TERANGA
GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the three and six months ended June 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 and six months ended June 30, 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 and six months ended June 30, 2015, as well as, with the audited consolidated financial statements of Teranga as at and for the twelve months ended December 31, 2014. Our 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 our Annual Information Form for the year ended December 31, 2014, as well as all other public filings, is available on our website at www.terangagold.com and on the SEDAR website (www.sedar.com).

This report is dated as of July 30, 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 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.

Vision

Our vision is to become a pre-eminent mid-tier gold producer in Senegal and greater West Africa.

Mission

Our mission is to create value for all of our stakeholders through responsible mining.

Strategy

To increase long-term sustainable free cash flow, we have a three-pronged growth plan for our operations in Senegal, which focuses on achieving: (i) reserve growth; (ii) production growth; and (iii) margin expansion.

Ultimately we believe we can expand our operations beyond Senegal within West Africa where we can leverage our existing asset base, people, operating experience, social license and other aspects of our business.

(i) Reserve Growth

The first component of our strategy focuses on leveraging our existing asset base in Senegal by increasing reserves through:

- *Converting both high and low grade resources to reserves on our mine license*: As of December 31, 2014, we had measured and indicated resources totaling 6.1 million ounces, including 2.6 million ounces in reserves.

- *Making large-scale discoveries*: We are currently exploring our 1,055km^2 regional land package which surrounds our Sabodala gold mine. We believe there is a reasonable basis for new large-scale discoveries given the history of exploration success in the surrounding area. Our land package is located on the same geographical gold belt that runs through Mali and Senegal where more than 50 million ounces have been discovered, including three world-class discoveries (+5 million ounces).

- *Acquiring existing deposits in Senegal:* We can leverage our significant advantage as the only gold producer in Senegal with a full-scale operating mill and related infrastructure to acquire and process third party ore deposits on neighbouring properties.

(ii) Production Growth

The second component of our strategy is focused on maximizing grade to the mill and process capacity through high return initiatives that leverage our large-scale mill and related infrastructure.

We have initiated a mill optimization project, which is expected to increase throughput by up to 10 percent and reduce processing costs by 5 percent. The project is targeted for completion in the third quarter of 2016.

In addition, we are evaluating heap leaching, which based on current estimates, could account for an incremental 10 to 20 percent of annual production once fully operational. A decision on whether to proceed with heap leaching will not be made until the end of 2015 at the earliest.

We evaluate all growth initiatives, including organic and inorganic opportunities, as well as new capital projects using after-tax internal rate of return ("IRR") target to govern our capital allocation and investment decisions. For incremental mine site organic growth projects we set 20 percent as the minimum after tax IRR threshold.

(iii) Margin Expansion

The third component of our strategy is to improve cash margins through productivity improvements and cost efficiencies. The positive impact of business process initiatives on our mining, milling and cash costs has been building and, while costs will fluctuate from quarter to quarter, we believe cash margins will continue to improve materially over the long-term.

Acquisition

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 the 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.

FINANCIAL 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. Please refer to Non-IFRS Performance Measures at the end of this report.

Second Quarter Financial and Operating Highlights

- Revenue was slightly higher compared to the prior year period due to higher gold production and sales volumes, partly offset by lower realized gold prices.
- The increase in profit in the current year was mainly due to lower cost of sales and lower finance costs, partly offset by higher income tax expense. In the prior year period, the net loss was primarily due to a non-cash inventory write-down of low-grade long-term ore stockpiles to net realizable value ("NRV") totaling $13.7 million. The write-down was fully reversed during the fourth quarter 2014.
- The increase in operating cash flow was mainly due to lower mine production costs and lower net working capital outflows during the current quarter.
- Free cash flow and free cash flow per ounce improved over the prior year period mainly due higher operating cash flow, partly offset by higher capital expenditures.
- Total cash costs per ounce improved mainly due to a decrease in mining and processing costs.
- All-in sustaining costs were lower due to lower cash costs partially offset by higher capital expenditures.
- We ended the second quarter with $38.4 million in cash and cash equivalents, similar to the first quarter and an increase of $2.6 million from the prior year end.
- Subsequent to the quarter, on July 15, 2015, we closed a previously announced $30.0 million Senior Secured Revolving Credit Facility ("Revolver Facility") with Société Générale. The Revolver Facility is a two-year facility beginning June 30, 2015 and will be used for general corporate purposes and working capital needs.

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.

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.

Over the last 24 months, we have proactively taken steps to strengthen our balance sheet, eliminate debt, increase reserves both organically and inorganically with the acquisition of the OJVG to leverage our existing infrastructure, and redesign our mine plans to maximize free cash flow. These actions, together with our ability to optimize pit sequencing and process stockpiles containing more than 300,000 ounces of recoverable gold, provide us with operating flexibility to prosper in this current weak gold price environment.

With respect to the current year, assuming all goes as planned in the fourth quarter with respect to Gora, the expectation is for production to be in the top half of our guidance range, costs to be at the lower end, free cash flow to be positive and an increase to our cash balance, even at $1,100 gold.[1] For further details on the Company's liquidity, please see the Liquidity and Capital Resources Outlook section.

These projections exclude current initiatives underway as part of our continuous improvement program to increase productivity, reduce costs and improve cash margins. They also exclude opportunities to reduce certain discretionary capital project spending and other obligations to ensure the maintenance of a strong balance sheet.

THREE YEAR OUTLOOK (2015-2017)

We have 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 NI 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 anticipated drilling at Niakafiri, Golouma, and Kerekounda on the now expanded Sabodala mine license.

We identified a number of risk factors to which we are subject in our 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.

[1] This forecast financial information is based on the following material assumptions for the balance of 2015: gold price: $1,100 per ounce; LFO: $0.94 per litre; HFO: $0.69 per litre; USD:Euro exchange rate of 1.08:1.

[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 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. Please refer to Non-IFRS Performance Measures at the end of this report.

		Three months ended June 30, 2015 Masato	Three months ended June 30, 2015 Sabodala	Six months ended June 30, 2015 Masato	Six months ended June 30, 2015 Sabodala
Ore mined	('000t)	1,606	287	3,666	473
Waste mined - operating	('000t)	5,050	142	8,307	504
Waste mined - capitalized	('000t)	1,221	-	4,038	24
Total mined	('000t)	7,877	429	16,011	1,001
Grade mined	(g/t)	1.13	1.96	1.13	1.80
Ounces mined	(oz)	53,920	17,861	128,538	27,622

We are focused on expanding our cash margins by reducing operating costs and improving productivity. Both the mine and mill areas continue to make significant strides towards improving productivity and lowering unit operating costs. Key areas of focus to date include improvement to the load/haul cycle, drill and blast efficiencies reduction of overall energy costs and lowering costs for reagents used in the mill.

Mining

Total tonnes mined for the three and six months were 25 and 17 percent higher respectively, than the prior year periods. 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 three and six months were 94 and 85 percent higher respectively compared to the prior year periods 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 in a 65 and 43 percent increase in ounces mined during three and six months compared to the prior year periods. 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 quarter were 3 percent higher than the prior year period, but were 6 percent better than planned. 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 25 and 17 percent more material than the prior year periods. As a result, the mine department incurred lower fuel costs. In addition to lower fuel and favorable 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 three and six months were 15 and 22 percent lower compared to the prior year periods due to lower costs and higher tonnes mined. Unit mining costs for the second quarter 2015 were 19 percent higher than the first quarter due to the lower mining levels as production advances in the Masato pit, which increased the relative haulage distance.

Processing

Ore tonnes milled for the quarter were 16 percent higher than the prior year period and 10 percent higher than the first quarter. During the second quarter 2015, harder ore mined from Sabodala was added to blend with softer, wet ore from Masato to increase crushing and milling rates.

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 quarter was 5 percent higher than the prior year period. Mill feed during the current quarter was comprised of about 60 percent Masato ore and the balance was from Sabodala and stockpiles. In the prior year period, processed grades were lower due to lower ore grades mined in a peripheral area of the Sabodala ore body.

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 three and six month periods were 32 and 28 percent lower respectively, than the prior year periods, 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 three and six month periods were 42 and 32 percent lower than the prior year periods due to a reduction in total processing costs and higher throughput rates.

Gold production for the quarter was 49,392 ounces of gold, 24 percent higher than the prior year period, mainly due to higher processed grades, throughput and mill recovery 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 three and six months were 8 and 4 percent lower respectively, compared to the prior year periods, mainly due to lower camp costs and favourable currency rates. Unit general and administration costs were 21 and 10 percent lower respectively, than the prior year periods, mainly due to higher total ore tonnes milled.

Costs per Ounce

Total cash costs per ounce for the quarter was 26 percent lower compared to the prior year period (excluding non-cash inventory write-downs to NRV). The decrease in total cash costs per ounce was mainly due to lower mine production costs and higher gold production.

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

All-in sustaining costs for the three and six months were 11 and 4 percent lower respectively, compared to the prior year periods (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. All-in sustaining costs for the quarter includes approximately $147 per ounce of development capital expenditures, compared to approximately $85 per ounce in the prior year period.

REVIEW OF FINANCIAL RESULTS

	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%
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	(2,097)	(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.

Review of financial results for the three months ended June 30, 2015 and 2014

Revenue

Revenue increased by $2.6 million, or 4 percent, to $60.1 million in the second quarter 2015 due to a 13 percent increase in gold sales, partially offset by a 7 percent decline in average realized gold price.

	Three months ended June 30,		
Spot price per ounce of gold	**2015**	**2014**	**% Change**
Average	$1,192	$1,288	(7%)
Low	$1,165	$1,243	(6%)
High	$1,225	$1,326	(8%)

Cost of Sales

(US$000's)	**Three months ended June 30,**		
Cost of Sales	2015	2014	% Change
Mine production costs - gross	35,498	40,988	(13%)
Capitalized deferred stripping	(3,197)	(1,543)	107%
Capitalized deferred stripping - non-cash[1]	(329)	(157)	110%
	31,972	39,288	(19%)
Depreciation and amortization - deferred stripping assets[1]	3,049	5,618	(46%)
Depreciation and amortization - property, plant & equipment and mine development expenditures	9,422	8,529	10%
Royalties	3,007	2,422	24%
Amortization of advanced royalties	327	-	100%
Inventory movements	(5,356)	(5,518)	(3%)
Inventory movements - non-cash[1]	673	(1,222)	N/A
	(4,683)	(6,740)	(31%)
Total cost of sales before adjustments to net realizable value	**43,094**	**49,117**	**(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	**43,094**	**62,820**	**(31%)**

[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 June 30, 2015, cost of sales decreased by 31 percent to $43.1 million from $62.8 million due to lower mine production costs, depreciation and amortization, inventory movements, and adjustments to net realizable value.

Mine production costs, of $35.5 million (before capitalized deferred stripping) were lower than the prior year period by $5.5 million, or 13 percent, due to a reduction in mining and processing costs. See Review of Operating Results section for additional information.

Depreciation and amortization declined in second quarter 2015 by $1.7 million, or 12 percent, to $12.5 million from $14.1 million in the prior year period mainly due to lower depreciation of deferred stripping balances in the current year.

Royalties in second quarter 2015 were $3.3 million compared to $2.4 million in the prior year period. The increase was due primarily to the amortization of advanced royalties related to production from the OJVG property in the current year period. See Contingent Liabilities section for additional information.

During the second quarter 2015, cost of sales were reduced by inventory movements of $4.7 million compared to $6.7 million in the prior year period. Approximately 12,000 ounces were added to inventory during the quarter, which increased the total cost of inventory and reduced cost of sales. In second quarter 2014, a non-cash write-down of $13.7 million was recognized. The write-down was due to fewer ounces mined in the period, which resulted in an increase in the average cost per ounce of inventory. The write-down was fully reversed in fourth quarter 2014 as the average cost per ounce of inventory declined with higher mine production.

Exploration and evaluation

Exploration and evaluation expenditures for second quarter 2015 increased to $0.9 million from $0.6 million in the prior year period. Drilling has been minimized in the current gold price environment. See Regional Exploration section for additional information.

Administration and corporate social responsibility costs

During the second quarter 2015 administration and corporate social responsibility ("CSR") costs rose to $4.3 million from $4.0 million in the prior year period. The 6 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 second quarter 2015, share-based compensation expense increased to $1.0 million from $0.4 million in the prior year period due to new grants of share-based awards at 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.

During the three months ended June 30, 2015, no common share stock options were granted, 85,279 common share stock options were forfeited and no stock options were exercised. 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 vest 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.

Deferred Share Units ("DSUs") are granted 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. Restricted Share Units ("RSUs") are granted to 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.

	As of June 30, 2015	
	Outstanding	Vested
RSUs	4,026,092	1,067,342
DSUs	1,245,000	720,000
Fixed Bonus Plan Units	1,660,000	1,510,000

No DSUs, RSUs or fixed bonus plan units were granted during the three months ended June 30, 2015. During the second quarter 2015, 45,000 RSUs were forfeited.

Finance costs

During the second quarter 2015, finance costs decreased by 72 percent to $0.7 million from $2.6 million in the second quarter 2014 due to the repayment of borrowings, which resulted in lower interest expense. The Company had $28.7 million in borrowings, net of transaction costs, as at the end of June 30, 2014.

Net foreign exchange gain (loss)

During the three months ended June 30, 2015, $0.4 million in foreign exchange gains were realized mainly on our Euro currency bank balances due to a strengthening of the Euro relative to the US dollar during the quarter.

Income tax expense

Effective May 2, 2015, following the expiry of certain tax exemptions provided under the Sabodala mining license, the Company became subject to a 25 percent corporate income tax rate calculated on profits recorded in Senegal, as well as customs duties, non-refundable value-added tax on certain expenditures, and other Senegalese taxes. The Company has recorded an income tax expense of $3.6 million, comprised of current income tax of $2.4 million and deferred income tax of $1.2 million. For the three months ended June 30, 2015 deferred income tax expense includes the impact of restating 2013 and 2014 deferred tax expense for temporary differences previously not recorded. The amount of current income tax expense recognized in 2015 will not be paid until 2016.

Net profit (loss)

Net profit attributable to shareholders increased to $6.7 million, or $0.02 per share, from a net loss of $12.5 million, or a loss of $0.04 per share, in the prior year period. The increase was mainly due to a 31 percent improvement in cost of sales and a 72 percent decline in finance costs. In the second quarter 2014, net losses were primarily attributable to a $13.7 million write-down of non-cash inventory to net realizable value. The write-down, which related to low-grade long-term ore stockpiles, was fully reversed during the fourth quarter 2014.

Review of financial results for the six months ended June 30, 2015 and 2014

Revenue

Revenue 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 price. Hedge gains on gold forward sales contracts which were entered into during the first quarter 2015 have been classified within other income.

	Six months ended June 30,		
Spot price per ounce of gold	**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%
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	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 - depreciation[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 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. Please see Contingent Liabilities section for additional information.

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 from 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. Please see Regional Exploration section for additional information.

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	

[1] 7,746,600 common share stock options which expired related to the Company's acquisition of Oromin.

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 gain (loss)

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.

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.

Net profit (loss)

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.

REVIEW OF QUARTERLY FINANCIAL & OPERATING RESULTS

(US$000's, except where indicated)	2015		2014				2013	
	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue	60,064	68,491	76,553	56,711	57,522	69,802	58,302	50,564
Average realized gold price ($/oz)	1,198	1,217	1,199	1,269	1,295	1,293	1,249	1,339
Cost of sales[1]	43,094	48,155	37,738	52,358	62,820	55,068	48,526	36,825
Net earnings (loss)[1]	6,726	12,988	27,693	(1,524)	(12,543)	4,152	(2,420)	49
Net earnings (loss) per share ($)[1]	0.02	0.04	0.08	(0.00)	(0.04)	0.01	(0.01)	0.00
Operating cash flow	12,269	16,631	30,677	13,822	(9,793)	14,303	13,137	16,692
Ore mined ('000t)	1,893	2,246	2,666	1,272	974	1,262	1,993	537
Waste mined - operating ('000t)	5,192	3,619	5,594	4,201	5,233	6,151	6,655	3,321
Waste mined - capitalized ('000t)	1,221	2,841	490	524	458	497	420	4,853
Total mined ('000t)	8,306	8,706	8,750	5,997	6,665	7,910	9,068	8,711
Grade Mined (g/t)	1.18	1.17	1.47	1.71	1.39	1.61	1.61	1.08
Ounces Mined (oz)	71,781	84,379	126,334	69,805	43,601	65,452	103,340	18,721
Strip ratio (waste/ore)	3.4	2.9	2.3	3.7	5.8	5.3	3.6	15.2
Ore processed ('000t)	951	861	1,009	903	817	893	860	887
Head grade (g/t)	1.77	1.90	2.44	1.89	1.69	2.01	2.11	1.41
Gold recovery (%)	91.4	92.6	90.1	88.5	89.8	90.1	89.7	91.6
Gold produced[1] (oz)	49,392	48,643	71,278	48,598	39,857	52,090	52,368	36,874
Gold sold (oz)	50,074	56,223	63,711	44,573	44,285	53,767	46,561	37,665
Total cash costs per ounce sold[2] (including Royalties)	602	609	598	781	815	696	711	748
All-in sustaining costs per ounce sold[2] (including Royalties)	948	841	711	954	1,060	813	850	1,289
Mining ($/t mined)	2.4	2.1	2.6	3.1	2.9	2.8	2.6	2.5
Milling ($/t mined)	12.4	14.6	13.9	16.0	21.3	18.2	18.0	17.6
G&A ($/t mined)	3.9	5.0	4.3	4.5	4.9	4.8	4.8	4.6

[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 three months ended March 31, 2015 includes the impact of restating the deferred income tax expenses related to temporary timing differences.

[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.

Our 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 trend 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 during the second quarters of 2015 and 2014 include the payment of royalties. 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.

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.

BUSINESS AND PROJECT DEVELOPMENT

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 third-party owned and operated trucks and processed on a priority basis, displacing lower grade feed.

Immediately following receipt of requisite government and regulatory approvals in the first quarter, we commenced construction of a haul road to Gora.

The 10-metre wide haul road joining Gora to site was completed in July on schedule. Site development is progressing with the construction of an earthworks embankment required for raw water retention, foundations for the site buildings and mine operations infrastructure. Site infrastructure is expected to be completed by mid-August on time and on budget.

Technical preparation for mining, including completion of a reverse circulation gridded drill program to determine the extent of the artisanal workings in near surface ore is underway. Ore delivery to the plant is scheduled for the fourth quarter 2015 as planned.

Mill Optimization

We have launched a mill optimization project, which will add a second primary jaw crusher, screen and conveyor assembly to tie into our existing facility.

The mill optimization is expected to increase throughput by up to 10 percent based on existing 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.

During the second quarter all procurement packages were completed and tendered. Detail design, including final operations reviews, increased to approximately 80 percent complete. Work is expected to begin in the fourth quarter, with civils followed by structural construction in early 2015. Mechanical completion is expected in third quarter 2016.

Based on a project capital cost of approximately $20.0 million, the project is expected to have an IRR in excess of 50 percent at $1,200 per ounce gold.[3] Approximately $6.0 million has been budgeted for the project in 2015, with the remainder of costs expected to be incurred in 2016.

Heap Leach Project

We are currently evaluating the benefits of heap leaching to bring forward the production of low grade stockpiled ore.

Test work that targeted various stages of the saprolite, soft and hard oxidized transition zones 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.

During the second quarter test work targeted the sulphide and oxide ore mix representative of our stockpiles. These tests were compiled from several areas within the low grade stockpile and are representative of a separable mixed feed. Results from the column tests showed recoveries ranging between 66 and 72 percent for the transitional mix and between 54 and 58 percent for the harder sulphide ore.

The engineering study for oxide feed ore was completed during the second quarter at the prefeasibility study ("PFS") level for all areas, with the exception of plant integration engineering, which was completed to scoping level. The existing PFS study utilizes the metallurgical test work results to establish design criteria concepts, establishes a definitive pad location near the current plant facility and outlines areas of optimization for capital reduction.

The second phase of the PFS will include studies required to integrate a blend of stockpile feed ore with oxide, integrate the PLS into the existing facilities and finalize the design criteria, as well as, identify capital reduction opportunities.

Initial economic analyses based on preliminary capital and operating criteria show favourable economics, with additional optimization to follow.

We expect to complete PFS design concepts during the third quarter, with follow-up trade off studies and optimization to continue for the remainder of 2015.

A decision to proceed will require the conversion of additional oxide resources to reserves and finalized project economics that exceed our 20 percent minimum hurdle rate. If a decision is made to go ahead with the heap leaching project, it is estimated that it will take approximately 24 months to permit and complete. Based on current assumptions, we estimate that heap leach could account for an incremental 10 percent to 20 percent of annual production once fully operational.

Sabodala Mine License Reserve Development

The Sabodala combined mine license covers 246km^2. 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, plus a further 2.35 million ounces of Inferred Resources.[4]

We are focused on growing our reserves by making large-scale discoveries and converting both high and low grade resources to reserves on our mine license. A number of areas have been revealed as potential sources for reserve additions within the mining lease.

The objective of this multi-year development program is to add oxide material to combine with the higher grade material earmarked for the mill and to add lower grade to potentially a heap leach pad.

Underground Reserves

An evaluation of the potential to add high grade ounces to our reserve base from resources that were previously classified as underground reserves by Oromin will begin in the third quarter. The goal is to have this work completed by year end.

Golouma NW Extension

During the first half of 2015 the resource conversion program at Golouma NW included 34 DDH totaling

[3] This forecast financial information is based on the following material assumptions: gold price: $1,200 per ounce; LFO: $0.85 per litre and HFO: $0.76 per litre.

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

approximately 4,200 metres. Two gold mineralized shear structures were identified:

(i) Northwest trending shear: Infill drilling on the east portion of the northwest trending shear zone intersected high grade intercepts and successfully confirmed geological and grade continuity. As a result, a portion of existing inferred resources is expected to be upgraded to indicated resources. Additional follow-up drilling is being evaluated.

(ii) North-south trending or "red" shear: Six trenches were excavated to test the surface extent and southern extent of the "red" shear mineralization. Three trenches successfully returned high grades and confirmed drill hole results in the vicinity while three trenches located to the south returned lower grade results. Additional follow-up drilling to test the extent and continuity of mineralization is expected in the fourth quarter.

Masato Northeast

The Masato NE prospect is situated along a northeast trending structural splay off the main Masato structural trend, approximately 2 km at surface and located 1 km northeast of the Masato deposit. The prospect coincides with soil anomalies along part of its strike length and high grade samples taken from artisanal workings in the north end.

An exploration trenching program commenced during the third quarter of 2014 and was completed in January 2015. Detailed trench mapping and sampling successfully confirmed the interpreted northeast trend and extent of the shear zone. These trenches intersected a 30 to 60 metre wide shear zone variably trending 20° to 60° azimuth across a 2 km strike length.

A 25-hole diamond drilling program ran from December 2014 to March 2015 to follow-up on these trench results, a total of 4,200 metres were drilled. Two anomalous gold zones were identified within the Masato NE shear structure. They range in width from 1 – 21 metres and vary in strike length from 200 – 300 metres with gold grades of between 0.1 – 1 gram per tonne gold. A number of narrow high grade gold veins on the flanks of the shears were intersected in the boreholes. These however appear to be sporadic and widely spaced.

While no further exploration is planned at Masato NE for the remainder of 2015, future work in this area will be focused on additional surface trenching in the periphery areas to the main Masato NE zone where several soil anomalies occur and artisanal workings exist.

Maki Medina

The Maki Medina deposit is situated along the same steeply west dipping north-northeast trending structural zone that hosts two deposits to the north, Masato and Niakafiri, and two to the south, Kobokoto and Kinemba.

Previous drilling defined a northern zone and a smaller southern zone containing an estimated one million tonnes of oxide ore at just over 1 gram per tonne.

During the second quarter, a 23-hole diamond drilling program totaling 1,300 metres was completed to test the extent of the mineralized zones, which are open along strike and depth.

Maki Medina East Anomaly

Soil sampling identified a parallel trending gold anomaly located 200 metres to the east of the Maki Medina deposit extending 700 metres along strike and 200 metres in width (Maki Medina East).

Additionally, four trenches totaling 1,000 metres were excavated across the highest grade soil anomalies in this trend. The trenching program successfully identified a number of drill targets. Accordingly, a four-hole diamond drill program was completed to test the gold anomaly identified in the trench program. The updated results indicate mineralization is associated with narrow quartz veins and breccia zones. Additional review of the trenching and drill data for the Maki Medina East zone will continue with potential follow up work in the fourth quarter.

Niakafiri Southwest

Niakafiri Southwest trends run parallel to, and are located approximately 800 metres southwest of, the Niakafiri deposit. The area is interpreted to be a 200 to 300 metre wide structural zone consisting of north-northeast trending, steeply west dipping system. Although mineralization has been intersected 400 metres along strike and 140 metres below surface, it remains open along strike and depth.

During the second quarter, a 14-hole diamond drilling program was initiated to confirm the geological interpretation, test mineralization extents and upgrade resource classification. Strongly altered and sheared volcanics with quartz veining associated with felsic intrusives have been intersected in the three holes completed to date. Assay results are pending.

Other Mine License Drill Targets

Drilling is expected to continue on other mine license targets including Niakafiri SE during the third quarter.

Regional Exploration

We currently have nine exploration permits encompassing approximately 1,055km² of land surrounding the Sabodala and OJVG mine licenses (246km^2 exploitation permits).

Since the initiation of our regional exploration program four years ago, 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 we expect that several of these areas will ultimately be developed into mineable deposits.

We have 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.

We are focused on five regional targets in 2015, including Nienienko, Soreto, Zone ABC (extension of Gora), KD and KC prospects. Results will be released throughout the course of the year.

During the second quarter, Teranga and Axmin Inc. ("Axmin"), executed an amendment to their Joint Venture Agreement ("JVA") confirming Axmin's election to retain a 1.5 percent royalty interest on all identified target areas within the Sounkounkoun and Heremakono exploration permits. These two permits, which are the subject of the JVA, are priority areas for our regional exploration strategy. Prior to this election, Axmin held a 20 percent fully participatory right over all target areas identified and has chosen to convert that interest into a future royalty from production. Gora will be the first example of such a royalty interest accruing to Axmin once it comes into production during the fourth quarter 2015. Axmin retains a 20 percent participation right over any new targets identified with the above exploration permit areas.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

Cash

Our cash balance at June 30 was $38.4 million, $2.6 million higher than the start of the year, as cash flow provided by operations during the six months of $28.9 million was partly offset by debt and interest repayments totaling $4.2 million and capital expenditures of $22.1 million.

Deferred Taxes

The deferred tax asset of $7.9 million on the balance sheet as at June 30, 2015, includes $5.5 million of deferred tax expense recorded in the current year. On May 2, 2015 the Company's tax holiday in Senegal ended and we performed an analysis to update temporary book to tax differences existing as of June 30, 2015 and identified temporary deferred tax differences previously not recorded. Deferred income tax provision includes the $2.7 million impact of restating the first quarter 2015 deferred income tax expense.

Goodwill

On January 15, 2014, the Company completed the acquisition of 100 percent of the OJVG. In allocating the acquisition cost to the underlying assets acquired and liabilities assumed, the aggregate purchase price was compared to the tax basis of the acquired assets resulting in no differences being identified between the tax basis and the accounting basis of the assets and liabilities acquired. During the second quarter 2015, upon completion of local tax filings, it was determined that goodwill on the acquisition had no tax basis and as such a temporary deferred tax difference exists with respect to OJVG mineral property assets. As a result, the purchase price equation has been restated to recognize a deferred tax asset of $13.4 million in relation to the deferred mineral property expenditures and a corresponding reduction in goodwill as at of January 15, 2014 which is reflected in the December 31, 2014 statement of financial position.

Borrowings

During first quarter, we retired the outstanding balance under the equipment facility with Macquarie.

Deferred Revenue

In connection with the gold stream transaction with Franco-Nevada, we received $135.0 million on January 15, 2014, which was recorded as deferred revenue.

During the three and six months, we delivered 5,625 and 13,125 ounces of gold respectively to Franco-Nevada. During the three months $6.7 million of revenue was recorded consisting of $1.3 million received in cash proceeds, and $5.4 million recorded as a reduction of deferred revenue. During the six months, we recorded revenue of $15.8 million, consisting of $2.7 million received in cash proceeds, $0.4 million in accounts receivable and $12.7 million recorded as a reduction of deferred revenue. We are required to deliver to Franco-Nevada 22,500 ounces annually from 2014 to 2019 followed by 6 percent of production from our existing properties.

LIQUIDITY AND CASH FLOW

Cash Flow

(US$000's)	Three months ended June 30,		Six months ended June 30,	
Cash Flow	2015	2014	2015	2014
Operating	12,269	(9,793)	28,900	4,510
Investing	(12,823)	(6,846)	(22,107)	(117,056)
Financing	-	16,315	(4,235)	110,965
Effect on exchange rates on holdings in foreign currencies	-	(1)	1	1
Change in cash and cash equivalents during the period	(554)	(325)	2,559	(1,580)
Cash and cash equivalents - beginning of period	38,923	13,706	35,810	14,961
Cash and cash equivalents - end of period	38,369	13,381	38,369	13,381
Free cash flow [1]	(554)	(16,639)	6,793	3,954
Free cash flow per ounce sold[1]	(11)	(376)	64	40

[1] 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.

Operating Cash Flow

(US$000's)	Three months ended June 30,		Six months ended June 30,	
Changes in working capital other than inventory	2015	2014	2015	2014
(Increase)/decrease in trade and other receivables	(2,670)	(752)	(2,837)	6,313
(Increase)/decrease in other assets	438	(538)	147	(711)
Decrease in trade and other payables	(770)	(12,656)	(10,874)	(15,623)
(Decrease)/increase in provisions	-	87	(1)	556
Increase in current income taxes payable	2,411	-	2,411	-
Net change in working capital other than inventory	(591)	(13,859)	(11,154)	(9,465)

Cash provided by operations for the three months was $12.3 million, compared to cash used in operations of $9.8 million in the prior year period. The increase in operating cash flow was mainly due to lower mine production costs and lower net working capital outflows during the current quarter.

For the six months, cash provided by operations was $28.9 million, compared to $4.5 million in the prior year period. The increase in operating cash flow is mainly due to lower mine production costs, partially offset by higher net working capital outflows in the current period.

Investing Cash Flow

(US$000's, except where indicated)	Three months ended June 30,		Six months ended June 30,	
Investing activities	2015	2014	2015	2014
Mine site capex - sustaining	1,475	1,426	2,108	2,355
Mine site capex - project	966	141	1,060	280
Development capital (Gora)	6,396	3,626	6,836	3,728
Capitalized reserve development (mine site exploration)	789	110	2,317	231
Capitalized deferred stripping	3,197	1,543	9,785	2,962
Capital Expenditures	12,823	6,846	22,107	9,556
Acquisition of the OJVG	-	-	-	112,500
Decrease in restricted cash	-	-	-	(5,000)
Investing activities	12,823	6,846	22,107	117,056

Total capital expenditures for the quarter were $12.8 million, $6.0 million higher than the prior year period, mainly due to higher development capital related to Gora and capitalized deferred stripping.

Total capital expenditures for the six months were $22.1 million, $12.6 million higher than the prior year period, mainly due to higher project and development capital and 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 flow from financing activities for the quarter was $nil, compared to net cash flow provided by financing activities of $16.3 million in the prior year period. Financing cash flow in the prior year included net proceeds of $25.5 million from an equity offering, partially offset by the repayment of principal and interest on borrowings of $9.2 million.

Net cash used in financing activities for the six months was $4.2 million compared to net cash provided by financing activities of $111.0 million in the prior year period. Financing cash flows during the current year 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 and net proceeds of $25.5 million from an equity offering, partially offset by the repayment of borrowings of $46.4 million and interest and finance costs paid on borrowings of $3.1 million.

Liquidity and Capital Resources Outlook

Subsequent to the quarter, we closed a previously announced $30.0 million Senior Secured Revolving Credit Facility ("Revolver Facility") with Société Générale. The Revolver Facility is a two-year facility beginning June 30, 2015 and will be used for general corporate purposes and working capital needs. Closing costs including legal, security registration and advisory fees are expected to be approximately $1.7 million.

Our primary sources of liquidity are the Company's cash position at June 30, which was $38.4 million, cash flow from operations and 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 4); and
- The gold price.

Using a $1,100 per ounce gold price, we expect to generate free cash flow in 2015.[5] Notwithstanding, our cash position is highly dependent on the key factors noted above, and while we expect we will generate sufficient free cash flow from operations combined with our new Revolver Facility to fund our current growth initiatives, we may explore other value preservation alternatives that provide additional financial flexibility to ensure that we maintain sufficient liquidity. Such alternatives may include hedging strategies for fuel and currencies.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

We manage our exposure to financial risks, including liquidity risk, credit risk, currency risk, market risk, interest rate risk and price risk through a risk mitigation strategy. We generally do 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, we entered into gold forward contracts with Macquarie to deliver 15,000 ounces through the remainder of first quarter 2015 at a price of $1,297 per ounce. As at June 30, 2015, there were no gold forward contracts outstanding.

CONTRACTUAL OBLIGATIONS AND COMMITTMENTS

During 2015, we entered into various operating and capital purchase obligations related to the development of Gora and the mill optimization. As at June 30, total future purchase obligations related to these projects were approximately $8.3 million.

CONTINGENT LIABILITIES

Government of Senegal payments

(US$000's)	Cash payments made		Contingent liabilities	Accrued liabilities
	Three months ended June 30, 2015	Six months ended June 30, 2015	As at June 30, 2015	As at June 30, 2015
Royalty payments	11,012	11,012	-	6,398
Reserve payment	-	-	-	1,850
Social development fund payment	-	-	-	15,000
Accrued dividend payment	-	-	2,700	7,793
Gora project advanced royalty payment	4,200	4,200	-	-
OJVG Advanced royalty payment	1,512	1,961	-	6,504
	16,724	17,173	2,700	37,545

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, we agreed to transition to quarterly payments of royalties. In 2015, we 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, we will pay 100 percent of quarterly royalties calculated in arrears. During the second quarter of 2015, a payment of $11.0 million for 2014 royalties was paid to the Republic of Senegal.

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. At June 30, 2015, $1.9 million has been accrued of which $925 thousand is expected to be paid in third quarter 2015.

Social development fund payment

In addition to its CSR spending, we have 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 June 30, we have recorded $10.2 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, we have agreed to advance approximately $13.2 million of accrued dividends in respect of its 10 percent minority interest between 2013 and 2015. In 2013, we 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 June 30,

[5] This forecast financial information is based on the following material assumptions for the balance of 2015: gold price: $1,100 per ounce; LFO: $0.94 per litre; HFO: $0.69 per litre; USD:Euro exchange rate of 1.08:1.

$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

We received the environmental and construction approvals to develop Gora during the first quarter 2015. During the three months ended June 30, we made a payment of $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.

Pursuant to the completion of the acquisition of the OJVG, we are 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 and six months, $1.5 million and $2.0 million was paid respectively, and the remaining $6.5 million has been accrued and is expected to be paid through 2015 and 2016. An additional payment will become payable when the actual cumulative production from the OJVG, net of mining royalties, multiplied by our weighted average realized gold prices, multiplied by 1 percent, exceeds the initial payments.

Settled and outstanding tax assessments

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. We believe 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. Our UOP calculation is based on life of mine gold production. As we update our estimate regarding the expected UOP over the life of the mine amortization under the UOP basis will change. We use 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 and six months ended June 30, 2015 was $0.3 million and $0.6 million, respectively.

NON-IFRS FINANCIAL MEASURES

We provide some non-IFRS measures as supplementary information that we believe may be useful to investors to explain our financial results.

"Total cash cost per ounce sold" is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. We report 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 our performance and our 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 our 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.

"All-in sustaining costs per ounce sold" extends 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. "All-in costs per ounce sold" 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 our 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 our 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. We use this measure to better understand the price realized in each reporting period for gold 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 June 30,		Six months ended June 30,	
Cash costs per ounce sold	2015	2014	2015	2014
Gold produced[1]	49,392	39,857	98,034	91,947
Gold sold	50,074	44,285	106,297	98,052
Cash costs per ounce sold				
Cost of sales[2]	43,094	62,820	91,249	117,888
Less: depreciation and amortization[2]	(12,471)	(14,147)	(23,318)	(33,213)
Add: non-cash inventory movement[2]	(673)	1,222	(4,348)	2,704
Add: non-cash capitalized deferred stripping[2]	329	157	989	326
Less: other adjustments	(114)	(246)	(170)	(497)
Total cash costs	**30,164**	**36,103**	**64,400**	**73,506**
Total cash costs per ounce sold	**602**	**815**	**606**	**750**
All-in sustaining costs				
Total cash costs	30,164	36,103	64,400	73,506
Administration expenses[3]	4,472	4,009	8,236	7,621
Capitalized deferred stripping	3,197	1,543	9,785	2,961
Capitalized reserve development	789	110	2,317	231
Mine site capital	8,837	5,193	10,005	6,363
All-in sustaining costs	**47,459**	**46,956**	**94,743**	**90,680**
All-in sustaining costs per ounce sold	**948**	**1,060**	**891**	**925**
All-in costs				
All-in sustaining costs	47,459	46,956	94,743	90,680
Social community costs not related to current operations	736	493	1,210	902
Exploration and evaluation expenditures	925	583	1,734	1,727
All-in costs	**49,121**	**48,032**	**97,688**	**93,310**
All-in costs per ounce sold	**981**	**1,085**	**919**	**952**
Depreciation and amortization[2]	12,471	14,147	23,318	33,213
Non - cash inventory movement[2]	673	(1,222)	4,348	(2,704)
Total depreciation and amortization	**13,143**	**12,925**	**27,665**	**30,509**
Total depreciation and amortization per ounce sold[2]	**262**	**292**	**260**	**311**

[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

Our fully diluted share capital as at June 30, 2015 was:

Outstanding	June 30, 2015
Ordinary shares	352,801,091
Stock options granted at an exercise price of C$3.00 per option	13,309,999
Stock options granted at an exercise price of C$0.64 per option	3,830,000
Fully diluted share capital	**369,941,090**

TRANSACTIONS WITH RELATED PARTIES

During the three and six months ended June 30, 2015, there were transactions totaling $68 thousand and $148 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.

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

During the first quarter of 2014, we acquired the remaining interest in the OJVG that we 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 June 30, 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 June 30, 2015 which has materially affected, or is reasonably likely to materially affect the Company's ICFR.

On May 14, 2013, COSO issued an updated internal control framework "2013 COSO Framework" which will supersede the 1992 COSO Framework. In 2015, we will be assessing the differences between the two frameworks and develop a transition plan to be implemented in 2016. Until transition to the 2013 COSO framework is complete, we will continue to use the 1992 framework in connection with our assessment of internal control over financial reporting.

RISKS AND UNCERTAINTIES

We identified a number of risk factors to which we are subject to in our 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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Auditor

Ernst & Young LLP

Share Registries

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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 Niakafiri 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.