Consolidated Financial Statements of

TERANGA GOLD CORPORATION

For the years ended December 31, 2014 and 2013

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CONSOLDIATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION 9
2. BASIS OF PREPARATION 9
3. SIGNIFICANT ACCOUNTING POLICIES 10
4. NEW ACCOUNTING STANDARDS ADOPTED 18
5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED 19
6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY 19
7. ACQUISITION 21
8. REVENUE 23
9. COST OF SALES 23
10. ADMINISTRATION AND CORPORATE SOCIAL RESPONSIBILITY EXPENSES 23
11. FINANCE COSTS 24
12. OTHER EXPENSES 24
13. INCOME TAX EXPENSE 24
14. TRADE AND OTHER RECEIVABLES 25
15. INVENTORIES 25
16. OTHER ASSETS 25
17. PROPERTY, PLANT AND EQUIPMENT 26
18. MINE DEVELOPMENT EXPENDITURES 27
19. TRADE AND OTHER PAYABLES 28
20. BORROWINGS 28
21. DEFERRED REVENUE 29
22. PROVISIONS 30
23. DEFERRED INCOME TAX LIABILITIES 30
24. ISSUED CAPITAL 30
25. EARNINGS PER SHARE (EPS) 31
26. COMMITMENTS FOR EXPENDITURES 31
27. CONTINGENT LIABILITIES 32
28. EXPLORATION LICENSES AND JOINTLY CONTROLLED OPERATIONS AND ASSETS 32
29. CONTROLLED ENTITIES 33
30. CASH FLOW INFORMATION 33
31. FINANCIAL INSTRUMENTS 34
32. SHARE BASED COMPENSATION 38
33. SEGMENT REPORTING 41

34. KEY MANAGEMENT PERSONNEL COMPENSATION 42
35. RELATED PARTY TRANSACTIONS 42
36. SUBSEQUENT EVENT 42

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and, where relevant, the choice of accounting principles. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, Ernst & Young LLP, have conducted an audit in accordance with generally accepted auditing standards, and their report follows.

Richard Young
President and Chief Executive Officer

Navin Dyal
Chief Financial Officer

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Teranga Gold Corporation

We have audited the accompanying consolidated financial statements of **Teranga Gold Corporation**, which comprise the consolidated statement of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Teranga Gold Corporation as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

February 18, 2015
Toronto, Canada

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the years ended December 31	
		2014	**2013**
	Note		**(Restated) note 3y**
Revenue	8	260,588	297,927
Cost of sales	9	(207,984)	(193,434)
Gross profit		**52,604**	**104,493**
Exploration and evaluation expenditures		(2,772)	(5,405)
Administration and corporate social responsibility expenses	10	(15,621)	(14,717)
Share-based compensation	32	(911)	(813)
Finance costs	11	(9,484)	(12,148)
Gains on gold hedge contracts		-	5,308
Gains on oil hedge contracts		-	31
Net foreign exchange gains/(losses)		2,013	(1,233)
Loss on available for sale financial asset		-	(4,003)
Other expenses	12	(1,982)	(11,843)
		(28,757)	**(44,823)**
Profit before income tax		**23,847**	**59,670**
Income tax expense	13	(1,536)	-
Net profit		**22,311**	**59,670**
Profit attributable to:			
Shareholders		17,776	50,280
Non-controlling interests		4,535	9,390
Net profit for the year		**22,311**	**59,670**
Other comprehensive income/(loss): Items that may be reclassified subsequently to profit/(loss) for the year			
Change in fair value of available for sale financial asset, net of tax		(1)	(6,418)
Reclassification to income, net of tax		-	962
Other comprehensive loss for the year		**(1)**	**(5,456)**
Total comprehensive income for the year		**22,310**	**54,214**
Total comprehensive income attributable to:			
Shareholders		17,775	44,824
Non-controlling interests		4,535	9,390
Total comprehensive income for the year		**22,310**	**54,214**
Earnings per share from operations attributable to the shareholders of the Company during the year			
- basic earnings per share	25	0.05	0.19
- diluted earnings per share	25	0.05	0.19

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31, 2014	As at December 31, 2013 (Restated) note 3y
Current assets			
Cash and cash equivalents	30b	35,810	14,961
Restricted cash	30b	-	20,000
Trade and other receivables	14	1,562	7,999
Inventories	15	66,639	67,121
Other current assets	16	8,995	5,762
Total current assets		**113,006**	**115,843**
Non-current assets			
Inventories	15	91,057	63,081
Equity accounted investment	7a	-	47,627
Property, plant and equipment	17	198,433	219,540
Mine development expenditures	18	260,719	181,605
Other non-current assets	16	7,917	947
Goodwill	7b	55,191	-
Total non-current assets		**613,317**	**512,800**
Total assets		**726,323**	**628,643**
Current liabilities			
Trade and other payables	19	53,909	56,891
Borrowings	20	3,946	70,423
Deferred revenue	21	21,814	-
Provisions	22	2,647	1,751
Total current liabilities		**82,316**	**129,065**
Non-current liabilities			
Borrowings	20	-	3,946
Deferred revenue	21	92,184	-
Provisions	22	15,993	14,336
Deferred income tax liabilities	23	1,536	-
Other non-current liabilities	19	18,399	10,959
Total non-current liabilities		**128,112**	**29,241**
Total liabilities		**210,428**	**158,306**
Equity			
Issued capital	24	367,837	342,470
Foreign currency translation reserve		(998)	(998)
Other components of equity		16,255	15,776
Retained earnings		118,337	100,561
Equity attributable to shareholders		**501,431**	**457,809**
Non-controlling interests		14,464	12,528
Total equity		**515,895**	**470,337**
Total equity and liabilities		**726,323**	**628,643**

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

Approved by the Board of Directors

Alan Hill
Director

Alan Thomas
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	For the years ended December 31 2014	2013 (Restated) Note 3y
Issued capital			
Beginning of year		342,470	305,412
Shares issued from public and private offerings	24	27,274	37,264
Less: Share issue costs	24	(1,907)	(206)
End of year		367,837	342,470
Foreign currency translation reserve			
Beginning of year		(998)	(998)
End of year		(998)	(998)
Other components of equity			
Beginning of year		15,776	21,814
Equity-settled share-based compensation reserve		480	1,605
Investment revaluation reserve on change in fair value of available for sale financial asset, net of tax		(1)	(5,456)
Stock options to Oromin Explorations Ltd. ("Oromin") employees	32a	-	585
Acquisition of non-controlling interest in Oromin	7a	-	(2,772)
End of year		16,255	15,776
Retained earnings			
Beginning of year		100,561	50,281
Profit attributable to shareholders		17,776	50,280
End of year		118,337	100,561
Non-controlling interest			
Beginning of year		12,528	11,974
Non-controlling interest - portion of profit for the year		4,535	9,390
Dividends accrued		(2,599)	(8,836)
End of year		14,464	12,528
Total shareholders' equity as at December 31		**515,895**	**470,337**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the years ended December 31 2014	2013 (Restated) note 3y
Cash flows related to operating activities			
Net profit for the year		22,311	59,670
Depreciation of property, plant and equipment	17	25,806	48,185
Depreciation of capitalized mine development costs	18	44,062	30,722
Inventory movements - non-cash	9	(8,089)	(14,672)
Capitalized deferred stripping - non-cash	9	(658)	(4,124)
Amortization of intangibles		714	1,021
Amortization of deferred financing costs		3,275	3,120
Unwinding of discounts	11	1,132	156
Share-based compensation	32	911	813
Deferred gold revenue recognized	21	(21,002)	-
Net change in gains on gold forward sales contracts		-	(42,955)
Net change in losses on oil contracts		-	456
Buyback of gold forward sales contracts	8	-	(8,593)
Loss on available for sale financial asset		-	4,003
Loss on disposal of property, plant and equipment		1	102
Increase in inventories		(19,693)	(8,409)
Changes in working capital other than inventories	30a	239	4,812
Net cash provided by operating activities		**49,009**	**74,307**
Cash flows related to investing activities			
Decrease/(increase) in restricted cash	30b	20,000	(20,000)
Acquisition of Oromin Joint Venture Group ("OJVG")	7	(112,500)	-
Expenditures for property, plant and equipment		(3,567)	(17,344)
Expenditures for mine development		(15,346)	(51,603)
Acquisition of intangibles		-	(109)
Proceeds on disposal of property, plant and equipment		-	38
Net cash used in investing activities		**(111,413)**	**(89,018)**
Cash flows related to financing activities			
Net proceeds from equity offering		25,367	-
Proceeds from Franco-Nevada gold stream	21	135,000	-
Repayment of borrowings	20	(72,775)	(12,282)
Drawdown from equipment finance facility, net of financing costs paid		-	12,755
Financing costs paid		(1,000)	(1,200)
Interest paid on borrowings	20	(3,340)	(7,054)
Dividend payment to government of Senegal		-	(2,700)
Net cash provided by / (used in) financing activities		**83,252**	**(10,481)**
Effect of exchange rates on cash holdings in foreign currencies		1	431
Net increase / (decrease) in cash and cash equivalents		**20,849**	**(24,761)**
Cash and cash equivalents at the beginning of year		**14,961**	**39,722**
Cash and cash equivalents at the end of year		**35,810**	**14,961**

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 Stock 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 and is currently exploring nine exploration licenses covering 1,055km^2 in Senegal, comprising the regional land package that is surrounding the Company's Sabodala gold mine.

On October 4, 2013, Teranga completed the acquisition of Oromin Explorations Ltd. ("Oromin"). Oromin held a 43.5 percent participating interest in the Oromin Joint Venture Group ("OJVG"), which holds 90 percent interest in Societe des Mines de Golouma S.A. ("Somigol").

On January 15, 2014, the Company acquired the balance of the OJVG that it did not already own by acquiring Bendon International Ltd.'s ("Bendon") 43.5 percent participating interest and Badr Investment Ltd.'s ("Badr") 13 percent carried interest.

The acquisition of Bendon's and Badr's interests in the OJVG increased Teranga's ownership to 100 percent and consolidates the Sabodala region, increasing the size of Teranga's mine license land holding from 33km^2 to 246km^2 and more than doubling the Company's reserve base by combining the two permitted mine licenses.

The OJVG holds a 15 year renewable mining lease in respect of the Golouma Gold Concession, which is located contiguous to the Sabodala mine license.

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

2. BASIS OF PREPARATION

a. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and were approved by the Board of Directors on February 18, 2015.

Certain comparatives have been restated to conform to the current year's presentation.

b. Basis of presentation

All amounts in the consolidated financial statements and notes thereto are presented in United States dollars unless otherwise stated. The consolidated financial statements have been prepared on the basis of historical cost, except for equity settled share based payments that are fair valued at the date of grant and cash settled share based payments that are fair valued at the date of grant and each period end and certain other financial assets and liabilities that are measured at fair value.

c. Functional and presentation currency

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the United States dollar, which is the Company's presentation currency.

d. Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses and other income during the period. These judgments, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. While management believes that these judgments, estimates and assumptions are reasonable, actual results may differ from the amounts included in the consolidated financial statements.

Judgments made by management in the application of IFRS that have significant effects on the consolidated financial statements and estimates with a significant risk of material adjustments, where applicable, are contained in the relevant notes to the financial statements. Refer to Note 6 for critical judgments in applying the entity's accounting policies, and key sources of estimation uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidation

The consolidated financial statements are prepared by consolidating the financial statements of Teranga Gold Corporation and its subsidiaries as defined in IFRS 10 "Consolidated Financial Statements". Refer to note 29.

The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all inter-company balances and transactions between entities in the group, including any unrealized profits or losses, have been eliminated.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the fair value of net assets acquired at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Total comprehensive profit/(loss) is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

b. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

c. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a remaining maturity of 90 days or less at the date of acquisition.

When applicable, bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

d. Inventories

Gold bullion, gold in circuit and ore in stockpiles are physically measured or estimated and valued at the lower of cost and net realizable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead costs, including depreciation and amortization on property, plant and equipment used in the production process and depreciation and amortization on capitalized stripping costs incurred in converting materials into finished goods. As ore is removed from processing, costs are relieved based on the average cost per ounce in the stockpile.

By-product metals inventory on hand obtained as a result of the production process to extract gold are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion, if any, and applicable costs to sell.

Materials and supplies are valued at the lower of cost and net realizable value. Any provision for obsolescence is determined by reference to specific inventory items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss upon disposal.

e. Property, Plant and Equipment

Property, plant and equipment are measured on the historical cost basis less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment constructed by the Company includes the cost of materials, direct labour and borrowing costs where appropriate. Assets under construction and assets purchased that are not ready for use are capitalized under capital work in progress.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to net profit within the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of property, plant and equipment is depreciated over their useful lives of the asset commencing from the time the respective asset is ready for use. The Company uses the units-of-production ('UOP') method when depreciating mining assets which results in a depreciation charge based on the recovered ounces of gold. Mining assets include buildings and property improvements, and plant and equipment.

The Company uses the straight-line method when depreciating other equipment, office furniture, motor vehicles and finance lease equipment.

Depreciation for each class of property, plant, and equipment is calculated using the following method:

Class of Property, Plant and Equipment	Method	Years
Buildings and property improvements	UOP	n/a
Plant and equipment	UOP/Straight-line	5.0 - 8.0 years
Office furniture and equipment	Straight-line	3.0 - 6.7 years
Motor vehicles	Straight-line	5.0 years
Plant equipment under finance lease	Straight-line	5.0 - 8.0 years

The assets' residual values, depreciation method and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Capital work in progress is not depreciated.

Assets under finance lease

Assets held under finance leases are depreciated over their expected useful lives on the same basis as similar owned assets.

f. Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance lease balance outstanding. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Refer to Note 3(j).

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

g. Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method is reviewed at the end of each annual reporting period with any changes in these accounting estimates being accounted for on a prospective basis.

h. Goodwill

Under the acquisition method of accounting, the costs of business combinations are allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the fair value of consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill, which is assigned

to the cash-generating unit ("CGU") or group of CGUs that are expected to benefit from the synergies of the business combination.

Goodwill is tested for impairment annually effective on November 1st unless there is an indication that goodwill is impaired and, if there is such an indication, goodwill will be tested for impairment at that time. For the purposes of impairment testing, goodwill is allocated to the Company's CGUs. The recoverable amount of a CGU is the higher of Value in Use ("VIU") and Fair Value Less Costs of Disposal ("FVLCD"). A goodwill impairment charge is recognized for any excess of the carrying amount of the unit over its recoverable amount. Goodwill impairment charges are not reversible.

i. Impairment of Long-lived Assets

At each reporting date, the Company reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the FVLCD and the VIU. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in net profit within the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in net profit within the statement of comprehensive income.

j. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in net profit within the statement of comprehensive income in the period in which they are incurred.

k. Employee Benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and long-term service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognized in respect of employee benefits expected to be settled within twelve months, are measured using the remuneration rate expected to apply at the time of settlement.

Liabilities recognized in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

l. Deferred Revenue

Deferred revenue consists of payments received by the Company for future commitments to deliver payable gold at contracted prices. As deliveries are made, the Company will record a portion of the deferred revenue as sales. Refer to Note 21.

m. Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events for which it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the present value of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

n. Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognized when there is a present obligation as a result of exploration, development and production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal or constructive obligation. Future restoration costs are reviewed at each reporting period and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

o. Income Tax

Current income tax

Current income tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. Current income tax is calculated on the basis of the law enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income.

Deferred income tax

Deferred income tax is recognized, in accordance with the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting nor the taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. As at December 31, 2014, the Company has performed an exercise on determining the taxable temporary differences of various expenditures recorded since the Company's tax exempt status ends on May 2, 2015 in Senegal. From this point forward, the Company will be subject to a 25 percent income tax rate as well as customs duties and non-refundable value-added tax on certain expenditures.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

p. Financial Instruments

Investments are recognized and derecognized on the trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as fair value through profit and loss.

- *Fair value through profit or loss*

Upon disposal of an investment, the difference in the net disposal proceeds and the carrying amount is charged or credited to net profit within the statement of comprehensive income.

- *Loans and receivables*

Trade and other receivables and loans that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest rate method less impairment.

- *Available-for-sale financial assets*

Certain shares held by the Company are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognized directly in the investment revaluation reserve with the exception of:

- significant or prolonged impairment losses;
- interest calculated using the effective interest method; and

- foreign exchange gains and losses on monetary assets;

all of which are recognized directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investment revaluation reserve is included in profit or loss for the period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognized directly in other comprehensive income.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in net profit within the statement of comprehensive income immediately as the Company does not apply hedge accounting.

The fair value of derivatives is presented as a non-current asset or a non-current liability, if the remaining maturity of the instrument is more than twelve months and it is not expected to be realized or settled within twelve months and as a current asset or liability when the remaining maturity of the instrument is less than twelve months.

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

q. Share-based Payments

Stock option plan

The Company operates an equity-settled, share-based compensation plan for remuneration of its directors, management and employees.

The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options are granted. The fair value of the options is adjusted by the estimate of the number of options that are expected to vest as a result of non-market conditions and is expensed over the vesting period using an accelerated method of amortization.

Share-based compensation relating to stock options is charged to net profit within the statement of comprehensive income.

Restricted share units (RSUs)

The Company grants cash-settled awards in the form of RSUs to officers and certain employees of the Company.

Under the Company's RSU plan, each RSU granted has a value equal to the value of one Teranga common share. A portion of the RSUs vest equally over a three-year period and are settled in cash upon vesting. The RSU plan also includes a portion of RSUs that vest equally based on the Company's achievement of performance-based criteria over a three-year period.

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 awards are re-valued based on the period-end share price with a corresponding charge to share-based compensation expense. RSUs that vest based on the achievement of performance conditions are revalued based on the current best estimate of the outcome of the performance condition at the reporting period. The cost of the award is recorded on a straight-line basis over the vesting period and is recorded within non-current liabilities on the consolidated statements of financial position, except for the portion that will vest within twelve months which are recorded within current liabilities. The expense for the award is recorded on a straight-line basis over the vesting period and is recorded within share-based compensation on the statements of comprehensive income.

Deferred share units (DSUs)

The Company grants cash-settled awards in the form of DSUs to directors of the Company.

Under the Company's DSU plan, each DSU granted has a value equal to the value of one Teranga common share. Directors have the option to elect to receive their Director compensation in the form of DSUs. These DSUs vest as they are granted. All remaining DSUs that are granted vest on the first anniversary of the grant date.

DSUs are measured at fair value using the market value of the underlying shares at the date of the grant of the award. At each reporting period, the awards are revalued based on the period-end share price with a corresponding charge to share-based compensation expense. The cost of the award is recorded on a straight-line basis over the vesting period and is recorded within current liabilities on the consolidated statements of financial position. The expense for the award is recorded on a straight-line basis over the vesting period and is recorded within share-based compensation on the statements of comprehensive income.

r. Fixed Bonus Plan Units

The Company operates a cash-settled, share-based compensation plan for certain management and employees.

The fair value of the Fixed Bonus Plan Units ("Units") granted is measured using the Black-Scholes option pricing model, taking into consideration the terms and conditions upon which the Units are granted. The fair value of the Units is adjusted by the estimate of the number of Units that are expected to vest as a result of non-market conditions and is expensed over the vesting period using an accelerated method of amortization.

Share-based compensation relating to the Fixed Bonus Plan is charged to the statements of comprehensive income and revalued at the end of each reporting period based on the period end share price.

s. Revenue

Gold and silver bullion sales

Revenue is recognized when persuasive evidence exists that all of the following criteria are met:

- the shipment has been made;
- the significant risks and rewards of ownership of the product have been transferred to the buyer;

- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the gold or silver sold, has been retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the sale will flow to the Company; and
- the costs incurred or to be incurred in respect of the sale can be measured reliably.

Interest income

Interest income is recognized in other expenses within the statement of comprehensive income.

t. Exploration and Evaluation Expenditures and Mine Development Expenditures

Exploration and evaluation expenditures in relation to each separate area of interest are expensed in net profit within the consolidated statement of comprehensive income. Upon the determination of the technical feasibility and commercial viability of a project, further costs to develop the asset are recognized as mine development expenditures.

The development phase is determined to have commenced when the technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable, when proven and probable reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property.

Mine development expenditure assets comprise of costs incurred to secure the mining concession, acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortization of assets used in exploration and evaluation activities. General and administrative costs are only included in exploration and evaluation costs where they are related directly to the operational activities in a particular area of interest. Upon reaching commercial production, these capitalized costs will be amortized using the units-of-production method over the estimated proven and probable reserves.

u. Earnings per Share

Basic earnings per share is determined by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary common shares outstanding during the financial period.

Diluted earnings or loss per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The dilutive effect of stock options is determined using the treasury stock method.

v. Joint Arrangements

A joint arrangement is defined as one over which two or more parties have joint control, which is the contractually agreed sharing of control over an arrangement. This exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. There are two types of joint arrangements, joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to the Company's interests in joint operations, the Company recognizes its share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with other venturers) and the Company's share of expenses incurred by or in respect of each joint venture.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Company applies the equity method of accounting for its interest in the joint venture.

w. Government Royalties

Royalties

Royalties are accrued and charged against earnings when the liability from production of the gold arises. Royalties are separately reported as expenses and not deducted from revenue.

Advanced royalties

The Company is required to make payments related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the exploration licenses converted to mine licenses when the ore is processed through

the Sabodala mill. The OJVG and Gora properties are subjected to advanced royalties. The initial payment is accrued as a current and non-current liability and the advanced royalty is recorded within other current assets based on expected production from the properties over the next year and the remaining is recorded within other non-current assets. The advanced royalty balance will be recorded within and expensed through net profit based on actual production from the properties.

x. Non-controlling Interest

Non-controlling interests represent the fair value of net assets in subsidiaries that are not held by the Company and are presented in the equity section of the consolidated statement of financial position. Net Profit for the period that is attributable to non-controlling interests is calculated based on the ownership of the minority shareholders in the subsidiary.

y. Deferred Stripping Activity

The cost of stripping activity in the production phase of surface mining will be recognized as an asset, only if, all of the following are met:

- it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body (mining phases)for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

Once the cost associated with the stripping activity are deferred to asset, the cost or revalued amount will be amortized on a units of production basis in the subsequent period.

In 2014, the Company reassessed its accounting for its deferred stripping asset. The Company determined that the amortization of equipment directly related to the deferred stripping activity should be included as part of the deferred stripping asset. The Company had not previously included amortization of this equipment in its calculations related to deferred strip assets.

As a result, the Company has adjusted retrospectively for the impact of this change in accounting treatment. The impact on December 31, 2012 balances was an increase to mine development expenditures of $1.7 million, a decrease to inventory of $0.5 million and an increase to retained earnings of $1.2 million for the year ended December 31, 2012.

The impact of this change on December 31, 2013 balances are described in the following tables:

Impact on Consolidated Statement of Financial Position

	As at December 31, 2013		
	As previously reported	Impact of change in accounting treatment	Restated
Current assets			
Inventories	67,432	(311)	67,121
Total current assets	116,154	(311)	115,843
Non-current assets			
Inventories	63,740	(659)	63,081
Property, plant and equipment [(i)]	222,487	(2,947)	219,540
Mine development expenditures [(i)]	173,444	8,161	181,605
Total non-current assets	508,245	4,555	512,800
Total assets	**624,399**	**4,244**	**628,643**
Equity			
Retained earnings	96,741	3,820	100,561
Equity attributable to shareholders	453,989	3,820	457,809
Non-controlling interests	12,104	424	12,528
Total equity	466,093	4,244	470,337
Total equity and liabilities	**624,399**	**4,244**	**628,643**

[(i)] A reclassification of $2,947 was made from property, plant and equipment to mine development expenditures

Impact on Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2013		
	As previously reported	Impact of change in accounting treatment	Restated
Cost of sales	(196,505)	3,071	(193,434)
Gross profit	101,422	3,071	104,493
Profit before income tax	56,599	3,071	59,670
Income tax benefit	-		-
Net profit	**56,599**	**3,071**	**59,670**
Profit attributable to:			
Shareholders	47,516	2,764	50,280
Non-controlling interests	9,083	307	9,390
Net Profit for the year	**56,599**	**3,071**	**59,670**
Total comprehensive income for the year	**51,143**	**3,071**	**54,214**
Total comprehensive income attributable to:			
Shareholders	42,060	2,764	44,824
Non-controlling interests	9,083	307	9,390
Total comprehensive income for the year	**51,143**	**3,071**	**54,214**
- basic earnings per share	0.18	0.01	0.19
- diluted earnings per share	0.18	0.01	0.19

Impact on Consolidated Statement of Cash Flows

	For the year ended December 31, 2013		
	As previously reported	Impact of changes in accounting treatment	Restated
Cash flows related to operating activities			
Net Profit for the year	56,599	3,071	59,670
Depreciation of capitalized mine development costs	30,091	631	30,722
Inventory movements - non-cash	(15,094)	422	(14,672)
Capitalized deferred stripping - non-cash	-	(4,124)	(4,124)
Net cash provided by operating activities	74,307	-	74,307
Net decrease in cash and cash equivalents	**(24,761)**	**-**	**(24,761)**
Cash and cash equivalents at the beginning of year	**39,722**	**-**	**39,722**
Cash and cash equivalents at the end of year	**14,961**	**-**	**14,961**

4. NEW ACCOUNTING STANDARDS ADOPTED

a. IFRIC 21 - Levies

In May 2013, the IASB issued IFRIC Interpretation 21, Levies, which was developed by the IFRS Interpretations Committee (the "Committee"). The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached.

The interpretation is applicable for annual periods beginning on or after January 1, 2014. The Company has evaluated the impact of IFRIC 21 and has determined that there was no impact on its consolidated financial statements.

b. IFRS 15 – Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

a. IFRS 9 – Financial Instruments

IFRS 9, "Financial instruments" (IFRS 9), was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In July 2013, the IASB tentatively decided to defer the mandatory effective date of IFRS 9. On July 24, 2014, the IASB issued the final version of IFRS 9 with an effective adoption date of January 1, 2018, with early adoption permitted. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are critical judgments and estimations that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements and that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Ore reserves

Management estimates its ore reserves based upon information compiled by qualified persons as defined in accordance with the Canadian Securities Administrators' National Instrument 43-101 Standards for Disclosure for Mineral Projects requirements, which is similar to the Australasian standards. The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserve estimates can impact the carrying value of property, plant and equipment, mine development expenditures, provision for mine restoration and rehabilitation, the recognition of deferred tax assets, as well as the amount of depreciation and amortization charged to net profit within the statement of comprehensive income.

Functional currency

The functional currency of each of the Company's entities is determined based on using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the United States dollar, which was determined based on the currency that mainly influences sales prices for goods and services, labour, material and other costs and the currency in which funds from financing activities are generated.

Units of production

Management estimates recovered ounces of gold in determining the depreciation and amortization of mining assets, including buildings and property improvements and certain plant and equipment. This results in a depreciation/amortization charge proportional to the recovery of the anticipated ounces of gold. The life of the asset is assessed annually and considers its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates and assumptions, including the amount of recoverable ounces of gold. The Company's units of production calculations are based on recovered ounces of gold.

Mine restoration and rehabilitation provision

Management assesses its mine restoration and rehabilitation provision each reporting period. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent, the timing and the cost of rehabilitation activities, technological changes, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in actual expenditures differing from the amounts currently provided. The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the rehabilitation asset and liability.

Impairment of goodwill and non-current assets

Goodwill and non-current assets are tested for impairment if there is an indicator of impairment and, in the case of goodwill, annually in November. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its CGUs as being all sources of mill feed through a central mill, which is the lowest level for which cash flows are largely independent of other assets.

Production start date

Management assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Company considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase. Some of the criteria include, but are not limited to, the following:

- completion of a reasonable period of testing of the mine plant and equipment;
- ability to produce metal in saleable form; and
- ability to sustain ongoing production of metal.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements or mineable reserve development. It is also at this point that depreciation/amortization commences.

Stripping costs in the production phase of a surface mine

Management assesses the costs associated with the stripping activity in the production phase of surface mining. The excess waste material moved above the average strip ratio to provide access to further quantities of ore that will be mined in future periods, which are estimated by management. The Company reevaluated its accounting treatment to include amortization of equipment directly related to the deferred stripping activity as part of the deferred stripping asset effective January 1, 2012.

Taxes

Management is required to make estimations regarding the tax basis of assets and liabilities and related income tax assets and liabilities and the measurement of income tax expense and indirect taxes. A number of these estimates require management to make estimates of future taxable profit or loss, and if actual results are significantly different than our estimates, the ability to realize any deferred tax assets or discharge deferred tax liabilities on our consolidated statement of financial position could be impacted.

7. ACQUISITION

a. Acquisition of Oromin

On August 6, 2013, the Company acquired 78,985,388 common shares of Oromin (Oromin being one of the three joint venture partners of the OJVG holding a 43.5 percent interest) for total consideration paid of $24.1 million. Together with the 18,699,500 Oromin shares owned by the Company and a further 2,091,013 shares obtained, this represented a total of 99,775,901 Oromin shares or approximately 72.6 percent of the outstanding Oromin shares. Upon acquisition of control, the Company consolidated the identifiable assets and liabilities of Oromin.

On October 4, 2013, the Company completed the acquisition of all of the remaining issued and outstanding common shares of Oromin for total consideration of $13.8 million.

In 2013, the Company issued 71,183,091 shares to acquire all of the Oromin shares for consideration of $37.8 million. The following tables present the purchase price and the final allocation of the purchase price to the assets acquired and liabilities assumed.

Purchase Cost - August 6, 2013	
Shares issued to Oromin shareholders	23,487
Replacement stock options issued to Oromin employees	585
Total Acquisition Cost	**24,072**
Fair value of previously held interest	5,131
	29,203
Cash acquired with Oromin	(367)
Consideration, net of cash acquired	**28,836**

Summary of Final Purchase Price Allocation	
Assets	
Current assets	545
Investment in OJVG	47,059
Total assets	47,604
Liabilities	
Current liabilities	4,009
Borrowings	3,387
Total liabilities	7,396
Net assets acquired, before non-controlling interest	40,208
Non-controlling interest	(11,005)
Net assets acquired	**29,203**

Purchase Cost - October 4, 2013	
Fair value of shares issued to Oromin shareholders	13,777
Carrying value of additional interest in Oromin	11,005
Difference recognized within shareholders' equity	**2,772**

b. Acquisition of the OJVG

On January 15, 2014, the Company acquired the balance of the OJVG that it did not already own from Bendon and Badr.

The Company acquired Bendon's 43.5 percent participating interest in the OJVG for cash consideration of $105.0 million. Badr's 13 percent carried interest in the OJVG was acquired for cash consideration of $7.5 million and further contingent consideration that will be based on realized gold prices and increases to the OJVG's mineral reserves through 2020. Upon finalization of the allocation of the purchase price, $3.8 million of contingent consideration was accrued as a non-current liability based on management's best estimate of future additions to the OJVG's mineral reserves.

The Company determined that the combined transactions represented a single business combination with Teranga as the acquirer. From January 15, 2014, 100 percent of the OJVG's results were consolidated into the Company's operating results, cash flows and net assets.

In accordance with business combination accounting, 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 the OJVG's identifiable assets and liabilities. Expected future cash flows were based on estimates of projected future revenue, expected future production costs and capital expenditures. The Company finalized the purchase price allocation during the third quarter of 2014.

Goodwill principally reflects the ability to create operational synergies. The acquisition will benefit from the use of the existing mill and infrastructure. In addition, the Company has the ability to optimize the phasing of the mining and processing of its existing reserves and the OJVG reserves due to the close proximity of the OJVG pits to the Sabodala mill.

As at November 1, 2014, the carrying value of the Company's single CGU includes $55.2 million of goodwill based on the annual impairment test date. The recoverable amount for the CGU was determined based on a FVLCD calculation using a discounted cash flow model. The cash flow projections are derived from the Company's life of mine model and cover the remaining expected mine life and were discounted using a 7.5 percent discount rate.

As a result of this analysis, the recoverable amount of the Company's CGU exceeds the carrying value and thus no impairment charge has been recorded in the current year.

Sensitivities

As long-term gold prices lower than $1,236 per ounce, an impairment of the goodwill would exist.

Input	Assumption in model	Breakeven
Long term gold price	1,300	1,236

Purchase price allocation

The following tables present the purchase price and the final allocation of the purchase price to the net identifiable assets acquired and liabilities assumed.

Consideration transferred - Acquisition of OJVG	
Total acquisition cost - Bendon	105,000
Total acquisition cost - Badr	11,314
Fair value of existing 43.5% interest in OJVG - Oromin	47,059
Consideration transferred	163,373
Cash acquired with OJVG	(32)
Consideration, net of cash acquired	**163,341**

Summary of Final Purchase Price Allocation	
Total consideration	**163,373**
Assets	
Current assets	127
Mine development expenditures	109,207
Total assets	109,334
Liabilities	
Current liabilities	1,152
Total liabilities	1,152
Net identifiable assets acquired	**108,182**
Goodwill	**55,191**

Since the date of acquisition, the OJVG has recorded $41.3 million of revenue and a net profit of $20.8 million was included in the statement of comprehensive income for the year ended December 31, 2014. Oromin has recorded an equity investment loss of $0.6 million for the year ended December 31, 2014 as a result of remeasuring to fair value the equity interest in OJVG prior to the OJVG acquisition date.

8. REVENUE

	For the years ended December 31	
	2014	**2013**
Gold sales - spot price	259,859	297,326
Silver sales	729	601
Total revenue	**260,588**	**297,927**

For the year ended December 31, 2014, 206,336 ounces of gold were sold at an average price of $1,259 per ounce. During the year ended December 31, 2014, the Company delivered 20,625 ounces of gold to Franco-Nevada Corporation ("Franco-Nevada"). The Company realized cash proceeds from the sale of these ounces equivalent to 20 percent of the spot gold price. Refer to Note 21.

Revenue for 2013 is recorded at the prevailing spot gold price at the date of delivery. Hedge gains (losses), related to the gold price movement during the period, were classified within gains (losses) on gold hedge contracts on the statement of comprehensive income.

For the year ended December 31, 2013, 208,406 ounces of gold were sold at an average realized price of $1,246 per ounce, including 45,289 ounces that were delivered into gold hedge contracts at $806 per ounce, representing 22 percent of gold sales for the year, and 163,117 ounces were sold into the spot market at an average price of $1,368 per ounce. The average gold price sold in 2013 was $1,427 per ounce.

During the second quarter of 2013, the Company bought back the remaining 14,500 ounces "out of the money" gold forward sales contracts at a cost of $8.6 million.

The Company delivered all of its gold to two customers (2013: one customer): $233.6 million and $26.3 million for the year ended December 31, 2014 (2013: $297.3 million).

9. COST OF SALES

	For the years ended December 31	
	2014	**2013**
Mine production costs	162,410	170,752
Capitalized deferred stripping	(5,976)	(43,264)
Capitalized deferred stripping - non-cash	(658)	(4,124)
Depreciation and amortization - deferred stripping assets	28,911	17,850
Depreciation and amortization - property, plant and equipment and mine development expenditures	40,605	60,683
Royalties	12,486	14,755
Amortization of advanced royalties	440	-
Rehabilitation	-	6
Inventory movements - cash	(22,145)	(8,552)
Inventory movements - non-cash	(8,089)	(14,672)
Total cost of sales	**207,984**	**193,434**

10. ADMINISTRATION AND CORPORATE SOCIAL RESPONSIBILITY EXPENSES

	For the years ended December 31	
	2014	**2013**
Corporate office	8,247	7,712
Dakar office	1,012	1,189
Audit fees	379	451
Legal and other	2,615	2,466
Depreciation	825	1,136
Total administration expenses	**13,078**	**12,954**
Corporate social responsibility expenses	2,543	1,763
Total administration and corporate social responsibility expenses	**15,621**	**14,717**

11. FINANCE COSTS

	For the years ended December 31	
	2014	**2013**
Interest on borrowings	3,572	7,331
Amortization of deferred financing costs	3,275	3,120
Unwinding of discounts	1,132	156
Political risk insurance	195	570
Stocking fees	819	626
Bank charges	305	345
Other	186	-
Total finance costs	**9,484**	**12,148**

12. OTHER EXPENSES

	For the years ended December 31	
	2014	**2013**
Acquisition and related costs (i)	2,065	11,020
Other (ii)	-	927
Share of income from equity investment in OJVG	-	(52)
Interest income	(83)	(52)
Total other (income)/expenses	**1,982**	**11,843**

(i) Includes costs for legal, advisory and consulting.
(ii) Includes non-recurring legal and other costs.

13. INCOME TAX EXPENSE

	For the years ended December 31	
	2014	**2013**
Deferred income tax expense on reversal of temporary differences	1,536	-
Total income tax expense	**1,536**	**-**

The Company's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income before income taxes as a result of the following:

	For the years ended December 31	
	2014	**2013**
Statutory tax rates	26.5%	26.5%
Income tax expense computed at statutory tax rates	6,320	14,999
Non-deductible items	316	4,260
Income not subject to tax	(9,413)	(24,069)
Unrecognized deferred tax assets	4,313	4,810
Provision for income taxes	**1,536**	**-**

Deferred income tax assets are recognized for tax loss carry-forwards, property, plant and equipment, share issuance costs and transaction costs to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize deferred income tax assets of $14,259 in respect of non-capital losses, property, plant and equipment, share issuance costs and transaction costs in Canada amounting to $53,807 that can be carried forward and applied against future taxable income. The non-capital losses, property, plant and equipment, share issuance costs and transaction costs amounting to $53,807 will expire in the years 2030 to 2034.

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled $276,522 at December 31, 2014.

14. TRADE AND OTHER RECEIVABLES

	As at December 31, 2014	As at December 31, 2013
Current		
Trade receivables (i)	16	7,376
Other receivables (ii)	1,546	623
Total trade and other receivables	**1,562**	**7,999**

(i) Trade receivables relate to gold and silver shipments made prior to year end that were settled after year end.
(ii) Other receivables primarily include receivables from suppliers for services, materials and utilities used at the Sabodala gold mine and $0.5 million of Canadian sales tax refunds as at December 31, 2014 (2013: $0.2 million).

15. INVENTORIES

	As at December 31, 2014	As at December 31, 2013
Current		
Gold bullion	6,025	7,107
Gold in circuit	7,088	4,965
Ore stockpile	18,463	17,262
Total gold inventories	**31,576**	**29,334**
Diesel fuel	2,535	3,136
Materials and supplies	31,178	31,737
Goods in transit	1,350	2,914
Total other inventories	**35,063**	**37,787**
Total current inventories	**66,639**	**67,121**
Non-current		
Ore stockpile	91,057	63,081
Total inventories	**157,696**	**130,202**

16. OTHER ASSETS

	As at December 31, 2014	As at December 31, 2013
Current		
Prepayments (i)	5,607	4,256
Security deposit (ii)	1,500	1,500
Advanced royalty (iii)	1,885	-
Available for sale financial assets	3	6
Total other current assets	**8,995**	**5,762**
Non-current		
Advanced royalty payment (iii)	7,675	-
Intangible assets	242	947
Total other non-current assets	**7,917**	**947**
Total other assets	**16,912**	**6,709**

(i) As at December 31, 2014, prepayments include $3.0 million (2013 - $2.9 million) of advances to vendors and contractors, $1.3 million for insurance (2013 - $1.4 million) and deferred financing costs for a standby facility. Refer to Note 36d.
(ii) The security deposit represents a security for payment under the maintenance contract.
(iii) During the third quarter of 2014, the Company commenced production from the OJVG and in accordance with the Global Agreement between the Company and the Republic of Senegal, the Company recorded a $10.0 million advanced royalty payment to the Government of Senegal related to the waiver of the Government's right to acquire an additional equity interest in the exploration licenses converted to mine licenses when the ore is processed through the Sabodala mill. The advanced royalty has been recorded within other current assets based on expected production from the OJVG over the next year and the remaining balance is recorded within other non-current assets. The advanced royalty balance will be expensed to net profit based on actual production from the OJVG. Refer to Notes 19 and 26.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings and property improvements	Plant and equipment	Office furniture and equipment	Motor vehicles	Mobile equipment	Capital work in progress	Total
Cost							
Balance as at January 1, 2013	**44,453**	**275,680**	**1,804**	**3,086**	**42,417**	**8,062**	**375,502**
Additions	-	-	-	-	-	15,154	**15,154**
Rehabilitation asset	-	4,694	-	-	-	-	**4,694**
Disposals	-	(15)	(4)	(246)	(501)	-	**(766)**
Other	-	118	-	-	-	-	**118**
Transfer	582	17,549	391	191	-	(18,713)	**-**
Balance as at December 31, 2013	**45,035**	**298,026**	**2,191**	**3,031**	**41,916**	**4,503**	**394,702**
Additions	-	-	-	-	-	3,661	**3,661**
Rehabilitation asset	-	1,390	-	-	-	-	**1,390**
Disposals	-	-	(5)	-	-	-	**(5)**
Other	-	(351)	-	-	-	-	**(351)**
Transfer	-	3,392	45	-	-	(3,437)	**-**
Balance as at December 31, 2014	**45,035**	**302,457**	**2,231**	**3,031**	**41,916**	**4,727**	**399,397**
Accumulated depreciation							
Balance as at January 1, 2013	**14,404**	**84,013**	**1,011**	**1,835**	**26,341**	**-**	**127,604**
Disposals	-	(3)	(2)	(220)	(402)	-	**(627)**
Depreciation expense	4,812	34,435	435	386	8,117	-	**48,185**
Balance as at December 31, 2013	**19,216**	**118,445**	**1,444**	**2,001**	**34,056**	**-**	**175,162**
Disposals	-	-	(4)	-	-	-	**(4)**
Depreciation expense	2,230	19,479	358	339	3,400	-	**25,806**
Balance as at December 31, 2014	**21,446**	**137,924**	**1,798**	**2,340**	**37,456**	**-**	**200,964**
Net book value							
Balance as at December 31, 2013	**25,819**	**179,581**	**747**	**1,030**	**7,860**	**4,503**	**219,540**
Balance as at December 31, 2014	**23,589**	**164,533**	**433**	**691**	**4,460**	**4,727**	**198,433**

Additions made to property, plant and equipment during the year ended December 31, 2014 relate mainly to additional mining and milling equipment acquired.

Depreciation of property, plant and equipment of $25.8 million was primarily expensed as cost of sales for the year ended December 31, 2014 (2013: $48.2 million).

18. MINE DEVELOPMENT EXPENDITURES

	Amount
Cost	
Balance as at January 1, 2013	**190,602**
Additions incurred during the year	71,996
Balance as at December 31, 2013	**262,598**
Acquisition of OJVG	109,207
Additions incurred during the year	13,969
Balance as at December 31, 2014	**385,774**
Accumulated depreciation	
Balance as at January 1, 2013	**50,271**
Depreciation expense	30,722
Balance as at December 31, 2013	**80,993**
Depreciation expense	44,062
Balance as at December 31, 2014	**125,055**
Carrying amount	
Balance as at December 31, 2013	**181,605**
Balance as at December 31, 2014	**260,719**

	As at December 31, 2014	As at December 31, 2013
Capitalized mine development additions		
Deferred stripping costs	6,634	47,388
Capitalized mine development - Gora	255	491
Capitalized mine development - Masato & Goluma	3,383	-
Other capitalized reserve development	419	3,511
Payments to the Republic of Senegal	-	16,609
Other	3,278	3,997
Total capitalized mine development additions	**13,969**	**71,996**

		As at December 31, 2013	
	Total cost	Accumulated depreciation	Carrying amount
Development and exploration costs	179,402	(57,445)	121,957
Deferred stripping asset	83,196	(23,548)	59,648
Total mine development expenditures incurred	**262,598**	**(80,993)**	**181,605**

		As at December 31, 2014	
	Total cost	Accumulated depreciation	Carrying amount
Development and exploration costs	186,738	(63,823)	122,915
Acquisition of OJVG	109,207	(8,773)	100,434
Deferred stripping asset	89,829	(52,459)	37,370
Total mine development expenditures incurred	**385,774**	**(125,055)**	**260,719**

Mine development expenditures represent development costs in relation to the Sabodala gold mine, Gora satellite deposit and development costs for the Masato deposit.

Acquisition of the OJVG represents the fair value of the mine development expenditures acquired through the acquisition of Oromin and the remaining interests in the OJVG.

The Gora and Masato projects were advanced from the exploration stage to the development stage effective January 1, 2012 and January 15, 2014, respectively, after technical feasibility and commercial viability studies had been completed, or in the case of Masato, at the effective date of the acquisition. The Masato project was advanced to the production stage in September 2014.

Depreciation of capitalized mine development costs of $44.1 million was expensed as cost of sales for the year ended December 31, 2014 (2013: $30.7 million).

19. TRADE AND OTHER PAYABLES

	As at December 31, 2014	As at December 31, 2013
Current		
Trade payables (i)	19,436	21,410
Sundry creditors and accrued expenses	8,493	11,865
Government royalties (ii)	12,296	16,296
Amounts payable to Republic of Senegal (iii) (iv) (v)(viii)	13,684	7,320
Total current trade and other payables	**53,909**	**56,891**
Non-Current		
Amounts payable to Republic of Senegal (iii) (vi)(viii)	14,311	10,959
Contingent liabilities (vii)	4,088	-
Total other non-current liabilities	**18,399**	**10,959**
Total trade and other payables	**72,308**	**67,850**

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

(ii) Government royalties are payable annually based on the mine head value of the gold and related substances produced at a rate of 5 percent of sales.

(iii) A reserve payment is payable to the Republic of Senegal, calculated on the basis of $6.50 for each ounce of new reserves until December 31, 2012 which was calculated as $3.7 million. One payment of $0.9 million was made in 2013 and an additional payment of $0.9 million was made in 2014. As at December 31, 2014, $0.9 million remains accrued as a current liability and the final payment of $0.9 million has been accrued as a non-current liability and is recorded at its net present value.

(iv) During 2014, a payment of $1.2 million was made in full settlement of the Sabodala Gold Operations SA ("SGO") 2012 tax assessment. Refer to Note 27 for further details.

(v) The Company has agreed to advance accrued dividends to the Republic of Senegal in relation to its interest in SGO. For the year ended December 31, 2014, $7.8 million has been accrued based on net sales revenue (2013: $5.2 million). Refer to Note 27 for further details.

(vi) The Company has 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, which has been accrued at its net present value.

(vii) The Company acquired Badr's 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 (December 31, 2014: 4.0 million has been accrued based on its net present value).

(viii) During the third quarter of 2014, the Company commenced production from the OJVG and in accordance with the Global Agreement between the Company and the Republic of Senegal, 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 Somigol project. As at December 31, 2014, $1.5 million was paid and the remaining $8.5 million has been accrued as a current liability of $5.0 million and a non-current liability of $3.5 million. Refer to Note 26 for further details.

20. BORROWINGS

	As at December 31, 2014	As at December 31, 2013
Current		
Loan facility	-	60,000
Equipment finance facility	4,192	12,775
Deferred financing costs	(246)	(2,352)
Total current borrowings	**3,946**	**70,423**
Non-Current		
Equipment finance facility	-	4,192
Deferred financing costs	-	(246)
Total non-current borrowings	**-**	**3,946**
Total borrowings	**3,946**	**74,369**

a. Macquarie Loan Facility

On January 15, 2014, the Company amended its existing $60.0 million loan facility agreement with Macquarie Bank Limited ("Loan Facility") and retired half of the balance of $30.0 million. The outstanding balance was fully repaid by December 31, 2014.

b. Macquarie Equipment Finance Facility

During the first quarter of 2013, the Company entered into a $50.0 million equipment finance facility with Macquarie Bank Limited ("Equipment Facility"). The proceeds were put towards additional equipment for the Sabodala pit. During the fourth quarter of 2013, the Company cancelled the undrawn commitment from the Equipment Facility. At December 31, 2014, $4.2 million remained. Subsequent to the year ended December 31, 2014, the Company fully repaid the outstanding balance of its Equipment Facility.

21. DEFERRED REVENUE

On January 15, 2014, the Company completed a streaming transaction with Franco-Nevada. The Company is required to deliver 22,500 ounces annually of gold over the first six years followed by 6 percent of production from the Company's existing properties, including those of the OJVG, thereafter, in exchange for a deposit of $135.0 million.

For ounces of gold delivered to Franco-Nevada under the streaming transaction, Franco-Nevada will pay in cash the prevailing spot price of gold at the date of delivery at 20 percent of the ounces. For the remaining 80 percent of the ounces delivered to Franco-Nevada, the deferred revenue balance will be drawn down based on the prevailing spot price for gold. Once the deferred revenue has been drawn down to nil, the Company will only receive the 20 percent cash payment referred to above for the 6 percent of ounces produced.

The initial term of the contract is 40 years and the deposit bears no interest. For accounting purposes, the agreement is considered a contract for the future delivery of gold ounces at the contracted price. The up-front $135.0 million payment is accounted for as a prepayment of yet-to-be delivered ounces under the contract and are recorded as deferred revenue.

During the year ended December 31, 2014, the Company delivered 20,625 ounces of gold to Franco-Nevada and recorded revenue of $26.3 million, consisting of $5.3 million received in cash proceeds and $21.0 million recorded as a reduction of deferred revenue. Due to the timing of shipment schedules near year end, the delivery of 1,875 ounces of gold for the month of December 2014 was not received by Franco-Nevada until early January 2015. As a result, 1,875 ounces delivered in 2015 could not be recognized for accounting purposes for the year ended December 31, 2014. The transaction with Franco-Nevada permits for the delivery of payable gold to be deferred up to five business days following the month end.

	Amount
Balance as at January 1, 2014	-
Deposit received	135,000
Amortization of deferred revenue	(21,002)
Balance as at December 31, 2014	**113,998**

	As at December 31, 2014	**As at December 31, 2013**
Current	21,814	-
Non-Current	92,184	-
Total deferred revenue	**113,998**	**-**

22. PROVISIONS

	As at December 31, 2014	As at December 31, 2013
Current		
Employee benefits (i)	2,365	1,751
Cash settled share-based compensation (iii)	282	-
Total current provisions	**2,647**	**1,751**
Non-Current		
Mine restoration and rehabilitation (ii)	15,726	14,227
Cash settled share-based compensation (iii)	267	109
Total non-current provisions	**15,993**	**14,336**
Total provisions	**18,640**	**16,087**

(i) The provisions for employee benefits include $1.7 million accrued vacation and $0.7 million long service leave entitlements for the year ended December 31, 2014 (2013 - $1.2 million and $0.6 million).

(ii) Mine restoration and rehabilitation provision represents a constructive obligation to rehabilitate the Sabodala gold mine based on the mining concession. The majority of the reclamation activities will occur at the completion of active mining and processing (which as at December 31, 2014 was estimated based on the Sabodala pit mine closure in 2019 and Masato pit mine closure in 2023) but a limited amount of concurrent rehabilitation will occur throughout the mine life.

(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 32 for further details.

23. DEFERRED INCOME TAX LIABILITIES

	Amount
Deferred tax assets	-
Deferred tax liabilities	
Deferred stripping costs	(1,089)
Rehabilitation accrual	-
Leased equipment	(124)
Social fund, tax payments	(323)
Net deferred tax liabilities	**(1,536)**

24. ISSUED CAPITAL

	Number of shares	Amount
Balance as at January 1, 2013	**245,618,000**	**305,412**
Issued to Oromin shareholders	71,183,091	37,264
Less: Share issue costs	-	(206)
Balance as at January 1, 2014	**316,801,091**	**342,470**
Equity offering issuance	36,000,000	27,274
Less: Share issue costs	-	(1,907)
Balance as at December 31, 2014	**352,801,091**	**367,837**

On May 1, 2014, the Company closed on an offering of 36,000,000 common shares at a price of C$0.83 per share for gross proceeds of C$29.9 million. Net proceeds were $25.4 million after consideration of underwriter fees and expenses totaling approximately $1.9 million.

In 2013, the Company completed the acquisition of all of the issued and outstanding common shares of Oromin that it did not already own. The Company issued 71,183,091 Teranga shares to acquire all of the Oromin shares for consideration of $37.3 million.

The Company is authorized to issue an unlimited number of common shares with no par value. Holders of common shares are entitled to one vote for each common share on all matters to be voted on by shareholders at meetings of the Company's shareholders. All dividends which the Board of Directors may declare shall be declared and paid in equal amounts per share on all common shares at the time outstanding. There are no pre-emptive, redemption or conversion rights attached to the common shares. All common shares, when issued, are and will be issued as fully paid and non-assessable shares without liability for further calls or to assessment.

25. EARNINGS PER SHARE (EPS)

	For the years ended December 31	
	2014	**2013**
Basic EPS (US$)	0.05	0.19
Diluted EPS (US$)	0.05	0.19
Basic EPS:		
Net profit used in the calculation of basic EPS	17,776	50,280
Weighted average number of common shares for the purposes of basic EPS ('000)	340,867	270,705
Weighted average number of common shares outstanding for the purpose of diluted EPS ('000)	340,867	270,705

The determination of weighted average number of common shares for the purpose of diluted EPS excludes 21.5 million and 23.7 million shares relating to share options that were anti-dilutive for the years ended December 31, 2014 and December 31, 2013, respectively.

26. COMMITMENTS FOR EXPENDITURES

a. Capital Expenditure Commitments

The Company has committed to spend a total of $100 thousand over the next year in respect of the mining equipment supply contract.

b. Sabodala Gold Operations ("SGO"), Sabodala Mining Company ("SMC") and the OJVG Operating Commitments

The Company has the following operating commitments in respect of the SGO, SMC and the OJVG:

- Pursuant to the Company's Mining Concession, a royalty of 5 percent is payable to the Republic of Senegal based on the value of gold shipments, evaluated at the spot price on the shipment date.
- Pursuant to the completion of the acquisition of the OJVG, 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. The initial payment is to be used to finance social projects in the mine site region, which are determined by the Republic of Senegal and will be paid either directly to suppliers for the completion of specific projects or to specified ministries of the Republic of Senegal. During the year ended December 31, 2014, $1.5 million was paid and the remaining $8.5 million has been accrued and is expected to be paid through 2015 and 2016. An additional payment will be payable when the actual cumulative production from the OJVG, net of mining royalties, multiplied by the Company's weighted average gold prices, multiplied by 1 percent, exceeds the initial payments. The additional payment will be based on the calculated amount exceeding the initial payment.
- Pursuant to the Company's Mining Concession, $1.2 million is payable annually for community projects and infrastructure to support local communities surrounding the Company's operations and social development of local authorities in the surrounding Kedougou region.
- $30 thousand is payable annually for logistical support of the territorial administration of the region for SGO, $200 thousand is payable annually for training of Directorate of Mines and Geology officers and Mines Ministry, and $150 thousand is payable annually for training of the Mines Administration personnel and logistical support of the Ministry of Mines technical services.
- $250 thousand is payable annually for a forestry protocol to the Ministry of Environment for a period of five years. As the protocol was signed on April 2, 2014, the prorated payment for 2014 amounted to $187.5 thousand.

- $925 thousand is payable annually for additional reserves until 2016 ($3.7 million in total for the period from 2013 to 2016).
- $112 thousand is payable annually as institutional support for the exploration licenses.

27. CONTINGENT LIABILITIES

During the second quarter of 2013, the Company signed a definitive global agreement with the Republic of Senegal. A component of the agreement relates to the settlement of outstanding tax assessments and special contribution payments.

a. Settled and outstanding tax assessments

During the second quarter of 2013, the Company made a payment of $1.2 million in partial settlement of the SGO tax assessment received in December 2012. During the second quarter of 2014, a payment of $1.2 million was made in final settlement.

Approximately $18.0 million of the original SGO 2011 tax assessment of approximately $24.0 million has been resolved and approximately $6.0 million remains in dispute. The Company believes that the remaining amount in dispute is without merit and that these issues will be resolved with no amount or an immaterial amount of tax being due.

During the second quarter of 2013, the Company made a payment of $1.4 million in full settlement of the SMC tax assessment received in January 2013.

In January 2015, SGO received a tax assessment for $3.0 million from the Senegalese tax authorities claiming withholding tax on interest and fees paid to an offshore bank. The Company believes that the amount in dispute is without merit and that the issue will be resolved with no or an immaterial amount of tax due.

b. Government Payments

In connection with the Global Agreement signed with the Republic of Senegal in 2013, the Company has agreed to advance approximately $13.2 million of accrued dividends in respect of its 10 percent minority interest between 2013 and 2015. In 2013, the Company made a payment of $2.7 million with a further payment of $2.7 million required once drilling activities recommence at Niakafiri, now expected in 2015. As at December 31, 2014, $7.8 million has been accrued based on net sales revenue and is expected to be paid over 2015 and 2016.

The Company is required to make a payment of approximately $4.2 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Gora project. The payment is expected to be made upon receipt of all required approvals authorizing the processing of all Gora project ore through the Sabodala plant which is expected now in 2015.

28. EXPLORATION LICENSES AND JOINTLY CONTROLLED OPERATIONS AND ASSETS

The Company has exploration licenses and is an investee in the following jointly controlled operations and assets:

Name of venture	Principal activity	Interest 2014 %
Dembala Berola	Gold exploration	100
Massakounda	Gold exploration	100
Bransan	Gold exploration	100
AXMIN - Heremakono	Gold exploration	80 (i)
AXMIN - Sounkounkou	Gold exploration	80 (i)
Bransan Sud	Gold exploration	100
Sabodala Ouest	Gold exploration	100
Saiansoutou	Gold exploration	100
Garaboureya North	Gold exploration	75

(i) The joint venture partner of the exploration license has elected to take a 1.5% net smelter royalty on the Gora project in exchange for its fully participatory 20 percent interest.

Exploration commitments and contingent liabilities

Exploration commitments and contingent liabilities are disclosed in Notes 26 and 27.

29. CONTROLLED ENTITIES

	Country of Incorporation	Percentage owned 2014
Controlled entities consolidated		
Teranga Gold B.V.I. Corporation	British Virgin Islands	100
Sabodala Gold (Mauritius) Limited	Mauritius	100
SGML (Capital) Limited	Mauritius	100
Oromin Explorations Limited	Canada	100
Sabodala Holding Limited	British Virgin Islands	100
Subsidiaries of Sabodala Gold (Mauritius) Limited:		
Sabodala Mining Company SARL	Senegal	100
Sabodala Gold Operations SA	Senegal	90
Subsidiaries of Oromin Explorations Limited:		
Sabodala Holding Limited [(i)]	British Virgin Islands	100
Oromin Joint Venture Group Limited [(i)]	British Virgin Islands	43.5
Societe des Mines de Golouma S.A. [(i)]	Senegal	90
Subsidiaries of Teranga Gold B.V.I. Corporation:		
Oromin Joint Venture Group Limited [(i)]	British Virgin Islands	56.5

(i) The Company is in the process of reviewing its existing corporate structure and investigating opportunities for simplification and tax synergies. The reorganization is expected to be implemented during the first half of 2015.

30. CASH FLOW INFORMATION

a. Change in working capital

Net change in working capital other than inventory	For the years ended December 31	
	2014	2013
Changes in working capital other than inventory		
Decrease/(increase) in trade and other receivables	6,915	(1,613)
Decrease in other assets	147	1,108
(Decrease)/increase in trade and other payables	(8,048)	5,505
Increase/(decrease) in provisions	1,225	(188)
Net change in working capital other than inventory	**239**	**4,812**

b. Cash balance restricted for use

During the third quarter of 2013, the Company amended its existing $60.0 million Loan Facility to extend the final repayment date by one year to June 30, 2015. The Company was required to maintain a restricted cash balance of up to $20.0 million.

On January 15, 2014, the Company amended its existing $60.0 million Loan Facility agreement with Macquarie Bank Limited and retired half of the balance of $30.0 million. The outstanding balance was fully repaid by December 31, 2014 and the $15.0 million restricted cash requirement was removed. A minimum liquidity financial covenant of $15.0 million is required as part of the streaming transaction with Franco-Nevada. Refer to Note 21.

31. FINANCIAL INSTRUMENTS

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

a. Capital risk management

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern while maximizing the return to stakeholders through optimization of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents, debt, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated income. The Company is not subject to any externally imposed capital requirements. Notwithstanding, the Company's cash position is highly dependent on the gold price, and while the Company expects it will generate sufficient free cash flow from operations to fund its growth initiatives, the Company may explore value preservation alternatives that will provide additional financial flexibility to ensure sufficient liquidity is maintained by the Company.

The leverage ratio as at December 31, 2014 was as follows:

	As at of December 31, 2014	As at of December 31, 2013
Borrowings	(3,946)	(74,369)
Cash and cash equivalents	35,810	14,961
Restricted cash	-	20,000
Net cash / (debt)	**31,864**	**(39,408)**
Equity attributable to shareholders	**501,431**	**457,809**
Net cash / (debt) to equity ratio	**6%**	**(9%)**

b. Categories of financial instruments

As at December 31, 2014 and 2013, 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, other than cash and cash equivalents, as at December 31, 2014 and 2013:

	As at of December 31, 2014	As at December 31, 2013
Financial assets:		
Loans and receivables		
Restricted cash	-	20,000
Trade and other receivables	1,562	7,999
Financial liabilities:		
Other financial liabilities at amortized cost		
Trade and other payables	72,857	67,959
Borrowings	3,946	74,369

c. Commodity market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including foreign exchange rates and commodity prices. The Company is also exposed to movements in the gold price.

d. Foreign currency risk management

The Company has certain financial instruments denominated in CFA Franc, EUR, CAD, AUD and other currencies. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to the CFA Franc, EUR, CAD, AUD and other currencies may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in the CFA Franc, EUR, CAD, AUD and other currencies.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities are as follows:

	Financial Assets		Financial Liabilities	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
CFA Franc (XOF)	6,422	9,054	47,498	43,366
EUR	7,687	1,209	1,184	2,872
CAD	1,043	704	1,027	6,138
AUD	298	199	270	371
Other	176	224	763	336

Foreign currency sensitivity analysis

The Company is mainly exposed to CFA Franc, EUR, CAD and AUD. Ten percent represents management's assessment of the reasonably possible change in foreign exchange rates. Sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10 percent change in the functional currency rates. A negative number indicates a decrease in profit or equity where the functional currency strengthens by 10 percent against the relevant currency for monetary assets and where the functional currency weakens against the relevant currency for monetary liabilities. For a 10 percent weakening of the USD against the relevant currency for monetary assets and a 10 percent strengthening for monetary liabilities, there would be an equal and opposite impact on net assets and the balances would be positive.

	Financial Assets		Financial Liabilities	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
10% Strengthening				
CFA Franc (XOF) Impact				
Gain or loss	(642)	(905)	4,750	4,337
EUR Impact				
Gain or loss	(769)	(121)	118	287
CAD Impact				
Gain or loss	(104)	(70)	103	614
AUD Impact				
Gain or loss	(30)	(20)	27	37
10% Weakening				
CFA Franc (XOF) Impact				
Gain or loss	642	905	(4,750)	(4,337)
EUR Impact				
Gain or loss	769	121	(118)	(287)
CAD Impact				
Gain or loss	104	70	(103)	(614)
AUD Impact				
Gain or loss	30	20	(27)	(37)

e. Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in the market interest rates. The Company has exposure to interest rate risk relating to its bank balances and external borrowings.

The following table illustrates the classification of the Company's financial instruments which are exposed to interest rate risk as at December 31, 2014 and 2013:

	As at of December 31, 2014	As at of December 31, 2013
Financial assets		
Cash and cash equivalents	35,810	14,961
Restricted cash	-	20,000
Total	**35,810**	**34,961**
Financial liabilities		
Borrow ings	3,946	74,369
Total	**31,864**	**(39,408)**

The Company's interest rate on its borrowings is calculated at LIBOR plus 7.5 percent margin on the Equipment Facility.

Interest rate sensitivity analysis

If interest rates had been higher or lower by 50 basis points and all other variables were held constant, the profit and net assets would increase or decrease by:

	Financial Assets		Financial Liabilities	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Profit or loss	151	203	112	391

f. Credit risk management

The Company's credit risk is primarily attributable to cash, cash equivalents and derivative financial instruments. The Company does not have any significant credit risk exposure as cash and cash equivalents are held in low risk jurisdictions. The Company has adopted a strategy to minimize its credit risk by substantially investing in sovereign debt issued by Canadian government agencies, Canadian Provinces and the Federal Government of Canada.

The Company does not have significant credit risk exposure on accounts receivable as all gold sales are executed through Macquarie Bank, an AAA rated bank. Gold production is sold into the spot market and proceeds from the sale are deposited into the Company's bank account.

The Company is exposed to the credit risk of Senegal and France banks that disburse cash on behalf of its Senegal subsidiaries. The Company manages its Senegal and France bank credit risk by centralizing custody, control and management of its surplus cash resources at the corporate office and only transferring money to its subsidiary based on immediate cash requirements, thereby mitigating exposure to Senegal banks.

g. Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company monitors its risk of a shortage using projected cash flows and by monitoring the maturity of both its financial assets and liabilities.

Cash flow forecasting is performed in the operating entity of the group and combined by the Company's finance group. The Company's finance group monitors the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom in its proceeds account so that the Company does not breach any of its covenants. Surplus cash held by the Corporate office is invested in short-term investments issued by Canadian banks and in sovereign debt issued by Canadian Agencies, Provinces and the Federal Governments of Canada.

Liquidity tables

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company will be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Due on demand	Due one to three months	Due between three months to one year	Due one to five years
Financial Liabilities					
December 31, 2014					
Non-interest bearing	-	27,927	-	17,262	11,306
Variable interest rate instruments	7.77%	-	3,194	998	-
Fixed interest rate instruments	3.08%	-	-	925	925
Fixed interest rate instruments	7.50%	-	-	-	4,474
Total		**27,927**	**3,194**	**19,185**	**16,705**
December 31, 2013					
Non-interest bearing	-	33,273	1,200	16,296	5,195
Variable interest rate instruments	7.77%	-	3,194	9,581	4,192
Fixed interest rate instruments	3.08%	-	-	925	1,750
Variable interest rate instruments	9.13%	60,000	-	-	-
Total		**93,273**	**4,394**	**26,802**	**11,137**

	Weighted average effective interest rate %	Due on demand	Due one to three months	Due between three months to one year	Due one to five years
Financial Assets					
December 31, 2014					
Non-interest bearing	-	1,562	-	-	-
Total		**1,562**	**-**	**-**	**-**
December 31, 2013					
Non-interest bearing	-	7,999	-	-	-
Total		**7,999**	**-**	**-**	**-**

Management considers that the Company has adequate current assets and forecasted cash flow from operations to manage liquidity risk arising from settlement of current and non-current liabilities

h. Fair value of financial instruments

The Company's trade and other receivables, and trade and other payables are substantially 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 statement of financial position are as follows:

	As at December 31, 2014		As at December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Borrowings	4,192	4,100	76,967	71,207

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 December 31, 2014			As at December 31, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Cash and cash equivalents	35,810	-	-	14,961	-	-
Restricted cash	-	-	-	20,000	-	-
Total	**35,810**	**-**	**-**	**34,961**	**-**	**-**
Financial Liabilities						
Borrowings		3,946	-		74,369	-
Total	**-**	**3,946**	**-**	**-**	**74,369**	**-**

32. SHARE BASED COMPENSATION

The share-based compensation expense for the year ended December 31, 2014 totaled $0.9 million (2013: $0.8 million).

a. Incentive Stock Option Plan

The Incentive Stock Option Plan (the "Plan") authorizes the Directors to grant options to purchase shares of the Company to directors, officers, employees and consultants of the Company and its subsidiaries. The exercise price of the options is determined by the board of directors at the date of grant but in no event shall be less than the five-day weighted average closing price of the common shares as reported on TSX for the period ending on the business day immediately preceding the day on which the option was granted.

The vesting of options is determined by the Board of Directors at the date of grant. The term of options granted under the Plan is at the discretion of the board of directors, provided that such term cannot exceed ten years from the date the option is granted.

Each employee share option is convertible into one ordinary share of Teranga on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry subject to the terms of the Plan.

During the years ended December 31, 2014 and 2013, a total of 130,000 and 820,000 common share options, respectively, were granted to directors and employees.

During the years ended December 31, 2014 and 2013, a total of 2,397,361 and 2,132,917 options were forfeited, respectively. No stock options were exercised during the years ended December 31, 2014 and 2013. As at December 31, 2014, there were 20,057,774 and 1,412,715 outstanding options vested and unvested, respectively.

In connection with the acquisition of Oromin in 2013, Teranga issued 7,911,600 replacement stock options. These options expired on February 6, 2015 with no options exercised prior to expiry.

The following stock options were outstanding as at December 31, 2014:

Option series	Number	Grant date	Expiry date	Exercise price (C$)	Share price at grant date (C$)
Granted on November 26, 2010	6,120,000	26-Nov-10	26-Nov-20	3.00	1.19
Granted on December 3, 2010	1,200,000	03-Dec-10	03-Dec-20	3.00	1.19
Granted on February 9, 2011	675,000	09-Feb-11	09-Feb-21	3.00	0.99
Granted on April 27, 2011	25,000	27-Apr-11	27-Apr-21	3.00	0.80
Granted on June 14, 2011	455,000	14-Jun-11	14-Jun-21	3.00	0.94
Granted on August 13, 2011	360,000	13-Aug-11	13-Aug-21	3.00	0.82
Granted on December 20, 2011	1,475,000	20-Dec-11	20-Dec-21	3.00	0.61
Granted on February 24, 2012	703,333	24-Feb-12	24-Feb-22	3.00	0.37
Granted on February 24, 2012	225,000	24-Feb-12	24-Feb-22	3.00	1.26
Granted on June 5, 2012	50,000	05-Jun-12	05-Jun-22	3.00	0.17
Granted on September 27, 2012	600,000	27-Sep-12	27-Sep-22	3.00	0.93
Granted on October 9, 2012	600,000	09-Oct-12	06-Oct-22	3.00	1.01
Granted on October 31, 2012	80,000	31-Oct-12	31-Oct-22	3.00	0.52
Granted on October 31, 2012	165,556	31-Oct-12	31-Oct-22	3.00	0.18
Granted on December 3, 2012	200,000	03-Dec-12	03-Dec-22	3.00	0.61
Granted on February 23, 2013	350,000	23-Feb-13	23-Feb-23	3.00	0.42
Granted on May 14, 2013	190,000	14-May-13	14-May-23	3.00	0.82
Granted on June 3, 2013	120,000	03-Jun-13	03-Jun-23	3.00	0.71
Granted on May 1, 2014	50,000	01-May-14	01-May-24	3.00	0.68
Granted on June 4, 2014	80,000	04-Jun-14	04-Jun-24	3.00	0.60
Granted on August 6, 2013	573,600	06-Aug-13	06-Feb-15	1.09	*
Granted on August 6, 2013	4,437,600	06-Aug-13	06-Feb-15	1.54	*
Granted on August 6, 2013	2,735,400	06-Aug-13	06-Feb-15	2.17	*

- As part of the Oromin acquisition, 7,911,600 replacement stock options were issued which vested immediately. The remaining 7,746,600 outstanding options at December 31, 2014 expired on February 6, 2015.

As at December 31, 2014, approximately 13.8 million (2013: 15.9 million) options were available for issuance under the Plan.

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 21,470,489 common share stock options issued and outstanding as at December 31, 2014, 13,548,889 vest over a three-year period, 7,746,600 vested immediately and 175,000 vest based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on the best estimate of outcome of achieving our results.

As at December 31, 2014, 13,723,889 share options had a contractual life of ten years at issuance and 7,746,600 share options issued in connection with the acquisition of Oromin have a remaining contractual life of 1 month and expired on February 6, 2015.

Fair value of stock options granted

The fair value at the grant date was calculated using the Black-Scholes option pricing model with the following assumptions:

	For the years ended December 31	
	2014	**2013**
Grant date share price	C$0.60-C$0.68	C$0.71-C$1.44
Weighted average fair value of awards	C$0.05	C$0.05
Exercise price	C$3.00	C$3.00
Range of risk-free interest rate	1.05%-1.28%	1.04%-1.20%
Volatility of the expected market price of share	67.28%-68.30%	67.28%-68.30%
Expected life of options (years)	2.0-3.5	2.0-3.5
Dividend yield	0%	0%
Forfeiture rate	5%-50%	5%-50%

Due to lack of sufficient historical information for the Company, volatility was determined using the existing historical volatility information of the Company's share price combined with the industry average for comparable-size mining companies.

Movements in share options during the year

The following reconciled the share options outstanding at the beginning and end of the year:

	Number of options	Weighted average exercise price
Balance as at January 1, 2013	**17,139,167**	**C$3.00**
Granted during the year	820,000	C$3.00
Replacement stock options issued to Oromin employees on change of control	7,911,600	C$1.09-C$2.17
Forfeited during the year	(2,132,917)	C$3.00
Balance as at December 31, 2013	**23,737,850**	**C$2.58**
Granted during the year	130,000	C$3.00
Forfeited during the year	(2,397,361)	C$2.83-C$3.00
Balance as at December 31, 2014	**21,470,489**	**C$2.54**
Number of options exercisable - December 31, 2013	20,640,532	
Number of options exercisable - December 31, 2014	20,057,774	

There were no options exercised during the years ended December 31, 2014 and December 31, 2013.

b. Fixed Bonus Plan

The Fixed Bonus Plan authorizes the Directors to grant Fixed Bonus Plan Units ("Units") to officers and employees of the Company and its subsidiaries in lieu of participating in Stock Option Plan. Each Unit entitles the holder upon exercise to receive a cash payment equal to the closing price of a common share of Teranga on the Toronto Stock Exchange ("TSX") on the business day prior to the date of exercise, less the exercise price. Units may be exercised at any time from the date of vesting to the date of their expiry subject to the terms of the Plan. Units are not transferable or assignable.

The exercise price of each Unit is determined by the Board of Directors at the date of grant but in no event shall be less than the five-day weighted average closing price of the common shares as reported on the TSX for the period ended on the business day immediately preceding the day on which the option was granted.

The vesting of the Units is determined by the Board of Directors at the date of grant. The term of Units granted under the Fixed Bonus Plan is at the discretion of the board of directors, provided that such term cannot exceed ten years from the date that the Units are granted.

As at December 31, 2014, a total of 1,360,000 Units were outstanding (2013: 1,440,000 units). During the year ended December 31, 2014, 80,000 Units were forfeited.

As at December 31, 2014, there were 1,360,000 Units outstanding that were granted on August 8, 2012 with expiry dates ranging from November 24, 2020 through to February 24, 2022. The Units each have an exercise price of C$3.00 and have fair values at December 31, 2014 in the range of C$0.01 to C$0.09 per Unit. The total fair value of the Units at December 31, 2014 is $0.1 million (December 31, 2013: $0.1 million).

The estimated fair values of the Units were amortized over the period in which the Units vest. Of the 1,360,000 Units issued, 50 percent vested upon issuance, 25 percent vested on December 31, 2012 and 25 percent vested on December 31, 2013.

Fair value of Units granted

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

	For the years ended December 31	
	2014	**2013**
Share price at the end of the period	C$0.49	C$0.53
Weighted average fair value of awards	C$0.01-C$0.09	C$0.01-C$0.11
Exercise price	C$3.00	C$3.00
Range of risk-free interest rate	1.00%-1.34%	1.12%-1.895%
Volatility of the expected market price of share	66.71%-68.3%	66.71%-68.3%
Expected life of options (years)	2.0-5.0	2.0-5.0
Dividend yield	0%	0%
Forfeiture rate	5%-50%	5%-50%

Due to lack of sufficient historical information for the Company, volatility was determined using the existing historical volatility information of the Company's share price combined with the industry average for comparable-size mining companies.

c. RSUs

The Company introduced a new RSU Plan for employees during the second quarter of 2014. RSUs are not convertible into Company stock and simply represent a right 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 such date. RSUs will 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.

During the year ended December 31, 2014, the Company granted 2,343,487 RSUs, no units vested, 436,532 units were forfeited and 298,884 units were cancelled. At December 31, 2014, $0.1 million of current RSU liability and $0.2 million of non-current RSU liability have been recorded in the consolidated financial statement of financial position.

d. DSUs

The Company introduced a new 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.

The Company granted 545,000 DSUs during the year ended December 31, 2014 and there were no units vested and no units were cancelled. At December 31, 2014, $0.2 million of current DSU liability has been recorded in the consolidated financial statement of financial position.

33. SEGMENT REPORTING

The Company has one reportable operating segment under IFRS 8 Operating Segments.

Geographical information

The Company operates in two geographical areas, predominantly in Senegal (West Africa) and Mauritius.

The following table discloses the Company's revenue by geographical location:

	For the years ended December 31	
	2014	**2013**
Republic of Senegal – revenue from gold and silver sales	234,335	297,927
Republic of Senegal – interest income	53	51
British Virgin Islands	26,253	-
Canada	30	1
Total	**260,671**	**297,979**

The following is an analysis of the Company's non-current assets by geographical location:

	As at December 31, 2014	As at December 31, 2013
Republic of Senegal	556,245	461,078
Mauritius	-	-
Canada	57,072	51,722
Total	**613,317**	**512,800**

34. KEY MANAGEMENT PERSONNEL COMPENSATION

The Company considers key members of management to include the Executive Chairman, President and CEO, Vice Presidents and the General Manager, SGO & Vice President, Development Senegal.

The remuneration of the key members of management includes 7 members during the year ended December 31, 2014 as well as 1 member until May 2014 and 8 members during the year ended December 31, 2013. The remuneration during the years ended December 31, 2014 and 2013 is as follows:

	Short term benefits			Cash settled share based payments - value vested during the period	Equity settled share based payments - value vested during the period	
	Salary and Fees	Non-Cash Benefits	Cash Bonus	Options	Options	Total
For the year ended December 31, 2014						
Compensation	2,681	132	403	91	287	**3,594**
For the year ended December 31, 2013						
Compensation	2,839	267	-	108	1,110	**4,324**

35. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2014, there were transactions of $0.1 million between the Company and a director-related entity (2013 - $0.3 million).

36. SUBSEQUENT EVENT

a. Tax Assessment

In January 2015, SGO received a tax assessment from the Senegalese tax authorities claiming withholding tax on interest paid to an offshore bank of approximately $3.0 million. The Company believes that the amount in dispute is without merit and that the issue will be resolved with no or an immaterial amount of tax due.

b. Gold Hedge

On January 23, 2015, the Company entered into a gold hedge with Macquarie Bank Limited to deliver 5,000 ounces of gold on each of February 26, 2015, March 12, 2015 and March 26, 2015 for the set price of $1,297 per ounce.

c. Repayment of Macquarie Lease Facility

Subsequent to the year ended December 31, 2014, the Company fully repaid the outstanding balance of its Macquarie Equipment Facility, resulting in the Company being debt free.

d. Standby Facility

The Company is working to put a standby facility in place to provide additional financial flexibility to ensure sufficient liquidity is maintained by the Company.