

# Teranga Gold Receives Commitment Letter for \$165 Million in Secured Debt Financing to Bring its Second Gold Mine into Production

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*Secures additional \$25 million for future advancement of Golden Hill Project to feasibility study*

*(All amounts in U.S. dollars unless otherwise indicated)*

TORONTO, March 12, 2018 (GLOBE NEWSWIRE) -- [Teranga Gold Corp.](#) ("Teranga" or the "Company") (TSX:TGZ) (OTCQX:TGCDF) is pleased to announce the receipt of a commitment letter from Taurus Funds Management Pty Ltd. ("Taurus") setting forth a secured development finance facility (the "Facility").

The Facility includes provision for the following:

- \$165 million to be used towards funding the development of the Wahgnion Gold Project ("Wahgnion") and to repay all of the Company's current outstanding bank debt, totaling \$15 million drawn on its revolving credit facility.
- \$25 million to be used toward future advancement of a feasibility study for the Golden Hill Project ("Golden Hill").
- \$10 million equipment lease facility carve out for which the Company has received a number of term sheets and is currently evaluating.

"We are very pleased to be partnering with Taurus to deliver on our vision of becoming the next multi-asset mid-tier gold producer in West Africa," said Richard Young, President and Chief Executive Officer. "Together with our cash on hand and free cash flows from our flagship Sabodala mine, we expect to have sufficient financial resources to bring Wahgnion, our second gold mine, into production and continue to advance Golden Hill through feasibility." <sup>(1)</sup>

Construction at Wahgnion began last fall with an early works program. Mill construction is scheduled to commence in the second quarter of 2018. Wahgnion is expected to increase the Company's annualized gold production by 50% to between 300,000 and 350,000 ounces following first pour, which is anticipated by the end of 2019. <sup>(2,3,4)</sup>

Golden Hill is one of West Africa's most exciting and rapidly advancing gold exploration projects. With multiple discoveries over the last year, Golden Hill now has five advanced prospects and numerous exceptional intercepts of high-grade, near-surface gold. An initial resource estimation for the most advanced prospects is planned for year-end 2018.

Both Wahgnion and Golden Hill are located in Burkina Faso, one of the world's fastest growing gold regions.

Teranga first executed a project finance mandate with Taurus in November 2017 following a competitive selection process supported by the Company's independent financial advisor, Cutfield Freeman and Co. The Facility is anticipated to close in the second quarter of 2018.

In commenting on the Facility, Taurus Chief Investment Officer, Michael Davies said, "We are delighted to be working with the board and management of Teranga as the Company continues to evolve and diversify its operations away from being a single asset company to a multi-asset producer. The proven

operational ability of the Teranga team, as demonstrated through its Sabodala operations, will see the Company continue to evolve and grow and Taurus looks forward to being part of that story.&rdquo;

Taurus completed its technical due diligence process in February 2018 and committed to the Facility subject to the term details outlined below. The terms of the definitive documentation in respect of the Facility remain subject to negotiation and there is no guarantee that a transaction will be consummated with Taurus or the terms upon which such transaction may be consummated.

#### Wahgnion Tranche (\$165 million)

- Interest rate of 8.75% per annum on drawn amount, paid quarterly in arrears.
- Principal repayments commence in the quarter ending March 31, 2020, followed by 10 quarterly repayments commencing July 31, 2020 and a bullet repayment on December 31, 2022.
- Early repayment is permitted at any time without penalty.
- Conditions precedent to drawdown principally are execution and delivery of the Facility documents, lodging of security documents and obtaining all requisite consents.
- The Company will enter into an offtake agreement for 1.075 million ounces of Wahgnion production pursuant to which the Company will receive the prevailing spot price subject to an agreed upon quotational period.
- Upon execution of the Facility agreement, and subject to TSX approval, Taurus will be granted 2,000,000 unlisted 4-year warrants to acquire Teranga common shares at an exercise price that is the greater of:
  - (i) Teranga&rsquo;s volume-weighted average share price on the TSX for the 5 trading days prior to the date of execution of the Facility agreement; and
  - (ii) 120% of the Teranga&rsquo;s volume weighted average share price on the TSX for the 20 trading days prior to the date of execution of the Facility agreement.

#### Golden Hill Tranche (\$25 million)

- Interest rate of 8.75% per annum on drawn amount, payable quarterly in arrears.
- Bullet repayment on December 31, 2022.
- Early repayment is permitted at any time without penalty.
- Conditions precedent to drawdown include the completion of a satisfactory preliminary economic assessment of Golden Hill as well as customary conditions precedent similar to the Wahgnion tranche.

#### Endnotes

(1) Please refer to the Liquidity and Capital Resources Outlook in the Company&rsquo;s MD&A for the twelve months ended December 31, 2017 for a detailed discussion of the assumptions and qualifications around the Company&rsquo;s liquidity sources.

(2) This production target is based on proven and probable ore reserves only for Wahgnion as at September 7, 2017. For more information regarding the Wahgnion&rsquo;s Mineral Reserves and Resources and related notes, please refer to the NI 43-101 technical report for Wahgnion dated October 20, 2017 accessible on the Company&rsquo;s website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

(3) This production target is based on proven and probable reserves only from Teranga&rsquo;s Sabodala Project as at June 30, 2017. For more information regarding Teranga Gold&rsquo;s Mineral Reserves and Resources and related notes, please refer to the NI 43-101 technical report for the Sabodala Project dated August 30, 2017 available on the Company&rsquo;s website at [www.terangagold.com](http://www.terangagold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

(4) See the NI 43-101 technical report for the Wahgnion Project. This LOM production plan was based on Wahgnion plant construction commencing in Q1 2018. Wahgnion plant construction is expected to commence in Q2 2018 and, as a result, first pour has shifted by a couple of months to the end of 2019.

## Forward-Looking Statements

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"), which reflects management's expectations regarding Teranga's future growth opportunities, results of operations, performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and other opportunities. Wherever possible, words such as "plans", "expects", "does not expect", "scheduled", "trends", "indications", "potential", "estimates", "predicts", "anticipate" "to establish" or "does not anticipate", "believe", "intend", "ability to" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might", "will", or are "likely" to be taken, occur or be achieved, have been used to identify such forward looking information. Specific forward-looking statements in this press release include the presumption of closing of the Facility, continued development, expected spending on construction readiness and project construction as well as the estimated cost, timeline and realization of a reserve update for the Wahgnion. Although the forward-looking information contained in this press release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward-looking information. Such forward-looking statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant but that may prove to be incorrect. These assumptions include, among other things, the closing and timing of financing, the ability to obtain any requisite governmental approvals including renewals of the Golden Hill exploration permits in 2018, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions, anticipated future estimates of free cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in Teranga's Annual Information Form dated March 29, 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 document 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 5,000 km<sup>2</sup> of land located on prospective gold belts. Since its initial public offering in 2010, Teranga has produced more than 1.4 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 Wahgnion, with a recently released positive feasibility study, 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 execute on its growth strategy. The Company has nearly 4.0 million ounces of gold reserves from its combined Sabodala Gold Operations and Wahgnion.

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.

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