

An aerial photograph of a large-scale industrial gold processing plant. The facility features several large, circular and rectangular processing tanks, conveyor belts, and various industrial buildings. The plant is situated in a lush, green, hilly landscape. In the foreground, there are large, shallow, light-colored ponds, likely used for tailings or water treatment. A paved road and a small aircraft on a tarmac are visible in the lower right. The background shows rolling hills and a clear sky.

# Shanta Gold Investor Presentation Shares Investor Evening (Edinburgh)

14 November 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 there of 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.

---

# Agenda

1. Team
2. Intro to Shanta Gold
3. Company performance
4. Where to from here?

# Experienced African Management team

- ▶ 99% of the employees are Tanzanian; Only 8 expats across the company

*In attendance today in Edinburgh*



**Eric Zurrin**  
CEO

- Former CFO of Shanta Gold
- 18 years' experience in mining and investment banking including 7 years in Tanzania and Mongolia
- Formerly with UBS Investment Bank and BMO Capital Markets



**Luke Leslie**  
CFO

- Formerly Co-head Trafigura-Origo
- Previously with UBS Investment Bank, Accenture
- 6 years in Tanzania and 4 years in China, Mongolia, Myanmar



**Honest Mrema**  
GM New Luika

- Tanzanian national, mining engineer with 20 years' experience
- Previously in Mali, DRC, Ghana
- Formerly with Anglo American, Barrick, Endeavour and Resolute



**Philbert Rweyemamu**  
GM Singida

- Tanzanian national, mining engineer with 35 years' experience
- Previously in Tanzania, Botswana and South Africa
- Formerly with De Beers and Acacia



**Calvin Mlingi**  
Head of Country Affairs

- Tanzanian national and trained lawyer
- Corporate affairs experience in Tanzania
- Formerly with Export Trading Group

# Introduction to Shanta Gold (SHG:AIM)

## Company overview

- AIM listed (SHG:AIM)
- Predominantly underground gold mining operation
- Gold producer in East Africa
- Multi-asset gold portfolio
- Very low cost
- Key UK shareholders: Odey (24%)<sup>3</sup>, Sustainable Capital (12%), Majedie (9%), Insiders (8%)

## Highlights

- 2018: 81,872 oz of gold production
- 2018: AISC US\$730 /oz<sup>4</sup>
- US\$46 m EBITDA (LTM-Jun'19)
- Cash + bullion: \$9.1 m (Sep 30/19)

## Summary Capitalisation (US\$)

Share Price (GBP) <sup>1</sup>	8.2p
Market capitalisation	\$83 m
Net debt <sup>2</sup>	\$21 m
<b>Enterprise Value</b>	<b>\$104 m</b>
EV/EBITDA (x)	2.3x
<i>VAT Receivable</i> <sup>5</sup>	<i>\$27 m</i>

1. As of 8 November 2019

2. As of 30 September 2019

3. Includes Contract for Difference (CFD) totalling an additional 4%

4. The AISC calculation since Q3 2017 includes the impact of higher royalties (c. US\$40/oz). Development costs at the Bauhinia Creek and Luika underground operations are not included in AISC

5. VAT Receivable as of 31 October 2019 with the Government of Tanzania, not included in Shanta's cash or Enterprise Value calculation

# History of Shanta Gold

## History

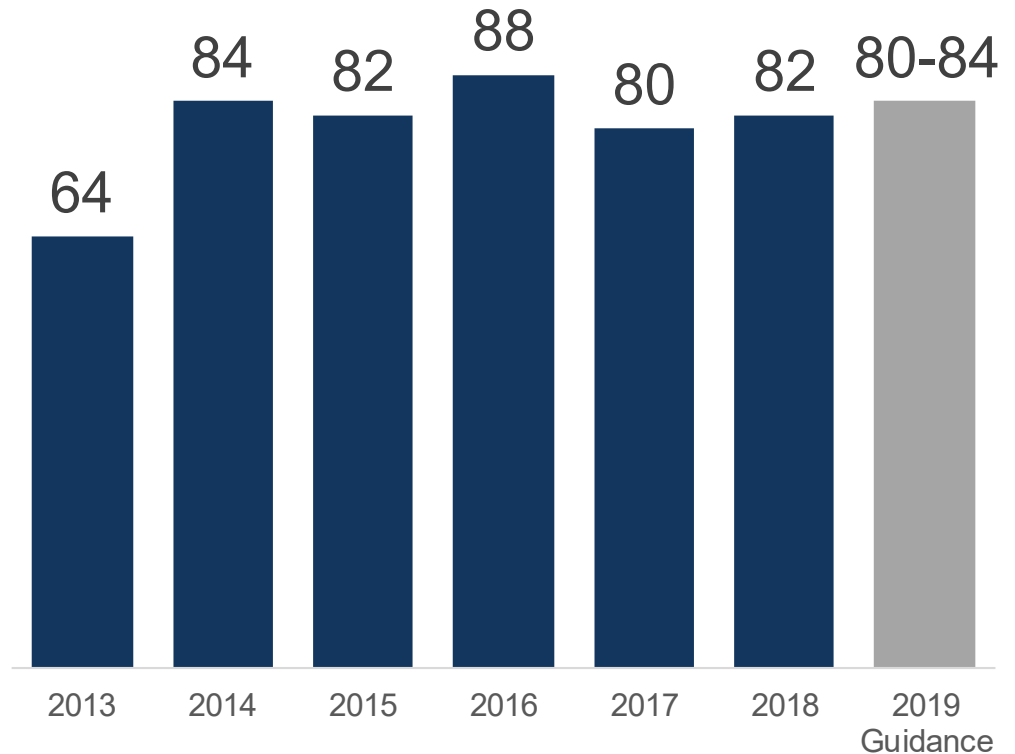
- Listed on AIM in 2005 (SHG:AIM)
- 16 year track record in Tanzania
- New Luika Gold Mine and Singida Project
- Total gold reserves and resources of 1.8 million gold ounces

## Assets

- Over US\$250 million invested, since 2003, in Tanzania
- Over US\$600 million of revenue generated
- 3<sup>rd</sup> largest gold company in Tanzania
- Over 700 employees
- Operations are Free Cash Flow positive



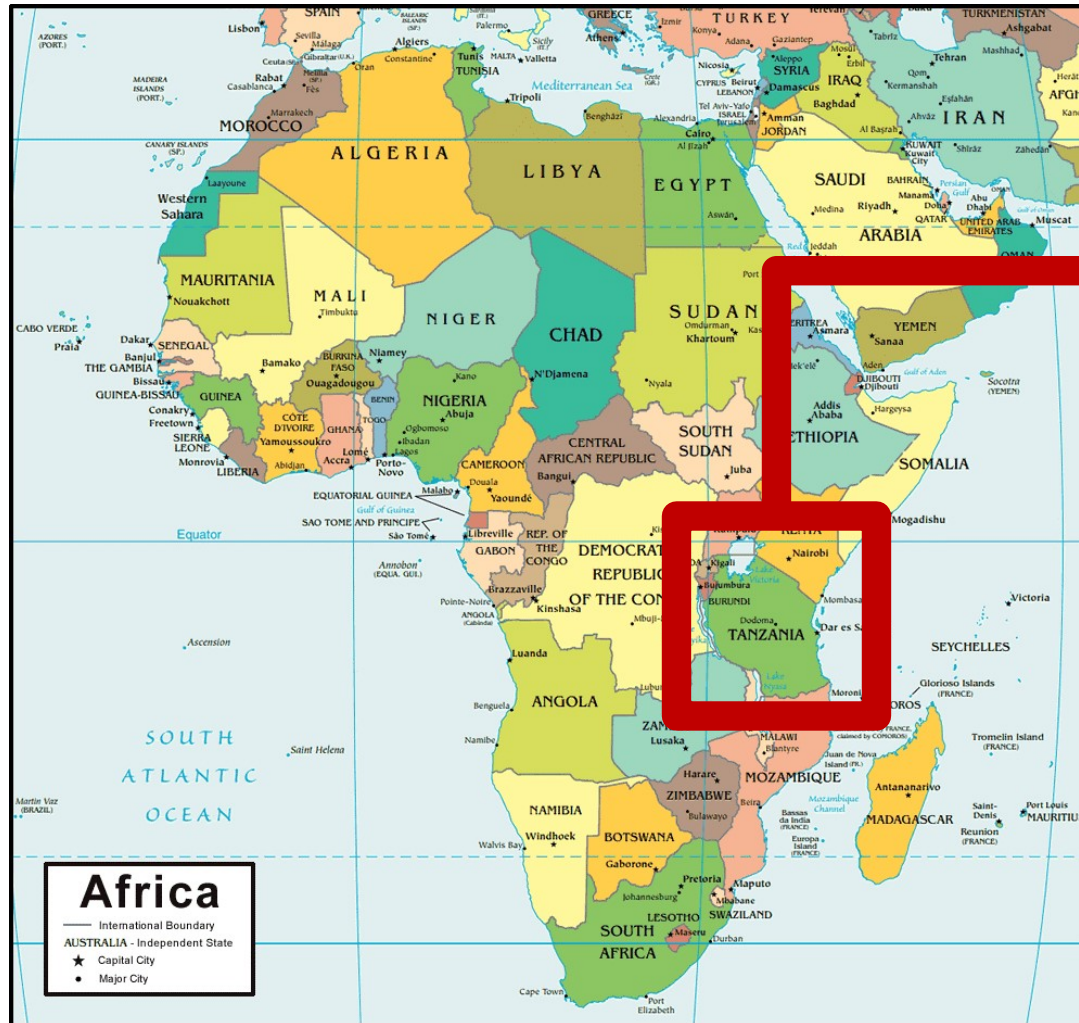
## Onto the 7<sup>th</sup> year of steady gold production (Au koz)



**2019 Guidance:**  
**80-84koz gold production at AISC**  
**US\$740 – 800 /oz<sup>1</sup>**

1. The AISC calculation since Q3 2017 includes the impact of higher royalties (c. US\$40/oz). Development costs at the Bauhinia Creek and Luika underground operations are not included in AISC

# Tanzania has one of the best gold endowments in the world



## Shanta Gold's assets

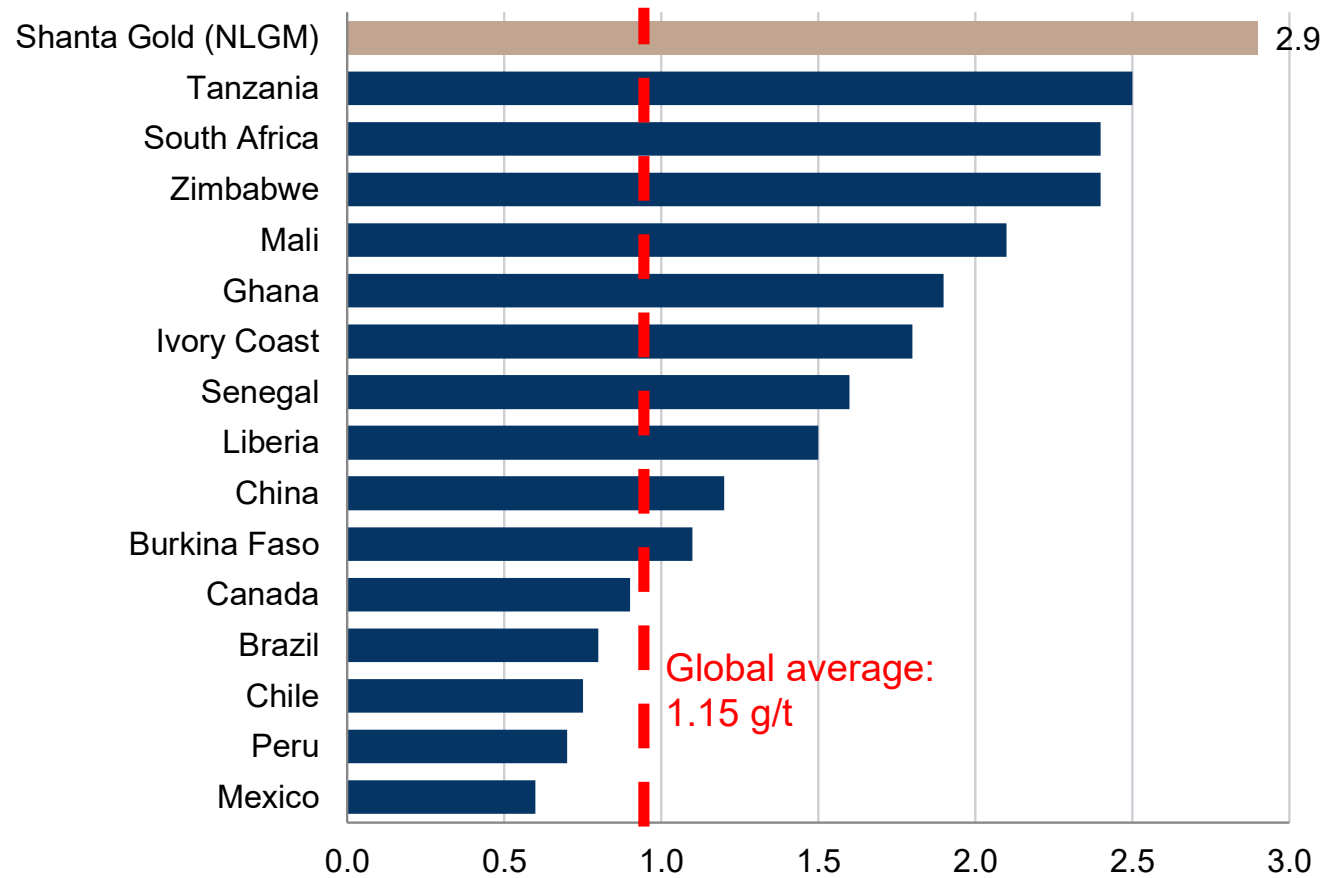
- New Luika Gold Mine (producing)
- Singida Project (development)



# 'Grade is King' in mining

Tanzania has one of the highest grading gold endowments in the world

## High grade resource



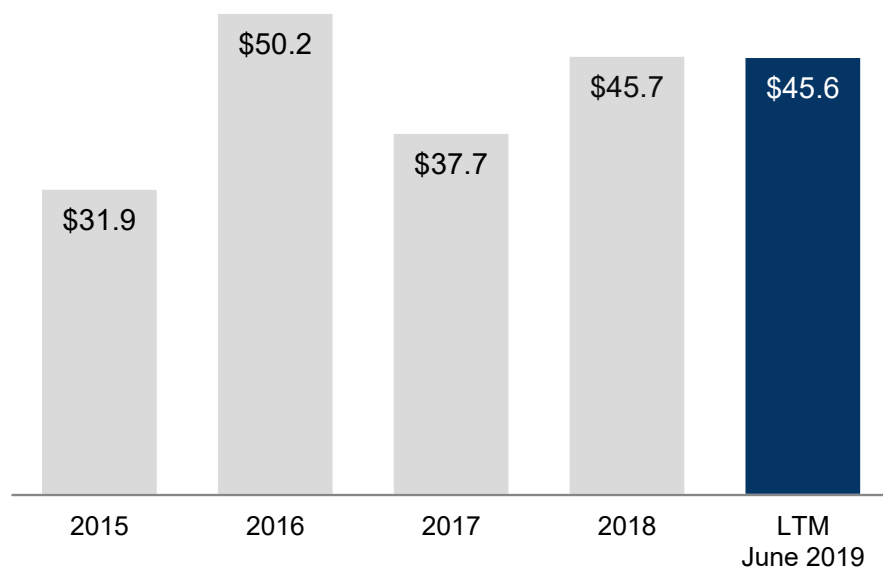
Total resource grade of gold deposits, by country (g/t)

Source: BMO Capital Markets Research, Metal Economics Group (Nov 2013)

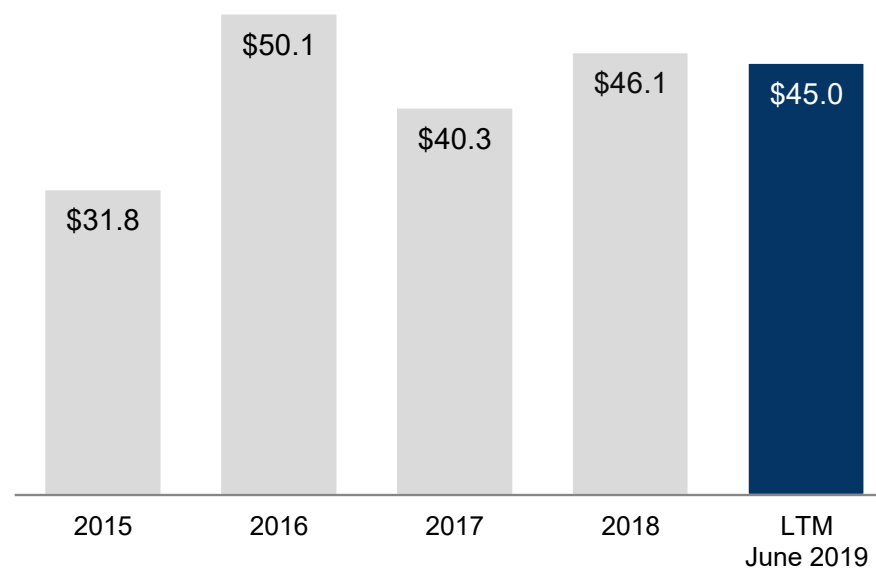


# US\$45 m operating cashflows over the last twelve months

**EBITDA (US\$ million)**



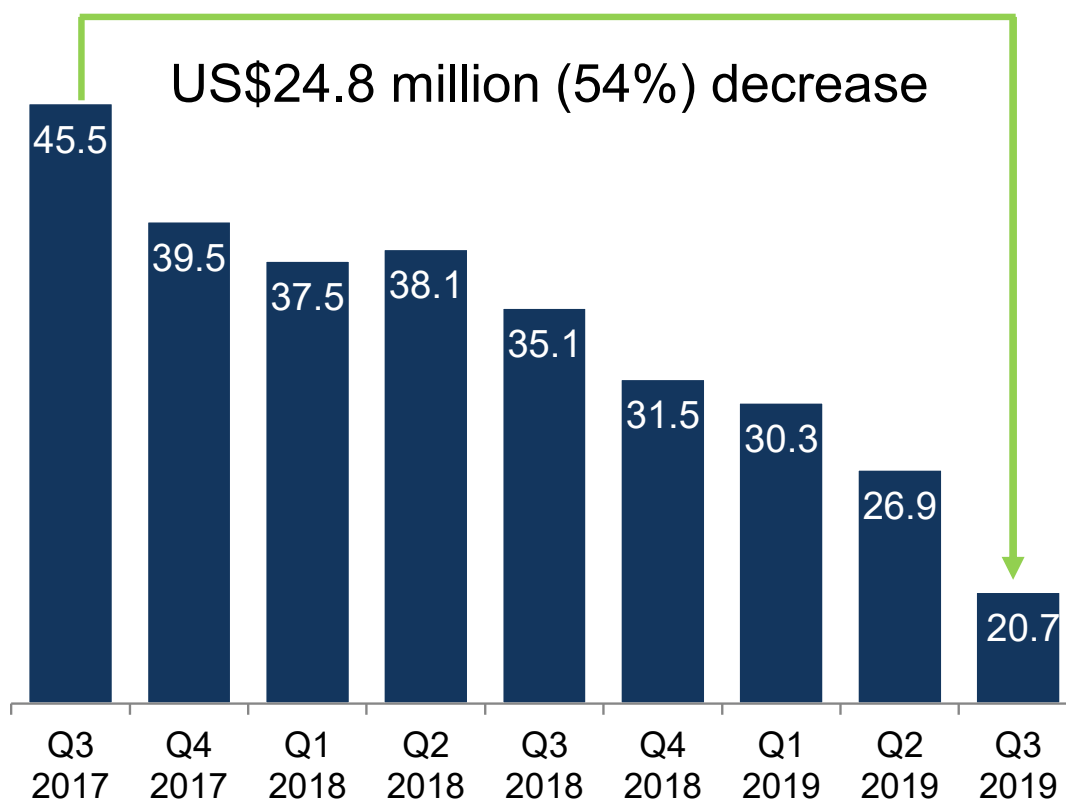
**Operating cash inflow before movement in working capital (US\$ million)**



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

# Balance sheet repair: 54% decrease in Net Debt since Q3 2017

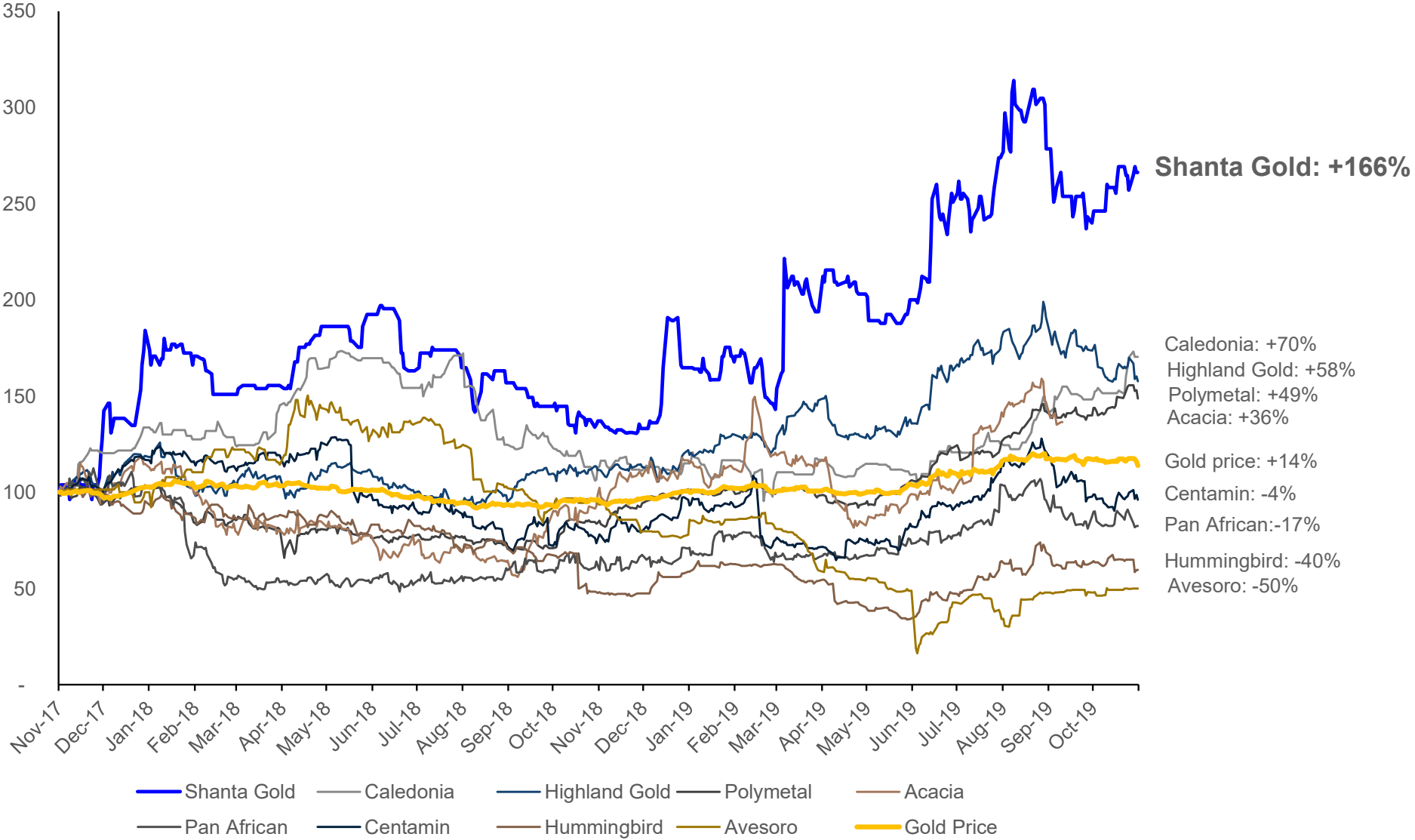
## Net debt (US\$ million)



## Q3 2019 highlights

- Sharp fall in quarterly net debt
- Unrestricted cash balance of US\$5.0 million at 30 September 2019
- Total liquidity of US\$11.6 million, including US\$4.1 million of bullion available for sale at the end of Q3
- Gross debt at US\$25.7 m, the lowest in over 6 years

# Shareholder returns (last 2 years) vs. all London Listed gold producer pure plays



Source: Bloomberg

Note: Past performance is not a guide to future performance

---

# AGENDA:

## 4. Where to from here?

# Key value drivers – summary

1

## Exploration and mine life extension

- Q2 drilling at Bauhinia Creek UG at depth doubles widths and grades
- Q3 drilling at new targets: BC North and Elizabeth Hill North
- Additional 4,000 metres drilling ongoing with results before year end
- Anticipated resource update in Q4 2019

2

## Country re-rating and VAT resolution

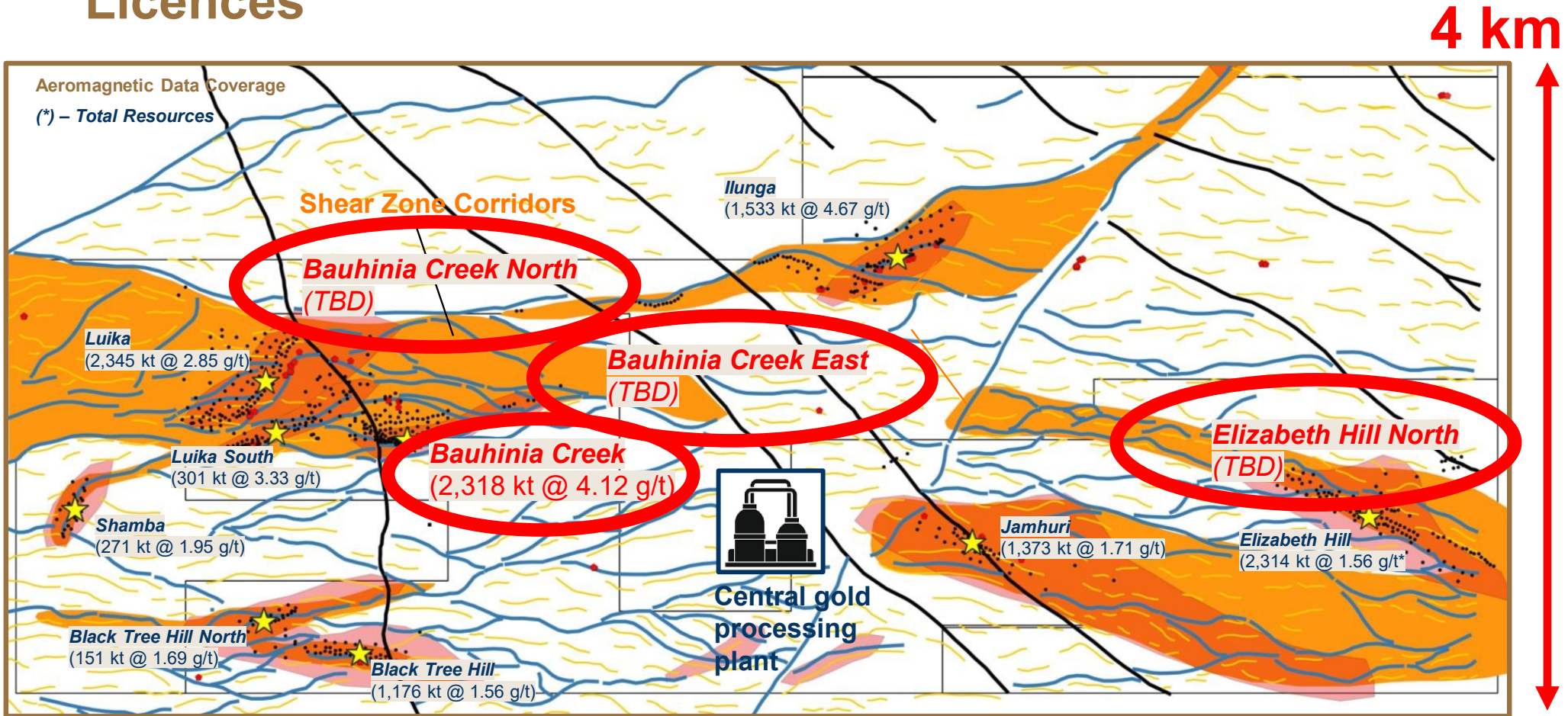
- Shanta's current VAT receivable is US\$26.6 million (October 2019)
- VAT refund to Shanta in November 2019 of US\$1.4 million
- Positive dialogue ongoing with Tanzanian government

3

## Singida asset level financing

- NPV of US\$38 million (US\$1,400/oz gold price, 5% discount rate) <sup>1</sup>
- Targeted minimum US\$20 million asset level financing in progress
- No equity dilution to SHG shareholders

# 1 Exploration: New Promising Targets on the existing Mining Licences



## New promising targets in H2 2019

7 km

- ✓ Bauhinia Creek underground extensions
- ✓ Bauhinia Creek North, Bauhinia Creek East
- ✓ Elizabeth Hill North

- ★ Mine/Deposit
- ◆ High-grade Grab Sample (Shanta Gold)
- High-grade Soil Anomaly (Shanta Gold)
- Structural Fabric: Gneissosity (Archaean)
- Structural Fabric: Mylonite/Shears (Lupa Mineralization)
- Collars (Drilling and Trenches)

## 2 Operating environment improving following Barrick takeover of Acacia

- ▶ Shanta has strong and open relationships with Senior Government Ministers
- ▶ Discussions continue on refunding or offsetting the current VAT receivable of US\$26.6 million
- ▶ Progress is being achieved

### Recent events in Tanzania

Date	Event	Status
17 <sup>th</sup> September	Barrick officially takes private Acacia Mining which delists from LSE	✓
20 <sup>th</sup> October	Barrick and Government announce resolution of tax disputes	✓
4 <sup>th</sup> November	Shanta announces an initial cash VAT refund of US\$1.4 million	✓

# IPO of Singida Resources PLC

## *Proposed listing on the Dar es Salaam stock exchange*

**\$31**  
million USD

NPV announced on 5 December 2018 (using Forward Curve at a spot price of US\$1225/oz)

**67%**

IRR over an initial 6-year mine plan (using Forward Curve at a spot price of US\$1225/oz)

**26,000**  
oz

Average annual gold production over mine plan at a cash cost of US\$794 /oz

**\$19**  
million USD

Pre-production capital expenditure and working capital

**Significant  
upside**

Total inferred resources outside of the project economics amount to 6.57 Mt at 1.63 g/t for 344,000 oz

**Next 6-12  
months**

Progressing and completing the IPO of Singida Resources PLC on the Dar es Salaam Stock Exchange

<sup>1</sup>Project estimates are based on estimates prepared internally by the Project Owners Team and have not been independently verified



# 2019-20 priorities

1

Safe Operational Delivery

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

2

Exploration

Reserve addition and mine life extension at New Luika

3

Deleveraging

Net cash balance sheet in 2020

4

Unlocking value

-VAT Receivable of US\$26.6 million = 30% of SHG market cap  
-Singida asset level financing (US\$31 million NPV)

## Near term catalysts and news

Date	Event
4 November 2019	US\$1.4m VAT refund received
Q4 2019	4,000 metre exploration drilling campaign
November 2019	Reserve & Resource update from recent on-mine drilling targets
December 2019	Phase 2 exploration drilling update
January 2020	Continued balance sheet deleveraging (US\$8 million scheduled debt repayments in H2)
January 2020	2019 production, cost and preliminary financial results

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

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

