



SHANTA GOLD

Q2 2016 Production & Operational Update

19 July 2016

www.shantagold.com

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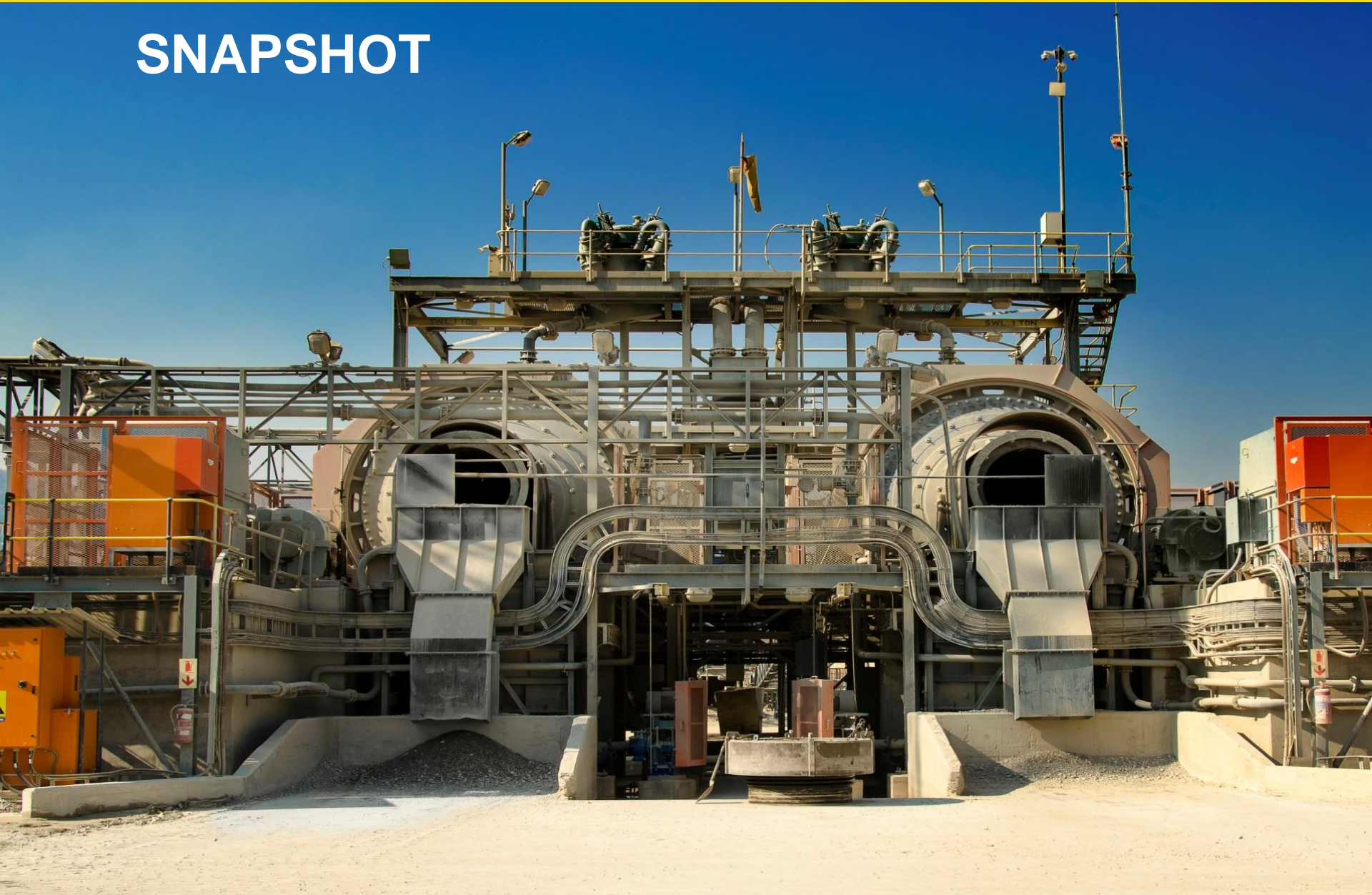
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SNAPSHOT



Foundations for a mid-tier African gold producer



Shanta highlights

Producing gold company—82,000 ounces (“oz”) in 2015; Base Case Mine Plan (2016–2020) production averaging 84,000 oz per year

High quality asset—High grade, lowest quartile cost position All In Sustaining Costs (“AISC”) of US\$845 /oz in 2015. Average of US\$695 /oz over the Mine Plan

Strong cash flow generation—Operating cash flow of US\$35 million (“m”) in FY 2015 (Audited)

Guidance for 2016 annual production of 82-87,000 oz
Lowered AISC guidance to US\$730-780 /oz

Significant LOM upside potential

1. Bauhinia Creek and Illunga open at depth and high grade
2. Satellite deposits within the mining licence
3. Adjacent prospecting licences within economic radius of plant

Singida development asset

Shareholder	Shares	%
Odey AM	107,873,112	19
Majedie AM	57,734,450	10
Ketan Patel	43,005,484	7
Brooks Macdonald	35,524,439	6
JP Morgan Securities	28,331,751	5
Hargreaves Lansdown AM	25,302,747	4
River & Mercantile	23,000,000	4
Hargreave Hale	21,319,970	4
Jonathan Leslie	17,444,088	3
Sub-total	359,536,041	62
Other	223,396,160	38
Total shares outstanding	582,932,201	100

Financial Position (July 18 th)		
Current Price (pence)*		8.125
52 week range (pence)*		4.00-8.75
Shares Outstanding		583 million
Market Cap* (GBP)		47.3 million
Cash (US\$)		30.5 million
Gross Debt (US\$) ²		75.0 million
Enterprise Value (US\$)		107.3 million

1 As at 18 July 2016

2 Includes US\$9.1 million Bank M letter of credit for construction of the NLGM Power Station

About Shanta Gold



- East Africa-focused gold producer, developer and explorer with 1,500 km² of prospective ground in Tanzania
- Committed to delivering sustainable low-cost mining operations through value engineering and optimisation
- Base case mine plan (“the Plan”) delivered in Q3 2015 comprises:
 - ongoing surface mining
 - separate tailings recovery project
 - underground mining operation
- NLGM mine life extended to produce 443,000 oz from January 2016 - 2022, with excellent exploration upside within and surrounding the licence area
- Exploration and development to continually add and convert resources as subsequent Mine Plan updates, concurrent to stabilised, economically competitive production
- Pilot-scale production to commence at Singida Gold Project in 2017 in conjunction with exploration and updated feasibility study





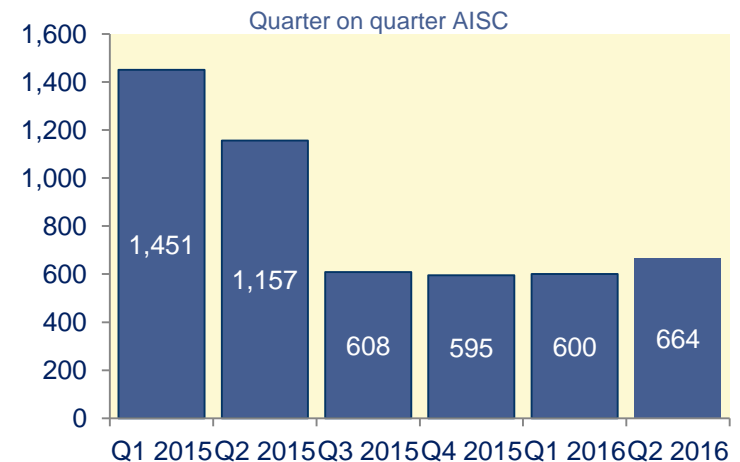
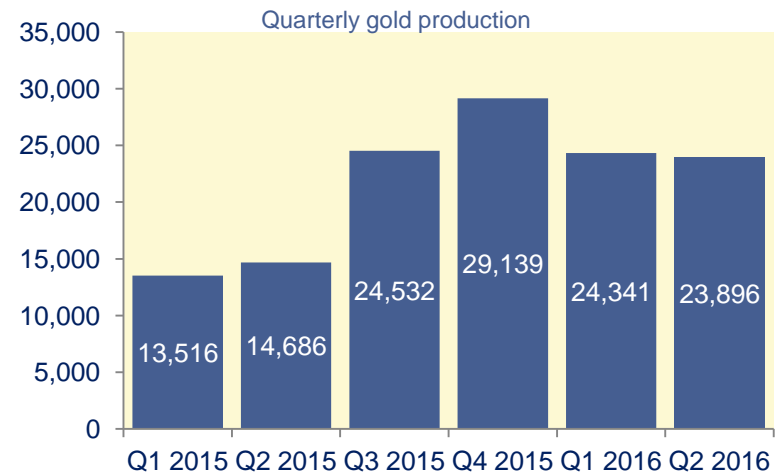
Q2 2016 HIGHLIGHTS



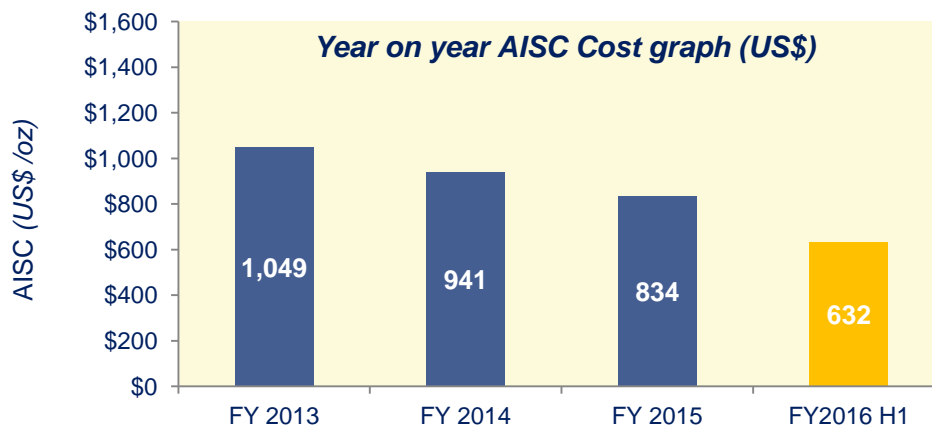
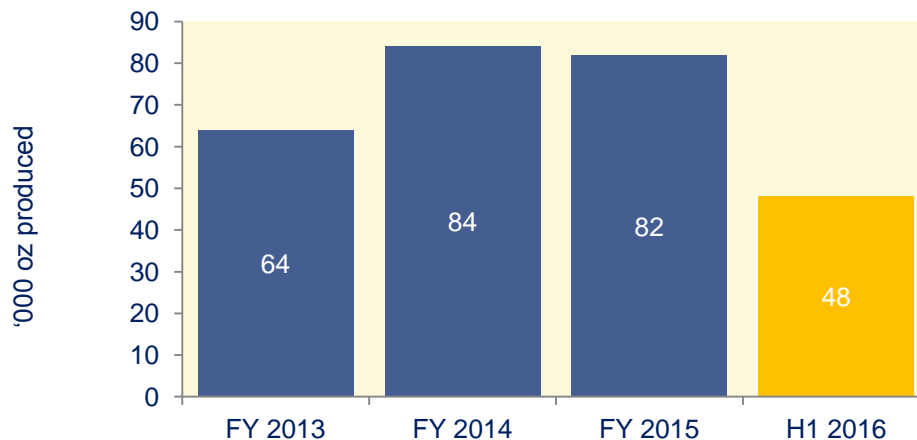


Q2 2016 highlights

- Gold production of 23,896 oz (Q1 2016: 24,341 oz)
- Gold sales of 26,134 oz at an average price of US\$1,246 per oz (“/oz”) (Q1 2016: 21,486 oz at an average price of US\$1,132 /oz)
- Cash Cost of US\$429 /oz (Q1 2016: US\$445 /oz) and AISC of US\$664 /oz (Q1 2016: US\$600 /oz)
- No lost time injuries
- Underground project – portal and decline development started in June 2016 and remains on track and on budget for first production of ore from underground in Q2 2017
- The Luika River dam complete
- Work began on the second Tailings Storage Facility (“TSF2”)
- Exploration drilling delivered excellent intersections at the Ilunga prospect at depth and along strike as a result of second phase program in Q2 2016



NLGM operational performance



*Total cash cost per ounce, AISC not reported

Production performance quarter-on-quarter



	Q2 2016	Q1 2016	FY 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Tonnes ore mined	266,686	193,558	478,144	184,167	147,324	89,368	57,285
Tonnes ore milled	151,698	149,128	563,619	155,622	150,216	119,857	137,924
Grade (g/t)	5.48	5.69	4.96	6.50	5.68	4.27	3.38
Recovery (%)	89.5	89.3	89.6	89.5	89.5	89.3	90.1
Gold Production (ounces)	23,896	24,341	81,873	29,139	24,532	14,686	13,516
Gold Sales (ounces)	26,134	21,486	80,622	29,228	26,254	11,590	13,551
Silver production¹	36,316	35,144	121,682	39,153	36,107	22,145	24,278
Realised gold price (US\$ /oz)	1,246	1,132	1,163	1,087	1,175	1,222	1,252

¹Note that the full production figures included pending closure of the silver stream.



FINANCIAL HIGHLIGHTS





Financial highlights

- Q2 2016 cash generated from operations of US\$13.1m (Q1 2016: US\$2.8m). US\$19.3m increase in inventory and US\$11.2 m increase in receivables and prepayments in Q2
- Q2 2016 capital expenditure of US\$7.0 m (Q1 2016: US\$5.6 m) including open pit development expenditure
- Cash balance of US\$30.5 m (Q1 2016: US\$16.3 m)

2015 AISC of US\$845 /oz places Shanta in the lowest quartile of current producers

Q2 2016 Cash Cost and AISC of US\$429 /oz and US\$664 /oz respectively

All figures US\$m	Q2'16	Q1'16	Q4'15
Cash generated from operations	13.1	2.8	17.3
Capital expenditure	7.0	5.6	6.2
Gross Debt	75.0	74.7	60.2
Cash balance	30.5	16.3	19.1
Net debt	44.5	58.4	41.1



DEVELOPMENT & EXPLORATION UPDATE





Development & Exploration Update

DEVELOPMENT

- Underground project development remains on schedule and within budget
- All requisite approvals received, development of the portal and decline has started and production of ore from the Bauhinia Creek stopes is anticipated in Q2 2017
- Project now fully resourced in terms of employees and equipment
- Shanta has begun construction of TSF2 which will be commissioned later in 2016
- Luika River dam has completed its first stage of construction providing additional storage of 350MI of water

EXPLORATION / POTENTIAL

- Ongoing exploration results from satellite deposits are encouraging with updates on Ilunga announced on 12 April 2016 and after Quarter-end on 6 July 2016
- Second stage of drilling was undertaken during the quarter at Ilunga to extend understanding of resource at depth and along strike - Ilunga is now the top priority for further exploration efforts within the NLGM mining licence
- Near mine exploration and development campaign is a key component of the ongoing strategy
- An updated Resources and Reserves statement is expected at the end of Q3 2016 which will incorporate newly defined reserves into an updated mine plan extending the project's life and further improving the economics
- Further progress in the development of the Singida Project with planned pilot mining operations



Organic growth potential

► Growth around a Central Processing Facility

1 Extensions at depth

- Additional resources brought into the Plan to further extend the life of the high grade underground resources, push out capital expenditure, extend the life of the operation and improve the NPV
- Elizabeth Hill, Jamhuri, Ilunga, Shamba
- Within existing mining licence – rapid development

2 NLGM Satellite deposits

- High grade underground deposits at Bauhinia Creek and Luika are open at depth and carry inferred resources that will be further explored
- Inferred resource at depth of 91,000 oz of at 4.8 g/t (3 g/t cut-off) at Bauhinia Creek

3 Surrounding licences

- 20km economic radius
- Medium term potential
- Strong exploration capability

Key achievements

- July 2015: NLGM resource upgrade to 1.3m oz (1g/t cut-off)
- September 2015: Base Case Mine Plan announced including 506k oz of reserves at 5.9 g/t
- September 2015: Elizabeth Hill resource upgrade to 128k oz
- January 2016: Elizabeth Hill reserve upgrade to 28k oz from 5k oz
- February 2016: RC & DD drilling programme has been completed at Askari
- April 2016: Drilling programmes completed at Ilunga and Black Tree Hill
- July 2016: Phase 2 drilling completed at Ilunga producing encouraging results



SUMMARY & OUTLOOK





SUMMARY

- Q2 2016 quarterly gold production of 23,896 oz and gold sales of 26,134 oz
- Q2 2016 Cash Cost of US\$429 /oz and AISC of US\$664 /oz
- Annual production guidance reiterated for FY 2016 of 82,000 – 87,000 oz
- Lowered AISC guidance to US\$730-780 /oz from US\$750-800 /oz
- Underground project development remains on schedule and within budget

FIVE YEAR OUTLOOK

- Production for five years from 2016 to average 84,000 oz per annum
- NLGM mine life extended to produce 443,000 oz between January 2016 – 2022, with potential to subsequently add and convert further resources
- Underground production expected to commence from Q2 2017
- Targeted exploration program advancing multiple near mine and on licence mineralisation
- Subsequent resource upgrades to be added into the mine plan, benefitting from un-utilised mill capacity



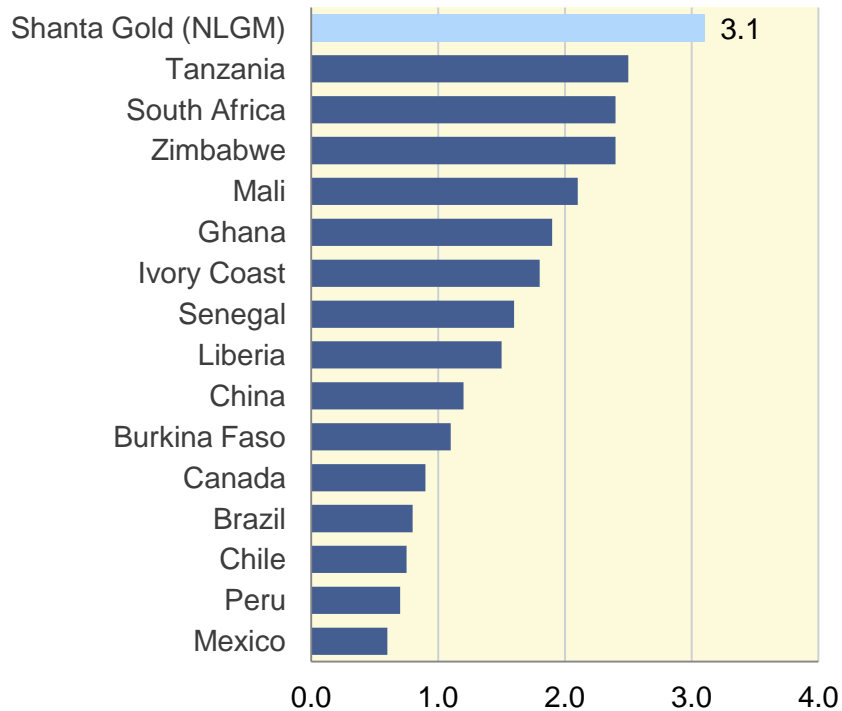
APPENDIX





High quality asset

High grade resource



Total resource grade of gold deposits, by country (g/t)

Source: BMO Capital Markets Research, Metal Economics Group

Shanta Gold—New Luika resources

Deposit	Grade (g/t)	Gold Oz (000s)	
		Resource ¹	Reserve ²
Bauhinia Creek	5.3	438	348
Luika	3.1	192	108
Elizabeth Hill ³	1.6	116	28
Jamhuri	1.8	90	8
Black Tree Hill ³	1.3	80	5
Ilunga	3.5	93	18
Shamba	2.1	25	9
Total NLGM ⁴	3.1	1,034	524

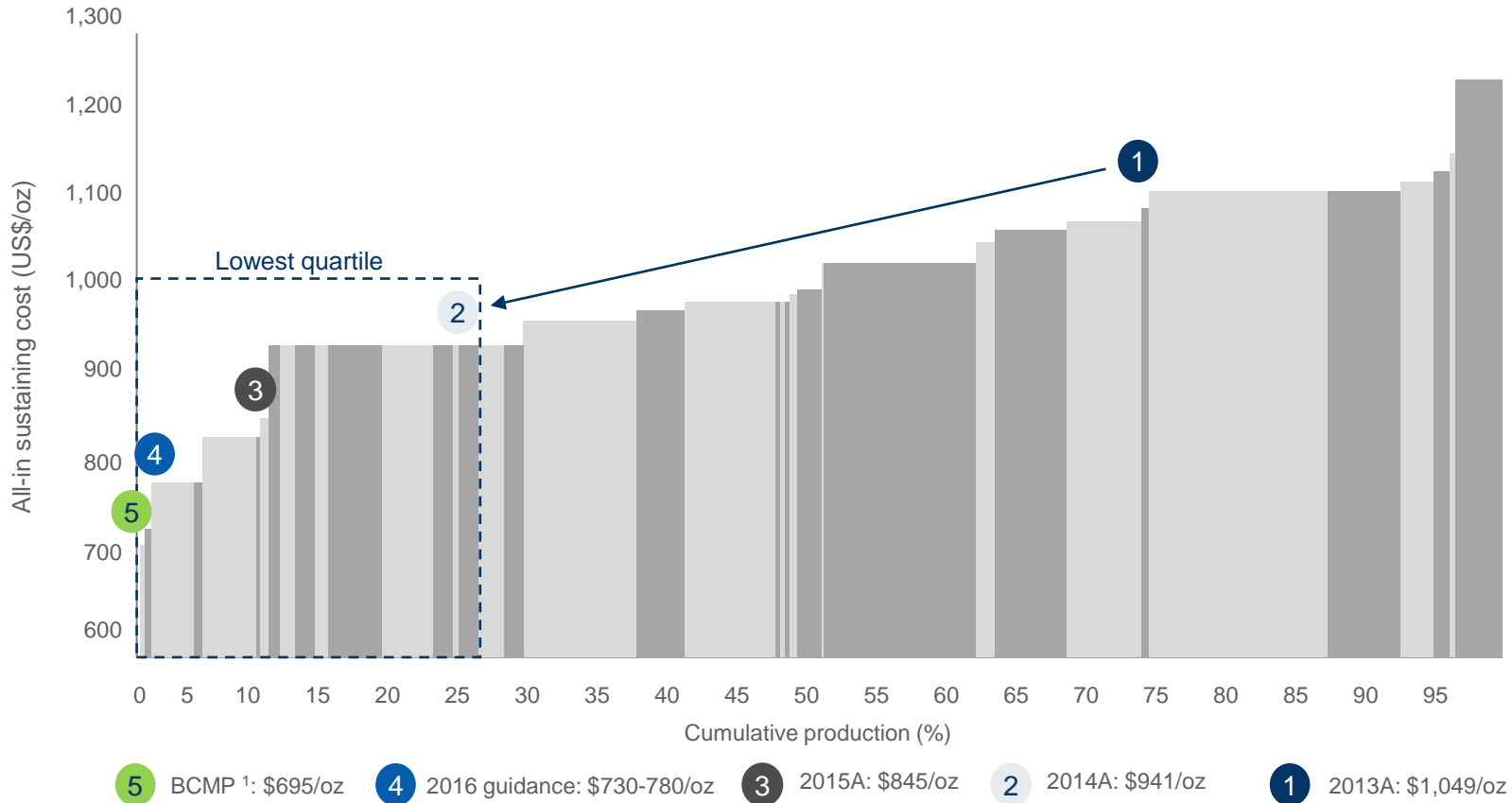
Note:

1. As of July 2015, resources is inclusive of reserves
2. Base Case Mine Plan of 506koz plus incremental 23koz from Elizabeth Hill reserve upgrade less 5koz reduction at BTH. Split 37% OP and 63% UG (using a 3.0 g/t cut-off at BC and 3.5 g/t cut-off at Luika)
3. Elizabeth Hill as of Jan 2016. BTH as of Apr 2016
4. Excludes Singida development asset with 858k oz at 1.0 g/t cutoff

Low cost producer



Lowest quartile cost position



Source: Bloomberg, company reports
Shanta Gold 2013-15 actual AISC (2015 unaudited)

Note:
1. Average AISC over the Base Case Mine Plan (2016-22)



Sept 2015 – Mine Plan

Strategy: maximise value through optimised use of existing assets and extension of mine life within and in close proximity to the mining licence

- Includes ongoing surface mining, a tailings recovery project and incorporates the underground mining operation
- Extraction of 2.79 Mt for the production of 443,000 oz from January 2016 to Q1 2022 with 133,000 oz (30%) from open pit and 310,000 oz (70%) from underground resulting in combined NPV of US\$110.4 million (US\$1200 /oz)
- A separate tailings recovery project produces a further 19,000 oz with a project NPV of US\$5.1m at an 8% discount rate and a pre-tax IRR of 49%
- Substantial scope to improve the mine plan from further resource delineation - unutilised mill capacity over the next five years representing 362,000 tonnes of spare throughput
- Production for next five years averages 84,000 oz pa

Key assumptions

Base-Case Mine Plan Summary	
Open pit and underground reserve	2.65 Mt at 5.9 g/t for 506,000 oz
Projected mine life	Six years
NPV (post-tax) at 8% (US\$1200 /oz)	US\$110.4 m from 1 Jan 2016
Total capital expenditure over project life	US\$77.6 m from 1 Jan 2016
Payback period	Three years
Life of Mine Cash Cost	US\$535 /oz
Life of Mine AISC	US\$695 /oz

NPV Gold Price & Discount Rate Sensitivity

Gold price	Discount rates		
	5%	8%	10%
US\$1,100/oz	87.3	76.1	69.6
US\$1,200/oz	124.8	110.4	102.0
US\$1,300/oz	162.4	144.8	134.5

Shanta Gold share price



Share price trading history (SHG.L)





Risk reduction through focus on broad Business Sustainability

- ▶ Shanta Gold's CSR commitment of 0.5% of revenue per year deployed in local programs
- ▶ Shanta Gold's employee base is 93% Tanzanian

Employment

- NLGM has grown to be a major source of new employment
- Over 40% of workforce from NLGM currently employed from local communities

Education

- Construction of 6 classrooms and 8 offices at Mbangala
- Ancillary equipment provided
- Laboratory constructed at Saza Secondary School

Health

- Provision of the site ambulance to transport patients from Mbangala to hospital in Mwakajuni
- Bore hole drilling for water supply
- Dispensaries at Maleza and Mbangala

Community

- Local regular engagement
- Education and managing expectations
- Work to attract alternative economic development



Experienced African team

Function	Name	Background
CEO	Dr. Toby Bradbury	30 years' experience in mine operations and development in Africa and Australia. Previously COO for Anvil Mining (DRC) and Senior VP at AngloGold Ashanti (Ghana)
CFO	Mark Rosslee	Mark has over 25 years experience in the mining sector and having held a number of senior financial positions with De Beers, Namdeb Diamond Corporation, Southern Era, Metallon Gold, Central African Gold, Bauba Platinum and Elitheni Coal.
GM (New Luika)	Scott Yelland	Mining engineer with over 30 years' experience, including in Ghana and Zambia Previously with Rio Tinto, Kinross and Ashanti Goldfields
Deputy GM	Honest Mrema	Tanzanian national, mining engineer with 19 years' experience including in Mali, DRC, Ghana Previously with Anglo American, Barrick, Endeavour and Resolute
GM Singida	Philbert Rweyamamu	Tanzanian national, mining engineer with >35 years experience in Tanzania, Botswana and South Africa with De Beers and Acacia
Metallurgy	Wally Channon	Chartered Engineer with 40 years' experience in metallurgical and mining industries Previously 26 years at Anglo American and 10 years at Zimplats
Projects	Ian Fielding	Chartered Engineer with 40 years' experience in process and mining industries 28 years in Africa, previously with Anglo American
Occupational Health/ Community Relations	Dr. Menrad Kambewe	Tanzanian medial doctor of 18 years. Close relationships with community
Head of Exploration	Peet Prinsloo	24 years' mining and exploration experience, including 16 years in Tanzania 8 years experience in the Lupa Goldfield
Administration Manager	Calvin Mlingi	Tanzanian national and trained lawyer. Corporate affairs experience in Tanzania
Underground Manager	Richard Dunn	24 years' mining and geotechnical experience including 16 years underground development and operations in DRC, Ghana and Mali



Tanzania: an attractive operating environment

- ▶ Africa's 4th largest gold producer, after South Africa, Ghana and Mali

Tanzania mining regime

- Two key goldfields: Lake Victoria and Lupa
- Sophisticated infrastructure network
- Stable political environment, pro-mining, position resources as key economic growth driver, workable tax and regulatory regime
- 100% capital allowances
- Favourable corporate tax rate—30%
- Dividend tax—10%
- Royalty—4%

Selected gold companies in Tanzania	
Company:	Gold production:
Acacia Mining	732koz pa (2015)—3 mines in Northern Tanzania
AngloGold Ashanti	477koz pa (2014)—Geita mine
Shanta Gold	82koz pa (2015)—New Luika Gold Mine

Source: Company reports, Tanzania Chamber of Mines

Snapshot	
Population	52 million (2014)
Capital City	Dodoma (Dar es Salaam is the de facto commercial capital)
Religion	Christian/Muslim
Economy	
GDP 2014	\$48 billion
Primary Industries	Agriculture, tourism, mining
2014 GDP Growth	7.0%
Political	
System	Parliamentary republic (democratic)
Elections	Every 5 years (most recently in October 2015)

Source: World Bank, various



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