Teranga Gold Corporation: September Quarter Report

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TORONTO, ONTARIO--(Marketwired - Nov 6, 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 September 30, 2013 and the associated Management's Discussion & Analysis at www.terangagold.com.

Third quarter in line with plan and 2013 guidance reiterated.

- The Company is on track to meet full year production guidance at the higher end of the 190,000 to 210,000 ounce[1] range at total cash costs at the lower end of the $650 to $700 per ounce[2] range and all-in sustaining costs of $1,000 to $1,100 per ounce[2]
- Consolidated loss for the third quarter of 2013 was $0.4 million ($0.00 loss per share) compared to a profit of $26.0 million ($0.11 per share) in the same prior year period
- Gold production was 36,874 ounces for the quarter and 154,836 ounces year to date
- Total cash costs were $748 per ounce sold for the quarter and $621 per ounce year to date[2]
- All-in sustaining costs were $1,289 per ounce for the quarter and $1,086 per ounce year to date[2]
- Completed acquisition of Oromin
- Cash and bullion receivable of $36.2 million after $9.6 million paid in Oromin acquisition costs
- Filed a new Sabodala technical report with a revised mine plan expected to generate significant free cash flow

"We remain on track to meet our production and cash costs guidance for 2013. Our third quarter mining activities were consistent with our annual mine plan which is expected to deliver higher grade ore to our mill in fourth quarter 2013. We are pleased with the performance of the Sabodala mill, which has been operating at design capacity since mid-June 2013. With the acquisition of Oromin now behind us, our focus shifts to completion of an integrated mine plan including production from the OJVG satellite deposits and negotiation of a toll milling agreement or an agreement to purchase the remaining interest in the OJVG with our joint venture partners" said Alan R. Hill, Executive Chairman.

FINANCIAL HIGHLIGHTS (details on Page 6)

- Gold revenue for the three months ended September 30, 2013 was $50.6 million, compared to gold revenue of $105.0 million for the same prior year period. The decrease in gold revenue was driven by a lower gold sales and lower spot gold prices.
- Consolidated loss for the three months ended September 30, 2013 was $0.4 million ($0.00 loss per share), compared to a profit of $26.0 million ($0.11 per share) in the same prior year period. The decrease in profit and earnings per share were primarily due to lower gross profit and higher other expenses related to the acquisition of Oromin during the third quarter 2013.
- Operating cash flow for the three months ended September 30, 2013 provided cash of $16.7 million compared to cash provided of $14.0 million in the prior year. The increase in operating cash flow was mainly due to favorable working capital changes during the third quarter 2013.

- Capital expenditures were $17.2 million for the three months ended September 30, 2013, compared to $28.0 million in the same prior year period. The decrease in capital expenditures was mainly due to lower capitalized reserve development and lower development expenditures in the third quarter of 2013.
- Financing cash flow for the three months ended September 30, 2013 used cash of $11.8 million, compared to net cash used by financing activities of $6.3 million in the prior year. Financing activities in the current year include repayments of the finance lease facility and Oromin loan payments of $9.1 million and interest paid on borrowings of $1.5 million.
- During the third quarter of 2013, 37,665 ounces were sold at an average realized gold price of $1,339 per ounce. During the prior year period, 62,439 ounces were sold at an average realized gold price of $1,290 per ounce. The higher realized gold price was due to the fact that in the third quarter of 2012, 29,000 ounces were delivered into gold hedge contracts at an average price of $830 per ounce, more than offsetting the higher spot prices in the year earlier third quarter.

"In this volatile gold price environment, we have taken further steps to strengthen our balance sheet and improve our financial flexibility. We have prepared a revised mine plan which, on a standalone basis, maximizes gold production while minimizing operating, sustaining and new project development costs. As well, we've removed the lump sum loan payment that was previously due in June 2014 which allows the Company to better match cash flows in a lower gold price environment. We will now focus on 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 6)

- Gold production for the three months ended September 30, 2013 was on plan at 36,874 ounces of gold putting the Company on track to meet the higher end of the Company's production guidance for the year. Production was 33 percent lower compared to the same prior year period due to lower processed grades, partly offset by higher mill throughput due to improvements made in the crushing circuit.
- Total cash costs for the three months ended September 30, 2013 totalled $748 per ounce sold putting the Company on track to meet the lower end of its total cash cost guidance for 2013. Total cash costs increased from $509 per ounce in the year earlier period due to a 55 percent decrease in the grade processed during the quarter. The majority of mill feed during the quarter was from stockpiles since mining activity focused on waste stripping in phase 3 of the mine plan. 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 September 30, 2013 were $1,289 per ounce sold compared to $1,025 per ounce sold in the prior year period. The Company is on track to meet its all-in sustaining cost guidance of $1,000 to $1,100 per ounce for 2013. The increase compared to the prior year is primarily due to lower grades processed during the current quarter, partially offset by lower capitalized reserve development and administration expenses in the current year period.
- Total tonnes mined for the three months ended September 30, 2013 was 26 percent higher compared to the same prior year period. The increase in total tonnes mined was mainly due to improved haul truck productivities as a result of shorter haul distances to the mill and waste dumps, as well as, improved loading efficiencies.
- Ore tonnes mined for the three months ended September 30, 2013 was 18 percent lower compared to the same prior year period, and ore grades mined were lower than the same prior year period, in line with plan. This resulted in 54 percent fewer ounces mined for the three months ended September 30, 2013, as mining activities during the third quarter was concentrated on waste stripping activities in phase 3 of the mine plan. Conversely, mining activities during 2012 took place in lower benches of phase 2 and included a substantial amount of high-grade ore. In the fourth quarter 2013, ore tonnes mined are expected to increase with improved grades with access to higher grade areas of phase 3.
- Unit mining costs for the third quarter of 2013 were $2.48 per tonne, a decrease of 7 percent compared to the same prior year period. The lower unit costs were due to improved haul truck and loading efficiencies as noted above.

- Ore tonnes milled for the three months ended September 30, 2013 were 36 percent higher than the same prior year period due to improvements made to reduce the frequency and duration of unplanned downtime and an increase in throughput in the crushing circuit to match mill capacity. These improvements were primarily accomplished during two planned major shutdowns in January and May 2013. A third and final planned shutdown for the mill has taken place in early October 2013.

- Processed grade for the three months ended September 30, 2013 was 55 percent lower than the same prior year period. Mill feed in the third quarter 2013 was a blend of fresh ore and slightly softer stockpile material, as well as, some transitional ore mined from the upper benches of phase 3.

- As a result of the work completed this year, mill throughput reached annualized design capacity of 3.5 million tonnes of primarily hard ore during the third quarter. Higher grades mined and processed are expected to lead to higher gold production in the fourth quarter 2013 compared to the third quarter 2013, and full year production at the higher end of our guidance range of 190,000 to 210,000 ounces.

- Unit processing costs for the three month period ended September 30, 2013 were 20 percent lower than the same prior year period at $17.56 per tonne, mainly due to an increase in throughput in the crushing circuit to match mill capacity. Total processing costs for the three months ended September 30, 2013 were 9 percent higher than the same prior year period mainly due to an increase in consumption of heavy fuel oil (HFO) and cyanide as a result higher tonnes milled. This was partly offset by lower consumption of grinding media due to better management of recycled product and slightly lower cyanide consumption per tonne to optimize cost and recovery with the lower grade feed.

OUTLOOK 2013

- Gold production for 2013 is expected to be at the higher end of the 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. 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. As per the mine plan, gold production in the fourth quarter is expected to be higher than the third quarter as mining activity reaches the high grade benches in phase 3 of the Sabodala pit.

- 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. The Company is on track to meet the revised guidance, with the exception of administrative expenditures as noted below.

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

- Administrative expenditures including corporate office costs, Dakar office costs and corporate social responsibility costs, but excluding corporate depreciation, transaction and other non-recurring costs, are now expected to be $14 million, $1 million higher than our revised guidance, which was mainly due to higher corporate social responsibility costs and higher expenses out of our Dakar office.

- 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.

- Expenditures related to the acquisition and funding of Oromin, including legal and advisory costs, loan repayment, severance and termination benefits and ongoing provision of Oromin's share of funding of the OJVG are expected to total approximately $15 million in 2013. As at September 30, 2013, $9.6 million had been paid towards these costs.

LIQUIDITY AND CAPITAL RESOURCES

- The Company's cash balance at September 30, 2013 was $36.2 million, including $4.0 million in bullion receivables and 3,943 ounces in bullion inventory at September 30, 2013. The Company's cash balance is net of payments of $9.6 million for expenses related to the acquisition of Oromin, funding Oromin operations since acquisition and the repayment of Oromin's outstanding loan balance.

- During the third quarter, the Company amended its existing $60 million loan facility agreement with Macquarie Bank. The amended agreement extends the final repayment date of its existing loan facility agreement by one year to June 30, 2015. In a lower gold price environment, the Company will be required to maintain a restricted cash balance of up to $20 million. No amount was required to be restricted at the end of the quarter. The Loan Facility will be repaid in 5 equal quarterly installments of $8 million beginning on June 30, 2014. The final $20 million will be repaid with the final installment on June 30, 2015.
- Through the elimination of the hedge book, reductions in discretionary spending, optimization of the mine plan and production at the higher end of the guidance range, the Company expects to be able to support its operating requirements in 2013 and 2014. The Company's current cash balance of $36.2 million, combined with the equipment facility and extension to the loan facility will enable it to move ahead with development of the OJVG satellite deposits. Consideration is being made to refinance the loan facility to enable further financial flexibility and expedite the development of these and other potential deposits. Such incurrence of debt may be in the form of one or more borrowings or bank or other similar loans. There can, however, be no assurance that the Company will find the terms on such debt reasonable and therefore may not increase the current debt facilities or may not put a new facility in place.

STRATEGY AND MINE PLAN

- In the first quarter of 2013, gold equities came under pressure. Significant downward movements in gold prices followed, and in light of this we took steps in the first quarter to reduce 2013 discretionary spending in all areas without impacting our production guidance, including lowering waste stripping to lower mining costs, reduce exploration and reserve development expenditures, sustaining and new project development expenditures as well as corporate overheads. This was all done before the most recent decline in the gold price in late June 2013.
- During the second quarter the exploration team was consolidated into one exploration facility, a revised organizational design was applied and the necessary staff personnel were reduced to gain in efficiencies. As well, technical work continued to support Sabodala operations including optimization of the resource through modelling and grade control, evaluating geotechnical opportunities for waste reduction in the pit wall design and waste dump designs for improved mine operating costs.
- During the third quarter, as part of the Company's ongoing effort to maximize free cash flows during this period of lower and more volatile gold prices, management designed a new mine plan on a standalone basis maximizing gold production while minimizing operating, sustaining, new project development, corporate and other costs. In early October, this new mine plan was filed as part of a National Instrument 43-101 compliant Sabodala Technical Report on Sedar (www.sedar.com) and on the ASX (www.asx.com.au).
- The new optimized mine plan has been designed to provide earlier access to higher grade material within the Sabodala pit and reduce overall waste material moved, freeing up mobile equipment for the development of satellite deposits, including those within the OJVG and Gora. The new mine plan is expected to deliver between 210,000 and 240,000 ounces of annual gold production over the period 2014 to 2016 at all-in sustaining cash costs estimated at between $800 and $1,000 per ounce. As a result, at $1,350 per ounce gold, the Company expects to generate between $150 and $200 million in free cash flow after $80 million in capital expenditures and $85 million in debt repayments over the period.
- Another key element of this new mine plan is sequencing the commencement of Gora development to late 2014. This allows us to utilize mobile equipment from Sabodala, which is expected to result in $20 to $25 million in reduced capital costs for mobile equipment compared to our previous mine plan. Under this revised mine plan, Gora production start-up is now anticipated in early 2015.
- The optimized mine plan results in a reduction of reserves of approximately 214,000 ounces of marginal gold or 13 percent of reserves as of March 31, 2013. The reduction in reserves at Sabodala maximizes near term cash flows over the period 2014 to 2016 by removing high cost ounces that have a higher strip ratio of approximately 15:1 (waste to ore).

GORA DEVELOPMENT

- Gora is planned to be operated as a satellite to the Sabodala mine requiring limited local infrastructure and development. Ore will be hauled to the Sabodala processing plant by a dedicated fleet of trucks and processed on a priority basis, displacing Sabodala feed as required.
- A technical report and an environmental and social impact assessment (ESIA) have been provided to the Senegalese government, and the permit approval process is ongoing.
- Management expects the permit process to conclude and construction to be initiated in late 2014 based on a standalone mine plan. This is subject to spot gold prices and the outcome of the integrated mine plan with the OJVG.

ACQUISITION OF OROMIN

- On August 6, 2013, the Company acquired 78,985,388 common shares of Oromin Explorations Ltd. ("Oromin"), representing approximately 57.7 percent of the Oromin shares that the Company did not already own. Together with the 18,669,500 Oromin shares owned by the Company, this represented a total of 97,684,888 Oromin shares or approximately 71.1 percent of the outstanding Oromin shares. A further 2,091,013 shares were obtained as part of this acquisition process, bringing the total to 99,775,901 Oromin shares of approximately 72.6% of the outstanding Oromin shares as at September 30, 2013. Subsequent to the quarter end on October 4, 2013, the Company acquired 37,562,017 Oromin shares and completed the acquisition of all of the issued and outstanding common shares of Oromin.
- The Company issued 71,183,091 Teranga shares to acquire all of the Oromin shares for net consideration of $37.9 million, including the fair value of Oromin stock options replaced by 7,911,600 Teranga stock options. As a result, Teranga's total number of issued and outstanding shares increased to 316,801,091 as of October 4, 2013.
- Acquisition related costs of approximately $7.3 million have been expensed during the nine months ended September 30, 2013.

OROMIN TECHNICAL INTEGRATION

The acquisition of Oromin in August 2013 provided access to the OJVG technical data. Since then, management has been evaluating the geological and technical databases to be able to develop an integrated mine plan that will support a NI 43-101 compliant resources and reserves technical report, targeted for Q1 2014.

The ongoing technical work for the OJVG integrated mine plan includes:

- A comprehensive due diligence review of the Golouma and Masato resource models. This includes re-logging and re-assay of key drill intercepts, QA/QC reviews and detailed interpretation for the updated resource models;
- Economic Lerchs-Grossman (LG) pit optimization and detailed pit designs;
- Preliminary Life of Mine (LOM) mine planning schedules for optimized cash flow analysis, dilution analysis, pit designs, mine operating and capital estimates;
- An updated tailings deposition and water balance model;
- Analysis of the metallurgical test results for ore characterization studies that will increase understanding from Feasibility Study level and optimize feed and gold recovery to the Sabodala mill; and
- Environmental and social impact reviews for a reduced footprint using the Sabodala operations.

In addition to development of an integrated LOM, the Oromin technical team has been engaged with the Teranga technical teams both at site in Senegal and the corporate offices.

Next steps are anticipated to be:

- Negotiating a toll milling agreement or come to terms on sale of their interest in the Joint Venture with the Joint Venture Partners (Bendon and Badr);
- Integrating and developing the OJVG deposits into Teranga's operations; and
- Increasing production and generating greater free cash flow.

MINE LICENSE (ML) RESERVE DEVELOPMENT

- There were no drill programs conducted on the ML during the third quarter. The drill program at Sabodala was completed in the first quarter of 2013, with results returned by mid-April 2013.
- The timing of a planned drill program at the Niakafiri deposit along strike to the North 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.
- Additional surface mapping was carried out at Niakafiri in conjunction with the re-logging of several diamond drill holes with a view to updating the geological model for the Niakafiri deposit.

REGIONAL EXPLORATION

- Due to the annual rainy season during the third quarter, the exploration team did a minimal amount of field work and was primarily focused on site mapping, trenching, interpretation and site investigation for several high potential targets on our regional land package.
- Additionally, since the acquisition of Oromin, the two geological teams have been working as one unit for the detailed due diligence review and remodeling of the Golouma and Masato deposits. In addition, detailed reviews are ongoing for the other OJVG resources and reserves, with the intention to integrate these into the scope for the 2014 exploration program.

RESERVES AND RESOURCES

- Total proven and probable mineral reserves as of June 30, 2013 were 29.21 million tonnes at 1.48 grams per tonne (gpt) totalling 1.40 million ounces, a decrease of approximately 214,000 ounces, before production, over proven and probable mineral reserves at March 31, 2013.
- Total inferred resources as at June 30, 2013 were 57.84 million tonnes at 1.01 gpt totalling 1.87 million ounces, in line with inferred resources at March 31, 2013.
- Total measured and indicated resources at June 30, 2013 were 62.38 million tonnes at 1.44 gpt totalling 2.89 million ounces, compared to 63.23 million tonnes at 1.45 gpt totalling 2.94 million ounces at March 31, 2013. The reported measured and indicated resources are inclusive of the mineral reserves.

Review of Third Quarter Financial Results

Financial Results

(US$000's, except where indicated)	Three months ended September 30		Nine months ended September 30	
Financial Results	2013	2012	2013	2012
Revenue	50,564	105,014	239,625	227,550
Cost of sales	(37,371)	(45,814)	(145,978)	(107,988)
Gross Profit	13,193	59,200	93,647	119,562
Exploration and evaluation expenditures	(849)	(2,041)	(4,362)	(13,958)
Administration expenses	(3,839)	(3,558)	(11,526)	(10,565)
Share based compensation	(394)	(1,295)	(677)	(3,676)
Finance costs	(3,441)	(2,750)	(8,998)	(4,697)
Gains (losses) on gold hedge contracts	-	(18,981)	5,308	(24,299)
Gains (losses) on oil hedge contracts	-	361	31	(308)
Net foreign exchange losses	(300)	(1,630)	(784)	(1,124)
Gains/(losses) on available for sale financial asset	452	-	(4,003)	(11,917)
Gain on equity investment	41	-	41	-
Other expense	(4,792)	206	(8,474)	(2,062)

Profit for the period	71	29,512	60,203	46,956
Profit attributable to non-controlling interest	513	3,479	8,466	8,584
Profit (loss) attributable to shareholders of Teranga	(442)	26,033	51,737	38,372
Basic earnings (loss) per share	(0.00)	0.11	0.20	0.16

Note: Results include the consolidation of Oromin's operating results, cash flows and net assets from August 6, 2013.

Review of Third Quarter Operating Results

		Three months ended September 30		Nine months ended September 30	
Operating Results		2013	2012	2013	2012
Ore mined	('000t)	537	655	2,548	3,877
Waste mined - operating	('000t)	3,321	1,786	8,518	7,903
Waste mined - capitalized	('000t)	4,853	4,456	14,645	9,784
Total mined	('000t)	8,711	6,897	25,711	21,564
Grade mined	(g/t)	1.08	1.92	1.63	1.95
Ounces mined	(oz)	18,721	40,516	133,378	242,635
Strip ratio	waste/ore	15.2	9.5	9.1	4.6
Ore milled	('000t)	887	650	2,292	1,714
Head grade	(g/t)	1.41	3.11	2.28	2.95
Recovery rate	%	91.6	84.6	92.0	87.7
Gold produced[1]	(oz)	36,874	55,107	154,836	142,506
Gold sold	(oz)	37,665	62,439	161,845	136,210
Average price received	$/oz	1,339	1,290	1,245	1,489
Total cash cost (incl. royalties)[2]	$/oz sold	748	509	621	569
All-in sustaining costs[2]	$/oz sold	1,289	1,025	1,086	1,303
Mining	($/t mined)	2.48	2.67	2.57	2.58
Milling	($/t milled)	17.56	21.89	20.97	20.61
G&A	($/t milled)	4.60	5.69	5.59	6.02

(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.

Third Quarter Cost of Sales

(US$000's)	Three months ended September 30		Nine months ended September 30	
Cost of Sales	2013	2012	2013	2012
Mine production costs	25,938	23,006	85,377	73,719
Depreciation and amortization	13,562	15,225	51,200	35,111
Royalties	2,507	3,121	11,865	6,802
Rehabilitation	4	9	6	13
Inventory movements	(4,640)	4,453	(2,470)	(7,657)
Total cost of sales	37,371	45,814	145,978	107,988

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 September 30		Nine months ended September 30	
Cash costs per ounce sold	2013	2012	2013	2012
Gold produced[1]	36,874	55,107	154,836	142,506
Gold sold	37,665	62,439	161,845	136,210
Cash costs per ounce sold				
Cost of sales	37,371	45,814	145,978	107,988
Less: depreciation and amortization	(13,562)	(15,225)	(51,200)	(35,111)
Less: realized oil hedge gain	-	(444)	(487)	(1,572)
Add: non-cash inventory movement	2,393	1,698	5,863	6,374
Less: other adjustments	1,962	(55)	317	(155)
Total cash costs	28,164	31,787	100,471	77,524
Total cash costs per ounce sold	748	509	621	569

All-in sustaining costs				
Total cash costs	28,164	31,787	100,471	77,523
Administration expenses[2]	3,207	4,182	9,897	12,664
Capitalized deferred stripping	13,327	13,825	41,820	29,266
Capitalized reserve development	158	6,245	2,995	20,415
Mine site capital	3,680	7,970	20,516	37,584
All-in sustaining costs	48,536	64,008	175,699	177,452
All-in sustaining costs per ounce sold	1,289	1,025	1,086	1,303
All-in costs				
All-in sustaining costs	48,536	64,008	175,699	177,452
Social community costs not related to current operations	745	500	1,453	1,087
Exploration and evaluation expenditures	849	2,041	4,362	13,958
All-in costs	50,130	66,550	181,513	192,497
All-in costs per ounce sold	1,331	1,066	1,122	1,413
Depreciation and amortization	13,562	15,225	51,200	35,111
Non - cash inventory movement	(2,393)	(1,698)	(5,863)	(6,374)
Total depreciation and amortization	11,169	13,527	45,337	28,737
Total depreciation and amortization per ounce sold	297	217	280	211

(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

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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
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Stock Exchange Listings
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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. who is a member of the Professional Engineers of Ontario and a Member of AusIMM (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 estimates 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 estimates 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 estimates for Sabodala and the stockpiles 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.

ABOUT TERANGA

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

Teranga's mission is to create value for all of its stakeholders through responsible mining. Its vision is to explore, discover and develop gold mines in West Africa, in accordance with the highest international standards, and to be a catalyst for sustainable economic, environmental and community development. All of its actions from exploration, through development, operations and closure will be based on the best available techniques.

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 September 30		Nine months end
	2013	2012 (Restated)	2013
Revenue	50,564	105,014	239,625
Cost of sales	(37,371)	(45,814)	(145,978)
Gross profit	13,193	59,200	93,647
Exploration and evaluation expenditures	(849)	(2,041)	(4,362)
Administration expenses	(3,839)	(3,558)	(11,526)
Share based compensation	(394)	(1,295)	(677)
Finance costs	(3,441)	(2,750)	(8,998)
Gains/(losses) on gold hedge contracts	-	(18,981)	5,308
Gains/(losses) on oil hedge contracts	-	361	31
Net foreign exchange losses	(300)	(1,630)	(784)
Gain/(loss) on available for sale financial asset	452	-	(4,003)
Share of income from equity investment in OJVG	41	-	41
Other income/(expenses)	(4,792)	206	(8,474)
	(13,122)	(29,688)	(33,444)
Profit before income tax	71	29,512	60,203
Income tax benefit	-	-	-
Profit before income tax	71	29,512	60,203
Profit/(loss) attributable to:			
Shareholders	(442)	26,033	51,737
Non-controlling interests	513	3,479	8,466
Profit for the period	71	29,512	60,203
Other comprehensive income/(loss):			
Exchange differences arising on translation of Teranga corporate entity	-	-	-
Change in fair value of available for sale financial asset, reclassification to income, net of tax	-	3,407	(5,456)
Other comprehensive income/(loss) for the period	-	3,407	(5,456)
Total comprehensive income for the period	71	32,919	54,747
Total comprehensive income / (loss) attributable to:			
Shareholders	(442)	29,440	46,281
Non-controlling interests	513	3,479	8,466
Total comprehensive income for the period	71	32,919	54,747
Earnings per share from operations attributable to the shareholders of the Company during the period			
- basic earnings (loss) per share	(0.00)	0.11	0.20
- diluted earnings (loss) per share	(0.00)	0.11	0.20

The accompanying notes are an integral part of these interim condensed consolidated financial statements

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

	As at September 30, 2013	As at December 31, 2012 (Restated)
Current assets		
Cash and cash equivalents	32,195	39,722
Trade and other receivables	5,240	6,482
Inventories	55,565	74,969
Financial derivative assets	-	456
Other assets	6,832	6,836
Available for sale financial assets	6	15,010
Total current assets	99,838	143,475
Non-current assets		
Inventories	54,275	32,700
Equity investment	47,626	-

Property, plant and equipment	228,859	247,898
Mine development expenditures	185,699	138,609
Intangible assets	1,198	1,859
Total non-current assets	517,657	421,066
Total assets	617,495	564,541
Current liabilities		
Trade and other payables	47,931	44,823
Borrowings	27,664	10,415
Financial derivative liabilities	-	51,548
Provisions	1,868	1,940
Total current liabilities	77,463	108,726
Non-current liabilities		
Borrowings	48,775	58,193
Provisions	9,612	10,312
Other non-current liabilities	10,946	-
Total non-current liabilities	69,333	68,505
Total liabilities	146,796	177,231
Equity		
Issued capital	328,719	305,412
Foreign currency translation reserve	(998)	(998)
Equity-settled share based compensation reserve	18,360	16,358
Investment revaluation reserve	-	5,456
Accumulated income	100,962	49,225
Equity attributable to shareholders	447,043	375,453
Non-controlling interests	23,656	11,857
Total equity	470,699	387,310
Total equity and liabilities	617,495	564,541

The accompanying notes are an integral part of these interim condensed consolidated financial statements

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

	Nine months ended September 30, 2013	Nine months ended September 30, 2012 (Restated)
Issued capital		
Beginning of period	305,412	305,412
Shares issued from public and private offerings	23,487	-
Less: Share issue costs	(180)	-
End of period	328,719	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	1,417	2,995
Payments to Oromin Exploration Ltd. employees on change of control	585	-
End of period	18,360	15,594
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	-	4,726
End of period	-	3,407
Accumulated income/(loss)		
Beginning of period	49,225	(43,375)
Profit attributable to shareholders	51,737	38,372
End of period	100,962	(5,003)
Non-controlling interest		
Beginning of period	11,857	(3,713)
Non-controlling interest - portion of profit for the period	8,466	8,584

Non-controlling interest - acquisition of Oromin	11,005	
Dividends paid and accrued	(7,672)	-
End of period	23,656	4,871
Total shareholders' equity at September 30	470,699	323,283

The accompanying notes are an integral part of these interim condensed consolidated financial statements

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

	Three months ended September 30		Nine months ended September 30	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash flows related to operating activities				
Profit for the period	71	29,512	60,203	46,956
Depreciation of property, plant and equipment	9,635	12,049	35,869	27,539
Depreciation of capitalized mine development costs	4,024	3,332	15,548	7,860
Amortization of intangibles	249	153	770	451
Amortization of borrowing costs	902	342	1,770	561
Unwinding of discount	25	23	74	68
Share based compensation	394	1,295	677	3,676
Net change in gains on gold hedge	-	(5,320)	(42,955)	(2)
Net change in losses on oil hedge	-	82	456	1,880
Buyback of gold hedge sales contracts	-	-	(8,593)	(39,000)
(Gain)/loss on available for sale financial asset	(452)	-	4,003	11,917
Loss on disposal of property, plant and equipment	-	-	99	-
Changes in working capital	1,844	(27,492)	(6,751)	(16,594)
Net cash provided by operating activities	16,692	13,976	61,170	45,312
Cash flows related to investing activities				
Increase in restricted cash	-	-	-	3,004
Redemption of short-term investments	-	-	-	592
Expenditures for property, plant and equipment	(3,431)	(6,318)	(15,788)	(32,892)
Expenditures for mine development	(13,698)	(21,258)	(49,434)	(53,505)
Acquisition of intangibles	(36)	(464)	(109)	(867)
Proceeds on disposal of property, plant and equipment	-	-	35	-
Net cash used in investing activities	(17,165)	(28,040)	(65,296)	(83,668)
Cash flows related to financing activities				
Loan facility, net of borrowing cost paid	(1,200)	-	(1,200)	57,977
Repayment of borrowings	(9,088)	(4,532)	(9,088)	(12,265)
Drawdown from finance lease facility, net of financing cost paid	-	-	13,843	2,862
Interest paid on borrowings	(1,474)	(1,791)	(4,687)	(2,343)
Dividend payment to government	-	-	(2,700)	-
Net cash provided by (used in) financing activities	(11,762)	(6,323)	(3,832)	46,231
Effect of exchange rates on cash holdings in foreign currencies	(44)	(405)	431	(578)
Net (decrease) increase in cash and cash equivalents held	(12,279)	(20,792)	(7,527)	7,297
Cash and cash equivalents at the beginning of period	44,474	35,559	39,722	7,470
Cash and cash equivalents at the end of period	32,195	14,767	32,195	14,767

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

(2) 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 7 of this release.

Contact

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