

23 October 2023

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

Q3 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 30 September 2023 (the "Quarter", "Q3" or the "Period") for its East African assets, comprising New Luika Gold Mine ("NLGM" or "New Luika") and Singida Gold Mine ("Singida") in Tanzania and West Kenya Project ("West Kenya") in Kenya.

Q3 2023 Highlights:

- Steady gold production in line with expectations
 - Group: 27,935 ounces ("oz")
 - NLGM: 18,271 oz
 - Singida: 9,664 oz
- Balance sheet deleveraging with net debt of US\$4.9 million ("m"), down 44% from US\$8.7 m in Q2;
- Adjusted EBITDA³ of US\$19.0 m,
- Cash Operating Costs and All in Sustaining Costs ("AISC")²:
 - Group: US\$757 /oz and US\$1,023 /oz
 - NLGM: US\$970 /oz and US\$1,279 /oz
 - Singida: US\$713 /oz and US\$899 /oz
- No gold hedging – 100% exposed to spot gold price;
- Cash, and available liquidity¹ of US\$26.5 m at 30 September 2023 (Q2: US\$25.0 m), including US\$10.0 m undrawn (Q2: US\$4.0 m) from the Stanbic Revolving Credit facility; and
- Outstanding safety record: TRIFR rate of 0.00 in Q3 and 0.00 YTD; zero LTIs.

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\$1.4 million.

Eric Zurrin, Chief Executive Officer, commented:

"Our performance over the third Quarter demonstrates the stable and reliable production volumes we have worked hard to achieve, with Group gold production across our two operating mines of 27,935 ounces in line with expectations and materially increasing our confidence in meeting our stated guidance of up to 98 Koz, which we will review as we get closer to the end of the year."

Our newest mine Singida continues to perform strongly, with 9,664 oz produced during the Quarter, exceeding internal Q3 forecasts by 15 per cent. Production throughout the Quarter remained above 3,000 oz per month, whilst operating costs and AISC were materially better than budgeted.

In addition to our strong operational performance, exploration activities have continued during the Quarter at both West Kenya and in Tanzania. At West Kenya, we continued infill drilling totalling 8,387 meters while approximately 10,000 meters is planned for Q4. At NLGM, the Phase 1 drilling program is ongoing, while at Singida we commenced with the first few holes at the western deeper extension of Jem pitshell.

“As always, we maintained our outstanding safety record, with no Lost Time Injury’s and a Total Recordable Injury Frequency Rate of 0.00. Meanwhile, we finished the quarter with a strong balance sheet, with net debt reduced to US\$4.9 m, down from US\$8.7 m in the second quarter, putting us in an optimal position to further enhance growth initiatives.”

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 23 October 2023, at 09:00am BST. Participants can access the call by registering via the link below.

https://secure.emincote.com/client/shanta/shanta006/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, 23 October 2023, at 10:00am 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.Geol. 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").

Q3 2023 PRODUCTION & OPERATIONAL UPDATE

Operational Summary

Safety, Health and Environment

There were no Lost Time Injuries (LTI) in the Quarter across the Group's operations with a total of 3,350,302 man-hours worked at New Luika and 1,676,717 man-hours worked at Singida without a LTI. Shanta continues its track record of operating among the safest gold

mining operations of its peers and has achieved a Total Recordable Injury Frequency Rate (“TRIFR”) (per 1 million hours worked) of 0.00 for all three Quarters in 2023.

New Luika Production Summary

	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Tonnes ore milled	226,358	219,978	217,478	227,207
Grade (g/t)	2.90	3.13	2.52	2.60
Recovery (%)	86.5	87.2	87.1	88.0
Gold (oz)				
Production	18,271	19,338	15,317	16,742
Sales	17,477	20,704	15,995	16,621
Silver production (oz)	27,242	30,672	23,152	19,790
Realised gold price (US\$/oz)	1,930	1,957	1,907	1,731

Operational and Financial Summary – New Luika Gold Mine

The New Luika Gold mine produced 18,271 oz during the Quarter, in line with internal forecasts. Production was stable during the Quarter, continuing the trend from Q2. The steady production achieved was mainly due to consistent plant feed grades throughout the quarter, consistent power and equipment availabilities and higher milled tonnes by the processing plant.

A total of 178,548 t of ore grading 3.48 g/t Au was mined from underground in Q3 compared with 164,198 t of ore grading 3.81 g/t Au in Q2 2023. In Q3 2023, 65,448 t ore grading 1.62 g/t Au was mined from open pits compared with 63,308 t of ore grading 1.69 g/t Au in Q2 2023.

The ROM stockpile at the end of Q3 was 250,231 t of ore grading 0.93 g/t Au for 7,453 oz contained (Q2: 234,300 t grading 0.95 g/t Au for 7,178 oz contained). Average recoveries of 86.5% were achieved in the NLGM processing plant during the Quarter (Q2: 87.2%).

Milled ore during the Quarter totalled 226,357 tonnes, slightly above the previous quarter of 219,987 t. The average head grade of 2.90 g/t Au (Q2: 3.13 g/t Au) included a blend of material from underground, open pit, and existing ROM ore stockpile sources.

Adjusted Operating Costs of US\$970 /oz (Q2: US\$904 /oz) and AISC¹ of US\$1,279 /oz (Q2: US\$1,181 /oz) were achieved in the period, respectively. The change from Q2 is primarily driven by less ounces produced for the Quarter and more investment in sustaining capital including the planned power station genset refurbishment after 18,000 hours of usage.

New Luika Underground mining cash costs were US\$10.1 m for Q3, 3% below budgeted costs of US\$10.4 m. Open Pit mining cash costs were US\$2.3 m, compared to US\$2.9 m budgeted costs.

Singida Production Summary

	Q3 2023	Q2 2023	Q1 2023¹
Tonnes ore milled	93,292	79,911	5,366
Grade (g/t)	3.4	4.0	3.2
Recovery (%)	97.4	97.9	99.3
Gold (oz)			
Production	9,664	10,065	51
Sales	7,569	8,703	-
Realised gold price (US\$/oz)	1,931	1,930	-

1. The first gold pour on 30 March 2023. Commercial production declared on 1 June 2023.

Operational and Financial Summary – Singida Gold Mine

The Singida mine produced 9,664 oz during the Quarter, exceeding internal Q3 forecasts by 15%. Production was stable during the Quarter with all three months achieving over 3,000 oz per month. This was due to continued positive reconciliation of ore grades versus reserve grade, steady mill throughput, and attractive gold recoveries.

Open pit mining continued with operations focused on Gold Tree and Vivian pits. Total ore of 108,253 t with an average grade of 2.83 g/t Au was mined in the Quarter (Q2: 68,323 t grading 2.75 g/t Au).

Ore stockpile level at Singida excluding gravels at the end of Q3 was 201,256 t grading an average of 1.84 g/t Au (Q2: 147,986 t grading 3.07 g/t Au) for 11,919 contained ounces.

Milled ore during the Quarter totalled 93,292 tonnes, an increase of 17% from the previous quarter (Q2: 79,911 t), due to Q3 running at commercial production for all three months compared with the ramping up phase in Q2. The average head grade of 3.4 g/t Au (Q2: 4.0 g/t Au) included a blend of material from open pit, and stockpile sources.

Adjusted Operating Costs of US\$713 /oz and AISC of US\$899 /oz were achieved in the Quarter, respectively. Operating costs and AISC were better than budget by 40% and 37% respectively, driven by strong gold production from the consistency in gold grades, good recovery, and lower than budgeted operating costs.

Singida Process Plant metrics	Forecast	Actual (Q3 2023)	Actual (Q2 2023)
Dore bars gold purity	80%	91.0%	90.2%
Gold recovered from gravity	40%	44.7%	43.7%
Gold recoveries	91%	97.4%	97.9%

2023 Production and Cost Guidance¹

Management reiterates NLGM and Singida guidance previously announced:

		Production (k oz)	Cost (AISC) US\$/oz
NLGM	FY'23	66 – 72	1,200 – 1,300
	Q3'23 actual	18.3	1,279
	YTD actual	52.9	1,289
Singida	FY'23 ¹	24 – 26	1,300 – 1,400
	Q3'23 actual	9.6	899
	YTD actual	19.7	816
Group	FY'23¹	90 – 98	1,200 – 1,300
	Q3'23 actual	27.9	1,023
	YTD actual	72.7	1,160

1. Singida for the 9-month period, April-December 2023.

Group Financial Summary

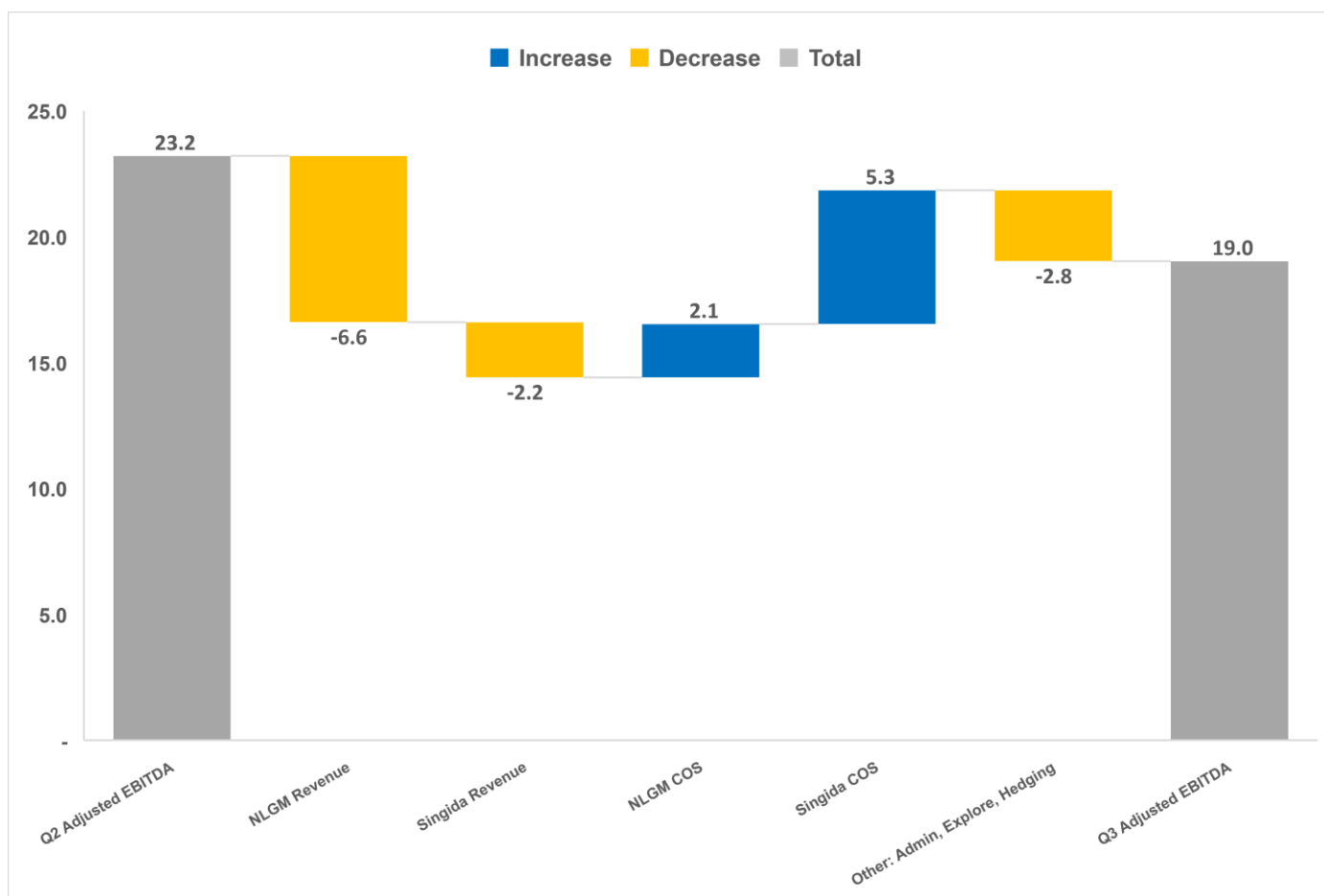
Gold prices remained strong during the Period resulting in the average selling price achieved per ounce being US\$1,930 /oz (Q2: US\$1,949 /oz). The Company continues to be 100% exposed to the spot gold price and does not intend on adding new gold hedges.

During the Quarter the Group deleveraged, with net debt reducing to US\$4.9 m (Q2: US\$8.7 m), with repayments of US\$6.0 m made against the short-term working capital facility and US\$1.8 m against the long term Stanbic facility. The Group also paid its fifth consecutive Period dividend of 0.10 pence per share during the Quarter and declared another interim dividend for payment in November.

In Q3, capital expenditure at New Luika was US\$3.1 m (Q2: US\$3.2 m), which predominantly related to the completion of the generator refurbishment, underground development, and TSF expansion. US\$2.8 m was spent at Singida (Q2: \$5.2m), mainly relating to construction work at the gold plant. A total of US\$1.4 m was invested in exploration at the West Kenya project.

EBTIDA Bridge Q2 to Q3 2023

Adjusted Group EBITDA of US\$19.0 m (Q2: US\$23.2 m) was achieved in the Quarter. The movement was driven by:



- US\$6.6 m NLGM revenue decrease due to 3,227 fewer ounces sold in the Quarter;
- US\$2.2 m Singida revenue decrease due to 1,134 fewer ounces sold in the Quarter;
- US\$2.1 m increase from a reduction in NLGM Cost of Sales (“COS”) as fewer ounces produced (18,271 oz vs 19,338 oz);
- US\$5.3 m increase from Singida, as fewer ounces produced (9,664 oz vs 10,065 oz), and actual COS Jul-Sep comparing favourably versus Q2 Singida normalised COS (which was done to match June sales and margins to Apr-May costs).

During Q3 the Company received a cash VAT refund of US\$6.7 m from the Tanzania Revenue Authority (“TRA”) in respect of the period from November 2022 to March 2023. A further VAT refund application has been made relating to the period from April 2023 to July 2023 which is awaiting TRA audit. The expected VAT refund is approximately US\$5.6 m which may be set off against the Company’s year-end corporate tax payment. The Company’s Tanzanian VAT receivable reduced from US\$31.0 m in Q2 to US\$27.0 m in Q3. 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.

West Kenya Project

Exploration and infill drilling continued during Q3 2023 with a total of 8,387 meters and planning for a further 10,000 meters in Q4 across 35 holes. This will target extension of the Indicated and Inferred resources within the designed pitshell on the Ramula deposits, as well

as an additional conversion of ounces to the Indicated category at the Isulu deposit. In addition, drilling commenced on the highest potential targets within the Ramula Camp, starting with the Miruka target, aiming to establish an initial Inferred resource.

Geotechnical logging continued in the Quarter with the aim of the program to carry out a detailed geotechnical logging on the Ramula and Isulu drill holes. The mine shape optimisation work has commenced in the Quarter for Ramula and Isulu deposits, and a structural model has also been developed for Ramula.

During the Quarter, the Company expanded its community engagement team and expanded its stakeholder engagement plan as part of the Feasibility Study ESIA workstream. Discussions and sensitisation continued with all levels of communities and government as the potential for a mining operation at West Kenya is socialised.

Tanzania Exploration

At NLGM, the Phase 1 drilling program has continued during Q3 with work ongoing at Elizabeth Hill to identify and define the continuity of plunging shoots and to test the continuity of narrow mineralized zones. In addition, 853m of drilling was completed at Luika Deep West (Underground), less than expected due to lack of spares from the drilling contractor in Tanzania; work remains ongoing.

The resource conversion programme at Singida during the Quarter commenced with the first few holes drilled to test the structure extension below and to the west of the Jem pitshell. A relogging programme also progressed with multiple diamond drill-holes across the entire licence area during the Period, aiming to better establish the mineralisation controls, and outline the upside potential of the Singida deposits.

Infill soil sampling for the high-precision multi-element analysis has also now been completed for all Singida mining licences. Exploration work will continue in earnest during Q4 to add to the geological understanding of the greater potential system of mineralisation.

Drilling updates across the NLGM and Singida projects will be provided as and when results are available from the service provider.

Corporate Social Responsibility (“CSR”)

New Luika Community

At Mbangala, the old solar power system previously installed by Shanta was repaired during the Period and a new solar power supply was successfully installed. This will enable the health facility to operate smoothly during TANESCO power outages and ensure the treatment of patients in the community isn't disrupted.

Also at Mbangala, the Company continues to support improvements to the secondary school's infrastructure. The construction of two classrooms, an office, and teacher's accommodation

was completed during the Period, a significant upgrade to the previous buildings which will provide a safer space for local children to learn.

At Saza and Patamela, the construction of two village markets commenced in September. When completed, these markets will support the local economies of Saza and Patamela by providing a dynamic centre for local suppliers to trade, and also improve the access to goods for the local population.

Singida Community

Work progressed to support the agricultural livelihood of farmers in the Ikungi District, with a Singida farmers group travelling to NLGM to learn about the ongoing agricultural project supported by Shanta here. The Company are engaging with the community in Ikungi to explore forming Agriculture Marketing and Cooperative (AMCOS), mirroring what is already in place in Songwe near NLGM. A total of 699 farmers from all 32 hamlets in 5 villages have already registered their interest in this for farming in the coming season commencing November 2023. The Company are planning to support the formation of two AMCOS in Q4 to support this initiative.

CEO Succession

In April 2023, following the successful construction and completion 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. A formal search process has advanced, with the Board currently in discussions with short-listed candidates. Mr Zurrin commits to ensuring a smooth transition to new leadership for Shanta Gold, who will inherit a transformed multi-asset gold producer with financial flexibility and a strong management team in place to support the Company's ongoing stability.

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. Since the introductory meeting there have been no developments in Q3.

ENDS