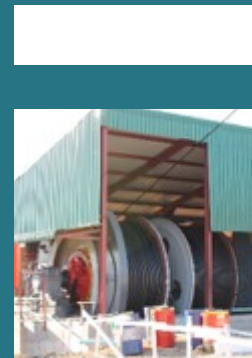
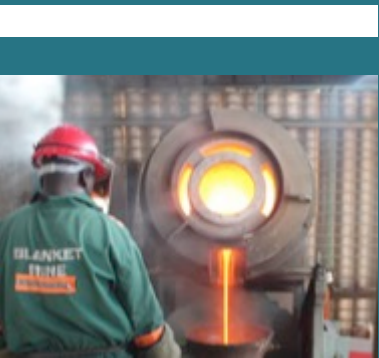




September 2018





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Caledonia Mining: Overview

Caledonia:

Profitable unhedged gold producer

- Established, profitable gold producer, now expanding production from the Blanket Gold Mine in the Gwanda Greenstone Belt, Zimbabwe
- Jersey domiciled company; listed on NYSE MKT, TSX and AIM
- US\$8.1m at 30 June 2018
- 2017 trailing P/E approximately 4.5x

Blanket Gold Mine:

Established with substantial production growth and cost reduction planned

| | <u>Production (oz)</u> | <u>AISC (\$/oz)</u> |
|--------------------|------------------------|------------------------|
| 2016 Actual | 50,351 | \$912/oz |
| 2017 Actual | 56,135 | \$847/oz |
| 2018 Guidance | 55,000 – 59,000 | \$845 - \$890/oz |
| 2021 Target | 80,000 | \$700-\$800/oz* |

- M&I Resources of 714koz at 3.98g/t, Inferred resources of 887koz at 4.99g/t
- Fully funded investment program supporting a 14 year life of mine
- Significant on-mine and regional exploration upside

Dividend

- 6.875 US cents per share per quarter
- 4.5% yield (3 September 2018)

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



Building a solid track record

Built on production growth, good cost control and capital investment

Caledonia Mining has built a solid track record with three years of rising production and declining unit operating costs, this has delivered solid and growing operating cash flow which has supported significant capital investment in the Blanket mine which will deliver the company's growth ambition of 80,000 ounces by 2021

| | 2015 | 2016 | 2017 | CAGR |
|----------------------------------|--------|--------|---------------|------|
| Revenue (\$k) | 48,977 | 61,992 | 69,762 | 19% |
| Gold Production (oz) | 42,802 | 50,351 | 56,133 | 15% |
| Operating Cash Flow (\$k) | 6,869 | 23,011 | 24,512 | 89% |
| Capital Investment (\$k) | 16,567 | 19,882 | 21,639 | 14% |
| Cash (\$k) | 10,880 | 14,335 | 12,756 | 8% |
| Attributable Profit (\$k) | 4,779 | 8,526 | 9,384 | 40% |
| Return on Shareholders Funds (%) | 10% | 15% | 15% | N/A |
| Adjusted EPS (USc/share) | 44.5 | 98.6 | 135.4 | 74% |



Quarterly Operating Metrics

| | 2017 | | | | 2018 | |
|-------------------------------------|---------|---------|---------|---------|---------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| Tonnes Milled | 124,225 | 136,163 | 136,064 | 150,755 | 123,628 | 132,585 |
| Average Grade (g/t) | 3.42 | 3.08 | 3.52 | 3.62 | 3.48 | 3.19 |
| Average Recovery (%) | 93.7 | 92.8 | 93.6 | 93.6 | 93.4 | 92.8 |
| Gold Produced (oz) | 12,794 | 12,518 | 14,396 | 16,425 | 12,924 | 12,657 |
| Average Realised Gold Price (\$/oz) | 1,213 | 1,235 | 1,265 | 1,256 | 1,312 | 1,278 |
| On Mine Costs (\$/oz) | 659 | 696 | 638 | 556 | 687 | 717 |
| All in Sustaining Costs (\$/oz) | 857 | 855 | 773 | 901 | 832 | 856 |
| G&A Costs (\$m) | 1,441 | 1,493 | 1,607 | 1,370 | 1,542 | 1,660 |

- Grade is expected to increase to approx. 4 g/t in 2020 in terms of the mine plan; recovery is expected to return to 93.5% following the installation of a new oxygen plant in late 2018
- On mine costs increased in Q2 2018 due to the inclusion of the costs of the pilot plant and the costs of trackless and other equipment used in the declines. The operation of declines is more expensive than a shaft operation; these costs are expected to normalise after the central shaft is commissioned in 2020 and declines are phased out of operation.
- AISC includes the increase of the export credit incentive paid by the Zimbabwe government which increased from 2.5% to 10% of gold sales with effect from February 2018.

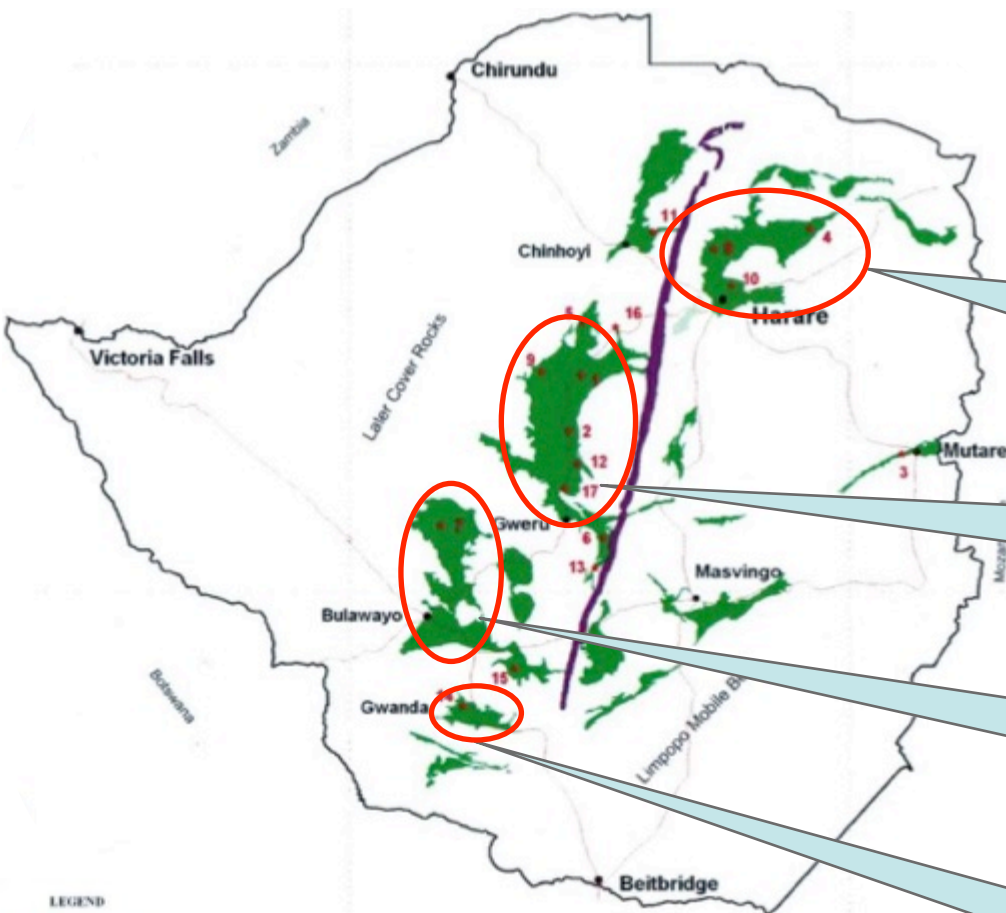


The Zimbabwe Opportunity

World-class gold potential, under-explored and under-capitalized

Historic & current 1Moz+ producers

Significant regional potential



- Zimbabwe has historically produced over **45 million ounces** of gold
- Several prolific multi million ounce gold belts: substantial potential for further multi-million ounce discoveries
- Prior to 2000, Zimbabwe produced more gold than Mali, Tanzania, Burkina Faso and Guinea, minimal exploration investment since then

Harare

Production: >4Moz
Existing Resources: approx. 1.9Moz
Average Grade: approximately 3g/t

Gweru

Production: >15Moz
Existing Resources: approx. 1.9Moz
Average Grade: approximately 3g/t

Bulawayo

Production: >2.5Moz
Existing Resources: approx. 6.5Moz
Average Grade: 2.5g/t – 5g/t

Gwanda Greenstone Belt – Including Blanket Mine

Production: >2.5Moz
Existing Resources: approx. 2.7Moz
Average Grade: 3.5g/t – 5g/t

LEGEND

Greenstone Belt

Great Dyke

Major Town

Major Road

- | | | |
|-------------------|-----------------|--------------------------|
| 1 Cam & Motor | 7 Lonely | 13 Tebelwa |
| 2 Globe & Phoenix | 8 Mazowe Group | 14 Blanket & Vumbachikwe |
| 3 Rezende Group | 9 Golden Valley | 15 Fred |
| 4 Shamva | 10 Acturus | 16 Giant |
| 5 Dalny | 11 Muriel | 17 Connemara Group |
| 6 Wanderer Group | 12 Gaika | |



Zimbabwe: signs of reform?

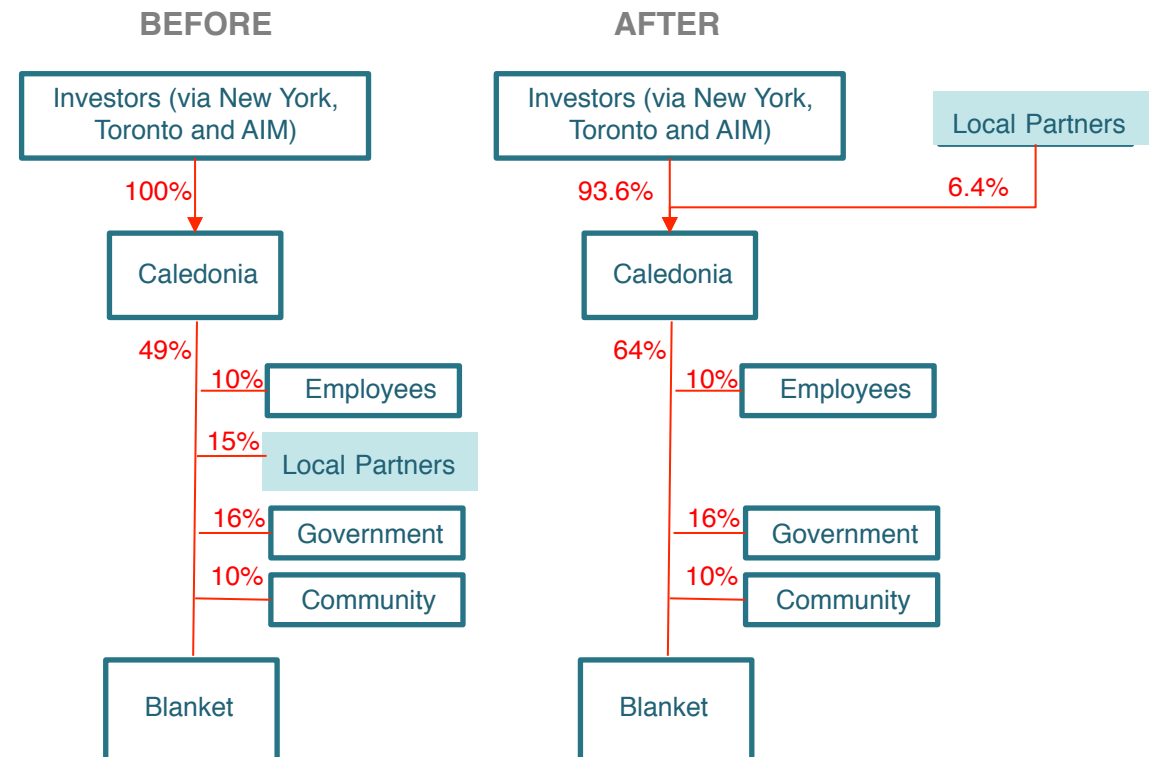
- November 2017: Mugabe forced from office by a popular mass-movement supported by the army
 - Emmerson Mnangagwa, previously a Vice-President becomes president
- New President has driven through legislation aiming to stimulate inward investment
 - Removal of indigenisation requirement for gold producers
 - Encourage new investment in agriculture
- Substantial fiscal incentives for most sectors, including gold producers and other exporters (e.g. tobacco)
 - “**Export Credit Incentive**” increased from 2.5% to 10% of revenue with effect from 1 February 2018
 - At a spot gold price of \$1,300/oz, gold producers receive \$1,341 per ounce, (after 1.25% early settlement discount and 5% royalty)
- Mnangagwa and Zanu-PF win the presidential and parliamentary elections in held in July 2018. However after a peaceful election campaign, the election results were marred by violence and accusations of malpractice
- Zimbabwe has substantial challenges before it can achieve sustained economic growth
 - Lack of foreign exchange leads to shortage of “liquidity”: imports exceed exports and the country does not have its own currency, which results in shortages of foreign exchange which Blanket needs to pay for imports
 - High foreign debt
 - Government spending on consumption (wages and salaries) rather than investment



Zimbabwe: signs of reform?

Caledonia's response

- Proposed increase in Caledonia's shareholding in **Blanket** from **49% to 64%** as local partners "flip-up" from Blanket to a shareholding at Caledonia
 - Transaction is modestly enhancing for NPV-per-share
 - Caledonia will evaluate further transactions to buy out local partners
- Caledonia continues to evaluate further investment opportunities in Zimbabwe, both at Blanket and its satellite properties and in new areas

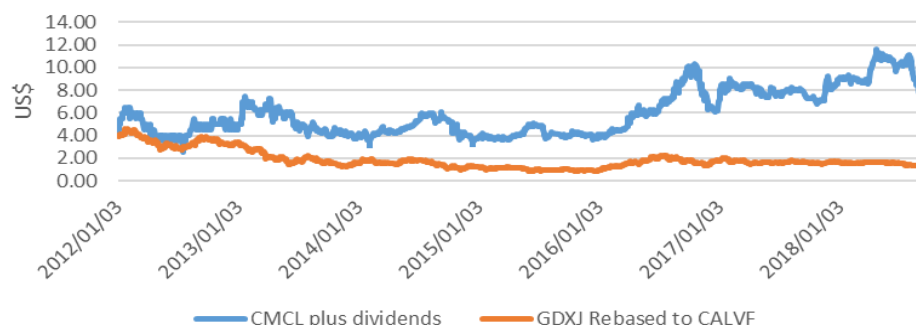




Capital Structure & Financials

Relative Performance

Caledonia Mining Total Shareholder Return
(Jan 2012 to August 2018)



Summary P&L (\$'m except /share data)

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

** EBITDA is before Other Income

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

Capital Structure

| | |
|---------------------------|---------|
| Shares in issue (m) * | 10.6 |
| Options (m) | 0.046 |
| Cash (30 June 2018) | \$8.1m |
| Net Assets (30 June 2018) | \$74.1m |

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

Listing and Trading

| | |
|--|-------------|
| Share price (4 th September 2018) | \$6.09 |
| Market capitalisation (US\$m) | \$65m |
| 52 week low/high (US\$) | 5.16 – 9.90 |
| Avg. daily liquidity (shares/day) | 28,000 |

Shareholders

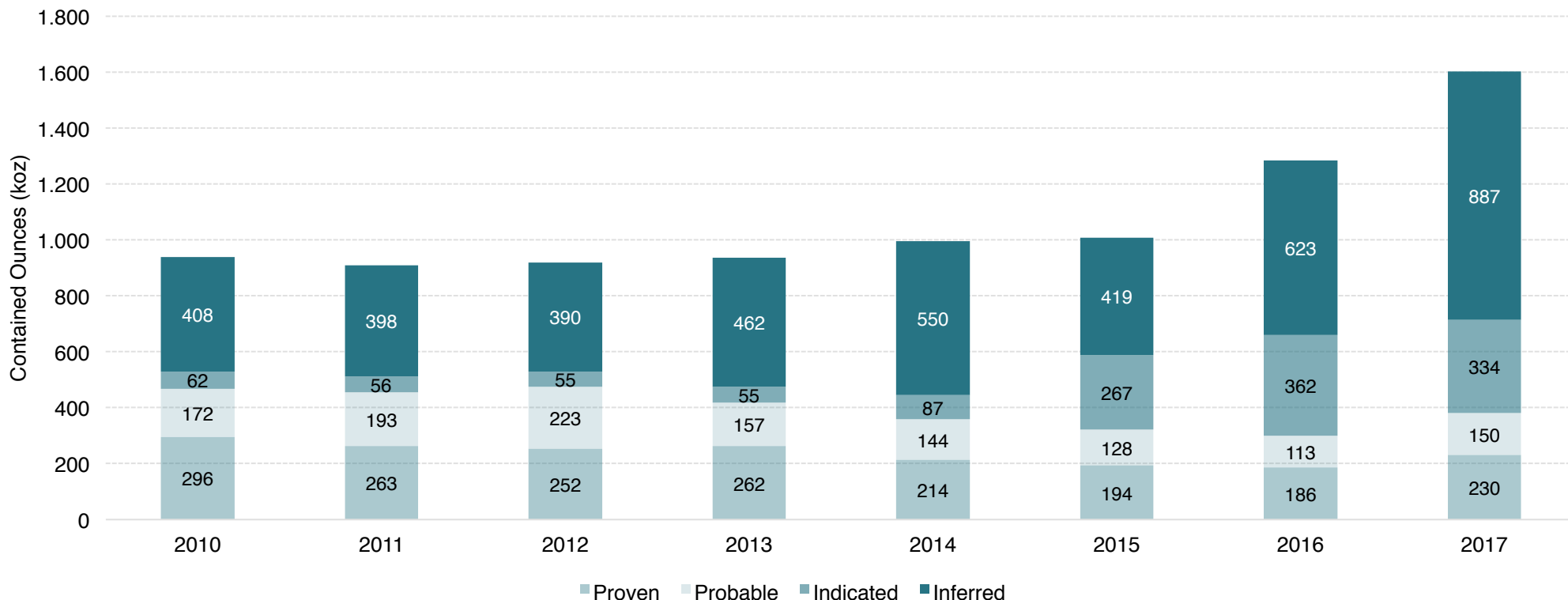
| | |
|--|------|
| | % |
| Management and directors | 2.4 |
| Allan Gray (South African Institution) | 20.1 |
| Sales Promotion Services | 8.9 |



Resources

Increased exploration expenditure begins to bear fruit

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

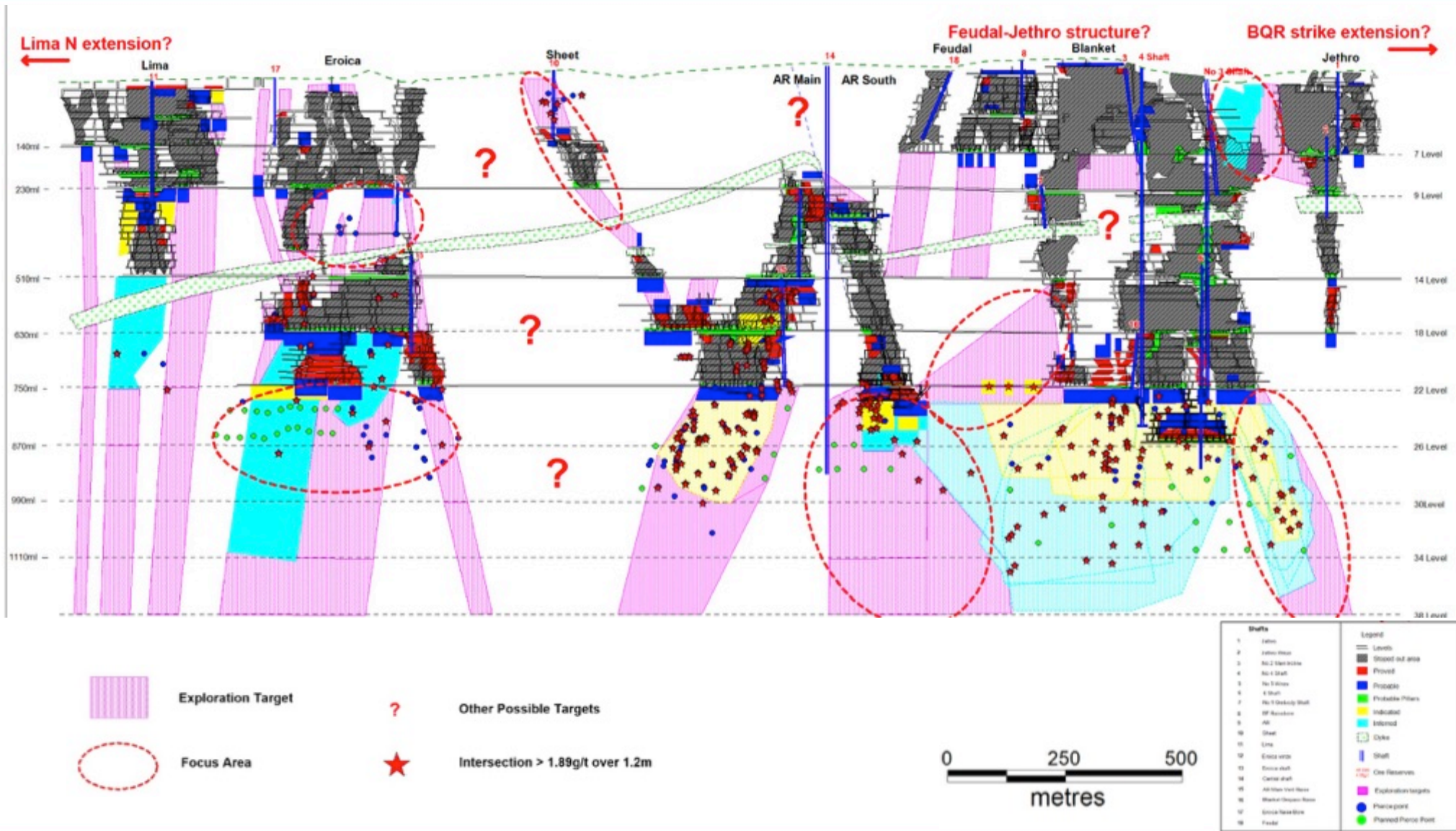


- Investment in infrastructure at depth will enable continued exploration drilling and resource delineation
- Grade remains well above mine head grade (M&I grade of 3.98g/t vs 2017 head grade of 3.4g/t)



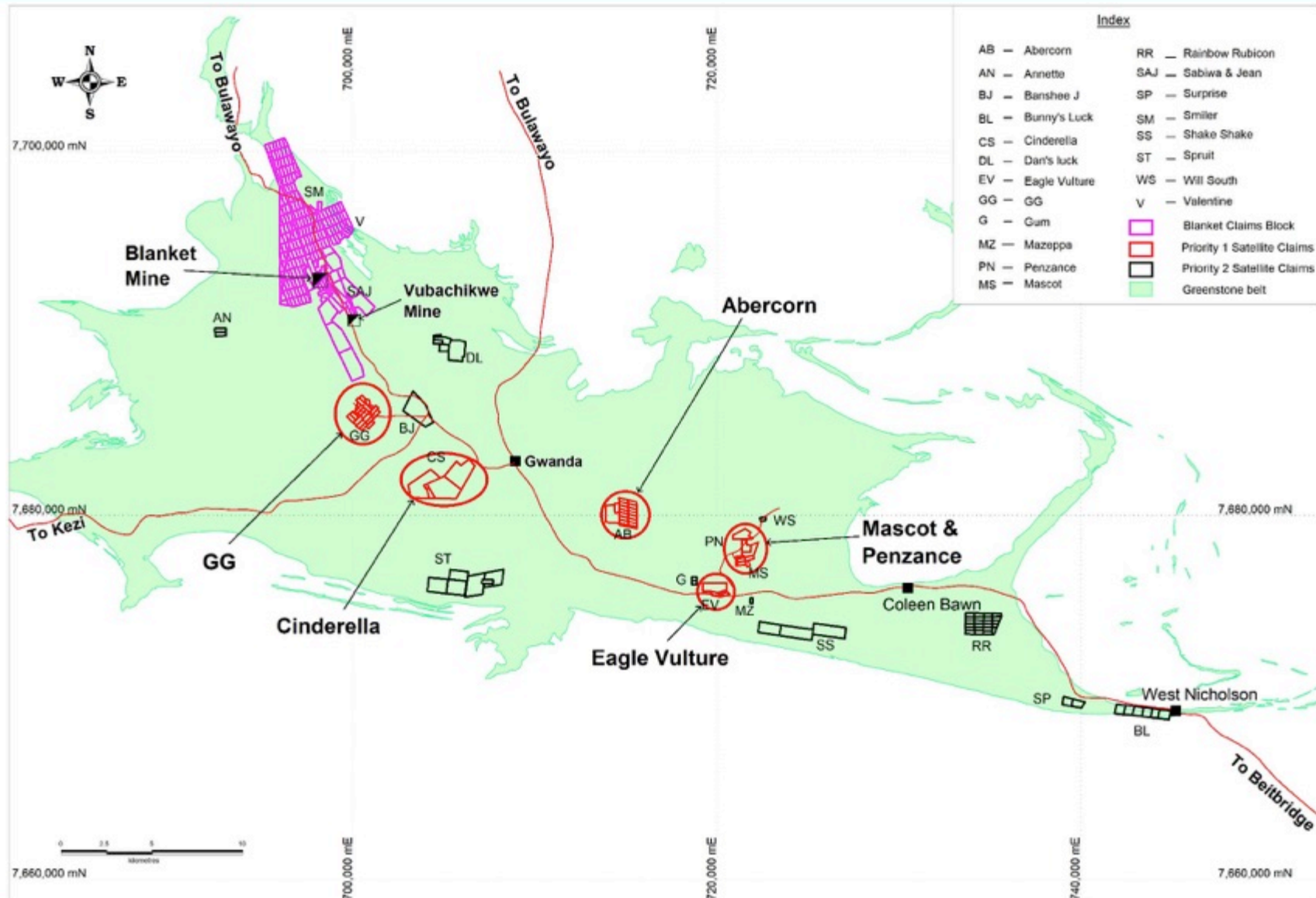
Significant Exploration Potential

Significant focus areas for exploration within the mine footprint





Exploration Opportunities At Blanket's satellite properties





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

Constructing a new generation mine below the current workings

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

New Central Shaft
6m diameter; surface to 1,330m
Scheduled for commissioning in 2020

Approx \$51m capital investment from 2018 - 2022 fully funded from internal cash flows

Enables significant opportunity for deep level exploration

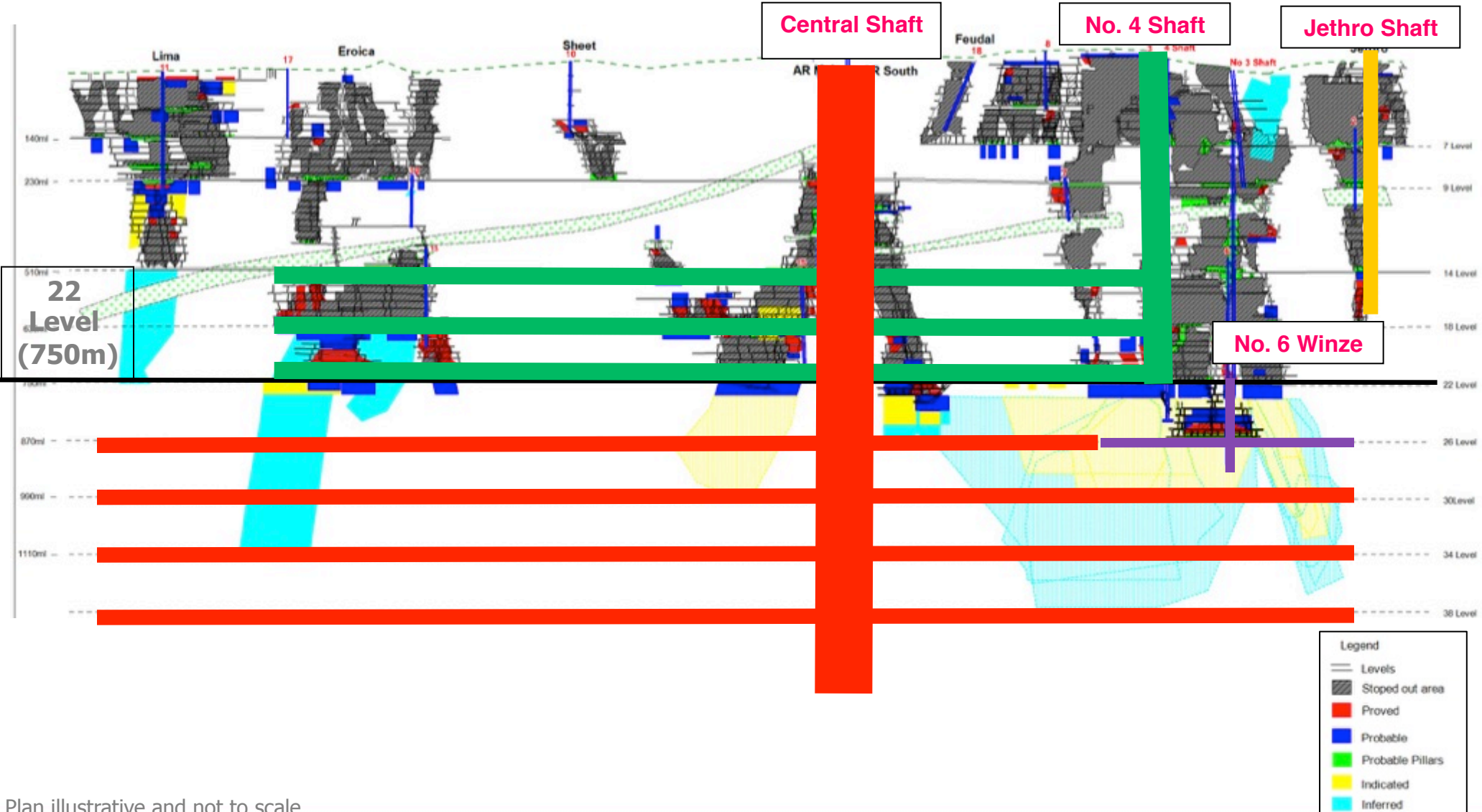


Will deliver a major improvement in production, costs and flexibility



New Central Shaft drives development of sub-750m zones

Constructing a new generation mine below the current workings





New infrastructure is transformational for the Blanket Mine

Central Shaft dramatically improves haulage and man movement management.



Central Shaft is currently at a depth of 1,026m below surface



Blanket expansion: to drive substantial increase in earnings

- Blanket is anticipated to produce approximately 80koz by 2021 at an AISC of between \$700/oz - \$800/oz
 - Operating cash margin at \$1,300/oz gold of between \$500/oz - \$600/oz
- Blanket will generate significant attributable cash flows for Caledonia
- Repayment of indigenisation facilitation loans (currently \$30m) also due to Caledonia shareholders

Projected Earnings (Edison Research – May 2018)

| | 2017 Actual | 2018 F'cast | 2019 F'cast | 2020 (F'cast) |
|---------------------------|----------------|----------------|----------------|------------------|
| Gold price | 1,243 | 1,260 | 1,324 | 1,527 |
| Production (k.oz) | 56 | 59 | 61 | 68 |
| EBITDA (\$'m) | 24.4 | 29.8 | 40.1 | 60.5 |
| Adjusted EPS (USc) | 135.4 | 170.0 | 223.1 | 349.0 |

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

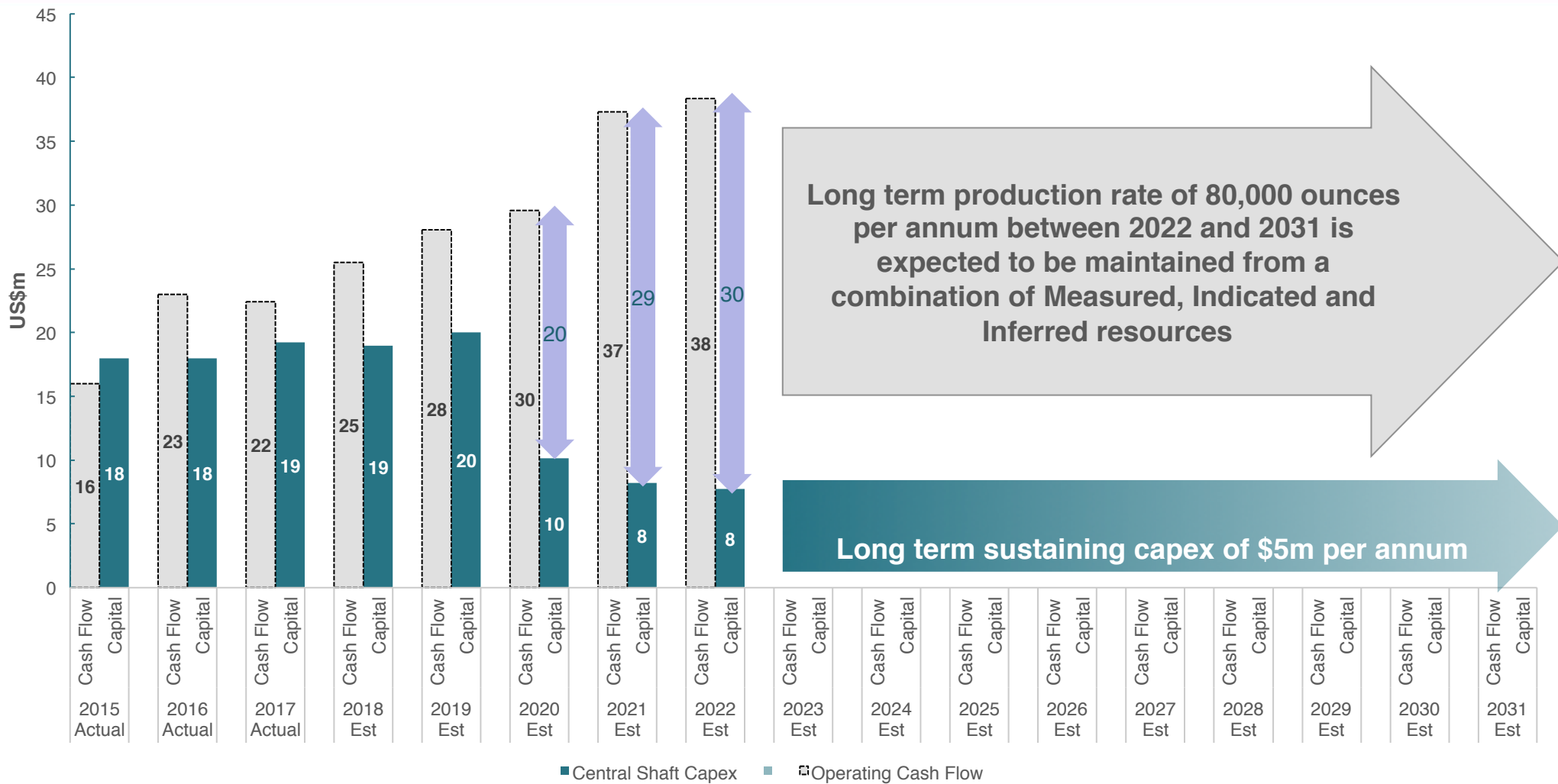
Caledonia's 2018 Adjusted EPS guidance is between 165 cents and 190 cents per share

Current annualized 2018 PE based on EPS guidance (4 Sept 2018 share price \$6.09) is approximately 3.7 times



Strong free cash flows from 2020 onwards

Declining capex and increasing cash generation



Operating cash flow and capital expenditure forecasts for Blanket Mine are extracted from the National Instrument 43-101 Technical Report on the Blanket Mine published in February 2018 using a gold price of \$1,214 per ounce. These forecasts are for Blanket Mine and exclude Caledonia's G&A costs, inter-company adjustments and the export credit incentive for Zimbabwean gold producers



Investment Case - Summary

14 years of high margin operations with upside potential

- **Substantial Production Growth : fully funded**
 - 45% production growth planned
 - Rising expected cash generation from 2020 expected
 - Strong future cash generation leaves resources available for strategic purposes : target rich environment
- **Attractive dividend yield**
 - One of the highest yields in the gold industry
 - Management anticipate maintaining the current dividend through any future capital investment requirement
 - Higher planned production & lower costs could support continued increases in dividends
- **High margin operations**
 - All-in Sustaining cost guidance of \$810/oz - \$850/oz
 - Operating costs to move down as new shaft ramps up : due to increased production volume, economies of scale and better mine efficiencies
- **Strong Management Team**
 - Excellent in-country relations
 - Proven track record of operating reliably and profitably in Zimbabwe
 - Strong, well established, indigenous mine management team differentiates from other African producers





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TSX - CAL

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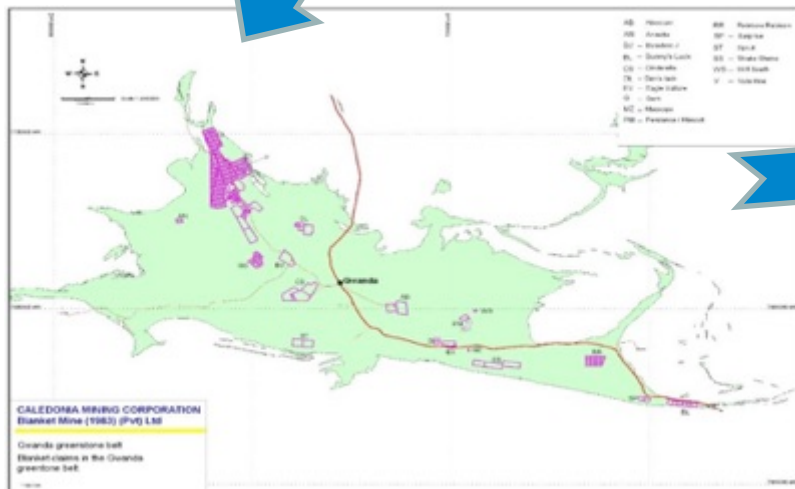
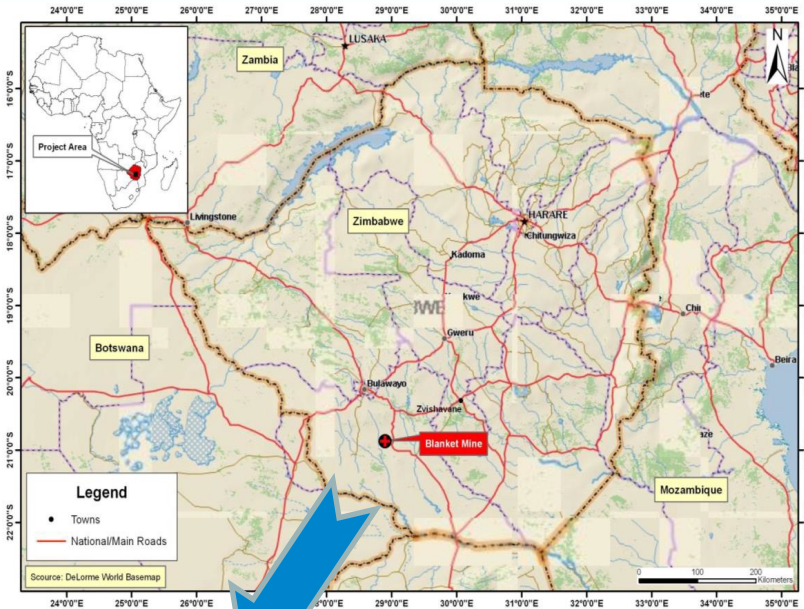


Appendices

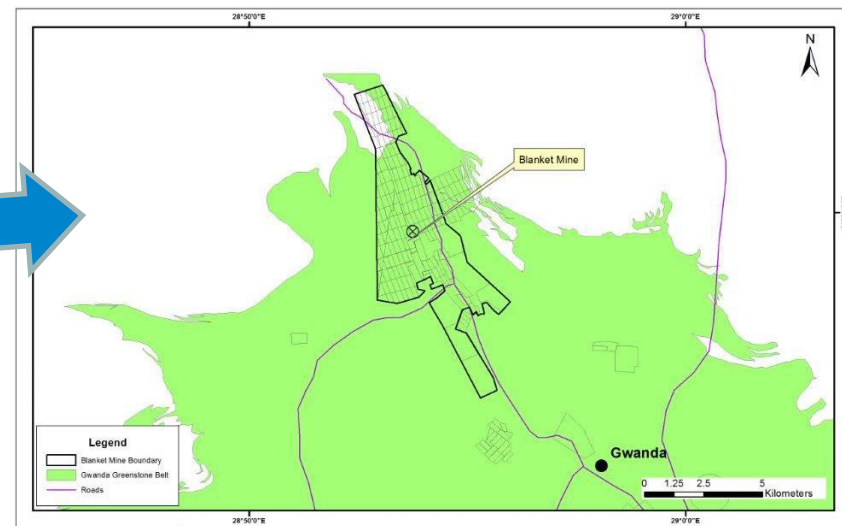


Other Information:

Location: excellent infrastructure, attractive working conditions



- Gwanda Greenstone Belt : One of Zimbabwe's richest greenstone mining districts
- Adequate infrastructure in place
- Skills and labour freely available
- Close enough to Johannesburg for easy supply of SA-sourced supplies
- Mine accessible by tarred road, close to established towns, 2 hours drive from Bulawayo, 2 flights daily to Johannesburg
- No climate related challenges : warm subtropical area;
- Gentle terrain : altitude 1400m, flat to low hills





Zimbabwe

Government actively supports the gold mining sector

Political Environment

- Government is pragmatic although constrained by a very weak economy
- Established, functional government administration

Indigenization

- Recent relaxation of indigenisation legislation is a positive development for the sector, Blanket is currently fully compliant with past legislation
- Implemented at Blanket in 2012 - shareholders include the local community (10%), workers (10%), the Zimbabwean Government (16%) and Fremiro (15%)

Economy

- Working currency is US\$: mild deflation; liquidity challenges
- Introduction of bond notes in 2016 are for cash transactions: no effect on Caledonia's operations in country
- 25% corporate tax rate; 5% royalty; 2.5% export credit incentive

Infrastructure

- Grid power with non-interruption agreement and full stand-by diesel capacity
- Good roads, airports – efficient supply from Johannesburg
- Excellent “soft” infrastructure: education, labour, administration

Exchange Controls

- Manageable exchange controls for dividends, loan repayments, management fee and procurement margin
- Limited foreign exchange in the banking system to fund offshore payments requires active management

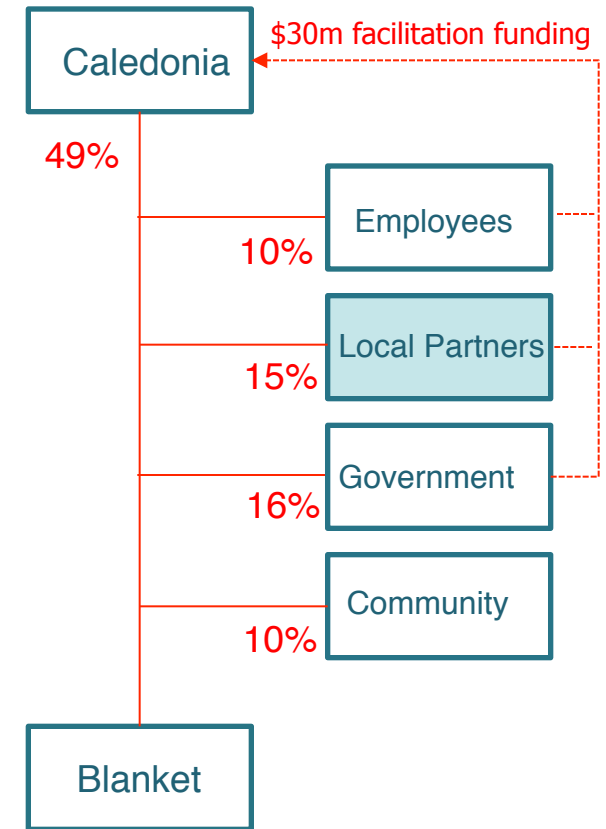


Blanket Gold Mine, Zimbabwe

The First Fully Indigenized Zimbabwean Gold Miner

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

In August 2018 Caledonia announced that agreement had been reached to swap the 15% shareholding in Blanket held by local partners for a 6.4% interest in CMC Plc. Once this transaction has been legally completed, Caledonia will hold 64% of Blanket. Caledonia will consider other opportunities to increase its shareholding in Blanket





Other Information

Directors and Management

Management

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

Directors

| | |
|----------------------|------------------------------|
| Chairman | Leigh Wilson (USA) |
| CEO | Steve Curtis (S Africa) |
| CFO | Mark Learmonth (Jersey) |
| Independent Director | Johan Holtzhausen (S Africa) |
| Independent Director | John Kelly (USA) |
| Independent Director | John McGloin (UK) |

- Management based in Jersey, London, South Africa and Zimbabwe
- Strong in-country support in Zimbabwe from Blanket's Indigenous Shareholders

- Independent directors bring additional technical, legal, financial and commercial expertise