

18 January 2023

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

Q4 2022 AND FY 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 and year ended 31 December 2022 (the "Quarter", "Q4" 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:

"I am pleased to report that we enjoyed a strong end to the year at all of our assets across the portfolio, with several positive signs pointing to what we hope will be an exciting 2023 for the Company.

An encouraging operational end to the year at New Luika saw record annual throughput and full year production of 65,209 ounces, an 18% increase vs last year's production figures. Despite a near miss on guidance, I am happy to report that there are numerous initiatives underway and in place for 2023 to decrease operational risks and optimise production. These include the team adding 40% to the open pit mining capacity with the addition of mining equipment from a second contractor as well as Shanta taking the delivery of a newly purchased underground production rig.

Elsewhere, the new Singida mine is now 90% complete, with operations being progressed on time and on budget. The mine is currently forecast to add a further 45-50% to the Group production profile, transforming the Company's short-term future and diversifying the asset portfolio.

At West Kenya, the high-grade drilling results we have delivered in 2022 continue to encourage the team, solidifying our view that this project has the potential to be a future leading gold District. A significant update to the Mineral Resource Estimate will be delivered to the market shortly relating to Isulu and Bushiangala deposits, and we are very optimistic about its future.

We are exiting the year in a strong position, with a healthy balance sheet and our projects at Singida and West Kenya offering serious growth potential. I look forward to updating shareholders on the several exciting updates to come in the upcoming year."

FY 2022 Highlights

- Record annual throughput of 884,702 tonnes ("t") milled, up 6% from 2021;
- Gold production of 65,209 ounces ("oz"), up 18% from 2021;
 - 4% variance to updated production guidance of 68 Koz (target range set 12 months ago of 68-76 Koz);

- Step change in availability of mining equipment introduced in December with additional 40% of open pit mining fleet capacity and delivery of a third underground drilling rig (SOLO DL321) to increase flexibility within the mine plan;
- Adjusted Operating Cash costs of US\$1,014 /oz and an AISC of US\$1,270 /oz, in line with AISC guidance of US\$1150-1275 /oz;
- Exploration in 2022 included comprehensive targeting studies for NLGM and the Lupa Goldfields resulting in a target pipeline for all stages of exploration targets;
- Singida Project is 90% complete as at the end of December 2022, on budget and on track for first production in March 2023
 - Singida increases Group production by 45-50% to approximately 100,000 oz pa;
 - Singida adds a second revenue stream across the portfolio while further strengthening our diversified portfolio of assets in East Africa;
 - In 2022, geological mapping, regional soil sampling, geophysics reinterpretation and district target generation was completed that significantly enhanced the Singida upside potential for mine life extension;
- Extension of current reserve life at NLGM, now through Q1 2028, following successful exploration programmes on an optimised budget in 2022, adding a further 80.1 Koz of contained reserves;
- West Kenya Phase 2 drilling continued to deliver encouraging assay results
 - Significant update to Mineral Resource Estimate is expected shortly relating to Isulu and Bushiangala deposits with Ramula update to follow in February;
 - Phase 2 drilling programme continued at the West Kenya Project with further high-grade intercepts and multiple occurrences of visible gold identified in drilling intersections, bringing the total number of visible gold identifications to 67 intersections at Isulu and Bushiangala across 165 holes drilled since January 2021;
 - Work undertaken at newly discovered and existing targets including Miruka, Anomaly 22 and Kimingini, planned to continue in 2023;
- Dividend paid in July 2022 and interim dividend paid in November 2022, totalling approximately US\$2.8 million during 2022;
- Total VAT cash refunds of US\$4.1 million received, plus US\$5.5 million offset against income tax liabilities; and,
- Excellent safety record with TRIFR rate of 0.85 (Singida) and 1.27 (NLGM) in 2022.

Q4 2022 Financial Summary

- Cash, and available liquidity¹ of US\$13.0 million (“m”) at 31 December 2022 (Q3: US\$17.0 m), including US\$2.5 million undrawn from the Working Capital facility;
- Gross debt of US\$24.1 m (Q3: US\$21.3 m);

- Operating costs of US\$1,112 /oz (Q3: US\$918 /oz) and AISC of US\$1,347 /oz (Q3: US\$1,207 /oz) in the Quarter, respectively.
- Capital expenditure and investment totalled US\$12.6 m including US\$8.2 m for Singida construction, US\$4.4 million for NLGM, and US\$1.4 m for West Kenya; and,
- VAT receivable of US\$29.3 m (Q3: US\$27.1 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.

Q4 2022 Operational Summary

New Luika Gold Mine

- 227,207 t milled (Q3: 217,108 t) from underground and open pit sources;
- Average head grade of 2.60 g/t (Q3: 3.18 g/t) blended from underground, open pit, and existing ROM stockpile sources;
- Average recoveries of 88.0% (Q3: 88.0%);
- Gold production of 16,742 oz (Q3: 19,532 oz);
- Run of Mine (“ROM”) stockpile of 207,392 t of ore grading 0.92 g/t (Q3: 183,631 t grading 0.92 g/t) containing approximately 6,492 oz;
- Zero LTIs during the Quarter.

Singida

- Singida remains on track for first gold pour in March 2023 transforming Shanta Gold into a 100,000 oz/pa producer and diversifying Group cash flow;
- No material cost inflation has been incurred in the construction costs owing to orders for major capital items being placed in early 2021 prior to inflationary pressures and excellent supervision from the Singida team in Tanzania;
- Capital investment of US\$8.2 m for Singida construction;
- Hot commissioning of the process plant is planned for March 2023 following installation of the COMO engineering elution and electrowinning circuit;
- Ore stockpile level at Singida is currently 171,500 t grading an average of 2.61 g/t (Q3: 127,767 grading 2.34g/t) for 14,395 contained ounces;
- Zero LTIs during the Quarter.

West Kenya

- Three new targets at Ramula present several exciting additional open-pit and underground development options for the Company;
- Shanta has now completed 65% of total planned drilling over three phases which began at the start of 2021;

- Significant update to Mineral Resource Estimate is expected shortly relating to the Isulu and Bushiangala deposits followed by Ramula mineral resource update in February.

Corporate Social Responsibility (“CSR”)

- Shanta is on track to provide 125 school desks before school re-opens in January 2023 in continued support of the Saza and Patamela primary schools, near the NLGM;
- At Singida, the construction of classrooms for two schools in the community were completed, being handed over on 30 December 2022;
- Shanta purchased 5,500kg of seeds (sesame seeds 2,500kg and sunflower seeds 3,000kg) and donated these to approximately 2,500 farmers in the surrounding community.

2023 Guidance and Outlook

- Annual guidance for NLGM of approximately 66,000 – 72,000 oz at AISC² of US\$1,200– 1,300 /oz
- Singida production guidance to be released following commencement of commercial production. Previous LoM plan guided for approximately 32,000 oz pa;
- Underground grade control drilling currently covering almost 85% of Q1 2023 production and 73% of full year 2023 planned ounces has de-risked the 2023 production plan.

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), and undrawn portions of the Working Capital facility.

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

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 18 January 2023, at 09:30am GMT. Participants can register to attend the event by clicking on the link below.

https://secure.emincote.com/client/shanta/shanta002/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 Event by Loopup platform today, 18 January 2023, at 10:30 am GMT. The presentation is open to all existing and potential shareholders and questions can be submitted during the live presentation.

Investors can dial in to the Event by Loopup for free to meet Shanta Gold via the number below, please quote **Shanta Gold** when prompted by the operator:

- +44 (0) 33 0551 0200 - Standard International Access UK-Wide

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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.

Q4 2022 PRODUCTION & OPERATIONAL UPDATE

Operational Summary – NLGM

Safety, Health and Environment

There were no LTI's in the period with a total of 1,598,451 man-hours worked 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 1.27 for 2022. Shanta's TRIFR for Q4 was 0.00 (Q3: 0.00).

Production Summary

	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Tonnes ore milled	874,843	227,207	217,108	216,184	214,204
Grade (g/t)	2.63	2.60	3.18	2.83	1.90
Recovery (%)	88.2	88.0	88.0	88.7	87.2
Gold (oz)					
Production	65,209	16,742	19,532	17,527	11,408
Sales	63,694	16,621	19,321	17,225	10,527
Silver production (oz)	87,796	19,790	26,856	26,536	14,615
Realised gold price (US\$/oz)	1,791	1,731	1,727	1,866	1,883

Gold production during the period was 16,742 oz. This resulted in annual production being 65,209 oz, 4% below the annual production target of 68,000 oz.

Country-wide power instability from the State-owned grid stemmed from drought conditions within country and impacted reliability of power for underground equipment at NLGM. Following the commencement of seasonal rains in November, the contribution of State-grid power to NLGM has increased from 12% in November to 19% in December. A long run

average of 25% of power sourced from the State-grid is assumed where power shortages are made up from Shanta's higher cost HFO power station.

Reduced availability of open pit and underground mining equipment impacted the mine plan. Open pit mining equipment arrived at NLGM in December 2022 from a second mining contractor to support the surface operations. By the end of December 2022, the open pit mining fleet capacity at NLGM had increased by approximately 40% following commissioning of an additional excavator and three haul trucks and Q4 open pit mined ore was up 45% vs Q3. At the underground, a newly purchased Sandvik underground production rig (Solo DL321) was received and fully commissioned in December 2022. As a result, total underground production meters increased by 94% in December to 10,439 meters compared with the first 11 months of 2022 actual average of 5,377 meters. At the end of December 2022, a total of 10 underground stopes were ready and available for drilling versus a NLGM base case average of 3 at any one time.

Reduced grinding efficiency within the processing plant affected gold recovery during the Quarter. However, average grinding efficiency of 63.4% was achieved in December, up from lows of 56.7% in October and 59.0% in November and against the target of 69.0% (and mill design of 80%). The grinding efficiency has improved and is attributable to increased power draw into the mills and reducing screens sizing from 12 mm to 10 mm thereby increasing fine material. As of 10 January 2023, grinding efficiency has further improved to 68%. Additional changes being implemented in Q1 2023 to optimise gold recoveries include increasing the size of mill balls from 60mm to 75mm resulting in more fine material in the leaching circuit. Management is evaluating the installation of a pre-leach thickener during the course of 2023 with an expected capital expenditure of US\$1.8 million and short investment payback period.

During the Quarter, approximately 1.2 Koz of planned production was not mined due to delayed production drilling of the underground Solo rig, and 0.9 Koz was foregone due to ground stability and related safety at the Crown Pillar. The new Solo rig has removed the risk of delayed production drilling going forward.

A total of 176,997 t of ore grading 3.41 g/t was mined from underground in Q4 compared with 172,190 t of ore grading 4.40 g/t in Q3 2022 which benefitted from the Bauhinia Creek crown pillar high grade ore. 65,207 t ore grading 1.53 g/t was mined from open pits in Q4 compared with 45,609 t of ore grading 1.18 g/t in Q3 2022. The ROM stockpile at the end of Q4 was 207,392 t of ore grading 0.92 g/t (Q3: 183,631 t grading 0.92 g/t). Average recoveries of 88.0% were achieved in the plant during the period (Q3: 88.0%).

Processing of milled ore during the Quarter totalled 227,208 tonnes, in line with plan (Q3: 217,108 t). The average head grade of 2.60 g/t (Q3: 3.18 g/t) included a blend of material from underground, open pit, and existing ROM ore stockpile sources.

Financial

Adjusted Operating Costs of US\$1,112 /oz (Q3: US\$918 /oz) and AISC¹ of US\$1,347 /oz (Q3: US\$1,207 /oz) were achieved in the Quarter, respectively. 2022 AISC is US\$1,270 /oz, within AISC cost guidance of US\$1,150-1,275 /oz for 2022.

Gold spot prices continued to improve throughout the Quarter, moving from US\$1,620 /oz in October to US\$1,800 /oz in December. This average selling price achieved per ounce was US\$1,791 /oz in 2022 and US\$1,731 /oz in Q4. Free cash flow generation has been prioritised for the completion of the Singida construction.

In Q4, capital expenditure at New Luika was US\$4.4 m (Q3: US\$4.4 m), which predominately related to underground development at the Luika mine, and Tailings Facilities expansion.

In the Quarter, the company received VAT cash refunds worth US\$0.7 m plus VAT offset against tax liabilities totalling US\$1.3 m. The company's Tanzanian VAT receivable increased from US\$27.1 million in Q3 to US\$29.3 m in Q4.

At the end of December 2022, remaining gold price protection outstanding relating to the Standard Bank loan and Working Capital facility in the form of Zero Cost Collars totalled 15 Koz including 8 Koz covering the period January to June between US\$1600-1900 /oz, and 7 Koz covering the period January to April between US\$1725-1756 /oz. The hedge contracts are largely aligned with final Singida construction costs. No additional hedges will be added.

Note: 1 AISC figures published include development costs, in line with the WGC definition

Singida

The Singida Project continues to operate with the highest safety standards having achieved a TRIFR of 0.00 for the Quarter and 0.85 TRIFR in 2022. A total of 578,167 man-hours has been worked without a Lost Time Injury (LTI).

Construction of the Singida Gold Mine is progressing as planned and on budget, with the project on course to become the first newly built large scale Tanzanian gold mine entering production since NLGM in 2013. Excellent progress on the construction of the Singida Gold Mine has been made during the Quarter with first gold pour planned for March 2023. As at the end of Q4, overall project completion is 90%, (Q3: 78%). US\$8.2 m in capital expenditure was incurred in Q4 2022 (Q3: US\$7.0 m), with the remaining capital budget of \$7.0 m forecast for Q1 2023.

During the Period, successful cold commissioning of the NCP-manufactured Milling circuit was completed. Hot commissioning of the Metso-manufactured crusher took place in Q4. Crushed ore stockpiles are now 21,100 tonnes and building, equal to approximately three weeks of crushed ore supply, de-risking the ramp-up period of operations. With these important milestones being met in 2022, management are confident the plant will be completed in time for planned first gold pour.

Construction of the CIL tanks were completed in December, with space being made for two additional tanks should expansion be necessary in the future.

Open pit mining continued during the Period with operations focused on Gold Tree and Vivian pits. Overall ore stockpile level at Singida is currently 171,500 t grading an average of 2.61 g/t (Q3: 127,767 grading 2.34g/t) for 14,395 contained ounces (Q3: 9,613 ounces).

In 2022, geological mapping, regional soil sampling, geophysics reinterpretation and district target generation was completed that significantly enhanced the Singida upside potential for mine life extension.

West Kenya

Q4 proved to be an exciting period for West Kenya with exceptional drilling results being announced at both the Ramula and Isulu/Bushiangala camps.

Three new targets at Ramula present several exciting additional open-pit and underground development options for the Company. Following the drilling of 1,509 metres across 6 diamond holes, visible gold was identified in 5 intersections. Visible gold has been identified in 36 intersections across 19 holes drilled since Q4 2021.

At Isulu/Bushiangala, results from 6,869 metres of drilling from across 17 diamond holes at the Isulu and Bushiangala deposits and Kimingini target were announced where visible gold was identified in 8 intersections from 17 holes drilled. Visible gold, including spectacular occurrences, has been identified in 61 intersections across 159 diamond holes drilled at Isulu, Bushiangala and Kimingini since Q4 2021.

Further, bonanza-grade gold intercepts were discovered at Isulu, including grades of 721 g/t, 210 g/t, 172 g/t, and 93 g/t within 100-200 metres vertical distance of surface, in 4 different intersections across 7 drilled holes.

An updated Mineral Resource Estimate is expected shortly relating to the Isulu and Bushiangala deposits followed by Ramula mineral resource update in February.

Corporate Social Responsibility (“CSR”)

As part of Shanta’s CSR farming initiative, the CSR team continued to monitor farming preparations in the surrounding communities to ensure good farming practices were followed. Shanta purchased 5,500kg of seeds (sesame seeds 2,500kg and sunflower seeds 3,000kg) and donated these to approximately 2,500 farmers in the surrounding community. This helps alleviate poverty in the community and ensure revenue streams from the sale of produce throughout the year.

During the Quarter, Shanta continued its support and improvement works of the Saza and Patamela primary schools and has committed to provide 125 desks for the students before schools are re-opened in January 2023. In its support of the education infrastructure and development for the Saza, Mbangala and Maleza schools, Shanta has pledged to construct one staff house in Saza, two classrooms with an office block at Mbangala and two classrooms with an office block in Maleza.

At the Singida project, classrooms at both the Mlumbi and No 7 primary schools were completed with handover taking place on 30 December 2022.

Corporate

On 18 October 2022, Shanta announced that it had received approaches from Shandong Gold Group Co. (“Shandong”), Ltd, Yintai Gold Co. (“Yintai”), Ltd and Chaarat Gold Holdings Ltd (“Chaarat”). On 2 November 2022, Shanta subsequently confirmed that Yintai had decided not to proceed with an offer.

On 14 November 2022, Shanta announced that it will not accept an offer or deal structure that does not deliver value for shareholders and that there was no merit in continuing discussions with Shandong and Chaarat, which both parties have accepted.

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