

# Teranga Gold Corporation: Revised Mine Plan Expected to Generate Significant Free Cash Flows

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TORONTO, ONTARIO--(Marketwired - Sep 19, 2013) - [Teranga Gold Corp.](#) (TSX:TGZ)(ASX:TGZ) -

As part of the Company's ongoing effort to maximize free cash flows during this period of lower and more volatile gold prices, management has designed a new mine plan on a standalone basis maximizing gold production while minimizing operating, sustaining, new project development, corporate and other costs. The new mine plan is expected to deliver between 210,000 and 240,000 ounces<sup>1</sup> 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 \$85 million in debt repayments over the period.

"This optimized mine plan allows us to generate significant free cash flows that strengthen our balance sheet and improve our financial flexibility as we move forward in this volatile gold price environment," said Richard Young, President and Chief Executive Officer.

The new optimized mine plan has been designed to provide earlier access to higher grade material within the Sabodala pit and reduce waste material moved, freeing up mobile equipment for the development of OJVG satellite deposits. 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 Company's free cash flow generating ability should be further enhanced once we complete an integrated mine plan including production from OJVG satellite deposits and a toll milling agreement with our joint venture partners, which we are targeting for completion by year end," said Alan R. Hill, Executive Chairman.

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 is due to a new pit design that maximizes near term cash flows over the period 2014 to 2016 by removing ounces that have a higher strip ratio of approximately 15:1 (waste to ore).

See Tables 1-3 for updated resources, reserves and standalone life of mine material schedule.

In addition to the stand alone mine plan, the Company is in the process of completing an integrated mine plan including the development of the OJVG Golouma project. The integrated plan is expected to be included with the Company's year-end results and will also reflect the Company's objective to maximize cash flow by leveraging existing infrastructure and minimize operating and development costs. Having multiple deposits, close to the Company's mill, provides tremendous flexibility in prioritizing deposit development based on the ounces that provide the best returns.

Key milestones expected through fourth quarter 2013 include:

- Filing the Mine Plan on standalone basis (43-101 Technical Report);
- Completion of the 100% acquisition of Oromin Exploration Ltd. by mid-October;
- Continuing to work with our joint venture partners to agree on development of the OJVG deposits;

- Continuing to work with the Senegalese Government on the integration process of the OJVG Golouma project with Sabodala; and
- Completion of the consolidated mine plan integrating the OJVG Golouma project, as well as a combined reserve update which the Company expects to release with its year-end 2013 results.

<sup>1</sup> This production target is based on existing proven and probable reserves only.

**Table 1: Mineral Resources Estimate as at 30 June 2013**

	Measured			Indicated			Measured and Indicated		
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)
Sabodala	24.36	1.36	1.06	24.90	1.33	1.06	49.26	1.34	2.12
Niakafiri	0.30	1.74	0.02	10.50	1.10	0.37	10.70	1.12	0.39
Gora	0.49	5.27	0.08	1.84	4.93	0.29	2.32	5.00	0.37
Total	25.15	1.44	1.16	37.23	1.44	1.72	62.38	1.44	2.89

  

Area	Inferred		
	Tonnes (Mt)	Au (g/t)	Au (Moz)
Sabodala	18.05	0.95	0.55
Niakafiri	7.20	0.88	0.21
Niakafiri West	7.10	0.82	0.19
Soukhoto	0.60	1.32	0.02
Gora	0.21	3.38	0.02
Diadiako	2.90	1.27	0.12
Majiva	2.60	0.64	0.05
Masato	19.18	1.15	0.71
Total	57.84	1.01	1.87

#### Notes for Resources:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources for Sabodala include Sutuba.
3. Mineral Resource cut-off grades for Sabodala are 0.2 g/t Au for oxide and 0.35 g/t Au for fresh.
4. Mineral Resource cut-off grades for Niakafiri are 0.3 g/t Au for oxide and 0.5 g/t Au for fresh.
5. Mineral Resource cut-off grade for Gora is 0.5 g/t Au for oxide and fresh.
6. Mineral Resource cut-off grade for Niakafiri West and Soukhoto is 0.3 g/t Au for oxide and fresh.
7. Mineral Resource cut-off grade for Diadiako and Majiva is 0.2 g/t Au for oxide and fresh.
8. Mineral Resource cut-off grade for Masato is 0.35 g/t for fresh.
9. Measured Resources include stockpiles which total 7.88 Mt at 0.90 g/t Au for 0.23 Moz.
10. High grade assays were capped at grades ranging from 10 g/t to 30 g/t Au at Sabodala, 20 g/t to 70 g/t Au at Gora, 10 g/t Au at Soukhoto and 20 g/t Au at Masato.
11. The figures above are "Total" Mineral Resources and include Mineral Reserves.
12. Sum of individual amounts may not equal due to rounding.

**Table 2: Mineral Reserves Estimate as at 30 June 2013**

Area	Proven			Probable			Proven and Probable		
	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)	Tonnes (Mt)	Grade (g/t)	Au (Moz)
Sabodala	4.26	1.57	0.21	7.37	1.59	0.38	11.63	1.58	0.59
Niakafiri	0.23	1.69	0.01	7.58	1.12	0.27	7.81	1.14	0.29
Gora	0.50	4.58	0.07	1.39	4.80	0.21	1.89	4.74	0.29
Stockpiles	7.88	0.90	0.23				7.88	0.90	0.23
Total	12.87	1.28	0.53	16.34	1.64	0.86	29.21	1.48	1.40

#### Notes for Reserves:

1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserve cut off grades for Sabodala are 0.30 g/t Au for oxide and 0.5 g/t Au for fresh based on a \$1350/oz gold price and metallurgical recoveries between 90% and 93%.

3. Mineral Reserve cut off grades for Niakafiri are 0.35 g/t Au for oxide and 0.5 g/t Au for fresh based on a \$1350/oz gold price and metallurgical recoveries between 90% and 92%.
4. Mineral Reserve cut off grade for Gora is 0.76 g/t Au for oxide and fresh based on \$1200/oz gold price and metallurgical recovery of 95%.
5. Sum of individual amounts may not equal due to rounding.

**Table 3 - Standalone Life of Mine Material Schedule**

Note: 2013 production is based on Q1 and Q2 production, whereas Q3 and Q4 are based on forecast.

## 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](http://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.

## 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.

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