

JUNE QUARTERLY REPORT HIGHLIGHTS

KEY POINTS

- ▶ Sabodala gold mine produced 32,480 ounces of gold during the quarter at total cash costs of US\$879 per ounce consistent with guidance
- ▶ Exploration program achieved significant ramp-up in activity with a total of 14 drill rigs currently operating on the Mine Licence and regional land package. Additional 3 drill rigs are expected to be added to the program during the September quarter
- ▶ Drilling at the high-grade Gora deposit continues to return highly mineralized intersection – with the deposit remaining open in all directions
- ▶ Drilling confirmed potential for second regional deposit at Toumboumba

OPERATIONAL OVERVIEW

Sabodala Gold Operation

- Gold production for the quarter ended June 30, 2011 was 32,480 ounces of gold (3 percent over budget) at total cash costs (including royalties) of US\$879 per ounce sold (1 percent below budget).
- The Company is on track to produce 140,000 ounces of gold in 2011 at total cash costs of \$750 to \$775 per ounce.
- Total tonnes mined were 7 percent lower than budget for the June quarter due to an 8 percent decrease in waste tonnes mined partially offset by a 1 percent increase in ore tonnes mined as compared to budget. The decrease in the waste tonnes mined was due to difficult mining in the last two ore benches located in the bottom of the pit.
- Mill throughput for quarter was 10 percent higher than budget due to the softer nature of the ore, optimized blending and the implementation of an automated control system. The higher throughput for the June quarter was partially offset by the lower grade of ore mined compared to the budget. The recovery rate for June quarter was marginally lower than budget due to higher throughput and lower gold grades processed.
- The plant expansion from 2.0 Mtpa to approximately 4.0 Mtpa is on budget and on time to be completed during the first quarter of 2012. The estimated capital costs for the plant expansion totals \$55.9 million.
- On June 30, 2011, the Company entered into an equipment supply contract with for the purchase of mining equipment in total of \$14.4 million, which will be used primarily for the development of Gora deposit.
- During the quarter ended June 30, 2011, 23,000 ounces were delivered into gold hedge contracts at \$846 per ounce and 12,407 ounces of gold were sold into the spot market at an average price of \$1,522 per ounce resulting in an average realized price for the quarter of \$1,083 per ounce. Deliveries into gold hedge contracts during the quarter ended June 30, 2011 reduced the balance outstanding to 198,500 ounces of gold.

- The Company's goal to expand proven and probable reserves from the current 1.5 million ounces of gold to 2 to 3 million ounces of gold from the Sabodala Mining License over the next 12 to 24 months is well underway. An expanded reserve base would increase the mine life to approximately 10 to 15 years at a run rate of about 200,000 ounces of gold produced annually and provide a solid production base to build on through the Regional Exploration Program.
- 14 drill rigs were on the Mine License and regional land package during the quarter. Management is in the process of sourcing an additional 3 drill rigs to complete the mine site and regional exploration programs outlined for 2011, which are expected to total \$30+ million for calendar 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.

SABODALA GOLD OPERATION

Production Statistics

		June 2011 Quarter	March 2011 Quarter
Ore mined	('000t)	759	491
Waste mined	('000t)	5,538	6,460
Total mined	('000t)	6,297	6,951
Strip ratio	waste/ore	7.3	13.2
Ore processed	('000t)	650	608
Head grade	(g/t)	1.81	1.93
Gold recovery	(%)	89.2	89.8
Gold produced ⁽¹⁾	(oz)	32,480	36,402
Gold sold	(oz)	35,407	39,490
Average price received	US\$/oz	1,083	1,199
Total cash costs per ounce sold	US\$/oz	879	655

Notes:

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

Mine License Exploration

In order to increase reserves on the Sabodala Mine License it is anticipated that a total of 5 drill rigs will be testing new targets as well as converting existing resources to reserves at an estimated cost of \$8 million in 2011 as part of the Company's \$30+ million exploration program for the calendar year.

June quarter drilling results increases potential for open pit reserve expansion at Sabodala in 2011.

Main Flat Extension

The Main Flat is the principal gold host in the Sabodala deposit. In the southern part of the deposit this structure dips shallowly to the west as it exits the ultimate pit. The Main Flat Extension drill program is designed to test the continuity of this structure to the north.

Drilling targeting the Main Flat Extension immediately adjacent to the current ultimate pit at a depth of 300 metres (about 50 metres below the current design pit bottom and accessible to open pit mining) confirms the continuation of the mineralized zone with further drilling planned. Gold grades intersected are typical of the Sabodala deposit. The Main Flat Extension remains open down plunge to the northwest.

"The Corridor"

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

Mineralization has been traced more than 200 metres north of the existing Sabodala open pit along trend and remains open to the north and west. The orientation of the mineralization is understood to be flat and shear related, stacked in multiple zones to a depth of 150 metres from surface.

The results of drilling these two target areas are the delineation of two separate ore zones that have the potential to add reserve ounces to the Sabodala pit in 2011. The lower grade upper ore zone is anticipated to reduce waste stripping to the higher grade lower ore zone and may provide additional near surface ore feed for the Sabodala mill.

Regional Exploration

During the three months ended June 30, 2011 the Company spent in excess of \$3.5 million on exploration work associated with its three joint venture properties with Axmin Inc., thereby meeting the required expenditure threshold to achieve an 80 percent interest in each of the concessions.

Regional exploration program achieved significant ramp-up in activity. By the end of the June quarter the Company completed approximately 50,000 metres of diamond ("DD") and reverse circulation ("RC") drilling and 98,000 metres of rotary air blast ("RAB") drilling. A total of 10 drill rigs are currently on the regional land package and additional 2 drill rigs are expected to be added to the program during the September quarter.

Gora

High-grade drill intersections continue to expand the potential footprint of the deposit, while a recently completed IP survey

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has revealed additional anomalies along strike and parallel to the current resource which are targeted for follow up drilling. The Company is running a number of processes in parallel to efficiently develop Gora as quickly as possible, including the ongoing exploration program, permitting and feasibility level economic analysis with the objective of having production as early as late 2012.

Toumboumba

Toumboumba is the Company's latest discovery with potential to become the second regional deposit processed through the Sabodala Mill. The new discovery, located on the Sabodala North West permit, is largely covered by a laterite plateau with little to no outcrop. The RAB program, which began in April, has been expanded to encompass the entire structural domain that may host similar styles of mineralization to the Gora deposit. The expanded program also provides additional lines that are optimized to the mineralized structural trends. To date, 927 holes for 40,000 metres have been completed on nominal 100 x 50 metre grid. The current program will require a further 155 RAB holes for an estimated 6,200 metres which the Company expects to complete by August.

Majiva

The Makana permit is one of several prospects located along a twelve kilometre strike length between Majiva and Niakafiri on the Sabodala ML. To date, a 5 kilometre strike length of gold-mineralized structure has been identified at Majiva. The Company has encountered encouraging early stage results from the first nine RC holes completed at Majiva, for a total of 1,800 metres. In total, 5,000 metres of RC drilling is planned for first pass exploration of the 5 kilometre target strike length which should be completed this fall.

In total, 12 drill rigs are expected to be active on the regional land package in the second part of the calendar year 2011 at a total estimated drilling cost of approximately \$17 million. The exploration program will include over 180,000m of RAB, 70,000m of RC and over 30,000m of DD.

CORPORATE

Finance

At June 30, 2011:

- Cash and cash equivalents - US\$65.9 million
- Project Finance Facility – nil¹
- Mining Fleet Lease Facility - US\$20.1 million
- Hedge Facility = 198,500 oz remaining to be delivered at an average price of US\$831/oz.

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

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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, Legal & Corporate Secretary
Mark English, General Manager, SGO
Martin Pawlitschek, Regional Exploration Manage, SGO
Bruce Van Brunt, Business Development Manage, SGO

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Deloitte & Touche LLP

Share Registries

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

Stock Exchange Listings

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

Issued Capital

Issued shares	245,618,000
Stock options	15,065,556

Stock Options – Exercise Profile

Exercise Price (C\$)	Options
\$3.00	15,065,556

About TERANGA

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

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

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

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

Forward Looking Statements

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

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

Competent Persons Statement

The technical information contained in this release relating to exploration activities within the mining license is based on information compiled by Mr. Bruce Van Brunt, who is a Fellow of The Australasian Institute of Mining and Metallurgy and is also a registered professional geologist in the State of Washington, USA. He is qualified as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" and as defined in NI43-101. Mr. Van Brunt has consented to the inclusion of this information in the form and context in which it appears in this release. Mr. Van Brunt is a full-time employee of Teranga and is therefore not independent.

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

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