16 January 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 and Luika targets of its New Luika Gold Mine ("New Luika") in south western Tanzania.

Highlights:

- In-situ Indicated Mineral Resource increase for Bauhinia Creek and Luika of 9% to 692Koz with an average grade of 5.5g/t
- Total open pit Mineral Resource of 2.6Mt @ 5.9/t for 501Koz (1.1g/t Au cut-off)
- Total underground Mineral Resource of 2.4Mt @ 4.5g/t for 347Koz (3.0g/t Au cut-off)
- Probable Ore Reserve at New Luika 2.56Mt @ 6.0g/t for 487Koz
- Likely to support an extension to the Life-of-Mine at New Luika, 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 350m below surface
- Work currently ongoing to assess Bauhinia Creek, Luika, and seven other targets at New Luika from both open pit and underground extraction scenarios

Table 1: January 2014 Total In-situ Resources for Bauhinia Creek and Luika

	Cut-Off (g/t)	Indicated Resource			Inferred Resource			Total Resource[3]		
		Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)	Tonnes (Mt)	Grade (g/t)	Ounces (Koz)
Open Pit	0.5	2.6	6.0	493	0.1	4.1	8	2.6	5.9	501
	1.1[1]	2.6	6.0	492	0.1	4.1	8	2.6	5.9	501
	3.0	1.7	7.8	431	0.0	6.3	6	1.8	7.8	437
Under-ground	0.5	2.6	3.4	280	2.1	3.1	215	4.7	3.3	495
	1.1	2.4	3.6	275	2.0	3.2	211	4.4	3.4	486
	3.0[2]	1.3	4.7	200	1.1	4.3	148	2.4	4.5	347
Total	0.5	5.1	4.7	773	2.2	3.1	223	7.4	4.2	996
	1.1	5.0	4.8	767	2.1	3.2	219	7.1	4.3	987
	3.0	3.0	6.5	631	1.1	4.3	154	4.1	5.9	784

[1]*Preferred cut-off grade for announcing open pit Resources*
[2]*Preferred cut-off grade for announcing underground Resources*
[3]*Total Resource is a combination of Indicated and Inferred Resources*

The above tabulation only references those Mineral Resources situated at Bauhinia Creek and Luika and is net of mining depletion. The tabulation excludes currently stockpiled material. Underground Resources do not form part of the current reserve and are being assessed as part of the ongoing Life of Mine project

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

"This is the first update on the Company's Resource since July 2012 and follows our maiden Reserves announced in October 2013. The updated Resource, based on a fairly limited drilling program, provide robust evidence of the potential for an underground operation at both Luika and Bauhinia Creek.

We have been particularly excited by the pockets of high grade material intersected at depth which we believe could be enhanced with further evaluation work. This exercise is part of the ongoing study to optimize the Life-of-Mine at New Luika which will also increase our understanding of the other seven satellite targets and the on-surface auriferous gravels. We are confident that with the results received, the additional work being done and the prospectivity of the Lupa Goldfields, our New Luika operation has significant potential to extend its life beyond the previously announced five years."

New Luika Resource Update

Bauhinia Creek

The drilling campaign conducted during 2013 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 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 three holes for 5,345m of drilling to confirm the presence of the ore zone down to 340m below surface at Bauhinia Creek and 270m below surface at Luika.

Drilling at Bauhinia Creek has shown that the strike of the orebody extends increasingly to the west with depth as anticipated. The orebody remains open to the west and robust, mineralised intersections confirm the envisioned depth extension of the ore zone. These include:

- CSD035: 18.6m @ 9.2g/t, 200m below surface
- CSD031: 9.9m @ 6.0g/t, 230m below surface, and
- CSD038: 17.1m @ 2.9g/t, 310m below surface

A truncating structure located approximately 350m 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 orebody or displaces it.

Bauhinia Creek benefits from an overall 8% increase in ounces for the Indicated Resource (previously 1.8Mt @ 7.4g/t for 429Koz Au), effectively replacing and expanding on what has been mined to date. Inferred Resources here are reduced overall, partly due to their conversion to Indicated Resources. Additional certainty around mining costs following the Company's first full year of gold production and the optimisation studies conducted have positively identified the portion of the Bauhinia Creek orebody that is amenable to open pit mining. This has resulted in an increased cut-off grade of 3 g/t being applied to those resources occurring outside the pit shell which are likely to be extracted by underground mining.

Luika

Ore zone intersections at Luika largely confirmed the existing orebody interpretation. Robust mineralised intersections in both the mother hole and deflection of CSD041 (7.3m @ 7.7g/t and 7.1m @ 9.9g/t) support previous drilling results suggesting a high grade zone extending at depth.

Luika shows a 12% increase in ounces for the Indicated Mineral Resources (previously 2.0Mt @ 3.1g/t for 204Koz Au) over the previous resource estimate. Inferred Mineral Resources at Luika have also been

reduced due to their conversion to Indicated Resources and the application of an increased cut-off grade of 3 g/t suitable for an underground mining scenario.

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

Table 2: January 2014 In-situ Resource for New Luika

BAUHINIA CREEK					
Category		**Cut-Off (g/t)**	**Tonnes (Mt)**	**Grade (g/t)**	**Ounces (Koz)**
Open Pit	Indicated	1.1	1.4	8.3	364
	Inferred	1.1	0.0	2.0	2
	Total	**1.1**	**1.4**	**8.1**	**366**
Under-ground	Indicated	3.0	0.7	4.6	100
	Inferred	3.0	0.7	3.8	83
	Total	**3.0**	**1.4**	**4.2**	**183**
Total	Indicated		2.0	7.1	464
	Inferred		0.7	3.7	86
	Total		**2.8**	**6.2**	**549**
LUIKA					
Category		**Cut-Off (g/t)**	**Tonnes (Mt)**	**Grade (g/t)**	**Ounces (Koz)**
Open Pit	Indicated	1.1	1.2	3.3	129
	Inferred	1.1	0.0	6.5	6
	Total	**1.1**	**1.2**	**3.4**	**135**
Under-ground	Indicated	3.0	0.6	4.8	100
	Inferred	3.0	0.4	5.0	64
	Total	**3.0**	**1.0**	**4.9**	**164**
Total	Indicated		1.8	3.9	228
	Inferred		0.4	5.1	70
	Total		**2.3**	**4.1**	**299**
TOTAL					
Category		**Cut-Off (g/t)**	**Tonnes (Mt)**	**Grade (g/t)**	**Ounces (Koz)**
Open Pit	Indicated	1.1	2.6	6.0	492
	Inferred	1.1	0.1	4.1	8
	Total	1.1	2.6	5.9	501
Under-ground	Indicated	3.0	1.3	4.7	200
	Inferred	3.0	1.1	4.3	148
	Total	**3.0**	**2.4**	**4.5**	**347**
Total	Indicated		3.9	5.5	692
	Inferred		1.1	4.2	156
	Total		**5.0**	**5.3**	**848**

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 full-time employee of the company in the capacity of Resource Manager. 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, Shanta Gold's consultant Mining Engineer. The ongoing plant expansion was also taken into consideration which is planned to enable gold production to be increased to 80,000 ounces per annum. The JORC (2012 Edition) compliant December 2013 Mineral Resources estimate, summarised above, formed the basis of this Ore Reserve estimate and the Measured and Indicated Mineral Resources are inclusive of those Mineral Resources that have been modified to produce the Ore Reserves stated here.

Ore Reserves were estimated with Micromine 2013, utilising the Lerchs-Grossman optimisation algorithm, using the current mining operation's cost structure and pit slopes defined in the geotechnical report by Middindi.

All the Ore Reserves estimated at New Luika are contained within the Measured and Indicated Resource category envelope and result in two open pits: one located at Bauhinia Creek and one at Luika at depths to 200m and 120m below surface respectively. The reserve currently supports average production rates from the Bauhinia Creek and Luika operations of 480,000 tonnes per annum over a five year life. Gold production from the open pits over this period averages 80,000 ounces per annum. Studies are currently underway to assess the underground mining potential at both Bauhinia Creek and Luika and are expected to be completed by the end of Q2. The open pit and underground mining potential of the other seven mineralised targets within the New Luika mining license are also being investigated as well as the on-surface auriferous gravel occurrences on the property.

The updated Ore Reserve estimate is summarised below:

Target	January 2014 Ore Reserves for New Luika					
	In-situ Tonnes (Mt)	Grade (g/t)	In-Situ Ounces (Koz)	ROM Tonnes (Mt)	Grade (g/t)	Recoverable Ounces (Koz)
Bauhinia Creek	1.36	8.4	359	1.33	7.9	337
Luika	1.20	3.3	128	1.19	3.1	119
Total Probable Ore Reserve	**2.56**	**6.0**	**487**	**2.52**	**5.6**	**456**

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

Parameter	Units	Value
Gold Price	US$ per ounce	1,300
Overall Pit Wall Slope	Degrees	45[1]
Total Contained Ore	Mt	2.56
Total Contained Waste	Mt	41.72
Average stripping ratio	Waste/Ore	16.5/1
Contained Gold in Situ	Koz Au	487
Mining Dilution Added	%	6
Mining Recovery	%	94
Processing Plant Feed Rate	Tonnes per year	480,000
Average Head Grade	Au g/t	5.6
Processing Recovery	%	89
Average Mining Cost	USD per tonne mined	4.12
Processing Cost	USD per tonne milled	34.20
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 1.14g/t and the average cash cost inclusive of royalties is USD 748 per ounce.

The reported Ore Reserves have been compiled by Mr. Philip van Vuuren BSc (Min) Eng, BComm (UNISA) is a member of the SAIMM (member number 20424) and ECSA (member number 865248) and an *independent consulting Mining Engineer*. He has 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. van Vuuren gives 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 Resource Manager, 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.

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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 and Luika targets at the New Luika Gold Mine was completed in January 2014 by Shanta Gold
- 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 Datamine™ 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 both weathering and 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 conducted by Mr Philip van Vuuren that identified those portions of Bauhinia Creek and Luika that are amenable to open pit mining. The parameters established in the latest reserve and a US$1,300/oz gold price were used to create an ultimate pit based on the total resource. Mineral resources falling within this pit shell demonstrate "reasonable prospects of eventual economic extraction" with an open pit mining scenario and a 1.14g/t Au cut-off was applied. The most likely scenario to extract those resources falling outside the "total resource shell" is by underground mining methods and a study of our peers showed that a 3.0g/t Au cut-off is appropriate for these resources
- 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