

5 September 2022

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

**Interim results for the six months ended 30 June 2022**

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, announces its unaudited interim financial results for the six months ended 30 June 2022 ("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.

**Eric Zurrin, Chief Executive Officer, commented:**

*"I am pleased to report that the performance of the Company has continued to go from strength to strength throughout the first half of the year, and we expect that to continue into H2 2022. Revenues and production materially increased from Q1 to Q2 whilst our AISC dramatically improved quarter on quarter. We have begun the second half of the year very strongly, with July production of 7,259 oz, and August production of 6,707 oz, and we remain confident of hitting guidance.*

*The Singida project continues to progress at a good pace with roughly 70% of the construction activity now finished. We anticipate first gold being poured in Q1 2023, transforming Shanta into a +100,000 oz gold producer with a diversified asset base. In addition to, the high-grade West Kenya Project continues to drive excitement with the MRE increasing by 31% during the Period to 1.55 Moz.*

*Whilst we have to be wary of inflation and its impact on certain unavoidable costs, we remain focused on our operational and capital discipline. As a company, we remain committed to maintaining our strong relationships with the local communities and authorities and operating in a responsible manner.*

*I would like to thank the Shanta employees for their work so far this year. We believe the second half of the year is set to be a bright one for the company and we look forward to updating shareholders in due course."*

## **H1 2022 HIGHLIGHTS**

### **Financial**

- Revenue for the Period of US\$51.9 million ("m") (H1 2021: US\$57.8 m) with revenue per Quarter being \$19.8 m in Q1, increasing to \$32.1 m in Q2;
- 2021 Final dividend of 0.10 pence per share paid in July 2022, with an interim dividend declared of 0.10 pence per share, payable in November 2022;
- Operating cash flow before movement in working capital of US\$7.3 m (H1 2021: US\$16.6 m);
- AISC<sup>3</sup> of US\$1,292 /oz was achieved in the Period, with AISC improving dramatically quarter on quarter with an AISC of US\$1,521 /oz in Q1 reducing to US\$1,142 /oz in Q2;
- EBITDA<sup>1</sup> for the Period excluding West Kenya and Singida expenditure was US\$14.1 m (H1 2021: US\$17.4 m);
- Capital expenditure of US\$16.5 m (H1 2021: US\$11.5 m);
  - Including Singida capital development spend of US\$10.9 m (H1 2021: US\$3.8 m)
- Cash, and available liquidity<sup>2</sup> of US\$14.3 million (FY 2021: US\$15.9 m);
- VAT receivable due to the Company of US\$27.7 m (FY 2021: US\$26.9 m);

- US\$3 m offset against H2 2020 corporation tax liability in the Period;
- US\$1.4 m cash VAT refund received in the Period; and
- Post Period Shanta secured a US\$20 m senior debt facility with the Stanbic Bank of Tanzania of which funds were disbursed on 15 July 2022.

### **Operational**

- Gold production of 28,947 oz (H2 2021: 28,842 oz), with production per Quarter being 11,420 oz in Q1, increasing to 17,527 oz in Q2;
- 430,388 t milled (H1 2021: 392,287 t) from underground and open pit sources;
- Average recoveries of 88.2% (H1: 88.9%); and
- Bauhinia Creek Crown Pillar successfully accessed in April, one month ahead of schedule, with high grade material being mined consistent with expectations.

### **West Kenya**

- The Mineral Resource Estimate (MRE) at the West Kenya Project, increased by 31% to 1.55 Moz and Indicated resources have increased by 221% to 378 Koz grading 11.70 g/t;
- Successful regional drilling results at the Ramula Regional Center, within the West Kenya Project, were announced and a maiden Inferred resource of 434 Koz grading 2.08 g/t was declared;
- Phase 2 of the ongoing diamond drilling campaign continues with the Project seeking to infill 20 modelled zones at Isulu and 23 modelled zones at Bushiangala. This drilling phase amounts to 65-75,000 m of planned drilling and is due to be completed in Q4 2022; and
- The feasibility study workstream has commenced during the Period and is currently supported by internal resources.

### **Singida**

- Singida remains on track for first production in Q1 2023 transforming Shanta Gold into a +100,000 oz/pa producer with a diversified resource base;
- To date, overall construction activity at the Project is approximately 70% complete and first production remains on track for Q1 2023.
- The majority of key infrastructure including bulk power, water, buildings, and fencing are mostly completed;
- Installation of the Metso built Crushing Circuit is progressing well and on schedule being 98% completed;
- Delivery of 80% of the Grinding & Gravity Circuit by South African NCP with installation having begun in Q3;
- Ore stockpile levels total 97,918 tonnes grading 2.11 g/t for 6,647 contained ounces at the end of the Period;
- A total of 114,027 man-hours were worked at Singida in June 2022 resulting in total of 1,037,214 man-hours worked without Lost Time Injury (LTI) for the Period. There were no Medical Treated Injuries (MTI) in the Period which resulted to 0.00 TRIFR for the period and 0.00 TRIFR year to date.

## Interim Dividend

- Interim dividend of 0.10 pence per share declared, payable on 24 November 2022.

## Outlook

- Annual production guidance reconfirmed at 68-76,000 oz for 2022
- Very strong start to Q3 production with July production of 7,259 oz, and August production of 6,707 oz;
- The forecasted production for September-December remains strong with 81% of H2 2022 underground ounces having undergone grade control drilling;
- As outlined in Q1 and Q2 operational reports, cost inflation predominantly from uncontrollable inputs being fuel, emulsion, steel supports, and consumables has added approximately 10% to the overall costs. As such, AISC cost guidance for 2022 has been increased from US\$1,050-1,250 /oz to US\$1,150-1,275 /oz.

## Post Period

- US\$2.4 m VAT cash refund received and US\$1.2 m received as an offset against corporate income tax;
- Shanta secured a US\$20 m senior debt facility agreement with the Stanbic Bank of Tanzania of which funds were disbursed on 15 July 2022. As a condition to this debt facility agreement, Shanta entered into zero-cost collar contract over the 12 month period from August 2022 – July 2023 of 1,333 oz per month with floor price of US\$1,600 per ounce and ceiling price of US\$1,950 per ounce.

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

Note 3: AISC figures quoted for Q2 being \$1,142 /oz and Q1 being \$1,521 /oz have been corrected from the AISC figures quoted in prior Q2 2022 and Q1 2022 Production and Operational Updates announced, being \$1,303 /oz and \$1,760 /oz respectively. Previously announced AISC figures included the double counting of waste capitalisation figures.

## Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 05 September 2022, at 09:30am BST. Participants can access the call by dialling one of the following numbers below approximately 10 minutes prior to the start of the call or by clicking on the link below.

UK Toll-Free Number: +44 (0) 800 279 6894

UK Toll Number: +44 (0) 330 165 3641

PIN: 736335

<https://events.globalmeet.com/Public/ClickToJoin/ZW5jPVRtVDNYanQ1ZVN6blozZDdzWEJKUHRzaHI1NW5jVGvodEtGUTJ0WFZJNjZuc3N4WEo0VHY2UT09>

Participant Passcode: 736335

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

## Investor Conference Call

Shanta Gold is hosting a live investor presentation via the Investor Meet Company platform today, 05 September 2022, at 10:30 am BST. The presentation is open to all existing and potential shareholders and questions can be submitted any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Shanta Gold via:  
<https://www.investormeetcompany.com/shanta-gold-limited/register-investor>

Investors who already follow Shanta Gold on the Investor Meet Company platform will automatically be invited.

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## About Shanta Gold

Shanta Gold is an East Africa-focused responsible gold producer, developer, and explorer. The company has an established operational track record, with defined ore resources on the New Luika and Singida projects in Tanzania, with reserves of 645 Koz grading 3.0 g/t, and exploration licences covering approximately 800 km<sup>2</sup> in the country. Alongside New Luika and Singida, Shanta also owns the high-grade West Kenya Project in Kenya and licences with resources of 1.6 million ounces including 378 Koz in the Indicated category grading 11.70 g/t. With a strong balance sheet, a growing diversified portfolio and a maiden dividend paid in 2021, Shanta offers a resilient investment opportunity for the near and long-term. Shanta is quoted on London's AIM market (AIM: SHG) and has approximately 1,048 million shares in issue.

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

## Financial Performance

Revenue for the Period of US\$51.9 m (H1 2021: US\$57.8 m) was generated from the sale of 27,751 oz (H1 2021: 31,977 oz). The average realised price from gold sales in the Period was US\$1,870 /oz (H1 2021: US\$1,807 /oz). Revenue for H1 2022 was 10% lower than for H1 2021 reflecting the decrease in ounces sold, partially offset by a higher average selling price. Gold production of 28,947 oz (H1 2021: 28,842 oz) was slightly higher than H1 2021, due to the successful access and mining of the high grade Bauhinia Creek crown pillar in Q2.

Cost of sales for the Period amounted to US\$41.9 m, up 7% from US\$39.3 m in H1 2021. The increase has been in line with expectations; current inflationary pressures experienced within the global market during H1 2022 resulted in increased fuel, chemical and metal products prices used directly in the production process. Shipping and transport costs associated to these inputs have also escalated when compared to H2 2021.

Administration expenses amounted to US\$6.0 m, up 33% from US\$4.5 m in H1 2021. This was mainly driven by the ramping up of the West Kenya exploration operations since H1 2021 with an additional US\$0.8 m administrative costs seen at West Kenya totalling US\$1.9 m (H1 2021: US\$1 m). A further US\$0.3 m increase is attributable to higher staff costs seen during the Period as the industry remains competitive for skilled workers. Exploration and evaluation costs amounted to US\$4 m, lower than the US\$4.6 m recorded in H1 2021 yet consistent with the Company's exploration strategy and budget for 2022.

EBITDA for the Period excluding West Kenya and Singida expenditure was US\$14.1 m (H1 2021: US\$17.4 m).

Finance costs remained consistent at US\$0.9 m (H1 2021: US\$0.9 m).

A loss before tax of US\$0.9 m was recorded for the Period (H1 2021: profit before tax of US\$8.6 m) reflecting the full expenditure of West Kenya of US\$5.4 m in the Income Statement. Loss after tax for the Period was US\$1.3 m (H1 2021: profit after tax of US\$3.1 m), resulting in a basic loss per share of US\$0.128 cents (H1 2021: earnings per share of US\$0.299 cents). Taxation for the Period was US\$0.5 m. Further information on taxation for the Period is included below in Note 3 to the Consolidated Financial Information.

Adjusted Cash Operating Costs of US\$1,064 /oz and AISC of US\$1,292 /oz were achieved in the Period. As outlined in Q1 and Q2 operational reports, cost inflation predominantly from uncontrollable inputs being fuel, emulsion, steel supports, and consumables has added approximately 10% to the overall costs. As such, AISC cost guidance for 2022 has been increased from US\$1,050-1,250 /oz to US\$1,150-1,275 /oz.

## Financial Position

Total liabilities increased by US\$9.3 m in the Period, driven primarily by a US\$8.9 m increase in trade creditors and accruals, which has normalised in Q3. The increase in loans and borrowings of US\$2.8 m and in the decommissioning provision of US\$0.7 m also contributed to the movement in total payables. These increases were partially offset by a US\$3.1m reduction in income tax payable due to a US\$3.1 m permitted VAT offset applied against corporate income tax and tax payments made in Q1 of US\$0.5 m.

Inventories were US\$31.5 m at the end of the Period, up from US\$26.0 m at 31 December 2021. This included 1,974 oz of gold bullion available for sale at the end of the Period (1,461 oz at 31 December 2021). The value of spares and consumables increased by US\$1.4 m during the Period due to more orders being made as lead times for critical plant items are becoming longer in the current shipping markets.

Trade and other receivables (current and non-current) amounted to US\$36.0 m at the end of the Period, up US\$1.1 m from 31 December 2021. The increase is mainly attributable to an increase in the Company's VAT receivable which increased by US\$0.8 m to US\$27.7 m. During the Period US\$3.0 m of VAT receivables were offset against the Company's 2020 corporation tax liability in Tanzania with US\$1.1 m being received as a cash refund. 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 remained relative consistent, however sales in the Period was 13% lower than in H1 2021. The reduced sales was driven by low grade ore from underground mining in Q1. Capital expenditure amounted to US\$16.5 m, including US\$5.5 m of capitalised mine development costs and US\$10.9 m at Singida.

Cash generated from operations before working capital amounted to US\$7.3 m in the Period. Working capital increased by US\$0.6 m, accounted for by an increase in inventories US\$4.2 m, an increase in trade and other receivables of US\$1.2 m and an increase in trade and other payables US\$6.0 m.

The Company's unrestricted cash balance at 30 June 2022 was US\$7.6 m, down from US\$13.2 m at 31 December 2021. Net cash at the end of the Period amounted to US\$8.6 m (FY 2021: US\$13.2 m).

## **Singida**

The construction of the Singida Gold Mine continues to proceed on track with first gold pour being expected in Q1 2023. As at the end of H1, the overall project completion is at 63%. US\$10.9 m in capital expenditure was incurred in the Period.

The installation of the crusher and its components has progressed as planned and is 98% complete with commissioning taking place in July. The majority of the mill equipment is now on site with 80% of the mill components having been delivered in Q2, with construction commencing on plan in Q3. The manufacture of the Desorption and Smelting Unit is on track and is 40% complete, with an estimated completion date of November 2022. Bulk Water Supply projects are now 100% completed with all tanks and water pumps installed. Lastly, the Bulk Power Supply civil works are 80% complete with power installation planned for July 2022.

Open pit mining continued to perform well during the Period with operations focused on Gold Tree and Vivian pits. Overall production for Gold Tree pit was 22% above forecast. Overall ore stockpile level at Singida is 97,918 t grading an average of 2.11g/t for 6,674 contained ounces.

The construction and operation of the Singida Gold Project continues to be run with the highest safety standards in place with the operation reaching a milestone of 1 million LTI free hours, since commencement of construction in October 2020 which resulted in a 0.00 TRIFR year to date.

## **West Kenya Project**

The results of the regional exploration drilling at the Ramula target were announced in the Period, adding a further 434 Koz grading 2.08 g/t to total resources at the West Kenya Project, delivering a 31% increase in the West Kenya Resource and confirming Shanta's confidence in district scale potential.

Following a successful drilling campaign, Shanta received its latest results at the West Kenya Project which were consistently high-grade. These encouraging results included visible gold at three of the five holes reported, and one showcasing grades of 46.7 g/t across a width of 14 metres at less than 150 metres vertical depth. The objective of the drilling campaign was to upgrade the Mineral Resource Model at Isulu and Bushiangala, which was achieved, with 378,000 oz grading 11.7 g/t being upgraded to the Indicated Resources category.

Additional drilling re-started at the Ramula target on 23 June 2022, with the aim to convert the recently declared 433,900 oz grading 2.08g/t Au Inferred resource into Indicated Category. To date, all five infill diamond drill holes have intercepted mineralised zones at the expected depth returning visible gold in the seven previously identified zones and in one new zone.

Evidencing our confidence in this world class resource, the Feasibility Study workstream for the West Kenya project is now underway which involves a trade-off analysis of upgrading the existing Scoping Study for new areas including Ramula and Kimingini versus progressing a Feasibility Study at the deposits of the Liranda Corridor. To date, our internal team is leading the workstream. Further updates on timing and scope will be provided in due course.

## **Interim Dividend**

Following consideration of the Company's financial condition and outlook, the Board has declared an interim dividend of 0.10 pence per share (H1 2021: 0.10 pence) expected to be paid on 24 November 2022. This interim dividend, which will be paid gross, is expected to align with the following proposed timetable:

Ex-div date:	20 October 2022
Record date:	21 October 2022
Payment date:	24 November 2022

## **Post Period**

Shanta secured a US\$20 m senior debt agreement with the Stanbic Bank of Tanzania of which funds were disbursed on 15 July 2022. As a condition to this debt facility agreement, Shanta entered into zero-cost collar contract over the 12 months from August 2022 – July 2023 of 1,333 oz per month with floor price of US\$1,600 per ounce and ceiling price of US\$1,950 per ounce.

US\$2.4 m VAT cash refund received and US\$1.2 m received as an offset against CIT post Period.

## **Outlook**

Annual production guidance reiterated at 68-76,000 oz for 2022.

Very strong start to Q3 production with July production of 7,259 oz, and August production of 6,707 oz.

The forecasted production for September-December remains strong with 81% of H2 2022 underground ounces planned for mining having undergone grade control drilling.

As outlined in Q1 and Q2 operational reports, cost inflation predominantly from uncontrollable inputs being fuel, emulsion, steel supports, and consumables has added approximately 10% to the overall costs. As such, AISC cost guidance for 2022 has been increased from US\$1,050-1,250 /oz to US\$1,150-1,275 /oz.

# SHANTA GOLD LIMITED

## Consolidated Statement of Comprehensive Income for the six months ended 30 June 2022

		6 months ended 30-Jun-22 US\$'000 Unaudited	6 months ended 30-Jun-21 US\$'000 Unaudited	Year ended 31-Dec-21 US\$'000 Audited
	Note			
<b>Revenue</b>		<b>51,908</b>	<b>57,772</b>	<b>103,571</b>
Depreciation		(7,920)	(7,757)	(16,533)
Other cost of sales		(33,990)	(31,540)	(61,078)
<b>Cost of sales</b>		<b>(41,910)</b>	<b>(39,297)</b>	<b>(77,611)</b>
<b>Gross profit</b>		<b>9,998</b>	<b>18,475</b>	<b>25,960</b>
Administration expenses		(5,980)	(4,548)	(10,160)
Exploration and evaluation costs		(4,039)	(4,558)	(11,133)
<b>Operating (loss)/profit</b>		<b>(21)</b>	<b>9,369</b>	<b>4,667</b>
Finance income		10	42	3,012
Finance expense		(863)	(861)	(6,679)
<b>(Loss)/profit before taxation</b>		<b>(874)</b>	<b>8,550</b>	<b>1,000</b>
Taxation	3	(2,239)	(5,421)	(7,168)
<b>(Loss)/profit for the Period / year attributable to equity holders of the parent company</b>		<b>(3,113)</b>	<b>3,129</b>	<b>(6,168)</b>
<b>(Loss)/profit after taxation</b>		<b>(3,113)</b>	<b>3,129</b>	<b>(6,168)</b>
<b>Total comprehensive (loss)/profit attributable to equity shareholders of parent company</b>		<b>(3,113)</b>	<b>3,129</b>	<b>(6,168)</b>
<b>Basic (loss)/earnings per share (US\$ cents)</b>	4	<b>(0.297)</b>	<b>0.299</b>	<b>(0.589)</b>
<b>Diluted (loss)/earnings per share (US\$ cents)</b>	4	<b>(0.297)</b>	<b>0.299</b>	<b>(0.589)</b>

**SHANTA GOLD LIMITED**  
**Consolidated Statement of Financial Position**  
**As at period ended 30 June 2022**

		30-Jun 2022 US\$'000 Unaudited	30-Jun 2021 US\$'000 Unaudited	31-Dec 2021 US\$'000 Audited
	Note			
<b>Non-current assets</b>				
Intangible assets		43,343	43,343	43,343
Property, Plant and Equipment		97,968	81,358	89,656
Right of use assets		2,212	2,795	2,313
Other receivables		24,111	27,417	22,698
<b>Total non-current assets</b>		<b>167,634</b>	<b>154,913</b>	<b>158,010</b>
<b>Current assets</b>				
Inventories		31,472	25,998	27,234
Trade and other receivables		6,805	4,275	7,046
Cash and cash equivalents		7,592	24,839	13,214
<b>Total current assets</b>		<b>45,869</b>	<b>55,112</b>	<b>47,494</b>
<b>Total assets</b>		<b>213,503</b>	<b>210,025</b>	<b>205,504</b>
<b>Capital and reserves</b>				
Share capital and premium		211,540	211,506	211,540
Share option reserve		148	338	148
Translation reserve		450	450	450
Retained deficit		(58,469)	(44,727)	(55,356)
<b>Total equity</b>		<b>153,669</b>	<b>167,567</b>	<b>156,782</b>
<b>Non-Current liabilities</b>				
Loans and borrowings	5	2,693	3,573	3,454
Provision for decommissioning		8,189	6,642	7,500
Provision for deferred taxation		11,984	11,229	12,381
<b>Total non-current liabilities</b>		<b>22,866</b>	<b>21,444</b>	<b>23,335</b>
<b>Current liabilities</b>				
Trade and other payables		26,113	13,295	17,169
Loans and borrowings	5	6,377	1,816	2,823
Income tax payable		4,478	5,903	5,395
<b>Total current liabilities</b>		<b>36,968</b>	<b>21,014</b>	<b>25,387</b>
<b>Total liabilities</b>		<b>59,834</b>	<b>42,458</b>	<b>48,722</b>
<b>Total equity and liabilities</b>		<b>213,503</b>	<b>210,025</b>	<b>205,504</b>

The notes that follow in this report form part of these financial statements. The financial statements were authorised and approved for issue by the Board of Directors and authorised for issue on 4 September 2022

# SHANTA GOLD LIMITED

## Consolidated Statement of Changes in Equity for the six months ended 30 June 2022

	Share Capital US\$'000 0	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
<b>At 1 January 2022</b>	<b>150</b>	<b>211,390</b>	<b>148</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>(55,356)</b>	<b>156,782</b>
Loss for the Period	-	-	-	-	-	-	(3,113)	(3,113)
Share based payments	-	-	-	-	-	-	-	-
Reserve transfer	-	-	-	-	-	-	-	-
<b>At 30 June 2022 (Unaudited)</b>	<b>150</b>	<b>211,390</b>	<b>148</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>(58,469)</b>	<b>153,669</b>
<b>At 1 January 2021</b>	<b>149</b>	<b>210,344</b>	<b>338</b>	<b>5,374</b>	<b>450</b>	<b>1,043</b>	<b>(51,776)</b>	<b>165,922</b>
Profit for the Period	-	-	-	-	-	-	3,129	3,129
Reserve transfer	-	-	-	(5,374)	-	-	5,374	-
Share based payments	1	1,012	-	-	-	(1,043)	30	-
Dividends paid	-	-	-	-	-	-	(1,484)	(1,484)
<b>At 30 June 2021 (Unaudited)</b>	<b>150</b>	<b>211,356</b>	<b>338</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>(44,727)</b>	<b>167,567</b>
<b>At 1 January 2021</b>	<b>149</b>	<b>210,344</b>	<b>338</b>	<b>5,374</b>	<b>450</b>	<b>1,043</b>	<b>(51,776)</b>	<b>165,922</b>
Loss for the year	-	-	-	-	-	-	(6,168)	(6,168)
Share based payments	1	1,012	-	-	-	(1,043)	30	-
Lapsed options	-	-	(156)	-	-	-	156	-
Exercised options	-	34	(34)	-	-	-	-	-
Repayment of convertible loan notes	-	-	-	(5,374)	-	-	5,374	-
Shares issued (net of expenses)	-	-	-	-	-	-	(2,972)	(2,972)
<b>At 31 December 2021 (Audited)</b>	<b>150</b>	<b>211,390</b>	<b>148</b>	<b>-</b>	<b>450</b>	<b>-</b>	<b>(55,356)</b>	<b>156,782</b>

**SHANTA GOLD LIMITED**  
**Consolidated Statement of Cash flows**  
**for the six months ended 30 June 2022**

		6 months ended 30-Jun-22 US\$'000 Unaudited	6 months ended 30-Jun-21 US\$'000 Unaudited	Year ended 31-Dec-21 US\$'000 Audited
	Note			
<b>Net cash flows from operating activities</b>	6	7,315	8,059	12,586
<b>Investing activities</b>				
Purchase of intangible assets		-	-	-
Purchase of plant and equipment		-	(237)	(206)
Purchase of right of use assets		(203)	-	(14)
Purchase of assets under construction		(10,928)	(6,675)	(18,002)
Capitalised mine development expenditure		(4,889)	(4,561)	(8,494)
<b>Net cash flows used in investing activities</b>		<b>(16,020)</b>	<b>(11,473)</b>	<b>(26,716)</b>
<b>Financing activities</b>				
Loans repaid		(1,182)	(2,655)	(2,655)
Buyback of convertible loan notes		-	(9,807)	(9,807)
Principal paid on lease liabilities		-	(736)	(1,134)
Interest paid		(193)	(790)	(816)
Dividends paid		-	(1,484)	(2,972)
Movements in restricted cash		-	2,500	2,500
Purchase of silver to fulfil silver stream obligation		-	(357)	(354)
Loans received (net of loan arrangement fees)		4,458	-	1,000
<b>Net cash flows received from / (used in) financing activities</b>		<b>3,083</b>	<b>(13,329)</b>	<b>(14,238)</b>
Net (decrease) in cash and cash equivalents		(5,622)	(16,743)	(28,368)
Cash and cash equivalents at beginning of Period / year		13,214	41,582	41,582
<b>Cash and cash equivalents at end of Period / year</b>		<b>7,592</b>	<b>24,839</b>	<b>13,214</b>

# **SHANTA GOLD LIMITED**

## **Notes to the Consolidated Financial Information for the six months ended 30 June 2022**

### **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 04 September 2022.

### **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 UK. 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 2022.

Based on a review of the Group’s budgets, cashflow forecasts and its ability to flex its future spending to suit prevailing circumstances, the Directors consider that the Group has adequate resources to continue in its operational existence for the foreseeable future. At 30 June 2022 the Group had an unrestricted cash balance of US\$7.6 million, net cash of US\$8.6 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 2022 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 04 September 2022. The consolidated interim financial information for the Period 1 January 2022 to 30 June 2022 are unaudited and incorporate unaudited comparative figures for the interim Period 1 January 2021 to 30 June 2021 and the audited comparative figures for the year to 31 December 2021. 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 2021 Annual Report.

The half year financial information for the six months ended 30 June 2022 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 2021, which were prepared under UK 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.

**SHANTA GOLD LIMITED**  
**Notes to the Consolidated Financial Information**  
**for the six months ended 30 June 2022 (continued)**

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 2022, and will be adopted in the 2022 annual financial statements.

The following new standards and interpretations became effective on 1 January 2022 and have been adopted by the Group. None of these amendments are considered to have had a material effect in the Period.

- IFRS 16: Proceeds before intended use
- IAS 37: Cost of fulfilling a contract
- IFRS 3: Business combinations - Reference to the conceptual framework

2.1 Critical accounting estimates, assumptions and judgements:

The estimates and associated assumptions made in the preparation of these interim financial statements are consistent with the estimates and assumptions made in the preparation of the Annual Financial Statements for 2021, with the exception of the inflation rate for the decommissioning provision being increased to 3% during the Period.

**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:

	<b>30-Jun-22</b>	<b>30-Jun-21</b>	<b>31-Dec-21</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
Current tax charge	2,635	4,643	5,238
Deferred tax charge	(397)	778	1,930
Net charge	<u>2,238</u>	<u>5,421</u>	<u>7,168</u>

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

**SHANTA GOLD LIMITED**  
**Notes to the Consolidated Financial Information**  
**for the six months ended 30 June 2022 (continued)**

	<b>30-Jun-22</b> <b>US\$'000</b> <b>Unaudited</b>	<b>30-Jun-21</b> <b>US\$'000</b> <b>Unaudited</b>	<b>31-Dec-21</b> <b>US\$'000</b> <b>Audited</b>
(Loss) / Profit before taxation	(874)	8,550	1,000
Tax at the standard tax rate			
Tanzanian Corporation tax at 30%	(265)	2,565	300
Different tax rates applied in overseas jurisdictions	575	859	1,180
Permanent adjustments	(109)	1,727	2,905
Unrecognised taxable losses in subsidiaries	1,960	270	2,395
Adjustments in respect of prior periods	77	-	388
Tax charge	<b>2,238</b>	<b>5,421</b>	<b>7,168</b>

During the Period US\$3.0 m of VAT receivables were offset against the Company's brought forward corporation tax liability in Tanzania

**4 (Loss) / earnings per share**

Basic (loss) / 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.

At 30 June 2021 and at 31 December 2021 there were no share incentives outstanding that could potentially dilute basic (loss) / earnings per share in the future.

	<b>Unaudited</b>			<b>Unaudited</b>			<b>Audited</b>		
	<b>30-Jun-22</b>			<b>30-Jun-21</b>			<b>31-Dec-21</b>		
	<b>Loss</b>	<b>Weighted avg no of shares</b>	<b>Per share amount</b>	<b>Profit</b>	<b>Weighted avg no of shares</b>	<b>Per share amount</b>	<b>Loss</b>	<b>Weighted avg no of shares</b>	<b>Per share amount</b>
	<b>US\$'000</b>	<b>('000)</b>	<b>(Cents)</b>	<b>US\$'000</b>	<b>('000)</b>	<b>(Cents)</b>	<b>US\$'000</b>	<b>('000)</b>	<b>(Cents)</b>
Basic (loss)/earnings	(3,113)	1,047,886	(0.297)	3,129	1,047,508	0.299	(6,168)	1,047,886	(0.589)
Diluted (loss)/earnings	(3,113)	1,047,886	(0.297)	3,129	1,047,508	0.299	(6,168)	1,047,885	(0.589)

**SHANTA GOLD LIMITED**  
**Notes to the Consolidated Financial Information**  
**for the six months ended 30 June 2022 (continued)**

**5 Loans and borrowings**

	<b>30-Jun-22</b> <b>US\$'000</b> <b>Unaudited</b>	<b>30-Jun-21</b> <b>US\$'000</b> <b>Unaudited</b>	<b>31-Dec-21</b> <b>US\$'000</b> <b>Audited</b>
<b>Amounts payable within one year</b>			
Silver stream <sup>(1)</sup>	1,190	1,188	1,158
Loan payable to Exim Bank <sup>(2)</sup>	277	-	-
Stanbic revolving credit facility payable <sup>(3)</sup>	4,000	-	1,000
Lease Liabilities	910	628	665
	<b>6,377</b>	<b>1,816</b>	<b>2,823</b>
<b>Amounts payable after one year</b>			
Silver stream <sup>(1)</sup>	2,093	3,240	2,695
Lease liabilities	600	333	759
	<b>2,693</b>	<b>3,573</b>	<b>3,454</b>

**(1) Silver Stream**

The Company entered into a silver streaming agreement (“SSA”) with Silverback Limited (“Silverback”), a privately held Guernsey-based investment company, under which Silverback paid the Company an advanced payment of US\$5.25 million on closing. Silverback will also pay the Company an ongoing payment of 10 per cent of the value of silver sold at the prevailing silver price at the time of deliveries which will be made annually. The SSA relates solely to silver by-product production from New Luika with minimum silver delivery obligations totalling 608,970oz Ag over a 6.75-year period. There is a requirement to settle any shortfall in silver delivery from the minimum obligation in cash. The term of the SSA is 10 years during which time the Company will sell silver to Silverback and receive ongoing payments of 10% of the silver sold at the prevailing silver price. However, the Company has no minimum ounce obligations after 2022. The payable silver by the Company to Silverback can be reduced should there be any plant expansion as verified by an independent engineer. Following an assessment from an independent engineer during 2021, a plant expansion was verified as having occurred by the commissioning of a new mill at NLGM. This change reduced the silver stream liability and was accounted for as an adjustment for the value in future estimates. The Silver Stream liability was re-estimated in 2021 to include the extension to life of mine plan. The liability is calculated using the forward silver price and interest at the effective rate is imputed interest.

**(2) Loans Payable to Exim Bank**

During the Period, the Company entered into an Insurance Premium Finance Arrangement with Exim Bank (Tanzania) Limited (“EXIM”). The loan has a variable interest at 4.55% per annum and is repayable in 10 monthly instalments, being repayable by the end of 2022.

**(3) Stanbic Revolving Credit Facility**

The Company entered into a revolving loan facility with Stanbic Bank in Tanzania to fund short term working capital. The facility is for US\$ 5 million of which US\$ 4 million has been drawn down at Period end. Each draw down is repayable after a maximum of 180 days and bears interest at 10% per annum. There are no securities held against the loan.

**SHANTA GOLD LIMITED**  
**Notes to the Consolidated Financial Information**  
**for the six months ended 30 June 2022 (continued)**

**6 Net Cash flows from Operating activities**

	<b>30-Jun</b>	<b>30-Jun</b>	<b>31-Dec</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
<b>(Loss) / profit before tax</b>	(874)	8,550	1,000
Adjustments for:			
Depreciation / depletion of assets	7,658	7,564	16,039
Amortisation of right of use assets	305	465	961
Unrealised exchange gains	(18)	(60)	(63)
Fair value adjustments	(94)	-	-
Non-cash settlement of Silver Stream obligation	(496)	(739)	(1,231)
Finance income	(10)	(40)	(3,012)
Finance expense	863	861	6,679
<b>Operating cash inflow before movement in working capital</b>	<b>7,334</b>	<b>16,601</b>	<b>20,373</b>
<b>Movements in working capital:</b>			
(Increase) / Decrease in inventories	(4,238)	4,042	2,806
(Increase) in receivables	(1,170)	(3,677)	(4,431)
Increase in payables	5,962	1,086	4,961
	<b>7,888</b>	<b>18,052</b>	<b>23,709</b>
Taxation paid	(573)	(9,993)	(11,124)
Interest received	-	-	1
<b>Net cash flow from operating activities</b>	<b>7,315</b>	<b>8,059</b>	<b>12,586</b>

## INDEPENDENT REVIEW REPORT TO SHANTA GOLD LIMITED

### 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 2022 is not prepared, in all material respects, in accordance the London Stock Exchange AIM Rules for Companies.

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 2022 which comprises the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes.

### Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“ISRE (UK) 2410”). 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.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been 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.

### Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the Directors have inappropriately adopted the going concern basis of accounting or that the Directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

### Responsibilities of Directors

The Directors are responsible for preparing the half-yearly financial report in accordance with the London Stock Exchange AIM Rules for Companies 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.

In preparing the half-yearly financial report, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## **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 AIM Rules for Companies 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, UK

4 September 2022

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