6 May 2016

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

Preliminary Results for the year ended 31 December 2015

Shanta Gold Limited (AIM: SHG), the East Africa-focused gold producer, developer and explorer, announces its preliminary unaudited results for the year ended 31 December 2015 ("FY2015" or the "Period"). The Company's focus remained on its flagship asset, the New Luika Gold Mine ("NLGM"), located in Southwest Tanzania, throughout the Period.

Highlights

Financial

- Revenue of US$95.7 million (2014: US$114.9 million);
- Average realised gold price of US$1,163 per oz ("/oz") (2014: US$1,289 /oz);
- EBITDA of US$31.9 million, (2014: US$33.8 million);
- Loss after taxation of US$17.3 million (2014: Profit after taxation of US$8.9 million), as a result of a one-off non-cash depreciation charge of US$21 million for waste stripping and future development expenditure;
- Cash generated from operations of US$35.0 million (2014: US$39.0 million);
- Capital expenditure of US$29.5 million (2014: US$23.0 million);
- US$40 million senior secured bank refinancing with Investec Bank;
- Cash and cash equivalents of US$19.1 million at year end (2014: US$14.9 million); and
- Net debt at year end of US$41.5 million (2014: US$40.7 million).

Operational

- Gold production of 81,873 oz exceeded guidance of 72,000-77,000 oz (2014: 84,028 oz);
- Gold sales of 80,622 oz at an average price of US$1,163 /oz, compared to average spot price of US$1,160 /oz (2014: 87,758 oz);
- Milled 563,613 tonnes of ore (2014: 580,664 tonnes);
- Average ore grade of 4.73 grams per tonne ("g/t") (2014: 5.18 g/t);
- All in Sustaining Cost ("AISC") of US$834 /oz against guidance of US$850-900 /oz (2014: US$941 /oz);
- One lost time injury; and
- Publication of the Base Case Mine Plan (the "BCMP") in September 2015.

Corporate

- Prudent hedging program continued:
    - 20,000 oz of gold sold forward at 31 December 2015 at an average price of US$1,148 /oz versus a spot gold price of US$1,062 /oz at year end;
- Strengthened team at NLGM under the leadership of Dr Toby Bradbury, appointed as Group Chief Executive Officer ("CEO") from 1 April 2015, replacing Mike Houston who retired as CEO on 31 March 2015, and Eric Zurrin assumed the Chief Financial Officer ("CFO") responsibilities on an interim basis from 14 October 2015; and

- Scott Yelland joined as NLGM General Manager and Peet Prinsloo returned to the Company as Head of Exploration.

Base Case Mine Plan

- Guidance is for five year average production of 84,000 oz from 2016 to 2020 with a life of mine average AISC of US$695 /oz;
- Probable reserves for surface and underground of 2.65 million tonnes ("Mt") at 5.93 g/t for 506,000 oz; and
- Total resources that sit outside of the BCMP of 6.64 Mt at 2.41 g/t for 514,000 oz, all of which are within existing mining licences at the NLGM.

Post period end highlights

- Q1 2016 gold production of 24,341 oz and gold sales of 21,486 oz at an average price of US$1,132 /oz, compared to average spot price of US$1,183 /oz;
- Q1 2016 cash balance of US$16.3 million with cash generated from operations before working capital in Q1 of US$12.3 million and capital expenditure of US$5.6 million;
- Gross debt of US$74.7 million and net debt of US$58.4 million due to underground equipment and power station financings;
- Following the end of Q1 2016, drawdown of remaining US$10 million Investec Facility B, resulting in US$40 million Investec senior secured debt fully utilised;
- €4.6 million equipment financing secured for Sandvik mobile underground equipment and US$9.1 million power station equipment financing secured with Bank M Tanzania plc;
- US$5.25 million silver streaming agreement of silver by-product with Silverback Limited; and
- Forward sales from April to September 2016 of 32,000 oz at an average price of US$1,172 /oz.

Outlook

- Appointment of Mark Rosslee as CFO effective 1 May 2016. Eric Zurrin will remain available to assist during a transitional period;
- Reworked mine plans at the NLGM for the Bauhinia Creek and Luika Pits have resulted in a substantial reduction in costs as reflected in the H2 2015 AISC of US$601 /oz;
- Anticipate to be at the higher end of 2016 annual production guidance of 82,000-87,000 oz and currently updating mine plan for the year;
- Given the strength of Q1 2016 cost performance the Company is also currently reviewing its AISC guidance for the year; and
- Conditional agreement reached with the holders of the US$25.0 million senior unsecured subordinated convertible loan notes to buyback US$10.0 million and to extend the term of the remaining notes by two years to April 2019 with a concurrent increase to the coupon from 8.5 per cent to 13.5 per cent.

Toby Bradbury, CEO, commented:

"Shanta has had a positive 2015 which saw major re-engineering of its operations during the first half, allowing the Company to exceed its annual production guidance and generate

US$35.0 million of cash. These achievements reflect the true quality of its high grade resources and management team.

"While 2015 saw a lower gold price than the previous year, Shanta's position in the lowest cost quartile of gold producers ensures the Company is able to withstand a continued volatile market while delivering significant margin into the business.

"Additionally, in September 2015 Shanta published an updated reserves statement, an underground feasibility study and base case mine plan which provides it with a clear production platform to 2022. Part of this vision, and a major focus for the 2016 financial year, will be the transition to underground mining, alongside the renewed emphasis on the Company's exploration programme set to define additional resources and reserves within the mining licence and an economic radius of the New Luika plant. These initiatives will provide a platform for the Company's long term growth and for Shanta to create significant shareholder value.

"Shanta has also enjoyed a very pleasing start to the 2016 financial year which provides another building block to the foundation of delivering a sustainable, strongly cash generative business with real scope to extend the New Luika mine life."

Presentation and webcast

The full year results presentation has been placed on the Company's website and a webcast of that presentation is also available at www.shantagold.com.

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Chairman's Statement

Dear Shareholder,

I am pleased to report that Shanta has had a positive and transitional year, despite FY2015 being a challenging year for all gold mining companies.

Gold prices started 2015 above US$1,200 /oz, falling to six-year lows of US$1,051 /oz in November 2015 before rebounding to current levels back above US$1,200 /oz. Valuation metrics for junior and mid-tier companies fell to historic lows before staging a slight recovery. Shanta continues to follow a prudent hedging policy to protect its cash flows and balance sheet in a changeable gold market whilst maintaining exposure to price increases.

Against this volatile backdrop Shanta achieved sustainable improvement at its flagship asset, the New Luika Gold Mine, located in Southwest Tanzania. During the first half of the year the Company redesigned the operations which enabled delivery of an improved operational and financial performance in the second half of the year. Furthermore, in September 2015 the Company published an underground feasibility study, the BCMP and an updated reserves statement for NLGM. This provides clarity on the NLGM production profile from January 2016 to late 2022 and clearly demonstrates the investment thesis for developing the underground resources.

Shanta today sits in the lowest quartile cost of gold producers and exceeded its production and cost guidance set in April 2015, producing more ounces at a greater margin. Shanta achieved gold production for FY2015 of 81,873 oz, beating guidance of 72,000-77,000 oz and AISC for 2015 of US$834 /oz against guidance of US$850-900 /oz generating cash of US$35.0 million for FY2015, revenue of US$95.7 million and an EBITDA of US$31.9 million. Although the profitability was impacted by a non-cash amortisation charge of US$21 million resulting in a loss before tax for the year of US$18.1 million, this does not detract from a very robust performance. In April 2015, Shanta also strengthened its financial position with a new US$40 million loan facility with Investec Bank and at the date of this report it has been fully drawn down.

These achievements have been secured with a strengthened team under the leadership of Dr Toby Bradbury who was appointed as CEO from 1 April 2015. Patrick Maseva-Shayawabaya, who joined the Company on 1 July 2013 as CFO was also appointed to the Board on 1 April 2015. Mike Houston retired as CEO on 31 March 2015 and from the Board at the annual general meeting ("AGM") in May 2015. I would like to extend the Board's appreciation for Mike's service and also that of Patrick who subsequently left the Company and the Board on 31 October 2015. Shanta was also fortunate to engage Eric Zurrin as CFO on an interim basis whilst a permanent replacement was found and I'm pleased to announce that Mark Rosslee, who joined the Company in January 2016, assumed the role of CFO on 1 May 2016. Mark is a qualified Chartered Accountant and a graduate of the University of Witwatersrand, South Africa. He has a graduate diploma in Mining Engineering and has served on the boards of multiple public junior mining companies that have operated throughout Africa.

NLGM continues to be strongly cash generative, despite the recent gold price volatility. The healthy operating margins demonstrate both the good geological endowment in the Lupa

Goldfields and the rigorous cost control by the Shanta team. Strong operational cash flows will help to deliver the extended mine life at the NLGM as it transitions to underground which is a major focus for financial year 2016 ("FY2016"). A renewed emphasis has also been placed on Shanta's exploration programme to define additional resources and reserves within an economic radius of the NLGM plant.

At Singida, Shanta's exploration and development gold asset located in central Tanzania, the relocation exercise should be brought to a close in the first half of 2016. The Company aims to renew its focus on this important asset through the course of FY2016.

Importantly, the Company has contributed significantly to the national and local economy within Tanzania. At 31 December 2015, Shanta and its contractors employed 1,045 workers, a 29% increase compared to 2014, 93% of whom are Tanzanian and 40% of whom come from the local communities. Since 2015, Shanta has appointed 10 Tanzanians to senior management roles and has established a graduate development program with four mining graduates currently engaged. The Luika River Dam was started in the year which ultimately will become part of the regional infrastructure providing year round water security for the local communities. During the year, Shanta generated US$96 million in foreign exchange for Tanzania and paid US$11.6 million in royalties, direct and indirect taxes (excluding VAT) to the Tanzanian Government. Relations between the Company and the community remain strong.

Post period end, the Company further strengthened its balance sheet by reaching a conditional agreement with over 75% of the holders of the US$25.0 million senior unsecured subordinated convertible loan notes (the "Notes") to buyback US$10.0 million of the Notes and to extend the term of the remaining Notes by two years to April 2019 with a concurrent increase to the coupon from 8.5 per cent to 13.5 per cent, refer to note 6.

Additionally post period end the Company has entered into a silver streaming agreement ("SSA") with Silverback Limited ("Silverback"), a privately held Guernsey-based investment company, under which Silverback will pay the Company an advanced payment of US$5.25 million on closing. Silverback will also pay the Company an ongoing payment of 10 per cent. of the value of silver sold at the prevailing silver price at the time of deliveries which will be made annually. The SSA relates solely to silver by-product production from the NLGM with minimum silver delivery obligations totalling 608,970 oz Ag over a 6.75 year period. The term of the SSA expires after 10 years and the Company has no minimum ounce obligations after 2022.

On behalf of the Board, I would like to, once again, sincerely thank the entire Shanta team for their support and commitment in delivering a strong performance in a challenging market environment. During FY2015 the Company has clearly demonstrated the potential of NLGM. Shanta remains fully confident of delivering a sustainable and strongly cash generative business and I look forward to reporting on the future progress.

A P W Durrant

Chairman

5 May 2016

Chief Executive Officer's Review

I am pleased to report on a successful operational and financial performance for FY2015.

Operations

	2015	2014	% change
Tonnes ore mined	**480,825**	529,850	(9)
Tonnes ore milled	**563,613**	580,664	(3)
Grade (g/t)	**4.73**	5.18	(9)
Recovery (%)	**89.5**	87.8	2
Gold produced (oz)	**81,873**	84,028	(3)
Silver produced (oz)	**121,682**	101,347	20
Gold sold (oz)	**80,622**	87,758	(8)
Average price achieved (US$/oz)	**1,163**	1,289	(10)
Cash Cost (US$)	**757**	742	2
All in Sustaining Cost (US$)	**834**	941	(11)

At the Company's flagship asset, the NLGM, located in Southwest Tanzania, gold output was 81,873 oz, which marks the second consecutive year of production in excess of 80,000 oz for the Company. Importantly, recovery rates improved to 89.5%, even while gold grades fell from 5.2 g/t to 4.7 g/t demonstrating continued process plant efficiencies through the year.

The FY2015 figures however do not reflect that it was a year of two halves for the Company.

While the process plant operated well throughout the year, as was reported in last year's annual report, the start of 2015 was challenging due to a deficit in ore supply and the need to complete a significant amount of waste development in the Bauhinia Creek and Luika Pits.

In the second half of 2015, for the first time, NLGM mined ore at a rate that matched the upgraded mill capacity and at a grade that enabled budgeted gold production to be realised. This was achieved with a fundamental redesign of both the Bauhinia Creek and Luika open pits with a strong mining team engaged to complete and implement this work. Scott Yelland joined as General Manager for NLGM in March 2015 followed by Honest Mrema as Technical Services Manager in April 2015, together with a number of qualified and trainee mining engineers.

At Bauhinia Creek, a review of strip ratios was conducted with an area of the reserve identified that was significantly above the average. The pit design was revised to exclude that portion of the reserve and in the process reduced the life of pit strip ratio from 21:1 to 9:1. The reserves that would no longer be mined from surface (67,000 oz) became part of the underground reserve base. In the process, the surface mining cost of ore reduced substantially and the viability of a future underground mine was significantly enhanced.

At the Luika Pit, serious geotechnical challenges required a redesign of pit slopes that negatively impacted the pit economics. Additionally, previous underground mining from colonial times was causing dilution of ore. As a consequence, the north east section of the Luika Pit was closed and the void space refilled to achieve the original topography. The Luika Pit operation thus benefited from shorter hauls for waste removal and, as in the case of Bauhinia Creek, reserves were not lost but rather deferred to underground from which better control of the strata can be achieved and dilution will not be the same issue.

These fundamental redesigns facilitated access back into high grade ore in Bauhinia Creek from May 2015, and a consistent flow of ore and a well-managed grade profile saw gold production in excess of 8,000 oz per month for the second half of 2015. Importantly, the mine design and schedule provides for sustainable and reliable ore production going forward and budgeted production has continued into 2016.

As part of a risk mitigation strategy and to ensure that there was an ore supply in excess of mill consumption, a new open pit was established at the Jamhuri deposit in July 2015. A key advantage of this satellite deposit, as for all the satellites at New Luika Gold Mine, is that it sits within the mining licence. Consequently, from start of design to breaking ground took only three months. At the end of the year, stocks at the run of mine ("ROM") had been built to 45,000 tonnes to withstand the onset of the rainy season. Given the level of stockpiles, operations were suspended at Jamhuri in January 2016 but the pit remains a standby source of ore in the event of challenges in either of the primary pits.

NLGM relies on the perennial Luika River for sourcing its process water. During the dry season, the mine utilised on-site water storage facilities and, from August, implemented a program to source water from Lake Rukwa. The program worked exceptionally well and, while its cost would be prohibitive as a permanent solution, it was well proven as a viable fall back mechanism were a situation to ever arise where there was no alternative water available. As part of the long term water security arrangements for NLGM, the Company started construction of the first phase of a dam on the Luika River which will hold sufficient water, together with existing storage facilities, to see the mine through any year except a drought year, for which the Lake Rukwa management plan is in place.

Base Case Mine Plan

Providing the Company with a clear long-term business plan was a key objective for 2015. In the first quarter, nine directional diamond drill holes were drilled to target specific intersections in the Bauhinia Creek and Luika orebodies. These holes provided supplementary data to the resource models to better understand the underground potential. In the process, the drilling increased the resource base of New Luika lifting the average grade for all resources to 3.2 g/t at a 1 g/t cut-off (previously 3.0 g/t).

Specifically for Bauhinia Creek, total resources (Indicated and Inferred) increased to 3.6 Mt at 5.3 g/t gold (1.0 g/t cut-off) for approximately 626,000 oz of gold (previously 3.8 Mt at 4.9 g/t for 607,000 oz) providing an additional gold content of 28,000 oz taking into account mining depletion to the end of March 2015. Bauhinia Creek is a cornerstone to the high grade resource at New Luika around which the BCMP has been developed.

As open pit mining at Bauhinia Creek and Luika Pits comes to an end in the course of 2016, the plan is to transition these high grade operations into underground while continuing to supplement mill feed with lower grade, 2-3 g/t ore, from the satellite deposits within the existing mining licence. To this end, AMC Consultants (UK) Limited conducted a Feasibility Study for an underground operation in Bauhinia Creek and Luika Deposits. The Feasibility Study presented a plan to mine 1.57 Mt over six years at a grade of 6.5 g/t. The underground mine will produce 310,000 oz with a project Net Present Value ("NPV") at an 8% discount rate and gold price of US$1,200 /oz of US$72 million, with a pre-tax Internal Rate of Return of 56%. The Feasibility Study underground life of mine average Cash Cost and AISC of US$499 /oz and US$640 /oz respectively, with a pre-production capital cost of US$38.4 million including contingency.

The Underground Feasibility Study was incorporated into New Luika's mine plan which includes on-going mining from surface operations and a tailings retreatment project. This was presented on 29 September 2015 as the BCMP. The BCMP maintains an average NLGM production of 84,000 oz per annum for five years from 2016 with potential to further optimise the schedule.

One part of the optimisation will address the fact that the BCMP currently has 362,000 tonnes of spare mill capacity from 2018 to 2020. The on-going exploration work is expected to continue to provide options that will ensure this capacity is fully utilised and value is maximised. An additional benefit that NLGM has is that its satellite deposits sit within the mining licence, as referenced above in the case of Jamhuri.

The BCMP provides for extraction from mining of 2.79 Mt for the production of 443,000 oz from January 2016 to 2022 (133,000 oz from open pit and 310,000 oz from underground) with a separate tailings recovery project to produce a further 19,000 oz. The reserves included in the BCMP amount to 506,000 oz with a further 514,000 oz of indicated and inferred resources sitting outside the mine plan as the subject of further exploration and economic evaluation.

The BCMP's average Cash Cost and AISC are US$532 /oz and US$695 /oz respectively with a post-tax NPV for the BCMP from January 2016 of US$110.4 million at an 8% discount rate and a gold price of US$1,200 /oz. There remains upside in further optimisation, cost reduction, and inclusion of additional resources and this work is on-going.

Exploration

Aside from the robust BCMP, it is recognised that there is substantial further value in the resources at and around New Luika that still remain outside the BCMP. None of the nine mineralised prospects within the Mining Licences at NLGM were ever drilled off. All are open at depth and in some cases are open on strike. Additionally, Shanta holds prospecting licences to the west, north and south east of NLGM which may hold sources of mill feed that lie within an economic radius of the efficient and operating gold processing plant at the mine.

In May 2015, Peet Prinsloo returned to Shanta as its Head of Exploration and a renewed emphasis was placed on delivering the potential value that lies within and around NLGM. Opportunities were prioritised and work was quickly under way to conduct in-fill drilling of the Elizabeth Hill mineralised prospect with an updated resource announced in September 2015 increasing total resources to 2.3 Mt at 1.7 g/t for 128,000 oz from 1.8 Mt at 1.6 g/t for 88,000 oz. This is a good example of the opportunity that exists at NLGM to prove up additional resources to the mine plan to extend mine life and add further value. These results came in too late to be incorporated in the BCMP but Elizabeth Hill reserves were subsequently updated in January 2016.

A further drilling program was conducted at Black Tree Hill to test underground extensions of that orebody and, in Q1 2016, a drilling program at the Ilunga prospect produced some very encouraging results which were presented to the market on 12 April 2016.

The benefit of the satellite deposits is that they sit within the existing mining licence and an upgrade to the resources and reserves has the potential to be exploited in the near term. The prospecting licences around NLGM offer more medium term prospects to source ore to the mill and therefore to extend the NLGM life of mine. They are the focus of grass roots exploration work including structural mapping, soil sampling and trenching as a target generation process for the motivation of drilling capital. Results of the Askari drilling campaign on 23 February 2016 are an example of this work and demonstrate the highly prospective ground that Shanta has within its portfolio.

Major Projects

The strategic focus for 2015 was the completion of the Underground Feasibility and its incorporation into the BCMP for New Luika. Key components of that BCMP are the development of the underground mine, provision of an expanded power facility, development of a new Tailings Storage Facility (“TSF”) and the construction of a dam on the Luika River.

While a critical project for Shanta, the scale of the underground mine is small. The level of oversight on such a small project, should contractors be used would have resulted in substantial duplication of effort and a disproportionate allocation of contractor overhead. Given the state of the industry, the high calibre people available and the attraction of a robust low cost project, the decision was made to do the mining in-house. Following Board approval of the project, orders were placed for long lead time (mining equipment and power station) items. The underground project manager, who had started in May 2015, as part of the Feasibility Study team, oversaw the integration of the portal access and ventilation shaft areas into the design of the Bauhinia Creek open pit. A significant part of the recruitment was completed in Q4 2015 for the start of preparation and development operations in 2016. The project is now well resourced with an excellent team in place and importantly on time and on budget.

The underground mine effectively doubles the power demand for the mine from 3MW to 6MW. In 2014, NLGM converted its diesel fuelled power station to Heavy Fuel Oil (“HFO”) for a fuel cost saving of around 40%. The current power station is owned and operated by Aggreko who advised that, as a global policy initiative, it will no longer support HFO fuelled units. Shanta therefore sought alternative options that would enable a continued use of HFO in a replacement and expanded power facility. Through a tender process, Shanta selected Inglett Stubbs International to install on an EPC basis then operate and maintain six 1.25MW generator sets with purpose-built medium speed HFO fuelled engines. This project will be constructed in 2016 and commissioned in Q1 2017. It has been financed by Shanta at a cost of US$15 million.

To provide an eight year capacity at current production, NLGM plans to construct a new TSF which will be developed to the east of the Jamhuri Pit. The approval for this project, now granted, took longer than anticipated and some of the expenditure will defer into 2017. In the meanwhile, NLGM has secured the right to continue using the existing facility for at least the remainder of 2016. As a result, the tailings retreatment project which will relocate tailings from the present facility to the new facility has also been deferred.

The final major project is the construction of a mass gravity dam on the Luika River to provide water storage to secure process water supply through the dry season. This is a labour intensive project that has intentionally engaged around 100 local people, in the construction, many of them artisanal miners. The expectation is that the first phase of this project will be completed before the river stops flowing in around July 2016.

Singida

As advised last year, the relocation exercise has continued through 2015 with independent valuations completed for all the landholders that may be potentially impacted by the operation of a mine. The situation at the time of writing is that the matter is with the community to accept the independent valuations. These are the values that the Company will only have to pay should there be a need to take control of the land. There is an expectation that this should be resolved satisfactorily in H1 2016 and Shanta is extending its presence on the ground in preparation for work on an updated study of the project. In anticipation of progress on this project, a general manager has been engaged.

Capital Expenditure

Capital expenditure for the year amounted to US$29.5 million, of which US$18.9 million was on capitalised waste stripping in Bauhinia Creek and Luika Pits. Of the remaining US$10.6 million, US$0.5 million was stay in business capital, US$1.1 million on exploration and geotechnical drilling, US$1.0 million capitalised costs at Singida and US$7.8 million on projects.

Key projects undertaken in the year were the Underground Feasibility Study (US$1.2 million), the start of Phase 1 of the Luika River Dam (US$1.3 million) and process plant upgrade (US$1.8 million). The process plant upgrade included the addition of a 1,000m^3 pre leach tank to increase residence time in circuit. At the time of writing, the improved recoveries anticipated from this facility are still to be achieved. The suppliers are dealing with a design issue that is expected to be resolved for the second half of 2016 with current lower recoveries provided for in the plan in the interim.

Finance

Gold sales for the year totalled 80,622 oz (2014: 87,758 oz) down by 8% on the sales compared to 2014 due to lower gold production due to lower ore availability in the first half of the year. Silver sales were 125,580 oz (2014: 98,013 oz). The Company continued with its prudent hedging program and the average gold price realized for the year was US$1,163 /oz compared to the average price for the previous year of US$1,289 /oz. Turnover for the year thus amounted to US$95.7 million, compared to US$114.9 million, the drop due roughly equally to the lower gold price and lower gold sales in 2015.

Cost of sales for the year amounted to US$96.4 million (2014: US$80.1 million), including an additional amortisation charge of US$21 million, and without these additional charges would have had an gross margin of 24% (2014: 30%). The higher depreciation charges included in the cost of sales is US$43.0 million (2014: US$10.9 million), up 294% on the prior year as a result of an additional adjustment comprising US$21 million of which US$9.6 million related to waste stripping amortisation and a further depreciation charge of US$11.4 million to cater for the future development expenditure post 2015 to be incurred in developing the underground mining operations. This latter charge will provide more representative amortisation charge in future years as these underground operations reach full production.

Administration costs for the year amounted to US$10.3 million (2014: US$8.9 million), up due to additional higher exchange rate losses and termination payments made to senior employees and directors on resignation. Administration costs include share based payment charges and exchange loss totalling US$1.6 million (2014: US$0.4 million).

Exploration expenditure for the year amounted to US$2.4 million (2014: US$2.9 million), 15% lower than the previous year, on the back of careful budgetary control.

An operating loss for the year of US$11.1 million (2014: operating profit of US$22.9 million) was incurred, whilst EBITDA amounted to US$31.9 million (2014: US$33.8 million), mainly due to lower gold revenues from lower sales at a lower price, an additional non-cash amortisation charge of US$21 million, offset by improved cost efficiencies. Net finance expense amounted to US$7.0 million (2014: US$6.3 million), up by US$0.7 million for the previous year as a result of higher borrowings

As a result of the above, Loss before Tax of US$18.1 million (2014: Profit before Tax of US$16.6 million) was recorded due to lower gold sales, lower revenues per ounce, and a non-recurring non-cash amortisation charge. The Group has accumulated tax losses brought forward from the mine development phase and therefore no income tax will be payable for at least the next five years. There was however a deferred tax credit amounting to US$1.1 million (2014: charge of US$7.7 million). Losses after Tax thus amounted to US$17.3 million (2014: Profit After tax of US$8.9 million).

In the statement of financial position non-current assets dropped to slightly lower levels of US$114.3 million (2014: US$131.9 million) due to the higher amortisation charges. Current assets totalled US$39.1 million (2014: US$37.2 million), similar levels with that of the prior year but with increased cash on hand. Overall liabilities increased marginally to US$76.7 million (2014: US$75.7 million).

Cash generated from operations amounted to US$35.0 million (2014: US$39.0 million). Repayment of the restructured FBN loan was refinanced by a US$40 million facility from Investec at an interest rate of LIBOR+4.9%. Approximately half of the loan facility was used to repay the existing FBN loan. Cash balance at year end amounted to US$19.1 million (2014: US$14.9 million). Net debt at 31 December 2015 amounted to US$41.5 million (2014:

US$40.7 million) inclusive of the US$25.0 million Convertible Loan Notes.

The Company has reached a conditional agreement with over 75 per cent. the holders of the US$25.0 million senior unsecured subordinated convertible loan notes for its subsidiary to purchase US$10.0 million of the Notes and to extend the term of the repayment of the remaining notes by two years to April 2019 with a concurrent increase to the coupon from 8.5 per cent to 13.5 per cent. Should the condition be satisfied, it is envisaged that the buyback will be funded from existing funds on hand with reduced outflows resulting in the next 12 months, which would further improve the available financial resources for the Company during its planned capital development program of over US$48 million during 2016 and 2017.

The Company has entered into a SSA with Silverback Limited, a privately held Guernsey-based investment company, under which Silverback will pay the Company an advanced payment of US$5.25 million on closing. Silverback will also pay the Company an ongoing payment of 10 per cent. of the value of silver sold at the prevailing silver price at the time of deliveries which will be made annually. The SSA relates solely to silver by-product production from the NLGM with minimum silver delivery obligations totalling 608,970 oz Ag over a 6.75 year period. The term of the SSA expires after 10 years and the Company has no minimum ounce obligations after 2022.

The Company produced 121,682 ounces of silver in 2015 resulting in approximately 2 per cent. of annual revenue. There are currently no defined silver reserves at NLGM. Furthermore, the SSA entitles the Company to share 20 per cent of future annual silver production above a monthly threshold of 11,250 oz. The Company is also entitled to clawback future silver deliveries by the pro-rated increase in tonnage in the event of it installing additional milling capacity at the NLGM processing plant.

The SSA will be secured against the Singida mining licences, Shanta’s exploration and development gold asset located in central Tanzania and the Company is putting in place the necessary arrangements with Investec to facilitate this. The security amortises over the 6.75 years of the silver deliveries and automatically subordinates should the Company raise a minimum $6.0 million of project finance for Singida’s development. Closing is subject to customary in-country approvals.

Hedging

As stated above, the Company continued with its prudent hedging program during the year to protect cash flow. A total of 40,500 oz (2014: 44,000 oz) were sold under the hedge program at an average price of US$1,236 /oz (2014: US$1,318 /oz). As at end of December 2015, the Company had sold forward 20,000 oz at an average price US$1,148 /oz and post year end, a further 12,000 oz were sold forward at an average price of US$1,172 for a total of 32,000 oz.

Outlook

The focus of 2015 was to rebase the NLGM operation with production and costs that reflect the high quality of the resources at our disposal. This continued into 2016 with production guidance of 82,000-87,000 oz at a very competitive AISC of US$750-800 /oz. The low cost of operation (the BCMP average of US$695 /oz) provides a robust margin in what may continue to be a volatile gold market. Following a review of the Q1 results Shanta is confident that it will achieve the higher end of its annual 2016 production guidance of 82,000-87,000 oz, and the Company is currently updating its mine plan and AISC guidance for the year.

The focus in 2016 will be the development of the underground operation to transition high grade production from the open pits in the second half of 2017. This involves the delivery of a new and expanded 7.5MW power station, underground portal and decline development from within the Bauhinia Creek Pit and all associated infrastructure.

Other major projects include the construction of a new TSF, the design of which is sufficient for eight years operation at current production, and completion of the Phase 1 of the Luika River Dam to provide lowest cost process water security.

On exploration, the team is focused on on-mine and near-mine exploration opportunities that have the potential to add to reserves and thus progressively increase the life of what is a very successful mining operation. The BCMP will be updated accordingly to capture and demonstrate that value.

At Singida, after a protracted relocation process, the Company is taking steps to bring the process to a satisfactory conclusion to enable value to be generated from this asset.

Shanta is always looking for ways to improve the way it operates. While this works across all disciplines, in 2016 the Company expects to see material benefits flowing through in Finance and Administration and Sustainability with improved systems and processes in place.

Acknowledgement

I would like to thank the Shanta team for their efforts and support in what has been a year of considerable change. I would also like to thank the Chairman and members of the Board for their support and guidance during the past year.

Lastly, I would like to thank our shareholders for their continued interest and support. I have enjoyed immensely the privilege of working with the Shanta team on their behalf.

T J Bradbury

Chief Executive Officer
5 May 2016

SHANTA GOLD LIMITED

Consolidated statement of comprehensive income

	Notes	**31-Dec 2015 US$000's**	31-Dec 2014 US$000's
Revenue		**95,705**	114,857
Gain on non-hedge derivatives and other commodity contracts		**2,253**	-
Cost of sales		**(96,394)**	(80,106)
Other cost of sales		(54,075)	(69,888)
Amortisation		(42,319)	(10,218)
Gross Profit		**1,564**	34,751
Administration expenses		**(10,255)**	(8,956)
Exploration and evaluation costs		**(2,434)**	(2,862)
Operating (loss)/ profit		**(11,125)**	22,933
Finance income		**112**	509
Finance expense		**(7,097)**	(6,872)
(Loss)/profit before taxation		**(18,110)**	16,570
Taxation		**804**	(7,715)
(Loss)/profit for the year attributable to the equity holders of the parent Company		**(17,306)**	8,855
(Loss)/profit per share attributable to the equity holders of the parent Company			
Basic (loss)/profit per share (US$ cents)	3	**(3.727)**	1.907
Diluted (loss)/profit per share (US$ cents)	3	**(3.727)**	1.890

(Loss)/profit after taxation		**(17,306)**	8,855
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign entities which can subsequently be reclassified to profit or loss		**100**	(26)
Total comprehensive (loss)/ profit attributable to the equity shareholders of the parent		**(17,206)**	8,829

The loss (2014: profit) for the year and the total comprehensive loss (2014: profit) for the year are attributable to the equity holders of the Parent Company. There are no non-controlling interests. The items in the above statement are derived from continuing operations.

Consolidated statement of financial position

	Notes	31-Dec 2015 US$000's	31-Dec 2014 US$000's
ASSETS			
Non-current assets			
Intangible assets		**23,201**	23,208
Property, plant and equipment		**91,093**	108,724
Total non-current assets		**114,294**	131,932
Current assets			
Inventories		**10,737**	12,707
Trade and other receivables		**8,717**	9,123
Restricted cash		**500**	500
Cash and cash equivalents		**19,117**	14,878
Total current assets		**39,071**	37,208
TOTAL ASSETS		**153,365**	169,140
CAPITAL AND RESERVES			
Equity			
Share capital and premium		133,844	132,941
Share option reserve		3,202	4,067
Convertible loan note reserve		5,374	5,374
Shares to be issued		82	416
Translation reserve		**881**	781
Retained deficit		**(66,712)**	(50,228)
TOTAL EQUITY		**76,669**	93,351
LIABILITIES			
Non-current liabilities			
Loans and other borrowings	4	**30,630**	16,592
Convertible loan notes		**23,446**	21,843
Provision for decommissioning		**5,979**	8,970
Provision for deferred taxation		**6,696**	7,787
Total non-current liabilities		**66,751**	55,192
Current liabilities			
Loans payable to related parties		**-**	337
Trade and other payables		**5,883**	6,143
Loans and other borrowings	4	**4,062**	14,117
Total current liabilities		**9,945**	20,597
TOTAL EQUITY AND LIABILITIES		**153,365**	169,140

Consolidated statement of changes in equity

	Share capital US$000's	Share premium US$000's	Share option reserve US$000's	Convertible loan note reserve US$000's	Translation reserve US$000's	Shares to be issued US$000's	Retained deficit US$000's	Total Equity US$000's
Total equity								
31 December 2013	**76**	**132,797**	**4,286**	**5,374**	**807**	**-**	**(60,192)**	**83,148**
Profit for the year							8,855	**8,855**
Other comprehensive loss for the year					(26)			**(26)**
Total comprehensive profit for year					(26)		8,855	**8,829**
Share based payments			890			416		**1,306**
Shares issued		68						**68**
Lapsed options			(1,109)				1,109	**-**
Total equity								
31 December 2014	**76**	**132,865**	**4,067**	**5,374**	**781**	**416**	**(50,228)**	**93,351**
Loss for the year							(17,306)	**(17,306)**
Other comprehensive income for the year					100			**100**
Total comprehensive loss for year					100		(17,306)	**(17,206)**
Share based payments			367					367
Shares issued	1	491				(334)		158
Exercised options		410	(410)					-
Lapsed options			(822)				822	-
Total equity								
31 December 2015	**77**	**133,766**	**3,202**	**5,374**	**881**	**82**	**(66,712)**	**76,669**

The nature and purpose of each reserve within Shareholders' equity is described as follows:

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital at nominal value
Share premium	Amount subscribed for share capital in excess of nominal value
Share option reserve	Cumulative fair value of options charged to the statement of comprehensive income net of transfers to the profit and loss reserve on exercised and cancelled/lapsed options
Convertible loan note reserve	Equity element of convertible loan note.
Translation reserve	Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency
Shares to be issued	Nominal value of share capital and premium on shares to be issued
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

Consolidated statement of cash flows

	Notes	31-Dec 2015 US$000's	31-Dec 2014 US$000's
Net cash flows generated from operating activities	5	**35,017**	39,042
Investing activities			
Purchase of intangible assets		**(71)**	(31)
Purchase of plant and equipment		**(2,048)**	(11,026)
Asset under construction		**(8,509)**	(1,936)
Open pit development expenditure		**(18,904)**	(9,976)
Proceeds from disposal of asset		**-**	6
Net cash flows used in investing activities		**(29,532)**	(22,963)
Financing activities			
Loans repaid		**(25,237)**	(11,250)
Equipment loan repaid		**(579)**	(288)
Finance lease payments		**(165)**	-
Loan interest paid		**(4,398)**	(4,401)
Net refund of restricted cash		**-**	100
Loans received (net of arranging fees)		**29,133**	-
Net cash flows used in financing activities		**(1,246)**	(15,839)
Net increase in cash and cash equivalents		**4,239**	240
Cash and cash equivalents at beginning of year		**14,878**	14,638
Cash and cash equivalents at end of year		**19,117**	14,878

1. General information

Shanta Gold Limited (the "Company") is a limited company incorporated in Guernsey. The Company is listed on the London Stock Exchange's AIM market. The address of its registered office is Suite A, St Peter Port House, Sausmarez Street, St Peter Port, Guernsey GY1 3PG.

The annual consolidated financial statements were approved by the board and authorised for issue on 5 May 2016.

2. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair value, as explained in the accounting policies below. They are presented in US Dollars, which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("IFRS").The consolidated financial statements for the year 1 January 2015 to 31 December 2015 are preliminary unaudited and incorporate audited comparative figures for the year 1 January 2014 to 31 December 2014. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2015 Annual Report.

The same accounting policies, presentation and methods of computation are followed in the consolidated financial statements as were applied in the Group's previous annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these had a material impact on the Group's reporting.

We are still assessing the impact of FRS 15 and it is not anticipated that the adoption in the future of the other new revised standards and interpretations that have been issued by the International Accounting Standards Board but are not yet effective will have a material impact in the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective date.

The Company has reached a conditional agreement with the holders of the US$25.0 million senior unsecured subordinated convertible loan notes for its subsidiary to purchase US$10.0 million of the Notes and to extend the term of the repayment of the remaining notes by two years to April 2019 with a concurrent increase to the coupon from 8.5 per cent to 13.5 per cent. Should the condition be satisfied, it is envisaged that the buyback will be funded from existing funds on hand with reduced outflows resulting in the next 12 months, which would further improve the available financial resources for the Company during its planned capital development program of over US$48 million during 2016 and 2017.

As a result of the above refinancing and after making enquiries, and bearing in mind the nature of the Group's business and assets, the Directors consider that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Refer to note 6 where details of the restructuring of the Convertible Loan Notes which mature in April 2017 are referenced.

3. (Loss)/Profit per share

Basic profit per share is computed by dividing the profit attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the year.

The earnings and weighted average number of ordinary shares used in the calculation of basic profit per share is:

	31-Dec 2015 US$000's	**31-Dec 2014 US$000's**
The earnings and weighted average number of ordinary shares used in the calculation of diluted profit per share is:		
(Loss)/profit for the year attributable to equity holders of the Company	**(17,306)**	8,855
(Loss)/profit used in the calculation of diluted (loss)/profit per share as shown below:	**(17,306)**	8,855

Weighted average number of shares in issue	**464,388,679**	464,302,763

There were share incentives outstanding at the end of the year that could potentially dilute basic earnings per share in the future as shown in the table below:

	31-Dec 2015	**31-Dec 2014**
	Number	Number
The Group has the following instruments which could potentially dilute basic earnings per share in the future:		
Share options	**7,652,598**	4,226,828
Convertible loan notes	**-**	-
Warrants	**-**	-

As the Group is in a loss making position, the potential ordinary shares are anti-dilutive and therefore a diluted loss per share has not been calculated.

4. Loans and other borrowings

	31-Dec 2015	**31-Dec 2014**
Current liabilities	**US$000's**	**US$000's**
Promissory notes (1)	**-**	2,376
Loans payable to FBN Bank less than 1 year (2)	**-**	11,048
Loans payable to Investec Bank less than 1 year (3)	**3,356**	-
Equipment loan (4)	**579**	579
Finance lease (5)	**127**	114
	4,062	14,117
Non-current liabilities		
Promissory notes (1)	**2,929**	2,761
Loans payable to FBN Bank after more than 1 year (2)	**-**	11,250
Loans payable to Investec Bank after more than 1 year (3)	**25,877**	
Equipment loan (4)	**1,448**	2,027
Finance lease (5)	**376**	554
	30,630	16,592
Total loans and other borrowings	**34,692**	30,709

(1) Promissory Notes
Promissory notes relate to Promissory Note 2 of US$3.1 million issued in consideration for the acquisition of Boulder and are repayable on 15 April 2017. During the year Promissory Note 1 of US$2.4 million was repaid on 15 April 2015. The notes bear an annual interest of 2.6% and are payable semi-annually in arrears. The promissory notes are recognised at fair value and subsequently accounted at amortised cost. The fair value of the notes has been determined by discounting the cash flows using a market rate of interest which would be payable on a similar debt instrument obtained from an unconnected third party. Using a market interest rate of 9% and a contractual rate of 2.6%, the fair value of the promissory notes of US$3.1 million was calculated to be US$2.5 million.

(2) Loan from FBN Bank
The Group had a loan facility in August 2013 of US$33.75 million. The interest rate on this loan was LIBOR + 6.5% and was repaid in full from the proceeds of the Investec facility, the details of which are shown below.

(3) Loan from Investec Bank in South Africa relates to a drawdown of US$30 million from two facilities totalling US$40 million obtained in May 2015.The facilities bear an annual interest rate of 3-month USD LIBOR +4.9% and are secured on the bank account which is credited with gold sales, the shares in Shanta Mining Company Limited ("SMCL") and a charge over the assets of SMCL.

Facility A is for US$20 million and was used to pay the outstanding FBN Bank Ltd loan, accrued interest of US$101,000 and loan arrangement fees of US$600,000. Capital repayments of US$1.25 million are due every quarter end starting on 30 June 2016.

Facility B of US$20 million is a standby facility to be drawn as and when required to meet working capital requirements. US$10 million of the facility was drawn in May 2015 and a further US$10 million was drawn down on 1 April 2016 Repayment of the drawn facility amount commences in the quarter ending 30 June 2016 and can extended at the option of SMCL to begin repayments from June 30, 2017.

Both these facilities are secured by means of

- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of SMCL and made between the Investec and the Security Agent, including any immovable property, moveable property, the Mining Licences, the relevant Prospecting Licences and surface right lease or access agreements and the assignment/charge over Investec's rights under and in terms of all bank accounts, material documents, insurances and insurance proceeds and all loans against any other member of the Group but excluding assets over which a Permitted Security Interest has been created;
- A deed of debenture setting out the fixed and floating charge debenture governed by Tanzanian law over all assets and undertakings of Shield Resources Limited and made between Shield Resources Limited and the Security Agent, including any immovable property, moveable property, the relevant Prospecting Licences and surface right lease or access agreements and the assignment/charge over Shield Resources' rights under and in terms of all bank accounts, insurances, insurance proceeds and all loans and claims of Shield Resources against any other member of the Group but excluding assets over which a Permitted Security Interest has been created;
- Together there is a registered charge of US$55,000,000 (which includes a margin facility for gold forward sales of up to US$15,000,000) against the mineral and prospecting rights

of both Shanta Mining Company Limited and Shield Resources Limited;

- Shareholder Pledge which means each written deed entitled share pledge governed by Tanzanian law in terms of which each of Shanta Gold Limited and Shanta Gold Holdings Limited pledges the shares it holds in the Borrower in favour of the Security Agent and assigns and charges all its loans and claims against the Borrower and other members of the Group in favour of the Security Agent and the Shield Resources Pledge which means each written deed entitled share pledge governed by Tanzanian law in terms of which Boulder Investments pledges the shares it holds as Agent and assigns and charges all its loans and claims against Shield Resources in favour of the Security Agent;

Guarantees from Shanta Gold Limited, Shanta Gold Holdings Limited and Shield Resources Limited have been issued in favour of the Security Agent in respect of the above loan facilities.

(4) Equipment Loan
The loan is in respect of a crusher/screening plant acquired from Sandvik SRP AB, Sweden and is payable in 20 equal quarterly instalments commencing on 15 August 2014 and bears interest at a rate of 6% per annum.

(5) Finance Lease
This is in respect of a lease to acquire Heavy Fuel Oil (HFO) fuel storage tanks from Oryx Oil Company Limited for a capital amount of US$667,591 repayable monthly over sixty months commencing on 1 August 2014. The repayment period is over sixty months commencing 1 August 2014. This is classified as a finance lease because the rentals period amounts to the estimated useful economic life of the asset and after five years, the assets will be bought outright by the Company by paying a nominal amount.

5. Net cash flows from operating activities

	31-Dec 2015 US$000's	31-Dec 2014 US$000's
(Loss)/profit before taxation for the year	**(18,110)**	16,570
Adjustments for:		
Depreciation/depletion of assets	**43,015**	10,874
Amortisation/write off of intangible assets	**78**	22
Loss on disposal of assets	**368**	13
Prospecting licences surrendered	**-**	296
Share based payment costs	**527**	1,369
Gain on non-hedge derivative	**(1,312)**	-
Unrealised exchange losses	**278**	360
Finance income	**(112)**	(509)
Finance expense	**7,097**	6,872
Operating cash flow before movement in working capital	**31,827**	35,867
Decrease/(Increase) in inventories	**1,970**	4,242
Decrease/(Increase) in receivables	**1,718**	(1,399)
Increase/(Decrease) in payables	**(260)**	297
	35,255	39,007
Taxation paid	**(287)**	-
Interest received	**49**	35
Net cash flow from operating activities	**35,017**	39,042

6. Events after reporting date

The Company completed a finance agreement with Sandvik Mining and Construction OY. The €4.6 million (US$5.0 million) financing will be used to purchase underground mobile equipment and is repayable quarterly in two tranches over 36 months from June 2016 (tranche 1) with a fixed interest cost of 7%, and from September 2016 (tranche 2) with a fixed interest cost derived by the USD base rate and expected to be approximately 7%.

The Company received US$9.1 million financing from Bank M Tanzania plc (“Bank M”) for the construction of its 7.5MW power station at the New Luika Gold Mine. Delivery is expected to take place in early Q1 2017 and a 12-month letter of credit for US$9,114,000 at a fixed interest cost of 8% which will be followed by five year amortising (monthly) term loan bearing interest at 12-month USD Libor plus 9% per annum.

In April 2012 Shanta successfully completed a $40 million fundraising, comprising of a $15 million equity placing and a concurrent $25 million underwritten 5-year convertible loan note offering. The existing convertible loan note has a coupon of 8.5% per annum and a conversion price of 29.53p and matures in April 2017.

Following consultation with the convertible loan note holders, the Company has reached a conditional agreement with a requisite 75 per cent. majority for its subsidiary $10.0 million of the Notes and to extend the term of the remaining Notes by two years to April 2019. As part of the Restructuring, the coupon applicable to the notes will increase from 8.5 per cent. to 13.5 per cent. for the remainder of the term of the notes.

The Company entered into a silver streaming agreement (“SSA”) with Silverback Limited (“Silverback”), a privately held Guernsey-based investment company, under which Silverback will pay the Company an advanced payment of US$5.25 million on closing. Silverback will also pay the Company an ongoing payment of 10 per cent. of the value of silver sold at the prevailing silver price at the time of deliveries which will be made annually. The SSA relates solely to silver by-product production from the NLGM with minimum silver delivery obligations totalling 608,970 oz Ag over a 6.75 year period. The term of the SSA expires after 10 years and the Company has no minimum ounce obligations after 2022.

ENDS