

On Track to Meet Production and Cost Guidance

TORONTO, ONTARIO--(Marketwired - Oct 28, 2016) -

(All amounts are in U.S. dollars unless otherwise stated)

[Teranga Gold Corp.](#) ("Teranga" or the "Company") (TSX:TGZ)(ASX:TGZ) is pleased to report its financial results for the third quarter ended September 30, 2016.

Financial & Operating Highlights

- Surpasses more than 11 million hours worked without a lost time incident at the Sabodala Gold Operations
- Production⁽¹⁾ for first nine months at an all-time high of 172,748 ounces, including 49,481 ounces in third quarter
- Record mill throughput for both three and nine-month periods
- Lower quarterly all-in sustaining costs of \$907⁽²⁾ per ounce includes development capital and total cash costs of \$617⁽²⁾
- Net profit attributable to shareholders for the third quarter increased to \$10.4 million or \$0.03 per share
- Quarterly free cash flow per ounce improved to \$83 from (\$632) in the prior year⁽³⁾
- 30% growth in year-to-date cash balance; pro-forma September 30, 2016 cash balance of \$65.5 million⁽⁴⁾

Growth Highlights

- Successfully closed acquisition of [Gryphon Minerals Ltd.](#) ("Gryphon") on October 13, 2016
- An extensive exploration program is planned in Burkina Faso during fourth quarter 2016 and through 2017 with expectations
 - to continue to convert resources to reserves within the four deposits currently within the mine plan
 - to begin testing of 11 advanced stage targets within trucking distance of the proposed mill
 - to initiate exploration programs on two highly prospective exploration properties: Golden Hill and Gourma
- An updated National Instrument 43-101 technical report for the Banfora gold project is well underway for target completion by the end of the second quarter of 2017, including updated capital and operating costs
- Completed mill optimization project ahead of schedule and 12 percent below budget

"We are heading into the fourth quarter with record production for the first nine months," stated Richard Young, President and Chief Executive Officer. "The team is very focused on execution and, based on where things stand today, we are well on track to achieve our 2016 outlook for production of between 200,000 and 215,000 ounces, as well as total cash costs per ounce and all-in sustaining costs per ounce of between \$600 to \$650 and \$900 to \$975, respectively."

		Three months ended September 30,			Nine months ended September 30,			
Operating Data		2016	2015	Change	2016	2015	Change	
Gold Produced	(oz)	49,481	32,956	50	% 172,748	130,991	32	%
Gold Sold	(oz)	45,161	33,982	33	% 171,129	140,279	22	%
Average realized gold price	(\$ per oz)	1,333	1,112	20	% 1,244	1,185	5	%
Total cash costs ⁽¹⁾	(\$ per oz sold)	617	712	(13	%) 598	631	(5	%)
All-in sustaining costs ⁽¹⁾	(\$ per oz sold)	907	1,191	(24	%) 895	964	(7	%)
		Three months ended September 30,			Nine months ended September 30,			
Financial Data		2016	2015	Change	2016	2015	Change	
Revenue	(\$000's)	60,316	37,830	59	% 213,076	166,385	28	%
Profit attributable to shareholders of Teranga	(\$000's)	10,437	1,567	566	% 24,395	21,281	15	%
Per share	(\$)	0.03	0.00	N/A	0.06	0.06	0	%
EBITDA ⁽²⁾	(\$000's)	26,837	10,351	159	% 82,498	67,320	23	%
Operating cash flow	(\$000's)	13,255	(8,221)	N/A	58,356	20,679	182	%
Capital expenditures (before Deferred Stripping)	(\$000's)	6,426	11,221	(43	%) 25,481	23,543	8	%
Capitalized deferred stripping	(\$000's)	3,065	2,047	50	% 13,669	11,832	16	%
Free cash flow ⁽³⁾	(\$000's)	3,764	(21,489)	N/A	19,206	(14,696)	N/A	
Free cash flow per ounce sold ⁽³⁾	(\$ per oz sold)	83	(632)	N/A	112	(105)	N/A	

Notes to Table:

- (1) Total cash costs per ounce and all-in sustaining costs per ounce are Non-IFRS performance measures that do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures in the Company's third quarter 2016 Management's Discussion and Analysis.

- (2) Earnings before interest, taxes, depreciation and amortization ("EBITDA") is a Non-IFRS performance measure. Please refer to Non-IFRS Performance Measures in the Company's third quarter 2016 Management's Discussion and Analysis.
- (3) Free cash flow and free cash flow per ounce are defined as operating cash flow less capital expenditures. This is a Non-IFRS performance measure and does not have a standard meaning under IFRS.

2016 OUTLOOK

Following record nine-month production, the Company remains on track to achieve its 2016 guidance, with the following adjustments to the original outlook:

	2016 Original Guidance	2016 Revised Guidance	Material Factors and Assumptions
Total mined ('000t)	36,500 - 38,500	34,000 - 35,000	Total tonnes mined is expected to be lower due to reduced
Grade mined (g/t)	2.75 - 3.25	2.50 - 2.75	Increased recovery of low-grade ore above reserves block r

In addition, the acquisition of Gryphon is expected to increase 2016 exploration expense by about \$2 million and capital expenditures by \$2 million.

REVIEW OF OPERATING RESULTS

		Three months ended September 30,			Nine months ended September 30,			
Operating Results		2016	2015	Change	2016	2015	Change	
Ore mined	('000t)	331	1,750	(81	%) 1,599	5,889	(73	%)
Waste mined - operating	('000t)	6,373	4,958	29	% 19,680	13,770	43	%
Waste mined - capitalized	('000t)	1,189	713	67	% 4,637	4,775	(3	%)
Total mined	('000t)	7,893	7,421	6	% 25,916	24,434	6	%
Grade mined	(g/t)	2.71	1.15	136	% 2.58	1.17	121	%
Ounces mined	(oz)	28,826	64,807	(56	%) 132,911	220,967	(40	%)
Strip ratio	waste/ore	22.9	3.2	605	% 15.2	3.1	383	%
Ore milled	('000t)	933	691	35	% 2,991	2,503	20	%
Head grade	(g/t)	1.78	1.62	10	% 1.93	1.77	9	%
Recovery rate	%	92.6	91.8	1	% 92.9	92.0	1	%
Gold produced ⁽¹⁾	(oz)	49,481	32,956	50	% 172,748	130,991	32	%
Gold sold	(oz)	45,161	33,982	33	% 171,129	140,279	22	%
Average realized price	\$/oz	1,333	1,112	20	% 1,244	1,185	5	%
Total cash costs (incl. royalties) ⁽²⁾	\$/oz sold	617	712	(13	%) 598	631	(5	%)
All-in sustaining costs ⁽²⁾	\$/oz sold	907	1,191	(24	%) 895	964	(7	%)
Mining	(\$/t mined)	2.59	2.47	5	% 2.32	2.30	1	%
Mining long haul	(\$/t hauled)	2.79	5.31	(47	%) 3.72	5.31	(30	%)
Milling	(\$/t milled)	11.05	16.50	(33	%) 10.75	14.29	(25	%)
G&A	(\$/t milled)	4.55	5.66	(20	%) 4.41	4.75	(7	%)

Notes to Table:

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

(2) Total cash costs per ounce and all-in sustaining costs per ounce are non-IFRS financial measures that do not have a standard meaning under IFRS. Please refer to Non-IFRS Performance Measures in the Company's third quarter 2016 Management's Discussion and Analysis.

		Three months ended September 30, 2016			Nine months ended September 30, 2016		
		Gora	Golouma	Masato	Gora	Golouma	
Ore mined	('000t)	160	171	455	576	568	
Waste mined - operating	('000t)	3,873	2,500	166	10,424	9,090	
Waste mined - capitalized	('000t)	1,189	-	-	4,637	-	
Total mined	('000t)	5,222	2,671	621	15,637	9,658	
Grade mined	(g/t)	1.67	3.69	1.16	2.73	3.58	
Ounces mined	(oz)	8,570	20,256	16,969	50,647	65,295	
		Three months ended September 30, 2015			Nine months ended September 30, 2015		
		Masato	Gora	Masato	Sabodala	Gora	
Ore mined	('000t)	1,683	67	5,349	473	67	

Waste mined - operating ('000t)	3,530	1,428	11,838	504	1,428
Waste mined - capitalized ('000t) -		713	4,038	24	713
Total mined ('000t)	5,213	2,208	21,225	1,001	2,208
Grade mined (g/t)	1.15	1.12	1.13	1.83	1.12
Ounces mined (oz)	62,393	2,414	190,931	27,622	2,414

Review of operating results for the three months ended September 30, 2016

Mining

Mining activities in the third quarter were focused on Gora Phase 2, Golouma South, as well as pre-stripping at both Gora Phase 3 and Kerekounda. Overall, mining has shifted to higher grade, higher strip ratio deposits in 2016 from low grade, lower strip ratio deposits in the prior year. Total tonnes mined were 6 percent higher than the prior year period but lower than plan due to lower availability of the shovel fleet during the quarter. Management has been working with the maintenance contractor to improve shovel availabilities. Shovel availabilities are expected to be at planned rates by the end of the fourth quarter. As a result, full year guidance for total tonnes mined has been reduced to 34 - 35 million tonnes from 36.5 - 38.5 million tonnes. Full year gold production guidance is unaffected due to i) increased ore recovery during the current year, as both Gora and Golouma are reconciling better than the reserve model, ii) better recovery rates in the mill than planned, and iii) the mine plan for 2016 reflected a build-up of higher grade stockpiles. The high grade stockpile is expected to be lower than planned at year end but is expected to increase in 2017 as the ore is mined.

Processing

Ore milled for the three months was 933 thousand tonnes, 35 percent higher than the prior year period. High grade Golouma and Gora ore feed was supplemented with Sabodala and Masato stockpile material. Overall, ore tonnes milled during the third quarter represented the Company's highest third quarter rate, due in part to the earlier than planned commissioning of the second crushing circuit as part of the mill optimization, completed a quarter ahead of schedule and 12 percent lower than budget. In the prior year period, material handling issues with the material from Masato negatively impacted mill throughput rates during the rainy season.

Gold production for the three months increased by 50 percent compared to the prior year period, primarily as a result of higher mill throughput and head grades.

Costs - site operations

Total mining costs for the three months were \$20.4 million, 11 percent higher than the prior year period. The increase over the prior year period is primarily due to a 6 percent increase in material movement compared to the year earlier period as well higher maintenance costs associated with the Company's aging drill fleet partially offset by lower fuel prices. On a unit cost basis, mining costs for the third quarter were 5 percent higher than the prior year mainly due to increased maintenance costs.

Total processing costs for the third quarter decreased to \$10.3 million, 10 percent lower than the prior year period mainly due to lower fuel prices, despite a 35 percent increase in throughput. Accordingly, unit processing costs for the third quarter were 33 percent lower than the prior year period.

Total mine site general and administrative costs for the third quarter totaled \$4.2 million, 11 percent higher than the prior year period mainly due to higher labour and non-refundable VAT costs. On a unit basis, general and administrative costs decreased by 20 percent over the prior year period due to higher tonnes milled.

Total cash costs decreased by 13 percent to \$617 per ounce for the third quarter compared to the prior year period, mainly due to higher production more than offsetting the marginal increase in gross mine site costs from mining more material.

All-in sustaining costs per ounce were 24 percent lower than the prior year period due to higher production, lower total cash costs per ounce and lower mine development costs. The prior year figures include the final capital spend to complete the Gora deposit in mine development costs.

REVIEW OF FINANCIAL RESULTS

(US\$000's, except where indicated)	Three months ended September 30,			Nine months ended September 30,			
	2016	2015	% Change	2016	2015	% Change	
Revenue	60,316	37,830	59	% 213,076	166,385	28	%
Cost of sales ⁽¹⁾	(37,748	) (33,018	) 14	% (138,506	) (125,618	) 10	%

Gross profit	22,568	4,812	369	%	74,570	40,767	83	%
Exploration and evaluation expenditures	(735	) (48	) 1431	%	(3,659	) (1,782	) 105	%
Administration expense ⁽¹⁾	(1,867	) (2,141	) (13	%)	(5,416	) (7,934	) (32	%)
Corporate social responsibility expenses ⁽¹⁾	(802	) (727	) 10	%	(2,834	) (1,937	) 46	%
Share-based compensation	(1,394	) (384	) 263	%	(4,943	) (1,752	) 182	%
Finance costs	(1,118	) (789	) 42	%	(3,455	) (2,186	) 58	%
Net foreign exchange (losses)/gains	(1,054	) 472	N/A		(2,903	) 2,154	N/A	
Other (expenses)/income	684	20	N/A		(7,213	) 2,050	N/A	
Profit before income tax	16,282	1,215	1240	%	44,147	29,380	50	%
Income tax (expense)/income	(4,105	) 846	(585	%)	(14,764	) (5,510	) 168	%
Net profit	12,177	2,061	491	%	29,383	23,870	23	%
Profit attributable to non-controlling interests	(1,740	) (494	) 252	%	(4,988	) (2,589	) 93	%
Profit attributable to shareholders of Teranga	10,437	1,567	566	%	24,395	21,281	15	%
Basic earnings per share	0.03	0.00	499	%	0.06	0.06	0	%

Notes to Table:

(1) In 2016 in order to better align costs with industry peers, the Company has reclassified regional administration costs directly relating to cost of sales activities from administration expenses to cost of sales and corporate social responsibility costs to a separate line in the financial statements for the current and prior period.

(US\$000's)

Cost of Sales	Three months ended September 30, 2016			2015			% Change		
Mine production costs	36,104			33,707			7		
Capitalized deferred stripping - cash	(3,113	)	(2,047	)	52				
Capitalized deferred stripping - non-cash	(271	)	(176	)	54				
	32,720			31,484			4		
Depreciation and amortization - deferred stripping assets	761			508			50		
Depreciation and amortization - property, plant and equipment and mine development expenditures	8,758			7,252			21		
Royalties	3,174			1,942			63		
Amortization of advanced royalties	518			349			48		
Regional administration costs ⁽¹⁾	355			509			(30		
Inventory movements	(8,679	)	(9,829	)	(12				
Inventory movements - non-cash	141			803			(82		
	(8,538	)	(9,026	)	(5				
Total cost of sales	37,748			33,018			14		

Notes to Table:

(1) In 2016 in order to better align costs with industry peers, the Company has reclassified regional administration costs from administration expense to cost of sales for the current and prior period.

Review of financial results for the three months ended September 30, 2016

Revenue

Revenue for the three months ended September 30, 2016 increased by 59 percent over the prior year period due to increased sales volume and higher average realized gold prices in the current period. Gains and losses on gold derivative contracts have been classified within other income (expense).

Three months ended September 30,				
Spot price per ounce of gold	2016	2015	% Change	
Average	\$ 1,335	\$ 1,124	19	%
Low	\$ 1,308	\$ 1,081	21	%
High	\$ 1,366	\$ 1,168	17	%
Average Realized	\$ 1,333	\$ 1,112	20	%

Cost of Sales

For the three months ended September 30, 2016, total cost of sales increased by 14 percent over the prior year period to \$37.7

million primarily due to higher mine production costs, higher depreciation and higher royalty expense due to an increase in material mined, processed and produced.

Mine production costs (before capitalized deferred stripping) of \$36.1 million were 7 percent higher than the prior year period. See Review of Operating Results section for additional information.

In the three months ended September 30, 2016, \$3.4 million of deferred stripping costs were capitalized relating to Gora compared to \$2.2 million in the prior year period. Costs capitalized are amortized to expense as the deposit is mined.

Depreciation and amortization expense for the three months ended September 30, 2016 was \$9.5 million, \$1.8 million higher than the prior year period due to an increase in production. Approximately 80 percent of the Company's fixed assets are depreciated using the units of production method of depreciation.

For the three months ended September 30, 2016, \$3.7 million of royalties were expensed compared to \$2.3 million in the prior year period. The increase was primarily due to higher revenue in the current quarter, higher amortization of advanced royalties related to production from the former Oromin Joint Venture Group ("OJVG") deposits and royalties related to Gora.

Inventory movements in the three months ended September 30, 2016 resulted in a decrease to cost of sales of \$8.5 million compared to a decrease of \$9.0 million in the prior year period. The current quarter impact was primarily due to an increase in unit mining costs per ounce due to the increase in the strip ratio.

Exploration and evaluation

Exploration and evaluation expenditures for the three months ended September 30, 2016 were \$0.7 million, \$0.7 million higher than the prior year period. The Company continues to take a systematic and disciplined approach to exploration. Please see the Exploration Update section for additional information.

Administration expense

Administration expense for the three months ended September 30, 2016 was \$1.9 million, \$0.3 million lower compared to the prior year period. Lower administration expense in the current quarter is mainly due to lower legal fees.

Share-based compensation

Share-based compensation expense for the three months ended September 30, 2016 was \$1.4 million, \$1.0 million higher than the prior year period due to expenses related to new grants of share-based awards issued in 2016 and a significant increase in the Company's share price during the current year.

Net foreign exchange gains (losses)

Net foreign exchange losses of \$1.0 million were realized by the Company in the three months ended September 30, 2016 primarily due to realized and unrealized foreign exchange losses recorded during the quarters as the Euro and CFA Franc appreciated relative to the US dollar.

Finance costs

Finance costs for the three months ended September 30, 2016 were \$1.1 million, an increase of \$0.3 million compared to the prior year period, mainly due to higher interest expense and bank charges.

Other income (expense)

Other income for the three months ended September 30, 2016 were \$0.7 million compared with a nominal income amount in the prior year period. Other income in the current quarter included a reversal of a previous accrual for business taxes of \$1.3 million and a gain of \$0.2 million on gold forward contracts and zero cost collars. This was partially offset by \$0.8 million in legal and advisory costs related to the acquisition of Gryphon.

Income tax expense

For the three months ended September 30, 2016, the Company recorded income tax expense of \$4.1 million, comprised of current

income tax expense of \$3.9 million and deferred income tax of \$0.2 million. In the prior year period, income tax recovery of \$0.8 million was comprised of current income tax expense of \$0.1 million and deferred income tax recovery of \$0.9 million. Higher current income tax expense in the current period was mainly due to higher gross profit.

Net profit

Consolidated net profit attributable to shareholders for the three months ended September 30, 2016 was \$10.4 million (\$0.03 per share), compared to consolidated net profit of \$1.6 million (\$0.00 per share) in the prior year period. The increase in profit in the current quarter is mainly due to higher revenues from gold sales.

BUSINESS AND PROJECT DEVELOPMENT

Burkina Faso

Acquisition of [Gryphon Minerals Ltd.](#)

In June 2016, Teranga announced that it had entered into an agreement to acquire Gryphon in an all-share transaction.

On July 19, 2016, the Company acquired a 5 percent interest in Gryphon by way of a placement (the "Gryphon Placement") for total consideration of approximately \$3.3 million. Following the Placement, Teranga commenced a resource conversion drill program, plant re-design studies required to complete a fully optimized and de-risked feasibility study in the first half of 2017, and an update to the relocation action plan and tailings storage facility design required as a result of the decision to move forward with a carbon-in-leach plant.

On October 13, 2016, Teranga implemented the previously announced acquisition (the "Acquisition") of Gryphon, by way of a scheme of arrangement (the "Scheme") under the Australian Corporations Act 2001 (Cth).

Pursuant to the Scheme, shareholders of Gryphon received an aggregate of 70,638,853 Teranga common shares held on the Toronto Stock Exchange or chess depository interests ("CDIs") listed on the Australian Securities Exchange ("ASX") (based on their election) on the basis of 0.169 Teranga common share or CDI for each Gryphon common share not already held by the Company.

Gryphon's key asset is the Banfora gold project ("Banfora"), a permitted, high grade, open pit gold project located in Burkina Faso, West Africa, a mining-friendly jurisdiction. In January 2013 Gryphon announced a proven and probable reserve of 1.05 million ounces (16.7 Mt at 1.95g/t) contained within a series of open pit deposits as part of a Feasibility Study on a 2Mtpa CIL operation⁽⁶⁾.

Banfora Gold Project Update

In addition to an advanced drilling campaign completed in third quarter, preliminary technical work in preparation for an updated feasibility study for the Banfora gold project has been in progress since July. This has included follow up metallurgical testwork to optimize the CIL process flowsheet, comminution circuit modeling, a market survey for power source options and a tailings design and water balance optimization review. This process has revealed a number of operational synergies with the Sabodala operations which are planned to be incorporated into the design basis. In parallel, the strategic review and execution plan for the relocation action plan (RAP) and livelihood restoration plan are underway.

The feasibility study will comprise of an updated resource and reserve estimate, revised plant design, construction execution plan and updated capital and operating costs. All key consultant expertise for the technical composition of the updated feasibility study have been engaged and work has now been initiated in the respective areas. The new study will leverage Teranga's extensive operational and construction experience in West Africa to optimize the study.

Expectation for completion is by the end of the second quarter 2017 at which point a construction decision will be made. An additional exploration program is planned for a number of prospective areas on the Banfora property to continue during the completion of the feasibility study timeframe.

Senegal

Mill Optimization

A mill optimization project was completed and commissioned in August approximately one quarter ahead of schedule and approximately 12 percent under budget. Launched in mid-2015, a second primary jaw crusher, screen and conveyor assembly was

added to tie into our existing facility. This additional configuration in the materials handling infrastructure is expected to increase throughput in the plant by up to 15 percent on an annualized basis for fresh ore; however, there may be potential to increase throughput further based on optimization of the grinding circuit once steady state has been achieved. In addition to higher production, unit processing costs are expected to be decreased by approximately 5 percent as a result of the installation. Approximately \$3.1 million was spent during third quarter 2016, for a total project spend of approximately \$17.5 million in comparison to the \$20.0 million budgeted.

Exploration Update

Burkina Faso

- A recently completed drill program at Banfora provides confirmation of mineralisation in three of the four deposits defined by previous geological modeling through extension of high grade shoots from infill drilling and potential expansion of the resource along strike and at depth in areas.
- An extensive exploration program is planned in Burkina Faso during fourth quarter 2016 and through 2017 with expectations
 - to continue to convert resources to reserves within the four deposits currently within the mine plan
 - to begin testing of 11 advanced stage targets within trucking distance of the proposed mill
 - to initiate exploration programs on two highly prospective exploration properties: Golden Hill and Gourma.

A comprehensive 15-month exploration program has been designed for each of the Banfora, Golden Hill and Gourma gold projects and is scheduled to begin in November. For clarity, the Banfora gold project includes both a mine license with an area of 89km² and a regional land package comprised of five exploration permits totaling 933km², which surrounds the Banfora mine license.

Senegal

- Teranga has undertaken initial resource estimates on three new deposits:
 - Goumbati West deposit is currently the highest priority exploration target on the mine license with initial indicated resources of 31,000 ounces and 7,000 ounces in inferred resources. Management believes that Goumbati West could advance quickly enough to be included in the mine plan as early as 2018.
 - Marougou Main deposit is the first estimated resource on the regional land package since the Gora deposit with initial inferred resources of 54,000 ounces.
 - Golouma North deposit is in the initial stages of development, with initial indicated resources of 7,000 ounces and inferred resources of 14,000 ounces.

Expansion of these initial resources will continue to be the focus of ongoing exploration drilling programs through the remainder of 2016, with three drills currently active at Goumbati West and Golouma North and two additional drills scheduled to begin at Marougou Main.

Côte d'Ivoire

Starting in fourth quarter 2016, a high precision bulk leach extractable gold drainage survey is planned for the Company's four exploration permits for completion during first quarter 2017, covering approximately 1,400 square kilometres.

Q3 2016 Conference Call & Webcast Details

Teranga will host a conference call and audio webcast to discuss this quarter's highlights today, Friday, October 28, 2016, at 8:30 a.m. (ET). Those wishing to listen can access the live conference call and audio webcast as follows:

Date & Time: Friday, October 28, 2016 at 8:30 a.m. ET

Telephone: Toll-free +1-877-648-7976
International +1-617-826-1698

Please allow 10 minutes to be connected to the conference call.

Webcast: The webcast can be accessed directly at www.gowebcasting.com/8119 and on Teranga's website at www.terangagold.com

Replay: The conference call replay will be available for two weeks after the call by dialing 404-537-3406 or toll-free at 1-855-8 and entering the conference ID 1221492.

Note: The slide presentation will be available for download at www.terangagold.com for simultaneous viewing during the call. Teranga's complete financial statements and Management's Discussion and Analysis as at and for the three and nine months ended September 30, 2016 are available on the Company's website at www.terangagold.com, on SEDAR at www.sedar.com and on the ASX at www.asx.com.au.

ENDNOTES

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

- (2) Total cash costs per ounce and all-in sustaining costs per ounce are Non-IFRS performance measures that do not have a standard meaning under IFRS. For more information regarding these measures, please refer to Non-IFRS Performance Measures in the Company's Management's Discussion and Analysis for the three and nine months ended September 30, 2016 accessible on the Company's website at www.terangagold.com.
- (3) Free cash flow and free cash flow per ounce are defined as operating cash flow less capital expenditures.
- (4) Pro forma cash balance at September 30, 2016 is defined as cash including equity placement in October 2016 by Tablo Corporation of \$7.6 million.
- (5) This production guidance is based on existing proven and probable reserves only from the Sabodala mining license as disclosed in Teranga Gold's 2015 Annual Report accessible on the Company's website at www.terangagold.com. In total, 22,500 ounces of production are to be sold to Franco Nevada at 20% of the spot gold price.
- (6) As of the date of the acquisition of [Gryphon Minerals Ltd.](http://www.gryphonminerals.com.au) (October 13, 2016), the most recent Gryphon Reserve Estimate for the Banfora gold project was 826,000 ounces (17.4 Mt at 1.5 g/t) based on a lower capital cost heap leach processing option (see the Scheme Booklet for further details). However, as noted in Teranga's press release dated June 19, 2016 and re-confirmed herein, Teranga's preferred development path for the Banfora gold project is an optimized CIL flowsheet. The pro forma Combined Group Proven and Probable Mineral Reserve estimate of 3.7 million ounces as at December 31, 2015 included in Teranga's press release dated June 19, 2016 was based on Gryphon's CIL feasibility study Mineral Reserve estimate of 1.05 million ounces (16.7 Mt at 1.95 g/t) issued in January 2013. A number of relevant factors have changed since this estimate was issued by Gryphon Minerals in 2013, and as such and benefitting from an optimization study to be completed by Teranga, we anticipate updating the feasibility study and the resource and reserve estimates in the first half of 2017. The Mineral resources are as per Gryphon Minerals 2Mtpa Heap Leach Feasibility Study (JORC) released August 4, 2014. Complete information is available on Gryphon's website at www.gryphonminerals.com.au and filed on the ASX at www.asx.com.au.

TERANGA GOLD COMPETENT PERSONS STATEMENT

The technical information contained in this document relating to the mineral reserve estimates for Sabodala, the stockpiles, Masato, Golouma and Kerekounda is based on, and fairly represents, information compiled by Mr. William Paul Chawrun, P. Eng who is a member of the Professional Engineers Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Mr. Chawrun is a full-time employee of Teranga and is a "qualified person" as defined in NI 43-101 and a "competent person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Chawrun has consented to the inclusion in this Report of the matters based on his compiled information in the form and context in which it appears in this Report.

The information in this news release that relates to the Company's Banfora Gold Project, Burkina Faso is based on and fairly represents information which has been compiled by Mr. Sam Brooks who is a member of the Australian Institute of Geoscientists. Mr. Brooks has sufficient experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Brooks is a full-time employee of Teranga, and has consented to the inclusion of the matters in this news release based on his information in the form and context in which it appears.

The technical information contained in this Report relating to mineral resource estimates for the Company's Sabodala Gold Operations is based on, and fairly represents, information compiled by Ms. Nakai-Lajoie. Ms. Patti Nakai-Lajoie, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Ms. Nakai-Lajoie is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Ms. Nakai-Lajoie has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Nakai-Lajoie is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Nakai-Lajoie has consented to the inclusion in this Report of the matters based on her compiled information in the form and context in which it appears in this Report.

Teranga's exploration programs are being managed by Peter Mann, FAusIMM. Mr. Mann is a full time employee of Teranga and is not "independent" within the meaning of National Instrument 43-101. Mr. Mann has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Mann is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. The technical information contained in this news release relating exploration results are based on, and fairly represents, information compiled by Mr. Mann. Mr. Mann has verified and approved the data disclosed in this release, including the sampling, analytical and test data underlying the information. The RC samples are prepared at site and assayed in the SGS laboratory located at the site. Analysis for diamond drilling is sent for fire assay analysis at ALS Johannesburg, South Africa. Mr. Mann has consented to the inclusion in this news release of the matters based on his compiled information in the form and context in which it appears herein.

Teranga's disclosure of mineral reserve and mineral resource information is governed by NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as may be amended from time to time by the CIM ("CIM Standards"). CIM definitions of the terms

"mineral reserve", "proven mineral reserve", "probable mineral reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", are substantially similar to the JORC Code corresponding definitions of the terms "ore reserve", "proved ore reserve", "probable ore reserve", "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource", respectively. Estimates of mineral resources and mineral reserves prepared in accordance with the JORC Code would not be materially different if prepared in accordance with the CIM definitions applicable under NI 43-101. There can be no assurance that those portions of mineral resources that are not mineral reserves will ultimately be converted into mineral reserves.

GRYPHON MINERALS COMPETENT AND QUALIFIED PERSONS STATEMENT

Reserve Estimates

(as per January 31, 2013 Gryphon Minerals press release for 2Mtpa CIL Bankable Feasibility Study ("BFS"))

The maiden Ore Reserves for the Banfora Gold Project have been derived by Cube Consulting under the direction of Quinton de Klerk to a standard reportable in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources (JORC Code 2004 & NI43-101) and Ore Reserves" (JORC Code 2004) and are based on the Mineral Resource Models estimated by CSA Global in this announcement. The Ore Reserve estimate is based on the Mineral Resources classified as "Measured" and "Indicated" after consideration of all mining, metallurgical, social, environmental and financial aspects of the operation. The Proved Ore Reserve has been derived from the Measured Mineral Resource, and the Probable Ore Reserve has been derived from the Indicated Mineral Resource. The cut-off grades used in the estimation of the Banfora Ore Reserves are the non-mining, break-even gold grade taking into account mining recovery and dilution, metallurgical recovery, site operating costs, royalties and revenues. For reporting of Ore Reserves the calculated cut-off grades were rounded to the first decimal gram per tonne of gold. The cut-off grades vary depending on the material type and the pit location. The grades and metal stated in the Ore Reserves Estimate include mining recovery and dilution estimates. The Ore Reserve Estimate is reported within the open pit designs prepared as part of the BFS.

Forward-Looking Statements

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"), which reflects management's expectations regarding [Teranga Gold Corp.'s](#) ("Teranga" or the "Company") future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Wherever possible, words such as "plans", "expects", "does not expect", "budget", "scheduled", "trends", "indications", "potential", "estimates", "predicts", "forecasts", "anticipate" or "does not anticipate", "believe", "intend", "ability to" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might", "will", or are "likely" to be taken, occur or be achieved, have been used to identify such forward looking information. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations, future economic conditions and courses of action, the proposed plans with respect to mine plan, anticipated 2016 results, mineral reserve and mineral resource estimates, anticipated life of mine operating and financial results. Specific forward-looking statements in this press release include commencement of expected drill programs, the anticipated exploration spend for 2017, the anticipated conversion of resources into reserves at Banfora, the timing and the completion of the updated 2Mtpa Feasibility Study for Banfora, the timing of completion of construction of Banfora including first gold pour, and anticipated future development and interest in joint venture projects. Although the forward-looking information contained in this press release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward looking information. Such forward-looking statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant but that may prove to be incorrect. These assumptions include, among other things, the ability to obtain any requisite governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions, anticipated future estimates of free cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in Teranga's Annual Information Form dated March 30, 2016, and in other filings of Teranga with securities and regulatory authorities which are available at www.sedar.com. Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities. All references to Teranga include its subsidiaries unless the context requires otherwise.

This press release contains references to Teranga using the words "we", "us", "our" and similar words and the reader is referred to using the words "you", "your" and similar words.

About Teranga Gold

Teranga is a multi-jurisdictional West African gold company focused on production and development as well as the exploration of more than 5,000km² of land located on prospective gold belts.

Since its initial public offering in 2010, Teranga has produced more than 1.2 million ounces of gold from its operations in Senegal where it is uniquely positioned with the only commercial gold mill in country. Following its recent acquisition of Gryphon, the Company is fast-tracking the development of Banfora, which is expected to commence production in 2019. Concurrent with its production and development activities, exploration programs are underway to increase its reserve base through resource conversion and making major new discoveries. Teranga has a strong balance sheet and the financial flexibility to continue to grow its business.

Steadfast in its commitment to set the benchmark for responsible mining, Teranga operates in accordance with the highest international standards and aims to act as a catalyst for sustainable economic, environmental, and community development as it strives to create value for all of its stakeholders. For more information, please go to www.terangagold.com.

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