



27 November 2014

SHANTA GOLD

("Shanta Gold" or the "Company")

Life of Mine Update

Shanta Gold, the East Africa focused gold production and exploration company, provides the following update on the Company's Life of Mine ("LOM") plan for its New Luika Gold Mine ("New Luika") in south western Tanzania.

As previously announced on 20th October 2014, the Company has completed the LOM extension study and a third party review is being undertaken by AMC Consultants (UK) Limited (AMC). The Company is considering two possible scenarios:

- the maintenance of existing throughput capacity of 600,000 tpa with the commencement of a decline in early 2016 with the intention of commencing underground mining alongside open pit operations during the second half of 2016; and
- an expansion scenario with the introduction of a third mill to increase capacity to 840,000 tpa. Such an expansion could be implemented relatively quickly should the gold price environment and market conditions support it.

The Company is committed to maintaining financial and growth flexibility, remain as a high grade, low cost producer, and deliver value to shareholders through balancing capital growth and potential for dividends.

Production for 2014 is likely to be at the upper end of previous guidance of 80,000 to 83,000 ounces, at all-in sustaining cash costs of \$900 to \$950 per ounce.

The initial report from AMC, while overall supportive of the LOM extension, has highlighted that due to the nature of the ore body and its high grade pay shoots, it would be prudent to drill a number of additional holes in those areas of resources proposed to be mined by an underground operation below the Luika and Bauhinia Creek pits. The objectives of this infill programme would be to both further optimise the Bankable Feasibility Study and decrease the risk profile of the planned life of mine extension.

The additional drilling of approximately 5,000 metres will be internally funded and will be completed by April 2015 with the LOM extension to be announced shortly thereafter. As announced in October 2014, at the time of the reserve and resource update, both Bauhinia Creek and Luika remain open at depth and the Company is confident that the New Luika operation has significant potential to extend its life of mine both through opencast and underground operations. The Bauhinia Creek push back is continuing as scheduled and is



expected to be largely completed by the end of 2015 providing considerable operational flexibility for when the underground mining comes on stream in H2 2016.

Production in 2015 and the majority of 2016 will be from open cast operations. The Company's guidance for 2015 is for production of 83,000 to 85,000 ounces at all-in sustaining cash costs of \$830 to \$880 and back of mine cash cost of \$630 to \$680.

The Company has continued to make positive progress with a number of potential debt financiers on funding for the LOM extension and the Company looks forward to providing a further update in due course. As at 31 October 2014, the Company had hedged to March 2015, 17,500 ounces at an average price of \$1,317 per ounce.

Mike Houston, CEO, commented:

"As stated previously, the Board is determined to deliver a LOM plan at New Luika that delivers real value for shareholders while taking into account prevailing market conditions. The step to underground mining is fundamental to fully exploiting the resource at New Luika and we have worked through the process in some detail with our independent reviewer. They have advised that in their view with the nature of the ore body that some additional drilling would de-risk the project. The Board and management are fully in agreement particularly as the short delay to complete the drilling program will not materially impact on the current production profile or overall LOM plan.

Our current operations are progressing as planned with strong cash generation and we remain on target for the top end of our full year production guidance of 80,000 to 83,000 ounces. We have also provided positive guidance for 2015 on a 100% opencast operation with costs trending down following a number of initiatives implemented by management."

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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 464 million shares in issue. For further information visit the Company's website: www.shantagold.com.