



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
AND  
MANAGEMENT PROXY CIRCULAR**

**March 30, 2015**

Teranga Gold Corporation's Annual General Meeting of the holders of common shares will be held on Tuesday, May 12, 2015 at 9:30 AM (Toronto Time) at the office of Stikeman Elliott LLP, legal counsel to the Corporation, Main Boardroom, 53rd Floor, 199 Bay St., Toronto, Ontario.

Shareholders may exercise their rights by attending the Meeting or by completing a Form of Proxy, Voting Instruction Form ("VIF") or CDI VIF.

**YOUR VOTE AS A SHAREHOLDER IS IMPORTANT**

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SCHEDULE A – MANDATE OF THE BOARD OF DIRECTORS  
SCHEDULE B – AUDIT COMMITTEE CHARTER

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Teranga Gold Corporation (“**Teranga**” or the “**Corporation**”) invites you to attend its 2015 annual general meeting (the “**Meeting**”) of holders of common shares (“**Shareholders**”).

**When:** 9:30 a.m. (Toronto time) on Tuesday, May 12, 2015

**Where:** Office of Stikeman Elliott LLP, legal counsel to the Corporation, Main Boardroom, 53rd Floor, 199 Bay St., Toronto, Ontario M5L 1B9

### Business of the 2015 Annual General Meeting of Shareholders

The Meeting is being held for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2014, together with the report of the auditors thereon;
2. To elect the board of directors of the Corporation;
3. To appoint the auditors of the Corporation and to authorize the directors of the Corporation to fix their remuneration; and
4. To transact such further or other business that may properly come before the Meeting or any adjournment or postponement thereof.

### Other Important Information

The board of directors of the Corporation (the “**Board**”) has fixed March 24, 2015 as the record date for determining Shareholders who are entitled to receive notice of and to vote at the Meeting. Only Shareholders of record of the Corporation on March 24, 2015 are entitled to receive notice of the Meeting and to attend and vote at the Meeting. This notice of the Meeting (the “**Notice**”) is accompanied by a management proxy circular (the “**Circular**”) and a form of proxy and the Corporation’s 2014 Annual Report, which contains Teranga’s audited consolidated financial statements for the financial year ended December 31, 2014. The specific details of the matters to be put before the Meeting as identified above are set forth in the Circular accompanying and forming part of this Notice. This Notice and Circular have been sent to each director of the Corporation, to each Shareholder entitled to notice of the Meeting and to the auditors of the Corporation.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and should be reviewed carefully by Shareholders. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by the Corporation before the Meeting or by the Chair at the Meeting to be adjourned or postponed.

DATED at Toronto this 31<sup>st</sup> day of March, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**



David Savarie  
VP, General Counsel & Corporate Secretary

SHAREHOLDERS MAY EXERCISE THEIR RIGHTS BY ATTENDING THE MEETING OR BY COMPLETING A FORM OF PROXY, VIF OR CDI VIF. SHOULD YOU BE UNABLE TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED FORM OF PROXY AND RETURN IT IN THE ENVELOPE PROVIDED FOR THAT PURPOSE. PROXIES MUST BE RECEIVED BY THE TRANSFER AGENT AND REGISTRAR OF THE CORPORATION (COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 8th FLOOR, TORONTO, ONTARIO, CANADA M5J 2Y1) NO LATER THAN 9:30 A.M. (TORONTO TIME) ON FRIDAY, MAY 8, 2015. YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS AS INDICATED ON THE FORM OF PROXY, OR FAILING INSTRUCTIONS, IN THE MANNER SET FORTH IN THE ACCOMPANYING MANAGEMENT PROXY CIRCULAR.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

### CDI VOTING PROCESS

This year, the annual general meeting (the “**Meeting**”) of holders of common shares (“**Shareholders**”) of Teranga Gold Corporation (the “**Corporation**”) will be held at the office of Stikeman Elliott LLP, legal counsel to the Corporation, Main Boardroom, 53rd floor, 199 Bay Street, Toronto, Canada, M5L 1B9 on May 12, 2015 at 9:30 a.m. (Toronto time). The Meeting provides Shareholders with an opportunity to participate directly in the affairs of the Corporation and to meet our directors and senior management. Please see the accompanying Notice of Annual General Meeting for further details.

As the common shares of the Corporation (“**Common Shares**”) are listed on the Australian Securities Exchange (the “**ASX**”) in the form of CHESS Depository Interests (“**CDIs**”), the Corporation would like to remind CDI holders of the particular requirements and restrictions that their votes will be subject to. Each CDI represents a beneficial interest in one Common Share of the Corporation. CDI holders do not actually own direct legal title to Common Shares, which is held for and on behalf of CDI holders by CHESS Depository Nominees Pty Ltd. (“**CDN**”), a wholly-owned subsidiary of ASX Limited. This structure exists because the Corporation is a Canadian company with a right to have its securities traded on the ASX by way of CDIs.

This arrangement impacts how CDI holders can record their votes for the matters to be tabled at the Meeting. As CDIs are technically rights to Common Shares held on behalf of CDI holders by CDN, CDI holders need to provide confirmation of their voting intentions to CDN before the Meeting. CDN will then exercise the votes at the Meeting on behalf of CDI holders. If a CDI holder wishes to vote, they must register their vote with CDN by using the CDI Voting Instruction Form (“**CDI VIF**”) provided.

**To have a CDI vote counted, CDI holders must return their completed CDI VIF to CDN at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the start of the Meeting, or any adjournment or postponement thereof. Given the multi-jurisdictional location of Teranga’s Shareholders, and the need to ensure all CDI VIFs are duly received and incorporated ahead of the Meeting, it is necessary that all CDI VIFs be returned by no later than 9:30 a.m. on Friday, May 8, 2015 (Perth time).**

We appreciate your support and your interest in the Corporation and encourage CDI holders to lodge their votes ahead of the Meeting in the manner specified above.

We look forward to your continued support.

Yours sincerely,

**TERANGA GOLD CORPORATION**



Alan Hill  
Chairman of the Board

## MANAGEMENT PROXY CIRCULAR

### THE MEETING

#### Date, Time and Place of the Annual General Meeting

The annual general meeting (the “**Meeting**”) of the common shareholders (“**Shareholders**”) of Teranga Gold Corporation (“**Teranga**” or the “**Corporation**”) will be held at 9:30 a.m. (Toronto time) on Tuesday, May 12, 2015 at the offices of Stikeman Elliott LLP, legal counsel to the Corporation, Main Boardroom, 53rd Floor, 199 Bay St., Toronto, Ontario M5L 1B9.

Information contained in this management proxy circular (the “**Circular**”) is given as at March 30, 2015, unless otherwise indicated.

No person is authorized to give any information or to make any representation not contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by Teranga.

#### Record Date

The record date for determining Shareholders entitled to receive notice of and vote at the Meeting is March 24 2015 (the “**Record Date**”). Shareholders of record as at the close of business on such date will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Circular.

### SOLICITATION OF PROXIES

#### Proxy Solicitation

**This Circular, which is dated March 30, 2015, is furnished in connection with the solicitation of proxies by management of the Corporation for use at the Meeting to be held at the time and place and for the purposes set forth in the attached notice of meeting (the “Notice”).** The solicitation of proxies in connection with the Meeting is being made primarily by mail, but proxies may also be solicited by telephone, fax or other personal contact by directors, officers or other employees of the Corporation. The Corporation has also engaged **Kingsdale Shareholder Services (“Kingsdale”)** to act as the Corporation’s proxy solicitation agent in connection with the Meeting and will pay fees of approximately \$42,000 to Kingsdale for the proxy solicitation service in addition to certain out-of-pocket expenses. Shareholders with questions about voting their shares can contact Kingsdale by toll-free telephone in North America at 1-855-682-2019 or collect call outside North America at +1-416-867-2272, or by e-mail at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

### VOTING INFORMATION

#### General

The following questions and answers provide guidance on how to vote your common shares or CDIs.

#### Who can vote?

Each holder of Common Shares is entitled to one vote at the Meeting or any adjournment or postponement thereof for each Common Share registered in the holder’s name as at the close of business on the Record Date, March 24, 2015.

As of March 30, 2015, the Corporation had 352,801,091 Common Shares outstanding. As of March 24, 2015, to the knowledge of the directors and officers of the Corporation based on Shareholders’ public filings, there is no entity that beneficially owned or exercised control or direction over, directly or indirectly, 10% or more of the votes attached to the Common Shares. For further details, please see VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES below.

#### What will I be voting on?

Shareholders will be voting to: (i) elect directors; and (ii) appoint the external auditors, all as outlined below.

The board of directors of the Corporation (the “**Board**”) recommends that Shareholders vote FOR each of the above items of business.

*If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Shareholder Services at 1-855-682-2019 toll free in North America, collect at +1-416-867-2272 outside of North America, or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)*

## How will these matters be decided at the Meeting?

A simple majority of the votes cast, in person or by proxy, will constitute approval of these matters.

## How do I vote?

If you are eligible to vote and your Common Shares are registered in your name, you can vote your Common Shares in person at the Meeting or by proxy, see the instructions below under "Voting by Registered Shareholders". If your Common Shares are held in the name of a nominee (for example, a broker) or are listed on the Australian Securities Exchange (the "ASX"), see the instructions below under "Non-Registered Shareholder Voting".

## Who can I call with questions?

If you have questions about the information contained in this Circular or require assistance in completing your form of proxy, VIF or CDI VIF, please contact Kingsdale at 1-855-682-2019 or collect outside North America at +1-416-867-2272 or via email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

## VOTING BY REGISTERED SHAREHOLDERS

As outlined below, the Common Shares represented by a properly executed proxy will be voted for or withheld against both the election of directors and the appointment of the external auditors. All matters to be voted on at the Meeting shall be voted on in accordance with the instructions of the registered holder of Common Shares (a "Registered Shareholder") on any vote that may be called for.

### Voting by proxy

You are a Registered Shareholder if your name appears on a share certificate or on the list of Registered Shareholders maintained by the Corporation's transfer agent and registrar, Computershare Investor Services Inc. ("Computershare"). If this is the case, you may appoint someone else to vote for you as your proxy holder by using the enclosed form of proxy. The persons named in the enclosed form of proxy are directors or officers of the Corporation.

**A Shareholder has the right to appoint as proxy holder, a person or entity other than those whose names are printed as proxy holders in the accompanying form of proxy, by striking out said printed names and inserting the name of his/her chosen proxy holder in the blank space provided for that purpose in the form of proxy. In either case, the completed form of proxy must be delivered to Computershare, in the envelope provided for that purpose, prior to the Meeting at which it is to be used. A person acting as proxy holder need not be a Shareholder of the Corporation. If applicable, make sure that the person you appoint is aware that he or she is appointed and attends the Meeting.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. If any such amendments, variations or other matters do properly come before the Meeting, it is intended that the person appointed as proxy shall vote on such other business in such manner as that person then considers being proper.

### How can I vote my Common Shares by proxy?

*By Telephone:* Call the toll-free number indicated on the proxy form (1.866.732.VOTE) and follow the instructions. If you choose to vote by telephone, you cannot appoint any person other than the directors or officers named on your form of proxy as your proxy holder.

*Online:* Go to the website indicated on the proxy form ([www.investorvote.com](http://www.investorvote.com)) and follow the instructions on the screen. If you return your proxy via the Internet, you can appoint a person other than the directors or officers of Teranga named in the form of proxy as your proxy holder. This person does not have to be a Shareholder. Indicate the name of the person you are appointing in the space provided on the form of proxy. Complete your voting instructions, and date and submit the form. If applicable, make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

*If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Shareholder Services at 1-855-682-2019 toll free in North America, collect at +1-416-867-2272 outside of North America, or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)*

*By Mail:* Complete your form of proxy and return it in the envelope provided. If you return your proxy by mail, you can appoint a person other than the directors or officers of Teranga named in the form of proxy as your proxy holder. This person does not have to be a Shareholder. Fill in the name of the person you are appointing in the blank space provided on the form of proxy. Complete your voting instructions on the form of proxy, and date and sign the form. If applicable, make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

### **What is the deadline for receiving the form of proxy?**

The deadline for receiving duly completed forms of proxy or a vote using the telephone or over the Internet is 9:30 a.m. (Toronto Time) on Friday, May 8, 2015, or if the Meeting is adjourned or postponed, by no later than 48 hours (excluding weekends and statutory holidays) prior to the day fixed for the adjourned or postponed Meeting. The proxy deadline may be waived or extended by the Chairman of the Meeting, in his sole discretion without notice.

### **How will my Common Shares be voted if I give my proxy?**

Common Shares represented by proxies in the accompanying form of proxy will be voted in accordance with the instructions indicated thereon. If no contrary instruction is indicated, the Common Shares represented by such form of proxy will be voted in favour of: (1) the election as directors of the persons named under the heading "Election of Directors"; and (2) the appointment of the external auditor of the Corporation and authorizing the Board to fix their remuneration, as described under the heading "Appointment of External Auditor".

The form of proxy also confers discretionary voting authority on those persons designated therein with respect to amendments or variations to the proposals identified in the Notice and with respect to other matters which may properly come before the Meeting. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. If such amendments, variations or other matters properly come before the Meeting, the management nominees designated in such form of proxy shall vote the Common Shares represented thereby in accordance with their best judgment.

### **If I change my mind, how can I revoke my proxy?**

A Registered Shareholder who has given a proxy may revoke the proxy by completing and signing a form of proxy bearing a later date and depositing it with Computershare (100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1) no later than 9:30 a.m. (Toronto Time) on Friday, May 8, 2015 or with the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting, or any adjournment or postponement thereof, or in any other manner permitted by law.

### **Voting in Person**

If you wish to vote in person, you may present yourself at the Meeting to a representative of Computershare. Your vote will be taken at the Meeting. If you wish to vote in person at the Meeting, do not complete or return the form of proxy.

## **VOTING BY NON-REGISTERED SHAREHOLDERS**

If your Common Shares are not registered in your name and are held in the name of a nominee, you are a "**Non-Registered Shareholder**". If your Common Shares are listed in an account statement provided to you by your broker, those Common Shares will, in all likelihood, not be registered in your name. Such Common Shares will more likely be registered in the name of a depository or of your broker or an agent of that broker, or in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**") or Chess Depository Nominees PTY Ltd. ("**CDN**") of which the intermediary is a participant. Without specific instructions, brokers and their agents or nominees are prohibited from voting shares beneficially held by their clients. Non-Registered Shareholders are either "objecting beneficial owners" or "OBOs", who object to intermediaries disclosing information about their identity and ownership in the Corporation or "non-objecting beneficial owners" or "NOBOs", who do not object to such disclosure. The Corporation does not send proxy-related materials directly to OBOs or NOBOs and intends to pay for an intermediary to deliver to OBOs and NOBOs the proxy-related materials. If you are a Non-Registered Shareholder, there are two ways, listed below, that you can vote your Common Shares:

*If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Shareholder Services at 1-855-682-2019 toll free in North America, collect at +1-416-867-2272 outside of North America, or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)*

## Giving your Voting Instructions

Applicable securities laws require your nominee to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive or have already received from your nominee a request for voting instructions for the number of Common Shares you hold. Every nominee has its own mailing procedures and provides its own signature and return instructions, which should be carefully followed by Non-Registered Shareholders to ensure that their Common Shares are voted at the Meeting.

## Voting in Person

However, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions provided by your nominee to appoint yourself as proxy holder and follow the instructions of your nominee. Non-Registered Shareholders who appoint themselves as proxy holders should present themselves at the Meeting to a representative of Computershare. Do not otherwise complete the request for voting instructions sent to you as you will be voting at the Meeting.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. If any such amendments, variations or other matters do properly come before the Meeting, it is intended that the person appointed as proxy shall vote on such other business in such manner as that person then considers proper.

## Canada

In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (“**NI 54-101**”), the Corporation has distributed copies of this Circular and the accompanying Notice together with the form of proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to non-registered holders of Common Shares.

Intermediaries are required to forward the Meeting Materials to non-registered holders. Very often, intermediaries will use service companies to forward the Meeting Materials to non-registered holders. Generally, non-registered holders will either:

- a) be given a form of proxy which has already been signed by the intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered holder but which is not otherwise completed. Because the intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered holder when submitting the proxy. In this case, the non-registered holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified; or
- b) be given a form of proxy which is not signed by the intermediary and which, when properly completed and signed by the non-registered holder and returned to the intermediary or its service company, will constitute voting instructions (often called a “**Voting Instruction Form**” or “**VIF**”) which the intermediary must follow.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the shares they beneficially own.

## Australia

Non-registered holders in Australia hold CHESS Depository Interests (“**CDIs**”) of the Corporation, or units of beneficial ownership of the underlying Common Shares, which are registered in the name of CDN. As holders of CDIs are not the legal owners of the underlying Common Shares, CDN is entitled to vote at the Meeting at the instruction of the holders of the CDIs.

As a result, holders of CDIs can expect to receive a CDI Voting Instruction Form (“**CDI VIF**”), together with the Meeting Materials from Computershare in Australia. These CDI VIFs are to be completed and returned to Computershare in Australia in accordance with the instructions contained therein. CDN is required to follow the voting instructions properly received from holders of CDIs.

A non-registered holder of a CDI can request that CDN appoint the Non-Registered Holder (or a person nominated by the non-registered holder) as proxy to exercise the votes attaching to the underlying Common Shares represented by the CDIs. In such case, a non-registered holder of CDIs may, as proxy, attend and vote in person at the Meeting.

*If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Shareholder Services at 1-855-682-2019 toll free in North America, collect at +1-416-867-2272 outside of North America, or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)*



If you hold your interest in CDIs through an intermediary, you will need to follow the instructions of your intermediary and request that your intermediary provide a form of legal proxy which will grant you the right to attend the Meeting and vote in person.

To obtain a copy of CDN's Financial Services Guide, go to [www.asx.com.au/cdis](http://www.asx.com.au/cdis). Phone +61 2 9338 0000 (within Australia) or +02 9227 0885 (overseas) if you would like a copy sent to you in the mail.

### Information for CDI Holders

CDI holders should note that the Corporation has been granted in-principle waivers from certain Listing Rules of the ASX. In particular, the Corporation has received an in-principle waiver from ASX Listing Rule 14.2.1 which requires that a form of proxy allow a securityholder to vote for or against each resolution. Under applicable Canadian securities laws, the form of proxy to be provided must only allow securityholders to vote in favour of or to withhold their vote in respect of a resolution to elect a director or in respect of appointment of auditor, but not to vote against it. The Corporation's waiver from ASX Listing Rule 14.2.1 only applies to the extent necessary to permit it to comply with the proxy requirements under applicable Canadian securities laws and for so long as such laws prevent the Corporation from permitting Shareholders to vote against a resolution to elect a director or appoint an auditor.

The Corporation has also received an in-principle waiver from ASX Listing Rule 14.3 to the extent necessary to permit the Corporation to accept nominations for the election of directors in accordance with Canadian securities laws. Under ASX Listing Rule 14.3, an ASX listed entity must accept nominations for the election of directors up to 35 business days (in the case of a meeting that securityholders have requested directors to call, 30 business days) before the date of the meeting at which directors may be elected, unless the entity's constitution provides otherwise. Section 137 of the Canada Business Corporations Act provides a mechanism for Shareholders to submit proposals for consideration at an annual meeting, including nominations for election of directors, up to 90 days prior to the anniversary date of the previous annual meeting. If the proposal includes a nomination for election, the proposal must be signed by one or more holders of shares representing an aggregate of not less than 5% of the voting shares. A Shareholder who is entitled to submit a proposal is also entitled to discuss at an annual meeting any subject, including nominations for election of directors, that they would be entitled to make a proposal regarding. In this manner, nominations for election to director may be made at the meeting, and it is possible that a person could be elected director without his or her nomination disclosed prior to the date of the meeting.

### INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, nor any Nominee (as defined below), nor any of the associates or affiliates of the foregoing persons, has a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

#### Share Capital

The Corporation's authorized share capital currently consists of an unlimited number of Common Shares of which 352,801,091 were issued and outstanding as of the date of this Circular. Each Common Share entitles the holder thereof to one vote at all meetings of Shareholders of the Corporation, including the Meeting.

#### Principal Shareholders

As of the date of this Circular, to the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to the Common Shares.

Pursuant to Australian law, a holder of more than 5% of the voting power of a corporation is deemed a substantial holder and must report such holdings. As of the close of business on the record date, the Corporation is only aware of one substantial holder under Australian law:

Name of Shareholder	# of Common Shares held	% of Common Shares Outstanding
Van Eck Associates Corporation	20,853,276	5.91%

*If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Shareholder Services at 1-855-682-2019 toll free in North America, collect at +1-416-867-2272 outside of North America, or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)*

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

1. **Presentation of Audited Financial Statements**
2. **Election of Directors**
3. **Appoint the Auditors**

### Audited Financial Statements

The audited comparative consolidated financial statements of the Corporation for the fiscal period ended December 31, 2014, and the report of the auditors thereon will be placed before the Meeting. Receipt at the Meeting of the audited comparative consolidated financial statements of the Corporation for the fiscal year ended December 31, 2014 will not constitute approval or disapproval of any matters referred to therein. No vote will be taken on the financial statements. These financial statements are included in the Corporation's 2014 Annual Report which can be accessed on the Corporation's website at [www.terangagold.com](http://www.terangagold.com) and are also available at [www.sedar.com](http://www.sedar.com).

Pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators ("NI 51-102") and NI 54-101, a person or corporation who in the future wishes to receive annual and interim financial statements from the Corporation must deliver a written request for such material to the Corporation. Shareholders who wish to receive annual and interim financial statements are encouraged to complete the appropriate section at the bottom of the form of proxy and send it to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Canada, Attention: Proxy Department.

### Election of Directors

The Board is authorized to set the number of directors to be elected at a meeting of Shareholders. At the Meeting, Shareholders will be asked to elect the seven (7) directors proposed by management (the "**Nominees**").

The following table provides the names of the Nominees and information concerning them. The persons named in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. Each director elected will hold office until his or her successor is elected at the next annual meeting of the Corporation, or any adjournment or postponement thereof, or until his or her successor is otherwise elected or appointed.

If any of the above Nominees is for any reason unavailable to serve as a director, proxies in favour of management will be voted for another nominee in their discretion unless the Shareholder has specified in the proxy that his or her Common Shares are to be withheld from voting in the election of directors.


### Nominee Biographies

The following are brief biographies of the Nominees:


	<p><b>Alan R. Hill, 72</b> Toronto, Ontario Canada Director since October 2010</p> <p>Non-Independent (Formerly Executive Chairman and CEO of Teranga)</p>	<p>Mr. Hill joined Teranga as its Executive Chairman and CEO on December 3, 2010. On April 30, 2014 Mr. Hill transitioned from Executive Chairman to Non-Executive Chairman of Teranga. Mr. Hill has been a director of Gold Fields Ltd since 2009. Mr. Hill served as President and CEO of Gabriel Resources Ltd. ("<b>Gabriel</b>"), having held the position from May 2005 to March 2009. Prior to leading Gabriel, Mr. Hill served as Non-Executive Chairman of Alamos Gold Inc. from 2005 through 2007, a gold company constructing its first mine in Mexico. Prior to that, Mr. Hill spent 20 years at Barrick Gold Corporation ("<b>Barrick</b>"), where as Executive Vice President, Development, he oversaw project evaluations, acquisitions and development of many of Barrick's major mines in North America, South America, Africa and Australia. Mr. Hill holds undergraduate and graduate degrees in mining engineering and a post graduate degree in rock mechanics from Leeds University in the U.K.</p>
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If you have any questions or need assistance completing your form of proxy or voting instruction form, please call Kingsdale Shareholder Services at 1-855-682-2019 toll free in North America, collect at +1-416-867-2272 outside of North America, or email [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)

SECURITIES HELD				Areas of Expertise: Metals and Mining, Mine Engineering, International Business
Common Shares			1,931,000	
Deferred Share Units			181,667	
Stock Options	<i>Granted</i>	<i>Vested</i>	<i>Exercise Price</i>	
	2,200,000	2,200,000	\$3.00	
MEMBER	ATTENDANCE			OTHER PUBLIC BOARDS DURING PAST FIVE YEARS
Board of Directors	9 of 9			Goldfields Ltd. (2009 to present) Gabriel Resources Ltd. (2005 to 2009)
Committees:				
Technical	3 of 3			
Corporate Social Responsibility	2 of 2			

	<b>Richard S. Young, 51</b> Oakville, Ontario Canada Director since October 2010	Mr. Young joined Teranga as its President and CFO on December 3, 2010 and was appointed as CEO on September 6, 2012. Mr. Young most recently served as Vice President and CFO of Gabriel Resources Ltd. from May 2005 to March 2010. Prior to Gabriel, Mr. Young served in a series of positions of increasing responsibility at Barrick Gold Corporation over a 13 year period rising from positions in the finance group, mine operations and development — primarily the Goldstrike and the Pierina projects — before becoming Vice President, Investor Relations. A Chartered Professional Accountant/CA, Mr. Young is a graduate of the University of Western Ontario and has a graduate diploma in public accountancy from McGill University.	
	Non-Independent (President and CEO of Teranga)		Areas of Expertise: Finance and Accounting, Metals and Mining, International Business
SECURITIES HELD			
Common Shares		878,030	
Restricted Share Units		369,010	
Stock Options	<i>Granted</i>	<i>Vested</i>	<i>Exercise Price</i>
	2,000,000	2,000,000	\$3.00
MEMBER	ATTENDANCE		OTHER PUBLIC BOARDS DURING PAST FIVE YEARS
Board of Directors	9 of 9		Nil


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	<p><b>Christopher R. Lattanzi, 78</b> Toronto, Ontario Canada Director since October 2010</p> <p>Independent</p>	<p>Mr. Lattanzi is currently a director of Argonaut Gold Inc. and Spanish Mountain Gold Ltd. Mr. Lattanzi is an associate consultant for Micon International Limited (“Micon”). He was the founding member of Micon in 1988 and served as its president from formation until mid-2005. Prior to 1988, Mr. Lattanzi was a consultant with David Robertson and Associates, Micon’s predecessor firm. As a consultant, Mr. Lattanzi has gained invaluable experience in property valuation, scoping, feasibility studies and project monitoring on a global basis. Mr. Lattanzi was appointed a director of Meridian Gold Inc. (“Meridian”) in 1999 and from mid-2004 until December 2006 he was the chairman of the board of Meridian. Mr. Lattanzi holds a B.Eng (Mining) from Melbourne University. He has worked within the mineral industry for more than 50 years.</p> <p>Areas of Expertise: Metals and Mining (Technical), International Business</p>
<b>SECURITIES HELD</b>		
Common Shares		50,000
Deferred Share Units		60,556
Stock Options	<i>Granted</i> 375,000	<i>Vested</i> 375,000
		<i>Exercise Price</i> \$3.00
<b>MEMBER</b>	<b>ATTENDANCE</b>	<b>OTHER PUBLIC BOARDS DURING PAST FIVE YEARS</b>
Board of Directors		9 of 9
Committees:		Argonaut Gold Inc. (2009 to present) Spanish Mountain Gold Ltd. (2008 to present)
Technical		3 of 3
Audit		4 of 4
Compensation		2 of 2


	<p><b>Edward Goldenberg, 66</b> Ottawa, Ontario Canada Director since July 2013</p> <p>Independent</p>	<p>Mr. Goldenberg is a senior partner at the law firm of Bennett Jones LLP where he has a corporate practice, advising clients on governance issues, public policy and government relations. Mr. Goldenberg has a distinguished background working with the Government of Canada, having been the Senior Policy Advisor to the Prime Minister of Canada (1993-2003) and the Prime Minister's Chief of Staff (2003). Prior to these roles, Mr. Goldenberg acted in various capacities in the federal government, including in all the major economic departments and as General Constitutional Advisor to the Minister of Justice (1980-1982). In 2013, Mr. Goldenberg was named as a Member of the Order of Canada “for his contributions to public policy in Canada”. He is one of the authors of the Charter of Rights and Freedoms. Mr. Goldenberg was awarded an Honorary Doctorate of Laws from McGill University in 2004. Mr. Goldenberg is a board member of the Canadian International Council, a non-partisan, nationwide council established to strengthen Canada's role in international affairs. Mr. Goldenberg holds a BA, MA and BCL from McGill University and also studied at the Institut d'Études Politiques de Paris (France).</p> <p>Areas of Expertise: Legal, Government Relations, International Business</p>
<b>SECURITIES HELD</b>		
Common Shares		75,000
Deferred Share Units		90,833
Stock Options		Nil
<b>MEMBER</b>	<b>ATTENDANCE</b>	<b>OTHER PUBLIC BOARDS DURING PAST FIVE YEARS</b>
Board of Directors		9 of 9
		Nil


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Committees:	
Technical	3 of 3
Corporate Governance	3 of 3
Finance	2 of 2
CSR	2 of 2

	<b>Alan R. Thomas, 72</b> Toronto, Ontario Canada Director since October 2010  Independent	Mr. Thomas has been a director/trustee of Labrador Iron Ore Royalty Corporation (formerly Labrador Iron Ore Trust) since 2004 and Chief Financial Officer since 2006. Mr. Thomas served on the board of directors of Gabriel Resources Ltd. from June 2006 until June 2010. Prior to retiring, from 2000 to 2006. Mr. Thomas held the position of Chief Financial Officer of ShawCor Ltd., an energy services firm headquartered in Toronto with manufacturing and service operations around the world. Prior to serving with ShawCor Ltd., Mr. Thomas was the CFO of Noranda Inc. from 1987 to 1998. Mr. Thomas is a Chartered Professional Accountant/CA and graduate of the University of Toronto.  Areas of Expertise: Finance and Accounting, Metals and Mining, International Business								
	<b>SECURITIES HELD</b>									
Common Shares 10,000 Deferred Share Units 60,556 Stock Options <table border="0" style="display: inline-table; vertical-align: middle;"> <tr> <td style="text-align: right;"><i>Granted</i></td> <td style="text-align: right;"><i>Vested</i></td> <td style="text-align: right;"><i>Exercise Price</i></td> </tr> <tr> <td style="text-align: right;">375,000</td> <td style="text-align: right;">375,000</td> <td style="text-align: right;">\$3.00</td> </tr> </table>		<i>Granted</i>	<i>Vested</i>	<i>Exercise Price</i>	375,000	375,000	\$3.00			
<i>Granted</i>	<i>Vested</i>	<i>Exercise Price</i>								
375,000	375,000	\$3.00								
<b>MEMBER</b>	<b>ATTENDANCE</b>	<b>OTHER PUBLIC BOARDS DURING PAST FIVE YEARS</b>								
Board of Directors Committees: <table border="0" style="margin-left: 20px;"> <tr> <td>Audit</td> <td>4 of 4</td> </tr> <tr> <td>Corporate Governance</td> <td>3 of 3</td> </tr> <tr> <td>Compensation</td> <td>2 of 2</td> </tr> <tr> <td>Finance</td> <td>2 of 2</td> </tr> </table>	Audit	4 of 4	Corporate Governance	3 of 3	Compensation	2 of 2	Finance	2 of 2	9 of 9	Labrador Iron Ore Royalty Corporation (2004 to present) Gabriel Resources Ltd. (2005 to 2010)
Audit	4 of 4									
Corporate Governance	3 of 3									
Compensation	2 of 2									
Finance	2 of 2									

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	<p><b>Frank D. Wheatley, 56</b> Toronto, Ontario Canada Director since October 2010</p> <p>Independent</p>	<p>Mr. Wheatley is the CEO of Yellowhead Mining Inc., a position he has held since July 1, 2013. Prior to that, Mr. Wheatley was the Executive Director — Corporate Affairs and Strategy of Talison Lithium Limited, from January 2010 until March 31, 2013 when it was acquired by Chengdu Tianqi Industry (Group) Co. Mr. Wheatley was the Vice-President and General Counsel of Gabriel Resources Ltd. (“Gabriel”), from 2000 to 2009, and prior to which, the President and Chief Operating Officer of Gabriel from March 1999 to October 2000. Before joining Gabriel, Mr. Wheatley was Vice President, Legal Affairs of Eldorado Gold Corporation. Mr. Wheatley has 28 years’ experience as a director and senior officer of, and legal counsel to, a number of Canadian public mining companies and has extensive legal and business experience in the mineral industry, particularly in the areas of public financing, project debt financing, permitting of large scale mining projects, and strategic mergers and acquisitions in the international minerals industry. Mr. Wheatley received his Bachelor of Commerce and LL.B. degrees from the University of British Columbia.</p>																													
<p><b>SECURITIES HELD</b></p>		<p>Areas of Expertise: Legal, International Finance, Metals and Mining</p>																													
<table border="0"> <tr> <td>Common Shares</td> <td colspan="3">Nil</td> </tr> <tr> <td>Deferred Share Units</td> <td colspan="3">60,556</td> </tr> <tr> <td>Stock Options</td> <td><i>Granted</i></td> <td><i>Vested</i></td> <td><i>Exercise Price</i></td> </tr> <tr> <td></td> <td>375,000</td> <td>375,000</td> <td>\$3.00</td> </tr> </table>		Common Shares	Nil			Deferred Share Units	60,556			Stock Options	<i>Granted</i>	<i>Vested</i>	<i>Exercise Price</i>		375,000	375,000	\$3.00	<p><b>MEMBER ATTENDANCE OTHER PUBLIC BOARDS DURING PAST FIVE YEARS</b></p> <table border="0"> <tr> <td>Board of Directors</td> <td>9 of 9</td> <td rowspan="6">           Yellowhead Mining Inc. (2013 to 2014)            Talison Lithium Limited (2010 to 2013)            Galileo Petroleum Ltd. (2004 to 2012)            Lithic Resources Ltd. (2002 to 2012)            Selwyn Resources Ltd. (2013 to 2014)         </td> </tr> <tr> <td colspan="2">Committees:</td> </tr> <tr> <td>Audit</td> <td>4 of 4</td> </tr> <tr> <td>Compensation</td> <td>2 of 2</td> </tr> <tr> <td>Corporate Governance</td> <td>3 of 3</td> </tr> <tr> <td>Finance</td> <td>2 of 2</td> </tr> </table>	Board of Directors	9 of 9	Yellowhead Mining Inc. (2013 to 2014) Talison Lithium Limited (2010 to 2013) Galileo Petroleum Ltd. (2004 to 2012) Lithic Resources Ltd. (2002 to 2012) Selwyn Resources Ltd. (2013 to 2014)	Committees:		Audit	4 of 4	Compensation	2 of 2	Corporate Governance	3 of 3	Finance	2 of 2
Common Shares	Nil																														
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Committees:																															
Audit	4 of 4																														
Compensation	2 of 2																														
Corporate Governance	3 of 3																														
Finance	2 of 2																														

	<p><b>Jendayi E. Frazer, 53</b> Alexandria, VA, USA Director since March 2014</p> <p>Independent</p>	<p>Dr. Frazer is the President and CEO of 50 Ventures, LLC, a strategic consulting and investment firm focused on Africa. She is also Managing Partner of Africa Exchange Holdings, Ltd., a private sector initiative to build Africa’s equity and commodity markets. She serves as Chairman of the Board of the East Africa Exchange, Ltd, that is based in Kigali, Rwanda. Dr. Frazer is also a Distinguished Public Service Professor at Carnegie Mellon University, where she is on faculty at the Heinz College School of Public Policy and Management and in the Department of Social and Decision Sciences. She is the Director of Carnegie Mellon University’s Center for International Policy and Innovation (CIPI). Frazer is an Adjunct Senior Fellow for Africa Studies at the Council on Foreign Relations where she chairs the “Africa After 50” high-level roundtable series focused on trends and regional dynamics shaping Africa’s future. Ambassador Frazer served as the U.S. Assistant Secretary of State for African Affairs and as General Assistant to the President and Senior Director for African Affairs at the National Security Council. She was the first woman U.S. Ambassador to South Africa. Dr. Frazer received her B.A. in Political Science and African and Afro-American Studies, M.A. degrees in International Policy Studies and International Development Education, and a Ph.D. in Political Science, all from Stanford University.</p>												
<p><b>SECURITIES HELD</b></p>														
<table border="0"> <tr> <td>Common Shares</td> <td colspan="3">Nil</td> </tr> <tr> <td>Deferred Share Units</td> <td colspan="3">90,833</td> </tr> <tr> <td>Stock Options</td> <td colspan="3">Nil</td> </tr> </table>		Common Shares	Nil			Deferred Share Units	90,833			Stock Options	Nil			
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Deferred Share Units	90,833													
Stock Options	Nil													

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		Areas of Expertise: International Development, Finance and Capital Markets, Government Relations
<b>MEMBER</b>	<b>ATTENDANCE</b>	<b>OTHER PUBLIC BOARDS DURING PAST FIVE YEARS</b>
Board of Directors	6 of 7	Nil
Committees:		
Corporate Social Responsibility	2 of 2	
Corporate Governance	N/A	

### Board of Directors Skills Matrix

Below is a matrix of the relevant skill sets the Board uses as its selection criteria for new directors and reflects the skill sets represented among the Nominees.

Skills and Experience	Alan R. Hill	Richard S. Young	Christopher R. Lattanzi	Edward Goldenberg	Alan R. Thomas	Frank D. Wheatley	Jendayi E. Frazer
Senior Executive <sup>(1)</sup>	✓	✓			✓	✓	
Other Directorships <sup>(2)</sup>	✓		✓		✓		✓
Legal Expertise				✓		✓	
Technical Expertise	✓		✓				
Capital Markets	✓	✓			✓	✓	
Government Relations/Political Experience				✓			✓
Financial/Accounting Expertise		✓			✓		
Mining Industry Experience	✓	✓	✓	✓	✓	✓	
Environment/Sustainable Development	✓	✓				✓	✓
African Experience	✓	✓	✓	✓			✓

(1) Served as a senior officer of another major public company.

(2) Served as a director of another major organization (public, private or non-profit).

### Corporate Cease Trade Orders or Bankruptcies

Except as set out below, to the best of the Corporation's knowledge, information and belief, no Nominee, is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- a) was subject to an order that was issued while the Nominee was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) was subject to an order that was issued after the Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that Nominee was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above paragraph, "order" means a cease trade order, an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Except as set out below, to the best of the Corporation's knowledge, information and belief, no Nominee:

- a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets; or

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- b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Nominee.

Mr. Wheatley, was a director of Constellation Copper Corporation (“**Constellation**”) from June 1999 to December 23, 2008. On November 14, 2007, Constellation and management were issued a management cease trade order for failure to file interim financial statements and management discussion and analysis for the period ended September 30, 2007 within the prescribed time period due to an impairment review of the Lisbon Valley mine. This order was rescinded on January 16, 2008 following the filing of the required documents. In November, 2008, Constellation and its management applied for a management cease trade order and on January 14, 2009, Constellation was issued a cease trade order for failure to file interim unaudited financial statements and management discussion and analysis for the period ended September 30, 2008. On December 23, 2008, Constellation announced that it filed an assignment in bankruptcy under the Bankruptcy and Insolvency Act (Canada).

#### Penalties or Sanctions

To the best of the Corporation’s knowledge, information and belief, no Nominee has been subject to:

- a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a Nominee.

#### Personal Bankruptcies

To the best of the Corporation’s knowledge, information and belief, none of the Nominees has individually, within the 10 years prior to the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

#### Indemnification and Insurance

The by-laws of the Corporation provide an indemnity to the directors and officers of the Corporation in certain circumstances. In addition, the Corporation has a director and officer insurance program in place along with indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the greatest extent permitted by applicable law for liabilities arising out of the indemnitees’ service to the Corporation as directors and officers, if the indemnitees acted honestly and in good faith with a view to the best interests of the Corporation and, with respect to criminal and administrative actions or proceedings, if the indemnitee had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide that the Corporation advance defence expenses to the indemnitees.

#### Director Compensation

Non-executive directors of the Corporation receive an annual cash retainer of \$40,000. The chair of the Audit Committee receives a further annual cash retainer of \$20,000, and the chair of each other committee of the Board receives a further annual cash retainer of \$12,500. The Lead Independent Director of the Corporation is entitled to receive a further annual cash retainer of \$12,500. Each non-executive member of the Board receives a fee of \$1,500 for each Board meeting attended and a further \$1,400 for each committee meeting they attend. Directors are also reimbursed for their out-of-pocket expenses incurred in connection with rendering services to the Corporation.

Certain of the Corporation’s non-executive directors also received an initial grant of 300,000 stock options (“**Stock Options**” or “**Options**”) to purchase Common Shares under the Corporation’s stock option plan (the “**Stock Option Plan**”), upon election or appointment, at an exercise price determined in accordance with the Stock Option Plan (which exercise price cannot be lower than the volume weighted average trading price of the Common Shares as reported on the TSX for the five trading days immediately preceding the day on which the Option is granted). Options vest equally over 36 months from the date of grant and have a 10 year term, subject to the formal approval of, and grant by, the Board at the appropriate time. In addition, each non-executive director is customarily granted 75,000 Options. In 2012 each non-executive director was granted 75,000 Options, however, in 2013 the Board decided not to make

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such annual grant. In 2014 the Board decided to adopt a deferred share unit plan, as described below, and awarded an initial allotment to each non-executive director of the Corporation in lieu of an additional annual Options grant.

#### *Outstanding Option-Based Awards*

The following table sets forth details of all awards, provided to the Board and outstanding as at December 31, 2014, including awards granted prior to the most recently completed financial year. The Corporation did not have an active share-based compensation scheme as of December 31, 2014.

<b>Option-based Awards</b>				
<b>Director</b>	<b>Number of Securities Underlying Unexercised Options</b>	<b>Option Exercise Price (\$CAD)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised in-the-money Options<sup>(1)</sup></b>
<b>Alan R. Hill</b>	2,000,000	\$3.00	26-Nov-2020	Nil
	200,000	\$3.00	20-Jan-2021	Nil
<b>Christopher Lattanzi</b>	300,000	\$3.00	26-Nov-2020	Nil
	75,000	\$3.00	24-Feb-2022	Nil
<b>Alan R. Thomas</b>	300,000	\$3.00	26-Nov-2020	Nil
	75,000	\$3.00	24-Feb-2022	Nil
<b>Frank D. Wheatley</b>	300,000	\$3.00	26-Nov-2020	Nil
	75,000	\$3.00	24-Feb-2022	Nil
<b>Richard S. Young</b>	1,800,000	\$3.00	26-Nov-2020	Nil
	200,000	\$3.00	20-Jan-2021	Nil
<b>Edward Goldenberg</b>	Nil	N/A	N/A	N/A
<b>Jendayi Frazer</b>	Nil	N/A	N/A	N/A
<b>Total</b>	<b>5,325,000</b>			<b>Nil</b>

(1) Based on the closing price for the Common Shares on the TSX of \$0.46 on December 31, 2014.

#### *Deferred Share Unit Plan for Directors*

The Corporation adopted a deferred share unit plan (the “**DSU Plan**”) on March 24, 2014 to provide non-executive directors of the Corporation and its affiliates (collectively, “**Designated Directors**”) with the opportunity to acquire deferred share units (“**DSUs**”) in order to allow them to participate in the long-term success of the Corporation and to promote a greater alignment of interests between directors and Shareholders. DSUs represent a right to receive an amount of cash (subject to applicable withholdings), on ceasing to be a Designated Director, equal to the product of (i) the number of DSUs held by such Designated Director, and (ii) the volume weighted average trading price of a Common Share on the TSX for the five trading days prior to such date (the “**Market Price**”).

Pursuant to the DSU Plan, Designated Directors may elect to receive all or part of their annual retainer, meeting fees and additional compensation, which compensation is paid quarterly, in DSUs. Elections are irrevocable for the period in respect of which they are made. In addition, the Board may, from time to time, make discretionary awards of DSUs to Designated Directors. DSUs do not entitle a Designated Director to any voting or other rights as a Shareholder.

DSUs will be credited quarterly to each participating Designated Director’s account and will be determined by dividing the amount the Designated Director elects to receive in DSUs by the Market Price at such time. Additional DSUs will be automatically credited to a Designated Director’s DSU account if and when the Corporation pays a distribution to Shareholders. The additional DSUs to be credited will be calculated by multiplying the number of DSUs in the Designated Director’s account at the time such distribution is paid by the amount of the distribution, and then dividing that amount by the Market Price when the distribution is paid.

#### *Outstanding DSU Awards*

The following table sets forth details of all DSU awards to the Designated Directors outstanding as at December 31, 2014.

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Non-Equity Based Share Unit Awards				
Director	Share Units	Grant Date Share Price (\$)	Grant Date Value (\$)	Vesting Date
Alan R. Hill	181,667	0.72	130,800	May 5, 2015
Christopher R. Lattanzi	60,556	0.72	43,600	May 5, 2015
Jendayi E. Frazer	90,833	0.72	65,400	May 5, 2015
Edward Goldenberg	90,833	0.72	65,400	May 5, 2015
Alan R. Thomas	60,556	0.72	43,600	May 5, 2015
Frank D. Wheatley	60,556	0.72	43,600	May 5, 2015
<b>Total</b>	<b>545,000</b>		<b>392,400</b>	

Upon recommendation of the Compensation Committee, the Board agreed that the non-executive directors who had previously been awarded Options under the Option Plan would be entitled to a lower award value than Mr. Goldenberg and Ms. Frazer who were not previously in receipt of Option grants. It was further agreed that Mr. Hill, as Non-Executive Chairman be allotted an amount commensurate with the level of engagement required of the Non-Executive Chairman.

The value of all option based awards that vested or were earned by each non-executive director for the period from January 1, 2014 to December 31, 2014, being the end of the most recently completed financial year, is nil.

The following table provides information regarding compensation paid to the Corporation's non-executive directors for the period from January 1, 2014 to December 31, 2014.

Director	Annual Board Retainer \$	Committee Chair / Lead Independent Director Retainer \$	Board Meeting Fees \$	Committee Meeting Fees \$	Professional Service Fees \$	Option Based Awards \$	Non-Equity Based Awards <sup>(1)</sup> \$	TOTAL Compensation \$
Alan R. Hill	66,667 <sup>(2)</sup>	Nil	\$6,000	\$5,600	106,160 <sup>(3)</sup>	Nil	130,800	315,227
Christopher R. Lattanzi	40,000	25,000 <sup>(4)</sup>	13,500	12,600	Nil	Nil	43,600	134,700
Jendayi E. Frazer	32,333	10,104 <sup>(5)</sup>	9,000	2,800	Nil	Nil	65,400	119,637
Alan R. Thomas	40,000	32,500 <sup>(6)</sup>	13,500	15,400	Nil	Nil	43,600	145,000
Frank D. Wheatley	40,000	25,000 <sup>(7)</sup>	13,500	15,400	Nil	Nil	43,600	137,500
Edward Goldenberg	40,000	Nil	13,500	14,000	31,052 <sup>(8)</sup>	Nil	65,400	163,952
<b>Total</b>								<b>1,016,016</b>

(1) Non-Equity Based Awards refer to DSUs awarded under the DSU Plan. Each non-executive director was awarded an allotment of DSUs following the annual and special meeting of shareholders in 2014. All DSUs vest as of May 2, 2015 but only become exercisable and payable upon ceasing to be a member of the Board.

(2) Retainer to Mr. Hill as Chairman of the Board is \$100,000 per year which commenced on April 30, 2014 upon his transition from Executive Chairman to Non-Executive Chairman.

(3) Professional services fees relate to consultancy services provided by Mr. Hill to the Corporation following Mr. Hill's transition from Executive Chairman to Non-Executive Chairman on April 30, 2014.

(4) Retainer to Mr. Lattanzi is as Lead Independent Director and Chair of the Technical & Safety Committee.

(5) Retainer to Ms. Frazer is as Chair of the Corporate Social Responsibility Committee, pro-rated from date of her appointment to the Board.

(6) Retainer to Mr. Thomas includes \$20,000 as Chair of Audit Committee and \$12,500 as Chair of Finance Committee.

(7) Retainer to Mr. Wheatley includes \$12,500 as Chair of Corporate Governance Committee and \$12,500 as Chair of Compensation Committee.

(8) Mr. Goldenberg's professional services fees relate to legal and political advisory work provided by Mr. Goldenberg through Bennett Jones LLP, a law firm in which Mr. Goldenberg has been a partner since November 2007.

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The Board recommends that Shareholders vote in favour of the election of the Nominees.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE NOMINEES.**

### Appointment of External Auditors

The Board, on recommendation from the Audit Committee, recommends the re-appointment of the Corporation's existing auditors, Ernst & Young LLP, Chartered Accountants ("E&Y") as Teranga's independent auditors until the next annual meeting of Shareholders at with remuneration to be determined by the Board.

The resolution appointing the auditors must be passed by a simple majority of the votes cast with respect to the resolution by Shareholders present in person or by proxy at the Meeting. E&Y was first appointed as the Corporation's auditor on April 12, 2013.

The following table sets forth the aggregate fees billed by E&Y to the Corporation for the 2013 and 2014 fiscal years:

	2013	2014
	E&Y	E&Y
Audit Fees <sup>(1)</sup>	\$323,000	\$387,000
Audit Related Fees <sup>(2)</sup>	\$191,000	\$292,000
Tax Fees <sup>(3)</sup>	Nil	Nil
All Other Fees <sup>(4)</sup>	\$113,000	Nil

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE RE-APPOINTMENT OF E&Y AS THE CORPORATION'S EXTERNAL AUDITORS AND TO AUTHORIZE THE BOARD TO FIX THEIR REMUNERATION.**

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of Shareholders and contribute to effective and efficient decision-making. Among other important considerations, Teranga recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and the need to foster and promote diversity among Board members that reflect the diversity of Teranga's stakeholders, including its customers and employees. The Board is committed to continued growth and development with respect to diversity among its board members. This includes but is not limited to diversity in regards to attributes such as gender, ethnicity, age, nationality origin, culture and disability.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators together establish corporate governance practices and guidelines which apply to all public companies. In light of these regulatory requirements, the Corporation has instituted its own corporate governance practices and provides disclosure around those practices consistent with these regulatory requirements.

### Board of Directors

At present, the Board is currently composed of seven (7) directors, five (5) of whom are considered to be independent of the Corporation. An "independent" director is a director who has no direct or indirect "material relationship" with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. On this basis, Jendayi E. Frazer, Christopher R. Lattanzi, Alan R. Thomas, Edward Goldenberg and Frank D. Wheatley are considered to be independent directors.

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Mr. Hill, the Non-Executive Chairman of the Board, and Mr. Young, the President and Chief Executive Officer of the Corporation are not considered to be independent directors.

Mr. Lattanzi, the lead independent director of the Corporation, provides leadership for the Corporation's independent directors. The primary responsibilities of the lead director are to: (i) seek to ensure that appropriate structures and procedures are in place so that the Board may function independently; and (ii) lead the process by which the independent directors seek to ensure that the Board represents and protects the interests of all Shareholders.

### Independent Directors' Meetings

The independent Board members meet before or after meetings of the Board and committee meetings in in-camera sessions, as and when necessary and appropriate, without the presence of management and under the chairmanship of the lead director of the Board, Christopher Lattanzi. During the year ended December 31, 2014, there were four (4) in-camera sessions following meetings of the Audit Committee and one (1) in-camera session following a Board meeting at which the non-independent directors and management were excluded from attendance.

### Attendance Record

The table below shows the record of attendance by directors at meetings of the Board and its committees, as well as the number of Board and Board committee meetings held during the 12 month period ended December 31, 2014.

Name	Board (9)	Audit Committee (4)	Compensation Committee (2)	Corporate Governance Committee (3)	Technical & Safety Committee (3)	Corporate Social Responsibility Committee (2)	Finance Committee (2)	Overall Attendance
Alan R. Hill <sup>(1)</sup>	9/9	4/4	2/2	3/3	3/3	2/2	2/2	25/25 (100%)
Richard S. Young <sup>(1)</sup>	9/9	4/4	-	3/3	3/3	2/2	2/2	23/23 (100%)
Christopher R. Lattanzi <sup>(1)</sup>	9/9	4/4	2/2	3/3	3/3 (Chair)	2/2	2/2	25/25 (100%)
Edward Goldenberg	9/9	-	-	3/3	3/3	2/2	2/2	19/19 (100%)
Alan R. Thomas	9/9	4/4 (Chair)	2/2	3/3	-	-	2/2	20/20 (100%)
Frank D. Wheatley	9/9	4/4	2/2 (Chair)	3/3 (Chair)	-	-	2/2	20/20 (100%)
Jendayi E. Frazer	6/7	-	-	-	- <sup>(2)</sup>	2/2 (Chair)	-	8/9 (91%)

(1) Messrs Hill and Young, as well as Mr. Lattanzi as Lead Independent Director attended all committee meetings of the Board during 2014.

(2) Dr. Frazer became a member of the Corporate Governance Committee after it had completed its 2014 work plan.

### Other Reporting Issuer Directorships

The following directors are currently directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions, as follows:

Name	Name of Other Reporting Issuer
Alan R. Hill	Gold Fields Ltd.
Christopher Lattanzi	Argonaut Gold Inc. Spanish Mountain Gold Ltd.
Alan R. Thomas	Labrador Iron Ore Royalty Corporation

### Board Mandate

The Board is responsible for managing the business and affairs of the Corporation and, in doing so, must act honestly and in good faith with a view to the best interests of the Corporation. The Board has adopted a written mandate (the "Board Mandate"), a copy of which

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is attached to this Circular as Schedule "A". The Board Mandate includes approving long-term goals and objectives for the Corporation, ensuring the plans and strategies necessary to achieve those objectives are in place, and supervising senior management who are responsible for the implementation of long-term strategies and day-to-day management of the Corporation. The Corporate Governance and Nominating Committee is responsible for reviewing and assessing the adequacy of the Board Mandate at least annually or otherwise, as it deems appropriate, and recommending any changes to the Board for consideration. The Board retains a supervisory role and ultimate responsibility for all matters relating to the Corporation and its business. The Board discharges its responsibilities both directly and through its Audit Committee, Corporate Governance and Nominating Committee, Compensation Committee, Finance Committee, Technical, Safety & Environment Committee and the Corporate Social Responsibility Committee. The Board may also appoint ad hoc committees periodically to address issues of a more short-term nature.

### **Position Descriptions**

#### *Non- Executive Chairman*

The Board has adopted a position description for the Non- Executive Chairman of the Corporation. The Corporate Governance and Nominating Committee annually reviews the position description for the Non- Executive Chairman and recommends any changes to the Board.

#### *Chief Executive Officer*

The Board has adopted a position description for the Chief Executive Officer of the Corporation. The Corporate Governance and Nominating Committee annually reviews the position description for the Chief Executive Officer and recommends any changes to the Board.

#### *Chair of Each Standing Committee*

The Board has not developed written position descriptions for the chair of each board committee. The Board has determined that given the size of the Board, the stage of development of the Corporation and the fact that each committee has a comprehensive written charter, a written position description for the chairman of each committee is not required at this time.

### **Orientation and Continuing Education**

The Board is responsible for ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, and that they understand the nature and operation of Teranga's business. In addition, the Board is responsible for providing continuing education opportunities designed to maintain or enhance the skills and abilities of the Corporation's directors and to ensure that their knowledge and understanding of Teranga's business remains current.

The chair of each committee will be responsible for coordinating orientation and continuing director development programs relating to that committee's mandate.

The Board has planned an orientation program for new directors under which new directors will meet with the chair of the Board, each member of the Board as well as members of the senior executive team. New directors will be presented with a director manual that reviews and includes copies of all policies and procedures of the Corporation, an overview of the Corporation's operations and strategic direction, the Corporation's financial and capital plan, recent annual and quarterly reports and materials relating to key business issues. A site visit is also incorporated as part of the orientation program.

### **Ethical Business Conduct**

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**") outlining the principles of ethical conduct to which the Corporation's directors, officers and employees are expected to adhere and establishing mechanisms to report unethical conduct. The objective of the Code is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of Teranga and its subsidiaries and business units. The Code addresses conflicts of interest, protecting the Corporation's assets, confidentiality, fair dealing with securityholders, customers, suppliers, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code, any person subject to the Code is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Corporation's best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Corporation is committed to operating in a responsible manner that complies with applicable laws, rules and regulations, and providing full, fair, accurate, timely and understandable disclosure in reports and documents filed with any governing

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body or which are publicly disclosed. A copy of the Code is provided to each director, officer and employee on an annual basis and such person will be required to sign an acknowledgement form under which they acknowledge they have received and read the Code, and that they agree to adhere to the standards set forth in the Code. A copy of the Code is available on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained from the Corporation upon request.

As part of the Code and to encourage an ethical code of conduct, directors, officers and employees are required to comply with the Corporation's Corporate Disclosure Policy, Foreign Corrupt Practices Policy, Insider Trading Policy and Whistle Blower Policy. Copies of such policies may be obtained from the Corporation's website at [www.terangagold.com](http://www.terangagold.com).

## **Nomination of Directors**

The Board is responsible for approving directors for nomination and election and filling vacancies among the directors. In connection with the nomination or appointment of individuals as directors, the Board will consider the recommendations of the Corporate Governance and Nominating Committee. The Committee is required under its charter to annually review the characteristics, qualities, skills and experience which form the criteria for candidates to be considered for nomination to the Board. In addition, the Board is committed to ensuring that its members are reflective of diverse professional experience, skills, knowledge and other attributes that are essential to its successful operation and the achievement of Teranga's current and future plans and objectives. The objective of this review will be to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of Teranga. All directors are required to possess fundamental qualities of intelligence, honesty, integrity, ethical behavior, fairness and responsibility and be committed to representing the long-term interests of shareholders. They must also have a genuine interest in Teranga, the ability to be objective at all times about what is in the best interests of Teranga, have independent opinions on all issues and be both willing and able to state them in a constructive manner and be able to devote sufficient time to discharge their duties and responsibilities effectively.

### *Corporate Governance and Nominating Committee*

The Corporate Governance and Nominating Committee is currently comprised of Frank D. Wheatley (Chair), Alan R. Thomas and Jendayi E. Frazer, each of whom is an independent director. The responsibilities of the Corporate Governance and Nomination Committee include assisting the Board in fulfilling its oversight responsibilities with respect to: (a) developing corporate governance guidelines and principles for Teranga; (b) identifying individuals qualified to be nominated as members of the Board with particular attention to the level of representation of women and other diverse candidates on the Board; (c) the structure and composition of Board committees; and (d) evaluating the performance and effectiveness of the Board including recognizing the need for the considered and effective progression of, among other things, the relative increase of diversity on the Board over time, as well as the implementation of specific processes designed to foster the progression of diverse candidates to be considered for nomination or appointment to the Board.

## **Compensation Committee**

The Compensation Committee is currently comprised of Frank D. Wheatley (Chair), Christopher R. Lattanzi and Alan R. Thomas, each of whom is an independent director. Annually, the Compensation Committee is responsible for providing the Board with a recommendation regarding the compensation levels for the Corporation's directors and Chief Executive Officer, as well as reviewing the Chief Executive Officer's recommendations for the senior executives' compensation. While the Board is responsible for determining all forms of compensation to be awarded to the directors, Chief Executive Officer and senior executives, the Compensation Committee will annually review the Corporation's compensation policies and the performance objectives of the Chief Executive Officer and senior executives, and recommend any changes to the Board.

## **Other Board Committees**

### *Audit Committee*

For further details on the mandate and composition of the Audit Committee please see "Audit Committee" below.

### *Finance Committee*

The Finance Committee is comprised of Alan R. Thomas (Chair), Edward Goldenberg and Frank D. Wheatley. The Finance Committee's purpose is to assist the Board in fulfilling its oversight responsibilities with respect to financial policies and strategies,

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including capital structure, financial risk management practices, and proposed issues of securities and the utilization of financial instruments.

#### *Technical, Safety & Environment Committee*

The Technical, Safety & Environment Committee is comprised of Christopher R. Lattanzi (Chair), Edward Goldenberg and Alan R. Hill. The Technical, Safety & Environment Committee's purpose is to assist the Board in fulfilling its oversight responsibilities with respect to technical matters relating to: exploration, development, permitting, construction and operation of the Corporation's mining activities; resources and reserves on the Corporation's mineral resource properties; material technical commercial arrangements regarding engineering, procurement and construction management activities; operating and production plans for proposed and existing operating mines; due diligence in the development, implementation and monitoring of systems and programs for the management and compliance with applicable law related to health, safety and environment ; ensuring the Corporation implements best-in-class property development and operating practices; monitoring safety and environmental performance; and monitoring compliance with applicable laws related to safety and the environment.

#### *Corporate Social Responsibility Committee*

The Corporate Social Responsibility Committee is comprised of Jendayi E. Frazer (Chair), Alan R. Hill and Edward Goldenberg. The Corporate Social Responsibility Committee's purpose is to assist the Board in the development, implementation and monitoring of systems and programs for management of corporate social responsibility, monitoring corporate social responsibility performance, and monitoring compliance with applicable laws related to corporate social responsibility.

#### **Assessments**

The Corporate Governance and Nominating Committee is responsible for assessing the effectiveness and contribution of the Board, its committees and individual directors annually. Each year, the Corporate Governance and Nominating Committee issues a questionnaire which covers self-evaluation and evaluation of one's peers. The results of the evaluation are presented to the Board by the Corporate Governance and Nominating Committee together with any recommendations for improving the performance and effectiveness of the Board.

#### **Advanced Notice By-Law**

The Corporation has adopted an advance notice by-law, ratified by shareholders at the 2013 Annual and Special Meeting. These requirements set forth procedures for any shareholder who intends to nominate any person for election as director of the Corporation other than pursuant to shareholder rights instilled within the Corporation's governing statute or via shareholder proposal. The requirement stipulates a deadline by which shareholders must notify the Corporation of their intention to nominate directors and also sets out the information that shareholders must provide regarding each director nominee and the nominating shareholder in order for the advance notice requirement to be met. These requirements are intended to provide all shareholders with the opportunity to evaluate and review the proposed candidates and vote on an informed and timely manner regarding said nominees. As of the circular date, the Corporation has not received any nominations via the advance notice mechanism.

#### **Director Term Limits and Other Mechanisms of Board Renewal**

The Board has not established term limits for Board members at this time. Teranga is only entering its fifth year of operations and believes the continuity of the five (5) directors who have been members of the Board since Teranga's initial public offering (Messrs Hill, Lattanzi, Thomas, Wheatley and Young) is a beneficial resource to the Corporation as it continues to work towards executing on its vision of expansion and consolidation in Senegal through a prudent allocation of capital. The Board does not believe that an arbitrary term limit for Board members is the most effective way of ensuring overall Board effectiveness.

The Board has tasked the Corporate Governance and Nominating Committee with the following responsibilities with respect to the nomination of directors for election to the Board: (a) report and engage in the periodic evaluation and assessment of the Board to identify strengths and areas for improvement including an assessment of the Board's performance and effectiveness; (b) develop and maintain a director skills matrix that identifies the skills and expertise required for the Board along with potential areas for growth and improvement; (c) take measures designed to ensure that nominee recruitment and identification processes are appropriate in terms of depth and scope to foster identification and progression of diverse candidates; (d) maintain an evergreen list of potential candidates, to the extent feasible, that addresses the needs identified through the processes undertaken above; and (e) annually prepare and review a succession plan for the Chairman of the Board, the Chief Executive Officer and the executive management of Teranga with particular

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consideration to the level of representation of women and other diverse candidates as the Chairman of the Board, as members of the Board and on Committees of the Board.

### **Representation of Women on the Board**

The Board has approved amendments to both its Corporate Governance Guidelines as well as Corporate Governance and Nominating Committee Charter (the "**Committee Charter**") to address the importance of the identification and nomination of women directors, as well as other characteristics, to ensure an appropriate representation of diversity of background and perspective at the Board level.

The Corporate Governance Guidelines as well as the Committee Charter have been expanded to confirm and highlight the importance Teranga places on maintaining an appropriate level of diversity. While the primary objectives of the Committee are to ensure consideration of individuals who are highly qualified, based on their talents, experience, functional expertise and personal skills, character and qualities, the Corporate Governance and Nominating Committee will balance these objectives with the need to identify and promote individuals who are reflective of diversity for nomination for election to the Board. In particular, the Corporate Governance and Nominating Committee will consider the level of representation of women and other diverse candidates on the Board when making recommendations for nominees to the Board. Given the nature of Teranga's business and its industry, it may be challenging for Teranga to identify a qualified pool of candidates that adequately reflects the various diverse characteristics that the Corporation seeks to promote. Teranga has therefore not adopted any specific targets, but will promote its objectives through the initiatives set out in its Corporate Governance Guidelines with a view to identifying and fostering the development of a suitable pool of candidates for nomination or appointment over time. The Committee Charter has also been amended to require an annual review of succession plans for the Chairman, Chief Executive Officer and the executive management team of the Corporation specifically taking into account the level of women and other diverse candidates in each of these roles.

### **Representation of Women in Executive Officer Positions**

As noted above, the Board has expanded its governance practices to confirm and reflect the importance of a diversity within its executive management team, paying specific attention to the representation of women. The Corporation has always maintained at least one woman within its relatively small executive management team and is committed to maintaining this minimum level of representation and expanding upon it depending on suitability. Currently, there is one woman on the Corporation's seven member Board as well as one woman on its seven member executive management team. The Board and management recognize the value brought by a diversity of perspectives and background within the management team and have made specific amendments to its governance practices to ensure the level of women's representation is a key factor when the composition of the executive management team is being considered.

Given an established Board and executive management team in place with representation of women at both levels Teranga has not adopted any specific targets with respect to the representation of woman. However it will continue to promote its objectives through the initiatives set out in its Corporate Governance Guidelines with a view to identifying and fostering the development of a suitable pool of diverse candidates for appointment over time.

### **Majority Voting Policy**

The Board has adopted a majority voting policy relating to the election of directors. Pursuant to this policy, any nominee for director of the Corporation who, in an uncontested election\*, receives a greater number of votes withheld than number of votes in favour will promptly submit his or her resignation to the Board for consideration following the meeting. Such proposed resignations will be considered by directors other than the individual who submitted a resignation and such directors may choose to accept or reject the resignation. The resignation will be effective when accepted by the Board. The Corporation will issue a press release within 90 days following the date of the meeting disclosing if the directors accepted or rejected the resignation. The Board should accept the resignation absent exceptional circumstances. If the proposed resignation was rejected, the reasons therefor will also be included in the press release.

*\*A contested meeting is defined as a meeting at which the number of directors nominated for election is greater than the number of seats available on the board.*

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## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of the date of this Circular with respect to the Common Shares that may be issued under the Stock Option Plan.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Currently Remaining Available for Future Issuance under Equity Compensation Plans
Equity Compensation Plans Approved by Securityholders	13,402,222	\$3.00	21,877,887
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### Introduction

Teranga is a mid-tier gold mining company operating the Sabodala gold mine in Senegal, West Africa. As the only gold mining company in Senegal, we remain focused on delivering and executing on our production and costs targets and creating shareholder value through maximizing free cash flow. As a participant in the international gold mining industry, which today remains a highly competitive market for executives, Teranga has designed its compensation program to ensure it is able to both attract and retain qualified executives with the skills and experience required to execute its strategy.

Teranga continued to make progress on executing its long-term strategy during 2014 and was able to achieve a number of operational and financial objectives. Further discussion of Teranga's performance during 2014 can be found on page 26.

#### Compensation Governance

##### *Role of the Compensation Committee*

The Compensation Committee has been established by the Board to assist the Board in fulfilling its oversight responsibilities relating to executive compensation. The Compensation Committee helps to ensure that Teranga has a compensation program that will attract, retain, motivate and reward its executive officers for their performance and contribution to achieving Teranga's long-term strategy.

The Compensation Committee's primary responsibilities include:

*Compensation Philosophy, Policies and Practices* – ensure executive compensation philosophy, policies and practices for Chief Executive Officer ("CEO"), the executive officers and the directors:

- properly reflect their respective duties and responsibilities;
- are competitive in attracting, retaining and motivating people of the highest quality;
- align the interests of the directors, the CEO and the executive officers with Shareholders as a whole;
- are based on established corporate and individual performance objectives; and
- do not encourage the taking of inappropriate or excessive risks.

*Evaluation of Performance* – annually review and evaluate the performance of the CEO and the executive officers and, in light of pre-established performance objectives, report its conclusions to the Board;

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*Performance Objectives* – annually review the performance objectives for the CEO and the executive officers and, in the Committee's discretion, recommend any changes to the Board for consideration;

*Chief Executive Officer Compensation* – annually review the compensation for the CEO and, in the Committee's discretion, recommend any changes to the Board for consideration;

*Executive Officers Compensation* – annually review the CEO's recommendations for the executive officers' compensation and, in the Committee's discretion, recommend any changes to the Board for consideration;

*Succession Planning* – annually review Teranga's succession plan for the CEO and the executive officers, including appointment, training and evaluation;

*Directors' Compensation* – annually review directors' compensation and, in the Committee's discretion, recommend any changes to the Board for consideration; and

*Mitigation of Compensation Risk* – annually consider the risks associated with Teranga's compensation policies and practices, and ensure appropriate risk mitigation measures are adopted.

### **Members of the Compensation Committee**

The Compensation Committee is currently comprised of three independent directors, Frank D. Wheatley (Chair), Christopher R. Lattanzi and Alan R. Thomas. Mr. Wheatley has direct experience relating to executive compensation matters, having served on compensation committees of publicly traded mining companies where such matters have been considered with the advice and assistance of third party executive compensation consultants. The significant industry experience of each of the Compensation Committee members, either as directors or executive officers of publicly traded international mining companies, provides them with a suitable perspective to make decisions on the appropriateness of the Corporation's compensation policies and practices.

### **Role of the Chief Executive Officer**

The CEO's role in executive compensation matters includes making recommendations to the Compensation Committee regarding the Corporation's annual business plan and objectives, which provide the basis for establishing both corporate and individual performance goals for all executive officers. The CEO reviews the performance of the other executive officers, and also makes recommendations with respect to adjustments in base salary, awarding of annual performance incentives, and awarding of long-term equity incentives to such executive officers. The CEO is not involved in the selection process for the Compensation Committee, or in making recommendations with respect to his own compensation package.

The Compensation Committee reviews with the CEO the basis for his recommendations. While the Compensation Committee takes the CEO's recommendations into consideration, the Compensation Committee formulates its own recommendations based upon Company and executive performance, consultation with the independent compensation consultant engaged by the Compensation Committee, review of comparator company practices, and a variety of other quantitative and qualitative factors in making its recommendations to the Board. Finally, the Compensation Committee retains the right to exercise its sole discretion in making recommendations to the Board.

### **Role of the Compensation Consultant**

In December 2012, the Compensation Committee retained LaneCaputo Compensation Inc. ("**LaneCaputo**") to provide an independent review of current market practices regarding executive compensation, to assist the Compensation Committee in developing an appropriate comparator group of companies, as well as to provide advice and recommendations with respect to the Corporation's executive compensation program for 2012. In the course of conducting its activities, LaneCaputo attended one meeting of the Compensation Committee and presented its findings for discussion by the Compensation Committee. The Chair of the Compensation Committee also had several separate meetings with LaneCaputo. The Compensation Committee considered the advice, guidance and recommendations provided by LaneCaputo, prior to making its recommendations to the Board with respect to the executive compensation program for 2012.

In 2013, LaneCaputo was again retained to provide an updated market view of the Corporation's executive compensation and long-term incentive plan, as well as to provide advice with respect to the design of two long-term incentive plans, being a deferred share unit plan for directors and a restricted share unit plan for executives, as well as advice with respect to the transition by Mr. Hill from

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Executive Chairman of the Corporation to his new role of Non-Executive Chairman. In the course of conducting its activities, LaneCaputo attended several meetings of the Compensation Committee and presented its findings for discussion by the Compensation Committee. The Chair of the Compensation Committee also attended several separate meetings with LaneCaputo. The Compensation Committee considered the advice, guidance and recommendations provided by LaneCaputo, prior to making its recommendations to the Board with respect to the adoption of two new long-term incentive plans, the amendment of executive employment agreements with respect to severance and change of control provisions, and the transition of the role of the Executive Chairman.

In 2014, the Compensation Committee again retained LaneCaputo to update its market assessment of the Corporation's executive compensation plans. LaneCaputo attended meetings of the Compensation Committee and presented its findings and recommendations for discussion by the Compensation Committee. The Chair of the Compensation Committee attended several separate meetings with LaneCaputo to provide guidance and direction to LaneCaputo in undertaking its analysis and developing its recommendations. The Compensation Committee considered the advice, guidance and recommendations provided by LaneCaputo as part of its deliberations on its recommendations to the Board with respect to salary, annual performance incentives and long-term equity incentives.

For the financial years ended December 31, 2014 and 2013, the following fees were paid to LaneCaputo.

<b>Consultant</b>	<b>Financial Year ended December 31, 2014</b>	<b>Financial Year ended December 31, 2013</b>
LaneCaputo Compensation Inc.	\$38,745	\$41,584 <sup>(1)</sup>

(1) In the Corporation's April 4, 2014 Management Information Circular, the amount of fees attributed to Lane Caputo for 2013 was \$60,329 of which approximately \$19,000 related to work performed in 2014 which has now been included within the 2014 totals in the above table.

### **Mitigation of Compensation Risks**

As part of its annual review of the Corporation's compensation policies and practices, including the setting of annual corporate and individual performance objectives, as discussed below, the Compensation Committee considers any risks associated with such policies and practices. The Compensation Committee is satisfied that the current compensation policies and practices, combined with the enterprise risk management of the Corporation, offer a balanced combination that promotes adequate risk-taking with appropriate and reasonable compensation incentives. The Compensation Committee believes that the executive compensation program of Teranga should not raise its risk profile. Accordingly, the Corporation's compensation programs include safeguards designed to mitigate compensation risks. The following measures seek to impose appropriate limits to avoid excessive or inappropriate risk-taking or payments:

- Cash components of annual performance incentives are capped to ensure preservation of capital and to provide upper payout boundaries;
- An annual review of Teranga's annual performance incentives, long-term equity incentives, and corresponding performance objectives to ensure continued relevance, applicability and comparator group competitiveness; and
- An anti-hedging policy which, in addition to Teranga's insider trading policy, prohibits directors and executive officers from hedging equity-based compensation positions in the Corporation.

### **Compensation**

#### **Compensation Philosophy**

The objective of Teranga's compensation program is to attract, retain, motivate and reward its executive officers for their performance and contribution to executing Teranga's long-term strategy to maximize shareholder value. Teranga's compensation policy revolves around a pay for performance philosophy whereby fixed elements of pay, such as salary, are positioned at market median levels for the comparator group, while short and longer term incentives are structured to provide above-market total compensation for high levels of corporate and personal performance. The Compensation Committee believes it is necessary to adopt this compensation philosophy in order to attract and retain qualified executive officers with the skills and experience necessary to execute Teranga's strategy.

The Board seeks to compensate Teranga's executive officers by combining short term cash and long-term equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with

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shareholder value creation. The Board also seeks to set company performance goals that reach across all aspects of the business and to tie individual goals to the area of the executive officer's primary responsibility.

The Compensation Committee does not anticipate making any significant changes to its compensation philosophy, policies and practices. The Compensation Committee will continue to review best practice developments in this regard to ensure that current practices do not create undue risk to Teranga and to continue to ensure the alignment of compensation packages with the objective of enhancing shareholder value through an increased share price.

#### *Adjustments for 2015*

However, the Compensation Committee has made some changes for the 2015 financial year with respect to annual performance incentives and long-term equity based incentives. For annual performance incentives, a much more rigorous balanced scorecard approach was developed with respect to annual performance incentives in order to provide a more quantitative framework within which to both set corporate and individual performance targets and measure performance against such targets. The Compensation Committee continues to retain discretion to amend and adjust awards notwithstanding utilizing a more enhanced scorecard approach.

Also for 2015, Stock Options were reintroduced as part of the award of long-term equity incentives. This approach reflected the continuing economic downturn, the absence of grants of Stock Options in the prior three years, all prior grants being premium priced grants, the availability of options under the Stock Option Plan, and increasing retention risk for the executive officers. It was also determined that any future grants of Stock Options should be at current market price, rather than the IPO price.

The Compensation Committee was of the view that no adjustments were required to grants of restricted share units and an award similar to the one provided in 2014 was appropriate, and that the practice of the awards vesting over a three year period, with 50% of the award vesting upon achievement of two predetermined operational criteria, and 50% vesting with the passage of time, continued to be appropriate.

In addition, the Compensation Committee determined that any award of long-term equity incentives should remain below one percent (1%) of the Company's total shares outstanding (TSO).

#### **Comparator Group**

In order to benchmark the competitiveness of the compensation program for the executive officers of Teranga, LaneCaputo developed a peer group of mining companies with internationally focused operations, with the majority of them having operations in West Africa or the broader African continent. All of the peer companies have achieved commercial production, or have construction financing in place with near-term commencement of mining operations, and most have sustainable cash flow. In order to ensure a statistically valid sample, a number of companies with mining operations in other foreign jurisdictions were also included. The Compensation Committee discussed, modified and ultimately approved the companies included in the comparator group.

The following table sets out the 16 companies included in the comparator group for the financial year ended December 31, 2014.

<b>Comparator Company</b>	<b>Location of Operations</b>	<b>Metal</b>	<b>Corporate Head Office</b>	<b>Revenues FY 2014 (000's USD)</b>	<b>Market Capitalization (000's USD)*</b>
Argonaut Gold Inc.	Mexico	Gold	Reno, NV	\$166,300	\$213,770
Asanko Gold Inc.	Ghana	Gold	Vancouver, BC	\$0	\$263,510
Aurcana Corp.**	Texas, Mexico	Silver	Vancouver, BC	\$48,400	\$16,840
Banro Corp.**	DRC	Gold	Toronto, ON	\$125,800	\$49,160
Centamin plc	Egypt	Gold	London, UK	\$472,600	\$1,070,000
Endeavour Mining Corp.	Ghana, Mali, Burkina Faso	Gold	Vancouver, BC	\$583,600	\$177,800
Fortuna Silver Mines Inc.	Peru, Mexico	Silver	Vancouver, BC	\$174,000	\$520,180
Golden Star Resources Ltd.	Ghana	Gold	Toronto, ON	\$328,900	\$53,360
Katanga Mining Ltd.	DRC	Copper- Cobalt	Baarestrasse, Switzerland	\$1,078,500	\$420,000

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Luna Gold Corp.**	Brazil	Gold	Vancouver, BC	\$86,100	\$27,620
Nevsun Resources Ltd.	Eritrea	Gold-Silver-Copper-Zinc	Vancouver, BC	\$555,000	\$722,850
Perseus Mining Ltd.	Ghana, Cote d'Ivoire	Gold	Perth, Australia	\$264,200	\$120,660
Primero Mining Corp.	Mexico	Gold	Toronto, ON	\$274,600	\$555,810
Rio Alto Mining Ltd.	Peru	Gold-Copper	Vancouver, BC	\$270,400	\$882,100
Semafo Inc.	Burkina Faso, Niger, Guinea	Gold	Montreal, QC	\$289,300	\$918,650
Sierra Metals Inc.	Peru, Mexico	Gold-Silver-Copper-Zinc	Vancouver, BC	\$119,030	\$195,050
<b>50<sup>th</sup> percentile</b>				<b>\$267,300</b>	<b>\$261,335</b>
<b>75th percentile</b>				<b>\$400,750</b>	<b>\$639,330</b>
<b>Teranga Gold Corp.</b>	<b>Senegal</b>	<b>Gold</b>	<b>Toronto, ON</b>	<b>\$260,600</b>	<b>\$180,340</b>

Source: Thomson Reuters Eikon, company reports

\*As at March 23, 2015

\*\*2014 year end results were not available as of this release. Figure represents available latest 2014 forecast revenues.

The comparator group is reviewed annually by the Compensation Committee in connection with the independent compensation consultant to ensure it continues to constitute an appropriate comparator group.

### **Elements of Compensation**

Teranga's strategy is to provide a competitive compensation package for its executive officers. Teranga's executive compensation is comprised of three elements: base salary, annual performance incentives, and long-term equity incentives, with each element being described in more detail below.

The performance of the executive officers is reviewed annually by the Compensation Committee at the end of the financial year, when considering recommendations with respect to adjustments in base salary, awarding of annual performance incentives, and awarding of long-term equity incentives. The Compensation Committee reviews the performance of the CEO, and enlists the assistance of the CEO with respect to reviewing the performance of the other executive officers.

#### **Base Salary**

Teranga's compensation policy targets executive officer salaries at the median of the comparator group, and Teranga will pay salaries either above or below the median depending on market factors discussed below, and the annual assessment of the executive officer's performance. Competitive base salaries enable the Corporation to attract and retain the qualified executives with the skills and experience necessary to enable the Corporation to execute its long-term strategy.

Base salaries for Teranga's executive officers are established based on the scope of their responsibilities and their prior relevant experience, taking into account competitive market compensation paid by the comparator group for similar positions, as well as the overall market demand for such executives. An executive officer's base salary will also be determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation package is in line with the Corporation's overall compensation philosophy.

Base salaries are reviewed annually and increased for merit reasons, an executive officers' success in meeting or exceeding individual performance goals, as well as contribution to achieving company performance goals. Additionally, Teranga adjusts base salaries as warranted throughout the year for promotions or other changes in the scope or breadth of an executive officer's role or responsibilities.

For the financial year ended December 31, 2014 Teranga's base salaries for the executive officers continued to be at or below the median of the comparator group. As was the case in 2013, during 2014 Teranga paid a base salary to one executive officer with technical and operating expertise above the median salary for the comparator group, due to the need to attract and retain technical and operating personnel with the skills and experience necessary to operate in Senegal, West Africa, as well as to achieve the corporate performance objectives established for 2014 as discussed below.

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## Recommendations

In considering whether to recommend adjustments to base salaries for 2015, the Compensation Committee considered a variety of factors, including the increased retention risk created by the departure of one of the founding Vice Presidents, the successful focus on reducing general and administrative expenses during 2014, increased responsibility of some executives, increases in the cost of living, comparator group practices, the CEO's recommendations, and that no salary increases were made for 2014. After consideration of all of these factors, the Compensation Committee recommended a cost of living increase of 3-5% for all executives, with the exception of two executives who assumed additional responsibilities for critical financial and technical aspects of the Company's operations, and for whom responsibility and merit based increases beyond the cost of living were recommended.

## Annual Performance Incentive

Teranga's compensation policy targets annual performance incentives to achieve total cash compensation (salary + annual performance incentives) at the median of the comparator group when performance achieves targeted levels. Annual performance incentives are designed to provide that total cash compensation can achieve the 75<sup>th</sup> percentile of total cash compensation of the comparator group when performance warrants. Annual performance incentives are designed to provide motivation to executive officers to achieve near-term corporate and individual objectives, and to reward them when such objectives are met or exceeded.

The Compensation Committee reviews four corporate performance metrics and three personal performance metrics in assessing performance for the past year. While the corporate metrics are quantitative in nature with a weighting of 60%, the personal metrics are qualitative in nature and receive a 40% weighting.

## 2014 Performance

Teranga completed its fourth complete year of operations on December 31, 2014.

Production. Teranga produced 211,823 ounces of gold against a revised target of 215,000 ounces.

Cost. Teranga achieved total cash costs of US\$710 per ounce of gold against a target of between US\$650 to US\$700 per ounce. All-in sustaining costs were \$865 per ounce, against a target of of \$800 to \$875 per ounce.

Strategic Initiatives. The completion of the acquisition and consolidation of Oromin Joint Venture Group ("OJVG") occurred on January 15, 2014, and Teranga spent the balance of 2014 successfully integrating the operations of the OJVG into Teranga's operations in Senegal.

Financial. With respect to financial matters, Teranga generated an aggregate of \$260.6 million in revenue, representing a 13% percent decrease over the prior financial year, with earnings of \$0.05 per share compared to earnings of \$0.19 per share from the prior financial year. Teranga also paid off its outstanding debt facility prior to year end and subsequent to December 31, 2014 was entirely debt-free with the payout of its equipment finance facility.

Health, Safety and Environmental. With respect to environmental, safety and corporate social responsibility matters, Teranga's overall lost time injury rate continued to be well below industry bench-mark standards, and Teranga continued to encourage community-based grassroots development, with financial support being provided in the areas of health care, water sanitation, youth programs and education.

A tabular summary of the performance metrics used to measure Teranga's corporate performance in 2014 is set out in the following table.

Annual Performance Incentive – Results			
Performance Category	Performance Metric	Target Performance Goal	2014 Performance
Operations:			
• Production	Gold Production	220,000 to 240,000 ounces <sup>(1)</sup>	211,823 ounces
• Cost	Total Cash Cost per ounce	US\$650 – US\$700 per ounce	US\$710 per ounce
	All-in Sustaining Cost per ounce	US\$800 – US\$875 per ounce	US\$865 per ounce
Financial			
• Pay Off Debt	Pay off Debt	Pay Off debt	Debt paid off

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### Annual Performance Incentive – Results

Performance Category	Performance Metric	Target Performance Goal	2014 Performance
Health, Safety & Environment			
• Loss Time Injury Frequency	Lower than industry average	Loss Time Injury Frequency = 0.25	Loss Time Injury Frequency = 0.00

(1) 2014 Production guidance subsequently revised to 215,000 ounces

#### *Recommendations*

In considering an annual performance award for the financial year ended December 31, 2014, the Compensation Committee considered the Corporation's performance during 2014 against target and guidance, as well as the individual senior executive's performance. If additional metrics are relevant for consideration, as was the case for 2014, then the Compensation Committee also considers performance against such metrics. Once performance is compared against all metrics to produce a target award, the Compensation Committee compares such target award against the median award of the comparator group of companies, the recommendations of LaneCaputo and the CEO, prior year performance and awards, as well as share price performance over the past year.

For 2014, the Compensation Committee recognized that the Corporation met certain performance targets, including all-in sustaining cost per ounce of gold production, repayment of all debt, an exceptional safety record, and the successful completion and integration of the OJVG. The Corporation did not meet its targets for gold production or cash cost per ounce of gold production. The Compensation Committee also considered performance against personal metrics, and the entire executive team met all personal metrics. Other factors considered in determining to make an award for 2014 included retention risk and share performance during 2014 which was much more stable than in the previous year. In addition, the Compensation Committee recognized that no annual performance incentive was granted for 2013 as a result of share price performance, notwithstanding Corporate performance that met all guidance and targets and supported the grant of annual performance incentives.

The Compensation Committee then compared the target award to the median of the comparator group, LaneCaputo and the CEO's recommendations, and determined that it would exercise its discretion and lower the target award to a level appropriate when compared against 2014 performance.

For the financial year ended December 31, 2014, total cash compensation for the executive officers was approximately at or below the median for the comparator group, with the exception of the two executive officers with technical skills and experience, for whom total cash compensation was approximately at the 75<sup>th</sup> percentile of the comparator group. The Compensation Committee was of the view that total cash compensation for the two executive officers at the 75<sup>th</sup> percentile was warranted based on the discussion under "Base Salary" above.

#### *Long-Term Equity Incentives*

Teranga's compensation policy targets annual grants of long-term equity incentives at the median of the comparator group. Long-term equity incentives are designed to provide that, when combined with each executive officer's other elements of compensation, an executive officers' total compensation can achieve the 75<sup>th</sup> percentile of the comparator group for superior performance. Long-term equity incentives are designed to encourage executive officers to remain with the Corporation, to align the interests of the executive officers with long-term interest of Shareholders, and to reward them for their sustained contributions to long-term performance and the creation of shareholder value. Teranga has two forms of long-term equity incentives for executive officers: Stock Options and restricted share units (defined below).

#### *Stock Options*

The Stock Option Plan allows Teranga the opportunity to grant Options to purchase Common Shares of Teranga. The Fixed Bonus Unit Plan (as defined below) allows officers and employees to participate in a non-equity based compensation plan to which they may be awarded units ("Units") in lieu of the Stock Option Plan. The Board does not award Stock Options or Units according to a prescribed formula or target, but rather takes into account the individual's position, scope of responsibility, ability to affect profits, the individual's historic and recent performance, and the value of the awards in relation to other elements of the executive's total compensation. All Stock Options and Units granted since Teranga's IPO in December 2010 have been at an exercise price of \$3.00 (the "IPO Price"). While the Stock Options granted in connection with the IPO were at par with the IPO Price, all Stock Options and

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Units granted subsequently have been premium priced Stock Options and Units, since their exercise price exceeded the current market price of Teranga's Common Shares at the time of grant.

### *Restricted Share Units (“RSUs”)*

In order to allow senior executives (the “**Designated Executives**”) to participate in the long-term success of the Corporation and to promote a greater alignment of interests between executives and Shareholders, the Corporation adopted a Restricted Share Unit Plan (the “**RSU Plan**”) on March 24, 2014. Pursuant to the RSU Plan, the Board may, from time to time, award RSUs to Designated Executives (including the Corporation’s named executive officers) specifying the number of RSUs granted, the grant date, the vesting date and other terms and conditions. The RSUs represent a right to receive an amount of cash (subject to withholdings), on vesting, equal to the product of (i) the number of vested RSUs held by such Designated Executive, and (ii) the Market Price at such time. RSUs will generally vest, subject to Board determination, as to 50% of the RSUs in thirds over a three year period, and as to the other 50% of the RSUs in thirds over a three year period upon satisfaction of at least two (2) operational performance measures. The two (2) operational performance measures are annual gold production and cost of production, including both cash cost per ounce and all-in sustaining cost per ounce, as these measures represent the two most critical aspects of Teranga’s business.

RSUs do not entitle a Designated Executive to any voting or other Shareholder rights.

Additional RSUs will be automatically credited to a Designated Executive’s RSU account if and when the Corporation pays a dividend or similar payments to Shareholders. The additional RSUs to be credited will be calculated by multiplying the number of RSUs in the Designated Executive’s account at the time such distribution is paid by the amount of the distribution, and then dividing that amount by the Market Price when the distribution is paid.

### *Recommendations*

In considering an annual award of long-term equity incentives, the Compensation Committee considered and adopted a portfolio approach with respect to long-term incentives that incorporates both Stock Options and RSUs. This approach takes advantage of the availability of room under the Stock Option plan to grant new stock options, and also continues to incorporate RSUs as a full value equity-based component of the portfolio of incentives.

Notwithstanding continuing retention risk for the executive officers, and all of Teranga’s stock options being underwater (having an exercise price far exceeding the current fair market value of the underlying shares) and providing little retention or incentive value, the Compensation Committee determined not to make a grant of Stock Options due to share price performance in either of 2012, 2013 or 2014. However, in order to provide some long term incentive to the executive officers, the Compensation Committee decided to make a grant of RSUs in 2014 with vesting tied to both performance criteria and passage of time. It was felt that introducing vesting tied in part to corporate performance criteria would continue to align the executive officers with shareholder value creation.

In determining the final award, the Compensation Committee compared its recommendations against market competitive awards for the median of the comparator companies, the recommendations of LaneCaputo, and the percentage of the Company’s total shares outstanding (TSO). The Compensation Committee was targeting an award below one percent (1%) of the TSO and exercised its discretion to lower its initial recommendations once this analysis was completed. The Compensation Committee is of the view that final award of Stock Options and RSUs to the senior executives provides a market competitive long term equity incentive award and would provide the executives the ability to achieve the stated compensation philosophy with superior share price performance.

### **Named Executive Officers**

Pursuant to NI 51-102, Teranga is required to disclose the compensation paid to its “named executive officers”. This means Teranga’s Chief Executive Officer and Chief Financial Officer (or individuals who served in similar capacities) for any part of Teranga’s most recently completed financial year, and the three most highly compensated executive officers (or individuals who served in similar capacities), other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than CDN\$150,000 (and each individual who would be a “named executive officer” but for the fact that the individual was neither an executive officer of Teranga, nor acting in a similar capacity, at the end of the financial year).

For the financial year ended December 31, 2014, the “named executive officers” of the Corporation are Richard S. Young, President and Chief Executive Officer, Navin Dyal, the Chief Financial Officer, Mark English, Vice President, Sabadola Operations, David Savarie, Vice President, General Counsel & Corporate Secretary and Paul Chawrun, Vice President, Technical Services (the “**Named Executive Officers**” or “**NEOs**”).

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## Summary Compensation Table

The following table, presented in accordance with NI 51-102, sets forth all annual and long-term compensation for services rendered in all capacities to Teranga for the three prior financial years ending December 31, 2014, in respect of the NEOs.

Name and principal position	Fiscal Year Ended <sup>(1)</sup>	Salary	Bonus <sup>(2)</sup>	Share-based Awards <sup>(3)</sup>	Option Based Awards <sup>(4)</sup>	Non-equity Incentive Plan Comp	Pension Value	All other comp <sup>(5)</sup>	Total Comp.
<b>Richard S. Young</b> <sup>(6)</sup> President and Chief Executive Officer	2014	\$540,800	\$310,000	\$299,750	Nil	Nil	N/A	\$8,542	\$1,159,092
	2013	\$540,800	Nil	Nil	Nil	N/A	N/A	\$9,321	\$550,121
	2012	\$450,000	\$225,000	Nil	Nil	N/A	N/A	\$9,198	\$684,198
<b>Navindra Dyal</b> <sup>(7)</sup> Vice President, Chief Financial Officer	2014	\$260,000	\$110,000	\$147,150	Nil	Nil	N/A	\$4,312	\$521,812
	2013	\$260,000	Nil	Nil	Nil	N/A	N/A	\$4,441	\$264,441
	2012	\$61,846	\$64,960	Nil	\$537,833	N/A	N/A	\$799	\$665,438
<b>Mark English</b> Vice President, Sabodala Operations	2014	\$358,800	\$150,000	\$204,900	Nil	Nil	N/A	\$112,658 <sup>(9)</sup>	\$914,742
	2013	\$358,800	Nil	Nil	Nil	\$108,450	N/A	\$215,587 <sup>(9)</sup>	\$682,837
	2012	\$345,000	\$137,945	\$658,782 <sup>(8)</sup>	Nil	Nil	N/A	\$13,235	\$496,180
<b>David R. Savarie</b> Vice President, General Counsel & Corporate Secretary	2014	\$312,000	\$130,000	\$147,150	Nil	Nil	N/A	\$4,589	\$593,739
	2013	\$312,000	Nil	Nil	Nil	N/A	N/A	\$4,764	\$316,764
	2012	\$300,000	\$120,000	Nil	Nil	N/A	N/A	\$5,210	\$425,210
<b>Paul Chawrun</b> <sup>(10)</sup> Vice President, Technical Services	2014	\$300,000	\$125,000	\$147,150	Nil	Nil	N/A	\$4,548	\$576,698
	2013	\$300,000	Nil	Nil	Nil	N/A	N/A	\$3,795	\$303,795
	2012	\$102,233	\$67,040	Nil	\$586,163	N/A	N/A	\$629	\$756,065

(1) Salary and bonus amounts in this table reflect compensation earned between the period of January 1 to December 31 in each of the 2012, 2013 and 2014 years. All amounts are stated in Canadian dollars except the amounts for Mark English, which are stated in United States dollars (Canadian dollar denominated amounts have been converted using the year end CAD:USD exchange rate). Teranga was incorporated on October 1, 2010 and became a reporting issuer on November 11, 2010.

(2) For 2014 the bonus refers to cash bonus payments made to the NEOs in 2015 with respect to 2014 performance.

(3) Teranga values Options using the Black-Scholes option pricing method as described in Teranga's audited financials for the year ended December 31, 2014. These amounts represent the fair value of Options at the grant date.

(4) The Restricted Share Unit Plan (RSU) is a component of the Share-based Awards Plan administered by the Corporation. Amounts set out herein reflect the fair value of RSUs granted to each of the NEOs as of the date of grant May 2, 2014 based on a Teranga common share price of \$0.72.

(5) Value includes life insurance premium, director fees, retiring allowance, settlement payment, and vacation pay on departure.

(6) Mr. Young was promoted to and appointed President and Chief Executive Officer, formerly President and Chief Financial Officer, on September 6, 2012.

(7) Mr. Dyal was employed and appointed Chief Financial Officer as of September 27, 2012, and his annualized 2012 salary was \$240,000.

(8) The Fixed Bonus Unit Plan is a component of the Share-based Awards Plan administered by the Corporation. The amount set out herein for Mr. English reflects the fair market value of the unvested Units at December 31, 2014. The fair market value is calculated using the Black-Scholes option valuation model as described in Teranga's audited financials for the year ended December 31, 2014.

(9) Mr. English is entitled to accrue annual leave entitlements up to 4 weeks per year of service. As at December 31, 2014, Mr. English had accrued \$nil in unpaid leave entitlements. In 2014, Mr. English was paid \$98,301 in 2014 (2013:\$196,276) as per his accumulated annual leave entitlements under his employment contract, and the balance of \$14,357 (2013:\$19,311) was paid in respect of health and life insurance premiums paid on his behalf.

(10) Mr. Chawrun was employed and appointed Vice President, Technical Affairs as of October 9, 2012, and his annualized 2012 salary was \$260,000.

## CEO Compensation

For the financial year ended December 31, 2014, the Chief Executive Officer's base salary and annual performance incentive award were below the median of the comparator group and the Chief Executive Officer's total direct compensation is also below the median of total direct compensation for the comparator group.

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## Pension Plan Benefits and Defined Contribution Plans

Teranga does not have a pension plan or defined benefit plan.

## Incentive Plan Awards

### Outstanding Option-Based Awards

No long term incentive plan awards of Stock Options were made to the NEOs during 2014. The following table sets forth details of all Stock Option awards outstanding as at December 31, 2014.

Name	Option-based Awards Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$) <sup>(1)</sup>
Richard S. Young	1,800,000	\$3.00	11/26/2020	Nil
	200,000	\$3.00	12/20/2021	Nil
Navin Dyal	600,000	\$3.00	9/27/2022	Nil
Mark English <sup>(2)</sup>	Nil	N/A	N/A	N/A
David Savarie	700,000	\$3.00	12/03/2020	Nil
	400,000	\$3.00	12/20/2021	Nil
Paul Chawrun	600,000	\$3.00	10/09/2022	Nil

<sup>(1)</sup> Based on the closing price for the Common Shares on the TSX of \$0.46 on December 30, 2014.

<sup>(2)</sup> Mr. English does not hold any incentive Stock Options in the Corporation. Mr. English was granted 1,100,000 Fixed Bonus Units in 2012 of which all have vested to date with an exercise price of \$3.00 per Unit.

### Incentive Plan Awards – Value Vested or Earned during the Year

During the financial year ending December 31, 2014, the value of the Stock Options or Units that would have been realized on the vesting date by each Named Executive Officer for the year ended December 31, 2014 was nil.

### Outstanding Restricted Share Unit Awards

The following table sets forth details of all Restricted Share Unit awards outstanding as at December 31, 2014.

Name	Restricted Share Units (#)	Grant Date Price (\$)	Grant Date Value (\$)
Richard S. Young	369,010	\$0.72	\$265,687
Navin Dyal	180,724	\$0.72	\$130,121
Mark English	180,724	\$0.72	\$130,121
David Savarie	180,724	\$0.72	\$130,121
Paul Chawrun	180,724	\$0.72	\$130,121

## Termination and Change of Control Benefits

Teranga has entered into employment agreements with each of the Named Executive Officers. The employment agreements are governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. None of the agreements contain provision providing for any benefits upon a change of control other than as set out below. For the purposes of this section, "Change of Control" means any of the following: (a) a "Change of Control Event" as defined in Teranga's Stock Option Plan; and (b) in any eighteen month consecutive period, the following individuals cease for any reason to constitute a majority of the Board: (i) directors who were directors at the beginning of such period (the "Incumbent Directors"), and (ii) any new directors (the "New Directors") following May 27, 2013 whose appointment to the Board, or nomination for election as a director by Shareholders of Teranga, was approved by a vote of at least a majority of the directors who, at such time, were either (A) Incumbent Directors, or (B)

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directors whose appointment or nomination for election as a director was previously approved by the Incumbent Directors and New Directors then on the Board.

### **Description of Employment Agreements**

All executive employment agreements contain provisions consistent with current market practices, including quantum of payment upon a change of control or termination without cause, and a double trigger provision to trigger a payment upon a change of control. Given that all executive employment agreements are market-competitive; there was no need for the Compensation Committee to review these agreements to ensure consistency with current market practices. If current market practices change, then the Compensation Committee will review the executive employment agreements in light of changing market practices. The description of the executive employment agreements set forth below reflects the changes discussed above.

#### *Richard S. Young*

The employment agreement with Mr. Young is for an indefinite term, subject to the termination provisions provided for in the agreement. As at the date hereof, the agreement provides for annual salary of \$570,000, benefits, an annual bonus and long term equity incentives to be approved by the Board.

In the event that Mr. Young is terminated without cause at any time, or within twelve months of a Change of Control his position, responsibilities, salary, bonus arrangement, or benefits provided are materially reduced without the express written consent of Mr. Young, Mr. Young will be entitled to receive a lump sum payment equal to two (2) times the sum of his base salary and actual bonus, including the cash component and the cash equivalent as of the date of grant of any deferred or restricted share units comprising part of the bonus, with such aggregate amount to be averaged over the two (2) preceding years. The agreement also contains confidentiality, non-compete and non-solicitation covenants in favour of Teranga. Mr. Young may terminate the agreement by giving Teranga ninety (90) days prior written notice.

#### *Navin Dyal*

The employment agreement with Mr. Dyal is for an indefinite term, subject to the termination provisions provided for in the agreement. As at the date hereof, the agreement provided for an annual salary of \$315,000, benefits, an annual bonus and long term equity incentives to be approved by the Board.

In the event that Mr. Dyal is terminated without cause at any time, or within twelve months of a Change of Control his position, responsibilities, salary, bonus arrangement, or benefits provided are materially reduced without the express written consent of Mr. Dyal, Mr. Dyal will be entitled to receive a lump sum payment equal to two (2) times the sum of his base salary and actual bonus, including the cash component and the cash equivalent as of the date of grant of any deferred or restricted share units comprising part of the bonus, with such aggregate amount to be averaged over the two (2) preceding years. The agreement also contains confidentiality, non-compete and non-solicitation covenants in favour of Teranga. Mr. Dyal may terminate the agreement by giving Teranga ninety (90) days prior written notice.

#### *Mark English*

The employment agreement with Mr. English is for an indefinite term, subject to the termination provisions provided for in the agreement. As at the date hereof, the agreement provided for an annual salary of USD\$370,000, benefits, an annual bonus and long term equity incentives to be approved by the Board, together with Fixed Bonus Units granted pursuant to the Fixed Bonus Unit Plan.

In the event that Mr. English is terminated without cause at any time, or within twelve months of a Change of Control his position, responsibilities, salary, bonus arrangement, or benefits provided are materially reduced without the express written consent of Mr. English, Mr. English will be entitled to receive a lump sum payment equal to two (2) times the sum of his base salary and actual bonus, including the cash component and the cash equivalent as of the date of grant of any deferred or restricted share units comprising part of the bonus, with such aggregate amount to be averaged over the two (2) preceding years. The agreement also contains confidentiality, non-compete and non-solicitation covenants in favour of Teranga. Mr. English may terminate the agreement by giving Teranga ninety (90) days prior written notice.

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*David Savarie*

The employment agreement with Mr. Savarie is for an indefinite term, subject to the termination provisions provided for in the agreement. As at the date hereof, the agreement provided for an annual salary of \$325,000, benefits, an annual bonus and long term equity incentives to be approved by the Board.

In the event that Mr. Savarie is terminated without cause at any time, or within twelve months of a Change of Control his position, responsibilities, salary, bonus arrangement, or benefits provided are materially reduced without the express written consent of Mr. Savarie, Mr. Savarie will be entitled to receive a lump sum payment equal to two (2) times the sum of his base salary and actual bonus, including the cash component and the cash equivalent as of the date of grant of any deferred or restricted share units comprising part of the bonus, with such aggregate amount to be averaged over the two (2) preceding years. The agreement also contains confidentiality, non-compete and non-solicitation covenants in favour of Teranga. Mr. Savarie may terminate the agreement by giving Teranga ninety (90) days prior written notice. Mr. Savarie received a nominal grant of restricted share units as consideration for the change to a double trigger provision.

*Paul Chawrun*

The employment agreement with Mr. Chawrun is for an indefinite term, subject to the termination provisions provided for in the agreement. As at as at the date hereof, the agreement provided for an annual salary of \$340,000, benefits, an annual bonus and long term equity incentives to be approved by the Board.

In the event that Mr. Chawrun is terminated without cause at any time, or within twelve months of a Change of Control his position, responsibilities, salary, bonus arrangement, or benefits provided are materially reduced without the express written consent of Mr. Chawrun, Mr. Chawrun will be entitled to receive a lump sum payment equal to two (2) times the sum of his base salary and actual bonus, including the cash component and the cash equivalent as of the date of grant of any deferred or restricted share units comprising part of the bonus, with such aggregate amount to be averaged over the two (2) preceding years. The agreement also contains confidentiality, non-compete and non-solicitation covenants in favour of Teranga. Mr. Chawrun may terminate the agreement by giving Teranga ninety (90) days prior written notice.

**Summary of Termination Benefits**

The following table provides details regarding the estimated incremental payments from Teranga to each of the Named Executive Officers in the event of a change of control or termination without cause, and assuming the event took place on the date hereof:

Name	Triggering Event	Base Salary/ Total Cost Remuneration Package (\$)	Bonus (\$)	Options (\$) <sup>(1)</sup>	Other Benefits	Total (\$)
Richard S. Young	Termination without cause	\$1,140,000	\$310,000	Nil/Full vesting	Nil	\$1,450,000
	Change of Control	\$1,140,000	\$310,000	Nil	Nil	\$1,450,000
Navin Dyal	Termination without cause	\$630,000	\$110,000	Nil/Full vesting	Nil	\$740,000
	Change of Control	\$630,000	\$110,000	Nil	Nil	\$740,000
Mark English <sup>(2)</sup>	Termination without cause	\$740,000	\$150,000	Nil/Full vesting	Nil	\$890,000
	Change of Control	\$740,000	\$150,000	Nil	Nil	\$890,000
David Savarie	Termination without cause	\$650,000	\$130,000	Nil/Full vesting	Nil	\$780,000
	Change of Control	\$650,000	\$130,000	Nil	Nil	\$780,000
Paul Chawrun	Termination without cause	\$680,000	\$125,000	Nil/Full vesting	Nil	\$805,000
	Change of Control	\$680,000	\$125,000	Nil	Nil	\$805,000

(1) Based on the closing price for the Common Shares on the TSX of \$0.46 on December 31, 2014. Further, based on the terms of the option agreement entered into with each NEO at date of Option grant, all unvested Options would immediately vest upon the date of termination (without cause) and the NEO would then have until the earlier of the expiry date of the Option or 12 months to exercise such Options before they are cancelled. However, in the circumstances of a change of control (as defined in Teranga's Stock Option Plan), unvested Options held by the NEO do not automatically vest, vesting in such scenario is at the discretion of the Board.

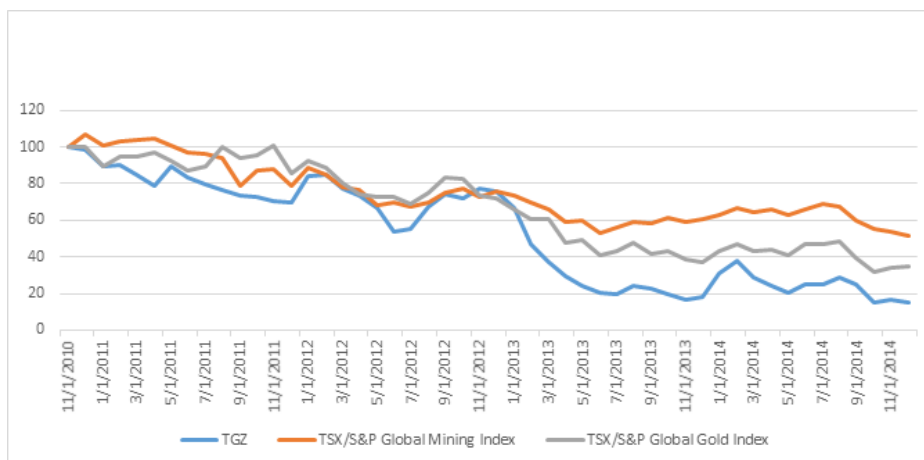
(2) Amounts disclosed herein are stated in US\$ for Mr. Mark English.

Teranga estimates that the aggregate incremental payments to all of the Named Executive Officers in the event of a change of control or termination without cause would be approximately \$4.7million.

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## Performance Graph

The following graph illustrates, since November 11, 2010, the date Teranga began trading on the TSX, the cumulative Shareholder return of an investment in Common Shares compared to the cumulative return of an investment in the S&P/TSX Global Gold Index and S&P/TSX Global Mining Index, assuming that \$100 was invested on November 30, 2010.



	15-Nov-10	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14
Teranga Gold Corporation	\$100.00	\$98.32	\$70.03	\$76.09	\$17.85	\$15.32
S&P/TSX Global Gold Index	\$100.00	\$100.27	\$85.92	\$72.24	\$37.30	\$34.76
S&P/TSX Global Mining Index	\$100.00	\$106.96	\$79.03	\$75.85	\$60.80	\$51.88

The trend in the above graph shows an industry wide decline in investment returns across the two major indices (including Teranga) from the time of Teranga's IPO up to December 31, 2014.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

To the best of the Corporation's knowledge, information and belief, no director or executive officer of the Corporation, nor any Nominee, nor any of their associates, is currently or was at any time since the beginning of the financial year ended December 31, 2014, indebted to the Corporation or any of its subsidiaries, and no indebtedness of such persons to another entity is currently or was at any time since the beginning of the financial year ended December 31, 2014 the subject of a guarantee, support agreement, letter of credit or other similar agreement provided by the Corporation or any of its subsidiaries.

## AUDIT COMMITTEE

The primary function of the audit committee of the Board (the "Audit Committee") is to assist the Board in fulfilling its financial reporting and controls responsibilities to Shareholders. In accordance with National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("NI 52-110"), information with respect to the Corporation's Audit Committee is contained below. A copy of the Audit Committee Charter is attached to this Circular as Schedule "B".

### Composition of the Audit Committee

The Audit Committee of the Corporation is currently comprised of Mr. Thomas (Chair), Mr. Wheatley and Mr. Lattanzi. Each member of the Audit Committee is considered to be independent within the meaning of NI 52-110. All members of the Audit Committee are financially literate in that they have the ability to read and understand a set of financial statements that are of the same breadth and level of complexity of accounting issues as can be reasonably expected to be raised by the Corporation's financial statements. In addition, Mr. Thomas was previously an audit partner at Ernst & Young LLP for 13 years.

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## Relevant Education and Experience

For details regarding the relevant education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, please see “Election of Directors — Nominee Biographies”.

## Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year did the Board decline to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

## Reliance on Certain Exemptions

At no time since the commencement of the Corporation’s most recently completed financial year did the Corporation rely on (a) the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services), or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

## Pre-approval Policies and Procedures

The Audit Committee is responsible for pre-approving all non-audit services to be provided by the external auditor to the Corporation or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. Furthermore, the Audit Committee is required to evaluate the independence and objectivity of the external auditors. The Audit Committee also has the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties and responsibilities.

## External Auditor Services

Financial Period	Audit Fees <sup>(1)</sup>	Audit-Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
January 1, 2014 to December 31, 2014	\$387,000	\$292,000	Nil	Nil
January 1, 2013 to December 31, 2013	\$323,000	\$191,000	Nil	\$113,000

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the Corporation’s knowledge, information and belief, except as otherwise disclosed herein, no informed person of the Corporation, proposed director of the Corporation, or any of their associates or affiliates, has had a material interest, direct or indirect, in any transaction since the commencement of the Corporation’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). A holder of Common Shares may contact the Corporation to request a copy of the Corporation’s consolidated financial statements and accompanying management’s discussion and analysis by contacting Navin Dyal, through e-mail at [ndyal@terangagold.com](mailto:ndyal@terangagold.com), or through the Corporation’s website at [www.terangagold.com](http://www.terangagold.com). Financial information is provided in the Corporation’s comparative financial statements and accompanying management’s discussion and analysis for the fiscal year ended December 31, 2014.

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**APPROVAL**

The contents and sending of this Circular have been approved by the directors of the Corporation.

DATED March 31<sup>st</sup>, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read 'David Savarie', is positioned above the printed name and title.

David Savarie  
VP, General Counsel & Corporate Secretary

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## SCHEDULE "A"

### TERANGA GOLD CORPORATION

#### MANDATE OF THE BOARD OF DIRECTORS

##### 1. Introduction

The board of directors (the "Board") of Teranga Gold Corporation ("Teranga") is elected by the shareholders of Teranga and is responsible for the stewardship of Teranga. The purpose of this mandate is to describe the principal duties and responsibilities of the Board, as well as some of the policies and procedures that apply to the Board in discharging its duties and responsibilities.

##### 2. Chairman of the Board

The chairman of the Board is appointed by the Board, after considering the recommendation of the Corporate Governance and Nomination Committee, for such term as the Board may determine.

##### 3. Independence

The Board should be comprised of a majority of independent directors.

Where the chairman of the Board is not independent, the independent directors will select one of their number to be appointed lead director of the Board for such term as the independent directors may determine. If Teranga has a non-executive Chairman of the Board, then the role of the lead director will be filled by the non-executive, independent Chairman of the Board. The lead director or non-executive Chairman of the Board will Chair regular meetings of the independent directors and assume other responsibilities that the independent directors as a whole have designated. Given the purpose of the lead director is to ensure that the board functions adequately independent of management, the lead director shall be given the opportunity to review, comment and set agendas for board meetings (full board or independent directors only), oversee the information that is made available to directors by management and dealing with requests from or other issues that independent directors may have.

##### 4. Role and Responsibilities of the Board

The role of the Board is to represent the shareholders of Teranga, enhance and maximize shareholder value and conduct the business and affairs of Teranga ethically and in accordance with the highest standards of corporate governance. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of Teranga. The responsibilities of the Board include:

- adopting a strategic planning process;
- risk identification and ensuring that procedures are in place for the management of those risks;
- review and approve annual operating plans and budgets;

- corporate social responsibility, ethics and integrity;
- succession planning, including the appointment, training and supervision of management;
- delegations and general approval guidelines for management;
- monitoring financial reporting and management;
- monitoring internal control and management information systems;
- corporate disclosure and communications;
- adopting measures for receiving feedback from stakeholders; and
- adopting key corporate policies designed to ensure that Teranga, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct their business ethically and with honesty and integrity.

Meetings of the Board are held at least quarterly, with additional meetings to be held depending on the state of Teranga's affairs and in light of opportunities or risks which Teranga faces. In addition, separate, regularly scheduled meetings of the independent directors of the Board are held at which members of management are not present.

The Board will delegate responsibility for the day-to-day management of Teranga's business and affairs to Teranga's senior officers and will supervise such senior officers appropriately.

The Board may delegate certain matters it is responsible for to Board committees, including its Audit Committee, Corporate Governance and Nominating Committee, Compensation Committee, Finance Committee, and the Technical, Safety, Environment and Social Responsibility Committee. The Board will, however, retain its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

##### 5. Strategic Planning Process and Risk Management

The Board will adopt a strategic planning process to establish objectives and goals for Teranga's business and will review, approve and modify as appropriate the strategies proposed by senior management to achieve such objectives and goals. The Board will review and approve, at least on an annual basis, a strategic plan which takes into account, among other things, the opportunities and risks of Teranga's business and affairs. The Board, in conjunction with management, will identify the principal risks of Teranga's business and oversee management's implementation of appropriate systems to



effectively monitor, manage and mitigate the impact of such risks. Pursuant to its duty to oversee the implementation of effective risk management policies and procedures, the Board will delegate to the Compensation Committee the responsibility for assessing and implementing risk management policies and procedures directly connected to Teranga's compensation practices. Similarly, the Board will delegate the responsibility of assessing and implementing risk management policies and procedures directly connected to environmental risk management to the Technical, Safety, Environmental and Social Responsibility Committee. The Board will work in conjunction with each Committee, respectively, to oversee the implementation of such policies and procedures.

## **6. Corporate Social Responsibility, Ethics and Integrity**

The Board will provide leadership to Teranga in support of its commitment to Corporate Social Responsibility, set the ethical tone for Teranga and its management and foster ethical and responsible decision making by management. The Board will take all reasonable steps to satisfy itself of the integrity of the Chief Executive Officer and management and satisfy itself that the Chief Executive Officer and management create a culture of integrity throughout the organization.

## **7. Succession Planning, Appointment and Supervision of Management**

The Board will approve the succession plan for Teranga, including the selection, appointment, supervision and evaluation of the Chief Executive Officer and the other senior officers of Teranga, and will also approve the compensation of the Chief Executive Officer and the other senior officers of Teranga.

## **8. Delegations and Approval Authorities**

The Board will delegate to the Chief Executive Officer and senior management authority over the day-to-day management of the business and affairs of Teranga. This delegation of authority will be subject to specified financial limits and any transactions or arrangements in excess of general authority guidelines will be reviewed by and subject to the prior approval of the Board.

## **9. Monitoring of Financial Reporting and Management**

The Board approves all regulatory filings, including the annual audited financial statements, interim financial statements, the notes and management discussion and analysis accompanying such financial statements, quarterly and annual reports, management proxy circulars, annual information forms, prospectuses, and all capital investments, equity financings, borrowings and all annual operating plans and budgets.

The Board will adopt procedures that seek to: ensure the integrity of internal controls and management information systems; ensure compliance with all applicable laws, rules and regulations; and prevent violations of applicable laws, rules and regulations relating to financial reporting and disclosure, violation of Teranga's Code of Business Conduct and Ethics and fraud against shareholders.

## **10. Corporate Disclosure and Communications**

The Board will seek to ensure that all corporate disclosure complies with all applicable laws, rules and regulations and the rules and regulations of the stock exchanges upon which Teranga's securities are listed. In addition, the Board will adopt procedures that seek to ensure the Board receives feedback from security holders on material issues.

## **11. Corporate Policies**

The Board will adopt and annually review policies and procedures designed to ensure that Teranga, its directors, officers and employees comply with all applicable laws, rules and regulations and conduct Teranga's business ethically and with honesty and integrity. Principal policies consist of:

- Code of Business Conduct and Ethics;
- Corporate Disclosure Policy;
- Corporate Governance Guidelines;
- Foreign Corrupt Practices Policy;
- Insider Trading Policy;
- Majority Voting Policy; and
- Whistleblower Policy.

## **12. Review of Mandate**

The Corporate Governance and Nominating Committee annually reviews and assess the adequacy of this mandate and recommend any proposed changes to the Board for consideration.

Dated: March 30<sup>th</sup>, 2015

Approved by: Board of Directors

## SCHEDULE "B"

### TERANGA GOLD CORPORATION

#### AUDIT COMMITTEE CHARTER

This charter (the "**Charter**") sets forth the purpose, composition, responsibilities and authority of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Teranga old Corporation ("**Teranga**").

#### 1. Purpose

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- financial reporting and disclosure requirements;
- ensuring that an effective risk management and financial control framework has been implemented and tested by management of Teranga; and
- external and internal audit processes.

#### 2. Composition and Membership

- i. The Board will appoint the members ("**Members**") of the Committee. The Members will be appointed to hold office until the next annual general meeting of shareholders of Teranga or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will automatically cease to be a Member upon ceasing to be a director.
- ii. The Committee will consist of at least three directors. Each Member will meet the criteria for independence and financial literacy established by applicable laws and the rules of any stock exchanges upon which Teranga's securities are listed, including National Instrument 52-110 — Audit Committees. In addition, each director will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member's independent judgment.
- iii. The Board will appoint one of the Members to act as the chairman of the Committee (the "**Chairman**"). The secretary of Teranga (the "**Secretary**") will be the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. If the Secretary is not in attendance at any meeting, the Committee will appoint another person who may, but need not, be a Member to act as the secretary of that meeting.

#### 3. Meetings

- i. Meetings of the Committee will be held at such times and places as the Chairman may determine, but in any event not less than four (4) times per year. Twenty-four (24) hours advance notice of each meeting will be given to each Member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.
- ii. At the request of the external auditors of Teranga, the Chief Executive Officer or the Chief Financial Officer of Teranga or any Member, the Chairman will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- iii. The Chairman, if present, will act as the chairman of meetings of the Committee. If the Chairman is not present at a meeting of the Committee, the Members in attendance may select one of their numbers to act as chairman of the meeting.
- iv. A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chairman will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all Members.
- v. The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet in camera without members of management in attendance for a portion of each meeting of the Committee.
- vi. In advance of every regular meeting of the Committee, the Chairman, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chairman, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Teranga to produce such information and reports as the Committee may deem appropriate in order for it to fulfill its duties.

#### 4. Duties and Responsibilities

The duties and responsibilities of the Committee as they relate to the following matters, are as follows:

##### a. Financial Reporting and Disclosure

- i. review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, and any guidance with respect to earnings per share to be given, prior to the public disclosure of such information, with such documents to indicate whether such information has been reviewed by the Board or the Committee; review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures of a financial nature and similar disclosure documents prior to the public disclosure of such information;
- ii. review with management of Teranga, and with external auditors, significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Teranga's financial position and the results of its operations in accordance with IFRS, as applicable;
- iii. seek to ensure that adequate procedures are in place for the review of Teranga's public disclosure of financial information extracted or derived from Teranga's financial statements, periodically assess the adequacy of those procedures and recommend any proposed changes to the Board for consideration;
- iv. on a quarterly basis, the Chairman shall review the minutes from each meeting of the disclosure committee, established pursuant to Teranga's corporate disclosure policy;

##### b. Internal Controls and Audit

- i. review the adequacy and effectiveness of Teranga's system of internal control and management information systems through discussions with management and the external auditor to ensure that Teranga maintains: (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Teranga's transactions; (ii) effective internal control systems; and (iii) adequate processes for assessing the risk of material misstatement of the financial statement and other identified risks, including risks associated with operating in emerging markets, detecting control weaknesses and detecting fraud. From time to time the Committee shall assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of Teranga at any particular time;

- ii. satisfy itself that management has established adequate procedures for the review of Teranga's disclosure of financial information extracted or derived directly from Teranga's financial statements;
- iii. satisfy itself, through discussions with management, that the adequacy of internal controls, systems and procedures has been periodically assessed in order to ensure compliance with regulatory requirements and recommendations;
- iv. review and discuss Teranga's major financial risk exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- v. review, and in the Committee's discretion make recommendations to the Board regarding, the adequacy of Teranga's risk management policies and procedures with regard to identification of Teranga's principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Teranga;
- vi. recommend the appointment, or if necessary, the dismissal of the head of Teranga's internal audit process;

##### c. External Audit

- i. recommend to the Board a firm of external auditors to be nominated for appointment as the external auditor of Teranga;
- ii. ensure the external auditors report directly to the Committee on a regular basis;
- iii. review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- iv. review and recommend to the board the fee, scope and timing of the audit and other related services rendered by the external auditors;
- v. review the audit plan of the external auditors prior to the commencement of the audit;
- vi. establish and maintain a direct line of communication with Teranga's external and internal auditors;
- vii. meet at least once a year in camera with only the auditors, and with only the members of the Committee;
- viii. oversee the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;
- ix. oversee the work of the external auditors appointed by the shareholders of Teranga with respect to

preparing and issuing an audit report or performing other audit, review or attest services for Teranga, including the resolution of issues between management of Teranga and the external auditors regarding financial disclosure;

- x. review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Teranga, the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;
- xi. discuss with the external auditors their perception of Teranga's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
- xii. discuss with the external auditors their perception of Teranga's identification and management of risks, including the adequacy or effectiveness of policies and procedures implemented to mitigate such risks;
- xiii. review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board;
- xiv. review annually a report from the external auditors in respect of their internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues;

#### **d. Associated Responsibilities**

- i. monitor and periodically review the Whistleblower Policy and associated procedures for:
  - A. the receipt, retention and treatment of complaints received by Teranga regarding accounting, internal accounting controls or auditing matters;
  - B. the confidential, anonymous submission by directors, officers and employees of Teranga of concerns regarding questionable accounting or auditing matters; and

C. any violations of any applicable law, rule or regulation that relates to corporate reporting and disclosure, or violations of Teranga's Code of Business Conduct & Ethics; and

- ii. review and approve Teranga's hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditors of Teranga; and

#### **e. Non-Audit Services**

- i. pre-approve all non-audit services to be provided to Teranga or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

### **5. Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Teranga's financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of Management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Teranga, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Teranga's financial information or public disclosure.

### **6. Reporting**

The Chairman will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the Annual Information Form. The Secretary will circulate the minutes of each meeting of the Committee to the members of the Board.

### **7. Access to Information and Authority**

The Committee will be granted unrestricted access to all information regarding Teranga necessary or desirable to fulfill its duties and all directors, officers and employees will be directed to cooperate as requested by Members. The

Committee has the authority to retain, at Teranga's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, including sole authority to retain and to approve any such firm's fees and other retention terms without prior approval of the Board. The Committee also has the authority to communicate directly with internal and external auditors.

#### **8. Review of Charter**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Dated: March 30<sup>th</sup>, 2015  
Approved by: Audit Committee  
Board of Directors

Any questions and requests for assistance may be directed to the  
Proxy Solicitation Agent:



**KINGSDALE**  
Shareholder Services

The Exchange Tower  
130 King Street West, Suite 2950, P.O. Box 361  
Toronto, Ontario  
M5X 1E2  
[www.kingsdaleshareholder.com](http://www.kingsdaleshareholder.com)

**North American Toll Free Phone:**

**1-855-682-2019**

**Email: [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com)**

**Facsimile: 416-867-2271**

**Toll Free Facsimile: 1-866-545-5580**

**Outside North America, Banks and Brokers Call Collect: 416-867-2272**