

NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR PUBLICATION, RELEASE OR DISSEMINATION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN THE UNITED STATES, AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH IT WOULD BE UNLAWFUL TO DO SO. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF THE SECURITIES LAWS OF SUCH JURISDICTIONS.

FURTHER, THIS ANNOUNCEMENT IS FOR INFORMATION PURPOSES ONLY AND SHALL NOT CONSTITUTE AN OFFER TO SELL OR ISSUE OR THE SOLICITATION OF AN OFFER TO BUY, SUBSCRIBE FOR OR OTHERWISE ACQUIRE ANY NEW ORDINARY SHARES OF SHANTA GOLD LIMITED IN ANY JURISDICTION IN WHICH ANY SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL.

20 May 2016

Shanta Gold Limited

(“Shanta” or the “Company”)

Posting of Circular and Details of Open Offer

Shanta Gold Limited (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announced on 6 May 2016 a placing of US\$10.5 million (£7.2 million) and the intention to undertake an open offer to enable existing shareholders not participating in the placing to participate in the fundraising on the same terms.

The Company recognises and is grateful for the continued support received from shareholders and is today pleased to announce the launch of an open offer for an aggregate of up to 38,471,534 New Ordinary Shares at a price of 6.5 pence per share (the “**Issue Price**”) to raise up to €3.2 million (£2.5 million) (the “**Open Offer**”). A circular setting out further details of the Open Offer (the “**Circular**”) and an accompanying Application Form has been posted today.

As detailed further in the Circular, the Open Offer will result in the issue of up to 38,471,534 New Ordinary Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 6.2 per cent. of the Company’s enlarged share capital).

Qualifying Shareholders may subscribe for Open Offer Shares on the basis of 1 Open Offer Share at the Issue Price for every 8 Existing Ordinary Shares held on the record date, being 5 p.m. on 18 May 2016 (the “**Record Date**”).

Under the terms of the US\$25 million senior unsecured subordinated convertible loan notes of the Company (the “**Existing Loan Notes**”), the Loan Noteholders have the right to participate in any offer of, or invitation relating to, securities made to the holders of the Ordinary Shares and accordingly the Board has decided to offer all Qualifying Loan Noteholders the opportunity to participate in the Open Offer. Qualifying Loan Noteholders may subscribe for an amount of Open Offer Shares on the basis of 1 Open Offer Share at the Issue Price for every 8 Ordinary Shares such Loan Noteholder would hold had the Existing Loan Notes converted into Ordinary Shares immediately prior to the Record Date.

The places that subscribed for shares under the placing have undertaken not to participate in the Open Offer and will not take up their entitlements under the Open Offer.

Qualifying Shareholders and/or Qualifying Loan Noteholders subscribing for their full entitlement under the Open Offer may also request further Open Offer Shares through the

excess application facility further described in the Circular. Completion of the Open Offer is expected to take place on 7 June 2016.

Capitalised terms used but not otherwise defined in this announcement bear the meanings ascribed to them in the Circular.

A copy of the circular will be made available on the Company's website: www.shantagold.com

Expected timetable of principal events:

	2016
Record Date for entitlement under the Open Offer	5.00 p.m. on 18 May
Posting of this circular and, to Qualifying non-CREST Shareholders and Qualifying non-CREST Loan Noteholders only, the Application Forms	7.00 a.m. on 20 May
Ex-Entitlement Date	20 May
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders and Qualifying CREST Loan Noteholders	8.00 a.m. on 23 May
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 31 May
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 1 June
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 2 June
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 6 June
Expected time and date of announcement of results of the Open Offer	7.00 a.m. on 7 June
Admission effective and dealings in the Open Offer Shares expected to commence on AIM	8.00 a.m. on 7 June
Expected date for crediting of the Open Offer Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 7 June
Expected date of dispatch of share certificates in respect of the Open Offer Shares	13 June

Notes:

- (1) *The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this circular may be adjusted by Shanta in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.*
- (2) *All references to time in this circular are to time in London.*

For more information please contact:

Enquiries:

Shanta Gold Limited

Toby Bradbury (CEO)
Mark Rosslee (CFO)

+255 (0)22 292 5148

Financial Adviser, Nominated Adviser and Broker

Peel Hunt LLP

Matthew Armitt / Ross Allister / Chris Burrows

+44 (0)20 7418 8900

Financial Public Relations

Tavistock

Emily Fenton / Jos Simson

+44 (0)20 7920 3150

About Shanta Gold Limited

Shanta is an East Africa-focused gold producer, developer and explorer. It currently has defined ore resources on the New Luika and Singida projects in Tanzania and holds exploration licences over a number of additional properties in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 81,873 ounces in 2015. The Company has been admitted to trading on London's AIM. For further information please visit: www.shantagold.com.