



**SHANTA** GOLD

# Final Results

*Year ended 31 Dec' 2015*

6 May 2016

[www.shantagold.com](http://www.shantagold.com)

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## Financial highlights

- Revenue of US\$95.7 m (2014: US\$114.9 m)
- Average realised gold price of US\$1,163 /oz (2014: US\$1,289 /oz)
- EBITDA of US\$31.9 m (2014: US\$33.8 m)
- Loss after taxation of US\$17.3 m (2014: Profit after taxation of US\$8.9 m), as a result of a one off non-cash depreciation charge of US\$21 m
- Cash generated from operations of US\$35.0 m (2014: US\$39.0 m)
- Capital expenditure of US\$29.5 m including push back at Bauhinia Creek (2014: US\$23.0 m)
- US\$40 m senior secured bank refinancing with Investec Bank
- Cash and cash equivalents of US\$19.1 m at year end (2014: US\$14.9 m)
- Net debt at year end of US\$41.5 m (2014: US\$40.7 m)

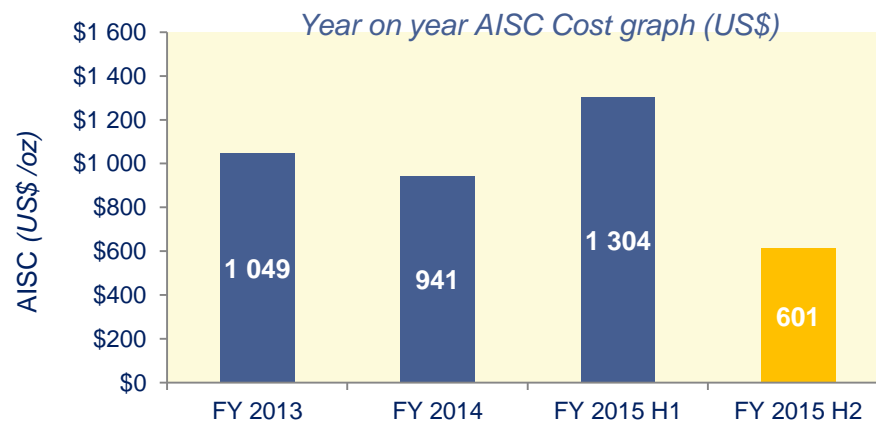
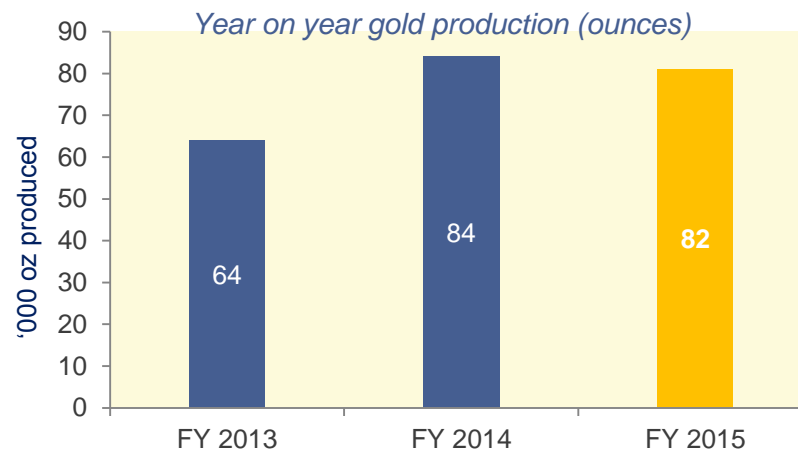
***2015 AISC of US\$834 /oz places Shanta in the lowest quartile of current producers***

All figures US\$m	FY'15	FY'14
Cash generated from operations	35.0	39.0
Capital expenditure	29.5	23.0
Cash balance	19.1	14.9
Net debt	41.5	40.7



# Operational highlights

- Gold production of 81,873 oz exceeded guidance of 72,000 - 77,000 oz (2014: 84,028 oz)
- Gold sales of 80,622 oz at an average price of US\$1,163 /oz, compared to average spot price of US\$1,160 /oz (2014: 87,758 oz)
- Milled 563,613 tonnes of ore (2014: 580,664 tonnes)
- Average ore grade of 4.73 g/t (2014: 5.18 g/t)
- AISC of US\$834 /oz against guidance of US\$850-900 /oz (2014: US\$941 /oz)
- One lost times injury
- Publication of the BCMP in September 2015



# Production performance year-on-year



	2015	2014	% change
<b>Tonnes ore mined</b>	<b>478,142</b>	529,850	(9)
<b>Tonnes ore milled</b>	<b>563,613</b>	580,664	(3)
<b>Grade (g/t)</b>	<b>4.73</b>	5.18	(9)
<b>Recovery (%)</b>	<b>89.5</b>	87.8	2
<b>Gold Production (ounces)</b>	<b>81,873</b>	84,028	(3)
<b>Gold Sales (ounces)</b>	<b>80,622</b>	87,758	(8)
<b>Silver production</b>	<b>121,682</b>	101,347	20
<b>All in Sustaining Cost</b>	<b>834</b>	941	(11)



# Corporate & post period highlights

## CORPORATE

- Prudent hedging program continued:
  - 20,000 oz of gold sold forward at 31 December 2015 at an average price of US\$1,148 /oz versus a spot gold price of US\$1,062 /oz at year end
- Strengthened team at NLGM under the leadership of Dr Toby Bradbury, appointed as Group CEO from 1 April 2015, replacing Mike Houston who retired as CEO on 31 March 2015, and Eric Zurrin assumed the CFO responsibilities on an interim basis from 28 October 2015
- Scott Yelland joined as NLGM General Manager and Peet Prinsloo returned to the Company as Head of Exploration

## POST PERIOD HIGHLIGHTS

- Appointment of Mark Rosslee as CFO effective 1 May 2016 (Joined January 2016), Eric Zurrin to step down as interim CFO
- Conditional agreement reached with the holders of the US\$25.0 million senior unsecured subordinated convertible loan notes to buyback US\$10.0 million and to extend the term of the remaining notes by two years to April 2019
- US\$5.25 million silver streaming agreement of silver by-product with Silverback Limited
- Q1 2016 gold production of 24,341 oz (Q4 2015: 29,139 oz)
- Q1 2016 Cash Cost of US\$445 /oz (Q4 2015: US\$401 /oz) and AISC of US\$600 /oz (Q4 2015: US\$595 /oz)
- Q1 2016 cash balance of US\$16.3 m



# DEVELOPMENT & EXPLORATION UPDATE





# Development & exploration update

## DEVELOPMENT

- Underground project development remains on schedule and within budget
- Preparation work completed and underground equipment deliveries started to arrive in April
- Financing of €4.6 m (US\$5.2 m) for underground equipment purchases and US\$9.1 m letter of credit for 7.5MW power station equipment completed in February and March, respectively
- Earthworks underway for underground project surface infrastructure
- Portal development to commence in Q2 2016

## EXPLORATION / POTENTIAL

- Peet Prinsloo returned to Shanta as Head of Exploration showing a renewed emphasis being placed on delivering the potential value that lies within and around NLGM
- Work was quickly under way to conduct in-fill drilling of the Elizabeth Hill mineralised prospect with an updated resource announced in September 2015 increasing total resources to 2.3 Mt at 1.7 g/t for 128,000 oz from 1.8 Mt at 1.6 g/t for 88,000 oz
- The prospecting licences around NLGM offer additional medium term prospects to source ore to the mill to extend the NLGM life of mine





# Organic growth potential

## ► Growth around a Central Processing Facility

### 1 Extensions at depth

- 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

### 2 NLGM Satellite deposits

- 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, Black Tree Hill, Shamba
- Within existing mining licence –rapid development

### 3 Surrounding licences

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

## Key achievements (last 12 months)

- 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



# SUMMARY & OUTLOOK



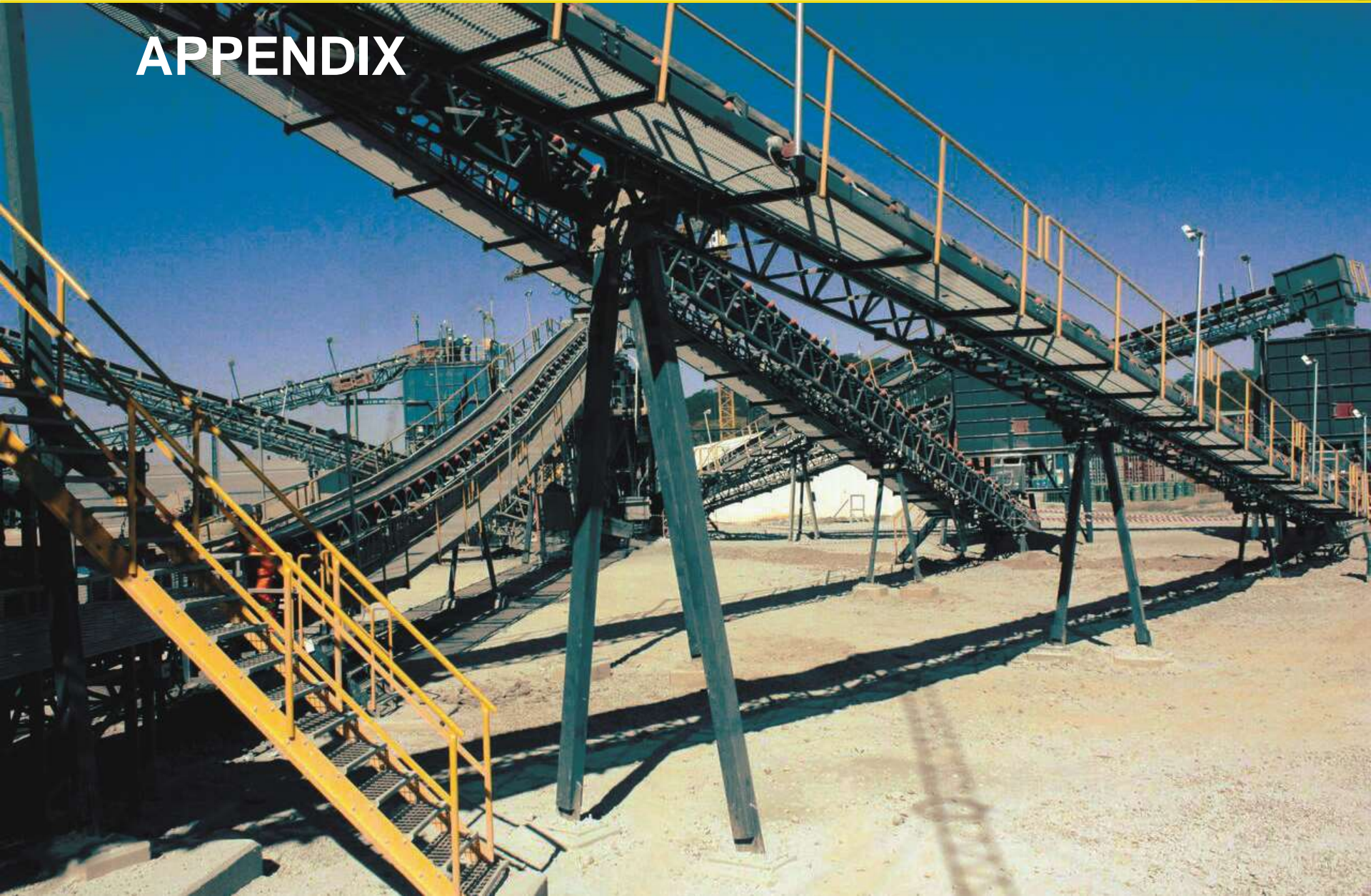
# FY 2016 outlook



- Reworked mine plans at the NLGM for the Bauhinia Creek and Luika Pits have resulted in a substantial reduction in costs as reflected in the H2 2015 AISC of US\$601 /oz
- Expected to be at the higher end of 2016 annual production guidance of 82,000-87,000 oz
- Currently updating mine plan and reviewing AISC guidance for the year following strong Q1 2016 cost performance
- 2016 focus on the development of the underground operation to transition high grade production from the open pits in the second half of 2017
- Construction of a new Tailings Storage Facility, the design of which will be sufficient for eight years of operation at current production
- Targeted exploration programme focused on advancing on-mine and multiple near mine opportunities that have the potential to add to reserves to progressively increase the life of the mining operation
- Subsequent resource upgrades to be added into the mine plan, benefitting from un-utilised mill capacity



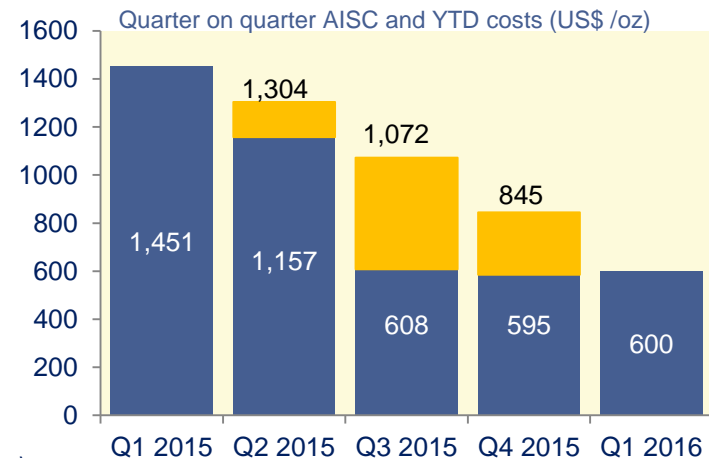
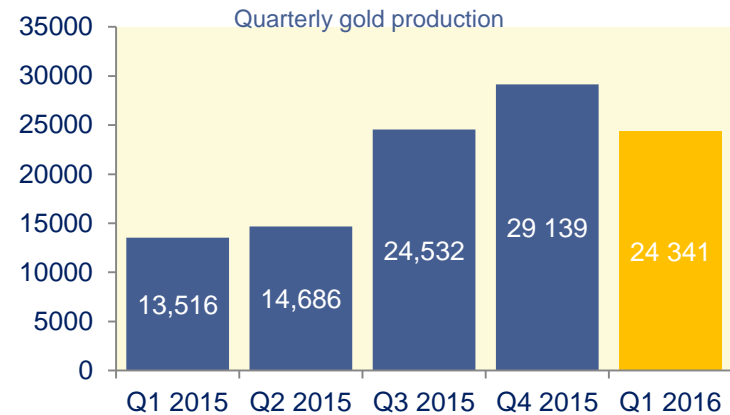
# APPENDIX





# Q1 2016 operational highlights

- Gold production of 24,341 oz (Q4 2015: 29,139 oz)
- Gold sales of 21,486 oz at an average price of US\$1,132 per oz (“/oz”) (Q4 2015: 29,228 oz at an average price of US\$1,087 /oz)
- Gold doré in transit of US\$2.7 m at Quarter end
- Cash Cost of US\$445 /oz (Q4 2015: US\$401 /oz) and AISC of US\$600 /oz (Q4 2015: US\$595 /oz)
- No lost time injuries
- Elizabeth Hill Reserve increased from 70,000 tonnes at 2.3 grams per tonne (“g/t”) for 5,000 oz already included in the Plan to 667,000 tonnes at 1.33 g/t for 28,000 oz
- Completion of €4.6 m underground equipment financing for NLGM; US\$9.1 m Letter of Credit arranged for NLGM Power Station financing
- RC drilling programme – First stage completed at the Askari, located ~14km west-northwest of the NLGM central processing facility



■ YTD (cumulative)  
■ Actual quarterly result



## Q1 2016 financial highlights

- Q1 2016 cash generated from operations before change in working capital of US\$12.3 m (Q4 2015: US\$16.4 m). US\$6.1 m increase in inventory and US\$4.5 m increase in receivables and prepayments in Q1
- Q1 2016 capital expenditure of US\$5.6 m (Q4 2015: US\$6.2 m) including open pit development expenditure
- Cash balance of US\$16.3 m (Q4 2015: US\$19.1 m)
- Continued improved unit cost performance as a result of lower strip ratios, higher gold production and efficiency improvement philosophy
- Forward sales from April to September 2016 of 32,000 oz at an average price of US\$1,172 /oz
- Financings of €4.6 m (US\$5.2 m) for underground equipment purchases and US\$9.1 m for power station equipment completed in February and March, respectively
- Following the Quarter-end, drawdown of remaining US\$10 m Investec Facility B, resulting in US\$40 m Investec senior secured debt fully utilised

***2015 AISC of US\$843 /oz places Shanta in the lowest quartile of current producers***

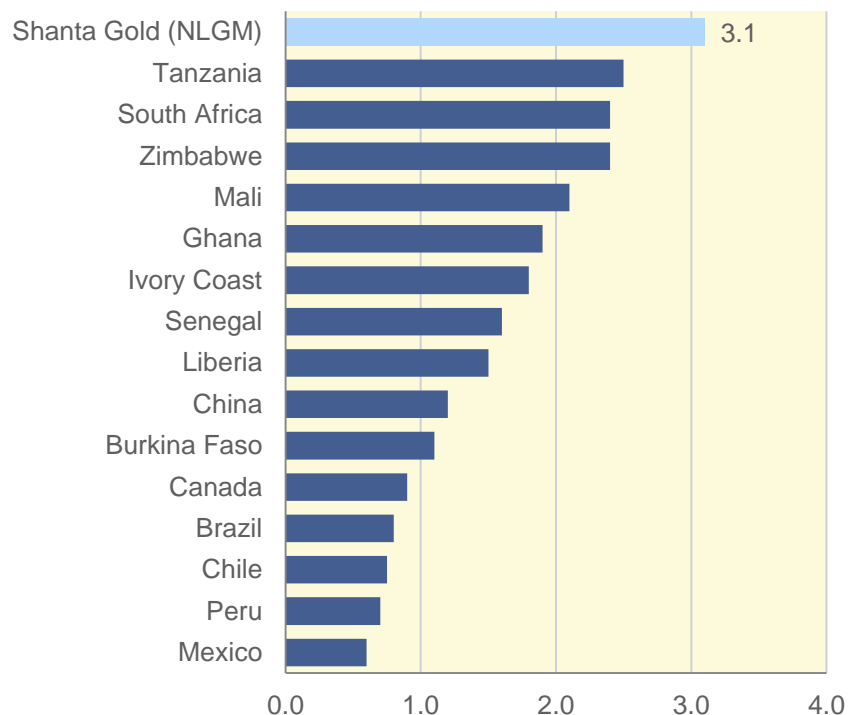
***Q1 2016 Cash Cost and AISC of US\$445 /oz and US\$600 /oz respectively***

All figures US\$m	Q1'16	Q4'15
Cash generated from operations before working cap	12.3	16.4
Capital expenditure	5.6	6.2
Gross Debt	74.7	60.2
Cash balance	16.3	19.1
Net debt	58.4	41.1



# 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 <sup>1</sup>	Reserve <sup>2</sup>
Bauhinia Creek	5.3	439	348
Luika	3.1	193	108
Elizabeth Hill <sup>3</sup>	1.6	116	28
Jamhuri	1.8	91	8
Black Tree Hill <sup>3</sup>	1.3	75	5
Ilunga	3.5	92	18
Shamba	2.1	24	9
<b>Total NLGM <sup>4</sup></b>	<b>3.1</b>	<b>1,030</b>	<b>524</b>

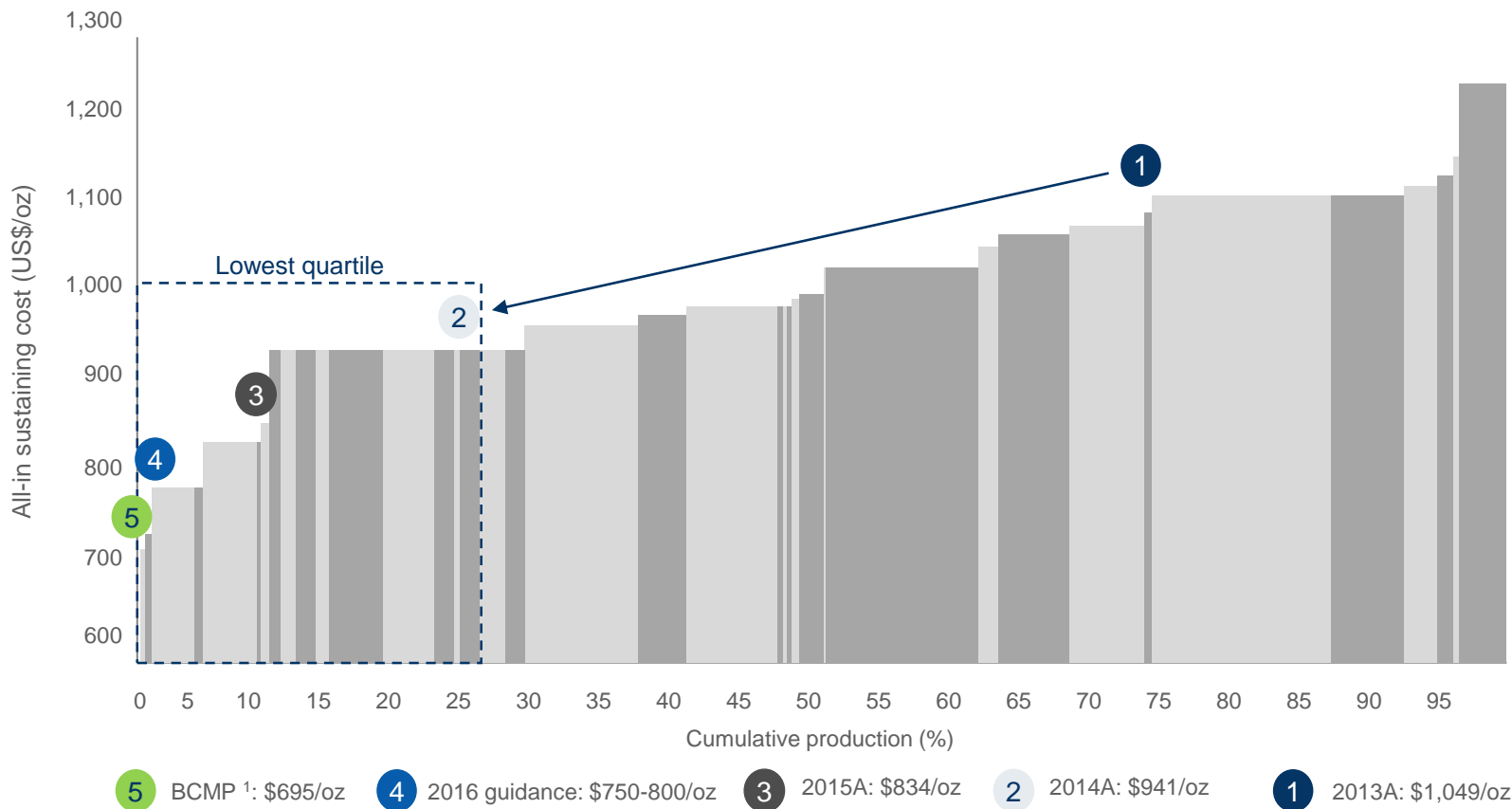
Note:

- As of July 2015, subject to increases at Elizabeth Hill and BTH outlined below, resources is inclusive of reserves
- 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)
- Elizabeth Hill as of Jan 2016. BTH as of Apr 2016
- 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)

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



## 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

### Community

- Ongoing re-settlement program at Singida to conditions with sustainable land use



## Experienced African team

Function	Name	Background
<b>CEO</b>	Dr. Toby Bradbury	30 years' experience with expertise in opencast and underground mining operations Previously COO for Anvil Mining (DRC) and Senior VP at AngloGold Ashanti (Ghana)
<b>CFO</b>	Mark Rosslee	25 years' mining experience, Chartered Accountant (South Africa)
<b>GM (New Luika)</b>	Scott Yelland	Mining engineer with over 30 years' experience, including in Ghana and Zambia Previously with Rio Tinto, Kinross and Ashanti Goldfields
<b>Deputy GM</b>	Honest Mrema	Tanzanian national, mining engineer with 19 years' experience including in Mali, DRC, Ghana Previously with Anglo American, Barrick, Endeavour and Resolute
<b>Metallurgy</b>	Wally Channon	Chartered Engineer with 40 years' experience in metallurgical and mining industries Previously 26 years at Anglo American and 10 years at Zimplats
<b>Projects</b>	Ian Fielding	Chartered Engineer with 40 years' experience in process and mining industries 28 years in Africa, previously with Anglo American
<b>Occupational Health/ Community Relations</b>	Dr. Menrad Kambewe	Tanzanian medial doctor of 18 years. Close relationships with community
<b>Exploration</b>	Peet Prinsloo	24 years' mining and exploration experience, including 16 years in Tanzania 8 years experience in the Lupa Goldfield
<b>Country Manager</b>	Calvin Mlingi	Tanzanian national and trained lawyer. Corporate affairs experience in Tanzania
<b>Head of Underground</b>	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	
<b>Company:</b>	<b>Gold production:</b>
<b>Acacia Mining</b>	732koz pa (2015)—3 mines in Northern Tanzania
<b>AngloGold Ashanti</b>	477koz pa (2014)—Geita mine
<b>Shanta Gold</b>	82koz pa (2015)—New Luika Gold Mine

Source: Company reports, Tanzania Chamber of Mines

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

Source: World Bank, various



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