Executive Compensation Policy

The Board of Directors ("Board") of Caledonia Mining Corporation PLC ("Company") 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, and (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 also reflects 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 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

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 a Short Term Incentive Plan ("STIP") and a Long Term Incentive Plan ("LTIP").

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 is the best mechanism to recognize variable performance on an annual basis. Base salaries are set based on a review of similar executive roles and responsibilities at comparator companies. 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 Executives.

Short Term Incentive Plan ("STIP")

Under its STIP, certain Named Executives of the Company are eligible to receive annual performance-based cash bonuses targeted at 10% of each Named Executive'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 Named Executives. The STIP goals are specific to the respective Named Executives 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 Named Executive may receive a cash bonus equal to, greater than, or less than their respective target.

Long Term Incentive Plan ("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 of Directors broad latitude to design equity-based long-term compensation incentives to align performance with shareholder interests. The Compensation Committee has granted Long Term Incentive Awards ("LTIP Awards") to certain Named Executive Officers ("NEOs") pursuant to the terms and conditions of the Plan.

The 2016 LTIP Awards are structured as a five-year program, with non-annual grants being made to the NEOs over this period, comprised of Restricted Stock Units and Performance Stock Units based on a Target Value for each NEO that was determined by the Compensation Committee at the inception of the 2016 LTIP Awards. Specifically, the 2016 LTIP Award for each NEO consists of:

1. *Restricted Stock 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, and
2. *Performance Share Units ("PSUs")* – the number of units that ultimately vest is subject to adjustment up or down based on certain mutually agreed performance criteria at the time of grant, and on employment as of the vesting date.

The following summarizes the key terms and conditions of the 2016 LTIP Awards:

1. 3/5^{ths} of the Target Value was granted at inception of the Awards in January 2016 (in the case of one NEO, the initial award was split between an award in January 2016 and a further award in March 2016), 1/5th will be granted on the third anniversary, and 1/5th on the fourth anniversary.

2. At inception of the Awards, 20% of the grant was in the form of RSUs ("Tranche 1 RSUs") and 80% was in the form of PSUs ("Tranche 1 PSUs").

3. On each of the third and fourth anniversary of the Initial Grant Dates, the NEOs will be granted 1/5th of the Target Value in the form of PSUs ("Tranche 4 PSUs" and "Tranche 5 PSUs").

4. All of the RSUs and PSUs will cliff vest on the third anniversary of their respective Grant Dates, subject to the achievement of performance conditions for the PSUs.

5. The Award Agreements further provide that the:

    a. NEOs shall receive cash in settlement of any RSUs or PSUs that may become vested in the same currency and jurisdiction as the respective NEO's regular cash compensation.
    b. NEOs may continue to hold vested RSUs and PSUs without obligation to exercise them on the vesting date.
    c. NEOs will be entitled to receive cash equivalent to dividends on the Company's common shares ("Dividend Equivalents"), if any, with respect to any unvested or unexercised Tranche 1 RSUs, which will be automatically reinvested in additional RSUs at the then Fair Market Value.
    d. NEOs will be entitled to receive Dividend Equivalents, if any, with respect to any vested but unexercised PSUs, which will be automatically reinvested in PSUs at the then Fair Market Value. No PSUs accrued to the recipient through dividend reinvestment shall be subject to adjustment, either upwards or downwards, by any Performance Multiplier.

The 2016 LTIP Awards provide that Tranche 1 PSUs will be subject to a Performance Multiplier based on agreed performance with respect to the Revised Life of Mine Plan that was announced in November 2014, specifically, 1) progress on the completion of the Central Shaft as measured in depth of meters as of June 30, 2018, 2) production of gold as measured in ounces as of September 30, 2018, and 3) gold production costs as of September 30, 2018.

The number of PSUs to vest on the PSU Vesting Date will be determined based on the Performance Multiplier, calculated as follows:

<table>
<tr><th rowspan="2">Performance Measure</th><th rowspan="2">Guideline Weight</th><th>Below 70% of Target Met</th><th>70% of Target Met</th><th>Target Met</th><th>Maximum – 200% of Target</th></tr>
<tr><td>No PSUs vest</td><td>70% PSUs vest</td><td>100% PSUs vest</td><td>200% PSUs vest</td></tr>
<tr><td>Central Shaft Depth</td><td>30%</td><td colspan="4" rowspan="3">Based on relative performance of the respective Performance Measures, interpolated on a linear basis between 70% and 200%. In the case of Central Shaft Depth, the maximum Performance Multiplier is 100% of Target.</td></tr>
<tr><td>Gold Production</td><td>40%</td></tr>
<tr><td>Production Costs</td><td>30%</td></tr>
<tr><td>Total</td><td>100%</td><td colspan="4"></td></tr>
</table>

The Performance Multiplier for Tranche 4 and 5 PSUs will be determined at the Grant Date of the respective Tranches. It is expected that the criteria will be based on similar metrics, with similar upper and lower thresholds, as those that govern the 2016 Tranche 1 PSUs.

With respect to all RSUs and PSUs, the Reference Share Price on any valuation date (e.g. grant date or settlement date) is Fair Market Value, defined as the greater of (i) the volume weighted average trading price of the Shares on the Toronto Stock Exchange (TSX) for the five trading days preceding the relevant date in which such valuation occurs or (ii) the closing price of the Shares on the TSX on the trading day immediately prior to such valuation date, such RSU Share Price to be converted to the USD equivalent based on the average CAD/USD noon exchange rate posted by the Bank of Canada for the 90 days immediately preceding the relevant date on which such valuation occurs.

For clarity, all RSUs and PSUs have been granted "at the money", and no shares of the Company will be issued in connection with the 2016 LTIP Awards.

The Target Values of 2016 LTIP Awards are as follows:

All monetary amounts are in US$	***LTIP Annual Target %***	***5 Year LTIP Grant Value***	***Initial Award***	***Grant Value of Initial RSUs***	***Grant Value of Initial PSUs***	***Grant Value of Tranche 4 PSUs***	***Grant Value of Tranche 5 PSUs***
S. Curtis	*30%*	*$650,000*	*$390,000*	*$78,000*	*$312,000*	*$130,000*	*$130,000*
M. Learmonth[(1)]	*20%*	*$425,000*	*$255,000*	*$51,000*	*$204,000*	*$85,000*	*$85,000*
D. Roets	*20%*	*$425,000*	*$255,000*	*$51,000*	*$204,000*	*$85,000*	*$85,000*
C. Mangezi	*20%*	*$350,000*	*$210,000*	*$42,000*	*$168,000*	*$70,000*	*$70,000*

(1) All of the executives were granted awards as of Jan. 11, 2016. Mr. Learmonth's awards were granted in two components, on Jan. 11, 2016 and Mar. 23, 2016, with total values as indicated. Fair Market Value at Jan. 11, 2016 was $0.62 and at Mar. 23, 2016 was $0.71.