



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

Q4 2013 PRODUCTION AND OPERATIONAL UPDATE

Shanta Gold, the East Africa focused gold production and exploration company, is pleased to announce its production and operational results for the quarter ended 31 December 2013 (the "Quarter").

Highlights

Operational

- Gold production of 19,581 ounces, up 3.6% from Q3 2013
- Gold sales of 18,800 ounces at an average price of US\$1,320 per ounce
- FY 2013 production of 64,054 ounces, marginally ahead of guidance of 63,000 ounces
- FY 2013 Gold sales of 61,877 ounces at an average price of US\$1,409 per ounce
- FY 2013 All in Sustaining Costs of US\$1,049 per ounce, within guidance of US\$1,000 to US\$1,100 per ounce
- Reaffirming FY 2014 production guidance of 80,000 ounces
- All in Sustaining Cost guidance for FY 2014 of US\$900 to US\$1000 per ounce reflecting impact of cost saving initiatives and increased production volumes in H2 2014
- Continued excellent safety performance with no lost time injuries

Financial

- Cash and equivalents (including bullion) at 31 December 2013 was US\$22 million, compared to US\$20 million at end of Q3 2013
- Forward sales for six months to 30 June 2014 of 19,500 ounces at an average price of US\$1,331 per ounce
- Capital expenditure for the Quarter of US\$ 3.2 million

Development

- Updated New Luika Life-of-Mine plan to be completed in Q2 2014 following recent positive Resource upgrade
- New Luika underground mining study in progress and expected to be completed in Q2 2014
- Singida Feasibility Study in progress and expected to be completed by end of Q2 2014

Corporate

- John Rickus appointed as a Non-Executive Director in December 2013
- Base line study on the essential community interventions by the Company has been completed



Mike Houston, CEO, commented:

“The Company delivered another strong quarter with record throughput and production enabling us to marginally exceed our full year production guidance. With 38,475 ounces produced in the second half we have a robust base on which to build from and while further plant optimisation needs to be completed, we are confident in our ability to achieve FY 2014 production guidance of 80,000 ounces.

Cash costs for Q4 were influenced by one off cost items, however with actions taken during H2 2013 and with the increased production schedule, I remain confident that our cost guidance for 2014 is achievable.

The recently announced Resource upgrade reaffirms our belief in the ability to extend the Life-of-Mine at New Luika both through opencast and underground mining and highlights the potential of the wider Lupa Goldfields to support this extension.”

Operational

2013 Production Summary

	Q1	Q2	Q3	Q4	Total
Tonnes milled	71,518	88,966	114,130	117,278	391,892
Tonnes per day	795	967	1,241	1,275	1,074
Recovery (%)	87.8	85.2	91.3	85.9	87.9
Grade (g/t)	7.15	5.75	5.95	6.30	6.23
Gold (ounces)					
Production	11,140	14,439	18,894	19,581	64,054
Sales	13,424	10,418	19,235	18,800	61,877
Realised Gold Price (US\$)	1,613	1,408	1,366	1,320	1,409

* After a full metal accounting review, there have been changes to previously declared production numbers.

Production for the Quarter was 19,581 ounces, an increase of 3.6% over Q3 2013 and giving full year production for 2013 of 64,054 ounces which was marginally above the production guidance of 63,000 ounces. Monthly production during the Quarter consistently exceeded 6,500 ounces. While there have been some initial delays in delivery, the plant improvements currently under implementation will improve production efficiency and recoveries from Q3 2014 and we remain confident in the ability of the plant to deliver FY 2014 production guidance of 80,000 ounces.

Plant Upgrade

Some delays have been experienced in the delivery of both the elution/electro winning plant and the crushing/screening plant. Both plants are now scheduled to be commissioned by the end of Q2 2014. Initial test work suggests that with the elution plant, operational recovery of both gold and silver will improve materially whilst the crushing and screening plant will result in a finer mill feed and therefore increase plant throughput. As previously announced, part funding for the crushing and screening plant



has been secured from EKN (Swedish Export Trade Fund) and will be repaid over five years starting in 2014.

Safety, Health and Environment

Safety performance for the quarter was very good with no lost time injuries recorded. Since project construction in 2011/12 and the commencement of production in late 2012, there has only been one lost time injury.

Financial

Total gold sales for the Quarter of 18,800 ounces were realised at an average price of US\$1,320 per ounce. Gold sales for FY 2013 were 61,877 ounces at an average price of US\$1,409 per ounce.

Bullion in stock at 31 December 2013 was 3,625 ounces. The Company has sold forward to 30 June 2014, 19,500 ounces at an average price of US\$1,331 per ounce.

The unaudited Adjusted Operating Cash Cost (as defined by the World Gold Council's metrics) for the Quarter amounted to US\$940 per ounce, up 16% on Q3 largely due to one-off contract termination costs as well as ore and consumable stocks write-offs. In the last quarter, the Company commenced mining operations at the New Luika open pit where historical near surface workings occurred. This resulted in an overstatement of block model ore recoveries. We do not anticipate this to be an ongoing issue and on a positive note, despite the above, we have seen improved grades. As part of the year end processes, the Company has completed a review of its consumable stock holdings and written off redundant items.

Despite, the higher Q4 Adjusted Operating Cash Cost, the unaudited FY 2013 Cash Operating Cost of \$844 per ounce and the All in Sustaining Cost of US\$1,049 per ounce were within the previously communicated full year guidance. Our All in Sustaining Cost guidance for FY 2014 is US\$900 to US\$1,000 with H2 2014 costs expected to be lower given increased production volumes from July 2014.

Capital expenditure for the Quarter amounted to US\$3.2 million and was mainly on the elution/electro winning and crusher/screening plants.

Cash and cash equivalents (including gold bullion) as at 31 December 2013 was US\$22 million. The Company generated positive cash flow in the Quarter and year to December 2013 of US\$2.3 million and of US\$10.4 million respectively.

Development

New Luika Resource and Reserve Update

Following the recent drilling programme, the New Luika Indicated Mineral Resource was increased to 692k ounces with an average grade of 5.5 g/t. With a better understanding of the plant capacity, a review of the broader resource potential of the area within the New Luika mining license is currently being undertaken. The two key objectives are to firstly evaluate each of the nine resource targets, including the Bauhinia Creek and Luika deposits, and surface gravels and develop mine plans using the most cost effective mining method. Secondly, by optimizing the resource and plant capacity, develop an updated Life-of-Mine plan that maximizes returns for shareholders. We are encouraged with progress to date and this exercise should be completed in Q2 2014.

Singida



Good progress is being made on the Singida Feasibility study which is expected to be completed by end of Q2 2014. Importantly, Government approval has been granted in terms of the 'mine footprint' which will enable the limited relocation program to progress within the targeted timeframe. We anticipate declaring an 'ore reserve' on the planned first phase opencast operation in Q1 2014.

Corporate

Board Appointment

The Company continues to restructure the Board of Directors in line with its changing operational profile.

John Rickus was appointed a Non-Executive Director of the Company in December 2013 and brings to the Board a wealth of technical and project management experience garnered from more than 30 years as a senior mining executive.

Corporate Social Responsibility (CSR)

The base line study on the essential community interventions by the Company has been completed and a CSR strategy is currently being developed.

Conference Call Details

Management will be hosting a conference call for analysts at 08:30am UK time this morning. Please find the dial in details below:

Time & Date: 08:30am - Monday 20 January 2014

Dial In Details: +44 (0) 1452 542 304

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About Shanta Gold Limited

Shanta Gold is an East African focused gold producing company. 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. The Company's flagship New Luika Gold Mine commenced production in 2012 and produced 64,000 ounces in 2013. The Company is admitted to trading on AIM and has approximately 462 million shares in issue. For further information visit the Company's website: www.shantagold.com.