24 August 2020

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

Interim results for the six months ended 30 June 2020

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, announces its unaudited results for the six months ended 30 June 2020 ("H1" or the "Period").

H1 2020 HIGHLIGHTS

Financial

- Revenue of US$73.0 million ("m") (H1 2019: US$53.6 m);
- All In Sustaining Costs ("AISC") of US$817 /oz[1] (H1 2019: US$730 /oz), on track to meet annual guidance of US$830-880 /oz;
- Adjusted EBITDA[2] of US$34.4 m (H1 2019: US$22.6 m);
- Profit before taxation of US$15.3 m (H1 2019: loss before taxation of US$4.1 m);
- Operating cash flow before movement in working capital of US$29.5 m (H1 2019: US$23.0 m);
- Net cash[3] of US$2.1 m (FY 2019: net debt of US$14.3 m);
- Gross debt of US$13.4 m (FY 2019: US$22.0 m);
- US$40 m Investec Senior Secured loan facilities fully repaid;
- Cash, and available liquidity[4] of US$21.6 m (FY 2019: US$13.7 m);
- Forward sale commitments of 27,000 oz (FY 2019: 40,000 oz) reduced post period to 18,588 oz (FY 2019: 40,000 oz);
- VAT receivable due to the Company of US$23.2 m (FY 2019: US$21.8 m); and,
- Capital expenditure of US$7.4 m (H1 2019: US$8.0 m, net of pre-production revenue).

Operational

- Gold production of 42,383 oz (H1 2019: 42,230 oz);
- Annual production guidance of 80,000 – 85,000 oz reiterated for 2020;
- No lost time injuries ("LTI's") during the Period, with no LTI's since Q4 2017; and,
- Precautionary measures in place to reduce the risks posed by COVID-19; operational productivity remains unaffected.

Singida

- JORC 2012 compliant gold reserve announced totalling 243 koz at 3.0 g/t;
- Updated JORC compliant Mineral Resource Estimate ("MRE") announced totalling 11.8 Mt at 2.38 g/t for 904 koz contained gold; and,
- Financing discussions for Singida's development are advanced and an announcement is expected during Q3.

Acquisition of the West Kenya Project

- Definitive agreement entered into to acquire the West Kenya Project from Barrick Gold Corporation ("Barrick"); includes a NI-43101 compliant Inferred Mineral Resource Estimate of 1,182,000 oz grading 12.6 g/t from surface;
- Fully financed purchase price totalling US$7 m cash, US$7.5 m shares in the Company issued to Barrick, and a 2% Net Smelter Royalty ("NSR") on future gold production; and,
- Scoping Study expected to be released following acquisition completion.

Development and Exploration

- Underground exploration drilling to replace depleted ounces ongoing at Bauhinia Creek ("BC") and Ilunga; drilling on the BC Deep West and Ilunga targets have generated encouraging results; and,
- Surface exploration drilling has commenced to test the continuity of mineralization at depth at the Luika deposit, targeting conversion of Inferred resources.

Post Period

- Completion of the acquisition of the West Kenya Project was announced on 19 August 2020 following satisfaction of all of the closing conditions for the transaction.

Note: 1. Development costs at the BC, Luika and Ilunga underground operations are not included in AISC.

Note: 2. EBITDA is earnings before interest, tax, 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. Adjusted EBITDA has been derived as EBITDA before non-cash loss on unsettled forward contracts.

Note: 3. Net cash includes liquidity available from 1,425 oz in transit to the refinery at 30 June 2020 (FY 2019: 2,841 oz).

Note: 4. Available liquidity has been derived as unrestricted cash, restricted cash plus the sale value of bullion available for sale at the end of the Period (net of royalties and expected selling costs).

Eric Zurrin, Chief Executive Officer, commented:

"Entering a net cash position in H1 was a major achievement for Shanta and followed sustained deleveraging over a number of years. New Luika Gold Mine remains on track to deliver production and costs within annual guidance and this has been achieved with a continued exceptional safety record."

"With the stronger gold price environment, the Company remains focussed on value-driven opportunities alongside maintaining sustainable and cost-efficient operations at New Luika Gold Mine. With the acquisition of the West Kenya Project now complete Shanta has diversified its East-African portfolio with a highly complementary asset that significantly bolsters the Company's growth pipeline."

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About Shanta Gold

Shanta Gold is an East Africa-focused gold producer. It currently has defined ore resources on the New Luika and Singida projects in Tanzania and holds exploration licenses covering approximately 1,200km^2 in the country. In February 2020, Shanta Gold entered into an agreement to acquire the West Kenya Project in Kenya from subsidiaries of Barrick Gold Corporation. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 84,506 ounces in 2019. The Company has been admitted to trading on London's AIM and has approximately 849 m shares in issue. For further information please visit: www.shantagold.com.

Financial Performance

Revenue for the Period of US$73.0 m (H1 2019: US$53.6 m) was generated predominantly from the sales of 44,018 oz (H1 2019: 41,049 oz). The average realised price achieved in the Period was US$1,533 /oz, including realised losses on forward sales commitments. Revenue for H1 2020 was 36% higher than for H1 2019 reflecting the increase in ounces sold and a higher average selling price. Gold production of 42,383 oz (H1 2019: 42,230 oz) is tracking in line with 2020 gold production guidance of 80,000 – 85,000 oz.

A fair value loss on forward gold sales has been recorded in the Period, amounting to US$8.3 m (H1 2019: US$5.5 m). As at 30 June 2020, 27,000 oz had been sold forward to January 2021 at an average price of US$1,251 /oz. Since the end of the Period, total forward sales commitments have been further reduced to 18,588 oz, representing a 54% reduction from forward sales commitments in place at the end of 2019.

Cost of sales for the Period amounted to US$43.9 m, down 4% from US$45.5 m in H1 2019. This decrease has been driven by a US$5.3 m reduction in depreciation compared to H1 2019, partially offset by a US$3.6 m increase in Other cost of sales. The increase in Other cost of sales was driven by a higher cash cost of ore milled in the Period, predominantly due to increased direct underground mining costs, and additional royalties of US$0.8 m driven by the higher average selling price.

Administration expenses amounted to US$3.6 m, aligned with US$3.5 m recorded in H1 2019. Exploration and evaluation costs amounted to US$1.4 m, higher than US$0.8 m recorded in H1 2019 and consistent with the Company's increased annual exploration budget.

An operating profit of US$15.8 m recorded for the Period is higher than the operating loss of US$1.6 m for H1 2019, driven predominantly by higher revenues during the Period. Adjusted EBITDA for the Period was US$34.4 m (H1 2019: US$22.6 m).

Finance costs amounted to US$1.8 m (H1 2019: US$2.5 m), reducing in line with debt repayments. Finance income in the Period of US$1.3 m is the non-cash result of a revision to the present value of the decommissioning provision following an update to the risk-free discount factor, which uses the yield to maturity of the latest Tanzanian Sovereign Bond.

A profit before tax of US$15.3 m was recorded for the Period (H1 2019: loss before tax of US$4.1 m). Profit after tax for the Period amounted to US$1.0 m (H1 2019: loss after tax of US$5.7 m), giving a basic earnings per share of US$0.132 cents (H1 2019: loss per share of US$0.727 cents). Taxation for the Period of US$14.3 m comprised a current tax charge of US$8.3 m, a deferred tax charge of US$2.0 m and US$4.1 m recognised in respect of historical tax assessments conducted in the Period. Further information on taxation for the Period is included below in Note 3 to the Consolidated Financial Information.

The Company reported an AISC of US$817 /oz for the Period, on track to meet 2020 annual guidance of US$830 – US$880 /oz. Development costs at the Bauhinia Creek, Luika and Ilunga underground operations are not included in AISC. Cash Operating Costs for the Period amounted to US$585 /oz (H1 2019: US$530 /oz).

Financial Position

Total liabilities increased by US$0.3 m in the Period, driven by the net impact of an US$9.5 m increase in income tax payable offset by the repayment of loans and borrowings, which decreased by US$9.2 m. The provision for decommissioning decreased by US$1.6 m in the Period following an update to the risk-free discount factor used to determine its fair value. Gross debt decreased from US$22.0 m at 31 December 2019 to US$13.4 m. Net debt decreased by US$16.4 m leaving the Company in a net cash position of US$2.1 m at the end of the Period, with unrestricted cash of US$12.9 m.

At 30 June 2020, inventories amounted to US$23.4 m, down from US$27.1 m at 31 December 2019. The volume of ore held on the stockpile decreased by 29% (equal to US$3.7 m) and there was 3,625 oz of gold bullion available for sale at the end of the Period, down from 5,348 oz at 31 December 2019. The value of spares and consumables increased by US$0.8 m during the Period.

Trade and other receivables (current and non-current) amounted to US$26.8 m at the end of the Period, up US$0.5 m from 31 December 2019. This includes the Company's VAT receivable which increased by US$1.3 m to US$23.2 m. During the Period US$1.9 m of VAT receivable was offset against corporate taxes. The remaining VAT receivable is subject to a verification audit by the TRA before being available for further offsets and is considered to be a non-current asset.

Cash flow

Gold production in the Period was relatively consistent with H1 2019, however there was a 7.2% increase in ounces sold and a higher average selling price per ounce. Capital expenditure (including sustaining capital) amounted to US$7.4 m, primarily being capitalised mining development costs.

Cash generated from operations before working capital was US$29.5 m. Working capital increased by US$1.7 m, accounted for by a decrease in inventories (US$3.7 m), an increase in trade and other receivables (US$2.5 m) and a decrease in trade and other payables (US$2.9 m). This decrease in trade and other payables excludes a US$2.8 m non-cash increase in the Company's derivative financial liability.

The Company's unrestricted cash balance at 30 June 2020 was US$12.9 m, up from US$3.5 m at 31 December 2019. Net cash at the end of the Period amounted to US$2.1 m (FY 2019: net debt of US$14.3 m).

Singida

A JORC 2012 Reserve for the Singida Project was announced during the Period, totalling 2.51 Mt, grading 3.00 g/t and containing 243,000 oz of gold at a cut-off grade of 0.75 g/t. This Reserve is being incorporated into an updated mine plan for the Project and, of the total Reserve estimate, 91% of contained gold is within 120 metres from surface, highlighting the potential for Reserve expansion at depth.

An updated, independently verified, JORC compliant MRE was also announced during the Period totalling 11.8 Mt at 2.38 g/t for 904 koz contained gold, using a cut-off grade of 1.0 g/t. The Project's newly announced Reserve represents an estimated 50% conversion of Measured and Indicated ounces within this updated MRE.

The Singida Project is fully permitted and financing discussions for its development are advanced.

Acquisition of the West Kenya Project

During the Period, the Company announced that it had entered into a definitive agreement pursuant to which it would purchase a 100% holding of Barrick's subsidiary Acacia Exploration (Kenya) Limited ("AEKL"). AEKL's primary asset is a 100% participating interest in licences held by Afriore, which includes an existing high-grade NI-43101 compliant Inferred Mineral Resource Estimate of 1,182,000 oz gold grading 12.6 g/t.

The acquisition cost for AEKL comprised:

- US$7 m in cash, payable on completion;
- US$7.5 m in Shanta Gold shares, to be issued on completion; and,
- A 2% life of mine NSR, payable on actual gold production in the future.

This purchase price is fully financed with no requirement for equity issuance, other than the 54.7 million shares being issued to Barrick.

Following completion of the transaction, the Company plans to proceed with progressing a scoping study in advance of a drilling campaign. Subject to the exploration results this would likely be followed by a Pre-feasibility study and a Definitive Feasibility Study.

Development and Exploration

The Company incurred exploration costs of US$1.4 m in the Period (H1 2019: US$0.8 m). This included the cost of underground drilling at Bauhinia Creek and Ilunga, and exploration works regionally in the Lupa Goldfields.

Recent underground drilling at New Luika has been designed to test the continuity of mineralisation between previously identified intersects at depth, with encouraging results generated in the Period, most notably at the BC Deep West and Ilunga targets. Surface exploration drilling has also been ongoing during the Quarter, testing the continuity of mineralization at depth at the Luika deposit and targeting conversion of Inferred resources.

The Company's exploration budget for the year is US$5.0m, a 65% increase versus 2019. The exploration programmes currently ongoing are highly targeted and will continue during the second half of 2020. Results from the initial 2020 drilling campaigns will be announced once completed.

Post Period

Shanta announced that it had completed the acquisition of the West Kenya Project on 19 August 2020. This followed the receipt of regulatory approvals in Kenya and satisfaction of all of the closing conditions for the Transaction. The cash component of the consideration was adjusted down by US$0.5 m which may become payable within 4 years subject to completion of a condition subsequent.

Outlook

Total gold production and AISC for 2020 are expected to remain within guidance of 80,000 – 85,000 oz and US$830 – 880 /oz respectively.

SHANTA GOLD LIMITED

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2020

	Note	6 months ended 30-Jun-20 US$'000 Unaudited	6 months ended 30-Jun-19 US$'000 Unaudited	Year ended 31-Dec-19 US$'000 Audited
Revenue		**72,974**	**53,614**	**112,795**
Loss on non-hedge derivatives		(8,307)	(5,497)	(9,833)
Depreciation		(11,271)	(16,561)	(30,613)
Other cost of sales		(32,589)	(28,948)	(57,982)
Cost of sales		**(43,860)**	**(45,509)**	**(88,595)**
Gross profit		**20,807**	**2,608**	**14,367**
Administration expenses		(3,639)	(3,470)	(6,625)
Exploration and evaluation costs		(1,365)	(759)	(2,611)
Operating profit / (loss)		**15,803**	**(1,621)**	**5,131**
Finance income		1,273	37	53
Finance expense		(1,751)	(2,543)	(6,375)
Profit / (Loss) before taxation		**15,325**	**(4,127)**	**(1,191)**
Taxation	3	**(14,281)**	**(1,577)**	**(8,291)**
Profit / (Loss) for the Period / year attributable to equity holders of the parent company		**1,044**	**(5,704)**	**(9,482)**
Profit / (Loss) after taxation		**1,044**	**(5,704)**	**(9,482)**
Other comprehensive income: Exchange differences on translating subsidiary which can subsequently be reclassified to profit or loss		-	-	1
Total comprehensive profit / (loss) attributable to equity shareholders of parent company		**1,044**	**(5,704)**	**(9,481)**
Basic earnings / (loss) per share (US$ cents)	4	**0.132**	**(0.727)**	**(1.206)**
Diluted earnings / (loss) per share (US$ cents)	4	**0.132**	**(0.727)**	**(1.206)**

SHANTA GOLD LIMITED
Consolidated Statement of Financial Position
As at period ended 30 June 2020

	Note	30-Jun 2020 US$'000 Unaudited	30-Jun 2019 US$'000 Unaudited	31-Dec 2019 US$'000 Audited
Non-current assets				
Intangible assets		23,367	23,320	23,378
Property, Plant and Equipment		78,519	91,064	82,748
Right of use assets		2,349	-	2,947
Other receivables		23,198	-	19,968
Total non-current assets		**127,433**	**114,384**	**129,041**
Current assets				
Inventories		23,361	24,858	27,090
Trade and other receivables		3,569	29,541	6,282
Restricted Cash		2,500	2,500	2,500
Cash and cash equivalents		12,945	3,140	3,506
Total current assets		**42,375**	**60,039**	**39,378**
Total assets		**169,808**	**174,423**	**168,419**
Capital and reserves				
Share capital and premium		159,067	158,440	158,440
Share option reserve		473	569	473
Convertible loan note reserve		5,374	5,374	5,374
Shares to be issued		-	-	627
Translation reserve		450	450	450
Retained deficit		(68,070)	(65,410)	(69,114)
Total equity		**97,294**	**99,423**	**96,250**
Non-Current liabilities				
Loans and borrowings	5	2,362	7,035	5,219
Provision for decommissioning		6,797	8,788	8,426
Provision for deferred taxation		12,470	8,045	10,518
Total non-current liabilities		**21,629**	**23,868**	**24,163**
Current liabilities				
Trade and other payables		9,383	12,076	12,308
Derivative financial liability		14,120	8,367	11,304
Loans and borrowings	5	7,654	19,021	14,026
Convertible loan notes		9,876	9,854	9,987
Income tax payable		9,852	1,814	381
Total current liabilities		**50,885**	**51,132**	**48,006**
Total liabilities		**72,514**	**75,000**	**72,169**
Total equity and liabilities		**169,808**	**174,423**	**168,419**

SHANTA GOLD LIMITED

Consolidated Statement of Changes in Equity
for the six months ended 30 June 2020

	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 2020	**118**	**158,322**	**473**	**5,374**	**450**	**627**	**(69,114)**	**96,250**
Profit and total comprehensive income for the Period	-	-	-	-	-	-	1,044	**1,044**
Share based payments	-	627	-	-	-	(627)	-	**-**
At 30 June 2020 (Unaudited)	**118**	**158,949**	**473**	**5,374**	**450**	**-**	**(68,070)**	**97,294**
At 1 January 2019	**117**	**157,731**	**698**	**5,374**	**450**	**592**	**(59,835)**	**105,127**
Total comprehensive loss for the Period	-	-	-	-	-	-	(5,704)	**(5,704)**
Share based payments	1	591	-	-	-	(592)	-	**-**
Lapsed options	-	-	(129)	-	-	-	129	**-**
At 30 June 2019 (Unaudited)	**118**	**158,322**	**569**	**5,374**	**450**	**-**	**(65,410)**	**99,423**
At 1 January 2019	**117**	**157,731**	**698**	**5,374**	**450**	**592**	**(59,835)**	**105,127**
Loss for the year	-	-	-	-	-	-	(9,482)	**(9,482)**
Other comprehensive income for the year	-	-	-	-	-	-	1	**1**
Share based payments	1	591	(13)			35	-	**614**
Lapsed options	-	-	(212)	-	-	-	212	**-**
Recognised on transition to IFRS16	-	-	-	-	-	-	**(10)**	**(10)**
At 31 December 2019 (Audited)	**118**	**158,322**	**473**	**5,374**	**450**	**627**	**(69,114)**	**96,250**

SHANTA GOLD LIMITED
Consolidated Statement of Cash flows
for the six months ended 30 June 2020

	Note	6 months ended 30-Jun-20 US$'000 Unaudited	6 months ended 30-Jun-19 US$'000 Unaudited	Year ended 31-Dec-19 US$'000 Audited
Net cash flows from operating activities	6	**26,785**	**17,597**	**37,598**
Investing activities				
Purchase of intangible assets		-	(47)	(108)
Mine development and purchase of equipment		(7,432)	(10,906)	(20,730)
Net cash flows used in investing activities		**(7,432)**	**(10,953)**	**(20,838)**
Financing activities				
Loans repaid		(8,216)	(5,884)	(13,985)
Partial buyback of convertible loan notes		-	(5,218)	(5,219)
Equipment loan repaid		-	(1,046)	(1,046)
Principal paid on lease liabilities		(576)	(776)	(1,587)
Interest paid		(1,122)	(2,037)	(3,443)
Loans received, net of issue costs		-	2,499	3,068
Net cash flows used in financing activities		**(9,914)**	**(12,462)**	**(22,212)**
Net increase / (decrease) in cash and cash equivalents		9,439	(5,818)	(5,452)
Cash and cash equivalents at beginning of Period/year		3,506	8,958	8,958
Cash and cash equivalents at end of Period/year		**12,945**	**3,140**	**3,506**

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information for the six months ended 30 June 2020

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 2PF. The interim consolidated financial information was approved by the Board and authorised for issue on 24 August 2020.

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 2020.

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. Having considered forecasts and sensitivity scenarios, factoring in these potential impacts and reasonable mitigating actions, the Board considers it is appropriate to adopt the going concern basis of accounting in preparing the consolidated interim financial information.

The consolidated interim financial information for the six months ended 30 June 2020 has been reviewed by the Company's Auditor, BDO LLP in accordance with International Standard of Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 24 August 2020. The consolidated interim financial information for the Period 1 January 2020 to 30 June 2020 are unaudited and incorporate unaudited comparative figures for the interim Period 1 January 2019 to 30 June 2019 and the audited comparative figures for the year to 31 December 2019. 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 2019 Annual Report.

The half year financial information for the six months ended 30 June 2020 set out in this document does not comprise the Group's statutory accounts as defined in the 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 2019, which were prepared under EU endorsed IFRS, were reported on by the auditors; 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 2020, and will be adopted in the 2020 annual financial statements.

The following new standards and interpretations became effective on 1 January 2020 and have been adopted by the Group. None of these amendments are considered to have had a material effect in the Period.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)

- IFRS 3 Business Combinations (Amendment – Definition of Business)
- IFRS 9, IAS 37 and IFRS 7: Interest rate benchmark reform
- Revised Conceptual Framework for Financial Reporting

3. Taxation

Effective 1 January 2008, the Company is taxed at the standard rate of income tax for Guernsey companies which is 0%. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Tax charge for the Period relates to:

	30-Jun-20 US$'000 Unaudited	30-Jun-19 US$'000 Unaudited	31-Dec-19 US$'000 Audited
Current tax charge (Corporate and turnover tax charge)	8,269	2,012	6,253
Adjustments in respect of prior periods	4,060	(250)	(250)
Deferred tax charge	1,952	(185)	2,288
Net charge	**14,281**	**1,577**	**8,291**

The tax charge for the Period can be reconciled to the profit / (loss) before taxation per the statement of comprehensive income as follows:

	30-Jun-20 US$'000 Unaudited	30-Jun-19 US$'000 Unaudited	31-Dec-19 US$'000 Audited
Profit / (Loss) before taxation	**15,325**	**(4,127)**	**(1,191)**
Tax at the standard tax rate			
Tanzanian Corporation tax at 30%	4,598	(1,238)	(357)
Different tax rates applied in overseas jurisdictions	637	364	863
Permanent adjustments	4,866	2,321	7,273
Unrecognised taxable losses in subsidiaries	120	380	762
Adjustments in respect of prior periods	4,060	(250)	(250)
Tax charge	**14,281**	**1,577**	**8,291**

In calculating the tax charge arising in the Period, losses on non-hedge derivatives are ringfenced and only available for offset against any future gains on speculative transactions of a similar nature. The effect of this is that when the Group sells gold to close out forward sales commitments, it is taxed on income based on the spot price at the date of the transaction and not at the price stipulated in the forward sale contracts. No deferred tax asset has been recognised in respect of accumulated losses on non-hedge derivatives; accordingly, these have been classified as permanent adjustments. The deferred tax charge for the Period relates primarily to temporary differences arising between the carrying value of assets and tax written down value of assets. A US$4.1 m tax charge has been recognised in respect of historical tax assessments conducted in the Period.

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information
for the six months ended 30 June 2020 (continued)

4. 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 no share incentives outstanding at the end of the Period that could potentially dilute basic earnings per share in the future.

At 30 June 2019 there were share incentives outstanding that could potentially dilute basic earnings per share in the future. 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. At 31 December 2019 there were no share incentives outstanding that could potentially dilute basic earnings per share in the future.

		Unaudited			Unaudited			Audited	
		30-Jun-20			30-Jun-19			31-Dec-19	
	Profit|	Weighted avg no of shares	Per share amount	Loss	Weighted avg no of shares	Per share amount	Loss	Weighted avg no of shares	Per share amount
	US$'000	('000)	(Cents)	US$'000	('000)	(Cents)	US$'000	('000)	(Cents)
Basic earnings / (loss)	1,044	791,410	0.132	(5,704)	784,282	(0.727)	(9,482)	785,972	(1.206)
Diluted earnings / (loss)	1,044	791,410	0.132	(5,704)	784,282	(0.727)	(9,482)	785,972	(1.206)

5. Loans and borrowings

	30-Jun-20 US$'000 Unaudited	30-Jun-19 US$'000 Unaudited	31-Dec-19 US$'000 Audited
Amounts payable within one year			
Loans payable to Investec Bank less than 1 year [(a)]	-	10,686	5,343
Silver stream [(b)]	1,550	1,498	1,765
Loans payable to Exim Bank less than 1 year [(c)]	5,395	5,690	5,959
Equipment loan [(d)]	55	636	299
Lease Liabilities	654	511	660
	7,654	**19,021**	**14,026**

Amounts payable after one year			
Silver stream (b)	2,136	1,836	2,471
Loans payable to Exim Bank more than 1 year (c)	-	4,547	2,210
Equipment loan (d)	-	54	-
Lease liabilities	226	598	538
	2,362	**7,035**	**5,219**

(a) 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, shares in SMCL and a charge over the assets of SMCL. Both facilities were fully repaid in the Period.

(b) 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 liability is calculated using the forward silver price and interest at the effective rate is imputed interest.

(c) 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 comprises 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. The US$2.5 million short-term funding for working capital is held as restricted cash in accordance with the conditions of the agreement. 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.

(d) 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 bears interest at a fixed rate of 6.5% over three years. The equipment purchases were part of the Company's capital programme outlined in the RMP and followed a previous similar arrangement entered into during 2016.

6. Net Cash flows from Operating activities

	30-Jun 2020 US$'000 Unaudited	30-Jun 2019 US$'000 Unaudited	31-Dec 2019 US$'000 Audited
Profit / (Loss) before tax	15,325	(4,127)	(1,191)
Adjustments for:			
Depreciation / depletion of assets	11,048	16,886	27,384
Amortisation of right of use assets	599	-	3,933
Amortisation / write off of intangible assets	11	4	7
Share based payment costs	-	-	614
Loss on non-hedge derivatives and other commodity contracts	2,816	5,497	9,833
Unrealised exchange losses / (gains)	122	91	(200)
Non-cash settlement of Silver Stream obligation	(905)	(819)	(1,745)
Finance income	(1,273)	(37)	(53)
Finance expense	1,751	2,543	6,375
Pre-production revenue	-	2,945	3,563
Operating cash inflow before movement in working capital	**29,494**	**22,983**	**48,520**
Movements in working capital:			
Decrease / (Increase) in inventories	3,729	(379)	(2,611)
Increase in receivables	(2,514)	(4,212)	(5,671)
(Decrease) / Increase in payables	(2,924)	204	(963)
	27,785	**18,596**	**39,275**
Taxation paid	(1,000)	(1,036)	(1,730)
Interest received	-	37	53
Net cash flow from operating activities	**26,785**	**17,597**	**37,598**

INDEPENDENT REVIEW REPORT TO SHANTA GOLD LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

Chartered Accountants

London

21 August 2020