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Shanta Gold Limited

("Shanta Gold" or the "Company")

NEW LUIKA GOLD MINE JORC RESOURCE AND RESERVES UPDATE

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce an update to its JORC Code (2012) resource and reserves figures for its flagship asset, the New Luika Gold Mine ("NLGM"), located in the Lupa Goldfield of south west Tanzania.

Highlights

- In January 2015 additional infill drilling totaling 2,676 metres across nine drill holes has increased the Resource at both Bauhinia Creek ("BC") and Luika and further improves confidence in the potential for underground mining at each deposit
- Total JORC Resources (Indicated and Inferred) for NLGM, incorporating BC, Luika and satellite deposits within 4 km² of the Processing Plant, now contains 12.9 million tonnes ("Mt") at 3.2 grams per tonne ("g/t") gold (1.0 g/t cutoff) for approximately 1.3 million ounces ("oz") of gold:
 - BC JORC code compliant Total Resources (Indicated and Inferred) increased to 3.6 Mt at 5.3 g/t gold (1.0 g/t cutoff) for approximately 626,000 oz of gold with increased grade from 4.9 g/t and additional gold content of 28,000 oz. This also takes account into depletion to the end of March 2015 as a result of mining activities; and
 - Luika JORC code compliant Total Resources (Indicated and Inferred) contains 3.0 Mt at 3.1 g/t gold (1.0 g/t cutoff) for approximately 299,000 oz of gold, after depletion.
- Proven and Probable open pit Reserves for NLGM of 1.6 Mt at 4.8 g/t gold for approximately 245,000 oz. Previous reserves (October 2014) were 2.25 Mt at 5.1 g/t gold for approximately 365,000oz. The reduction in open pit ounces is largely accounted for in depletion (approximately 36,000 oz) and displacement to underground (approximately 67,000 oz)
- Deeper drilling confirms potential for underground mining with encouraging intersections including:
 - CSD063 (BC): 5.93 metres at 42.22 g/t from 266 metres below surface;
 - CSD064 (BC): 10.60 metres at 11.79 g/t from 211 metres below surface; and
 - CSD058 (Luika): 4.29 metres at 7.29 g/t from 177 metres below surface.
- Underground Resources (Indicated) of 2.2 Mt at 6.5 g/t. for approximately 475,000 oz of gold and comprise of:
 - BC: 1.403 Mt at 7.26 g/t (2.5 g/t cutoff) for approximately 327,000 oz of gold; and
 - Luika: 0.868 Mt at 5.30 g/t (3.0 g/t cutoff) for approximately 148,000 oz of gold.
- Underground Feasibility Study ("UFS") for BC and Luika is on track for completion in late Q3 2015. The accompanying drilling programme is expected to result in an updated underground reserve statement.

Toby Bradbury, Chief Executive Officer, commented:

"Today's resource and reserves update for our flagship New Luika Gold Mine increases the level of confidence we have in the long term future of the operation. The Bauhinia Creek and Luika resources



remain open at depth and we are confident that further on-going exploration during the course of a future underground mining operation has good potential to further upgrade and extend the resource base.

“The update for the open pit reserves reflects the redesign of the open pits with a markedly reduced strip ratio for a proportionally much smaller reduction in reserves. The displaced open pit reserves report to underground resources and we look forward to announcing the underground feasibility study later this quarter. This is a win-win for New Luika as the surface mine benefits from a substantial reduction in operating cost while a potential underground operation gets additional high grade resource.”

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About Shanta Gold

Shanta Gold 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 84,000 ounces in 2014. The Company is admitted to trading on London's AIM and has approximately 464 million shares in issue. For further information please visit: www.shantagold.com.

The information in this report that relates to Mineral Resources is based on information compiled by Mr. David Briggs Pri.Sci.Nat. NHD Economic Geology, a Competent Person who is a Member of the South African Council for Natural Scientific Professionals (SACNASP Membership Number 400225/09), a 'Recognized Professional Organization' (RPO) included in a list that is posted on the ASX website from time to time. Mr. Briggs is a consultant to Shanta in matters concerning mineral resources. Mr. Briggs has sufficient experience that is relevant to the style of mineralization 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'. Mr. Briggs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Drilling Campaign

The Reserve and Resource updates announced today follow the completion of an infill drilling campaign, targeting the Luika and BC deposits, completed during the first quarter of 2015, with



analysis results generated in the second quarter of 2015. The objective of the drilling program was to confirm the continuity of mineralised zones (ore bodies) and gold grade continuity of the respective deposits at depth in areas with limited drill hole coverage. The drilling programme comprised of reverse circulation pre-collar holes followed by directional diamond cored tails. A total of nine drill holes, totaling 2,676 metres were completed.

All geological and geotechnical logging was finalised alongside the sampling and core photography. All samples were dispatched to SGS Lakefield in Mwanza.

Bauhinia Creek

Five directionally drilled Reverse Circulation (“RC”) and Diamond Drill (“DD”) holes were completed at the BC deposit and confirmed continuity of the ore body and gold grade, the following notable drill hole intersections were reported:

CSD060:	5.38	m	At	11.64	g/t	,	274	m	below surface
CSD061:	4.15	m	At	12.42	g/t	,	257	m	below surface
CSD063:	5.93	m	At	42.22	g/t	,	266	m	below surface
CSD064:	10.60	m	At	11.79	g/t	,	211	m	below surface

A full summary of the drilling results can be found in the announcement dated 21 July 2015.

Luika

A total of four directionally drilled RC and DD holes were completed at the Luika deposit and confirmed continuity of the ore body and gold grade, and in particular a better understanding of the higher grade westerly plunging pay chute.

The following notable drill hole intersections were reported:

CSD058:	4.29	m	At	7.29	g/t	,	177	m	below surface
CSD059:	1.26	m	At	4.80	g/t	,	180	m	below surface

A full summary of the drilling results can also be found in the announcement dated 21 July 2015.

April 2015 Resources

The updated April 2015 Total In-Situ Resources (at 1.0, 2.0 and 3.0 g/t cutoff grades) is shown in Table 1 below. The tabulated values include depletion up until end of March 2015.

Table 1: April 2015 Total In-situ Mineral Resources for NLGM



NLGM Targets		Cut_Off (g/t)	2015								
			Indicated Resources			Inferred Resources			Total Resources		
			Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
Updated Mineral Resources	Bauhinia Creek	1.0	2.3	6.6	492	1.3	3.2	134	3.6	5.3	626
		2.0	1.9	7.6	473	0.8	4.2	108	2.7	6.6	581
		3.0	1.6	8.8	443	0.6	4.8	91	2.1	7.7	533
	Luika	1.0	2.1	3.6	242	0.9	1.9	57	3.0	3.1	299
		2.0	1.5	4.4	216	0.3	3.2	29	1.8	4.2	244
		3.0	1.1	5.2	178	0.1	4.3	15	1.2	5.2	193
Previously Declared Mineral Resources	Ilunga	1.0	0.3	4.0	40	0.3	3.0	34	0.7	3.5	74
		2.0	0.3	4.6	38	0.2	3.8	28	0.5	4.2	66
		3.0	0.2	5.1	34	0.2	4.3	23	0.4	4.8	57
	Black Tree Hill	1.0	0.8	1.9	52	0.5	1.6	27	1.4	1.8	78
		2.0	0.3	2.6	27	0.1	2.3	9	0.4	2.5	36
		3.0	0.1	3.6	7	0.0	3.2	0	0.1	3.6	7
	Jamhuri	1.0	0.9	2.0	55	0.8	1.6	41	1.6	1.8	96
		2.0	0.3	3.0	30	0.1	2.7	10	0.4	2.9	40
		3.0	0.1	3.9	15	0.0	3.5	4	0.2	3.8	19



NLGM Targets	Cut_Off (g/t)	2015								
		Indicated Resources			Inferred Resources			Total Resources		
		Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
Shamba	1.0	0.3	2.3	19	0.1	1.6	5	0.4	2.1	25
	2.0	0.1	3.6	12	0.0	2.6	2	0.1	3.4	14
	3.0	0.1	4.2	9	0.0	3.9	1	0.1	4.2	9
Black Tree North	1.0	0.1	1.8	7	0.0	1.4	2	0.2	1.7	8
	2.0	0.1	2.7	5	0.0	2.5	0	0.1	2.6	5
	3.0	0.0	3.5	3	0.0	3.4	0	0.0	3.5	3
Elizabeth Hill	1.0	0.5	1.8	29	1.3	1.5	58	1.8	1.6	88
	2.0	0.2	2.8	14	0.1	2.5	7	0.2	2.7	21
	3.0	0.0	3.4	4	0.0	3.3	1	0.1	3.3	6
Luika South	1.0	0.1	3.7	14	0.2	3.1	18	0.3	3.4	32
	2.0	0.1	4.6	12	0.1	3.7	16	0.2	4.1	28
	3.0	0.1	5.9	10	0.1	4.3	13	0.1	4.9	22
Total	1.0	7.4	4.0	950	5.5	2.1	376	12.9	3.2	1 326
	2.0	4.7	5.4	825	1.8	3.6	209	6.5	4.9	1 034
	3.0	3.2	6.9	702	1.0	4.6	147	4.2	6.3	850



The above tabulation only references those in-situ Mineral Resources situated at the above listed targets and is net of mining depletion to the end of March 2015.

Figure 1 shows a long section view (looking south) of the BC deposit with the updated resource model and the additional five holes that were drilled. The drilling confirmed continuity of the mineralisation and grade at depth below the open pit and increased significantly the extent of higher grade ore as depicted in the yellow (8-11 g/t), orange (11-15 g/t) and red (>15 g/t) blocks .

The in-situ Indicated and Inferred Mineral Resource for BC increased by 5%, an increase of 28,000 oz from 598,100 oz (October 2104) to 626,000 oz at 1.0 g/t cut off (net of depletion to March 2015). The positive variance is attributed to the increase of grade. The BC Resource is mostly in the Indicated Category (64%) for which the grade has increased from 5.8 g/t to 6.6 g/t (at 1.0 g/t cutoff).

Figure 1: Bauhinia Creek Deposit April 2015. Long Section Looking South Depicting Resource Model, Recent Drill Hole Traces and open pit Outline

http://www.rns-pdf.londonstockexchange.com/rns/0958U_-2015-7-26.pdf

Figure 2 shows a long section of the Luika Deposit and the four holes that were drilled. The drilling confirmed continuity of the mineralisation and grade at depth below the open pit and improved confidence levels. With the additional drill hole data, the reinterpreted and updated resource block model indicates a high grade chute beneath historical workings and the Luika pit (design depth). The high grade chute extends to vertical depths of at least 280 meters and is indicated by the grey (5-8 g/t) and yellow (8-11 g/t) blocks and remains open down plunge.

Although, there was a net decrease in ounces (net of depletion to March 2015) for in-situ Indicated and Inferred Mineral Resource for Luika, there was a significant improvement (12.5%) in the in-situ grade of the Indicated Resource category (which represents 70% of the total) having increased from 3.2 g/t to 3.6 g/t (at a 1.0 g/t cut off) compared with the October 2014 Mineral Resource.

Figure 2: Luika Deposit – April 2015 Resource Block Model and open pit outline

http://www.rns-pdf.londonstockexchange.com/rns/0958U_1-2015-7-26.pdf

The April 2015 compared with October 2014 In-situ Resources for BC and Luika is shown below in Table 2. The values shown are at a 1.0 g/t cut off and is inclusive of depletion to the end of March 2015.

Table 2: In-situ Resource Comparison

	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
BC - October 2014	3.8	4.8	598
BC - April 2015	3.6	5.3	626
Luika - October 2014	3.7	2.9	341
Luika - April 2015	3.0	3.1	299
Total - October 2014	7.5	3.9	939
Total – April 2015	6.6	4.4	925



New Luika Open Pit Reserve Update

All of the Ore Reserves estimated at New Luika are contained within the Measured and Indicated Resource category envelope, and incorporate three operational open pits, one located at Bauhinia Creek, one at Luika and one Jamhuri (commenced in July 2015) at depths to 160 metres, 120 metres and 50 metres below surface respectively.

During the second quarter of this year both of the active pits, BC and Luika, have been redesigned taking into consideration incremental strip ratios within the pit boundaries, pit wall stability and the historical mining activity in the Luika open pit. The Jamhuri open pit design was also reviewed following the completion of nine geotechnical holes drilled in the footprint of the potential pit.

A summary of the April 2015 Reserves is shown in Table 3. All open pit reserves have been based on the April 2015 Resource Models at cutoff grades of 1.0 g/t.

Table 3: April 2015 Open Pit Ore Reserves for New Luika

	In-situ Tonnes (Mt)	Grade (g/t)	In-situ Ounces (koz)	ROM Tonnes (Mt)	Grade (g/t)	Reserve (koz)	Recoverable Ounces (koz)
Active Open Pits							
Bauhinia Creek	0.408	10.59	139	0.414	9.90	132	120
Luika	0.290	4.00	37	0.300	3.64	35	32
Jamhuri	0.235	2.44	18	0.24	2.21	17	16
Satellite Pits							
Ilunga	0.182	4.469	26	0.181	4.22	25	22
Black Tree Hill	0.250	2.351	19	0.249	2.22	18	16
Black Tree Hill North	0.022	3.845	3	0.022	3.63	3	2
Elizabeth Hill	0.056	2.481	4	0.056	2.34	4	4
Shamba	0.124	3.121	12	0.124	2.95	12	11
Total Probable Open Pits Ore	1.567	5.15	259	1.590	4.80	245	223

The reduction in reserves from October 2014 to April 2015 is a result of depletion and mine design changes which has reduced the sizes of both the BC and Luika pits. A positive outcome is anticipated for the UFS due for completion in Q3 2015. A significant proportion of the existing resource which falls outside the BC and Luika final pit limits is expected to be amenable to underground mining. Upon release of the UFS the NLGM Underground Reserve Statement will be updated.

The revised BC pit design has taken into account the potential underground portal access location, which is being actively prepared in advance of the outcome of the UFS. The optimised BC pit design has significantly reduced the Life of Mine ("LoM") strip ratio to 9:1 from 21:1. The newly optimised BC design results in reduced open pit Reserves by approximately 65,000 gold. This reduction of open pit Reserves is detailed in Table 4.

Table 4: BC open pit Reserves Forming Additional Underground Resources

	Mt	Grade	Koz
BC Pit Floor – 880 to 870	0.042	9.2	13
West Wall of BC Pit	0.140	9.6	46
Foot Wall Skin *	0.007	20.0	5



Hanging Wall Skin *	0.003	13.3	1
Low grade	0.078	2.36	6
Total	0.270	7.75	67

The Luika pit design has been reviewed taking into account current geotechnical conditions, historical underground mining, dilution and haulage distances. The review has resulted in a reduction of the stripping ratio and an improvement of the average grade. It is anticipated that any future underground mining beneath Luika will focus on the high grade steeply plunging chute.

Underground Resource

It is anticipated that the current BC and Luika Resource beneath the current final pit designs will be amenable to underground mining. As previously stated, a positive outcome is anticipated for the UFS into underground mining beneath both the BC and Luika open pits. Tables 5 and 6 below tabulates the underground resources for BC and Luika based on cutoff grades of 2.5 g/t and 3.0 g/t respectively.

Table 5: Underground Indicated Resources

	Cut-off grade	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
BC Underground Resource	2.5g/t	1.403	7.26	327
Luika Underground Resource	3.0g/t	0.868	5.3	148
Total Underground Resource		2.271	6.5	475

Table 6: Inferred Underground Resources

	Cut-off grade	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
BC Underground Resource	2.5g/t	0.658	4.59	97
Luika Underground Resource	3.0g/t	0.106	4.28	15
Total Underground Resource		0.764	4.56	112

Table 7, below, lists the assumptions and parameters used for each of the active open pits as well as the satellite pits collectively.

Table 7: Open pit assumptions and Parameters

Parameter	Units	Bauhinia Pit	Luika Pit	Jamhuri Pit	Satelite Pits
Gold Price	US\$ per ounce	1,200.00	1,200.00	1,300.00	1,300.00
Overall Pit Wall Slope	Degrees	42	39	45	52
Total Contained Ore	Mt	0.414	0.300	0.243	0.632
Total Contained Waste	Mt	3.49	3.49	1.80	3.73
Average Stripping Ratio	Waste/Ore	8.4	11.6	7.4	5.9



Contained Gold Insitu	Koz Au	139	37	18	65
Mining Dilution Added	%	7.0	10.0	10.0	10.0
Mining Recovery	%	5.0	6.0	6.0	6.0
Processing Plant Feed Rate	Tonnes per year	600,000	600,000	600,000	600,000
Average Grade	Au g/t	9.90	3.64	2.21	3.18
Processing Recovery	%	91.00	91.00	91.00	91.00
Average Mining Cost	USD per BCM mined	11.00	11.00	11.00	11.00
Processing + G&A Cost	USD per tonne milled	40.00	40.00	40.00	40.00
Royalty Payment	%	4.00	4.00	4.00	4.00

Jamhuri and other satellite pits have yet to have a mine plan adjusted to \$1200 gold price. This work is being done as part of the Life of Mine planning.

The JORC Code (2012) compliant study supporting the Ore Reserve statement was completed by Philip van Vuuren (open pit), Shanta Gold's Consultant Mining Engineer. The JORC Code (2012) compliant June 2015 Mineral Resources estimate, summarized above, formed the basis of this Ore Reserve estimate. Open pit ore Reserves were estimated with Micromine 2014, utilizing the Lerchs-Grossman optimization algorithm, using the current mining operation's cost structure and pit slopes defined in the geotechnical report by Middindi.

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