
ii) Non-derivative financial assets (continued)

The Group had the following non-derivative financial assets:

Loans and receivables

Loans and receivables included trade and other receivables. Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses. The impairment loss on receivables was based on a review of all outstanding amounts at year end. Bad debts were written off during the year in which they were identified. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

ii) Non-derivative financial instruments

Non-derivative financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities consist of bank overdrafts, loans and borrowings and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

iii) Derivative financial instruments

The Group held derivative financial instruments to hedge its gold price exposure. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value. The Group does not hold derivatives that are classified as cash flow hedges, embedded derivatives or hedges that qualify as highly effective. Therefore, all changes in the fair value of derivative instruments are accounted for in profit or loss.

The adoption of IFRS 9 on January 1, 2018 had no impact on this accounting policy.

iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5 Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts are repayable on demand and form an integral part of the Group's cash management process. The bank overdraft is included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue, consolidation and repurchase of fractional items of shares and share options are recognised as a deduction from equity, net of any tax effects.

(g) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

ii) Exploration and evaluation assets

Exploration costs are capitalised as incurred, unless the exploration costs are related to speculative drilling on unestablished orebodies, general administrative or overhead costs associated with exploration drilling. The costs related to speculative drilling on unestablished orebodies, general administrative or overhead costs are expensed as incurred. Exploration and evaluation costs capitalised are disclosed under property, plant and equipment. Direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, direct administrative costs and depreciation on plant and equipment during the exploration phase.

Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and moved to the mine development, infrastructure and other asset category within Property, plant and equipment. Capitalised direct costs related to the acquisition, exploration and development of mineral properties remain capitalised until the properties to which they relate are ready for their intended use, sold, abandoned or management has determined there to be impairment. Exploration and evaluation assets are tested for impairment before the assets are transferred to mine development, infrastructure and other assets.

5 Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

iii) Subsequent costs

The cost of replacing a part of an item of Property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

iv) Depreciation

Depreciation is calculated to write off the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. On commencement of commercial production, depreciation of mine development, infrastructure and other assets is calculated on the unit-of-production method using the estimated measured, indicated and inferred resources which are planned to be extracted in terms of Blanket's life-of-mine plan ("LoMP"). Resources that are not included in the LoMP are not included in the calculation of depreciation.

For other categories, depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Inferred resources are included in the LoMP to the extent that there is a successful history of upgrading inferred resources. Blanket reports its resources inclusive of reserves. As a result, resources included in the LoMP and hence in the calculation of depreciation include material from measured, indicated and inferred resource classes as detailed below under the following types of resources:

- Measured resources – all proven reserve blocks plus 50% of the remnant pillar blocks.
- Indicated resources – all probable reserves plus indicated resources which occur within the mine extent as defined by the LoMP infrastructure.
- Inferred resources – inferred resources (discounted by approximately 30%) that are well defined in terms of geometry (position, width, extent) falling within the planned infrastructure as per the LoMP.

In addition, inferred resources are included in the LoMP if it is expected that the inferred resources can be economically recovered in the future. Economic recovery is expected if a history can be proven that the recovered grade of the inferred resources exceeded the pay limit grade and when this trend can be expected in the future and if it is economical to recover inclusive of the cost of the capital requirements to access and extract the gold from the inferred resources. Refer to note 18 for the evaluation of the pay limit.

Land is not depreciated.

The calculation of the units of production rate could be affected to the extent that actual production in the future is different from the current forecast production based on reserves and resources. This would generally result from the extent to which there are significant changes in any of the factors or assumptions used in estimating mineral reserves and resources.

5 Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

iv) Depreciation (continued)

These factors include:

- changes in mineral reserves and resources;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites; and
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates.

Useful lives

The estimated useful lives for the current and comparative periods are as follows:

- buildings 10 to 15 years (2018: 10 to 15 years; 2017: 10 to 15 years);
- plant and equipment 10 years (2018: 10 years; 2017: 10 years);
- fixtures and fittings including computers 4 to 10 years (2018: 4 to 10 years; 2017: 4 to 10 years);
- motor vehicles 4 years (2018: 4 years; 2017: 4 years);
- Right of use assets 3 to 6 years (determined by lease term); and
- mine development, infrastructure and other assets in production, units-of-production method.

Depreciation methods, useful lives and residual values are reviewed each financial year and adjusted if appropriate. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(g) Inventories

Consumable stores are measured at the lower of cost and net realisable value. The cost of consumable stores is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Gold in process is measured at the lower of cost and net realisable value. The cost of gold in process includes an appropriate share of production overheads based on normal operating capacity and is valued on the weighted average cost principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

5 Significant accounting policies (continued)

(h) Impairment

i) Non-derivative financial assets (including receivables)

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on an individual basis as they possess different credit risk characteristics. Trade receivables have been assessed based on the days past due. The expected loss rates are based on the payment profile for gold sales over the past 48 months prior to December 31, of each year reported. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk the impact of these factors has not been considered significant. Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 90 days from lodgement date with Fidelity Printers and Refiners Limited ("Fidelity") and failure to engage with the Group on alternative payment arrangement, amongst others, are considered indicators of no reasonable expectation of recovery.

ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a CGU to which a corporate asset is allocated may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of a CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of assets in the unit (group of units) on a pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been an indication of reversal and a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5 Significant accounting policies (continued)

(h) Impairment

iii) Impairment of exploration and evaluation (“E&E”) assets

The test for impairment of E&E assets, included in Mineral properties not depreciated, can combine several CGUs as long as the combination is not larger than a segment. The definition of a CGU does, however, change once development activities have begun. There are specific impairment triggers for E&E assets. Despite certain relief in respect of impairment triggers and the level of aggregation, the impairment standard is applied in measuring the impairment of E&E assets. Reversals of impairment losses are required in the event that the circumstances that resulted in impairment have changed.

E&E assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. Indicators of impairment include the following:

- The entity's right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further E&E activities in the specific area is neither budgeted nor planned.
- The entity has not discovered commercially viable quantities of mineral resources as a result of E&E activities in the area to date and has decided to discontinue such activities in the specific area.
- Even if development is likely to proceed, the entity has sufficient data indicating that the carrying amount of the asset is unlikely to be recovered in full from successful development or by sale.

(i) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed when the related services are provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

5 Significant accounting policies (continued)

(j) Share-based payment transactions

i) Equity-settled share-based payments to employees and directors

The grant date fair value of equity-settled share-based payment awards granted to employees and directors is recognised as an expense, with a corresponding increase in equity, over the vesting period of the award. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market vesting conditions at the vesting date.

Where the terms and conditions of equity-settled share-based payments are modified, the increase in the fair value, measured immediately before and after the modification date, is charged to profit or loss over the remaining vesting period or immediately for vested awards. Similarly, where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Additional information about significant judgements, estimates and the assumptions used in the quantifying of the equity-settled share-based payment transactions and modification are disclosed in note 27.2.

ii) Cash-settled share-based payments to employees and directors

The grant date fair value of cash-settled awards granted to employees and directors is recognised as an expense, with a corresponding increase in the liability, over the vesting period of the awards. At each reporting date the fair value of the awards is re-measured with a corresponding adjustment to profit or loss. The method of calculating the fair value of the cash-settled share-based payments changed during quarter 1 of 2018 from the intrinsic valuation method to the Black-Scholes method. The Black-Scholes method includes the effect of share volatility in calculating the fair value of the share-based payment awards. The change was applied prospectively and did not have a significant effect on the liability value. Additional information about significant judgements, estimates and the assumptions used to estimate the fair value of cash-settled share-based payment transactions are disclosed in note 27.1.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of money is considered significant. The unwinding of the discount is recognised as finance cost.

5 Significant accounting policies (continued)

(l) Site restoration

The Group recognises liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of these assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalised to mineral properties along with a corresponding increase in the rehabilitation provision in the period incurred. Future rehabilitation costs are discounted using a pre-tax risk-free rate that reflects the time-value of money. The Group's estimates of rehabilitation costs, which are reviewed annually, could change as a result of changes in regulatory requirements, discount rates, effects of inflation and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mineral properties with a corresponding entry to the rehabilitation provision. The cost of on-going current programs to prevent and control pollution is charged against profit or loss as incurred.

(m) Revenue

Revenue from the sale of precious metals is recognised when the metal is accepted at the refinery, control is transferred and when the receipt of proceeds is substantially assured. Revenue is measured at the fair value of the receivable at the date of the transaction.

(n) Government grants

The Company recognises an unconditional government grant related to gold proceeds in profit or loss as other income when the grant becomes receivable. Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received.

(o) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on the rehabilitation provisions, interest on bank overdraft balances, effective interest on leases, loans and borrowings and include commitment costs on overdraft facilities. Finance costs is recognised in profit or loss using the effective interest rate method and excludes borrowing costs capitalised.

5 Significant accounting policies (continued)

(p) Taxes

i) Income tax

Tax expense comprises current and deferred tax. These expenses are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

ii) Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date. Current tax includes withholding tax on management fees and dividends paid between companies within the Group.

iii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is a monetary item measured at the tax rates and in the currency that are expected to be applied when temporary differences reverse. The tax and exchange rates are based on the laws that have been enacted, substantively enacted or the interbank exchange rates that prevail at the reporting date. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(q) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its shares. Basic EPS is calculated by dividing the adjusted profit or loss attributable to shareholders of the Group (see note 25) by the weighted average number of shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding, adjusted for own shares held, for the effects of all dilutive potential shares, which comprise share options granted to employees and directors as well as any dilution in Group earnings originating from dilutive partially recognised non-controlling interests at a subsidiary level.

5 Significant accounting policies (continued)

(r) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred and recognised as finance costs.

(s) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount or fair value less costs to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale property, plant and equipment are no longer amortised or depreciated.

5 Significant accounting policies (continued)

(t) The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the Group:

Standard/Interpretation	Effective date and expected adoption date*
<p><i>IAS 1&8</i></p> <p>The amendment clarifies the definition of material to make it easier to understand and provides guidance on how the definition should be applied. The change in the definition now ensures that the definition is consistent across all IFRS standards and the Conceptual Framework.</p> <ul style="list-style-type: none"> • Old definition (IAS 1): Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements; • New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. <p>The definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors has been removed. The final assessment of the impact of the amendment will be finalised in due course.</p> <p>The Group has completed its assessment of the impact of IAS 1 and 8 and concluded that the new standard will not have a material impact on the consolidated financial statements.</p>	<p>January 1, 2020</p>
<p><i>IFRS 3</i></p> <p>Amendment to IFRS 3 clarifies whether entities acquire a business or a group of assets. The amendments:</p> <ul style="list-style-type: none"> • confirm that a business must include inputs and a process, and clarified that: <ul style="list-style-type: none"> ◦ the process must be substantive; and ◦ the inputs and process must together significantly contribute to creating outputs. • narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and • add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. <p>The Group has completed its assessment of the impact of IFRS 3 and concluded that the new standard will not have a material impact on the consolidated financial statements.</p>	<p>January 1, 2020</p>

5 Significant accounting policies (continued)

(t) The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the Group (continued):

<i>Revised Conceptual Framework for Financial Reporting</i>	<p>The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:</p> <ul style="list-style-type: none"> • New concepts on measurement including factors to be considered when selecting the measurement basis; • New concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income; • New guidance on when assets and liabilities are removed from financial statements; • Updated definitions of an asset and liability; • Updated recognition criteria for including assets and liabilities in financial statements; and • Clarified the concepts of prudence, stewardship, measurement uncertainty and substance over form. <p>The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing amendments to references to the Conceptual Framework in IFRS Standards. The Group has completed its assessment of the impact and concluded that the new standard will not have a material impact on the consolidated financial statements.</p>	January 1, 2020
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* Annual periods ending on or after

6 Blanket Mine Indigenisation Transaction

On February 20, 2012 the Group announced it had signed a Memorandum of Understanding (“MoU”) with the Minister of Youth, Development, Indigenisation and Empowerment of the Government of Zimbabwe pursuant to which the Group agreed that indigenous Zimbabweans would acquire an effective 51% ownership interest in the Zimbabwean company owning the Blanket Mine for a paid transactional value of \$30.09 million. Pursuant to the above, members of the Group entered into agreements with each indigenous shareholder to transfer 51% of the Group’s ownership interest in Blanket Mine whereby it:

- sold a 16% interest to the National Indigenisation and Economic Empowerment Fund (“NIEEF”) for \$11.74 million;
- sold a 15% interest to Fremiro Investments (Private) Limited (“Fremiro”), which is owned by indigenous Zimbabweans, for \$11.01 million;
- sold a 10% interest to Blanket Employee Trust Services (Private) Limited (“BETS”) for the benefit of present and future managers and employees for \$7.34 million. The shares in BETS are held by the Blanket Mine Employee Trust (“Employee Trust”) with Blanket Mine’s employees holding participation units in the Employee Trust; and
- donated a 10% ownership interest to the Gwanda Community Share Ownership Trust (“Community Trust”). In addition, Blanket Mine paid a non-refundable donation of \$1 million to the Community Trust.

The Group facilitated the vendor funding of these transactions which is repaid by way of dividends from Blanket Mine. 80% of dividends declared by Blanket Mine are used to repay such loans and the remaining 20% unconditionally accrues to the respective indigenous shareholders. Following a modification to the interest rate on June 23, 2017, outstanding balances on these facilitation loans attract interest at a rate of the lower of a fixed 7.25% per annum payable quarterly or 80% of the Blanket Mine dividend in the quarter. The timing of the repayment of the loans depends on the future financial performance of Blanket Mine and the extent of future dividends declared by Blanket Mine. The facilitation loans relating to the Group were transferred as dividends in specie intra Group and now the loans and most of the interest thereon is payable to the Company.

On November 5, 2018 the Company and Fremiro entered into a sale agreement for Caledonia to purchase Femiro’s 15% shareholding in Blanket Mine. As at December 31, 2019 the transaction remained subject to, amongst other things, approvals from various Zimbabwean regulatory authorities to be effective. In terms of the sale agreement, the Company planned to issue 727,266 shares at \$7.15 per share to Fremiro for the cancellation of their facilitation loan which stood at \$11,467 as at June 30, 2018 and the purchase of their 15% shareholding in Blanket Mine, increasing the Company’s total shareholding in Blanket Mine to 64%. On January 21, 2020 the Company announced that all regulatory approvals were obtained and the transaction became effective. The Company continues to consolidate Blanket Mine in the consolidated financial statements.

6 Blanket Mine Indigenisation Transaction (continued)

Accounting treatment

The directors of Caledonia Holdings Zimbabwe (Private) Limited (“CHZ”), a wholly owned subsidiary of the Company, performed a re-assessment, using the requirements of IFRS 10: Consolidated Financial Statements (IFRS 10), and concluded that CHZ should continue to consolidate Blanket Mine after the indigenisation and accordingly the subscription agreements with the indigenous shareholders have been accounted for as a transaction with non-controlling interests and as a share based payment transaction.

The subscription agreements, concluded on February 20, 2012, were accounted for as follows:

- Non-controlling interests (“NCI”) were recognised on the portion of shareholding upon which dividends declared by Blanket Mine will accrue unconditionally to equity holders as follows:
 - (a) 20% of the 16% shareholding of NIEEF;
 - (b) 20% of the 15% shareholding of Fremiro; and
 - (c) 100% of the 10% shareholding of the Community Trust.
- This effectively means that NCI is recognised at 16.2% of the net assets of Blanket Mine.
- The remaining 80% of the shareholding of NIEEF and Fremiro is recognised as non-controlling interests to the extent that their attributable share of the net asset value of Blanket Mine exceeds the balance on the facilitation loans including interest. At December 31, 2019 the attributable net asset value did not exceed the balance on the respective loan accounts and thus no additional NCI was recognised.
- The transaction with BETS is accounted for in accordance with IAS 19 *Employee Benefits* (profit sharing arrangement) as the ownership of the shares does not ultimately pass to the employees. The employees are entitled to participate in 20% of the dividends accruing to the 10% shareholding in Blanket Mine if they are employed at the date of such distribution. To the extent that 80% of the attributable dividends exceed the balance on the BETS facilitation loan they will accrue to the employees at the date of such declaration.
- The Employee Trust and BETS are entities effectively controlled and consolidated by Blanket Mine. Accordingly, the shares held by BETS are effectively treated as treasury shares in Blanket Mine and no NCI is recognised.

Amendments to the facilitation and advanced dividend loan agreements

Interest modification

On June 23, 2017, the Group, Blanket Mine and the indigenous shareholders of Blanket Mine reached agreement to change the interest terms of the facilitation and advanced dividend loan agreements. The agreements changed the interest rate from the previously agreed 12-month LIBOR + 10% to the lower of a fixed 7.25% per annum, payable quarterly or 80% of the Blanket Mine dividend in the quarter. The modification was considered beneficial to the indigenous shareholders and gave rise to an equity-settled share-based expense of \$806 on June 23, 2017 when all parties reached agreement to modify the interest charged. It was agreed that the interest change was to be applied to the facilitation and advanced dividend loan balances from January 1, 2017. The assumptions and methodologies used to quantify the equity-settled share-based payment expense relating to the beneficial interest modification are detailed in note 27.2.

6 Blanket Mine Indigenisation Transaction (continued)

Amendments to the facilitation and advanced dividend loan agreements (continued)

Blanket Mine's indigenisation shareholding percentages and facilitation loan balances

\$ 000's	Shareholding	NCI Recognised	NCI subject to facilitation loan	Balance of facilitation loan #	
				Dec, 31, 2019	Dec, 31 2018
NIEEF	16%	3.2%	12.8%	11,877	11,876
Fremiro (refer note 38(b))	15%	3.0%	12.0%	11,458	11,466
Community Trust	10%	10.0%	-	-	-
BETS	10%	-*	-*	7,639	7,644
	51%	16.2%	24.8%	30,974	30,986

The balance on the facilitation loans is reconciled as follows:

Balance at January 1, 2018	31,052
Interest accrued	2,173
Dividends used to repay loans	(2,239)
Balance at December 31, 2018	30,986
Interest accrued	1,609
Dividends used to repay loans	(1,621)
Balance at December 31, 2019	30,974

* The shares held by BETS are effectively treated as treasury shares (see above). The BETS facilitation loan earnings are accounted for under IAS19 *Employee Benefits* as an employee charge under Production cost.

Facilitation loans are accounted for as equity instruments and are accordingly not recognised as loans receivable.

Advance dividends

In anticipation of completion of the underlying subscription agreements, Blanket Mine agreed to advance dividend arrangements with NIEEF and the Community Trust as follows:

Advances made to the Community Trust against their right to receive dividends declared by Blanket Mine on their shareholding as follows:

- a \$2 million payment on or before September 30, 2012;
- a \$1 million payment on or before February 28, 2013; and
- a \$1 million payment on or before April 30, 2013.

6 Blanket Mine Indigenisation Transaction (continued)
Advance dividends (continued)

These advance payments were debited to a loan account bearing interest at a rate at the lower of a fixed 7.25% per annum, payable quarterly or the Blanket Mine dividend in the quarter to the advanced dividend loan holder. The loan is repayable by way of set off future dividends on the Blanket Mine shares owed by the Community Trust. Advances made to NIEEF as an advanced dividend loan before 2013 were settled through Blanket Mine dividend repayments in fiscal 2014.

The advance dividend payments were recognised as distributions to shareholders and they are classified as equity instruments. The loans arising are not recognised as loans receivable, because repayment is by way of uncertain future dividends.

The movement in the advance dividend loan to the Community Trust is reconciled as follows:

	Total
Balance at January 1, 2018	2,604
Interest accrued	174
Dividends used to repay advance dividends	(725)
Balance at December 31, 2018	2,053
Interest accrued	104
Dividends used to repay advance dividends	(525)
Balance at December 31, 2019	1,632

7 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Currency risk (refer note 31)
- Interest rate risk (refer note 31)
- Credit risk (refer note 31)
- Liquidity risk (refer note 31)
- Market risk (refer note 31)

This note and note 31 presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements. The Group is exposed in varying degrees to a variety of financial instrument related risks by virtue of its activities. The overall financial risk management program focuses on preservation of capital, and protecting current and future Group assets and cash flows by reducing exposure to risks posed by the uncertainties and volatilities of financial markets. The Board of Directors has responsibility to ensure that an adequate financial risk management policy is established and to approve the policy. The Group's Audit Committee oversees management's compliance with the Group's

7 Financial risk management (continued)

financial risk management policy. Gold price hedges were entered into to manage the possible effect of gold price fluctuations. The derivative financial instrument was entered into by the Company for economic hedging purposes and not as a speculative investment. The fair value of the Group's financial instruments approximates their carrying value due to the short period to maturity. The types of risk exposure and the way in which such exposures are managed are described below:

(a) Currency risk

The Group is exposed to currency risk on inter-company sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group does not use financial instruments to hedge its exposure to currency risk. To reduce exposure to currency transaction risk, the Group regularly reviews the currency (i.e. RTG\$ or Foreign currency) in which it spends its cash to identify and avoid specific expenditures in currencies that experience inflationary pressures. Further the Group aims to maintain cash and cash equivalents in US Dollar to manage foreign exchange exposure.

(b) Interest rate risk

The Group is exposed to interest rate risk arising from its cash and cash equivalents invested with financial institutions as well as its overdraft facility and term loan. The Group has not entered into interest rate swap agreements and mitigates the interest rate risk by remaining in a positive consolidated net cash position.

(c) Credit risk

Credit risk includes the risk of a financial loss to the Group if a gold sales customer fails to meet its contractual obligation. Gold sales were made to Fidelity in Zimbabwe during the year.

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity risk by ensuring that there is sufficient cash to meet its likely cash requirements, after taking into account cash flows from operations and the Group's holdings of cash and cash equivalents. The Group believes that these sources will be sufficient to cover the anticipated cash requirements. Senior management is also actively involved in the review and approval of planned expenditures by regularly monitoring cash flows from operations and anticipated investing and financing activities.

(e) Market risk

Market risk is the risk that changes in the gold price will affect the group's profitability. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns. Hedges were entered into by the Company for economic hedging purposes to ensure sufficient cash availability for Blanket Mine's capital investment plan, rather than as a speculative investment, refer to note 16 for details on hedge transactions entered into.

8 Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the mining operations and exploration potential of the mineral properties. The Group's capital includes shareholders' equity, comprising issued share capital, reserves, accumulated other comprehensive income, accumulated deficit, bank loans and non-controlling interests.

	2019	2018
Total equity	124,717	78,808

The Group's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to maintain its on-going operations, to provide returns for shareholders and accommodate any rehabilitation provisions and to pursue growth opportunities. As at December 31, 2019, the Group is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy.

9 Production costs

	2019	2018	2017
Salaries and wages	13,905	13,160	13,440
Cash-settled share-based payments (note 27.1(a))	107	43	311
Consumable materials	13,020	12,143	9,916
Electricity costs	6,383	9,313	8,701
Site restoration	-	84	58
Pre-feasibility exploration cost	301	411	410
Safety	525	592	323
On mine administration	2,159	3,569	3,004
Other production cost	-	-	17
	36,400	39,315	36,180

10 Other income

	2019	2018	2017
Government grant – Gold sale export incentive	866	6,482	2,446
Government grant – Gold support price	1,064	-	-
Other	94	39	148
Greenstone Retirement Fund pay-out	250	-	-
Greenstone Provident Fund pay-out	-	363	-
Eersteling rock dump sale	-	217	-
	2,274	7,101	2,594

10 Other income (continued)

Government grant – Gold sale export incentive

From May 2016 the Reserve Bank of Zimbabwe announced an export credit incentive (“ECI”) on the gold proceeds received for all large scale gold mine producers. On January 1, 2018 the export credit incentive decreased from 3,5% to 2,5% and on February 1, 2018, increased to 10%. All incentives granted by the Zimbabwean government were included in other income when determined receivable. All receipts were received in Blanket Mine’s RTG\$ account. In the monetary policy statement issued on February 20, 2019 the RBZ announced the cancellation of the ECI.

Government grant – Gold support price

From March 6, 2019 it became apparent that Blanket Mine’s sales proceeds received from Fidelity were calculated at a gross price of \$44,000 per kilogram (\$1,368.58 per ounce), which exceeded the prevailing London Bullion Market Association (“LBMA”) price. On May 12, 2019 the Company received confirmation from Fidelity of this windfall receipt, called the “gold support price”, which has been implemented to incentivise gold producers to increase gold production. The gold support price has not been increased as the LBMA gold price has subsequently increased above \$1,368.58 per ounce.

Greenstone Retirement Fund pay-out

The Greenstone Retirement Fund (the “Fund”) was established with the aim to provide retirement benefits to employees of mines previously owned by Caledonia Mining South Africa Proprietary Limited. A surplus remained in the Fund after all members were retrenched or terminated in 1997 when the mines were closed. The Financial Services Board in South Africa appointed a tribunal that liquidated the Fund and concluded that the surplus of ZAR 3,6 million (\$250) that remained in the Fund to be paid out to the former employer. On October 25, 2019 the surplus was paid out to Caledonia Mining South Africa Proprietary Limited.

11 Impairment loss on trade receivables

	2019	2018	2017
Impairment - 2017 royalty rebate	-	-	181

During 2016 Blanket Mine obtained a rebate on royalty payments made in 2015 of \$181 for incremental gold production in 2016 compared to production in 2015. A receivable was recognised for the royalty amount overpaid to the revenue authorities in 2016 based on the pre-award rate. An impairment provision of \$Nil (2018:Nil; 2017: \$181) was raised against the receivable outstanding in 2017. The Zimbabwean government has been unable to put in place the modalities of implementing the royalty on incremental gold sales across the gold industry as a whole.

12 Net foreign exchange gain/(loss)

On October 1, 2018 the RBZ issued a directive to Zimbabwean banks to separate foreign currency from RTGS\$ on the accounts held by their clients and pegged the RTGS\$ at 1:1 to the US Dollar. On February 20, 2019 the RBZ issued a further monetary policy statement, which allowed inter-bank trading between RTGS\$ and foreign currency. The interbank rate was introduced at 2.5 RTGS\$ to 1 US Dollar and traded at 16,77 RTGS\$ to 1 US Dollar as at December 31, 2019. On June 24, 2019 the Government issued S.I. 142 which stated “Zimbabwe dollar (RTGS\$) to be the sole currency for legal tender purposes for any transactions in Zimbabwe”. Throughout these announcements and to the date of issue of these financial statements the US Dollar has remained the primary currency in which the Group’s Zimbabwean entities operate and the functional currency of these entities.

Previously there was uncertainty as to what currency would be used to settle amounts owed to the Zimbabwe Government. The announcement of S.I. 142 clarified the Zimbabwean Government’s intentions that these liabilities were always denominated in RTGS\$ and that RTGS\$ would be the currency in which they would be settled. The devaluation of the deferred tax and electricity liabilities contributed the largest portion of the foreign exchange gain set out below.

The table below illustrates the effect the weakening of the RTGS\$ and other non-RTGS\$ currencies had, against the US Dollar, on the statement of profit or loss and other comprehensive income.

	2019	2018	2017
Unrealised Foreign exchange gain(loss)	31,411	230	(379)
Realised foreign exchange loss	(1,750)	(7)	(1)
Net foreign exchange gain/(loss)	29,661	223	(380)

13 Leases

Leases as lessee

The Group leases administrative offices. The leases typically run for a period of 3 to 6 years, with an option to renew the lease after that date. The two leases over the administrative offices expire in 2021 and 2025 respectively.

Previously, leases were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

13 Leases (continued)

i) Right of use assets

Right of use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (refer note 18).

2019

Balance at January 1	263
Depreciation charge for the year	(112)
Additions to Right of use assets	248
Derecognition of Right of use assets	(64)
Foreign currency movement	2
Balance at December 31	337

ii) Amounts recognised in profit or loss

2019

<i>Leases under IFRS 16</i>	
Interest on lease liabilities	17

2018

<i>Operating leases under IAS 17</i>	
Lease expense	105

iii) Amounts recognised in statement of cash flows

2019

Total cash outflow for leases	124
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An amount of \$349 was recognised as part of Trade and other payables as at December 31, 2019 relating to the above leases.

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14 Administrative expense

	2019	2018	2017
Investor relations	414	751	541
Audit fee	237	266	231
Advisory services fees	408	553	684
Listing fees	277	495	402
Directors fees Company	240	225	247
Directors fees Blanket Mine	31	52	40
Employee costs	3,030	2,917	2,781
Eersteling Gold Mine administration cost	17	212	142
Other office administration costs	691	697	444
Travel costs	292	297	399
	5,637	6,465	5,911

15 Finance income and finance costs

Finance income	2019	2018	2017
Interest received – Bank	146	53	38
Finance cost			
Interest – Term loan (note 28)	165	92	155
Interest – Capitalised to Property, plant and equipment (note 18)	(165)	(92)	(155)
Unwinding of rehabilitation provision	20	20	25
Finance charges – Leases (note 13)	17	-	-
Finance charges – Overdraft	307	253	44
	344	273	69

16 Gold hedge

The Company entered into a 5-month hedge in respect of 4,500 ounces of gold per month from February to June 2019 through the purchase of put options with a strike price of \$1,250 per ounce. The gold price never went below \$1,250 per ounce and the hedge was concluded at a cost of \$324.

The Company entered into a new hedge in November 2019 at a cost of \$379. The new hedge was in the form of put options in respect of 4,600 ounces of gold per month for the period January to June 2020 exercisable at a strike price of \$1,400 per ounce. At December 31, 2019 the mark-to-market valuation, that represents the fair value of the hedge amounted to \$102 (2018: Nil).

Both hedges were entered into by the Company for economic hedging purposes to ensure sufficient cash availability for Blanket Mine's capital investment plan, rather than as a speculative investment. The total expense of the derivative contracts amounted to \$601 (2018: \$360) for the year.

17 Tax expense

	2019	2018	2017
<i>Tax recognised in profit or loss</i>			
<i>Current tax</i>	7,311	3,783	4,995
Income tax – current year	6,802	2,523	3,702
Income tax – Prior year under provision	29	1,075	71
Withholding tax expense – current year	480	580	1,222
Withholding tax expense – Prior year over provision	-	(395)	-
<i>Deferred tax expense</i>	2,979	3,662	3,696
Origination and reversal of temporary differences	2,979	3,662	3,696
Tax expense – recognised in profit or loss	10,290	7,445	8,691
<i>Tax recognised in other comprehensive income</i>			
Income tax - current year	-	-	-
Tax expense	10,290	7,445	8,691

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17 Tax expense (continued)

Unrecognised deferred tax assets

	2019	2018	2017
Eersteling Gold Mining Company Limited	-	4,989	4,989
Caledonia Holdings Zimbabwe (Private) Limited	421	-	-
Greenstone Management Services Holdings Limited	276	191	116
Tax losses carried forward	<u>697</u>	<u>5,180</u>	<u>5,105</u>

Taxable losses do not expire for the entities incurring taxable losses within the Group. Tax losses carried forward relate to Greenstone Management Services Holdings Limited (UK) and Caledonia Holdings Zimbabwe (Private) Limited. Unrecognised tax losses of Eersteling Gold Mining Company Limited amounted to \$5 for 2019 and the unrecognised tax losses relating to the entity were transferred with the sale of the entity. Deferred tax assets have not been recognised in these entities as future taxable income is not deemed probable to utilise these losses against.

Tax paid	2019	2018	2017
Net income tax payable at January 1	(1,538)	(1,145)	(345)
Current tax expense	(7,310)	(3,783)	(4,995)
Foreign currency movement	3,168	46	(17)
Tax paid	5,517	3,344	4,212
Net income tax payable at December 31	<u>(163)</u>	<u>(1,538)</u>	<u>(1,145)</u>

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17 Tax expense (continued)

Reconciliation of tax rate

	2019	2018	2017
Profit for the year	50,401	13,756	11,896
Total tax expense	10,290	7,445	8,691
Profit before tax	60,691	21,201	20,587
Income tax at Company's domestic tax rate ⁽¹⁾	-	-	-
Tax rate differences in foreign jurisdictions ⁽²⁾	16,232	6,465	6,546
Effect of income tax calculated in RTGSS as required by PN26 ⁽³⁾	(8,526)	-	-
Management fee – Withholding tax on deemed dividend portion ⁽⁴⁾	224	337	538
Management fee – non-deductible deemed dividend ⁽⁴⁾	652	579	925
Management fee – withholding tax current year	129	96	427
Management fee – non-deductible withholding tax prior year ⁽⁵⁾	-	(664)	-
Withholding tax on intercompany dividend	128	110	90
Non-deductible royalty expenses	933	882	901
Other non-deductible expenditure	39	137	107
Export incentive income credit relating to 2016	-	-	(284)
Export incentive income exemption ⁽⁶⁾	(124)	(1,649)	(630)
Change in tax estimates			
- Zimbabwean income tax ⁽⁷⁾	29	795	-
- South African income tax	63	220	-
- Other	-	61	(45)
Change in unrecognised deferred tax assets	511	76	116
Tax expense - recognised in profit or loss	10,290	7,445	8,691

(1) Enacted tax rate in Jersey, Channel Islands is 0% (2018: 0%; 2017: 0%)

(2) Subsidiaries registered in Zimbabwe and South Africa are subject to a corporate tax rate of 25.75% and 28% respectively.

(3) In 2019 ZIMRA issued PN26 that was effected retrospectively from February 22, 2019. The public notice provided clarity on Section 4 (a) of the Finance Act [Chapter 23:04] of Zimbabwe, that requires a company earning taxable income to pay tax in the same or other specified currency that the income is earned. PN 26 clarifies that the calculation of taxable income be performed in RTGSS and that the payment of the tax be paid in the ratio of the currency that the turnover is earned. The reconciling item reconciles the profit before tax calculated using US Dollars as the functional currency of the Zimbabwean entities to taxable income calculated in RTGSS.

(4) Zimbabwean tax legislation changed during 2017 that gave rise to an additional withholding tax of 15% going forward on a portion of the intercompany management fee considered to be a deemed dividend. The new legislation resulted in this portion of the management fee being not deductible for income tax purposes in Zimbabwe from January 1, 2017.

(5) Withholding tax on the management fee was provided for and paid at 15% in 2017. However, in the second quarter of 2018 management obtained confirmation from the ZIMRA that the withholding tax rate was reduced to 5% from February 1, 2017. The ZIMRA allowed an amount of \$395 to be offset against outstanding income tax liabilities in Zimbabwe. The overpayment of withholding taxes on the management fee also resulted in a change of estimate reducing the 2017 non-deductible withholding tax in the South African subsidiary amounting to \$269, estimated at 15%, to 5%. The change in estimate was accounted for prospectively in the 2018 year.

(6) On March 23, 2018, the ZIMRA enacted a new finance act that provided for the export credit incentive to be tax exempt. The 2018 finance bill indicated that the export incentive income will be tax exempt from June 1, 2017. The new finance bill resulted in an income tax credit being applied in the 2018 income tax calculation giving rise to a credit for the export incentive income of 2017.

(7) During the second quarter of 2018 management revised its estimated management fee fair value previously deducted against taxable income in the prior years. Management approached ZIMRA and reached a settlement on the amount allowed as a deduction. No penalties or interests were incurred.

17 Tax expense (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	*2019	*2018
Property, plant and equipment	-	-	(4,195)	(24,930)	(4,195)	(24,930)
Allowance for obsolete stock	22	258	-	-	22	258
Prepayments	-	-	(4)	(3)	(4)	(3)
Unrealised foreign exchange	309	34	-	-	309	34
Trade and other payables	739	-	-	-	739	-
Share based payments	5	13	-	-	5	13
Provisions	58	1,386	-	-	58	1,386
Other	-	12	-	-	-	12
Tax assets/ (liabilities)	1,133	1,703	(4,199)	(24,933)	(3,066)	(23,230)

* The deferred tax liability consists of a deferred tax asset of \$63 (2018: \$98) from the South African operation and a net deferred tax liability of \$3,129 (2018: \$23,328) due to the Zimbabwean operation. The amounts are in different tax jurisdictions and cannot be offset. The amounts are presented as part of Non-current assets and a Non-current liabilities in the Statements of financial position. The deferred tax asset recognised is supported by evidence of probable future taxable income.

Movement in recognised deferred tax assets and liabilities

	Balance January 1, 2019	Recognised in profit or loss	Foreign exchange movement	Balance December 31, 2019
Property, plant and equipment	(24,930)	(4,561)	25,296	(4,195)
Allowance for obsolete stock	258	11	(247)	22
Prepayments	(3)	-	(1)	(4)
Unrealised foreign exchange	34	519	(244)	309
Trade and other payables	486	1,093	(840)	739
Share based payments	13	(9)	1	5
Provisions	852	11	(805)	58
Other	60	(43)	(17)	-
Total	(23,230)	(2,979)	23,143	(3,066)

	Balance January 1, 2018	Recognised in profit or loss	Foreign exchange movement	Balance December 31, 2018
Property, plant and equipment	(20,985)	(3,945)	-	(24,930)
Allowance for obsolete stock	35	223	-	258
Prepayments	(4)	-	1	(3)
Unrealised foreign exchange	97	(63)	-	34
Trade and other payables	429	57	-	486
Share based payments	12	3	(2)	13
Provisions	813	47	(8)	852
Other	48	16	(4)	60
Total	(19,555)	(3,662)	(13)	(23,230)

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18 Property, plant and equipment

	Land and buildings	Mine development, infrastructure and other	Exploration and Evaluation assets	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
Cost							
Balance at January 1, 2018	9,434	61,498	6,967	27,881	943	2,329	109,052
Additions**	-	18,719	-	899	202	95	19,915
Impairments***	-	(60)	-	(529)	(216)	(17)	(822)
Assets held for sale	(140)	(74)	-	-	-	-	(214)
Reallocations between asset classes	1,068	(5,525)	-	4,457	-	-	-
Foreign exchange movement	(23)	(49)	-	(33)	(6)	(5)	(116)
Balance at December 31, 2018	10,339	74,509	6,967	32,675	923	2,402	127,815
Balance at January 1, 2019	10,339	74,509	6,967	32,675	923	2,402	127,815
Initial recognition of right of use assets	409	-	-	-	-	-	409
Additions**	267	19,020	172	897	88	151	20,595
Impairments***	-	-	-	(144)	-	-	(144)
Disposals	(212)	-	-	-	-	(16)	(228)
Reallocations between asset classes	25	(2,989)	-	2,964	-	-	-
Foreign exchange movement	5	2	-	3	7	1	18
Balance at December 31, 2019	10,833	90,542	7,139	36,395	1,018	2,538	148,465

There are commitments to purchase plant and equipment totalling \$560 (2018: \$3,981) at year end.

* Included in additions to mine development, infrastructure and other assets is an amount of \$1,882 (2018: \$1,958) relating to rehabilitation asset capitalised, refer note 26.

** Included in additions is an amount of \$20,093 (2018: \$19,323) relating to capital work in progress ("CWIP") and contains \$165 (2018: \$61) of borrowing costs capitalised from the term loan. As at year end \$76,847 of CWIP was included in the closing balance (2018: \$62,624).

*** The auto-tap transformer was written off due to the large voltage fluctuations at Blanket Mine that caused it to burn out.

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18 Property, plant and equipment (continued)

	Land and buildings	Mine development, infrastructure and other	Exploration and Evaluation assets	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
Accumulated depreciation and Impairment losses							
Balance at January 1, 2018	3,636	5,172	-	15,382	761	2,023	26,974
Depreciation for the year	775	649	-	2,404	99	144	4,071
Impairments	-	-	-	(429)	(170)	(15)	(614)
Foreign exchange movement	-	-	-	-	(41)	(2)	(43)
Balance at December 31, 2018	4,411	5,821	-	17,357	649	2,150	30,388
Balance at January 1, 2019	4,411	5,821	-	17,357	649	2,150	30,388
Initial recognition of right of use assets	146	-	-	-	-	-	146
Depreciation for the year	1,005	504	-	2,693	99	133	4,434
Impairments	-	-	-	-	-	-	-
Disposals	(149)	-	-	-	-	(16)	(165)
Foreign exchange movement	-	-	-	-	5	6	11
Balance at December 31, 2019	5,413	6,325	-	20,050	753	2,273	34,814
Carrying amounts							
At December 31, 2018	5,928	68,688	6,967	15,318	274	252	97,427
At December 31, 2019	5,420	84,217	7,139	16,345	265	265	113,651

18 Property, plant and equipment (continued)

Economic recovery

Items of Property, plant and equipment are depreciated over the LoMP, which includes planned production from inferred resources. These inferred resources are included in the calculation when the economic recovery thereof is demonstrated by the achieved recovered grade relative to the mine's pay limit for the period 2006 to 2018. The pay limit has ranged from 2.3 g/t in 2008 to 2.1 g/t in 2019 while the recovered grade has ranged from 4.0 g/t to 3.26 g/t over the period. All-in-sustaining-cost* has remained consistently below the gold price received over this period resulting in economic recovery of the inferred resources.

* All-in sustaining cost ("AISC") per ounce, is calculated as the on-mine cost per ounce to produce gold (which includes production costs before intercompany eliminations and exploration costs) plus royalty paid, additional costs incurred outside the mine (i.e. at offices in Harare, Johannesburg, London and Jersey), costs associated with maintaining the operating infrastructure and resource base that are required to maintain production at the current levels (sustaining capital investment), the share-based expense arising from the LTIP less silver by-product revenue and the export incentive credit

19 Inventories

	2019	2018
Consumable stores	10,716	9,210
Gold in process	376	217
	11,092	9,427

Consumables stores are disclosed net of any write downs or provisions for obsolete items, which amounted to \$912 (2018: \$911).

20 Trade and other receivables

	2019	2018
Bullion revenue receivable	2,987	2,695
VAT receivables	1,765	2,743
Deferred consideration on the disposal of subsidiary	1,991	-
Deposits for stores and equipment and other receivables	169	954
	6,912	6,392

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in notes 7 and 31. The net carrying value of trade receivables is considered a reasonable approximation of fair value and are short-term in nature. Refer to note 22.1 for terms of deferred consideration on the disposal of subsidiary. No provision for expected credit losses were recognised as all scheduled payments were received up to the date of approval of these financial statements and non-payment of Trade and other receivables were not foreseen.

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21 Cash and cash equivalents

	2019	2018
Bank balances	9,383	11,187
Cash and cash equivalents in the statement of financial position	9,383	11,187
Bank overdrafts used for cash management purposes	(490)	-
Net cash and cash equivalents at year end	8,893	11,187

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 31.

	Denomination RTG\$	Interest rate
<u>Overdraft facilities</u>		
Stanbic Bank	15,000,000	25%
First Capital Bank	10,000,000	26%

22 Eersteling

22.1 Sale of subsidiary

On May 31, 2018 the Group entered into an amended share sale agreement with SH Mineral Investments Proprietary Limited ("SH Minerals") to sell the shares and claims of Eersteling Gold Mining Company Limited ("Eersteling"), a South African subsidiary previously consolidated as part of the Group, that has been on care and maintenance since 1997. The amended share sale agreement allowed for a purchase price of \$3 million which would be settled by three payments of \$1 million payable on the completion date, 12 and 18 months after the completion date. On January 31, 2019 all suspensive conditions for the sale were met and the Group transferred the registered and beneficial ownership of Eersteling to SH Minerals. During 2019, \$1 million was received and \$901 was received post year end as payment towards the purchase price.

22 Eersteling (continued)

22.1 Sale of subsidiary (continued)

Details of the disposal are as follows:

Carrying amounts of net assets over which control was lost:	2019
<i>Non-current assets</i>	
Property, plant and equipment	227
<i>Current assets</i>	
Trade and other receivables	84
Total assets	311
<i>Non-current liabilities</i>	
Rehabilitation provision	650
<i>Current liabilities</i>	
Trade and other payables	8
Total liabilities	658
Consideration receivable:	
Cash received	1,000
Deferred consideration (at January 31, 2019)	1,953
Total consideration	2,953
Profit on sale of subsidiary:	
Net liabilities derecognised	347
Cumulative exchange differences in respect of the net liabilities of the subsidiary reclassified from equity on loss of control of subsidiary	2,109
Fair value of consideration receivable (at January 31, 2019)	2,953
Profit on sale of subsidiary	5,409

At the date of approval of these financial statements \$1,000 remained outstanding from SH Minerals and is expected to be received in July of 2020 and a further \$99 remains outstanding from SH Minerals from the amount payable in January 2020 and is expected to be received shortly.

22.2 Disposal group held for sale

As at December 31, 2018, management concluded that the Eersteling disposal group will be recovered principally through a sale transaction rather than through continuing use and that the sale of Eersteling had become highly probable as one of the two suspensive conditions in the new share sale agreement had been met.

22 Ersteling (continued)

22.2 Disposal group held for sale (continued)

As at December 31, 2018 the disposal group held for sale was stated at its carrying amount.

	2019	2018
Non-current assets		
Property, plant, and equipment	-	214
Current assets		
Trade and other receivables	-	80
Cash and cash equivalents	-	2
Assets held for sale	-	296
Non-current liabilities		
Rehabilitation provision	-	602
Current liabilities		
Trade and other payables	-	7
Liabilities associated with assets held for sale	-	609

23 Share capital

Authorised

Unlimited number of ordinary shares of no par value.

Unlimited number of preference shares of no par value.

	Number of fully paid shares [*]	Amount
Issued ordinary shares		
January 1, 2017	10,651,936	55,002
Shares repurchased	(118,063)	(146)
Issued during the year	69,280	246
December 31, 2017	10,603,153	55,102
Issued during the year	-	-
December 31, 2018	10,603,153	55,102
Issued during the year (refer note 27.1)	159,888	963
December 31, 2019	10,763,041	56,065

* Amounts stated after the 1:5 share consolidation effected June 26, 2017.

24 Reserves

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with functional currencies that differ from the presentation currency.

Share-based payment reserve

The share-based payment reserve comprises the fair value of equity instruments granted to employees, directors and service providers under share option plans and equity instruments issued to Blanket's indigenous shareholders under Blanket Mine's Indigenisation Transaction (refer note 6).

Contributed surplus

The contributed surplus reserve comprises the reduction in stated capital as approved by shareholders at the special general meeting on January 24, 2013 to be able to commence dividend payments.

Reserves

	2019	2018	2017
Foreign currency translation reserve	(8,621)	(6,561)	(5,885)
Equity-settled share-based payment reserve (note 27.2)	16,760	16,760	16,746
Contributed surplus	132,591	132,591	132,591
Total	140,730	142,790	143,452

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25 Earnings per share

Weighted average number of shares – Basic earnings per share

<i>(In number of shares)</i>	<i>Note</i>	2019	2018	2017
Issued number of shares at the beginning of year	23	10,603,153	10,603,153	52,787,428
Share consolidation		-	-	(42,135,492)
Issued shares post consolidation		10,603,153	10,603,153	10,651,936
Weighted average shares repurchased		-	-	(60,978)
Weighted average shares issued		138,736	-	16,924
Weighted average number of shares at December 31		10,741,889	10,603,153	10,607,882

Weighted average number of shares – Diluted earnings per share

<i>(In number of shares)</i>	2019	2018	2017
Issued number of shares at the beginning of year	10,603,851	10,603,153	10,607,882
Effect of dilutive options	143,267	698	9,622
Weighted average number of shares (diluted) at December 31	10,747,118	10,603,851	10,617,504

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the year during which the options were outstanding. Options of 32,771 (2018: 37,302; 2017: 18,378), were excluded from the dilutive earnings per share calculation as these options were anti-dilutive.

The quantity of options outstanding as at year end that were out of the money amounted to 18,000 (2018: 18,000) options.

25 Earnings per share (continued)

The calculation of total basic and diluted earnings per share for the year ended December 31, 2019 was based on the adjusted profit attributable to shareholders as follows:

	2019	2018	2017
Profit for the year attributable to owners of the Company (basic and diluted)	42,018	10,766	9,384
Blanket Mine Employee Trust Adjustment	(986)	(280)	(210)
Profit attributable to ordinary shareholders (basic and diluted)	41,032	10,486	9,174
Basic earnings per share - \$	3.82	0.99	0.86
Diluted earnings per share - \$	3.81	0.99	0.86

Basic earnings are adjusted for the amounts that accrue to other equity holders of subsidiaries upon the full distribution of post-acquisition earnings to shareholders.

Diluted earnings is calculated on the basis that the unpaid ownership interests of Blanket Mine's indigenous shareholders are effectively treated as options whereby the weighted average fair value for the period of the Blanket Mine shares issued to the indigenous shareholders and which are subject to settlement of the loan accounts is compared to the balance of the loan accounts and any excess portion is regarded as dilutive. The difference between the number of Blanket Mine shares subject to the settlement of the loan accounts and the number of Blanket Mine shares that would have been issued at the average fair value is treated as the issue of shares for no consideration and regarded as dilutive shares. The calculated dilution is taken into account with additional earnings attributable to the dilutive shares in Blanket Mine, if any. The interest of the NIEEF and Fremiro shareholdings were anti-dilutive in the current and prior year (i.e. the value of the options was less than the outstanding loan balance) and accordingly there was no adjustment to fully diluted earnings attributable to shareholders.

26 Provisions

Site restoration

Site restoration relates to the estimated cost of closing down the mines and represents the site and environmental restoration costs, estimated to be paid throughout the period up until closure due to areas of environmental disturbance present at the reporting date as a result of mining activities. In the case of Blanket Mine the costs of site restoration are discounted based on the estimated life of mine. Site restoration costs at Blanket Mine are capitalised to mineral properties depreciated at initial recognition and amortised systematically over the estimated life of the mine for costs relating to the decommissioning of property, plant and equipment.

Reconciliation of site restoration provision	2019	2018
Balance at January 1	3,309	3,797
Reclassified to Liabilities associated with assets held for sale	-	(602)
Foreign exchange movement	-	(97)
Unwinding of discount	20	20
Rehabilitation performed	-	(54)
Change in estimate during the year		
- adjusted through profit or loss	-	84
- adjustment capitalised in Property, plant and equipment	17	161
Balance at December 31	3,346	3,309

The discount rates currently applied in the calculation of the net present value of the Blanket Mine provision is 2.31% (2018: 2.95%), based on a risk-free rate and cash flows estimated at an average 2.27% inflation (2018: 2.13%). The gross rehabilitation costs before discounting amounted to \$3,603 (2018: \$3,604) for Blanket Mine as at December 31, 2019.

27 Share-based expenses

27.1 Cash-settled share-based expense

The Group has separately disclosed the following cash-settled share-based payment arrangements in the statements of profit or loss and other comprehensive income for the years ended December 31:

	Note	2019	2018	2017
Restricted Share Units and Performance Units	27.1.(a)	616	218	853
Caledonia Mining South Africa employee incentive scheme	27.1.(b)	73	97	123
		689	315	976

27 Share-based expenses (continued)

27.1 Cash-settled share-based expense (continued)

(a) Restricted Share Units and Performance Units

Certain key management members were granted Restricted Share Units ("RSUs") and Performance Units ("PSUs") pursuant to provisions of the 2015 Omnibus Equity Incentive Compensation Plan. All RSUs and PSUs were granted and approved by the Compensation Committee of the Board of Directors.

The RSUs will vest three years after grant date given that the service condition of the relevant employees is fulfilled. The value of the vested RSUs will be the number of RSUs vested multiplied by the fair market value of the Company's shares, as specified by the Plan and in the award agreements, on date of settlement.

The PSUs have a service condition and a performance period of three years. The performance condition is a function of production cost, gold production and central shaft depth targets on certain specified dates. The number of PSUs that will vest will be the PSUs granted multiplied by a performance multiplier, which will reflect the actual performance in terms of the performance conditions compared to expectations on the date of the award.

RSU holders are entitled to receive dividends over the vesting period. Such dividends will be reinvested in additional RSUs at the then applicable share price calculated at the average Bank of Canada noon rate immediately preceding the dividend payment. PSUs have rights to dividends only after they have vested.

RSUs and PSUs were originally granted to be settled in cash. On May 8, 2018 the Board approved amendments to the awards to allow for settlement of the vesting date value in cash or shares issuable at fair market value or a combination of both at the discretion of the unit holder.

The fair value of the RSUs, at the reporting date, was based on the Black Scholes option valuation model. The fair value of the PSUs, at the reporting date, was based on the Black Scholes option valuation model less the fair value of the expected dividends during the vesting period multiplied by the performance multiplier expectation. At the reporting date it was assumed that there is a 93%-100% probability that the performance conditions will be met and therefore a 93%-100% (2018: 85%; 2017: 94%) average performance multiplier was used in calculating the estimated liability. The liability as at December 31, 2019 amounted to \$524 (December 31, 2018: \$2,043). Included in the liability as at December 31, 2019 is an amount of \$107 (December 31, 2018: \$43; December 31, 2017: \$311) that was expensed and classified as production costs; refer note 9. During the year PSUs and RSUs to the value of \$2,243 vested of which \$963 was issued as share capital.

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27 Share-based expenses (continued)

27.1 Cash-settled share-based expense (continued)

(a) Restricted Share Units and Performance Share Units (continued)

The following assumptions were used in estimating the fair value of the cash-settled share-based payment liability on December 31:

	2019		2018	
	RSUs	PSUs	RSUs	PSUs
Fair value (\$)	\$ 8.46	\$8.19	\$ 5.46	\$ 5.46
Share price (\$)	\$ 8.46	\$8.46	\$ 5.46	\$ 5.46
Performance multiplier percentage	- 93	- 100%	-	85%

Share units granted:

	RSUs	PSUs	RSUs	PSUs
Grant - January 11, 2016	60,645	242,579	60,645	242,579
Grant - March 23, 2016	10,965	43,871	10,965	43,871
Grant - June 8, 2016	5,117	20,470	5,117	20,470
Grant - January 19, 2017	4,443	17,774	4,443	17,774
Grant - January 19, 2019	-	124,027	-	-
Grant - June 8, 2019	-	14,672	-	-
RSU dividend reinvestments	11,316	-	10,960	-
Settlements	(87,434)	(306,920)	-	-
Total awards at December 31	5,052	156,473	92,130	324,694

On January 11, 2020 and January 19, 2020 an aggregate of 121,332 PSUs and 17,585 RSUs were awarded executives as well as to certain senior management of the companies in the Group.

(b) Caledonia Mining South Africa employee incentive scheme

From July 2017, Caledonia Mining South Africa Proprietary Limited granted 52,282 awards respectively to certain of its employees that entitle them to a cash pay-out at the Company's share price on November 30 each year over a 3-year period from the grant date. The cash-settled share-based payment liability was calculated based on the number of awards expected to vest multiplied by the Company's Black Scholes option valuation fair value of £6.07 at the reporting date and apportioned for the quantity vested over the total vesting period. The liability relating to these cash-settled share-based payment awards amounted to \$16 (December 31, 2018: \$47) and the expense amounted to \$73 (December 31, 2018: \$97; December 31, 2017: \$123) for the year ended December 31, 2019. The following assumptions were used in estimating the fair value of the cash-settled share-based payment liability on December, 31:

	2019 Awards	2018
Grant - July 2017 (3-year term)	37,330	37,330
Grant - August 2018 (3-year term)	5,918	5,918
Grant - August 2019 (3-year term)	9,034	-
Awards paid out	(44,985)	(26,864)
Total awards outstanding December 31	7,297	16,384
Estimated awards expected to vest at December 31	100%	100%

27 Share-based expenses (continued)

27.2 Equity-settled share-based expense

The Group has expensed the following equity-settled share-based payment arrangements for the years ended December 31:

	Note	2019	2018	2017
Share option programmes	27.2 (a)	-	14	29
Facilitation and advanced dividend loan modification	27.2 (b)	-	-	806
		-	14	835

(a) Share option programmes

The Omnibus Equity Incentive Compensation Plan ("OEICP") was established for grants after May 2015. Share options issued before May 2015 were issued in terms of the Rolling Stock Option Plan ("RSOP"), which was superseded by the OEICP. In accordance with the OEICP, options are granted at an exercise price equal to the greater of volume weighted average trading price for the five days prior to grant or the closing price on the day immediately prior to the date of grant. The options vest according to dates set at the discretion of the Compensation Committee of the Board of Directors at the date of grant. All outstanding option awards that have been granted, pursuant to the plan, vest immediately.

Terms and conditions of share option programmes

The maximum term of the options under the OEICP is 10 years and under the RSOP 5 years. The terms and conditions relating to the grant of options under the RSOP are that all options are to be settled by physical delivery of shares. Equity-settled share-based payments under the OEICP will also be settled by physical delivery of shares. Under both plans the aggregate number of shares that may be issued pursuant to the grant of options, or under any other share compensation arrangements of the Company, will not exceed 10% of the aggregate issued and outstanding shares issued of the Company.

At December 31, 2019, the Company has the following options outstanding:

Number of Options	Exercise Price Canadian \$	Expiry Date
5,000	4.00	Oct 8, 2020
18,000	11.50	Oct 13, 2021
5,000	8.10	May 30, 2022
10,000	9.30	Aug 25, 2024
38,000		

27 Share-based expenses (continued)

27.2 Equity-settled share-based expense (continued)

(a) Share option programmes (continued)

The continuity of the options granted, exercised, cancelled and expired under the Plan were as follows:

	Number of Options [*] Canadian \$	Weighted Avg. Exercise Price
Options outstanding and exercisable at January, 2017	92,280	5.85
Granted	5,000	8.10
Exercised	(69,280)	4.50
Options outstanding and exercisable at December 31, 2017	28,000	9.55
Granted	10,000	9.30
Exercised	-	-
Options outstanding and exercisable at December 31, 2018	38,000	9.48
Granted	-	-
Exercised	-	-
Options outstanding and exercisable at December 31, 2019	38,000	9.48

The weighted average remaining contractual life of the outstanding options is 2.14 years (2018: 3.14 years).

27.2 Equity-settled share-based expense (continued)

(a) Share option programmes (continued)

Inputs for measurement of grant date fair values

The fair value of share-based payments noted above was estimated using the Black-Scholes Option Pricing Model as the fair value of the services could not be estimated reliably. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value. The following assumptions were used in determining the fair value of the options:

Options granted	10,000	* 5,000	*18,000
Grant date	February 27, 2018	May 30, 2018	October 13, 2017
Risk-free interest rate	2.86%	2.40%	0.53%
Expected stock price volatility (based on historical volatility)	32%	118%	119%
Expected option life in years	3	3	5
Exercise price	CAD 9.30	* CAD 8.10	* CAD 11.50
Share price at grant date	CAD 9.30	* CAD 8.10	* CAD 11.50
Fair value at grant date	\$1.40	* \$ 5.81	*\$9.45

The exercise price was determined as the prevailing Toronto Stock Exchange share price on the day of the grant. Expected volatility has been based on an evaluation of the historical volatility of the Company's share price. The expected term has been based on historical experience. The share-based payment expense relating to the grants amounted to \$Nil (2018: \$14; 2017: \$29).

* Amounts stated after the 1:5 share consolidation effected on June 26, 2017.

(b) Facilitation and advance dividend loan modification

On June 23, 2017, the Group, Blanket Mine and the indigenous shareholders reached agreement to change the interest rate on the facilitation and advanced dividend loans from the previously agreed 12 month LIBOR + 10% to the lower of a fixed rate of 7.25% per annum, payable quarterly or 80% of the dividends paid in the financial quarter. The modification was beneficial to the indigenous shareholders and resulted in an equity-settled share-based payment expense of \$806. The Monte Carlo simulation approach was followed to value the fair value of the indigenous shareholders' equity before and after the modification date. The fair value of the indigenous shareholders' equity was based on simulating the future Blanket Mine dividend yields.

The following assumptions were used in determining modification of the expense:

Modification date	June 23, 2017
Blanket Mine dividend yield	23.70% - 89.88%
Risk free interest rate	\$ swap curve
Group market capitalisation at grant date (\$'000)	\$68,436

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28 Loans and borrowings

	2019	2018	2017
Balance at January 1	5,960	1,486	2,987
Cash flows			
Repayment			
- Capital	-	(1,500)	(1,500)
- Interest	(130)	(58)	(156)
Proceeds	2,340	6,000	-
Transaction cost	(46)	(60)	-
Unrealised foreign exchange	(5,818)	-	-
Non-cash flows			
Interest	165	92	155
Balance at December 31	2,471	5,960	1,486
Long-term portion of term loan facility	1,942	5,960	-
Short-term portion of term loan facility	529	-	1,486

Finance costs are accounted for in note 15 on the effective interest rate method.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows on December 31:

				2019		2018	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Unsecured bank loan - Stanbic	RTG\$	25%	2021	384	384	5,960	5,960
Unsecured bank loan - First Capital	RTG\$	26%	2021	2,087	2,087	-	-
Total				2,471	2,471	5,960	5,960

The Stanbic loan is repayable in as a single bullet payment in December of 2021 and the First Capital loan is repayable by way of 4 quarterly instalments commencing December 2020.

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29 Trade and other payables

	2019	2018
Trade payables and accruals	2,825	2,510
Electricity accrual	626	4,054
Lease liability (note 13)	349	-
Audit fee	370	239
Shareholders for dividend	364	215
Other payables	582	475
Financial liabilities	5,116	7,493
Production and management bonus accrual - Blanket Mine	1,092	-
Other employee benefits	546	669
Leave pay	1,943	1,889
Non-financial liabilities	3,581	2,558
Total	8,697	10,051

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 7 and note 31.

Caledonia Mining Corporation Plc
Notes to the Consolidated Financial Statements
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30 Cash flow information

Non-cash items and information presented separately on the cash flow statement:

	2019	2018	2017
Operating profit	60,889	21,421	20,618
Adjustments for:			
Loss on sale of Property, plant and equipment	-	-	2
Impairment of Property, plant and equipment	144	208	12
Profit on disposal of subsidiary	(5,409)	-	-
Scrapping of Property, plant and equipment	63	-	-
Unrealised foreign exchange (gain)/loss	(31,307)	(243)	121
Cash-settled share-based payment expense	689	228	897
Cash-settled share-based payment expense included in operating cost	107	43	311
Equity-settled share-based payment expense	-	14	835
Settlement of cash-settled share-based payments	(1,384)	-	-
Site restoration	-	30	36
Depreciation	4,434	4,071	3,763
Allowance for obsolete stock	-	15	32
Provision for impairment – royalty rebate (note 11)	-	-	181
Unrealised portion of gold hedge	(102)	-	-
Net cash used for assets and liabilities held for sale	-	(2)	-
Cash generated by operations before working capital changes	28,124	25,785	26,808
Inventories	(1,655)	(277)	(1,975)
Prepayments	(2,099)	(62)	82
Trade and other receivables	393	(1,916)	(1,437)
Trade and other payables	(878)	(2,411)	5,407
Cash flows from operating activities	23,885	21,119	28,885

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31 Financial instruments

i) Credit risk

Exposure to credit risk

The carrying amount of financial assets as disclosed in the statements of financial position and related notes represents the maximum credit exposure. The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

Carrying amount	December 31, 2019	December 31, 2018
Zimbabwe	3,123	3,639
Jersey, Channel Islands	2,003	-
Other regions	20	10
	<u>5,146</u>	<u>3,649</u>

31 Financial instruments (continued)

ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including contractual interest payments and excluding the impact of netting agreements.

Non-derivative financial liabilities

December 31, 2019	Carrying amount	12 months or less	1-3 Years
Trade and other payables	5,116	5,116	-
Term loan facility	2,471	-	2,471
	<u>7,587</u>	<u>5,116</u>	<u>2,471</u>
December 31, 2018	Carrying amount	12 months or less	1-3 Years
Trade and other payables	7,493	7,493	-
Term loan facility	5,960	-	5,960
	<u>13,453</u>	<u>7,493</u>	<u>5,960</u>

iii) Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currency that it transacts in and the functional currency. The results of the Group's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Group are reported in US Dollar in the Group's consolidated financial statements.

31 Financial instruments (continued)

iii) Currency risk (continued)

The fluctuation of the US Dollar in relation to other currencies that entities within the Group may transact in will consequently have an effect upon the profitability of the Group and may also effect the value of the Group's assets and liabilities. As noted below, the Group has certain financial assets and liabilities denominated in currencies other than the functional currency of the Company. To reduce exposure to currency transaction risk, the Group regularly reviews the currency in which it spends its cash to identify and avoid specific expenditures in currencies that experiences inflationary pressures. Further the Group aims to maintain cash and cash equivalents in US Dollar to avoid foreign exchange exposure and to meet short-term liquidity requirements.

Sensitivity analysis

As a result of the Group's monetary assets and liabilities denominated in foreign currencies which is different to the functional currency of the underlying entities, the profit or loss and equity in the underlying entities could be affected by movements between the functional currency and the foreign currency. The table below indicates consolidated monetary assets/(liabilities) in the group that have a different functional currency and foreign currency.

	2019 \$'000		2018 \$'000	
	Functional currency		Functional currency	
	ZAR	\$	ZAR	\$
Cash and cash equivalents	57	4,176	57	8,147
Trade and other receivables	-	1,735	-	126
Trade and other payables	-	(179)	-	(345)
Term loan	-	(2,471)	-	(5,960)
Overdraft	-	(490)	-	-
	57	2,771	57	1,968

A reasonably possible strengthening or weakening of 5% of the various functional currencies against the foreign currencies, would have the following equal or opposite effect on profit or loss and equity for the group:

	2019 \$'000		2018 \$'000	
	Functional currency		Functional currency	
	ZAR	\$	ZAR	\$
Cash and cash equivalents	3	199	3	388
Trade and other receivables	-	82	-	6
Trade and other payables	-	9	-	(16)
Term loan	-	(117)	-	(283)
Overdraft	-	(23)	-	-
	3	150	3	95

31 Financial instruments (continued)

iv) Interest rate risk

The group's interest rate risk arises from Loans and borrowings, overdraft facility and cash held. The Loans and borrowings, overdraft facility and cash held have variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements.

The Group's assets and liabilities exposed to interest rate fluctuations as at year end is summarised as follows:

	2019	2018
Cash and cash equivalents	9,383	11,187
Term loan	(2,471)	(5,960)
Overdraft	(490)	-

Interest rate risk arising is offset by available cash and cash equivalents. The table below summarises the effect of a change in finance cost on the Group's profit or loss and equity, had the rates charged differed.

Sensitivity analysis – Cash and cash equivalents	2019	2018
Increase by 100 basis points	94	111
Decrease by 100 basis points	(94)	(111)

Sensitivity analysis – Term loan	2019	2018
Increase by 100 basis points	(25)	(60)
Decrease by 100 basis points	25	60

Sensitivity analysis – Overdraft	2019	2018
Increase by 100 basis points	(5)	-
Decrease by 100 basis points	5	-

32 Dividends

	2019	2018	2017
Dividends paid to owners of the Company (Excluding NCI)	2,968	2,908	2,904

The quarterly dividend policy of paying 6,875 cents per share was increased to 7,5 cents from January 3, 2020.

33 Contingencies

The Group may be subject to various claims that arise in the normal course of business. Management believes there are no contingent liabilities.

34 Related parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Directors of the company, as well as certain executives are considered key management.

Employee contracts between Caledonia Mining South Africa Proprietary Limited, the Company and key management, include an option for respective key management to terminate such employee contract in the event of a change in control of the Company and to receive a severance payment equal to two years' compensation. If this was triggered as at December 31, 2019 the severance payment would have amounted to \$4,051 (2018: \$5,221). A change in control would constitute:

- the acquisition of more than 50% of the shares; or
- the acquisition of right to exercise the majority of the voting rights of shares; or
- the acquisition of the right to appoint the majority of the board of directors; or
- the acquisition of more than 50% of the assets of the Group.

Key management personnel and director transactions:

A number of related parties transacted with the Group in the reporting period. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	2019	2018	2017
Key management salaries and bonuses	2,362	2,476	2,041
Cash-settled share-based expense*	723	261	1,164
	3,085	2,737	3,205

Employees, officers, directors, consultants and other service providers also participate in the Group's share option program (see note 27.1(a)). Group entities are set out in note 35.

Refer to note 6 and note 37 for transactions with Non-controlling interests. Refer to note 36 for management fees between Caledonia Mining South Africa Proprietary Limited and Blanket Mine (1983) (Private) Limited.

* Amount inclusive of \$107 (2018: \$43) classified as production costs.

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35 Group entities

	Functional currency	Country of incorporation	Legal shareholding		Intercompany balances with holding company	
			2019	2018	2019	2018
			%	%		
Subsidiaries of the Company						
Caledonia Holdings Zimbabwe (Private) Limited	\$	Zimbabwe	100	100	-	-
Caledonia Mining Services Limited	\$	Zimbabwe	100	100	-	-
Fintona Investments Proprietary Limited	ZAR	South Africa	100	100	(14,859)	(14,859)
Caledonia Mining South Africa Proprietary Limited	ZAR	South Africa	100	100	1,750	(565)
Greenstone Management Services Holdings Limited	\$	United Kingdom	100	100	14,902	9,813
Blanket Mine (1983) (Private) Limited	\$	Zimbabwe	⁽²⁾ 49	⁽²⁾ 49	(400)	-
Blanket Employee Trust Services (Private) Limited (BETS)						
⁽¹⁾	\$	Zimbabwe	-	-	-	-

⁽¹⁾ BETS and the Community Trust are consolidated as structured entities.

⁽²⁾ Refer to note 6, for the effective shareholding. NCI has a 16.2% interest in cash flows of Blanket only.

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36 Operating Segments

The Group's operating segments have been identified based on geographic areas. The strategic business units are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis. Zimbabwe and South Africa describe the operations of the Group's reportable segments. The Zimbabwe operating segment comprise Caledonia Holdings Zimbabwe Limited and subsidiaries. The South Africa geographical segment comprise a gold mine in 2018, sold in 2019, that was on care and maintenance, as well as sales made by Caledonia Mining South Africa Proprietary Limited to the Blanket Mine. The holding company and Greenstone Management Services Holdings Limited (UK) responsible for administrative functions within the group are taken into consideration in the strategic decision-making process of the CEO and are therefore included in the disclosure below. Corporate and other reconciling amounts do not represent a separate segment. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management report that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments 2019	Zimbabwe	South Africa	Inter-group elimination adjustments	Corporate and other reconciling amounts	Total
Revenue	75,826	15,973	(15,194)	(779)	75,826
Royalties	(3,854)	-	-	-	(3,854)
Production costs	(36,278)	(13,740)	13,618	-	(36,400)
Depreciation	(4,645)	(90)	350	(49)	(4,434)
Management fee*	(2,798)	2,798	-	-	-
Other income	2,016	258	-	-	2,274
Other expenses	(498)	(168)	-	-	(666)
Administrative expenses	(126)	(1,736)	-	(3,775)	(5,637)
Cash-settled share-based expense	(234)	(166)	-	(289)	(689)
Net Foreign exchange gain	29,634	9	-	18	29,661
Net finance cost	(299)	57	-	44	(198)
Profit on sale of subsidiary	-	-	-	5,409	5,409
Gold hedge expense	-	-	-	(601)	(601)
Profit before tax	58,744	3,195	(1,226)	(22)	60,691
Tax expense	(9,529)	(825)	192	(128)	(10,290)
Profit for the year	49,215	2,370	(1,034)	(150)	50,401

Of the management fee \$627 was receivable and payable at year end (2018: \$1,871).

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36 Operating Segments (continued)

Information about reportable segments 2019	Zimbabwe	South Africa	Inter-group elimination adjustments	Corporate and other reconciling amounts	Total
Geographic segment assets:					
Current (excluding intercompany)	21,608	3,383	(139)	4,987	29,839
Non-current (excluding intercompany)	115,611	315	(2,456)	244	113,714
Expenditure on property, plant and equipment	21,465	47	(1,165)	248	20,595
Intercompany balances	-	8,869	(52,783)	43,914	-
Geographic segment liabilities					
Current (excluding intercompany)	(7,177)	(1,546)	-	(627)	(9,350)
Non-current (excluding intercompany)	(9,085)	(17)	140	(524)	(9,486)
Intercompany balances	(2,441)	(32,558)	52,783	(17,784)	-
Information about reportable segments 2018	Zimbabwe	South Africa	Inter-group elimination adjustments	Corporate and other reconciling amounts	Total
Revenue	68,399	12,554	(12,166)	(388)	68,399
Royalties	(3,426)	-	-	-	(3,426)
Production costs	(39,186)	(11,328)	11,199	-	(39,315)
Depreciation	(4,366)	(32)	327	-	(4,071)
Management fee*	(2,650)	2,650	-	-	-
Other income	6,482	366	-	253	7,101
Other expenses	(296)	-	-	(40)	(336)
Administrative expenses	(159)	(2,433)	-	(3,873)	(6,465)
Cash-settled share-based expense	(84)	(137)	-	(94)	(315)
Equity-settled share-based expense	-	-	-	(14)	(14)
Net Foreign exchange gain/(loss)	133	(327)	-	417	223
Net finance cost	(262)	17	-	25	(220)
Gold hedge expense	-	-	-	(360)	(360)
Profit before tax	24,585	1,330	(640)	(4,074)	21,201
Tax expense	(7,085)	(387)	153	(126)	(7,445)
Profit for the year	17,500	943	(487)	(4,200)	13,756

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36 Operating Segments (continued)

Information about reportable segments 2018	Zimbabwe	South Africa	Inter-group elimination adjustments	Corporate and other reconciling amounts	Total
Geographic segment assets:					
Current (excluding intercompany)	21,505	3,489	(91)	3,265	28,168
Non-current (excluding intercompany)	98,700	466	(1,641)	-	97,525
Expenditure on property, plant and equipment	20,436	370	(891)	-	19,915
Intercompany balances	-	6,926	(46,240)	39,314	-
Assets held for sale	-	296	-	-	296
Geographic segment liabilities					
Current (excluding intercompany)	(10,445)	(1,403)	-	(350)	(12,198)
Non-current (excluding intercompany)	(33,043)	(47)	446	(2,043)	(34,687)
Intercompany balances	(1,345)	(33,032)	46,240	(11,863)	-
Liabilities directly associated with assets held for sale		(609)	-	-	(609)
Information about reportable segments 2017	Zimbabwe	South Africa	Inter-group eliminations adjustments	Corporate and other reconciling amounts	Total
Revenue	69,762	-	-	-	69,762
Inter-segmental revenue	-	15,247	(15,061)	(186)	-
Royalties	(3,498)	-	-	-	(3,498)
Production costs	(36,753)	(14,751)	15,324	-	(36,180)
Depreciation	(4,019)	(53)	309	-	(3,763)
Management fee	(3,960)	3,960	-	-	-
Other income	2,358	205	-	31	2,594
Other expenses	-	(14)	-	-	(14)
Impairment loss on trade receivables	(181)	-	-	-	(181)
Administrative expenses	(40)	(2,258)	-	(3,613)	(5,911)
Cash-settled share-based expense	(581)	-	-	(395)	(976)
Equity-settled share-based expense	(806)	-	-	(29)	(835)
Net foreign exchange (loss)/gain	(375)	207	-	(212)	(380)
Net finance cost	(69)	10	-	28	(31)
Profit before tax	21,838	2,553	572	(4,376)	20,587
Tax expense	(7,587)	(1,104)	-	-	(8,691)
Profit for the year	14,251	1,449	572	(4,376)	11,896

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36 Operating Segments (continued)

Major customer

Revenues from Fidelity in Zimbabwe amounted to \$75,826 (2018: \$68,399; 2017: \$69,762).

37 Non-controlling interests

Blanket Mine (1983) (Private) Limited NCI % - 16.2%

	2019	2018	2017
Current assets	21,386	19,107	15,559
Non-current assets	115,610	98,700	82,798
Current liabilities	(8,630)	(13,200)	(16,232)
Non-current liabilities	(9,085)	(33,043)	(23,041)
Net assets	119,281	71,564	59,084
Carrying amount of NCI	16,302	8,345	5,944
Revenue	75,826	68,399	69,762
Profit after tax	51,746	18,456	15,506
Total comprehensive income	51,746	18,456	15,506
Profit allocated to NCI	8,383	2,990	2,512
Dividend to NCI	(426)	(589)	(406)

38 Defined Contribution Plan

Under the terms of the Mining Industry Pension Fund ("Fund") in Zimbabwe, eligible employees contribute a fixed percentage of their eligible earnings to the Fund. Blanket Mine makes a matching contribution plus an inflation levy as a fixed percentage of eligible earnings of these employees. The total contribution by Blanket Mine for the year ended December 31, 2019 was \$506 (2018: \$619).

39 Subsequent events

There were no significant subsequent events between December 31, 2019 and the date of issue of these financial statements other than described below and included in the preceding notes to the consolidated financial statements.

(a) Purchase of 15% Fremiro stake in Blanket

On January 21, 2020 the Group concluded the purchase of Fremiro's 15% shareholding in Blanket Mine and its facilitation loans. The purchase price of \$16,667 was settled through the issue of 727,266 shares in the Company and cancelled the facilitation loan outstanding, repurchased the NCI and increased the Group's shareholding in Blanket Mine.

At the date of authorisation of the financial statements the estimated financial effect could not be made.

(b) Amendment of GCSOT advanced dividend loan terms

On February 27, 2020 the Blanket board approved the amendment to the terms of the GCSOT advanced dividend loan (refer note 6). It was resolved that going forward, 20% of the Blanket dividend attributable to GCSOT would accrue to GCSOT unconditionally and 80% would repay the advanced dividend loan. At the date of authorisation of the financial statements the estimated financial effect could not be made.

(c) Going concern assumption and COVID-19

Management prepared these consolidated financial statements on a going concern basis as it is not intended to liquidate the business or cease trading in the foreseeable future.

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- global gold prices;
- demand for gold and the ability to refine and sell gold produced;
- the severity and the length of potential measures taken by governments to manage the spread of the disease, and their effect on labour availability and supply lines;
- availability of government supplies, such as water and electricity;
- local currency purchasing power; or
- ability to obtain funding.

At the date of the approval of these consolidated financial statements, the Zimbabwean government has not introduced measures which impede the normal operation of the business. The South African government has introduced measures which effectively shut down the normal supply chain for the business for a period of 21 days from March 26, 2020. Management believes the business holds sufficient levels of stocks to be able to maintain normal production without interruption and accordingly the current situation bears no impact on management's going concern assumption.

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date March 30, 2020

CALEDONIA MINING CORPORATION PLC

By: /s/ Mark Learmonth
Mark Learmonth
Chief Financial Officer

Description of the registrant's securities registered pursuant to section 12 of the Securities Exchange Act of 1934

DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

As of the date of the Annual Report on Form 20-F of which this Exhibit 2.1 is a part, Caledonia Mining Corporation Plc (the “**Company**”, “**we**”, “**us**” or “**our**”) has only one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: common shares (the “**Common Shares**”).

Description of Common Shares

*The below description of Common Shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our articles of association (the “**Articles**”), as amended, which are incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit 2.1 is a part.*

We are authorized to issue an unlimited number of Common Shares, without par value. Additionally, we are authorized to issue preference shares. Preference shares may be issued from time to time, in one or more series, with such preference, deferred or other special rights, privileges, restrictions and conditions as specified in the Articles or as is fixed before the issuance of such preference shares by a resolution passed by the Company's directors and confirmed by shareholders through a special resolution. Such preference shares shall be entitled to preference over shares in respect of the payment of dividends and shall have priority over Common Shares in the event of a distribution of residual assets of the Company in the event of a liquidation, dissolution or winding up (the “**Priority Preference**”).

Basic Rights of our Common Shares

The holders of Common Shares are entitled to one vote per share at all meetings of the shareholders of the Company, except meetings at which holders of a specified class or series of shares other than Common Shares are entitled to vote. All our Common Shares rank equally as to dividends if and when declared. Upon liquidation, dissolution or winding up, holders of our Common Shares are entitled to distribution of the property of the Company remaining subject to the Priority Preference. No preference shares of the Company are currently issued and outstanding. Our Articles provide that no shareholder will be compelled to accept any assets upon which there is a liability.

Our Common Shares are not subject to liability to further capital calls by the Company. There are no provisions in our Articles discriminating against any existing or prospective shareholder as a result of such shareholder owning a substantial number of our Common Shares, and non-resident or foreign holders of our Common Shares are not limited in having, holding or exercising the voting rights associated with Common Shares. Also, no provisions currently exist in our Articles governing an exchange, redemption, retraction, purchase for cancellation, surrender or sinking or purchase funds with regard to Common Shares.

Pre-emptive Rights

The Common Shares do not have pre-emptive rights to purchase additional Common Shares.

Transferability of Common Shares

Our Articles do not impose restrictions on the transfer of Common Shares by a shareholder although the board of directors can impose restrictions (including on certain transfers) for failure to comply with a disclosure notice (see ***Ownership disclosure threshold for our Common Shares*** below).

Action(s) to change Rights attaching to our Common Shares

Provisions as to the modification, amendment or variation of shareholder rights for holders of our Common Shares are contained in the Articles. The Articles stipulate that rights attaching to Common Shares (or preference shares) can only be modified by the affirmative vote of at least two-thirds of the votes cast at a meeting of the relevant shareholders called for such purpose.

Change of Control restrictions for our Common Shares

Our Articles do not contain provisions that would have an effect of delaying, deferring or preventing a change in control of the Company which would operate with respect to a merger, acquisition or corporate restructuring involving the Company.

Ownership disclosure threshold for our Common Shares

The Articles permit the Company to give a disclosure notice to any person that we have reasonable cause to believe is or was interested in the Common Shares within the preceding three years. Such notice may require the person to inform the Company whether that person holds/has held an interest in the Common Shares. The Articles also incorporate by reference certain of the disclosure guidance and transparency rules (“DTR”) published by the UK’s Financial Conduct Authority. The DTR include, amongst other things, a requirement that a shareholder must notify the Company of the percentage of its voting rights (held directly and indirectly) if the percentage of those voting rights reaches, exceeds or falls below 3% of the Company’s issued voting securities, and each 1% threshold above the 3% amount.

Differences in Corporate Law between United States (Delaware) and Jersey, Channel Islands

Set forth below is a comparison of certain shareholder rights and corporate governance matters under Delaware law and Jersey law:

<u>Corporate Law Issue</u>	<u>Delaware Law</u>	<u>Jersey Law</u>
<i>Special Meetings of Shareholders</i>	Shareholders generally do not have the right to call meetings of shareholders unless that right is granted in the certificate of incorporation or by-laws. However, if a corporation fails to hold its annual meeting within a period of 30 days after the date designated for the annual meeting, or if no date has been designated for a period of 13 months after its last annual meeting, the Delaware Court of Chancery may order a meeting to be held upon the application of a shareholder.	Shareholders holding 10% or more of the company’s voting rights and entitled to vote at the relevant meeting may legally require directors to call a meeting of shareholders. Under the Articles, the percentage required to requisition a meeting is reduced to 5%. The Jersey Financial Services Commission, or JFSC, may, at the request of any officer, secretary or shareholder, call or direct the calling of an annual general meeting. Failure to call an annual general meeting in accordance with the requirements of the Companies Law is a criminal offense on the part of a Jersey company and its directors and secretary.
<i>Interested Director Transactions</i>	Interested director transactions are permissible and may not be legally voided if: <ul style="list-style-type: none">• either a majority of disinterested directors, or a majority in interest of holders of shares of the corporation’s capital stock entitled to vote upon the matter, approves the transaction upon disclosure of all material facts; or• the transaction is determined to have been fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee thereof or the shareholders.	An interested director must disclose to the company the nature and extent of any interest in a transaction with the company, or one of its subsidiaries, which to a material extent conflicts or may conflict with the interests of the company and of which the director is aware. Failure to disclose an interest entitles the company or a shareholder to apply to the court for an order setting aside the transaction concerned and directing that the director account to the company for any profit.

A transaction is not voidable and a director is not accountable notwithstanding a failure to disclose an interest if the transaction is confirmed by special resolution and the nature and extent of the director's interest in the transaction are disclosed in reasonable detail in the notice calling the meeting at which the resolution is passed.

Although it may still order that a director account for any profit, a court will not set aside a transaction unless it is satisfied that the interests of third parties who have acted in good faith would not thereby be unfairly prejudiced and the transaction was not reasonable and fair in the interests of the company at the time it was entered into.

The Articles set out a limited number of transactions and matters in which a director may be interested and in which he may vote and be counted in the quorum in relation to a resolution on the matter.

There are no provisions in the Companies Law relating to cumulative voting.

Cumulative Voting

The certificate of incorporation of a Delaware corporation may provide that shareholders of any class or classes or of any series may vote cumulatively either at all elections or at elections under specified circumstances.

Approval of Corporate Matters by Written Consent

Unless otherwise specified in a corporation's certificate of incorporation, shareholders may take action permitted to be taken at an annual or special meeting, without a meeting, notice or a vote, if consents, in writing, setting forth the action, are signed by shareholders with not less than the minimum number of votes that would be necessary to authorize the action at a meeting. All consents must be dated and are only effective if the requisite signatures are collected within 60 days of the earliest dated consent delivered.

If permitted by the articles of association of a company, a written consent signed and passed by the specified majority of members may affect any matter that otherwise may be brought before a shareholders' meeting, except for the removal of a company's auditors. Such consent shall be deemed effective when the instrument, or the last of several instruments, is signed by the specified majority of members or on such later date as is specified in the resolution.

The Articles do not contain provisions regarding shareholder resolutions in writing.

Business Combinations

With certain exceptions, a merger, consolidation or sale of all or substantially all of the assets of a Delaware corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon.

A sale or disposal of all or substantially all the assets of a Jersey company must be approved by the board of directors and, only if the articles of association of the company require, by the shareholders in general meeting. A merger involving a Jersey company must be generally documented in a merger agreement which must be approved by special resolution of that company.

Limitations on Director's Liability and Indemnification of Directors and Officers

A Delaware corporation may indemnify a director or officer of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of his or her position if (i) the director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful.

The Companies Law does not contain any provision permitting Jersey companies to limit the liabilities of directors for breach of fiduciary duty.

However, a Jersey company may exempt from liability, and indemnify directors and officers, for liabilities:

- incurred in defending any civil or criminal legal proceedings where:
 - the person is either acquitted or receives a judgment in their favor;
 - where the proceedings are discontinued other than by reason of such person (or someone on their behalf) giving some benefit or suffering some detriment; or
 - where the proceedings are settled on terms that such person (or someone on their behalf) gives some benefit or suffers some detriment but in the opinion of a majority of the disinterested directors, the person was substantially successful on the merits in the person's resistance to the proceedings;
- incurred to anyone other than to the company if the person acted in good faith with a view to the best interests of the company;
- incurred in connection with an application made to the court for relief from liability for negligence, default, breach of duty or breach of trust under Article 212 of the Companies Law in which relief is granted to the person by the court; or
- incurred in a case in which the company normally maintains insurance for persons other than directors.

Appraisal Rights

A shareholder of a Delaware corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights under which the shareholder may receive cash in the amount of the fair value of the shares held by that shareholder (as determined by a court) in lieu of the consideration the shareholder would otherwise receive in the transaction.

There are no appraisal rights under the Companies Law but the Articles include dissent rights of shareholders, based on Canadian law, whereby shareholders who dissent to certain transactions of the Company may apply to have the Company buy their shares for fair value.

Shareholder Suits

Class actions and derivative actions generally are available to the shareholders of a Delaware corporation for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

Under Article 141 of the Companies Law, a shareholder may apply to court for relief on the ground that the conduct of a company's affairs, including a proposed or actual act or omission by a company, is "unfairly prejudicial" to the interests of shareholders generally or of some part of shareholders, including at least the shareholder making the application.

There may also be customary law personal actions available to shareholders. Under Article 143 of the Companies Law (which sets out the types of relief a court may grant in relation to an action brought under Article 141 of the Companies Law), the court may make an order regulating the affairs of a company, requiring a company to refrain from doing or continuing to do an act complained of, authorizing civil proceedings and providing for the purchase of shares by a company or by any of its other shareholders.

Inspection of Books and Records

All shareholders of a Delaware corporation have the right, upon written demand, to inspect or obtain copies of the corporation's shares ledger and its other books and records for any purpose reasonably related to such person's interest as a shareholder.

The register of shareholders and books containing the minutes of general meetings or of meetings of any class of shareholders of a Jersey company must during business hours be open to the inspection of a shareholder of the company without charge. The register of directors and secretaries must during business hours (subject to such reasonable restrictions as the company may by its articles of association or in general meeting impose, but so that not less than two hours in each business day be allowed for inspection) be open to the inspection of a shareholder or director of the company without charge.

Amendments to Charter

Amendments to the certificate of incorporation of a Delaware corporation require the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon or such greater vote as is provided for in the certificate of incorporation. A provision in the certificate of incorporation requiring the vote of a greater number or proportion of the directors or of the holders of any class of shares than is required by Delaware corporate law may not be amended, altered or repealed except by such greater vote.

The memorandum of association and the articles of association of a Jersey company may only be amended by special resolution (being a two-thirds majority if the articles of association of the company do not specify a greater majority) passed by shareholders in general meeting or by written resolution signed by all the shareholders entitled to vote.

THE AWARD HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS SUCH SECURITIES ARE REGISTERED UNDER THE ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT ARE AVAILABLE. THE TERMS "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATION S UNDER THE ACT.

2015 OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN

Award Agreement

Caledonia Mining Corporation Plc (the "**Company**") hereby grants the following Restricted Share Units ("**RSUs**") and Performance Units ("**PU**s") to the Participant named below (the "**Recipient**"), in accordance with and subject to the terms, conditions and restrictions of this Agreement, together with the provisions of the 2015 Omnibus Equity Incentive Compensation Plan (the "**Plan**") of the Company for services rendered to the Company and its subsidiaries:

Name of Recipient: _____

Grant of RSUs:

Date of Grant: _____

Value of RSUs at Date of Grant: _____

Price Per Share at Date of Grant¹: _____

Total Number of RSUs: _____

Vesting Date of RSUs: Subject to any reduction, cancellation, forfeiture or acceleration in vesting as provided in the Plan or this Award Agreement, 100% of the RSUs granted pursuant to this Award Agreement will vest on January , 2023 ("**RSUs Vesting Date**").

Dividend Reinvestment: The Recipient will be entitled to receive, from and after the date of the grant of the RSUs until settlement of the RSUs, for each RSU held at the time of payment of a dividend by the Company, the cash equivalent of such dividend declared by the Company on one Share. Such cash equivalents paid by the Company shall, with respect to each unvested RSU, be automatically reinvested in additional RSUs at a price per RSU equal to the then applicable RSU Share Price. For the avoidance of doubt, all additional RSUs accrued to the Recipient through dividend reinvestment shall be subject to the terms, conditions and restrictions of this Agreement and the Plan.

¹ The Fair Market Value of a Share underlying an RSU shall be equal to the greater of (i) the volume weighted average trading price of the Shares on the NYSE American for the five trading days preceding the relevant date in which such valuation occurs or (ii) the closing price of the Shares on the NYSE American on the trading day immediately prior to such valuation date (i.e., grant date, dividend payment date, settlement date) (the "**RSU Share Price**").

Settlement: The settlement value of the RSUs shall be an amount equal to the Total Number of RSUs (including, for the avoidance of doubt, RSUs accrued to the Recipient pursuant to dividend reinvestment) multiplied by the RSU Share Price on the date of settlement. Such settlement value may be paid to the Recipient in the same currency and in the same manner that the Recipient receives his or her regular compensation.

Notwithstanding the foregoing, the Recipient may, except in the event of a Change of Control, request that settlement be made in whole or in part in the form of Shares at a value equal to the then applicable RSU Share Price at the date of settlement and, in the event that such request is made, the Company shall endeavour to satisfy such request to issue Shares subject to there being, if the Recipient is a resident of Zimbabwe, a current listing of Shares or securities representing them on a Zimbabwe securities exchange and all applicable law and regulations (including, but not limited to, any restrictions on the issue of securities pursuant to the Plan and the Company's share dealing code in force from time to time and the requirements of any securities exchange upon which the Shares are then listed) and otherwise on such terms and conditions as the Committee may determine.

Grant of PUs:

Date of Grant:	_____
Value of PUs at Date of Grant:	_____
Price Per Share at Date of Grant²:	_____
Target Number of PUs:	_____
Vesting Date of PUs:	Subject to any reduction, cancellation, forfeiture or acceleration in vesting as provided in the Plan or this Award Agreement, 100% of the PUs granted pursuant to this Award Agreement will vest on January , 2023 (" PUs Vesting Date ").
Performance Measures:	The number of PUs which will vest on the PUs Vesting Date (including an increase or decrease in the Target PUs) will be equal to the Target PUs multiplied by the score determined in accordance with Appendix A (the " Performance Multiplier ") to this Award Agreement.
Performance Period:	January 1, 2020 to December 31, 2022.
Dividend Reinvestment:	The Recipient will be entitled to receive, from and after the PUs Vesting Date until settlement of the PUs, for each vested PU held at the time of payment of a dividend by the Company, the cash equivalent of such dividend declared by the Company on one Share. Such cash equivalents paid by the Company shall, with respect to each vested PU, be automatically reinvested in additional PUs at a price per PU equal to the then applicable PU Share Price. For the avoidance of doubt, all additional PUs accrued to the Recipient through dividend reinvestment shall be subject to the terms, conditions and restrictions of this Agreement and the Plan. No PUs accrued to the Recipient through dividend reinvestment shall be subject to adjustment, either upwards or downwards, by the Performance Multiplier.

² The Fair Market Value of a Share underlying a PU shall be equal to the greater of (i) the volume weighted average trading price of the Shares on the NYSE American for the five trading days preceding the relevant date in which such valuation occurs or (ii) the closing price of the Shares on the NYSE American on the trading day immediately prior to such valuation date (i.e., grant date, dividend payment date, settlement date) (the "**PU Share Price**").

Settlement: The settlement value of the PUs shall be an amount equal to the Target Number of PUs (after application of the Performance Multiplier) multiplied by the PU Share Price. Such settlement value may be paid to the Recipient in the same currency and in the same manner that the Recipient receives his or her regular compensation.

Notwithstanding the foregoing, the Recipient may, except in the event of a Change of Control, request that settlement be made in whole or in part in the form of Shares at a value equal to the then applicable PU Share Price at the date of settlement and, in the event that such request is made, the Company shall endeavour to satisfy such request to issue Shares subject to there being, if the Recipient is a resident of Zimbabwe, a current listing of Shares or securities representing them on a Zimbabwe securities exchange and all applicable law and regulations (including, but not limited to, any restrictions on the issue of securities pursuant to the Plan and the Company's share dealing code in force from time to time and the requirements of any securities exchange upon which the Shares are then listed) and otherwise on such terms and conditions as the Committee may determine.

Death of the Recipient: If the Recipient dies while an Employee of the Company or an Affiliate, any PUs held by the Recipient that have not vested will immediately vest and will be settled with the estate of the Recipient as soon as practicable. The Performance Multiplier will be applied to determine the number of PUs that vest as if the applicable Performance Period has been completed. If a Performance Period is in progress at the time of the Recipient's death or for future Performance Periods, the Performance Multiplier will be calculated on the basis of the Performance Measures achieved at the end of the immediately preceding interim period. The determination of the foregoing will be in the sole and unfettered discretion of the Committee.

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Award Agreement and all capitalized terms used in this Award Agreement, unless expressly defined in a different manner, have the meanings given to them in the Plan. Except where the terms and provisions of this Award Agreement specifically state that they supersede the terms or provisions of the Plan, in the event of a conflict between any term or provision contained in this Award Agreement and a term or provision of the Plan, all terms and provisions of the Plan will govern and prevail.
 2. The Awards granted pursuant to this Award Agreement are recorded in a notional account held by the Company in your name, to which you may refer at any time.
 3. Nothing contained in this Award Agreement or the Plan will give the Recipient or any other Person any interest or title in or to any Share or any rights as a shareholder of the Company (including, without limitation, any right to receive dividends or other distributions from the Company, voting rights, warrants or rights under any rights offering) or any other legal or equitable right against the Company whatsoever, other than as set forth in this Award Agreement and in the Plan.
 4. If the Recipient voluntarily Retires, the Committee may, in its sole discretion but will have no obligation to, accelerate the vesting of any unvested Awards granted pursuant to this Award Agreement. In exercising its discretion, the Committee will consider the nature of the Recipient's withdrawal from employment or office with the Company or Affiliate, including without limitation the notice period given by the Recipient, the transition responsibilities carried out by the Recipient and the Recipient's adherence to any applicable restrictive covenants.
 5. The Recipient will not be obligated to settle any Awards granted pursuant to this Award Agreement on the vesting date of such Awards but may elect to settle at any time after such vesting date.
 6. Nothing in the Plan or in this Award Agreement will affect the Company's right, or that of an Affiliate, to terminate the employment or term of office or engagement of a Recipient at any time for any reason whatsoever. Upon such termination, the Recipient's rights in respect of the Awards granted under this Award Agreement will be subject to restrictions and time limits, the complete details of which are set out in the Plan.
 7. Without restriction, and for the avoidance of doubt, the Recipient agrees that the Recipient will not be entitled to any rights to accrue, vest or exercise any Awards during or in respect of any termination notice or severance period under the Recipient's employment agreement or employment arrangements.
 8. Each notice relating to the Awards must be in writing. All notices to the Company must be delivered personally or by prepaid registered mail and must be addressed to the Chief Financial Officer of the Company with a copy to the Company Secretary of the Company. All notices to the Recipient will be addressed to the principal address of the Recipient on file with the Company. Either the Company or the Recipient may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the fifth business day following the date of mailing. Any notice given by either the Recipient or the Company is not binding on the recipient of such notice until received.
-

9. Subject to 8.3 or 10.7 of the Plan, as applicable, any Award granted pursuant to this Award Agreement may only be held during the lifetime of the Recipient by the Recipient personally and no assignment or transfer of an Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Award whatsoever in any assignee or transferee, and immediately upon any assignment or transfer or any attempt to make such assignment or transfer, the Award granted under this Award Agreement terminates and is of no further force or effect. Complete details of this restriction are set out in the Plan.
 10. In the event of a Change of Control, all RSUs and PUs granted pursuant to this Award Agreement shall immediately vest and the value of such RSUs and PUs shall be paid out in cash within 30 days subsequent to the Change of Control in an amount based on the Change of Control Price. For the avoidance of doubt, the Committee shall have no discretion regarding the form of payment and there shall be no Alternative Awards as described in Article 14 of the Plan.
 11. The Recipient hereby acknowledges and agrees that:
 - (a) any rule, regulation or determination, including the interpretation by the Committee, with respect to the Awards granted under this Award Agreement and, if applicable, its exercise, is final and conclusive for all purposes and binding on all Persons, including the Company and the Recipient;
 - (b) the participation of the Recipient in the Plan is entirely voluntary; and
 - (c) the Recipient has been advised to obtain independent legal and tax advice prior to entering into this Award Agreement and by entering this Agreement the Recipient represents that he or she did obtain whatever independent legal and tax advice he or she considered appropriate and sufficient.
 12. By signing this Award Agreement, the Recipient represents and warrants that (i) under the terms and conditions of the Plan he is an Eligible Participant (as defined in the Plan) entitled to receive the Award, and (ii) he is not in the United States or a U.S. person, nor is he acquiring the Award for the benefit of a person in the United States or a U.S. person. Furthermore, the Recipient understands that the Award may not be exercised in the United States or by or on behalf of a U.S. person unless the Award has been registered under the Act or is exempt from registration thereunder. The Company may condition the Award upon receiving from the Recipient such representations and warranties and such evidence of registration or exemption under the Act as is satisfactory to the Company, acting in its sole discretion.
 13. This Award Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.
-

CALEDONIA MINING CORPORATION PLC

By:

Authorized Signatory

I have read the foregoing Award Agreement and hereby accept the Awards in accordance with and subject to the terms and conditions of this Award Agreement and the Plan. I understand that I may review the complete text of the Plan by contacting the Company Secretary. I agree to be bound by the terms and conditions of the Plan governing the Award.

Date Accepted

Recipient's Signature

Recipient's Name
(Please Print)

**APPENDIX A
PERFORMANCE MULTIPLIER**

The Performance Multiplier will be calculated based on gold production performance for the year ending December 31, 2022 in accordance with the following targets based on the applicable Life of Mine Plan:

Gold ounces produced

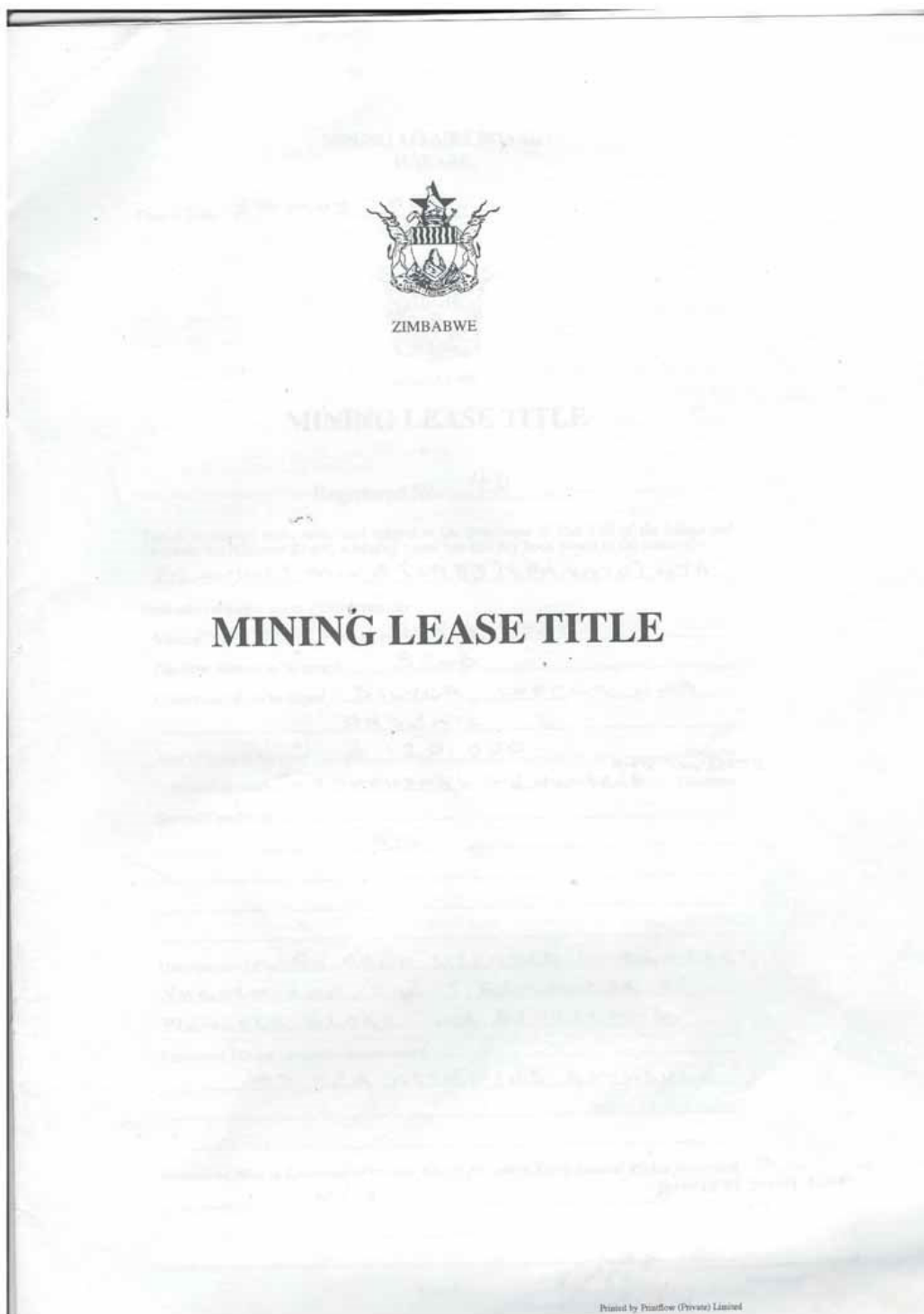
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	4,407	4,240	4,813	4,462	4,710	4,405	5,202	4,722	4,441	4,856	5,026	4,908
2021	6,041	6,343	6,343	6,403	6,403	5,715	5,715	5,888	6,061	6,209	6,939	6,939
2022	6,800	6,870	6,871	6,814	6,814	6,814	6,814	6,814	6,654	6,493	6,493	5,747
<i>Year ending Dec 31, 2022</i>												80,000

The number of PUs to vest on the PUs Vesting Date will be determined based on the Performance Multiplier, calculated as follows:

Performance Measure⁽¹⁾	Guideline Weight⁽²⁾	Below 70% of Target Met	70% of Target Met	Target Met	Maximum – 200% of Target
Gold Production	100%	No PUs vest	70% PUs vest	100% PUs vest	200% PUs vest

Notes:

- (1) For the purposes of determining whether a target has been met mid-year, the results for the immediately prior interim quarterly period will be annualized and applied.
- (2) If the applicable target is met, then a score equal to the Guideline Weight is achieved. For example, if the target Gold Production is met, a score of 100% would be received. If the target is exceeded by 10%, a score of 110% would be received. If a score of less than 70% is achieved, no PUs will vest. If a score above 200% is achieved, the maximum number of PUs will continue to be 200% of the Target PUs.



MINING AFFAIRS BOARD
HARARE

Date of Issue 24 MAR 2019



ZIMBABWE

MINING LEASE TITLE

Registered No. 40

THIS IS TO CERTIFY THAT, under and subject to the provisions of Part VIII of the Mines and Minerals Act [Chapter 21:05], a Mining Lease has this day been issued in the name of —

BLANKET MINE (1983) (PRIVATE) LTD

Particulars whereof are as stated hereunder:

Mining District MAITABELAND SOUTH

Principal mineral to be mined GOLD

Other minerals to be mined SILVER, COPPER AND ARSENIC

Area of lease in hectares 2 120.000 hectares
(Stated in words TWO THOUSAND ONE HUNDRED AND TWENTY hectares)

Special Conditions

NIL

Description of Area AN AREA SITUATED ON BLANKET, VUBACHIKWE SHEET, REMAINDER OF WENLOCK BLOCK AND STATELAND

Registered Mining Locations incorporated

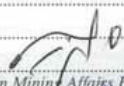
AS PER ATTACHED SCHEDULE

Registered Mining Locations (Precious Metal) for which Extra Lateral Rights preserved:

N/A

Approved by Mining Affairs Board

Signed


Chairman Mining Affairs Board

Additions to Mining Lease Area

Date of addition.....
Additional area, in hectares.....
Description of additional area.....
.....
Registered Mining Locations included in additional area
.....
Registered Mining Locations (P.M.) in additional area for which Extra Lateral Rights are preserved.....
.....
Signed
Chairman, Mining Affairs Board

Date of addition.....
Additional area, in hectares.....
Description of additional area.....
.....
Registered Mining Locations included in additional area
.....
Registered Mining Locations (P.M.) in additional area for which Extra Lateral Rights are preserved.....
.....
Signed
Chairman, Mining Affairs Board

Date of addition.....
Additional area, in hectares.....
Description of additional area.....
.....
Registered Mining Locations included in additional area
.....
Registered Mining Locations (P.M.) in additional area for which Extra Lateral Rights are preserved.....
.....
Signed
Chairman, Mining Affairs Board

Date of addition.....
Additional area, in hectares.....
Description of additional area.....
.....
Registered Mining Locations included in additional area
.....
Registered Mining Locations (P.M.) in additional area for which Extra Lateral Rights are preserved.....
.....
Signed
Chairman, Mining Affairs Board

Abandonments of Area of Mining Lease

Area abandoned, in hectares

Description of area abandoned.....

Registered Mining Locations (P.M.) situated in area abandoned for which Extra Lateral Rights were preserved.....

Date of abandonment posted by Mining Commissioner.....

Signed

Chairman, Mining Affairs Board

Area abandoned, in hectares

Description of area abandoned.....

Registered Mining Locations (P.M.) situated in area abandoned for which Extra Lateral Rights were preserved.....

Date of abandonment posted by Mining Commissioner.....

Signed

Chairman, Mining Affairs Board

Area abandoned, in hectares

Description of area abandoned.....

Registered Mining Locations (P.M.) situated in area abandoned for which Extra Lateral Rights were preserved.....

Date of abandonment posted by Mining Commissioner.....

Signed

Chairman, Mining Affairs Board

Area abandoned, in hectares

Description of area abandoned.....

Registered Mining Locations (P.M.) situated in area abandoned for which Extra Lateral Rights were preserved

Date of abandonment posted by Mining Commissioner.....

Signed

Chairman, Mining Affairs Board

[illegible][illegible][illegible]

General Notice 1073 of 2018.

MINES AND MINERALS ACT [CHAPTER 21:05]

Application for Mining Lease: Blanket Mine
Matabeleland South Mining District

It is hereby notified, in terms of section 138(a) of the Mines and Minerals Act [Chapter 21:05], that Blanket Mine (1983) (Private) Limited has applied for a mining lease, Map Reference 2028DD1 of scale 1:50 000, published by the Surveyor-General, for an area described in the Schedule below. The area to which the application relates is more clearly shown on a plan lodged with the Mining Commissioner, Matabeleland South District, and by the beacons erected on the ground. The principal minerals to be mined are gold, silver, copper and arsenic.

Any person wishing to object to the issue of the mining lease should do so, in writing, stating reasons for objection to the Mining Commissioner, Ministry of Mines and Mining Development Head Office (P.O. Box 7709, Causeway), Harare, within a period of 30 days from the date of publication of this notice, in the *Gazette*.

21-12-2018

O. M. MOYO,
Acting Mining Commissioner.

SCHEDULE

DESCRIPTION OF AREA

An area of approximately 2,120,000 hectares in extent, situated in the Bulawayo Mining District, bounded by a line commencing at a point (grid reference PG959964) which is situated at a distance of approximately 3.041 kilometres on a bearing of $350^{\circ}32'$ from a Trig. beacon 1053/S (grid reference PG964934); thence on a true bearing of approximately $69^{\circ}46'$ for an approximate distance of 2.025 kilometres to a point (grid reference PG978971); thence on a true bearing of approximately $153^{\circ}56'$ for an approximate distance of 5.100 kilometres to a point (grid reference QG000926); thence on a true bearing of approximately $133^{\circ}00'$ for an

approximate distance of 1.550 kilometres to a point (grid reference QG012916); thence on a bearing of approximately 223°00' for an approximate distance of 0.800 kilometres to a point (grid reference QG006910); thence on a bearing of approximately 313°20' for an approximate distance of 0.340 kilometres to a point (grid reference QG004912); thence on a true bearing of approximately 322°00' for an approximate distance of 0.360 kilometres to a point (grid reference QG002915); thence on a bearing of approximately 259°40' for an approximate distance of 0.200 kilometres to a point (grid reference QG000915); thence on a true bearing of approximately 166°10' for an approximate distance of 0.430 kilometres to a point (grid reference QG001910); thence on a true bearing of approximately 262°40' for an approximate distance of 0.140 kilometres to a point (grid reference QG000910); thence on a true bearing of approximately 233°00' for an approximate distance of 0.150 kilometres to a point (grid reference PG998909); thence on a true bearing of approximately 335°10' for an approximate distance of 0.180 kilometres to a point (grid reference PG998911); thence on a true bearing of approximately 218°00' for an approximate distance of 0.200 kilometres to a point (grid reference PG997909); thence on a true bearing of approximately 336°00' for an approximate distance of 0.400 kilometres to a point (grid reference PG995913); thence on a true bearing of approximately 258°00' for an approximate distance of 0.300 kilometres to a point (grid reference PG992912); thence on a true bearing of approximately 198°20' for an approximate distance of 0.560 kilometres to a point (grid reference PG990907); thence on a true bearing of approximately 242°30' for an approximate distance of 0.580 kilometres to a point (grid reference PG988904); thence on a true bearing of approximately 334°20' for an approximate distance of 1.160 kilometres to a point (grid reference PG980914); thence on a true bearing of approximately 302°00' for an approximate distance of 0.560 kilometres to a point (grid reference PG976918); thence on a true bearing of approximately 255°00' for an approximate distance of 0.950 kilometres to a point (grid reference PG967915); thence on a true bearing of approximately 278°30' for an approximate distance of 0.800 kilometres to a point (grid reference PG959916); thence on a true bearing of approximately 00°00' for an approximate distance of 4.800 kilometres to the starting point.

The area to which the application relates is more clearly shown on a plan lodged with the Mining Commissioner, Bulawayo. The area described in relation to the Mining Commissioner's topo map 2028DD1.

Registered claim name	Registered number
Lima 1	35753
Lima 2	35754
Lima 3	35755
Lima 4	35756
Lima 5	35757
Lima 6	35758
Lima 7	35759
Lima 8	35760
Lima 9	35761
Lima 10	35762
Lima 11	35763
Lima 12	35764
Lima 13	35765
Lima 14	35766
Lima 15	35767
Lima 16	35768
Lima 17	36066
Lima 18	36067
Lima 19	36068
Lima 20	36069
Lima 21	36070
Lima 22	36071
Lima 23	36072
Lima 24	36073
Lima 25	36074

Registered claim name	Registered number
Lima 26	36075
Lima 27	36076
Lima 28	36077
Lima 29	36078
Lima 30	36079
Lima 31	36080
Lima 32	36081
Lima 33	36082
Lima 34	36083
Lima 35	36084
Lima 36	36085
Lima 37	36086
Lima 38	36087
Lima 39	36088
Lima 40	36089
Lima 41	36090
Lima 42	36091
Lima 43	36092
Lima 44	36093
Lima 45	36094
Lima 46	36095
Lima 47	36096
Lima 48	36097
Lima 49	36098
Lima 50	36099
Lima 51	36100
Lima 52	36101
Lima 53	36102
Lima 54	36103
Lima 55	36104
Lima 56	36105
Lima 57	36106
Lima 58	36107
Lima 59	36108
Lima 60	36109
Lima 61	36110
Lima 62	36111
Lima 63	36112
Lima 64	36113
Lima 65	36114
Lima 66	36115
Lima 67	36116
Lima 68	36117
Lima 'H'	1092 B.M.
Lima 'T'	34052
Lima 'J'	34053
Lima 'K'	34054
Lima 'L'	34055
Lima 'M'	34056
Lima 'N'	34057
Lima 'O'	34058
Lima 'P'	34059
Lima 'Q'	34060
Lima 'R'	34061
Lima 'S'	34062
Lima 'T'	34063
Lima 'U'	34064
Lima 'V'	43065
Lima 'W'	34066
Lima 'X'	34067

Registered claim name	Registered number
Sheet 2	GA341
Sheet	35628
Sheet 1	35629
Sheet 2	35630
Sheet 3	35631
Sheet 3	9629 B.M.
Sheet 4	35632
Sheet 5	35633
Smiler	32939
Sheet 11	35639
Sheet	34747
Sheet A	34744
Sheet B	34751
Sheet North A	34748
Sheet North B	34749
Sheet North C	34750
Sheet North D	34856
Oqueil 11	35939
Oqueil 12	35940
Oqueil 13	35941
Oqueil 14	35942
Oqueil 15	35943
Oqueil 16	35944
Oqueil 17	35945
Oqueil 18	35946
Oqueil 19	35947
Oqueil 20	35948
Oqueil 21	35949
Oqueil 22	35950
Oqueil 23	35951
Oqueil 24	35952
Oqueil 25	35953
Oqueil 26	35954
Oqueil 27	35955
Oqueil 28	35956
Oqueil 29	35957
Oqueil 30	35958
Oqueil 31	35959
Oqueil 32	35960
Oqueil 33	35961
Oqueil 34	35962
Oqueil 35	35963
Feudal South	GA446
Feudal West	10358 B.M.
Feudal DBF	21065
Feudal	19918
Feudal 2	10051 B.M.
Feudal 3	31190
DT	21775
Sabiwa DB	GA281
Sabiwa 2	GA513
Sabiwa 3	9628 B.M.
Sabiwa 4	10049 B.M.
Sabiwa East	10050 B.M.
Sabiwa 12	10896 B.M.
Sabiwa 13	10922 B.M.
Sabiwa 14	10923 B.M.
Sabiwa N	25610
Sabiwa S	1978
Jethro	19923

Registered claim name	Registered number
Harvard	5576 B.M.
Blanket	3958
Blanket	5030
Blanket	1817
Blanket 9	31202
Blanket 'A'	GA247
Blanket 'B'	GA248
Blanket 'D'	GA249
Blanket 'F'	GA512
Blanket 'J'	GA547
Blanket 'K'	6874 B.M.
Blanket 'L'	9627 B.M.
SITES	
Housing	573
compound	574
compound	575
Cemetery	577
Magazine	578
Slimes dam	613
Housing	645
Dump	646
Housing	701

General Notice 1074 of 2018.

NATIONAL HANDLING SERVICES

Invitation to Tender

TENDERS must be enclosed in sealed envelopes and endorsed on the outside with the advertised tender number, closing date and tender description. Tenders must be dropped in the tender box located at the reception area: National Handling Services Head Office (NHS), First Floor, Domestic Terminal, RG Mugabe International Airport.

Tenders must be dropped in the tender box located at the reception area: National Handling Services Head Office (NHS), First Floor, Domestic Terminal, RG Mugabe International Airport.

Tender number

NHS CB. 12/18. Repair, servicing and commissioning of the main coldroom. Site visit meeting: 11th January, 2019, at 1000 hrs. Tender closing date: 23rd January, 2019, at 1000 hrs.

Tender documents are obtainable from National Handling Services Head Office (NHS), First Floor, Domestic Terminal, RG Mugabe International Airport, Harare, upon payment of a non-refundable fee of USD10.00.

General Notice 1075 of 2018.

NATIONAL HANDLING SERVICES

Request for Expression of Interest

A consultant may submit only one expression of interest. Three (3) copies of Expression of Interest (EOI) must be submitted in sealed envelopes clearly marked with the "Expression of Interest description". The EOI must be dropped in the tender box located at the reception area at National Handling Services Head Office (NHS), First Floor, Domestic Terminal, RG Mugabe International Airport on or before 1500 hours on 11th January, 2019. Late expressions of interest will be rejected.

For the provision of customer services excellence training services to all NHS Staff.

1.0 BACKGROUND INFORMATION

National Handling Services (NHS) is a service-based organisation providing multiple services to domestic, regional and international clients in the air transport industry. In line with the company's vision of providing world class ground handling services to aviation clients by 2020, the customer service training is earmarked to promote the theme for great customer service which drives long-term business survival and profitability. NHS being a national strategic entity providing the first and last port of call for airlines and the travelling public, it demands that its service quality measure up to the world class expectations of its clients. Combined

List of Caledonia Mining Corporation Plc group entities

	Country of incorporation	2019 %	Legal shareholding (year end) 2018 %	2017 %
Subsidiaries within the Caledonia Mining Corporation Plc Group				
Caledonia Holdings Zimbabwe (Private) Limited ⁽¹⁾	Zimbabwe	100	100	100
Caledonia Mining Services Limited ⁽²⁾	Zimbabwe	100	100	100
Eersteling Gold Mining Corporation Limited	South Africa	-	100	100
Fintona Investments Proprietary Limited	South Africa	100	100	100
Caledonia Mining South Africa Proprietary Limited ⁽¹⁾	South Africa	100	100	100
Greenstone Management Services Holdings Limited ⁽³⁾	United Kingdom	100	100	100
Caledonia Holdings (Africa) Limited	Barbados	-	-	100
Blanket (Barbados) Holdings Limited ⁽⁴⁾	Barbados	-	-	100
Blanket Mine (1983) (Private) Limited ⁽²⁾	Zimbabwe	49	49	49

(1) Direct subsidiary of Greenstone Management Services Holdings Limited (United Kingdom)

(2) Direct subsidiary of Caledonia Holdings Zimbabwe (Private) Limited

(3) Direct subsidiary of Blanket (Barbados) Holdings Limited

(4) Direct subsidiary of Caledonia Holdings (Africa) Limited

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Steven Curtis**, certify that:

1. I have reviewed this annual report on Form 20-F of Caledonia Mining Corporation Plc (the “Company”).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company, and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is likely to materially affect, the Company’s internal control over financial reporting.
5. The Company’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the Audit Committee of the Company’s board of directors (or persons performing the equivalent function);
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - b. Any, fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: March 30, 2020

(signed) Steven Curtis

Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I **Mark Learmonth**, certify that:

1. I have reviewed this annual report on Form 20-F of Caledonia Mining Corporation Plc (the "Company").
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

The Company's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the Company, and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is likely to materially affect, the Company's internal control over financial reporting.
5. The Company's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function);
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b. Any, fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 30, 2020

(signed) Mark Learmonth

Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 20-F of Caledonia Mining Corporation Plc (the "Company") for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that I, Steven Curtis, Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code 18 U.S.C.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

By: (signed) Steven Curtis
Steven Curtis, Chief Executive Officer
Caledonia Mining Corporation Plc

Date: March 30, 2020

A signed original of this written statement required by Section 906 has been provided by Steven Curtis and will be retained by Caledonia Mining Corporation Plc and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 20-F of Caledonia Mining Corporation Plc (the “Company”) for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), that I, Mark Learmonth, Chief Financial Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code 18 U.S.C.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- 1 The Report fully complies with the requirements of Rule 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Report.

By: (signed) Mark Learmonth
Mark Learmonth, Chief Financial Officer
Caledonia Mining Corporation Plc

Date: March 30, 2020

A signed original of this written statement required by Section 906 has been provided by Mark Learmonth and will be retained by Caledonia Mining Corporation Plc and furnished to the Securities and Exchange Commission or its staff upon request.



Tel: +27 011 488 1700
Fax: +27 010 060 7000
www.bdo.co.za

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Private Bag X60500
Houghton, 2041
South Africa

The Director

30 March 2020

Accountants' Consents

Consent of Independent Registered Public Accounting Firm

Caledonia Mining Corporation, Plc.

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (No. 333-224784) of Caledonia Mining Corporation Plc of our report dated March 28, 2020 relating to the consolidated financial statements, which appears in this Annual Report on Form 20-F.

A handwritten signature in dark ink that reads 'BDO South Africa Inc'.

BDO South Africa Incorporated
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

March 30, 2020
(date of signing consent)

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

National Executive: PR Badrick • HN Bhaga-Muljee • D Botha • BJ de Wet • I Hashim • HCS Lopes (Johannesburg Office Managing Partner)
• SM Somaroo • Dr FD Schneider • ME Stewart (Chief Executive) • IM Scott • R Teixeira • MS Willimott

The company's principal place of business is at 22 Wellington Road, Parktown, Johannesburg, where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Caledonia Mining Corporation Plc

We consent to the incorporation by reference in the Registration Statement (No. 333-224784) on Form F-3 of Caledonia Mining Corporation Plc of our report dated March 29, 2018 on the consolidated financial statements of Caledonia Mining Corporation Plc, which comprise the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year ended December 31, 2017 and the related notes, which report appears in the December 31, 2019 annual report on Form 20-F of Caledonia Mining Corporation Plc.

Our report on the consolidated financial statements refers to adjustments to retrospectively apply the changes in accounting for financial instruments and revenue in 2018 due to the adoption of IFRS 9, Financial Instruments, and IFRS 15, Revenue from contracts with customers. Those adjustments were audited by other auditors.

[s] KPMG Inc.

85 Empire Road
Parktown
Johannesburg
South Africa

March 30, 2020