

21 April 2021

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

Q1 2021 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 2021 (the "Quarter", "Q1" or the "Period") 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.

Highlights

- Zero Lost Time Injuries ("LTI's"), with no LTI's since Q4 2017, surpassing 6.5 million man-hours;
- Precautionary COVID-19 measures at all sites to protect the health and safety of staff and the continuity of operations which remain unaffected;
- Maiden dividend of 0.10 pence per share announced for payment in April and a commitment to ongoing sustainable returns;
- Gross debt of US\$11.1 million ("m") reduced to US\$1.4 m post Period following the repurchase of all outstanding convertible loan notes and early repayment of Exim loan facility;
- Cash, and available liquidity¹ of US\$50.5 m (Q4 2020: US\$53.5 m);
- Net cash² of US\$31.0 m (Q4 2020: US\$37.3 m);
- Gold production of 14,641 ounces ("oz") (Q4 2020: 20,622 oz);
 - Gold production to increase throughout the year with H1 delivering 45% of production as previously guided;
 - Ongoing ramp-up of the new third mill at New Luika targeting monthly throughput of 2,300 tonnes per day during Q3 2021, an increase of 18% compared with daily throughput in 2020;
 - 2021 production guidance of approximately 80,000 oz reiterated;
- EBITDA³ of US\$7.6 m (Q4 2020: US\$15.6 m);
- Cash Costs of US\$829 /oz and All In Sustaining Costs ("AISC") of US\$1,307 /oz (including US\$204 /oz in relation to development costs);
 - Q1 AISC higher than 2021 annual guidance, in part due to the profile of increasing quarterly gold production forecasted for the remainder of the year;
- Extensive exploration programme on-going with total planned drilling of up to 80,000 metres in 2021 across the Company's three projects; and,
- Post period exploration drilling update at Luika deposit has added 76,461 oz of new Indicated resources grading 7.97 g/t (before Q1 depletion).

Operational Summary – NLGM

- 191,767 t milled (Q4 2020: 181,425 t);
- Average tonnes per day of 2,130 forecasted to increase to 2,300 during Q3 2021;
- Average head grade of 2.7 g/t (Q4 2020: 3.9 g/t) due to lower grades achieved compared to forecast in January at the Bauhinia Creek and Ilunga underground mines;
- Average recoveries of 89.1% (Q4 2020: 90.4%);
- Installation of 10 tonne per hour third mill at NLGM completed with throughput expected to increase further after the tailings pipeline upgrade is completed in June 2021;
- Low-cost state (“TANESCO”) grid power contributed 11% of NLGM’s power requirements, expected to increase to 37% by H2 2021, reducing power costs and gradually decarbonising footprint by displacing HFO for largely hydropower and natural gas powered national grid; and,
- Run of Mine (“ROM”) stockpile of 122,032 t of ore grading 1.31 g/t (Q4 2020: 154,577 t grading 1.31 g/t).

Financial Summary

- Unrestricted cash balance of US\$41.9 m (Q4 2020: US\$41.6 m);
- 4,602 oz contained within doré available for sale at the end of the Period (Q4 2020: 5,063 oz);
- VAT receivable increased to US\$29.1 m (Q4 2020: US\$27.6 m); and,
- Remaining VAT receivable is subject to verification audit by the Tanzanian Revenue Authority (“TRA”) before being available for further offsets.

Singida

- Project build advancing with tenders for work activities being assessed;
- Onsite works continue with geotechnical drilling, installation of a new radio system and site clearance activities underway;
- US\$0.3 m paid towards Crushing Circuit during the Period, with further US\$0.6 m paid post Period;
- Recruitment drive ongoing with 61 employees at site by the end of the Period, with 77% of employees at Singida recruited from surrounding villages; and,
- Exploration drilling yielded promising grades some of which significantly exceed the current reserve grade; results are being modelled to estimate the impact on reserves.

West Kenya

- Second drill rig now on site and operational as first phase of infill drilling progresses, third rig to arrive shortly;

- Encouraging assay results received from initial diamond drilling (“DD”) holes, with a number showing high grade intersections;
- Highlights included:
 - LCD0218 (Isulu) intersected 2.0 m grading 15.9 g/t Au from 233 m, including 0.5 m at 45.4 g/t;
 - LCD0223 (Bushiangala) intersected 22.9 m grading 4.81 g/t Au from 124 m;
 - *LCD0228 (Bushiangala) intersected 1.8 m grading 20.99 g/t from 187 m;
 - *LCD0231 (Bushiangala) intersected 4.9 m grading 14.35 g/t Au from 111 m;
 - *LCD0236 (Bushiangala) intersected 15.8 m grading 4.08 g/t Au from 111 m; and,
- Vocational security guard training programme delivered for 50 participants in partnership with a local security company.

* Results announced post period

New Luika Exploration

- Underground drilling at the Luika deposit (“Luika”) generated positive results, including:
 - Hole CSD206, which intersected 9.29 m grading 11.27 g/t Au from 441 m, incl. 4.88 m at 20.07 g/t Au;
- Updated Luika resource block model has additional 76,461 oz of new Indicated resources grading 7.97 g/t (before Q1 depletion), post Period; and,
- Further drilling is planned at Luika and Porcupine South for Q2 2021 to target conversion of Inferred resources into Measured and Indicated resources.

Corporate Social Responsibility (“CSR”)

- 175 students in Songwe being sponsored by Shanta for 2021;
- Over 600 textbooks donated to secondary schools in the region;
- 150 iron sheets donated to the Songwe District Commissioner to help with a range of school construction projects;
- 250 acres of sunflower cultivated by local farmers around New Luika with seeds donated by Shanta;
- Shanta continues to adopt several COVID-19 best practices to protect the safety and wellbeing of its employees, and is educating communities in Songwe to uphold its commitment to Health; and,
- Shanta awarded top prize by the Tanzanian Government in respect of its Local Content Compliance for 2019 and 2020.

Post Period

- 76,461 oz Indicated resources added at Luika deposit grading 7.97 g/t (before Q1 depletion);
- All outstanding convertible loan notes have been repurchased from external noteholders;
- Shanta's debt facility with Exim Bank repaid early and in full; and,
- Group debt now comprises residual balances on specific equipment financing arrangements only.

2021 Guidance

- Annual guidance of approximately 80,000 oz at AISC at US\$1,050 – 1,100 /oz including development costs (in line with the World Gold Council (“WGC”) definition) reiterated for 2021.

Note: 1. Available liquidity has been derived as unrestricted cash, restricted cash and the sale value of doré available for sale at the end of the Period (net of royalties and expected selling costs).

Note: 2. Net cash includes liquidity available from 105 oz unsold at the refinery at 31 March 2021.

Note: 3. 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.

Eric Zurrin, Chief Executive Officer, commented:

“2021 continues to be a year of strength for Shanta. Following the announcement of our maiden dividend in March, we remain committed to enhancing our robust fundamentals to protect long-term sustainable returns.

Reducing our debt is a key part of that strategy. The early repayment of the Exim loan facility and the repurchasing of all outstanding convertible loan notes demonstrates our financial discipline and further strengthens our balance sheet.

Beyond the income opportunity for shareholders and the steady gold production at New Luika, our exploration programme continues to unlock further capital growth within the portfolio. We are seeing encouraging drilling results across all three of our assets having completed 19% of the drilling programme so far this year which has already unlocked an additional 76,461 oz of new Indicated resources at Luika. We look forward to providing further updates as our drilling programme advances.”

Underpinning our performance and operational track record in Tanzania is the strength of our relationships with our in-country stakeholders. We are incredibly proud to have been awarded Tanzanian Government's Local Content award for 2019-20. It reflects the core purpose of our business to create value and opportunity for Shanta and the people of Tanzania through our operations.

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 21 April 2021, at 09:30 BST. Participants can access the call by dialling one of the following numbers below approximately 10 minutes prior to the start of the call or by clicking on the link below.

UK Toll-Free Number: +44 (0) 800 358 6374

UK Toll Number: +44 (0) 330 336 9104

PIN: 876209

<https://events.globalmeet.com/Public/ClickToJoin/ZW5jPUs2NWZKU2ZndWdwaE5vTStZMH Bla3RzaHI1NW5jVGVodEtGUTJ0WFZJNjdlZGFmRUxiWXZIZz09>

Participant Passcode: 876209

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

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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 1,100 km² in the country. Shanta Gold also owns the West Kenya Project in Kenya with defined inferred mineral resources of 1.2 Mt grading 12.6 g/t and continuous exploration licences covering 1,162 km². Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 82,978 ounces in 2020. The Company has been admitted to trading on London's AIM market and has approximately 1,048 m shares in issue. For further information please visit: www.shantagold.com.

Competent Person Statement

The technical information contained in this announcement was reviewed by Evance Rwiza (the Company's Senior Resource Geologist) who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) Membership No.317697 and Yuri Dobrotin, P.Geo. Membership No.0702 (Shanta's Group Exploration Manager), who is a practicing member of the Association of Professional Geoscientists of Ontario, Canada (PGO).

They have sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009, and National Instrument 43-101 ("NI 43-101")

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.

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Safety, Health and Environment

There were no Lost Time Injuries during the Period and the Company has now surpassed 6.5 million man-hours without a 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 2020: 0.00), significantly below the industry average.

Shanta continues to adopt several best practices designed to prevent the COVID-19 pandemic from entering NLGM and these measures remain in place. The safety and wellbeing of our employees remains the Company's highest priority and precautionary safeguards in place at the mine are robust. The Company is educating communities about the virus locally within Songwe, where Health remains one of the core pillars to Shanta's social responsibilities strategy.

Operational Summary – NLGM

Production Summary

	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Tonnes ore milled	191,767	181,425	181,036	176,415
Tonnes ore milled per day	2,131	1,972	1,968	1,939
Grade (g/t)	2.67	3.91	3.84	4.36
Recovery (%)	89.1	90.4	89.4	89.7

Gold (oz)				
Production	14,641	20,622	19,973	22,216
Sales	15,149	19,018	20,192	23,932
Silver production (oz)	17,360	26,544	25,016	21,378
Realised gold price (US\$/oz)	1,801	1,376	1,524	1,633

Gold production during the period was 14,641 oz. Overall, a total of 127,721 t of ore grading 3.9 g/t was mined from underground in Q1 compared with 155,859 t of ore grading 4.5 g/t in Q4 2020. A further 5,059 t ore grading 0.7 g/t was mined from open pits in Q1 compared with 44,691 t of ore grading 1.4 g/t in Q4 2020. 191,767 t of ore was milled during the period (Q4 2020: 181,425 t). The ROM stockpile at the end of Q1 was 122,032 t of ore grading 1.31 g/t (down from 154,577 t grading 1.31 g/t at the end of Q4 2020). Average recoveries of 89.1% were achieved in the plant during the period (Q4 2020: 90.4%).

Commissioning of a new 10 tonne per hour third mill at New Luika was completed in the Period. This has increased throughput capacity by 8% which is expected to grow further once the tailings pipeline upgrade is completed in June 2021. Low-cost grid power contributed 11% of New Luika's power requirements in the Period. This is expected to increase to a 37% contribution by H2 2021 which will help further reduce costs at New Luika.

Financial

During the Quarter, a total of 15,149 oz of gold was sold at an average price of US\$1,801 /oz against the average spot price for the quarter of US\$1,793 /oz.

Cash Costs of US\$829 /oz and AISC of US\$1,307 /oz (including US\$204 /oz in relation to development costs) were achieved in the Quarter respectively.

Working capital in the Quarter reduced by US\$6.4 m, accounted for by an increase in trade and other receivables (US\$0.8 m), an increase in trade and other payables (US\$3.2 m) and a decrease in inventories (US\$3.9 m). The movement in trade and other receivables includes the VAT receivable which increased by US\$1.5 m to US\$29.1 m. The remaining VAT receivable is subject to verification audit by the TRA before being available for further offsets. The decrease in inventories includes ROM stockpile which reduced by US\$3.0 m and spare parts and consumables which reduced by US\$1.0 m.

Capital expenditure was US\$4.7 m (Q4 2020: US\$3.4 m) for the Quarter, which predominantly related to underground development at BC, Luika and Ilunga.

Singida Gold Mine

Construction of Singida Gold Mine advanced during the Period with work on detailed designs for key project equipment and infrastructure progressing well. Tenders for surface equipment

hire, production and grade control drilling, and open pit blasting services have been approved and contracts for these workstreams are expected to be awarded during Q2. US\$0.3 m deposit was paid for the crushing circuit in the Period, and a further US\$0.6 m has been paid post Period.

Onsite work has progressed, with geotechnical drilling and the installation of a site-wide radio system completed during the Period. Bush clearance in preparation for planned TSF and plant infrastructure is ongoing.

Headcount at Singida has increased in line with increasing operational needs. Recruitment in the Period included a newly appointed Construction Manager and Environmental Officer. 77% of employees at Singida are from villages surrounding the mine site.

Exploration conducted during the Period targeted Cornpatch West with a Reverse Circulation (“RC”) drilling programme. 11 holes were drilled representing 1,855 metres, targeting the upgrade of Inferred resources to the Indicated category. Drilling highlights included:

- Hole SC715 intersected 5.0 metres grading 5.10 g/t Au;
- Hole SC719 intersected 7.0 metres grading 7.30 g/t Au; and,
- Hole SC717 intersected 4.0 metres grading 3.14 g/t Au.

These drilling results included some intersections with grades significantly exceeding the current reserve grade at Singida and these are being modelled to estimate any potential impact on reserves.

West Kenya

Investment in exploration at the West Kenya Project continues at pace and the number of drill rigs onsite increased to two in the Period with a third expected to be added shortly. A total of 32 holes for 4,873 metres were completed in the Period, representing 54% of the initial 9,000 metre programme planned for Phase 1 of the Company’s wider exploration strategy.

Assay results have been received for 7 DD holes. These comprised of 5 holes at Isulu totalling 1,136 metres and 2 holes at Bushiangala totalling 402 metres. Highlights included:

- LCD0218 (Isulu) intersected 2.0 metres grading 15.9 g/t Au;
- LCD0221 (Bushiangala) intersected 1.5 metres grading 4.15 g/t Au;
- LCD0223 (Bushiangala) intersected 22.9 metres grading 4.81 g/t Au;
- *LCD0227 (Isulu) intersected 1.50 m grading 13.9 g/t Au;
- *LCD0228 (Bushiangala) intersected 1.8 metres grading 20.99 g/t Au;
- *LCD0231 (Bushiangala) intersected 4.9 m grading 14.35 g/t Au;
- *LCD0233 (Bushiangala) intersected 4.40 m grading 8.37 g/t Au; and,
- *LCD0236 (Bushiangala) intersected 15.8 m grading 4.08 g/t Au.

* Results announced post period

Exploration activities will continue throughout 2021 with the main focus being conversion of Inferred resources to the Indicated category.

Shanta conducted a vocational guard training programme in partnership with KK Security during the Period. 44 out of 50 graduates have received full-time job offers from KK in various parts of Kenya, and the Company plans to expand its Kenyan CSR initiatives in the near-term to drive local socioeconomic growth.

Exploration – New Luika

Exploration drilling was conducted in the Period at the Luika deposit and assay results were received for exploration drilling at Porcupine South. Luika is located 1.8 km to the northwest of the NLGM processing plant and is one of NLGM's three actively mined underground deposits. Porcupine South is a new target located about 22 km to the east of the NLGM processing plant.

At Luika, 7 DD holes were drilled in the Period totalling 2,875 metres. Drilling has so far intersected mineralisation with sizeable widths, including the following encouraging results:

- Hole CSD206 intersected 9.29 metres grading 11.27 g/t Au;
- Hole CSD208 intersected 5.44 metres grading 2.61 g/t Au;
- Hole CSD209 intersected 2.06 metres grading 3.08 g/t Au;
- Hole CSD210 intersected 3.16 metres grading 5.37 g/t Au;
- *Hole CSD211 intersected 8.30 metres grading 4.89 g/t Au; and,
- *Hole CSD214 intersected 4.60 metres grading 24.47 g/t Au.

* Results announced post period

In addition, assay results received have been used to update the Company's Mineral Resource Estimate ("MRE") for Luika and resultantly 76,461 oz of gold has been added to Indicated resources. As at the end of March 2021, Luika's JORC compliant MRE totals 3.8 Mt, grading 3.47 g/t and containing 425 koz of gold using a cut-off grade of 1.0 g/t.

At Porcupine South, assay results were received for five drill holes (two RC holes, three DD holes) which were part of the Q4 2020 drilling campaign. Highlights included:

- Hole PSCD001 intersected 5.95 metres grading 1.43 g/t Au;
- Hole PSDD001 intersected 2.35 metres grading 4.60 g/t Au; and,
- Hole PSRC045 intersected 2.00 metres grading 1.80 g/t Au.

Drilling at Luika and Porcupine South will continue into Q2 with focus remaining on converting Inferred resources into the Measured and Indicated categories and generating additional Inferred resources.

Corporate Social Responsibility ("CSR")

Shanta has continued its education sponsorship programme for underprivileged students, and 175 students from primary and secondary schools in the local area have been sponsored for 2021. Towards the end of the Quarter the Company distributed stationery and exercise books to students, procured on their behalf from local suppliers in the area. Separately, Shanta has

also donated over 600 textbooks to secondary schools in Songwe to help replace materials that were lost during a fire in 2020.

Work is ongoing at several of Shanta's recent education infrastructure projects. Construction of a new dormitory at Saza secondary school is underway with foundations and wall framework now largely completed. This dormitory will provide children who live remotely with accommodation during the week, thus overcoming a barrier to attendance and increasing local access to education. To help support the wider Songwe District, Shanta also donated 150 iron sheets to the Songwe District Commissioner in the Period to aid the construction of new schools in the region.

Shanta's agricultural projects continue to support local farmers. Using sunflower seeds donated by the Company, 250 acres of sunflower have been cultivated by 175 farmers local to New Luika. These have the potential to produce an annual crop harvest of approximately 125,000 kg.

The Company attended the recent Mining Investment Forum in Dar Es Salaam. The Forum was organised by the Government of Tanzania through the Ministry of Minerals and brought together a range of stakeholders in the Mining Industry for discussion, sharing of experiences and wider learning. Shanta's contribution to local development was recognised and the Company was awarded the top prize for Local Content Compliance in respect of its performance during 2019 and 2020.

Post Period

The Company announced an exploration drilling and resource update post period, with a notable increase to the Indicated resources at Luika deposit of 76,641 ounces grading 7.96 g/t.

In addition, the Company completed the repurchase of all outstanding convertible loan notes from external noteholders post period for US\$9.8 million and fully repaid its debt facility with Exim Bank. Group debt is now limited to specific equipment financings in place at the end of 2020 totalling US\$1.4 m.

ENDS