

# Teranga Gold Reports Positive Feasibility Study for Banfora Project

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**Initial gold reserves of 1.2 million ounces &ndash; update expected in H1 2018**

**Major construction expected to commence in Q2 2018**

**Company's annualized gold production expected to increase by 50% to between 300,000 and 350,000 ounces**

TORONTO, Sept. 7, 2017 - [Teranga Gold Corp.](#) ("Teranga" or the "Company") (TSX: TGZ) (ASX: TGZ) is pleased to announce positive results of the feasibility study (the "Feasibility Study") on its permitted Banfora gold project (the "Banfora Project") in Burkina Faso, West Africa. The Banfora Project is comprised of a mine license of 89 km<sup>2</sup>, and a regional exploration land package of nearly 1,000 km<sup>2</sup>.

Based on initial gold reserves of 1.2 million ounces, the Feasibility Study's base case demonstrates solid project economics with a 15% internal rate of return at \$1,250 per ounce gold for a 2.4 million tonnes per annum carbon in leach ("CIL") processing facility modeled after the plant located at the Company's Sabodala gold operation ("Sabodala") in Senegal, West Africa.

"Development of the Banfora Project is an important step towards attaining our goal of becoming the next multi-asset, mid-tier gold producer in West Africa. It will diversify our production base and add significant scale by increasing our consolidated annual gold production by 50% to between 300,000 and 350,000 ounces<sup>1,6</sup>," stated Richard Young, President and Chief Executive Officer of Teranga

The Company expects an improvement in the Banfora Project economics following completion of an infill drill program aimed at converting inferred resources to reserves to be completed later this year, with a reserve update expected in the first half of 2018. The infill drill program is targeting inferred resources located adjacent to the current reserve pits. Overall, the Company anticipates achieving a conversion rate of between 25% and 50% of the inferred resources.

As at June 30, 2017, Teranga had cash and cash equivalents of \$80 million<sup>2</sup>. As outlined in the updated technical report for Sabodala filed on August 30, 2017, the Company anticipates cash flows from Sabodala of more than \$80 million<sup>3</sup> over the next two years and a total of \$230 million<sup>3</sup> over the next five years. With cash and cash equivalents, anticipated cash flow and indicative term sheets for a project debt facility of up to \$150 million, the Company is in a solid financial position to develop and fund construction of the \$232 million<sup>4</sup> Banfora Project (see Table 5).

Mr. Young continued: "Our strategy is to grow the Company responsibly by being prudent and disciplined in our capital allocation. The initial Feasibility Study economics of the Banfora Project are solid. They are expected to improve in the first half of next year following a reserves update, which may lead to a larger or lower-cost project debt facility. As a result, we are deferring plant construction by approximately a quarter to allow us to develop an optimal financing plan for the Banfora Project as well as our other growth initiatives. Construction readiness activities will continue to move forward and the scope of work will expand in the lead up to plant construction."

## **Banfora Project Feasibility Study &ndash; Base Case Highlights (at \$1,250 gold<sup>5</sup>)**

&bull; Initial proven and probable mineral reserves	21.4 Mt @ 1.69 g/t containing 1.2 Moz Au
&bull; Measured and indicated resources*	35.3 Mt @ 1.61 g/t containing 1.8 Moz Au
&bull; Inferred mineral resources	15.8 Mt @ 1.40 g/t containing 0.7 Moz Au
&bull; Pre-production capex	\$232 million <sup>4</sup> (see Table 5)

• NPV <sub>5%</sub> (after-tax)		\$90 million <sup>4,5</sup>
• IRR (after-tax)		15% <sup>4,5</sup>
• First 5.5 years		
–	Average annual production	131Koz <sup>1</sup>
–	Average mill grade	1.88 g/t <sup>1</sup>
–	Average all-in sustaining costs**	\$807/oz
• 9-year mine life ("LOM")		
–	Average annual production	119Koz <sup>1</sup>
–	Average all-in sustaining costs**	\$843/oz

\* M&I resources are inclusive of reserves.

\*\*See Non-IFRS Performance Measures on page 9 of this release.

### Upside Potential with Anticipated H1 2018 Resource and Reserve Update

- Initial gold reserves base of approximately 1.2 Moz is derived from four deposits (Nogbele, Fourkoura, Samavogo, and Stinger) within the Banfora mine license, and is anticipated to increase in the near-term based on significant potential within existing resource shells
- A large portion of the initial resources estimate that was not converted to reserves is located in near proximity to the feasibility study design pits based on the initial reserves base, both along strike and at depth
- An extensive 65,000 metre infill drilling program, already 50% complete, is increasing drill hole density in the in-pit areas currently classified as inferred resources
- Given the demonstrated continuity of the mineralization adjacent to the zones of inferred resources, the Company anticipates between 25% and 50% of the inferred resources will be upgraded to the indicated category and converted to reserves, extending the mine life beyond the current 9 years
- Beyond the initial four deposits included in the Feasibility Study, Teranga has initiated a multi-year exploration program on over a dozen other priority targets on its regional exploration land package, all within trucking distance of the proposed mill site

"The Banfora Project is off to a solid start with an initial after-tax rate of return of 15% and economics that are anticipated to further improve once the current infill drill program is complete and reserves are updated in the first half of 2018," said Paul Chawrun, Chief Operating Officer of Teranga. "Additionally, we are undertaking a multi-year exploration program covering more than a dozen regional targets. The objective of the regional program is to identify additional deposits beyond the initial four included in the Feasibility Study to feed the central mill at Banfora."

### Project Overview

As part of its acquisition of Gryphon Minerals in 2016, Teranga acquired the Banfora Project, located in the southwest corner of Burkina Faso. It is less than 10 kilometres from the border of Côte d'Ivoire and within the north-northeast trending Paleoproterozoic Birimian Senoufo Belt, which also hosts Randgold Resources' Tongon deposit in Côte d'Ivoire.

The Banfora Project is 90% owned by Teranga with the Government of Burkina Faso holding a 10% free carried interest. It includes exploration licenses covering more than 1,000 km<sup>2</sup> and a permitted mining license that covers 89 km<sup>2</sup>. As well, the property is easily accessible by road in close proximity to the regional town of Banfora and the major city of Bobo-Dioulasso. Under its Mining Convention with the Government of Burkina Faso, the Banfora Project benefits from fiscal stability guarantees that stabilize certain tax rates such as corporate income and customs duties in effect prior to the adoption of the 2015 Mining Code.

Over the last 12 months, the Company has completed follow up drilling across the defined deposits at the Banfora Project to augment and validate historical drilling and, in turn, support the resource estimate conducted independently by Roscoe Postle Associates Inc. Additionally, an independent metallurgical testwork optimization program was conducted to determine the processing plant design criteria and gold recovery values for the mine design and project economics.

### Open Pit Mineral Resources and Reserves Summaries

Teranga completed a resources and reserves confirmatory drilling program at the four initially identified Banfora Project deposits in 2016: Nogbele, Stinger, Samavogo and Fourkoura. Based on this additional drilling and geologic modeling undertaken as part of the Feasibility Study, the open pit measured and indicated resources estimate is 1.8 Moz gold, with an additional 0.7 Moz of inferred resources, pit constrained at \$1,450 per ounce gold (see Table 1).

The total open pit Proven and Probable Mineral Reserves estimate, based on a gold price of \$1,200 per ounce, is 1.2 Moz (see Table 2).

**Table 1: Open Pit Mineral Resources Summary**

Deposit	Measured Resources		Indicated Resources		Measured + Indicated Resources		Resources		Inferred Resources			
	Mtonnes	Grade (Au g/t)	Moz	MTonnes	Grade (Au g/t)	Moz	MTonnes	Grade (Au g/t)	Moz	MTonnes	Grade (Au g/t)	Moz
Nogbele	1.17	1.47	0.06	17.92	1.43	0.82	19.08	1.43	0.88	9.11	1.18	0.34
Fourkoura	0.36	1.57	0.02	3.02	1.60	0.16	3.38	1.60	0.17	0.98	1.33	0.04
Samavogo	0.00	0.00	0.00	6.62	2.05	0.44	6.62	2.05	0.44	3.75	1.92	0.23
Stinger	0.16	2.16	0.01	6.09	1.67	0.33	6.24	1.69	0.34	1.98	1.45	0.09
Total	1.68	1.55	0.08	33.65	1.61	1.74	35.33	1.61	1.83	15.82	1.40	0.71

### Notes for Mineral Resources Estimate

1. CIM definitions were followed for Mineral Resources.
2. Open pit oxide Mineral Resources are estimated at cut-off grades ranging from 0.35 g/t Au to 0.45 g/t Au.
3. Open pit transition and fresh rock Mineral Resources are estimated at cut-off grades ranging from 0.45 g/t Au to 0.55 g/t Au.
5. High grade assays were capped at grades ranging from 2.5 g/t Au to 48.0 g/t Au.
6. Mineral Resources are inclusive of Mineral Reserves.
7. Open pit shells were used to constrain open pit resources.
8. Mineral Resources are estimated using a gold price of \$1,450 per ounce.
9. Sum of individual amounts may not equal due to rounding.

**Table 2: Open Pit Mineral Reserves Summary**

Deposit	Proven Reserves			Probable Reserves			2P Reserves		
	MTonnes	Grade (Au g/t)	Moz Au	MTonnes	Grade (Au g/t)	Moz Au	MTonnes	Grade (Au g/t)	Moz Au
Nogbele	1.09	1.45	0.05	10.38	1.56	0.52	11.48	1.55	0.57
Fourkoura	0.31	1.64	0.02	2.10	1.73	0.12	2.41	1.71	0.13
Samavogo	0.00	0.00	0.00	4.43	2.02	0.29	4.43	2.02	0.29
Stinger	0.15	2.09	0.01	2.95	1.72	0.16	3.10	1.74	0.17
Total	1.55	1.55	0.08	19.87	1.70	1.09	21.42	1.69	1.16

### Notes for Mineral Reserves Estimate

1. CIM definitions were followed for Mineral Reserves.
2. Mineral Reserve cut-off grades range from 0.39 g/t to 0.53 g/t Au for oxide and 0.51 g/t to 0.64 g/t Au for fresh rock based on a \$1,200/oz gold price.
3. Dry bulk density was estimated in the Mineral Resource models; values for ore range from 1.61 t/m<sup>3</sup> to 2.22 t/m<sup>3</sup> for oxide and 2.50 t/m<sup>3</sup> to 2.80 t/m<sup>3</sup> for fresh rock.
4. Mineral Reserves account for mining dilution and mining ore loss.
5. A minimum mining width of 2.5 m was used.
6. Proven Mineral Reserves are based on Measured Mineral Resources only.
7. Probable Mineral Reserves are based on Indicated Mineral Resources and diluting material.
8. Sum of individual amounts may not equal due to rounding.

### Mining

Mining will be by way of conventional open pit mining techniques using drill and blast with material movement by hydraulic excavators and trucks. The project scale suits 110 to 140 tonne class excavators in a backhoe configuration matched to 50 tonne class mining haul trucks operating at five-metre bench heights. Following operating procedures similar to Sabodala, an extensive reverse circulation ("RC") drill program is planned to supplement the production blast hole sampling as part of the grade control strategy. The mine operations will emulate Sabodala, with multiple near-surface pits feeding the process plant.

The process plant will be located adjacent to the Nogbele deposit, which contains approximately 50% of the initial reserves. The Fourkoura, Stinger, and Samavogo deposits are located 6, 15, and 25 kilometres, respectively, from the process plant. The haul trucks selected have the ability to haul ore directly to the process plant. This is expected to reduce re-handling costs and minimize waste movement through optimized pit designs for the near-surface ore bodies. The Company will operate its own fleet.

The Banfora Project is expected to benefit from lower operating costs and reduced operational risk as a result of Teranga's experience as an owner-operator at Sabodala.

To maximize the value of the Banfora Project, the primary aim of the mine schedule is to supply the processing facility with the best value material first and stockpiling low-grade ore.

### Metallurgy and Processing

The process plant design is based on a conventional CIL gold process flowsheet consisting of primary crushing, SAG and ball milling, with a pebble crusher, CIL tanks, elution, electro-winning and gold smelting to

produce doré onsite. Throughput is expected to range between 2.2 and 2.5 million tonnes per annum, depending on the blend of soft and hard ore. The average predicted plant recovery is 92%, with soft material recoveries from some zones reaching as high as 95%.

The process plant design is based on a robust metallurgical flowsheet designed for optimum recovery and minimum operating costs. The key criteria for equipment selection are suitability for duty, reliability and ease of maintenance, and synergies with Sabodala, including same-sized crusher, mills, feeders and CIL tank agitators. The process selected is based on industrially proven equipment and sizing, resulting in additional operational flexibility and lower technical risk.

The tailings storage facility ("TSF") will be developed as a high density polyethylene geomembrane lined paddock type facility in a two-cell arrangement. The TSF embankments will be constructed in annual raises to suit storage requirements, using downstream raise construction methods.

Transport and logistics for mining projects in the region are well-established with eleven mines built in Burkina Faso within the past decade. Goods will be containerized and transported by liner services to the Abidjan port in Côte d'Ivoire or the Tema port in Ghana.

A construction readiness program is underway for initial engineering, site infrastructure and preparation of large vendor packages. The engineering, procurement and construction management ("EPCM") scope is currently in a tender process amongst several EPCM service providers with construction experience in West Africa and Burkina Faso. An award decision is expected shortly. Plant construction is expected to commence in Q2 2018, with first gold pour following within approximately 18 months of the construction start date.

### Operating Costs

Operating costs include all direct costs for the production of gold doré. The estimates are based on annual rates determined in the mining schedule with ore delivery from the Nogbele, Fourkoura, Samavogo and Stinger deposits.

**Table 3: LOM Operating Costs<sup>5</sup>**

	\$/t	\$/oz
Mining	2.19	358
Processing	11.15	222
General & administrative	4.31	86

Mine operating costs were determined using first principles estimates and input provided by equipment quotations, supply providers and costs at Sabodala where applicable. The average mining costs are \$1.73/tonne mined for soft material and \$2.65/tonne mined for harder material. The mining costs include rehandle and haulage of ore from the satellite pits and stockpiles to the process plant.

Processing costs are based on metallurgical test results, quotations from suppliers and consultant recommendations and using a rate of 338 tonne per hour for soft material and 250 tonne per hour rate for hard material. The average processing cost are \$9.38/tonne milled for soft material and \$12.18/tonne milled for harder material.

General and administrative costs average \$4.31/tonne milled and consist of site office costs, insurance, financial costs (banking charges, legal fees, etc.), refining and transportation costs and personnel costs.

**Table 4: LOM Production Plan\***

Total  
  
LOM

2019 -  
2024  
Average

2018

Yr -1

2019

Yr 1

2020

Yr 2

2021

Yr 3

2022

Yr 4

2023

Yr 5

2024

Yr 6

2025

Yr 7

2026

Yr 8

2027

Yr 9

2028

Yr 10



Ore mined	Mt	21	2.7	0.2	1.4	3.3	3.1	2.8	2.0	2.2	2.6	2.0	1.8	0.1
Waste mined	Mt	155	19.0	2.2	12.4	19.2	18.6	18.3	18.3	17.5	16.4	16.2	15.2	0.3
Ore milled	Mt	21	2.3		1.1	2.3	2.3	2.3	2.4	2.5	2.2	2.4	2.2	1.9
Mill head grade	g/t	1.69	1.88		2.22	2.01	1.95	2.08	1.51	1.73	1.74	1.27	1.50	1.07
Contained gold	Koz	1,165	141		82	148	146	151	115	136	124	96	104	64
Recovered gold	Koz	1,075	131		76	137	134	139	107	127	111	90	95	61

\* This LOM production plan assumes plant construction will commence in Q1 2018. With plant construction moved to Q2 2018, this LOM production plan may shift by several months.

### Pre-production and LOM Capital Costs

The Company plans to replicate the first phase of the Sabodala process plant layout which is expected to lower construction and operating risk and, in turn, pre-production project capital and operating costs. The capital cost to construct the Banfora Project is estimated at \$232 million<sup>4</sup> (see Table 5), including processing plant, infrastructure, an owner operated mining fleet, owners cost, contingency, taxes and duties. The Company is evaluating opportunities to optimize and reduce capital costs that may improve the IRR.

Owners costs have been captured in the capital estimate, including the management team, project expenses, pre-production costs, first fills, opening stocks, plant mobile equipment, project spares, vendor representatives, training and initial resettlement costs. The Company has hired Metifex Pty Ltd ("Metifex") to form part of the owners team for the project. Metifex has worked on a number of projects with the Teranga management team, including most recently the mill optimization project at Sabodala.

Pre-production capital costs exclude acquisition costs and reserve development costs incurred from acquisition through the end of 2017. It also excludes construction readiness activities of \$12 million, which will be spent prior to major construction.

**Table 5: Pre-production Capital Costs**

	(\$M)
Indirect project construction	19.6
Processing plant	46.6
Reagents and plant services	12.2
Infrastructure	52.9
Mining infrastructure and equipment	30.2
EPCM costs	16.3
Owners project costs	30.5
Subtotal	208.2
Contingency	24.0
Total(a), (b), (c)	232.3

(a) Sum of individual amounts may not equal due to rounding.

(b) Excludes cost to mine and stockpile 764 Kt at 2.25 g/t or 55Koz (strip ratio of 9:1) prior to mill production which has been included in mining operating costs.

(c) Excludes \$12 million used for construction readiness activities spent prior to major construction.

Life of mine sustaining costs for the Banfora Project total \$105 million and include mobile fleet upgrades and replacements, road construction, TSF lifts, resettlement costs and general sustaining capital in support of mining, processing and general and administrative functions.

**Table 6: LOM Sustaining Capital Costs**

LOM Sustaining Capital	(\$M)
Mining fleet replacement and mine sustaining	30.1
Processing sustaining	13.5
General and administration sustaining and other	3.8
TSF	26.9
Deferred resettlement action plan costs	30.5
Total	104.8

**ocial and Environmental Impact Assessments**

The current resources and reserves for the Banfora Project are permitted and the environmental impact assessment study is complete.

The resettlement action plan is progressing well, strongly supported by the local communities. Under the resettlement action plan, approximately 500 households in the villages of Zegnedougou, Nanguedougou, Djondougou, Katolo, Nadjengoala will be relocated over the next five years, with a further 350 households compensated for agricultural land impact. The resettlement and livelihood restoration process for the project is being managed by an experienced team from the global sustainability firm, ERM, building on work completed under the previous project ownership.

Resettlement sites have been identified, and the physical planning, design and approval of future resettlement communities is underway. Construction of the first resettlement households is expected to begin in the first quarter of 2018. Employment opportunities and sustainable development initiatives supported by Teranga will provide further support for socio-economic growth in the area.

The Company is working with the local community to rename the Banfora Project to reflect the local culture.

**LOM Cash Flow**

Table 7: LOM Cash Flow<sup>(a), (b), (c), 5</sup>

	Total	2019 - 2024 Average	2018 Yr -1	2019 Yr 1	2020 Yr 2	2021 Yr 3	2022 Yr 4	2023 Yr 5	2024 Yr 6	2025 Yr 7	2026 Yr 8	2027 Yr 9
Gold produced	Koz 1,075 131		76	137	134	139	107	127	110	90	95	
Gold price												

\$/oz

1,250

1,250

1,250

1,250

1,250

1,250

1,250













Gold sales	\$M 1,344 163		95	171	167	173	133	159	138	112	119
Cash costs	\$M (716) (81)	(7)	(46)	(81)	(80)	(81)	(79)	(78)	(83)	(79)	(77)
Royalties and gov't payments <sup>(e)</sup>	\$M (85) (10)		(6)	(10)	(10)	(10)	(8)	(10)	(9)	(8)	(8)
Sustaining capital	\$M (105) (15)		(12)	(13)	(18)	(14)	(12)	(14)	(7)	(6)	(9)
AISC <sup>(d)</sup>	\$M (906) (105)	(7)	(63)	(104)	(107)	(106)	(99)	(102)	(99)	(92)	(95)
AISC <sup>(d)</sup>	\$/oz 843 807		830	759	801	761	926	799	897	1,030	999
Income taxes, W/C and other <sup>(f)</sup>	\$M (29) (3)	(1)	(4)	(2)	(2)	(2)	(4)	(3)	(8)	(4)	(2)
Free cash flow from operations <sup>(d)</sup>	\$M 409 55	(8)	28	65	58	66	31	54	31	15	22
Pre-production capital	\$M (232)	(120)	(112)	(0)							
Net cash flow	\$M 176	(128)	(85)	65	58	66	31	54	31	15	22
NPV <sub>5%</sub>	\$M 90										
IRR	15%										

(a) This LOM production plan assumes plant construction will commence in Q1 2018. With plant construction moved to Q2 2018, this LOM production plan is anticipated to shift by several months.

(b) Sum of individual amounts may not equal due to rounding.

(c) All figures are on a 100% basis.

(d) See Non-IFRS Performance Measures on page 9 of this news release.

(e) Includes royalties, business taxes, mortmain taxes, and surface taxes.

(f) Includes income taxes, refundable VAT movements, government social fund, and rehabilitation and equipment residual value. Excludes all project financing costs and allocation of corporate overhead costs.

### Project Return Sensitivity

Gold Price	\$1,200	\$1,250	\$1,300	\$1,350
After-tax NPV <sub>0%</sub>	\$134	\$176	\$219	\$249
After-tax NPV <sub>5%</sub>	\$58	\$90	\$122	\$145
After-tax IRR	11%	15%	18%	20%

### Feasibility Study Technical Report Contributions and Qualified Persons

The mineral resource and mineral reserve estimates in this news release have been classified in accordance with Canadian Institute of Mining Metallurgy and Petroleum's "CIM Definition Standards - For Mineral Resources and Mineral Reserves" 2014, as required by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). Roscoe Postle Associates Inc., an independent consultant prepared the resource and reserve estimates and the report with the assistance of a number of independent experts or firms.

Lycopodium Limited (ASX:LYL), an Australian headquartered engineering and project management

consultancy that has successfully completed the construction of a dozen gold development projects in West Africa since 2009, completed the process design, capital estimate and execution plan for the process facilities and associated infrastructure.

Knight Piésold Consulting completed the tailings management facility design, surface geotechnical engineering and site water balance, ECG Engineering completed the Power Supply solution, BBA/Aurifex completed the metallurgical test work supporting the process design, and MBS Environmental completed the ESIA summary and Closure Plan.

### **Competent Persons Statements**

The technical information contained in this document relating to the open pit mineral reserve estimates is based on, and fairly represents, information compiled by Glen Ehasoo, P. Eng., who is a member of the Association of Professional Engineers and Geoscientists of British Columbia, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Mr. Ehasoo is independent of Teranga and is a "Qualified Person" as defined in National Instrument 43-101 and a "competent person" as defined in the 2012 Edition of the JORC Code. Mr. Ehasoo has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Ehasoo has verified the technical data in this news release related to mineral reserves estimation, and has reviewed and approved the information in this news release relevant to mineral reserves estimation.

The technical information contained in this document relating to open pit mineral resource estimates is based on, and fairly represents, information compiled by Mr. David Ross. Mr. Ross, P. Geo., is a Member of the Association of Professional Geoscientists of Ontario, which is currently included as a "Recognized Overseas Professional Organization" in a list promulgated by the ASX from time to time. Mr. Ross is independent of Teranga and is a "Qualified Person" as defined in National Instrument 43-101. Mr. Ross has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Ross has verified the technical data in this news release related to mineral resources estimation, and has reviewed and approved the information in this news release relevant to mineral resource estimation.

### **Non-IFRS Financial Performance Measures**

The Company has included non-IFRS measures in this document, including "total cash cost per ounce of gold sold", "all-in sustaining costs per ounce" and "free cash flow from operations". The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Total cash costs figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is considered the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measure of other companies. The World Gold Council ("WGC") definition of all-in sustaining costs seeks to extend the definition of total cash costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), exploration and study costs (capital and expensed), capitalized stripping costs and sustaining capital expenditures and represents the total costs of producing gold from current operations. All-in sustaining cost excludes income tax payments, interest costs, costs related to business acquisitions and items needed to normalize earnings. Consequently, this measure is not representative of all of the Company's cash expenditures. In addition, the calculation of all-in sustaining costs does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Life of mine total cash costs and all-in sustaining costs figures used in this press release are before cash/non-cash inventory movements and exclude any allocation of corporate overheads. Other companies may calculate this measure differently. The Company calculates free cash flow from operations as net cash flow provided by operating activities less sustaining capital expenditures. The Company believes this to be a useful indicator of its ability to generate cash for growth initiatives. Other companies may calculate this measure differently.

For more information regarding these measures, please refer to the Company's 2016 Management's

Discussion and Analysis accessible on the Company's website at [www.terangagold.com](http://www.terangagold.com).

### Conference Call & Webcast Details

Teranga will host a conference call and audio webcast later this morning, September 7, 2017, at 8:30 a.m. (ET) to discuss the Feasibility Study in more detail. Those wishing to listen can access the live conference call and webcast as follows:

Telephone: Toll-free +1-877-291-4570

Local or International +1-647-788-4919

Please allow 10 minutes to be connected to the conference call

Webcast: The webcast can be accessed on Teranga's website at [www.terangagold.com/banfora](http://www.terangagold.com/banfora)

Replay: The conference call replay will be available for two weeks after the call by dialing +1-416-621-4642 or toll-free at +1-800-585-8367 and entering the conference ID 70012458

Note: The slide presentation will be available for download at [www.terangagold.com](http://www.terangagold.com) for simultaneous viewing during the call

### Technical Report

An NI 43-101 compliant technical report for the Banfora Project will be filed on the Company's website and on SEDAR ([www.sedar.com](http://www.sedar.com)) within 45 days of this news release.

### Endnotes

1. Production targets are based only on proven and probable ore reserves for the Banfora Project.
2. Teranga's consolidated cash and cash equivalents as of June 30, 2017. For more information, please refer to the Company's Management's Discussion and Analysis for the period ended June 30, 2017 on the Company's website at [www.terangagold.com](http://www.terangagold.com).
3. This forecasted financial information is based on the updated life of mine plan and reserve estimate for the Sabodala project as disclosed in a technical report pursuant to NI 43-101 dated August 30, 2017.
4. Pre-production capital costs of \$232 million excludes \$12 million in construction readiness activities spent prior to major construction.
5. LOM assumptions include:
  - Gold price of \$1,250 per ounce
  - Heavy fuel oil (HFO): \$0.59 per litre
  - Light fuel oil (LFO): \$1.04 per litre (\$0.88 per litre during the construction period)
  - Euro to USD Exchange Rate: \$1.10
6. This production target is based on proven and probable reserves only from the Sabodala project as at June 30, 2017 as disclosed on the Company's website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). The estimated ore reserves underpinning this production target have been prepared by a competent person or persons (see Competent Persons Statements in the Company's Management's Discussion & Analysis for the three and six months ended June 30, 2017 available on the Company's website at [www.terangagold.com](http://www.terangagold.com)).

### Forward-Looking Statements

This news release contains certain statements that constitute forward-looking information within the meaning

of applicable securities laws ("forward-looking statements"), which reflects management's expectations regarding Teranga's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Wherever possible, words such as "anticipates", "potential", "belief", "believe", "expected", "expects", "estimates", "plans", "anticipated", "ability" and similar expressions or statements that certain actions, events or results "may", "should", "work to" or "will" have been used to identify such forward looking information. Forward-looking statements include, without limitation, all disclosure regarding possible events, conditions or results of operations, future economic conditions and anticipated courses of action. Although the forward-looking statements contained in this news release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward looking statements. Such forward-looking statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant but that may prove to be incorrect. These assumptions include, among other things, the ability to obtain any requisite governmental approvals, the accuracy of mineral reserves and mineral resources estimates, gold price, exchange rates, fuel and energy costs, future economic conditions, community resettlement within anticipated timeline, anticipated future estimates of free cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

The forward-looking statements and forward-looking information in this news release include without limitation, statements regarding (i) potential upside and improved economics from the Banfora Project; (ii) anticipated rates of conversion of inferred resources into reserves; (iii) objective to increase the mine life beyond the initial 9 years by first gold pour in 2019; (iv) anticipated financing plan; and (v) expected reserve update in the first half of 2018.

In addition, all of the results of the Banfora Project Feasibility Study constitute forward-looking statements and forward-looking information. The forward-looking statements include metal price, fuel prices and foreign exchange rate assumptions, cash flow forecasts, projected capital and operating costs, metal recoveries, mine life and production rates, and the financial results of the Banfora Project Feasibility Study. These include statements regarding (i) IRR of 15% after tax; (ii) NPV of \$90 million at a 5% discount rate after tax, (iii) estimated all-in sustaining costs; (iv) capital cost estimates (including pre-production capital of \$232 million<sup>4</sup>), (v) proposed mining plans and methods, and (vi) a mine life estimate of 9 years.

Readers are cautioned that actual results may vary from those presented.

The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in Teranga's Annual Information Form dated March 30, 2017, and in other filings of Teranga with securities and regulatory authorities which are available at [www.sedar.com](http://www.sedar.com). Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities. All references to Teranga include its subsidiaries unless the context requires otherwise.

## **About Teranga**

Teranga is a multi-jurisdictional West African gold company focused on production and development as well as the exploration of more than 5,000km<sup>2</sup> of land located on prospective gold belts. Since its initial public offering in 2010, Teranga has produced more than 1.2 million ounces of gold from its operations in Senegal, which as of June 30, 2017 had a reserve base of 2.7 million ounces of gold. Focused on diversification and growth, the Company is advancing its Banfora development project and conducting extensive exploration programs in three countries: Burkina Faso, Senegal and Côte d'Ivoire. Teranga has a strong balance sheet and the financial flexibility to grow its business.

Steadfast in its commitment to set the benchmark for responsible mining, Teranga operates in accordance with the highest international standards and aims to act as a catalyst for sustainable economic, environmental, and community development as it strives to create value for all of its stakeholders. Teranga is a member of the United Nations Global Compact and a leading member of the multi-stakeholder group responsible for the submission of the first Senegalese Extractive Industries Transparency Initiative revenue

report. The Company's responsibility report, is available at [www.terangagold.com/responsibilityreport](http://www.terangagold.com/responsibilityreport) and is prepared in accordance with its commitments under the United Nations Global Compact and in alignment with the Global Reporting Initiative guidelines.

## APPENDIX 1

JORC Code, 2012 Edition &ndash; Table 1 report  
 Section 1 Sampling Techniques and Data  
 (Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation
Sampling techniques	<ul style="list-style-type: none"> <li>● Nature and quality of sampling (eg cut channels, random ch</li> <li>● Include reference to measures taken to ensure sample repre</li> <li>● Aspects of the determination of mineralisation that are Mate</li> <li>● In cases where 'industry standard' work has been done this</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>● Drill type (eg core, reverse circulation, open-hole hammer, r</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>● Method of recording and assessing core and chip sample re</li> <li>● Measures taken to maximise sample recovery and ensure re</li> <li>● Whether a relationship exists between sample recovery and</li> </ul>
Logging	<ul style="list-style-type: none"> <li>● Whether core and chip samples have been geologically and</li> <li>● Whether logging is qualitative or quantitative in nature. Core</li> <li>● The total length and percentage of the relevant intersections</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>● If core, whether cut or sawn and whether quarter, half or all</li> <li>● If non-core, whether riffled, tube sampled, rotary split, etc an</li> <li>● For all sample types, the nature, quality and appropriateness</li> <li>● Quality control procedures adopted for all sub-sampling stag</li> <li>● Measures taken to ensure that the sampling is representative</li> <li>● Whether sample sizes are appropriate to the grain size of th</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>● The nature, quality and appropriateness of the assaying and</li> <li>● For geophysical tools, spectrometres, handheld XRF instrum</li> <li>● Nature of quality control procedures adopted (eg standards,</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>● The verification of significant intersections by either indepen</li> <li>● The use of twinned holes.</li> <li>● Documentation of primary data, data entry procedures, data</li> <li>● Discuss any adjustment to assay data.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>● Accuracy and quality of surveys used to locate drill holes (co</li> <li>● Specification of the grid system used.</li> <li>● Quality and adequacy of topographic control.</li> </ul>

Data spacing and distribution	<ul style="list-style-type: none"> <li>● Data spacing for reporting of Exploration Results.</li> <li>● Whether the data spacing and distribution is sufficient to estimate the mineral resource.</li> <li>● Whether sample compositing has been applied.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>● Whether the orientation of sampling achieves unbiased sampling.</li> <li>● If the relationship between the drilling orientation and the orientation of the geological structure is known.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>● The measures taken to ensure sample security.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>● The results of any audits or reviews of sampling techniques.</li> </ul>

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>● Type, reference name/number, location and ownership of the mineral tenement.</li> <li>● The security of the tenure held at the time of reporting.</li> </ul>
Exploration done by other parties	<ul style="list-style-type: none"> <li>● Acknowledgment and appraisal of exploration by other parties.</li> </ul>
Geology	<ul style="list-style-type: none"> <li>● Deposit type, geological setting and style of mineralisation.</li> </ul>
Drill hole Information	<ul style="list-style-type: none"> <li>● A summary of all information material to the understanding of the mineral resource, including: <ul style="list-style-type: none"> <li>● easting and northing of the drill hole collar</li> <li>● elevation or RL (Reduced Level &amp;ndash;</li> <li>● dip and azimuth of the hole</li> <li>● down hole length and interception depth</li> <li>● hole length.</li> </ul> </li> <li>● If the exclusion of this information is justified on the basis of the JORC Code.</li> </ul>
Data aggregation methods	<ul style="list-style-type: none"> <li>● In reporting Exploration Results, weighting averages shall be stated.</li> <li>● Where aggregate intercepts incorporate short lengths, the assumptions used for any reporting of metal grades shall be stated.</li> </ul>
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> <li>● These relationships are particularly important in the case of narrow mineralisation where the relationship between the length of the intercept and the width of the mineralisation is critical to the estimation of the mineral resource.</li> <li>● If the geometry of the mineralisation with respect to the drill hole is not known, the relationship between the length of the intercept and the width of the mineralisation shall be stated.</li> <li>● If it is not known and only the down hole length is reported, the relationship between the length of the intercept and the width of the mineralisation shall be stated.</li> </ul>
Diagrams	<ul style="list-style-type: none"> <li>● Appropriate maps and sections (with scales) and diagrams shall be included in the Exploration Results to illustrate the geological setting and the style of mineralisation.</li> </ul>

Balanced reporting	<ul style="list-style-type: none"> <li>● Where comprehensive reporting of all Exploration</li> </ul>
Other substantive exploration data	<ul style="list-style-type: none"> <li>● Other exploration data, if meaningful and mater</li> </ul>
Further work	<ul style="list-style-type: none"> <li>● The nature and scale of planned further work (e</li> <li>● Diagrams clearly highlighting the areas of poss</li> </ul>

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation
Database integrity	<ul style="list-style-type: none"> <li>● Measures taken to ensure that data has not been corrupted by, for e</li> <li>● Data validation procedures used.</li> </ul>
Site visits	<ul style="list-style-type: none"> <li>● Comment on any site visits undertaken by the Competent Person an</li> <li>● If no site visits have been undertaken indicate why this is the case.</li> </ul>
Geological interpretation	<ul style="list-style-type: none"> <li>● Confidence in (or conversely, the uncertainty of ) the geological interp</li> <li>● Nature of the data used and of any assumptions made.</li> <li>● The effect, if any, of alternative interpretations on Mineral Resource e</li> <li>● The use of geology in guiding and controlling Mineral Resource estim</li> <li>● The factors affecting continuity both of grade and geology.</li> </ul>
Dimensions	<ul style="list-style-type: none"> <li>● The extent and variability of the Mineral Resource expressed as leng</li> </ul>
Estimation and modelling techniques	<ul style="list-style-type: none"> <li>● The nature and appropriateness of the estimation technique(s) applie</li> <li>● The availability of check estimates, previous estimates and/or mine p</li> <li>● The assumptions made regarding recovery of by-products.</li> <li>● Estimation of deleterious elements or other non-grade variables of ec</li> <li>● In the case of block model interpolation, the block size in relation to t</li> <li>● Any assumptions behind modelling of selective mining units.</li> <li>● Any assumptions about correlation between variables.</li> <li>● Description of how the geological interpretation was used to control t</li> <li>● Discussion of basis for using or not using grade cutting or capping.</li> <li>● The process of validation, the checking process used, the compariso</li> </ul>
Moisture	<ul style="list-style-type: none"> <li>● Whether the tonnages are estimated on a dry basis or with natural m</li> </ul>
Cut-off parametres	<ul style="list-style-type: none"> <li>● The basis of the adopted cut-off grade(s) or quality parametres applie</li> </ul>
Mining factors or assumptions	<ul style="list-style-type: none"> <li>● Assumptions made regarding possible mining methods, minimum mi</li> </ul>

Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>● The basis for assumptions or predictions regarding metallurgical ame</li> </ul>
Environmen-tal factors or assumptions	<ul style="list-style-type: none"> <li>● Assumptions made regarding possible waste and process residue di</li> </ul>
Bulk density	<ul style="list-style-type: none"> <li>● Whether assumed or determined. If assumed, the basis for the assu</li> <li>● The bulk density for bulk material must have been measured by meth</li> <li>● Discuss assumptions for bulk density estimates used in the evaluatio</li> </ul>
Classification	<ul style="list-style-type: none"> <li>● The basis for the classification of the Mineral Resources into varying</li> <li>● Whether appropriate account has been taken of all relevant factors (</li> <li>● Whether the result appropriately reflects the Competent Person's vie</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>● The results of any audits or reviews of Mineral Resource estimates.</li> </ul>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>● Where appropriate a statement of the relative accuracy and confiden</li> <li>● The statement should specify whether it relates to global or local esti</li> <li>● These statements of relative accuracy and confidence of the estimat</li> </ul>

#### Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> <li>● Description of the Mineral Resource estimate used as</li> <li>● Clear statement as to whether the Mineral Resources</li> </ul>
Site visits	<ul style="list-style-type: none"> <li>● Comment on any site visits undertaken by the Comp</li> <li>● If no site visits have been undertaken indicate why th</li> </ul>
Study status	<ul style="list-style-type: none"> <li>● The type and level of study undertaken to enable Min</li> <li>● The Code requires that a study to at least Pre-Feasib</li> </ul>
Cut-off parametres	<ul style="list-style-type: none"> <li>● The basis of the cut-off grade(s) or quality parametre</li> </ul>

<p>Mining factors or assumptions</p>	<ul style="list-style-type: none"><li>● The method and assumptions used as reported in the</li><li>● The choice, nature and appropriateness of the select</li><li>● The assumptions made regarding geotechnical parame</li><li>● The major assumptions made and Mineral Resource</li><li>● The mining dilution factors used.</li><li>● The mining recovery factors used.</li><li>● Any minimum mining widths used.</li><li>● The manner in which Inferred Mineral Resources are</li><li>● The infrastructure requirements of the selected minin</li></ul>
<p>Metallurgical factors or assumptions</p>	<ul style="list-style-type: none"><li>● The metallurgical process proposed and the appropri</li><li>● Whether the metallurgical process is well-tested tech</li><li>● The nature, amount and representativeness of metall</li><li>● Any assumptions or allowances made for deleterious</li><li>● The existence of any bulk sample or pilot scale test w</li><li>● For minerals that are defined by a specification, has t</li></ul>

<p>Environmental</p>	<ul style="list-style-type: none"> <li>● The status of studies of potential environmental impact</li> </ul>
<p>Infrastructure</p>	<ul style="list-style-type: none"> <li>● The existence of appropriate infrastructure: availability</li> </ul>
<p>Costs</p>	<ul style="list-style-type: none"> <li>● The derivation of, or assumptions made, regarding price</li> <li>● The methodology used to estimate operating costs.</li> <li>● Allowances made for the content of deleterious elements</li> <li>● The derivation of assumptions made of metal or commodity</li> <li>● The source of exchange rates used in the study.</li> <li>● Derivation of transportation charges.</li> <li>● The basis for forecasting or source of treatment and disposal</li> <li>● The allowances made for royalties payable, both Government</li> </ul>
<p>Revenue factors</p>	<ul style="list-style-type: none"> <li>● The derivation of, or assumptions made regarding revenue</li> <li>● The derivation of assumptions made of metal or commodity</li> </ul>
<p>Market assessment</p>	<ul style="list-style-type: none"> <li>● The demand, supply and stock situation for the particular</li> <li>● A customer and competitor analysis along with the identification</li> <li>● Price and volume forecasts and the basis for these forecasts</li> <li>● For industrial minerals the customer specification, test</li> </ul>
<p>Economic</p>	<ul style="list-style-type: none"> <li>● The inputs to the economic analysis to produce the net present</li> <li>● NPV ranges and sensitivity to variations in the significant</li> </ul>
<p>Social</p>	<ul style="list-style-type: none"> <li>● The status of agreements with key stakeholders and</li> </ul>
<p>Other</p>	<ul style="list-style-type: none"> <li>● To the extent relevant, the impact of the following on the</li> <li>● Any identified material naturally occurring risks.</li> <li>● The status of material legal agreements and marketing</li> <li>● The status of governmental agreements and approvals</li> </ul>
<p>Classification</p>	<ul style="list-style-type: none"> <li>● The basis for the classification of the Ore Reserves in</li> <li>● Whether the result appropriately reflects the Competitor</li> <li>● The proportion of Probable Ore Reserves that have been</li> </ul>
<p>Audits or reviews</p>	<ul style="list-style-type: none"> <li>● The results of any audits or reviews of Ore Reserve estimates</li> </ul>

Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"><li>● Where appropriate a statement of the relative accuracy</li><li>● The statement should specify whether it relates to global</li><li>● Accuracy and confidence discussions should extend</li><li>● It is recognised that this may not be possible or appropriate</li></ul>
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*(All amounts are in U.S. dollars unless otherwise stated)*

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