

*A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada, other than Québec, but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.*

*The securities offered hereunder have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any U.S. state securities laws ("state securities laws") and may not be offered or sold, directly or indirectly, in the United States and may not be offered or sold to, or for the account or benefit of, persons in the United States or "U.S. Persons" (as such term is defined in Rule 902(k) of Regulation S promulgated under the 1933 Act), except in transactions exempt from the registration requirements of the 1933 Act and the state securities law of any applicable U.S. state. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the securities offered hereby to, or for the account or benefit of, persons in the United States or U.S. Persons. See "Plan of Distribution".*

*With respect to Australia, the offering of the securities in Australia is an excluded offer that does not require a disclosure document under Part 6D.2 of the Corporations Act 2001 (Commonwealth) (the "Corporations Act") and is only being made to institutions and other investors to whom the securities may lawfully be offered under Australian securities laws (being investors falling within section 708(8) or section 708(11) of the Corporations Act) without the need for any registration, disclosure document, prospectus, product disclosure statement, lodgement or other formality, and any information contained in this short form prospectus does not constitute financial product advice pursuant to the Corporations Act. This short form prospectus is not a disclosure document under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission. Neither ASX Limited nor its officers take any responsibility for the contents of this short form prospectus or the merits of the investment to which this short form prospectus relates.*

*Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Teranga Gold Corporation at 2600 - 121 King Street West, Toronto, Ontario, M5H 3T9, telephone (416) 594-0000 and are also available electronically under the Teranga Gold Corporation profile at [www.sedar.com](http://www.sedar.com).*

## PRELIMINARY SHORT FORM PROSPECTUS

New Issue

November 7, 2016



### TERANGA GOLD CORPORATION

**\$34,125,000**

**32,500,000 Common Shares**

This preliminary short form prospectus qualifies the distribution (the "**Offering**") of 32,500,000 common shares (the "**Offered Shares**") of Teranga Gold Corporation (the "**Corporation**" or "**Teranga**") at a price of \$1.05 per Offered Share (the "**Offering Price**").

The Offering Price was determined by negotiation between the Corporation, RBC Dominion Securities Inc. ("**RBC**") and Cormark Securities Inc. (collectively with RBC, the "**Lead Underwriters**"), together with BMO Nesbitt Burns Inc. (collectively, the "**Underwriters**"). See "Plan of Distribution". In connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Offered Shares at levels other than those which may otherwise exist in the open market. In certain circumstances, the Underwriters may decrease and further change the price at which the Offered Shares are sold to purchasers. See "**Plan of Distribution**".

The common shares of the Corporation (the "**Shares**") are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") and the Australian Securities Exchange (the "**ASX**") in the form of CHESS Depository Interests ("**CDI**"), in each case under the symbol "TGZ". **Investing in the Offered Shares is subject to certain risks. See "Forward-Looking Statements" and "Risk Factors"**. On November 1, 2016, the last full trading day before the announcement of the Offering, the closing price of the Shares on the TSX was \$1.14 per Share and Aus\$1.055 per CDI on the ASX. The Corporation has applied to have the Offered Shares listed on the TSX. Listing will be subject to the Corporation fulfilling all of the requirements of the TSX. The Corporation will also apply to the ASX for official quotation of any CDIs representing Offered Shares.

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**PRICE: \$1.05 per Offered Share**

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	<u>Price to the Public</u>	<u>Underwriters' Fee</u>	<u>Net Proceeds to the Corporation<sup>(1)</sup></u>
Per Offered Share	\$1.05	\$.0525 or 5.0%	\$0.9975
Total <sup>(2)</sup>	\$34,125,000	\$1,706,250	\$32,418,750

**Notes:**

- (1) Before deducting the expenses of the Offering, estimated at \$450,000, which, together with the Underwriters' fee, the Corporation will pay from the proceeds of the Offering.
- (2) The Corporation has granted the Underwriters an over-allotment option exercisable in whole or in part by the Underwriters at any time up to 30 days after the Closing (as defined below) to purchase up to an additional 4,875,000 Offered Shares (the "**Over-Allotment Option**") at the Offering Price. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Corporation" will be \$39,243,750, \$1,962,187.50 and \$37,281,562.50, respectively. This short form prospectus qualifies the grant of the Over-Allotment Option and the issuance of the Offered Shares on the exercise of the Over-Allotment Option. A purchaser who acquires Offered Shares forming part of the Underwriters' over-allocation position acquires those Offered Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Offered Shares Available</u>	<u>Exercise Period</u>	<u>Exercise Price per Offered Share</u>
Over-Allotment Option	4,875,000	30 days after the Closing	\$1.05

The Underwriters, as principals, conditionally offer the Offered Shares under this short form prospectus, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to approval of certain legal matters relating to the qualification for distribution of the Offered Shares on behalf of the Corporation by Stikeman Elliott LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

The Corporation plans to direct the net proceeds of the Offering, as well as a portion of those proceeds received from the Concurrent Private Placement (as defined below), or an aggregate of approximately \$40.5 million, for construction readiness activities for its newly acquired Banfora gold project in Burkina Faso, West Africa. Such activities may include reserve development drilling, updating scientific, technical and optimization reports and studies, commencement of initial infrastructure and village relocation as well as early engineering works. The Corporation intends to use the remainder of the net proceeds received from the Concurrent Private Placement (as defined below) to fund exploration activities associated with its Banfora, Golden Hill and Gourma gold projects in Burkina Faso and for working capital and general corporate purposes. See "Use of Proceeds" and "Plan of Distribution".

The Corporation is a corporation formed and existing under the laws of Canada. The Corporation is a Canadian-based multi-jurisdictional West African gold company focused on production and development as well as the exploration of more than 5,000 km<sup>2</sup> of land located on prospective gold belts. See "Summary Description of the Business". The Corporation's registered and head office is located at 2600 - 121 King Street West, Toronto, Ontario, Canada, M5H 3T9.

Subscriptions for Offered Shares under this short form prospectus will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. In connection with this distribution the Underwriters may effect transactions that stabilize or maintain the market price of the Offered Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **In certain circumstances, the Underwriters may offer the Offered Shares at a price lower than the Offering Price specified in this short form prospectus. See "Plan of Distribution".** Subject to certain exceptions, registration of interests in and transfers of Offered Shares held through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee will be made electronically through the non-certificated inventory ("**NCI**") system of CDS. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer through which such Offered Shares were purchased. It is expected that the closing of the Offering will be held on or about November 21, 2016 or such other date as the Corporation and the Underwriters may agree upon (the "**Closing**"). See "Description of Shares" and "Plan of Distribution".

Offered Shares settled in Australia will be represented by the issue of CDIs and, for greater certainty, this short form prospectus will qualify the Offered Shares underlying such CDIs and be delivered to the purchasers thereof. A CDI is a security that trades on the ASX and that gives the holder a beneficial interest in a Share. Settlement of CDI allocations

made to investors in Australia will be made via CHES DvP in accordance with the terms set out in the confirmation letter to be provided to those investors. Following settlement, those investors will be issued CHES holding statements in respect of the CDIs issued to them. The Corporation, the Underwriters and the transfer agent and registrar for the CDI holders in Australia (being Computershare Investor Services Pty Ltd) disclaim all liability, whether in negligence or otherwise, to persons who trade CDIs before receiving their holding statements.

The Corporation has entered into a subscription agreement (the “**Subscription Agreement**”) with Tablo Corporation (“**Tablo**”) dated November 1, 2016 pursuant to which the Corporation has agreed to complete a private placement of 29,500,000 Shares (the “**Placement Shares**”) to Tablo at a price of \$1.05 per Placement Share for gross proceeds to the Corporation of \$30,975,000 (the “**Concurrent Private Placement**”), concurrent with the closing of the Offering. Completion of the Offering is conditional upon the Concurrent Private Placement closing immediately prior to the Closing of the Offering. However, completion of the Concurrent Private Placement is not conditional upon the completion of the Offering.

No commission or other fee will be paid to the Underwriters or any other underwriter or agent in connection with the Concurrent Private Placement. This short form prospectus does not qualify the distribution of the Placement Shares. The Placement Shares will be subject to a statutory hold period of four months and a day from the date of closing of the Concurrent Private Placement. Completion of the Concurrent Private Placement is subject to a number of conditions including the approval of the TSX. See “The Concurrent Private Placement”.

**Offered Shares are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation.** A return on an investment in Offered Shares, is not comparable to the return on an investment in a fixed-income security. The recovery of your initial investment in the Offered Shares is at risk, and the anticipated return on your investment is based on certain performance assumptions. Prospective purchasers are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding or disposing of the Offered Shares, including the Canadian federal income tax consequences applicable to a foreign controlled Canadian corporation that acquires the Offered Shares. An investment in the Offered Shares is subject to certain risk factors. Please see “Risk Factors”.

In this short form prospectus, references to “\$” or “Cdn\$” are to Canadian dollars, “US\$” are to United States dollars, and “Aus\$” are to Australian dollars. The Corporation’s consolidated financial statements are expressed in United States dollars.

The following tables reflect the low and high rates of exchange in Canadian dollars for one United States dollar and one Australian dollar, respectively, during the periods noted, the average rate of exchange during such periods and the rates of exchange at the end of such periods, based on the Bank of Canada noon spot rate of exchange on the date specified.

<u>12 month period ended Dec 31</u>	<b>Canadian dollars per United States dollar</b>			<u>End of Period</u>
	<u>High</u>	<u>Low</u>	<u>Average</u>	
2016 <sup>(1)</sup>	1.4589	1.2544	1.3221	1.3403
2015	1.3990	1.1728	1.2787	1.3840
2014	1.1643	1.0614	1.1045	1.1601

<u>12 month period ended Dec 31</u>	<b>Canadian dollars per Australian dollar</b>			<u>End of Period</u>
	<u>High</u>	<u>Low</u>	<u>Average</u>	
2016 <sup>(1)</sup>	1.0230	0.9367	0.9831	1.0204
2015	1.0112	0.9180	0.9604	1.0083
2014	1.0344	0.9414	0.9963	0.9479

**Note:**

<sup>(1)</sup> For the period January 1, 2016 to Oct 31, 2016.

The Bank of Canada noon buying rate on November 4, 2016 for the purchase of one United States dollar using Canadian dollars, was Cdn\$1.3412 (one Canadian dollar equalled US\$0.7456). The Bank of Canada noon buying rate on November 4, 2016 for the purchase of one Australian dollar using Canadian dollars, was Cdn\$1.0286 (one Canadian dollar equalled Aus\$0.9722).

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### DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Corporation filed with the securities commissions or similar authorities in each of the provinces of Canada, other than Québec, are specifically incorporated by reference in and form an integral part of this short form prospectus:

- (a) the Corporation’s annual information form dated March 30, 2016 (the “**AIF**”);
- (b) the Corporation’s management’s discussion and analysis of results of operations and financial condition (“**MD&A**”) contained in the Corporation’s annual report to shareholders for the fiscal year ended December 31, 2015 (the “**Annual Report**”);
- (c) the Corporation’s audited consolidated financial statements for the years ended December 31, 2015 and 2014, together with the auditors’ report thereon and notes contained therein;
- (d) the Corporation’s unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2016, together with the MD&A included therewith;
- (e) the Corporation’s management information circular dated May 5, 2016 relating to the Corporation’s annual and special meeting of shareholders held on June 7, 2016;
- (f) the term sheet dated November 1, 2016 filed on SEDAR in connection with the Offering (the “**Marketing Materials**”);
- (g) the Corporation’s material change report dated June 20, 2016;
- (h) the Corporation’s material change report dated October 13, 2016; and
- (i) the Corporation’s material change report dated November 3, 2016.

Any documents of the type referred to above (other than press releases of the Corporation) as well as all other documents disclosing additional or updated information filed by the Corporation with the securities regulatory authorities in Canada after the date of this short form prospectus and prior to the termination of the Offering shall be deemed to be incorporated by reference into this short form prospectus, as prescribed by applicable securities laws.

**Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for the purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact**

**that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this short form prospectus, except as so modified or superseded.**

## **MARKETING MATERIALS**

The Marketing Materials are not part of this short form prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of “marketing materials” (as defined in National Instrument 41-101 — General Prospectus Requirements) filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated into this short form prospectus.

## **FORWARD-LOOKING STATEMENTS**

Included in this short form prospectus and documents incorporated by reference herein is certain forward-looking information, as such term is defined under applicable securities laws. This information relates to future events or future performance and reflects management’s expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Corporation. Such forward-looking information reflects management’s current beliefs and are based on information currently available to management of the Corporation and a number of assumptions that management believed were reasonable on the day such forward-looking information was presented. Refer, in particular, to the relevant sections of the documents incorporated by reference, for a discussion of certain assumptions management has made in presenting forward-looking information, which sections are incorporated by reference herein. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “intend”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, information regarding the Corporation’s future operating results and economic performance, the expected use of proceeds from the Offering and the Concurrent Private Placement, the anticipated completion of the Offering and the Concurrent Private Placement, the possibility that the Underwriters may reduce the Offering Price, the possibility that the Underwriters may engage in market stabilization activities, the possibility of market price volatility and potential future dilution to shareholders, is forward-looking information. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information. See “Risk Factors”.

Forward-looking statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and other uncertain events. Forward-looking statements, by their nature, are based on assumptions, including those described below, and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to differ materially from those expressed in the forward-looking statements. Any forecasts or forward-looking predictions or statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business. Results indicated in forward-looking statements may differ materially from actual results for a number of reasons, including without limitation, the ability to obtain any requisite Senegalese or Burkino Faso governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions and courses of action. The forward-looking statements contained in this short form prospectus represent the Corporation’s expectations as of the date of this short form prospectus, and are subject to change after such date. All of the forward-looking statements made in this short form prospectus and the documents incorporated by reference herein are qualified by these cautionary statements and other cautionary statements or factors contained herein and therein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required under applicable securities regulations.

## **TECHNICAL INFORMATION**

The disclosure contained or incorporated by reference in this short form prospectus of a scientific or technical nature, including disclosure of mineral reserves and resources, is based on the technical report (the “**Technical Report**”) entitled the “Technical Report on the Sabodala Project, Senegal, West Africa” dated March 22, 2016 prepared by RPA Inc. (“**RPA**”) in accordance with National Instrument 43-101 (“**NI 43-101**”) and other information that has been prepared by or under the supervision of qualified persons (as such term is defined in NI 43-101) and competent persons (as such term is defined in the 2004 and 2012 Edition of the “Australasian Code of Reporting of Exploration Results, Mineral Resources

and Ore Reserves), as applicable, and included in this short form prospectus with the consent of such persons. The technical report has been filed on SEDAR and may be accessed electronically at www.sedar.com. Banfora is not a material property for the Corporation and as such the Corporation does not have a Technical Report prepared in accordance with NI 43-101 for Banfora. Where information concerning Banfora is incorporated by reference into this short form prospectus, any such information of a scientific or technical nature is excluded.

Actual recoveries of mineral products may differ from reported mineral reserves and resources due to inherent uncertainties in acceptable estimating techniques. In particular, inferred mineral resources have a great amount of uncertainty as to their existence, economic and legal feasibility. It cannot be assumed that all or any part of an “inferred” mineral resource will ever be upgraded to a higher category of resource. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into proven and probable reserve.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Corporation, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the “**Tax Act**”), the Offered Shares would, if issued on the date hereof, be a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), registered education savings plan, registered retirement income fund (“**RRIF**”), deferred profit sharing plan, registered disability savings plan or tax-free savings account (a “**TFSA**”).

Notwithstanding that the Offered Shares may be a qualified investment for a trust governed by an RRSP, RRIF or TFSA (a “**Registered Plan**”), if the Offered Shares are a “prohibited investment” within the meaning of the Tax Act for a Registered Plan, the annuitant or holder of the Registered Plan, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Offered Shares generally will be a prohibited investment for a Registered Plan if the annuitant or holder, as the case may be, of the Registered Plan: (i) does not deal at arm’s length with the Corporation for the purposes of the Tax Act; or (ii) has a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Corporation. In addition, the Offered Shares will not be a prohibited investment if the Offered Shares are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules). **Prospective purchasers who intend to hold the Offered Shares in a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.**

## SUMMARY DESCRIPTION OF THE BUSINESS

Teranga is a Canadian based gold mining company committed to responsible mining and sustainable development in the communities in which it operates. Teranga was created to acquire the Sabodala gold project (“**Sabodala Project**”) (including the producing Sabodala gold mine) as well as a large regional exploration package from Mineral Deposits Limited (“**MDL**”) pursuant to a demerger transaction (the “**Demerger**”) and subsequent initial public offering (together with the Demerger, the “**IPO**”). Teranga took over operational control of the Sabodala gold mine on November 23, 2010, the date of the Demerger, and the IPO was completed on December 7, 2010. Since the IPO, Teranga has focused on creating shareholder value through increasing production, growing its mineral resource base, reducing costs and maximizing long term free cash flows.

On October 4, 2013, Teranga completed the acquisition of Oromin Explorations Ltd. (“**Oromin**”), a Canadian gold mining company listed on the TSX. Teranga issued 71,183,091 Shares to acquire all of the Oromin shares that it did not already own. Oromin held a 43.5% participating interest in a joint venture, the Oromin Joint Venture Group (“**OJVG**”). The OJVG held a 90% interest in Societe des Mines de Golouma SA (“**SOMIGOL**”), an operating company created under the laws of Senegal, in which the Government of Senegal owns the remaining 10%. SOMIGOL held the Golouma Mining Concession, a 212.6 km<sup>2</sup> landholding located in the Kedougou region of Senegal that is contiguous with the Sabodala Mining Concession.

On January 15, 2014, Teranga completed a US\$135 million stream transaction with Franco-Nevada Corporation (“**Franco Nevada**”) to fund its acquisition of the balance of the OJVG that it did not already own, and retire half of the Corporation’s US\$60 million loan facility with Macquarie Bank Limited (the “**Gold Stream Transaction**”). Pursuant to the Gold Stream Transaction, Franco Nevada purchased a fixed annual amount of gold in the amount of 22,500 oz from SGO (as defined below) for the first six years of the agreement, and thereafter a right to 6% of future gold production. Upon completion of the Gold Stream Transaction, Teranga acquired Bendon International Limited’s (“**Bendon**”) 43.5%

participating interest in the OJVG for US\$105 million and Badr Investment Ltd.'s ("**Badr**") 13% carried interest in the OJVG for US\$7.5 million. The acquisition of Bendon and Badr's interests increased Teranga's ownership of the OJVG to 100%, thereby consolidating Teranga's interests in the Sabodala region and increasing the size of its mine license from 33km<sup>2</sup> to 245.6 km<sup>2</sup>, and more than doubling the Corporation's mineral reserve base.

On May 1, 2014, Teranga completed a bought deal offering of 36,000,000 Shares at a price of \$0.83 per Share for gross proceeds to Teranga of \$29,880,000.

In July 2015, Teranga closed a U.S.\$30 million senior secured revolving credit facility with Societ  Generale (the "**Revolver**") for general corporate purposes and working capital needs. The Revolver was a two-year facility bearing an annual interest rate of LIBOR plus 5.0% with an initial maturity date of June 30, 2017 and is currently drawn down by US\$15 million. The unused portion of the Revolver was subject to a commitment fee of 1.75%.

On October 14, 2015, Teranga completed a non-brokered \$22,736,000 private placement to David Mimran (the "**Private Placement**"). As part of the transaction, Mr. Mimran was appointed to Teranga's board of directors (the "**Board**"). Tablo, a company controlled by Mr. Mimran, was issued 39,200,000 Shares at a price of \$0.58 per Share. Pursuant to the terms of the voting and investor rights agreement among Teranga, David Mimran, Tablo and certain other parties, dated October 14, 2015 (the "**Voting Agreement**"), Mr. Mimran is entitled to be nominated for re-appointment to the Board for the 3-year term of the Voting Agreement, so long as, among other things, Mr. Mimran, Tablo or any other company which Mr. Mimran owns, exercises control or direction over, in aggregate not less than 9.9% of the Shares issued and outstanding, calculated on a non-diluted basis. Under the terms of the Voting Agreement, Mr. Mimran and Tablo agreed to a standstill provision and were granted anti-dilution rights.

Subsequent to consolidating its ownership of the OJVG, Teranga worked with the Government of Senegal to execute a new mining convention to combine the Sabodala Mining Concession, the Golouma Mining Concession (formerly held by the OJVG) and the Gora project (a satellite deposit covering a perimeter of 45.6km<sup>2</sup>) into an expanded mine license area in the name of Sabodala Gold Operations SA ("**SGO**"), Teranga's key operating subsidiary in Senegal. On April 7, 2015, the Government of Senegal and SGO signed the new Sabodala Mining Convention which also incorporated the material commitments set out in the global investment agreement executed with the Government of Senegal in May of 2013. On July 29, 2015, a Presidential Decree formally granting an expanded Sabodala Mining Concession (for a combined mine license of 291.2km<sup>2</sup>), was issued to SGO. On January 29, 2016, SGO received a Presidential Decree formally extending the term of the expanded Sabodala Mining Concession to January 26, 2025. Following the merger of the Golouma Mining Concession into the Sabodala Mining Concession, SOMIGOL (the Senegalese subsidiary of OJVG which held the Golouma Mining Concession from 2013 onward) was officially dissolved on November 11, 2015.

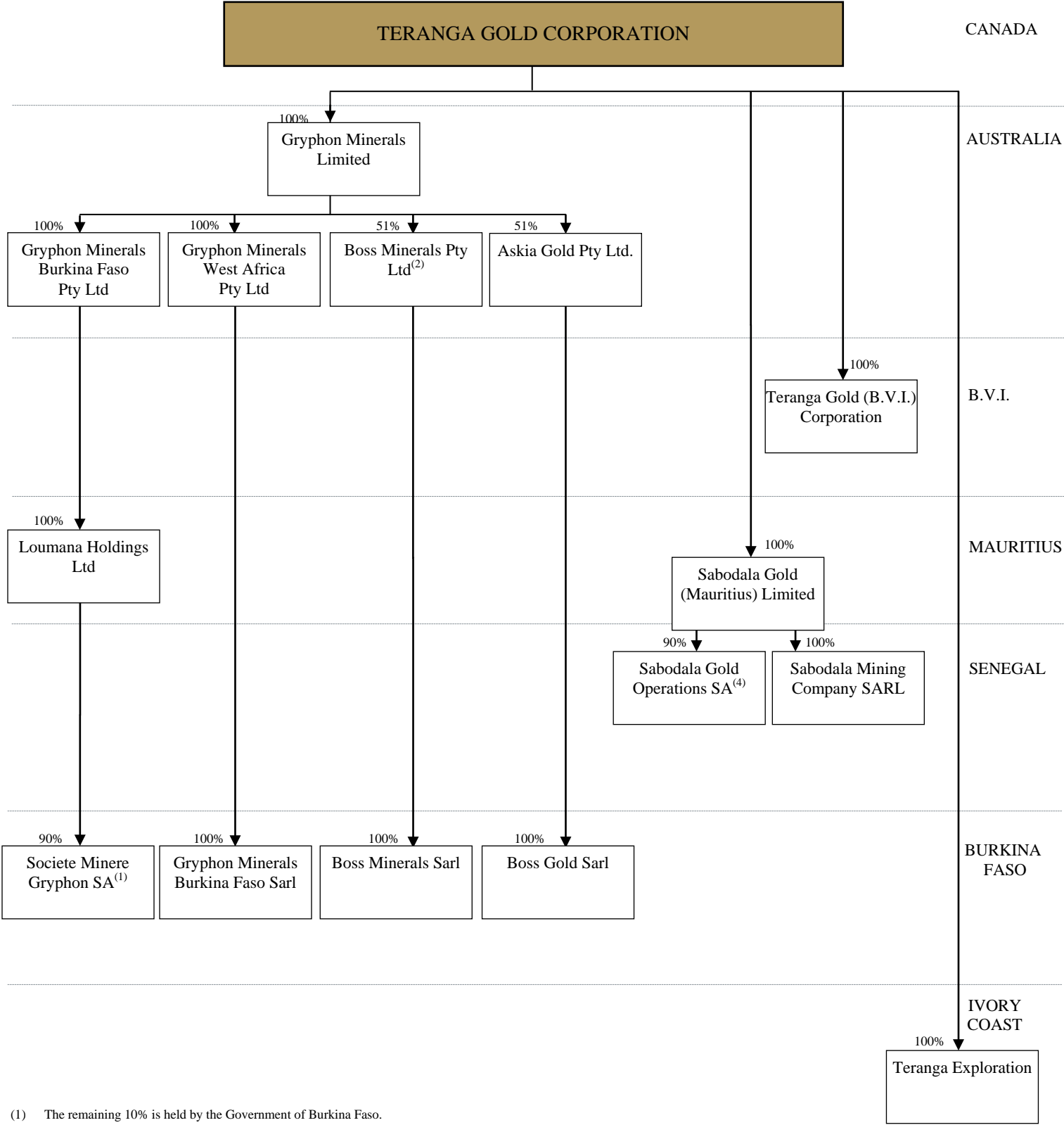
In June 2016, the Corporation completed an extension of its Revolver. The Revolver matures on June 30, 2019, with the available amount decreasing to US\$15 million on June 30, 2018. The Revolver carries an interest rate of LIBOR plus 4.65% with any unused facility amounts subject to a commitment fee of 1.6%. All financial covenants remain unchanged from the original Revolver.

On October 12, 2016, Teranga announced that it had completed the acquisition of Gryphon Minerals Limited ("**Gryphon**"), by way of a scheme of arrangement (the "**Scheme**") under the *Corporations Act*. Pursuant to the Scheme, shareholders of Gryphon received an aggregate of 70,638,853 Shares or CDIs (based on their election) on the basis of 0.169 Share or CDIs for each Gryphon common share not already held by Teranga. Gryphon's key asset is the Banfora gold project ("**Banfora**"), a fully permitted, high grade, open pit gold project located in Burkina Faso, West Africa.

On October 13, 2016, Teranga completed a non-brokered private placement of 9,671,625 Shares to Tablo. The Shares were issued in connection with Tablo's pre-emptive participation rights pursuant to the Voting Agreement. The issuance price to Tablo was \$1.0322 per Share, being the 5-day volume weighted average price of Shares on the TSX as of close of business on October 12, 2016.

Set forth below is a chart reflecting the organizational structure of the Corporation and each of its material subsidiaries, as well as the percentage of ownership and jurisdiction of incorporation or continuance of each such material subsidiary.

**CORPORATE ORGANIZATIONAL CHART**  
(Material Subsidiaries)



(1) The remaining 10% is held by the Government of Burkina Faso.  
 (2) The remaining 49% is held by the Boss Resources Ltd., the joint venture partner.  
 (3) The remaining 49% is held by the Boss Resources Ltd., the joint venture partner.  
 (4) The remaining 10% is held by the Government of Senegal.



## **THE CONCURRENT PRIVATE PLACEMENT**

The Corporation entered into the Subscription Agreement with Tablo pursuant to which the Corporation has agreed to complete a private placement of 29,500,000 Shares to Tablo at a price of \$1.05 per Placement Share for gross proceeds to the Corporation of \$30,975,000, closing immediately prior to the Closing of the Offering. Completion of the Offering is conditional upon the completion of the Concurrent Private Placement. However, completion of the Concurrent Private Placement is not conditional upon the completion of the Offering. Neither the Underwriters nor any of their affiliates or representatives acted as dealer, broker, agent or other representative in respect of the Concurrent Private Placement or provided any advice to Tablo in connection with the Concurrent Private Placement and the Underwriters will not receive an underwriting commission or other fee with respect to the receipt by Tablo of the Placement Shares. This short form prospectus does not qualify the distribution of the Placement Shares. The Placement Shares will be subject to a statutory hold period of four months and a day from the date of closing of the Concurrent Private Placement. Completion of the Concurrent Private Placement is subject to a number of conditions including the approval of the TSX. The Concurrent Private Placement is exempt from the registration requirements of the 1933 Act pursuant to Regulation S thereunder.

The closing of the Offering is subject to the condition that the Underwriters shall have satisfactory evidence that the Concurrent Private Placement has been completed. If the Concurrent Private Placement is not completed, then the Offering will not be completed, unless such condition is waived by the Underwriters. See "Risk Factors".

In addition to the Shares purchased by Tablo under the Concurrent Private Placement, Tablo has also agreed to purchase from the Underwriters 4,335,000 Shares at a price of \$1.05 under the Offering in connection with the exercise of their rights under the Voting Agreement to subscribe for a pro-rata number of Shares sold under the Offering. The Underwriters will receive a fee of \$0.0525 per Share (or 5.0% commission) sold to Tablo under the Offering.

Assuming completion of the Concurrent Private Placement and the Offering, Tablo will beneficially own, or exercise control or direction over, directly or indirectly, an aggregate of 97,981,960 Shares (which includes: (i) the 64,146,960 Shares which Tablo currently beneficially owns, or exercises control or direction over, directly or indirectly; (ii) the 29,500,000 Shares purchased by Tablo under the Concurrent Private Placement; and (iii) the 4,335,000 Shares purchased by Tablo under the Offering), representing approximately 18.33% of the Corporation's then issued and outstanding Shares (calculated on a non-diluted basis) or approximately 18.16% of the Corporation's then issued and outstanding Shares (calculated on a non-diluted basis) if the Over-Allotment Option is exercised in full.

## **DIVIDEND POLICY**

The Corporation has not, since the date of its incorporation, declared or paid any dividends on its Shares, and does not currently have a policy with respect to the payment of dividends. For the foreseeable future, the Corporation anticipates that it will retain future earnings and other cash resources for the operation and development of its business. The payment of dividends in the future, if any, will be determined by the Board in their sole discretion based upon, among other factors, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations, and such other business considerations as the Board considers relevant.

## **USE OF PROCEEDS**

The net proceeds to the Corporation from the Offering (after deducting the Underwriters' fee of \$1,706,250 and before deducting the estimated expenses of this Offering of \$450,000) and the Concurrent Private Placement will be approximately \$63,393,750. If the Over-Allotment Option is exercised in full, the net proceeds to the Corporation (after deducting the Underwriters' fee of \$1,962,187.50 and before deducting the estimated expenses of this Offering of \$450,000 and including the Concurrent Private Placement) will be approximately \$68,256,562.50.

The Corporation intends to use the net proceeds from the Offering (assuming no exercise of the Over-Allotment Option) and the Concurrent Private Placement to advance the Corporation's recently acquired Banfora gold project construction readiness, Gryphon exploration, and for working capital and general corporate purposes, subject to discretion to change the allocation after the date of this short form prospectus, as follows:

Use of Proceeds	Offering (assuming no exercise of the Over-Allotment Option) <sup>(1)</sup>	Concurrent Private Placement	Offering and Concurrent Private Placement (assuming no exercise of the Over-Allotment Option) <sup>(1)</sup>
Construction readiness activities for the Banfora development project, which may include reserve development drilling, updating scientific, technical report and optimization reports and studies, commencement of initial infrastructure and village relocation as well as early engineering works.....	\$32,418,750	\$8,081,250	\$40,500,000
Exploration activities associated with the Banfora gold project, and Golden Hill and Gourma exploration permits.....	-	\$13,500,000	\$13,500,000
Working capital and general corporate purposes	-	\$9,393,750	\$9,393,750
Total.....	\$32,418,750	\$30,975,000	\$63,393,750

**Note:**

<sup>(1)</sup> The net proceeds from the exercise of the Over-Allotment Option, if any, will be used for working capital and general corporate purposes.

Although the Corporation intends to use the net proceeds from the Offering and the Concurrent Private Placement as set forth above, the actual allocation of the net proceeds may vary depending on future developments in the Corporation’s mineral properties or other unforeseen events. See “Risk Factors”.

### CONSOLIDATED CAPITALIZATION

Except as disclosed in this short form prospectus with respect to the acquisition of Gryphon and the non-brokered private placement with Tablo (see “Summary Description of the Business”), there have been no material changes in the Corporation’s share or loan capital on a consolidated basis since September 30, 2016. Upon completion of the Offering and the Private Placement, there will be an aggregate of 534,558,916 Shares issued and outstanding (or 539,433,916 Shares if the Over-Allotment Option is exercised in full), and options to acquire 18,985,527 Shares are outstanding.

### DESCRIPTION OF SHARES

#### Common Shares

The Corporation is authorized to issue an unlimited number of Shares, of which, as at November 6, 2016, there were 472,558,916 Shares issued and outstanding.

Shareholders are entitled to receive notice of, attend and vote at, all meetings of the Shareholders (except with respect to matters requiring the vote of a specified class or series voting separately as a class or series) and are entitled to one vote for each Share on all matters to be voted on by Shareholders at meetings of the Shareholders. Shareholders are entitled to receive such dividends, if, as and when declared by the Board, in their sole discretion. All dividends which the Board may declare shall be declared and paid in equal amounts per Share on all Shares at the time outstanding. On liquidation, dissolution or winding up of the Corporation, the Shareholders will be entitled to receive the property of the Corporation remaining after payment of all outstanding debts on a pro rata basis, but subject to the rights, privileges, restrictions and conditions of any other class of shares issued by the Corporation. There are no pre-emptive, redemption or conversion rights attaching to the Shares. All Shares, when issued, are and will be issued as fully paid and non-assessable Shares without liability for further calls or to assessment.

## CDIs

The ASX uses an electronic system called CHESSE for the clearance and settlement of trades on the ASX. The Corporation is incorporated in Canada which does not recognize the CHESSE system of holding securities. Accordingly, to enable companies such as the Corporation to have their securities cleared and settled electronically through CHESSE, CDIs are issued.

The major differences between holding CDIs and the Shares are as follows:

- (i) CDI holders do not have legal title in the underlying Shares to which the CDIs relate. Legal title to the Shares is held by the depositary nominee appointed by the Corporation, CHESSE Depositary Nominees Pty Ltd (“CDN”), a wholly-owned subsidiary of ASX Limited, for the benefit of CDI holders. CDI holders have beneficial ownership of the underlying Shares and legal and beneficial ownership of the CDIs; and
- (ii) CDI holders are not able to vote personally as shareholders at a meeting of the Corporation. Instead, CDI holders are provided with a voting instruction form which will enable them to instruct CDN in relation to the exercise of voting rights. Alternatively, a CDI holder is able to request CDN to appoint the CDI holder or a third party nominated by the CDI holder as its proxy so that the proxy so appointed may attend meeting and vote personally as CDN’s proxy.

## PRIOR SALES

During the 12-month period prior to the date of this short form prospectus, the Corporation issued the following Shares (excluding exercises of Stock Options<sup>1</sup>):

<u>Date</u>	<u>Number of Shares</u>	<u>Price per Share</u>
October 12, 2016	70,638,853	\$1.03 <sup>2</sup>
October 12, 2016	9,671,625	\$1.03 <sup>3</sup>

### Notes:

<sup>(1)</sup> 247,347 Shares were issued upon exercise of Stock Options.

<sup>(2)</sup> These Shares were issued to former Gryphon shareholders in connection with the acquisition of Gryphon by Teranga on October 12, 2016.

<sup>(3)</sup> These Shares were issued to Tablo in connection with the private placement completed on October 12, 2016 between Teranga and Tablo.

During the 12-month period prior to the date of this short form prospectus, the Corporation issued the following stock options to purchase Shares:

<u>Date</u>	<u>Number of Stock Options</u>	<u>Exercise Price</u>
March 31, 2016	4,027,686	\$0.67
August 2, 2016	91,125	\$1.07
September 12, 2016	23,030	\$1.26

## TRADING PRICE AND VOLUME

The outstanding Shares are traded on the TSX under the trading symbol “TGZ”. The following table sets forth the reported minimum and maximum closing prices and total monthly trading volumes of the Shares of the Corporation as reported by the TSX for the periods indicated.

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
<b><u>2016</u></b>			
November 1 to 4	\$1.16	\$1.01	9,225,234
October	\$1.21	\$1.00	23,737,500
September	\$1.40	\$1.13	42,934,200
August	\$1.39	\$1.07	26,401,400

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
July	\$1.23	\$1.01	23,545,500
June	\$1.25	\$0.91	27,193,500
May	\$1.18	\$0.87	39,259,100
April	\$1.01	\$0.70	31,658,900
March	\$0.74	\$0.55	33,783,500
February	\$0.61	\$0.38	33,807,100
January	\$0.54	\$0.39	26,622,000
<b><u>2015</u></b>			
December	\$0.52	\$0.48	18,274,400
November	\$0.56	\$0.48	11,809,200

The outstanding Shares in the form of CDIs are also traded on the ASX under the trading symbol “TGZ”. The following table sets forth the reported minimum and maximum closing prices and total monthly trading volumes of the Shares of the Corporation as reported by the ASX for the periods indicated

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
<b><u>2016</u></b>			
November 1 to 4	Aus\$1.08	Aus\$0.97	408,268
October	Aus\$1.26	Aus\$0.99	1,686,000
September	Aus\$1.37	Aus\$1.10	664,200
August	Aus\$1.40	Aus\$1.07	1,107,200
July	Aus\$1.29	Aus\$1.03	776,200
June	Aus\$1.25	Aus\$0.97	868,200
May	Aus\$1.22	Aus\$0.93	2,397,700
April	Aus\$0.97	Aus\$0.71	738,500
March	Aus\$0.70	Aus\$0.57	1,043,100
February	Aus\$0.59	Aus\$0.39	17,023,200
January	Aus\$0.55	Aus\$0.39	369,600
<b><u>2015</u></b>			
December	Aus\$0.53	Aus\$0.47	234,800
November	Aus\$0.61	Aus\$0.50	482,200

#### **PLAN OF DISTRIBUTION**

Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated November 7, 2016 between the Corporation and the Underwriters, the Corporation has agreed to sell and the Underwriters have agreed to purchase on the closing of the Offering or arrange for the purchase in a private placement in the United States pursuant to Rule 144A of the 1933 Act (“**Rule 144A**”) and/or a private placement in Australia, all of the Offered Shares offered hereby at the Offering Price for a total consideration of \$34,125,000 payable in cash against delivery of the Offered Shares. The Underwriting Agreement provides for the Corporation to pay the Underwriters a fee of \$0.0525 per Offered Share (or 5.0% of the total gross proceeds of the Offering), being an aggregate commission of \$1,706,250, for their services performed in connection with the Offering, upon completion of the Offering. The offering price of the Shares was determined by negotiation between the Corporation and the Lead Underwriters on behalf of themselves and on behalf of the other Underwriters. Completion of the Offering is subject to a number of conditions, including the Concurrent Private Placement closing immediately prior to the Closing of the Offering and the approval of the TSX. If the Concurrent Private Placement is not completed prior to the Offering, the Offering will not be completed unless this condition is waived by the Underwriters. The closing of the Concurrent Private Placement is not conditional on the completion of the Offering. Any Offered Shares distributed hereunder to investors in Australia will be represented by the issue of CDIs.

The obligations of the Underwriters under the Underwriting Agreement are several and each underwriter may terminate its obligations at its discretion based upon the occurrence of certain stated events. The Underwriters

are, however, obligated to take up and pay for all the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement.

The Corporation has agreed to grant the Underwriters the Over-Allotment Option, exercisable in whole or in part at any time until 30 days after the Closing, to purchase up to an additional 4,875,000 Offered Shares on the same terms as set out above solely to cover over-allotments, if any. The Corporation has agreed to pay to the Underwriters a fee of \$0.0525 per Offered Share (or 5.0% of the gross proceeds of the Offering), being an aggregate commission of \$1,962,187.50 in the event the Over-Allotment Option is exercised in full.

The Underwriters and their affiliates may, from time to time, engage in transactions with and perform services for the Corporation in the ordinary course of their business.

The Corporation has applied to have the Offered Shares listed on the TSX. Listing will be subject to the Corporation fulfilling all of the requirements of the TSX. The Corporation will also apply to the ASX for official quotation of any CDIs representing Offered Shares.

Subscriptions for Offered Shares under this short form prospectus will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Closing will occur on or about November 21, 2016, or such other date as the Corporation and the Underwriters may agree upon. See "Plan of Distribution". Subject to certain exceptions, registration of interests in and transfers of Offered Shares held through CDS or its nominee will be made electronically through the NCI system of CDS. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer through which such Offered Shares were purchased. See "United States Matters".

Offered Shares settled in Australia will be settled by the issue of CDIs and, for greater certainty, this short form prospectus will qualify the Offered Shares underlying such CDIs and be delivered to the purchasers thereof. A CDI is a security that trades on the ASX and that gives the holder a beneficial interest in a Share. Settlement of CDI allocations made to investors in Australia will be made via CHES DvP in accordance with the terms set out in the confirmation letter to be provided to those investors. Following settlement, those investors will be issued CHES holding statements in respect of the CDIs issued to them.

This short form prospectus qualifies the distribution of the Offered Shares, the grant of the Over-Allotment Option and the issuance of Offered Shares on the exercise of the Over-Allotment Option.

Pursuant to policy statements of the relevant securities commissions, the Underwriters may not, throughout the period of distribution, bid for or purchase any Offered Shares. The policy statements allow certain exceptions to the foregoing prohibitions. The Underwriters may only avail themselves of such exceptions on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Offered Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Pursuant to the first mentioned exception, in connection with this Offering the Underwriters may effect transactions which stabilize or maintain the market price of the Offered Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time.

The Corporation has agreed not to issue any Shares or any securities convertible into or exchangeable for or exercisable to acquire Shares for a period of 90 days from the Closing Date without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, which consent shall not be unreasonably withheld, except in connection with (i) the Offering, (ii) the grant or exercise of stock options pursuant to the stock option plan of the Corporation and other share compensation arrangements, (iii) the exercise of existing convertible securities of the Corporation or other existing contractual rights outstanding as of the date hereof, and (iv) the acquisition of mineral properties or any entity holding an interest in mineral properties.

In addition, Tablo and Mr. Mimran have agreed not to sell, or enter into any agreement to sell (or announce any of the foregoing) any securities of Teranga held by them for a period of 90 days from the Closing Date, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, which consent shall not be unreasonably withheld, except Tablo and Mr. Mimran shall be entitled to transfer their securities of Teranga (i) to an affiliate, (ii) in connection with an internal reorganization, (iii) pursuant to a pledge as security for indebtedness owing to a bona fide lender and/or any sale of the securities upon such lender realizing on such security; (iv) in connection with a sale of such securities to a strategic purchaser, and (v) pursuant to a bona fide take-over bid or any other similar transaction made generally by a third party to all holders of securities of Teranga.

After the Underwriters have made a reasonable effort to sell all of the Shares offered under this short form prospectus at the price fixed herein, the Underwriters may subsequently reduce the Offering Price to investors, which Offering Price may be changed from time to time, in order to sell any Offered Shares remaining unsold. Any such reduction shall not affect the proceeds received by the Corporation; however, such reduction shall decrease the compensation realized by the Underwriters by the amount of the aggregate price paid by the purchasers is less than the gross proceeds paid by the Underwriters for the Offered Shares.

The Offering is being made in all Provinces of Canada, other than Québec. In addition, the Underwriters may offer the Offered Shares outside of Canada in compliance with local securities laws. The Corporation is not making an offer to sell or a solicitation of an offer to buy the Offered Shares in any jurisdiction where such offer or solicitation is not permitted.

### **United States Matters**

This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares offered hereby in the United States or to, or for the account or benefit of, U.S. persons (as defined in Rule 902(k) of Regulation S promulgated under the 1933 Act). The Offered Shares have not been and will not be registered under the 1933 Act or the state securities laws of any state in the United States and such securities may not be offered or sold in the United States or to, or for the account or benefit of, persons in the United States or to U.S. Persons, except in transactions exempt from registration under the 1933 Act and under the state securities laws of any applicable U.S. state. The Underwriters have agreed that they will not offer or sell the Offered Shares or arrange for the offer and sale of Offered Shares to, or for the account or benefit of, persons in the United States or U.S. Persons except to Qualified Institutional Buyers (as defined in Rule 144A) pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144A and in compliance with applicable state securities laws. In addition, until 40 days after the later of the commencement of this Offering and the issue date of the Shares offered hereby, any offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the 1933 Act.

The Offered Shares offered, sold or issued to, or for the account or benefit of, persons in the United States or U.S. Persons will be “restricted securities” within the meaning of Rule 144(a)(3) of the 1933 Act and represent and agree that such Shares may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, except as described in the U.S. QIB Purchaser’s Letter and in all instances in accordance with local laws and regulations.

Terms used and not defined in the two preceding paragraphs shall have the meaning ascribed thereto by Regulation S under the 1933 Act.

### **Australian Matters**

The Offering will only be made in Australia to investors to whom an offer of securities does not need disclosure under Part 6D.2 of the Corporations Act pursuant to section 708(8) or section 708(11) of the Corporations Act. This document is not a prospectus, disclosure document or product disclosure statement within the meaning of the Corporations Act and does not constitute, in respect of any investor in Australia (other than investors referred to in the previous sentence), an invitation to subscribe for or buy any securities or an offer for subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction.

## **RISK FACTORS**

There are certain risks inherent in an investment in the Offered Shares and in the activities of the Corporation as well as certain other legal matters that investors should carefully consider before investing in the Offered Shares. Reference is made to the section entitled “Risk Factors” in the AIF, and the section entitled “Risks and Uncertainties” in the Annual Report, all of which are incorporated herein by reference, for a discussion of the risks inherent in an investment in the Offered Shares provided that, to the extent of any inconsistency between statements made in those documents and statements made in this short form prospectus, this short form prospectus shall govern. If any of the events or circumstances contemplated by the risk factors referenced therein occur, the Corporation’s financial performance and financial condition could be materially harmed which may adversely affect the value and trading price of the Shares. Investors could lose all or part of their investment in securities of the Corporation.

***The Corporation may not be able to successfully integrate new business activities following the acquisition of Gryphon and the related Banfora, Golden Hill and Gourma gold projects, which could cause its business to suffer***

The Corporation may not be able to successfully integrate and combine the operations, personnel and infrastructure of Gryphon with the Corporation's existing operations. If integration is not executed successfully by management, the Corporation may experience interruptions in business activities, a deterioration in the Corporation's employee and commercial relationships, increased costs of integration and harm to Corporation's reputation, all of which could have a material adverse effect on Corporation's business, financial condition and results of operations. The integration and operation of the Banfora, Golden Hill and Gourma gold projects with the Corporation may impose substantial demands on the Corporation's management. There is no assurance that improved operating results will be achieved by the Corporation or that the businesses of the Corporation will be successful in integrating and operating the Banfora, Golden Hill and Gourma gold projects. The challenges involved in the integration and operation may include, among other things, the following:

- defects in title and expired permits;
- imprecise mineral reserve and resource estimates retaining key personnel;
- the ability to obtain and complete technical reports, if required;
- inaccurate production and cost estimates;
- inability to raise sufficient capital to finance the construction and operation of the Banfora gold project, and Golden Hill and Gourma exploration permits, as applicable;
- unforeseen expenses or delays associated with the construction and operation of the Banfora gold project, as applicable;
- unplanned costs required to integrate and operate the Banfora gold project, and Golden Hill and Gourma exploration permits in the business of the Corporation; and
- the ability to successfully negotiate and execute community development agreements and community relocation initiatives.

***The Banfora gold project, and Golden Hill and Gourma exploration permits may require geologic, metallurgic, engineering, title, environmental, economic, financial and other assessments that maybe materially incorrect and may not produce as expected.***

The acquisitions of the Banfora gold project, and Golden Hill and Gourma exploration permits are based in large part on geologic, metallurgic, engineering, title, environmental, economic and financial assessments made by the acquirer and its personnel as well as independent consultants and advisors it may hire. These assessments include a series of assumptions regarding a number of factors, including the mineral bodies, grades, recoverability, regulatory and environmental restrictions, future prices of metals and operating costs, future capital expenditures and royalties and other government levies. Many of these factors are subject to change and are beyond the Corporation's control. All such assessments involve a measure of geologic, metallurgic, engineering, environmental, regulatory, political, economic and financial uncertainty that could result in lower than expected exploration results, mineral resources and reserves estimates and higher exploration and development costs than anticipated. Such factors can also result in unanticipated difficulty in obtaining required permits or complying with regulatory or environmental requirements. Failure to obtain or maintain title to these properties may adversely affect the exploration, development and production potential of the projects.

#### ***The Shares are Subject to Market Price Volatility***

The market price of the Shares may be adversely affected by a variety of factors relating to the Corporation's business, including fluctuations in our operating and financial results, the results of any public announcements made by us, our failure to meet analysts' expectations and changes in gold and other commodity prices. In addition, the market price and trading volume of securities of mining companies have experienced

substantial volatility in the past, sometimes based on factors unrelated to the financial performance or prospects of the companies involved. These factors include general fluctuations in the stock market, changes in global financial markets, general market conditions, changes in gold and other commodity prices, macroeconomic developments in the countries where such companies carry on business and globally and market perceptions of the attractiveness of particular industries. The trading price of the Shares has been volatile throughout 2016. See “Trading Price and Volume”. The stock markets in general have recently experienced volatility. This volatility may adversely affect the market price of the Shares. The market price of the Shares is also likely to be significantly affected by changes in precious metal prices and other mineral prices, currency exchange fluctuations and the political and regulatory environment in the countries in which we do business and globally.

### ***Potential Dilution***

The Corporation’s articles of incorporation and by-laws allow it to issue an unlimited number of Shares for such consideration and on such terms and conditions as shall be established by the Board, in many cases, without the approval of the Corporation’s shareholders. The Corporation may issue Shares in offerings from treasury (including through the sale of securities convertible into or exchangeable for Shares) and on the exercise of stock options or other securities exercisable for Shares. The Corporation cannot predict the size of future issuances of Shares or the effect that future issuances and sales of Shares will have on the market price of the Shares. Issuances of a substantial number of additional Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Shares. With any additional issuance of Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

### ***Use of Proceeds***

The Corporation’s management team has broad discretion over the use of the net proceeds of this Offering and the Concurrent Private Placement, as well as over the timing of the expenditure of such net proceeds. The actual amount spent by the Corporation on the currently intended use of proceeds may vary significantly from the amounts disclosed under “Use of Proceeds”. There may be circumstances, including as a result of fluctuations in the spot and forward prices of gold or because of changes in the Corporation’s operating and capital needs, which may cause the Corporation’s management to vary the use of the net proceeds of the Offering and the Concurrent Private Placement.

## **QUALIFIED PERSONS**

Each of Paul Chawrun, P.Eng., B. Sc, MBA, Patti Nakai-Lajoie, P.Geo., B.Sc., Peter Mann, M.Sc., FAusIMM, Kathleen A. Altman, Ph.D., P.E. and Jeff Sepp, P.Eng is a person who has reviewed or supervised the preparation of information upon which certain scientific and technical information relating to the Corporation’s mineral properties contained or incorporated by reference in this short form prospectus is based. Other than Mr. Chawrun, Mr. Mann and Ms. Nakai-Lajoie, each of whom are employees of the Corporation, each of such persons is an officer, employee or associate of RPA. None of such persons received or will receive a direct or indirect interest in any property of the Corporation or any of its associates or affiliates. As of the date hereof, each of such persons owns beneficially, directly or indirectly, less than 1% of any outstanding class of securities of the Corporation.

## **INTEREST OF EXPERTS**

In addition to those persons or companies set out in the AIF whose profession or business gives authority to the report, valuation, statement or opinion made by such person or company as having prepared or certified a report, valuation, statement or opinion in the AIF either directly or in a document incorporated by reference therein, the following persons or companies whose profession or business gives authority to the opinion made by the person or company are named in this short form prospectus as having prepared an opinion in this short form prospectus either directly or in a document incorporated by reference herein.

Each of Stikeman Elliott LLP, counsel for the Corporation, and Cassels Brock & Blackwell LLP, counsel for the Underwriters, has provided its opinion on certain matters contained in this short form prospectus. As at the date hereof, partners and associates of Stikeman Elliott LLP and Cassels Brock & Blackwell LLP, each as a group, own, directly or indirectly, in the aggregate, less than 1% of the securities of the Corporation.



Ernst & Young LLP, Chartered Accountants, are the auditors of the Corporation. Such firm is independent of the Corporation in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of Institute of Chartered Accountants of Ontario).

#### **TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent for the Shares in Canada and the Offered Shares is Computershare Investor Services Inc., Toronto, Ontario, Canada. The transfer agent and registrar for the CDI holders in Australia is Computershare Investor Services Pty Ltd at its offices in Melbourne, Victoria, Australia.

#### **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

#### **ENFORCEABILITY OF JUDGMENTS**

Ms. Jendayi Frazer and Mr. David Mimran, directors of the Corporation, reside outside of Canada. Although Ms. Frazer and Mr. Mimran have appointed Teranga Gold Corporation as their agent for service of process, purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against Ms. Frazer and/or Mr. Mimran, even if they have appointed an agent for service of process.

**CERTIFICATE OF TERANGA GOLD CORPORATION**

Dated: November 7, 2016

This short form prospectus, together with the documents and information incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Québec.

**TERANGA GOLD CORPORATION**

By: (Signed) "Richard Young"  
President and Chief Executive Officer

By: (Signed) "Navin Dyal"  
Chief Financial Officer

On behalf of the Board of Directors

By: (Signed) "Alan Hill"  
Director

By: (Signed) "Christopher Lattanzi"  
Director

**CERTIFICATE OF THE UNDERWRITERS**

Dated: November 7, 2016

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada, except Québec.

**RBC DOMINION SECURITIES INC.**

By: (Signed) "Lance Rishor"  
Managing Director

**CORMARK SECURITIES INC.**

By: (Signed) "Darren Wallace"  
Managing Director, Investment Banking

**BMO NESBITT BURNS INC.**

By: (Signed) "Tom Jakubowski"  
Director