

21 July 2022

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

Q2 2022 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 2022 (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.

Eric Zurrin, Chief Executive Officer, commented:

"This has been a strong second quarter from the Shanta teams on the ground in Tanzania and West Kenya and I would like to thank them for the effort they have contributed in what has been a successful period for the Company. At New Luika, the initial Crown Pillar mining has been delivered safely resulting in production being up 54% in Q2 vs Q1, which exceeded our internal expectations. We continue to make great progress at Singida, with construction on schedule for first production in Q1 2023. Singida will transform Shanta Gold into a +100,000 oz/pa producer with a diversified resource base.

We also continue to make material inroads at West Kenya with three drill rigs in operation across the project, following on from the announcement of the high-grade, upgraded Mineral Resource Estimate in Q1.

As part of our commitment to leading ESG standards, Shanta has undertaken several programmes amongst our communities during the last quarter to enhance their livelihoods. These initiatives include the construction of two primary schools, which I am delighted to say are close to being finished, and providing 308 students with learning materials and uniforms.

Shanta continues to go from strength to strength, with a strong balance sheet, underpinned by our new US\$20 million senior debt financing. This has been an encouraging first six months of the year and we are pleased to reiterate our full year production guidance of 68-76 Koz."

Highlights

- Gold production of 17,527 oz (Q1: 11,408 oz), 54% higher than Q1 and exceeding target of +45% announced in early June.
- June gold production level of 7,538 oz is the highest monthly production level achieved in over 12 months;
- Singida construction is 63% complete at the end of June 2022 (51% at end of Q1) and on track for first gold production in March 2023;
- US\$20 million senior debt financing announced in June with disbursement completed on July 15th. Singida construction is fully funded through to first production;

- At the West Kenya Project, three drill rigs continued infill and expansion drilling including results of 46.7 g/t across a width of 14 metres at less than 150 metres vertical depth (LCD0336, Bushiangala deposit);
- Shanta has been awarded a maiden mining licence covering the Porcupine South resource area of the Lupa Gold Fields, approximately 22 kilometers from the New Luika Gold Mine Processing Plant;
- Following over 9 million hours of LTI-free operations, one Lost Time Injury was recorded in Q2 in the cemented rockfill plant at NLGM. At the Singida operations, a total of 1,037,214 man-hours have now been worked without Lost Time Injury (LTI).

Financial Summary

- Cash, and available liquidity¹ of US\$14.5 million (“m”) at 30 June 2022 (Q1: US\$13.4 m);
- 3,843 oz contained within doré available for sale at the end of Q2 (Q1: 3,446 oz);
- Gross debt of US\$5.6 m (Q1: US\$6.8 m);
- Operating costs of US\$913 /oz (Q1: US\$1,297 /oz) and AISC of US\$1,303 /oz (Q1: US\$1,760 /oz) in the Quarter, respectively. The decrease in the AISC is mainly attributed to significantly more ounces being recovered in the Period;
- EBITDA² of US\$11.9 m, excluding operating expenditure at West Kenya and Singida totalling US\$3.6 m;
- Capital expenditure and investment totalled US\$10.9 m including US\$6.1 m for Singida construction, US\$3.0 million for NLGM, and US\$1.8 m for West Kenya;
- VAT receivable of US\$27.7 m (Q1: US\$25.1 m), of which approximately US\$23 m relates to the historical period July 2017-June 2020. An application for an Out of Court Settlement is ongoing;
- US\$20 m senior debt facility agreement with the Stanbic Bank of Tanzania of which funds were dispersed on 15 July 2022.

Operational Summary

New Luika Gold Mine

- 216,184 t milled (Q1: 214,204 t) from underground and open pit sources;
- Average head grade of 2.83 g/t (Q1:1.9 g/t) blended from underground, open pit, and existing ROM stockpile sources;
- Average recoveries of 88.7% (Q1: 87.2%);
- Run of Mine (“ROM”) stockpile of 182,326 t of ore grading 1.21 g/t (Q1: 155,233 t grading 1.0 g/t) containing approximately 7,089 oz;
- Underground ore mined of 174,200 t, up 6% from plan; and

- Bauhinia Creek Crown Pillar successfully accessed in April with high grade material being mined consistent with expectations.

Singida

- Singida remains on track for first production in Q1 2023 transforming Shanta Gold into a +100,000 oz/pa producer with a diversified resource base;
- Installation of the Metso built Crushing Circuit is progressing well and on schedule being 97.5% completed;
- Delivery of 80% of the Grinding & Gravity Circuit Mill by NCP in South Africa with installation beginning in Q3;
- Ore stockpile levels total 97,918 tonnes grading 2.11 g/t for 6,647 contained ounces at the end of the Quarter; and
- A total of 114,027 man-hours were worked at Singida in June 2022 resulting in total of 1,037,214 man-hours worked without Lost Time Injury (LTI). There were no Medical Treated Injuries (MTI) in the Quarter which resulted to 0.00 TRIFR for the period and 0.00 TRIFR year to date.

West Kenya

- Drilling continues across three rigs following a successful drilling campaign at Isulu and Bushiangala where 378,000 oz grading 11.7 g/t were converted to Indicated Resources in late March 2022;
- Phase 2 of the ongoing diamond drilling campaign continues with the Project seeking to infill 20 modelled zones at Isulu and 23 modelled zones at Bushiangala. This drilling phase amounts to 65-75,000 m of planned drilling and is due to be completed in Q4 2022;
- The West Kenya Project Feasibility Study workstream is currently underway with the commencement of a Study Manager in Q2.

Corporate Social Responsibility (“CSR”)

- Shanta is pleased to announce that in the Period, 308 students received learning materials and uniforms as part of its Student Sponsorship program in the surrounding NLGM communities;
- In May 2022 Shanta and a local internet services provider agreed to partner in supporting the Saza Secondary School with internet facilities, PCs and tablets;
- Construction of various classrooms at the Patemela Primary School are 90% completed. Construction of three classrooms at Saza Falls Primary School are 80% completed;
- Shanta’s 2,100 farmers who are enrolled in Shanta’s Mining Agriculture Improvement Program (“SMAP”) are reaping the benefits of high sesame and sunflower seed prices being achieved for their harvested crops from the previous season.

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: 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

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 21 July 2022, at 09:30am 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 6894

UK Toll Number: +44 (0) 330 165 3641

PIN: 525453

<https://events.globalmeet.com/Public/ClickToJoin/ZW5jPURoWmtGOHRYTVREZmZuaE5jWko5Rk5zaHl1NW5jVGVodEtGUTJ0WFZJNjVnTG9TSUM1eVVyUT09>

Participant Passcode: 525453

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, 21 July 2022, 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.

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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 645 Koz grading 3.0 g/t, and exploration licences covering approximately 800 km² in the country. Alongside New Luika and Singida, Shanta also owns the high-grade West Kenya Project in Kenya and licences with resources of 1.6 million ounces including 378 Koz in the Indicated category grading 11.70 g/t. 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.

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.

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Operational Summary – NLGM

Production Summary

	Q2 2022	Q1 2022	Q4 2021	Q3 2021

Tonnes ore milled	216,184	214,204	218,991	223,338
Grade (g/t)	2.83	1.90	2.00	2.23
Recovery (%)	88.7	87.2	87.1	88.6
Gold (oz)				
Production	17,527	11,408	12,244	14,194
Sales	17,225	10,527	13,538	12,001
Silver production (oz)	26,536	14,615	14,270	17,748
Realised gold price (US\$/oz)	1,866	1,883	1,796	1,790

Gold production during the period was 17,527 oz, 15% higher than planned for the Quarter. Overall, a total of 174,202 t of ore grading 4.20 g/t was mined from underground in Q2 compared with 173,652 t of ore grading 2.46 g/t in Q1 2022. A further 50,436 t ore grading 1.10 g/t was mined from open pits in Q2 compared with 41,062 t of ore grading 1.17 g/t in Q1 2022. The ROM stockpile at the end of Q2 was 182,326 t of ore grading 1.21 g/t (Q1: 155,233 t grading 1.00 g/t). Average recoveries of 89.0% were achieved in the plant during the period (Q1: 87.2%).

The Bauhinia Creek Crown Pillar was successfully accessed one month ahead of schedule and mining commenced on April 19th with initial material being mined at approximately 8 g/t, consistent with expectations. The 2022 guidance of 68,000 - 76,000 oz has been de-risked following successful commencement of mining from the Bauhinia Creek Crown Pillar.

Processing of milled ore during the Quarter totalled 216,184 tonnes, in line with plan (Q1: 214,205 t). The average head grade of 2.80 g/t (Q1: 1.9 g/t) included a blend of material from underground, open pit, and existing ROM ore stockpile sources.

Following over 9 million hours of LTI-free operations, one Lost Time Injury was recorded in Q2 in the cemented rockfill plant at NLGM.

Financial

EBITDA¹ was US\$11.9 m, excluding operating expenditure at West Kenya and Singida totalling US\$3.6 m. Adjusted Operating Costs of US\$913 /oz (Q1: US\$1,297 /oz) and AISC of US\$1,303 /oz (Q1: US\$1,760 /oz) were achieved in the Quarter, respectively. AISC decreased resulting from additional ounces produced in the Quarter due to the successful mining of the high-grade Bauhinia Creek Crown Pillar.

During the first half of 2022, cost inflation has been experienced across key parts of the cost structure including consumables, steel inputs for ground support, power and diesel which has

contributed around US\$70 /oz to AISC versus budget. Energy price increase is the largest component contribution to cost inflation.

While no VAT refunds or tax set-offs were received in the Quarter, ongoing dialogue with the TRA has indicated that further refunds/off-sets will be granted in Q3. The Company's Tanzanian VAT receivable increased from US\$25.1 m to US\$27.7 m, of which US\$3.7 million for the period November 2021 to February 2022 has now been audited and approved for refund by the TRA.

Capital expenditure at New Luika was US\$3.0 m (Q1: US\$2.7 m) for the Quarter, which predominately related to underground development at the Bauhinia Creek and Luika mines, and Tailings Facilities related costs.

During the quarter, Shanta announced it successfully entered into a US\$20 m loan facility agreement with Stanbic Bank Tanzania which will be used to accelerate the growth in Shanta's portfolio. The Company will shortly enter gold price protection covering 16,000 oz of production which is a condition of the loan agreement. The funds from the loan were disbursed on 15 July 2022.

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, amortisation of intangible assets.

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

Singida

The construction of the Singida Gold Mine continues to proceed on budget with first gold pour being expected in Q1 2023. As at the end of Q2, the overall project completion is at 63% (Q1: 51%). US\$6.1 m in capital expenditure was incurred in Q2 2022 (Q1: US\$4.8 m).

The installation of the crusher and its components has progressed as planned and is 98% complete with commissioning expected in July. The majority of the mill equipment is now on site with 80% of the mill components having been delivered in Q2, with construction commencing in Q3. The manufacture of the Desorption and Smelting Unit is on track and is 40% complete, with an estimated completion date of November 2022. Bulk Water Supply projects are now 100% completed with all tanks and water pumps installed. Lastly, the Bulk Power Supply civil works are 80% complete with power installation planned for July 2022.

Open pit mining continued to perform well during the Period with operations focused on Gold Tree and Vivian pits. Overall production for Gold Tree pit was above the forecast by 22%. Overall ore stockpile level at Singida is 97,918 t grading an average of 2.11g/t for 6,674 contained ounces. (Q1: 59,470 t grading an average of 1.72g/t for 3,291 contained ounces).

The construction and operation of the Singida Gold Project continues to be run with the highest safety standards in place with the operation reaching a milestone of 1 million LTI free hours, since commencement of construction in October 2020 which resulted in a 0.00 TRIFR year to date.

West Kenya

During Q2, Shanta received results from its latest drilling campaign at the West Kenya Project which produced consistent high-grade results. These encouraging results included visible gold at three of the five holes reported, and one showcasing grades of 46.7 g/t across a width of 14 metres at less than 150 metres vertical depth.

The objective of the drilling campaign was to upgrade the Mineral Resource Model at Isulu and Bushiangala, which was achieved, with 378,000 oz grading 11.7 g/t being upgraded to the Indicated Resources category. Further drilling results are to be announced in Q3.

Additional drilling re-started at the Ramula target on 23 June 2022, with the aim to convert the recently declared 433,900 oz grading 2.08g/t Au Inferred resource into Indicated Category. To date, all five infill diamond drill holes have intercepted mineralised zones at the expected depth returning visible gold in the seven previously identified zones and in one new zone. The assays are pending with results expected to be announced in Q3. Approximately 25% of planned drilling has been completed to date, with the aim to complete the drill programme in Q3 2022.

The Feasibility Study workstream for the West Kenya project is now underway which involves a trade-off analysis of upgrading the existing Scoping Study for new areas including Ramula and Kimingini versus progressing a Feasibility Study at the deposits of the Liranda Corridor. In Q3, work planning will advance, including establishing a directional schedule and budget, starting to onboard key resources, and initiating work for the plant and mine configuration trade-offs.

Corporate Social Responsibility (“CSR”)

During the Quarter, Shanta has continued to support the education of children within the NLGM communities. 308 students have received two pairs of school uniforms each and stationary to last the entire school year.

Continuing to bolster the local education prospects, the Company has also entered into an agreement with a local internet services provider to partner in supporting the Saza Secondary School, whereby an internet network, fifty (50) tablets and PCs along with all teaching materials required, will be supplied to Form I to Form IV students in the newly constructed classroom built by the Company. This program will significantly change and improve the teaching capabilities of the school.

Shanta’s 2,100 farmers who are enrolled in the Companies Mining Agriculture Improvement Program (“SMAP”) are reaping the benefits of high sesame and sunflower seed prices being achieved for their harvested crops from the previous season, this along with the Company’s Honey Harvesting Program is significantly improving the livelihoods of the local communities.

Local communities surrounding the Singida Project are also benefiting from various community upliftment projects, including the commencement of the construction of a maternity ward, water boreholes and solar pumps, and toilet facilities at local schools.

Post Period

The US\$20 million loan disbursement from Stanbic Bank Tanzania was received on 15 July 2022.

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