

22 January 2024

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

Q4 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 31 December 2023 (the "Quarter", "Q4" 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.

Eric Zurrin, Chief Executive Officer, commented:

"We are pleased to have surpassed our production guidance for the year - despite a moderate slowdown at New Luika - enabling us to benefit from a strong gold price environment with healthy returns to investors.

Our newest project to come onstream, Singida, has performed well in its first phase of commercial production and the new five-year plan shows potential for expansion but will require the necessary investment to deliver it.

It's exciting to see the hard work from the team come to life over the past few years, culminating in us reaching a milestone annual production target of 100,000 ounces. Our 2024 focus is to ensure long-term sustainable production meaning further investment into the assets through exploration. This work programme along with higher royalties and elevated normalised costs at Singida will mean a lift in AISC in 2024."

FY 2023 Highlights:

- TRIFR of 0.52 across NLGM and Singida in 2023;
- Group: 100,571 ounces ("oz"), 2.6% ahead of the upper end of 2023 guidance of 98,000 oz
 - Singida: 29,323 oz
 - NLGM: 71,248 oz
- Group adjusted Operating Cash costs of US\$857/oz and an AISC of US\$1,138/oz, compared with AISC guidance of US\$1,200 – 1,300 /oz;
- Commercial production declared at Singida, Tanzania's first new medium-scale gold mine in a decade;
- New five-year plan announced for Singida forecasting 169,000 oz production over 2023-2027 with potential for expansion;
- US\$39 m in payments to Government of Tanzania (FY22: US\$24.6 m) including corporate income taxes, royalties and selling fees, and other taxes;

- Dividend paid in July 2023 and interim dividend paid in November 2023, totalling approximately US\$2.7 m during 2023, totalling shareholder returns of US\$8.0 m cash since 2021; and,
- £141.95 m (approximately US\$180 m) recommended all cash takeover offer from Saturn Resources Ltd (“Saturn”) at 13.5 pence per Shanta ordinary share;
 - In addition, the terms of the takeover offer include a permitted dividend of up to 0.15 pence for the period 1 July 2023 – 31 March 2024, at the determination of the Shanta Gold Board of Directors.

Q4 2023 Highlights:

- Gold production in line with Q3 2023;
 - Group: 27,865 oz (Q3: 27,935 oz)
 - NLGM: 18,322 oz (Q3: 18,271 oz)
 - Singida: 9,543 oz (Q3: 9,664 oz)
- Balance sheet deleveraging with net debt of US\$2.3 m, down from US\$4.9 m in Q3;
- Adjusted EBITDA³ of US\$21.8 m (Q3: US\$19.0 m),
- Cash Operating Costs and AISC²:
 - Group: US\$849 /oz and US\$1,219 /oz
 - NLGM: US\$974 /oz and US\$1,359 /oz
 - Singida: US\$768 /oz and US\$1,120 /oz
- Cash, and available liquidity¹ of US\$27.2 m at 31 December 2023 (Q3: US\$26.5 m), including US\$10.0 m undrawn (Q3: US\$10.0 m) from the Stanbic Revolving Credit facility.

2024 Guidance and Outlook

- Group: 100-106 Koz at AISC² of US\$1,300– 1,350 /oz
 - Consistent with the 5-year plan announced in July 2023 of 105.6 Koz in 2024
 - NLGM: 70-74 Koz at AISC² of US\$1,300– 1,350 /oz
 - Singida: 30-32 Koz at AISC² of US\$1,275– 1,325 /oz⁴
- The increase in 2024 AISC is driven by approximately US\$50 /oz of additional on-mine exploration at NLGM and Singida, higher royalties derived from forecasted higher selling prices, and a non-cash inventory adjustment as explained below in Note 4;
- Approximately 15,000 meters of drilling has been planned for each of NLGM and Singida in 2024.

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, exploration expenditure at the West Kenya Project totalling US\$2.2m million, and other extraordinary non-recurring items.

Note 4: Singida AISC reflects a non-cash inventory adjustment of +\$129/oz driven by processed ore that was mined and stockpiled in 2022 and Q1 2023, ahead of first gold pour. This ore was mined pre-commercial production where costs were lower (as the ore was mined at shallow depths, free digging without use of explosives, an easier to extract), waste material was used for TSF & airstrip construction, and the contractor at the time had a lower rate for equipment than current. By 2024 the costs attached to ore in the Singida stockpile are expected to have normalised which will result in a higher AISC, although cash mining costs will be consistent with 2023.

Analyst and investor conference call and presentation

Shanta Gold will host an analyst and investor conference call and presentation today, 22 January 2024, at 09:00am GMT. Participants can access the call by registering via the link below. Due to regulatory constraints relating to the Offer Period (as defined by the City Code on Takeovers and Mergers), no Q&A will be conducted during this conference call.

https://secure.emincote.com/client/shanta/shanta007/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.

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Rule 26.1 disclosure

In accordance with Rule 26.1 of the Takeover Code, a copy of this announcement will be available, subject to certain restrictions relating to persons resident in restricted jurisdictions, on Shanta Gold's website at www.shantagold.com by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

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. 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").

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Operational Summary

Safety, Health and Environment

There were no Lost Time Injuries (LTI) in the Quarter across the Group's mining operations with a total of 3,961,566 man-hours now worked at New Luika and 2,075,173 man-hours worked at Singida since the last 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 0.52 for all four Quarters in 2023.

New Luika Production Summary

	FY 2023	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Tonnes ore milled	891,588	227,773	226,358	219,978	217,478
Grade (g/t)	2.86	2.89	2.90	3.13	2.52
Recovery (%)	86.8	86.5	86.5	87.2	87.1
Gold (oz)					
Production	71,248	18,322	18,271	19,338	15,317
Sales	72,241	18,064	17,477	20,704	15,995
Silver production (oz)	111,067	30,001	27,242	30,672	23,152

Realised gold price (US\$/oz)	1,948	1,981	1,930	1,966	1,907
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During the Quarter, an LTI was recorded by the drilling contractor at West Kenya. Remedial action has been taken.

Operational and Financial Summary – New Luika Gold Mine

The New Luika Gold mine produced 18,322 oz during the Quarter, slightly under internal forecasts by 4%, due to low plant feed grades and poor mill grinding efficiency in October and December. Production was generally stable during the Quarter, with all months achieving >6,000 oz.

A total of 179,490 t of ore grading 3.96 g/t Au was mined from underground in Q4 compared with 178,548 t of ore grading 3.48 g/t Au in Q3. In Q4, 53,209 t ore grading 1.70 g/t Au was mined from open pits compared with 65,448 t of ore grading 1.62 g/t Au in Q3.

The ROM stockpile at the end of Q4 was 270,067 t of ore grading 0.95 g/t Au for 8,265 oz contained (Q3: 250,231 t grading 0.93 g/t Au for 7,453 oz contained). Average recoveries of 86.5% were achieved in the NLGM processing plant during the Quarter (Q3: 86.5%).

Milled ore during the Quarter totalled 227,773 tonnes, slightly above the previous Period of 226,357 t. The average head grade of 2.89 g/t Au (Q3: 2.90 g/t Au) included a blend of material from underground, open pit, and existing ROM ore stockpile sources.

Adjusted Operating Costs of US\$974 /oz (Q3: US\$970 /oz) and AISC¹ of US\$1,359 /oz (Q3: US\$1,279 /oz) were achieved in the Period, respectively. The change from Q3 is primarily driven by an increase in on-mine exploration expenditure at NLGM.

Singida Production Summary

	FY23	Q4 2023	Q3 2023	Q2 2023	Q1 2023¹
Tonnes ore milled	271,879	93,310	93,292	79,911	5,366
Grade (g/t)	3.5	3.3	3.4	4.0	3.2
Recovery (%)	95.8	95.1	97.4	97.9	99.3
Gold (oz)					
Production	29,323	9,543	9,664	10,065	51
Sales	27,636	11,364	7,569	8,703	-
Realised gold price (US\$/oz)	1,940	1,955	1,928	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 9,543 oz during the Quarter, exceeding internal Q4 forecast by 5.4%. Production was stable with all three months achieving over 3,000 oz per month. This was due to greater tonnes milled in November and December, and good feed grades and

recoveries throughout the Period. In 2024, Singida production is expected to normalise toward 2,700 ounces per month inline with the previously announced 5-year Mine Plan in July 2023.

Open pit mining continued with operations focused on Gold Tree and Vivian pits. Total ore of 103,577 t with an average grade of 3.28 g/t Au was mined in the Quarter (Q3: 108,253 t grading 2.83 g/t Au).

Ore stockpile level at Singida excluding gravels at the end of Q4 was 194,565 t grading an average of 1.60 g/t Au (Q3: 201,256 t grading 1.84 g/t Au) for 10,039 contained ounces.

Milled ore during the Quarter totalled 93,310 tonnes, and consistent with the previous Quarter (Q3: 93,292 t). The average head grade of 3.3 g/t Au (Q3: 3.4 g/t Au) included a blend of material from open pit, and stockpile sources.

Adjusted Operating Costs of US\$768 /oz and AISC of US\$1,120 /oz were achieved in the Quarter, respectively. Operating costs and AISC were better than budget by 38% and 19% respectively, driven by strong gold production from the consistency in gold grades, good recovery, and lower than budgeted processing costs.

Singida Process Plant metrics	Forecast	Actual (Q4 2023)	Actual (Q3 2023)
Dore bars gold purity	80%	91.2%	91.0%
Gold recovered from gravity	40%	47.8%	44.7%
Gold recoveries	91%	95.1%	97.4%

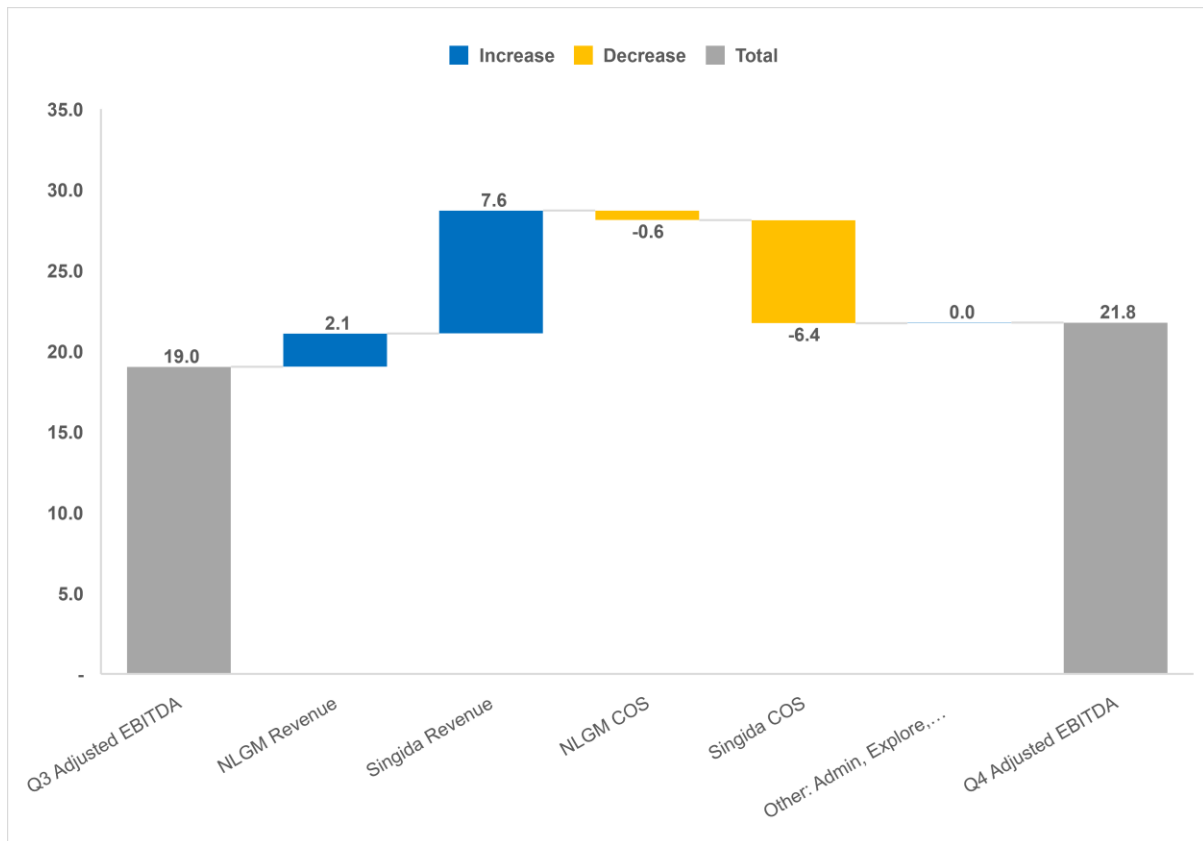
Group Financial Summary

During the Quarter, average selling price per ounce of gold increased to US\$1,971 /oz (Q3: US\$1,929 /oz). The Company is unhedged, 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\$2.3 m (Q3: US\$4.9 m), with repayments of US\$3.3 m made against the long-term Stanbic facility. The Group also paid its sixth consecutive Period dividend of 0.10 pence per share during the Quarter.

In Q4, capital expenditure at New Luika was US\$5.4 m (Q3: US\$3.1 m), which predominately related to Open Pit development at Elizabeth Hill of US\$1.6 m, stay-in-business (“SIB”) expenditure of US\$1.4 m for generator refurbishments, Underground development US\$1.0 m and expansion Capex of US\$0.9 m for TSF 2 lift and pre-leach thickener work. US\$2.0 m was spent at Singida (Q3 US\$2.8 m), mainly relating to US\$0.6 m for a CAT generator and US\$0.5 m for SIB. A total of US\$2.2 m was invested in exploration at the West Kenya Project.

EBITDA Bridge Q3 to Q4 2023



Adjusted Group EBITDA of US\$21.8 m (Q3: US\$19.0 m) was achieved in the Quarter. The movement was primarily driven by an increase in revenue across NLGM and Singida of US\$9.7 m due to more ounces sold at a higher gold price, offset by an increase in cost of sales of US\$7.0 m due to greater royalties and selling expenses on more ounces sold at a higher price.

During Q4 the Company received a VAT refund of US\$5.1 m from the Tanzania Revenue Authority (“TRA”) in respect of the period from April 2023 to July 2023. The TRA offset this refund against the Company’s year-end corporate income tax payment. A further VAT refund application has been made relating to the period from August 2023 to December 2023 which is awaiting TRA audit. The expected VAT refund is approximately US\$4.5 m which is also expected to be set off against the Company’s year-end corporate income tax liability.

The Company’s Tanzanian VAT receivable decreased from US\$27.0 m in Q3 to US\$25.5 m in Q4. Approximately US\$23.0 m¹ of the total VAT receivable relates to the legacy period from 2017-2020 which is currently in the first of three stages of formal proceedings with the Tanzania Revenue Appeals Board.

Note 1: Unadjusted for foreign exchange movements

Tanzania Exploration

Exploration drilling restarted at New Luika in July 2023 with the objective to convert Inferred resources to the Indicated category at various deposits, in addition to the testing of a maiden target at Jamhuri West close to the NLGM Processing Plant. As announced on 11 January 2024, drill results covering a total of 13,325 meters across 106 holes of drilling of the deposits

at Elizabeth Hill and BC North demonstrated encouraging results. Exploration work remains ongoing at Luika Deep underground to identify the down plunge continuity and extension of mine life.

Commencement of drilling at the Jem deposit at Singida in September 2023 marked the resumption of exploration drilling at the mine after a few years. A drilling update will be provided in due course.

West Kenya Project

Exploration at the West Kenya Project continued during the Period with 9,091 meters of drilling across 32 holes in Q4. Three rigs were active across multiple targets, including Miruka, Dhene, Akara, Masumbi, Nairobi Hill and Ramula prospects. The main aim of the drilling completed was to convert Inferred resources to the Indicated category for the Ramula deposit and test the mineralization potential for the other regional targets. Assay results for this drilling are expected to be received later in Q1 2024.

During the Quarter the Company announced assay results from 4,421 meters of drilling from 12 diamond holes at the Isulu and Bushiangala deposit, and 717 meters from 6 diamond holes at Ramula. Highlights include 5.9 meters grading 3.56 g/t Au at Bushiangala, 3.7 meters grading 27.93 g/t Au at Isulu, and 8.9 meters grading 5.62 g/t at Ramula.

The Company revised the leadership at the West Kenya Project with the appointment of Jiten Divecha as General Manager. Mr Divecha brings more than 20 years' experience, most recently as General Manager at Singida Gold Mine during the construction phase where he led the successful development, permitting and construction of the mine, and previously as Operations Manager for African Barrick Group in Tanzania. Mr Divecha is a Tanzanian national and will be responsible for developing the West Kenya Project. Early works toward permitting have commenced including data collection for the ESIA. Permitting application is expected to be made in around 12 months with a decision potentially in mid-2025.

Corporate Social Responsibility (“CSR”)

New Luika Community

Shanta is directly funding the Songwe District's construction of an English Medium Primary School. The project will be staged over three phases, with the first phase to construct two primary school classrooms and ablution blocks commencing in October. A project contractor has been engaged and the initial structure has been fabricated with support beams put in. Roofing work is expected to commence in early Q1 2024. The school will provide a safe learning space for nearly 400 children aged 4-11 years each year.

Shanta's NLGM Livelihood Programme continued to benefit local farmers during the Quarter. NLGM's team procured 3 tonnes of seeds (sesame and sunflower) in December to support new farmers under the programme. The seeds have been distributed to farmers in all four villages of Saza, Patamela, Mbangala and Maleza which surround NLGM. 750 farmers received sesame seeds and 672 farmers received sunflower seeds, with 1,422 benefitting in total.

Singida Community

In one of Singida's surrounding communities, Tupendane Village, Shanta are supporting an education project to construct two classrooms at Mbhogo Primary School. Work progressed during Q4 with the ring beam and toilet pit walling completed, and the project now at the roofing stage. In addition, the Company is drilling a borehole nearby which will provide clean and safe water to nearly 700 students and teachers.

The procurement of desks and other fittings for Mwau Primary School in Mwau village has now commenced and final fabrications are expected to be completed in Q1 2024. Desks for 900 students are being provided, who will benefit each year from improved learning conditions, as currently students have no proper desks or are sitting on damaged and poor quality desks.

Shanta began distributing sesame seeds to farmers in Ikungi registered under the Company's Livelihood Programme, with 702 farmers receiving seeds ahead of the 2023/24 season. The Company also supported clearing, ploughing and harrowing works at 5 villages near to the mine to preparing for farming. In Q1 planting of seeds will commence, and the Company is working with the community to form Agriculture Marketing and Cooperative Societies (AMCOS), similar to those supported by Shanta at NLGM. The Livelihood Programme has the potential to make a significant difference to the economic prospects of the community near Singida.

Corporate

On 20 December 2023, Shanta announced that the boards of directors of Saturn, a wholly-owned subsidiary of ETC Holdings (Mauritius) Limited and Shanta had reached an agreement on the terms of a recommended cash acquisition by Bidco of the entire issued and to be issued share capital of Shanta for 13.5 pence per Shanta ordinary share, valuing the entire issued share capital of Shanta at approximately £141.95 m.

In addition, each Shanta shareholder holding shares at the relevant record date will be entitled to receive and retain an interim dividend of up to 0.15 pence per share intended to be declared by the Shanta Board and paid prior to the closing of the transaction.

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. The Company held an introductory meeting with the Government Negotiating Team in April 2023. In November 2023 the Government of Tanzania re-engaged with the Company regarding state participation and a further meeting has been agreed to take place in Q1 2024.

ENDS