TERANGA GOLD CORPORATION

News Release

Teranga Gold Reports Significant Improvement in Net Profit and Costs

High-grade Gora deposit on schedule for production in fourth quarter

Company is on track to achieve guidance and end year with a strong balance sheet

Financial and Operating Highlights

For the three-months ended June 30, 2015 compared to three-months ended June 30, 2014

- Net profit increased to $6.7 million ($0.02 per share) from a loss of $12.5 million ($0.04 loss per share)
- Cash flow from operations increased to $12.3 million compared to a loss of $9.8 million
- Free cash flow improved by $365 per ounce and includes $147 per ounce in new project capital
- Production increased by 24 percent to 49,392 ounces
- Total cash costs decreased by 26 percent to $602 per ounce(2)
- All in sustaining costs decreased to $948 per ounce(2) including $147 per ounce in new project capital
- 2015 operating and financial outlook reaffirmed – expectation is for production to be in the top half, and costs at the lower end, of guidance[1]
- Debt-free balance sheet with $38.4 million in cash
- Subsequent to June 30, 2015, closed $30 million revolver with Société Générale

Toronto, Ontario – July 30, 2015 – Teranga Gold Corporation ("Teranga" or the "Company") (TSX: TGZ) (ASX: TGZ) is pleased to report its financial and operating results for the second quarter ended June 30, 2015. All financial information is in U.S. dollars unless otherwise noted.

"With the steps we have taken to reduce our costs and eliminate our debt, we are in a position of financial strength, generating solid cash flows from operations during the quarter to fund new project capital," stated Richard Young, President and Chief Executive Officer of Teranga. "Several growth initiatives are underway including Gora, our new high-grade satellite deposit, which I am pleased to say, is on track to come into production in the fourth quarter, and is expected to further enhance our production flexibility and to generate significant free cash flow commencing in 2015."

"Maintaining a strong balance sheet and financial flexibility is key to prospering in the current weak gold price environment," added Navin Dyal, Vice President and Chief Financial Officer. "To further augment our financial flexibility and liquidity we recently secured a $30 million revolving line of credit with Société Générale. This two-year revolver will be used for working capital purposes to smooth out fluctuations in cash flow as we self-fund several new capital projects over the next 18 months. In addition to Gora, such growth initiatives include the optimization of our mill to increase throughput and lower costs, thereby increasing production and further expanding our margins."

[1] Assumes Gora comes in as expected in the fourth quarter

TERANGA
GOLD CORPORATION

Review of Financial Results

	Three months ended June 30,		
(US$000's, except where indicated)	2015	2014	% Change
Revenue	60,064	57,522	4%
Cost of sales[1]	(43,094)	(62,820)	(31%)
Gross profit	**16,970**	**(5,298)**	**N/A**
Exploration and evaluation expenditures	(925)	(583)	59%
Administration & corporate social responsibility expenses	(4,271)	(4,039)	6%
Share-based compensation	(1,041)	(350)	197%
Finance costs	(748)	(2,648)	(72%)
Net foreign exchange gains (losses)	391	(47)	N/A
Other income (expense)	247	(248)	N/A
Profit (loss) before income tax	**10,623**	**(13,213)**	**N/A**
Income tax expense	(3,584)	-	N/A
Profit (loss) for the period	**7,039**	**(13,213)**	**N/A**
Loss (profit) attributable to non-controlling interests	(313)	670	N/A
Profit (loss) attributable to shareholders of Teranga	**6,726**	**(12,543)**	**N/A**
Basic earnings (loss) per share	0.02	(0.04)	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.
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.

During 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.

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.

2015 Outlook

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.[2] 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.

		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.

[2] 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.

[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.

Three Year Outlook (2015-2017)

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. 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.[3] 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.

Review of Operating Results

		Three months ended June 30,		
Operating Results		2015	2014	Change
Ore mined	('000t)	1,893	974	94%
Waste mined - operating	('000t)	5,192	5,233	(1%)
Waste mined - capitalized	('000t)	1,221	458	167%
Total mined	('000t)	8,306	6,665	25%
Grade mined	(g/t)	1.18	1.39	(15%)
Ounces mined	(oz)	71,781	43,601	65%
Strip ratio	waste/ore	3.4	5.8	(42%)
Ore milled	('000t)	951	817	16%
Head grade	(g/t)	1.77	1.69	5%
Recovery rate	%	91.4	89.8	2%
Gold produced[1]	(oz)	49,392	39,857	24%
Gold sold	(oz)	50,074	44,285	13%
Average realized price	$/oz	1,198	1,295	(7%)
Total cash costs (incl. royalties)[2]	$/oz sold	602	815	(26%)
All-in sustaining costs[2]	$/oz sold	948	1,060	(11%)
Mining	($/t mined)	2.40	2.90	(17%)
Milling	($/t milled)	12.37	21.29	(42%)
G&A	($/t milled)	3.89	4.92	(21%)

[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	
		Masato	Sabodala
Ore mined	('000t)	1,606	287
Waste mined - operating	('000t)	5,050	142
Waste mined - capitalized	('000t)	1,221	-
Total mined	('000t)	7,877	429
Grade mined	(g/t)	1.13	1.96
Ounces mined	(oz)	53,920	17,861

[3] 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.

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 months were 25 percent higher than the prior year period. Mining activities in the current year have been mainly focused on the upper benches of Masato and to a lesser extent, the remainder of Phase 3 at Sabodala, resulting in shorter haul distances. Ore tonnes mined for the three months were 94 percent higher compared to the prior year period while ore grades mined were lower, mainly as a result of mining activities focused on the lower-grade Masato pit. Nevertheless, higher ore tonnes mined resulted in a 65 percent increase in ounces mined during three months compared to the prior year period. Total mining costs for the quarter were 3 percent higher than the prior year period, but were 6 percent better than planned. 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 percent more material than the prior year period. 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 months were 15 percent lower compared to the prior year period due to lower costs and higher tonnes mined.

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.

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. Total processing costs for the three month period were 32 percent lower than the prior year period, mainly due to lower power, grinding and reagent consumption due to the processing of softer material, combined with favourable fuel, reagent and currency prices. Unit processing costs were 42 percent lower than the prior year period due 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.

General and Administrative – Site Operations

Total mine site general and administrative costs for the three months were 8 percent lower compared to the prior year period, mainly due to lower camp costs and favourable currency rates. Unit general and administration costs were 21 percent lower than the prior year period, 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.

All-in sustaining costs for the three months were 11 percent lower compared to the prior year period (excluding non-cash inventory write-downs to NRV). All-in sustaining costs per ounce were lower mainly due to lower total cash costs per ounce, partly offset by higher total capital expenditures. 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.

Business and Project Development Highlights

- ***Gora Development***: Project development is on plan including completion of the access road. Ore delivery to the plant is scheduled for the fourth quarter 2015 as planned.

- ***Mill Optimization***: Mill optimization project, which is expected to have an IRR in excess of 50 percent at $1,200 per ounce gold,[4] is underway with procurement packages tendered and detail design at 80 percent completion.
- ***Heap Leach Project***: Test work is complete and an optimized prefeasibility study to evaluate a stockpile and oxide ore blend is on track for the third quarter.
- ***Sabodala Mine License Reserve Development:*** 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.
    - *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 2015.
    - *Golouma NW Extension*: Three shear zones with varying degrees of mineralization have been identified from 34 diamond drill holes ("DDH") completed over the past six months near the existing Golouma reserves pit design. A portion of existing inferred resources is expected to be upgraded to indicated resources in this area. Additional follow-up drilling is being evaluated to determine the potential for infill drilling to further define resource classification in specific areas within these shear zones. Further work would commence in the second half of 2015.
    - *Masato NE*: A 25-hole drilling program following up from a continuous mineralized shear zone identified through surface trenching was completed during the first quarter. Intercepts at depth revealed a number of narrow high grade gold veins that continued at depth, however, they appear to be sporadic and widely spaced. No further work is planned at Masato NE in 2015, however, there remains potential for further evaluation of soil anomalies and artisanal workings to the NE.
    - *Maki Medina*: A 23-hole drilling program was completed during the second quarter in the Maki Medina resource to test the extents of mineralization along strike and at depth, as well as infill drilling to potentially reclassify inferred resources. Assay results are pending.
    - *Niakafiri Southwest*: A 14-hole drilling program was completed in the Niakafiri SW resource to test the extents and potentially reclassify inferred resources. Assay results are pending.

Balance Sheet Review

Cash

Our cash balance at June 30, 2015 was $38.4 million, $0.6 million lower than the start of the quarter, as cash flow provided by operations during the three months ended June 30, 2015 of $12.3 million was more than offset by capital expenditures of $12.8 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

[4] 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

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 2015, we retired the outstanding balance under the equipment facility with Macquarie.

Deferred Revenue

During the three months ended June 30, 2015, we delivered 5,625 ounces of gold to Franco-Nevada, as a result $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. 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,**	
Cash Flow	2015	2014
Operating	12,269	(9,793)
Investing	(12,823)	(6,846)
Financing	-	16,315
Effect on exchange rates on holdings in foreign currencies	-	(1)
Change in cash and cash equivalents during the period	(554)	(325)
Cash and cash equivalents - beginning of period	38,923	13,706
Cash and cash equivalents - end of period	38,369	13,381
Free cash flow[1]	(554)	(16,639)
Free cash flow per ounce sold[1]	(11)	(376)

[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

The increase in operating cash flow was mainly due to lower mine production costs and lower net working capital outflows during the current quarter.

Investing Cash Flow

(US$000's, except where indicated)	**Three months ended June 30,**	
Investing activities	2015	2014
Mine site capex - sustaining	1,475	1,426
Mine site capex - project	966	141
Development capital (Gora)	6,396	3,626
Capitalized reserve development (mine site exploration)	789	110
Capitalized deferred stripping	3,197	1,543
Capital Expenditures	12,823	6,846
Investing activities	12,823	6,846

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

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.

Liquidity and Capital Resources Outlook

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. 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, 2015, 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 5); and
- The gold price.

Using a $1,100 per ounce gold price, we expect to generate free cash flow in 2015. 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.

Review of Quarterly Financial and 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.

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.

TERANGA GOLD CORPORATION

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,**	
Cash costs per ounce sold	2015	2014
Gold produced[1]	49,392	39,857
Gold sold	50,074	44,285
Cash costs per ounce sold		
Cost of sales[2]	43,094	62,820
Less: depreciation and amortization[2]	(12,471)	(14,147)
Add: non-cash inventory movement[2]	(673)	1,222
Add: non-cash capitalized deferred stripping[2]	329	157
Less: other adjustments	(114)	(246)
Total cash costs	**30,164**	**36,103**
Total cash costs per ounce sold	**602**	**815**
All-in sustaining costs		
Total cash costs	30,164	36,103
Administration expenses[3]	4,472	4,009
Capitalized deferred stripping	3,197	1,543
Capitalized reserve development	789	110
Mine site capital	8,837	5,193
All-in sustaining costs	**47,459**	**46,956**
All-in sustaining costs per ounce sold	**948**	**1,060**
All-in costs		
All-in sustaining costs	47,459	46,956
Social community costs not related to current operations	736	493
Exploration and evaluation expenditures	925	583
All-in costs	**49,121**	**48,032**
All-in costs per ounce sold	**981**	**1,085**
Depreciation and amortization[2]	12,471	14,147
Non - cash inventory movement[2]	673	(1,222)
Total depreciation and amortization	**13,143**	**12,925**
Total depreciation and amortization per ounce sold[2]	**262**	**292**

[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.

Financial Statements and Management's Discussion & Analysis

Teranga's financial statements and management's discussion and analysis for the second quarter ended June 30, 2015 are available on SEDAR at www.sedar.com/terangagold or on Teranga's investor relations website at www.terangagold.com/investors.

Conference Call and Webcast Information

A conference call and audio webcast will be held later this morning at 8:30 a.m. (ET). Richard Young, President and Chief Executive Officer, and Navin Dyal, Chief Financial Officer, will review Teranga's results and discuss the quarter's highlights. Those wishing to listen can access the live conference call and webcast as follows:

Date & Time: Thursday, July 30, 2015 at 8:30 a.m. ET

Telephone: Toronto 647-788-4919 / Toll-free 1-877-291-4570

International +1-647-788-4919

Please allow 10 minutes to be connected to the conference call.

Webcast: The webcast can be accessed directly at www.gowebcasting.com/6635 and on Teranga's website at www.terangagold.com.

Replay: The conference call replay will be available for two weeks after the call by dialling 416-621-4642 or toll-free at 1-800-585-8367 and entering the conference ID 79788856.

Note: The slide presentation will be available for download at www.terangagold.com for simultaneous viewing during the call.

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.

About Teranga

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

Teranga's mission is to create value for all of its stakeholders through responsible mining. Its vision is to explore, discover and develop gold mines in Senegal in accordance with the highest international standards, and to be a catalyst for sustainable economic, environmental and community development. All of its actions from exploration, through development, operations and closure will be based on the best available techniques.

Located in West Africa, Senegal is a stable democracy, has a progressive mining code and is a member of the West African Economic and Monetary Union. The Senegalese government views mining as a pillar of growth and supports mining companies by offering attractive royalty and ownership structures. Teranga operates the only gold mine and mill in Senegal.

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