TERANGA GOLD CORPORATION
2600 – 121 King Street West
Toronto ~ Ontario ~ M5H 3T9 ~ Canada
T: 416-594-0000 F: 416-594-0088
E: investor@terangagold.com
www.terangagold.com

PRESS RELEASE
For Immediate Release

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MARCH QUARTER REPORT

Toronto, Canada: May 14, 2013

For a full explanation of Financial, Operating, Exploration and Development results please see the Interim Condensed Consolidated Financial Statements as at and for the period ended March 31, 2013 and the associated Management's Discussion & Analysis at www.terangagold.com.

Solid first quarter production and cash costs and hedge book eliminated.

- Consolidated profit for the first quarter of 2013 was $45.0 million ($0.18 per share), compared to a loss of $2.1 million ($0.01 per share) in the same prior year period.
- Gold production for the three months ended March 31, 2013 increased 63 percent to 68,301 ounces of gold compared to the same prior year period.
- As of April 15, 2013, the Company is 100 percent hedge free.
- Total cash costs for the three months ended March 31, 2013 decreased 18 percent to $535 per ounce sold compared to the same prior year period.
- The Company's cash balance at March 31, 2013 increased to $57.4 million, including $6.4 million in bullion receivables.
- The company signed a long-term comprehensive Agreement in Principle with the Republic of Senegal in early April which sets out a predictable and stable fiscal operating environment for the Company's future investment in exploration, acquisitions and development to increase reserves and production.
- Gold production for 2013 is on track to be in the range of 190,000 – 210,000 ounces at total cash costs of $650 to $700 per ounce in line with 2013 guidance.[1]

"Sabodala had another strong quarter, providing the foundation for a solid year. Beyond Sabodala, the Agreement in Principle signed between the Company and the Republic of Senegal paves the way for us to invest and develop in order to increase our reserves and production in Senegal for the long-term. Our ability to leverage off our existing mill and infrastructure should allow us to increase reserves, production, earnings, cash flow and free cash flow in the coming years," said Alan R. Hill, Executive Chairman.

Financial Highlights (details on Page 5)

- Gold revenue for the first quarter of 2013 was $113.8 million compared to $60.5 million in the same prior year period, an increase of 88 percent. The increase in gold revenue was mainly driven by higher gold sales.
- Consolidated profit attributable to shareholders of Teranga for the first quarter of 2013 was $45.0 million ($0.18 per share), compared to a loss of $2.1 million ($0.01 per share) in the same prior year period. The increase in profit and earnings per share were primarily due to an increase in gross profit from an increase in revenues and a significant loss on gold hedge contracts in the prior year.
- Operating cash flow for the first quarter of 2013 was $23.6 million compared to $35.9 million in the same prior year period. The decrease in operating cash flow was mainly due to delivery of 45,289 ounces into the hedge book during the first quarter of 2013 and the timing of working capital receipts and payments.
- Capital expenditures were $22.2 million for the first quarter of 2013, which was $9.3 million lower than the same prior year period. The decrease in capital expenditures was mainly due to higher expenditures in 2012 related to the mill expansion which was completed in second quarter 2012, partially offset by higher capitalized deferred stripping expenditures in first quarter 2013.

(1) Total cash costs per ounce sold is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. For a definition of this metric, please refer to page 11 of the Company's Management's Discussion and Analysis.

- The Company's cash balance at March 31, 2013 increased to $57.4 million, including $6.4 million in bullion receivables.
- During the first quarter of 2013, the average realized gold price was $1,090 per ounce with 45,289 ounces delivered into gold hedge contracts at an average price of $806 per ounce and 24,378 ounces sold at an average spot price of $1,619 per ounce. During the same prior year period, 35,268 ounces were sold at an average price of $1,712 per ounce.
- The gold forward sales contracts declined by 45,289 ounces during the first quarter 2013 to 14,500 ounces at March 31, 2013. As of April 15, 2013, the Company is 100 percent hedge free after having bought back the remaining "out of the money" gold forward sales contracts.
- During the first quarter of 2013, the Company entered into a new $50 million finance lease facility with Macquarie Bank Limited ("Macquarie"). The lease facility replaces the finance lease facility previously in place with Société Générale ("SocGen"), which was assigned and novated to Macquarie. The proceeds will be put towards additional equipment for the Sabodala pit as well as the new equipment required for the Gora deposit that is currently being permitted. In total, $22.7 million was outstanding at March 31, 2013, including $10.5 million novated from SocGen during the quarter. A further $4.3 million will be drawn down in the second quarter when final delivery of Sabodala equipment is received. The balance of $23 million will be reserved for future drawn downs for purchases of mining equipment, as required.

"Now that we have eliminated the hedge book, our realized gold price should rise as we sell 100 percent of our production at spot gold prices. The higher realized gold price should result in higher cash margins and cash flows to further strengthen our balance sheet in 2013 and beyond. The free cash flow generated from Sabodala is expected to fund our growth initiatives through both exploration and consolidation," said Richard Young, President and CEO.

Operating Highlights (details on Page 5)

- Gold production for the three months ended March 31, 2013 increased 63 percent to 68,301 ounces of gold compared to the same prior year period due to the processing of higher grade ore combined with higher mill throughput as a result of the completion of the mill expansion.
- Gold sold for the three months ended March 31, 2013 increased 98 percent to 69,667 ounces compared to the same prior year period. Ounces sold during the first quarter were slightly higher than production for the period due to a draw-down of gold in circuit inventory. At March 31, 2013, gold in circuit and gold bullion inventory amounted to 11,883 ounces.
- Total cash costs for the three months ended March 31, 2013 decreased 18 percent to $535 per ounce sold compared to the same prior year period. While gross mine site costs increased 35 percent due to higher mining and processing rates, the decrease in total cash costs per ounce was mainly due to higher gold ounces sold and higher capitalization of production phase stripping costs. Total cash costs have been adjusted for the adoption of IFRIC 20 for capitalization of a portion of production phase stripping costs.
- Total tonnes mined for the three months ended March 31, 2013 were 19 percent higher compared to the same prior year period due to the increase in hauling and drilling capacity of the mining fleet during 2012 and first quarter 2013.
- Ore tonnes mined were 17 percent higher compared to the prior year period while grades mined were 36 percent higher resulting in an increase in ounces mined of about 60 percent.
- Mining rates are expected to decrease by about 2 percent in the second quarter through the balance of the year despite the commissioning of 3 haul trucks and 1 shovel as the Company lowers its mining rate to maximize free cash flow in 2013 but maintain production guidance.
- Unit mining costs for the quarter were 3 percent higher than the prior year period, mainly due to higher costs for blasting consumables enabling better fragmentation for processing.
- Ore tonnes milled for the three months ended March 31, 2013 were 21 percent higher than the same prior year period due to an increase in mill capacity as a result of the completion of the mill expansion in the second quarter of 2012.
- Transfer chute design upgrades and the addition of more durable liners in the high wear points through the plant commenced with a comprehensive planned shutdown in January 2013, with further work to continue during planned shutdowns in both the second and third quarters 2013. These changes are anticipated to help reduce the frequency and duration of unplanned downtime allowing the design targets to be achieved. Crusher operating time is the key to meeting design target throughput rates.
- Unit processing costs for the three month period ended March 31, 2013 were 31 percent higher than the same prior year period mainly due to higher power generation cost due to a higher power demand associated with the increased milling capacity, higher maintenance costs associated with the planned January shutdown to improve crusher operating time, and higher consumption of grinding media required for the processing of a lower ratio of soft to hard ore blend.
- Unit general and administration costs for the three months ended March 31, 2013 were higher compared to the same prior year period mainly due to a buildup in manpower.

2013 Revised Guidance

	For the year ended December 31, 2013	
	Revised Guidance	Original Guidance
Operating results		
Production (oz)	190,000 - 210,000	190,000 - 210,000
Total cash costs (incl. royalties)[1,2] ($/oz sold)	650 – 700	650 – 700
Exploration and evaluation expense (Regional Land Package) ($ millions)	3.0	10.0 – 15.0
Administration expenses ($ millions)	13.0	15.0 – 20.0
Capital expenditures ($ millions)		
Mine site	20.0	20.0 - 25.0
Capitalized reserve development (Mine License)	5.0	5.0 - 10.0
Gora development costs		
Mobile equipment	5.0	30.0 - 35.0
Site development	5.0	15.0 - 20.0
Total Gora development costs	10.0	45.0 - 50.0
Capitalized deferred stripping[2]	35.0	35.0 - 40.0
Total capital expenditures	70.0	105.0 - 125.0

[1] Total cash costs per ounce is a non-IFRS financial measure and does not have a standard meaning. For a definition of this metric, please see page 11 in the Management's Discussion and Analysis.

[2] Includes the impact of adopting IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine. Refer to Adoption of New Accounting Standards in the Management's Discussion and Analysis.

- First quarter results benefited from continuation of mining a high grade zone in phase two, as a result, the Company remains on track to produce between 190,000 – 210,000 ounces of gold in 2013. Total cash costs guidance for 2013 remains unchanged at $650 to $700 per ounce despite the increase in the royalty rate from 3% to 5% of sales effective January 1, 2013.
- In light of market conditions, we have lowered discretionary expenditures in a number of key areas including operations, exploration and administration, as well as, sustaining and development capital.
- Reserve development expenditures on the Mine License have been reduced while exploration drilling on the Regional Land Package is being minimized. The Agreement in Principle signed with the Government of Senegal in early April provides for the extension of five key regional exploration licenses which allows the Company to defer regional exploration activity. Exploration expense for 2013 is now expected to total $3 million, a decrease from our original guidance range of $10 to $15 million, while capitalized reserve development costs are now expected at the lower end of our original guidance range of $5 to $10 million.
- General and administrative expenses have been reduced to $13 million from the original guidance range of $15 to $20 million, but still provide for the necessary support of operations and development.
- Sustaining and development capital expenditures have been reduced by extending the timeline for the development of the Company's first satellite deposit at Gora, where permits are expected in 2013 and production in the first half of 2014. Mine site capital expenditures are expected at the lower end of our original guidance range of $20 to $25 million. Development expenditures at Gora in 2013 will be minimized to $5 to $10 million from a previous expected range of $45 to $50 million, of which $23 million was to be financed via the new mobile equipment loan. Capitalized deferred stripping at the Sabodala pit is now expected at the bottom end of the original range of $35 to $40 million.
- With these changes, at a gold price of $1,400 per ounce, we expect to generate free cash flow in 2013 which will further improve our financial strength during this period.

Development Highlights (Mine License)

- Drilling at the Sabodala open pit during the first quarter was primarily from within the pit and along the perimeter to the east and west of the current pit to upgrade and increase mineral resources. Drilling confirmed continuation of these zones. The 2013 drill program for Sabodala was largely completed at the end of first quarter 2013.
- Waste dump condemnation drilling to the SE of the Sabodala open pit encountered a zone of mineralization within the general trend of the NW Shear projected to the southeast near the base of Sambaya Hill. Drilling continued in this area during the first quarter, following up on results received in 2012.
- A large resource definition program is planned for 2013 for the Niakafiri, Niakafiri West, Dinkokhono and Soukhoto deposits, pending ongoing community discussions. In conjunction with our Agreement with the Republic of Senegal, Management expects to complete these discussions and commence drilling in the second quarter of 2013.
- The Masato North target area is located along the possible northeast trending splay of the Sabodala Shear zone, to the north of Masato. Drilling intersected a strongly altered shear zone containing sericite, albite and sulphides. A total of 870 metres in 6 holes were drilled in the first quarter 2013 and results are pending.

Exploration Highlights (Regional Land Package)

- A program of approximately 4,300 metres of Reverse Circulation ("RC") drilling was completed in the first quarter to follow up on the mineralization intersected at Tourokhoto Marougou in 2012. Three mineralized zones ranging in strike length from 0.5 km to 1.3 km and with varying widths have been outlined. Geological and resource modeling is ongoing. The previous drilling program identified significant mineralization on three RC lines spaced over a total strike length of 1,200 metres. The follow-up program was designed to determine if this mineralization is continuous between and along strike of these widely spaced lines.

- A 1,600 metre RC drill program was completed in the first quarter at Goumbou Gamba. The program was implemented to test the strike and down dip extensions of gold mineralization identified over a 2 km strike length in earlier Rotary Air Blast ("RAB") and RC drill campaigns.

- Geological mapping and rock chip sampling was undertaken at Soreto. A 4 km long surface gold anomaly associated with a major NNW regional shear structure was identified. A limited diamond drill-hole program has been designed to test the mineralization at depth.

- Geological mapping and trench sampling at Ninyenko has confirmed the existence of a near surface flat lying gold bearing brecciated shear zone with pervasive quartz-hematite-potassic alteration. Gold mineralization has been identified in prospect trenches covering an area 1.3 km long by 0.6 km wide. Channel sampling of the mineralized zone gave elevated gold values. Trenching and mapping is planned to locate extensions to the gold mineralization.

Corporate Update

- The Company signed a long-term comprehensive Agreement in Principle ("Agreement") with the Republic of Senegal in early April. The Agreement sets out a predictable and stable fiscal operating environment for the Company's future investment in exploration, acquisitions and development to increase reserves and production.

- The Agreement benefits all stakeholders and gives the Company the ability to invest with certainty in regards to the fiscal and operating parameters. The agreement is expected to be finalized during the second quarter of 2013.

- In April 2013, the Company appointed Mr. Jeff Williams to the Board of Directors of the Company. Mr. Williams is a non-executive member of the Company's Board and is also an advisor to Mineral Deposits Limited, the company that built the Sabodala mine.

- The Company has appointed Ernst & Young LLP as the Company's new auditors.

- The Company also announces that its Board of Directors has approved an amendment to its by-laws to add an advance notice requirement (the "Advance Notice By-Law"), which requires advance notice to be given to the Company in circumstances where nominations of persons for election as a director of the Company are made by shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the Canada Business Corporations Act (the "CBCA"); or (ii) a shareholder proposal made pursuant to the provisions of the CBCA. Among other things, the Advance Notice By-law fixes a deadline by which shareholders must submit a notice of director nominations to the Company prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

- In the case of an annual meeting of shareholders, notice to the Company must be given not less than 30 nor more than 65 days prior to the date of the annual meeting, however, in the event the meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

- The Advance Notice By-Law is effective immediately and will be submitted to shareholders for confirmation and ratification at the Company's upcoming annual and special meeting of shareholders to be held on June 26th, 2013 (the "Meeting").

- The Company also announces that the Board has adopted a majority voting policy (the "Majority Voting Policy") with respect to the election of directors in uncontested elections. In the event that a nominee receives more "withheld" than "for" votes in an uncontested election, he or she will be expected to submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board, on the recommendation of the corporate governance and nominating committee, will consider the resignation and make its decision to accept or reject such resignation and announce its decision in a news release within 90 days after the shareholder meeting at which the candidacy of the director was considered.

- The full text of the Advance Notice By-Law and the Majority Voting Policy are available on SEDAR at www.sedar.com. Further details regarding the Meeting will be contained in a Management Information Circular that will be mailed to shareholders of the Company and filed on SEDAR in due course.

Review of First Quarter Financial Results

(US$000's, except where indicated)	Three months ended March 31	
Financial Results	2013	2012
Revenue	113,815	60,526
Cost of sales	(55,971)	(31,117)
Gross Profit	**57,844**	**29,409**
Exploration and evaluation expenditures	(2,027)	(7,176)
Administration expenses	(3,830)	(3,349)
Share based compensation	73	(1,755)
Finance costs	(2,696)	(938)
Gains/(losses) on gold hedge contracts	2,193	(17,483)
Gains on oil hedge contracts	31	615
Net foreign exchange losses	(61)	(369)
Impairment of available for sale financial asset	(962)	-
Other income	9	8
Profit/(loss) for the period	**50,574**	**(1,038)**
Profit attributable to non-controlling interest	5,591	1,036
Profit/(loss) attributable to shareholders of Teranga	**44,983**	**(2,074)**
Basic earnings/(losses) per share	0.18	(0.01)

Review of First Quarter Operating Results

		Three months ended March 31	
Operating Results		2013	2012
Ore mined	('000t)	1,312	1,117
Waste mined	('000t)	7,536	6,316
Total mined	('000t)	8,848	7,433
Grade mined	(g/t)	1.87	1.38
Ounces mined	(oz)	78,929	49,516
Strip ratio	waste/ore	5.7	5.7
Ore milled	('000t)	696	573
Head grade	(g/t)	3.31	2.52
Recovery rate	%	92.1	90.0
Gold produced[1]	(oz)	68,301	41,904
Gold sold	(oz)	69,667	35,268
Average price received	$/oz	1,090	1,712
Total cash cost (incl. royalties)[2]	$/oz sold	535	650
Mining	($/t mined)	2.61	2.53
Milling	($/t milled)	22.47	17.19
G&A	($/t milled)	6.17	5.61

[1] Gold produced represents change in gold in circuit inventory plus gold recovered during the period.

[2] Total cash costs per ounce is a non-IFRS financial measure with no standard meaning under IFRS. For a definition of this metric, please see page 11 of the Management's Discussion and Analysis.

First Quarter Cost of Sales

(US$000's, except where indicated)	Three months ended March 31	
Cost of Sales	2013	2012
Mine production costs	28,340	25,528
Depreciation and amortization	20,319	9,002
Royalties	5,610	1,822
Rehabilitation	1	4
Inventory movements	1,701	(5,239)
Total cost of sales	**55,971**	**31,117**

CORPORATE DIRECTORY

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

Senior Management
Alan Hill, Executive Chairman
Richard Young, President and CEO
Mark English, Vice President, Sabodala Operations
Paul Chawrun, Vice President, Technical Services
Navin Dyal, Vice President and CFO
David Savarie, Vice President, General Counsel & Corporate Secretary
Kathy Sipos, Vice President, Investor & Stakeholder Relations
Macoumba Diop, General Manager and Government Relations Manager, SGO

Registered Office
121 King Street West, Suite 2600
Toronto, Ontario, M5H 3T9, Canada
T: +1 416-594-0000
F: +1 416-594-0088
E: investor@terangagold.com
W: www.terangagold.com

Senegal Office
2K Plaza
Suite B4, 1er Etage
sis la Route due Meridien President
Dakar Almadies
T: +221 338 693 181
F: +221 338 603 683

Auditor
Ernst & Young 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 symbol: TGZ
Australian Securities Exchange, ASX symbol: TGZ

For further information please contact: Kathy Sipos, Vice-President, Investor & Stakeholder Relations:

T: +1 416-594-0000
E: ksipos@terangagold.com

FORWARD LOOKING STATEMENTS

This news 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 that are based on assumptions about 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, 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 27, 2013, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and, except as required by law, 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 news release 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 Report relating to the mineral reserve estimates within the Sabodala, Sutuba, Niakafiri and Gora deposits and the Stockpiles, is based on information compiled by Julia Martin, P.Eng., MAusIMM (CP), a full time employee with AMC Mining Consultants (Canada) Ltd., is independent of Teranga, is a "qualified person" as defined in NI 43-101 and 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 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 has reviewed and accepts responsibility for the reserve estimates disclosed above. Ms Martin has consented to the inclusion in the report 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 the mineral resources is based on information compiled by Ms. Patti Nakai-Lajoie, who is a Member of the Association of Professional Geoscientists of Ontario. Ms. Patti Nakai-Lajoie is full time employee of Teranga and is not “independent” within the meaning of National Instrument 43-101. Ms. Patti Nakai-Lajoie has sufficient experience which is relevant to the style of mineralisation 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. Patti Nakai-Lajoie is a “Qualified Person” under National Instrument 43-101 Standards of Disclosure for Mineral Projects.and she consents to the inclusion in the report 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 exploration results is based on information compiled by Mr. Martin Pawlitschek, who is a Member of the Australian Institute of Geoscientists. Mr. Pawlitschek is a consultant of Teranga and is not “independent” within the meaning of National Instrument 43-101. Mr. Pawlitschek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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”. Mr. Pawlitschek is a “Qualified Person” in accordance with NI 43-101 and he consents to the inclusion in the report of the matters based on his information in the form and context in which it appears in this Report.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME / LOSS

(Unaudited and in US$000's, except per share amounts)

	Three months ended March 31, 2013	Three months ended March 31, 2012 (Restated)
Revenue	113,815	60,526
Cost of sales	(55,971)	(31,117)
Gross profit	**57,844**	**29,409**
Exploration and evaluation expenditures	(2,027)	(7,176)
Administration expenses	(3,830)	(3,349)
Share based compensation	73	(1,755)
Finance costs	(2,696)	(938)
Gain (losses) on gold hedge contracts	2,193	(17,483)
Gains on oil hedge contracts	31	615
Net foreign exchange (losses)/ gains	(61)	(369)
Impairment of available for sale financial asset	(962)	-
Other income	9	8
	(7,270)	**(30,447)**
Profit/(loss) before income tax	**50,574**	**(1,038)**
Income tax benefit	-	-
Profit/(loss) for the period	**50,574**	**(1,038)**
Profit/(loss) attributable to:		
Shareholders	44,983	(2,074)
Non-controlling interests	5,591	1,036
Profit/(loss) for the period	**50,574**	**(1,038)**
Other comprehensive loss:		
Exchange differences arising on translation of Teranga corporate entity	-	(63)
Change in fair value of available for sale financial asset, net of tax	(5,456)	(3,927)
Other comprehensive loss for the period	**(5,456)**	**(3,990)**
Total comprehensive income/(loss) for the period	**45,118**	**(5,028)**
Total comprehensive income/(loss) attributable to:		
Shareholders	39,527	(6,064)
Non-controlling interests	5,591	1,036
Total comprehensive income/(loss) for the period	**45,118**	**(5,028)**
Earnings/(losses) per share from operations attributable to the shareholders of the Company during the period		
- basic earnings/(losses) per share	0.18	(0.01)
- diluted earnings/(losses) per share	0.18	(0.01)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF FINANCIAL POSITION

(Unaudited and in US$000's)

	As at March 31, 2013	As at December 31, 2012 (Restated)
Current assets		
Cash and cash equivalents	51,016	39,722
Trade and other receivables	7,554	6,482
Inventories	73,376	74,969
Financial derivative assets	-	456
Other assets	5,080	6,836
Available for sale financial assets	8,273	15,010
Total current assets	**145,299**	**143,475**
Non-current assets		
Inventories	35,650	32,700
Property, plant and equipment	238,129	247,898
Mine development expenditures	158,429	138,609
Intangible assets	1,663	1,859
Total non-current assets	**433,871**	**421,066**
Total assets	**579,170**	**564,541**
Current liabilities		
Trade and other payables	40,920	44,823
Borrowings	10,307	10,415
Financial derivative liabilities	11,709	51,548
Provisions	1,920	1,940
Total current liabilities	**64,856**	**108,726**
Non-current liabilities		
Borrowings	69,037	58,193
Provisions	9,750	10,312
Other non-current liabilities	2,612	-
Total non-current liabilities	**81,399**	**68,505**
Total liabilities	**146,255**	**177,231**
Equity		
Issued capital	305,412	305,412
Foreign currency translation reserve	(998)	(998)
Equity-settled share based compensation reserve	16,845	16,358
Investment revaluation reserve	-	5,456
Accumulated income	94,208	49,225
Equity attributable to shareholders	**415,467**	**375,453**
Non-controlling interests	17,448	11,857
Total equity	**432,915**	**387,310**
Total equity and liabilities	**579,170**	**564,541**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF CHANGES IN EQUITY
(Unaudited and in US$000's)

	Three months ended March 31, 2013	Three months ended March 31, 2012 (Restated)
Issued capital		
End of period	305,412	305,412
Foreign currency translation reserve		
Beginning of period	(998)	(935)
Exchange difference arising on translation of Teranga corporate entity	-	(63)
End of period	(998)	(998)
Equity-settled share based compensation reserve		
Beginning of period	16,358	12,599
Equity-settled share based compensation reserve	487	1,755
End of period	16,845	14,354
Investment revaluation reserve		
Beginning of period	5,456	(1,319)
Change in fair value of available for sale financial asset, net of tax	(5,456)	(3,927)
End of period	-	(5,246)
Accumulated income/(loss)		
Beginning of period	49,225	(43,375)
Profit/(Loss) attributable to shareholders	44,983	(2,074)
End of period	94,208	(45,449)
Non-controlling interest		
Beginning of period	11,857	(3,713)
Non-controlling interest - portion of profit for the period	5,591	957
End of period	17,448	(2,756)
Total shareholders' equity at March 31	**432,915**	**265,317**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF CASH FLOW

(Unaudited and in US$000's)

	Three months ended March 31, 2013	Three months ended March 31, 2012 (Restated)
Cash flows related to operating activities		
Profit/(loss) for the period	50,574	(1,038)
Depreciation of property, plant and equipment	15,354	6,934
Depreciation of capitalized mine development costs	4,996	2,103
Amortization of intangibles	269	147
Amortization of borrowing costs	350	107
Unwinding of discount	24	23
Share based compensation	487	1,755
Net change in losses on gold hedge	(39,839)	17,483
Net change in losses on oil hedge	456	47
Impairment of available for sale financial asset	962	-
Profit on disposal of property, plant and equipment	99	-
Changes in working capital	(10,092)	8,366
Net cash provided by operating activities	**23,640**	**35,927**
Cash flows related to investing activities		
Increase in restricted cash	-	(348)
Redemption of short-term investments	-	592
Expenditures for property, plant and equipment	(4,624)	(15,491)
Expenditures for mine development	(17,479)	(15,995)
Acquisition of intangibles	(73)	(2)
Proceeds on disposal of property, plant and equipment	35	-
Net cash used in investing activities	**(22,141)**	**(31,244)**
Cash flows related to financing activities		
Repayment of borrowings	-	(2,800)
Drawdown from finance lease facility, net of financing cost paid	11,146	2,862
Interest paid on borrowings	(1,670)	(279)
Net cash provided by (used in) financing activities	**9,476**	**(217)**
Effect of exchange rates on cash holdings in foreign currencies	319	(507)
Net increase in cash and cash equivalents held	**11,294**	**3,959**
Cash and cash equivalents at the beginning of period	**39,722**	**7,470**
Cash and cash equivalents at the end of period	**51,016**	**11,429**