

6 July 2016

Shanta Gold Limited

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

New Luika Gold Mine, Ilunga Exploration Update

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

As a follow up to the encouraging Phase 1 drilling programme announced in April 2016, a second phase drilling programme has been completed at the Ilunga mineralised prospect ("Ilunga"), located within the active Mining Licence approximately 2.5 kilometres northeast of the NLGM central processing facility. Phase 2 has primarily targeted the strike extension of Ilunga to the west, reaching approximately 300 metres ("m") down-dip, and a vertical depth in excess of 200 m. A prior resource (2015) of 74,000 ounces ("oz") (Indicated & Inferred) incorporated the top 100 m down-dip from surface. Results from Phase 1 and Phase 2 will be incorporated into the existing model and a new resource estimate produced.

Highlights:

- The Phase 2 upgrade drilling programme, included 20 drill holes in total, all of which intersected visually distinctive mineralised zones confirming the continuity of Ilunga both along strike and at depth. Encouraging mineralised intersections achieved include:
 - 13 m at 4.19 grammes per tonne ("g/t") gold from 80 m in hole CSR 482
 - Including 10 m at 5.3 g/t
 - 2.06 m at 10.46 g/t gold from 265.5 m in hole CSD096
 - 3.2 m at 40.64 g/t gold from 277.1 m in hole CSD096
 - 8.3m at 1.97 g/t gold from 234.81 m in hole CSD098
 - Including 2.14 m at 4.58 g/t
 - 1.38 m at 10.19 g/t gold from 130.96 m in hole CSD100
 - 2.93 m at 18.62 g/t gold from 157.87 m in hole CSD 100
- Approximately 100 m additional strike expression to the west at depth has been identified; and
- Ilunga remains open at depth and down-plunge to the west.

Toby Bradbury, Chief Executive Officer, commented:

"Our exploration team has a good handle on mineralisation and structure, enabling efficient exploration to take place. Today's results from Ilunga confirm good tenor and thicknesses and we are looking forward to producing an updated resource estimate. Ilunga shows potential as a high grade underground deposit and we expect the Ilunga ounces to contribute to the ongoing reserve replacement at NLGM. It is also encouraging that mineralisation is still potentially open down-plunge to the west and this will be evaluated in due course"

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About Shanta Gold

Shanta 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. For further information please visit: www.shantagold.com.

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.

Regional Exploration Update

Drilling at the Ilunga deposit forms part of the Company's commitment to a systematic programme 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. Shanta is exploring all options to bring additional resources into its Base Case Mine Plan, announced 29 September 2015, including high grade underground deposits which are open at depth.

Ilunga Deposit

The drilling programme described in today's update has increased the definition of mineralisation in the western reaches at Ilunga to approximately 300 m down-dip, reaching a

vertical depth in excess of 200 m. The recent work has refined the company's interpretative capacity with regard to the identification and geometry of westerly plunging high grade payshoots.

Phase 2 drilling illustrated that a single payshoot of limited lateral extent identified in the eastern portion of the mineralised prospect displays a shallow westerly plunge, and that the remainder of the eastern expression of the Ilunga Prospect hosts limited mineralisation potential at depth. Phase 2 also confirmed earlier interpretations that further high grade potential at Ilunga exists at depth and to the west, adjacent to a truncating structural deformational feature. Company geologists have refined the orientation and geometry of a western truncating fault and plan follow-up work targeting a structurally-displaced extension to mineralisation west of Ilunga.

The feasibility of future underground mining potential at Ilunga will be investigated once re-modelling and resource estimation programs are concluded.

Table 1: Mineralised Intersections¹

BHID	From	To	Sample No.	Au AVE	Width (m)²	Au (ppm)³
CSR477	76	77	293072	0.53	3.00	0.64
	77	78	293073	0.29		
	78	79	293074	1.10		
CSR482	80	81	293545	1.36	13.00	4.19
	81	82	293546	0.70		
	82	83	293547	0.16		
	83	84	293548	7.97		
	84	85	293549	20.25		
	85	86	293550	10.95		
	86	87	293552	5.93		
	87	88	293553	1.39		
	88	89	293554	2.34		
	89	90	293555	2.04		
	90	91	293557	0.06		
	91	92	293558	0.17		
92	93	293559	1.12			
CSR483	97	98	293650	0.68	4.00	0.54
	98	99	293652	0.42		
	99	100	293653	0.38		
	100	101	293654	0.69		
CSD090	132.52	132.97	684273	0.58	1.88	0.72
	132.97	133.56	684274	0.43		
	133.56	134.05	684275	0.89		
	134.05	134.40	684276	1.15		
AND						

CSD090	140.58	140.95	684294	1.39	0.37	1.39
AND						
CSD091	141.77	142.27	684341	1.19	1.16	1.00
	142.27	142.60	684342	0.63		
	142.60	142.93	684343	1.09		
AND						
CSD091	156.02	156.50	684361	1.48	0.92	1.04
	156.50	156.94	684362	0.57		
CSD092	161.86	162.28	684427	0.53	0.42	0.53
AND						
CSD092	163.15	163.52	684430	0.60	1.04	0.54
	163.52	163.85	684431	0.57		
	163.85	164.19	684432	0.45		
AND						
CSD093	186.44	186.90	684474	6.17	0.46	6.17
AND						
CSD094	196.53	196.76	684490	0.98	2.37	0.66
	196.76	197.20	684491	1.34		
	197.20	197.71	684492	0.35		
	197.71	198.07	684493	0.38		
	198.07	198.62	684495	0.45		
	198.62	198.90	684496	0.62		
AND						
CSD095	256.86	257.10	684595	20.50	3.00	2.64
	257.10	257.41	684596	4.08		
	257.41	257.85	684598	0.45		
	257.85	258.44	684599	0.66		
	258.44	258.95	684600	0.23		
	258.95	259.54	684601	0.38		
	259.54	259.86	684602	2.56		
AND						
CSD095	272.05	272.29	684628	8.31	0.24	8.31
AND						
CSD096	265.50	265.97	684682	1.24	2.06	10.46
	265.97	266.40	684683	9.93		
	266.40	266.90	684684	29.10		
	266.90	267.25	684685	5.07		
	267.25	267.56	684686	1.17		
AND						
CSD096	274.25	274.82	684705	0.81	1.71	0.65
	274.82	275.10	684706	0.80		
	275.10	275.43	684707	0.51		
	275.43	275.96	684708	0.49		
AND						
CSD096	277.10	277.35	684713	27.85	3.20	40.64

	277.35	277.64	684714	88.75		
	277.64	277.90	684715	2.54		
	277.90	278.17	684716	320.00		
	278.17	278.59	684718	1.57		
	278.59	279.10	684719	1.84		
	279.10	279.50	684720	3.74		
	279.50	279.98	684721	9.43		
	279.98	280.30	684722	8.32		
AND						
CSD096	292.59	293.05	684754	0.77	1.64	1.09
	293.05	293.42	684755	0.78		
	293.42	293.78	684756	1.32		
	293.78	294.23	684758	1.50		
AND						
CSD096	309.07	309.50	684894	0.59	1.04	1.10
	309.50	310.11	684895	1.46		
AND						
CSD096	315.00	315.28	684909	1.28	0.28	1.28
AND						
CSD096	317.77	318.14	684917	5.20	0.37	5.20
AND						
CSD097	282.06	282.50	685174	2.19	0.44	2.19
AND						
CSD097	312.50	312.94	685244	1.27	0.44	1.27
AND						
CSD098	214.09	214.43	684804	4.09	1.95	1.74
	214.43	214.96	684805	0.93		
	214.96	215.54	684806	1.74		
	215.54	216.04	684807	1.01		
AND						
CSD098	234.81	235.24	684851	2.71	8.30	1.97
	235.24	235.75	684852	6.08		
	235.75	236.35	684853	0.69		
	236.35	236.95	684855	8.53		
	236.95	237.37	684856	0.18		
	237.37	237.67	684857	0.84		
	237.67	238.16	684858	0.31		
	238.16	238.68	684859	0.65		
	238.68	239.25	684861	0.50		
	239.25	239.75	684862	0.31		
	239.75	240.12	684863	5.89		
	240.12	240.44	684864	2.64		
	240.44	241.07	684865	0.89		
	241.07	241.62	684866	0.81		
	241.62	242.12	684867	0.65		
	242.12	242.57	684868	0.61		

	242.57	243.11	684869	1.19		
CSD099	187.19	187.39	685359	1.20	1.52	2.90
	187.39	187.58	685360	1.97		
	187.58	187.77	685362	1.50		
	187.77	187.97	685363	10.31		
	187.97	188.27	685364	2.21		
	188.27	188.71	685365	1.80		
CSD100	130.96	131.28	685408	36.65	1.38	10.19
	131.28	131.43	685409	11.90		
	131.43	131.90	685410	0.61		
	131.90	132.34	685411	0.59		
AND						
CSD100	157.87	158.10	685432	14.40	2.93	18.62
	158.10	158.46	685433	23.20		
	158.46	158.86	685434	68.80		
	158.86	159.36	685435	15.30		
	159.36	159.72	685436	1.41		
	159.72	159.88	685438	2.52		
	159.88	160.18	685439	2.69		
	160.18	160.44	685440	2.44		
160.44	160.80	685441	14.95			

¹ See link for accompanying plan of drill hole locations and cross-sections http://www.rns-pdf.londonstockexchange.com/rns/3420D_-2016-7-5.pdf

² All holes were drilled at inclinations of -50° to -60° into a sub-vertical mineralised zone

³ No top-cut applied

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

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