

SABODALA GOLD OPERATION

KEY POINTS

- ▶ Sabodala gold mine produced 27,082 ounces of gold during the quarter, which was one percent higher than plan – tonnes mined and processed were on budget.
- ▶ Exploration at the Sabodala Pit confirms the potential for higher grades in an expanded pit to depth and to the north – drilling intersected significant widths of high grade mineralization, including hole SBDH141D of 131 metres at 3.45 grams per tonne (“gpt”) and SBDH143D of 87 metres at 3.11 gpt included in four mineralized zones, on the Main Flat Extension just outside the current pit design – the new high grade zones remain open down plunge and to the northwest.
- ▶ Exploration drilling at Masato confirms the extension of the Masato deposit from the neighbouring property onto the Sabodala Mining Licence – including hole SMRC051D of 49 metres at 3.59 gpt in two mineralized zones and hole SMRC055D of 64 metres at 2.45 gpt in three mineralized zones – with significant potential for further upside as the deposit remains open at depth and along strike.
- ▶ Sabodala is on track to produce 140,000 of gold for the year at approximately \$850 to \$875 per ounce.

OPERATIONAL OVERVIEW

Sabodala Gold Operation

- Gold production for the three months ended September 30, 2011 was one percent higher than plan at 27,082 ounces.
- Tonnes mined and processed were on budget for the September quarter.
- For calendar 2011, Sabodala is on track to produce 140,000 ounces of gold at total cash costs of approximately \$850 to \$875 per ounce, 13 percent higher than budget. Half of the increase in our total cash cost guidance for calendar 2011 relates to higher costs at the mine site (fuel, labour, maintenance and royalty costs), while the other half relates to an understatement of costs related to the opening inventory balance.
- Gold sold for the three months ended September 30, 2011 totalled 27,574 ounces at a total cash cost of \$1,156 per ounce sold. Total cash costs were higher than previous quarters and budget due to planned lower production, as mining occurred in a lower grade area of the pit during the rainy season, and due to unplanned higher fuel and higher labour costs.
- Gold production for the December quarter is estimated at 45,000 ounces of gold at total cash cost of approximately \$775 per ounce as mining moves into a higher grade area of the pit.
- For 2012, Sabodala is expected to produce 220,000 ounces of gold at total cash costs of \$625 to \$675 per ounce. The higher production and lower cash costs compared to 2011 are due to the completion of the mill expansion allowing for higher throughput resulting in higher production and lower mining cost per ounce.
- The plant expansion is expected to be completed on schedule in the first quarter of calendar 2012.
- The estimated capital cost for the plant expansion is expected to total approximately \$60 million, which is \$4.0 million higher than budget mainly due to project scope changes, an increase in price for structural steel fabrication and higher foreign currency costs.
- On June 30, 2011, the Company entered into an equipment supply contract for the purchase of mining equipment totalling \$14.4 million, which will be used primarily for the development of the Gora deposit. The purchase of this mining equipment will be largely financed by expansion of the mobile equipment loan with Société Générale. On September 21, 2011, the Company signed a commitment letter confirming the terms and conditions of the lease facility. The Facility Documents should be finalized by no later than November 15, 2011.
- During the quarter ended September 30, 2011, 16,615 ounces were delivered into gold hedge contracts at \$846 per ounce, representing 60 percent of gold sales for the quarter, and 10,959 ounces of gold were sold into the spot market at an average price of \$1,673 per ounce resulting in an average realized price for the quarter of \$1,174 per ounce.
- Accelerated deliveries into gold hedge contracts during the quarter ended September 30, 2011 reduced the balance outstanding to 181,885 ounces of gold. The Company’s objective is to eliminate the hedge book entirely as quickly and prudently as possible.
- Exploration results in 2011 support management’s belief of the potential to expand proven and probable reserves from 1.5 million ounces of gold to 3 million ounces of gold, at similar or better grade to the current reserve (1.5gpt) from the Sabodala Mining License (“ML”) over the next 12 to 18 months. While management has confidence in its projections based on exploration work done to date, the potential quantity and grade disclosed herein is conceptual in nature, and there has been insufficient exploration to define a mineral resource, therefore it is uncertain if further exploration will result in the targets being delineated as a mineral resource.

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- The larger reserve base is expected to result from the success of deepening the Sabodala pit to the north along the Main Flat Extension, extension of the Masato pit onto the ML, conversion of Niakafiri resources to reserves as well as adding reserves below these three large open pits.
- On the ML alone, this would increase the mine life to approximately 15 years at a run rate of about 200,000 ounces of gold produced annually and provide a solid production base to build on through the Regional Exploration Program.

Production Statistics

		September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Ore mined	('000t)	1,008	759	491
Waste mined	('000t)	5,085	5,538	6,460
Total mined	('000t)	6,093	6,297	6,951
Strip ratio	waste/ore	5.0	7.3	13.2
Ore processed	('000t)	582	650	608
Head grade	(g/t)	1.64	1.81	1.93
Gold recovery	(%)	88.3	89.2	89.8
Gold produced ⁽¹⁾	(oz)	27,082	33,388	34,296
Gold sold	(oz)	27,574	35,407	39,490
Average price received	US\$/oz	1,174	1,083	1,199
Total cash costs per ounce sold	US\$/oz	1,156	879	655

Notes:

(1) Gold produced is change in gold circuit inventory plus gold recovered during the period

Mine License ("ML") Exploration

Highlights of drilling during the September quarter on the Sabodala ML include the intersection of significant widths of high grade mineralization outside the Sabodala ultimate pit limit as part of the Main Flat Extension drill program which is expected to lead to an expansion of the final pit design and increased reserves, as well as the successful intersection and extension of the Masato deposit down dip 200 metres onto the ML.

During the September quarter Reverse Circulation ("RC") and Diamond drilling ("DD") on the ML totalled 13,000 metres from 5 drills. There are 7 drills operating on the ML at the present time (6 DD and 1 RC) and pending rig availability this number may increase to expedite resource expansion and reserve definition drilling through the December quarter and into 2012.

For full drill results from our ML exploration program please see the Company's website at <http://www.terangagold.com/English/Investors/NewsReleases/NewsReleaseDetails/2011/SupplementalInformation-DrillResultsSeptember302011/default.aspx>

Main Flat Extension ("MFE")

Drilling targeting the MFE immediately adjacent to the current ultimate pit, at a depth of 300 metres (about 50 metres below the current design pit bottom and accessible to open pit mining), confirms the continuation of the mineralized zone with further

drilling planned. The MFE remains open down plunge and to the northwest.

In the September quarter a total of 5,400 metres of drilling was completed on the MFE. Recent results include drill hole SBDH141D which appears to have cut a structural intersection in part of the hole resulting in long intervals of high grades totalling 131 metres at 3.45 gpt. Hole SBDH143D establishes continuity of mineralization cut by SBDH141D with a strong intercept of 87 metres at 3.11 gpt located just north of the current ultimate pit limit. In total all six holes drilled to date have intersected these high grade zones.

The goal of the MFE program is to add 250,000 ounces to the open pit mineable reserves, as well as potentially a similar amount to underground reserves, in 2012.

Corridor and Ayoub's Target Area

Limited drilling of 1,700 metres was completed in the September quarter within the Corridor along the Ayoub's portion of the target area. The system, although low grade, is continuous and is showing Sabodala style albitic alteration to the north where the target remains open down dip and along strike. The position of the Ayoub's mineralization in the Corridor lends itself to sharing stripping for including deeper MFE mineralization into the ultimate pit. Recent results include drill hole SBDH084D with 15 metres at 1.34 gpt as well as drill hole SBDH091D with 20 metres at 2.1 gpt.

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Underground Mining Desktop Analysis

Teranga commissioned an engineering firm to undertake a desktop study to identify potentially suitable underground mining methods and provide stoping cost estimates for the resources outside the 2010 Sabodala ultimate pit. Results of the study are positive with approximately 200,000 ounces of material currently classified as Inferred outside of the 2010 ultimate pit now identified as potentially mineable underground. The study was based on the 2009 Sabodala resource model.

Since the study was commissioned, Teranga has completed drilling identifying Sabodala mineralization extending more than 300 metres below the deepest zones included in the 2009 model and this desktop study. Presently, 260,000 ounces at 3.1gpt grade has been classified as Measured and Indicated outside the ultimate pit in 2.6 million tonnes. Another 240,000 ounces of Inferred material grading 3.4gpt has been classified as Inferred outside the ultimate pit in 2.2 million tonnes.

Management plans to continue advancing the level of engineering on underground mining with a goal of adding 250,000 to 500,000 ounces of underground reserves at a grade of 3 – 4 gpt to the Sabodala project in 2012. While management has confidence in its projections based on exploration work done to date, the potential quantity and grade disclosed above is conceptual in nature, and there has been insufficient exploration to define a mineral resource, therefore it is uncertain if further exploration will result in the underground targets being delineated as a mineral resource.

Masato

In the September quarter a total of 6,100 metres of drilling was completed at Masato. This drilling has confirmed a mineralized strike length of 500 metres and a dip extent of 200 metres on the ML. Recent results include drill hole SMRC051D with 37 metres at 4.5 gpt as well as drill hole SMRC089D with 44 metres at 2.0 gpt. The Masato deposit remains open to depth and along strike and is currently being tested in both directions by three drills.

Management is confident that continued positive drilling results will translate to definition of mineable reserves at Masato on the ML in 2012.

Regional Exploration

There are currently 27 targets that have been identified on the Company's 1,455km² Regional Land Package, all within trucking distance of the mill. In total 9 of the 27 targets have been drilled, the balance are expected to be drill tested through the end of 2011 and 2012.

By the end of the September quarter the Company completed approximately 140,000 metres of Rotary Air Blast (RAB) drilling, 56,000 metres of RC and 22,000 metres of DD drilling. There are currently 11 drill rigs on the Regional Land Package. The 11 drill

rigs are expected to remain throughout the December quarter at a total estimated drilling cost of approximately \$25 million for the year.

For full drill results from our regional exploration program please see the Company's website at <http://www.terangagold.com/English/Investors/NewsReleases/NewsReleaseDetails/2011/SupplementalInformation-DrillResultsSeptember302011/default.aspx>

Gora

High-grade drill intersections continue to expand the potential footprint of the deposit, while a completed Induced Polarization ("IP") survey has revealed additional anomalies along strike of the current resource which are targeted for follow-up drilling. The Company is running a number of processes in parallel to efficiently develop Gora as quickly as possible, including the ongoing exploration program, permitting and feasibility level economic analysis with the objective of having production as early as late 2012.

Toumboumba

Toumboumba, located 10km from the Sabodala mill, is the Company's latest discovery with potential to become the second regional deposit processed through the Sabodala Mill.

The new discovery, located on the Sabodala North West permit, is largely covered by a laterite plateau with little to no outcrop. The RAB program, which began in April, and was expanded to encompass the entire structural domain that may host similar styles of mineralization to the Gora deposit, has been completed with 1,150 RAB holes for 49,000 metres drilled.

Results to date have identified a series of north-south trending targets that are related to quartz veining and alteration hosted within a granitic intrusive body. As results are received additional target trends are being identified, expanding the exploration potential at Toumboumba.

Majiva

The Makana permit hosts the Majiva target, one of several prospects located along a twelve kilometre strike length between Majiva and Niakafiri on the ML. To date, a 5 kilometre strike length of gold-mineralized structure has been identified at Majiva.

Rainy season access to the eastern parts of Makana was prepared during September. One combination DD/RC rig will be re-located shortly to continue the Majiva drill testing program. An additional RC rig has been mobilized and will also be deployed to Makana.

Interpretation of an IP survey indicates several zones of coincident resistivity highs and chargeability highs. A similar survey completed on the Sabodala ML in 2007 mapped the important silica-carbonate-pyrite alteration zones, along the major shear structures. The Sabodala deposit itself sits immediately to

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the north of such a trend. Similarly the best mineralisation at Majiva sits at the termination of such a trend. Review of the Majiva IP interpretation highlighted analogous targets and the drill testing of these will be integrated into the continuation of the RC drilling program.

CORPORATE

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

Finance

At September 30, 2011:

- Cash and cash equivalents - US\$25.7 million
- Project Finance Facility – nil¹
- Mining Fleet Lease Facility - US\$17.3 million
- Hedge Facility = 181,855 oz remaining to be delivered at an average price of US\$830/oz.

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

Corporate Directory

Directors

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

Senior Management

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

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Share Registries

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

Stock Exchange Listings

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

Issued Capital

Issued shares	245,618,000
Stock options	15,405,556

Stock Options – Exercise Profile

Exercise Price (C\$)	Options
\$3.00	15,405,556

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About TERANGA

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

Teranga was created to acquire the Sabodala gold mine and a large regional exploration land package, located in Senegal, West Africa, from Mineral Deposits Limited. Management believes the mine operation, together with the Company's prospective 1,488 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 Sabodala Gold Operation, which came into operation in 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines and discoveries in Mali.

The Company's mission is to create value for all of its stakeholders through responsible mining. Its vision is to explore, discover and develop gold mines in West Africa, in accordance with the highest international standards, and to be a catalyst for sustainable economic, environmental and community development. All of its actions from exploration, through development, operations and closure will be based on the best available techniques.

Forward Looking Statements

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

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

Competent Persons Statement

The technical information contained in this release relating to exploration activities within the mining license is based on information compiled by Mr. Bruce Van Brunt, who is a Fellow of The Australasian Institute of Mining and Metallurgy and is also a

registered professional geologist in the State of Washington, USA. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Van Brunt has consented to the inclusion of this information in the form and context in which it appears in this release. Mr. Van Brunt is a full-time employee of Teranga and is therefore not independent.

The technical information contained in this release relating to the regional exploration is based on information compiled by Mr. Martin Pawlitschek, who is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Pawlitschek has consented to the inclusion of this information in the form and context in which it appears in this release. Pawlitschek is a full-time employee of Teranga is therefore not independent.

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