

10 May 2022

**Shanta Gold Limited**  
(“Shanta Gold”, “Shanta”, the “Group” or the “Company”)

**Full Year Results for the year ended 31 December 2021 and  
Posting of Annual Report and Notice of AGM**

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer announces its production and operational results for the year ended 31 December 2021 (“FY2021” or the “Year”) for its East African assets, including New Luika Gold Mine (“NLGM” or “New Luika”) and Singida Project (“Singida”) in Tanzania and West Kenya Project (“West Kenya”) in Kenya. The Group has also today published its Annual Report for the year ended 31 December 2021 and posted its Notice of Annual General Meeting to shareholders, both of which are available on the Company’s website at [www.shantagold.com](http://www.shantagold.com).

**Eric Zurrin, CEO, commented:**

*“Despite the initial challenges we faced as a company during 2021, I am pleased to report that Shanta ended the year in a strong position, with reporting in line with revised guidance and operations across all three assets positively poised for the coming year. Our exceptional safety record and stable financial performance have once again provided a platform from which the Company is now able to grow substantially, with Shanta on a clear path to becoming a +100,000oz producer by Q1 2023.*

*Following several very positive drilling results during the year, we have updated the mine life at New Luika to 2026, and the encouraging start we have made in the new financial year with the start of high-grade mining at the Bauhinia Creek Crown Pillar means our 2022 guidance is now significantly de-risked.*

*Elsewhere, Singida remains on course to come into production during early 2023 on budget and on schedule, bolstering our output and diversifying our portfolio in East Africa beyond New Luika. At the same time, the highly exciting high-grade West Kenya Project has seen some phenomenal high-grade drilling results during the year, and we were delighted to announce a 31% increase in the Mineral Resource Estimate at West Kenya to 1.55 Moz just after the year end.*

*This year has also seen the Company release its inaugural Sustainability Report. Our dedication as a company to operating and collaborating in a responsible manner is central to our culture and corporate purpose, and we will be looking to proactively build on this disclosure in 2022 and beyond.*

*I would like to thank all of the Shanta employees for their hard work throughout this year. We believe that the future is very bright for the Company, and that has been demonstrated in some of our recent announcements, most notably the Q1 production update. We look forward to updating shareholders on further progress in due course.”*

## 2021 Highlights

### Financial

- Revenue of US\$103.6 million (“m”) (2020: US\$147.4 m);
- Gross profit of US\$26.0 m (2020: US\$56.7 m);
- EBITDA<sup>1</sup> of US\$19.0 m (2020: EBITDA<sup>1</sup> of US\$63.9 m);
- All gold sales unhedged and completed at spot price, with average selling price of US\$1,801 /oz during 2021 (2020: US\$1,495 /oz);
- Total VAT refunds of US\$7.2 million;
- Gross debt reduced to US\$2.4 m, following repayment of the US\$10 million convertible loan note in April 2021;
- Adjusted Operating Cash costs of US\$1,081 /oz and an AISC of US\$1,439 /oz; in line with revised guidance; and
- Maiden dividend paid in April 2021 and interim dividend paid in October 2021, totalling approximately US\$2.8 million during 2021.

### Operational

- Exceptional safety record with TRIFR of 0.67 and zero LTIs in 2021 (2020: 0.97 and zero LTIs);
- Record annual throughput of 834,607 tonnes (“t”) milled, which was approximately 7% greater than budget, following installation of Mill #3 in H1 2021;
- Average recoveries of 89.7 per cent achieved (2020: 89.7 per cent);
- Total gold production of 55,280 ounces (“oz”), in line with revised guidance;
- West Kenya continued to deliver encouraging assay results announced during the with an initial conversion of >100% of Inferred Resources to Indicated Resources of 117,600 oz grading 7.04 g/t;
- Singida’s construction remains on track for first production in Q1 2023, adding a second revenue stream across the portfolio and further strengthening our diversified portfolio of assets in East Africa;
- Extension of current reserve life at NLGM to the end of 2026 following successful exploration drilling programmes carried out throughout the year with new discoveries at the Porcupine South deposit adding further life to NLGM once incorporated into the mine plan in 2022; and
- Tanzanian and Kenyan nationals represent over 99% of the Company-wide workforce.

### Sustainability

- Completed strategic review of sustainability strategy with our inaugural sustainability report published in H1 2022;
- Completion of the Mbangala Luika Dam water project providing the more than 7,600 residents of Mbangala village with year-round access to clean water;

- 3 classrooms and a toilet block constructed at the Kalanda Primary School located in the nearby Mbangala village; and,
- 2,000 farmers, up from approximately 150 farmers in 2018, have enrolled in Shanta's Mining Agriculture Improvement Program ("SMAP") which provides advice, training, and farming materials to farmers in the local surrounding Mbangala and Maleza villages.

## **2022 Guidance**

- Annual production guidance of 68,000 – 76,000 oz at AISC<sup>2</sup> of US\$1,050 – 1,250 /oz in line with the World Gold Council ("WGC") definition;
- 2022 gold production is weighted approximately 65% towards H2 2022 reflecting mining of the high-grade Bauhinia Creek crown pillar which began in April 2022. The crown pillar consists of approximately 83,000 tonnes grading 8.4 g/t containing around 22,500 ounces.

### Note:

1. EBITDA is earnings before interest, tax, depreciation, and amortisation which has been derived as operating profit exclusive of depreciation/depletion of tangible assets, amortisation of intangible assets and one-off exceptional items.
2. AISC figures published include development costs, in line with the WGC definition

## **Board changes**

Robin Fryer, who has been a Non-Executive Director and Chairman of the Board's Audit Committee for seven years, retired from the Board in 2021. Ms Michelle Jenkins was appointed as his replacement in the year. Ms Jenkins is a Chartered Accountant (South Africa) and an exploration geologist with an Honours degree in Geology from the University of Witwatersrand, South Africa. Ms Jenkins has 25 years' extensive experience across Africa including currently as the Executive for Finance and Administration (South Africa) for Orion Minerals Ltd and as a Non-Executive Director of Kumba Iron Ore Limited.

## **Annual General Meeting ("AGM")**

The AGM of the shareholders of the Company will be held at 11 New Street, St Peter Port, Guernsey, GY1 3EG on 15 June 2022 at 12:00pm.

## **Enquiries:**

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## **About Shanta Gold**

Shanta Gold is an East Africa-focused responsible gold producer, developer, and explorer. The company has an established operational track record, with defined ore resources on the New Luika and Singida projects in Tanzania, with reserves of 645 koz grading 3.0 g/t, and exploration licences covering approximately 1,100 km<sup>2</sup> in the country. Alongside New Luika and Singida, Shanta also owns the high-grade West Kenya Project in Kenya and licences with resources of 1.6 million ounces including 378 koz in the Indicated category grading 11.70 g/t. With a strong balance sheet, a growing diversified portfolio and a maiden dividend paid in 2021, Shanta offers a resilient investment opportunity for the near and long-term. Shanta is quoted on London's AIM market (AIM: SHG) and has approximately 1,048 million shares in issue.

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**

Whilst 2021 posed some challenges to Shanta, the Group did well to finish the year in line with our revised production guidance. The robust fundamentals that underpin the Group's operations ensured that we ended the year with a strong balance sheet, an outstanding safety record for the fourth year in a row, and having completed the largest exploration programme ever conducted in the Group's history.

I am also pleased to announce that our first standalone annual Sustainability Report for 2021 was recently published and reports on the sustainability issues that are most important to both our stakeholders and the wider business community. This year was important for the Group in terms of our Environmental, Social and Governance ("ESG") goals, with Shanta achieving key milestones including benchmarking our current position against peers, starting to report our Scope 1 and 2 greenhouse emissions, and mapping a path forward towards decarbonising our operations.

I would like to take this opportunity to extend my welcome to Michelle Jenkins who joined the Board of Shanta Gold Limited in May 2021. We believe Michelle's experience in exploration and mining finance across Africa brings a complementary skill set and will be of considerable value as the Company continues to develop its portfolio in East Africa. I would also like to thank all of our employees for their continued commitment and hard work over the last year, without which, these achievements would not have been possible.

## **Performance and operating highlights**

For the third consecutive year, we replaced all annually mined ounces and extended New Luika's mine life to at least the end of 2026 following a successful exploration campaign that included recent discoveries at the Porcupine South deposit. After the introduction of a third mill at New Luika during the year, Shanta achieved record annual throughput of 834,607 tonnes milled. The Group also reduced its gross debt to US\$2.4 million, following the repayment of the US\$10 million convertible loan note in April 2021, further strengthening our financial position.

## **Portfolio developments**

The Singida Mine construction remains on track for first production in Q1 2023, adding a second revenue stream across the portfolio and further strengthening our diversified portfolio of assets in East Africa. We remain committed to growing and further defining our portfolio as evidenced by the largest exploration programme ever carried out by the Group at the West Kenya operations in a year which delivered consistently encouraging high-grade drilling results, including spectacular visible gold. As a result, we are confident of our ability to transform Shanta to a 100,000+ oz/p.a. producer in 2023 and deliver further sustainable returns to our shareholders.

## **Creating new opportunities for our communities**

Developing the education, health and employment prospects of local communities that neighbour our operations was a core priority of Shanta's community development programme in 2021. The Group supported various schools and pupils with the provision of much needed infrastructure and supplies. Due to the Group's various water projects carried out during the year, a further 7,600 local residents now have access to clean running water. Furthermore, through additional projects designed to better the employment prospects of our local communities, approximately 2,000 farmers in Tanzania and 100 previously unemployed youths can now look forward to the opportunity to earn year-round income.

Apart from directly investing in our community engagement programmes, Shanta's contribution to the Tanzanian and Kenyan economies through our operations have been significant, totalling US\$123.1 million in 2021. Shanta maintains an excellent relationship with district, regional and national levels of the Tanzanian Government. For the year 2021, Shanta was awarded three first place awards at the national level of government for *Local Content Performance*, *Outstanding Performance in CSR Projects*, and *Environmental and Safety Issues Compliance*.

## **Year ahead**

2022 is set to be an exciting year for the Group. Our ongoing exploration programme will play an important role in sustainably extending and adding to Shanta's production profiles over time, maximising the social impact of our assets on the ground and improving returns for shareholders. We've announced increased production guidance of 68,000 – 76,000 oz for 2022, with production weighted towards the second half of the year once mining of the high-grade Bauhinia Creek crown pillar has commenced. Construction at the Singida Gold Mine will largely be completed in 2022 with significant milestones being reached in the second half of 2022 and first pour in Q1 2023. Once gold production commences at Singida, we are confident that the project will help transform the Ikungi region in Central Tanzania for the benefit of the local communities whilst also de-risking the business from a financial and operational perspective as the Company begins generating significant cash flow from two independent operations.

**Anthony Durrant**

Chairman

9 May 2022

## **Chief Executive Officer's review**

Despite some operational challenges faced in 2021, Shanta is pleased to have closed out the year in line with the revised guidance and forecasted production growth for 2022.

We have replaced all mined ounces at New Luika, delivered some exceptional high-grade results in our West Kenya drilling programme, continued our leading health and safety record, and made good progress at Singida.

With the Group's robust business fundamentals providing a strong platform from which to grow, we go into 2022 excited at the opportunities in front of us, particularly the near-term opportunity to transform into a 100,000+oz/p.a. producer, which we are confident will happen in Q1 2023 following first gold pour at Singida.

Most importantly, Shanta continues to create a net-positive impact for its stakeholders and communities in Tanzania and Kenya. Our focus on sustainability and ESG during 2021 has been a highlight this year, ensuring the Company is more accountable, transparent, and responsible in its corporate purpose. This commitment to first class governance has been further enhanced in Q1 2022 when we released our inaugural sustainability report.

## **HIGHLIGHTS**

### **Exceptional safety record**

This year, once again, Shanta delivered an outstanding safety record with an incredible milestone achieved of over 8.0 million man-hours passed without a Lost Time Injury ("LTI's"). The Company has now operated for over four years without an LTI, earning itself a reputation as one of the safest mining operations worldwide. The Group also achieved a Total Recordable Injury Frequency Rate ("TRIFR") per 1 million hours worked of 0.67, a sixth successive annual decline in injuries and significantly below the global industry average of 2.94, as measured by the International Council of Mining and Metals.

### **Building the Singida Gold Mine**

The construction of the Singida mine is progressing on schedule. Several major project milestones have now been completed on site with construction at approximately 45% completion. Total capital expenditure at Singida during 2021 amounted to US\$10.9 million and the project remains on track for first production in Q1 2023, transforming Shanta Gold into a +100,000 oz/p.a. producer with a diversified resource base.

The project also has considerable upside potential given its location within a greenstone deposit, meaning it is well suited to further exploration growth. Future drilling planned for 2022 will target areas within these mining licenses with the aim of extending the reserves at Singida.

Shanta's exceptional safety standards are being carried through to its Singida operations with a robust health and safety framework and zero LTIs since commencement of construction.

The Singida Gold Mine directly employs 282 employees and contractors, all of which are Tanzanian nationals, further highlighting the Group's commitment to developing in country talent. We are confident that the project will transform the Ikungi region once complete as we continue to invest in community initiatives that benefit the people on the ground. We are delighted to have already started this process by investing in the upgrade of local schools in the Malumbi and Samburu villages, as well as the improvement of roads, numerous water projects, and renovation of a local dispensary.

## **The West Kenya Project**

During the year, an extensive drilling campaign was carried out at West Kenya with the primary focus being to upgrade the high-grade resource at Isulu and Bushiangala. Shanta is pleased to have achieved this goal, successfully converting 117,000 oz grading 7.04 g/t Indicated at a conversion rate of over 100% in 2021. To date, this is the most consistently high-grade drilling campaign the Group has ever conducted.

Success at West Kenya is a hugely exciting prospect for Shanta and its stakeholders as the resource expands toward a multi-million ounce gold district comparable with other prolific greenstone belts in the world.

Looking forward to 2022, Shanta aims to continue to deliver outstanding drilling results. A third drill rig has been added to the operations as phase two of the campaign looks to establish a Mineral Resource Estimate.

## **Portfolio-wide exploration**

For a third consecutive year, Shanta has replaced all mined reserves at New Luika, with 110,000 oz of new reserves added in 2021. During the year, the Company invested US\$4.4 million in exploration at New Luika resulting in the upgrading of approximately 80,000 oz grading 4.31 g/t from Probable to Proven Reserve category, significantly de-risking the 12-month production outlook. Reserve-based mine life at New Luika has been extended again, now to the end of 2026. JORC compliant reserves across the Group increased by 20,000 oz to 645,000 oz at a grade of 3.04 g/t. Shanta's reserves assume a long-term gold price of US\$1,350 /oz.

Off the back of the Group's 2021 exploration successes, the Board has approved a US\$6.9 million Tanzanian exploration budget for 2022.

## **VAT status on refunds**

The Company's VAT receivable was US\$26.9 million at the end of the year. Following positive engagement with the Tanzanian Revenue Authority ("TRA"), US\$7.2 million was refunded. The remaining VAT receivable is subject to verification audit before being available for further refunds or offsets against corporate income tax. The Company has taken extensive legal and tax advice to recover the VAT and is pursuing the appropriate avenues to recover the full balance as discussed in note 3.

## **OPERATIONS REVIEW**

### **New Luika Operations Review**

The Group faced some operational challenges at New Luika during the year with lower than anticipated grades being recovered and a faulty product received from a supplier in the last quarter of the period. During the first half of 2021, underground mining at the Bauhinia Creek deposit intersected a structure that dragged and pinched the ore zone for approximately 17 meters along strike at the 600 level (360 vertical metres below the underground portal) and approximately 37 meters at the 585 level. This resulted in total ounces recovered for the year being 55,280 oz (2020: 82,978 oz). The processing plant, however, continued to operate above its nameplate capacity with a record annual throughput of 834,607 tonnes being milled, following the installation of a third mill during the period, 7% greater than budgeted.

AISC for the year were US\$1,439, higher than anticipated as a result of less ounces being recovered. On an absolute basis, mining cash costs stayed relatively flat with the Group

maintaining its ongoing efforts to rigorously review and manage expenses.

## **FINANCIAL OVERVIEW**

Turnover for the year from sales of gold amounted to US\$103.6 million, compared to US\$147.4 million in 2020. The 29.7% decrease in sales was driven by the fall in gold ounces recovered. The company sold 57,517 oz of gold in 2021 (2020: 83,228 oz) and all sales were unhedged and completed at spot price, with an average selling price of US\$1,801 /oz during 2021 (2020: US\$1,495).

Operating profit for the year amounted to US\$4.7 million (2020: US\$43.8 million), the decrease being mainly attributable to the combination of less revenue earned in the period, lower grades than anticipated being mined resulting in higher production costs and the inclusion of a full year of expenditure relating to the West Kenya Project. EBITDA<sup>1</sup> was US\$19 million (2020: US\$63.9 million).

Through successful negotiations with the Tanzania Revenue Authority (“TRA”), total VAT refunds of US\$7.2 million were received by the Group in 2021, with a further US\$4.3 million being verified for refund by the TRA in January 2022.

During 2021, the Group repaid the US\$10 million convertible loan note reducing gross debt to US\$2.4 million. The Group had an unrestricted cash balance of US\$13.2 million (2020: US\$41.6 million) at year-end with further available liquidity of 1,593 oz of unsold doré on hand.

## **Sustainability**

The Group published its inaugural stand-alone Sustainability Report for 2021 which reports on the sustainability issues that are most material to Shanta’s stakeholders. ESG and Sustainability have risen to the top of corporate agendas within both the mining sector and the wider business community, and this report marks an important stage in Shanta’s journey to greater transparency and communication of how material ESG and sustainability issues affect our business and what we are doing to address these.

In 2021, the Group has continued to operate safely and look after its team, develop local communities, manage its resources and environmental impact, and act responsibly and accountably at all times. The 2021 Sustainability Report is available on the Shanta Gold website.

## **Managing Resources Responsibly and Mitigating Environmental Impact**

### *Managing our water supply*

Mining activities require a large and consistent water supply. This can be challenging in the Songwe region where the year is divided into very wet and very dry seasons. As a result, we have developed a focused water recovery program at New Luika which targets the recovery of water used in tailings via a Return Water Dam. In 2021, 33% of water usage was recovered (2020: 31%). The team at New Luika work closely with the Lake Rukwa Basin Water Board to communicate water conservation strategies in place, and Annual Water Reports are prepared for the Board to monitor the status of water resources and consumption. The Group remains committed to using water efficiently and responsibly and continues to look for ways to manage our consumption and find innovative solutions to water supply.

### *Responsible tailings and waste management*

Safe management of tailings and other environmental issues are also crucial to the safety of our communities and longevity of our operations. We were pleased that during 2021, as in 2020, there were zero reportable environmental and community incidents, and no issues or

regulatory non-compliance were noted. While our record is strong to date, we understand the risks associated with tailings are a particular concern to our stakeholders and we are determined to continue our focus on maintaining high levels of safe management and avoid complacency.

### *Climate Change*

As a responsible gold miner, it's important for the Group to stay on top of the latest developments which affect our industry and the expectations of our stakeholders. 2021 was an important year in the wider landscape around climate change with businesses making long term commitments to combat their impact on climate change. For several years, Shanta has been committed to efficient energy usage at New Luika. This year, Shanta also calculated and reported its Scope 1 and 2 Greenhouse Gas ("GHG") Emissions for the first time. We are proud of how we benchmark against our peers, reporting one of the lowest GHG intensities per ounce of gold produced. However, we recognise there are important steps to take to make further progress in decarbonizing our footprint and driving down emissions.

### **Putting our People First**

The Group's achievements in the year are directly linked to the efforts of its workforce working together with the same goal in mind, embracing opportunities and staying motivated during a year that had its ups and down.

The Group's headcount, including employees at New Luika, Singida and West Kenya Project, totalled 953 people at the end of 2021 (2020: 764 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 2021, 99% of the Group's workforce were from our host countries Tanzania or Kenya (2020: 99%) and a significant amount of SMCL's employees are from local communities around New Luika and Singida. This demonstrates the importance of our operations 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.

### **Community Investment**

For many years Shanta has been a supporter of the social and economic development of the communities located near its operations, and this remained the case in 2021.

During the year, the Group continued to support local business with more than 80% of Shanta's procurement being sourced from local suppliers for the New Luika and Singida operations in Tanzania. Similarly, over 60% of procurement for the Company's Kenyan exploration activities are from local suppliers.

Shanta has a well-established CSR programme which has been developed through the implementation of community initiatives that are devised with the direct engagement of key community and regional stakeholders. Water, Education, Livelihood and Health represent the core pillars to Shanta's community investment projects. The projects are focused on the local communities surrounding the New Luika, Singida and West Kenya operations.

Some of the projects the Group carried out in 2021 are mentioned below:

### *Education*

Over the years, Shanta has believed that quality education is critical in developing local communities and bringing about long-term change.

Shanta has been offering a sponsorship programme for underprivileged students since 2014, and in 2021 a further 55 Secondary School and 120 Primary School students from underprivileged families were provided with uniforms, shoes and stationary. This support by Shanta will allow these students to attend school.

The company continued its work on making ICT equipment and learning available during the year by commencing work on a computer lab at Saza Secondary School following the construction of their computer lab in 2020.

Also, as part of the Group's initiative to improve educational infrastructure in the area, in 2021, Shanta invested in an ablution block and three classrooms at Saza Primary School, and two classrooms at Patamela Primary School. Upgrading these facilities allows the school to attract the best teachers who are typically put off by the difficulty of teaching with poor infrastructure and accommodation.

### *Water*

Access to clean drinking water is a challenge for the residents in the Songwe region which has unpredictable rainfall and poor water infrastructure.

In 2021, Shanta invested in connecting the Luika River Dam to Mbangala village via a 4km pipeline. This will provide approximately 7,600 people with reliable and clean, running water. This project was achieved with the help of the community who were encouraged through the advertisement of temporary work for residents in helping trench the pipeline. 200 villagers took up the opportunity and constructed the pipeline under supervision from Shanta's Community and Engineering department.

### *Livelihood*

Farming or artisanal mining are key income generating activities near Shanta's New Luika, Singida and West Kenya operations. The Group supports a range of livelihood programmes to encourage and grow the economic prospects of the local communities and provide an alternate income generating opportunity to the often illegal or dangerous artisanal mining operations.

At West Kenya, in partnership with KK Security Kenya Ltd, Shanta has supported security guard training costs for 100 unemployed local youths from the project area. All trained individuals have subsequently been offered formal employment as a security guard in what was undoubtedly one of Shanta's most successful projects of the year.

In 2021, Shanta continued to support the Saza Village Beekeepers group and funded the construction of a honey processing plant which allows the group to increase the volumes of raw honey they are able to process and thus use or sell. The Group also invested in equipment (harvesting gear and replacing worn out hives) and organized training on beehive inspection, honey harvesting and marketing for 50 beekeepers to further the industry in the area.

Lastly, since 2016 Shanta has been working with local farmers near New Luika to develop modern farming methods. This initiative aimed to introduce modern farming methods to mitigate hunger, introduce commercial crops which grow well in the community areas and find markets for the crop, in addition to the formation of an Agriculture Market Cooperative Society (AMCOS) that unites farmers and creates a one stop centre for all activities related to improving commercial farming and improving farmers livelihood. The number of farmers now

enrolled in the programme has risen to more than 2,000 in 2021. During the year, Shanta continued to support members of the programme, providing training and donating fertilizer and pesticides. The Group is proud to announce that in the year, the sesame harvest which was the result of a number of years' work with the community yielded 1,500,000 kg, which at a price of \$1 per kilogram meant \$1.5 million was distributed directly back into the scheme to support the other needs of the farmers and their communities, including schooling, general wellbeing, and family and medical needs.

### *Health*

The availability of health infrastructure and services in rural Tanzania and Kenya continues to be a social challenge and the main cause of long-term health issues in the communities.

Shanta partnered with the PharmAccess Foundation and AMREF to support the Innovative Partnership for Universal Sustainable Healthcare (i-PUSH) project in West Kenya which looks to connect at least half a million Kenyans to the National Hospital Insurance Fund. This drive particularly targets women of childbearing age, and once enrolled in i-PUSH they will have access to subsidised health cover for a year.

During the year, the Group also made a contribution to the project donating 25% of the first year's annual premium for 300 low-income women in the Group's project areas which triggers the remaining 75% contribution from i-PUSH. This allows the enrolled women and their families to have healthcare cover.

### **Outlook**

Annual production guidance has been set to approximately 68,000 – 76,000 oz at AISC of US\$1,050 – 1,250 /oz including development costs, in line with the World Gold Council ("WGC") definition. 2022 gold production is weighted approximately 65% towards the second half of the year reflecting mining of the high-grade Bauhinia Creek crown pillar which began in April 2022. The crown pillar consists of approximately 83,000 tonnes grading 8.4 g/t, equating to around 22,500 ounces.

I would like to take this opportunity to thank our shareholders, employees, members of the Board and our partners for their continued commitment to the company and ongoing support throughout the period. With the near-term introduction of the Singida mine to the Shanta portfolio, in addition to the reserves replacement at New Luika, we are excited in the near and long-term prospects of the Company and a journey towards becoming a diversified +100,000 oz/p.a. producer.

**Eric Zurrin**

Chief Executive Officer

9 May 2022

## Consolidated statement of comprehensive income

	Notes	31-Dec 2021 US\$'000	31-Dec 2020 US\$'000
<b>Revenue</b>		<b>103,571</b>	147,431
Loss on non-hedge derivatives and other commodity contracts		-	(11,688)
Depreciation		(16,533)	(19,361)
Other cost of sales		(61,078)	(59,664)
<b>Cost of sales</b>		<b>(77,611)</b>	(79,025)
<b>Gross profit</b>		<b>25,960</b>	56,718
Administration expenses		(10,160)	(8,156)
Exploration and evaluation costs		(11,133)	(4,809)
<b>Operating profit</b>		<b>4,667</b>	43,753
Finance income		3,012	1,870
Finance expense		(6,679)	(6,622)
<b>Profit / (Loss) before taxation</b>		<b>1,000</b>	39,001
Taxation		(7,168)	(21,798)
<b>(Loss) / profit for the year attributable to the equity holders of the parent Company</b>		<b>(6,168)</b>	17,203
<b>(Loss) / profit after taxation</b>		<b>(6,168)</b>	17,203
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		-	-
<b>Total comprehensive (expense) / income attributable to the equity holders of the parent Company</b>		<b>(6,168)</b>	17,203
<b>(Loss) / earnings per share attributable to the equity holders of the parent Company</b>			
<b>Basic (loss) / earnings per share (US\$ cents)</b>	4	<b>(0.589)</b>	2.023
<b>Diluted (loss) / earnings per share (US\$ cents)</b>	4	<b>(0.589)</b>	2.018

The loss / (profit) for the year and the total comprehensive (expense)/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 2021 US\$'000	31-Dec 2020 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		43,343	43,343
Property, plant and equipment		89,656	77,449
Right of use assets		2,313	3,260
Other receivables		22,698	27,560
<b>Total non-current assets</b>		<b>158,010</b>	<b>151,612</b>
<b>Current assets</b>			
Inventories		27,234	30,040
Trade and other receivables		7,046	4,649
Restricted cash		-	2,500
Cash and cash equivalents		13,214	41,582
<b>Total current assets</b>		<b>47,494</b>	<b>78,771</b>
<b>TOTAL ASSETS</b>		<b>205,504</b>	<b>230,383</b>
<b>CAPITAL AND RESERVES</b>			
<b>Equity</b>			
Share capital and premium		211,540	210,493
Share option reserve		148	338
Convertible loan notes reserve		-	5,374
Translation reserve		450	450
Shares to be issued		-	1,043
Retained deficit		(55,356)	(51,776)
<b>TOTAL EQUITY</b>		<b>156,782</b>	<b>165,922</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and other borrowings	5	3,454	4,270
Provision for decommissioning		7,500	6,346
Provision for deferred taxation		12,381	10,451
<b>Total non-current liabilities</b>		<b>23,335</b>	<b>21,067</b>
<b>Current liabilities</b>			
Trade and other payables		17,169	12,208
Loans and other borrowings	5	2,823	5,713
Convertible loan notes		-	9,999
Income tax payable		5,395	15,474
<b>Total current liabilities</b>		<b>25,387</b>	<b>43,394</b>
<b>TOTAL LIABILITIES</b>		<b>48,722</b>	<b>64,461</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>205,504</b>	<b>230,383</b>

The financial statements were approved and authorised for issue by the board of Directors on 3 May 2022 and signed on its behalf by:

**Eric Zurrin**  
Chief Executive Officer

**Anthony Durrant**  
Chairman

## Consolidated statement of changes in equity

	Share capital US\$'00 0	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
<b>Total equity 1 January 2020</b>	118	158,322	473	5,374	450	627	(69,114)	96,250
<b>Profit and total comprehensive income for the year</b>	-	-	-	-	-	-	17,203	17,203
<b>Total comprehensive income for year</b>	-	-	-	-	-	-	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
<b>Total equity 31 December 2020</b>	149	210,344	338	5,374	450	1,043	(51,776)	165,922
<b>Loss and other comprehensive expense for the year</b>	-	-	-	-	-	-	(6,168)	(6,168)
<b>Total comprehensive expense for year</b>	-	-	-	-	-	-	(6,168)	(6,168)
Share based payments	1	1,012	-	-	-	(1,043)	30	-
Lapsed options	-	-	(156)	-	-	-	156	-
Exercised options	-	34	(34)	-	-	-	-	-
Repayment of convertible loan notes	-	-	-	(5,374)	-	-	5,374	-
Dividend payments	-	-	-	-	-	-	(2,972)	(2,972)
<b>Total equity 31 December 2021</b>	150	211,390	148	-	450	-	(55,356)	156,782

## Consolidated statement of cash flows

		31-Dec 2021 US\$'000	31-Dec 2020 US\$'000
<b>Net cash flows generated from operating activities</b>	<b>6</b>	<b>12,586</b>	34,608
<b>Investing activities</b>			
Purchase of intangible assets		-	(8,549)
Purchase of plant and equipment		(206)	(142)
Purchase of right of use assets		(14)	(260)
Purchase of assets under construction		(18,002)	(4,654)
Capitalised mine development expenditure		(8,494)	(8,543)
<b>Net cash flows used in investing activities</b>		<b>(26,716)</b>	<b>(22,148)</b>
<b>Financing activities</b>			
Ordinary shares issued (net of expenses)		-	39,996
Loans repaid		(2,655)	(10,987)
Principal paid on lease liabilities		(1,134)	(1,087)
Interest paid		(816)	(1,975)
Purchase of silver to fulfil silver stream obligation		(354)	(331)
Buy-back of convertible loan notes		(9,807)	-
Equity dividend paid		(2,972)	-
Loans received (net of loan arrangement fees)		1,000	-
Movement in restricted cash		2,500	-
<b>Net cash flows (used in) / received from financing activities</b>		<b>(14,238)</b>	<b>25,616</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(28,368)</b>	<b>38,076</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>41,582</b>	<b>3,506</b>
<b>Cash and cash equivalents at end of year</b>		<b>13,214</b>	<b>41,582</b>

## **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 2021 Annual Report.

These financial statements were approved and authorised for issue by the Board of Directors on 9 May 2022 and signed on its behalf by Eric Zurrin and Anthony Durrant.

## **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 2021 which were approved and authorised for issue on 9 May 2022 and upon which the auditors have reported without qualification.

The Group's 2021 Annual Report and financial statements will be distributed to shareholders and made available on the Company's website at <http://www.shantagold.com> on 10 May 2022.

The Group's consolidated financial statements, which form part of the 2021 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 2021 Annual Report.

## **3. Going Concern**

Based on a review of the Group's budgets, cashflow forecasts and its ability to flex its future spending to suit prevailing circumstances, the Directors consider that the Group has adequate resources to continue in its operational existence for the foreseeable future.

At 31 December 2021 the Group had an unrestricted cash balance of US\$13.2 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 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. (Loss) / earnings per share

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

	<b>31-Dec</b>	31-Dec
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
(Loss) / profit for the year attributable to equity holders of Company	<b>(6,168)</b>	17,203
Profit / (loss) used in calculation of basic earnings per share (see below)	<b>(6,168)</b>	17,203
Basic earnings / (loss) per share (US cents)	<b>(0.589)</b>	2.023
Weighted average number of shares in issue	<b>1,047,885,766</b>	850,274,078

There were no share incentives outstanding at the end of the year that could potentially dilute basic earnings per share.

#### 5. Loan and other borrowings

	<b>31-Dec</b>	31-Dec
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
<b><i>Current liabilities</i></b>		
Silver stream (1)	<b>1,158</b>	1,899
Loans payable to Exim Bank less than 1 year (2)	-	2,636
Stanbic overdraft payable (3)	<b>1,000</b>	-
Lease liabilities	<b>665</b>	1,178
	<b>2,823</b>	5,713
<b><i>Non-current liabilities</i></b>		
Silver stream (1)	<b>2,695</b>	3,691
Lease liabilities	<b>759</b>	579
	<b>3,454</b>	4,270
<b>Total loans and other borrowings</b>	<b>6,277</b>	9,983

The finance expense recognised in respect of loans and borrowings in the year amounted to US\$62,000 (2020: US\$ 711,000).

##### (1) 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 payable silver by the Company to Silverback can be reduced should there be any plant expansion as verified by an independent engineer. Following an assessment from an independent engineer during 2021, a plant expansion was verified as having occurred by the commissioning of a new mill at NLGM. This change reduced the silver stream liability and has been accounted for as an adjustment for the value in future estimates. The Silver Stream liability was re-estimated in 2021 to include the extension to life of mine plan. The liability is calculated using the forward silver price and interest at the effective rate is imputed interest.

<b>Silver Stream</b>	<b>31-Dec</b>	31-Dec
<b>US\$'000</b>	<b>2021</b>	2020
Balance at 1 January	<b>(5,590)</b>	(4,236)
Value of silver transferred	<b>1,231</b>	2,207
Interest at the effective interest rate	<b>(1,341)</b>	(1,443)
Adjustment for the value in future estimates	<b>2,464</b>	(940)
Change in estimate	<b>(6,17)</b>	(1,178)
At 31 December	<b>(3,853)</b>	(5,590)

## **(2) Loans payable to Exim Bank**

In 2020 the Company had an outstanding term loan from Exim Bank (Tanzania) Limited (“EXIM”) repayable at the end of 2021. The loan had a variable interest at 7.25% per annum and was secured against the New Luika Power Station. US\$2,500,000 of the originally drawn down balance was held as restricted cash in accordance with the conditions of the agreement (note 18). During 2021, the loan was repaid in full.

## **(3) Stanbic overdraft payable**

The Company entered into a revolving loan facility with Stanbic Bank in Tanzania to fund short term working capital. The facility is for US\$ 5 million of which US\$ 1 million has been drawn down at year end. Each draw down is repayable after a maximum of 180 days and bears interest at 10% per annum. There are no securities held against the loan.

## **6. Net cash flows from operating activities**

	<b>31-Dec</b>	31-Dec
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
Profit / (Loss) before taxation for the year	<b>1,000</b>	39,001
Adjustments for:		
Depreciation/depletion of tangible assets	<b>16,039</b>	18,956

Amortisation of right of use assets	<b>961</b>	1,163
Amortisation/write off of intangible assets	-	14
Share based payment costs	-	1,043
Unrealised exchange losses / (gains)	<b>(65)</b>	75
Non-cash settlement of Silver Stream obligation	<b>(1,231)</b>	(2,207)
Finance income – decommissioning provision	<b>(547)</b>	(1,850)
Finance expense	<b>1,515</b>	6,622
VAT receivable credit adjustment	<b>2,700</b>	-
	<hr/>	<hr/>
Operating cash flow before movement in working capital	<b>20,373</b>	62,817
Decrease / (increase) in inventories	<b>2,806</b>	(2,950)
Increase in receivables	<b>(4,431)</b>	(7,705)
Increase / (decrease) in payables	<b>4,961</b>	(11,404)
	<hr/>	<hr/>
	<b>23,709</b>	40,758
Taxation paid	<b>(11,124)</b>	(6,170)
Interest received	<b>1</b>	20
	<hr/>	<hr/>
Net cash flow from operating activities	<b>12,586</b>	34,608

## 7. Events after reporting date

Following the year-end, the Directors have proposed a final dividend of 0.10 pence per share payable (2020: 0.10 pence), subject to the approval of shareholders on 15 June 2022.

**ENDS**