

27 June 2016

Shanta Gold Limited

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

New Luika underground project update

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to report that its New Luika Gold Mine has received all requisite approvals for its underground project and the decline development has commenced. The underground project is fully resourced in terms of employees and equipment. Meanwhile current production, operating and capital costs remain on target. A full update will be provided with Q2 2016 results.

Toby Bradbury, CEO of Shanta Gold commented:

"The start of the underground development is a major milestone for New Luika as it provides on-going long term access to high grade resources in the Bauhinia Creek and Luika deposits for at least the next five years. We are particularly grateful for the constructive and timely assistance of the Tanzanian authorities in the processing of the Company's permits."

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About Shanta Gold

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. For further information please visit: www.shantagold.com.