20 October 2014

Shanta Gold Limited

("Shanta Gold" or the "Company")

Updated Resource and Reserve for New Luika Gold Mine

Shanta Gold, the East Africa focused gold production & exploration company, is pleased to announce an updated JORC (2012 Edition) compliant Mineral Resource estimate and Ore Reserve, for the Bauhinia Creek, Luika and Ilunga targets of its New Luika Gold Mine ("New Luika") in south western Tanzania.

Highlights:

- In-situ Indicated Mineral resource increase for Bauhinia Creek, Luika and Ilunga of 3% to 814 Koz (1.0g/t cut-off) with an average grade of 4.5g/t
- In-situ Inferred Mineral resource increase for Bauhinia Creek, Luika and Ilunga of 12% to 221 Koz (1.0g/t cut-off) with an average grade of 2.3g/t
- Probable Ore Reserve at New Luika as at end of September 2014 of 4.95 Mt @ 4.33 g/t for 690 Koz (net of depleted ore to date and excludes stockpile material)
- Likely to support an extension to the Life of Mine at New Luika of at least seven years, underpinning the Company's development in the highly prospective Lupa Goldfield
- Luika deposit still open at depth, truncating structure identified at Bauhinia Creek deposit approximately 400 metres below surface
- Ilunga a potential high grade deposit which is open at depth

Commenting on the Updated Resources and Reserves, Mike Houston, CEO said:

"This update on the January 2014 Resource Statement includes the results of the drilling work completed to upgrade the Resources at Bauhinia Creek, Luika and Ilunga.

There are a number of important outcomes from the latest Resource Statement. We have successfully upgraded the resource at Bauhinia Creek and Luika to allow an increased reserve to be declared and provide the base for an extension to the life of mine. The additional ounces discovered at Bauhinia Creek effectively replace the depleted mined ounces to date and this exciting orebody remains open to the west and at depth with inferred ounces up 12%. Luika's high grade pay shoots are open at depth offering further potential in this ore body. Ilunga although thought to be a smallish ore body is a clear demonstration of the potential in the Lupa with the latest limited drilling proving up an indicated and inferred resource of 70kozs at an attractive grade. This ore body remains open at depth and offers both opencast and underground potential but importantly we see similar opportunities in several of our satellite pits where high grade pay shoots exist but have not been fully evaluated.

With 5.5 million tonnes in the Inferred category and several of the ore bodies open at depth we anticipate the Reserves should increase as more detailed on-mine exploration is completed.

In addition to the results above, off mine exploration work continues in the prospective Lupa Goldfields and we are confident that with the knowledge gained to date, we will discover new resources and that our New Luika operation has significant potential to extend its life of mine."

Table 1: October 2014 Total In-situ Mineral Resources for New Luika Gold Mine

NLGM Targets		Cut-Off (g/t)	Indicated Resource			Inferred Resource			Total Resource		
			Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
Updated Resources	**Bauhinia Creek**	1.0	2.6	5.9	490	1.2	2.9	117	3.8	4.9	607
		2.0	2.3	6.4	476	0.7	4.1	91	3.0	5.8	567
		3.0	1.8	7.4	436	0.5	4.5	79	2.4	6.8	514
	Luika	1.0	2.7	3.2	284	1.1	2.0	70	3.8	2.9	354
		2.0	2.2	3.6	256	0.4	3.2	37	2.6	3.6	293
		3.0	1.3	4.5	181	0.2	4.1	22	1.4	4.5	203
	Ilunga	1.0	0.3	4.0	40	0.3	3.0	34	0.7	3.5	74
		2.0	0.3	4.6	38	0.2	3.8	28	0.5	4.2	66
		3.0	0.2	5.1	34	0.2	4.3	23	0.4	4.8	57
Previously Declared	**Black Tree Hill**	1.0	0.8	1.9	52	0.5	1.6	27	1.4	1.8	78
		2.0	0.3	2.6	27	0.1	2.3	9	0.4	2.5	36
		3.0	0.1	3.6	7	0.0	3.2	0	0.1	3.6	7
	Jamhuri	1.0	0.9	2.0	55	0.8	1.6	41	1.6	1.8	96
		2.0	0.3	3.0	30	0.1	2.7	10	0.4	2.9	40
		3.0	0.1	3.9	15	0.0	3.5	4	0.2	3.8	19
	Shamba	1.0	0.3	2.3	19	0.1	1.6	5	0.4	2.1	25
		2.0	0.1	3.6	12	0.0	2.6	2	0.1	3.4	14
		3.0	0.1	4.2	9	0.0	3.9	1	0.1	4.2	9
	Black Tree Nth	1.0	0.1	1.8	7	0.0	1.4	2	0.2	1.7	8
		2.0	0.1	2.7	5	0.0	2.5	0	0.1	2.6	5
		3.0	0.0	3.5	3	0.0	3.4	0	0.0	3.5	3
	Elizabeth Hill	1.0	0.5	1.8	29	1.3	1.5	58	1.8	1.6	88
		2.0	0.2	2.8	14	0.1	2.5	7	0.2	2.7	21
		3.0	0.0	3.4	4	0.0	3.3	1	0.1	3.3	6
	Luika South	1.0	0.1	3.7	14	0.2	3.1	18	0.3	3.4	32
		2.0	0.1	4.6	12	0.1	3.7	16	0.2	4.1	28
		3.0	0.1	5.9	10	0.1	4.3	13	0.1	4.9	22
Total		1.0	8.4	3.7	990	5.5	2.1	372	13.9	3.0	1 362
		2.0	5.8	4.7	870	1.8	3.5	200	7.6	4.4	1 069
		3.0	3.6	6.0	698	1.0	4.4	143	4.7	5.6	841

The above tabulation only references those in-situ Mineral Resources situated at the above listed targets and is net of mining depletion. The tabulation excludes currently stockpiled material.

New Luika Resource Update

The drilling campaign conducted during 2014 targeted the depth extensions of both Bauhinia Creek and Luika with a view to confirming possible pay shoot extensions at depth and upgrading existing Inferred Mineral Resources to Indicated Mineral Resources. Drilling at Ilunga targeted near-surface portions of the ore body, testing its western limit and at depth. Drilling was a combination of both reverse circulation (RC) and diamond drilling with some of the diamond holes pre-collared with RC to save cost. The campaign added twenty five holes for 3,954.81 metres, of drilling to confirm the presence of the ore zone down to 360 metres below surface and to the west of the ore body at Bauhinia Creek, 280 metres below surface at Luika and to 105 metres in the western portion of Ilunga.

Bauhinia Creek

Drilling at Bauhinia Creek has confirmed that the strike of the ore body extends increasingly to the west with depth below the nose fault as anticipated. The ore body remains open to the west and mineralised intersections confirm the envisioned depth extension of the ore zone. These include:

- CSD052: 1.87m @ 2.19g/t, 340m below surface
- CSD054: 0.86m @ 4.16g/t, 310m below surface,
- CSD055: 5.82m @ 11.13g/t, 355m below surface, and
- CSD055: 3.89m @ 2.37g/t, 360m below surface.

A truncating structure located approximately 400 metres below surface at Bauhinia Creek has been identified beyond which the extension of the ore zone has not been intersected. It is not apparent whether this structure terminates the ore body or displaces it.

The Indicated Mineral Resource at Bauhinia Creek benefits from a 1% increase in ounces at a cut-off of 1.0g/t (previously 2.3 Mt @ 6.5g/t for 487 Koz Au) effectively replacing the mining depletions to date. Inferred Resources have increased overall with the expansion of the ore body to the west and are up 12% over the previously declared ounces at a 1.0 g/t cut-off (previously 1.0 Mt @ 3.4 g/t for 105 Koz Au).

Luika

Ore zone intersections at Luika largely confirm the existing interpretation. The southern limits of the ore body have been defined but the ore body remains open at depth and drilling in the north confirmed the existence of a preferably mineralised zone at depth.Mineralised intersections include:

- CSD049: 10.76m @ 0.91g/t, 200m below surface
- CSD050: 7.91m @ 5.94g/t, 235m below surface, and
- CSD051: 9.75m @ 2.73g/t, 280m below surface.

Luika shows no change in ounces for the Indicated Mineral Resources over the previous resource estimate. Inferred Mineral Resources at Luika have been reduced due to their conversion to Indicated Resources and the reduction in size of the southern fault block.

The salient points of the mineral resource estimate are summarised in Appendix 1 below.

The information in this report that relates to Mineral Resources is based on information compiled by Mr. David Briggs Pri.Sci.Nat. NHD Economic Geology, a Competent Person who is a Member of the South African Council for Natural Scientific Professionals (SACNASP Membership Number 400225/09), a 'Recognised Professional Organisation' (RPO) included in a list that is posted on the ASX website from time to time. Mr. Briggs is a consultant to Shanta in matters concerning mineral resources. Mr. Briggs has sufficient experience that is relevant to the style of mineralisation 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'. Mr. Briggs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

New Luika Reserve Update

The JORC (2012 Edition) compliant study supporting the Ore Reserve statement was completed by Philip van Vuuren (Open Pit) and Anthony Lund (Underground), Shanta Gold's Consultant Mining Engineer. The JORC (2012 Edition) compliant September 2014 Mineral Resources estimate, summarised above, formed the basis of this Ore Reserve estimate. Ore Reserves open pit were estimated with Micromine 2014, utilising the Lerchs-Grossman optimisation algorithm, using the current mining operation's cost structure and pit slopes defined in the geotechnical report by Middindi. Ore Reserves underground were estimated with Surpac verion 6, and using detailed mine design to determine ore tonnes and grade with standard underground modifying factors by underground mining method, mining cost where determined from first principals with the unit cost inputs based on in country quotations the stoping parameters are in line with the geotechnical recommendations determined by Middindi for underground. All the Ore Reserves estimated at New Luika are contained within the Measured and Indicated Resource category envelope and result in several open pits of which two are currently operational: one located at Bauhinia Creek and one at Luika at depths to 160 metres and 120 metres below surface respectively. The underground reserves are currently restricted to three ore zones Bauhinia Creek, Luika Main and Luika South.

The updated Ore Reserve estimate is summarised below, this is net of mining depletion but excludes stockpiled material:

	September 2014 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)
Open Pit							
Bauhinia Creek	.649	10.49	219	.646	10.07	209	190
Luika	.653	3.64	76	.650	3.45	73	66
Ilunga	.182	4.47	26	.181	4.22	25	23
Black Tree Hill	.250	2.35	19	.249	2.22	18	16
Black Tree Hill North	.022	3.85	3	.022	3.63	3	3
Elizabeth Hill	.056	2.48	4	.056	2.34	4	4
Jamhruri	.289	2.38	22	.288	2.24	21	19
Shamba	.124	3.12	12	.124	2.95	12	11
Sub-Total Probable Ore	**2.225**	**5.33**	**381**	**2.216**	**5.10**	**365**	**332**
Underground							
Bauhinia Creek ROM				1.175	4.40	166	151
Luika Main ROM				1.088	3.71	130	118
Luika South ROM				.021	3.35	2	2
Sub-Total Probable Ore				**2.284**	**4.06**	**298**	**271**
Bauhinia Creek LG*				285	1.82	17	16
Luika Main ROM LG*				128	2.04	8	7
Luika South ROM LG*				.038	1.85	2	2
Sub-Total Probable Ore				**451**	**1.88**	**27**	**25**
Total UG Probable Ore				**2.735**	**3.70**	**325**	**296**
Total Probable Ore				**4.951**	**4.33**	**690**	**628**

*Lower grade material mined within the development and marginal stopes.

At the current forecast plant feed of 600,000 tonnes per annum the openpit and underground reserves of 4.951 million tonnes would provide a feed source for approximately seven years. The life of mine will depend on the development scenario pursued by the Company, this will be announced following a third party review in mid-November 2014.

The following key technical, operational and financial parameters were used in the determination of the Open Pit Ore Reserve:

Parameter	Units	Value
Gold Price	US$ per ounce	1,300
Overall Pit Wall Slope	Degrees	At Bauhinia Creek 45, at Luika50, all others pits 52
Total Contained Ore	Mt	2.2
Total Contained Waste	Mt	27.5
Average stripping ratio	Waste/Ore	12.5/1
Contained Gold in Situ	Koz Au	381
Mining Dilution Added	%	6
Mining Recovery	%	94
Processing Plant Feed Rate	Tonnes per year	600,000
Average Head Grade	Au g/t	5.1
Processing Recovery	%	91%
Average Mining Cost	USD per BCM mined	11.00
Processing Cost	USD per tonne milled	40.00
General & Administration Cost	USD per tonne milled	Included in the Processing cost
Royalty Payment	%	4

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

Based on the above parameters, the economic cut-off grade is 1.14 g/t and the average cash cost inclusive of royalties is USD 748 per ounce.

The following key technical, operational and financial parameters were used in the determination of the Underground Ore Reserve:

Parameter	Units	Value
Gold Price	US$ per ounce	1,300
Decline Size	M	5m H x 5.5m W
Ore Drives	M	5m H x 5.5m W and 4.5m H x 4.5m W
Mining Methods	Cut & Fill	
Mining Recovery	%	80
Dilution	%	8
	Transverse Open Stoping	
Mining Recovery	%	90
Dilution	%	8
	Open Stoping	
Mining Recovery	%	95
Dilution	%	8
	Crown Pillars	
Mining Recovery	%	50
Dilution	%	8
Processing Plant Feed Rate	Tonnes per year	600,000
Average Head Grade	Au g/t	4
Processing Recovery	%	91%
Average Total Mining Cost	USD per ore tonne mined	58
Processing Cost	USD per tonne milled	40
General & Administration Cost	USD per tonne milled	Included in the Processing cost
Royalty Payment	%	4

Based on the above parameters, underground the economic cut-off grade is 3 g/t and the average cash cost inclusive of royalties is USD 815 per ounce.

The reported Ore Reserves have been compiled by Mr. Philip van Vuuren BSc (Min) Eng, BComm (UNISA), a member of the SAIMM (member number 20424) and ECSA (member number 865248) and Anthony Lund BEng Mining AUSIMM (member number 220313) *independent consulting Mining Engineer*s who hase 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. Philip Van Vuuren and Mr. Anthony Lund give Shanta Gold Limited consent to use this reserve estimate in reports.

Competent Persons Statement

David Briggs Pri.Sci.Nat NHD Economic Geology, Shanta Gold's independent resource consultant, is a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, and has reviewed and approved the technical information contained in this announcement.

Philip van Vuuren BSc (Min) Eng, BComm, Shanta Gold's Independent Consulting Mining Engineer, is a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, and has reviewed and approved the technical information contained in this announcement.

Anthony Lund BEng Mining, Shanta Gold's Independent Consulting Mining Engineer, is a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, and has reviewed and approved the technical information contained in this announcement.

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

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 *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

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 Bauhinia Creek,Luika and Ilunga targets at the New Luika Gold Mine was completed in October 2014 by Mr. David Briggs
- 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

- Selection of cut-off grades is based on pit optimisation studies and underground mining studies conducted by Mr Philip van Vuuren and Lund Mining Services respectively that identified those portions of the ore zones that are amenable to open pit and underground mining.
- 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
- Mining depletions have been defined by the pit floors surveyed on 1 October 2014 and have been excluded from the Mineral Resource statement