

DECEMBER ASX LISTING RULE 5.1 QUARTERLY REPORT HIGHLIGHTS

** This ASX Quarterly Report addressing production and exploration results for the quarter ending December 31, 2010 is produced in accordance with Listing Rule 5.1 of the Australian Stock Exchange. Quarterly Un-Audited Financial Statements and Management Discussion & Analysis regarding Teranga's operations as at December 31, 2010 will be separately filed on or before February 15, 2011.*

KEY POINTS

- ▶ Acquisition of the Sabodala gold mine and exploration concessions (the "Gold Assets"), from Mineral Deposits Limited ("MDL") by way of demerger
- ▶ Completed initial public offering ("IPO") in Canada and Australia raising total gross proceeds of C\$136.5 million
- ▶ Sabodala gold mine produced 33,648 ounces of gold during the quarter at total cash costs of US\$775 per ounce
- ▶ Sabodala gold mine produced 16,920 ounces from November 23, 2010, the date of demerger MDL, to quarter end at total cash costs of US\$619 per ounce

OPERATIONAL OVERVIEW**Sabodala Gold Operation**

- Gold production for the quarter ended December 31, 2010 was 33,648 ounces of gold (4% over budget) at total cash costs (including royalties) of US\$775 per ounce (5% below budget).
- Gold production for the period from November 23, 2010, the date of demerger from MDL, was 16,920 ounces at total cash costs (including royalties) of US\$619 per ounce. The lower total cash costs for the period after the demerger reflect a 33% increase in grade processed during the period, as mining was focused in a high grade area of the pit.
- The mining rate increased through the quarter as the rainy season came to an end and two new drills were put in place to overcome previous drilling issues. The overall mining rate increased by 44% during the second half of the quarter as a result of the commissioning of additional mobile equipment, required as part of the overall mine/mill expansion and the end of the rainy season.
- While total mining for the quarter was 5.1 million tonnes (9% below budget), total ore mined was 53% above budget resulting in a much lower strip ratio of 4.3:1 (62% lower) than budgeted.
- Mill throughput for the quarter contained a higher portion of harder ore than was planned resulting in marginally below budget (3%) throughput of 586,754 tonnes. However, the grade of the harder ore increased the mill feed grade above budget (11%) to 2.09 g/t, reflecting mining in the higher grade area of the pit.
- The plant expansion from 2.0 Mtpa to approximately 4.0 Mtpa is underway and is expected to be completed during the first quarter of 2012. The completion date was pushed back from December 31, 2011 due to the later closing of the IPO then planned, which caused a delay in the ordering of the

long-lead equipment. The estimated capital costs for the plant expansion totals \$55.9 million

- During the quarter 11,000 ounces were delivered into hedge contracts at \$846 per ounce while 22,456 ounces of gold were sold into the spot market at an average price of \$1,350 per ounce.
- The focus of exploration on the mine lease was on:
(i) Sambaya Hill – where the first drill holes have confirmed a mineralized shear system beneath the hill and east of the Sabodala pit; and (ii) the Corridor – where some low grade zones of limited strike length in Ayoub's Thrust have been defined.
- On the regional exploration concessions, one RAB and a diamond drill commenced drilling during the quarter at Tourokhoto, and a RC drill program at Goundamekho and Dembala Hill. Additional drill rigs are expected to arrive on site early in the March quarter.
- The Company expects to increase its drilling capacity to 12 rigs by the end of March 2011.

CORPORATE

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

Acquisition of Sabodala gold mine

On November 23, 2010, Teranga completed the acquisition of the Gold Assets from MDL by way of demerger.

DECEMBER QUARTER HIGHLIGHTS

As part of the acquisition, the following transactions were completed:

- The shares held in the Sabodala holding companies and Oromin Explorations Ltd. were transferred to Teranga in consideration for the issuance of 200,000,000 common shares of Teranga to MDL and C\$50 million in deferred consideration.
- MDL distributed in-specie 80 percent of Teranga shares to MDL shareholders on a proportional basis. As at the date of the Demerger the former common shareholders of MDL directly owned 65% equity interest in the Company while MDL owns an aggregate equity interest in the Company of 16% after the completion of the IPO. Since the completion of the IPO the Company has traded about 6 million shares between the two stock exchanges per week.
- On December 7, 2010 the Company completed the IPO in Canada and Australia. In Canada, after exercise of the over-allotment option, a total of 36,617,900 common shares of Teranga were issued for gross proceeds of C\$109.9 million. In Australia, 9,000,000 common shares of Teranga were issued for gross proceeds of A\$26.7 million. Total gross proceeds of the IPO were C\$136.5 million.
- A loan of C\$50 million, part of the deferred consideration for the transfer of the Gold Assets to Teranga from MDL, was repaid from the IPO proceeds.

SABODALA GOLD OPERATION

Production Statistics

		Dec 2010 Quarter	Period from November 23, 2010 to December 31, 2010
Ore mined	('000t)	966	547
Waste mined	('000t)	4,158	2,058
Total mined	('000t)	5,124	2,605
Strip ratio	waste/ore	4.30	3.76
Ore processed	('000t)	587	222
Head grade	(g/t)	2.09	2.47
Gold recovery	(%)	91	92
Gold produced ⁽¹⁾	(oz)	33,648	16,920
Gold sold	(oz)	33,456	16,592
Average price received	US\$/oz	1,184	1,028
Total cash costs (incl. royalties)	US\$/oz	775	619

Notes:

(1) Gold produced is gold poured and does not include gold-in-circuit at period end

Mine Lease Exploration

During the quarter, the focus was on the Sambaya Hill prospect, located between the Masato deposit of Oromin Explorations Ltd. and the Sabodala deposit, and "the Corridor", the northerly extension of the structural system that defines the limits of the Sabodala gold deposit.

Sambaya Hill

A portion of the drill program to define the structural framework of the Sambaya target was completed. This target is defined by a 1km long geochemical anomaly that coincides with an interpreted structural complexity along the Niakafiri structure.

"The Corridor"

Drilling continued in the structural corridor north of the Sabodala open pit. It produced positive near surface results along Ayoub's Thrust, a feature that defines the western limit of the Corridor.

There were two drill rigs operating, one RC and one diamond on the mining lease during the quarter and the plan calls for two more drill rigs, one RC and one diamond, to be added in this quarter. US\$5.5 million is budgeted for the mine lease exploration program, with a total of 41,000m of drilling expected to be completed by the end of June 2011.

Regional Exploration

During the quarter, the company received approval on its 3 exploration permits which were under application. As such, the regional land package consists of 10 exploration permits comprising 1,488km².

The company will spend approximately US\$3.5 million over the next three years to increase its joint venture position to 80% on three of its exploration concessions with Axmin Inc. after Axmin gave notice in the quarter that it would not participate.

Exploration drilling on the Regional land holding recommenced during the December quarter. Three rigs were utilised in the start up phase of this program:

- A RAB program commenced with one rig over the extensive Tourokhoto surface gold geochemical anomaly. This program will define the bedrock gold bearing zones responsible for the wide geochemical gold anomalies and provide targets for additional follow up diamond and RC drilling.
- A diamond rig commenced with a program of holes over the key structural positions on the Tourokhoto prospect area.
- An RC program is underway at Goundamekho and Dembala Hill.

The company has committed to significantly increase its exploration program by spending US\$13.5 million on its regional concessions. The program will include over 100,000m of RAB, 60,000m of RC and over 10,000m of Diamond drilling. Five additional drill rigs are scheduled to arrive during the March quarter to complete this program by the end of September 2011.

CORPORATE

Finance

At December 31, 2010:

- Cash and cash equivalents - US\$82.9m
- Project Finance Facility – nil²
- Mining Fleet Lease Facility - US\$23.6m
- Hedge Facility = 235,500 oz at US\$834/oz.

² All debt owing under the Project Facility was fully repaid as of September 30, 2010, however the Company remains under debt restrictions pursuant to gold hedging commitments.

SABODALA GOLD OPERATION

Corporate Directory

Directors

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

Senior Management

Alan Hill, Chairman and CEO
Richard Young, President and CFO
Yani Roditis, Vice President Operations
Kathy Sipos, Vice President Investor Relations
David Savarie, Vice President and Corporate Secretary
Mark English, General Manager, SGO

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Auditor

Deloitte & Touche 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 code: **TGZ**
 Australian Securities Exchange, ASX code: **TGZ**

Issued Capital

Issued shares	245,618,000
Stock options	13,805,000

Stock Options – Exercise Profile

Exercise Price (Cs)	Options
\$3.00	13,805,000

About TERANGA

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

Teranga was created to acquire the Sabodala gold mine and a large regional exploration land package, located in Senegal, West Africa, from Mineral Deposits Limited. Management believes the mine operation, together with the Company's prospective 1,488 km² land package, provides the basis for growth in reserves, production, earnings and cash flow as new discoveries are made and processed through the Company's existing mill.

The Sabodala Gold Operation, which came into operation in 2009, is located 650 kilometres east of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines and discoveries in Mali.

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

Forward Looking Statements

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

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

SABODALA GOLD OPERATION

Competent Persons Statement

The technical information contained in this release relating to exploration activities within the mining license is based on information compiled by Mr. Bruce Van Brunt, who is a member of The Australasian Institute of Mining and Metallurgy and is also a registered professional geologist in the State of Washington, USA. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Van Brunt has consented to the inclusion of this information in the form and context in which it appears in this release. Mr. Van Brunt is a full-time employee of Teranga.

The technical information contained in this release relating to the regional exploration is based on information compiled by Mr. Martin Pawlitschek, who is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Pawlitschek has consented to the inclusion of this information in the form and context in which it appears in this release. Pawlitschek is a full-time employee of Teranga.

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