Caledonia Mining Corporation Plc

Q1 2020 Results Presentation

May 2020

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The projected gold production figures in this document for 2021 and 2022 are explained in the management discussion and analysis ("MD&A") dated March 20, 2019. Refer to 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 the key assumptions, parameters, and methods used to estimate the mineral resources and mineral reserves from which such planned gold production is to be derived and risks that could materially affect the potential development of the mineral resources or mineral reserves. Refer to Resource Upgrade at the Blanket Mine, Zimbabwe as announced by the Company on September 20, 2018 for the resources as stated in this document. Mr Paul Matthews, the Company's qualified person and Group Mineral Resource Manager, supervised the preparation of the technical information in the technical report, and also supervised the preparation of the technical information supporting the production figures and the resources.

Introduction

1. **Strategy update**
2. **Review of operations**
3. **Review of financial results for Q1 2020**
4. **Outlook**

Strategy

Increased free cash flow to grow dividends and invest for further production

Short-Medium Term (2020 – 2022): Complete the Central Shaft Project

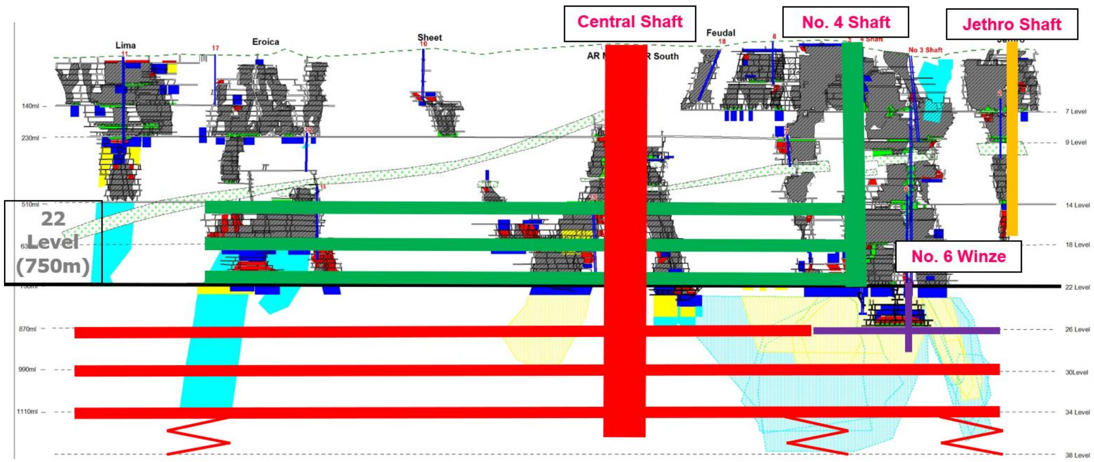
1. Increase production to 80,000 ounces per annum from 2022
2. Increased cash flows due to higher production, lower unit costs and reduced capex from 2021
3. Continued deep level exploration to extend the life of mine beyond 2034
4. Review dividend policy to deliver sustainable dividend growth consistent with increasing free cash flow: 9% dividend increase in January 2020

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

1. Evaluate new investment opportunities in Zimbabwe where "surplus" free cash can be deployed
   - Typically, new opportunities have modest initial funding requirements - mainly to improve resource definition as a precursor to technical/feasibility studies
2. Very little gold mining exploration in Zimbabwe in the last 20 years: one of the last gold mining frontiers in Africa
3. Project evaluation criteria:
   - Scale: minimum target resource 1 million oz; minimum target production of 50,000 ounces per annum
   - NPV per share enhancing and, eventually, dividend per share enhancing

Strategy

Blanket offers significant exploration potential at depth

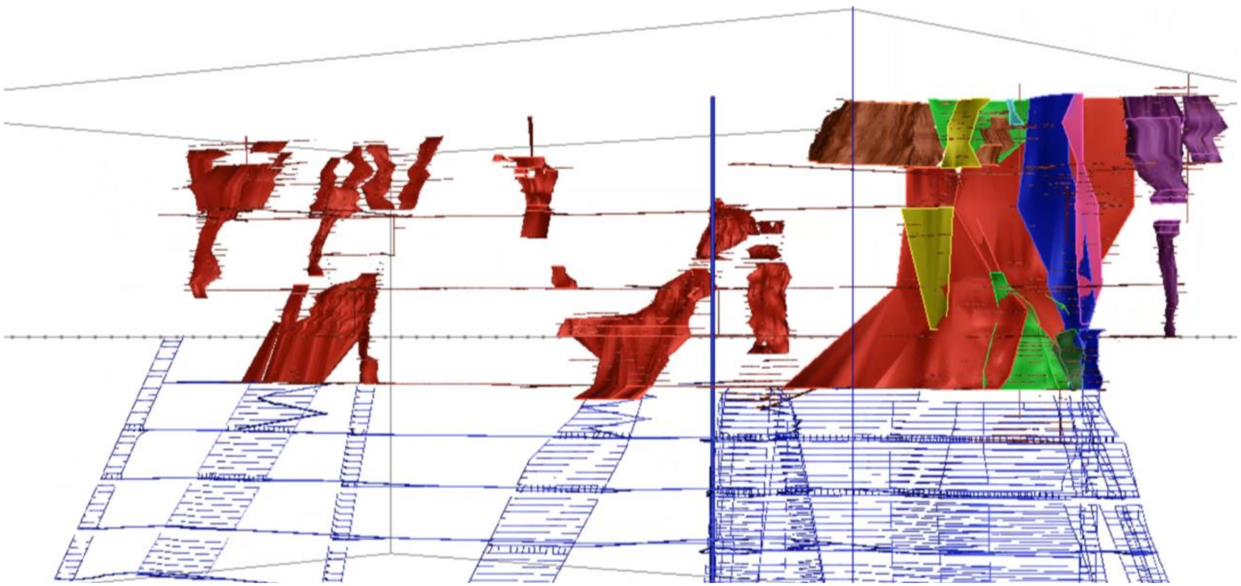


Section View

Central Shaft will replace the current production shaft by 2021. Current planned development for Central Shaft is to open three new operating levels through conventional horizontal development and a fourth operating level accessible via declines

3D View

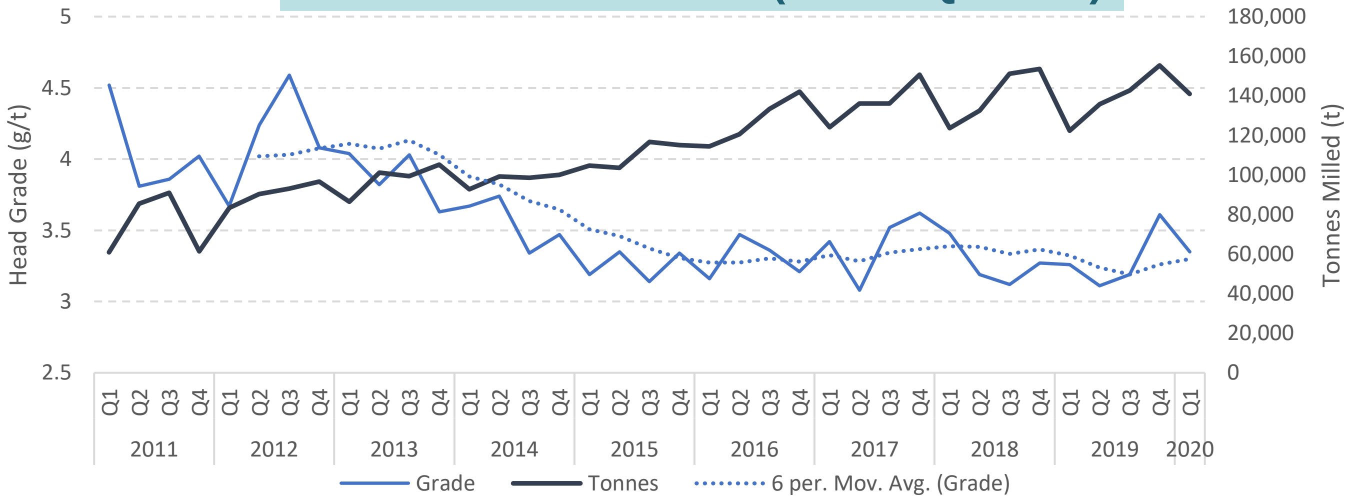
Planned long-term stoping and development levels shown. Development at depth will enable significant deep level exploration at Blanket to prove up extensions to ore bodies at depth



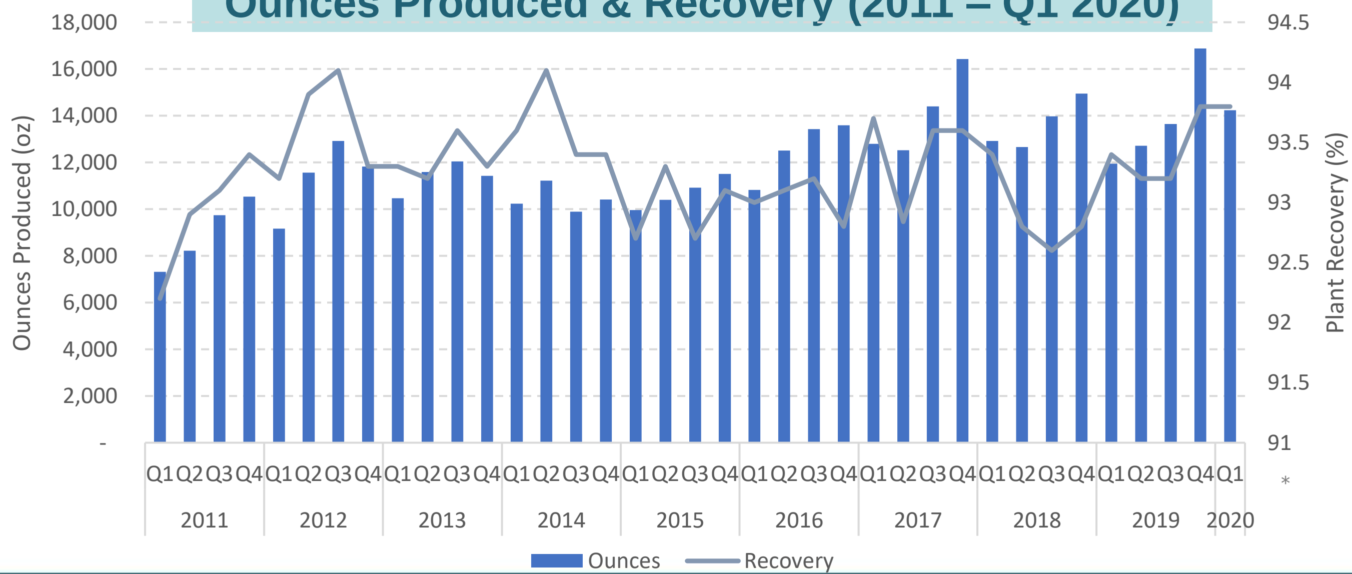
Operating Review

Review of Operations

Tonnes Milled & Grade (2011 – Q1 2020)



Ounces Produced & Recovery (2011 – Q1 2020)



- Grade in Q1 2020 was better than target although lower than the preceding quarter due to the scheduling of production in terms of the mine plan.
- Tonnes milled improved on Q1 2019 due to management initiatives e.g. the Nyanzvi initiative and revisions to the bonus structure
- Production is expected to increase to 80,000 ounces from 2022 due to:
    - improved grade as deeper level ore is accessed
    - increased tonnes mined and milled after the commissioning of Central Shaft in 2020
    - Improved recoveries following the installation of a new oxygen plant in October 2019.

COVID-19

Operational impact and mitigating actions

- Caledonia and Blanket Mine are responding actively to the COVID-19 Pandemic and the threat it poses to Blanket Mine's employees, their families, the broader community and the continuity of its operations.
  - Regular interaction with Government health officials in the Gwanda area and participation on Covid-19 task teams
  - Regular communication with employees on guidelines, restrictions and hygiene recommendations to limit the risk of contagion
  - The elimination of all non-essential travel to the mine and restrictions on international travel
  - Working from home where possible for non-mine personnel and intensified cleaning of offices and high traffic/contact areas
  - Social distancing measures in line with government guidelines
  - Review of inventories so that production can be maintained as long as possible if supply chains are disrupted
  - Contingency planning in the event of an infection including containment measures, treatment regimens and financial resilience planning

- Support for the fight against COVID-19 in the broader Zimbabwean community has been substantial
  - Donation of ZWL$ 16 million to support the fight against COVID-19 via the Chamber of Mines and have also pledged to donate a further ZWL$ 5 million per week via direct assistance to COVID -19 related projects in the Gwanda area and the broader Bulawayo area.
  - Blanket Mine has invested approximately ZWL$9,6 million in protecting its employees and their families by providing COVID-19 PPE, sanitizers, screening equipment, awareness campaign literature and food for its employees under lockdown.
  - Blanket Mine is also actively engaged with the local authorities to assist with a range of supplies, including:
  - The donation of more than 5,000 COVID-19 posters for awareness campaigns to the town of Gwanda and local Schools.

Operations ran at 93% of planned capacity during the 3-week Zimbabwe shutdown and have subsequently returned to 100% capacity

Financial Results

Results Summary Information

	Q1 2019	Q1 2020	Year on Year Change (%)	Comment
Gold produced (oz)	11,948	14,233	19%	Gold production was 19% higher than in Q1 2019 due to increased tonnes milled, a higher grade and higher recovery
On-mine cost per ounce ($/oz)[1]	794	678	-15%	On-mine cost per ounce decreased by 14.6% due to economies of scale which outweighed higher labour and consumable costs
All-in sustaining cost ($/oz)[1] (“AISC”)	943	753	-20%	AISC per ounce of gold was 20.2% lower than the comparable quarter due to lower on-mine costs per ounce, the re-introduction of the export credit incentive (“ECI”) and lower sustaining capital expenditure
Average realised gold price ($/oz)[1]	1,284	1,566	22%	The average realised gold price was 22% higher than in Q1 2019
Gross profit[2]	4,284	10,560	146%	Gross profit increased by 146% due to higher sales ounces, lower costs per ounce and the higher average realised gold price
Net profit attributable to shareholders	9,318	8,240	-12%	Net profit attributable to shareholders was lower than Q1 2019 which benefitted from a $5.4 million profit on the sale of a subsidiary
Adjusted EPS[1]	44.2	57.3	30%	Adjusted EPS excludes, inter alia, foreign exchange gains and losses, deferred tax and profit arising from the sale of a subsidiary
Net cash and cash equivalents	9,742	13,825	42%	
Net cash from operating activities	6,275	10,074	61%	

1. Non-IFRS measures such as “On-mine cost per ounce”, “AISC” and “average realised gold price” and “adjusted EPS” are used throughout this document. Refer to section 10 of this MD&A for a discussion of non-IFRS measures.
2. Gross profit is after deducting royalties, production costs and depreciation but before administrative expenses, other income, interest and finance charges and taxation.

Review of Results
Profit and loss

	Quarter Ended		Year on Year	
	Mar-19	Mar-20	Change (%)	
Revenue	15,920	23,602	48%	Increased production and a higher average realised gold price
Royalty	(819)	(1,182)	44%	Royalty payments were higher in line with increased revenue
Production Costs	(9,769)	(10,687)	9%	The increase in production costs was smaller than the increase in production. Accordingly, unit costs decreased by 15%
G&A	(1,396)	(1,547)	11%	11% increase due to higher employee costs due to increased staff numbers
EBITDA	**3,936**	**10,186**	159%	
Depreciation	(1,048)	(1,173)	12%	Higher depreciation because more items of PPE brought into use and depreciated
Other Income (ECI)	1,200	1,918	60%	The Export Credit Incentive was reinstated during the quarter at a level of 25%
Forex (loss)/gain	3,280	2,223	-32%	Foreign exchange gains relate to the devaluation of the Zimbabwean RTGS Currency
Share Based Payments	(361)	(184)	-49%	
Other	5,279	(243)	87%	
Operating Profit	**12,286**	**12,727**	85%	
Net Finance Cost	(48)	(138)	188%	Finance costs increased due to new working capital facilities at Blanket Mine
PBT	**12,238**	**12,589**	84%	
Taxation	(1,519)	(2,910)	92%	The effective tax rate was 23.2% compared to 12.4% in Q1 2019
Profit After Tax	**10,719**	**9,679**	-10%	
Other Comprehensive Income	-	-	-	
Foreign Currency Translation Differences	(2,253)	(1,351)	-40%	
Total Comprehensive Income	**8,466**	**8,328**	-2%	
Non-Controlling Interest	1,401	1,439	3%	
Attributable Profit	**7,065**	**6,889**	-2%	
IFRS EPS (cents)	86.8	71.8	-17%	EPS in Q1 2019 benefitted from a profit on the sale of Eersteling
Adjusted EPS (cents)	44.2	57.3	30%	Adjusted EPS excludes FX, deferred tax and profit on sale of Eersteling in Q1 2019

Review of Results

Revenue reconciliation

	Tonnes (t)	Grade (g/t)	Recovery (%)	Production Ounces (oz)	WIP (oz)	Sales Ounces (oz)	Realised Gold Price (98.75%) ($/oz)	Gold Revenues (US$'m)	Change in Gold Revenues (US$'m)
Q1 2019 revenues	122,389	3.25	93.4	11,948	442	12,390	1,284	15.9	
Change in tonnes	**140,922**	3.25	93.4	13,757	442	14,199	1,284	18.2	2.3
Change in grade	140,922	**3.35**	93.4	14,167	442	14,609	1,284	18.8	0.5
Change in recovery	140,922	3.35	**93.8**	**14,233**	442	14,675	1,284	18.8	0.1
Change in WIP	140,922	3.35	93.8	14,233	**823**	**15,056**	1,284	19.3	0.5
Change in gold price	140,922	3.35	93.8	14,233	823	15,056	**1,566**	23.6	4.3

- Improved tonnage contributed $2.3m to revenue and grade an additional $500k
  - Grade was higher than the comparable quarter although marginally below the preceding quarter. Grade for the quarter was marginally above target
- Recoveries have maintained the high levels achieved in the preceding quarter following the commissioning of the new oxygen plant
- Work-in-progress is a timing issue – all WIP ounces at year end are delivered and sold immediately after year end
- Higher gold price is the most significant contributor to increased revenue contributing $4.3m:
  - Average realised gold price in Q1 2020 of $1,566/ounce (Q1 2019, $1,284/ounce)
  - Blanket receives 98.75% of the London spot price i.e. after an early settlement discount
  - Hedging activity has no effect on the realised price

Review of Results
Production costs

	3 Months to March 31		% Change
	2019	**2020**	
Salaries and wages	3,766	**3,948**	4.8%
Consumable materials	2,824	**3,857**	36.6%
Electricity costs	2,268	**1,893**	-16.5%
Safety	146	**185**	26.7%
Cash-settled share-based expense	68	**27**	-60.3%
On mine administration	623	**702**	12.7%
Pre-feasibility exploration costs	74	**75**	1.4%
Production cost (IFRS)	9,769	**10,687**	9.4%
Cash-settled share-based expense	-68	**-27**	-60.3%
Less exploration and site restoration costs	-220	**-260**	18.2%
Other cost and intercompany adjustments	352	**-199**	-156.5%
On-mine production cost	9,833	**10,201**	3.7%
Gold sales (oz)	12,390	**15,056**	21.5%
On-mine costs per ounce ($/oz)	*794*	***678***	-14.6%
Royalty	819	**1,182**	44.3%
ECI and gold support price	-1,189	**-1,911**	60.7%
Exploration, remediation and permitting cost	305	**81**	-73.4%
Sustaining capital expenditure	99	**37**	-62.6%
Administrative expenses	1,396	**1,547**	10.8%
Silver by-product credit	-13	**-18**	38.5%
Share-based payment expense	361	**184**	-49.0%
Share-based payment expense (production cost)	68	**27**	-60.3%
All in sustaining cost	11,679	**11,330**	-3.0%
Gold sales (oz)	12,390	**15,056**	21.5%
All-in sustaining costs per ounce ($/oz)	*943*	***753***	-20.1%

- The reintroduction of the Export Credit Incentive at a level of 25% during the quarter resulted in a significant improvement in AISC
- Electricity costs were lower compared to the comparable quarter in 2019 following the introduction of a revised electricity tariff in H2 2019
- Consumable costs for the Quarter were higher than in the comparable quarter due to the increased cost of maintaining the underground trackless equipment which are used in the declines
- Gold ounces sold increased at a higher rate than production costs resulting in a decline in unit costs
- Cash-settled SBP charge relates to LTIP’s held by on-mine employees

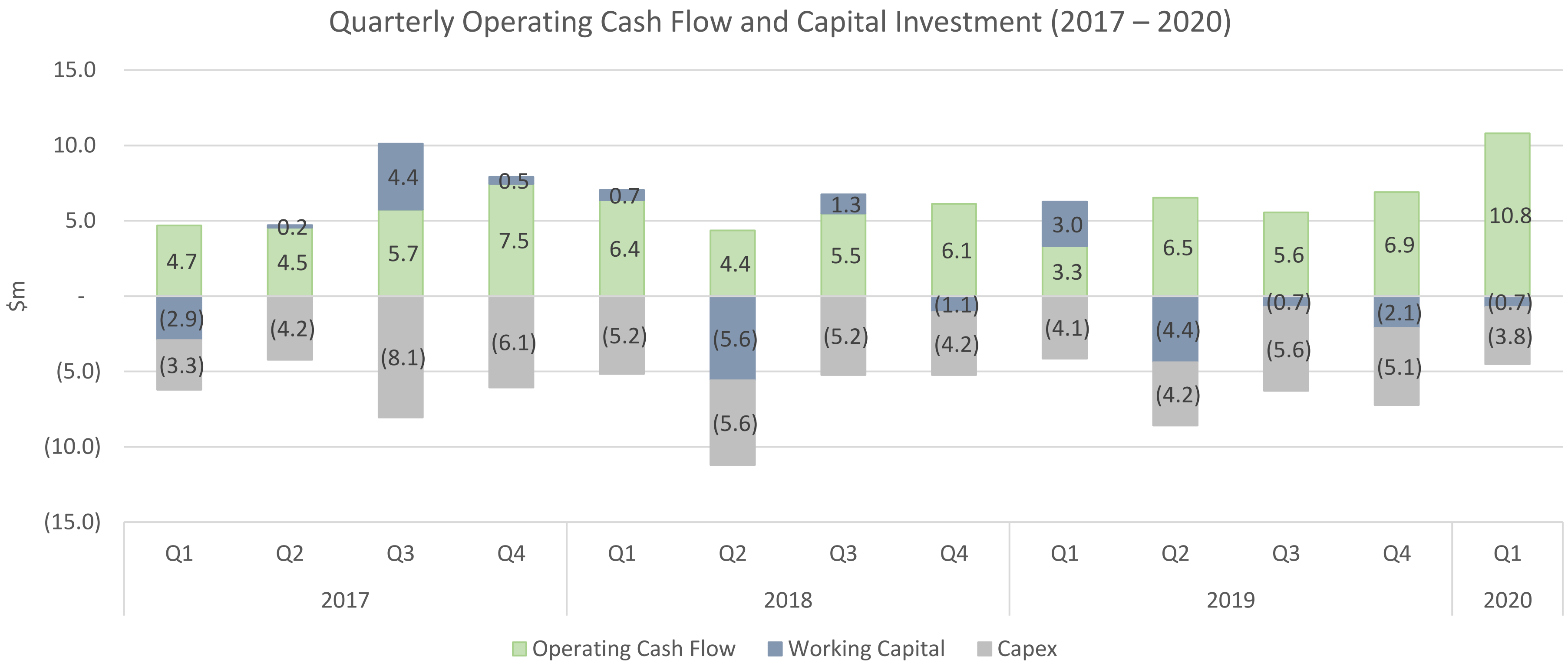
Review of Results
Cash Flow

	Mar-19	Mar-20	% Change
Profit before Tax	**12,238**	**12,589**	3%
Non-cash Adjustments for:			
Foreign Currency Gains/losses	(3,280)	(2,483)	-24%
Depreciation	1,048	1,173	12%
Share Based Payment Costs	(792)	211	-127%
Other Adjustments	(5,555)	173	-103%
Cash flows before working capital movement	**3,659**	**11,663**	219%
Net Working Capital Movement	2,974	(730)	-125%
Net interest	(112)	(140)	25%
Tax paid	(246)	(719)	192%
Net cash from operating activities	**6,275**	**10,074**	61%
Cash flows from investing activities			
Acquisition of property, plant and equipment	(5,140)	(4,693)	-9%
Proceeds from property, plant and equipment	1,000	900	-10%
Net cash used in investing activities	**(4,140)**	**(3,793)**	-8%
Cash flows from financing activities			
Dividends paid	(738)	(969)	31%
Net term debt drawdown/repayment	-	-	
Term debt – transaction cost	-	-	
Share issue	-	-	
Share repurchase	-	-	
Net cash from/(used in) financing activities	**(738)**	**(969)**	31%
Net increase/(decrease) in cash	**1,397**	**5,312**	280%
Effect of exchange rate fluctuations	(2,842)	(380)	-87%
Net cash at beginning of the period	11,187	8,893	-21%
Net at end of the period	**9,742**	**13,825**	42%

- Significant non-cash adjustments to PBT are related to Forex gains and losses although lower than previous periods as currency devaluations are not as significant as previous periods
- Capital investment remains at a consistent level of approximately $20m per annum until completion of the Central Shaft in 2020. Capital investment is expected to increase in Q2 and Q3 2020
- Operating cash flow remains very strong at over $10m for the quarter (approximately $770k per week)
- Cash increased by over $5m in the quarter

Review of Results

Strong operating cash flow supports significant capital investment



- Operating cash flows before working capital and capex increased in Q1 2020 due to higher production and a higher gold price
- Many suppliers now require prepayments
- Increased stocks of diesel and high-value spare parts for underground trackless equipment
- Capex remains high but is expected to diminish from Q3 2020 when work on Central Shaft will be finished

Review of Results

Balance Sheet

Balance Sheet	Dec-19	Mar-20
Fixed Assets	**113,714**	**116,609**
Current Assets		
Inventories	11,092	11,358
Prepayments	2,350	2,950
Trade and other receivables	6,912	6,121
Cash and cash equivalents	9,383	13,825
Assets held for sale	-	-
Total assets	**143,553**	**150,931**
Total non-current liabilities	**9,486**	**7,115**
Current Liabilities		
Short-term portion of term loan facility	-	670
Trade and other payables	8,697	9,372
Income tax payable	163	1,482
Bank overdraft	490	-
Liabilities associated with assets held for sale	-	-
Total liabilities	**18,836**	**18,639**
Equity Attributable to Shareholders	108,415	118,308
Non-controlling Interests	16,302	13,984
Total equity	**124,717**	**132,292**
Total equity and liabilities	**143,553**	**150,931**

- Non-current assets increased due to the continued investment in terms of the Central Shaft project and sustaining capital
- Total term debt stands at $1.6m

Review of Results
Other matters

Hedging underpins cashflows until the high capital investment is completed in mid 2020. Full upside price participation maintained

- High capital expenditure until mid-2020 requires a prudent approach to cash management
- November 2019 Caledonia purchased put options over 4,600 ounces of gold per month from January 2020 until June 30, 2020 at a price of $1,400/ounce

Dividends

- Total dividend distributions (including distributions to minorities) of $3.4 m
- 2019 annualised dividends paid to Caledonia shareholders of 27.5 US cents per share – compared to operating cash flows of over 200 US cents per share
- Cash available for distribution is expected to grow due to increased production, lower unit costs and lower capital expenditure when the investment in Central Shaft tails off from July 2020 onwards
- Caledonia increased the quarterly dividend in January 2020 by 9% from 6.875 cents to 7.5 cents
- Directors recently approved the payment of a quarterly dividend of 7.5 cents which will be paid on May 29
- The Board will consider future increases in the dividend as appropriate in line with its prudent approach to financial management and further investment opportunities

Outlook

Medium to Long-term Goals

Build a mid tier gold producer with minimal dilution

Timeframe	Goals	Production
now – 18 Months	• Commission Central Shaft • Increase production to 80,000 ounces per annum • Reduce AISC to $700 - $800 per ounce • Review dividend policy	70,000 – 80,000oz/yr
2 – 4 Years	• Declining CAPEX post Central Shaft delivers increased FCF • Invest in exploration of expansion opportunities in Zimbabwe	80,000 – 100,000oz/yr
4 – 6 Years	• Invest in growth opportunities identified through exploration • Multi asset producer	100,000 – 150,000oz/yr
6 – 8 Years	• Substantial production and exploration portfolio in one of the worlds most prospective gold regions • Strong growth pipeline with cash flow to fund expansion	>200,000oz/yr

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