

14 June 2018

Shanta Gold Limited
("Shanta Gold", "Shanta" or the "Company")

Partial buyback and rollover of convertible loan notes

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, is pleased to announce that it has received irrevocable undertakings from holders of the Company's outstanding unsecured subordinated convertible loan notes due April 2019 (the "Loan Notes") (the "Loan Note Holders") representing 76% by nominal value, to vote in favour of a buyback of approximately 33.33% of the Loans Notes currently held by third parties (US\$5 million, leaving US\$10 million held by third parties), and a 1-year extension to the maturity date of the Loan Notes (the "Arrangements").

Highlights

- US\$5 million of Loan Notes to be bought back in April 2019 at their original maturity date, with the maturity of the Loan Notes (US\$10m million held by third parties) extended to April 2020;
- 76% of Loan Note Holders provided irrevocable undertakings in favour of the Arrangements;
- The restructuring significantly increases Shanta's financial flexibility at a time when the Company is pursuing exciting growth options at NLGM, including the development of Ilunga and near mine exploration; and,
- Arrangements expected to be effective before the end of June 2018.

The Arrangements with Loan Note Holders

Shanta is intending to repurchase 33.33% of the Loan Notes currently held by third parties, at par, through a subsidiary of the Company (Shamba Limited), and to extend the maturity of the Loan Notes to April 2020. The Arrangements are subject to the approval of Loan Note Holders holding not less than 75% in nominal value of the Loan Notes outstanding and irrevocable undertakings have been received from 76% of Loan Note Holders to vote in favour of the Arrangements. A written resolution will be sent to the Loan Note Holders today which, if passed by the requisite majority, will enable the Company to implement the Arrangements.

The Company is in a period of rapid deleveraging, and is on course to repay US\$30 million of gross debt to its lenders over the next 18 months, including this US\$5 million buy back of Loan Notes. The Board therefore consider it prudent to take this opportunity to reduce the cash call in April 2019 and extend the maturity of the Loan Notes to April 2020.

The Arrangements will provide the Company with increased flexibility to develop Ilunga, conduct exploration at NLGM and to identify targets close to the mine. The Board considers the Arrangements a positive outcome, resulting in reduced overall indebtedness of the Company, with no associated fees.

A further announcement will be made in due course, upon the passing of the written resolution.

Eric Zurrin, Chief Executive Officer, commented:

“This arrangement significantly increases our financial flexibility and smooths our debt repayments. While we no longer consider ourselves to be a highly geared company, we remain fully focused on a complete deleveraging of the balance sheet while executing growth options at the low cost NLGM mine.”

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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 asset 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 778 m shares in issue. For further information please visit: www.shantagold.com.

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