TERANGA
GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the twelve months ended December 31, 2014 and 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2014 AND 2013

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial conditions and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the twelve months ended December 31, 2014 and 2013. The MD&A should be read in conjunction with the audited consolidated financial statements and notes thereto ("Statements") of Teranga Gold Corporation ("Teranga" or the "Company") as at and for the twelve months ended December 31, 2014 and 2013. The Company's Statements and MD&A are presented in United States dollars, unless otherwise specified, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additional information about Teranga, including the Company's Annual Information Form for the year ended December 31, 2013, as well as all other public filings, is available on the Company's website at www.terangagold.com and on the SEDAR website (www.sedar.com).

This report is dated as of February 18, 2015. All references to the Company include its subsidiaries unless the context requires otherwise.

The MD&A contains references to Teranga using the words "we", "us", "our" and similar words and the reader is referred to using the words "you", "your" and similar words.

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OVERVIEW OF THE BUSINESS

Teranga is a Canadian-based gold company which operates the Sabodala gold mine and is currently exploring 9 exploration licenses covering 1,055km^2 in Senegal, comprising the regional land package, surrounding the Sabodala gold mine.

Our vision has three growth phases:

Phase 1 is our near-term plan and is focused on organically growing our production by potentially 50 percent from current levels to between 250,000 and 350,000 ounces of annual gold production. This first phase requires incremental capital as it leverages off of our existing mill and infrastructure and focuses on increasing production through initiatives such as mill optimization and heap leaching, and adding reserves on the mine license to improve operating flexibility with high-grade mill feed and low-grade heap leach feed.

Phase 2 is our medium-term plan which envisions production rising to 400,000 to 500,000 ounces through exploration either on our mine license or regional land package. While we are committing only modest amounts of capital to this strategy, by its very nature, Phase 2 requires an expansion of the existing mill or a new standalone facility. Phase 2 is about investing in our future, beyond the organic growth in our Phase 1 plan, and we are being very systematic in our approach.

Phase 3 is our long term plan could see production increasing above our Phase 2 vision of 400,000 to 500,000 ounces. As the only gold producer in Senegal with a full operating infrastructure, we believe there will come a time when we will be the consolidator in the region. This may take the form of an acquisition of other properties or by entering into joint venture partnerships.

Over the past several years more than twelve million ounces of measured and indicated resources have been identified within the south eastern Senegal region, including the Massawa, Boto, Golouma, Makabingui and Mako projects, along with the Company's own Sabodala gold mine. With exploration work completed to date and the prior exploration success seen in the area, Management believes there is a reasonable basis for an exploration target that would substantiate the annual production targets set by the second and third phases of our vision.[1]

On October 4, 2013, Teranga completed the acquisition of Oromin Exploration Ltd. ("Oromin"). Oromin held a 43.5 percent participating interest in the Oromin Joint Venture Group ("OJVG"). The OJVG held a fully participating 90 percent interest in Societe des Mines de Golouma S.A. ("Somigol"), an operating company under the laws of Senegal, and the remaining 10 percent carried interest is held by the Government of Senegal.

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

The acquisition of Bendon 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 $246km^2$ by combining the two permitted mine licenses and more than doubling the Company's reserve base.

The OJVG holds a 15 year renewable mining lease contiguous to the Sabodala mine license. This transaction has resulted in capital and operating cost synergies as the OJVG license area and its various satellite deposits have been integrated into Sabodala's mine plan, utilizing the Sabodala mill and related infrastructure.

[1] The potential quantity and grade of an exploration target is conceptual in nature. There has been insufficient exploration to determine a mineral resource of the size required to achieve the production target we have established and there is no certainty that further exploration work will result in the determination of mineral resources or that the production target itself will be realized. All of our actions are directed at achieving our vision.

FINANCIAL AND OPERATING HIGHLIGHTS

(US$000's, except where indicated)	Three months ended December 31		Year ended December 31		
Operating Data	2014	2013	2014	2013	2012
Gold Produced (ounces)	71,278	52,368	211,823	207,204	214,310
Gold Sold (ounces)	63,711	46,561	206,336	208,406	207,814
Average realized gold price[1]	1,199	1,249	1,259	1,246	1,422
Total cash costs ($ per ounce sold)[2]	598	711	710	641	556
All-in sustaining costs ($ per ounce sold)[2]	711	850	865	1,033	1,200
Total depreciation and amortization ($ per ounce sold)[2,3]	240	329	298	306	228

	Three months ended December 31		Year ended December 31		
Financial Data	2014	2013	2014	2013	2012
Revenue	76,553	58,302	260,588	297,927	350,520
Profit (loss) attributable to shareholders of Teranga[3]	27,693	(2,420)	17,776	50,280	93,655
Per share[3]	0.08	(0.01)	0.05	0.19	0.38
Operating cash flow	30,677	13,137	49,009	74,307	104,982
Capital expenditures	4,105	3,725	18,913	69,056	115,785
Free cash flow[4]	26,572	20,412	39,096	16,251	(10,803)
Cash and cash equivalents (including bullion receivables and restricted cash)			35,810	42,301	44,974
Net cash (debt)[5]			31,864	(32,068)	(75,182)
Total assets[3]			726,323	628,643	565,715
Total non-current liabilities			128,112	29,241	68,505

Note: Results include the consolidation of 100% of the OJVG's operating results, cash flows and net assets from January 15, 2014.

[1] For the year ended December 31, 2013, includes the impact of 45,289 ounces delivered into gold hedge contacts at an average price of $806 per ounce.

[2] Total cash costs per ounce, all-in sustaining costs per ounce and total depreciation and amortization per ounce are prior to adjustments to net realizable value and are non-IFRS financial measures that do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

[3] The Company has reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

[4] Free cash flow is defined as operating cash flow (excluding one-time transaction costs related to the acquisition of the OJVG) less capital expenditures.

[5] Net cash (debt) is defined as total borrowings and financial derivative liabilities less cash and cash equivalents, bullion receivables and restricted cash.

Fourth Quarter Financial and Operating Highlights

- Gold production during the fourth quarter of 2014 increased by 47 percent and 36 percent versus the third quarter of 2014 and the fourth quarter of 2013, respectively. Production was higher in the last three months of 2014 due to higher processed grade and improved mill throughput. Production was slightly lower than fourth quarter guidance primarily due to marginally lower recovery rates than planned.
- During the fourth quarter of 2014, 63,711 ounces were sold at an average realized gold price of $1,199 per ounce. During the fourth quarter of 2013, 46,561 ounces were sold at an average realized price of $1,249 per ounce.
- Lower total cash costs per ounce for the three months ended December 31, 2014, excluding the reversal of non-cash inventory write-downs to net realizable value ("NRV"), were mainly due to lower mining and processing costs and higher gold production in the current year quarter.
- All-in sustaining costs for the three months ended December 31, 2014, excluding the reversal of non-cash inventory write-downs to NRV, were lower due to a decline in total cash costs and lower capital expenditures.
- The decrease in depreciation and amortization expense per ounce compared to the prior year quarter was due to higher production during the current year quarter.
- Gold revenue increased compared to the same prior year period due to higher gold sales volumes, partially offset by lower realized gold prices during the fourth quarter of 2014.
- The increases in profit and earnings per share over the prior year quarter were primarily due to higher revenues in the current year quarter, and a reversal of non-cash inventory write-down to NRV totaling $16.0 million recorded in the second and third quarters of 2014.
- The increase in cash flow provided by operations compared to the prior year quarter was primarily due to higher gold sales.
- Capital expenditures for the three months ended December 31, 2014 were similar to capital expenditures recorded in the same prior year period.

- As expected, the Company retired the outstanding $15.0 million balance of its loan facility with Macquarie Bank Limited ("Loan Facility") on December 31, 2014. The Company began 2014 with $60.0 million outstanding under the Loan Facility, of which $30.0 million was repaid on January 15, 2014 with the completion of the streaming agreement with Franco-Nevada Corporation ("Franco-Nevada") as part of the acquisition of the OJVG. The balance of $30.0 million was repaid in three quarterly $5.0 million installments, with the final outstanding balance of $15.0 million paid on December 31, 2014. The Company ended the year with $35.8 million in cash and cash equivalents, an increase of $7.8 million over the third quarter cash and cash equivalents balance (including restricted cash).
- For the twelve months ended December 31, 2014, the Company made a total of $63.0 million in one-time payments. This includes $42.8 million in debt repayments (including the final payment for the $60.0 million Loan Facility), $3.7 million in payments to the Republic of Senegal and one-time payments related to the acquisition of the OJVG, including $9.0 million for transaction, legal and office closure costs and $7.5 million to acquire Badr's share of the OJVG. The one-time payments described herein, excludes $30.0 million in debt retired in the first quarter 2014 as part of the Franco-Nevada transaction.
- Subsequent to the year ended December 31, 2014, the Company fully repaid the outstanding balance of its finance facility with Macquarie Bank Limited ("Equipment Facility"), resulting in the Company being debt free. Notwithstanding, 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.

Outlook 2015

		Year ended December 31	
		2014 Actuals	2015 Guidance Range
Operating Results			
Ore mined	('000t)	6,174	6,500 - 7,500
Waste mined - operating	('000t)	21,179	~19,500
Waste mined - capitalized	('000t)	1,969	2,500 - 3,500
Total mined	('000t)	29,321	28,500 - 30,500
Grade mined	(g/t)	1.54	1.40 - 1.60
Strip ratio	(waste/ore)	3.7	3.00 - 3.50
Ore milled	('000t)	3,622	3,600 - 3,800
Head grade	(g/t)	2.03	2.00 - 2.20
Recovery rate	%	89.7	90.0 - 91.0
Gold produced[1]	(oz)	211,823	200,000 - 230,000
Total cash cost (incl. royalties)[2]	$/oz sold	710	650 - 700
All-in sustaining costs[2,3]	$/oz sold	865	900 - 975
Total depreciation and amortization[2]	$/oz sold	298	260 - 275
Mining	($/t mined)	2.83	2.75 - 2.90
Mining long haul (cost/t hauled)	($/t milled)	-	5.00 - 6.00
Milling	($/t milled)	17.15	15.50 - 17.50
G&A	($/t milled)	4.61	5.25 - 5.75
Gold sold to Franco-Nevada[1]	(oz)	20,625	24,375
Exploration and evaluation expense (Regional Land Package)	($ millions)	2.8	1.0 - 2.0
Administration expenses and Social community costs (excluding depreciation)	($ millions)	14.8	15.0 - 16.0
Mine production costs	($ millions)	162.4	155.0 - 165.0
Capitalized deferred stripping	($ millions)	6.0	8.0 - 10.0
Net mine production costs	($ millions)	156.4	147.0 - 155.0
Capital expenditures			
Mine site sustaining	($ millions)	5.0	6.0 - 8.0
Capitalized reserve development (Mine License)	($ millions)	4.0	6.0 - 8.0
Project development costs (Gora/Kerekounda)			
Mill optimization	($ millions)	-	5.0 - 6.0
Development	($ millions)	3.9	16.5 - 17.5
Mobile equipment and other	($ millions)	-	7.5 - 8.5
Total project development costs	($ millions)	3.9	29.0 - 32.0
Capitalized deferred stripping	($ millions)	6.0	8.0 - 10.0
Total capital expenditures	($ millions)	18.9	49.0 - 58.0

[1] 22,500 ounces of production are to be sold to Franco Nevada at 20% of the spot gold price. Due to the timing of shipment schedules near year end, the delivery of 1,875 ounces of gold for the month of December was not received by Franco-Nevada until early January 2015. The transaction with Franco-Nevada permits for the delivery of payable gold for up to five business days following a month end.

[2] Total cash costs per ounce, all-in sustaining costs per ounce and total depreciation and amortization per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

[3] All-in sustaining costs per ounce sold include total cash costs per ounce, administration expenses (excluding Corporate depreciation expense and social community costs not related to current operations), capitalized deferred stripping, capitalized reserve development and mine site & development capital expenditures as defined by the World Gold Council.

Key assumptions: Gold spot price/ounce - US$1,200, Light fuel oil - US$0.95/litre, Heavy fuel oil - US$0.76/litre, US/Euro exchange rate - $1.20, USD/CAD exchange rate - $0.85.

Other important assumptions include: any political events are not expected to impact operations, including movement of people, supplies and gold shipments; grades and recoveries will remain consistent with the life-of-mine plan to achieve the forecast gold production; and no unplanned delays in or interruption of scheduled production.

2015 Guidance Analysis

The Company's mine plans are designed to maximize free cash flow. In 2015, the Company expects to generate free cash flow at $1,200 per ounce gold after funding its organic growth initiatives. Mining activity in 2015 will continue in the Masato pit, as well as completing phase 3 of the Sabodala pit. Development of Gora is expected to be complete during the third quarter, with mining expected by late in the third quarter and production from Gora commencing in the fourth quarter of the year.

The Company expects to produce between 200,000 and 230,000 ounces of gold in 2015. The quarterly production profile in 2015 is expected to look similar to the 2014 quarterly production profile with higher production in the fourth quarter once Gora ore is processed through the mill. In total, the second half of 2015 is expected to account for approximately 55 percent of total gold production as Gora comes into production. The Gora development schedule is aggressive but Management believes it is achievable. The delay in the Gora permitting process has delayed road construction which was to start at the beginning of the year but began on February 14th. The delay in the start date of road construction may negatively impact the timing of commencement of mining at Gora resulting in production at the lower end of our 2015 production guidance range. The final phase in the ESIA process, a public hearing to announce the outcome of the technical and public enquiry processes occurred on February 18th. Environmental approval and the occupational haul road permit are now expected in the ordinary course and are not expected to impact a fourth quarter production commencement for the Gora deposit.

The Company's tax exempt status ends on May 2, 2015. 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. Any income tax incurred in 2015 will not be paid until 2016 and the other taxes are built into our unit cost guidance.

Total mine production costs for 2015 are expected to fall in the range of $147.0 to $155.0 million, similar to 2014 (net of capitalized deferred stripping). The increase in taxes and duties for consumables of about $5.5 million is expected to be offset by the decline in costs for light fuel oil ("LFO"), heavy fuel oil ("HFO") and weaker local and Euro denominated costs relative to the US dollar. A $0.10 variance from the current HFO/LFO assumptions would result in approximately a $5.0 million change to mine production costs or about $20 per ounce. A 10 percent variance from the current Euro/USD exchange rate assumption would result in approximately a $9.0 million change to mine production costs or about $40 per ounce. The Government of Senegal sets the price of petroleum products monthly. In late December 2014, these prices were reduced on average 15 percent, the first reduction in 2014. The Company's 2015 assumptions for LFO and HFO reflect these most recent price reductions and do not reflect any potential further reductions that the Government of Senegal may choose to enact.

Administrative and corporate social responsibility ("CSR") costs relate to the corporate office, the Dakar and regional office and the Company's corporate social responsibility initiatives, and exclude corporate depreciation, transaction costs and other non-recurring costs. For 2015, these costs are estimated to be between $15.0 million and $16.0 million, including approximately $3.5 million for CSR activities.

Sustaining capital expenditures for the mine site are expected to be between $6.0 and $8.0 million, capitalized deferred stripping costs are expected to total $8.0 to $10.0 million and reserve development expenditures are expected to total $6.0 to $8.0 million. Project development expenditures for growth initiatives including the cost to develop the Gora and Kerekounda deposits and costs to optimize the mill are expected to total $29.0 to $32.0 million. Of the total $49.0 to $58.0 million in total capital expenditures for 2015, $5.0 to $6.0 million relating to the mill optimization may be deferred pending the Company's upcoming exploration and heap leach results to ensure the best allocation of capital for the Company.

Total cash costs per ounce for 2015 are expected to be between $650 and $700 per ounce, in line with 2014. All-in sustaining costs are expected to be between $900 and $975 per ounce, higher than 2014 due to an increase in development spending on new deposits and expansion of the mill of approximately $125 per ounce.

Total depreciation and amortization for the year is expected to be between $260 and $275 per ounce sold, $215 to $225 per ounce sold of which is related to depreciation on plant, equipment and mine development assets, and $45 to $50 per ounce of which is for depreciation of deferred stripping assets.

In 2015, the majority of the capital to be spent on the Company's exploration program will be focused on organic growth through (i) the conversion of resources to reserves; and (ii) extensions of existing deposits along strike on the Sabodala and OJVG mine licenses. As well, a modest amount of capital has been budgeted for the continuation of a systematic regional exploration program designed to identify high-grade satellite and standalone deposits.

The Company identified a number of risk factors to which it is subject in its revised Annual Information Form filed for the year ended December 31, 2013. These various financial and operational risks and uncertainties continue to be relevant to an understanding of our business, and could have a significant impact on profitability and levels of operating cash flow. Refer to Risks and Uncertainties at the end of this report for additional risks.

Sensitivity

	2015 Assumption	Hypothetical Change	Impact on total cash costs	Impact on profit (pre-tax)
Gold revenue	$1,200/oz	$100/oz	n/a	$21.9M
Gold total cash costs				
Gold price effect on royalties	$1,200/oz	$100/oz	$5/oz	$1.2M
HFO price	$0.76/litre	$0.10/litre	$13/oz	$3.0M
LFO price	$0.95/litre	$0.10/litre	$8/oz	$1.8M
EUR exchange rate	1.20:1	10%	$39/oz	$8.9M

REVIEW OF OPERATING RESULTS

Operating Results		Three months ended December 31 2014	Three months ended December 31 2013	Year ended December 31 2014	Year ended December 31 2013
Ore mined	('000t)	2,666	1,993	6,174	4,540
Waste mined - operating	('000t)	5,594	6,655	21,178	15,172
Waste mined - capitalized	('000t)	490	420	1,969	15,066
Total mined	('000t)	8,750	9,068	29,321	34,778
Grade mined	(g/t)	1.47	1.61	1.54	1.62
Ounces mined	(oz)	126,334	103,340	305,192	236,718
Strip ratio	waste/ore	2.3	3.6	3.7	6.7
Ore milled	('000t)	1,009	860	3,622	3,152
Head grade	(g/t)	2.44	2.11	2.03	2.24
Recovery rate	%	90.1	89.7	89.7	91.4
Gold produced[1]	(oz)	71,278	52,368	211,823	207,204
Gold sold	(oz)	63,711	46,561	206,336	208,406
Average realized price	$/oz	1,199	1,249	1,259	1,246
Total cash cost (incl. royalties)[2]	$/oz sold	598	711	710	641
All-in sustaining costs[2]	$/oz sold	711	850	865	1,033
Mining	($/t mined)	2.58	2.65	2.83	2.59
Milling	($/t milled)	13.91	17.96	17.15	20.15
G&A	($/t milled)	4.27	4.84	4.61	5.38

[1] Gold produced represents change in gold in circuit inventory plus gold recovered during the period.

[2] Total cash costs per ounce and all-in sustaining costs per ounce are prior to non-cash inventory write-downs to net realizable value and are non-IFRS financial measures that do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

Three months ended December 31, 2014		Masato	Sabodala	Total
Ore mined	('000t)	1,788	878	2,666
Waste mined - operating	('000t)	3,789	1,805	5,594
Waste mined - capitalized	('000t)	490	-	490
Total mined	('000t)	6,067	2,683	8,750
Grade mined	(g/t)	1.28	1.86	1.47
Ounces mined	(oz)	73,875	52,459	126,334

Year ended December 31, 2014		Masato	Sabodala	Total
Ore mined	('000t)	2,003	4,171	6,174
Waste mined - operating	('000t)	4,392	16,786	21,178
Waste mined - capitalized	('000t)	490	1,479	1,969
Total mined	('000t)	6,885	22,436	29,321
Grade mined	(g/t)	1.27	1.66	1.54
Ounces mined	(oz)	82,017	223,175	305,192

Mining

Total tonnes mined for the three months ended December 31, 2014 were 4 percent lower year-over-year. Mining activities in the current period were mainly focused on the upper benches of Masato and the lower benches of phase 3 of the Sabodala pit, while in the same prior year period, mining was focused on the upper benches of phase 3 of the Sabodala pit which resulted in shorter ore and waste haul distances.

Access to the lowest benches of phase 3 of the Sabodala pit, which was originally scheduled for mining during the fourth quarter 2014, have been deferred into 2015 due to bench access constraints. In total, approximately 10,300 high-grade ounces (91,000 tonnes at over 3.5 gpt) originally part of the 2014 mine plan are expected to be mined and processed during first and second quarters of 2015. As a result of this deferral, gold production in 2014 was impacted by about an approximately net 8,000 ounces for the year as this high-grade material was displaced by low-grade feed to the mill.

Total tonnes mined for the year ended December 31, 2014 were 16 percent lower compared to the same prior year period. Mining activities in the current year were initially focused on the lower benches of phase 3 of the Sabodala pit. Commencing in September, mining began on schedule at Masato, the first of the OJVG deposits to be developed. Total tonnes mined in 2014 were about 4 million tonnes higher than the original plan, mainly due to a redesign of phase 3 of the Sabodala pit as a result of mining in a peripheral area to the ore body which added 1.3 million waste tonnes that was originally scheduled for mining in phase 4 of the Sabodala pit in 2016; combined with higher tonnes mined at Masato due to better grade and ore tonnes than originally expected. In the prior year, mining activities were mainly focused on the upper benches of phase 3 of the Sabodala pit.

Ore grades mined for the year ended December 31, 2014 were 5 percent lower than the prior year due to lower ore grades mined at Masato, combined with lower than expected ore grades in a peripheral area of the Sabodala pit mined during the second quarter 2014. Management took steps to improve grade control including the hiring of a new mine manager and senior mine personal, additional leadership in the production geology department, improved blasthole sampling and statistical controls, increased Reverse Circulation ("RC") infill drilling and reducing to 5 metre benches when necessary. The changes in the mine department made during the year in terms of people and procedures resulted in much improved grade control during the fourth quarter. Mining at Masato included 371,000 tonnes at 2.41 gpt and mining at Sabodala included 353,000 tonnes at 3.16 gpt, both reconciling well to the reserve models.

Total mining costs for the three months ended December 31, 2014 were 6 percent lower than the same prior year period mainly due to lower material movement and higher productivity at Masato due to mining softer material. Unit mining costs for the three months ended December 31, 2014 were $2.58 per tonne, a decrease of 3 percent compared to the same prior year period.

Total mining costs for the year ended December 31, 2014 were 8 percent lower than the same prior year period due to decreased material movement. However, unit mining costs for the year ended December 31, 2014 were 9 percent higher than the same prior year period due to fewer tonnes mined. In 2014, mining was mainly concentrated on the lower benches of phase 3 of the Sabodala mine pit with limited space resulting in lower productivity and higher costs, which was partially offset by higher productivity at Masato from mining softer material.

Processing

Ore tonnes milled for the three and twelve months ended December 31, 2014 were 17 and 15 percent higher than the same prior year periods. The Company set a quarterly record for total tonnes milled during the fourth quarter of 2014. As anticipated, the introduction of softer oxide ore from Masato has had a positive impact on crushing and milling rates. In the same prior year period, mill feed was sourced from phase 3 of the Sabodala pit containing harder ore.

Processed grade for the three months ended December 31, 2014 was 16 percent higher than the same prior year period. Mill feed during the fourth quarter 2014 included significant high grade ore that was sourced from the upper benches of Masato and the lower benches of the Sabodala pit. In the prior year period, mill feed was sourced from phase 3 of the Sabodala pit at grades closer to average reserve grade.

Processed grade for the year ended December 31, 2014 was 9 percent lower than the same prior year period, as mill feed for the first nine months of 2014 was sourced from ore from phase 3 of the Sabodala pit at grades closer to average reserve grade. In the prior year, mill feed was primarily sourced from phase 3 of the Sabodala pit at higher grades.

During the third quarter of 2014, the Company experienced a discrepancy of approximately 5,000 ounces between the predicted gold production based on the daily production report assays and reconciled gold poured and gold in circuit production at quarter end. Management concluded its investigation of the source of the discrepancy during the fourth quarter 2014. Based on the final assessment, it was determined this discrepancy was caused by a high bias of approximately 10 percent in the assays during the third quarter. The high bias was caused by degradation in the gold calibration standard due to poor storage of the solutions employed by the independent lab. The bias was corrected in October 2014 and steps have been taken by the independent lab to improve quality control including changes to their senior personnel, retraining of their local technical staff, duplicate testing conducted by their lab in Mali and more senior level oversight to ensure quality and adherence to standard practices.

Reconciliation of the metallurgical accounting for the fourth quarter 2014 with daily production was within acceptable standards, as has been the case on average for the duration of operations for the Sabodala mill.

Gold production during the fourth quarter of 2014 increased by 47 percent and 36 percent versus the third quarter of 2014 and the fourth quarter of 2013, respectively. Production was higher in the last three months of 2014 due to higher processed grade and improved mill throughput. Production was slightly lower than fourth quarter guidance primarily due to marginally lower recovery rates than planned.

Gold production for the year increased marginally from the year earlier to 211,823 ounces and was the second highest production total in Company history. However, production fell short of the revised guidance estimate of 215,000 ounces primarily due to lower than planned recovery rates in the fourth quarter.

Total processing costs for the three and twelve months ended December 31, 2014 were 9 percent and 2 percent lower than the same prior year periods, mainly due to timing of maintenance activities and lower consumption of grinding media with the softer ore from Masato.

Unit processing costs for the three and twelve months ended December 31, 2014 were 23 percent and 15 percent lower than the prior year periods due to lower total processing costs and higher tonnes milled.

General and Administrative – Site Operations

Total mine site general and administrative costs for the three and twelve months ended December 31, 2014 were 1 percent and 5 percent lower than the prior year periods mainly due to lower insurance premiums.

Unit general and administration costs for the three and twelve months ended December 31, 2014 were 12 percent and 14 percent lower than the prior year periods, respectively, due to lower general and administrative costs and higher tonnes milled.

Costs per Ounce

Total cash costs per ounce for the three months ended December 31, 2014, excluding the reversal of non-cash inventory write-downs to NRV, totalled $598 per ounce compared to $711 per ounce in the same prior year quarter mainly due to lower mining and processing costs and higher gold production in the current year quarter.

Total cash costs per ounce for the year ended December 31, 2014 of $710 per ounce were marginally above the higher end of guidance of $650 to $700 per ounce. This compares to $641 per ounce in 2013. The increase in total cash costs was mainly due to lower capitalized deferred stripping, partly offset by lower mining and processing costs compared to the prior year.

All-in sustaining costs for the three months ended December 31, 2014, excluding the reversal of non-cash inventory write-downs to NRV, totalled $711 per ounce, compared to $850 per ounce in the prior year. All-in sustaining costs were lower due to a decline in total cash costs and lower capital expenditures.

All-in sustaining costs per ounce for the year ended December 31, 2014 were $865 per ounce, within the original guidance range of $800 to $875 per ounce and 16 percent lower than the prior year. Lower all-in sustaining costs were mainly due to lower capital expenditures in the current year period.

ALL-IN SUSTAINING COSTS PER OUNCE

Beginning in the second quarter of 2013, the Company adopted an “all-in sustaining costs” measure and “all-in costs” measure consistent with the guidance issued by the World Gold Council (“WGC”) on June 27, 2013. For additional information, please refer to Non-IFRS Financial Measures.

REVIEW OF FINANCIAL RESULTS

(US$000's, except where indicated)	Three months ended December 31		Year ended December 31	
Financial Results	2014	2013	2014	2013
Revenue	76,553	58,302	260,588	297,927
Cost of sales[1,2]	(37,738)	(48,526)	(207,984)	(193,434)
Gross Profit	**38,815**	**9,776**	**52,604**	**104,493**
Exploration and evaluation expenditures	(373)	(1,043)	(2,772)	(5,405)
Administration expenses	(4,404)	(3,191)	(15,621)	(14,717)
Share based compensation	75	(136)	(911)	(813)
Finance costs	(2,080)	(3,150)	(9,484)	(12,148)
Gains on gold hedge contracts	-	-	-	5,308
Gains on oil hedge contracts	-	-	-	31
Net foreign exchange gains (losses)	671	(449)	2,013	(1,233)
Gain (loss) on available for sale financial asset	-	-	-	(4,003)
Other income (expense)	15	(3,410)	(1,982)	(11,843)
Profit (loss) before income tax	**32,719**	**(1,603)**	**23,847**	**59,670**
Income tax expense	(1,536)	-	(1,536)	-
Profit (loss) for the period	**31,183**	**(1,603)**	**22,311**	**59,670**
Profit attributable to non-controlling interest	(3,490)	(817)	(4,535)	(9,390)
Profit (loss) attributable to shareholders of Teranga	**27,693**	**(2,420)**	**17,776**	**50,280**
Basic earnings (loss) per share	0.08	(0.01)	0.05	0.19

[1] Includes a non-cash inventory reversal of a writedown to net realizable value of $16.0 million during the three months ended December 31, 2014 (nil net write-down to net realizable value during the year ended December 31, 2014).

[2] The Company has reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

Note: Results include the consolidation of 100% of the OJVG's operating results, cash flows and net assets from January 15, 2014.

Revenue

Gold revenue for the three months ended December 31, 2014 was $76.6 million compared to gold revenue of $58.3 million for the same prior year period. The increase in gold revenue was due to 37 percent higher gold sales volume, partially offset by 4 percent lower realized gold prices during the fourth quarter of 2014.

Gold revenue for the twelve months ended December 31, 2014 was $260.6 million compared to gold revenue of $297.9 million for the same prior year period. The decrease in gold revenue was mainly due to lower spot gold prices in the current year.

Cost of sales

(US$000's)	Three months ended December 31		Year ended December 31	
Cost of Sales	2014	2013	2014	2013
Mine production costs - gross	41,123	43,555	162,410	170,752
Capitalized deferred stripping	(1,266)	(1,444)	(5,976)	(43,264)
Capitalized deferred stripping - non-cash[1]	189	137	(658)	(4,124)
	40,046	42,248	155,776	123,364
Depreciation and amortization - deferred stripping assets[1]	7,205	12,639	28,911	17,850
Depreciation and amortization - property, plant & equipment and mine development expenditures	11,988	15,263	40,605	60,683
Royalties	3,843	2,890	12,486	14,755
Advanced royalty payment	391	-	440	-
Rehabilitation	-	-	-	6
Inventory movements	(5,802)	(11,945)	(22,145)	(8,552)
Inventory movements - non-cash[1]	(3,907)	(12,569)	(8,089)	(14,672)
	(9,709)	(24,514)	(30,234)	(23,224)
Total cost of sales before adjustments to net realizable value	**53,764**	**48,526**	**207,984**	**193,434**
Adjustments to net realizable value[1]	(10,865)	-	-	-
Adjustments to net realizable value - depreciation[1]	(5,161)	-	-	-
	(16,026)	-	-	-
Total cost of sales	**37,738**	**48,526**	**207,984**	**193,434**

[1] The Company has reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

For the three and twelve months ended December 31, 2014, mine production costs, before capitalized deferred stripping, were $41.1 million and $162.4 million, respectively, compared to $43.6 million and $170.8 million in the same prior year periods. Lower mine production costs in 2014 were due to lower mining costs from lower material movement and lower processing costs (please see Review of Operating Results section for additional information).

Depreciation and amortization for the three and twelve months ended December 31, 2014 totaled $19.2 million and $69.5 million, respectively, compared to $27.9 million and $78.5 million in the same prior year periods. Lower depreciation on property, plant and equipment and mine development expenditures were partially offset by higher depreciation of deferred stripping balances in the current year. Approximately 80 percent of the Company's fixed assets are depreciated using the units of production method of depreciation. Units of production depreciation rates decreased in 2014 with the acquisition of the OJVG which increased the reserve base and as a result, the per ounce units of production depreciation rate.

For the three months ended December 31, 2014, royalties were $4.2 million, $1.3 million higher than the prior year period mainly due to higher revenues in the current quarter. For the twelve months ended December 31, 2014, royalties of $12.9 million were $1.8 million lower than the prior year period due to lower sales revenue in the current year.

Inventory movements for the three and twelve months ended December 31, 2014 resulted in a decrease to cost of sales of $9.7 million and $30.2 million, respectively, compared to a decrease to cost of sales of $24.5 million and $23.2 million for the same prior year periods. For the twelve months ended December 31, 2014, higher costs were absorbed into inventory as a result of the net addition to ore stockpiles of approximately 52,000 ounces of recoverable gold. In total, the Company now has over 250,000 ounces of recoverable gold in ore stockpiles. In the same prior year periods, higher costs were absorbed into inventory mainly as a result of higher mine production costs.

During the three months ended December 31, 2014, the Company recorded a $16.0 million reversal of the non-cash write-down on long-term low-grade ore stockpile inventory that had been previously recorded during the second and third quarters of 2014, as adjusted for a mill discrepancy encountered during the third quarter 2014 (please refer to Review of Annual Operating Results section) and the impact of a change in the accounting for deferred stripping costs (please refer to Critical Accounting Policies and Estimates, Stripping Costs in the production phase of a surface mine). Higher ore grades and ounces mined during the fourth quarter resulted in a decrease in the per ounce ending cost of low-grade ore stockpiles (including applicable overhead, depreciation and amortization).

The adjustment recorded in the fourth quarter fully reverses the previously recorded non-cash write-down, which had been the result of an increase in costs added to low-grade ore stockpiles earlier in the year. Lower ore grades mined during the first and second quarters resulted in an increase in the per ounce cost of inventory (including applicable overhead, depreciation and amortization). Higher per ounce inventory costs have a greater impact on low-grade stockpile values because of the higher future processing costs required to produce an ounce of gold. The non-cash write-down represented the portion of historic costs that would not be recoverable based on the Company's long-term forecasts of future processing and overhead costs at a gold price of $1,300 per ounce. Fluctuations in the mine plan result in wide fluctuations in the per ounce cost of our long-term ore stockpiles. During periods where fewer ounces are mined, per ounce costs rise, while during those periods when more ounces are mined, per ounce costs fall. Should long-term gold prices decline or future costs rise, there is a potential for further NRV adjustments.

Exploration and Evaluation

Exploration and evaluation expenditures for the three months ended December 31, 2014 totaled $0.4 million, $0.7 million lower than the same prior year period and for the twelve months ended December 31, 2014 totaled $2.8 million, compared to $5.4 million in the prior year period. Lower exploration expense in the current year reflects a higher mix of lower cost trenching to delineate exploration targets. Higher cost drilling has been minimized in this lower gold price environment. A systematic and disciplined screening process is being employed by the Company's exploration team to optimize the potential for success in exploring the many high-potential anomalies located within the Company's Regional Land Package. Please see Regional Exploration section for additional information.

Administration and Corporate Social Responsibility Costs

Administration costs for the three and twelve months ended December 31, 2014 were $3.3 million and $13.1 million, respectively, compared to $2.9 million and $13.0 million in the same prior year periods. Higher costs in 2014 reflect higher corporate office costs and higher professional and consulting costs, partially offset by lower depreciation expense for IT infrastructure and Dakar office costs. Corporate social responsibility costs were $1.1 million and $2.5 million for the three and twelve months ended December 31, 2014, respectively, compared to $0.3 million and $1.7 million in the same prior year periods. Higher costs in 2014 reflect higher social commitments related to the acquisition of the OJVG. Total Administration and corporate social responsibility costs for the three and twelve months ended December 31, 2014 totaled $4.4 million and $15.6 million, respectively, compared to $3.2 million and $14.7 million in the same prior year periods.

Share based compensation

During the three months ended December 31, 2014, no common share stock options were granted, 1,539,444 common share stock options were cancelled and no stock options were exercised. During the twelve months ended December 31, 2014, 130,000 common share stock options were granted, 2,397,361 common share stock options were cancelled and no stock options were exercised.

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 are already vested and 175,000 vests based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on our best estimate of outcome of achieving our results.

In order to allow non-executive directors and employees to participate in the long-term success of the Company and to promote alignment of interests between directors/employees and shareholders, the Company introduced a new Deferred Share Unit Plan ("DSU Plan") for non-executive directors and a new Restricted Share Unit Plan ("RSU Plan") for employees during the second quarter 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. For employees, 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 based on the Company's achievement of performance-based criteria.

During the twelve months ended December 31, 2014, the Company granted 2,343,487 RSUs at a price of C$0.72 per unit. At December 31, 2014 there were no units vested, 436,532 units were forfeited and 298,884 units were cancelled. The Company granted 545,000 DSUs during the twelve months ended December 31, 2014 at a price of C$0.72 per unit. At December 31, 2014 there were no units vested and no units were cancelled.

Finance Costs

Finance costs reflect interest costs related to the outstanding bank and mobile equipment loans, amortization of capitalized deferred financing costs, political risk insurance relating to the Loan Facility, accretion expense related to unwinding the discount for certain liabilities recorded at a discount, and bank charges.

Finance costs for the three and twelve months ended December 31, 2014 decreased to $2.1 million and $9.5 million, compared to $3.2 million and $12.1 million in the prior year periods. Finance costs were lower than the prior year periods primarily due to lower interest on borrowings as a result of the repayment of $30.0 million under the Loan Facility in first quarter 2014 along with a further $42.8 million in scheduled debt repayments through the course of 2014, partially offset by higher accretion expense related to unwinding the discount for certain liabilities recorded at a discount.

Gold Hedge Contracts

For the three and twelve months ended December 31, 2014, there were no forward sales contracts outstanding.

In early 2013, the Company bought back the remaining "out of the money" gold forward sales contracts at a cost of $8.6 million and 45,289 ounces were also delivered into forward sales contracts at an average price of $806 per ounce. The gain on gold hedge contracts totaled $5.3 million for the twelve months ended December 31, 2013, resulting from a decrease in the spot price of gold from December 31, 2012.

Oil Hedge Contracts

For the three and twelve months ended December 31, 2014, there were no oil hedge contracts outstanding since the oil hedge contracts were completed at March 31, 2013. The gain on settlement of oil hedge contracts totaled $31 thousand for the quarter ended March 31, 2013 and resulted from an increase in the spot oil price over December 31, 2012.

Net Foreign Exchange Gains and Losses

The Company generated foreign exchange gains of $0.7 million and $2.0 million for the three and twelve months ended December 31, 2014, respectively, compared to $0.4 million and $1.2 million of foreign exchange losses in the same prior year periods. In 2014, foreign exchange gains were realized on payments denominated in the local currency made during the year, and were the result of a 13 percent depreciation in the local currency relative to the US dollar from the start of the year. In the same prior year periods, foreign exchange losses were realized from the Sabodala gold mine operating costs recorded in the local currency and translated into the US dollar functional currency.

Loss on available for sale financial assets

For the three and twelve months ended December 31, 2014, there were no losses recognized on available for sale financial assets. For the twelve months ended December 31, 2013, a non-cash impairment loss of $4.0 million was recognized on the Oromin shares based on further declines in Oromin's share price, relative to a previous impairment loss that was recorded as at December 31, 2012.

Other income (expense)

Other income was $15 thousand for the three months ended December 31, 2014 and other expense was $2.0 million for the twelve months ended December 31, 2014, respectively, compared to other expenses of $3.4 million and $11.9 million for the same prior year periods. The expenses in 2014 relate to costs associated with the acquisitions of the OJVG. The prior year period expenses related to costs associated with the acquisition of Oromin, financial advisory services and non-recurring legal and other expenses.

Income tax expense

Income tax expense for the three and twelve months ended December 31, 2014 was $1.5 million compared to nil in the prior year periods. In the current year, the Company recognized deferred income tax liabilities related to the reversal of temporary differences in respect of deferred stripping costs, leased property, plant and equipment, social fund payments and tax assessment payments.

Net profit

Consolidated profit for the three months ended December 31, 2014 was $27.7 million ($0.08 per share), compared to a consolidated loss of in the prior year quarter of $2.4 million ($0.01 loss per share). The increase in profit in the current year quarter were primarily due to higher revenues and a reversal of non-cash inventory write-down to NRV totaling $16.0 million recorded in the second and third quarters of 2014.

Consolidated profit for the twelve months ended December 31, 2014 was $17.8 million ($0.05 per share), compared to profit of $50.3 million ($0.19 per share) in the prior year. The decrease in profit in the current year was primarily due to lower revenue, higher cost of sales, partially offset by lower transaction costs related to the acquisition of the OJVG.

REVIEW OF QUARTERLY FINANCIAL RESULTS

(US$000's, except where indicated)	2014				2013			
	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	76,553	56,711	57,522	69,802	58,302	50,564	75,246	113,815
Average realized gold price ($/oz)	1,199	1,269	1,295	1,293	1,249	1,339	1,379	1,090
Cost of sales[1]	37,738	52,358	62,819	55,069	48,526	36,825	52,334	55,748
Net earnings (loss)[1]	27,693	(1,524)	(12,543)	4,151	(2,420)	49	7,467	45,184
Net earnings (loss) per share ($)[1]	0.08	(0.00)	(0.04)	0.01	(0.01)	0.00	0.03	0.18
Operating cash flow	30,677	13,822	(9,793)	14,303	13,137	16,692	20,838	23,640

[1] The Company has reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

The Company's revenues over the last several quarters reflect a trend of spot gold prices that have fluctuated around recent low levels in the current metal commodity cycle while operating costs have largely remained stable. This has translated into fluctuating net earnings and operating cash flow levels depending on the gold realized prices and production levels each quarter.

The net loss recorded in fourth quarter 2013 was mainly due to transaction costs related to the acquisitions of Oromin and the OJVG, while the net losses recorded in second and third quarter 2014 were primarily due to a non-cash inventory write-down to net realizable value totaling $16.0 million. Refer to Critical Accounting Policies and Estimates, Stripping Costs in the production phase of a surface mine for further details. These write-downs were fully reversed in fourth quarter 2014 leading to higher net earnings.

Operating cash flows trended lower during certain quarters as a result of transaction costs related to the acquisition of the OJVG. Operating cash flows during 2014 also reflect the impact of delivering a portion of quarterly gold production to Franco-Nevada at 20 percent of gold spot prices. Operating cash flows during the first and second quarters of 2013 included a use of cash to buy-back-back the remaining "out of the money" gold forward sales contracts and the delivery of 45,289 ounces into the hedge book at $806 per ounce.

BUSINESS AND PROJECT DEVELOPMENT

Franco-Nevada Gold Stream

On January 15, 2014, the Company completed a gold stream transaction with Franco-Nevada. The Company is required to deliver to Franco-Nevada 22,500 ounces annually 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. Franco-Nevada's purchase price per ounce is set at 20 percent of the prevailing spot price of gold.

The deposit of $135.0 million has been treated as deferred revenue within the statement of financial position.

Acquisition of the OJVG

During the third and fourth quarters of 2013, the Company issued 71,183,091 Teranga shares to acquire all of the Oromin shares (Oromin being one of the three joint venture partners holding 43.5 percent of the OJVG) for total consideration of $37.8 million.

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 higher realized gold prices and increases to OJVG 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 targeted additions to OJVG reserves. The acquisitions of Bendon's and Badr's interest in the OJVG were funded by the gold stream agreement with Franco-Nevada and from the Company's existing cash balance.

The acquisition of Bendon's and Badr's interests in the OJVG increased the Company's ownership to 100 percent and consolidated the Sabodala region, increasing the size of the Company's interests in mine license from 33km^2 to 246km^2, more than doubling the Company's reserve base and providing the Company with the flexibility to integrate the OJVG satellite deposits into its existing operations. The contribution of 100 percent of the OJVG has been reflected into Teranga's results from January 15, 2014.

Acquisition related costs of approximately $1.5 million have been expensed during the year ended December 31, 2014, and are presented within other expenses in the consolidated statements of comprehensive income.

Reserves and Resources

Mineral Resources at December 31, 2014 are presented in Table 1. Total open pit Proven and Probable Mineral Reserves at December 31, 2014 are set forth in Table 2. The reported Mineral Resources are inclusive of the Mineral Reserves.

The Proven and Probable Mineral Reserves were based on the Measured and Indicated Resources that fall within the designed open pits. The basis for the resources and reserves is consistent with the Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure for Mineral Projects ("NI 43-101") regulations.

The Sabodala pit design, which remains unchanged and is consistent with the Mineral Reserves reported previously, is based on a $1,000 per ounce gold price pit shell for Phase 4. A re-evaluation of the final pit limits of Sabodala Phase 4 will be completed prior to mining and will use updated economic parameters at that time. Currently, the plan to mine Phase 4 in Sabodala is estimated to begin in 2016.

The Niakafiri and Gora pit designs remain unchanged from December 2012.

The Masato pit design has been updated and is based on an updated resource model, using a $1,200 gold price with mine operating costs reflecting current conditions.

The Golouma and Kerekounda pit designs remain unchanged from December 2013. Resource models are expected to be updated based on drill programs recently completed, with subsequent pit designs and revised reserves estimates expected later in 2015. These have been based on a $1,250 per ounce pit shell, however, when comparing to adjusted cut-off grades to match current operating costs, minimal adjustments were required to match a $1,200 per ounce pit shell.

Masato Resource Model Update

Drill hole assays and surface trenching results from the 2014 advanced exploration program were incorporated into an updated Masato mineral resource model during the fourth quarter 2014. A total of 2,900 metres in 22 diamond drill holes ("DDH") and 6,000 metres in 98 reverse circulation ("RC") holes were completed in 2014.

DDH drilling confirmed the interpretation of mineralized zones and infilled gaps to upgrade resource classification of Inferred Resources.

RC holes were drilled at 10 metre spacing in 2 separate test block areas in oxide ore to test the continuity of portions of the high-grade sub-domains. Results confirm the nature of high grade mineralization in these areas, as well as overall shallower dipping zones than was previously interpreted.

Due to the complex nature of mineralization, a total of 11 mineralization models were generated following non-linear trending structures. Mineral resources were estimated using locally varying anisotropies respecting local trends. Oxide densities were revised to reflect the gradational density difference associated with increasing depth from surface. Fresh rock densities were revised and averaged for mineralized and non-mineralized areas.

A comparison of the reserve model against actual mined in 2014 indicates 2 percent higher tonnes, 5 percent higher grade and 8 percent higher ounces mined. This can be attributed to a shallower higher grade mineralization trend in oxides in areas delineated with wider spaced drilling.

Overall, 72,000 ounces were added at Masato during 2014 including 16,000 ounces in the high-grade test blocks drilled. Due to the complexity of the high grade zones revealed from the 10 metre test block areas, extension of high grade intercepts will need to be continually updated as mining advances with 10 metre spacing from the RC grade control process. As a result, the high grade added in the updated model was in the near surface areas in Phase 1 where 10 metre spacing drilling occurred.

Table 1 Mineral Resources Summary

	Measured			Indicated			Measured and Indicated		
	Tonnes	Grade	Au	Tonnes	Grade	Au	Tonnes	Grade	Au
	(Mt)	(g/t)	(Moz)	(Mt)	(g/t)	(Moz)	(Mt)	(g/t)	(Moz)
Sabodala	23.73	1.21	0.92	19.55	1.23	0.77	43.28	1.22	1.70
Gora	0.49	5.27	0.08	1.84	4.93	0.29	2.32	5.00	0.37
Niakafiri	0.30	1.74	0.02	10.50	1.10	0.37	10.70	1.12	0.39
ML Other									
Subtotal Sabodala	**24.52**	**1.30**	**1.02**	**31.89**	**1.40**	**1.43**	**56.41**	**1.36**	**2.46**
Masato	1.55	0.96	0.05	50.26	1.04	1.67	51.81	1.03	1.72
Golouma				12.04	2.69	1.04	12.04	2.69	1.04
Kerekounda				2.20	3.77	0.27	2.20	3.77	0.27
Somigol Other				18.72	0.93	0.56	18.72	0.93	0.56
Subtotal Somigol	**1.55**	**0.96**	**0.05**	**83.22**	**1.33**	**3.54**	**84.77**	**1.32**	**3.59**
Total	**26.07**	**1.28**	**1.07**	**115.11**	**1.35**	**4.97**	**141.18**	**1.33**	**6.05**

Inferred Resources

Area	Tonnes (Mt)	Au (g/t)	Au (Moz)
Sabodala	18.42	0.93	0.55
Gora	0.21	3.38	0.02
Niakafiri	7.20	0.88	0.21
ML Other	10.60	0.97	0.33
Subtotal Sabodala	**36.43**	**0.94**	**1.11**
Masato	19.18	1.15	0.71
Golouma	2.46	2.01	0.16
Kerekounda	0.34	4.21	0.05
Somigol Other	12.87	0.84	0.35
Subtotal Somigol	**34.86**	**1.13**	**1.26**
Total	**71.29**	**1.03**	**2.37**

Notes for Table 1: Mineral Resources Summary:
1) CIM definitions were followed for Mineral Resources.
2) Mineral Resource cut-off grades for Sabodala, Masato, Golouma, Kerekounda and Somigol Other are 0.2 g/t Au for oxide and 0.35 g/t Au for fresh.
3) Mineral Resource cut-off grades for Niakafiri are 0.3 g/t Au for oxide and 0.5 g/t Au for fresh.
4) Mineral Resource cut-off grade for Gora is 0.5 g/t Au for oxide and fresh.
5) Mineral Resource cut-off grade for Niakafiri West and Soukhoto is 0.3 g/t Au for oxide and fresh.
6) Mineral Resource cut-off grade for Diadiako is 0.2 g/t Au for oxide and fresh.
7) Measured Resources include stockpiles which total 11.30 Mt at 0.82 g/t Au for 0.30 Mozs.
8) High grade assays were capped at grades ranging from 10 g/t to 30 g/t Au at Sabodala, 20 g/t to 70 g/t Au at Gora, from 4 g/t to 25 g/t Au at Masato, from 5 g/t to 70 g/t for Golouma, from 11 g/t to 50 g/t at Kerekounda, and from 0.8 g/t to 110 g/t at Somigol Other.
9) The figures above are "Total" Mineral Resources and include Mineral Reserves.
10) Neither underground Mineral Resources nor Mineral Reserves have been generated by the Company, therefore global Mineral Resources have been reported at the determined cut-off grades. A detailed underground analysis will be undertaken to follow-up on the underground resource potential; however, this is not a priority in the near term.
11) Sum of individual amounts may not equal due to rounding.

For clarity, the mineral Resource estimates disclosed above with respect to Niakafiri, Gora and ML Other (which includes Niakafiri, Niakafiri West, Soukhoto and Diadiako) were prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Refer to Teranga Gold Corporation's ASX Quarterly December 31, 2013 report filed on January 30, 2014 for further details. All material assumptions and technical parameters previously disclosed continue to be applicable and have not materially changed. See Competent Person Statements on pages 33 and 34 for further details.

Table 2 Mineral Reserves Summary

	Proven			Probable			Proven and Probable		
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)
Sabodala	1.98	1.52	0.10	2.48	1.48	0.12	4.45	1.50	0.21
Gora	0.48	4.66	0.07	1.35	4.79	0.21	1.83	4.76	0.28
Niakafiri	0.23	1.69	0.01	7.58	1.12	0.27	7.81	1.14	0.29
Stockpiles	11.30	0.82	0.30				11.30	0.82	0.30
Subtotal Sabodala	**13.99**	**1.07**	**0.48**	**11.41**	**1.63**	**0.60**	**25.40**	**1.32**	**1.09**
Masato				26.93	1.13	0.98	26.93	1.13	0.98
Golouma				6.47	2.24	0.46	6.47	2.24	0.46
Kerekounda				0.88	3.26	0.09	0.88	3.26	0.09
Subtotal Somigol				34.28	**1.39**	1.53	34.28	**1.39**	1.53
Total	**13.99**	**1.07**	**0.48**	**45.69**	**1.45**	**2.12**	**59.68**	**1.36**	**2.62**

Notes for Table 2: Mineral Reserves Summary:
1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserve cut off grades for Sabodala are 0.40 g/t Au for oxide and 0.5 g/t Au for fresh based on a $1,250/oz gold price and metallurgical recoveries between 90 percent and 93 percent.
3. Mineral Reserve cut off grades for Niakafiri are 0.35 g/t Au for oxide and 0.5 g/t Au for fresh based on a $1,350/oz gold price and metallurgical recoveries between 90 percent and 92 percent.
4. Mineral Reserve cut off grade for Gora is 0.76 g/t Au for oxide and fresh based on $1,200/oz gold price and metallurgical recovery of 95 percent.
5. Mineral Reserve cut off grades for Masato are 0.4 g/t Au for oxide and 0.5 g/t for fresh based on $1,200/oz gold price and metallurgical between 90 percent and 93 percent.
6. Mineral reserve cut off grades for Golouma and Kerekounda are 0.4 g/t Au for oxide and 0.5 g/t for fresh based on $1,250/oz gold price and metallurgical between 90 percent and 93 percent.
7. Sum of individual amounts may not equal due to rounding.
8. The Niakafiri deposit is adjacent to the Sabodala village and relocation of at least some portion of the village will be required which will necessitate a negotiated resettlement program with the affected community members.
9. The Gora deposit is intended to be merged into the Sabodala mining license which the State of Senegal has agreed to in principal subject to completion and receipt of an approved environmental and social impact assessment which is ongoing.
10. There are no other known political, legal or environmental risks that could materially affect the potential development of the identified mineral resources or mineral reserves other than as already set out in the Company's Annual Information Form dated March 31, 2014 (revised April 24, 2014). Refer to RISK FACTORS beginning on page 60.

For clarity, the mineral Reserve estimates disclosed above with respect to Niakafiri and Gora was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Refer to Teranga Gold Corporation's ASX Quarterly December 31, 2013 report filed on January 30, 2014 for further details. All material assumptions and technical parameters previously disclosed continue to be applicable and have not materially changed. See Competent Person Statements on pages 33 and 34 for further details.

Masato Development and OJVG Integration

Development of the Masato deposit is complete and mining commenced during the third quarter of 2014. First ore delivery was completed in third quarter 2014, with a gradual ramping up of production rates throughout fourth quarter 2014. The heavily oxidized upper ore zones did not create significant materials handling issues in the plant and the total blend of oxide with fresh Sabodala ore was increased throughout fourth quarter 2014. The gold recovery from Masato met expectations, demonstrated by the metallurgical accounting for the year as well as results from an individual bulk test in the plant. The softer oxidized ore from Masato provided for an increase in mill throughput and lower overall plant unit operating costs.

Base-Case Life of Mine

During the first quarter 2014, the Company filed a National Instrument – Standards of Disclosures for Mineral Projects ("NI 43-101") technical report which included an integrated life of mine ("LOM") plan for the combined operations of Sabodala and the OJVG. The integrated LOM plan had been designed to maximize free cash flow in the prevailing gold price environment. The sequence of the pits can be optimized, as well as the sequencing of phases within the pits, based not only on grade, but also on strip ratio, ore hardness, and the capital required to maximize free cash flows in different gold price environments. As a result, the integrated LOM annual production profile represented an optimized cash flow for 2014 and a balance of gold production and cash flow generated in the subsequent five years. Based on the current reserve base on $1,200 per ounce gold the Company has the flexibility to reduce material movement and capital costs which reduces production by about 5 percent but expects to generate free cash flow over the period 2015-2017.[2] At the same time, as gold prices increase, the Company has the ability to increase material movement and gold production. One of the strategic alternatives available to the Company, should materially lower gold prices arise, is to supplement higher grade feed to the mill with low-grade ore stockpiles on hand thus significantly reducing or eliminating material movement costs.

With expectations for additional reserves based on drilling in Niakafiri, Masato, Golouma, Kerekounda and further discoveries on the land acquired from the OJVG, further mine plan optimization work will continue. As a result, the integrated LOM production schedule represents a "base case" scenario with flexibility to improve cash flows in subsequent years.

[2] This forecast financial information is based on the following material assumptions: Gold price: $1,200 per ounce; average annual gold production (2015-2017) of approximately 240,000 ounces; and total mine production costs assumed for the 2015 Outlook. The production guidance is based on existing proven and probable reserves only from both the Sabodala mining license and OJVG mining license as disclosed in Table 2 on page 17 of this Report.

Mill Enhancements

A study to quantify and optimize the relationship between an increase in crusher availability to the SAG and Ball Mill system, as well as other design enhancements within the crushing and grinding system was completed during the third quarter 2014.

Improvements to the SAG mill as part of sustaining capital include adjustments made to mill liners along with installation of a discharge head and trommel screen to improve throughput. Increased throughput in the ball mills will result from new gear boxes which will increase power to the ball mills thereby increasing throughput.

The largest capital component of the mill upgrade will consist of adding a second primary jaw crusher to operate in parallel with the existing unit. This will (i) increase availability to the live storage for the mill circuit, and (ii) provide the ability to reduce the top size primary crusher feed. Basic engineering was initiated in the fourth quarter of 2014 to finalize design, layout, material quantities, procurement packages and an execution plan for construction.

The parallel crusher construction is expected to be operational over a span of approximately 18 months, with continual improvement realized earlier on from the sustaining capital initiatives. The Company has budgeted approximately $6.0 million in 2015, however, detailed engineering is ongoing to determine the final cost estimate. A decision to proceed to construction will depend on the Company's upcoming exploration and heap leach results to ensure the best allocation of capital for the Company. Simulations have demonstrated that production potential exists beyond 480 tonnes per operating hour with these new configurations once commissioning has been completed after installation.

Heap Leach Project

The LOM plan shows a significant amount of both oxide and sulphide low grade reserves that are mined during the operating period but not processed until the end of the mine life. There also exists significant potential along an 8km mineralized structural trend covering both mine leases to increase the known reserves with near surface, oxidized ore.

The potential benefit to accelerating value from this ore earlier by feeding it through a heap leach process was evaluated during 2014. Phase 1 of the testwork (various stages of the soft and hard oxidized transition zones) has been completed. Based on positive results of this testwork, Phase 2 (analysis of hard ore on the ROM stockpile) has been initiated.

The ongoing testwork is being completed by Klappes, Cassidy and Associates at their facilities in Reno, Nevada, who are experienced in testing and designing heap leach facilities throughout the world, including West Africa.

Key milestones for the project are as follows:

- Complete Phase 1 testwork, economic analysis and initiate engineering design to pre-feasibility study ("PFS") level – completed fourth quarter of 2014;
- Complete additional follow up optimization testwork and, initiate Phase 2 testwork on the ROM stockpiles – ongoing through to first half of 2015;
- Initiate design concepts and proceed with PFS level engineering design study – initiated in first quarter of 2015; and
- Initiate advanced level engineering design, initiate targeted resource drilling and environmental studies to support an environmental and social impact assessment ("ESIA") submission – second half of 2015.

The Company is encouraged by the Phase 1 test results. Key variables (recovery rates, agglomeration and cyanide consumption of the oxide ore zones) are in line with the Company's initial expectations.

The hard transition oxide ore, (representing approximately 40 percent) is being tested at a top size of 12.5 mm crush with 8 kg/t of cement addition that passed percolation tests representing a lift height to 16 metres. Preliminary results from the column leach tests indicate an average recovery of approximately 75 to 80 percent. The optimal cyanide consumption versus maximum leach will be determined in the PFS and is expected to be in the range of 0.5-0.7 kg/t cyanide consumption after approximately 40 to 70 days of leach time.

Additional testwork is ongoing for the saprolite ore (representing approximately 10 percent) and for several bulk samples representing ~11Mt of low grade ROM stockpile.

The Company is targeting production from heap leach commencing in 2017, with the quantities and scale of operation to be defined upon the completion of Phase 2 and completion of drilling of potential low-grade heap leach material on the combined mine licenses. At this point, the Company anticipates that heap leach could account for an incremental 10 to 20 percent of annual production once fully operational.

Gora Development

The high-grade Gora deposit will be operated as a satellite deposit to the Sabodala mine, requiring limited local infrastructure and development. Ore will be hauled to the Sabodala processing plant by a dedicated fleet of trucks and processed on a priority basis, displacing lower grade feed as required.

Technical approval of the Gora ESIA was completed in the fall of 2014 and the public enquiry process was completed in late January 2015. As a result, the Company received approval to begin access road construction in mid-February 2015. The final phase in the ESIA process, a public hearing to announce the outcome of the technical and public enquiry processes, occurred on February 18th. Environmental approval and the occupational haul road permit are now expected in the ordinary course.

Due to excess equipment available from the lower material movement rates, mine operations has initiated construction with a complement of contractors required to complete the road during the second quarter of 2015. Infrastructure to support mine operations, a small water retention structure and pit preparations are expected to commence during the second quarter 2015 with ore to be stockpiled and delivered to the plant by a contractor in the fourth quarter 2015.

Sabodala Mine License Reserve Development

The Sabodala combined mine license covers 246km^2. In addition to the mine related infrastructure, it contains the Sabodala, Masato, Niakafiri, Niakafiri West, Soukhoto and Dinkokhono deposits on the former Sabodala 33km^2 license area, and the Masato, Golouma and Kerekounda deposits on the OJVG mine license area of 213km^2. As we have integrated the OJVG geological database into a combined LOM plan, a number of areas have been revealed as potential sources for reserve additions within the mining lease. These targets have been selected based on potential for discovery and inclusion into open pit reserves.

In total, the combined mine license includes 5.7 million ounces of Measured and Indicated Resources and a further 2.35 million ounces of Inferred Resources.[3] A significant multiyear reserve development program is under way to add high-grade mill feed and low-grade heap leach feed to the open pit reserve base, which should allow the Company to further increase production toward its phase 1 organic growth target of 250,000 to 350,000 ounces of annual production. In addition, exploration programs are underway on the combined mine license to make new discoveries that may further enhance both the phase 1 and phase 2 organic growth targets.

Niakafiri

In 2013, further surface mapping was completed at Niakafiri in conjunction with the re-logging of several DDH, which were incorporated into the geological model for the Niakafiri deposit. Further exploration work, including additional drilling, is targeted for 2015 following discussions with the Sabodala village.

In addition to the potential expansion of hard ore reserves at Niakafiri, the Company is exploring for potential softer ore that may be conducive to heap leach, with emphasis on the mineralized trend to the north and south of the current reserves at Niakafiri.

Masato

An advanced exploration program began at Masato during the second quarter of 2014 and continued into the third quarter 2014 to inter alia test the continuity of portions of the high-grade sub-domains, which were removed from the Masato reserve base after the acquisition of OJVG in 2014.

The overall program consisted of drilling and trenching to confirm interpretation of domains and high-grade sub-domains, infill gaps and upgrading Inferred Resources, determining optimal RC grade control drill spacing and obtaining additional geotechnical data for pit slope analysis. Overall, the program confirms the Company's interpretation of the resource model and provides additional confidence in the nature of the high-grade mineralization within the deposit.

Surface trenching and RC drilling revealed additional ore zones not modelled in the supergene enriched laterite ore near surface during mining of the uppermost benches in the third quarter 2014. RC drilling in advance of mining in 10 metre spacing of the ore zones will be ongoing as part of a comprehensive grade control program for mine operations.

All drill hole assay data for the 2014 Masato exploration program, including drill hole locations and a location map, are available on the Company's website at www.terangagold.com under "Exploration".

Golouma NW Extension

Infill drilling was undertaken for potential conversion of inferred resources outside of the existing pit limits to the northwest of the current Golouma orebody to evaluate the mineralization potential of structural features along strike to the existing reserves. By the end of the fourth quarter of 2014, 26 diamond drill holes, totaling 3,100 metres were completed. Encouraging gold values were reported from several holes. The presence of two gold mineralized shear structures (north south shear and northwest shear) within metavolcanic units located to the north and northwest of the existing reserves has been confirmed, with continued mineralization to the north where these features intersect. An updated resource model and subsequent reserves evaluation will be completed based on the drilling completed in the fourth quarter of 2014. Additional drilling is ongoing to test mineralization potential to the north and infill drilling along the northwest shear.

Masato Northeast

Detailed mapping and trenching (4,300 metres) were completed on the Masato Northeast prospect which is situated 1km northeast along strike of the Masato deposit. The prospect overlies a sequence of mafic volcanics within which there is a 2.5 km long structural splay off the main Masato structural trend. Trenching has defined a north-northeast trending shear zone with distinctive quartz-carbonate-sericite alteration features. Assay results received to date indicate elevated gold values are developed along the length of the shear structure. A 10-hole DDH drilling program is ongoing to test the gold mineralized zones at depth in sections of the shear. Additional drilling in addition to this program is expected to continue through the first half of 2015, with potential for a yearlong campaign pending initial results.

Kerekounda

An 11-hole, 1,200 metres DDH drilling program was completed in the fourth quarter 2014 with the aim of determining the extent of mineralization further along strike of the existing reserves to the south of the existing reserves pit. Assay results are awaited and pending results, an updated resource model with subsequent reserves evaluation will be completed in the first half of 2015.

[3] Analysis to determine underground potential for a portion of the reported resources is planned to be completed by the Company this year

Niakafiri SE and Maki Medina

Both RC and DDH drilling is planned for potential conversion of inferred resources, geotechnical holes for pit wall determination and exploratory holes to the north toward the Niakafiri deposit to evaluate extension along strike. Additional drilling to determine near surface oxide resources will also be evaluated. Due to the positive results for the heap leach tests, work in these areas is expected to commence in the first quarter 2015, but may be deferred later into 2015 to coincide with drilling near Sabodala village on the Niakafiri reserves.

Regional Exploration

The Company currently has 9 exploration permits encompassing approximately 1,055km² of land surrounding the Sabodala and OJVG mine licenses (246km² exploitation permits). Over the past four years, with the initiation of a regional exploration program on this significant land package, a tremendous amount of exploration data has been systematically collected and interpreted to implement methodical and cost-effective follow-up programs. Targets are in various stages of advancement and are prioritized for follow-up work and drilling. Early geophysical and geochemical analysis of these areas has led to the demarcation of at least 50 anomalies, targets and prospects and the Company expects that several of these areas will ultimately be developed into mineable deposits. The Company has identified some key targets that, though early stage, display significant potential. However, due to the sheer size of the land position, the process of advancing an anomaly through to a mineable deposit takes time using a disciplined screening process to maximize the potential for success.

Ninienko

An extensive mapping and trenching program covering 1,500 metres which was conducted during the second and third quarters of 2014 at the Ninienko prospect, is ongoing. This work outlined a 500 metre-plus wide zone with gold mineralization occurring in flat-lying, near surface (0-2 metres) quartz vein and felsic breccia units developed over a strike length of 1,500 metres.

An isopach plan of the mineralized quartz vein and felsic breccia systems is in progress, and will be used to develop a plan for DDH and a possible RC drill program. Due to the limitation of surface trenching and mapping used to develop the flat lying mineralized zone at surface, additional trenching and mapping will also be undertaken in prospective zones near to the area to expand on the currently defined zone and to further develop an understanding of the source of mineralization zones for potential drill targets at depth.

A detailed geochemical soil sampling program commenced in the fourth quarter of 2014 to follow up and test co-incident gold-molybdenum-copper and potassium anomalies identified by an earlier regional termite mound sampling program. The sampling program has led to the discovery of two separate shear zones both following the north-northeast regional scale structural trend, which is host to other gold deposits in the region. The shear zones are characterized by quartz-carbonate alteration zones 10-20 metres in width with quartz veining and gossan development. These zones and other gold soil anomalies will be tested by a trenching program in 2015. A DDH program will follow later in 2015.

Soreto

Following up on a small 5-hole DDH program at the Soreto prospect in 2013, a 15-hole DDH program for 2014 was primarily completed during the fourth quarter of 2014, with the remainder during early 2015. These were located along two fence lines placed 150 metres on either side of the 2013 fence that intersected reasonable gold values. At least three continuous shear zones were intercepted along strike. These featured west dipping (25 - 35º) altered shear zones with felsic dyke, sheared and brecciated silicified metasediments containing quartz-carbonate veins with disseminated pyrite and visible gold in places. The shear zones coincide with the major north-northeast regional shear structure with an associated 6km long geochemical soil anomaly and when projected to surface, align with the surface workings from artisanal mining.

Further infill drilling (13 DDHs) was undertaken in the fourth quarter 2014 to further extend these mineralized shear zones along strike and infill drill to 50 metre spacing between the fence lines. The Company is awaiting assay results from the infill drilling program.

Gora Northeast Extension and Zone ABC

Trenching and mapping programs are being planned for the first quarter of 2015 to investigate potential gold mineralized extensions of the Gora gold deposit into the Zone ABC prospect, which has significant gold soil anomalies co-incident with regional structural trends.

KD Prospect

Mapping and outcrop sampling programs were undertaken on KD during the fourth quarter 2014. The programs are investigating and following gold in soil anomalies identified in regional termite mound sampling surveys. The anomalies coincide with northeast and northwest trending regional scale structures. Rock chip sampling of outcrop within a northwest trending shear zone in metasediments yielded a number of elevated gold values including 40 gpt and 83 gpt gold. Trenching programs to follow up on these anomalies have been planned for the first quarter 2015.

KC Prospect

Approximately 3,200 metres of trenching was completed across a mineralized structural trend with intense quartz veining and brecciated felsic intrusives developed over a strike length of approximately 1,800 metres. Sampling of the trenches yielded elevated gold values in the overburden of up to 18.45 gpt over 0.4 metres and 6.27 gpt over 0.6 metres. The quartz vein and breccia zone yielded elevated gold values in the range of 1.95 gpt over 0.3 metres true width and 1.41 gpt over 0.2 metres true width with limited continuity along strike. Due to limited mineralization in the in situ rock, it was determined that follow up drilling was not likely to produce results and resources were best allocated to higher prospective targets.

A follow-up soil sampling and trenching program is planned in first quarter 2015 to evaluate a large soil anomaly (peak values of 2.64 gpt and 2.38 gpt) located 800 metres to the west of workings which may account for the elevated gold anomalies identified in overburden in the trenches. A limited trenching program to test a coincident IP resistivity and chargeability high in the eastern portion of the prospect will also be undertaken in the first quarter of 2015.

Renewal of Heremakono Exploration Permit

The Heremakono exploration permit is host to a series of exploration targets, most notably Ninienko, Soreto, and Soreto North. This permit was originally awarded in October of 2005 and, absent an extraordinary request for an extension, would have expired in October 2014. A lack of safe and secure access to certain exploration permits was an issue raised with the Government of Senegal and the State agreed to grant extraordinary extensions upon the expiry of their customary 9 year terms to address the Company's concerns. During the fourth quarter 2014, the renewal of this significant exploration permit was granted, extending its term to October 25, 2016.

Health and Safety

Health and safety remains a constant and overriding priority at Sabodala. It comes first in all regards and everyone is continuously reminded to consider safety first. Each daily meeting begins with a safety report and every site report whether it is daily, weekly, monthly or annually begins with safety. The Company is emphatic about keeping health and safety top of mind. The Operational Health and Safety (OHS) program matured in 2014, pivotal to the yearly results were the intensive training and rigorous application of the OHS management plans. The focus is still placed on proactive, people-based safety management which uses a documented systematic approach. In 2014, focus was placed on management of change and vertical integration of prevention tools. In 2015, Management will focus efforts on improving loss prevention and controls and integrating these into the daily life of all who conduct their task at the operations.

Creating and sustaining a healthy and safe work environment for all stakeholders is never compromised. The Company incurred zero lost time injuries ("LTI") in 2014. As of year-end, the Company achieved 474 consecutive days without an LTI.

In 2014, the deadly Ebola Virus reemerged in West Africa. The Sabodala Management team recognized the risk of being ill prepared to identify, manage and confine the deadly virus. Due to Sabodala's proximity to the highly affected region, Management prepared an identification and reaction plan by the end of first quarter 2014, which lead to training of site medical team and establishing open channels of communication with relevant authorities in the region. The Sabodala operations have been actively involved with the Ebola Private Sector Mobilization Group (EPSMG) since its inception. Currently, Management's plans include an escalation matrix, reaction planning and crisis management situations, should there be any possibility of the virus affecting Sabodala's operations. With the exception of one case of ebola in Senegal confirmed in August 2014, Senegal is currently ebola free.

Corporate Social Responsibility

A key component of the Company's vision is to set the benchmark for responsible gold mining in Senegal. As the first gold mine in Senegal, Teranga has a unique opportunity to set the industry standard for socially responsible mining in the country and to maximize the economic and social development outcomes for the communities around its mine and across the country.

A significant CSR achievement in 2014 was the implementation of the Teranga Development Strategy ("TDS"). The TDS is the result of an 18-month collaborative process between Teranga, the communities, and local, regional and national governments, as well as with other major stakeholders in the near-mine area. The TDS proposes 78 actions for the Company to promote regional development and to deliver immediate and long-term benefits in three priority areas: sustainable economic growth, agriculture and food security, and youth and training. We work hard to understand the needs of all stakeholders in our area of influence and to ensure that our activities are complementary where appropriate and leading where necessary.

Teranga is focused on providing communities with infrastructure paired with sustainable projects and tools that will surpass the life of mine. The Company continued to lay the foundation for community-based entrepreneurship through its market garden program, a key initiative for income generation and food security. About 450 local women are involved in the program which introduced the sixth market garden earlier in 2014. Three of the gardens are fully matured and grew 72 tons of produce during the year for the benefit of six villages.

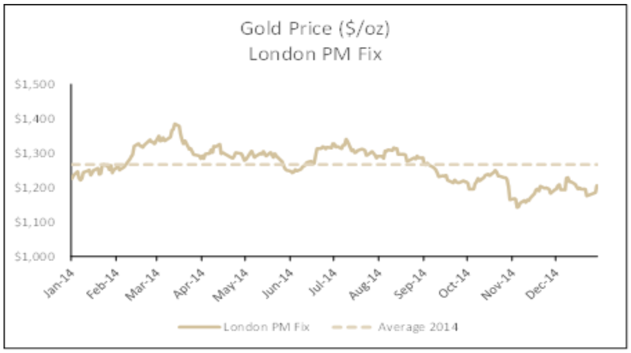
The agriculture and food security program expanded to 17 pilot and demonstration farms, 16 individual poultry farms and 13 grain mills. New techniques continue to be introduced to enhance local agricultural production. In addition, Teranga continually participates in the extension and rehabilitation of water infrastructure and during 2014, completed a water supply system providing potable water to two nearby villages.

In 2014, the Company broadened its skill development program to provide access to better education for Senegalese nationals. This included funding bursaries for students in the regional capital of Kedougou to attend international schools, supporting Kedougou students studying in the Country's capital, Dakar, and providing internships and onsite training programs. The Company also refurbished school facilities in nearby villages and donated educational materials to the elementary schools of Sabodala Village benefitting 1,846 students. The skill development and education of Senegalese nationals is part of Teranga's long-term development plan for the region.

The Company's annual health promotion initiative continued with anti-malaria spray programs in the villages around the mine site as well as a vaccination program in the local communities. In addition, the Company financed the construction of a health post in the Diakhaling village and supported the departmental hospital of Saraya by establishing a connection to the national electricity grid.

Teranga's CSR performance is fully reported in its 2013 annual Responsibility Report which is prepared in accordance with the Global Reporting Initiative ("GRI") G4 Guidelines, and is accessible on the Company's website at www.terangagold.com. Teranga's commitment to responsible mining defines the Company and drives its way of doing business.

Market Review – Impact of Key Economic Trends



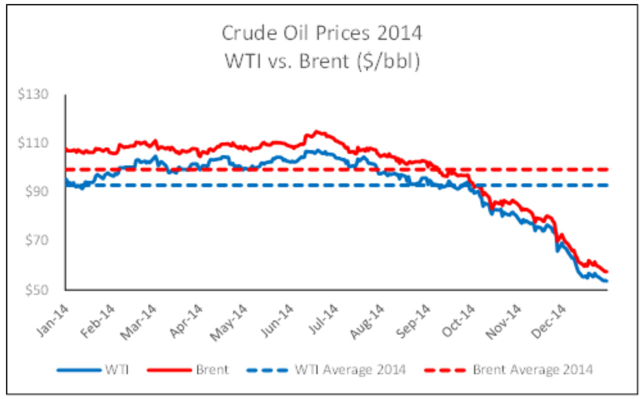
Source: Thomson Reuters

The price of gold is the largest factor in determining our profitability and cash flow from operations. During 2014, the average London PM Fix price of gold was $1,266 per ounce, with gold trading between a range of $1,142 and $1,385 per ounce. This compares to an average of $1,411 per ounce during 2013, with a low of $1,192 per ounce and a high of $1,694 per ounce.

The price of gold is subject to volatile price movements over short periods of time and is affected by numerous industry and macro-economic factors that are beyond our control including, but not limited to, currency exchange rate fluctuations and the relative strength of the U.S. dollar, the supply of and demand for gold and macroeconomic factors such as the level of interest rates and inflation expectations. The 2014 year marked another turbulent year for gold prices. The ebb and flow of factors affecting gold prices included the continued reduction of Exchange Traded Fund (ETF) holdings, the US Federal Reserve winding down its Quantitative Easing (QE) program, and the strengthening of the US economy, which in turn drove the US dollar to multi-year highs against other currencies. All these factors played a role in the volatility that gold prices saw during 2014, with gold breaking long-term support levels at various times but ending the year almost flat compared to the prior year.

Consumer demand for gold for jewelry, bars and coins was weaker in 2014 than 2013. The Chinese demand declined as a result of an anti-corruption clampdown in China, which hurt purchases of luxury goods. In India, a 2013 ruling that mandated at least 20 percent of imported gold be exported was in effect until November, 2014, when the Reserve Bank of India unexpectedly removed this requirement. Lower gold prices and scrapping of import rules have contributed to a healthy demand for jewelry in India, which overtook China as the number one consumer of the metal in 2014. India currently imposes a 10 percent customs duty on imported gold, but the jewelry industry in India has asked the government there to cut the duty to 2 percent to help reduce smuggling of the metal into India. Such reduction could have a positive impact on physical gold demand.

While the gold market is affected by fundamental global economic changes, we are also aware that the market is strongly impacted by expectations, both positive and negative. We appreciate that institutional commentary can affect such expectations. As such, the priority of Teranga is to execute on our strategy with effective management of the Sabodala operations and exploration programs.



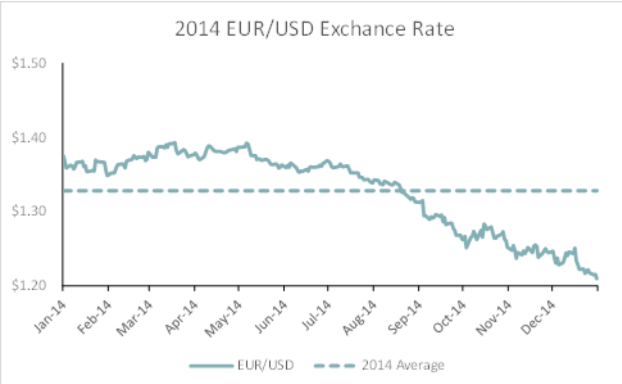
Source: Thomson Reuters

Fuel costs for power generation and operation of the mobile fleet are the single largest cost to the Sabodala mine. Fuel purchased to operate the power plant and mobile equipment fleet totaled approximately $50 million in 2014 or approximately 30 percent of operating costs.

The Sabodala operation is located in remote southeastern Senegal and it is necessary to generate our own power. Six, 6 megawatt Wartsila (diesel generator engines) provide power for the operations. In 2014, the operations consumed approximately 29 million litres of HFO. This equates to approximately $0.22/kwhr, which is less than the cost of grid electricity in industrialized Senegal. Sabodala's mobile fleet runs on LFO and we consumed approximately 20 million litres of LFO in 2014. We source our HFO and LFO from an international fuel supplier with a local distribution network in Senegal. For 2015, we are forecasting HFO and LFO consumption in the same range as 2014.

Our main benchmark for fuel prices is the Brent crude oil, which dropped by almost 48 percent in 2014. Slowing economic growth in China, Europe and emerging markets, coupled with excess global oil supply and a decision by Saudi Arabia to cut prices for its biggest customers, contributed to driving oil prices to multi-year lows. Additionally, OPEC members have not cut their production to support crude oil prices, thus prolonging the period crude oil prices are expected to remain low. The government in Senegal prices various types of fuels consumed in the country, and they review these prices every 4 weeks. We have started to see the benefit of lower crude oil prices translate into lower HFO and LFO prices in Senegal only late in 2014.

The Company had previously hedged a portion of its exposure to fuel costs using crude oil forward contracts, and currently doesn't have any oil hedges in place. Management may enter into further oil hedge contracts should the price and terms be deemed acceptable.



Source: Thomason Reuters

A significant portion of operating costs and capital expenditures of Sabodala gold mine operations are denominated in currencies other than US dollars. Historical accounts payables records demonstrate that the Company has between 40 and 50 percent Euro currency exposure via West African CFA Franc, which is pegged directly with the Euro currency.

The Euro currency declined 12 percent against the US dollar in 2014. With oil prices declining, European economic growth bleak and investors bullish on the relative strength of the US economy, a flight away from the Euro started taking shape in the second half of 2014. Generally, as the US dollar strengthens, the Euro currency and other currencies weaken, and vice versa. A decline in the Euro has a positive impact on our US dollar reported site costs, holding other variables constant.

All of the Company's production comes from its operations in Senegal therefore costs will continue to be exposed to foreign exchange rate movements. The Company continues to monitor currency exposure on an ongoing basis and will implement a hedging strategy if deemed appropriate.

FINANCIAL CONDITION REVIEW

SUMMARY BALANCE SHEET

(US$000's)	Year ended December 31	
Balance Sheet	2014	2013
Cash and cash equivalents[1]	35,810	34,961
Trade and other receivables	1,562	7,999
Inventories	157,696	130,202
Other assets	531,255	455,481
Total assets	**726,323**	**628,643**
Trade and other payables	53,909	56,891
Borrow ings	3,946	74,369
Other liabilities	152,573	27,046
Total liabilities	**210,428**	**158,306**
Total equity	**515,895**	**470,337**

[1] Includes restricted cash of nil at December 31, 2014 (December 31, 2013 - $20.0 million).

Balance Sheet Review

Cash

The Company's cash balance at December 31, 2014 was $35.8 million, similar to the start of the year. Cash and cash equivalents were higher than the balance reported at September 30, 2014, as cash flow provided by operations of $30.7 million was partly offset by debt and interest repayments totaling $18.7 million and capital expenditures of $4.1 million.

Other Assets

Total other assets increased by $75.8 million to $531.3 million or 17 percent, compared to December 31, 2013. The increase reflects an increase in mine development expenditures and goodwill due to the acquisition of Bendon's and Badr's interest in the OJVG.

Borrowings

During the first quarter of 2013, the Company entered into a $50.0 million Equipment Facility with Macquarie. 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 outstanding and was fully repaid subsequent to year-end.

On January 15, 2014, the Company amended its existing $60.0 million Loan Facility with Macquarie 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.

Deferred Revenue

In connection with the gold stream transaction with Franco-Nevada, the Company received $135.0 million on January 15, 2014, which was 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. The Company is required to deliver to Franco-Nevada 22,500 ounces annually for the first six years followed by 6 percent of production from the Company's existing properties. Due to the timing of shipment schedules near year end, the delivery of 1,875 ounces of gold for the month of December was not received by Franco-Nevada until early January 2015. As a result, this delivery 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 for up to five business days following a month end.

LIQUIDITY AND CASH FLOW

Cash Flow

(US$000's)	Year ended December 31	
Cash Flow	2014	2013
Operating	49,009	74,307
Investing	(111,413)	(89,018)
Financing	83,252	(10,481)
Effect on exchange rates on holdings in foreign currencies	1	431
Change in cash and cash equivalents during year	20,849	(24,761)
Cash and cash equivalents - beginning of year	14,961	39,722
Cash and cash equivalents - end of year	35,810	14,961

Operating Cash Flow

(US$000's)	Year ended December 31	
Changes in working capital	2014	2013
Decrease/(increase) in trade and other receivables	6,915	(1,613)
Decrease/(increase) 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	239	4,812

For the year ended December 31, 2014, operating cash provided $49.0 million compared to $74.3 million in the prior year. The decrease was primarily due to lower revenues, including the impact of delivering a portion of current period production to Franco-Nevada at 20 percent of gold spot prices. For the year ended December 31, 2013, operating cash flow included a use of cash to buy-back-back the remaining "out of the money" gold forward sales contracts and the delivery of 45,289 ounces into the hedge book at $806 per ounce.

Investing Cash Flow

(US$000's)	Year ended December 31	
Capital Expenditures	2014	2013
Mine site & development capital	(8,916)	(22,268)
Capitalized reserve development	(4,021)	(3,524)
Capitalized deferred stripping	(5,976)	(43,264)
Total Capital Expenditures	(18,913)	(69,056)
Acquisition of the OJVG	(112,500)	-
Decrease in restricted cash	20,000	(20,000)
Other	-	38
Investing activities	(111,413)	(89,018)

Net cash used in investing activities for the year ended December 31, 2014 was $111.4 million compared to $89.0 million in the prior year. The increase in cash flow used in investing activities was due to the acquisition of the OJVG of $112.5 million, partially offset by lower sustaining and development capital expenditures and lower capitalized deferred stripping costs in the current year, as well as a $20.0 million decrease in the restricted cash balance.

Financing Cash Flow

Net cash provided by financing activities for the year ended December 31, 2014 was $83.3 million compared to net cash used by financing activities of $10.5 million in the prior year. Financing cash flows in 2014 include proceeds of $135.0 million received from the Franco-Nevada gold stream transaction and net proceeds of $25.4 million from the equity offering, partially offset by the repayment of borrowings of $72.8 million and interest paid on borrowings of $3.3 million. Financing cash flows in 2013 include proceeds of $12.8 million received from the Equipment Facility, partially offset by the repayment of borrowings of $12.3 million, interest paid on borrowings of $7.1 million and advance dividends paid to the Republic of Senegal of $2.7 million.

Liquidity and Capital Resources Outlook

On May 1, 2014, the Company entered into an agreement with a syndicate of underwriters to purchase 36,000,000 common shares, on a bought deal basis, at a price of C$0.83 per share for gross proceeds of approximately C$29.9 million. Net proceeds were $25.4 million after consideration of underwriter fees and expenses totaling approximately $1.9 million.

The Company's cash position at December 31, 2014 was $35.8 million. For 2014, the Company had identified approximately $80.0 million in one-time payments, including the retirement of $42.8 million of $47.0 million combined balance outstanding under the Loan Facility and the Equipment Facility, $8.0 million in advance dividends, $9.0 million in remaining legal and office closure costs related to the acquisition of the OJVG, $7.5 million to acquire Badr's share of the OJVG and $15.0 million in government payments.

For the year ended December 31, 2014, the Company has made a total of $63.0 million in one-time payments. This includes $42.8 million in debt repayments (including the final payment for the $60.0 million Macquarie Loan Facility), $3.7 million in payments to the Republic of Senegal and one-time payments related to the acquisition of the OJVG, including $9.0 million for transaction, legal and office closure costs and $7.5 million to acquire Badr's share of the OJVG. Approximately $23.0 million in one-time payments to the Republic of Senegal, are now expected to be paid over 2015 and 2016. The one-time payments described herein, excludes $30.0 million in debt retired in the first quarter 2014 as part of the Franco-Nevada transaction.

The key factors impacting our financial position and the Company's liquidity include the following:

- The Company's ability to generate free cash flow from operating activities (please refer to the 2015 Outlook on page 6);
- Expected capital expenditure requirements (please refer to the 2015 Outlook on page 6); and
- The gold price.

Using a $1,200 per ounce gold price, the Company expects to generate free cash flow in 2015. Notwithstanding, the Company's cash position is highly dependent on the key factors noted above, and while the Company expects it will generate sufficient free cash flow from operations to fund its growth initiatives, it is working to put a standby facility in place for general corporate purposes and working capital needs. As well, the Company may explore other value preservation alternatives that provide additional financial flexibility, to ensure sufficient liquidity is maintained by the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company manages its exposure to financial risks, including liquidity risk, credit risk, currency risk, market risk, interest rate risk and price risk through a risk mitigation strategy. The Company generally does not acquire or issue derivative financial instruments for trading or speculation.

The Company had established gold forward sales contracts and oil energy swaps to manage exposure to commodity price risk as a condition of the Project Finance Facility provided by Macquarie Bank Limited

In 2013, the Company bought back the remaining "out of the money" gold forward sales contracts at a cost of $8.6 million, delivered 45,289 ounces into the hedge book at $806 per ounce and the oil hedge contracts were completed at March 31, 2013.

CONTRACTUAL OBLIGATIONS AND COMMITTMENTS

As at December 31, 2014, the Company had the following payments due on contractual obligations and commitments:

Payments Due By Period (US$ millions)	Total	< 1 year	1-3 years	4-5 years	>5 years
Mining Fleet Lease Facility[1]	4.2	4.2	-	-	-
Franco-Nevada gold stream[2]	114.0	21.8	65.4	26.8	-
Exploration commitments[3]	14.2	2.8	11.4	-	-
Government of Senegal payments[4]	31.5	13.0	3.5	-	15.0
Total	**164.0**	**41.8**	**80.4**	**26.8**	**15.0**

[1] During the first quarter of 2013, the Company entered into a $50.0 million finance lease facility with Macquarie. During the fourth quarter of 2013, the Company cancelled the undrawn commitment from the facility. The facility bears interest of LIBOR plus 7.5 percent and will be fully repaid in the second quarter of 2015.

[2] On January 15, 2014, the Company completed a gold stream transaction with Franco-Nevada. The Company is required to deliver 22,500 ounces annually 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. The commitment estimate includes a gold price assumption of $1,250 per ounce.

[3] Reflects the exploration permits, licenses and drilling contracts committed to by the Company. The "exploration commitments" only represent the amounts the Company is required to spend to remain eligible for the renewal of permits beyond the current validity period. The Company may elect to allow certain permits to expire and are not required to spend the "committed" amount per respective permit. The Company will not incur any penalties for not meeting the financial requirement for additional validity period tenure. The Garaboureya commitment of $1.0 million assumes the existing permit will be extended upon expiry in third quarter 2015.

[4] Refer to Contingent Liabilities - Government of Senegal payments for further details. Excludes royalty payments and OJVG additional waiver payment which are included within Operating Commitments.

Sabodala Gold Operations ("SGO"), Sabodala Mining Company ("SMC") and the OJVG ("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 for SGO.

Pursuant to the completion of the acquisition of the OJVG, the Company is required to make initial payments totaling $10.0 million 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 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 become 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.

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.

$200 thousand is payable annually for training of Directorate of Mines and Geology officers and Mines Ministry, $150 thousand per year is payable for training of the Mines Administration personnel and logistical support of the Ministry of Mines technical services for the OJVG and $30 thousand is payable annually for logistical support of the territorial administration of the region for SGO.

$250 thousand is payable annually for a forestry protocol to the Ministry of Environment for the period of 5 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.

CONTINGENT LIABILITIES

Government of Senegal payments

(US$000's)	Cash payments made		Contingent liabilities	Accrued liabilities
Government of Senegal payments	Three months ended December 31, 2014	Year ended December 31, 2014	As at December 31, 2014	As at December 31, 2014
Royalty payments	-	14,291	-	12,296
Reserve payment	-	925	-	1,850
SGO 2012 tax assessment	-	1,200	-	-
Social development fund payment	-	-	-	15,000
Accrued dividend payment	-	-	2,700	7,769
Gora project advanced royalty payment	-	-	4,200	-
OJVG Advanced royalty payment	532	1,534	-	8,466
	532	17,950	6,900	45,381

Royalty payments

Government royalties are payable annually and are accrued based on the mine head value of the gold and related substances produced at a rate of 5 percent of sales. During the second quarter of 2014, a payment of $14.3 million for 2013 royalties were paid to the Republic of Senegal and during the fourth quarter a payment of $0.8 million was made for the remaining portion of 2012 royalties.

Reserve payment

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 and 1 percent of the trailing 12 month gold price for each ounce of new reserve beyond December 31, 2012 on the Sabodala mine license.

Social development fund payment

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 mine operational life. As at December 31, 2014, the Company has recorded $9.9 million which is the discounted value of the $15.0 million future payment.

Accrued dividends

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, 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.

Gora project advanced royalty payment

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 in 2015.

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 SGO 2011 tax assessment of approximately $24.0 million has been resolved and approximately $6.0 million remains in dispute. We believe 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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Certain accounting estimates have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. The following is a summary of significant updates to these estimates.

Ore reserves

Management makes estimates of the Company's 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, provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of depreciation and amortization charged to the income statement.

Units of production ("UOP")

Management makes estimates of recoverable reserves in determining the depreciation and amortization of mine assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to 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 reserve and estimates of future capital expenditure. The Company's UOP calculation is based on life of mine gold production. As the Company updates its estimate regarding the expected UOP over the life of the mine amortization under the UOP basis will change. The Company uses the UOP method when depreciating mining assets which results in a depreciation charge based on the recovered ounces of gold.

Straight line depreciation

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

Mine restoration and rehabilitation provision

Management assesses the Company's mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provisions for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and cost of rehabilitation activities, technological changes, regulatory change, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the balance 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, 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. This assessment requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential 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, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted by an appropriate discount rate to determine the net present value. Management has assessed its cash generating unit 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:

- the level of capital expenditure compared to construction cost estimates;
- 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.

Functional currency

The functional currency of each of Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all of the entities within the group is U.S. Dollars. Functional currency of each entity was determined based on the currency that mainly influences sales prices for goods and services, labour, material and other costs.

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 reassessed its accounting for its deferred stripping asset. The Company had not previously included amortization of this equipment in its calculations relate to deferred strip activity. 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.

As a result, the Company has corrected retrospectively for the impact of this adjustment. 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 on the non-cash inventory write-down to NRV previously recorded in second and third quarter 2014 was a further write-down of $0.3 million and $2.7 million, respectively.

Fair value of stock options

Management assesses the fair value of stock options granted in accordance with the Company's accounting policy stated in Company's Annual Consolidated Financial Statements. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options are granted. The calculation requires the use of estimates and assumptions. As there were no historical data available for determination of the fair value of the stock options granted, the Company developed its assumptions based on information available in the mining industry using comparable companies operating in the gold sector.

Share-based Payment

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

RSUs

Under the Company's RSU plan, each RSU granted has a value equal to 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 grant of the award. 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. The cost of the award is recorded on a straight line basis over the vesting period and is recorded within liabilities on the balance sheet. 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 consolidated statements of comprehensive income (loss).

DSUs

Under the Company's DSU plan, each DSU granted has a value equal to 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 re-valued 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 liabilities on the balance sheet. 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 consolidated statements of comprehensive income (loss).

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.

Acquisition of the OJVG

The Company determined that the transactions to acquire the balance of the OJVG it did not already own represent a single business combination with Teranga as the acquirer. From January 15, 2014, 100 percent of OJVG's results were consolidated into the Company's operating results, cash flows and net assets.

In accordance with the acquisition method of 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. Expected future cash flows were based on estimates of projected future revenues, expected future production costs and capital expenditures. The Company finalized the purchase price during the third quarter of 2014. The excess of the acquisition cost over the net identifiable assets acquired, including consideration of non-controlling interest, represents goodwill.

Goodwill arose on these acquisitions principally due to the ability to create operational synergies. The Company has the ability to optimize the ounces that are processed through the mill due to the close proximity of the OJVG pits to the Sabodala mill. The acquisitions will benefit from leveraging off of the existing built mill and infrastructure.

NON-IFRS FINANCIAL MEASURES

The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results.

Beginning in the second quarter of 2013, we adopted an "all-in sustaining costs" measure and an "all-in costs" measure consistent with the guidance issued by the World Gold Council ("WGC") on June 27, 2013. The Company believes that the use of all-in sustaining costs and all-in costs will be helpful to analysts, investors and other stakeholders of the Company in assessing its operating performance, its ability to generate free cash flow from current operations and its overall value. These new measures will also be helpful to governments and local communities in understanding the economics of gold mining. The "all-in sustaining costs" is an extension of existing "cash cost" metrics and incorporate costs related to sustaining production. The "all-in costs" includes additional costs which reflect the varying costs of producing gold over the life-cycle of a mine.

"Total cash cost per ounce sold" is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. The Company reports total cash costs on a sales basis. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure, along with sales, is considered to be a key indicator of a Company's ability to generate operating earnings and cash flow from its mining operations.

Total cash costs figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is considered the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measure of other companies.

The WGC definition of all-in sustaining costs seeks to extend the definition of total cash costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), exploration and study costs (capital and expensed), capitalized stripping costs and sustaining capital expenditures and represents the total costs of producing gold from current operations. The WGC definition of all-in costs adds to all-in sustaining costs including capital expenditures attributable to projects or mine expansions, exploration and study costs attributable to growth projects, and community and permitting costs not related to current operations. Both all-in sustaining and all-in costs exclude income tax payments, interest costs, costs related to business acquisitions and items needed to normalize earnings. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, the calculation of all-in sustaining costs and all-in costs does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability.

"Total cash costs", "all-in sustaining costs" and "all-in costs" are intended to provide additional information only and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. The following tables reconcile these non-GAAP measures to the most directly comparable IFRS measure.

"Average realized price" is a financial measure with no standard meaning under IFRS. Management uses this measure to better understand the price realized in each reporting period for gold and silver sales. Average realized price excludes from revenues unrealized gains and losses on non-hedge derivative contracts. The average realized price is intended to provide additional information only and does not have any standardized definition under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently.

"Total depreciation and amortization per ounce sold" is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Total cash costs per ounce sold, all-in sustaining costs per ounce sold, all-in costs per ounce sold and total depreciation per ounce sold are calculated as follows:

(US$000's, except where indicated)	Three months ended December 31		Year ended December 31	
Cash costs per ounce sold	2014	2013	2014	2013
Gold produced[1]	71,278	52,368	211,823	207,204
Gold sold	63,711	46,561	206,336	208,406
Cash costs per ounce sold				
Cost of sales[2]	37,739	48,526	207,984	193,434
Less: depreciation and amortization[2]	(19,193)	(27,902)	(69,516)	(78,533)
Less: realized oil hedge gain	-	-	-	(487)
Add: non-cash inventory movement[2]	3,907	12,569	8,089	14,672
Add: non-cash capitalized deferred stripping[2]	(188)	(138)	658	4,124
Less: inventory reversal (write-down) to net realizable value[2]	16,026	-	-	-
Less: other adjustments	(172)	41	(763)	358
Total cash costs	**38,119**	**33,097**	**146,453**	**133,568**
Total cash costs per ounce sold	**598**	**711**	**710**	**641**
All-in sustaining costs				
Total cash costs	38,119	33,097	146,453	133,568
Administration expenses[3]	3,094	2,753	13,165	12,650
Capitalized deferred stripping	1,266	1,444	5,977	43,264
Capitalized reserve development	1,496	529	4,020	3,524
Mine site capital	1,343	1,752	8,919	22,267
All-in sustaining costs	**45,318**	**39,575**	**178,534**	**215,274**
All-in sustaining costs per ounce sold	**711**	**850**	**865**	**1,033**
All-in costs				
All-in sustaining costs	45,316	39,575	178,535	215,274
Social community costs not related to current operations	1,061	311	2,543	1,763
Exploration and evaluation expenditures	373	1,043	2,772	5,405
All-in costs	**46,750**	**40,929**	**183,850**	**222,442**
All-in costs per ounce sold	**734**	**879**	**891**	**1,067**
Depreciation and amortization[2]	19,193	26,702	69,516	77,902
Non - cash inventory movement[2]	(3,907)	(12,569)	(8,089)	(14,673)
Total depreciation and amortization	**15,286**	**15,333**	**61,427**	**63,860**
Total depreciation and amortization per ounce sold[2]	**240**	**329**	**298**	**306**

[1] Gold produced represents change in gold in circuit inventory plus gold recovered during the period.

[2] The Company has reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

[3] Administration expenses include share based compensation and exclude Corporate depreciation expense and social community costs not related to current operations.

OUTSTANDING SHARE DATA

The Company's fully diluted share capital as at the report date was:

Outstanding	February 18, 2015
Ordinary shares	316,801,091
Equity issuance[1]	36,000,000
	352,801,091
Stock options granted at an exercise price of $3.00 per option	13,723,889
Stock options granted at exercise prices in the range of $1.09-$2.17 per option[2]	7,746,600
Fully diluted share capital	**374,271,580**

[1] 36,000,000 ordinary shares were issued upon closing of the equity offering on May 1, 2014.

[2] Options expired on February 6, 2015.

TRANSACTIONS WITH RELATED PARTIES

During the year ended December 31, 2014, there were transactions totaling $137 thousand between the Company and a director-related entity.

Shareholdings

Teranga's 90 percent shareholding in SGO, the company operating the Sabodala gold mine, is held 89.5 percent through Mauritius holding company, Sabodala Gold Mauritius Limited ("SGML"), and the remaining 0.5 percent by individuals nominated by SGML to be at the board of directors in order to meet the minimum shareholding requirements under Senegalese law. On death or resignation, a share individually held would be transferred to another representative of SGML or added to its current 89.5 percent shareholding according to the circumstances at the time.

The Company bought 100 percent of Oromin in 2013, which holds a 43.5 percent participating interest in the OJVG.

During the first quarter of 2014, the Company acquired the remaining interests in the OJVG that it did not already own.

CEO/CFO CERTIFICATION

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company.

The Company's CEO and CFO certify that, as December 31, 2014, the Company's DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They also certify that the Company's ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The control framework the Company's CEO and CFO used to design the Company's ICFR is The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework established in 1992. There is no material weakness relating to the design of ICFR. There has been no change in the Company's design of the ICFR that occurred during the year ended December 31, 2014 which has materially affected, or is reasonably likely to materially affect the Company's ICFR.

The Company had previously limited the scope of the design of ICFR and DC&P to exclude the controls, policies and procedures of the OJVG and the Dakar office of the OJVG. The scope limitation allows an issuer to limit its design of ICFR and DC&P to exclude the controls, policies and procedures of a company acquired for a maximum of 365 days. Over the last year, the controls, policies and procedures of the OJVG have been in the process of being integrated into the Sabodala operations and were completed during the fourth quarter of 2014. The operating and financial results of the OJVG entity in Senegal are also out of scope as they are an immaterial component of the consolidation process. As a result, for the immaterial nature of these operating results, the Company has removed this scope limitation from the year ended December 31, 2014 Certification of Disclosure in Issuer's Annual and Interim Filings.

RISKS AND UNCERTAINTIES

The Company identified a number of risk factors to which it is subject to in its Annual Information Form filed for the year ended December 31, 2013. These various financial and operational risks and uncertainties continue to be relevant to an understanding of our business, and could have a significant impact on profitability and levels of operating cash flow. These risks and uncertainties include, but are not limited to: fluctuations in metal prices (principally the price of gold), capital and operating cost estimates, borrowing risks, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent danger of mining, infrastructure risk, hedging activities, insured and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, title to properties, competition, dependence on key personnel, currency, repatriation of earnings and stock exchange price fluctuations.

CORPORATE DIRECTORY

Directors

Alan Hill, Chairman
Richard Young, President and CEO
Jendayi Frazer, Non-Executive Director
Edward Goldenberg, Non-Executive Director
Christopher Lattanzi, Non-Executive Director
Alan Thomas, Non-Executive Director
Frank Wheatley, Non-Executive Director

Senior Management

Richard Young, President and CEO
Mark English, Vice President, Sabodala Operations
Paul Chawrun, Vice President, Technical Services
Navin Dyal, Vice President and CFO
David Savarie, Vice President, General Counsel & Corporate Secretary
Aziz Sy, General Manager, SGO & Vice President, Development Senegal

Registered Office

121 King Street West, Suite 2600
Toronto, Ontario, M5H 3T9, Canada
T: +1 416 594 0000
F: +1 416 594 0088
E: investor@terangagold.com
W: www.terangagold.com

Senegal Office

2K Plaza
Suite B4, 1er Etage
sis la Route due Meridien President
Dakar Almadies
T: +221 338 693 181
F: +221 338 603 683

Auditor

Ernst & Young LLP

Share Registries

Canada: Computershare Trust Company of Canada
T: +1 800 564 6253
Australia: Computershare Investor Services Pty Ltd
T: 1 300 850 505

Stock Exchange Listings

Toronto Stock Exchange, TSX symbol: TGZ
Australian Securities Exchange, ASX symbol: TGZ

FORWARD LOOKING STATEMENTS

This news release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teranga, or developments in Teranga's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations, future economic conditions and courses of action, the proposed plans with respect to mine plan, anticipated 2015 results and consolidation of the Sabodala Gold Project and OJVG Golouma Gold Project, mineral reserve and mineral resource estimates, anticipated life of mine operating and financial results, the approval of the Gora ESIA and permitting and the completion of construction related thereto. Such statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant. These assumptions include, among other things, the ability to obtain any requisite Senegalese governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 31, 2014, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

COMPETENT PERSONS STATEMENT

The technical information contained in this document relating to the mineral reserve estimates for Sabodala, the stockpiles, Masato, Golouma and Kerekounda is based on, and fairly represents, information compiled by Mr. William Paul Chawrun, P. Eng who is a member of the Professional Engineers Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Mr. Chawrun is a full-time employee of Teranga and is a "qualified person" as defined in NI 43-101 and a "competent person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of

Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has consented to the inclusion in this Report of the matters based on his compiled information in the form and context in which it appears in this Report.

The technical information contained in this document relating to the mineral reserve estimates for Gora and Niakafiri is based on, and fairly represents, information and supporting documentation prepared by Julia Martin, P.Eng. who is a member of the Professional Engineers of Ontario and a Member of AusIMM (CP). Ms. Martin is a full time employee with AMC Mining Consultants (Canada) Ltd., is independent of Teranga, is a "qualified person" as defined in NI 43-101 and a "competent person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Martin has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Martin is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Martin has reviewed and accepts responsibility for the Mineral Reserve estimates for Gora and Niakafiri disclosed in this document and has consented to the inclusion of the matters based on her information in the form and context in which it appears in this Report

The technical information contained in this Report relating to mineral resource estimates for Niakafiri, Gora, Niakafiri West, Soukhoto, and Diadiako is based on, and fairly represents, information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

The technical information contained in this Report relating to mineral resource estimates for Sabodala, Masato, Golouma, Kerekounda, and Somigol Other are based on, and fairly represents, information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

Teranga's exploration programs are being managed by Peter Mann, FAusIMM. Mr. Mann is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Mann has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Mann is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. The technical information contained in this news release relating exploration results are based on, and fairly represents, information compiled by Mr. Mann. Mr. Mann has verified and approved the data disclosed in this release, including the sampling, analytical and test data underlying the information. The RC samples are prepared at site and assayed in the SGS laboratory located at the site. Analysis for diamond drilling is sent for fire assay analysis at ALS Johannesburg, South Africa. Mr. Mann has consented to the inclusion in this news release of the matters based on his compiled information in the form and context in which it appears herein.

Teranga's disclosure of mineral reserve and mineral resource information is governed by NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time by the CIM ("CIM Standards"). CIM definitions of the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", are substantially similar to the JORC Code corresponding definitions of the terms "ore reserve", "proved ore reserve", "probable ore reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", respectively. Estimates of mineral resources and mineral reserves prepared in accordance with the JORC Code would not be materially different if prepared in accordance with the CIM definitions applicable under NI 43-101. There can be no assurance that those portions of mineral resources that are not mineral reserves will ultimately be converted into mineral reserves.