

29 March 2023

**Shanta Gold Limited**  
(“Shanta Gold”, “Shanta”, the “Group” or the “Company”)

**Full Year Results for the year ended 31 December 2022 and  
Posting of Annual Report and Notice of AGM**

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer announces its production and operational results for the year ended 31 December 2022 (“FY2022” or the “Year”) for its East African assets, including New Luika Gold Mine (“NLGM” or “New Luika”) and Singida Project (“Singida”) in Tanzania and West Kenya Project (“West Kenya”) in Kenya. The Group has also today published its Annual Report for the year ended 31 December 2022 and posted its Notice of Annual General Meeting to shareholders, both of which are available on the Company’s website at [www.shantagold.com](http://www.shantagold.com).

**Eric Zurrin, CEO, commented:**

*“The past year has been a successful one for Shanta, with our financial performance improving year on year, strong operational progress being made across all three of our assets and most importantly, the team maintaining our excellent safety record.*

*An encouraging end to the year saw the Company finish with gold production of 65,209 ounces at New Luika, up 18% on the prior year. Elsewhere, the Singida Project is nearing completion on time and on budget, and we are set for first gold pour in March 2023. This is a transformational moment for Shanta, as the Company transitions to a 100,000 ounce per year gold producer. The Project will quickly move from being a cost centre to a cash generator and further allow us to reinvest into exploration elsewhere in the portfolio. Some of that investment will continue to be deployed in West Kenya, where we have seen some fantastic drilling results during the year. With the significant update to the MRE and the growing number of targets discovered in the region during 2022, we are convinced that West Kenya has the potential to become one of Africa’s next quality, high-grade gold mines.*

*2022 has seen the Company continue to place a huge emphasis on our partnership with local communities, as we provided agricultural, educational and medicinal support to those villages in close proximity to New Luika and Singida.*

*We look forward to 2023 with excitement as all three assets in the portfolio offer serious growth opportunities for the Company. With a healthy balance sheet providing a strong platform, shareholders can look forward to a year of growth in the year to come.”*

## **2022 Highlights**

### **Financial**

- Revenue of US\$114.1 million (“m”) (2021: US\$103.6 m);
- Gross profit of US\$25.4 m (2021: US\$26.0 m);
- Adjusted EBITDA<sup>1</sup> of US\$29.8 m (2021: US\$25.2 m);

- Operating profit of US\$6.0 m (2021: US\$4.7 m);
- Cash, and available liquidity<sup>3</sup> of US\$13.0 million (“m”) at 31 December 2022, including US\$2.5 million undrawn from the Working Capital facility;
- Gold sales achieved an average selling price of US\$1,791 /oz during 2022 (2021: US\$1,801 /oz);
- Total VAT refunds received of US\$9.6 million;
- Adjusted Operating Cash costs of US\$1,014 /oz and an AISC of US\$1,271 /oz, in line with AISC guidance of US\$1150-1275 /oz; and
- Final 2021 dividend paid in July 2022 and 2022 interim dividend paid in November 2022, totalling approximately US\$2.5 million. Final dividend proposed by the Directors of 0.1 pence per share (approximately US\$1.3 million) for approval at the 2022 AGM in April 2023.

## Operational

- Excellent safety record with TRIFR rate of 0.85 (Singida) and 1.27 (NLGM) in 2022);
- Record annual throughput of 874,703 tonnes (“t”) milled, up 5% from 2021;
- Gold production of 65,209 ounces (“oz”), up 18% from 2021; 4% variance to updated production guidance of 68 Koz (target range set 12 months ago of 68-76 Koz);
- Exploration in 2022 included comprehensive targeting studies for NLGM and the Lupa Goldfields resulting in a target pipeline for all stages of exploration targets;
- Singida Project is 90% complete as at the end of December 2022, on budget and on track for first production in March 2023
  - Singida increases Group production by 45-50% to approximately 100,000 oz pa;
  - Singida adds a second revenue stream across the portfolio while further strengthening our diversified portfolio of assets in East Africa;
  - In 2022, geological mapping, regional soil sampling, geophysics reinterpretation and district target generation was completed that significantly enhanced the Singida upside potential for mine life extension;
- Extension of current reserve life at NLGM, now through Q1 2028, following successful exploration programmes on an optimised budget in 2022, adding a further 92,500 oz of contained reserves; and
- West Kenya Phase 2 drilling continued to deliver encouraging assay results
  - Significant update to Mineral Resource Estimate to 1.76 Moz contained resources relating to Isulu and Bushiangala deposits with Ramula in February 2023 for the year 2022;
  - Phase 2 drilling programme continued at the West Kenya Project with further high-grade intercepts and multiple occurrences of visible gold identified in drilling

intersections, bringing the total number of visible gold identifications to 67 intersections at Isulu and Bushiangala across 165 holes drilled since January 2021;

- Work undertaken at newly discovered and existing targets including Miruka, Anomaly 22 and Kimingini, planned to continue in 2023.

## **Sustainability**

- In 2022, Shanta's direct economic contributions totalled US\$148.8 million, which includes: US\$53.7 million in cash operating costs; US\$13.6 million in employee wages and benefits; US\$54 million in capital expenditure; US\$26.8 million in royalties, taxes, duties, levies, and other payments to government, and US\$0.3 million to community investments and donations;
- Shanta assisted over 2500 farmers with farming donations and technical farming support;
- Improved the infrastructure of various primary and secondary schools in villages surrounding operations by building new ablution blocks, classrooms, providing desks and learning materials; and
- Sponsored advanced medical equipment to local village dispensaries and maternity wards near the New Luika Gold Mine

## **2023 Guidance**

- Annual guidance for NLGM of 66,000 – 72,000 oz at AISC of US\$1,200 – 1,300 /oz
- Singida production guidance to be released following commencement of commercial production. Previous LoM plan guided for approximately 32,000 oz pa;
- Underground grade control drilling currently covering almost 85% of Q1 2023 production and 73% of full year 2023 planned ounces has de-risked the 2023 production plan.

### **Note:**

1. Adjusted EBITDA is earnings before interest, tax, depreciation, and amortisation which has been derived as operating profit exclusive of depreciation/depletion of tangible assets, amortisation of intangible assets and exploration expenditure at the West Kenya Project totalling US\$6.6 million.

2. AISC figures published include development costs, in line with the WGC definition

3. Available liquidity has been derived as unrestricted cash, the sale value of doré available for sale at the end of the Period (net of royalties and expected selling costs), and undrawn portions of the Working Capital facility.

## **Board changes**

The Company announced that Luke Leslie, Chief Financial Officer, has informed the board of his decision to step down from his role in order to pursue other opportunities effective 28 March 2023.

## **Annual General Meeting (“AGM”)**

The AGM of the Company will be held at 11 New Street, St Peter Port, Guernsey, GY1 3EG on 28<sup>th</sup> April 2023 at 11.30am. The Notice of AGM has been sent to shareholders today and is available on the Company’s website.

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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 625 koz grading 2.91 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 1.76 million ounces including 722 Koz in the Indicated category grading 11.45 g/t. With a healthy 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 1,051 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.

## **Chairman's statement**

Despite the challenges posed by global financial trends seen in 2022, Shanta remained resilient and adaptable, ensuring that we continued to serve our shareholders and other stakeholders effectively. We also remained committed to corporate social responsibility, and achieved impressive operational and performance results while maintaining an outstanding safety record,

The past year was a transition year for the company where the ongoing construction of the new Singida Gold Mine and a successful exploration campaign at West Kenya laid the groundwork for transforming Shanta into a 100koz per year gold producer with an attractive investment case.

Luke Leslie, Chief Financial Officer, has informed the board of his decision to step down from his role in order to pursue other opportunities. I would like to take this opportunity to extend my thanks to Luke for his contribution to Shanta in particular over the last 5 years as CFO and Head of M&A. During this time he was instrumental in the successful turnaround of Shanta which included the acquisition of the West Kenya Project in 2020. On behalf of the board, we wish him all the best in his future endeavours.

## **Performance and operating highlights**

Once again, Shanta's exploration team have managed to replace mined ounces for the 4<sup>th</sup> consecutive year and extend New Luika's mine life, now through to Q1 2028 from Q4 2026. This ensures long-term, sustainable returns for our shareholders. The ongoing exploration campaign at Shanta's West Kenya Project continued in 2022 resulting in the resource base increasing to 1.76 Moz, an increase from 1.55 Moz at the beginning of the year, and Indicated Resources increasing to 1.14 Moz. Our West Kenya project now accounts for 48% of our total resources.

During the year, the construction of the Singida Gold Mine progressed as planned and on budget, a testament to the project management team given the inflationary cost pressures this year throughout the industry. With first gold pour planned for March 2023, Singida is currently forecast to add 45-50% to the Group production profile, enhancing the Company's short-term future and diversifying the asset portfolio. We are confident in delivering further sustainable returns to our shareholders while transforming the economic potential of the local region in which the mine operates.

## **Corporate Social Responsibility (CSR)**

Shanta recognises that its success is largely as a result of the wide ranging, powerful benefits of a strong CSR strategy. We recognise the importance of entrenching a local content strategy throughout our operations including job creation and employment, payments to government and local investment. In 2022, Shanta's direct economic contributions totalled US\$148.8 million, which includes: US\$53.7 million in cash operating costs; US\$13.6 million in employee wages and benefits; US\$54 million in capital expenditure; US\$26.8 million in royalties, taxes, duties, levies, and other payments to government, and US\$0.3 million to community investments and donations. Of the total economic value distributed, 95% was attributed to Tanzania, with the remaining 5% to exploration and evaluation activities in Kenya.

Throughout the year, the Company also supported various community initiatives to directly support local communities which included assisting over 2500 farmers with farming donations and support, improving the infrastructure of various primary and secondary schools in villages surrounding our mines by building new ablution blocks, classrooms, providing desks and learning materials, The company also sponsored advanced medical equipment to local village dispensaries and maternity wards near the New Luika Gold Mine. These are just some of the

initiatives undertaken in the year and highlights our commitment to the local communities in which we operate.

### **Environmental, Social and Governance (ESG) reporting**

As a responsible gold miner, we are committed to ensuring transparent and high quality ESG and sustainability reporting as we understand that investors and other stakeholders consider governance as critical to business success. In 2022, Shanta released its inaugural 2021 Sustainability Report where we looked to strengthen our sustainability governance by identifying the policy gaps that exist and benchmarking against peers. The 2022 report due to be announced in April 2023 will build on and refine our ESG reporting.

### **Year ahead**

As Singida moves into production and transitions from a cost centre to a cash generator, our exploration focus will pivot back to mine life extension at both the Singida and New Luika mines, in order to unlock long term shareholder value. Resource growth at West Kenya continues to impress and is an important future pillar of our investment case. Shanta will continue to develop this resource in 2023 and progress the Feasibility Study workstream with the goal of developing a mine in Kenya in the medium term.

With the increasing diversity and complexity of our operations, our Board concluded in our annual Board Review that we should appoint additional Independent Non-Executive Directors and we expect to make announcements on this in the near future.

Finally, I would like to thank the Shanta team and our wider stakeholders for their continued commitment, support, and efforts which have delivered the encouraging results seen in this annual report.

Anthony Durrant

**Chairman**

28 March 2023

## **Chief Executive Officer's review**

2022 was a significant year for Shanta and I am pleased that the Company enjoyed a strong end to the year at all of our assets across the portfolio. Our producing mine New Luika, saw record annual throughput and full year production of 65,209 ounces, an 18% increase vs last year's production figures.

Despite a near miss on guidance, I am happy to report that there are numerous initiatives underway and in place for 2023 to decrease operational risks and optimise production. These include the team adding 40% to the open pit mining capacity with the addition of mining equipment from a second contractor as well as Shanta taking the delivery of a newly purchased underground production rig.

The completion of construction at the Singida Gold Mine is fast approaching having been kept on track and on budget throughout the year. Singida will transform Shanta into a 100,000 oz/pa gold producer with a diversified resource base whilst group-wide resources have increased to 3.7 Moz from 1.2 Moz five years ago.

Our exploration campaign conducted at West Kenya during the year, continued to deliver, with some of the best drilling results the Company has seen in its history. As we diversify our portfolio in Tanzania with Singida's first gold pour in March 2023, West Kenya demonstrates the Group's clear long term growth potential to shareholders.

Last year, we released our inaugural Sustainability Report, which highlighted our dedication as a company to operating and collaborating in a responsible manner. In 2022, we continued our ESG journey ensuring that our sustainability reporting accurately reflects our commitment to sustainable practices and responsible business operations. We look forward to building on this progress in the coming years and continuing to prioritize sustainability in all aspects of our business.

## **HIGHLIGHTS**

### **Exceptional safety record**

As always, the wellbeing of all our employees is our number one priority, and we have an uncompromising approach to safety standards. Operations at the New Luika Gold Mine achieved a Total Recordable Injury Frequency Rate ("TRIFR") per 1 million hours worked of 1.27 and the Singida team achieved an outstanding 0.85, both significantly below the global industry average of 2.90, as measured by the International Council of Mining and Metals.

### **The Singida Gold Mine**

Singida remains on track for first gold pour in March 2023 transforming Shanta Gold into a 100,000 oz/pa producer and diversifying Group cash flow. The Singida project team has done a fantastic job over the year keeping the construction of the Singida mine on schedule and on budget. While the rest of the industry was impacted by the global inflationary pressures, no material capital cost inflation has been incurred in the construction costs owing to orders for major capital items being placed in early 2021 prior to inflationary pressures and excellent supervision and flexibility from the Singida team in Tanzania.

As at year end, the Singida project was 90% complete with total project capital expenditure amounting to \$26.8 million in 2022, and \$32.4 million to date. Initial startup operations have also been significantly de-risked with the stockpile of crushed ore now at 32,300 tonnes (equal

to over one month of supply) and the Run of Mine stockpile of 166,600 t grading an average of 2.58 g/t containing 13.8 koz of gold (equal to approximately 4 months of processing).

In terms of long term potential, geological mapping which took place in 2022 shows upside potential for mine life extension. To help achieve this goal, Shanta welcomed back George Kondela, the new General Manager of Singida, in January 2023 to lead the Singida Gold Mine and mine life extension efforts. George is a trained geologist and has significant experience in this area with a track record of successful reserve life expansions. The project's location within a greenstone deposit also means it is well suited to further exploration growth.

Shanta's impressive safety standards are being carried through to its Singida operations with a robust health and safety framework having been maintained throughout construction.

We are committed to developing and promoting local talent at the Singida Gold Mine and have directly employed 474 employees and contractors, all of whom are Tanzanian nationals. As we continue to invest in community initiatives that benefit the people of the Ikungi region, we are confident that the project will deliver transformational change. Our efforts have already begun with the upgrade of local schools in Malumbi and Samburu villages, improvement of roads, several water projects, and the renovation of a local dispensary. We are pleased with these early steps and look forward to making a positive impact in the region.

### **The West Kenya Project**

The West Kenya project has achieved impressive growth and results, as evidenced by the latest Mineral Resource Estimate which has increased to 1.76 Moz, while Indicated Resources to 1.14 Moz. The Indicated Resource ounces also demonstrate high-grades, averaging 11.45 g/t Au across 722 Koz, indicating potential for high margin cash flow in future operations.

In 2022, the Ramula target was one of the focus areas for exploration drilling which has contributed to the significant increase in Indicated Resources throughout West Kenya. The potential for open pit mining at Ramula is particularly appealing in terms of cost and timing, adding to the attractiveness of the asset's development.

As we move towards the first gold pour at Singida in March 2023, the ongoing exploration success at West Kenya is a source of great excitement for the Shanta team and all stakeholders. Our unique investment proposition, driven by a clear growth story and an ever-increasing production profile, sets us apart from our peers and gives us confidence in the Company's near to mid-term prospects.

In 2023, the West Kenya Project Feasibility Study workstream, led by an internal owners team, will continue. The team will focus on developing and evaluating mining conceptual models, which marks an exciting initial step towards converting the West Kenya Project from an exploration project to a producing entity.

### **Portfolio-wide exploration**

In 2022, Shanta has once again succeeded in extending the life of NLGM through the addition of new reserves, now projecting to run until Q1 2028, as compared to Q4 2026, as measured 12 months ago at the end of 2021. This marks the fourth consecutive year in which the mine life has been extended by at least one year through successful exploration, highlighting the importance of this approach in achieving long-term, sustainable returns for our shareholders.

In 2022, we invested US\$2.1 million in exploration in Tanzania which is less than half of what was spent in 2021. This was due to prioritizing funding for the construction of Singida. Despite this reduction, we added 92,500 ounces of new reserves at NLGM. Our Tanzanian assets contain a total of 625,000 oz of compliant gold reserves with an average grade of 2.91 g/t. These reserves are divided between the NLGM and Singida projects, with NLGM contributing



394 Koz of reserves grading at 2.85 g/t, and Singida contributing 231 Koz of reserves grading at 3.01 g/t. Future mine life potential comes from a further 1.2 Moz of resources at NLGM and Singida, not currently in the mine plan and available for future exploration.

With the Singida Gold Mine transitioning from a cost centre to a cash generator as it moves into production, our exploration focus will shift towards extending the mine life to create long-term value for shareholders. Singida is a greenstone project located within the highly productive Lake Victoria Gold Field and has only undergone around 75,000 meters of drilling, presenting a significant opportunity for reserve addition and mine life extension.

Resource growth at West Kenya remains impressive and serves as an important aspect of our investment strategy. At present, our West Kenya project accounts for 48% of our total resources.

### **Status of VAT refunds**

At the end of the year, the Company had a VAT receivable balance of US\$29.3 million, of which \$23.1 relates to the Company's input VAT refund application for the period from July 2017 to June 2020. The Company has sought comprehensive legal and tax guidance to recover the VAT and is pursuing an out of court settlement to recover the remaining balance, as detailed in note 3.

Cash refunds and offsets of US\$9.6 million were received in the year, in respect of post June 2020 VAT, indicating positive engagement with the Tanzanian Revenue Authority ("TRA"). The remaining current VAT receivable is awaiting verification audit, after which it can be utilized for additional refunds or offsets against corporate income tax. The Company has sought comprehensive legal and tax guidance to recover the VAT and is pursuing an out of court settlement to recover the remaining balance, as detailed in note 3.

## **OPERATIONS REVIEW**

### **New Luika Operations Review**

2022 saw several operating achievements which include a record annual throughput of 874,703 tonnes milled, which represents a 6% increase from 2021, and gold production of 65,209 ounces, up 18% from the previous year, and 4% below the annual production target of 68,000 oz. This near miss can be attributed to operational challenges seen at New Luika, where steps have been taken to decrease operational risk.

The State-owned grid experienced power instability throughout the country, which led to a reduction in the reliability of power for underground equipment at NLGM. In Q4, the contribution of State-grid power to NLGM improved with the arrival of seasonal rains and the increase of hydro power in country. A long-run average of 25% of power sourced from the State-grid is usually expected when power shortages are supplemented by Shanta's HFO power station.

The reduced availability of open pit and underground mining equipment impacted the mine plan in H2. To support surface operations, open pit mining equipment arrived at NLGM in December 2022 from a second mining contractor, increasing the open pit mining fleet capacity by around 40% by the end of the year.

In addition, a newly purchased Sandvik underground production rig was fully commissioned in December 2022, resulting in a 94% increase in total underground production meters to 10,439 meters compared with the first 11 months average of 2022 of 5,377 meters. At the end of December 2022, there were 10 underground stopes ready and available for drilling compared to a NLGM base case average of 3 at any one time.

AISC<sup>1</sup> for the year was US\$1,271/oz and within the AISC cost guidance of US\$1,150-1,275 /oz set for 2022 and a 6.4% decrease on the 2021 AISC. The improvement was as a result of more ounces produced and rigorous cost management during a year impacted by global inflation.

## **FINANCIAL OVERVIEW**

Turnover for the year from sales of gold amounted to US\$114.1 million, compared to US\$103.6 million in 2021, a 10.1% increase attributable to increase in gold ounces recovered. Shanta sold 63,695 oz of gold in 2022 (2021: 57,517 oz) with all sales completed at spot price, with an average selling price of US\$1,791 /oz during 2022 (2021: US\$1,801/oz).

Operating profit for the year amounted to US\$6.0 million (2021: US\$4.7 million), the increase being mainly attributable to a combination of more revenue being earned in the period and less expenditure relating to the West Kenya Project in 2022 when compared to 2021. Adjusted EBITDA<sup>1</sup> was US\$29.8 million (2021: US\$25.2 million).

Following committed and positive engagement with the Tanzania Revenue Authority (“TRA”), total VAT cash refunds of US\$4.1 million were received by the Group in 2022, with a further US\$5.5 million offset against income tax liabilities. US\$4.6 million has also been verified for refund by the TRA in Q1 2023.

At the end of December 2022, remaining gold price protection outstanding relating to the Standard Bank loan and Working Capital facility in the form of Zero Cost Collars totalled 15 Koz including 8 Koz covering the period January to June 2023 between US\$1600-1950 /oz, and 7 Koz covering the period January to April 2023 between US\$1725-1756 /oz. The hedge contracts are largely aligned with final Singida construction costs. No additional hedges will be added.

## **Sustainability**

In 2022, the Group published its inaugural stand-alone Sustainability Report which saw Shanta report on key sustainability issues that are most material to Shanta’s stakeholders. This year saw the Company developing its ESG reporting function and metrics to be more in line with ESG and Sustainability Reporting Standards. The 2022 Sustainability Report will be published in April 2023 and will be Shanta’s second Sustainability Report reflecting our commitment to robust environmental, social and governance (“ESG”) reporting and operating as a responsible miner. It also provides insight into the priorities and key projects that shaped the year and presents our 2022 performance.

## **Community Investment**

Shanta considers shared success as a foundation of its business model, acknowledging that its commercial achievements stem from productive collaborations with the communities where its operations are based. The Company endeavours to establish mutually beneficial relationships by generating employment opportunities, investing in local economies, and fulfilling its tax obligations. Through active participation and cooperation with local communities and government agencies, Shanta is working to improve living standards and create opportunities for those communities in which it operates.

In 2022, Shanta's direct economic contributions amounted to US\$148.8 million. This comprises of US\$53.7 million in cash operating costs, US\$13.6 million in employee wages and benefits, US\$54.3 million in capital expenditure, US\$26.8 million in royalties, taxes, duties,

levies, and other payments to the government, and US\$0.3 million in community investments and donations. Tanzania received 95% of the total economic value distributed, while exploration and evaluation activities in Kenya received the remaining 5%.

Shanta is one of the largest gold mining contributors in terms of taxes paid in Tanzania. We provide a comprehensive disclosure of our tax and overall economic contributions in our Annual Report, which includes details of our payments to the government.

Shanta has a robust Corporate Social Responsibility (CSR) program that has been designed based on community initiatives developed in collaboration with significant community and regional stakeholders. Shanta's community investment projects focus on Water, Education, Livelihood, and Health initiatives, which are the primary pillars of the program. These initiatives aim to benefit the local communities in the vicinity of Shanta's New Luika, Singida, and West Kenya operations.

Some of the projects the Group carried out in 2022 are mentioned below:

### *Education*

Shanta firmly believes in providing quality education as a means of promoting lifelong learning and sustainable development in local communities. Over the years, the company has undertaken various education projects such as infrastructure development, sponsoring underprivileged students, and expanding access to Information and Communications Technology "ICT".

In 2022, Shanta continued to prioritize education with a focus on the Songwe region, West Kenya, and Singida. The company sponsored 77 secondary school and 231 primary school students from underprivileged families, providing them with uniforms, shoes, and stationery.

Shanta constructed new infrastructure, including a two-unit teacher's house in Miembeni Primary School, four classrooms and two teachers' offices in Mbangala Secondary School, and four classrooms with toilets in Mlumbi and No 7 schools. Additionally, the entire administration block at Bushiangala Primary School in West Kenya was renovated.

Shanta also worked towards improving access to ICT equipment and learning, completing the construction of a computer lab at Saza Secondary School and partnering with Vodacom Tanzania to install a communication tower and distribute 50 tablets with education materials.

### *Water*

Access to water is a major challenge for many residents in the Songwe region of Tanzania due to limited water infrastructure and unpredictable rainfall. Shanta has a history of supporting initiatives to improve water infrastructure, including drilling boreholes, constructing pumps for existing wells, and building storage facilities in local villages.

In 2021, Shanta invested in a pipeline connecting the Luika River Dam to Mbangala village, spanning 4 km, with the objective of providing reliable and clean running water to around 7,600 people. In 2022, Shanta extended this pipeline and installed additional water stations near the Mbangala Primary School, Mbangala Medical Centre, and the furthest dwellings.

In the West Kenya license area, Shanta implemented a water harvesting initiative in two affected schools, Nyangulu Mixed Secondary School and Marende Primary School, around the Ramula prospect area. The initiative involved installing rainwater harvesting infrastructure,

including guttering and water storage tanks. Shanta also involved the community in the project, encouraging them to provide locally available materials and casual labour. The initiative has benefited both schools and neighbouring households, providing clean water to a population of approximately 1,500 people.

### *Livelihood*

Farming and artisanal mining are key income generating activities in Songwe, Singida and near our work in West Kenya. Shanta has supported a range of livelihood programmes to support and grow the economic prospects of our local communities.

We continue to support local farmers in Songwe through our Mining Agriculture Improvement Program (“SMAP”) as well as our Saza Village Beekeepers group. The number of farmers engaged with our agricultural schemes has grown exponentially since inception in 2017. In 2022 Shanta sponsored 8 farmers representatives and 2 beekeepers representatives to the annual National Farmers exhibition which takes place annually. These representatives managed to showcase their products as well as having the opportunity to learn from other farmers and supplier attending the exhibition.

In 2022 Shanta continued to support members of its programme by providing training and donating planters, seeds, and fertilizer. In addition, the harvest which was the result of several years’ work with the community yielded 1,600,000 kg and 1,350,000 kg of Sunflower. Sesame harvest resulted in a total US\$1.9 million of income and Sunflower harvests resulted in US\$580k of income. This meant that US\$2.5 million was distributed directly to the farmers as direct income to support their family needs. For the 2023 season Shanta has added further investment in the programme to continue to benefit the region.

### *Health*

Access to quality healthcare services and the prevalence of long-term health issues remain ongoing challenges in Kenya and Tanzania. In 2022, Shanta was pleased to continue its partnership with PharmAccess Foundation and AMREF to support the Innovative Partnership for Universal Sustainable Healthcare (i-PUSH) project in West Kenya. This project aims to connect at least half a million Kenyans to the National Hospital Insurance Fund (NHIF), which provides medical insurance cover to its members.

Despite the importance of health cover, many families in our project areas are not enrolled in the NHIF scheme due to financial constraints and a perception that it is not an essential need. To address this issue, the program targets women of childbearing age, and once enrolled in i-PUSH, they receive subsidized health cover for a year. To support this initiative, we made a financial contribution by donating 50% of the first year's annual premium for 500 low-income women in our project area, triggering the remaining 50% contribution from i-PUSH. As a result, enrolled women and their families now have access to NHIF cover for a year.

Furthermore, we fully renovated the Mang'onyi Dispensary in the Mang'ony village close to Singida and are close to completing the construction of the maternity ward, which is scheduled for completion in H1 2023.

## **Mitigating Environmental Impact**

### *Climate Change*

Over the past decade, the issue of climate change and how the mining industry can respond to it has become increasingly pressing. As a responsible gold miner, Shanta is committed to scrutinising its practices and mitigating its impacts. While our operations require a stable and reliable power supply, we recognise that our energy use and efficiency should incorporate efforts to reduce our direct and indirect emissions. We understand the importance of prioritising carbon removals and emissions reductions, and despite our size, we aim to play our part in the global energy transition. Our stakeholders have also identified energy use and efficiency as a priority, and we are determined to reduce our energy consumption without compromising on operational performance or cost control. We have already taken steps to improve our energy consumption practices, but we are eager to learn from the best practices in the industry and implement robust policies and measures.

### *Biodiversity*

At New Luika, Shanta Gold is committed to reducing its impact on the surrounding flora and fauna and protecting biodiversity. The company conducts fauna surveys before working in undisturbed areas, communicates and enforces strict rules for the protection of wildlife, and has clear guidelines for relocating wildlife encountered by employees. Shanta Gold also reports incidents resulting in harm to wildlife or damage to vegetation, monitors flora and fauna biodiversity annually, and tests progressive mineral leaching through water analysis. The mining activities at New Luika have disturbed less than 1% of the Patamela Forest Reserve, and Shanta will rehabilitate the disturbed areas.

### **Outlook**

At New Luika, annual production guidance has been set to approximately 66,000 – 72,000 oz at an AISC of US\$1,200 – 1,300 /oz. Production guidance for the Singida Gold Mine will be released following the commencement of commercial production, however the current life of mine plan guides for approximately 32,000 oz pa.

I want to express my gratitude to our shareholders, employees, Board members, and partners for their unwavering dedication and support for the company during this period. We are thrilled about the upcoming addition of the Singida mine to our portfolio, the extremely encouraging West Kenya exploration results and the ongoing replacement of reserves at New Luika, which all bode well for the Company's future prospects in both the short and long term.

Eric Zurrin

**Chief Executive Officer**

28 March 2023

SHANTA GOLD LIMITED

**Consolidated statement of comprehensive income**

		31-Dec 2022	31-Dec 2021
	Notes	US\$'000	US\$'000
<b>Revenue</b>	4	<b>114,055</b>	103,571
Loss on non-hedge derivatives and other commodity contracts	5	(81)	-
Depreciation		<b>(16,725)</b>	(16,533)
Other cost of sales		<b>(71,844)</b>	(61,078)
<b>Cost of sales</b>		<b>(88,569)</b>	(77,611)
<b>Gross profit</b>		<b>25,405</b>	25,960
Administration expenses		<b>(12,000)</b>	(10,160)
Exploration and evaluation costs		<b>(7,370)</b>	(11,133)
<b>Operating profit</b>		<b>6,035</b>	4,667
Finance income	6	<b>425</b>	3,012
Finance expense	7	<b>(3,535)</b>	(6,679)
<b>Profit before taxation</b>		<b>2,925</b>	1,000
Taxation	9	<b>(5,224)</b>	(7,168)
<b>Loss for the year attributable to the equity holders of the parent Company</b>		<b>(2,299)</b>	(6,168)
<b>Loss profit after taxation</b>		<b>(2,299)</b>	(6,168)
<b>Total comprehensive expense attributable to the equity holders of the parent Company</b>		<b>(2,299)</b>	(6,168)
<b>Loss earnings per share attributable to the equity holders of the parent Company</b>			
<b>Basic and diluted loss per share (US\$ cents)</b>	10	<b>(0.220)</b>	(0.589)

The loss for the year and the total comprehensive expense for the year are attributable to the equity holders of the parent Company. There are no non-controlling interests. The items in the above statement are derived from continuing operations.

# Consolidated statement of financial position

		31-Dec 2022 US\$'000	31-Dec 2021 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	11	43,343	43,343
Property, plant and equipment	12	115,731	89,656
Right of use assets	13	2,740	2,313
Other receivables	17	22,064	22,698
<b>Total non-current assets</b>		<b>183,878</b>	158,010
<b>Current assets</b>			
Inventories	16	36,207	27,234
Trade and other receivables	17	10,495	7,046
Cash and cash equivalents		3,828	13,214
<b>Total current assets</b>		<b>50,530</b>	47,494
<b>TOTAL ASSETS</b>		<b>234,408</b>	205,504
<b>CAPITAL AND RESERVES</b>			
<b>Equity</b>			
Share capital and premium	22	211,540	211,540
Share option reserve	23	-	148
Translation reserve		450	450
Shares to be issued		-	-
Retained deficit		(60,023)	(55,356)
<b>TOTAL EQUITY</b>		<b>151,967</b>	156,782
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and other borrowings	19	19,316	3,454
Provision for decommissioning	21	12,266	7,500
Provision for deferred taxation	9	11,180	12,381
<b>Total non-current liabilities</b>		<b>42,762</b>	23,335
<b>Current liabilities</b>			
Trade and other payables	18	26,208	17,169
Loans and other borrowings	19	8,126	2,823
Derivative financial liability		81	-
Income tax payable		5,264	5,395
<b>Total current liabilities</b>		<b>39,679</b>	25,387
<b>TOTAL LIABILITIES</b>		<b>82,441</b>	48,722
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>234,408</b>	205,504

The financial statements were approved and authorised for issue by the board of Directors on 28<sup>th</sup> March 2023 and signed on its behalf by:

**Eric Zurrin**  
Chief Executive Officer

**Anthony Durrant**  
Chairman

## Consolidated statement of changes in equity

	Share capital	Share premium	Share option reserve	Convertibl e loan notes reserve	Translatio n reserve	Shares to be issued	Retained deficit	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Total equity 1 January 2021</b>	149	210,344	338	5,374	450	1,043	(51,776)	165,922
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(6,168)	(6,168)
<b>Total comprehensive expense for the year</b>	-	-	-	-	-	-	(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	-
Dividend payments (note 30)	-	-	-	-	-	-	(2,972)	(2,972)
<b>Total equity 31 December 2021</b>	150	211,390	148	-	450	-	(55,356)	156,782
Loss and total comprehensive expense for the year	-	-	-	-	-	-	(2,299)	(2,299)
<b>Total comprehensive expense for the year</b>	-	-	-	-	-	-	(2,299)	(2,299)
Share based payments	-	-	-	-	-	-	-	-
Lapsed options	-	-	(148)	-	-	-	148	-
Exercised options	-	-	-	-	-	-	-	-
Repayment of convertible loan notes	-	-	-	-	-	-	-	-
Dividend payments (note 30)	-	-	-	-	-	-	(2,516)	(2,516)
<b>Total equity 31 December 2022</b>	150	211,390	-	-	450	-	(60,023)	151,967



## Consolidated statement of cash flows

		31-Dec 2022 US\$'000	31-Dec 2021 US\$'000
	Notes		
<b>Net cash flows generated from operating activities</b>	24	<b>11,753</b>	12,586
<b>Investing activities</b>			
Purchase of plant and equipment		<b>(42)</b>	(206)
Purchase of right of use assets		-	(14)
Purchase of assets under construction		<b>(29,529)</b>	(18,002)
Mine development expenditure		<b>(8,387)</b>	(8,494)
<b>Net cash flows used in investing activities</b>		<b>(37,958)</b>	(26,716)
<b>Financing activities</b>			
Loans repaid		<b>(6,003)</b>	(2,655)
Principal paid on lease liabilities		<b>(1,301)</b>	(1,134)
Interest paid		<b>(1,361)</b>	(816)
Purchase of silver to fulfil silver stream obligation		-	(354)
Buy-back of convertible loan notes	20	-	(9,807)
Equity dividend paid	30	<b>(2,516)</b>	(2,972)
Loans received (net of loan arrangement fees)	19	<b>28,000</b>	1,000
Movement in restricted cash		-	2,500
<b>Net cash flows received from / (used in) financing activities</b>		<b>16,819</b>	(14,238)
<b>Net decrease in cash and cash equivalents</b>		<b>(9,386)</b>	(28,368)
<b>Cash and cash equivalents at beginning of year</b>		<b>13,214</b>	41,582
<b>Cash and cash equivalents at end of year</b>		<b>3,828</b>	13,214

## **1. General information**

Shanta Gold Limited (the Company) is a limited company incorporated in Guernsey. The address of its registered office is 11 New Street, St Peter Port, Guernsey, GY1 2PF. The nature of the Group's operations and its principal activities are set out in the Chairman's statement, the Chief Executive Officer's review and the Directors' report published within the 2022 Annual Report.

These financial statements were approved and authorised for issue by the Board of Directors on 28 March 2023 and signed on its behalf by Eric Zurrin and Anthony Durrant.

The financial information set out herein does not constitute the Group's statutory financial accounts. This information has been derived from the Group's Annual Report and full financial statements for the year ended 31 December 2022 which were approved and authorised for issue on 28 March 2023 and upon which the auditors have reported without qualification.

The Group's 2022 Annual Report and financial statements will be distributed to shareholders and made available on the Company's website at <http://www.shantagold.com> on 29 March 2023.

## **2. Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value, as explained in the accounting policies below. They are presented in US Dollars, which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared in accordance with UK adopted international accounting standards.

The preparation of financial statements in compliance with UK adopted international accounting standards, requires the use of certain critical accounting estimates. It also requires Group's management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

## **3. Going Concern**

The Directors have performed an assessment of whether the Group would be able to continue as a going concern until at least December 2024. In their assessment, the Group has taken into account its financial position, expected future trading performance, its debt facilities, future debt servicing requirements, its working capital and capital expenditure commitments and forecasts.

Based on a review of the Group's budgets, cashflow forecasts and its ability to flex its future exploration spending to suit prevailing circumstances, the Directors consider that the Group has adequate resources to continue in its operational existence until at least December 2024. Key assumptions underpinning this forecast include consensus analyst gold prices and production volumes in line with annual guidance.

At 31 December 2022 the Group had an unrestricted cash balance of US\$3.83 million and available liquidity of US\$10.47 million. Despite delays in recovering VAT, the Group has sufficient operating cashflows to continue to operate for the foreseeable future, including meeting contractual debt repayments until at least December 2024, and that at this point in time there are no material uncertainties regarding going concern.

The Directors have concluded that these circumstances form a reasonable expectation that the Group has adequate resources to continue in operational existence, until at least December 2024. For these reasons, the Directors continue to adopt the going concern basis in preparing the Annual Report and Accounts.

#### 4. Loss per share

Basic loss per share is computed by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	31-Dec 2022 US\$'000	31-Dec 2021 US\$'000
Loss for the year attributable to equity holders of Company	(2,299)	(6,168)
Loss used in calculation of basic earnings per share (see below)	(2,299)	(6,168)
Basic loss per share (US cents)	(0.220)	(0.589)
Weighted average number of shares in issue	<u>1,047,885,766</u>	<u>1,047,885,766</u>

There were no share incentives outstanding at the end of the year that could potentially dilute basic earnings per share.

#### 5. Loan and other borrowings

	31-Dec 2022 US\$'000	31-Dec 2021 US\$'000
<i><b>Current liabilities</b></i>		
Silver stream (19.1)	1,347	1,158
Loans payable to Standard Bank less than 1 year (19.2)	3,114	-
Stanbic overdraft payable (19.3)	3,000	1,000
Lease liabilities (note 13)	665	665
	<u>8,126</u>	<u>2,823</u>
<i><b>Non-current liabilities</b></i>		
Silver stream (19.1)	2,045	2,695
Loans payable to Standard Bank more than 1 year (19.2)	16,580	-
Lease liabilities (note 13)	691	759
	<u>19,316</u>	<u>3,454</u>
<b>Total loans and other borrowings</b>	<u>27,442</u>	<u>6,277</u>

### **(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 has been accounted for as an adjustment for the value in future estimates. The Silver Stream liability was re-estimated in 2022 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.

<b>Silver Stream</b>	<b>31-Dec</b>	<b>31-Dec</b>
<b>US\$'000</b>	<b>2022</b>	<b>2021</b>
At 1 January	<b>(3,853)</b>	(5,590)
Value of silver transferred	<b>1,221</b>	1,231
Interest at the effective interest rate (note 7)	<b>(1,180)</b>	(1,341)
Adjustment for the value in future estimates (note 6)	<b>421</b>	2,464
Change in estimate (note 7)	-	(617)
At 31 December	<b>(3,391)</b>	(3,853)

### **(2) Loans payable to Standard Bank**

In July 2022 the Company entered into a long term facility agreement with Standard Bank Tanzania. The facility is for a principal amount of \$20 million and has a term of 4 years at an interest rate of 8.34%. Repayment is in 12 equal capital repayments from September 2023.

### **(3) Stanbic overdraft payable**

The Company entered into an revolving loan facility with Stanbic Bank in Tanzania to fund short term working capital. The facility is for US\$ 5 million of which US\$ 3.5 million has been drawn down at year 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.

## 6. Net cash flows from operating activities

	<b>31-Dec</b>	31-Dec
	<b>2022</b>	2021
	<b>US\$'000</b>	US\$'000
Profit before taxation for the year	<b>2,919</b>	1,000
Adjustments for:		
Depreciation/depletion of tangible assets	<b>16,190</b>	16,039
Amortisation of right of use assets	<b>535</b>	961
Unrealised exchange gains	<b>7</b>	(63)
Non-cash settlement of Silver Stream obligation (note 10)	<b>(1,221)</b>	(1,231)
Finance income	<b>(425)</b>	(3,012)
Finance expense	<b>3,535</b>	6,679
Increase in provisions	<b>(145)</b>	-
Operating cash flow before movement in working capital	<b>20,977</b>	20,373
(Increase) / decrease in inventories	<b>(8,973)</b>	2,806
Increase in receivables	<b>(8,431)</b>	(4,431)
Increase in payables	<b>8,699</b>	4,961
	<b>12,690</b>	23,709
Taxation paid	<b>(938)</b>	(11,124)
Interest received	<b>1</b>	1
Net cash flow from operating activities	<b>11,753</b>	12,586

**ENDS**