

21 October 2021

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

Q3 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 September 2021 (the "Quarter", "Q3" 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 7.5 million man-hours;
- Interim dividend of 0.10 pence per share announced for payment in October alongside a commitment to ongoing sustainable returns;
- Encouraging assay results received at West Kenya, with highlights including a hole which intersected 3.9 m at 63.8 g/t Au, proximal to a previously reported hole which intersected 4.0 m at 706.3 g/t;
- West Kenya resource update announced which included the following highlights:
 - 117,600 ounces ("oz") grading 7.04 g/t converted to Indicated Resources at a conversion rate of greater than 100%; and,
 - Inferred Resources of 994,000 oz targeted for conversion over the upcoming infill drilling.
- Cash and available liquidity⁽¹⁾ of US\$27.5 m (Q2: US\$28.0 m);
- Gold production of 14,194 ounces ("oz") (Q2: 14,201 oz);
- Cash Costs of US\$1,063 /oz and All In Sustaining Costs ("AISC") of US\$1,480 /oz, inclusive of:
 - US\$145/oz of exploration costs at New Luika, 59% higher than H1, reflecting additional drilling and exploration works
 - US\$74/oz of sustaining capital relating to the bi-annual refurbishment of the HFO gensets at the power station
- Updated 5 year plan announced resulting in reserve-based mine life being extended to 2026 at NLGM and 2029 at Singida;
- US\$2.1 m of VAT receivables received as a refund in Q3; and,
- Mine construction progressing on track and as planned at Singida where plant construction is underway and expected first production early 2023.

Operational Summary – NLGM

- 228,338 tonnes milled (Q2: 200,511 tonnes milled), in line with forecasted throughput increase;
- Average tonnes per day of 2,428 t (Q2: 2,306 t);
- Average head grade of 2.2 g/t (Q2: 2.5 g/t);
- Average recoveries of 88.6% (Q2: 88.6%); and,
- Run of Mine (“ROM”) stockpile of 151,645 tonnes of ore grading 1.02 g/t (Q2: 158,458 tonnes grading 1.05 g/t).

Financial Summary

- 3,914 oz contained within doré available for sale at the end of the Period (Q2: 1,908 oz);
- Net cash of US\$19.5 m (Q2: US\$24.1 m);
- VAT receivable of US\$27.7 m (Q2: US\$27.4 m); and,
- Positive engagement with the Tanzanian Revenue Authority (“TRA”) ongoing regarding the Tanzanian VAT receivable which is subject to verification audit before being available for further refund and/or offsets.

West Kenya

- Project Resource update announced in the Period included the following highlights:
 - 82,700 oz grading 10.62 g/t converted to Indicated Resources at Isulu with an implied resource conversion ratio of approximately 130%, from Inferred;
 - 34,900 oz grading 3.92 g/t converted to Indicated Resources at Bushiangala with an implied resource conversion ratio of approximately 110%, from Inferred; and,
 - 117,600 oz grading 7.04 g/t converted to Indicated in total at a conversion rate of over 100%, following Phase 1 drilling of 9,383 metres through to 30 June 2021.
- Q3 drilling results yielded numerous high-grade intervals, suggesting the presence of high-grade shoots on all levels;
- Approximately 994,000 oz of Inferred Resources is being targeted during Phase 2 and 3 drilling for potential conversion to Indicated category;
- The Company continues to support the local community, and is currently reflooring neighbouring primary school classroom floors; and,
- A second vocational security guard training programme has been delivered in H2 2021 for 50 participants in partnership with a local security company. 100 local youths have now been trained, with over 95% securing employment as a result.

Singida

- Mine construction progressing on track and as planned;
- Onsite works continue, with the excavation of foundations at the site of the Crushing Circuit and the installation of approximately 7 km of bulk water supply pipelines;
- Delivery of the Crushing Circuit from Metso expected in Q1 2022;
- Manufacture of the Ball Mill on schedule with NCP;
- Detailed design work on the TSF nearing finalisation following necessary visits from various Ministry of Water officials during Q3; and,
- Post period, first blast of mining material completed on 15 October 2021.

New Luika Exploration

- Exploration drilling continued during the period and mainly focused on Bauhinia Creek (“BC”) Deep, Luika and Porcupine South;
- Grade control drilling at BC underground, Luika surface and BC North surface took place to refine the areas that will be mined for the next 6 to 18 months; and,
- Porcupine South mineral resources were updated during the Period to include the western extension with an overall increase of 345 kt @ 1.75 g/t for 19 koz contained.

Corporate Social Responsibility (“CSR”)

- Official commissioning of the Patamela Water Project, which has the capacity to supply approximately 30,000 litres of clean water per day to residents;
- Excavation work completed at the Mbangala Luika Dam water project, which is expected to provide reliable and clean running water to approximately 7,600 people once completed;
- Commitment made to support the repair of a nearby stretch of road by providing materials and technical expertise to help mend a broken riverbank; and,
- Strong attendance at training conducted during the period with five local agriculture co-operatives, with the Company looking to expand the number of farmers enrolled in Shanta’s farming initiative to over 2,000 by the end of the project.

Post Period

- First blast of mining material completed at Gold Tree deposit on 15 October 2021.

2021 Guidance

- Annual production guidance for 2021 was revised in July 2021 to 60,000 – 65,000 oz at AISC of US\$1,325 – 1,375 /oz. This guidance remains unchanged.

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).

Eric Zurrin, Chief Executive Officer, commented:

“2021 has proven to be a year of ongoing exploration success, and our Q3 performance is no exception. With new high-grade resources discovered at both New Luika and West Kenya and a rapidly approaching first production at Singida on target for early 2023, we remain excited in our near and longer-term prospects across our diversified portfolio of assets in East Africa.

West Kenya is particularly promising, with a first Indicated Resource of 117,600 oz grading 7.04 g/t at a conversion rate of over 100% at both the Isulu and Bushiangala deposits announced during the quarter. We remain committed to announcing a total resource estimate in Q1 2022 following 30-45% of the total planned drilling at West Kenya being completed.

Beyond exploration, our robust fundamentals of net cash, low debt, ongoing government support and industry-leading safety performance continue to place us in a position of strength. We are proud to confirm that an interim dividend of 0.10 pence per share will be paid this month, demonstrating our ongoing commitment to deliver sustainable returns for our shareholders.

Our outlook remains positive as we work towards our five-year plan and ambition to become a 100,000+ oz gold producer by 2023.”

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 21 October 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: 631501

<https://events.globalmeet.com/Public/ClickToJoin/ZW5jPU5ReWtKSDd4VTV5ZWIDMU9Hb1VNWE5zaHI1NW5jVGVodEtGUTJ0WFZJNjVGB0ZCUy8vYXJhUT09>

Participant Passcode: 631501

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 October 2021, at 10:30am 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 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 high grade gold resources 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.

Q3 2021 PRODUCTION & OPERATIONAL UPDATE

Safety, Health and Environment

The Company extended its safety record during the Period with no Lost Time Injuries ("LTI"), and the Company has now surpassed 7.5 million man-hours without an LTI. 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 1.19 for Q3 (Q2: 1.76), significantly below the industry average.

Shanta continues to adopt several best practices designed to prevent the COVID-19 pandemic from entering NLGM and Singida. Precautionary measures in place are robust, and these remain to protect the health and wellbeing of our team and visitors, the Company’s highest priority. In Songwe, Shanta is educating communities about the virus locally, where Health remains one of the core pillars to Shanta’s social responsibilities strategy.

Operational Summary – NLGM

Production Summary

	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Tonnes ore milled	223,338	200,511	191,767	181,425
Tonnes ore milled per day	2,428	2,203	2,131	1,972
Grade (g/t)	2.23	2.49	2.67	3.91
Recovery (%)	88.6	88.6	89.1	90.4
Gold (oz)				
Production	14,194	14,201	14,641	20,622
Sales	12,001	16,828	15,149	19,018
Silver production (oz)	17,748	16,870	17,360	26,544
Realised gold price (US\$/oz)	1,790	1,812	1,801	1,376

Gold production during the period was 14,194 oz. Overall, a total of 168,507 t of ore grading 2.9 g/t was mined from underground in Q3 compared with 154,623 t of ore grading 3.0 g/t in Q2. A further 44,913 t ore grading 1.1 g/t was mined from open pits in Q3 compared with 68,460 t of ore grading 1.0 g/t in Q2. 223,338 t of ore was milled during the period (Q2: 200,511t). The ROM stockpile at the end of Q3 was 151,645 t of ore grading 1.05 g/t (down from 158,458 t grading 1.05 g/t at the end of Q2). Average recoveries of 88.6% were achieved in the plant during the period (Q2: 88.6%).

Financial

Group EBITDA reduced to US\$2.0 m (Q2: US\$9.8 m). This was primarily due to a reduction in gold ounces sold during the period. A total of 12,001 oz was sold at an average price of US\$1,790 /oz against the average spot price for the quarter of \$1,791 /oz (Q2: 16,828 oz sold at \$1,812 /oz). EBITDA excluding expenditure at West Kenya Project and Singida was US\$6.5 m.

Adjusted Operating Costs of US\$1,063 /oz and AISC of US\$1,480 /oz were achieved in the Quarter respectively. This includes the impact of US\$145/oz of exploration costs at New Luika during the quarter which is 59% higher than H1 and US\$74/oz of sustaining capital during the quarter relating to the bi-annual refurbishment of the HFO gensets at the power station.

US\$2.1 m of VAT receivables were received as a refund from the TRA in the Period. The Company's Tanzanian VAT receivable increased from US\$27.4 m to US\$27.7 m, the entirety of which is subject to verification audit by the TRA before being available for further offsets.

Capital expenditure at New Luika was US\$5.5 m (Q2: US\$3.6 m) for the Quarter, which predominantly related to underground development at BC, Luika and Ilunga.

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 and amortisation of intangible assets.

Five-Year Production Plan

During the period Shanta announced a new five-year plan for its gold assets in Tanzania, including New Luika Gold Mine and Singida Gold Project.

Some of the highlights of the plan included reserve and resource growth including:

- Gold reserves at NLGM of 423,000 oz grading 2.99 g/t, up from 382,000 oz grading 2.98 g/t as at 31 December 2020 (net of mining depletion); and,
- Reserve-based mine life extended to 2026 at NLGM and 2029 at Singida.

The plan also incorporates transformational production increases from 2023 which have significant upside potential which include:

- Group-wide gold production forecast from Tanzanian assets of approximately 499,000 oz for the five-year period from H2 2021 – H1 2026;
- Average annual gold production from Tanzanian assets of 116,000 oz from 2023-2025; and,
- Potential conversion of 7.26 Mt grading 2.37 g/t for 552 koz resources at NLGM and 9.78 Mt grading 2.11 g/t for 664 koz resources at Singida currently sitting outside the Plan.

The plan also reflects Shanta's commitment to operating as a low cost gold producer, reflected in the decreasing cost base forecast between 2021-2025 with an average consolidated Adjusted Operating Costs and All In Sustaining Costs of US\$778 /oz and US\$986 /oz respectively over the plan period.

Singida Gold Mine

Construction of Singida Gold Mine advanced during the Period with work on designs and manufacture of key project equipment and infrastructure progressing well. The manufacture

of a Crushing Circuit for Singida's processing plant is progressing ahead of schedule and instalments amounting to US\$0.6 m were paid towards this during the Period.

Onsite camp construction work has progressed, with key infrastructure, including a medical clinic, mine accommodation blocks, and a security offices being built. Fencing surrounding the designated processing plant area has been completed along with excavations of the Crushing Circuit foundation and other plant infrastructure taking place. Further, 7 km of bulk water pipelines have been installed.

The TSF design is nearing finalisation following the visit of various Ministry of Water officials and Mine Commission Officials during Q3. Final plans are due to be completed in Q4.

Headcount has been steadily increasing on site to meet Singida's growing operational needs with recruitment of various skilled workers from surrounding villages ongoing. This has been possible due to the development of a database for skilled workers from surrounding villages being created in Q2 to support local recruitment wherever possible.

West Kenya

Investment in exploration at the West Kenya Project continues and the number of drill rigs onsite increased to from two to three during the Period. Following the completion of Phase 1 drilling of 9,383 metres through to 30 June 2021, the Company announced a Resource Update for the Project with 117,600 oz grading 7.04 g/t converted from Inferred to Indicated at a conversion rate of over 100% during the period. A further 994,000 oz of Inferred Resources is being targeted during Phase 2 and 3 drilling for potential conversion to Indicated category.

Assay results for 11 DD holes were received during the Period. These comprised of 3 holes at Isulu, 8 holes at Bushiangala and 1 undisclosed hole. Highlights included:

- LCD0273 (Isulu) intersected 2.6 m grading 23.34 g/t Au;
- LCD0275 (Bushiangala) intersected 1.0 m grading 24.50 g/t Au;
- LCD0277 (Isulu) intersected 1.0 m grading 529.90 g/t Au;
- LCD0279 (Bushiangala) intersected 0.6 m grading 16.10 g/t Au;
- LCD0282 (Bushiangala) intersected 0.5 m grading 5.44 g/t Au; and,
- "Undisclosed" intersected 3.90 m grading 63.80 g/t Au.

Exploration activities will continue throughout Q4 2021 with the main focus being conversion of Inferred Resources to the Indicated category.

Following a successful trial in March, an additional vocational guard training programme for 50 individuals has been completed in H2 2021 in partnership with KK Security, enhancing 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

Exploration drilling took place at the BC East Area 1 site, which represents an extension of the main BC deposit and is located approximately 2 km to the northwest of the NLGM

processing plant. Assay results were received during the Period with some promising intersections identified.

During the Period, six exploration drill holes representing 1424 m were drilled at Luika and nine RC holes representing 1,194m were drilled at Porcupine South western extension. Significant drill hole intersections were identified and will form part of the next exploration update.

Corporate Social Responsibility (“CSR”)

Shanta is committed to supporting increased water access for communities around NLGM. During the Quarter the Company was pleased to attend the official commissioning and handover of the Patamela Water Project, sponsored by Epiroc Tanzania and supervised by Shanta. The Project successfully dug a 150 metre well, which has the potential to supply approximately 30,000 litres of water per day to residents. Shanta is looking for innovative ways to enhance the projects it supports, and the bore hole is equipped with a solar powered submersible pump and 20,000-litre storage tank.

Work progressed on the Mbangala Luika Dam water project, with excavation to remove material and bury the water pipe completed with the support of more than 200 residents from Mbangala village. A submersible pump has been ordered and is expected to be installed in Q4 with the official commissioning of the project following shortly after. The project is hoped to provide more than 7,600 residents with year-round access to water.

The roads around NLGM are key for local transport however often are in disrepair, exacerbated after each wet season where portions are regularly washed away. Shanta met with local stakeholders from Songwe to explore how to support the government with repairing a section of nearby Zira Road. Following these discussions Shanta has committed to provide materials and technical support to help mend a broken riverbank. This is intended to offer a permanent solution for this stretch of road.

Shanta is looking to expand on the number of local farmers enrolled in the Company’s farming initiative, which provides training on modern agricultural methods, from approximately 1,500 to over 2,000. Training was conducted during the Period to five Agricultural Marketing Co-Operative Societies (AMCOS) and sessions at each were well-attended.

Post Period

First blast of mining material completed at Gold Tree deposit on 15 October 2021.

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