TERANGA
GOLD CORPORATION

News Release

Significant Cost Savings Underlie Teranga's Third Quarter Results

With year-to-date cost savings of over $100 per ounce of gold sold, total cash costs are expected to come in below low end of 2015 guidance

Company expects to generate significant free cash flow in fourth quarter and end year with strong balance sheet

Toronto, Ontario – October 29, 2015 – Teranga Gold Corporation ("Teranga" or the "Company") (TSX: TGZ) (ASX: TGZ) is pleased to report its financial and operating results for the third quarter ended September 30, 2015. All financial information is in U.S. dollars unless otherwise noted.

Financial and Operating Highlights

For the three months ended September 30, 2015 compared to three months ended September 30, 2014

- Net profit increased to $1.6 million from a loss of $1.5 million
- Cash flow used in operations of $8.2 million (includes $7.8 million VAT paid and not yet recovered) compared to cash provided by operations of $13.8 million
- Production declined to 32,956 ounces impacted by heavy rainfall, which caused significant material handling issues and lower than anticipated grade through the mill
- Total cash costs decreased to $712 from $781 per ounce[1]
- All-in-sustaining costs of $1,191 per ounce[1] include $247 per ounce in new project capital
- Ended the quarter with cash and cash equivalents of $29.9 million
- Mining began on schedule at Gora; total development capital projected to be 15% below budget
- Mill optimization project remains on budget and is ahead of schedule
- Heap leach delivering positive test results; pre-feasibility study to be completed by year-end
- Subsequent to quarter end, Teranga completed a strategic private placement for C$22.7 million

2015 Guidance

- 2015 production expected to be at the low end of guidance, however, potential impact of Gora artisanal mining is a risk to fourth quarter forecast production
- Total cash costs projected to be below the low end of guidance[1]
- Expect to generate significant free cash flow in the fourth quarter[2] assuming $1,100 gold price for the remainder of the year

(US$000's, except where indicated)	Three months ended September 30, 2015	2014	Change
Revenue	37,830	56,711	(33%)
Gold produced (ounces)	32,956	48,598	(32%)
Profit (loss) attributable to shareholders of Teranga[1]	1,568	(1,524)	N/A
Per share[1]	0.00	(0.00)	N/A
Operating cash flow	(8,221)	13,822	N/A
Free cash flow[2]	(21,489)	8,570	N/A
Free cash flow per ounce sold[2]	(632)	192	N/A
Gold sold (ounces)	33,982	44,573	(24%)
Total cash costs per ounce sold[3]	712	781	(9%)
All-in sustaining costs per ounce sold[3]	1,191	954	25%

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 nine months ended September 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.

“In terms of our 2015 guidance, we expect that our total cash costs will be better than forecast while production will likely come in at the low end of the guided range given the negative impact of heavy rainfall and the deferral of three high-grade benches into next year due to a change in mine plan at Gora to enlarge the phase one pit to optimize operating efficiencies,” stated Richard Young, President and Chief Executive Officer. “The fourth quarter is anticipated to be our best one of the year with significant increases in production and free cash flow due to the addition of high-grade ore from our new Gora deposit and an increase in processing rates with the end of the rainy season. While we have been very conservative in our forecast, there is a risk to achieving our production guidance if we have underestimated the impact of the artisanal miners at Gora.”

“Having a lean cost structure is key to achieving our goal of increasing sustainable free cash flow not only this year but every year,” added Navin Dyal, Vice President and Chief Financial Officer. “To date in 2015, we have realized savings of approximately $17 million, or over $100 per ounce of gold sold, owing to company-wide business performance improvements, favourable currency and lower fuel prices. The $30 million revolver we secured in July, together with the additional capital from our recently completed private placement, strengthens our balance sheet and provides the flexibility required to pursue organic growth initiatives and strategic opportunities beyond our current life of mine plan.”

Review of Financial Results

(US$000's, except where indicated)	Three months ended September 30, 2015	2014	% Change
Revenue	37,830	56,711	(33%)
Cost of sales[1]	(32,497)	(52,358)	(38%)
Gross profit	**5,333**	**4,353**	**23%**
Exploration and evaluation expenditures	(48)	(672)	(93%)
Administration & corporate social responsibility expenses	(3,389)	(3,190)	6%
Share-based compensation	(384)	(325)	18%
Finance costs	(789)	(2,640)	(70%)
Net foreign exchange gains	472	1,342	(65%)
Other income	20	36	(44%)
Profit (loss) before income tax	**1,215**	**(1,096)**	**N/A**
Income tax recovery	846	-	N/A
Profit (loss) for the period	**2,061**	**(1,096)**	**N/A**
Profit attributable to non-controlling interests	(493)	(428)	15%
Profit (loss) attributable to shareholders of Teranga	**1,568**	**(1,524)**	**N/A**
Basic earnings (loss) per share	0.00	(0.00)	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 nine months ended September 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 September 30, 2015 and 2014

Revenue

Revenue declined by $18.8 million, or 33 percent over the prior year to $37.8 million due to lower gold sales and a 12 percent decline in the average realized gold price.

Spot price per ounce of gold	Three months ended September 30, 2015	2014	% Change
Average	$1,124	$1,282	(12%)
Low	$1,081	$1,214	(11%)
High	$1,168	$1,340	(13%)

Cost of Sales

(US$000's) Cost of Sales	Three months ended September 30, 2015	2014	% Change
Mine production costs - gross	33,707	37,230	(9%)
Capitalized deferred stripping	(2,047)	(1,749)	17%
Capitalized deferred stripping - non-cash[1]	(176)	(521)	(66%)
	31,484	34,960	(10%)
Depreciation and amortization - deferred stripping assets[1]	508	7,800	(93%)
Depreciation and amortization - property, plant & equipment and mine development expenditures	7,240	9,310	(22%)
Royalties	1,942	2,740	(29%)
Amortization of advanced royalties	349	49	612%
Inventory movements	(9,829)	(3,346)	194%
Inventory movements - non-cash[1]	803	(1,478)	N/A
	(9,026)	(4,823)	87%
Total cost of sales before adjustments to net realizable value	**32,497**	**50,035**	**(35%)**
Adjustments to net realizable value[1]	-	1,474	(100%)
Adjustments to net realizable value - non-cash[1]	-	849	(100%)
	-	2,323	(100%)
Total cost of sales	**32,497**	**52,358**	**(38%)**

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.

Mine production costs of $33.7 million (before capitalized deferred stripping) were lower than the prior year period by $3.5 million, or 9 percent, due to a reduction in mining and processing costs. See Review of Operating Results section for additional information.

During the third quarter 2015, depreciation and amortization declined by $9.4 million, or 55 percent, to $7.7 million from $17.1 million in the prior year period mainly due to lower depreciation of deferred stripping balances.

Royalties in third quarter 2015 were $2.3 million compared to $2.8 million in the prior year period.

During the third quarter 2015, inventory movements resulted in costs added to inventory totaling $9.0 million compared to $4.8 million in the prior year period. Approximately 24,000 ounces were added to inventory during the quarter, which increased the total cost of inventory.

Exploration and evaluation

Exploration and evaluation expenditures for third quarter 2015 decreased by $0.6 million over the prior year period as minimal exploration was performed on the regional land package due to heavy rainfall during the quarter.

Administration and corporate social responsibility costs

During the third quarter 2015 administration and corporate social responsibility ("CSR") costs rose to $3.4 million from $3.2 million in the prior year period. The increase reflects higher social commitments related to the advancement of the Company's regional development strategy and incorporation of the OJVG commitments

Finance costs

Finance costs decreased 70 percent to $0.8 million during the third quarter 2015 due to lower debt levels as a result of the repayment of borrowings in 2014, which resulted in lower interest expense. In August 2015, the Company drew $15.0 million on the Revolver Facility incurring $0.1 million of interest expense and $0.2 million of amortization of deferred financing costs.

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. For the three months ended September 30, 2015, the Company has recorded an income tax recovery of $0.8 million, comprised of current income tax expense of $0.1 million and deferred income tax recovery of $0.9 million as a result of the increase in the deferred tax asset. The amount of current income tax expense recognized in 2015 will not be paid until 2016.

Net profit (loss)

Net profit attributable to shareholders in the third quarter increased to $1.6 million, from a net loss of $1.5 million, in the prior year period. The increase in the current quarter was mainly due to lower cost of sales resulting in a 23 percent increase in gross profit margins, lower finance costs, and lower exploration expenditures, partly offset by lower net foreign exchange gains in the current period. In the third quarter 2014, net losses were primarily attributable to higher amortization of deferred stripping, a write-down of non-cash inventory to net realizable value and higher financing costs.

TERANGA GOLD CORPORATION

2015 Outlook

		REVISED 2015 Guidance Range	Original 2015 Guidance Range
Operating results			
Total material mined	('000t)	~ 33,000	28,500 - 30,500
Ore milled	('000t)	3,350 - 3,450	3,600 - 3,800
Gold produced[1]	(oz)	~ 200,000	200,000 - 230,000
Total cash cost (incl. royalties)[2]	($/oz sold)	< 650	650 - 700
All-in sustaining costs[2,3]	($/oz sold)	< 975	900 - 975
Total depreciation and amortization[2]	($/oz sold)	< 260	260 - 275
Mining	($/t mined)	< 2.50	2.75 - 2.90
Mining long haul	($/t hauled)	< 6.00	5.00 - 6.00
Milling	($/t milled)	< 15.00	15.50 - 17.50
G&A	($/t milled)	< 5.25	5.25 - 5.75
Gold sold to Franco-Nevada[1]	(oz)	24,375	24,375
Exploration and evaluation expense			
(Regional Land Package)	($ millions)	~ 2.0	1.0 - 2.0
Administration and corporate social responsibility costs (excluding depreciation)			
Administration expense	($ millions)	~ 13.0	11.5 - 12.5
Corporate social responsibility expense	($ millions)	~ 3.0	~ 3.5
Mine production costs	($ millions)	140.0 - 150.0	155.0 - 165.0
Less capitalized deferred stripping	($ millions)	~ 15.0	8.0 - 10.0
Net mine production costs	($ millions)	125.0 - 135.0	147.0 - 155.0
Capital expenditures			
Mine site sustaining	($ millions)	~ 8.0	6.0 - 8.0
Capitalized reserve development (Mine License)	($ millions)	~ 6.0	6.0 - 8.0
Project development costs (Gora/Golouma/Kerekounda)			
Mill optimization	($ millions)	~ 8.0	5.0 - 6.0
Development	($ millions)	~ 10.0	16.5 - 17.5
Mobile equipment and other	($ millions)	~ 7.0	7.5 - 8.5
Total project development costs	($ millions)	~ 25.0	29.0 - 32.0
Capitalized deferred stripping	($ millions)	~ 15.0	8.0 - 10.0
Total capital expenditures	($ millions)	~ 54.0	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 2014 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.

This forecast financial information is based on the following material assumptions for the balance of 2015: gold price: $1,100 per ounce; LFO: $0.98 per litre; HFO: $0.69 per litre; USD:Euro exchange rate of 1.08:1

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.

Fourth Quarter 2015 Expectations

- Gora is expected to represent approximately 25,000 ounces of about 70,000 ounces forecasted to be produced in the fourth quarter.
- Processing rates continued to be partially impacted by rain during October, and are expected to return to normal in November. Given the longer than normal rainy season a portion of the higher grade Masato ore stockpiled during the third quarter is not expected to be processed until the first quarter of 2016.
- With the release of higher grade Gora and Masato ore, head grades are expected to be higher for the fourth quarter than year to date.
- Fourth quarter total cash costs are expected to be the lowest of the year.
- At $1,100 gold[2], we expect to generate positive free cash flow in the fourth quarter.

2015 Full Year Outlook Update

- Ore tonnes mined at Gora will be lower by 100,000 tonnes than the original 2015 outlook due to the deferral of three high grade benches to 2016. At over 6 grams per tonne, this equates to a deferral of approximately 20,000 contained ounces.
- Heavy rainfall from July through to the end of October negatively impacted planned mining rates and ore grades at Masato, due to sheeting the pit floor with lower grade stockpiled ore. The rainfall also resulted in lower head grades to the mill due to the blending of low-grade stockpiled material with wet Masato ore to improve crushing and milling rates
- Total material movement is expected to be about 3 million tonnes, or 10 percent, higher due to an increase in the mining rate at Gora and extension of the final benches of the first phase at Masato.
- Process throughput rates are expected to be between 250,000 and 350,000 tonnes lower than originally planned due to the material handling issues experienced during the rainy season.
- Production is expected to be at the low end of the guidance range. However, artisanal mining at Gora present a risk to achieving forecast production.
- Gold sales for the full year are expected to be between 5,000 and 10,000 ounces higher than production due to the drawdown of gold in circuit during the year.
- With 2015 production expected to be at the low end of the guidance range, all-in sustaining costs per ounce sold for the year are expected to come in at the higher end of guidance.
- Mine production costs, total cash costs and unit mining, milling and G&A costs are expected to come in below the lower end of cost guidance range, primarily driven by a reduction in fuel prices, favourable variances in currency and cost savings.

Review of Operating Results

Operating Results		Three months ended September 30, 2015	2014	Change
Ore mined	('000t)	1,750	1,272	38%
Waste mined - operating	('000t)	4,958	4,201	18%
Waste mined - capitalized	('000t)	713	524	36%
Total mined	('000t)	7,421	5,997	24%
Grade mined	(g/t)	1.15	1.71	(33%)
Ounces mined	(oz)	64,807	69,805	(7%)
Strip ratio	(waste/ore)	3.2	3.7	(13%)
Ore milled	('000t)	691	903	(24%)
Head grade	(g/t)	1.62	1.89	(15%)
Recovery rate	(%)	91.8	88.5	4%
Gold produced[1]	(oz)	32,956	48,598	(32%)
Gold sold	(oz)	33,982	44,573	(24%)
Average realized price	$/oz	1,112	1,269	(12%)
Total cash costs (incl. royalties)[2]	$/oz sold	712	781	(9%)
All-in sustaining costs[2]	$/oz sold	1,191	954	25%
Mining	($/t mined)	2.47	3.12	(21%)
Mining long haul	($/t hauled)	5.31	-	NA
Milling	($/t milled)	16.50	15.96	3%
G&A	($/t milled)	5.66	4.46	27%

[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 September 30, 2015	
		Masato	Gora
Ore mined	('000t)	1,683	67
Waste mined - operating	('000t)	3,530	1,428
Waste mined - capitalized	('000t)	-	713
Total mined	('000t)	5,213	2,208
Grade mined	(g/t)	1.15	1.12
Ounces mined	(oz)	62,393	2,414

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. In 2015, we expect to realize $20 million in cost savings due to improvements to the load/haul cycle, a reduction of overall energy costs and lower operating consumable costs used in the mill combined with favourable currency and fuel prices.

Mining

Total tonnes mined for the three months were 24 percent higher compared to the prior year period. While mining commenced as planned during the third quarter at Gora, the Company's first satellite deposit, with over 2.2 million tonnes mined, mining activities in 2015 have been mainly focused on the upper benches of the Masato pits, resulting in softer oxide ore and shorter haul cycles. At Masato, heavy rainfall during the quarter resulted in poor ground conditions and lower drilling and hauling productivities. Combined with the softer oxide material mined, this led to lower than planned mining rates. Ground conditions have improved in late October and expectations are for tonnes mined to improve for the balance of the year.

Ore tonnes mined for the three months were 38 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. Mining for the balance of the year will take place at both Gora and Masato, where mining will transition to fresh ore in the lower benches of the Masato pits. As a result of changes made during the third quarter to the Gora mine plan to enlarge phase 1 of the pit to optimize operating efficiencies, three benches containing approximately 100,000 tonnes of ore at over six grams of gold per tonne have been deferred into early 2016. Despite this deferral, high-grade Gora material, together with higher grade Masato material are expected to result in a significant increase in fourth quarter production.

Processing

Ore tonnes milled for the three months were 24 percent lower compared to the prior year period due to heavy rainfall that caused material handling issues with the soft oxide material being mined at Masato, which in turn negatively impacted throughput. As a result, approximately 170,000 tonnes of oxide material from Masato at an average grade of 1.60 grams per tonne, which was mined and scheduled to be processed during the quarter, has been stockpiled and will be processed after the rainy season ends beginning in late October and into first quarter 2016. Together with the expected release of fresh ore from both Gora and Masato, fourth quarter mill throughput for the balance of the year is expected to improve significantly.

Head grade for the three months were 15 percent lower than the prior year period mainly due to higher ore tonnes milled from Masato. Higher head grades are expected in the fourth quarter 2015 with the release of higher grade Gora and Masato ore.

Gold production for the three months were 32 percent lower compared to the prior year period, due to lower mill throughput and head grades during the third quarter. Gold production for 2015 is expected to be at the low end of the original guidance range, due to the deferral of the three benches at Gora into 2016, the negative impact of the rainy season on both throughput rates and grades processed and slightly lower grades mined at Gora as we mine through artisanal workings.

Costs

Unit mining costs for the three months were 21 percent lower compared to the prior year period due to lower costs and higher tonnes mined.

Unit processing costs for the three months were 3 percent higher than the prior year period mainly due to lower throughput, partly offset by lower processing costs.

Unit general and administration costs for the three months were 27 percent higher than the prior year period, mainly due to lower total ore tonnes milled during the current quarter.

Total cash costs per ounce for the three months were 9 percent lower compared to the prior year period (excluding non-cash inventory write-downs to NRV). The decreases in total cash costs per ounce were mainly due to lower mine production costs, partly offset by lower gold production.

All-in sustaining costs per ounce for the three months were 25 percent higher compared to the prior year period (excluding non-cash inventory write-downs to NRV). All-in sustaining costs per ounce were higher mainly due to higher total capital expenditures with the completion of Gora during the quarter, partly offset by lower total cash costs per ounce. All-in sustaining costs for the quarter includes approximately $247 per ounce of development capital expenditures, compared to approximately $20 per ounce in the prior year period.

Business and Project Development Highlights

- ***Gora Development:*** Mining began on schedule at Gora. Site development was completed in September, including site buildings and mine operations infrastructure. Construction of an earthworks embankment required for water retention will be completed in first quarter 2016. It is anticipated that total capital cost for Gora will be approximately $2.8 million or 15 percent below the original budget of $19.0 million
- ***Mill Optimization***: Mill optimization project, which is expected to have an IRR in excess of 50 percent at $1,200 per ounce gold[3], is underway with detailed design engineering complete. The civil engineering contractor has mobilized to site for construction to commence in fourth quarter and steel fabrication is nearing completion for delivery later this year. Structural steel construction is planned to be initiated late this year with mechanical completion expected in third quarter 2016 and commissioning completion expected early in fourth quarter 2016.
- ***Heap Leach Project***: The second phase of the Pre-Feasibility Study ("PFS") was completed during the third quarter which included metallurgical testing required to integrate a blend of stockpile feed ore with oxide, design details for integrating the Pregnant Leach Solutions ("PLS") into the existing facilities and finalized the optimized design criteria that identified capital reduction opportunities from the Phase 1 preliminary estimates.
- ***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 began in the third quarter. The goal is to have this work completed by year end.
- *Golouma NW Extension*: Three shear zones with varying degrees of mineralization have been identified from 34 diamond drill holes ("DDH") and six trenches totaling 90 metres completed over the past nine months near the existing Golouma reserves pit design. Drilling targeted the northwest trending shear, the north-south trending or "red" shear, and the north extent of the Golouma West 18900 zone. Additional follow-up work on the "red" shear is being evaluated. Infill drilling in the northwest trending shear successfully confirmed geological and grade continuity, with an upgraded resource model in progress, which will be completed in the fourth quarter.
- *Maki Medina*: Results from a 23-hole drilling program were returned in the third quarter and successfully confirmed the geological interpretation, general location of mineralized zones with minor local changes in dip and extension of mineralization to the north.
- *Maki Medina East Anomoly*: Five trenches totaling 900 metres were excavated in the third quarter to follow up on drilling and trench results from the second quarter. The trenching program tested soil anomalies across a 640 metre north-south strike direction and successfully identified a number of drill targets. The updated results indicate mineralization is associated with narrow quartz veins and breccia zones. 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*: Results from a 14-hole drilling program were received during the quarter to test the extents and potentially reclassify inferred resources. Drilling did not intersect additional mineralization along strike, but infilled gaps between wide spaced drill holes to confirm geology and grade continuity. An updated resource model will be completed in the fourth quarter.
- *Golouma South*: a 14-hole diamond drilling program was completed to confirm the geological interpretation, test the extent of artisanal voids, infill gaps and confirm grades in oxide. A total of 1,000 metres was drilled. Results returned from two holes confirm the geological interpretation and location of mineralization. Assay results for the remaining 12 holes are pending. An evaluation of final results and updated resource model will be completed in the fourth quarter.
- *Soukhoto*: Eight infill diamond drill holes were completed in the third quarter to better define geological interpretation and local structural trends that were previously interpreted from RC drilling. Results returned from seven holes indicate mineralization is associated with quartz veining located in oxide, and possibly associated with different local structural trends, perhaps subsidiary structures related to the Niakafiri shear zone to the east. Further drilling will be evaluated pending final assay results and follow-up data interpretation

Balance Sheet Review

Cash

The Company's cash balance at September 30, 2015 was $29.9 million, $5.9 million lower than the balance at the start of the year, primarily due to cash flow of $35.4 million used for capital expenditures and debt repayment of $4.1 million partially offset by cash provided by operations of $20.7 million and the drawdown of $15.0 million from the revolving credit facility.

Trade and Other Receivables

The trade and other receivable balance of $9.6 million includes $7.8 million in Value Added Tax "VAT" recoverable.

Deferred Taxes

The deferred tax asset of $8.9 million on the balance sheet as at September 30, 2015 includes $3.0 million of deferred tax expense recorded in the current year.

Deferred Revenue

During the three month period of 2015, we delivered 5,625 ounces of gold to Franco-Nevada. During the three months $6.4 million of revenue was recorded consisting of $1.3 million received in cash proceeds, and $5.1 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.

Borrowings

During the third quarter 2015, the Company drew down $15.0 million on the Revolver Facility to be used for general corporate purposes and working capital needs. Closing costs of $2.0 million including legal, security registration and advisory fees were capitalized of which $0.2 million of these costs were amortized and $0.1 million of interest expensed in the third quarter.

The outstanding balance under the equipment facility with Macquarie was retired in the first quarter 2015.

Liquidity and Cash Flow

Cash Flow

(US$000's)	**Three months ended September 30,**	
Cash Flow	2015	2014
Operating	(8,221)	13,822
Investing	(13,268)	(5,252)
Financing	12,999	(8,926)
Effect on exchange rates on holdings in foreign currencies	-	-
Change in cash and cash equivalents during the period	(8,490)	(356)
Cash and cash equivalents - beginning of period	38,369	13,381
Cash and cash equivalents - end of period	29,879	13,025
Free cash flow[1]	(21,489)	8,570
Free cash flow per ounce sold[1]	(632)	192

[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 September 30,**	
Changes in working capital other than inventory	2015	2014
(Increase)/decrease in trade and other receivables	(5,252)	(101)
Decrease in other assets	2,721	1,331
Decrease/(increase) in trade and other payables	(1,773)	2,326
(Decrease)/increase in provisions	-	88
(Decrease)/Increase in current income taxes payable	139	-
Net change in working capital other than inventory	(4,165)	3,644

Cash used in operations for the third quarter was $8.2 million, compared to cash provided by operations of $13.8 million in the prior year period. The decrease in operating cash flow was primarily due lower gold sales and an increase in VAT recoverable balances, partly offset by lower mine production costs.

Investing Cash Flow

(US$000's, except where indicated)	**Three months ended September 30,**	
Investing activities	2015	2014
Mine site capex - sustaining	1,178	1,702
Mine site capex - project	2,388	38
Development capital (Gora)	6,001	832
Capitalized reserve development (mine site exploration)	1,654	931
Capitalized deferred stripping	2,047	1,749
Capital Expenditures	13,268	5,252
Investing activities	13,268	5,252

Net cash used in investing activities for the quarter were $13.3 million, $8.0 million higher than the prior year period, mainly due to higher development capital related to Gora and capitalized project costs related to mill optimization.

Financing Cash Flow

Net cash flow provided by financing activities for the three months ended September 30 were $13.0 million, compared to net cash used in financing activities of $8.9 million in the prior year period. Financing cash flows in the current quarter include the draw of $15.0 million from the revolving credit facility partly offset by closing costs incurred to secure the facility. In the prior year, financing cash flows were used to repay borrowings.

Liquidity and Capital Resources Outlook

Subsequent to the quarter, we completed a non-brokered CDN$22,736,000 private placement with Mr. David Mimran, the CEO of Grands Moulins d'Abidjan and Grands Moulins de Dakar, one of the largest producers of flour and agri-food in West Africa. Pursuant to the terms of the Offering, Tablo Corporation, a Mimran family company, has been issued 39,200,000 common shares of Teranga at a price of CDN$0.58 per Common Share.

During the quarter, we closed a previously announced $30.0 million 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. In August, the Company drew down $15.0 million from the Revolver Facility for working capital needs.

Our primary sources of liquidity are the Company's cash position at September 30, which was $29.9 million, the private placement of CDN$22.7 million (US$17.4 million) closed in October, cash flow from operations and the Revolver Facility. Including both the proceeds from the private placement and VAT recoverable, on a pro forma basis, the Company's cash balance at September 30, 2015 would be approximately $55.1 million.

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); and
- The gold price.

Notwithstanding, our cash position is highly dependent on the key factors noted above, and while we expect we will generate sufficient 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.

TERANGA GOLD CORPORATION

Review of Quarterly Financial & Operating Results

(US$000's, except where indicated)	2015			2014				2013
	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Revenue	37,830	60,064	68,491	76,553	56,711	57,522	69,802	58,302
Average realized gold price ($/oz)	1,112	1,198	1,217	1,199	1,269	1,295	1,293	1,249
Cost of sales[1]	32,497	43,094	48,155	37,738	52,358	62,820	55,068	48,526
Net earnings (loss)[1]	1,568	6,726	12,988	27,693	(1,524)	(12,543)	4,152	(2,420)
Net earnings (loss) per share ($)[1]	0.00	0.02	0.04	0.08	0.00	(0.04)	0.01	(0.01)
Operating cash flow	(8,221)	12,269	16,631	30,677	13,822	(9,793)	14,303	13,137
Ore mined (‘000t)	1,750	1,893	2,246	2,666	1,272	974	1,262	1,993
Waste mined - operating (‘000t)	4,958	5,192	3,619	5,594	4,201	5,233	6,151	6,655
Waste mined - capitalized (‘000t)	713	1,221	2,841	490	524	458	497	420
Total mined (‘000t)	7,421	8,306	8,706	8,750	5,997	6,665	7,910	9,068
Grade Mined (g/t)	1.15	1.18	1.17	1.47	1.71	1.39	1.61	1.61
Ounces Mined (oz)	64,807	71,781	84,379	126,334	69,805	43,601	65,452	103,340
Strip ratio (waste/ore)	3.2	3.4	2.9	2.3	3.7	5.8	5.3	3.6
Ore processed (‘000t)	691	951	861	1,009	903	817	893	860
Head grade (g/t)	1.62	1.77	1.90	2.44	1.89	1.69	2.01	2.11
Gold recovery (%)	91.8	91.4	92.6	90.1	88.5	89.8	90.1	89.7
Gold produced[1] (oz)	32,956	49,392	48,643	71,278	48,598	39,857	52,090	52,368
Gold sold (oz)	33,982	50,074	56,223	63,711	44,573	44,285	53,767	46,561
Total cash costs per ounce sold[2] (including Royalties)	712	602	609	598	781	815	696	711
All-in sustaining costs per ounce sold[2] (including Royalties)	1,191	948	841	711	954	1,060	813	850
Mining ($/t mined)	2.5	2.4	2.1	2.6	3.1	2.9	2.8	2.6
Mining long haul ($/t hauled)	5.3	-	-	-	-	-	-	-
Milling ($/t mined)	16.5	12.4	14.6	13.9	16.0	21.3	18.2	18.0
G&A ($/t mined)	5.7	3.9	5.0	4.3	4.5	4.9	4.8	4.8

[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 nine months ended September 30, 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.

Notes

1) *Total cash costs per ounce, all-in sustaining costs per ounce and total depreciation and amortization cost 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.*
2) *This forecast financial information is based on the following material assumptions for the balance of 2015: gold price: $1,100 per ounce; LFO: $0.98 per litre; HFO: $0.69 per litre; USD:Euro exchange rate of 1.08:1.*
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.*

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.

Financial Statements and Management's Discussion & Analysis

Teranga's financial statements and management's discussion and analysis for the third quarter ended September 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, October 29, 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/6867 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 26661559.
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.

Contact Information

Richard Young
President & CEO
T: +1 416-594-0000 **|** E: ryoung@terangagold.com

Trish Moran
Head of Investor Relations
T: +1 416-607-4507 **|** E: tmoran@terangagold.com