

# Shanta Gold Acquisition of Barrick Gold's Kenya Projects

*High grade resources added to Shanta Gold's  
regional portfolio*

5 May 2020



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# Experienced African Management and Board

► Management and directors own 9.3% of Shanta Gold (AIM:SHG)

## On today's call

### Executive Directors



**Eric Zurrin**  
CEO

- 18 years' experience in mining including 7 years in Tanzania
- Previously CFO of Shanta Gold
- Formerly with UBS Investment Bank covering Metals & Mining Africa/ Middle East



**Luke Leslie**  
CFO

- 18 years' experience in mining including 7 years in Tanzania and 4 years in China
- Previously with UBS Investment Bank covering Metals & Mining Africa/ Middle East
- Formerly management consultant at Accenture



**Tony Durrant**  
Chairman

- Former Global Head of Metals & Mining at UBS Investment Bank
- Currently Chairman of the Investment Advisory Committee Arias Resource Capital Management

### Non-Executive Directors:



**Rob Fryer**

- Led global mining practice at Deloitte
- 40 years' experience in audit/financial



**Keith Marshall**

- 35 years' experience 22 years with Rio Tinto
- Former President of Oyu Tolgoi in Mongolia and MD Palabora in South Africa



**Ketan Patel**

- MD of Export Trading Group, soft commodity trading in 22 countries across Africa
- Founder Shanta Gold

# Shanta Gold – overview

- ▶ In production since 2013
- ▶ Total reserves and resources of 3.1 million ounces (inclusive of West Kenya Project)

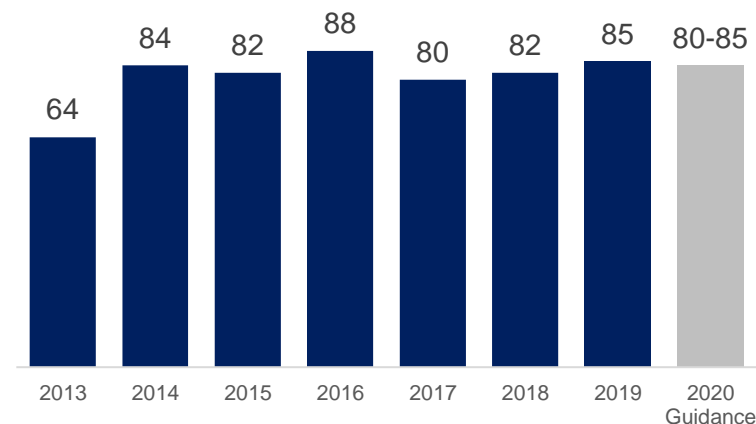
## 2019 highlights

- **Gold production: 84.5 koz**, better than guidance
- **AISC<sup>1</sup> of US\$777/oz**, better than guidance
- Cash costs of US\$544/oz
- **EBITDA<sup>2</sup> of US\$48 m**
- **Net debt<sup>3</sup> down 55% to US\$14.3m**
- **Mine life extended at New Luika**

## 2020 guidance

- Gold production of 80–85k oz at New Luika
- **AISC<sup>1,4</sup> of US\$830-880/oz**

## Reliable, low cost producer (koz)



## Summary Capitalisation

Share Price (GBP) (4May2020)	11.0 p
Market capitalization	US\$108 m
Net debt (31Mar2020)	US\$15 m
<b>Enterprise Value</b>	<b>US\$123 m</b>
2019A EBITDA *	US\$48 m
EV / 2019A EBITDA	2.6x

\* Based on average 2019A realised price of US\$1377/oz



1. Development costs at the Bauhinia Creek, Luika and Ilunga underground operations are not included in AISC
2. Before non-cash loss on unsettled forward contracts
3. Includes liquidity available from unsold doré at refinery
4. Includes non-cash impact of reduction in ROM stockpile (US\$/20/oz), higher royalties due to higher gold price (US\$/20/oz), open pit mining (US\$40/oz)

# Shanta Gold: Gold production and compelling growth

► Strong cashflow (2019 EBITDA of US\$48m) supporting a highly compelling growth pipeline

## Production

### New Luika

Gold Mine

High grade, low cost gold operation in the under-explored Lupa Gold field in SW Tanzania

Mine Life through to at least 2024  
(based on reserves)

Resources <sup>2</sup>:

1.02 Moz at 2.77 g/t

Cash costs 2019:      Koz 2019:  
US\$544                      85

AISC 2019:  
US\$777

## Development

### Singida

Gold Project

Open pit project in prospective greenstone belt in Central Tanzania

Est. 6 Year Mine Life  
(resources; reserve to be declared in Q2'20)

Resources <sup>2</sup>:

0.92 Moz at 2.25 g/t

Cash costs <sup>1</sup>:                      Koz pa <sup>1</sup>:  
US\$794                              26

## Growth

### West Kenya

Project

Highly prospective project in Lake Victoria greenstone gold field

US\$55 m invested since 2010

Resources:

1.18 Moz at 12.6 g/t

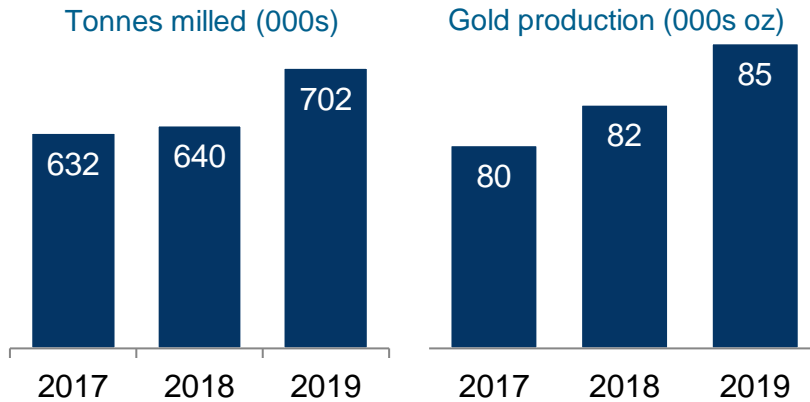
Scoping study to be progressed in 2020

1. Announced 5 Dec 2018 before resource upgrade
2. Updated company-wide reserve and resource statement expected in Q2

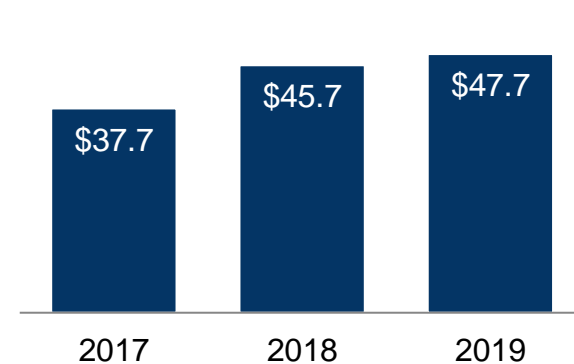
# Background to acquisition

- ▶ Shanta's deleveraged balance sheet has increased flexibility to pursue value driven growth

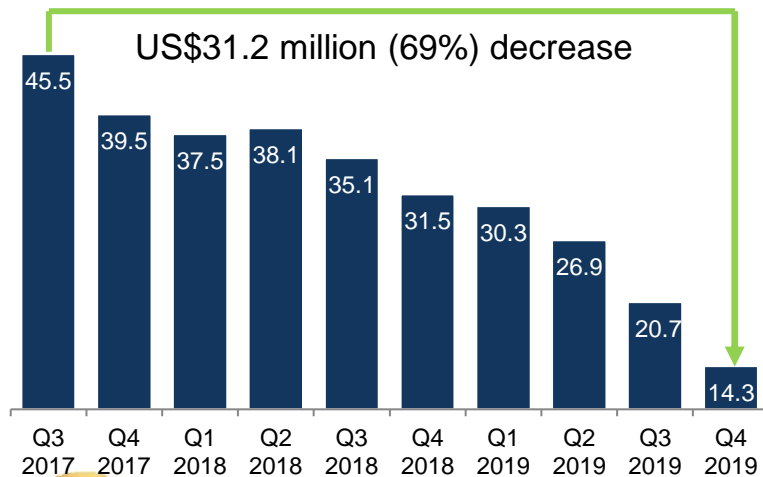
## Production improvement...



## ...lower costs and higher EBITDA...



## ... and deleveraging (Net Debt in US\$m) <sup>1</sup>



## Key achievements over last 3 years

- ✓ Achieved US\$8.9 m p.a. cost savings in 2018
- ✓ Beat cost guidance in 2018
- ✓ Exceeded gold production guidance in 2019
- ✓ US\$31 m (69%) reduction in net debt
- ✓ Successfully built the Ilunga underground mine on budget and ahead of schedule in 2019
- ✓ Mine life extension at New Luika Gold Mine
- ✓ Singida Mineral Resource Estimate
- ✓ 44% reduction in TRIFR since 2017; No LTIs in 25 months; no fatalities

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# Acquisition highlights:

## *High Grade West Kenya Project*

▶ **Highly complementary to Shanta's existing production and development portfolio**

- ✓ **Inferred NI 43-101 Mineral Resource Estimate of 1,182,000 ounces gold grading 12.6g/t**
  - Believed to be one of the highest grading +1 Moz gold deposits in Africa

- ✓ **Covers 1,161 sq km within the highly prospective Lake Victoria greenstone gold fields located in NW Tanzania and SW Kenya**
  - Home to Global Tier 1 assets including North Mara and Geita Gold Mine

- ✓ **Approximately US\$55 m invested in exploration activities since 2010**
  - 221,000 meters drilling, 80,000 soil samples, regional IP

- ✓ **Historical gold production of approx. 259 Koz at 12.3 g/t from Rosterman mine**
  - Included in the West Kenya Project, 9 km from main site in Liranda Corridor

- ✓ **Scoping Study and project economics to be progressed**
  - Shanta focused on unlocking value and progressing project

# Transaction rationale

- ▶ Shanta is one of the lowest cost practitioners of Long Hole Open Stopping underground mining, the expected mining method for the West Kenya Project

<b>High quality asset</b>	<ul style="list-style-type: none"> <li>▪ Acquisition of a high-quality gold project with high grade gold resource</li> <li>▪ Inferred NI 43-101 resource of 1,182,000 ounces gold grading 12.6 g/t</li> </ul>
<b>Long term exploration potential</b>	<ul style="list-style-type: none"> <li>▪ Major presence in a geologically rich and underexplored greenstone gold region</li> </ul>
<b>Diversification</b>	<ul style="list-style-type: none"> <li>▪ Expands Shanta's operating presence in East Africa across Tanzania and Kenya</li> <li>▪ Underground mining specialist with a diversified portfolio of assets delivering growth</li> </ul>
<b>Growth</b>	<ul style="list-style-type: none"> <li>▪ Increases Shanta's gold resource inventory to over 3 Moz contained gold with the prospect of future growth</li> </ul>
<b>Complementary asset</b>	<ul style="list-style-type: none"> <li>▪ Established Centre of Excellence at the New Luika Gold Mine to advance the West Kenya Project and complement the project team based in Kisumu, Kenya</li> <li>▪ Complementary language and legal systems between Tanzania and Kenya based on English law</li> </ul>

## Shanta Gold: 3 assets containing 3.1 Moz across East Africa





# Transaction summary

## ► Shanta cash and available liquidity<sup>1</sup> of US\$13.7 million as at 31 Dec 2019

<b>Transaction</b>	<ul style="list-style-type: none"><li>▪ Shanta Gold has entered into a definitive agreement pursuant to which it will acquire 100% of the shares of Barrick's subsidiary Acacia Exploration (Kenya) Ltd. ("AEKL") from two subsidiaries of Barrick Gold Corporation ("Barrick"). AEKL's primary asset is a 100% interest in licences held by Afriore ("West Kenya", "Project")</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>▪ US\$7 million cash</li><li>▪ US\$7.5 million shares<ul style="list-style-type: none"><li>- Barrick to become Shanta's fifth largest shareholder with 6.4% interest</li></ul></li><li>▪ 2% life of mine NSR covering the Project Licences</li><li>▪ Shanta to inherit certain liabilities and to adjust for certain working capital items, for up to an additional US\$4 m in cash consideration to settle third party liabilities on or after Closing</li></ul>
<b>Conditions</b>	<ul style="list-style-type: none"><li>▪ Required regulatory approvals in Kenya include<ul style="list-style-type: none"><li>- standard consents from the Mining Authorities to the assignment of interests and the transfer of Prospecting Licences</li><li>- approval of the Transaction by the Competition Authority of Kenya</li><li>- registration of the Company's interest in the Project Licences by the Mining Authorities</li></ul></li></ul>
<b>Timeline</b>	<ul style="list-style-type: none"><li>▪ Transaction announcement: 10 February 2020</li><li>▪ Transaction expected to close around mid-2020</li></ul>

1. Derived as unrestricted cash, restricted cash and the sale value of bullion available for sale at the end of the Period (net of royalties and expected selling costs and including 2,841 oz Au delivered to Switzerland for refining prior to 31 December 2019, for which proceeds remained unremitted at the end of December 2019

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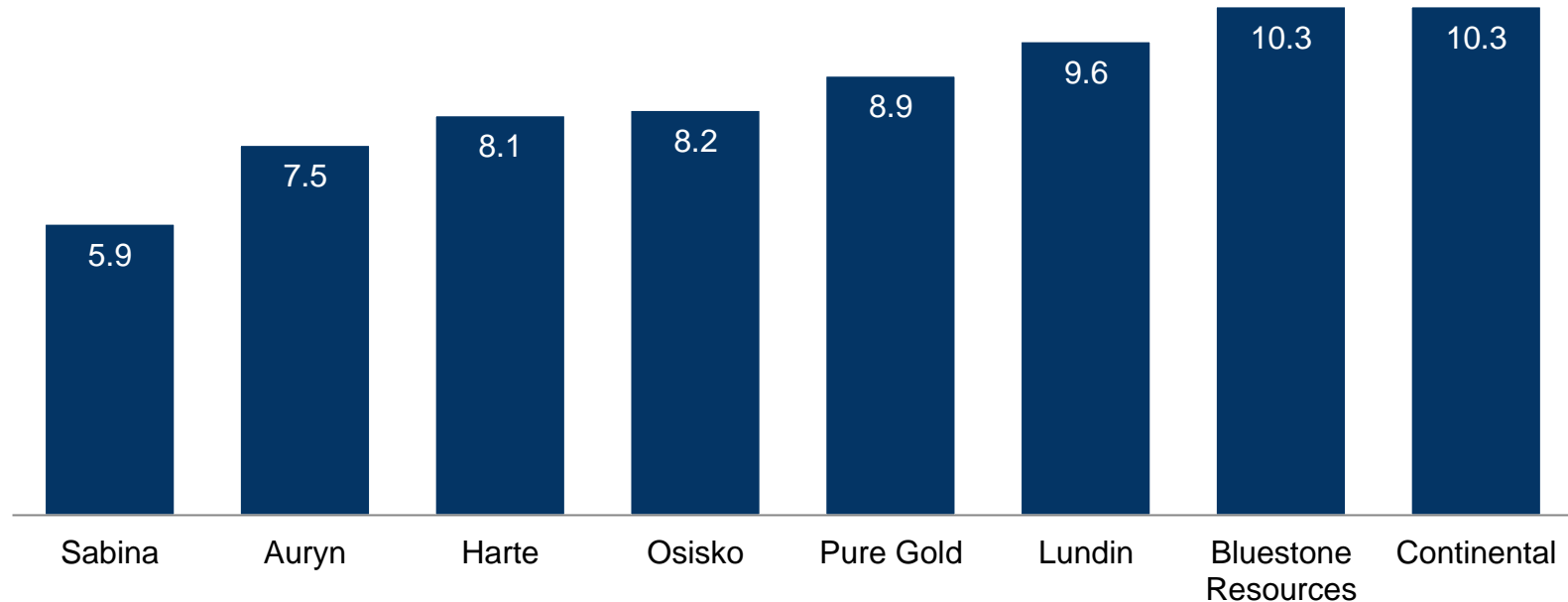
# West Kenya Gold Project

## Asset Overview

# Selected global high grade gold resources

## M&I Resource Grade (g/t)

West Kenya Project has an Inferred resource grade of 12.6 g/t

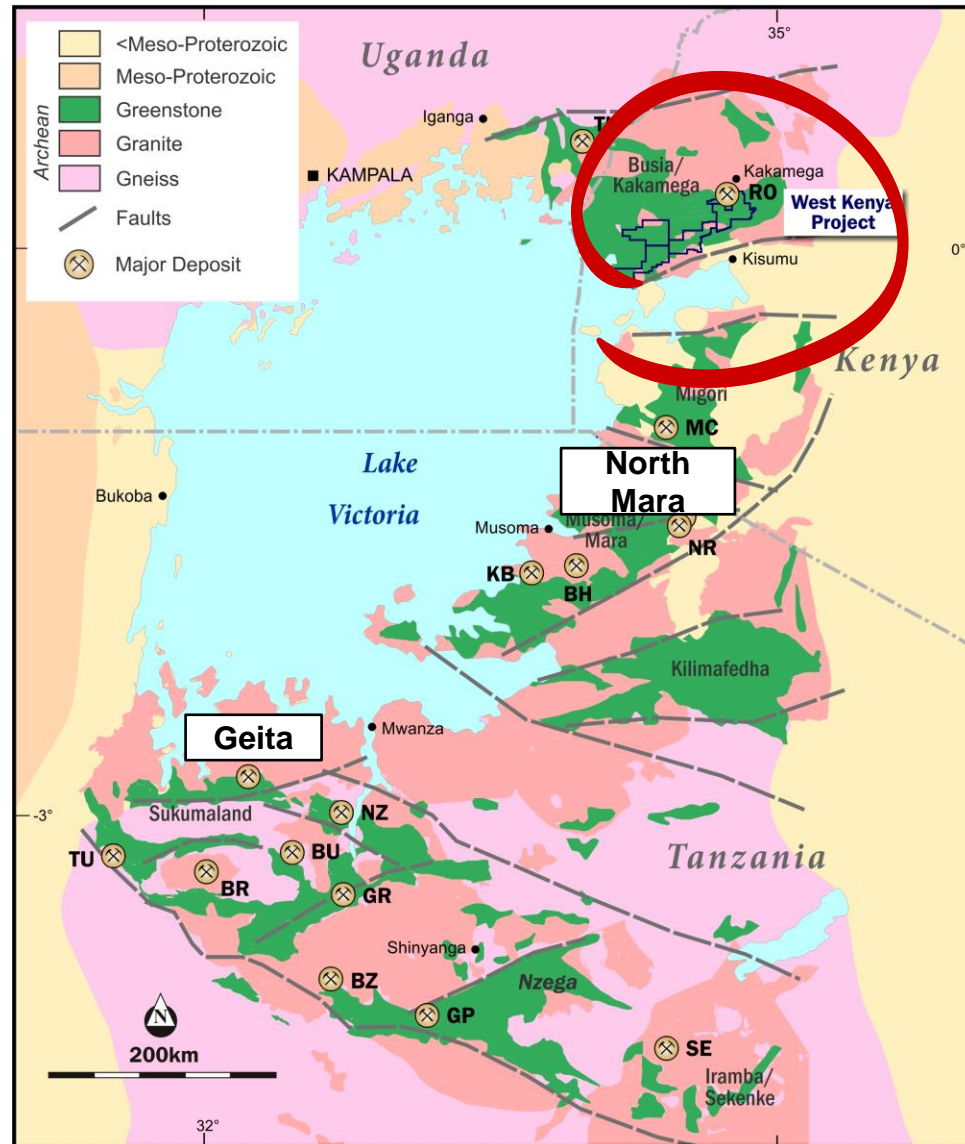


Sources: Corporate disclosure as of 1 September 2019

1. Sabina grades represent Black River Project

# The well endowed Lake Victoria Gold Field

- ▶ The West Kenya project area covers the northern most greenstone belt in the Lake Victoria gold field
- ▶ Home to Global Tier 1 assets and over 35 million ounces of gold production since 1990



- BR - Buck Reef
- BH - Buhemba
- BU - Bulyanhulu
- BZ - Buzwagi
- GT - Geita
- GO - Gokona<sup>1</sup>
- GP - Golden Pride
- GR - Golden Ridge
- KB - Kiabakari
- MC - Macalder
- NZ - Nyanzaga
- NG - Nyabigena
- NR - Nyabirama<sup>2</sup>
- RO - Rosterman
- SE - Sekenke
- TI - Tira
- TU - Tulawaka

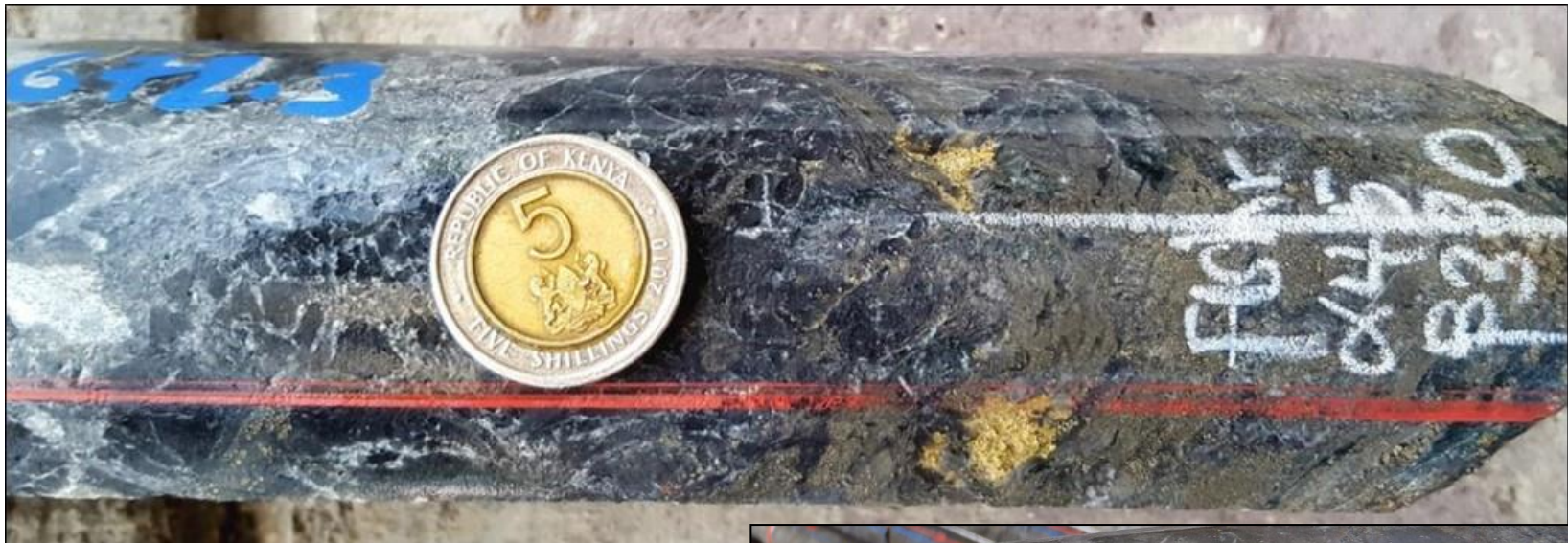
Source: CEIC data



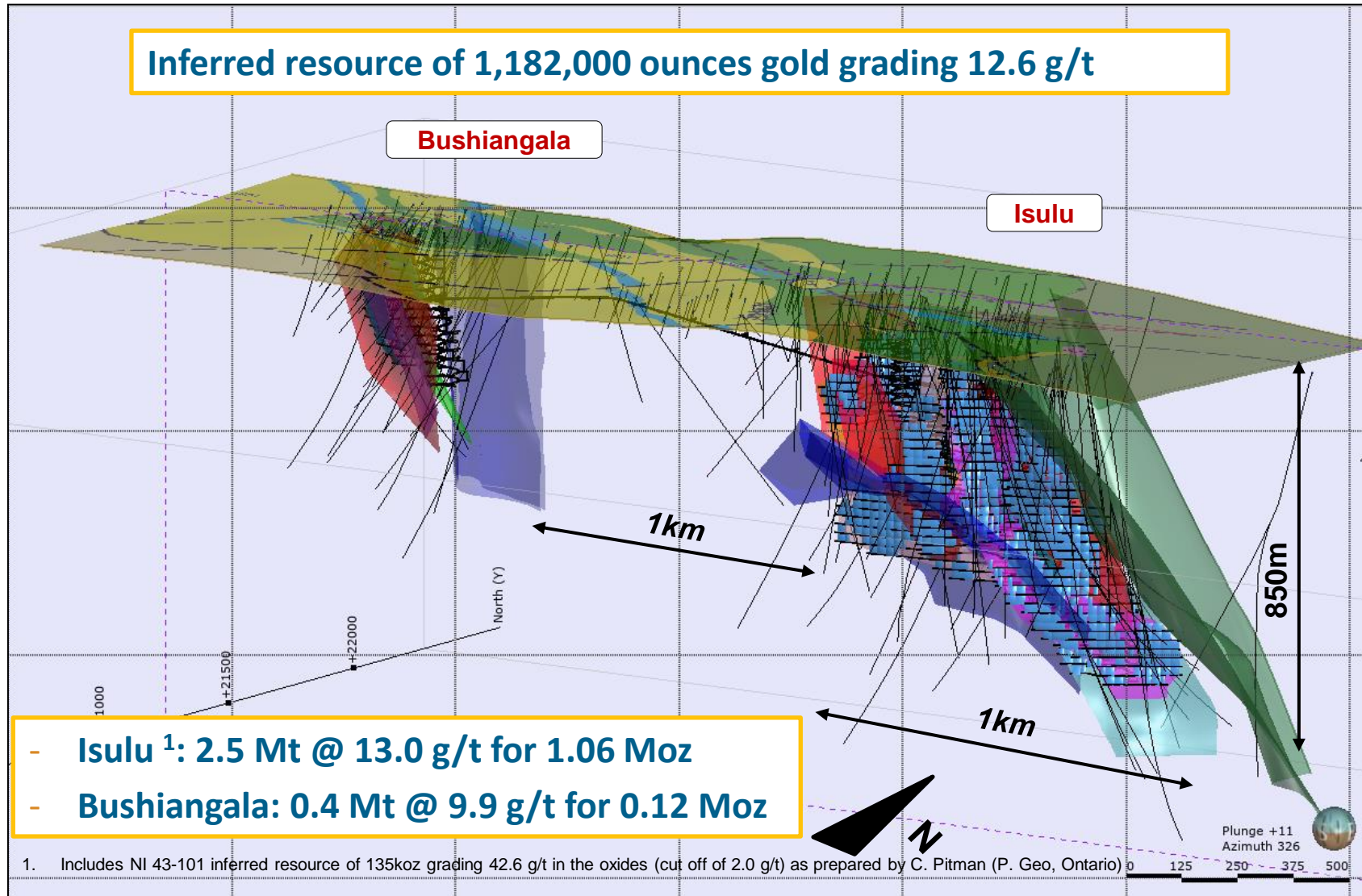
1. Gokona: North Mara underground mine  
 2. Nyabirama: North Mara open pit mine

# Unique deposit with significant visible gold

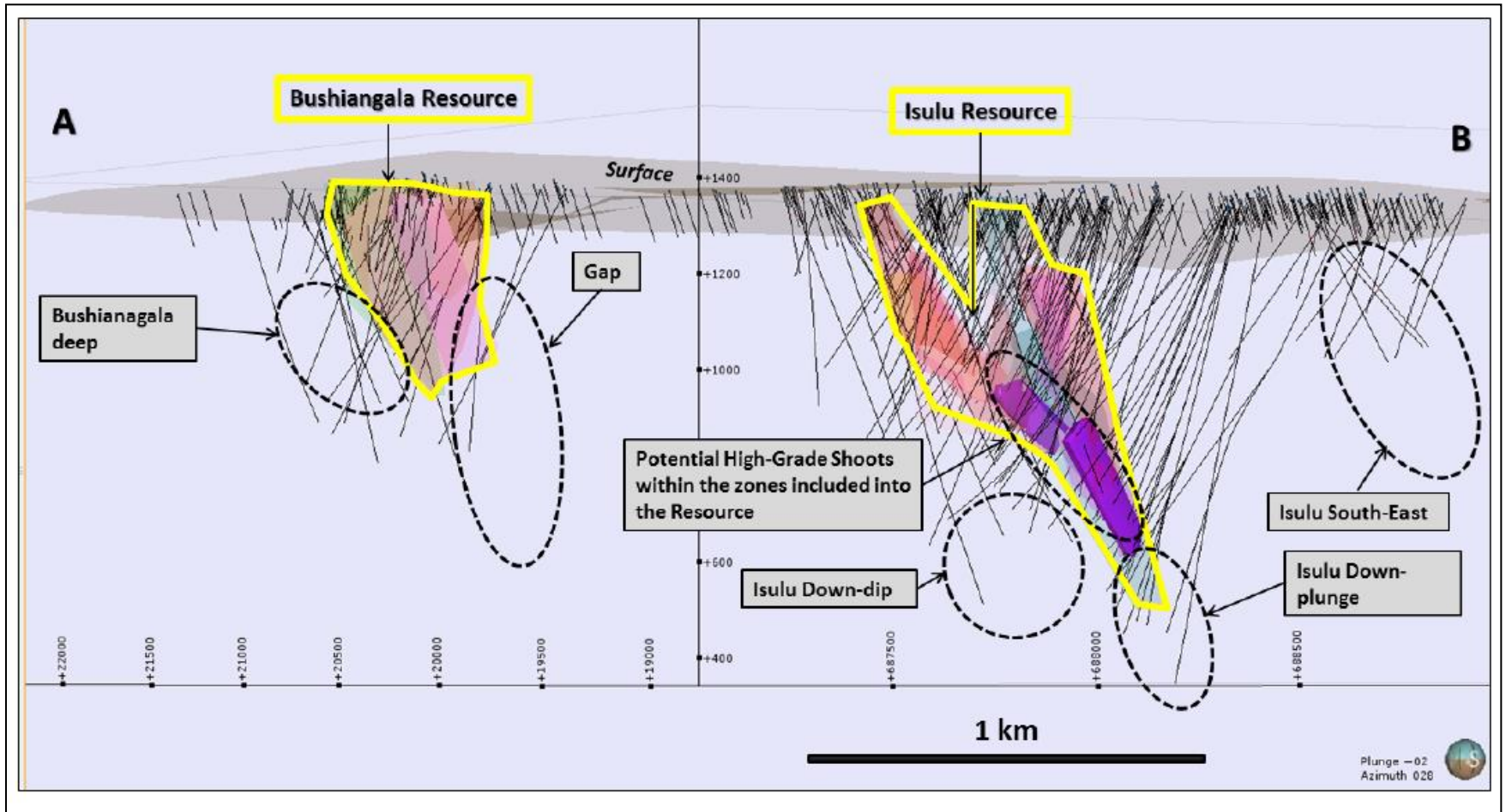
- ▶ Visible gold recorded in 62 drill holes (out of 190 drilled) comprising the resource
- ▶ 36 mineralised zone intercepts returned multiple occurrence of visible gold



# Believed to be one of the highest grading +1 Moz gold deposits in Africa



# Numerous targets to significantly increase the gold resource



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# Summary



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# Summary highlights and future work

- ▶ Updated mineral resource estimate and process to reach a construction decision could take up to 36 months

## Transaction summary

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- ✓ Inferred Mineral Resource Estimate of 1.2 Moz gold grading 12.6 g/t
  - ✓ 1,161 sq km within the Lake Victoria greenstone gold field
  - ✓ Extensive exploration data set following US\$55 m invested in exploration since 2010
  - ✓ Historical gold production of approximately 259,000 oz at 12.3 g/t from Rosterman mine within the Project licences
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## Future work planned by Shanta

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- Progressing a scoping study
  - Infill drilling campaign
  - Pre-Feasibility Study
  - Definitive Feasibility Study
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# Appendix

# Pro forma shareholder register

- ▶ Post Closing, around mid-2020, Barrick will become a 6.4% shareholder in Shanta Gold

Shareholder	# shares (million)	% interest
Odey	147	17.3
Sustainable Capital	95	11.1
Majedie	58	6.8
Hargreaves Lansdown	55	6.5
<b>Barrick</b>	<b>55</b>	<b>6.4</b>
River & Mercantile	44	5.2
Management & Board	74	8.7
Other	321	37.8
<b>Total</b>	<b>849</b>	<b>100%</b>

Source: Shareholder register as of 31 Dec 2019 adjusted for issuance to Barrick and PDMR update in January 2020

# Kenya country overview

► Kenya is the largest economy in East Africa and sixth largest in Sub Saharan Africa

Snapshot	
Population 2019	48 million
Capital City	Nairobi
Religion	Christian (85%) / Muslim, other
Economy	
GDP 2019	US\$99 billion
Primary Industries	Agriculture, manufacturing, telecommunications, services sector and tourism
GDP Growth (16-19)	5-6%
Political	
System	Parliamentary republic (democratic)
Elections	Every 5 years (most recently in August 2017)

Source: World Bank, various

## Kenya mining regime

- Primary gold field: Lake Victoria
- Sophisticated infrastructure network
- Corporate tax rate—30%
- Royalty—5%
- State free carried interest: 10% upon award of a mining licence
- AIM and ASX listed Base Resources' (AIM, ASX: BSE) Kwale Project is the country's only large scale mine

► **Complementary language and legal systems between Tanzania and Kenya based on English law**

# History of West Kenya Project

- ▶ History of colonial small-scale gold mining dating back to the 1920's; mining ceased in 1950's

Period	Owner and activity
1929-1945	Small scale and alluvial gold mining
1960-1990s	UNDP/GOVT Regional base metals and gold exploration
1988	San Martin Ltd awarded prospecting licence (SL123)
2001-2007	AfriOre JV and acquisition of SL123 prospecting licence
2003-2007	AfriOre granted licence (SL 213) in 2003 and progresses exploration
2007	Lonmin acquires AfriOre
2010	Aviva Mining Corp JV with AfriOre, earning 51% of both licences (SL 123 and 213)
2012	African Barrick Gold (ABG) acquires Aviva's 51% interest for US\$20 million. ABG also acquires Aviva's 75% interest in JV with Advance Gold (Gold Rim Ltd).
2015	ABG pays an additional US\$5 million to terminate JV with AfriOre, now beneficially owning 100% of the licences
2013-2018	Acacia (formerly ABG) invests US\$45 million in exploration activities drilling 221,000 metres (DD/RC/AC). Declares a maiden NI 43-101 resource in 2017 and updated to 1.2 Moz at 12.6 g/t in 2018.
2019	Barrick acquires 100% of Acacia

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