

[31 July] 2017

[name]

[address line 1]

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Dear CDI Holder

DELISTING OF TERANGA GOLD CORPORATION FROM ASX

Teranga Gold Corporation (**Teranga** or the **Company**) (TSX: TGZ) (ASX: TGZ) has requested and received in-principle approval from the Australian Securities Exchange (**ASX**) to remove its CHES Depositary Interests (**CDIs**) from the official list of ASX (**Official List**) subject to complying with certain conditions described below. This letter contains important information about your holding of Teranga CDIs and the delisting process.

The information in this letter does not take into account your individual investment objectives, financial situation and needs. The information in this letter is of a general nature and is not financial product advice and should not be relied upon as the sole basis for any investment decision. As a CDI holder you should consult your financial, legal, tax or other professional adviser if you have any queries in relation to the information contained in this letter or how you should act with respect to your holding of CDIs.

TERANGA TO BE DELISTED FROM ASX

On 28 July 2017, Teranga announced that it had received in-principle approval from ASX that it will accept a formal application from the Company to be removed from the Official List, subject to satisfaction of various conditions described in this letter.

Trading in Teranga CDIs will be suspended with effect from the close of trading on ASX on September 8, 2017 (**Suspension Date**). Removal of Teranga from the Official List is expected to occur on September 14, 2017 (**Delisting Date**).

The common shares of Teranga (**Shares**) are listed on the Toronto Stock Exchange (**TSX**). Teranga's CDIs are listed on ASX and represent a beneficial interest in underlying Teranga Shares. Teranga Shares will continue to be listed on the TSX. Trading on the TSX will continue, uninterrupted, during and after the ASX delisting process.

This letter seeks to provide CDI holders with information about the delisting process, the options available to CDI holders in connection with holdings of CDIs and certain implications which may arise for CDI holders as a result of the delisting. If you have any questions about the delisting process, please contact Computershare Investor Services Pty Limited (**Computershare**) on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 9.00am and 5.00pm (Perth time).

REASONS FOR DELISTING FROM ASX

After a review of trading on both the ASX and TSX, management has come to the conclusion that Teranga's continued listing on the ASX is no longer in the best interests of the Company and its shareholders.

The decision to delist is based on the progressive decline in average daily trading volume of its securities listed on the ASX compared to the TSX. For the first six months of 2017, only 4% of total volume traded on both exchanges was executed on the ASX compared to 96% on the TSX. Since Teranga commenced trading on the ASX in December 2010, the percentage of total issued capital held on the Australian register has reduced from 67% to 11% as of June 30, 2017, whereas 89% of the

Company's total issued capital is held on the TSX. As a result, the Company has concluded that the ongoing administrative and compliance costs required to maintain a secondary listing on the ASX outweigh the benefits.

DELISTING PROCESS

Suspension of CDIs from ASX trading and delisting

Teranga CDIs will trade on ASX until the close of trading on September 8, 2017, when trading will be suspended. This means that CDI holders can trade their CDIs on the ASX up to the close of trading on September 8, 2017. Following suspension of trading in CDIs, CDI holders will no longer be able to trade their holdings of CDIs on ASX. Following the suspension of CDIs from quotation, Teranga will be removed from the Official List on September 14, 2017.

Conversion

Prior to November 23, 2017, CDI holders will continue to have the right to convert their CDIs into Shares traded on TSX at the rate of one CDI to one Share. CDI holders will have the option to convert their CDIs into Shares and have them issued into the Canadian Depository for Securities (**CDS**) or the Canadian register in Direct Registration System (**DRS**) form.

Voluntary Sale Facility

In conjunction with the delisting of Teranga from the Official List, the Company will establish a sale facility under which CDI holders will be able to elect to exit their CDI holding without incurring any brokerage charges by selling the Shares underlying their CDIs on TSX (**Voluntary Sale Facility**).

Following notification of revocation of the trust under which CHESS Depository Nominees Pty Ltd (**CDN**) holds the Shares underlying Teranga's CDIs, the Voluntary Sale Facility will operate from September 21, 2017 until November 23, 2017. Further details of the Voluntary Sale Facility and how you can participate are detailed below (**Option 3 – Participate in the Voluntary Sale Facility**).

Compulsory Sale Process

Following the conclusion of the Voluntary Sale Facility, the Shares underlying any remaining holdings of CDIs will be sold under a compulsory sale process for a two week period after the end of the Voluntary Sale Facility (**Compulsory Sale Period**). The proceeds of the sale of these Shares will be paid to CDI holders as described below (**Option 4 – Do Nothing - Compulsory Sale Process**).

INDICATIVE DATES FOR THE DELISTING PROCESS

The following table sets out the indicative timetable for the delisting of Teranga from ASX.

Unless otherwise indicated, all dates are Perth, Australia dates, which are subject to ASX approval and subject to change.

Date	Event
September 8, 2017 (at close of trading)	Suspension Date – Effective date of suspension in trading of CDIs on ASX. Please note that you will not be able to trade you CDIs on ASX after this date.
September 14, 2017 (at close of trading)	Delisting Date – Effective date of removal of Teranga from the Official List. Last date for CDI holders to elect to convert CDIs into Shares.
September 21, 2017	Opening date of the Voluntary Sale Facility.
November 23, 2017	Closing date of the Voluntary Sale Facility.

November 24, 2017	Opening date of the Compulsory Sale Process.
December 8, 2017	Closing date of the Compulsory Sale Process.

We will notify you by announcement to ASX if there are any changes to this timetable.

IMPACT ON TERANGA FOLLOWING DELISTING FROM ASX

Following Teranga's removal from the Official List:

- Teranga will remain incorporated in Canada and will continue to be subject to the provisions of the *Canada Business Corporations Act*;
- Teranga's Shares will continue to be listed on the TSX and will continue to be subject to the rules of the TSX; and
- copies of Teranga's press releases and other relevant corporate information will continue to be available at www.terangagold.com.

OPTIONS FOR CDI HOLDERS ON DELISTING OF TERANGA FROM ASX

Option 1 - Sell your CDIs on ASX before the Suspension Date (on or before September 8, 2017)

You can sell your CDIs on ASX at any time prior to the Suspension Date (currently expected to be September 8, 2017) by contacting your stockbroker or financial adviser who can arrange the sale.

After the Suspension Date, you will **not** be able to sell your CDIs on ASX.

If you elect to sell your CDIs on the ASX prior to the Suspension Date, you will be responsible for any costs associated with the sale of your CDIs as is customary, including any broker commission. A list of Australian brokers is available from ASX's website at <http://www.asx.com.au/prices/find-broker.htm>.

Option 2 - Elect to convert your CDIs into Shares (on or before November 23, 2017)

You have an existing right to convert your CDIs into the underlying Teranga Shares listed on the TSX in your name on a 1:1 basis. You will be able to sell your Shares on the TSX subject to compliance with any TSX trading requirements.

You can convert your Teranga CDIs into Teranga Shares at any time up until November 23, 2017 by contacting Teranga's share registry, Computershare to request that legal title to the underlying Shares be transferred from CDIs into Teranga Shares.

If you are unsure which subregister your CDIs are held on, you can contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

You will not pay any fees if you effect the conversion of your CDIs to Teranga Shares.

If you request to convert your CDIs to Shares prior to the November 23, 2017, you will have the option to have the Shares issued and held with a broker in the CDS or in your name in the DRS.

Option 3 - Participate in the Voluntary Sale Facility

Entitlement to participate

If you are registered as a holder of CDIs on Teranga's Australian registry at 5.00pm (Perth time) on September 14, 2017 (or as a result of any valid off market transfer from being subsequently received and processed), you will be able to sell the Shares underlying your CDIs through the Voluntary Sale Facility.

The Voluntary Sale Facility will be open for participation from September 21, 2017 until November 23, 2017.

Participation in the Voluntary Sale Facility is entirely voluntary and CDI holders are not obliged to dispose of the Shares underlying their CDIs through the Voluntary Sale Facility.

You should be aware that if you elect to participate in the Voluntary Sale Facility, you can only elect to sell **all** of the Shares underlying your CDIs (ie, you cannot sell a portion of the underlying Shares through the Voluntary Sale Facility).

Electing to participate in the Voluntary Sale Facility

If you remain a CDI holder as at the Delisting Date, you will receive, shortly after the Delisting Date, a Sale Instruction Form which must be completed and returned to Computershare if you wish to participate in the Voluntary Share Sale Facility.

Under the Voluntary Sale Facility, Teranga will facilitate the transfer of your CDIs to Canaccord Genuity Corp. (**Broker**) (or its designee) for the purpose of enabling the sale of the Shares underlying your CDIs on the TSX.

During the Voluntary Sale Facility, Computershare and the Broker may aggregate Share Sale Forms received under the Voluntary Sale Facility into batches with the result that the underlying Shares are sold in multiple transactions on the TSX by the Broker.

To obtain up to date information on the market price of Teranga Shares as traded on TSX, please visit the TSX website at <https://www.tsx.com/>. The ticker symbol for Teranga Shares on TSX is TGZ.

The net funds attributable to the sale of your Shares will be paid to you in Australian dollars after the sale of the Shares underlying your CDIs. As stated above, the Shares underlying your CDIs will be aggregated into batches and sold by the Broker on TSX. Proceeds will be remitted to you based on the average price of the Shares sold in the applicable batch. The proceeds you will receive will be net of transfer fees and applicable taxes and will reflect the market price and A\$:C\$ exchange rate at time of conversion. Teranga will pay all broker fees on behalf of participating CDI holders.

Payment will be made by direct credit into your bank account or by cheque if no bank account is recorded by Computershare. You may update your bank account details by visiting www.investorcentre.com and following the prompts.

You will be responsible for any tax including personal income tax or capital gains tax which results from your sale of the Shares underlying your CDIs through the Voluntary Sale Facility.

There are risks associated with the proceeds that you may receive through the sale of the Shares underlying your CDIs under the Voluntary Sale Facility. Your total proceeds will depend on the level of buyer demand, buyer pricing constraints, trading volatility in Teranga's Shares on the TSX and the A\$:C\$ exchange rate at the time of conversion. The impact of these factors for those that elect to participate in the Voluntary Sale Facility may be more or less adverse than if they had elected another option, or did nothing and were subject to the Compulsory Sale Process.

Option 4 - Do nothing - Compulsory Sale Process

If you do not choose one of the options above by November 23, 2017 the Shares underlying your CDIs will be sold under the Compulsory Sale Process described below.

During the period between November 24, 2017 and December 8, 2017 the Shares underlying your CDIs will be aggregated with all other outstanding CDI holdings and sold by CDN on TSX through the Broker without any brokerage costs being charged to CDI holders. CDN has the power to sell the Shares underlying your CDIs pursuant to the ASX Settlement Operating Rules.

The sale mechanism and the process for calculating the proceeds of the sale of the Shares underlying your CDIs under the Compulsory Sale Process will be the same as that for the Voluntary Sale Facility

outlined in Option 3 above. Computershare will remit the proceeds back to the CDI holder as soon as practicable by direct credit into your bank account or by cheque if no bank account is recorded. You may update your bank account details by visiting www.investorcentre.com and following the prompts.

If you cannot be contacted, the sale proceeds from your Shares will be placed in a trust account to be held by Computershare on your behalf.

You will be responsible for any tax including personal income tax or capital gains tax which results from your sale of the Shares underlying your CDIs through the Compulsory Sale Process.

You should be aware that there may be risks regarding the level of proceeds realised through the sale by virtue of the level of buyer demand, buyer pricing constraints, trading, volatility in the Company on TSX and A\$:C\$ exchange rates at the time of conversion of the proceeds from C\$ to A\$. The impact of these factors on the level of proceeds of sale for CDI holders who do nothing and are subjected to a forced sale of the Shares underlying their CDIs may be greater and more adverse than if they had chosen to participate in the Voluntary Sale Facility.

TRADING SHARES ON THE TSX

You can only trade your Shares on TSX if they are held through the CDS. As such, to trade your Shares on the TSX you will need to independently establish an account with a broker in Canada, or an Australian broker that has a relationship with a financial institution in Canada. If you hold your Shares in DRS form, you will not be able to trade your Shares on the TSX without first making independent arrangements with a broker in Canada (or an Australian broker that has a relationship with a financial institution in Canada) who can facilitate the electronic deposit of any Shares held in DRS into the CDS in order to facilitate trading on the TSX.

RISKS

Both Teranga's Share price and the A\$:C\$ exchange rate may fluctuate from time to time and accordingly may impact, positively or negatively, the amount of sale proceeds you will receive on the sale of your CDIs or the underlying Shares.

The market price of Teranga's Shares will fluctuate over the course of the delisting process based upon, among other factors, general economic and market conditions, Teranga's business and financial conditions and the results of Teranga's operations. Please refer to Teranga's Annual Information Form dated March 29, 2017, for a further discussion of risks and uncertainties associated with Teranga's operations.

FORWARD LOOKING STATEMENTS

Certain of the statements made herein may contain forward-looking statements or information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as "expects", "is expected", "anticipates", "intends", or "believes".

Forward-looking statements and forward-looking information by their nature are based on assumptions and involve known and unknown risks, uncertainties, and other factors which may cause the actual results or performance or achievements of Teranga to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information.

There can be no assurance that forward-looking statements or information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, you should not place undue reliance on the forward-looking statements or information contained herein.

DATE AND TIMES

All dates and times in this document are indicative only, are subject to change, and are references to the date and time in Perth, Australia, unless otherwise expressly stated. Teranga reserves the right to

change or extend any of the dates and times in this document and will promptly announce any such change on its website at www.terangagold.com.

TAX IMPLICATIONS

Teranga strongly encourages you to obtain your own tax advice based on your individual circumstances before deciding which option you should select. This document does not purport to provide you with any tax advice.

FURTHER INFORMATION

If you have any queries regarding the delisting of Teranga from ASX, please contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 9.00am and 5.00pm Monday to Friday (Perth time).

You may also contact Investor Relations at Teranga in Canada on +1 416 594 0000 or investor@terangagold.com.

Yours sincerely



Richard Young
President & CEO
Teranga Gold Corporation