

SABODALA GOLD OPERATION

KEY POINTS

- ▶ Teranga achieved record first quarter producing 41,904 ounces of gold at a total cash cost of \$673 per ounce sold.
- ▶ New mill and downstream processing plant commissioned – balance of facilities expected to be complete by end of second quarter – Company confirms annual production guidance of 210,000 to 225,000 ounces of gold at a cash cost of \$600 to \$650 per ounce¹.
- ▶ Exploration at the Sabodala Pit continues to confirm the potential for an expanded pit to the north and to depth.

OPERATIONAL OVERVIEW

Sabodala Gold Operation

(All amounts are in US\$ unless otherwise stated)

- Gold production for the three months ended March 31, 2012 was 41,904 ounces, 22 percent higher than the same period last year. The increase in production during the first quarter 2012 was mainly due to higher grade ore stockpiled at the end of December 2011 and processed in the first quarter.
- Gold sold for the three months ended March 31, 2012 totaled 35,268 ounces at a total cash cost of \$673 per ounce sold compared to 39,490 ounces sold at a total cash cost of \$639 per ounce in the same period last year. Ounces sold during the first quarter were lower than ounces produced due to the reduced ability to pour gold during the tie-ins for the mill expansion. As of March 31, 2012, gold in circuit and gold bullion inventory increased to 13,262 ounces.
- Total tonnes mined for the three months ended March 31, 2012 were 7 percent higher compared to the same period last year due to improved productivity and efficiency in the mining operation. Drilling and loading availabilities benefited from the addition of three new blast hole drill rigs and two new haul trucks which arrived for the development of Gora. The implementation of better maintenance practices resulted in improved loading and hauling efficiencies due to improved availability of the mobile equipment fleet.
- Mill throughput for the three months ended March 31, 2012 was 6 percent lower than the same period last year mainly due to the better blend of softer material that was available during the first quarter of 2011.
- The new mill and downstream processing plant were commissioned in late April. All that remains is the completion of a secondary crusher and new stockpile/reclaim facilities scheduled for the end of the second quarter 2012, which will bring the mills to full capacity.
- With the completion of the mill expansion, production for 2012 is expected to increase to between 210,000 to 225,000 ounces, an increase of 65 percent over 2011, while the total cash cost is expected to decline to between \$600 to \$650 per ounce¹ in line with previous guidance.
- During the three months ended March 31, 2012, all 35,268 ounces of gold sales were sold into the spot market at an average price of \$1,712. During the same quarter last year the average realized price was \$1,199 per ounce resulting from 14,000 ounces being delivered into gold hedge contracts at \$845 per ounce and 25,490 ounces being sold into the spot market at an average price of \$1,393 per ounce.
- To provide additional financial flexibility, the Company reached an agreement with Macquarie Bank Limited to defer 28,000 ounces that were due for delivery in February 2012 until later in the year. In addition, the Company modified hedge delivery contract dates in 2012 to match the anticipated production schedule while maintaining the original amount of ounces to be delivered during 2012 of 108,500 ounces. As a result, the yearend balance of ounces under contract is expected to decline to 66,000 ounces.

CORPORATE

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

Finance

At March 31, 2012:

- Cash and cash equivalents - \$14.8 million
- Project Finance Facility - nil¹
- Mining Fleet Lease Facility - \$24.4 million
- Hedge Facility = 174,500 oz remaining to be delivered at an average price of \$826/oz.

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

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

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Production Statistics

		March 2012 Quarter	December 2011 Quarter	September 2011 Quarter	June 2011 Quarter	March 2011 Quarter
Ore mined	('000t)	1,117	1,715	1,008	759	491
Waste mined	('000t)	6,316	4,736	5,085	5,538	6,460
Total mined	('000t)	7,433	6,451	6,093	6,297	6,951
Strip ratio	waste/ore	5.7	2.8	5.0	7.3	13.2
Ore processed	('000t)	573	604	582	650	608
Head grade	(g/t)	2.52	2.10	1.64	1.81	1.93
Gold recovery	(%)	90.0	89.8	88.3	89.2	89.8
Gold produced ⁽¹⁾	(oz)	41,904	36,695	27,082	33,388	34,296
Gold sold	(oz)	35,268	34,665	27,574	35,407	39,490
Average price received	\$/oz	1,712	1,482	1,174	1,083	1,199
Total cash costs per ounce sold	\$/oz	673	809	928	802	639

Notes:

(1) Gold produced is change in gold in circuit inventory plus gold recovered during the period

(2) Total cash costs per ounce sold for 2011 were restated to comply with the Company's new accounting policy for measuring and recording ore stockpile costs, as well as reporting total cash costs after inventory movement, in line with the Company's accounting policies and with industry standards.

Mine License ("ML") Exploration

Exploration results in 2011, as well as in the first quarter of 2012, support management's belief of the potential to expand upon existing gold mineralization by an additional 20 to 30 million tonnes at grades between 1.5 and 2.0 grams per tonne ("gpt") for a total inventory of 2.5 to 3.5 million ounces from the Company's 33km² Sabodala ML over the next 9 to 15 months². This would increase the mine life to approximately 15 years at a production rate of about 200,000 ounces of gold produced annually and provide a solid production base to build on through the Regional Exploration Program³.

The larger gold inventory base is expected to result from the success of deepening the Sabodala pit to the north along the Main Flat Extension ("MFE"), extension of the Masato pit onto the ML, and conversion of Niakafiri resources to reserves.

The aggressive investment in drilling during 2011 has resulted in significant advances in understanding the structural controls on gold mineralization on the ML. During the first quarter of 2012, Reverse Circulation ("RC") and Diamond drilling ("DD") on the ML totalled 25,000 metres at cost of \$7.1 million. A minimum of 8 drill rigs are expected to be testing targets at an estimated cost of \$20 million in 2012. There are 10 drills operating on the ML at the present time (8

² While management has confidence in its production projections based on exploration work completed to date, this exploration target is not a Mineral Resource. The potential quality and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

³ This exploration/production target is not a Mineral Resource. The potential quality and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource. Reaching this level of production is based on achieving success associated with the exploration target set out above and reflects existing mill capacity as well as Management's confidence in upside potential of exploration results on the ML based on drilling results to date.

DD and 2 RC) pending rig availability this number may be maintained in order to expedite reserve definition drilling and resource expansion in 2012.

Main Flat Extension ("MFE")

During the first quarter, 9,500 metres of drilling were completed at Sabodala primarily on the MFE but also testing down dip potential of the Main Flat to the west of the current ultimate pit limit; both areas have returned good results. The latest results from March quarter include:

Hole ID	From (metres)	Intersection**
SBDH158D*	325 metres	12 m @ 7.5 g/t
SBDH159D	141 metres	14 m @ 3.5 g/t
SBDH161D*	365 metres	29 m @ 3.9 g/t
SBDH162D	353 metres	11 m @ 4.1 g/t
SBDH163*	64 metres	7 m @ 2.9 g/t
	123 metres	43 m @ 1.8 g/t
	177 metres	19 m @ 2.5 g/t
SBDH219DD	544 metres	17 m @ 3.1 g/t
SBDH222	384 metres	25 m @ 2.0 g/t
	457 metres	17 m @ 2.3 g/t
SBDH172*	255 metres	29 m @ 1.4 g/t
SBDH241	119 metres	43 m @ 2.4 g/t

* Previously released

**True widths to be determined

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Masato

The objectives for Masato for 2012 include in-filling the 200 metre by 500 metre zone identified in the first pass 2011 drill program in preparation for a resource estimate, further definition drilling on the high-grade pod of gold mineralization located on the north end of the deposit, as well as, to locate the southern extension of Masato that strikes towards the ML. In the first quarter, 10,000 metres of drilling were completed at Masato. Assays are presently being compiled and geologic interpretation is in progress. Management expects that continued positive drilling results will lead to the defining of a resource at Masato on the ML in 2012.

Dinkokhono

In the first quarter, Dinkokhono, located 1 kilometre north of the Niakafiri deposit and 1 kilometre south of the Sambaya Hill anomaly on the Niakafiri shear system, received 600 metres of drilling. Previous drilling identified low-grade mineralization within the Niakafiri shear from surface to a depth of 100 metres. Re-interpretation of the Dinkokhono structural controls on gold mineralization and the discovery of the Mamasato deposit on the neighbouring property less than 1 kilometre to the east have contributed to a new approach to drilling this target. The program is expected to test for north-west and north-east high-grade crossing structures in known mineralized zones and is intended to test for the extension of the Mamasato deposit onto the Teranga ML. Pending results and given the total meterage already drilled historically, management believes that this program could potentially add resources in the third quarter of 2012 and possibly to open pit mineable reserves at year end.

Regional Exploration

There are currently 40 drill targets that have been identified on the Company's 1,465km² Regional Land Package ("RLP"), all within trucking distance of the mill. All 40 targets are expected to be drill tested in 2012-2013. A further 20 targets have been evaluated with surface sampling or trenching.

During the first quarter, the Company completed approximately 31,500 metres of Rotary Air Blast ("RAB") drilling, 26,000 metres of RC and 2,400 metres of DD drilling. There were 4 drill rigs on the RLP during the first quarter. RC drilling during the quarter focused on Tourokhoto, Saiensoutou, Jam, KB and testing of IP anomalies at Gora. In addition, several RAB programs were completed. RLP exploration expenditures for the first quarter totalled \$8.5 million (including \$1.6 million for Gora). The exploration budget for the Regional Exploration Program is estimated at \$20 million for 2012.

For full drill results from our regional exploration program please see the Company's website.

Toumboumba (Sabodala NW)

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

Interpretation and geological modelling during the first quarter 2012 outlined potential for a modest, near surface oxide deposit on the main Toumboumba mineralised zone. In April 2012 a program of 10,000 metres of RC drilling on a nominal 25 metre by 25 metre grid

pattern commenced. This program will evaluate the resource on the main south-western mineralized zone. A total of 35 holes for 3,200 metres have been completed. Samples from this program are being analysed. The drilling to date has confirmed the presence of a shallow east dipping system of stacked veins and alteration zones hosted within the Falombou granite. High grade mineralised intervals are well correlated to quartz veins, within envelopes of silica-albite-hematite-pyrite alteration. Numerous high grade mineralized intersections have been obtained. Grades of up to 4 metres at 33.9 gpt gold have been encountered in some holes. The Company is encouraged by these latest results and is looking forward to advancing this prospect.

Tourokhoto

An RC program at Tourokhoto was completed during the first quarter 2012. A total of 50 holes for 10,000 metres were completed during this period. The results received confirmed several zones of sub-parallel mineralisation with results of up to 2 metres at 4.5 gpt gold and wider zones at lower grade. A large number of samples are still pending analysis.

Saiensoutou

A program of 14 RC holes for a total of 2,800 metres were completed over the southern portion of this prospect. The best results obtained were:

Hole ID	From (metres)	Intersection*
SARC0006	49 metres	9 m @ 1.5 g/t
SARC0001	42 metres	8 m @ 0.7 g/t

*True widths to be determined

The northern part of the anomaly will undergo additional RAB drilling to better define the gold bearing structures responsible for the two kilometre trend of surface gold anomalism. This will likely lead to a second RC program later in the year.

Diegoun North ("the Donut")

Cinnamon

A program of 14 RC holes for 2,500 metres were completed testing gold anomalies identified in the bedrock by previous RAB drilling. Only some of the samples have been assayed, with one hole returning encouraging results at the >0.2 gpt gold level:

Hole ID	From (metres)	Intersection*
DBRC0227	1 metre	5 m @ 0.6 g/t
	13 metres	10 m @ 0.3 g/t
	101 metres	10 m @ 0.5 g/t
	115 metres	8 m @ 1.9 g/t

*True widths to be determined

The remainder of the results are expected to become available during the coming quarter.

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Jam

A further 14 RC holes for 2,700 metres and nine DD holes for 2,100 metres were completed at Jam. This program was designed to test two north-west trending structures defined in this area as well as follow up on previous anomalous RC holes with hole orientations at different angles.

The intersections relate to albite-carbonate-silica-pyrite altered felsic intrusive rocks and it is evident from the work completed to date that the Jam area is a large scale, gold-bearing, hydrothermal alteration system.

An additional 13,000 metres of RAB drilling have been completed in the Jam area. This work was designed to complete coverage over the main north east trending structural trends between Cinnamon and Jam (JC corridor) and on a second grid with north-east south-west oriented lines, to better evaluate the presence of mineralisation on north-west trends. The Company awaits final assay results for all drilling to date, to define the next step in the program.

KB

Also on the Sounkounkou permit, 8 RC holes were drilled for 1,200 metres to complete the first pass testing of the gold mineralised structure defined by RAB and trenching along the contact of a sheared gabbro and metasediments. Assays from this program are pending.

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

Corporate Directory

Directors

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

Senior Management

Alan Hill, Chairman and CEO
Richard Young, President and CFO
Yani Roditis, Vice President, Operations
Kathy Sipos, Vice President, Investor & Stakeholder Relations
David Savarie, Vice President, General Counsel & Corporate Secretary
Macoumba Diop, General Manager & Government Relations Manager, SGO
Mark English, Operations Manager, SGO
Martin Pawlitschek, Regional Exploration Manager, SMC
Bruce Van Brunt, Business Development Manager, SGO

Registered Office

121 King Street West, Suite 2600
 Toronto, Ontario, M5H 3T9, Canada
 T: +1 416-594-0000
 F: +1 416-594-0088
 E: generalmailbox@terangagold.com
 W: www.terangagold.com

Senegal Office

2K Plaza
 Allees Meridient President
 Almadies
 BP 38385
 Dakar Yoff Senegal
 T: +221 338 693 181 F: +221 338 603 683

Auditor

Deloitte & Touche LLP

Share Registries

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

Stock Exchange Listings

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

Issued Capital

Issued shares	245,618,000
Stock options	19,208,334

Stock Options – Exercise Profile

Exercise Price (C\$)	Options
\$3.00	19,208,334

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About TERANGA

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

Teranga was created to acquire the Sabodala gold mine and a large regional exploration land package, located in Senegal, West Africa, within the West African Birimian geological belt. Management believes the mine operation, together with the Company's prospective 1,488 km² land package, provides the basis for growth in reserves, production, earnings and cash flow as new discoveries are made and processed through the Company's existing mill. The Company is focused on growth - growth in reserves, growth in production - while building a strong balance sheet to facilitate its actions.

Forward Looking Statements

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

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

Competent Persons Statement

The technical information in this quarterly report that relates to mineral resource estimates within the Mining License is based on information compiled by Mr. Bruce Van Brunt, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Van Brunt is a full time employee of Teranga and not independent. Mr. Van Brunt has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australian Code of Reporting of exploration Results, Mineral Resources and Ore Reserves". Mr. Van Brunt is a "Qualified Person" in accordance with National Instrument 43-101 and he consents to the inclusion of this information in the form and context in which it appears in this announcement.

The technical information in this quarterly report that relates to the exploration results and targets within the regional exploration program are based on information compiled by Mr. Martin Pawlitschek, who is a member of the Australian Institute of Geoscientists. Mr. Pawlitschek is our full time employee and is not "independent" within the meaning of National Instrument 43-101. Mr. Pawlitschek has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Pawlitschek is a "Qualified

Person" in accordance with NI 43-101 and he consents to the inclusion of this information in the form and context in which it appears in this offering memorandum.

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