

17 August 2016

Shanta Gold Limited

("Shanta Gold" or the "Company")

Interim results for the six months ended 30 June 2016

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announces its unaudited results for the six months ended 30 June 2016 (the "Period").

Highlights

Operational

- H1 gold production of 48,237 ounces ("oz") (H1 2015: 28,180 oz);
- H1 gold sales of 47,621 oz at an average price of US\$1,193 per oz ("/oz"), compared to average spot price of US\$1,222 /oz (H1 2015: 25,142 oz at an average price of US\$1,238 /oz);
- Cash costs for H1 of US\$437 /oz (H1 2015: US\$993 /oz) and AISC of US\$632 /oz (H1 2015: US\$1,310 /oz);
- Annual production guidance maintained for 2016 of 82,000 - 87,000 oz and expected to be towards the upper end of guidance;
- AISC guidance lowered to US\$730 - 780 /oz, from US\$750 - 800 /oz; and
- No lost time injuries for the period.

Financial

- H1 revenue of US\$55.7 million (H1 2015: US\$31.9 million);
- H1 EBITDA of US\$33.3 million compared to full year 2015 EBITDA of US\$31.3 million (H1 2015: US\$1.0 million negative EBITDA);
- Loss after taxation for the Period of US\$4.7 million, as a result of non-cash charges relating to the amortisation of waste mining associated with the open pits and future development expenditure amortisation together totalling US\$21.1 million (H1 2015: loss after taxation of US\$8.3 million);
- Net cash flow from operating activities for the Period was US\$17.2 million (H1 2015: US\$4.4 million);
- Cash balance of US\$30.5 million (FY 2015: US\$19.6 million);
- Net debt of US\$39.5 million (31 December 2015: US\$41.5 million); and,
- ROM inventory of 190,000 tonnes representing an inventory value of US\$18.1 million.

Corporate

- Convertible Loan Note restructuring with US\$10 million repaid and an extension of the maturity date of the remaining US\$15 million to April 2019;
- Well-supported equity placement with US\$10.75 million raised; and
- US\$5.25 million silver stream entered for seven years (minimum) and 10 years (maximum) mine life at current mill capacity. Closure of the deal is expected by the end of Q3 2016.

Development and Exploration

- Underground project commenced decline development in June 2016 and remains on track and within budget to produce first production of underground ore in Q2 2017;
- The Luika River dam now completed and the dam is full ensuring low cost water security;
- Works have begun on the second Tailings Storage Facility (“TSF2”);
- Exploration drilling in a two phase program delivered excellent intersections at the Ilunga prospect at depth and along strike; and
- Development plans for Singida underway with pilot plant production targeted for Q1 2017.

Toby Bradbury, Chief Executive Officer, commented:

“This has been an excellent half year for Shanta, with a robust financial performance across the board. As we transition into the underground resource, we retain our expectation of meeting the upper levels of our 2016 production guidance of 82-87,000 oz, which will be an annual record for the New Luika Gold Mine. All-in sustaining costs are expected to remain highly competitive at a reduced US\$730-780 /oz, enabling the Company to generate significant cash flows to meet our capital programs and debt obligations.

Net debt is back below US\$40 million, even before taking account of the US\$5.25 million silver stream proceeds that are expected to be received shortly. Shanta is well funded to deliver on its plans and with an improved gold price environment; we can look forward to further cash generation in the second half of the year.”

Presentation and webcast

The Interim results presentation has been placed on the Company's website and a webcast of that presentation is also available at www.shantagold.com.

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Enquiries:

Shanta Gold Limited

Toby Bradbury (CEO) +255 (0)22 2601 829
Mark Rosslee (CFO)

Nominated Adviser and Broker

Peel Hunt LLP
Matthew Armitt / Ross Allister / Chris Burrows +44 (0)20 7418 8900

Financial Public Relations

Tavistock
Jos Simson / Barney Hayward +44 (0)20 7920 3150

About Shanta Gold

Shanta is an East Africa-focused gold producer, developer and explorer. It currently has defined ore resources on the New Luika and Singida projects in Tanzania and holds exploration licences over a number of additional properties in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 81,873 ounces in 2015. For further information please visit: www.shantagold.com.

Income Statement

Revenue for the Period of US\$55.7 million was generated from the sales of 47,621 oz of gold at an average price of US\$ 1,193 /oz. Revenue for H1 2016 was 74% higher than for H1 2015 reflecting higher gold production and improved efficiencies within the operations. The higher sales volumes were directly as a result of the higher gold production levels due to improved ore access post the optimisation of both Bauhinia Creek and Luika Pits in the first half of 2015. Sales volumes and average gold price for H1 2015 were 25,142 oz and US\$1,238/oz respectively.

Cost of sales for the Period amounted to US\$50.0 million, up 53% from H1 2015 which includes an amortisation charge for the period of US\$21.1 million, a non-cash charge, relating to the amortisation of waste mining (US\$11.2 million) and future development expenditure (FDE) amortisation (US\$9.9 million) relating to the capital expenditure programme.

EBITDA for H1 2016 is US\$33.3 million, a significant improvement from a negative of US\$1.0 million in H1 2015 and a very pleasing result for the six months. The US\$33.3 million for H1 2016 compares very favourably against the full year for 2015 of US\$31.3 million.

In 2015 some of the reserves at both the Luika and Bauhinia Creek open pits were reallocated to underground mining, resulting in the need to accelerate amortisation of the costs of overburden waste (including the Bauhinia Creek cut back) over the reduced open pit reserves and shortened life of the two open pits. This adjustment was retrospective to the start of mining in each pit (2013/14) and this was carried in the 2015 year end accounts (US\$11.4 million). This also meant that for the remaining life of each pit (1 January 2016 to the end of the pit life), the proportionate amount of amortisation would be higher than had been the case previously. In the case of the Luika Pit, surface mining completed in June 2016 and hence is fully amortised within the Period under review (US\$2.1 million). Bauhinia Creek Pit will complete in Q3 2016 and will be fully amortised at that point (US\$9.1 million to June 2016 with remaining balance of US\$2.4 million). These significant non-cash costs will cease from that point and total costs will reduce accordingly.

Going forward at the New Luika Gold Mine ("NLGM"), Shanta is developing the Ilunga reserve as an open pit. The strip ratios of Ilunga and all future operations will be significantly lower than those adopted previously (<50%) and surface mining costs will therefore be lower than in the past. For the second half of 2016 specifically, cash costs are expected to reduce significantly as production is supplemented from the ROM stockpile as a result of the accelerated mining program in the first half of the year.

In addition to the impact of the amortisation of waste mining for the open pits, the Company has provided amortisation for the capital it will spend on the development of its major projects and this is referred to as Future Development Expenditure (FDE). For H1 2016, FDE included in the cost of sales was US\$9.9

million. The FDE is a non-cash cost and is ahead of the future capital expenditure program which will assist in providing smoother and more beneficial amortisation for the profitability of the mining operations in the future.

Administration and exploration expenditure amounted to US\$4.4 million; this was lower compared to the comparable period which included termination payments as well as additional exchange rate losses incurred in the H1 2015. An operating profit of US\$0.1 million was recorded, impacted principally by the higher amortisation charges arising from the FDE. Net finance costs amounted to US\$3.2 million (H1 2015: US\$3.7 million), due to the lower average borrowing costs, predominantly due to the transfer to the Investec lending facility.

The loss before tax of US\$3.0 million (US\$6.9 profit before tax before FDE) is an improvement from the loss before tax of US\$10.3 million in H1 2015, but again, it is important to highlight the non-cash impact of the FDE. The loss after tax for the Period amounted to US\$4.7 million (loss after tax of US\$8.3 million for H1 2015), giving a loss per share of US\$0.946 cents (H1 2015 US\$1.781 cents).

Costs

The Company continues to identify and implement efficiency improvements across the business as well as improve its performance management reporting and business process optimisation resulting in total costs coming in below market guidance. Cash costs and AISC for the Period thus amounted to US\$437 /oz and US\$632 /oz respectively, down from US\$993 /oz and US\$1,310 /oz for H1 2015; a testimony to the excellent work and efficiencies being achieved.

Cash cost – Mining, processing and mine administration costs

All in Sustaining cost – Cash cost plus royalty, interest, general administration & corporate costs and stay in business capital expenditure

Financial Position

Total assets excluding cash balances decreased from US\$133.7 million at 31 December 2015 to US\$130.5 million, due mainly to increased amortisation charges and future development expenditure amortisation (totalling US\$ 21.1 million: non-cash) offset by the additional investment in underground and surface capital expenditure.

At 30 June 2016, inventories amounted to US\$25.9 million, up from US\$10.7 million at 31 December 2015, as a result of the bullion on hand at period end and the increased ROM ore stock pile. The building of this stockpile helped deliver the lower mining costs for the half year and almost four months ore inventory now resides at the process plant. Total liabilities increased by US\$2.3 million in the half. Borrowings remained at the similar levels and trade payables dropped by US\$0.4 million offset by an increase in the deferred tax liability of US\$1.5 million.

Cash flow

The improved production and grade, coupled with an increase in gold price and investment in working capital, positively impacted cash generation which amounted to US\$17.2 million (H1 2015: US\$4.4 million). Capital expenditure amounted to US\$13.3 million with US\$13.0 million related to underground equipment and infrastructure, alongside additional surface projects to provide power, water security and tailings storage requirements for the future life of mine.

Cash generated from operations improved by US\$12.8 million after adjustments for working capital movements of US\$17.5 million. The cash balance at 30 June was US\$30.5 million, up from US\$19.6 million at 31 December 2015. Net debt at Period end thus amounted to US\$39.5 million, (US\$41.5 million at 31 December 2015).

The remainder of the Investec standby facility (US\$10.0 million) was drawn down in the first half of 2016. The equity placement of US\$10.75 million was closed in May 2016 and purchase of US\$10 million Convertible Loan Notes was concluded in June 2016 to enhance the financial position of the Company and provide the necessary resources to fund the current underground development. Based on current plans, the Company has now passed its peak debt position.

Exploration

The renewed emphasis on (brownfields) exploration to extend the life of NLGM continued in the first half of 2016.

Particularly favourable intersections on strike and at depth from two drilling campaigns at the Ilunga prospect were announced in April and July 2016. Highlights of the two drilling campaigns are presented below:

Phase 1 drilling programme at the Ilunga prospect

A nine hole drilling programme (eight reverse circulation ("RC") pre-collars with diamond tails, and one RC hole) intersected discernible, albeit variable evidence of mineralisation at depth in all holes, including:

- 4 metres ("m") at 6.54 grammes per tonne ("g/t") gold from 143 m in hole CSR466;
- 14.73 m at 14.31 g/t gold from 166.89 m in hole CSD081 including
 - 1.91 m at 3.76 g/t gold from 166.89 m;
 - 5.29 m at 21.54 g/t gold from 170.24 m; and
 - 3.06 m at 23.19 g/t gold from 178.61 m.
- 1.74 m at 16.26 g/t gold from 205.17 m in hole CSD083;
- 2.38 m at 23.37 g/t gold from 132.16 m in hole CSD084;
- 2.28 m at 9.67 g/t gold from 152.41 m in hole CSD085; and
- 4.74 m at 4.54 g/t gold from 181.52 m in hole CSD088

Phase 2 drilling programme at the Ilunga prospect

The Phase 2 upgrade drilling programme, included 20 drill holes in total, all of which intersected visually distinctive mineralised zones confirming the continuity of the Ilunga prospect both along strike and at depth. Encouraging mineralised intersections achieved included:

- 13 m at 4.19 g/t gold from 80 m in hole CSR 482
 - Including 10 m at 5.3 g/t
- 2.06 m at 10.46 g/t gold from 265.5 m in hole CSD096

- 3.2 m at 40.64 g/t gold from 277.1 m in hole CSD096
- 8.3m at 1.97 g/t gold from 234.81 m in hole CSD098
 - Including 2.14 m at 4.58 g/t
- 1.38 m at 10.19 g/t gold from 130.96 m in hole CSD100
- 2.93 m at 18.62 g/t gold from 157.87 m in hole CSD 100

Ilunga is within the current mining licence area approximately 2.5km from the ROM stockpile. An additional 100m of mineralisation was added to the west of the current 400 metre strike length while the eastern limit of mineralisation was successfully defined. The deposit plunges to the west and remains open on strike in that direction, albeit with some fault displacement. As reported in April and July, strongly mineralised intersections were picked up at increasing depths from 100 metres (from previous exploration limits) to approaching 300 metres depth. On-going work at Ilunga includes surface and structural mapping to the west to identify further extensions of this exciting prospect.

The existing Ilunga total resource has a strike of 400 metres and a depth of 100 metres for 0.8 million tonnes at 3.5 g/t for 92,000 oz. The recent drilling extends the resource on strike and at depth and the results are in the process of being modelled and independently evaluated with the intention of updating the resource for Ilunga in the current quarter. These in turn will be updated in the mine plan and are expected to add an extension to open pit currently in development and also in a potential underground operation.

Going forward, further exploration is planned for Shamba (current total resource 0.4 million tonnes at 2.1 g/t for 24,000 oz) which sits inside the mining licence, 2 km to the west of the process plant. On the prospecting licences surrounding New Luika Gold Mine, on-going grass-roots exploration continues to generate targets for drilling. An example of such a deposit is the Askari target that was reported in February 2016, the highlights of which are presented below:

Askari drill programme of 2,699 m encountered mineralisation in 24 of 26 holes including:

- 4 m @ 8.6 grams per tonne gold from 76 m in hole SGR164;
- 4 m @ 31.2 g/t from 61 m in hole SGR165;
- 8 m @ 7.2 g/t from 108 m in hole SGR167;
- 3 m @ 11.6 g/t from 93 m in hole SGR168.

The priority of the Askari target, as with all targets, is reviewed in light of the results of on-going work in the portfolio. At present, the best opportunities for further exploration have been within the existing mining licence; as in the case of Ilunga. Notwithstanding, Shanta will complete a Lidar survey in the second half of 2016 and continues with its target generation.

Corporate

The Company has maintained a prudent hedging policy and was able to realise an average price of US\$1,193 /oz in the period with 26,313 oz sold under hedging contracts. As at 30 June 2016, 42,000 oz had been sold forward to 31 December 2016 at an average price of US\$1,242/oz. As the market shows continued strength, the older and lower value hedges are delivered against and the balance of the

existing hedges continues to improve. These hedge positions continue to provide certainty as NLGM transitions into underground mining during its capital program.

Outlook

As previously communicated in the Q2 production and operation update on 19 July 2016, for the second half of 2016, NLGM's grade is expected to be slightly lower than that achieved in the first half at an average grade of around 5 g/t. Consequently, total gold production for the year is expected to remain within guidance, albeit towards the upper end. Planned ore grades are expected to increase from Q2 2017 as the underground ore reserves in Bauhinia Creek are accessed. Average annual production from 2016 – 2020 as provided in the Base Case Mine Plan in September 2015 is 84,000 oz over the 5 years within the current reserve base.

With the completion of Luika Pit in June and Bauhinia Creek Pit expected to complete in Q3 2016, surface mining will transition to the Ilunga open pit for the remainder of 2016 and into 2017. The Company expects cash costs to be lower in the second half of the year in comparison to the first half. However, lower grades and consequently lower gold production will see higher AISC in the second half of the year than the first resulting in AISC 2016 guidance of US\$730 – 780 /oz, an improved position from the previous guidance at US\$750 – 800 /oz.

The near mine exploration and development campaign is a key component of the Company's ongoing strategy, as newly proven reserve ounces will be duly incorporated into the NLGM mine plan extending the project's life and further improving the project economics. The Company intends to provide an updated Resources and Reserves statement at the end of Q3 2016 to be incorporated into an updated mine plan.

Beyond NLGM, Singida is now being pursued as an active development project as announced on 15 July 2016. The Company intends to have a pilot mining operation underway by the end of Q1 2017.

SHANTA GOLD LIMITED

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2016

	Note	6 months ended 30-Jun-16 US\$'000 Unaudited	6 months ended 30-Jun-15 US\$'000 Unaudited	Year ended 31-Dec-15 US\$'000 Audited
Revenue		55,660	31,912	95,705
(Loss)/Gain on non-hedge derivatives and other commodity contracts		(1,227)	-	2,253
Cost of sales		(49,985)	(32,743)	(96,394)

Other cost of sales		(16,793)	(27,131)	(54,075)
Amortisation		(33,192)	(5,612)	(42,319)
Gross profit/(loss)		4,448	(831)	1,564
Other costs		(4,376)	(5,804)	(12,689)
Administration expenses		(3,141)	(4,749)	(10,255)
Exploration and evaluation costs		(1,235)	(1,055)	(2,434)
Operating profit/(loss)		72	(6,635)	(11,125)
Finance income		88	127	112
Finance expense		(3,194)	(3,835)	(7,097)
(Loss) before taxation		(3,034)	(10,343)	(18,110)
Taxation		(1,687)	2,044	804
Current		(188)	-	(287)
Deferred		(1,499)	2,044	1,091
(Loss) for the Period / year attributable to equity holders of the parent company		(4,721)	(8,299)	(17,306)
Basic (loss) per share (cents)	3	(0.946)	(1.781)	(3.727)

SHANTA GOLD LIMITED
Consolidated Statement of Comprehensive Income
As at period ended 30 June 2016

	6 months ended 30 June 2016 Unaudited US\$'000	6 months ended 30 June 2015 Unaudited US\$'000	Year ended 31-Dec-15 Audited US\$'000
(Loss) after taxation	(4,721)	(8,299)	(17,306)
Other comprehensive income:			

Exchange differences on translating subsidiary which can subsequently be reclassified to profit or loss	(42)	36	100
	<hr/>	<hr/>	<hr/>
Total comprehensive (loss) attributable to equity shareholders of parent company	(4,763)	(8,263)	(17,206)
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SHANTA GOLD LIMITED
Consolidated Statement of Financial Position
As at period ended 30 June 2016

	Note	30-Jun 2016 US\$'000 Unaudited	30-Jun 2015 US\$'000 Unaudited	31-Dec 2015 US\$'000 Audited
Non-current assets				
Intangible assets		23,216	23,243	23,201
Property, Plant and Equipment		71,170	117,814	91,093
Total non-current assets		94,386	141,057	114,294
Current assets				
Inventories		25,934	10,123	10,737
Trade and other receivables		10,225	7,152	8,717
Restricted cash		500	500	500
Cash and cash equivalents		29,998	5,861	19,117
Total current assets		66,657	23,636	39,071
Total assets		161,043	164,693	153,365
Capital and reserves				
Share capital		92	77	76
Share premium		143,871	133,246	133,766
Other reserves		7,393	10,349	9,539
Retained deficit		(69,283)	(58,284)	(66,712)
Total equity		82,073	85,388	76,669
Non-Current liabilities				
Loans and borrowings	4	31,813	55,792	54,076
Decommissioning provision		6,218	9,328	5,979
Deferred taxation		8,194	5,742	6,696
Total non-current liabilities		46,225	70,862	66,751
Current liabilities				
Trade payables and accruals		5,450	6,396	5,883
Loans and borrowings	4	27,295	2,047	4,062
Total current liabilities		32,745	8,443	9,945
Total liabilities		78,970	79,305	76,696
Total equity and liabilities		161,043	164,693	153,365

SHANTA GOLD LIMITED
Consolidated changes in Equity
for the six months ended 30 June 2016

	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 2016	76	133,766	3,202	5,374	881	82	(66,712)	76,669
Loss for the Period	-	-	-	-	-	-	(4,721)	(4,721)
Other comprehensive income for the year	-	-	-	-	(42)	-	-	(42)
Repurchase of Convertible Debt	-	-	-	(2,150)	-	-	2,150	-
Shares issued	16	10,105	-	-	-	-	-	10,121
Share based payments	-	-	46	-	-	-	-	46
At 30 June 2016 (Unaudited)	92	143,871	3,248	3,224	839	82	(69,283)	82,073
At 1 January 2015	76	132,865	4,067	5,374	781	416	(50,228)	93,351
Profit for the Period	-	-	-	-	-	-	(8,299)	(8,299)
Comprehensive income for the Period	-	-	-	-	36	-	-	36
Shares issued	1	381	(243)	-	-	(310)	243	72
Share based payments	-	-	228	-	-	-	-	228
At 30 June 2015 (Unaudited)	77	133,246	4,052	5,374	817	106	(58,284)	85,388
At 1 January 2015	76	132,865	4,067	5,374	781	416	(50,228)	93,351
Profit for the year	-	-	-	-	-	-	(17,306)	(17,306)
Other comprehensive income for the year	-	-	-	-	100	-	-	100
Share based payments	-	-	367	-	-	-	-	367
Shares issued	-	491	-	-	-	(334)	-	157
Exercised options	-	410	(410)	-	-	-	-	-
Lapsed options	-	-	(822)	-	-	-	822	-
At 31 December 2015 (Audited)	76	133,766	3,202	5,374	881	82	(66,712)	76,669

SHANTA GOLD LIMITED
Consolidated Statement of Cash flows
for the six months ended 30 June 2016

	Note	30-Jun 2016 US\$'000 Unaudited	30-Jun 2015 US\$'000 Unaudited	31-Dec 2015 US\$'000 Audited
Net cash flows from operating activities	5	17,214	4,383	35,017
<u>Investing activities</u>				
Purchase of intangible assets		(14)	(35)	(71)
Purchase of property, plant and equipment		(182)	(630)	(2,048)
Assets under construction		(13,089)	(3,681)	(8,509)
Open pit development expenditure		-	(10,423)	(18,904)
Proceeds from disposal of asset		-	32	-
Net cash flows (used in) investing activities		(13,285)	(14,737)	(29,532)
<u>Financing activities</u>				
Share capital issued		10,121	-	-
Loans repaid		(11,171)	(25,076)	(25,237)
Equipment loan advanced /(repaid)		1,628	(290)	(579)
Finance lease payments		(65)	(65)	(165)
Loan interest paid		(3,561)	(2,378)	(4,398)
Loans received, net of issue costs		10,000	29,146	29,133
Net cash flows from/(used in) financing activities		6,952	1,337	(1,246)
Net (decrease)/increase in cash and cash equivalents		10,881	(9,017)	4,239
Cash and cash equivalents at beginning of Period		19,117	14,878	14,878
Cash and cash equivalents at end of Period/year		29,998	5,861	19,117

SHANTA GOLD LIMITED

Notes to the Consolidated Financial Statements for the six months ended 30 June 2016

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 Suite A, St Peter Port House, St Peter Port, Guernsey. The interim consolidated financial statements were approved by the board and authorised for issue on 16 August 2016.

2. Basis of preparation

The consolidated interim financial statements have 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 statements have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2016.

The consolidated interim financial statements for the Period 1 January 2016 to 30 June 2016 are unaudited and incorporate unaudited comparative figures for the interim Period 1 January 2015 to 30 June 2015 and the audited comparative figures for the year to 31 December 2015. 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 2015 Annual Report.

The half year financial information for the six months ended 30 June 2016 set out in this document does not comprise the Group's statutory accounts as defined in Companies (Guernsey) Law 2008 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 2015, 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 statements as were applied in the Group's latest annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

SHANTA GOLD LIMITED
Notes to the Consolidated Financial Statements
for the six months ended 30 June 2016

3. (Loss) per share

Basic (loss) per share is calculated by dividing the (loss)/profit 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.

Due to the loss for the Period ended 30 June 2016, the share options would be anti-dilutive and therefore diluted LPS is the same as Basic LPS.

	Unaudited 30 June 2016			Unaudited 30 June 2015			Audited 31-Dec-15		
	Weighted average number of shares (Loss) US\$'000	Per share amount (Cents)	(Loss) US\$'000	Weighted average number of shares (Loss) US\$'000	Per share amount (Cents)	(Loss) US\$'000	Weighted average number of shares (Loss) US\$'000	Per share amount (Cents)	
	(thousands)	(Cents)		(thousands)	(Cents)		(thousands)	(Cents)	
Basic LPS	(4,721)	499,138	(0.946)	(8,299)	466,605	(1.781)	(17,306)	464,389	(3,727)

4. Loans and borrowings

	Unaudited 6 months ended 30 June 2016 \$'000	Unaudited 6 months ended 30 June 2015 \$'000	Audited Year ended 31 December 2015 \$'000
Amounts payable within one year			
Promissory notes ^(a)	3,032	-	-
Loan from Investec Bank ^(b)	23,356	1,003	3,356
Loan from related parties ^(f)	-	337	-
Equipment Finance ^(d)	769	579	579
Finance lease ^(e)	138	128	127
	27,295	2,047	4,062
Amounts payable after one year			
Promissory notes ^(a)	-	2,845	2,929
Loan from Investec Bank (net of arrangement costs) ^(b)	14,788	28,143	25,877
Convertible loan notes ^(c)	14,202	22,645	23,446
Equipment Finance ^(d)	2,596	1,737	1,448
Finance lease ^(e)	227	422	376
	31,813	55,792	54,076

SHANTA GOLD LIMITED

Notes to the Consolidated Financial Statements for the six months ended 30 June 2016

(a) Promissory Notes

Promissory notes relate to Promissory Note 2 of US\$3.1 million issued in consideration for the acquisition of Boulder and are repayable on 15 April 2017. During the previous year Promissory Note 1 of US\$2.4 million was repaid on 15 April 2015. The notes bear an annual interest of 2.6% and are payable semi-annually in arrears. The promissory notes are recognised at fair value and subsequently accounted at amortised cost. The fair value of the notes has been determined by discounting the cash flows using a market rate of interest which would be payable on a similar debt instrument obtained from an unconnected third party. Using a market interest rate of 9% and a contractual rate of 2.6%, the fair value of the promissory notes of US\$3.1 million was calculated to be US\$2.5 million.

(b) Loan from Investec Bank in South Africa relates to a drawdown of US\$ 40 million from two facilities totalling US\$40 million obtained in May 2015 and fully drawn in April 2016. The facilities bear an annual interest rate of 3-month USD LIBOR +4.9% and are secured on the bank account which is credited with gold sales, the shares in Shanta Mining Company Limited (SMCL) and a charge over the assets of SMCL.

Facility A is for US\$20 million and was used to pay the outstanding FBN Bank Ltd loan, accrued interest of US\$101,000 and loan arrangement fees of US\$600,000. Capital repayments of US\$1.25 million are due every quarter end commencing 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. US\$10 million of the facility was drawn in May 2015 and a further US\$10 million was drawn down on 1 April 2016.

Repayment of the drawn facility amount commences in the quarter ending 30 June 2016 and can be extended at the option of SMCL to begin repayments from June 30, 2017.

Both these facilities are secured by means of

- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of SMCL and made between the Investec and the Security Agent, including any immovable property, moveable property, the Mining Licences, the relevant Prospecting Licences and surface right lease or access agreements and the assignment/charge over Investec's rights under and in terms of all bank accounts, material documents, insurances and insurance proceeds and all loans against any other member of the Group but excluding assets over which a Permitted Security Interest has been created;
- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of Shield Resources Limited and made between Shield Resources Limited and the Security Agent, including any immovable property, moveable property, the relevant Prospecting Licences and surface right lease or access agreements and the assignment/charge over Shield Resources' rights under and in terms of all bank accounts, insurances, insurance proceeds and all loans and claims of Shield Resources against any other member of the Group but excluding assets over which a Permitted Security Interest has been created;
- Together there is a registered charge of US\$55,000,000 (which includes a margin facility for gold forward sales of up to US\$15,000,000) against the mineral and prospecting rights of both Shanta Mining Company Limited and

Shield Resources Limited;

SHANTA GOLD LIMITED

Notes to the Consolidated Financial Statements for the six months ended 30 June 2016

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

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

(c) The convertible loan notes relate to the original US\$25 million fixed coupon convertible loan notes which were due for repayment on 13 April 2017 and contain a conversion option at a price of US\$0.4686 per 1 Company share. The notes incurred an interest charge of 8.5% per annum and interest is payable half yearly in April and October. They are not secured against any assets of any Group Company. The Group has determined them to be a compound financial instrument requiring a proportion of the loan to be classified as equity. The equity element represents the difference between the fair value of a similar liability with no equity conversion option and the fair value of the existing convertible notes in issue. Accreted interest is charged to the statement of comprehensive income over the life of the notes.

In May 2016, and following consultation with the convertible loan note holders, the Company has reached an agreement with a requisite 75 per cent. majority to complete a buyback of \$10.0 million of the notes and to extend the repayment term of the remaining notes by two years to April 2019. As part of the Restructuring, the coupon applicable to the notes will increase from 8.5 per cent. to 13.5 per cent. for the remainder of the term of the notes.

(d) Equipment Loan

The loan is in respect of a crusher/screening plant acquired from Sandvik SRP AB, Sweden and is payable in 20 equal quarterly instalments commencing on 15 August 2014 and bears interest at a rate of 6% per annum. A further loan facility consisting of two tranches totalling € 4.63 million for 7 pieces of mining equipment and bears interest at rate of 7% and is repayable in 36 instalments commencing in June 2016 – Tranche A and September 2016 – Tranche B on a quarterly basis

(e) Finance Lease

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

(f) Related party loan

This loan was fully repaid in H2 2015 and full details are contained in the Annual Report of the Company for 2015.

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Notes to the Consolidated Financial Statements
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5. Net Cash flows from Operating activities

	30-Jun-16	30-Jun-15	31-Dec-15
	US\$'000	US\$'000	US\$'000
(Loss) before tax	(3,034)	(10,343)	(18,110)
Adjustments for:			
Depreciation / depletion of assets	33,192	5,612	43,015
Amortisation / write off of intangible assets	239	-	78
(Gain)/loss on disposal of assets	-	(32)	368
Share based payment costs	46	295	527
Loss/(Gain) on non-hedge derivatives	1,312	-	(1,312)
Exchange (gain)/loss	(42)	(157)	276
Finance income	(88)	(47)	(112)
Finance expense	3,194	3,835	7,097
Fair value of warrants	-	(48)	-
Operating cash (outflow)/inflow before movement in working capital	34,819	(885)	31,827
Movements in working capital:			
(Increase)/decrease in inventories	(15,197)	2,584	1,970
(Increase)/decrease in receivables	(1,875)	2,431	1,718
(Decrease)/Increase in payables	(433)	253	(260)
	17,314	4,383	35,255
Taxation paid	(188)	-	(287)
Interest received	88	-	49
Net cash flow from operating activities	17,214	4,383	35,017

6. Events after the reporting Period

There were no significant transactions after the reporting date.