

24 April 2023

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

**Q1 2023 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 2023 (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.

**Eric Zurrin, Chief Executive Officer, commented:**

*"I am pleased to report a strong start to 2023, with first gold pour at our new Singida Gold Mine taking place on the 30th of March. As a result, Shanta is now a 100,000 ounce per year gold producer with a diversified resource base, a de-risked balance sheet, and significantly more financial flexibility. Ramp up at the site is progressing well, with 2,200 ounces produced in the first 22 days of April 2023, and we expect to announce our 2023 production guidance and five-year plan in this quarter.*

*Production during Q1 at New Luika was 15,317 ounces, slightly lower than budget due to temporarily reduced availability of underground equipment in February, which was rectified in March, and generally excessive rains. Despite this, gold production for both January and March was above budgeted production. April production is on track for approximately 6 Koz and we remain confident of hitting full year guidance at the mine of 66-72 Koz.*

*"At West Kenya, we announced an exciting resource update following exceptional exploration and drilling results and resources now total 1.76 million ounces at 5.55 g/t Au including 0.72 million ounces in the Indicated category grading 11.45 g/t Au. With drilling set to recommence in the next few weeks, we are excited by the potential for West Kenya to become one of Africa's next high-grade gold mines.*

*"Our performance is underpinned by our excellent safety record, which continued throughout the Quarter and saw no recordable incidents at both Singida and New Luika. Meanwhile, our balance sheet remains healthy positioning us well to unlock further long-term value for our shareholders for the remainder of the year."*

**Highlights**

- First gold pour at the new Singida Gold Mine on 30 March 2023;
  - Singida increases Shanta's production to approximately 100,000 oz pa;
  - Ramp-up at Singida progressing well including 2,200 oz produced in the first 22 days of April 2023;
- NLGM Q1 production of 15,317 oz;
- Updated West Kenya Project mineral resource estimate to 1.76 Moz grading 5.55 g/t Au;

- Group total resources updated to 3.67 Moz grading 3.28 g/t Au;
- VAT refunds and offsets of US\$5.7 m in Q1; and,
- Excellent safety record with TRIFR rate of 0.00 (Singida) and 0.00 (NLGM).

### **Q1 2023 Financial Summary**

- Cash, and available liquidity<sup>1</sup> of US\$11.5 m at 31 March 2023 (Q4: US\$13.0 m), including US\$1.5 m undrawn from the working capital facility;
- Gross debt of US\$29.1 m (Q4: US\$24.1 m);
- Operating costs of US\$1,141 /oz (Q4: US\$1,112 /oz) and AISC of US\$1,429 /oz (Q4: US\$1,347 /oz) in the Quarter, respectively; and
- Capital expenditure and investment totalled US\$9.8 m including US\$6.7 m for Singida construction, US\$2.4 million for NLGM, and US\$0.7 m for West Kenya.

### **Q1 2023 Operational Summary**

#### **New Luika Gold Mine**

- Zero LTIs during the Quarter;
- 217,479 t milled (Q4: 227,207 t) from underground and open pit sources;
- Average head grade of 2.52 g/t Au (Q4: 2.60 g/t Au) blended from underground, open pit, and existing ROM stockpile sources;
- Average recoveries of 87.1% (Q4: 88.0%);
- Gold production of 15,317 oz (Q4: 16,742 oz);
- Run of Mine (“ROM”) stockpile of 224,426 t of ore grading 0.99 g/t Au (Q4: 207,392 t grading 0.92 g/t Au) containing approximately 7,124 oz.

#### **Singida Gold Mine**

- Zero LTIs during the Quarter.
- Singida achieved first gold pour in March 2023 which will increase Shanta Gold Group production by approximately 45%-50% to 100,000 oz/pa;
- Construction was completed on time and on budget;
- Average head grade of 3.15 g/t Au from open pit and existing ROM stockpile sources;
- Ore stockpile level at Singida is currently 194,196 t grading an average of 2.70 g/t Au (Q4: 171,500 grading 2.61g/t Au) for 16,883 contained ounces;
- Ramp-up at Singida is progressing well including 2,200 oz produced in the first 22 days of April 2023;
- Commercial production, 2023 production guidance, and 5-year plan expected in Q2 2023.

## **West Kenya Project**

- Total resources increased to 1.76 Moz grading 5.55 g/t Au, from 1.18 Moz since Shanta commenced drilling at the start of 2021;
- Indicated resources increased 1.14 Moz grading 4.86 g/t Au including 722 Koz grading 11.45 g/t Au;
- Drilling to recommence in the next few weeks following the recent completion of the updated Mineral Resource Estimate and preparation of Phase 3 drilling plans;
- Workshop planned this month to assess accelerated timeline to permitting and path to production;

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

- Ongoing construction of two classrooms and one teachers’ office at the Mbangala secondary school and one teachers’ house at the Miembeni primary school;
- Shanta committed to an Underprivileged Students’ Sponsorship Program for 2023;
- Completion of the construction of Mwau primary school toilets & maternity ward at the Mang’onyi dispensary.

Note: 1. 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).

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

Note 3. 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\$0.7 m.

## **Analyst conference call and presentation**

Shanta Gold will host an analyst conference call and presentation today, 24 April 2023, at 09:30am BST. Participants can access the call by registering via the link below.

[https://secure.emincote.com/client/shanta/shanta003/vip\\_connect](https://secure.emincote.com/client/shanta/shanta003/vip_connect)

The presentation will be available for download from the Company’s website: [www.shantagold.com](http://www.shantagold.com). A recording of the conference call will subsequently be available on the Company's website.

## **Investor Conference Call**

Shanta Gold is hosting a live investor presentation via the Investor Meet Company platform today, 24 April 2023, at 10:30 am BST. The presentation is open to all existing and potential shareholders and questions can be submitted any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Shanta Gold via: <https://www.investormeetcompany.com/shanta-gold-limited/register-investor>

Investors who already follow Shanta Gold on the Investor Meet Company platform will automatically be invited.

#### **Enquiries:**

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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 2.9 g/t Au, 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 with resources of 1.76 Moz including 0.72 Moz in the Indicated category grading 11.45 g/t Au, and exploration licences covering 580km<sup>2</sup> containing multiple highly-prospective targets. With a strong balance sheet, a growing diversified portfolio and consistent dividend payments, 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.

#### **Competent Person Statement**

The technical information contained within this announcement has been reviewed by Juma Kisunda (the Company's Technical Services Manager), who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) 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 mineralisation 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 Mineral 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.

## **Q1 2023 PRODUCTION & OPERATIONAL UPDATE**

### **Operational Summary – New Luika Gold Mine**

#### **Safety, Health and Environment**

There were no LTI's in the period with a total of 2,159,374 man-hours worked without a Lost Time Injury. Shanta maintains its track record of operating among the safest gold mining operations of its peers and achieved a Total Recordable Injury Frequency Rate ("TRIFR") (per 1 million hours worked) of 0.00 for 2023 (Q4: 0.00).

#### Production Summary

|                               | <b>Q1 2023</b> | <b>Q4 2022</b> | <b>Q3 2022</b> | <b>Q2 2022</b> |
|-------------------------------|----------------|----------------|----------------|----------------|
| Tonnes ore milled             | 217,479        | 227,207        | 217,108        | 216,184        |
| Grade (g/t Au)                | 2.52           | 2.60           | 3.18           | 2.83           |
| Recovery (%)                  | 87.1           | 88.0           | 88.0           | 88.7           |
| Gold (oz)                     |                |                |                |                |
| Production                    | 15,317         | 16,742         | 19,532         | 17,527         |
| Sales                         | 15,995         | 16,621         | 19,321         | 17,225         |
| Silver production (oz)        | 23,152         | 19,790         | 26,856         | 26,536         |
| Realised gold price (US\$/oz) | 1,918          | 1,731          | 1,727          | 1,866          |

Gold production during the period was 15,317 oz. Production was impacted in February by underground equipment availability which was restored in March 2023 and operational challenges faced due to excessive water from unexpected levels of rainfall in the month which impacted the crusher and haulage of mined physicals. During the quarter, it was resolved to install a pre-leach thickener at New Luika Gold Mine as recommended late last year targeting an improvement in gold recoveries supported by an attractive payback period. The thickener project will commence in May 2023 with commissioning expected in Q1 2024.

Gold production for both January and March were above budgeted production by 1% and 3% respectively.

A total of 166,186 t of ore grading 3.30 g/t Au was mined from underground in Q1 compared with 176,997 t of ore grading 3.41 g/t Au in Q4 2022. 64,308 t ore grading 1.44 g/t Au was mined from open pits in Q1 compared with 65,207 t of ore grading 1.53 g/t Au in Q4 2022. Mined ore from open pits was 34% above budget of 47,998 t, attributable to better surface mining equipment and mechanical availability following the engagement of a second contractor in Q4-2022.

The ROM stockpile at the end of Q1 was 224,426 tonnes of ore grading 0.99 g/t Au (Q4: 207,392 t grading 0.92 g/t Au).

Processing of milled ore during the Quarter totalled 217,479 tonnes, in line with plan (Q4: 227,208 t). The average head grade of 2.52 g/t Au (Q4: 2.60 g/t Au) included a blend of material from underground, open pit, and existing ROM ore stockpile sources. Average recoveries of 87.1% were achieved in the plant during the period (Q4: 88.0%).

## **Financial**

Underground mining cash costs were US\$9.8 m for Q1, coming in 8% below budgeted costs of US\$10.6 m. These cost savings can be attributed to a change in backfill strategy as part of a mine plan optimisation task and ongoing cost saving initiatives and efficiency improvements conducted in the Quarter.

Adjusted Operating Costs of US\$1,141 /oz (Q4: US\$1,112 /oz) and AISC<sup>1</sup> of US\$1,429<sup>1</sup> /oz (Q4: US\$1,347 /oz) were achieved in the Quarter, respectively. Q1 AISC was 5.3% higher than budget due to slightly lower than budgeted production and higher royalty payments owing to a higher than budgeted gold price of US\$1,700 /oz.

Gold spot prices continued their upward trend in Q1 resulting in the average selling price achieved per ounce being US\$1,918 /oz, up from US\$1,731 /oz in Q4 2022. Throughout the Quarter, free cash flow generation has been prioritised to complete construction at the Singida Gold Mine.

An adjusted EBITDA<sup>2</sup> of US\$7.4 m (Q4: US\$5.9 m) was achieved for the Quarter. The increase being mainly attributable to the increase in gold spot selling prices and reduced exploration and evaluation costs.

In Q1, capital expenditure at New Luika was US\$2.4 m (Q4: US\$4.4 m), which predominately related to underground development at the Luika mine, and Tailings Facilities expansion.

In the Quarter, the company received a VAT offset of US\$4.6 m, which was offset against its 2022 year-end tax liability and a cash refund of US\$1.1 m. The company's Tanzanian VAT receivable increased from US\$29.3 m in Q4 to US\$32.0 m in Q1.

At the end of March 2023, remaining gold price protection outstanding relating to the Standard Bank loan and Stanbic Bank working capital facility in the form of Zero Cost Collars totalled 6.3 Koz including 5.3 Koz covering the period March to June 2023 between US\$1,600- US\$1,950 /oz, and 1.0 Koz covering in April 2023 between US\$1,725- US\$1,756 /oz. The

hedge contracts were entered into as a condition to the working capital facility. No additional hedges will be added.

Note: 1 AISC figures published include development costs, in line with the WGC definition

Note 2. 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\$0.7 million.

## **Operational Summary – Singida Gold Mine**

The Singida Project had no LTI's in the Quarter with a TRIFR of 0.00. A total of 972,479 man-hours has been worked without a Lost Time Injury (LTI).

Construction of the Singida Gold Mine progressed as planned and on budget, with the mine achieving first gold pour on 30 March 2023. With first production at Singida completed, the mine will add 45%-50% to the Group's annual production profile.

Open pit mining continued with operations focused on Gold Tree and Vivian pits. Total ore of 33,221 t was mined in the Quarter, 54% higher than budgeted levels of 21,580 t. Contained gold ounces mined in the Period was 2,983 oz, 77% higher than budget of 1,683 oz. Overall ore stockpile level at Singida is currently 194,196 t grading an average of 2.70 g/t Au (Q4: 171,500 grading 2.61 g/t Au) for 16,883 contained ounces (Q4: 14,395 ounces).

Ramp-up at Singida is progressing well including 2,200 oz produced and 16,000 tonnes milled in the first 22 days of April 2023.

Declaration of Singida commercial production, Singida 2023 guidance and Singida 5-year mine plan is expected to be communicated later in Q2 2023.

## **West Kenya Exploration Project**

During the Quarter, the Project announced a Resource Update following a year of exceptional exploration and drilling results. Total West Kenya resources now stand at 1.76 Moz, an increase from 1.18 Moz since Shanta commenced drilling at the start of 2021. Indicated Resources totalled 1.14 Moz, an increase from NIL since the start of 2021.

The assessment of the Ramula targets continued in Q1 2023, with the Ramula Camp currently including four high priority targets located less than 5km from Ramula. 2023-24 planned drilling on the targets adjacent to Ramula is aiming for a substantial resource additions and new discoveries. In addition, seven early stage high-prospective targets have been identified between 5 km to 30 km from Ramula.

Geotechnical logging commenced in the Quarter with the aim of the program being to carry out a detailed geotechnical logging on the Ramula drilling holes. A total of 794 m have been completed.

Initial Feasibility Study workstreams continued with conceptual mine designs being created for the Ramula and Isulu-Bushiangala sites. Further workshops are planned to gain clearer consensus regarding advancement of the project into its FS stage.

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

During the Quarter, Shanta continued its construction of two classrooms and one teachers’ office at the Mbangala secondary school and one teachers’ house at the Miembeni primary school. Both projects are expected to be completed in April 2023.

Following the completion of the five classrooms at Saza and Patamela primary schools in 2022, Shanta donated 125 desks in the Quarter.

Further highlighting Shanta’s commitment to improving the education prospects of the youth in the surrounding community, Shanta committed to an Underprivileged Students’ Sponsorship Program, which will provide a total of 316 students with uniforms, shoes, and stationary for the 2023 school year.

Lastly, at Singida, the Mwau primary school toilets & maternity ward at the Mang’onyi dispensary were completed with official handover occurring in April 2023. These initiatives will greatly improve the quality of life for the students and women of the Ikungi region.

### **Country Overview**

In September 2022, the Government of Tanzania revoked the 2020 Mining (State Participation) Regulations and reissued new regulations governing Section 10 of the Mining Act that had been amended in 2017. In April 2023, the Government of Tanzania signed agreements worth approximately US\$650 m with various international mining companies to enable foreign investment. As disclosed by the Company in October 2022, discussions between the Ministry of Minerals and Shanta are expected to take place in 2023 and commence shortly.

### **Post Period**

Shortly after the Period end, Shanta Gold published its 2022 Sustainability Report, which covers its activities for the year ended 31 December 2022 both at a corporate level and on the ground at the New Luika Gold Mine, the Singida Gold Project in Tanzania, and the West Kenya Project in Kenya.

**ENDS**