



SHANTA GOLD

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Q3 2015 PRODUCTION & OPERATIONAL UPDATE

October 2015



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INTRODUCTION



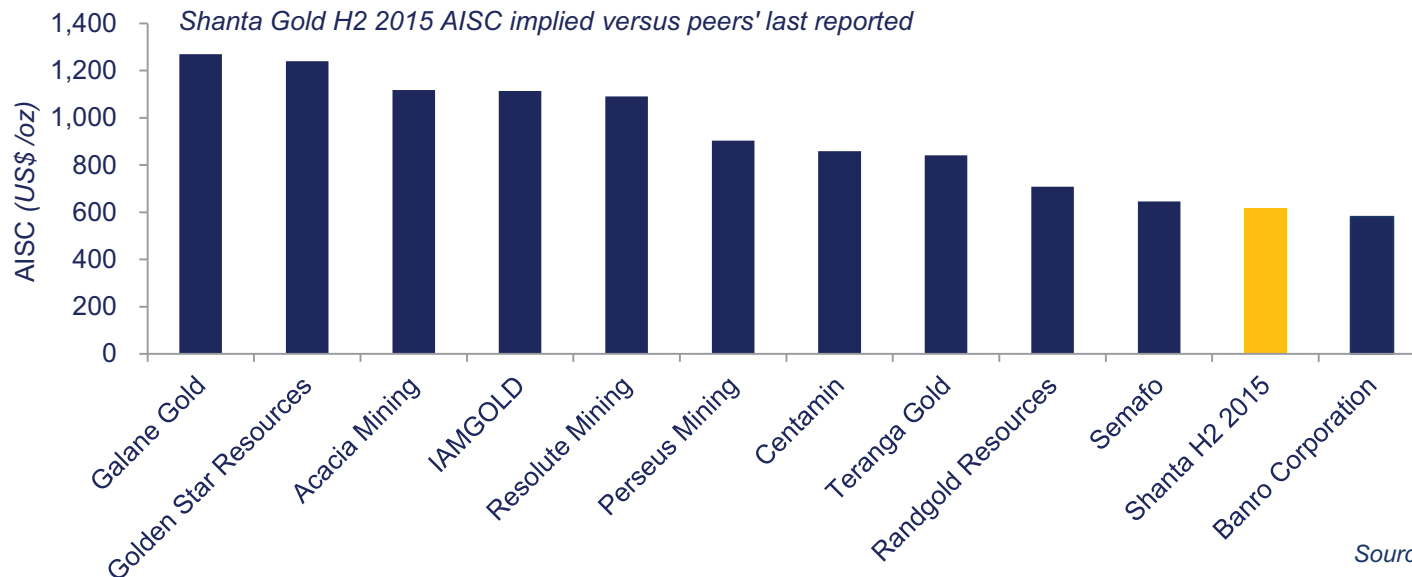
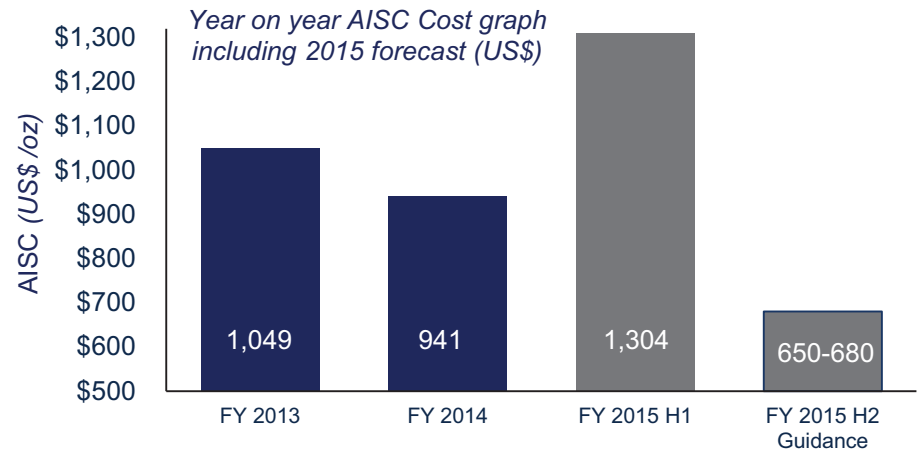
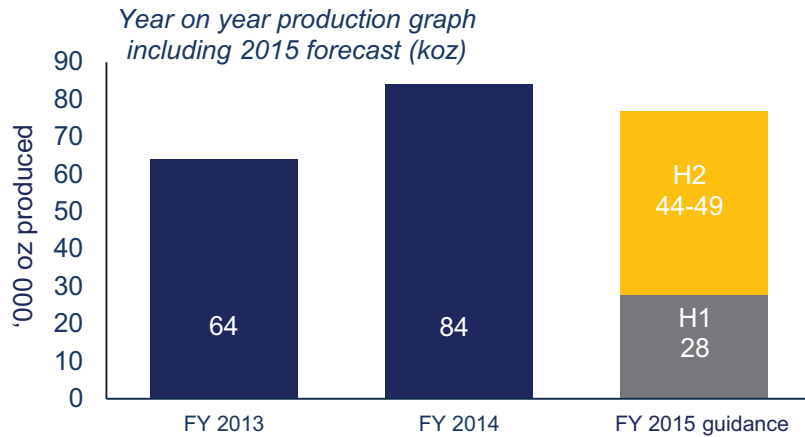
- East Africa-focused gold producer, developer and explorer with 2,500 km² of prospective ground in Tanzania
- Committed to delivering sustainable low-cost mining operations through value engineering and optimisation
- Base case mine plan (“the Plan”) delivered Q3 2015 comprises:
 - ✓ ongoing surface mining
 - ✓ separate tailings recovery project
 - ✓ underground mining operation
- NLGM mine life extended to produce 462,000 ounces (“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
- On track to achieve 2015 annual guidance of 72-77,000 oz and All In Sustaining Costs (“AISC”) US\$850-900 /oz



Financial position

Current Price (pence)*	5.62
52 week range (pence)*	4.13 - 11.50
Shares Outstanding	468.2 million
Market Cap* (GBP)	26.3 million
Cash (US\$)	11.2 million
Net Debt incl. \$25m Convertibles (US\$)	49.1 million
Enterprise Value (US\$)	89.8 million

*As at 19 October 2015



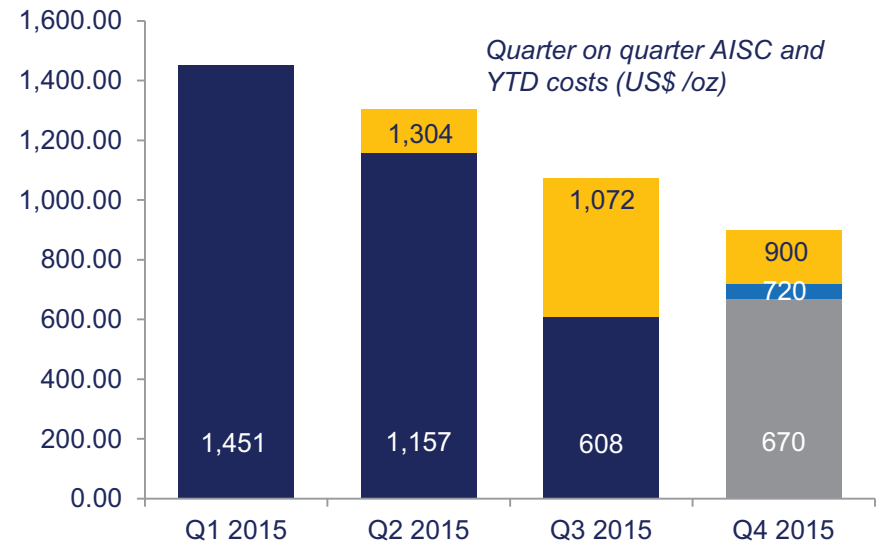
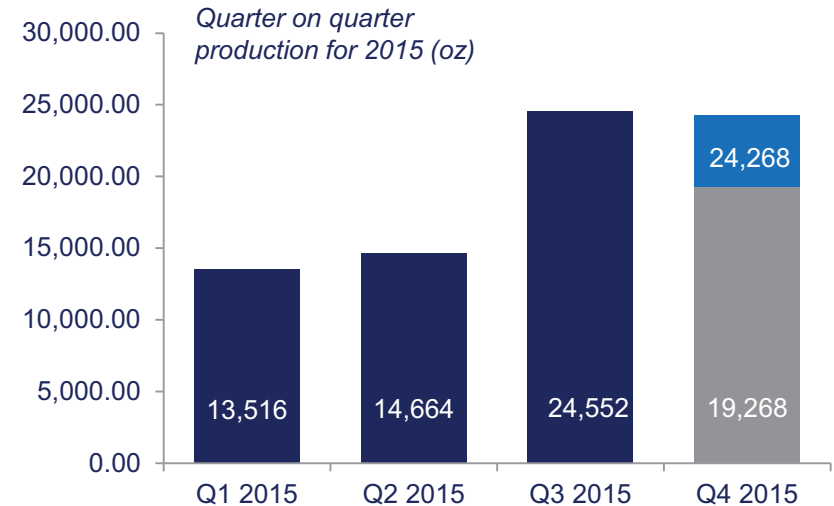
Source: GMP Securities

*Total cash cost per ounce, AISC not reported

Q3 2015 HIGHLIGHTS

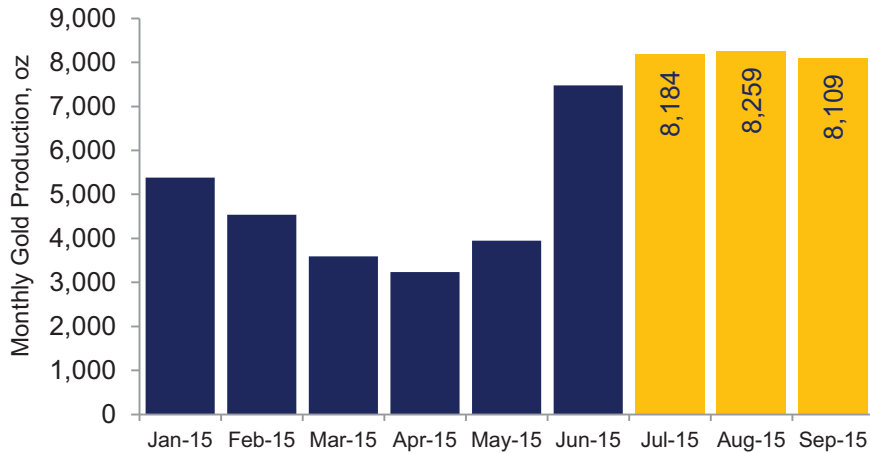


- Record gold production of 24,552 oz (Q2: 14,664 oz)
- Gold sales of 26,254 oz at an average price of US\$1,175 per oz (“/oz”) (Q2: 11,590 oz at US\$1,222 /oz)
- Cash Cost of US\$453 /oz (Q2: US\$834 /oz) and AISC of US\$608 /oz (Q2: US\$1,157 /oz)
- 2015 production guidance on track to achieve 72,000-77,000 oz
- 2015 AISC guidance on track to achieve US\$850 /oz to US\$900 /oz
- Bauhinia Creek and Luika Pits re-optimised and re-designed to generate significant reduction in Life of Pit strip ratios and mining costs

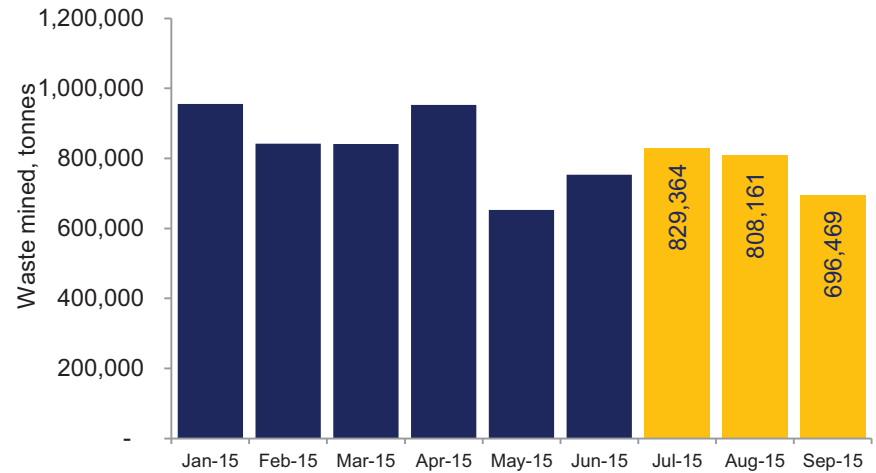


2015 return to stabilised, sustainable production

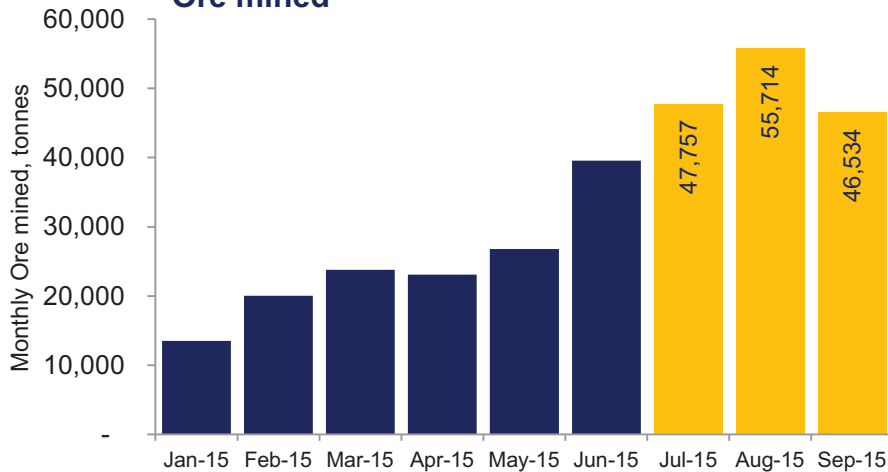
Gold Production



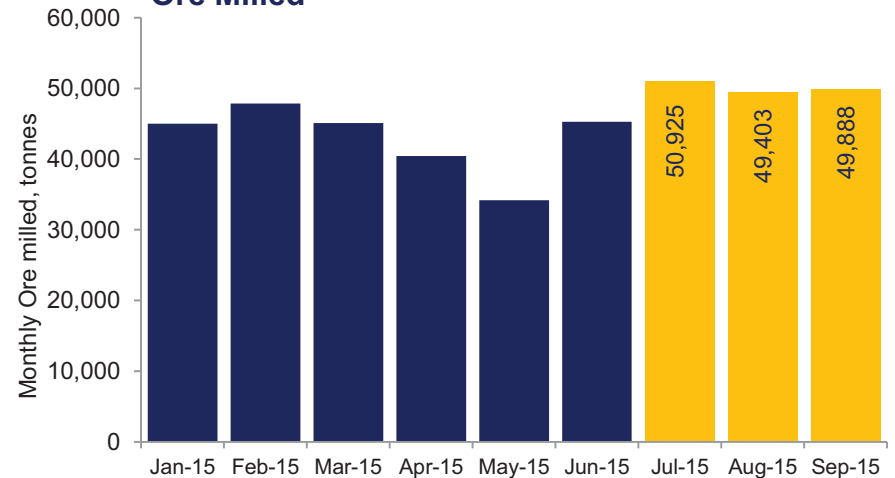
Waste Mined



Ore mined



Ore Milled



Production performance quarter-on-quarter

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Tonnes ore milled	150,216	119,857	137,894	154,309	153,301
Grade (g/t)	5.68	4.27	3.38	4.37	4.47
Recovery (%)	89.5	89.3	90.1	88.2	89.1
Gold (ounces)					
Production	24,552	14,664	13,516	19,114	22,720
Sales	26,254	11,590	13,551	24,700	18,600
Silver production	36,043	24,398	24,600	34,768	38,999
Realised gold price (US\$ /oz)	1,175	1,222	1,252	1,253	1,306

Q3 2015 financial highlights

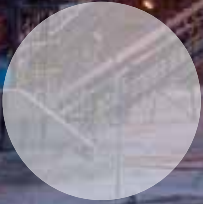
- Cash generated from operations US\$13.2 m. (Q2: loss of US\$3.0 m) US\$5.4 m period gold proceeds received after period end
- Capital expenditure of US\$7.3 m (Q2: US\$6.6 m) including open pit development expenditure
- Gross debt of US\$60.3 m (Q2: US\$60.4 m) and net debt of US\$49.1 m (Q2: US\$54.5 m)
- Improved unit cost performance mainly as a result of lower strip ratios and higher gold production
- Forward sales from November 2015 to April 2016 of 25,000 oz at an average price of US\$1,176 /oz

2015 AISC guidance of US\$850-900 /oz places Shanta in the lowest quartile of current producers

Q3 2015 Cash Cost and AISC of US\$453 /oz and US\$608 /oz respectively

<i>All figures US\$m</i>	Q3 2015	Q2 2015	Q1 2015
Cash generated from operations	13.2	-3	5.8
Cash balance	11.2	5.9	9.2
Capital expenditure	7.3	6.6	8.1
Gross Debt	60.3	60.4	52.7
Net debt	49.1	54.5	43.5

MINE PLAN AND PRODUCTION PROFILE



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
- 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\$110.4 m from 1 January 2016
Total capital expenditure over project life	US\$77.6 m from 1 January 2016
Payback period	Three years
Life of Mine Cash Cost	US\$535 /oz
Life of Mine AISC	US\$695 /oz

Underground feasibility study highlights

- Extraction of 1.57 Mt at 6.5 g/t over six years for the production of 310,000 oz
- Project NPV8 at a gold price of US\$1,200 /oz is US\$72 m with a pre-tax IRR of 56%
- Underground life of mine Cash Cost and AISC of US\$499 /oz and US\$640 /oz respectively
- Pre-production capital cost of US\$38.4 m. Options being reviewed to finance underground mobile equipment and power plant with the balance of funding to come from internal cash flow and Investec standby facility
- Targeting commencement of portal development in Q2 2016 with underground production scheduled from Q2 2017

Underground Feasibility Study Highlights

Underground Feasibility Study Summary	
Underground reserve	1.57Mt at 6.5 g/t for 329,000 oz
Projected mine life	Six years
NPV at 8%	US\$72 m
Project IRR (pre-tax)	56%
Pre-production capital expenditure	US\$38.4m
Total capital expenditure over project life	US\$61.2m
Payback period	Three years
Life of Mine Cash Cost	US\$499 /oz
Life of Mine AISC	US\$640 /oz

Key assumptions	
Gold Price	US\$1,200 /oz
Processing Recovery	90%
Mill throughput capacity	600,000 tonnes pa
Diesel price	US\$0.91 per litre
HFO price	US\$0.72 per litre

Capital expenditure summary	
Surface and underground fixed infrastructure	US\$8.2m
Mobile Equipment	US\$14.5m
Lateral and vertical development	US\$8.2m
Power plant upgrade	US\$7.5m
Total pre-production capital expenditure	US\$38.4m

- The underground mining equipment includes a 5% contingency within an overall contingency for all capital purchased items of 8%
- Pre-production capital cost of US\$38.4 m including contingency. Finance being sought for underground mobile equipment and power plant with balance of funding to come from internal cash flow and Investec standby facility

- Underground reserves increase by 31,000 oz (10%) to 329,000 oz on lower tonnes but improved grade with 1.57 Mt at 6.5 g/t on US\$1,200 /oz gold price
- Probable reserves for surface and underground of 2.65 Mt at 5.9 g/t gold, for 506,000 oz

Deposit and classification	Ore tonnes (kt)	Ore grade (g/t Au)	Contained Ounces (koz)	Recoverable Ounces (koz)
Total Ore Reserves – Underground	1,571	6.5	329	296
Total Ore Reserves – Open Pits	1,085	5.08	177	159
Total Ore Reserve – Open Pits + Underground	2,656	5.93	506	455

- Total resources that sit outside of the Plan of 6.64 Mt at 2.41 g/t for 514,000 oz:
 - ✓ **can potentially benefit from further exploration**
 - ✓ **are a development priority**
 - ✓ **all sit within the NLGM license enabling quick access to early production**
- One example is the Elizabeth Hill Indicated resource declared on 17 September 2015 as 2.3 Mt at 1.7 g/t for 128,000 oz
- Based on reserves at the time of completing the Plan, unutilised mill capacity over the next five years representing 362,000 tonnes of spare throughput
- Ongoing resource exploration and optimisation work to utilise full mill capacity to add near term project value
- Additional resources brought into the Plan can further extend the life of the high grade underground resources, push out capital expenditure, extend the life of the operation and further improve NPV
- High grade underground deposits are open at depth and carry significant inferred resources that will be further explored

SUMMARY & OUTLOOK



SUMMARY

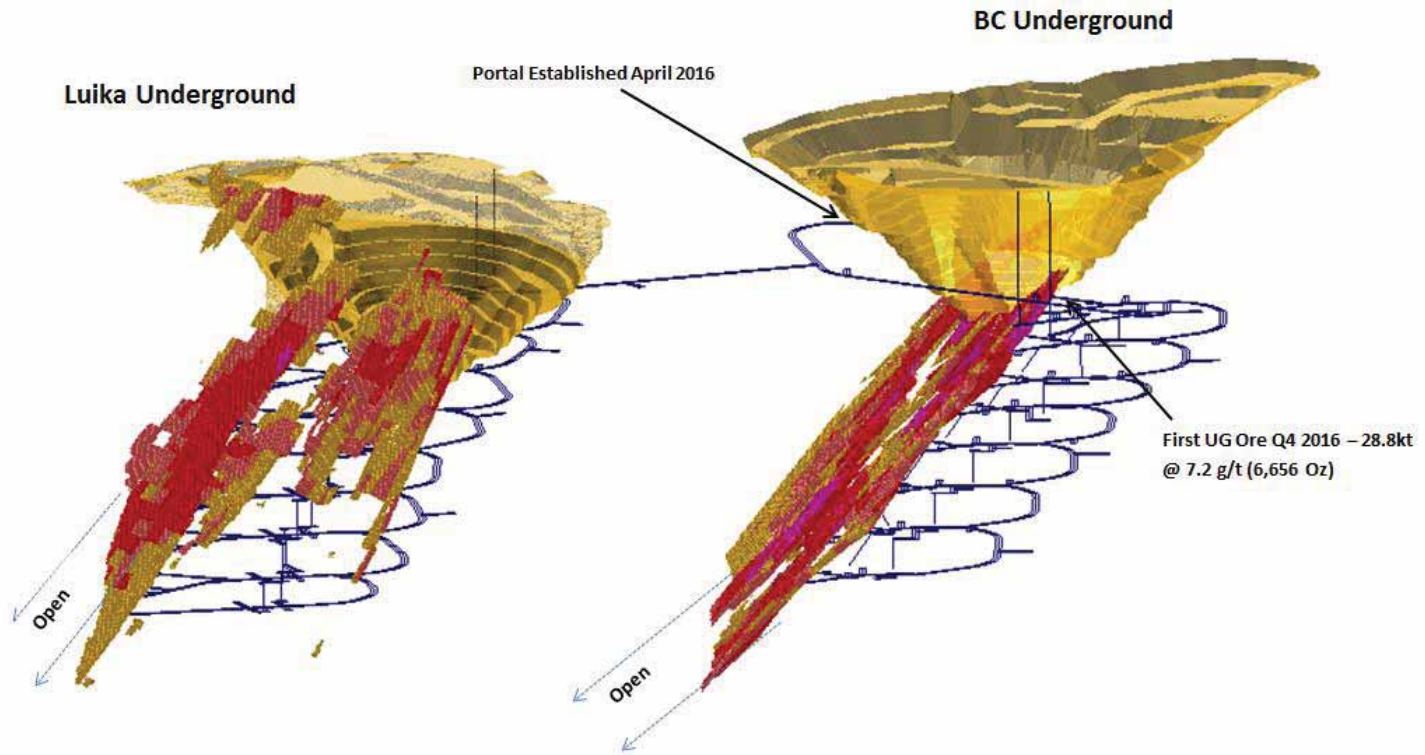
- Record quarterly gold production of 24,552 oz (Q2: 14,664 oz)
- Gold sales of 26,254 oz at an average price of US\$1,175 /oz (Q2: 11,590 oz at US\$1,222 /oz)
- Cash Cost of US\$453 /oz (Q2: US\$834 /oz) and AISC of US\$608 /oz (Q2: US\$1,157 /oz)
- Annual production guidance on track to achieve 72,000-77,000 oz at AISC of US\$850 /oz to US\$900 /oz

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 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





Mine Plan Production Profile

PRODUCTION		2016	2017	2018	2019	2020	2021	2022	Total
Open Pit									
Material Mined	tonnes	5,229,643	1,828,397	251,617	-	-	-		7,309,658
Ore Mined	tonnes	559,088	326,719	71,877	-	-	-		957,685
Strip Ratio		8	5	3	-	-	-	-	7
Grade	g/t	5.35	4.38	2.30	-	-	-		4.79
Contained Gold	koz	96	46	5	-	-	-	-	148
Underground									
Material Mined	tonnes	227,309	454,676	621,738	796,402	540,606	85,992	56,077	2,782,800
Ore Mined	tonnes	41,684	271,737	396,755	538,273	449,861	81,586	53,273	1,833,168
Grade	g/t	5.45	4.62	5.54	6.21	5.49	8.64	9.68	5.84
Contained Gold	koz	7	40	71	107	79	23	17	344
Reserve Ore Mined	tonnes	28,433	153,901	306,528	514,194	432,810	81,586	53,273	1,570,725
Reserve Grade	g/t	7.12	8.06	7.93	7.41	6.70	11.97	14.37	7.72
Mineralized Waste	tonnes	13,251	117,836	90,228	24,079	17,051			262,445
Mineralized Grade	g/t	1.86	1.86	1.86	1.77	1.77			1.85
Total									
Ore Mined	tonnes	600,772	598,456	468,633	538,273	449,861	81,586	53,273	2,790,853
Grade	g/t	5.36	4.49	5.04	6.21	5.49	8.64	9.68	5.48
Contained Gold	koz	104	86	76	107	79	23	17	492
Processing									
Tonnes Milled	tonnes	523,651	600,000	526,268	530,882	457,252	81,586	53,273	2,772,911
Head Grade	g/t	5.52	4.65	4.96	6.23	5.48	8.64	9.68	5.53
Mine Gold Produced	koz	84	81	76	96	72	20	15	443
Tailings Gold Produced	koz	-	5	3	3	3	3	3	19
Total Gold Produced	koz	84	86	78	98	75	23	18	462

Mine Plan Operating Costs Summary

COSTS (US\$/oz)		2016	2017	2018	2019	2020	2021	2022	Total
Open Pit Mining	\$/oz	358	338	242	-	-	-	-	341
Underground Mining	\$/oz	291	342	286	258	284	183	162	271
Processing	\$/oz	159	195	176	141	166	146	160	165
G&A	\$/oz	117	114	125	100	130	63	82	112
By-product Credit	\$/oz	(24)	(23)	(26)	(26)	(27)	(33)	(35)	(26)
Royalty & Selling	\$/oz	61	61	61	61	61	62	62	61
Other (SIB, Interest, Corp)	\$/oz	141	118	107	80	91	44	57	102
Cash Cost									
Open Pit Mining	\$/oz	610	603	672	-	-	-	-	613
Underground Mining	\$/oz	547	611	524	446	547	324	325	499
Total	\$/oz	605	607	543	465	543	338	343	532
AISC									
Open Pit Mining	\$/oz	817	822	885	-	-	-	-	835
Underground Mining	\$/oz	691	758	666	599	703	436	455	640
Total	\$/oz	807	786	712	606	696	444	462	695

Mine Plan Capital Expenditure

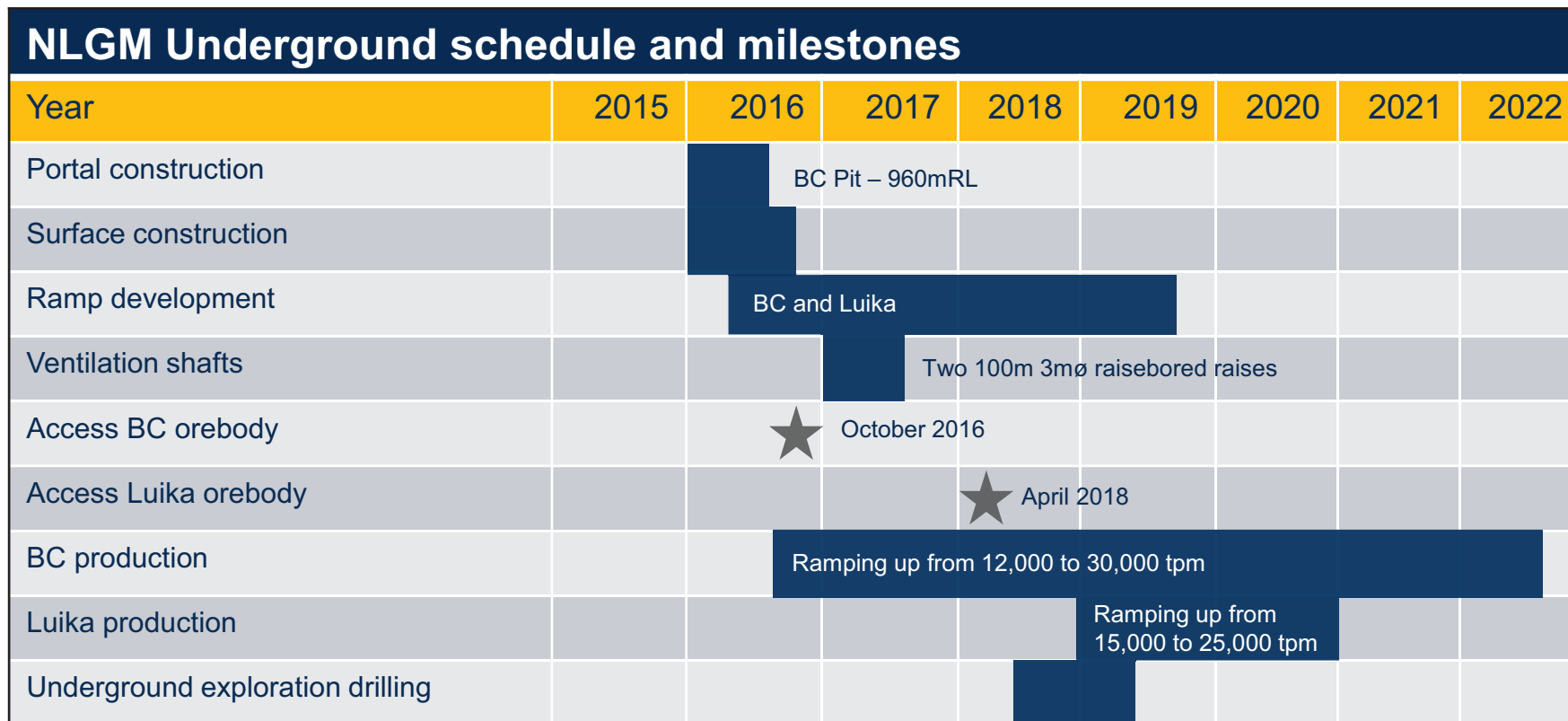
- Key infrastructure projects such as; water security, power supply and tailings storage will be completed as part of the Mine Plan
- The new tailings storage will be commissioned in 2016 to provide for an initial eight year mine life at current mill capacity
- Underground capital expenditure does not reflect 50% of the power project, which is included as a separate item

	Q4 2015	2016	2017	2018	2019	2020	2021	2022	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
UG Capital Development	6,019	21,532	7,558	8,674	9,503	0	-	-	53,286
Open pit Mines Development	4,051	785	200	-	-	-	-	-	5,036
Power Plant Uprate	3,790	11,216	-	-	-	-	-	-	15,006
Luika River Dam	950	633	2,105	-	-	-	-	-	3,688
TSF2 Phase 1	1,804	2,737	-	-	-	-	-	-	4,541
TSF2 Phase 2	-	-	-	2,000	-	-	-	-	2,000
Plant Uprate Phase 1	367	367	-	-	-	-	-	-	735
Plant Uprate 2 – Tailings Retreatment	-	4,045	-	-	-	-	-	-	4,045
Singida Pre-feasibility	909	1,183	-	-	-	-	-	-	2,092
Exploration - Nkuluwisi & NLGM	285	1,000	-	-	-	-	-	-	1,285
Other	2,253	2,064	777	672	562	-	-	-	6,327
TOTAL CAPEX	20,428	45,562	10,639	11,345	10,065	0	0	0	98,040

NPV Gold Price and 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

Underground Feasibility Study timeline



Open pit reserves unchanged since the last reserve Statement of April 2015, save for depletion to the end of August 2015, which is reflected below

Deposit and classification	Ore tonnes (kt)	Ore grade (g/t Au)	Contained Ounces (koz)	Recoverable Ounces (koz)
Bauhinia Creek OP				
Probable Reserve	282	10.75	97	88
Luika OP				
Probable Reserve	271	3.52	31	28
Ilunga OP				
Probable Reserve	120	4.42	17	15
Black Tree Hill OP				
Probable Reserve	145	1.95	9	8
Elizabeth Hill OP				
Probable Reserve	70	2.30	5	5
Jamhuri OP				
Probable Reserve	121	2.45	10	9
Shamba OP				
Probable Reserve	76	3.37	8	7
Total Ore Reserve - Open Pits	1,085	5.08	177	159

Underground reserves

- Underground reserves have increased by 31,000 oz from the October 2014 Reserve Statement
- Tonnes in BC broadly similar, but the results from drilling and the reallocation of surface reserves to underground have substantially improved the grade from 4.4 g/t to 7.1 g/t
- Cut-off grades were calculated to be 3.0 g/t and 3.5 g/t for BC and Luika respectively. The higher cut-off grade applies to Luika because the selected mining method has a higher cost per ton

Deposit and classification	September 2015				September 2014				Increment			
	Ore tonnes (kt)	Ore grade (g/t Au)	Contained metal (koz)	Recoverable Ounces (koz)	Ore tonnes (kt)	Ore grade (g/t Au)	Contained metal (koz)	Recoverable Ounces (koz)	Ore tonnes (kt)	Ore grade (g/t Au)	Contained metal (koz)	Recoverable Ounces (koz)
Bauhinia Creek												
Probable Reserve	1,099	7.1	251	226	1,175	4.4	166	149	-76	2.7	85	77
Luika												
Probable Reserve	471	5.1	78	70	1,088	3.7	130	117	-617	1.4	-52	-47
Luika South												
Probable Reserve					21	3.4	2	2	-21	-3.4	-2	-2
Total Ore Reserve	1,570	6.5	329	296	2,284	4.1	298	268	-714	1.4	31	28

2015 Reserves calculated at US\$1,200 /oz. 2014 Reserves calculated at US\$1,300/oz



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