



# Shanta Gold H1 2019 Interim Results and Update

12 August 2019



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# Shanta Gold – highlights

- ▶ High grade, low cost gold producer generating strong cash flows

## H1 2019 highlights

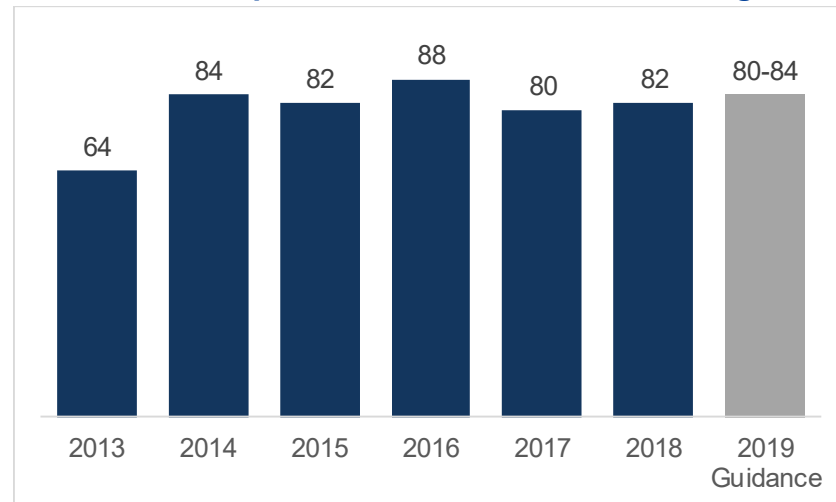
- Gold production of 42.2k oz at New Luika
- Lowest quartile cash costs of US\$530 /oz
- Lowest quartile AISC<sup>1</sup> of US\$730 /oz
- Cash, and available liquidity of US\$9.3 m
- Gross debt reduced to US\$30.1 m
- Net debt reduced to US\$26.9 m
- Net capital investment of US\$8.0 m
- Adjusted EBITDA<sup>2</sup> of US\$22.6 m
- Exceptional safety record: LTIFR: 0

## 2019 guidance reiterated

- Gold production of 80–84k oz at New Luika
- AISC of US\$740-780/oz

1. The AISC calculation since Q3 2017 includes the impact of higher royalties (c. US\$40/oz). Development costs at the Bauhinia Creek, Luika and Ilunga underground operations are not included in AISC
2. EBITDA is earnings before interest, tax, depreciation and amortisation which has been derived as operating profit exclusive of pre-production revenue, depreciation/depletion of tangible assets and amortisation of intangible assets. Adjusted EBITDA has been derived as EBITDA before non-cash loss on unsettled forward contracts.

## NLGM has now produced more than 500k oz of gold



## Summary Capitalisation

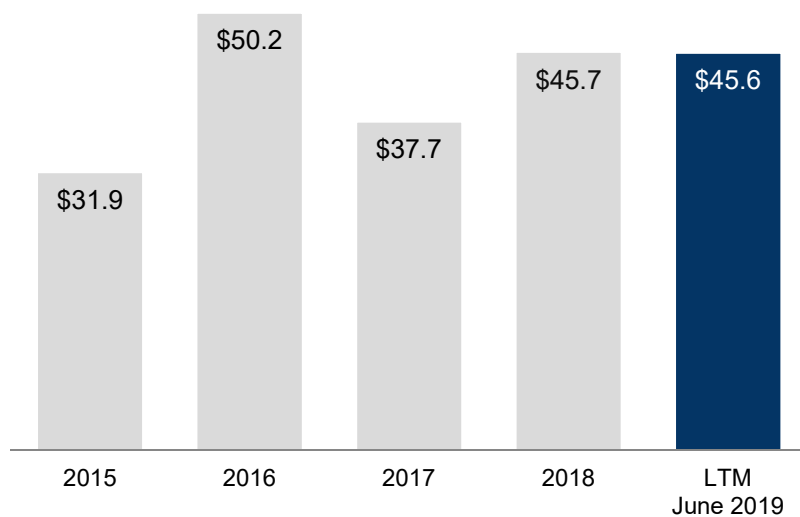
Share Price (GBP) <sup>3</sup>	9.50p
Market capitalisation	US\$91 m
Net debt <sup>4</sup>	US\$27 m
<b>Enterprise Value</b>	<b>US\$118 m</b>

3. As of 9 August 2019

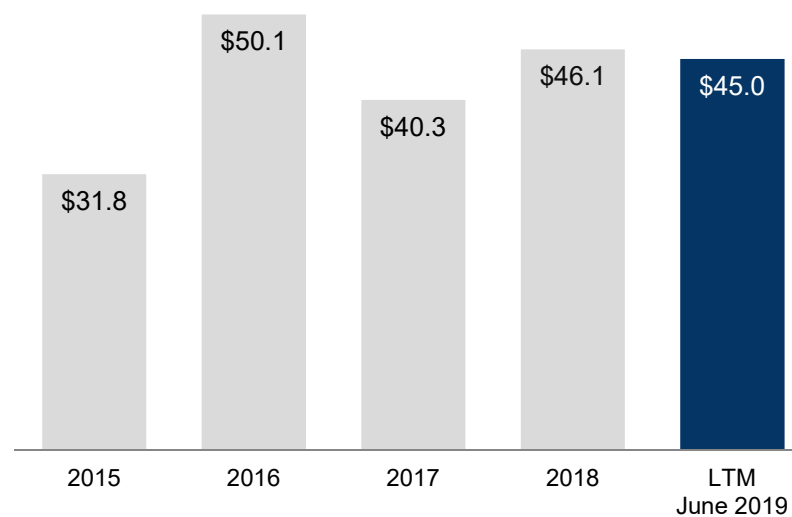
4. As of 30 June 2019

# US\$45 m operating cashflows over the last twelve months

**EBITDA (US\$ million)**



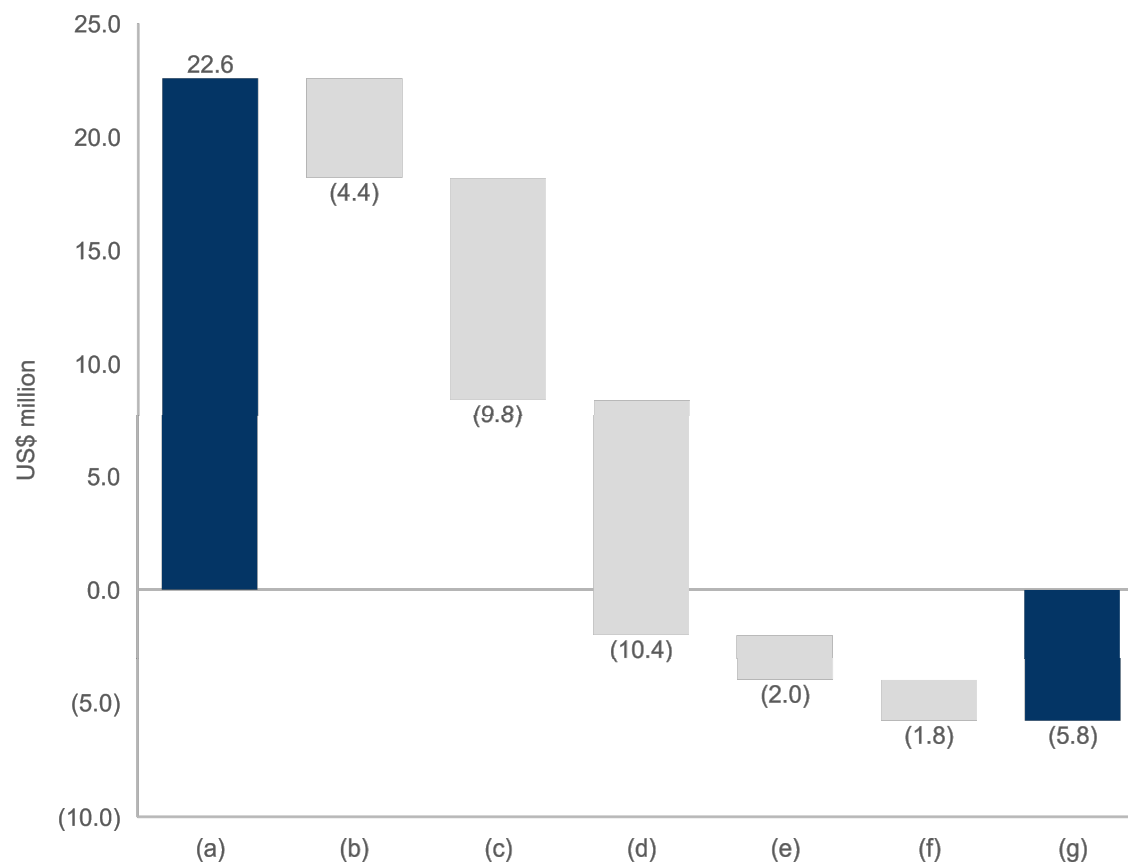
**Operating cash inflow before movement in working capital (US\$ million)**



Note: LTM refers to Last Twelve Months (July 2018-June 2019), adjusted for non-cash loss on unsettled forward contracts  
2015-2018 audited financial results are unadjusted



# H1 2019 EBITDA to cash flow bridge



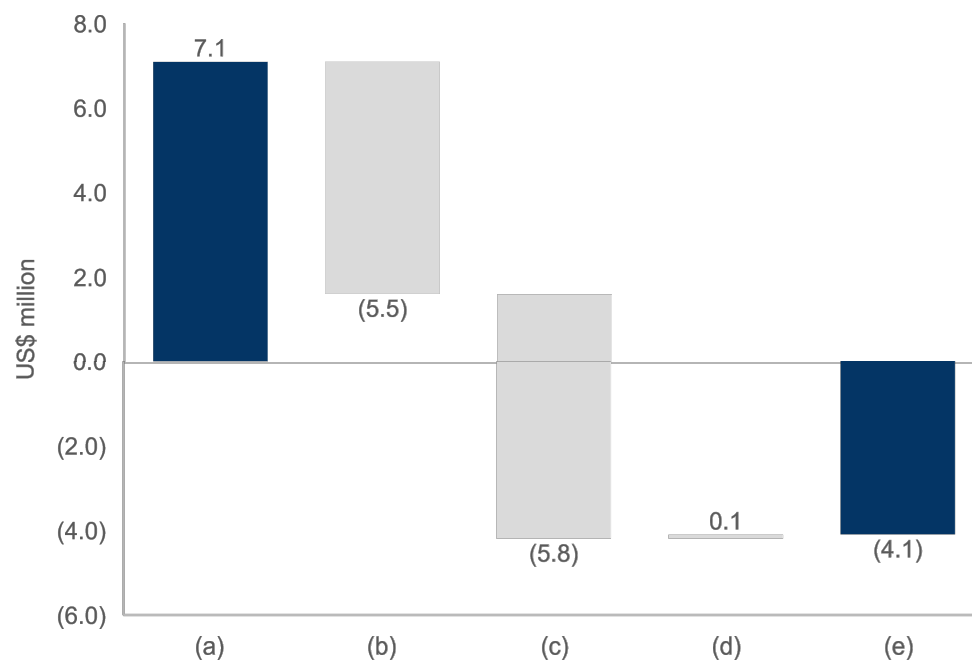
## EBITDA to cash flow bridge highlights

- (a) Adjusted EBITDA<sup>1</sup>
- (b) Working capital movements
- (c) Capital expenditure<sup>2</sup>
- (d) Net debt reduction
- (e) Interest paid
- (f) Tax, Other
- (g) Net decrease in cash and cash equivalents

1. EBITDA is earnings before interest, tax, depreciation and amortisation which has been derived as operating profit exclusive of pre-production revenue, depreciation/depletion of tangible assets and amortisation of intangible assets. Adjusted EBITDA has been derived as EBITDA before non-cash loss on unsettled forward contracts.
2. Capital expenditure has been represented on a gross basis, taking into account a normalised margin on pre-production ore for EBITDA calculation purposes.

# H1 2019 accounting loss driven by non-cash items

## (Loss)/Profit before tax – H1 2019 vs. H1 2018



- (a) Profit before tax (H1 2018)
- (b) Comparable increase in depreciation expense
- (c) Swing in non-cash unrealised loss on forward gold sales
- (d) Other
- (e) Loss before tax (H1 2019)

## Depreciation expense

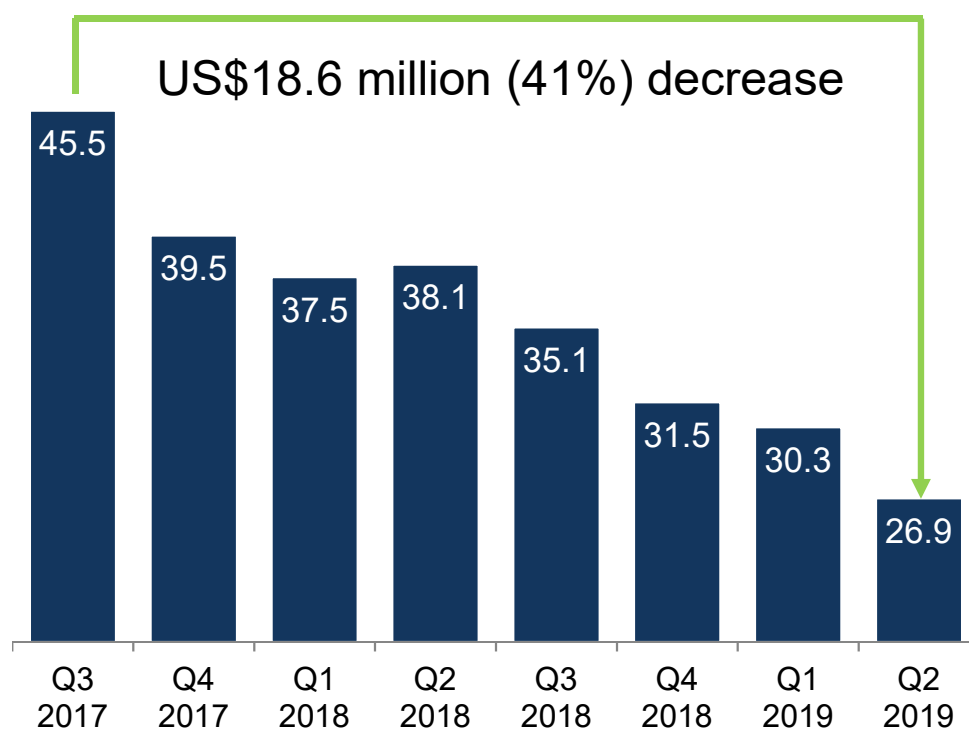
- New Luika's depreciable asset base is growing, driven by underground mine development.
- Significant portion is being depreciated over a depleting reserve profile, which the Company is looking to expand through exploration drilling.
- Depleting reserve profile increases rate of depreciation charged on the assets depreciated on a unit of production basis.

## Non-cash unrealised loss on forward gold sales

- Forward sales for 45,000 oz entered into in late 2018 to protect cashflow in advance of contractual debt repayments through to June 2020.
- Settlement of these forward sales has been deferred to maximise exposure to H1 2019 upturn in gold spot price.
- Unrealised loss recognised on these forward sales over H2 2018 and H1 2019 reflects the differential between the H1 2019 closing gold spot price and the average forward sale price on ounces sold forward.

# Balance sheet repair: 41% decrease in Net Debt since Q3 2017

## Net debt (US\$ million)



## H1 2019 highlights

- Unrestricted cash balance of US\$3.1 million at 30 June 2019
- Total liquidity of US\$9.3 million, including bullion available for sale
- Deleveraging despite US\$7.9 million spent on Ilunga, increase in ROM stockpile, and US\$9.5 million increase in VAT receivable since Q3 2017
- Gross debt at US\$30.1 m, the lowest in over 6 years

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