

20 June 2017

Shanta Gold Limited
(“Shanta” or the “Company”)

Debt Restructuring

Shanta Gold Limited (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is today pleased to announce a proposed debt restructuring which includes:

- The Company having accepted a credit approved commitment letter with Investec Bank plc regarding a new US\$50 million facility to replace the current US\$40 million facility, of which US\$35.3 million is outstanding (**“New Investec Facility”**). The Company and Investec are now working on the definitive documentation;
- The Company is intending to repurchase the outstanding unsecured subordinated convertible loan notes due April 2019 (the **“Notes”**), at par, through a subsidiary of the Company (**“Loan Notes Buyback”**) and together with the New Investec Facility, the **“Debt Restructuring”**) following completion of definitive documentation relating to the New Investec Facility. The Loan Notes Buyback will be funded using the proceeds of the New Investec Facility. Indicative support received from 77% of noteholders to vote in favour of the Loan Notes Buyback; and
- The Loan Notes Buyback is subject to the approval of 75% of the nominal value of the Notes and the Company has received indications from more than 75% of the nominal value of the Notes that they intend to support the Loan Notes Buyback.

Key Highlights

- The proposed Debt Restructuring, when completed, will provide the Company with a simplified debt structure, a reduced interest burden and enhanced working capital position;
- Significantly reduces cost of debt (convertible loan note coupon of 13.5% versus proposed New Investec Facility interest of approximately 5.9% over LIBOR);
- The term sheet for the New Investec Facility includes debt repayment holiday until March 2018; and,
- Capitalises on the improved reserve and resource position at New Luika Gold Mine (“NLGM”) announced in the Revised Mine Plan (“RMP”).

New Investec Facility

The drawing of the increased facility with Investec is subject to agreeing definitive documentation as well as satisfying various customary conditions. It is also a requirement that the New Investec Facility is utilised to fund the Loan Notes Buyback and that the Loan Notes Buyback is therefore completed out of the New Investec Facility;

Key terms of the New Investec Facility:-

- (i) interest will be 5.9% above LIBOR;
- (ii) the final capital repayment date is 31 December 2020 (an extension from the current repayment date);
- (iii) the first capital repayment will be 31 March 2018 (which provides an approximate nine months capital repayment holiday as Shanta substantially completes its capital expenditure program at NLGM for the RMP);
- (iv) requirement to hedge 50% forecast production for the next 18 months; and
- (v) financial undertakings including a Debt Service Cover Ratio (>1.10x), Loan Life Cover Ratio (>1.20x), minimum cash balance of US\$5 million, and a minimum

reserve tail ratio of 30%.

The Company and Investec are now working on the definitive documentation and it is currently anticipated that formal agreements in relation to the New Investec Facility will be entered into in August 2017. The New Investec Facility is otherwise on terms usual for a transaction of this nature.

Loan Notes Buyback

Following the execution of the definitive documentation for the New Investec Facility and satisfaction of any conditions to drawdown, the Company intends to repurchase the outstanding Notes at par through a subsidiary of the Company (Shamba Limited). As the Loan Notes Buyback is to be funded through the above-mentioned facility from Investec, it is conditional on the New Investec Facility being drawn down by the Company.

A written resolution will be sent to the convertible noteholders today which, if passed by the requisite 75% of nominal value of Notes, will enable the Company to implement the buyback (subject to the condition above being satisfied). The Company has received indications from holders of 77% by nominal value of the Notes that they intend to support the Loan Notes Buyback.

A further announcement will be made in due course, upon the passing of the written resolution or execution of irrevocable undertakings to approve the written resolution.

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

Enquiries:

Shanta Gold Limited

Toby Bradbury (CEO)

+255 (0) 22 292 5148

Eric Zurrin (CFO)

Nominated Adviser and Broker

Peel Hunt LLP

Matthew Armit / Ross Allister / Chris Burrows

+ 44 (0)20 7418 8900

Financial Public Relations

Tavistock

Emily Fenton / Jos Simson / Barney Hayward

+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, 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.

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