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PRESS RELEASE
For Immediate Release

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JUNE QUARTER REPORT

Toronto, Canada: August 7, 2013

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 June 30, 2013 and the associated Management's Discussion & Analysis at www.terangagold.com.

Solid second quarter gold sales and cash costs and hedge book eliminated.

- The Company remains on track to meet full year production guidance of 190,000 to 210,000 ounces of gold at total cash costs of $650 to $700 per ounce[1] and all-in sustaining costs of $1,000 to $1,100 per ounce[1].
- Gold revenue for the three months ended June 30, 2013 increased 21% to $75.2 million compared to the same prior year period, gold sales increased 42% to 54,513 ounces of gold.
- Consolidated profit for the second quarter of 2013 was $7.2 million ($0.03 per share) compared to $14.4 million ($0.06 per share) in the same prior year period.
- Gold production for the three months ended June 30, 2013 increased 9% to 49,661 ounces of gold compared to the same prior year period.
- As of April 15, 2013, the Company was 100 percent hedge free and all gold production sold at spot gold prices.
- Total cash costs for the three months ended June 30, 2013 were $642 per ounce sold[1] and all-in sustaining costs were $1,063 per ounce sold[1].
- Cash and bullion receivable balance at June 30, 2013 of $53.5 million.
- Definitive global agreement with the Republic of Senegal finalized and signed.
- Oromin board signed support agreement for sale to the Company.
- Sabodala mill operating at design nameplate capacity of predominantly hard ore
- Finalized amendment to existing $60 million loan facility to extend repayment terms by one year.

"With another strong quarter behind us, we remain on track to meet our original production and cash cost guidance for 2013. We are also pleased to report that as of mid-June, the Sabodala mill has been operating at its design capacity for mostly hard ore. This increase to design capacity in the last month puts us on excellent footing going forward as we leverage our newly signed definitive global agreement with the Government of Senegal to increase gold production by bringing satellite deposits through our mill.," said Alan R. Hill, Executive Chairman.

[1] Total cash costs per ounce sold and all-in sustaining costs per ounce sold are non-IFRS financial performance measures with no standard definitions under IFRS. See page 6 of this release.

Financial Highlights (details on Page 5)

- Gold revenue for the second quarter of 2013 was \$75.2 million compared to \$62.0 million in the same prior year period, an increase of 21 percent. The increase in gold revenue was driven by higher gold sales, partially offset by lower gold prices.
- Consolidated profit for the second quarter of 2013 was \$7.2 million (\$0.03 per share), compared to \$14.4 million (\$0.06 per share) in the same prior year period. The decrease in profit and earnings per share were primarily due to lower gross profit and lower non-cash hedge gains, partially offset by lower non-cash impairment losses related to available for sale securities during the second quarter 2013.
- Operating cash flow for the second quarter of 2013 was \$20.8 million compared to negative operating cash flow of \$4.6 million in the same prior year period. During the second quarter of 2013, the Company bought back the remaining "out of the money" gold forward sales contracts at a cost of \$8.6 million, compared to \$39.0 million spent in the prior year period. This was partially offset by a decrease in gross profit in the current year.
- Capital expenditures were \$26.0 million for the second quarter of 2013, which was \$1.7 million lower than the same prior year period. The decrease in capital expenditures was mainly due to lower capitalized reserve development and mill expansion expenditures, partially offset by higher capitalized deferred stripping costs in the second quarter of 2013.
- The Company's cash balance at June 30, 2013 was \$53.5 million, including \$9.1 million in bullion receivables.
- During the second quarter of 2013, 54,513 ounces were sold at an average gold price of \$1,379 per ounce compared to 38,503 ounces sold at an average price of \$1,608 per ounce in the same prior year period. Ounces sold during second quarter 2013 were higher than production for the period due to a drawdown of gold in circuit inventory.
- As of April 15, 2013, the Company was 100 percent hedge free after having bought back the remaining 14,500 ounces of "out of the money" gold forward sales contracts. As a result, the Company is selling all production at spot gold prices rather than at the much lower hedge price.
- Subsequent to quarter end on July 18, 2013, the Company amended its existing \$60 million loan facility agreement with Macquarie Bank Limited ("Macquarie"). The amended agreement extends the final repayment date of its existing loan facility agreement by one year to June 30, 2015. The Company will be required to maintain a restricted cash balance of up to \$20 million and \$40 million of the loan facility will be repaid in five equal quarterly installments beginning on June 30, 2014. The final \$20 million will be repaid with the final installment on June 30, 2015.

"With the elimination of our hedge book on April 15, 2013, we are now selling all of our production at spot gold prices which we anticipate will result in higher cash margins and a stronger balance sheet allowing us to execute on the first phase of our vision of growing production to 250,000 to 350,000 ounces. We can now focus on completing the purchase of Oromin and working with the OJVG partners to integrate their deposits into our mine plans in order to increase production from the Sabodala mill.," said Richard Young, President and CEO.

Operating Highlights (details on Page 5)

- Gold production for the three months ended June 30, 2013 increased 9 percent to 49,661 ounces of gold compared to the same prior year period due to higher mill throughput as a result of the completion of the mill expansion, partially offset by processing lower grade ore.
- Total cash costs for the three months ended June 30, 2013 increased 8 percent to \$642 per ounce sold compared to the same prior year period. The increase over the prior year was mainly due to an increase in gross production costs partially offset by higher capitalization of production phase stripping costs. Total cash costs were higher in second quarter 2013 compared to first quarter 2013 mainly due to lower processed grades. Total cash costs have been adjusted for the adoption of IFRIC 20 for capitalization of a portion of production phase stripping costs.
- All-in sustaining costs for the three months ended June 30, 2013 were \$1,063 per ounce sold compared to \$1,121 per ounce sold in the prior year period. The decrease compared to the prior year is primarily due to lower capitalized reserve development costs, partially offset by higher mine site operating and capital expenditures.
- Total tonnes mined for the three months ended June 30, 2013 were 13 percent higher compared to the same prior year period as mining activities were focused on phase 3 of the pit which required shorter haul distances to the mill. Improved blasting fragmentation also contributed to the increase in total tonnes mined during the quarter.
- Ore tonnes mined for the three months ended June 30, 2013 were 67 percent lower compared to the same prior year period and grades mined were 29 percent lower. This resulted in a decrease in ounces mined for the three months ended June 30, 2013 of 77 percent as mining activities during the quarter focused on waste stripping for phase 3 of the mine plan. Conversely, mining during the second quarter of 2012 took place in lower benches of phase 2 and included a substantial amount of higher grade ore. In the current gold price environment, the Company

continues to focus on optimizing waste stripping to match ore delivery to the mill.

- Unit mining costs for the three months ended June 30, 2013 were 4 percent higher than the same prior year period, mainly due to higher costs for drilling and blasting enabling better fragmentation for processing together with higher costs for maintenance.
- Ore tonnes milled for the three months ended June 30, 2013 were 44 percent higher than the same prior year period due to an increase in mill capacity as a result of the completion of the mill expansion in the second quarter of 2012.
- Significant work was conducted on the processing plant during the first half of 2013 with the objective of reducing the frequency and duration of unplanned downtime and to increase throughput in the crushing circuit to match mill capacity. As a result of the work completed, mill throughput from mid-June through July achieved annualized design capacity of 3.5 million tonnes of primarily hard ore.
- Unit processing costs for the three month period ended June 30, 2013 were 4 percent higher than the same prior year period mainly due to higher power costs, higher maintenance costs associated with the planned May shutdown to improve crusher operating time, and an increase in consumables required for the processing of a lower ratio of soft to hard ore blend.
- Unit general and administration costs for the three months ended June 30, 2013 were 10 percent lower compared to the same prior year period mainly due to the increase in milled tonnes.

Outlook 2013

- Gold production for 2013 is expected to be at the higher end of the original guidance range of 190,000 to 210,000 ounces, while total cash costs are expected to be at the lower end of our $650 to $700 per ounce guidance, inclusive of royalties. All-in sustaining costs, as defined by the World Gold Council are expected to be in the range of $1,000 to $1,100 per ounce. Gold sales are expected to exceed production for the year as gold in circuit inventory is reduced. Efforts to increase availability, operating time and throughput at the crushing circuit are expected to result in higher tonnes milled in the second half of the year. As per the mine plan, gold production in the third quarter is expected to be lower than the first and second quarters as mining activity is focused on waste stripping of the higher benches in phase 3 of the Sabodala pit. Access to lower benches of phase 3 is expected to result in higher grade ore mined and milled during the fourth quarter of 2013.
- In the first quarter of 2013, the Company reduced discretionary expenditures in a number of key areas including operations, exploration and administration, as well as sustaining and development capital and as such provided new guidance for the year for these items with the Company's first quarter results.
- In total, between capitalized reserve development and regional exploration expenditures, the Company expects to spend approximately $8 million in 2013, in line with revised guidance for the year.
- Administrative expenditures, excluding depreciation, transaction and other non-recurring costs, are expected to be $13 million as further cost reduction efforts are implemented in the second half of the year.
- Capitalized expenditures, including sustaining mine site expenditures, project development expenditures and capitalized deferred stripping are expected to total $65 million, in line with revised guidance for the year.
- Ongoing technical work to support Sabodala operations includes optimization of the resource though modeling and grade control, evaluating geotechnical opportunities for waste reduction in the pit wall design and waste dump designs for improved mine operating costs.

Development Highlights (Mine License)

- The Sabodala Mine License (ML) covers 33km^2 and, in addition to the mine related infrastructure, contains the Sabodala, Masato, Niakafiri, Niakafiri West, Soukhoto and Dinkokhono deposits.
- In the first half of 2013, the Company drilled 11,700 metres on the ML at a drilling cost of $1.6 million, and total costs of $2.8 million.
- The drill program at Sabodala was completed in the first quarter of 2013, with results returned by mid-April 2013. Drilling targeted the Main Flat Extension (MFE) immediately adjacent to the current ultimate pit, as well as additional mineralization located below the MFE, to upgrade and increase mineral resources. Drilling successfully confirmed continuation of these zones, and updated resource and reserve models were generated.
- Waste dump condemnation drilling to the southeast of the Sabodala pit was completed in the first quarter of 2013.
- The timing of a planned drill program at the Niakafiri deposit along strike is under review in light of both the decrease in gold prices and the acquisition of Oromin, which may lead to a re-evaluation of priorities.
- A preliminary drill program consisting of six holes was completed at Masato North to test the northern extent of the Niakafiri Shear Zone, adjacent to the ML boundary. Narrow mineralized low grade zones were intersected, with future analysis planned.

Reserves and Resources[1]

- Total proven and probable mineral reserves as of March 31, 2013 were 34.67 million tonnes at 1.48 grams per tonne (gpt) totalling 1.65 million ounces, an increase of approximately 160,000 ounces

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[1] Refer to the Competent Persons Statement on page 7 of this press release.

before production, over proven and probable mineral reserves at December 31, 2012.

- Total inferred resources as at March 31, 2013 were 57.90 million tonnes at 1.00 gpt totalling 1.87 million ounces, an increase of approximately 200,000 ounces over inferred resources at December 31, 2012.
- Total measured and indicated resources at March 31, 2013 were 63.23 million tonnes at 1.45 gpt totaling 2.94 million ounces, an increase of approximately 70,000 over measured and indicated resources at December 31, 2012.

Exploration Highlights (Regional Land Package)

- The Company has been systematically building a pipeline of prospects on its regional land package (RLP). Unlike other West African nations, Senegal is a relative newcomer to gold mining and exploration and the Company believes that there is a strong possibility of discovering world-class deposits and establishing Senegal as a regional mining leader.
- In the first half of 2013, the Company drilled 6,700 metres on the RLP at a drilling cost of $0.6 million, and total costs of $3.5 million, including retrenchment costs of closing two exploration camps and workforce reductions.
- The Company currently has 10 exploration permits encompassing approximately 1,057km² of land surrounding the Sabodala ML (33km^2 exploitation permit). Over the past 30 months, with the initiation of a regional exploration program on this significant land package, a tremendous amount of exploration data has been systematically collected and 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, though 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.
- Encouraging drill results were received for Heremakono – Soreto from an early stage diamond drilling program initiated on the Soreto prospect in the second quarter 2013. Drilling from 6 holes totalling approximately 800 metres confirms that the 4.5 kilometre long soil anomaly is associated with gold mineralization developed within a broad brecciated shear zone trending north-northeast coincident with the Sabodala Shear Corridor. Additional diamond drilling programs are being considered to test similar gold anomalies on the adjacent Soreto North and Diabougou Prospects which follow the same structural trend as the Soreto gold mineralization.
- Follow-up mapping and trenching across the Nienyenko prospect of an alteration-related multi-element footprint and gold soil anomaly confirms that gold mineralization is associated with flat lying quartz veins developed within brecciated granodiorite, granite and andesitic units. The gold mineralization has been traced in trenches excavated over a distance of 1,200 metres and coincides with a termite geochemical soil anomaly extending over a 2,500 metre strike length. The gold mineralization appears to be controlled by a regional scale north-northeast trending decollement and imbricate thrust system. Follow-up exploration work with trenching and eventual drilling is planned for future.
- A limited first pass data collection was completed at Garaboureya, consisting of termite mound geochemistry, mapping, rock chip sampling and acquisition of high-resolution aeromagnetics. This data resulted in the delineation of a significant gold anomaly coincident with a permissive structural setting. Interpretation work is continuing to define a potential program on this target for the future.
- Beyond the current RLP, the Company is focused on acquiring additional exploration licenses in Senegal. The Company also expects to augment its internal growth by strategic acquisitions of companies or assets including operating assets that have growth potential or attractive exploration packages initially in Senegal but ultimately elsewhere in West Africa.

Agreement with Republic of Senegal

- The Company signed a definitive global agreement ("Agreement") with the Republic of Senegal in late May 2013, which was the execution of the long-term comprehensive Agreement in Principle signed in April with the Republic of Senegal. The Agreement includes amendments to the Company's 90 percent held Sabodala Mining Convention, certain of its exploration permits, and also includes a financial settlement agreement that addresses most of the outstanding tax assessments (associated with the years 2007 through 2010) as well as future royalty and other payments to the Republic of Senegal as outlined previously. Collectively, the definitive documentation constitutes a global agreement that sets out a predictable and stable fiscal operating environment for the Company's future investment in exploration, acquisitions and development to increase reserves and production in Senegal.

Offer to Acquire Oromin Explorations Ltd ("Oromin")

- On June 19, 2013, the Company mailed a formal offer to acquire all of the issued and outstanding common shares of Oromin that it did not already own in exchange for an aggregate of approximately 69.1 million shares of the Company.
- On July 22, 2013, the Company and Oromin announced that they had entered into a support agreement (the "Support Agreement") in respect of an amended offer (the "Varied Offer"). The Varied Offer reflected an increase in the exchange ratio to 0.60 (from 0.582) of a common share of Teranga for

each Oromin share. The increase in the exchange ratio brought the net treasury shares to be issued by Teranga to approximately 71.2 million from approximately 69.1 million, with 7.8 million shares reserved for issuance in Teranga as part of the rollover of existing Oromin options. The Varied Offer expired at 9:00 p.m. (Toronto Time) on August 6, 2013.

- Oromin shares taken up under the Varied Offer, together with Oromin shares previously owned by Teranga, amount to over 70% of the issued and outstanding Oromin shares.
- Following the expiry of the Varied Offer, Teranga took up all Oromin shares validly deposited to the Varied Offer and gave notice that it would promptly pay for all deposited Oromin shares by issuing the relevant number of treasury shares.

Review of Second Quarter Financial Results

(US$000's, except where indicated)	Three months ended June 30		Six months ended June 30	
Financial Results	2013	2012	2013	2012
Revenue	75,246	62,010	189,061	122,536
Cost of sales	(52,636)	(31,057)	(108,607)	(62,174)
Gross Profit	**22,610**	**30,953**	**80,454**	**60,362**
Exploration and evaluation expenditures	(1,486)	(4,741)	(3,513)	(11,917)
Administration expenses	(3,857)	(3,658)	(7,687)	(7,007)
Share based compensation	(356)	(626)	(283)	(2,381)
Finance costs	(2,861)	(1,009)	(5,557)	(1,947)
Gains (losses) on gold hedge contracts	3,115	12,165	5,308	(5,318)
Gains (losses) on oil hedge contracts	-	(1,284)	31	(669)
Net foreign exchange gains (losses)	(423)	875	(484)	506
Impairment of available for sale financial asset	(3,493)	(11,917)	(4,455)	(11,917)
Other expense	(3,691)	(2,276)	(3,682)	(2,268)
Profit for the period	**9,558**	**18,482**	**60,132**	**17,444**
Profit attributable to non-controlling interest	2,362	4,069	7,953	5,105
Profit attributable to shareholders of Teranga	**7,196**	**14,413**	**52,179**	**12,339**
Basic earnings per share	0.03	0.06	0.21	0.05

Review of Second Quarter Operating Results

		Three months ended June 30		Six months ended June 30	
Operating Results		2013	2012	2013	2012
Ore mined	('000t)	698	2,105	2,011	3,222
Waste mined	('000t)	7,453	5,130	14,989	11,446
Total mined	('000t)	8,151	7,235	17,000	14,668
Grade mined	(g/t)	1.59	2.25	1.77	1.95
Ounces mined	(oz)	35,728	152,603	114,657	202,119
Strip ratio	waste/ore	10.7	2.4	7.5	3.6
Ore milled	('000t)	709	491	1,405	1,064
Head grade	(g/t)	2.36	3.22	2.83	2.85
Recovery rate	%	92.3	89.6	92.2	89.8
Gold produced[1]	(oz)	49,661	45,495	117,962	87,399
Gold sold	(oz)	54,513	38,503	124,180	73,771
Average price received	$/oz	1,379	1,608	1,217	1,658
Total cash cost (incl. royalties)[2]	$/oz sold	642	592	582	620
All-in sustaining costs[2]	$/oz sold	1,063	1,121	943	1,190
Mining	($/t mined)	2.64	2.54	2.62	2.54
Milling	($/t milled)	23.77	22.90	23.13	19.82
G&A	($/t milled)	6.25	6.93	6.21	6.22

[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 are non-IFRS financial measures and do not have a standard meaning. For definitions of these metrics, please see page 6 of this press release.

Second Quarter Cost of Sales

(US$000's)	Three months ended June 30		Six months ended June 30	
Cost of Sales	2013	2012	2013	2012
Mine production costs	31,099	25,185	59,439	50,713
Depreciation and amortization	17,319	10,884	37,638	19,886
Royalties	3,748	1,859	9,358	3,681
Rehabilitation	1	-	2	4
Inventory movements	469	(6,871)	2,170	(12,110)
Total cost of sales	**52,636**	**31,057**	**108,607**	**62,174**

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 page 15 of the Company's Management's Discussion and Analysis for further details.

(US$000's, except where indicated)	Three months ended June 30		Six months ended June 30	
Cash costs per ounce sold	2013	2012	2013	2012
Gold produced[1]	49,661	45,495	117,962	87,399
Gold sold	54,513	38,503	124,180	73,771
Cash costs per ounce sold				
Cost of sales	52,636	31,057	108,607	62,174
Less: depreciation and amortization	(17,319)	(10,884)	(37,638)	(19,886)
Less: realized oil hedge gain	-	(467)	(487)	(1,128)
Add: non-cash inventory movement	1,834	3,166	3,470	4,676
Less: other adjustments	(2,135)	(76)	(1,645)	(100)
Total cash costs	**35,016**	**22,796**	**72,307**	**45,736**
Total cash costs per ounce sold	**642**	**592**	**582**	**620**
All-in sustaining costs				
Total cash costs	35,016	22,796	72,307	45,736
Administration expenses[2]	3,566	3,772	6,689	8,483
Capitalized deferred stripping	13,802	8,399	28,493	15,442
Capitalized reserve development	509	7,045	2,837	14,169
Mine site capital	5,036	1,166	6,798	3,950
All-in sustaining costs	**57,929**	**43,178**	**117,124**	**87,780**
All-in sustaining costs per ounce sold	**1,063**	**1,121**	**943**	**1,190**
All-in costs				
All-in sustaining costs	57,929	43,178	117,124	87,780
Social community costs not related to current operations	368	348	708	587
Mine site project and development capital	6,643	11,127	10,038	25,664
Exploration and evaluation expenditures	1,486	4,741	3,513	11,917
All-in costs	**66,426**	**59,394**	**131,383**	**125,947**
All-in costs per ounce sold	**1,219**	**1,543**	**1,058**	**1,707**
Depreciation and amortization	17,319	10,884	37,638	19,886
Non - cash inventory movement	(1,834)	(3,166)	(3,470)	(4,676)
Total depreciation and amortization	**15,485**	**7,718**	**34,168**	**15,210**
Total depreciation and amortization per ounce sold	**284**	**200**	**275**	**206**

[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.

CORPORATE DIRECTORY

Directors
Alan Hill, Executive 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

Senior Management
Alan Hill, Executive Chairman
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
Macoumba Diop, General Manager and Government Relations Manager, SGO

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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 that are based on assumptions about 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, 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 27, 2013, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and, except as required by law, Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this news release 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 Gora and Niakafiri is based on information compiled by Julia Martin, P.Eng., MAusIMM (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 document.

The technical information contained in this document relating to the Mineral Resource estimate is based on information compiled by Patti Nakai-Lajoie, P. Geo., who is a Member of the Association of Professional Geoscientists of Ontario. 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 reviewed and accepts responsibility for the Mineral Resource estimate 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 document.

The technical information contained in this document relating to the Mineral Reserve estimate for Sabodala is based on information compiled by Paul Chawrun, P. Eng., who is a member of the Professional Engineers of Ontario. Mr. Chawrun is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Chawrun has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mr. Chawrun has reviewed and accepts responsibility for the Mineral Reserve estimate for Sabodala disclosed in this document and has consented to the inclusion of the matters based on his information in the form and context in which it appears in this document.

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 June 30		Six months ended June 30	
	2013	**2012 (Restated)**	**2013**	**2012 (Restated)**
Revenue	75,246	62,010	189,061	122,536
Cost of sales	(52,636)	(31,057)	(108,607)	(62,174)
Gross profit	**22,610**	**30,953**	**80,454**	**60,362**
Exploration and evaluation expenditures	(1,486)	(4,741)	(3,513)	(11,917)
Administration expenses	(3,857)	(3,658)	(7,687)	(7,007)
Share based compensation	(356)	(626)	(283)	(2,381)
Finance costs	(2,861)	(1,009)	(5,557)	(1,947)
Gains/(losses) on gold hedge contracts	3,115	12,165	5,308	(5,318)
Gains/(losses) on oil hedge contracts	-	(1,284)	31	(669)
Net foreign exchange gains/(losses)	(423)	875	(484)	506
Impairment of available for sale financial asset	(3,493)	(11,917)	(4,455)	(11,917)
Other expense	(3,691)	(2,276)	(3,682)	(2,268)
	(13,052)	**(12,471)**	**(20,322)**	**(42,918)**
Profit before income tax	**9,558**	**18,482**	**60,132**	**17,444**
Income tax benefit	-	-	-	-
Profit for the period	**9,558**	**18,482**	**60,132**	**17,444**
Profit attributable to:				
Shareholders	7,196	14,413	52,179	12,339
Non-controlling interests	2,362	4,069	7,953	5,105
Profit for the period	**9,558**	**18,482**	**60,132**	**17,444**
Other comprehensive income/(loss):				
Exchange differences arising on translation of Teranga corporate entity	-	-	-	(63)
Change in fair value of available for sale financial asset, reclassification to income, net of tax	-	5,246	(5,456)	1,319
Other comprehensive income/(loss) for the period	**-**	**5,246**	**(5,456)**	**1,256**
Total comprehensive income for the period	**9,558**	**23,728**	**54,676**	**18,700**
Total comprehensive income attributable to:				
Shareholders	7,196	19,659	46,723	13,595
Non-controlling interests	2,362	4,069	7,953	5,105
Total comprehensive income for the period	**9,558**	**23,728**	**54,676**	**18,700**
Earnings per share from operations attributable to the shareholders of the Company during the period				
- basic earnings per share	0.03	0.06	0.21	0.05
- diluted earnings per share	0.03	0.06	0.21	0.05

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF FINANCIAL POSITION

(Unaudited and in US$000's)

	As at June 30, 2013	As at December 31, 2012 (Restated)
Current assets		
Cash and cash equivalents	44,474	39,722
Trade and other receivables	9,847	6,482
Inventories	64,051	74,969
Financial derivative assets	-	456
Other assets	5,035	6,836
Available for sale financial assets	4,624	15,010
Total current assets	**128,031**	**143,475**
Non-current assets		
Inventories	42,562	32,700
Property, plant and equipment	236,055	247,898
Mine development expenditures	175,878	138,609
Intangible assets	1,411	1,859
Total non-current assets	**455,906**	**421,066**
Total assets	**583,937**	**564,541**
Current liabilities		
Trade and other payables	42,722	44,823
Borrowings	82,461	10,415
Financial derivative liabilities	-	51,548
Provisions	1,889	1,940
Total current liabilities	**127,072**	**108,726**
Non-current liabilities		
Borrowings	-	58,193
Provisions	9,551	10,312
Other non-current liabilities	10,933	-
Total non-current liabilities	**20,484**	**68,505**
Total liabilities	**147,556**	**177,231**
Equity		
Issued capital	305,412	305,412
Foreign currency translation reserve	(998)	(998)
Equity-settled share based compensation reserve	17,417	16,358
Investment revaluation reserve	-	5,456
Accumulated income	101,404	49,225
Equity attributable to shareholders	**423,235**	**375,453**
Non-controlling interests	13,146	11,857
Total equity	**436,381**	**387,310**
Total equity and liabilities	**583,937**	**564,541**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF CHANGES IN EQUITY

(Unaudited and in US$000's)

	Six months ended June 30, 2013	Six months ended June 30, 2012 (Restated)
Issued capital		
End of period	305,412	305,412
Foreign currency translation reserve		
Beginning of period	(998)	(935)
Exchange difference arising on translation of Teranga corporate entity	-	(63)
End of period	(998)	(998)
Equity-settled share based compensation reserve		
Beginning of period	16,358	12,599
Equity-settled share based compensation reserve	1,059	2,381
End of period	17,417	14,980
Investment revaluation reserve		
Beginning of period	5,456	(1,319)
Change in fair value of available for sale financial asset, net of tax	(5,456)	-
Impairment	-	1,319
End of period	-	-
Accumulated income/(loss)		
Beginning of period	49,225	(43,375)
Profit/(Loss) attributable to shareholders	52,179	12,339
End of period	101,404	(31,036)
Non-controlling interest		
Beginning of period	11,857	(3,713)
Non-controlling interest - portion of profit for the period	7,953	5,105
Dividends payment	(6,664)	-
End of period	13,146	1,392
Total shareholders' equity at June 30	**436,381**	**289,750**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

TERANGA GOLD CORPORATION

STATEMENTS OF CASH FLOW

(Unaudited and in US$000's)

	Three months ended June 30		Six months ended June 30	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows related to operating activities				
Profit for the period	9,558	18,482	60,132	17,444
Depreciation of property, plant and equipment	10,880	8,675	26,234	15,609
Depreciation of capitalized mine development costs	6,528	2,307	11,524	4,410
Amortization of intangibles	252	151	521	298
Amortization of borrowing costs	518	112	868	219
Unwinding of discount	25	22	49	45
Share based compensation	356	626	283	2,381
Net change in (gains)/losses on gold hedge	(3,116)	(12,165)	(42,955)	5,318
Net change in losses on oil hedge	-	1,751	456	1,798
Buyback of gold hedge sales contracts	(8,593)	(39,000)	(8,593)	(39,000)
Impairment of available for sale financial asset	3,493	11,917	4,455	11,917
Profit on disposal of property, plant and equipment	-	-	99	-
Changes in working capital	937	2,532	(8,595)	10,898
Net cash provided by (used in) operating activities	**20,838**	**(4,590)**	**44,478**	**31,337**
Cash flows related to investing activities				
Increase in restricted cash	-	3,352	-	3,004
Redemption of short-term investments	-	-	-	592
Expenditures for property, plant and equipment	(7,733)	(11,083)	(12,357)	(26,574)
Expenditures for mine development	(18,257)	(16,253)	(35,736)	(32,248)
Acquisition of intangibles	-	(401)	(73)	(403)
Proceeds on disposal of property, plant and equipment	-	-	35	-
Net cash used in investing activities	**(25,990)**	**(24,385)**	**(48,131)**	**(55,629)**
Cash flows related to financing activities				
Loan facility, net of borrowing cost paid	-	57,977	-	57,977
Repayment of borrowings	-	(4,933)	-	(7,733)
Drawdown from finance lease facility, net of financing cost paid	2,697	-	13,843	2,862
Interest paid on borrowings	(1,543)	(273)	(3,213)	(552)
Dividend payment to government	(2,700)	-	(2,700)	-
Net cash provided by (used in) financing activities	**(1,546)**	**52,771**	**7,930**	**52,554**
Effect of exchange rates on cash holdings in foreign currencies	156	334	475	(173)
Net increase in cash and cash equivalents held	**(6,542)**	**24,130**	**4,752**	**28,089**
Cash and cash equivalents at the beginning of period	**51,016**	**11,429**	**39,722**	**7,470**
Cash and cash equivalents at the end of period	**44,474**	**35,559**	**44,474**	**35,559**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the three and six months ended June 30, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013

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 and six months ended June 30, 2013. 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 and six months ended June 30, 2013 as well as with the audited consolidated financial statements of Teranga as at and for the twelve months ended December 31, 2012. 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, 2012, 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 August 6, 2013. 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 10 exploration licenses covering 1,057km^2 in Senegal, comprising the regional land package, surrounding the Sabodala gold mine. The Sabodala gold mine, the regional land package, and shares held in Oromin Explorations Ltd. ("Oromin") are collectively referred to as the Sabodala Gold Assets.

The Sabodala gold mine, which came into operation in 2009, is located 650 kilometres southeast of the capital of Senegal, Dakar within the West African Birimian geological belt in Senegal where approximately 11 million ounces of gold resources have been discovered over the past six years, and lies about 90 kilometres from major gold mines in Mali.

Management believes that the combination of the Sabodala gold mine and mill and its regional land package, combined with Oromin Explorations Ltd's ("Oromin") interest in the Oromin Joint Venture Group ("OJVG"), all within trucking distance to the Sabodala mill, provides the basis for growth in reserves and production, resulting in expected growth in earnings and cash flow per share as new discoveries are made and processed through the Sabodala mill.

Our Mission is to share the benefits with all of our stakeholders through responsible mining. We strive to act as a responsible corporate citizen by building projects together with the communities near our planned operations and by committing to using best available technologies as we carry out our actions. We aim to achieve benefits for all parties involved, and to contribute to the sustainability and improved livelihoods for the communities in which we operate.

Our Vision is to become a preeminent gold producer in West Africa while setting the benchmark for responsible mining.

Phase 1: Become a mid-tier gold producer in Senegal with 250,000 to 350,000 ounces of annual gold production leveraging off the Company's existing mill and infrastructure.

Phase 2: Increase annual gold production to 400,000 to 500,000 ounces.

ADOPTION OF IFRIC 20

2012 comparative amounts have been restated to reflect the Company's adoption of IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine. Refer to Adoption of New Accounting Standards.

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.

TERANGA GOLD CORPORATION

FINANCIAL AND OPERATING HIGHLIGHTS

2013 Second Quarter Results

(US$000's, except where indicated)	Three months ended June 30		Six months ended June 30	
Financial Data	2013	2012	2013	2012
Revenue	75,246	62,010	189,061	122,536
Profit attributable to shareholders of Teranga	7,196	14,413	52,179	12,339
Per share	0.03	0.06	0.21	0.05
Operating cash flow	20,838	(4,590)	44,478	31,337
Capital expenditures	25,990	27,737	48,166	59,225
Free cash flow [2]	(5,152)	(32,327)	(3,688)	(27,888)
Cash and cash equivalents (including bullion receivables)	53,536	35,559	53,536	35,559
Net debt[3]	37,987	124,619	37,987	124,619

	Three months ended June 30		Six months ended June 30	
Operating Data	2013	2012	2013	2012
Gold Produced (ounces)	49,661	45,495	117,962	87,399
Gold Sold (ounces)	54,513	38,503	124,180	73,771
Average realized price ($ per ounce)	1,379	1,608	1,217	1,658
Total cash costs ($ per ounce sold)[1]	642	592	582	620
All-in sustaining costs ($ per ounce sold)[1]	1,063	1,121	943	1,190
Total depreciation and amortization ($ per ounce sold)[1]	284	200	275	206

Note: June 30, 2012 values were restated due to the adoption of IFRIC 20. Refer to Adoption of New Accounting Standards.

[1] Total cash costs per ounce, all-in sustaining costs and total depreciation and amortization per ounce are non-IFRS financial measures and do not have a standard meaning. For definitions of these metrics, please see page 15 of this report.

[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.

Second Quarter Financial and Operating Highlights

- Gold revenue for the second quarter of 2013 was $75.2 million compared to $62.0 million in the same prior year period, an increase of 21 percent. The increase in gold revenue was driven by higher gold sales, partially offset by lower gold prices.

- Consolidated profit attributable to shareholders of Teranga for the second quarter of 2013 was $7.2 million ($0.03 per share), compared to $14.4 million ($0.06 per share) in the same prior year period. The decrease in profit and earnings per share were primarily due to lower gross profit and lower non-cash hedge gains, partially offset by lower non-cash impairment losses related to available for sale securities during the second quarter 2013.

- Operating cash flow for the second quarter of 2013 was $20.8 million compared to negative operating cash flow of $4.6 million in the same prior year period. During the second quarter of 2013, the Company bought back the remaining “out of the money” gold forward sales contracts at a cost of $8.6 million, compared to $39.0 million spent in the prior year period. This was partially offset by a decrease in gross profit in the current year.

- Capital expenditures were $26.0 million for the second quarter of 2013, which was $1.7 million lower than the same prior year period. The decrease in capital expenditures was mainly due to lower capitalized reserve development and mill expansion expenditures, partially offset by higher capitalized deferred stripping costs in the second quarter of 2013.

- Gold production for the three months ended June 30, 2013 increased 9 percent to 49,661 ounces of gold compared to the same prior year period due to higher mill throughput as a result of the completion of the mill expansion, partially offset by processing lower grade ore.

- During the second quarter of 2013, 54,513 ounces were sold at an average gold price of $1,379 per ounce compared to 38,503 ounces sold at an average price of $1,608 per ounce in the same prior year period. Ounces sold during second quarter 2013 were higher than production for the period due to a drawdown of gold in circuit inventory.

- As of April 15, 2013, the Company was 100 percent hedge free after having bought back the remaining 14,500 ounces of "out of the money" gold forward sales contracts. As a result, the Company is selling all production at spot gold prices rather than at the much lower hedge price.

- Total cash costs for the three months ended June 30, 2013 increased 8 percent to $642 per ounce sold compared to the same prior year period. The increase over the prior year was mainly due to an increase in gross production costs partially offset by higher capitalization of production phase stripping costs. Total cash costs were higher in second quarter 2013 compared to first quarter 2013 mainly due to lower processed grades. Total cash costs have been adjusted for the adoption of IFRIC 20 for capitalization of a portion of production phase stripping costs.

- All-in sustaining costs for the three months ended June 30, 2013 were $1,063 per ounce sold compared to $1,121 per ounce sold in the prior year period. The decrease compared to the prior year is primarily due to lower capitalized reserve development costs, partially offset by higher mine site operating and capital expenditures.
- The Company's cash balance at June 30, 2013 was $53.5 million, including $9.1 million in bullion receivables.
- Depreciation and amortization per ounce was $284 per ounce in the second quarter of 2013 compared to $200 per ounce in the same prior year period. The increase was mainly due to the depreciation of the mill expansion that was completed in the second quarter of 2012.

Outlook 2013

Gold production for 2013 is expected to be at the higher end of the original guidance range of 190,000 to 210,000 ounces, while total cash costs are expected to be at the lower end of our $650 to $700 per ounce guidance. All-in sustaining costs (as defined by the WGC) are expected to be in the range of $1,000 to $1,100 per ounce. Gold sales are expected to exceed production for the year as gold in circuit inventory is reduced. Efforts to increase availability, operating time and throughput at the crushing circuit are expected to result in higher tonnes milled in the second half of the year. As per the mine plan, gold production in the third quarter is expected to be lower than the first and second quarters as mining activity is focused on waste stripping of the higher benches in phase 3 of the Sabodala pit. Access to lower benches of phase 3 is expected to result in higher grade ore mined and milled during fourth quarter 2013.

In the first quarter of 2013, the Company reduced discretionary expenditures in a number of key areas including operations, exploration and administration, as well as sustaining and development capital and as such provided new guidance for the year for these items with the Company's first quarter results.

In total, between capitalized reserve development and regional exploration expenditures, the Company expects to spend approximately $8 million in 2013, in line with revised guidance for the year.

Administrative expenditures, excluding depreciation, transaction and other non-recurring costs, are expected to be $13 million as further cost reduction efforts are implemented in the second half of the year.

Capitalized expenditures, including sustaining mine site expenditures, project development expenditures and capitalized deferred stripping are expected to total $65 million, in line with revised guidance for the year.

Ongoing technical work to support Sabodala operations includes optimization of the resource though modeling and grade control, evaluating geotechnical opportunities for waste reduction in the pit wall design and waste dump designs for improved mine operating costs.

REVIEW OF FINANCIAL RESULTS

(US$000's, except where indicated)	Three months ended June 30		Six months ended June 30	
Financial Results	2013	2012	2013	2012
Revenue	75,246	62,010	189,061	122,536
Cost of sales	(52,636)	(31,057)	(108,607)	(62,174)
Gross Profit	**22,610**	**30,953**	**80,454**	**60,362**
Exploration and evaluation expenditures	(1,486)	(4,741)	(3,513)	(11,917)
Administration expenses	(3,857)	(3,658)	(7,687)	(7,007)
Share based compensation	(356)	(626)	(283)	(2,381)
Finance costs	(2,861)	(1,009)	(5,557)	(1,947)
Gains (losses) on gold hedge contracts	3,115	12,165	5,308	(5,318)
Gains (losses) on oil hedge contracts	-	(1,284)	31	(669)
Net foreign exchange gains (losses)	(423)	875	(484)	506
Impairment of available for sale financial asset	(3,493)	(11,917)	(4,455)	(11,917)
Other expense	(3,691)	(2,276)	(3,682)	(2,268)
Profit for the period	**9,558**	**18,482**	**60,132**	**17,444**
Profit attributable to non-controlling interest	2,362	4,069	7,953	5,105
Profit attributable to shareholders of Teranga	**7,196**	**14,413**	**52,179**	**12,339**
Basic earnings per share	0.03	0.06	0.21	0.05

Revenue

Gold revenue for the three and six months ended June 30, 2013 was $75.2 million and $189.1 million, respectively, compared to gold revenue of $62.0 million and $122.5 million for the same prior year periods. The increase in gold revenue was driven by a higher volume of gold sales, partially offset by lower spot gold prices. Revenues exclude the impact of realized losses on ounces delivered into forward sales contracts which are classified within gains and losses on gold hedge contracts.

During the second quarter of 2013, the average daily spot price of gold was $1,416 per ounce, with gold trading between a range of $1,200 and $1,598 per ounce based on the London PM Fix gold price. For the six months ended June 30, 2013, the average daily spot price of gold was $1,523 per ounce, trading between $1,200 and $1,692 per ounce. This compares to an average of $1,611 per ounce during the prior year quarter, with a low of $1,538 and a high of $1,677 per ounce and an average of $1,651 per ounce for the six months ended June 30, 2012, with a low of $1,538 and a high of $1,785 per ounce.

Cost of Sales

(US$000's)	**Three months ended June 30**		**Six months ended June 30**	
Cost of Sales	2013	2012	2013	2012
Mine production costs	31,099	25,185	59,439	50,713
Depreciation and amortization	17,319	10,884	37,638	19,886
Royalties	3,748	1,859	9,358	3,681
Rehabilitation	1	-	2	4
Inventory movements	469	(6,871)	2,170	(12,110)
Total cost of sales	**52,636**	**31,057**	**108,607**	**62,174**

Cost of sales for the three and six months ended June 30, 2013 totaled $52.6 million and $108.6 million, respectively, and consists of mine production costs, depreciation and amortization, royalties, rehabilitation costs and inventory movement costs. This compares with cost of sales of $31.1 million and $62.2 million for the three and six months ended June 30, 2012, respectively.

For the three and six months ended June 30, 2013, mine production costs were $31.1 million and $59.4 million, respectively, compared with $25.2 million and $50.7 million in the prior year. Higher mine production costs in 2013 were due to higher mining and processing activity (see Review of Operating Results section).

Depreciation and amortization for the three and six months ended June 30, 2013 totaled $17.3 million and $37.6 million, respectively, compared with $10.9 million and $19.9 million for the three and six months, respectively, in the prior year period. On a gross cost basis, depreciation was higher in 2013 due to higher gold sales as many of the Company's fixed assets are depreciated using the units of production method of depreciation. In addition, depreciation was higher in the first half of 2013 as the plant expansion was completed during the second quarter of 2012 increasing the depreciation base.

For the three months ended June 30, 2013, royalties were $3.7 million, $1.9 million higher than the prior year period. For the six months ended June 30, 2013, royalties of $9.4 million were $5.7 higher than the prior year period. Higher royalties were due to higher gold sales and an increase in the royalty rate on sales from 3% to 5%, effective January 1, 2013.

Inventory movements for the three and six months ended June 30, 2013 resulted in an increase to cost of sales of $0.5 million and $2.2 million, respectively, compared to a reduction to cost of sales of $6.9 million and $12.1 million for the three and six months in the prior year period. The 2013 increase to cost of sales is mainly due to a draw-down of gold in circuit inventory.

Exploration and Evaluation

Exploration and evaluation expenditures for the three and six months ended June 30, 2013 totaled $1.5 million and $3.5 million, respectively, $3.3 million and $8.4 million lower than the prior year three and six month periods, reflecting the Company's decision to minimize drilling on the regional land package in the current gold price environment.

Administration

Administration expenses for the three months ended June 30, 2013, which include costs of the corporate office and Dakar office, were $3.9 million or $0.2 million higher than the prior year period. For the six months ended June 30, 2013, administration expenses were $7.7 million, $0.7 million higher than the prior year period. The higher costs in 2013 reflect higher expenditures in the corporate & Dakar offices and depreciation expense for IT infrastructure, partially offset by lower legal and consulting costs. Administration costs are expected to decline in the second half of the year as cost containment initiatives are instituted.

Share based compensation

During the three and six months ended June 30, 2013, a total of 310,000 and 820,000, respectively, common share stock options were granted to directors, officers, employees and consultants, all at an exercise price of $3.00 per share, and 670,278 and 1,150,834 common share stock options were cancelled during the three and six months ended June 30, 2013, respectively. No stock options were exercised during the quarter.

Of the 16,808,333 common share stock options issued and outstanding as at June 30, 2013, 16,633,333 vest over a three-year period 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 and six months ended June 30, 2013 of $2.9 million and $5.6 million reflect interest costs related to the outstanding bank and mobile equipment loans, amortization of capitalized borrowing costs, political risk insurance relating to the project finance facility and bank charges. Finance costs were higher than the same prior year periods due to higher debt balances and interest costs on borrowings.

Gold Hedge Contracts

During the three months ended June 30, 2013, the Company bought back the remaining "out of the money" gold forward sales contracts at a cost of $8.6 million and became 100 percent hedge free.

The gain on gold hedge contracts totaled $3.1 million for the three months ended June 30, 2013 and $5.3 million for the six months ended June 30, 2013, resulting from a decrease in the spot price of gold from March 31, 2013 and December 31, 2012, respectively.

Oil Hedge Contracts

The oil hedge contracts were completed at March 31, 2013. The gain on settlement of oil hedge contracts totaled $0.5 million for the quarter ended March 31, 2013 and resulted from an increase of $5 per barrel over the December 31, 2012 spot price of oil.

Net Foreign Exchange Gains and Losses

The Company generated foreign exchange losses of $0.4 million for the three months ended June 30, 2013 and $0.5 million for the six months ended June 30, 2013 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 and six months ended June 30, 2013, the Company recognized non-cash impairment losses of $3.5 million and $4.5 million, respectively, on the Oromin shares. These impairment losses were based on further declines in Oromin's share price. This compares to a non-cash impairment loss of $11.9 million for the three and six months in the prior year.

Other expense

Other expenses were $3.7 million for both the three and six months ended June 30, 2013. This compares to other expenses of $2.3 million for both the three and six month periods in the prior year. The increase in the current year is related to costs associated with the offer to acquire Oromin and non-recurring legal and other expenses.

REVIEW OF OPERATING RESULTS

		Three months ended June 30		Six months ended June 30	
Operating Results		2013	2012	2013	2012
Ore mined	('000t)	698	2,105	2,011	3,222
Waste mined	('000t)	7,453	5,130	14,989	11,446
Total mined	('000t)	8,151	7,235	17,000	14,668
Grade mined	(g/t)	1.59	2.25	1.77	1.95
Ounces mined	(oz)	35,728	152,603	114,657	202,119
Strip ratio	waste/ore	10.7	2.4	7.5	3.6
Ore milled	('000t)	709	491	1,405	1,064
Head grade	(g/t)	2.36	3.22	2.83	2.85
Recovery rate	%	92.3	89.6	92.2	89.8
Gold produced[1]	(oz)	49,661	45,495	117,962	87,399
Gold sold	(oz)	54,513	38,503	124,180	73,771
Average price received	$/oz	1,379	1,608	1,217	1,658
Total cash cost (incl. royalties)[2]	$/oz sold	642	592	582	620
All-in sustaining costs[2]	$/oz sold	1,063	1,121	943	1,190
Mining	($/t mined)	2.64	2.54	2.62	2.54
Milling	($/t milled)	23.77	22.90	23.13	19.82
G&A	($/t milled)	6.25	6.93	6.21	6.22

[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 are non-IFRS financial measures and do not have a standard meaning. For definitions of these metrics, please see page 15 of this report.

Total tonnes mined for the three months ended June 30, 2013 were 13 percent higher compared to the same prior year period as mining activities were focused on phase 3 of the pit which required shorter haul distances to the mill. Improved blasting fragmentation also contributed to the increase in total tonnes mined during the quarter.

Ore tonnes mined for the three months ended June 30, 2013 were 67 percent lower compared to the same prior year period and grades mined were 29 percent lower. This resulted in a decrease in ounces mined for the three months ended June 30, 2013 of 77 percent as mining activities during the quarter focused on waste stripping for phase 3 of the mine plan. Conversely, mining during the second quarter of 2012 took place in lower benches of phase 2 and included a substantial amount of higher grade ore. In the current gold price environment, the Company continues to focus on optimizing waste stripping to match ore delivery to the mill.

Total tonnes mined for the six months ended June 30, 2013 were 16 percent higher compared to the same prior year period due to the increase in hauling and drilling capacity of the mining fleet resulting in higher tonnes mined during first quarter of 2013 combined with shorter haul distances to the mill as a result of mining in phase 3 during second quarter of 2013. Ore tonnes mined for the six months ended June 30, 2013 were 38 percent lower compared to the same prior year period while grades mined were 9 percent lower. This resulted in a decrease in ounces mined for the six months ended June 30, 2013 of 43 percent. This was mainly due to lower ore tonnes mined during second quarter 2013 for the reasons noted above.

In the current gold price environment, the Company continues to focus on optimizing waste stripping to match ore delivery to the mill.

Unit mining costs for the three and six months ended June 30, 2013 were 4 and 3 percent higher, respectively, than the same prior year periods, mainly due to higher costs for drilling and blasting enabling better fragmentation for processing together with higher costs for maintenance.

Ore tonnes milled for the three and six months ended June 30, 2013 were 44 and 32 percent higher, respectively, than the same prior year periods due to an increase in mill capacity as a result of the completion of the mill expansion in the second quarter of 2012.

Significant work was conducted on the processing plant during the first half of 2013 with the objective of reducing the frequency and duration of unplanned downtime and to increase throughput in the crushing circuit to match mill capacity. As a result of the work completed, mill throughput from mid-June through July achieved annualized design capacity of 3.5 million tonnes of primarily hard ore.

Unit processing costs for the three and six month period ended June 30, 2013 were 4 and 17 percent higher, respectively, than the same prior year periods mainly due to higher power costs, higher maintenance costs associated with the planned January and May shutdowns to improve crusher operating time, and an increase in consumables required for the processing of a lower ratio of soft to hard ore blend.

Unit general and administration costs for the three months ended June 30, 2013 were 10 percent lower compared to the same prior year period mainly due to the increase in milled tonnes. Unit general and administration costs for the six months ended June 30, 2013 were in line with the same prior year period, despite higher tonnes milled due to higher personnel costs and higher property insurance premiums related to the expanded mill and mining fleet.

Total cash costs for the three months ended June 30, 2013 were \$35.0 million compared to cash costs of \$22.8 million in the same prior year period. Total cash costs for the three months ended June 30, 2013 increased 8 percent to \$642 per ounce sold compared to the same prior year period. The increase over the prior year was mainly due to an increase in gross production costs partially offset by higher capitalization of production phase stripping costs. Total cash costs for the six months ended June 30, 2013 were \$72.3 million compared to cash costs of \$45.7 million in the same prior year period. Total cash costs per ounce for the six months ended June 30, 2013 decreased 6 percent to \$582 per ounce sold as higher gross mining costs were more than offset by higher capitalization of production phase stripping costs.

All-in sustaining costs for the three months ended June 30, 2013 were \$1,063 per ounce sold compared to \$1,121 per ounce sold in the prior year period. Total all-in sustaining cost per ounce was \$943 per ounce for the six months ended June 30, 2013 compared to \$1,190 per ounce for the prior year period, a reduction of 21 percent. All-in sustaining costs are lower in 2013 compared to prior year primarily due to lower capitalized reserve development costs, partially offset by higher mine site operating and capital expenditures

RESERVES AND RESOURCES

Mineral Resources at March 31, 2013 are presented in Table 1 below. Total proven and probable mineral reserves at March 31, 2013 are set forth in Table 2 below. During the period, the Company increased reserves by approximately 160,000 ounces of higher grade material, increasing reserves by 4 percent.

The proven and probable mineral reserves for the Sabodala, Niakafiri and Gora deposits were based on the Measured and Indicated resources that fall within the designed pits. The basis for the resources and reserves are consistent with the Canadian Securities Administrators National Instrument 43-101 ("NI 43-101") regulations. The design for the open pit limits, related phasing and long term planning for the Sabodala open pit were updated from assay and drilling results received as at April 10, 2013. An updated resource block model was completed for the Sabodala deposit.

The updated Sabodala pit design uses similar geotechnical parameters as in past designs and uses a \$1,400 per ounce gold price for the Lerchs-Grossman (LG) pit optimization routine. Design optimization work is ongoing to reflect current market conditions. Mining phases are determined similarly to the previous designs, where the mine sequencing is based on accessing the high grade Main Flat Extension (MFE) through successive phases to balance waste stripping and optimize cash flow. The resources and reserves previously defined at Sutuba have been incorporated into the Sabodala deposit for this reserves estimate.

Dilution and ore recovery estimates for the Sabodala reserves were based on a comparison of the resource model with actual production performance over a 14 month span using a 5 metre mining width and 10 metre bench height.

The Niakafiri pit design remains unchanged from December, 2012. The Gora pit design remains unchanged from December, 2012.

Table 1: Resources Estimate

	Measured			Indicated			Measured and Indicated		
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)
Sabodala	24.75	1.38	1.10	25.35	1.32	1.08	50.10	1.35	2.18
Niakafiri	0.30	1.74	0.02	10.50	1.10	0.37	10.70	1.12	0.39
Gora	0.49	5.27	0.08	1.84	4.93	0.29	2.32	5.00	0.37
Total	**25.54**	**1.46**	**1.20**	**37.69**	**1.44**	**1.74**	**63.23**	**1.45**	**2.94**

Area	Inferred		
	Tonnes (Mt)	Au (g/t)	Au (Moz)
Sabodala	18.11	0.95	0.55
Niakafiri	7.20	0.88	0.21
Niakafiri West	7.10	0.82	0.19
Soukhoto	0.60	1.32	0.02
Gora	0.21	3.38	0.02
Diadiako	2.90	1.27	0.12
Majiva	2.60	0.64	0.05
Masato	19.18	1.15	0.71
Total	**57.90**	**1.00**	**1.87**

Notes for Resources Estimate:
1) CIM definitions were followed for Mineral Resources.
2) Mineral Resources for Sabodala include Sutuba.
3) Mineral Resource cut-off grades for Sabodala are 0.2 g/t Au for oxide and 0.35 g/t Au for fresh.
4) Mineral Resource cut-off grades for Niakafiri are 0.3 g/t Au for oxide and 0.5 g/t Au for fresh.
5) Mineral Resource cut-off grade for Gora is 0.5 g/t Au for oxide and fresh.
6) Mineral Resource cut-off grade for Niakafiri West and Soukhoto is 0.3 g/t Au for oxide and fresh.
7) Mineral Resource cut-off grade for Diadiako and Majiva is 0.2 g/t Au for oxide and fresh.
8) Mineral Resource cut-off grade for Masato is 0.35 g/t for fresh.
9) Measured Resources include stockpiles which total 7.91 Mt at 0.96 g/t Au for 0.24 Mozs.
10) High grade assays were capped at grades ranging from 10 g/t to 30 g/t Au at Sabodala, 20 g/t to 70 g/t Au at Gora, 10 g/t Au at Soukhoto and 20 g/t Au at Masato.
11) The figures above are "Total" Mineral Resources and include Mineral Reserves.
12) Sum of individual amounts may not equal due to rounding.

Table 2: Reserves Estimate

Area	Proven			Probable			Proven and Probable		
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)
Sabodala	7.19	1.60	0.37	9.66	1.51	0.47	16.85	1.55	0.84
Niakafiri	0.23	1.69	0.01	7.58	1.12	0.27	7.81	1.14	0.29
Gora	0.57	4.07	0.07	1.53	4.27	0.21	2.10	4.22	0.28
Stockpiles	7.91	0.96	0.24	-	-	-	7.91	0.96	0.24
Total	**15.90**	**1.37**	**0.70**	**18.77**	**1.58**	**0.95**	**34.67**	**1.48**	**1.65**

Notes for Reserves Estimate:
1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserves for Sabodala include Sutuba.
3. Mineral Reserve cut off grades for Sabodala are 0.30 g/t Au for oxide and 0.5 g/t Au for fresh and assume $1400/oz.
4. Mineral Reserve cut off grades for Niakafiri are 0.35 g/t Au for oxide and 0.5 g/t Au for fresh and assume $1250/oz.
5. Mineral Reserve cut off grade for Gora is 0.5 g/t Au for oxide and fresh and assume $1500/oz.
6. Proven Reserves include stockpiles which total 7.91 Mt at 0.96 g/t Au for 0.24 Moz.
7. Sum of individual amounts may not equal due to rounding.
8. Geotechnical studies are ongoing to further optimize the Sabodala pit design and provide the ability to make adjustments to reflect market conditions at a potentially lower gold price.

The technical information contained in this document relating to the mineral reserve estimates for Gora and Niakafiri as outlined in Table 2 "Reserves Estimate" as at 31 March 2013, is based on information compiled by Julia Martin, P.Eng., MAusIMM (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 document.

The technical information contained in this document relating to the Mineral Resource estimate as presented in Table 1 "Resources Estimate" as at 31 March 2013 is based on information compiled by Patti Nakai-Lajoie, P. Geo., who is a Member of the Association of Professional Geoscientists of Ontario. 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 reviewed and accepts responsibility for the Mineral Resource estimate 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 document.

The technical information contained in this document relating to the Mineral Reserve estimate for Sabodala as outlined in Table 2 "Reserves Estimate" as at 31 March 2013 is based on information compiled by Paul Chawrun, P. Eng., who is a member of the Professional Engineers of Ontario. Mr. Chawrun is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Chawrun has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mr. Chawrun has reviewed and accepts responsibility for the Mineral Reserve estimate for Sabodala disclosed in this document and has consented to the inclusion of the matters based on his information in the form and context in which it appears in this document.

STRATEGY AND DEVELOPMENT

Agreement with Republic of Senegal

The Company signed a definitive global agreement ("Agreement") with the Republic of Senegal in late May 2013, which was the execution of the long-term comprehensive Agreement in Principle signed in April with the Republic of Senegal. The Agreement includes amendments to the Company's 90 percent held Sabodala Mining Convention, certain of its exploration permits, and also includes a financial settlement agreement that addresses most of the outstanding tax assessments (associated with the years 2007 through 2010) as well as future royalty and other payments to the Republic of Senegal. Collectively, the definitive documentation constitutes a global agreement that sets out a predictable and stable fiscal operating environment for the Company's future investment in exploration, acquisitions and development to increase reserves and production in Senegal.

The Republic of Senegal has agreed to support the Company in its plan for further development, notably:

- Setting a price and formula to allow for the acquisition of the Republic's additional participation option on deposits not on the Company's Mine License and to incorporate these into the Company's existing Mining Convention and fiscal regime;
- Supporting drilling of the Niakafiri deposit on the Mine License;
- Extending the term of our renewable Mine License by five years to 2022 and extending five key exploration licenses by a further 18 months beyond current expiry periods;
- Working with the Company to ensure full access to exploration targets currently occupied by artisanal miners; and
- Resolving the Special Contribution Tax of 5% by increasing the royalty rate from 3 to 5%, and prepaying dividends, that may otherwise be payable under our mining convention, based on expected performance over the period 2013 to 2015.

The Company has agreed to the following:

- To increase the royalty rate on sales from 3% to 5% effective January 1, 2013;
- 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% 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, which was estimated based on a gold price of $1,600 per ounce. For the period ended June 30, 2013, approximately $3.0 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 has agreed to establish a social development fund targeted at $15.0 million, payable to the Republic of Senegal at the end of the mine life. The payment, after applying a discount rate, has been accrued for the quarter ended June 30, 2013.

Offer to Acquire Oromin Explorations Ltd.

On June 19, 2013, the Company mailed a formal offer to acquire all of the issued and outstanding common shares of Oromin that it did not already own in exchange for an aggregate of approximately 69.1 million shares of the Company.

On July 22, 2013, the Company and Oromin entered into a support agreement (the "Support Agreement") in respect of an amended offer (the "Varied Offer"). The Varied Offer reflected an increase in the exchange ratio to 0.60 (from 0.582) of a common share of Teranga for each Oromin share. The increase in the exchange ratio brought the net treasury shares to be issued by Teranga to approximately

71.2 million from approximately 69.1 million, with 7.8 million shares reserved for issuance in Teranga as part of the rollover of existing Oromin options. The Varied Offer expired at 9:00 p.m. (Toronto Time) on August 6, 2013.

In connection with the Support Agreement, all of the directors and officers of Oromin unanimously support the new offer and have entered into lock-up agreements with Teranga pursuant to which they have agreed to tender a total of 11,111,441 Oromin shares, representing approximately 8.1 percent of the outstanding Oromin shares, to the Varied Offer. IAMGOLD Corporation ("IAMGOLD") has also agreed to extend its previously executed lock-up agreement with Teranga and tender its 16,088,636 Oromin shares, representing approximately 11.7 percent of the outstanding Oromin shares, to the Varied Offer. Teranga owns 18,699,500 Oromin shares, representing approximately 13.6 percent of the outstanding Oromin shares. All together this represents 45,899,577 Oromin shares or approximately 33.4 percent of the outstanding Oromin shares.

Oromin shares taken up under the Varied Offer, together with Oromin shares previously owned by Teranga, amount to over 70% of the issued and outstanding Oromin shares.

In the Support Agreement, Oromin has agreed to support and assist Teranga in the defense of the current litigation commenced by Bendon International Limited ("Bendon") on June 13, 2013 against Oromin and Teranga. In respect of the Bendon litigation, Oromin is of the view, and concurs with Teranga's assessment, that the making of the offer to acquire Oromin, and the take-up of Oromin Shares tendered, is not prohibited or restricted by the terms of the Shareholders Agreement governing the Oromin Joint Venture Group ("OJVG") and neither Bendon nor Badr Investment & Finance Company ("Badr") have any right of first refusal, right of first offer or similar right on or in respect of, the transfer of Oromin's indirect interest in the OJVG or the OJVG Gold Project.

Oromin and Teranga both believe that the Bendon litigation is ill-conceived and will assertively defend it. In that regard, Teranga has served Bendon with a Notice of Motion and accompanying affidavit seeking to dismiss the Bendon litigation.

The Support Agreement contains customary deal protection provisions, including a commitment by Oromin not to solicit alternative transactions, a five business day right for Teranga to match any superior proposal received by Oromin, mutual break fees and expense reimbursement provisions that are payable in certain circumstances and other customary terms. Teranga has also agreed to remove as conditions to the Varied Offer the condition relating to the current Bendon litigation and the condition relating to a waiver of the right of Senegalese nationals to acquire, at fair market value, a 25 percent fully participatory equity position in Société des Mines de Golouma S.A (Somigol).

The Following the expiry of the Varied Offer, Teranga took up all Oromin shares validly deposited to the Varied Offer and gave notice that it would promptly pay for all deposited Oromin shares by issuing the relevant number of treasury shares.

Teranga shareholder approval for the Teranga shares to be issued under the Varied Offer was obtained at the annual and special meeting of shareholders of Teranga that was held on July 18, 2013.

Next steps are anticipated to be:

- Complete the acquisition of Oromin
- Negotiate a toll milling agreement with the Joint Venture Partners (Bendon and Badr)
- Integrate and develop the OJVG deposits into Teranga's operations
- Obtain the waiver of the Republic of Senegal's 25 percent participatory option in Somigol
- Increase production and generate greater free cash flow

Strategy and Mine Plan

In the first quarter of 2013, gold equities came under pressure. Historic downward movements in gold prices followed, and in light of this we took steps in the first quarter to reduce 2013 discretionary spending in all areas without impacting our guidance, including lowering waste stripping to lower mining costs, reduce exploration and reserve development expenditures, sustaining and new project development expenditures as well as corporate overheads. This was all done before the most recent decline in the gold price in late June 2013.

Ongoing technical work to support Sabodala operations includes optimization of the resource though modeling and grade control, evaluating geotechnical opportunities for waste reduction in the pit wall design and waste dump designs for improved mine operating costs.

Technical work to support growth initiatives has included detailed geological review and modelling on the existing mine license (ML) deposits including Sabodala, Niakafiri and Sutuba, and preliminary review and modelling of other ML prospects including Masato North and Dinkokhono North – Sambaya.

During the second quarter the exploration team was focused on drilling projects and field investigation for several high potential targets on our regional land package. Additionally, the team was consolidated into one exploration facility, a revised organizational design was applied and the necessary staff personnel were reduced to gain in efficiencies.

Engineering support for potential project development, evaluating merger and acquisition targets and corporate reporting for resources and reserves continued throughout the second quarter.

Gora Development

Gora is planned to be operated as a satellite to the Sabodala mine with 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 Sabodala feed as required.

Mining by open pit methods will produce approximately 500,000 tonnes of ore per year for four years, with a grade ranging from 2.8 gpt to 4.9 gpt with an average mined feed grade of 4.22 gpt gold, for a total mineral reserve of 285,000 ounces of gold[1]. Metallurgical testing has revealed that ore at Gora has similar properties to the Sabodala ore body and therefore blending will not impact overall gold recovery. Total cash costs for Gora are estimated to average $675 to $700 per ounce sold on a life-of-mine basis.

A technical report and an environmental and social impact assessment (ESIA) have been provided to the Senegalese, the permit approval process is ongoing.

Management expects the permit process to conclude and construction to be initiated by the end of 2013, subject to spot gold prices and the outcome of the Company's offer to acquire Oromin.

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.

In the first half of 2013, the Company drilled 11,700 metres on the ML at a drilling cost of $1.6 million, and total costs of $2.8 million.

Sabodala

The drill program at Sabodala was completed in the first quarter of 2013, with results returned by mid-April 2013. Drilling targeted the Main Flat Extension ("MFE") immediately adjacent to the current ultimate pit, as well as additional mineralization located below the MFE, to upgrade and increase mineral resources. Drilling successfully confirmed continuation of these zones, and updated resource and reserve models were generated.

Waste dump condemnation drilling to the southeast of the Sabodala pit was completed in the first quarter of 2013.

Niakafiri

The timing of a planned drill program at the Niakafiri deposit along strike is under review in light of both the decrease in gold prices and the acquisition of Oromin, which may lead to a re-evaluation of priorities.

Masato North

A preliminary drill program consisting of six holes was completed to test the northern extent of the Niakafiri Shear Zone, adjacent to the ML boundary. Narrow mineralized low grade zones were intersected, with future analysis planned.

Regional Exploration

The Company has been systematically building a pipeline of prospects on its regional land package (RLP). Unlike other West African nations, Senegal is a relative newcomer to gold mining and exploration and the Company believes that there is a strong possibility of discovering world-class deposits and establishing Senegal as a regional mining leader.

In the first half of 2013, the Company drilled 6,700 metres on the RLP at a drilling cost of $0.6 million, and total costs of $3.5 million, including retrenchment costs of closing two exploration camps and workforce reductions.

The Company currently has 10 exploration permits encompassing approximately 1,057km² of land surrounding the Sabodala ML (33km^2 exploitation permit). Over the past 30 months, with the initiation of a regional exploration program on this significant land package, a tremendous amount of exploration data has been systematically collected and 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, though 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.

Heremakono - Soreto

Encouraging drill results were received from an early stage diamond drilling program initiated on the Soreto prospect in the second quarter 2013. Drilling from 6 holes totalling approximately 800 metres confirms that the 4.5 kilometre long soil anomaly is associated with gold mineralization developed within a broad brecciated shear zone trending north-northeast coincident with the Sabodala Shear Corridor. Additional diamond drilling programs are being considered to test similar gold anomalies on the adjacent Soreto North and Diabougou Prospects which follow the same structural trend as the Soreto gold mineralization.

Heremakono - Nienyenko

Follow-up mapping and trenching across the Nienyenko prospect of an alteration-related multi-element footprint and gold soil anomaly confirms that gold mineralization is associated with flat lying quartz veins developed within brecciated granodiorite, granite and andesitic units. The gold mineralization has been traced in trenches excavated over a distance of 1,200 metres and coincides with a termite geochemical soil anomaly extending over a 2,500 metre strike length. The gold mineralization appears to be controlled by a regional scale north-northeast trending decollement and imbricate thrust system. Follow-up exploration work with trenching and eventual drilling is planned for future.

Garaboureya

A limited first pass data collection was completed at Garaboureya, consisting of termite mound geochemistry, mapping, rock chip sampling and acquisition of high-resolution aeromagnetics. This data resulted in the delineation of a significant gold anomaly coincident with a

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

permissive structural setting. Interpretation work is continuing to define a potential program on this target for the future.

Beyond the current RLP, the Company is focused on acquiring additional exploration licenses in Senegal. The Company also expects to augment its internal growth by strategic acquisitions of companies or assets including operating assets that have growth potential or attractive exploration packages initially in Senegal but ultimately elsewhere in West Africa.

Annual and Special Meeting

Subsequent to the quarter end on July 18, 2013, the Company held its Annual and Special Meeting for the year ended December 31, 2012.

The Company nominated Mr. Edward Goldenberg for election to the Board of Directors of the Company. Mr. Goldenberg is a non-executive member of the Company's Board.

At the Annual and Special Meeting, all six director nominees that were standing were elected as directors of the Corporation as follows (000's votes):

Name	Votes "For" (%)		Votes "Withheld" (%)	
Alan Hill	100,780	55%	82,969	45%
Richard Young	161,094	88%	22,656	12%
Christopher Lattanzi	103,778	56%	79,971	44%
Alan Thomas	103,783	56%	79,967	44%
Frank Wheatley	143,817	78%	39,933	22%
Edward Goldenberg	161,116	88%	22,632	12%

CASH FLOW

(US$000's)	Three months ended June 30		Six months ended June 30	
Cash Flow	2013	2012	2013	2012
Operating	20,838	(4,590)	44,478	31,337
Investing	(25,990)	(24,385)	(48,131)	(55,629)
Financing	(1,546)	52,771	7,930	52,554
Effect on exchange rates on holdings in foreign currencies	156	334	475	(173)
Change in cash and cash equivalents during period	(6,542)	24,130	4,752	28,089
Cash and cash equivalents - beginning of period	51,016	11,429	39,722	7,470
Cash and cash equivalents - end of period	44,474	35,559	44,474	35,559

Operating Cash Flow

Operating cash flow for the three months ended June 30, 2013 provided cash of $20.8 million compared to a use of cash of $4.6 million in the prior year. The increase in operating cash flow was mainly due to a lower buy-back of "out of the money" gold forward sales contracts, partially offset by a decrease in profit in the current year quarter.

For the six months ended June 30, 2013, operating cash flow provided $44.5 million compared to $31.3 million in the prior year period. The increase was primarily due to higher profit in the current year and lower buy-back of "out of the money" gold forward sales contracts, partially offset by a decrease in operating cash flow due to the delivery of 45,289 ounces into the hedge book during the first quarter of 2013.

Investing Cash Flow

(US$000's)	Three months ended June 30		Six months ended June 30	
Capital Expenditures	2013	2012	2013	2012
Mine site & development capital	11,679	12,293	16,836	29,614
Capitalized reserve development	509	7,045	2,837	14,169
Capitalized deferred stripping	13,802	8,399	28,493	15,442
Total Capital Expenditures	25,990	27,737	48,166	59,225

Net cash used in investing activities for the three months ended June 30, 2013 was $26.0 million compared to $24.4 million in the prior year period. The increase was due to higher capitalized deferred stripping costs in the second quarter of 2013 partially offset by lower capitalized reserve development expenditures.

For the six months ended June, 2013, net cash used in investing activities was $48.1 million compared to $55.6 million in the prior year. The decrease was due to lower mine site and development capital in the current year and lower expenditures for capitalized reserve development, partially offset by higher capitalized deferred stripping costs in 2013 and a cash inflow in the prior year of restricted cash.

Financing Cash Flow

Net cash used by financing activities for the three months ended June 30, 2013 was $1.5 million and net cash provided by financing activities was $7.9 million for the six months ended June 30, 2013, compared to net cash provided by financing activities of $52.8 million and $52.6 million in the prior year periods. Net cash provided by financing activities for the six months ended June 30, 2013 include proceeds of $13.8 million received from Macquarie Bank Limited ("Macquarie") and interest paid on borrowings of $3.2 million. Financing cash flows in 2012 include proceeds from the loan facility of $58.0 million and proceeds from the finance lease facility of $2.9 million, partially offset by repayments of the finance lease facility of $7.7 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity remains robust despite the decline in spot gold prices with $53.5 million, including $9.1 million in bullion receivables, and in addition to 2,818 ounces in bullion inventory at June 30, 2013.

During the second quarter, the Company bought back the remaining "out of the money" gold forward sales contracts at a cost of $8.6 million.

During the second quarter, the Company made payments totaling $16.2 million to the Republic of Senegal. The payments included $10.0 million in 2012 royalty payments, which are paid one year in arrears, $2.6 million for the settlement of two outstanding tax assessments, $2.7 million of accrued dividends and a $0.9 million reserve payment.

During the first quarter of 2013, the Company entered into a new $50 million finance lease facility with Macquarie ("Equipment Facility"). The lease facility replaces the finance lease facility previously in place with Sociéte Generalé, which was assigned and novated to Macquarie. The proceeds will be put towards additional equipment for the Sabodala pit as well as the new equipment required for the Gora deposit that is currently being permitted. The Equipment Facility requires compliance with financial covenants, including a Project Life ratio which prescribes a minimum acceptable threshold of future cash flow available for debt service over the term of the loan divided by total debt outstanding; and a Total Debt to Forecasted Operating Cash Flow. Due to the recent decline in gold prices, the Company was not able to fulfill certain financial covenants as stipulated under the Equipment Facility as at June 30, 2013 and as a result the balance outstanding of $25.4 million on the finance lease facility has been classified within current borrowings. On August 1, 2013, the Company received a waiver from Macquarie for these covenant breaches.

Subsequent to quarter end on July 18, 2013, the Company amended its existing $60 million loan facility agreement with Macquarie ("Loan Facility"). The amended agreement extends the final repayment date of its existing loan facility agreement by one year to June 30, 2015. The Company will be required to maintain a restricted cash balance of up to $20 million and $40 million of the loan facility will be repaid in five equal quarterly installments beginning on June 30, 2014. The final $20 million will be repaid with the final installment in June 30, 2015.

The Loan Facility requires compliance with financial covenants, including a Project Life ratio which prescribes a minimum acceptable threshold of future cash flow available for debt service over the term of the loan divided by total debt outstanding. Due to the recent decline in gold prices, Teranga was not able to fulfill this requirement under the Loan Facility as at June 30, 2013. As part of the Amendment to this Loan Facility, Teranga has obtained a waiver in respect of the aforementioned covenant requirement from Macquarie.

Both waivers are conditional upon the Company providing a life of mine plan by August 31, 2013 that satisfies the requirements of these financial covenants. The Company is in the process of optimizing the resource at Sabodala for improved mine operating costs and life of mine cash flows.

Through the elimination of the hedge book, reductions in discretionary spending, optimization of the mine plan and higher forecast production, the Company expects to be able to support its operating requirements in 2013 and into 2014. The Company's current cash balance of $53.5 million, combined with the Equipment Facility and extension to the Loan Facility will enable it to move ahead with development of production sources including Gora and those sources attributable to Oromin from the OJVG. Consideration is being made to refinance the Loan Facility to enable further financial flexibility and expedite the development of these and other potential production sources. Such incurrence of debt may be in the form of one or more borrowings or bank or other similar loans. There can, however, be no assurance that the Company will find the terms on such debt reasonable and therefore may not increase the current debt facilities or may not put a new facility in place.

Off-Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Working capital requirements

The Company's working capital requirements primarily relate to the mining costs of extracting ore from the Sabodala gold mine and then the costs involved in processing the ore to remove the gold, before the gold itself is sold.

As at June 30, 2013, 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]	25.4	25.4	-	-	-
2 -Year Loan Facility[2]	60.0	60.0	-	-	-
Exploration commitments[3]	8.8	-	8.8	-	-
Government of Senegal payments[4]	27.0	6.1	5.9	-	15.0
Mining equipment supply contract[5]	0.1	0.1	-	-	-
Total	**121.3**	**91.6**	**14.7**	**-**	**15.0**

[1] During the first quarter of 2013, the Company entered into a $50 million finance lease facility with Macquarie Bank Limited ("Macquarie"). The facility bears interest of LIBOR plus 7.5 percent and is repayable quarterly over the next two years.

[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 and shall be repaid on or before June 30, 2014.

[3] 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.

[4] Includes a payment of $2.8 million calculated on the basis of $6.50 for each ounce of new reserves until December 31, 2012 and an expected payment of $1.2 million for the settlement of tax adjustments related to three outstanding tax assessments.

[5] During the third quarter of 2012, the Company finalized a contract to purchase additional mining equipment. The equipment will be financed by the new equipment lease facility with Macquarie which was finalized during the first quarter of 2013. Ninety percent of the total cost of the additional mining equipment will be funded by the Mining Fleet Lease Facility.

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.

$425,000 per annum is payable for social development of local authorities in the surrounding Tambacounda region during the term of the Mining Concession.

$30,000 per year is payable for logistical support of the territorial administration of the region from date of notification of the Mining Concession.

$200,000 per year of production is payable for training of Directorate of Mines and Geology officers and Mines Ministry.

CONTINGENT LIABILITIES

During the three months ended June 30, 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.

Settled and outstanding tax assessments

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. The Company also 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 early 2014.

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% 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 which was estimated based on a gold price of $1,600 per ounce. For the period ended June 30, 2013, $3.0 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 has agreed to establish a social development fund targeted at $15.0 million, payable to the Republic of Senegal at the end of the mine life. The payment, after applying a discount rate, has been accrued for the quarter ended June 30, 2013.

ADOPTION OF NEW ACCOUNTING STANDARDS

Stripping Costs in the Production Phase of a Surface Mine

In October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. IFRIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: useable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. The Company adopted IFRIC 20 on January 1, 2013 and restated the 2012 comparative amounts. The impact of adopting IFRIC 20 to the June 30, 2012 balances included an increase to mine development expenditures of $15.3 million, a decrease to inventory of $12.5 million and a decrease to cost of sales of $2.8 million.

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 2012 annual MD&A.

Non-current asset impairment test

In the second quarter of 2013, the Company identified a indicator of impairment of the Sabodala Gold Operations based on the recent significant decline in market gold prices which led to lower share prices of gold equities, including our share price. The Company conducted an impairment assessment during the quarter and determined that the fair value of Sabodala Gold Operations exceeded its carrying value by about $50 million. Consequently, no impairment charge was recorded for the quarter ended June 30, 2013.

For the impairment assessment, the price of gold was estimated at $1,300 per ounce for the remainder of 2013 and $1,350 per ounce for 2014 and beyond. The fair value of Sabodala Gold Operations is sensitive to the gold price. In the absence of material increases to resource and reserve material to be processed at Sabodala Gold Operations, a decline in the long-term gold price below these estimates may result in an impairment charge being recorded in the future.

The Company is also working on a new life-of-mine ("LOM") plan for Sabodala, which reflects information obtained from a drilling program that was completed in first quarter 2013. The purpose of the drilling program was to further define the Main Flat Extension ("MFE") ore body immediately adjacent to the current ultimate pit, as well as additional mineralization located below the MFE, to confirm the continuation of these zones.

The Company has also prepared a financial model incorporating Oromin's investment in the OJVG. Assuming the Company is able to acquire Oromin and can come to terms on a toll milling arrangement with the other joint venture partners, the combined entity is expected to have improved financial metrics over Teranga's current financial metrics on the basis of gold at $1,400 per ounce, including:

- Full life free cash flow that is expected to increase by approximately 50%
- Net asset value that is expected to increase by approximately 50%
- Earnings that are expected to increase by approximately 300%

Assumptions:

- Open pit proven and probable mineral reserves of the OJVG contained in the OJVG 43-101 Report
- Operating cost assumptions based on Sabodala actual costs
- No change in the operator of the OJVG, and mining, processing and site administrative costs charged to the OJVG based on actual costs plus on a nominal margin
- Teranga charging the OJVG an equipment rental fee in line with Teranga's depreciation cost per ounce and as a result OJVG would not be expected to incur any future capital costs

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 second quarter 2013, we 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. 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 and total depreciation per ounce sold are calculated as follows:

(US$000's, except where indicated)	Three months ended June 30		Six months ended June 30	
Cash costs per ounce sold	2013	2012	2013	2012
Gold produced[1]	49,661	45,495	117,962	87,399
Gold sold	54,513	38,503	124,180	73,771
Cash costs per ounce sold				
Cost of sales	52,636	31,057	108,607	62,174
Less: depreciation and amortization	(17,319)	(10,884)	(37,638)	(19,886)
Less: realized oil hedge gain	-	(467)	(487)	(1,128)
Add: non-cash inventory movement	1,834	3,166	3,470	4,676
Less: other adjustments	(2,135)	(76)	(1,645)	(100)
Total cash costs	**35,016**	**22,796**	**72,307**	**45,736**
Total cash costs per ounce sold	**642**	**592**	**582**	**620**
All-in sustaining costs				
Total cash costs	35,016	22,796	72,307	45,736
Administration expenses[2]	3,566	3,772	6,689	8,483
Capitalized deferred stripping	13,802	8,399	28,493	15,442
Capitalized reserve development	509	7,045	2,837	14,169
Mine site capital	5,036	1,166	6,798	3,950
All-in sustaining costs	**57,929**	**43,178**	**117,124**	**87,780**
All-in sustaining costs per ounce sold	**1,063**	**1,121**	**943**	**1,190**
All-in costs				
All-in sustaining costs	57,929	43,178	117,124	87,780
Social community costs not related to current operations	368	348	708	587
Mine site project and development capital	6,643	11,127	10,038	25,664
Exploration and evaluation expenditures	1,486	4,741	3,513	11,917
All-in costs	**66,426**	**59,394**	**131,383**	**125,947**
All-in costs per ounce sold	**1,219**	**1,543**	**1,058**	**1,707**
Depreciation and amortization	17,319	10,884	37,638	19,886
Non - cash inventory movement	(1,834)	(3,166)	(3,470)	(4,676)
Total depreciation and amortization	**15,485**	**7,718**	**34,168**	**15,210**
Total depreciation and amortization per ounce sold	**284**	**200**	**275**	**206**

[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	June 30, 2013
Ordinary shares	245,618,000
Stock options granted at an exercise price of $3.00 per option	16,808,333
Fully diluted share capital	**262,426,333**

TRANSACTIONS WITH RELATED PARTIES

Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 33 of the audited annual consolidated financial statements of the Company for the period ended December 31, 2012.

Transactions with key management personnel

Details of key management personnel compensation are disclosed in the Note 26 and Note 38 of the audited annual consolidated financial statements of the Company for the period ended December 31, 2012.

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

Transactions with other related parties

The Company has no payable to or receivable from other related parties as at June 30, 2013.

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.

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 June 30, 2013, 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 is no limitation on scope of design as described in paragraph 3.3 of NI 52-109. There has been no change in the Company's design of the ICFR that occurred during the three and six months ended June 30, 2013 which has materially affected, or is reasonably likely to materially affect the Company's ICFR.

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, 2012. 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.

On June 19, 2013, the Company mailed a formal offer to acquire all of the issued and outstanding common shares of Oromin that it does not already own in exchange for approximately 69.1 million shares of the Company. On July 18, Teranga shareholders approved the Teranga shares to be issued under the offer at the Company's annual and special meeting of shareholders. On July 22, 2013, the Company and Oromin entered into a Support Agreement a Varied Offer. The Varied Offer reflects an increase in the exchange ratio to 0.60 (from 0.582) of a common share of Teranga for each Oromin share. Pending take up of shares and other customary conditions, we anticipate that the acquisition will be consummated in the second half of 2013. Risks Factors specific to the transaction were identified in the Company's Amended and Restated Management Proxy Circular dated June 21, 2013 and can be found at SEDAR www.sedar.com.

AMENDMENTS TO CORPORATE GOVERNANCE PRACTICES

Adoption of Advance Notice Bylaw

On July 18, 2013, at the Company's annual and special meeting, the Company's shareholders confirmed and ratified Board approved amendment to its by-laws to add an advance notice requirement (the "Advance Notice By-Law"), which requires advance notice to be given to the Company in circumstances where nominations of persons for election as a director of the Company are made by shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the Canada Business Corporations Act (the "CBCA"); or (ii) a shareholder proposal made pursuant to the provisions of the CBCA. Among other things, the Advance Notice By-law fixes a deadline by which shareholders must submit a notice of director nominations to the Company prior to any annual and special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

In the case of an annual meeting of shareholders, notice to the Company must be given not less than 30 nor more than 65 days prior to the date of the annual meeting, however, in the event the meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

Majority Voting Policy

On July 18, 2013, at the Company's annual and special meeting, the Company's shareholders confirmed and ratified a Board approved majority voting policy (the "Majority Voting Policy") with respect to the election of directors in uncontested elections. In the event that a nominee receives more "withheld" than "for" votes in an uncontested election, he or she will be expected to submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board, on the recommendation of the corporate governance and nominating committee, will consider the resignation and make its decision to accept or reject such resignation and announce its decision in a news release within 90 days after the shareholder meeting at which the candidacy of the director was considered.

The full text of the Advance Notice By-Law and the Majority Voting Policy are available on SEDAR at www.sedar.com.

CORPORATE DIRECTORY

Directors

Alan Hill, Executive 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

Senior Management

Alan Hill, Executive Chairman
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
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
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 that are based on assumptions about 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, 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 27, 2013, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and, except as required by law, Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this news release 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 Gora and Niakafiri as outlined in Table 2 "Reserves Estimate" as at 31 March 2013, is based on information compiled by Julia Martin, P.Eng., MAusIMM (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 document.*

The technical information contained in this document relating to the Mineral Resource estimate as presented in Table 1 "Resources Estimate" as at 31 March 2013 is based on information compiled by Patti Nakai-Lajoie, P. Geo., who is a Member of the Association of Professional Geoscientists of Ontario. 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 reviewed and accepts responsibility for the Mineral Resource estimate 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 document.

The technical information contained in this document relating to the Mineral Reserve estimate for Sabodala as outlined in Table 2 "Reserves Estimate" as at 31 March 2013 is based on information compiled by Paul Chawrun, P. Eng., who is a member of the Professional Engineers of Ontario. Mr. Chawrun is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Chawrun has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Mr. Chawrun has reviewed and accepts responsibility for the Mineral Reserve estimate for Sabodala disclosed in this document and has consented to the inclusion of the matters based on his information in the form and context in which it appears in this document.

Interim Condensed Consolidated Financial Statements of

TERANGA GOLD CORPORATION

For the three and six months ended June 30, 2013

(unaudited)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three months ended June 30		Six months ended June 30	
		2013	2012	2013	2012
	Note		(Restated)		(Restated)
Revenue	4	75,246	62,010	189,061	122,536
Cost of sales	5	(52,636)	(31,057)	(108,607)	(62,174)
Gross profit		**22,610**	**30,953**	**80,454**	**60,362**
Exploration and evaluation expenditures		(1,486)	(4,741)	(3,513)	(11,917)
Administration expenses	6	(3,857)	(3,658)	(7,687)	(7,007)
Share based compensation	27	(356)	(626)	(283)	(2,381)
Finance costs	7	(2,861)	(1,009)	(5,557)	(1,947)
Gains/(losses) on gold hedge contracts		3,115	12,165	5,308	(5,318)
Gains/(losses) on oil hedge contracts		-	(1,284)	31	(669)
Net foreign exchange gains/(losses)		(423)	875	(484)	506
Impairment of available for sale financial asset	19	(3,493)	(11,917)	(4,455)	(11,917)
Other expense	8	(3,691)	(2,276)	(3,682)	(2,268)
		(13,052)	**(12,471)**	**(20,322)**	**(42,918)**
Profit before income tax		**9,558**	**18,482**	**60,132**	**17,444**
Income tax benefit		-	-	-	-
Profit for the period		**9,558**	**18,482**	**60,132**	**17,444**
Profit attributable to:					
Shareholders		7,196	14,413	52,179	12,339
Non-controlling interests		2,362	4,069	7,953	5,105
Profit for the period		**9,558**	**18,482**	**60,132**	**17,444**
Other comprehensive income/(loss):					
Exchange differences arising on translation of Teranga corporate entity	20	-	-	-	(63)
Change in fair value of available for sale financial asset, reclassification to income, net of tax	19	-	5,246	(5,456)	1,319
Other comprehensive income/(loss) for the period		**-**	**5,246**	**(5,456)**	**1,256**
Total comprehensive income for the period		**9,558**	**23,728**	**54,676**	**18,700**
Total comprehensive income attributable to:					
Shareholders		7,196	19,659	46,723	13,595
Non-controlling interests		2,362	4,069	7,953	5,105
Total comprehensive income for the period		**9,558**	**23,728**	**54,676**	**18,700**
Earnings per share from operations attributable to the shareholders of the Company during the period					
- basic earnings per share	21	0.03	0.06	0.21	0.05
- diluted earnings per share	21	0.03	0.06	0.21	0.05

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TERANGA GOLD CORPORATION
SECOND QUARTER 2013
(unaudited, in $000's of United States dollars, except share amounts)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at June 30, 2013	As at December 31, 2012 (Restated)
Current assets			
Cash and cash equivalents		44,474	39,722
Trade and other receivables	9	9,847	6,482
Inventories	10	64,051	74,969
Financial derivative assets		-	456
Other assets	11	5,035	6,836
Available for sale financial assets	19	4,624	15,010
Total current assets		**128,031**	**143,475**
Non-current assets			
Inventories	10	42,562	32,700
Property, plant and equipment	12	236,055	247,898
Mine development expenditures	13	175,878	138,609
Intangible assets		1,411	1,859
Total non-current assets		**455,906**	**421,066**
Total assets		**583,937**	**564,541**
Current liabilities			
Trade and other payables	14	42,722	44,823
Borrowings	15	82,461	10,415
Financial derivative liabilities	16	-	51,548
Provisions	17	1,889	1,940
Total current liabilities		**127,072**	**108,726**
Non-current liabilities			
Borrowings	15	-	58,193
Provisions	17	9,551	10,312
Other non-current liabilities	14	10,933	-
Total non-current liabilities		**20,484**	**68,505**
Total liabilities		**147,556**	**177,231**
Equity			
Issued capital	18	305,412	305,412
Foreign currency translation reserve	20	(998)	(998)
Equity-settled share based compensation reserve		17,417	16,358
Investment revaluation reserve		-	5,456
Accumulated income		101,404	49,225
Equity attributable to shareholders		**423,235**	**375,453**
Non-controlling interests		13,146	11,857
Total equity		**436,381**	**387,310**
Total equity and liabilities		**583,937**	**564,541**

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 share amounts)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Six months ended June 30, 2013	Six months ended June 30, 2012 (Restated)
Issued capital			
End of period		305,412	305,412
Foreign currency translation reserve			
Beginning of period		(998)	(935)
Exchange difference arising on translation of Teranga corporate entity	20	-	(63)
End of period		(998)	(998)
Equity-settled share based compensation reserve			
Beginning of period		16,358	12,599
Equity-settled share based compensation reserve		1,059	2,381
End of period		17,417	14,980
Investment revaluation reserve			
Beginning of period		5,456	(1,319)
Change in fair value of available for sale financial asset, net of tax	19	(5,456)	-
Impairment		-	1,319
End of period		-	-
Accumulated income/(loss)			
Beginning of period	3	49,225	(43,375)
Profit/(Loss) attributable to shareholders		52,179	12,339
End of period		101,404	(31,036)
Non-controlling interest			
Beginning of period		11,857	(3,713)
Non-controlling interest - portion of profit for the period		7,953	5,105
Dividends paid and accrued	24	(6,664)	-
End of period		13,146	1,392
Total shareholders' equity at June 30		**436,381**	**289,750**

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months ended June 30		Six months ended June 30	
	Note	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows related to operating activities					
Profit for the period		9,558	18,482	60,132	17,444
Depreciation of property, plant and equipment	12	10,880	8,675	26,234	15,609
Depreciation of capitalized mine development costs	13	6,528	2,307	11,524	4,410
Amortization of intangibles		252	151	521	298
Amortization of borrowing costs	7	518	112	868	219
Unwinding of discount	7	25	22	49	45
Share based compensation	27	356	626	283	2,381
Net change in (gains)/losses on gold hedge		(3,116)	(12,165)	(42,955)	5,318
Net change in losses on oil hedge		-	1,751	456	1,798
Buyback of gold hedge sales contracts	16	(8,593)	(39,000)	(8,593)	(39,000)
Impairment of available for sale financial asset	19	3,493	11,917	4,455	11,917
Profit on disposal of property, plant and equipment		-	-	99	-
Changes in working capital	25	937	2,532	(8,595)	10,898
Net cash provided by (used in) operating activities		**20,838**	**(4,590)**	**44,478**	**31,337**
Cash flows related to investing activities					
Increase in restricted cash		-	3,352	-	3,004
Redemption of short-term investments		-	-	-	592
Expenditures for property, plant and equipment	12	(7,733)	(11,083)	(12,357)	(26,574)
Expenditures for mine development	13	(18,257)	(16,253)	(35,736)	(32,248)
Acquisition of intangibles		-	(401)	(73)	(403)
Proceeds on disposal of property, plant and equipment	12	-	-	35	-
Net cash used in investing activities		**(25,990)**	**(24,385)**	**(48,131)**	**(55,629)**
Cash flows related to financing activities					
Loan facility, net of borrowing cost paid		-	57,977	-	57,977
Repayment of borrowings		-	(4,933)	-	(7,733)
Drawdown from finance lease facility, net of financing cost paid		2,697	-	13,843	2,862
Interest paid on borrowings		(1,543)	(273)	(3,213)	(552)
Dividend payment to government	18b	(2,700)	-	(2,700)	-
Net cash provided by (used in) financing activities		**(1,546)**	**52,771**	**7,930**	**52,554**
Effect of exchange rates on cash holdings in foreign currencies		156	334	475	(173)
Net increase in cash and cash equivalents held		**(6,542)**	**24,130**	**4,752**	**28,089**
Cash and cash equivalents at the beginning of period		**51,016**	**11,429**	**39,722**	**7,470**
Cash and cash equivalents at the end of period		**44,474**	**35,559**	**44,474**	**35,559**

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 was created to acquire the Sabodala gold mine and a large regional exploration land package, located in Senegal, West Africa, along with holding shares in Oromin Explorations Ltd. ("Oromin"), all of which were previous held by Mineral Deposits Limited ("MDL"), collectively referred to as the Sabodala Gold Assets. The Sabodala gold mine, which came into commercial production in 2009, is located 650 kilometres southeast of the capital Dakar within the West African Birimian geological belt in Senegal, and about 90 kilometres from major gold mines in Mali.

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 period ended December 31, 2012.

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 August 6, 2013.

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 4 of the audited annual consolidated financial statements for the year ended December 31, 2012, 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. The interim condensed consolidated financial statements are presented in United States dollars.

3. CHANGE IN ACCOUNTING POLICIES

a. Stripping Costs in the Production Phase of a Surface Mine

The Company adopted International Financial Reporting Interpretation Committee Interpretation 20 ("IFRIC 20") Stripping Costs in the Production Phase of a Surface Mine effective January 1, 2013. IRFIC 20 provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: useable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods.

The change in accounting policy has been applied retroactively with restatement as of January 1, 2012 and there was no impact on January 1, 2012 balances. The impact on December 31, 2012 balances was an increase to mine development expenditures of $29.5 million, a decrease to inventory of $15.4 million and a decrease to cost of sales of $14.1 million.

The impact on the balances for the three months ended June 30, 2012 was an increase to mine development expenditures of $8.3 million, a decrease to inventory of $6.3 million and a decrease to cost of sales of $2.0 million.

The impact on the balances for the six months ended June 30, 2012 was an increase to mine development expenditures of $15.3 million, a decrease to inventory of $12.5 million and a decrease to cost of sales of $2.8 million.

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

The impact of the change in accounting policy on the statement of financial position as at December 31, 2012 and the statement of comprehensive income and statement of cash flows for the three months ended and six months ended June 30, 2012 are set out below:

Impact on Statement of Financial Position

	December 31, 2012 As previously reported	Impact of change in accounting policy	December 31, 2012 Restated
Current assets			
Inventories	82,474	(7,505)	74,969
Total current assets	**157,040**	**(7,505)**	**149,535**
Non-current assets			
Inventories	40,659	(7,959)	32,700
Mine development expenditures	109,060	29,549	138,609
Total non-current assets	**393,416**	**21,590**	**415,006**
Total assets	**550,456**	**14,085**	**564,541**
Equity			
Accumulated income	36,549	12,676	49,225
Equity attributable to shareholders	**362,777**	**12,676**	**375,453**
Non-controlling interests	10,448	1,409	11,857
Total equity	**373,225**	**14,085**	**387,310**
Total equity and liabilities	**550,456**	**14,085**	**564,541**

Impact on Statement of Comprehensive Income

	Three months ended June 30 2012			Six months ended June 30 2012		
	As previously reported	Impact of changes in accounting policies	Restated	As previously reported	Impact of changes in accounting policies	Restated
Cost of sales	(33,083)	2,026	(31,057)	(64,988)	2,814	(62,174)
Gross profit	**28,927**	**2,026**	**30,953**	**57,548**	**2,814**	**60,362**
Profit for the period	**16,456**	**2,026**	**18,482**	**14,630**	**2,814**	**17,444**
Profit attributable to:						
Shareholders	12,590	1,823	14,413	9,807	2,532	12,339
Non-controlling interests	3,866	203	4,069	4,823	282	5,105
Profit for the period	**16,456**	**2,026**	**18,482**	**14,630**	**2,814**	**17,444**
Total comprehensive income for the period	**21,702**	**2,026**	**23,728**	**15,886**	**2,814**	**18,700**
Total comprehensive income attributable to:						
Shareholders	17,836	1,823	19,659	11,063	2,532	13,595
Non-controlling interests	3,866	203	4,069	4,823	282	5,105
Total comprehensive income for the period	**21,702**	**2,026**	**23,728**	**15,886**	**2,814**	**18,700**
- basic earnings per share	0.05	0.01	0.06	0.04	0.01	0.05
- diluted earnings per share	0.05	0.01	0.06	0.04	0.01	0.05

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

Impact on Statement of Cash Flows

	Three months ended June 30 2012			Six months ended June 30 2012		
	As previously reported	Impact of changes in accounting policies	Restated	As previously reported	Impact of changes in accounting policies	Restated
Cash flows related to operating activities						
Profit for the period	16,456	2,026	18,482	14,630	2,814	17,444
Depreciation of property, plant and equipment	8,612	63	8,675	15,490	119	15,609
Changes in working capital	(3,778)	6,310	2,532	(1,610)	12,508	10,898
Net cash provided by (used in) operating activities	**(12,989)**	**8,399**	**(4,590)**	**15,896**	**15,441**	**31,337**
Cash flows related to investing activities						
Expenditures for mine development	(7,854)	(8,399)	(16,253)	(16,807)	(15,441)	(32,248)
Net cash used in investing activities	**(15,986)**	**(8,336)**	**(24,322)**	**(40,188)**	**(15,441)**	**(55,629)**
Net increase in cash and cash equivalents held	**24,130**	**-**	**24,130**	**28,089**	**-**	**28,089**
Cash and cash equivalents at the beginning of period	**11,429**	**-**	**11,429**	**7,470**	**-**	**7,470**
Cash and cash equivalents at the end of period	**35,559**	**-**	**35,559**	**35,559**	**-**	**35,559**

The impact of the change in accounting policy for the three months ended September 30, 2012 and December 31, 2012 is set out below:

	Three months ended September 30, 2012	Three months ended December 31, 2012
Increase/(decrease)		
Mine development expenditures	13,539	688
Inventories	(8,320)	5,365
Cost of sales	(5,219)	(6,052)

b. IFRS 10 – Consolidated financial statements

IFRS 10, "Consolidated financial statements" (IFRS 10) was issued by the IASB in May 2011 and will replace SIC 12, "Consolidation – Special purpose entities" and parts of IAS 27, "Consolidated and separate financial statements". IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and the Company has adopted this standard. The Company has evaluated the impact of IFRS 10 and has determined there is no impact on its consolidated financial statements.

c. IFRS 11 – Joint arrangements

IFRS 11, "Joint arrangements" (IFRS 11) was issued by the IASB in May 2011 and will supersede IAS 31, "Interest in joint ventures" and SIC 13, "Jointly controlled entities – Non-monetary contributions by venturers" by removing the option to account for joint ventures using proportionate consolidation and requiring equity accounting.

IFRS 11 is effective for annual periods beginning on or after January 1, 2013 and the Company has adopted this standard. The Company has evaluated the impact of IFRS 11 and has determined there is no impact on its consolidated financial statements.

d. IFRS 12 – Disclosure of interests in other entities

IFRS 12, "Disclosure of interests in other entities" (IFRS 12) was issued by the IASB in May 2011. IFRS 12 requires enhanced disclosure of information about involvement with consolidated and unconsolidated entities, including structured entities commonly referred to as special purpose vehicles, or variable interest entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013 and the Company has adopted this standard. The Company has evaluated the impact of IFRS 12 and will apply the new disclosure requirements for its consolidated annual financial statements for the year ended December 31, 2013.

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

e. IFRS 13 – Fair value measurement

IFRS 13, "Fair value measurement" (IFRS 13) was issued by the IASB in May 2011. This standard clarifies the definition of fair value, required disclosures for fair value measurement, and sets out a single framework for measuring fair value. IFRS 13 provides guidance on fair value in a single standard, replacing the existing guidance on measuring and disclosing fair value which is dispersed among several standards. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and the Company has adopted this standard. The Company has evaluated the impact of IFRS 13 and applied the new disclosure requirements.

4. REVENUE

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Gold sales at spot price	75,148	61,917	188,759	122,280
Silver sales	98	93	302	256
Total revenue	**75,246**	**62,010**	**189,061**	**122,536**

During the three months ended June 30, 2013, 54,513 ounces of gold were sold at an average price of $1,379 per ounce (2012: 38,503 ounces were sold at an average of $1,608 per ounce). For the six months ended June 30, 2013, 124,180 ounces of gold were sold at an average price of $1,520 per ounce (2012: 73,771 ounces sold at an average of $1,658 per ounce). Revenue excludes the impact of gold hedges as losses on ounces delivered into gold hedge contracts are classified within gains (losses) on gold hedge contracts, refer to note 16.

For the three months ended June 30, 2013, there were no ounces delivered into gold hedge contracts. Including the impact of gold hedge losses for the six months ended June 30, 2013, 124,180 ounces of gold were sold at an average realized price of $1,217 per ounce, including 45,289 ounces that were delivered into gold hedge contracts at $806 per ounce in the first quarter, representing 36 percent of gold sales for the period and 78,891 ounces were sold into the spot market at an average price of $1,453 per ounce.

During the second quarter of 2013, the Company bought back the remaining 14,500 ounces (2012 – 52,105 ounces) "out of the money" gold forward sales contracts at a cost of $8.6 million (2012 - $39 million).

Gold sales revenue to one customer for the three months ended June 30, 2013 was $75 million (2012: $62 million) and $189 million for the six months ended June 30, 2013 (2012: $122 million).

5. COST OF SALES

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Mine production costs	31,099	25,185	59,439	50,713
Depreciation and amortization	17,319	10,884	37,638	19,886
Royalties	3,748	1,859	9,358	3,681
Rehabilitation	1	-	2	4
Inventory movements	469	(6,871)	2,170	(12,110)
Total cost of sales	**52,636**	**31,057**	**108,607**	**62,174**

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

6. ADMINISTRATION EXPENSES

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Corporate office	2,031	1,718	4,142	3,545
Dakar office	305	176	586	254
Social community costs	369	349	708	587
Audit fees	174	212	243	288
Legal & other	700	1,039	1,435	2,014
Depreciation	278	164	573	319
Total administration expenses	**3,857**	**3,658**	**7,687**	**7,007**

7. FINANCE COSTS

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Interest on borrowings	2,055	326	3,725	661
Amortization of borrowing costs	518	112	868	219
Unwinding of discount	25	22	49	45
Political risk insurance (i)	(7)	316	312	501
Stocking fee	178	144	403	278
Bank charges	92	89	200	243
Total finance costs	**2,861**	**1,009**	**5,557**	**1,947**

(i) During the second quarter of 2013, the Company received a reimbursement related to the over payment in prior period of political risk insurance.

8. OTHER EXPENSE

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Acquisition costs (i)	2,853	2,290	2,853	2,290
Non-recurring legal and other costs	864	-	864	-
Interest income	(26)	(14)	(35)	(22)
Total other income and expense	**3,691**	**2,276**	**3,682**	**2,268**

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

9. TRADE AND OTHER RECEIVABLES

	As at June 30, 2013	As at December 31, 2012
Current		
Trade receivable (i)	9,216	5,268
Other receivables (ii)	631	1,214
Total trade and other receivables	**9,847**	**6,482**

(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 that the Company provides to them.

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

10. INVENTORIES

	As at June 30, 2013	As at December 31, 2012 (Restated)
Current		
Gold bullion	2,408	4,094
Gold in circuit	3,965	8,172
Ore stockpile	18,634	24,773
Total gold inventories	**25,007**	**37,039**
Diesel fuel	2,396	3,242
Materials and supplies	33,225	30,703
Goods in transit	3,423	3,985
Total other inventories	**39,044**	**37,930**
Total current inventories	**64,051**	**74,969**
Non-Current		
Ore stockpile	42,562	32,700
Total inventories	**106,613**	**107,669**

11. OTHER ASSETS

	As at June 30, 2013	As at December 31, 2012
Current		
Prepayments (i)	3,535	5,336
Security deposit (ii)	1,500	1,500
Total other assets	**5,035**	**6,836**

(i) As at June 30, 2013, prepayments include $3.2 million of advances to vendors and contractors and $0.3 million for insurance. As at December 2012, prepayments include $4.3 million of advances to other vendors and contractors and $1.0 million for insurance.

(ii) The security deposit represents a security for payment under the mining fleet and maintenance contract.

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

12. 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, 2012	**32,216**	**190,397**	**1,279**	**2,481**	**42,095**	**56,558**	**325,026**
Additions	-	-	-	-	-	51,342	**51,342**
Capitalized mine rehabilitation	-	109	-	-	-	-	**109**
Disposals	-	(748)	-	(227)	-	-	**(975)**
Transfer	12,237	85,922	525	832	322	(99,838)	**-**
Balance at December 31, 2012	**44,453**	**275,680**	**1,804**	**3,086**	**42,417**	**8,062**	**375,502**
Additions	-	-	-	-	-	14,474	**14,474**
Disposals	-	(15)	(2)	(35)	(501)	-	**(553)**
Transfer	254	14,381	306	127	-	(15,017)	**51**
Balance at June 30, 2013	**44,707**	**290,046**	**2,108**	**3,178**	**41,916**	**7,519**	**389,474**
Accumulated depreciation							
Balance at January 1, 2012	**9,769**	**56,889**	**671**	**1,379**	**17,808**	**-**	**86,516**
Disposals	**-**	(719)	**-**	(192)	**-**	**-**	**(911)**
Depreciation expense	4,635	27,843	340	648	8,533	-	**41,999**
Balance at December 31, 2012	**14,404**	**84,013**	**1,011**	**1,835**	**26,341**	**-**	**127,604**
Disposals	**-**	(3)	(2)	(12)	(402)	**-**	**(419)**
Depreciation expense	2,695	18,913	204	142	4,280	-	**26,234**
Balance at June 30, 2013	**17,099**	**102,923**	**1,213**	**1,965**	**30,219**	**-**	**153,419**
Net book value							
Balance at December 31, 2012	**30,049**	**191,667**	**793**	**1,251**	**16,076**	**8,062**	**247,898**
Balance at June 30, 2013	**27,608**	**187,123**	**895**	**1,213**	**11,697**	**7,519**	**236,055**

Additions made to property, plant and equipment during the six months ended June 30, 2013 relate mainly to additional mobile mining equipment acquired.

Depreciation of property, plant and equipment of $10.8 million was expensed as cost of sales for the three months ended June 30, 2013 (2012: $8.5 million) and $26.2 million was expensed as cost of sales for the six months ended June 30, 2013 (2012: $15.4 million).

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

13. MINE DEVELOPMENT EXPENDITURE

	Amount (Restated)
Cost	
Balance at January 1, 2012	**124,418**
Expenditures incurred during the period	62,911
Balance at December 31, 2012	**187,329**
Expenditures incurred during the period	48,793
Balance at June 30, 2013	**236,122**
Accumulated depreciation	
Balance at January 1, 2012	**34,593**
Depreciation expense	14,127
Balance at December 31, 2012	**48,720**
Depreciation expense	11,524
Balance at June 30, 2013	**60,244**
Carrying amount	
Balance at December 31, 2012	**138,609**
Balance at June 30, 2013	**175,878**

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

The capitalized mine development expenditures incurred during the three and six months ended June 30, 2013 include $0.1 million and $0.3 million respectively, relating 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. Capitalized mine development expenditures also include $13.2 million relating to payments to be made to the Republic of Senegal. Refer to notes 14 and 24.

Depreciation of capitalized mine development of $6.5 million was expensed as cost of sales for the three months ended June 30, 2013 (2012: $2.3 million) and $11.5 million was expensed for the six months ended June 30, 2013 (2012: $4.5 million).

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

14. TRADE AND OTHER PAYABLES

	As at June 30, 2013	As at December 31, 2012
Current		
Unsecured liabilities:		
Trade payables (i)	19,865	16,446
Sundry creditors and accrued expenses	7,546	12,370
Government royalties (ii)	10,164	10,927
Amounts payable to Republic of Senegal (iii) (iv) (v)	5,147	5,080
Total current trade and other payables	**42,722**	**44,823**
Non-Current		
Amounts payable to Republic of Senegal (iii) (vi)	10,933	-
Total other non-current liabilities	**10,933**	**-**
Total payables	**53,655**	**44,823**

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

(ii) Government royalties are payable annually based on the mine head value of the gold and related substances produced. During the second quarter of 2013, $9.9 million of 2012 royalties were paid to the Republic of Senegal.

(iii) An intended payment of $3.7 million is payable to the Republic of Senegal in four equal annual instalments is calculated on the basis of $6.50 for each ounce of new reserve until December 31, 2012. One payment was made during the quarter ended June 30, 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. Refer to notes 13 and 24 for further details.

(iv) An accrual of $1.2 million remains at June 30, 2013 related to the tax settlement of the Sabodala Gold Operations SA ("SGO") 2012 tax assessment. During the quarter ended June 30, 2013, $2.6 million was paid in full settlement of the Sabodala Mining Company 2013 tax assessment and in partial settlement of the SGO 2012 tax assessment. The remaining balance has been classified as a current liability. Refer to notes 13 and 24 for further details.

(v) The Company has also agreed to advance accrued dividends, calculated based on a gold price of $1,600 per ounce. For the period ended June 30, 2013, approximately $3.0 million has been accrued based on net sales revenue. Refer to note 24 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 mine life to establish a social development fund. The payment, after applying a discount rate has been accrued for the quarter ended June 30, 2013. Refer to notes 13 and 24 for further details.

15. BORROWINGS

	As at June 30, 2013	As at December 31, 2012
Current		
Loan facility	60,000	-
Finance lease liabilities	25,433	10,506
Transaction costs	(2,972)	(91)
Total current borrowings	**82,461**	**10,415**
Non-Current		
Loan facility	-	60,000
Transaction costs	-	(1,807)
Total non-current borrowings	**-**	**58,193**
Total borrowings	**82,461**	**68,608**

Macquarie Finance Lease Facility

During the first quarter of 2013, the Company entered into a new $50 million finance lease facility with Macquarie ("Equipment Facility"). The lease facility replaces the finance lease facility previously in place with Sociéte Generalé, which was assigned and novated to Macquarie. The proceeds will be put towards additional equipment for the Sabodala pit as well as the new equipment required for the Gora deposit that is currently being permitted. The Equipment Facility requires compliance with financial covenants, including a Project Life ratio which prescribes a minimum acceptable threshold of future cash flow available for debt service over the term of the loan divided by total debt outstanding; and a Total Debt to Forecasted Operating Cash Flow. Due to the recent decline in gold prices, the Company was not able to fulfill certain financial covenants as stipulated under the Equipment Facility as at June 30, 2013 and as a result the balance outstanding of $25.4 million on the finance lease facility has been classified within current borrowings. On August 1, 2013, the Company received a waiver from Macquarie for these covenant breaches.

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

The lease facility bears interest of LIBOR plus a margin of 7.5 percent and is re-payable in equal quarterly installments over twenty-four months from the time of drawdown. At June 30, 2013, $25.4 was outstanding. The balance of $24.6 million will be reserved for future drawn downs for purchases of mining equipment, as required.

Macquarie Loan Facility

During the second quarter of 2012, the Company entered into a $60 million 2-year loan facility with Macquarie by way of an amendment to its existing Facility Agreement. The loan facility bears interest of LIBOR plus a margin of 10 percent and shall be repaid on or before June 30, 2014.

Subsequent to quarter end on July 18, 2013, the Company announced that it amended its existing $60 million loan facility agreement with Macquarie ("Loan Facility"). The amended agreement extends the final repayment date of its existing loan facility agreement by one year to June 30, 2015. The Company will be required to maintain a restricted cash balance of up to $20 million and $40 million of the loan facility will be repaid in five equal quarterly installments beginning on June 30, 2014. The final $20 million will be repaid with the final installment in June 30, 2015.

The Loan Facility requires compliance with financial covenants, including a Project Life ratio which prescribes a minimum acceptable threshold of future cash flow available for debt service over the term of the loan divided by total debt outstanding. Due to the recent decline in gold prices, Teranga was not able to fulfill this requirement under the Loan Facility as at June 30, 2013. As part of the Amendment to this Loan Facility, Teranga has obtained a waiver in respect of the aforementioned covenant requirement from Macquarie.

Both waivers are conditional upon the Company providing a life of mine plan by August 31, 2013 that satisfies the requirements of these financial covenants. The Company is in the process of optimizing the resource at Sabodala for improved mine operating costs and life of mine cash flows.

16. FINANCIAL DERIVATIVE LIABILITIES

During the second quarter of 2013, the Company bought back the remaining 14,500 ounces "out of the money" gold forward sales contracts at a cost of $8.6 million. At June 30, 2013, there is no remaining financial derivative liability.

At December 31, 2012, the hedge position comprised 59,789 ounces of forward sales at an average price of $803 per ounce. The mark-to-market gold hedge position at the period end spot price of $1,664 per ounce was in a liability position of $51.5 million.

17. PROVISIONS

	As at June 30, 2013	As at December 31, 2012
Current		
Employee benefits (i)	1,889	1,940
Total current provisions	**1,889**	**1,940**
Non-Current		
Mine restoration and rehabilitation (ii)	9,426	9,377
Cash settled share based compensation (iii)	125	935
Total non-current provisions	**9,551**	**10,312**
Total provisions	**11,440**	**12,252**

(i) The provisions for employee benefits include $1.2 million accrued vacation and $0.7 million long service leave entitlements for the period ended June 30, 2013. The provision for December 31, 2012 included $1.4 million accrued vacation and $0.5 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 (expected completion is 2019) but a limited amount of concurrent rehabilitation will occur throughout the mine life.

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

	Amount
Balance at January 1, 2012	9,215
Capitalized mine rehabilitation	109
Unwinding of discount	53
Balance at December 31, 2012	**9,377**
Unwinding of discount	49
Balance at June 30, 2013	**9,426**

(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 27(b).

18. ISSUED CAPITAL

	Number of shares	Amount
Common shares issued and outstanding		
Balance at January 1, 2012	245,618,000	305,412
Balance at December 31, 2012	245,618,000	305,412
Balance at June 30, 2013	245,618,000	305,412

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.

19. AVAILABLE FOR SALE FINANCIAL ASSETS

As part of the acquisition of the Sabodala gold mine and regional land package by way of Demerger from MDL, Teranga acquired 18,699,500 common shares of Oromin Exploration Limited ("Oromin"), classified as available for sale in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

For the three and six months ended June 30, 2013, the Company recognized non-cash impairment losses of $3.5 million (2012: $11.9 million) and $4.5 million (2012: $11.9 million), respectively, on the Oromin shares in the consolidated statements of comprehensive income/(loss). This impairment loss was based on a further decline in Oromin's share price relative to a previous impairment loss recorded.

For the three and six months ended June, 2013, a net loss of $nil (2012: $5.2 million gain) and $5.5 million (2012: $1.3 million gain), respectively, both net of tax of $nil was recognized in Other Comprehensive Income/(loss) for the change in fair value of available for sale financial assets, respectively.

The following table outlines the change in fair value of the investment in Oromin:

	Amount
Balance at January 1, 2012	19,800
Change in fair value of available for sale financial asset during period	(5,142)
Foreign exchange gain	352
Balance at December 31, 2012	**15,010**
Change in fair value of available for sale financial asset during period	(9,911)
Foreign exchange loss	(475)
Balance at June 30, 2013	**4,624**

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

20. FOREIGN CURRENCY TRANSLATION

The foreign currency translation reserve represents historical exchange differences of $0.9 million which arose upon translation from the functional currency of the Company's corporate entity into United States dollars during 2011, which were recorded directly to the foreign currency translation reserve within the consolidated statement of changes in equity. The remaining balance of $0.1 million represents foreign exchange difference resulting from the change of functional currency from Canadian to United States dollars as at January 1, 2012.

21. EARNINGS PER SHARE (EPS)

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Basic EPS (US$)	0.03	0.06	0.21	0.05
Diluted EPS (US$)	0.03	0.06	0.21	0.05
Basic EPS:				
Net profit/(loss) used in the calculation of basic EPS	7,196	14,413	52,179	12,339
Weighted average number of common shares for the purposes of basic EPS ('000)	245,618	245,618	245,618	245,618
Weighted average number of common shares for the purpose of diluted EPS ('000)	245,618	245,618	245,618	245,618

The determination of weighted average number of common shares for the purpose of diluted EPS excludes 16.8 million and 16.7 million shares relating to share options that were anti-dilutive for the periods ended June 30, 2013 and June 30, 2012, respectively.

22. COMMITMENTS FOR EXPENDITURE

a. Capital Expenditure Commitments

The Company has committed to spend a total of $0.1 million over the remainder of 2013 in respect of the mining equipment supply contract.

b. Exploration Commitments

The Company has committed to spend a total of $2.1 million over the remainder of 2013 in respect of the Sabodala regional exploration program.

c. 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% (2012 – 3%) is payable to the Government of Senegal based on the value of gold shipments, evaluated at the spot price on the shipment date.
- $425 per annum on social development of local authorities in the surrounding Tambacounda region during the term of the Mining Concession.
- $30 per year for logistical support of the territorial administration of the region from date of notification of the Mining Concession.
- $200 per year on training of Directorate of Mines and Geology officers and Mines Ministry

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

23. LEASES

a. Finance Lease Liabilities

	As at June 30, 2013		As at December 31, 2012	
	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	25,433	25,433	10,506	10,415
Later than one year and not later than five years	-	-	-	-
Total finanace lease liabilities	**25,433**	**25,433**	**10,506**	**10,415**
Included in the financial statements as:				
Current	25,433	25,433	10,506	10,415
Non-current	-	-	-	-

The finance loan relates to the Macquarie Finance Lease Facility ("Equipment Facility"), with a remaining lease term of twenty-four months expiring March 2015. Minimum future lease payments consist of eight 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.

Due to the recent decline in gold prices, the Company was not able to fulfill certain financial covenants as stipulated under the Equipment Facility as at June 30, 2013 and as a result the balance outstanding of $25.4 million on the finance lease facility has been classified within current borrowings. On August 1, 2013, the Company received a waiver from Macquarie for these covenant breaches.

24. CONTINGENT LIABILITIES

a. Outstanding tax assessments

In the second quarter of 2013, the Company signed a definitive global agreement ("Agreement") with the Republic of Senegal. A component of the agreement relates to the settlement of outstanding tax assessments.

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. The Company also 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 early 2014.

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.

b. Government payments

In the second quarter of 2013, the Company signed a definitive global agreement ("Agreement") with the Republic of Senegal. A component of the agreement relates to amounts claimed under a special contributions tax.

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% 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 which was estimated based on a gold price of $1,600 per ounce. For the period ended June 30, 2013, $3.0 million has been accrued based on net sales revenue.

The Company has agreed to establish a social development fund targeted at $15.0 million, payable to the Republic of Senegal at the end of the mine life. The payment, after applying a discount rate, has been accrued for the quarter ended June 30, 2013.

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.

c. Offer to Acquire Oromin Explorations Ltd. ("Oromin")

On June 19, 2013, the Company mailed a formal offer to acquire all of the issued and outstanding common shares of Oromin that it did not already own in exchange for an aggregate of approximately 69.1 million shares of the Company.

On July 22, 2013, the Company and Oromin entered into a support agreement (the "Support Agreement") in respect of an amended offer (the "Varied Offer"). The Varied Offer reflected an increase in the exchange ratio to 0.60 (from 0.582) of a common share of Teranga for each Oromin share. The increase in the exchange ratio brought the net treasury shares to be issued by Teranga to approximately 71.2 million from approximately 69.1 million, with 7.8 million shares reserved for issuance in Teranga as part of the rollover of existing Oromin options. The Varied Offer expired at 9:00 p.m. (Toronto Time) on August 6, 2013.

In connection with the Support Agreement, all of the directors and officers of Oromin unanimously support the new offer and have entered into lock-up agreements with Teranga pursuant to which they have agreed to tender a total of 11,111,441 Oromin shares, representing approximately 8.1 percent of the outstanding Oromin shares, to the Varied Offer. IAMGOLD Corporation ("IAMGOLD") has also agreed to extend its previously executed lock-up agreement with Teranga and tender its 16,088,636 Oromin shares, representing approximately 11.7 percent of the outstanding Oromin shares, to the Varied Offer. Teranga owns 18,699,500 Oromin shares, representing approximately 13.6 percent of the outstanding Oromin shares. All together this represents 45,899,577 Oromin shares or approximately 33.4 percent of the outstanding Oromin shares.

Oromin shares taken up under the Varied Offer, together with Oromin shares previously owned by Teranga, amount to over 70% of the issued and outstanding Oromin shares.

In the Support Agreement, Oromin has agreed to support and assist Teranga in the defense of the current litigation commenced by Bendon International Limited ("Bendon") on June 13, 2013 against Oromin and Teranga. In respect of the Bendon litigation, Oromin is of the view, and concurs with Teranga's assessment, that the making of the offer to acquire Oromin, and the take-up of Oromin Shares tendered, is not prohibited or restricted by the terms of the Shareholders Agreement governing the Oromin Joint Venture Group ("OJVG") and neither Bendon nor Badr Investment & Finance Company ("Badr") have any right of first refusal, right of first offer or similar right on or in respect of, the transfer of Oromin's indirect interest in the OJVG or the OJVG Gold Project.

Oromin and Teranga both believe that the Bendon litigation is ill-conceived and will assertively defend it. In that regard, Teranga has served Bendon with a Notice of Motion and accompanying affidavit seeking to dismiss the Bendon litigation.

The Support Agreement contains customary deal protection provisions, including a commitment by Oromin not to solicit alternative transactions, a five business day right for Teranga to match any superior proposal received by Oromin, mutual break fees and expense reimbursement provisions that are payable in certain circumstances and other customary terms. Teranga has also agreed to remove as conditions to the Varied Offer the condition relating to the current Bendon litigation and the condition relating to a waiver of the right of Senegalese nationals to acquire, at fair market value, a 25 percent fully participatory equity position in Société des Mines de Golouma S.A (Somigol).

The Following the expiry of the Varied Offer, Teranga took up all Oromin shares validly deposited to the Varied Offer and gave notice that it would promptly pay for all deposited Oromin shares by issuing the relevant number of treasury shares.

Teranga shareholder approval for the Teranga shares to be issued under the Varied Offer was obtained at the annual and special meeting of shareholders of Teranga that was held on July 18, 2013.

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

25. CASH FLOW INFORMATION

a. Reconciliation of change in working capital

	Three months ended June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Changes in working capital				
Decrease/(increase) in trade and other receivables	(2,293)	8,158	(3,365)	17,610
Decrease/(increase) in other assets	45	(4,382)	1,802	(2,888)
Decrease/(increase) in inventories	2,413	(8,426)	1,056	(15,933)
Increase/(decrease) in trade and other payables	811	7,206	(8,003)	12,091
Increase/(decrease) in provisions	(39)	(24)	(85)	18
Net change in working capital	**937**	**2,532**	**(8,595)**	**10,898**

b. Cash balances restricted for use

Subsequent to quarter end on July 18, 2013, the Company amended its existing $60 million loan facility agreement with Macquarie ("Loan Facility"). The amended agreement extends the final repayment date of its existing loan facility agreement by one year to June 30, 2015. The Company will be required to maintain a restricted cash balance of up to $20 million. Refer to note 15.

During the second quarter of 2012, the Company amended its existing Facility Agreement with Macquarie Bank Limited. As part of the amendment, Macquarie Bank Limited agreed to recognize Project Completion as occurring and to remove the requirement to hold the restricted cash.

26. FINANCIAL INSTRUMENTS

The Company values instruments carried at fair value using quoted market prices, where available. Quoted market prices represent a Level 1 valuation. When quoted market prices 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 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:

	Financial assets			
	Level 1	**Level 2**	**Level 3**	**Total**
June 30, 2013				
Available-for-sale financial assets	4,624	-	-	**4,624**
Total	4,624	-	-	**4,624**
December 31, 2012				
Available-for-sale financial assets	15,010	-	-	**15,010**
Derivative financial assets	-	456	-	**456**
Total	**15,010**	**456**	**-**	**15,466**

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

	Financial liabilities			
	Level 1	Level 2	Level 3	Total
June 30, 2013				
Derivative financial liabilities	-	-	-	**-**
Total	-	-	-	**-**
December 31, 2012				
Derivative financial liabilities	-	51,548	-	**51,548**
Total	-	**51,548**	-	**51,548**

27. SHARE BASED COMPENSATION

During the third quarter of 2012, the Company introduced a new Fixed Bonus Plan as an alternative to the Company's existing share based compensation program. Directors, officers, employees and consultants are entitled to receive either stock options under the current Stock Option Plan or Fixed Bonus Plan Units under the new Fixed Bonus Plan.

The share based compensation expense for the three months and six months ended June 30, 2013 totalled $0.4 million and $0.3 million, respectively (2012: $0.6 million and $2.4 million).

a. Incentive Stock Option Plan

During the three and six months ended June 30, 2013, a total of 310,000 and 820,000 common share options respectively were granted to directors and employees (2012: nil and 1,870,000 common share options). During the three and six months ended June 30, 2013, a total of 670,278 and 1,150,834 options were forfeited, respectively (2012: 2,562,778 and 2,841,666 options). No stock options were exercised during the six months ended June 30, 2013 and June 30, 2012.

The following stock options were outstanding as at June 30, 2013:

Option series	Number	Grant date	Expiry date	Exercise price (C$)	FV at grant date (C$)
Granted on November 26, 2010	7,707,778	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	370,000	13-Aug-11	13-Aug-21	3.00	0.82
Granted on December 20, 2011	1,631,666	20-Dec-11	20-Dec-21	3.00	0.61
Granted on February 24, 2012	838,889	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	470,000	23-Feb-13	23-Feb-23	3.00	0.42
Granted on February 23, 2013	40,000	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

As at June 30, 2013, approximately 7.8 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.

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

Of the 16,808,333 common share options issued 16,633,333 vest evenly over a three-year period 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.

As at June 30, 2013 all outstanding share options have a contractual life of ten years.

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 June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Grant date share price	C$0.71-C$0.82	C$2.10	C$0.71-C$1.44	C$2.58
Exercise price	C$3.00	C$3.00	C$3.00	C$3.00
Range of risk-free interest rate	1.04%-1.07%	0.99%	1.04%-1.20%	0.99%-1.43%
Volatility of the expected market price of share	68.3%	43.7%	67.28%-68.30%	43.7%-61.62%
Expected life of options	2.00	1.25	2.00-3.50	1.25-5.00
Dividend yield	0%	0%	0%	0%
Forfeiture rate	50%	30%	5%-50%	0%-30%

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 end of the period - January 1, 2012	17,617,222	C$3.00
Granted during the period	3,580,000	C$3.00
Forfeited during the period	(4,058,055)	C$3.00
Balance at end of the period - December 31, 2012	**17,139,167**	**C$3.00**
Granted during the period	820,000	C$3.00
Forfeited during the period	(1,150,834)	C$3.00
Balance at end of the period - June 30, 2013	**16,808,333**	**C$3.00**
Number of options exercisable - December 31, 2012	10,736,662	
Number of options exercisable - June 30, 2013	11,277,216	

There were no options exercised during the six months period ended June 30, 2013 and March 31, 2012.

b. Fixed Bonus Plan

The Fixed Bonus Plan was introduced during the third quarter of 2012. As at June 30, 2013 a total of 1,440,000 Units were outstanding (December 31, 2012: 1,440,000 units). During the three months ended June 30, 2013, no Units were forfeited or exercised.

As at June 30, 2013, 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 June 30, 2013 in the range of C$0.02 to C$0.13 per Unit. The total fair value of the Units at June 30, 2013 was $0.1 million (December 31, 2012: $0.9 million).

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

The estimated fair values of the Units are amortized over the period in which the Units vest. Of the 1,440,000 Units issued, 50% vested upon issuance, 25% vested on December 31, 2012 and 25% vest 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 June 30		Six months ended June 30	
	2013	**2012**	**2013**	**2012**
Share price at the end of the period	C$0.60	-	C$0.60	-
Exercise price	C$3.00	-	C$3.00	-
Range of risk-free interest rate	1.22%-1.80%	-	1.22%-1.80%	-
Volatility of the expected market price of share	66.71%-68.3%	-	66.71%-68.3%	-
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.

28. RELATED PARTY TRANSACTIONS

a. Equity interests in related parties

Details of percentages of ordinary shares held in subsidiaries are disclosed in Note 33 of the audited annual consolidated financial statements of the Company for the period ended December 31, 2012.

b. Transactions with key management personnel

Details of key management personnel compensation are disclosed in Note 26 and Note 38 of the audited annual consolidated financial statements of the Company for the period ended December 31, 2012.

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

c. Transactions with other related parties

The Company has no payable to or receivable from other related parties as at June 30, 2013 and December 31, 2012.