ASX Second Quarter Report
For the three months ended June 30, 2012

SABODALA GOLD OPERATION

KEY POINTS

- **Second quarter record production totaled 45,495 ounces at total cash costs of $645 per ounce, a 9 percent increase in production over first quarter 2012, and the highest in Company history.**
- **Construction of the mill expansion to double capacity is complete. With the higher throughput rate in the second half of the year, the Company is on track to meet its full year production guidance of 210,000 to 225,000 ounces of gold at total cash costs of $600 to $650 per ounce[1].**
- **The recent amendment to the Macquarie Bank Facility Agreement increased the quarter end cash balance to $35.6 million, and will increase operating cash flow in the second half of 2012 as a greater percentage of production can now be sold at higher spot gold prices.**
- **Exploration at the Sabodala Mine continues to confirm the potential for an expanded pit.**

OPERATIONAL OVERVIEW

Sabodala Gold Operation

(All amounts are in US$ unless otherwise stated)

- Gold production for the second quarter of 2012 was 45,495 ounces, 36 percent higher than the same quarter of 2011, despite down time as part of mill expansion tie-ins and commissioning activities. The increase in production was due to higher grade ore processed in the second quarter of 2012.
- Gold sold for the three months ended June 30, 2012 totaled 38,503 ounces at a total cash cost of $645 per ounce sold compared to 35,407 ounces sold at a total cash cost of $802 per ounce in the same quarter of 2011. Ounces sold during the second quarter of 2012 were lower than ounces produced due to the reduced ability to pour gold during the tie-ins for the mill expansion. As a result, at June 30, 2012, gold in circuit and gold bullion inventory increased by 7,121 ounces to 20,383 ounces. The majority of gold inventory will be sold in the second half of the year.
- Total tonnes mined for the three months ended June 30, 2012 were 15 percent higher compared to the same period of 2011 due to improved productivity and efficiency in the mining operation. Drilling and loading availabilities benefited from the addition of three new blast hole drill rigs and four new haul trucks. The implementation of better maintenance practices resulted in improved loading and hauling efficiencies due to improved availability of the mobile equipment fleet.
- Mill throughput for the three months ended June 30, 2012 was 25 percent lower than the same period of 2011 mainly due to the harder ore in 2012 compared to softer material that was available during the second quarter of 2011 as well as the shutdowns relating to tie-ins for the mill expansion.
- Construction of the mill expansion to double capacity is complete, though some fine tuning will continue during the third quarter. In the third quarter the mill is expected to be operating at full capacity.
- With the higher throughput rate in the second half of the year, the Company is on track to meet its full year production guidance of 210,000 to 225,000 ounces of gold at total cash costs of $600 to $650 per ounce[1] in line with previous guidance.
- During the second quarter of 2012, 38,503 ounces were sold into the spot market at an average price of $1,608 per ounce while during the same quarter of 2011, 35,407 ounces were sold at an average realized price of $1,083 per ounce (including 23,000 ounces that were delivered into gold hedge contracts at $845 per ounce and 12,407 ounces of gold that were sold into the spot market at an average price of $1,522 per ounce).
- The recent $60 million 2-Year Loan Facility with Macquarie Bank Limited by way of an amendment to the existing Facility Agreement increased the quarter end cash balance to $35.6 million, and will increase operating cash flow in the second half of 2012 as a higher percentage of production can now be sold at higher spot gold prices. As a result of the amended Facility Agreement, the gold forward sales program declined by 52,105 ounces to 122,395 ounces from the previous quarter end. Forward sales contracts are expected to total 66,000 ounces at year end and are scheduled to be fully extinguished by August 2013, at which time the Company would be hedge free.

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 June 30, 2012:

- Cash and cash equivalents - $35.6 million
- Project Finance Facility - $60.0 million
- Mining Fleet Lease Facility - $19.6 million
- Hedge Facility = 122,395 oz remaining to be delivered at an average price of $818/oz.

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

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Production Statistics

		June 2012 Quarter	March 2012 Quarter	December 2011 Quarter	September 2011 Quarter	June 2011 Quarter
Ore mined	('000t)	2,105	1,117	1,715	1,008	759
Waste mined	('000t)	5,130	6,316	4,736	5,085	5,538
Total mined	('000t)	7,235	7,433	6,451	6,093	6,297
Strip ratio	waste/ore	2.4	5.7	2.8	5.0	7.3
Ore processed	('000t)	491	573	604	582	650
Head grade	(g/t)	3.22	2.52	2.10	1.64	1.81
Gold recovery	(%)	89.6	90.0	89.8	88.3	89.2
Gold produced (1)	(oz)	45,495	41,904	36,695	27,082	33,388
Gold sold	(oz)	38,503	35,268	34,665	27,574	35,407
Average price received	$/oz	1,608	1,712	1,482	1,174	1,083
Total cash costs per ounce sold[2]	$/oz	645	673	809	928	802

Notes:
(1) Gold produced is change in gold in circuit inventory plus gold recovered during the period
(2) Total cash costs per ounce sold for 2011 were restated to comply with the Company's new accounting policy for measuring and recording ore stockpile costs, as well as reporting total cash costs after inventory movement, in line with the Company's accounting policies and with industry standards.

Mine License ("ML") Exploration

The primary objective of the $20 million 2012 drill program on the Sabodala Mine License is to expand the Sabodala Mine open pit reserves. Pit optimization work completed in February 2012 defined a $1,550 per ounce pit shell containing over 2 million ounces that serves as a guide to our current drill program (2011 proven and probable reserves in the Sabodala pit contained approximately 1 million ounces).[2] The ultimate pit limits at Sabodala are driven laterally by the extent of the Main Flat zone which dips gently away from the centre of the deposit to both the east and west. To the east the Main Flat dips into Sambaya Hill towards the Masato deposit. To the north, the economic limit to mine the plunging Main Flat and sub parallel Lower Flat Zones is defined by the strip ratio.

The 2012 drill program is designed to take the ultimate pit about 150 metres deeper and, if successful, to add upwards of 500,000 to 1 million ounces, based on drilling intercepts to date, at grades of between 1.5 gpt and 2 gpt this year.[3]

Recent results in the second quarter of 2012 advance the mineralized extents at Sabodala to the NE in drill hole SBDH291 and SE in drill hole SBDH259DD. In-fill drilling under the main haulage ramp on the north end of the pit is ongoing with a high grade intercept down dip at depth from drill hole SBDH254D which intersected a series of higher grade zones including 31 metres of 6.0 grams per tonne ("gpt") from 385 metres. Vertical drilling from the north end of the pit on the 20850N section returned 95 metres of 1.3 gpt from 358 metres in SBDH262D including internal dilution between mineralized zones.

The results of the mine planning work completed in the first quarter of 2012 have focused the majority of the drilling effort into expanding the Sabodala open pit reserves. During the second quarter of 2012, Reverse Circulation ("RC") and Diamond drilling ("DD") on the ML totalled 34,000 metres at cost of $7.0 million. Year to date, a total of $14.2 million has been spent on just over 60,000 metres of drilling. A minimum of 7 drill rigs are expected to be testing targets at an estimated cost of $20 million in 2012. There are 7 drills operating on the ML at the present time (5 DD and 2 RC).

Regional Exploration

There are currently 40 drill targets that have been identified on the Company's approximately 1,450 km² Regional Land Package ("RLP"), all within trucking distance of the mill. All 40 targets are expected to be drill tested in 2012-2013. A further 20 targets have been evaluated with surface sampling or trenching.

During the second quarter of 2012, the Company completed 41,000 metres of Rotary Air Blast ("RAB") drilling over 14 anomalies and prospects and 18,000 metres of RC drilling. There were 3 drill rigs on the RLP during the second quarter. RC drilling focused on Toumboumba, Tourokhoto, Saiensoutou, Jam, KB and testing of IP anomalies at Gora. In addition, several RAB programs where completed. RLP exploration expenditures for the second quarter totaled $5.3 million (including $0.5 million for Gora). Year to date, a total of $13.9 million has been spent (including $2.1 million for Gora). The exploration budget for the Regional Exploration Program is estimated at $20 million for 2012.

Toumboumba (Sabodala NW)

Toumboumba is a shear vein system hosted in the Falombou granite and has the potential for a small, shallow, oxide deposit, located 10 km from the Sabodala mill. This prospect consists of 18 north-south to north-east trending gold anomalous zones identified from RAB drilling during 2011.

[2] Pit optimization work, which included a Lerchs-Grossman (Whittle) run resulting in a shell containing 2 million ounces based on Measured, Indicated and Inferred resource material using comparable costs as reported in the December 31, 2011 Sabodala Technical Report.

[3] This exploration target is not a Mineral Resource. The potential quality and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

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During the quarter a program of 129 holes for 12,000 metres was completed on a systematic 25 x 25 metre grid over the oxide resource area, targeting the main mineralized trends. The mineralization was confirmed as consisting of three principal, sub-parallel NS trending shallowly - east dipping shear veins hosted in granite. The upper portions of the granite are oxidized to a depth of approximately 50 metres. The mineralized system continues down dip into the fresh rock. Assays are pending for eight holes. Interpretation and three-dimensional modeling of the mineralization has commenced, with the objective of calculating an updated mineral resource estimate and determining the mining potential of this deposit by year end.

Tourokhoto

The bulk of the results for the previous RC program completed at Tourokhoto were received during the second quarter 2012, with assays only pending for one remaining hole. The RC drilling program at Tourokhoto comprised 27 holes for a total of 14,000 metres, which commenced in December 2011 and was completed during the first quarter of 2012. The drilling over Tourokhoto can be grouped into six geographically/geologically distinct areas, comprising the Main Trend Central Area, Northern Area, NE Area, and Southern Area as well as the Marougou and Segoto Areas.

The most promising drill results were returned from the Marougou area. This area is located south of the Tourokhoto Main Trend Central area. RC holes were drilled on three lines spaced 600 metres apart for a total of 3,000 metres. The drilling identified large widths and grades of mineralization on each line.

The mineralization highlights a trend of at least 1,200 metres in length extending across the lines in a NE direction with a westerly dip and represents the discovery of a new prospect. This prospect is open to the north and south and some extension of the trend in both directions is supported by surface gold anomalism along strike of the existing drilling. A new drill program to infill and extend the zone along strike will begin in the fourth quarter, after the rainy season, to further evaluate this discovery.

For full drill results from our ML and Regional Exploration Program please see the Company's website.

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 Roditis, Vice President, Operations
Kathy Sipos, Vice President, Investor & Stakeholder Relations
David Savarie, Vice President, General Counsel & Corporate Secretary
Macoumba Diop, General Manager & Government Relations Manager, SGO
Mark English, Operations Manager, SGO
Martin Pawlitschek, Regional Exploration Manager, SMC
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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	16,695,556

Stock Options – Exercise Profile

Exercise Price (C$)	Options
$3.00	16,695,556

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 1,488 km^2 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.

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Forward Looking Statements

This report 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 all disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action. Forward-looking statements may also include, without limitation, any statement relating to future events, conditions or circumstances. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. Forward-looking statements relate to, among other things, the expected use of proceeds of the offering and the expected closing date of the offering. The risks and uncertainties that may affect forward-looking statements include, among others: economic market conditions; and other risks detailed from time to time in Teranga's filings with Canadian provincial securities regulators. 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 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 in this report that relates to exploration results and mineral resource estimates 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. Mr. Van Brunt is a full time employee of Teranga and not independent. Mr. Van Brunt has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code of Reporting of exploration Results, Mineral Resources and Ore Reserves". Mr. Van Brunt is a "Qualified Person" in accordance with National Instrument 43-101 and he consents to the inclusion of this information in the form and context in which it appears in this report.

The technical information in this report that relates to the exploration results and targets within the regional exploration program are based on information compiled by Mr. Martin Pawlitschek, who is a member of the Australian Institute of Geoscientists. Mr. Pawlitschek is our full time employee and is not "independent" within the meaning of National Instrument 43-101. Mr. Pawlitschek has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 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 of this information in the form and context in which it appears in this report.

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