TERANGA
GOLD CORPORATION

Interim Condensed Consolidated Financial Statements of

TERANGA GOLD CORPORATION

For the three months ended March 31, 2015

(unaudited)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TERANGA GOLD CORPORATION
FIRST QUARTER 2015
(unaudited, in $000's of United States dollars, except per share amounts)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three months ended	March 31
	Note	**2015**	**2014**
Revenue	3	68,491	69,802
Cost of sales	4	(48,155)	(55,068)
Gross profit		**20,336**	**14,734**
Exploration and evaluation expenditures		(809)	(1,144)
Administration and corporate social responsibility expenses	5	(4,083)	(3,988)
Share-based compensation	22	(327)	(311)
Finance costs	6	(649)	(2,116)
Net foreign exchange gains		1,291	47
Other income/(expenses)	7	1,783	(1,785)
		(2,794)	**(9,297)**
Net profit		**17,542**	**5,437**
Net profit attributable to:			
Shareholders		15,272	4,152
Non-controlling interests		2,270	1,285
Net profit for the period		**17,542**	**5,437**
Other comprehensive income:			
Items that may be reclassified subsequently to profit for the period			
Change in fair value of available for sale financial asset, net of tax		1	10
Other comprehensive income for the period		**1**	**10**
Total comprehensive income for the period		**17,543**	**5,447**
Total comprehensive income attributable to:			
Shareholders		15,273	4,162
Non-controlling interests		2,270	1,285
Total comprehensive income for the period		**17,543**	**5,447**
Earnings per share from operations attributable to the shareholders of the Company during the period			
- basic earnings per share	17	0.04	0.01
- diluted earnings per share	17	0.04	0.01

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

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at March 31, 2015	As at December 31, 2014
Current assets			
Cash and cash equivalents	20b	38,923	35,810
Trade and other receivables	8	1,729	1,562
Inventories	9	60,586	66,639
Other current assets	10	10,395	8,995
Total current assets		**111,633**	**113,006**
Non-current assets			
Inventories	9	90,735	91,057
Property, plant and equipment	11	193,444	198,433
Mine development expenditures	12	264,402	260,719
Other non-current assets	10	10,972	7,917
Goodwill		55,191	55,191
Total non-current assets		**614,744**	**613,317**
Total assets		**726,377**	**726,323**
Current liabilities			
Trade and other payables	13	48,207	53,909
Borrowings	14	-	3,946
Deferred revenue	15	21,912	21,814
Provisions	16	2,961	2,647
Total current liabilities		**73,080**	**82,316**
Non-current liabilities			
Deferred revenue	15	84,780	92,184
Provisions	16	15,786	15,993
Deferred income tax liabilities		1,536	1,536
Other non-current liabilities	13	17,754	18,399
Total non-current liabilities		**119,856**	**128,112**
Total liabilities		**192,936**	**210,428**
Equity			
Issued capital		367,837	367,837
Foreign currency translation reserve		(998)	(998)
Other components of equity		16,259	16,255
Retained earnings		133,609	118,337
Equity attributable to shareholders		**516,707**	**501,431**
Non-controlling interests		16,734	14,464
Total equity		**533,441**	**515,895**
Total equity and liabilities		**726,377**	**726,323**

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

Approved by the Board of Directors

Alan Hill
Director

Alan Thomas
Director

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Three months ended March 31	
	2015	**2014**
Issued capital		
Beginning of period	367,837	342,470
Less: Share issue costs	-	(13)
End of period	367,837	342,457
Foreign currency translation reserve		
Beginning of period	(998)	(998)
End of period	(998)	(998)
Other components of equity		
Beginning of period	16,255	15,776
Equity-settled share-based compensation reserve	3	175
Investment revaluation reserve on change in fair value of available for sale financial asset, net of tax	1	10
End of period	16,259	15,961
Retained earnings		
Beginning of period	118,337	100,562
Profit attributable to shareholders	15,272	4,152
Other	-	(338)
End of period	133,609	104,376
Non-controlling interest		
Beginning of period	14,464	12,527
Non-controlling interest - portion of profit for the period	2,270	1,285
Dividends accrued	-	(695)
End of period	16,734	13,117
Total shareholders' equity as at March 31	**533,441**	**474,913**

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended March 31	
	Note	**2015**	**2014**
Cash flows related to operating activities			
Net profit for the year		17,542	5,437
Depreciation of property, plant and equipment	11	5,846	6,981
Depreciation of capitalized mine development costs	12	5,087	12,085
Inventory movements - non-cash	4	3,675	(1,482)
Capitalized deferred stripping - non-cash	4	(660)	(169)
Amortization of intangibles		142	245
Amortization of deferred financing costs		275	743
Unwinding of discounts	6	59	(31)
Share-based compensation	22	327	311
Deferred gold revenue recognized	15	(7,306)	(5,840)
Loss on disposal of property, plant and equipment		1	-
Decrease/(increase) in inventories		2,206	(8,371)
Changes in working capital other than inventories	20a	(10,563)	4,394
Net cash provided by operating activities		**16,631**	**14,303**
Cash flows related to investing activities			
Decrease in restricted cash	20b	-	5,000
Acquisition of Oromin Joint Venture Group ("OJVG")		-	(112,500)
Expenditures for property, plant and equipment		(642)	(443)
Expenditures for mine development		(8,576)	(2,267)
Acquisition of intangibles		(66)	-
Net cash used in investing activities		**(9,284)**	**(110,210)**
Cash flows related to financing activities			
Proceeds from Franco-Nevada gold stream	15	-	135,000
Repayment of borrowings	14	(4,192)	(38,194)
Financing costs paid		-	(1,000)
Interest paid on borrowings		(43)	(1,156)
Net cash (used in) / provided by financing activities		**(4,235)**	**94,650**
Effect of exchange rates on cash holdings in foreign currencies		1	2
Net increase / (decrease) in cash and cash equivalents		**3,113**	**(1,255)**
Cash and cash equivalents at the beginning of period		**35,810**	**14,961**
Cash and cash equivalents at the end of period		**38,923**	**13,706**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Since the interim condensed consolidated financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2014.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries were approved by the Board of Directors on April 28, 2015.

b. Basis of presentation

All amounts included in these interim condensed consolidated financial statements have been presented in United States dollars unless otherwise stated. The interim condensed consolidated financial statements have been prepared on the basis of historical cost, except for equity settled and cash settled share-based payments that are fair valued at the date of grant and certain other financial assets and liabilities that are measured at fair value. The interim condensed consolidated financial statements have been prepared based on the Company's accounting policies set out in Note 3 of the annual audited consolidated financial statements for the year ended December 31, 2014.

3. REVENUE

	Three months ended March 31	
	2015	**2014**
Gold sales - spot price	68,409	69,525
Silver sales	82	277
Total revenue	**68,491**	**69,802**

For the three months ended March 31, 2015, 56,223 ounces of gold were sold at an average realized price of $1,217 per ounce (2014: 53,767 ounces were sold at an average price of $1,293 per ounce). During the three months ended March 31, 2015, the Company delivered 7,500 ounces of gold to Franco-Nevada Corporation ("Franco-Nevada") (2014: 5,625 ounces) which was included in current quarter revenues. The Company realized cash proceeds from the sale of these ounces equivalent to 20 percent of the spot gold price. Refer to Note 15. In the three months ended March 31, 2015, the Company entered into gold forward contracts and recorded the realized gold hedge gains in Other (Income)/Expenses. Refer to Note 7.

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The Company delivered all of its gold to two customers: $59.3 million and $9.1 million for the three months ended March 31, 2015 (2014: $62.2 million and $7.3 million) respectively.

4. COST OF SALES

	Three months ended March 31	
	2015	**2014**
Mine production costs	34,852	43,069
Capitalized deferred stripping	(6,588)	(1,418)
Capitalized deferred stripping - non-cash	(660)	(169)
Depreciation and amortization - deferred stripping assets	1,560	8,288
Depreciation and amortization - property, plant and equipment and mine development expenditures	9,287	10,778
Royalties	3,366	3,481
Amortization of advanced royalties	429	-
Inventory movements - cash	2,234	(7,479)
Inventory movements - non-cash	3,675	(1,482)
Total cost of sales	**48,155**	**55,068**

5. ADMINISTRATION AND CORPORATE SOCIAL RESPONSIBILITY EXPENSES

	Three months ended March 31	
	2015	**2014**
Corporate office	2,134	2,218
Dakar office	301	320
Audit fees	213	32
Legal and other	789	732
Depreciation	172	277
Total administration expenses	**3,609**	**3,579**
Corporate social responsibility expenses	474	409
Total administration and corporate social responsibility expenses	**4,083**	**3,988**

6. FINANCE COSTS

	Three months ended March 31	
	2015	**2014**
Interest on borrowings	65	1,271
Amortization of deferred financing costs	275	743
Unwinding of discounts	59	(31)
Political risk insurance	34	61
Stocking fees	170	-
Bank charges	46	72
Total finance costs	**649**	**2,116**

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

7. OTHER (INCOME) / EXPENSES

	Three months ended March 31	
	2015	**2014**
Acquisition and related costs (i)	-	1,223
Other (ii)	-	567
Realized gains on derivative instruments (iii)	(1,770)	-
Interest income	(13)	(5)
Total other (income)/expenses	**(1,783)**	**1,785**

(i) Includes costs for legal, advisory and consulting.
(ii) Includes non-recurring legal and other costs.
(iii) On January 23, 2015, after a sharp increase in the gold spot price, the Company entered into gold forward contracts to deliver 15,000 ounces through the remainder of first quarter 2015 at a price of $1,297 per ounce. As at March 31, 2015, there were no gold forward contracts outstanding.

8. TRADE AND OTHER RECEIVABLES

	As at March 31, 2015	As at December 31, 2014
Current		
Trade receivables (i)	445	16
Other receivables (ii)	1,284	1,546
Total trade and other receivables	**1,729**	**1,562**

(i) Trade receivables relate to gold and silver shipments made prior to year end that were settled after year end.
(ii) Other receivables primarily include receivables from suppliers for services, materials and utilities used at the Sabodala gold mine and $0.2 million of Canadian sales tax refunds as at March 31, 2015 (2014: $0.5 million).

9. INVENTORIES

	As at March 31, 2015	As at December 31, 2014
Current		
Gold bullion	3,717	6,025
Gold in circuit	4,104	7,088
Ore stockpile	18,174	18,463
Total gold inventories	**25,995**	**31,576**
Diesel fuel	2,140	2,535
Materials and supplies	30,502	31,178
Goods in transit	1,949	1,350
Total other inventories	**34,591**	**35,063**
Total current inventories	**60,586**	**66,639**
Non-current		
Ore stockpile	90,735	91,057
Total inventories	**151,321**	**157,696**

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10. OTHER ASSETS

	As at March 31, 2015	As at December 31, 2014
Current		
Prepayments (i)	6,380	5,607
Security deposit (ii)	1,500	1,500
Advanced royalty (iii)	2,512	1,885
Available for sale financial assets	3	3
Total other current assets	**10,395**	**8,995**
Non-current		
Advanced royalty (iii)	10,806	7,675
Intangible assets	166	242
Total other non-current assets	**10,972**	**7,917**
Total other assets	**21,367**	**16,912**

(i) As at March 31, 2015, prepayments include $4.2 million (2014 - $3.0 million) of advances to vendors and contractors, $0.7 million for insurance (2014 - $1.3 million) and deferred financing costs for the Revolver Facility. Refer to Note 24.

(ii) The security deposit represents a security for payment under the maintenance contract.

(iii) As at March 31, 2015, the Company has recorded $2.5 million in other current assets and $10.8 million in other non-current assets as advanced royalty payments to the Government of Senegal related to waivers of the Government's right to acquire an additional equity interest in the exploration licenses converted to mine licenses when the ore is processed through the Sabodala mill. In total, the Company has recorded $10.0 million related to the OJVG and $4.2 million related to the Gora deposit, after having received environmental and construction approvals during first quarter 2015. The advanced royalty recorded within other current assets is based on the expected production from the OJVG and Gora over the next year and the remaining balance is recorded within other non-current assets. The advanced royalty balance will be expensed to net profit based on actual production from the OJVG and Gora. During the first quarter of 2015, the Company has expensed $0.4 million as amortization of advanced royalties on OJVG waiver payment (2014: $0.4 million). Refer to Note 13.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings and property improvements	Plant and equipment	Office furniture and equipment	Motor vehicles	Mobile equipment	Capital work in progress	Total
Cost							
Balance as at January 1, 2014	**45,035**	**298,026**	**2,191**	**3,031**	**41,916**	**4,503**	**394,702**
Additions	-	-	-	-	-	3,661	**3,661**
Rehabilitation asset	-	1,390	-	-	-	-	**1,390**
Disposals	-	-	(5)	-	-	-	**(5)**
Other	-	(351)	-	-	-	-	**(351)**
Transfer	-	3,392	45	-	-	(3,437)	**-**
Balance as at December 31, 2014	**45,035**	**302,457**	**2,231**	**3,031**	**41,916**	**4,727**	**399,397**
Additions	-	-	-	-	-	828	**828**
Disposals	-	-	-	-	(1)	-	**(1)**
Other	-	34	-	-	-	-	**34**
Transfer	109	1,470	66	-	-	(1,649)	**(4)**
Balance as at March 31, 2015	**45,144**	**303,961**	**2,297**	**3,031**	**41,915**	**3,906**	**400,254**
Accumulated depreciation							
Balance as at January 1, 2014	**19,216**	**118,445**	**1,444**	**2,001**	**34,056**	**-**	**175,162**
Disposals	-	-	(4)	-	-	-	**(4)**
Depreciation expense	2,230	19,479	358	339	3,400	-	**25,806**
Balance as at December 31, 2014	**21,446**	**137,924**	**1,798**	**2,340**	**37,456**	**-**	**200,964**
Depreciation expense	493	4,504	73	83	693	-	**5,846**
Balance as at March 31, 2015	**21,939**	**142,428**	**1,871**	**2,423**	**38,149**	**-**	**206,810**
Net book value							
Balance as at December 31, 2014	**23,589**	**164,533**	**433**	**691**	**4,460**	**4,727**	**198,433**
Balance as at March 31, 2015	**23,205**	**161,533**	**426**	**608**	**3,766**	**3,906**	**193,444**

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Additions made to property, plant and equipment during the year ended March 31, 2015 relate mainly to additional mining and milling equipment acquired.

Depreciation of property, plant and equipment of $5.8 million was primarily expensed as cost of sales for the three months ended March 31, 2015.

12. MINE DEVELOPMENT EXPENDITURES

	Development and exploration costs	Deferred stripping assets	Acquisition of OJVG	Total
Cost				
Balance as at January 1, 2014	**179,402**	**83,196**	**-**	**262,598**
Acquisition of OJVG	-	-	109,207	109,207
Additions incurred during the year	7,336	6,633	-	13,969
Balance as at December 31, 2014	**186,738**	**89,829**	**109,207**	**385,774**
Additions incurred during the year	1,521	7,249	-	8,770
Balance as at March 31, 2015	**188,259**	**97,078**	**109,207**	**394,544**
Accumulated depreciation				
Balance as at January 1, 2014	**57,445**	**23,548**	**-**	**80,993**
Depreciation expense	6,378	28,911	8,773	44,062
Balance as at December 31, 2014	**63,823**	**52,459**	**8,773**	**125,055**
Depreciation expense	1,306	1,560	2,221	5,087
Balance as at March 31, 2015	**65,129**	**54,019**	**10,994**	**130,142**
Carrying amount				
Balance as at December 31, 2014	**122,915**	**37,370**	**100,434**	**260,719**
Balance as at March 31, 2015	**123,130**	**43,059**	**98,213**	**264,402**

	As at March 31, 2015	As at December 31, 2014
Capitalized mine development additions		
Deferred stripping costs	7,249	6,634
Capitalized mine development - Gora	101	255
Capitalized mine development - Masato, Golouma & Kerekounda	1,573	3,383
Other capitalized reserve development	58	419
Other	(211)	3,278
Total capitalized mine development additions	**8,770**	**13,969**

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

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

The Gora project was advanced from the exploration stage to the development stage effective January 1, 2012 after technical feasibility and commercial viability studies had been completed.

OJVG projects, Masato, Golouma, and Kerekounda, were advanced from the exploration stage to the development stage effective January 15, 2014 at the effective date of the OJVG acquisition. The Masato project was advanced to the production stage in September 2014.

Depreciation of capitalized mine development costs of $5.1 million was expensed as cost of sales for the three months ended March 31, 2015.

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

13. TRADE AND OTHER PAYABLES

	As at March 31, 2015	As at December 31, 2014
Current		
Trade payables (i)	9,462	19,436
Sundry creditors and accrued expenses	6,151	8,493
Government royalties (ii)	14,264	12,296
Amounts payable to Republic of Senegal (iii) (iv) (vii)(viii)	17,422	13,684
Contingent liabilities (vi)	908	-
Total current trade and other payables	**48,207**	**53,909**
Non-Current		
Amounts payable to Republic of Senegal (iii) (v)(vii)	14,437	14,311
Contingent liabilities (vi)	3,317	4,088
Total other non-current liabilities	**17,754**	**18,399**
Total trade and other payables	**65,961**	**72,308**

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

(ii) Government royalties are accrued based on the mine head value of the gold and related substances produced at a rate of 5 percent of sales (payable in 8,597 million XOF). Beginning in second quarter 2015, the Company has agreed to transition to quarterly payments of royalties. In 2015, the Company will pay 50 percent of quarterly royalties calculated on quarterly sales in arrears and accrue the remaining 50 percent to be paid in 2016. In 2016, the Company will pay the 100 percent of quarterly royalties calculated in arrears. The Company intends to pay royalties for the 2014 year and royalties for the three months ended March 31, 2015 by June 30, 2015.

(iii) A reserve payment is payable to the Republic of Senegal based on $6.50 for each ounce of new reserves until December 31, 2012. As at March 31, 2015, $0.9 million remains accrued as a current liability and the final payment of $0.9 million has been accrued as a non-current liability and is recorded at its net present value.

(iv) The Company has agreed to advance accrued dividends to the Republic of Senegal in relation to its interest in Sabodala Gold Operations. For the quarter ended March 31, 2015, $7.8 million has been accrued based on net sales revenue for each of the twelve months ended December 31, 2013 and December 31, 2014. No additional amounts are owing beyond 2014. Refer to Note 19b.

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

(vi) The Company acquired Badr's 13 percent carried interest in the OJVG for cash consideration of $7.5 million and further contingent consideration which will be based on realized gold prices and increases to the OJVG's mining reserves through 2020, of which $3.8 million was accrued upon finalization of the purchase price allocation in 2014. As at March 31, 2015, $0.9 million has been accrued as a current liability and $3.3 million has been accrued as a non-current liability and is recorded at its net present value (2014: $4.0 million in non-current contingent liabilities).

(vii) Pursuant to the completion of the acquisition of the OJVG in 2014, the Company is required to make initial payments totalling $10.0 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the OJVG. As at March 31, 2015, $8.0 million remains to be paid and has been accrued as a current liability of $4.5 million and a non-current liability of $3.5 million.

(viii) 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. With the environmental and construction approvals in hand to develop Gora, the Company has now accrued this amount as a current liability as at March 31, 2015. The payment is expected to be made later in 2015.

14. BORROWINGS

	As at March 31, 2015	As at December 31, 2014
Current		
Equipment finance facility	-	4,192
Deferred financing costs	-	(246)
Total current borrowings	**-**	**3,946**
Non-Current	**-**	**-**
Total borrowings	**-**	**3,946**

On February 18, 2015, the Company retired the outstanding $4.2 million balance of its equipment finance facility with Macquarie ("Equipment Facility"), resulting in the Company being completely bank debt free.

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

15. DEFERRED REVENUE

	Amount
Balance as at January 1, 2014	-
Deposit received	135,000
Amortization of deferred revenue	(21,002)
Balance as at December 31, 2014	**113,998**
Amortization of deferred revenue	(7,306)
Balance as at March 31, 2015	**106,692**

	As at March 31, 2015	As at December 31, 2014
Current	21,912	21,814
Non-Current	84,780	92,184
Total deferred revenue	**106,692**	**113,998**

During the three months ended March 31, 2015, the Company delivered 7,500 ounces of gold to Franco-Nevada and recorded revenue of $9.1 million, consisting of $1.8 million received in cash proceeds and $7.3 million recorded as a reduction of deferred revenue (2014: 20,625 ounces delivered to Franco-Nevada with recorded revenue of $26.3 million, consisting of $5.3 million received in cash proceeds and $21.0 million recorded as a reduction of deferred revenue). Due to the timing of shipment schedules near 2014 year end, the delivery of 1,875 ounces of gold for the month of December 2014 was not received by Franco-Nevada until early January 2015. As a result, 1,875 ounces delivered in 2015 was recognized for accounting purposes during the first three months ended March 31, 2015. The transaction with Franco-Nevada permits for the delivery of payable gold for up to five business days following the month end.

16. PROVISIONS

	As at March 31, 2015	As at December 31, 2014
Current		
Employee benefits (i)	2,400	2,365
Cash settled share-based compensation (iii)	561	282
Total current provisions	**2,961**	**2,647**
Non-Current		
Mine restoration and rehabilitation (ii)	15,493	15,726
Cash settled share-based compensation (iii)	293	267
Total non-current provisions	**15,786**	**15,993**
Total provisions	**18,747**	**18,640**

(i) The provisions for employee benefits include $1.8 million accrued vacation and $0.6 million long service leave entitlements for the period ended March 31, 2015 (2014 - $1.7 million and $0.7 million).

(ii) Mine restoration and rehabilitation provision represents a constructive obligation to rehabilitate the Sabodala gold mine based on the mining concession. The majority of the reclamation activities will occur at the completion of active mining and processing (which as at March 31, 2015 was estimated based on the Sabodala pit mine closure in 2019 and Masato pit mine closure in 2023) but a limited amount of concurrent rehabilitation will occur throughout the mine life.

(iii) The provision for cash settled share-based compensation represents the amortization of the fair value of the fixed bonus plan units and the amortization of the fair value of the RSUs and DSUs. Please see Note 22 for further details.

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

17. EARNINGS PER SHARE (EPS)

	Three months ended March 31	
	2015	**2014**
Basic EPS (US$)	0.04	0.01
Diluted EPS (US$)	0.04	0.01
Basic EPS:		
Net profit used in the calculation of basic EPS	15,272	4,152
Weighted average number of common shares for the purposes of basic EPS ('000)	352,801	316,801
Weighted average number of common shares outstanding for the purpose of diluted EPS ('000)	352,801	316,801

The determination of weighted average number of common shares for the purpose of diluted EPS excludes 17.2 million and 23.1 million shares relating to share options that were anti-dilutive for the periods ended March 31, 2015 and March 31, 2014, respectively.

18. COMMITMENTS FOR EXPENDITURES

During the first quarter 2015, the Company entered into various operating and capital purchase obligations related to the development of Gora. As at March 31, 2015, total future purchase obligations related to Gora development was approximately $3.9 million.

19. CONTINGENT LIABILITIES

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

a. Settled and outstanding tax assessments

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

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

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

b. Government Payments

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

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

20. CASH FLOW INFORMATION

a. Change in working capital

Net change in working capital other than inventory	Three months ended March 31	
	2015	**2014**
Changes in working capital other than inventory		
(Increase)/decrease in trade and other receivables	(167)	7,065
Increase in other assets	(291)	(173)
Decrease in trade and other payables	(10,104)	(2,967)
(Decrease)/increase in provisions	(1)	469
Net change in working capital other than inventory	**(10,563)**	**4,394**

b. Cash balance restricted for use

As part of the streaming transaction with Franco-Nevada, a minimum liquidity of financial covenant of $15.0 million is required.

21. FINANCIAL INSTRUMENTS

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

a. Categories of financial instruments

As at March 31, 2015, the Company's financial instruments consisted of cash and cash equivalents, trade and other receivables, trade and other payables.

The following table illustrates the classification of the Company's financial instruments, other than cash and cash equivalents, as at March 31, 2015 and December 31, 2014:

	As at March 31, 2015	As at December 31, 2014
Financial assets:		
Loans and receivables		
Trade and other receivables	1,729	1,562
Financial liabilities:		
Other financial liabilities at amortized cost		
Trade and other payables	66,815	72,575
Borrowings	-	3,946

b. Fair value of financial instruments

The Company's trade and other receivables, and trade and other payables are substantially carried at amortized cost, which approximates fair value. Cash and cash equivalents and available-for-sale financial assets are measured at fair value.

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

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

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

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

	As at March 31, 2015			As at December 31, 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Cash and cash equivalents	38,923	-	-	35,810	-	-
Total	**38,923**	**-**	**-**	**35,810**	**-**	**-**

22. SHARE BASED COMPENSATION

The share-based compensation expense for the three months ended March 31, 2015 totaled $0.3 million (2014: $0.3 million).

a. Incentive Stock Option Plan

During the three months ended March 31, 2015, a total of 3,830,000 common share options were granted to directors and employees (2014: nil).

During the three months ended March 31, 2015 and 2014, a total of 328,611 and 648,889 options were forfeited, respectively. No stock options were exercised during the three months ended March 31, 2015 and 2014. As at March 31, 2015, there were 12,935,205 and 4,290,073 outstanding options vested and unvested, respectively.

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

	Number of options	Weighted average exercise price
Balance as at January 1, 2014	**23,737,850**	**C$2.58**
Granted during the year	130,000	C$3.00
Forfeited during the year	(2,397,361)	C$2.83-C$3.00
Balance as at December 31, 2014	**21,470,489**	**C$2.54**
Granted during the year	3,830,000	C$0.64
Forfeited during the year	(328,611)	C$3.00
Expired during the period	(7,746,600)	C$1.73
Balance as at March 31, 2015	**17,225,278**	**C$2.48**
Number of options exercisable - December 31, 2014	20,057,774	
Number of options exercisable - March 31, 2015	12,935,205	

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

The following stock options were outstanding as at March 31, 2015:

Option series	Number	Grant date	Expiry date	Exercise price (C$)	FV at grant date (C$)
Granted on November 26, 2010	6,120,000	26-Nov-10	26-Nov-20	3.00	1.19
Granted on December 3, 2010	1,200,000	03-Dec-10	03-Dec-20	3.00	1.19
Granted on February 9, 2011	675,000	09-Feb-11	09-Feb-21	3.00	0.99
Granted on April 27, 2011	25,000	27-Apr-11	27-Apr-21	3.00	0.80
Granted on June 14, 2011	367,500	14-Jun-11	14-Jun-21	3.00	0.94
Granted on August 13, 2011	360,000	13-Aug-11	13-Aug-21	3.00	0.82
Granted on December 20, 2011	1,475,000	20-Dec-11	20-Dec-21	3.00	0.61
Granted on February 24, 2012	617,778	24-Feb-12	24-Feb-22	3.00	0.37
Granted on February 24, 2012	225,000	24-Feb-12	24-Feb-22	3.00	1.26
Granted on June 5, 2012	50,000	05-Jun-12	05-Jun-22	3.00	0.17
Granted on September 27, 2012	600,000	27-Sep-12	27-Sep-22	3.00	0.93
Granted on October 9, 2012	600,000	09-Oct-12	06-Oct-22	3.00	1.01
Granted on October 31, 2012	80,000	31-Oct-12	31-Oct-22	3.00	0.52
Granted on October 31, 2012	165,556	31-Oct-12	31-Oct-22	3.00	0.18
Granted on December 3, 2012	200,000	03-Dec-12	03-Dec-22	3.00	0.61
Granted on February 23, 2013	248,611	23-Feb-13	23-Feb-23	3.00	0.42
Granted on May 14, 2013	135,833	14-May-13	14-May-23	3.00	0.06
Granted on June 3, 2013	120,000	03-Jun-13	03-Jun-23	3.00	0.04
Granted on May 1, 2014	50,000	01-May-14	01-May-24	3.00	0.10
Granted on June 4, 2014	80,000	04-Jun-14	04-Jun-24	3.00	0.02
Granted on March 31, 2015	2,250,000	31-Mar-15	31-Mar-25	0.64	0.35
Granted on March 31, 2015	1,580,000	31-Mar-15	31-Mar-25	0.64	0.30

As at March 31, 2015, approximately 18.1 million (2014: 8.6 million) options were available for issuance under the Plan.

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

Of the 17,225,278 common share stock options issued and outstanding as at March 31, 2015, 17,050,278 vest over a three-year period and 175,000 vest based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on the best estimate of outcome of achieving our results.

As at March 31, 2015, 13,395,278 and 3,830,000 share options had a contractual life of ten years and five years at issuance, respectively.

Fair value of stock options granted

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

	Three months ended March 31
	2015
Grant date share price	C$0.64
Weighted average fair value of awards	C$0.33
Exercise price	C$0.64
Range of risk-free interest rate	0.55%-0.77%
Volatility of the expected market price of share	66.71%-67.28%
Expected life of options (years)	5.00
Dividend yield	0%
Forfeiture rate	5.00%

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

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

b. Fixed Bonus Plan

As at March 31, 2015, a total of 1,660,000 Units were outstanding (December 31, 2014: 1,360,000 units). During the three months ended March 31, 2015, 300,000 Units were granted to one employee and no Units were forfeited or exercised.

As at March 31, 2015, there were 1,660,000 Units outstanding that were granted on August 8, 2012 and March 31, 2015 with expiry dates ranging from November 24, 2020 through to March 31, 2025. Of the 1,660,000 Units outstanding as at March 31, 2015, 1,360,000 Units have an exercise price of C$3.00 and 300,000 Units have exercise price of C$0.64. The total outstanding Units have fair values at March 31, 2015 in the range of C$0.02 to C$0.14 per Unit. The total fair value of the Units at Mach 31, 2015 is $0.1 million (December 31, 2014: $0.1 million).

The estimated fair values of the Units were amortized over the period in which the Units vest. Of the 1,660,000 Units issued, 830,000 Units vested upon issuance, 340,000 Units vested on December 31, 2012, 340,000 Units vested on December 31, 2013, 75,000 Units vest on December 31, 2015, and 75,000 Units vest on December 31, 2016.

Fair value of units granted

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

	Three months ended March 31	
	2015	**2014**
Share price at the end of the period	C$0.64	C$0.85
Weighted average fair value of awards	C$0.02-C$0.14	C$0.06-C$0.24
Exercise price	C$0.64 - C$3.00	C$3.00
Range of risk-free interest rate	0.50%-0.77%	1.06%-1.71%
Volatility of the expected market price of share	66.71%-68.3%	66.71%-68.3%
Expected life of options (years)	2.0-5.0	2.0-5.0
Dividend yield	0%	0%
Forfeiture rate	5%-50%	5%-50%

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

c. Restricted Stock Units ("RSUs")

The Company introduced a RSU Plan for employees during the second quarter of 2014. RSUs are not convertible into Company stock and simply represent a right to receive an amount of cash (subject to withholdings), on vesting, equal to the product of i) the number of RSUs held, and ii) the volume weighted average trading price of the Company's shares for the five trading days prior to such date. RSUs will generally vest as to 50 percent in thirds over a three-year period and as to the other 50 percent, in thirds upon satisfaction of annual production and cost targets.

During the three months ended March 31, 2015, the Company granted 2,912,500 RSUs, 74,722 units were vested and remained outstanding, and no units were forfeited and no units were cancelled (December 31, 2014: 2,343,487 RSUs were granted, no units were vested, 436,532 units were forfeited and 298,884 units were cancelled). As at March 31, 2015, $0.3 million of current RSU liability and $0.2 million of non-current RSU liability have been recorded in the consolidated financial statement of financial position (2014: $0.1 million and $0.2 million in current and non-current RSU liability respectively).

d. Deferred Stock Units ("DSUs")

The Company introduced a DSU Plan for non-executive directors during the second quarter of 2014. DSUs represent a right for a non-executive director to receive an amount of cash (subject to withholdings), on ceasing to be a director of the Company, equal to the product of (i) the number of DSUs held, and (ii) the volume weighted average trading price of the Company's shares for the five trading days prior to such date.

The Company granted 700,000 DSUs during the three months ended March 31, 2015 and there were no units vested and no units were cancelled (December 31, 2014: 545,000 DSUs were granted, none were vested, none were forfeited and none were cancelled). As at March 31, 2015, $0.3 million of current DSU liability has been recorded in the consolidated financial statement of financial position (2014: $0.2 million).

23. RELATED PARTY TRANSACTIONS

a. Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 29 of the audited annual consolidated financial statements of the Company for the year ended December 31, 2014.

b. Transactions with key management personnel

No loans were made to directors or director-related entities during the period.

24. SUBSEQUENT EVENT

On April 2, 2015, the Company signed a commitment letter with Société Générale for a $30.0 million Senior Secured Revolving Credit Facility ("Revolver Facility"). The Revolver Facility will be drawn down as required for general corporate purposes and working capital needs. Closing and draw down of the Revolver Facility is subject to the execution of final documentation and satisfaction of conditions precedent with closing costs expected to be approximately $1.4 million.