

19 July 2021

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

Q2 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 30 June 2021 (the "Quarter", "Q2" 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 7 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;
- US\$4.2 million ("m") of VAT receivables offset against H2 2020 corporation tax liability;
- Reduction of gross debt to US\$0.8 m (Q1: US\$11.1 m);
 - Convertible loan notes and debt facility with Exim Bank repaid in full;
- Net cash¹ of US\$24.1 m (Q1: US\$31.0 m);
- Gold production of 14,201 ounces ("oz") (Q1: 14,641 oz), restricted by lower than anticipated grades from underground mining;
- Installation and ramp-up of third mill at New Luika has been completed resulting in throughput of 2,450 tonnes per day ("tpd") being achieved by the end of the Period, higher than anticipated (2,300 tpd announced in April 2021);
- Adjusted Operating Costs of US\$1,019 /oz and All In Sustaining Costs ("AISC") of US\$1,351 /oz (including US\$150 /oz in relation to development costs);
- Extensive exploration programme on-going with total planned drilling of up to 80,000 metres in 2021 across the Company's three projects;
- Encouraging assay results received from 26 holes drilled at West Kenya, with highlights including;
 - LDD0237 intersected 6.0 m grading 219.5 g/t Au, including 1.5 m at 440.5 g/t;
 - LDD0238 intersected 3.5 m grading 71.9 g/t Au, including 1.0 m at 240.0 g/t;
 - LDD0239 intersected 3.0 m grading 62.5 g/t Au;
 - LCD0252 intersected 4.5 m grading 69.9 g/t Au, including 3.0 m at 94.4 g/t;
- Mine construction progressing on track and as planned at Singida where pre-stripping is due to commence in July 2021;
- The Company has today released a new five-year plan (the "Plan") for its gold assets in Tanzania, including a reserves and resources update for NLGM; and,
- Annual production guidance for 2021 has been revised to 60,000 – 65,000 oz at AISC of US\$1,325 – 1,375 /oz.

Operational Summary – NLGM

- 200,511 tonnes (“t”) milled (Q1: 191,767 t);
- Steady-state throughput of 2,450 tpd achieved in June 2021;
- Average head grade of 2.5 g/t (Q1: 2.7 g/t);
- Average recoveries of 88.6% (Q1: 89.1%);
- Tailings pipeline upgrade completed in June 2021;
- Low-cost state (“TANESCO”) grid power contributed 29% of NLGM’s power requirements (Q1: 11%);
- Run of Mine (“ROM”) stockpile of 158,458 t of ore grading 1.05 g/t (Q1: 122,032 t grading 1.31 g/t).

Financial Summary

- Unrestricted cash balance of US\$24.8 m (Q1: US\$41.9 m);
- 1,908 oz contained within doré available for sale at end of the Period (Q1: 4,602 oz);
- VAT receivable decreased to US\$27.4 m (Q1: US\$29.1 m); and,
- Remaining VAT receivable is subject to verification audit by the Tanzanian Revenue Authority (“TRA”) before being available for further offsets.

Singida

- Mine construction progressing with tenders for key infrastructure ongoing;
- US\$1.7 m paid towards manufacture of the Crushing Circuit, which is progressing ahead of schedule;
- Manufacture of the Ball Mill now underway;
- Pre-stripping due to commence in July 2021;
- Detailed design work on the TSF nearing finalisation; and,
- Bush clearance around construction area now completed.

West Kenya

- Phase 1 drilling programme totalling 9,383 metres completed, with Phase 2 drilling now underway;
- Third drill rig mobilised to West Kenya;
- Visible gold identified across a number of drilling intersections in the Period;
- The Company has begun supporting a local project subsidising annual National Hospital Insurance Fund (“NHIF”) subscriptions for 300 low-income women local to West Kenya; and,
- A second vocational security guard training programme is to be delivered in H2 2021 for 50 participants in partnership with a local security company.

Exploration – New Luika

- Assay results received from the Luika deposit added 76,461 oz of new Indicated resources grading 7.97 g/t;
- Underground drilling at the Bauhinia Creek East Area 1 target (“BC East Area 1”) also generated positive results, including:
 - Hole 614, which intersected 10 m grading 18.98 g/t Au from 113 m, including 5 m at 35.2 g/t Au;
- Resource block model update for BC East Area 1 added 39,786 oz of new Indicated resources grading 4.74 g/t, announced Post Period;
- Mining of BC East Area 1 previously expected for H2 2021, now moved to 2022 and,
- In aggregate, results from the two targets have added 116,247 oz of new resources at NLGM (before depletion) grading 6.47 g/t, at a cut-off grade of 1.0 g/t Au.

Corporate Social Responsibility (“CSR”)

- Structural and roofing work completed for a new girls’ dormitory at Saza secondary school, expected to be able to accommodate up to 80 children once complete;
- 1,469 famers enrolled in Shanta’s farming initiative with strong attendance at training sessions conducted during the Period across six locations;
- The farming initiative has supported the cultivation of approximately 4,500 acres of agricultural land, with over 1,500 tonnes of sesame expected from the upcoming harvest for an estimated value in the region of US\$1.2 m; and,
- Work is underway on a 4.5 km water pipeline between the Luika River Dam and Mbangala village, due to benefit approximately 7,600 people once completed by providing reliable, clean, running water.

2021 Guidance

- Shanta has today released an updated five-year operating plan for its Tanzanian assets (the “Plan”);
- The Plan incorporates negative grade reconciliation at Bauhinia Creek (“BC”). Underground mining at BC has intersected a structure that has dragged and pinched the ore zone for approximately 17 m along strike at 600 level (360 vertical metres below the underground portal) and approximately 37 m at 585 level. Grade control drilling has confirmed that the impact is limited to a zone spanning 30 m along strike and 40 m down dip resulting in a loss of approximately 16,000 oz which formed part of the 2021 mining schedule;
- The Plan also reflects the decision to defer mining of newly discovered ounces at Luika and BC East Area 1, previously expected for H2 2021, until 2022 and 2023; and,
- Taking these factors into consideration, the Plan now indicates that NLGM will not achieve production previously guided for the year 2021, and annual production guidance for 2021 has been revised to 60,000 – 65,000 oz at AISC of US\$1,325 – 1,375 /oz.

Note: 1. Net cash includes liquidity available from 65 oz unsold at the refinery at 30 June 2021.

Eric Zurrin, Chief Executive Officer, commented:

“We’ve had some real exploration success at Shanta Gold during 2021 leading to the positive five-year outlook that we’ve outlined this morning transforming us to a 110,000+ ounces gold producer by 2023. We’re proud and excited about this growth in our business and look forward to taking our investors on the journey with us over the next few years.

Whilst we are looking forward to the future, we are disappointed that we will be reducing this year’s production guidance to 60,000 – 65,000 oz. Whilst this is partly due to a deferral of ounces to 2022 onwards, it is not the outcome we hoped for this year. Our softer production for Q2 has also meant that our revenues have been slightly reduced for the quarter but we are pleased to confirm that we have received US\$4.2 million in VAT offsets as we work with the Tanzanian government to clear the outstanding balance.

We have a strong future across our portfolio of assets in Tanzania and Kenya, with near term production at Singida and exploration upside in New Luika and West Kenya, and we remain on track to fulfilling our ambition of becoming a mid-tier gold producer in Africa.”

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 19 July 2021, at 10:30 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) 800 279 4827

UK Toll Number: +44 (0) 330 336 9401

PIN: 769452

<https://events.globalmeet.com/Public/ClickToJoin/ZW5jPU1rMk92R0ZvYUIZQzhNQkpw0toWWRzaHI1NW5jVGVodEtGUTJ0WFZJNjQwaFJDWjZFOHZLZz09>

Participant Passcode: 769452

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.

Investor conference call

Shanta Gold is also hosting a live investor presentation via the Investor Meet Company platform today, 19 July 2021, at 12:00pm BST. The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via the Investor Meet Company dashboard up until 9:00am the day before the meeting or at any time during the 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.

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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 666 koz grading 3.0 g/t, and exploration licences covering approximately 1,100 km² in the country. Alongside New Luika and Singida, Shanta also owns the West Kenya Project in Kenya with defined inferred resources of 1.2 Mt grading 12.6 g/t and licences covering approximately 1,162 km². With a strong 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 1,048 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.

Q2 2021 PRODUCTION & OPERATIONAL UPDATE

Safety, Health and Environment

There were no Lost Time Injuries during the Period, and the Company has now surpassed 7 million man-hours without a Lost Time Injury, another major safety achievement. Shanta continues to operate as one of the safest gold mining operations of its peers and had a Total Recordable Injury Frequency Rate ("TRIFR") (per 1 million hours worked) of 1.76 for Q2 (Q1: 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

	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Tonnes ore milled	200,511	191,767	181,425	181,036
Tonnes ore milled per day	2,203	2,131	1,972	1,968
Grade (g/t)	2.49	2.67	3.91	3.84
Recovery (%)	88.6	89.1	90.4	89.4
Gold (oz)				
Production	14,201	14,641	20,622	19,973
Sales	16,828	15,149	19,018	20,192
Silver production (oz)	16,870	17,360	26,544	25,016
Realised gold price (US\$/oz)	1,812	1,801	1,376	1,524

Gold production during the period was 14,201 oz. Overall, a total of 154,623 t of ore grading 3.0 g/t was mined from underground in Q2 compared with 127,721 t of ore grading 3.9 g/t in Q1. A further 68,460 t ore grading 1.0 g/t was mined from open pits in Q2 compared with 5,059 t of ore grading 0.7 g/t in Q1. 200,511 t of ore was milled during the period (Q1: 191,767 t). The ROM stockpile at the end of Q2 was 158,458 t of ore grading 1.05 g/t (up from 122,032 t grading 1.31 g/t at the end of Q1). Average recoveries of 88.6% were achieved in the plant during the period (Q1: 89.1%).

A Tailings Pipeline upgrade was commissioned towards the end of the Period, which has completed the increased mill throughput to 2,450 tpd by improving the capacity for tailings discharge at New Luika's processing plant.

Low-cost grid power contributed 29% of New Luika's power requirements in the Period, more than double the contribution for Q1 (11%) and further decarbonising the NLGM operations.

Financial

During the Quarter, a total of 16,828 oz of gold was sold at an average price of US\$1,812 /oz against the average spot price for the quarter of US\$1,814 /oz.

Adjusted Operating Costs of US\$1,019 /oz and AISC of US\$1,351 /oz (including US\$150 /oz in relation to development costs) were achieved in the Quarter respectively. This was driven by the lower grade and less ounces produced.

US\$4.2 m of VAT receivables were offset against the Company's 2020 corporation tax liability in Tanzania in the Period. This contributed to a net decrease in the Company's VAT receivable from US\$29.1 m to US\$27.4 m. The remaining VAT receivable is subject to verification audit by the TRA before being available for further offsets.

Capital expenditure at New Luika was US\$3.6 m (Q1: US\$4.0 m) for the Quarter, which predominantly related to underground development at BC, Luika and Ilunga.

Singida

Construction of the Singida Gold Mine progressed in line with expectations during the Period, with several key contracts awarded, including one for the manufacture of a Ball Mill. The manufacture of a Crushing Circuit for Singida's processing plant is progressing ahead of schedule and instalments amounting to US\$1.7 m were paid towards this during the Period. Tenders for bulk water and power supply are ongoing.

Headcount has been steadily increasing on site to meet Singida's growing operational needs. Recruitment during the Quarter included a new Safety Officer, Senior Engineer and a Community and Liaison Officer. A database for skilled workers from surrounding villages has been created to support local recruitment wherever possible.

Onsite construction has advanced, with bush clearance completed for key infrastructure including the Singida medical clinic. A site-wide IT and security network has been set up and substructure work for the mine's accommodation blocks has been finalised.

The Company is committed to ensuring that Singida Gold Mine has a positive impact within the surrounding Ikungi region and has begun progressing a number of CSR initiatives. Notably, the construction of a classroom block at the Mangonyi Secondary School was completed in the Period with Shanta's support.

West Kenya

Phase 1 drilling of 9,383 metres was completed in the Period, with Phase 2 drilling now underway. Phase 2 is targeting resources 200-450 metres below surface. A third drill rig has been mobilised to West Kenya, and the Company remains on track to complete approximately 35-40% of total planned drilling by the end of 2021.

A total of 7,270 metres were drilled in the Period. Assay results were received for 26 holes drilled at the Isulu and Bushiangala deposits, with visible gold identified in 11 different intersections. Highlights of these results included:

- LDD0237 intersected 6.0 m grading 219.5 g/t Au, including 1.5 m at 440.5 g/t;
- LDD0238 intersected 3.5 m grading 71.9 g/t Au, including 1.0 m at 240.0 g/t; also 9.7 m grading 10.4 g/t Au, including 2.3 m at 40.4 g/t;

- LDD0239 intersected 3.0 m grading 62.5 g/t Au;
- LDD0240 intersected 10.5 m grading 18.8 g/t Au, including 7.5 m at 26.1 g/t;
- LDD0241 intersected 6.0 m grading 13.7 g/t Au, including 1.5 m at 52.4 g/t;
- LCD0252 intersected 4.5 m grading 69.9 g/t Au, including 3.0 m at 94.4 g/t;
- LCD254 intersected 2.0 m grading 24.4 g/t Au, including 1.0 m at 48.2 g/t; and,
- LCD260 intersected 1.5 m grading 55.5 g/t Au;

Exploration activities will continue throughout H2 2021, with the Company continuing to target conversion of Inferred resources to the Indicated category.

The Company is now supporting the i-PUSH project in partnership with PharmAccess Foundation and AMREF. Shanta made a financial contribution to the project during the Period, and together with i-Push is subsidising annual NHIF subscriptions for 300 low-income women local to the West Kenya Project. The programme aims to empower low-income communities in Kenya to effectively finance their health expenditure requirements.

Following a successful trial in March, an additional vocational guard training programme for 50 individuals has been planned in H2 2021 in partnership with KK Security. The scheme is aiming to enhance employment opportunities for attendees. Shanta continues to be committed to delivering a positive social impact for the communities in which it operates.

Exploration – New Luika

Assay results were received during the Period for exploration drilling at the Luika deposit, and additional exploration drilling was completed at BC East Area 1 with assay results received Post Period. 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. BC East Area 1 is located approximately 2 km to the northwest of the NLGM processing plant and represents an extension of the main BC deposit.

At BC East Area 1, 22 Diamond Drilling (“DD”) holes and 16 Reverse Circulation (“RC”) holes were drilled in the Period, totalling 6,782 metres. Assay results received post period included the following promising intersections:

- Hole 239 intersected 4.54 m grading 4.84 g/t Au, including 3.21 m at 6.26 g/t Au;
- Hole 245 intersected 2.16 m grading 7.61 g/t Au, including 0.74 m at 18.65 g/t Au;
- Hole 614 intersected 10.00 m grading 18.98 g/t Au, including 5.0 m at 35.2 g/t Au; and,
- Hole 618 intersected 4.00 m grading 4.70 g/t Au.

These assay results have been used to update the Mineral Resource Estimate (“MRE”) at New Luika, with 39,786 oz of gold grading 4.74 g/t added to Indicated Resources. Assay results received from drilling at Luika have also been used to update the New Luika’s MRE, with 76,461 oz of gold grading 7.97 g/t added to Indicated Resources. In aggregate, results received from these two targets have added 116,247 oz to Indicated Resources at NLGM (before depletion) grading 6.47 g/t, at a cut-off grade of 1.0 g/t Au.

The drilling campaign at BC East Area 1 remains ongoing, with the goal of testing the downdip continuity of the potential westerly plunging mineralized shoot.

Corporate Social Responsibility (“CSR”)

Shanta is continuing to support education development in the Songwe region. During the Period, New Luika hosted teaching staff and students studying for a Diploma in Mining Engineering from the Mbeya University of Science and Technology (“MUST”). The visit provided practical exposure to Shanta’s mining operations. Senior mine management were on hand to deliver a detailed presentation of New Luika’s underground operations, along with a tour of the processing plant and tailings storage facilities.

Structural and roofing works for a new girls’ dormitory at nearby Saza secondary school are nearly completed following works carried out by Shanta in the Period. The dormitory is expected to be able to accommodate up to 80 children when finished in Q3. Improved education infrastructure is a key enabler for school attendance by children living in remote communities around the mine.

Approximately 1,469 farmers are enrolled in the Company’s farming initiative, which provides training on modern agricultural methods. Training was conducted in six locations during the Period (at Maleza, Kalanda, Mbangala, Patamela, Miembeni and Saza) and sessions at all of these sites were well-attended.

Through Shanta’s farming initiative, approximately 1,500 tonnes of sesame is expected to be produced, which could earn participating farmers a collective sum in the region of US\$1.2 m.

Work is ongoing to support a connection of the Luika River Dam to Mbanagala village, via a 4.5 km pipe due to provide approximately 7,600 people with reliable, clean running water by the end of July 2021. Support provided in the Period included the completion of a survey to mark out the route of the connection and procurement of materials. The Company is looking to procure a solar and electric powered water pump in the coming months to further support this connection.

2021 Guidance

This morning, the Company announced a new five-year plan (the “Plan”) for its gold assets in Tanzania which has been developed using the latest understanding of the ore bodies at NLGM.

The Plan incorporates negative grade reconciliation at BC. Underground mining at BC has intersected a structure that has dragged and pinched the ore zone for approximately 17 m along strike at 600 level (360 vertical metres below the underground portal) and approximately 37 m at 585 level. Grade control drilling has confirmed that the impact is limited to a zone spanning 30 m along strike and 40 m down dip resulting in a loss of approximately 16,000 ounces.

As summarised above, 2021 exploration has to date generated new high-grade resources at Luika and BC East Area 1. The previous expectation was to mine a section of these new resources in H2, increasing H2 production. Due to the amount of underground waste

development required to access the high-grade zones, mining of these ounces has been deferred in full to 2022 and 2023.

The updated Plan now indicates that NLGM will not achieve 80,000 oz of production previously guided for the year 2021, due primarily to these aforementioned factors. Taking these into consideration, annual production guidance for 2021 has been revised to 60,000 – 65,000 oz at AISC of US\$1,325 – 1,375 /oz.

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