

20 April 2020

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

Q1 2020 PRODUCTION & OPERATIONAL UPDATE

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announces its production and operational results for the quarter ended 31 March 2020 (the "Quarter", "Q1" or the "Period") for its New Luika Gold Mine ("NLGM" or "New Luika"), in South Western Tanzania.

Q1 Highlights

- Gold production of 20,167 ounces ("oz") (Q4 2019: 19,550 oz);
- Adjusted EBITDA¹ of US\$15.0 m (Q4 2019: US\$8.6 m);
- All In Sustaining Costs ("AISC")² of US\$833 /oz (Q4 2019: US\$902 /oz);
- Cash operating costs of US\$630 /oz (Q4 2019: US\$638 /oz);
- Forward sales commitments reduced during the Quarter to 31,265 oz (Q4 2019: 40,000 oz) and post period to 27,304 oz, a 32% reduction from the end of 2019;
- Cash, and available liquidity³ of US\$15.7 m (Q4 2019: US\$13.7 m);
- Gross debt decreased 7.3% to US\$20.4 m (Q4 2019: US\$22.0 m);
- Zero Lost Time Injuries ("LTI's"), with no LTI's since Q4 2017;
- Acquisition of Barrick Gold Corporation's Kenyan assets (the "West Kenya Project") announced; closing of transaction anticipated to take place around mid-2020; and,
- West Kenya Project includes NI-43101 compliant Inferred Mineral Resource Estimate of 1,182,000 oz gold grading 12.6 g/t, believed to be one of the highest grading +1 Moz gold deposits in Africa.

Response to COVID-19

- The Songwe region has no reported cases of COVID-19 and Shanta has put in place restrictions on all non-critical business travel;
- Shanta was an early adopter of precautionary measures to reduce the risk of infection;
- Critical inventory spares and stocks have been significantly increased to protect against the possibility of supply chain disruptions;
- Shanta's team (both employees and contractors) are almost exclusively Tanzanian nationals, leading to minimal impact from the suspension of international travel and no reliance on fly-in fly-out operators;
- TSH 100 m of equipment formally pledged to the Government of Tanzania to help fight the virus (equivalent to approximately US\$43,000) in addition to ongoing deployment

of investments in community health, infrastructure, education and livelihood programmes; and,

- The Company's medical team is helping to educate local communities to reduce the potential for transmission of the disease.

Operational Summary

- 174,069 tonnes ("t") milled (Q4 2019: 177,913 t); processing plant continues to perform above nameplate capacity;
- Average head grade of 4.0 g/t for the quarter (Q4 2019: 3.8 g/t);
- Average recoveries of 89.1% (Q4 2019: 89.2%); and,
- Run of Mine ("ROM") stockpile of 123,500 t of ore grading 1.45 g/t (Q4 2019: 138,868 t grading 1.78 g/t).

Financial Summary

- Gross debt of US\$20.4 m (Q4 2019: US\$22.0 m);
- Net debt of US\$15.1 m (Q4 2019: US\$14.3 m), excluding US\$7.8 m of liquidity from bullion available for sale at the end of the Period;
- Unrestricted cash balance of US\$5.3 m (Q4 2019: US\$3.5 m);
- Liquidity available for draw down from Exim working capital facility of US\$2.5 m (Q4 2019: US\$2.5 m);
- AISC² of US\$833 /oz (Q4 2019: US\$902 /oz);
- VAT receivable increased to US\$22.9 m (Q4 2019: US\$21.8 m) after a VAT refund of US\$0.7 m (set off against corporate taxes); and,
- Maturity date of outstanding Convertible Loan Notes extended to April 2021; the Company has the flexibility to redeem earlier (in whole or in part), if it so chooses.

Acquisition of the West Kenya Project

- Definitive agreement entered into to acquire the West Kenya Project from Barrick Gold Corporation ("Barrick"); includes a NI-43101 compliant Inferred Mineral Resource Estimate of 1,182,000 oz grading 12.6 g/t from surface;
- Fully financed purchase price totalling US\$7 m cash, US\$7.5 m shares in the Company issued to Barrick, and a 2% NSR royalty on future gold production;
- Expands Shanta's operating presence in East Africa with a diversified portfolio of highly attractive assets delivering long term growth;
- Increases Shanta's high-quality gold resource inventory to over 3 Moz contained gold, with the prospect of future growth;
- In-fill drilling and technical studies required prior to construction decision;

- Conditions to Closing include regulatory approvals required in Kenya; transaction anticipated to close around mid-2020; and,
- Scoping Study expected to be released following Closing.

Singida

- Updated JORC compliant Mineral Resource Estimate of 919,000 oz at 2.25 g/t; and,
- Significant increase in gold grades with Measured and Indicated (“M&I”) Resource grade increasing 26% and Inferred Resource grade increasing 23%.

Exploration

- Underground exploration drilling at Bauhinia Creek (“BC”) and Ilunga ongoing; and,
- Includes Diamond Drilling (“DD”), aimed at testing the continuity of mineralisation between previously identified intersects.

Corporate Social Responsibility (“CSR”)

- 1,480 kg of honey produced in latest beekeeping season, a 64% annual increase;
- Inaugural brick manufacture and construction training underway for residents in nearby Saza village;
- 2,600 kg of sesame seed purchased on behalf of farmers enrolled in the Company’s farming initiative, which continues to have a significant impact in the region;
- More than 2,000 books donated from the Merlin School, London to Shanta’s community education program, allowing local schools to establish libraries; and,
- Shanta attended the recent ‘Songwe Region Investment Forum and Exhibition’, for which it was a principle sponsor, promoting investment opportunities within Songwe.

2020 Guidance

- Annual guidance of 80,000 – 85,000 oz at AISC² of US\$830 – 880 /oz reiterated for 2020.

Note: 1. EBITDA is earnings before interest, tax, depreciation and amortisation which has been derived as operating profit exclusive of depreciation/depletion of tangible assets and amortisation of intangible assets. Adjusted EBITDA has been derived as EBITDA before non-cash loss on unsettled forward contracts.

Note: 2. Development costs at the BC, Luika and Ilunga underground operations are not included in AISC.

Note: 3. Available liquidity has been derived as unrestricted cash, restricted cash and 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:

“During the quarter, we announced the acquisition of Barrick’s Kenya assets. As a result, Shanta is expected to transform into a multi-asset and geographically diversified company with a portfolio of low-cost gold mines, and the potential to become a significant producer.”

We look forward to publishing the West Kenya Project economics and the Singida economics in the coming months. We anticipate low capital costs at both projects driven by the highly attractive grades. The Company meanwhile continues to make excellent progress in reducing its hedge book and transitioning towards a net cash position.”

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 20 April 2020, at 09:30 GMT. Participants can access the call by dialling one of the following numbers below approximately 10 minutes prior to the start of the call.

UK Toll-Free Number: 08003589473

UK Toll Number: +44 3333000804

PIN: 56529611#

The presentation will be available for download from the Company's website: www.shantagold.com or by clicking on the link below:

<https://www.anywhereconference.com?Conference=301321019&PIN=56529611&UserAudioMode=DATA>

A recording of the conference call will subsequently be available on the Company's website.

Enquiries:

Shanta Gold Limited

Eric Zurrin (CEO)

+255 (0) 22 292 5148

Luke Leslie (CFO)

Nominated Adviser and Broker

Numis Securities Limited

Paul Gillam / Alamgir Ahmed

+ 44 (0)20 7260 1000

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. It currently has defined ore resources on the New Luika and Singida projects in Tanzania and holds exploration licenses covering approximately 1,500km² in the country. In February 2020, Shanta Gold entered into an agreement to acquire the West Kenya Project in Kenya from subsidiaries of Barrick Gold Corporation. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 84,506 ounces in 2019. The Company has been admitted to trading on London's AIM and has approximately 794 m shares in issue. For further information please visit: www.shantagold.com.

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

Q1 2020 PRODUCTION & OPERATIONAL UPDATE

Safety, Health and Environment

There were no Lost Time Injuries during the Quarter and the Company has now reached over 4.4 million man-hours without Lost Time Injury. Shanta maintains its track record of operating among the safest gold mining operations of its peers and had a Total Recordable Injury Frequency Rate (“TRIFR”) (per 1 million hours worked) of 0.00 for Q1 (Q4 2019: 1.93), significantly below the industry average.

Response to COVID-19

Shanta was an early adopter of several best practices designed to prevent the coronavirus from entering NLGM and is educating communities around the mine to help protect them from contracting the virus.

Social distancing policies are currently in place at New Luika. Staff rotation periods have been increased to help further isolate the mine, no visitors are permitted on the mine site and camp-resident employees are no longer permitted to leave site for leisure during their onsite rotation periods. Meal rotas have been introduced and seating density has been capped within dining facilities. An isolation area has been erected at the mine and health screening is being conducted for all mine site arrivals.

Over 99% of Shanta’s team are Tanzanian and approximately 40% of these are permanent residents of the local villages around New Luika. Shanta does not rely on the movement of a fly-in fly-out workforce. Masks and sanitisers are being provided to employees travelling to or from the mine via domestic chartered aeroplane. Local employees have been advised to stay at home when not working.

The Company has pledged TSH 100 m (equivalent to approximately US\$43,000) worth of equipment to the Government of Tanzania to help in the national fight against the spread of the virus. This is in addition to the extensive measures being taken by Shanta locally within Songwe, where Health remains one of the core pillars to the Company’s social responsibilities strategy.

The safety and wellbeing of our employees continues to be the Company’s highest priority and the precautionary measures in place at the mine are considered robust. With these in place, the Company considers New Luika to currently be one of the safest places in Tanzania in the fight against the spread of COVID-19.

Operational

Production Summary

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Tonnes ore milled	174,069	177,913	174,132	177,647
Grade (g/t)	4.03	3.83	4.54	3.91
Recovery (%)	89.1	89.2	89.3	89.4
Gold (oz)				
Production	20,167	19,550	22,726	19,856
Sales	20,086	17,311	22,477	19,780
Silver production (oz)	19,294	18,485	24,744	23,461
Realised gold price (US\$/oz)	1,414	1,440	1,462	1,303

Gold production during the period was 20,167 oz. Overall, a total of 150,842 t of ore grading 4.7 g/t was mined in Q1 compared with 144,206 t of ore grading 5.2 g/t in Q4 2019. 174,069 t of ore was milled during the period (Q4 2019: 177,913 t). The ROM stockpile at the end of Q1 was 123,500 t of ore grading 1.45 g/t (down from 138,868 t grading 1.78 g/t at the end of Q4 2019). Average recoveries of 89.1% were achieved in the plant during the period (Q4 2019: 89.2%).

The volume of critical inventories being held at New Luika has been increased to safeguard against the risk of potential supply chain disruptions arising from the recent outbreak of COVID-19. The mine is well equipped to sustain operations should such disruptions occur.

Financial

During the Quarter, a total of 20,086 oz of gold was sold at an average price of US\$1,414 /oz against the average spot price for the quarter of US\$1,582 /oz. This included the settlement of 8,735 oz of forward sales commitments. As of 31 March 2020, the Company had sold forward 31,265 oz to January 2021 at an average price of US\$1,247 /oz. Since the end of the Quarter, total forward sales commitments have been further reduced to 27,304 oz, representing a 32% reduction from forward sales commitments in place at the end of 2019.

Cash operating costs and AISC of US\$630 /oz (Q4 2019: US\$638 /oz) and US\$833 /oz (Q4 2019: US\$902 /oz), respectively, were achieved in the Quarter. Of note, development costs at the BC, Luika and Ilunga underground operations are not included in AISC.

Working capital in the Quarter increased by US\$2.9 m, accounted for by a decrease in trade and other payables (US\$2.3 m) and an increase in trade and other receivables (US\$0.6 m). The increase in trade and other receivables includes the VAT receivable which increased by US\$1.1 m to US\$22.9 m. US\$0.7 m of the VAT receivable was offset against corporate taxes during the Period. The total value of gold and consumable inventories was unchanged during

the Quarter; however, this included the ROM stockpile which decreased by US\$1.0 m. The value of consumables held in inventory increased by US\$0.6 m.

Capital expenditure was US\$3.5 m (Q4 2019: US\$5.8 m) for the Quarter, which predominantly related to underground development at BC and Ilunga.

As at 31 March 2020 the Company had an unrestricted cash balance of US\$5.3 m (Q4 2019: US\$3.5 m). This follows a 7.3% reduction in gross debt from US\$22.0 m to US\$20.4 m at the end of the Quarter. Net debt at the end of the Quarter was US\$15.1 m (Q4 2019: US\$14.3 m), excluding US\$7.8 m of liquidity from bullion available for sale.

During the quarter, written resolutions were passed by over 75% of Convertible Loan Note (“Loan Note”) Holders which extended the maturity date of the Loan Notes to April 2021. Shanta is permitted to redeem the Loan Notes earlier (in whole or in part), if it so chooses, by notice to the Loan Note Holders.

Acquisition of the West Kenya Project

During the Quarter, the Company announced that it has entered into a definitive agreement pursuant to which it will purchase a 100% holding of Barrick’s subsidiary Acacia Exploration (Kenya) Limited (“AEKL”). AEKL’s primary asset is a 100% participating interest in licences held by Afriore, which includes an existing high-grade NI-43101 compliant Inferred Mineral Resource Estimate of 1,182,000 oz gold grading 12.6 g/t.

The acquisition cost for AEKL comprises:

- US\$7 m in cash, payable on completion;
- US\$7.5 m in Shanta shares (priced at 10.4977 pence per share equal to 54,650,211 shares in Shanta Gold), to be issued on completion; and,
- A 2% life of mine NSR royalty, payable on actual gold production in the future.

This purchase price is fully financed with no requirement for equity issuance, other than the 54.7 million shares being issued to Barrick.

Following completion of the transaction, the Company plans to proceed with progressing a scoping study in advance of a drilling campaign. Subject to the exploration results this would likely be followed by a Pre-feasibility study and a Definitive Feasibility Study.

This project significantly expands the Company’s operating presence in East Africa. Shanta’s high-quality gold resource inventory will increase to 3 Moz+ contained gold once the acquisition is finalised, further diversifying the Company’s asset portfolio and securing long-term growth.

Conditions to closing include regulatory approvals required in Kenya and these are anticipated to be fulfilled around mid-2020.

Singida

During the Quarter, the Company announced an updated JORC compliant Mineral Resource Estimate of 919,000 oz at 2.25 g/t for its Singida Project, reflecting a 27% improvement to the previously announced 725,000 oz at 1.84 g/t. The grade of the Singida Project's M&I Resource increased by 26% following this reassessment and the grade of its Inferred Resource increased by 23%.

Exploration

The Company's exploration budget for the year has been substantially increased and activities commenced during the Period with underground exploration drilling at BC and Ilunga. This programme is highly targeted and will continue through to the second half of 2020.

Drilling during the Quarter was aimed at testing the continuity of mineralisation between previously identified intersects at depth and results from this initial 2020 drilling campaign will be announced once it has been completed.

Corporate Social Responsibility ("CSR")

The beekeeping initiative rolled out by Shanta in early 2018 at nearby Mbangala village has progressed strongly during its second full year. Newly trained residents enrolled in the programme harvested 1,480 kg of honey compared to 901 kg in the previous season, marking a 64% annual increase. The number of beehives in operation has also been increased from 143 to 163. Group training scheduled for April 2020 has been postponed due to the coronavirus outbreak, however the beekeepers involved have now acquired the skills needed to sustain production.

Shanta has commenced a training programme in which selected residents from nearby Saza village are being trained in the manufacture of interlocking bricks and relevant construction techniques. The intention for the near future is for this programme to be expanded to a second local village, Maleza. Works are on-going through this initiative to construct housing in Saza.

The Company's farming collaboration with Export Trading Group ("ETG") progressed well during the Period. Around 1,500 farmers cultivated sesame during the most recent season, compared to 878 during the previous one, and Shanta recently purchased 2,600 kg of sesame seed for participating farmers unable to purchase these themselves. Various training programmes were conducted during the Period covering topics including crop protection, disease control and post-harvest crop handling. Shanta's agronomist also provided treatment advice under the initiative to local communities regarding domestic animal diseases.

During the Quarter, New Luika received 2,119 books donated to young students in the local area. These books will be distributed to five primary schools surrounding New Luika and will be kept in each schools' library to ensure easy access.

The Company attended, and was the main sponsor for, a 'Songwe Region Investment Forum and Exhibition' during the Period. The event highlighted many opportunities for investment in Songwe, particularly within the agriculture, mining and manufacturing industries. Shanta's delegation was led by, amongst others, the Chairman of Shanta's Tanzanian operating subsidiary and the General Manager of New Luika Gold Mine.

ENDS