Interim Condensed Consolidated Financial Statements of

TERANGA GOLD CORPORATION

For the three and six months ended June 30, 2017

(unaudited)

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(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three months ended June 30,		Six months ended June 30,	
	Note	**2017**	**2016**	**2017**	**2016**
Revenue	4	72,040	73,562	142,362	152,760
Mine operation expenses	5	(41,092)	(36,716)	(82,924)	(75,662)
Depreciation and amortization	6	(13,189)	(11,511)	(25,815)	(25,096)
Cost of sales		**(54,281)**	**(48,227)**	**(108,739)**	**(100,758)**
Gross profit		**17,759**	**25,335**	**33,623**	**52,002**
Exploration and evaluation expenditures		(2,336)	(1,511)	(4,296)	(2,924)
Administration expenses	7	(2,368)	(1,976)	(4,674)	(3,549)
Corporate social responsibility expenses		(765)	(1,065)	(1,653)	(2,032)
Share-based compensation		(553)	(2,601)	(1,430)	(3,549)
Finance costs	8	(864)	(1,266)	(1,719)	(2,337)
Net foreign exchange losses		(2,441)	(366)	(2,962)	(1,849)
Other income/(expenses)	9	1,160	(2,937)	474	(7,897)
		(8,167)	**(11,722)**	**(16,260)**	**(24,137)**
Profit before income tax		**9,592**	**13,613**	**17,363**	**27,865**
Income tax recovery/(expense)	10	803	(5,750)	245	(10,659)
Net profit		**10,395**	**7,863**	**17,608**	**17,206**
Net profit attributable to:					
Shareholders		9,640	6,146	15,803	13,958
Non-controlling interests		755	1,717	1,805	3,248
Net profit for the period		**10,395**	**7,863**	**17,608**	**17,206**
Other comprehensive loss					
Change in fair value of available for sale financial asset, net of tax		(414)	-	899	-
Other comprehensive (loss)/income for the period		**(414)**	**-**	**899**	**-**
Total comprehensive income for the period		**9,981**	**7,863**	**18,507**	**17,206**
Total comprehensive income attributable to:					
Shareholders		9,226	6,146	16,702	13,958
Non-controlling interests		755	1,717	1,805	3,248
Total comprehensive income for the period		**9,981**	**7,863**	**18,507**	**17,206**
Earnings per share from operations attributable to the shareholders of the Company during the period					
- basic earnings per share	2b, 22	0.09	0.08	0.15	0.18
- diluted earnings per share	2b, 22	0.09	0.08	0.15	0.18

The accompanying notes are an integral part of these consolidated financial statements

(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at June 30, 2017	As at December 31, 2016
Current assets			
Cash and cash equivalents		80,288	95,188
Trade and other receivables	11	7,210	9,882
Inventories	12	46,170	49,987
Other current assets	14	6,661	8,330
Available for sale financial assets	13	2,070	1,171
Total current assets		**142,399**	**164,558**
Non-current assets			
Inventories	12	114,187	121,245
Property, plant and equipment	15	181,684	185,404
Mine development expenditures	16	333,239	314,522
Deferred income tax assets		22,486	20,084
Other non-current assets	14	6,921	7,564
Total non-current assets		**658,517**	**648,819**
Total assets		**800,916**	**813,377**
Current liabilities			
Trade and other payables	17	47,137	47,409
Current income tax liabilities		3,631	19,834
Deferred revenue	19	22,676	21,353
Provisions	20	4,386	4,979
Total current liabilities		**77,830**	**93,575**
Non-current liabilities			
Borrowings	18	14,074	13,844
Deferred revenue	19	34,985	47,462
Provisions	20	29,338	29,494
Deferred income tax liabilities		384	1,185
Other non-current liabilities	17	10,972	10,884
Total non-current liabilities		**89,753**	**102,869**
Total liabilities		**167,583**	**196,444**
Equity			
Issued capital	21	496,333	496,326
Foreign currency translation reserve		(998)	(998)
Other components of equity		18,999	17,514
Retained earnings		106,706	90,903
Equity attributable to shareholders		**621,040**	**603,745**
Non-controlling interests		12,293	13,188
Total equity		**633,333**	**616,933**
Total equity and liabilities		**800,916**	**813,377**

The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board of Directors

Alan Hill	Alan Thomas
Director	Director

(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Six months ended June 30, 2017	2016
Issued capital			
Beginning of period		496,326	385,174
Issued on exercise of stock options	26	7	71
End of period		496,333	385,245
Foreign currency translation reserve			
Beginning of period		(998)	(998)
End of period		(998)	(998)
Other components of equity			
Beginning of period		17,514	16,905
Equity-settled share-based compensation expense		586	468
Investment revaluation reserve on change in fair value of available for sale financial asset, net of tax		899	-
End of period		18,999	17,373
Retained earnings			
Beginning of period		90,903	67,794
Profit attributable to shareholders		15,803	13,958
End of period		106,706	81,752
Non-controlling interest			
Beginning of period		13,188	9,394
Non-controlling interest - portion of profit for the period		1,805	3,248
Dividend payment to the Government of Senegal		(2,700)	-
End of period		12,293	12,642
Total equity as at June 30		**633,333**	**496,014**

The accompanying notes are an integral part of these consolidated financial statements

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended June 30,		Six months ended June 30,	
	Note	2017	2016	2017	2016
Cash flows related to operating activities					
Net profit for the period		10,395	7,863	17,608	17,206
Depreciation of property, plant and equipment	15	5,748	5,089	11,584	10,850
Depreciation of capitalized mine development costs	16	10,034	4,491	17,411	9,726
Inventory movements - non-cash	6	(2,049)	2,568	(1,621)	5,485
Capitalized deferred stripping - non-cash	6	(362)	(591)	(1,182)	(865)
Amortization of advanced royalties		764	717	1,496	1,682
Losses on derivative instruments		-	1,017	-	1,941
Amortization of intangibles		24	18	48	40
Amortization of deferred financing costs		115	208	229	464
Unwinding of discounts	8	(46)	309	326	534
Share-based compensation	26	553	2,601	1,430	3,549
Deferred gold revenue recognized	19	(5,662)	(5,731)	(11,154)	(11,086)
Deferred income tax (recovery)/expense		(2,304)	893	(3,203)	713
Interest on borrowings		292	32	550	32
Decrease in inventories		4,689	2,209	12,496	3,808
Cash flows related to operating activities before changes in non-cash working capital excluding inventories		22,191	21,693	46,018	44,079
Changes in non-cash working capital other than inventories	24a	(14,757)	(735)	(17,326)	1,022
Net cash provided by operating activities		**7,434**	**20,958**	**28,692**	**45,101**
Cash flows related to investing activities					
Expenditures for property, plant and equipment		(4,550)	(5,163)	(7,461)	(12,178)
Expenditures for mine development		(16,635)	(9,977)	(32,747)	(17,308)
Acquisition of intangibles		(62)	(137)	(154)	(173)
Net cash used in investing activities		**(21,247)**	**(15,277)**	**(40,362)**	**(29,659)**
Cash flows related to financing activities					
Proceeds from stock options exercised		-	35	7	53
Financing cost paid		-	(246)	-	(246)
Dividend payment to the Government of Senegal		-	-	(2,700)	-
Interest paid on borrowings		(272)	(416)	(543)	(860)
Net cash used in financing activities		**(272)**	**(627)**	**(3,236)**	**(1,053)**
Effect of exchange rates on cash holdings in foreign currencies		(94)	(414)	6	(687)
Net (decrease)/increase in cash and cash equivalents		**(14,179)**	**4,640**	**(14,900)**	**13,702**
Cash and cash equivalents at the beginning of period		**94,467**	**53,498**	**95,188**	**44,436**
Cash and cash equivalents at the end of period		**80,288**	**58,138**	**80,288**	**58,138**
Taxes paid in Cash		**15,202**	**5,648**	**15,202**	**5,648**

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Teranga Gold Corporation ("Teranga" or the "Company") is a Canadian-based gold company listed on the Toronto Stock Exchange (TSX: TGZ) and the Australian Securities Exchange (ASX: TGZ). Teranga is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development.

Teranga operates the Sabodala gold mine in Senegal and is completing a feasibility study for the Banfora Project, in Burkina Faso. In addition to earlier stage exploration programs underway in Burkina Faso, Senegal and Cote d'Ivoire.

The address of the Company's principal office is 121 King Street West, Suite 2600, Toronto, Ontario, Canada M5H 3T9.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Since the interim condensed consolidated financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016.

The interim condensed consolidated financial statements were approved by the Board of Directors on July 27, 2017**.**

b. Basis of presentation

All amounts included in these interim condensed consolidated financial statements have been presented in United States dollars unless otherwise stated. The interim condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain financial assets and liabilities that are measured at fair value as disclosed elsewhere in the notes to the financial statements. The interim condensed consolidated financial statements have been prepared based on the Company's accounting policies set out in Note 3 of the annual audited consolidated financial statements for the year ended December 31, 2016.

On May 2, 2017, the shareholders of the Company approved a five-for-one consolidation of the common shares of the Company. The common shares began trading on a consolidated basis on the Toronto Stock Exchange and Australian Securities Exchange on May 8, 2017. All references to share and per share amounts in these interim consolidated financial statements have been retroactively restated to give effect to this share consolidation unless otherwise stated.

c. New standards, interpretations and amendments thereof, adopted by the Company.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's audited consolidated financial Statements for the year ended December 31, 2016, and there have been no new standards or interpretations adopted which have had an impact on the accounting policies, financial position or performance of the Company.

d. Future accounting policies not yet adopted

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Company continues to assess the impacts of IFRS 9 and IFRS 16, both of which are not yet effective.

The Company is currently in the process of completing its review of the potential impact of adopting IFRS 15. For normal gold sales, no material changes are expected in respect of timing and amount of revenue currently recognized by the Company. With respect to transactions under the Franco-Nevada gold streaming arrangement, the Company is currently assessing the implications of this arrangement. The Company will continue to assess the new revenue recognition policy and will implement the standard for January 1, 2018.

3. ACQUISITION OF GRYPHON

On October 13, 2016, Teranga completed the acquisition (the "Acquisition") of Gryphon Minerals Limited ("Gryphon"), by way of a scheme of arrangement (the "Scheme") under the Australian Corporations Act 2001 (Cth).

(unaudited, in $000's of United States dollars, except per share amounts)

Management has determined that the acquisition of Gryphon was a business combination in accordance with the definition in IFRS 3, Business Combinations, and has accounted for the transaction in accordance with this standard. Accordingly, the acquisition cost has been allocated to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. The Company used a discounted cash flow model to determine the fair value of Gryphon's identifiable assets and liabilities. Expected future cash flows were based on estimates of projected future revenues, production costs and capital expenditures. The purchase price allocation is preliminary due to the complexity of determining income taxes, continuing analysis of the salvage value of property, plant, and equipment and further work will be required to confirm the fair values of certain acquired assets and liabilities. The finalization of the purchase price allocation will be completed within 12 months of the acquisition date.

4. REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Gold sales - spot price	72,021	73,507	142,239	152,638
Silver sales	19	55	123	122
Total Revenue	**72,040**	**73,562**	**142,362**	**152,760**

For the three months ended June 30, 2017, 57,167 ounces of gold were sold at an average realized price of $1,260 per ounce, including 5,625 ounces delivered to Franco-Nevada Corporation ("Franco-Nevada") (2016: 58,297 ounces were sold, including 5,625 ounces delivered to Franco-Nevada at an average price of $1,261 per ounce). For the six months ended June 30, 2017, 114,438 ounces of gold were sold at an average realized price of $1,243 per ounce, including 11,250 ounces delivered to Franco-Nevada (2016: 125,968 ounces were sold, including 11,250 ounces delivered to Franco-Nevada at an average price of $1,212 per ounce).

The Company realized cash proceeds from the sale of gold to Franco-Nevada equivalent to 20 percent of the spot gold price. Refer to Note 19.

The Company delivered all of its production to three customers in 2017 and 2016 and earned revenues as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Customer 1	33,811	57,112	63,581	129,616
Customer 2	31,152	9,286	64,838	9,286
Customer 3	7,077	7,164	13,943	13,858
Total Revenue	**72,040**	**73,562**	**142,362**	**152,760**

5. MINE OPERATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Mine production costs	36,413	37,595	77,327	72,597
Royalties[(i)]	4,775	4,563	9,321	9,936
Regional administration costs	519	539	1,024	1,051
Capitalized deferred stripping	(4,704)	(7,555)	(16,304)	(10,604)
Inventory movements	4,089	1,574	11,556	2,682
Total Mine Operation Expenses	**41,092**	**36,716**	**82,924**	**75,662**

(i) Includes royalties to Axmin Inc. on account of their 1.5 percent net smelter royalty on the Gora deposit. During the three and six months ended June 30, 2017, the Company incurred $0.4 million and $0.7 million, respectively, of Axmin royalties (2016: $0.2 million and $0.7 million, respectively).

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6. DEPRECIATION AND AMORTIZATION

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Depreciation and amortization - property, plant and equipment and mine development expenditures	9,973	9,121	19,940	19,512
Depreciation and amortization - deferred stripping assets	5,627	413	8,678	964
Inventory movements - depreciation	(2,049)	2,568	(1,621)	5,485
Capitalized deferred stripping - depreciation	(362)	(591)	(1,182)	(865)
Total Depreciation and Amortization	**13,189**	**11,511**	**25,815**	**25,096**

7. ADMINISTRATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Corporate office	1,841	1,504	3,532	2,603
Audit fees	60	136	139	186
Legal and other	323	309	670	715
Perth	114	-	275	-
Depreciation	30	27	58	45
Total Administration Expenses	**2,368**	**1,976**	**4,674**	**3,549**

8. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Interest and deferred financing costs on borrowings	408	620	780	1,201
Unwinding of discounts	157	309	326	534
Stocking fees	178	194	357	348
Bank charges	116	96	238	189
Other	5	47	18	65
Total Finance Costs	**864**	**1,266**	**1,719**	**2,337**

9. OTHER (INCOME) / EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Acquisition (i)	32	630	52	630
Losses on derivative instruments	-	1,958	-	2,884
Business process consulting	-	109	-	886
Government of Senegal payments	-	-	-	1,033
Business and other taxes (ii)	-	-	1,151	2,500
Option Agreement - Milestone Payment (iii)	(1,150)	-	(1,150)	-
Interest income and other income and expenses	(42)	240	(527)	(36)
Total Other (Income) / Expenses	**(1,160)**	**2,937**	**(474)**	**7,897**

(i) Includes legal costs related to the acquisition of Gryphon Minerals.
(ii) Business taxes are calculated based on the gross value of fixed assets of the preceding year.
(iii) On October 28, 2015, Gryphon entered into an option agreement with a subsidiary of Algold Resources Ltd ("Algold"). Pursuant to the agreement, subject to certain milestones being met a payment of C$1.5 million ($1.2 million) is due either in cash or Algold shares. The required milestones have now been met and the Company has recorded the income and receivable.

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10. INCOME TAX

The Company records a current income tax expense on taxable income earned in Senegal at a rate of 25 percent. Current income tax is calculated using local tax rates on taxable income which is estimated in accordance with local statutory requirements and is denominated in the Senegalese currency (CFA Franc). The tax basis of all assets and non-current intercompany loans are recorded using historical exchange rates and translated to the functional currency using the period end exchange rate, and as a result the Company's deferred tax balances will fluctuate due to changes in foreign exchange rates. The consolidated effective tax rate is affected by non-deductible expenses and fluctuations in foreign exchange rates which impact the provision for income taxes in Senegal, as well as by tax losses not benefitted in jurisdictions outside of Senegal. The Company also has a number of development and exploration projects in Burkina Faso and Côte d'Ivoire which currently don't generate any profit subject to income tax.

For the three months ended June 30, 2017, the Company recorded a recovery of income taxes of $0.8 million, comprised of a recovery of deferred income taxes of $2.3 million net of current income tax expense of $1.5 million (2016: $5.8 million income tax expense, $4.9 million current income tax expense, $0.9 million deferred income tax expense). For the six months ended June 30, 2017, the Company recorded a recovery of income taxes of $0.2 million, comprised of a recovery of deferred income taxes of $3.2 million net of current income tax expense of $3.0 million (2016: $10.7 million income tax expense, $10.0 million current income tax expense, $0.7 million deferred income tax expense).

11. TRADE AND OTHER RECEIVABLES

	As at June 30, 2017	As at December 31, 2016
Current		
Trade receivables (i)	-	426
Value added tax ("VAT") recoverable (ii)	5,061	7,819
Option Agreement - Milestone Payment (iii)	1,150	-
Other receivables (iv)	999	1,637
Total Trade and Other Receivables	**7,210**	**9,882**

(i) Trade receivables relate to gold and silver shipments made prior to year-end that were settled after year-end.
(ii) Value added tax ("VAT") is levied at a rate of 18 percent on supply of goods and services and is recoverable on the majority of purchases in Senegal. Non-recoverable VAT is expensed to net profit. In February 2016, the Company received an exemption for the payment and collection of refundable VAT. This exemption is governed by an amendment to our mining convention and expires on May 2, 2022. The balance at the end of June 30, 2017 primarily relates to VAT amounts paid prior to February 2016. In Burkina Faso, the Company is currently subject to a recoverable VAT at a rate of 18 percent on supply of goods and services.
(iii) Refer to Note 9.
(iv) Other receivables primarily include receivables from suppliers for services, materials and utilities used at the Sabodala gold mine, a $0.1 million receivable related to the sale of exploration rights (2016: $0.1 million) and $0.1 million of Canadian sales tax refunds as at June 30, 2017 (2016: $0.1 million).

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12. INVENTORIES

	As at June 30, 2017	As at December 31, 2016
Current		
Gold bullion	2,950	1,563
Gold in circuit	4,696	5,600
Ore stockpile	6,080	9,452
Total gold inventories	**13,726**	**16,615**
Diesel fuel	1,768	1,509
Materials and supplies	28,852	29,978
Goods in transit	1,824	1,885
Total other inventories	**32,444**	**33,372**
Total current inventories	**46,170**	**49,987**
Non-current		
Ore stockpile	114,187	121,245
Total Inventories	**160,357**	**171,232**

13. AVAILABLE FOR SALE FINANCIAL ASSETS

	Amount
Balance at January 1, 2016	-
Marketable securities acquired	1,481
Change in fair value of marketable securities during year	(247)
Foreign exchange loss	(63)
Balance at December 31, 2016	**1,171**
Change in fair value of marketable securities during period	824
Foreign exchange gain	75
Balance at June 30, 2017	**2,070**

The Company holds marketable securities that are classified as available for sale financial assets and are revalued to prevailing market prices at period end. Gains and losses from changes in fair value are accounted for in other comprehensive income.

14. OTHER ASSETS

	As at June 30, 2017	As at December 31, 2016
Current		
Prepayments (i)	4,702	3,110
Advanced royalty (ii)	1,954	2,702
VAT certificates held	5	2,518
Total Other Current Assets	**6,661**	**8,330**
Non-current		
Advanced royalty (ii)	6,078	6,609
Intangible assets	843	955
Total Other Non-Current Assets	**6,921**	**7,564**
Total Other Assets	**13,582**	**15,894**

(i) As at June 30, 2017, prepayments include $3.1 million (2016 - $2.7 million) of advances to vendors and contractors and $1.6 million for insurance (2016 - $0.4 million).

(ii) As at June 30, 2017, there is $2.0 million in other current assets and $6.1 million in other non-current assets as advanced royalty payments to the Government of Senegal. In total, the Company had recorded $10.0 million related to the OJVG in 2014 and $4.2 million related to the Gora deposit in the first quarter of 2015. The advanced royalties are expensed to net profit based on actual production from the former OJVG and Gora deposits. During the three and six months ended June 30, 2017, the Company expensed $0.8 million and $1.5 million, respectively, as amortization of OJVG and Gora advanced royalties (2016: $0.7 million and $1.7 million). The advanced royalty recorded within other current assets is based on the expected production from the OJVG and Gora deposits over the next 12 months and the remaining balance is recorded within other non-current assets. Refer to Note 17.

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15. PROPERTY, PLANT AND EQUIPMENT

	Buildings and property improvements	Plant and equipment	Office furniture and equipment	Motor vehicles	Mobile equipment	Capital work in progress	Subtotal	Banfora Expenditures	Total
Cost									
Balance as at January 1, 2016	**51,103**	**276,454**	**2,478**	**3,819**	**85,646**	**16,611**	**436,111**	**-**	**436,111**
Acquisition of Gryphon	-	-	-	-	-	-	-	989	**989**
Additions	14	724	34	-	-	17,146	17,918	16	**17,934**
Disposals	-	-	-	(117)	(173)	-	(290)	(43)	**(333)**
Transfer to Mine Development Expenditures	-	-	-	-	-	(5,786)	(5,786)	-	**(5,786)**
Transfer(i)	(4,068)	17,656	253	3,552	6,649	(24,042)	-	-	-
Balance as at December 31, 2016	**47,049**	**294,834**	**2,765**	**7,254**	**92,122**	**3,929**	**447,953**	**962**	**448,915**
Additions	94	345	32	-	-	6,953	7,424	490	**7,914**
Disposals	-	-	-	-	(607)	-	(607)	(96)	**(703)**
Transfer	61	372	151	-	1,836	(2,420)	-	-	**-**
Balance as at June 30, 2017	**47,204**	**295,551**	**2,948**	**7,254**	**93,351**	**8,462**	**454,770**	**1,357**	**456,127**
Accumulated depreciation									
Balance as at January 1, 2016	**26,449**	**147,795**	**2,010**	**2,716**	**63,715**	**-**	**242,685**	**-**	**242,685**
Disposals	-	-	-	(84)	(173)	-	(257)	(20)	**(277)**
Depreciation expense	1,886	10,131	267	964	7,723	-	20,971	132	**21,103**
Balance as at December 31, 2016	**28,335**	**157,926**	**2,277**	**3,596**	**71,265**	**-**	**263,399**	**112**	**263,511**
Disposals	-	-	-	-	(607)	-	(607)	(45)	**(652)**
Depreciation expense	1,007	6,126	138	505	3,521	-	11,297	287	**11,584**
Balance as at June 30, 2017	**29,342**	**164,052**	**2,415**	**4,101**	**74,179**	**-**	**274,089**	**354**	**274,443**
Net book value									
Balance as at December 31, 2016	**18,714**	**136,908**	**488**	**3,658**	**20,857**	**3,929**	**184,554**	**850**	**185,404**
Balance as at June 30, 2017	**17,861**	**131,500**	**533**	**3,153**	**19,172**	**8,462**	**180,681**	**1,003**	**181,684**

(i) Transfers to correct distribution of previously allocated work in progress to the appropriate sub-asset classes within property, plant and equipment.

Additions made to property, plant and equipment during the six months ended June 30, 2017 relate mainly to sustaining and growth expenditures at Sabodala and Banfora.

Depreciation of property, plant and equipment was $5.8 million for the three months ended June 30, 2017 (three months ended June 30, 2016: $5.1 million) and $11.6 million for the six months ended June 30, 2017 (six months ended June 30, 2016: $10.9 million).

(unaudited, in $000's of United States dollars, except per share amounts)

16. MINE DEVELOPMENT EXPENDITURES

	Reserve and development costs	Deferred stripping assets	Gryphon	Total
Cost				
Balance as at January 1, 2016	**304,749**	**105,750**	-	**410,499**
Acquisition of Gryphon	-	-	54,074	54,074
Additions incurred during the period	15,406	20,002	1,367	36,775
Transfer from Property, Plant and Equipment	5,786	-	-	5,786
Balance as at December 31, 2016	**325,941**	**125,752**	**55,441**	**507,134**
Additions incurred during the period	10,797	17,485	7,846	36,128
Balance as at June 30, 2017	**336,738**	**143,237**	**63,287**	**543,262**
Accumulated depreciation				
Balance as at January 1, 2016	**109,974**	**63,479**	**-**	**173,453**
Depreciation expense	15,751	3,408	-	19,159
Balance as at December 31, 2016	**125,725**	**66,887**	**-**	**192,612**
Depreciation expense	8,733	8,678	-	17,411
Balance as at June 30, 2017	**134,458**	**75,565**	**-**	**210,023**
Carrying amounts				
Balance as at December 31, 2016	**200,216**	**58,865**	**55,441**	**314,522**
Balance as at June 30, 2017	**202,280**	**67,672**	**63,287**	**333,239**

	As at June 30, 2017	As at December 31, 2016
Capitalized mine development additions		
Deferred stripping costs	17,485	20,002
Capitalized mine development - Golouma	130	2,296
Capitalized mine development - Golouma West	5,177	-
Capitalized mine development - Kerekounda	-	3,035
Capitalized reserve development - Sustaining	4,702	8,441
Capitalized reserve development - Growth (Banfora)	8,312	1,367
Other	322	1,634
Total Capitalized Mine Development Additions	**36,128**	**36,775**

Mine development expenditures are related to the Sabodala deposit, Gora satellite deposit and development costs for the former OJVG deposits. The Company's Banfora properties incur reserve development costs related to certain exploration permits in Burkina Faso.

Depreciation of capitalized mine development of $10.0 million was expensed as cost of sales for the three months ended June 30, 2017 (three months ended June 30, 2016: $4.5 million) and $17.4 million for the six months ended June 30, 2017 (six months ended June 30, 2016: $9.7 million).

(unaudited, in $000's of United States dollars, except per share amounts)

17. TRADE AND OTHER PAYABLES

	As at June 30, 2017	As at December 31, 2016
Current		
Trade payables (i)	16,128	14,593
Sundry creditors and accrued expenses	14,943	17,618
Government royalties (ii)	3,699	2,637
Amounts payable to the Republic of Senegal (iii) (iv) (vii)	11,733	11,927
Contingent consideration (vi)	634	634
Total Current Trade and Other Payables	**47,137**	**47,409**
Non-Current		
Amounts payable to the Republic of Senegal (v)	8,146	7,954
Contingent consideration (vi)	2,826	2,930
Total Other Non-Current Liabilities	**10,972**	**10,884**
Total Trade and Other Payables	**58,109**	**58,293**

(i) Trade payables are comprised of obligations by the Company to suppliers of goods and services. Terms are generally 30 to 60 days.

(ii) Government royalties payable to the Republic of Senegal are accrued based on the mine head value of the produced gold and related substances at a rate of 5 percent of sales, which were 2,127 million XOF (2016: 9,785 million XOF). During the fourth quarter of 2016, the Company transitioned to the payment of government royalties one quarter in arrears. During the second quarter of 2017, royalty payments totalling $3.6 million related to the first quarter 2017 royalties were made to the Republic of Senegal.

(iii) A reserve payment is payable to the Republic of Senegal based on $6.50 for each ounce of new reserves until December 31, 2012. As at June 30, 2017, $1.9 million remains accrued as a current liability.

(iv) The Company has agreed to advance accrued dividends to the Republic of Senegal in relation to its interest in Sabodala Gold Operations. As at June 30, 2017, $7.8 million has been accrued based on net sales revenue for each of the twelve months ended December 31, 2013 and December 31, 2014. No additional amounts are owing on sales occurring beyond 2014.

(v) The Company agreed to establish a social development fund which involves making a payment of $15.0 million to the Republic of Senegal at the end of the operational life. It is recorded at its net present value of $8.1 million.

(vi) The Company acquired Badr Investment Ltd's ("Badr") 13 percent carried interest in the OJVG for cash consideration of $7.5 million and further contingent consideration which will be based on realized gold prices and increases to the OJVG's mining reserves through 2020, of which $3.8 million was accrued upon finalization of the purchase price allocation in 2014. As at June 30, 2017, $0.6 million has been recorded as a current liability and $2.8 million has been recorded as a non-current liability and is recorded at its net present value (2016: $0.6 million in current liabilities and $2.9 million in non-current liabilities).

(vii) Pursuant to the completion of the acquisition of the OJVG in 2014, the Company is required to make initial payments totalling $10.0 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the OJVG. As at June 30, 2017, $2.1 million remains outstanding and has been accrued as a current liability.

18. BORROWINGS

	As at June 30, 2017	As at December 31, 2016
Revolving credit facility	15,000	15,000
Deferred financing costs	(926)	(1,156)
Total Borrowings	**14,074**	**13,844**

a. Senior Secured Revolving Credit Facility

In June 2016, the Company completed an extension of its $30.0 million revolver facility with Société Générale S.A. ("Revolver Facility"). The Revolver Facility now matures on June 30, 2019, with the available amount decreasing to $15.0 million on June 30, 2018. The Revolver Facility carries an interest rate of LIBOR plus 4.65 percent with any unused facility amounts subject to a commitment fee of 1.6 percent. As at June 30, 2017, $15 million was drawn on the Revolver Facility for working capital needs.

(unaudited, in $000's of United States dollars, except per share amounts)

The Revolver Facility is subject to covenants that require the Company to maintain a current ratio of not less than 1.10:1; total debt to EBITDA of not greater than 2:1; historic debt coverage ratio of greater than 2.5:1 and a tangible net worth of not less than $300 million. The Company was compliant with all covenants during the quarter.

19. DEFERRED REVENUE

	Amount
Balance as at January 1, 2016	**91,345**
Amortization of deferred revenue	(22,530)
Balance as at December 31, 2016	**68,815**
Amortization of deferred revenue	(11,154)
Balance as at June 30, 2017	**57,661**

	As at June 30, 2017	As at December 31, 2016
Current	22,676	21,353
Non-Current	34,985	47,462
Total Deferred Revenue	**57,661**	**68,815**

During the three months ended June 30, 2017, the Company delivered 5,625 ounces of gold to Franco-Nevada and recorded revenue of $7.1 million, consisting of $1.4 million received in cash proceeds and $5.7 million recorded as a reduction of deferred revenue. (2016: 5,625 ounces delivered, revenue of $7.2 million, consisting of $1.4 million received in cash proceeds and $5.8 million recorded as a reduction of deferred revenue).

During the six months ended June 30, 2017, the Company delivered 11,250 ounces of gold and recorded revenue of $14 million, consisting of $2.8 million received in cash proceeds and $11.2 million recorded as a reduction of deferred revenue (2016: 11,250 ounces delivered, revenue of $13.9 million, consisting of $2.3 million received in cash proceeds, $0.5 million in accounts receivable and $11.1 million recorded as a reduction of deferred revenue).

20. PROVISIONS

	As at June 30, 2017	As at December 31, 2016
Current		
Employee benefits (i)	2,244	2,227
Cash settled share-based compensation (iii)	2,142	2,752
Total Current Provisions	**4,386**	**4,979**
Non-Current		
Mine restoration and rehabilitation (ii)	27,754	27,414
Employee benefits (i)	869	891
Cash settled share-based compensation (iii)	715	1,189
Total Non-Current Provisions	**29,338**	**29,494**
Total Provisions	**33,724**	**34,473**

(i) For the period ended June 30, 2017, the provision for employee benefits includes $1.1 million of accrued vacation and $1.1 million in long service leave entitlements (2016 - $1.2 million and $1.0 million). The non-current provision for employee benefits includes $0.9 million accrued vacation (2016 - $0.9 million).

(ii) The rehabilitation provision represents the present value of rehabilitation costs relating to the Sabodala gold mine which are expected to be incurred up to 2029, the current end of mine life estimate. The provision has been recorded based on estimates and assumptions which management believe are a reasonable basis to estimate future liability. The estimates are reviewed regularly to take into account any material changes to the rehabilitation work required. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation work required that will reflect market conditions at the relevant time.

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(iii) The provision for cash settled share-based compensation represents the amortization of the fair value of the fixed bonus plan units and the amortization of the fair value of the RSUs and DSUs. Please see Note 26 for further details.

21. ISSUED CAPITAL

	Number of shares	Amount
Balance as at January 1, 2016	**78,400,218**	**385,174**
Issued to Gryphon shareholders	14,127,770	55,064
Private placement issuance - October 13	1,934,325	7,541
Equity offering issuance - November 21	6,931,000	27,108
Private placement issuance - November 21	5,900,000	23,075
Stock option exercised	49,469	198
Less: Share issue costs	-	(1,834)
Balance as at December 31, 2016	**107,342,782**	**496,326**
Cancellation of fractional shares as a result of share consolidation	(1,643)	-
Stock option exercised	2,763	7
Balance as at June 30, 2017	**107,343,902**	**496,333**

The Company completed a five-for-one share consolidation on May 8, 2017. All figures above are presented on a post-consolidation basis. See Note 2b for further details.

22. EARNINGS PER SHARE (EPS)

	Three months ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Basic EPS (US$)	0.09	0.08	0.15	0.18
Diluted EPS (US$)	0.09	0.08	0.15	0.18
Basic EPS:				
Net profit used in the calculation of basic EPS	9,640	6,146	15,803	13,958
Weighted average number of common shares for the purposes of basic EPS ('000)	107,345	78,412	107,344	78,406
Effect of dilutive share options ('000)	77	507	248	243
Weighted average number of common shares outstanding for the purpose of diluted EPS ('000)	107,422	78,918	107,592	78,649

The determination of weighted average number of common shares for the purpose of diluted EPS excludes 3.1 million and 2.3 million shares relating to share options that were anti-dilutive for the periods ended June 30, 2017 and June 30, 2016, respectively.

The Company completed a five-for-one share consolidation on May 8, 2017. All figures above are presented on a post-consolidation basis. See Note 2b for further details.

23. COMMITMENTS FOR EXPENDITURES

The Company has entered into various capital purchase obligations at the Sabodala gold mine and the Banfora Project. As at June 30, 2017, total future purchase obligations related to these projects were approximately $1.7 million for Sabodala and $0.8 million for Banfora.

(unaudited, in $000's of United States dollars, except per share amounts)

24. CASH FLOW INFORMATION

a. Change in working capital

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Changes in working capital other than inventory				
Increase in trade and other receivables	(3,328)	(1,147)	(2,305)	(5,051)
Decrease in other assets	2,018	5,477	971	6,937
Decrease in trade payables and other	(702)	(2,518)	(4,630)	(1,916)
Decrease in provisions	(61)	(533)	(135)	(618)
Increase/(Decrease) in current income taxes payable	(12,684)	(2,014)	(11,227)	1,670
Net Change in Working Capital Other Than Inventory	**(14,757)**	**(735)**	**(17,326)**	**1,022**

b. Cash balance subject to liquidity covenant

As part of the streaming transaction with Franco-Nevada, the Company is required to maintain a minimum consolidated cash balance of $15.0 million.

25. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a. Categories of financial instruments

As at June 30, 2017, the Company's financial instruments consisted of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

The following table illustrates the classification of the Company's financial instruments as at June 30, 2017 and December 31, 2016:

	As at June 30, 2017	As at December 31, 2016
Financial assets:		
Cash and cash equivalents	80,288	95,188
Loans and receivables		
Trade and other receivables	7,210	9,882
Other assets		
Available-for-sale financial assets	2,070	1,171
Financial liabilities:		
Other financial liabilities at amortized cost		
Trade and other payables	60,966	62,234
Current income tax liabilities	3,631	19,834
Borrowings	14,074	13,844

b. Fair value of financial instruments

The Company's trade and other receivables, and trade and other payables are carried at amortized cost, which approximates fair value. Cash and cash equivalents and available-for-sale financial assets are measured at fair value. Borrowings are based on discounted future cash flows using discount rates that reflect current market conditions for this financial instrument with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

Financial instruments carried at amortized cost on the consolidated balance sheets are as follows:

(unaudited, in $000's of United States dollars, except per share amounts)

	As at June 30, 2017		As at December 31, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Borrowings	14,074	13,268	13,844	12,914

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

The Company values financial instruments carried at fair value using quoted market prices, where available. Quoted market prices (unadjusted) in active markets represent a Level 1 valuation. When quoted market prices in active markets are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The following table outlines financial assets and liabilities measured at fair value in the consolidated statement of financial position and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

	As at June 30, 2017			As at December 31, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Cash and cash equivalents	80,288	-	-	95,188	-	-
Available-for-sale financial assets	2,070	-	-	1,171	-	-
Total	**82,358**	**-**	**-**	**96,359**	**-**	**-**
Financial Liabilities						
Borrowings	-	14,074	-	-	13,844	-
Cash settled share-based compensation	2,704	-	153	3,777	-	164
Total	**2,704**	**14,074**	**153**	**3,777**	**13,844**	**164**

26. SHARE-BASED COMPENSATION

Share based compensation expense for the three months and six months ended June 30, 2017 totalled $0.5 million and $1.4 million, respectively (2016: $2.6 million and $3.5 million).

On May 8, 2017, the incentive stock option plan was amended and restated effective immediately to adjust the number of common shares available for grant thereunder to reflect the five-for-one consolidation of the Company's issued and outstanding shares (see Note 2b). The following tables and numbers of stock options, FBUs, RSUs, and DSUs have been retroactively restated to reflect the change.

a. Incentive Stock Option Plan

During the six months ended June 30, 2017, 875,988 stock options were granted at exercise prices between C$3.34-C$4.20, 187,308 stock options were forfeited and 2,763 stock options were exercised. The exercise price of new stock options granted during the current year was determined using a volume weighted average trading price of the Company's shares for the 5-day period ending on the grant date.

(unaudited, in $000's of United States dollars, except per share amounts)

	Number of options	Weighted average exercise price
Balance as at January 1, 2016	**3,107,833**	**C$12.07**
Granted during the period	828,364	C$3.39
Forfeited during the period	(97,629)	C$4.65
Exercised during the period	(49,462)	C$3.23
Balance as at December 31, 2016	**3,789,106**	**C$10.48**
Granted during the period	875,988	C$4.17
Forfeited during the period	(187,308)	C$11.51
Exercised during the period(i)	(2,763)	C$3.33
Balance as at June 30, 2017	**4,475,023**	**C$9.21**
Number of options exercisable - December 31, 2016	2,944,279	
Number of options exercisable - June 30, 2017	3,138,412	

(i) The weighted average share price at the time of the options exercised was C$4.50.

The following stock options were outstanding as at June 30, 2017:

Option series	Number	Grant date	Expiry date	Exercise price (C$)	FV at grant date (C$)
Granted on November 26, 2010	1,064,000	26-Nov-10	26-Nov-20	15.00	5.95
Granted on December 3, 2010	240,000	03-Dec-10	03-Dec-20	15.00	5.95
Granted on February 9, 2011	85,000	09-Feb-11	09-Feb-21	15.00	4.95
Granted on April 27, 2011	5,000	27-Apr-11	27-Apr-21	15.00	4.00
Granted on June 14, 2011	18,500	14-Jun-11	14-Jun-21	15.00	4.70
Granted on August 13, 2011	72,000	13-Aug-11	13-Aug-21	15.00	4.10
Granted on December 20, 2011	209,000	20-Dec-11	20-Dec-21	15.00	3.05
Granted on February 24, 2012	100,000	24-Feb-12	24-Feb-22	15.00	1.83
Granted on February 24, 2012	29,000	24-Feb-12	24-Feb-22	15.00	6.32
Granted on June 5, 2012	10,000	05-Jun-12	05-Jun-22	15.00	0.85
Granted on September 27, 2012	120,000	27-Sep-12	27-Sep-22	15.00	4.65
Granted on October 9, 2012	120,000	09-Oct-12	06-Oct-22	15.00	5.05
Granted on October 31, 2012	16,000	31-Oct-12	31-Oct-22	15.00	2.60
Granted on October 31, 2012	20,000	31-Oct-12	31-Oct-22	15.00	0.90
Granted on December 3, 2012	40,000	03-Dec-12	03-Dec-22	15.00	3.05
Granted on February 23, 2013	10,000	23-Feb-13	23-Feb-23	15.00	2.10
Granted on June 3, 2013	24,000	03-Jun-13	03-Jun-23	15.00	0.20
Granted on May 1, 2014	10,000	01-May-14	01-May-24	15.00	0.50
Granted on March 31, 2015	450,000	31-Mar-15	31-Mar-20	3.20	1.75
Granted on March 31, 2015	228,777	31-Mar-15	31-Mar-20	3.20	1.50
Granted on March 31, 2016	704,927	31-Mar-16	31-Mar-21	3.33	1.75
Granted on August 2, 2016	18,225	02-Aug-16	11-Aug-21	5.34	3.20
Granted on September 12, 2016	4,606	12-Sep-16	12-Sep-21	6.28	2.85
Granted on March 7, 2017	464,997	07-Mar-17	07-Mar-22	4.20	1.50-1.90
Granted on March 29, 2017	407,991	29-Mar-17	29-Mar-22	4.15	1.75-2.10
Granted on June 16, 2017	3,000	16-Jun-17	16-Jun-22	3.34	1.36-1.57

As at June 30, 2017, approximately 6.3 million (2016: 4.0 million) options were available for issuance under the Company's stock option plan.

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The estimated fair value of share options is amortized over the period in which the options vest which is normally three years. For those options which vest on single or multiple dates, either on issuance or on meeting milestones (the "measurement date"), the entire fair value of the vesting options is recognized immediately on the measurement date.

Of the 4,475,023 common share stock options issued and outstanding as at June 30, 2017, 3,138,412 are vested and 1,336,611 vest over a three-year period. The fair value of options that vest upon achievement of milestones will be recognized based on management's best estimate of outcome of achieving desired results. As at June 30, 2017, the weighted average remaining contractual term of outstanding stock options exercisable was 3.7 years.

As at June 30, 2017, 2,192,500 and 2,282,523 share options had a contractual life of ten years and five years at issuance, respectively.

Fair value of stock options granted

The grant date fair value of options granted during the six months ended June 30, 2017 was calculated using the Black-Scholes option pricing model with the following assumptions:

	Six months ended June 30,	
	2017	**2016**
Grant date share price	C$3.23-C$4.15	C$3.65
Weighted average fair value of awards	C$1.81	C$1.77
Exercise price(i)	C$3.23-C$4.20	C$3.33
Range of risk-free interest rates	0.82%-1.04%	0.53%
Expected share market price volatility(ii)	65%-69%	70%
Expected life of options (years)	2.8-3.8	3.0
Dividend yield	0%	0%
Forfeiture rate	3%-14%	5%

(ii) Represents the 5-day volume-weighted average price of the Company's shares on the Toronto Stock Exchange for the period ending on the grant date.

(iii) Volatility was determined using the 3 year average historical volatility of the Company's share price.

b. Fixed Bonus Units ("FBUs")

As at June 30, 2017, there were 359,500 FBUs outstanding that were granted on August 8, 2012, March 31, 2015 and March 31, 2016 with expiry dates ranging from March 31, 2020 through to February 24, 2022. Of the 359,500 FBUs outstanding as at June 30, 2017, 272,000 Units have an exercise price of C$15.00, 60,000 Units have exercise price of C$3.20 and 27,500 FBUs have an exercise price of C$3.33. The total outstanding FBUs have fair values of C$0.61 per FBU at June 30, 2017. The total fair value of the FBUs at June 30, 2017 is $0.2 million (December 31, 2016: $0.2 million).

The estimated fair values of the FBUs is amortized over the period in which the FBUs vest. Of the 359,500 FBUs issued, 328,044 FBUs were vested at June 30, 2017 with the remaining FBUs to be fully vested by March 31, 2019.

(unaudited, in $000's of United States dollars, except per share amounts)

Fair value of Units

The fair value of FBUs was calculated using Black-Scholes option pricing model with the following assumptions:

	Six months ended June 30,	
	2017	**2016**
Share price at the end of the period	C$3.51	C$5.75
Weighted average fair value of vested awards	C$0.61	C$0.77
Exercise price[(i)]	C$3.20-C$15.00	C$3.20-C$15.00
Range of risk-free interest rates	1.09%-1.38%	0.53%-0.62%
Expected share market price volatility[(ii)]	65%	64%
Expected life of options (years)	2.0-4.0	2.0-4.0
Dividend yield	0%	0%
Forfeiture rate	5%-50%	5%-50%

(i) Represents the 5-day volume-weighted average price of the Company's shares on the Toronto Stock Exchange for the period ending on the grant date.
(ii) Volatility was determined using the 3-year average historical volatility of the Company's share price.

c. Restricted Stock Units ("RSUs")

The Company introduced a RSU plan for employees during the second quarter of 2014. RSUs represent a right for an employee to receive an amount of cash (subject to withholdings), on vesting, equal to the product of i) the number of RSUs held, and ii) the volume weighted average trading price of the Company's shares for the five trading days prior to the vesting date. RSUs generally vest as to 50 percent in thirds over a three-year period and as to the other 50 percent, in thirds upon satisfaction of annual production and cost targets. RSUs are measured at fair value using the market value of the underlying shares at the date of the award grant. At each reporting period, the vested awards are re-valued based on the period-end share price with a corresponding charge to share-based compensation expense.

During the six months ended June 30, 2017, 837,960 RSUs were granted at an average price of C$4.17 per unit and 32,793 RSUs were forfeited (2016: 1,205,036 RSUs granted and 39,450 forfeited). As of June 30, 2017 a total of 1,689,197 RSUs were outstanding of which 635,024 units were vested. As at June 30, 2017, $1.0 million of current RSU liability and $0.6 million of non-current RSU liability have been recorded in the consolidated financial statement of financial position (2016: $1.4 million and $0.7 million in current and non-current RSU liability respectively).

d. Deferred Stock Units ("DSUs")

The Company introduced a DSU Plan for non-executive directors during the second quarter of 2014. DSUs represent a right for a non-executive director to receive an amount of cash (subject to withholdings), on ceasing to be a director of the Company, equal to the product of (i) the number of DSUs held, and (ii) the volume weighted average trading price of the Company's shares for the five trading days prior to such date. DSUs are measured at fair value using the market value of the underlying shares at the date of the award grant. At each reporting period, the vested awards are re-valued based on the period-end share price with a corresponding charge to share-based compensation expense.

The Company granted 180,000 DSUs during the six months ended June 30, 2017 at a price of C$4.18 per unit. Of the 563,998 DSUs outstanding at June 30, 2017, 428,998 were vested and no units cancelled. As at June 30, 2017, $1.2 million of current DSU liability has been recorded in the consolidated statement of financial position (2016: $1.2 million).

27. RELATED PARTY TRANSACTIONS

a. Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 32 of the audited annual consolidated financial statements of the Company for the year ended December 31, 2016.

b. Transactions with key management personnel

During the three and six months ended June 30, 2017, there were transactions totaling $27 thousand and $63 thousand (2016 - $26 thousand and $35 thousand), respectively, between the Company and a director-related entity.

(unaudited, in $000's of United States dollars, except per share amounts)

c. Exploration agreement with Miminvest SA

The Company entered into an exploration agreement with a related party, Miminvest SA ("Miminvest"), to identify and acquire gold exploration stage mining opportunities in Côte d'Ivoire. Miminvest is a company established to invest in gold and natural resources in West Africa and is controlled by the Mimran family and Mr. David Mimran, a director and the largest shareholder of Teranga. Miminvest holds five existing exploration permits, representing 1,838 km^2 in Côte d'Ivoire.

Under the terms of the exploration agreement, a separate entity was created and is owned and funded by Teranga. Miminvest transferred its permit into the entity and in exchange retains a net smelter royalty interest of 3 percent and will provide ongoing in-country strategic advice. Furthermore, the entity will pursue additional exploration projects in Côte d'Ivoire outside of the existing Miminvest permits. During the six months ended June 30, 2017, Teranga paid Miminvest $0.6 million for all direct and reasonable costs associated with exploration work related to the transferred permits. As at June 30, 2017, there were no outstanding payables owing to Miminvest.

28. SEGMENT INFORMATION

Teranga's Chief Operating Decision Maker ("CODM"), reviews the operating results, assesses the performance and makes capital allocation decisions at the following levels: Sabodala gold mine in Senegal; Corporate entities; Banfora Project in Burkina Faso; and exploration projects in Senegal, Burkina Faso and Ivory Coast. The following table provides the Company's operating results and summary asset information by segment.

	Three months ended June 30, 2017				
	Sabodala	**Corporate**	**Banfora**	**Exploration**	**Total**
Revenue	72,040	-	-	-	72,040
Mine operation expenses	(41,092)	-	-	-	(41,092)
Depreciation and amortization	(13,189)	-	-	-	(13,189)
Cost of sales	**(54,281)**	**-**	**-**	**-**	**(54,281)**
Gross profit	**17,759**	**-**	**-**	**-**	**17,759**
Exploration and evaluation expenditures	-	-	-	(2,336)	(2,336)
Administration expenses	-	(2,254)	(114)	-	(2,368)
Corporate social responsibility expenses	(672)	(93)	-	-	(765)
Share-based compensation	-	(553)	-	-	(553)
Finance costs	(736)	(128)	-	-	(864)
Net foreign exchange (losses)/gains	(2,146)	(116)	70	(249)	(2,441)
Other (expenses)/income	(13)	20	1,153	-	1,160
Operating (expenses)/income	**(3,567)**	**(3,124)**	**1,109**	**(2,585)**	**(8,167)**
Profit/(loss) before income tax	**14,192**	**(3,124)**	**1,109**	**(2,585)**	**9,592**
Income tax recovery	195	-	608	-	803
Net profit/(loss)	**14,387**	**(3,124)**	**1,717**	**(2,585)**	**10,395**

(unaudited, in $000's of United States dollars, except per share amounts)

	Three months ended June 30, 2016				
	Sabodala	**Corporate**	**Banfora**	**Exploration**	**Total**
Revenue	73,562	-	-	-	73,562
Mine operation expenses	(36,716)	-	-	-	(36,716)
Depreciation and amortization	(11,511)	-	-	-	(11,511)
Cost of sales	**(48,227)**	**-**	**-**	**-**	**(48,227)**
Gross profit	**25,335**	**-**	**-**	**-**	**25,335**
Exploration and evaluation expenditures	-	-	-	(1,511)	(1,511)
Administration expenses	-	(1,976)	-	-	(1,976)
Corporate social responsibility expenses	(1,069)	4	-	-	(1,065)
Share-based compensation	-	(2,601)	-	-	(2,601)
Finance costs	(1,019)	(247)	-	-	(1,266)
Net foreign exchange (losses)/gains	(367)	6	-	(5)	(366)
Other expenses	(2,197)	(740)	-	-	(2,937)
Operating expenses	**(4,652)**	**(5,554)**	**-**	**(1,516)**	**(11,722)**
Profit/(loss) before income tax	**20,683**	**(5,554)**	**-**	**(1,516)**	**13,613**
Income tax expense	(5,750)	-	-	-	(5,750)
Net profit/(loss)	**14,933**	**(5,554)**	**-**	**(1,516)**	**7,863**

	Six months ended June 30, 2017				
	Sabodala	**Corporate**	**Banfora**	**Exploration**	**Total**
Revenue	142,362	-	-	-	142,362
Mine operation expenses	(82,924)	-	-	-	(82,924)
Depreciation and amortization	(25,815)	-	-	-	(25,815)
Cost of sales	**(108,739)**	**-**	**-**	**-**	**(108,739)**
Gross profit	**33,623**	**-**	**-**	**-**	**33,623**
Exploration and evaluation expenditures	-	-	-	(4,296)	(4,296)
Administration expenses	-	(4,399)	(275)	-	(4,674)
Corporate social responsibility expenses	(1,440)	(213)	-	-	(1,653)
Share-based compensation	-	(1,430)	-	-	(1,430)
Finance costs	(1,462)	(257)	-	-	(1,719)
Net foreign exchange (losses)/gains	(2,832)	(115)	139	(154)	(2,962)
Other (expenses)/income	(917)	51	1,340	-	474
Operating (expenses)/income	**(6,651)**	**(6,363)**	**1,204**	**(4,450)**	**(16,260)**
Profit/(loss) before income tax	**26,972**	**(6,363)**	**1,204**	**(4,450)**	**17,363**
Income tax (expense)/recovery	(556)	-	801	-	245
Net profit/(loss)	**26,416**	**(6,363)**	**2,005**	**(4,450)**	**17,608**

(unaudited, in $000's of United States dollars, except per share amounts)

	Six months ended June 30, 2016				
	Sabodala	**Corporate**	**Banfora**	**Exploration**	**Total**
Revenue	152,760	-	-	-	152,760
Mine operation expenses	(75,662)	-	-	-	(75,662)
Depreciation and amortization	(25,096)	-	-	-	(25,096)
Cost of sales	**(100,758)**	**-**	**-**	**-**	**(100,758)**
Gross profit	**52,002**	**-**	**-**	**-**	**52,002**
Exploration and evaluation expenditures	-	-	-	(2,924)	(2,924)
Administration expenses	-	(3,549)	-	-	(3,549)
Corporate social responsibility expenses	(1,931)	(101)	-	-	(2,032)
Share-based compensation	-	(3,549)	-	-	(3,549)
Finance costs	(1,851)	(486)	-	-	(2,337)
Net foreign exchange losses	(1,819)	(1)	-	(29)	(1,849)
Other expenses	(6,381)	(1,516)	-	-	(7,897)
Operating expenses	**(11,982)**	**(9,202)**	**-**	**(2,953)**	**(24,137)**
Profit/(loss) before income tax	**40,020**	**(9,202)**	**-**	**(2,953)**	**27,865**
Income tax expense	(10,659)	-	-	-	(10,659)
Net profit/(loss)	**29,361**	**(9,202)**	**-**	**(2,953)**	**17,206**

The Company's operating revenues are solely attributable to the Sabodala Gold operations in Senegal.

Selected non-current asset balances are detailed below.

	As at June 30, 2017				
	Sabodala	**Corporate**	**Banfora**	**Exploration**	**Total**
Property, plant and equipment	179,482	318	1,004	880	181,684
Mine development expenditures	263,863	5,138	63,866	372	333,239
Total non-current assets	586,523	5,517	65,086	1,391	658,517

	As at December 31, 2016				
	Sabodala	**Corporate**	**Banfora**	**Exploration**	**Total**
Property, plant and equipment	180,416	4,050	-	938	185,404
Mine development expenditure	309,994	4,464	-	64	314,522
Total non-current assets	639,128	8,545	-	1,146	648,819

29. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 interim condensed consolidated financial statements.

30. SUBSEQUENT EVENT

On July 27, 2017, the Company announced that the ASX has provided conditional approval to the Company to delist from the ASX. Following the suspension of the Company's CHESS Depositary Interests ("CDIs"), expected to occur on or around September 8, 2017, it is anticipated that Teranga will be removed from the official list of the ASX at the close of trading on or around September 14, 2017, at which point Teranga's securities will no longer trade on the ASX. Following the removal from the ASX, Teranga securities will only be tradeable on the Toronto Stock Exchange.