

SHANTA GOLD

Q3 2016 Production & Operational Update

18 October 2016

www.shantagold.com

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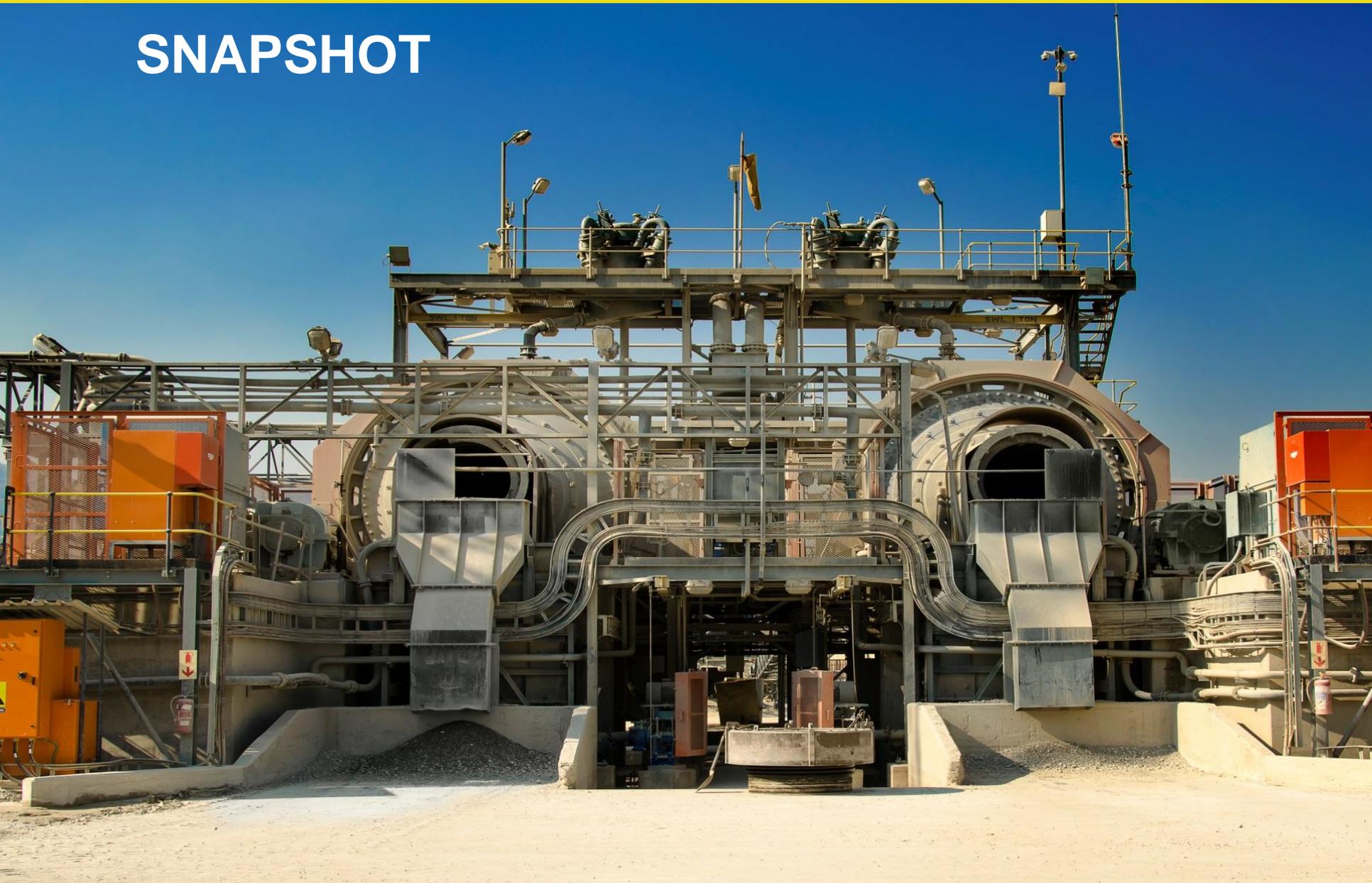
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SNAPSHOT



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
- Projects at New Luika Gold Mine and Singida
- New Luika produced 82,000 oz in 2015. Guidance of 82-87,000 oz for 2016
- New Luika Base Case Mine Plan (“the Plan”) delivered in Q3 2015 produces 443,000 oz from January 2016 – 2022 comprising:
 - underground mining operation
 - ongoing surface mining
 - separate tailings recovery project
- Updated Mine Plan due in Q1 2017 expected to extend mine life with inclusion of the upgrades of the Elizabeth Hill Reserve and the Ilunga Indicated Resource
- NLGM has excellent exploration upside within and surrounding the licence areas
- Pilot-scale production to commence at advanced stage Singida Gold Project in 2017 in conjunction with exploration and updated feasibility study





Shanta – building a track record of delivery

Low cost Tanzanian producer with significant growth potential across two assets

Stable gold production

- Guidance – existing NLGM mine plan (2016–2020)¹ production averaging 84,000 oz per year and average AISC of \$695/oz

Low cost gold producer

- 2016 annual gold production guidance of 82-87,000 oz at a lowered AISC of US\$690-740 /oz

Strong cash flow

- Revenue of US\$55.7 million in H1 2016 with EBITDA of US\$33.3 million

Comfortable debt repayment profile

- Cash of US\$25.8 million³ at Q3 2016 with Net Debt of US\$38.4 million. Debt scheduled to be rapidly repaid from existing cash flow

Quality asset base

1. New Luika Gold Mine

- High grade resource base (3.9g/t gold average grade)
- Blending opportunities with lower grade deposits provides optionality
- Ongoing resources conversion to reserves

2. Singida

- Exploration to target increased resources underway
- Pilot plant – first gold pour targeted in Q2 2017

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 (October 17 th)		
Current Price (pence) ¹		10.7
52 week range (pence) ¹		4.5-12.0
Shares Outstanding		583 million
Market Cap ¹ (GBP)		61.7 million
Cash (US\$) ³		25.8 million
Gross Debt (US\$) ²		70.5 million
Enterprise Value (US\$)		113.7 million

¹ As at 17 October 2016

² Includes US\$9.1 million Bank M letter of credit

³ excludes \$6.34million pre-payment from cash reserves

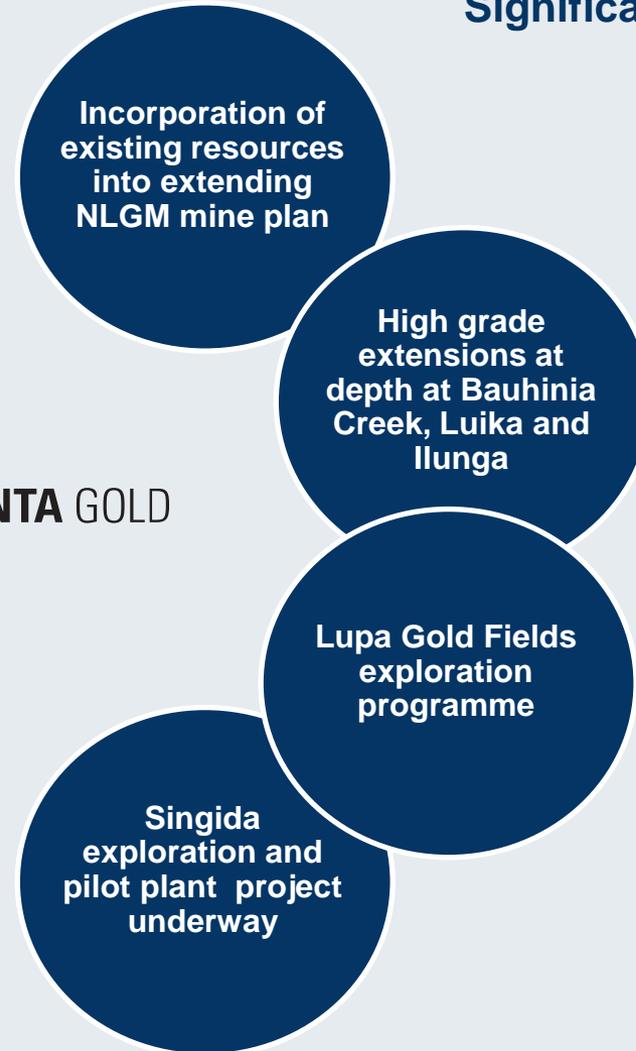
Shanta strategy – generating shareholder value



Low cost, high grade production



Significant growth potential





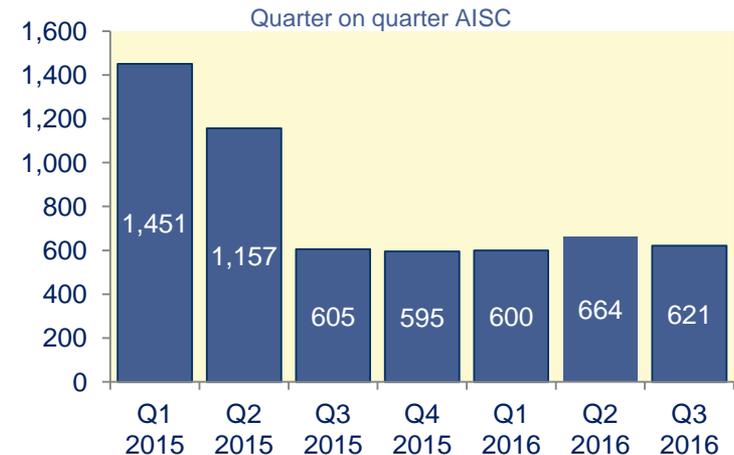
Q3 2016 HIGHLIGHTS





Q3 2016 highlights

- Gold production of 20,580 oz (Q2 2016: 23,869oz)
- Gold sales of 23,426 oz at an average price of US\$1,301per oz (“/oz”) (Q2 2016: 26,134 oz at an average price of US\$1,246 /oz)
- Cash Cost of US\$387 /oz (Q2 2016: US\$429 /oz) and AISC of US\$621/oz (Q2 2016: US\$664 /oz)
- No lost time injuries
- Underground project development on track and within budget for first ore production in Q2 2017
- Updated resources statement published for the Ilunga satellite deposit for a total resource of 1.7Mt at 4.55g/t for 258,000 oz at 1 g/t cu-off;
- Work continues on the second Tailings Storage Facility (“TSF2”)
- An additional 184,000oz at Ilunga (165,000oz Indicated) being evaluated for additional reserves to add to mine life in a high grade underground operation

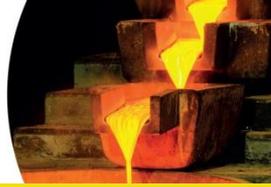


Production performance quarter-on-quarter



	Q3 2016	Q2 2016	Q1 2016	FY 2015	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Tonnes ore mined	99,417	266,686	193,558	478,144	184,167	147,324	89,368	57,285
Tonnes ore milled	144,930	151,698	149,128	563,619	155,622	150,216	119,857	137,924
Grade (g/t)	4.90	5.48	5.69	4.96	6.50	5.68	4.27	3.38
Recovery (%)	90.2	89.5	89.3	89.6	89.5	89.5	89.3	90.1
Gold Production (ounces)	20,580	23,896	24,341	81,873	29,139	24,532	14,686	13,516
Gold Sales (ounces)	23,426	26,134	21,486	80,622	29,228	26,254	11,590	13,551
Silver production¹	30,381	36,316	35,144	121,682	39,153	36,107	22,145	24,278
Realised gold price (US\$ /oz)	1,301	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

- Q3 2016 cash generated from operations of US\$11.1m (Q2 2016: US\$13.1m).
- Q3 2016 capital expenditure of US\$14.2m (Q2 2016: US\$7.0m)
- Cash balance of US\$25.8m (Q2 2016: US\$30.5m) excluding US\$6.34 million pre-payments from cash reserves
- Additional access to Silver Stream funds (US\$5.25 m) and Power Station Funding (US\$9.1m) yet to be drawn down

Q3 2016 Cash Cost of US\$387 /oz

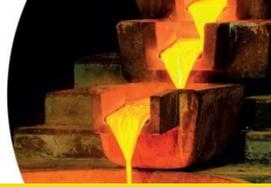
Q3 2016 AISC of US\$621 /oz

All figures US\$m	Q3'16	Q2'16	Q1'16	Q4'15
Cash generated from operations	11.1	13.1	2.8	17.3
Capital expenditure	14.2	7.0	5.6	6.2
Gross Debt	70.5	75.0	74.7	60.2
Cash balance	25.8	30.5	16.3	19.1
Net debt	38.4	44.5	58.4	41.1



DEVELOPMENT & EXPLORATION UPDATE





- Underground project development remains on schedule and within budget for maiden ore production Q2 2017
- At quarter end, the decline had advanced 270 metres, the turn out and cross drive to Luika had advanced 79 metres and there was a further 53 metres of non-decline development for a total of 402 metres
- Project now fully resourced in terms of employees and equipment with 80 people now employed with all the senior roles filled (96% local workforce)
- Shanta continues construction of TSF2 which will be commissioned in 2017
- Luika River dam has completed its first stage of construction providing additional storage of 350ML of water





- July 2016 - Second stage of drilling at Ilunga to extend understanding of resource at depth and along strike
- September 2016 - a resource update announced for Ilunga deposit adding a net increase in total resources of 184,000 oz (at 1 g/t cut off) of which 165,000 oz is in the indicated category
- July 2016 Singida pilot plant due announced due for completion in Q2 2017
- September 2016 - High grade drilling results announced for Singida's Gold Tree 2 and Gold Tree 3 deposits
- Singida has significant exploration upside potential which will be evaluated in the coming quarters while an updated full scale feasibility study is conducted
- Near mine exploration and development campaign is a key component of the ongoing strategy
- Q1 2017 - Revised Mine Plan to incorporate the Elizabeth Hill Reserve and the recently upgraded Ilunga Resource which will extend mine life



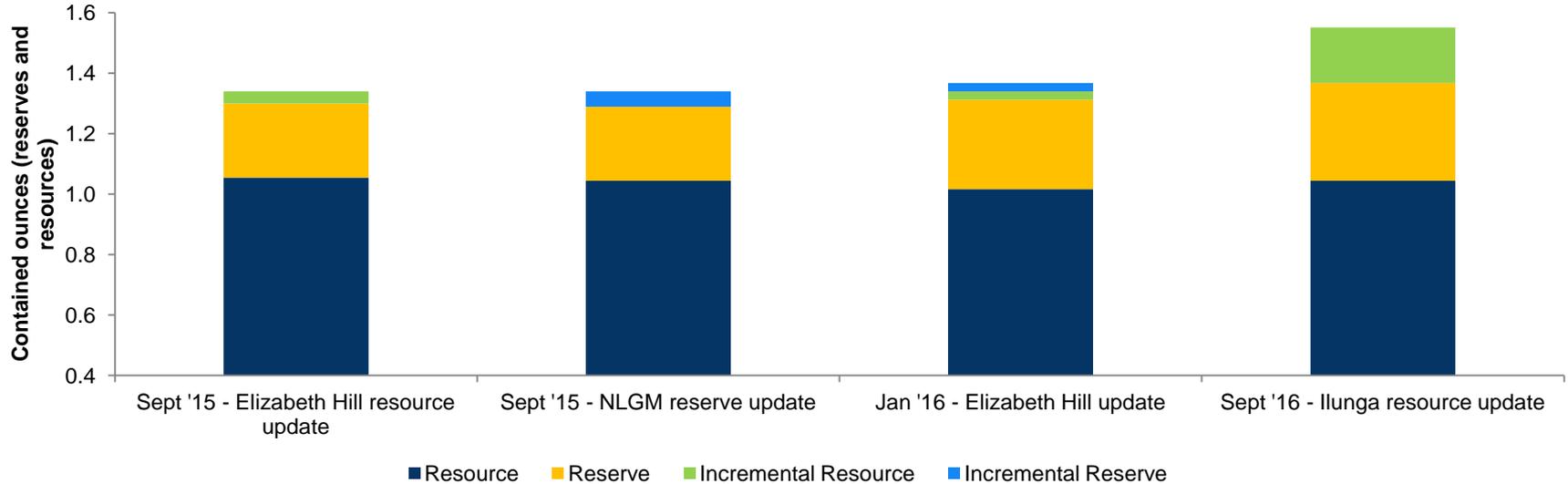
Shanta is increasing its high grade resources at NLGM



New focus on exploration

- LTM significant increase of 252koz additional resources 19%
- Ongoing conversion of resources to reserves within the existing mining licence
- New discoveries at Askari
- Systematic exploration of 1,300km² of 100% owned surrounding licences

LTM change in reserves and resources





► Growth around a Central Processing Facility

Resource to Reserve conversion

- In-fill drilling of under-explored resources, combined with engineering studies to add mining reserves
- Targeted areas already delivered include: Bauhinia Creek and Luika underground
- Ilunga underground (following recent drilling), Elizabeth Hill open pit

Resource additions and upgrades

- Resource expansion of mineralised ore bodies open at depth or along strike
- Step out drilling to define mineralised envelope, adding new resources or closing off ore bodies
- Incremental upgrade of resources from Inferred category to Indicated status
- Bauhinia Creek, Luika, Elizabeth Hill, Jamhuri, Ilunga, Shamba, Askari

New target generation

- Continual improvement of regional dataset (geophysics, rock chip geochemistry, topographic control, satellite imagery and radiometrics)
- Continued improvement of exploration capability as team expertise grows
- New targets generated, tested

► Exploration activities likely to have material impact on NLGM mine life and provide significant optionality

Key achievements



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

Sept 2015

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

Sept 2015

- Elizabeth Hill resource upgrade to 128k oz

Jan 2016

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

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 258koz



- Continued exploration work and incorporation of resources into the NLGM mine plan



SUMMARY & OUTLOOK





SUMMARY

- Q3 2016 quarterly gold production of 20,580 oz and gold sales of 23,426 oz
- Q3 2016 Cash Cost of US\$387 /oz and AISC of US\$621 /oz
- Annual production guidance reiterated for FY 2016 of 82,000 – 87,000 oz
- Lowered AISC guidance to US\$690-740 /oz from US\$730-780 /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
- Updated Mine Plan due in Q1 2017 expected to extend mine life
- Underground production expected to commence from Q2 2017
- Targeted exploration program advancing multiple near mine and on licence mineralisation
- Increasing focus on the Singida Project



Positioned for growth – upcoming milestones

Year	Q4 '16	Q1 '17	Q2 '17	Q3 '17	Q4 '17
New Luika underground development:					
• First development ore	★				
• TSF 2 commissioning		★			
• HFO power commissioning		★			
• First production of stope ore			★		
• Update to Base Case Mine Plan to incorporate new Indicated Resources at Elizabeth Hill and Ilunga		★			
Systematic exploration programme:					
• Ongoing exploration	★	★	★	★	★
Singida development:					
• Pilot plant complete and trial production commences		★			



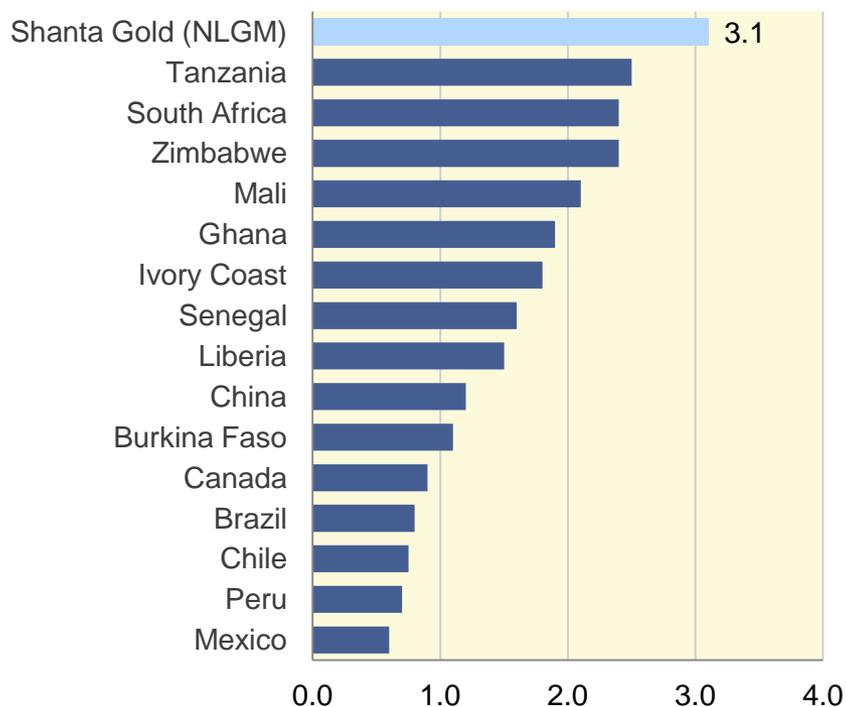
APPENDIX





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

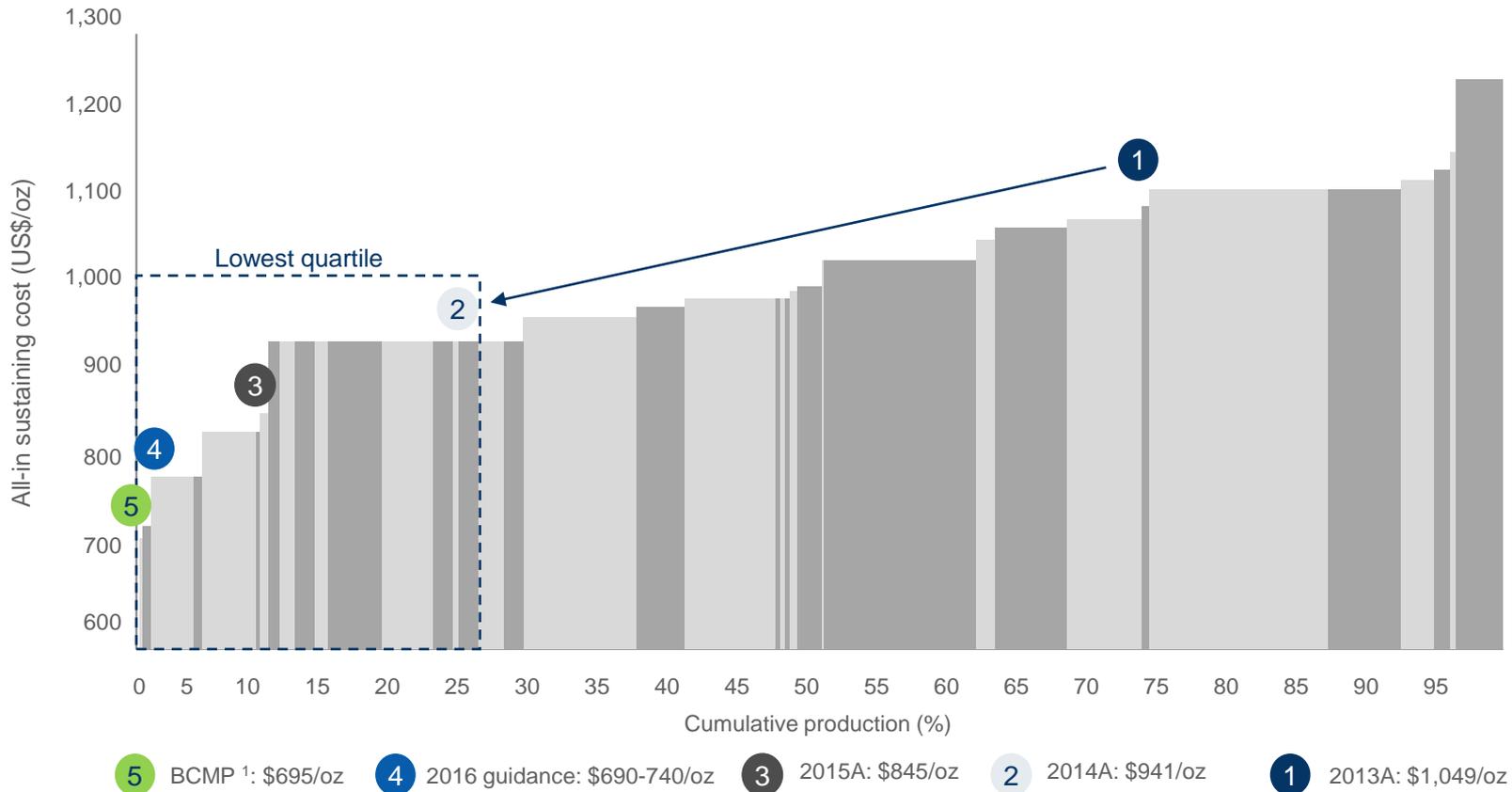
Note:

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

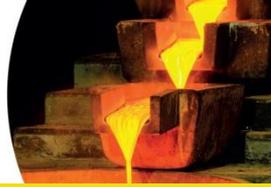
Gold price	Discount rates		
	5%	8%	10%
US\$1,100/oz	87.3	76.1	69.6
US\$1,200/oz	124.8	110.4	102.0
US\$1,300/oz	162.4	144.8	134.5

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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