

Caledonia Mining Corporation Plc

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

To the Shareholders of Caledonia Mining Corporation Plc:

Management has prepared the information and representations in this interim report. The unaudited condensed consolidated interim financial statements of Caledonia Mining Corporation Plc and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and, where appropriate, these statements include some amounts that are based on best estimates and judgment. Management has determined such amounts on a reasonable basis in order to ensure that the unaudited condensed consolidated interim financial statements are presented fairly, in all material respects.

The accompanying Management Discussion and Analysis ("MD&A") also includes information regarding the impact of current transactions, sources of liquidity, capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

The Group maintains adequate systems of internal accounting and administrative controls, within reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information are produced.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR"). Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

At March 31, 2020 management evaluated the effectiveness of the Group's ICFR and concluded that such ICFR was effective.

The Board of Directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee is composed of three independent directors. This Committee meets periodically with management and the external auditor to review accounting, auditing, internal control and financial reporting matters.

These condensed consolidated interim financial statements have not been audited by the Group's auditor.

The unaudited condensed consolidated interim financial statements for the period ended March 31, 2020 were approved by the Board of Directors and signed on its behalf on May 12, 2020.

(Signed) S. R. Curtis

Chief Executive Officer

(Signed) J.M. Learmonth

Chief Financial Officer

Caledonia Mining Corporation Plc

Condensed consolidated statements of profit or loss and other comprehensive income

(in thousands of United States dollars, unless indicated otherwise)

For the three months ended March 31,

Unaudited

	Note	2020	2019
Revenue		23,602	15,920
Less: Royalties		(1,182)	(819)
Production costs	6	(10,687)	(9,769)
Depreciation		(1,173)	(1,048)
Gross profit		10,560	4,284
Other income	7	1,918	1,289
Other expenses		(208)	(89)
Administrative expenses	8	(1,547)	(1,396)
Profit on sale of subsidiary		-	5,409
Cash-settled share-based expense	9	(184)	(361)
Net foreign exchange gain	10	2,223	3,280
Gold hedge expense		(35)	(130)
Operating profit		12,727	12,286
Finance income		14	6
Finance cost		(152)	(54)
Profit before tax		12,589	12,238
Tax expense		(2,910)	(1,519)
Profit for the period		9,679	10,719
Other comprehensive income			
<i>Items that are or may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(1,351)	(144)
Reclassification of accumulated exchange differences on the sale of subsidiary		-	(2,109)
Total comprehensive income for the period		8,328	8,466
Profit attributable to:			
Owners of the Company		8,240	9,318
Non-controlling interests		1,439	1,401
Profit for the period		9,679	10,719
Total comprehensive income attributable to:			
Owners of the Company		6,889	7,065
Non-controlling interests		1,439	1,401
Total comprehensive income for the period		8,328	8,466
Earnings per share			
Basic earnings per share (\$)		0.71	0.89
Diluted earnings per share (\$)		0.71	0.89

The accompanying notes on page 6 to 20 are an integral part of these condensed consolidated interim financial statements.

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

Caledonia Mining Corporation Plc

Condensed consolidated statements of financial position

(in thousands of United States dollars, unless indicated otherwise)

Unaudited

		March 31,	December 31,
<i>As at</i>	<i>Note</i>	2020	2019
Assets			
Property, plant and equipment	11	116,539	113,651
Deferred tax asset		70	63
Total non-current assets		116,609	113,714
Inventories	12	11,358	11,092
Prepayments		2,950	2,350
Trade and other receivables	13	6,121	6,912
Gold hedge		68	102
Cash and cash equivalents		13,825	9,383
Total current assets		34,322	29,839
Total assets		150,931	143,553
Equity and liabilities			
Share capital		62,128	56,065
Reserves		137,132	140,730
Retained loss		(80,952)	(88,380)
Equity attributable to shareholders		118,308	108,415
Non-controlling interests		13,984	16,302
Total equity		132,292	124,717
Liabilities			
Provisions		3,365	3,346
Deferred tax liability		2,305	3,129
Long-term portion of term loan facility		915	1,942
Cash-settled share-based payments – long term portion		530	540
Total non-current liabilities		7,115	8,957
Short-term portion of term loan facility		670	529
Trade and other payables		9,372	8,697
Income tax payable		1,482	163
Overdraft		-	490
Total current liabilities		11,524	9,879
Total liabilities		18,639	18,836
Total equity and liabilities		150,931	143,553

The accompanying notes on pages 6 to 20 are an integral part of these condensed consolidated interim financial statements.

Caledonia Mining Corporation Plc
Condensed consolidated statements of changes in equity
(in thousands of United States dollars, unless indicated otherwise)

Unaudited

	<i>Notes</i>	Share Capital	Foreign Currency Translation Reserve	Contributed Surplus	Equity-settled share-based Payment Reserve	Retained loss	Total	Non- controlling interests (NCI)	Total Equity
Balance at December 31, 2018		55,102	(6,561)	132,591	16,760	(127,429)	70,463	8,345	78,808
<i>Transactions with owners:</i>									
Dividends paid		-	-	-	-	(738)	(738)	-	(738)
Shares issued – share based payment	9(a)	893	-	-	-	-	893	-	893
<i>Total comprehensive income:</i>									
Profit for the period		-	-	-	-	9,318	9,318	1,401	10,719
Other comprehensive income for the period		-	(2,253)	-	-	-	(2,253)	-	(2,253)
Balance at March 31, 2019		55,995	(8,814)	132,591	16,760	(118,849)	77,683	9,746	87,429
Balance at December 31, 2019		56,065	(8,621)	132,591	16,760	(88,380)	108,415	16,302	124,717
<i>Transactions with owners:</i>									
Dividend paid		-	-	-	-	(812)	(812)	(157)	(969)
Shares issued - share-based payment	9(a)	216	-	-	-	-	216	-	216
Blanket shares repurchased by shares issued	5	5,847	-	-	(2,247)	-	3,600	(3,600)	-
<i>Total comprehensive income:</i>									
Profit for the period		-	-	-	-	8,240	8,240	1,439	9,679
Other comprehensive income for the period		-	(1,351)	-	-	-	(1,351)	-	(1,351)
Balance at March 31, 2020		62,128	(9,972)	132,591	14,513	(80,952)	118,308	13,984	133,292

The accompanying notes on page 6 to 20 are an integral part of these condensed consolidated interim financial statements.

Caledonia Mining Corporation Plc

Condensed consolidated statements of cash flows

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

For the three months ended March 31,

Unaudited

	<i>Note</i>	2020	2019
Cash generated by operations	<i>14</i>	10,933	6,633
Net interest paid		(140)	(112)
Tax paid		(719)	(246)
Net cash from operating activities		10,074	6,275
 Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,693)	(5,140)
Proceeds from disposal of subsidiary		900	1,000
Net cash used in investing activities		(3,793)	(4,140)
 Cash flows from financing activities			
Dividends paid		(969)	(738)
Net cash used in financing activities		(969)	(738)
 Net increase in cash and cash equivalents		5,312	1,397
Effect of exchange rate fluctuations on cash held		(380)	(2,842)
Net cash and cash equivalents at beginning of quarter		8,893	11,187
Net cash and cash equivalents at quarter end		13,825	9,742

The accompanying notes on page 6 to 20 are an integral part of these condensed consolidated interim financial statements.

Caledonia Mining Corporation Plc

Notes to the Condensed Consolidated Interim Financial Statements

(in thousands of United States dollars, unless indicated otherwise)

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 unaudited condensed consolidated interim financial statements as at and for the 3 months ended March 31, 2020 comprise the Company and its subsidiaries (the “Group”). 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

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements. Accordingly, certain information and disclosures normally included in the annual financial statements prepared in accordance with IFRS as issued by the IASB have been omitted or condensed. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2019

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; and
- derivative financial instruments measured at fair value.

iii) Functional currency

These unaudited condensed consolidated interim financial statements are presented in United States dollars (“\$” or “US Dollar” or “USD”), 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. Refer to note 10 for changes to the RTGS\$ currency and the effect thereof on the statement of profit or loss and other comprehensive income.

3 Use of accounting assumptions, estimates and judgements

In preparing these unaudited condensed consolidated interim 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.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

4 Significant accounting policies

The same accounting policies and methods of computation have been applied consistently to all periods presented in these unaudited condensed consolidated interim financial statements as compared to the Group's annual financial statements for the year ended December 31, 2019. In addition, the accounting policies have been applied consistently by the Group entities.

5 Blanket Zimbabwe 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 (also referred to herein as "Blanket" or "Blanket Mine" as the context requires) 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.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

5 Blanket Zimbabwe 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 was recognised at 16.2% of the net assets of Blanket Mine, until the completion of the transaction with Fremiro whereby the NCI reduced to 13.2% (see below).
- 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 March 31, 2020 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 exceeds 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.

Fremiro purchase agreement

On November 5, 2018 the Company and Fremiro entered into a sale agreement for Caledonia to purchase Fremiro’s 15% shareholding in Blanket Mine. On January 21, 2020 all substantive conditions to the transaction were satisfied and the Company issued 727,266 shares to Fremiro for the cancellation of their facilitation loan and purchase of Fremiro’s 15% shareholding in Blanket Mine. The transaction was accounted for as a repurchase of a previously vested equity instrument. As a result, the Fremiro share of the NCI of \$3,600 was derecognised, shares were issued at fair value, the share based payment reserve was reduced by \$2,247 and the Company’s shareholding in Blanket Mine increased to 64% on the effective date.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

5 Blanket Zimbabwe Indigenisation Transaction (continued)

Blanket Mine's indigenisation shareholding percentages and facilitation loan balances

USD	Shareholding	NCI Recognised	NCI subject to facilitation loan	Balance of facilitation loan #	
				March 31, 2020	Dec 31, 2019
NIEEF	16%	3.2%	12.8%	11,851	11,877
Fremiro	-&	-&	-&	-&	11,458
Community Trust	10%	10.0%	-	-	-
BETS ~	10%	-*	-*	7,601	7,639
	36%	13.2%	12.8%	19,452	30,974

The balance on the facilitation loans is reconciled as follows:

	2020	2019
Balance at January 1,	30,974	30,986
Cancellation of Fremiro loan	(11,458)	
Dividends used to repay loans	(415)	-
Interest accrued	351	-
Balance at March 31,	19,452	30,986

* The shares held by BETS are effectively treated as treasury shares (see above).

~ Accounted for under IAS19 *Employee Benefits*.

& After Fremiro repurchase on January 21, 2020.

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

Advance dividend loans and balances

In anticipation of completion of the underlying subscription agreements, Blanket Mine agreed to advance dividend arrangements with NIEEF and the Community Trust. Advances made to the Community Trust against their right to receive dividends declared by Blanket Mine on their shareholding are 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.

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 of future dividends on the Blanket Mine shares owned by the Community Trust. Advances made to NIEEF as an advanced dividend loan before 2013 have been settled through Blanket Mine dividend repayments in 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.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

5 Blanket Zimbabwe Indigenisation Transaction (continued)

Amendments to advanced dividend loan agreements

Advance dividend loan modification - Community Trust

On February 27, 2020, the Group, Blanket Mine and the indigenous shareholders of Blanket Mine reached agreement to change the repayment terms of the advance dividend loan to the Community Trust. The amendment allowed that 20% of the Community Trust share of the Blanket dividend accrue on declaration of the dividend and that the remaining 80% be applied to the advance dividend loan from February 27, 2020. The modification was not considered beneficial to the indigenous shareholders.

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

	2020	2019
Balance at January 1,	1,632	2,053
Dividends used to repay advance dividends	(176)	-
Interest accrued	29	-
Balance at March 31,	1,485	2,053

6 Production costs

	2020	2019
Salaries and wages	3,948	3,766
Consumable materials	3,857	2,824
Electricity costs	1,893	2,268
Safety	185	146
Cash-settled share-based expense (note 9(a))	27	68
On mine administration	702	623
Pre-feasibility exploration costs	75	74
	10,687	9,769

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

7 Other income	2020	2019
Government grant – Gold sale export incentive	1,911	866
Government grant – Gold Support price	-	323
Other	7	100
	1,918	1,289

Government grant – Gold sale export incentive

From May 2016 the Reserve Bank of Zimbabwe (“RBZ”) 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%, on February 1, 2018, it was increased to 10% and it was cancelled altogether on February 20, 2019. From March 10, 2020 the ECI was reintroduced at 25% of gold proceeds less the charges of Fidelity Printers and Refiners Limited (“Fidelity”). All incentives granted by the Zimbabwean government were included in other income when determined receivable and receipts were received in Blanket Mine’s RTGS\$ account.

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 LMBA gold price has subsequently increased above \$1,368.58 per ounce.

8 Administrative expenses

	2020	2019
Investor relations	96	128
Audit fee	62	59
Advisory services fee	112	168
Listing fees	110	77
Directors fees company	70	56
Directors fees Blanket	11	3
Employee costs	821	706
Other office administration costs	176	116
Travel costs	89	66
Eersteling Gold Mine administration costs	-	17
	1,547	1,396

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

9 Cash-settled share-based payments

The Group has expensed the following cash-settled share-based payment arrangements for the quarter ended March 31:

	Note	2020	2019
Restricted Share Units and Performance Units	9 (a)	172	346
Caledonia Mining South Africa employee incentive scheme	9 (b)	12	15
		184	361

(a) Restricted Share Units and Performance Units

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

RSUs vest three years after grant date given that the service condition of the relevant employees have been fulfilled. The value of the vested RSUs is the number of RSUs vested multiplied by the fair market value of the Company’s shares, as specified by the plan, on date of settlement.

PUs have a performance condition based on gold production and a performance period of three years. The number of PUs that vest will be the PUs granted multiplied by the 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 rate immediately preceding the dividend payment. PUs have rights to dividends only after they have vested.

RSUs and PUs 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.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

9 Cash-settled share-based payments (continued)
(a) Restricted Share units and Performance Units (continued)

The fair value of the RSUs, at the reporting date, was based on the Black Scholes option valuation model. The fair value of the PUs, 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% (2019: 93%-100%) average performance multiplier was used in calculating the estimated liability. The liability as at March 31, 2020 amounted to \$507 (December 31, 2019: \$524). Included in the liability as at March 31, 2020 is an amount of \$27 (March 31, 2019: \$68) that was expensed and classified as production costs; refer note 6. During the year PUs and RSUs to the value of \$216 vested and were issued as share capital.

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

	March 31, 2020		December 31, 2019	
	RSUs	PUs	RSUs	PUs
Fair value (USD)	\$9.28	\$9.23	\$5.85	\$5.49-5.79
Share price (USD)	\$9.28	\$8.95	\$5.85	\$5.85
Performance multiplier percentage	-	93-100%	-	93-100%

Share units granted:

	RSUs	PUs	RSUs	PUs
Grant – January 11, 2016	-	-	60,645	242,579
Grant- March 23, 2016	-	-	10,965	43,871
Grant – June 8, 2016	-	-	5,117	20,470
Grant - January 19, 2017	4,443	17,774	4,443	17,774
Grant - January 19, 2019	-	124,027	-	124,027
Grant - June 8, 2019	-	14,672	-	14,672
Grant - January 11, 2020	17,585	107,640	-	-
Grant - January 19, 2020	-	13,692	-	-
Grant - March 31, 2020	-	1,971	-	-
RSU dividends reinvested	768	-	11,316	-
Settlements	(5,052)	(17,774)	(87,434)	(306,920)
Total awards	17,744	262,002	5,052	156,473

(b) Caledonia Mining South Africa employee incentive scheme

From 2017 Caledonia Mining South Africa Proprietary Limited granted 52,282 awards 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 £7.44 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 \$23 (December 31, 2019: \$16) and the expense amounted to \$12 (March 31, 2019: \$15) for the quarter ended March 31, 2020. The following assumptions were used in estimating the fair value of the cash-settled share-based payment liability for the quarter ended March 31, 2020.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

9 Cash-settled share-based payments (continued)

(b) Caledonia Mining South Africa employee incentive scheme (continued)

	March 31, 2020	December 31, 2019
	Awards	
Grant – July 2017 (3 year term)	-	37,330
Grant – August 2018 (3 year term)	5,918	5,918
Grant - August 2019 (3 year term)	9,034	9,034
Awards paid out	(7,655)	(44,985)
Total awards outstanding	7,297	7,297
Estimated awards expected to vest	100%	100%

10 Net foreign exchange gain

On October 1, 2018 the RBZ issued a directive to Zimbabwean banks to separate foreign currency from RTGS\$ in 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 26.1186 RTGS\$ to 1 US Dollar as at March 31, 2020 (December 2019: 16.77 RTGS\$). 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.

	2020	2019
Unrealised foreign exchange gain	2,483	3,280
Realised foreign exchange loss	(260)	-
Net foreign exchange gain	2,223	3,280

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

11 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, 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
Additions*	-	3,432	28	518	13	109	4,100
Reallocations between asset classes	-	(81)	-	81	-	-	-
Foreign exchange movement	(43)	-	-	(8)	(69)	(8)	(128)
Balance at March 31, 2020	10,790	93,893	7,167	36,986	962	2,639	152,437

* Included in additions is an amount of \$3,797 (December 31, 2019: \$20,093) relating to capital work in progress ("CWIP") and contains \$15 (December 31, 2019: \$165) of borrowing costs capitalized from the term loan. As at quarter end \$80,563 of CWIP was included in the cost closing balance (December 31, 2019: \$76,847).

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

11 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, 2019	4,411	5,821	-	17,357	649	2,150	30,388
Initial recognition of right of use of 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
Depreciation	249	150	-	717	23	34	1,173
Foreign exchange movement	(25)	-	-	-	(61)	(3)	(89)
Balance at March 31, 2020	5,637	6,475	-	20,767	715	2,304	35,898
Carrying amounts							
At December 31, 2019	5,420	84,217	7,139	16,345	265	265	113,651
At March 31, 2020	5,153	87,418	7,167	16,219	247	335	116,539

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12 Inventories

	2020	December 31, 2019
Consumable stores	11,358	10,716
Gold in progress	-	376
	<u>11,358</u>	<u>11,092</u>

13 Trade and other receivables

	2020	December 31, 2019
Bullion sales receivable	2,534	2,987
VAT receivables	1,207	1,765
Deferred consideration on the disposal of subsidiary	1,099	1,991
Deposits for stores and equipment and other receivables	1,281	169
	<u>6,121</u>	<u>6,912</u>

14 Cash flow information

Non-cash items and information presented separately on the cash flow statement:

	2020	2019
Profit before tax	12,589	12,238
Adjustments for:		
Net finance cost	138	48
Unrealised foreign exchange gains	(2,483)	(3,280)
Cash-settled share-based expense (Note 9)	184	361
Cash-settled share-based expense included in production costs (Note 6)	27	68
Equity-settled share-based expense	-	(1,221)
Gold hedge - unrealised cash portion	35	(194)
Depreciation	1,173	1,048
Profit on sale of subsidiary	-	(5,409)
Cash generated by operations before working capital changes	<u>11,663</u>	<u>3,659</u>
Inventories	(1,071)	378
Prepayments	(35)	(178)
Trade and other receivables	(1,884)	(307)
Trade and other payables	2,260	3,081
Cash generated by operations	<u>10,933</u>	<u>6,633</u>

Caledonia Mining Corporation Plc
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15 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 comprises Caledonia Holdings Zimbabwe (Private) Limited and subsidiaries. The South Africa geographical segment comprises a gold mine, that is on care and maintenance (and now sold), as well as sales made by Caledonia Mining South Africa Proprietary Limited to the Blanket Mine. The holding company (Caledonia Mining Corporation Plc) and Greenstone Management Services Holdings Limited (a UK company) 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. 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

For the 3 months ended March 31, 2020	Zimbabwe	South Africa	Inter-group eliminations adjustments	Corporate and other reconciling amounts	Total
Revenue	23,602	-	-	-	23,602
Royalty	(1,182)	-	-	-	(1,182)
Production costs	(10,831)	(2,981)	3,125	-	(10,687)
Management fee	(705)	705	-	-	-
Depreciation	(1,232)	(24)	93	(10)	(1,173)
Other income	1,916	2	-	-	1,918
Other expenses	(114)	(56)	(38)	-	(208)
Administration expenses	(81)	(377)	-	(1,089)	(1,547)
Foreign exchange gain	1,998	(657)	(1)	883	2,223
Gold hedge expense	-	-	-	(35)	(35)
Net finance costs	(155)	12	-	5	(138)
Cash-settled share-based payment expense	-	(12)	27	(199)	(184)
Profit before tax	13,216	(3,388)	3,206	(445)	12,589
Tax expense	(2,950)	82	-	(42)	(2,910)
Profit after tax	10,266	(3,306)	3,206	(487)	9,679

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
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15 Operating Segments (continued)

As at March 31, 2020	Zimbabwe	South Africa	Inter-group eliminations adjustments	Corporate and other reconciling amounts	Total
<i>Geographic segment assets:</i>					
Current (excluding intercompany)	26,428	5,378	(35)	2,551	34,322
Non-Current (excluding intercompany)	118,867	179	(2,671)	234	116,609
Expenditure on property, plant and equipment (Note 12)	4,402	6	(308)	-	4,100
Intercompany balances	11,698	3,491	(49,888)	34,699	-
<i>Geographic segment liabilities:</i>					
Current (excluding intercompany)	(9,440)	(1,471)	-	(613)	(11,524)
Non-current (excluding intercompany)	(6,787)	(23)	201	(506)	(7,115)
Intercompany balances	-	(18,033)	49,888	(31,855)	-
For the 3 months ended March 31, 2019	Zimbabwe	South Africa	Inter-group eliminations adjustments	Corporate and other reconciling amounts	Total
Revenue	15,920	2,056	(1,964)	(92)	15,920
Royalty	(819)	-	-	-	(819)
Production costs	(9,752)	(1,823)	1,806	-	(9,769)
Management fee	(571)	571	-	-	-
Depreciation	(1,098)	(33)	83	-	(1,048)
Other income	1,289	-	-	-	1,289
Other expenses	(89)	-	-	-	(89)
Administration expenses	(26)	(542)	-	(828)	(1,396)
Foreign exchange gain	3,282	(60)	-	58	3,280
Profit on sale of subsidiary	-	-	-	5,409	5,409
Gold hedge expense	-	-	-	(130)	(130)
Net finance costs	(53)	4	-	1	(48)
Cash-settled share-based payment expense	(68)	(39)	-	(254)	(361)
Profit before tax	8,015	134	(75)	4,164	12,238
Tax expense	(1,475)	(44)	-	-	(1,519)
Profit after tax	6,540	90	(75)	4,164	10,719

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
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15 Operating Segments (continued)

As at December 31, 2019	Zimbabwe	South Africa	Inter-group elimination adjustments	Corporate and other reconciling amounts	Total
<i>Geographic segment assets:</i>					
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 (Note 11)	21,465	47	(1,165)	248	20,595
Intercompany balances	-	8,869	(52,783)	43,914	-
<i>Geographic segment liabilities</i>					
Current (excluding intercompany)	(6,784)	(1,546)	-	(627)	(8,957)
Non-current (excluding intercompany)	(9,478)	(17)	140	(524)	(9,879)
Intercompany balances	(2,441)	(32,558)	52,783	(17,784)	-

Major customer

Revenues from Fidelity amounted to \$23,602 (2019: \$15,920) for the 3 months ended March 31, 2020.

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

DIRECTORS AND OFFICERS at May 12, 2020

BOARD OF DIRECTORS

L.A. Wilson (2) (3) (4) (5) (7)
Chairman of the Board
Non-executive Director
Florida, United States of America

S. R. Curtis (5) (6) (7)
Chief Executive Officer
Johannesburg, South Africa

J. L. Kelly (1) (2) (3) (4) (5) (7)
Non-executive Director
Connecticut, United States of America

J. Holtzhausen (1) (2) (4) (5) (6) (7)
Chairman Audit Committee
Non-executive Director,
Cape Town, South Africa

M. Learmonth (5) (7)
Chief Financial Officer
Jersey, Channel Islands

John McGloin (1) (3) (4) (6) (7)
Non-executive Director
Bishops Stortford, United Kingdom

N. Clark (4) (6) (7)
Non-executive Director
East Molesey, United Kingdom

OFFICERS

S. R. Curtis (5) (6) (7)
Chief Executive Officer
Johannesburg, South Africa

D. Roets (5) (6) (7)
Chief Operating Officer
Johannesburg, South Africa

M. Learmonth (5) (7)
Chief Financial Officer
Jersey, Channel Islands

M. Mason (5) (7)
VP Corporate Development and Investor Relations
London, England

A. Chester (5)
General Counsel, Company Secretary and Head of
Risk and Compliance
Jersey, Channel Islands

Board Committees

- (1) Audit Committee
- (2) Compensation Committee
- (3) Corporate Governance Committee
- (4) Nomination Committee
- (5) Disclosure Committee
- (6) Technical Committee
- (7) Strategic Planning Committee

Caledonia Mining Corporation Plc
Notes to the Condensed Consolidated Interim Financial Statements
(in thousands of United States dollars, unless indicated otherwise)

CORPORATE DIRECTORY as at May 12, 2020

CORPORATE OFFICES

Jersey – Head and Registered Office
Caledonia Mining Corporation Plc
B006 Millais House
Castle Quay
St Helier
Jersey JE2 3NF

South Africa
Caledonia Mining South Africa Proprietary Limited
P.O. Box 4628
Weltevreden park
South Africa

Zimbabwe
Caledonia Holdings Zimbabwe (Private) Limited
P.O. Box CY1277
Causeway, Harare
Zimbabwe

Capitalisation (May 12, 2020)

Authorised: Unlimited

Shares, Warrants and Options Issued:

Shares: 11,515,860

Options: 38,000

SHARE TRADING SYMBOLS

NYSE American - Symbol "CMCL"

AIM - Symbol "CMCL"

Toronto Stock Exchange - Symbol "CAL"

BANKERS

Barclays
13 Library Place
St Helier, Jersey

SOLICITORS

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22 Grenville Street
St Helier
Jersey
Channel Islands

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165 Fleet Street
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United Kingdom

Dorsey & Whitney LLP (US)
TD Canada Trust Tower
Brookfield Place
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