

25 January 2016

Shanta Gold Limited

("Shanta Gold" or the "Company")

New Luika Gold Mine, Elizabeth Hill Reserve and Resource Update

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to provide an update from its ongoing resource development programme within and surrounding its flagship asset, the New Luika Gold Mine ("NLGM" or "the Mine") located in the Lupa Goldfield in southwest Tanzania.

The Elizabeth Hill Prospect ("Elizabeth Hill" or "the Prospect") is located approximately 3 kilometres east of the Mine's 600,000 tonnes per annum central processing facility. The Prospect is one of the satellite deposits which comprise the focus of Shanta's resource development programme within and surrounding the NLGM licence.

Elizabeth Hill Reserve Highlights:

- Elizabeth Hill Reserve increased from 70,000 tonnes @ 2.3 g/t for 5,000 oz already included in Base Case Mine Plan (or "the Plan") to 667,000 tonnes @ 1.33 g/t for 28,000 oz;
- 17 per cent. increase in the total surface mineable ounces contained in the Base Case Mine Plan (133,000 oz to 156,000 oz); and
- Tonnage exceeds the 362,000 tonnes unutilised mill capacity referenced in the first five years of the Plan, and also provides an additional six months' plant feed on a 100 per cent. basis.

Elizabeth Hill Resource Highlights:

- Improved definition of near surface resources including a northern splay, previously classed as an Inferred Resource;
- Indicated Resources¹ of 1.06 million tonnes ("Mt") at 1.8 grams per tonne ("g/t") for 61,000 ounces ("oz") which:
 - Represents an increase of over 100 per cent. since the September 2014 resource statement² (61,000 oz up from 29,000 oz);
 - Comprise over 52 per cent. of the Total Resources (previously 33 per cent.); and
- Total Resources have increased 32 per cent. to 116,000 oz (previously 88,000 oz).

1 2016 Indicated resources based on a 1g/t cut off and gold price \$1,200/oz

2 2014 Indicated resources based on a 1g/t cut off and gold price \$1,300/oz

Toby Bradbury, Chief Executive Officer, commented:

"Shanta has continued to upgrade and extend the NLGM resource base since the resource and reserves updates provided in July and September, 2015. The results from the Elizabeth Hill Prospect upgrade studies to date demonstrate the uncapped potential value still to be realised from the NLGM licence, through a systematic uplift of our understanding of

resources that had not previously been fully explored. These resources offer significant realisable value in that they sit within the existing mining licence with a proven and highly efficient process plant.”

“This resource and reserve update delivers incremental value to the Base Case Mine Plan, filling the vacant plant capacity and extending mine life. The considerable uplift in Indicated Resources since 2014 also demonstrates the greater optionality NLGM offers during future operation.

Additional resources that still sit outside the Mine Plan, including 90,000oz of Inferred Resource at Bauhinia Creek, provide potential to further extend mine life. All resources at NLGM remain open at depth. We anticipate continual updates to resources, adding them into the Mine Plan over the course of 2016.”

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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 81,873 ounces in 2015. The Company is admitted to trading on London’s AIM and has approximately 469 million shares in issue. For further information please visit: www.shantagold.com.

Elizabeth Hill Resource Update

Table 1: Elizabeth Hill In situ Resource 2015 - Fresh Rock Density: 2.75 grams per cm³ depleted to LiDAR topographical surface.

Main Body				Northern Splay				Total			
Indicated				Indicated				Indicated			
Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces
g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz
0.0	4.66	0.7	104	0.0	0.19	1.5	9	0.0	4.85	0.7	113
0.5	2.38	1.1	85	0.5	0.14	2.0	9	0.5	2.52	1.2	94
1.0	0.95	1.7	52	1.0	0.11	2.4	8	1.0	1.06	1.8	61
1.5	0.49	2.2	34	1.5	0.08	2.8	7	1.5	0.56	2.3	41
2.0	0.26	2.6	22	2.0	0.06	3.1	6	2.0	0.31	2.7	27
Inferred				Inferred				Inferred			
Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces
g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz
0.0	4.33	0.6	88	0.0	1.29	1.1	46	0.0	5.61	0.7	135
0.5	2.84	0.8	73	0.5	1.24	1.1	46	0.5	4.09	0.9	118
1.0	0.47	1.4	21	1.0	0.78	1.4	35	1.0	1.25	1.4	56
1.5	0.13	1.8	7	1.5	0.16	2.2	11	1.5	0.28	2.0	19
2.0	0.03	2.2	2	2.0	0.08	2.7	7	2.0	0.10	2.6	8
Total				Total				Total			
Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces
g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz
0.0	8.99	0.7	192	0.0	1.48	1.2	55	0.0	10.47	0.7	248

0.5	5.22	0.9	158	0.5	1.38	1.2	54	0.5	6.61	1.0	212
1.0	1.43	1.6	73	1.0	0.89	1.5	43	1.0	2.31	1.6	116
1.5	0.61	2.1	42	1.5	0.23	2.4	18	1.5	0.85	2.2	60
2.0	0.28	2.6	23	2.0	0.13	2.9	12	2.0	0.42	2.7	36

Competent Person Statement

The technical information contained within this announcement has been reviewed and approved by Mr. David Briggs Pri.Sci.Nat. NHD Economic Geology, 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 and 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' and for the purposes of the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

Elizabeth Hill Reserve Update

The JORC (2012 Edition) compliant study supporting the Ore Reserve statement was completed by Philip van Vuuren, Shanta Gold's Consultant Mining Engineer. The JORC (2012 Edition) compliant January 2016 Mineral Resources estimate, summarised above, formed the basis of this Ore Reserve estimate. Ore Reserves were estimated with Micromine 2015, utilising the Lerchs-Grossman optimisation algorithm, using the current mining operation's cost structure and pit slopes defined in the geotechnical report by Middindi. Only Ore Reserves contained within the Measured and Indicated Resource category envelope have been used to determine these Reserves resulting in two economic pits.

It is intended that the Ore Reserves from Elizabeth Hill will be utilised to augment the production from the other pits ensuring the beneficiation plant is run at full capacity. The current beneficiation plant capacity is 600,000 tons per annum.

The updated Ore Reserve estimate is summarised below:

	January 2016 Ore Reserves for New Luika Gold Mine						
	In-situ Tonnes (Mt)	Grade (g/t)	In-situ Ounces (koz)	ROM Tonnes (Mt)	Grade (g/t)	Reserve (koz)	Recoverable Ounces (koz)
Elizabeth Hill	0.645	1.46	30	0.667	1.33	28	26
Total Probable Ore Reserves for Elizabeth Hill	0.645	1.46	30	0.667	1.33	28	26

The following key technical parameters were used in the determination of the Ore Reserve:

Parameter	Units	Value
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Gold Price	US\$ per ounce	1,200
Overall Pit Wall Slope	Degrees	42
Mining Dilution Added	%	10
Mining Recovery	%	94
Plant Recovery	%	91
Royalty Payment	%	5

Note: 1) Projected poor hanging wall conditions resulted in this lower than normal average pit slope

Based on the above parameters, the economic cut-off grade is 0.94g/t and the average cash cost inclusive of royalties is USD 1,094 per ounce.

The reported Ore Reserves have been compiled by Mr. Philip van Vuuren BSc (Min) Eng, BComm (UNISA) is a member of the SAIMM (member number 20424) and ECSA (member number 865248) and is an *Independent Consulting Mining Engineer*. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr. van Vuuren gives Shanta Gold Limited consent to use this reserve estimate in reports.

Glossary of Terms

g/t	Grams per metric tonne. The unit of measurement of metal content or grade, equivalent to parts per million.
Mineral Resource	A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
Indicated Mineral Resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations

	such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
In-Situ	In its natural position or place.
JORC Code	The <i>Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves</i> (the 'JORC Code' or 'the Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The Joint Ore Reserves Committee ('JORC') was established in 1971 and published several reports containing recommendations on the classification and Public Reporting of Ore Reserves prior to the release of the first edition of the JORC Code in 1989. Revised and updated editions of the Code were issued in 1992, 1996, 1999, and 2004. The 2012 edition supersedes all previous editions.
Koz	One thousand Troy ounces. All references to ounces are Troy ounces with the conversion factor being 31.1034768 metric grams per Troy ounce
Mt	One million metric tonnes
Ore Reserve	An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.
Probable Ore Reserve	A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.
Recoverable Ounces	That portion of the metal contained within the ore that can be recovered through metallurgical processing
ROM	Mined ore that can be processed by the recovery plant

Appendix 1

Summary of Resource Estimation Parameters

- The Mineral Resource estimate for the Elizabeth Hill was completed by Mr. David Briggs in November 2015.
- Totals have been rounded to reflect uncertainty in accordance with JORC guidelines for mineral resource estimation from actual derived results and some rounding errors may occur when multiplying summary table figures
- Block modelling and resource estimation has been completed using CAE Studio™ with wireframe models of mineralised domains created within Micromine™
- Data supporting the resource estimate has been audited by an external consultant who concluded that sufficient QAQC and data validation has been undertaken to support a resource estimate of this nature
- The primary data was used to define the extents of the mineralised envelope while 1m down-hole composites were used for statistical analysis, variography and resource estimation
- High value outliers were capped where deemed appropriate

- Resource estimation was completed using Ordinary Kriging for all domains with nugget and sills based on statistical analysis and variography of the identified mineralised domains. Search ellipses were orientated to reflect the geometry of the mineralised structures.
- A global bulk density was used based on a weighted average of ore intersections which was modified near surface to reflect unquantified artisanal workings
- The model was validated visually, by comparison to previous estimates, comparison of model and composite statistics and by swath plots for each prospect
- Resource classification was based on geological confidence and on quality of estimate determined by factors such as proximity to informing data, sample spacing, number of informing data, number of informing holes
- Indicated Resources are predominantly interpolated between known data whilst Inferred Resources can be extrapolated beyond known data
- Reported ounces represent estimated gold content contained in the tonnes of material in situ net of any mining. Mining recovery, dilution and plant recovery factors have not been applied in the contained ounces calculation