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**ANNUAL INFORMATION FORM**  
**For the year ended December 31, 2015**

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March 30, 2016

## REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form (“AIF”) contains forward-looking information, within the meaning of applicable Canadian securities legislation, which reflects management’s expectations regarding Teranga Gold Corporation’s (“Teranga”) future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial), business prospects and opportunities (including the timing and development of new deposits and the success of exploration activities), the proposed plans with respect to mine plan, anticipated 2016 results, mineral reserve and mineral estimates, anticipated life of mine operating and financial results and the completion of construction of future deposits related thereto and opportunities. Words such as “plans”, “expects”, “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, have been used to identify such forward-looking information. Although the forward-looking information contained in this AIF reflects management’s current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward-looking information. A number of factors could cause actual results, performance or achievements to differ materially from the results expressed or implied in the forward-looking information, including those listed in the “Risk Factors” section of this AIF. The documents incorporated by reference herein also identify additional factors that could affect the operating results and performance of Teranga. These factors should be considered carefully and prospective or existing investors should not place undue reliance on any forward-looking information contained in them. Forward-looking information necessarily involves significant known and unknown risks, assumptions and uncertainties that may cause Teranga’s actual results, performance, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking information. Although Teranga has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors and risks that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that the forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, prospective or existing investors should not place undue reliance on such forward-looking information. The forward-looking information is stated as of the date of this AIF and, except as required under applicable laws, Teranga assumes no obligation to update or revise such information to reflect new events or circumstances.

Forward-looking information and other information contained herein concerning, among other things, mineral exploration and management’s general expectations concerning the mineral exploration industry are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis as well as assumptions based on data and knowledge of the industry which management believes to be reasonable, including, 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. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, mineral exploration involves risks and uncertainties and industry data is subject to change based on various factors.

In addition, please note that statements relating to “reserves” or “resources” are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably mined in the future.

All of the forward-looking statements made in this AIF and the documents incorporated by reference herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Teranga.

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## PRELIMINARY NOTES

### Date of Information

In this AIF, unless the content otherwise requires, references to “our”, “us”, “its”, “the Company” or “Teranga” mean Teranga Gold Corporation and its subsidiaries. All the information contained in this AIF is as at December 31, 2015, the last day of the Company’s recently completed financial year, unless otherwise indicated.

### Units of Measure

The metric system is used throughout this AIF with the exception of gold quantities which are reported in troy ounces, in each case unless otherwise stated.

### Abbreviations

Au	the chemical symbol for gold
g	gram
g/t	grams per tonne
km	kilometre
km <sup>2</sup>	square kilometre
m	metre
mm	millimetre
Mtpa	million tonnes per annum
Mt	million tonnes
oz	troy ounce (31.1 grams)
ppb	parts per billion
t	tonne

### Currency Conversion

In this AIF, references to “\$” or “US\$” are to United States dollars, “CDN\$” are to Canadian dollars, and “AUS\$” are to Australian dollars. The Company’s financial statements are expressed in United States dollars. The noon rates of exchange on March 30, 2016, as reported by the Bank of Canada were as follows:

	US\$	CDN\$	AUS\$
US\$	\$1.00	\$0.77	\$0.77
CDN\$	\$1.30	\$1.00	\$0.99
AUS\$	\$1.30	\$1.01	\$1.00

### Technical Information

The disclosure in this AIF of a scientific or technical nature, including disclosure of mineral reserves and resources, is based on the technical report entitled the “Sabodala Project, Senegal, West Africa” dated March 22, 2016 (the “**Sabodala Technical Report**”) prepared by Teranga and Roscoe Postle Associates Inc. (“**RPA Inc.**”) prepared in accordance with National Instrument 43-101 (“**NI 43-101**”) and other information that has been prepared by or under the supervision of qualified persons (as such term is defined in NI 43-101) and included in this AIF with the consent of such persons. The technical report has been filed on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and may be accessed electronically at [www.sedar.com](http://www.sedar.com).

Actual recoveries of mineral products may differ from reported mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, inferred mineral resources have a significant amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an “inferred” mineral resource will ever be upgraded to a higher category of resource. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserve.

For further information on any scientific or technical disclosure included in this AIF, please refer to the Sabodala Technical Report.

### INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Company for the year ended December 31, 2015, together with the notes thereto (the “**Consolidated Financial Statements**”), as well as the Management Discussion and Analysis for the year ended December 31, 2015 (the “**MD&A**”) are specifically incorporated herein by reference. Such Consolidated Financial Statements and MD&A are available for review on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Australian Stock Exchange website at [www.asx.com.au](http://www.asx.com.au).

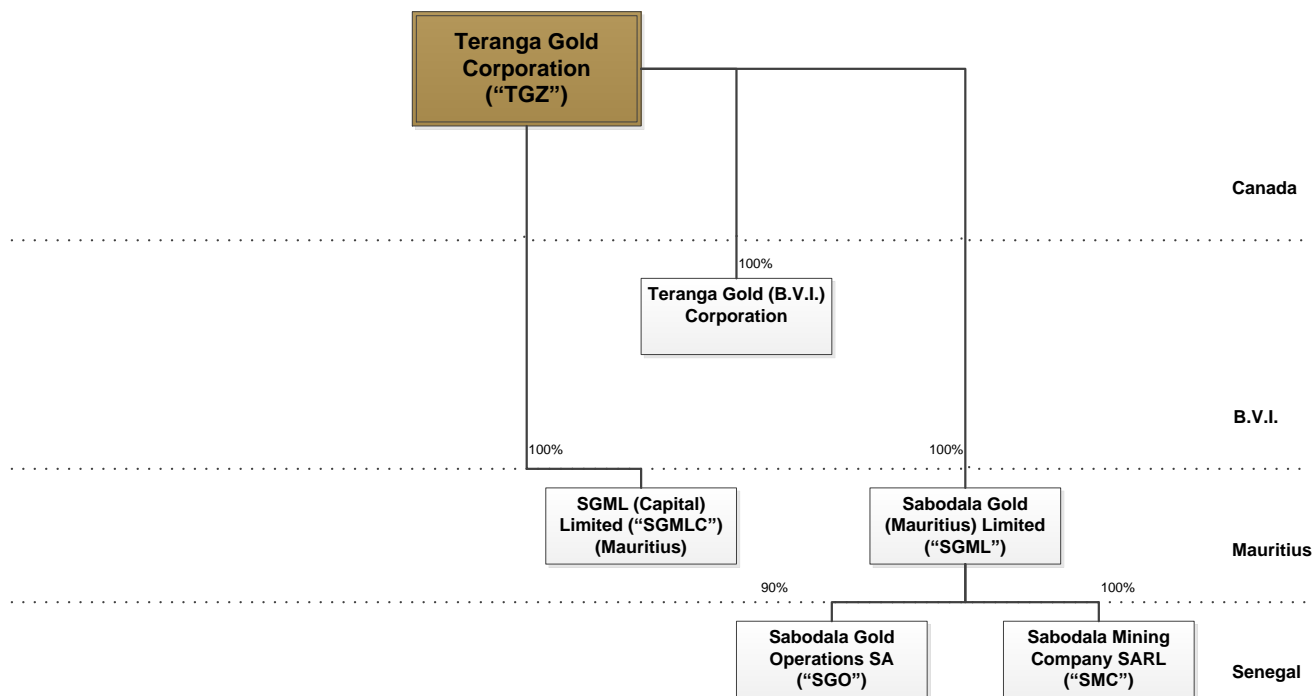
### CORPORATE STRUCTURE

#### Name, Address and Incorporation

Teranga was incorporated on October 1, 2010 under the *Business Corporations Act (Canada)*. Teranga’s articles were subsequently amended on November 4, 2010 to, among other things, remove the private company transfer restrictions. Teranga’s head and registered office is located at 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9, Canada. Teranga’s website is [www.terangagold.com](http://www.terangagold.com), and its telephone number is (416) 594-0000.

#### Intercorporate Relationships

Teranga has five material subsidiaries, including two key Senegalese operating companies: (1) Sabodala Gold Operations SA which holds the Sabodala Mining Concession and operates the Sabodala gold mine and mill; and (2) Sabodala Mining Company SARL which holds, directly or via joint venture, eight exploration leases. Set forth below is a chart reflecting the organizational structure of the Company and each of its material subsidiaries, as well as the percentage of ownership and jurisdiction of incorporation or continuance of each such subsidiary.



(1) The Government of Senegal holds the remaining 10% of SGO, and of the 90% held by SGML, 0.5% is held by certain nominee directors thereof in accordance with the requirements of applicable Senegalese laws.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

Teranga is a Canadian based gold mining company committed to responsible mining and sustainable development in the communities in which it operates. Teranga was created to acquire the Sabodala gold project ("**Sabodala Project**") (including the producing Sabodala gold mine) as well as a large regional exploration package from Mineral Deposits Limited ("**MDL**") pursuant to a demerger transaction (the "**Demerger**") and subsequent initial public offering (together with the Demerger, the "**IPO**"). Teranga took over operational control of the Sabodala gold mine on November 23, 2010, the date of the Demerger, and the IPO was completed on December 7, 2010. Since the IPO, Teranga has focused on creating shareholder value through increasing production, growing its resource base, reducing costs and maximizing long term free cash flows.

On October 4, 2013, Teranga completed the acquisition of Oromin Explorations Ltd. ("**Oromin**"), a Canadian gold mining company listed on the TSX. Oromin held a 43.5% participating interest in a joint venture, the Oromin Joint Venture Group ("**OJVG**"). The OJVG held a 90% interest in Societe des Mines de Golouma SA ("**SOMIGOL**"), an operating company created under the laws of Senegal, in which the Government of Senegal owned the remaining 10%. SOMIGOL held the Golouma Mining Concession, a 212.6km<sup>2</sup> landholding located in the Kedougou region of Senegal that is contiguous with the Sabodala Mining Concession.

On January 15, 2014, Teranga completed a \$135 million stream transaction with Franco-Nevada Corporation ("**Franco Nevada**") to fund its acquisition of the balance of the OJVG that it did not already own, and retire half of the Company's \$30 million loan facility with Macquarie Bank Limited (the "**Gold Stream Transaction**"). Pursuant to the Gold Stream Transaction, Franco Nevada purchased a fixed annual amount of gold in the amount of 22,500 oz from SGO for the first six years of the agreement, and thereafter a right to 6% of future gold production. Upon completion of the Gold Stream Transaction, Teranga acquired Bendon International Limited's ("**Bendon**") 43.5% participating interest in the OJVG for \$105 million and Badr Investment Ltd.'s ("**Badr**") 13% carried interest for \$7.5 million. The acquisition of Bendon and Badr's interests increased Teranga's ownership of the OJVG to 100%, thereby consolidating Teranga's interests in the Sabodala region and increasing the size of its mine license from 33km<sup>2</sup> to 245.6km<sup>2</sup>, more than doubling the Company's reserve base.

In July 2015, Teranga closed a \$30.0 million senior secured revolving credit facility with Société Générale (the "**Revolver**") for general corporate purposes and working capital needs. The Revolver is a two-year facility bearing an annual interest rate of LIBOR plus 5.0% which matures on June 30, 2017 and is currently drawn down by \$15.0 million. The Revolver carries an interest rate of LIBOR plus 5.0% and matures on June 30, 2017, with any unused portions of the facility subject to a commitment fee of 1.75%.

Subsequent to consolidating its ownership of the OJVG, Teranga worked with the Government of Senegal to execute a new mining convention to combine the Sabodala Mining Concession (as defined below), the Golouma Mining Concession (formerly held by the OJVG) and the Gora project (a satellite deposit covering a perimeter of 45.6km<sup>2</sup>) into an expanded mine license area in the name of Sabodala Gold Operations SA ("**SGO**"), Teranga's key operating subsidiary in Senegal. On April 7, 2015, the Government of Senegal and SGO signed this new mining convention (referred to as the "**Sabodala Mining Convention**") which also incorporated the material commitments set out in the global investment agreement executed with the Government of Senegal in May of 2013. On July 29, 2015, a Presidential Decree formally granting an expanded Sabodala Mining Concession (for a combined mine license of 291.2km<sup>2</sup>), was issued to SGO. On January 29, 2016, SGO received a Presidential Decree formally extending the term of the expanded Sabodala Mining Concession to January 26, 2025. Following the merger of the Golouma Mining Concession into the Sabodala Mining Concession, SOMIGOL (the Senegalese subsidiary of OJVG which held the Golouma Mining Concession from 2013 onward) was officially dissolved on November 11, 2015.

Since Teranga's acquisition of the Sabodala gold mine five years ago, SGO has produced over 1 million ounces of gold. In 2016, Teranga expects to produce between 200,000 and 215,000 ounces of gold. In terms of growing the Company's mineral reserve and resource base – through both mining and exploration, as of December 31, 2015, the combined mine license (covering 291.2km<sup>2</sup>) has 4.4 million ounces of Measured and Indicated Resources including 2.6 million ounces in reserves and a further 0.9 million ounces of Inferred Resources.<sup>1</sup> In total, the Company has increased its reserve base by 80% since its IPO after netting out production. In addition, a significant multiyear reserve

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<sup>1</sup> For full details on the Company's reserve and resource estimates, please refer to the Sabodala Technical Report and the applicable tables on pages 24-27 of this AIF.

development program is underway to add high-grade mill feed and low grade heap leach feed to the open pit reserve base, which should allow the Company to further increase future annual production at attractive cash margins.

Teranga has also established an experienced management team both at site and at its corporate office. In the last three years, Teranga has added depth to its board of directors (the "Board"). In 2013 and 2014 respectively, Mr. Edward Goldenberg and Dr. Jendayi Frazer also joined the Board. Mr. Goldenberg, currently a senior partner at Bennett Jones LLP, is a Member of the Order of Canada and a former Chief of Staff to Former Canadian Prime Minister Jean Chretien. Dr. Jendayi Frazer is a former U.S. Assistant Secretary of State for Africa Affairs (2005-2009) after having served as the first woman U.S. Ambassador to South Africa (2004). Each of these members joined Teranga's Board with tremendous credentials and brought needed experience in government relations, corporate social responsibility and African experience. In October 2015, Mr. David Mimram joined the Board. Mr. Mimram is the Chief Executive Officer of Grands Moulins d'Abidjan and Grands Moulins de Dakar, one of the largest producers of flour and agri-food in West Africa. Mr. Mimran is also the head of Tablo Corporation, Miminvest SA, and Mimran Natural Resources, all established as investment vehicles into West Africa's natural resource sector by Mr. Mimran and the Mimran Group, a family conglomerate with a history of successful business operations in Africa and Europe. Mr. Mimran currently acts as Special Advisor to the government of the Republic of Cote D'Ivoire where he has led negotiations with the International Monetary Fund, the World Bank, the European Union, and the Government of the Republic of France.

Teranga's significant investment in corporate social responsibility has helped in establishing a mutually beneficial partnership with the regional and local levels of government. This strengthening relationship is expected to continue and to generate significant positive spin-offs for the local and regional population in terms agriculture and food security, youth education and training, health care and long term employment.

Given Teranga's position as the operator of the only gold production facility in Senegal, its ability to leverage existing infrastructure and a framework for future investment established with the State of Senegal, ensures that the Company is committed to Senegal for the long term and with a view to operating in a manner so as to maximize free cash flow generation.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

The Sabodala Mining Concession is located approximately 650km east of the capital of Senegal, Dakar within the West African Birimian geological belt in Senegal, and about 90km from major gold mines in Mali. The Sabodala mill was the first and remains the only large-scale gold processing facility to come into operation in Senegal. With Teranga's 100% ownership of the OJVG, and the subsequent merger of the Golouma Mining Concession and the Gora project into the Sabodala Mining Concession, it has expanded its land package in the Sabodala region from 33km<sup>2</sup> to 291.2km<sup>2</sup>.

In addition to the Sabodala mine license, the Company holds one of the largest gold exploration land positions in Senegal with a direct or majority controlling joint venture interest in eight exploration permits held by Sabodala Mining Company SARL ("**SMC**"), comprising a total land area of approximately 1,000km<sup>2</sup> ("**Regional Land Package**" or "**RLP**").

We are currently exploring our 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. The Regional Land Package is located on the same geographical gold belt that runs through Mali and Senegal where more than 50 million ounces of gold have been discovered, including three world-class discoveries (+5 million ounces).<sup>2</sup>

To further our business objectives of creating shareholder value, we have established the following Mission, Vision and Strategy to guide our ongoing activities.

### **Mission**

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

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<sup>2</sup> 50 million ounces refers to identified ounces on the Birimian greenstone belt, which straddles the border of Senegal and Mali, West Africa, comprised of gold ounces historically mined in addition to gold ounces currently reported as Measured and Indicated Resources, as available on GFMS Thomson Reuters and the latest company reserve and resource statements as of March 23, 2016. Three world class discoveries refers to projects where current proven and probable reserves combined with historical production exceed five million ounces, such projects include: Sadiola (AngloGold/IamGold), Loulo (Randgold) and Goukoto (Randgold).



## Vision

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

## Strategy

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

Ultimately we believe we can expand our operations in Senegal and 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 by increasing reserves through:

- *Converting resources to reserves:* As of December 31, 2015, we had measured and indicated resources totaling 4.4 million ounces, including 2.6 million ounces in reserves.
- *Making large-scale discoveries:* We are currently exploring our ~1,000km<sup>2</sup> 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).<sup>3</sup>
- *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.

### **(ii) Production Growth**

The second component of our strategy is focused on maximizing grade to the mill and increasing 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 more than 10% and reduce processing costs by approximately 5%. The project is targeted for completion in the fourth quarter of 2016.

In addition, we recently completed an optimized pre-feasibility engineering study for heap leaching low grade oxide ore, which concludes the technical viability for processing Teranga's low-grade oxide and transitional ore currently in stockpile. A decision to proceed will require the conversion of additional oxide resources to reserves and finalized project economics that exceed our 20% minimum internal rate of return ("IRR") hurdle rate.

We evaluate all growth initiatives, including organic and inorganic opportunities, as well as new capital projects using an after-tax IRR target to govern our capital allocation and investment decisions. For incremental mine site organic growth projects, we set 20% 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.

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<sup>3</sup> 50 million ounces refers to Identified ounces on the Birimian greenstone belt, which straddles the border of Senegal and Mali, West Africa, comprised of gold ounces historically mined in addition to gold ounces currently reported as Measured and Indicated Resources, as available on GFMS Thomson Reuters and the latest company reserve and resource statements as of March 23, 2016. Three world class discoveries refers to projects where current proven and probable reserves combined with historical production exceed five million ounces, such projects include: Sadiola (AngloGold/IamGold), Loulo (Randgold) and Goukoto (Randgold).

## Sabodala Mining Concession

On March 23, 2005, the previous owner of the Sabodala project entered into a mining agreement with the Government of Senegal (the “**Initial Sabodala Mining Convention**”). The Initial Sabodala Mining Convention set out the legal, financial, fiscal, administrative and specific corporate conditions under which MDL (and now SGO, as successor) would undertake its mining operations within the perimeter of the Initial Sabodala Mining Concession. On June 9, 2005, the Government of Senegal issued an exploitation permit to MDL to conduct mining operations pursuant to the terms of the Sabodala Mining Convention and the Senegalese Mining Code (“**Mining Code**”). Under the Mining Code, rights conferred on the holder of an exploitation permit include, but are not limited to, the exclusive right of exploitation (within the boundaries of its perimeter and indefinitely at depth) and the free disposal of mineral substances for which the permit is issued. On January 22, 2007, a subsequent amendment to the Sabodala Mining Convention was concluded in order to grant MDL a ten year (renewable) mining concession (the “**Initial Sabodala Mining Concession**”) effective from the date of its formal approval by way of Presidential Decree. The Presidential Decree formally granting the Initial Sabodala Mining Concession was signed on April 30, 2007, and the Ministerial Notification letter, authorizing the commencement of the investment and related mining phases of the project, was issued on May 2, 2007. In July 2008 the Initial Sabodala Mining Convention was further amended to reflect the accession of SGO as the title holder of the Initial Sabodala Mining Concession replacing MDL.

In November 2007, pursuant to the terms of a shareholders agreement establishing SGO, the Senegalese Government retained a 10% interest in SGO, to be activated following the repayment of initial capital plus interest. Prior to such repayment, the Government of Senegal is not entitled receive dividends in respect of interest in SGO.

On April 7, 2015, the Government of Senegal and SGO signed the amended and restated Sabodala Mining Convention, and on July 29, 2015, a Presidential Decree formally granting the expanded Sabodala Mining Concession, was issued to SGO. On January 29, 2016, SGO received a Presidential Decree formally extending the term of the expanded Sabodala Mining Concession to January 26, 2025.

On May 2, 2015, the Company's eight-year tax holiday (granted to SGO under the Sabodala Mining Convention dated March 23, 2005) expired. From that date forward, the Company is subject to a 25 per cent income tax rate on mining profits as well as customs duties and value-added tax on certain expenditures. The 25 per cent income tax rate and all other tax rates are stabilized as to the regime in place in Senegal as of the date of the original Sabodala Mining Convention (March 23, 2005). On February 18, 2016, the Government of Senegal and SGO signed an amendment to the Sabodala Mining Convention dated April 7, 2015. The amendment provides SGO with a six-year exemption (expiring on May 2, 2022) from value-added tax on goods and services purchased from local suppliers or suppliers based outside of Senegal.

## Gora Project

The Gora deposit lies approximately 28km northeast of the Sabodala processing plant. Gora is situated within the Sounkounkou exploration permit, in which SMC holds an 80% interest in an earn-in joint venture. SMC's joint venture partner in the Sounkounkou exploration permit Axmin Inc. (“**Axmin**”) has elected to take a 1.5% net smelter royalty (“**NSR**”) on the Gora Project in exchange for its fully participatory 20% interest. As a result of the Sabodala Mining Convention dated April 7, 2015, the perimeter of the Gora Project which covers an area of 45.6km<sup>2</sup> was removed from the Sounkounkou exploration perimeter and included within the Sabodala Mining Concession. Development for mining at the Gora deposit started mid-2015.

## Golouma Mining Concession

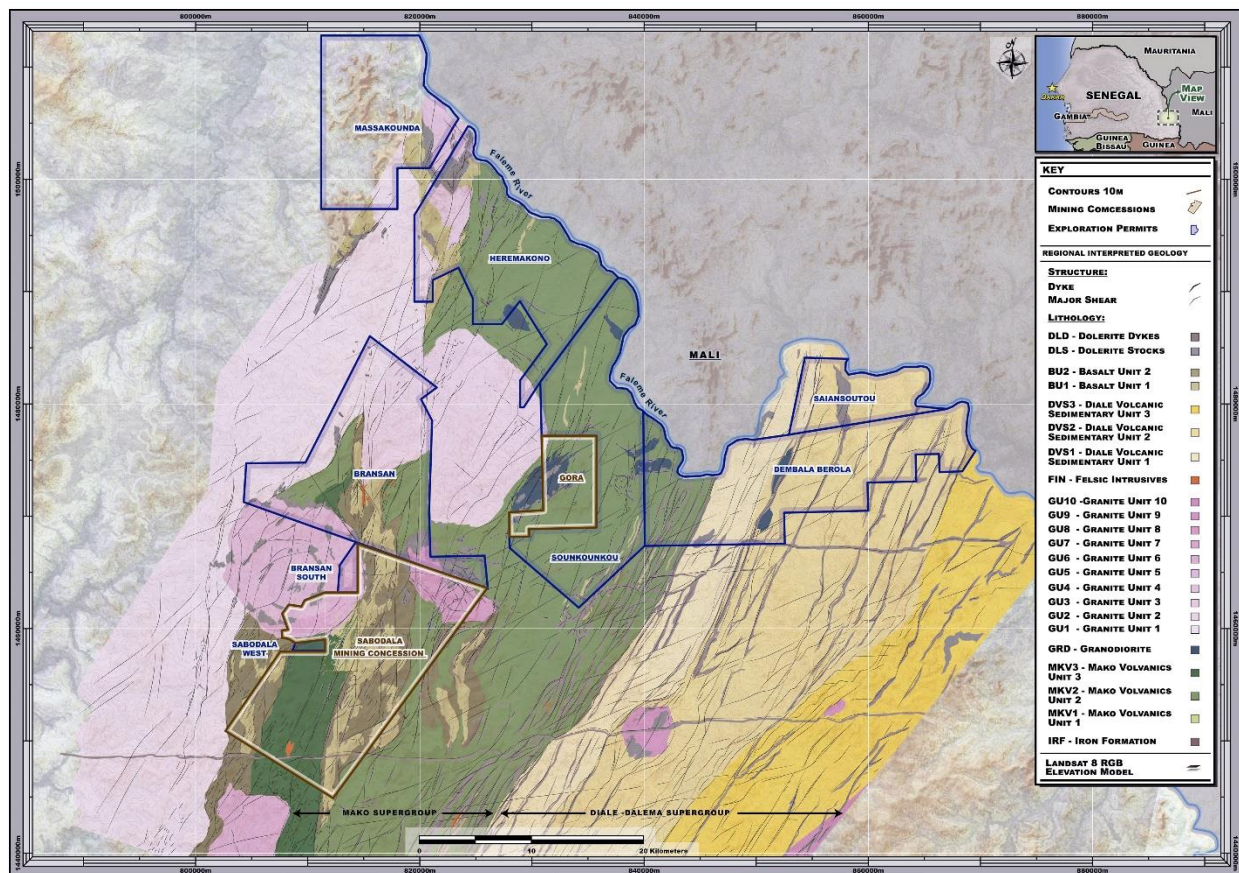
The Government of Senegal awarded an exploration concession to the OJVG through an international tender process concluded in October 2004, subsequent to which, a mining convention dated February 17, 2005 was entered into between Oromin and the Government of Senegal (the “**OJVG Mining Convention**”). On March 4, 2005, a ministerial decree granted an exploration permit to Oromin for gold and related substances. On February 7, 2007 and December 31, 2008, two additional ministerial decrees were issued to authorize the extension and transfer of all Oromin exploration to the OJVG. On January 26, 2010, the Government of Senegal issued a ministerial decree granting the OJVG a 15-year renewable mining concession, referred to as the “**Golouma Mining Concession**” or the “**Golouma gold project**” which covers a surface area of 212.6km<sup>2</sup>. In March 2011 and again in September 2011, the OJVG Mining Convention was further amended in order to: issue licenses for the Golouma project; establish a Senegalese company (SOMIGOL) to hold the Golouma Mining Concession; and to confirm certain tax exemptions in favour of the OJVG. In January 2013, SOMIGOL, was formed to mine the Golouma project. SOMIGOL was held 90% by the OJVG and 10% by the Government of Senegal as a free carried interest. In December 2013, the OJVG Mining Convention was amended again in order to transfer the Golouma Mining Concession from the OJVG to SOMIGOL and to acknowledge

the waiver of the Government's additional equity participation right (25%) in SOMIGOL. Between the months of October 2013 and January 2014, Teranga acquired full ownership of the OJVG with the objective of merging the Golouma Mine License and the Sabodala Mine License under the ownership of SGO in order to exploit the combined mine license under the terms of an amended and restated Sabodala Mining Convention.

## Debt Instruments

On February 18, 2015, the Company retired the outstanding \$4.2 million balance of its equipment finance facility with Macquarie Bank Limited. As of August 2015, the Company drew down \$15.0 million from the Revolver with Société Générale for working capital needs. The Revolver carries an interest rate of LIBOR plus 5.0% and matures on June 30, 2017, with any unused facility subject to a commitment fee of 1.75%.

## Overview of the expanded Sabodala Mine License and Regional Land Package



## Exploration

In addition to the exploration program on the Sabodala Mining Concession, the Company has interests in eight exploration permits, collectively referred to as the RLP, in which programs are underway on targets located on these exploration permits that management believes have potential for multiple smaller high-grade or oxide deposits as well as the potential for world-class discoveries similar to the deposits (+5 million ounces) that have been found on the same geographical gold belt in Mali (the West African Birimian geological gold belt), which is approximately 90km from the Sabodala mine. Therefore, management is pursuing an extensive multi-year exploration program designed to test anomalies, targets and prospects that have already been identified as requiring additional analysis, and to identify new targets for testing.

In 2016, the Company's exploration program will be focused on organic growth through (i) the conversion of resources to reserves: (ii) extensions of existing deposits and targets along strike on the expanded Sabodala Mine License of

291.2km<sup>2</sup> and the 1,000km<sup>2</sup> RLP, as well as (iii) a systematic regional exploration program designed to identify high grade satellite and standalone deposits.

While we will maintain our focus on creating value for shareholders by maximizing free cash flows, we will continue to take a systematic and disciplined approach to exploration which we anticipate will lead to increased production at lower all-in sustaining costs.

### **Strengths and Competitive Advantages**

The Board believes that Teranga has the following strengths to assist with the execution of its growth strategy.

#### *Experienced Management Team*

Teranga has an experienced management team which benefits from the strong leadership and oversight of the Board, including Non-Executive Chairman, Alan Hill, a former senior executive with Barrick Gold Corporation (“**Barrick**”). During his 20 years at Barrick, Mr. Hill oversaw the evaluation, acquisition and development of many of Barrick’s mines. Some of the senior management team at Teranga worked with Mr. Hill at Barrick, and more recently at Gabriel Resources Ltd. redesigning, for environmental permitting purposes, a large scale gold project in Europe.

Richard Young is the President and Chief Executive Officer of Teranga Gold. In this role, Mr. Young culminates 25-years of extensive experience in the gold industry. A Chartered Professional Accountant, Mr. Young joined Barrick Gold Corporation in 1991 and served in a series of positions of increasing responsibility in finance, corporate development, mine development and investor relations. Prior to joining Teranga in 2010, Mr. Young served as Vice President and Chief Financial Officer of Gabriel Resources Ltd. for five years. Overall, Mr. Young has raised nearly \$1 billion in debt and equity financing over his career.

Beyond Mr. Young, the balance of Teranga’s senior management team are as follows: Navin Dyal, Vice President and Chief Financial Officer; Sepanta Dorri, Vice President Corporate and Stakeholder Development; David Savarie, Vice-President, General Counsel & Corporate Secretary; and Paul Chawrun, Vice President, Operations and Technical Services.

The senior management team, along with many of the technical experts who assist in the evaluation, acquisition, exploration, development and operations of the Company’s properties have worked together for almost 20 years. The team has a proven track record of identification and acquisition of gold assets, as well as permitting and developing mines around the world.

#### *Experienced Operating Team*

The operating team at the Sabodala gold mine is experienced and brings a broad base of African gold mining experience, with most senior positions occupied by professionals with more than 20 years of gold mining experience.

#### *Strong Regional Reputation*

The success of the Sabodala gold mine has given the Company a solid reputation in Senegal, and a sound basis for future development within the country.

#### *Access to Infrastructure & Mill*

The Company owns the only large-scale gold processing plant within the West African Birimian geological belt in Senegal. In 2012, Teranga completed its initial Sabodala plant expansion which nearly doubled annual throughput from 2 mtpa to approximately 3.6 mtpa. In 2015 Teranga completed the integration of the Golouma Mining Concession and its various satellite deposits as well as the Gora project, into Sabodala’s mine plan in order to optimize gold production from the Sabodala plant. Land, water and power access have been established and in place since operations commenced in March 2009. In 2016, the Company anticipates the completion of the mill optimization project which is expected to increase mill throughput by more than 10%.

#### *Landholdings and Exploration Potential*

In addition to the expanded Sabodala Mining Concession (which now includes the Golouma Mining Concession and the Gora deposit), the Company owns interests in eight exploration permits that together equate to the RLP in south

eastern Senegal of approximately 1,000km<sup>2</sup>. Management believes that the RLP and large portions of the Sabodala Mining Concession are underexplored and is therefore focused on a systematic exploration program for these areas. Management is committed to a significant exploration program that will seek to identify additional gold, which can be processed using the additional plant capacity and extend mine life and increase annual free cash flow.

### *Competitive Conditions*

The mineral exploration and mining business is competitive in all phases of exploration, development and production. In order for Teranga to execute on its mission, vision and strategy, it needs to have the right people in the right places. Teranga competes with all mining companies for highly qualified people. Beyond people, Teranga competes with other mining companies for capital and other resources, many of whom have larger operations, and there can be no assurance that additional capital and other resources will be available to fund the growth of Teranga's business other than the free cash flows provided by its existing operations.

Beyond Teranga's current operations, as it seeks to grow, it will compete with other mining companies in search for and the acquisition of mineral properties. As a result of this competition, the majority of which is against companies with greater financial resources, Teranga may be unable to acquire attractive properties in the future on terms that add value to its shareholders.

### *Employees*

Teranga, along with SGO and SMC has approximately 1,194 employees, including expatriates, Senegalese nationals, and contract workers. Over 90 percent of Teranga's workforce is Senegalese.

### *Foreign Operations*

All of Teranga's active interests are currently located in Senegal, West Africa and, as such, its operations are exposed to various levels of regulatory, economic and other risks and uncertainties associated with foreign operations. See "Risk Factors".

### *Community and Social Programs*

A key component of the Company's mission is to set the benchmark for responsible gold mining in Senegal. As the first large scale gold mine in Senegal, Teranga has had the unique opportunity to set the industry standard for socially responsible mining and to maximize the economic and social development outcomes for the communities around its mine and across the country.

In 2015, Teranga continued to implement its regional Teranga Development Strategy, working closely with public and private participants as well as non-governmental organizations and international aid agencies in the development of the Kedougou Region in the southeast region of Senegal (and the participants' individual social development plans). These development plans have been established in close collaboration with the Government of Senegal in support of its goal to decentralize regional development activities. Teranga provided additional regional support in 2015 through the launch of two major partnerships including: (1) Paul-Gerin Lajoie Foundation which is tasked with training 50 youths in the Kedougou and Tambacounda regions in various technical and professional fields; and (2) the progression of the test phase for the revival of the cotton textile industry in Senegal, from the growing of cotton to the sewing and sale of finished product. This large scale venture involves 500 cotton producers including the largest in-country textile producers, as well as senior government departments such as the Senegal Emerging Plan launched by the President of Senegal to boost economic development. Following the completion of the test phase in 2016, a detailed business plan will be launched by the local participants for full scale implementation. The successful revival of the cotton textile industry in Senegal has the potential to create sustainable jobs and income sources as well as re-attracting farmers to agriculture and, replacing artisanal mining.

Teranga also continued its commitment towards annual community investments targeting agriculture and food security, youth and training and sustainable economic growth through many different programs including the seven market gardens, pilot farms, water supply with the installation of a third solar system in Faloumbo, donation of school material for the villages of the Khossanto and Sabodala communes and finally the malaria spray program. New projects included the provision of 3 fully equipped tractors to the communes surrounding the mine site as well as the donation of 12 lawn-tractors to the surrounding mine villages. In 2015, Teranga also launched a high-school bursary for the 30 best students in the Saraya department. Under this scheme, 30 students per year will be sponsored during their high school years.

This closes the gap between our continuous support to primary schools and our university accommodation program, covering all levels of education and promoting excellence.

As part of its core programs for the long-term sustainable development of the community, Teranga launched the pilot phase of a comprehensive Kedougou regional procurement program, working closely with the company's procurement department to identify additional opportunities for local procurement. In 2016 this program will focus on procurement specific training, capacity building, and the conclusion of several fixed contracts with Teranga, all aimed at providing long-term support and stability to local small to medium enterprises in allowing them to establish sustainable regional businesses.

#### *Health and Safety*

The Company has a strong health and safety record. The intensive training and rigorous application of the Company's Operational Health and Safety ("**OHS**") program has been pivotal to the successful yearly results. The operations as a whole have recorded in excess of 7.9 million exposure hours since 2014 without a lost time injury ("**LTI**"), currently over 930 days since the last LTI. The operations have continuously maintained a LTI frequency rate well below acknowledged industry benchmarking standards, concluding 2015 with a LTI frequency rate of 0.00 (down from 0.69 in 2013), which compares significantly better than 4.18 as per the mining profile of ANZSIC 2006, 2012/13 for metal ore mining. To date, there have been 12 lost time injuries at the Sabodala Project since the commencement of operations. All of the affected employees are fully recovered and have returned to work. The focus of the OHS program is placed on proactive, people-based safety management which uses a documented systematic approach to focus on task observation processes. It will continue to concentrate on management of change and maturing risk management to continue the loss prevention program's drive forward.

#### **Emerging Market Disclosure**

##### *Ownership of Property Interests and Assets*

Information regarding Teranga's ownership of its property interests is contained in the Sabodala Technical Report. With respect to Teranga's exploration activities, the mining conventions and exploration permits described in this AIF, as well as other customary and routine permits obtained from time to time in the ordinary course, are required for Teranga to be able to carry on business in Senegal. With respect to exploitation and mine development, the mining conventions, mining licenses and the environmental and social impact statements and approvals described in this AIF, as well as a tree clearing authorization by the Senegal Minister of Environment and certain other customary and routine permits obtained and held from time to time in the ordinary course, are required by Teranga for the permitting process and the assessment of the suitability of the proposed mining project.

In order to satisfy itself of its ownership of its property interests in Senegal, Teranga has, among other things: (i) obtained and reviewed title opinions from certain local law firms in Senegal; (ii) obtained and reviewed certificates of compliance issued by the appropriate governmental officials in Senegal, including the Trade and Personal Property Credit Register, Ministry of Economy and Finance, Ministry of Mines and Industry, Ministry of Environmental and Sustainable Development; (iii) conducted searches through the Directorate of Mines and Geology, as well as with the Bureau de la Conservation de la Propriété et des Droits Fonciers (Office of the Conservation of Property and Land Rights) in Senegal; and (iv) reviewed, negotiated and executed various agreements with the Government of Senegal relating to the acquisition and/or transfer of certain mining titles and concessions.

Teranga also relies on the oversight by qualified persons (as such term is defined in NI 43-101), who have completed a review of the Sabodala Project (which includes Golouma and Gora projects), and through consultants who are engaged by Teranga (both in Canada and in Senegal) in connection with Teranga's permitting, licensing and regulatory approval application process, to confirm it has all material permits, business licenses and other regulatory approvals needed to carry on business in Senegal. Teranga also consults regularly with legal advisors in the British Virgin Islands ("**B.V.I.**"), Mauritius and Senegal to confirm that all applicable permitting requirements for its operations have been obtained and, from time to time, retains local legal advisors to provide updated title opinions, as appropriate.

##### *Laws and Customs of B.V.I., Mauritius, and Senegal*

As noted from the Corporate Structure chart on page 2, Teranga has subsidiaries outside of Canada in the B.V.I, Mauritius and Senegal (the "**Foreign Subsidiaries**"). The Foreign Subsidiaries domiciled in B.V.I. and Mauritius are located in such jurisdictions primarily for tax planning purposes, including tax structuring that was undertaken prior to or in connection with the IPO and also subsequently in connection with Teranga's acquisition of Oromin in 2013 and the remaining interests in the OJVG in 2014.

Senegal is a civil law jurisdiction following in the French regulatory system of laws. It is a mature democracy with relatively modern mining, fiscal and environmental codes drafted with World Bank guidance in the early 2000s. Senegal is also a signatory to the founding treaty of the West African Economic and Monetary Union (“**WAEMU**”), which is intended to create a collective market and harmonization of regulations and tariffs. According to that treaty, the WAEMU’s Counsel of Ministers can make regulations that are then directly applicable in all the member states, notwithstanding any national legislation to the contrary. The WAEMU Mining Regulation affirms key rights for an investor such as Teranga, notably fiscal stability during the term of its mining license. In Teranga’s opinion, the laws of Senegal do not impose any undue or material restrictions on Teranga’s operations or the ownership by it of property or assets in Senegal. Local laws and customs of the B.V.I and Mauritius do not in the opinion of Teranga have a significant impact on Teranga’s ownership of its property interests and assets, primarily because Teranga does not currently have operations in such jurisdictions.

Except as described elsewhere in this AIF, Teranga is not aware of any material restrictions against foreign investment in Senegalese mining companies, nor any material legal requirements imposed on foreign ownership of Senegalese mining companies. See in particular “History” on page 19.

#### *Control by Teranga over its Foreign Subsidiaries*

In order to ensure that Teranga has appropriate control and direction over its Foreign Subsidiaries, there are common directors on the Teranga Board and on the board of directors of the Foreign Subsidiaries, as well as common management between Teranga and its Foreign Subsidiaries. The Teranga Board also regularly receives management and technical updates and progress reports in connection with its Foreign Subsidiaries.

Teranga is either a direct or indirect majority shareholder in each of its Foreign Subsidiaries. As a result, the operations and business objectives of Teranga and the Foreign Subsidiaries are effectively aligned and controlled. As the direct or indirect majority shareholder of its Foreign Subsidiaries, Teranga can also remove and replace any of the directors and officers of its Foreign Subsidiaries at any time, or from time to time, by director or shareholder resolution, as appropriate.

Teranga also maintains and uses a corporate approval matrix which is regularly reviewed and approved by the Teranga Board, to ensure that a process and mechanism of approvals is maintained and followed for the disbursement of corporate funds and operating capital and to ensure that investment decisions are reviewed and approved by the Teranga Board or its designees.

All of the minute books, corporate seal and corporate records of the Foreign Subsidiaries are kept at the offices of Teranga’s local counsel, or with a local corporate advisory services firm. Copies of such materials are also kept and maintained at Teranga’s head office in Toronto.

Based on the foregoing and the disclosure elsewhere in this AIF, Teranga is of the view that any risks associated with its corporate structure are minimal and that such risks are effectively managed based on the controls described above and elsewhere in this AIF.

#### *Banking Matters in Senegal*

Teranga conducts its banking in the Foreign Jurisdictions through banks of international repute, which are subject to international standards.

Teranga ships gold in the form of dore bars and sells refined gold. The process of production and transfer to the refinery in Switzerland and ultimate sale is under strict control. The gold is sold to either AAA rated banking institutions or established gold metal merchants with access to significant credit lines and the proceeds transferred to a Teranga controlled bank account in France.

While Teranga is obligated to comply with exchange control regulations established by the WAEMU to repatriate 100% of gold sales revenue into Senegal, it only maintains small amounts of cash balances within Senegal. Teranga manages the credit risk of the Senegalese banks by centralizing custody, control and management of its surplus cash resources in Canada at the corporate office via bank accounts domesticated in Canada and France.

Payments for salaries to the executives of Teranga, director fees, legal fees, audit fees and other costs related to matters undertaken by or at the direction of the Teranga Board or Audit Committee are made from time to time as needed from the aforementioned bank accounts controlled by Teranga. All material disbursements of corporate funds

and operating capital to the Foreign Subsidiaries are reviewed and approved by the Teranga Board or its designees, and are based upon pre-approved budget expenditures. Teranga maintains all material sums outside of Senegal in US Dollars, other than non-material amounts held in local currencies for minor ordinary course expenditures and emergency purposes. Cash funds for payments made to local suppliers or for other operational needs in Senegal are transferred to Teranga's subsidiaries in Senegal based on cash requirements via periodic 'cash calls', and otherwise as required under WAEMU regulations.

Teranga adheres to Canadian and Senegalese laws, as well as World Bank/IFC Principles. Teranga has a Business Code of Conduct that specifically addresses the *Corruption of Foreign Public Officials Act (Canada)* that is required to be followed by all directors, employees, consultants and contractors. Educational and compliance training sessions and sign off involving all directors, employees, consultants and contractors is undertaken by Teranga's corporate staff annually. Teranga also has a whistleblower policy in place which provides employees with the opportunity to report matters directly to the Chair of Teranga's Audit Committee. The Senegalese operation of Teranga is led by senior Canadian, Australian, European and American employees who are fully versed on Teranga's corporate policies, as well as the disclosure requirements of a Canadian publicly listed company.

#### *Board and Management Experience in Emerging Markets and Teranga Board and Management Visits to Senegal*

A number of members of the Teranga Board and management have experience in emerging markets in general, and in doing business and operating in Africa specifically. Five out of the eight current members have been on the Teranga Board since October 2010 and, as such, have had a minimum of approximately five years of experience in conducting business in Senegal. The Company has established a goal of having all Teranga Board members visit its operations site at least once every two years.

Mr. Goldenberg, who was appointed to the Teranga Board in July 2013, has considerable experience with emerging markets, having worked with the Government of Canada, as the Senior Policy Advisor to the Prime Minister of Canada and the Prime Minister's Chief of Staff. Dr. Frazer, appointed to the Teranga Board in March 2014, has considerable experience with emerging markets and Africa as the President and CEO of 50 Ventures, LLC, a strategic consulting and investment firm focused on Africa. Dr. Frazer is also a Managing Partner of Africa Exchange Holdings, Ltd., a private sector initiative to build Africa's equity and commodity markets. Dr. Frazer also serves as Chairman of the Board of the East Africa Exchange, Ltd, that is based in Kigali, Rwanda. In addition, Mr. David Mimran, who was appointed to the Teranga Board in September 2015, has tremendous knowledge and experience in operating within Senegal as the Chief Executive Officer of Grands Moulins d'Abidjan and Grands Moulins de Dakar (Senegal), one of the largest producers of flour and agri-food in West Africa. He has also served as a director and principal to the Bank of West Africa (CBAO), one of the largest banking groups in the region. Currently, Mr. Mimran acts as Special Advisor to the government of the Republic of Cote D'Ivoire where he has led negotiations with the International Monetary Fund, the World Bank, the European Union, and the Government of the Republic of France.

Senior executives of Teranga, including Messrs. Hill, Young, Savarie, Chawrun, Dorri and Dyal, have had a number of years' experience in emerging markets and routinely visit Teranga's Senegalese mining operations and corporate office to meet with local management.

The majority of Teranga's directors and executive officers are familiar with the legal and regulatory requirements of Senegal through their history with Teranga and certain of the directors and officers have previous experience working and conducting business in Senegal or other emerging market jurisdictions (including in Africa specifically), all as described above. Moreover, Teranga's directors and officers are advised by Teranga's legal counsel in the jurisdictions of the Foreign Subsidiaries, with a particular focus on Senegal, of new developments in the legal regime and new requirements that come into force from time to time. As a result, management is kept aware of relevant material legal developments in such jurisdictions as they pertain to and affect Teranga's business and operations. Any material developments are then discussed by Teranga senior management and at the Teranga board level.

#### *Language Considerations*

In the majority of cases, business discussions with the Senegalese Government are conducted in English. Many of the senior members of the Senegalese Government speak English and French. In instances where French is preferred in dealing with the Senegalese Government, Teranga directors or management who speak English and French are engaged to act as interpreters and assist, as required.

Local business in Senegal is conducted largely in French and the members of the Teranga management team located in Senegal who deal directly with the operating staff and outside consultants communicate in French with such individuals.



## *Stakeholder Engagement*

Among other aspects of Teranga's stakeholder engagement strategy for Senegal, representatives of Teranga formally meet with the community and other local stakeholders in Senegal on a regular basis and also more frequently as needed when potential issues arise.

Building strong relationships with stakeholders and understanding their interest and concerns are fundamental to achieving Teranga's mission of creating value for all our stakeholders through responsible mining. As the first fully operating commercial gold mine in Senegal, Teranga engages with a wide range of Senegalese stakeholders at the national, regional and local level to raise awareness about gold mining, Teranga, and how it operates in-country.

At the national level, the main forum for stakeholder discussions is the Partners Committee created under the Global Agreement signed with the Government of Senegal in 2013. The Partners Committee is comprised of senior members of relevant administrative bodies with whom Teranga meets annually to discuss the challenges and opportunities facing Teranga as well as to review emerging issues raised by the participants. Teranga is also an active member of the Chamber of Mines, a government entity gathering various mining stakeholders to promote and develop the mining industry in Senegal.

As an active member of the Extractive Industry Transparency Initiative's ("EITI") multi-stakeholder group (MSG) responsible for maintaining the international standard for transparency regarding countries' oil, gas and mineral resources, Teranga has an opportunity to regularly interact with the Government of Senegal, civil society and donors who support the initiative. In 2015, Teranga participated in the MSG coordination of the first Senegal EITI report publication. Going forward, Teranga will continue to support Senegal in its efforts to become an EITI compliant country and intends to formally join EITI once Senegal has attained such status.

In September 2015, Teranga launched its 2014 Corporate Social Responsibility ("**CSR**") report in Dakar, providing the opportunity to solicit feedback from our national stakeholders (including the government, NGOs, donors, academics and business partners) with respect to Teranga's approach to CSR and its performance. Teranga encourages dialogue and feedback with stakeholders by way of regular participation in civil society and government sponsored events. In 2015, Teranga made presentations and/or participated in more than 10 public events to promote the Company's CSR practices.

At the regional level, Teranga's Regional Development Strategy ("**TDS**") forum is held annually to inform stakeholders on its progress on the 78 actions Teranga committed to in promoting regional development and delivering immediate and long-term benefits in three priority areas: sustainable economic growth; agriculture and food security; and youth and training. Teranga's participation in the Canadian Roundtable in the Kédougou region, comprised of several Canadian parties (Teranga, NGOs, and government aid agencies) aimed at the socio-economic development of the region has led to the completion of departmental development plans for the three departments of the Kédougou Region, making Kédougou the first Senegalese region to progress regional socio-development in this manner.

At the local level, formal dialogue forums have been established in order to maintain Teranga's strong relationships within the communities in which it operates. A social committee chaired by local authorities involving a diversified group of representatives from the seven villages around the mine (women, youth and elders included), including Teranga, convenes monthly to raise issues relating to the Sabodala mine, discuss potential solutions, and to identify additional community development initiatives.

## **THE COMBINED SABODALA AND GOLOUMA GOLD PROJECT**

For an explanation of certain technical terms used in this AIF, see "Glossary of Mining Terms".

### **Technical Report**

Unless otherwise stated, the information that follows relating to the Sabodala Project (which now includes the Golouma and Gora projects) is derived from, and in some instances is an extract from the Sabodala Technical Report.

Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Unless otherwise set out herein, reference should be made to the full text of the Sabodala Technical Report which has been filed with certain Canadian securities regulatory authorities pursuant to NI 43-101 and is available for review under the Company's profile on SEDAR and may be accessed at [www.sedar.com](http://www.sedar.com), or Teranga's profile page on the Australian Stock Exchange website at [www.asx.com.au](http://www.asx.com.au).

## Project Description and Location

The Sabodala Project is located in southeast Senegal, approximately 650km east-southeast of the capital city of Dakar and 96km north of the town of Kedougou within the West African Birimian geological belt in Senegal, and about 90km from major gold mines and discoveries in Mali.



*Location of the Sabodala and Golouma gold project within Senegal*

## Mining Rights

Teranga's mining rights include both full exploitation rights pursuant to the Sabodala Mining Concession (which now also includes the Golouma Mining Concession and the Gora project), as well as exploration rights as permit holder or joint venture partner in eight exploration permits all within trucking distance of the SGO mill in eastern Senegal.

### *Land Tenure and Mining Rights*

There are three major levels of permitting required in Senegal to carry out mineral exploration and development. The first permit, an Exploration Permit (Permis de Recherche), allows exploration to be undertaken. The second, an Exploitation Permit (Permis d'exploitation), allows resource estimates, feasibility studies, and small-scale mining. The third, a Mining Concession License (Concession Minière), allows the company to mine the property with significant tax incentives from the government. In each case, a "Mining Convention" or "Mining Agreement" is the initial agreement entered into between the investor and the Government of Senegal. The amended and restated Sabodala Mining Convention dated April 7, 2015 sets out the legal, fiscal, administrative and specific corporate conditions under which the permit holder shall undertake its operations.

The Mining Code confers rights and obligations on mining permit holders for the occupation of land inside and outside the lease perimeter. The right of occupation entails the authorization to conduct exploitation works and related activities, including all infrastructure works and operations for mine development.

## Sabodala Mining Concession

The Sabodala Mining Concession covers an area of 291.2km<sup>2</sup>. The license is renewable for one or several periods of not more than 10 years each until the depletion of the deposit subject to the condition that Teranga has satisfied in all material respects its legal and regulatory obligations as set out in the Sabodala Mining Convention. The current 10-year period would normally have expired on April 30, 2017, however the signing of the amended and restated Sabodala Mining Convention on April 7, 2015 with the Government of Senegal extended the term to January 2025. The Sabodala Mining Concession will remain renewable for successive five year terms thereafter based on anticipated mine life and ongoing regulatory compliance.

### Financial Commitments

Pursuant to the amended and restated Sabodala Mining Convention dated April 7, 2015, SGO is required to pay a gross production royalty to the Government of Senegal; invest \$1,200,000 per annum in social development programs within the region; contribute \$350,000 per annum for training of officers of the Directorate of Mines and Geology and Ministry of Mines; and contribute \$30,000 per annum for logistical support of the territorial administration of the region. In addition; (i) \$250,000 is payable annually pursuant to a forestry protocol with the Ministry of Environment for a period of five years ending in 2019; (ii) \$925,000 for additional reserves payable in 2016; (iii) institutional support amounts for exploration licenses (approximately \$100,000 estimated for 2016); and (iv) with the commencement of mining at the Gora pit in July 2015, \$200,000 is payable annually for each production year up to a maximum of \$1,000,000 for community projects located around the Gora deposit.

Following the completion of the acquisition of the OJVG, the Company is also required to make initial payments totaling \$10.0 million related to the waiver of the right for the Government of Senegal to acquire an additional equity interest in the Senegalese subsidiary of OVJG. As of the date hereof, \$6.5 million has already been contributed to the Government of Senegal under this commitment.

### Regional Land Package

The eight (8) exploration permits which comprises the RLP are grouped into four (4) different project areas: Near Mine Project, which contains the three permits of Bransan, Bransan South and Sabodala West; Faleme, which contains the two permits of Heremakono and Sounkounkou; Dembala, which contains the two permits of Dembala Berola and Saiensoutou; Massakounda, which contains only one permit of the same name.

Of the eight (8) exploration permits, five (5) are held solely by SMC, a wholly-owned indirect subsidiary of Teranga, and three (3) are held by joint venture partners with SMC holding a majority interest in each permit. Please see the table below for further detail.

Permit	Holder/SMC Interest/Terms
Bransan Permit	<p>Holder: SMC – 70% Interest held.</p> <ul style="list-style-type: none"> <li>Sabodala Mining Convention signed between the Government of Senegal and SMC on 30 June 2006;</li> <li>Ministerial Order n°6933 MEM-DMG dated 13 October 2006 granting to SMC a mining exploration permit for gold and associated substances within the “Bransan” area;</li> <li>Joint Venture agreement between Senegal Nominees SURL and SMC dated 4 June 2007;</li> <li>Ministerial Order n°2326 MMITPME-DMG dated 15 March 2010 granting to SMC a first renewal of the Bransan Permit; and</li> <li>Ministerial Order n°666557 MEM/DMG dated 1 May 2013 granting to SMC a second renewal of the Bransan Permit.</li> </ul>
Bransan South Permit	<p>Holder: SMC 100% Interest held.</p> <ul style="list-style-type: none"> <li>Sabodala Mining Convention concluded between the Government of Senegal and SMC on 7 September 2010;</li> <li>Ministerial Order n°10281 MMIAPME-DMG dated 29 November 2010 granting to SMC an exploration permit for gold and associated substances within the Bransan South area; and</li> <li>Ministerial Order n°18010 MIM/DMG/mn dated 1 December 2014 granting to SMC a first renewal of the Bransan South Permit.</li> </ul>
Sabodala West Permit	<p>Holder: SMC 100% Interest held.</p> <ul style="list-style-type: none"> <li>Sabodala Mining Convention concluded between the Government of Senegal and SMC on 7 September 2010;</li> <li>Ministerial Order n°10282 MMIAPME-DMG dated 29 November 2010 granting to SMC an exploration permit for gold; and</li> <li>Ministerial Order n°18011 MIM-DMG/ad dated 1 December 2014 granting to SMC a first renewal of the Sabodala West Permit.</li> </ul>

Permit	Holder/SMC Interest/Terms
Sounkounkou Permit	<p>Holder: Axmin*</p> <p>SMC 100% Interest held subject to 1.5 net smaller royalty to Axmin on identified targets and 20% participating option on future targets.</p> <ul style="list-style-type: none"> <li>• Sabodala Mining Convention signed between the Government of Senegal and Axmin on 4 August 2006;</li> <li>• Ministerial Order n°6229 MEM-DMG dated 13 September 2006 granting to Axmin a mining exploration permit for gold and associated substances within the Sounkounkou area;</li> <li>• Amended and Restated Joint Venture Agreement between Axmin and SMC dated 20 January 2012;</li> <li>• Ministerial Order n°1535 MMITPME-DMG dated 18 February 2010 related to the renewal of the Sounkounkou Permit;</li> <li>• Ministerial Order n°7765 MEM/DMG dated 28 September 2012 granting to SMC a second renewal of the Sounkounkou Permit; and</li> <li>• Ministerial Order n°18462 MIM/DMG dated 15 September 2015 relating to the extraordinary extension of the Sounkounkou Permit.</li> </ul> <p><i>* Axmin held permits are to be transferred to SMC pursuant to terms of Amended and Restated Axmin JV</i></p>
Heremakono Permit	<p>Holder: Axmin*</p> <p>SMC 100% Interest held subject to 1.5 net smaller royalty to Axmin on identified targets and 20% participating option on future targets.</p> <ul style="list-style-type: none"> <li>• Sabodala Mining Convention signed between the Government of Senegal and Axmin on 17 December 2004;</li> <li>• Ministerial Order n°5921 MEM-DMG dated 25 October 2005 granting to Axmin a mining exploration permit for gold and associated substances within the Heremakono area;</li> <li>• Amended and Restated Joint Venture Agreement between Axmin and SMC dated January 20, 2012;</li> <li>• Ministerial Order n°7068 MMITPME-DMG dated 20 July 2009 relating to the first renewal of the Heremakono Permit;</li> <li>• Ministerial Order n°004777 MEM/DMG dated 9 July 2012 relating to the second renewal of the Heremakono Permit; and</li> <li>• Ministerial Order n°14008 MIM/DMG/rs dated 5 September 2014 relating to the extraordinary extension of the Heremakono Permit.</li> </ul> <p><i>* Axmin held permits are to be transferred to SMC pursuant to terms of Amended and Restated Axmin JV</i></p>
Dembala Berola Permit	<p>Holder: SMC 100% interest held.</p> <ul style="list-style-type: none"> <li>• Sabodala Mining Convention signed between the Government of Senegal and "ROKAMCO S.A." on 17 December 2004;</li> <li>• Ministerial Order n°197 MEM-DMG dated 31 January 2005 granting to "ROKAMCO S.A." a mining exploration permit for gold and associated substances within the Dembala-Berola;</li> <li>• Joint Venture Agreement concluded on 21 July 2005 between ROKAMCO SA and SMC;</li> <li>• Ministerial Order n°4426 MMIPME-DMG dated 2 April 2009 granting to "ROKAMCO S.A." relating to the renewal of the Dembala-Berola Permit;</li> <li>• Ministerial Order n°7420 MMIAPME-DMG dated 19 August 2010 granting a transfer to SMC of the mining exploration permit; and</li> <li>• Ministerial Order n°06392 MIM/DMG dated 15 April 2015 relating to the extraordinary extension of the Dembala Berola Permit.</li> </ul>
Saiensoutou Permit	<p>Holder: SMC 100% interest held.</p> <ul style="list-style-type: none"> <li>• Sabodala Mining Convention signed between the Government of Senegal and SMC on 7 September 2010;</li> <li>• Ministerial Order n°10283 MMIAPME-DMG dated 29 November 2010 granting to SMC a mining exploration permit; and</li> <li>• Ministerial Order n°18009 MIM/DMG/adc dated 1 December 2014 granting to SMC a first renewal of the Saiensoutou Permit.</li> </ul>
Massakounda Permit	<p>Holder: SMC 100% Interest held.</p> <ul style="list-style-type: none"> <li>• Sabodala Mining Convention signed between the Government of Senegal and "Rokamco S.A." dated 17 December 2004;</li> <li>• Ministerial Order n°201 MEM-DMG dated 31 January 2005 granting an exploration permit to ROKAMKO SA for gold and associated substances within the Massakounda area;</li> <li>• Joint Venture Agreement between SMC and Rokamco SA dated 21 July 2005;</li> <li>• Ministerial Order n°4427 MMITPME-DMG dated 2 April 2009 related to the first renewal the Massakounda Permit;</li> <li>• Ministerial Order n°1032 MMIAPME-DMG dated 12 October 2010 granting a transfer to SMC of the mining exploration permit;</li> <li>• Ministerial Order n°6556 MEM/DMG dated 15 May 2013 related to the second renewal the Massakounda Permit; and</li> <li>• Ministerial Order n°02764 MIM/DMG dated 3 March 2015 relating to the extraordinary extension of the Massakounda Permit.</li> </ul>

All exploration permits are granted by ministerial decree and are subject to a mining convention signed between SMC and the Government of Senegal. The gold exploration permits are held in a combination of full SMC ownership and earn-in joint ventures where SMC is the funding and managing party as outlined in below.

*Equity and Funding Arrangements for Permits*

Project	Permit	SMC Equity (%)	Holder	Comments
Near Mine	Bransan	70	SMC	Partnership with local syndicate
	Bransan South	100	SMC	100% SMC
	Sabodala West	100	SMC	100% SMC
Faleme	Sounkounkou	100	Axmin	Earn in JV
	Heremakono	100	Axmin	Earn in JV
Dembala	Dembala Berola	100	SMC	100% SMC
	Saiensoutou	100	SMC	100% SMC
Massakounda	Massakounda Permit	100	SMC	100% SMC

Note that given the amended and restated Sabodala Mining Convention signed with the Government of Senegal on April 7, 2015 and its provisions extending to SMC exploration permits, it is anticipated that permits that move into production will be merged into this mining convention and be bound by its revised fiscal terms regarding royalty rate and tax exoneration periods.

*Summary of Joint-Venture Agreements in Place over SMC's Exploration Permits*

There are currently two joint venture agreements over SMC's exploration permits:

- Axmin Joint Venture – over the permits of Heremakono and Sounkounkou.
- Bransan Agreement – although this permit is fully held by SMC, there is a 30% ownership right assigned to a Senegalese company, Senegal Nominees Limited.

*Axmin Joint-Venture Agreement*

The joint venture agreement with Axmin was amended and restated in January 2012. Pursuant to clause 3 of the original joint venture agreement, dated September 30, 2008, (the "**Original Axmin JV**"), SMC earned an eighty percent (80%) interest in all of the joint venture property (being Heremakono Permit, Sounkounkou Permit and Sabodala North West Permit, the latter of which has expired) and Axmin retained a twenty percent (20%) interest in all of the joint venture property, in each case pursuant to the Original Axmin JV. The renegotiated Axmin Joint Venture Agreement (the "**Amended and Restated Axmin JV**") reflects the following:

- Axmin and SMC amended and restated the terms of the Original Axmin JV, to provide that, among other things: (i) the joint venture's interest in the Permits (as defined in the Original Axmin JV) and the Permit Areas (as defined in the Original Axmin JV) be broken into Target Areas (as defined in the Amended and Restated Axmin JV); and (ii) the Manager (as defined in the Amended and Restated Axmin JV) will specify certain Target Areas for Prospecting Operations (as defined in the Amended and Restated Axmin JV) and certain budgeted Target Area Work Cost (as defined in the Amended and Restated Axmin JV) associated therewith, and from time to time Axmin will elect, or be deemed to have elected, as applicable, on a Target Area by Target Area basis, whether: (a) to maintain its 20% Participation Interest (as defined in the Amended and Restated Axmin JV) in a Target Area by funding twenty percent (20%) of all Target Area Work Cost for such Target Area; or (b) to convert its 20% Participation Interest in a Target Area into a Royalty (as defined in the Amended and Restated Axmin JV) from any future Production (as defined in the Amended and Restated Axmin JV) from such Target Area.
- Axmin agreed to transfer title to the Permits to (i) SMC, as Manager, who shall hold and deal with the Permits for and on behalf of the parties, in accordance with the terms of the Amended and Restated Axmin JV, as part of the Joint Venture Property or (ii) to SMC, in its own capacity, if such Permits are in respect of a Royalty Target Area (as defined in the Amended and Restated Axmin JV) in respect of which Axmin has made a Royalty Election (as defined in the Amended and Restated Axmin JV), as applicable.

- As of the date hereof, Axmin has elected the 1.5% NSR on all identified Target Areas across both exploration permits.

### Bransan Joint-Venture Agreement

The Bransan joint venture agreement was signed on July 4, 2007 and provides SMC with an initial ownership interest of 70%, with the remaining 30% held by Senegal nominees. SMC will however be responsible for 100% funding of the exploration work and will also be the manager. According to the agreement, once a discovery is made and a development decision is made, the Senegalese nominees have the right after 120 days to either: (i) convert to a contributing interest, in which case the Senegalese nominees will have to fund their share of the development costs; or (ii) not convert to a contributing interest, in which case Senegalese nominees will dilute to a 10% equity holding in the mine development with SMC's shareholding increasing to 90%. The Senegalese nominees will only be entitled to receive their benefits from production after Teranga has recovered all its joint venture and development costs. The start of the mining process will require the formation of a special purpose company, which will allow Senegal to take its 10% equity stake, and the equity ratios will be diluted proportionally to accommodate Senegal's equity as follows: (i) in the case where the Senegalese nominees have become a contributing party and maintained their original holding, SMC will hold a 63% interest and the Senegalese nominees will hold a 27% interest; or, in the case where the Senegalese nominees have diluted their original holding, SMC will hold a 81% interest and the Senegalese nominees will hold a 9% interest.

### **Environmental Liabilities**

An Environmental and Social Impact Statement for the Sabodala Project was completed in July 2006 by Tropica Environmental Consultants, and an Environmental and Social Management and Monitoring Plan ("**ESMMP**") was developed by Earth Systems in September 2007 and updated in 2012. The ESMMP committed the Company to preparation of a stand-alone Rehabilitation and Mine Closure Plan ("**RMCP**") which was completed in the first year of operations, and also updated in 2012. The RMCP provides a comprehensive discussion of the implementation, management and monitoring of rehabilitation activities that are to be undertaken during both the operational and closure phases of the Sabodala Project. The RMCP also provides SGO with an indication of anticipated rehabilitation and closure costs throughout the life of the Sabodala Project. This plan satisfies the requirements of the Government of Senegal as well as relevant international standards specifically Australian, Canadian and those of the International Finance Corporation ("**IFC**").

The RMCP was updated in 2012 to reflect changes in mine set-up and to include a second tailings storage management facility ("**TSF2**"). It was again updated in 2015 to include the Goulouma project acquired with the absorption of Oromin and OJVG in 2014, as well as the Gora project. For this new update an independent rehabilitation and reclamation expert ("**ERM**") was mandated in order to benefit from their significant global experience in mine rehabilitation. The updated closure costs were reviewed based on the results of progressive rehabilitation pilot tests undertaken at site. Accordingly, total expected mine closure costs to the end of the mine life are estimated to be \$34.8 million (undiscounted). The mine closure liability based on the footprint disturbed at the end of 2015 is \$27.0 million on a discounted basis. This does not include the \$15 million that the Company has agreed to establish as a social development fund payable at mine closure.

The ESMMP will be updated in 2016 to reflect the addition of the Gora and Goulouma projects.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

#### *Accessibility*

The Sabodala Project (including the Golouma and Gora projects) is located in southeast Senegal, approximately 650km east-southeast of the capital city of Dakar. Access to the Sabodala Project from Dakar is by sealed road, Highway N1, to the regional centre of Tambacounda and then via a good all-weather sealed road, Highway N7, 230km southeast to Kédougou, then 96km of sealed and laterite-surfaced roads which access the villages of Faloumbo and Sabodala. A 1,250m sealed, public airstrip, capable of handling light to medium sized aircraft, lies at the north end of the mining concession.

There are three villages on the Sabodala Mining Concession. Sabodala village is approximately 2km south of the Sabodala mine pit and is very close to the Niakafiri deposit. Faloumbo village is to the north-northeast of the Sabodala mine pit. The Dinkokhono village is occupied by just a few families formerly from Faloumbo. On the Golouma perimeter, there are six small villages, Bransan, Dendifa, Mankana, Bambaraya and Maki Medina.

## *Climate*

In the region of Kedougou where the Sabodala Project is located, the highest monthly average temperatures are between March and May, 31°C to 40°C. The lowest monthly average minimum temperatures are between December and January, 17°C to 26°C. The annual Harmattan is a dry wind which blows from the north, usually from December to February, resulting in dusty and hazy skies. There is a distinct tropical wet season from June to October, with the most rain falling from storms between August and September, and a dry season from December to April. Mean annual rainfall within the Sabodala area is estimated to be 1,130 mm.

It is possible to operate in Senegal on a year-round basis, but the processing schedule allows for a reduced mining rate and for predominantly fresh ore to be processed during the height of the wet season, mainly the third quarter.

## *Local Resources, Personnel and Infrastructure*

The main mining camp is located approximately 3km from the mine and 2km from the plant and is designed to house up to 960 employees. A separate camp has been constructed at Bransan for exploration personnel and is designed to accommodate 50 persons.

Teranga provides for the majority of its own infrastructure needs. Power is generated at the site using low speed, heavy fuel oil generators. A 30MW 5-unit engine heavy fuel oil power plant was originally constructed, and subsequently expanded to 36MW with the mill expansion by SGO in 2012. Water supply to service the processing plant and mine comprises three surface water storage dams from local catchment areas. These dams are designed to store adequate water from seasonal rainfall events to provide for all production needs on a year-round basis. For emergency purposes, the site has a water pipe, including water access rights, to pump water from the Faleme river, if required. There are sufficient waste disposal areas and tailings storage areas. The Company constructed a plant and supporting facilities at the site including offices, shops and warehouses. Existing port facilities at Dakar are utilized for unloading of all equipment, spares and consumables for the mine. A significant proportion of the personnel involved in the mining operations have been sourced from the local villages, surrounding regions and Dakar.

## *Physiography*

Topography in the area covering both the Sabodala Project is generally undulating with a gentle gradient to the north and west towards the major river courses in the area. The elevation varies from approximately 150m to 350m above sea level. In the east of the area and abutting onto the eastern side of the concession is a north-south aligned ridge rising at least 100m above the surroundings. Vegetation ranges from savannah to thick bushes and large trees on hillsides. Watercourses are marked by palms. After each wet season villagers burn off a majority of the tall grass.

## **History**

### *Sabodala Mining Concession*

The Sabodala deposit was discovered by Bureau de Recherches Géologiques et Minières (“**BRGM**”) in 1961. Subsequently, from 1961 to 1998, BRGM, a Soviet-Senegal joint venture, a Société Minière de Sabodala / Paget Mining Ltd. joint venture, and Eximcor-Afrique SA conducted exploration programs including geological mapping, geochemical sampling, metallurgical studies and limited exploitation.

In 2004, the Government of Senegal announced that the Sabodala area was available for international open tender. Encouraged by the new Mining Code and MDL’s established interest in Senegal, a competitive bid on the Sabodala Project was submitted by MDL on June 7, 2004. On October 25, 2004, the Government of Senegal awarded the Sabodala Project to a consortium comprised of MDL (as to 70%) and private Senegalese interests (as to 30%). On August 16, 2005, MDL agreed to purchase the 30% minority interest in the Sabodala Project which it did not own to assume a 100% interest in the project for a total consideration of 9,000,000 ordinary shares in MDL issued at a price of AUD\$0.73 per ordinary share plus \$5 million payable over a period ending March 1, 2006. This 100% interest was subject to the requirement that MDL form an exploitation company, SGO in which its interest in the Sabodala Project would be transferred and in which the Government of Senegal would hold a 10% free carried interest, as well as an option, which has since expired, for the Government of Senegal or a national private sector person or registered company to purchase at market value a further 30% contributory interest in the Sabodala Project. The Sabodala Mining Convention in respect of the Sabodala Project was executed on March 23, 2005 and exploration drilling commenced on June 29, 2005. Subsequently, a supplementary deed to the Sabodala Mining Convention for the Sabodala Project was executed by MDL and the Government of Senegal on January 23, 2007.

On May 2, 2007, MDL received Mining Concession status for Sabodala by decree of the President of Senegal. The decree includes the following key provisions:

- Ten-year mine lease.
- Exemption from all property, company and value added taxes for a period of eight years.
- Exemption from import and export duties for a period of four years starting from date production commenced (March 2009).
- A royalty (termed a 'mining tax') equivalent to 3% of gold sales is payable to the Senegalese government.
- The Government of Senegal retains a 10% free carried interest after project capital is recovered with interest.

As noted previously, Teranga agreed to increase the royalty rate for its Sabodala Project and all satellite deposits incorporated therein to 5% as part of its Global Agreement signed with the Government of Senegal. Further, in February of 2016 the Government of Senegal agreed to extend the tax exemption on value added tax until May 2, 2022 as more specifically described on page 6 of this AIF.

SMC continues to explore the RLP.

On November 23, 2010, Teranga completed the indirect acquisition of the Sabodala gold mine and the regional exploration package by way of a restructuring and demerger from MDL.

Construction and development of the Sabodala gold mine and plant occurred throughout 2008 with full commissioning occurring in early 2009. Open pit mining commenced in the Sabodala pit in 2009 and continued until June 2015. Additional open pit mining started at Masato in September 2014 and at Gora in July 2015. First gold was poured in March 2009, from that date until December 31, 2015, 1,254,968 oz of gold have been produced.

## **Geology and Mineralization**

The Sabodala Mining Concession and the surrounding exploration permits are located in the 2,213 Ma to 2,198 Ma age Kedougou-Kenieba Inlier which lies within the Paleoproterozoic age Birimian Terrane of the West African Craton. The permits straddle two major divisions of the Inlier – the volcanic-dominated Mako Supergroup to the west, and the sediment-dominated Diale-Dalema Supergroup to the east. The Sabodala, Masato and Gora deposits and western portions of the company's Faleme and Near Mine projects are hosted in the Mako belt volcanics. The Mako Supergroup consists mainly of tholeiitic basalts and andesitic lavas (massive and pillowed flows) with minor komatiitic units interbedded with volcanoclastic sediments (pyroclastic banded tuffs and agglomerates), quartzite and chert as well as ultramafics, dolerites and gabbros. The Diale and Dalema Supergroup are characterized by folded sandstones and siltstones interbedded with calc-alkaline ash and lapilli tuffs that are more pelitic and siliceous in the Diale Supergroup and more calcareous in the Dalema Supergroup.

The Mako and Diale-Dalema supracrustal sequences are intruded by a series of variably deformed granitoid intrusions that range in age from 2,160 Ma to 2,000 Ma. These include the Karkadian Batholith which bounds the Mako Belt to the west, and several major large stocks in the central Mako Belt in the project areas. Northeast trending intermediate to felsic and later, post-tectonic mafic dykes are present throughout the region, the latter forming prominent linear magnetic features. Felsic and intermediate composition dykes are often spatially associated with shear zones hosting gold mineralization, and locally are host to significant gold mineralization themselves.

Principal structures on the Sabodala property form a steeply west-northwest dipping, north-northeast trending shear zone network which has previously been referred to as the "Sabodala Shear Zone". This includes the Niakafiri, and Masato shear zones, which are high strain zones developed in altered ultramafic units. There are also shear zones that are linked to them by north to northwest trending splays. These include the "Ayoub's Thrust", which is focused along the ultramafic sill that lies on the west side (hanging wall) of the Sabodala deposit.

Mineralization is generally associated with highly strained steeply dipping north-northeast or east-west trending shear zones, quartz-carbonate-sericite-tourmaline-pyrite shear veins, highly altered quartz-carbonate-albite-pyrite zones, and often spacially associated with felsic and mafic dykes.

For further details on the Company's geology and mineralization activities, please refer to Chapter 7 of the Sabodala Technical Report.



## Exploration Status

Teranga has adopted a three-phase exploration approach for the Sabodala Project. Phase 1 includes target generation and consists of airborne geophysics, surface geochemistry, geological mapping, and rotary air blast (“RAB”) drilling and trenching. This work has been largely completed and Teranga’s future exploration programs will be focused on Phase 2 and Phase 3.

Phase 2 and Phase 3 have the objective of increasing Mineral Resources and Mineral Reserves within the Sabodala Project. Phase 2, prioritizing and ranking, includes identifying targets and ordering them depending on their potential of hosting economic mineralization and Phase 3, target testing, includes trenching and reverse circulation and diamond drilling within the areas of significant mineralization.

During the period 2014 to 2015, exploration focused on 20 targets within Teranga’s Regional Exploration Package and 19 targets on the Sabodala Mining Concession.

On the Regional Exploration Package, the Bransan Permit prospects and soil anomalies were re-evaluated. Soil sampling and trenching programs were undertaken on the Heremakono Permit prospects of Nienienko Regional, Nienienko Main, and Soreto. On the Sounkounkou Permit, soil sampling was undertaken on the KC prospect with trenching programs on KA, KD, and Diabougou. The Doughnut Prospects, which include Diegoun North and South, Cinnamon and Cinnamon West, were re-evaluated and results re-interpreted.

A number of soil anomalies were identified for further follow-up on the Bransan Permit. Trenching undertaken at the KA prospect has identified a flat lying gold mineralized zone at the contact between a quartz-feldspar porphyry intrusive and siltstone-shale unit.

A trenching program undertaken at the KD prospect confirmed gold mineralization associated with narrow parallel quartz veins developed within sheared and sometimes brecciated metasediments. A reconnaissance trenching program across a 600 m long gold soil anomaly paralleling a regional north-northeast trending regional scale structure returned significant gold intercepts within a mineralized zone.

Trenching programs were conducted on the Soreto, Nienienko Main and Nienienko regional prospects as follow-up to the anomalous gold results previously returned. At Soreto, trenching was started in 2015 to test the structural and mineralization extension further to the northeast based on termite and soil anomalies. Trenching at Nienienko identified a 500-metre-wide zone with gold mineralization occurring in flat-lying, near surface quartz veins and felsic breccia units occurring over a strike length of 1,500 m (Nienienko Main). In addition, a detailed soil sampling program had identified anomalous gold values coinciding with shear zones following the north-northeast regional scale structural trend. Rock chip samples collected from several of the shear zones returned elevated gold values. The shear zones are 10 m to 20 m with width and characterized by quartz veining and gossan development with quartz-carbonate alteration.

On the Sabodala Mining Concession, trenching programs were undertaken on Golouma West Extension, Masato Northeast, Maki Medina East and started at the Goumbati East, and Goumbati West prospects.

A total of 24 trenches were completed at across the Masato Northeast prospect. Detailed trench mapping and sampling successfully confirmed the interpreted northeast trend and extents of the shear zone, however, samples returned inconsistent gold values.

Trenches totaling 2,500 m were excavated on the Maki Medina East prospect to test soil anomalies across a 640 m north-south strike direction. Results identified a number of targets for additional follow-up work. Trenching was undertaken to investigate a 300m long soil anomaly to the south of Maki Medina Main. Initial sampling results indicate that gold mineralization extends to the south.

For further details on the Company’s exploration activities, please refer to Chapter 9 of the Sabodala Technical Report.

## Drilling

From 2005 to April 2013, Teranga and its predecessors drilled approximately 4,606 diamond and RC drillholes totalling 879,125 m on the Sabodala Mining Concession and drilled approximately 11,597 diamond, RC and RAB drillholes totalling 287,267 m on the regional exploration permits.

From May 2013 to end of 2015, Teranga completed 1,131 diamond, RC and RAB holes totalling 37,621 m on the Sabodala Mining Concession and a total of 45 diamond drillholes totalling 7,320 m was completed at the Marougou, Soreto, KA and KD prospects on the regional exploration permits.

Diamond drilling programs at Maki Medina, Niakafiri Southwest, Golouma South, Golouma Northwest, Kerekounda and Soukhoto deposits on the Sabodala Mining Concession from May 2013 to 2015 were completed to confirm the existing interpretation and grade of the mineralization domains, upgrade resource classification of Inferred Resource blocks, "twin" previously drilled holes, delineate high grade zones, and collect geotechnical data for testing. In addition, a gridded RC drill program was completed at Masato to determine the optimal spacing of RC holes for the mine operations grade control program, and a RAB sterilization program was undertaken to test the areas where new infrastructure was planned for upcoming mining activities. Diamond drill results successfully confirmed geological and grade continuity, and geological interpretation of mineralized zones between widely spaced drillholes.

Drilling on the regional exploration permits at the Marougou, Soreto, KA and KD prospects was planned to test extents and nature of identified shear zones, "twin" previously drilled holes, confirm the orientation and continuity of gold mineralization intersected in previous drilling programs, delineate thickness and depth of gold mineralized zones. Results returned some significant intercepts that require follow-up analysis and additional work.

For further details on the Company's drilling activities, results and programs, please refer to Chapter 10 of the Sabodala Technical Report.

### **Sampling, Analysis and Data Verification**

Teranga has established standard operating procedures for sample preparation, analyses, and security, which are appropriate for gold mineralization and which follow industry standards.

Teranga's exploration geologist is responsible for all sampling activities conducted by geological technicians and samplers, including sampling, sample bagging, numbering and tagging, sorting, transportation, security, completion of the analytical submission sheets and Teranga's quality and quantity program. Teranga's project geologist is responsible for the overall drilling and sampling programs.

One sample is taken for each one metre interval drilled by RC and for each two metre interval drilled by RAB. Jones riffle splitters are used at the drill site to obtain a representative sub-sample. Drill core sampling intervals are defined then cut in half with a diamond saw along the core length. Half core is sampled over approximate one metre lengths or based on lithology intervals.

All samples are placed into sample bags with assigned sample numbers, then closed, sealed and inserted into larger rice bags that are securely sealed. Samples that are sent for assay to the on-site laboratory (operated by SGS) are securely transported by company trucks. Samples that are sent for assay to off-site laboratories are inserted into large metal drums that are securely sealed, then transported off-site by contract transport trucks to Dakar and either by land transport or air freight to off-site laboratories. Sample intervals that are not assayed remain in storage at the mine site or exploration camps.

Teranga used ALS Chemex in Johannesburg, South Africa, as its primary fire assay laboratory, with additional samples sent to ALS Chemex in Vancouver, Canada. ALS Chemex Johannesburg is accredited to the ISO/IEC 17025:2005 Standard by laboratory Certificate number T0387 and ALS Chemex Vancouver is accredited to the ISO/IEC 17025:2005 Standard by laboratory Certificate number 579.

Dried samples were crushed to 70% minus 2.0 mm. Crushed samples were riffle split to 250 g, then pulverized to 85% minus 75 µm (200 mesh). Fifty-gram sample pulps were analyzed for gold using fire assay with an atomic absorption finish and a 5.0 ppb detection limit (Au-AA24). Assay results greater than 1.0 g/t Au were automatically re-assayed by fire assay with a gravimetric finish (Au-GRA22).

Diamond drill core, RC, RAB, soil, and grab samples were sent for gold analysis to the on-site SGS laboratory operated by SGS Minerals as its primary laboratory for atomic absorption analyses (AAS). SGS Sabodala is accredited to the ISO/OEC 17025:2005 Standard by laboratory Certificate number 812.

Dried samples were crushed in the jaw crusher to minus 2.0 mm. Compressed air was used to clean the crusher and splitter between samples, with crushing of barren quartz for additional cleaning as required. Crushed samples were

split using a Jones riffle to 200 g. The 200 g sample was pulverized with a ring and puck pulverizer to 85% minus 75 µm (200 mesh).

Fifty-gram sample pulps were analyzed for gold using an aqua regia digestion followed by AAS (ARE155). Due to the periodic backlog of samples at the SGS on-site laboratory, additional samples were sent to SGS Bamako, Mali, for fire assay analysis with an AAS finish (FAA505). SGS Bamako, Mali is accredited to the ISO/IEC 17025:2005 Standard by laboratory Certificate number T0652.

During trenching, drilling, logging, sampling, and shipping, multiple data storage systems were employed. Field data were recorded on maps, sample sheets, logging forms, and shipping forms and later entered and stored on the Bransan exploration camp computer server. Hard copies of all field data and core photos were stored on site at the Bransan exploration camp. Chain of custody was strictly maintained during transportation, sample collection, shipping, and preparation to avoid tampering. No evidence of tampering had been identified.

In addition to the standard internal laboratory quality control measures employed, a blind quality assurance and quality control (QA/QC) program was established, consisting of geological standards, blanks, and duplicate samples inserted into the sample stream at regular intervals. Results indicate no evidence of contamination, reasonable to good correlation between original and duplicate samples and no significant issues with specific sample batches or long-term biases.

Teranga sent 179 pulp samples originally fire assayed at the ALS Chemex Johannesburg laboratory to the Bureau Veritas laboratory in Ankara, Turkey, for check fire assay. Bureau Veritas is accredited to the ISO Standard 9001:2008 by Certificate number NIS 944-01. All pulp samples were analyzed by fire assay with an atomic absorption finish and a 5.0 ppb detection limit (FA450). Assay results greater than 10 g/t Au were automatically re-assayed by fire assay with a gravimetric finish (FA550), with good correlation of check assay results.

During the third quarter of 2014, a high bias in gold assays was generated by the SGS Sabodala site laboratory and was identified by a discrepancy in reconciliation between the daily production reports and the gold poured and gold in circuit at quarter end. The high bias was investigated and determined to have been caused by the degradation in the gold calibration standard due to poor storage of the solutions employed by the laboratory. The bias was corrected in October 2014 and steps were taken to improve the laboratory's internal quality control procedures. Exploration sample assays received from the SGS Sabodala laboratory during this time period were examined, with no significant biases identified. Teranga exploration personnel conduct annual laboratory audits of the SGS Sabodala site laboratory, with the most recent audit conducted in January 2015, with no significant issues identified.

From 2005 to 2012, independent reviewers completed extensive reviews of data collected, geological knowledge and practices, the on-site laboratory facility, sample analysis, security and QA/QC procedures, as part of their verification of data. Standard industry practices were followed with no significant discrepancies identified.

From 2013 to 2015, Teranga followed established standard industry practice protocols for drilling, core logging, sampling and QA/QC. This included verification of drillhole collar coordinates, downhole surveys, density determinations, logged geology and structure, data entry and assays. The qualified person for Teranga reviewed and confirmed the adequacy of samples taken, the security of the transportation procedures, the sample preparation and analytical procedures used.

For further details on the Company's sampling, analysis and data verification activities, please refer to Chapter 11 of the Sabodala Technical Report.

## **Mineral Resources**

Mineral Resources were estimated for the Sabodala Mining Concession and the Bransan Permit and are shown below. Mineral Resources are reported inclusive of Mineral Reserves. The effective date of the estimate is December 31, 2015.

There have been no revisions to the resource models for 2015, except for adjustments due to mining depletion, minor revisions from infill drilling at Niakafiri Southwest and Maki Medina, remodelling of mineralization at Niakafiri Main, and conversion from a sectional model to a block model at Diadiako. For estimating 2015 Mineral Resources, Teranga has implemented a new reporting procedure, which includes the use of open pit shells to constrain open pit resources and reporting underground resources separately.

For reporting of open pit Mineral Resources, open pit shells were produced for each of the resource models using Whittle open pit optimization software using the Lerchs-Grossman algorithm. Only classified blocks greater than or equal to the open pit cut-off grades and within the open pit shells were reported. This is in compliance with the CIM (2014) resource definition requirement of “reasonable prospects for eventual economic extraction”.

For reporting of underground Mineral Resources, only classified blocks greater than or equal to the underground cut-off grade outside of the open pit shells were reported. This complies with CIM (2014) resource definition requirements. In addition, Deswik Stope Optimizer software was used to generate wireframe models to constrain blocks satisfying minimum size and continuity criteria, which were used for reporting Sabodala underground Mineral Resources.

The significant change between the Mineral Resources reported for 2014 and 2015 is due to this new reporting procedure, whereby 2015 year end Mineral Resources have been constrained using open pit shells along with revised gold cut-off grades for both open pit and underground resources. Previously classified Mineral Resources that do not satisfy the revised reporting criteria for 2015, have been excluded, however, they remain in the block models as unclassified mineralized material.

The Qualified Person for the Mineral Resource estimates is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, or political issues that would materially affect the Mineral Resource estimates.

#### Open Pit and Underground Mineral Resources Summary as at December 31, 2015

Deposit	Domain	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes	Grade	Au	Tonnes	Grade	Au	Tonnes	Grade	Au	Tonnes	Grade	Au
		('000s)	(g/t Au)	('000s)	('000s)	(g/t Au)	('000s)	('000s)	(g/t Au)	('000s)	('000s)	(g/t Au)	('000s)
Sabodala	Open Pit	13,742	1.13	497	6,488	1.59	332	20,230	1.28	829	2,525	1.23	100
	Underground				1,631	3.65	191	1,631	3.65	191	460	3.60	53
	Combined	13,742	1.13	497	8,119	2.01	524	21,861	1.45	1,021	2,985	1.60	153
Gora	Open Pit	466	4.55	68	1,083	6.11	213	1,549	5.64	281	53	4.95	8
	Underground				315	5.14	52	315	5.14	52	59	4.83	9
	Combined	466	4.55	68	1,398	5.89	265	1,864	5.56	333	113	4.88	18
Niakafiri Main	Open Pit	4,909	1.33	210	7,222	0.98	228	12,131	1.12	438	2,472	1.09	87
	Underground										184	2.51	15
	Combined	4,909	1.33	210	7,222	0.98	228	12,131	1.12	438	2,656	1.19	102
Niakafiri West	Open Pit										2,566	1.29	107
	Underground										90	2.82	8
	Combined										2,656	1.34	115
Soukphoto	Open Pit										550	1.46	26
	Underground												
	Combined										550	1.46	26
Diadiako	Open Pit										178	1.27	7
	Underground										663	2.89	61
	Combined										841	2.54	69
<b>Subtotal Sabodala ML</b>	<b>Open Pit</b>	<b>19,117</b>	<b>1.26</b>	<b>776</b>	<b>14,793</b>	<b>1.62</b>	<b>773</b>	<b>33,910</b>	<b>1.42</b>	<b>1,548</b>	<b>8,344</b>	<b>1.25</b>	<b>335</b>
	<b>Underground</b>				<b>1,947</b>	<b>3.89</b>	<b>243</b>	<b>1,947</b>	<b>3.89</b>	<b>243</b>	<b>1,456</b>	<b>3.14</b>	<b>147</b>
	<b>Combined</b>	<b>19,117</b>	<b>1.26</b>	<b>776</b>	<b>16,740</b>	<b>1.89</b>	<b>1,016</b>	<b>35,857</b>	<b>1.55</b>	<b>1,792</b>	<b>9,800</b>	<b>1.53</b>	<b>482</b>
Masato	Open Pit	5,894	0.79	150	22,617	1.16	844	28,511	1.08	994			
	Underground				1,163	2.75	103	1,163	2.75	103	1,984	2.85	182
	Combined	5,894	0.79	150	23,780	1.24	947	29,674	1.15	1,097	1,984	2.85	182
Golouma	Open Pit				6,800	2.98	653	6,800	2.98	653	88	2.46	7
	Underground				2,134	4.09	280	2,134	4.09	280	854	3.66	100
	Combined				8,934	3.25	933	8,934	3.25	933	942	3.55	107
Kerekounda	Open Pit				1,255	4.28	173	1,255	4.28	173			
	Underground				499	4.88	78	499	4.88	78	235	5.70	43
	Combined				1,755	4.45	251	1,755	4.45	251	235	5.70	43
Maki Medina	Open Pit				2,112	1.22	83	2,112	1.22	83	114	0.81	3
	Underground				109	2.71	10	109	2.71	10	85	2.54	7
	Combined				2,221	1.30	93	2,221	1.30	93	199	1.55	10
Niakafiri SW	Open Pit				770	0.81	20	770	0.81	20	30	0.67	1
	Underground												
	Combined				770	0.81	20	770	0.81	20	30	0.67	1
Niakafiri SE	Open Pit				4,439	0.98	140	4,439	0.98	140	162	0.96	5
	Underground				73	2.60	6	73	2.60	6	16	2.64	1
	Combined				4,512	1.01	146	4,512	1.01	146	177	1.11	6
Kinemba	Open Pit				24	1.06	1	24	1.06	1	91	0.95	3
	Underground										56	2.52	5

Deposit	Domain	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes (’000s)	Grade (g/t Au)	Au (’000s)	Tonnes (’000s)	Grade (g/t Au)	Au (’000s)	Tonnes (’000s)	Grade (g/t Au)	Au (’000s)	Tonnes (’000s)	Grade (g/t Au)	Au (’000s)
	Combined				24	1.06	1	24	1.06	1	147	1.55	7
Kobokoto	Open Pit				842	1.02	28	842	1.02	28	335	0.86	9
	Underground												
	Combined				842	1.02	28	842	1.02	28	335	0.86	9
Koulouqwinde	Open Pit										230	1.42	11
	Underground										60	2.67	5
	Combined										290	1.68	16
Kourouloulou	Open Pit				96	11.51	36	96	11.51	36	22	6.71	5
	Underground				59	9.15	18	59	9.15	18	86	13.58	38
	Combined				156	10.61	53	156	10.61	53	108	12.18	42
Kouroundi	Open Pit				67	0.93	2	67	0.93	2	42	0.74	1
	Underground												
	Combined				67	0.93	2	67	0.93	2	42	0.74	1
Koutouniokollo	Open Pit										85	1.58	4
	Underground										22	2.54	2
	Combined										108	1.78	6
Mamasato	Open Pit				560	1.45	26	560	1.45	26	305	1.25	12
	Underground										42	2.32	3
	Combined				560	1.45	26	560	1.45	26	347	1.38	15
Sekoto	Open Pit										485	0.89	14
	Underground										25	2.11	2
	Combined										510	0.95	16
<b>Subtotal Somigol ML</b>	Open Pit	<b>5,894</b>	<b>0.79</b>	<b>150</b>	<b>39,584</b>	<b>1.58</b>	<b>2,005</b>	<b>45,478</b>	<b>1.47</b>	<b>2,155</b>	<b>1,989</b>	<b>1.16</b>	<b>74</b>
	Underground				<b>4,038</b>	<b>3.81</b>	<b>495</b>	<b>4,038</b>	<b>3.81</b>	<b>495</b>	<b>3,465</b>	<b>3.48</b>	<b>387</b>
	Combined	<b>5,894</b>	<b>0.79</b>	<b>150</b>	<b>43,622</b>	<b>1.78</b>	<b>2,500</b>	<b>49,516</b>	<b>1.66</b>	<b>2,650</b>	<b>5,454</b>	<b>2.63</b>	<b>462</b>
<b>Total Sabodala + Somigol</b>	Open Pit	<b>25,011</b>	<b>1.15</b>	<b>926</b>	<b>54,377</b>	<b>1.59</b>	<b>2,777</b>	<b>79,388</b>	<b>1.45</b>	<b>3,703</b>	<b>10,333</b>	<b>1.23</b>	<b>409</b>
	Underground				<b>5,985</b>	<b>3.84</b>	<b>738</b>	<b>5,985</b>	<b>3.84</b>	<b>738</b>	<b>4,921</b>	<b>3.38</b>	<b>534</b>
	Combined	<b>25,011</b>	<b>1.15</b>	<b>926</b>	<b>60,362</b>	<b>1.81</b>	<b>3,516</b>	<b>85,373</b>	<b>1.62</b>	<b>4,441</b>	<b>15,254</b>	<b>1.92</b>	<b>944</b>

Notes for Mineral Resources Summary:

1. CIM definitions were followed for Mineral Resources.
2. Open pit oxide Mineral Resources are estimated at a cut-off grade of 0.35 g/t Au, except for Gora at 0.48 g/t Au.
3. Open pit transition and fresh rock Mineral Resources are estimated at a cut-off grade of 0.40 g/t Au, except for Gora at 0.55 g/t Au.
4. Underground Mineral Resources are estimated at a cut-off grade of 2.00 g/t Au.
5. Measured Resources at Sabodala include stockpiles which total 9.2 Mt at 0.77 g/t Au for 229,000 oz.
6. Measured Resources at Gora include stockpiles which total 0.1 Mt at 1.30 g/t Au for 6,000 oz.
7. Measured Resources at Masato include stockpiles which total 5.9 Mt at 0.79 g/t Au for 150,000 oz.
8. High grade assays were capped at grades ranging from 1.5 g/t Au to 110 g/t Au.
9. The figures above are "Total" Mineral Resources and include Mineral Reserves.
10. Open pit shells were used to constrain open pit resources.
11. Mineral Resources are estimated using a gold price of US\$1,450 per ounce.
12. Sum of individual amounts may not equal due to rounding.

Wireframe models were generated from logged drillhole data for topography, oxide, mineralization and significant lithology for use as hard boundaries for bulk density determinations and mineral resource estimation. Classical statistics for raw gold assays were analyzed for modeled mineralized zones to determine appropriate gold grade capping levels. Capping levels were applied to assays prior to compositing to limit the influence of high grade outliers for all deposits except for Niakafiri West and Diadiako, where management of high grade assays was not considered necessary. Run-length composites were generated inside mineralization wireframes. Gold assay results reported below the detection limit were assigned half the detection limit. Non-logged and unsampled intervals were assigned a grade of 0.0 g/t Au prior to compositing.

Block gold grades were estimated using the Ordinary Kriging, Inverse Distance Squared, Inverse Distance Cubed or Nearest Neighbour estimation method. Except for the Nearest Neighbour method, blocks were estimated using multiple estimation passes using increasingly larger search distances, either based on variograms or visual estimates of grade and geological continuity.

Resource classification is primarily based on drillhole spacing and continuity of grade. Blocks estimated during the first estimation pass with a minimum of two drillholes and well established geological and grade continuity were classified

as Measured Resources. Blocks estimated during the first or second estimation run with a minimum of two drillholes were classified as Indicated Resources, where geological and grade continuity has been sufficiently established. Inferred Resources were defined with either the second or third estimation run based on the wide spacing of drillholes and resultant uncertainty in geological and grade continuity. In addition, blocks estimated by the Nearest Neighbour estimation method were classified as Inferred Resources due to the lack of sufficient drilling to confidently determine continuity of geology and grade.

## Mineral Reserves

The Mineral Reserve estimate as of December 31, 2015 and the location of the reserves are shown below. Open pit Mineral Reserve estimates were prepared for the Sabodala, Gora, Niakafiri Main, Masato, Golouma West, Golouma South, Kerekounda, Maki Medina, Niakafiri SE, and Niakafiri SW deposits. Underground Mineral Reserves were prepared for the Golouma West 1, Golouma West 2, Golouma South, and Kerekounda deposits.

The Proven and Probable Mineral Reserves for the deposits are based on only that part of the Measured and Indicated Resources that falls within the designed final pit limits. As there were no Measured Resources in the Masato, Golouma, Kerekounda, Maki Medina, Niakafiri SE, and Niakafiri SW models, only Indicated Mineral Resources were included in the Mineral Reserve estimate.

Dilution and ore loss parameters were applied to each of the resource block models before undertaking open pit optimization work using the Whittle Pit Optimization software. Current pit surfaces and new cut-off grades were used in the dilution comparison.

Xstract Mining Consultants of Australia (“**Xstract**”) has been providing geotechnical expertise and advice for the Sabodala mine, and has developed the appropriate geotechnical model for all the deposits. Periodic site visits and continuous assessment are maintained to update issues of ground conditions and pit slopes. Xstract ensures the risks are mitigated with guidance for the appropriate operating methods and parameters for the entire Sabodala operations.

The pit definition comprised a first stage pit optimization shell and a second stage final pit design. Pit optimization runs were completed using Whittle software based on the Lerchs-Grossman (LG) algorithm for pit optimization. The pit designs were completed using the Vulcan open pit design software.

Pit optimization parameters such as mining cost, processing cost, and cut-off grades are different for all the pits because of the pit haulage distances from the Sabodala processing plant, oxide and fresh material balance, and mining dilution.

An incremental haulage cost of \$0.02/t was applied on a bench basis to account for additional haulage costs as the pits deepen. The bench height for the pits is 10 m.

Note that both selective and non-selective mining is planned for the Gora deposit. The ore, as well as the immediately adjacent waste, will be mined selectively on 5 m benches while the bulk waste will be mined on 10 m benches.

Mineral Reserve cut-off grades are based on current operating practice and 2015 costs projected to the life of mine plan (“**LOM**”). With the exception of Sabodala, which used \$1,000/oz gold price for the pit optimization and design work, \$1,100/oz gold price was applied to the rest of the deposits.

All haulage roads are designed to accommodate two-way traffic of the HD785-7 haul trucks, and a safety berm of at least half the height of a haul truck tire. The roads have minimum width of 25 m and a maximum of 10% overall gradient. Some pits have single 15 m wide lanes at the last few benches to the pit bottom.

The selective mining practice and stockpiling strategy at Sabodala since start-up, has released ore at a faster rate than milling, resulting in the build-up of several lower grade stockpiles. These stockpiles range in grade from marginally economic (0.5 g/t Au) to low grade (1.5 g/t Au). Stockpiled ore is reported as a Proven Mineral Reserve.

The selected underground mining method is Cut and Fill (“**C&F**”) for use at the underground deposits, including Golouma West 1, Golouma West 2, Golouma South, and Kerekounda, for the following reasons:

- Allows for maximum recovery of ore
- Permits selectivity of mining

- Requires a minimal amount of mining equipment
- Allows for sustainable mining as there will be a low production rate.
- Suits the irregular nature of the deposits

Two deposits will be mined concurrently. A nominal underground mining rate of 500 tpd per deposit, for a total of 1,000 tpd, was determined to supplement surface mining.

Two types of backfill material are proposed at Golouma, Cemented Rock Fill and Unconsolidated Rock Fill.

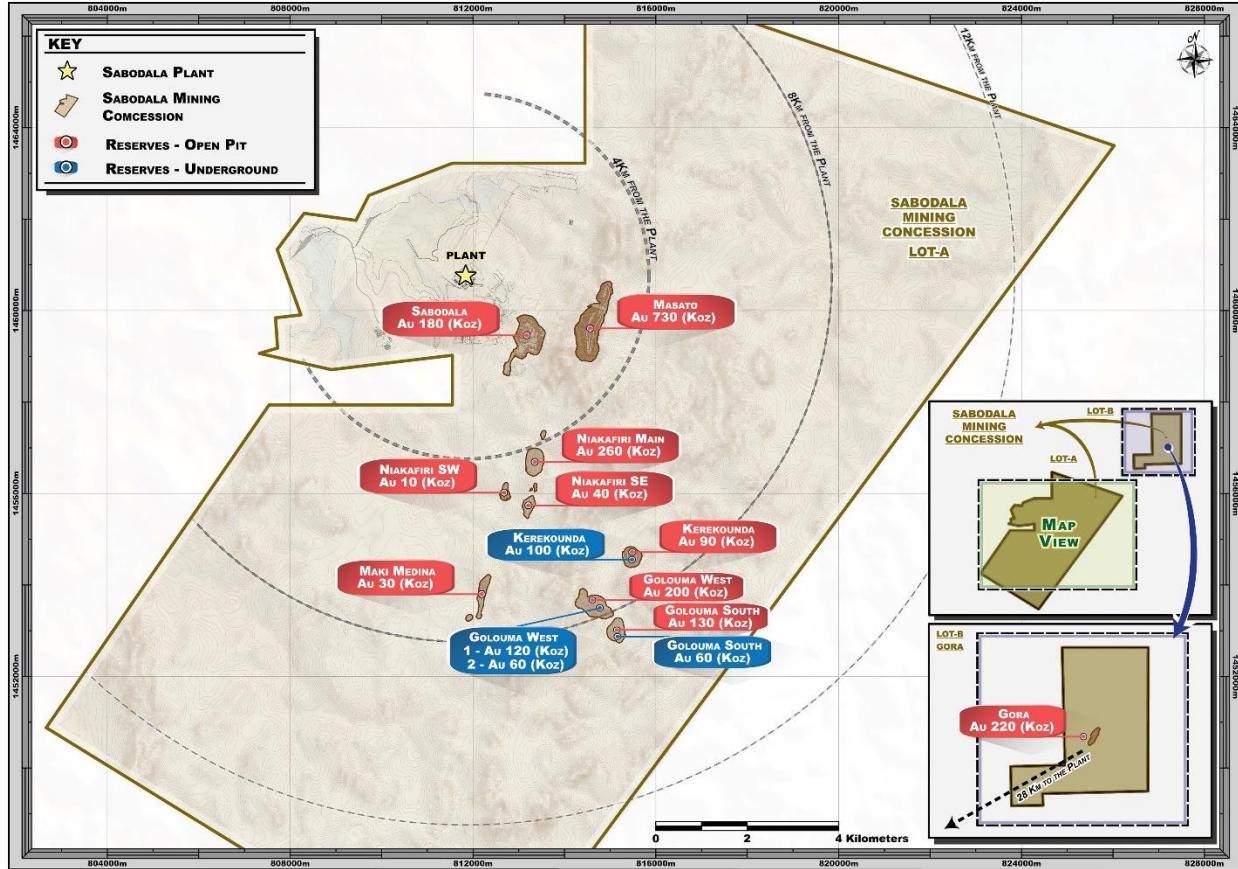
The underground operations are below the water table. For the most part, the underground operations at Golouma will be dry as mining is taking place in fresh rock. Kerekounda might be the exception, as it is located near surface.

### Open Pit and Underground Mineral Reserves Summary

Deposits	Proven			Probable			Proven and Probable		
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)
Sabodala	1.57	1.57	0.08	2.33	1.36	0.10	3.90	1.44	0.18
Gora	0.31	4.94	0.05	1.15	4.74	0.17	1.46	4.78	0.22
Niakafiri Main	4.06	1.23	0.16	3.41	0.94	0.10	7.47	1.10	0.26
<b>Subtotal ML</b>	<b>5.95</b>	<b>1.52</b>	<b>0.29</b>	<b>6.88</b>	<b>1.71</b>	<b>0.38</b>	<b>12.83</b>	<b>1.62</b>	<b>0.67</b>
Masato	-	-	-	21.41	1.06	0.73	21.41	1.06	0.73
Golouma West	-	-	-	3.23	1.96	0.20	3.23	1.96	0.20
Golouma South	-	-	-	1.27	3.09	0.13	1.27	3.09	0.13
Kerekounda	-	-	-	0.79	3.44	0.09	0.79	3.44	0.09
Maki Medina	-	-	-	0.90	1.17	0.03	0.90	1.17	0.03
Niakafiri SE	-	-	-	1.12	1.09	0.04	1.12	1.09	0.04
Niakafiri SW	-	-	-	0.37	0.92	0.01	0.37	0.92	0.01
<b>Subtotal SOMIGOL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29.08</b>	<b>1.32</b>	<b>1.23</b>	<b>29.08</b>	<b>1.32</b>	<b>1.23</b>
<b>Subtotal Open Pit</b>	<b>5.95</b>	<b>1.52</b>	<b>0.29</b>	<b>35.96</b>	<b>1.39</b>	<b>1.61</b>	<b>41.92</b>	<b>1.41</b>	<b>1.90</b>
Golouma West 1	-	-	-	0.62	6.07	0.12	0.62	6.07	0.12
Golouma West 2	-	-	-	0.45	4.39	0.06	0.45	4.39	0.06
Golouma South	-	-	-	0.47	4.28	0.06	0.47	4.28	0.06
Kerekounda	-	-	-	0.61	4.95	0.10	0.61	4.95	0.10
<b>Subtotal Underground</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>2.15</b>	<b>5.01</b>	<b>0.35</b>	<b>2.15</b>	<b>5.01</b>	<b>0.35</b>
<b>Total</b>	<b>5.95</b>	<b>1.52</b>	<b>0.29</b>	<b>38.11</b>	<b>1.60</b>	<b>1.96</b>	<b>44.07</b>	<b>1.59</b>	<b>2.25</b>
Stockpiles	15.27	0.79	0.39	0.00	0.00	0.00	15.27	0.79	0.39
<b>Total Including Stockpile</b>	<b>21.23</b>	<b>0.99</b>	<b>0.68</b>	<b>38.11</b>	<b>1.60</b>	<b>1.96</b>	<b>59.34</b>	<b>1.38</b>	<b>2.63</b>

Notes for Mineral Reserves Summary:

1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserve cut off grades for range from are 0.35 g/t to 0.63 g/t Au for oxide and 0.42 g/t to 0.73 g/t Au for fresh based on a \$1,100/oz gold price
3. Mineral Reserve cut off grades for Sabodala 0.45 g/t for oxide and 0.55 g/t for fresh based on a \$1,100/oz gold price
4. Underground reserves cut-off grades ranged from 2.3-2.6 g/t based on \$1,200/oz gold price
5. Sum of individual amounts may not equal due to rounding.
6. The Niakafiri Main deposit is adjacent to the Sabodala village and relocation of at least some portion of the village will be required which will necessitate a negotiated resettlement program with the affected community members.



### Location of the Open Pit and Underground Reserves

For further details on the Company's mineral reserves and resources activities, results and programs, please refer to Chapters 14-15 of the Sabodala Technical Report.

### Mining Method

The Sabodala open pit commenced production in March 2009 and has since been in operation. Subsequently, Masato and Gora open pits were added to the producing open pits. A summary of the open pit production history is shown below.

### Open Pit Production History

	Unit	2009	2010	2011	2012	2013	2014	2015
Ore mined	Kt	2,637	2,915	3,973	5,916	4,540	6,174	7,748
Waste mined	Kt	9,144	13,199	21,818	22,961	30,238	23,148	23,883
Total mined	Kt	11,781	16,114	25,791	28,877	34,778	29,321	31,631
Grade mined	g/t	2.19	1.80	1.39	1.98	1.62	1.54	1.22
Ounces mined	oz	186,077	168,979	177,362	376,184	236,718	305,192	303,023
Tonnes milled	Kt	1,806	2,285	2,444	2,439	3,152	3,622	3,421
Head grade	g/t	3.12	2.12	1.87	3.08	2.24	2.03	1.79
Recovery	%	92	91	89	89	91	90	92
Recovered gold	oz	166,769	141,119	131,461	214,310	207,204	211,823	182,282



The mining method utilized is conventional truck and shovel open pit mining. The Sabodala open pit is currently under care and maintenance and is planned to be mined again in 2017 as part of the fourth phase (or Phase 4) of mining activities planned for this deposit. Masato open pit is in Phase 3 and Gora open pit is in Phase 1 and 2. The selective mining practice and stockpiling strategy at the Sabodala mine since start-up has released ore at a faster rate than milling capacity. This has resulted in a large build-up of low grade stockpiled ore on the run of mine (ROM) pad, planned to be fed to the Sabodala processing plant throughout the LOM and at the end of mine life.

The mining at Niakafiri occurs in two phases, with the first phase starting in year 2019. This phase includes Niakafiri SE and Niakafiri SW. These two deposits are located outside the village relocation zone and, as a result, mining can occur prior to the relocation of Sabodala village. The second phase of mining at Niakafiri starts in year 2023 and is made up entirely of Niakafiri Main deposit. The relocation of Sabodala village will start in year 2021, in order to prepare for the mining operation.

The open pit mining ends in year 2024 and the remaining LOM comprises mining from the underground.

Underground mining will be by C&F mining method. C&F mining is simple, repetitive, and highly flexible for deposits with uncertain continuity and regularity.

The underground mine construction begins in year 2020, with ore production in 2021. Two deposits will be mined concurrently in order to meet the current mine life schedule. Kerekounda and Golouma South will be mined first starting in 2021. Once they are exhausted, the Golouma West deposits will be mined. The objective of scheduling the deposits to be mined in this sequence is to have continuous production from the underground with some lag in the schedule to allow infrastructure to be moved from the first set of deposits to the second set.

The LOM is approximately 13.5 years, ending mid-year 2029. The average gold production for the first five years is 207,000 oz. Additional mill upgrades are planned to be commissioned prior to 2017 with completion of the mill optimization in 2016. The full benefits will be achieved in 2017. The LOM plan can be seen below.

#### Life of Mine Plan (2016 TO 2029)

		Unit	LOM	2016-2020 AVG	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Sabodala	Ore Mined	Mt	3.9			0.3	1.5	2.0										
	Ore Grade	g/t	1.44			1.11	1.33	1.58										
	Contained Oz	Moz	0.18			0.01	0.07	0.10										
	Waste	Mt	31.0			11.1	15.0	5.0										
Masato	Ore Mined	Mt	21.4		0.5		0.7	0.4	1.1	2.8	5.0	4.3	6.7					
	Ore Grade	g/t	1.06		1.10		0.74	0.70	0.86	0.93	1.00	1.02	1.27					
	Contained Oz	Moz	0.73		0.02		0.02	0.01	0.03	0.09	0.16	0.14	0.27					
	Waste	Mt	110.2		0.2		16.2	5.8	19.4	27.2	21.5	11.6	8.2					
Gora	Ore Mined	Mt	1.5		0.7	0.7	0.1											
	Ore Grade	g/t	4.78		4.00	5.15	7.90											
	Contained Oz	Moz	0.22		0.08	0.12	0.02											
	Waste	Mt	32.2		17.9	14.1	0.2											
Kerekounda	Ore Mined	Mt	0.8		0.0	0.5	0.3											
	Ore Grade	g/t	3.44		0.99	3.39	3.74											
	Contained Oz	Moz	0.09		0.00	0.06	0.03											
	Waste	Mt	18.2		3.6	13.0	1.6											
Golouma	Ore Mined	Mt	4.5		1.2			0.9	2.4	0.1								
	Ore Grade	g/t	2.28		3.08			1.98	1.99	2.24								
	Contained Oz	Moz	0.33		0.12			0.06	0.15	0.00								
	Waste	Mt	49.6		14.8			18.4	16.4	0.0								
Niakafiri <sup>1</sup>	Ore Mined	Mt	9.0					1.5				4.0	3.5					
	Ore Grade	g/t	1.09					1.05				1.10	1.10					
	Contained Oz	Moz	0.31					0.05				0.14	0.12					
	Waste	Mt	26.6					6.2				12.5	7.9					
Maki Medina	Ore Mined	Mt	0.9				0.9											
	Ore Grade	g/t	1.17				1.17											
	Contained Oz	Moz	0.03				0.03											
	Waste	Mt	2.9				2.9											
Underground	Ore Mined	Mt	2.1							0.1	0.3	0.3	0.3	0.1	0.2	0.4	0.4	0.2
	Ore Grade	g/t	5.01							5.00	4.95	4.63	4.33	4.39	5.55	5.36	5.52	4.76
	Contained Oz	Moz	0.35							0.02	0.05	0.05	0.04	0.01	0.03	0.06	0.07	0.02

Summary		Unit	LOM	2016-2020 AVG	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
					Ore Mined	Mt	44.1	3.1	2.3	1.6	3.4	4.7	3.5	3.0	5.3	8.6	10.4	0.1
Ore Grade	g/t	1.59	1.94	2.91	3.74	1.51	1.42	1.63	1.09	1.22	1.20	1.29	4.39	5.55	5.36	5.52	4.76	
Contained Oz	Moz	2.25	0.20	0.22	0.19	0.17	0.22	0.19	0.10	0.21	0.33	0.43	0.01	0.03	0.06	0.07	0.02	
Waste	Mt	270.7	36.3	36.4	38.2	35.9	35.4	35.8	27.2	21.5	24.2	16.1						
Movement	Mt	314.7	39.5	38.7	39.8	39.3	40.1	39.4	30.2	26.8	32.8	26.5	0.1	0.2	0.4	0.4	0.2	
Stockpile	Mt			13.7	11.1	10.1	10.4	9.4	7.9	8.7	12.9	18.9	14.5	10.2	6.2	2.1		
Ore Balance																		
Stockpile Grade	g/t			0.82	0.84	0.76	0.73	0.70	0.68	0.67	0.66	0.68	0.66	0.66	0.66	0.66		
Contained Oz	Moz			0.36	0.30	0.25	0.24	0.21	0.17	0.19	0.27	0.41	0.31	0.22	0.13	0.04		
Ore Milled	Mt	59.3	4.3	3.9	4.2	4.5	4.5	4.5	4.5	4.4	4.5	4.4	4.4	4.4	4.4	4.4	4.4	2.3
Head Grade	g/t	1.38	1.66	1.93	1.85	1.56	1.54	1.46	0.99	1.35	1.73	2.06	0.82	0.85	1.06	1.09	0.94	
Oxide	%	21%	27%	37%	25%	26%	31%	19%	28%	16%	29%	0%	17%	19%	18%	18%	18%	
Produced Oz	Moz	2.376	0.207	0.215	0.229	0.202	0.200	0.190	0.128	0.173	0.225	0.263	0.104	0.109	0.135	0.139	0.063	

Note:

<sup>1</sup> The schedule summarized Niakafiri from "Niakafiri Main" and "Niakafiri SE". The portion of Niakafiri SE to be mined lies outside of the Sabodala Village area and assumes relocation is not required.

Sum of individual amounts may not equal due to rounding.

The estimated ore reserves underpinning the production targets (as defined in the Australian Stock Exchange Listing Rules) set out above, have been prepared by Mr. Paul Chawrun, who is a Competent Person, in accordance with the requirements of the 2012 JORC Code.

This production guidance is based on existing proven and probable ore reserves from the Sabodala mining license as at December 31, 2015

Stockpile balances at January 1, 2016 included 15.3 Mt at 0.79 g/t for 0.39 million contained ounces

## Mineral Processing

The Sabodala processing plant was expanded in late 2012 to a design capacity of approximately 3.5 Mtpa (fresh ore) and 4.0 Mtpa with a mix of fresh and oxidized ore.

The plant comprises facilities for crushing, grinding, CIL cyanidation, and tailings disposal. Gold recovery facilities include acid washing, carbon stripping and electro winning, followed by bullion smelting and carbon regeneration.

The major equipment of the plant includes:

- Primary crusher: Nordberg C140S single toggle jaw crusher
- Secondary crusher: Sandvik CH660 cone crusher
- Semi-autogenous grinding (SAG) mill: Outotec 7.3m x 4.3m EGL, 4,000 kW
- Ball mills (x2): Outotec 5.5m x 7.85m EGL 4,000 kW
- Recycle (Pebble) crusher: Metso HP200SX Cone crusher
- CIL circuit: Three 2,600m<sup>3</sup> leach tanks and nine 1,240m<sup>3</sup> adsorption tanks with compressed air injection
- Elution circuit: 5 t batch capacity, split AARL elution
- Tailings thickener (x2): Outotec 23m high rate thickener

A mill optimization project was launched in mid-2015; it consists of adding a second primary jaw crusher and screen to operate in parallel with the existing crusher. This will (i) increase availability to the live storage for the mill circuit, and (ii) provide the flexibility to reduce the top size primary crusher product.

Basic engineering for the mill optimization was completed in the first quarter of 2015 to finalize the design, layout, material quantities, procurement packages and an execution plan for construction. During this process, additional capital was allocated for upgrades to the SAG mill and to the ball mills. Upgrades to the SAG mill include a trommel screen installation, redesign of the liner configuration and installation of a vortex discharge head. Upgrades to the ball mill circuit include increasing the ball charge to 38%, increase motor power by 500 kW for each ball mill, cooling systems and new gearboxes.

Upon completion and ramp-up in the fourth quarter 2016, the mill optimization is expected to increase throughput by more than 10% on an annualized basis based on existing ore hardness; however, there may be potential to increase

throughput further based on simulations of the new design configurations. More specifically, the milling rate for hard fresh rock will be 503 tonnes per hour (tph) and approximately 530 tph for soft oxide material.

For further details on the Company's mining method and mineral processing activities, results and programs, please refer to Chapters 13 and 16 of the Sabodala Technical Report.

### Project Infrastructure

The Sabodala Mining Concession infrastructure includes several open pits, a processing plant, a ROM pad, and a tailings storage facility ("TSF") as shown in the figure below.

The storage volume of TSF1 is 12.4 Mm<sup>3</sup> for variable beach slope model and 18.0 Mm<sup>3</sup> for fixed beach slope model based on the crest level of the existing embankments, raising of the existing southern embankment and constructing new southwestern embankment. Teranga will implement the fixed beach slope model for TSF1.

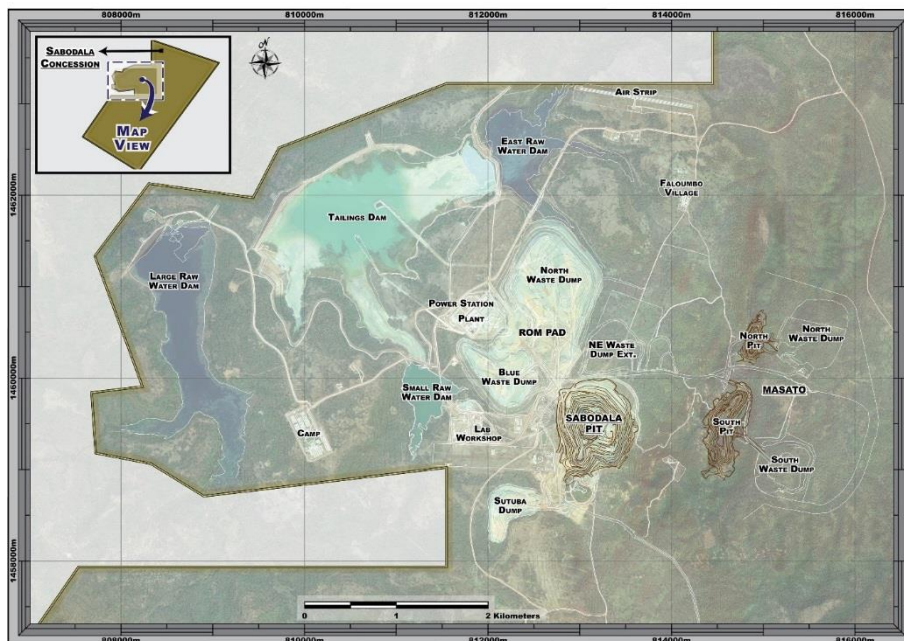
At an average in-situ dry density for the deposited tailings of 1.49 t/m<sup>3</sup>, this additional storage equates to approximately 26.8 Mt or 6.7 years of operation (4 Mtpa) with fixed beaches.

Assuming that TSF1 can continue to be operated to achieve an average in-situ dry density for the deposited tailings of 1.49 t/m<sup>3</sup>, TSF1 could continue to operate through to the end of Q1 2022. Construction of TSF2 could therefore be deferred until the end of the wet season 2021, effectively Q4 of 2021, and TSF2 could be commissioned in Q2 2022.

An additional raise to TSF2 is available beyond the current design to 149RL (an elevation point above sea level), providing for significantly more storage space than is required for the current 14yr LOM. This could be completed at a relatively low capital cost since the existing western embankment for TSF1 forms part of the containment for the future TSF2 design.

For further details on the Company's project infrastructure, please refer to Chapter 18 of the Sabodala Technical Report.

A network of haul roads connect the various pits to the process plant. The Gora haul road is approximately 26km long and the Golouma haul road is approximately 7.5km long. Power is supplied from the power plant located near the Sabodala pit and processing plant, and diesel generators at the Golouma and Gora projects. Existing port facilities at Dakar are used for delivery of all project construction materials and long term operational freight. Teranga has set up its own corporate offices in Dakar in which logistics, government liaison, personnel transport, and other management functions for SGO and SMC are based.



Sabodala Infrastructure Map

## Environmental, Permitting and Social Considerations

In accordance with the Environmental Code (2001) and the Sabodala Mining Convention, an Environmental and Social Impact assessment for the Sabodala Project was completed in July 2006 and an environmental and social Management and monitoring plan was developed in September 2007 and updated in 2012. The environmental compliance certification was granted by the Senegalese Ministry of Environment in January 2008. The environmental and social impact assessment for the Golouma Project was prepared in 2012, is Equator Principle compliant, and meets the requirements of the International Finance Corporation. The Environmental Compliance Certification for the Golouma Project was granted in November 2013.

In November 2015, Environmental Resources Management (“**ERM**”) completed a new Rehabilitation and Mine Closure Plan (“**RMCP**”) that incorporates deposits from the OJVG acquisition and the Gora deposit into SGO’s closure plan. The RMCP provides a comprehensive discussion of the implementation, management and monitoring of rehabilitation activities that are to be undertaken during both the operational and closure phases of the Sabodala and Gora Projects. The RMCP also provides SGO with an indication of anticipated rehabilitation and closure costs throughout the life of the Project. This plan satisfies the requirements of the Government of Senegal as well as relevant international standards, specifically Canadian, Australian, and those of the IFC.

The costs used to derive the overall closure costs were assembled by ERM, with the help of SGO staff in providing actual costs realized for the type of work required under the closure plan. Costs that were new to SGO were obtained by ERM through similar projects in nearby projects or quotes from suppliers in the region. The total closure cost is approximately \$50 million on an undiscounted basis through end of mine life and closure. It should be noted that this cost includes a community social fund payment of \$15 million to the Government of Senegal as prescribed under the latest Sabodala Mining Convention. As of December 31, 2015, the mine closure liability based on footprint disturbed was \$27 million on a discounted basis.

Teranga is committed to best practice in corporate governance. It has formalized commitments to conducting its business and affairs in accordance with the highest ethical standards by enacting a Code of Business Conduct and Ethics. Teranga strives to comply with all applicable mining code and national and international laws, and adheres to the Extractive Industry Transparency Initiative.

## Capital and Operating Cost Estimates

The total LOM capital cost of \$210.8 million includes sustaining capital of \$82.5 million and capital project and development costs of \$128.2 million.

Sustaining cost for the open pit mine consists primarily of replacing aged equipment and is approximately \$30 million. Sustaining cost for the process plant is approximately \$19 million and is comprised of the amount required to sustain the current Sabodala processing plant on an annual basis, such as motor rebuilds and replacements. The administration and other sustaining capital expenditures include all the necessary capital required to sustain the camp facilities, security, and other general administration departments. The community relations section of the sustaining capital expenditure consists entirely of the relocation cost of Sabodala village.

The \$4.3 million development capital includes work to start operations at the satellite pits. This capital includes pad installation, waste dump preparations, road construction, etc., and does not include prestripping capitalized waste.

The underground equipment and development capital of approximately \$102 million accounts for all costs required to purchase the mobile equipment, fixed equipment, and develop the underground workings. This amount includes the preproduction and production periods.

Other projects and development includes the raising of TSF1, the construction of TSF2, and the completion of the parallel primary crusher project (“**PPC**”) to further optimize the Sabodala mill for approximate costs of \$22 million.

Teranga is exempt from certain fuel levies including “Prélèvement pour le soutien au secteur de l’énergie” and “Fonds de sécurisation des importations des produits pétroliers”. The exemption of these levies is the result of the fiscal stability provisions included in Teranga’s Sabodala Mining Convention which “fixed” the fiscal regime of taxes applicable to SGO prior to passage of these levies. Prior to the start of 2016, these levies were included in the fuel costs incurred by Teranga.

Approximately half of Teranga's operating costs are Euro based dollar (or CFA, which is pegged to the Euro). Since the beginning of 2014 to the end of 2015, the Euro to US dollar exchange rate has decreased by approximately 25%. As a result, Teranga's current overall costs, expressed in US dollars, are significantly lower than those in the technical report prepared by AMC in 2014 for the Sabodala Project.

The long term Light Fuel Oil ("LFO") costs have been projected to be \$0.72 per litre, based on the fuel contract negotiated and the government pricing for the country's LFO. This price of LFO represents an approximate 20% decrease of the 2014 LFO price.

Additionally, the Company's PPC project has impacted the processing cost, which is expected to be commissioned in the fourth quarter 2016 and fully operational for 2017. The completion of the project will allow for increased annual mill throughput of 0.5 Mt for fresh ore and result in increased operating efficiencies. It should be noted that the PPC cost improvement only quantifies the unit cost savings by the increased production of fresh ore. Additional operational efficiency gains will be quantified once the PPC project has been commissioned and operational.

The total LOM operating cost is \$1,622 million and ranges from \$41 million to \$154 million on an annual basis.

The all-in sustaining cash cost ("AISC") for the LOM is approximately \$887 per ounce of gold or \$960 per ounce of gold including the Franco-Nevada gold stream.<sup>4</sup> Between the years of 2020 and 2022, the AISC cost are at their highest, corresponding to the capital expenditures for the development of underground mining and village relocation required by mining Niakafiri Main deposit.

The life of mine capital expenditures and operating cost tables as provided below.

#### Life of Mine Capital Expenditures

Sustaining Capex	Unit	LOM	2016-2020 AVG	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Open Pit Mining	USDM	29.9	3.7	4.9	3.5	4.0	1.5	4.7	6.0	3.0	1.5	0.8	-	-	-	-	-
Underground Mining	USDM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Processing	USDM	18.9	2.1	2.4	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	1.0	0.5	0.5	0.5	-
Admin & Other Sustaining	USDM	8.8	1.3	2.8	1.0	1.0	1.0	0.5	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3	-
Community Relations	USDM	25.0	0.2	1.0	-	-	-	-	2.0	15.0	7.0	-	-	-	-	-	-
<b>Total Sustaining Capex</b>	<b>USDM</b>	<b>82.5</b>	<b>7.2</b>	<b>11.0</b>	<b>6.5</b>	<b>7.0</b>	<b>4.5</b>	<b>7.2</b>	<b>10.5</b>	<b>20.5</b>	<b>9.8</b>	<b>2.1</b>	<b>1.3</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>-</b>
<b>Capital Projects &amp; Development</b>																	
OJVG & Gora Development	USDM	4.3	0.9	3.3	0.8	0.3	-	-	-	-	-	-	-	-	-	-	-
Underground Equipment & Development	USDM	102.1	4.9	-	-	-	-	24.4	23.4	8.9	2.4	0.8	8.5	18.2	10.4	4.1	0.9
Other Projects & Development	USDM	21.8	2.9	11.3	1.9	1.4	-	-	7.2	-	-	-	-	-	-	-	-
<b>Total Projects &amp; Development</b>	<b>USDM</b>	<b>128.2</b>	<b>8.7</b>	<b>14.6</b>	<b>2.7</b>	<b>1.7</b>	<b>-</b>	<b>24.4</b>	<b>30.6</b>	<b>8.9</b>	<b>2.4</b>	<b>0.8</b>	<b>8.5</b>	<b>18.2</b>	<b>10.4</b>	<b>4.1</b>	<b>0.9</b>
<b>Combined Total (USDM)</b>	<b>USDM</b>	<b>210.8</b>	<b>15.9</b>	<b>25.7</b>	<b>9.2</b>	<b>8.7</b>	<b>4.5</b>	<b>31.6</b>	<b>41.1</b>	<b>29.4</b>	<b>12.2</b>	<b>2.9</b>	<b>9.8</b>	<b>18.9</b>	<b>11.1</b>	<b>4.9</b>	<b>0.9</b>

<sup>4</sup> All-in sustaining cash cost is a Non-IFRS Financial Measure. Please refer to page 55 for more details.

## Life of Mine Operating Costs

Activity	Unit	LOM	2016-2020 AVG	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Open Pit Mining	USD/t mined	2.25	2.25	2.24	2.27	2.25	2.20	2.29	2.19	2.31	2.17	2.36	-	-	-	-	-
Underground Mining	USD/t milled	72.23	-	-	-	-	-	-	76.30	74.94	73.32	77.25	79.72	76.46	66.49	64.35	78.11
Processing	USD/t milled	10.33	10.16	10.83	10.02	10.00	9.93	10.09	9.97	10.14	9.95	10.84	10.63	10.60	10.61	10.61	10.60
General & Admin.	USD/t milled	2.56	3.39	3.81	3.47	3.29	3.28	3.15	3.12	3.06	3.08	2.01	1.88	1.43	1.23	1.00	1.81
Mining	USDM	702	88	86	91	89	87	89	66	61	71	62	-	-	-	-	-
Underground Mining	USDM	155	-	-	-	-	-	-	7	22	26	20	7	13	24	25	12
Processing	USDM	613	44	42	43	45	44	45	44	45	44	48	47	47	47	47	25
General & Admin	USDM	144	14	14	14	14	14	14	14	13	13	8	8	6	5	4	4
Refining & Freight	USDM	12	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0
Byproduct Credits	USDM	(4)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Total Operating Costs</b>	<b>USDM</b>	<b>1,622</b>	<b>147</b>	<b>142</b>	<b>148</b>	<b>148</b>	<b>146</b>	<b>148</b>	<b>132</b>	<b>141</b>	<b>154</b>	<b>139</b>	<b>63</b>	<b>66</b>	<b>77</b>	<b>76</b>	<b>41</b>
Deferred Stripping Adjustment	USDM	(129)	(13)	(26)	(6)	-	-	(35)	(35)	(25)	(1)	-	-	-	-	-	-
Royalties <sup>1</sup>	USDM	145	13	13	16	12	12	11	8	10	14	16	6	7	8	8	4
<b>Total Cash Costs<sup>2</sup></b>	<b>USDM</b>	<b>1,639</b>	<b>146</b>	<b>130</b>	<b>158</b>	<b>161</b>	<b>159</b>	<b>124</b>	<b>104</b>	<b>127</b>	<b>167</b>	<b>154</b>	<b>69</b>	<b>73</b>	<b>85</b>	<b>85</b>	<b>45</b>
<b>Total Cash Costs<sup>2</sup></b>	<b>USD/oz</b>	<b>690</b>	<b>706</b>	<b>602</b>	<b>691</b>	<b>798</b>	<b>792</b>	<b>655</b>	<b>810</b>	<b>730</b>	<b>741</b>	<b>587</b>	<b>660</b>	<b>668</b>	<b>629</b>	<b>607</b>	<b>711</b>
Capex Capitalized	USDM	211	16	26	9	9	5	32	41	29	12	3	10	19	11	5	1
Deferred Stripping	USDM	129	13	26	6	-	-	35	35	25	1	-	-	-	-	-	-
Capitalized Reserve Development	USDM	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Admin	USDM	130	14	16	14	14	14	12	10	10	10	6	6	6	5	4	4
<b>All-In Sustaining Cash Costs<sup>2</sup></b>	<b>USDM</b>	<b>2,108</b>	<b>189</b>	<b>196</b>	<b>187</b>	<b>183</b>	<b>177</b>	<b>203</b>	<b>190</b>	<b>191</b>	<b>190</b>	<b>163</b>	<b>85</b>	<b>98</b>	<b>101</b>	<b>94</b>	<b>50</b>
<b>All-In Sustaining Cash Costs<sup>2</sup></b>	<b>USD/oz</b>	<b>887</b>	<b>914</b>	<b>912</b>	<b>819</b>	<b>908</b>	<b>882</b>	<b>1,072</b>	<b>1,483</b>	<b>1,103</b>	<b>843</b>	<b>621</b>	<b>812</b>	<b>897</b>	<b>748</b>	<b>671</b>	<b>788</b>
Franco Nevada Stream	USDM	173	19	20	22	22	22	11	7	10	13	15	6	6	8	8	4
Franco Nevada Stream	USD/oz	73	92	92	94	107	108	58	58	58	58	58	58	58	58	58	58
<b>All-In Sustaining Cash Costs<sup>2</sup> plus stream</b>	<b>USDM</b>	<b>2,281</b>	<b>208</b>	<b>216</b>	<b>209</b>	<b>205</b>	<b>198</b>	<b>214</b>	<b>198</b>	<b>201</b>	<b>203</b>	<b>178</b>	<b>91</b>	<b>104</b>	<b>109</b>	<b>102</b>	<b>53</b>
<b>All-In Sustaining Cash Costs<sup>2</sup> plus stream</b>	<b>USD/oz</b>	<b>960</b>	<b>1,006</b>	<b>1,004</b>	<b>914</b>	<b>1,015</b>	<b>990</b>	<b>1,129</b>	<b>1,541</b>	<b>1,161</b>	<b>900</b>	<b>678</b>	<b>870</b>	<b>955</b>	<b>806</b>	<b>729</b>	<b>846</b>

Notes:  
<sup>1</sup> Royalties include Government of Senegal royalties on total production and the NSR royalty due to Axmin on Gora production.  
<sup>2</sup> Refer to endnote (4) on page 2 of this press release concerning the definition of total cash costs and all-in sustaining costs.  
This production guidance is based on existing proven and probable reserves only from both the Sabodala mining license as disclosed in the Reserves and Resources section of this AIF.  
Key assumptions: Gold spot price/ounce - US\$1,200, Light fuel oil - US\$0.72/litre, Heavy fuel oil - US\$0.43/litre, US/Euro exchange rate - \$1.10

For further details on the Company's capital and operating costs, please refer to Chapter 21 of the Sabodala Technical Report.

## Sales of Gold and Contracts

Gold produced at the mine site is shipped, under secure conditions, to a refiner. Pursuant to existing contracts, the refiner delivers the gold directly to an account held with Macquarie Bank Limited. Once received, the gold is sold in the market at spot, or delivered to Franco-Nevada pursuant to the terms of the Gold Stream Transaction as applicable.

## RISK FACTORS

*Below are some risk factors that Teranga believes can have a material effect on the profitability, future cash flow, earnings, results of operations, stated reserves and financial condition of the Company, among other matters. If any event arising from these risks occurs, the Company's business, prospects, financial condition, results of operations or cash flows could be adversely affected, the trading price of Teranga's common shares could decline and all or part of any investment may be lost. Additional risks and uncertainties not currently known to the Company, or that are currently deemed immaterial, may also materially and adversely affect the Company's business operations, prospects, financial condition, results of operations or cash flows.*

*In evaluating Teranga's securities, investors should carefully consider their personal circumstances, the risks set-out below, additional information and the risks contained in this AIF, and consult their professional adviser before making an investment decision.*

*Additional risks and uncertainties not currently known to the officers or directors of Teranga may have an adverse effect on the business of Teranga and the information below does not purport to be an exhaustive summary of the risks affecting Teranga.*

### **Risks Related to our Business**

#### ***Loss of Entire Investment***

An investment in the common shares of Teranga ("**Shares**" or "**Common Shares**") is speculative and may result in the loss of an investor's entire investment. Only potential investors who are experienced in high risk investments and who can afford to lose their entire investment should consider an investment in the Company.

#### ***We are dependent on the Sabodala gold mine for substantially all of our operating revenue and cash flows.***

While we may invest in additional mining and exploration projects in the future, the Sabodala gold mine along with its expanded Sabodala Mining Concession is likely to be our only producing mining project for the foreseeable future, thereby providing substantially all of our operating revenue and cash flows. Consequently, a delay or difficulty encountered in the operations of the Sabodala gold mine would materially and adversely affect our financial condition and financial sustainability. Any adverse changes or developments affecting the Sabodala gold mine, such as, but not limited to, our inability to successfully complete any of the development projects, work programs or expansions, obtain financing on commercially suitable terms, or hire suitable personnel and mining contractors, may have a material adverse effect on our financial performance, results of operations and liquidity.

In addition, our business and results of operations could be materially and adversely affected by any events which cause the Sabodala gold mine to operate at less than optimal capacity, including among other things, equipment failure or shortages of spares, consummables and reagents, adverse weather, serious environmental and safety issues, any permitting or licensing issues and any failure to produce expected amounts of gold.

#### ***Our revenues and financial performance are dependent upon the price of gold.***

Future production from all of our mining properties is dependent upon the price of gold and other metals and minerals being adequate to make these properties economic. Sustained low gold prices could reduce revenues through production declines due to cessation of the mining of deposits, or portions of deposits, that have become uneconomic at the then-prevailing market price; reduce or eliminate the profit that we currently expect from reserves; halt or delay the development of new projects; reduce funds available for exploration; and reduce existing reserves by removing ores from reserves that can no longer be economically processed at prevailing prices. Such declines in price and/or reductions in operations could cause significant volatility in our financial performance. Our revenues are derived primarily from the sale of gold. The price that we obtain for gold is directly related to world market prices. The price of gold has historically fluctuated widely and is affected by numerous factors beyond our control, including, but not limited to, industrial and retail supply and demand, exchange rates, inflation rates, price and availability of substitutes, actions taken by governments, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional political, social or economic events.

On March 30, 2016, the morning fixing price for gold on the London Bullion Market was \$1,238.20 per ounce. The world market prices of gold and other metals have historically fluctuated widely and there is no assurance that the prices for such metals will continue to maintain their current levels. We cannot predict whether metal prices will rise or fall in the

future. A decline in the market price of these metals could adversely impact our revenues, net income and cash flows and adversely affect our ability to meet our financial obligations.

***The failure to meet key production and other cost estimates may adversely affect our cash flows.***

A decrease in the amount of or a change in the timing of our mineral production outlook may impact the amount and timing of our cash flow from operations. The actual impact of such a decrease on our cash flow from operations would depend on the timing of any changes in production and on actual prices and costs. Any change in the timing of projected cash flows that would occur due to production shortfalls or labor disruptions or other reasons would, in turn, result in delays in receipt of such cash flows and in using such cash to, as applicable, reduce debt levels and fund operating and exploration activities, which may require additional borrowings to fund capital expenditures. We currently do not have a working capital bank facility and therefore we depend on cash flow from operations to fund our liquidity needs.

It is likely that actual results and/or costs for our projects will differ from our current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, and/or increase capital and/or operating costs above, current estimates. If actual results are less favorable than we currently estimate, our business, results of operations, financial condition and liquidity could be materially adversely impacted.

***The performance of our Sabodala gold mine is subject to technical risks that may lead to increased costs and less profitability than we initially estimated.***

The Sabodala gold mine, including its satellite deposit operations, is subject to technical risks in that it may not perform as designed. Increased development or expansion costs, lower output or higher operating costs may all combine to make the Sabodala mine less profitable than that expected at the time of the development decision. No assurance can be given that we would be adequately compensated by third party project design, construction and supply companies in the event of equipment failure or that the project does not meet its expected design specifications.

***Undue reliance should not be placed on estimates of reserves and resources. Our actual reserves could be lower than such estimates, which could adversely affect our operating results and financial condition.***

Our mineral resources and mineral reserves at December 31, 2015 described in this AIF, are estimates based on a number of assumptions, any adverse changes to which could require us to lower our mineral resource and mineral reserve estimates. Our estimates of economically recoverable reserves are primarily based upon interpretations of geological models, which make various assumptions, such as assumptions with respect to, prices, costs, regulations, and environmental and geological factors. These assumptions have a significant effect on the amounts recognized in our technical reports and our financial statements, and any material difference between these assumptions and actual events may affect the economic viability of our properties or any project undertaken by us.

Furthermore, actual prices, costs, regulations and environmental and geological factors often diverge from the assumed amounts because it is difficult to predict, among other things, metal prices, grades, production costs, stripping ratios, recovery rates, governmental regulations, the ability to obtain necessary permits, permit requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations or work interruptions. In addition, there can be no assurance that mineral or other metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production and the volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. There can also be no assurance that any discoveries of new reserves will be made or that if a new discovery is made, that we will be able to obtain the required extraction or mining licenses to recover the reserves.

For these and other reasons, there is no certainty that any of the mineral resources or mineral reserves will be realized or that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realized or that reserves can be mined or processed profitably. Until a deposit is actually mined and processed, the quantity and grades of mineral resources and mineral reserves must be considered as estimates only. Valid estimates made at a given time may significantly change when new information becomes available.

Fluctuations in the prices of gold and other minerals, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources or mineral reserves could have a material adverse effect on the results of our operations and financial condition.



***Changes in the cost of energy, in the prices of commodities used in our operations, and any other input may adversely affect the profitability of our operations and financial condition.***

Any increase in the price of production inputs, including labor, fuel, particularly heavy fuel oil, mine consumables or other inputs could materially and adversely affect our business and results of operations. Input costs can be affected by changes in factors including market conditions, government policies, exchange rates and inflation rates, which are unpredictable and outside our control. In particular, the cost of fuel constitutes a significant part of our operating expenses. Unanticipated increases in the price of these or other inputs could materially and adversely affect our liquidity, business and results of operations.

***We are vulnerable to fluctuations in stock exchange prices.***

The market price of a publicly traded stock is affected by many variables, some of which are not directly related to the success of Teranga. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be junior companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Teranga's securities in the future.

***We are dependent on critical supplies, a lack of which could impact our production and development of projects.***

Timely and cost effective execution of our mining operations and exploration activities are dependent on the adequate and timely supply of water, fuel, chemicals and other critical supplies.

If we are unable to procure the requisite quantities of water, fuel or other inputs in time and at commercially acceptable prices or if there are significant disruptions in the supply of fuel, water or other inputs to the Sabodala gold mine or for our exploration activities, the performance of our business and results of operations could be materially and adversely affected.

***We depend on key management and qualified operating personnel and may not be able to attract and retain such persons in the future.***

Our success depends to a significant extent upon the ability to attract, retain and train key management and technical personnel, both in Canada and in Senegal (including those employed on a contractual basis). If we are not successful in retaining or attracting personnel, our business may be adversely affected. The loss of the services of any of our key management personnel could materially and adversely affect our business and results of operations. We do not maintain insurance with respect to the loss of any of our key personnel.

In addition, the recruiting of qualified personnel is critical to our success. As our business grows, we will require additional key financial, administrative, mining, processing and exploration personnel as well as additional staff for operations. While we believe that we will be successful in attracting and retaining qualified personnel, there can be no assurance of such success. If we are not successful in recruiting and training such personnel, it could materially and adversely affect our business, prospects and results of operations.

Our operations in Senegal depend on our local employees and contractors. We are a Canadian-based company and operate cross-culturally in Senegal. If we are not successful in maintaining a positive relationship with our workforce and the surrounding community, we could find it difficult to attract and retain skilled workers, develop successful collaborations and generally build our business. Likewise, if our relationship to our workforce or the surrounding community becomes strained, our business may be adversely affected.

***Mining is inherently dangerous and subject to conditions or events beyond our control, which could have a material adverse effect on our business.***

Our business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including environmental and safety hazards, industrial accidents, equipment failure, import/customs delays, shortage or delays in installing and commissioning plant and equipment, metallurgical and other processing problems, seismic activity, unusual or unexpected rock formations, wall failure, cave-ins or slides, burst dam banks, flooding, fires, interruption to, or the increase in costs of, services (such as water, fuel, particularly for heavy fuel oil, or transport), sabotage, community, government or other interference and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, production and power facilities, dams or other properties, and could cause personal injury or death, environmental damage, pollution, delays in mining, increased production costs, monetary losses and possible legal liability.

Our current mines are open pit operations, and the stability of the mine pit walls is critical. Pit slope failure at any open pit operation may result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability, any of which may prevent or interrupt mining activities and have a material adverse effect on our financial condition.

***Mineral exploration is speculative and uncertain; there is no assurance mineral deposits on our exploration properties will ever be classified as proven and probable mineral reserves as a result of continued exploration.***

In addition, we are seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on our property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on us and our securities, as major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Our planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on us and our securities.

Whether income will result from projects undergoing exploration programs depends on the successful establishment of mining operations. Factors including, but not limited to, government regulations (such as those governing prices, taxes, royalties, land tenure, land use and environmental protection), costs, actual mineralization, size and grade of mineral deposits, consistency and reliability of ore grades and commodity prices may affect successful project development. Few properties that are explored are ultimately developed into producing mines.

Further, some of our exploration projects are with joint venture partners. Whether we will be able to mine the identified resources will depend on whether we obtain an exploitation permit or a mining concession from the Government of Senegal, and there can be no assurance that such a permit or concession will be obtained.

***Illegal mining on our RLP, the Sabodala Mining Concession and the Golouma Mining Concession, may delay our projects and raise disputes regarding the development or operation of commercial gold deposits and may also expose us to potential responsibility for environmental, property and personal damage.***

Illegal mining is becoming more widespread in Senegal. Illegal miners have and may continue to trespass on our properties and engage in dangerous practices including the use of mercury and dynamite in their operations, without any government regulation or oversight. We are unable to continuously monitor our entire RLP and the expanded Sabodala Mining Concession. The presence of illegal miners could also lead to project delays and disputes regarding the development or operation of commercial gold deposits, including disputes with Senegalese governmental authorities regarding reporting of resources and mine production. The illegal activities of miners could cause pollution and other environmental damage (including from the use of mercury in recovery practices by certain of these illegal artisanal miners) or other damage to our properties, as well as personal injury or death, for which we could potentially be held responsible, all of which could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

***We may not be able to obtain additional external financing on commercially acceptable terms, or at all.***

Mining operations, exploration and development involve significant financial risk and capital investment. Our operations and expansion plans may also result in increases in capital expenditures and commitments. We may require additional funding to expand our business and may require additional capital in the future to, among other things, further expand the Sabodala mill, build another mill, or develop/expand/redesign the existing mine pit or build other mines, and no assurance can be given that such capital will be available at all or available on terms acceptable to us. We may also need to seek funding from third parties if internally generated cash resources and available credit facilities, if any, are insufficient to finance these activities. Any debt financing, if available, may involve financial or other covenants which may limit our operations and principal amounts under any debt financing arrangements entered into by us may become immediately due and payable if we fail to meet certain restrictive covenants. Even if such funding was available, our existing debt instruments, including the notes offered hereby, may contain provisions prohibiting us from financing such transactions. While we currently have the Revolver in place with Société Générale for working capital purposes, it reduces to \$15.0 million in July of 2016 and expires in July of 2017. Outside of the Revolver, we depend on cash flow from operations to fund our liquidity needs. In the event that we are unable or not permitted to obtain adequate additional financing on acceptable terms, or at all, to satisfy our operating, development and expansion plans, our business and results of operations may be materially and adversely affected.

***We must continually replace and expand our reserves and resources.***

Because mines have limited lives based on proven and probable mineral reserves and mineral resources, we must continually replace and expand our mineral reserves and mineral resources. Our ability to maintain or increase our production and therefore, the continuous success of our business, is dependent on many factors including, but not limited to:

- discovery and/or acquisition of new ore reserves;
- securing and maintaining title to tenements and obtaining necessary consents and permits for exploration and mining;
- successful design and construction of mining and processing facilities;
- successful commissioning and operating of mining and processing facilities; and
- the performance of the technology incorporated into the processing facility.

***Our transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant additional taxes, penalties and interest. If our tax disputes with the Government of Senegal are not resolved favourably it would have a material adverse effect on our financial position.***

Mining tax regimes in foreign jurisdictions are subject to differing interpretations by us and the relevant governmental entity and are subject to constant change and may include fiscal stability guarantees. Our interpretation of taxation law as applied to our activities may not coincide with that of the tax authorities. As a result, transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant additional taxes, penalties and interest. Our Senegalese operating subsidiary, SGO, was granted an exoneration from taxation, including value added tax and corporate income tax in the Sabodala Mining Convention, which ended on May 2, 2015, after which time a value added tax of 18% (which is not applicable to sales of gold) and corporate income tax rate of 25% is applicable. However, as previously disclosed, SGO was granted an extension to its refundable VAT exemption until May 2, 2022.

To date, neither Teranga nor any of its subsidiaries has any outstanding tax assessments, with the exception of a 2011 tax assessment against SGO, our Senegalese operating entity. During the quarter ended December 31, 2011, SGO received a tax assessment from the Senegalese tax authorities claiming withholding taxes of approximately \$24 million, such amount includes \$8 million of penalties relating to interest paid to SGML Capital under the fleet lease facility, director's fees and services rendered by offshore companies for the financial years 2008 to 2010. SGO responded to the tax assessment including evidence supporting our view of treatment of withholding taxes in accordance with the General Tax Code in Senegal. In January 2012, the tax assessment was re-confirmed by the Senegalese tax authorities. In February 2012, SGO filed a notice to refer the tax assessment to arbitration in accordance with Senegalese laws. During the quarter ended December 31, 2012, SGO received a second tax assessment from the Senegalese tax authorities claiming \$6 million withholding tax on salaries, and on payments made to foreign-service providers, including penalties. On April 9, 2013, SGO received a confirmation notice of this tax assessment. On April 19, 2013, SGO responded to the confirmation notice and provided evidence supporting treatment of withholding taxes in accordance with the General Tax Code in Senegal. To date, the tax authorities have yet to formally respond to SGO's letter of April 19, 2013. In February 2014, SGO sent a follow-up letter to the tax authorities requesting a reply to the Company's response letter arguing that the tax assessment ought to be dismissed. We have since reviewed this

outstanding assessment again with our legal counsel and we are confident that it is still without merit and that it will be resolved with no or an immaterial amount of tax due.

***We are subject to taxation in several different jurisdictions, and adverse changes to the taxation laws of such jurisdictions could have a material adverse effect on our profitability.***

We may have exposure to greater than anticipated tax liabilities. We are subject to income taxes and other taxes in a variety of jurisdictions and our tax structure is subject to review by both Canadian and foreign taxation authorities. The determination of our tax structure has required and continues to require significant judgment and there are transactions and determinations where the ultimate tax result is uncertain. While management does not believe that there is a significant risk to our tax structure, there can be no assurance that taxation authorities will not seek to challenge the structure in the future. To the extent a taxing authority disagrees with any of our determinations and we are assessed additional taxes, or there are adverse changes in tax laws it could have a material adverse effect on our financial position.

***Potential legal proceedings or disputes may have a material adverse effect on our financial performance, cash flow and results of operations.***

We are not currently subject to material litigation. However, we could become involved in disputes with governmental authorities, non-governmental organizations and other private parties in the future which may result in material litigation. The results of litigation cannot be predicted with certainty. If we were unable to resolve such disputes favorably, the resulting litigation could have a material adverse impact on our financial performance, cash flow and results of operations.

#### ***Enforceability of Judgments***

A majority of the assets and subsidiaries of the Company are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgments obtained against the Company, including judgments predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against the Company under Canadian securities laws or otherwise.

***Our insurance does not cover all potential losses, liabilities and damage related to our business and certain risks are uninsured or uninsurable.***

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions and pollution, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the political or regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and dust storms. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or others, delays in mining, monetary losses and possible legal liability.

Although we maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, the insurance may not cover all the potential risks associated with our operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and we may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to us or to other companies in the mining industry on acceptable terms. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations or otherwise affect our insurability and reputation in the market.

If we incur losses not covered or not fully covered by our insurance policies, such losses may adversely affect our business, operating results and financial condition.

***Fluctuations in foreign currency exchange rates could significantly affect our business, financial condition, results of operations and liquidity.***

Our expected future revenue, if any, will be in U.S. dollars and while a significant portion of our costs are in U.S. dollars, a significant component is also in the local currency of Senegal, the CFA Franc, which is pegged to the Euro. Also, future capital raised by us from offerings of securities or other financing arrangements may be in Canadian dollars, Australian dollars or another currency. As a result of the use of these different currencies, we are subject to the risk of foreign currency fluctuations, which are affected by a number of factors that are beyond our control. These factors

include economic conditions in the relevant country and elsewhere, and the outlook for interest rates, inflation and other economic factors. The prices of local materials and wages can be affected by currency exchange rates, which could negatively impact our production costs. In addition, our operations may have assets and liabilities denominated in currencies other than the U.S. dollar, with translation foreign exchange gains and losses included from these balances in the determination of profit or loss. In the event that we sell commodities and incur costs in currencies other than U.S. dollars, it will create exposure at the operational level, which may affect our profitability as exchange rates fluctuate. Therefore, exchange rate movements in the Australian dollar, CFA Franc, Euro and other currencies may materially affect our financial position and operating results. Currently, we have not hedged against fluctuations in exchange rates, however, we may do so at a later date. If we were to choose to hedge exchange rate risk, there is no assurance that we would be successful in reducing our exposure to currency fluctuations.

***Licensing and other regulatory requirements in Senegal may be subject to amendment or reform which could make compliance more challenging.***

Our current operations are, and our future operations will be, subject to licenses, regulations and approvals of Senegalese governmental authorities for exploration, development, construction, operation, production, marketing, pricing, transportation and storage of oil, taxation and environmental and health and safety matters. We cannot guarantee that such licenses applied for will be granted or, if granted, will not be subject to possibly onerous conditions. Any changes to exploration and production, or production licenses, regulations and approvals, or their availability to us may adversely affect our assets, plans, targets and projections.

***We require licenses, permits and approvals from various governmental authorities to conduct our operations, any loss of which could have a material adverse effect on our business.***

Our current and future operations require license, approvals and permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, land use, surface rights, environmental protection, safety and other matters, and dependent upon the grant, or as the case may be, the maintenance of appropriate licenses, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on us being successful in obtaining required statutory approvals for the proposed activities and that the licenses, concessions, leases, permits or regulatory consents we hold will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

In addition, in Senegal, at each renewal of an exploration permit, the area of its perimeter is reduced by at least 25%. There can be no assurance that at the time of the renewal of our exploration permits that the perimeter of the permit will not be reduced by more than 25%. In addition, in order to mine areas in our RLP, we will need to obtain an exploitation permit or a mining concession, and there is no assurance that either will be obtained.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permitting requirements. There can be no assurance that approvals and permits required to commence production on or our future mining properties or interests will be obtained. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which we have interests and there can be no assurance that we will be able to obtain or maintain all necessary licenses, approvals and permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs.

Any inability to conduct our mining operations pursuant to applicable authorizations would materially reduce our production and cash flow.

***Our workforce may be exposed to widespread pandemic***

The Company's mine site is situated in the Sabodala region of Senegal, a remote part of the country. Our mine camp and operations represent a concentration of personnel working and residing in close proximity to one another. Further, the mine site receives frequent visitors from all over the world, and a number of expatriate employees travel frequently abroad. Should an employee or visitor become infected with a serious illness that has the potential to spread rapidly, this could place the Company's workforce at risk.

The 2014 outbreak of the Ebola virus in several African countries is one example of such an illness. We take every precaution to strictly follow industrial hygiene and occupational health guidelines, and medical services are in place along with pandemic management protocols. There can be no assurance that a similar virus or another infectious illness will not impact the Company's personnel and ultimately its operations.

***Our operations are subject to stringent environmental laws and regulations that could significantly limit our ability to conduct our business.***

All phases of our operations are subject to environmental regulation in Senegal. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation, and also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation in Senegal is evolving in a manner which will likely result in stricter operating standards and enforcement, restrictions on future exploration activities and reclamation obligations, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations. In addition, future spills and environmental matters may arise, and environmental hazards may exist on the properties on which we hold interests which are unknown to us at present and which have been caused by previous or existing owners or operators of the properties or other third parties.

Environmental licenses, approvals and permits are currently and may in the future be required in connection with our operations. To the extent such licenses, approvals or permits are required and not obtained, we may be curtailed or prohibited from continuing the mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of mining activities and civil or criminal fines or penalties may be imposed for violations of applicable laws, regulations or permitting requirements.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on us and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or abandonment, substantial limits or delays in development of new mining properties.

***Actual costs of reclamation are uncertain, and higher than expected costs could negatively impact our results of operations and financial position.***

Our operations are subject to reclamation plans that establish our obligations to reclaim properties after minerals have been mined from a site. These obligations represent significant future costs for us and are evaluated by us on an annual basis. As of December 31, 2015, the total estimated reclamation liability for our mines (based on the footprint disturbed at the end of 2015) was approximately \$27.0 million on a discounted basis. Reclamation bonds or other forms of financial assurance are often required to secure reclamation activities. Currently, the Government of Senegal has not required us to post any reclamation bond, guarantee or other financial sureties for future reclamation and rehabilitation obligations, but there can be no assurance that a reclamation bond, guarantee or surety may not be required in the future. If a reclamation bond is required governing authorities can require companies to periodically recalculate the amount of a reclamation bond and may require bond amounts to be increased. It may be necessary to revise the planned reclamation expenditures and the operating plan for the mine in order to fund an increase to a reclamation bond. Reclamation bonds represent only a portion of the total amount of money that will be spent on reclamation over the life of a mine operation. The actual costs of reclamation set out in mine plans are estimates only and may not represent the actual amounts that will be required to complete all reclamation activity. If actual costs are significantly higher than our estimates, it could have a material adverse effect on our results from operations and financial position.

***We are subject to a variety of risks associated with joint ventures, which could result in a material adverse effect on our future growth, results of operations and financial position.***

Exploration, development and mining projects are often conducted through joint ventures and, in some cases, the title to such projects is in the name of the joint venture partner. In particular, several of our exploration projects are currently being conducted with joint venture partners, some of them as title holders of the applicable permit, and we expect to continue to work with joint venture partners in the future. Joint venture arrangements may require the unanimous

approval of the parties to the joint venture or their representatives for certain fundamental decisions relating to the governance and operations of the joint venture. This means that a party may have a veto right, or similar power, with respect to such decisions which could lead to a deadlock and negatively impact or limit our business operations or financial position in the future. In addition, in certain instances, our joint venture partners may unilaterally withdraw from our joint ventures.

***Mineral rights or surface rights to our properties could be challenged, or breached which could have a material adverse effect on our production and results of operations.***

The acquisition of title to mineral properties and ongoing compliance therewith is a very detailed and time-consuming process and may be disputed. There can be no assurances that our interest in our properties is free from title defects or that the material contracts between us and (the entities owned or controlled by) the relevant governments will not be unilaterally altered or revoked. Third parties may have valid claims underlying portions of our interest, including prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. For example, although the expanded Sabodala Mining Concession permits us to explore and mine Niakafiri deposit, further exploration or mining will necessitate the physical displacement of Sabodala village, a population of approximately 3,000 persons. As a result, we may be constrained in our ability to operate, or to enforce our rights with respect to, our properties, including the area containing the Niakafiri deposit. Further, the Government of Senegal may itself fail to respect the contractual and statutory commitments it has made to us in regards to our ability to explore, mine and operate our properties in Senegal. In such circumstances appeals to international arbitration may be pursued but the results and timing of such appeal cannot be predicted at this time. Therefore, there is no assurance that our rights and title interests will not be revoked or significantly altered to our detriment or that the rights and title interests will not be challenged or impugned by third parties or the Government of Senegal directly.

***We may be unable to identify or complete desirable acquisitions, investments or divestitures, and we may be unsuccessful in integrating businesses and assets that we may acquire.***

We may consider making additional strategic acquisitions, divestitures or investments as a means of pursuing our corporate strategy. Acquisitions may be made by using available cash, incurring debt, issuing common shares in the capital of Teranga or other securities, or any combination of these. This could limit our flexibility to raise capital, to operate, explore and develop our properties and make other acquisitions. In addition, when evaluating potential acquisitions or investments, we cannot be certain that we will have correctly identified the risks and costs inherent in the acquired business or opportunity.

It is possible that we may not identify suitable opportunities, or if we do identify suitable opportunities, that we may not complete those transactions on terms commercially acceptable to us or at all. The inability to identify suitable acquisition targets or divestiture opportunities or investments or the inability to complete such transactions could materially and adversely affect our competitiveness and growth prospects. In the event we successfully complete an acquisition or investment, we could face difficulties managing the investment or integrating the acquisition into our operations. There can be no assurance that we will be able to achieve the strategic purpose or benefits of such an acquisition or investment. In the event we successfully complete a divestiture, there can be no assurance that we will obtain favorable consideration for such divestiture. These difficulties could disrupt our ongoing business, distract our management and employees, and increase our expenses, any of which could materially and adversely affect our business and results of operations.

***Our operations in Senegal in West Africa subject us to various political, economic and other risks that could negatively impact our operations and financial condition.***

Our projects are located in Senegal in West Africa. Our tenure over the property rights and the conditions under which we operate, both during and after the exploration stage, are subject to the jurisdiction of the Government of Senegal and in some cases political subdivisions within that country. The laws and regulations governing our tenure and operations are subject to alteration, and an adverse alteration to those laws and regulations could have a material adverse effect on us. In addition, exposure of our projects and operations to political risk comprises part of the evaluations, perceptions and sentiments of investors. An adverse change in investors' or potential investors' tolerance of political risk could have a material adverse effect on us. Although we believe we have good relations with the Government of Senegal, there can be no assurance that the actions of present or future governments in Senegal will not materially adversely affect our business or financial condition.

Given the conduct of our operations in West Africa, we are exposed to various levels of political, economic and other natural and man-made risks and uncertainties, over which we have no or limited control. These risks and uncertainties include, but are not limited to, economic, social or political instability, terrorism, hostage taking, military repression,

labor unrest, the risks of war or other forms of civil unrest, expropriation and nationalization, illegal mining, renegotiation, nullification or adoption of new laws or regulations concerning existing concessions, licenses, permits and/or contracts, extreme fluctuations in currency exchange rates, high rates of inflation, changes in taxation policies, restrictions on foreign exchange and repatriation, validity of export rights and payment of duties, changing political conditions, currency controls, customs regulations policies, changes or adoption of new laws affecting foreign ownership, government participation or control or working conditions and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitudes in any jurisdiction in which we operate may adversely affect our operations or profitability and viability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on prospecting, development, production, price controls, export controls, currency remittance, income taxes, royalties, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, forestry, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be predicted and any of them could have an adverse effect on our operations or profitability.

In addition, the Government of Senegal holds a 10% free-carried interest in SGO, our subsidiary which operates the Sabodala gold mine and actions that require the approval of its board of directors, which includes two representatives of the Government of Senegal. Further, if any of our current or future exploration licenses are converted into a mining concession, pursuant to the Mining Code we will be required to provide a 10% free-carried interest in the entity granted the concession to the Government of Senegal and provide board representation.

***We may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada which could hinder us from enforcing our rights.***

In the event of a dispute arising at our Senegalese operations including in relation to the Sabodala Mining Concession and the Sabodala Mining Convention dated April 7, 2015, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. We may also be hindered or prevented from enforcing our rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity. The dispute provisions of the Sabodala Mining Convention stipulate that any dispute between the parties thereto is to be submitted to international arbitration. However, there can be no assurance that a particular governmental entity or instrumentality will either comply with the provisions of these or any other agreements or voluntarily submit to arbitration. Our inability to enforce our rights could have an adverse effect on our future cash flows, earnings, results of operations and financial condition. Further, any dispute with Senegalese governmental authorities may also adversely affect our relationship with the government, which could impact the development and operation of our current and future projects in Senegal.

***Uncertainties in the interpretation and application of laws and regulations in Senegal may affect our ability to comply with such laws and regulations, which may increase the risks with respect to our operations.***

The courts in Senegal may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, we could face risks such as: (i) effective legal redress in the courts of Senegal being more difficult to obtain, whether in respect of a breach of law or regulation, or in a contract or an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in Senegal may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to us by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited relevant case law providing guidance on how courts would interpret such laws and the application of



such laws to our contracts, joint ventures, licenses, license applications or other arrangements. Thus, there can be no assurance that contracts, joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of Senegalese government authorities and the effectiveness of and enforcement of such arrangements, including provisions in the Sabodala Mining Concession and the Sabodala Mining Convention.

***Our ability to repatriate funds from Senegal or any other foreign country may be hindered by the legal restriction of the countries in which we operate.***

We expect to generate cash flow and profits at our foreign subsidiaries, and we may need to repatriate funds from those subsidiaries to fulfill our business plans, in particular in relation to ongoing expenditures at our Senegalese development assets, and make debt service payments. In addition, at times we are required to make cash deposits to support bank guarantees of our obligations under certain leases or amounts we owe to certain vendors from whom we purchase goods and services. These cash deposits are not available for other uses as long as the bank guarantees are outstanding. As a result, we may not be able to repatriate funds, or we may incur tax payments or other costs when doing so, due to legal restrictions or tax requirements at local subsidiary levels or at the parent company level, which could be material. In light of the foregoing factors, the amount of cash that appears on our balance sheet may overstate the amount of liquidity we have available to meet our business or debt obligations.

Although Teranga has not historically experienced difficulties in repatriating capital, there is no assurance that the Government of Senegal or any other foreign country in which we may operate in the future will not impose additional restrictions on the repatriation of earnings to foreign entities. Any inability to repatriate funds could have a material adverse effect on our liquidity. As of 2015 and beyond, Teranga is required to repatriate 100% of gold proceeds into Senegal in compliance with applicable exchange control regulations.

Teranga has paid no dividends on its Shares to date. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including, but not limited to, Teranga's operating results, financial condition and current and anticipated cash needs. At this time however, all of Teranga's available funds are expected to be invested to finance the growth of Teranga's business and therefore investors cannot expect and should not anticipate receiving a dividend on the Shares in the foreseeable future. Further, our ability to make dividend payments in the future could be constrained by government restrictions beyond our control.

***Our directors may have interests that conflict with our interests.***

Certain of our directors are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in companies, partnerships or joint ventures which are potential competitors of ours. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors may conflict with our interests. Our directors with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

***We may be unable to compete successfully with other mining companies.***

The mining industry is competitive in all of its phases. We compete with other companies, some which have greater financial and other resources than us and, as a result, may be in a better position to compete for future business opportunities. We compete with other mining companies for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that we can compete effectively with these companies.

***The consequences of a mine closure could materially and adversely affect our business and results of operations.***

In the future we may be required to close the mine we operate. The key risks for mine closure include, without limitation, the (i) long-term management of permanent engineered structures and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these items is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and damage to corporate reputation if desired outcomes cannot be achieved, which could materially and adversely affect our business and results of operations.

***The outbreak, or threatened outbreak, of any severe communicable disease in Senegal could materially and adversely affect the overall business environment in Senegal.***

The outbreak, or threatened outbreak, of any severe communicable disease including Ebola, in Senegal could materially and adversely affect the overall business environment in Senegal, particular if such outbreak is inadequately controlled. This in turn could materially and adversely affect domestic labor supply. As substantially all of our revenue is currently derived from our Senegal operations, any labor shortages in Senegal could materially and adversely affect our business and results of operations. In addition, if any of our employees is affected by any severe communicable disease, it could adversely affect or disrupt our production and materially and adversely affect our results of operations as we may be required to close our facilities to prevent the spread of the disease. The spread of any severe communicable disease in Senegal may also affect the operations of our suppliers, which could materially and adversely affect our business and results of operations.

In particular, malaria and other diseases such as HIV/AIDS represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa and are a major healthcare challenge faced by our operations in Africa. There can be no assurance that we will not lose members of our workforce or see our workforce man-hours reduced or incur increased medical costs as a result of these health risks, which could materially and adversely affect our business and results of operations.

***We are subject to ASX listing Rules and Corporations Act 2001***

Non-Canadian residents who hold Teranga common shares (directly or indirectly through CHESS Depository Interests (“CDIs”)) may not be aware that Canadian corporate and securities laws are different from those in Australia. Teranga complies with Canadian securities laws, corporate governance guidelines and disclosure standards that apply to Canadian companies listed on the Toronto Stock Exchange (“TSX”). In addition to these Canadian requirements, Teranga must also comply with the rules of the Australian Stock Exchange (“ASX”) Listing Rules (“Listing Rules”) and the Australian Corporations Act 2001 (Cth) (“Corporations Act”). Circumstances exist where Teranga is exempt from Listing Rules and Corporations Act requirements due to its compliance with the TSX, Canadian securities laws and corporate governance requirements. Teranga may from time to time seek additional relief from Listing Rule and Corporations Act requirements, however there is no guarantee that such applications for relief will be received in which case compliance will be necessary.

## **DIVIDENDS AND DISTRIBUTIONS**

The Company has not, since the date of its incorporation, declared or paid any dividends on the Common Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, Teranga anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future, if any, will be determined by the Board in their sole discretion based upon, among other factors, the cash flow, results of operations and financial condition of the Company, the need for funds to finance ongoing operations, and such other business considerations as the Board considers relevant.

## **DESCRIPTION OF CAPITAL STRUCTURE**

Teranga is authorized to issue an unlimited number of Common Shares. As at March 30, 2016, there were 392,001,091 Common Shares outstanding.

### *Common Shares*

The summary below of the rights, privileges, restrictions and conditions attaching to the Common Shares is subject to, and qualified in its entirety by reference to, the Company’s articles and by-laws, which may be accessed electronically under Teranga’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). and on the ASX at [www.asx.com.au](http://www.asx.com.au).

Holders of Common Shares are entitled to receive notice of, attend and vote at, all meetings of the shareholders of the Company (except with respect to matters requiring the vote of a specified class or series voting separately as a class or series) and are entitled to one vote for each Common Share on all matters to be voted on by shareholders at meetings of the Company’s shareholders. Holders of Common Shares are entitled to receive such dividends, if, as and when declared by the Board, in their sole discretion. All dividends which the Board may declare shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding. On liquidation, dissolution or winding up of the Company, the holders of Common Shares will be entitled to receive the property of the Company remaining after payment of all outstanding debts on a pro rata basis, but subject to the rights, privileges, restrictions and conditions of any other class of shares issued by the Company. There are no pre-emptive, redemption or conversion rights attaching

to the Common Shares. All Common Shares, when issued, are and will be issued as fully paid and non-assessable shares without liability for further calls or to assessment.

#### *Stock Option Plan*

Teranga's incentive stock option plan dated November 10, 2010 (the "**Option Plan**"), reserves for issuance, pursuant to its terms, up to 10% of the total number of Common Shares issued and outstanding from time to time. Options may be granted under the Option Plan only to directors, officers, employees and consultants of Teranga or its subsidiaries or to personal holding companies wholly owned or controlled by the Option Plan participant, subject to the rules and regulations of applicable regulatory authorities and any stock exchange upon which the Common Shares may be listed or may trade from time to time.

The purpose of the Stock Option Plan is to attract, retain and motivate directors, officers, employees and consultants by providing them with the opportunity, through options, to acquire a proprietary interest in the Company and to benefit from its growth. In determining the number of options to be granted to executive officers, the Board takes into account the level of responsibility of the executive, his or her contribution to the long-term operating viability of the Company and the number of options, if any, previously granted.

Pursuant to the terms of the Stock Option Plan, options may be granted based upon the recommendation of the Board or the Compensation Committee, which has been appointed by the Board to make recommendations with respect to grants of options under and to administer the Stock Option Plan. Other than as permitted by applicable securities laws and the policies and rules of the TSX and the ASX, all options will not be transferable or assignable, other than by will or by the laws of descent and distribution. Options may be granted for a term not exceeding ten years. The Common Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise. The maximum number of options which may be issued to insiders and their associates under the Stock Option Plan and any other share compensation arrangement may not cover a number of Common Shares which exceeds 10% of the Common Shares outstanding from time to time (calculated on a non-diluted basis). Moreover, over any twelve-month period, the number of Common Shares issued to insiders and their associates pursuant to the exercise of options granted under the Stock Option Plan and any other share compensation arrangement, may not exceed 10% of the issued share capital of the Company (calculated on a non-diluted basis).

The Board or the Compensation Committee, as applicable, has complete discretion to set the terms of the vesting schedule for each option granted.

The exercise price of options issued are fixed by the Board at the time the option is granted and such exercise price may not be less than the market price of the Common Shares at the time the option is granted. The "market price" of the Common Shares means, the volume weighted average trading price of the Common Shares as reported on the TSX for the five trading days immediately preceding the day on which the option is granted provided, however, that the exercise price may not be less than the minimum exercise price required by the applicable rules of the TSX. Upon exercise in accordance with the terms thereof, each option will entitle the holder thereof to acquire one Common Share.

As long as the Common Shares are listed on the TSX and the ASX, the Company must apply to the TSX and the ASX, as applicable, for the listing or quotation, as applicable, of the Common Shares issued upon the exercise of all options granted under the Stock Option Plan.

#### *RSU and DSU Plan*

In addition to the Option Plan, in 2014 the Board of Directors of Teranga adopted a Restricted Share Unit Plan ("**RSU Plan**") as well as a Deferred Share Unit Plan ("**DSU Plan**") to offer greater flexibility in allowing senior executives and directors to participate in the long-term success of the Corporation. However, neither the RSU Plan nor the DSU Plan involve the issuance of units that are convertible into common shares or any other form of securities of the Corporation. As such, neither the DSU nor RSU Plan result in any dilution to shareholders and therefore do not impact the capital structure of the Corporation.

Pursuant to the RSU Plan, the Board may, from time to time, award RSUs to designated executives (including the Corporation's named executive officers) specifying the number of RSUs granted, the grant date, the vesting date and other terms and conditions. The RSUs represent a right to receive an amount of cash (subject to withholdings), on vesting, equal to the product of (i) the number of vested RSUs held, and (ii) the market price of Teranga's common shares at such time. RSUs will generally vest, subject to Board determination, as to 50% of the RSUs in thirds over a three-year period, and as to the other 50% of the RSUs in thirds over a three-year period upon satisfaction of at least two (2) operational performance measures. The two (2) operational performance measures are annual gold production

and cost of production, including both cash cost per ounce and all-in sustaining cost per ounce, as these measures represent the two most critical aspects of Teranga's business.

RSUs do not entitle a holder thereof to any voting or other Shareholder rights. As of December 31, 2015, there were 3,704,182 RSU's issued and outstanding under the RSU Plan.

Pursuant to the DSU Plan, Teranga Board members may elect to receive all or part of their annual retainer, meeting fees and additional compensation, which compensation is paid quarterly, in DSUs. Elections are irrevocable for the period in respect of which they are made. In addition, the Board may, from time to time, make discretionary awards of DSUs to Board members. DSUs do not entitle a Board member to any voting or other rights as a Shareholder.

DSUs will be credited quarterly to each participating director's account and will be determined by dividing the amount the director elects to receive in DSUs by the market price of Teranga's common shares at such time. Additional DSUs will be automatically credited to a director's DSU account if and when the Corporation pays a distribution to Shareholders. The additional DSUs to be credited will be calculated by multiplying the number of DSUs in the director's account at the time such distribution is paid by the amount of the distribution, and then dividing that amount by the market price of Teranga's common shares when the distribution is paid. In addition, and from time to time, DSUs are awarded to Directors with vesting taking place in full one year after grant.

As of December 31, 2015, there were 1,245,000 DSU's outstanding under the DSU Plan.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Company's Common Shares are listed on the TSX and in the form of CDIs on the ASX, in each case under the symbol "TGZ". The following table sets forth the reported high and low trading prices and the aggregate volume of trading of the Common Shares on the TSX and CDIs on the ASX, during the 2015 calendar year.

	TSX			ASX		
	High CDN\$	Low CDN\$	Volume	High AUS\$	Low AUS\$	Volume
31 Jan 2015	0.69	0.43	46,318,885	0.70	0.46	1,497,712
28 Feb 2015	0.72	0.53	32,767,987	0.71	0.57	5,089,805
31 Mar 2015	0.70	0.54	38,276,716	0.71	0.56	6,511,072
30 Apr 2015	0.73	0.60	27,617,747	0.75	0.63	2,817,935
31 May 2015	0.79	0.66	27,811,505	0.81	0.71	4,324,241
30 Jun 2015	0.82	0.69	21,548,220	0.82	0.74	2,587,713
31 Jul 2015	0.73	0.51	16,866,398	0.75	0.53	5,728,893
31 Aug 2015	0.67	0.55	12,022,424	0.70	0.57	2,280,164
30 Sep 2015	0.64	0.54	9,400,748	0.66	0.57	3,190,392
31 Oct 2015	0.65	0.53	17,213,044	0.68	0.56	3,172,483
30 Nov 2015	0.56	0.48	11,806,909	0.61	0.50	586,995
31 Dec 2015	0.52	0.48	18,274,531	0.53	0.47	291,473

Source: Thomson Reuters Eikon

## DIRECTORS AND OFFICERS

### Name, Address, Occupation and Security Holding

The following table sets forth the names and residence of the directors and officers of the Company, their positions held with the Company, the date on which each became a director or officer and their principal occupations during the past five years:

<u>Name and Residence</u>	<u>Position(s) with the Company</u>	<u>Principal Occupation During the Last Five Years</u>	<u>Director/Officer Since</u>
<b><i>DIRECTORS</i></b>			
Alan R. Hill <sup>(5)(6)</sup> Toronto, Ontario, Canada	Non-Executive Chairman, Director	Chairman and Chief Executive Officer Teranga from October 2010 until September 2012, Executive Chairman of Teranga from October 2010 to May 2014, thereafter Non-Executive Chairman of Teranga and Corporate Director	October 6, 2010
Richard S. Young Oakville, Ontario, Canada	President and Chief Executive Officer, Director	President and Chief Financial Officer of Teranga from October 2010 until September 2012, thereafter President and Chief Executive Officer	October 1, 2010
Jendayi Fraser <sup>(2)(6)</sup> Alexandria, VA, USA	Director	President and Chief Executive Officer of 50 Ventures, LLC (2011 to present); Managing Partner of Africa Exchange Holdings (2012 to present) and Chairman of the Board of East Africa Exchange Ltd. (2012 to present)	March 11, 2014
Edward Goldenberg <sup>(4)(5)(6)</sup> Ottawa, Ontario, Canada	Director	Corporate Director and Partner of Bennett Jones LLP (2007 to present)	July 2, 2013
Christopher R. Lattanzi <sup>(1)(3)(5)</sup> Toronto, Ontario, Canada	Lead Independent Director	Corporate Director and Business Executive, Associate Consultant for Micon International Limited (2005 to present)	October 13, 2010
David J. Mimram	Independent Director	Chief Executive Officer of Grands Moulins d'Abidjan and Grands Moulins de Dakar, (2012 to present), Head of Tablo Corporation, Miminvest SA, and Mimran Natural	October 13, 2015

<b>Name and Residence</b>	<b>Position(s) with the Company</b>	<b>Principal Occupation During the Last Five Years</b>	<b>Director/Officer Since</b>
		Resources (2011 to present), Vice Chairman and Founding Partner of Breeden Partners, L.P. (2006 to 2012)	
Alan R. Thomas <sup>(1)(2)(3)(4)</sup> Toronto, Ontario, Canada	Director	Corporate Director and Business Executive, Director and Chief Financial Officer of Labrador Iron Ore Royalty Corporation (2006 to present)	October 13, 2010
Frank D. Wheatley <sup>(1)(2)(3)(4)</sup> North Vancouver, British Columbia, Canada	Director	CEO, Yellowhead Mining Inc. (July 2013 to present), Executive Director Corporate Affairs and Strategy of Talison Lithium Limited (2009 to 2013), Vice President and General Counsel of Gabriel Resources Ltd. (2000 to 2009)	October 21, 2010

#### **OFFICERS**

Paul Chawrun Aurora, Ontario, Canada	Vice President, Operations and Technical Services	Director, Technical Services, Detour Gold (2009-2011), EVP Corporate Development, Chieftain Metals, 2011-2012	October 9, 2012
Sepanta Dorri Toronto, Ontario, Canada	Vice President Corporate and Stakeholder Development	General Manager, Corporate Development of Xstrata Nickel (2008-2013), Vice President, Investment Banking of Merrill Lynch Canada (2005-2008)	March 23, 2015
Navin Dyal Mississauga, Ontario, Canada	Vice President and Chief Financial Officer	Director of Finance for Barrick Gold (2005 to September 2012)	September 27, 2012
David Savarie Burlington, Ontario, Canada	Vice President, General Counsel and Corporate Secretary	VP, Legal & Corporate Secretary of Teranga until March 2012, thereafter VP, General Counsel & Corporate Secretary	January 3, 2011

- (1) Member of the Audit Committee  
(2) Member of the Corporate Governance and Nominating Committee  
(3) Member of the Compensation Committee  
(4) Member of the Finance Committee  
(5) Member of the Technical, Safety & Environmental Committee  
(6) Member of the Corporate Social Responsibility Committee

All directors were appointed to hold office until the next annual general meeting of the shareholders of Teranga or until their successors are elected or appointed.

As of March 30, 2016, the directors or executive officers of Teranga as a group beneficially owned, controlled or directed, directly or indirectly, approximately 47,340,530 Common Shares of the Company, representing approximately 12.08% of the current outstanding Common Shares of Teranga, calculated on a non-diluted basis. In addition, as of the date hereof, 15,522,500 Common Shares were issuable on the exercise of options, subject to vesting and applicable terms, which were granted in favour of the directors and executive officers of Teranga, as a group, which, together with the aforementioned Common Shares, represents approximately 15.4% of the current outstanding Common Shares of Teranga on a fully-diluted basis.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

#### *Corporate Cease Trade Orders or Bankruptcies*

Except as set out below, no director or executive officer of Teranga is, as at the date of this AIF or within the 10 years before the date of this AIF has been, a director, chief executive officer or chief financial officer of any company (including Teranga) that, (i) while that person was acting in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or (ii) after that person ceased to act in that capacity was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, and which resulted from an event that occurred while the person was acting in that capacity.

Except as set out below, no director or executive officer of Teranga or shareholder holding a sufficient number of securities of Teranga to affect materially the control of Teranga, (i) is as of the date of this AIF or has been within 10 years before the date of this AIF, a director or executive officer of a company (including Teranga) that while that person was acting in such capacity or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has within the 10 years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director or officer.

Mr. Wheatley, was a director of Constellation Copper Corporation ("Constellation") from June 1999 to December 23, 2008. On November 14, 2007, Constellation and management were issued a management cease trade order for failure to file interim financial statements for the period ended September 30, 2007 and management discussion and analysis within the prescribed time period due to an impairment review of the Lisbon Valley mine. This order was rescinded on January 16, 2008 following the filing of the required documents. In November, 2008, Constellation and its management applied for a management cease trade order and on January 14, 2009, Constellation was issued a cease trade order for failure to file interim unaudited financial statements for the period ended September 30, 2008 and management discussion and analysis. On December 23, 2008, Constellation announced that it filed an assignment in bankruptcy under the Bankruptcy and Insolvency Act (Canada).

#### *Penalties or Sanctions*

No director or executive officer of Teranga or, to the knowledge of the Company, a shareholder holding a sufficient number of Common Shares to affect materially the control of the Company has (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

#### *Personal Bankruptcies*

No director or executive officer of Teranga or, to the knowledge of the Company, a shareholder holding a sufficient number of Common Shares to affect materially the control of the Company, nor any personal holding company of any such person, has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director or officer.

## Conflicts of Interest

To the best of Teranga's knowledge, and other than as disclosed in this AIF, there are no known existing or potential conflicts of interest between Teranga and any of its directors or officers, except that certain of its directors serve as directors and/or officers of other public companies involved in, among other things, natural resource exploration, development and production and consequently there exists the possibility that there could be a conflict between their duties as a director of Teranga and their duties for other companies.

Under the CBCA, Teranga's directors are required to act honestly and in good faith, with a view to the best interests of the Company, and to disclose any conflicts of interest. In addition, if a conflict of interest arises at a meeting of the board of directors, any director in a conflict will be required to disclose their interest and abstain from voting on such matter. See "Risk Factors - Risks Relating to our Business - Our directors may have interests that conflict with our interests."

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Teranga and its subsidiaries are not a party to any material legal proceedings or any regulatory actions. Teranga knows of no such proceedings currently contemplated.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of March 30, 2016, Mr. David Mimram, a Director of Teranga, beneficially owns, or exercises control or direction over, directly or indirectly through Tablo Corporation, 11.49% of the Common Shares outstanding of the Company. Pursuant to a private placement entered into with Mr. Mimram on October 14, 2015, wherein an offering 39,200,000 Common Shares of the Corporation were issued to Tablo Corporation (a Mimram family controlled company) at a price of CDN\$ 0.58CDN per share, the Corporation and Mr. Mimram and Tablo Corporation entered into a voting and investor rights agreement (the "Voting Agreement"). Under the terms and conditions of the Voting Agreement, Mr. Mimram will be nominated for re-appointment to the Board for a 3-year term, so long as, among other things, Mr. Mimram, Tablo or any other company which Mr. Mimram owns, exercises control or direction over, in aggregate not less than 9.9% of the Common Shares issued and outstanding, calculated on a non-diluted basis. Under the terms of the Voting Agreement Mr. Mimram and Tablo have also agreed to a customary standstill and have been granted customary anti-dilution rights. A copy of the Voting Agreement has been filed by Teranga on SEDAR.

Other than as disclosed herein, no other director, executive officer or any of their respective associates or affiliates, or to the knowledge of the Company, a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares or any of their associates or affiliates, had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

## AUDIT COMMITTEE

A copy of the Audit Committee's charter, unanimously approved by the Board, is attached to this AIF as Schedule "A", and is also available on Teranga's website at [www.terangagold.com](http://www.terangagold.com).

The Audit Committee is comprised of Alan R. Thomas (Chair), Christopher Lattanzi and Frank D. Wheatley. All members of the Audit Committee are: (i) considered to be independent within the meaning of NI 52-110, and (ii) financially literate in that they have the ability to read and understand a set of financial statements that are of the same breadth and level of complexity of accounting issues as can be reasonably expected to be raised by the Company's financial statements.

Mr. Thomas, the Chair of the Audit Committee, is a chartered professional accountant and graduate of the University of Toronto and currently CFO of Labrador Iron Ore Royalty Corporation, which owns an equity interest in the Iron Ore Company of Canada. Mr. Thomas served as Vice-President and Chief Financial Officer of ShawCor Ltd. ("**Shawcor**"), an energy services firm headquartered in Toronto with manufacturing and service operations around the world, until retiring from that position in 2006. Prior to serving with ShawCor, Mr. Thomas was CFO of Noranda Inc. and General Partner with the Rawlinson & Co. consultancy. Mr. Thomas brings to Teranga extensive experience in dealing with public company boards of directors, both as a director and as an officer.

Mr. Lattanzi is an associate consultant for Micon International Limited ("**Micon**"). He was the founding member of Micon in 1988 and served as its president from formation until mid-2005. Prior to 1988, Mr. Lattanzi was a consultant with



David Robertson and Associates, Micon's predecessor firm. As a consultant, Mr. Lattanzi has gained invaluable experience in property valuation, scoping, feasibility studies and project monitoring on a global basis. Mr. Lattanzi was appointed a director of Meridian Gold Inc. ("Meridian") in 1999 and from mid-2004 until December 2006 he was the chairman of the board of Meridian. Mr. Lattanzi is currently a director of Argonaut Gold Inc. and Spanish Mountain Gold Ltd. Mr. Lattanzi holds a B.Eng (Mining) from Melbourne University.

Mr. Wheatley is currently the CEO of Yellowhead Mining Inc. (since July 2013), currently in the process of permitting and developing a copper mine in British Columbia. Prior to that, Mr. Wheatley is a practicing lawyer and received his Bachelor of Commerce and LL.B. degrees from the University of British Columbia. He has 25 years' experience as a director and senior officer for a number of Canadian public mining companies, specializing in the areas of public financing, project debt financing, permitting of large scale mining projects and strategic mergers and acquisitions in the international minerals industry. Mr. Wheatley was the Executive Director for Corporate Affairs and Strategy at Talison Lithium Australia Pty Ltd., the largest lithium producer in the world. His earlier career included senior management positions with Gabriel Resources Ltd. and Eldorado Gold Corporation as well as the practice of law at Smith Lyons LLP.

Audit fees, audit related fees, tax fees and all other fees billed by Teranga's external auditor, Ernst & Young LLP, in respect of the fiscal year ended December 31, 2015 are set out below in Canadian dollars.

Financial Period	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
January 1, 2015 to December 31, 2015	\$395,000	\$163,000	\$0

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "All Other Fees" include all other non-audit services.

There has been no recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board. The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

#### **OTHER COMMITTEES OF THE BOARD**

##### *Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee is responsible for identifying and reviewing candidates for appointment or nomination to the Board based upon an assessment of the independence, skills, qualifications and experience of the candidate, and making recommendations to the Board for consideration. In addition, the Corporate Governance and Nominating Committee is responsible for assessing the effectiveness and contribution of the Board, its committees and individual directors annually. Each year, the Corporate Governance and Nominating Committee issues a questionnaire to all Board members which covers self-evaluation and evaluation of one's peers. The results of the evaluation are presented to the Board together with any recommendations for improving the performance and effectiveness of the Board. The Corporate Governance and Nominating Committee is currently comprised of Frank D. Wheatley (Chair), Alan R. Thomas and Jendayi Frazer, each of whom is an independent director.

##### *Compensation Committee*

Annually, the Compensation Committee is responsible for providing the Board with a recommendation regarding the compensation levels for the Company's directors and Chief Executive Officer, as well as reviewing the Chief Executive Officer's recommendations for the senior executives' compensation. While the Board is responsible for determining all forms of compensation to be awarded to the directors, Chief Executive Officer and senior executives, the Compensation Committee annually reviews the Company's compensation policies and the performance objectives of the Chief Executive Officer and senior executives, and recommends any changes to the Board. The Compensation Committee is comprised of Frank D. Wheatley (Chair), Christopher R. Lattanzi and Alan R. Thomas, each of whom is an independent director.

### *Finance Committee*

The Finance Committee's purpose is to assist the Board in fulfilling its oversight responsibilities with respect to financial policies and strategies, including capital structure, financial risk management practices, and proposed issues of securities and the utilization of financial instruments. The Finance Committee is comprised of Alan R. Thomas (Chair), Edward Goldenberg and Frank D. Wheatley.

### *Technical, Safety and Environmental Committee*

The Technical, Safety & Environmental Committee's purpose is to assist the Board in fulfilling its oversight responsibilities with respect to technical matters relating to: exploration, development, permitting, construction and operation of the Company's mining activities; resources and reserves on the Company's mineral resource properties; material technical commercial arrangements regarding engineering, procurement and construction management activities; operating and production plans for proposed and existing operating mines; due diligence in the development, implementation and monitoring of systems and programs for the management and compliance with applicable law related to health, safety, environment and social responsibility; ensuring the Company implements best-in-class property development and operating practices; monitoring safety and environmental performance; and monitoring compliance with applicable laws related to safety and environmental responsibility. The Technical, Safety & Environmental Committee is comprised of Christopher R. Lattanzi (Chair), Edward Goldenberg and Alan R. Hill.

### *Corporate Social Responsibility Committee*

The Corporate Social Responsibility Committee's purpose is to assist the Board in fulfilling its oversight responsibilities with respect to: due diligence in the development, implementation and monitoring of systems and programs for management, compliance with applicable law related to corporate social responsibility; monitoring performance; and monitoring compliance with applicable laws related to corporate social responsibility. The Corporate Social Responsibility Committee is comprised of Jendayi Frazer (Chair), Edward Goldenberg and Alan R. Hill.

## **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Common Shares in Canada is Computershare Trust Company of Canada at its principal office in Toronto, Ontario. The transfer agent and registrar for CDI holders in Australia is Computershare Investor Services Pty Ltd at its offices in Melbourne, Victoria, Australia.

## **MATERIAL CONTRACTS**

Except for contracts entered into in the ordinary course of business, Teranga did not enter into any material contracts in the most recently completed financial year with the exception of the Voting Agreement entered into with Mr. David Mimran and Tablo Corporation as referenced above.

## **INTEREST OF EXPERTS**

The following persons or companies have prepared or certified a statement, report, valuation or opinion, during, or relating to, the Company's financial year ended December 31, 2015 and whose profession or business gives authority to the statement, report, valuation or opinion made by the person or company.

Certain information in this AIF relating to the Company's mineral projects is summarized or extracted from the technical report entitled the "Sabodala Project, Senegal, West Africa" which was prepared by P Chawrun, P.Eng., BSc, MBA and P Nakai-Lajoie, P.Geo., B.Sc. of Teranga as well as P. Mann, MSc, FAusIMM, in addition to Kathleen A. Altman, Ph.D., and Jeff Sepp P.E. Eng. of Roscoe Postle Associates Inc. As of the date hereof, the aforementioned persons beneficially own, directly or indirectly, in the aggregate, less than 1% of the securities of the Company.

The auditors of the Company are Ernst & Young LLP. Ernst & Young LLP has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

## ADDITIONAL INFORMATION

Additional information, including remuneration, principal holders of Teranga's securities, and options to purchase securities will be contained in Teranga's Management Proxy Circular pertaining to the Annual Meeting of Shareholders of Teranga to be held at 9:30 a.m. (Toronto time) on June 7, 2016 at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, M5X 1J2. Additional financial information can also be found in the Consolidated Financial Statements and the MD&A.

Such information, along with additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the ASX at [www.asx.com.au](http://www.asx.com.au).

## NON-IFRS FINANCIAL MEASURES

The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results.

"Net profit (loss) before the effects of the impairment charge" is a non-IFRS measure which excludes the impairment charge on long-lived assets and recorded goodwill. The Company excludes this item from net profit to provide a measure which allows the Company and investors to evaluate the operating results of the Company and its ability to generate operating cash flows to fund working capital requirements and future capital expenditures. The impairment charge, net of tax effects and adjusting for non-controlling interest, is added back to net profit (loss) attributable to shareholders

Beginning in the second quarter of 2013, the Company adopted an "all-in sustaining costs" measure and an "all-in costs" measure consistent with the guidance issued by the World Gold Council ("WGC") on June 27, 2013. The Company believes that the use of all-in sustaining costs and all-in costs will be helpful to analysts, investors and other stakeholders of the Company in assessing its operating performance, its ability to generate free cash flow from current operations and its overall value. These new measures will also be helpful to governments and local communities in understanding the economics of gold mining. The "all-in sustaining costs" is an extension of existing "cash cost" metrics and incorporate costs related to sustaining production. The "all-in costs" includes additional costs which reflect the varying costs of producing gold over the life-cycle of a mine.

"Total cash cost per ounce sold" is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. The Company reports 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 the Company's performance and 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 a Company's 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.

The WGC definition of "all-in sustaining costs" seeks to extend 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. The WGC definition of "all-in costs" 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. Life of mine all-in sustaining cash costs figures used in this AIF are before stockpile inventory value adjustments and government waiver accruals. Consequently, this measure is not representative of all of the Company's 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 the Company's 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.

“Average realized price” is a financial measure with no standard meaning under IFRS. Management uses this measure to better understand the price realized in each reporting period for gold and silver 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.

## Appendix A

### Glossary of Mining Terms

The following is a glossary of technical terms and abbreviations that appear in this AIF or in other Teranga filings:

<b>Alluvial</b>	A general term for clay, silt, sand, gravel or other similar unconsolidated detrital material deposited during comparatively recent geological time by a stream or other body of running water.
<b>Assay</b>	The chemical analysis of mineral samples to determine the metal content.
<b>CIL</b>	Carbon In Leach (CIL) is a processing method for extracting and recovery of gold from crushed ore. The process involves creating a slurry of finely crushed ore and a cyanide bearing solution in large tanks. Gold is dissolved in the cyanide solution creating a pregnant solution. Activated carbon is introduced into the leading circuit where it absorbs the gold from the pregnant solution. The gold bearing activated carbon or "loaded" carbon is then sent through a carbon strip circuit where gold is separated from the loaded carbon, recovered and subsequently refined.
<b>cut-off grade</b>	The estimated lowest grade of ore that can be mined and treated profitably in a mining operation.
<b>diamond drilling</b>	Method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
<b>Dyke</b>	A tabular body of igneous rock that cuts across the structure of adjacent rocks or cuts massive rocks.
<b>Fault</b>	The surface of a fracture along which movement has occurred.
<b>Felsic</b>	A term used to describe light coloured igneous rocks.
<b>Ga</b>	A billion years ago.
<b>Granitic</b>	A term used to describe an intrusive igneous rock comprised largely of medium to coarse-grained quartz and feldspar. Granitic rocks generally have higher alkali feldspar and lower plagioclase feldspar content than granodioritic rocks.
<b>Granodioritic</b>	A term used to describe an intrusive igneous rock comprised largely of medium to coarse-grained quartz and feldspar. Grandiortitic rocks have a higher plagioclase feldspar and lower alkali feldspar content than granitic rocks.
<b>heap leach processing</b>	A low cost ore processing method used to extract gold (and other metals) from crushed ore. Low grade ore is stockpiled on lined pads at surface and saturated with a cyanide bearing solution. The solution permeates and passes through the crushed ore pile, dissolving gold and then accumulating at the base of the pile on the lined pad. The pregnant solution is then collected and gold is extracted.
<b>Mafic</b>	Refers to igneous rocks composed chiefly of dark, ferromagnesian minerals.
<b>metasedimentary</b>	A term used to describe a sedimentary rock that has had its chemical and/or physical properties altered due to the effects of heat, pressure and fluid movement within the earth's crust.
<b>Metavolcanic</b>	A term used to describe a volcanic rock that has had its chemical and/or physical properties altered due to the effects of heat, pressure and fluid movement within the earth's crust.

<b>mineral reserves</b>	Indicated and measured resources that been evaluated by either a Prefeasibility or Feasibility level engineering study which has demonstrated a portion of the indicated and measured reserves are economically feasible for extraction.
<b>mineral resources</b>	Economic mineral concentrations that have undergone enough scrutiny to quantify their contained metal to a certain degree.
<b>Mineralization</b>	The process by which minerals are introduced into a rock. More generally a term applied to accumulations of economic or related minerals in quantities ranging from anomalous to economically recoverable.
<b>orogenic</b>	A term used to describe the large-scale tectonic process of mountain formation or orogeny.
<b>orogenic gold</b>	Terminology used to describe gold deposits that have been formed by the geological processes associated with orogeny.
<b>Quartz</b>	The most abundant and common mineral, consisting of crystalline silica (silicon dioxide, SiO <sub>2</sub> ).
<b>reverse circulation or RC drilling</b>	Variant of percussion drilling in which cuttings are raised to surface by a stream of compressed air inside a metal tube.
<b>shear zone</b>	Narrow, sub parallel-sided zones of rock that have been crushed and brecciated as a result of shear strain.
<b>Supracrustal</b>	Term used to describe younger rocks which overlie older basement rocks.
<b>Tectonic</b>	A term used to describe the physical forces or events that move and deform the earth's crust. Volcanic eruptions, folding and faulting are examples of tectonic events.
<b>Ultramafic</b>	Refers to igneous rocks composed almost entirely of dark, ferromagnesian minerals.