



**SHANTA** GOLD

# Q2 2017 Production & Operational Update

19 July 2017

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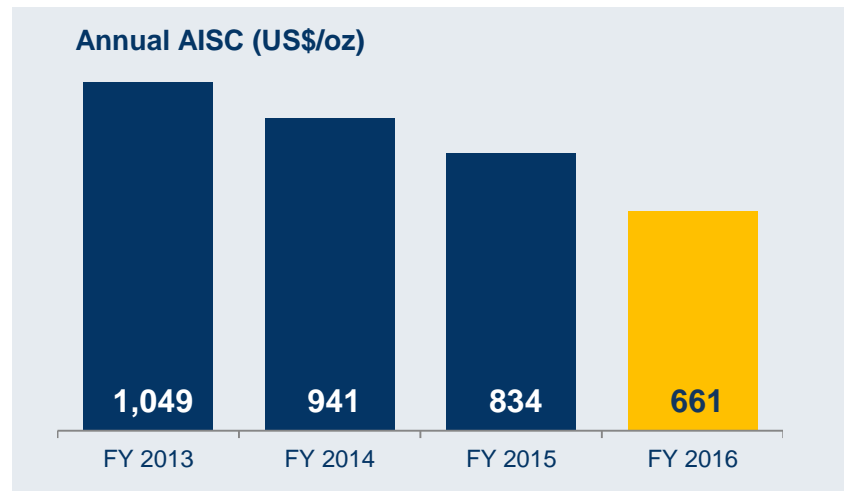
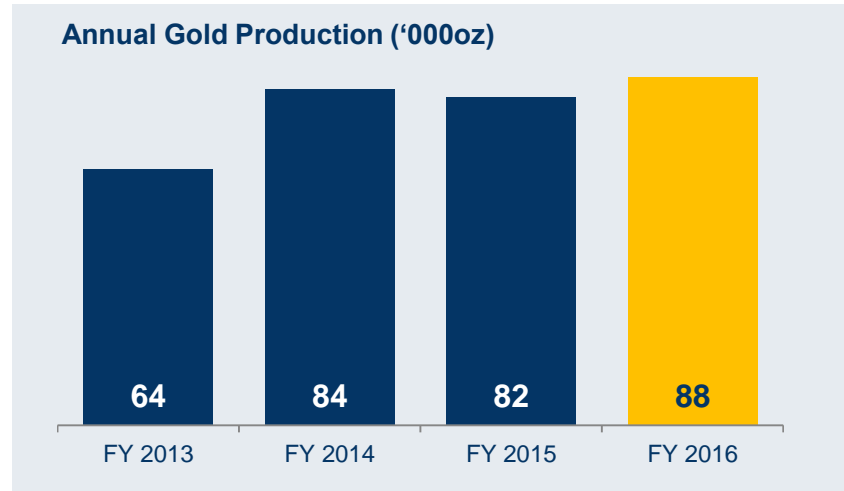
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# Shanta Gold - key attributes

1. **Established gold producer** in Tanzania at New Luika Gold Mine (2016: 87,713 oz) with high grade resources
2. **Low AISC** (2016: US\$661/oz)
3. **Revised Mine Plan:**
  - Extends NLGM mine life to produce 514 koz to 2023
  - NPV of US\$123 million (\$1,200/oz, 8%)
  - Low cost production with AISC of US\$736 /oz
4. **Significant resource** of 824 koz<sup>1</sup> outside the mine plan
5. **2017 guidance:** on track to achieve production guidance of 80,000 – 85,000 oz at AISC of US\$800 – US\$850 /oz
6. **Generating free cash flow** to support new investments and shareholder returns – cash generated from operations in FY2016 of US\$50 m
7. **Strong FY 2016 financial results** with US\$107 m revenue and US\$50 m EBITDA
8. **Well placed to seek out corporate opportunities**



Note:

1. Including Nkuluwisi





# OPERATIONAL

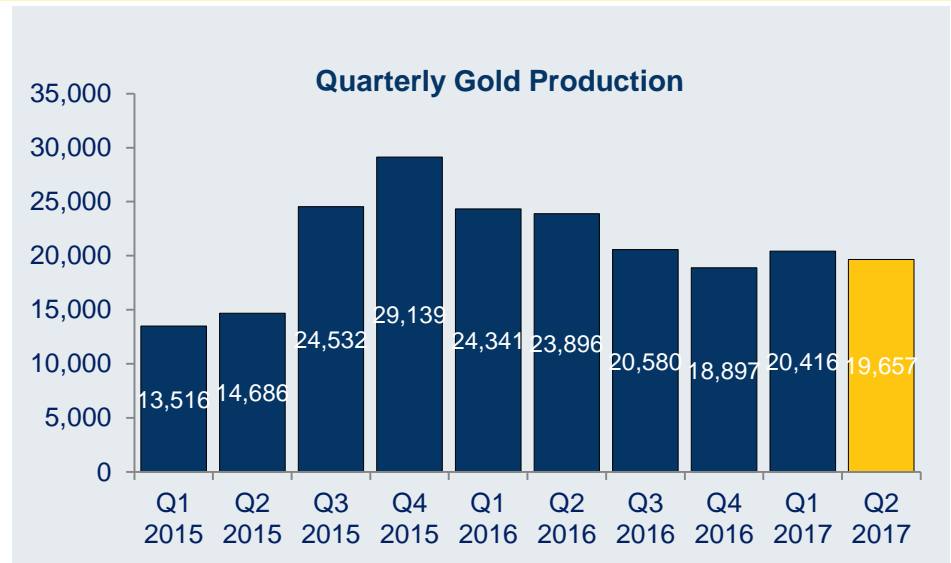






# Q2 2017 operational highlights

- Gold production of 19,657 oz (Q1 2017: 20,416 oz)
- Gold sales of 17,982 oz at an average price of US\$1,249 /oz (Q1 2017 23,252 oz at an average price of US\$1,249 /oz)
- Cash Costs of US\$559 /oz (Q1 2017: US\$553 /oz)
- AISC of US\$735 /oz (Q1 2017: US\$768 /oz)
- No lost time injuries for the Quarter
- First stope ore was produced from the NLGM underground operation in May 2017
- Commercial production from underground NLGM operations declared as of 1 June 2017
- A JORC Compliant Code maiden resource for Nkuluwisi announced totalling 3,973,000 tonnes at 1.1 g/t for a total of 140,894 oz of gold



# Production performance quarter on quarter



	Q2 2017	Q1 2017	FY 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	FY 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
<b>Tonnes ore mined</b>	196,454	121,127	622,853	63,192	99,417	266,686	193,558	478,144	184,167	147,324	89,368	57,285
<b>Tonnes ore milled</b>	155,567	151,378	597,583	151,827	144,930	151,698	149,128	563,619	155,622	150,216	119,857	137,924
<b>Grade (g/t)</b>	4.28	4.57	5.01	4.26	4.90	5.48	5.69	4.96	6.50	5.68	4.27	3.38
<b>Recovery (%)</b>	90.9	92.0	90.0	90.8	90.2	89.5	89.3	89.6	89.5	89.5	89.3	90.1
<b>Gold Production (ounces)</b>	19,657	20,416	87,713	18,897	20,580	23,896	24,341	81,873	29,139	24,532	14,686	13,516
<b>Gold Sales (ounces)</b>	17,982	23,252	86,331	15,285	23,426	26,134	21,486	80,622	29,228	26,254	11,590	13,551
<b>Silver production</b>	24,524	28,750	126,572	24,731	30,381	36,316	35,144	121,682	39,153	36,107	22,145	24,278
<b>Realised gold price (US\$ /oz)</b>	1,249	1,249	1,217	1,187	1,301	1,246	1,132	1,163	1,087	1,175	1,222	1,252





# FINANCIAL & CORPORATE ACTIVITY







## Q2 2017 financial highlights

- Cash balance of US\$13.8 m (Q1 2017: US\$11.7 m)
- Cash generated from operations in Q2 of US\$13.1 m (Q1 2017: US\$6.6 m)
- Capital expenditure of US\$8.7 m (Q1 2017: US\$9.9 m), before deducting US\$5.3 m relating to processing of 26,702 tonnes of underground development ore
- Gross debt of US\$57.1 m (Q1 2017: US\$56.2 m) and net debt of US\$43.3 m (Q1 2017: US\$44.5 m)
- Forward sales from July to December 2017 of 37,000 oz at an average price of US\$1,278 /oz

### Key quarterly financials

All figures US\$m	2015	2016	Q1'17	Q2'17
Capital expenditure	28.2	54.6	9.9	8.7
Gross debt	60.2	57.9	56.2	57.1
Cash balance	19.1	15.0	11.7	13.8
Net debt	41.1	42.9	44.5	43.3





## Corporate activity – June 2017

- 13 June 2017 - Mr Keith Marshall appointed as a Non-Executive Director
- Arrangement Agreement to acquire Helio Resource Corp:
  - Acquisition of strategic landholding centred around the NLGM
  - All share acquisition with 59.5 m Shanta shares to be issued to Helio shareholders (approximately US\$5.7 m)
  - Acquisition remains subject to shareholder vote and completion of conditions
- Proposed debt restructuring including a credit approved commitment letter with Investec Bank plc regarding a new US\$50 m facility to replace the current US\$40 m facility:
  - Reduces weighted average cost of debt by 1.4%
  - Nine month principal holiday
  - Smooths debt repayments in 2019
- Equity placement raising gross proceeds of US\$14.0 m:
  - Deliver the Revised Mine Plan
  - Seek out and firm up high grade opportunities
  - Strong support from key institutional shareholders, management and directors
- Proposed buyback of the Company's US\$15.0 m Convertible Loan Notes including receiving support from 77% of the noteholders to vote in favour of the buyback
- Financing of US\$10.0 m (comprising US\$7.5 m over 4-years and US\$2.5 m for short term working capital) agreed with Exim, one of the largest commercial banks in Tanzania secured against the NLGM Power Station which was commissioned in Q1 2017 and is now fully operational. US\$2.5 m of the US\$7.5 m 4-year facility was disbursed in the Quarter



# Recent Tanzania developments

## Tanzania Legislation

- Tanzanian Parliament approved a new Finance Act and published a number of legislative Bills in June 2017 that were enacted as Laws in early July
- Shanta is seeking advice on the legislation and assessing its potential impact and will provide updates as appropriate
- It is anticipated that from its next shipment, royalty rates will increase from 4% to 6%, in addition to the 1% clearing fee already implemented
- As a result of the new legislation, Shanta is undergoing a business review of its operation and cost base. Further updates will be provided in Q3, although this does not impact Shanta's production forecast





# DEVELOPMENT & EXPLORATION UPDATE







# Development & Exploration

## Development

- First stope ore produced from NLGM underground operation in May 2017
- Commercial production from underground NLGM operations declared as of 1 June 2017
- Underground mining continued to achieve good and consistent gold grades - total of 41,096 tonnes of ore grading 7.41 g/t mined in Q2
- The expanded Solar Power Plant at NLGM started commercial supply to NLGM as of 14 July 2017

## Exploration

- A JORC Compliant Code maiden resource for Nkuluwisi announced totalling 3,973,000 tonnes at 1.1 g/t for a total of 140,894 oz of gold







# Revised Mine Plan March 2017 - highlights

**39%**

increase in forecast gold production from NLGM from 2017-2023

**4** year

extension of the maximum utilisation of the NLGM plant

**85.2**koz p.a.

average production from 2017 to 2020

**Low** costs

average Cash Cost and AISC of US\$577 /oz and US\$736 /oz respectively

**Significant  
upside**

through inclusion of substantial resources that currently still sit outside the Plan

**\$123**  
million

NPV for Plan from January 2017 (at an 8% discount rate and a gold price of US\$1,200/oz)





# SUMMARY







## SUMMARY

- Q2 2017 quarterly gold production of 19,657 oz and gold sales of 17,982 oz
- Q2 Cash Cost of US\$559 / oz and AISC of US\$735 / oz
- Underground project remains on schedule with over 58,000 tonnes of underground ore mined from Dec 2016 to June 2017 at 8.2g/t
- Annual guidance for 2017 of 80,000 – 85,000 oz at AISC of US\$800 – US\$850 /oz

## FIVE YEAR OUTLOOK

- The Revised Mine Plan produces gold at an average AISC of US\$736 /oz with an average production for the next four years (2017-2020) of 85,000 oz
- 3.6 Mt of ore at an average grade of 4.4 g/t for 515,500 contained ounces from January 2017 to 2023
- Becoming a predominately underground mining operation
- Resources sitting outside the RMP of 9.47 Mt at 2.24 g/t for 683,000 oz



# APPENDIX







# About Shanta Gold

- A low-cost established producing gold company engaged in mining and exploration projects in highly prospective, under-explored areas of Tanzania.

Shareholder	Shares	%
Odey AM	175,377,536	23
Majedie AM	76,015,030	10
River & Mercantile	52,750,000	7
Ketan Patel	43,005,484	6
Brooks Macdonald	37,120,451	5
Sustainable Capital Ltd	34,692,424	5
Hargreaves Lansdown AM	33,175,184	4
Hargreave Hale	30,301,739	4
Jonathan Leslie	24,495,169	3
<b>Sub-total</b>	<b>506,933,017</b>	<b>66</b>
<b>Total shares outstanding</b>	<b>765,805,808</b>	



Financial Position (17 July 2017)	
Current Price (pence)	4.63
52 week range (pence)	4.63 - 13.4
Shares Outstanding	766.0
Market Cap (GBP)	35.5
Cash (US\$)	13.8
Gross Debt (US\$)	57.1
Enterprise Value (US\$)	89.4

## Share price trading history (SHG.L)





# Key Resource Management achievements

## ▶ A systematic and continuing programme of exploration to optimise and upgrade prospects

**Sept 2015**

- Base Case Mine Plan announced including 506 koz of reserves at 5.9 g/t

**Sept 2015**

- Elizabeth Hill resource upgrade to 128 koz

**Jan 2016**

- Elizabeth Hill reserve upgrade to 667 koz at 1.33 g/t for 28 koz

**Feb 2016**

- RC & DD drilling programme completed at Askari

**Apr 2016**

- Drilling programmes completed at Ilunga and Black Tree Hill

**Jul 2016**

- Second phase drilling programme completed at Ilunga to confirm strike and depth extensions

**Sept 2016**

- Ilunga resource upgrade to 258 koz

**Dec 2016**

- New Luika Gold Mine Intersects First Underground Ore

**Mar 2017**

- Exploration Update, Nkuluwisi, Lupa Goldfields

**Mar 2017**

- New Luika Gold Mine Revised Mine Plan and Reserves Update





# 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 95% 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





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