

18 July 2018

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

New Luika Phase 1 Drilling Update - High Grade Intercepts

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to provide an update from the first phase of its drilling campaign at the New Luika Gold Mine (“NLGM”) in South Western Tanzania, conducted during the second quarter of 2018.

Phase 1 of the Company’s 2018 drilling campaign at NLGM consisted of four diamond holes drilled at the Bauhinia Creek (“BC”) East underground mine. Assay results have been received with encouraging results, which are currently being modelled. The results will be used to plan Phase 2 of the drilling campaign at BC East underground, due to take place during the second half of 2018.

The new high-grade intersections are situated at depth and to the east of the historical exploration drill hole CSD063, which included an intersection of 6 metres, averaging 43.98 g/t Au. The new intersections and the previous drill hole CSD063 are all outside the existing mineral reserves and demonstrate the potential for continued high grade resource growth.

Drilling highlights include:

- Hole CSD105 intersected 7.51 metres grading 4.60 g/t Au from 115.19 metres including 2.99 metres averaging 10.11 g/t Au;
- Hole CSD102 intersected 5.10 metres grading 5.53 g/t Au from 119.90 metres including 0.47 metres averaging 30.72 g/t Au; and,
- Hole CSD103 intersected 1.81 metres grading 18.76 g/t Au from 76.00 metres including 0.83 metres averaging 39.52 g/t Au.

These drilling results are over a strike length of 80 metres with holes spaced at 40 metres sections.

Core holes were drilled from level 830 inclined at between minus 41 and 61 degrees and averaged 158 metres in depth with a maximum of 180 metres down the hole. It is estimated that the true widths of the mineralized zones are > 90% of the intersected widths in the holes. The mineralized zones are presented by moderately dipping quartz veins hosted by granodioritic rocks.

Results from the core holes are tabulated below:

| Drill hole ID | From (m) | To (m) | Interval (m) | Au (g/t) |
|----------------------|-----------------|---------------|---------------------|-----------------|
| CSD102 | 119.90 | 125.00 | 5.10 | 5.53 |

| | | | | |
|--------|-------------------|--------|------|-------|
| | <i>Including:</i> | | | |
| | 120.51 | 120.98 | 0.47 | 30.72 |
| | 123.66 | 123.80 | 0.14 | 25.80 |
| | 129.19 | 132.40 | 3.21 | 2.79 |
| CSD103 | 76.00 | 77.81 | 1.81 | 18.76 |
| | <i>Including:</i> | | | |
| | 76.15 | 76.98 | 0.83 | 39.52 |
| CSD104 | 69.40 | 70.80 | 1.40 | 1.57 |
| | 77.91 | 78.88 | 0.97 | 1.32 |
| | 89.58 | 89.88 | 0.30 | 3.40 |
| CSD105 | 115.19 | 122.7 | 7.51 | 4.60 |
| | <i>Including:</i> | | | |
| | 118.85 | 121.84 | 2.99 | 10.11 |

The objectives of the drilling programme at NLGM are to upgrade the mine's mineral resources. As announced in Q2, the Phase 1 drilling campaign will be followed by a Phase 2 drilling programme in H2 2018, which will test the continuity of the high-grade shoots at BC immediately below the levels that were tested by the Phase 1 drilling programme. A Phase 3 drilling programme is scheduled for 2019 to test the down-dip continuity of the high-grade mineralization in the BC West underground mine.

Eric Zurrin, Chief Executive Officer, commented:

“These drilling results provide further evidence of high-grade extension at New Luika’s Bauhinia Creek deposit. The mineralization is easily accessible from our existing underground operations and will require minimal capital investment. Proving the high-grade extensions has been a priority for Shanta as we continue to focus on adding to our current mine life.”

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

Qualified Person

The technical information contained within this announcement has been reviewed by Paul W. Mbuya, who is a Member of The Australasian Institute of Mining and Metallurgy (Aus.I.M.M) and the Company's Exploration Manager. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

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About Shanta Gold

Shanta Gold is an East Africa-focused gold producer. It currently has defined ore resources on the New Luika and Singida projects in Tanzania and holds exploration licenses covering approximately 1,500km² in the country. Shanta's flagship New Luika Gold Mine commenced production in 2012 and produced 79,585 ounces in 2017. The Company has been admitted to trading on London's AIM and has approximately 779 million shares in issue.

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