Teranga Gold Corporation: June Quarter Report

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TORONTO, ONTARIO--(Marketwired - Aug 7, 2013) - Teranga Gold Corp. (TSX:TGZ)(ASX:TGZ) -

For a full explanation of Financial, Operating, Exploration and Development results please see the Interim Condensed Consolidated Financial Statements as at and for the period ended June 30, 2013 and the associated Management's Discussion & Analysis at www.terangagold.com.

(All amounts are in US$000's unless otherwise stated)

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

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

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

Financial Highlights (details on Page 5)

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

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

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

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

- The Company's cash balance at June 30, 2013 was $53.5 million, including $9.1 million in bullion receivables.

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

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

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

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

Operating Highlights (details on Page 5)

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

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

- All-in sustaining costs for the three months ended June 30, 2013 were $1,063 per ounce sold compared to $1,121 per ounce sold in the prior year period. The decrease compared to the prior year is primarily due to lower capitalized reserve development costs, partially offset by higher mine site operating and capital expenditures.

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

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

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

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

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

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

- Unit general and administration costs for the three months ended June 30, 2013 were 10 percent lower compared to the same prior year period mainly due to the increase in milled tonnes.

Outlook 2013

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

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

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

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

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

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

Development Highlights (Mine License)

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

Reserves and Resources(2)

- Total proven and probable mineral reserves as of March 31, 2013 were 34.67 million tonnes at 1.48 grams per tonne (gpt) totalling 1.65 million ounces, an increase of approximately 160,000 ounces before production, over proven and probable mineral reserves at December 31, 2012.
- Total inferred resources as at March 31, 2013 were 57.90 million tonnes at 1.00 gpt totalling 1.87 million ounces, an increase of approximately 200,000 ounces over inferred resources at December 31, 2012.
- Total measured and indicated resources at March 31, 2013 were 63.23 million tonnes at 1.45 gpt totaling 2.94 million ounces, an increase of approximately 70,000 over measured and indicated resources at December 31, 2012.

Exploration Highlights (Regional Land Package)

- The Company has been systematically building a pipeline of prospects on its regional land package (RLP). Unlike other West African nations, Senegal is a relative newcomer to gold mining and exploration and the Company believes that there is a strong possibility of discovering world-class deposits and establishing Senegal as a regional mining leader.
- In the first half of 2013, the Company drilled 6,700 metres on the RLP at a drilling cost of $0.6 million, and total costs of $3.5 million, including retrenchment costs of closing two exploration camps and workforce reductions.
- The Company currently has 10 exploration permits encompassing approximately 1,057km^2 of land surrounding the Sabodala ML (33km^2 exploitation permit). Over the past 30 months, with the initiation of a regional exploration program on this significant land package, a tremendous amount of exploration data has been systematically collected and interpreted to prudently implement follow-up programs. Targets are therefore in various stages of advancement and are then prioritized for follow-up work and drilling. Early geophysical and geochemical analysis of these areas has led to the demarcation of at least 50 anomalies, targets and prospects and the Company expects that several of these areas will ultimately be developed into mineable deposits. The Company has identified some key targets that, though early stage, display significant potential. However, due to the sheer size of the land position, the process of advancing an anomaly through to a mineable deposit takes time with a systematic approach to maximize potential for success.

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

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

- A limited first pass data collection was completed at Garaboureya, consisting of termite mound geochemistry, mapping, rock chip sampling and acquisition of high-resolution aeromagnetics. This data resulted in the delineation of a significant gold anomaly coincident with a permissive structural setting. Interpretation work is continuing to define a potential program on this target for the future.

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

Agreement with Republic of Senegal

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

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

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

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

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

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

Review of Second Quarter Financial Results

(US$000's, except where indicated)	Three months ended June 30	Six months ended June 30

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

Review of Second Quarter Operating Results

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

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

(2) Total cash costs per ounce and all-in sustaining costs are non-IFRS financial measures and do not have a standard meaning. For definitions of these metrics, please see page 6 of this press release.

Second Quarter Cost of Sales

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

Non-IFRS Financial Measures

The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results. Refer to page 15 of the Company's Management's Discussion and Analysis for further details.

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

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

(2) Administration expenses include share based compensation and exclude Corporate depreciation expense and social community costs not related to current operations.

CORPORATE DIRECTORY

Directors
Alan Hill, Executive Chairman
Richard Young, President and CEO
Christopher Lattanzi, Non-Executive Director
Edward Goldenberg, Non-Executive Director
Alan Thomas, Non-Executive Director
Frank Wheatley, Non-Executive Director

Senior Management
Alan Hill, Executive Chairman
Richard Young, President and CEO
Mark English, Vice President, Sabodala Operations
Paul Chawrun, Vice President, Technical Services
Navin Dyal, Vice President and CFO
David Savarie, Vice President, General Counsel & Corporate Secretary
Kathy Sipos, Vice President, Investor & Stakeholder Relations
Macoumba Diop, General Manager and Government Relations Manager, SGO

Registered Office
121 King Street West, Suite 2600
Toronto, Ontario, M5H 3T9, Canada

T: +1 416-594-0000
F: +1 416-594-0088
E: investor@terangagold.com
W: www.terangagold.com

Senegal Office
2K Plaza
Suite B4, 1er Etage
sis la Route due Meridien President
Dakar Almadies
T: +221 338 693 181
F: +221 338 603 683

Auditor
Ernst & Young LLP

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

Stock Exchange Listings
Toronto Stock Exchange, TSX symbol: TGZ
Australian Securities Exchange, ASX symbol: TGZ

FORWARD-LOOKING STATEMENTS

This news release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teranga, or developments in Teranga's business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements, which speak only as of the date they are made. The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in the Company's Annual Information Form dated March 27, 2013, and in other company filings with securities and regulatory authorities which are available at www.sedar.com. Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and, except as required by law, Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this news release should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities.

COMPETENT PERSONS STATEMENT

The technical information contained in this document relating to the mineral reserve estimates for Gora and Niakafiri is based on information compiled by Julia Martin, P.Eng., MAusIMM (CP). Ms. Martin is a full time employee with AMC Mining Consultants (Canada) Ltd., is independent of Teranga, is a "qualified person" as defined in NI 43-101 and a "competent person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Martin has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms. Martin is a "Qualified Person" under National Instrument 43-101 Standards of Disclosure for Mineral Projects. Ms. Martin has reviewed and accepts responsibility for the Mineral Reserve estimates for Gora and Niakafiri disclosed in this document and has consented to the inclusion of the matters based on her information in the form and context in which it appears in this document.

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

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TERANGA GOLD CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME / LOSS
(Unaudited and in US$000's except per share amounts)

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TERANGA GOLD CORPORATION
STATEMENTS OF FINANCIAL POSITION
(Unaudited and in US$000's)

	As at June 30, 2013	As at December 31, 2012 (Restated)
Current assets		
Cash and cash equivalents	44,474	39,722
Trade and other receivables	9,847	6,482
Inventories	64,051	74,969
Financial derivative assets	-	456
Other assets	5,035	6,836
Available for sale financial assets	4,624	15,010
Total current assets	128,031	143,475
Non-current assets		
Inventories	42,562	32,700
Property, plant and equipment	236,055	247,898
Mine development expenditures	175,878	138,609
Intangible assets	1,411	1,859
Total non-current assets	455,906	421,066
Total assets	583,937	564,541
Current liabilities		

Trade and other payables	42,722	44,823
Borrowings	82,461	10,415
Financial derivative liabilities	-	51,548
Provisions	1,889	1,940
Total current liabilities	127,072	108,726
Non-current liabilities		
Borrowings	-	58,193
Provisions	9,551	10,312
Other non-current liabilities	10,933	-
Total non-current liabilities	20,484	68,505
Total liabilities	147,556	177,231
Equity		
Issued capital	305,412	305,412
Foreign currency translation reserve	(998)	(998)
Equity-settled share based compensation reserve	17,417	16,358
Investment revaluation reserve	-	5,456
Accumulated income	101,404	49,225
Equity attributable to shareholders	423,235	375,453
Non-controlling interests	13,146	11,857
Total equity	436,381	387,310
Total equity and liabilities	583,937	564,541

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TERANGA GOLD CORPORATION
STATEMENTS OF CHANGES IN EQUITY
(Unaudited and in US$000's)

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF
TERANGA GOLD CORPORATION
STATEMENTS OF CASH FLOW
(Unaudited and in US$000's)

	Three months ended June 30		Six months ended June 30	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows related to operating activities				

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

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

(2) Refer to the Competent Persons Statement on page 7 of this press release.

Contact

Teranga Gold Corp.
Kathy Sipos
Vice-President, Investor & Stakeholder Relations
+1 416-594-0000
ksipos@terangagold.com
www.terangagold.com