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PRESS RELEASE
For Immediate Release

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MARCH QUARTER REPORT

Toronto, Canada: April 30, 2014

For a full explanation of Financial, Operating, Exploration and Development results please see the Interim Condensed Consolidated Financial Statements as at and for the period ended March 31, 2014 and the associated Management's Discussion & Analysis at www.terangagold.com.

- First quarter operating results put Company on track to meet its full year guidance of 220,000 to 240,000 gold ounces[1] at total cash costs of $650 to $700 per ounce[2] and all-in sustaining costs of $800 to $875 per ounce[2].
- Gold production for the three months ended March 31, 2014 totaled 52,090 ounces of gold.
- Total cash costs were $696 per ounce sold[2] and all-in sustaining costs were $813 per ounce sold[2], for the three months ended March 31, 2014.
- Consolidated profit attributable to shareholders of $4.0 million ($0.01 per share) in first quarter.
- During the first quarter, the Company acquired the balance of the neighboring property – Oromin Joint Venture Group (OJVG) that it did not already own by way of $135 million stream transaction with Franco-Nevada to complete the acquisition and to retire $30 million of $60 million bank debt facility.
- Development of the Masato deposit, the first of the OJVG deposits to be mined, has already begun and is ahead of schedule. These ounces will contribute to a stronger second half of 2014 as per the mine plan.
- Subsequent to the quarter end, the Company announced an agreement with a syndicate of underwriters to purchase 36,000,000 common shares, on a bought deal basis, at a price of C$0.83 per share for gross proceeds of approximately C$30.0 million.
- Cash balance at March 31, 2014 was $28.7 million, including restricted cash. With the expected net proceeds from the bought deal, on a pro forma basis, the Company's cash balance at March 31, 2014 would be approximately $54 million.

"The operations are running very well and we see tremendous opportunity to increase reserves on the combined 246km^2 mine licenses, as well as, make significant gold discoveries on our 70km of strike on this emerging gold belt. We expect to have a decade of steady production and strong free cash flows that we can build on. The recently announced financing strengthens our balance sheet and allows us to plan and execute on our growth initiatives irrespective of short term volatility in the gold price", said Richard Young, President and CEO.

[1] This production guidance is based on existing proven and probable reserves only from both the Sabodala mining license and OJVG mining license as disclosed in the Company's Management's Discussion and Analysis for the year ended December 31, 2013. The estimated ore reserves underpinning this production guidance have been prepared by a competent person in accordance with the requirements of the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). This production guidance also assumes an amendment to OJVG mining license to reflect processing of OJVG ore through the Sabodala mill.
[2] Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to the non-IFRS measures at the end of this report.

OPERATIONAL HIGHLIGHTS (details on page 6)

- First quarter operating results put Company on track to meet its full year guidance of 220,000 to 240,000 gold ounces at total cash costs of $650 to $700 per ounce and all-in sustaining costs of $800 to $875 per ounce

- Gold production for the three months ended March 31, 2014 was 52,090 ounces of gold, 24 percent lower than the same prior year period. Lower production was due to lower processed grades, partly offset by higher mill throughput.

- Total cash costs for the three months ended March 31, 2014 were $696 per ounce, compared to $535 per ounce in the same prior year period. The increase in total cash costs was mainly due to a decrease in the grade processed during the quarter compared to the prior year period as well as lower capitalized deferred stripping.

- All-in sustaining costs for the quarter ended March 31, 2014 were $813 per ounce, 9 percent lower than the same prior year period. Lower all-in sustaining costs were mainly due to lower sustaining and development capital expenditures, a reduction in reserve development expenditures in 2014 and lower capitalized deferred stripping.

- Total tonnes mined for the three months ended March 31, 2014 were 11 percent lower compared to the same prior year period. Total tonnes mined are expected to decline further in the second half of the year in line with the Company's plan to minimize material movement in the current gold price environment with a focus on maximizing free cash flows in 2014.

- During the quarter, mining activities were mainly focused on the middle benches of phase 3 of the Sabodala pit, while in the prior year period, mining primarily took place in a high grade ore zone on lower benches of phase 2.

- Total mining costs were 4 percent lower than the same prior year period due to decreased material movement. Unit mining costs for the three months ended March 31, 2014 were 8 percent higher than the same prior year period mainly due to fewer tonnes mined.

- Ore tonnes milled for the quarter ended March 31, 2014 were 28 percent higher than the same prior year period due to improvements made during the first and second quarters of 2013 to reduce the frequency and duration of unplanned downtime and an increase in throughput in the crushing circuit to match mill capacity.

- Processed grade for the quarter ended March 31, 2014 was 39 percent lower than the same prior year period. Mill feed during the first quarter of 2014 was sourced from ore from phase 3 of the Sabodala pit at grades closer to reserve grade. In the prior year period, mill feed was sourced from a high grade zone on the lower benches of phase 2 of the Sabodala pit.

- Total processing costs for the quarter ended March 31, 2014 were 4 percent higher than the same prior year period, mainly due to higher throughput. Unit processing costs for the quarter ended March 31, 2014 were 19 percent lower than the prior year period, due to higher tonnes milled.

FINANCIAL HIGHLIGHTS (details on page 6)

- Gold revenue for the three months ended March 31, 2014 was $69.8 million compared to $113.8 million in the same prior year period. The decrease in gold revenue compared to the prior year quarter was due to lower production and lower spot gold prices during the first quarter of 2014.

- Consolidated profit attributable to shareholders for the three months ended March 31, 2014 was $4.0 million ($0.01 per share) compared to $45.0 million in the same prior year period. The decrease in profit and earnings per share over the prior year quarter were primarily due to lower gross profit from lower revenues in the current year quarter.

- Operating cash flow for the quarter ended March 31, 2014 provided cash of $14.3 million compared to $23.6 million cash provided in the prior year. The decrease in operating cash flow compared to the prior year quarter was due to lower gross profit from lower revenues and acquisition related expenses, partly offset by an increase in net working capital inflows during the first quarter of 2014. During the current year quarter, payments of $7.3 million were made for expenses related to the acquisition of Oromin and the Oromin Joint Venture Group ("OJVG").

- Capital expenditures for the three months ended March 31, 2014 were $2.7 million compared to $22.2 million in the same prior year quarter. The decrease in capital expenditures over the prior year quarter was mainly due to lower sustaining and development expenditures, lower deferred stripping charges and lower capitalized reserve development expenditures in the first quarter of 2014.

- During the first quarter of 2014, 53,767 ounces were sold at an average gold price of $1,293 per ounce. During the first quarter of 2013, 69,667 ounces were sold at an average price of $1,090 per ounce, including 45,289 ounces being delivered into gold hedge contracts at an average price of $806 per ounce.

- The Company's cash balance at March 31, 2014 was $28.7 million, including restricted cash. Cash and cash equivalents were lower compared to both the prior year quarter and the most recently completed year ended December 31, 2013, due to one-time payments related to the acquisition of the OJVG, including $7.3 million for transaction, legal and office closure costs and $7.5 million to acquire Badr Investment Ltd.'s ("Badr") share of the OJVG, and higher debt repayments made during the first quarter 2014.

- Subsequent to the quarter end, on April 10, 2014, the Company announced that it had entered into an agreement with a syndicate of underwriters to purchase 36,000,000 common shares, on a bought deal basis, at a price of C$0.83 per share for gross proceeds of approximately C$30.0 million. Net proceeds are expected to be approximately C$28.0 million after consideration of underwriter fees and expenses totaling approximately C$2.0 million. On a pro-forma basis, the Company's cash balance at March 31, 2014 would be approximately $54.2 million.
- The agreement is scheduled to close on or about May 1, 2014. This financing strengthens our balance sheet and allows us to plan and execute on our growth initiatives highlighted in our "Strategy" section, notwithstanding near term gold price volatility.

OUTLOOK 2014

- The Company continues to execute its 2014 plan designed to maximize free cash flow. Gold production for 2014 is expected to be between 220,000 to 240,000 ounces with total cash costs of $650 to $700 per ounce and all-in sustaining costs of $800 to $875 per ounce, all in line with guidance.
- Total exploration and evaluation expenditures for the Sabodala and OJVG mine licenses as well as the Regional Land Package was originally expected to total approximately $10 million, however, that amount may be increased marginally to expedite the conversion of resources to reserves on the mine licenses.
- Administrative and Corporate Social Responsibility expenses are expected to be $15 to $16 million, in line with guidance. These include corporate office costs, Dakar and regional office costs and corporate responsibility costs, but exclude corporate depreciation, transaction costs and other non-recurring costs.
- Sustaining capitalized expenditures, including sustaining mine site expenditures, project development expenditures, capitalized deferred stripping, reserve development expenditures and payments to the Government of Senegal were originally expected to be $28 to $33 million. The Company now expects to spend an additional $5 million on further growth opportunities (see Strategy section) including opportunities to expedite the conversion of resources to reserves on our mine licenses; opportunities to accelerate heap leach testing and related activities; and mill optimization opportunities to increase the milling rate. As a result, total capital expenditures are now expected to be between $33 to $38 million in 2014.
- Total depreciation and amortization for the year is expected to be between $285 and $315 per ounce sold, comprised of $125 to $140 per ounce sold related to depreciation on Sabodala plant, equipment and mine development assets, $40 to $45 per ounce sold related to assets acquired with the OJVG and $120 to $130 per ounce sold for depreciation of deferred stripping assets. At the end of 2014, the balance of the deferred stripping asset is expected to be approximately $32 million, which will be amortized over phase 4 of the Sabodala pit.

STRATEGY

Strategy for 2014 and Beyond

- During the first quarter 2014, the Company filed a National Instrument – Standards of Disclosures for Mineral Projects ("NI 43-101") technical report which include an integrated life of mine ("LOM") plan for the combined operations of Sabodala and the OJVG. The integrated LOM has been designed to maximize free cash flow in the current gold price environment. The sequence of the pits can be optimized, as well as the sequencing of phases within the pits, based not only on grade, but also on strip ratio, ore hardness, and the capital required to maximize free cash flows in different gold price environments. As a result, the integrated LOM annual production profile represents an optimized cash flow for 2014 and a balance of gold production and cash flow generated in the subsequent five years. There are opportunities to increase gold production in years 2015-2018 based on current reserves. With expectations for additional reserves, including infill drilling of the high grade zone at Masato, further mine plan optimization work is required. As a result, the integrated LOM production schedule represents a "base case" scenario with flexibility to improve gold production and/or cash flows in subsequent years.
- With the OJVG acquisition now complete the Company has outlined its short, medium and long-term objectives.

In the short-term (2014-2015):

i. Integrate OJVG and Sabodala operations;
ii. Increase free cash flow through higher production and lower material movement, in part to retire the balance of the debt facility outstanding; and
iii. Increase reserves through the conversion of Measured, Indicated and Inferred Resources.

In the medium-term (2014-2016):

i. Evaluate the heap leach processing option (permit and build if the returns meet Teranga's hurdle rate);
ii. Continue to look for ways to improve mill throughput; and
iii. Optimize mine planning and grade.

In the long-term (2015 onward):

i. Remain disciplined about investments in exploration with a commitment to a modest, multi-year exploration program; and

ii. Look to make exploration discoveries on the regional exploration land package by continuing to systematically work through the many targets and prospects.

- The Company expects to create value for shareholders by maximizing free cash flows in the short-term by integrating the OJVG allowing for annual production of approximately 250,000 ounces at lower quartile all-in sustaining costs of about $900 per ounce and a high conversion of EBITDA into free cash flow.
- In the longer term, the Company expects to create shareholder value by leveraging the existing processing infrastructure, while adding profitable reserves and potentially expanding its processing capacity. All capital projects will be evaluated based on a disciplined capital allocation strategy based on robust hurdle rates and quick payback periods. The Company is focused on only gold and only in Senegal.

FRANCO-NEVADA GOLD STREAM

- On January 15, 2014, the Company completed a gold stream transaction with Franco-Nevada Corporation ("Franco-Nevada"). The Company is required to deliver 22,500 ounces annually over the first six years followed by 6 percent of production from the Company's existing properties, including those of the OJVG, thereafter, in exchange for a deposit of $135.0 million. Franco-Nevada's purchase price per ounce is set at 20 percent of the prevailing spot price of gold.
- The deposit of $135.0 million has been treated as deferred revenue within the statement of financial position.
- During the three months ended March 31, 2014, the Company delivered 5,625 ounces of gold to Franco-Nevada. The Company recorded revenue of $7.3 million, consisting of $1.5 million received in cash proceeds and $5.8 million recorded as a reduction of deferred revenue.

ACQUISITION OF THE OJVG

- During the third and fourth quarters of 2013, the Company issued 71,183,091 Teranga shares to acquire all of the Oromin shares (Oromin being one of the three joint venture partners holding 43.5 percent of the OJVG) for total consideration of $37.8 million.
- On January 15, 2014, the Company acquired the balance of the OJVG that it did not already own from Bendon International Ltd. ("Bendon") and Badr.
- The Company acquired Bendon's 43.5 percent participating interest in the OJVG for cash consideration of $105.0 million. Badr's 13 percent carried interest in the OJVG was acquired for cash consideration of $7.5 million and further contingent consideration based on higher realized gold prices and increases to OJVG reserves through 2020. The acquisitions of Bendon's and Badr's interest in the OJVG were funded by the gold stream agreement with Franco-Nevada and from the Company's existing cash balance, respectively.
- The acquisition of Bendon's and Badr's interests in the OJVG increased the Company's ownership to 100 percent and consolidated the Sabodala region, increasing the size of the Company's interests in mine license from $33km^2$ to $246km^2$, more than doubling the Company's reserve base and is anticipated to provide the Company with the flexibility to integrate the OJVG satellite deposits into its existing operations. The contribution of 100 percent of the OJVG has been reflected into Teranga's results from January 15, 2014.
- Acquisition related costs of approximately $1.2 million have been expensed during the first quarter of 2014 and are presented within "Other expenses" in the consolidated statements of comprehensive income.

GORA DEVELOPMENT

- The Gora deposit which hosts 0.29 million ounces of proven and probable reserves at 4.74 g/t is planned to be operated as a satellite to the Sabodala mine requiring limited local infrastructure and development. Ore will be hauled to the Sabodala processing plant by a dedicated fleet of trucks and processed on a priority basis, displacing lower grade feed as required.
- A technical report and an environmental and social impact assessment ("ESIA") was provided to the Senegalese government with a subsequent public consultation. A revised ESIA addressing items revealed in the public consultation was submitted on April 1, 2014.
- Management expects the permit process to be completed in 2014 and construction to be initiated based on the new integrated LOM plan with the OJVG. Initial engineering and site surveys are planned for mid-year to allow for initiation of the access road construction in late 2014.

SABODALA MINE LICENSE (ML) RESERVE DEVELOPMENT

- The Sabodala Mine License covers $33km^2$ and, in addition to the mine related infrastructure, contains the Sabodala, Masato, Niakafiri, Niakafiri West, Soukhoto and Dinkokhono deposits.

Niakafiri

- Additional surface mapping was carried out at Niakafiri in conjunction with the re-logging of several diamond drill holes which was incorporated into the geological model for the Niakafiri deposit in 2013. Further exploration work, including additional drilling is targeted in the current year. Discussions with Sabodala village regarding drilling remain ongoing.
- In addition to potential reserves addition in hard ore using conventional CIL economics, exploring for potential softer ore conducive to heap leach is also being targeted, with emphasis on the mineralized

trend to the north and south of the current reserves at Niakafiri.

OJVG MINE LICENSE

- The OJVG mine license covers 213km^2. As we have integrated the OJVG geological database into a combined LOM plan, a number of areas have been revealed as potential sources for reserves addition within the mining lease. These targets have been selected based on potential for discovery and inclusion into open pit reserves.

Masato

- Development of the Masato deposit has begun and is ahead of schedule. Access road construction, waste dump preparation, initial infrastructure and bench development are expected to be completed during the second quarter before rainy season, with mining planned for the fourth quarter of this year in line with Company guidance for the year. In addition, geology programs including infill drilling of the high grade zones, condemnation drilling for waste dump areas and a gridded pattern drill program have either been initiated or are planned to start during the second quarter.
- Drilling is planned during the second and third quarters for the Masato orebody for potential conversion of inferred resources and to infill drill the high grade "cores" so that the structural continuity can be better understood. Additionally, a 2km soil geochemical anomaly along an extending trend to the north east of the current reserves will be tested to determine potential for additional resources.

Golouma

- Infill drilling is planned for potential conversion of inferred resources and evaluating the mineralization potential of structural features along strike to the existing reserves.

Kerekounda

- Both reverse circulation ("RC") and diamond drill ("DD") drilling is planned to determine the extent of mineralization further along strike of the existing reserves.

Niakafiri SE and Maki Medina

- Both RC and DD drilling is planned for potential conversion of inferred resources, geotechnical holes for pit wall determination and exploratory holes to the north toward the Niakafiri deposit to evaluate extension along strike. Pending results of the heap leach test work, additional drilling to determine near surface oxide resources may also be evaluated.

REGIONAL EXPLORATION

- The Company currently has 9 exploration permits encompassing approximately 1,055km^2 of land surrounding the Sabodala and OJVG mine licenses (246km^2 exploitation permits). Over the past 3 years, with the initiation of a regional exploration program on this significant land package, a tremendous amount of exploration data has been collected and systematically interpreted to prudently implement follow-up programs. Targets are therefore in various stages of advancement and are then prioritized for follow-up work and drilling. Early geophysical and geochemical analysis of these areas has led to the demarcation of at least 50 anomalies, targets and prospects and the Company expects that several of these areas will ultimately be developed into mineable deposits. The Company has identified some key targets that despite being early stage, display significant potential. However, due to the sheer size of the land position, the process of advancing an anomaly through to a mineable deposit takes time with a systematic approach to maximize potential for success.
- The exploration team uses a disciplined screening process to optimize the potential for success in exploring the myriad of high potential anomalies located within the regional land package.
- The KC prospect underwent 3,500 metres of trenching across a mineralized structural trend approximately 1,800 metres along strike of intense quartz veining and brecciated felsic intrusives. Assay and mapping results are currently being evaluated and if warranted, follow up drilling will commence in the second quarter.
- The Ninienko and Soreto/Diabougou prospects all demonstrate significant surface mineralization, geochemical and geophysical markers within consistent geological zones for gold mineralization providing potential for significant discoveries. These prospects along with other smaller potentially satellite deposits are planned to undergo various stages of trenching, RC and DD programs in the second quarter.
- Additionally, the Garaboureya prospect shows promise through high soil geochemical anomalies and mineralization in outcropping rock, this is planned to be evaluated later in the year.

Review of First Quarter Financial Results

(US$000's, except where indicated)	Three months ended March 31	
Financial Data	2014	2013
Revenue[1]	69,802	113,815
Profit attributable to shareholders of Teranga	3,957	44,983
Per share	0.01	0.18
Operating cash flow	14,303	23,640
Capital expenditures	2,710	22,176
Free cash flow [2]	11,593	1,464
Cash and cash equivalents (including bullion receivables and restricted cash)	28,706	57,459
Net debt[3]	7,188	33,594
Total assets	717,469	579,170
Total non-current financial liabilities	131,905	81,399

Note: Results include the consolidation of 100% of the OJVG's operating results, cash flows and net assets from January 15, 2014.

[1] In Q1 2013, includes the impact of 45,289 ounces delivered into gold hedge contacts at an average price of $806 per ounce.

[2] Free cash flow is defined as operating cash flow less capital expenditures.

[3] Net debt is defined as total borrowings and financial derivative liabilities less cash and cash equivalents, bullion receivables and restricted cash.

Review of First Quarter Operating Results

		Three months ended March 31	
Operating Results		2014	2013
Ore mined	('000t)	1,262	1,312
Waste mined - operating	('000t)	6,151	2,513
Waste mined - capitalized	('000t)	497	5,023
Total mined	('000t)	7,910	8,848
Grade mined	(g/t)	1.61	1.87
Ounces mined	(oz)	65,452	78,929
Strip ratio	waste/ore	5.3	5.7
Ore milled	('000t)	893	696
Head grade	(g/t)	2.01	3.31
Recovery rate	%	90.1	92.1
Gold produced[1]	(oz)	52,090	68,301
Gold sold	(oz)	53,767	69,667
Average realized price	$/oz	1,293	1,090
Total cash cost (incl. royalties)[2]	$/oz sold	696	535
All-in sustaining costs[2]	$/oz sold	813	898
Mining	($/t mined)	2.81	2.61
Milling	($/t milled)	18.20	22.47
G&A	($/t milled)	4.85	6.17

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

[2] Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

Review of First Quarter Cost of Sales

(US$000's)	Three months ended March 31	
Cost of Sales	2014	2013
Mine production costs - gross	43,069	43,031
Capitalized deferred stripping	(1,418)	(14,691)
	41,651	28,340
Depreciation and amortization - deferred stripping assets	7,432	2,187
Depreciation and amortization - property, plant & equipment and mine development expenditures	10,778	18,132
Royalties	3,481	5,610
Rehabilitation	-	1
Inventory movements - cash	(7,479)	3,337
Inventory movements - non-cash	(578)	(1,636)
	(8,057)	1,701
Total cost of sales	**55,285**	**55,971**

Quarterly Operating and Financial Results

(US$000's, except where indicated)	2014	2013				2012		
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenue	69,802	58,302	50,564	75,246	113,815	122,970	105,014	62,010
Average realized gold price ($/oz)	1,293	1,249	1,339	1,379	1,090	1,296	1,290	1,608
Cost of sales	55,285	50,527	37,371	52,636	55,971	57,250	45,814	31,057
Net earnings (loss)	3,957	(4,220)	(442)	7,196	44,983	54,228	26,033	14,413
Net earnings (loss) per share ($)	0.01	(0.01)	(0.00)	0.03	0.18	0.22	0.11	0.06
Operating cash flow	14,303	13,137	16,692	20,838	23,640	59,670	13,976	(4,590)
Ore mined ('000t)	1,262	1,993	537	698	1,312	2,038	655	2,105
Waste mined - operating ('000t)	6,151	6,655	3,321	2,683	2,513	4,362	1,786	2,199
Waste mined - capitalized ('000t)	497	420	4,853	4,770	5,023	912	4,456	2,930
Total mined ('000t)	7,910	9,068	8,711	8,151	8,848	7,312	6,897	7,235
Grade Mined (g/t)	1.61	1.61	1.08	1.59	1.87	2.04	1.92	2.25
Ounces Mined (oz)	65,452	103,340	18,721	35,728	78,929	133,549	40,516	152,603
Strip ratio (waste/ore)	5.3	3.6	15.2	10.7	5.7	2.6	9.5	2.4
Ore processed ('000t)	893	860	887	709	696	725	650	491
Head grade (g/t)	2.01	2.11	1.41	2.36	3.31	3.40	3.11	3.22
Gold recovery (%)	90.1	89.7	91.6	92.3	92.1	90.7	84.6	89.6
Gold produced[1] (oz)	52,090	52,368	36,874	49,661	68,301	71,804	55,107	45,495
Gold sold (oz)	53,767	46,561	37,665	54,513	69,667	71,604	62,439	38,503
Total cash costs per ounce sold[2] (including Royalties)	696	711	748	642	535	532	509	592
All-in sustaining costs per ounce sold[2] (including Royalties)	813	850	1,289	1,185	898	1,004	1,025	1,410
Mining ($/t mined)	2.8	2.6	2.5	2.6	2.6	3.1	2.7	2.5
Milling ($/t mined)	18.2	18.0	17.6	23.8	22.5	19.9	21.9	22.9
G&A ($/t mined)	4.8	4.8	4.6	6.3	6.2	6.4	5.7	6.9

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

[2] Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

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. Refer to the Company's Management's Discussion and Analysis for further details.

(US$000's, except where indicated)	**Three months ended March 31**	
Cash costs per ounce sold	2014	2013
Gold produced[1]	52,090	68,301
Gold sold	53,767	69,667
Cash costs per ounce sold		
Cost of sales	55,285	55,971
Less: depreciation and amortization	(18,210)	(20,319)
Less: realized oil hedge gain	-	(487)
Add: non-cash inventory movement	578	1,636
Less: other adjustments	(251)	490
Total cash costs	**37,402**	**37,291**
Total cash costs per ounce sold	**696**	**535**
All-in sustaining costs		
Total cash costs	37,402	37,291
Administration expenses[2]	3,613	3,123
Capitalized deferred stripping	1,418	14,691
Capitalized reserve development	121	2,328
Mine site capital	1,170	5,156
All-in sustaining costs	**43,724**	**62,590**
All-in sustaining costs per ounce sold	**813**	**898**
All-in costs		
All-in sustaining costs	43,724	62,590
Social community costs not related to current operations	409	339
Exploration and evaluation expenditures	1,144	2,027
All-in costs	**45,277**	**64,957**
All-in costs per ounce sold	**842**	**932**
Depreciation and amortization	18,210	20,319
Non - cash inventory movement	(578)	(1,636)
Total depreciation and amortization	**17,632**	**18,683**
Total depreciation and amortization per ounce sold	**328**	**268**

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

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME / LOSS

(Unaudited and in US$000's except per share amounts)

	Three months ended March 31	
	2014	**2013**
Revenue	69,802	113,815
Cost of sales	(55,285)	(55,971)
Gross profit	**14,517**	**57,844**
Exploration and evaluation expenditures	(1,144)	(2,027)
Administration expenses	(3,988)	(3,830)
Share based compensation	(311)	73
Finance costs	(2,116)	(2,696)
Gains on gold hedge contracts	-	2,193
Gains on oil hedge contracts	-	31
Net foreign exchange gains/(losses)	47	(61)
Loss on available for sale financial asset	-	(962)
Other expenses/(income)	(1,785)	9
	(9,297)	**(7,270)**
Profit before income tax	**5,220**	**50,574**
Income tax benefit	-	-
Net profit	**5,220**	**50,574**
Profit attributable to:		
Shareholders	3,957	44,983
Non-controlling interests	1,263	5,591
Profit for the year	**5,220**	**50,574**
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit/loss for the period		
Change in fair value of available for sale financial asset, net of tax		
Gains (losses), net of tax	10	(6,418)
Reclassification to income, net of tax	-	962
Other comprehensive income/(loss) for the year	**10**	**(5,456)**
Total comprehensive income for the year	**5,230**	**45,118**
Total comprehensive income attributable to:		
Shareholders	3,967	39,527
Non-controlling interests	1,263	5,591
Total comprehensive income for the year	**5,230**	**45,118**
Earnings per share from operations attributable to the shareholders of the Company during the year		
- basic earnings per share	0.01	0.18
- diluted earnings per share	0.01	0.18

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF FINANCIAL POSITION

(Unaudited and in US$000's)

	As at March 31, 2014	As at December 31, 2013
Current assets		
Cash and cash equivalents	13,706	14,961
Restricted cash	15,000	20,000
Trade and other receivables	1,412	7,999
Inventories	64,715	67,432
Other assets	5,933	5,756
Available for sale financial assets	14	6
Total current assets	**100,780**	**116,154**
Non-current assets		
Inventories	75,715	63,740
Equity investment	-	47,627
Property, plant and equipment	215,526	222,487
Mine development expenditures	273,372	173,444
Intangible assets	699	947
Goodwill	51,377	-
Total non-current assets	**616,689**	**508,245**
Total assets	**717,469**	**624,399**
Current liabilities		
Trade and other payables	54,318	56,891
Borrowings	35,019	70,423
Deferred Revenue	23,526	-
Provisions	2,249	1,751
Total current liabilities	**115,112**	**129,065**
Non-current liabilities		
Borrowings	875	3,946
Deferred Revenue	105,634	-
Provisions	14,424	14,336
Other non-current liabilities	10,972	10,959
Total non-current liabilities	**131,905**	**29,241**
Total liabilities	**247,017**	**158,306**
Equity		
Issued capital	342,457	342,470
Foreign currency translation reserve	(998)	(998)
Other components of equity	15,951	15,776
Investment revaluation reserve	10	-
Retained earnings	100,360	96,741
Equity attributable to shareholders	**457,780**	**453,989**
Non-controlling interests	12,672	12,104
Total equity	**470,452**	**466,093**
Total equity and liabilities	**717,469**	**624,399**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF CHANGES IN EQUITY

(Unaudited and in US$000's)

	Three months ended March 31	
	2014	**2013**
Issued capital		
Beginning of year	342,470	305,412
Less: Share issue costs	(13)	-
End of period	342,457	305,412
Foreign currency translation reserve		
Beginning of year	(998)	(998)
End of period	(998)	(998)
Other components of equity		
Beginning of year	15,776	16,358
Equity-settled share based compensation reserve	175	487
End of period	15,951	16,845
Investment revaluation reserve		
Beginning of year	-	5,456
Change in fair value of available for sale financial asset, net of tax	10	(5,456)
End of period	10	-
Retained earnings		
Beginning of year	96,741	49,225
Profit attributable to shareholders	3,957	44,983
Other	(338)	-
End of period	100,360	94,208
Non-controlling interest		
Beginning of year	12,104	11,857
Non-controlling interest - portion of profit for the period	1,263	5,591
Dividends accrued	(695)	-
End of period	12,672	17,448
Total shareholders' equity at March 31	**470,452**	**432,915**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF CASH FLOW

(Unaudited and in US$000's)

	Three months ended March 31	
	2014	**2013**
Cash flows related to operating activities		
Profit for the year	5,220	50,574
Depreciation of property, plant and equipment	6,981	15,354
Depreciation of capitalized mine development costs	11,229	4,996
Inventory movements - non-cash	(578)	(1,636)
Amortization of intangibles	245	269
Amortization of deferred financing costs	743	350
Unwinding of discount on mine restoration and rehabilitation provision	(31)	24
Share based compensation	311	487
Deferred gold revenue recognized	(5,840)	-
Net change in gains on gold forward sales contracts	-	(39,839)
Net change in losses on oil contracts	-	456
Loss on available for sale financial asset	-	962
Loss on disposal of property, plant and equipment	-	99
Increase in inventories	(8,371)	279
Changes in working capital other than inventory	4,394	(8,735)
Net cash provided by operating activities	**14,303**	**23,640**
Cash flows related to investing activities		
Decrease in restricted cash	5,000	-
Acquisition of Oromin Joint Venture Group ("OJVG")	(112,500)	-
Expenditures for property, plant and equipment	(443)	(4,624)
Expenditures for mine development	(2,267)	(17,479)
Acquisition of intangibles	-	(73)
Proceeds on disposal of property, plant and equipment	-	35
Net cash used in investing activities	**(110,210)**	**(22,141)**
Cash flows related to financing activities		
Proceeds from Franco-Nevada gold stream	135,000	-
Repayment of borrowings	(38,194)	-
Drawdown from finance lease facility, net of financing costs paid	-	11,146
Financing costs paid	(1,000)	-
Interest paid on borrowings	(1,156)	(1,670)
Net cash provided by financing activities	**94,650**	**9,476**
Effect of exchange rates on cash holdings in foreign currencies	2	319
Net increase in cash and cash equivalents	**(1,255)**	**11,294**
Cash and cash equivalents at the beginning of year	**14,961**	**39,722**
Cash and cash equivalents at the end of year	**13,706**	**51,016**

CORPORATE DIRECTORY

Directors
Alan Hill, Chairman
Richard Young, President and CEO
Christopher Lattanzi, Non-Executive Director
Edward Goldenberg, Non-Executive Director
Alan Thomas, Non-Executive Director
Frank Wheatley, Non-Executive Director
Jendayi Frazer, Non-Executive Director

Senior Management
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
Aziz Sy, Vice President, Development Senegal
Macoumba Diop, General Manager and Government Relations Manager, SGO

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Auditor
Ernst & Young LLP

Share Registries
Canada: Computershare Trust Company of Canada
T: +1 800 564 6253
Australia: Computershare Investor Services Pty Ltd
T: 1 300 850 505

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

Issued Capital

As of April 29, 2014	
Issued shares	316,801,091
Stock options	23,088,961
Exercise Price (C$)	**Options**
$3.00	15,177,361
$1.09 - $2.17	7,911,600

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, future economic conditions and courses of action, the proposed plans with respect to mine plan and consolidation of the Sabodala Gold Project and OJVG Golouma Gold Project, mineral reserve and mineral resource estimates, anticipated life of mine operating and financial results, targeted date for a NI 43-101 compliant technical report, amendment to the OJVG mining license, the approval of the Gora ESIA and permitting and the completion of construction related thereto. Such statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant. These assumptions include, among other things, the ability to obtain any requisite Senegalese governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 31, 2014, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

March Quarter 2014 – Press Release (All amounts are in US$000's unless otherwise stated) Page 13

COMPETENT PERSONS STATEMENT

The technical information contained in this document relating to the mineral reserve estimates for Sabodala, the stockpiles, Masato, Golouma and Kerekounda is based on information compiled by Mr. William Paul Chawrun, P. Eng who is a member of the Professional Engineers Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Mr. Chawrun is a full-time employee of Teranga and is a "qualified person" as defined in NI 43-101 and a "competent person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has consented to the inclusion in this Report of the matters based on his compiled information in the form and context in which it appears in this Report.

The technical information contained in this document relating to the mineral reserve estimates for Gora and Niakafiri is based on, and fairly represents, information and supporting documentation prepared by Julia Martin, P.Eng. who is a member of the Professional Engineers of Ontario and a Member of AusIMM (CP). Ms. Martin is 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 is a “Qualified Person” under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Martin has reviewed and accepts responsibility for the Mineral Reserve estimates for Gora and Niakafiri disclosed in this document and has consented to the inclusion of the matters based on her information in the form and context in which it appears in this Report

The technical information contained in this Report relating to mineral resource estimates for Niakafiri, Gora, Niakafiri West, Soukhoto, and Diadiako is based on information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

The technical information contained in this Report relating to mineral resource estimates for Sabodala, Masato, Golouma, Kerekounda, and Somigol Other are based on information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

Teranga's disclosure of mineral reserve and mineral resource information is governed by NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time by the CIM ("CIM Standards"). CIM definitions of the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", are substantially similar to the JORC Code corresponding definitions of the terms "ore reserve", "proved ore reserve", "probable ore reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", respectively. Estimates of mineral resources and mineral reserves prepared in accordance with the JORC Code would not be materially different if prepared in accordance with the CIM definitions applicable under NI 43-101. There can be no assurance that those portions of mineral resources that are not mineral reserves will ultimately be converted into mineral reserves.

ABOUT TERANGA

Teranga 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'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.

For further information please contact:
Kathy Sipos, Vice-President, Investor & Stakeholder Relations
T: +1 416-594-0000 | E: ksipos@terangagold.com

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the three months ended March 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2014

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial conditions and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three months ended March 31, 2014. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto ("Statements") of Teranga Gold Corporation ("Teranga" or the "Company") as at and for the three months ended March 31, 2014 as well as with the audited consolidated financial statements of Teranga as at and for the twelve months ended December 31, 2013. The Company's Statements and MD&A are presented in United States dollars, unless otherwise specified, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Additional information about Teranga, including the Company's Annual Information Form for the twelve months ended December 31, 2013, as well as all other public filings, is available on the Company's website at www.terangagold.com and on the SEDAR website (www.sedar.com).

This report is dated as of April 30, 2014. All references to the Company include its subsidiaries unless the context requires otherwise.

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

OVERVIEW OF THE BUSINESS

Teranga is a Canadian-based gold company which operates the Sabodala gold mine and is currently exploring 9 exploration licenses covering 1,055km^2 in Senegal, comprising the regional land package, surrounding the Sabodala gold mine.

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

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

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

The OJVG holds a 15 year renewable mining lease in respect of the Golouma Gold Concession, which is located contiguous to the Sabodala mine license. This transaction provides for capital and operating cost synergies as the OJVG satellite deposits are integrated into Sabodala's mine plan, utilizing the Sabodala mill and related infrastructure.

Management believes that the combination of the Sabodala gold mine and mill and its regional land package, combined with the OJVG, all within trucking distance to the Sabodala mill, provides the basis for annual production of about 250,000 ounces per year at low all-in sustaining costs that will enable Teranga to generate positive free cash flows. The Company has significant potential to add profitable ounces to its production profile in Senegal, a politically stable and mining friendly jurisdiction.

FINANCIAL AND OPERATING HIGHLIGHTS

(US$000's, except where indicated)	Three months ended March 31	
Operating Data	2014	2013
Gold Produced (ounces)	52,090	68,301
Gold Sold (ounces)	53,767	69,667
Average realized gold price	1,293	1,090
Total cash costs ($ per ounce sold)[1]	696	535
All-in sustaining costs ($ per ounce sold)[1]	813	898
Total depreciation and amortization ($ per ounce sold)[1]	328	268

	Three months ended March 31	
Financial Data	2014	2013
Revenue[2]	69,802	113,815
Profit attributable to shareholders of Teranga	3,957	44,983
Per share	0.01	0.18
Operating cash flow	14,303	23,640
Capital expenditures	2,710	22,176
Free cash flow [3]	11,593	1,464
Cash and cash equivalents (including bullion receivables and restricted cash)	28,706	57,459
Net debt[4]	7,188	33,594
Total assets	717,469	579,170
Total non-current financial liabilities	131,905	81,399

Note: Results include the consolidation of 100% of the OJVG's operating results, cash flows and net assets from January 15, 2014.

[1] Total cash costs per ounce, all-in sustaining costs per ounce and total depreciation and amortization per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

[2] In Q1 2013, includes the impact of 45,289 ounces delivered into gold hedge contacts at an average price of $806 per ounce.

[3] Free cash flow is defined as operating cash flow less capital expenditures.

[4] Net debt is defined as total borrowings and financial derivative liabilities less cash and cash equivalents, bullion receivables and restricted cash.

First Quarter Financial and Operating Highlights

- Lower production in the current year quarter was mainly due to lower mined and processed grades, partly offset by higher mill throughput.
- During the first quarter of 2014, 53,767 ounces were sold at an average realized gold price of $1,293 per ounce. During the first quarter of 2013, 69,667 ounces were sold at an average realized price of $1,090 per ounce, including 45,289 ounces being delivered into gold hedge contracts at an average price of $806 per ounce.
- Higher total cash costs per ounce were mainly due to a decrease in the grade processed during the quarter compared to the year earlier period as well as lower capitalized deferred stripping.
- All-in sustaining costs were lower due to lower capital expenditures in the current year period, partly offset by higher total cash costs per ounce.
- The increase in depreciation and amortization expense per ounce compared to the prior year quarter was mainly due to higher depreciation on capitalized deferred stripping assets.
- Gold revenue for the three months ended March 31, 2014 was $69.8 million. The decrease in gold revenue compared to the prior year quarter was due to lower production and lower spot gold prices during the first quarter of 2014.
- The decrease in profit and earnings per share over the prior year quarter were primarily due to lower gross profit from lower revenues in the current year quarter.
- The decrease in operating cash flow compared to the prior year quarter was due to lower gross profit from lower revenues and acquisition related expenses, partly offset by an increase in net working capital inflows during the first quarter of 2014. During the current year quarter, payments of $7.3 million were made for expenses related to the acquisition of Oromin and the OJVG.
- The decrease in capital expenditures over the prior year quarter was mainly due to lower sustaining and development expenditures, lower deferred stripping charges and lower capitalized reserve development expenditures in the first quarter of 2014.
- The Company's cash balance at March 31, 2014 was $28.7 million, including restricted cash. Cash and

cash equivalents were lower compared to both the prior year quarter and the most recently completed year ended December 31, 2013, due to one-time payments related to the acquisition of the OJVG, including $7.3 million for transaction, legal and office closure costs and $7.5 million to acquire Badr's share of the OJVG, and higher debt repayments made during the first quarter 2014.

- Subsequent to the quarter end, on April 10, 2014, the Company announced that it had entered into an agreement with a syndicate of underwriters to purchase 36,000,000 common shares at a price of C$0.83 per share for gross proceeds of approximately C$30.0 million. Net proceeds are expected to be approximately C$28.0 million after consideration of underwriter fees and expenses totaling approximately C$2.0 million. On a proforma basis, the Company's cash balance at March 31, 2014 would be approximately $54.2 million.

Outlook 2014

2014 Guidance Analysis

The Company continues to execute its 2014 plan designed to maximize free cash flow. Gold production for 2014 is expected to be between 220,000 to 240,000 ounces with total cash costs of $650 to $700 per ounce and all-in sustaining costs of $800 to $875 per ounce, all in line with guidance.

Total exploration and evaluation expenditures for the Sabodala and OJVG mine licenses as well as the Regional Land Package was originally expected to total approximately $10 million, however, that amount may be increased marginally to expedite the conversion of resources to reserves on the mine licenses.

Administrative and Corporate Social Responsibility expenses are expected to be $15 to $16 million, in line with guidance. These include corporate office costs, Dakar and regional office costs and corporate responsibility costs, but exclude corporate depreciation, transaction costs and other non-recurring costs.

Sustaining capitalized expenditures, including sustaining mine site expenditures, project development expenditures, capitalized deferred stripping, reserve development expenditures and payments to the Government of Senegal were originally expected to be $28 - $33 million. The Company now expects to spend an additional $5 million on further growth opportunities (see Strategy section) including opportunities to expedite the conversion of resources to reserves on our mine licenses; opportunities to accelerate heap leach testing and related activities; and mill optimization opportunities to increase the milling rate. As a result, total capital expenditures are now expected to be between $33 - $38 million in 2014.

Total depreciation and amortization for the year is expected to be between $285 and $315 per ounce sold, comprised of $125 to $140 per ounce sold related to depreciation on Sabodala plant, equipment and mine development assets, $40 to $45 per ounce sold related to assets acquired with the OJVG and $120 to $130 per ounce sold for depreciation of deferred stripping assets. At the end of 2014, the balance of the deferred stripping asset is expected to be approximately $32 million, which will be amortized over phase 4 of the Sabodala pit.

REVIEW OF OPERATING RESULTS

Operating Results		Three months ended March 31 2014	2013
Ore mined	('000t)	1,262	1,312
Waste mined - operating	('000t)	6,151	2,513
Waste mined - capitalized	('000t)	497	5,023
Total mined	('000t)	7,910	8,848
Grade mined	(g/t)	1.61	1.87
Ounces mined	(oz)	65,452	78,929
Strip ratio	waste/ore	5.3	5.7
Ore milled	('000t)	893	696
Head grade	(g/t)	2.01	3.31
Recovery rate	%	90.1	92.1
Gold produced[1]	(oz)	52,090	68,301
Gold sold	(oz)	53,767	69,667
Average realized price	$/oz	1,293	1,090
Total cash cost (incl. royalties)[2]	$/oz sold	696	535
All-in sustaining costs[2]	$/oz sold	813	898
Mining	($/t mined)	2.81	2.61
Milling	($/t milled)	18.20	22.47
G&A	($/t milled)	4.85	6.17

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

[2] Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

Mining

Total tonnes mined for the three months ended March 31, 2014 were 11 percent lower compared to the same prior year period. Total tonnes mined are expected to decline further in the second half of the year in line with the Company's plan to minimize material movement in the current gold price environment with a focus on maximizing free cash flows in 2014.

During the quarter, mining activities were mainly focused on the middle benches of phase 3 of the Sabodala pit, while in the prior year period, mining primarily took place in a high grade ore zone on lower benches of phase 2.

Total mining costs were 4 percent lower than the same prior year period due to decreased material movement. Unit mining costs for the three months ended March 31, 2014 were 8 percent higher than the same prior year period mainly due to fewer tonnes mined.

Processing

Ore tonnes milled for the quarter ended March 31, 2014 were 28 percent higher than the same prior year period due to improvements made during the first and second quarters of 2013 to reduce the frequency and duration of unplanned downtime and an increase in throughput in the crushing circuit to match mill capacity.

Processed grade for the quarter ended March 31, 2014 was 39 percent lower than the same prior year period. Mill feed during the first quarter of 2014 was sourced from ore from phase 3 of the Sabodala pit at grades closer to reserve grade. In the prior year period, mill feed was sourced from a high grade zone on the lower benches of phase 2 of the Sabodala pit.

Gold production for the three months ended March 31, 2014 was 52,090 ounces of gold, 24 percent lower than the same prior year period. Lower production was due to lower processed grades, partly offset by higher mill throughput.

Total processing costs for the quarter ended March 31, 2014 were 4 percent higher than the same prior year period, mainly due to higher throughput. Unit processing costs for the quarter ended March 31, 2014 were 19 percent lower than the prior year period due to higher tonnes milled.

Total mine site general and administrative costs for the quarter ended March 31, 2014 of $4.3 million were 8 percent lower than the prior year mainly due to lower insurance costs, partially offset by higher salaries and wage costs. Unit general and administration costs for the quarter ended March 31, 2014 were 21 percent lower than the same prior year period due to lower general and administrative costs and higher tonnes milled.

Total cash costs for the three months ended March 31, 2014 were $696 per ounce, compared to $535 per ounce in the same prior year period. The increase in total cash costs was mainly due to a decrease in the grade processed during the quarter compared to the prior year period as well as lower capitalized deferred stripping.

All-in sustaining costs for the quarter ended March 31, 2014 were $813 per ounce, 9 percent lower than the same prior year period. Lower all-in sustaining costs were mainly due to lower sustaining and development capital expenditures, a reduction in reserve development expenditures in 2014 and lower capitalized deferred stripping.

REVIEW OF FINANCIAL RESULTS

(US$000's, except where indicated)	Three months ended March 31	
Financial Results	2014	2013
Revenue	69,802	113,815
Cost of sales	(55,285)	(55,971)
Gross Profit	**14,517**	**57,844**
Exploration and evaluation expenditures	(1,144)	(2,027)
Administration expenses	(3,988)	(3,830)
Share based compensation	(311)	73
Finance costs	(2,116)	(2,696)
Gains on gold hedge contracts	-	2,193
Gains on oil hedge contracts	-	31
Net foreign exchange gains (losses)	47	(61)
Loss on available for sale financial asset	-	(962)
Other income (expense)	(1,785)	9
Profit before income tax	**5,220**	**50,574**
Income tax benefit	-	-
Profit for the period	**5,220**	**50,574**
Profit attributable to non-controlling interest	(1,263)	(5,591)
Profit attributable to shareholders of Teranga	**3,957**	**44,983**
Basic earnings per share	0.01	0.18

Note: Results include the consolidation of 100% of the OJVG's operating results, cash flows and net assets from January 15, 2014.

Revenue

Gold revenue for the three months ended March 31, 2014 was $69.8 million compared to gold revenue of $113.8 million for the same prior year period. The decrease in gold revenue was due to lower sales volume from lower production and lower spot gold prices in the current year. Revenues for the prior year exclude the impact of realized losses on ounces delivered into forward sales contracts which are classified within gains and losses on gold hedge contracts.

For the three months ended March 31, 2014, the average spot price of gold was $1,293 per ounce, trading between $1,221 and $1,385 per ounce. This compares to an average of $1,632 per ounce for the three months ended March 31, 2013, with a low of $1,574 per ounce and a high of $1,694 per ounce.

Cost of Sales

(US$000's)	Three months ended March 31	
Cost of Sales	2014	2013
Mine production costs - gross	43,069	43,031
Capitalized deferred stripping	(1,418)	(14,691)
	41,651	28,340
Depreciation and amortization - deferred stripping assets	7,432	2,187
Depreciation and amortization - property, plant & equipment and mine development expenditures	10,778	18,132
Royalties	3,481	5,610
Rehabilitation	-	1
Inventory movements - cash	(7,479)	3,337
Inventory movements - non-cash	(578)	(1,636)
	(8,057)	1,701
Total cost of sales	**55,285**	**55,971**

For the three months ended March 31, 2014, mine production costs, before capitalized deferred stripping, were $43.1 million, similar to the prior year period. Lower total mining costs as a result of lower material movement and shorter haul distances were offset by higher processing activity (see Review of Operating Results section).

Depreciation and amortization for the three months ended March 31, 2014 totaled $18.2 million compared to $20.3 million in the prior year period. Depreciation was lower for the three months ended March 31, 2014 due to the impact of an increase in the reserve basis with the acquisition of the OJVG of $6.0 million and lower straight line depreciation of $2.0 million in the current year period, partially offset by higher depreciation of deferred stripping balances of $5.9 million. Approximately 80 percent of the Company's fixed assets are depreciated using the units of production method of depreciation during the current year period (approximately 82 percent in the prior year period).

For the three months ended March 31, 2014, royalties of $3.5 million were $2.1 million lower than the prior year period due to lower sales revenue in the current year period.

Inventory movements for the three months ended March 31, 2014 resulted in a decrease to cost of sales of $8.0 million compared to an increase to cost of sales of $1.7 million for the three months in the prior year period. For the three months ended March 31, 2014, higher costs were absorbed into inventory as a result of higher mine production costs over fewer ounces mined during the current period compared to the prior year period.

Exploration and Evaluation

Exploration and evaluation expenditures for the three months ended March 31, 2014 totaled $1.1 million, $0.9 million lower than the prior year period, in line with the planned exploration program for 2014 (see Regional Exploration section for further details).

Administration

Administration expenses for the three months ended March 31, 2014 were $4.0 million or $0.2 million higher than the prior year period. Higher costs in the current year quarter reflect higher social commitments related to the acquisition of the OJVG and additional staffing in the Dakar office, partially offset by lower legal and other costs.

Share based compensation

During the three months ended March 31, 2014, there were no common share stock options granted and 648,889 common share stock options were cancelled. During the three months ended March 31, 2013, a total of 510,000 common share stock options were granted to directors, officers, and employees, all at an exercise price of C$3.00 per share, and 480,556 common share stock options were cancelled. No stock options were exercised during the either period.

Of the 23,088,961 common share stock options issued and outstanding as at March 31, 2014, 15,002,361 vest over a three-year period, 7,911,600 are already vested and 175,000 vest based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on our best estimate of outcome of achieving our results.

Finance Costs

Finance costs for the three months ended March 31, 2014 of $2.1 million reflect interest costs related to the outstanding bank and mobile equipment loans, amortization of capitalized deferred financing costs, political risk insurance relating to the project finance facility and bank charges. Finance costs were $0.6 million lower for the three months ended March 31, 2014 than the same prior year period due to lower interest on borrowings as a result of the early repayment of $30.0 million under the project loan facility.

Gold Hedge Contracts

For the quarter ended March 31, 2014, there were no forward sales contracts outstanding.

During the three months ended March 31, 2013, 45,289 ounces were delivered into forward sales contracts at an average price of $806 per ounce,.

The gain on gold hedge contracts totaled $2.2 million for the three months ended March 31, 2013, resulting from a decrease in the spot price of gold from December 31, 2012.

Oil Hedge Contracts

For the quarter ended March 31, 2014, there were no oil hedge contracts outstanding since the oil hedge contracts were completed at March 31, 2013. The gain on settlement of oil hedge contracts totaled $nil for the quarter ended March 31, 2013 and resulted from an increase in the spot oil price over December 31, 2012.

Net Foreign Exchange Gains and Losses

The Company generated foreign exchange gains of $nil for the three months ended March 31, 2014 and generated losses $0.1 million for the same prior year period, primarily related to realized losses from the Sabodala gold mine operating costs recorded in the local currency and translated into the US dollar functional currency.

Impairment of available for sale financial assets

For the three months ended March 31, 2014, there was a minimal amount of available for sale financial assets, with no impairment loss recognized. For the three months ended March 31, 2013, a non-cash impairment loss of $1.0 million was recognized on the Oromin shares based on further declines in Oromin's share price, relative to a previous impairment loss that was recorded as at December 31, 2012.

Other expense

Other expenses were $1.8 million for the three months ended March 31, 2014. This compares to other expenses of $nil for the three months in the prior year period. The increase in the current year is related to remaining costs associated with the acquisitions of Oromin and the OJVG.

ALL-IN SUSTAINING COSTS PER OUNCE

Beginning in the second quarter of 2013, the Company adopted an "all-in sustaining costs" measure and "all-in costs" measure consistent with the guidance issued by the World Gold Council ("WGC") on June 27, 2013. For additional information, please refer to Non-IFRS Financial Measures.

SUMMARY OF QUARTERLY RESULTS

(US$000's, except where indicated)	2014	2013				2012		
	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Revenue	69,802	58,302	50,564	75,246	113,815	122,970	105,014	62,010
Average realized gold price ($/oz)	1,293	1,249	1,339	1,379	1,090	1,296	1,290	1,608
Cost of sales	55,285	50,527	37,371	52,636	55,971	57,250	45,814	31,057
Net earnings (loss)	3,957	(4,220)	(442)	7,196	44,983	54,228	26,033	14,413
Net earnings (loss) per share ($)	0.01	(0.01)	(0.00)	0.03	0.18	0.22	0.11	0.06
Operating cash flow	14,303	13,137	16,692	20,838	23,640	59,670	13,976	(4,590)
Ore mined ('000t)	1,262	1,993	537	698	1,312	2,038	655	2,105
Waste mined - operating ('000t)	6,151	6,655	3,321	2,683	2,513	4,362	1,786	2,199
Waste mined - capitalized ('000t)	497	420	4,853	4,770	5,023	912	4,456	2,930
Total mined ('000t)	7,910	9,068	8,711	8,151	8,848	7,312	6,897	7,235
Grade Mined (g/t)	1.61	1.61	1.08	1.59	1.87	2.04	1.92	2.25
Ounces Mined (oz)	65,452	103,340	18,721	35,728	78,929	133,549	40,516	152,603
Strip ratio (waste/ore)	5.3	3.6	15.2	10.7	5.7	2.6	9.5	2.4
Ore processed ('000t)	893	860	887	709	696	725	650	491
Head grade (g/t)	2.01	2.11	1.41	2.36	3.31	3.40	3.11	3.22
Gold recovery (%)	90.1	89.7	91.6	92.3	92.1	90.7	84.6	89.6
Gold produced[1] (oz)	52,090	52,368	36,874	49,661	68,301	71,804	55,107	45,495
Gold sold (oz)	53,767	46,561	37,665	54,513	69,667	71,604	62,439	38,503
Total cash costs per ounce sold[2] (including Royalties)	696	711	748	642	535	532	509	592
All-in sustaining costs per ounce sold[2] (including Royalties)	813	850	1,289	1,185	898	1,004	1,025	1,410
Mining ($/t mined)	2.8	2.6	2.5	2.6	2.6	3.1	2.7	2.5
Milling ($/t mined)	18.2	18.0	17.6	23.8	22.5	19.9	21.9	22.9
G&A ($/t mined)	4.8	4.8	4.6	6.3	6.2	6.4	5.7	6.9

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

[2] Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures and do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures at the end of this report.

STRATEGY AND DEVELOPMENT

Strategy

Strategy for 2014 and Beyond

During the first quarter 2014, the Company filed a National Instrument – Standards of Disclosures for Mineral Projects ("NI 43-101") technical report which include an integrated life of mine ("LOM") plan for the combined operations of Sabodala and the OJVG. The integrated LOM has been designed to maximize free cash flow in the current gold price environment. The sequence of the pits can be optimized, as well as the sequencing of phases within the pits, based not only on grade, but also on strip ratio, ore hardness, and the capital required to maximize free cash flows in different gold price environments. As a result, the integrated LOM annual production profile represents an optimized cash flow for 2014 and a balance of gold production and cash flow generated in the subsequent five years. There are opportunities to increase gold production in years 2015-2018 based on current reserves. With expectations for additional reserves, including infill drilling of the high grade zone at Masato, further mine plan optimization work is required. As a result, the integrated LOM production schedule represents a "base case" scenario with flexibility to improve gold production and/or cash flows in subsequent years.

With the OJVG acquisition now complete the Company has outlined its short, medium and long-term objectives.

In the short-term (2014-2015):

i. Integrate OJVG and Sabodala operations;

ii. Increase free cash flow through higher production and lower material movement, in part to retire the balance of the debt facility outstanding; and

iii. Increase reserves through the conversion of Measured, Indicated and Inferred Resources.

In the medium-term (2014-2016):

i. Evaluate the heap leach processing option (permit and build if the returns meet Teranga's hurdle rate);

ii. Continue to look for ways to improve mill throughput; and

iii. Optimize mine planning and grade.

In the long-term (2015 onward):

i. Remain disciplined about investments in exploration with a commitment to a modest, multi-year exploration program; and
ii. Look to make exploration discoveries on the regional exploration land package by continuing to systematically work through the many targets and prospects.

The Company expects to create value for shareholders by maximizing free cash flows in the short-term by integrating the OJVG allowing for annual production of approximately 250,000 ounces at lower quartile all-in sustaining costs of about $900 per ounce and a high conversion of EBITDA into free cash flow.

In the longer term, the Company expects to create shareholder value by leveraging the existing processing infrastructure, while adding profitable reserves and potentially expanding its processing capacity. All capital projects will be evaluated based on a disciplined capital allocation strategy based on robust hurdle rates and quick payback periods. The Company is focused on only gold and only in Senegal.

Franco-Nevada Gold Stream

On January 15, 2014, the Company completed a gold stream transaction with Franco-Nevada Corporation ("Franco-Nevada"). The Company is required to deliver to 22,500 ounces annually over the first six years followed by 6 percent of production from the Company's existing properties, including those of the OJVG, thereafter, in exchange for a deposit of $135.0 million. Franco-Nevada's purchase price per ounce is set at 20 percent of the prevailing spot price of gold.

The deposit of $135.0 million has been treated as deferred revenue within the statement of financial position.

During the three months ended March 31, 2014, the Company delivered 5,625 ounces of gold to Franco-Nevada. The Company recorded revenue of $7.3 million, consisting of $1.5 million received in cash proceeds and $5.8 million recorded as a reduction of deferred revenue.

Acquisition of the OJVG

During the third and fourth quarters of 2013, the Company issued 71,183,091 Teranga shares to acquire all of the Oromin shares (Oromin being one of the three joint venture partners holding 43.5 percent of the OJVG) for total consideration of $37.8 million.

On January 15, 2014, the Company acquired the balance of the OJVG that it did not already own from Bendon and Badr.

The Company acquired Bendon's 43.5 percent participating interest in the OJVG for cash consideration of $105.0 million. Badr's 13 percent carried interest in the OJVG was acquired for cash consideration of $7.5 million and further contingent consideration based on higher realized gold prices and increases to OJVG reserves through 2020. The acquisitions of Bendon's and Badr's interest in the OJVG were funded by the gold stream agreement with Franco-Nevada and from the Company's existing cash balance, respectively.

The acquisition of Bendon's and Badr's interests in the OJVG increased the Company's ownership to 100 percent and consolidated the Sabodala region, increasing the size of the Company's interests in mine license from $33km^2$ to $246km^2$, more than doubling the Company's reserve base and is anticipated to provide the Company with the flexibility to integrate the OJVG satellite deposits into its existing operations. The contribution of 100 percent of the OJVG has been reflected into Teranga's results from January 15, 2014.

Acquisition related costs of approximately $1.2 million have been expensed during the first quarter of 2014 and are presented within Other expenses in the consolidated statements of comprehensive income.

Gora Development

The Gora deposit which hosts 0.29 million ounces of proven and probable reserves at 4.74 g/t is planned to be operated as a satellite to the Sabodala mine requiring limited local infrastructure and development. Ore will be hauled to the Sabodala processing plant by a dedicated fleet of trucks and processed on a priority basis, displacing lower grade feed as required.

A technical report and an environmental and social impact assessment ("ESIA") was provided to the Senegalese government with a subsequent public consultation. A revised ESIA addressing items revealed in the public consultation was submitted on April 1, 2014.

Management expects the permit process to be completed in 2014 and construction to be initiated based on the new integrated LOM plan with the OJVG. Initial engineering and site surveys are planned for mid-year to allow for initiation of the access road construction in late 2014.

Sabodala Mine License (ML) Reserve Development

The Sabodala Mine License covers $33km^2$ and, in addition to the mine related infrastructure, contains the Sabodala, Masato, Niakafiri, Niakafiri West, Soukhoto and Dinkokhono deposits.

Niakafiri

Additional surface mapping was carried out at Niakafiri in conjunction with the re-logging of several diamond drill holes which was incorporated into the geological model for the Niakafiri deposit in 2013. Further exploration work, including additional drilling is targeted in the current year. Discussions with Sabodala village regarding drilling remain ongoing.

In addition to potential reserves addition in hard ore using conventional CIL economics, exploring for potential softer ore conducive to heap leach is also being targeted, with emphasis on the mineralized trend to the north and south of the current reserves at Niakafiri.

OJVG Mine License

The OJVG mine license covers 213km^2. As we have integrated the OJVG geological database into a combined LOM plan, a number of areas have been revealed as potential sources for reserves addition within the mining lease. These targets have been selected based on potential for discovery and inclusion into open pit reserves.

Masato

Development of the Masato deposit has begun and is ahead of schedule. Access road construction, waste dump preparation, initial infrastructure and bench development are expected to be completed during the second quarter before rainy season, with mining planned for the fourth quarter of this year in line with Company guidance for the year. In addition, geology programs including infill drilling of the high grade zones, condemnation drilling for waste dump areas and a gridded pattern drill program have either been initiated or are planned to start during the second quarter.

Drilling is planned during the second and third quarters for the Masato orebody for potential conversion of inferred resources and to infill drill the high grade "cores" so that the structural continuity can be better understood. Additionally, a 2km soil geochemical anomaly along an extending trend to the north east of the current reserves will be tested to determine potential for additional resources.

Golouma

Infill drilling is planned for potential conversion of inferred resources and evaluating the mineralization potential of structural features along strike to the existing reserves.

Kerekounda

Both reverse circulation ("RC") and diamond drill ("DD") drilling is planned to determine the extent of mineralization further along strike of the existing reserves.

Niakafiri SE and Maki Medina

Both RC and DD drilling is planned for potential conversion of inferred resources, geotechnical holes for pit wall determination and exploratory holes to the north toward the Niakafiri deposit to evaluate extension along strike. Pending results of the heap leach test work, additional drilling to determine near surface oxide resources may also be evaluated.

Regional Exploration

The Company currently has 9 exploration permits encompassing approximately 1,055km^2 of land surrounding the Sabodala and OJVG mine licenses (246km^2 exploitation permits). Over the past 3 years, with the initiation of a regional exploration program on this significant land package, a tremendous amount of exploration data has been collected and systematically interpreted to prudently implement follow-up programs. Targets are therefore in various stages of advancement and are then prioritized for follow-up work and drilling. Early geophysical and geochemical analysis of these areas has led to the demarcation of at least 50 anomalies, targets and prospects and the Company expects that several of these areas will ultimately be developed into mineable deposits. The Company has identified some key targets that despite being early stage, display significant potential. However, due to the sheer size of the land position, the process of advancing an anomaly through to a mineable deposit takes time with a systematic approach to maximize potential for success.

The exploration team uses a disciplined screening process to optimize the potential for success in exploring the myriad of high potential anomalies located within the regional land package.

The KC prospect underwent 3,500 metres of trenching across a mineralized structural trend approximately 1,800 metres along strike of intense quartz veining and brecciated felsic intrusives. Assay and mapping results are currently being evaluated and if warranted, follow up drilling will commence in the second quarter.

The Ninienko and Soreto/Diabougou prospects all demonstrate significant surface mineralization, geochemical and geophysical markers within consistent geological zones for gold mineralization providing potential for significant discoveries. These prospects along with other smaller potentially satellite deposits are planned to undergo various stages of trenching, RC and DD programs in the second quarter.

Additionally, the Garaboureya prospect shows promise through high soil geochemical anomalies and mineralization in outcropping rock, this is planned to be evaluated later in the year.

FINANCIAL CONDITION REVIEW

Balance Sheet Review

Cash

The Company's cash balance at March 31, 2014 was $28.7 million, including restricted cash. Cash and cash equivalents were lower compared to both the prior year quarter and the most recently completed year ended December 31, 2013 due to one-time payments related to the acquisition of the OJVG, including $7.3 million for severance, legal and office closure costs and $7.5 million to acquire Badr's share of the OJVG, and higher debt repayments made during the first quarter 2014.

Non-Current Assets

Total non-current assets increased by $108.4 million or 21 percent, compared to December 31, 2013. The increase reflects an increase in mine development expenditures and goodwill due to the acquisition of Bendon's and Badr's interest in the OJVG.

Borrowings

During the first quarter of 2013, the Company entered into a new $50.0 million finance lease facility with Macquarie ("Equipment Facility"). The proceeds were put towards additional equipment for the Sabodala pit. During the fourth quarter of 2013, the Company cancelled the undrawn commitment from the Equipment Facility. At March 31, 2014, $13.8 million was outstanding. The Equipment

Facility financial covenants were all in compliance at March 31, 2014.

On January 15, 2014, the Company amended its existing $60.0 million loan facility agreement with Macquarie ("Loan Facility") and retired half of the balance of $30.0 million. At March 31, 2014, $25.0 million was outstanding and is scheduled to be repaid in two instalments of $5.0 million on June 30, 2014 and September 30, 2014, with the balance of $15.0 million to be repaid on December 31, 2014. The amended Loan Facility agreement replaced the restricted cash requirement with a minimum liquidity threshold of $15.0 million and removed the Project Life Ratio financial covenant. We were in compliance with all financial covenants at March 31, 2014.

Deferred Revenue

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

During the three months ended March 31, 2014, the Company delivered 5,625 ounces of gold to Franco-Nevada. The Company recorded revenue of $7.3 million, consisting of $1.5 million received in cash and $5.8 million recorded as amortization of deferred revenue.

LIQUIDITY AND CASH FLOW

Cash Flow

(US$000's)	Three months ended March 31	
Cash Flow	2014	2013
Operating	14,303	23,640
Investing	(110,210)	(22,141)
Financing	94,650	9,476
Effect on exchange rates on holdings in foreign currencies	2	319
Change in cash and cash equivalents during period	(1,255)	11,294
Cash and cash equivalents - beginning of period	14,961	39,722
Cash and cash equivalents - end of period	13,706	51,016
Restricted cash	15,000	-
Cash and cash equivalents, including restricted cash	28,706	51,016

Operating Cash Flow

(US$000's)	Three months ended March 31	
Changes in working capital	2014	2013
Decrease/(increase) in trade and other receivables	7,065	(1,072)
Decrease/(increase) in other assets	(173)	1,757
Increase/(decrease) in trade and other payables	(2,967)	(8,814)
Increase/(decrease) in provisions	469	(606)
Net change in working capital	4,394	(8,735)

Operating cash flow for the quarter ended March 31, 2014 provided cash of $14.3 million compared to $23.6 million cash provided in the prior year. The decrease in operating cash flow compared to the prior year quarter was mainly due to lower gross profit from lower revenues, partly offset by an increase in net working capital inflows during the first quarter of 2014. During the current year quarter, payments of $7.3 million were made for expenses related to the acquisition of Oromin and the OJVG.

Investing Cash Flow

(US$000's)	Three months ended March 31	
Capital Expenditures	2014	2013
Mine site & development capital	(1,170)	(5,156)
Capitalized reserve development	(121)	(2,328)
Capitalized deferred stripping	(1,419)	(14,691)
Total Capital Expenditures	(2,710)	(22,176)
Acquisition of the OJVG	(112,500)	-
Decrease in restricted cash	5,000	-
Investing activities	(110,210)	(22,176)

Net cash used by investing activities for the quarter ended March 31, 2014 was $110.2 million compared to $22.2 million used in investing activities in the prior year period. The increase in cash flow used in investing activities was due to the acquisition of the OJVG of $112.5 million, partially offset by a decrease in restricted cash of $5.0 million and by lower sustaining and development capital, lower capitalized deferred stripping costs and lower capitalized reserve development expenditures in the current year.

Financing Cash Flow

Net cash provided by financing activities for the quarter ended March 31, 2014 was $94.7 million compared to net cash provided by financing activities of $9.5 million for the quarter ended March 31, 2013. Net cash provided by financing activities for the quarter ended March 31, 2014 include proceeds of $135.0 million received from the Franco-Nevada gold stream transaction, partially offset by the repayment of borrowings of $38.2 million and interest paid on borrowings of $1.2 million. Financing cash flows for the quarter ended March 31, 2013 include proceeds received from the finance lease facility of $11.1 million, partially offset by interest paid on borrowings of $1.7 million.

Liquidity and Capital Resources Outlook

The Company's cash position at March 31, 2014 was $28.7 million. Together with existing cash, and using a $1,250 per ounce gold price, the Company expects to generate sufficient cash flow to fund approximately $70 million in one-time payments, including the retirement of $43 million of $47 million combined balance outstanding under the Loan Facility and the Equipment Facility, $12 - $14 million in government waiver payments, $7.3 million in remaining legal and office closure costs, and $7.5 million to acquire Badr's share of the OJVG. During the first quarter of 2014, approximately $23.0 million of the total $70.0 million had been paid. Notwithstanding the expectation of sufficient cash flow to fund these expenditures, the Company's cash position is highly dependent on the gold price.

Subsequent to the quarter end on April 10, 2014, the Company announced that it had entered into an agreement with a syndicate of underwriters to purchase 36,000,000 common shares, on a bought deal basis, at a price of C$0.83 per share for gross proceeds of approximately C$30.0 million.

In addition, the underwriters have the option to purchase up to an additional 15 percent of the number of common shares sold at a price of C$0.83 per common share. If this option is exercised in its entirety, the aggregate gross proceeds will be approximately C$34.5 million. The financing is scheduled to close on or about May 1, 2014.

This financing strengthens our balance sheet and allows us to plan and execute on our growth initiatives highlighted in the Strategy section, notwithstanding near term gold price volatility. Despite this new source of financing, the Company is continually reviewing operating, development and exploration expenditures in order to ensure that adequate liquidity and flexibility exists to meet our obligations.

CONTRACTUAL OBLIGATIONS AND COMMITTMENTS

Working capital requirements

As at March 31, 2014, the Company had the following payments due on contractual obligations and commitments:

Payments Due By Period (US$ millions)	Total	< 1 year	1-3 years	4-5 years	>5 years
Mining Fleet Lease Facility[1]	13.8	12.8	1.0	-	-
2 -Year Loan Facility[2]	25.0	25.0	-	-	-
Franco-Nevada gold stream[3]	129.4	22.7	70.2	36.5	-
Exploration commitments[4]	11.2	-	11.2	-	-
Government of Senegal payments[5]	43.9	23.0	5.9	-	15.0
Oromin office premises lease agreement[6]	0.2	0.2	-	-	-
Total	**223.5**	**83.7**	**88.3**	**36.5**	**15.0**

[1] During the first quarter of 2013, the Company entered into a $50 million finance lease facility with Macquarie. During the fourth quarter of 2013, the Company cancelled the undrawn commitment from the facility. The facility bears interest of LIBOR plus 7.5 percent and will be fully repaid in the second quarter of 2015.

[2] Reflects a 2-Year Loan Facility concluded with Macquarie in June 2012. The Loan Facility bears interest of LIBOR plus a margin of 10 percent. During the first quarter of 2014, $30 million of the Loan Facility was retired. The outstanding balance will be repaid in two quarterly installments beginning on June 30, 2014 and the remaining $15 million will be repaid on December 31, 2014.

[3] On January 15, 2014, the Company completed a gold stream transaction with Franco-Nevada. The Company is required to deliver 22,500 ounces annually over the first six years followed by 6 percent of production from the Company's existing properties, including those of the OJVG, thereafter, in exchange for a deposit of $135.0 million. The commitment estimate includes a gold price assumption of $1,250 per ounce.

[4] Reflects the exploration permits, licenses and drilling contracts committed to by the Company. The "exploration commitments" only represent the amounts the Company is required to spend to remain eligible for the renewal of permits beyond the current validity period. The Company may elect to allow certain permits to expire and are not required to spend the "committed" amount per respective permit. The Company will not incur any penalties for not meeting the financial requirement for additional validity period tenure.

[5] Includes a payment of $2.8 million calculated on the basis of $6.50 for each ounce of new reserves until December 31, 2012, an expected payment of $1.2 million for the settlement of tax adjustments related to three outstanding tax assessments, a social fund payment of $15.0 million to be made to the Government of Senegal, an estimated payment of $8.0 million of accrued dividends, a payment of $4.2 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Gora project, a payment of $2.7 million once drilling activities recommence at Niakafiri and a payment of $10.0 million to be made to the Government of Senegal related to the wai ver of the right for the Republic of Senegal to acquire an additional equity interest in the Somigol project.

[6] Pursuant to Oromin's lease agreement which was extended in July 2013, the Company holds a lease on its office premises in Vancouver, Canada, which terminates May 31, 2018. The Company finalized an agreement to sub-lease the property for the duration of the lease.

Sabodala Operating Commitments

The Company faces the following operating commitments in respect of the Sabodala gold operation:

Pursuant to the Company's Mining Concession, a royalty of 5 percent is payable to the Republic of Senegal based on the value of gold shipments, evaluated at the spot price on the shipment date.

As within the Mining Concession, $425 thousand per annum in community projects and infrastructure to support local communities surrounding the Company's operations.

$30 thousand per year is payable for logistical support of the territorial administration of the region from date of notification of the Mining Concession.

$200 thousand per year of production is payable for training of Directorate of Mines and Geology officers and Mines Ministry.

OJVG Operating Commitments

The Company faces the following operating commitments in respect of the OJVG project:

$450 thousand per year is payable for social development of local authorities in the surrounding Kedougou region during the term of the Mining Concession which increases to $800 thousand per year once productions has started.

$150 thousand per year is payable for logistical support of the territorial administration of the region from date of notification of the Mining Concession.

$250 thousand payable for a forestry protocols to the Ministry of Environment.

Oromin Operating Commitments

Pursuant to Oromin's lease agreement which was extended in July 2013, the Company holds a lease on its office premises in Vancouver, Canada, which terminates May 31, 2018. During the first quarter of 2014, the Company finalized an agreement to sub-lease the property for the duration of the lease.

CONTINGENT LIABILITIES

Settled and outstanding tax assessments

During the second quarter of 2013, the Company made a payment of $1.2 million in partial settlement of the Sabodala Gold Operations SA ("SGO") tax assessment received in December 2012. The final payment for the tax settlement of $1.2 million has been accrued and is expected to be paid in 2014.

During the second quarter of 2013, the Company made a payment of $1.4 million in full settlement of the Sabodala Mining Company SARL ("SMC") tax assessment received in January 2013.

Approximately $18 million of the SGO 2011 tax assessment of approximately $24 million has been resolved and approximately $6 million remains in dispute. We believe that the remaining amount in dispute is without merit and that these issues will be resolved with no or an immaterial amount of tax due.

Government Payments

During the second quarter of 2013, the Company made a payment of $2.7 million related to accrued dividends to the Republic of Senegal in respect of its existing 10 percent minority interest. A payment of $2.7 million will be required once drilling activities recommence at Niakafiri. The Company has also agreed to advance an estimated $8.0 million of accrued dividends to be paid in 2014 and 2015. For the quarter ended March 31, 2014, approximately $5.9 million has been accrued based on net sales revenue.

With the completion of the acquisition of the OJVG in January 2014, the Company is required to make a payment of $10.0 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Somigol project. The payment is expected to be made upon receipt of all permits required to integrate the Somigol project into the SGO mining concession.

The Company is required to make a payment of approximately $4.2 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Gora project. The payment is expected to be made upon receipt of all required approvals authorizing the processing of all Gora project ore through the Sabodala plant.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Certain accounting estimates have been identified as being "critical" to the presentation of our financial condition and results of operations because they require us to make subjective and/or complex judgments about matters that are inherently uncertain; or there is a reasonable likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. The following is a summary of significant updates to these estimates, since the discussion of these estimates in our 2013 annual MD&A.

Acquisition of the OJVG

The Company determined that the transactions to acquire the balance of the OJVG it did not already own represent a single business combinations with Teranga as the acquirer. From January 15, 2014, 100 percent of OJVG's results were consolidated into the Company's operating results, cash flows and net assets.

In accordance with the acquisition method of accounting, the acquisition cost has been allocated to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. The Company used a discounted cash flow model to determine the fair value of the OJVG. Expected future cash flows were based on estimates of projected future revenues, expected future production costs and capital expenditures. The purchase price is preliminary as the fair value of the OJVG is still being evaluated by the Company and the impact of deferred income taxes is being determined. The excess of the acquisition cost over the net identifiable assets acquired, including consideration of non-controlling interest, represents goodwill. Non-controlling interest has been measured based on the non-controlling interest's proportionate share of the OJVG's net identifiable assets.

Goodwill arose on these acquisitions principally due to the ability to create operational synergies. The Company has the ability to optimize the ounces that are processed through the mill due to the close proximity of the OJVG pits to the Sabodala mill. The acquisitions will benefit from leveraging off of the existing built mill and infrastructure.

Units of production ("UOP")

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

As a result of the acquisition and subsequent 100 percent consolidation of the OJVG, we revised the amount of total recoverable reserves to include the reserves of the OJVG. The effect of this change in total recoverable reserves on depreciation expense for our existing Sabodala plant, equipment and mine development assets was a $6.0 million decrease for the three months ended March 31, 2014.

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.

Beginning in the second quarter of 2013, we 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. 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. The following tables reconcile these non-GAAP measures to the most directly comparable IFRS measure.

"Average realized price" is a financial measure with no standard meaning under IFRS. 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.

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

(US$000's, except where indicated)	Three months ended March 31	
Cash costs per ounce sold	2014	2013
Gold produced[1]	52,090	68,301
Gold sold	53,767	69,667
Cash costs per ounce sold		
Cost of sales	55,285	55,971
Less: depreciation and amortization	(18,210)	(20,319)
Less: realized oil hedge gain	-	(487)
Add: non-cash inventory movement	578	1,636
Less: other adjustments	(251)	490
Total cash costs	**37,402**	**37,291**
Total cash costs per ounce sold	**696**	**535**
All-in sustaining costs		
Total cash costs	37,402	37,291
Administration expenses[2]	3,613	3,123
Capitalized deferred stripping	1,418	14,691
Capitalized reserve development	121	2,328
Mine site capital	1,170	5,156
All-in sustaining costs	**43,724**	**62,590**
All-in sustaining costs per ounce sold	**813**	**898**
All-in costs		
All-in sustaining costs	43,724	62,590
Social community costs not related to current operations	409	339
Exploration and evaluation expenditures	1,144	2,027
All-in costs	**45,277**	**64,957**
All-in costs per ounce sold	**842**	**932**
Depreciation and amortization	18,210	20,319
Non - cash inventory movement	(578)	(1,636)
Total depreciation and amortization	**17,632**	**18,683**
Total depreciation and amortization per ounce sold	**328**	**268**

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

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

OUTSTANDING SHARE DATA

The Company's fully diluted share capital as at the report date was:

Outstanding	April 29, 2014
Ordinary shares[1]	316,801,091
Stock options granted at an exercise price of $3.00 per option	15,177,361
Stock options granted at exercise prices in the range of $1.09-$2.17 per option	7,911,600
Fully diluted share capital	**339,890,052**

[1] 36,000,000 ordinary shares are expected to be issued upon closing of the bought deal on or around May 1, 2014.

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended March 31, 2014, there were transactions totalling $35 thousand between the Company and a director-related entity.

Shareholdings

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

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

During the first quarter of 2014, the Company acquired the remaining interests in the OJVG that it did not already own.

CEO/CFO CERTIFICATION

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

The Company's CEO and CFO certify that, as March 31, 2014, the Company's DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which the interim filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They also certify that the Company's ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The control framework the Company's CEO and CFO used to design the Company's ICFR is The Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). There is no material weakness relating to the design of ICFR. There has been no change in the Company's design of the ICFR that occurred during the quarter ended March 31, 2014 which has materially affected, or is reasonably likely to materially affect the Company's ICFR.

The Company has limited the scope of the design of ICFR and DC&P to exclude the controls, policies and procedures of (i) the OJVG, the balance sheet and operating results of which are included in the consolidated financial statements of Teranga for the quarter ended March 31, 2014 following its acquisition on January 15, 2014; and (ii) the Dakar office of the OJVG, the operating results which are included in the consolidated financial statements of Teranga for the quarter ended March 31, 2014. The scope limitation is in accordance with Section 3.3 of NI 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings, which allows an issuer to limit its design of ICFR and DC&P to exclude the controls, policies and procedures of a company acquired not more than 365 days before the end of the financial period to which the certificate relates.

OJVG Summary Balance Sheet

(US$000's)	Three months ended March 31
Balance Sheet	
Cash and cash equivalents	115
Trade and other receivables	483
Mine development expenditures	109,857
Other assets	4
Total assets	**110,459**
Trade and other payables	89,796
Intercompany payables	10,482
Total liabilities	**100,278**
Total equity	**10,181**

RISKS AND UNCERTAINTIES

The Company identified a number of risk factors to which it is subject to in its Annual Information Form filed for the year ended December 31, 2013. These various financial and operational risks and uncertainties continue to be relevant to an understanding of our business, and could have a significant impact on profitability and levels of operating cash flow. These risks and uncertainties include, but are not limited to: fluctuations in metal prices (principally the price of gold), capital and operating cost estimates, borrowing risks, production estimates, need for additional financing, uncertainty in the estimation of mineral reserves and mineral resources, the inherent danger of mining, infrastructure risk, hedging activities, insured and uninsured risks, environmental risks and regulations, government regulation, ability to obtain and renew licenses and permits, foreign operations risks, title to properties, competition, dependence on key personnel, currency, repatriation of earnings and stock exchange price fluctuations.

CORPORATE DIRECTORY

Directors

Alan Hill, Chairman
Richard Young, President and CEO
Christopher Lattanzi, Non-Executive Director
Edward Goldenberg, Non-Executive Director
Alan Thomas, Non-Executive Director
Frank Wheatley, Non-Executive Director
Dr. Jendayi Frazer, Non-Executive Director

Senior Management

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
Aziz Sy, Vice President, Development Senegal
Macoumba Diop, General Manager and Government Relations Manager, SGO

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F: +221 338 603 683

Auditor

Ernst & Young LLP

Share Registries

Canada: Computershare Trust Company of Canada
T: +1 800 564 6253
Australia: Computershare Investor Services Pty Ltd
T: 1 300 850 505

Stock Exchange Listings

Toronto Stock Exchange, TSX symbol: TGZ
Australian Securities Exchange, ASX symbol: TGZ
For further information please contact: Kathy Sipos, Vice-President, Investor & Stakeholder Relations:
T: +1 416 594 0000
E: ksipos@terangagold.com

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, future economic conditions and courses of action, the proposed plans with respect to mine plan and consolidation of the Sabodala Gold Project and OJVG Golouma Gold Project, mineral reserve and mineral resource estimates, anticipated life of mine operating and financial results, targeted date for a NI 43-101 compliant technical report, amendment to the OJVG mining license, the approval of the Gora ESIA and permitting and the completion of construction related thereto. Such statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant. These assumptions include, among other things, the ability to obtain any requisite Senegalese governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 31, 2014, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

COMPETENT PERSONS STATEMENT

The technical information contained in this document relating to the mineral reserve estimates for Sabodala, the stockpiles, Masato, Golouma and Kerekounda is based on information compiled by Mr. William Paul Chawrun, P. Eng who is a member of the Professional Engineers Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Mr. Chawrun is a full-time employee of Teranga and is a "qualified person" as defined in NI 43-101 and a "competent person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has consented to the inclusion in this Report of the matters based on his compiled information in the form and context in which it appears in this Report.

The technical information contained in this document relating to the mineral reserve estimates for Gora and Niakafiri is based on, and fairly represents, information and supporting documentation prepared by Julia Martin, P.Eng. who is a member of the Professional Engineers of Ontario and a Member of AusIMM (CP). Ms. Martin is 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 is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Martin has reviewed and accepts responsibility for the Mineral Reserve estimates for Gora and Niakafiri disclosed in this document and has consented to the inclusion of the matters based on her information in the form and context in which it appears in this Report

The technical information contained in this Report relating to mineral resource estimates for Niakafiri, Gora, Niakafiri West, Soukhoto, and Diadiako is based on information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

The technical information contained in this Report relating to mineral resource estimates for Sabodala, Masato, Golouma, Kerekounda, and Somigol Other are based on information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

Teranga's disclosure of mineral reserve and mineral resource information is governed by NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time by the CIM ("CIM Standards"). CIM definitions of the terms "mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", are substantially similar to the JORC Code corresponding definitions of the terms "ore reserve", "proved ore reserve", "probable ore reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", respectively. Estimates of mineral resources and mineral reserves prepared in accordance with the JORC Code would not be materially different if prepared in accordance with the CIM definitions applicable under NI 43-101. There can be no assurance that those portions of mineral resources that are not mineral reserves will ultimately be converted into mineral reserves.

Interim Condensed Consolidated Financial Statements of

TERANGA GOLD CORPORATION

For the three months ended March 31, 2014

(unaudited)

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(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three months ended March 31 2014	2013
Revenue	5	69,802	113,815
Cost of sales	6	(55,285)	(55,971)
Gross profit		**14,517**	**57,844**
Exploration and evaluation expenditures		(1,144)	(2,027)
Administration expenses	7	(3,988)	(3,830)
Share based compensation	25	(311)	73
Finance costs	8	(2,116)	(2,696)
Gains on gold hedge contracts		-	2,193
Gains on oil hedge contracts		-	31
Net foreign exchange gains/(losses)		47	(61)
Loss on available for sale financial asset		-	(962)
Other expenses/(income)	9	(1,785)	9
		(9,297)	**(7,270)**
Profit before income tax		**5,220**	**50,574**
Income tax benefit		-	-
Net profit		**5,220**	**50,574**
Profit attributable to:			
Shareholders		3,957	44,983
Non-controlling interests		1,263	5,591
Profit for the period		**5,220**	**50,574**
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit/loss for the period			
Change in fair value of available for sale financial asset, net of tax		10	(6,418)
Reclassification to income, net of tax		-	962
Other comprehensive income/(loss) for the period		**10**	**(5,456)**
Total comprehensive income for the period		**5,230**	**45,118**
Total comprehensive income attributable to:			
Shareholders		3,967	39,527
Non-controlling interests		1,263	5,591
Total comprehensive income for the period		**5,230**	**45,118**
Earnings per share from operations attributable to the shareholders of the Company during the period			
- basic earnings per share	20	0.01	0.18
- diluted earnings per share	20	0.01	0.18

The accompanying notes are an integral part of these interim condensed consolidated financial statements

(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at March 31, 2014	As at December 31, 2013
Current assets			
Cash and cash equivalents		13,706	14,961
Restricted cash	23b	15,000	20,000
Trade and other receivables	10	1,412	7,999
Inventories	11	64,715	67,432
Other assets	12	5,933	5,756
Available for sale financial assets		14	6
Total current assets		**100,780**	**116,154**
Non-current assets			
Inventories	11	75,715	63,740
Equity investment	4	-	47,627
Property, plant and equipment	13	215,526	222,487
Mine development expenditures	14	273,372	173,444
Intangible assets		699	947
Goodwill	4b	51,377	-
Total non-current assets		**616,689**	**508,245**
Total assets		**717,469**	**624,399**
Current liabilities			
Trade and other payables	15	54,318	56,891
Borrowings	16	35,019	70,423
Deferred Revenue	17	23,526	-
Provisions	18	2,249	1,751
Total current liabilities		**115,112**	**129,065**
Non-current liabilities			
Borrowings	16	875	3,946
Deferred Revenue	17	105,634	-
Provisions	18	14,424	14,336
Other non-current liabilities	15	10,972	10,959
Total non-current liabilities		**131,905**	**29,241**
Total liabilities		**247,017**	**158,306**
Equity			
Issued capital	19, 27	342,457	342,470
Foreign currency translation reserve		(998)	(998)
Other components of equity		15,951	15,776
Investment revaluation reserve		10	-
Retained earnings		100,360	96,741
Equity attributable to shareholders		**457,780**	**453,989**
Non-controlling interests		12,672	12,104
Total equity		**470,452**	**466,093**
Total equity and liabilities		**717,469**	**624,399**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Approved by the Board of Directors

Alan Hill — Director

Alan Thomas — Director

(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Three months ended March 31	
	Note	**2014**	**2013**
Issued capital			
Beginning of period		342,470	305,412
Less: Share issue costs	19	(13)	-
End of period		342,457	305,412
Foreign currency translation reserve			
Beginning of period		(998)	(998)
End of period		(998)	(998)
Other components of equity			
Beginning of period		15,776	16,358
Equity-settled share based compensation reserve		175	487
End of period		15,951	16,845
Investment revaluation reserve			
Beginning of period		-	5,456
Change in fair value of available for sale financial asset, net of tax		10	(5,456)
End of period		10	-
Retained earnings			
Beginning of period		96,741	49,225
Profit attributable to shareholders		3,957	44,983
Other		(338)	-
End of period		100,360	94,208
Non-controlling interest			
Beginning of period		12,104	11,857
Non-controlling interest - portion of profit for the period		1,263	5,591
Dividends accrued		(695)	-
End of period		12,672	17,448
Total shareholders' equity at March 31		**470,452**	**432,915**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

(unaudited, in $000's of United States dollars, except per share amounts)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended	March 31
	Note	**2014**	**2013**
Cash flows related to operating activities			
Profit for the period		5,220	50,574
Depreciation of property, plant and equipment	13	6,981	15,354
Depreciation of capitalized mine development costs	14	11,229	4,996
Inventory movements - non-cash		(578)	(1,636)
Amortization of intangibles		245	269
Amortization of deferred financing costs		743	350
Unwinding of discount on mine restoration and rehabilitation provision	8	(31)	24
Share based compensation	25	311	487
Deferred gold revenue recognized		(5,840)	-
Net change in gains on gold forward sales contracts		-	(39,839)
Net change in losses on oil contracts		-	456
Loss on available for sale financial asset		-	962
Loss on disposal of property, plant and equipment		-	99
Increase in inventories		(8,371)	279
Changes in working capital other than inventory	23	4,394	(8,735)
Net cash provided by operating activities		**14,303**	**23,640**
Cash flows related to investing activities			
Decrease in restricted cash		5,000	-
Acquisition of Oromin Joint Venture Group ("OJVG")		(112,500)	-
Expenditures for property, plant and equipment		(443)	(4,624)
Expenditures for mine development		(2,267)	(17,479)
Acquisition of intangibles		-	(73)
Proceeds on disposal of property, plant and equipment		-	35
Net cash used in investing activities		**(110,210)**	**(22,141)**
Cash flows related to financing activities			
Proceeds from Franco-Nevada gold stream	17	135,000	-
Repayment of borrowings	16	(38,194)	-
Drawdown from finance lease facility, net of financing costs paid		-	11,146
Financing costs paid		(1,000)	-
Interest paid on borrowings	16	(1,156)	(1,670)
Net cash provided by financing activities		**94,650**	**9,476**
Effect of exchange rates on cash holdings in foreign currencies		2	319
Net increase in cash and cash equivalents		**(1,255)**	**11,294**
Cash and cash equivalents at the beginning of period		**14,961**	**39,722**
Cash and cash equivalents at the end of period		**13,706**	**51,016**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Teranga Gold Corporation ("Teranga" or the "Company") is a Canadian-based gold company listed on the Toronto Stock Exchange (TSX: TGZ) and the Australian Stock 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. The Company was incorporated in Canada on October 1, 2010.

Teranga operates the Sabodala gold mine and is currently exploring 9 exploration licenses covering 1,055km^2 in Senegal, comprising the regional land package, surrounding the Sabodala gold mine.

On October 4, 2013, Teranga completed the acquisition of Oromin Explorations Ltd. ("Oromin"). Oromin holds a 43.5 percent participating interest in the Oromin Joint Venture Group ("OJVG") which holds 90 percent of Societe des Mines de Golouma S.A. ("Somigol").

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

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

The OJVG holds a 15 year renewable mining lease in respect of the Golouma Gold Concession, which is located contiguous to the Sabodala mine license.

The address of the Company's principal office is 121 King street West, Suite 2600, Toronto, Ontario, Canada M5H 3T9.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS34") as issued by the International Accounting Standards Board ("IASB"). Since the interim condensed consolidated financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2013.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries and were approved by the Board of Directors on April 29, 2014.

b. Basis of presentation

The interim condensed consolidated financial statements have been presented in United States dollars unless otherwise stated. The interim condensed consolidated financial statements have been prepared on the basis of historical cost, except for equity settled and cash settled share based payments that are fair valued at the date of grant and certain other financial assets and liabilities that are measured at fair value. The interim condensed consolidated financial statements have been prepared based on the Company's accounting policies set out in Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2013, except for the changes described below in Note 3.

c. Functional and presentation currency

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The functional currency of all entities within the group is the United States dollar, which is the Company's presentation currency.

d. New accounting policy

Goodwill

Under the acquisition method of accounting, the costs of business combinations are allocated to the assets acquired and liabilities assumed based on the estimated fair value at the date of acquisition. The excess of the fair value of consideration paid over the fair value of the identifiable net assets acquired is recorded as goodwill, which is assigned to the cash generating unit ("CGU") or group of CGUs that are expected to benefit from the synergies of the business combination.

Goodwill is tested for impairment annually in the fourth quarter unless there is an indication that goodwill is impaired and, if there is such an indication, goodwill will be tested for impairment at that time. For the purposes of impairment testing, goodwill is allocated to the Company's operating units. The recoverable amount of an operating unit is the higher of Value in Use ("VIU") and Fair Value Less Costs of Disposal ("FVLCD"). A goodwill impairment is recognized for any excess of the carrying amount of the unit over its recoverable amount. Goodwill impairment charges are not reversible.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

a. IFRS 21 - Levis

In May 2013, the IASB issued IFRIC Interpretation 21 Levies, which was developed by the IFRS Interpretations Committee (the Committee). The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached.

b. The interpretation is applicable for annual periods beginning on or after January 1, 2014. Early application is permitted. The Company has evaluated the impact of IFRIC 21 and has determined there was no impact on its consolidated financial statements.IFRIC 9 – Financial Instruments

IFRS 9, "Financial instruments" (IFRS 9) was issued by the IASB in November 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. In July 2013, the IASB tentatively decided to defer the Mandatory effective date of IFRS 9. The IASB agreed that the mandatory effective date should no longer be annual periods beginning on or after January 1, 2015 but rather be left open pending the finalization of the impairment and classification and measurement requirements. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

4. ACQUISITION

a. Acquisition of Oromin

On August 6, 2013, the Company acquired 78,985,388 common shares of Oromin for total consideration paid of $24.1 million. Together with the 18,699,500 Oromin shares owned by the Company and a further 2,091,013 shares obtained, this represented a total of 99,775,901 Oromin shares or approximately 72.6 percent of the outstanding Oromin shares. Upon acquisition of control, the Company consolidated the identifiable assets and liabilities of Oromin, including its equity-accounted investment in OJVG.

On October 4, 2013, the Company completed the acquisition of all of the remaining issued and outstanding common shares of Oromin (Oromin being one of the three joint venture partners holding 43.5 percent of the OJVG) for total consideration of $13.7 million.

(unaudited, in $000's of United States dollars, except per share amounts)

In 2013, the Company issued 71,183,091 Teranga shares to acquire all of the Oromin shares for consideration of $37.8 million. As a result, Teranga's total number of issued and outstanding shares increased to 316,801,091.

b. Acquisition of the OJVG

On January 15, 2014, the Company acquired the balance of the OJVG that it did not already own from Bendon and Badr.

The Company acquired Bendon's 43.5 percent participating interest in the OJVG for cash consideration of $105.0 million. Badr's 13 percent carried interest in the OJVG was acquired for cash consideration of $7.5 million and further contingent consideration based on higher realized gold prices and increases to OJVG reserves through 2020.

The Company determined that the combined transactions represented a single business combination with Teranga as the acquirer. From January 15, 2014, 100 percent of OJVG's results were consolidated into the Company's operating results, cash flows and net assets.

In accordance with business combination accounting, the acquisition cost has been allocated to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the date of acquisition. The Company used a discounted cash flow model to determine the fair value of the OJVG. Expected future cash flows were based on estimates of projected future revenues, expected future production costs and capital expenditures. The purchase price allocation is preliminary as the fair value of the OJVG is still being evaluated by the Company, the impact of deferred income taxes is being determined and the further contingent consideration for the acquisition of Badr's interest in the OJVG is being valued. The excess of the acquisition cost over the net identifiable assets acquired represents goodwill.

Goodwill principally reflects the ability to create operational synergies. The acquisition will benefit from the use of the existing built mill and infrastructure. In addition, the Company has the ability to optimize the phasing of the mining and processing of its existing reserves and the OJVG reserves due to the close proximity of the OJVG pits to the Sabodala mill.

The following tables present the purchase price and the preliminary allocation of the purchase price to the assets and liabilities acquired.

Consideration transferred - Acquisition of OJVG	
Total acquisition cost - Bendon	105,000
Total acquisition cost - Badr	7,500
Fair value of existing 43.5% interest in OJVG - Oromin	47,059
Consideration transferred	159,559
Cash acquired with OJVG	(32)
Consideration, net of cash acquired	**159,527**

Summary of Preliminary Purchase Price Allocation	
Total consideration	**159,559**
Assets	
Current assets	127
Mine development expenditures	109,207
Total assets	109,334
Liabilities	
Current liabilities	1,152
Total liabilities	1,152
Net assets acquired	**108,182**
Goodwill	**51,377**

Since the date of acquisition, the OJVG has not recorded any revenue and a net loss of $0.03 million was included in the consolidated statement of comprehensive income as of March 31, 2014.

(unaudited, in $000's of United States dollars, except per share amounts)

5. REVENUE

	Three months ended March 31	
	2014	**2013**
Gold sales - spot price (i)(ii)	69,525	113,611
Silver sales	277	204
Total revenue	**69,802**	**113,815**

(i) The Company recorded $7.3 million from the delivery of 5,625 gold ounces to Franco-Nevada Corporation ("Franco-Nevada"), which consisted of $1.5 million in cash and $5.8 million from amortization of deferred revenue. Refer to note 17.

(ii) During the three months ended March 31, 2014, 53,767 gold ounces were sold (2013: 69,667 gold ounces).

For the three months ended March 31, 2014, 53,767 ounces of gold were sold at an average realized price of $1,293 per ounce (2013: 69,667 ounces were sold at an average price of $1,631 per ounce). Revenue in the prior year quarter excludes the impact of gold hedges as losses on ounces delivered into gold hedge contracts are classified within gains (losses) on gold hedge contracts.

There were no deliveries made into gold hedge contracts during the first quarter of 2014. Including the impact of gold hedge losses, for the three months ended March 31, 2013, 69,667 ounces of gold were sold at an average realized price of $1,090 per ounce, including 45,289 ounces that were delivered into gold hedge contracts at $806 per ounce, representing 65 percent of gold sales for the quarter and 24,378 ounces were sold into the spot market at an average price of $1,619 per ounce. All hedge contracts were settled in the second quarter of 2013.

Gold sales revenue to one customer at spot price for the three months ended March 31, 2014 was $62 million (2013: $114 million).

6. COST OF SALES

	Three months ended March 31	
	2014	**2013**
Mine production costs	43,069	43,031
Capitalized deferred stripping	(1,418)	(14,691)
Depreciation and amortization - deferred strip assets	7,432	2,187
Depreciation and amortization - property, plant & equipment and mine development expenditures	10,778	18,132
Royalties	3,481	5,610
Rehabilitation	-	1
Inventory movements - cash	(7,479)	3,337
Inventory movements - non-cash	(578)	(1,636)
Total cost of sales	**55,285**	**55,971**

7. ADMINISTRATION EXPENSES

	Three months ended March 31	
	2014	**2013**
Corporate office	2,218	2,111
Dakar office	320	281
Social community costs	409	339
Audit fees	32	69
Legal & other	732	735
Depreciation	277	295
Total administration expenses	**3,988**	**3,830**

(unaudited, in $000's of United States dollars, except per share amounts)

8. FINANCE COSTS

	Three months ended March 31	
	2014	**2013**
Interest on borrowings	1,271	1,670
Amortization of borrowing costs	743	350
Unwinding of discount	(31)	24
Political risk insurance	61	319
Stocking fee	-	225
Bank charges	72	108
Total finance costs	**2,116**	**2,696**

9. OTHER EXPENSES

	Three months ended March 31	
	2014	**2013**
Acquisition costs (i)	1,223	-
Other	567	-
Interest income	(5)	(9)
Total other expenses / (income)	**1,785**	**(9)**

(i) Includes costs for legal, advisory and consulting.

10. TRADE AND OTHER RECEIVABLES

	As at March 31, 2014	As at December 31, 2013
Current		
Trade receivable (i)	43	7,376
Other receivables (ii)	1,369	623
Total trade and other receivables	**1,412**	**7,999**

(i) Trade receivable relates to gold and silver shipments made prior to period end that were settled after quarter end.
(ii) Other receivables primarily include receivables from suppliers for services, materials and utilities used at the Sabodala gold mine and OJVG gold project and $0.5 million of HST sales tax refunds as at March 31, 2014 (December 31, 2013: $0.2 million).

11. INVENTORIES

	As at March 31, 2014	As at December 31, 2013
Current		
Gold bullion	4,357	7,192
Gold in circuit	4,835	5,010
Ore stockpile	16,540	17,443
Total gold inventories	**25,732**	**29,645**
Diesel fuel	3,150	3,136
Materials and supplies	33,362	31,737
Goods in transit	2,471	2,914
Total other inventories	**38,983**	**37,787**
Total current inventories	**64,715**	**67,432**
Non-Current		
Ore stockpile	75,715	63,740
Total inventories	**140,430**	**131,172**

(unaudited, in $000's of United States dollars, except per share amounts)

12. OTHER ASSETS

	As at March 31, 2014	As at December 31, 2013
Current		
Prepayments (i)	4,433	4,256
Security deposit (ii)	1,500	1,500
Total other assets	**5,933**	**5,756**

(i) As at March 31, 2014, prepayments include $3.7 million of advances to vendors and contractors and $0.7 million for insurance. As at December 2013, prepayments include $2.9 million of advances to vendors and contractors and $1.4 million for insurance.
(ii) The security deposit represents a security for payment under the mining fleet and maintenance contract.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings & property improvement	Plant and equipment	Office furniture and equipment	Motor vehicles	Equipment under finance lease	Capital work in progress	Total (Restated)
Cost							
Balance at January 1, 2013	**44,453**	**275,680**	**1,804**	**3,086**	**42,417**	**8,062**	**375,502**
Additions	-	-	-	-	-	18,175	**18,175**
Capitalized mine rehabilitation	-	4,694	-	-	-	-	**4,694**
Disposals	-	(15)	(4)	(246)	(501)	-	**(766)**
Transfer	581	17,671	398	189	-	(18,795)	**44**
Balance at December 31, 2013	**45,034**	**298,030**	**2,198**	**3,029**	**41,916**	**7,442**	**397,649**
Additions	-	-	-	-	-	395	**395**
Reclass	-	(309)	-	-	-	-	**(309)**
Transfer	-	138	-	-	-	(114)	**24**
Balance at March 31, 2014	**45,034**	**297,859**	**2,198**	**3,029**	**41,916**	**7,723**	**397,759**
Accumulated depreciation							
Balance at January 1, 2013	**14,404**	**84,013**	**1,011**	**1,835**	**26,341**	**-**	**127,604**
Disposals	-	(3)	(2)	(220)	(402)	-	**(627)**
Depreciation expense	4,812	34,435	435	386	8,117	-	**48,185**
Balance at December 31, 2013	**19,216**	**118,445**	**1,444**	**2,001**	**34,056**	**-**	**175,162**
Depreciation expense	547	5,001	110	89	1,324	-	**7,071**
Balance at March 31, 2014	**19,763**	**123,446**	**1,554**	**2,090**	**35,380**	**-**	**182,233**
Net book value							
Balance at December 31, 2013	**25,818**	**179,585**	**754**	**1,028**	**7,860**	**7,442**	**222,487**
Balance at March 31, 2014	**25,271**	**174,413**	**644**	**939**	**6,536**	**7,723**	**215,526**

Additions made to property, plant and equipment during the period ended March 31, 2014 relate mainly to additional mining equipment acquired.

Depreciation of property, plant and equipment were $7.1 million and $15.4 million for the three months ended March 31, 2014 and March 31, 2013, respectively.

(unaudited, in $000's of United States dollars, except per share amounts)

14. MINE DEVELOPMENT EXPENDITURE

	Amount
Cost	
Balance at January 1, 2013	**187,329**
Additions incurred during the year	64,926
Balance at December 31, 2013	**252,255**
Acquisition of OJVG	109,207
Additions incurred during the year	1,950
Balance at March 31, 2014	**363,412**
Accumulated depreciation	
Balance at January 1, 2013	**48,720**
Depreciation expense	30,091
Balance at December 31, 2013	**78,811**
Depreciation expense	11,229
Balance at March 31, 2014	**90,040**
Carrying amount	
Balance at December 31, 2013	**173,444**
Balance at March 31, 2014	**273,372**

	As at March 31, 2014		As at December 31, 2013	
	Total cost	Carrying amount	Total cost	Carrying amount
Development and exploration costs	177,326	117,988	176,456	119,011
Acquisition of OJVG	109,207	107,303	-	-
Deferred stripping asset	76,879	48,081	75,799	54,433
Total mine development expenditures incurred	**363,412**	**273,372**	**252,255**	**173,444**

Mine development expenditures represent development costs in relation to the Sabodala gold mine and Gora satellite deposit.

Acquisition of the OJVG represent the fair value of the mine development expenditures acquired through the acquisition of Oromin's and the remaining interests in the OJVG.

For the three months ended March 31, 2014, capitalized mine development expenditures include $1.4 million of deferred stripping costs, $0.1 million of capitalized reserve development, $0.1 million related to the Gora project that was advanced from the exploration stage to the development stage effective January 1, 2012 after technical feasibility and commercial viability studies had been completed, and other items of $0.4 million (2013: $43.3 million of deferred stripping costs, $16.6 million relating payments to the Republic of Senegal, $3.5 million on capitalized reserve development, $0.5 million of Gora project, and $1.0 million other expenditures).

Depreciation of capitalized mine development of $11.2 million was expensed as cost of sales for the three months ended March 31, 2014 (2013: $5.0 million) based on $ 296.2 million of assets subject to depreciation and amortization (2013 - $143.2 million).

(unaudited, in $000's of United States dollars, except per share amounts)

15. TRADE AND OTHER PAYABLES

	As at March 31, 2014	As at December 31, 2013
Current		
Unsecured liabilities:		
Trade payables (i)	19,571	21,410
Sundry creditors and accrued expenses	6,961	11,865
Government royalties (ii)	19,771	16,296
Amounts payable to Republic of Senegal (iii) (iv) (v)	8,015	7,320
Total current trade and other payables	**54,318**	**56,891**
Non-Current		
Amounts payable to Republic of Senegal (iii) (vi)	10,972	10,959
Total other non-current liabilities	**10,972**	**10,959**
Total payables	**65,290**	**67,850**

(i) Trade payables comprise of obligations by the Company to suppliers of goods and services. Terms are generally 30 days.

(ii) Government royalties are payable annually based on the mine head value of the gold and related substances produced at a rate of 5 percent of sales.

(iii) An amount of $3.7 million is payable to the Republic of Senegal in four equal annual instalments based on $6.50 for each ounce of new reserve until December 31, 2012. One payment was made in 2013 and of the remaining three payments, one has been presented as a current liability and the remaining two payments have been presented as other non-current liabilities and recorded at a discounted value.

(iv) An accrual of $1.2 million remains at December 31, 2013 related to the tax settlement of the Sabodala Gold Operations SA ("SGO") 2012 tax assessment. Refer to note 22 for further details.

(v) The Company has agreed to advance accrued dividends to the Republic of Senegal in relation to its interest in SGO. For the period ended March 31, 2014, approximately $5.9 million has been accrued based on net sales revenue (2013: $5.2 million). Refer to note 22 for further details.

(vi) The Company has agreed to make a payment of $15.0 million to the Republic of Senegal at the end of the operational life to establish a social development fund which has been accrued at a discount.

16. BORROWINGS

	As at March 31, 2014	As at December 31, 2013
Current		
Loan facility	25,000	60,000
Finance lease liabilities	12,775	12,775
Transaction costs	(2,756)	(2,352)
Total current borrowings	**35,019**	**70,423**
Non-Current		
Finance lease liabilities	998	4,192
Transaction costs	(123)	(246)
Total non-current borrowings	**875**	**3,946**
Total borrowings	**35,894**	**74,369**

a. Macquarie Loan Facility

On January 15, 2014, the Company amended its existing $60.0 million loan facility agreement with Macquarie ("Loan Facility") and retired half of the balance of $30.0 million. At March 31, 2014, $25.0 million was outstanding and is scheduled to be repaid in two instalments of $5.0 million on June 30, 2014 and September 30, 2014. The final $15.0 million will be repaid on December 31, 2014. The amended Loan Facility agreement replaced the restricted cash requirement with a minimum liquidity threshold of $15.0 million and removes the Project Life Ratio financial covenant. The remaining financial covenants were in compliance at March 31, 2014.

(unaudited, in $000's of United States dollars, except per share amounts)

b. Macquarie Finance Lease Facility

During the first quarter of 2013, the Company entered into a new $50.0 million finance lease facility with Macquarie ("Equipment Facility"). The proceeds were put towards additional equipment for the Sabodala pit. During the fourth quarter of 2013, the Company cancelled the undrawn commitment from the Equipment Facility. At March 31, 2014, $13.8 million was outstanding. The Equipment Facility requires compliance with financial covenants, all of which were fulfilled at March 31, 2014.

The following table shows the minimum lease repayment schedule.

	As at March 31, 2014		As at December 31, 2013	
	Minimum future lease payments	Present value of minimum future lease payments	Minimum future lease payments	Present value of minimum future lease payments
No later than one year	12,775	12,288	12,775	12,290
Later than one year and not later than five years	998	875	4,192	3,946
Total finance lease liabilities	**13,773**	**13,163**	**16,967**	**16,236**
Included in the financial statements as:				
Current	12,775	12,288	12,775	12,290
Non-current	998	875	4,192	3,946

The finance loan relates to the Equipment Facility, with a remaining lease term of fifteen months expiring June 2015. Minimum future lease payments consist of five payments over the term of the loan. Interest is calculated at LIBOR plus a margin paid quarterly in arrears. Due to the variable nature of the interest repayments the table above excludes all future interest amounts.

17. DEFERRED REVENUE

On January 15, 2014, the Company completed a stream transaction with Franco-Nevada. The Company is required to deliver to 22,500 ounces annually over the first six years followed by 6 percent of production from the Company's existing properties, including those of the OJVG, thereafter, in exchange for a deposit of $135.0 million. Franco-Nevada's purchase price per ounce is set at 20 percent of the prevailing spot price of gold.

The initial term of the contract is 40 years and the deposit bears no interest. The agreement is considered an "own use" contract for the future delivery of gold ounces at contracted price. The up-front $135.0 million payments are accounted for as prepayment of yet-to-be delivered ounces under the contract and are recorded as deferred revenue.

During the three months ended March 31, 2014, the Company delivered 5,625 ounces of gold to Franco-Nevada. The Company recorded revenue of $7.3 million, consisting of $1.5 million received in cash and $5.8 million recorded as amortization of deferred revenue.

	Amount
Balance at January 1, 2014	-
Deposit received	135,000
Amortization of deferred revenue	(5,840)
Balance at March 31, 2014	**129,160**

(unaudited, in $000's of United States dollars, except per share amounts)

	As at March 31, 2014	As at December 31, 2013
Current		
Deferred Revenue	23,526	-
Non-Current		
Deferred Revenue	105,634	-
Total deferred revenue	**129,160**	**-**

18. PROVISIONS

	As at March 31, 2014	As at December 31, 2013
Current		
Employee benefits (i)	2,249	1,751
Total current provisions	**2,249**	**1,751**
Non-Current		
Mine restoration and rehabilitation (ii)	14,167	14,227
Cash settled share based compensation (iii)	257	109
Total non-current provisions	**14,424**	**14,336**
Total provisions	**16,673**	**16,087**

(i) The provisions for employee benefits include $1.6 million accrued vacation and $0.6 million long service leave entitlements for the three months ended March 31, 2014. The provision for December 31, 2013 included $1.2 million accrued vacation and $0.6 million long service leave entitlements.

(ii) Mine restoration and rehabilitation provision represents a constructive obligation to rehabilitate the Sabodala gold mine based on the mining concession. The majority of the reclamation activities will occur at the completion of active mining and processing (which as of March 31, 2014 was estimated based on a Sabodala pit mine closure in 2019 and to be revised due to the acquisition of the OJVG) but a limited amount of concurrent rehabilitation will occur throughout the mine life.

(iii) The provision for cash settled share based compensation represents the amortization of the fair value of the fixed bonus plan units. Details of the fixed bonus plan are disclosed in Note 25(b).

19. ISSUED CAPITAL

	Number of shares	Amount
Balance at January 1, 2013	245,618,000	305,412
Issued to Oromin shareholders	71,183,091	37,264
Less: Share issue costs	-	(206)
Balance at January 1, 2014	316,801,091	342,470
Less: Share issue costs	-	(13)
Balance at March 31, 2014	**316,801,091**	**342,457**

In 2013, the Company completed the acquisition of all of the issued and outstanding common shares of Oromin that it did not already own. The Company issued 71,183,091 Teranga shares to acquire all of the Oromin for consideration of $37.3 million.

The Company is authorized to issue an unlimited number of Common Shares with no par value. Holders of Common Shares 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. All dividends which the board of directors may declare shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding. There are no pre-emptive, redemption or conversion rights attached 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.

(unaudited, in $000's of United States dollars, except per share amounts)

20. EARNINGS PER SHARE (EPS)

	Three months ended March 31	
	2014	**2013**
Basic EPS (US$)	0.01	0.18
Diluted EPS (US$)	0.01	0.18
Basic EPS:		
Net profit used in the calculation of basic EPS	3,957	44,983
Weighted average number of common shares for the purposes of basic EPS ('000)	316,801	245,618
Weighted average number of common shares for the purpose of diluted EPS ('000)	316,801	245,618

The determination of weighted average number of common shares for the purpose of diluted EPS excludes 23.1 million and 17.0 million shares relating to share options that were anti-dilutive for the three months ended March 31, 2014 and March 31, 2013, respectively.

21. COMMITMENTS FOR EXPENDITURE

a. Capital Expenditure Commitments

The Company has committed to spend a total of $100 thousand over the next year in respect of a mining equipment supply contract.

b. Sabodala Operating Commitments

The Company has the following operating commitments in respect of the Sabodala gold operation:

- Pursuant to the Company's Mining Concession, a royalty of 5 percent is payable to the Government of Senegal based on the value of gold shipments, evaluated at the spot price on the shipment date.
- As within the Mining Concession, $425 thousand per annum in community projects and infrastructure to support local communities surrounding the Company's operations.
- $30 thousand per year for logistical support of the territorial administration of the region from date of notification of the Mining Concession.
- $200 thousand per year on training of Directorate of Mines and Geology officers and Mines Ministry

c. OJVG Operating Commitments

The Company faces the following operating commitments in respect of the OJVG project:

- $450 thousand per year is payable for social development of local authorities in the surrounding Kedougou region during the term of the Mining Concession which increases to $800 thousand per year once productions has started.
- $150 thousand per year is payable for logistical support of the territorial administration of the region from date of notification of the Mining Concession.
- $250 thousand payable for a forestry protocols to the Ministry of Environment.

d. Oromin Operating Commitments

Pursuant to Oromin's lease agreement which was extended in July 2013, the Company holds a lease on its office premises in Vancouver, Canada, which terminates May 31, 2018. During the first quarter of 2014, the Company finalized an agreement to sub-lease the property for the duration of the lease.

(unaudited, in $000's of United States dollars, except per share amounts)

22. CONTINGENT LIABILITIES

During the second quarter of 2013, the Company signed a definitive global agreement with the Republic of Senegal. A component of the agreement relates to the settlement of outstanding tax assessments and special contribution payment.

a. Settled and outstanding tax assessments

The Company made a payment of $1.2 million in partial settlement of the Sabodala Gold Operations SA ("SGO") tax assessment received in December 2012. The final payment for the tax settlement of $1.2 million has been accrued and is expected to be paid in 2014.

During the second quarter of 2013, the Company made a payment of $1.4 million in full settlement of the Sabodala Mining Company SARL ("SMC") tax assessment received in January 2013.

Approximately $18 million of the SGO 2011 tax assessment of approximately $24 million has been resolved and approximately $6 million remains in dispute. The Company believes that the remaining amount in dispute is without merit and that these issues will be resolved with no or an immaterial amount of tax due.

b. Government Payments

In 2013, the Company made a payment of $2.7 million related to accrued dividends to the Republic of Senegal in respect of its existing 10 percent minority interest. A payment of $2.7 million will be required once drilling activities recommence at Niakafiri. The Company has also agreed to advance an estimated $8.0 million of accrued dividends to be paid in 2014 and 2015. As of March 31, approximately $5.9 million has been accrued based on net sales revenue.

The Company is required to make a payment of approximately $4.2 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Gora project. The payment is expected to be made upon receipt of all required approvals authorizing the processing of all Gora project ore through the Sabodala plant.

The Company is required to make a payment of $10.0 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the Satellite Deposits integrated into the SGO Mining Concession. The payment is expected to be made upon receipt of all permits required to integrate the Somigol project into the SGO mining concession.

23. CASH FLOW INFORMATION

a. Change in working capital

	Three months ended March 31	
	2014	**2013**
Changes in working capital		
Decrease/(increase) in trade and other receivables	7,065	(1,072)
(Increase)/decrease in other assets	(173)	1,757
Decrease in trade and other payables	(2,967)	(8,814)
Increase/(decrease) in provisions	469	(606)
Net change in working capital	**4,394**	**(8,735)**

(unaudited, in $000's of United States dollars, except per share amounts)

b. Cash balances restricted for use

On January 15, 2014, the Company amended its existing $60.0 million loan facility agreement with Macquarie ("Loan Facility") and retired half of the balance of $30.0 million. At March 31, 2014, $25.0 million was outstanding and is scheduled to be repaid in two instalments of $5.0 million on June 30, 2014 and September 30, 2014. The final $15.0 million will be repaid on December 31, 2014. The amended Loan Facility agreement replaced the restricted cash requirement with a minimum liquidity threshold of $15.0 million at all times and removed the Project Life Ratio financial covenant.

24. FINANCIAL INSTRUMENT

a. Categories of financial instruments

As at March 31, 2014, the Company's financial instruments consisted of cash and cash equivalents, trade and other receivables, trade and other payables, borrowings and deferred revenue.

The following table illustrates the classification of the Company's financial instruments, other than cash and cash equivalents, as at March 31, 2014 and December 31, 2013:

	As of March 31, 2014	As of December 31, 2013
Financial assets:		
Loans and receivables		
Restricted cash	15,000	20,000
Trade and other receivables	1,412	7,999
Available-for-sale		
Available-for-sale financial assets	14	6
Financial liabilities:		
Other financial liabilities at amortized cost		
Borrowings	35,894	74,369
Trade and other payables	65,547	67,959

b. Fair value of financial instruments

The company's trade and other receivables, and trade and other payables are substantially carried at amortized cost, which approximates fair value. Cash and cash equivalents and available-for-sale financial assets are measured at fair value. Borrowings is based on discounted future cash flows using discount rates that reflect current market conditions for this financial instrument with similar terms and risks. Such fair value estimates are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. Potential transaction costs have also not been considered in estimating fair value.

Financial instruments carried at amortized cost on the consolidated balance sheets are as follows:

	As of March 31, 214		As of December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Borrowings	38,773	37,735	76,967	73,510

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value.

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices (unadjusted) in active markets represent a Level 1 valuation. When quoted market prices in markets are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the significant use of unobservable inputs are considered Level 3. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(unaudited, in $000's of United States dollars, except per share amounts)

The following table outlines financial assets and liabilities measured at fair value in the consolidated financial statements and the level of the inputs used to determine those fair values in the context of the hierarchy as defined above:

	As of March 31, 2014			As of December 31, 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial Assets						
Cash and cash equivalents	13,706	-	-	14,961	-	-
Restricted cash	15,000	-	-	20,000	-	-
Available-for-sale financial assets	14	-	-	6	-	-
Total	28,720	-	-	34,967	-	-

25. SHARE BASED COMPENSATION

The share based compensation expense for the three months ended March 31, 2014 totaled $0.3 million (2013: $0.1 million income).

a. Incentive Stock Option Plan

During the three months ended March 31, 2014, no common share options were granted to directors and employees (2013: 510,000 options). During the three months ended March 31, 2014 and 2013, a total of 648,889 and 480,556 options were forfeited, respectively. No stock options were exercised during the three months ended March 31, 2014 and 2013. 20,493,405 and 2,595,556 are total vested and unvested outstanding options as at March 31, 2014.

In connection with the acquisition of Oromin in 2013, Teranga issued 7,911,600 replacement stock options.

The following stock options were outstanding as at March 31, 2014:

Option series	Number	Grant date	Expiry date	Exercise price (C$)	FV at grant date (C$)
Granted on November 26, 2010	6,420,000	26-Nov-10	26-Nov-20	3.00	1.19
Granted on December 3, 2010	2,225,000	03-Dec-10	03-Dec-20	3.00	1.19
Granted on February 9, 2011	725,000	09-Feb-11	09-Feb-21	3.00	0.99
Granted on April 27, 2011	25,000	27-Apr-11	27-Apr-21	3.00	0.80
Granted on June 14, 2011	455,000	14-Jun-11	14-Jun-21	3.00	0.94
Granted on August 13, 2011	367,222	13-Aug-11	13-Aug-21	3.00	0.82
Granted on December 20, 2011	1,487,917	20-Dec-11	20-Dec-21	3.00	0.61
Granted on February 24, 2012	768,889	24-Feb-12	24-Feb-22	3.00	0.37
Granted on February 24, 2012	300,000	24-Feb-12	24-Feb-22	3.00	1.26
Granted on June 5, 2012	50,000	05-Jun-12	05-Jun-22	3.00	0.17
Granted on September 27, 2012	600,000	27-Sep-12	27-Sep-22	3.00	0.93
Granted on October 9, 2012	600,000	09-Oct-12	06-Oct-22	3.00	1.01
Granted on October 31, 2012	80,000	31-Oct-12	31-Oct-22	3.00	0.52
Granted on October 31, 2012	180,000	31-Oct-12	31-Oct-22	3.00	0.18
Granted on December 3, 2012	200,000	03-Dec-12	03-Dec-22	3.00	0.61
Granted on February 23, 2013	370,000	23-Feb-13	23-Feb-23	3.00	0.42
Granted on February 23, 2013	13,333	23-Feb-13	23-Feb-23	3.00	0.25
Granted on May 14, 2013	190,000	14-May-13	14-May-23	3.00	0.82
Granted on June 3, 2013	120,000	03-Jun-13	03-Jun-23	3.00	0.71
Granted on August 6, 2013	573,600	06-Aug-13	06-Feb-15	1.09	*
Granted on August 6, 2013	45,000	06-Aug-13	06-Feb-15	1.50	*
Granted on August 6, 2013	4,437,600	06-Aug-13	06-Feb-15	1.54	*
Granted on August 6, 2013	120,000	06-Aug-13	06-Feb-15	1.87	*
Granted on August 6, 2013	2,735,400	06-Aug-13	06-Feb-15	2.17	*

- As part of the Oromin acquisition, 7,911,600 replacement stock options were issued which vested immediately.

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As at March 31, 2014, approximately 8.6 million (2013: 7.4 million) options were available for issuance under the Plan.

The estimated fair value of share options is amortized over the period in which the options vest which is normally three years. For those options which vest on single or multiple dates, either on issuance or on meeting milestones (the "measurement date"), the entire fair value of the vesting options is recognized immediately on the measurement date.

Of the 23,088,961 common share stock options issued and outstanding as at March 31, 2014, 15,002,361 vest over a three-year period, 7,911,600 vested immediately and 175,000 vest based on achievement of certain milestones. The fair value of options that vest upon achievement of milestones will be recognized based on the best estimate of outcome of achieving our results.

As at March 31, 2014, 15,177,361 share options had a contractual life of ten years at issuance and 7,911,600 share options issued in connection with the acquisition of Oromin have a remaining contractual life of 10 months.

Fair value of stock options granted

The fair value at the grant date was calculated using Black-Scholes option pricing model with the following assumptions:

	Three months ended March 31	
	2014	**2013**
Grant date share price	-	C$1.44
Exercise price	-	C$3.00
Range of risk-free interest rate	-	1.07%-1.20%
Volatility of the expected market price of share	-	67.28%-68.30%
Expected life of options	-	2.00-3.50
Dividend yield	-	0%
Forfeiture rate	-	5%-50%

Due to lack of sufficient historical information for the Company, volatility was determined using the existing historical volatility information of the Company's share price combined with the industry average for comparable-size mining companies.

Movements in shares options during the period

The following reconciled the share options outstanding at the beginning and end of the period:

	Number of options	Weighted average exercise price
Balance at beginning of the year - January 1, 2013	17,139,167	C$3.00
Granted during the year	820,000	C$3.00
Replacement stock options issued to Oromin employees on change of control	7,911,600	C$1.09-C$2.17
Forfeited during the year	(2,132,917)	C$3.00
Balance at end of the year - December 31, 2013	**23,737,850**	**C$2.33**
Granted during the period	-	
Forfeited during the period	(648,889)	C$2.72
Balance at end of the year - March 31,2 014	**23,088,961**	**C$2.32**
Number of options exercisable - December 31, 2013	20,640,532	
Number of options exercisable - March 31, 2014	20,493,405	

There were no options exercised during the three months ended March 31, 2014 and March 31, 2013.

(unaudited, in $000's of United States dollars, except per share amounts)

b. Fixed Bonus Plan

The Fixed Bonus Plan was introduced during the third quarter of 2012. As at March 31, 2014, a total of 1,440,000 Units were outstanding (December 31, 2013: 1,440,000 units). During the three months ended March 31, 2014, no Units were forfeited or exercised.

As at March 31, 2014, there were 1,440,000 Units outstanding that were granted on August 8, 2012 with expiry dates ranging from November 24, 2020 through to February 24, 2022. The Units each have an exercise price of C$3.00 and have fair values at March 31, 2014 in the range of C$0.06 to C$0.24 per Unit. The total fair value of the Units at March 31, 2014 was $0.3 million (December 31, 2013: $0.1 million).

The estimated fair values of the Units were amortized over the period in which the Units vest. Of the 1,440,000 Units issued, 50 percent vested upon issuance, 25 percent vested on December 31, 2012 and 25 percent vested on December 31, 2013.

Fair value of Units granted

The fair value was calculated using Black-Scholes pricing model with the following assumptions:

	Three months ended March 31	
	2014	**2013**
Share price at the end of the period	C$0.85	C$1.11
Exercise price	C$3.00	C$3.00
Range of risk-free interest rate	1.06%-1.71%	1.10%-1.30%
Volatility of the expected market price of share	66.71%-68.3%	43.70%-61.62%
Expected life of options	2.00-5.00	2.00-5.00
Dividend yield	0%	0%
Forfeiture rate	5%-50%	5%-50%

Due to lack of sufficient historical information for the Company, volatility was determined using the existing historical volatility information of the Company's share price combined with the industry average for comparable-size mining companies.

26. RELATED PARTY TRANSACTIONS

a. Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 32 of the audited annual consolidated financial statements of the Company for the period ended December 31, 2013.

b. Transactions with key management personnel

Details of key management personnel compensation are disclosed in Note 25 and Note 38 of the audited annual consolidated financial statements of the Company for the period ended December 31, 2013.

No loans were made to directors or director-related entities during the period.

27. SUBSEQUENT EVENT

Subsequent to the quarter end, on April 10, 2014, the Company announced that it had entered into an agreement with a syndicate of underwriters to purchase 36,000,000 common shares, on a bought deal basis, at a price of C$0.83 per share for gross proceeds of approximately C$30.0 million.

In addition, the underwriters have the option to purchase up to an additional 15 percent of the number of common shares sold at a price of C$0.83 per common share. If this option is exercised in its entirety, the aggregate gross proceeds will be approximately C$34.5 million.

The net proceeds will be used for general corporate purposes. The financing is scheduled to close on or about May 1, 2014.