

Caledonia Mining Corporation Plc

INTEGRATED REPORT

2021

INVEST

DEVELOP

GROW

CONTENTS

Highlights 2021 pg 6

How we create value pg 10

Financial performance pg 36

ABOUT CALEDONIA

About Caledonia	P1
Investment case	P2
Our history	P3
Scope of this report	P4
Highlights 2021	P6
Five-year overview	P7
CEO's review	P8
Our business and strategy	P11
Our business model – how we create value	P12
Key performance indicators	P17

OPERATIONAL REVIEW AND OUTLOOK

COO's review	P19
Operations at Blanket	P22
Operational performance	P28
Operational outlook	P30

FINANCIAL REVIEW

CFO's review	P34
Financial performance	P36

GOVERNANCE

Chairman of the Board's review	P49
Caledonia's corporate governance structure	P51
Board and Board Committees	P52
Risk identification and mitigation	P62
Compensation overview	P67

SUPPLEMENTARY INFORMATION

Mineral resources and reserves statements	P71
Shareholders' information	P72
Annual general meeting	P73
Disclaimer	P74
Corporate information and administration	P75

About Caledonia Mining

Caledonia Mining Corporation PLC ("Caledonia" or the "Company") is an exploration, development and mining corporation focused on Zimbabwe. Caledonia's primary asset is its 64% stake in Blanket Mine ("Blanket"), a gold mine in Zimbabwe. The Company plans to increase its annual production to 80,000 ounces in 2022, to lower its costs per ounce and increase cash generation. Caledonia is committed to evaluating investment opportunities and, during 2021, acquired the mining claims over Maligreen in Zimbabwe.

Using this report

This report is interactive, look out for these icons which aid navigation or link to additional information:

- Click to return to the contents page
- Click to return to the previous page
- Click to see view the following page
- Click to return to the previously viewed page, handy to return from a cross reference link

Visit our website for more information

Scan the QR Code below to access the website using your cellphone:

www.caledoniamining.com



ABOUT CALEDONIA

WHO WE ARE

Caledonia has a strong, experienced management team and board of directors ("the Board") with diverse expertise in gold mining, exploration, mine and infrastructure development, finance, marketing and social governance. The group's management team is based in Jersey, Channel Islands, in Johannesburg, South Africa, and in London, United Kingdom.

> "Caledonia operates the Blanket mine and is also exploring for other gold deposits in Zimbabwe."



Caledonia shares are listed on the NYSE American LLC ("NYSE American") and depositary interests in the shares are traded on the AIM of the London Stock Exchange plc (symbol CMCL). Caledonia listed depositary receipts on the Victoria Falls Stock Exchange ("VFEX"), a subsidiary of the Zimbabwe Stock Exchange, on December 2, 2021. Caledonia voluntarily delisted its shares from the Toronto Stock Exchange (the "TSX") on June 19, 2020.

Caledonia's primary asset is a 64% ownership in the Blanket Mine ("Blanket"), which is located in the south-west of Zimbabwe approximately 15km west of Gwanda, the provincial capital of Matabeleland South. Gwanda is 150km southeast of Bulawayo, the country's second largest city and 196 km northwest of the Beit Bridge border post with South Africa and 560km from Harare, Zimbabwe's capital city. Access to the mine is by a tarred road from Gwanda, which is linked from Beit Bridge to Bulawayo and Harare by a national highway.

In 2015, Caledonia embarked on an investment plan at Blanket that entailed sinking the Central Shaft to a depth of over 1,200 meters, upgrading the metallurgical plant and performing substantial underground development. The investment plan is expected to increase production from 67,476 ounces of gold in 2021 to 80,000 ounces from 2023 onwards.

Our strategic focus

Caledonia's immediate strategic focus is to convert the commissioning of Central Shaft into higher production, lower costs per ounce and increased cash generation. Caledonia acquired the mining claims over Maligreen in Zimbabwe during November 2021 and signed a conditional share sale and purchase agreement to acquire Bilboes in July 2022. We continue to further evaluate investment opportunities in the gold sector in Zimbabwe and elsewhere, with our long-term vision of becoming a mid-tier, multi-asset gold producer.

Planned growth in production ounces from 2015 to 2022

87%

Self-funded investment in Blanket's Central Shaft from 2015 to 2021

$67m

Expected yearly production from 2023 onwards

80,000oz

Record annual tonnes milled

665,628t

INVESTMENT CASE

Substantial production growth – self-funded

- Increase in production to 80,000 ounces from 2022
- Increased cash flows due to higher production, lower unit costs and foreseeable declining capex
- Strong future cash generation leaves resources available for strategic purposes: target rich environment

High-margin operations

- Reduction in all-in sustaining cost
- Operating costs to decrease 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 differentiated from other African producers

Attractive dividend yield

- Review dividend to deliver sustainable dividend growth consistent with increasing free cash flow
- October 2021 dividend of 14 cents per share, a 104% increase since October 2019
- Higher planned production and lower costs could support continued increases in dividends

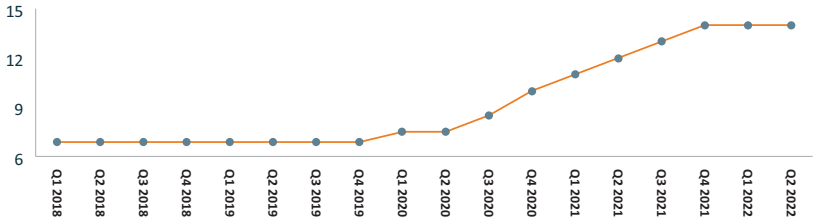
14 years of high-margin operations with upside potential

Caledonia US equity vs GDXJ total return index up to 31 May 2022 (Rebased to 100)



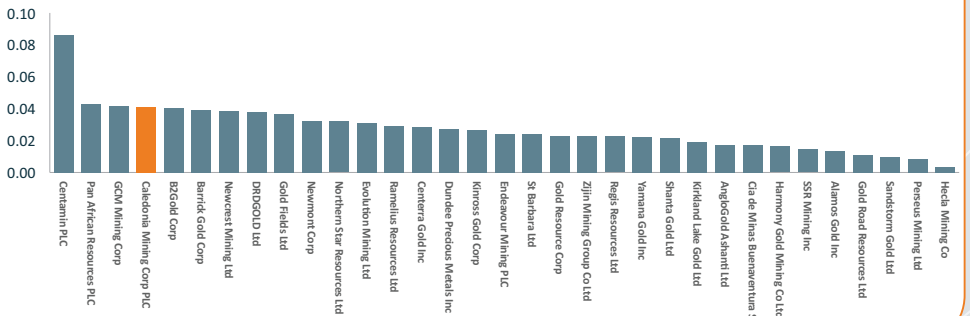
Source: Bloomberg

Quarterly dividend payments



Dividend yield of Caledonia compared to 32 other companies on GDX and GDXJ

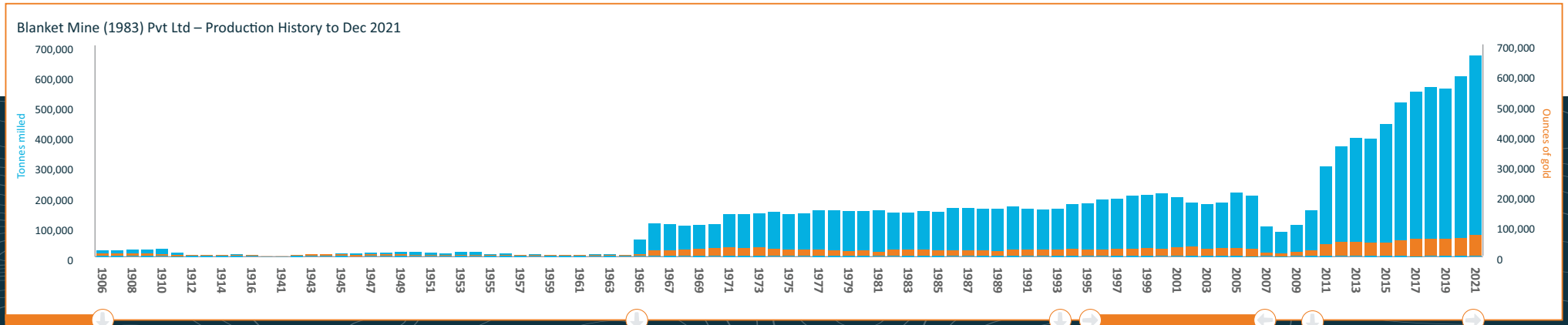
(May 31, 2022)



Source: Bloomberg

OUR HISTORY

Between 2006 and 2021, Caledonia milled approximately 6 million tonnes and produced 0.6 million ounces of gold



1904-1906

7,413oz

- Production started



1965

3,543oz

- Falconbridge acquired Blanket
- Between 1965 and 1993 Falconbridge milled 4 million tonnes and produced 0.5 million ounces of gold

1993

20,396oz

- Kinross purchased Blanket
- Between 1993 and 2006, Kinross milled 2.4 million tonnes and produced 0.4 million ounces of gold

1995-2007

57,899oz

- Blanket tailings dam construction and treatment of previous tailings dam



2006

22,985oz

- Caledonia purchased Blanket



2010

17,793oz

- Commissioning of No. 4 Shaft expansion project



2021

67,476oz

- Central Shaft commissioned to increase production level to 80,000oz



SCOPE OF THIS REPORT

This integrated report ("IR") provides information on how we create value through our business, operating environment and performance. The IR gives a clear overall picture on how we maintain and sustain our growth profile.

Framework of report and governance structure

Our IR is based on the principles contained in the Integrated Reporting Framework which now falls under the umbrella of and is endorsed by the IFRS Foundation. We also ensure that we comply with the laws and regulations of the Companies (Jersey) Law 1991, as amended, the Sarbanes-Oxley Act ("SOX"), the Securities Exchange Act of 1934, the NYSE American and AIM. After the delisting from the TSX the Company remains a Canadian reporting issuer and is subject to Canadian securities and reporting laws. We have also adopted the Quoted Companies Alliance ("QCA") Corporate Governance Code.

Reporting period

The IR covers the period from January 1, 2021 to December 31, 2021. Any material events up to the Board's approval and date of this report have also been included. This report should be read in conjunction with our Consolidated Financial Statements.

Reporting boundaries

This IR covers Caledonia and its subsidiaries. All references to Caledonia, the group, or the Company refer to Caledonia and its subsidiaries. The financial information contained in this report was extracted from the Consolidated Financial Statements.

Consolidated Financial Statements can be found at:
www.caledoniamining.com/investors/reports-presentations/

Operating businesses

The IR includes a review of our operating and financial performances during the reporting period.

Materiality

Materiality determines the context and extent of disclosure of any material issues relating to the group. Caledonia's Board considers materiality from a quantitative and qualitative perspective in preparing the IR.

Refer to ***page 62*** of this report where Caledonia's material risks are identified, and the mitigation thereof discussed.

Board statement

The Board is ultimately responsible for ensuring the integrity of the IR and is satisfied that the internal controls implemented by management are effective. We confirm that the IR addresses all material issues and matters, and fairly represents the group's integrated performance.

On behalf of the Caledonia Board:

Leigh Alan Wilson
Non-executive Chairman
August 24, 2022

Mark Learmonth
Chief Executive Officer
August 24, 2022

Forward-looking statements

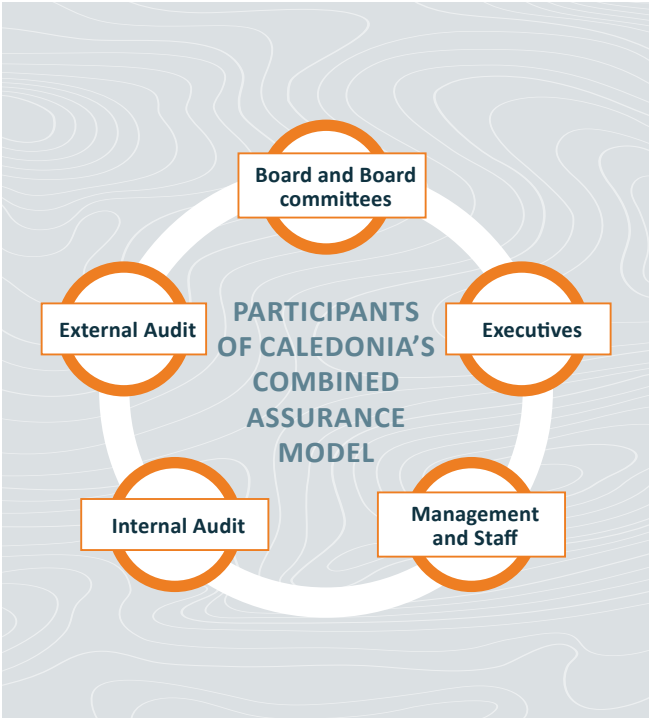
Refer to ***page 74*** of this report for the Disclaimer where the forward-looking statements within the meaning of section 27A of the US Securities Act of 1933, as amended, or the Securities Act, and section 21E of the US Securities Exchange Act of 1934, as amended, or the Exchange Act, with respect to Caledonia's financial position, production and cost targets, project target, operating performance and other matters are discussed.

Combined assurance

Caledonia's combined assurance model ensures that proper assurance is obtained in preparing the IR. This is achieved by using the appropriate resources to provide the ultimate benefit for Caledonia and its stakeholders, being an enhancement of controls, better management of risks and/or cost-efficiency.

This IR is not audited but has been reviewed and approved by the Caledonia Board and reviewed by management.

Contributions from management and other internal sources have been used to gather information to compile this report.



SCOPE OF THIS REPORT *continued*

Caledonia's suite of reports is as follows:



INTEGRATED REPORT ("IR")

Review of the Company's performance, financial condition, and future prospects by linking the business model and stakeholders' interests

www.caledoniamining.com/investors/integrated-report/



MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Required by Canadian regulations and filed on SEDAR; this accompanies quarterly financial statements and provides a narrative explanation of Caledonia's financial statements and other statistical data that give a better understanding of our financial performance, changes in financial condition and results of operations.

www.caledoniamining.com/investors/reports-presentations/



CONSOLIDATED FINANCIAL STATEMENTS ("FS")

Caledonia's Consolidated Financial Statements contain the financial results for the year ended December 31, 2021.

www.caledoniamining.com/investors/reports-presentations/



MANAGEMENT INFORMATION CIRCULAR ("MIC")

A disclosure document containing prescribed information in connection with the solicitation of proxies to be used at the annual general meeting of shareholders.

wp-caledoniamining-2020.s3.eu-west-2.amazonaws.com/media/2022/03/MIC-2022-FINAL.pdf



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT ("ESG")

Review of Caledonia's environmental, social and governance performance.

www.caledoniamining.com/esg/esg-reports/



ANNUAL REPORT ON FORM 20-F ("20-F")

Caledonia's Annual Report which is filed with the United States Securities and Exchange Commission (SEC).

www.caledoniamining.com/investors/reports-presentations/



TECHNICAL REPORT ("TR")

Report pursuant to the National Instrument 43-101 technical reporting standard developed by the Canadian Securities Administrators that specifically applies to mineral projects.

www.caledoniamining.com/investors/technical-reports/

Our suite of reports complies and/or is mapped with the following reporting standards and frameworks:

	IR	ESG	MD&A	20-F	FS	MIC	TR
Integrated Reporting Framework [1]	•						
International Financial Reporting Standards ("IFRS") [1]			•	•	•		
Global Reporting Initiative ("GRI") [2]		•					
United Nations ("UN") Sustainable Development Goals ("SDGs") [2]		•					
SEC rules and regulations [1]				•			
Sarbanes-Oxley Act of 2002 [1]				•	•	•	
National instruments (Canada) [1]			•			•	•

[1] *Complies*
[2] *Mapped*

HIGHLIGHTS 2021

Gold produced
67,476oz
2020: 57,899 oz

Comment: Record annual gold production. Increased gold production was due to increased tonnes milled at a higher recovered grade.

On-mine cost per ounce[1]
$742/oz
2020: $744/oz

Comment: On-mine cost per ounce decreased due to higher production, which spread fixed costs over more production ounces, as well as good management over controllable costs. Cost performance is after absorbing costs that are outside management control – particularly the cost of increased use of diesel generators.

All-in sustaining cost[1] ("AISC")
$990/oz
2020: $967/oz

Comment: AISC per ounce increased due to higher administrative expenses offset by a lower procurement margin.

Average realised gold price
$1,766/oz
2020: $1,749/oz

Comment: The average realised gold price reflects international spot prices. It excludes revenues from the export credit incentive and predecessor incentive schemes.

Gross profit [2]
$54.1m
2020: $46.7m

Comment: Gross profit for 2021 increased due to higher production and lower cost per ounce. Gross profit was also adversely affected by the higher depreciation charge following the commissioning of Central Shaft in March 2021.

Net profit attributable to shareholders
$18.4m
2020: $20.8m

Comment: Net profit for 2021 was higher due to lower other expenses and a net foreign exchange gain. Profit for 2021 was adversely affected by an impairment in the second quarter of 2021.

Basic IFRS earnings per share ("EPS")
148.6 cents
2020: 173.4 cents

Comment: IFRS EPS reflects the movement in IFRS profit attributable to shareholders after adjustment for increased shares in issue.

Adjusted EPS[1]
225.9 cents
2020: 204.2 cents

Comment: Adjusted EPS excludes foreign exchange gains and losses, deferred tax and impairments.

Net cash and cash equivalents
$16.3m
2020: $19.1m

Comment: Reduced cash due to continued high levels of capital investment.

Net cash from operating activities
$30.9m
2020: $31.0m

Comment: Reduced cash generation because of higher working capital.

Dividends paid (per share)
50.0 cents
2020: 33.5 cents

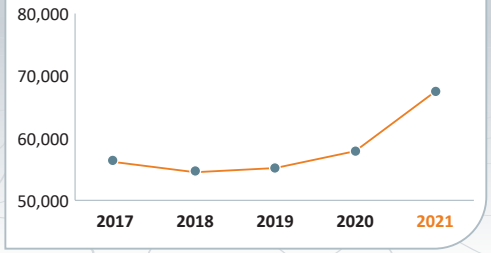
Comment: Dividend paid increased by 49% from 2020. Increased profits allowed for higher dividends to be paid to shareholders.

[1] Non-IFRS measures such as "On-mine cost per ounce", "AISC", "average realised gold price"* and "adjusted EPS"* are used throughout this report.*
** Please refer to page 40 and page 46 for full explanations.*

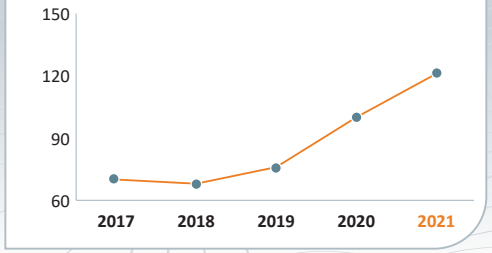
[2] Gross profit is after deducting royalties, production costs and depreciation but before administrative expenses, other income, interest and finance charges and taxation.

FIVE-YEAR OVERVIEW

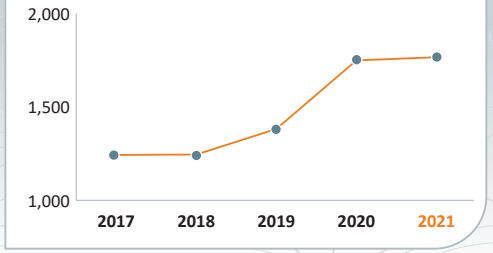
Gold produced
(oz)



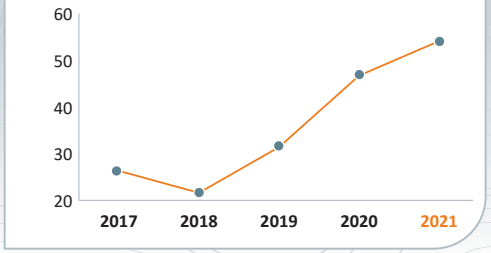
Revenue
($ Million)



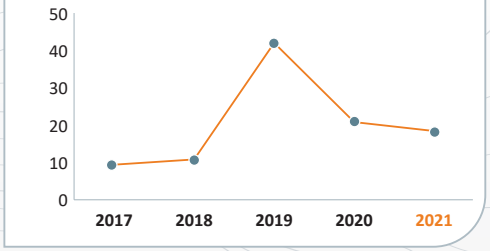
Average realised gold price
($/oz)



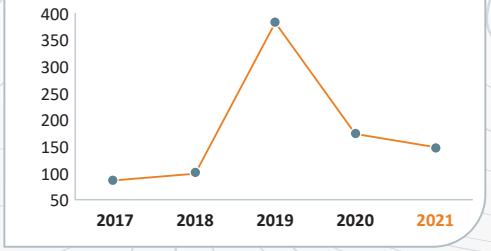
Gross profit
($ Million)



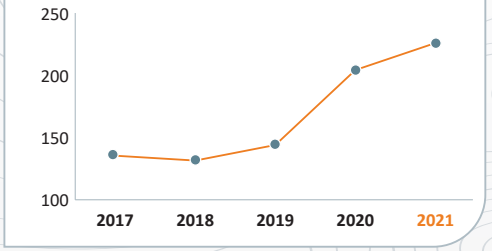
Net profit attributable to shareholders
($ Million)



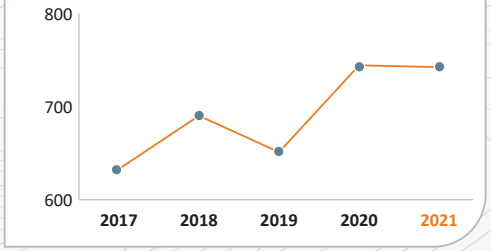
Basic earnings per share ("EPS")
(cents)



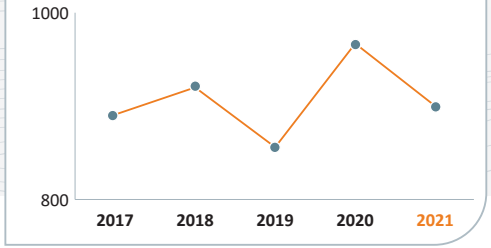
Adjusted EPS
(cents)



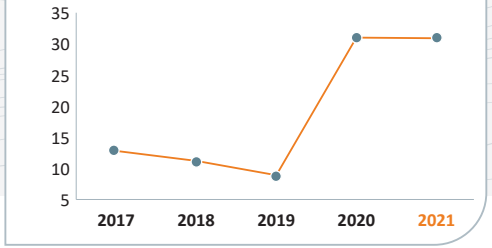
On-mine cost per ounce ($/oz)
($/oz)



All-in sustaining cost ("AISC") excludes the export credit incentive ("ECI") ($/oz)



Net cash from operating activities
($ Million)



CEO'S REVIEW

> "I believe that we have a unique opportunity to leverage the long-life, low-cost operation at Blanket and build a substantial Zimbabwe-focussed gold business which benefits all stakeholders."



Mark Learmonth
Chief Executive Officer

Overview of 2021

I am pleased to present this report early in my new role as Caledonia's CEO. It is a great privilege to have the opportunity to build on the firm foundations that my predecessor, Steve Curtis, laid for Caledonia. I believe that we have a unique opportunity to leverage the long-life, low-cost operation at Blanket and build a substantial Zimbabwe-focussed gold business which benefits all stakeholders.

COVID-19

COVID-19 continued to be an issue that had to be addressed but it had less effect in 2021 than in 2020. Sporadic lockdowns in Zimbabwe and South Africa were re-introduced during the year in response to a resurgence in the pandemic. The mine procured vaccines for all mine employees and their dependents; the high level of take-up of the vaccines in conjunction with continued restrictions on the normal activities of Blanket's employees and their families meant that the incidence of infections was controlled. However, unfortunately two fatalities relating to COVID-19 were recorded at the mine and the village, which houses approximately 6,000 employees and their dependants. I would like to thank the employees and their families for their continued stoicism and forbearance.

COVID-19 had limited effect on production in 2021: gold production of 67,476 ounces was 16.5% higher than in 2020 and set a new production record for Blanket. The COO's report provides further information on production.

COVID-19 did, however, have an adverse effect on the timing and costs of some of our capital projects. As we advised last year, restrictions on the movement of specialist personnel and equipment from South Africa to Zimbabwe meant we could not complete the highly specialised tasks that were necessary to complete the Central Shaft project as planned at the end of 2020. Also, the reduced number of underground personnel meant we were unable to maintain the planned rate of development to connect the Central Shaft to the working areas. The Central Shaft was commissioned at the end of March 2021, approximately six months later than planned and development work is now underway to connect the shaft bottom with the working areas of the mine. During the period of the delay to the commissioning of Central Shaft, mining activities continued to move deeper using the declines, which means that approximately 3,000 metres of additional development is now required at a cost of approximately $3.5 million in 2022.

COVID-19 also delayed the 12MWac solar plant due to interruptions to the manufacturing and shipping of equipment. During this period Blanket incurred the costs of running diesel generators to compensate for the deteriorating grid supply. Blanket's strong operating cashflows allow us to absorb the cost of higher diesel usage, but we keep a vigilant eye on the cost implications for any further deterioration in the electricity supply from the grid. The COO's report provides more information on the steps we are taking to increase the contribution from solar power and enhance the benefit we can derive from grid power.

Health and safety

Unfortunately, on February 21, 2022 there was a fatal accident in a development haulage involving a LHD loader. The Board and management of Caledonia extended their condolences to the family and colleagues of the deceased. The COO's report discusses health and safety in more detail, but management will increase its focus on this area to ensure that we maintain a safe working environment.

Corporate and social investment

Blanket's corporate and social investment programme rebounded towards the end of 2021 from the restricted level of activity earlier in the year due to measures to prevent the spread of the COVID-19 pandemic. Significant projects undertaken in the fourth quarter of 2021 include the renovation of

CEO'S REVIEW *continued*

the Sabiwa High School for which furniture and computer equipment were provided and the purchase of a mobile x-ray machine for the Phakama Clinic Isolation Centre. Our corporate and social investment activities are described more fully in the *ESG report* which may be found on Caledonia's website.

I am also proud to report that the outstanding loans due to Blanket from the Gwanda Community Share Ownership Trust (which arose from advance dividends paid in 2012) were repaid in late 2021. This means that henceforth the Gwanda community will receive its full entitlement to 10% of the dividends paid by Blanket. I trust this will make a substantial contribution to social and economic development in the vicinity of the mine.

Other operational matters

The COO's report provides more context on operational matters, but 2021 was an excellent year from an operational perspective. The increased production in the year reflects the confluence of several measures that management has taken in recent years which include:

- The commissioning of Central Shaft in March 2021, which means that No. 4 Shaft can now focus on hoisting ore;
- A new approach to employee engagement via the Nyanzvi initiative. The primary focus of Nyanzvi is safety training, but it also provides a forum for management and employees to engage constructively on other matters;
- A revised bonus structure which better aligns employee remuneration with operational objectives; and
- The investment in 2019 and early 2020 in a new oxygen plant which improved recoveries at higher tonnages and reduced cyanide consumption.

The main operational challenge at Blanket continues to be the poor quality of the power supply from the Zimbabwe grid which obliges us to use standby diesel generators. This results in higher operating costs due to the substantially higher cost of diesel-generated electricity compared to grid-power; it also results in lost production when equipment cuts out due to voltage surges and the time it takes to switch from grid power to generators. The deterioration in the quality of grid power during 2021 meant that diesel use increased from 534,000 litres in the first quarter to over 2.2 million litres in the fourth quarter.

To address this problem, we have constructed a 12MWac solar plant which will provide about 27% of Blanket's average daily electricity requirements. In late 2021 we installed a further autotap changer to protect the electrical equipment at No. 4 Shaft and at Blanket's metallurgical plant. This resulted in a significant reduction in diesel use in the first quarter from 2.2 million litres in the fourth quarter of 2021 to 83,000 litres in the first quarter of 2022. As a result of this successful intervention, Blanket will invest a further $3.2 million in 2022 by installing additional autotap changers and to address the low power correction factor. Caledonia is also evaluating a second phase for the solar plant with a view to further reducing the use of diesel generators during the periods in the early morning and evenings when the grid is least stable but when the solar plant cannot contribute power.

Central Shaft

As noted above, the Central Shaft was commissioned in March 2021 instead of October 2020 due to COVID-19 delays. This delay caused us to reduce our production guidance for 2021 to between 61,000 and 67,000 ounces but I am pleased to report that we slightly exceeded the top end of this guidance range. Our production guidance range for 2022 is between 73,000 and 80,000 ounces of gold to cater for any unforeseen difficulties as operations at Central Shaft settle down. Production for the first six months of 2022 was 38,605oz ounces, which suggests we are on track to achieve the top end of our 2022 guidance range. There is no change to our production guidance of approximately 80,000 ounces of gold per annum from 2023 onwards.

I am proud to note that the project was completed without serious accidents or injuries – a notable feat given the inherent danger of shaft-sinking operations. Other than a small supervisory team from South Africa, the work was done by Blanket's own employees, for which they, Blanket's management, and the technical team at Caledonia under the direction of the COO deserve credit.

The Central Shaft project cost approximately $67 million and was self-funded from internal resources. The low capital intensity of the shaft locks-in Blanket's long-term capital efficiency and profitability.

Completion of Central Shaft opens a new chapter for the group. At Blanket, production is expected to increase to 80,000 ounces per annum, costs are expected to fall because of economies of scale, operating efficiencies are expected to be realised and capital expenditure is expected to reduce. These factors are anticipated to substantially increase Blanket's profitability and cash generation. Improved access to the deeper areas of the mine will also allow deep-level exploration to re-start and we are optimistic that Blanket's resource base should increase, thereby extending its life of mine beyond the current horizon of 2034.

Completion of the Central Shaft also gives Caledonia the financial and managerial capacity to evaluate and implement new growth projects as discussed further below.

Our people

The Company's success depends on its management and workforce at Blanket and in Harare, Johannesburg, London and Jersey. As already mentioned, we have radically changed the way we engage with our workforce at Blanket via the Nyanzvi initiative, which has resulted in better overall safety performance (notwithstanding the regrettable fatality in February 2022) and operational improvements. We have significantly increased the number of employees and contractors at Blanket in the last few years as we prepare to increase production and the influx of new employees, who are often younger and less experienced, creates the challenge to inculcate our established safety ethos.

CEO'S REVIEW *continued*

The new bonus structure at Blanket has increased the rewards for staff members who perform well and incentivised others to improve their performance. Since late 2021, 100% of Blanket's employee remuneration is paid in US Dollars which means they are fully insulated from local currency inflation which far exceeds the official rate of devaluation of the local currency against the US Dollar. In recent weeks, we have begun to see the signs of dollar-denominated inflation – primarily due to higher US Dollar prices for fuel and basic foodstuff which is largely due to the continued conflict in Ukraine.

Blanket provides training and educational programmes for its employees to develop their potential and it offers year-long, fully-paid bursaries to almost 30 tertiary students as part of their studies. We believe that Blanket is the premium employer in the Zimbabwe gold industry: we aim to retain this position so that we can continue to attract and retain the very best staff.

Environment

The Company adheres to high operating standards to minimise our environmental footprint and comply with all relevant legislation. In parallel with the IR, we will also publish our ESG report, which will provide more information in this area. The 2021 ESG report will for the first time record our GHG emissions. In future we will hopefully be able to measure our improvements in this area following the construction of our 12MWac solar project.

Zimbabwe

Operationally, Zimbabwe is less challenging than many other African jurisdictions. We benefit from a highly educated population with strong commercial and technical experience; other than electricity, the infrastructure is reasonable; and the safety and security of our personnel and our operations is not a significant concern.

International stakeholders frequently express concern at the high level of inflation in Zimbabwe. Provided we continue to be paid most of our revenues in US Dollars and we receive and spend local currency at the official exchange rate, local inflation is not a challenge to our operations. In December 2021 Caledonia obtained a secondary listing on the Victoria Falls Stock Exchange following which Blanket receives approximately 72% of its net revenues in US Dollars and the balance in local currency. We do not accumulate local currency for which we have no commercial use and which we are unable to convert into US Dollars and/or remit from Zimbabwe.

The most significant difficulties in Zimbabwe are the administrative complexity of transporting goods and equipment across borders, effecting payments from Zimbabwe for imported goods and services and the repatriation of profits. Caledonia has operated successfully in Zimbabwe since 2006 and we have highly experienced personnel at Blanket and at our offices in Harare, Johannesburg and Jersey who make sure that we operate effectively within the complex and frequently changing regulatory environment. The CFO's report provides further information on our financial performance in 2021.

Strategy and outlook

Following the commissioning of Central Shaft, we are already achieving the monthly production rate to achieve the target production level of 80,000 ounces of gold per annum from 2022 onwards. This has increased our financial capacity to evaluate and implement new projects; completion of Central Shaft also frees up our technical team who would be needed to evaluate and construct such projects. The CFO's report discusses further our approach to balancing the scope for further increases in Caledonia's dividend with the need to retain cash to contribute to new investment opportunities.

We are optimistic that increased exploration activity at Blanket may extend the current life of mine at the existing anticipated production rate of 80,000 ounces per annum; new discoveries at Blanket could also allow for an increase in the rate of production.

We believe that Zimbabwe is geologically highly prospective for gold and there has been a marked lack of formal exploration in recent decades. In late 2020 Caledonia acquired the Maligreen mining claims located in the Zimbabwe Midlands for a cash consideration of $4 million. Maligreen already has an NI 43-101 inferred mineral resource of 940,000 ounces in 15.6 million tonnes at a grade of 1.88g/t; work is currently under way to increase the confidence level of the resource by re-evaluating the historic cores.

In July 2022, we announced the signing of a conditional share sale and purchase agreement to buy the holding company of the Bilboes gold project ("Bilboes") in Zimbabwe. Provided the conditions can be fulfilled, the Company will spend time formulating its own feasibility study and scoping the most appropriate way to develop the project, the operation of which will be transformational for the Company. Please refer to the ***announcement*** for more information.

Our approach to evaluating new projects is highly disciplined: we decided not to exercise the options we had acquired over the Glen Hume and Connemara North properties as further evaluations suggested that neither of these properties met our strategic requirements. In addition, in 2021 we also completed the sale of several non-core assets in the vicinity of Blanket as they also do not meet our strategic objectives.

Caledonia continues to evaluate other investment opportunities in the Zimbabwe gold sector – primarily brownfield exploration projects and projects that have a feasibility study.

OUR BUSINESS AND STRATEGY

Our strategy

Our purpose

Create sustainable benefits for all stakeholders; improve the livelihoods of our workforce and contribute to the economies of our host countries.

Our vision

Low cost → Responsible → Mid-tier gold producer → Producing 300,000 to 500,000oz

Our strategy

Caledonia's immediate strategic focus following the commissioning of the Central Shaft at Blanket is to:

- Increase production to the target rate of 80,000 ounces of gold per annum from 2022
- Re-commence deep level drilling and finding new resources at Blanket with the objective of upgrading inferred mineral resources, thereby extending the life of mine
- Commence exploration at Blanket above 750 meters
- Commence exploration within the Blanket lease area that is outside the current mine footprint

Caledonia will continue geological evaluations at the Maligreen claims with the objective of increasing the confidence level of the existing estimated mineral resource base. Caledonia will also evaluate further investment opportunities in Zimbabwe and elsewhere.

Develop mine → Production growth → Invest in the future → Create value

Strategic focus areas

Optimise and increase investor return

- Pursuing value-accretive growth
- Embrace ESG as the core of doing business
- Create a strong value-based ethical culture of excellence
- Managing risks and opportunities to prosper within the external environment
- Continuous improvement of organisational capacity

Ethical value-based corporate governance and a strong culture of excellence

- Ensure a strong value-based, ethical organisational culture is designed and continuously improved from within
- Providing behavioral-based team intervention (Nyanzvi training)

Embracing ESG and safe production

- Maintain our licence to operate – both social and regulatory
- Maintain a strong investment rating – ESG performance is increasingly critical in how companies are evaluated

Optimised capital management

- Enhancing own assets by exploration of existing mining assets to extend life of mine
- Business development by evaluating exploration opportunities and identifying new mining opportunities

Credible leaders/management and skilled productive people

- Ensure leadership and management principles are in place
- Provide strong training and coaching

World-class operations

- Use our operating knowledge to optimise the performance of our assets
- Establish a diversified footprint
- Ensure sustainable change and improvement that will ensure safe responsible operational excellence

Strong internal business processes and systems

- Ensure planning and control systems are in place

Managing risks and opportunities within the external environment

- Understand the culture, socio-economic and political climate and risks of the areas we operate in

Our stakeholders

- Shareholders
- Employees
- Communities
- Suppliers, contractors and service providers
- Goverments

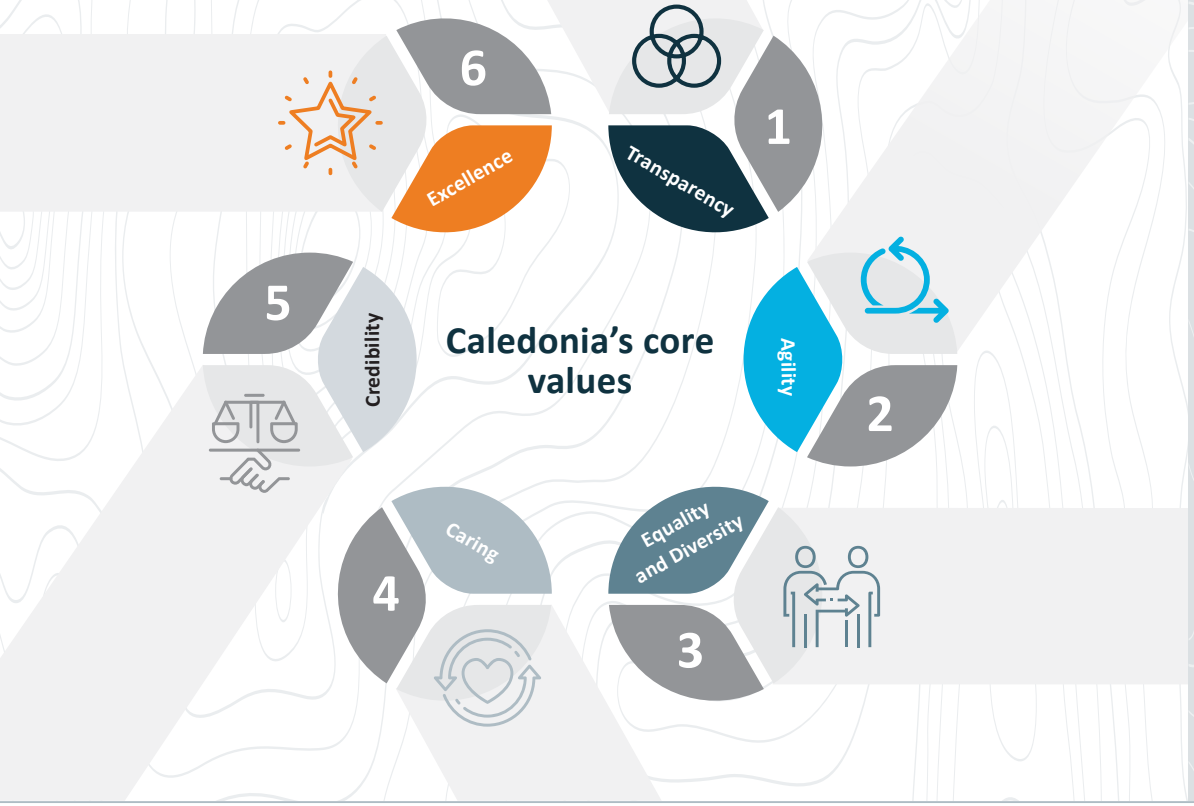
OUR BUSINESS MODEL – HOW WE CREATE VALUE

OPERATING ENVIRONMENT

The political and monetary environments, global economic growth, financial market conditions, regulatory changes and supply chain all have an impact on our business model and ability to create value. These factors are monitored closely to ensure that risks are mitigated, and opportunities are managed.

STAKEHOLDER RELATIONSHIPS

It is very important for us to maintain sustainable relationships with our stakeholders as they have a big impact on our business model and value creation. Ensuring continuous and effective feedback will help us to better understand what our stakeholders expect from us and manage potential risks that may affect our ability to sustain and grow our business.



1 Transparency

Being open and honest with all stakeholders, sharing relevant information and communicating clearly in order to create a shared understanding.

2 Agility

Caledonia's agility is best seen as a continuous and systematic evolution of strategy, culture, people, structures, systems, technology and skills, in order to be responsive to market, socio-economic, political and technological changes, enabling the sustained achievement of strategic delivery in any jurisdiction we operate.

3 Equality and Diversity

Employment opportunities are freely available to all citizens irrespective of a person's ethnic origin, political association, religion, sex, race, colour, gender, pregnancy, spirituality, beliefs, disability, military status, genetic information and age that has no bearing on their qualification, performance and ability, within an environment where a diverse variety of people from different backgrounds can work together.

4 Caring

Taking responsibility for the impact of our decisions and activities on all stakeholders and the environment, resulting in ethical behaviour and transparency which contributes to sustainable development, including the health and well-being of society and our employees. Share the benefits of the operations with the community and employees by sharing part of the Company's returns through ownership in the mine.

5 Credibility

Credibility earned from all stakeholders is the reward of responsible delivery on what we said we are going to do, which is the ultimate measurement of our success.

6 Excellence

People will do what you allow them to do – demand excellence.

OUR BUSINESS MODEL – HOW WE CREATE VALUE *continued*

Capital inputs

Human Capital
- Our employees are specialised, experienced, knowledgeable and skilful
- Continue with risk-awareness raising and training, which are essential to ensuring the safety of our employees
- We believe in gender equality

Manufactured Capital
- Caledonia optimised Blanket's property, plant and equipment to grow production and achieve operational flexibility at the mine

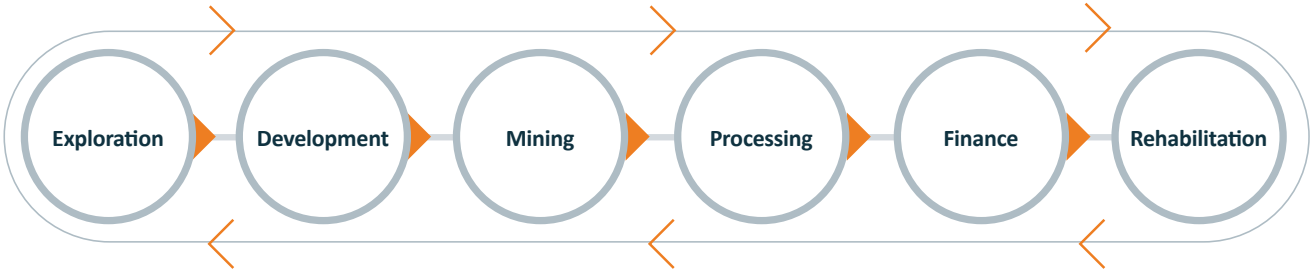
Financial Capital
- Caledonia is funded predominantly from operating cash flows
- Listing on the VFEX to raise $7.8m to improve future US Dollar revenues
- Caledonia has demonstrated a commitment to paying dividends

Social and Relationship Capital
- Maintain good, sustainable relationships with our stakeholders
- Invest in our communities through Corporate Social Responsibility ("CSR") initiatives
- 36% local ownership in Blanket facilitated by Caledonia

Intellectual Capital
- Mining systems, mining processes, mining licences, generation licences, internal controls and safety procedures within Caledonia allow us to produce at optimum levels

Natural Capital
- Minimising the environmental footprint by upfront planning of rehabilitation and commissioning of the solar plant

Our business process



1. **Exploration**
   We focus on exploration to expand our existing resources at Blanket and extend the life of the mine. We also explore new properties to identify economically viable resource bodies to develop potential new mines in Zimbabwe.
2. **Development**
   We invest in the development of our current business to decrease costs and increase cash flows, productivity and gold production.
3. **Mining**
   We extract gold bearing ore from Blanket in a safe, efficient and environmentally sustainable manner.
4. **Processing**
   Our focus is to continuously improve our methods of processing gold-bearing ore to reduce our environmental footprint, obtain cost efficiencies and maximise the gold ounces recovered.
5. **Finance**
   Our focus is on being a highly cash generative business and offer significant investment returns. We allocate capital on a highly disciplined basis to maximise shareholder returns. We have demonstrated commitment to paying dividends as a way to return value to shareholders.
6. **Rehabilitation**
   We minimise our footprint on the environment through rehabilitation planning and limiting the effect of our operations on the nearby communities and the environment.



Go to the ESG report on Caledonia's website to find out more.

www.caledoniamining.com/esg/esg-reports/

continued on pg 14

OUR BUSINESS MODEL – HOW WE CREATE VALUE *continued*

Outputs 2021

Revenue
$121m

Dividends paid to Caledonia shareholders
$6.1m

Tonnes milled
665,628

Adjusted earnings per share
225.9 cents

Payment to Zimbabwean government (excluding royalties)
$16.4m

Salaries and bonuses
$32.9m

Gross profit
$54.1m

Dividends paid to workers, community and Zimbabwean government
$2.4m

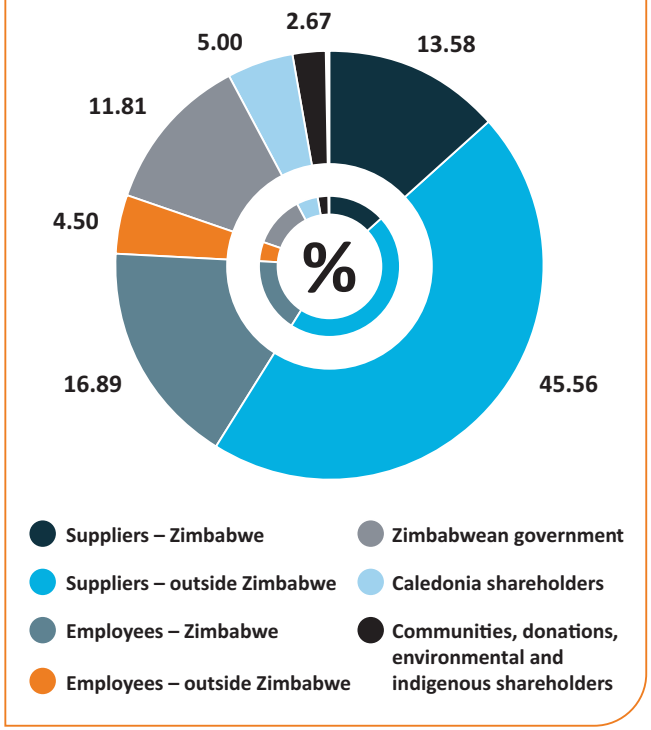
Gold produced
67,476oz

Cash from operations
$38.7m

All-in cost per ounce
$1,408

Maligreen claims purchased
$4m

Revenue disaggregation by stakeholder (%)



continued on pg 15

OUR BUSINESS MODEL – HOW WE CREATE VALUE *continued*

Capital outcomes

Human Capital

- Experienced Board with a good track record and implementation of good corporate governance practices
- Implementation of world-class safety and mining practices
- Retention of key personnel with appropriate skills, knowledge and experience
- Blanket employees paid 100% in US Dollars from late 2021
- Blanket employees own 10% of the mine through a trust
- Low staff turnover
- Employees with a strong culture of excellence

Manufactured Capital

- Central Shaft equipping completed, commissioned and operational
- Total capital cash spend for 2021 amounted to $37.8m (includes Central Shaft capex of $13m and capital development of $8.2m). Sustaining capital cash spend amounted to $6.3m, non-sustaining capital cash spend amounted to $31.5m
- $5.7m cash spend on new exploration options included in the capital expenditure above (include Maligreen claims acquired at $4m)
- Gold production of 67,476oz in 2021

Financial Capital

- Dividends paid of 50 cents per share in 2021
- Adjusted earnings per share of 225.9 cents in 2021
- 21% increase in revenue compared to 2021
- 14% increase in net asset value in 2021

Social and Relationship Capital

- $16.4m paid to the Zimbabwean government, excluding royalties. Find out more on ***page 29***
- $1.2m paid to the community and social investment projects (excluding dividends and facilitation loans repayments)
- $7.2m paid to indigenous shareholders in 2021 ($3.8m facilitation loan repayments, $1.0m advanced dividend loan repayments and $2.4m as cash dividend distribution)

Intellectual Capital

- The highly complex Central Shaft project was completed using our own labour with no serious incidents
- We successfully operate in a highly complex Zimbabwe environment which is subject to frequent changes

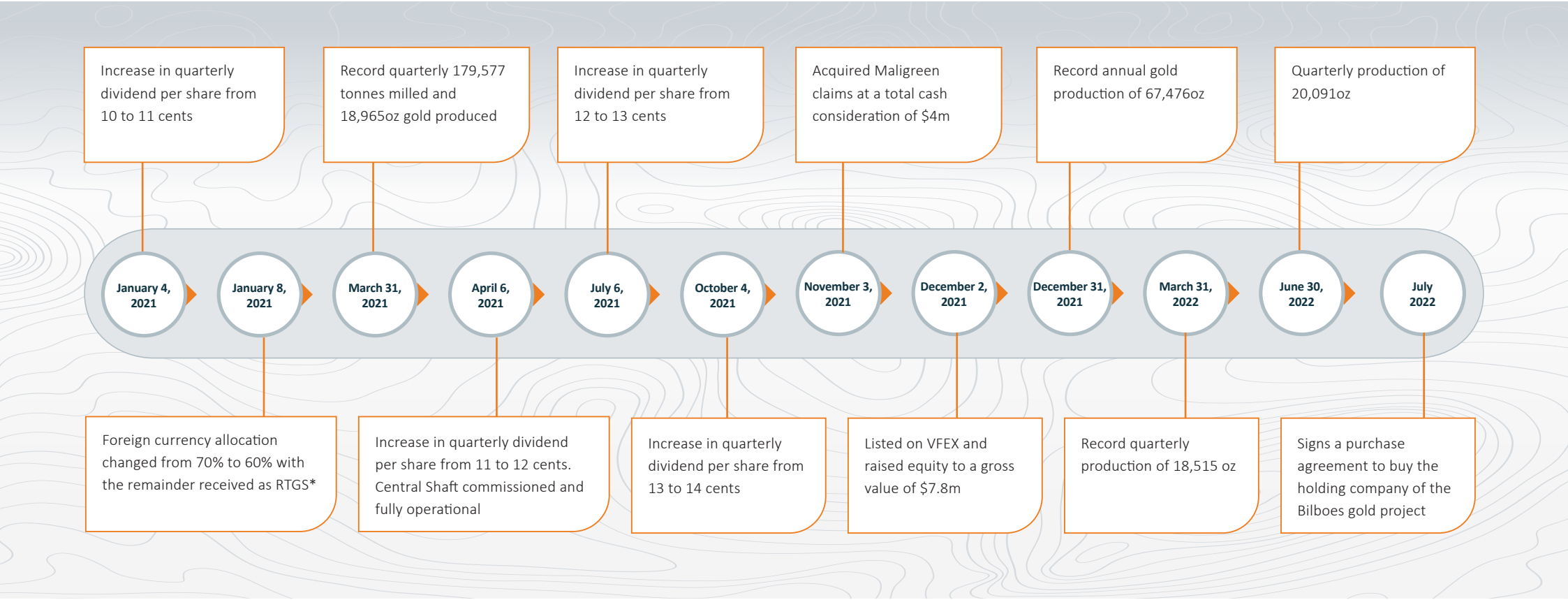
Natural Capital

- Water usage – 2,790,051m^3
- Industrial waste (landfill) – 2,075m^3
- Power usage (ZESA)- 67,002,928kWh
- Diesel generator consumption – 3,311,241 litres
- Tonnes tailings – 665,628t
- $3.3m environmental rehabilitation provision

OUR BUSINESS MODEL – HOW WE CREATE VALUE *continued*

Strategy implementation

A timeline indicating how Caledonia implemented its strategy during 2021 and up to date of this report.



** RTGS: Real-time gross settlement*

KEY PERFORMANCE INDICATORS

Assurance and target indicators:

Y Target met | P In progress | N Target not met | ↑ Increase | ↓ Decrease

Capital	Key performance indicator ("KPI")	Target	2021	2020	Target achieved	Type of assurance
Human	Safety performance	Reduction in total work-related injuries	**9 incidents**	15 incidents	Y ↓ 6 incidents	M MD&A
	Employee bonuses	A Company goal aligned remuneration strategy	**$5.1m**	$4.4m	Y ↑ 16%	M AFS
	Blanket Employee Trust Services (Private) Limited ("BETS") dividends	Increase in BETS' gross dividend (trickle and facilitation loan) from the prior year	**$2m**	$0.9m	Y ↑ 122%	M AFS
Manufactured	Gold produced	Meeting production guidance	**67,476oz**	57,899oz	Y 2021 guidance: 65,000oz- 67,000oz	MD&A
	On-mine cost per ounce	Meeting cost guidance	**$742/oz**	$744/oz	Y 2021 guidance: $740- $815 ($/oz)	MD&A
	Capital projects	Completion of Central Shaft project	**Commissioned in the second quarter**	Completion of shaft underground equipping	Y	M MD&A
Financial	Gross profit	Increase from the prior year	**$54.1m**	$46.7m	Y ↑ 16%	AFS
	Net cash from operating activities	Improved cash generation	**[1] $30.9m**	$31m	N ↓ 0.3%	AFS
	Adjusted EPS (cents)	Increase profitability per share	**225.9**	204.2	Y ↑ 11%	AFS
Social and Relationship	Investment in the community and social contribution	Sustainable community and social investment aligned with the performance of the Company	**$1.2m**	[2] $1.7m	N ↓ 29%	M MD&A
	Dividends to Gwanda Community Share Ownership Trust ("GCSOT") and National Indigenisation and Economic Empowerment Fund ("NIEEF")	Increased returns to Blanket's indigenous shareholders	**$2m**	$0.7m	Y ↑ 186%	AFS M
	Facilitation loans	Decrease in the facilitation loan balances	**$16.7m**	$19.2m	Y ↓ 15%	AFS M
Intellectual	Mining systems	Installation of new and more efficient equipment and processes to increase recoveries and reduce costs	**Commissioning of a fourth primary rod mill (BM9)**	Upgrading of oxygen sparging system in oxygen plant	Y	M MD&A
			Installation of an additional re-grind mill	Installation of an additional ball mill		M MD&A
			Installation of a 10MVA auto tap transformer			M MD&A
Natural	Water management	Decrease in m^3/t usage per tonnes milled from the prior year	**[3] 4.19m^3/t**	3.77m^3/t	N ↑ 11%	M
	Waste management	Decrease in m^3/t industrial waste as production increases	**0.003m^3/t**	0.004m^3/t	Y ↓ 25%	M
	Fires and slurry spills	Decrease in fires and slurry spills	**[4] Eight fires and three spills**	Two fires and one slurry spill	N ↑ Fires 300% Spills 200%	M

M = Management assurance
AFS = Financial information extracted from the Consolidated Financial Statements 2021
MD&A = Extracted from Caledonia's 2021 MD&A

[1] The reasons for the decrease in cash generation are:
– the diesel-powered generator usage increased significantly from 2,088 hours in 2020 to 24,719 hours during 2021 due to the ZESA power outages
– during late 2021 all Blanket employees are paid 100% in US Dollars whereas previously it was a combination of US Dollar and RTGS$
– National Employment Council wages were increased during 2021

[2] Blanket donated $1.3 million to help to curb the spread of COVID-19 and its effects.

[3] During 2020, COVID-19 resulted in production being scaled down significantly, resulting in a lower consumption of water, however, after the decline in COVID-19 cases during 2021, normal operations resumed and the demand for water went up. Employment also increased, from 1,697 employees in 2020 to 1,923 employees by 2021, which also led to an increase in water consumption by the residential areas on the Blanket property.

[4] The fires on record are veld fires whose source is mainly unknown. They are reported as fire incidents because of their proximity to the operation. In 2020, as movement was restricted (total COVID-19 lockdown), there were fewer cases of people recklessly starting fires.

The reduced rate of production during 2020 meant that chances of spills were low; the increase in production during 2021, on the same delivery lines, had a huge impact on the system and, as a result, any weak points were impacted as the pressure on the system increased.

OPERATIONAL REVIEW AND OUTLOOK



IN THIS SECTION

COO's review	P19
Blanket's operations	P22
Operational performance	P28
Operational outlook	P30

Caledonia Mining Corporation Plc

COO'S REVIEW

> "Blanket achieved an outstanding operational performance in 2021 resulting in new records met."



Dana Roets
Chief Operating Officer

Blanket achieved an outstanding operational performance in 2021. Highlights include:

- Record annual production at Blanket of 67,476 ounces (2019: 57,899 ounces).
- Gold recoveries remain high following the installation of the new oxygen plant in 2020: gold recovery of 93.9 per cent (2019: 93.8 per cent).
- The Central Shaft was commissioned in March 2021 and is currently dedicated to hoisting development waste, thereby freeing up the No. 4 Shaft to focus exclusively on hoisting ore.
- Blanket achieved 2.5 million fatality free shifts from May 2018 to February 2022. The Disability Injury Frequency Rate improved year on year from 0.59 per 200,000 hours worked in 2020 to 0.29 in 2021.
- 368 employees trained under the Nyanzvi initiative in the year 2021 due to COVID 19 restriction.

Safety – the Nyanzvi Initiative

Maintaining safe operations at a deep-level underground gold mine which employs approximately 2,000 people brings immense challenges. These challenges have been compounded in recent years as we increased the number of employees in preparation to increase production to 80,000 ounces per annum. Due to the very low staff turnover, our long-standing employees are well-versed in Blanket's safety ethos; however with the Central Shaft now operational there is a need for new staff who must all be trained to the same safety standard.

To address this matter, in 2018 we established the Nyanzvi initiative as a radically new approach to engaging with workers on safety and other matters. The core of this initiative is the belief that individuals respond best when they work within a system of safety rules and regulations which they have co-designed and when they are empowered to take personal responsibility to implement those rules. The Nyanzvi initiative works from dedicated facilities with specially trained facilitators drawn from the workforce. Each Blanket employee is their co-employees' safety keeper and it is their right and duty to stop any unsafe act or condition.

The first step was to engage with a representative cross section of employees to get their views on safety procedures and incorporate these views into a completely revised safety training plan. All workers, including supervisors, management and administration staff, were systematically taken through the training programme.

The Nyanzvi initiative has resulted in a lower level of accidents in recent years – although this benefit was diluted from the end of 2020 and 2021 because training courses were suspended to maintain appropriate social distancing. Unfortunately, in February 2022, after a period of 2.5 million fatality-free shifts, an underground accident involving a LHD vehicle resulted in the death of an employee. Following this incident, management has further increased the rigour with which it ensures that established working procedures are adhered to.

The Nyanzvi initiative is about more than just safety – at Blanket we have a "culture by design". The correct culture is essential for the right behaviour to achieve excellence in ESG as the core of doing business at Blanket. Nyanzvi created an ideal platform to raise any issues related to ESG, production and also any other matters. This has been particularly helpful for example to address issues arising from the measures to reduce the transmission of COVID-19 amongst workers and their families. More recently it has also allowed a constructive dialogue between workers and management over the effect on local inflation on workers' spending power which enabled management to take early remedial action.

Personnel

The annual rate of employee turnover at Blanket is very low at only 0.35 of the workforce. In part this reflects the lack of alternative employment opportunities in Zimbabwe, but it also reflects Blanket's position as a "premium employer" in Zimbabwe. The wellbeing of our workers is critical to our business especially for the workforce at Blanket who were, until late in 2021, exposed to the effects of local inflation. In addition to the measures we took to safeguard employees and their families from COVID-19, we took the following steps to protect our workers from the continued economic difficulties in Zimbabwe and to reward them fairly for the contribution they make:

COO'S REVIEW *continued*

- As a premium employer, our basic salary rates are higher than the level agreed in the collective bargaining process between employers and the main union;
- To protect our workers from local inflation, we had previously escalated their monthly salaries payable in local currency to reflect the devaluation of the local currency against the US Dollar. In 2020 we introduced a US Dollar component to Blanket employee remuneration to further protect them. In late 2021 we introduced 100% US Dollar denominated remuneration for all Blanket employees;
- In 2019 the bonus structure was revised to better align the performance of individuals with Blanket's objectives which include safety, production and development. As a result of higher production and, until the fatality in February 2022, an improved safety performance, this resulted in substantial bonus payments to high-performing teams and individuals;
- Over 40 senior employees at Blanket have now been granted performance units pursuant to Caledonia's omnibus equity incentive compensation plan which vest every year in amounts referenced to Blanket's production and the Caledonia share price performance. In December 2021, Caledonia obtained a secondary listing on the newly created Victoria Falls Stock Exchange which allows the Group's Zimbabwean employees to hold Caledonia securities after these awards vest;
- Since 2012, a trust for the benefit of the workers has owned 10% of Blanket. This trust currently receives 20% of its attributable dividends that arises from its shareholding and the remaining 80% repays and services the debt that was extended to the trust to acquire the shares. In recent years Blanket's dividends have been depressed because a significant portion of the cash generated from operations was redeployed to fund the Central Shaft. As production increases following the completion of the Central Shaft project, it is expected that Blanket's operating cash flows will increase and its capital investment will fall, thus allowing for higher dividends which should accelerate the repayment of the outstanding loans.
- Blanket runs an extensive training programme so that workers can develop new skills so that they can progress their careers within the business. Employees participated in over 800 courses in 2021 covering topics from jackhammer operation, blasting licences and the operation of trackless mining equipment.

Production

Gold production in 2021 was 67,476 ounces which was at the top end of our expectations and set a new production record for Blanket. We mined and processed over 665,000 tonnes of ore in 2021 – 11% more than in 2020, representing approximately 1,850 tonnes per day. A further 198,713 tonnes of development waste material was handled much of which related to the development of the Central Shaft so that we can start hoisting ore from Central Shaft as quickly as possible.

The increased production in 2021 was largely due to the commissioning of the Central Shaft. Although Central Shaft is currently dedicated to hoisting development waste, this allows the other shafts (primarily the No. 4 Shaft) to focus on hoisting ore. Indeed, in the first quarter of 2022, ore production exceeded milling capacity and a modest stockpile of ore was accumulated.

The achieved grade in 2021 was 3.36 g/t which was higher than the grade of 3.21g/t achieved in 2020 and was very close to plan which demonstrates that the grade dilution we experienced in previous years has been addressed. The achieved grade is slightly above the overall grade of our measured and indicated resources of 3.29/t.

Recoveries in 2021 averaged 93.9%, a modest improvement from the 93.8% achieved in 2020 and higher than the 93.4% in 2019. The increased recovery means that we are depositing less unrecovered gold onto our tailings. The improved recovery is due to the investment we made in a new oxygen plant and an improved sparging system in 2020; this investment has also resulted in lower cyanide usage from 0.91kg/tonne milled to 0.79kg/ tonne milled.

Electricity

Utility supply quality and availability is the only significant operational problem in Zimbabwe: utility power supply is subject to outages or "load-shedding" due to insufficient domestic power generation and voltage surges which can cause damage to Blanket's electrical equipment. To alleviate the effects of the power issues, Blanket has in recent years invested in 18MVA of diesel generating capacity which allows the mine to maintain all production and capital activities; we also invested in an auto tap transformer which protects part of the mine's electrical equipment from voltage surges. However, diesel is not a long-term solution: it is expensive, environmentally damaging and the large amount of diesel that is consumed is subject to supply constraints which make it potentially unreliable.

In the middle of 2020 Caledonia resolved to construct a 12 MWac solar plant which is expected to provide all of Blanket's minimum electricity demand during daylight hours; Blanket will continue to rely on the utility supply and generators to provide additional power during daylight hours and at night. It is estimated that the solar plant will provide approximately 27% of Blanket's average daily electricity requirement. This solar project was unfortunately delayed because

COO'S REVIEW *continued*

of the effect of COVID-19 on the factories in China from which the equipment was procured and then difficulties with shipping the completed units from China to Africa.

The quality and reliability of the grid power deteriorated substantially during 2021, which was reflected in increased diesel usage as the generators had to be run harder and for longer periods: in the first quarter of 2021 Blanket used 534,000 litres of diesel; this increased to 2.2 million litres in the fourth quarter. In addition, in late 2021, Blanket lost several generator units which had been over-used and had to be replaced in early 2022 at a cost of $2.2 million.

Recognising that the electricity situation is unlikely to improve we are already evaluating a second phase for the solar project which would allow us to increase the contribution derived from solar power and displace some of the diesel-generated power. We have also approved an additional capital expenditure in 2022 of $3.2 million to install additional power correction equipment and other equipment to optimize the grid supply.

Central Shaft

The Central Shaft project has been a major focus since it commenced in early 2015. As set out in the CEO's letter, progress on the shaft was unfortunately affected by COVID-19. Nevertheless, underground equipping of the shaft was completed towards the end of 2020, the production headgear was erected in early 2021 and the shaft was commissioned at the end of March 2021. As a result of further COVID-19 restrictions on the number of people who could be lowered underground, we were not able to maintain the desired rate of progress on the development work from the existing operations towards Central Shaft. This development is now being completed from the Central Shaft side, which means that Central Shaft is currently hoisting waste, thereby freeing-up the No. 4 Shaft to concentrate on hoisting ore. Ore production from Central Shaft will gradually replace production from the No. 4 Shaft from late 2021 when the development has been completed.

The Central Shaft project has been a major engineering project and I am delighted that had it not been for the unfortunate delays arising from COVID-19, it would have been completed close to the targeted time. I am particularly pleased to note that the work was largely done by Blanket's own personnel – this marks a significant transfer of highly specialised skills which may be used in future on any new projects. Most importantly, the project was completed without any major safety incident which is particularly noteworthy given the inherent perils associated with shaft sinking. I would like to thank the entire team who were involved in this project for helping to make it happen safely and efficiently.



OPERATIONS AT BLANKET

Mining operations

The current Blanket mining area has nine ore shoots in the producing section of the mine. The majority of the mine's production is sourced at present from the Blanket, AR Main and AR South ore bodies. The AR Main and AR South represent Blanket's larger ore bodies, are up to 30m wide and are ideally suited to the long-hole open stope mining method, while the remainder of the Blanket ore bodies are tabular and better suited to the underhand stoping method.

The successful commissioning of the Central Shaft in March 2021 enables Blanket to increase production from between 61,000 and 67,000 ounces in 2021, between 73,000 and 80,000 ounces in 2022 to a steady state of 80,000 ounces from 2023 going forward. The Central Shaft project has been a six-year project costing approximately $67 million. The capital investment project allows production from three additional levels below 22 Level (750m). A fourth level will be added via a decline construction giving access to even deeper resources.

Blanket utilises both long-hole open stoping (wider ore bodies) and underhand stoping (narrower ore bodies) mining methods. Blanket operates five declines, ranging from 750m to 930m deep. Ore and waste are hauled by 11 load haul dumpers and dump trucks to 22 level for declines servicing blocks from 750m to 870m. Tramming on 22 Level is done on a rail system by battery locomotives and the ore cars are self-tipped onto grizzlys above the ore bins which are located below 22 Level. Ore is gravity fed from ore bins into a crushing station conveyor which discharges the ore into a vibrating grizzly feeder which discharges the oversize ore into a 30" x 20" Telsmith jaw crusher. Below 870m ore and waste are hauled by load haul dumpers and dump trucks to grizzlys at 26 level of central shaft, hoisted out from the loading level at 35 level. Approximately 960 tonnes per day is mined from these declines.

The underground crushing station ensures that all the run-of-mine ore is reduced to minus 150mm in size as this provides for optimisation and greater efficiency of the automated skip loading and hoisting operations. This allows mining and hoisting activity to continue without interruption.

The entire underground and surface operations of the Blanket mine, except for the Lima Shaft, including the surface compressors and the No. 4 Shaft Winder can be operated by the 10,000kVA standby diesel-powered generating sets which were installed and commissioned in May 2011. The Lima Shaft is also used for hoisting smaller amounts of ore to surface.

The standby generating station ensures that all mining and metallurgical operations continue, notwithstanding any interruptions to the electrical power supply from the grid. The total Blanket power supply is to be obtained from a mix of utility, generator and solar supply once the solar plant is commissioned.

The key features of the Central Shaft project include:

- Safety: 1,850 fatality-free shifts with only two lost time injuries (LTIs); 920 shifts since last LTI
- Extended scope: the scope of the Central Shaft project was extended from an initial target depth of 1,089m to a final depth of 1,204m
- Project is self-funded and is owner-built by Blanket crews with supervision from specialist contractors
- During shaft sinking, more than 1,800m of infrastructure development was completed including mid-shaft loading
- Capital cost to date is approximately $67 million, compared to initial sinking contractor quotes received of about $100 million
- Increased mine-life: the shaft has extended Blanket's life of mine to the current time horizon of up to 2034
- Increased production: Central Shaft is expected to increase production to the target rate of 80,000 ounces from 2023
- Reduced costs: economies of scale and operational efficiencies arising from the Central Shaft are expected to reduce the all-in sustaining cost per ounce of gold
- Increased exploration: Central Shaft will provide access for further deep-level exploration which, if successful, may extend Blanket mine life beyond 2034
- New operating levels: The shaft gave the opportunity to three new operating levels with a fourth via a future decline



OPERATIONS AT BLANKET *continued*

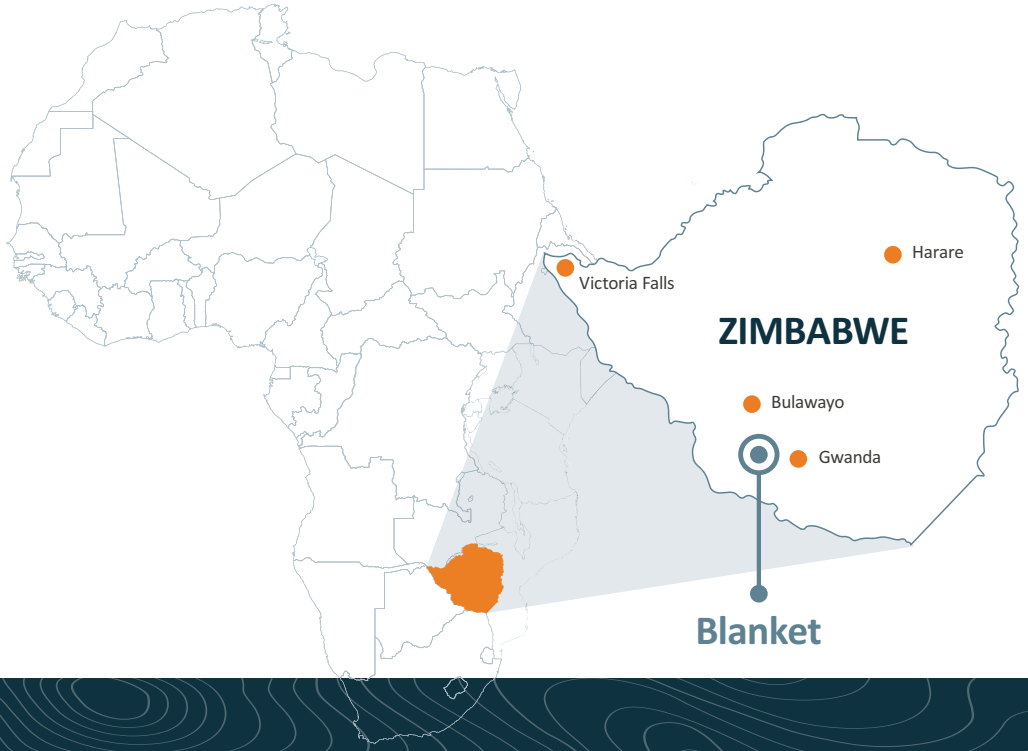
Regional geology

Blanket is situated in the Gwanda Greenstone Belt, a typical Archaean greenstone-hosted gold deposit. The deposit is situated on the northwest limb of the Gwanda Greenstone Belt along strike from several other prominent gold deposits. Blanket is the largest producing mine in a belt which at one time had 268 operating mines.

The Gwanda Greenstone Belt extends 80km in an east-west direction and consists predominantly of basaltic rocks (greenstones) with minor felsic and ultramafic units. The belt has been intensely sheared and intruded by granites resulting in complex deformation structures and vertically dipping strata. The shape of the gold ore bodies is controlled by these structures, resulting in their near vertical orientation.

Near vertical shear zones are developed throughout the belt and are the loci of most of the small mines that have been discovered in the area.

Most of Blanket's prospects are of this type. Many of these now defunct small mines were shallow, had historically high recovered gold grades and closed towards the end of the 1960s when the gold price was low and the mining and metallurgical techniques available at that time were such that the mines became uneconomic. The area has a long history of gold production and remains highly prospective and must therefore be regarded as an attractive exploration area as it has never been subjected to modern exploration techniques.



"The area has a long history of gold production and remains highly prospective and must therefore be regarded as an attractive exploration area as it has never been subjected to modern exploration techniques."

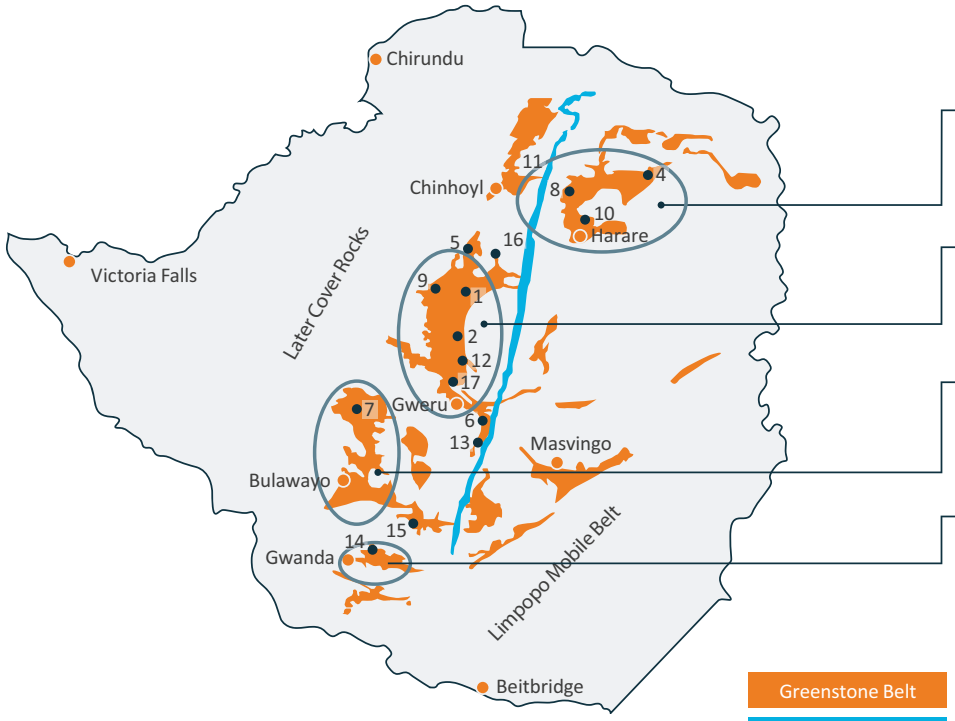
OPERATIONS AT BLANKET *continued*

Property geology

Active mining at Blanket mine takes place over a 3km strike that includes multiple discrete ore shoots. Mineralisation occurs in near vertical shoots aligned along an approximately north-south axis. The ore shoots vary from the tabular to lensoidal quartz ore bodies to the massive to pipe-like disseminated sulphide replacement ("DSR") ore bodies.

Blanket is part of the group of mines that make up the North Western Mining Camp otherwise also called the Sabiwa group of mines. What is today referred to as Blanket is a cluster of mines extending from Jethro in the south, through Blanket itself, Feudal, AR South, AR Main, Sheet, Eroica and Lima in the north. These ore shoots occur in the Blanket shear zone, a low angle transgressive shear characterised by the presence of biotite relative to the massive amphibolites forming the country rocks.

Gold mineralisation occurred due to the reaction between rising hot fluids and the iron-rich minerals in the shear zones. The reaction involved the formation of sulphide minerals, predominantly arsenopyrite, as the sulphur in solution reacted with iron in the rocks. Gold, which was also transported by the fluids, became attached to the arsenopyrite to form the gold ore. These reaction zones are hosted within the more ductile tensional high strain areas of shear zones.



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

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

Bulawayo - Including Maligreen and Bilboes
Production: >2.5Moz
Existing Resources: approximately 6.5Moz
Average Grade: 2.5g/t – 5g/t

Gwanda Greenstone Belt – Including Blanket
Production: >2.5Moz
Existing Resources: approximately 2.7Moz
Average Grade: 3.5g/t – 5g/t

1 Cam & Motor
2 Globe & Phoenix
3 Rezende Group
4 Shamva
5 Dainy
6 Wanderer Group
7 Maligreen and Bilboes
8 Mazowe Group
9 Golden Valley
10 Acturus
11 Muriel
12 Gaika
13 Tebekwe
14 Blanket & Vubachikwe
15 Fred
16 Giant
17 Connemara Group

OPERATIONS AT BLANKET *continued*



Scan the QR Code to view the Blanket Mine 3D Model video

https://youtu.be/flOFpXNPocc

Geological model

The lithological units of the Gwanda Greenstone Belt are tilted to near vertical and strike north-south in the vicinity of Blanket. The stratigraphic sequence is exposed from the oldest in the east to the youngest in the west.

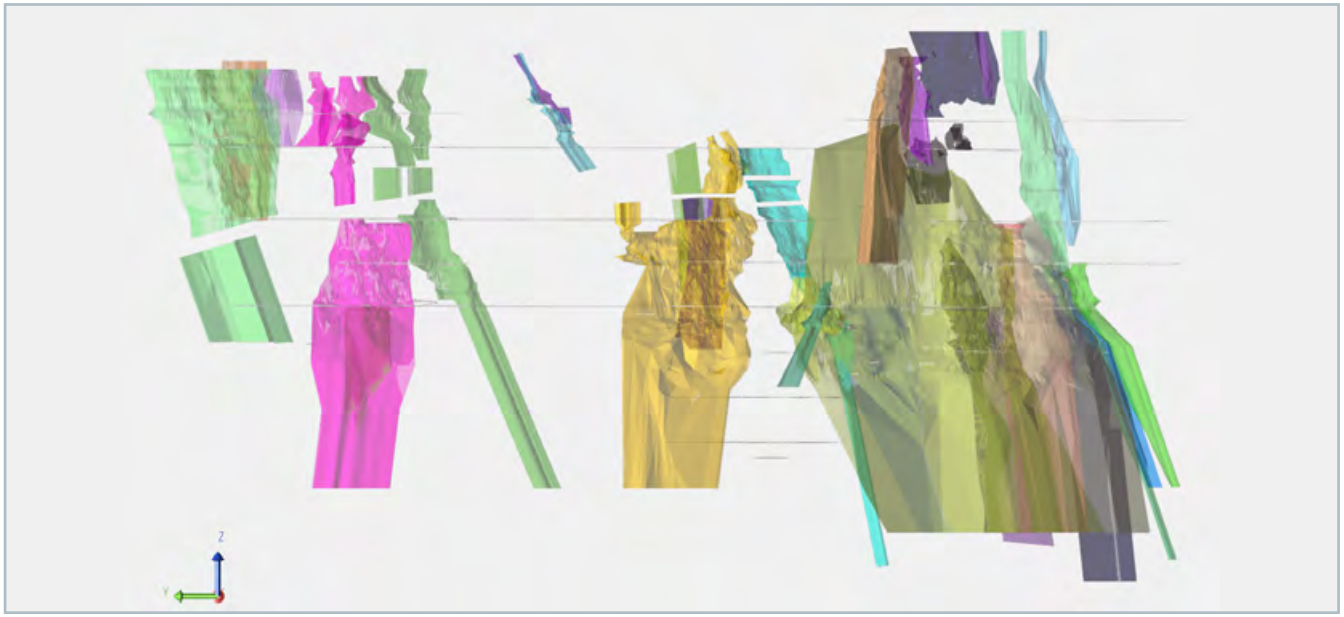
A barren Felsic unit consisting of quartzite and sericite-quartz schists forms the base of the stratigraphy. This unit is overlain by an ultramafic-mafic unit inter-layered with banded iron formations. Gold mineralisation occurs in this unit and is the target of the adjacent Vubachikwe mine, where the gold deposits are confined to steeply dipping folded and banded iron formation layers.

The ultramafic-mafic unit is in turn overlain to the west by the mafic unit, a thick sequence of tholeiitic and pillow basalts. Within the mafic unit a prominent shear zone, up to 50m wide, runs over a 3km strike across the length of the property and is the locus of all ore bodies exploited on Blanket. The stratigraphy is completed by an Andesitic unit which caps the sequence.

Two main types of mineralisation are recognised: disseminated sulphide replacement ("DSR") ore bodies and quartz-filled ore bodies and shears.

The DSR comprises the bulk of the near vertical ore shoots. Typically, these zones have a silicified core with fine sprays of disseminated arsenopyrite hosting the best grades. DSR ore bodies range up to 50m in width with a strike between 60m and 90m. Free-milling gold constitutes up to 50% of the total metal content with the remainder occluded within the arsenopyrite.

Two of the quartz-filled shear zones of the second type of mineralisation are mined, namely the Blanket Quartz Reef ("BQR") and the Eroica Reef, which have long strike lengths but are not uniformly mineralised although continuous pay shoots of over 100m on strike are seen. Gold grade fluctuations are more extreme in the quartz ore bodies than in the DSR type ore bodies but on average these quartz shears have higher grades and are used as a sweetener of ore to the mill.



A regional sub-horizontal dolerite sill intruded the sequence and is emplaced about 500m below surface. The sill does not cause a significant displacement and although it truncates all the ore shoots, the mineralised shoots continue undisturbed below the sill.

On-mine exploration and development

There was no deep exploration drilling at Blanket in 2021. Deep level exploration drilling will recommence after the related development in the Central Shaft area has been completed to provide access to new drilling positions. Exploration at Blanket's portfolio of satellite properties was suspended in 2016 so that resources could be re-deployed at Blanket. Since then, the Company has evaluated other investment opportunities in Zimbabwe and has concluded that the satellite properties other than GG are unattractive due to their relatively small size, low grade, limited exploration potential, operating complexity and metallurgical incompatibility with the existing Blanket plant. Accordingly, during 2021, Blanket completed the sale of Mascot, Eagle Vulture and Penzance properties for a cash consideration of $500,000. The GG satellite property remains on care and maintenance.

Metallurgical process

Run-of-mine ore from blasting activities at a particle size 100% passing 350mm is passed through a 20" x 30" Telsmith jaw crusher in open circuit. This primary crushing stage takes place underground and reduces the ore size to 80% passing 120mm which is then hoisted to surface. Ore skips automatically tip hoisted ore into shaft bins at No. 4 Shaft headgear. From the shaft bins, the ore is gravity fed with the aid of vibrating feeders onto No. 1 conveyor belt (CB1) which transfers the ore to a Sandvik vibrating screen and two Telsmith jaw crushers (14" x 24" and 15" x 24") in parallel set up

OPERATIONS AT BLANKET *continued*

as well as open circuit. CB1 is equipped with a magnet and a metal detector for removing tramp metals and is also fitted with a belt scale for tonnage measurement. This crushing stage further reduces the ore size to 80% minus 60mm, which is carried by No. 2 and No. 3 belt conveyors; and deposited onto a coarse ore stockpile with 900 tonnes capacity, without use of mobile equipment.

Ore from the coarse ore stockpile is discharged onto No. 4 conveyor belt (CB4) by gravity via chutes with the aid of a vibro-feeder, and then fed onto a 6" x 16" Osborn triple deck vibrating screen that is in closed circuit with two 38H- SBS Osborne cone crushers. CB4 is also equipped with tramp metal removal mechanism of magnet and metal detector. The screen is fitted with a bottom deck panel of 14mm x 28mm apertures, and its oversize material is directed into the 38H-SBS cone crushers set at a closed side setting gap of 12mm and running concurrently. Crushers' products are recirculated to the screen via No 5 and No 6 conveyor belts. The screen undersize material of size 80% passing 13.7mm is conveyed by No 7 conveyor belt off the crushing circuit and is passed onto a series of conveyor belts into a steel fabricated Fine Ore Bin (FOB) of capacity over 2,000 tonnes for storage as mill feed.

Fine ore is drawn from the FOB and fed to four 6.5ft x 12ft rod mills. Each belt to the rod mills is equipped with a belt scale and a sample cutter. The ore is milled down to 50-55% passing 150 microns, before being passed through four 30" continuous Knelson Concentrators (KCs). Concentrates from the KCs are further processed on the Gemini Shaking Table and in the Intensive Leaching Plant (ILP), to ultimately recover more than 50% of total gold production. Tailings from the KCs are pumped through a cluster of classification hydrocyclones 8 x HC250mm, where coarse material in the cyclone underflow gravitates to become mill feed to two regrind ball mills:

i) BM6 – 12ft x 16ft [750kW motor]

ii) BM10 – 12ft x 18ft [1.25MW motor].

Discharge from the regrind mills at a grind size of 80-85% passing 150 microns joins discharge from the rod mills as combined feed to the KCs. Overflow from the classification cyclones at a grind size finer than 85% passing 75 microns undergoes trash removal at a Delkor Linear Screen and the cleaned fraction is then pumped to dewatering cluster cyclones 38 x V100mm.

Underflow from the dewatering cyclones, typically at 50% solids by weight is fed to the carbon-in-leach ("CIL") section consisting of nine 572m^3 leach tanks equipped with 45kW agitators; where preconditioning, cyanide leaching and simultaneous adsorption of dissolved gold onto activated carbon takes place. Elution and electro-winning of gold from loaded carbon is done on site. Gold is deposited onto steel wool cathodes, and the gold laden cathodes are acid-digested to give a gold rich sludge which is washed and filtered to obtain a cake. The cake is calcined to oxidise impurities prior to fluxing and smelting in a diesel-fired furnace to produce gold bullion to about 85% purity. Gemini tabling concentrates also undergo calcination, fluxing and smelting. As required by Zimbabwean law, the gold bullions are sold to Fidelity Printers and Refiners who undertake final refining and sale.

Overall gold recovery has been maintained above 93% and continuous process improvement initiatives seek to retain or increase it further. An automated cyanide solution dosing and monitoring machine is in place which allows for more frequent monitoring of cyanide levels. A pressure swing adsorption (PSA) oxygen generator is in use for preconditioning oxygen supply into the CIL, which assists in optimising CIL efficiencies of cyanide consumption and leach kinetics.

Tailings slurry from the CIL circuit is detoxified using ferrous sulphate to less than 100 ppm of free cyanide and is pumped to a tailings storage facility (TSF) which is operated and maintained by a contractor (Fraser Alexander Zimbabwe), whereas a consultant (Epoch Resources) who is the Slime Dam Engineer of records, does an inspection on a quarterly basis. Consumables used in the metallurgical plant include grinding media, chemical reagents, etc. and are currently sourced from local and South African suppliers and distributors.

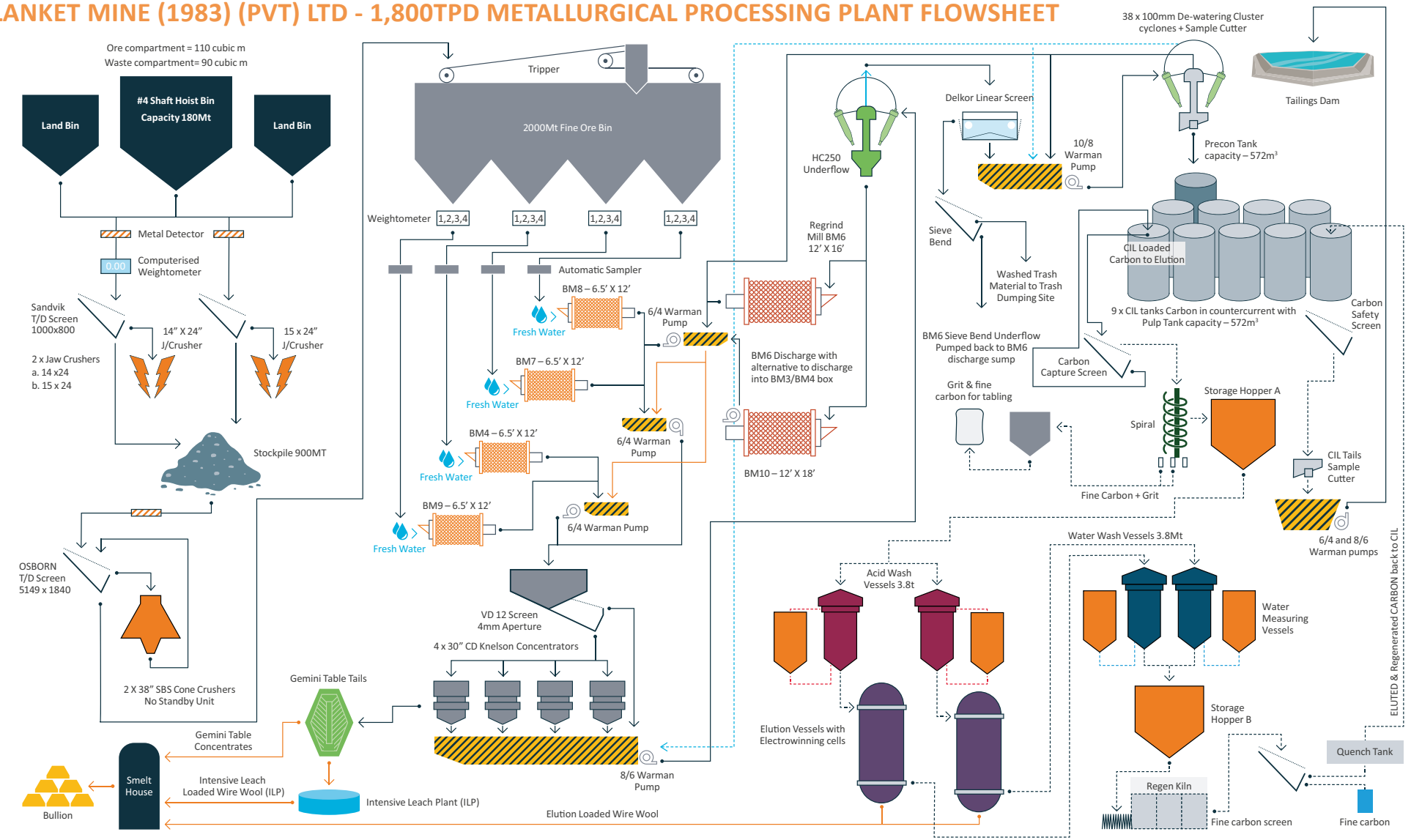


New projects and/or new equipment to be completed or commencing during 2022 in the metallurgical plant are as follows:

- The regrind mill (BM10) to be commissioned in August 2022
- The construction of the new tailing storage facility, compliant with international guidelines, to start in the third quarter of 2022
- Construction of the Central Shaft crushing plant has started
- The construction of two CIL tanks. The first tank to be completed in July 2022
- The Installation of the fourth Knelson Concentrator to be completed in July 2022

OPERATIONS AT BLANKET *continued*

BLANKET MINE (1983) (PVT) LTD - 1,800TPD METALLURGICAL PROCESSING PLANT FLOWSHEET



The plant has started undergoing sectional de-bottlenecking upgrades aimed at achieving +2,330 tonnes per day, which shall be the call tonnes when producing 80,000 ounces of gold per annum from 2023 onwards.

OPERATIONAL PERFORMANCE

Gold production

Tonnes milled, average grades, recoveries and gold produced between 2015 and 2021 are shown in the table below.

Year	Tonnes milled (t)	Gold head (feed) grade (g/t Au)	Gold recovery (%)	Gold produced (oz)
2015	440,079	3.25	93.0	42,804
2016	510,661	3.30	93.0	50,351
2017	547,207	3.41	93.4	56,133
2018	560,913	3.26	92.9	54,511
2019	556,331	3.31	93.4	55,182
2020	597,962	3.21	93.8	57,899
2021	**665,628**	**3.36**	**93.9**	**67,476**

Underground

Tonnes milled for 2021 were 11% higher than in 2020. The increased production is due to the commissioning of the Central Shaft at the end of March. The Central Shaft currently handles most of the development waste, which creates capacity at No. 4 Shaft to hoist ore. The grade in 2021 was higher than in the comparable periods due to mine sequencing.

Metallurgical plant

Recoveries in 2021 were 93.9% compared to 93.8% in 2020. The improved recovery was due to the improved grade and the increased proportion of free gold in the ore. Plant availability was adversely affected in 2021 by the increased incidence of power interruptions in 2021. An additional regrind mill will be installed before the end of the third quarter of 2022 to achieve the required daily throughput at a consistently fine grind.

Electricity supply

The poor quality of electricity supply from the Zimbabwe Electricity Supply Authority ("ZESA") poses a challenge to production at Blanket. Blanket experiences interruptions to its power supply from the national power utility which is also subject to power outages, frequent surges and dips in voltage which, if not controlled, cause loss of production due to outages and can cause severe damage to Blanket's electrical equipment. To address this matter, in 2019 and early 2020, Blanket increased its diesel generating capacity to 18MW of installed capacity which was sufficient to maintain all operations and capital projects but only on a stand-by basis. Blanket also installed a 10MVA auto tap transformer to protect some of its equipment from voltage fluctuations on the incoming grid utility supply and a second 10MVA auto tap transformer was installed in December 2021 at a cost of approximately $0.5 million to protect equipment at No. 4 Shaft and the main metallurgical plant.

Caledonia's Board has approved a project to construct a 12MW solar plant which should provide approximately 27% of Blanket's average daily electricity demand at a cost of approximately $14 million (including construction costs and other project planning, structuring, funding and administration costs).

Historically, production has been prioritized over development activity, including the horizontal development from the Central Shaft. This, in conjunction with delays arising from COVID-19 and power outages have resulted in a cumulative delay in the Central Shaft development which, in turn, has required the continued use of declines to access producing areas, which has contributed to an anticipated increase in future capital costs.

The increase in load due to the production build-up and continued deterioration in the ZESA supply means that the power factor regularly falls to 60%, which means that Blanket is effectively paying for 100% of the power, but receives only 60%, and also incurs the additional cost of generating its own power (approximately 5,000kW each day) using diesel generators at a cost of approximately $300,000 per month at the Central Shaft

Due to the higher than anticipated use of the diesel generators because of the further deterioration in the ZESA supply, Blanket lost two of its 2.5MVA generators in October. Replacement units were commissioned in early 2022 at a cost of approximately $1.2 million.

Caledonia's Board has approved a further $2.8 million capital programme which includes: installing further autotap changers to stabilise the power at the Central Shaft; and optimizing power use. This investment programme is in addition to the approved capital investment of approximately $3.2 million which was included in the 2022 capital budget. It is estimated that these new measures will result in a 15% reduction in anticipated total power consumption and improve the mix of power by reducing the use of diesel generators from an expected 21MWh to approximately 2MWh. The overall savings arising from the new programme were expected to be approximately $9 million per annum assuming a diesel cost at $1.70 per litre. Caledonia is evaluating the possibility of further increasing the scale of the solar project.

Water supply

Blanket uses water in the metallurgical process. Blanket is situated in a semi-arid region where rainfall typically only occurs in the period between November and February. The 2021/2022 rainy season has been adequate, and management believes water supply is satisfactory.

OPERATIONAL PERFORMANCE *continued*

Safety, health and environment

The following safety statistics were recorded in 2020 and 2021.

Blanket safety statistics

Classification	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Fatality	–	–	–	–	–	–	–	–
Lost-time injury	**2**	–	**1**	**0**	3	1	1	1
Restricted work activity	**1**	**1**	–	**4**	1	5	2	1
Total	**3**	**1**	**1**	**4**	4	6	3	2
Incidents	**10**	**26**	**9**	**17**	14	21	15	9
Near misses	**2**	**6**	**3**	**11**	7	7	7	3
Disability injury frequency rate *	**0.24**	**0.12**	**0.14**	**0.53**	0.55	0.80	0.42	0.29
Total injury frequency rate *	**1.58**	**0.98**	**0.85**	**0.79**	1.23	1.48	0.83	0.29
Man-hours worked (000's)	**1,643**	**1,629**	**1,418**	**1,509**	1,460	1,491	1,443	1,395

** Per 200,000 hours worked*

In 2018 a training facility called Nyanzvi was established at Blanket using dedicated facilities and specially trained facilitators. The entire Blanket workforce has participated in the programme which resulted in the improvement in safety in the first two quarters of 2020. The Nyanzvi programme was suspended from late March 2020 due to the need to observe social distancing which contributed to the subsequent increase in reportable events.

The Nyanzvi safety training initiative was resumed in the fourth quarter of 2021 as COVID-19 restrictions were relaxed. Management believes that this will help to increase general safety awareness. Blanket's headcount has increased in the last 12 months, and despite intensive training for new employees, they appear to have lower safety awareness.

Social investment and contribution to the Zimbabwean economy

Blanket's investment in community and social projects which are not directly related to the operation of the mine or the welfare of Blanket's employees, the payments made to GCSOT in terms of its 10% ownership in Blanket, and payments of royalties, taxation and other non-taxation charges to the Zimbabwean government and its agencies are set out in the table to the right.

Payments to the community and the Zimbabwean government ($'000's)

Year	Community and social investment	Payments to GCSOT	Payments to Zimbabwean government (excl. royalties)	Total
2013	2,147	2,000	15,354	**19,501**
2014	35	–	12,319	**12,354**
2015	50	–	7,376	**7,426**
2016	12	–	10,637	**10,649**
2017	5	–	11,988	**11,993**
2018	4	–	10,140	**10,144**
2019	47	–	10,357	**10,404**
2020	1,689	184	12,526	**14,399**
2021	**1,163**	**948**	**16,426**	**18,537**

The final payment to settle the advance dividend loan to GCSOT was made on 22 September 2021; thereafter dividends paid to GCSOT are unencumbered.

There is no legal requirement in Zimbabwe for mining companies to conduct CSR activities, but there is an increasing expectation from stakeholders in Zimbabwe and from international investors that mining companies should do more to address social and environmental issues. For many years Blanket has engaged in ad hoc CSR activities and its CSR programme is set out on Caledonia's website. CSR spend in 2021 was lower than in 2020 as COVID-19 restrictions on activity were eased during the year. The main activities during 2021 were as follows:

- Women and youth empowerment: 31 tertiary-level students were accepted by Blanket during 2021
- Renovation of the Sabiwa High School including significant upgrades to the science laboratory as well as the provision of furniture and computer equipment
- Purchase of a mobile x-ray machine for the Phakama Clinic Isolation Centre
- Partnered with the District medical office in the Ministry of Health and Child Care in 2021 to distribute vaccines and PPE within the district
- Take part in the national tree planting day and have made this a permanent feature on our activities calendar as we recognise the need and our role to replenish the community and environment

OPERATIONAL OUTLOOK

Caledonia's immediate strategic focus following the commissioning of the Central Shaft project is on Blanket: to increase production, reduce operating costs and increase the flexibility to undertake further development and exploration, thereby safeguarding and enhancing Blanket's long-term future. Management believes there is excellent exploration potential at Blanket at depth, in the older shallower areas of the mine and in brownfield sites immediately adjacent to the existing Blanket footprint.

The LOMP

The life-of-mine plan ("LOMP") includes measured, indicated and inferred mineral resources; however only diluted measured and indicated mineral resources in the LOMP were considered for conversion to mineral reserves. The mineral reserves declared for Blanket are derived from conversion of the diluted measured and indicated mineral resources through applying applicable modifying factors and mineral asset economic analysis. The LOMP is to reach 80,000 ounces of gold production from 2023, with mineral reserves extracted over seven years reflecting the depletion of existing measured and indicated mineral resources. From 2026 onward, the LOMP continues to target current inferred resources in the down-dip extensions of ore bodies which are intended to be upgraded through exploration drilling, as platforms are established by development on the deeper levels below 750m, particularly between 26 and 30 Level.

Please see ***page 71*** for the mineral resources and reserves statements.



Exploration properties

Caledonia will continue to evaluate investment opportunities in the gold and precious metals sector currently within Zimbabwe.

Maligreen

On November 3, 2021 the mining claims had been transferred to Caledonia over the Maligreen project ("Maligreen"), a property situated in the Gweru mining district in the Zimbabwe Midlands, for a total cash consideration of US$4 million.

Maligreen is a substantial brownfield exploration opportunity with significant historical exploration and evaluation work having been conducted on the property over the last 30 years including:

- An estimated 60,000m of diamond core and percussion drilling
- 3.5 tonnes of bulk metallurgical test work
- Aeromagnetic and ground geophysical surveys

As at August 31, 2021, Maligreen is estimated to host a NI 43-101 compliant inferred mineral resource of approximately 940,000 ounces of gold in 15.6 million tonnes at a grade of 1.88g/t. Of the inferred mineral resource, 76% (approximately 712,000 ounces) is shallower than 220m indicating the potential for an open-pit mining operation. The inferred mineral resource has been estimated using a cut-off grade of 0.4g/t for a potential open pit and 1.5g/t for a potential underground mine (further information on the assumptions used is set out in the news release dated September 23, 2021 and in the technical report dated November 5, 2021 filed on SEDAR (***www.sedar.com***)). Initial assessments of the inferred mineral resource indicate a favourable grade tonnage curve by applying a higher cut-off grade of 1.0g/t. The total estimated inferred mineral resource reduces by 12% to approximately 827,000 ounces at a grade of 2.79g/t, a 48% higher grade. These favourable grade tonnage dynamics offer a high level of flexibility in the evaluation of a future mining operation. The total land area of Maligreen is approximately 550 hectares comprising two historic open-pit mining operations which produced approximately 20,000oz of gold mined from oxides between 2000 and 2002, after which the operation was closed. Caledonia expects to drill an initial 4,800m at an estimated cost of US$1.6 million over a

OPERATIONAL OUTLOOK *continued*

period of 18 to 24 months to improve its understanding of the existing resource and assess the potential for a mining operation. Further exploration opportunities exist within the claims area and a subsequent exploration programme is under consideration to explore continuation of the existing inferred mineral resource at depth to the north-west and the strike extension in the northern part of the property.

Connemara North

In December 2020 Caledonia announced it had entered into an option agreement which gave the Company the exclusive right to explore the Connemara North property.

During the first quarter of 2022, Caledonia had completed sufficient work to establish that the ore body at the property would not meet Caledonia's strategic requirements in terms of size, grade and width and the Company thus did not exercise the option over this property.

Glen Hume

On November 19, 2020 the Company concluded an option agreement ("Glen Hume option") with the representatives of Glen Hume, whereby they granted the Company an option for the right to carry out legal due diligence and conduct drilling and/or other exploratory work over a period of 15 months from the conclusion date to understand the resource body of the Glen Hume property, situated in Gweru, Zimbabwe. After concluding drilling and exploration to the value of $3.8 million the Company decided not to exercise the option over the Glen Hume property as the results of the exploration work indicated that the property does not meet Caledonia's strategic objectives. This gave rise to an impairment of $3.8 million.

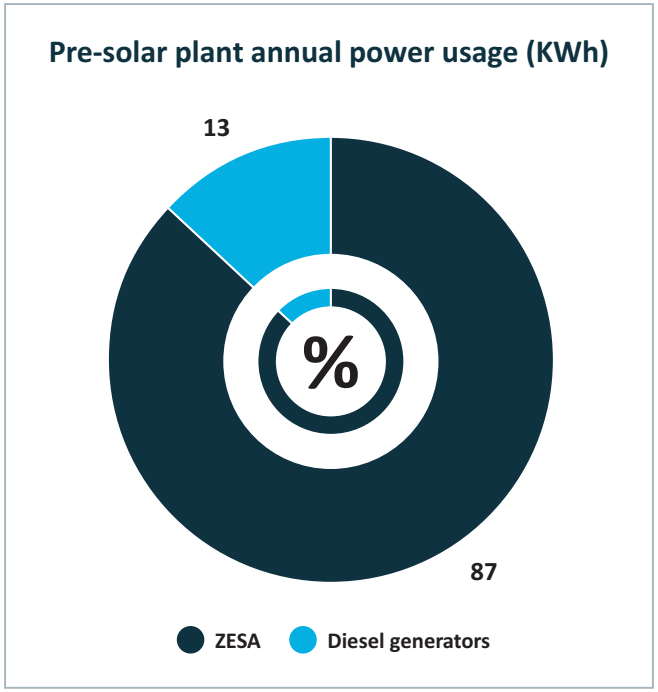
Solar project

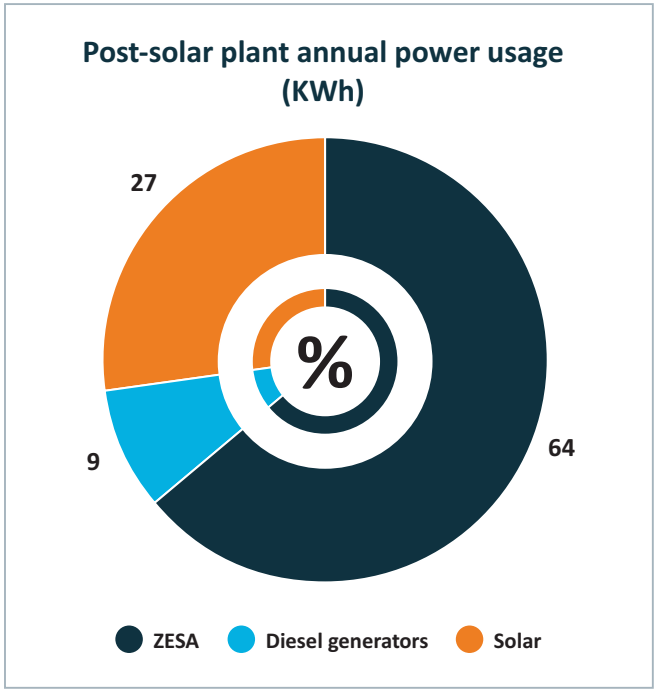
In recent years, the actual generating capacity of ZESA, Zimbabwe's state-owned power utility, has been lower than the installed generating capacity. Despite the use of imported power, the availability of electricity in Zimbabwe has been subject to load-shedding (i.e. curtailments to supply or requests to reduce consumption). In addition to load-shedding, the grid power in Zimbabwe is subject to fluctuations in voltage which, if unregulated, damages or trips electrical equipment.

Load-shedding and outages arising from unstable supply has economic and safety implications for an underground mine such as Blanket and we have therefore installed 18MVA of standby diesel generators to enable uninterrupted mining and processing operations, as well as work on capital projects, to continue during any disruptions to the power supply. However, we recognise that this is not a long-term solution: diesel-generated electricity is expensive and subject to supply of diesel that can at times be unavailable. Further, running diesel generators is environmentally unsustainable. Power interruptions and unstable utility power supply have already resulted in lost production, delays to the Central Shaft project and increased operating and capital costs. After careful consideration, in July 2020 Caledonia's Board approved the construction of a 12MWac solar plant at a total expected project cost of approximately $14 million (including construction costs and other project planning, structuring, funding and administration costs).

In 2020, Caledonia raised $13 million to fund the solar project (before commission and expenses) through the sale of 597,963 shares at an average price of $21.74 per share.

The 12MWac solar project serves as a power insurance policy which mitigates the risk of a further deterioration in Blanket's electricity supply which will not undermine our ability to continue to operate as planned.





OPERATIONAL OUTLOOK *continued*

The Company has commenced the evaluation of a further phase for the solar project to provide Blanket's peak demand during daylight hours or installation of storage capacity. An agreement between the Company and the Zimbabwe authorities regarding the treatment of power that will be generated by a second phase that is surplus to Blanket's requirements and/or the installation of storage capacity will be required in regards to banking it on the ZESA power grid and deducting it from Blanket's account.

Solar as a strategic solution

Solar will introduce a third electricity supply source (alongside the power utility and diesel generators), which will be under Caledonia's control and will improve reliability of power supply during daylight hours. A reliable power supply will assist Blanket to achieve its production and capital project targets by reducing the incidence of outages and enhance safety at the mine. Excellent irradiance levels in Gwanda means solar power is technically feasible and provides a cheap source of electricity.

Zimbabwe is an excellent solar resource that is ideal for solar photovoltaic construction that will provide high yields. Higher yields result in lower $/kWh pricing, which has a direct impact on project internal rate of return.

Caledonia will be the sole owner of the solar project via a 100%-owned subsidiary Caledonia Mining Services (Private) Limited ("CMS") and will sell power to Blanket.





Current solar project status

The plant was mechanically complete at end of June 2022 and now enters its hot commissioning and performance testing phase.

The following components of the project remain outstanding:

- Voltalia, the EPC contractor, must undertake delivery station and interconnection equipment witness testing with Zimbabwe Electricity Transmission & Distribution Company ("ZETDC") as a requirement for grid connection to the utility;
- The EPC contractor must complete hot commissioning of the solar plant, energy management system integration with Blanket Mine and commence performance testing to achieve plant take over; and
- Conclusion of the ZETDC banking agreement.

The Company is in talks with the ZETDC to coordinate the commissioning and connection of the plant to the 33 KV grid. Obtaining the protocols, agreements and permissions from the ZETDC have delayed the commissioning along with delays experienced from the EPC contractor in completing the project. Further delays from ZETDC or the EPC contractor may cause delays to the commissioning date. The Company has contractual protections against losses arising from delays to the project.

Bilboes Gold acquisition and tribute transaction

On July 21, 2022 Caledonia announced that it had signed an agreement to purchase Bilboes Gold Limited ("Bilboes"), the parent company which owns, through its Zimbabwe subsidiary, Bilboes Holdings (Private) Limited ("Bilboes Holdings"), the Bilboes gold project in Zimbabwe ("Bilboes") for a total consideration of 5,123,044 Caledonia shares representing approximately 28.5 per cent of Caledonia's fully diluted equity, and a 1 per cent net smelter royalty ("NSR") on the Project's revenues. Completion of the transaction is subject to several conditions, including:

- that Bilboes Holdings receives confirmation from the Zimbabwe authorities that it will, for the life of the mine, be able to export gold directly and to retain 100 per cent of the sale proceeds in US dollars with no requirement to convert US dollar gold revenues into domestic currency; and
- an arrangement with or confirmation from the Zimbabwe authorities and/or an independent power producer regarding the future availability of a sufficiently reliable and affordable electricity supply to the Project.

Bilboes is a large, high grade gold deposit located approximately 75 km north of Bulawayo, Zimbabwe. Historically, it has been subject to a limited amount of open pit mining.

Prior to completion of the transaction, Caledonia will enter a tribute arrangement with Bilboes Holdings so that oxide operations can be re-started with the expectation that Bilboes Holdings will return to profitable operations within 6 months. This also has the benefit of an element of pre-stripping for the main development of the Project.

FINANCIAL REVIEW



IN THIS SECTION

CFO's review	**P34**
Financial performance	**P36**

Caledonia Mining Corporation Plc

CFO'S REVIEW



Scan the QR Code to view audited Consolidated Financial Statements

https://wp-caledoniamining-2020.s3.eu-west-2.amazonaws.com/media/2022/03/FS_Q4-2021_Final-1.pdf

> "In the medium term, management plans to increase cash holdings so that we are better positioned to fund new growth opportunities."



Chester Goodburn
Chief Financial Officer

I write this letter as Caledonia's new CFO, having taken over the role from Mark Learmonth with effect from July 1, 2022. I have been part of Caledonia's management team since September 2014 and I look forward to supporting Mark and Dana Roets as we implement our growth strategy in Zimbabwe.

This IR includes financial information for the year ended, December 31, 2021. Our *audited Consolidated Financial Statements* are available on our website and have been filed on ***www.sedar.com*** and ***www.sec.gov***. No new or additional financial information is included in this IR other than additional information on material non adjusting subsequent events that occurred up to the date of this report.

Highlights of 2021 financial results

- Gross revenues of $121 million (2020: $100 million).
- Gross profit of $54.1 million (2020: $46.7 million) at a gross margin of 45% (2020: 47%).
- EBITDA of $46.4 million (2020: $45.4 million) at a margin of 43 per cent (2019: 39 per cent).
- On-mine cost of $742 per ounce (2020: $744 per ounce).
- Normalised all-in sustaining cost (i.e. excluding the effect of the export credit incentive and its successor scheme) of $990 per ounce (2020: $946 per ounce).
- Adjusted EPS of 226 cents (2020: 204 cents).
- Net cash from operating activities of $30.9 million (2020: $30.9 million).
- Net cash and cash equivalents of $17.2 million (2020: $19.1 million).
- Total dividend paid of 50 cents per share, a 49% increase from 2020.

Dividend increases

Gross profit increased to $54.1 million (2020: $46.6m) and Cash generated from operating activities amounted to $30.9 million (2020:$31m). Sustained cash generation and cost control, during 2021, allowed for a dividend increase each quarter from January 2021 at 11 cents per share to 14 cents per share in October 2021. The cumulative increase in the quarterly dividend since October 2019 was 104%.

From January 2022 the dividend was maintained at 14 cents per share. The decision not to increase the dividend further reflected the short-term requirement to retain cash to accommodate higher capital expenditure in the first six months of 2022; in the medium term, management plans to increase cash holdings so that we are better positioned to fund new growth opportunities.

The requirement for increased capital expenditure in the first six months of 2022 was due to a combination of additional development at Central Shaft, because of the COVID-19 related delay in commissioning, and the need to invest in further equipment to address the continued shortcomings of the electricity supply from the grid, as well as the Bilboes gold project, provided the conditions to completion are achieved.

Medium-term growth opportunities include the Maligreen project and potential expansion opportunities at Blanket Mine which may result in more exploration, as noted in the CEO's Review.

The Board will consider the continuation of the dividend and any future increases in the dividend as appropriate in line with other investment opportunities and its prudent approach to risk management.

Listing on the VFEX

In December 2021, the Company obtained a secondary listing of its stock on the newly created VFEX in Zimbabwe by way of a placing and introduction of depositary receipts in the Company's shares which raised $7.8 million (gross). As a result of this listing, and in accordance with Reserve Bank of Zimbabwe policies, the proportion of revenues received in US Dollars has increased from 60% to approximately 71.5% as production has increased to the monthly production rate of 80,000 ounces per annum.

CFO'S REVIEW *continued*

H1 2022 results

On August 11, 2022 Caledonia published its results for the period ended June 30, 2022. Profit and cash generation in the first half of 2022 was higher than in the first half of 2021 due to the combined effects of higher production, lower costs per ounce of gold produced and a higher gold price.

Borrowing and hedging

In late 2021, the Company entered into a gold loan and option agreement in terms of which the Company received $3 million; this loan was financially settled in May and June 2022. The Company also granted the lender call options over 6,000 ounces of gold at a strike price of $2,000 per ounce expiring in equal tranches from June 2022 to November 2022. The proceeds of the gold loan were used to part fund the solar project and for general corporate purposes. The company has very limited options to raise debt: there is very limited availability of US Dollar denominated term-debt in Zimbabwe; the Company's ability to raise debt outside Zimbabwe on acceptable terms is heavily restricted by the requirement to sell gold in Zimbabwe. Accordingly, the gold loan and related options was the cheapest available funding option.

Notwithstanding the excellent financial and operating results for Q2 2022, production in the first half of 2022 set a new record and the realised gold price was above our anticipated level. Both factors, in the context of a heavy investment programme in the first six months of 2022, resulted in the Company entering various hedge arrangements in February 2022, immediately before the Russian invasion of Ukraine. The increase in the gold price following the invasion of Ukraine coupled with a sharp increase in gold production meant that, with the benefit of hindsight, the hedge was unnecessary. The Company only engages in hedging activity with the objective of protecting future cashflows so that it can implement its capital investment programme and thereby maintain and enhance operational integrity.

Outlook

The commissioning of the Central Shaft in March 2021 has resulted in higher production and lower unit costs and is eventually expected to result in reduced capex. It is anticipated that each of these factors will increase Blanket's cash generation. The Company does not have a formalised dividend policy in terms of defined payout-ratio. However, Caledonia has demonstrated its resolve to maintain and, where appropriate, to increase dividends. As noted above, we may have new investment opportunities at Blanket, subject to the outcome of further exploration and Maligreen may also require investment funding; as noted in the CEO's review, we are excited about the Bilboes gold project and we also continue to evaluate further investment opportunities. In this context, management feels it prudent to maintain the dividend at the current level until the quantum of any new investment opportunities and the options to fund these projects has become clearer.



FINANCIAL PERFORMANCE

The table below sets out the consolidated profit and loss for the years ended December 31, 2021, 2020 and 2019 prepared under IFRS.

Consolidated statement of profit or loss and other comprehensive income ($'000)

For the years ended December 31	2021	2020	2019
Revenue	**121,329**	100,002	75,826
Less: Royalty	**(6,083)**	(5,007)	(3,854)
Production costs	**(53,126)**	(43,711)	(36,400)
Depreciation	**(8,046)**	(4,628)	(4,434)
Gross profit	**54,074**	46,656	31,138
Other income	**46**	4,765	2,274
Other expenses	**(7,136)**	(5,315)	(666)
Administrative expenses	**(9,091)**	(7,997)	(5,637)
Cash-settled share-based expense	**(477)**	(1,413)	(689)
Net foreign exchange gain	**1,184**	4,305	29,661
Profit on sale of subsidiary	**–**	–	5,409
Fair value losses on derivative instruments	**(240)**	(266)	(601)
Operating profit	**38,360**	40,735	60,889
Finance income	**14**	62	146
Finance cost	**(375)**	(367)	(344)
Profit before tax	**37,999**	40,430	60,691
Tax expense	**(14,857)**	(15,173)	(10,290)
Profit for the year	**23,142**	25,257	50,401
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	**(531)**	(173)	49
Reclassification of accumulated exchange differences on the sale of subsidiary	**–**	–	(2,109)
Total comprehensive income for the year	**22,611**	25,084	48,341
Profit attributable to:			
Owners of the Company	**18,405**	20,780	42,018
Non-controlling interests	**4,737**	4,477	8,383
Profit for the year	**23,142**	25,257	50,401
Earnings per share			
Basic earnings per share ($)	**1.49**	1.73	3.82
Diluted earnings per share ($)	**1.48**	1.73	3.81
Adjusted earnings per share ($)*	**2.26**	2.04	1.45

** Adjusted earnings per share is a non-IFRS measure. Refer to the calculation included in the MD&A on Caledonia's website: "https://www.caledoniamining.com/investors/reports-presentations/" Reports & Presentations – Caledonia Mining Corporation plc*

Revenue for 2021 was 21% higher than in 2020 due to a 20% increase in the quantity of gold sold and a 1% increase in the average realised gold price. Notwithstanding the increase in revenue for 2020, profit attributable to shareholders was 11% lower in 2021 compared to 2020. This was due to a combination of substantial foreign exchange gains and a significant impairment of exploration assets.

The royalty rate payable to the Zimbabwean government was unchanged at 5% in 2021. Due to the higher realised gold price in 2021, the royalty expense increased proportionately from 2020.

Production costs increased by 22% in 2021 compared to 2020 due to the increase in production. Production costs in 2021 were largely as budgeted other than the cost of electricity which was higher than expected due to the increased use of diesel generators and increased labour costs following the conclusion of the collective bargaining between the union and the Chamber of Mines of Zimbabwe.

The depreciation charge in 2021 increased substantially because of increased production (fixed assets are depreciated over production ounces) and the charge arising on the Central Shaft assets following its commissioning at the end of March 2021.

Other expenses are detailed in note 10 to the Consolidated Financial Statements 2021 and include expenditure in 2021 of $1.2 million on CSR projects by Blanket (2020: $0.4 million), an impairment of $3.8 million on the accumulated expenditure on the Glen Hume exploration project and an impairment of $0.8 million on the outstanding amount due in respect of the sale of Eersteling as discussed in note 23.2 to the Consolidated Financial Statements 2021.

Administrative expenses are detailed in note 11 to the Consolidated Financial Statements 2021 and include the costs of Caledonia's offices and personnel in Johannesburg, the UK and Jersey who provide the following functions: technical services, finance, procurement, investor relations, corporate development, legal and company secretarial. Administrative expenses in 2021 were 14% higher compared with

FINANCIAL PERFORMANCE

continued

2020. The increase was due to higher wages and salaries because of an increased headcount in Johannesburg and London, and higher bonus payments reflecting the strong performance of the business in 2021 as well as the outcome of a benchmarking exercise to align the Company's performance payments with comparable companies.

Net foreign exchange movements relate to gains and losses arising on monetary assets and liabilities that are held in currencies other than the US Dollar. Foreign exchange movements principally arose due to the further devaluation of the Zimbabwean currency against the US Dollar.

The cash-settled share-based payment expense reflects an accrual for a payment which is expected to arise from the long-term incentive plan ("LTIP") awards under the Company's 2015 Omnibus Equity Incentive Compensation Plan (the "OEICP" or the "Plan") to certain executives, heads of department and staff in the form of Restricted Share Units ("RSUs") and Performance Units ("PUs"). LTIP awards may be settled in cash or, subject to conditions, shares or a combination of both at the request of the award holder. The LTIP expense reflects a combination of factors, including the change in the Company's share price. Further information on the calculation of the charge is set out in note 12 to the Consolidated Financial Statements 2021.

The tax expense comprises the following:

Analysis of consolidated tax expense for the year ($'000)

	Zimbabwe	South Africa	UK	Total
Income tax	8,097	503	–	**8,600**
Withholding tax				
Management Fee	–	148	–	**148**
Deemed dividend	302	–	–	**302**
Deferred tax	5,806	1	–	**5,807**
	14,205	652	–	**14,857**

The overall effective taxation rate in 2021 was 39% (2020: 38%) – most of the tax charge comprised income tax and deferred tax in Zimbabwe.

Income tax in Zimbabwe is calculated at 24.72% of taxable profits (2020: 25.75%) which is the IFRS profit before tax (in local currency terms) after adjustments which include the deduction of the government royalty and capital expenditure, and the add-back of depreciation. Deferred tax reflects the difference between the accounting and tax treatments of capital investment: 100% of capital expenditure is deductible in 2021 in which it is incurred for tax purposes; whereas for accounting purposes depreciation commences when the project enters production.

South African income tax arises on intercompany profits arising at Caledonia Mining South Africa Proprietary Limited ("CMSA").

Zimbabwe withholding tax arose on the management fees paid to CMSA and on dividends paid from Zimbabwe to the UK. South African withholding tax arose on dividends paid from CMSA to the UK. Following the acquisition by the Company of a further 15% interest in Blanket in January 2020, the effective non-controlling interest share in profit or loss reduced from 16.2% to 13.2% of Blanket's net profit. The IFRS basic EPS for 2021 decreased by 14% from 173.4 cents in 2020 to 148.6 cents. Adjusted EPS for 2021 increased by 11.1% to 225.9 cents.

Dividends comprise dividends paid by the Company and dividends paid by Blanket to its minority shareholders after deduction of amounts to repay the various advances and loans. The Company paid higher quarterly dividends during 2021 totaling 50 cents per share – a 49% increase on the total dividends per share paid in 2020.



FINANCIAL PERFORMANCE

continued

The table below sets out the consolidated statements of cash flows for the years ended December 31, 2021, 2020 and 2019 prepared under the IFRS:

Consolidated statements of cash flows ($'000)

For the years ended December 31	2021	2020	2019
Cash generated from operations	**38,703**	37,967	23,885
Interest received	**14**	56	146
Interest paid	**(388)**	(405)	(454)
Tax paid	**(7,426)**	(6,656)	(5,517)
Net cash from operating activities	**30,903**	30,962	18,060
Cash flows used in investing activities			
Acquisition of property, plant and equipment	**(32,112)**	(25,081)	(19,852)
Acquisition of exploration and evaluation assets	**(5,717)**	(2,759)	(172)
Proceeds from sale of assets held for sale	**500**	–	–
Realisation (purchase) of gold ETF	**1,066**	(1,058)	–
Proceeds from disposal of subsidiary	**340**	900	1,000
Net cash used in investing activities	**(35,923)**	(27,998)	(19,024)
Cash flows from financing activities			
Dividends paid	**(8,069)**	(4,542)	(3,395)
Term loan proceeds (net of transaction cost)	**–**	–	2,294
Term loan repayments	**(361)**	(574)	–
Proceeds from gold loan	**2,752**	–	–
Proceeds from call option	**208**	–	–
Payment of lease liabilities	**(129)**	(118)	(124)
Shares issued – equity raise (net of transaction cost)	**7,806**	12,538	–
Proceeds from share options exercised	**165**	30	–
Net cash from (used in) financing activities	**2,372**	7,334	(1,225)
Net (decrease)/increase in cash and cash equivalents	**(2,648)**	10,298	(2,189)
Effect of exchange rate fluctuations on cash and cash equivalents	**(179)**	(99)	(105)
Net cash and cash equivalents at the beginning of the year	**19,092**	8,893	11,187
Net cash and cash equivalents at the end of the year	**16,265**	19,092	8,893

Cash generated from operating activities is detailed in note 32 to the Consolidated Financial Statements 2021 which shows that cash generated by operations before working capital changes in 2021 was $49.7 million, 17% higher than the $42.4 million in 2020.

Working capital increased in 2021 by $11.0 million (2020: $12.0 million) due to increased inventories, trade receivables and prepayments, which was partly offset by an increase in payables. Movements in working capital items are discussed below in the review of the summarised consolidated statements of financial position. Tax paid in 2021 reflects the increased pre-tax profits at Blanket and is after the offset of part of the overdue VAT recoverable. Investment in property, plant and equipment remains high due to the continued investment in new development associated with the Central Shaft project, which includes approximately $1.6 million of investment in the solar project.

The acquisition of exploration and evaluation assets relates to the purchase of the Maligreen claims and geological evaluations.

The realisation of a gold ETF relates to the sale of a gold ETF which was purchased by CMSA in 2020 to protect a temporary cash surplus that was denominated in South African Rands from devaluation.

The proceeds from the sale of assets relates to the sale of the Eagle Vulture, Mascot and Penzance properties as discussed in note 23.2 of the Consolidated Financial Statements 2021.

Dividends comprise dividends paid by the Company and by Blanket to its minority shareholders after deduction of amounts to repay the various advances and loans. The Company paid higher quarterly dividends during 2021 which, in conjunction with the increased number of shares in issue following the equity issue in September 2020, resulted in an increase in Caledonia's dividend payments.

FINANCIAL PERFORMANCE

continued

The proceeds of the gold loan and sale of a call option relate to a $3 million gold loan which the Company obtained in December 2021 which is discussed in note 41.1 of the Consolidated Financial Statements.

Cash inflows from the issue of shares relates to the proceeds of the placing of depositary receipts over 619,783 shares in the Company pursuant to obtaining a secondary listing on the VFEX in December 2021.

The effect of exchange rate fluctuations on cash held predominantly reflects gains or losses on cash balances held in currencies other than the US Dollar. The effect on cash balances forms part of an overall foreign exchange gain or loss arising on all affected financial assets and liabilities.

The table below sets out the consolidated statements of Caledonia's financial position as at December 31, 2021, 2020 and 2019 prepared under the IFRS:

Statements of financial position ($'000)

As at December 31	2021	2020	2019
Total non-current assets	**157,944**	133,334	113,714
Inventories	**20,812**	16,798	11,092
Prepayments	**6,930**	1,974	2,350
Trade and other receivables	**7,938**	4,962	6,912
Income tax receivable	**101**	76	–
Cash and cash equivalents	**17,152**	19,092	9,383
Derivative financial assets	**–**	1,184	102
Assets held for sale	**–**	500	–
Total assets	**210,877**	177,920	143,553
Total non-current liabilities	**12,633**	9,913	8,957
Loans and borrowings – short-term portion	**–**	408	529
Lease liabilities – short-term portion	**134**	61	349
Trade and other payables	**9,957**	8,664	8,348
Derivative financial liabilities	**3,095**	–	–
Income taxes payable	**1,562**	495	163
Overdraft	**887**	–	490
Cash-settled share-based payments – short-term portion	**2,053**	336	–
Total liabilities	**30,321**	19,877	18,836
Total equity	**180,556**	158,043	124,717
Total equity and liabilities	**210,877**	177,920	143,553

Non-current assets increased due to the investment at Blanket in the Central Shaft and related to infrastructure, electrical infrastructure and sustaining investment; investment in the solar project; and the acquisition and investments in exploration and evaluation properties.

Inventories increased due to the increased level of operations and the usual increase in inventories at the end of each year to prepare Blanket for the shut-down in the supply chain from South Africa. Inventories were also increased to safeguard against further disruption to Blanket's supply chain due to any resurgence in the COVID-19 pandemic, renewed civil unrest in South Africa and strike action at suppliers in South Africa.

Inventories include 443 ounces of gold work-in-progress (December 2020: 1,584 ounces). For logistical reasons, this gold was delivered and sold to Fidelity Printers and Refiners (Private) Limited ("Fidelity"), a subsidiary of the Reserve Bank of Zimbabwe ("RBZ"), early in January 2022.

Prepayments represent deposits and advance payments for goods and services. Prepayments increased largely due to prepayments in respect of the solar project.

Trade and other receivables are detailed in note 24 to the Consolidated Financial Statements 2021 and include $4.5 million (2020: $1.3 million) due from Fidelity in respect of gold deliveries prior to the close of business on December 31, 2021 and $3.2 million (2020: $2.3 million) due from the Zimbabwean government in respect of VAT refunds.

Responsibility for making payment for gold deliveries changed from the RBZ to Fidelity in early 2021 after which the speed of payments has improved. The increased receivable due from Fidelity at the end of 2021 reflects the higher level of deliveries due to the increased

FINANCIAL PERFORMANCE

continued

production; the full amount due from Fidelity in respect of gold deliveries was received in January 2022.

The amount due in respect of VAT refunds increased because of the increased level of capital procurement during 2021 and higher RTGS$-denominated local costs. Some of the RTGS$ component of the VAT receivable is outside its normal due date and management continues to pursue recovery of all amounts due, which includes offsetting VAT receivables from the amounts paid in respect of other taxes.

The distribution of the consolidated cash across the jurisdictions where the Company operates was as follows:

Geographical location of cash ($'000)

As at December 31	2021	2020
Zimbabwe	**8,979**	5,115
South Africa	**635**	2,732
UK/Jersey	**7,538**	11,245
Total net cash and cash equivalents	**17,152**	19,092

The cash held in Zimbabwe as at December 31, 2021 includes approximately $5 million from the proceeds of the $7.8 million equity raise accompanying the VFEX listing in December which had not been used for other purposes. This amount was transferred to Jersey in early 2022.

Non-current liabilities include the deferred tax liability, which has increased due to the continued high level of capital investment, a provision for the liability arising on the closure of Blanket and the long-term portion of the cash-settled share-based payment liability.

The derivative financial liability relates to a gold loan and option agreement in terms of which the Company received $3 million (less transaction costs) which was repaid by the financial settlement of two deliveries of 925 ounces of gold in May and June 2022. In addition, the Company granted the lender call options over 6,000 ounces of gold at a strike price of $2,000 per ounce expiring monthly in equal tranches from June 30, 2022 to November 30, 2022.

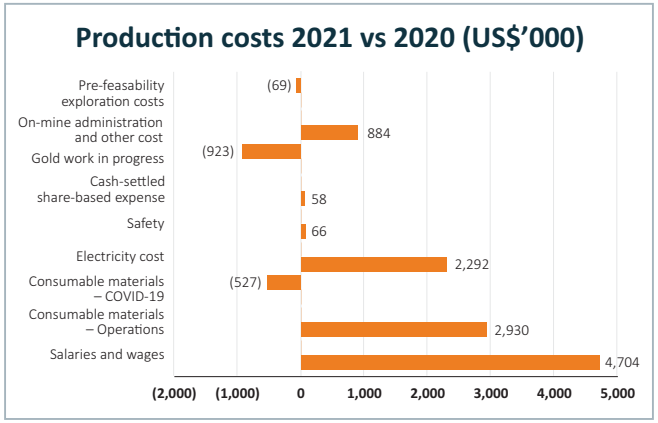
The short-term portion of the cash-settled share-based payment liability is in respect of awards made to employees at Caledonia, CMSA and Blanket in terms of the OEICP. The awards can be settled in cash or, subject to conditions, shares at the option of the recipient. Approximately half of the awards outstanding at the end of 2021 vested in January 2022 of which approximately $1.3 million was settled in cash and $0.9 million was settled by the issue of shares. The increase in equity over the course of the year reflects retained profits and the raising of $7.8 million (gross) by the issue of shares pursuant to obtaining a secondary listing on the VFEX in December 2021.

Production costs

Production cost (IFRS)

IFRS production costs comprise, *inter alia,* salaries and wages, consumable materials (operations and COVID-19), electricity, safety, cash-settled share-based payment expense, pre-feasibility exploration costs and on-mine administration costs.

The 22% increase in production costs from 2020 to 2021 is broken down as follows:



The increase in electricity cost is due to the increased use of diesel generators due to the instability of the grid power supply. The diesel generators consumed 3.3 million litres of diesel in 2021 compared to 1.9 million litres in 2020. Blanket had to install additional auto-tap transformers to alleviate the effect of the voltage fluctuations but still encountered many power trips due to the power surges. These power trips required increased use of our generators.

Consumables in 2021 were higher than in 2020 due to higher production.

Labour costs are higher in 2021 compared to 2020 due to a higher head count in the current year in comparison. In addition, the cost of consultants assisting with the trackless mining machinery is now categorized under labour in 2021. The labour rates in 2021 also increased from 2020.

Cost per ounce

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 2021 and 2020 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 per ounce ("AISC"), which shows the on-mine cost per ounce plus royalty paid, additional costs incurred outside the mine (i.e. at offices in Harare, Johannesburg 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 (or credit) arising from the LTIP awards less silver by-product revenue. The AISC also includes as a credit (i.e. as a deduction from costs) the export credit incentives (or its predecessor).

FINANCIAL PERFORMANCE

continued

- All-in cost per ounce, which shows the AISC per ounce plus the costs associated with activities that are undertaken with a view to increasing production (expansion capital investment).

Cost per ounce of gold sold (US$/ounce)

12 months to December 31	2021	2020
On-mine cost	**742**	744
AISC	**990**	967
All-in cost per ounce	**1,408**	1,356

Per-ounce costs are calculated based on gold ounces sold and not produced, so that an accurate value can be ascribed to the royalty and the Export Credit Incentive ("ECI").

On-mine costs

On-mine costs comprise labour, electricity, consumables and other costs such as security and insurance. Production costs are detailed in note 8 to the Consolidated Financial Statements 2021. On-mine costs in 2021 include $1.3 million and $2.9 million respectively of costs that are outside management control which include the effects of the collective wage negotiations on direct and indirect labour costs, the increased cost of consumables and services that are denominated in local currency and the higher than anticipated use of the diesel generators due to an increased incidence of power interruptions. On-mine costs include the procurement margin paid to CMSA on the grounds that this cost represents a fair value that Blanket would pay for consumables if they were sourced from a third party.

Wage negotiations in local currency (which take place every three or six months) reflect the very high rate of inflation in Zimbabwe but this is not compensated for by a reciprocal movement in the RTGS$/US$ exchange rate, which is managed by the RBZ. Thus, the higher RTGS$ wages that followed from the collective bargaining process resulted in substantially higher wages in US Dollar terms when translated at the official exchange rate. To avoid a repetition of this outcome, in late 2021, the remuneration of all Blanket's employees was changed to 100% in US Dollars whereas previously it had been a combination of RTGS$ and US Dollars. Henceforth wage negotiations with Blanket employees will reference inflation in US Dollar terms which is expected to result in more subdued annual increases.

The installation of a further auto-tap changer at the end of 2021 reduced the frequency of power interruptions resulting from power surges on the incoming grid power and has significantly reduced the generator use and diesel expenses from January 2022.

On-mine cost per ounce for 2021 was within the guidance range of between $740 and $815 per ounce.

All-in sustaining cost ("AISC")

The AISC excludes the intercompany procurement margin as this reflects the consolidated cost incurred at the group level. The AISC per ounce excluding the ECI for 2021 was 2.4% higher respectively than the comparable periods because of higher administrative costs and variations in the intercompany procurement margin. The AISC per ounce for 2021 was within the guidance range of between $985 and $1,080 per ounce.

All-in cost

The all-in cost includes investment in expansion projects at Blanket which remained at a high level in 2021 due to the continued investment. The all-in cost does not include prefeasibility investment in exploration and evaluation projects.

Indigenisation

Transactions that implemented the indigenisation of Blanket were completed in September 2012 following which Caledonia owned 49% of Blanket and received a Certificate of Compliance from the Zimbabwean government which confirms that Blanket is fully compliant with the Indigenisation and Economic Empowerment Act.

Following the appointment of the new Zimbabwean President in late 2017 the requirement for gold mining companies to be indigenised was removed by a change in legislation with effect from March 2018. On November 6, 2018, the Company announced that it had entered into a sale agreement with Fremiro Investments (Pvt) Limited ("Fremiro") to purchase Fremiro's 15% shareholding in Blanket for a gross consideration of $16.7 million which was 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. This transaction was completed on January 20, 2020 following which Caledonia has a 64% shareholding in Blanket, and Fremiro received approximately 6.3% of Caledonia's enlarged issued share capital.

As a 64% shareholder, Caledonia receives 64% of Blanket's dividends plus the repayment of vendor facilitation loans which were extended by Blanket to certain of the indigenous shareholders. The outstanding balance of the facilitation loans as at December 31, 2020 was $16.7 million (2020: $19.2 million). The facilitation loans (including interest thereon) are repaid by way of dividends from Blanket – 80% of the dividends declared by Blanket which are attributable to the beneficiaries of the facilitation loans are used to repay such loans, and the remaining 20% unconditionally accrues to the respective indigenous shareholders. The dividends attributable to GCSOT, which holds 10% of Blanket, are withheld by Blanket to repay the advance dividends which were paid to GCSOT in 2012 and 2013, and which had an outstanding balance of $Nil as at December 31, 2021 (2020; $0.99 million).

In February 2020, Blanket agreed to a request from GCSOT that the terms of the debt relating to the repayment of the advance dividends be amended so that GCSOT would receive 20% of its attributable dividends and the balance of 80% would be applied to repay the advance dividends. The final payment to settle the advance dividend

FINANCIAL PERFORMANCE

continued

loan to GCSOT was made on September 22, 2021. Future dividends to GCSOT will be unencumbered.

The facilitation loans are not shown as receivables in Caledonia's financial statements in terms of the IFRS. These loans are effectively equity instruments as their only means of repayment is via dividend distributions from Blanket. Caledonia continues to consolidate Blanket for accounting purposes.

Zimbabwe commercial environment

Monetary conditions

The current situation in Zimbabwe can be summarised as follows:

- Although there continues to be a shortage of foreign currency in Zimbabwe, Blanket has had satisfactory access to foreign exchange to date.
- The rate of annual inflation increased from 5% in September 2018 to approximately 500% by December 2019. The rate of inflation appears to have moderated to an annual rate of 61% for the 12 months to the end of December 2021. A high rate of inflation has little effect on Blanket's operations because our employee remuneration was partly paid in US Dollars and the local currency component was adjusted each month to reflect the increased cost of living – this is discussed further below.
- 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 "ZWL$", "RTGS Dollars" or "RTGS$") accounts which can only be used for domestic transactions.
- On February 20, 2019 the RBZ allowed limited 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	(ZWL$: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
March 31, 2020	25.000
June 30, 2020	57.358
September 30, 2020	81.444
December 31, 2020	81.787
March 31, 2021	84.400
June 30, 2021	85.423
September 30, 2021	87.665
December 31, 2021	108.666

- 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. In February 2020, the RBZ announced its intention to further liberalise the interbank market with the objective of increasing liquidity and transparency. However, in response to the COVID-19 pandemic, the Minister of Finance subsequently reversed this policy and re-established a fixed exchange rate of ZWL$25:US$1 with effect from March 26, 2020. On June 23, 2020, the RBZ introduced an "auction system" whereby, on a weekly basis, buyers and sellers of local currency and foreign exchange submit tenders which the RBZ uses to determine a revised interbank rate. During 2021 the official exchange rate diverged significantly from the "unofficial" rate (i.e. the rate that could be obtained in the informal market). RTGS$ denominated goods and services are typically priced using a US Dollar reference point to which the informal exchange rate is applied. The official exchange rate does not reflect the local rate of inflation. This means that individuals who receive a RTGS$-denominated salary which references a US Dollar value at the official exchange rate suffer a significant reduction in their purchasing power. In addition, goods and services that are paid for in local currency have become much more expensive when the price is converted to US Dollars at the official exchange rate. Blanket employees are now paid 100% in US Dollars.
- Zimbabwean gold producers, including Blanket, are required to sell their gold to Fidelity. Prior to May 26, 2020, 55% of the sale proceeds were received in US Dollars and the balance was received in RTGS$. From May 26, 2020 gold producers received 70% of their sale proceeds in US Dollars and the balance was received in RTGS$. With effect from 7 January 2021, gold producers receive 60% of their revenues in US Dollars and the balance in RTGS$. Blanket uses the US Dollar component to pay for imported goods, services and a portion of the electricity bill and (for most of 2021) wages and salaries. The RTGS$ component is used to pay for goods and services procured in Zimbabwe, the remaining portion of the electricity bill, wages and salaries at Blanket (until Blanket employees began receiving all their pay in US Dollars), payroll taxes and a proportion of Blanket's income tax.
- After the reduction in the proportion of revenues received in US Dollars from 70% to 60% with effect from January 7, 2021, Blanket participated in the weekly RBZ auction system to access the resultant shortfall in US Dollars. From early June 2021, Blanket and other gold producers were excluded from the weekly auctions on the grounds that they are deemed to be exporters and therefore do not qualify to participate. Blanket subsequently secured allocations of foreign exchange from the RBZ to compensate for its exclusion from the auctions. Blanket has also increased the proportion of its expenditure that is made in local currency. As at

FINANCIAL PERFORMANCE

continued

the date of this report, Blanket has not accumulated excess local currency.

- Blanket sells its gold production to Fidelity, which refines and on-sells the gold into the international market. During the first quarter of 2021, responsibility for making payments for gold deliveries from Blanket moved from the RBZ to its gold refining subsidiary, Fidelity. This move simplified and improved the mechanism for making payments for gold and the new system is operating well.
- In early June 2021 the RBZ announced that companies whose shares are listed on the VFEX will receive 100% of the revenue arising from incremental production in US Dollars. Blanket subsequently received confirmation that the "baseline" level of production for the purposes of calculating incremental production is 148.38kg per month (approximately 57,000 ounces per annum). In addition, the payment of the increased US Dollar proceeds for incremental production was backdated to July 1, 2021. Blanket has received all amounts due in terms of this revised policy.
- As Blanket intends to increase its production from approximately 58,000 ounces of gold in 2020 to 80,000 ounces of gold from 2022 onwards, the VFEX listing means that Blanket will receive approximately 71.5% of its total revenues in US Dollars and the balance in local currency. Accordingly, in December 2021 Caledonia obtained a secondary VFEX listing which was accompanied by a placing in Zimbabwe, raising approximately $7.8 million (before costs and expenses). The proceeds of the placing were used to replenish cash resources following the payment of $4 million to purchase the Maligreen mining claims and for general corporate purposes.
- During the second quarter of 2022 the Company moved from the auction rate to the interbank rate. The rate devalued further during 2022 trading at RTGS$301.50 to 1 US$ as at May 31, 2022.
- Throughout these developments and to the date of issue of the Consolidated Financial Statements 2021 the US Dollar has remained the primary currency in which the group's Zimbabwean entities operate and the functional currency of these entities.

Taxation

The main elements of the Zimbabwe tax regime insofar as it affects Blanket and Caledonia are as follows:

- A royalty is levied on gold revenues at a rate of 5% paid in RTGS$ if the gold price is above $1,200 per ounce; a royalty rate at 3% applies if the gold price is below $1,200. With effect from January 1, 2020, the royalty is allowable as a deductible expense for the calculation of income tax.
- With effect from February 4, 2022 the 5% royalty was payable as follows: 60% in US Dollars and 40% in RTGS$.
- Income tax is levied at 24.72% (2020: 25.75%) on profits as adjusted for tax purposes. The main adjustments to profit for the purposes of calculating tax are the add-back of depreciation and most of the management fees paid by Blanket to CMSA. 100% of all capital expenditure incurred in the year of assessment is allowed as a deductible expense. As noted above, the royalty is deductible for income tax purposes with effect from January 1, 2020. The calculation of taxable income is performed using financial records prepared in RTGS$, which has significantly reduced the deferred tax liability and devalues the RTGS$ against the US$.



FINANCIAL PERFORMANCE

continued

- Withholding tax is levied on certain remittances from Zimbabwe i.e. dividend payments from Zimbabwe to the UK and payments of management fees from Blanket to CMSA.

Investing

An analysis of investment in 2021, 2020 and 2019 is set out below:

	2021 $'000	2020 $'000	2019 $'000
Total investment – property, plant and equipment	**31,269**	24,778	20,423
Blanket	**29,323**	24,315	20,128
Solar	**1,581**	372	–
Other	**365**	91	295
Total investment – exploration and evaluation assets	**1,582**	3,058	172
Connemara North	**163**	300	–
Glen Hume	**1,176**	2,661	–
Other satellite properties	**243**	97	172

Investment at Blanket is in terms of the investment plan that was announced in October 2014. Investment that takes place other than at Blanket largely comprises capital items that are purchased by CMSA which will be sold on to Blanket in due course. All further investment at Blanket is expected to be funded from Blanket's internal cash flows and its Zimbabwean borrowing facilities.

Financing

Caledonia financed all its operations using funds on hand, funds generated by its operations, the proceeds of a secondary listing on the VFEX, the proceeds of a gold loan and Blanket's overdraft facilities which were as set out below as at December 31, 2021.

Overdraft facilities

Lender	Date drawn	Principal value	Balance drawn as at December 31, 2021	Repayment terms	Security
Stanbic Bank Zimbabwe Limited	Dec 2021	US$1 million	Nil	On demand	Unsecured

Blanket opened discussions with its bankers in Zimbabwe after the end of 2021 to increase its overdraft facilities to enhance the flexibility of its working capital.

The Company obtained a secondary listing on the VFEX in December 2021 so that it can obtain a greater proportion of its revenues in US Dollars. To accompany this listing, depositary receipts representing 619,783 shares in the Company to a value of $7.83 million were issued to create the necessary shareholder spread. The proceeds of the placing will be used to defray the purchase consideration for the Maligreen mining claims and for general corporate purposes.

In December 2021, the Company entered into a gold loan and option agreement with Auramet International LLC in terms of which the Company received $3 million (less transaction costs) which were repaid with the financial settlement of two deliveries of 925 ounces of gold in May and June 2022. In addition, the Company granted the lender call options of over 6,000 ounces of gold at a strike price of $2,000 per ounce expiring monthly in equal tranches from 30 June 2022 to November 30, 2022. The proceeds of the gold loan will be used to part fund the solar project and for general corporate purposes.

On February 17, 2022 the group entered into a zero-cost contract to hedge 20,000 ounces of gold over a period of five months from March to July 2022. The hedging contract has a cap of $1,940 and a collar of $1,825, over 4,000 ounces of gold per month and expiring at the end of each month over the five-month period.

On March 9, 2022, in response to a very volatile gold price, the Company purchased a matching quantity of call options at a strike price above the cap at a total cost of $796,000 over 4,000 ounces of gold per month at strike prices of $2,100 per ounce from March 2022 to May 2022, and $2,200 per ounce from June 2022 to July 2022 in order to limit margin exposure and reinstate gold price upside above the strike price. The future impact of the hedges is undeterminable at the date of issue of this report and will be quantified in the Condensed Consolidated Interim Financial Statements as at June 30, 2022. Refer to note 14 and 41.1 of the Consolidated Financial Statements 2021 for more detail on the hedging agreements.

Liquidity and capital resources

An analysis of Caledonia's capital resources at December 31, 2021 and December 31, 2020 is set out below:

Liquidity and capital ($'000) resources

As at	Dec 31, 2021	Dec 31, 2020
Term facility	**–**	408
Gold ETF	**–**	1,184
Cash and cash equivalents in the statement of cashflows	**17,152**	19,092
Gold loan	**3,000**	–
Working capital	**35,360**	34,622

Off-balance sheet arrangements, contractual commitments and contingencies

There are no off-balance sheet arrangements apart from the facilitation loan of $16.7 million which is not reflected as loans receivable for IFRS purposes (refer to note 5 of the Consolidated Financial Statements). The Company had the following contractual obligations at December 31, 2021:

FINANCIAL PERFORMANCE

continued

Payments due by period ($'000)

Falling due	Within 1 year	1-3 Years	4-5 Years	After 5 Years	Total
Trade and other payables	9,957	–	–	–	9,957
Provisions	–	500	685	2,109	3,294
Capital expenditure commitments	3,493	–	–	–	3,493
Derivative financial liabilities	3,095	–	–	–	3,095
Lease liabilities	134	331	–	–	465
Cash-settled share-based payments	2,053	974	–	–	3,027
Total	18,732	1,805	685	2,109	23,331

The capital expenditure commitments relate to materials and equipment which have been ordered by CMSA and which will be sold on to Blanket. In addition to the committed purchase obligations set out above:

- Blanket currently intends to invest approximately $27 million in 2022
- Caledonia intends to pay $10.2 million for the solar project in 2022

Other than the proposed investment in the solar project and at the exploration properties, the committed and uncommitted investment will be used to maintain Blanket's existing operations and implement the final development relating to the Central Shaft.

Committed and uncommitted purchase obligations are expected to be met from the cash generated from Blanket's existing operations and Blanket's existing borrowing facilities and, in respect of the solar project and the exploration properties, from Caledonia's cash resources.

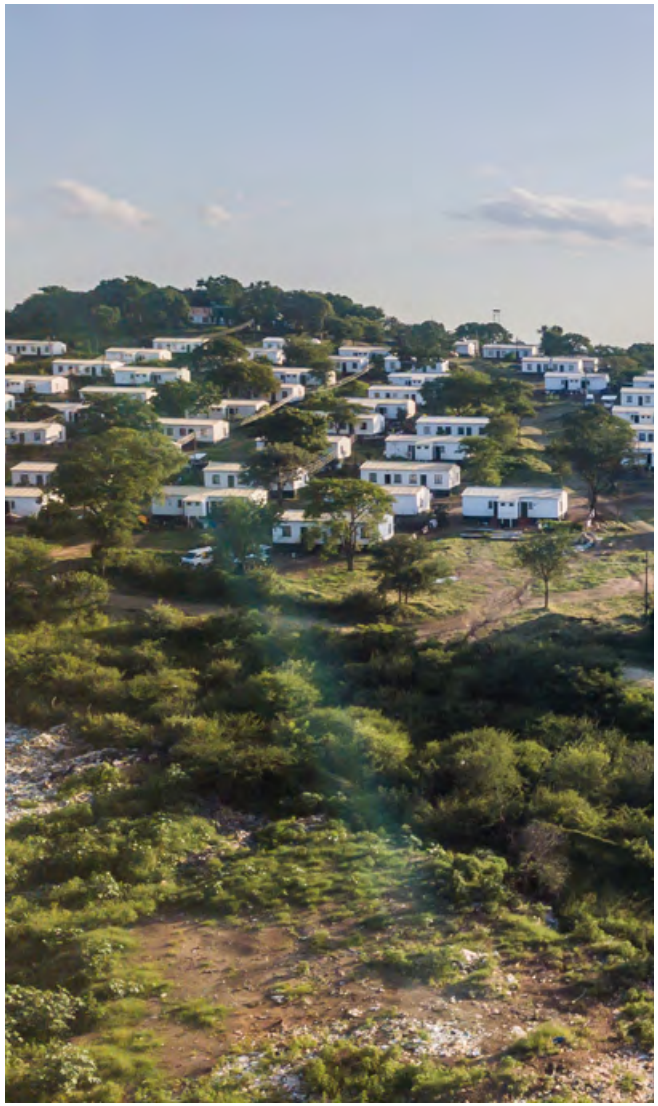
The group leases property for its administrative offices in Jersey, Harare and Johannesburg. Following the implementation of the IFRS 16, the group recognises the liabilities for these leases. As of December 31, 2021, Caledonia had potential liabilities for rehabilitation work on Blanket – if the mine is permanently closed – at an estimated discounted cost of $3.4 million (2020: $3.6 million).

Non-IFRS measures

Throughout this document, we provide measures prepared in accordance with IFRS in addition to some non-IFRS performance measures. As there is no standard method for calculating non-IFRS measures, they are not a reliable way to compare Caledonia against other companies. Non-IFRS measures should be used along with other performance measures prepared in accordance with IFRS. We define below the non-IFRS measures used in this document and reconcile such non-IFRS measures to the IFRS measures we report.

Cost per ounce

Non-IFRS performance measures such as "on-mine cost per ounce", "all-in sustaining cost per ounce" and "all-in cost per ounce" are used in this document. Management believes these measures assist investors and other stakeholders in understanding the economics of gold mining over the life cycle of a mine. These measures are calculated on the basis set out by the World Gold Council in a Guidance Note published on June 23, 2013 and accordingly differ from the previous basis of calculation.



FINANCIAL PERFORMANCE

continued

The table below reconciles non-IFRS cost measures to the production costs shown in the financial statements prepared under IFRS:

Reconciliation of IFRS production costs to non-IFRS costs per ounce ($'000)

As at December 31	2021	2020
Production cost (IFRS)	**53,126**	43,711
COVID-19 expenses included in operating cost	**(297)**	(1,038)
Cash-settled share-based expense	**(692)**	(634)
Less exploration and site restoration costs	**(774)**	(708)
Other costs	**(453)**	1,201
On-mine production costs*	**50,910**	42,532
Gold sales (oz)	**68,617**	57,137
On-mine cost per ounce ($/oz)	**742**	744
Royalty	**6,083**	5,007
Exploration, remediation and permitting costs	**155**	468
Sustaining capital expenditure	**619**	760
Administrative expenses	**9,091**	7,997
Silver by-product credit	**(122)**	(86)
Share-based payment expense included in production costs	**692**	634
Share-based payment expense	**477**	1,413
Procurement margin included in on-mine costs*	**(2,401)**	(3,501)
All-in sustaining cost	**65,504**	55,224
Gold sales (oz)	**68,617**	57,137
All-in sustaining cost per ounce excl. ECI ($/oz)	**990**	967
ECI	**–**	(4,695)
All-in sustaining cost	**65,504**	50,529
Gold sales (oz)	**68,617**	57,137
All-in sustaining cost per ounce after ECI and procurement margin ($/oz)	**955**	884
Solar expenses	**–**	230
COVID-19 donations	**74**	1,322
COVID-19 labour and consumable expenses	**297**	1,038
Permitting and exploration expenses	**74**	373
Non-sustaining capital expenditure	**30,650**	24,018
Total all-in cost	**96,599**	77,510
Gold sales (oz)	**68,617**	57,137
All-in cost per ounce ($/oz)	**1,408**	1,356

** The on-mine costs reflect those incurred on-mine to produce gold. The procurement margin on consumable sales between CMSA and Blanket is not deducted from on-mine costs as they represent a fair value that Blanket would pay for consumables if they were sourced from a third party. The procurement margin on these sales is deducted from all-in sustaining costs and all-in costs as these numbers represent the consolidated costs at a group level excluding intercompany profit margins.*

Average realised gold price per ounce

"Average realised gold price per ounce" is a non-IFRS measure which, in conjunction with the cost per ounce measures described above, allows stakeholders to assess our performance.

The table below reconciles average realised gold price per ounce to the revenue shown in the financial statements which have been prepared under the IFRS.

Reconciliation of average realised gold price per ounce ($'000)

12 months ended December 31	2021	2020
Revenue (IFRS)	**121,329**	100,002
Revenue from sales of silver	**(122)**	(86)
Revenue from sales of gold	**121,207**	99,916
Gold ounces sold (oz)	**68,617**	57,137
Average realised gold price per ounce (US$/oz)	**1,766**	1,749

Adjusted earnings per share

"Adjusted earnings per share" is a non-IFRS measure which management believes assists investors to understand the Company's underlying performance. The table overleaf reconciles adjusted earnings per share to the profit/loss attributable to owners of the Company shown in the financial statements which have been prepared under the IFRS.



FINANCIAL PERFORMANCE

continued

Reconciliation of adjusted earnings per share ("Adjusted EPS") to IFRS profit attributable to owners of the Company ($'000)

12 months to December 31	2021	2020
Profit for the period (IFRS)	**23,142**	25,257
Non-controlling interest share of profit for the period	**(4,737)**	(4,477)
Profit attributable to owners of the Company	**18,405**	20,780
Blanket Mine Employee Trust adjustment	**(326)**	(485)
Earnings (IFRS)	**18,079**	20,295
Weighted average shares in issue (thousands)	**12,170**	11,704
IFRS EPS (cents)	**149**	173
Add back/(deduct) amounts in respect of foreign exchange movements		
Realised net foreign exchange losses	**1,571**	4,062
– less tax	**(381)**	(1,006)
– less non-controlling interest	**(153)**	(383)
Unrealised net foreign exchange losses/(gains)	**(2,755)**	(8,369)
– less tax	**567**	2,158
– less non-controlling interest	**270**	836
Adjusted IFRS profit excl. foreign exchange	**17,198**	17,593
Weighted average shares in issue (thousands)	**12,170**	11,704
Adjusted IFRS EPS excl. foreign exchange (cents)	**141**	150
Add back/(deduct) amounts in respect of:		
Reversal of Blanket Mine Employee Trust adjustment	**326**	485
Impairment of property, plant and equipment	**497**	–
Impairment of E&E assets	**3,837**	2,930
Impairment of Eersteling receivable	**761**	–
Deferred tax	**5,240**	3,523
Non-controlling interest portion deferred tax and impairment	**(602)**	(900)
Fair value losses on derivative financial instruments	**240**	266
Adjusted profit	**27,497**	23,897
Weighted average shares in issue (thousands)	**12,170**	11,704
Adjusted EPS (cents)	**226**	204

Critical accounting estimates

Caledonia's accounting policies are set out in the Consolidated Financial Statements 2021 which have been publicly filed on SEDAR. In preparing the Consolidated Financial Statements 2021, management is required to make estimates and assumptions that affect the amounts represented in the Consolidated Financial Statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

For Caledonia's significant accounting policies refer to note 4 in the Consolidated Financial Statements 2021 that can be found on Caledonia's website (*Reports & Presentations – Caledonia Mining Corporation Plc*).



Scan or click on the QR Code to view Caledonia's audited Consolidated Financial Statements

CORPORATE GOVERNANCE



Caledonia endorses and is committed to the principles of good corporate governance and corporate citizenship. Overall responsibility for governance lies with the Board of Caledonia which has adopted a number of policies and charters for Caledonia and its group of companies and these are regularly reviewed and updated.

In accordance with the requirement of Rule 26 of the AIM Rules for Companies issued in March 2018, Caledonia provides details of a recognised corporate governance code that the Board of Caledonia has decided to apply, how the Company complies with that code, and where it departs from its chosen corporate governance code an explanation of the reasons for doing so. The Board has adopted the UK's QCA Corporate Governance Code. The Company also adheres to other applicable corporate governance standards including those required by the NYSE American and Canadian requirements relating to corporate governance.

The Board has adopted a Code of Business Conduct, Ethics and Anti-Bribery Policy ("Ethics Code") which commits Caledonia and its group of companies, directors and employees to the highest standards of business and ethical conduct. All such persons and all contractors must follow and abide by the Ethics Code, a copy of which can be found on Caledonia's website here: *https://www.caledoniamining.com/about/corporate-governance/*.

A sound approach to corporate governance promotes the creation of sustainable shared value by reconciling the interests of the group and our stakeholders by promoting strategic decision making based on Caledonia's values, goals, resources and risk appetite.

IN THIS SECTION

Chairman of the Board's review	P49
Caledonia's corporate governance structure	P51
Board and Board Committees	P52
Risk identification and mitigation	P62
Compensation overview	P67

Scan the QR code below to view our Code of Ethics on your mobile device

Caledonia Mining Corporation Plc

CHAIRMAN OF THE BOARD'S REVIEW

> "All major decisions relating to the business are made by the Board as a whole, supported by the work of its committees and their recommendations."



Leigh Wilson
Chairman of the Board

This, our second IR, provides information on our financial performance in 2021, our financial position at the end of 2021 and on our strategy, governance practices and outlook. Any material events after the reporting date and up to the approval by the Board of the IR have also been included in this report. This IR should be read in conjunction with our ESG Report which provides context on our environmental, social and governance performance.

Governance

As Chairman, I am principally responsible for setting the ethical tone of the Board and the Company, providing overall leadership to the Board without limiting the principle of collective responsibility of the Board for its decisions and for considering and approving the long-term strategy and vision for the Company. I, together with my fellow Board members, recognise the importance of good corporate governance that supports the Company's medium and long-term success.

Notwithstanding adherence by the Company to the relevant governance laws and principles by virtue of its multi-jurisdictional operating environment, the Board has decided, in particular, to apply the principles of the UK's QCA Corporate Governance Code. The Code sets out best practices for small to medium companies and we disclose in the Corporate Governance section of our website how the Company applies the ten principles of the Code.

At the date of publication of this IR, the Company has two executive directors, one non-independent non-executive director and six independent non-executive directors, thus ensuring a high level of independent views on the Board. Mr Steve Curtis, who retired as Chief Executive Officer with effect from 1 July 2022, remains on the board as a non-executive director, but he is not independent due to his recent executive role. All major decisions relating to the business are made by the Board as a whole, supported by the work of its committees and their recommendations. The Board will continue to review the composition of the Board and its committees as the Company grows and evolves.

The directors have a wealth of experience from diverse professional and personal backgrounds. I am responsible for leading the Board, including ensuring that an appropriate level of diversity is maintained to promote distinct perspectives, and for implementing a robust governance framework. The CEO is responsible for leading the business in its strategic pursuits and for ensuring that the Company's business model is implemented effectively and in line with the Company's values.

The Board meets at least quarterly and as required from time to time to consider specific issues required for decision. Amongst other things, the Board is responsible for setting the Company's strategy, ensuring corporate governance is of an appropriate standard, approving the business plan and appointing the CEO. The Board reviews key business risks regularly, including the financial and non-financial risks facing the business.

In 2021, as part of the Board's annual evaluation process, we commissioned Deloitte to conduct our first externally facilitated effectiveness evaluation of the Board, its committees and the directors. I am pleased to report that the feedback was very positive, reinforcing my belief that the Board is an effective decision-making body, principally because it is an open and respectful forum where everyone is encouraged to contribute and, despite the different skills and experience each of us bring, we consider and treat each other as equals. It is intended that an externally facilitated evaluation will be conducted every year which is intended to identify strengths and weaknesses and further improve corporate governance.

COVID-19

The COVID-19 pandemic continued to be a factor in the year under review although it was less significant than in the previous year. The CEO provides

CHAIRMAN OF THE BOARD'S REVIEW *continued*

more context in his statement on these challenges and how we responded. The rapid and decisive measures we implemented from 2020 continued with some modifications and protected our workforce and their families and safeguarded the business. The pandemic had no appreciable effect on production and only a minor effect on operating costs. The pandemic did, however, delay the completion of the Central Shaft project which was commissioned in March 2021 instead of October 2020. This had a consequential effect on the amount and the capital cost of the development to connect the shaft to the working areas which have continued to move deeper. COVID-19 also delayed the completion of the solar project. This delay means that Blanket continues to be exposed to the deteriorating electricity supply from the Zimbabwe grid for longer than had been anticipated and results in higher than anticipated usage of the diesel generators.

Health and safety

Creating and maintaining a safe operating environment for our workers and contractors is our top priority. The CEO and COO provide further detail in their statements on the measures they have taken to improve our performance in this area. To reinforce the non-negotiable importance of health and safety, it is one of the criteria that is considered when setting executive remuneration and performance rewards. Unfortunately, after an extended period of fatality-free operations, in early 2022 there was a fatal accident at Blanket: the Board expects management to re-double its efforts to maintain a safe working environment.

Finance and dividend

The CFO in his statement discusses our financial performance in 2021 and the outlook. Caledonia has paid a quarterly dividend for many years and the dividend is an important tool for creating shareholder returns. I am pleased to note there were 4 consecutive increases in Caledonia's quarterly dividend per share during 2021: the quarterly dividend increased from 10 cents per share in October 2020 to 14 cents per share in October 2021 – an increase of 40%. From January 2022 the Board has decided not to increase the dividend further so that the Company can retain cash to contribute towards the capital cost of further investments. Caledonia does not have a predetermined dividend pay-out ratio as the Board believes this would be too restrictive. The Board is comfortable for the Company to be judged on our track-record: we have maintained the dividend over an extended period during which we had a substantial capital investment plan; and we moved quickly to increase the dividend as we approached the end of the capital investment programme at Blanket. We have clearly articulated an intention to increase the dividend further as we reap the rewards of the investment in Blanket, whilst at the same time using some of the incremental cash flow to invest in new growth opportunities.

The listing on the VFEX raised gross proceeds of $7.8m through the issue of 619,783 shares. This has enabled us to welcome many more Zimbabweans onto our share register who now account, with other Zimbabwean holders, for over 10% of our register. Together with the 16% in Blanket held by a Government fund, 10% by a trust in favour of our mine workers and 10% by a local community trust, our business has a substantial number of local owners.

Strategy and outlook

One of the functions of the Board is to challenge the management team to develop and implement a strategic plan for the business. Since early 2015, Caledonia's strategy has been focused on completing Central Shaft which is fundamentally important to increase the cash-generation of the Company. When we achieve the target production of 80,000 ounces of gold per annum from 2022, we expect to have the financial and managerial capacity to evaluate further investment opportunities. The management team has already evaluated numerous opportunities in the Zimbabwe gold sector. I am pleased that at the end of 2021 we took a step to build a growth pipeline by acquiring the Maligreen claims in the Zimbabwe Midlands with an existing inferred resource of almost 1 million ounces.

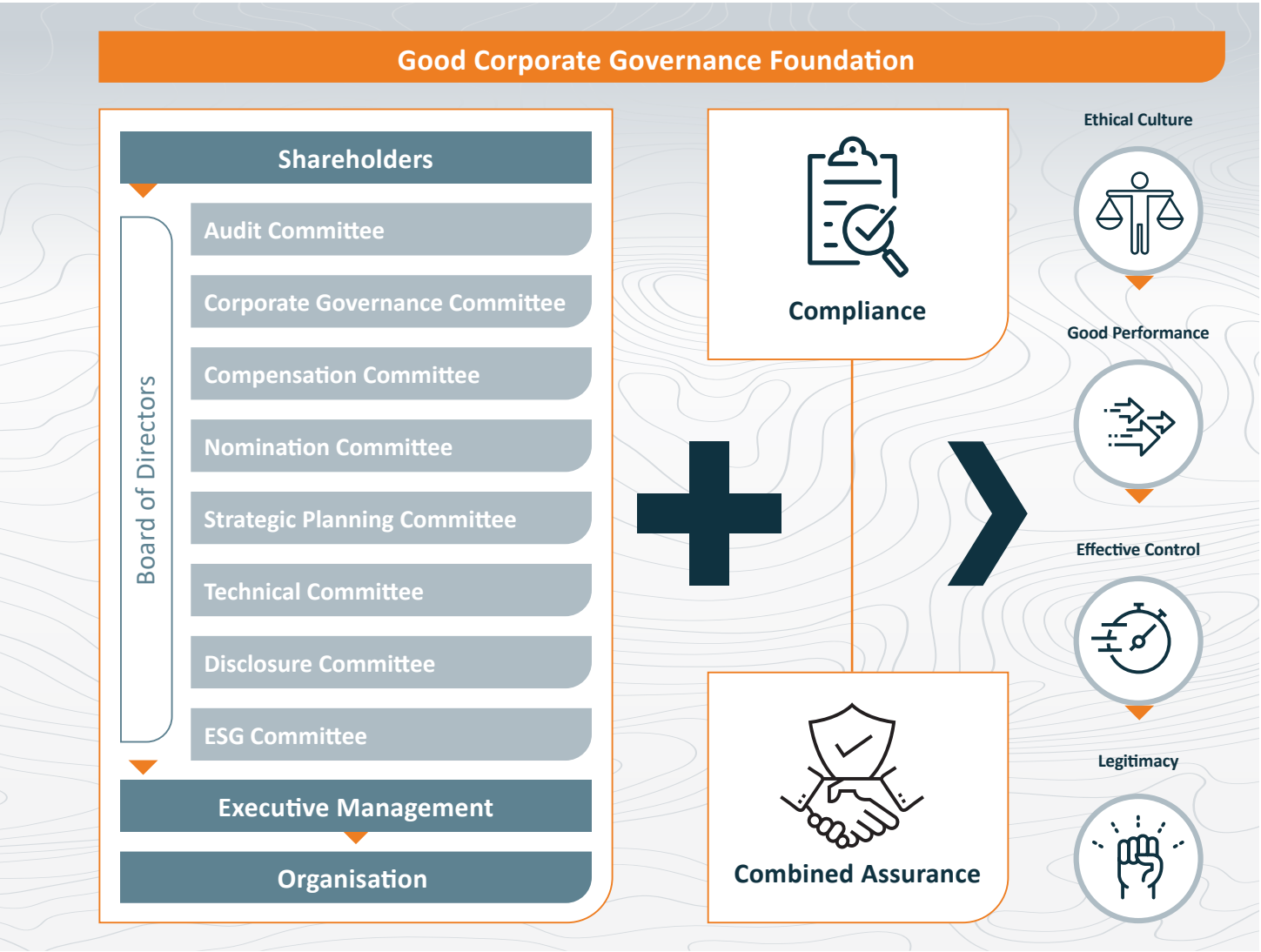
It gives me great satisfaction that the Company has signed an agreement for the purchase of Bilboes, a transformational asset for our business. The announcement of the transaction represents the culmination of many months of hard work on behalf of both parties for which I extend my and the board's sincere appreciation. As with many deals of this nature there remain several significant conditions precedent which I am confident that both parties will continue to work to resolve.

We have identified a small number of additional targets in Zimbabwe which we continue to pursue. Although we believe Zimbabwe is a highly prospective gold territory, there is no certainty that exploration at the projects we have already secured will be successful or that we will secure additional projects in Zimbabwe. Our approach to evaluating investment opportunities is simple: any new investment must have a reasonable prospect of materially increasing the net present value of the Company attributable to each share in issue and the dividend per share that the Company can afford to pay. As the six-year Central Shaft project begins to generate increased production and higher cash generation, I look to the future with optimism. Central Shaft establishes Blanket as a long-life, highly cash generative gold producer which will give us the financial capacity to embark on new projects in Zimbabwe and elsewhere. We have already made good progress in securing access to new projects which, hopefully, will result in accelerated growth for the benefit of all stakeholders.

Acknowledgments

I would like to thank the management and employees of the group for their dedication and hard work for the year under review – often in the face of very difficult conditions. In particular, I pay tribute to Mr Steve Curtis who retired as the Company's Chief Executive Officer with effect from 1 July 2022 after almost 8 years in the role. I am delighted that we have retained his services as a consultant and as a non-executive director so that the Company can retain access to his experience.

CALEDONIA'S CORPORATE GOVERNANCE STRUCTURE

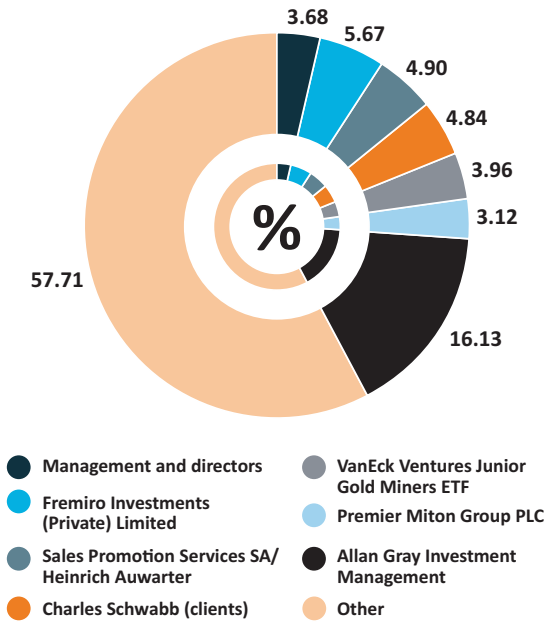


Caledonia's governance structure sets a clear picture of role delegation, areas of accountability and strong risk and performance management to identify the independent role and responsibilities in sustaining effective corporate governance. The Board believes that responsibilities delegated to management are done in line with the Company's values. The example that the Board and management set and the values and behaviours embraced by all employees in the organisation are what assist governance.

The Board of Caledonia ultimately ensures accountability for the governance and performance by approving the strategic direction of the business.

The Board also promotes ethical and effective leadership behaviour.

Shareholding in Caledonia



*Go to **pages 52** to **61** to find out more about the Board, its Committees and the value that they add to the Company.*

BOARD AND BOARD COMMITTEES

Members of the Board



Leigh Wilson

Chairman

Independent Non-executive Chairman

Washington DC, USA
Director since: 2012

Mr. Wilson has been a senior executive at large international business and financial services organisations, holding positions with Groupe Paribas in Paris, and at the Union Bank of Switzerland (Securities) Ltd. in London where he was Deputy Managing Director. He served as CEO of Paribas North America between 1984 and 1990. He has also acted as personal financial advisor to a number of significant family-owned enterprises.

Mr. Wilson currently serves as an Independent Trustee of Victory Portfolios, Victory Portfolios II and Victory Variable Insurance Funds (the "Victory Funds"). The Victory Funds, with net assets as of December 31, 2021 of $54.5 billion, part of the Victory Funds US mutual fund complex managed by Victory Capital Management, Inc. (NASDAQ: VCTR). He has served as an Independent Trustee of Victory Portfolios since 1994. He served as Chairman from 2002 to 2021, and as President from 1994 to 2002. 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. He currently serves as Independent Chairman of the Board.



Steve Curtis

Executive Director

until June 30 , 2022

Non-Independent Non-Executive Director

from July 1 , 2022

Johannesburg, South Africa
Director since: 2008

Mr. Curtis is a Chartered Accountant with over 41 years of experience and has held several 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 December 2014 when he was appointed as President and Chief Executive Officer.



John Kelly

Independent
Non-Executive Director

Connecticut, USA
Director since: 2012

Mr. Kelly has over 40 years' experience in the financial services industry in the USA, and international markets including emerging markets in Asia. Mr. Kelly is currently managing partner of Active Capital Partners LLC, an Independent Trustee of the Victory Funds and a non-executive member of CrossRoad LLC.

Within the last five years, Mr. Kelly has also been a partner of McCarvill Capital Partners and adviser to EndGate Commodities LLC.

Mr. Kelly is a graduate of Yale University and the Yale School of Management.



Johan Holtzhausen

Independent
Non-Executive Director

Cape Town, South Africa
Director since: 2013

Mr. Holtzhausen is a retired partner of KPMG South Africa with 43 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, 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 a non-executive director of DRDGOLD Limited and chairman of the Audit Committee and a member of the Remuneration and Nomination Committees of DRDGOLD Limited.

BOARD AND BOARD COMMITTEES

Members of the Board *continued*



Mark Learmonth

Executive Director

Chief Financial Officer

until June 30, 2022

Chief Executive Officer

from July 1, 2022

Jersey, Channel Islands

Director since: 2015

Mr. 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.

Mr. Learmonth was appointed Vice-President Finance and Chief Financial Officer of the Company in November 2014. Mr. Learmonth was also responsible for investor relations and corporate development until the appointments of Mr. Maurice Mason and Mrs. Camilla Horsfall in 2016 and 2020 respectively.



Nick Clarke

Independent

Non-executive Director

East Molesey, United Kingdom

Director since: 2019

Mr. Clarke is a highly experienced Chartered Engineer 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 and from 2006 to 2008 he was President and CEO of Lero Gold Corporation. 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 Corporation, Caledon Resources plc, Obtala Resources Plc, Columbus Copper Corporation and Sunkar Resources Plc .

Mr. Clarke is an associate of Camborne School of Mines . He is a trustee of the Camborne School of Mines Trust and a member of the Institution of Materials, Minerals and Mining.



Geralda Wildschutt

Independent

Non-executive Director

Johannesburg, South Africa

Director since: 2021

Ms. Wildschutt has over 25 years' experience in ESG and sustainability in the mining, renewable energy, banking and social sectors. She has worked across Africa, Latin America, Australia and Canada.

She is the CEO of Maisha Social Solutions Pty Ltd, a consultancy and advisory company working with mining and renewable energy clients. She has held senior positions at Anglo American, Gold Fields, ABSA/Barclays Group and Ashoka: Innovators for the Public.

Ms. Wildschutt holds a Masters degree in Psychology from the University of Cape Town, an MBA from the Business School of the Netherlands and a post-graduate Certificate in cross-sector partnerships from Cambridge University.



Dana Roets

Executive Director

Chief Operating Officer

Johannesburg, South Africa

Director since: 2022

Mr. Roets is a qualified Mining Engineer and holds a BSc. 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 million ounces of gold per annum. More recently, Mr. Roets was the COO at Great Basin Gold which had gold mining operations in USA and South Africa.

BOARD AND BOARD COMMITTEES

Members of the Board *continued*



Gordon Wylie
Independent Non-Executive Director

Malta

Director since: 2022

Mr. Wylie holds a bachelor's degree with Honours in Geology from the University of Glasgow, a Management Diploma from University of South Africa and a Postgraduate Diploma in Mining Engineering and Mineral Economics from the University of the Witwatersrand, South Africa.

Mr. Wylie has over 46 years' experience in the mining industry in both mining and exploration geology. Between 1997 and 2005, Mr Wylie was part of AngloGold Ashanti Limited's senior management team where he was responsible for the company's global exploration programmes, mining geology and associated technical services, covering around 40 countries and five continents.

Since leaving AngloGold Ashanti, Mr Wylie has accumulated 16 years' board experience as a non-executive director, of which twelve were as chairman at Lydian International Limited. He is currently a non-executive director of Chaarat Gold Holdings Limited.



John McGloin
Independent Non-Executive Director

Bishop Stortford, United Kingdom

Director: 2016 to February 2022

Mr. John McGloin is the former Chairman and Chief Executive of Amara Mining and is currently a non-executive director of Perseus Mining Limited, a non-executive director of Cornish Metals Inc., the non-executive chairman of Oriole Resources Plc and a non-executive director of Amphi Capital Limited. 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.

Mr. McGloin joined Caledonia in August 2016 and resigned as a director in February 2022.

Board mandate

The Board is responsible for overseeing the management and business affairs of Caledonia and makes all major policy decisions. It may delegate certain of its authority and responsibilities to Board Committees or the management of Caledonia. Nonetheless, the Board retains full effective control over the Company.

Purpose and responsibilities

The Board assumes responsibility for:

- Corporate governance
- Adopting a strategic planning process, approving strategic plans and monitoring performance against these
- Setting the ethical tone and the creation of an ethical and compliant culture
- Reviewing, approving and monitoring Company policies and procedures
- Approval of financial reports
- Steering and setting strategic direction
- Reviewing communication from Board Committees and/or management
- Ensuring accountability

Conflict of interest

A director is prohibited from using their position, or confidential and price-sensitive information, to benefit themself or any related third-party, whether financially or otherwise. Directors and officers are also required to inform the Board timeously of conflicts, or potential conflicts, of interest that they may have in relation to particular items of business.

Meetings attendance

The Board shall meet at least four times per year.

Meetings were held on:

February 2, 2021	September 1, 2021
March 17, 2021	October 28, 2021
May 11, 2021	November 5, 2021
July 2, 2021	November 21, 2021
July 15, 2021	November 22, 2021 (x2)
August 10, 2021	

and a number of resolutions in writing were passed.

Attendance of members was 95%

BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Independence

The majority of Caledonia's Board members are independent to ensure that decisions are made from different and diverse backgrounds, skills bases and expertise to benefit the Company and its shareholders.

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

Every year the non-executive directors complete a checklist to confirm their independence status. At its meeting on 17 March 2021, the Board evaluated the independence of all non-executive directors (including but not limited to considering whether the length of service of any director having served longer than nine years may affect or impair that director's independence of character and judgment) and affirmatively determined that all of them continue to be independent.

Fair compensation

The Board, via the Compensation Committee, is committed to ensuring that compensation of executive management is fair in the context of overall employee compensation. The Board is to ensure that this responsibility is monitored and reported back by the Compensation Committee.

Board focus areas for the reporting year

Governance

- Delegation of duties and responsibilities
- Fair employee compensation
- Appointment of a non-executive director
- Creation of ESG Committee
- Independence affirmation
- Convening AGM
- Appointment of new CEO
- Board evaluation
- Amendments to committee charters

Production performance

- Stock level availability and new equipment
- Logistics
- Development continuation

Financial performance

- Cashflow
- Equity raise – VFEX listing
- US Dollar currency peg
- Dividend pay out
- Capital requirement

Risk management

- COVID-19 measures implemented

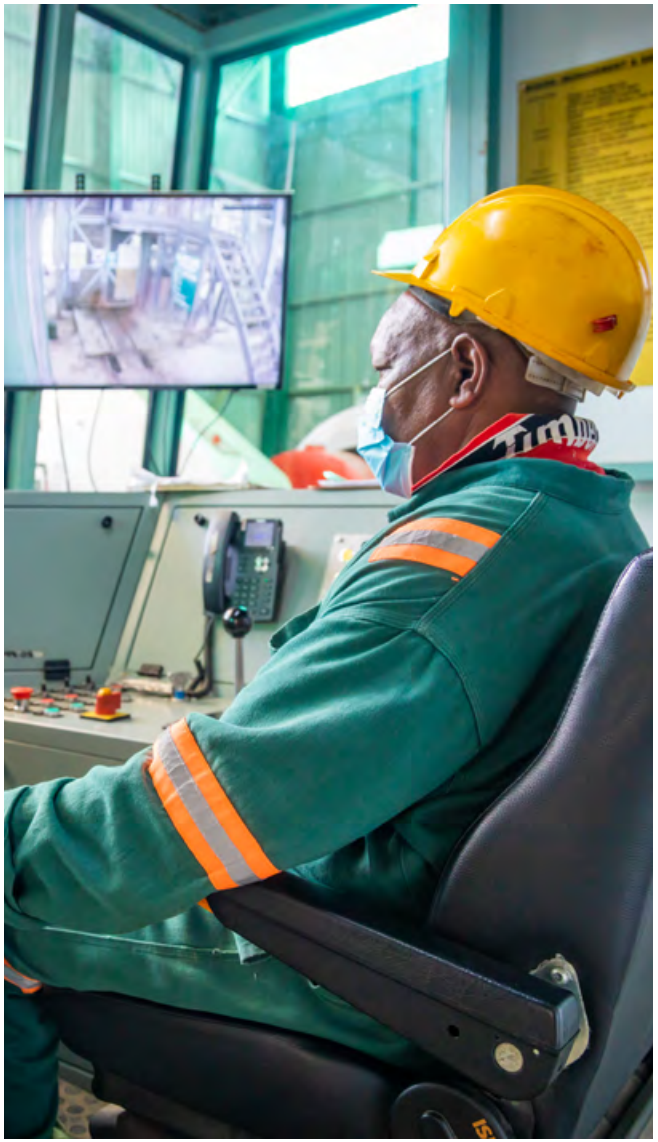
Stakeholder engagement

- Central Shaft contractors
- Zimbabwean government
- Solar plant contractors
- Mining claims of Maligreen

Steers and sets strategic direction

- Budget approval
- Evaluation of potential acquisition opportunities

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.



BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Officers and members of senior management who serve on Board committees



Chester Goodburn
Chief Financial Officer
from July 1, 2022
Serves on:
Disclosure Committee
Strategic Planning Committee

Mr. Goodburn is a qualified Chartered Accountant with 14 years' experience in the energy and natural resources sector. He worked as a senior manager at KPMG South Africa where he was seconded to several clients providing audit, tax and advisory services to several JSE, NYSE, AIM and TSX listed clients. He was the Chief Information Officer until 30 April, 2022. He was the group financial manager up until June 30, 2022 until his appointment as Chief Financial Officer from July 1, 2022. He is managing the solar project at Blanket.



Maurice Mason
Vice President Corporate Development
Serves on:
Strategic Planning Committee

Mr. Maurice Mason is an engineer with an MBA from Henley Reading University. Before joining Caledonia, Mr. Mason was a securities analyst at Stifel, a USA investment bank, where he focused on the mining sector.

Prior to working as a securities analyst Mr. Mason worked for six years with Anglo American in their platinum and coal operations based in both the Johannesburg and London offices.



Adam Chester
General Counsel, Company Secretary and Head of Risk and Compliance
Serves on:
Disclosure Committee
ESG Committee

Mr. Chester is a dual qualified lawyer (England and Jersey) 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 over 20 years' experience advising businesses and individuals on a variety of commercial and corporate legal issues.



Camilla Horsfall
Vice President Investor Relations
Serves on:
ESG Committee

Ms Camilla Horsfall joined Caledonia after seven years at Blytheweigh, a Financial PR agency where she focused on natural resources. Before that she was at Metal Bulletin, the UK's leading specialist publication on the global steel and commodities market. Ms. Horsfall has a BA Honours degree from Leeds University.

BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Audit Committee

Johan Holtzhausen (Chair) | John Kelly | Geralda Wildschutt

Meeting attendance

The Committee shall meet at least every quarter.

Meetings were held on:

- March 17, 2021
- May 11, 2021
- August 10, 2021
- November 5, 2021

Attendance of members was 100%

Purpose and responsibilities

The Audit Committee of Caledonia provides an open avenue of communication between Caledonia's management, the independent auditors and the Board.

The Committee is responsible in assisting the Board in:

- Oversight of the effectiveness of the Company's financial and operating compliance, and risk management controls
- Oversight of the effectiveness of the internal auditors, and the independence and effectiveness of the external auditors
- Monitoring the integrity of the Company's financial statements and other reports
- Evaluating comparison of budget versus actual performance, quarterly and annually
- Evaluating the solvency and liquidity of Caledonia
- Evaluating the going concern of Caledonia
- Presenting the Risk Committee updates on risk and mitigation.
- Monitoring internal controls

Value contribution

- Receiving and considering report on annual financial results and audit findings
- Recommendation of reappointment of BDO as the Company's auditor
- Review of the quarterly consolidated financial statements, annual audited consolidated financial statements and MD&A and giving recommendation to the Board for approval
- Delegating approval and filing of the annual form 20-F
- Evaluating comparison of budget versus actual performance, quarterly and annually
- Evaluating the solvency and liquidity of Caledonia
- Evaluating the going concern of Caledonia
- Receiving and considering quarterly reports from Risk Management Sub-Committee
- Internal controls monitored

Corporate Governance Committee

John Kelly (Chair) | Geralda Wildschutt | Leigh Wilson

Meeting attendance

The Committee shall meet, at the discretion of the Chairperson or a majority of the members, as circumstances dictate but at least once a year.

Meetings were held on:

- August 10, 2021
- September 1, 2021
- December 7 , 2021

Attendance of members was 91%

Purpose and responsibilities

The purpose and responsibilities of the Committee is to discharge the Board's responsibilities relating to:

- Exercising oversight with respect to the corporate governance of the Board
- Reviewing and reporting to the Board on matters of corporate governance and developing and recommending to the Board corporate governance principles applicable to the Company
- Leading the Board and its Committees in their annual assessments of their performance, including their supervisory oversight functions

Value contribution

- Approving and conducting annual Board evaluation with external advisor
- Overseeing activities and structure of Committees
- Reviewing internal governance documents, including policies and charters and recommending updates
- Approving the Company's QCA Corporate Governance Code disclosures
- Ensuring appropriate interface between the internal auditor and Board committees

BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Compensation Committee

John Kelly (Chair) **Johan Holtzhausen** **Leigh Wilson**

Meeting attendance

The Committee shall meet, at the discretion of the Chairperson or a majority of the members, as circumstances dictate but at least once a year.

Meetings were held on:

- August 3, 2021
- August 17, 2021
- December 14, 2021

Attendance of members was 100%

Purpose and responsibilities

The purpose and responsibilities of the Committee are to discharge the Board's responsibilities relating to:

- Establishment of executive compensation policies and programmes
- Establishment, review and approval of corporate goals and executive compensation
- Ratification of incentive compensation plans by the Board
- Reviewing director compensation
- Continuous disclosure reporting
- Other delegated duties or responsibilities as required by the Board

Value contribution

- Overseeing the performance of executive management
- Ensuring compensation to directors and executive management is reasonable and fair
- Reviewing the Company's disclosures for compensation and ensuring that they are satisfactory
- Performing an analysis of the Company's compensation structure, and identifying where adjustments must be done to be more consistent with peers and in order to retain executives
- Approving grant of LTIPs to certain senior management and employees of Caledonia and the issue of shares on vesting of LTIPs

Nomination Committee

Leigh Wilson (Chair) **Nick Clarke** **Johan Holtzhausen**
John Kelly **Geralda Wildschutt** **Gordon Wylie (From 2022)**

Meeting attendance

Meetings of the Committee will be held at least annually or at the invitation of the chairperson of the Committee, chairperson of the Board, Chief Executive Officer or a Committee member.

Meetings were held on:

- February 2, 2021
- September 13, 2021
- November 21, 2021

Attendance of members was 100%

Purpose and responsibilities

The purpose of the Committee is to seek and nominate qualified candidates for election or appointment to the Board and Board Committees.

The responsibilities of the Committee are:

- Identifying and recommending a pool of potential director candidates for consideration in the event of a vacancy on the Board including nominees recommended by shareholders
- Recommending to the Board a suitable candidate for appointment as the Company Secretary when necessary to do so
- Screening director candidates
- Ensuring a proper succession plan is in place in such a manner as the Committee deems appropriate to fulfil its purposes

Value contribution

- Appointed external search and selection consultancy to assist with succession planning
- Recommended appointment of Geralda Wildschutt as a new non-executive director
- Recommended Mr. Learmonth to be appointed as the next CEO
- Recommended Mr. Roets to be appointed as a director of the Board

BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Strategic Planning Committee

Leigh Wilson (Chair)
Chester Goodburn
Mark Learmonth
Geralda Wildschutt
Nick Clarke
Johan Holtzhausen
Maurice Mason
Gordon Wylie (From 2022)
Steve Curtis
John Kelly
Dana Roets

Meeting attendance

The Committee shall meet as often as it deems necessary in order to perform its role.

Meetings were held on:

- February 24, 2021
- April 15, 2021
- November 21, 2021

Attendance of members was 100%

Purpose and responsibilities

The purpose of the Committee is to assist the Board in carrying out its responsibilities relating to short- and long-term planning for the Company.

The responsibilities of the Committee are to:

- Identify and recommend to the Board strategic initiatives that further the Company's goals and objectives
- Build, approve and provide advice to management with respect to integration of the Company's current and future operations
- Approve the annual budget and recommend it to the Board for approval
- Review and recommend to the Board certain strategic decisions
- Assist the Board to address its responsibility to the shareholders with oversight of strategic planning and financing new strategic initiatives
- Review, analyse, monitor and recommend to the Board long-term business objectives and strategic plans developed by management
- Provide advice to management in the development of strategic plans
- Review and analyse competitive information and management's view of the Company's competitive position
- Prepare a vision statement and the Company's goals, and recommend to the Board for approval
- Oversee the implementation of the strategic plan and related initiatives
- Identify and evaluate the Company's development opportunities
- Develop criteria for use in evaluating potential strategic investments
- Assist management to identify critical strategic issues facing the organisation
- Assess potential mergers and acquisitions

Value contribution

- Evaluating potential acquisition opportunities
- Evaluating the 2022 budget

Technical Committee

Nick Clarke (Chair)
Dana Roets
Steve Curtis
Gordon Wylie (From 2022)
Johan Holtzhausen

Meeting attendance

The Committee shall meet, at the discretion of the Chairperson or a majority of the members, as circumstances dictate but at least twice a year.

Meetings were held on:

- January 26, 2021
- April 27, 2021
- May 17, 2021
- July 27, 2021
- September 16, 2021
- October 26, 2021

Attendance of members was 93%

Purpose and responsibilities

The purpose of the Committee is to assist the Board with its duties and responsibilities in evaluating and overseeing the exploration and development of, and reporting on, the Company's projects.

The responsibilities of the Committee are:

- Staying abreast of progress of engineering studies, exploration programmes, and other technical activities and report progress to the Board
- Assisting the executive officers in fulfilling their responsibility for oversight of the development of the Company's exploration and development projects
- Reviewing any release of new (and not previously Board or Committee approved) material containing technical information for compliance with the National Instrument 43-101 and other applicable industry standards including, but not limited to, such material contained in: news releases containing technical or geological information, information circulars, annual integrated report, management discussion and analysis, other technical reports, preliminary economic analyses, pre-feasibility studies, and feasibility studies
- Monitoring controls and other procedures (which may include procedures currently used by the Company) that are designed to ensure that approved production, capital and exploration plans and budgets are on schedule and within budget
- Discussing with the executive officers and Board all relevant information with respect to the Committee's proceedings
- Other responsibilities as the executive officers or Board may assign to it from time to time

Value contribution

- Reviewing safety and accident statistics
- Evaluating environmental performance
- Evaluating development (run of mine, capital, drilling and exploration) at Central Shaft
- Monitoring of production metrics
- Evaluating COVID-19 controls and procedures in place at the mine
- Evaluating current, new and potential projects and their development aspects
- Recommending when new capital items are required, e.g. generators
- Reviewing and recommending new technical report to be issued

BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Disclosure Committee

Camilla Horsfall (Chair)
Steve Curtis
Dana Roets
Adam Chester
Chester Goodburn
Nick Clarke
Mark Learmonth

Meeting attendance

The Committee shall meet, at the discretion of the Chairperson or a majority of the members, as circumstances dictate but at least once a year.

No formal meetings were held during the year. Senior management meets on an ad hoc basis to discuss and consider the release of information in accordance with the Disclosure Policy and a policy on the publication of press releases.

Purpose and responsibilities

The purpose of the Committee is to assist the Board in the identification and disclosure of material information about the Company and the accuracy, completeness and timeliness of the Company's financial reports.

The responsibilities of the Committee are to:

- Consider if the Company's financial conditions change materially and the effect of this change on investors and any required disclosure
- Review in advance of public release (i) any earnings guidance, and (ii) any news release containing financial information that has not previously been released
- Establish procedures to control confidential information
- Determine when matters justify or require (under applicable laws) public disclosure and determine what information should be disclosed and, if there is uncertainty as to whether certain information is material or required to be disclosed, the Committee should consult with counsel and, in appropriate circumstances, with its nominated advisor under the AIM Rules and any applicable regulatory authority
- Review significant contracts planned to be signed to determine whether a confidentiality agreement is required
- Approve press releases of the Company before distribution
- Circulate press releases to non-executive directors for their information prior to distribution and, to the extent that any concerns are raised, or comments made, take those into account before distribution

Value contribution

No formal meetings of the Committee were held during 2021 – given the volume of information released, all business of the Committee is conducted by ad hoc meetings between Committee members

ESG Committee

Geralda Wildschutt (Chair)
Camilla Horsfall
Dana Roets
Adam Chester
John Kelly
Leigh Wilson
Steve Curtis
Mark Learmonth (From 1 July 2022)

Meeting attendance

The Committee shall meet at the discretion of the chairperson or a majority of the members, as circumstances dictate.

Meetings were held on:

- July 20, 2021
- October 26, 2021

Attendance of members was 100%

Purpose and responsibilities

The purpose of the Committee is primarily to assist the Board with its duties and responsibilities in evaluating and overseeing the pursuance of the Company's goals in the areas of ESG and reporting on the Company's progress in these areas.

The Committee is responsible for oversight of the following:

- Maintaining health, safety and wellbeing of the group's employees, and the adherence to the highest quality standards while ensuring that safety measures are in place to mitigate risk in this area
- Focusing on the importance of the group's operations on the lives of its employees and ensuring the group's commitment to making a positive impact on these individuals
- Caring for the environment- the prevention, mitigation and control of the impacts of the group's activities on the environment, recognising that, as a business, the group has a responsibility to effective environmental management
- Unlocking value for local communities - aiming to drive social value in the communities in which the group operates
- Governance and reporting matters in relation to its areas of responsibility under the terms of reference listed in its charter

The Committee shall also have such other responsibilities as the executive officers or Board may assign to it from time to time.

Value contribution

- Considering an ESG strategy
- Approving ESG Report
- Adopting Human Rights Policy
- Considering the standards to be adopted (e.g. GRI)
- Commissioning an ESG gap analysis
- Monitoring the progress on the solar project

BOARD AND BOARD COMMITTEES

Members of the Board *continued*

Share ownership

The direct and indirect shareholdings of the Company's directors, officers and senior management as at June 30, 2022 were as follows:

	Number of shares	Percentage shareholding
L Wilson	40,000	0.31%
S Curtis	189,566	1.48%
M Learmonth	168,262	1.31%
J Kelly	16,330	0.13%
J Holtzhausen	21,025	0.16%
A Chester	36,789	0.29%
N Clarke	–	0.00%
C Mangezi	–	0.00%
D Roets	–	0.00%
G Wildschutt	–	0.00%
M Mason	–	0.00%
C Horsfall	782	0.01%
J Hobkirk	–	0.00%
G Wylie	–	0.00%
C Goodburn	4,100	0.03%
Total	**476,072**	**3.71%**

John McGloin resigned as director in February 2022 and owned 18,000 shares (0.14% shareholding) at the date of his resignation.

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



RISK IDENTIFICATION AND MITIGATION

We face significant risks due to the jurisdictions in which we operate and the nature of mining, exploration and development. Proper risk management controls and strategies must be in place to mitigate this unpredictable and ever-changing environment.

Risk is inherent in the conduct of our business. Our aim is to achieve best practice in identifying and controlling the significant risks to which the group is exposed. We aim to achieve this by identifying our priority risks and by incorporating appropriate risk management strategies. This includes taking steps to reduce risk and contingency planning. We periodically review our risk profile to account for changes in our operations and environment to enable us to make well-informed decisions and add value for our stakeholders.

Our risk management process

Caledonia's risk management process sets a risk governance culture throughout the group to ensure that all significant risks are properly identified, managed, mitigated and reported. The risk management sub-committee of the Audit Committee is responsible for identifying and reporting of risks that may have an impact on Caledonia.



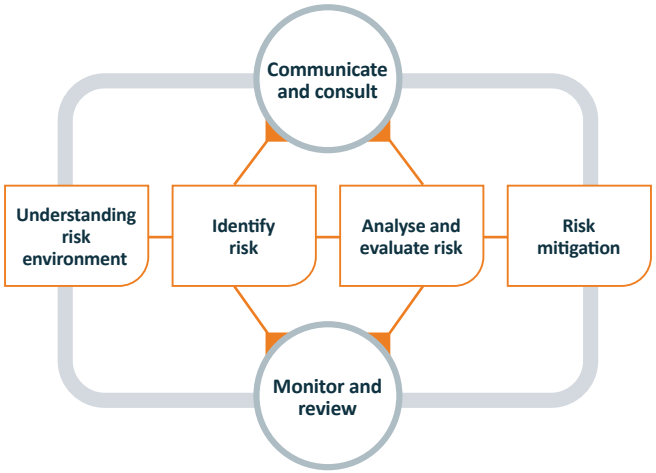
Group risk appetite and tolerance

In order for us to act in the best interest of our stakeholders we ensure that fair and robust management activities are in place within the risk appetite and risk tolerance levels of the group.

Caledonia's risk appetite can be defined as the type of risk we are willing to bear in order to meet our strategic plans or objectives, before action is deemed necessary to reduce the risk. In determining our risk appetite, we take into consideration earnings growth, production growth, cashflow, net profit attributable to shareholders, environmental impact, stakeholder relationship sustainability, safety and governance.

Caledonia's risk tolerance is defined as the level of uncertainty we are prepared to tolerate and deal with. Risk tolerance is aligned with the Company's goals and strategy and our overall risk appetite.

Risk tolerance



Inherent risks

The most significant emerging inherent risk identified by Caledonia during 2021 was the COVID-19 pandemic and the impact that it might have on our business.

Due to the lack of certainty around the time and extent of the virus there was a risk that lack of supplies and consumables, employee absence, lack of funding, lack of local currency purchasing power, failure by contractors to perform and travel restrictions could arise which might affect production and development.

Caledonia is actively managing this risk and has put in place the following measures to mitigate it as far as possible to prevent a significant impact on the Company:

- Introducing access control measures at Blanket to protect workers and their families
- Implementing suitable business continuity planning, including stockpiling consumables
- Sourcing extra medical equipment at the mine
- Acquiring vaccines for employees, their families and contractors
- Setting up an isolation centre at the on-mine clinic
- Sourcing extra protective clothing and equipment at the mine
- Contacting suppliers to understand and mitigate risks to the supply chain
- Reviewing contracts to understand the effects of non-performance as well as legal rights
- Supplementing insurance cover where necessary
- Making provisions for absent employees
- Making donations to stakeholders in Zimbabwe to assist in curbing the effects of COVID-19
- Stopping all non-essential travel

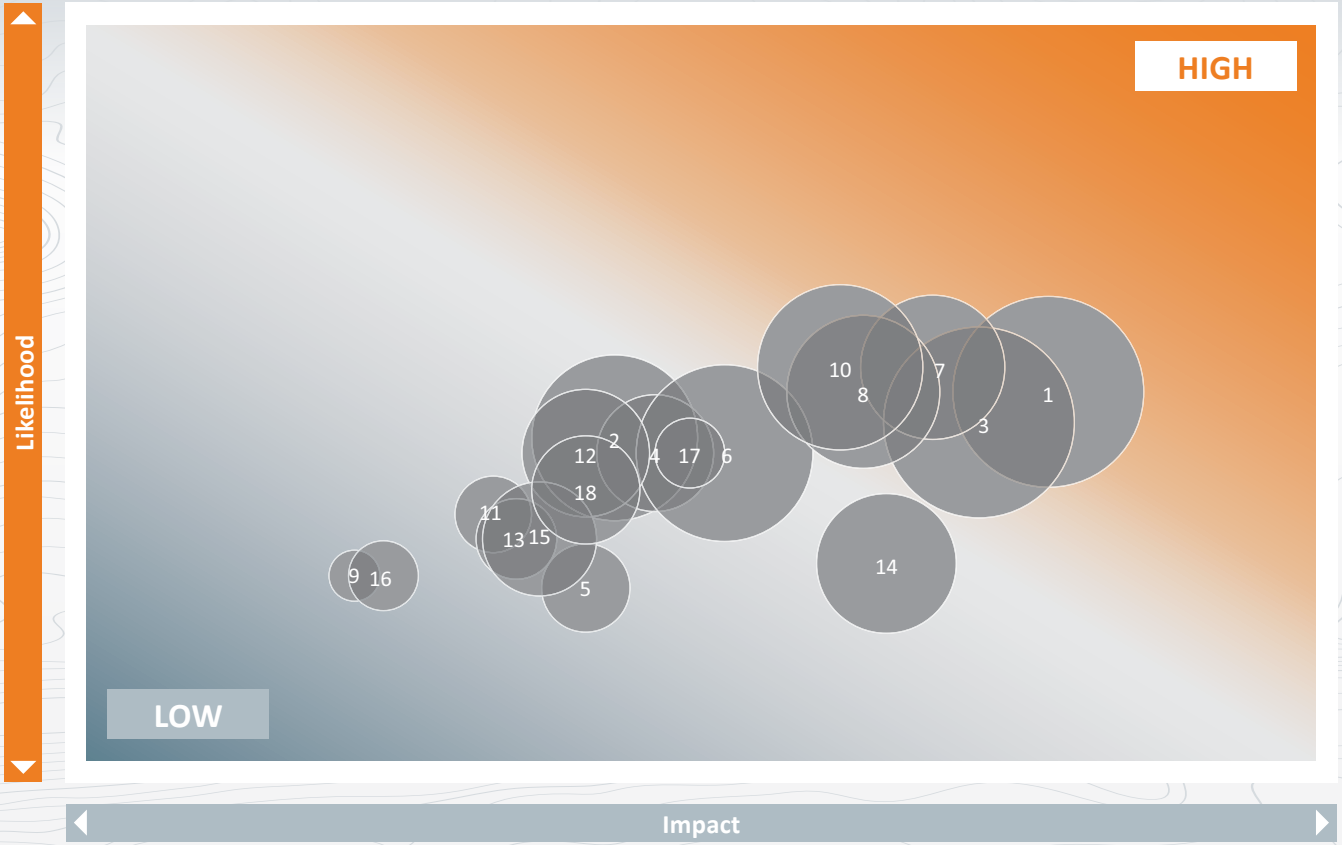
At the date of this IR, management is of the opinion that the effects of COVID-19 have been considered in making significant judgements in identifying and mitigating risk.

RISK IDENTIFICATION AND MITIGATION

continued

Our top inherent risks:

The following heat map shows the residual rating for the top significant risks identified within the Caledonia group for the year. The risks are plotted against the likelihood and impact thereof. A residual risk refers to the remaining risk after all mitigation measures are in place and have been followed.



1. Current production
2. Future production
3. Mine development
4. Production cost
5. Gold price
6. Succession planning – Board and executive management
7. Safety – on/off-mine safety
8. Rehabilitation provision – completeness and accuracy
9. Country risk – liquidity
10. Country risk – illegal mining
11. Country risk- consumable and capital equipment supply
12. Country risk – inflation (ZWL$ payments)
13. Power supply – power outages recorded daily
14. Laws and regulations – mineral rights
15. Laws and regulations – securities regulations and local laws
16. Tax – compliance with tax legislation and changes to tax regulations
17. Information technology – infrastructure, application and organisation capability risks
18. Environmental, social and governance

RISK IDENTIFICATION AND MITIGATION

continued

Inherent risk	Impact on value	Mitigating controls	Capitals
1. Current production	• Unanticipated shortfalls between actual and budget gold production due to fluctuations in grade, tonnes mined and metallurgical recoveries	• On-site expertise of senior management to continually monitor, address and report production issues	Financial Manufactured
2. Future production	• A shortfall in planned future production as detailed in the life of mine plan ("LOMP")	• Technical Committee meets to analyse, improve and approve the LOMP • Board typically approves annual LOMP at November budget meeting	Financial Manufactured
3. Mine development	• Adverse variances in the cost and timing of implementing the investment plan and other development projects at Blanket	• Monthly capital expenditure reports evaluating current and forecast spending	Financial Manufactured
4. Production cost	• Adverse variances in expected price per ounce	• Focus on rising cost- report and develop strategies to address	Financial Manufactured
5. Gold price	• Adverse effect on cash generation due to a lower gold price	• Quarterly cash forecasts detailing cash expectations and evaluating sensitivity to changes in key variables available • Consideration of possible hedging strategies	Financial Manufactured
6. Succession planning – Board and executive management	• Loss of senior and/or executive management without a succession plan	• Consideration of executive management personnel in critical business positions and director succession planning • Nomination Committee tasked with ultimate responsibility for executive management and Board appointments	Human
7. Safety – on/off-mine safety	• Conflict between achieving productivity and maintaining a safe working environment	• On-mine safety training and enforcement of best practices • Comprehensive business travel insurance in place	Human Manufactured
8. Rehabilitation provision – completeness and accuracy	• Incorrect footprint or cost estimation on rehabilitation	• Yearly in-house review of rehabilitation cost and footprint estimation • Three-yearly external expert review of footprint and cost estimation	Financial Natural

RISK IDENTIFICATION AND MITIGATION

continued

Inherent risk	Impact on value	Mitigating controls	Capitals
9. Country risk – liquidity	• Shortage of foreign exchange or short-term credit in Zimbabwe to purchase imports (consumables and items required for development), to ensure sufficient cash to fund dividend and capital requirements	• Regular dialogue with RBZ and other Zimbabwean government departments	Financial Manufactured Social and Relationship
10. Country risk – illegal mining	• Theft and/or damage of equipment and mineral resources	• Security at mine and satellite projects to prevent illegal mining and theft	Financial Manufactured Social and Relationship
11. Country risk – consumable and capital equipment supply	• Stoppages in the supply of critical consumables and capital equipment	• Tender Committee for single purchases above ZAR2.5m to ensure appropriate quality, cost or alternative buying source	Financial Manufactured Social and Relationship
12. Country risk – inflation (ZWL$ payments)	• ZWL$ rate charged by suppliers not at par with US Dollar prices converted at the interbank rate, increasing the in-country costs of operation	• Zimbabwean government liaison to establish a solution • Management to develop a contingency plan to cater for the orderly cessation of mining activities if Blanket becomes unprofitable	Financial Manufactured
13. Power supply – power outages recorded daily	• Adverse effect of unreliable, low voltage or limited power supply on production, development and safety	• Diesel generator capacity installed to run the current mine activities and Central Shaft • Ring feed installation to improve options of electricity sourcing away from grid-power • Consideration of alternative power sources (solar)	Financial Manufactured
14. Laws and regulations – mineral rights	• Loss of mining (or other) rights due to legal non-compliance, etc.	• Yearly review of mineral right requirements (and other permits required to maintain operations) to ensure that laws and regulations are adhered to	Financial Manufactured Social and Relationship
15. Laws and regulations – securities regulations and local laws	• Non-compliance with laws and regulations of our current listings or trading facilities and/or other applicable local laws relevant to our group	• Ongoing review of listing and local requirements to ensure compliance and provision of updates and advice by external counsel and other advisors	Financial Manufactured Social and Relationship

RISK IDENTIFICATION AND MITIGATION

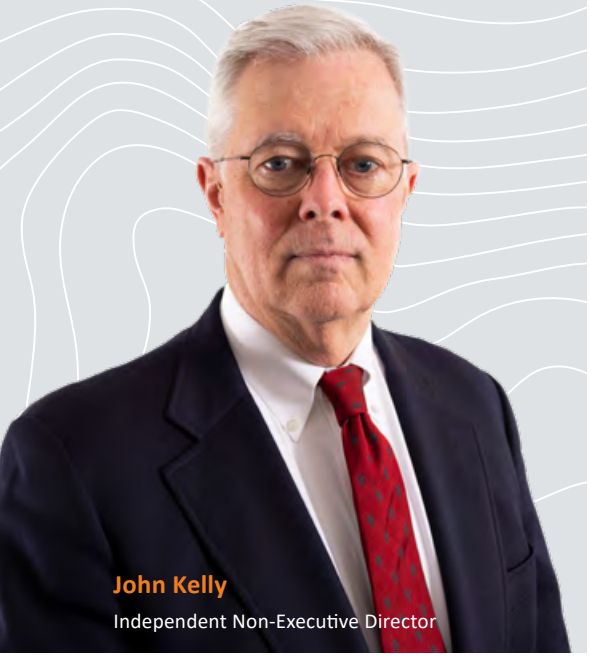
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Inherent risk	Impact on value	Mitigating controls	Capitals
16. Tax – compliance with tax legislation and changes to tax regulations	• Non-compliance with income tax legislation, transfer pricing estimates or disclosure requirements. Changes to regulations could have unexpected financial consequences	• Yearly review of income tax and transfer pricing estimates to ensure compliance with tax legislation • Regular external training	Financial Social and Relationship
17. Information technology: infrastructure, application and organisation capability	• Inadequate controls over governance and system frameworks, system management, security and communication technologies	• Appropriate IT governance structures, security and documented system changes • Fit for purpose software programmes • Appropriate firewalls, routers and network switches installed	Financial Manufactured Intellectual
18. Environmental, social and governance	• Actual and perceived risk of environmental negligence and ignorance of social and governance responsibilities	• Managing environmental matters as a result of mining activities • Incorporating structures to improve the social wellbeing of employees and the community surrounding our mining activities • Implementing appropriate governance structures throughout the group • Regular reporting of CSR activities and ESG credentials	Natural Social and Relationship

COMPENSATION OVERVIEW

Chairman of Compensation Committee statement

> "The Company has made significant progress over the past 3 years and is now transitioning from a single asset operator to a multi-asset gold producing business aligned to its long-term strategy. This transition necessitated a review of the compensation philosophy and strategy which had been largely developed to ensure the effective operation of a single cash generative asset."



John Kelly
Independent Non-Executive Director

As chairman of the Compensation Committee, I am pleased to present a compensation review for the year 2021 on behalf of the Committee.

The report below is in two sections: executive compensation policy and governance (including a summary of the work of the Committee); and compensation paid to directors and senior management (which expression in the report refers to the top five earners who are termed under applicable regulations "Named Executive Officers" or "NEOs") during the year and preceding two years for comparison.

The Company has made significant progress over the past 3 years and is now transitioning from a single asset operator to a multi-asset gold producing business aligned to its long-term strategy. This transition necessitated a review of the compensation philosophy and strategy which had been largely developed to ensure the effective operation of a single cash generative asset.

The Committee commissioned Deloitte Consulting (Pty) Ltd ("Deloitte") in 2021 to do a comprehensive review of the market as part of its annual executive compensation benchmarking exercise and relevant compensation structures in evidence for firms that operate at levels of gold production and complexity aligned to the medium- and longer-term strategy of the Company. This review highlighted elements within the structure that were no longer market aligned nor best fit to drive the achievement of the medium- and longer-term strategy of the Company. In particular, the relatively low long term incentive awards were an area that the analysis highlighted as not market aligned, but more importantly not aligned to the longer-term strategy of the Company as it looks to become a multi-asset producer. Deloitte's review also highlighted a risk around retention and attraction of talent both now and in the future.

The Committee held three meetings during 2021. At its two meetings in August, the Committee received Deloitte's review of a proposed improved key performance indicator framework for executives for short-term incentive payments; and analysed executive performance and compensation generally for 2021.

The Committee's meeting in December 2021 reviewed a number of critical elements around expected salary movements in the market in 2022, competitiveness in compensation per role and performance of the executives and the business and the expected annual cash incentive turnouts as well as a review of the Committee's work plan for 2022 together with a review of the long-term incentive policy and award levels. The Committee also considered the impending retirement of the incumbent CEO, his role and aligned compensation in the near future as a non-executive director and consultant as well as the compensation package for the new incoming CEO. The Committee resolved to apply a moderate increase to executive base compensation given the current levels compared to market and only adjusted those roles that were not market aligned. These base compensation levels will be revisited from time to time to ensure continued competitiveness within the market.

Following on from its meeting in December where it considered long term incentives and in conjunction with Deloitte's review, in January 2022 the Committee approved an increase to its future long term incentive awards to the NEOs to ensure that the Company now has a structure in place to drive the medium- and longer-term strategy of the Company as well as to ensure the attraction and retention of key talent. Awards made on January 24, 2022 were increased to 90% of basic salary for Messrs. Curtis and Learmonth, as the then current Chief Executive Officer and Chief Executive Officer to be appointed mid-2022 respectively, and 40% of basic salary for the other NEOs. Similarly to previous awards, these awards vest on the third anniversary of grant but will now only vest in shares and are subject to a mandatory holding period until the first anniversary of vesting primarily in order to cater for the events of forfeiture, reduction or cancellation of awards pursuant to the provisions of the Omnibus Equity Incentive Compensation Plan. The performance metrics applied to the awards granted in 2022 were resolved by the Committee to be equally weighted between total gold production and the average normalised controllable cost per ounce of gold achieved against budget over the performance period, with thresholds set below which no performance units ("PUs") vest and linear and stepped increases to the number of PUs vesting from the thresholds through the targets until a maximum of 150% of PUs that can vest on attainment of stretched targets.

Throughout the year, long-term incentive awards continued to be made to new heads of department and senior managers at the mine and to new joiners to the other Caledonia group companies with the total number of non-executive holders of awards being 70 at today's date.

The Committee continues to review compensation in light of applicable governance requirements, best practice and the needs of the business.

COMPENSATION OVERVIEW *continued*

Executive compensation policy and governance

The Board believes that executive compensation should be aligned with shareholders' interests in:

(i) Achieving annual and long-term objectives

(ii) Maximizing cash flow to support self-funded growth as well as sustainable and growing dividends

(iii) Achieving capital appreciation through increase in enterprise value

Accordingly, it is the Board's policy to establish an executive compensation framework that:

- Rewards management for performance against mutually agreed objectives that are concrete and measurable and reflect subjective assessment of other agreed strategic or tactical objectives
- Strikes an appropriate balance between base cash compensation and annual cash bonuses that are "at-risk" and tied to the annual performance of the Company and the individual
- Provides the opportunity to accumulate equity based on operating performance and stock price to create a long-term commitment to achieving growth in enterprise value
- Reflects market value of comparable roles among relevant peer group

Base compensation

The Board believes that base cash compensation of its executives should remain relatively stable over time and that the Short Term Incentive Plan ("STIP") is the best mechanism to recognise variable performance on an annual basis. Base salaries are set based on a review of similar executive roles and responsibilities at comparative companies and in consideration of larger companies that may attempt to recruit the Company's executives. The Board will consider adjustments in base salary from time to time in consideration of inflation or exchange rates as may be appropriate for any of the respective named executive officers ("NEOs") in the table overleaf.

STIP

Under the STIP, certain NEOs are eligible to receive annual performance-based cash bonuses currently targeted at 50% of each NEO's base cash compensation. The target percentage is a guideline, not a formula, and is paid at the discretion of the Board based on an evaluation of mutually agreed annual goals for the respective NEOs. The STIP goals are specific to the respective NEOs and encompass a range of criteria such as annual operating goals and financial performance, safety metrics, and near-term tactical or strategic activities. Depending on performance relative to the goals, a NEO may receive a cash bonus equal to, greater than, or less than their respective target.

LTIP

The Company's shareholders approved the Omnibus Equity Incentive Compensation Plan ("Plan") at the Annual General Meeting on May 14, 2015. The Plan was designed to give the Board broad latitude to design equity-based long-term compensation incentives ("LTIP") to align performance with shareholder interests. The Compensation Committee has granted LTIP awards to NEOs, certain management and employees within the group pursuant to the terms and conditions of the Plan.

Currently, LTIP awards are in the form of:

- Restricted Share Units ("RSUs") – the number of units that ultimately vest is not subject to any adjustment based on performance, but only on employment as of the vesting date, with only one NEO currently holding RSUs
- Performance Units ("PUs") – the number of units that ultimately vest is a target number of PUs subject to adjustment up or down based, for awards made up until 2022, on projected versus actual annual gold production in the year preceding vesting, subject to a maximum of 200% and minimum of 70% depending on gold ounces produced by the mine. The target numbers, for awards made up until 2022, were an amount representing 20% of the annual salary for each of the award holders and 30% for the CEO. Awards made on January 24, 2022 were increased, following a comprehensive review, to 90% of basic salary for Messrs. Curtis and Learmonth, as current Chief Executive Officer and Chief Executive Officer, appointed mid-2022 respectively, and 40% of basic salary for other NEOs with performance metrics being based on costs achieved as well as gold production.

  Awards of PUs are made each year and the vesting of PUs and RSUs for executives and certain staff occur on the third anniversary of the grant, whilst vesting for other holders occurs in yearly tranches. Vesting is in the form of cash or shares, at the option of the holder, except for awards made to the NEOs and other executives from 2022 which is in the form of shares.

Governance applied to compensation

The Board established a Compensation Committee to preside over the execution of its compensation policy. The Compensation Committee works with external consultants to ensure that the Company's executive compensation is consistent with international best practice in terms of structure and quantum. The Board has determined that the most effective means to achieve its compensation objectives is through competitive base salaries combined with STIP and LTIP awards.

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

COMPENSATION OVERVIEW *continued*

Compensation paid

Compensation outcomes

Executive directors and other NEOs' compensation

Name and principal position	Year	Salary	Share based awards ($)	Option based awards	Non-equity incentive plan compensation ($) Annual incentive plans[1]	Non-equity incentive plan compensation ($) Long-term incentive plans	Pension value ($)	All other compensation[2] ($)	Total compensation ($)
Steven Curtis *Chief Executive Officer*	2021	517,525	127,836	–	–	–	–	240,000	885,362
	2020	470,478	380,477	–	–	–	–	235,239	1,086,194
	2019	459,900	200,391	–	–	–	–	70,000	730,291
Dana Roets *Chief Operating Officer*	2021	489590	80,564	–	–	–	–	170,000	740,154
	2020	445,082	239,641	–	–	–	–	222,541	907,263
	2019	442,602	128,217	–	–	–	–	65,000	662,292
Mark Learmonth *Chief Financial Officer*	2021	480,011	89,645	–	–	–	–	235,000	804,656
	2020	436,373	231,660	–	–	–	–	218,187	886,220
	2019	433,942	163,350	–	–	–	–	65,000	662,292
Caxton Mangezi *Vice President Zimbabwe Operations*	2021	429,478	123,250	–	–	–	–	263,180	815,908
	2020	374,817	294,512	–	–	–	–	187,409	856,738
	2019	450,377	107,050	–	–	–	–	63,771	621,198
Adam Chester *General Counsel, Company Secretary and Head of Risk and Compliance*	2021	316,996	119,103	–	–	–	–	158,498	594,597
	2020	286,952	133,840	–	–	–	–	38,510	459,302
	2019	281,744	73,046	–	–	–	–	29,773	384,563

Non-executive directors' compensation

Non-executive director fees were paid in equal quarterly installments in arrears during 2021. From January 1, 2021 to December 31, 2021, the approved non-executive director fees amounted to $90,000 payable to each non-executive director other than Ms. Geralda Wildschutt who received $76,936 for her services in 2021 as her service began part way through the year.

The outstanding RSUs and PUs as at December 31, 2021 were as follows for executive directors, officers and key management:

Key management member	Vesting date	RSUs	PUs
Steve Curtis	2022/01/11	–	44,309
	2023/01/11	–	16,547
	2024/01/11	–	8,769
Dana Roets	2022/01/11	–	27,898
	2023/01/11	–	10,436
	2024/01/11	–	5,530
Mark Learmonth	2022/01/11	–	28,287
	2023/01/11	–	10,231
	2024/01/11	–	5,422
Caxton Mangezi	2022/01/11	–	23,533
	2023/01/11	17,971	8,788
	2024/01/11	–	4,657
Adam Chester	2022/01/11	–	13,692
	2023/01/11	–	7,103
	2024/01/11	–	3,509
Total		**17,971**	**218,711**

[1] *680 RSUs were reinvested during the year.*

[2] *No RSUs and PUs vested during 2021 for the above executive directors, officers and key management.*

For further detail on the RSUs and PUs refer to note 12.1 (a) of the Consolidated Financial Statements.

Caledonia does not have a pension, retirement or similar benefit scheme for directors or NEOs.

ADDITIONAL INFORMATION



IN THIS SECTION

Mineral resources and reserves statements	P71
Shareholders' information	P72
Annual general meeting	P73
Disclaimer	P74
Corporate information and administration	P75

Caledonia Mining Corporation Plc

MINERAL RESOURCES AND RESERVES STATEMENTS

Caledonia commissioned Minxcon (Pty) Ltd ("Minxcon") to compile maiden Technical Report Summaries ("TRSs") on behalf of Blanket and Maligreen. The published reports state mineral resources and reserves as at December 31, 2021.

The report was published on EDGAR and filed with the U.S. Securities and Exchange Commission ("SEC") on May 17, 2022 in fulfilment of the requirements of Subpart 1300. Caledonia contributed to the technical work required and presented in the reports. The qualified person responsible for the mineral reserves in the report is Mr Daan van Heerden, (B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng., FSAIMM, AMMSA), Director, Minxcon. The qualified person responsible for the mineral resources is Mr Uwe Engelmann, (BSc (Zoo. & Bot.), BSc Hons (Geol.), Pr.Sci.Nat., MGSSA), Director, Minxcon. Mr. Dana Roets (B Eng (Min.), MBA, Pr.Eng., FSAIMM, AMMSA), Chief Operating Officer, is the Company's qualified person, as defined by Canada's National Instrument 43-101 and , SEC Subpart S-K 1300, has approved any scientific or technical information contained in this document.

Mineral resources are stated as exclusive of mineral reserves and as attributed values. Ordinary kriging was employed for all estimates and confined to the property boundaries to which we have legal rights to explore and mine.

The Blanket Mine Mineral Resources occur as underground resources and estimates have been depleted for mining. Measured, Indicated and Inferred Mineral Resources are declared due to the continuity of the geology and grade as well as a history of proven historical mining. The Inferred Mineral Resources show geological continuity, while grade continuity requires improvement through additional drilling. A cut-off of 1.5 g/t was utilised for Blanket Mine based on a gold price of USD1,600/oz. No geological losses were applied to the Blanket Mine Measured Mineral Resources, while 5% discount was applied to the Indicated and Inferred categories. The Mineral Resources for Maligreen are reported at surface (all resources <220 m from surface) and underground (>220 m from surface). Owing to the lack of confidence in the data, only an Inferred Mineral Resource was defined. A cut-off of 0.4 g/t was applied to the surface resources, while a cut-off of 1.5 g/t was applied to the underground portion based on a gold price of USD1,800/oz. A 15% geological loss discount was applied to the Inferred Mineral Resources to account for geological, data and estimation uncertainty.

Caledonia Mineral Resources Exclusive of Mineral Reserves

			December 31, 2021			
			Attributable		100%	
GOLD PROPERTIES			Tonnes (Mt)	Grade (g/t)	Gold (koz)	Gold (koz)
Zimbabwe	**Blanket**	Measured	0.6	2.80	48	76
	Underground	Indicated	1.6	2.78	142	221
	64%	**Measured + Indicated**	**2.1**	**2.77**	**190**	**297**
	Attributable	Inferred	5.4	3.17	552	863
	Maligreen	Measured	–	–	–	–
	Surface	Indicated	–	–	–	–
	100%	**Measured + Indicated**	–	–	–	–
	Attributable	Inferred	13.6	1.63	712	712
	Maligreen	Measured	–	–	–	–
	Underground	Indicated	–	–	–	–
	100%	**Measured + Indicated**	–	–	–	–
	Attributable	Inferred	2.0	3.60	228	228
Total Measured + Indicated			**2.1**	**1.80**	**190**	**297**
Grand total			**23.1**	**2.26**	**1,683**	**2,100**

Refer to the following technical report summaries 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:

- S-K 1300 Technical Report Summary on the Blanket Gold Mine, Zimbabwe dated May 13, 2022 with an effective date of December 31, 2021
- S-K 1300 Technical Report Summary on the Maligreen Gold Project, Zimbabwe", dated April 22, 2022 with an effective date of December 31, 2021

The two TRSs were prepared by Minxcon (Pty) Ltd and filed by the Company on EDGAR on May 17, 2022 for resources and reserves and planned production as stated in this report. These TRSs can also be found on Caledonia's website (***Technical Reports - Caledonia Mining Corporation plc***).

Bilboes

Bilboes is a large, high-grade gold deposit located approximately 75 km north of Bulawayo, Zimbabwe. Historically, it has been subject to a limited amount of open pit mining.

The Project has NI43-101 compliant proven and probable mineral reserves of 1.96 million ounces of gold at a grade of 2.29 g/t and measured and indicated mineral resources of 2.56 million ounces of gold at a grade of 2.26 g/t and inferred mineral resources of 577,000 ounces of gold at a grade of 1.89 g/t. The Project has produced approximately 288,000 ounces of gold since 1989.

A feasibility study prepared by the vendors (the "DRA Feasibility Study") indicates the potential for an open-pit gold mine producing an average of 168,000 ounces per year over a 10-year life of mine.

Caledonia will conduct its own feasibility study to identify the most judicious way to commercialise the Project to optimize shareholder returns. One approach that will be considered is a phased development which would minimise the initial capital investment and reduce the need for third party funding.

SHAREHOLDERS' INFORMATION

Capitalisation (June 30, 2022)

Authorised: Unlimited

Shares, warrants and options issued:

Shares: 12,833,126
Options: 10,000

Share trading symbols

NYSE American – Symbol: "CMCL"

AIM of the London Stock Exchange plc- Symbol: "CMCL"

Victoria Falls Stock Exchange- Symbol: "CMCL"

Statement

Caledonia is incorporated in Jersey. The rights of the shareholders of Caledonia may be different in certain respects from the rights of shareholders of a company incorporated in the United Kingdom or other jurisdictions (e.g. Canada or the US). It should be noted that significant shareholders (which under the AIM Rules are any persons with holdings of 3% or more of Caledonia's securities) are required to notify Caledonia their holdings as is similarly required under the United Kingdom's Disclosure Guidance and Transparency Rules which are incorporated by reference in Caledonia's articles of association.

Caledonia is a non-DTR company (as defined under the AIM Rules) and so, in accordance with the notes to AIM Rule 17, shareholders are advised that statutory disclosure of significant shareholdings of Caledonia is different to that of a DTR company and therefore may not always ensure compliance with the requirements of AIM Rule 17. Under the securities laws in Canada, an "insider" of Caledonia (which would include a shareholder who beneficially owns, controls or has direction over more than 10% of Caledonia's common shares) is required to report their holdings in accordance with the applicable regulations. There are also reporting obligations that apply to holders of Caledonia's shares under US law, in particular, Schedule 13 of the Securities Exchange Act of 1934 which requires a person or group of persons who acquire more than 5% of Caledonia's shares to file a report with the SEC.

Caledonia has 12,833,126 common shares issued. At the date of this IR, directors and management own or have an interest in 476,072 common shares representing 3.71% of Caledonia's issued capital.

Allan Gray Investment Management, a South African fund manager, is the largest holder of Caledonia's securities and has disclosed to Caledonia that it holds these through two of its funds, Allan Gray Africa ex-SA Equity Fund Limited and Allan Gray Africa Equity Fund Limited.

To the knowledge of Caledonia as at the date of this IR, the following beneficial owners that directly or indirectly exercise control or direction over more than 5% of the voting rights to Caledonia's shares are:

Name	Shares/Depositary interests	% of Share Capital
Allan Gray (through two of its funds)	2,069,891	16.13%
Fremiro Investments (Private) Limited	727,266	5.70%

According to the above information, 19.66% of Caledonia's securities are held "not in public hands" in terms of the AIM Rules.

There are no restrictions on the transfer of Caledonia's issued shares.

Dividend policy

During 2020 and 2021, the Company increased its quarterly dividend by 104% from 6.875 cents per share to 14 cents per share. Total dividends per share paid in 2021 were 50 cents per share – an increase of 49% from 2020. In 2021, the Company increased its quarterly dividends to 11 cents per share in January 2021, 12 cents per share in April 2021, 13 cents per share in July 2021 and 14 cents per share in October 2021. This represents a 40% increase from the last dividend of 10 cents paid in October 2020.

Caledonia advises shareholders that following the re-domicile of the Company from Canada to Jersey, Channel Islands with effect from 19 March 2016, dividends paid after such date would no longer be designated "Eligible Dividends" for Canadian income tax purposes. Following the delisting of Caledonia's shares from the TSX, dividends are paid in US Dollars and GB Pounds.

ANNUAL GENERAL MEETING

An Annual General Meeting ("AGM") was held on May 4, 2022 at St Helier, Jersey, Channel Islands.

The total number of shareholders present in person or by proxy at the AGM was 78, representing 35.17% of the Company's outstanding voting shares.

The table below shows the proxy votes received on resolutions 1(a) to 1(h), which were duly passed by a show of hands, to reappoint the eight nominees proposed for re-election as directors:

Nominee	For	Percentage	Against	Percent	Abstained
Leigh Wilson	4,388,999	97.55%	110,247	2.45%	14,446
Steve Curtis	4,478,845	99.51%	22,187	0.49%	12,660
Mark Learmonth	3,909,753	86.86%	* 591,479	13.14%	12,460
John Kelly	4,406,069	97.96%	91,567	2.04%	16,056
Johan Holtzhausen	4,440,354	98.71%	57,956	1.29%	15,382
Dana Roets	4,471,278	99.47%	23,632	0.53%	18,782
Nick Clarke	4,448,804	98.92%	48,716	1.08%	16,172
Geralda Wildschutt	4,440,861	98.73%	57,145	1.27%	15,686

** Proxy advisors Glass Lewis recommend investors voting against CFOs being on boards. Mr Learmonth is now the CEO and the new CFO is not appointed to the Board.*

Further resolutions 2, 3, 4 and 5 were also passed at the AGM so that:

- BDO South Africa Inc. was reappointed as the auditor of the Company for the ensuing year and the directors were authorised to fix its remuneration
- Messrs. Holtzhausen and Kelly and Ms. Wildschutt were reappointed as members of the Audit Committee
- The Company was granted an authority to make market purchases of up to 10% of its share capital and to hold repurchased shares in treasury.

The full text of each resolution, together with explanatory notes, are set out in the notice of AGM and management information circular dated March 22, 2022, which are available on the Company's website at *www.caledoniamining.com*.



DISCLAIMER

This report does not constitute, or form part of, any offer to sell or issue or any solicitation of any offer to purchase or subscribe for, any shares in Caledonia, nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, or act as an inducement to enter into any contract or agreement thereto.

Information and statements contained in this IR that are not historical facts are "forward-looking information" within the meaning of applicable securities legislation that involve risks and uncertainties relating, but not limited to, Caledonia'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 IR include: implementation schedules for, and other uncertainties inherent in, the Central Shaft project; 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; timing of commencement of operations; plans and timing regarding further exploration, drilling and development; the prospective nature of exploration and development targets; the ability to upgrade and convert mineral resources to mineral reserves; capital and operating 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 resources and reserves, the grade and recovery of ore which is mined varying from estimates, success of future exploration and drilling programmes, reliability of drilling, sampling and assay data, assumptions regarding the representativeness of mineralisation 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, fluctuations in commodity prices, delays in the development of projects and other factors.

Security holders, potential security holders and 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 and mineral resources proving to be inaccurate, fluctuations in gold price and payment terms for gold sold to Fidelity, 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, fire, 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 COVID-19), availability and increasing costs associated with mining inputs and labour, the speculative nature of mineral exploration and development, including the risks of obtaining or maintaining necessary licences 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. Security holders, potential security holders and 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 IR; 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.

National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") is a rule of the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserves and resource estimates contained in this press release have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System. These standards differ from the requirements of the U.S. Securities and Exchange Commission (the "SEC"), and reserve and resource information contained in this press release may not be comparable to similar information disclosed by U.S. companies. The requirements of NI 43-101 for identification of reserves and resources are also not the same as those of the SEC, and any reserves or resources reported in compliance with NI 43-101 may not qualify as "reserves" or "resources" under SEC standards. Accordingly, the mineral reserve and resource information set forth herein may not be comparable to information made public by companies that report in accordance with United States standards.

Accordingly, neither Caledonia, nor any of its directors, officers, employees, advisers, associated persons or subsidiary undertakings shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying upon this report or any future communications in connection with this report and any such liabilities are expressly disclaimed.

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