Appendix 4D

Half year report

*Expressed in **United States dollars** unless otherwise stated*

ASX Listing Rule 4.2A.3

Name of entity

TERANGA GOLD CORPORATION

ABN or equivalent company reference	Financial half year ended ('current period')
766452-4	**30 JUNE 2015**

Results for announcement to the market

		Six months ended June 30	
	Percentage Change	**2015 $'000**	**2014 $'000**
Revenues from ordinary activities	1%	128,555	127,324
Profit (loss) from ordinary activities before tax attributable to equity holders of the parent	NA	25,437	(8,392)
Profit (loss) for the period attributable to equity holders of the parent	NA	19,714	(8,392)

OVERVIEW OF THE BUSINESS

Teranga Gold Corporation ("Teranga" or the "Company") is a Canadian-based gold company listed on the Toronto and Australian stock exchanges under the symbol "TGZ". Operating in West Africa, we are engaged in the production and sale of gold, as well as related activities such as exploration and development.

On October 4, 2013, we 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, we acquired the balance of the OJVG that we did not already own. We 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 our ownership to 100 percent and consolidates the Sabodala region, increasing the size of our mine license land holding from 33km^2 to 246km^2 by combining the two permitted mine licenses and more than doubling our 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.

Commentary on the results for the reporting period

Financial and Operating Highlights

	Three months ended June 30,			Six months ended June 30,		
(US$000's, except where indicated)	2015	2014	Change	2015	2014	Change
Revenue	60,064	57,522	4%	128,555	127,324	1%
Profit (loss) attributable to shareholders of Teranga[1]	6,726	(12,543)	N/A	19,714	(8,392)	N/A
Per share[1]	0.02	(0.04)	N/A	0.06	(0.03)	N/A
Operating cash flow	12,269	(9,793)	N/A	28,900	4,510	541%
Free cash flow[2]	(554)	(16,639)	97%	6,793	3,954	72%
Free cash flow per ounce sold[2]	(11)	(376)	97%	64	40	58%
Gold sold (ounces)	50,074	44,285	13%	106,297	98,052	8%
Total cash costs per ounce sold[3]	602	815	(26%)	606	750	(19%)
All-in sustaining costs per ounce sold[3]	948	1,060	(11%)	891	925	(4%)

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. The six months ended June 30, 2015 includes the impact of restating the deferred income tax expenses related to temporary timing differences.

[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.

Review of Operating Results

Operating Results		Three months ended June 30, 2015	2014	Change	Six months ended June 30, 2015	2014	Change
Ore mined	('000t)	1,893	974	94%	4,139	2,236	85%
Waste mined - operating	('000t)	5,192	5,233	(1%)	8,811	11,384	(23%)
Waste mined - capitalized	('000t)	1,221	458	167%	4,062	955	325%
Total mined	('000t)	8,306	6,665	25%	17,012	14,575	17%
Grade mined	(g/t)	1.18	1.39	(15%)	1.17	1.51	(22%)
Ounces mined	(oz)	71,781	43,601	65%	156,160	109,053	43%
Strip ratio	waste/ore	3.4	5.8	(42%)	3.1	5.5	(44%)
Ore milled	('000t)	951	817	16%	1,812	1,710	6%
Head grade	(g/t)	1.77	1.69	5%	1.83	1.86	(2%)
Recovery rate	%	91.4	89.8	2%	92.0	89.9	2%
Gold produced[1]	(oz)	49,392	39,857	24%	98,034	91,947	7%
Gold sold	(oz)	50,074	44,285	13%	106,297	98,052	8%
Average realized price	$/oz	1,198	1,295	(7%)	1,208	1,294	(7%)
Total cash costs (incl. royalties)[2]	$/oz sold	602	815	(26%)	606	750	(19%)
All-in sustaining costs[2]	$/oz sold	948	1,060	(11%)	891	925	(4%)
Mining	($/t mined)	2.40	2.90	(17%)	2.22	2.85	(22%)
Milling	($/t milled)	12.37	21.29	(42%)	13.45	19.68	(32%)
G&A	($/t milled)	3.89	4.92	(21%)	4.41	4.88	(10%)

[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.

Mining

Total tonnes mined for the six months were 17 percent higher than the prior year period. Mining activities in the current year have been mainly focused on the upper benches of Masato and to a lesser extent, the remainder of Phase 3 at Sabodala, resulting in shorter haul distances. In the prior year period, mining was solely focused on lowering the benches in Phase 3 of the Sabodala pit, resulting in longer haul distances. Total tonnes mined are expected to decrease marginally in the second half of 2015 with the commencement of mining at Gora in the third quarter and Golouma in the fourth quarter partially offset by lower material movement at Masato.

Ore tonnes mined for the six months were 85 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, higher ore tonnes mined resulted a 43 percent increase in ounces mined during the six months compared to the prior year period. From the commencement of mining at Masato in late 2014, actual tonnes and grades mined have reconciled well to the reserve model. In the same prior year period, mining activities were focused on a peripheral area of the Sabodala ore body that resulted in lower than expected ore grades and tonnage.

Total mining costs for the six months were 9 percent lower than the prior year period. Shorter haul distances realized in the first half of 2015, in part due to optimizing mine operations to improve productivity, resulted in lower fuel consumption required to move 17 percent more material than the prior year period. As a result, the mine department incurred lower fuel costs. In addition to lower fuel and favourable currency movements, the mine department also benefited from increased drill and blast efficiencies and lower costs due to softer Masato material mined near surface. Unit mining costs for the six months ended June 30, were 22 percent lower compared the prior year period due to lower costs and higher tonnes mined. *Processing*

Ore tonnes milled for the six months were 6 percent higher than the prior year period mainly due to higher crushing and milling rates during the second quarter 2015.

Head grade for the six months was 2 percent lower than the prior year period mainly due to lower mined grades. Higher processed grades are expected in the fourth quarter 2015 when ore from Gora is available.

Total processing costs for the six months were 28 percent lower than the prior year period, mainly due to lower power, grinding and reagent consumption due to the processing of softer material, combined with favourable fuel, reagent and currency prices. Unit processing costs for the six months were 32 percent lower than the prior year period due a reduction in total processing costs and higher throughput rates.

Gold production for the six months was 98,034 ounces of gold, 7 percent higher than the prior year period, mainly due to higher throughput and mill recovery rates, partly offset by lower processed grades.

General and Administrative – Site Operations

Total mine site general and administrative costs for the six months were 4 percent lower compared to the prior year period, mainly due to lower camp costs and favourable currency rates. Unit general and administration costs for the six months ended June 30, 2015 were 10 percent lower than the prior year period, mainly due to higher total ore tonnes milled.

Costs per Ounce

Total costs per ounce for the six months was 19 percent lower compared the prior year period, excluding non-cash inventory write-downs to net realizable value ("NRV"). The decrease in total cash costs per ounce was due to lower mine production costs and higher gold production.

All-in sustaining costs for the six months were 4 percent lower compared to the prior year period (excluding non-cash inventory write-downs to NRV). All-in sustaining costs per ounce were lower mainly due to lower total cash costs per ounce, partly offset by higher total capital expenditures.

Review of Financial Results

The net assets of Teranga totalled $538.1 million as at June 30, 2015.

(US$000's, except where indicated)	Three months ended June 30, 2015	2014	% Change	Six months ended June 30, 2015	2014	% Change
Revenue	60,064	57,522	4%	128,555	127,324	1%
Cost of sales[1]	(43,094)	(62,820)	(31%)	(91,249)	(117,888)	(23%)
Gross profit	**16,970**	**(5,298)**	**N/A**	**37,306**	**9,436**	**295%**
Exploration and evaluation expenditures	(925)	(583)	59%	(1,734)	(1,727)	0%
Administration & corporate social responsibility expenses	(4,271)	(4,039)	6%	(8,354)	(8,027)	4%
Share-based compensation	(1,041)	(350)	197%	(1,368)	(661)	107%
Finance costs	(748)	(2,648)	(72%)	(1,397)	(4,764)	(71%)
Net foreign exchange gains (losses)	391	(47)	N/A	1,682	-	100%
Other income (expense)	247	(248)	N/A	2,030	(2,033)	N/A
Profit (loss) before income tax	**10,623**	**(13,213)**	**N/A**	**28,165**	**(7,776)**	**N/A**
Income tax expense	(3,584)	-	N/A	(6,356)	-	N/A
Profit (loss) for the period	**7,039**	**(13,213)**	**N/A**	**21,809**	**(7,776)**	**N/A**
Loss (profit) attributable to non-controlling interests	(313)	670	N/A	(2,095)	(616)	240%
Profit (loss) attributable to shareholders of Teranga	**6,726**	**(12,543)**	**N/A**	**19,714**	**(8,392)**	**N/A**
Basic earnings (loss) per share	0.02	(0.04)	N/A	0.06	(0.03)	N/A

[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. The six months ended June 30, 2015 includes the impact of restating the deferred income tax expenses related to temporary timing differences.

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

Profit for the Period

Year-to-date net profit attributable to shareholders increased to $19.7 million, or $0.06 per share, from a net loss of $8.4 million, or $0.03 loss per share, in the prior year period. The increase in profit in the current year was mainly due to improvements in cost of sales and finance costs of 23 percent and 71 percent, respectively, offset by higher income tax expense recorded during 2015. In the prior year period, net losses were primarily due to a $13.7 million write-down of non-cash inventory to net realizable value in the second quarter 2014. The write-down, which related to low-grade long-term ore stockpiles, was fully reversed during the fourth quarter 2014.

Revenue

Revenue for the six months increased by $1.2 million, or 1 percent, to $128.6 million due to an 8 percent increase in gold sales, partially offset by a 7 percent decline in average realized gold prices. Hedge gains on gold forward sales contracts, which were entered into during the first quarter 2015 have been classified within other income.

Spot price per ounce of gold	Six months ended June 30, 2015	2014	% Change
Average	$1,206	$1,291	(7%)
Low	$1,147	$1,221	(6%)
High	$1,296	$1,385	(6%)

Cost of Sales

(US$000's)	**Six months ended June 30,**		
Cost of Sales	2015	2014	% Change
Mine production costs - gross	70,350	84,057	(16%)
Capitalized deferred stripping	(9,785)	(2,961)	230%
Capitalized deferred stripping - non-cash[1]	(989)	(326)	203%
	59,576	80,770	(26%)
Depreciation and amortization - deferred stripping assets[1]	4,609	13,906	(67%)
Depreciation and amortization - property, plant & equipment and mine development expenditures	18,709	19,307	(3%)
Royalties	6,373	5,903	8%
Amortization of advanced royalties	756	-	100%
Inventory movements	(3,122)	(12,997)	(76%)
Inventory movements - non-cash[1]	4,348	(2,704)	N/A
	1,226	(15,701)	N/A
Total cost of sales before adjustments to net realizable value	**91,249**	**104,185**	**(12%)**
Adjustments to net realizable value[1]	-	9,301	(100%)
Adjustments to net realizable value - non-cash[1]	-	4,402	(100%)
	-	13,703	(100%)
Total cost of sales	**91,249**	**117,888**	**(23%)**

[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 six months ended June 30, 2015, cost of sales decreased by 23 percent to $91.2 million from $117.9 million due to lower mine production costs, depreciation and amortization, and adjustments to net realizable value, partially offset by higher inventory movements.

Year-to-date mine production costs decreased $13.7 million or 16 percent to $70.4 million (before capitalized deferred stripping), due to lower mining and processing costs. Please see Review of Operating Results section for additional information.

Depreciation and amortization declined by $9.9 million, or 30 percent, to $23.3 million in the first half of 2015 compared to $33.2 million in the year earlier period mainly due to lower depreciation of deferred stripping balances in the current year. Capitalized deferred stripping costs related to the Sabodala pit will be amortized once phase four mining commences. Approximately 80 percent of our fixed assets are depreciated using the units of production method of depreciation.

Royalties in the first half of 2015 were $7.1 million compared to $5.9 million in the prior year period, primarily due to the amortization of advanced royalties related to production from the OJVG property in the current year period.

Inventory movements in the first six months of 2015 increased cost of sales by $1.2 million as a decrease in mining costs reduced the per ounce cost of inventory stockpiles despite a 40,000 ounce increase in the stockpiles. As at June 30, 2015, the stockpiles contained more than 300,000 ounces of recoverable gold. In the first half of 2014, there was a decrease in inventory movements of $15.7 million as higher costs were absorbed into inventory mainly as a result of an increase in mine production unit costs.

During the second quarter 2014, a $13.7 million non-cash write-down was recognized relating to long-term low-grade ore stockpile inventory. The write-down was due to fewer ounces mined in the period resulting in an increase in the average cost per ounce of inventory. In fourth quarter 2014, the $13.7 million write-down was fully reversed as the average cost per ounce of inventory was reduced due to higher mine production.

Exploration and Evaluation

Exploration and evaluation expenditures during the first half of 2015 were $1.7 million, unchanged the prior year period. The Company is taking a systematic and disciplined approach to exploration. On the mine license, the emphasis is on reserve development drilling whereas on the regional land package, the focus is on lower cost soil geochemistry and trench mapping with selective drilling to delineate exploration targets. Drilling has been minimized in the current gold price environment.

Administration and Corporate Social Responsibility Costs

During the first half of 2015, administration and CSR costs increased to $8.4 million from $8.0 million in the prior year period. The 4 percent increase reflects higher social commitments related to the advancement of the Company's regional development strategy and incorporation of the OJVG commitments.

Share based Compensation

During the first half of 2015, share-based compensation expense increased to $1.4 million from $0.7 million in the prior year period due to new grants of share-based awards at March 31, 2015. The exercise price of new stock options granted during the current year was determined using a volume weighted average trading price of the Company's shares for the 5-day period ended March 31, 2015. Under IFRS the accelerated method of amortization is applied to new grants of stock options and fixed bonus plan units, which results in about 70 percent of the cost of the stock options and fixed bonus plan units recorded in the first year of grant.

The following table reconciles the number of stock options outstanding at the beginning of the year and as at June 30, 2015:

	Number of options	Weighted average exercise price
Balance as at January 1, 2014	**23,737,850**	**C$2.58**
Granted during the period	130,000	C$3.00
Forfeited during the period	(2,397,361)	C$2.83-C$3.00
Balance as at December 31, 2014	**21,470,489**	**C$2.54**
Granted during the period	3,830,000	C$0.64
Forfeited during the period	(413,890)	C$3.00
Expired during the period	(7,746,600)	C$1.73
Balance as at June 30, 2015	**17,139,999**	**C$2.47**
Number of options exercisable - December 31, 2014	20,057,774	
Number of options exercisable - June 30, 2015	13,365,876	

Of the 17,139,999 common share stock options issued and outstanding as at June 30, 2015, 3,774,123 vest over a three-year period, 13,365,876 are already vested and 87,500 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.

During the first six months of 2015, 700,000 DSUs were granted at a price of C$0.64 per unit. Of the 1,245,000 DSUs outstanding at June 30, 2015, 720,000 DSUs were vested and no units were cancelled.

During the first half of 2015, 2,912,500 RSUs were granted at a price of C$0.64 per unit. Of the 4,026,092 RSUs outstanding at June 30, 2015, 1,067,342 RSUs were vested and remained outstanding, and 45,000 were forfeited.

During the first six months ended June 30, 2015, a total of 300,000 fixed bonus plan units were granted to one employee, at an exercise price of C$0.64 per unit. Of the 1,660,000 fixed bonus plan units outstanding at June 30, 2015, 1,510,000 fixed bonus plan units were vested and no 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 decreased by 71 percent to $1.4 million year-to-date from $4.8 million in the first six months of 2014 due to the repayment of borrowings, which resulted in lower interest expense. During the first quarter 2015, the balance owing on the equipment facility was repaid while the loan facility was repaid in 2014.

Net Foreign Exchange Gains

Year-to-date, $1.7 million in foreign exchange gains were realized, mainly on Euro denominated payments due to the depreciation in the Euro relative to the US dollar since the start of the year .

Other Income (expense)

Other income for the first half of 2015 was $2.0 million compared to other expense $2.0 in the first six months of the prior year period. During the first quarter 2015, a gain of $1.8 million was realized 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 the prior year, expenses of $2.0 were recognized in connection with the acquisition of the OJVG. As at June 30, 2015, there were no gold forward contracts outstanding.

Income tax expense

Effective May 2, 2015, following the expiry of certain tax exemptions provided under the mining license in Senegal, the Company is subject to a 25 percent corporate income tax rate calculated on profit recorded in Senegal, customs duties, non-refundable value-added tax on certain expenditures, as well as other Senegalese taxes, which are not anticipated to be material. The Company recorded income tax expense of $6.4 million, comprised of current income tax of $2.4 million and deferred income tax of $4.0 million. The six months ended June 30, 2015 deferred income tax expense includes the impact of restating first quarter 2015 as well as the impact of restating 2013 and 2014 deferred income tax expense for temporary differences previously not recorded. The amount of current income tax expense recognized in 2015 will not be paid until 2016.

Dividends (distributions)

	Amount per security	Franked amount per security
Interim dividend	–	–
Previous corresponding period	–	–
Record date for determining entitlements to the dividend	–	

During the reporting period, no dividends were paid. The directors have not recommended the payment of a dividend.

Net tangible assets per common share

	2015	2014
Net tangible asset backing per common share	$1.41	$1.25

Details of entities over which control has been acquired or disposed of

On January 15, 2014, the Company acquired the balance of the OJVG that it did not already own from Bendon International Ltd. ("Bendon") and Badr Investment Ltd. ("Badr"). In the six months ended June 30, 2015, no entities were acquired or disposed of.

Dividends

During the reporting period, no dividends were paid. The directors have not recommended the payment of a dividend.

Dividends per share

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current year	–	–	–
	Previous year	–	–	–
Interim dividend:	Current year	–	–	–
	Previous year	–	–	–

Total dividend per share

		Current Period	Previous period
Final dividend:	Paid/payable on	–	–
Interim dividend:	Paid/payable on	–	–

Dividend reinvestment plans

Teranga does not have a dividend reinvestment plan.

Details of aggregate share of profits (losses) of associates and joint venture entities
Teranga has exploration licences and is a venturer in the following jointly controlled operations and assets:

Name of venture	Principal activity	2015 Interest %
Dembala Berola	Gold exploration	100
Massakounda	Gold exploration	100
Bransan	Gold exploration	100
AXMIN - Heremakono	Gold exploration	100 (i)
AXMIN - Sounkounkou	Gold exploration	100 (i)
Bransan Sud	Gold exploration	100
Sabodala Ouest	Gold exploration	100
Saiansoutou	Gold exploration	100
Garaboureya North	Gold exploration	75

(i) As of June 18, 2015 Axmin elected to convert its 20% participating interest in all known exploration target areas across the two remaining permits under its Joint Venture Agreement into a 1.5% NSR interest. Axmin retains the right to elect a 20% participatory interest or a 1.5% NSR for any future exploration targets identified across these permits.

Compliance Statement

1 This report, and the accounts upon which this report is based, have been prepared in accordance with International Financial Reporting Standards (IFRS), specifically in accordance with IAS 34 “Interim financial reporting”, and Interpretations as issued by the International Accounting Standards Board (IASB).

2 This report, and the accounts upon which the report is based, use the same accounting policies.

3 This report gives a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.

☐ The accounts have been audited.

☑ The accounts have been subject to review.

☐ The accounts are in the process of being audited or subject to review.

☐ The accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately if they are available.

6 This Half-year report was reviewed by the audit committee of Teranga.

Sign here: .... Date: July 30, 2015
Vice President and Chief Financial Officer

Print name: Navin Dyal