

# Q2 2019 Production and Operational Update

18 July 2019



# Disclaimer

**This Document comprises an institutional update presentation (the “Presentation”) which has been prepared by and is the sole responsibility of Shanta Gold Limited (the “Company”).**

This Presentation does not constitute or form part of an admission document, listing particulars or a prospectus relating to the Company or any offer for sale or solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with, or act as any inducement to enter into, any contract or commitment whatsoever or constitute an invitation or inducement to engage in investment activity under section 21 of the UK Financial Services and Markets Act 2000. This presentation does not constitute a recommendation regarding any decision to sell or purchase securities in the Company.

Notwithstanding the above, in the United Kingdom, this Presentation is only being given to persons reasonably believed by the Company to be investment professionals within the meaning of paragraph (5) of Article 19 persons in the business of disseminating information within the meaning of Article 47 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) or to high net worth companies or unincorporated associations within the meaning of paragraph (2) of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529), and the Proposed Offer will only be available to such persons who are also qualified investors within the meaning of section 86(7) FSMA purchasing as principal or in circumstances under section 86(2) FSMA. This Presentation is only being sent to persons reasonably believed by the Company to be investment professionals or to persons to whom it may otherwise be lawful to distribute it. If you are not such a person (i) you should not have received this Presentation and (ii) please return this Presentation to the Company's registered office as soon as possible and take no other action. If you are not such a person you may not rely on or act upon matters communicated in this Presentation. By accepting this Presentation the recipient represents and warrants that they are a person who falls within the above description of persons entitled to receive this Presentation.

**This document has not been approved by an authorised person under Section 21 of the Financial Services and Markets Act 2000 (“FSMA”).**

This Presentation is not intended to be distributed, or passed on, directly or indirectly, to any other class of person and in any event under no circumstances should persons of any other description rely or act upon the contents of this Presentation. This Presentation and its contents are confidential and must not be distributed or passed on, directly or indirectly, to any other person. This presentation is being supplied to you solely for your information and may not be reproduced, further distributed or published in whole or in part by any other person.

No representation or warranty, express or implied, is made or given by or on behalf of the Company, its advisers or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of the directors, officers or employees of any such person as to the accuracy, completeness or fairness of the information or opinions contained in this Presentation and no responsibility or liability is accepted by any person for such information or opinions or for any liability, howsoever arising (directly or indirectly) from the use of this Presentation or its content or otherwise in connection therewith. No person has been authorised to give any information or make any representations other than those contained in this Presentation and, if given and/or made, such information or representations must not be relied upon as having been so authorised. The contents of this Presentation are not to be construed as legal, financial or tax advice.

**The information has not been verified nor independently verified by the Company's advisers and is subject to material updating, revision and further amendment.**

The Company has not been, and will not be, registered under the United States Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of that Act. Neither this Presentation nor any copy of it may be taken or transmitted into the United States of America or its territories or possessions (the “United States”), or distributed, directly or indirectly, in the United States, or to any U.S. Person as defined in Regulation S under the Securities Act 1933 as amended, including U.S. resident corporations or other entities organised under the laws of the United States or any state thereof or non-U.S. branches or agencies of such corporations or entities or into Canada, Australia, Japan, or the Republic of Ireland. Neither this Presentation nor any copy of it may be taken or transmitted into or distributed in Canada, Australia, Japan, or the Republic of Ireland, or any other jurisdiction which prohibits the same except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of United States or other national securities law. Forward-Looking Statements. Information contained in this Presentation may include 'forward-looking statements'. All statements other than statements of historical facts included herein, including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Company's business) are forward-looking statements.

Such forward-looking statements are based on a number of assumptions regarding the Company's present and future business strategies and the environment in which the Company expects to operate in future. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of factors. These forward-looking statements speak only as to the date of this Presentation and cannot be relied upon as a guide to future performance. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this Presentation to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

# Shanta Gold – Highlights & Guidance

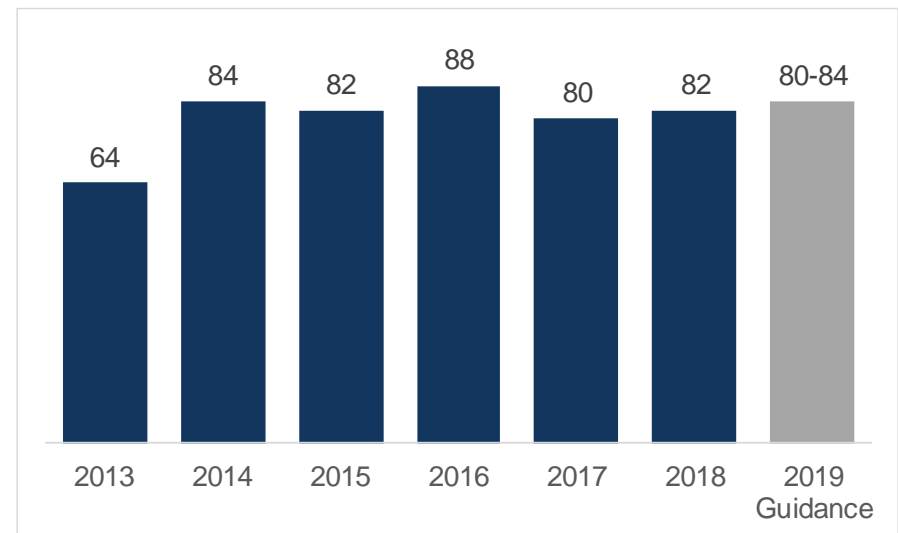
## Q2 2019 performance

- Zero lost time injuries, zero recordable injuries
- **Gold production of 19.9k oz at NLGM**
- H1 2019 gold production of 42.2k oz, up 11% from H1 2018
- **Underground exploration drilling results best since production began at New Luika**
- Drilling at BC Central has converted 127k oz Inferred at 3.15 g/t into 84k oz Indicated at 7.85 g/t
- **All depletion expected from 2019 gold production replaced at a cost of US\$2 /oz**
- Cash costs of US\$564 /oz, AISC<sup>3</sup> of US\$773 /oz
- Strong EBITDA of US\$10.5 m (before non-cash loss on unsettled forward contracts)
- **Net debt: US\$26.9 m, lowest in NLGM's producing history**
- **Gross debt: US\$30.1 m, down 22% from Q1**
- All-time daily throughput record, up 3% from Q1
- >99% Tanzanian workforce

## 2019 guidance reiterated

- Gold production: 80,000 – 84,000
- AISC: US\$740 – 800 /oz
- **Comfortably on track to meet annual guidance**

## New Luika has now produced more than 500k oz of gold



## Summary Capitalisation

|                                |          |
|--------------------------------|----------|
| Share Price (GBP) <sup>1</sup> | 8.2p     |
| Market capitalisation          | US\$81 m |
| Net debt <sup>2</sup>          | US\$27 m |

**Enterprise Value** **US\$108 m**

**EV / 2018 EBITDA** **2.4 x**

1. As of 12 July 2019

2. As of 30 June 2019

3. 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

# Q2 2019 performance

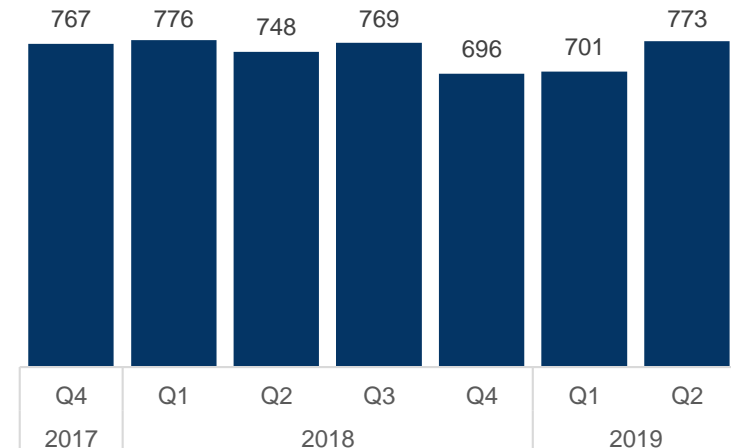
- **Zero lost time injuries; over 2.9 million hours since last LTI in December 2017**
- **No recordable injuries during Q2**
- Gold production of 19,856 oz (Q1: 22,374 oz)
- **Drilling at BC Central has converted 127k oz Inferred at 3.15 g/t into 84k oz Indicated at 7.85 g/t**
- **At a cost of US\$2 /oz, all depletion expected from 2019 gold production has been replaced;**
- **AISC<sup>1</sup> of US\$773 /oz (Q1: US\$701 /oz)<sup>1</sup>**
- Cash operating costs of US\$564 /oz (Q1: US\$500 /oz)
- **Strong EBITDA** (before non-cash loss on unsettled forward contracts) of **US\$10.5 m** (Q1: US\$11.7 m)
- **Net debt: US\$26.9 m, down 11% and lowest in NLGM's producing history**
- **Gross debt: US\$30.1 m, down 22% from Q1**
- **All-time daily throughput record, up 3% from previous record set in Q1**

<sup>1</sup> 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

## Quarterly gold production (000's oz)

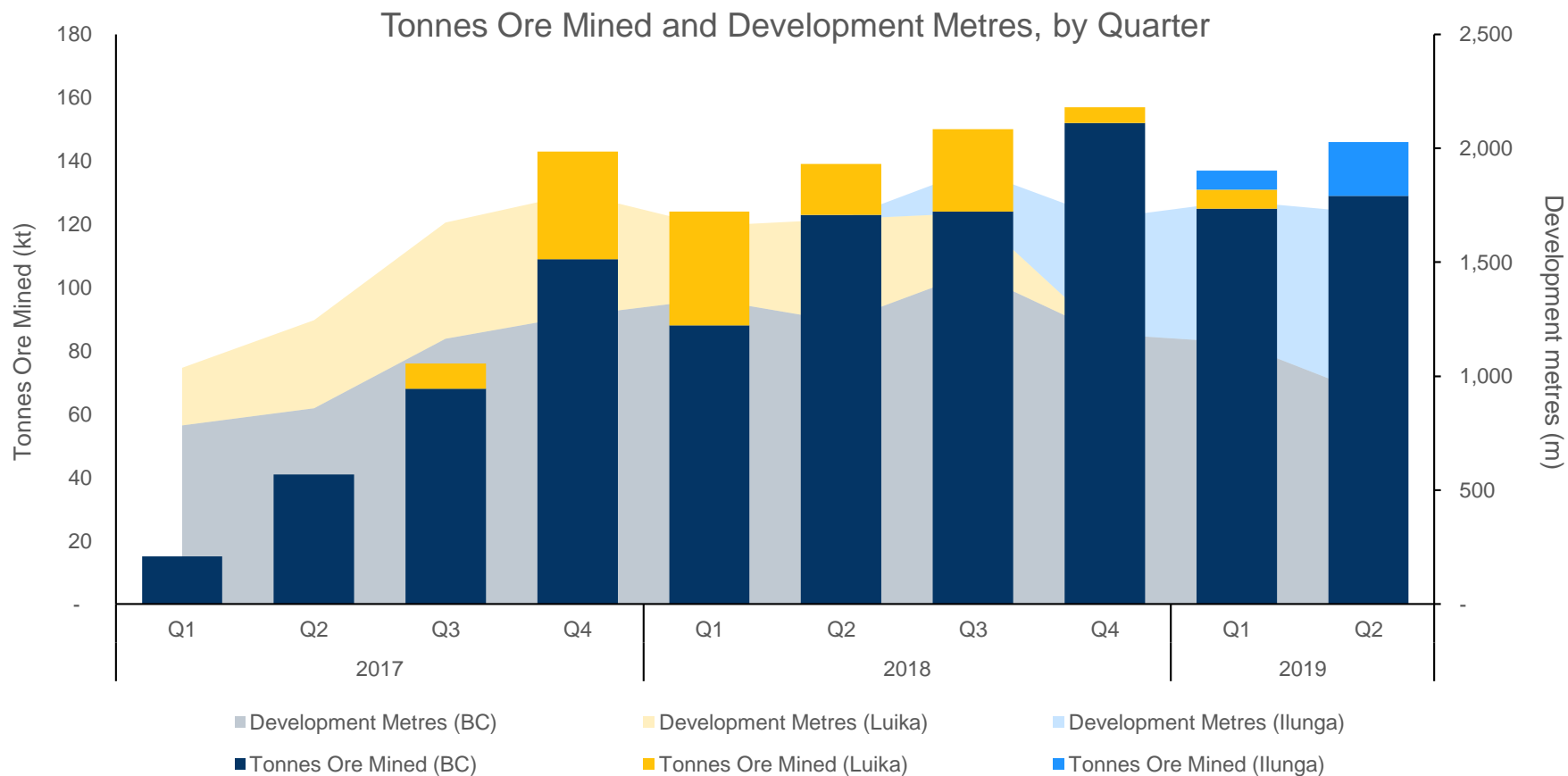


## Quarter on Quarter AISC<sup>1</sup> (\$ /oz)



# Q2 2019 underground update

▶ 156 kt of ore grading 4.53 g/t mined from NLGM's three active high-grade deposits



1. Includes ore from development and production  
BC = Bauhinia Creek

# Exceptional drilling results and mine life extension

US\$164,000 was spent on drilling at Bauhinia Creek to replace all of the expected ounce depletion from 2019 production

## Exceptional results from 6 holes drilled at Bauhinia Creek (BC) underground mine

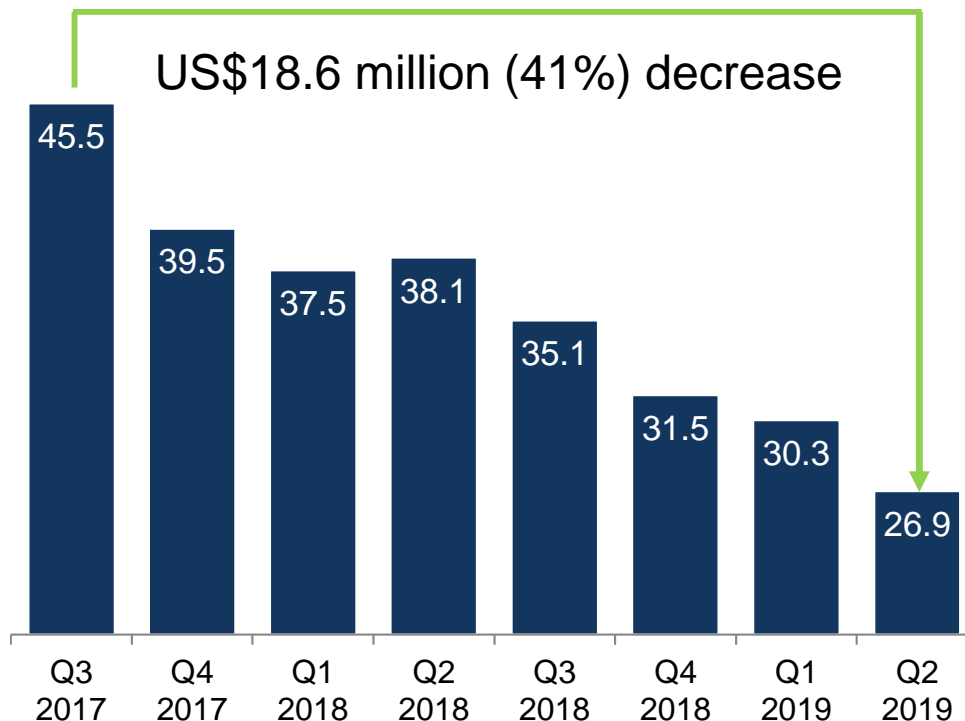
| Hole at BC | Intersection               |
|------------|----------------------------|
| 115        | 7.33 metres @ 6.24 g/t Au  |
| 116        | 2.03 metres @ 4.77 g/t Au  |
| 117        | 3.68 metres @ 6.57 g/t Au  |
| 119        | 2.43 metres @ 5.26 g/t Au  |
| 122        | 16.02 metres @ 9.36 g/t Au |
| 123        | 7.07 metres @ 16.10 g/t Au |

## Outcomes

- Converted 126,787 oz of Inferred Resources grading 3.15 g/t into 83,543 oz of Indicated Resources grading 7.85 g/t
- Conversion cost of US\$2 /oz
- Additional 58,553 ounces of new Inferred Resources grading 4.79 g/t
- Once blended at 4.3 g/t, expected to extend the current Life of Mine to at least 2025
- Strategy to maintain a 5-8 year mine life
- Next phase targeting 220koz Inferred over the next 12 months

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

## Net debt (US\$ million)



## Q2 2019 highlights

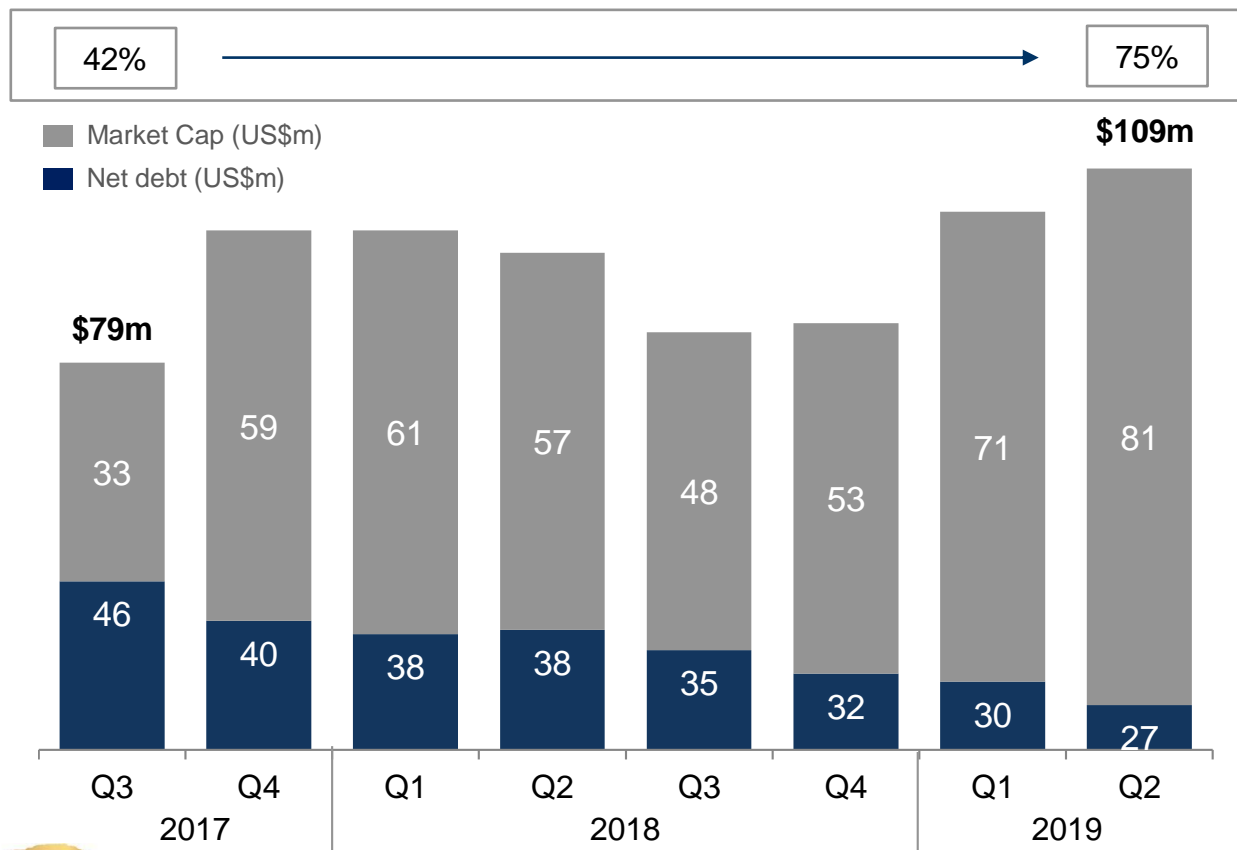
- Unrestricted cash balance of US\$3.1 million at 30 June 2019
- Total liquidity of US\$8.9 million, including US\$3.3 million bullion available for sale at the end of Q2
- Deleveraging of US\$8.6 million in Q2, equivalent to US\$433/oz
- Deleveraging despite US\$7.9 million spent on Ilunga, US\$2.5 million 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

# Value transfer to Shanta Gold shareholders

Significant transfer of value from debt to equity since Q3 2017, benefitting Shanta Gold shareholders

## Shanta Gold Enterprise Value

$EV (US\$m) = Net\ debt + Market\ Cap$ <sup>1</sup>



## Highlights

- Shanta's market cap now accounts for 75% of Enterprise Value, up from 42% in Q3 2017
- SHG share price continues to re-rate, up 156% since Q3 2017 results (17 October 2017)



# 2019 priorities

1

## Safe Operational Delivery

80-84k oz in 2019 at AISC of US\$740-800 /oz

2

## Exploration

Resource conversion and mine life extension at New Luika

3

## Deleveraging

Continued rapid balance sheet deleveraging

4

## Unlocking value

-VAT Receivable of US\$25 million = 30% of SHG market cap

-Singida asset level financing

## Near term catalysts and news

| Date       | Event  |
|------------|--|
| Q3 2019    | Singida Project update   |
| Q3 2019    | Commercial production at Ilunga underground mine                                   |
| Q3/Q4 2019 | 5,000 metre exploration drilling campaign across Lupa Goldfield                    |
| Q3/Q4 2019 | Targeted exploration drilling on Mining Licences                                   |
| H2 2019    | Ongoing balance sheet deleveraging (US\$8 million scheduled debt repayments in H2) |

Ongoing engagement with the Ministry of Mines and Finance to repay and/or offset the US\$25.3 million VAT receivable (at June 2019)

---

# Appendix

# Production performance

|                                | Q2 2019 | Q1 2019 | FY 2018        | Q4 2018 | Q3 2018 | Q2 2018 | Q1 2018 | FY 2017        | Q4 2017 | Q3 2017 |
|--------------------------------|---------|---------|----------------|---------|---------|---------|---------|----------------|---------|---------|
| Tonnes ore mined (OP + UG)     | 155,779 | 136,616 | <b>677,734</b> | 157,952 | 179,978 | 197,020 | 142,784 | <b>638,088</b> | 143,092 | 177,416 |
| Tonnes ore milled              | 177,647 | 172,644 | <b>639,678</b> | 172,902 | 159,640 | 157,426 | 149,710 | <b>632,287</b> | 162,233 | 163,109 |
| Grade (g/t)                    | 3.91    | 4.49    | <b>4.38</b>    | 4.74    | 4.26    | 4.44    | 3.94    | <b>4.28</b>    | 4.48    | 3.83    |
| Recovery (%)                   | 89.4    | 89.9    | <b>90.9</b>    | 90.9    | 90.3    | 91.5    | 91.7    | <b>91.1</b>    | 91.1    | 90.9    |
| Gold Production (ounces)       | 19,856  | 22,374  | <b>81,872</b>  | 23,942  | 19,723  | 20,544  | 17,663  | <b>79,585</b>  | 21,288  | 18,225  |
| Gold sales (ounces)            | 19,760  | 21,290  | <b>82,457</b>  | 24,893  | 19,737  | 19,475  | 18,352  | <b>80,365</b>  | 20,644  | 18,487  |
| Realised gold price (US\$ /oz) | 1,303   | 1,309   | <b>1,259</b>   | 1,225   | 1,218   | 1,302   | 1,303   | <b>1,263</b>   | 1,273   | 1,267   |

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

[twitter.com/shanta\\_gold](https://twitter.com/shanta_gold)

