

SABODALA GOLD OPERATION

KEY POINTS

- ▶ **Production increased 63% to 68,301 ounces of gold**
- ▶ **Total cash costs decreased 18% to \$535 per ounce**
- ▶ **100% hedge free as hedge book is eliminated**
- ▶ **Cash and bullion receivable balance increased 28% to \$57.4 million**
- ▶ **Agreement with the Republic of Senegal secures basis to increase reserves and production in Senegal**
- ▶ **Finalized \$50 million Equipment Finance Facility**
- ▶ **Reduced discretionary spending**

OPERATIONAL OVERVIEW

Sabodala Gold Operation

(All amounts are in US\$ unless otherwise stated)

- Gold production for the three months ended March 31, 2013 increased 63 percent to 68,301 ounces of gold compared to the same prior year period due to the processing of higher grade ore combined with higher mill throughput as a result of the completion of the mill expansion.
- Gold sold for the three months ended March 31, 2013 increased 98 percent to 69,667 ounces compared to the same prior year period. Ounces sold during the first quarter were slightly higher than production for the period due to a draw-down of gold in circuit inventory. At March 31, 2013, gold in circuit and gold bullion inventory amounted to 11,883 ounces.
- Total cash costs for the three months ended March 31, 2013 decreased 18 percent to \$535 per ounce sold compared to the same prior year period. While gross mine site costs increased 35 percent due to higher mining and processing rates, the decrease in total cash costs per ounce was mainly due to higher gold ounces sold and capitalization of production phase stripping costs. Total cash costs have been adjusted for the adoption of IFRIC 20 for capitalization of a portion of production phase stripping costs.
- Total tonnes mined for the three months ended March 31, 2013 were 19 percent higher compared to the same prior year period due to the increase in hauling and drilling capacity of the mining fleet during 2012 and first quarter 2013.
- Ore tonnes mined were 17 percent higher compared to the prior year period while grades mined were 36 percent higher resulting in an increase in ounces mined of about 60 percent.
- Mining rates are expected to decrease by about 5 percent in the second quarter through the balance of the year despite the commissioning of 3 haul trucks and 1 shovel as the Company lowers its mining rate to maximize free cash flow in 2013 but maintain production guidance.
- Ore tonnes milled for the three months ended March 31, 2013 were 21 percent higher than the same prior year period due to an increase in mill capacity as a result of the completion of the mill expansion in the second quarter of 2012.
- Transfer chute design upgrades and the addition of more durable liners in the high wear points through the plant commenced with a comprehensive planned shutdown in January 2013, with further work to continue during planned shutdowns in both the second and third quarters 2013. These changes are anticipated to help reduce the frequency and duration of unplanned downtime allowing the design targets to be achieved. Crusher operating time is the key to meeting design target throughput rates.
- During the first quarter of 2013, the average realized gold price was \$1,090 per ounce with 45,289 ounces delivered into gold hedge contracts at an average price of \$806 per ounce and 24,378 ounces sold at an average spot price of \$1,619 per ounce. During the same prior year period, 35,268 ounces were sold at an average price of \$1,712 per ounce.
- As of April 15, 2013, the Company is 100 percent hedge free after having bought back the remaining "out of the money" gold forward sales contracts.
- During the first quarter of 2013, the Company entered into a new \$50 million finance lease facility with Macquarie Bank Limited ("Macquarie"). The lease facility replaces the finance lease facility previously in place with Societ  General  ("SocGen"), which was assigned and novated to Macquarie. The proceeds will be put towards additional equipment for the Sabodala pit as well as the new equipment required for the Gora deposit that is currently being permitted. In total, \$22.7 million was outstanding at March 31, 2013, including \$10.5 million novated from SocGen during the quarter. A further \$4.3 million will be drawn down in the second quarter when final delivery of Sabodala equipment is received. The balance of \$23 million will be reserved for future drawn downs for purchases of mining equipment, as required.

¹ This production target is based on existing proven and probable reserves only.

SABODALA GOLD OPERATION
PRODUCTION STATISTICS

		Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
		Quarter	Quarter	Quarter	Quarter	Quarter
Ore mined	('000t)	1,312	2,038	655	2,105	1,117
Waste mined	('000t)	7,536	5,274	6,242	5,130	6,316
Total mined	('000t)	8,848	7,312	6,897	7,235	7,433
Grade Mined	(g/t)	1.87	2.04	1.92	2.25	1.38
Ounces Mined	(oz)	78,929	133,549	40,516	152,603	49,516
Strip ratio	waste/ore	5.7	2.6	9.5	2.4	5.7
Ore processed	('000t)	696	725	650	491	573
Head grade	(g/t)	3.31	3.40	3.11	3.22	2.52
Gold recovery	(%)	92%	91%	85%	90%	90%
Gold produced ⁽¹⁾	(oz)	68,301	71,804	55,107	45,495	41,904
Gold sold	(oz)	69,667	71,604	62,439	38,503	35,268
Average price received	\$/oz	1,090	1,296	1,290	1,608	1,712
Total cash costs per ounce sold ² (including Royalties)	\$/oz	535	532	509	592	650

¹ Gold produced includes change in gold in circuit inventory plus gold recovered during the period.

² Total cash costs per ounce sold for 2012 were restated to comply with the Company's adoption of IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine, in line with the Company's accounting policies and industry standards.

OUTLOOK 2013

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

¹ Total cash cost per ounce is a non-IFRS financial measure with standard meaning under IFRS.

² Includes the impact of adopting IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine.

First quarter results benefited from continuation of mining a high grade zone in phase two, as a result, the Company remains on track to produce between 190,000 - 210,000 ounces of gold in 2013. Total cash costs guidance for 2013 remains unchanged at \$650 to \$700 per ounce despite the increase in the royalty rate from 3% to 5% of sales effective January 1, 2013.

In light of market conditions, we have lowered discretionary expenditures in a number of key areas including operations, exploration and administration, as well as, sustaining and development capital.

Reserve development expenditures on the Mine License have been reduced while exploration drilling on the Regional Land

Package is being minimized. The Agreement in Principle signed with the Government of Senegal in early April provides for the extension of five key regional exploration licenses which allows the Company to defer regional exploration activity. Exploration expense for 2013 is now expected to total \$3 million, a decrease from our original guidance range of \$10 to \$15 million, while capitalized reserve development costs are now expected at the lower end of our original guidance range of \$5 to \$10 million.

General and administrative expenses have been reduced to \$13 million from the original guidance range of \$15 to \$20 million, but still provide for the necessary support of operations and development.

¹ This production target is based on existing proven and probable reserves only.

Sustaining and development capital expenditures have been reduced by extending the timeline for the development of the Company's first satellite deposit at Gora, where permits are expected in 2013 and production in the first half of 2014. Mine site capital expenditures are expected at the lower end of our original guidance range of \$20 to \$25 million, even after reflecting the additional costs related to the Agreement in Principle signed with the Republic of Senegal. Development expenditures at Gora in 2013 will be minimized to \$5 to \$10 million from a previous expected range of \$45 to \$50 million, of which \$23 million was to be financed via the new mobile equipment loan. Capitalized deferred stripping at the Sabodala pit is now expected at the bottom end of the original range of \$35 to \$40 million.

With these changes, at a gold price of \$1,400 per ounce, we expect to generate free cash flow in 2013 which will further improve our financial strength during this period.

FINANCE

At March 31, 2013:

Cash and cash equivalents - \$51.0 million

Trade Receivables (bullion) - \$6.4 million

Project Finance Facility (balance outstanding) - \$60.0 million

Mining Fleet Lease Facility (balance outstanding) - \$22.7 million

Hedge Facility - as of April 15, 2013, the forward sales contracts were completely eliminated

Appointment of new Auditors

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

AGREEMENT WITH THE REPUBLIC OF SENEGAL

The Company signed a long-term comprehensive Agreement in Principle ("Agreement") with the Republic of Senegal in early April. The Agreement sets out a predictable and stable fiscal operating environment for the Company's future investment in exploration, acquisitions and development to increase reserves and production. The Agreement benefits all stakeholders and gives the Company the ability to invest with certainty in regards to the fiscal and operating parameters. The agreement is expected to be finalized during the second quarter of 2013.

The Republic of Senegal has agreed to support the Company in its plan for further development, notably:

- To a price and formula to allow for the acquisition of the Republic's additional participation option on deposits not on the Company's Mine License and to incorporate these into the Company's existing Mine License and fiscal regime;
- To support drilling of the Niakafiri deposit on the Mine License;
- To extend the term of its renewable Mine License by five years to 2022 and extend five key exploration licences by a further 18 months beyond current expiry periods;

- To commit to work with the Company to ensure full access to exploration targets currently occupied by artisanal miners;
- To settle all outstanding tax assessments in a fair and equitable manner; and
- To resolve the Special Contribution Tax of 5% in return for the fiscal changes to our stability agreement noted below.

The Company has agreed to the following:

- To increase the royalty rate on production from 3% to 5% effective January 1, 2013;
- The Company will make a payment of \$5.4 million related to accrued dividends to the Republic of Senegal in respect of its existing 10% minority interest. The payment is to be made upon the completion of embedding the Agreement into the Company's mining and exploration concessions.
- The Company will make a payment of \$4.2 million related to the waiver of the right for the Republic of Senegal to acquire an additional interest in the Gora project. The payment is to be made upon receipt of all required approvals authorizing the processing of all ore through the Sabodala plant.

MINE LICENSE (ML) RESERVE DEVELOPMENT

The Sabodala Mine License covers 33km² and, in addition to the mine related infrastructure, contains the Sabodala, Masato, Niakafiri, Niakafiri West, Soukhoto and Dinkokhono deposits.

During the first quarter 2013, Reverse Circulation ("RC") and Diamond Drilling ("DD") on the ML totalled about 10,000 metres at a cost of \$1.4 million.

The overall objective of the ML exploration program is to extend the life of mine, at a production rate of about 200,000 ounces per year, to the year 2020 to 2025, which would result in a 10 to 15 year mine life since the IPO in 2010.

Sabodala – Main Flat Extension (MFE) / Lower Flat Zone (LFZ)

In first quarter 2013, more than 3,000 metres of drilling was completed at Sabodala to further define the ore body. Drilling targeted the MFE immediately adjacent to the current ultimate pit, as well as additional mineralization located below the MFE, to confirm the continuation of these zones. The targeted zones are positioned between 150 metres and 350 metres below the surface. The MFE remains open down plunge and to the northwest.

Drilling during the first quarter was primarily from within the pit and along the perimeter to the east and west of the current pit to upgrade and increase mineral resources. Drilling confirmed continuation of these zones. The 2013 drill program for Sabodala was largely completed at the end of first quarter 2013.

Waste dump condemnation drilling to the SE of the Sabodala open pit encountered a zone of mineralization within the general trend of the NW Shear projected to the SE near the base of Sambaya Hill. Drilling continued in this area during the first quarter, following up on results received in 2012.

Further analysis and modeling of results is planned during the second quarter 2013.

Niakafiri West, Soukhoto and Dinkokhono

A large resource definition program is planned for 2013 for the Niakafiri, Niakafiri West, Dinkokhono and Soukhoto deposits in 2013, pending ongoing community discussions. In conjunction with our Agreement with the Republic of Senegal, Management expects to complete these discussions and commence drilling in the second quarter of 2013.

Masato North

The Masato North target area is located along the possible northeast trending splay of the Sabodala Shear zone, to the north of Masato. Drilling intersected a strongly altered shear zone containing sericite, albite and sulphides. A total of 870 metres in 6 holes were drilled in the first quarter 2013 and results are pending.

REGIONAL EXPLORATION

There are currently 50 anomalies and drill targets that have been identified on the Company's approximately 1,200 km² RLP, all within trucking distance of the mill. During first quarter 2013, the primary focus for the regional exploration program was on the Tourokhoto-Marougou and Goumbou Gamba prospects geological mapping and trench sampling programmes were undertaken on the Ninyenko and Soreto prospects within the Heremakono Permit.

Tourokhoto-Marougou

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

Goumbou Gamba

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

Results indicate that gold grades are of a low tenor and are widely dispersed within the shear zone. Geological modeling is ongoing.

Soreto

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

Ninyenko

Geological mapping and trench sampling at Ninyenko has confirmed the existence of a near surface flat lying gold bearing brecciated shear zone with pervasive quartz-

hematite-potassic alteration. Gold mineralization has been identified in prospect trenches covering an area 1.3 km long by 0.6 km wide. Channel sampling of the mineralized zone gave elevated gold values. Trenching and mapping is planned to locate extensions to the gold mineralization.

CORPORATE DIRECTORY

Directors

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

Senior Management

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

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Stock Exchange Listings

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

Issued Capital

Issued shares	245,618,000
Stock options	17,139,167

Stock Options – Exercise Profile

Exercise Price (C\$)	Options
\$3.00	17,139,167

ABOUT TERANGA

Teranga Gold Corporation is a Canadian-based gold company listed on the Toronto Stock Exchange (TSX: TGZ) and Australian Securities Exchange (ASX: TGZ). Teranga is principally engaged in the production and sale of gold, as well as related activities such as exploration and mine development.

Teranga was created to acquire the Sabodala gold mine and a large regional exploration land package, located in Senegal, West Africa, within the West African Birimian geological belt. Management believes the mine operation, together with the Company's prospective 1,200 km² land package, provides the basis for growth in reserves, production, earnings and cash flow as new discoveries are made and processed through the Company's existing mill. The Company is focused on growth - growth in reserves, growth in production - while building a strong balance sheet to facilitate its actions.

Forward Looking Statements

This news release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teranga, or developments in Teranga's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 27, 2013, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and, except as required by law, Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this news release should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

Competent Persons Statement

The technical information contained in this Report relating to the mineral reserve estimates within the Sabodala, Sutuba, Niakafiri and Gora deposits and the Stockpiles, is based on information compiled by Julia Martin, P.Eng., MAusIMM (CP), a full time employee with AMC Mining Consultants (Canada) Ltd., is independent of Teranga, is a "qualified person" as

defined in NI 43-101 and a "competent person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Martin has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Martin has reviewed and accepts responsibility for the reserve estimates disclosed above. Ms. Martin has consented to the inclusion in the report of the matters based on her information in the form and context in which it appears in this Report.

The technical information contained in this Report relating to the mineral resources is based on information compiled by Ms. Patti Nakai-Lajoie, who is a Member of the Association of Professional Geoscientists of Ontario. Ms. Patti Nakai-Lajoie is full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Patti Nakai-Lajoie has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Patti Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects, and she consents to the inclusion in the report of the matters based on her information in the form and context in which it appears in this Report.

The technical information contained in this Report relating to exploration results is based on information compiled by Mr. Martin Pawlitschek, who is a Member of the Australian Institute of Geoscientists. Mr. Pawlitschek is a consultant of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Pawlitschek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Pawlitschek is a "Qualified Person" in accordance with NI 43-101 and he consents to the inclusion in the report of the matters based on his information in the form and context in which it appears in this Report.

For further information please contact:

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