



# Investor Update

OCTOBER 2013



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# 2013 Recap and Q3 Highlights



- ▶ Q3 gold production of 18,914 oz a record and on track for 63,000 oz full year
- ▶ Strengthened balance sheet and cash flow positive operations

## Summary: YTD 2013

- ✓ Gold production of 45,520 oz (on track for 63,000 oz full year)
- ✓ Plant throughput stabilised above 6,000 oz / month
- ✓ Plant capacity increases on track from end of Q1'14
- ✓ Permanent cost savings of \$80/oz achieved – benefit from end of Q4
- ✓ US\$34 million bank financing restructured
- ✓ Exploration drilling completed – resource upgrade pending in Q4

## Q3 2013 Highlights

Tonnes milled:	114,130 tonnes
Q3 gold production:	18,914 ounces
	- <b>60% increase on Q1</b>
	- <b>28% increase on Q2</b>
Cash balance:	US\$20 million
Safety:	No LTI

# Ongoing Improvements



- ▶ **Production enhancements and streamlining cost base has been the focus in 2013; continued initiatives planned for 2014**
- ▶ **Life of mine extension at NLGM and proving Singida potential key to unlocking the long term value**

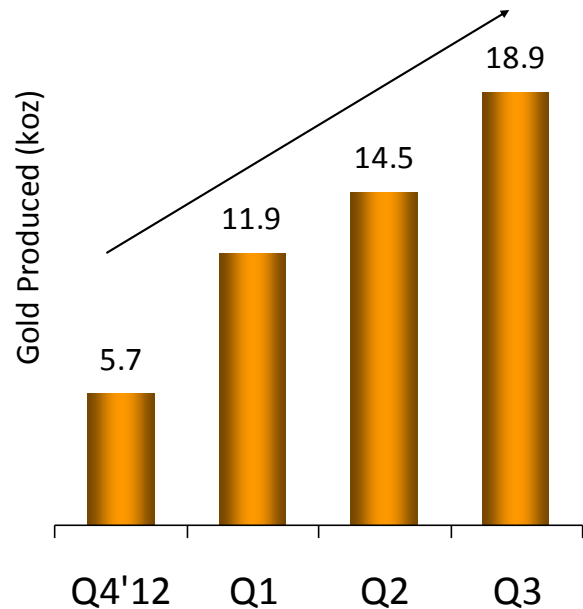
<b>Focus Area</b>	<b>Issue</b>	<b>Action</b>
Production	Targets and enhancements	<p>Gold production of 45,520 oz in Q1-Q3</p> <p>2013 production target of 63,000 oz on track</p> <p>2014 target of +80,000 oz with new crusher and elution plants</p> <p>Medium term potential up to 100,000 oz with addition of 3<sup>rd</sup> ball mill</p>
Costs	Streamlining	<p>Permanent structural changes resulting in approximately \$80/oz</p> <p>Annual saving (of which 55% fixed costs) – full benefit from 2014</p> <p>Targeted areas for further benefit in H1'14</p>
Plant Improvements	Design weakness	<p>Modified crusher installed; new crusher in April 2014</p> <p>Gold room incinerator capacity improved</p>
Resource	Mining & exploration plans	<p>Geotechnical drilling completed – maiden reserve announced</p> <p>Exploration drilling completed – resource upgrade in Q4</p> <p>Singida internal studies underway – 1<sup>st</sup> Half 2014</p>
Financials	Balance sheet	US\$34 million loan restructured with improved terms

# Production Enhancements



- ▶ Production enhancements and streamlining existing cost base has been the focus in 2013 with continued improvements in 2014

## Gold Production



Tonnes milled kt	Q4'12	Q1	Q2	Q3
	35	72	89	114

## Q3 Highlights

- ✓ Modified crusher installed  
*30% increase to 1250 tpd*
- ✓ Gold room stabilised  
*>6000 oz in all months of Q3*
- ✓ Mills optimisation  
*Recovery at 91.3%*
- ✓ CIL tanks densities increased
- ✓ Inventory management  
*Critical / insurance spares*

## 2014 Targets

- Crusher upgrade (April'14)  
*Installed capacity to 2000 tpd*
- Elution electro-winning plant (April'14)  
*Capacity and long term sustainability*
- Potential addition of 3<sup>rd</sup> mill  
*Lower grade, LOM increase, 100k oz per year target*
- Further optimisation of density balance
- Company wide ERP  
*Integrated ordering system*

# Plant Improvements – Crushing Circuit



- ▶ Focus on commissioning of new crusher in April 2014 and potentially increasing plant capacity with 3<sup>rd</sup> ball mill
- ▶ Medium term target to increase gold production to 100,000 oz per year from NLGM

## Crushing Circuit

Phase	Phase 1: 3-stage: 960 tpd	Phase 2: Modified: 1250 tpd	Phase 3: Upgrade: 1400 tpd (plant up to 2000 tpd with 3 <sup>rd</sup> mill)
Completion	Completed December 2012	Completed July 2013	Commissioning April 2014
Background / issues	Capacity to handle run of mine ore × Conveyors × Screens × Crusher liner usage	Achieving +/-1250 tpd vs 1200 tpd target Incremental operating cost	Life of mine Improve crushing & screening circuit throughput / grind Expansion and capacity Throughput above 1400 tpd constrained by existing mills
Ore tonnage	350 kt per year	+/- 30% increase to 450 kt per year	Installed capacity of up to 720 kt per year (3 <sup>rd</sup> mill required)

# Cost Improvements



► Year-end 2013 exit cash cost target of \$800/oz and All-in Sustaining Cost of \$1000-1100/oz

Strategy	Structural Change	Estimated Annual Saving *	Ongoing 2014 Targets
Internalising contractors	Termination of Plant Operator (Aug 1 <sup>st</sup> )	\$1.4 million	<ul style="list-style-type: none"> <li>■ Explosives/drilling</li> <li>■ Additional localisation of personnel</li> <li>■ On-site service providers</li> <li>■ Reduction in plant consumables (ie carbon)</li> <li>■ Power optimisation through introduction of solar</li> </ul> <p><b>Target of additional [\$25]/oz savings in 2014</b></p>
	Termination of Security (and localisation of employees) (Oct 1 <sup>st</sup> )	\$1.0 million	
Technical Innovation	Change of fuel type (diesel to HFO) (Nov 1 <sup>st</sup> )	\$1.8 million	
Rationalisation	Service Providers and Personnel (Ongoing)	\$0.4 million	
Contract renegotiations	Diesel provider (Nov 1 <sup>st</sup> )	\$0.7 million	
	Laboratory (July 1 <sup>st</sup> )	\$0.2 million	
<b>Total</b>	<b>\$80/oz (of which 55% fixed costs)</b>	<b>\$5.5 million</b>	

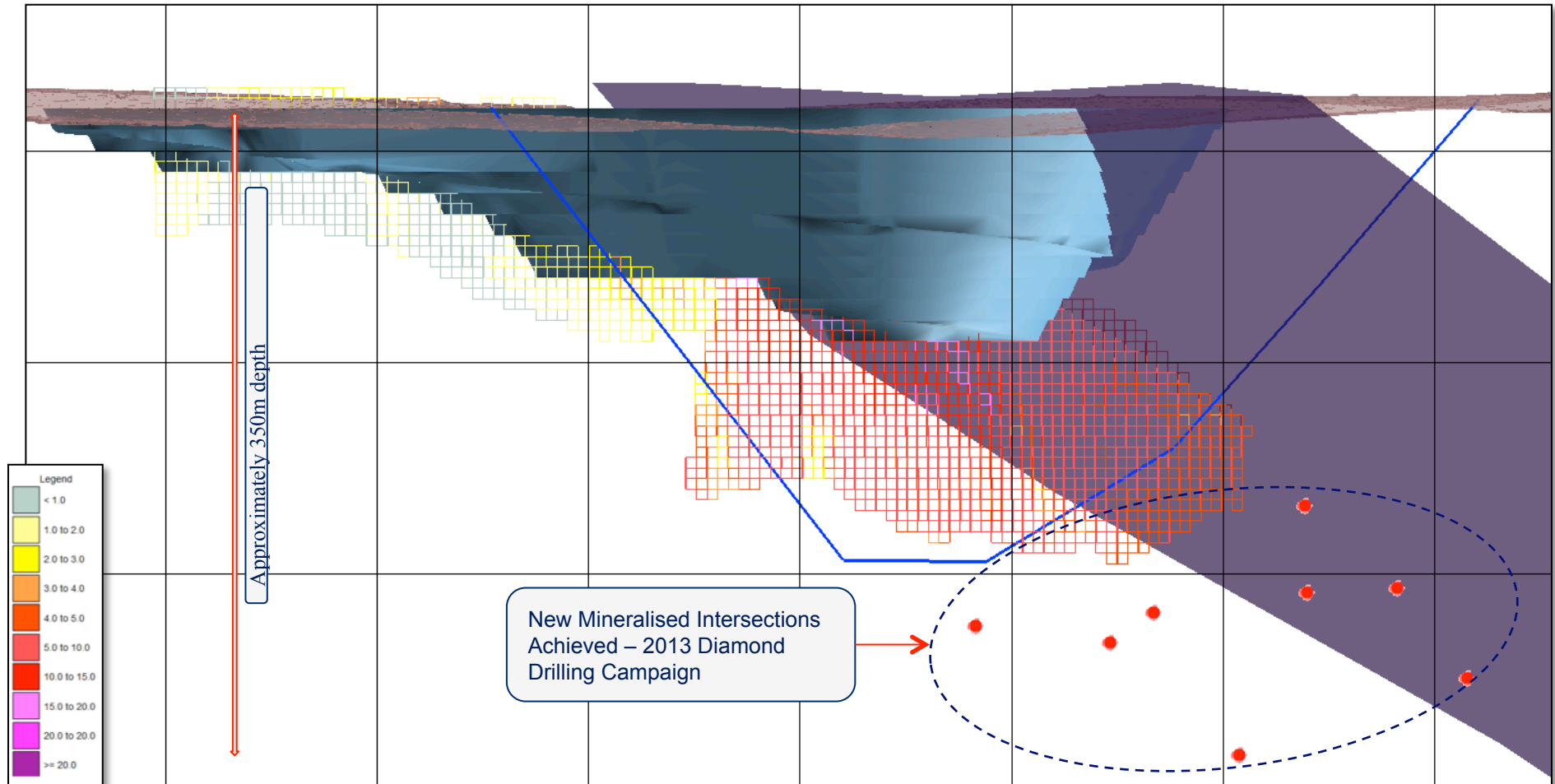
\* One-time costs of approximately [\$0.8] million related to termination of contracts



# Exploration – Good Progress in 2014

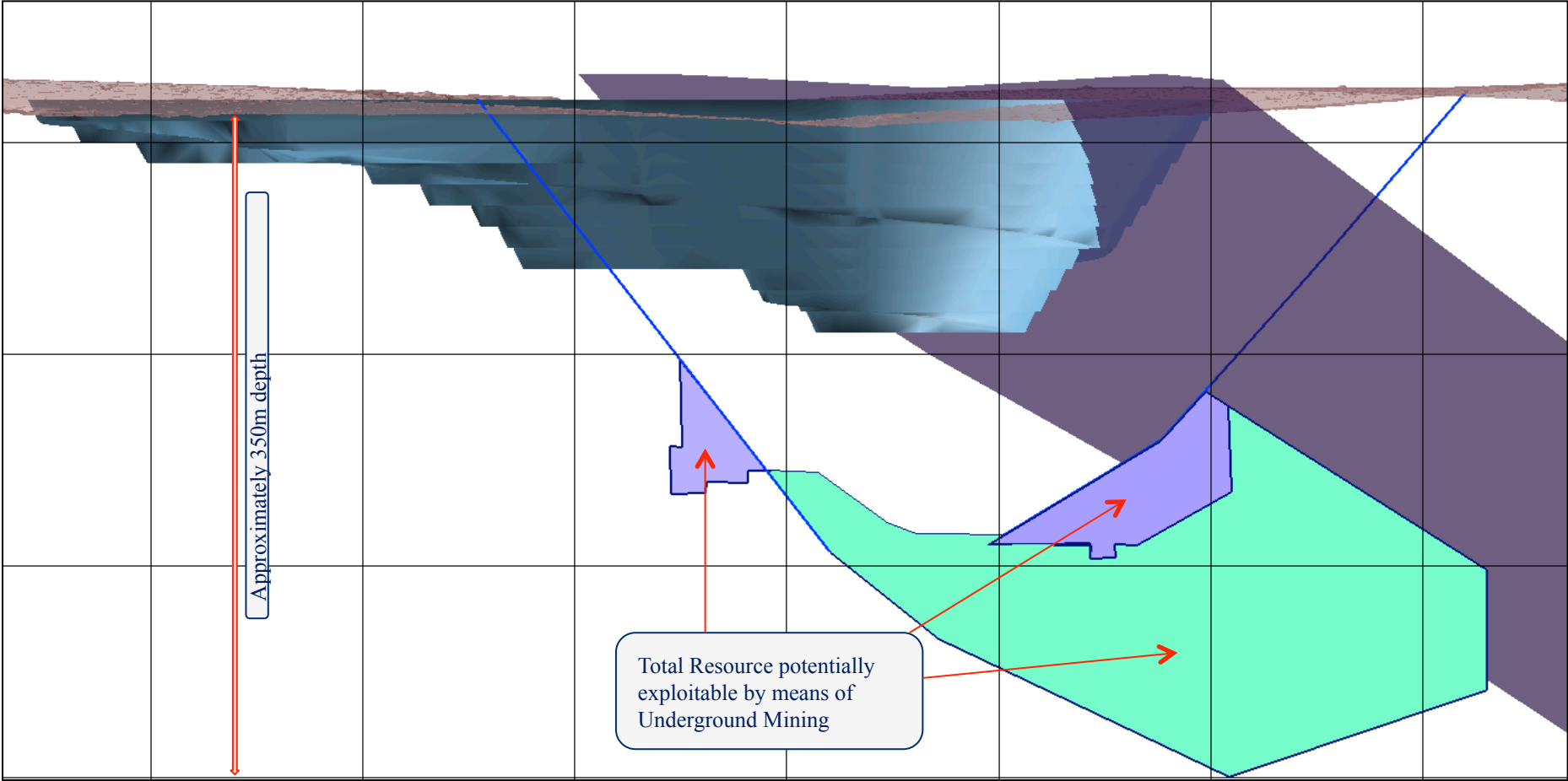


## ► Strong mineralisation results at depth at Bauhinia Creek- Resource Announcement Q4

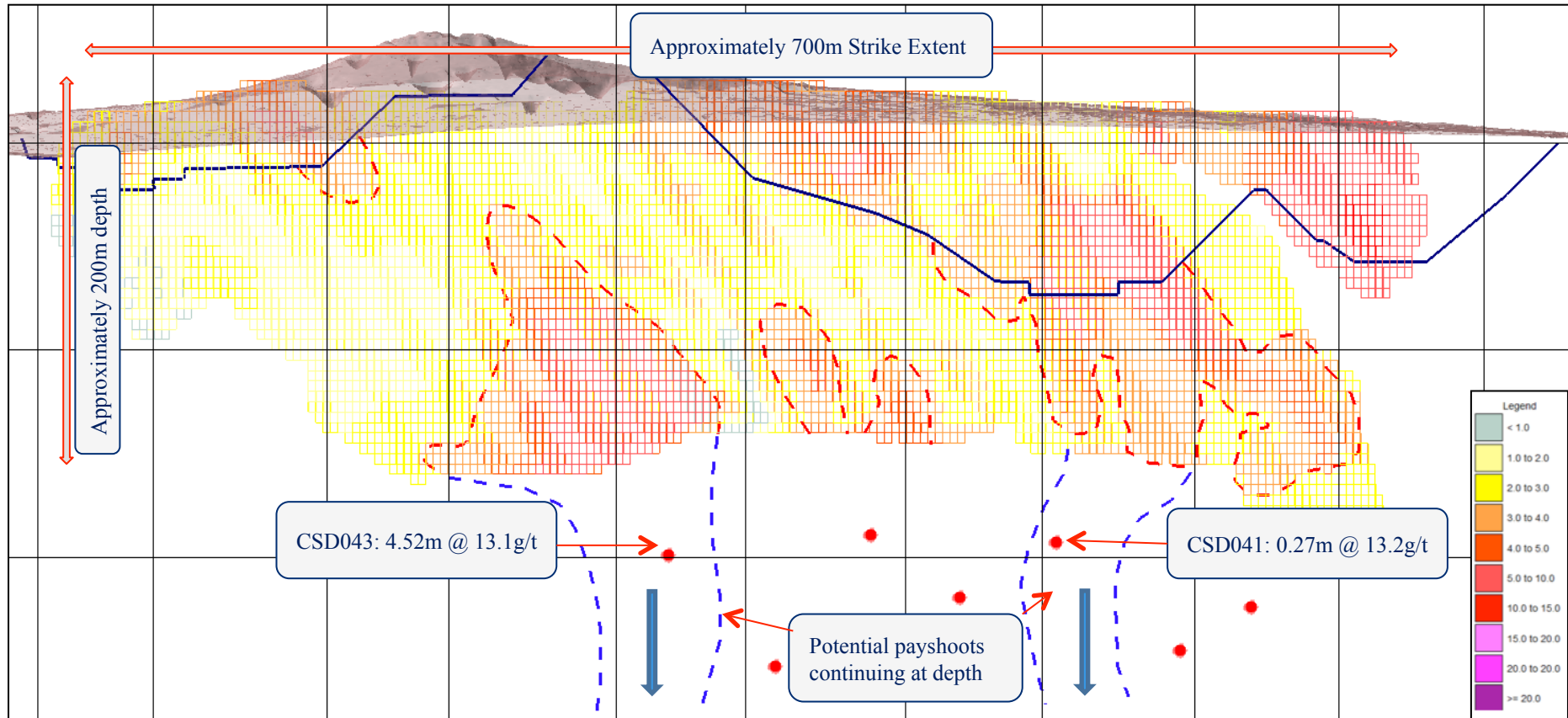




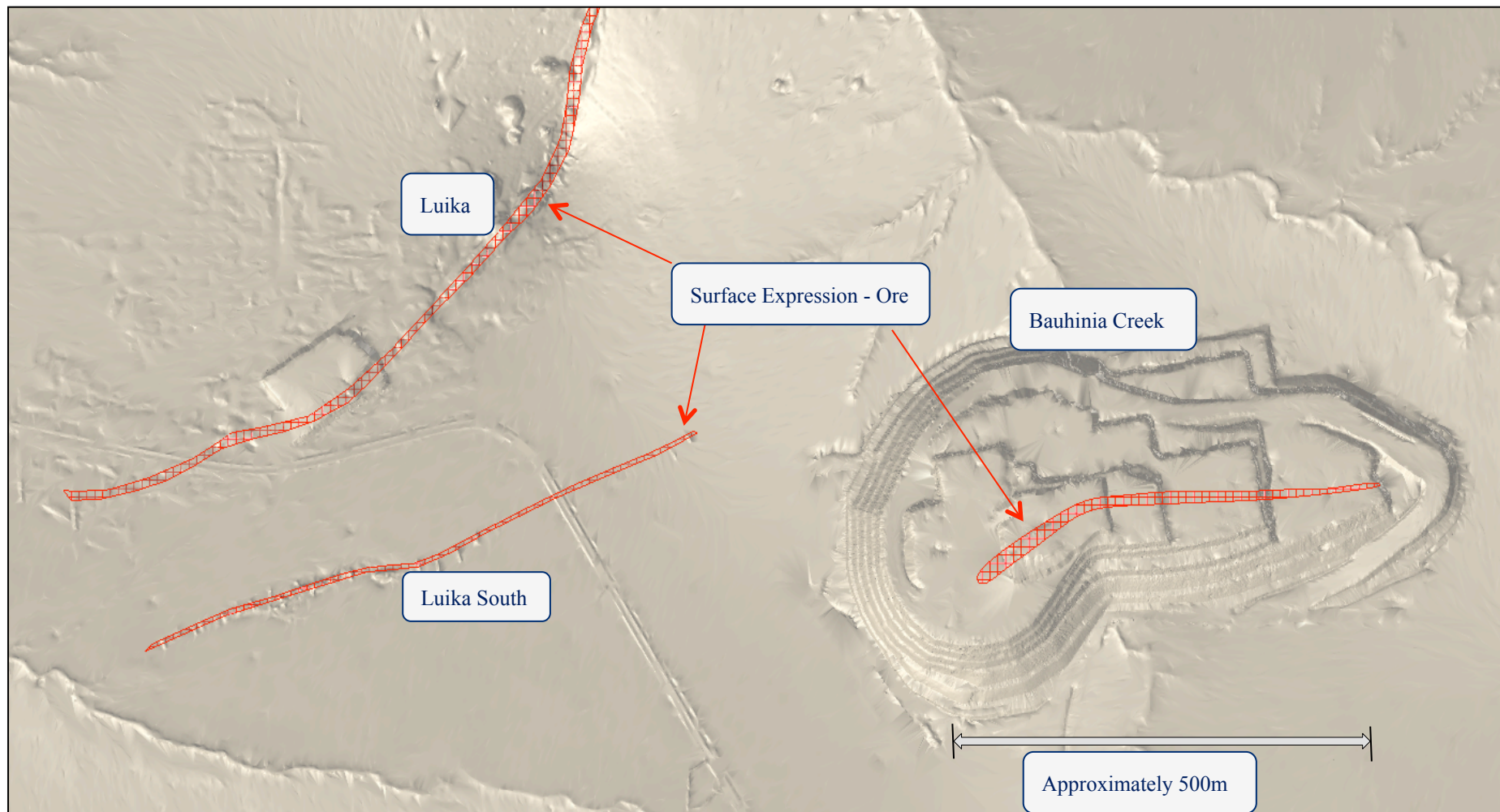
# Bauhinia Creek – underground potential



# Luika high grade shoots extend at depth offering underground potential possibly in conjunction with Bauhinia Creek

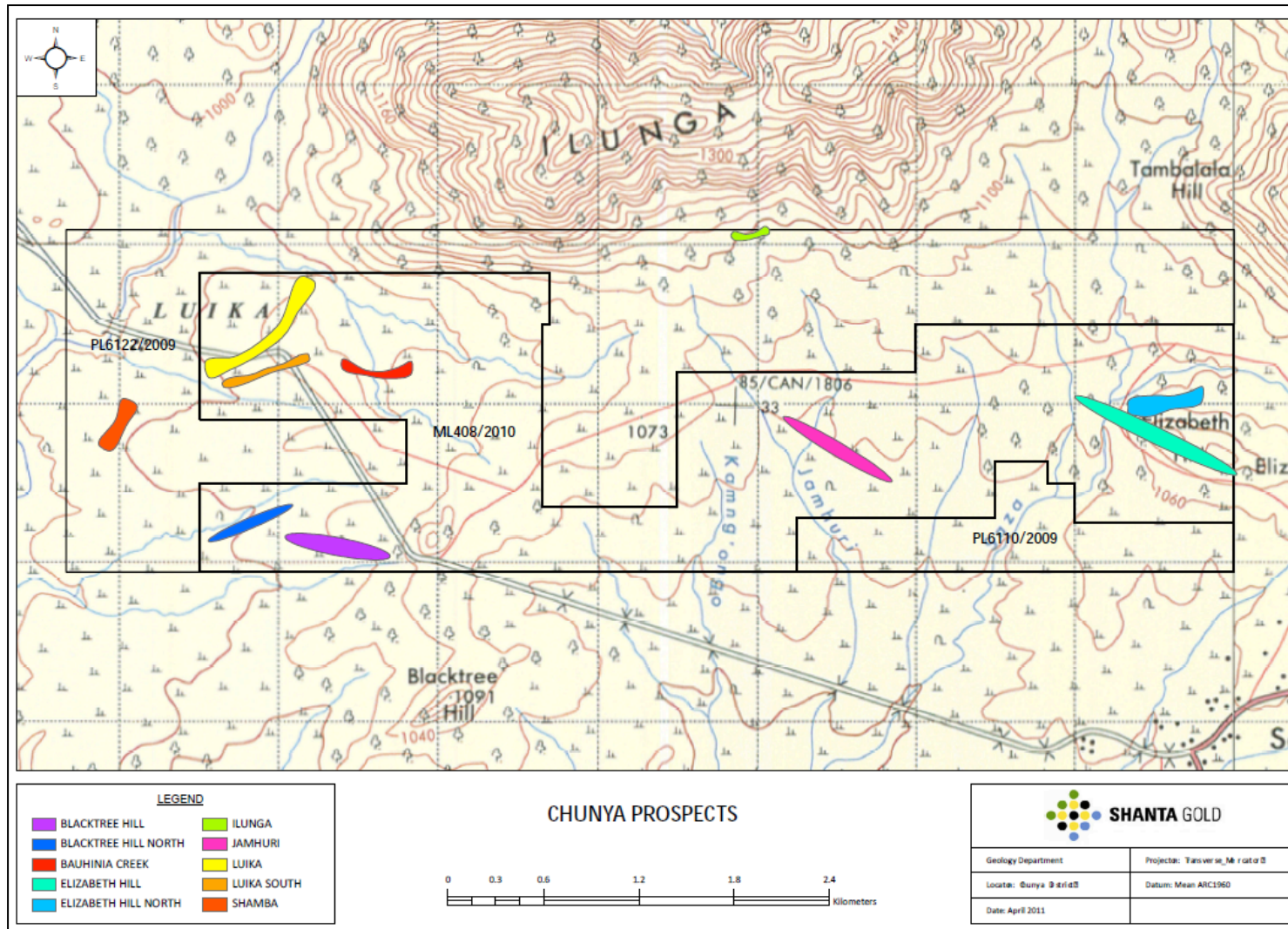


# Bauhinia Creek and Luika – ore bodies in close proximity

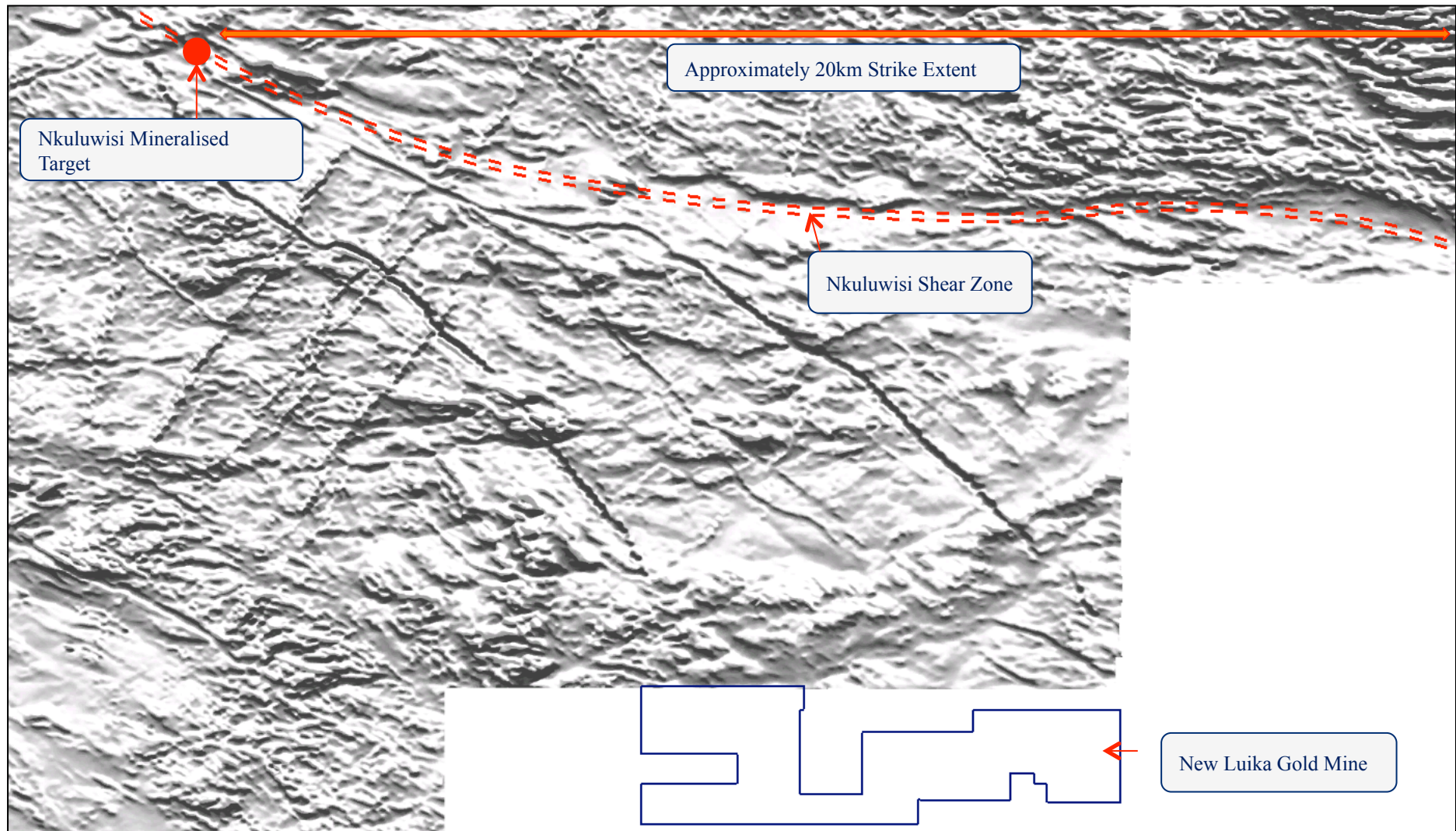




# Shanta evaluating total resource – 5.6mt at 4.33gt (excluding potential underground resource)



# Exciting Prospects in Lupa – 20km structure being evaluated





## ► Target to reach a decision point on progressing to financing by end of Q1 2014

### Background

- Stand-alone gold project in central Tanzania
- Well defined resource - stated at 858,485 oz at 2.9g/t - with over 45,000 metres drilled
- Similar profile to NLGM with high grade ore body
- Longer term underground potential (open at depth)
- Definitive Engineering Study completed in 2011 currently undergoing upgrading

### Project Update

- Progressing numerous work streams in developing a comprehensive internal feasibility study
- Geotechnical drilling completed; reserve being calculated
- Mine Plan optimisation analysis underway
- Hydrological study in progress
- Consultant appointed to perform plant flow and design
- Work on infrastructure – power, water and tailings dam on- going
- Relocation advancing – minimal movement of people

## ▶ Strengthened balance sheet and now benefiting from positive operating cash flow

### Key Financial Highlights

- Cash flow positive from operations in Q3
- Cash balance of \$20 million
- Debt restructured
  - repayment holiday to January 1<sup>st</sup>, 2014
  - reduced cost of borrowing
  - extension of repayment period
- Hedge book in the money
  - 25,500 oz at \$1344/oz through to June 2014

### Capitalisation <sup>1</sup> (US\$ million)

Market capitalization (14p)	\$103m
Convertible notes	\$25 m
Loan (FBN & RK)	\$39 m
Cash	\$20 m
Enterprise Value	\$147 m

### Loan Repayments

2013	\$11 m
2014	\$14 m

1. As of 30 September 2013



# Share Price Analysis



- ▶ Strong consolidated shareholder base including Insiders
- ▶ Relative share price outperformance versus peers in 2013

## Top Shanta Gold Shareholders

Directors & Insiders	17%
Odey Asset Management	16%
Blakeney Management	9%
Brooks MacDonald AM	8%
Investec	5%
<b>Sub-total</b>	<b>55%</b>

## Relative Share Price Performance (YTD 2013) <sup>1</sup>

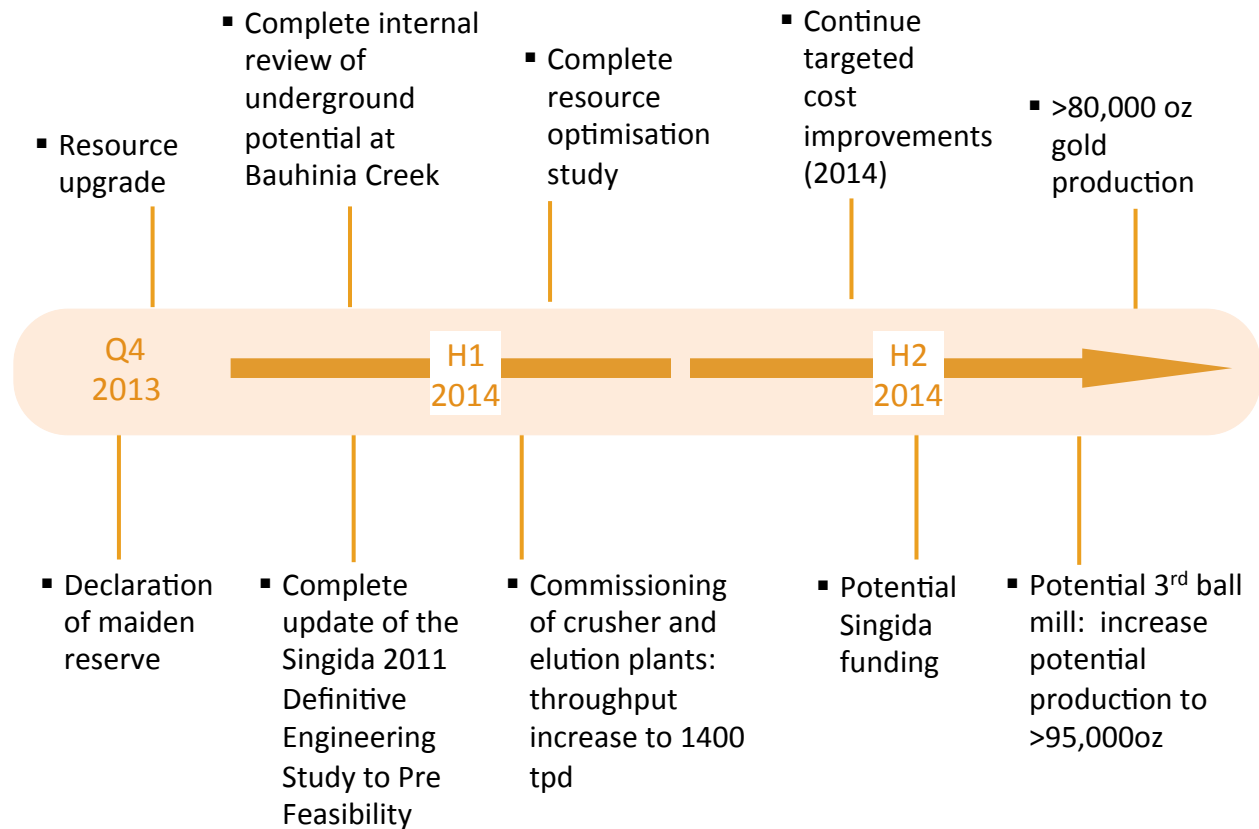


1. Peer Gold Companies Index includes: Amara Mining, Ampella, Asanko, Aureus, Avocet Mining, Banro Corp, Gryphon, Hummingbird, Nyota, Orbis, Orezone, Papillon, PMI, Roxgold, Teranga, TRUE Gold  
 Index based on share prices since January 1, 2013 converted to GBP at prevailing daily fx rate

## ► Potential catalysts in Q4 2013 and throughout 2014

### YTD 2013 (Complete)

- Upgrade crushing circuit by 30%
- Permanent cost reductions of \$5.5 million per year
- New Chairman appointed
- 100% consolidation of Shield Resources
- Geotechnical drilling at Bauhinia Creek to 200m
- Deep level drilling to 320m at Bauhinia Creek
- Debt restructuring



## ► Successful mines driven by strong community relations

### Strategy Update

- Resources being allocated to enhance Shanta's long term sustainability strategy

### Next Steps

- Base line reviews commencing in Q4 with assistance from 3<sup>rd</sup> parties
- Clear integrated sustainability strategy by H1 2014

### Ongoing Initiatives

- Upgrading of educational facilities
- Water harvesting
- Environmental development (dam site clean up)
- Borehole drilling (Mbangala village)
- Employment of local community at NLGM: \$200,000 per month of salaries/benefits redistributed into villages within 5km radius







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