

## MARCH QUARTERLY REPORT HIGHLIGHTS

### KEY POINTS

- ▶ Sabodala gold mine produced 36,402 ounces of gold during the quarter at total cash costs of US\$655 per ounce
- ▶ The Company plans to spend \$25 million on mine site and regional exploration for calendar 2011

### OPERATIONAL OVERVIEW

#### Sabodala Gold Operation

- Gold production for the quarter ended March 31, 2011 was 36,402 ounces of gold (22 percent over budget) at total cash costs (including royalties) of US\$655 per ounce sold (30 percent below budget).
- Total tonnes mined were 3 percent higher than budget for the quarter due to a 4 percent increase in waste tonnes mined and 2 percent lower ore tonnes mined as compared to budget. The mining rate for the March quarter was 35 percent higher than the previous December quarter due to higher productivity implementation measures, improved operating conditions during the dry season and the fully commissioned fleet of additional equipment introduced at the latter part of 2010 as part of the overall mine/mill expansion. The stripping ratio for the March quarter was 13.2:1 (waste to ore), 6 percent above budget.
- Mill throughput for the three months ended March 31, 2011 though above nameplate capacity, was marginally lower (3 percent) than plan due to the harder nature of the ore. The lower throughput was more than offset by the higher grade of the hard ore mined from the high grade area of the pit which increased the mill feed grade above budget (18 percent for the quarter ended March 31, 2011). The recovery rate was marginally ahead of plan due to higher gold grades processed.
- The plant expansion from 2.0 Mtpa to approximately 4.0 Mtpa is underway and is expected to be completed during the first quarter of 2012. The estimated capital costs for the plant expansion totals \$55.9 million.
- During the quarter ended March 31, 2011, 14,000 ounces were delivered into gold hedge contracts at \$845 per ounce and 25,490 ounces of gold were sold into the spot market at an average price of \$1,393 per ounce resulting in an average realized price for the quarter of \$1,199 per ounce. Deliveries into gold hedge contracts during the quarter ended March 31, 2011 reduced the balance outstanding to 221,500 ounces of gold.
- A total of ten target areas have been selected for drill testing on the 33km<sup>2</sup> Sabodala mining concession (the "Mining License"). These need to be systematically drilled to sufficient depth and density to evaluate the extent of mineralization available. Management is targeting to

increase reserves to 2 to 3 million ounces over the next twelve to twenty four month period on the Mine License alone.

- 12 drill rigs were on the Mine License and regional land package during the quarter. Management is in the process of sourcing an additional 2 to 4 drill rigs to complete the mine site and regional exploration programs outlined for 2011, which are expected to total \$25 million for calendar 2011.
- The Company is currently reviewing its proven and probable reserves as per its technical report filed under NI 43-101 and anticipates updating its reserves in the near term.

### CORPORATE

Teranga Gold Corporation ("Teranga or the Company") 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.

## SABODALA GOLD OPERATION

### Production Statistics

		March 2011 Quarter	December 2010 Quarter
Ore mined	('000t)	491	966
Waste mined	('000t)	6,460	4,158
Total mined	('000t)	6,951	5,124
Strip ratio	waste/ore	13.2	4.30
Ore processed	('000t)	608	587
Head grade	(g/t)	1.93	2.09
Gold recovery	(%)	89.8	91
Gold produced <sup>(a)</sup>	(oz)	36,402	33,648
Gold sold	(oz)	39,490	33,456
Average price received	US\$/oz	1,199	1,184
Total cash costs per ounce sold	US\$/oz	655	780

Notes:

(a) Gold produced is gold poured and does not include gold-in-circuit at period end

### Mine License Exploration

There were 3 rigs on the Mine License and a total of 13,000 meters (RC and diamond) were drilled in the quarter ending March 31st. During the quarter, the focus was on "the Corridor", the northerly extension of the structural system that defines the limits of the Sabodala gold deposit and the down dip extension of the Masato deposit positioned less than one kilometre east from the Sabodala mine.

#### "The Corridor"

Drilling continued in the structural corridor north of the Sabodala open pit. It produced positive near surface results along Ayoub's Thrust, a feature that defines the western limit of the Corridor. Mineralization has been traced more than 100 metres north of the existing Sabodala open pit and remains open to the north and west. The orientation of the mineralization is understood to be flat and stacked in multiple zones. The target is being drilled on 20 metre centres to facilitate potential inclusion in reserves during calendar 2011.

### Masato

The Masato deposit discovery made by a junior mining company on its exploration license contiguous with our Mining License dips onto the Mining License one kilometre east of the Sabodala open pit and is being tested initially over a 500 metres strike length. Later in this drill program the strike extension of the Masato deposit which enters the Mining License perimeter to the south will be drill tested.

Initial results from Masato are encouraging; multiple mineralized zones have been identified (from assays performed at the mine) with some high grade intervals apparent. Assuming continued success of this drill programme, the Company would anticipate a resource or reserve being added from this area by the end of calendar 2011.

### Regional Exploration

During the three months ended March 31, 2011, the Company received approval for its 3 exploration permits which were under application. As such, the regional land package consists of 10 exploration permits comprising 1,455km<sup>2</sup>.

Exploration drilling on the regional land holding commenced during the December quarter. Three drill rigs were utilized in the start up phase of this program and during the quarter a total of nine rigs were on the regional exploration permits. By the end of the March quarter the Company completed 14,400 m of Diamond RC and 34,600 m of RAB drilling.

## SABODALA GOLD OPERATION

### Diegoun (“the Donut”)

- A 19,000m RAB program also commenced at Cinnamon on the Northern portion of the Diegoun target area. At the end of the quarter 11,000m of this program had been completed.
- A 10,000m first pass RC drilling program commenced with 20 RC holes completed for 3,000m. Logging has identified structures with pyrite-silica-carbonate-albite alteration which has returned several intervals of anomalous gold over widths of up to 40 metres. Most gold assays are pending.

### Gora

- Follow up resource drilling also commenced at Gora with a total of 4,120m of RC and 2,000m of diamond drilling completed. Two rigs were drilling on this prospect during the quarter while a third diamond rig was relocated to the prospect at the end of the quarter. While many assays are still pending, 3D geological modelling has shown that the mineralisation identified in 2010 extends down dip and along strike for significant distances. In addition, the more detailed drilling showed improved continuity and extent of vein 2. Based on preliminary drilling, it is likely that Gora will be moved from exploration to a development project in the near future.

The Company has committed to significantly increase its exploration program by spending approximately \$17 million on its regional concessions for the 2011 calendar year end. The program will include over 180,000m of RAB, 70,000m of RC and over 30,000m of diamond drilling. Two additional drill rigs are scheduled to arrive during the next quarter to complete this program by the end of calendar 2011.

The Company will spend approximately US\$3.5 million over the next three years to increase its joint venture position to 80 percent on three of its exploration concessions with Axmin Inc. after Axmin gave notice towards the costs of the next phase of the exploration program for these areas. The Company expects to meet this threshold by June 30, 2011.

## CORPORATE

### Finance

At March 31, 2011:

- Cash and cash equivalents - US\$93.8 million
- Project Finance Facility – nil<sup>1</sup>
- Mining Fleet Lease Facility - US\$21.5 million
- Hedge Facility = 221,500 oz remaining to be delivered at an average price of US\$833/oz.

<sup>1</sup>All debt owing to the Macquarie Project Facility was fully repaid as of September 30, 2010, however, the Company remains under debt restrictions pursuant to the gold hedging commitments.

## SABODALA GOLD OPERATION

### Corporate Directory

#### Directors

**Alan Hill**, Chairman and CEO  
**Richard Young**, President and CFO  
**Christopher Lattanzi**, Non-Executive Director  
**Oliver Lennox-King**, Non-Executive Director  
**Alan Thomas**, Non-Executive Director  
**Frank Wheatley**, Non-Executive Director

#### Senior Management

**Alan Hill**, Chairman and CEO  
**Richard Young**, President and CFO  
**Yani Reditis**, Vice President, Operations  
**Kathy Sipos**, Vice President, Investor Relations  
**David Savarie**, Vice President, Legal & Corporate Secretary  
**Mark English**, General Manager, SGO  
**Martin Pawlitschek**, Manager Regional Exploration SGO  
**Bruce Van Brunt**, Manager Business Development SGO

#### Registered Office

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#### Auditor

Deloitte & Touche LLP

#### Share Registries

Canada: Computershare Trust Company of Canada  
 T: +1 800 564 6253  
 Australia: Computershare Investor Services Pty Ltd  
 T: 1 300 850 505

#### Stock Exchange Listings

Toronto Stock Exchange, TSX code: **TGZ**  
 Australian Securities Exchange, ASX code: **TGZ**

#### Issued Capital

Issued shares	245,618,000
Stock options	14,370,000

#### Stock Options – Exercise Profile

Exercise Price (C\$)	Options
\$3.00	14,370,000

## SABODALA GOLD OPERATION

### About TERANGA

Teranga Gold Corporation 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.

Teranga was created to acquire the Sabodala gold mine and a large regional exploration land package, located in Senegal, West Africa, from Mineral Deposits Limited. Management believes the mine operation, together with the Company's prospective 1,488 km<sup>2</sup> land package, provides the basis for growth in reserves, production, earnings and cash flow as new discoveries are made and processed through the Company's existing mill.

The Sabodala Gold Operation, which came into operation in 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines and discoveries in Mali.

The Company'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 West Africa, 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.

### Forward Looking Statements

Certain information contained in this report, including any information on Teranga's plans or anticipated future results, future financial or operating performance and other statements that express management's expectations or estimates of future performance constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. Teranga cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Teranga to be materially different from the company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration, development and operations of mineral properties, changes in economic conditions, changes in the worldwide price of gold, silver, fuel, electricity 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.

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 release relating to exploration activities within the mining license is based on information compiled by Mr. Bruce Van Brunt, who is a member of The Australasian Institute of Mining and Metallurgy and is also a registered professional geologist in the State of Washington, USA. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Van Brunt has consented to the inclusion of this information in the form and context in which it appears in this release. Mr. Van Brunt is a full-time employee of Teranga.

The technical information contained in this release relating to the regional exploration is based on information compiled by Mr. Martin Pawlitschek, who is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Pawlitschek has consented to the inclusion of this information in the form and context in which it appears in this release. Pawlitschek is a full-time employee of Teranga.

For further information please contact: **Kathy Sipos**, Vice-President of Investor Relations T: +1 416-594-0000 | E: [ksipos@terangagold.com](mailto:ksipos@terangagold.com)