

**AUDIT COMMITTEE CHARTER**

**Caledonia Mining Corporation Plc**

## Contents:

1.	Mandate .....	3
2.	Purpose.....	3
3.	Composition.....	4
4.	Membership .....	4
5.	Attendance of Meetings.....	5
6.	Quorum .....	5
7.	Roles and Responsibilities .....	5
8.	Governance and Authority .....	7
9.	Nomination and Appointment of External Auditors.....	7
10.	Internal Auditors.....	8
11.	Appointment of the Risk Management Committee .....	8
12.	Other Committee Responsibilities .....	8
13.	Reporting Requirements .....	8
14.	Confidentiality .....	9
15.	Evaluation.....	9
16.	Amendments to the Charter.....	9
17.	Charter Enforcement.....	9
18.	Document Control.....	9
19.	Charter Approval.....	10

## **1. Mandate**

The Audit Committee (the "Committee") of Caledonia Mining Corporation Plc ("Caledonia" or the "Corporation") has adopted this charter ("Charter"). The Committee shall review and reassess this Charter every year or sooner if significant changes occur and recommend any proposed changes to the board of directors of the Corporation (the "Board") for approval. Meetings of the Committee are conducted when required and its operating duties are described below.

## **2. Purpose**

2.1 The purpose of the Committee is to provide an open avenue of communication between Caledonia's management ("Management"), the independent auditors ("Auditors") and the Board and to assist the Board in its oversight of the:

- integrity, adequacy and timeliness of Caledonia's financial reporting and disclosure practices;
- processes for identifying the principal financial risks of Caledonia and the control systems in place to monitor them;
- compliance with legal and regulatory requirements related to financial reporting;
- independence and performance of the Auditors;
- processes implemented by Management to ensure effective internal controls over financial reporting;
- enterprise risk management;
- fraud risks related to financial reporting;
- risks related to financial reporting; and
- integrated reporting.

2.2 The Committee shall also perform any other activities consistent with this Charter to ensure that Caledonia's articles of association, governing and regulatory laws as required by the SEC, Sarbanes-Oxley Act and NYSE American LLC, TSX and AIM requirements are monitored by Management.

2.3 The Committee's role is one of oversight. The financial statements are the responsibility of Management. The Auditors are responsible for performing an audit and expressing an opinion on the fair presentation of Caledonia's financial statements in accordance with International Financial Reporting Standards ("IFRS").

2.4 The Committee shall ensure that a combined assurance model is developed and implemented to provide a co-ordinated approach to all assurance activities.

### **3. Composition**

- 3.1 Members of the Committee shall be appointed by the shareholders at the annual general meeting of the company. The Committee chairperson ("Chairperson") shall be appointed by the Board from one of the members of the Committee at the first Board meeting following the annual general meeting.
- 3.2 The Committee shall be comprised of three or more Independent Directors (as such term is defined in section 10 of the charter of the Board), one of whom shall serve as the Chairperson.
- 3.3 To be an Independent Director, each Committee member must be independent, subject to any independence exemptions, as set out in National Instrument 52-110 Audit Committees ("NI 52-110"). The NI 52-110 states that an 'independent' director is a director who has no direct or indirect material relationship with the Corporation and a 'material relationship' is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship. The NYSE American LLC Company Guide also sets out further requirements for independence, particularly in relation to serving on an audit committee. Director's independence can be further assessed in accordance with section 10 of the charter of the Board.
- 3.5 The chairperson of the Board may not be a member of the Committee but may be invited to attend the Committee meetings or part thereof.

### **4. Membership**

- 4.1 Each member of the Committee shall satisfy themselves of the requirements of the applicable laws, regulations, and the rules of any stock exchange or market upon which the shares or other securities of Caledonia are listed or traded on (hereinafter generally called the "Stock Exchange"). Each member shall also be an independent, non-executive director, free from any relationship that, in the opinion of the Board, could reasonably be expected to interfere with the members' independence towards Management, any internal auditors or the Auditors.
- 4.2 The Company Secretary shall act as the secretary of the Committee.
- 4.3 All members shall be, or promptly after appointment shall become, financially literate as determined by the Board. At least one member shall have accounting or related financial management expertise or an individual should be well versed in IFRS, internal control structures and other functions of the Committee as determined by the Board.
- 4.4 The Committee must collectively have sufficient expertise and experience necessary to perform their functions and each member must be able to read and understand fundamental financial statements. This includes a suitable level of understanding of integrated reporting, internal controls over financial reporting, external audit process, corporate law, risk management, sustainability matters, information technology and the corporate governance process. One of the members of the Audit Committee must also be financially sophisticated (as such term is set out in the NYSE American LLC Company

Guide or who qualifies as an audit committee financial expert under Item 407(d)(5)(ii) and (iii) of the SEC's Regulation S-K).

## **5. Attendance at Meetings**

- 5.1 The Committee and its members shall meet all applicable legal, regulatory and listing requirements that in future might arise and that are not set out in this Charter.
- 5.2 Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken in writing signed by all of the members, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.
- 5.3 The Committee shall maintain minutes of meetings and periodically report to the Board on significant results of the Committee's activities.
- 5.4 The Committee may invite any other persons to its meetings as it deems appropriate and any member of the Committee could request that a meeting be held by informing all other members of the Committee.

## **6. Quorum**

- 6.1 The Committee shall meet, at the discretion of the Chairperson or a majority of the members, as circumstances dictate but at least every quarter of which two meetings a year should be physically in Jersey, Channel Islands. A majority of the members shall constitute a quorum.
- 6.2 If and whenever a vacancy shall exist, the remaining members may exercise all of its powers and responsibilities so long as a quorum remains in office.

## **7. Roles and Responsibilities**

The following are the Committee's roles and responsibilities:

- 7.1 The Committee will review and approve the plan of work for the Auditors, including its plan, scope and timing.
- 7.2 The Committee shall review Caledonia's interim unaudited and annual audited financial statements and report thereon to the Board prior to them being filed with the appropriate regulatory authorities, published or distributed. With respect to the financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments with Management and the Auditors, as and when the Committee deems it appropriate to do so.
- 7.3 The Committee shall review the Management Discussion and Analysis, the annual and interim financial statements, Forms 20 F and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to them being filed.

- 7.4 The Committee shall review Management's earnings releases relating to annual and interim financial statements prior to them being filed with the appropriate regulatory authorities.
- 7.5 The Committee shall review the post-audit or other documentation containing the recommendations of the Auditors as well as Management's response and subsequent follow-up to any identified weaknesses.
- 7.6 The Committee shall review the evaluation of internal controls by internal auditors, together with Management's response thereon.
- 7.7 The Committee shall annually meet with the Auditors and Caledonia's Chief Financial Officer to review Caledonia's accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deems appropriate.
- 7.8 The Committee shall be directly responsible for overseeing the work of the Auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Caledonia, including the resolution of disagreements between Management and the Auditors on financial reporting matters.
- 7.9 The Committee must pre-approve all non-audit services to be provided to Caledonia or its subsidiary entities by the Auditors. The subsidiary entities include corporations, partnerships or other entities which, pursuant to IFRS, are included in the consolidated financial results of the Corporation.

The list of non-audit services include:

- bookkeeping;
  - financial information system design and implementation;
  - appraisal or valuation services;
  - actuarial services;
  - internal audit outsourcing services;
  - management functions;
  - human resource services;
  - tax planning;
  - tax compliance;
  - broker-dealer or any investment banking functions; and
  - legal services.
- 7.10 The Committee must be satisfied that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from Caledonia's financial statements, other than the public disclosure referred to above, and must periodically assess the adequacy of those procedures.
  - 7.11 The Committee must establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal financial reporting control or auditing matters and the confidential, anonymous submission by employees of Caledonia and its subsidiary entities of concerns regarding questionable accounting or auditing matters.

- 7.12 The Committee must review and approve Caledonia's hiring policies regarding partners, employees and former partners and employees of the present and former Auditor.
- 7.13 The Committee must ensure that the information technology risks related to financial reporting and the going concern status of the Corporation are properly managed.

## **8. Governance and Authority**

- 8.1 The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may require the internal auditors and/or the Auditors as well as any employee of Caledonia, or Caledonia's outside counsel, to attend a meeting of the Committee or to meet with any members of the Committee or consultants to the Committee.
- 8.2 The Committee shall have unrestricted access to Caledonia's books and records.
- 8.3 The Committee has authority to:
- engage independent counsel and other advisors as it determines necessary to carry out its duties.
  - set payments for the compensation of any advisors engaged by the Committee.
  - communicate directly with the internal auditors and the Auditors.
- 8.4 The internal auditors will have direct access to the Committee and vice versa.
- 8.5 The Chairperson , or other member so designated by the Committee, may represent the Committee to the extent permitted by applicable legal and Stock Exchange requirements.

## **9 Nomination and Appointment of Auditors**

- 9.1 The Auditors are ultimately accountable to the shareholders of Caledonia. The Board has the authority to nominate the Auditors to be proposed for shareholder approval at each annual general meeting. The Board will set the compensation for the Auditors.
- 9.2 The Committee shall review the performance, quality and effectiveness of the Auditors and give feedback to the Board to assist in its nomination for (re)appointment and compensation decision.
- 9.3 The Committee shall be responsible for ensuring that the Auditors submit to the Committee (on a periodic basis) a formal written statement delineating all relationships between the Auditors and Caledonia. The Committee is responsible for discussing with the Auditors any relationships or services that may impact the objectivity and independence of the Auditors and recommend that the Board take appropriate action in response to the Auditor's report to satisfy itself of the Auditor's independence.
- 9.4 Audit services provided by the Auditors should be included in the Form 20F. The Committee shall review any proposed engagements for non-audit services and consider the impact on the independence of the Auditors.

9.5 The Committee shall approve the terms and conditions of the Auditor's engagement.

## **10 Internal Auditors**

10.1 The Committee shall review the performance, quality and effectiveness of the internal auditors.

10.2 The Committee shall review the internal auditor's audit plan, including resource adequacy, scope, procedures and timing of the audit.

10.3 The Committee should ensure that the internal audit function is subject to an independent quality review in line with the Global Institute of Internal Audit Standards or when the Committee determines it appropriate as a measure to ensure that the function remains effective.

## **11 Appointment of the Risk Management Committee**

11.1 The Committee shall appoint a risk management sub-committee which will assist the Committee in performing risk management functions.

11.2 The Committee shall oversee the development of a risk management strategy and implementation of the plan in line with the Board's appetite for risk.

11.3 The Committee shall assist the Board to conduct a systematic and documented risk assessment at least once a year.

## **12 Other Committee Responsibilities**

The Committee shall perform any other activities consistent with this Charter and any governing law or regulations as the Committee or the Board deems necessary or appropriate, including:

12.1 conducting or authorising investigations into any matters that the Committee believes are within the scope of its responsibilities; and

12.2 making enquiries of Management and the internal auditors or the Auditors to identify significant business, political, financial and control risks and exposures and to assess the steps management has taken to minimise such risks.

## **13 Reporting Requirements**

13.1 The Committee should fulfil an oversight role regarding the Corporation's integrated report and the reporting process and consider the level of assurance obtained from Management, internal and external assurance providers.

13.2 The Sarbanes-Oxley Act Section 407 requires the Committee to disclose in their periodic filing to the SEC whether the Committee has a financial expert. In the case that the Committee has no financial expert, a reason must be given. The Corporation should continue to disclose this reporting in Item 16 A in the Form 20-F.



#### **14 Confidentiality**

All information in whatever form and howsoever obtained by members of the Committee in the course of serving as members of the Committee (“Confidential Information”) must be kept confidential and members of the Committee must not disclose any of the Confidential Information within their knowledge or possession in any manner to any person, company or other entity.

#### **15 Evaluation**

15.1 The Board or designate must perform an evaluation of the effectiveness of the Committee every year.

15.2 Members of the Committee should seek continually to develop and refresh their knowledge to ensure that they have the requisite skills and knowledge to carry out their role.

#### **16. Amendments to the Charter**

This Charter may be amended as necessary from time to time, but should be reviewed every 2 years by the Committee or sooner if significant changes occur.

#### **17 Charter Enforcement**

Any employee found to have violated the Charter may be subject to disciplinary action, up to and including termination of employment in accordance with the Corporation’s disciplinary policy.

#### **18 Document Control**

**Version 2**

**Date July 2017**

**Status In effect from the listing of Caledonia’s shares on the NYSE American LLC**

**Author General Counsel**

##### ***Version Control***

<b>Date</b>	<b>Revision #</b>	<b>Description of Change</b>	<b>Author</b>
<b>July 2017</b>	<b>1</b>	<b>Inclusion of references to NYSE American LLC, deletion of references to OTCQX, changes to definitions of independence in relation to members of audit committee and statement that quarterly meetings are held to comply with NYSE American LLC Company Guide</b>	<b>General Counsel</b>

## **19 Charter Approval**

A copy of this document will be available from all of Caledonia's offices and at [www.caledoniamining.com](http://www.caledoniamining.com).

This Charter supersedes any previous Audit Committee charters.

Recommended by the Chairperson of the Committee.

Approved by the Chairperson of the Board.

27 July 2017