



**Q3 2017 Production &
Operational Update**

October 2017

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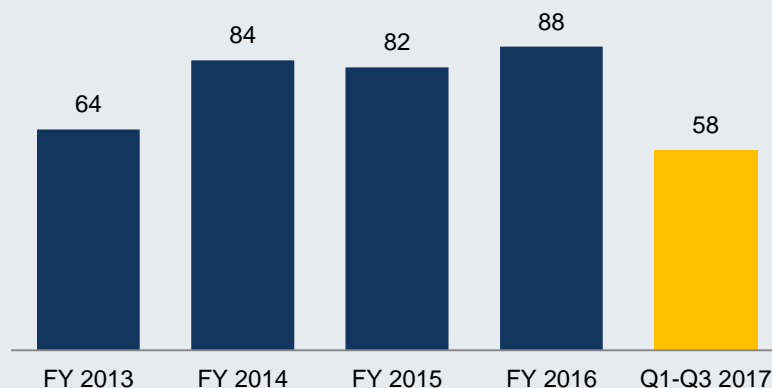
Shanta Gold – key highlights

Shanta highlights

1. **3rd largest gold producer** in Tanzania at New Luika Gold Mine (2016: 87,713 oz)
2. **Low AISC:** 2016: US\$661/ oz, Q2 2017 US\$822/ oz
3. **Revised Mine Plan (Mar 2017):**
 - 514 koz Life of Mine reserves to 2023
 - **NPV: US\$143 million** (US\$1,300/oz, 8%)¹
 - 5-year AISC of US\$775/oz ¹
4. Significant resources of **824 koz² outside the mine plan**
5. Updating Singida historic resource³, Shanta's **2nd asset**
6. 2017 guidance: approximately 80,000 at AISC of US\$800/oz
7. Strong cash flow: US\$30 m EBITDA in Q1-Q3 2017 (**US\$50 m EBITDA in FY2016**);⁵ and
8. Upside through new strategy and upcoming **value catalysts**

1. Based on revised mine plan (23 March 2017, updated for US\$1,300/ oz) adjusted for impact of higher royalties (6%) and clearing fee (1%)
2. Including Nkuluwisi of 141k oz
3. Not JORC 2012 compliant
4. 80-85,000 oz guidance originally included a contribution from the Singida pilot plant which is on hold
5. 2017 YTD EBITDA excludes US\$3m of one-time restructuring costs

Annual gold production ('000oz)



Summary Capitalisation

Share Price (GBP) ¹	3.2p
Market capitalisation	US\$33 m
Net debt ²	US\$46 m
Enterprise Value	US\$78 m
2016 EBITDA	US\$50 m
Q1-Q3 2017 EBITDA ⁵	US\$30 m

1. As of 17 October 2017
2. As of 30 September 2017

Q3 2017 corporate and strategic activity

▶ Q3 2017 a transitional quarter

Senior Management Changes

- Eric Zurrin appointed as Chief Executive Officer and joined the Board of Directors (UBS, BMO)
- Luke Leslie, a Non-Executive Director, appointed as Interim Chief Financial Officer (UBS, Accenture)
- Scott Yelland promoted from General Manager to Chief Operating Officer (Highland Gold, Rio Tinto)
- Promotion of senior Tanzanians to key leadership roles in the Company and to the Executive Committee
 - 99% of NLGM underground mining operations now Tanzanian nationals

Corporate

- Delivered notice to Helio Resource Corp. (“Helio”) (TSXV: HRC) on 18 August 2017, terminating the arrangement agreement with Helio, dated 19 June 2017
- Post Period End: extension of the Investec Bank plc US\$50 m financing due diligence period to 31 March 2018 originally announced on 20 June 2017

Shareholder value catalysts 2017/2018

► New strategy and key priorities

Operational delivery

- Complete underground ramp up in Q1 2018 at NLGM
- Conclude resource update at Singida in advance of investment decision
- Extend the mine life through conversion of resources at NLGM
- Refocus exploration to drive future value

Improving productivity

- Vigorous cost reduction, targeting ancillary functions and excessive overheads
- Reprioritisation of capital allocation and enhanced controls
- Ongoing operational improvement analysis and execution

Costs

- Cost reduction analysis and execution initiated on 5 September 2017
- Cashflow benefits expected from Q4 2017, ramping up to US\$5 m run-rate by end of Q1 2018

Capital

- Capital projects re-prioritised; non-essential capital deferred
 - Deferrals: TSF2 Phase 2, tailings retreatment)
- Re-evaluation of the Singida Project ongoing

Operational improvements

- Plant optimisation
- Mining method and efficiencies

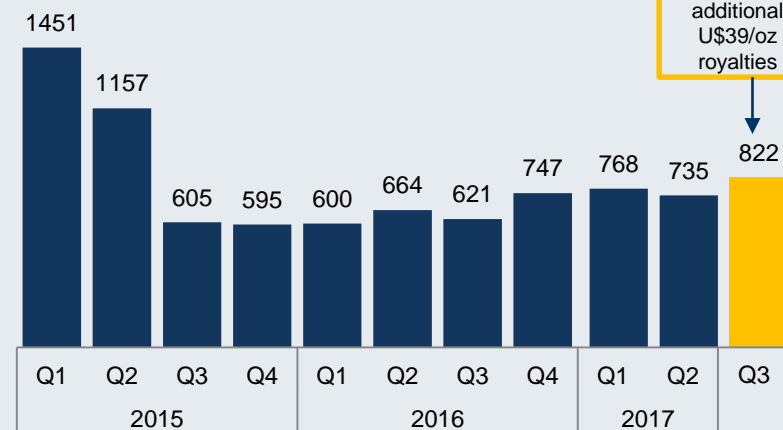
Q3 2017 highlights

- No lost time injuries for the Quarter
- Gold production of 18,225 oz (Q3 2016: 20,580 oz)
- Gold sales of 18,487 oz (Q3 2016: 23,426 oz)
- Cash costs of US\$558 /oz (Q3 2016: US\$387 /oz)
- AISC of US\$822 /oz (Q3 2016: US\$633 /oz), including US\$39 /oz impact from higher royalties and Clearing Fee
- 76,966 tonnes ore mined from underground, up from 41,096 tonnes in Q2 2017, and ahead of expectations. Underground operations are ramping-up on track
 - Q3 2017 production impacted slightly by grade variability in isolated western section of Bauhinia Creek along the nose fault
 - Q4 2017 grade expected to improve as now operating from two stopes
- Announced US\$5 m per annum run-rate of cost improvements in September. Execution and delivery progressing well, to be updated in Q4 2017

Quarterly gold production (000's oz)



Quarter on Quarter AISC (\$ /oz)

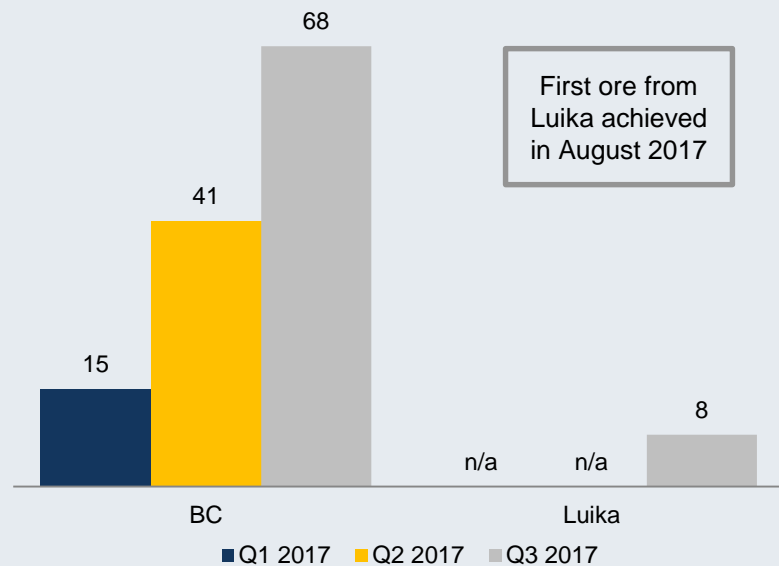


Note: Royalties (including Clearing Fee) increased by 3% in Q3 2017 adding \$38/oz

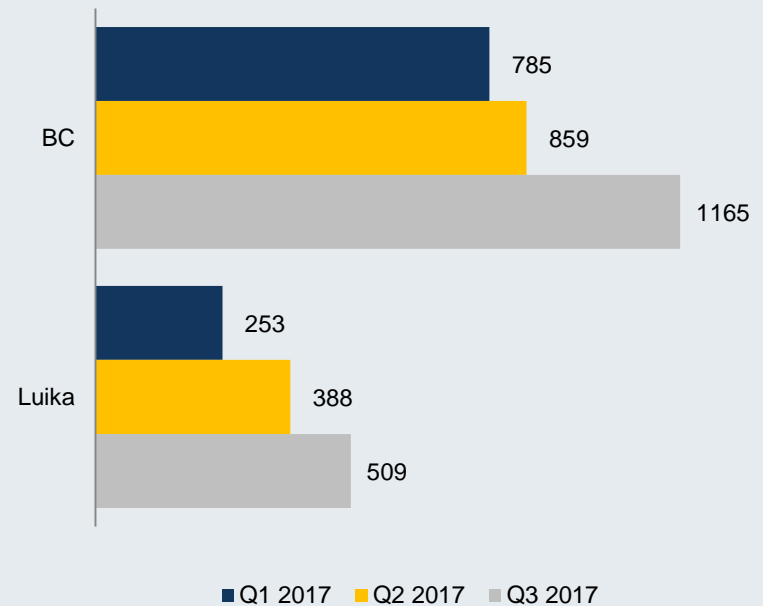
Q3 2017 underground update

- ▶ Underground ore production ramping on track
- ▶ Improved stope availability is now being realised in Q4 2017, Q3 production impacted by grade variability in isolated western section of Bauhinia Creek along the nose fault

Tonnes ore mined¹ (000s)



Development meters



1. Includes ore from development and production

Q3 2017 financial

Q3 update

- Total liquidity of US\$13.6 m including cash (US\$8.0 m) and undrawn unrestricted Exim Bank facility (US\$5.6 m)¹
- Cash balance of US\$8.0 m (Q2 2017: US\$13.8 m)
- Capital expenditure of US\$9.5 m (Q2 2017: US\$10.7 m)
- Gross debt of US\$53.5 m (Q2 2017: US\$57.3 m)
- Net debt of US\$45.5 m (Q2 2017: US\$43.3 m)
- Forward sales from October 2017 to March 2018 of 29,909 oz at an average price of US\$1,274 /oz

Comment

- ✓ Sufficient liquidity to see through ramp-up of underground
- ✓ Working capital position normalising; overall financial health strengthened
- ✓ Heavy period of capital expenditure now completed
- ✓ Entering a period of rapid deleveraging
- ✓ Down from 37,000 oz at end of June 2017, flexibility to further reduce hedge book

Key quarterly financials

US\$ m	FY 2016	Q1 2017	Q2 2017	Q3 2017
Capital expenditure	55.0	9.9	10.7	9.5
Gross debt	57.9	56.2	57.1	53.5
Cash balance	15.0	11.7	13.8	8.0
Net debt	42.9	44.5	43.3	45.5

1. Post period end an additional US\$1.9m was drawn down leaving US\$3.7m available

Production performance quarter on quarter

	Q3 2017	Q2 2017	Q1 2017	FY 2016	Q4 2016	Q3 2016	Q2 2016	Q1 2016	FY 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Tonnes ore mined	177,416	196,454	121,127	622,853	63,192	99,417	266,686	193,558	478,144	184,167	147,324	89,368	57,285
Tonnes ore milled	163,109	155,567	151,378	597,583	151,827	144,930	151,698	149,128	563,619	155,622	150,216	119,857	137,924
Grade (g/t)	3.83	4.28	4.57	5.01	4.26	4.90	5.48	5.69	4.96	6.50	5.68	4.27	3.38
Recovery (%)	90.9	90.9	92.0	90.0	90.8	90.2	89.5	89.3	89.6	89.5	89.5	89.3	90.1
Gold Production (ounces)	18,225	19,657	20,416	87,713	18,897	20,580	23,896	24,341	81,873	29,139	24,532	14,686	13,516
Gold Sales (ounces)	18,487	17,982	23,252	86,331	15,285	23,426	26,134	21,486	80,622	29,228	26,254	11,590	13,551
Silver production	22,915	24,524	28,750	126,572	24,731	30,381	36,316	35,144	121,682	39,153	36,107	22,145	24,278
Realised gold price (US\$ /oz)	1,267	1,249	1,249	1,217	1,187	1,301	1,246	1,132	1,163	1,087	1,175	1,222	1,252

About Shanta Gold

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

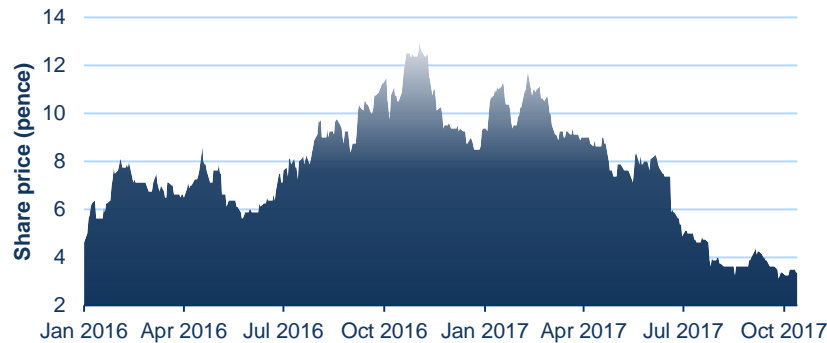
Shareholder	# shares	%
Odey AM ¹	175.4	23
Majedie AM	76.0	10
River & Mercantile	52.8	7
Ketan Patel	43.0	6
Sustainable Capital	41.2	5
Sub-total	388.3	50
Other	380.7	50
Total shares outstanding	769.0	100

Source: Equiniti, updated for recent trading in October 2017

1. Includes Contract for Differences position



Share price trading history (SHG.L)





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