29 September 2015

Shanta Gold Limited

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

New Luika Gold Mine Base Case Mine Plan and Reserves Update

Shanta Gold (AIM: SHG), the East Africa-focused gold producer, developer and explorer, is pleased to announce its underground feasibility study, base case mine plan (the “Plan”) and updated reserves statement for its New Luika Gold Mine ("NLGM"), in Southwest Tanzania.

Highlights:

Underground Feasibility Study

- An Underground Feasibility Study has been completed by independent consultants, AMC Consultants (UK) Limited (“AMC”). The study provides for the extraction of 1.57 Million tonnes (“Mt”) over six years at a grade of 6.5 grams/tonne (“g/t”);
- The underground mine will produce 310,000 ounces (“oz”) and the project Net Present Value (“NPV”) at an 8% discount rate and gold price of US$1,200 /oz is US$72 million (“m”), with a pre-tax Internal Rate of Return (“IRR”) of 56%;
- Underground life of mine average Cash Cost and All In Sustaining Cost (“AISC”) of US$499 /oz[1] and US$640 /oz[2] respectively; and
- Pre-production capital cost of US$38.4 m including contingency. Options being reviewed to finance underground mobile equipment and power plant with the balance of funding to come from internal cash flow and Investec standby facility.

Base Case Mine Plan

- The Plan includes ongoing surface mining, the tailings recovery project and incorporates the underground mining operation;
- Underground operations provide an extension of high grade ore supply to maintain an average NLGM production of 84,000 oz per annum (“pa”) over the next five years with potential to further optimize the schedule;
- A separate tailings recovery project will produce a further 19,000 oz with a project NPV of US$5.1 m at an 8% discount rate and a pre-tax IRR of 49%;
- The Plan provides for extraction from mining of 2.79 Mt for the production of 443,000 oz from January 2016 to 2022 (133,000 oz from open pit and 310,000 oz from underground);
- The Plan’s average Cash Cost and AISC are US$532 /oz and US$695 /oz respectively;
- Upside in further optimisation, cost reduction and inclusion of substantial resources that currently still sit outside the Plan; and
- Post-tax NPV for the Plan from January 2016 of US$110.4 m at an 8% discount rate and a gold price of US$1,200 /oz.

Reserves

- Underground reserves increased by 31,000 oz (10%) to 329,000 oz on lower tonnes but improved grade with 1.57 Mt at 6.5 g/t using a US$1,200 /oz gold price[3]; and
- Probable reserves for surface and underground of 2.65 Mt at 5.9 g/t gold, for 506,000 oz[3].

Exploration and Future Potential at New Luika

- Total resources that sit outside of the Plan amount to 6.64 Mt at 2.41 g/t for 514,000 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 enabling quick access to early production;
- One such example is the Elizabeth Hill Indicated Resource which was declared on 17 September 2015 as 2.3 Mt at 1.7 g/t for 128,000 oz. This was too late for inclusion in the Plan

and only 5,000 oz of this resource has been included thus far. The full resource will be evaluated and included in a subsequent update of the mine plan;

- The Plan currently has un-utilised mill capacity of 362,000 tonnes over the first 5 years that on-going resource exploration and optimisation work can fill thus adding to near term project value;
- Additional resources brought into the mine plan will provide the opportunity to further extend the life of the high grade underground resources, push out capital expenditure, extend the life of the operation and further improve the NPV; and
- The high grade underground deposits are open at depth and carry significant inferred resources that will be further explored.

[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.*

A presentation accompanying this announcement is available on Shanta's website: www.shantagold.com

Toby Bradbury, Chief Executive Officer, commented:

"We are pleased to announce the base case mine plan which gives clarity on the production profile at our flagship operation, the New Luika Gold Mine, from January 2016 to late 2022.

"The mine plan clearly demonstrates a significant upward revision of the reserve figures and the positive economics of the underground feasibility study it includes. The economics of the updated mine plan remain robust despite the recent gold price environment and demonstrate the quality of the geological endowment at New Luika. We are confident that subsequent upgrades will be provided through an active review of costs and the substantial resources that remain outside this mine plan.

"We will continue to explore on-mine and surrounding mineralisation, and bring indicated and inferred resources into future mine plan reserves. I would like to thank the entire team that has worked so hard to deliver this result, our investors and our host communities for their continued support.

"In the meanwhile, we confirm again our progress towards achieving our 2015 annual production and cost guidance."

New Luika Underground Mine - Feasibility Study

In January 2015, a drilling program was initiated to better define the resources on which an underground mining operation would rely. Following the drilling and an updated resource statement, AMC was engaged by Shanta to undertake a feasibility study ("FS") for the New Luika Underground Mine ("NLUM" or the "Project") below the existing open-pit operations at the NLGM. NLGM consists of two main deposits: Bauhinia Creek ("BC") and Luika.

NLGM's life-of-mine plan has the following key metrics for the underground mine:

Underground Project Summary	
Underground reserve	1.57 Mt at 6.5 g/t for 329,000 oz
Projected mine life	Six years
NPV at 8%	US$72 m
Project IRR (pre-tax)	56%
Pre-production capital expenditure	US$38.4 m
Total capital expenditure over project life	US$61.2 m
Payback period	Three years
Life of Mine Cash Cost	US$499 /oz
Life of Mine AISC	US$640 /oz

Key assumptions:	
Gold price	US$1,200 /oz
Processing recovery	90%

Mill throughput capacity	600,000 tonnes pa
Diesel price	US$0.91 per litre
HFO price	US$0.72 per litre

The planned underground mining operation is low tonnage, with access from a portal in the BC Pit with minimal footwall ramp development. Mining methods will be Long-Hole Open-Stoping with backfill. A development drive across to Luika will provide access to a similar footwall ramp development for mining by Cut-and-Fill. Final depth of mining based on current reserves is planned to 330 metres and 315 metres for BC and Luika respectively.

Key milestones for the Project are the commencement of portal development in Q2 2016 with underground production scheduled from Q2 2017. The design of the open pit has provided for the portal and ventilation rise locations and these are being incorporated into the current open pit mining operations.

The US$38.4 m in pre-production expenditure is comprised of US$8.2 m for surface and underground fixed infrastructure, US$14.5 m for mobile equipment, US$8.2 m for lateral and vertical development and US$7.5 m for the power plant upgrade. The underground mining equipment includes a 5% contingency within an overall contingency for all capital purchased items of 8%.

Cut-off grades were calculated to be 3.0 g/t and 3.5 g/t for BC and Luika respectively. The higher cut-off grade applies to Luika because the selected mining method has a higher cost per ton. Mining method selection was based on achieving maximum recovery with minimum dilution with particular consideration given to orebody geometry and geotechnical constraints. At BC the method of long hole open stoping with cemented rock fill will ensure high productivity at relatively low cost. At Luika the method of cut and fill with flat-backing will ensure higher selectivity and smaller spans in what are expected to be more adverse ground conditions compared to BC.

The senior underground mining engineer to take this Project through development and into production is already employed and has been working closely with the Project team on the FS since April this year. Individuals for key roles in the underground team have also been identified.

Base Case Mine Plan

The strategy for NLGM is to maximise value and mine life from the existing assets within the mining license.

The future for BC and Luika is increasingly underground focused. 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 2.79 Mt for the production of 443,000 oz from January 2016 to 2022 with 133,000 oz (30%) from open pit and 310,000 oz (70%) from underground.

A separate tailings recovery project produces a further 19,000 oz with a project NPV of US$5.1 m (at an 8% discount rate) and a pre-tax IRR of 49%.

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

Base Case Mine Plan Summary	
Open pit and underground reserve	2.65 Mt at 5.9 g/t for 506,000 oz
Projected mine life	Six years
NPV (post-tax) at 8%	US$110.4 m from 1 January 2016
Total capital expenditure over project life	US$77.6 m from 1 January 2016
Payback period	Three years
Life of Mine Cash Cost	US$535 /oz
Life of Mine AISC	US$695 /oz

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

Gold price	Discount rates		
	5%	8%	10%
US$1,100 /oz	87.3	76.1	69.6
US$1,200 /oz	124.8	110.4	102.0
US$1,300 /oz	162.4	144.8	134.5

These are post-tax NPVs. It is anticipated that Shanta's first corporate tax will become payable in 2020.

Based on reserves at the time of completing the Plan, un-utilised mill capacity exists in four of the next five years representing 362,000 tonnes of spare throughput. There remains substantial scope to improve the Plan as new reserves are brought to account. The process to deliver this is covered below under *Exploration and Future Potential at New Luika*. It is anticipated that full mill capacity will be utilised and subsequent Mine Plan updates will progressively reflect this.

Production for the next five years averages 84,000 oz pa. Included in the production figures is the processing of mineralised material from underground development which is below the economic definition for underground reserves but is comparable to the lower grade ores from surface operations.

PRODUCTION		**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
Open Pit									
Material Mined	tonnes	5,229,643	1,828,397	251,617	-	-	-		7,309,658
Ore Mined	tonnes	559,088	326,719	71,877	-	-	-		957,685
Strip Ratio		8	5	3	-	-	-	-	7
Grade	g/t	5.35	4.38	2.30	-	-	-		4.79
Contained Gold	koz	96	46	5	-	-	-	-	148
Underground									
Material Mined	tonnes	227,309	454,676	621,738	796,402	540,606	85,992	56,077	2,782,800
Ore Mined	tonnes	41,684	271,737	396,755	538,273	449,861	81,586	53,273	1,833,168
Grade	g/t	5.45	4.62	5.54	6.21	5.49	8.64	9.68	5.84
Contained Gold	koz	7	40	71	107	79	23	17	344
Reserve Ore Mined	tonnes	28,433	153,901	306,528	514,194	432,810	81,586	53,273	1,570,725
Reserve Grade	g/t	7.12	8.06	7.93	7.41	6.70	11.97	14.37	7.72
Mineralised Waste	tonnes	13,251	117,836	90,228	24,079	17,051			262445
Mineralised Grade	g/t	1.86	1.86	1.86	1.77	1.77			1.85
Total									
Ore Mined	tonnes	600,772	598,456	468,633	538,273	449,861	81,586	53,273	2,790,853
Grade	g/t	5.36	4.49	5.04	6.21	5.49	8.64	9.68	5.48
Contained Gold	koz	104	86	76	107	79	23	17	492

Processing									
Tonnes Milled	tonnes	523,651	600,000	526,268	530,882	457,252	81,586	53,273	2,772,911
Head Grade	g/t	5.52	4.65	4.96	6.23	5.48	8.64	9.68	5.53
Mine Gold Produced	koz	84	81	76	96	72	20	15	443
Tailings Gold Produced	koz	-	5	3	3	3	3	3	19
Total Gold Produced	koz	84	86	78	98	75	23	18	462

There are a number of key infrastructure projects that will be completed as part of the Plan. These relate to water security, power supply and tailings storage.

NLGM is in the final approval stages to construct a dam on the Luika River that will enable operations to withstand a year without rain. The quantity of water stored is an insignificant proportion of the water that flows down the Luika River. At the end of the life of the NLGM, this dam will form part of Tanzania's infrastructure.

The Plan includes a new power plant to replace and expand the existing power plant. NLGM will continue to use heavy fuel oil but the new plant has low speed engines which provide a longer life and are more efficient. The cost benefits of the revised power costs have been incorporated into the Plan. Options to use renewable energy sources, namely solar and hydro, are potentially part of the solution, as is the connection to grid power for non-essential services, where this will further improve cost. NLGM already has a 63 kW pilot solar plant operating on site.

A new tailings storage facility is to be commissioned in 2016 which will provide for an initial eight year mine life at current mill capacity. This includes capacity for the retreatment of the contents of the existing tailings facility which contain gold and silver not recovered prior to the elution plant commissioned in 2014.

Capital and Finance

A summary of operating costs is provided below.

COSTS		2016	2017	2018	2019	2020	2021	2022	Total
Open Pit Mining	$/oz	358	338	242	-	-	-	-	341
Underground Mining	$/oz	291	342	286	258	284	183	162	271
Processing	$/oz	159	195	176	141	166	146	160	165
G&A	$/oz	117	114	125	100	130	63	82	112
By-product Credit	$/oz	(24)	(23)	(26)	(26)	(27)	(33)	(35)	(26)
Royalty & Selling	$/oz	61	61	61	61	61	62	62	61
Other (SIB, Interest, Corp)	$/oz	141	118	107	80	91	44	57	102
Cash Cost									
Open Pit Mining	$/oz	610	603	672	-	-	-	-	613
Underground Mining	$/oz	547	611	524	446	547	324	325	499
Total	$/oz	605	607	543	465	543	338	343	532
AISC									
Open Pit Mining	$/oz	817	822	885	-	-	-	-	835

Underground Mining	$/oz	691	758	666	599	703	436	455	640
Total	$/oz	807	786	712	606	696	444	462	695

A summary of capital expenditure is summarised below.

	Q4 2015	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**TOTAL**
	$000	$000	$000	$000	$000	$000	$000	$000	$000
UG Capital Development	6,019	21,532	7,558	8,674	9,503	0	-	-	**53,286**
Open pit Mines Development	4,051	785	200	-	-	-	-	-	**5,036**
Power Plant Uprate	3,790	11,216	-	-	-	-	-	-	**15,006**
Luika River Dam	950	633	2,105	-	-	-	-	-	**3,688**
TSF2 Phase 1	1,804	2,737	-	-	-	-	-	-	**4,541**
TSF2 Phase 2	-	-	-	2,000	-	-	-	-	**2,000**
Plant Uprate Phase 1	367	367	-	-	-	-	-	-	**735**
Plant Uprate 2 – Tailings Retreatment	-	4,045	-	-	-	-	-	-	**4,045**
Singida Pre-feasibility	909	1,183	-	-	-	-	-	-	**2,092**
Exploration - Nkuluwisi & NLGM	285	1,000	-	-	-	-	-	-	**1,285**
Other	2,253	2,064	777	672	562	-	-	-	**6,327**
TOTAL CAPEX	**20,428**	**45,562**	**10,639**	**11,345**	**10,065**	**0**	**0**	**0**	**98,040**

The Company is reviewing options to finance items such as power and mobile underground equipment. The balance of funding for the Plan will be from internal cashflows and utilisation of the undrawn portion of the Investec stand-by facility (US$10 m).

Reserves

The total reserves position for NLGM as at 1 September 2015 is given below:

Deposit and classification	**Ore tonnes** (kt)	**Ore grade** (g/t Au)	**Contained Ounces** (koz)	**Recoverable Ounces** (koz)
Total Ore Reserves – Underground	1,571	6.5	329	296
Total Ore Reserves – Open Pits	1,085	5.08	177	159
Total Ore Reserve – Open Pits + Underground	2,656	5.93	506	455

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	1,099	7.1	251	226
Luika				
Probably Reserve	471	5.1	78	70
Total Ore Reserve	**1,571**	**6.5**	**329**	**296**

1. The Ore Reserve for BC 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. 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 90%.

3. The Competent Person for the Ore Reserve is Wilson Feltus MAusIMM. The Ore Reserve was estimated as part of a Feasibility Study prepared by AMC consultants (UK) Limited for Shanta Mining Company Limited. Wilson Feltus is a full-time employee of AMC Consultants (UK) Limited.
4. JORC Code Table 1 for the underground Ore Reserve is appended to this statement.

Underground reserves have increased by 31,000 oz (10%) from the October 2014 Reserve Statement. Whilst tonnes in BC were broadly similar, the results from drilling and the reallocation of surface reserves to underground have substantially improved the grade from 4.4 g/t to 7.1 g/t. Tonnes in Luika have reduced, albeit at a higher grade reflecting the impact of prior mining and diminished economics at a lower gold price.

	September 2015				**September 2014**				**Increment**			
Deposit and classification	Ore tonnes (kt)	Ore grade (g/t Au)	Contained metal (koz)	Recoverable Ounces (koz)	Ore tonnes (kt)	Ore grade (g/t Au)	Contained metal (koz)	Recoverable Ounces (koz)	Ore tonnes (kt)	Ore grade (g/t Au)	Contained metal (koz)	Recoverable Ounces (koz)
Bauhinia Creek												
Probable Reserve	1,099	7.1	251	226	1,175	4.4	166	149	-76	2.7	85	77
Luika												
Probable Reserve	471	5.1	78	70	1,088	3.7	130	117	-617	1.4	-52	-47
Luika South												
Probable Reserve					21	3.4	2	2	-21	-3.4	-2	-2
Total Ore Reserve	1,570	6.5	329	296	2,284	4.1	298	268	-714	1.4	31	28

2015 Reserves calculated at US$1,200 /oz. 2014 Reserves calculated at US$1,300 /oz.

Open Pit Ore Reserves

There has been no change to the open pit reserves since the last Reserve Statement of April 2015, save for depletion to the end of August 2015 which is reflected in the table below.

Deposit and classification	**Ore tonnes (kt)**	**Ore grade (g/t Au)**	**Contained Ounces (koz)**	**Recoverable Ounces (koz)**
Bauhinia Creek OP				
Probable Reserve	282	10.75	97	88
Luika OP				
Probable Reserve	271	3.52	31	28
Ilunga OP				
Probable Reserve	120	4.42	17	15
Black Tree Hill OP				
Probable Reserve	145	1.95	9	8
Elizabeth Hill OP				
Probable Reserve	70	2.30	5	5
Jamhuri OP				
Probable Reserve	121	2.45	10	9
Shamba OP				
Probable Reserve	76	3.37	8	7

Total Ore Reserve - Open Pits	1,085	5.08	177	159

Exploration and Future Potential at New Luika

Total resources in addition to the Plan amount to 6.64 Mt at 2.41 g/t for 514,000 oz (1.0 g/t cut-off for open pit; 3.0 g/t cut-off for underground). Within this, 2.77 Mt at 2.38 g/t for 212,000 oz are indicated resources and are predominantly (77%) surface mineable. Work is underway to review the mining cost of these surface deposits to enhance their economics.

Of the inferred resources, (3.87 Mt at 2.43 g/t for 302,000 oz) the majority are underground (87%) and can benefit from increased drilling density. Of particular interest in the underground inferred resources are the potential extensions at BC and Luika deposits which are open at depth and will have the benefit of the planned mine infrastructure. Inferred resources for BC and Luika underground are 0.68 Mt at 4.76 g/t for 105,000 oz. The deeper drilling of these deposits is planned from the underground. The current underground mine plan goes down to 330 metres and 315 metres at BC and Luika respectively. The infrastructure could be anticipated to support mining down to 500 metres.

With the anticipated upgrading of resources that sit outside the Plan, there is an opportunity to bring forward production from satellite open pits. This will utilise spare mill throughput capacity and also potentially stretch the life of the high grade underground reserves thus enabling further low grade resources to be profitably mined. This has benefits of improving overall project value and delaying capital expenditure.

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 of 2015 and 2016 with resource upgrade and extension drilling underway. The intention is to continue to add resources and update the Plan in line with the exploration and development of a number of pits and prospects.

Elizabeth Hill
Encouraging results have been achieved with the Company's first upgrade drilling program at the Elizabeth Hill Mineralised Prospect, as announced on 17 September 2015, containing a total resource of 2.3 Mt at 1.7 g/t for 128,000 oz. This Prospect provides the basis for Shanta's next mine plan update. (The Plan provides for mining only 0.07 Mt at 2.3 g/t for 5,000 oz of this resource).

Bauhinia Creek and Luika Pits
The high grade nature of the BC and Luika pits offers good potential to convert inferred resources. Additionally, potential extensions at BC and Luika deposits are of particular interest, being open at depth and benefitting from existing and planned mine infrastructure. The deeper drilling of these deposits is planned in 2018 or earlier if development permits.

Black Tree Hill and Satellite Pits
In Q4 2015, upgrade drilling will commence at Black Tree Hill, another known mineralised prospect within the NLGM mining tenement area. Black Tree Hill is located less than one kilometre from the NLGM processing plant and currently contains 1.67 Mt at 1.77 g/t for 95,000 oz, of which only 145,000 tonnes at 1.95 g/t for 9,000 oz is in 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. Other on-mine mineralised prospects to be optimised in the short-to-medium include the Luika South and Ilunga Prospects.

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. Progress on this work will be reported in due course.

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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 84,000 ounces in 2014. The Company is admitted to trading on London's AIM and has approximately 468 million shares in issue. For further information please visit: www.shantagold.com.

The Ore Reserve for BC and Luika 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. 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 90%. The Competent Person for the Ore Reserve is Wilson Feltus MAusIMM. The Ore Reserve was estimated as part of a FS prepared by AMC for Shanta. Wilson Feltus is a full-time employee of AMC Limited and consents to the inclusion of the underground Ore Reserve in the form and context in which it appears.

The Ore Reserve for BC, Luika, Jamhuri and 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 Bauhinia Creek, Luika and Jamhuri were dated end June, 2015

The Ore Reserve estimate is based on utilising conventional open pit method. A cut-off grade of 1.10 g/t Au is applied to compute the economic reserves. Economic evaluations are at a gold price of US$1,200 /oz. (Previous Reserve Statement was based on US$1,300 /oz.) Ore processing is through the existing New Luika processing plant at a gold recovery of 90%.

The JORC Code (2012) compliant study supporting the Ore Reserve statement was completed by Philip van Vuuren (open pit), Shanta Gold's Consultant Mining Engineer. The JORC Code (2012) compliant June 2015 Mineral Resources estimate, summarized above, formed the basis of this Ore Reserve estimate. Open pit ore Reserves were estimated with Micromine 2014, utilizing the Lerchs-Grossman optimization algorithm, using the current mining operation's cost structure and pit slopes defined in the geotechnical report 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 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.
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.	A visit to the site was undertaken by the Competent Person (CP), Wilson Feltus 15–19 March 2015. The site visit was undertaken for a different purpose and prior to being requested to assist in the estimation of the Ore Reserve.
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.	A feasibility study on the underground mine has been carried out by AMC consultants (UK) Limited. AMC considers the plan outlined in the feasibility study is not optimal and could be improved with better information, and additional work. The plan described in the feasibility study is considered technically and economically achievable.
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. The cut-off grade estimate was based on processing and general and administration costs provided by SMCL, a previous conceptual mining study, 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 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.	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. 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 AMC reviewed and used these geotechnical recommendations.
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 specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	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 to AMC 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 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. The underground mine will increase the infrastructure requirements with an increase in power demand, labour, and camp accommodation. These costs are not included in the capital costs for the underground project.
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. SMCL reviewed AMC's work on the cost model and had significant input into many of the assumptions. AMC and the CP consider the estimated operating cost in the feasibility study to be optimistic and recommend a contingency be applied. The possible variance in operating cost is not sufficient to result in a reduction in the Ore Reserve which is estimated using a cut-off grade above breakeven.

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 price(s), for the principal metals, minerals and co-products.	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 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 is assumed to 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 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.	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 Reserve and associated site facilities. All government approvals are expected to be received. The Ore Reserve is subject to approval by SMCL and its financiers to finance the development of the mine.
Classification	The basis for the classification of the Ore Reserves into varying confidence categories.	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

	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).	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 AMC. The work was subject to internal AMC's Peer Review processes. SMCL also reviewed the work. No reviews external to AMC or SMCL have been undertaken.
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 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.	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 feasibility study. 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 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.

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