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6 May 2016

Shanta Gold Limited
(“Shanta” or the “Company”)
Results of Placing
Upsized Placing to raise US\$10.5 million (£7.2 million)

Shanta Gold Limited (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce the successful completion of the oversubscribed bookbuild for the conditional placing (the “**Placing**”) announced earlier today.

Highlights

- A total of 111,442,800 new ordinary shares (the “**Placing Shares**”) have been conditionally placed by Peel Hunt LLP (“**Peel Hunt**”) at a price of 6.5 pence per share (the “**Placing Price**”) with certain existing and new institutional and other investors to raise gross proceeds of approximately US\$10.5 million (£7.2 million);
- Successful completion of the Placing provides Shanta with a significant degree of financial flexibility as it reaches peak capital expenditure at the New Luika Gold Mine (“**NLGM**”) during 2016; and,
- Funds from the Placing will assist the Company to execute the Base Case Mine Plan (“**BCMP**”), undertake the underground development of NLGM and to progress satellite deposit exploration.

Toby Bradbury, Chief Executive Officer of Shanta, commented:

“I am pleased to announce the successful completion of the upsized equity fundraising announced earlier this morning. There was significant demand and the placement was well received by both existing and new institutional investors and we are grateful for their support. The proceeds significantly strengthen the Company’s financial position as we continue the development of the future underground operation at our flagship New Luika Gold Mine.”

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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 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.

The Placing

The Company has received firm commitments from investors to raise gross proceeds of approximately US\$10.5 million (£7.2 million) through the Placing of 111,442,800 Placing Shares at a price of 6.5 pence per share. The Placing Price represents a discount of approximately 13.3 per cent. to the closing mid-market price per share on 5 May 2016, the latest practicable date prior to the date of this announcement.

Following Admission, the Placing Shares will represent approximately 19.2 per cent. of the Company's Enlarged Share Capital of 580,220,283 Ordinary Shares.

The Placing is conditional, among other things, on the passing of a written resolution of the convertible loan note holders to amend the terms of the convertible loan notes (the "**Written Resolution**") as further detailed below and on admission of the Placing Shares to trading on AIM. Shareholder approval for the Placing is not required under Shanta's articles of association.

Subject to the passing of the Written Resolution, application will be made to London Stock Exchange plc ("**LSE**") for the Placing Shares to be admitted to trading on AIM, the market owned and operated by the LSE ("**AIM**"), ("**Admission**"). It is currently expected that Admission will take place at 8.00 am on 13 May 2016 (or such later date as may be agreed between the Company and Peel Hunt, provided that such date is no later than the Long Stop Date).

The Placing 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 Placing 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 the passing of the Written Resolution, the conversion price will be adjusted from 27.95 pence to 27.23 pence.

Unless otherwise defined, capitalised terms used in this announcement have the same meaning as set out in the Placing announcement issued by the Company earlier today.

Related Party Transaction

Odey Asset Management LLP ("**Odey**") currently has a shareholding of 109,458,591 Ordinary Shares representing approximately 23.3 per cent. of the Company's existing share capital. Accordingly, Odey is therefore considered a related party of the Company and Odey's participation for 26,746,272 Placing Shares under the Placing is considered a related party transaction under the AIM Rules. The directors consider, having consulted with Peel Hunt, the Company's nominated adviser, that the terms of Odey's participation in the Placing is fair and reasonable insofar as the shareholders of the Company are concerned.

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