27 August 2021

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

Interim results for the six months ended 30 June 2021

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, announces its unaudited interim financial results for the six months ended 30 June 2021 ("H1" or the "Period"). The Company's asset portfolio includes New Luika Gold Mine ("NLGM" or "New Luika") and Singida Project ("Singida") in Tanzania and West Kenya Project ("West Kenya") in Kenya.

H1 2021 HIGHLIGHTS

Financial

- Revenue of US$57.8 million ("m") (H1 2020: US$73.0 m);
- EBITDA[1] of US$17.4 m (H1 2020: US$27.5 m);
- Profit before taxation of US$8.6 m (H1 2020: US$15.3 m);
- Profit after taxation of US$3.1 m (H1 2020: US$1.0 m);
- Maiden final dividend of 0.10 pence per share paid in April 2021, with an interim dividend proposed of 0.10 pence per share, payable in October 2021;
- Operating cash flow before movement in working capital of US$16.6 m (H1 2020: US$29.8 m);
- Group wide exploration spend of US$4.6 m (H1 2020: US$1.4 m);
- Capital expenditure of US$11.5 m (H1 2020: US$7.4 m);
    - Including Singida capital development spend of US$3.8 m (H1 2020: Nil)
- Net cash[2] of US$24.2 m (FY 2020: US$37.3 m);
- Gross debt of US$0.8 m (FY 2020: US$11.4 m);
    - Convertible loan notes and debt facility with Exim Bank repaid in full;
- VAT receivable due to the Company of US$27.4 m (FY 2020: US$27.6 m);
    - US$4.2 m offset against H2 2020 corporation tax liability in the Period;
    - US$2.1 m cash VAT refund received post Period;
- All In Sustaining Costs ("AISC") of US$1,338 /oz (including US$177 /oz in relation to development costs) in line with reiterated annual guidance of US$1,325 – 1,375 /oz; and,
- Shanta has engaged an external consultant to assist with the preparation of its 2021 Sustainability Report, which is expected to be published later this year and will detail our ambitions for increasing the Company's positive impact in the future.

Operational

- Gold production of 28,842 oz (H1 2020: 42,383 oz);
- No lost time injuries ("LTI's") during the Period, with zero LTI's since Q4 2017;
- Precautionary measures in place to reduce the risks posed by COVID-19; and,

- Reiterated annual production guidance for 2021 of 60,000 – 65,000 oz.

West Kenya

- Phase 1 drilling programme completed with highly encouraging assay results received;
- Third drill rig to be on site by the end of August and Phase 2 drilling is underway;
- Resource update expected to be released in September, focused on approximately 10% of the total NI43-101 Inferred resource of 1.2 Moz between 0-200 metres in depth;
- The Company is supporting a local project subsidising National Hospital Insurance Fund (“NHIF”) subscriptions for 300 low-income women local to the West Kenya Project; and,
- Vocational security guard training for 50 participants in partnership with a local security company, with a second programme now underway.

Singida

- Mine construction progressing with detailed designs and tenders for key infrastructure ongoing;
- Manufacture of the Ball Mill underway;
- US$2.0 m paid towards manufacture of the Crushing Circuit, which is nearing completion;
- Onsite works continue with bush clearance and installation of mine infrastructure underway; and,
- Pre-stripping due to commence in Q3 2021.

Exploration – New Luika

- Assay results received from the Luika deposit added 76,461 oz of new Indicated resources grading 7.97 g/t;
- Resource block model update for BC East Area 1 added 39,786 oz of new Indicated resources grading 4.74 g/t, announced post Period; and,
- In aggregate, results from the two targets added 116,247 oz of new resources at NLGM (before depletion) grading 6.47 g/t, at a cut-off grade of 1.0 g/t Au.

Interim Dividend

- Interim dividend of 0.10 pence per share proposed, payable on 29 October 2021. The associated record date is 8 October 2021 and the ex-div date is 7 October 2021.

Post Period

- Shanta announced a new five-year plan (“the Plan”) for its gold assets in Tanzania on 19 July 2021, including a reserves and resources update for NLGM;
- The Plan forecasts group-wide gold production from Shanta’s Tanzanian assets of approximately 499,000 oz for the five-year period from H2 2021 – H1 2026; and,
- US$2.1 m cash VAT refund received post Period.

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 and amortisation of intangible assets.

Note: 2. Net cash includes liquidity available from 65 oz unsold at the refinery at 30 June 2021 (FY 2020: 75 oz unsold at the refinery and 3,701 oz in transit).

Note: 3. Available liquidity has been derived as unrestricted 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:

"Shanta's exploration success during H1 has generated new high-grade resources at Luika and BC East Area 1. West Kenya is also proving to be very promising with phase 1 drilling now complete and highly encouraging assay results including one of our highest-grade intersections at 4m at 706 g/t. We continue to be excited by the prospects of West Kenya and we look forward to announcing a Resource Update in September.

Whilst we are disappointed that our H1 gold production and sales are lower than last year, our strong fundamentals of net cash, low debt and consistent operating cashflow attest to the Company's robust financial health, and I'm delighted to announce an interim dividend of 0.10 pence per share proposed for payment in October 2021. We are also pleased to confirm that we have received US$4.2 million in VAT offsets during H1 and a further $2.1 million VAT cash refund post Period as we work with the Tanzanian government to clear the outstanding balance.

Our new five-year plan outlines our strategy to transform the business into a 110,000+ ounces gold producer by 2023. Our forecast increase in reserves and resources demonstrates the huge potential in the portfolio, and our extension of the reserve-based mine life at New Luika and Singida underpins our confidence in the long-term sustainability of both assets."

Enquiries:

Shanta Gold Limited	
Eric Zurrin (CEO)	+44 (0) 14 8173 2153
Luke Leslie (CFO)	
Nominated Adviser and Joint Broker	
Liberum Capital Limited	
Scott Mathieson / Ed Thomas / Nikhil Varghese	+44 (0) 20 3100 2000
Joint Broker	
Tamesis Partners LLP	
Charlie Bendon / Richard Greenfield	+44 (0) 20 3882 2868
Public Relations	
FTI Consulting	
Sara Powell / Genevieve Ryan	+44 (0) 20 3727 1426

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 666 koz grading 3.0 g/t, and exploration licences covering approximately 1,100 km^2 in the country. Alongside New Luika and Singida, Shanta also owns the West Kenya Project in Kenya with defined inferred resources of 1.2 Mt grading 12.6 g/t and licences covering approximately 1,162 km^2. 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 Exist) Regulations 2019.

Financial Performance

Revenue for the Period of US$57.8 m (H1 2020: US$73.0 m) was generated from the sale of 31,977 oz (H1 2020: 44,018 oz). The average realised price from gold sales in the Period was US$1,807 /oz (H1 2020: US$1,533 /oz). Revenue for H1 2021 was 21% lower than for H1 2020 reflecting the decrease in ounces sold, partially offset by a higher average selling price. Gold production of 28,842 oz (H1 2020: 42,383 oz) was lower than H1 2020, due to lower than anticipated grades from underground mining.

Cost of sales for the Period amounted to US$39.3 m, down 10% from US$43.9 m in H1 2020. This decrease was driven by a US$3.5 m reduction in depreciation charged to cost of sales and a US$1.0 m decrease in Other cost of sales, compared to H2 2020. The decrease in Other cost of sales was primarily driven by lower royalties and selling costs in line with the reduction in ounces sold.

Administration expenses amounted to US$4.5 m, up 25% from US$3.6 m in H1 2020. This was driven by the introduction of US$1.0 m administrative costs at West Kenya, which was acquired in H2 2020. Exploration and evaluation costs amounted to US$4.6 m, higher than US$1.4 m recorded in H1 2020 and consistent with the Company's expansive exploration programme and budget for 2021. The increase was partly driven by new exploration costs at West Kenya of US$1.7 m.

Operating profit for the Period was US$9.4 m (H1 2020: US$15.8 m) for H1 2020. EBITDA for the Period was US$17.4 m (H1 2020: US$27.5 m).

Finance costs reduced to US$0.9 m (H1 2020: US$1.8 m), in line with the Company's debt repayments.

A profit before tax of US$8.6 m was recorded for the Period (H1 2020: US$15.3 m). Profit after tax for the Period was US$3.1 m (H1 2020: US$1.0 m), resulting in a basic earnings per share of US$0.299 cents (H1 2020: US$0.132 cents). Taxation for the Period of US$5.4 m comprised a current tax charge of US$4.6 m and a deferred tax charge of US$0.8 m. Further information on taxation for the Period is included below in Note 3 to the Consolidated Financial Information.

Adjusted Operating Costs of US$1,009 /oz and AISC of US$1,338 /oz (including US$177 /oz in relation to development costs) were achieved in the Period, in line with reiterated annual guidance of US$1,325 – 1,375 /oz.

Financial Position

Total liabilities reduced by US$22.0 m in the Period, driven primarily by a US$9.6 m reduction in income tax payable, repayment of loans and borrowings which decreased by US$4.6 m, and a US$9.8 m buyback of all outstanding convertible loan notes. These movements were offset by an increase in trade payables and accruals of US$1.1 m, an US$0.7 m increase to the provision for deferred taxation, and an US$0.3 m increase to the provision for decommissioning in the Period. Gross debt was reduced from US$11.4 m at the beginning of the Period to US$0.8 m. The Company had net cash of US$24.2 m at the end of the Period.

Inventories were US$26.0 m at the end of the Period, down from US$30.0 m at 31 December 2020. This included 1,908 oz of gold bullion available for sale at the end of the Period (3,775 oz at 31 December 2020). The value of spares and consumables decreased by US$1.4 m during the Period.

Trade and other receivables (current and non-current) amounted to US$31.7 m at the end of the Period, down US$0.5 m from 31 December 2020. This includes the Company's VAT receivable which decreased by US$0.2 m to US$27.4 m. During the Period US$4.2 m of VAT receivables were offset against the Company's 2020 corporation tax liability in Tanzania. Remaining VAT receivables are subject to verification audit by the TRA before being available for further offsets and are treated as a non-current asset.

Cash flow

Gold production and sales in the Period were 32% and 27% lower than H1 2020 respectively. The reduced production was driven by lower than anticipated grades from underground mining. Capital expenditure amounted to US$11.5 m, including US$5.1 m of capitalised mine development costs and US$3.8 m at Singida.

Cash generated from operations before working capital amounted to US$16.6 m in the Period. Working capital decreased by US$5.6 m, accounted for by a decrease in inventories (US$4.0 m), a decrease in trade and other receivables of US$0.5 m and an increase in trade and other payables (US$1.1 m).

The Company's unrestricted cash balance at 30 June 2021 was US$24.8 m, down from US$41.6 m at 31 December 2020. Net cash at the end of the Period amounted to US$24.2 m (FY 2020: US$37.3 m). This decrease was primarily driven by significant debt repayments, the buyback of convertible loan notes, corporation tax payments, capital expenditure and increased exploration activity in the Period.

Singida

Construction of Singida Gold Mine progressed in line with expectations, with work on detailed designs for key project equipment and tenders for major contracts advancing. Several contracts for important plant equipment were awarded, including for the manufacture of a Ball Mill, and a Crushing Circuit for Singida's processing plant. The manufacture of the Crushing Circuit is tracking ahead of schedule, and instalments of US$2.0 m were paid during the Period. Pre-stripping is due to commence at site during Q3 2021.

Key recruitment during the Period included a new Safety Officer, Construction Manager and Community and Liaison Officer. Shanta is committed to supporting local employment and is recruiting from villages surrounding the mine site wherever possible.

The Company is focused on bringing a positive impact within the surrounding Ikungi region and several CSR initiatives are now underway, including the construction of a classroom block at the Mangonyi Secondary School which Shanta supported during the Period.

West Kenya Project

Exploration works at West Kenya continued during the Period, with 9,383 metres of completed drilling marking the end of the first of three drilling phases in the Period. Phase 2 drilling is now underway, and the number of drill rigs mobilised to West Kenya will be increased to three by the end of August. The

Company remains on track to complete approximately 35-40% of total planned drilling by the end of 2021. Exploration activities will continue throughout H2 2021, with the Company focusing on converting Inferred resources to the Indicated category.

The Company is committed to supporting socioeconomic growth through its operations in Kenya. Shanta conducted a vocational guard training programme during the Period in partnership with KK Security, where 44 out of 50 graduates received full-time job offers. Following the success of this trial, an additional guard training programme is now underway for 50 individuals.

The Company is also supporting the i-PUSH project in partnership with PharmAccess Foundation and AMREF. This programme aims to empower low-income communities in Kenya to effectively finance their health requirements. Shanta has made a financial contribution to the project to help subsidise annual NHIF subscriptions for 300 low-income women. The Company plans to expand its Kenyan CSR initiatives in the near-term to drive local development and support growth in the area.

Exploration – New Luika

Assay results were received during the Period for exploration drilling at the Luika and Porcupine South deposits, and additional exploration drilling was completed at BC East Area 1 with assay results received post Period. Results received from Luika and BC East Area 1 added 116,247 oz to Indicated Resources at New Luika (before depletion) grading 6.47 g/t, at a cut-off grade of 1.0 g/t Au. The drilling campaign at BC East Area 1 is continuing, with the goal of testing the downdip continuity of a potential westerly plunging mineralized shoot. Drilling at Porcupine South will also continue in H2 2021 with the goal of generating additional Inferred resources and converting existing Inferred resources into the Measured and Indicated categories.

Interim Dividend

Following consideration of the Company's financial condition and outlook, the Board has proposed an interim dividend of 0.10 pence per share (H1 2020: Nil) expected to be paid on 29 October 2021. This interim dividend, which will be paid gross, is expected to align with the following proposed timetable:

Ex-div date:	7 October 2021
Record date:	8 October 2021
Payment date:	29 October 2021

Post Period

Shanta announced a new five-year plan for its gold assets in Tanzania on 19 July 2021, developed using the latest understanding of the ore bodies at NLGM. The Plan forecasts group-wide gold production from Shanta's Tanzanian assets of approximately 499,000 oz for the five-year period from H2 2021 – H1 2026.

A further US$2.1 m VAT refund has been received post Period in the form of a cash payment to the Company.

Outlook

Annual production guidance for 2021 is 60,000 – 65,000 oz at AISC of US$1,325 – 1,375 /oz.

SHANTA GOLD LIMITED

Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2021

	Note	6 months ended 30-Jun-21 US$'000 Unaudited	6 months ended 30-Jun-20 US$'000 Unaudited	Year ended 31-Dec-20 US$'000 Audited
Revenue		**57,772**	**72,974**	**147,431**
Loss on non-hedge derivatives		-	(8,307)	(11,688)
Depreciation		(7,757)	(11,271)	(19,361)
Other cost of sales		(31,540)	(32,589)	(59,664)
Cost of sales		**(39,297)**	**(43,860)**	**(79,025)**
Gross profit		**18,475**	**20,807**	**56,718**
Administration expenses		(4,548)	(3,639)	(8,156)
Exploration and evaluation costs		(4,558)	(1,365)	(4,809)
Operating profit		**9,369**	**15,803**	**43,753**
Finance income		42	1,273	1,870
Finance expense		(861)	(1,751)	(6,622)
Profit before taxation		**8,550**	**15,325**	**39,001**
Taxation	3	**(5,421)**	**(14,281)**	**(21,798)**
Profit for the Period / year attributable to equity holders of the parent company		**3,129**	**1,044**	**17,203**
Profit after taxation		**3,129**	**1,044**	**17,203**
Other comprehensive income: Exchange differences on translating subsidiary which can subsequently be reclassified to profit or loss		-	-	-
Total comprehensive profit attributable to equity shareholders of parent company		**3,129**	**1,044**	**17,203**
Basic earnings per share (US$ cents)	4	**0.299**	**0.132**	**2.023**
Diluted earnings per share (US$ cents)	4	**0.299**	**0.132**	**2.018**

SHANTA GOLD LIMITED
Consolidated Statement of Financial Position
As at period ended 30 June 2021

	Note	30-Jun 2021 US$'000 Unaudited	30-Jun 2020 US$'000 Unaudited	31-Dec 2020 US$'000 Audited
Non-current assets				
Intangible assets		43,343	23,367	43,343
Property, Plant and Equipment		81,358	78,519	77,449
Right of use assets		2,795	2,349	3,260
Other receivables		27,417	23,198	27,560
Total non-current assets		**154,913**	**127,433**	**151,612**
Current assets				
Inventories		25,998	23,361	30,040
Trade and other receivables		4,275	3,569	4,649
Restricted Cash		-	2,500	2,500
Cash and cash equivalents		24,839	12,945	41,582
Total current assets		**55,112**	**42,375**	**78,771**
Total assets		**210,025**	**169,808**	**230,383**
Capital and reserves				
Share capital and premium		211,506	159,067	210,493
Share option reserve		338	473	338
Convertible loan note reserve		-	5,374	5,374
Shares to be issued		-	-	1,043
Translation reserve		450	450	450
Retained deficit		(44,727)	(68,070)	(51,776)
Total equity		**167,567**	**97,294**	**165,922**
Non-Current liabilities				
Loans and borrowings	5	3,573	2,362	4,270
Provision for decommissioning		6,642	6,797	6,346
Provision for deferred taxation		11,229	12,470	10,451
Total non-current liabilities		**21,444**	**21,629**	**21,067**
Current liabilities				
Trade and other payables		13,295	9,383	12,208
Derivative financial liability		-	14,120	-
Loans and borrowings	5	1,816	7,654	5,713
Convertible loan notes		-	9,876	9,999
Income tax payable		5,903	9,852	15,474
Total current liabilities		**21,014**	**50,885**	**43,394**
Total liabilities		**42,458**	**72,514**	**64,461**
Total equity and liabilities		**210,025**	**169,808**	**230,383**

SHANTA GOLD LIMITED
Consolidated Statement of Changes in Equity
for the six months ended 30 June 2021

	Share Capital	Share Premium	Share Option Reserve	Convertible Debt Reserve	Translation Reserve	Shares to be Issued Reserve	Retained Deficit	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 January 2021	**149**	**210,344**	**338**	**5,374**	**450**	**1,043**	**(51,776)**	**165,922**
Profit for the Period	-	-	-	-	-	-	3,129	**3,129**
Share based payments	1	1,012	-	-	-	(1,043)	30	**-**
Reserve transfer	-	-	-	(5,374)	-	-	5,374	**-**
Dividends paid	-	-	-	-	-	-	(1,484)	**(1,484)**
At 30 June 2021 (Unaudited)	**150**	**211,356**	**338**	**-**	**450**	**-**	**(44,727)**	**167,567**
At 1 January 2020	**118**	**158,322**	**473**	**5,374**	**450**	**627**	**(69,114)**	**96,250**
Profit 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 2020	**118**	**158,322**	**473**	**5,374**	**450**	**627**	**(69,114)**	**96,250**
Profit for the year	-	-	-	-	-	-	17,203	**17,203**
Other comprehensive income for the year	-	-	-	-	-	-	-	**-**
Share based payments	-	627	-	-	-	416	-	**1,043**
Lapsed options	-	-	(135)	-	-	-	135	**-**
Shares issued (net of expenses)	31	51,395	-	-	-	-	-	**51,426**
At 31 December 2020 (Audited)	**149**	**210,344**	**338**	**5,374**	**450**	**1,043**	**(51,776)**	**165,922**

SHANTA GOLD LIMITED

Consolidated Statement of Cash flows
for the six months ended 30 June 2021

	Note	6 months ended 30-Jun-21 US$'000 Unaudited	6 months ended 30-Jun-20 US$'000 Unaudited	Year ended 31-Dec-20 US$'000 Audited
Net cash flows from operating activities	6	**8,059**	**27,116**	**34,608**
Investing activities				
Purchase of intangible assets		-	-	(8,549)
Purchase of plant and equipment		(237)	(278)	(142)
Purchase of right of use assets		-	-	(260)
Purchase of assets under construction		(6,675)	(1,914)	(4,654)
Capitalised mine development expenditure		(4,561)	(5,240)	(8,543)
Net cash flows used in investing activities		**(11,473)**	**(7,432)**	**(22,148)**
Financing activities				
Ordinary shares issued (net of expenses)		-	-	39,996
Loans repaid		(2,655)	(8,216)	(10,987)
Buyback of convertible loan notes		(9,807)	-	-
Principal paid on lease liabilities		(736)	(576)	(1,087)
Interest paid		(790)	(1,122)	(1,975)
Dividends paid		(1,484)	-	-
Movements in restricted cash		2,500	-	-
Purchase of silver to fulfil silver stream obligation		(357)	(331)	(331)
Net cash flows (used in) / received from financing activities		**(13,329)**	**(10,245)**	**25,616**
Net (decrease) / increase in cash and cash equivalents		(16,743)	9,439	38,076
Cash and cash equivalents at beginning of Period / year		41,582	3,506	3,506
Cash and cash equivalents at end of Period / year		**24,839**	**12,945**	**41,582**

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information for the six months ended 30 June 2021

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 26 August 2021.

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 2021.

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

At 30 June 2021 the Group had an unrestricted cash balance of US$24.8 million and net cash of US$24.2 million and the Group has sufficient operating cashflows to continue to operate for the foreseeable future. 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 consolidated interim information.

The consolidated interim financial information for the six months ended 30 June 2021 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 26 August 2021. The consolidated interim financial information for the Period 1 January 2021 to 30 June 2021 are unaudited and incorporate unaudited comparative figures for the interim Period 1 January 2020 to 30 June 2020 and the audited comparative figures for the year to 31 December 2020. 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 2020 Annual Report.

The half year financial information for the six months ended 30 June 2021 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 2020, 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 2021, and will be adopted in the 2021 annual financial statements.

The following new standards and interpretations became effective on 1 January 2021 and have been adopted by the Group. None of these amendments are considered to have had a material effect in the Period.

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform Phase 2
- IFRS 16: Covid-19 related rent concessions
- IFRS 17 and IFRS 4: Deferral of effective date of IFRS 9
- IAS 1 Presentation of financial statements: classification of liabilities

2.1 Licencing costs

In accordance with the Company's accounting policies, licences which are viable and within the licence renewal process are not considered impaired. At Singida, the Company's mining licences are due to expire on 19 January 2022 and are renewable for a period not exceeding 10 years. The Directors have no reason to believe renewal will not be granted.

The Group's Lupa Goldfields licences are considered to be a single CGU and are assessed collectively. Management have concluded that, whilst the number of active licences has reduced in the Period, no impairment has been identified in respect of these.

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-21 US$'000 Unaudited	**30-Jun-20 US$'000 Unaudited**	**31-Dec-20 US$'000 Audited**
Current tax charge (Corporate and turnover tax charge)	4,643	8,269	17,742
Adjustments in respect of prior periods	-	4,060	4,124
Deferred tax charge	778	1,952	(68)
Net charge	**5,421**	**14,281**	**21,798**

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-21 US$'000 Unaudited	30-Jun-20 US$'000 Unaudited	31-Dec-20 US$'000 Audited
Profit / (Loss) before taxation	8,550	15,325	39,001
Tax at the standard tax rate			
Tanzanian Corporation tax at 30%	2,565	4,598	11,700
Different tax rates applied in overseas jurisdictions	859	637	1,376
Permanent adjustments	1,727	4,866	3,718
Unrecognised taxable losses in subsidiaries	270	120	880
Adjustments in respect of prior periods	-	4,060	4,124
Tax charge	**5,421**	**14,281**	**21,798**

The deferred tax charge for the Period relates primarily to temporary differences arising between the carrying value and the tax written down value of assets. During the Period US$4.2 m of VAT receivables were offset against the Company's brought forward corporation tax liability in Tanzania

4. Earnings per share

Basic earnings per share is calculated by dividing the profit 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 2020 there were no share incentives outstanding that could potentially dilute basic earnings per share in the future. At 31 December 2020 the Group had instruments which could potentially dilute basic earnings per share in the future in the form of shares to be issued. These were in relation to performance bonuses payable to management and senior employees in respect of 2020 and were issued on 27 January 2021.

	Unaudited			Unaudited			Audited		
		30-Jun-21			30-Jun-20			31-Dec-20	
	Profit	Weighted avg no of shares	Per share amount	Profit	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	3,129	1,047,508	0.299	1,044	791,410	0.132	17,203	850,274	2.023
Diluted earnings	3,129	1,047,508	0.299	1,044	791,410	0.132	17,203	852,666	2.018

5. Loans and borrowings

	30-Jun-21 US$'000 Unaudited	30-Jun-20 US$'000 Unaudited	31-Dec-20 US$'000 Audited
Amounts payable within one year			
Silver stream [(a)]	1,188	1,550	1,899
Loans payable to Exim Bank less than 1 year [(b)]	-	5,395	2,636
Equipment loan	-	55	-
Lease Liabilities	628	654	1,178
	1,816	**7,654**	**5,713**
Amounts payable after one year			
Silver stream [(a)]	3,240	2,136	3,691
Lease liabilities	333	226	579
	3,573	**2,362**	**4,270**

(a) 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 from April 2016 until December 2022. 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 from April 2016 until March 2026 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. The SSA includes a clause under which the percentage of the Company's silver production that it is obliged to deliver to Silverback can be reduced in the event of a capacity expansion to the processing plant at New Luika. Such an expansion occurred during H1 2021 and the Company's ongoing commitment to Silverback has been reduced to reflect this.

(b) 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). Both facilities were fully repaid in the Period.

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information
for the six months ended 30 June 2021 (continued)

6. Net Cash flows from Operating activities

	30-Jun 2021 US$'000 Unaudited	30-Jun 2020 US$'000 Unaudited	31-Dec 2020 US$'000 Audited
Profit before tax	8,550	15,325	39,001
Adjustments for:			
Depreciation / depletion of assets	7,564	11,048	18,956
Amortisation of right of use assets	465	599	1,163
Amortisation / write off of intangible assets	-	11	14
Share based payment costs	-	-	1,043
Loss on non-hedge derivatives and other commodity contracts	-	2,816	-
Unrealised exchange (gains) / losses	(60)	122	75
Non-cash settlement of Silver Stream obligation	(739)	(905)	(2,207)
Finance income – decommissioning provision	(40)	(1,273)	(1,850)
Finance expense	861	2,082	6,622
Operating cash inflow before movement in working capital	**16,601**	**29,825**	**62,817**
Movements in working capital:			
Decrease / (Increase) in inventories	4,042	3,729	(2,950)
(Increase) in receivables	(3,677)	(2,514)	(7,705)
Increase / (Decrease) in payables	1,086	(2,924)	(11,404)
	18,052	**28,116**	**40,758**
Taxation paid	(9,993)	(1,000)	(6,170)
Interest received	-	-	20
Net cash flow from operating activities	**8,059**	**27,116**	**34,608**

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 2021 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 2021 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

26 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).