12 August 2019

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

Interim results for the six months ended 30 June 2019

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announces its unaudited results for the six months ended 30 June 2019 (the “Period”).

HIGHLIGHTS

Financial

- H1 2019 revenue of US$53.6 m (H1 2018: US$49.3 m);
- H1 2019 Cash Costs of US$530 /oz (H1 2018: US$549 /oz) and All In Sustaining Costs (“AISC”) of US$730 /oz (H1 2018: US$757 /oz), below annual guidance of US$740-780 /oz[1];
- Cash flow from operating activities before movement in working capital US$23.0 m up 5% from US$22.0 m in H1 2018;
- H1 2019 adjusted EBITDA[2] of US$22.6 m (H1 2018: US$22.7 m);
- Gross debt reduced to US$30.1 m (FY 2018: US$40.5 m), following US$8.8 m of principal repayments on borrowings and a US$4.9 m partial buyback of Convertible Loan Notes during the Period;
- Net debt, excluding bullion available for sale, of US$26.9 m (FY 2018: US$31.5 m);
- VAT receivable due to the Company of $25.3 m;
- Cash, and available liquidity[3] of US$9.3 m; and,
- Capital expenditure of US$8.0 m (net of US$2.9 m Ilunga pre-production revenue) (H1 2018: US$7.8 m).

Operational

- H1 2019 gold production of 42,230 oz up 11% from 38,207 oz in H1 2018;
- New all-time quarterly record set for tonnes milled during the Period;
- Annual production guidance of 80,000 – 84,000 oz reiterated for 2019; and,
- No lost time injuries (“LTI’s”) during the Period, with no LTI’s since Q4 2017.

Development and Exploration

- Underground exploration drilling among the best historic intersected grades and widths at New Luika Gold Mine; and,
- Ongoing exploration drilling expected to result in replacement of 2019 reserve depletion at US$2 /oz exploration cost.

Singida

- Singida Resources Plc (“Singida”) to proceed with a targeted US$20 million (“m”) minimum equity offering via an Initial Public Offering (“IPO”) on the Dar es Salaam Stock Exchange (“DSE”);

- An IPO prospectus has been submitted to the Tanzanian Capital Markets and Securities Authority ("CMSA") and the DSE;
- Shanta Gold will retain at least 51 per cent ownership of Singida and will operate the Project; and,
- IPO proceeds would finance the upfront capital to bring the Project into production and provide additional funds for exploration.

Post Period

- Ilunga Underground Mine has achieved commercial production ahead of time and under budget;
- Capital investment at Ilunga prior to commercial production of US$7.9 m (US$5.0 m after netting off pre-production revenue);
- Next phase of underground drilling targeting resource conversion at Ilunga is expected to take place in H1 2020; and,
- Singida has entered into a non-binding term sheet with a privately-held, East African, multi-national conglomerate, for an unsecured, non-recourse loan facility of US$10 m at the asset-level.

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. Available liquidity has been derived as 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:

"In H1 2019 we have continued to see steady operational performance at the New Luika Gold Mine and remain on track to deliver both full-year production and costs within guidance. This has been achieved with an exceptional safety record which by the end of H1 2019 had reached 2.9 million man-hours without an LTI."

"Singida continues to progress towards the planned IPO and we look forward to offering Tanzanians a rare investment opportunity within their own mining sector as we build Shanta's second mine in Tanzania."

Enquiries:

Shanta Gold Limited	
Eric Zurrin (CEO)	+255 (0) 22 292 5148
Luke Leslie (CFO)	
Nominated Adviser and Broker	
Numis Securities Limited	
Paul Gillam / John Prior / James Black	+44 (0)20 7260 0000
Financial Public Relations	
Tavistock	
Charles Vivian / Barnaby Hayward / Gareth Tredway	+44 (0)20 7920 3150

About Shanta Gold
Shanta Gold is an East Africa-focused gold producer, developer and explorer. It currently has defined ore resources on the New Luika project in Tanzania and holds exploration licenses covering approximately 1,500km^2 in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 81,872 ounces in 2018. The Company has been admitted to trading on London's AIM and has approximately 788 m shares in issue. For further information please visit: www.shantagold.com.

Financial and Operational

Revenue for the Period of US$53.6 m was generated predominantly from the sales of 41,049 oz of gold at an average price of US$1,306 /oz. Revenue for H1 2019 was 8.8% higher than for H1 2018 reflecting a proportional increase in ounces sold and a marginally higher average selling price. Higher gold production volumes of 42,230 oz in H1 2019 (H1 2018: 38,207 oz) are tracking in line with 2019 gold production guidance of 80,000 – 84,000 oz. Sales volumes and average gold price for H1 2018 were 37,827 oz and US$1,303 /oz respectively.

A non-cash fair value loss on forward gold sales has been recorded in the Period, amounting to US$5.5 m (H1 2018: gain of US$0.3 m). As at 30 June 2019, 45,000 oz had been sold forward to May 2020 at an average price of US$1,241 /oz. These forward sales were entered into during late 2018 and considered prudent given the Company's contractual debt repayments through to June 2020 with the gold price presenting an asymmetric risk in the event of a gold price decline. The Company has been deferring the settlement of forward sales as permitted by the counterparty to these agreements and during the Period sold gold at the spot price.

Cost of sales for the Period amounted to US$45.5 m, up 37.5% from US$33.1 m in H1 2018. This increase has been driven by a US$5.7 m (52.9%) increase in depreciation compared to H1 2018, following the completion of assets under construction which have subsequently become depreciable. Other cost of sales increased due to higher milled tonnes processed at a lower average head grade and lower recoveries. US$2.9 m of pre-production revenue from Ilunga has been recognised during the Period at nil-margin.

Administration and exploration expenditure amounted to US$4.2 m, lower than US$4.6 m recorded in H1 2018 as administration costs continued to be reduced.

An operating loss of US$1.6 m recorded for the Period is lower than the operating profit of US$11.8 m for H1 2018 driven by significant non-cash charges to the income statement during the Period. Adjusted EBITDA for the Period was US$22.6 m (H1 2018: US$22.7 m).

Net finance costs amounted to US$2.5 m (H1 2018: US$3.4 m), which reduced in line with debt reduction.

A loss before tax of US$4.1 m was recorded for the Period (H1 2018: profit before tax of US$8.4 m). The loss after tax for the Period amounted to US$5.7 m (H1 2018: profit after tax of US$7.1 m), giving a basic loss per share of US$0.727 cents (H1 2018: earning per share of US$0.918 cents).

The Company reported an AISC of US$730 /oz for the Period, lower than US$757 /oz in H1 2018 and below 2019 annual guidance of US$740 – US$780 /oz. Development costs at the Bauhinia Creek, Luika and Ilunga underground operations are not included in AISC. Cash costs for the Period amounted to US$530 /oz, down from US$549 /oz in H1 2018.

Financial Position

Total liabilities decreased by US$4.4 m in the Period, largely driven by repayment of loans and borrowings which decreased by US$5.8 m. Gross debt decreased from US$40.5 m at 31 December 2018 to US$30.1 m. Net debt decreased by US$4.6 m to US$26.9 m, with unrestricted cash amounting to US$3.1 m at the end of the Period following completion of a US$4.9 m partial buyback of Convertible Loan Notes during the Period.

At 30 June 2019, inventories amounted to US$24.9 m, up from US$23.1 m at 31 December 2018. The volume of ore held on the stockpile decreased by 17% (equal to US$2.2 m) and there was 2,814 oz of gold bullion available for sale at the end of the Period, up from 1,574 oz at 31 December 2018.

Trade and other receivables amounted to US$29.5 m at the end of the Period, up US$4.2 m from 31 December 2018. This increase was due primarily to the increase in VAT receivable owing to the Company, which at the end of June 2019 stood at US$25.3 m (converted from Tanzanian Shillings at June 30th closing rate). The Company's most recent VAT refund was received in November 2017 and amounted to US$3.4 m, comprising US$1.9 m offset against corporate taxes payable in 2016 and 2017 and a cash payment to the Company of US$1.5 m.

Cash flow

Gold production and sales in the Period were higher than H1 2018, with a marginally higher average selling price in the Period. Net capital expenditure (including sustaining capital) amounted to US$8.0 m, primarily being capitalised mining development costs, exclusive of pre-production revenues from Ilunga.

Cash generated from operations before working capital was US$23.0 m. Working capital increased by US$4.4 m, driven predominantly by an increase in VAT receivable and an increase in consumable inventories required to stock the newly established underground warehouse at Ilunga. The unrestricted cash balance at 30 June 2019 was US$3.1 m, down from US$9.0 m at 31 December 2018 following the US$4.9 m partial buyback of Convertible Loan Notes. Net debt at the Period end amounted to US$26.9 m (FY 2018: US$31.5 m), its lowest in the Company's producing history.

During the Period, the US$7.5 m financing agreed with Exim Bank Tanzania in May 2017 was fully redrawn, with additional liquidity of US$2.5 m available for draw down from the separate Exim working capital facility at the end of the Period.

Development and Exploration

The Company incurred exploration costs of US$0.8 m in the Period (H1 2018: US$0.8 m). This included the cost of drilling at Bauhinia Creek and exploration works at both the Singida project and regionally in the Lupa Goldfields.

The drilling programme at Bauhinia Creek ("BC") targeted the western portion of the BC Central orebody and replaced all of the depletion expected from 2019 gold production. This has allowed for the conversion of 126,787 oz of Inferred Resources grading 3.15 g/t into 83,543 oz of Indicated Resources grading 7.85 g/t.

The new high-grade intersections announced in the Period are outside existing mineral reserves and have been incorporated into the mine plan. These drilling results provide further evidence of the continuity of the BC orebody. Once blended, the additional ounces generated are expected to extend the current Life of Mine at New Luika until at least 2025.

Singida

Singida Resources Plc ("Singida"), a wholly-owned subsidiary of the Company, is proceeding with a targeted US$20 m minimum equity offering via an IPO on the DSE. This process follows encouraging feedback from investor roadshows by management in Tanzania, Uganda and Kenya.

An IPO prospectus was submitted to the CMSA and the DSE during the Period. Proposed IPO proceeds would finance the upfront capital required to bring the Project into production plus provide additional funds for exploration, targeting resource expansion. IPO submissions have been prepared on the basis that the Company will retain at least 51% ownership of Singida and will operate the Project.

Post Period

Ilunga Underground Mine has achieved commercial production, less than twelve months after the underground portal blast was carried out in August 2018. Underground drilling, targeting the conversion of Inferred ounces into the Mine Plan and extending the mine life at Ilunga, is expected to take place in H1 2020.

Since announcing the proposed Singida IPO in March 2019, formal feedback on the IPO prospectus has been received from the Dar es Salaam Stock Exchange ("DSE") as well as the Tanzanian Capital Markets and Securities Authority ("CMSA"), which has now been incorporated into the IPO documentation and resubmitted for approval.

In connection with the planned IPO, Singida has entered into a non-binding term sheet with a privately-held, East African, multi-national conglomerate, for an unsecured, non-recourse loan facility of US$10 m ("Facility"). The asset-level Facility is conditional on a minimum equity raise of US$15 million at the IPO and will be repaid over a period of three years from cash flows generated by the Project, bearing an annual interest rate of 10 per cent.

Outlook

Total gold production and AISC for 2019 are expected to remain within guidance of 80,000 – 84,000 oz and US$740 – 780 /oz respectively.

SHANTA GOLD LIMITED
Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2019

	Note	6 months ended 30-Jun-19 US$'000 Unaudited	6 months ended 30-Jun-18 US$'000 Unaudited	Year ended 31-Dec-18 US$'000 Audited
Revenue		**53,614**	**49,285**	**103,803**
(Loss) / Gain on non-hedge derivatives		(5,497)	276	(1,259)
Other cost of sales		(28,948)	(22,298)	(49,668)
Depreciation		(16,561)	(10,830)	(25,647)
Cost of sales		**(45,509)**	**(33,128)**	**(75,315)**
Gross profit		**2,608**	**16,433**	**27,229**
Administration expenses		(3,470)	(3,805)	(6,520)
Exploration and evaluation costs		(759)	(799)	(1,454)
Operating (loss) / profit		**(1,621)**	**11,829**	**19,255**
Finance income		37	38	65
Finance expense		(2,543)	(3,421)	(6,179)
(Loss) / Profit before taxation		**(4,127)**	**8,446**	**13,141**
Taxation		**(1,577)**	**(1,337)**	**(5,152)**
(Loss) / Profit for the Period / year attributable to equity holders of the parent company		**(5,704)**	**7,109**	**7,989**
(Loss) / Profit after taxation		**(5,704)**	**7,109**	**7,989**
Other comprehensive income:				
Exchange differences on translating subsidiary which can subsequently be reclassified to profit or loss		-	(3)	(4)
Total comprehensive (loss) / profit attributable to equity shareholders of parent company		**(5,704)**	**7,106**	**7,985**
Basic (loss) / earnings per share (US$ cents)	3	**(0.727)**	**0.918**	**1.029**
Diluted (loss) / earnings per share (US$ cents)	3	**(0.727)**	**0.916**	**1.017**

SHANTA GOLD LIMITED
Consolidated Statement of Financial Position
As at period ended 30 June 2019

	Note	30-Jun 2019 US$'000 Unaudited	30-Jun 2018 US$'000 Unaudited	31-Dec 2018 US$'000 Audited
Non-current assets				
Intangible assets		23,320	23,281	23,277
Property, Plant and Equipment		91,064	104,997	99,989
Total non-current assets		**114,384**	**128,278**	**123,266**
Current assets				
Inventories		24,858	23,053	24,479
Trade and other receivables		29,541	21,408	25,330
Restricted Cash		2,500	2,500	2,500
Cash and cash equivalents		3,140	8,911	8,958
Total current assets		**60,039**	**55,872**	**61,267**
Total assets		**174,423**	**184,150**	**184,533**
Capital and reserves				
Share capital and premium		158,440	157,784	157,848
Share option reserve		569	545	698
Convertible loan note reserve		5,374	5,374	5,374
Shares to be issued		-	66	592
Translation reserve		450	451	450
Retained deficit		(65,410)	(60,564)	(59,835)
Total equity		**99,423**	**103,656**	**105,127**
Non-Current liabilities				
Loans and borrowings	4	7,035	20,411	8,230
Convertible loan notes		-	10,054	10,060
Decommissioning provision		8,788	8,441	8,545
Deferred taxation		8,045	5,944	8,230
Total non-current liabilities		**23,868**	**44,850**	**35,065**
Current liabilities				
Trade payables and accruals		12,076	11,396	11,680
Derivative financial liability		8,367	-	2,870
Contract liabilities		-	-	189
Loans and borrowings	4	19,021	18,352	23,664
Convertible loan notes		9,854	5,000	5,000
Income tax payable		1,814	896	938
Total current liabilities		**51,132**	**35,644**	**44,341**
Total liabilities		**75,000**	**80,494**	**79,406**
Total equity and liabilities		**174,423**	**184,150**	**184,533**

SHANTA GOLD LIMITED
Consolidated Statement of Changes in Equity
for the six months ended 30 June 2019

	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 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 2018	**116**	**157,152**	**1,037**	**5,374**	**454**	**512**	**(68,240)**	**96,405**
Profit for the Period	-	-	-	-	-	-	7,109	**7,109**
Other comprehensive income for the Period	-	-	-	-	(3)	-	-	**(3)**
Share based payments	-	516	13	-	-	(446)	62	**145**
Lapsed options	-	-	(505)	-	-	-	505	**-**
At 30 June 2018 (Unaudited)	**116**	**157,668**	**545**	**5,374**	**451**	**66**	**(60,564)**	**103,656**
At 1 January 2018	**116**	**157,152**	**1,037**	**5,374**	**454**	**512**	**(68,240)**	**96,405**
Profit for the year	-	-	-	-	-	-	7,989	**7,989**
Other comprehensive income for the year	-	-	-	-	(4)	-	-	**(4)**
Share based payments	1	579	13			80	64	**737**
Lapsed options	-	-	(352)	-	-	-	352	**-**
At 31 December 2018 (Audited)	**117**	**157,731**	**698**	**5,374**	**450**	**592**	**(59,835)**	**105,127**

SHANTA GOLD LIMITED
Consolidated Statement of Cash flows
for the six months ended 30 June 2019

	Note	6 months ended 30-Jun-19 US$'000 Unaudited	6 months ended 30-Jun-18 US$'000 Unaudited	Year ended 31-Dec-18 US$'000 Audited
Net cash flows from operating activities	5	**17,597**	**12,073**	**31,030**
Investing activities				
Purchase of intangible assets		(47)	-	-
Mine development and purchase of equipment		(10,906)	(7,805)	(16,592)
Net cash flows used in investing activities		**(10,953)**	**(7,805)**	**(16,592)**
Financing activities				
Loans repaid		(5,884)	(6,724)	(13,747)
Partial buyback of convertible loan notes		(5,218)	-	-
Equipment loan repaid		(1,046)	(1,221)	(2,400)
Finance lease payments		(776)	(469)	(944)
Loan interest paid		(2,037)	(2,369)	(4,579)
Movements in restricted cash		-	(625)	(625)
Loans received, net of issue costs		2,499	2,500	3,264
Net cash flows used in financing activities		**(12,462)**	**(8,908)**	**(19,031)**
Net decrease in cash and cash equivalents		(5,818)	(4,640)	(4,593)
Cash and cash equivalents at beginning of Period/year		8,958	13,551	13,551
Cash and cash equivalents at end of Period/year		**3,140**	**8,911**	**8,958**

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Information
for the six months ended 30 June 2019

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 12 August 2019.

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 2019.

The consolidated interim financial information for the Period 1 January 2019 to 30 June 2019 are unaudited and incorporate unaudited comparative figures for the interim Period 1 January 2018 to 30 June 2018 and the audited comparative figures for the year to 31 December 2018. 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 2018 Annual Report.

The half year financial information for the six months ended 30 June 2019 set out in this document does not comprise the Group's statutory accounts as defined in Companies (Guernsey) Law 2008 and accordingly this half year financial information is not considered to be the company's statutory accounts. The statutory accounts for the year ended 31 December 2018, which were prepared under EU endorsed IFRS, have been delivered to the Registrar of Companies. The auditors reported on these accounts; their report was unqualified and did not include reference to any matters to which the auditor drew attention by way of emphasis.

The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial information as were applied in the Group's latest annual audited financial statements except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2019, and will be adopted in the 2019 annual financial statements.

The following new standards and interpretations became effective on 1 January 2019 and have been adopted by the Group:

- IFRS 16 "Leases" specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months of less or the underlying asset has a low value.

  The requirements of IFRS 16 extend to certain service contracts, such as mining contractors in which the contractor provides services, and the use of assets.

  Management have performed a review of the relevant contracts and have not found there to be any material changes as a result of the adoption of IFRS 16.

3. Earnings per share

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

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

At 30 June 2019 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. In 2018, the potential ordinary shares were dilutive as the Group was in a profit-making position.

	Unaudited			Unaudited			Audited		
	30-Jun-19			30-Jun-18			31-Dec-18		
	Loss	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 / (loss)	(5,704)	784,282	(0.727)	7,109	774,488	0.918	7,989	776,599	1.029
Diluted earnings / (loss)	(5,704)	784,282	(0.727)	7,109	776,134	0.916	7,989	785,637	1.017

4. Loans and borrowings

	30-Jun-19 US$'000 Unaudited	30-Jun-18 US$'000 Unaudited	31-Dec-18 US$'000 Audited
Amounts payable within one year			
Loans payable to Investec Bank less than 1 year [(a)]	10,686	10,686	16,029
Equipment finance [(b)]	-	585	292
Finance lease [(c)]	-	90	-
Finance lease [(d)]	-	1,669	764
Silver stream [(e)]	1,498	1,582	1,533
Loans payable to Exim Bank less than 1 year [(f)]	5,690	2,947	3,558
Equipment finance [(g)]	636	793	790
Finance lease [(h)]	270	-	439
Finance lease [(i)]	241	-	259
	19,021	**18,352**	**23,664**

Amounts payable after one year			
Loans payable to Investec Bank more than 1 year [a]	-	10,701	-
Silver stream [e]	1,836	2,967	2,415
Loans payable to Exim Bank more than 1 year [f]	4,547	6,037	4,615
Equipment finance [g]	54	706	307
Finance lease [h]	270	-	408
Finance lease [i]	328	-	485
	7,035	**20,411**	**8,230**

(a) Investec Loan

Loan from Investec Bank in South Africa relates to two facilities totalling US$40 million obtained in May 2015. The facilities bear an annual interest rate of 3-month US$ LIBOR +4.9% and are 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 drawn in previous years.

Facility A is for US$20 million and was used to repay the previously outstanding FBN Bank Ltd loan. Capital repayments of US$1.17 million are due every quarter starting on 30 June 2016.

Facility B of US$20 million is a standby facility to be drawn as and when required to meet working capital requirements. During 2017 this was converted into a term facility with capital repayments of US$1.54 million payable quarterly over 3 years.

Both these facilities are secured by means of:

- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of SMCL and Shield Resources Limited, and made between the Investec and the Security Agent;
- A registered charge of US$55,000,000 (which includes a margin facility for gold forward sales of up to US$15,000,000) against the mineral and prospecting rights of both Shanta Mining Company Limited and Shield Resources Limited;
- Shareholder Pledge in which each of Shanta Gold and Shanta Holdings pledges the shares it holds in the Borrower in favour of the Security Agent and assigns and charges all its loans and claims against the Borrower and other members of the Group in favour of the Security Agent; and,
- Shield Resources Pledge in which Boulder Investments pledges the shares it holds as Agent and assigns and charges all its loans and claims against Shield Resources in favour of the Security Agent.

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

(b) Equipment Finance

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

(c) Finance Lease

A finance lease to acquire Heavy Fuel Oil (HFO) fuel storage tanks from Oryx Oil Company Limited for a capital amount of US$667,591 repayable monthly over sixty months commencing on 1 August 2014. All such repayments were completed during 2018.

(d) Finance Lease

A finance lease to acquire mobile equipment from Sandvik for a capital amount of €4,634,000 (US$5,261,000) repayable monthly over thirty-six months commencing on 15 June 2016 for Tranche 1 and 14 September 2016 for Tranche 2 and payable quarterly. All such repayments were completed during the Period.

(e) Silver Stream

The Company entered into a silver streaming agreement ("SSA") with Silverback Limited ("Silverback"), a privately held Guernsey-based investment company, under which Silverback paid the Company an advanced payment of US$5.25 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.

Following a change in accounting policy during 2018, bi-product credits from the silver stream arrangement are now recognised within cost of sales rather than as revenues. Prior period comparatives have been reclassified accordingly. During the 6 months ended 30th June 2019, these bi-product credits amounted to US$0.8 million (6 months ended 30th June 2018: US$1.0 million).

(f) 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 re-drawn during the Period. The US$2.5 million short-term funding for working capital is held as restricted cash in accordance with the conditions of the agreement (note 17).

(g) Equipment Finance

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.

(h) Finance Lease

A finance lease to acquire mobile equipment from Sandvik for a capital amount of €712,000 (US$832,000) repayable monthly over thirty-six months commencing on 29 November 2018. This is classified as a finance lease because the rentals period amounts to the estimated useful economic life of the asset and after three years, the assets will be bought outright by the Company by paying a nominal amount.

(i) Finance Lease

A finance lease to acquire mobile equipment from Sandvik for a capital amount of €635,000 (US$718,000) repayable monthly over thirty-six months commencing on 28 February 2019. This is classified as a finance lease because the rentals period amounts to the estimated useful economic life of the asset and after three years, the assets will be bought outright by the Company by paying a nominal amount.

5. Net Cash flows from Operating activities

	30-Jun 2019 US$'000 Unaudited	**30-Jun 2018 US$'000 Unaudited**	**31-Dec 2018 US$'000 Audited**
(Loss) / Profit before tax	(4,127)	8,446	13,141
Adjustments for:			
Depreciation / depletion of assets	16,886	11,354	26,391
Write-off of tangible assets	-	-	106
Amortisation / write off of intangible assets	4	3	7
Share based payment costs	-	145	737
Loss / (Gain) on non-hedge derivatives	5,497	(276)	1,259
Unrealised exchange losses / (gains)	91	(65)	-
Non-cash settlement of Silver Stream obligation	(819)	(960)	(1,699)
Finance income	(37)	(38)	(65)
Finance expense	2,543	3,421	6,179
Pre-production revenue related costs	2,945	-	-
Operating cash inflow before movement in working capital	**22,983**	**22,030**	**46,056**
Movements in working capital:			
Increase in inventories	(379)	(3,520)	(4,946)
Increase in receivables	(4,212)	(3,656)	(7,578)
Increase / (Decrease) in payables	204	(2,306)	(497)
	18,596	**12,548**	**33,035**
Taxation paid	(1,036)	(512)	(2,070)
Interest received	37	37	65
Net cash flow from operating activities	**17,597**	**12,073**	**31,030**