16 August 2018

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

Interim results for the six months ended 30 June 2018

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announces its unaudited results for the six months ended 30 June 2018 (the "Period").

HIGHLIGHTS

Financial

- Profit after taxation of US$7.1 million ("m") compared to a loss after taxation of US$2.1 m in H1 2017;
- H1 2018 revenue of US$50.2 m (H1 2017: US$52.7 m);
- H1 2018 EBITDA of US$23.0 m (H1 2017: US$21.5 m EBITDA). EBITDA is earnings before interest, tax, depreciation and amortisation and in 2017 this was derived as exclusive of pre-production revenue;
- Over the twelve-month period since commercial production was declared at the New Luika underground mine, the Company has generated a profit after tax of US$13.4 m and EBITDA of US$39.2 m;
- Cash flow from operating activities for the Period before changes in working capital of US$22.0 m (H1 2017: US$13.4 m);
- Cash balance of US$8.9 m (FY 2017: US$13.6 m);
- Gross debt of US$47.0 m (FY 2017: US$53.0 m);
- Net debt of US$38.1 m (FY 2017: US$39.5 m);
- Final US$1.9 m Exim Bank loan facility drawn down from the US$7.5 m 4-year facility;
- Capital expenditure of US$7.8 m (H1 2017: US$20.6 m); and,
- Forward gold sales to July 2018 of 12,000 oz at an average price of US$1,264 per ounce ("/oz"). The Company has since sold forward additional ounces, with total forward gold sales currently 25,000 oz at an average price of US$1,264 /oz.

Operational

- H1 2018 gold production of 38,207 oz (H1 2017: 40,073 oz);
- H1 2018 gold sales of 37,827 oz at an average price of US$1,303 /oz, compared to average spot price of US$1,318 /oz (H1 2017: 41,234 oz at an average price of US$1,257 /oz);
- Cash costs for H1 of US$549 /oz (H1 2017: US$547 /oz) and All In Sustaining Costs ("AISC") of US$757 /oz (H1 2017: US$715 /oz). The Cash cost and AISC calculation since Q3 2017 includes the impact of higher royalties (c. US$40/oz);
- New record for monthly underground production was achieved in June 2018 of 51,130 tonnes at 5.30 g/t for 8,705 oz contained gold;

- Annual guidance reiterated for 2018 of 82,000 – 88,000 oz;
- AISC guidance maintained at US$680 – US$730 /oz; and,
- No lost time injuries during the Period.

Development and Exploration

- Two phases of Singida exploration drilling results announced with encouraging intersections;
- Planning completed for ground geophysical work ("IP") at Singida expected to take place at the end of Q3;
- Phase 1 underground drilling at Bauhinia Creek completed in early Q3 2018 confirming the extension of high-grade mineralisation to the east of Bauhinia Creek and adjacent to the existing underground mine;
- Decision to bring the Ilunga underground mine into production earlier with first production expected in mid-2019 instead of late 2020. The resequencing increases project Net Present Value and overall production flexibility; and,
- Targeted trenching programmes around New Luika Gold Mine ("NLGM") have resumed.

Cost savings initiative update

- US$7.2 m of recurring cost reductions achieved since cost optimisation initiatives announced in September 2017, improving the cost base by approximately US$85 /oz in less than twelve months;
- US$2.1 m of this was identified in the Period and executed three months ahead of schedule in early July 2018, equivalent to approximately US$25 /oz; and,
- Cash costs reduced by approximately 11% to US$505 /oz in the second quarter of the Period, compared to the average of the preceding 4 quarters, which was US$566 /oz.

Corporate

- The Company agreed to a partial buyback of 33.33% of the Convertible Loan Notes held by third parties (the "Notes") in April 2019 at par value, and to extend the remaining Notes to April 2020.

Eric Zurrin, Chief Executive Officer, commented:

"I'm delighted to report a profit after tax for the period of US$7.1 m in today's H1 2018 results. In the same period last year, we recorded a loss after tax of US$2.1 m, showing the positive impact that our stringent cost focus strategy is having on the Company for its shareholders."

"Operationally, we are doing very well at New Luika - we achieved a record monthly underground production in June and importantly remain on track to achieve our annual production guidance for the year of 82,000 – 88,000 oz."

"In addition to a strong operational performance and with a vision to increase our mine life, we have achieved a number of exploration successes in the first half of this year. At New Luika, we completed Phase 1 underground drilling at Bauhinia Creek, confirming the extension of high-grade mineralisation adjacent to our existing underground operation. At our second asset, Singida, we also announced two

phases of exploration drilling results with encouraging intersections and I look forward to providing further updates on the project in the second half of the year."

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About Shanta Gold

Shanta Gold is an East Africa-focused gold producer, developer and explorer. It currently has defined ore resources on the New Luika project in Tanzania and holds exploration licenses covering approximately 1,500km^2 in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 79,585 ounces in 2017. The Company has been admitted to trading on London's AIM and has approximately 779 m shares in issue. For further information please visit: www.shantagold.com.

Financial and Operational

Revenue for the Period of US$50.2 m was generated predominantly from the sales of 37,827 oz of gold at an average price of US$1,303 /oz. Revenue for H1 2018 was 4.7% lower than for H1 2017 reflecting lower gold sales. The lower gold production volumes in H1 2018 were expected and 2018 gold production guidance of 82,000 – 88,000 oz has been reiterated. Sales volumes and average gold price for H1 2017 were 41,234 oz and US$1,257 /oz respectively. The gain on non-hedge derivatives amounted to US$0.3 m (H1 2017: loss of US$0.7 m).

Cost of sales for the Period amounted to US$34.1 m, down 22.6% from H1 2017. This is despite a 20% increase in depreciation compared to H1 2017, due to the completion of assets under construction which have subsequently become depreciable, and follows the execution of cost saving initiatives outlined by management in September 2017.

EBITDA for H1 2018 was US$23.0 m up from US$21.5 m in H1 2017. This was achieved despite fewer ounces being sold in H1 2018 and increased royalty charges brought into effect in H2 2017.

Administration and exploration expenditure amounted to US$4.6 m, slightly higher than US$4.2 m in H1 2017 driven by increased depreciation and foreign exchange losses realised in the Period. An operating profit of US$11.8 m was recorded, an increase of US$8.0 m from H1 2017.

Net finance costs amounted to US$3.4 m (H1 2017: US$4.4 m), predominantly lower due to the accounting for the Silver Stream liability which was subject to a higher fair value uplift in H1 2017.

The profit before tax of US$8.4 m is a significant improvement from the loss before tax of US$0.6 m in H1 2017 reflecting the improved cost structure under which the Company is now operating. The profit after tax for the Period amounted to US$7.1 m (H1 2017: loss after tax of US$2.1 m), giving a basic earning per share of US$0.918 cents (H1 2017: loss per share of US$0.361 cents).

The Company reported an AISC of US$757 /oz in the Period, higher than US$715 /oz in H1 2017. This increase reflects the transition to underground mining, with first commercial production declared in June 2017, and includes the impact of higher royalties (c. US$40/oz) brought into effect in H2 2017. Development costs at the Bauhinia Creek and Luika underground operations are not included in AISC. Cash costs for the Period amounted to US$549 /oz, marginally up from US$547 /oz in H1 2017.

Financial Position

Total liabilities decreased by US$8.0 m in the Period, largely driven by repayment of loans and borrowings which decreased by US$6.5 m. Gross debt decreased from US$53.0 m at 31 December 2017 to US$47.0 m. Net debt decreased by US$1.4 m to US$38.1 m, with cash amounting to US$8.9 m at the end of the Period.

At 30 June 2018, inventories amounted to US$23.1 m, up from US$19.5 m at 31 December 2017. The volume of ore held on the stockpile increased by over 40% (equal to US$3.1 m) in the last three months of the Period as focus was directed toward increasing mill feed flexibility in advance of standing down the open pit mining fleet.

Total assets excluding cash balances increased from US$171.3 m at 31 December 2017 to US$175.2 m, due mainly to additional capital development of the underground operation at NLGM and an increase in VAT receivable.

Cash flow

Gold production and grade in the Period was lower than H1 2017, partially offset by a higher average selling price in the Period. Capital expenditure amounted to US$7.8 m, primarily being capitalised mining development costs.

Cash generated from operations before working capital was US$22.0 m. Working capital increased by US$9.5 m, driven predominantly by an increase in VAT receivable, an increase in volume of ore held on the Run of Mine stockpile and a decrease in payables. The cash balance at 30 June 2018 was US$8.9 m, down from US$13.6 m at 31 December 2017. Net debt at the Period end amounted to US$38.1 m (FY 2017: US$39.5 m).

During the Period, the final US$1.9 m tranche of the US$7.5 m financing agreed with Exim Bank Tanzania in May 2017 was disbursed to the Company.

No VAT was returned to Shanta during the Period. At the end of June 2018, the VAT receivable was US$17.9 m (converted from Tanzanian Shillings at June 30th closing rate). The most recent VAT refund was received in November 2017 and amounted to US$3.4 m, comprising US$1.9 m offset against corporate taxes payable in 2016 and 2017 and a cash payment to the Company of US$1.5 m.

Development and Exploration

The Company incurred exploration costs of US$0.8 m in the Period (H1 2017: US$1.0 m). This included the cost of drilling at both Bauhinia Creek at NLGM and at Singida.

The Company announced an updated JORC compliant Mineral Resource Estimate at Singida in early June which showed an increase in Measured & Indicated (“M&I”) resources to 5.71 Mt of gold at 2.08 g/t for 381,000 oz of gold. This also included a 56% increase in Measured resource.

The Singida Mineral Resource incorporates three mining licences and is based on seven shear zone related gold deposits with a combined strike length of 4.9 km. Only two of the seven targets within the Project mining licences were tested during these drilling campaigns with encouraging mineralized drilling intersections achieved.

Drilling results from exploration core drilling carried out at Bauhania Creek were announced in July 2018.

The decision has been made to accelerate the start of mining at the Ilunga underground mine. Ore production is due to commence in mid-2019, rather than late 2020 and will enhance project NPV and increase production flexibility by contributing a third source of high grade underground ore feed. There is unexplored potential below the existing mineral reserves at depth and this is expected to be tested within the next 18-24 months.

Cost Savings

Since announcing its target to reduce annualised costs by a further US$2 m in January 2018 the Company achieved US$2.1 m of recurring cost reductions, taking the total annualised cost reductions achieved to US$7.2 m compared to those prior to commencing its core initiatives announced in September 2017.

Corporate

The Company has maintained a prudent hedging policy and was able to realise an average price of US$1,303 /oz in the period. As at 30 June 2018, 12,000 oz had been sold forward to July 2018 at an average price of US$1,264 /oz. The Company has since sold forward additional ounces, with total forward gold sales currently 25,000 oz at an average price of US$1,264 /oz.

The Company has agreed to repurchase 33.33% of the Convertible Loan Notes currently held by third parties, at par, through a subsidiary of the Company (Shamba Limited), and to extend the maturity of the Loan Notes to April 2020. This arrangement will provide the Company with increased flexibility to develop Ilunga, conduct exploration at NLGM and to identify targets close to the mine.

Outlook

As previously communicated in the Q2 2018 Production and Operational Update, 19 July 2018, total gold production and AISC for 2018 are expected to remain within guidance of 82,000 – 88,000 oz and US$680 – 730 /oz respectively.

SHANTA GOLD LIMITED
Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2018

	Note	6 months ended 30-Jun-18 US$'000 Unaudited	6 months ended 30-Jun-17 US$'000 Unaudited	Year ended 31-Dec-17 US$'000 Audited
Revenue		**50,244**	**52,746**	**103,353**
Gain / (Loss) on non-hedge derivatives		276	(722)	(1,623)
Cost of sales		**(34,087)**	**(44,041)**	**(82,447)**
Gross profit		**16,433**	**7,983**	**19,283**
Administration expenses		(3,805)	(3,206)	(6,646)
Exploration and evaluation costs		(799)	(1,000)	(1,630)
Operating profit		**11,829**	**3,777**	**11,007**
Finance income		38	26	77
Finance expense		(3,421)	(4,452)	(7,539)
Profit / (loss) before taxation		**8,446**	**(649)**	**3,545**
Taxation		**(1,337)**	**(1,494)**	**615**
Profit / (loss) for the Period / year attributable to equity holders of the parent company		**7,109**	**(2,143)**	**4,160**
Profit (loss) after taxation		**7,109**	**(2,143)**	**4,160**
Other comprehensive income:				
Exchange differences on translating subsidiary which can subsequently be reclassified to profit or loss		(3)	-	(9)
Total comprehensive income / (loss) attributable to equity shareholders of parent company		**7,106**	**(2,143)**	**4,153**
Basic earnings / (loss) per share (US$ cents)	3	**0.918**	**(0.361)**	**0.612**
Diluted earnings / (loss) per share (US$ cents)	3	**0.916**	**(0.361)**	**0.604**

SHANTA GOLD LIMITED
Consolidated Statement of Financial Position
As at period ended 30 June 2018

	Note	30-Jun 2018 US$'000 Unaudited	30-Jun 2017 US$'000 Unaudited	31-Dec 2017 US$'000 Audited
Non-current assets				
Intangible assets		23,281	23,250	23,284
Property, Plant and Equipment		104,997	100,295	108,528
Total non-current assets		**128,278**	**123,545**	**131,812**
Current assets				
Inventories		23,053	20,480	19,533
Trade and other receivables		21,408	18,856	17,752
Income tax receivable		-	-	338
Restricted Cash		2,500	-	1,875
Cash and cash equivalents		8,911	13,841	13,551
Total current assets		**55,872**	**53,177**	**53,049**
Total assets		**184,150**	**176,722**	**184,861**
Capital and reserves				
Share capital and premium		157,784	156,989	157,268
Share option reserve		545	2,223	1,037
Convertible loan note reserve		5,374	5,374	5,374
Shares to be issued		66	60	512
Translation reserve		451	463	454
Retained deficit		(60,564)	(75,595)	(68,240)
Total equity		**103,656**	**89,514**	**96,405**
Non-Current liabilities				
Loans and borrowings	4	20,411	30,142	27,132
Convertible loan notes		10,054	14,431	14,843
Decommissioning provision		8,441	7,791	8,099
Deferred taxation		5,944	9,556	6,320
Total non-current liabilities		**44,850**	**61,920**	**56,394**
Current liabilities				
Trade payables and accruals		11,396	8,084	13,977
Loans and borrowings	4	18,352	16,047	18,085
Convertible loan notes		5,000	-	-
Income tax payable		896	1,157	-
Total current liabilities		**35,644**	**25,288**	**32,062**
Total liabilities		**80,494**	**87,208**	**88,456**
Total equity and liabilities		**184,150**	**176,722**	**184,861**

SHANTA GOLD LIMITED
Consolidated Statement of Changes in Equity
for the six months ended 30 June 2018

	Share Capital US$'000	Share Premium US$'000	Share Option Reserve US$'000	Convertible Debt Reserve US$'000	Translation Reserve US$'000	Shares to be Issued Reserve US$'000	Retained Deficit US$'000	Total Equity US$'000
At 1 January 2018	**116**	**157,152**	**1,037**	**5,374**	**454**	**512**	**(68,240)**	**96,405**
Profit for the Period	-	-	-	-	-	-	7,109	**7,109**
Other comprehensive income for the Period	-	-	-	-	(3)	-	-	**(3)**
Share based payments	-	516	13	-	-	(446)	62	**145**
Lapsed options	-	-	(505)	-	-	-	505	**-**
At 30 June 2018 (Unaudited)	**116**	**157,668**	**545**	**5,374**	**451**	**66**	**(60,564)**	**103,656**
At 1 January 2017	**93**	**143,777**	**2,248**	**5,374**	**463**	**60**	**(73,536)**	**78,479**
(Loss) for the Period	-	-	-	-	-	-	(2,143)	**(2,143)**
Other comprehensive income for the Period	-	-	-	-	-	-	-	**-**
Shares issued, net of issue costs (reclassified)	23	13,096	-	-	-	-	-	**13,119**
Share based payments	-	-	59	-	-	-	-	**59**
Lapsed options	-	-	(84)	-	-	-	84	**-**
At 30 June 2017 (Unaudited)	**116**	**156,873**	**2,223**	**5,374**	**463**	**60**	**(75,595)**	**89,514**
At 1 January 2017	**93**	**143,777**	**2,248**	**5,374**	**463**	**60**	**(73,536)**	**78,479**
Profit for the year	-	-	-	-	-	-	4,160	**4,160**
Other comprehensive income for the year	-	-	-	-	(9)	-	-	**(9)**
Share based payments	-	75	127	-	-	452	-	**654**
Shares issued, net of issue costs	23	13,098	-	-	-	-	-	**13,121**
Exercised options	-	202	(202)	-	-	-	-	**-**
Lapsed options	-	-	(1,136)	-	-	-	1,136	**-**
At 31 December 2017 (Audited)	**116**	**157,152**	**1,037**	**5,374**	**454**	**512**	**(68,240)**	**96,405**

SHANTA GOLD LIMITED
Consolidated Statement of Cash flows
for the six months ended 30 June 2018

	Note	6 months ended 30-Jun-18 US$'000 Unaudited	6 months ended 30-Jun-17 US$'000 Unaudited	Year ended 31-Dec-17 US$'000 Audited
Net cash flows from operating activities	5	**12,073**	**3,621**	**34,935**
Investing activities				
Purchase of intangible assets		-	-	(47)
Purchase of mining properties and other equipment		(7,805)	(10,181)	(37,842)
Net cash flows used in investing activities		**(7,805)**	**(10,181)**	**(37,889)**
Financing activities				
Share capital issued (net of expenses)		-	13,119	13,121
Loans repaid		(6,724)	(7,026)	(12,730)
Equipment loan repaid		(1,221)	(1,135)	(2,213)
Finance lease payments		(469)	(211)	(600)
Loan interest paid		(2,369)	(2,356)	(4,605)
Movements in restricted cash		(625)	-	(1,875)
Loans received, net of issue costs		2,500	3,065	7,945
Equipment loan received		-	-	2,487
Net cash flows (used in) / from financing activities		**(8,908)**	**5,456**	**1,560**
Net decrease in cash and cash equivalents		(4,640)	(1,104)	(1,394)
Cash and cash equivalents at beginning of Period/year		13,551	14,945	14,945
Cash and cash equivalents at end of Period/year		**8,911**	**13,841**	**13,551**

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information
for the six months ended 30 June 2018

1. General information

Shanta Gold Limited (the “Company”) is a limited company incorporated in Guernsey. The Company is listed on the London Stock Exchange’s AIM market. The address of its registered office is 11 New Street, St Peter Port, Guernsey, GY1 3EG. The interim consolidated financial information was approved by the Board and authorised for issue on 16 August 2018.

2. Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (“IASB”) as adopted for use in the EU. The consolidated interim financial information has been prepared using the accounting policies which will be applied in the Group’s financial statements for the year ending 31 December 2018.

The consolidated interim financial information for the Period 1 January 2018 to 30 June 2018 are unaudited and incorporate unaudited comparative figures for the interim Period 1 January 2017 to 30 June 2017 and the audited comparative figures for the year to 31 December 2017. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2017 Annual Report.

The half year financial information for the six months ended 30 June 2018 set out in this document does not comprise the Group’s statutory accounts as defined in Companies (Guernsey) Law 2008 and accordingly this half year financial information is not considered to be the company’s statutory accounts. The statutory accounts for the year ended 31 December 2017, which were prepared under EU endorsed IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not include reference to any matters to which the auditor drew attention by way of emphasis.

The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial information as were applied in the Group's latest annual audited financial statements except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2018, and will be adopted in the 2018 annual financial statements.

The following new standards and interpretations became effective on 1 January 2018 and have been adopted by the Group:

- IFRS 15 has replaced IAS 18 *Revenue* and IAS 11 *Construction Contracts* as well as various interpretations previously issued by the IFRS Interpretations Committee. The Group’s accounting policies have remained unchanged from those previously disclosed in the 2017 annual financial statements.

- IFRS 9 has replaced IAS 39 *Financial Instruments: Recognition and Measurement*. All financial assets of the Group continue to be classified and measured at amortised cost, except for the derivative assets which are classified and measured at fair value through profit or loss. There are no material financial assets subject to the expected credit loss model defined within IFRS 9, except for cash. The level of credit risk that the Group is exposed to has not given rise to material allowances within the expected credit loss model. The adoption of the new standard has not had a material impact on the modification of the convertible loan note in the period. Similarly, the impact of the retrospective application of IFRS 9 on the prior modification of the convertible loan note in 2016 was not material and the Group has chosen not to restate comparatives on adoption of IFRS 9.

3. Earnings per share

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

There were share incentives outstanding at the end of the Period that could potentially dilute basic earnings per share in the future.

At 30 June 2017 the potential ordinary shares were anti-dilutive as the Group was in a loss making position and therefore the conversion of potential ordinary shares would serve to decrease the loss per share from continuing operations. Where potential ordinary shares are anti-dilutive a diluted earnings per share is not calculated and is deemed to be equal to the basic earnings per share.

	Unaudited			**Unaudited**			**Audited**		
	30-Jun-18			**30-Jun-17**			**31-Dec-17**		
	Profit	**Weighted avg no of shares**	**Per share amount**	**Loss**	**Weighted avg no of shares**	**Per share amount**	**Profit**	**Weighted avg no of shares**	**Per share amount**
	US$'000	**('000)**	**(Cents)**	**US$'000**	**('000)**	**(Cents)**	**US$'000**	**('000)**	**(Cents)**
Basic earnings / (loss)	7,109	774,488	0.918	(2,143)	593,102	(0.361)	4,153	679,438	0.612
Diluted earnings / (loss)	7,109	776,134	0.916	(2,143)	593,102	(0.361)	4,153	689,325	0.604

4. Loans and borrowings

	30-Jun 2018	**30-Jun 2017 as restated***	**31-Dec 2017**
	US$'000	**US$'000**	**US$'000**
	Unaudited	**Unaudited**	**Audited**
Amounts payable within one year			
Loans payable to Investec Bank less than 1 year [(a)]	10,686	10,686	10,686
Equipment Finance [(b)]	585	579	579
Finance lease [(c)]	90	91	154
Finance lease [(d)]	1,669	560	1,844
Silver stream [(e)]	1,582	1,768	1,533
Loans payable to Exim Bank less than 1 year [(f)]	2,947	602	2,465
Equipment loan [(g)]	793	1,761	824
	18,352	**16,047**	**18,085**

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information
for the six months ended 30 June 2018 (continued)

Amounts payable after one year			
Loans payable to Investec Bank more than 1 year [(a)]	10,701	21,387	16,044
Equipment Finance [(b)]	-	724	290
Finance lease [(c)]	-	136	-
Finance lease [(d)]	-	1,641	795
Silver stream [(e)]	2,967	4,474	3,611
Loans payable to Exim Bank more than 1 year [(f)]	6,037	1,765	5,256
Equipment loan [(g)]	706	15	1,136
	20,411	**30,142**	**27,132**

*For presentational purposes the 30 June 2017 Silver Stream obligation has been split between current and non-current liabilities.

(a) Investec Loan

Loan from Investec Bank in South Africa relates to a drawdown of US$40 m from two facilities totalling US$40 m obtained in May 2015. The facilities bear an annual interest rate of 3-month USD LIBOR +4.9% and are secured on the bank account which is credited with gold sales, the shares in Shanta Mining Company Limited ("SMCL") and a charge over the assets of SMCL. Both facilities were fully drawn in previous years.

Facility A is for US$20 m and was used to pay the outstanding FBN Bank Ltd loan, accrued interest of US$101,000 and loan arrangement fees of US$600,000. Capital repayments of US$1.17 m are due every quarter end starting on 30 June 2016.

Facility B of US$20 m is a standby facility to be drawn as and when required to meet working capital requirements. During 2017 this was termed out and converted into a term facility of which repayment of the drawn facility amount began in the quarter ending 30 June 2017 on a quarterly basis over 3 years with capital repayments of US$1.54 m.

Both these facilities are secured by means of

- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of SMCL and made between the Investec and the Security Agent, including any immovable property, moveable property, the Mining Licences, the relevant Prospecting Licences and surface right lease or access agreements and the assignment/charge over Investec's rights under and in terms of all bank accounts, material documents, insurances and insurance proceeds and all loans against any other member of the Group but excluding assets over which a Permitted Security Interest has been created;
- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of Shield Resources Limited and made between Shield Resources Limited and the Security Agent, including any immovable property, moveable property, the relevant Prospecting Licences and surface right lease or access agreements and the assignment/charge over Shield Resources' rights under and in terms of all bank accounts, insurances, insurance proceeds and all loans and claims of Shield Resources against any other member of the Group but excluding assets over which a Permitted Security Interest has been created;
- Together there is a registered charge of US$55,000,000 (which includes a margin facility for gold forward sales of

up to US$15,000,000) against the mineral and prospecting rights of both Shanta Mining Company Limited and Shield Resources Limited;

- Shareholder Pledge which means each written deed entitled share pledge governed by Tanzanian law in terms of which each of Shanta Gold and Shanta Holdings pledges the shares it holds in the Borrower in favour of the Security Agent and assigns and charges all its loans and claims against the Borrower and other members of the Group in favour of the Security Agent and the Shield Resources Pledge which means each written deed entitled share pledge governed by Tanzanian law in terms of which Boulder Investments pledges the shares it holds as Agent and assigns and charges all its loans and claims against Shield Resources in favour of the Security Agent;

Guarantees from Shanta Gold Limited, Shanta Gold Holdings Limited and Shield Resources Limited have been issued in favour of the Security Agent in respect of the above loan facilities.

(b) Equipment Loan

The loan is in respect of a crusher/screening plant acquired from Sandvik SRP AB, Sweden and is payable in 20 equal quarterly instalments commencing on 15 August 2014 and bears interest at a rate of 6% per annum.

(c) Finance Lease

This is in respect of a lease to acquire Heavy Fuel Oil (HFO) fuel storage tanks from Oryx Oil Company Limited for a capital amount of US$667,591 repayable monthly over sixty months commencing on 1 August 2014. This is classified as a finance lease because the rentals period amounts to the estimated useful economic life of the asset and after five years, the assets will be bought outright by the Company by paying a nominal amount.

(d) Finance Lease

This is in respect of a lease to acquire mobile equipment from Sandvik, a capital amount of €4,634,000 (US$5,261,000) repayable monthly over thirty-six months commencing on 15 June 2016 for Tranche 1 and 14 September 2016 for Tranche 2 and payable quarterly. This is classified as a finance lease because the rentals period amounts to the estimated useful economic life of the asset and after three years, the assets will be bought outright by the Company by paying a nominal amount.

(e) 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 m on closing in November 2016. Silverback will also pay the Company an ongoing payment of 10% 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 Gold Mine with minimum silver delivery obligations totalling 608,970 oz. 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.

(f) Loans Payable to Exim Bank

The Company entered into a US$10.0 m financing from Exim Bank (Tanzania) Limited (“EXIM”) following the commissioning in March 2017 of its 7.5 Mega Watts (“MW”) Power Station at the New Luika Gold Mine. This facility comprised US$7.5 m long term funding and US$2.5 m 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. 25% of the drawn down balance is held as restricted cash in accordance with the conditions of the agreement. This facility is now fully drawn with the final US$2.5 m tranche drawn down during the Period.

(g) Equipment Loan

This loan is in respect of a €2.1 m underground equipment financing entered into during 2017 with Sandvik Mining and Construction OY at a fixed rate of 6.5% over three years. The equipment purchases were part of the Company capital programme outlined in the RMP and followed a previous similar arrangement entered into during 2016.

5. Net Cash flows from Operating activities

	30-Jun 2018 US$'000 Unaudited	**30-Jun 2017 US$'000 Unaudited**	**31-Dec 2017 US$'000 Audited**
Profit / (loss) before tax	8,446	(649)	3,545
Adjustments for:			
Depreciation / depletion of assets	11,354	9,442	18,406
Amortisation / write off of intangible assets	3	12	25
Share based payment costs	145	59	653
(Gain) / loss on non-hedge derivatives	(276)	722	1,623
Unrealised exchange (gains) / losses	(66)	338	(69)
Non-cash settlement of Silver Stream obligation	(960)	(936)	(1,852)
Finance income	(37)	(26)	(77)
Finance expense	3,421	4,452	7,539
Pre-production revenue	-	-	10,484
Operating cash inflow before movement in working capital	**22,030**	**13,414**	**40,277**
Movements in working capital:			
(Increase) / decrease in inventories	(3,520)	(189)	758
Increase in receivables	(3,656)	(4,882)	(4,760)
(Decrease) / increase in payables	(2,306)	(3,763)	2,189
	12,548	**4,580**	**38,464**
Taxation paid	(512)	(985)	(3,606)
Interest received	37	26	77
Net cash flow from operating activities	**12,073**	**3,621**	**34,935**