

7 September 2016

Shanta Gold Limited

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

Ilunga Resource Upgrade

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce an upgraded JORC Code compliant (2012) resource estimate at the Ilunga satellite deposit at the New Luika Gold Mine ("NLGM" or "the Mine") located in the Lupa Goldfields, southwest Tanzania. Ilunga is located 2.5km northeast of the NLGM central processing facility with access already developed as part of the current open pit mining operation.

Ilunga highlights:

- Significant increase in resource and gold grade at Ilunga;
- Indicated Resources increase 409% from 40,352 ounces gold ("oz Au") to 205,347 oz Au;
- Indicated Resource tonnage increases 336% from 311,355 tonnes to 1,356,054 tonnes;
- Indicated Resource gold grade rises 17% from 4.03 grams per tonne ("g/t") Au to 4.71 g/t Au; and
- Total Ilunga resources (Indicated and Inferred categories) upgraded from 73,940 oz at 3.51 g/t to 257,965 oz at 4.55 g/t.

The updated resource will be fast-tracked for engineering studies with a view to define an underground reserve during Q1 2017. The underground material from Ilunga was not included within the Base Case Mine Plan, reported by Shanta in September 2015, and the Company will work to incorporate these resources into the mine plan in due course. The deposit remains open at depth and along strike to the west.

The Ilunga drilling program was conducted between March and July 2016 and comprised 29 new drill holes of which 1 was diamond from surface, 20 were reverse circulation with diamond tails and 8 were reverse circulation. Diamond drilling totalled 1,844 metres and reverse circulation was 3,672 metres for a total of 5,516 metres.

The resource upgrade at Ilunga supports the Company's view that considerable upside exists in its property portfolio in the Lupa Gold Fields. Shanta remains committed to its systematic programme of exploration to optimise and upgrade prospects within the mining licence, as well on nearby tenements held by the Company. All deposits at New Luika, particularly the high grade deposits, remain open at depth and will be progressively explored to provide a rolling mine life that is ideally maintained at more than seven years. It is anticipated that, subject to mine planning, the upgraded Ilunga resource will help deliver this objective.

Table 1*: JORC Compliant Comparative Ilunga Resource Summary – 2014 vs 2016 (at a cut-off grade of 1g/t Au)^{1,2}

	2014			2016			2014-2016 % increase		
	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)	Tonnes	Au (g/t)	Au (oz)
Indicated	311,355	4.03	40,352	1,356,054	4.71	205,347	336%	17%	409%
Inferred	343,427	3.04	33,588	405,829	4.03	52,608	18%	33%	57%
TOTAL	654,782	3.51	73,940	1,761,883	4.55	257,965	169%	30%	249%

*Undepleted figures appear in Table 1 (surface mining commenced in the Ilunga deposit in July 2016 with estimated depletion to the end of August 2016 at 30,000 tonnes.)

¹See link http://www.rns-pdf.londonstockexchange.com/rns/1384J_-2016-9-6.pdf for accompanying plan of longitudinal section

² Ilunga is 100% owned by Shanta and as such the above noted resources are wholly attributable to the Company

Toby Bradbury, Chief Executive Officer, commented:

“We are delighted with the upgraded resource figures from Ilunga. The deposit is a good grade, close to the plant and is likely to contribute to a meaningful increase in the mining reserve which in turn enhances shareholder value. We expect that the majority of the Ilunga ounces will form part of a new high grade underground operation that would start as the Luika deposit is depleted in around 2020. At this stage, the Company envisages developing Ilunga using cash generated from operations and to utilise existing equipment and personnel to take the new development in its stride. The potential of this high grade extension creates the option to blend with, among others, the upgraded Elizabeth Hill Reserve declared earlier this year and thus extend the mine life by a number of years with a lot more prospective exploration still in play.

In addition to our exploration work in the Lupa, the Company’s Singida licences remain under-explored and Shanta is re-evaluating the prospect pipeline there too using the same cost-effective approach. Drilling at Singida has recently restarted, with initial results expected at the end of September 2016. The Company aims to build an improved understanding of the deposit with the potential to increase in scale from previously defined resources.”

Table 2: JORC Compliant Comparative Ilunga Resource Summary – 2014 vs 2016 (cut-off grades 0 - 5 g/t Au)

2014				2016				2016 vs 2014 Resource Comparison			
INDICATED_2014				INDICATED_2016				INDICATED % Increase			
Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces	Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces	Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces
0	326,712	3.88	40,759	0	1,834,521	3.60	212,568	0	462%	-7%	422%
1	311,355	4.03	40,352	1	1,356,054	4.71	205,347	1	336%	17%	409%
2	253,114	4.62	37,524	2	997,992	5.87	188,346	2	294%	27%	402%
3	204,737	5.12	33,653	3	769,417	6.87	169,970	3	276%	34%	405%
4	154,233	5.64	27,948	4	610,586	7.75	152,099	4	296%	37%	444%
5	102,324	6.18	20,383	5	491,364	8.55	135,086	5	380%	38%	563%

INFERRED_2014				INFERRED_2016				INFERRED % Increase			
Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces	Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces	Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces
0	357,800	2.95	33,963	0	638,878	2.97	61,005	0	79%	1%	80%
1	343,427	3.04	33,588	1	405,829	4.03	52,608	1	18%	33%	57%
2	230,079	3.81	28,182	2	312,662	4.83	48,533	2	36%	27%	72%
3	167,867	4.34	23,360	3	235,549	5.57	42,144	3	40%	28%	80%
4	90,898	5.07	14,702	4	185,939	6.13	36,664	4	105%	21%	149%
5	29,178	6.38	5,853	5	100,668	7.54	24,416	5	245%	18%	317%

TOTAL_2014				TOTAL_2016				TOTAL % Change			
Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces	Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces	Cut-Off Grade (g/t)	Tonnes	Au Grade (g/t)	Au Ounces
0	684,513	3.40	74,721	0	2,473,399	3.45	274,509	0	261%	1%	267%
1	654,782	3.51	73,940	1	1,761,883	4.55	257,965	1	169%	30%	249%
2	483,193	4.23	65,706	2	1,310,654	5.62	236,861	2	171%	33%	260%
3	372,604	4.76	57,012	3	1,004,967	6.57	212,118	3	170%	38%	272%
4	245,131	5.41	42,650	4	796,525	7.37	188,763	4	225%	36%	343%
5	131,502	6.21	26,236	5	592,032	8.38	159,507	5	350%	35%	508%

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

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Competent Person

The technical information contained within this announcement has been reviewed and approved by Mr. Awie Pretorius MSc.Pri.Sci.Nat. Mr. Pretorius is a consultant to Shanta and a member of the South African Council for Natural Scientific Professionals (SACNASP Membership Number 400060/91).

He 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.

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 583 million shares in issue. For further information please visit: www.shantagold.com.