23 March 2017

Shanta Gold Limited

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

New Luika Gold Mine Revised Mine Plan and Reserves Update

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce a Revised Mine Plan from January 2017 to December 2023 (the “Plan”) and updated reserves statement for its New Luika Gold Mine ("NLGM"), in Southwest Tanzania.

Highlights:

- 39% increase in forecast mine gold production from 2017-2023 from 359,000 ounces (“oz”) to 500,000 oz;
- Four-year extension of the maximum utilisation of the NLGM plant based on current reserves;
- Average production from 2017 to 2020 of 85,200 oz per annum (“pa”);
- The Plan’s average Cash Cost and All In Sustaining Cost (“AISC”) are US$577 /oz[1] and US$736 /oz[2] respectively;
- Significant further upside through the inclusion of substantial resources that currently still sit outside the Plan;
- Net Present Value (“NPV”) for the Plan from January 2017 of US$123 m at an 8% discount rate and a gold price of US$1,200 /oz; and
- Shanta remains on track to achieve full year guidance for 2017 of 80,000 - 85,000 oz at AISC of US$800 - US$850 /oz.

Revised Mine Plan

- The Plan provides for underground mining, surface mining and a tailings recovery project;
- The Plan now incorporates the additional open pit reserves at Elizabeth Hill and additional underground reserves at Ilunga;
- The Plan provides for processing from underground and surface mining of 4.0 million tonnes (“Mt”) of ore at an average grade of 4.2 grams/ tonne (“g/t”) for the production of 500,000 oz from January 2017 to 2023;
- Underground operations accessing high grade orebodies provide the majority of plant feed with 2.4 Mt at 5.8 g/t for 444,500 oz contained over the life of the mine;
- A separate tailings recovery project scheduled from 2019 will produce a further 14,600 oz with a standalone project NPV of US$2.8 million (“m”) at an 8% discount rate and a pre-tax Internal Rate of Return (“IRR”) of 39%; and
- Potential remains to further optimise the mine schedule, with optionality through the addition of the high grade Ilunga underground reserve.

Ilunga Reserves and Feasibility Study

- Defined reserves of 660,500 tonnes at a grade of 5.6 g/t for 118,000 oz contained; and,
- Underground Feasibility Study (incorporated within the Plan) demonstrates a project NPV of US$42 m at an 8% discount rate and gold price of US$1,200 /oz, with a pre-tax IRR of 129%.

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Updated NLGM Reserves

- Total reserve of 3.64 Mt at 4.4 g/t for 515,500 oz contained[3];
- Open Pit reserves of 1.26 Mt at 1.8 g/t for 71,000 oz contained[3]; and,
- Underground reserves of 2.39 Mt at 5.8 g/t for 444,500 oz contained[3].

Comparison to Base Case Mine Plan (September 2015)

Shanta released its Base Case Mine Plan ("BCMP") in September 2015. Taking into account actual performance of the NLGM for the 2016 year and comparing on a like for like basis, the Plan will contribute:

- 33% increase in gold production with recovered gold now 587,500 oz, up from 443,000 oz;
- 67% increase in milled tonnes at 4.6 Mt in the Plan vs 2.8 Mt in the BCMP;
- Average annual production between 2016 and 2020 increases from 84,000 oz p.a. to 85,700 oz p.a.;
- The 362,000 tonnes of vacant mill capacity in the BCMP between 2017 and 2020 has been filled with the additional reserves from Elizabeth Hill and Ilunga;
- Mill feed now only reduces below full capacity in 2023, 2019 previously, with options from on-going exploration expected to further enhance and extend the Plan in the future;
- An extended maximum utilisation of the plant by a full four years provides optionality in production as additional reserves become available;
- Underground reserves increased from 1.8 Mt at 5.84 g/t for 344,000 oz to 2.4 Mt at 5.8 g/t for 444,500 oz with the addition of the Ilunga reserve;
- Open pit reserves replenished from 0.96 Mt at 4.96 g/t for 147,000 oz to 1.26 Mt at 1.76 g/t for 71,000 oz (after accounting for 16 month's reserve depletion through production to 31 December 2016) with the addition of the Elizabeth Hill reserve and with the benefit of lower open pit mining costs; and
- NPV from the Plan <u>including free cashflow from 2016</u> is US$127 m compared to US$110 m in the BCMP. With US$52 m capital already spent, including US$4 m of prepayments and with tangible development in place, the project is substantially de-risked.

Exploration and Future Potential at New Luika

- Total resources that presently sit outside of the Plan amount to 9.47 Mt at 2.24 g/t for 683,000 oz[3];
- These resources, which can potentially benefit from further exploration, have been prioritised for further evaluation and have the advantage that all sit within the current mining license with close proximity to processing plant;
- The high-grade underground deposits are open at depth and carry significant inferred resources that will be further explored; and
- Exploration is taking place in Prospecting Licenses surrounding the New Luika mining licence. By way of example, the prospect at Nkuluwisi, for which drilling results were recently announced over a strike length of 900 metres, would be expected to contribute to the future production from the NLGM process facility.

[1]*Cash Cost - Back of mine operating and administrative costs excluding royalty*
[2]*AISC - Cash cost plus royalty, stay in business capital expenditure, interest and G & A*

[3]*Using a US$1,200 /oz gold price and cut-off grades of 1.0 g/t for open pits and 3.0 and 3.5 g/t for long-hole open stoping and overhand cut-and-fill underground production respectively.*

CFO appointment

Shanta is pleased to announce the return to the Company of Eric Zurrin as its permanent Chief Financial Officer ("CFO"). Eric is very familiar with Shanta having worked with the Company in 2013 and most recently as Interim CFO leading the financial restructuring that was completed in May 2016.

Analyst conference call and presentation

Shanta Gold will host an analyst conference call and presentation today, 23 March 2017, at 09:30 GMT. Participants can access the call by dialling one of the following numbers below approximately 10 minutes prior to the start of the call.

UK Toll-Free Number: 080 8237 0030
UK Toll Number: +44 (0) 20 3139 4830
PIN: 59770255#

The presentation will be available for download from the Company's website: www.shantagold.com or by clicking on the link below:

http://www.anywhereconference.com?UserAudioMode=DATA&Name=&Conference=131685151&PIN=59770255

A recording of the conference call will subsequently be available on the Company's website.

Toby Bradbury, Chief Executive Officer, commented:

"The Revised Mine Plan highlights the true prospectivity and future long life of the New Luika Gold Mine. The Plan provides for a longer mine life, increased production and most importantly, greater returns for all Shanta stakeholders.

"Considerable depth has been added to an already robust business case due to our delivery over the past 18 months and we will look to extend the planning horizon for the New Luika operation again in future.

"We will continue to explore on-mine to bring existing indicated and inferred resources into the future mine plan and also in surrounding prospecting tenements to define new resources. Since the Base Case Mine Plan was published in September 2015, the Elizabeth Hill and Ilunga Reserves have been successfully proven and incorporated into the Revised Mine Plan. We will take the same approach following positive results recently announced at the Nkuluwisi prospect, and with the highly prospective ground we hold in the Lupa Goldfield.

"I express my appreciation for the entire team that continues to deliver innovative solutions that really enhance shareholder value."

New Luika Gold Mine – Revised Mine Plan Context

The Plan is the culmination of a process that updates the September 2015 BCMP to incorporate:

- Additional open pit reserves at Elizabeth Hill, announced in January 2016;
- Additional underground reserves at Ilunga, defined as part of this announcement, and announced as a resource in September 2016;
- Lower operating costs in the open pit operations;
- Optimised mine plans for Bauhinia Creek and Luika underground, relative to the BCMP; and,
- Reconciliation with depleted reserves as at 31 December 2016.

The future of NLGM is built on the foundation of high grade ore, predominantly from Bauhinia Creek deposit but also from Luika, and now Ilunga as well. While Ilunga will continue to operate as an open pit until mid-2017, the surface reserves at Bauhinia Creek and Luika pits were depleted in 2016. A significant stockpile of high grade ore was created in 2016 to tide the operation through the transition from surface to underground mining.

From a gold production perspective, this transition has gone well and according to plan. In 2016, New Luika was able to exceed its guidance of 82-87,000 oz with 87,713 oz produced. In the meanwhile, the underground development of the deposits at both Bauhinia Creek and Luika have progressed on target. At the time of writing, more than 2.1 kilometres of underground development have been completed, excluding two 80 metre ventilation raises that have been established in Bauhinia Creek and a third at Luika that is underway. The third level of ore development is underway in Bauhinia Creek.

Surface infrastructure to support the underground including power, water, pumping, workshops, change house, lamproom, rescue facilities and offices are all established. Main ventilation fans and Cement Rock Fill ("CRF") batching plant are projects that are in progress and will be delivered over the next two quarters. The underground mine is running as an owner-miner operation with our own mining equipment.

Gold production for Q1 2017 to date is in line with expectations and our full year guidance of 80-85,000 oz.

An optimisation study for both Bauhinia Creek and Luika undergrounds has been conducted reducing the quantum of development required and improving the certainty of ore supply. In the case of Luika, a shift away from cut and fill in favour of leaving lower grade pillars has enhanced the economics.

Mine infrastructure that has been delivered or is nearing completion is also incorporated into the Plan. In January 2017, NLGM switched over to its own new purpose-designed 7.5 MW HFO fueled power facility which is now in commercial operation. In 2016, NLGM completed the construction of a 350 Ml capacity dam on the Luika River which, together with other storage capacity already in place and a modest water-make from underground, provides process water security through the dry season. Finally, the new Tailings Storage Facility, providing eight year's capacity at current production, will be commissioned in Q2 2017. These projects were all included as part of the BCMP and have now effectively been delivered as part of the commitments made.

An expansion of the 63 kW pilot solar power plant that has been operating for the past two years to 700 kW is due to be completed in Q2 2017 and will assist further reduce power costs while at the same time reducing our carbon footprint. The plant is provided on a rental basis.

The above projects that have been delivered and expensed to date substantially de-risk the operation relative to the position when the BCMP was announced.

Revised Mine Plan (the Plan)

The strategy for NLGM is to maximise value and mine life through the inclusion of additional resources and reserves within and around the mining license. For the purposes of the Plan, at this stage all reserves incorporated in the Plan are within the existing mining licence areas.

From 2017, NLGM will be a blend of underground mining of high grade ores and smaller scale surface mining of lower grade resources. The Plan provides for mining extraction of 3.64 Mt for the production of 515,500 contained oz from January 2017 to 2023 with 71,000 oz (14%) from open pit and 444,500 oz (86%) from underground. The balance of process feed ore comes from stockpiles, gravels and mineralized waste, totaling 11,500 contained oz.

Underground mining is from Bauhinia Creek, Luika and Ilunga to depths below surface of 350 metres, 315 metres and 250 metres respectively. Mining methods are predominantly long hole open stoping with back fill where warranted.

Surface mining is at Ilunga, Jamhuri, Shamba and Elizabeth Hill. At this stage, Black Tree Hill deposit is not included in the Plan.

Under the Plan, the process plant achieves full capacity utilisation through to 2022. It is expected that additional resources from the existing portfolio of opportunities within the mining licence and the Company's surrounding exploration licences will provide further mine life and optionality to NLGM.

A separate tailings recovery project produces a further 14,600 oz with a project NPV of US$2.8 m (at an 8% discount rate) and a pre-tax IRR of 39%.

Gold production from 2017 to 2020 averages 85,200 oz p.a. (84,000 oz p.a. in the BCMP) with opportunities to optimise future years with additional resources and reserves as they are defined.

A summary of the key metrics of the NLGM Plan is provided below. The key assumptions are as detailed for the Ilunga Reserve.

Revised Mine Plan Summary	**Period: 2017-2023**
Open pit and underground reserve	3.64mt at 4.4g/t for 515,500oz contained
Projected mine life	7 years
NPV at 8%	US$123 m
Total capital expenditure over project life	US$68 m[1]
Life of Mine Cash Cost	US$577 /oz
Life of Mine AISC	US$736 /oz

[1]Excluding US$4 m of payments spent in 2016

There remains considerable scope to optimise the mine plan through further review of operating parameters as well as through the definition of additional resources.

NPV Discount Rate Sensitivity (US$m)

Gold price	Discount rates		
	5%	8%	10%
US$1,100 /oz	101	88	81
US$1,200 /oz	139	123	114
US$1,300 /oz	178	158	147

PRODUCTION		**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Open Pit									
Material Mined	tonnes	3,664,366	-	863,355	1,498,385	1,203,549	909,556	-	**8,139,211**
Ore Mined	tonnes	376,894	-	143,653	233,530	223,891	276,858	-	**1,254,825**
Strip Ratio	x	8.8	-	5.0	5.6	4.5	2.3	-	**5.6**
Grade	g/t	2.45	-	2.10	1.29	1.20	1.49	-	**1.76**
Contained Gold	koz	29,694	-	9,710	9,711	8,604	13,235	-	**70,954**
Underground									
Ore Mined	tonnes	217,978	527,911	546,478	336,486	347,726	256,616	156,296	**2,389,490**
Grade	g/t	7.41	5.93	5.64	5.52	5.53	5.70	4.85	**5.79**
Contained Gold	koz	51,899	100,601	99,121	59,694	61,820	47,033	24,354	**444,522**
Low grade material									
Ore Mined	tonnes	37,748	41,516	9,907	64,217	22,773	-	-	**176,161**
Grade	g/t	1.83	2.03	1.42	1.77	3.30	-	-	**2.39**
Contained Gold	koz	2,225	2,715	453	3,657	2,414	-	-	**11,463**
Total									
Ore Mined	tonnes	632,620	569,427	700,038	634,233	594,390	533,474	156,296	**3,820,476**
Grade	g/t	4.12	5.64	4.86	3.58	3.83	3.51	4.85	**4.17**
Contained Gold	koz	83,818	103,316	109,285	73,061	72,837	60,269	24,354	**526,939**
Processing									
Tonnes Milled	tonnes	603,254	604,440	604,440	606,096	604,000	604,000	401,470	**4,027,700**
Head Grade	g/t	4.56	4.86	4.99	4.73	3.72	3.39	2.96	**4.22**
Recovery	%	91.5%	91.7%	91.8%	91.5%	90.3%	90.3%	90.1%	91.5%
Mine Gold Produced	koz	80,593	86,718	89,061	84,375	65,268	59,427	34,421	**499,864**
Tailings Gold Produced	koz	-	-	2,912	2,912	2,912	2,912	2,912	**14,559**
Total Gold Produced	**koz**	**80,593**	**86,718**	**91,973**	**87,287**	**68,180**	**62,339**	**37,333**	**514,422**

Capital and Finance

A summary of operating costs is provided below.

COSTS		**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
Open Pit Mining	$/oz	539	-	502	636	755	-	-	543
Underground Mining	$/oz	235	243	256	371	316	212	270	270
Processing	$/oz	169	157	161	167	213	233	292	187
G&A	$/oz	142	112	106	105	127	86	72	110
By-product Credit	$/oz	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Royalty & Selling	$/oz	61	60	60	60	60	60	60	60
Other (SIB, Int, Corp)	$/oz	174	128	92	79	75	54	45	99

Cash Operating Cost	**$/oz**	**629**	**562**	**566**	**566**	**681**	**481**	**520**	**577**
AISC	**$/oz**	**864**	**751**	**718**	**705**	**816**	**596**	**626**	**736**

[1]The 2017 estimate for Group AISC and Cash Cost includes ounces from Singida which are not reflected in the table. Group AISC guidance is US$800- US$850 /oz in 2017.

A summary of capital expenditure is summarised below.

Capital Expenditure	2017	2018	2019	2020	2021	2022	2023	Total
UG Capital Devlpt	20,114	7,322	982	4,714	1,310	-	-	34,442
Open Pit Mines Devlpt	1,667	-	797	1,035	241	-	-	3,741
Power Plant Uprate[1]	2,542	-	-	-	-	-	-	2,542
Luika River Dam	-	-	-	-	-	-	-	-
TSF 2 Phase 1	3,460	-	-	-	-	-	-	3,460
TSF 2 Phase 2	-	2,000	-	-	-	-	-	2,000
Plant Uprate Phase 1	540	-	-	-	-	-	-	540
Tailings Retreatment	-	3,244	673	-	-	-	-	3,917
Singida PFS	-	-	-	-	-	-	-	-
Exploration - NLGM	1,846	-	-	-	-	-	-	1,846
Stay in business/ Other	2,855	400	300	-	-	-	-	3,555
Ilunga UG Capital Devlpt	-	2,913	7,400	1,888	-	-	-	12,201
Total	**33,024**	**15,879**	**10,151**	**7,638**	**1,551**	**-**	**-**	**68,244**

[1]2017 excludes US$4.1 m of prepayments paid in 2016 for the Power Plant Uprate

Ilunga Reserve Statement and Feasibility Study

The addition of the Ilunga underground reserve adds significantly to the Plan. The Ilunga underground Feasibility Study has been completed for the extraction of 660,500 tonnes at a grade of 5.6 g/t for 118,000 oz contained. The Ilunga underground will employ long hole open stoping mining methods and will utilise the existing mining fleet purchased for Bauhinia Creek and Luika underground. Pre-production capital required of US$8.5 m including contingency which is expected to be funded from cash flow. The project NPV at an 8% discount rate and gold price of US$1,200 /oz is US$42 m, with a pre-tax IRR of 129%.

The key parameters for the Ilunga Underground project are:

Ilunga Underground Project Summary	
Underground reserve (Probable category)	660,500t at 5.6g/t for 118,000oz

Average annual production	21,500 oz
Projected mine life	5 years
NPV at 8%	US$41.9 m
Project IRR (pre-tax)	129%
Pre-production capital expenditure	US$8.5 m
Total capital expenditure over project life	US$12.2 m
Payback period	2 years
Life of Mine Cash Cost	US$508 /oz

Key assumptions:	
Gold price	US$1,200 /oz
Processing recovery	91%
Diesel price	US$0.86 per litre
HFO price	US$0.67 per litre

The planned underground mining operation is low tonnage, with access from a portal in the Ilunga Pit in the south west corner. This has already been incorporated into the pit design and will require minimal footwall ramp development. Mining methods will be long-hole open-stoping with backfill. Final depth of mining based on current reserves is planned to 250 metres below surface

A cut-off grade of 2.6 g/t has been utilised for this high-grade deposit. There are lower grade areas that currently fall outside the plan but which could be mined with no additional development thereby providing gold price optionality.

NLGM Reserves

The total reserves position for NLGM as at 31 December 2016 is given below:

Deposit and classification	**Ore tonnes** (kt)	**Ore grade** (g/t Au)	**Contained Ounces** (koz)	**Recoverable Ounces** (koz)
Total Ore Reserves – Underground	2,389	5.79	445	405
Total Ore Reserves – Open Pits	1,255	1.76	71	65
Total Ore Reserve – Open Pits + Underground	3,644	4.40	515	470

Underground Reserves

The underground reserve statement is shown below:

Deposit and classification	**Ore tonnes** (kt)	**Ore grade** (g/t Au)	**Contained ounces** (koz)	**Recoverable Ounces (koz)**
Bauhinia Creek				
Probable Reserve	1,263	6.24	253	230
Luika				
Probable Reserve	466	4.88	73	66

Ilunga				
Probable Reserve	660	5.56	118	107
Total Ore Reserve	**2,389**	**5.79**	**445**	**405**

1. The Ore Reserve for Bauhinia Creek and Luika underground is reported in accordance with the JORC Code 2012.
2. The Ore Reserve estimate is based on utilising underground mining methods of long-hole open-stoping, and cut-and-fill. A cut-off grade of 3.0 g/t Au is applied to long-hole open-stoping areas and a cut-off grade of 3.5 g/t Au is applied in cut-and-fill areas, at Ilunga a cut-off grade of 2.6g/t Au has been applied to the long hole open stoping operation. Economic evaluations are at a gold price of US$1,200 /oz. Ore processing is through the existing New Luika processing plant at a gold recovery of 91%.
3. The Competent Person for the Ore Reserve is Keith Marshall. The Ore Reserve was estimated from Indicated Resources prepared by Sphynx Consulting.
4. JORC Code Table 1 for the underground Ore Reserve is appended to this statement.

Underground reserves have increased predominantly due to the inclusion of the Ilunga reserve discovered subsequent to the last reserve statement in 2015.

Open Pit Ore Reserves

The change to the open pit reserves since the last Reserve Statement of September 2015 is due to depletions, the inclusion of the expanded resource at Elizabeth Hill and revised economics achieved with lower open pit mining costs.

Deposit and classification	Ore tonnes (kt)	Ore grade (g/t Au)	Contained Ounces (koz)	Recoverable Ounces (koz)
Bauhinia Creek OP				
Probable Reserve	-	-	-	-
Luika OP				
Probable Reserve	-	-	--	-
Ilunga OP				
Probable Reserve	188	2.75	17	15
Black Tree Hill OP				
Probable Reserve	-	-	-	-
Elizabeth Hill OP				
Probable Reserve	734	1.34	32	29
Jamhuri OP				
Probable Reserve	101	2.05	7	6
Shamba OP				
Probable Reserve	232	2.17	16	15
Total Ore Reserve - Open Pits	1,255	1.77	71	65

Exploration and Future Potential at New Luika

Total resources that remain outside the Plan amount to 9.5 Mt at 2.24 g/t for 683,000 oz (1.0 g/t cut-off for open pit; 3.0 g/t cut-off for underground). Of this total, around 3.5 Mt sits in the high grade deposits of Bauhinia Creek, Luika and Ilunga. Each of these is open at depth and only constrained by the need for further drilling. Work will continue to enhance our understanding of these deposits which have or will have the benefit of existing mine infrastructure.

Shanta has committed to a program of exploration focused on the optimisation and upgrade of known mineralised prospects within the NLGM mining licence, as well as exploration on tenements in the vicinity of NLGM currently held by the Company.

Drilling budgets have been approved for the balance 2017 with the intention to continue to add resources and update the Plan.

All satellite deposits within the license can benefit from additional drilling and provide the opportunity to upgrade the existing resources. Greater potential may remain to expand the resource base because all satellite deposits are open at depth, and in some cases along strike. This has been aptly illustrated with the development through 2016 of the Ilunga Prospect.

Beyond the resources within the NLGM mining license, exploration is also being undertaken in the Company's adjacent tenements which hold the potential for medium term resources as a feed to the NLGM processing plant. Nkuluwisi drilling was reported in March 2017 and on-going progress on this and other work will be reported in due course.

NLGM Deposits - Resources Outside Mine Design (1.0Au g/t COG OP, 3.0 Au g/t COG UG)

Open Pit	**Deposit**	**BC**	**LK**	**JH**	**ILU**	**SH**	**EH**	**LS**	**BTN**	**BTH**	**Total**
	Ore Tonnes (Indicated)	89,145	498,149	577,571	206,020	57,232	230,702	121,948	114,012	436,641	**2,331,421**
	Grade (Au g/t)	3.86	2.81	1.74	2.70	1.37	1.61	3.60	1.78	1.64	**2.19**
	Contained Ounces (oz)	11,077	45,060	32,228	17,910	2,518	11,918	14,118	6,525	23,068	**164,421**
	Ore Tonnes (Inferred)	277,696	4,475	30,506	8,500	95,463	162,468	76,324	37,423	97,733	**790,586**
	Grade (Au g/t)	1.87	3.10	1.44	1.33	1.59	1.42	3.08	1.40	1.60	**1.79**
	Contained Ounces (oz)	16,699	447	1,410	364	4,883	7,407	7,567	1,684	5,015	**45,475**
Total Open Pit	**Ore Tonnes (Ind+Inf)**	**366,841**	**502,624**	**608,077**	**214,520**	**152,695**	**393,170**	**198,272**	**151,435**	**534,374**	**3,122,007**
	Grade (Au g/t)	**2.36**	**2.82**	**1.72**	**2.65**	**1.51**	**1.53**	**3.40**	**1.69**	**1.63**	**2.09**
	Contained Ounces (oz)	**27,775**	**45,506**	**33,638**	**18,273**	**7,401**	**19,325**	**21,685**	**8,209**	**28,083**	**209,897**
Underground	**Deposit**	**BC**	**LK**	**JH**	**ILU**	**SH**	**EH**	**LS**	**BTN**	**BTH**	**Total**
	Ore Tonnes (Indicated)	343,791	690,546	32,985	259,707	538	345,747			126,769	**1,800,083**
	Grade (Au g/t)	3.07	2.83	2.73	2.63	1.47	1.68			1.4021885	**2.52**
	Contained Ounces (oz)	33,982	62,733	2,890	21,941	25	18,718	-	-	5,715	**146,005**
	Ore Tonnes (Inferred)	942,006	841,217	730,909	395,717	7,032	1,018,895	102,419		514,554	**4,552,750**
	Grade (Au g/t)	3.484	1.863	1.625	4.072	1.594	1.377	3.199		1.517	**2.23**
	Contained Ounces (oz)	105,522	50,386	38,180	51,802	360	45,115	10,533	-	25,104	**327,003**
Total Underground	**Ore Tonnes (Ind+Inf)**	**1,285,797**	**1,531,762**	**763,894**	**655,425**	**7,570**	**1,364,643**	**102,419**	**-**	**641,323**	**6,352,833**
	Grade (Au g/t)	**3.37**	**2.30**	**1.67**	**3.50**	**1.59**	**1.45**	**3.20**	**-**	**1.49**	**2.32**
	Contained Ounces (oz)	**139,504**	**113,119**	**41,070**	**73,743**	**386**	**63,833**	**10,533**	**-**	**30,819**	**473,008**
Open Pit	**Deposit**	**BC**	**LK**	**JH**	**ILU**	**SH**	**EH**	**LS**	**BTN**	**BTH**	**Total**

+ Underground	Ore Tonnes (Indicated)	432,936	1,188,695	610,556	465,727	57,771	576,449	121,948	114,012	563,410	**4,131,504**
	Grade (Au g/t)	3.24	2.82	1.79	2.66	1.37	1.65	3.60	1.78	1.59	**2.34**
	Contained Ounces (oz)	45,059	107,793	35,118	39,851	2,544	30,636	14,118	6,525	28,783	**310,427**
	Ore Tonnes (Inferred)	1,219,702	845,691	761,414	404,217	102,495	1,181,363	178,743	37,423	612,287	**5,343,336**
	Grade (Au g/t)	3.12	1.87	1.62	4.01	1.59	1.38	3.15	1.40	1.53	**2.17**
	Contained Ounces (oz)	122,220	50,832	39,590	52,166	5,244	52,522	18,100	1,684	30,119	**372,478**
Total OP+UG	**Ore Tonnes (Ind+Inf)**	**1,652,638**	**2,034,386**	**1,371,970**	**869,944**	**160,266**	**1,757,813**	**300,691**	**151,435**	**1,175,697**	**9,474,840**
	Grade (Au g/t)	**3.15**	**2.43**	**1.69**	**3.29**	**1.51**	**1.47**	**3.33**	**1.69**	**1.56**	**2.24**
	Contained Ounces (oz)	**167,280**	**158,625**	**74,709**	**92,017**	**7,787**	**83,158**	**32,218**	**8,209**	**58,902**	**682,905**

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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 87,713 ounces in 2016. 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.

Competent Person Statement

The technical information contained within this announcement pertaining to the underground reserves has been reviewed and approved by Mr. Keith Marshall BSc. C.Eng., a Member of the Institute of Materials, Minerals and Mining (MIMMM), a 'Recognized Professional Organization' (RPO) included in a list that is posted on the ASX website from time to time. Mr. Marshall 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.

The Ore Reserve for Bauhinia Creek, Luika and Ilunga underground has been prepared in accordance with the JORC Code 2012. The Ore Reserve estimate is based on utilising underground mining methods of long-hole open-stoping, and cut-and-fill. A cut-off grade of 3.0 g/t Au is applied to long-hole open-stoping areas and a cut-off grade of 3.5 g/t Au is applied in cut-and-fill areas, at Ilunga a cut-off grade of 2.6g/t has been applied to the long hole stoping operation. Economic evaluations are at a gold price of US$1,200/ oz. Ore processing is through the existing NLGM processing plant at a gold recovery of 91%.

The Ore Reserve for Jamhuri, Ilunga, Shamba and Elizabeth Hill satellite open pits has been prepared in accordance with the JORC Code 2012. The as mined surfaces used for the calculation of remaining Ore Reserves for Ilunga and Jamhuri were dated end December, 2016.

The Ore Reserve estimate is based on utilising conventional open pit method. A cut-off grade of 0.7 g/t Au is applied to compute the economic reserves. Economic evaluations are at a gold price of US$1,200 /oz. Ore processing is through the existing New Luika processing plant at a gold recovery of 91%.

The JORC Code (2012) compliant study supporting the Open Pit Ore Reserve statement was completed by Philip van Vuuren (open pit), Shanta Gold's Consultant Mining Engineer. The JORC Code (2012) compliant December 2016 Mineral Resources estimate, summarised above, formed the basis of this Ore Reserve estimate. Open pit ore Reserves were estimated with Micromine 2014, utilising the Lerchs-Grossman optimization algorithm, using the current mining operation's cost structure and pit slopes defined in geotechnical reports by Middindi.

JORC Code Table 1. Section 4 Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	The mineral resource estimate for Bauhinia Creek and Luika was carried out by D E Briggs, Member SAMREC and made available in the form of a resource block model to AMC in May 2015. AMC carried out a detailed review of the estimation of the Mineral Resource. The Mineral Resource is inclusive of the Ore Reserve. There has been no change to Mineral Resource Estimate for Bauhinia Creek or Luika since this analysis. The mineral resource estimate Ilunga was conducted by Sphynx Consulting.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.	Three visits to the site have been undertaken by the Competent Person (CP), Keith Marshall in 2016 and 2017 with the focus on the underground. The CP is familiar with the deposits to be mined. The CP for the open pits, Philip van Vuuren, has been to the site many times and is very familiar with each of the open pit deposits and local conditions.
Study status	The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	Detailed design work on the underground mine has been carried out internally and reviewed by the respective CP. The plans established are considered to be technically achievable and economically viable. Detailed design work on the open pits has been carried out internally and reviewed by the respective CP. The plans established are considered to be technically achievable and economically viable.
Cut-off parameters	The basis of the cut-off grade(s) or quality parameters applied.	The cut-off grade was estimated at 3.0 g/t for long-hole stoping and at 3.5 g/t for cut-and-fill mining and development, and 2.6g/t au at the Ilunga underground mine The cut-off grade estimate was based on processing and general and administration costs provided by SMCL and a gold price of $1,200 /oz.
Mining factors or assumptions	The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or	The selection of mining method was initially based on the orebody geometry and expected ground conditions. The selection of mining method was done in consultation with SMCL who preferred a single mining method to be applied to each orebody.

	detailed design). The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling. The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). The mining dilution factors used. The mining recovery factors used. Any minimum mining widths used. The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. The infrastructure requirements of the selected mining methods.	Overhand cut-and-fill mining method was selected for Luika and long-hole open-stoping mining method was selected for Bauhinia Creek. Geotechnical recommendations on appropriate stope sizes and ground support were provided to SMCL by Middindi Consulting (Pty) Ltd. Long-hole open-stopes were limited to 20 m along strike and two 15 m sub levels high. Dilution was incorporated into the ore reserve by applying a waste skin to the conceptual mining shapes. A skin of 0.3 m was used to cut-and-fill, and long-hole open-stope footwalls. A skin of 0.8 m was used for long-hole open-stope hangingwall. A mining recovery factor of 0.95 was applied to both cut-and-fill and long-hole open-stope production, with the exception of the final retreat under cut-and-fill sill pillars where a mining recovery factor of 0.80 was applied. Minimum mining widths of 6 m for cut-and-fill and 3 m for long-hole open-stopes were used. A minimum pillar dimension between parallel stopes of 4 m for cut-and-fill and 7.5 m for long-hole open-stopes was also applied
Metallurgical factors or assumptions	The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a	The metallurgical treatment of the ore is through the existing New Luika processing facility. This plant is a conventional milling and cyanidation leaching facility. The plant currently treats similar mineralization recovered by open-pit mining on up dip extensions of the Bauhinia Creek and Luika deposits. Processing costs and processing recoveries were provided by SMCL and are based on performance of the existing processing facility. The mineralization includes silver and this is recovered by the processing facility. The Mineral Resource does not estimate silver and it is not included in the economic analysis. The contribution of silver is estimated at 2.5% of the total metal value. There is no metallurgical study specific to the underground project. The

	specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	assumption is the metallurgical characteristics of the mineralization are the same as the ore currently being treated.
Environmental	The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	No specific work in relation to environmental considerations was carried out for this Ore Reserve. The underground project is part of an existing mine-site and located beneath currently operating open-pit mines. The environmental consideration in relation to the underground mine will be relatively small and incremental to the existing site considerations.
Infrastructure	The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	Infrastructure sufficient for the currently operating mine exists.
Costs	The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private.	Capital and operating costs for the project have been estimated in a detailed cost model compiling estimates of equipment operating time, labour requirement, and major consumables derived from the mining schedule, and equipment specifications and recommendations from specialist consultants. Factors based on experience from similar operations were applied for the estimation of maintenance costs, equipment availability, and utilization. Capital costs were compiled from quantities derived from design and project-specific quotations from equipment supplier. All government defined royalties and costs are covered in the cost model.
Revenue factors	The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity	A metal price of $1,200 /oz was assumed at the commencement of the project in consultation with SMCL. This value was selected as an approximate price following an examination of the previous five years gold price. A selling cost of $60 /oz was deducted from the metal price to cover transport

	price(s), for the principal metals, minerals and co-products.	refining costs and royalties. No value was assigned to silver as silver is not estimated in the Resource. The contribution of silver is approximately 2.5% of the revenue in the current operation.
Market assessment	The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	Gold is sold on an open traded market. No market assessment specific to gold or this project is considered necessary. SMCL is required by borrowing facilities to hedge 30% of gold production to protect cash flows. The balance of gold production and all silver production is sold at spot prices.
Economic	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs.	A discount rate of 10% has been used in economic evaluation. Sensitivities were carried out on gold price, mined grade, operating cost, and capital cost. The underground project remains economic at the expected range of operating and capital costs, and mined grade. The project is sensitive to a lower gold price, and becomes uneconomic at gold price less than approximately $800 /oz
Social	The status of agreements with key stakeholders and matters leading to social licence to operate.	No specific work in relation to social considerations was carried out for this Ore Reserve. The project is part of an existing operation, and the existing agreements and situation will apply.
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory	The mine underground project is located beneath open-pits in a region where relatively high and intense rainfall events can occur. This risk is controlled by surface water management, and the design and operation of the underground mine. This risk is not considered to affect the Ore Reserve. SMCL exclusively own the mining leases ML 408/2010, ML519/2014, and ML518/2014, which contain the underground Ore Reserves and associated site facilities. All

	approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	government approvals are in place and expected to be maintained.
Classification	The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	The total Ore Reserve is classified as Probable Reserve as it is based only on Indicated Resource. The Mineral Resource does not contain Measured Resources. The classification and Ore Reserve reflects the Competent Person's view of the deposit.
Audits or reviews	The results of any audits or reviews of Ore Reserve estimates.	The work supporting Ore Reserve was undertaken by a number of senior engineers and principal engineers within SMCL. The work was subject to internal Peer Review processes and review by the respective Competent Persons.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the	The Ore Reserve is estimated using a gold price of $1,200 /oz and a cut-off grade above breakeven grade. The reserve is supported by appropriate design, scheduling, and costing work reported in a mine plan. Increases in operating costs or a reduction in the gold price will reduce the Ore Reserve. No statistical procedures have been carried out to quantify the accuracy of the Ore Reserve. The estimate is based on mine design work on the resource model. The resource however, is likely to be highly variable at the local mining scale and this will result in significant changes in Ore Reserve on the scale of individual excavations. Modifying factors such as dilution and mining recovery, estimates of drilling quantities, estimates of cemented rockfill have been applied globally. Significant variations are expected on the scale of the individual mining excavation. These estimates should be reviewed prior to mining and

	procedures used. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	also following production experience. Material variability in the Ore Reserve is expected to be due to: Variability in the resource in both location and grade on the local scale. The capability of the mining operation to identify, delineate and mine the ore without significant additional dilution or ore loss. Changes in the key input parameters, specifically gold price, and operating cost.

Glossary of Terms

g/t	Grams per metric tonne. The unit of measurement of metal content or grade, equivalent to parts per million.
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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (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
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.
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
Strike length	The longest horizontal dimension of an ore body or zone of mineralisation.
Tailings	The material that remains after all economically and technically recoverable precious metals have been removed from the ore during processing

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

ENDS