

APPENDIX “C”

CALEDONIA MINING CORPORATION MAJORITY VOTING POLICY

1. The Board of Directors (the “**Board**”) of Caledonia Mining Corporation (the “**Company**”) has, in light of the recommended best practice standards in Canada, adopted this statement of policy (“**Policy**”) providing for majority voting in director elections at any meeting of the Company’s shareholders where an “uncontested election” of Directors is held. For the purposes of this policy, an “uncontested election” of Directors of the Company means an election where the number of nominees for election as Directors is equal to the number of Directors to be elected.
2. Pursuant to this Policy, the forms of proxy circulated in connection with a meeting of the Company’s shareholders at which an election of Directors is to be conducted shall provide the Company’s shareholders with the ability to vote in favour of, or to withhold from voting for, each director nominee.
3. If the number of proxy votes withheld for a particular director nominee is greater than the votes in favour of such nominee, the director nominee shall be required to promptly submit his or her resignation to the Chair of the Board of Directors following the applicable meeting of the Company’s shareholders.
4. Following receipt of a resignation submitted pursuant to Clause 3 of this Policy, the Corporate Governance Committee of the Company (the “**Committee**”) shall consider whether or not to accept the resignation and shall recommend to the Board whether or not to accept it. With the exception of special circumstances that would warrant the continued service of the applicable director on the Board, the Committee shall be expected to accept and recommend acceptance of the resignation by the Board. In considering whether or not to accept the resignation, the Committee will consider all factors deemed relevant by members of the Committee including, without limitation, the stated reasons why shareholders withheld votes from the election of the nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director’s contributions to the Company and the Company’s governance guidelines.
5. Within 60 days following the applicable meeting of the Company’s shareholders, the Board shall make its decision on the Committee’s recommendation. In considering the Committee’s recommendation, the Directors will consider the factors considered by the Committee and such additional information and factors that the Directors consider to be relevant. Following the Directors’ decision on the resignation, the Directors shall promptly disclose, via press release, their decision whether to accept the Director’s resignation, including the reasons for rejecting the resignation offer, if applicable. If a resignation is accepted, the Directors may appoint a new director to fill any vacancy created by the resignation or reduce the size of the Board.
6. A Director who tenders his or her resignation pursuant to this Policy shall not be permitted to participate in any meeting of the Board or the Committee, if he or she is a member of the Board or the Committee, as applicable, at which his or her resignation is to be considered. However, if a majority of the members of the Committee received a greater number of proxy votes withheld than the votes for each member in the same election, the then offered resignation(s) will be considered by the Board without prior consideration by the Committee.
7. In the event that a sufficient number of the Board members received a greater number of proxy votes withheld than the votes for such members in the same election, such that the Board no longer has a quorum, then such Directors receiving a majority withheld vote shall not be permitted to vote in any meeting of the Board at which his or her resignation is considered, but he or she shall be counted for the purpose of determining whether the Board has a quorum present.
8. In the event that any Director, who received a greater number of proxy votes withheld than votes in favour of such Director’s election, does not tender his or her resignation in accordance with this Policy, he or she

will not be re-nominated by the Board for re-election at the next meeting of the shareholders of the Company at which an election of Directors is to occur.

9. The Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this Policy.

February 15, 2013.