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20 June 2017

Shanta Gold Limited
(“Shanta” or the “Company”)
Results of Fundraising

Shanta Gold Limited (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce the results of the Fundraising announced earlier today raising in aggregate gross proceeds of US\$14.0 million (approximately £11.0 million).

Highlights

- A total of 182,805,808 Placing Shares and Subscription Shares have been placed at a price of 6 pence per share (the “Placing Price”) with certain existing and new institutional and other investors to raise gross proceeds of US\$14.0 million (approximately £11.0 million);
- The Fundraising, in conjunction with the Restructuring and the Helio Acquisition announced earlier today, will provide Shanta with a strong platform to deliver returns to its shareholders. The proceeds of the Fundraising provides funds for growth allowing Shanta to deliver its Revised Mine Plan, integrate Helio’s assets into the New Luika Gold Mine mine plan and to seek out and firm up high grade opportunities in the surrounding area;
- Irrevocable undertakings received from 77% of noteholders in relation to the Loan Note Buyback; and,
- Certain directors have entered into a salary/fee sacrifice arrangement for 12 months. The effect of this will be to provide the Company with an aggregate cash saving of US\$450,000 over the course of the 12 month period.

Toby Bradbury, Chief Executive Officer of Shanta, commented:

“We are encouraged by the support received from new and existing investors in this fundraising. This new equity, together with the restructuring and Helio acquisition, which we announced earlier today, will significantly strengthen Shanta’s financial position.”

“The fundraising comes at an important time following the start of commercial underground production from our flagship New Luika Gold Mine. It also provides us with a strong platform for growth as the Company continues to expand its footprint in the Lupa Goldfield and achieve its vision of becoming a sustainable, mid-tier gold producer.”

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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, Nkuluwisi 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 87,713 ounces in 2016. The Company is admitted to trading on London's AIM Market. For further information please visit: www.Shantagold.com.

Details of the Placing and Subscription

The Company has raised gross proceeds of US\$14.0 million (£11.0 million) through the placing of 182,805,808 Placing Shares and Subscription Shares at a price of 6 pence per share. The Placing Price represents a discount of approximately 18.6 per cent. to the closing mid-market price per share on 19 June 2017, the latest practicable date prior to the date of this announcement.

Following Admission, the Placing Shares and Subscription Shares will together represent approximately 23.9 per cent. of the Company's enlarged issued share capital of 765,958,509 Ordinary Shares ("Enlarged Share Capital"). No Ordinary Shares are held in treasury. The figure of 765,958,509 may be used by the Company's shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Shareholder approval for the Fundraising is not required under Shanta's articles of incorporation.

Application has been made to London Stock Exchange plc ("LSE") for the Placing Shares and Subscription Shares to be admitted to trading on AIM, the market owned and operated by the LSE, ("Admission"). Admission is expected to occur and dealings in the Placing Shares and Subscription Shares are expected to commence on the LSE at 8.00 am on or around 23 June 2017 (or such later date as may be agreed between the Company and Peel Hunt, provided that such date is no later than 7 July 2017, being the Long Stop Date).

The Placing Shares and Subscription Shares will be, when issued, credited as fully paid and will rank pari passu in all respects with the existing ordinary shares including the right to receive all dividends and other distributions declared, made or paid after their date of issue.

As a result of the Fundraising and in accordance with the terms and conditions of the Notes, an adjustment is required to be made to the conversion price. With effect from Admission, the conversion price will be adjusted from 27.23 pence to 26.02 pence.

Unless otherwise defined, capitalised terms used in this announcement have the same meaning as set out in the Proposed Fundraising, Restructuring and Acquisition announcements issued by the Company earlier today.

Note: For the purposes of this announcement figures have been calculated based on an exchange rate of US\$1.27640=£1.00.

Director and management participation

Certain directors and management have subscribed for shares in the Placing amounting to 1,420,000 Placing Shares in aggregate. Eric Zurrin, Chief Financial Officer, subscribed for 1,300,000 Placing Shares and Robin Fryer, Non-Executive Director, subscribed for 120,000 Placing Shares. Immediately following Admission, the Directors' and managements' shareholdings, in aggregate, are expected to represent 6.3 per cent. of the Enlarged Share Capital.

Salary/Fee sacrifice

Certain directors have entered into a salary/fee sacrifice arrangement under which those directors will be issued with new ordinary shares in the Company. The effect of this will be to provide the Company with an aggregate cash saving of US\$450,000 over the 12 month period, demonstrating those directors' belief in the future prospects of the Company and further enhancing the Company's working capital position.

Simultaneous to the Placing, Anthony Durrant (Chairman) has contractually committed to subscribe for US\$130,000 worth of Ordinary Shares, Toby Bradbury (Chief Executive Officer) has committed to subscribe for US\$110,000 worth of Ordinary Shares and Non-Executive Directors, Ketan Patel, Luke Leslie and Keith Marshall have committed to subscribe for US\$70,000 worth of Ordinary Shares each. The ordinary shares will be subscribed for in four equal tranches on a quarterly basis for a period of 12 months by way of a salary/fee sacrifice arrangement put in place with the Company (the "Director Subscription"). The price for the Director Subscription will be the higher of the Placing Price or the average volume weighted price for Shanta Gold's share price as quoted on the AIM Market of the LSE for the 30 trading days up to and including the issue of each tranche of Ordinary Shares in relation to the Director Subscription.

Related Party Transaction

Odey Asset Management LLP ("Odey") as discretionary investment manager on behalf of the CF Odey Absolute Return Fund currently has a direct and indirect interest of 136,204,863 Ordinary Shares representing approximately 23.4 per cent. of the Company's existing share capital. Accordingly, Odey is therefore considered a related party of the Company and Odey's subscription for 39,172,673 Subscription Shares in the Fundraising is considered a related party transaction under the AIM Rules. The independent directors consider, having consulted

with Peel Hunt, the Company's nominated adviser, that the terms of Odey's subscription in the Fundraising is fair and reasonable insofar as the shareholders of the Company are concerned.

Irrevocable Undertakings

Further to the Debt Restructuring announcement made earlier today, the Company is pleased to announce that it has now received irrevocable undertakings from holders of 77% by nominal value of the Notes to vote in favour of the Loan Notes Buyback (as defined in the Debt Restructuring announcement). A written resolution is being posted today to the holders of the Notes, which once formally approved by the requisite 75%, will enable the Company to implement the buy back, subject to the condition explained in the Debt Restructuring announcement being satisfied. A further announcement will be made in due course.

Important notice

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

This announcement does not constitute, or form part of, a prospectus relating to the Company, nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

The content of this announcement has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("**FSMA**"). This announcement has been issued by and is the sole responsibility of the Company. The information in this announcement is subject to change.

This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States. This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Japan, the Republic of South Africa or any jurisdiction where to do so might constitute a violation of local securities laws or regulations (a "Prohibited Jurisdiction"). This announcement and the information contained herein are not for release, publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction.

This announcement is directed only at persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments and: (i) if in a member state of the European Economic Area, are, unless otherwise agreed with Peel Hunt, qualified investors within the meaning of article 2(1)(e) of the Prospectus Directive ("**Qualified Investors**"); and (ii) if in the United Kingdom, fall within: (a) article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order

2005, as amended (the "**Order**"); (b) article 49 of the Order; or (d) any other person to whom it may lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This announcement must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Peel Hunt is authorised and regulated by the Financial Conduct Authority in the United Kingdom. Peel Hunt is acting solely as nominated adviser and sole broker exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the contents of this announcement nor will it be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by FSMA or the regulatory regime established thereunder, Peel Hunt accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this announcement, whether as to the past or the future. Peel Hunt accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this announcement or any such statement.

Forward-Looking Statements

This announcement includes "forward-looking statements" which include all statements other than statements of historical facts, including, without limitation, those regarding the Company's business strategy, plans and objectives of management for future operations, or any statements proceeded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "would", "could" or similar expressions or negatives thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. No undue reliance should be placed upon forward-looking statements. These forward looking statements speak only as at the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by applicable law or the AIM Rules for Companies.