

10 February 2020

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

SHANTA GOLD TO ACQUIRE BARRICK'S KENYA GOLD PROJECTS

Shanta Gold (AIM: SHG), the East Africa-focused gold producer announces that it has entered into a definitive agreement pursuant to which it will purchase 100% of the shares of Barrick's subsidiary Acacia Exploration (Kenya) Ltd. ("AEKL") from two subsidiaries of Barrick Gold Corporation ("Barrick"). AEKL's primary asset is a 100% participating interest in licences held by Afriore which includes an existing high-grade resource. ("West Kenya", "Project").

Transaction Highlights

- NI-43101 compliant Inferred Mineral JORC Resource Estimate of 1,182,000 ounces ("oz") gold grading 12.6 g/t, believed to be one of the highest grading +1 Moz gold deposits in Africa;
- Project covers 1,161 sq km within the Lake Victoria greenstone gold field located in NW Tanzania and SW Kenya and home to Global Tier 1 assets including North Mara and Geita Gold Mine;
- Project requires in-fill drilling and technical studies prior to construction decision;
- Approximately US\$55 m invested in exploration activities across West Kenya since 2010 by Acacia Mining Plc ("Acacia") and previous owners;
- Exploration drilling of 221,000 metres, approximately 80,000 soil samples, and regional IP has identified attractive exploration targets;
- Historical gold production of approximately 259,000 oz at 12.3 g/t from Rosterman mine, included in the licence area of the West Kenya Project;
- Fully financed purchase price totalling US\$7 million cash, US\$7.5 million shares in Shanta Gold Limited issued to Barrick, and a two percent life of mine net smelter return (NSR) royalty over the Project; and
- Barrick to become Shanta Gold's fifth largest shareholder with a 6.4% interest.

Benefits for Shanta Gold Shareholders

- Acquisition of one of the highest grade gold projects in Africa;
- A major presence in a geologically rich and underexplored greenstone gold region;
- Expands Shanta's operating presence in East Africa with a diversified portfolio of exceptional assets delivering long term growth;
- An established Centre of Excellence at the New Luika Gold Mine will advance the West Kenya Project and complement the project team based in Kisumu, Kenya;
- Increases Shanta's high-quality gold resource inventory to over 3 Moz contained gold with the prospect of future growth; and
- Complementary language and legal systems between Tanzania and Kenya based on English law.

Eric Zurrin, Chief Executive Officer, commented:

“The West Kenya acquisition is significant for Shanta Gold, creating an East African gold mining champion with realisable growth prospects and high asset quality across three attractive gold projects.

Shanta has successfully operated in East Africa for nearly 20 years and this acquisition is a natural extension in terms of geographic footprint, skillset, size and mining method.

One of Shanta’s competitive advantages is being able to operate Long Hole Open Stopping operations more efficiently than its peers which lends itself well to the advancement of the West Kenya Project.”

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 10 February 2020, at 09:30 GMT. Participants can access the call by dialling one of the following numbers below approximately 10 minutes prior to the start of the call.

UK Toll-Free Number: 08003589473

UK Toll Number: +44 3333000804

PIN: 53866913#

The presentation will be available for download from the Company’s website: www.shantagold.com or by clicking on the link below:

<https://www.anywhereconference.com?Conference=301310757&PIN=53866913&UserAudioMode=DATA>

A recording of the conference call will subsequently be available on the Company's website.

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About Shanta Gold

Shanta Gold is an East Africa-focused gold producer, developer and explorer. It currently has defined ore resources on the New Luika project in Tanzania and holds exploration licenses

covering approximately 1,500km² in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 84,506 oz in 2019. The Company has been admitted to trading on London's AIM and has approximately 794 m shares in issue. For further information please visit: www.shantagold.com.

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

Qualified Person

The technical information contained within this announcement has been reviewed by Juma Kisunda (the Company's Chief Mine Geologist) and George Kondela (the Company's Senior Resource Geologist), who are Members of The Australasian Institute of Mining and Metallurgy (Aus.I.M.M). 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 Ore Reserves' and for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

TRANSACTION DETAILS

Introduction

The Project lies within western Kenya, 350km northwest of Nairobi and 25km northwest of Kisumu (Kenya's third largest city), on the edge of Lake Victoria. The West Kenya Project straddles the Kakamega, Kisumu, Siaya and Vihiga Counties and comprises a total of 7 Prospecting Licences covering 1,161 sq km ("Prospecting Licences"). Four of the seven Prospecting Licences (PL 222, PL 223, PL 225 and PL 226) cover 1,121 sq km and are 100% beneficially owned by Barrick. An additional three Prospecting Licences (PL 210, PL 211 and PL 212) cover 40 sq km and are 87.16% beneficially owned by Barrick and 12.84% owned by Advance Gold Corp, on behalf of Gold Rim Exploration Kenya Limited. Advance Gold Corp is a Canadian based exploration company. The Prospecting Licences were issued in 2019.

Access to the Project is by paved road with good infrastructure in place. Access to water is from the Yala River which is approximately 4 km from the proposed mining site and the majority of the project area is connected to the national power grid, with an approximate 90% supply. Power sources would need to be upgraded to support mining operations in the future. Other towns within the immediate area are Kakamega, Siaya and Bondo.

The principal prospects within the Project are two ore bodies, namely Isulu and Bushiangala which lie within the Liranda Corridor on the western margin of the Kakamega Camp. The Liranda Corridor is a 12 km structural zone within the West Kenya Project licence areas, hosting the inferred resource of 1.2 Moz at 12.6 g/t. Gold mineralisation is hosted by sheared pillowed to massive basalts of the mafic volcanic unit and varies from 0.5 m to 10 m in true width across the Liranda Corridor.

Audited losses before tax attributable to the Project and audited gross assets of the Project, for the year ended 31 December 2018 are US\$5.9 million and US\$10.6 million, respectively.

Project History

The West Kenya Project has a history of colonial small-scale gold mining dating back to the 1920's. Mining ceased in the 1950's.

Approximately US\$55 m has been invested in exploration activities since 2010 in West Kenya by Acacia Mining Plc ("Acacia") and previous owners.

Period	Owner and activity
1929-1945	Small scale and alluvial gold mining
1960-1990s	UNDP/GOVT Regional base metals and gold exploration
1988	San Martin Ltd awarded prospecting licence (SL123)
2001-2007	AfriOre JV and acquisition of SL123 prospecting licence
2003-2007	AfriOre granted licence (SL 213) in 2003 and progresses exploration
2007	Lonmin acquires AfriOre
2010	Aviva Mining Corp JV with AfriOre, earning 51% of both licences (SL 123 and 213)
2012	African Barrick Gold (ABG) acquires Aviva's 51% interest for US\$20 million. ABG also acquires Aviva's 75% interest in JV with Advance Gold (Gold Rim Ltd).
2015	ABG pays an additional US\$5 million to terminate JV with AfriOre, now beneficially owning 100% of the licences
2013-2018	Acacia (formerly ABG) invests US\$45 million in exploration activities drilling 221,000 metres (DD/RC/AC). Declares a maiden NI43-101 resource in 2017 and updated to 1.2 Moz at 12.6 g/t in 2018.
2019	Barrick acquires 100% of Acacia

Mineral Resource Estimate for the Liranda Project

A maiden NI43-101 compliant Inferred Mineral Resource Estimate (MRE) on the Isulu and Bushiangala prospects was announced in 2017. The latest update of the MRE was completed in May 2018:

Mineral Resource Category	Prospect	Cut-off grade Au g/t	Tonnes	Mean Grade Au g/t	Oz
Inferred	Isulu	2.0	2,527,300	13.0	1,060,300
Inferred	Bushiangala	7.0	382,400	9.9	122,000
		Total	2,909,700	12.6	1,182,300

Source: Cath Pitman, P. Geo – Aduvare Geology & Engineering (May 2018)

Isulu deposit (NI43-101): mineral resource sensitivity to cut-off grades

Cut-off grade	Tonnes	Mean grade Au g/t	Oz
0.0	2,859,500	11.6	1,066,800
1.0	2,640,800	12.6	1,066,300
2.0	2,527,300	13.0	1,060,300
3.0	2,350,000	13.8	1,045,800
4.0	2,127,300	14.9	1,020,800
5.0	1,918,400	16.1	990,500
6.0	1,734,200	17.2	958,000
7.0	1,550,400	18.4	919,500

Source: Cath Pitman, P. Geo – Aduvare Geology & Engineering (May 2018)

Visible gold has been recorded in 85 individual zone intercepts in 62 drill holes out of 190 drilled on the Isulu and Bushiangala prospects. A total of 36 mineralised zone intercepts returned multiple occurrence of visible gold.

Purchase Price Consideration and Transaction Terms

The acquisition cost for 100% of the outstanding share capital of Acacia Exploration Kenya Limited (“AEKL”), Barrick’s subsidiary which owns the West Kenya Project, is:

- US\$7 million cash, payable on Completion (the “Consideration Cash”)
- US\$7.5 million in Shanta Gold Shares, to be issued on Completion (the “Consideration Shares”)
- 2% life of mine net smelter return royalty across the current seven Prospecting Licences contained in the West Kenya Project, payable on actual gold production in the future.

The Consideration Shares shall be issued at the Shanta Gold 30-day VWAP for the period up to 7 February 2020 of 10.4977 pence per share. These 54,650,211 shares Barrick will receive in Shanta Gold, are equivalent to a pro forma interest of approximately 6.44% in the Company and will be subject to a 1 month lock-up agreement and further 11-month orderly market agreement from Completion.

Pursuant to the terms of the acquisition, Shanta has also agreed to inherit certain liabilities of AEKL and to adjust the consideration to reflect certain working capital items, the net impact of which is likely to be an additional cash sum payable by Shanta to settle third party liabilities on or after Completion of up to \$4m.

The purchase price is fully financed with no requirement for equity issuance other than the shares being issued to Barrick.

Conditions to Closing

Required regulatory approvals in Kenya include standard consents from the Mining Authorities to the assignment of interests and the transfer of Prospecting Licences, approval of the Transaction by the Competition Authority of Kenya, and registration of the Company's interest in the Project Licences by the Mining Authorities. Closing is anticipated to take place around mid-2020.

Geology and Mineralisation

The Tanzania Craton forms the south-eastern extent of the Archaean Eastern Congo Craton, a 2,000 km long corridor, which extends from Tanzania in the south, northwest into the Central African Republic. The northern part of the craton is composed of a Neoarchaean granite-greenstone terrane of the Lake Victorian gold field, which provides the host environment for the gold deposits.

The project area covers the majority of the Archaean Busia-Kakamega Belt, the northern most greenstone belt in the Lake Victoria gold field. The Belt comprises a sequence of volcanic and sedimentary rocks of Archaean age.

Four prospective exploration camps have been recognized across the belt: Kakamega Camp, Barkalare Camp, Yala Camp and Wagusu Camp. The principal prospects within the Project are two ore bodies, namely Isulu and Bushiangala which lie within the Liranda Corridor on the western margin of the Kakamega Camp. The strike lengths of the explored sections of the main mineralised zones vary between 200 m and 650 m and the resource is currently open down plunge.

Mineralisation is associated with quartz, quartz-carbonate and quartz-vanadium mica veinlets. Sulphide mineralisation is present in the form of pyrite, pyrrhotite, sphalerite, arsenopyrite, and molybdenite. The mineralisation style is classified as orogenic, shear-zone-hosted quartz-carbonate vein subtype. A number of other gold prospects at various stages of exploration exist across the Project.

Future Work

Immediately upon completion of the Transaction, Shanta's team will move to site to complete the data handover. Shanta plans to proceed with progressing a scoping study in advance of an infill drilling campaign. Subject to the exploration results this would likely be followed by a Pre-feasibility study and a Definitive Feasibility Study.

Additional work to delineate the size of the orebody, progress an updated mineral resource estimate and proceed to a construction decision could take up to 36 months.

Regional Targets and Prospectivity

Gold mineralisation has been intersected at prospects across the regional portfolio, including the following among others:

Kimingini

- Eastern most target along the Liranda Corridor, 12km from the Isulu-Bushiangala resource
- An area of colonial mining with >30,000 oz recorded Au production
- Limited Reverse Circulation (“RC”) drilling and Diamond drilling (“DD”) to date suggests high grade shoots within tightly spaced flexures along shears. Best intercept to date is ASRC025: 9m @ 12.7 g/t Au from 137m

Rosterman

- 8 km north of the Isulu-Bushiangala resource, historically produced 259 Koz @ 12.3 g/t Au between the 1930s and 1953
- Stacked system of narrow quartz veins system was mined down to 700 metres
- Limited modern exploration with only one diamond hole
- 3D modelling of historical mine plans suggests mineralisation is also associated with a northeast trending bounding shear
- The known shear may correspond with artisanal workings, 4 km soil anomaly and represent a potential high grade feeder structure with significant strike length

Kenya Country Overview

The Republic of Kenya (“Kenya”) is the largest economy in East Africa and sixth largest in Sub Saharan Africa. Kenya’s population is approximately 48 million people of which 73% are below the age of 30 and 85% are Christian. Kenya has a market-based economy with a liberalised foreign trade policy and the legal system is based on English Law. Government policy has been to encourage expansion of the economy both through welcoming FDI and encouraging exports.

GDP growth has been steady at around 5-6% for several years, dominated by agriculture, manufacturing, telecommunications, the services sector and tourism. Mining represents less than 1% of GDP. Following the discovery of oil in Turkana in 2012, there has been a rapid rise in interest in the extractive sector. The Government of Kenya established a standalone Ministry of Mines in 2013 and passed a new Mining Act in 2016. The Ministry of Mining was later amalgamated with that of Petroleum in 2017.

The corporate tax rate in Kenya is 30%. Under the 2016 Mining Act, gold royalties are 5% and the Government of Kenya is awarded a 10% free carried interest upon issuance of a Mining Licence.

AIM and ASX listed Base Resources’ (AIM, ASX: BSE) Kwale Project is the country’s only large scale mine.

Advisors

Reynolds Porter Chamberlain LLP acted as the Company’s legal adviser in the UK. Anjarwalla & Khanna LLP (ALN) acted as the Company’s legal adviser in Kenya.

Barrick’s legal adviser is Norton Rose Fulbright LLP.

ENDS

Glossary

Glossary of Technical Terms

"Au"	chemical symbol for gold
"artisanal mining"	A subsistence miner who works independently, mining using their own resources
"cut off grade" (COG)	Lowest grade of mineralised material considered economic, used in the calculation of ore resources
"g/t"	grammes per tonne, equivalent to parts per million
"Inferred Resource"	that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability
"Indicated Resource"	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed
"koz"	thousand troy ounces of gold
"Measured Resource"	that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity
"Mineral Resource"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided into 3 categories depending on the geological confidence. The highest level with the most confidence is

the 'Measured' category. The next level of confidence is the 'Indicated' category and the lowest level, or the resource with the least confidence, is the 'Inferred' category.

"Mt" million tonnes

"oz" troy ounce (= 31.103477 grammes)

"Reserve" Mineral Reserves are sub-divided into 2 categories. The highest level of Reserves or the level with the most confidence is the 'Proven' category and the lower level of confidence of the Reserves is the 'Probable' category. Reserves are distinguished from resources as all of the technical and economic parameters have been applied and the estimated grade and tonnage of the resources should closely approximate the actual results of mining. The guidelines state "Mineral Reserves are inclusive of the diluting material that will be mined in conjunction with the Mineral Reserve and delivered to the treatment plant or equivalent facility." The guidelines also state that, "The term 'Mineral Reserve' need not necessarily signify that extraction facilities are in place or operative or that all government approvals have been received. It does signify that there are reasonable expectations of such approvals.

"t" tonne (= 1 million grammes)