MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the three and nine months ended September 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial conditions and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and nine months ended September 30, 2015. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto ("Statements") of Teranga Gold Corporation ("Teranga" or the "Company") as at and for the three and nine months ended September 30, 2015, as well as, with the audited consolidated financial statements of Teranga as at and for the twelve months ended December 31, 2014. Our Statements and MD&A are presented in United States dollars, unless otherwise specified, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additional information about Teranga, including our Annual Information Form for the year ended December 31, 2014, as well as all other public filings, is available on our website at www.terangagold.com and on the SEDAR website (www.sedar.com).

This report is dated as of October 29, 2015. All references to the Company include its subsidiaries unless the context requires otherwise.

The MD&A contains references to Teranga using the words "we", "us", "our" and similar words and the reader is referred to using the words "you", "your" and similar words.

OVERVIEW OF THE BUSINESS

Teranga is a Canadian-based gold company listed on the Toronto and Australian stock exchanges under the symbol "TGZ". Operating in West Africa, we are engaged in the production and sale of gold, as well as related activities such as exploration and development.

Vision

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

Mission

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

Strategy

To increase long-term sustainable free cash flows, we have a three-pronged growth focus within our operations in Senegal, based on achieving: (i) reserve growth; (ii) production growth; and (iii) margin expansion.

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

(i) Reserve Growth

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

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

- *Making large-scale discoveries*: We are currently exploring our 1,000km^2 regional land package which surrounds our Sabodala gold mine. We believe there is a reasonable basis for new large-scale discoveries given the history of exploration success in the surrounding area. Our land package is located on the same geographical gold belt that runs through Mali and Senegal where more than 50 million ounces have been discovered, including three world-class discoveries (+5 million ounces).

- *Acquiring existing deposits in Senegal and Greater West Africa:* We will seek to leverage our advantage in Senegal as the only gold producer with a full-scale operating mill and related infrastructure, as well as our people, regional operating experience and social license within Greater West Africa to acquire and process third party ore deposits.

(ii) Production Growth

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

To this end, we have initiated a mill optimization project, which is expected to increase throughput by up to 10 percent and reduce processing costs by approximately 5 percent. The project is targeted for completion in the third quarter of 2016 ramping to full commission in early fourth quarter 2016.

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

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

(iii) Margin Expansion

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

Acquisition

On October 4, 2013, we completed the acquisition of Oromin Exploration Ltd. ("Oromin"). Oromin held a 43.5 percent participating interest in the Oromin Joint Venture Group ("OJVG"). The OJVG held a fully participating 90 percent interest in Societe des Mines de Golouma S.A. ("Somigol"), an operating company incorporated under the laws of Senegal, and the remaining 10 percent carried interest is held by the Government of Senegal.

On January 15, 2014, we acquired the balance of the OJVG that we did not already own: Bendon International Ltd.'s ("Bendon") 43.5 percent participating interest and Badr Investment Ltd.'s ("Badr") 13 percent carried interest.

The acquisition of Bendon and Badr's interests in the OJVG increased our ownership to 100 percent and allowed us to consolidate the Sabodala region, increasing the size of our mine license land holding from 33km^2 to 246km^2 by combining the two permitted mine licenses and more than doubling our reserve base.

With the integration of the OJVG license area and its various satellite deposits into Sabodala's mine plan, this transaction has resulted in significant capital and operating cost synergies, leveraging the Sabodala mill and related infrastructure within a similar footprint.

FINANCIAL HIGHLIGHTS

	Three months ended September 30,			Nine months ended September 30,		
(US$000's, except where indicated)	2015	2014	Change	2015	2014	Change
Revenue	37,830	56,711	(33%)	166,385	184,035	(10%)
Gold produced (ounces)	32,956	48,598	(32%)	130,991	140,545	(7%)
Profit (loss) attributable to shareholders of Teranga[1]	1,568	(1,524)	N/A	21,281	(9,914)	N/A
Per share[1]	0.00	(0.00)	N/A	0.06	(0.03)	N/A
Operating cash flow	(8,221)	13,822	N/A	20,679	18,332	13%
Free cash flow[2]	(21,489)	8,570	N/A	(14,696)	12,524	N/A
Free cash flow per ounce sold[2]	(632)	192	N/A	(105)	88	N/A
Gold sold (ounces)	33,982	44,573	(24%)	140,279	142,625	(2%)
Total cash costs per ounce sold[3]	712	781	(9%)	631	760	(17%)
All-in sustaining costs per ounce sold[3]	1,191	954	25%	964	934	3%

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.

Third Quarter Financial and Operating Highlights

- Revenue was lower compared to the prior year period due to lower production and sales volumes and lower realized gold prices.
- Production during the third quarter was impacted by heavy rainfall that caused material handling issues with the oxide material being mined at Masato, which in turn negatively impacted throughput. As a result, higher grade oxide material from Masato, 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.
- The increase in profit in the current period was mainly due to lower cost of sales and lower finance costs. In the prior period, we recorded a non-cash write-down of inventory to net realizable value of $2.3 million which was fully reversed by the end of 2014.
- The decrease in operating cash flow was mainly due to lower revenues and higher inventory and other working capital adjustments.
- All-in sustaining costs were higher due to planned higher capital expenditures, associated with the completion of Gora, over fewer ounces sold, partly offset by lower total cash costs per ounce.
- The decrease in free cash flow and free cash flow per ounce was mainly due to lower sales revenues and higher capital expenditures and cash used in operating activities.

- Total cash costs per ounce improved mainly due to lower mine production costs, partly offset by lower gold production.
- We ended the third quarter with $29.9 million in cash and cash equivalents, a decrease of $8.5 million from the balance at the end of the second quarter.
- During the quarter, we closed a previously announced $30.0 million Senior Secured Revolving Credit Facility ("Revolver Facility") with Société Générale and drew $15.0 million for working capital needs.
- Subsequent to the quarter, we completed a non-brokered CDN$22,736,000 (US$17,454,000) 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. The capital proceeds further strengthen Teranga's balance sheet and support future growth. Including this private placement, on a pro forma basis, the Company's cash balance at September 30, 2015 is approximately $47.3 million.

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 108:1

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[1], 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.

TWO YEAR OUTLOOK (2016-2017)

In order to increase long-term sustainable free cash flow, in varying gold price environments, we have the ability to optimize the processing of existing stockpile balances, and to sequence pits and phases within the pits based on grade, strip ratio, ore hardness and capital required.

In the current gold price environment, and based on existing proven and probable reserves, the mine plan that generates the highest free cash flow is a plan that limits material movement to about 40 million tonnes per year, which is the approximate maximum capacity of the existing mobile equipment fleet.

As outlined in the Company's existing technical report pursuant to National Instrument – Standards of Disclosures for Mineral Projects (the "NI 43-101") filed in 2014, a reduction in material movement of approximately 12.5 million tonnes per annum in each of 2016 and 2017, results in lower operating and capital costs and higher free cash flow. Production for the two-year period is expected to average between 230,000 and 240,000 ounces per annum.[2]

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

Additional upside to future free cash flow is expected to come from the current productivity initiatives underway and favorable fuel and currency rates, as well as, resource to reserve conversions from anticipated drilling at Niakafiri, Golouma, and Kerekounda on the now expanded Sabodala mine license.

We identified a number of risk factors to which we are subject in our Annual Information Form filed for the year ended December 31, 2014. These various financial and operational risks and uncertainties continue to be relevant to an understanding of our business, and could have a significant impact on profitability and levels of operating cash flow. Refer to Risks and Uncertainties at the end of this report for additional risks.

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

[2] The production guidance is based on existing proven and probable reserves only from both the Sabodala mining license and Golouma mining license as disclosed in the Company's December 31, 2014 Annual MD&A.

REVIEW OF OPERATING RESULTS

Operating Results		Three months ended September 30, 2015	2014	Change	Nine months ended September 30, 2015	2014	Change
Ore mined	('000t)	1,750	1,272	38%	5,889	3,508	68%
Waste mined - operating	('000t)	4,958	4,201	18%	13,770	15,585	(12%)
Waste mined - capitalized	('000t)	713	524	36%	4,775	1,479	223%
Total mined	('000t)	7,421	5,997	24%	24,434	20,572	19%
Grade mined	(g/t)	1.15	1.71	(33%)	1.17	1.58	(26%)
Ounces mined	(oz)	64,807	69,805	(7%)	220,967	178,858	24%
Strip ratio	waste/ore	3.2	3.7	(13%)	3.1	4.9	(35%)
Ore milled	('000t)	691	903	(24%)	2,503	2,613	(4%)
Head grade	(g/t)	1.62	1.89	(15%)	1.77	1.87	(5%)
Recovery rate	%	91.8	88.5	4%	92.0	89.4	3%
Gold produced[1]	(oz)	32,956	48,598	(32%)	130,991	140,545	(7%)
Gold sold	(oz)	33,982	44,573	(24%)	140,279	142,625	(2%)
Average realized price	$/oz	1,112	1,269	(12%)	1,185	1,286	(8%)
Total cash costs (incl. royalties)[2]	$/oz sold	712	781	(9%)	631	760	(17%)
All-in sustaining costs[2]	$/oz sold	1,191	954	25%	964	934	3%
Mining	($/t mined)	2.47	3.12	(21%)	2.30	2.93	(21%)
Mining long haul	($/t hauled)	5.31	-	NA	5.31	-	NA
Milling	($/t milled)	16.50	15.96	3%	14.29	18.39	(22%)
G&A	($/t milled)	5.66	4.46	27%	4.75	4.74	0%

[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		Nine months ended September 30, 2015		
		Masato	Gora	Masato	Sabodala	Gora
Ore mined	('000t)	1,683	67	5,349	473	67
Waste mined - operating	('000t)	3,530	1,428	11,838	504	1,428
Waste mined - capitalized	('000t)	-	713	4,038	24	713
Total mined	('000t)	5,213	2,208	21,225	1,001	2,208
Grade mined	(g/t)	1.15	1.12	1.13	1.83	1.12
Ounces mined	(oz)	62,393	2,414	190,931	27,622	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 and nine months were 24 and 19 percent higher respectively, compared to the prior year periods. 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. In the prior year periods, mining was mainly focused in the lower benches of Phase 3 in the Sabodala pit, resulting in longer haul cycles.

Ore tonnes mined for the three and nine months were 38 and 68 percent higher respectively, compared to the prior year periods while ore grades mined were lower, mainly as a result of mining activities focused on the lower-grade Masato pit. In the prior year periods, mining was mainly focused on higher grade areas of the Sabodala pit. During the current quarter, ore mined at Gora was delivered to the Sabodala processing plant by a dedicated fleet of third-party owned and operated trucks. At Masato, ore tonnes mined during the current quarter were 19 percent lower than planned due to the heavy rainfall which delayed access to higher grades areas of the pit. As well, the pit floor was sheeted with low-grade stockpiled material to enable mining activities. 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 and nine months were 24 percent and 4 percent lower respectively, compared to the prior year periods. During the current quarter ore tonnes milled were 26 percent lower than planned due to heavy rainfall that has caused material handling issues with the soft oxide material being mined at Masato, which in turn has 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. In the prior year periods, mill feed was comprised of mainly fresh ore from the Sabodala pit.

Head grade for the three and nine months were 15 percent and 5 percent lower than the prior year period mainly due to higher ore tonnes milled from Masato. Head grade for the current quarter was 16 percent lower than planned, mainly due to the delays in mining and processing of higher grade Masato material. As well, harder stockpiled ore at lower ore grades was added to blend with softer, wet ore from Masato to increase crushing and milling rates. In the prior year period, head grades were higher due to higher ore grades mined from the Sabodala pit. 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 and nine months were 32 percent and 7 percent lower respectively, compared to the prior year periods, 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

Total mining costs for the current quarter were 1 percent lower than the prior year period, but were 13 percent better than planned. Total mining costs for the nine months were 7 percent lower than the prior year period. Shorter haul distances realized in 2015, in part due to optimizing mine operations to improve productivity, resulted in lower fuel consumption required to move 27 and 20 percent more material respectively, than in the prior year periods. As a result, the mine department incurred lower fuel costs. In addition to lower fuel and favorable currency movements, the mine department also benefited from lower costs due to softer Masato material mined near surface. This was partly offset by higher costs associated with grade control drilling combined with higher tire consumption at Masato as a result of poor ground conditions caused by the heavy rainfall during the third quarter. Unit mining costs for the three and nine months were 21 and 21 percent lower compared to the prior year periods due to lower costs and higher tonnes mined.

Total processing costs for the three and nine months were 21 and 26 percent lower respectively, than the prior year periods, mainly due to lower power, grinding and reagent consumption, due to the processing of softer material, combined with favourable fuel, reagent and currency prices. During the current quarter, the material handling issues caused by the wet oxide ore resulted in lower throughput leading to decreased power usage when compared to plan. 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 processing costs for the nine months were 22 percent lower than the prior year period mainly due to a reduction in total processing costs.

Total mine site general and administrative costs for the three and nine months were 3 and 4 percent lower respectively, compared the prior year periods mainly due to lower camp costs and favourable currency rates. 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, and were unchanged for the nine month periods.

Total cash costs per ounce for the three and nine months were 9 percent and 17 percent lower compared to the prior year periods (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 and nine months were 25 and 3 percent higher respectively, compared to the prior year periods (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.

REVIEW OF FINANCIAL RESULTS

	Three months ended September 30,			Nine months ended September 30,		
(US$000's, except where indicated)	2015	2014	% Change	2015	2014	% Change
Revenue	37,830	56,711	(33%)	166,385	184,035	(10%)
Cost of sales[1]	(32,497)	(52,358)	(38%)	(123,746)	(170,244)	(27%)
Gross profit	**5,333**	**4,353**	**23%**	**42,639**	**13,791**	**209%**
Exploration and evaluation expenditures	(48)	(672)	(93%)	(1,782)	(2,399)	(26%)
Administration & corporate social responsibility expenses	(3,389)	(3,190)	6%	(11,743)	(11,217)	5%
Share-based compensation	(384)	(325)	18%	(1,752)	(986)	78%
Finance costs	(789)	(2,640)	(70%)	(2,186)	(7,404)	(70%)
Net foreign exchange gains	472	1,342	(65%)	2,154	1,342	61%
Other income (expense)	20	36	(44%)	2,050	(1,997)	N/A
Profit (loss) before income tax	**1,215**	**(1,096)**	**N/A**	**29,380**	**(8,870)**	**N/A**
Income tax recovery (expense)	846	-	N/A	(5,510)	-	N/A
Profit (loss) for the period	**2,061**	**(1,096)**	**N/A**	**23,870**	**(8,870)**	**N/A**
Profit attributable to non-controlling interests	(493)	(428)	15%	(2,589)	(1,044)	148%
Profit (loss) attributable to shareholders of Teranga	**1,568**	**(1,524)**	**N/A**	**21,281**	**(9,914)**	**N/A**
Basic earnings (loss) per share	0.00	(0.00)	N/A	0.06	(0.03)	N/A

1 In 2014, the Company reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012. The 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.

	Three months ended September 30,		
Spot price per ounce of gold	**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)	Three months ended September 30,		
Cost of Sales	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.

For the three months ended September 30, 2015, cost of sales decreased by 38 percent to $32.5 million from $52.4 million due to lower mine production costs, depreciation and amortization, inventory movements, and adjustments to net realizable value.

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. The decrease was due lower revenue in the current quarter, partly offset by the amortization of advanced royalties related to production from the OJVG property in the current year period. See Contingent Liabilities section for additional information.

During the 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. In third quarter 2014, a non-cash write-down of $2.3 million was recognized. The write-down was due to an increase in the average cost per ounce of inventory. The write-down was fully reversed in fourth quarter 2014 as the average cost per ounce of inventory declined with higher mine production.

Exploration and evaluation

Exploration and evaluation expenditures for 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. See Regional Exploration section for additional information.

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.

Share-based compensation

Share-based compensation expense increased by $0.1 million to $0.4 million during the third quarter over the prior year due to new grants of share-based awards at March 31, 2015. Under IFRS, the accelerated method of amortization is applied to new grants of stock options and fixed bonus plan units, which results in about 70 percent of the cost of the stock options and fixed bonus plan units recorded in the first year of grant.

Deferred Share Units ("DSUs") are granted to allow non-executive directors to participate in the long-term success of the Company and to promote alignment of interests between directors and shareholders. Restricted Share Units ("RSUs") are granted to employees. DSUs vest over a one-year period and are payable in cash upon ceasing to be a director of the Company. RSUs are payable in cash and vest over a three year period, with 50 percent of the award vesting upon achievement of two predetermined operational criteria, and 50 percent vesting with the passage of time.

During the three months ended September 30, 2015, 5,000 RSUs were granted and 45,000 RSU's were forfeited. No DSUs or fixed bonus units were granted during the period.

	As of September 30, 2015	
	Outstanding	**Vested**
RSUs	3,986,092	1,652,049
DSUs	1,245,000	895,000
Fixed Bonus Plan Units	1,660,000	1,510,000

During the three months ended September 30, 2015, no common share stock options were granted, 1,613,613 common share stock options were forfeited and no stock options were exercised. Of the 15,526,386 common share stock options issued and outstanding as at September 30, 2015, 3,187,048 vest over a three-year period, 12,301,838 are already vested and 37,500 vest based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on management's best estimate of outcome of achieving desired results.

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.

Net foreign exchange gain (loss)

During the three months ended September 30, 2015, $0.5 million in foreign exchange gains were realized primarily on favorable fluctuations in the Euro relative to the US dollar during the quarter.

Income tax expense

Effective May 2, 2015, following the expiry of certain tax exemptions provided under the Sabodala mining license, the Company became subject to a 25 percent corporate income tax rate calculated on profits recorded in Senegal, as well as customs duties, non-refundable value-added tax on certain expenditures, and other Senegalese taxes. 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.

Review of financial results for the nine months ended September 30, 2015 and 2014

Revenue

Revenue declined by $17.6 million, or 10 percent, to $166.4 million for the nine months ended September 30, 2015 primarily due to an 8 percent decline in average realized gold price and lower gold sales. Hedge gains on gold forward sales contracts which were entered into during the first quarter 2015 have been classified within other income.

	Nine months ended September 30,		
Spot price per ounce of gold	**2015**	**2014**	**% Change**
Average	$1,178	$1,288	(9%)
Low	$1,081	$1,214	(11%)
High	$1,296	$1,385	(6%)

Cost of Sales

(US$000's)	Nine months ended September 30,		
Cost of Sales	2015	2014	% Change
Mine production costs - gross	104,057	121,285	(14%)
Capitalized deferred stripping	(11,832)	(4,710)	151%
Capitalized deferred stripping - non-cash[1]	(1,165)	(847)	38%
	91,060	115,728	(21%)
Depreciation and amortization - deferred stripping assets[1]	5,117	21,706	(76%)
Depreciation and amortization - property, plant & equipment and mine development expenditures	25,949	28,617	(9%)
Royalties	8,315	8,643	(4%)
Amortization of advanced royalties	1,105	49	100%
Inventory movements	(12,951)	(16,343)	(21%)
Inventory movements - non-cash[1]	5,151	(4,181)	N/A
	(7,800)	(20,524)	N/A
Total cost of sales before adjustments to net realizable value	**123,746**	**154,218**	**(20%)**
Adjustments to net realizable value[1]	-	10,775	(100%)
Adjustments to net realizable value - non-cash[1]	-	5,251	(100%)
	-	16,026	(100%)
Total cost of sales	**123,746**	**170,244**	**(27%)**

[1] In 2014, the Company reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

For the nine months ended September 30, 2015, cost of sales decreased by 27 percent to $123.7 million from $170.2 million due to lower mine production costs, depreciation and amortization, and adjustments to net realizable value, partially offset by higher inventory movements.

Year-to-date mine production costs decreased $17.2 million or 14 percent to $104.1 million (before capitalized deferred stripping), due to lower mining and processing costs. Please see Review of Operating Results section for additional information.

Depreciation and amortization of $31.1. million, was $19.2 million or 38 percent lower than the prior year period primarily due to lower depreciation of deferred stripping balances in the current year. Capitalized deferred stripping costs related to the Sabodala pit will be amortized once phase four mining commences. Approximately 80 percent of fixed assets are depreciated using the units of production method of depreciation.

Royalties year to date increased to $9.4 million compared to $8.7 million in the prior year period, primarily due to the amortization of advanced royalties related to production from the OJVG property in the current year period. Please see Contingent Liabilities section for additional information.

Inventory movements year to date resulted in costs added to inventory of $7.8 million, due to a 64,000 ounce increase in ore stockpiles, partly mitigated by a decrease in mining costs which reduced the per ounce cost of inventory stockpiles. As at September 30, 2015, the stockpiles contained almost 330,000 ounces of recoverable gold. In the first nine months of 2014, inventory movements were $20.5 million, with higher costs absorbed into inventory mainly as a result of an increase in mine production unit costs as fewer ounces were mined and stockpiled during the year earlier period.

During the nine months ended September 30, 2014, non-cash write-downs totaling $16.0 million were recognized relating to long-term low-grade ore stockpile inventory. The write-downs were due to fewer ounces mined in the period resulting in an increase in the average cost per ounce of inventory. In fourth quarter 2014, the write-downs were fully reversed as the average cost per ounce of inventory was reduced due to higher mine production.

Exploration and evaluation

Exploration and evaluation expenditures for the nine months ended September 30, 2015 were $1.8 million, $0.6 million lower than the prior year period. The Company is taking a systematic and disciplined approach to exploration. On the mine license, the emphasis is on reserve development drilling whereas on the regional land package, the focus is on lower cost soil geochemistry and trench mapping with selective drilling to delineate exploration targets. Drilling has been minimized in the current gold price environment. Please see Regional Exploration section for additional information.

Administration and corporate social responsibility costs

During the nine months ended September 30, 2015 administration and CSR costs increased to $11.7 million from $11.2 million in the prior year period. The 5 percent increase reflects higher social commitments related to the advancement of the Company's regional development strategy and incorporation of the OJVG commitments.

Share-based compensation

Share-based compensation expense increased by $0.8 million to $1.8 million for the nine months ended September 30, 2015 over the prior year due to grants of share-based awards issued in the first quarter of 2015. The exercise price of new stock options granted during the current year was determined using a volume weighted average trading price of the Company's shares for the 5-day period ended March 31, 2015. Under IFRS, the accelerated method of amortization is applied to new grants of stock options and fixed bonus plan units, which results in about 70 percent of the cost of the stock options and fixed bonus plan units recorded in the first year of grant.

During the nine months ended September 30, 2015, 700,000 DSUs were granted at a price of C$0.64 per unit. Of the total 1,245,000 DSUs outstanding at September 30, 2015, 895,000 were vested and no units were cancelled.

During the first nine months of 2015, 2,947,500 RSU's were granted at a price of $0.64 per unit. Of the 3,986,092 RSU's outstanding at September 30, 2015, 90,000 units were forfeited and 1,652,049 were vested and remained outstanding.

A total of 300,000 Fixed Bonus Plan Units were granted to one employee at an exercise price of C$0.64 per unit during the nine months ended September 30, 2015. No Fixed Bonus Plan Units were forfeited or exercised during the period. Fixed Bonus Plan Units granted are fair valued at the end of each reporting period using the Black-Scholes option pricing model. Of the 1,660,000 fixed bonus plan units outstanding at September 30, 2015, 1,510,000 fixed bonus plan units were vested and no units were forfeited or exercised during the period. Fixed bonus plan units granted are fair valued at the end of each reporting period using the Black-Scholes option pricing model.

As of September 30, 2015, 15,526,386 common share stock options were issues and outstanding, of which 12,301,838 are vested and 3,187,048 vest over a three-year period and 37,500 vest based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on management's best estimate of outcome of achieving desired results.

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2013	23,737,850	C$2.58
Granted	130,000	C$3.00
Forfeited	(2,397,361)	C$2.83 - C$3.00
Balance as at December 31, 2014	21,470,489	C$2.54
Expired[1]	(7,746,600)	C$1.73
Granted	3,830,000	C$0.64
Forfeited	(2,027,503)	C$3.00
Balance as at September 30, 2015	15,526,386	C$2.42

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

Finance costs

Finance costs decreased by 70 percent to $2.2 million for the nine months ended September 30, 2015 from $7.4 million in the first nine months of 2014 primarily due to lower interest expense as a result of lower total debt levels compared to the prior year. The Company had $21.3 million in borrowings, net of transaction costs, as at the end of September 30, 2014. The balance owing on the equipment facility was repaid in the first quarter of this year while the loan facility was repaid in 2014. 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.

Net foreign exchange gain (loss)

Net foreign exchange gains of $2.2 million were realized for the nine months ended September 30, 2015 primarily due to gains on Euro denominated payments due to strengthening of the US dollar relative to the Euro since the start of the year.

Other income (expense)

Other income for the nine months ended September 30, 2015 was $2.1 million compared to other expense of $2.0 million in the prior year period. During the first quarter 2015, a gain of $1.8 million was realized on 15,000 ounces of gold forward sales contracts put in place in January to take advantage of a spike in the price of gold. Expenses of $2.0 million were recognized in connection with the acquisition of the OJVG in the prior year.

Income tax expense

Effective May 2, 2015, following the expiry of certain tax exemptions provided under the mining license in Senegal, the Company is subject to a 25 percent corporate income tax rate calculated on profit recorded in Senegal, customs duties, non-refundable value-added tax on certain expenditures, as well as other Senegalese taxes, which are not anticipated to be material. For the nine months ended September 30, 2015, the Company recorded income tax expense of $5.5 million, comprised of current income tax expense of $2.5 million and deferred income tax expense of $3.0 million. The amount of current income tax expense recognized in 2015 will not be paid until 2016.

Net profit (loss)

Consolidated net profit attributable to shareholders for the nine months ended September 30, 2015 increased to $21.3 million, $0.06 per share from a net loss of $9.9 million or $0.03 loss per share in the prior year period. The increase in profit in the current year was mainly due to improvements in cost of sales and finance costs offset by higher income tax expense recorded during 2015. In the prior year period, net losses were primarily due to a $16.0 million write-down of non-cash inventory to net realizable value in the second and third quarters 2014 and higher finance costs. The write-downs, which related to low-grade long-term ore stockpiles, were fully reversed during the fourth quarter 2014.

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.

Our revenues over the last several quarters reflect a trend of spot gold prices that have fluctuated around recent low levels in the current metal commodity cycle while production costs have been declining. This trend has translated into fluctuating net earnings and operating cash flow levels depending on the gold realized prices and production levels each quarter.

Net earnings recorded during the fourth quarter 2014 was higher than other quarters mainly due to a reversal of non-cash inventory write-downs totaling $16.0 million, which reduced cost of sales during the period. These write-downs were previously recorded during the second and third quarters 2014, which resulted in the respective net losses realized during those periods. The net loss recorded in fourth quarter 2013 was mainly due to transaction costs related to the acquisitions of Oromin.

Operating cash flows during the second quarters of 2015 and 2014 include the payment of royalties. Operating cash flows trended lower during certain prior year quarters as a result of transaction costs related to the acquisition of the OJVG. Commencing in first quarter 2014, operating cash flows reflect the impact of delivering a portion of quarterly gold production to Franco-Nevada at 20 percent of gold spot prices.

Gold production for the fourth quarter 2014 was the second highest quarterly production total in the Company's history and was due to higher processed grade and mill throughput.

BUSINESS AND PROJECT DEVELOPMENT

Gora Development

The high-grade Gora deposit is being operated as a satellite deposit to the Sabodala mine, requiring limited local infrastructure and development. Ore is hauled to the

Sabodala processing plant by a dedicated fleet of third-party owned and operated trucks and processed on a priority basis, displacing lower grade feed.

During the third quarter, 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.

Technical preparation for mining, including completion of a reverse circulation ("RC") gridded drill program to determine the extent of the artisanal workings in near surface ore was completed during the third quarter. The data indicates more ore may have been mined by the artisanal miners than had been modeled. We are presently mining through the artisanal workings. The full impact of which will be determined by the end of the year, at which point, we believe we will have mined through the artisanal workings.

It is anticipated that total capital expenditures for Gora will be approximately $2.8 million or 15 percent below the original budget of $19.0 million.

Mill Optimization

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

The mill optimization is expected to increase throughput by up to 10 percent based on existing ore hardness; however, there may be potential to increase throughput further based on simulations on the new design configurations. In addition to higher production, unit processing costs are expected to decrease by approximately 5 percent.

During the third quarter detailed design engineering was completed, 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.

Based on a project capital cost of approximately $20.0 million, the project is expected to have an IRR in excess of 50 percent at $1,200 per ounce gold.[3] The project is marginally ahead of schedule, as a result, we expect to spend approximately $8.0 million this year, about $2 million higher than had been budgeted for the project in 2015, with the remainder of costs expected to be incurred in 2016. The project remains on budget and marginally ahead of schedule.

Heap Leach Project

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

Test work that targeted various stages of the saprolite, soft and hard oxidized transition zones was completed in the first quarter 2015. The test work delivered positive results showing a range of recoveries from 75 to 82 percent in column tests.

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

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

The second phase of the PFS 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.

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

The PFS capital costs and finalized design criteria based on the optimized Phase 2 trade off studies will continue for the remainder of 2015 and are expected to be completed at or very near to year end.

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

Sabodala Mine License Reserve Development

The Sabodala combined mine license covers 246km^2. In total, the combined mine license includes 5.7 million ounces of Measured and Indicated Resources, inclusive of 2.34 million ounces of Proven and Probable Reserves, plus a further 2.35 million ounces of Inferred Resources.[4]

We are focused on growing our reserves by making large-scale discoveries and converting both high and low grade resources to reserves on our mine license. A number of

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

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

areas have been revealed as potential sources for reserve additions within the mining lease.

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

Underground Reserves

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

Golouma NW Extension

During the first nine months of 2015, the resource conversion program at Golouma NW included 34 diamond drill holes ("DDH") totaling approximately 4,200 metres and six trenches totaling 93 metres. 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

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

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

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

An updated resource model is in progress and will be completed in the fourth quarter

Maki Medina East Anomaly

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

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

Niakafiri Southwest mineralization trends parallel to, and is located approximately 800 metres southwest of, the Niakafiri deposit. This structural corridor is interpreted to be 200 to 300 metre wide structural zone trending north-northeast, with a steep west-northwest dip. Although mineralization has been intersected 400 metres along strike and 140 metres below surface, it remains open along strike and depth.

During the third quarter, a 14-hole diamond drilling program was completed. A total of 1,000 metres was drilled with all assay results returned.

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

The Golouma South deposit is located in a north-northeast trending ductile shear zone and consists of sub-parallel mineralized zones coinciding with higher strain zones, intense alteration and quartz veining within the shear. Mineralization has been defined approximately 640 metres along strike and 560 metres below surface, and remains open at depth.

During the third quarter, 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

Soukhoto mineralization is located in a regional northeast trending structural corridor, and situated 1.5 km south of the Sabodala deposit, 800 metres north of the Niakafiri West deposit and 800 metres west of the Dinkokono deposit.

Mineralization was previously intersected in variably spaced holes, 30 to 80 metres apart on three 40 metre spaced sections.

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.

Regional Exploration

We currently have eight exploration permits encompassing approximately 1,000km² of land surrounding the Sabodala and mine licenses.

Subsequent to the quarter end, a settlement agreement was reached with a joint venture partner where by Teranga would receive cash consideration of $0.5 million for the relinquishment of its interest in the Garaboureya exploration permit.

Since the initiation of our regional exploration program four years ago, a tremendous amount of exploration data has been systematically collected and interpreted to implement methodical and cost-effective follow-up programs. Targets are in various stages of advancement and are prioritized for follow-up work and drilling. Early geophysical and geochemical analysis of these areas has led to the demarcation of at least 50 anomalies, targets and prospects and we expect that several of these areas will ultimately be developed into mineable deposits.

We have identified some key targets that, though early stage, display significant potential. However, due to the sheer size of the land position, the process of advancing an anomaly through to a mineable deposit takes time using a disciplined screening process to maximize the potential for success.

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

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

NIAKAFIRI RESETTLEMENT

In August 2015, Teranga and the Government of Senegal launched resettlement discussions related to the nearby village of Sabodala, adjacent to the Niakafiri deposit. Teranga has retained global resettlement consultants rePlan Inc. to ensure the resettlement process will follow the highest international standards, as well as all Senegalese laws and regulations. The company expects formal negotiations with community and regional stakeholders to commence in due course following which a drill program is planned. The objective of the drill program is to convert some of the existing resources (390,000 ounces included within Measured and Indicated resources, and 210,000 ounces in Inferred Resources into reserves.

FINANCIAL CONDITION REVIEW

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

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

During the three and nine month periods of 2015, we delivered 5,625 and 18,750 ounces of gold respectively 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. During the nine months, we recorded revenue of $22.2 million, consisting of $4.0 million received in cash proceeds, $0.4 million in accounts receivable and $17.8 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,		Nine months ended September 30,	
Cash Flow	2015	2014	2015	2014
Operating	(8,221)	13,822	20,679	18,332
Investing	(13,268)	(5,252)	(35,375)	(122,308)
Financing	12,999	(8,926)	8,764	102,039
Effect on exchange rates on holdings in foreign currencies	-	-	1	1
Change in cash and cash equivalents during the period	(8,490)	(356)	(5,931)	(1,936)
Cash and cash equivalents - beginning of period	38,369	13,381	35,810	14,961
Cash and cash equivalents - end of period	29,879	13,025	29,879	13,025
Free cash flow [1]	(21,489)	8,570	(14,696)	12,527
Free cash flow per ounce sold[1]	(632)	192	(105)	88

[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,		Nine months ended September 30,	
Changes in working capital other than inventory	2015	2014	2015	2014
(Increase)/decrease in trade and other receivables	(5,252)	(101)	(8,089)	6,212
Decrease in other assets	2,721	1,331	2,868	620
Decrease/(increase) in trade and other payables	(1,773)	2,326	(12,646)	(13,299)
(Decrease)/increase in provisions	-	88	(1)	644
(Decrease)/Increase in current income taxes payable	139	-	2,550	-
Net change in working capital other than inventory	(4,165)	3,644	(15,318)	(5,823)

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.

For the nine months ended September 30, 2015, cash provided by operations was $20.7 million, compared to $18.3 million in the prior year period. The increase in operating cash flow is mainly due to lower mine production costs, partially offset by higher net working capital outflows in the current period.

Investing Cash Flow

(US$000's, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
Investing activities	2015	2014	2015	2014
Mine site capex - sustaining	1,178	1,702	3,286	4,057
Mine site capex - project	2,388	38	3,448	392
Development capital (Gora)	6,001	832	12,837	3,124
Capitalized reserve development (mine site exploration)	1,654	931	3,971	2,524
Capitalized deferred stripping	2,047	1,749	11,832	4,711
Capital Expenditures	13,268	5,252	35,375	14,808
Acquisition of the OJVG	-	-	-	112,500
Decrease in restricted cash	-	-	-	(5,000)
Other	-	-	-	
Investing activities	13,268	5,252	35,375	122,308

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.

Total capital expenditures for the nine months were $35.4 million, $20.6 million higher than the prior year period, mainly due to higher project and development capital and capitalized deferred stripping. In the prior year period, cash flow used in investing activities included $112.5 million to acquire the OJVG, partially offset by a $5.0 million decrease in the restricted cash balance.

Financing Cash Flow

Net cash flow 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.

Net cash provided in financing activities for the nine months was $8.8 million compared $102.0 million in the prior year period. Financing cash provided during the current year included the drawdown of the revolving credit facility slightly offset by cash used to repay borrowings under the equipment facility. Financing cash flows in the prior year period include proceeds of $135.0 million received from the Franco-Nevada gold stream transaction and net proceeds of $25.5 million from an equity offering, partially offset by the repayment of borrowings of $54.6 million and interest and finance costs paid of $3.8 million.

Liquidity and Capital Resources Outlook

Subsequent to the quarter, we completed a non-brokered CDN$22,736,000 (US$17,454,000) 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**.**

The Mimran family has a longstanding history of operating successfully and responsibly in Africa. It is anticipated that David Mimran's participation as a cornerstone investor and Teranga board member will enhance Teranga's strategic and operating knowledge in Senegal and West Africa, and further strengthen its balance sheet to accelerate its longer-term growth strategy beyond the current life-of-mine plan.

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 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 on page 5); 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.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

We manage our exposure to financial risks, including liquidity risk, credit risk, currency risk, market risk, interest rate risk and price risk through a risk mitigation strategy. We generally do not acquire or issue derivative financial instruments for trading or speculation. As at September 30, 2015, there were no gold forward contracts outstanding, however, on October 13, 2015, after an increase in the gold spot price, we entered into gold forward contracts with Société Générale to deliver 13,000 ounces through the remainder of fourth quarter 2015 at a price of $1,154 per ounce.

CONTRACTUAL OBLIGATIONS AND COMMITTMENTS

During 2015, we entered into various operating and capital purchase obligations related to the mill optimization and the development of Gora. As at September 30, 2015 total future purchase obligations related to these projects were approximately $8.4 million.

CONTINGENT LIABILITIES

Government of Senegal payments

(US$000's)	Cash payments made		Contingent liabilities	Accrued liabilities
	Three months ended September 30, 2015	Nine months ended September 30, 2015	As at September 30, 2015	As at September 30, 2015
Royalty payments	-	11,012	-	9,353
Reserve payment	-	-	-	1,850
Social development fund payment	-	-	-	15,000
Accrued dividend payment	-	-	2,700	7,793
Gora project advanced royalty payment	-	4,200	-	-
OJVG Advanced royalty payment	929	2,890	-	5,576
	929	18,102	2,700	39,571

Royalty payments

Government royalties are accrued based on the mine head value of the gold and related substances produced at a rate of 5 percent of sales. We were expected to move to quarterly but with the weaker gold price that transition has been deferred. Beginning in 2015, we had anticipated transitioning to quarterly payments of royalties, however with the weaker gold price, that transition has been deferred. For the nine months ended September 30, 2015, a payment of $11.0 million for 2014 royalties was paid to the Republic of Senegal.

Reserve payment

A reserve payment is payable to the Republic of Senegal, calculated on the basis of $6.50 for each ounce of new reserves until December 31, 2012 and 1 percent of the trailing 12 month gold price for each ounce of new reserve beyond December 31, 2012 on the Sabodala mine license.

Social development fund payment

In addition to its CSR spending, we have agreed to establish a social development fund which involves making a payment of $15.0 million to the Republic of Senegal at the end of the mine operational life. As at September 30, we have recorded $10.3 million which is the discounted value of the $15.0 million future payment.

Accrued dividends

In connection with the Global Agreement signed with the Republic of Senegal in 2013, we have agreed to advance approximately $13.2 million of accrued dividends in respect of its 10 percent minority interest between 2013 and 2015. In 2013, we made a payment of $2.7 million with a further payment of $2.7 million required once drilling activities recommence at Niakafiri, expected in 2015. As at September 30, $7.8 million has been accrued based on net sales revenue and is expected to be paid over 2015 and 2016.

Gora and OJVG advanced royalty payments

During the first quarter of 2015, we received the environmental and construction approvals to develop Gora. We made a payment of $4.2 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Gora project in the second quarter of 2015.

Pursuant to the completion of the acquisition of the OJVG, we are required to make initial payments totaling $10.0 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the OJVG. The initial payment is to be used to finance social projects in the mine site region, which are determined by the Republic of Senegal and will be paid either directly to suppliers for the completion of specific projects or to specified ministries of the Republic of Senegal. During the three and nine months ended September 30, $0.9 million and $2.9 million was paid respectively, and the remaining $5.6 million has been accrued and is expected to be paid through 2015 and 2016. An additional payment will become payable when the actual cumulative production from the OJVG, net of mining royalties, multiplied by our weighted average realized gold prices, multiplied by 1 percent, exceeds the initial payments.

Settled and outstanding tax assessments

Approximately $18.0 million of the SGO 2011 tax assessment of approximately $24.0 million has been resolved and approximately $6.0 million remains in dispute. We believe that the remaining amount in dispute is without merit and that these issues will be resolved with no amount or an immaterial amount of tax being due.

In January 2015, SGO received a tax assessment for approximately $3.0 million from the Senegalese tax authorities claiming withholding tax on interest and fees paid to an offshore bank. We believe that the amount in dispute is without merit and that the issue will be resolved with no or an immaterial amount of tax due.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Certain accounting estimates have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. The following is a summary of significant updates to these estimates, since the discussion of these estimates in our 2014 annual MD&A.

Units of production ("UOP")

Management makes estimates of recoverable reserves in determining the depreciation and amortization of mine assets. This results in a depreciation/amortization charge proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. The calculations require the use of estimates and assumptions, including the amount of recoverable reserve and estimates of future capital expenditure. Our UOP calculation is based on life of mine gold production. As we update our estimate regarding the expected UOP over the life of the mine amortization under the UOP basis will change. We use the UOP method when depreciating mining assets which results in a depreciation charge based on the recovered ounces of gold.

NON-IFRS FINANCIAL MEASURES

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

"Total cash cost per ounce sold" is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. We report total cash costs on a sales basis. We believe that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate our performance and our ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure, along with sales, is considered to be a key indicator of our ability to generate operating earnings and cash flow from its mining operations.

Total cash costs figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is considered the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measure of other companies.

"All-in sustaining costs per ounce sold" extends the definition of total cash costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), exploration and study costs (capital and expensed), capitalized stripping costs and sustaining capital expenditures and represents the total costs of producing gold from current operations. "All-in costs per ounce sold" adds to all-in sustaining costs including capital expenditures attributable to projects or mine expansions, exploration and study costs attributable to growth projects, and community and permitting costs not related to current operations. Both all-in sustaining and all- in costs exclude income tax payments, interest costs, costs related to business acquisitions and items needed to normalize earnings. Consequently, this measure is not representative of all of our cash expenditures. In addition, the calculation of all-in sustaining costs and all-in costs does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of our overall profitability.

"Total cash costs", "all-in sustaining costs" and "all-in costs" are intended to provide additional information only and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate these measures differently. The following tables reconcile these non-GAAP measures to the most directly comparable IFRS measure.

"Average realized price" is a financial measure with no standard meaning under IFRS. We use this measure to better understand the price realized in each reporting period for gold sales. Average realized price excludes from revenues unrealized gains and losses on non-hedge derivative contracts. The average realized price is intended to provide additional information only and does not have any standardized definition under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently.

"Total depreciation and amortization per ounce sold" is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. It is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Total cash costs per ounce sold, all-in sustaining costs per ounce sold, all-in costs per ounce sold and total depreciation per ounce sold are calculated as follows:

(US$000's, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
Cash costs per ounce sold	2015	2014	2015	2014
Gold produced[1] (oz)	32,956	48,598	130,991	140,545
Gold sold (oz)	33,982	44,573	140,279	142,625
Cash costs per ounce sold				
Cost of sales[2]	32,497	52,358	123,746	170,245
Less: depreciation and amortization[2]	(7,748)	(17,110)	(31,065)	(50,323)
Add: non-cash inventory movement[2]	(803)	1,479	(5,151)	4,183
Add: non-cash capitalized deferred stripping[2]	176	521	1,165	846
Less: other adjustments	62	(94)	(108)	(591)
Total cash costs	**24,184**	**34,830**	**88,587**	**108,335**
Total cash costs per ounce sold	**712**	**781**	**631**	**760**
All-in sustaining costs				
Total cash costs	24,184	34,830	88,587	108,335
Administration expenses[3]	3,010	2,449	11,245	10,071
Capitalized deferred stripping	2,047	1,749	11,832	4,711
Capitalized reserve development	1,654	2,293	3,972	2,524
Mine site capital	9,567	1,210	19,571	7,573
All-in sustaining costs	**40,458**	**42,531**	**135,201**	**133,215**
All-in sustaining costs per ounce sold	**1,191**	**954**	**964**	**934**
All-in costs				
All-in sustaining costs	40,458	42,531	135,201	133,215
Social community costs not related to current operations	727	490	1,937	1,482
Exploration and evaluation expenditures	48	672	1,782	2,399
All-in costs	**41,233**	**43,783**	**138,920**	**137,096**
All-in costs per ounce sold	**1,213**	**982**	**990**	**961**
Depreciation and amortization[2]	7,748	17,110	31,065	50,323
Non - cash inventory movement[2]	803	(1,479)	5,151	(4,183)
Total depreciation and amortization	**8,551**	**15,631**	**36,216**	**46,140**
Total depreciation and amortization per ounce sold[2]	**252**	**351**	**258**	**324**

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

[2] In 2014, the Company reassessed the accounting for deferred stripping assets to include amortization of equipment directly related to deferred stripping activity. The impact of this adjustment has been applied retrospectively from January 1, 2012.

[3] Administration expenses include share based compensation and exclude Corporate depreciation expense and social community costs not related to current operations.

OUTSTANDING SHARE DATA

Our fully diluted share capital as at October 28, 2015 was:

Outstanding	October 28, 2015
Ordinary shares as at September 30, 2015	352,801,091
Common shares issued to Tablo Corporation on October 14, 2015	39,200,000
Stock options granted at an exercise price of C$3.00 per option	11,696,386
Stock options granted at an exercise price of C$0.64 per option	3,830,000
Fully diluted share capital	**407,527,477**

TRANSACTIONS WITH RELATED PARTIES

During the three and nine months ended September 30, 2015, there were transactions totaling $16 thousand and $164 thousand respectively between the Company and director-related entities.

Shareholdings

Teranga's 90 percent shareholding in SGO, the company operating the Sabodala gold mine, is held 89.5 percent through Mauritius holding company, Sabodala Gold Mauritius Limited ("SGML"), and the remaining 0.5 percent by individuals nominated by SGML to be at the board of directors in order to meet the minimum shareholding requirements under Senegalese law. On death or resignation, a share individually held would be transferred to another representative of SGML or added to its current 89.5 percent shareholding according to the circumstances at the time.

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

During the first quarter of 2014, we acquired the remaining interest in the OJVG that we did not already own.

CEO/CFO CERTIFICATION

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company.

The Company's CEO and CFO certify that, as September 30, 2015, the Company's DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They also certify that the Company's ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The control framework the Company's CEO and CFO used to design the Company's ICFR is The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework established in 1992. There is no material weakness relating to the design of ICFR. There has been no change in the Company's design of the ICFR that occurred during the three months ended September 30, 2015 which has materially affected, or is reasonably likely to materially affect the Company's ICFR.

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

RISKS AND UNCERTAINTIES

We identified a number of risk factors to which we are subject to in our Annual Information Form filed for the year ended December 31, 2014. These various financial and operational risks and uncertainties continue to be relevant to an understanding of our business, and could have a significant impact on profitability and levels of operating cash flow. These risks and uncertainties include, but are not limited to: fluctuations in metal prices (principally the price of gold), capital and operating cost estimates, borrowing risks, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent danger of mining, infrastructure risk, hedging activities, insured and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, title to properties, competition, dependence on key personnel, currency, repatriation of earnings and stock exchange price fluctuations.

CORPORATE DIRECTORY

Directors

Alan Hill, Chairman
Richard Young, President and CEO
Jendayi Frazer, Non-Executive Director
Edward Goldenberg, Non-Executive Director
Christopher Lattanzi, Non-Executive Director
Alan Thomas, Non-Executive Director
Frank Wheatley, Non-Executive Director
David Mimran, Non-Executive Director (appointed October 2015)

Senior Management

Richard Young, President and CEO

Paul Chawrun, Vice President, Technical Services
Navin Dyal, Vice President and CFO
David Savarie, Vice President, General Counsel & Corporate Secretary
Sepanta Dorri, Vice President Corporate and Stakeholder Development
Mark English, Vice President, Special Projects
Aziz Sy, General Manager, SGO & Vice President, Development Senegal

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Auditor

Ernst & Young LLP

Share Registries

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Australia: Computershare Investor Services Pty Ltd
T: 1 300 850 505

Stock Exchange Listings

Toronto Stock Exchange, TSX symbol: TGZ
Australian Securities Exchange, ASX symbol: TGZ

FORWARD LOOKING STATEMENTS

This release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teranga, or developments in Teranga's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations, future economic conditions and courses of action, the proposed plans with respect to mine plan, anticipated 2015 results, mineral reserve and mineral resource estimates, anticipated life of mine operating and financial results, and the completion of construction of the Gora deposit related thereto. Such statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant. These assumptions include, among other things, the ability to obtain any requisite Senegalese governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated September 1, 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.