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20 June 2017

**SHANTA GOLD LIMITED**
**(“Shanta Gold”, “Shanta” or the “Company”)**

## SHANTA GOLD ENTERS INTO ARRANGEMENT AGREEMENT TO ACQUIRE HELIO RESOURCE CORP.

Shanta Gold (AIM: **SHG**) and Helio Resource Corp. (“**Helio**”) (TSXV: **HRC**) have entered into a definitive arm’s-length arrangement agreement dated as of 19 June 2017 (Vancouver time) (the “**Arrangement Agreement**”) pursuant to which, subject to Helio shareholder approval and British Columbia Supreme Court approval, Shanta will acquire all of the issued and outstanding common shares of Helio (the “**Transaction**”) by way of a statutory plan of arrangement (the “**Plan of Arrangement**”).

### Highlights:

- Helio and Shanta Board Recommended, conditional all share acquisition for 100% of all outstanding Helio shares in exchange for 59.5 million Shanta shares.

- Shanta acquires Helio’s SMP project which is immediately adjacent to Shanta’s operating New Luika Gold Mine (“NLGM”). Helio’s resource consists of an NI 43-101 compliant gold resource consisting of 635k gold oz at an average grade of 2.4g/t. All of these resources are located within 20km of the Shanta’s existing NLGM processing plant. The JORC compliant resources include:

    - An open pit indicated gold resource of 332koz at 1.8g/t and inferred resource of 17koz at 1.6g/t.

    - An underground indicated gold resource of 258koz at 4.9g/t and inferred resource of 27koz at 3.8g/t.

- The acquisition will result in an increase in Shanta’s gold resource ounces of 77% from 824koz at 1.9g/t to 1,459koz at 2.09g/t. These ounces are not yet incorporated into NLGM’s mine plan.

    - These resources are exclusive of NLGM’s current proven and probable JORC compliant mine reserves of 515,000 ounces at an average grade of 4.4g/t as announced on 23 March 2017.

- Shanta intends to incorporate these resources into its future mine plan and explore the potential to expand the NLGM production rate incorporating these additional resources as soon as possible.

- Voting support agreements entered into by 39.25% of Helio’s shareholders which includes 4.95% held by Helio’s Board of Directors and management.

- Shanta is preparing NI 43-101 technical reports on its assets. These reports will be summarized in the Information Circular of Helio to be mailed to its shareholders in support of its upcoming Special General Meeting as further detailed below.

**Transaction:**

Pursuant to the Plan of Arrangement, upon approval as detailed below, Shanta will issue approximately 59,500,000 common shares to Helio shareholders at completion and subject to conditions being satisfied. In addition, Shanta will issue 3,934,337 common shares to Plinian Capital Limited and certain directors and officers of Helio in connection with the Plan of Arrangement as settlement of amounts owed by Helio for severance obligations and directors fees. All outstanding options of Helio not exercised prior to the completion of the Transaction will be cancelled in accordance with the terms of the Plan of Arrangement. It is anticipated that the Plan of Arrangement will be sent to Helio shareholders in July 2017 with the transaction expected to complete in late August 2017 subject to the conditions being satisfied.

Helio holds a 100% interest in the Saza-Makongolosi Project (the “SMP”), a gold exploration and development area adjacent to Shanta’s producing NLGM mine. The SMP is owned by BAFEX Tanzania Ltd. which is wholly owned by Helio, a mineral exploration and development company based in Vancouver, Canada. The SMP covers an area of 200 $km^2$ and comprises of 12 valid licences, four retention licences (“RLs”) and eight prospecting licences (“PLs”), plus one PL in application. Within this area, Helio has identified over 30 exploration targets.

**Dr. Toby Bradbury, Chief Executive Officer of Shanta, commented:**

*“The inclusion of the Helio resources into Shanta’s portfolio strengthens the opportunity to deliver an expansion option for the New Luika Gold Mine and to also potentially extend mine life. This comes after our recent announcement of the Nkuluwisi resource of 4 million tonnes for 141k oz at 1.1g/t. New Luika is well established with long term water security and low cost and long life power servicing an established and efficient processing plant.”*

**Richard Williams, Chief Executive Officer of Helio, commented:**

*“After many years of exploration efforts and a number of economic assessment studies it is clear that the best outcome for Helio shareholders is to combine with Shanta for the development of Helio’s gold resources on its SMP property in Tanzania. This all share transaction represents a unique opportunity for Helio shareholders to participate in the future growth and value creation of the New Luika Gold Mine. We look forward to working with Shanta’s board and management to complete this transaction in a timely fashion.”*

**About Helio**

Gold in the Lupa Goldfield is deposited in shear zone mineralisation dominantly associated with “Saza-parallel” (070° strike) and “Kenge-parallel” (120° strike) shear zones. Mineralisation is widespread across the SMP and varies in size from metre- to kilometre scale deposits.

Helio has focused on four target areas in the SMP, namely Kenge, Porcupine, Gap and Konokono. No additional mineralisation outside these deposits was modelled in Helio’s 28 February 2015 Mineral Resource Estimate. The Tumbili, Porcupine Quill and Porcupine West deposits are excluded from the Mineral Resource Estimate.

Table 1.1 and Table 1.2 summarise the results of the independent Mineral Resource estimate for the SMP Gold project, by category and area. The effective date of this Mineral Resource estimate is 28 February 2015.

The Mineral Resources for the considered deposits (Kenge Main, Mbenge, Snakebite, Porcupine Main, Gap and Konokono) that have reasonable prospects of economic extraction by open pit mining are stated at a 0.5 g/t Au cut-off within US$1,400 pit shells. The Mineral Resources for these deposits that have reasonable prospects of economic extraction by underground mining are stated at a 2.5 g/t Au cut-off and fall outside the US$1,400 pit shells.

The total Indicated Resource inside pit envelopes for all six updated deposits is estimated at 5.9 million tonnes ("**Mt**"), grading 1.8 g/t Au, with an additional Inferred Mineral Resource of 0.3 Mt, grading 1.6 g/t Au. The total Indicated Mineral Resource for the underground mineable portions of all six updated deposits is estimated at 1.6 Mt, grading 4.9 g/t Au, with an additional Inferred Mineral Resource of 0.2 Mt, grading 3.8 g/t Au.

The total Indicated Mineral Resource for pit envelope constrained and underground potential for the SMP is 7.5 Mt, grading 2.4 g/t Au, for a contained 590,000 oz Au. The sum of the total Inferred Resource for pit envelope constrained and underground potential for the SMP is 0.6 Mt, grading 2.5 g/t Au, for an equivalent of 45,000 oz Au.

**Table 1.1 Mineral Resource statement – 28 February 2015, SMP Gold Project pit envelope constrained (reported at a cut-off grade of 0.5 g/t Au and economic constraints applied)**

| Category | Area | Tonnage (kt) | Grade (g/t Au) | Contained Au (koz) |
|---|---|---|---|---|
| Indicated | Kenge Main | 1,951 | 1.6 | 100 |
| | Mbenge | 796 | 2.0 | 51 |
| | Snakebite | - | - | - |
| **Kenge Indicated** | | **2,747** | **1.7** | **152** |
| Indicated | Porcupine Main | 2,856 | 1.8 | 163 |
| | Gap | 3 | 1.0 | - |
| **Porcupine Indicated** | | **2,859** | **1.8** | **163** |
| Indicated | Konokono | 299 | 1.8 | 17 |
| **Konokono Indicated** | | **299** | **1.8** | **17** |
| **Total Indicated** | | **5,905** | **1.8** | **332** |
| Inferred | Kenge Main | - | - | - |
| | Mbenge | 37 | 1.2 | 1 |
| | Snakebite | 112 | 2.4 | 9 |
| **Kenge Inferred** | | **149** | **2.1** | **10** |
| Inferred | Porcupine Main | 23 | 0.6 | - |
| | Gap | 56 | 1.5 | 3 |
| **Porcupine Inferred** | | **79** | **1.2** | **3** |
| Inferred | Konokono | 105 | 1.2 | 4 |
| **Konokono Inferred** | | **105** | **1.2** | **4** |
| **Total Inferred** | | **333** | **1.6** | **17** |

*Notes:*
1. Mineral Resources estimated as of 28 February, 2015
2. Canadian Institute of Mining ("CIM") standards were followed for estimating Mineral Resources.

3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Resources are estimated using an average gold price of $1,400 per ounce.
5. Average bulk density is 2.70 t/m$^3$.
6. Interpolation was by Ordinary Kriging utilizing diamond drill and reverse circulation samples
7. Pit envelope constrained Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au, constrained by the $1,400 Au pit shell.
8. Potentially underground mineable Mineral Resources are estimated at a cut-off grade of 2.5 g/t Au.
9. A minimum mining width of approximately 1 m was used to interpret veins using diamond drill and reverse circulation sampling.
10. The Mineral Resource estimate was carried out under the supervision of Mr R. Carlson, MAIG (RPGeo), MAusIMM., an employee of Snowden at the time of the resource estimate and independent of Helio Resource Corp, and a "Qualified Person" for the purpose of National Instrument 43-101.

**Table 1.2 Mineral Resource statement – 28 February 2015, SMP Gold Project underground potential (reported at a cut-off grade of 2.5 g/t Au and economic constraints applied)**

| Category | Area | Tonnage (kt) | Grade (g/t Au) | Contained Au (koz) |
|---|---|---|---|---|
| Indicated | Kenge Main | 516 | 5.1 | 84 |
| | Mbenge | 120 | 3.8 | 15 |
| | Snakebite | - | - | - |
| **Kenge Indicated** | | **636** | **4.8** | **99** |
| Indicated | Porcupine Main | 940 | 5.0 | 152 |
| | Gap | 49 | 3.6 | 6 |
| **Porcupine Indicated** | | **989** | **5.0** | **158** |
| Indicated | Konokono | 9 | 3.3 | 1 |
| **Konokono Indicated** | | **9** | **3.3** | **1** |
| **Total Indicated** | | **1,634** | **4.9** | **258** |
| Inferred | Kenge Main | 4 | 4.2 | 1 |
| | Mbenge | 8 | 3.2 | 1 |
| | Snakebite | 44 | 3.3 | 5 |
| **Kenge Inferred** | | **57** | **3.3** | **6** |
| Inferred | Porcupine Main | 99 | 4.3 | 14 |
| | Gap | 14 | 2.9 | 1 |
| **Porcupine Inferred** | | **113** | **4.1** | **15** |
| Inferred | Konokono | 58 | 3.4 | 6 |
| **Konokono Inferred** | | **58** | **3.4** | **6** |
| **Total Inferred** | | **228** | **3.8** | **27** |

*Notes:*
1. Mineral Resources estimated as of 28 February, 2015
2. CIM standards were followed for estimating Mineral Resources.
3. Totals may appear different from the sum of their components due to rounding.
4. Mineral Resources are estimated using an average gold price of $1,400 per ounce.
5. Average bulk density is 2.70 t/m$^3$.
6. Interpolation was by Ordinary Kriging utilizing diamond drill and reverse circulation samples
7. Pit envelope constrained Mineral Resources are estimated at a cut-off grade of 0.5 g/t Au, constrained by the $1,400 Au pit shell.
8. Potentially underground mineable Mineral Resources are estimated at a cut-off grade of 2.5 g/t Au.
9. A minimum mining width of approximately 1 m was used to interpret veins using diamond drill and reverse circulation sampling.
10. The Mineral Resource estimate was carried out under the supervision of Mr R. Carlson, MAIG (RPGeo), MAusIMM., an employee of Snowden at the time of the resource estimate and independent of Helio Resource Corp, and a "Qualified Person" for the purpose of National Instrument 43-101.

Mineralisation in all targets is open at depth. As well, mineralisation is open along strike at Mbenge, Porcupine Main, Gap, Konokono and Snakebite. A second high grade zone in the footwall of Porcupine Main, in the southwest, should also be investigated further. Additionally, there are more than 20 targets at SMP where there is as yet insufficient information for estimating Mineral Resources.

For further information regarding the SMP Gold Project, please refer to Helio's technical report titled "Helio Resource Corporation – Mineral Resource Estimate for the SMP Gold Project – Project No. L607 – NI 43-101 Report for the Saza Makongolosi Gold Project, Tanzania", with an effective date of February 28, 2015 prepared by Snowden Mining Industry Consultants and filed under Helio's SEDAR profile at www.sedar.com.

## Advisors

Gowling WLG (Canada) LLP is serving as Canadian legal advisor to the Company. In connection with the Transaction, Helio's Board of Directors formed a Special Committee comprised of the independent, uninterested directors to evaluate the Transaction. The Special Committee has also retained Sprott Capital Partners who have provided a verbal fairness opinion in respect of the Transaction. McCullough O'Connor Irwin LLP is legal advisor to Helio.

## Transaction Summary

The Transaction is to be completed by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) that will require the approval of (i) at least two-thirds of the votes cast by the shareholders of Helio and, pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions*, (ii) a majority of the votes cast by disinterested shareholders, at an annual and special meeting of shareholders expected to be held in late August 2017 (the "**Helio Meeting**"). Plinian Capital Ltd., CE Mining Limited and CE Mining II Helio Limited, the three largest shareholders of Helio, along with all of Helio's directors and officers, which hold in aggregate approximately 39.25% of the outstanding common shares of Helio, have entered into voting and support agreements and agreed to vote their common shares at the Helio Meeting in favor of the Transaction. The directors of Helio have unanimously voted in favor of the Transaction and recommend to its shareholders to vote in favor of the Transaction. It is anticipated that the Transaction will close in late August and is subject to B.C. Supreme Court and stock exchange approvals and the satisfaction of other closing conditions customary for transactions of this nature. The Transaction and issue of new Shanta shares does not require Shanta shareholder approval. Subject to completion of the Transaction, Helio will be delisted from the TSXV.

The Arrangement Agreement includes customary provisions, including non-solicitation of alternative transactions, a 5-day right to match superior proposals and fiduciary-out provisions. In addition, Helio may be required to pay a termination fee of CDN$400,000 if it terminates the Arrangement Agreement in certain specified circumstances.

Enquiries:

**Shanta Gold Limited**

Toby Bradbury (CEO) +255 (0)22 2601 829

Eric Zurrin (CFO)

**Nominated Adviser and Broker**

Peel Hunt LLP +44 (0)20 7418 8900

Matthew Armitt / Ross Allister / Chris Burrows

**Financial Public Relations**

Tavistock +44 (0)20 7920 3150

Jos Simson / Emily Fenton / Barney Hayward

**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, 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 and has approximately 583 million shares in issue.

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

The technical information contained within this announcement relating to the SMP has been reviewed and approved by Snowden Mining Industry Consultants Pty Ltd.

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.*

If you have any queries on this, then please contact *Eric Zurrin (CFO of the Company) (responsible for arranging the release of this announcement) at +255 (0)22 2601 829*.

**Important notice**

**Further Details of the Plan of Arrangement**

**Conditions**

The respective obligations of the parties to complete the Arrangement are subject to the satisfaction or waiver of certain conditions including, among others:

(a) customary provisions around the approval of the Arrangement by the Helio shareholders, and court and stock exchange approvals, including admission of the shares in connection with the Arrangement;

(b) Helio shareholders not having exercised dissent rights in connection with the Arrangement (other than Helio shareholders representing not more than 10% of the Helio shares then outstanding);

(c) regarding the corporate and business affairs of Helio including expenses incurred, assets and liabilities and the filing of financial statements for the year ended March 31, 2017 and certain local filings in Tanzania; and

(d) the status of the Helio licences, including the reissuance of a prospecting license and evidence of the payment of annual rents for certain prospecting licenses.

**Termination**

The Arrangement Agreement may be terminated by either Helio or Shanta at any time prior to closing: (i) if closing does not occur by November 15, 2017; (ii) if the Helio shareholders do not approve the Arrangement; or (iii) if any law makes the completion of the Arrangement illegal or otherwise prohibited.

The Arrangement Agreement may be terminated by Shanta in a number of instances including if: (i) either (A) the Helio board fails to publicly make a recommendation that the Helio shareholders vote in favour of the or withdraws, modifies, qualifies or adversely changes its approval or recommendation of the Arrangement, , (B) Helio accepts, approves, endorses or recommends or enters into an agreement in respect of any third party acquisition proposal or (ii) Helio breaches the Arrangement Agreement; or (iii) a material adverse effect with respect to Helio has occurred.

The Arrangement Agreement may be terminated by Helio if: (i) the Helio board approves, and authorizes Helio to enter into, a definitive agreement providing for the implementation of a superior proposal prior to the Helio shareholder meeting and has paid or concurrently pays the termination fee of CDN$400,000 to Shanta; (ii) a material adverse effect with respect to Shanta has occurred which has had a material effect on the share price of Shanta; or (iii) Shanta breaches any of its representations, warranties, covenants or agreements contained in the Arrangement Agreement.

ENDS