

17 September 2015

Shanta Gold Limited

("Shanta Gold" or the "Company")

Trading Update and Elizabeth Hill Resource Upgrade

Shanta Gold (AIM: SHG), the East Africa focused gold producer, developer and explorer, is pleased to provide an update from its ongoing resource development and optimisation program at the New Luika Gold Mine ("NLGM"), in South west Tanzania.

Highlights:

- Production and costs have been maintained at budgeted levels and remain on track to meet full year guidance of 72,000-77,000 ounces ("oz") at All in Sustaining Costs of US\$850-900/oz;
- NLGM Life of Mine Plan on track to be delivered before month end; and
- Improved definition of near surface resources at Elizabeth Hill Prospect ("Elizabeth Hill");
 - Greater grade continuity established between wide-spaced drill holes previously drilled, and surface trenches;
 - Total Mineral Resources at Elizabeth Hill of 128,000oz¹ (2.3Mt at 1.7g/t):
 - 40,000oz (46%) increase in total Resource compared to the last reported Mineral Resource 2011.

Note (1): using a US\$1,200/oz gold price and a 1.0 g/t cut-off grade

Toby Bradbury, Chief Executive Officer, commented:

"Upgrading the Elizabeth Hill Prospect is the first of a number of programs aimed at improving our understanding of the true value of New Luika Gold Mine resources. We will now go about determining how best Elizabeth Hill fits into the Life of Mine Plan, which we are scheduled to release the base case for at the end of this month.

Elizabeth Hill, along with a number of other prospects within our development program, will be integrated to the Life of Mine Plan as a subsequent update to the base case. Additional exploration is also on-going in the tenements adjacent and close to the New Luika Mining License offering the potential for additional medium-term resources.

We are pleased to note that production and costs have remained at budgeted levels and we remain on course to hit full year guidance."

Elizabeth Hill Resource Upgrade

Following the successful completion of a reverse circulation drilling program targeting Elizabeth Hill, all newly acquired data and updated wireframe solids were submitted to independent consultants for resource estimation purposes. The new drilling information has focused on the near-surface levels of the currently-defined Elizabeth Hill Resource in order to identify the extent of economically exploitable ore tonnages amenable to open pit mining methods.

Elizabeth Hill is manifested as a linear South east trending topographic high, located approximately 4km east of the NLGM Processing Plant. Elizabeth Hill's topographically elevated nature suggests that future low stripping ratio open pit exploitation may further reduce average unit costs associated with the mining cycle at NLGM.

With progressive process plant upgrades at NLGM enabling the Company to increase monthly ore tonnage throughput, the required head grade at NLGM has decreased. The Company is therefore in a position to exploit lower grade satellite deposits within the NLGM tenement which have been identified during earlier drilling phases. Low-to-medium grade gold ore from satellite deposits can be blended with high grade ore from Shanta's Bauhinia Creek pit to ensure steady plant feed grades and optimise gold recoveries. It is envisaged that this may have a positive effect on the longer term sustainability of NLGM operations.

The below table of results shows how Shanta's resource development and optimisation program has, to date, delivered improved Indicated, Inferred and overall resources at Elizabeth Hill.

Table 1: Elizabeth Hill in-situ Resource inventories, 2011, 2015

Elizabeth Hill In-situ Resource 2011				Elizabeth Hill In-situ Resource 2015				Difference			
Indicated				Indicated				Indicated			
Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces
g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz
0.0	4.07	0.6	79	0.0	4.66	0.7	104	0.0	14%	13%	31%
0.5	1.73	1.0	57	0.5	2.38	1.1	85	0.5	38%	8%	48%
1.0	0.51	1.8	29	1.0	0.95	1.7	52	1.0	87%	-5%	78%
1.5	0.28	2.3	21	1.5	0.49	2.2	34	1.5	75%	-4%	67%
2.0	0.16	2.8	14	2.0	0.26	2.6	22	2.0	65%	-5%	57%
2.5	0.11	3.0	10	2.5	0.10	3.2	11	2.5	-2%	7%	5%
3.0	0.04	3.4	4	3.0	0.05	3.6	6	3.0	25%	8%	35%
Inferred				Inferred				Inferred			
Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces
g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz
0.0	6.34	0.8	152	0.0	5.68	0.8	154	0.0	-10%	12%	1%
0.5	4.47	0.9	130	0.5	4.11	1.0	137	0.5	-8%	15%	6%
1.0	1.26	1.5	58	1.0	1.36	1.7	76	1.0	8%	19%	29%
1.5	0.45	1.8	26	1.5	0.63	2.3	47	1.5	41%	27%	79%
2.0	0.09	2.5	7	2.0	0.35	2.8	32	2.0	296%	13%	348%
2.5	0.03	2.9	3	2.5	0.25	3.1	24	2.5	622%	4%	651%
3.0	0.01	3.3	1	3.0	0.12	3.4	14	3.0	783%	5%	825%
Total				Total				Total			
Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces	Cut Off	Tonnes	Grade	Ounces
g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz	g/t	Mt	g/t	Koz
0.0	10.41	0.7	231	0.0	10.34	0.8	257	0.0	-1%	12%	11%
0.5	6.20	0.9	187	0.5	6.49	1.1	222	0.5	5%	13%	19%
1.0	1.76	1.6	88	1.0	2.31	1.7	128	1.0	31%	11%	46%
1.5	0.73	2.0	47	1.5	1.12	2.3	81	1.5	54%	13%	74%
2.0	0.24	2.7	21	2.0	0.61	2.7	53	2.0	149%	3%	156%
2.5	0.14	3.0	13	2.5	0.35	3.1	35	2.5	151%	4%	162%
3.0	0.05	3.3	6	3.0	0.17	3.5	19	3.0	219%	4%	231%

The Company has submitted these Elizabeth Hill resource estimation findings and updated 3D block models for pit optimisation studies and subsequent integration into the Life of Mine production schedule.

Additional resource upgrade drilling programmes at other satellite deposits within the NLGM mining license have been approved and will be commissioned from Q4 2015 onwards.

Enquiries:

Shanta Gold Limited

Toby Bradbury (CEO)

Patrick Maseva-Shaywabaya (CFO) +255 (0) 22 2601 829

Nominated Adviser and Broker

Peel Hunt LLP

Matthew Armitt/Ross Allister +44 (0) 20 7418 8900

Joint Broker

GMP Securities Europe LLP

Richard Greenfield/Alexandra Carse +44 (0) 20 7647 2800

Financial Public Relations

Tavistock

Emily Fenton/Nuala Gallagher +44 (0) 20 7920 3150

Competent Person Statement

The technical information contained within this announcement has been reviewed and approved by Mr. David Briggs Pri.Sci.Nat. NHD Economic Geology, a Member of the South African Council for Natural Scientific Professionals (SACNASP Membership Number 400225/09), a 'Recognized Professional Organization' (RPO) included in a list that is posted on the ASX website from time to time. Mr. Briggs is a consultant to Shanta and 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.

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 468 million shares in issue. For further information please visit: www.shantagold.com.