

20 July 2023

Shanta Gold Limited
("Shanta Gold", "Shanta", "Company", "Group")

SHANTA DELIVERS RECORD QUARTERLY PRODUCTION RESULTS

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 2023 (the "Quarter", "Q2" or the "Period") for its East African assets, comprising of New Luika Gold Mine ("NLGM" or "New Luika") and Singida Gold Mine ("Singida") in Tanzania and West Kenya Project ("West Kenya") in Kenya.

Q2 2023 Highlights:

- Record gold production:
 - Group: 29,403 ounces ("oz"), up 92% from Q1
 - NLGM: 19,338 oz, up 26% from Q1
 - Singida: 10,065 oz, first gold pour on 30 March 2023
- Net debt of US\$8.7 million ("m"), down 54% from US\$19.0 m in Q1;
- Adjusted EBITDA³ of US\$23.2 m, up 209% from US\$7.5 m in Q1;
- Better than expected Operating Costs and All in Sustaining Costs ("AISC")²:
 - NLGM: US\$904 /oz and US\$1,181 /oz
 - Singida: US\$579 /oz and US\$736 /oz
- No gold hedging – 100% exposed to spot gold price;
- Cash, and available liquidity¹ of US\$25.0 m at 30 June 2023 (Q1: US\$11.5 m), including US\$4.0 m undrawn (Q1: US\$1.5 m) from the Working Capital facility;
- Outstanding safety record: TRIFR rate of 0.00 in Q2 and 0.00 YTD; zero LTIs;
- Reiterated 2023 Group production guidance of 90,000 – 98,000 oz gold.

Eric Zurrin, Chief Executive Officer, commented:

"The Group's record performance over the last quarter has been outstanding, with the 92% increase in production figures alone demonstrating the immediate clear benefits of having added Singida to our asset portfolio.

With this significant increase in production combined with a better than expected cost performance, we have been able to deliver the financial results that we have always said would come with a diversified portfolio. Not only is adjusted EBITDA up 209% on Q1 at US\$23.2m, Singida is now driving an overall improved liquidity position, adding financial flexibility to the Group.

I am delighted to report that the Group's operations continue to be delivered on the bedrock of an outstanding safety record, with zero LTIs and a TRIFR rate of 0.00 year to date. We are confident that this superb operational performance will continue and as such we have reiterated 2023 Group production guidance of 90,000 – 98,000 oz gold. The future is exciting

for Shanta with our two producing assets delivering record results, and yet with room for further growth at Singida and West Kenya, we are confident in the long-term prospects for shareholders.”

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 million. Adjusted EBITDA includes normalised financial contribution from Singida since 1 April 2023 for purposes of comparability, with commercial production achieved 1 June 2023.

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 20 July 2023, at 12:00pm BST. Participants can access the call by registering via the link below.

https://secure.emincote.com/client/shanta/shanta004/vip_connect

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 hosting a live investor presentation via the Investor Meet Company platform today, 20 July 2023, at 1:00 pm 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.

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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 Au, and exploration licences covering approximately 800 km² in the country. Alongside New Luika and Singida, Shanta also owns the West Kenya Project in Kenya and licences with resources of 1.7 million ounces including 722 koz in the Indicated category grading 11.45 g/t Au. 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 1,051 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.

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 Reserve" 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").

Q2 2023 PRODUCTION & OPERATIONAL UPDATE

Operational Summary

Safety, Health and Environment

There were no LTI's in the Quarter across the Group's operations with a total of 2,742,649 man-hours worked at New Luika, and 1,329,137 man-hours worked at Singida 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 Q1 and Q2 2023.

New Luika Production Summary

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Tonnes ore milled	219,978	217,478	227,207	217,108
Grade (g/t)	3.13	2.52	2.60	3.18
Recovery (%)	87.2	87.1	88.0	88.0

Gold (oz)				
Production	19,338	15,317	16,742	19,532
Sales	20,704	15,995	16,621	19,321
Silver production (oz)	30,672	23,152	19,790	26,856
Realised gold price (US\$/oz)	1,957	1,907	1,731	1,727

Operational and Financial Summary – New Luika Gold Mine

The New Luika Gold mine produced 19,338 oz during the Quarter, exceeding internal Q2 forecasts by 5%. Production was stable with all three months during the Quarter achieving over 6,000 oz. This was mainly due to improved equipment availability, better power reliability, consistent grades mined in the Luika UG stopes as well as consistent ore development grades achieved.

A total of 164,198 t of ore grading 3.81 g/t Au was mined from underground in Q2 compared with 166,186 t of ore grading 3.30 g/t Au in Q1 2023. 63,308 t ore grading 1.69 g/t Au was mined from open pits in Q2 compared with 64,308 t of ore grading 1.44 g/t Au in Q1 2023.

The ROM stockpile at the end of Q2 was 234,300 t of ore grading 0.95 g/t Au (Q1: 224,426 t grading 0.99 g/t Au). Average recoveries of 87.2% were achieved in the NLGM processing plant during the Quarter (Q1: 87.1%).

Milled ore during the Quarter totalled 219,978 tonnes, in line with plan (Q1: 217,478 t). The average head grade of 3.13 g/t Au (Q1: 2.52 g/t Au) included a blend of material from underground, open pit, and existing ROM ore stockpile sources.

Adjusted Operating Costs of US\$904 /oz (Q1: US\$1,141 /oz) and AISC¹ of US\$1,181¹ /oz (Q1: US\$1,429 /oz) were achieved in the Quarter, respectively. The improvement from Q1 is largely driven by more ounces produced, improved equipment reliability and productivity and cost savings seen in both Underground and Open Pit operations particularly from optimising metres drilled, and lower maintenance costs driven by onsite component rebuild initiatives. New Luika Underground mining cash costs were US\$9.6 m for Q2, approximately 9% below budgeted costs of US\$10.6 m and Open Pit mining cash costs were US\$2.3 m compared to US\$2.8 m budgeted costs.

Singida Production Summary

	Q2 2023	Q1 2023
Tonnes ore milled	82,674	3,989
Grade (g/t)	4.00	3.15
Recovery (%)	97.9	99.3
Gold (oz)		
Production	10,065	51
Sales	8,703	-
Realised gold price (US\$/oz)	1,930	-

Note: First gold pour on 30 March 2023. Commercial production declared on 1 June 2023

Operational and Financial Summary – Singida Gold Mine

On 1 June 2023, commercial production was declared at Singida based on achieving 30 consecutive days of mill throughput exceeding 95% of nominal nameplate capacity of 1,000 tonnes per day (“tpd”), overall plant utilisation and gold recovery exceeding 95% and plant availability above 90%.

Following this, six months’ worth of feed already stockpiled was processed with 82,674 tonnes being milled in the Quarter. The average head grade achieved was 4.00 g/t Au, an increase of 26% from budgeted Q2 head grades of 3.14 g/t Au.

Singida production benefited from higher-than-average gold grades on the stockpile and is expected to normalise to forecasted grades announced in the Singida 5-year Plan on 3rd July 2023.

10,065 oz were produced in the period with 4,036 oz being produced in May alone. This is an increase of 19% compared to budgeted Q2 production. Higher than anticipated recoveries, gold purity in ore, and percentage recovered from gravity, contributed to higher than expected production. Going forward, management will monitor the pre-production estimates for gold purity, gravity recoveries, and gold recoveries which may be revised higher in the life of mine model based on actual results being achieved.

Singida Process Plant metrics	Forecast	Actual (Q2 2023)
Gold purity	80%	90.2%
Gold recovered from gravity	40%	43.7%
Gold recoveries	91%	97.9%

Open pit mining continued with operations focused on Gold Tree and Vivian pits. Total ore of 68,323 t with an average grade of 2.75 g/t Au was mined in the Quarter (Q1: 33,221 t grading 2.79 g/t Au), 29% higher than budgeted levels of 52,975 t. For the year-to-date period to June

2023, reconciliation of mined gold ounces is tracking at +8% variance versus the ore reserve at the Gold Tree pit. Gold Tree accounts for 60% of Singida's current total JORC gold reserves in the Life of Mine.

Ore stockpile level at Singida excluding gravels is currently 147,986 t grading an average of 3.07 g/t Au (Q1: 153, t grading 3.07 g/t Au) for 10,716 contained ounces.

Adjusted Operating Costs of US\$579 /oz and AISC¹ of US\$736¹ /oz were achieved in the Quarter, respectively. Operating costs and AISC were around 40% better than budgeted predominantly due to more ounces produced as well as lower than budgeted Open Pit mining and Processing costs. Q2 2023 represents the first full quarter of gold production at Singida and management will monitor actuals versus life of mine forecasts over the next few quarters of Singida's start as a producing mine to assess the long run steady state cost structure.

2023 Production and Cost Guidance ¹

Management reiterates NLGM and Singida guidance previously announced:

		Production (k oz)	Cost (AISC) US\$/oz
NLGM	FY'23	66 - 72	1200 – 1300
	H1'23 actual	34.7	1268
Singida	FY'23 ¹	24 - 26	1300 - 1400
	Q2'23 actual	10.0	736
Group	FY'23 ¹	90 - 98	-
	H1'23 actual ²	44.7	-

Note 1: Singida: for the 9-month period April-December 2023

Note 2: Reflects 3 months of actual Singida production

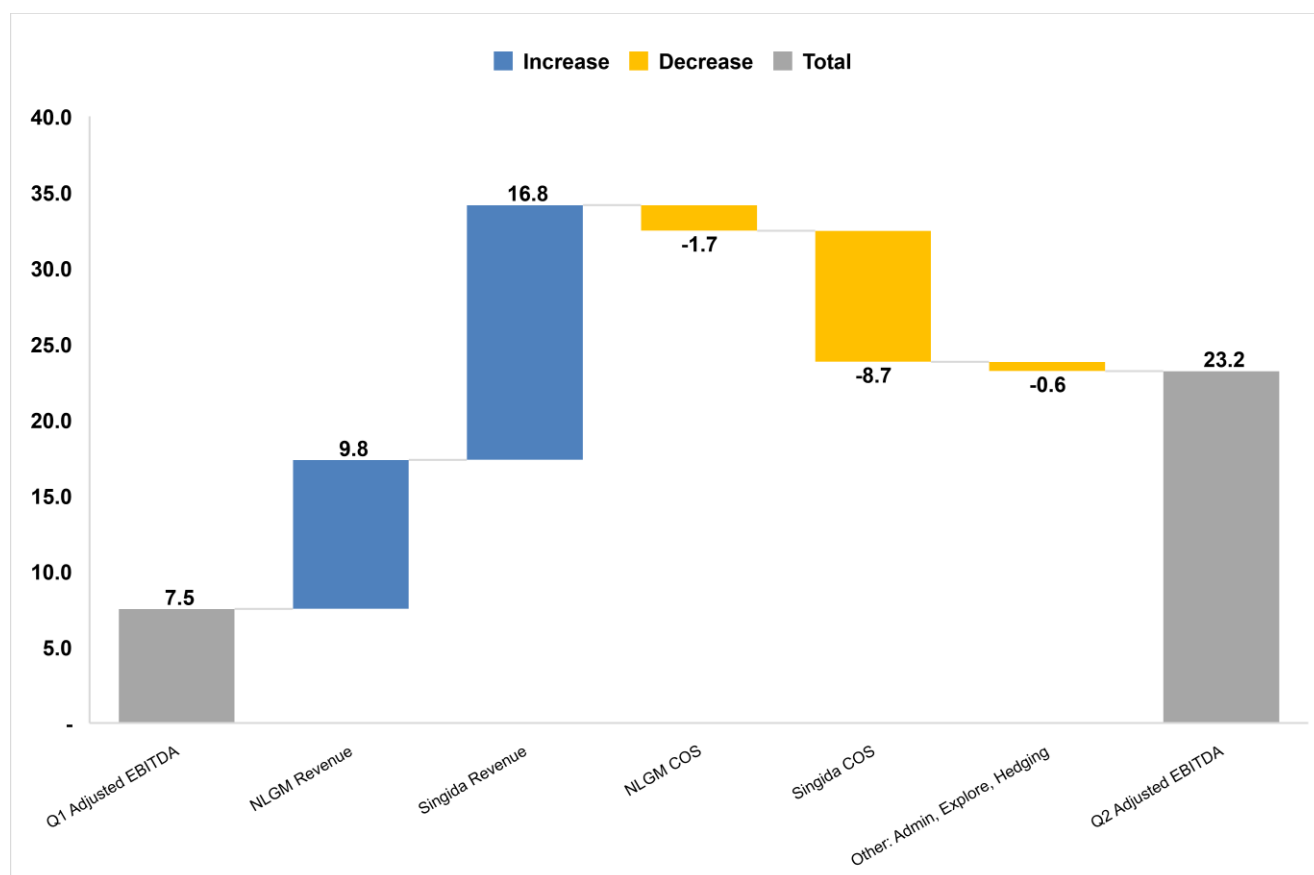
Group Financial Summary

The Company achieved an average selling price per ounce of gold of US\$1,949 /oz, up from US\$1,918 /oz in Q1 2023. The impact of the zero-cost collars was minimal and all hedging related to the Stanbic Bank loan has been completed as of 30 June 2023. The Company is 100% exposed to the spot gold price and does not intend on adding new gold hedges.

Throughout the Quarter, the new Singida Gold Mine contributed to Group free cash generation as it moved from a cost centre to cashflow generator. This change in the Company's liquidity position allowed for exploration drilling to recommence at its West Kenya Project and at its New Luika Gold Mine following suspension of drilling in Q4 2022. Gross repayments of US\$5.2 m were made towards the Working Capital Facility and a dividend of US\$1.4 m was declared in Q2 and paid on 17 July 2023.

Adjusted Group EBITDA² of US\$23.2 m (Q1: US\$7.5 m) was achieved in the Quarter. The increase is a result of the Singida Gold Mine commencing gold production from the end of March 2023, higher than forecast gold production at New Luika, a decrease in costs, and a sustained higher gold selling price.

EBTIDA Bridge Q1 to Q2 2023



- US\$9.8 m NLGM revenue increase resulting from 4,709 oz additional gold sales and improved selling price during Q2;
- US\$16.8 m revenue increase from 8,703 oz new Singida gold sales;
- US\$1.7m reduction from NLGM Cost of Sales ("COS") as more ounces produced (19,338 oz vs 15,317 oz), offset by a decrease in costs (US\$248 /oz) resulting in improved NLGM contribution to EBITDA;
- US\$8.7 m Singida normalised COS to match June sales and margins to Apr-May costs.

In Q2, capital expenditure at New Luika was US\$3.2 m (Q1: US\$2.5 m), which predominantly related to underground development at the mine, and new underground equipment, including delivery of an underground truck. US\$5.2 m was spent at Singida, mainly relating to the completion of plant infrastructure and open pit mine development.

In the Quarter, the company received notification from the Tanzanian Revenue Authority that VAT refunds of US\$6.7 m for the period up to March 2023 had been audited with payment to be expected in Q3. The Company's Tanzanian VAT receivable reduced from US\$32.0 m in Q1 to US\$31.0 m in Q2. Approximately US\$23.0 m of the total VAT receivable relates to the legacy period from 2017-2020 which is currently undergoing formal proceedings with the Tanzania Revenue Appeals Board.

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. Adjusted EBITDA includes normalised financial contribution from Singida since 1 April 2023 for purposes of comparability, with commercial production achieved 1 June 2023.

Note 3: The Singida Gold Mine achieved commercial production on 1 June 2023. The mine achieved first gold pour on 30 March 2023.

West Kenya Project

Exploration and infill drilling recommenced during the Quarter. The current resource of 1.76 Moz grading 5.55 g/t Au is expected to increase to approximately 2+ million ounces in 2024, with further discoveries in the prolific greenstone gold belt holding additional potential. During the Quarter, a decision was taken to allocate capital for up to 26,000 meters of drilling across 80 holes, centered around the Isulu and Ramula deposits.

In addition capital was allocated to progress technical studies with external consultants and progress the workstream toward mining licence application and permitting. A 2023 budget at West Kenya of up to US\$10 m, consistent with previous years, was announced during the Quarter.

Technical study work commenced during the Quarter including appointment of third party consultants on long lead areas including environmental and social baseline studies, resettlement studies, metallurgical studies, geotechnical-hydrogeology studies, and tailings studies. 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.

Group Exploration

Following the successful ramp-up of Singida production, a total of 34,000 meters of drilling recommenced in Q2 at NLGM and West Kenya, summarised below. Drilling assays are expected to be reported commencing in Q3.

NLGM – Phase 1 Drilling

- Total of 8,000 meters across 51 holes at surface and underground deposits
- Programme spans 4 months, with potential for Phase 2
- Planned exclusively for deposits already permitted within the existing mining licences
- Expected cost of US\$1.0 m targeting the replacement of mined ore reserves in 2023

West Kenya

- Up to 26,000 meters drilling across 80 holes
- Centered around the Isulu and Ramula deposits
- Targeting both conversion to Indicated category plus resource extensions

Singida

- Only 26% of the total resource is included in the reserve-based mine plan
- Exploration drilling of US\$0.5 m planned for Q3 2023
- Targeting reserve additions and resource conversion

Corporate Social Responsibility (“CSR”)

New Luika Community

At Songwe District Hospital, the construction of walkways is underway. The project aims to simplify the movement of patients and hospital staff between different buildings within the hospital. Although there were slight delays due to material availability, the contractor has completed all roof trusses. The project is anticipated to finish in July 2023.

In the farming sector, there has been a positive impact on farmers' earnings in the surrounding communities. The increase in sesame prices, particularly through cooperative unions founded by Shanta in Songwe District, has contributed to higher incomes. The average price of sesame rose from TZS 3,260/kg (US\$1.4/kg) in May 2023 to TZS 3,847/kg (US\$1.7/kg) in June 2023. Under Shanta's farming project, approximately 3.4 million kilograms (3.4 metric tons) of sesame were produced by 2,500 farmers during the 2022/2023 season.

Singida Community

The implementation of the FY2023 Corporate Social Responsibility (“CSR”) projects in Singida is currently under review with the District Executive Director's (“DED”) office.

The Company is aiming to replicate its successful Livelihood Agriculture Project implemented within the New Luika communities at Singida. Local stakeholders acknowledge the tangible benefits of the existing agricultural project supported by Shanta.

The construction of the Mwau primary school toilets & Maternity ward at the Mang'onyi dispensary were also completed in the Quarter.

CEO Succession

In April 2023 following the successful construction and commissioning of the Singida Gold Mine, Shanta announced that Eric Zurrin, Chief Executive Officer, had informed the board of his decision to step down from his role after six years with the Company. Mr Zurrin commits to ensure a smooth transition to new leadership for Shanta Gold. The board initiated a formal search process in Q2 and is currently evaluating potential candidates.

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 were expected to take place in 2023. The Company held an introductory meeting in April 2023.

ENDS