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CALEDONIA MINING CORPORATION

Third Quarter 2014 Results

November 2014

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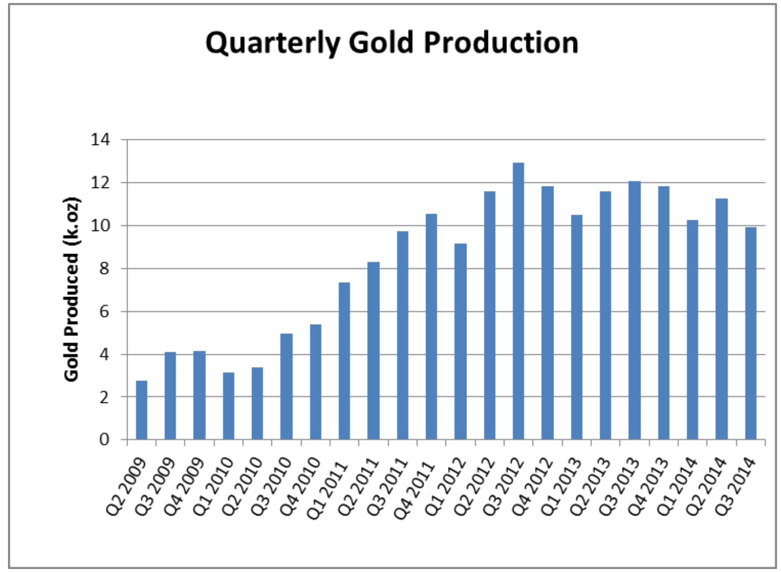
Summary

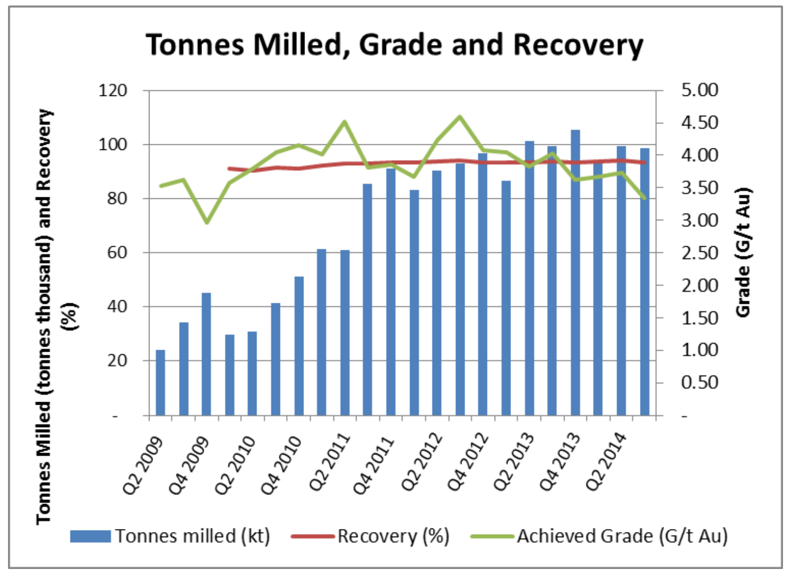
	3 Months to 30 September		9 Months to 30 September	
	2013	**2014**	**2013**	**2014**
Gold Produced (oz)	12,042	**9,890**	34,102	**31,354**
EBITDA (C$'m)	7.4	**4.0**	22.2	**14.3**
Attributable Profit (C$'m)	3.7	**1.1**	11.4	**5.4**
EPS (cents)	7.2	**2.2**	21.9	**10.5**
Adjusted EPS (cents)	7.2	**1.0**	25.1	**8.8**
Gross Cash (C$'m)	25.1	**27.9**	25.1	**27.9**
On Mine Cost (US$/oz)	558	**698**	599	**656**
All-in Sustaining Cost (US$/oz)	867	**1,021**	972	**938**
All in Cost (US$/oz)	987	**1,102**	1,112	**1,035**

- Q3 2014 gold production lower than planned
  - On-track to achieve revised 2014 target of 40,000 ounces
  - Revised Investment Plan addresses logistical difficulties and underpins long term growth and efficiency
- Profitability affected by lower sales and lower gold price
- Net cash generative for the Quarter – after payment of Caledonia's quarterly dividend
- Costs per ounce have increased somewhat, but remain competitive
  - Underlying inflation is modest and cost control remains good
  - Costs per ounce are expected to fall as production increases in terms of the Revised Investment Plan

Production

- Lower production in Q3 due to lower achieved grade
  - Average achieved grade in Q3 was 3.34g/t
  - Tonnage remains at approx. 100,000 t
  - Recoveries remain high, notwithstanding the lower feed grade
- Lower grades in Q3 due to:
  - Depletion of historic high grade areas at AR South
  - Unexpected low grades at AR Main
- Mining is taking place at all areas above the pay-grade, however logistical constraints on 22 Level restrict production to approx. 1,200tpd
- Without upgraded transport on 22 Level, the focus on production tonnage will be at the expense of the essential development work
  - Revised Investment Plan addresses L22 logistics and provides long term access to deeper levels for production and exploration





Revised Investment Plan

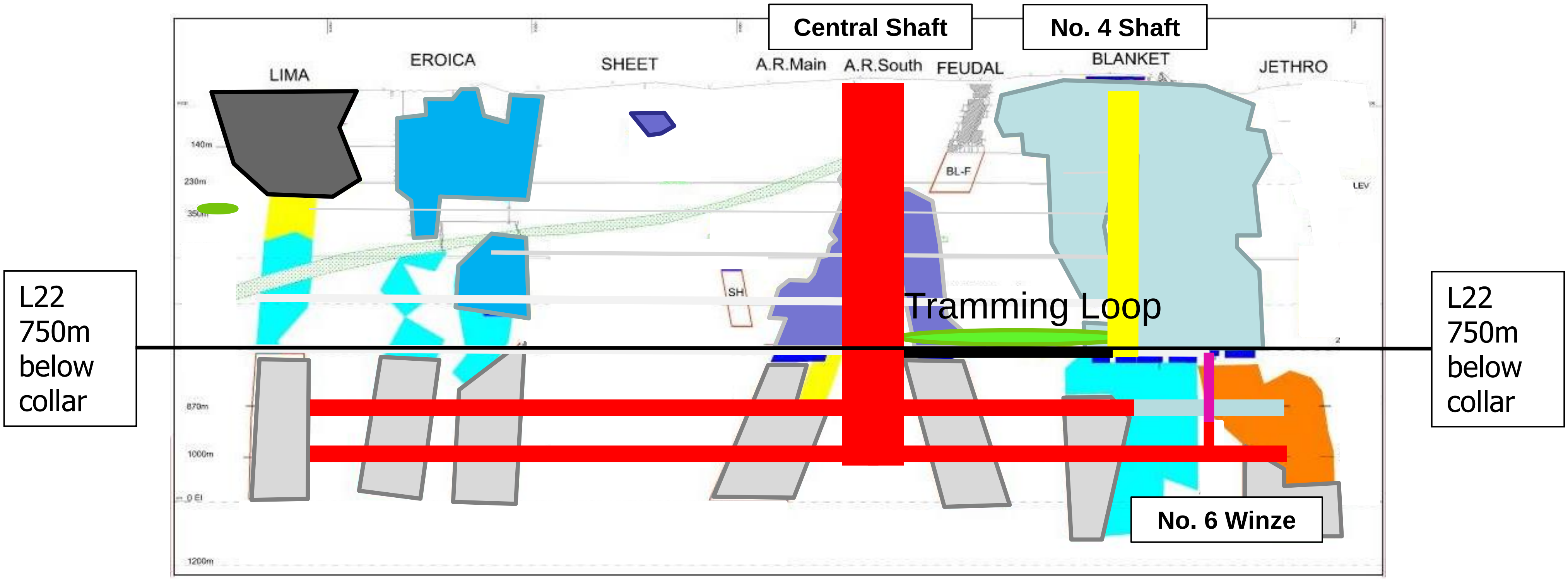
Improved Logistics; Accelerate Access to Deeper Resources

Increase Underground Material Handling	• L22 tramming capacity (waste and ore) currently 400tpd
	  ○ Increased development at the expense of production
	• A new Tramming Loop increases tramming capacity to 1,000tpd
	  ○ Modest capital cost ($0.8m approx.); complete by July 2015

Continue No. 6 Winze 630m to 870m	• Rapid access to Blanket zone below 750m ○ production starts Jan 2016; ramp-up to 500tpd by mid-2017 • Resume sinking from 870m after completion of Central Shaft
New Central Shaft Surface to 1,080m	• Capital cost $23m • Simultaneous sinking from surface and 630m: Aug 2015 to July 2017 • 6m diameter; 4-compartment; 3,000tpd; men, material and equipment • Access for horizontal development in 2 directions on 2 levels below 750m • Scope for operational efficiency and de-risks current single-shaft status

Revised Investment Plan

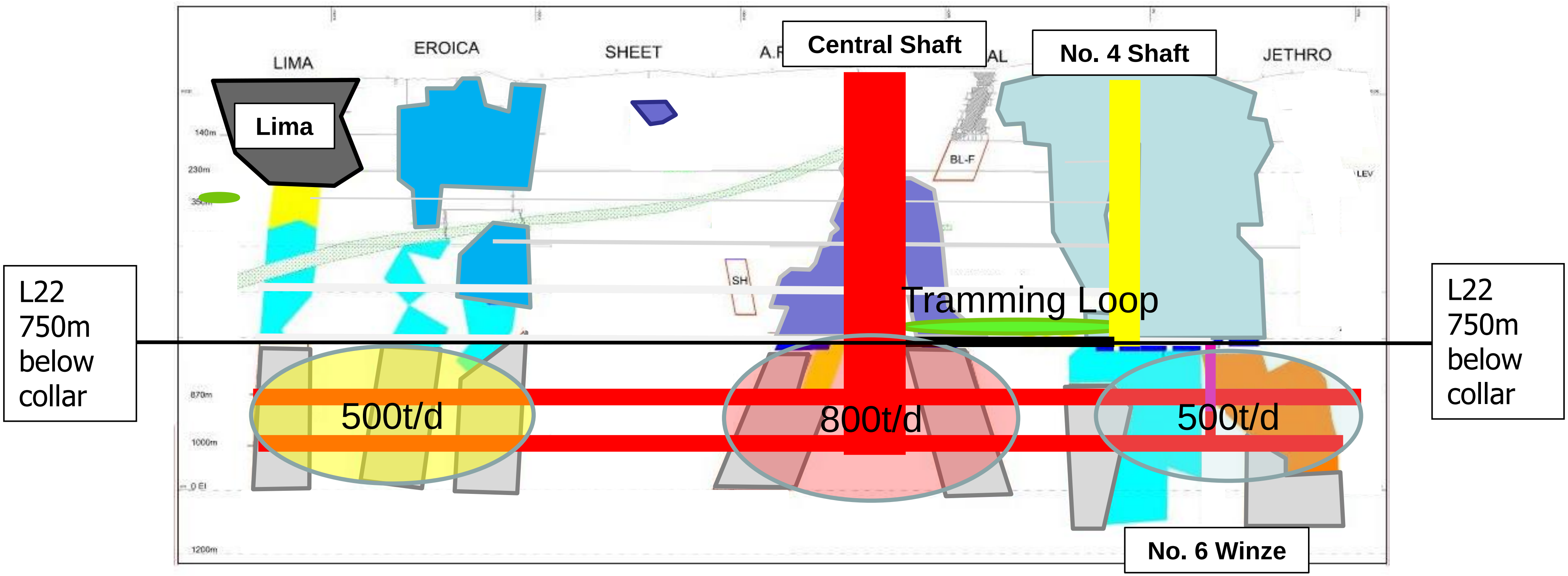
Proposed infrastructure



- No. 6 Winze allows early access to the Blanket zone below 750m
- Tramming Loop allows L22 handling of waste arising from the sinking of the Central Shaft from 630m
- 3,000 tpd Central Shaft provide access to 26 and 30 Levels in 2 directions: improved operational efficiency and resource development below 750m
- Larger 3x3m haulages on 26 and 30 levels: high-speed, high volume access to all mining areas
- Future access below 1,000m by deepening the Central Shaft, No. 4 Shaft, No. 6 Winze

Revised Investment Plan

Open New Mining Areas below 750m



- Target production of 1,800tpd from below 750m by 2020

Revised Investment Plan
Projected Production

- Projected production in terms of the revised Life of Mine Plan is set out below

Blanket Mine - Projected Production

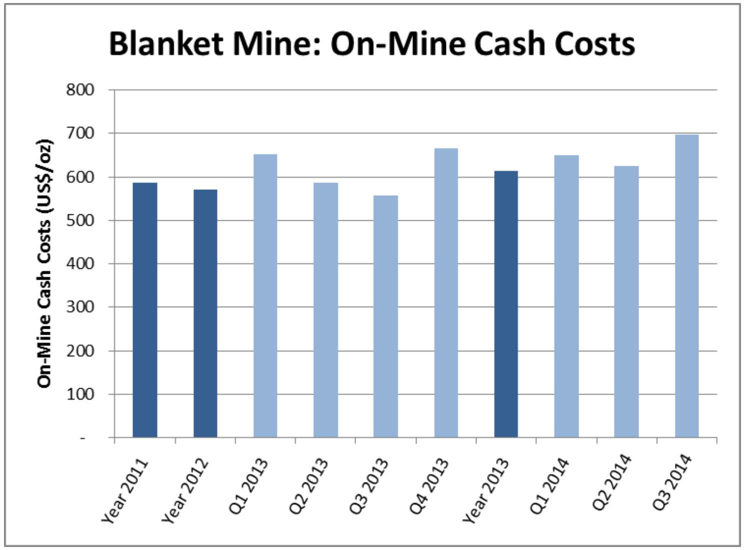
	2015	2016	2017	2018	2019	2020	2021
Tonnes milled							
- Reserves above 750m	427	455	432	384	229	97	53
- Inferred resources below 750m	0	36	161	213	387	546	598
Ounces produced							
- Reserves above 750m	42	45	43	39	23	10	6
- Inferred resources below 750m	0	4	20	27	46	63	70

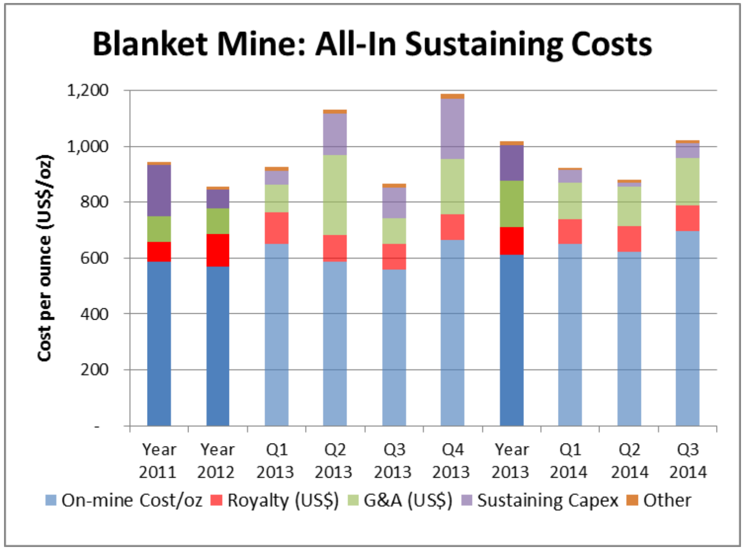
Canadian regulations preclude the summation of production from reserves and resources

- Revised Life of Mine Plan has been reviewed by Minxcon, Johannesburg
- NI 43-101 and PEA to be published by December 17, 2014
- Projections exclude production from Satellite Projects (GG and Mascot) for which there is currently no resource.

Costs

- On-mine cash costs and All-In sustaining costs increase in Q3 due to lower production ounces
  - Approximately 50% of Blanket's on-mine costs and all of the head office G&A costs are fixed
- Increased production from 2016 should result in lower unit costs
- Additional cost benefits may arise from operating efficiencies arising from the Revised Investment Plan
  - Central Shaft reduces underground travel time for miners and shortens tramming distances
  - Improved ventilation reduces the re-entry period from over 4 hours to approx. 2 hours
- Deeper working is not expected to result in higher costs
  - No need to provide cooling: moderate rock temperature
  - No requirement for roof support
  - No significant increase in pumping





Summary Profit and Loss

Summary P&L

	3 Months to 30 September		9 Months to 30 September	
	2013	**2014**	**2013**	**2014**
Revenues	16.6	**13.5**	53.0	**46.1**
Royalty	-1.2	**-0.9**	-3.7	**-3.2**
Operating costs	-6.9	**-7.2**	-21.5	**-23.7**
Gross Profit	8.6	**5.4**	27.9	**19.2**
G & A	-1.2	**-1.8**	-5.7	**-5.4**
Other	-	**0.4**	-	**0.5**
EBITDA	7.4	**4.0**	22.2	**14.3**
Depreciation	-0.8	**-1.0**	-2.5	**-3.1**
Other	-	**0.1**	-	**0.1**
Operating Profit	6.6	**3.0**	19.7	**11.3**
Finance charges	-0.0	**-0.0**	-0.2	**-0.1**
Profit before tax	6.6	**3.0**	19.5	**11.2**
Tax	-2.0	**-1.7**	-5.6	**-4.3**
Profit/(loss) after tax	4.6	**1.3**	13.9	**6.9**
Attributable profit	3.7	**1.1**	11.4	**5.4**
Adjusted EPS (cents)*	7.2	**1.0**	25.1	**8.8**

** Adjusted EPS excludes share based expenses, impairment, foreign exchange profit/loss, deferred taxation and non-recurring withholding tax.*

- Revenues were lower in the Quarter and 9 months to September 30 2014 due to lower sales and the lower realised gold price
- Operating costs were stable in US$ terms reflecting Blanket's high fixed cost base. C$ increase due to devaluation of C$
- G&A reflects Caledonia's strengthened management team from Q3 of 2013 and includes advisory and professional fees and Zambian holding costs
- Taxation includes Zimbabwe income tax, withholding tax on payments from Zimbabwe, one-off adjustment arising from the non-deductability of the royalty payable to Zimbabwe Government, South African income tax on inter-group profits, UK tax on interest and non-cash deferred tax.

Summary Balance Sheet

Summary Balance Sheet (C$'m)	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sept 2014
Fixed Assets	33.4	36.2	35.3	37.4
Inventories	6.9	6.8	6.8	6.9
Prepayments	0.2	0.2	0.3	0.3
Trade receivables	3.9	3.9	3.2	3.1
Cash and equivalents	25.2	26.7	25.9	27.9
Total Assets	69.6	73.8	71.5	75.4
Long term liabilities	10.1	10.6	10.5	10.5
Trade creditors	4.6	5.0	4.3	4.1
Overdraft	1.8	-	-	1.0
Income taxes payable	1.1	1.8	1.2	1.9
Total liabilities	17.6	17.5	15.9	17.4
Capital and reserves	52.0	56.3	55.5	58.1
Total equity and liabilities	69.6	73.8	71.5	75.4

- Current assets stable
- Overdraft is unsecured, Zimbabwean facility undrawn
- Of the total cash at September 30, 2014, over $25m is held outside Zimbabwe

Summary Cash Flow

Summary Cash Flow (C$'m)

	2013 Year	2014 Q1	2014 Q2	2014 Q3
Cash flow from operations	22.8	6.9	3.5	5.1
Advance dividend payments	-2.0	-	-	0.0
Taxation paid	-8.0	-0.6	-1.8	-1.4
Net capital investment	-11.7	-2.0	-1.6	-1.3
Issue of shares	0.5	-	-	0.0
Interest	-0.1	0.0	0.0	0.0
Dividend paid	-5.9	-0.9	-1.0	-1.3
Change in cash	-4.5	3.3	-0.9	1.0
Cash b/fwd	27.9	23.4	26.7	25.8
Cash c/fwd	23.4	26.7	25.8	26.9

- Operational cash flow remain strong, despite lower sales.
- Zimbabwean provisional quarterly income taxation payments tend to increase over the course of the calendar year; Q2 also includes South African income tax
- Lower capital investment: Zambian holding costs are no longer capitalised; sustaining capex at Blanket has been reduced
- Dividends paid primarily relate to the quarterly dividend of 1.5 cents/share paid to Caledonia shareholders. The balance relates to the 20% of Blanket’s dividends paid to Blanket’s indigenous shareholders after deductions to repay and service the facilitation loans

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