2 March 2021

Shanta Gold Limited
("Shanta Gold", "Shanta", the "Group" or the "Company")

Full Year Results for the year ended 31 December 2020

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announces its audited final results for the year ended 31 December 2020 ("FY2020" or the "Year"). The Company's key assets are the New Luika Gold Mine ("NLGM" or "New Luika") and Singida Project ("Singida") in Tanzania and West Kenya Project ("West Kenya") in Kenya.

2020 Highlights

Financial

- Revenue of US$147.4 million ("m") (2019: US$112.8 m) at average realised gold price of US$1,495 per oz ("/oz") (2019: US$1,377 /oz);
- Gross profit of US$56.7 m (2019: US$14.4 m);
- Operating profit of US$43.8 m (2019: US$5.1 m);
- Profit after tax of US$17.2 m (2019: Loss after tax of US$9.5 m);
- EBITDA[1] of US$63.9 m (2019: Adjusted EBITDA[1] of US$47.7 m);
- Operating cash flow before working capital of US$62.8 m (2019: US$47.1 m);
- Net cash[2] of US$37.3 m (2019: net debt US$14.3 m);
- Available liquidity[3] of US$53.5 m at the end of the year;
- Cash costs of US$579 /oz and AISC[4] of US$841 /oz, within 2020 guidance;
- Capital expenditure of US$13.6 m (2019: net capital expenditure of US$17.2 m); and,
- A final dividend proposed of 0.10 pence per share, payable in April 2021.

Operational

- Exceptional safety record with TRIFR of 0.97 and zero LTIs in 2020 (2019: zero);
- Gold production of 82,978 ounces ("oz"), within 2020 guidance of 80,000 oz – 85,000 oz;
- 712,945 tonnes ("t") of ore milled (2019: 702,336 t), an all-time Company record;
- Average recoveries of 89.7 per cent achieved (2019: 89.4 per cent);
- Average ore grade of 4.0 grams per tonne ("g/t") (2019: 4.2 g/t);
- West Kenya acquired from subsidiaries of Barrick Gold Corporation ("Barrick");
- Mine construction at Singida underway;
- New probable gold reserves totalling 173,000 oz added through exploration drilling, a net increase of 37,000 oz after production depletion and resource optimisation; and,
- Company-wide workforce over 99% Tanzanian and Kenyan nationals.

Sustainability

- As a responsible operator that is committed to maximising the positive impact of its operations for its Tanzanian communities and reporting on its business impacts in line with best practice, Shanta will be undertaking a review of its ESG reporting and disclosure in 2021

2021 Outlook

- Health and safety of our employees remains our priority, with the necessary COVID-19 precautionary measures in place to ensure the safety of our teams and the continuity of our operations;
- 2021 guidance of approximately 80,000 oz at AISC[4] of US$900 – US$950 /oz on a like for-like basis and US$1,050 – 1,100 /oz including development costs, in line with the World Gold Council ("WGC") definition;
- Forecasted gold production to increase throughout the year due principally to the ramp-up of the third mill and forecasted increase in grade, resulting in production being weighted approximately 55% towards the second half of 2021; and,
- 2021 Tanzanian exploration budget of US$8.0 m, to be largely directed towards securing further mine-life extension on the existing Mining Licenses at New Luika.

Note: 1. EBITDA is earnings before tax, finance income, finance expense, 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. In 2019, Adjusted EBITDA was derived as EBITDA before non-cash loss on unsettled forward contracts.

Note: 2. Net cash includes liquidity available from 3,775 oz in transit to the refinery at 31 December 2020.

Note: 3. Available liquidity has been derived as unrestricted cash, restricted cash and the sale value of bullion available for sale at the end of the year (net of royalties and expected selling costs).

Note: 4. Development costs at the BC, Luika and Ilunga underground operations are not included in AISC.

Final dividend proposed

Following the year-end, the Directors have proposed a final dividend of 0.10 pence per share payable (2019: Nil). This final dividend, which will be paid gross, is expected to align with the following proposed timetable:

Record date:	8 April 2021
Ex-div date:	9 April 2021
Payment date:	30 April 2021

Board changes

Robin Fryer, who has been a Non-Executive Director and Chairman of the Board's Audit Committee for seven years, notified the Company several months ago of his intention to retire after the Annual General Meeting. The Company will be making new Non-Executive Director appointments in due course.

Eric Zurrin, CEO, commented:

"Last year will be forever remembered as one of the greatest tests for governments, markets, businesses and communities due to the global health pandemic. Operating in an industry where health and safety has always been paramount has meant our teams and people have been well prepared for the challenges presented by COVID-19. I'd like to thank them for their commitment and hard work to ensure that our business continues to operate safely and effectively during this time, evidenced by another record year for safety performance.

Despite a challenging macro-economic backdrop, 2020 was another robust year for Shanta. Our strong fundamentals of net cash, rapidly reducing debt, low costs and a growing diversified portfolio have proven our resilience to these macro-economic shocks and our outlook remains positive with some key growth catalysts in the pipeline. We can now move into this new chapter and I'm delighted to announce a final dividend of 0.10 pence per share proposed for payment in April 2021.

2021 presents huge opportunity for Shanta as we continue to strengthen our core operations at New Luika, progress mine construction at Singida that began in Q4 2020 and continue the drilling campaigns underway at our high-grade West Kenya project. Exploration remains core to demonstrating value and growth within our portfolio to support long-term returns to shareholders and I look forward to providing drilling updates this month across all three assets.

2020 shone a spotlight on the importance of sustainability to companies and societies around the world. We have always placed our host countries and communities at the very centre of our projects – by prioritising local content and community employment and embracing new technologies to minimise the environmental impacts of our operations, such as our 63kW solar photovoltaic pilot power plant that has been providing power to New Luika for two years now, saving on GHG emissions. We are proud of our responsible approach to mining and will be working this year to ensure our performance and disclosure are aligned with international best practice to mitigate risks and to identify opportunities to maximise our impact in the most positive way for all our stakeholders."

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 2 March 2021, at 09:30 GMT. Participants can access the call by dialling one of the following numbers below approximately 10 minutes prior to the start of the call or by clicking on the link below.

UK Toll-Free Number: +44 (0) 800 358 6374
UK Toll Number: +44 (0) 330 336 9104
PIN: 139408

https://events.globalmeet.com/Public/ClickToJoin/ZW5jPTdKU0RxSWF4elFINmFvTU5XemdpYTIzaHI1NW5jVGVodEtGUTJ0WFZJNjRad2c5cE9wbHp0UT09

Participant Passcode: 139408

The presentation will be available for download from the Company's website: www.shantagold.com. A recording of the conference call will subsequently be available on the Company's website.

Enquiries:

Shanta Gold Limited
Eric Zurrin (CEO) +44 (0) 14 8173 2153
Luke Leslie (CFO)

Nominated Adviser and Joint Broker
Liberum Capital Limited
Scott Mathieson / Ed Thomas / Louis Davies / Nikhil Varghese +44 (0) 20 3100 2000

Joint Broker
Tamesis Partners LLP
Charlie Bendon / Richard Greenfield +44 (0) 20 3882 2868

Public Relations
FTI Consulting
Sara Powell +44 (0) 20 3727 1426

About Shanta Gold

Shanta Gold is an East Africa-focused gold producer. It currently has defined ore resources at the New Luika Gold Mine ("New Luika") and the Singida Project ("Singida") in Tanzania and holds exploration licences covering approximately 1,100 km^2 in the country. Shanta Gold also owns the West Kenya Project in Kenya with defined ore resources of 1.2 Mt grading 12.6 g/t and holds approximately 1,121 km^2 wholly owned exploration licences and 40 km^2 partially owned licences in the country.

Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 82,978 ounces in 2020. The Company is listed on the AIM Market (AIM) of the London Stock Exchange (ticker: SHG) and has approximately 1,048 million shares in issue. For further information please visit: www.shantagold.com.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019.

Chairman's statement

Despite a global COVID-19 pandemic and the consequent disruptions to supply chains, Shanta Gold has had a record year. We have taken the opportunity to strengthen the business through the acquisition of the West Kenya Project from Barrick Gold and construction has started at Shanta's second mine at the Singida project where the first gold pour is expected in late 2022.

Our underlying EBITDA increased 34% on 2019 to US$63.9 million, buoyed by higher gold prices. We also achieved a record net profit of US$17.2 million. During the year, Shanta extinguished its hedge book and significantly deleveraged, moving from a net debt position of US$14.3 million to finish the year with a net cash position of US$37.3 million. Importantly, the team at New Luika continued to meet high safety standards recording a third full year of zero Lost Time Injuries.

Performance and operating highlights

As the COVID-19 pandemic spread rapidly across the globe, Shanta was quick to implement safety protocols across its operations while increasing critical inventories at New Luika and forging new partnerships to prevent disruption to the operations. As a result, New Luika had another steady year of production and costs were within guidance. We expanded the plant towards the end of the year to allow for the processing of lower grade ore. The Company continued to target costs with significant savings achieved from the partial integration of the national power grid. In 2020 we replaced ounces ("oz") and increased the mine life at New Luika for a second consecutive year, through successful exploration campaigns.

Portfolio developments

The acquisition of the West Kenya Project plays to the Company's strengths as a Long Hole Open Stoping specialist. This project is a high-quality addition to Shanta's asset portfolio, believed to be among the highest grading gold projects in Africa. Following the successful equity raise conducted in the year, drilling is now underway to determine the viability of a new gold mine.

Construction is underway at Singida which is being funded from free cash flow generation at New Luika. Once in production the project is expected to produce an average of 32,000 oz of gold annually over an initial seven-year mine life. We expect Singida to transform lives for the better in the Ikungi region of Central Tanzania.

Sustainability

Our economic contributions in Tanzania continue to be significant. In 2020 the Company paid US$26 million to the Government of Tanzania in the form of taxes and royalties. New Luika supports the local economy in Songwe through provision of employment opportunities and skill-based training initiatives, and all our operations provide indirect contributions via their supply chains which consist almost exclusively of Tanzanian or Kenyan vendors. We aim to have a workforce that reflects the countries that we operate in and 99% of our employees are Tanzanian or Kenyan nationals, with 40% of the Group's employees coming from communities neighbouring New Luika.

The Company places great importance on its social and environmental responsibilities. In recognition of this we will publish our 2021 Sustainability Report later this year, detailing our ambitions for increasing the Company's positive impact in the future.

Business and market outlook

In 2021, Shanta will benefit from a strong balance sheet and operations generating healthy cash flows. We are now investing in the largest exploration programme in Shanta's history with 6 drill rigs currently operating in parallel across three projects which we expect to extend mine life and provide growth.

I am delighted to be in a position to announce that the Board has proposed a final dividend of 0.10 pence per share to be paid in April 2021, subject to shareholder approval.

Robin Fryer, who has been a Non-Executive Director and Chairman of the Board's Audit Committee for seven years, has decided to retire after the AGM. I would like here to recognize his most valuable contribution to the Company's transformation and to its current financial health, and to wish him well for the future. We will be taking the opportunity to make new appointments to our Board and expect to make a further announcement on this shortly.

During 2020 our employees have performed exceptionally once again in difficult conditions. On behalf of the Board I would like to thank them for their dedication and hard work. I would also like to thank our shareholders for their support and the communities for hosting our projects. We enter 2021 committed to build on our consistent record, and excited for the opportunities that lie ahead.

Anthony Durrant
Chairman
1 March 2021

Chief Executive Officer's review

During the year Shanta made great strides across its portfolio, acquiring the high-grade West Kenya Project from Barrick Gold, beginning mine construction at Singida and increasing the mine life at New Luika. There is now significant future value embedded in the portfolio.

We finished the year meeting the better end of guidance for production and cost and established new safety records. In a year where disruptions were felt across the supply chain, working procedures had to be changed to ensure safety at the mine, including the lengthening of rotation periods. I would like to extend my gratitude to our employees for the sacrifices this entailed together with their tireless hard work and commitment to our operations, which ensured a successful 2020 for our shareholders.

Shanta's investment proposition is robust, with a diversified and highly complementary asset portfolio. The Company is in excellent financial health, completing the year with US$37.3 million of net cash and with most of the remaining US$11.4 million of outstanding debt expected to be repaid in April 2021. The recent closure of the Company's hedge book provides our shareholders with full exposure to the gold price.

Shanta is now in a strong financial position which will enable us to expand our reserves, increase production and pay dividends. The Company will now start to pay dividends, and a final dividend has been proposed for payment in April 2021.

HIGHLIGHTS

Exceptional safety record
The Company delivered an industry-leading safety performance during the year. We adopted robust safeguards, introduced to mitigate the risks presented at our operations by COVID-19. These measures helped Shanta operate largely unaffected by the COVID-19 pandemic throughout 2020 and remain in place for the ongoing protection of our team.

There were no Lost Time Injuries ("LTI's") during 2020 and the Company has now surpassed a milestone 6 million man-hours without an LTI. Having now successfully operated for over three years without an LTI, Shanta continues to mark itself as one of the safest gold mining operations worldwide, achieving a Total Recordable Injury Frequency Rate ("TRIFR") (per 1 million hours worked) of 0.97 in the year, a 3% reduction from 2019 (1.00) and significantly below the global industry average of 3.20, as measured by the International Council of Mining and Metals. This represents a fifth successive annual decline in injuries.

Strengthening our core operations
The processing plant at New Luika processed a record ore tonnage in 2020. Plant expansion upgrades carried out at the end of the year have increased processing capacity by a further 14%. The team is working on realising additional efficiency gains from the processing plant in 2021.

Low-cost grid power contributed 12% of Shanta's power requirements during the year; lowering power costs, diversifying power source dependency and reducing the mine's carbon output. Shanta expects grid power contribution to increase to 37% by the second half of 2021. AISC for 2020 were US$841 /oz, at the lower end of 2020 guidance of US$830 – 880 /oz. Development costs at the BC, Luika and Ilunga underground operations are not included in AISC.

Building the Singida Gold Mine
Following a successful drilling campaign, Singida's reserves and grade were increased to 243,000 oz at 3.00 g/t. The Company completed an internal Feasibility Study and started construction work in Q4 2020.

Economics released during the year outline a compelling business case for Singida, with considerable upside through potential conversion of mineral resources currently outside of the reserve-based mine plan. The project is projected to add gold production of 32,000 oz per year at an AISC of US$869 /oz. The Singida reserve sits within a substantial resource and the reserve announced represents just 27% of the existing total contained resources. Nearly all of this reserve is within 120 metres from the surface, highlighting the potential for reserve expansion.

The Singida Gold Mine will directly employ more than 220 people by late 2021 with the whole workforce expected to be Tanzanian. Singida will transform the Ikungi region in central Tanzania to benefit local communities with an estimated 5,000 people expected to benefit from direct and indirect employment as well as Shanta's livelihoods program. The mine is expected to contribute to advances in the local community's health, water and education, in line with the well-regarded CSR program at New Luika.

West Kenya Project acquisition

Shanta acquired the West Kenya Project from Barrick Gold on 19 August 2020 for purchase consideration of US$7.8 million cash and 54.6 million Shanta Gold ordinary shares. The consideration also included a two percent life of mine net smelter return (NSR) royalty over the Project. The Project is believed to be one of the highest-grade gold projects in Africa, with an inferred resource of 1,182,000 oz grading 12.6 g/t. The licences cover 1,161 km^2 of the Lake Victoria greenstone gold field, which houses Global Tier 1 assets including North Mara and Geita Gold Mine. The acquisition gives Shanta the opportunity to establish itself as a major mining company in Kenya.

Shortly after the acquisition was completed, the Company announced the results of an independent Scoping Study for the project. Highlights included a post-tax $NPV_{8\%}$ of US$340 million at a base case gold price of US$1,700 /oz and an unlevered IRR of 110%, with annual production for an initial estimated nine-year mine life averaging 105,000 oz.

The Company is committed to progressing the project to a construction decision, expected within the next three years. To finance this, gross proceeds of £32.2 million (approximately US$42.1 million) were raised during the year through the issue of an aggregate 194,884,309 shares at a price of 16.5 pence per Ordinary Share. This is expected to be sufficient for the Company to be able to confirm the viability of a potential new gold mine. Work is progressing well so far, with two drill rigs now operational on site, and the first phase of infill drilling underway.

Portfolio-wide exploration

The Company has a track record of replacing mined reserves at New Luika, with 173,000 oz of new reserves added in 2020 at a cost of US$19 /oz. This resulted in a net increase of 37,000 oz after production depletion and resource optimisation. All of New Luika's underground deposits drilled during 2020 remain open at depth and along strike.

Regionally, Shanta holds a sizeable portfolio of prospecting licences covering approximately 1,100 km^2 in the highly prospective Lupa Goldfield. During 2020, Shanta conducted additional works at one of its key regional targets, Porcupine South, following which it was able to declare a maiden open pit resource at the deposit of 64,000 oz at 2.08 g/t. On the back of this success, further exploration will be carried out at this target in 2021. Porcupine South is located approximately 22 km east of New Luika's processing plant and is within economically viable trucking distance.

During 2020, JORC compliant reserves across the Group increased by 82% to 625,000 oz at a grade of 3.00 g/t. Group resources increased by 75% to 3.2 million oz at a grade of 3.53 g/t, which was largely driven by the acquisition of the West Kenya Project (NI 43-101 compliant). These results reflect the increase in exploration expenditure during the year to US$4.8 million, which was 84% higher than 2019. The Company's reserves assume a long-term gold price of US$1,350 /oz.

Building on the exploration successes of 2020, the Board has approved an US$8.0 million Tanzanian exploration budget for 2021. Shanta recently announced the appointment of Mr Yuri Dobrotin as the Company's new Group Exploration Manager. A global expert in gold exploration, Yuri will be spearheading exploration activities across the Group with a primary focus on West Kenya. Adding new reserves to the respective mine plans can have a tremendous impact on shareholder value and we look forward to multiple exploration campaigns in 2021.

Final dividend proposed for April 2021

Significant free cashflow in 2020 helped Shanta continue its rapid deleveraging of recent years, with gross debt falling 48% in the year to US$11.4 million. The Company repaid its senior secured debt to Investec and entered a net cash position for the first time in its producing history.

Shanta Gold intends to pay a semi-annual dividend, commencing with a proposed final dividend of 0.10 pence per share. The Board will consider the Company's financial condition and outlook in determining or recommending future payments. This marks Shanta's transition into a dividend-paying multi-asset gold producer. I would like to personally thank all of our shareholders for their longstanding support as the Company moves forward into a new era of distributing a portion of cash returns to investors.

VAT status on refunds

The Company's VAT receivable rose to US$27.6 million at the end of the year. US$1.9 million of the receivable balance was offset against corporate taxes falling due in the year and the remaining VAT receivable is subject to verification audit by the Tanzanian Revenue Authority ("TRA") before being available for further offsets. The Company has taken extensive legal and tax advice to recover the VAT and is pursuing the appropriate avenues to recover the full balance.

Tanzanian legislative framework

During 2017, the Tanzanian Parliament enacted several legislative bills, which amended the Mining Act 2010 to provide for an increased government shareholding in mining projects. The amendments entitle the government to a minimum of 16% free carried interest in all mining projects, and the right to increase this commensurate with the value of historic tax reliefs and exemptions enjoyed by the mining company (up to a maximum of 50%). Since the incorporation of its Tanzanian subsidiaries, Shanta has not been the recipient of any preferential tax arrangements in Tanzania nor has it been party to a Mining Development Agreement.

These changes preceded the announcement by Barrick Gold on 20 October 2019 that they had entered into a bilateral agreement to share the future economic benefits from Barrick Gold's mines in Tanzania on a 50/50 basis. It is management's view that a similar arrangement between Shanta and the Government of Tanzania could be required.

On 30 October 2020, the Mining (State Participation) Regulations 2020 were published, which expanded on this free-carried interest and provided that the Government of Tanzania shall enjoy the right to receive a proportionate share from any repayment of equity or loan.

It remains uncertain how the new legislative bills will be interpreted and implemented. To date, with the exception of the increase in royalties from 4% to 6% and the introduction of a clearing fee of 1% which was effective from July 2017, there has been no material impact on the Group. The Company continues to take in-country legal and tax advice to monitor the situation carefully.

OPERATIONS REVIEW

New Luika Operations Review

New Luika had another strong year and set an all-time record for tonnes milled. Total mill feed was 712,945 tonnes ("t") at an average grade of 4.0 g/t to produce 82,978 oz of gold, in line with guidance of 80,000-85,000 oz. The processing plant continues to operate above its nameplate processing capacity and upgrades have been made post year end to increase this further and drive greater throughput.

AISC for the year were US$841/oz, at the lower end of guidance of US$830 – US$880/oz. The Group maintains a laser-like focus on its cost base and supplier contracts are reviewed on an ongoing basis. Following connection to the state ("TANESCO") power grid towards the end of 2019, low-cost grid power contributed 12% power requirements in 2020, resulting in a 19% reduction against budgeted power costs. This transition towards more grid power contribution is expected to increase to as high as 37% at New Luika by the second half of 2021.

FINANCIAL OVERVIEW

Turnover for the year from sales of gold amounted to US$147.4 million, compared to US$112.8 million in 2019. This increase of 30.7% was largely driven by higher spot gold prices during the year. By the end of 2020 the Company had sold 83,228 oz of gold (2019: 80,926 oz), with a further 3,775 oz in transit to the refinery. A loss on non-hedge derivatives and other commodity contracts of US$11.7 million (2019: US$9.8 million) was incurred in the year and the Company is now unhedged.

Operating profit for the year was US$43.8 million (2019: US$5.1 million), heavily impacted by the improved gold price achieved per oz and reduced depreciation. EBITDA amounted to US$63.9 million (2019: Adjusted EBITDA of US$47.7 million).

A profit before tax of US$39.0 million (2019: loss before tax of US$1.2 million) was recorded. A tax charge amounting to US$21.8 million (2019: US$8.3 million) resulted in a profit after tax of US$17.2 million (2019: loss after tax of US$9.5 million). The increased tax charge in 2020 reflects the Group's increased profitability and US$4.1 million recognised in respect of historical tax assessments conducted in the Period.

Unrestricted cash at the year-end totalled US$41.6 million (2019: US$3.5 million). At the end of the year the Company had net cash of US$37.3 million (2019: net debt of US$14.3 million), inclusive of liquidity available from 3,775 oz of unsold doré in transit at the end of 2020.

ENVIRONMENT

Meeting our energy needs

We have taken steps in recent years to reduce our carbon footprint and increasingly power our operations from renewable sources. The solar hybrid power plant continues to provide New Luika with clean electricity, contributing 2% of New Luika's total power requirements in 2020. We were also able to meet 12% of New Luika's power requirements from the TANESCO grid, which draws 37% of its wattage from hydro-electric sources. The Company is committed to minimising its carbon footprint and alternative power sources are expected to be a contributor of reliable and clean energy for the mine moving forwards.

Managing our water supply
Consistent and plentiful water supply is a challenge in the Songwe region which has unpredictable rainfall and limited water infrastructure. We take our water stewardship responsibilities seriously and work to balance the needs of our operations without preventing access for others. Our water recovery program at New Luika means nearly 50% of water used in tailings is recovered via a Return Water Dam ("RWD"). We are committed to the responsible and efficient use of water and the team continue to look for ways to manage our consumption and find innovative solutions to water supply.

Responsible tailings and waste management
We prioritise careful waste management and take disposal of hazardous waste from our mining operations seriously. Our two Tailings Storage Facilities ("TSF's") have been carefully constructed to safely contain waste from ore processing. Waste rock from underground mining activities is deposited on professionally engineered waste rock dumps and in 2020 we started rehabilitating the Luika Waste Rock Dump by adding topsoil and planting vegetation, which will eventually repair the disturbed earth naturally.

Protecting biodiversity and closure planning
The Songwe region has a rich ecosystem and we try to harmonise our existence at New Luika with the wildlife and plant species that inhabit the area. A new onsite tree nursery plantation was completed at the start of 2020 to help with the reclamation of vegetation. In addition we communicate clear rules to visitors and employees regarding the safeguarding of wildlife and adhere to the local laws for their protection.

We understand that our legacy on the Songwe region will be felt long after mining activities have finished, and we therefore have detailed social and environmental plans in place for a successful closure of New Luika for our community and country stakeholders. The latest version of our detailed Mine Closure Plan ("MCP") was approved by the Mining Commission in 2020 and we will continue to update this as necessary to ensure we fully restore and rehabilitate the New Luika site after gold production has ceased.

CORPORATE SOCIAL RESPONSIBILITY

People
Our employees are the Company's most important asset, and it is through their commitment and sustained efforts that we have succeeded in producing yet another set of strong results.

The Group's headcount, including employees at New Luika, Singida and West Kenya Project, totalled 764 people at the end of 2020 (2019: 748 people) and our Tanzanian staff span every discipline. The Executive Committee and Board of Directors of SMCL are led almost entirely by Tanzanian nationals.

At the end of 2020, 99% of the Company's workforce were from our host countries Tanzania or Kenya (2019: 99%) and approximately 40% of the Group's employees are from local communities around New Luika. This demonstrates the importance of our mine as a major employer for nearby villages and towns, driving the local economy in an area that continues to suffer from high unemployment and economic difficulties.

Business Sustainability
Shanta is committed to supporting social and economic development around the Company's producing mines. Ensuring that our presence and activities benefit all stakeholders is a core aspect of the Company's sustainability values.

We aim to support local businesses wherever possible and procure products locally to both streamline the Company's logistics and support the nearby economy. In 2020, 83% of New Luika's procurement was in-country.

Shanta was recently awarded first place in Local Content Performance for 2019/2020, as per Mining Act 123 in Tanzania, a testament to our invaluable Social License to operate.

The Company's CSR programme has been developed through the implementation of community initiatives that are devised with the direct engagement of key community and regional stakeholders. Shanta typically plays a partner role in these projects, providing funding where required but also ensuring capacity is built for the local populations to engage in self-sustaining development. The goal is for participants to retain learned skills that can be transferred to future generations, leaving a lasting impact.

Several new initiatives have been rolled out in 2020 and Education, Water, Livelihood and Health continue to represent the bedrock of Shanta's community priorities.

Education

The New Luika CSR team work closely with the Songwe regional leaders and head teachers at the primary and secondary schools in nearby Saza, Mbangala, Maleza and Patamela to understand the educational priorities of their students. Shanta's team place great value on supporting local education and employees made various donations in the year. New Luika received 2,119 donated books that were distributed to five local primary schools and these are now kept in each school's library to ensure easy access. Shanta also partnered with several international suppliers in the year to provide desktop computers, laptops, projectors and printers for a new ICT lab at one of Songwe's Primary Schools.

For many years Shanta has supported regional educational infrastructure development projects in Songwe. In 2020 Shanta donated 1,000 corrugated iron roofing sheets and 1,000 bags of cement (50 kg each) for education infrastructure in the region. Several of Shanta's recent educational infrastructure development projects have now been completed. Two new staff houses constructed at Saza will help the local schools attract and retain high quality staff, and a further two are under construction at nearby Patamela. In Maleza, three classrooms have been added to the Primary School, expanding the number of classrooms to seven.

With many children having to travel a significant distance to reach schools in the region, damage to the roads can present access issues. After a crucial 5.5 km stretch of nearby road was damaged by flooding during the year, Shanta assisted rebuild efforts by accommodating the Tanzania National Roads Agency (TANROADS) at New Luika and supported the necessary upgrade by providing HDPE pipes and aggregates.

Over the past few years Shanta has provided teacher training to its local schools through a partnership with Hazelwood School (Charity Number 312081). National Standard 7 results were announced towards the end of the year and we were delighted that each of Maleza, Mbangala and Patamela's primary schools achieved a 100% pass rate.

Water

Availability of fresh water continues to be a massive challenge for much of the local population in Songwe and Singida, areas that suffer an extensive dry season, which can last for six months.

The challenge is often geographic, with residents in nearby Patamela historically relying on three distant hand-held pumps for their water supply. During the year Shanta installed new solar-powered water taps, benefiting approximately 2,000 people, and each home now has direct water access with the use of solar power having the added benefit of avoiding reliance on any additional electricity supply.

In 2021, plans are in place to connect our Luika dam reservoir to Mbangala, providing fresh water for approximately 7,600 people on a sustainable basis.

Livelihood
Farming is one of the key sources of income for the population in Songwe, but there are many ongoing challenges to this, particularly climate change, with the resulting droughts, floods, and temperature shocks causing income unpredictability. This has often meant people turning to artisanal and small-scale mining, which is dangerous and illegal. During the year, Shanta's emergency rescue team at New Luika responded to several incidents involving artisanal miners as well as a locally established mining company to evacuate their workers. Shanta works to enhance the livelihoods of those in the surrounding region by supporting a range of initiatives to help people find sustainable opportunities to generate income.

Shanta's farming collaboration with Export Trading Group ("ETG") has grown significantly since inception in 2016, and approximately 1,500 farmers are enrolled in the scheme which provides training on agriculture methods. In 2020 Shanta facilitated training to owners in the community on harvesting and post-harvest handling, and treatment advice regarding domestic animal diseases. In addition to training, Shanta purchased and distributed 3,800 kg of sesame and 300 kg of sunflower seeds for participating farmers unable to purchase these themselves. During the latest sesame harvest over 4,800 acres were cultivated with the participating farmers expected to earn in the region of US$1.0 million. This farming initiative continues to expand with optimised farming practices being adopted regionally.

Shanta has also championed other agricultural projects, and through its Mining Agriculture Improvement Project, has sponsored training and accreditation for 57 local farmers under TOSCI, the Government Institute responsible for the certification and promotion of quality agricultural seeds. The training provided under these schemes is crucial for imparting skills and knowledge to participants which are then transferrable into practice and ultimately will help participating farmers better optimise future crop harvests.

In addition to traditional farming, the beekeeping initiative rolled out by Shanta in 2018 at both Mbangala and Saza has progressed strongly. Newly trained residents enrolled in the programme harvested 2,350 kg of honey in 2020, an 161% annual increase. The number of beehives in operation has also increased from 143 to 250, and the participants are protected by clothing outfits and beehive huts all donated by New Luika. Towards the end of 2020 a honey processing plant was purchased locally and donated to the Mbanagala beekeeper's group. This equipment will help local honey processing become more efficient.

Health
Shanta supported the local response to the Coronavirus pandemic, working closely with authorities in the construction of a new District Coronavirus Patient Treatment Centre. Shanta completed electrical and window installation works, with wiring for the building completed in collaboration with TANESCO. In other efforts to support the Songwe region, the New Luika team donated chemical suits, masks, glasses and 1,000 litre water tanks to support the district's medical team.

Long-term health matters are a challenge for many in the local region, and a key success during the year was a one-day Community Health Bonanza delivered by Shanta's team at New Luika for the nearby villages of Mbangala and Saza. Over 500 residents were screened for various health-related matters including hypertension, diabetes, anaemia, and Body Mass Index ("BMI"). Patients who required treatment were provided with appropriate medicines and attendees also received health and nutritional education from medical doctors and nutritionists. Shanta collected 80 blood donations during the event, which significantly replenished the local District Blood Bank.

Outlook
Annual production guidance at New Luika for 2021 has been set at approximately 80,000 oz at an AISC of US$900-950 /oz on a like-for-like basis, and US$1,050 – 1,100 /oz including development costs in line with the World Gold Council ("WGC") definition. This cost guidance takes into consideration the impact of higher-cost supplementary open pit mining from Elizabeth Hill, royalties which are expected to be incurred on a higher average selling price, and increased on-mine exploration spend compared to 2020.

I would like to again extend my gratitude to our employees, our shareholders, members of the Board and our partners for their commitment to the Company and unwavering support.

Eric Zurrin
Chief Executive Officer
1 March 2021

Consolidated statement of comprehensive income

	Notes	31-Dec 2020 US$'000	31-Dec 2019 US$'000
Revenue		**147,431**	112,795
Loss on non-hedge derivatives and other commodity contracts		**(11,688)**	(9,833)
Depreciation		**(19,361)**	(30,613)
Other cost of sales		**(59,664)**	(57,982)
Cost of sales		**(79,025)**	(88,595)
Gross profit		**56,718**	14,367
Administration expenses		**(8,156)**	(6,625)
Exploration and evaluation costs		**(4,809)**	(2,611)
Operating profit		**43,753**	5,131
Finance income		**1,870**	53
Finance expense		**(6,622)**	(6,375)
Profit / (Loss) before taxation		**39,001**	(1,191)
Taxation		**(21,798)**	(8,291)
Profit / (Loss) for the year attributable to the equity holders of the parent Company		**17,203**	(9,482)
Profit / (Loss) after taxation		**17,203**	(9,482)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign entities which can subsequently be reclassified to profit or loss		**-**	1
Total comprehensive income attributable to the equity holders of the parent Company		**17,203**	(9,481)
Earnings / (Loss) per share attributable to the equity holders of the parent Company			
Basic earnings / (loss) per share (US$ cents)	**4**	**2.023**	(1.206)
Diluted earnings / (loss) per share (US$ cents)	**4**	**2.018**	(1.206)

The profit / (loss) for the year and the total comprehensive income for the year are attributable to the equity holders of the Parent Company. There are no non-controlling interests. The items in the above statement are derived from continuing operations.

Consolidated statement of financial position

	Notes	31-Dec 2020 US$'000	31-Dec 2019 US$'000
ASSETS			
Non-current assets			
Intangible assets		**43,343**	23,378
Property, plant and equipment		**77,449**	82,748
Right of use assets		**3,260**	2,947
Other receivables		**27,560**	19,968
Total non-current assets		**151,612**	129,041
Current assets			
Inventories		**30,040**	27,090
Trade and other receivables		**4,649**	6,282
Restricted cash		**2,500**	2,500
Cash and cash equivalents		**41,582**	3,506
Total current assets		**78,771**	39,378
TOTAL ASSETS		**230,383**	168,419
CAPITAL AND RESERVES			
Equity			
Share capital and premium		**210,493**	158,440
Share option reserve		**338**	473
Convertible loan notes reserve		**5,374**	5,374
Translation reserve		**450**	450
Shares to be issued		**1,043**	627
Retained deficit		**(51,776)**	(69,114)
TOTAL EQUITY		**165,922**	96,250
LIABILITIES			
Non-current liabilities			
Loans and other borrowings	**5**	**4,270**	5,219
Provision for decommissioning		**6,346**	8,426
Provision for deferred taxation		**10,451**	10,518
Total non-current liabilities		**21,067**	24,163
Current liabilities			
Trade and other payables		**12,208**	23,612
Loans and other borrowings	**5**	**5,713**	14,026
Convertible loan notes		**9,999**	9,987
Income tax payable		**15,474**	381
Total current liabilities		**43,394**	48,006
TOTAL LIABILITIES		**64,461**	72,169
TOTAL EQUITY AND LIABILITIES		**230,383**	168,419

The financial statements were approved and authorised for issue by the board of Directors on 1 March 2021 and signed on its behalf by:

Eric Zurrin
Chief Executive Officer

Anthony Durrant
Chairman

Consolidated statement of changes in equity

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Convertible loan notes reserve US$'000	Translation reserve US$'000	Shares to be issued US$'000	Retained deficit US$'000	Total Equity US$'000
Total equity 31 December 2018	**117**	**157,731**	**698**	**5,374**	**450**	**592**	**(59,835)**	**105,127**
Effect of adoption of IFRS 16	-	-	-	-	-	-	(10)	**(10)**
Total equity 1 January 2019 as restated	117	157,731	698	5,374	450	592	(59,845)	**105,117**
Loss for the year	-	-	-	-	-	-	(9,482)	**(9,482)**
Other comprehensive income for the year	-	-	-	-	-	-	1	**1**
Total comprehensive income for year	-	-	-	-	-	-	(9,481)	**(9,481)**
Share based payments	1	591	(13)	-	-	35	-	**614**
Lapsed options	-	-	(212)	-	-	-	212	**-**
Total equity 31 December 2019	**118**	**158,322**	**473**	**5,374**	**450**	**627**	**(69,114)**	**96,250**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**17,203**	**17,203**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for year	**-**	**-**	**-**	**-**	**-**	**-**	**17,203**	**17,203**
Share based payments	**-**	**627**	**-**	**-**	**-**	**416**	**-**	**1,043**
Lapsed options	**-**	**-**	**(135)**	**-**	**-**	**-**	**135**	**-**
Shares issued (net of expenses)	**31**	**51,395**	**-**	**-**	**-**	**-**	**-**	**51,426**
Total equity 31 December 2020	**149**	**210,344**	**338**	**5,374**	**450**	**1,043**	**(51,776)**	**165,922**

Consolidated statement of cash flows

	Notes	31-Dec 2020 US$'000	31-Dec 2019 US$'000
Net cash flows generated from operating activities	**6**	**34,608**	37,598
Investing activities			
Purchase of intangible assets		**(8,549)**	(108)
Purchase of plant and equipment		**(142)**	(54)
Purchase of right of use assets		**(260)**	-
Purchase of assets under construction		**(4,654)**	(13,572)
Capitalised mine development expenditure		**(8,543)**	(7,104)
Net cash flows used in investing activities		**(22,148)**	(20,838)
Financing activities			
Ordinary shares issued (net of expenses)		**39,996**	-
Loans repaid		**(10,987)**	(13,985)
Principal paid on lease liabilities		**(1,087)**	(1,587)
Interest paid		**(1,975)**	(3,443)
Purchase of silver to fulfil silver stream obligation		**(331)**	-
Buy-back of convertible loan notes		**-**	(5,219)
Equipment loan repaid		**-**	(1,046)
Loans received (net of loan arrangement fees)		**-**	3,068
Net cash flows received from / (used in) financing activities		**25,616**	(22,212)
Net increase / (decrease) in cash and cash equivalents		**38,076**	(5,452)
Cash and cash equivalents at beginning of year		**3,506**	8,958
Cash and cash equivalents at end of year		**41,582**	3,506

1. General information

Shanta Gold Limited (the Company) is a limited company incorporated in Guernsey. The address of its registered office is 11 New Street, St Peter Port, Guernsey, GY1 2PF. The nature of the Group's operations and its principal activities are set out in the Chairman's statement, the Chief Executive Officer's review and the Directors' report published within the 2020 Annual Report.

2. Basis of preparation

The financial information set out herein does not constitute the Group's statutory financial accounts. This information has been derived from the Group's Annual Report and full financial statements for the year ended 31 December 2020 which were approved and authorised for issue on 1 March 2021 and upon which the auditors have reported without qualification.

The Group's 2020 Annual Report and financial statements will be distributed to shareholders and made available on the Company's website at http://www.shantagold.com on 2 March 2021.

The Group's consolidated financial statements, which form part of the 2020 Annual Report, have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("IFRS").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the 2020 Annual Report.

3. Going Concern

Based on a review of the Group's budgets, cashflow forecasts and its ability to flex its forecast spending to suit prevailing circumstances, the Directors consider that the Group has adequate resources to continue its operational existence for the foreseeable future. Notwithstanding the Group's current strong financial performance and position, the Board are cognisant of the potential impacts of COVID-19 on the Group. To date, there has been little impact of COVID-19 on the Group's operations and, whilst the potential future impacts are unknown, the Board has considered the operational disruption that could be caused by factors such as illness amongst our workforce and potential disruptions to supply chain, factoring in these potential impacts and reasonable mitigating actions to forecasts and sensitivity scenarios.

At 31 December 2020 the Group had an unrestricted cash balance of US$41.6 million and net cash of US$37.3 million. Despite delays in recovering VAT, the Group has sufficient operating cashflows to continue to operate for the foreseeable future, including meeting contractual debt repayments in the forecast period. The Group expects to settle existing future commitments associated with the maturity of the convertible loan notes.

The Directors have concluded that these circumstances form a reasonable expectation that the Group has adequate resources to continue in operational existence, for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

4. Earnings per share

Basic earnings / (loss) per share is computed by dividing the profit / (loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31-Dec 2020 US$'000	31-Dec 2019 US$'000
Profit / (loss) for the year attributable to equity holders of Company	**17,203**	(9,482)
Profit / (loss) used in calculation of basic earnings per share (see below)	**17,203**	(9,482)
Basic earnings / (loss) per share (US cents)	**2.023**	(1.206)
Weighted average number of shares in issue	**850,274,078**	785,971,533

There were share incentives outstanding at the end of the year that could potentially dilute basic earnings per share in the future as shown in the table below:

	31-Dec 2020 Number	31-Dec 2019 Number
The Group has the following instruments which could potentially dilute basic earnings per share in the future:		
Shares to be issued	**4,543,126**	6,555,926

Shares to be issued relate to performance bonuses payable to management and senior employees in respect of 2020.

As the Group is in a profit-making position, the potential ordinary shares are dilutive and therefore a diluted earnings per share has been calculated as follows:

	31-Dec 2020 US$'000
Profit for the year attributable to equity holders of Company	**17,203**
Profit used in calculation of diluted earnings per share	**17,203**
Diluted earnings per share (US cents)	**2.018**
Weighted average number of shares in issue and potential ordinary shares	**852,665,906**

In 2019 the potential ordinary shares were anti-dilutive as the Group was in a loss-making position and therefore a diluted loss per share was not calculated.

5. Loan and other borrowings

	31-Dec	31-Dec

	2020	2019
	US$'000	US$'000
Current liabilities		
Loans payable to Investec Bank less than 1 year (1)	**-**	5,343
Silver stream (2)	**1,899**	1,765
Loans payable to Exim Bank less than 1 year (3)	**2,636**	5,959
Equipment loan (4)	**-**	299
Lease liabilities (note 13)	**1,178**	660
	5,713	14,026
Non-current liabilities		
Silver stream (2)	**3,691**	2,471
Loans payable to Exim Bank more than 1 year (3)	**-**	2,210
Lease liabilities (note 13)	**579**	538
	4,270	5,219
Total loans and other borrowings	**9,983**	19,245

The finance expense recognised in respect of loans and borrowings in the year amounted to US$0.7 million (2019: US$1.9 million).

(1) Investec loan

Loan from Investec Bank in South Africa relates to two facilities totalling US$40 million obtained in May 2015. The facilities bore an annual interest rate of 3-month US$ LIBOR +4.9% and were secured on the bank account which is credited with gold sales, the shares in SMCL and a charge over the assets of SMCL. Both facilities were fully repaid in the year.

(2) Silver Stream

The Company entered into a silver streaming agreement ("SSA") with Silverback Limited ("Silverback"), a privately held Guernsey-based investment company, under which Silverback paid the Company an advanced payment of US$5.25 million on closing. Silverback will also pay the Company an ongoing payment of 10 per cent. of the value of silver sold at the prevailing silver price at the time of deliveries which will be made annually. The SSA relates solely to silver by-product production from New Luika with minimum silver delivery obligations totalling 608,970oz Ag over a 6.75-year period. There is a requirement to settle any shortfall in silver delivery from the minimum obligation in cash. The term of the SSA is 10 years during which time the Company will sell silver to Silverback and receive ongoing payments of 10% of the silver sold at the prevailing silver price. However, the Company has no minimum ounce obligations after 2022. The Silver Stream liability was re-estimated during the year to include the extension to life of mine plan achieved in 2020. The liability is calculated using the forward silver price and interest at the effective rate is imputed interest.

Silver Stream	**31-Dec**	31-Dec
US$'000	**2020**	2019

Balance at 1 January	**(4,236)**	(3,948)
Value of silver transferred	**2,207**	1,746
Interest at the effective interest rate	**(1,443)**	(870)
Adjustment for the value in future estimates	**(940)**	(176)
Change in estimate	**(1,178)**	(988)
At 31 December	**(5,590)**	(4,236)

(3) Loans payable to Exim Bank

The Company entered into a US$10.0 million financing from Exim Bank (Tanzania) Limited ("EXIM") following the commissioning in March 2017 of its 7.5 Mega Watts ("MW") Power Station at New Luika. This facility comprised US$7.5 million long term funding and US$2.5 million short-term funding for working capital, with the four-year term loan bearing variable interest at 7.25% per annum (2.75% below the Exim Base Lending Rate). The term loan is secured against the New Luika Power Station and was fully drawn during 2018.

In 2019 SMCL refinanced its existing term loan with Exim. The new term loan facility comprised US$7.5 million long term funding and US$2.5 million short-term funding for working capital, and extends until the end of 2021. The term loan continues to bear variable interest at 7.25% per annum (2.75% below the Exim Base Lending Rate). The term loan is secured against the New Luika Power Station and included a grace period on principal repayments until September 2019. 25% of the drawn down balance continues to be held as restricted cash in accordance with the conditions of the agreement. The US$2.5 million short-term funding for working capital is held as restricted cash in accordance with the conditions of the agreement (note 18). SMCL has not drawn down further amounts on the new facility, aside from the principal balance that was otherwise outstanding at the time of refinancing.

(4) Equipment loan

This loan is in respect of a €2.1 million underground equipment financing entered into during 2017 with Sandvik Mining and Construction OY and is payable in 24 instalments commencing on 28 June 2017 and bore interest at a fixed rate of 6.5% over three years. The equipment purchases were part of Shanta's capital programme and followed a previous similar arrangement entered into during 2016.

6. Net cash flows from operating activities

	31-Dec 2020 US$'000	31-Dec 2019 US$'000
Profit / (Loss) before taxation for the year	**39,001**	(1,191)
Adjustments for:		
Depreciation/depletion of tangible assets	**18,956**	27,384

Amortisation of right of use assets	**1,163**	3,933
Amortisation/write off of intangible assets	**14**	7
Share based payment costs	**1,043**	614
Loss on open non-hedge derivatives and other commodity contracts	**-**	8,434
Unrealised exchange losses / (gains)	**75**	(200)
Non-cash settlement of Silver Stream obligation	**(2,207)**	(1,745)
Finance income – decommissioning provision	**(1,850)**	(53)
Finance expense	**6,622**	6,375
Pre-production revenue	**-**	3,563
Operating cash flow before movement in working capital	**62,817**	47,121
Increase in inventories	**(2,950)**	(2,611)
Increase in receivables	**(7,705)**	(5,671)
(Decrease) / Increase in payables	**(11,404)**	436
	40,758	39,275
Taxation paid	**(6,170)**	(1,730)
Interest received	**20**	53
Net cash flow from operating activities	**34,608**	37,598

7. Events after reporting date

Following the year-end, the Directors have proposed a final dividend of 0.10 pence per share payable (2019: Nil), subject to the approval of shareholders on 24 March 2021. This dividend is expected to be payable to those shareholders on the Company's register on 9 April 2021.

ENDS