



# **CALEDONIA MINING**

## **Q1 2014 RESULTS REVIEW**



# Q1 2014 Results Highlights

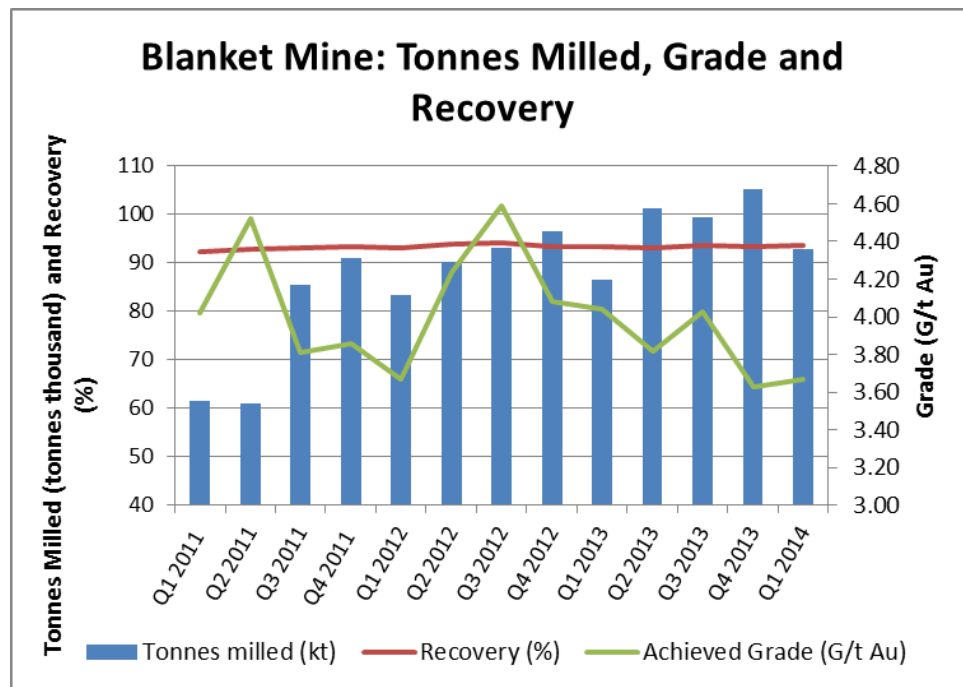
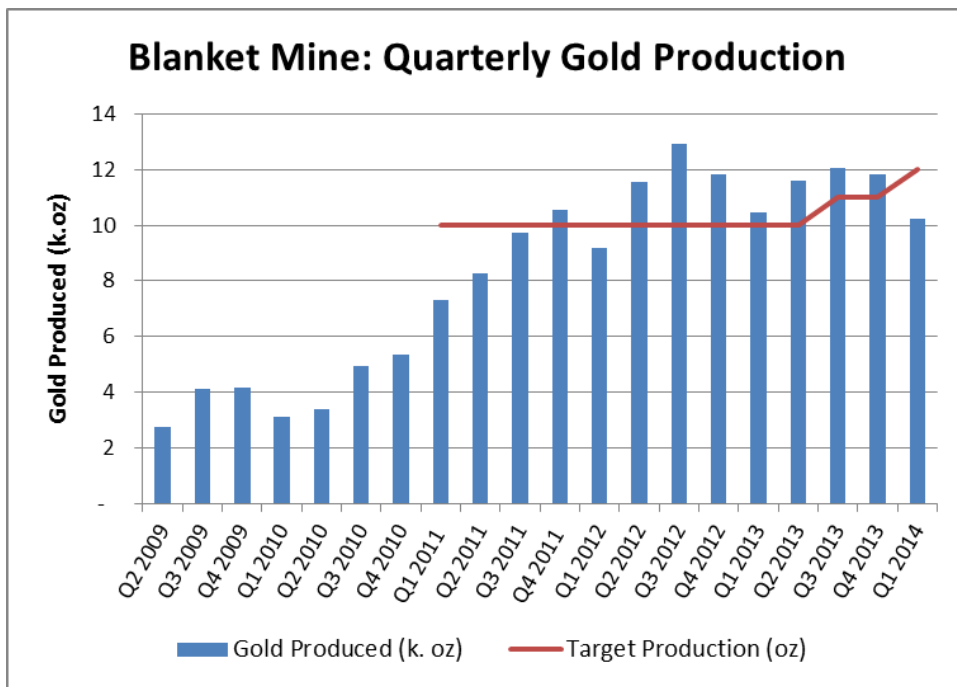
## Caledonia – Results Highlights

		<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q1 2013</b>
Gold production (oz)	i	<b>10,241</b>	11,821	10,469
Gold Sales (oz)	i	<b>12,210</b>	9,454	11,964
On-Mine cash costs (US\$/gold oz)	ii	<b>651</b>	666	653
All-inclusive costs (excl. royalty) (US\$/gold oz)	iii	<b>923</b>	1,175	925
Attributable profit after tax (C\$m)		<b>3.5</b>	(14.3)	4.6
Normalised basic earnings per share attributable to Caledonia shareholders (cents)	iv	<b>4.1</b>	0.2	11.9
Net Cash in Treasury (C\$m)	v	<b>26.7</b>	25.2	25.2

- i. Production and Sales relate to 100% of the Blanket Mine in Zimbabwe. Following the implementation of indigenisation in September 2012, Caledonia owns 49% of Blanket
- ii. C1 on-mine cash costs comprise on-mine labour, electricity and consumables. Includes on-mine general and administrative expense
- iii. All-in Sustaining costs includes C1 costs, government royalty, sustaining capital investment and group overheads
- iv. Normalised profit excludes any expenses associated with the implementation of indigenisation, unrealised foreign exchange items and asset impairments. Per share numbers have been adjusted for the 1-10 share consolidation which was effected on April 12 2013
- v. Cash held by Caledonia outside Zimbabwe



# Q1 2014 Results Production



Source: Caledonia MD&A's

- Q1 2014 production was adversely affected by grade dilution and lower tonnage
- Metallurgical recoveries remained high, increasing from 93.4% in Q4 2013 to 93.6%, notwithstanding the lower feed-grade

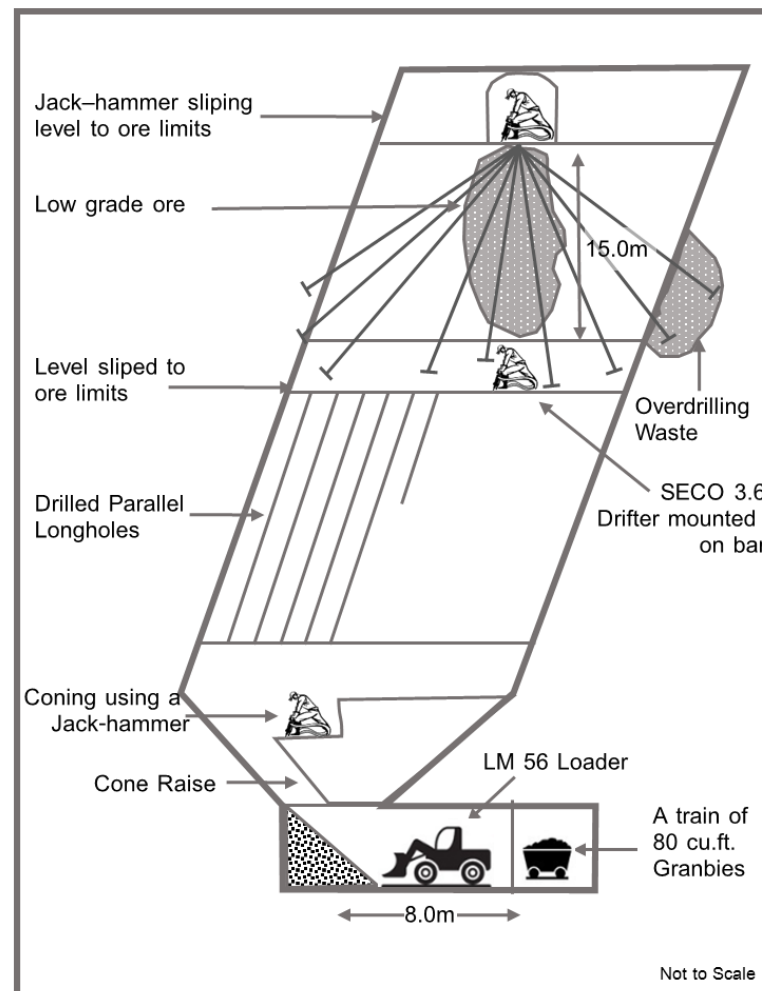


# Q1 2014 Results

## Production – Grade Dilution

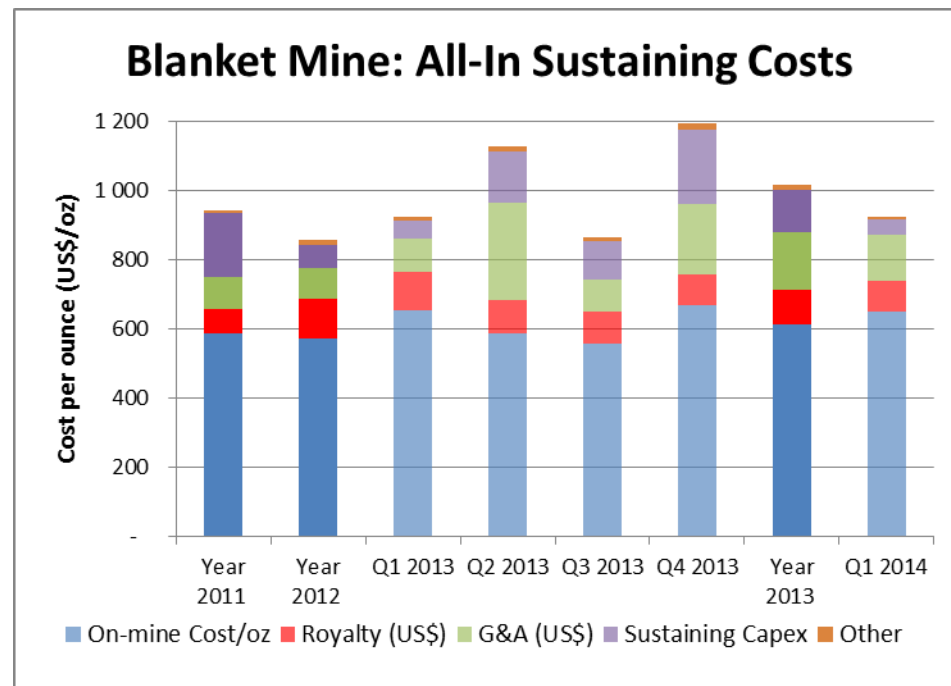
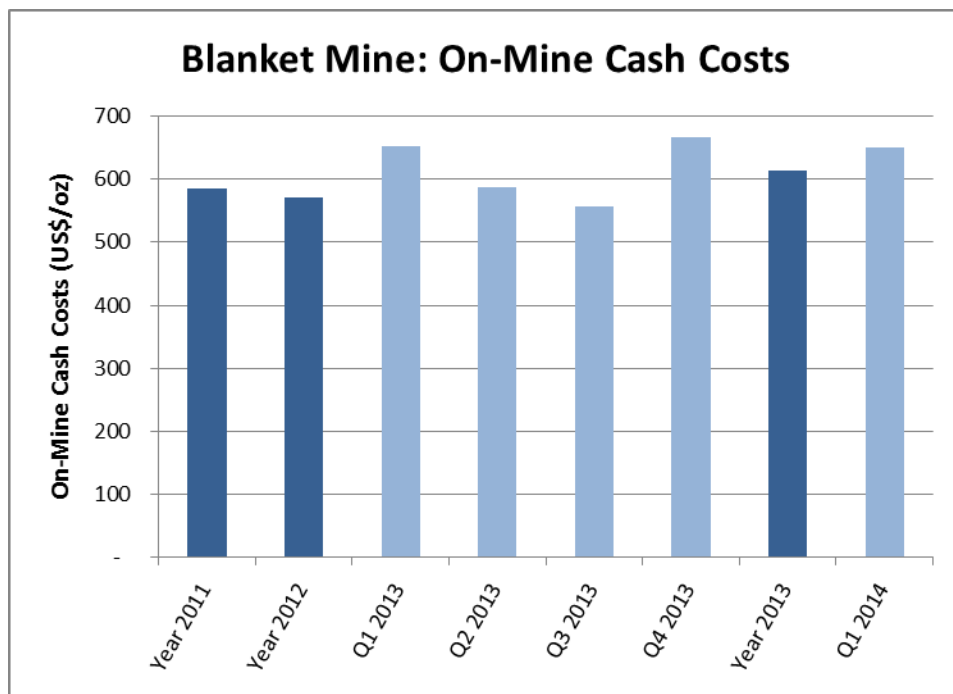
- Q1 2014 production was adversely affected by lower grade and tonnages
- Grades adversely affected by low-grade zones and dilution arising from over-drilling of fans.
  - Fan drilling was adopted in Q3 2013 on safety grounds at that time.
  - The longhole-stopes have been re-designed with foot-wall and hanging-wall drives for improved access and safety. The contacts are now drilled with parallel holes and the centre is then taken out with fan holes.
- Production also adversely affected in Q1 due to the premature requirement to replace the ropes on the No. 4 Shaft
- Management re-iterates production 2014 production guidance of approximately 48,000 ounces
  - The reasons for grade dilution have been identified and are being addressed
  - New mining areas are being developed to increase mine flexibility and alleviate logistical challenges on 22 -Level

**Cross Section Showing  
LONGHOLE PRACTICES AT BLANKET MINE**





# Q1 2014 Results Costs



Source: Caledonia MD&A's

- On-mine cash costs remain stable and benefit from the sale of WIP brought forward from 2013
- AISC benefits from lower G&A and reduced sustaining capex
- Over 65% of Blanket's costs and all corporate overheads are fixed: as production increases later to 2014 to achieve the targeted production, it is anticipated that costs will remain low



# Q1 2014 Results

## P&L

### Summary P&L

	2013				2014	
	Q1	Q2	Q3	Q4	Year	Q1
Revenues	19.2	17.2	16.6	12.1	65.1	17.1
Royalty	-1.3	-1.1	-1.2	-0.9	-4.5	-1.2
Operating costs	-8.0	-6.6	-6.9	-5.9	-27.4	-8.8
Depreciation	-0.8	-0.8	-0.8	-0.8	-3.3	-1.1
Gross Profit	9.0	8.6	7.7	4.5	29.9	6.0
G & A	-1.2	-3.4	-1.2	-2.1	-7.8	-1.8
Share based payments	-	-	-	-0.1	-0.1	-
Impairment	-	-	-	-14.2	-14.2	-
Other	-	-	-	1.7	1.7	1.3
Operating Profit	7.9	5.3	6.6	-10.2	9.5	5.5
Finance charges	-0.1	-0.1	-0.0	0.1	-0.1	-0.0
Profit before tax	7.8	5.1	6.6	-10.1	9.4	5.4
Tax	-2.3	-1.4	-2.0	-4.3	-9.9	-1.3
Profit/(loss) after tax	5.5	3.8	4.6	-14.4	-0.5	4.1
Attributable profit	4.6	3.1	3.7	-14.4	-3.1	3.5
Adjusted EPS (cents)*	9.0	5.8	7.2	0.2	28.3	4.1

\* Adjusted EPS excludes share based expenses, impairment, foreign exchange profit/loss, deferred taxation and non-recurring withholding tax. EPS has also been adjusted to reflect the share consolidation which was implemented on April 12, 2013

- Revenues and royalty lower due to the lower gold price
- G&A increases Q-on-Q reflecting Caledonia's strengthened management team in Q3 of 2013
- Other income relates to FX gain on cash balances (reversed out of adjusted eps)
- Taxation is income tax and withholding tax on payments from Zimbabwe



# Q1 2014 Results

## Balance Sheet

### Summary Balance Sheet (C\$'m)

	31-Dec 2012	31-Dec 2013	31-Mar 2014
<b>Fixed Assets</b>	36.5	33.4	<b>36.2</b>
Inventories	5.5	6.9	<b>6.8</b>
Prepayments	0.1	0.2	<b>0.2</b>
Trade receivables	1.7	3.9	<b>3.9</b>
Cash and equivalents	27.9	25.2	<b>26.7</b>
<b>Total Assets</b>	<b>71.8</b>	<b>69.6</b>	<b>73.8</b>
<b>Long term liabilities</b>	6.9	10.1	<b>10.6</b>
Trade creditors	5.8	4.6	<b>5.0</b>
Overdraft	-	1.8	-
Advanced dividend accrual	2.0	-	-
Income taxes payable	1.5	1.1	<b>1.8</b>
<b>Total liabilities</b>	<b>16.2</b>	<b>17.6</b>	<b>17.5</b>
<b>Capital and reserves</b>	<b>55.6</b>	<b>52.0</b>	<b>56.3</b>
<b>Total equity and liabilities</b>	<b>71.8</b>	<b>69.6</b>	<b>73.8</b>

- Increase in fixed assets reflects continued investment at Blanket – particularly expansion investment at the satellites (GG and Mascot) and the No. 6 Winze
- No work-in-progress at end of Q1 (Dec 2013, \$871k); stocks of consumables increased in Q1 to support continued activity on the investment projects
- Trade receivables little changed from December but the component attributable to bullion sales has reduced due to faster payment from Fidelity
- Zimbabwe overdraft facility undrawn
- Of the total cash at March 31 2014, \$26.2m is held outside Zimbabwe



# Q1 2014 Results

## Cash Flow

### Summary Cash Flow (C\$'m)

	2013				Year	2014
	Q1	Q2	Q3	Q4		Q1
Cash flow from operations	5.4	5.8	7.1	4.5	22.8	6.9
Advance dividend payments	-1.0	-1.0	0.0	0.0	-2.0	0.0
Taxation paid	-3.2	-1.3	-1.8	-1.8	-8.0	-0.6
Net capital investment	-1.3	-3.8	-3.4	-3.3	-11.7	-2.0
Issue of shares	0.2	0.3	0.0	0.0	0.5	0.0
Interest	-0.1	-0.1	0.0	0.1	-0.1	0.0
Dividend paid	-2.8	-2.6	-0.5	0.0	-5.9	-0.9
<b>Change in cash</b>	<b>-2.8</b>	<b>-2.7</b>	<b>1.4</b>	<b>-0.5</b>	<b>-4.5</b>	<b>3.3</b>
Cash b/fwd	27.9	25.2	22.5	23.9	27.9	23.4
<b>Cash c/fwd</b>	<b>25.2</b>	<b>22.5</b>	<b>23.9</b>	<b>23.4</b>	<b>23.4</b>	<b>26.7</b>

- Strong operational cash flows despite the lower gold price
- No further advance dividend payments
- Of the \$2m capital investment, \$1.5m was invested in expansion projects at Blanket and the satellites
- Dividends paid primarily relate to the quarterly dividend of 1.5 cents/share paid to Caledonia shareholders on Jan 30<sup>th</sup>