MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the three months ended March 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2015

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 three months ended March 31, 2015. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto ("Statements") of Teranga Gold Corporation ("Teranga" or the "Company") as at and for the three months ended March 31, 2015, as well as, with the audited consolidated financial statements of Teranga as at and for the twelve months ended December 31, 2014. 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, 2014, 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 April 29, 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.

OVERVIEW OF THE BUSINESS

Teranga is a Canadian-based gold company that operates the Sabodala gold mine in Senegal, West Africa. The Company is currently exploring nine exploration licenses covering 1,055km^2, which comprise the regional land package surrounding its Sabodala gold mine.

Growth Strategy

Teranga is focused on increasing long-term sustainable free cash flow through growth in production and reserves, as well as productivity and cost efficiencies. Its growth strategy has three major components.

Phase 1

The first phase of the Company's growth strategy focuses on (i) leveraging its existing mill and infrastructure by investing in high return initiatives[1] to maximize process capacity, increase productivity and lower unit costs; and (ii) development drilling to convert both high and low grade resources to reserves on the mine license, which improves operating flexibility and extends the mine life.

With six deposits and approximately 300,000 ounces of recoverable gold in stockpiles, the Company has the flexibility to adjust its mine plans as gold prices fluctuate in order to maximize free cash flow. At higher gold prices the Company focuses on a mine plan that moves more material, which provides access to higher grade ore, reducing its dependence on lower grade stockpiled ore. At lower gold prices the Company focuses on a mine plan that moves less material and relies on processing a higher portion of low grade stockpiled ore. The reduction in material movement combined with lower capital costs associated with moving less material more than offsets the lower production rate from a free cash flow maximization perspective.

Based on the Company's existing asset base, its vision is to organically grow free cash flow sustainably by increasing annual gold production to between 250,000 and 350,000 ounces. The Company's ability to achieve this goal is predicated on four factors: (i) higher gold prices; (ii) completion of the mill optimization to debottleneck the grinding circuit; (iii) the implementation of heap leaching; and (iv) conversion of a portion of existing resources to reserves.

Phase 2

The second phase of the Company's growth strategy focuses on large-scale discoveries through systematic exploration on its mine license and regional land package. Such discoveries would require an expansion of the Company's infrastructure and processing facilities.

Teranga's mine license and regional land package are located on the same geographical gold belt that runs through Mali and Senegal where more than 50 million ounces, including three world-class discoveries (+5 million ounces), have been made. Based on an extensive land package consisting of a 246km^2 mine license, a regional land package comprised of nine exploration permits totaling approximately 1,000km^2, and a history of exploration success in this area, management believes there is a reasonable basis for a large-scale discovery on its mine license and regional land package.

Phase 3

The third phase of the Company's growth strategy focuses on joint venture partnerships, acquisitions and other strategic transactions in Senegal capable of increasing long-term sustainable growth in free cash flow. As the only gold producer in Senegal, Teranga is uniquely positioned to leverage its full-scale operating infrastructure and strong social license to facilitate shareholder value accretive transactions. Over the past several years, since the new mining code was adopted in the mid 2000's, more than 12 million ounces of measured and indicated resources have been identified within the southeastern region of Senegal, including our Sabodala, Gora and Golouma discoveries, as well as, Boto, Makabingui, Mako and Massawa.

[1] The Company targets a minimum after-tax return of 20% on new projects.

The Company evaluates such opportunities using the same stringent criteria for capital allocation and investment returns that it applies to its organic growth initiatives.

Acquisition

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.

With the integration of the OJVG license area and its various satellite deposits into Sabodala's mine plan, this transaction has resulted in significant capital and operating cost synergies, utilizing the Sabodala mill and related infrastructure within a similar footprint.

FINANCIAL HIGHLIGHTS

	Three months ended March 31		
(US$000's, except where indicated)	2015	2014	Change
Revenue	68,491	69,802	(2%)
Profit attributable to shareholders of Teranga[1]	15,272	4,152	268%
Per share[1]	0.04	0.01	300%
Operating cash flow	16,631	14,303	16%
Free cash flow[2]	7,347	20,593	(64%)
Free cash flow per ounce sold[2]	131	383	(66%)
Gold sold (ounces)	56,223	53,767	5%
Total cash costs per ounce sold[3]	609	696	(13%)
All-in sustaining costs per ounce sold[3]	841	813	3%

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

[1] In 2014, the Company 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.

[2] Free cash flow and free cash flow per ounce are defined as operating cash flow (excluding one-time transaction costs related to the acquisition of the OJVG) less capital expenditures.

[3] Total cash costs per ounce, all-in sustaining costs per ounce and total depreciation and amortization per ounce 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.

First Quarter Financial and Operating Highlights

- Revenue was down slightly compared to the prior year period as higher gold sales volumes, as a result of the draw down of gold-in-circuit inventory which had built up at year end, was more than offset by lower realized gold prices.
- The increase in net profit in the current year quarter was primarily due to lower cost of sales, lower finance costs and higher other income.
- Cash flow provided by operations increased compared to the prior year quarter mainly due to OJVG acquisition costs paid in 2014 being partially offset by higher working capital changes in 2015.
- Free cash flow and free cash flow per ounce were lower mainly due to higher capital expenditures, lower realized gold prices, and higher net working capital balances.
- Higher gold sales were due to a drawdown of gold-in-circuit inventory, which more than offset lower production in the quarter. Production for the quarter declined due to lower processed grades and throughput, partly offset by higher recovery rates.
- Total cash costs per ounce improved mainly due to a decrease in mining and processing costs.
- All-in sustaining costs were higher due to an increase in deferred stripping costs and reserve development costs partially offset by lower cash costs.
- Following the retirement of the outstanding $4.2 million balance of its equipment finance facility with Macquarie Bank Limited ("Equipment Facility") on February 18, 2015, the Company was debt free at March 31, 2015. The Company ended the quarter with $38.9 million in cash and cash equivalents, an increase of $3.1 million from year end.
- Subsequent to the quarter, 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"). Once in place, the Revolver Facility will be drawn down as required for general corporate purposes and working capital needs. Closing of the Revolver Facility is subject to the negotiation and execution of final documentation and satisfaction of conditions precedent with closing costs expected to be approximately $1.4 million.

2015 OUTLOOK

		Year ended December 31 2015 Guidance Range
Operating Results		
Total material mined	('000t)	28,500 - 30,500
Ore milled	('000t)	3,600 - 3,800
Gold produced[1]	(oz)	200,000 - 230,000
Total cash cost (incl. royalties)[2]	$/oz sold	650 - 700
All-in sustaining costs[2,3]	$/oz sold	900 - 975
Total depreciation and amortization[2]	$/oz sold	260 - 275
Mining	($/t mined)	2.75 - 2.90
Mining long haul (cost/t hauled)	($/t milled)	5.00 - 6.00
Milling	($/t milled)	15.50 - 17.50
G&A	($/t milled)	5.25 - 5.75
Gold sold to Franco-Nevada[1]	(oz)	24,375
Exploration and evaluation expense (Regional Land Package)	($ millions)	1.0 - 2.0
Administration and corporate social responsibility costs (excluding depreciation)		
Administration expense	($ millions)	11.5 - 12.5
Corporate social responsibility expense	($ millions)	~3.5
Mine production costs	($ millions)	155.0 - 165.0
Capitalized deferred stripping	($ millions)	8.0 - 10.0
Net mine production costs	($ millions)	147.0 - 155.0
Capital expenditures		
Mine site sustaining	($ millions)	6.0 - 8.0
Capitalized reserve development (Mine License)	($ millions)	6.0 - 8.0
Project development costs (Gora/Kerekounda)		
Mill optimization	($ millions)	5.0 - 6.0
Development	($ millions)	16.5 - 17.5
Mobile equipment and other	($ millions)	7.5 - 8.5
Total project development costs	($ millions)	29.0 - 32.0
Capitalized deferred stripping	($ millions)	8.0 - 10.0
Total capital expenditures	($ millions)	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.

For the year ending December 31, 2015, the Company is maintaining its guidance as originally published on January 29, 2015. If the US dollar/Euro exchange rate remains at current levels through the balance of the year, total cash costs and all in sustaining costs would likely come in at the lower end of our cost guidance range. For guidance on the Company's liquidity, please see the Liquidity and Capital Resources Outlook section.

THREE YEAR OUTLOOK (2015-2017)

The Company has a number of organic options for free cash flow maximization in different gold price environments, including the ability to optimize the processing of existing stockpile balances, the sequence of the pits and phases within the pits based on grade, strip ratio, ore hardness and capital required.

In the current gold price environment, and based only on existing proven and probable reserves, the mine plan that generates the highest free cash flow is a plan that limits material movement to about 40 million tonnes per year, which is the approximate maximum capacity of the existing mobile equipment fleet. Relative to the guidance in the Corporation's existing technical report pursuant to National Instrument – Standards of Disclosures for Mineral Projects ("NI 43-101") filed in 2014, the impact of a reduction in material movement of approximately 12.5 million tonnes per annum over the next three years and lower associated operating and capital costs in an optimized life of mine plan more than offsets the lower production rate from a free cash flow maximization perspective. Production is expected to average between 230,000 and 240,000 ounces per annum from 2015 through 2017, down from 254,000 in the 43-101 filed in 2014.[2] Additional upside to free cash flow is expected from the current productivity initiatives underway and favourable fuel and currency rates, as well as, resource to reserve conversions from planned drilling at Niakafiri, Masato, Golouma, and Kerekounda and the OJVG land lease.

The Company identified a number of risk factors to which it is subject in its Annual Information Form filed for the year ended December 31, 2014. 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.

[2] The production guidance is based on existing proven and probable reserves only from both the Sabodala mining license and Golouma mining license as disclosed in the Company's December 31, 2014 Annual MD&A.

REVIEW OF OPERATING RESULTS

Operating Results		Three months ended March 31 2015	2014	Change
Ore mined	('000t)	2,246	1,262	78%
Waste mined - operating	('000t)	3,619	6,151	(41%)
Waste mined - capitalized	('000t)	2,841	497	472%
Total mined	('000t)	8,706	7,910	10%
Grade mined	(g/t)	1.17	1.61	(27%)
Ounces mined	(oz)	84,379	65,452	29%
Strip ratio	waste/ore	2.9	5.3	(45%)
Ore milled	('000t)	861	893	(4%)
Head grade	(g/t)	1.90	2.01	(5%)
Recovery rate	%	92.6	90.1	3%
Gold produced[1]	(oz)	48,643	52,090	(7%)
Gold sold	(oz)	56,223	53,767	5%
Average realized price	$/oz	1,217	1,293	(6%)
Total cash costs (incl. royalties)[2]	$/oz sold	609	696	(13%)
All-in sustaining costs[2]	$/oz sold	841	813	3%
Mining	($/t mined)	2.06	2.81	(27%)
Milling	($/t milled)	14.64	18.20	(20%)
G&A	($/t milled)	4.98	4.85	3%

[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 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 March 31, 2015		Masato	Sabodala	Total
Ore mined	('000t)	2,060	186	2,246
Waste mined - operating	('000t)	3,257	362	3,619
Waste mined - capitalized	('000t)	2,817	24	2,841
Total mined	('000t)	8,134	572	8,706
Grade mined	(g/t)	1.13	1.63	1.17
Ounces mined	(oz)	74,618	9,761	84,379

The Company is organizationally focused on reducing costs and improving productivity. Both the mine and mill departments continue to make significant strides towards improving unit costs. Areas of focus include load and haul and drill and blast efficiencies, reducing energy costs in mining and milling, optimizing the life of mill components, and lowering costs for reagents used in the mill.

Mining

Total tonnes mined for the three months ended March 31, 2015 were 10 percent higher than the prior year. Mining activities in the current year quarter were primarily focused on the upper benches of Masato resulting in shorter haul distances, while in the prior year period mining was focused on the middle benches of phase 3 of the Sabodala pit.

Ore tonnes mined for the three months ended March 31, 2015 were 78 percent higher compared to the prior year period while ore grades mined were lower, mainly as a result of mining activities focused on the lower-grade Masato pit. Nevertheless this resulted in a 29 percent increase in ounces mined during the current year quarter compared to the prior year period.

Total mining costs for the three months ended March 31, 2015 were 19 percent lower than the same prior year period. Over 90 percent of material mined during the quarter was from Masato. Shorter haul distances, in part due to optimizing mine operations during the quarter to improve productivity resulted in fewer truck hours required to move 10 percent more material than the same prior year period. As a result, the mine department incurred lower fuel and maintenance costs. In additional to lower fuel and favourable currency movements, the mine department also benefited from lower drill and blast costs due to the softer Masato material. On a per tonne basis, the mine reported its lowest unit cost in four years at $2.06 per tonne, a 27 percent decrease compared to the same prior year period.

Processing

Ore tonnes milled for the three months ended March 31, 2015 were 4 percent lower than the same prior year quarter and 15 percent lower than fourth quarter 2014. Crusher rates were negatively impacted by soft, wet ore processed from Masato during the quarter. Part of the ore body at Masato encountered a near surface perched water table in the soft oxide ore, which created materials handling challenges that negatively impacted throughput rates. The mine expects to have completed mining through this area by the end of May.

Processed grade for the three months ended March 31, 2015 was 5 percent lower than the prior year period. Mill feed during the current quarter was sourced mainly from the upper benches of Masato and the lower benches of Sabodala. The remainder of mill feed included approximately 200,000 tonnes of lower grade stockpiled ore which was added to blend with the softer, wet ore from Masato to increase throughput rates.

Gold production for the three months ended March 31, 2015 was 48,643 ounces of gold, 7 percent lower than the prior year period, mainly due to lower processed grades and throughput, partly offset by higher mill recovery rates.

Total processing costs for the three months ended March 31, 2015 were 22 percent lower than the prior year quarter, mainly due to lower power and reagent costs due to the processing of softer material, combined with favourable fuel and currency prices. Unit processing costs for the three months ended March 31, 2015 were 20 percent lower than the prior year period due to a reduction in total processing costs partially offset by lower throughput rates.

General and Administrative – Site Operations

Total mine site general and administrative costs for the three months ended March 31, 2015 were similar to the year earlier period. Unit general and administration costs for the three months ended March 31, 2015 were 3 percent higher than the prior year period, mainly due to lower ore tonnes milled.

Costs per Ounce

Total cash costs improved by 13 percent to $609 per ounce for the three months ended March 31, 2015, compared to the prior year period. This improvement is mainly due to lower mining and processing costs.

All-in sustaining costs for the three months ended March 31, 2015, totaled $841 per ounce, compared to $813 per ounce in the prior year. All-in sustaining costs increased due to higher capital expenditures related to deferred stripping and reserve development drilling during the current year quarter.

REVIEW OF FINANCIAL RESULTS

	Three months ended March 31			
Financial Results	2015	2014	Change	% Change
Revenue	68,491	69,802	(1,311)	(2%)
Cost of sales[1]	(48,155)	(55,068)	6,913	(13%)
Gross profit	**20,336**	**14,734**	**5,602**	**38%**
Exploration and evaluation expenditures	(809)	(1,144)	335	(29%)
Administration & corporate social responsibility expenses	(4,083)	(3,988)	(95)	2%
Share-based compensation	(327)	(311)	(16)	5%
Finance costs	(649)	(2,116)	1,467	(69%)
Net foreign exchange gains	1,291	47	1,244	2647%
Other income (expense)	1,783	(1,785)	3,568	N/A
Profit for the period	**17,542**	**5,437**	**12,105**	**223%**
Profit attributable to non-controlling interests	(2,270)	(1,285)	(985)	77%
Profit attributable to shareholders of Teranga	**15,272**	**4,152**	**11,120**	**268%**
Basic earnings per share	0.04	0.01	0.03	300%

[1] In 2014, the Company 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

Revenue for the three months ended March 31, 2015 was $68.5 million compared to revenue of $69.8 million in the prior year period. Revenues declined slightly relative to the prior year quarter as lower realized gold prices during the current year were mostly offset by higher gold sales as a result of a draw down in gold-in-circuit inventory which had accumulated at the end of 2014.

For the three months ended March 31, 2015, the average spot price of gold was $1,218 per ounce, trading between $1,147 and $1,296 per ounce. This compares to an average of $1,293 per ounce for the three months ended March 31, 2014, with a low of $1,221 per ounce and a high of $1,385 per ounce. Hedge gains on gold forward sales contracts which were entered into during the first quarter 2015 have been classified within Other Income.

Cost of Sales

(US$000's)	**Three months ended March 31**	
Cost of Sales	2015	2014
Mine production costs - gross	34,852	43,069
Capitalized deferred stripping	(6,588)	(1,418)
Capitalized deferred stripping - non-cash[1]	(660)	(169)
	27,604	41,482
Depreciation and amortization - deferred stripping assets[1]	1,560	8,288
Depreciation and amortization - property, plant & equipment and mine development expenditures	9,287	10,778
Royalties	3,366	3,481
Amortization of advanced royalties	429	-
Inventory movements	2,234	(7,479)
Inventory movements - non-cash[1]	3,675	(1,482)
	5,909	(8,961)
Total cost of sales	**48,155**	**55,068**

[1] In 2014, the Company 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 months ended March 31, 2015, mine production costs, before capitalized deferred stripping, were $34.9 million, compared to $43.1 million in the prior year period. Lower mine production costs in the current year period were due to lower mining and processing costs (please see Review of Operating Results section for additional information).

Depreciation and amortization for the three months ended March 31, 2015 totaled $10.8 million, compared to $19.1 million in the prior year period, mainly due to lower depreciation of deferred stripping balances in the current year period. The capitalized deferred stripping costs related to the Sabodala pit will be amortized once phase four mining commences. Approximately 80 percent of the Company's fixed assets are depreciated using the units of production method of depreciation.

For the three months ended March 31, 2015, royalties were $3.8 million, $0.3 million higher than the prior year period mainly due to the amortization of advanced royalties in the current year period (please see Contingent Liabilities section for additional information).

Inventory movements for the three months ended March 31, 2015 resulted in an increase to cost of sales of $5.9 million, compared to a decrease to cost of sales of $9.0 million for the prior year period. Lower mine production costs incurred in the current quarter resulted in a decrease in the cost per ounce of inventory stockpiles on hand despite an increase in ounces stockpiled of approximately 30,000 ounces. In total, the Company now has approximately 300,000 ounces of recoverable gold in ore stockpiles. In the prior year period, higher costs were absorbed into inventory mainly as a result of higher mine production costs.

Exploration and Evaluation

Exploration and evaluation expenditures for the three months ended March 31, 2015 were down by $0.3 million to $0.8 million due to the Company's systematic and disciplined approach to exploration, where the emphasis is on reserve development drilling on the mine license, and a higher mix of lower cost trenching to delineate exploration targets on the regional land package. Higher cost drilling has been minimized in this lower gold price environment. Please see Regional Exploration section for additional information.

Administration and Corporate Social Responsibility Costs

Administration and Corporate Social Responsibility ("CSR") Costs for the three months ended March 31, 2015 were $4.1 million, compared to $4.0 million in the prior year period. CSR costs increased in the current quarter by $0.1 million over the prior year period reflecting higher social commitments related to the Company's advancement of its regional development strategy and incorporation of the OJVG commitments.

Share based Compensation

During the three months ended March 31, 2015, 3,830,000 common share stock options were granted at an exercise price of C$0.64, 7,746,600 common share stock options related to the acquisition of Oromin expired during the first quarter, 328,611 common share stock options were forfeited and no stock options were exercised. The exercise price of new stock options granted during the current year quarter was determined using a volume weighted average trading price of the Company's shares for the 5-day period ended March 31, 2015.

Of the 17,225,278 common share stock options issued and outstanding as at March 31, 2015, 4,290,073 vest over a three-year period, 12,935,205 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 management's best estimate of outcome of achieving desired results.

The Company continues to grant Deferred Share Units ("DSUs") to allow non-executive directors to participate in the long-term success of the Company and to promote alignment of interests between directors and shareholders, and Restricted Share Unit ("RSUs") for employees. DSUs vest over a one-year period and are payable in cash upon ceasing to be a director of the Company. RSUs are payable in cash and vest over a three year period, with 50 percent of the award vesting upon achievement of two predetermined operational criteria, and 50 percent vesting with the passage of time.

During the three months ended March 31, 2015, the Company granted 700,000 DSUs at a price of C$0.64 per unit. Of the 1,245,000 DSUs outstanding at March 31, 2015, no DSUs were vested and no units were cancelled.

During the three months ended March 31, 2015, the Company granted 2,912,500 RSUs at a price of C$0.64 per unit. Of the 4,595,292 RSUs outstanding at March 31, 2015, 74,722 RSUs were vested and remained outstanding, none were forfeited and none were cancelled.

During the three months ended March 31, 2015, a total of 300,000 Fixed Bonus Plan Units were granted to an employee, at an exercise price of C$0.64 per unit. No Fixed Bonus Plan Units were forfeited or exercised during the period. Fixed Bonus Plan Units granted are fair valued at the end of each reporting period using the Black-Scholes option pricing model.

Finance Costs

Finance costs reflect interest costs related to 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.

Due to the repayment of borrowings and lower interest costs, the Company's finance costs for the three months ended March 31, 2015 decreased by 69 percent to $0.6 million from $2.1 million in the prior year period. The Company repaid its $60.0 million loan facility with Macquarie Bank Limited at the end of 2014 and retired the balance owing on the Equipment Facility during the three months ended March 31, 2015.

Net Foreign Exchange Gains

The Company generated foreign exchange gains of $1.3 million for the three months ended March 31, 2015, compared to a nominal gain in the same prior year period. During the current year quarter, foreign exchange gains were realized on payments denominated in the local currency, which is pegged to the Euro, made during the period, due to an 11 percent depreciation in the Euro relative to the US dollar since the start of the year. In the same prior year period, there was negligible depreciation in the local currency relative to the US dollar, resulting in a significantly smaller gain.

Other income (expense)

Other income was $1.8 million for the three months ended March 31, 2015, compared to other expenses of $1.8 million in the prior year period. The income generated in the current year quarter relates to realized gains on 15,000 ounces of gold forward sales contracts put in place in January to take advantage of a spike in the price of gold. In 2014, expenses reflected the remaining costs to acquire the OJVG.

Net profit

Consolidated net profit for the three months ended March 31, 2015 was $15.3 million ($0.04 per share), compared to a consolidated net profit in the prior year quarter of $4.2 million ($0.01 per share). The increase in profit in the current year quarter was mainly due to lower cost of sales, lower finance costs and an increase in other income.

REVIEW OF QUARTERLY FINANCIAL & OPERATING RESULTS

(US$000's, except where indicated)	2015	2014				2013		
	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenue	68,491	76,553	56,711	57,522	69,802	58,302	50,564	75,246
Average realized gold price ($/oz)	1,217	1,199	1,269	1,295	1,293	1,249	1,339	1,379
Cost of sales[1]	48,155	37,738	52,358	62,819	55,068	48,526	36,825	52,334
Net earnings (loss)[1]	15,272	27,693	(1,524)	(12,543)	4,152	(2,420)	49	7,467
Net earnings (loss) per share ($)[1]	0.04	0.08	(0.00)	(0.04)	0.01	(0.01)	0.00	0.03
Operating cash flow	16,631	30,677	13,822	(9,793)	14,303	13,137	16,692	20,838
Ore mined ('000t)	2,246	2,666	1,272	974	1,262	1,993	537	698
Waste mined - operating ('000t)	3,619	5,594	4,201	5,233	6,151	6,655	3,321	2,683
Waste mined - capitalized ('000t)	2,841	490	524	458	497	420	4,853	4,770
Total mined ('000t)	8,706	8,750	5,997	6,665	7,910	9,068	8,711	8,151
Grade Mined (g/t)	1.17	1.47	1.71	1.39	1.61	1.61	1.08	1.59
Ounces Mined (oz)	84,379	126,334	69,805	43,601	65,452	103,340	18,721	35,728
Strip ratio (waste/ore)	2.9	2.3	3.7	5.8	5.3	3.6	15.2	10.7
Ore processed ('000t)	861	1,009	903	817	893	860	887	709
Head grade (g/t)	1.90	2.44	1.89	1.69	2.01	2.11	1.41	2.36
Gold recovery (%)	92.6	90.1	88.5	89.8	90.1	89.7	91.6	92.3
Gold produced[1] (oz)	48,643	71,278	48,598	39,857	52,090	52,368	36,874	49,661
Gold sold (oz)	56,223	63,711	44,573	44,285	53,767	46,561	37,665	54,513
Total cash costs per ounce sold[2] (including Royalties)	609	598	781	815	696	711	748	642
All-in sustaining costs per ounce sold[2] (including Royalties)	841	711	954	1,060	813	850	1,289	1,185
Mining ($/t mined)	2.1	2.6	3.1	2.9	2.8	2.6	2.5	2.6
Milling ($/t mined)	14.6	13.9	16.0	21.3	18.2	18.0	17.6	23.8
G&A ($/t mined)	5.0	4.3	4.5	4.9	4.8	4.8	4.6	6.3

[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.

[2] Total cash costs per ounce and all-in sustaining costs 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.

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 production 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.

Net earnings recorded during the fourth quarter 2014 was higher than other quarters mainly due to a reversal of non-cash inventory write-downs totaling $16.0 million, which reduced cost of sales during the period. These write-downs were previously recorded during the second and third quarters 2014, which resulted in the respective net losses realized during those periods. The net loss recorded in fourth quarter 2013 was mainly due to transaction costs related to the acquisitions of Oromin.

Operating cash flows trended lower during certain quarters as a result of transaction costs related to the acquisition of the OJVG. Commencing in first quarter 2014, operating cash flows 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 second quarter of 2013 included a use of cash to buy-back-back the remaining "out of the money" gold forward sales contracts.

Gold production for the fourth quarter 2014 was the second highest quarterly production total in the Company's history and was due to higher processed grade and mill throughput. During the first quarter 2015, gold production was lower compared to fourth quarter 2014 mainly due to lower crusher rates and ore grades milled as noted earlier.

BUSINESS AND PROJECT DEVELOPMENT

Strategic Capital Allocation

During the first quarter of 2014, the Company filed its NI 43-101 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 at $1,350 gold, management's best estimate of the long-term gold price as at December 31, 2013.

In accordance with the integrated LOM plan, our Phase 1 growth strategy is focused on leveraging our existing infrastructure to maximize free cash flows. In deciding on how best to allocate our capital, we evaluate the free cash flow, NAV, IRR, capital and operating risks of each option before committing capital towards its advancement. We apply a minimum 20 percent IRR threshold in conjunction with a rigorous assessment of capital and operating risks towards investment decisions.

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. On March 15, 2015, the Company received the environmental approval and the occupational haul road permit required to proceed with development

Capitalizing on the excess equipment available from the changes to the 2015 mine plan to lower material movement rates, the mine department has completed construction of the centre line of the haul road with a complement of contractors presently established at site to complete the road and site construction. Infrastructure development to support mine operations is underway and on schedule including the construction of a small water retention structure and pit development. Ore delivery to the plant is scheduled for the fourth quarter 2015.

Mill Optimization

The mill optimization will substantially consist of adding a second primary jaw crusher and screen to operate in parallel with the existing crusher. This will (i) increase availability to the live storage for the mill circuit, and (ii) provide the flexibility to reduce the top size primary crusher product. Basic engineering for the mill optimization was completed in the first quarter of 2015 to finalize the design, layout, material quantities, procurement packages and an execution plan for construction. During this process, additional capital was allocated for a second double deck screen to tie into the existing system, as well as a replacement for the current screen required as sustaining capital in 2016. Based on a project capital cost of approximately $20 million for construction of a new crusher, screen and conveyor assembly to tie into the existing facility, the project is expected to have an IRR in excess of 50 percent at $1,200 per ounce gold.[3]

[3] This forecast financial information is based on the following material assumptions: gold price: $1,200 per ounce; average annual gold production of approximately 235,000 ounces; LFO: $0.85 per litre and HFO: $0.76 per litre.

Long lead items and construction materials are being ordered in second quarter for delivery to site in fourth quarter 2015, with pre-construction initiated thereafter. Civils and structural construction will commence in first quarter 2016 with mechanical completion expected in third quarter 2016.

The Company has budgeted approximately $6.0 million for capital in 2015, with the remainder of construction costs expected to be incurred in 2016.

The mill optimization is expected to increase throughput by up to 10 percent with similar ore hardness, however there may be potential to increase throughput further based on simulations on the new design configurations. In addition to higher production, unit processing costs are expected to decrease by approximately 5 percent.

Heap Leach Project

The potential benefit to accelerating value from low grade stockpiled ore earlier through construction of a heap leach facility was evaluated in 2014. The initial phase of the test work targeted various stages of the saprolite and soft and hard oxidized transition zones and was completed in the first quarter 2015. The test work delivered positive results showing a range of recoveries from 75 to 82 percent in column tests.

The second phase of the test work is designed to test the heap leach amenability of the mix of sulphide and oxide ore in the ROM stockpile and has exhibited recoveries in column tests ranging between 60 and 72 percent after 40 days of leaching. Test work will continue, however, these preliminary results provide an indication for the amenability of this material.

The Company is encouraged by the progression of the metallurgical test results and pre-feasibility study ("PFS") work to date. The engineering is well advanced using the metallurgical test work results to establish the design criteria concepts, a pad location near the current plant facility and integration with existing facilities. Initial economic analyses based on preliminary capital and operating criteria show favourable economics, with additional optimization to continue. The Company expects to complete the PFS design concepts during the third quarter 2015, with follow-up trade off studies and optimization to continue for the remainder of 2015. A decision to proceed with construction is expected by year end at the earliest, contingent on progress with access to Niakafiri drilling and finalized project economics. We would expect that it would take approximately 24 months to permit and construct the heap leach facility. At this point, the Company anticipates that heap leach could account for an incremental 10 to 20 percent of annual production once fully operational.

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 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, inclusive of 2.34 million ounces of Proven and Probable Reserves, and a further 2.35 million ounces of Inferred Resources.[4] 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 first phase 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 first phase and second phase organic growth targets.

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 in fourth quarter 2014. The presence of two gold mineralized shear structures has been identified, a north south trending or “red” shear and the northwest shear. These occur within metavolcanic units located to the north and northwest of the existing reserves, with continued mineralization to the north where these features intersect to be followed up in second quarter 2015.

Infill drilling to the east successfully identified shear zones and anomalous values within the northwest shear, modeling is in progress to determine the extent of addition to the Golouma resources. To the north of the Golouma orebody, mineralization was intersected within a wide sheared and altered zone with potential for extending to the north and at depth. A second phase 8 hole diamond drill hole (“DDH”) 1130 meter program and 6 surface trenches is currently ongoing in second quarter 2015 to test mineralization potential to the north and infill gaps within the red shear.

An updated resource model and subsequent reserves evaluation is in progress pending results from the second phase of drilling.

Masato Northeast

Detailed mapping and trenching (4,461 metres) were completed in 2014 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 27-hole 4,600 metre diamond drilling program was completed in first quarter 2015. Core logging to date has identified sheared and altered volcanics with quartz-carbonate-tourmaline veins located within 60 metres below surface, down dip to the west from oxidized shear zones intersected in surface trenches.

Assay results are currently being evaluated including data interpretation and modeling, which will determine the extent of follow up areas for further trenching and drilling.

Other Mine License Drill Targets

Drilling is expected to continue on other mine license targets including Niakafiri, Niakafiri SE and Maki Medina.

Sabodala Mining Convention

On April 7, 2015 the Senegalese Minister of Mines and Industry executed a new mining convention with SGO which merged two existing and contiguous mining licenses into one expanded mine license area of approximately 246km^2 (the “2015 Sabodala Mining Convention”). Prior to the completion of the 2015 Sabodala Mining Convention the former mining licenses were held by SGO (Sabodala - approximately 33km^2) and the OJVG (Golouma - approximately 213km^2). The new convention extends the mine license to 2025, with the option of five-year renewals thereafter.

Regional Exploration

The Company currently has nine exploration permits encompassing approximately 1,055km^2 of land surrounding the Sabodala and OJVG mine licenses (246km^2 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.

The Company is focused on five regional targets in 2015, including Nienienko, Soreto, Gora Northeast Extension and Zone ABC, KD and KC prospects. Results will be released as received through the course of the year.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

Cash

The Company’s cash balance at March 31, 2015 was $38.9 million, $3.1 million higher than the start of the year, as cash flow provided by operations of $16.6 million was

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

partly offset by debt and interest repayments totaling $4.2 million and capital expenditures of $9.3 million.

Borrowings

During first quarter 2015, the Company retired the outstanding balance under the Equipment Facility and is completely bank debt free.

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 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. 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 2014 was not received by Franco-Nevada until early January 2015. As a result, this delivery was recognized for accounting purposes during the 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 a month end.

LIQUIDITY AND CASH FLOW

Cash Flow

(US$000's)	Three months ended March 31	
Cash Flow	2015	2014
Operating	16,631	14,303
Investing	(9,284)	(110,210)
Financing	(4,235)	94,650
Effect on exchange rates on holdings in foreign currencies	1	2
Change in cash and cash equivalents during the period	3,113	(1,255)
Cash and cash equivalents - beginning of period	35,810	14,961
Cash and cash equivalents - end of period	38,923	13,706

Operating Cash Flow

(US$000's)	Three months ended March 31	
Changes in working capital other than inventory	2015	2014
(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

For the three months ended March 31, 2015, operating cash provided $16.6 million compared to $14.3 million in the prior year period. The increase was primarily due to lower mine production costs, partly offset by a decrease in trade and other payables during the current year quarter.

Investing Cash Flow

(US$000's)	Three months ended March 31	
Capital Expenditures	2015	2014
Mine site & development capital	1,168	1,170
Capitalized reserve development	1,528	121
Capitalized deferred stripping	6,588	1,419
Total Capital Expenditures	9,284	2,710
Acquisition of the OJVG	-	112,500
Decrease in restricted cash	-	(5,000)
Investing activities	9,284	110,210

Total capital expenditures for the three months ended March 31, 2015 were $9.3 million, $6.6 million higher than the prior year period, mainly due to higher capitalized deferred stripping. In the prior year period, cash flow used in investing activities included $112.5 million to acquire the OJVG, partially offset by a $5.0 million decrease in the restricted cash balance.

Financing Cash Flow

Net cash used in financing activities for the three months ended March 31, 2015 was $4.2 million compared to net cash provided by financing activities of $94.7 million in the prior year period. Financing cash flows during the current quarter included repayment of borrowings under the Equipment Facility. Financing cash flows in the prior year period include proceeds of $135.0 million received from the Franco-Nevada gold stream transaction, partially offset by the repayment of borrowings of $38.2 million and interest and finance costs paid on borrowings of $2.2 million.

Liquidity and Capital Resources Outlook

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"). Once in place, the Revolver Facility will be drawn down as required for general corporate purposes and working capital needs. Closing of the Revolver Facility is subject to the negotiation and execution of final documentation and satisfaction of conditions precedent with closing costs expected to be approximately $1.4 million.

Our primary sources of liquidity are the Company's cash position at March 31, 2015, which was $38.9 million, cash flow from operations and, subject to satisfying closing conditions, the Revolver Facility.

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 3); 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 combined with its new Revolver Facility to fund its current growth initiatives, the Company may explore other value preservation alternatives that provide additional financial flexibility to ensure sufficient liquidity is maintained by the Company. Such alternatives may include hedging strategies for fuel and currencies.

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. However, on January 23, 2015, after a sharp increase in the gold spot price, the Company entered into gold forward contracts with Macquarie Bank Limited 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.

CONTRACTUAL OBLIGATIONS AND COMMITTMENTS

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.

CONTINGENT LIABILITIES

Government of Senegal payments

(US$000's)	Cash payments made	Contingent liabilities	Accrued liabilities
	Three months ended March 31, 2015	As at March 31, 2015	As at March 31, 2015
Royalty payments	-	-	14,264
Reserve payment	-	-	1,850
Social development fund payment	-	-	15,000
Accrued dividend payment	-	2,700	7,769
Gora project advanced royalty payment	-	-	4,200
OJVG Advanced royalty payment	450	-	8,016
	450	2,700	51,099

Royalty payments

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. 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.

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

In addition to its CSR spending, 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 March 31, 2015, the Company has recorded $10.0 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 March 31, 2015, $7.8 million has been accrued based on net sales revenue and is expected to be paid over 2015 and 2016.

Gora and OJVG advanced royalty payments

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 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.

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 OJVG. The initial payment is to be used to finance social projects in the mine site region, which are determined by the Republic of Senegal and will be paid either directly to suppliers for the completion of specific projects or to specified ministries of the Republic of Senegal. During the three months ended March 31, 2015, $0.5 million was paid and the remaining $8.0 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.

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.

In January 2015, SGO received a tax assessment for approximately $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, since the discussion of these estimates in our 2014 annual MD&A.

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.

The effect of changes in our LOM on amortization expense for the three months ended March 31, 2015 was $0.3 million.

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 March 31	
Cash costs per ounce sold	2015	2014
Gold produced[1]	48,643	52,090
Gold sold	56,223	53,767
Cash costs per ounce sold		
Cost of sales[2]	48,155	55,068
Less: depreciation and amortization[2]	(10,847)	(19,066)
Add: non-cash inventory movement[2]	(3,675)	1,482
Add: non-cash capitalized deferred stripping[2]	660	169
Less: other adjustments	(57)	(251)
Total cash costs	**34,236**	**37,402**
Total cash costs per ounce sold	**609**	**696**
All-in sustaining costs		
Total cash costs	34,236	37,402
Administration expenses[3]	3,764	3,613
Capitalized deferred stripping	6,588	1,418
Capitalized reserve development	1,528	121
Mine site capital	1,168	1,170
All-in sustaining costs	**47,284**	**43,724**
All-in sustaining costs per ounce sold	**841**	**813**
All-in costs		
All-in sustaining costs	47,284	43,724
Social community costs not related to current operations	474	409
Exploration and evaluation expenditures	809	1,144
All-in costs	**48,567**	**45,277**
All-in costs per ounce sold	**864**	**842**
Depreciation and amortization[2]	10,847	19,066
Non - cash inventory movement[2]	3,675	(1,482)
Total depreciation and amortization	**14,522**	**17,584**
Total depreciation and amortization per ounce sold[2]	**258**	**327**

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

[2] In 2014, the Company 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	April 29, 2015
Ordinary shares	352,801,091
Stock options granted at an exercise price of C$3.00 per option	13,395,278
Stock options granted at an exercise price of C$0.64 per option	3,830,000
Fully diluted share capital	**370,026,369**

TRANSACTIONS WITH RELATED PARTIES

During the three months ended March 31, 2015, there were transactions totaling $79 thousand between the Company and director-related entities.

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 March 31, 2015, 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 three months ended March 31, 2015 which has materially affected, or is reasonably likely to materially affect the Company's ICFR.

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, 2014. 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
Sepanta Dorri, Vice President Corporate and Stakeholder Development
Aziz Sy, General Manager, SGO & Vice President, Development Senegal

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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 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, mineral reserve and mineral resource estimates, anticipated life of mine operating and financial results, and the completion of construction of the Gora deposit 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 30, 2015, 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). The reserve estimates for Niakifiri and Gora, including the related technical information, are identical to the disclosures contained in the Sabodala Gold Project Technical Report dated March 13, 2014, with exception of a mining depletion adjustment at Gora to account for approximately two years of artisanal mining. Ms. Martin, employed at that time by AMC Mining Consultants (Canada) Ltd., is independent of Teranga. 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 NI 43-101. 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.