



2014 RESPONSIBILITY REPORT



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ABOUT THIS REPORT

Teranga Gold Corporation's ("Teranga" or the "Company") 2014 Responsibility Report highlights the performance of the Company and its operation and exploration subsidiaries in Senegal, West Africa, for the calendar year 2014.

Global Reporting Initiative

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 core guidelines, including the additional guidelines for the mining sector developed by the International Council on Mining and Metals (ICMM). G4 places greater emphasis on the importance of materiality.

The Company's GRI index can be found on Teranga Gold's website at www.terangagold.com/griindex.

Materiality

We have conducted a materiality analysis with internal and external stakeholders through our risk assessment process to guide the content of this responsibility report. Together we have identified the material issues that are of the highest importance to all of our stakeholders and our business and that are most material to our mutual future success and sustainability.

Currency

All monetary amounts are expressed in U.S. dollars unless otherwise indicated.



MESSAGE FROM THE CHAIRMAN AND THE PRESIDENT & CEO

Responsible Mining

There is no question that the success of our business is tied to the success and stability of our host communities and to our reputation as a responsible partner in resource development.

We work diligently to manage the impact of our operations, provide a safe workplace for our employees and, equally important, ensure that the communities and the country at large derive long-term benefits from our mining activities.

At Teranga, we understand that we are guests in Senegal and we must earn the reputation of being the partner of choice. To do this, we put a priority on developing long-term and mutually beneficial relationships with host governments and communities, while working to minimize and mitigate the social and environmental impacts of our activities. We believe this is the responsibility of each of our employees. Everyone that works at Teranga can make a meaningful contribution to mining responsibly. Practically, along with many other activities, this means looking out for the health and safety of colleagues, working with communities to help them develop sustainable livelihoods, including local community members in our mitigation process, and respecting the human rights of everyone impacted by our operations.

As we deliver on our commitment to being socially responsible, it helps us earn and maintain our license to operate throughout the life of the mine; this in turn helps us create sustained value for all of our stakeholders, including our employees, the communities and countries where we operate, and our shareholders. Responsible mining is therefore a business imperative; it is part of our culture and defines the way we operate.

Social and Economic Development

Teranga's activities have the potential to be a catalyst for positive social and economic development in the greater region where we operate. They do so in many ways, including the provision of local employment opportunities, purchasing from local suppliers, contributing to infrastructure and institutional development, improving access to education and basic health services, and making significant contributions to tax revenues.

Understanding that communities and host governments must benefit from the presence of mining, the contributions we make to more stable and prosperous communities are critical. We are also seen as a partner with – not a substitution for – governments, communities and civil society, each of whom are working toward sustainable social and economic development.

Getting these partnerships right also facilitates our operational success, including improved access to local talent and suppliers, better relations with host governments and communities near our operations, a more stable operating environment and, therefore, a more secure license to operate.

2014 Programs

We are pleased that we have sustained and advanced in several other aspects of our CSR performance.

Nothing is more important than the safety, health, and well-being of our employees and their families. We are very proud of our safety record again this year after achieving zero lost-time injuries in 2014. Our emphasis on training all employees to be safety champions, along with renewed policies and procedures on fatigue management and contractor safety, will help us continue to always strive to do even better.



In Partnership with Government

We fully recognize that Teranga's operational success depends as much on having the support of host governments and communities as it does on our technical expertise. As such, we are pleased that our social program appropriately identifies the risks, that plans are established to mitigate them, and that communities near our operations share in the benefits of mining.

Through the Canadian government, we also continue to establish partnerships with a number of external organizations and participate in various multi-stakeholder initiatives in order to help implement the direction of President Sall of Senegal, who has designated the region of Kedougou, the region in which we operate, a region of high priority for development.

In 2013, Senegal was officially accepted as a candidate country for the Extractive Industries Transparency Initiative (EITI). The EITI is a global standard that ensures the transparency of payments made by companies from the oil and mining industries to governments and to government-linked entities, as well as enforcing transparency over revenues earned by host country governments. As part of our commitment to transparency of revenues and payments we continue to work with the Government of Senegal as a member of the multi-stakeholder group responsible for the preparation of the first EITI report.

The 2014 Responsibility Report takes a candid look at our responsible mining performance over the past year, highlighting both our progress and where we still need to improve in the areas that most significantly influence our license to operate. It outlines our performance, goals and objectives through the lens of materiality in accordance with the Global Reporting Initiative's latest G4 reporting framework. In 2014, Teranga completed a comprehensive, organization-wide materiality assessment. We believe that identifying relevant material issues is critical to understand and manage our impact on our environment and stakeholders, to achieve our CSR objectives, and to mitigate negative occurrences.

Responsible mining is part of our culture and incorporates our core values – integrity, care, respect, collaboration, performance and communication. For Teranga, CSR goes beyond community initiatives and philanthropy; it is a passion that drives the way we do business.

We believe our commitment to responsible mining will lead to significant and sustained value creation for all of our stakeholders.

A key milestone during 2014 was the launch of Teranga's Regional Development Strategy (TDS), where our 78 action items for development were presented to local, regional and national stakeholders. The framework was established after an 18-month collaborative planning process with all regional stakeholders to set the vision for the long-term socio-economic development in the Kedougou Region. Implementation of the TDS is a cornerstone of our CSR mandate and work is already well underway with 26 of the actions completed, 30 in progress and 22 to be started. Our progress is reported during multi-stakeholder regional roundtables.

We continued to lay the foundation for community-based entrepreneurship by expanding our market garden program, along with our demonstration and pilot farms all key initiatives for income generation and food security.

In October 2014, Teranga became a signatory of the United Nations Global Compact in support of its 10 principles surrounding human rights, labour, environment and anti-corruption. The Global Compact is the most recognized commitment for companies to engage in corporate social responsibility. Becoming a signatory underscores our commitment for best CSR practices on a global scale and formalizes our compliance with key international principles of sustainable development. It also demonstrates the maturity of our CSR programs.

We are currently exploring ways in which the cotton industry in Senegal can be revitalized as a means of generating sustainable economic development that will surpass the life of mine. In 2014, Teranga hired a global expert to conduct in-country due diligence of the textile value chain and assess the potential development of a "seed to shelf" value chain initiative. A Steering Committee was also established to oversee the capital requirements and the development and implementation of a test phase in 2015.

One of our key objectives is to provide maximum employment opportunities to our Senegalese employees and to provide clear paths for career development and advancement. Two of our priorities are to nationalize our workforce and develop the skills of Senegalese nationals. During 2014 we improved several different programs including internship programs, and national and international bursary programs. In addition we started discussions regarding a partnership agreement with the Paul Gérin-Lajoie Foundation to provide vocational training programs for approximately 50 boys and girls with limited education between 16 to 25 years in the Kedougou and Tambacounda regions.

Alan R. Hill
Chairman

Richard Young
President & CEO

2014 CSR OBJECTIVES

	OBJECTIVE	TERM	GOAL
Governance	Our Vision	Teranga is committed to best practice in corporate governance. We comply with mining legislation and national and international laws, and we adhere to the Extractive Industry Transparency Initiative.	
	2014 Objectives	Mid	= Reinforcement of our Code of Conduct and corporate policies dissemination through the Company
		Short	= Continue contributing to Senegal contribution to EITI and publish reporting compliant with Senegalese requirements
		Mid	✓ Disseminate the Senegal CSR Charter internally and provide CSR training to our employees
Our Employees	Our Vision	We invest significantly in our workforce to provide opportunity and to create a culture that fosters our company's values of care, integrity, respect, collaboration, performance and communication.	
	2014 Objectives	Mid	= Integration of Oromin employees subsequent to the acquisition
		Short	= Provide clear standards and expectations in the workplace through policies, procedures and improved communication
		Long	= Continue to incorporate our values and associated behaviours in all that we do (leadership and culture)
		Mid	✓ Continue the evolution of our performance management system
		Mid	✓ Continue development and implementation of job progression pathways for our Senegalese staff
		Short	✓ Expand the learning and development offerings available to our employees
		Mid	✓ Strengthen partnerships with specific vocational schools and higher learning institutes within Senegal
OHS	Our Vision	Teranga is dedicated to excellence in safety and aims to maintain its OHS indicators at levels that beat global benchmarking standards. Teranga is committed to creating and sustaining a healthy and safe work environment for all stakeholders.	
	2014 Objectives	Short	✓ Pursue the implementation of our management systems and strengthen our procedures in terms of HSE management
		Long	✓ Improve health-related monitoring of employees
		Mid	✓ Develop health preservation programs
Community	Our Vision	Teranga is committed to making a positive difference in the communities in which we live and work. Our aim is to share the benefits of our mining operation and to leave a lasting, positive legacy that will continue to be enjoyed for generations to come.	
	2014 Objectives	Long	= Communicate the Teranga Development Strategy and focus our actions on its three main priorities
		Long	✓ Improve communication with stakeholders at the national level
		Long	= Maximize the benefits of our social investments by aligning our priorities with the local and regional development plans
		Mid	= Monitor the efficiency of the mitigation measures implemented previously as part of physical or socio-economical resettlements
		Short	✓ Increase income-generating activities for the local population through the enhancement of agricultural activities and local small businesses initiatives
Environment	Our Vision	We believe that all employees, our host communities, government, and other stakeholders have a right to expect a high standard of environmental performance from us.	
	2014 Objectives	Long	= Monitor progressive rehabilitation undertaken on site and implement pilot tests on our TSF revegetation
		Mid	✓ Integration of the Oromin properties into site environmental management plan

TERMS 1 Year (Short), 2-3 Years (Mid), 3+ Years (Long) **GOAL:** Achieved (✓), Ongoing (=), Not achieved (x)



LASSANA AND HIS FAMILY

In partnership with the United Nations Development Programme, the “It’s Africa’s Time” television series traveled to Teranga’s Sabodala mine to discover first-hand the impact of mutually beneficial programs and partnerships that were developed in collaboration with the communities near the mine.

To view the story of Lassana and his family, visit www.terangagold.com/itsafricastime.

Lassana Cissokho works at the Sabodala Gold mine where he was trained to work as a drill operator.

He lives with his family in the nearby Dambankhoto Village, just 2km from the mine site. The mine’s presence in the region has had a positive impact on his family and their improved livelihood. Local employment generated by the mine allows for medical coverage and stable income for his family. **Mamanding Danfakha** is Lassana’s wife, who benefits from one of the market gardens Teranga has set up. The produce she and the other members of the Women’s Association grow are a critical source of food security and income generation, and one of the only sources of cash for women. It is the first time the community has access to such a successful initiative providing a sustainable food source with surplus to sell.

The family was part of the Dambankhoto community that was relocated by mutual agreement. With their resettlement they now benefit from improved housing made of brick, community facilities and infrastructure, and clean running water. Furthermore, with the arrival of the mine in town, they benefit from the Company’s social investments, contributing to better access to health-care services and to improved education in the area for his children. Looking at Lassana and his family demonstrates the mine’s impact on local families.

ABOUT THE COMPANY

Teranga is a Canadian-based gold company that operates the only gold mine and mill in Senegal, West Africa and has a large regional exploration land package located on an emerging gold belt.

Located in West Africa, Senegal is one of the most politically stable and safe democratic countries in Africa.

“Teranga” means hospitality and friendliness in Wolof, the main local language of Senegal. The Company wanted a name that would reflect its actions and vision of becoming the benchmark for responsible gold mining in the country.

The Sabodala open pit gold mine came into operation in 2009 and in only five years achieved one million ounces of gold produced. The mine is located 650km southeast of the capital of Senegal, Dakar, within the West Birimian African geological belt in Senegal where approximately 12 million ounces of gold resources have been discovered over the past six years, and lies about 90km from major gold discoveries that are being mined in Mali. The Sabodala gold mine remains the only gold mine operating in Senegal and one of only three mines in-country. More than \$700 million has been invested in the Sabodala gold operation, in a state-of-the-art mill, mobile equipment and related infrastructure.

KEY PERFORMANCE INDICATORS

		2015 GUIDANCE RANGE	2014	2013
Gold produced	oz	200,000–230,000	211,823	207,204
Revenue	\$000		260,588	297,927
Profit (loss) attributable to shareholders of Teranga	\$000		17,776	50,280
Total cash costs per ounce sold (including royalties)	\$/oz	650–700	710	641
All-in sustaining costs per ounce sold (including royalties)	\$/oz	900–975	865	1,033
Dividend per share			0	0
Capital expenditures	\$000	49,000–58,000	18,913	69,056
Free cash flow	\$000		39,096	16,251



In January 2014, Teranga completed the acquisition of its neighbouring property, the Oromin Joint Venture Group (OJVG). The acquisition more than doubled the Company's reserves and resources. In addition to the Sabodala Mine License, which now measures 246km², Teranga holds one of the largest exploration land positions in Senegal. The exploration land position is more than 1,000km², comprised of a direct or majority controlling joint venture interest in nine exploration permits.

Teranga, through its holding in Sabodala Gold Mauritius Ltd., holds 90 percent of the Sabodala Gold Operations (SGO), the Senegalese entity operating the Sabodala gold mine, and 100 percent of Sabodala Mining Company (SMC), the Senegalese company holding directly or in joint venture the exploration land package. The remaining 10 percent of SGO belongs to the Republic of Senegal. SGO is one of the 10 largest companies in Senegal.



Teranga Gold Corporation is a public company dual listed on both the Toronto Stock Exchange (TSX:TGZ) and the Australian Securities Exchange (ASX:TGZ).

Operations

Teranga is committed to working in Senegal for many years to come. With a successful plant expansion in 2012 together with the acquisition of the OJVG completed in early 2014, Teranga has a total reserve life of 15 years if no reserves are added. Gold production for 2014 totalled 211,823 ounces and Teranga expects to produce between 200,000 and 230,000 ounces in 2015. We envision annual production increasing to 250,000–350,000 ounces per year as we find additional reserves on our land package and increase material processed. Teranga is making progress on several near- and medium-term growth initiatives that would position the Company firmly within our Phase 1 production vision. This includes modest enhancements to the existing mill facility as well as an evaluation of heap leach processing options. If testing is positive, Teranga would expect to target production from heap leaching as early as in 2017. Annual production rising to 400,000–500,000 ounces is expected to be driven by an exploration discovery either on the mine license or regional land package with a second mill expansion or a new stand-alone facility, all the while setting the benchmark for responsible mining.

Following the OJVG acquisition, Proven and Probable open pit Reserves increased by 120 percent to 2.8 million ounces, Measured and Indicated Resources increased by 123 percent to 6.2 million ounces as at December 31, 2013.

Mining at Sabodala is carried out by owner-operated conventional truck and shovel open pit mining. The Sabodala mill produces “doré” bullion containing approximately 86 percent pure gold. Gold bullion is exported under Senegal authorities’ control to Switzerland, where it is refined and then sold on the international market.

Currently there are approximately 1,050 employees working for Teranga. About 90 percent of our workforce is Senegalese and about half of the national workforce comes from the local area. In addition, the Company has about 150 business partners it employs on a contract basis.



Exploration

Teranga has a significant “first mover” advantage in Senegal, a jurisdiction that remains largely unexplored.

Teranga’s extensive land package consists of a 246km² Mine License comprised of the Sabodala Mine License and the OJVG Mine License and a Regional Land Package comprised of nine exploration permits totalling approximately 1,000km².

The 246km² mine licence provides significant potential for both near-term reserve and production growth opportunities through the addition of millable reserves on existing deposits and incremental processing capacity by heap leaching lower-grade material.

The OJVG Mine License covered 213km². As we have integrated the OJVG geological database into a combined life of mine plan, a number of areas have been identified as potential sources for reserve additions within the mining lease.

Our Phase 2 vision of producing between 400,000 and 500,000 ounces of gold annually is supported by our mine license and regional land package where we are targeting new discoveries, for standalone deposits or

higher-grade satellite feed for our existing mill. In 2015 we will continue to focus on four key regional targets including Nienienko, Soreto, Gora, Gora Northeast Extension and Zone ABC. These prospects are anticipated to undergo various stages of trenching, Reverse Circulation (RC) and Diamond Drilling (DD) programs.

In the face of a low price gold environment, Teranga was able to maintain an exploration budget of \$10 million split equally between the mine license and the regional land package. Our 2015 program requires an additional \$10 million. The majority of the capital to be spent on the Company’s exploration program will be focused on organic growth through (i) the conversion of resources to reserves; and (ii) extensions of existing deposits along strike on the Sabodala and OJVG mine licenses. A modest portion of this capital has been budgeted for the continuation of a systematic regional exploration program. If a discovery is made and further drilling is warranted, the budget will be adjusted accordingly.

We remain excited about the potential for future discoveries on our mining license and our 1,000km² regional land package and we continue to systematically work through the many targets and prospects. Exploration will support our future growth and we remain committed to our systematic multi-year exploration program.

Overall, we have a very large resource base through our combined Mine Licenses. We are focused on converting these resources to reserves to leverage our existing mill and related infrastructure and potentially the additional processing flexibility of heap leaching.

Changes in the Landscape

ACQUISITION OF THE OJVG

On January 15, 2014, the Company completed the acquisition of the OJVG.

The acquisition of OJVG increased the size of Teranga's Mine License land holding to 246km² from 33km² and more than doubled the Company's reserve base.

The OJVG holds a 15-year renewable mining lease in respect of the Golouma Gold Concession, which is located contiguous to the Sabodala Mine License. This transaction provides for capital and operating cost synergies as the OJVG satellite deposits are integrated into Sabodala's mine plan, utilizing the Sabodala mill and related infrastructure. In only six months the Company was able to develop and commence production from the Masato deposit, the first of the OJVG deposits to contribute to production.

The combination of SGO and OJVG will increase revenues for the Government of Senegal, create employment and advance the socio-economic impact on regional development.

On a combined basis, Teranga will invest up to \$1.6 million per annum for social development of local communities and logistical support of the territorial administration of the Kedougou Region.

STREAM TRANSACTION WITH FRANCO-NEVADA CORPORATION

In conjunction with the OJVG acquisition Teranga completed a \$135 million stream transaction with Franco-Nevada Corporation. The funds were used to complete the acquisition of the OJVG and to retire half of Teranga's \$60 million debt facility with Macquarie Bank Limited. The remaining \$30 million was paid off in 2014.

The stream agreement requires Teranga to deliver 22,500 ounces annually over the first six consecutive years followed by 6 percent of production thereafter. Franco-Nevada is required to pay 20 percent of the spot price of gold for each ounce of gold delivered by Teranga.

EQUITY OFFERING

On May 1, 2014 Teranga closed a C\$30 million equity offering by issuing 36,000,000 common shares. The proceeds from the equity offering were used for working capital and general purposes, which together with the existing cash position enabled Teranga to execute on its short- and medium-term objectives including an increase in reserve development expenditures to expedite the conversion of resources to reserves on the Mine Licenses, accelerating heap leach testing and related activities, and executing on mill optimization opportunities to potentially increase the milling rate.

New Mine Developments

MINE PLAN OPTIMIZATION

The Company completed optimization work to improve on the 2015 mine plan included in our technical report filed in the first quarter of 2014. The goal was to maximize free cash flow. As a result, the integrated life of mine annual production profile represented an optimized cash flow for 2014 and a balance of gold production and cash flow generated in the subsequent five years. In 2015, the Company expects to generate free cash flow at \$1,200 per ounce gold after funding its organic growth initiatives. With expectations for additional reserves-based on drilling and further discoveries on the land acquired from the OJVG, further mine plan optimization work will continue. Therefore, the integrated LOM production schedule represents a "base case" scenario with flexibility to improve cash flows in subsequent years.

MILL ENHANCEMENTS

A technical analysis on mill optimization was completed during the third quarter of 2014 to increase the Sabodala mill throughput by adjustments to the system design. Basic engineering was initiated in the fourth quarter of 2014 to finalize design, layout, material quantities, procurement packages and an execution plan for construction. A decision to proceed to construction will depend on the Company's upcoming exploration and heap leach results to ensure the best allocation of capital.

HEAP LEACH PROJECT

Phase 1 of heap leach test work was completed in 2014. Based on the positive results of this test work, Phase 2 test work has been initiated. If testing remains positive, the Company is targeting production from heap leach commencing in 2017, with the scale of operation to be determined upon the completion of Phase 2 and the completion of drilling of potential low-grade heap leach material on the combined mine licenses. At this point, the Company anticipates that heap leach could account for an additional 10 to 20 percent of annual production once fully operational.

MINING COMMENCED AT MASATO

Development of the Masato deposit is complete and mining commenced during the third quarter of 2014 as planned. Masato is the first and the largest of the OJVG deposits. Production rates gradually increased in the fourth quarter and the softer oxidized ore contributed to the increase in mill throughput and lower overall unit operating costs. The Company now has six pits to mine rather than just two, granting us tremendous operating flexibility. Mining activity in 2015 will continue in the Masato pit.

GORA DEVELOPMENT

Technical approval of the Gora ESIA was completed in the fall of 2014 and the public enquiry process was completed in late January 2015. Accordingly, the Company received approval to begin access road construction in mid-February 2015. Environmental approval was received in mid-March. The high-grade Gora deposit will be operated as a satellite deposit to the Sabodala mine, requiring limited local infrastructure and development.



OUR APPROACH TO CSR

Our Vision & Mission

The Company's mission is to share the benefits of responsible mining with all of its stakeholders.

Management strives to act as a responsible corporate citizen by working together with the communities near our planned operations and by using best available techniques as we carry out our actions. We aim to achieve benefits for all parties involved and to contribute to sustainability and improved livelihoods for the communities in which we operate.

At Teranga, our commitment to responsible business defines who we are as a company and drives the way we operate. Our long-term vision, to become a mid-tier gold producer in Senegal, depends on our ability to deliver sustainable value for our stakeholders and to conduct ourselves in accordance with the highest ethical standards.

2014 – A SIGNIFICANT YEAR FOR CSR

A DYNAMIC APPROACH TO CSR

In 2014, Teranga transitioned from the GRI G3.1 reporting guideline to the GRI G4 reporting standards. In the application of this framework, we conducted a comprehensive review of our CSR strategy. As part of the transition process to GRI G4, Teranga developed and launched a new reporting tool (CRT) that can comprehensively monitor our CSR activity as it occurs. CRT was developed collectively with our business units and allows us to gather relevant information on an ongoing basis, which in turn allows us to more proactively and expeditiously react to any issues that may arise. The implementation of CRT will continue in 2015.

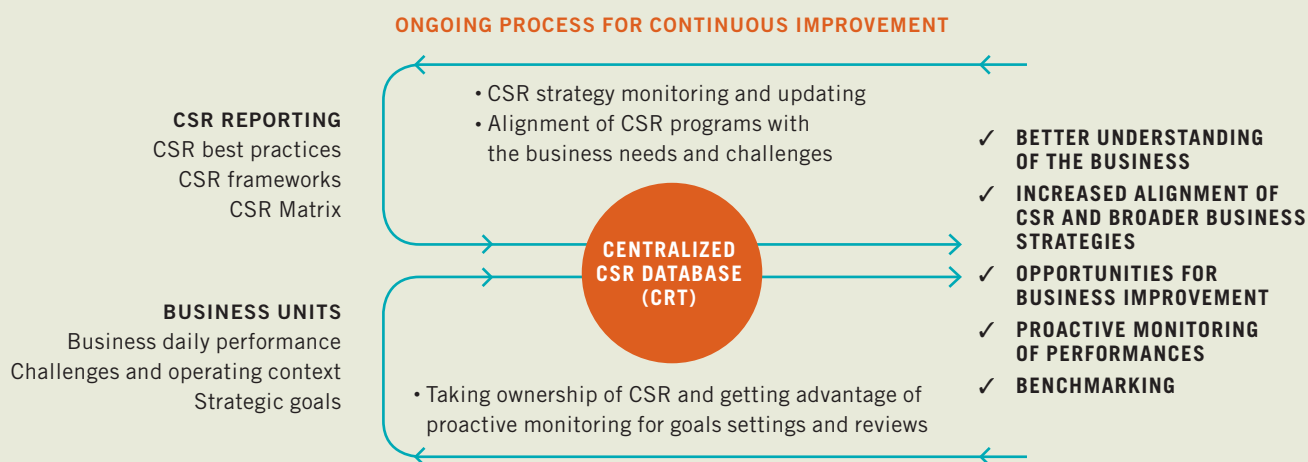
The reporting function provides a valuable tool to build our CSR knowledge and identify areas for improvement as well as pursue new opportunities that can improve our performance within each pillar of our CSR strategy. We are committed to making CSR a value to live by within our Company at every level of the organization in order to maximize our overall impact.



*REINFORCING OUR COMMITMENT
TO BEST PRACTICES AS A SIGNATORY TO
THE UNITED NATIONS GLOBAL COMPACT*

To further elevate our commitment to CSR best practices Teranga became a signatory of the United Nations (UN) Global Compact in support of its 10 principles surrounding human rights, labour, environment and anti-corruption. The UN Global Compact is the most recognized CSR commitment for companies to engage in corporate social responsibility. Becoming a signatory demonstrates on a global scale the Company's commitment to making the UN Global Compact and its principles an integral part of our corporate strategy. Signing on to this internationally recognized initiative is a step further in realizing our mission to set the benchmark for responsible mining in West Africa and to benefit from the experience and knowledge of other mature players through the worldwide network of CSR corporate leaders that the UN Global Compact represents.

Beyond this initiative, and as part of our commitment to the highest standards of accountability, Teranga is aligning its CSR practices and policies with the best international practices available. To date, we have aligned our conduct with the industry standards and external initiatives outlined on the next page.



*SIX PILLARS THAT CONSTITUTE
THE FOUNDATION OF OUR CSR STRATEGY*

In the frame of our CSR strategy review process, we have added an Economic Contribution pillar to the original five pillars which form the foundation of our CSR strategy. This addition was important to better integrate changes required by the transition to the GRI G4 guidelines and to improve communication of CSR issues that are relevant to us. By introducing an Economic Contribution pillar into our strategy, we intend to highlight the economic value Teranga creates within the country it operates. We have also refocused our Community pillar on the real value created for the community through our social investments and community programs.

We strive to integrate sustainable development practices in all of our activities: (i) being a responsible employer by focusing on occupational health and safety and career development; (ii) mitigating our impacts on the environment and the communities in which we operate; (iii) participating in the socio-economic development of the local communities; and (iv) being a contributor and partner of choice to the economic and social development of Senegal. Teranga is committed to being transparent and responsible.

TERANGA CSR APPROACH – SIX PILLARS



COMMITMENTS TO INDUSTRY STANDARDS AND EXTERNAL INITIATIVES

Commitment and Compliance	United Nations Global Compact 10 Principles	Commitment to promote and respect the 10 principles in the areas of Human Rights, Labour, Environment and Anti-corruption
	RSE Senegal CSR and Sustainable Development Charter	Promotion of CSR best practices amongst companies in Senegal
Reporting Standards	GRI G4 Guidelines	Defining and implementing global standards for sustainability reporting
	Extractive Industry Transparency Initiative reporting	Global initiative to improve transparency over payments from extractive companies to governments
Guidelines	IFC performance standards on Environmental and Social Sustainability	Determining, assessing and managing social and environmental risks
References	ISO 14001 Environmental Management System	Providing companies with practical tools to identify and control their environmental impact while constantly improving their environmental performances
	ICMM Principles and Guidelines	Defining the commitments for responsible mining and metals production



The UN Global Compact is the largest voluntary corporate responsibility initiative in the world with more than 12,000 corporate participants and stakeholders from 145 countries. It is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour standards, the environment and anti-corruption.

The Global Compact asks companies to embrace, support and endorse these core values to collaboratively work toward its vision of a sustainable and inclusive global economy, which delivers lasting benefits to people, communities and markets.

The Global Compact offers a practical framework for the development, implementation and disclosure of sustainability policies and practices, offering participants a wide spectrum of work streams, management tools and resources to help advance sustainable business models and markets.

The 10 principles stand as follows:

HUMAN RIGHTS

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** make sure that they are not complicit in human rights abuses.

LABOUR

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** the elimination of all forms of forced and compulsory labour;
- Principle 5:** the effective abolition of child labour; and
- Principle 6:** the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

THE TERANGA REGIONAL DEVELOPMENT STRATEGY (TDS)

A PARTICIPATIVE APPROACH TO THE SOCIO-ECONOMIC DEVELOPMENT OF THE REGION

At the beginning of 2014 Teranga launched the TDS, a framework setting the Company's long-term vision for its presence in Senegal.

The TDS is the result of an 18-month multi-stakeholder consultation process between Teranga; the communities; the local, regional and national governments; and other major stakeholders in the regions of Kedougou and Tambacounda. These facilitated multi-stakeholder discussions were focused on how we can direct our operations to maximize the benefits for the communities in our area of influence. The resulting document set out the long-term priorities and areas of development for the region of Kedougou. It also created a common and collaborative framework for the different stakeholders (government, mining companies, development partners, etc.) willing to invest in and work towards the development of the region.

The TDS identified three priority areas of focus for the long-term development of the Kedougou Region:

1. Sustainable economic growth
2. Agriculture and food security
3. Youth education and training

OUR IMPACT

Beyond the three priorities identified, the TDS emphasizes nine development levers where we can contribute to the socio-economic development of the region. These levers, described in the diagram below, are part of our daily activities and are aligned with the six pillars of our CSR strategy.

The formation of the TDS resulted in 78 specific TDS actions spread across the nine development levers. Teranga is committed to promoting regional development and to delivering outcomes on the three priority areas identified.

A roundtable will be held in early 2015 to inform and update the stakeholders and partners about the progress made during the year in respect of the 78 TDS actions.

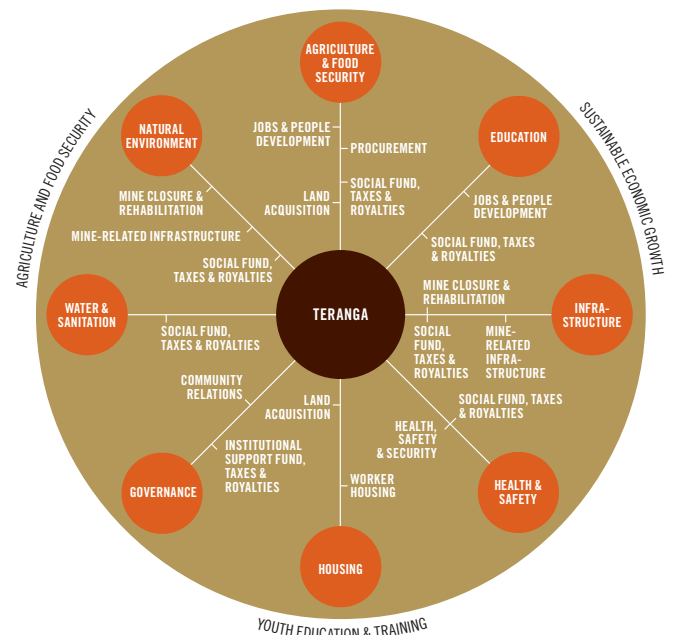
The achievements made during the year in respect of the TDS action points are highlighted in the different sections throughout this Report. Progress on TDS-related achievements are identified with the TDS badge.

A FRAMEWORK FOR COLLABORATIVE AND CONCENTRATED INVESTMENT IN THE REGION



The TDS is a multi-stakeholder tool that establishes a framework for the socio-economic development of the Kedougou Region. Teranga is currently working with several partners to identify potential partnership opportunities to assist in the implementation and funding of the key TDS initiatives.

To download the full TDS report, please visit www.terangagold.com.



OVERALL PROGRESS:

Completed In Progress Not Started

33%

39%

28%



Our Stakeholders

Building strong relationships with our stakeholders and understanding their interests and concerns is fundamental to achieving our mission and delivering stakeholder value. Teranga deals with a wide range of stakeholders at all levels: international, national, regional and local. Furthermore, as the first fully operational commercial gold mine in Senegal, communication is key to raising awareness about who we are, what we are doing and how we operate. We believe that we can improve our CSR performance and earn and maintain our social license to operate by engaging in meaningful dialogue with stakeholders at all levels.

Our main stakeholder groups, their communication channels and main concerns regarding our activities are described in the table below. Communication channels and frequency of communication vary depending on the type of stakeholders.

GROUP OF STAKEHOLDERS

COMMUNICATION CHANNELS

Employees and their families	Continuous dialogue between managers and teams Worker committee meeting Information system at living facilities (TV) Regular mailing and updates on the development of Company activities
Communities and individuals affected by our operations	Continuous community dialogue and engagement Monthly social committee meeting Negotiation forum Grievance mechanism
Central, regional and local administration	Regular meeting with administration Quarterly reporting on mine activities
Local and central government	RDS roundtable meetings National EITI multi-stakeholder group
Traditional leaders, religious leaders, civic associations	Ongoing community dialogue and engagement One-on-one meetings and other groups with specific interests with associations and groups
Educational institutions	Regular meetings with institutions
International and national NGOs	One-on-one meetings with NGOs Workshops and site visits
International aid and development agencies	Development of partnerships National EITI multi-stakeholder meeting
Industry associations	Regular meetings with other actors Membership in the Chamber of Mines of Senegal
Joint venture partners, suppliers and business partners	Regular meetings Contract management
Media	Regular meetings and workshop Sites visits Communication booklet

Identifying Our Material Issues

OUR APPROACH TO MATERIALITY

The GRI G4 guidelines enable organizations to report on sustainability matters that they have identified as material and directly relevant to their business, environment and stakeholders. Materiality refers to an organization's most critical sustainability issues that could significantly impact a company's activities. We believe that proactively identifying and managing our material issues allows us to better anticipate and mitigate the occurrence of negative events.

In 2014, Teranga completed a comprehensive, organization-wide materiality assessment, aligned with the requirements of the new GRI G4 guideline. Through consultation with our stakeholders such as investors, Board of Directors, managers, employees, communities, government and civil society we identified the material aspects of our business and then evaluated their relevance in terms of risk to our Company and business continuity. We believe that CSR aspects relevant to our stakeholders and our Company are interconnected and are most affectively addressed on a collaborative basis.

MATERIALITY ISSUES

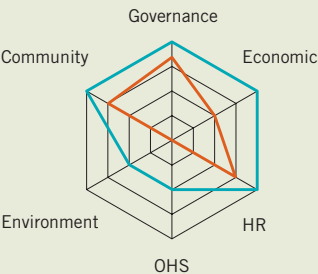
MATERIALITY ISSUE 1 (MAT1): Earn our social license to operate through regular, transparent and highest ethical and human rights standards

Aspects associated with Mat1



■ Teranga ■ Stakeholders

Significance of Mat1 for Teranga Gold and its stakeholders

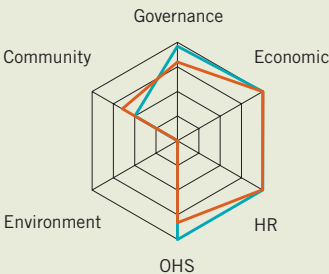


MATERIALITY ISSUE 2 (MAT2): Ensure safety and security of people working at our operations and promote a fair work environment

Aspects associated with Mat2



Significance of Mat2 for Teranga Gold and its stakeholders



STAKEHOLDER INTEREST in each of our material issues is shown below: - = Medium + = High ++ = Very high

Materiality Issue	Employees and their families	Communities and individuals affected by our operations	Central, Regional, Local Administration	Local and Central Government	Traditional and religious leaders, civic assoc.	Educational institutions
1	+	++	++	++	++	+
2	++	+	++	++	+	++
3	+	++	++	++	+	-
4	+	+	++	++	-	-

DEFINING MATERIALITY: 4 STEPS

1. Stakeholder concerns	Review of stakeholder concerns Relevance of stakeholder concerns to our operations
2. Assessment of impact	Identify extent of impact (qualitative and quantitative) Identify material issues with high likelihood
3. Definition of material issues	Prioritize and summarize material issues Address material issues, monitoring
4. Prioritization of issues	Internal and external review of material issues Identify threshold and prioritize

We have compiled material aspects into four issues that are key for our business and our stakeholders in order to achieve our long-term goals and mission to create stakeholder value and set the benchmark for responsible mining in West Africa.

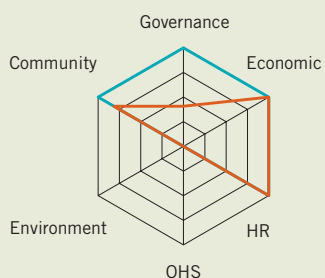
Each material issue impacts different pillars within our CSR strategy. Therefore it is important that we continually analyze and highlight the material issues and assess their impact.

MATERIALITY ISSUE 3 (MAT3): Achieve a sustainable economic growth to create value and share the benefits with our stakeholders to create long-term socio-economic development in the region where we operate

Aspects associated with Mat3

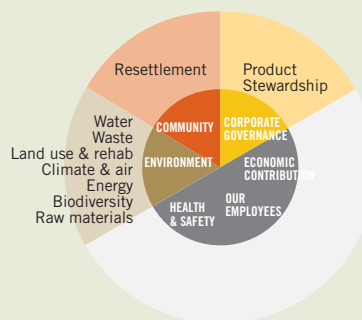


Significance of Mat3 for Teranga Gold and its stakeholders

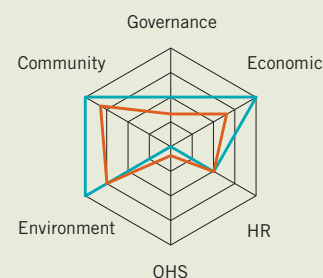


MATERIALITY ISSUE 4 (MAT4): Minimize our impacts on the community and the environment and achieve a net positive impact in the region where we operate by implementing the best practices available

Aspects associated with Mat4



Significance of Mat4 for Teranga Gold and its stakeholders



International & national NGOs	International aid and development agencies	Industry associations	Joint venture partners	Suppliers and business partners	Media
++	+	++	+	+	++
+	+	++	++	++	++
++	++	+	+	-	++
++	+	+	+	+	+



GOVERNANCE

Our Approach

Teranga is committed to best practices in corporate governance. We have formalized our commitment to conducting our business and affairs in accordance with the highest ethical standards by enacting a Code of Business Conduct and Ethics. We strive to comply with all applicable mining codes and national and international laws.

COMMITTED TO BEST CORPORATE GOVERNANCE PRINCIPLES

Teranga's Board of Directors is responsible for the stewardship of the company and oversees the management of its business affairs. Its role is to represent the shareholders of Teranga, enhance and maximize shareholder value and conduct the business and affairs of Teranga ethically and in accordance with the highest standards of corporate governance. The Board is ultimately accountable and responsible for providing independent, effective leadership in supervising the management of the business and affairs of the Company.

The Board is comprised of seven members, five of whom are considered independent as defined in the standards of the Canadian security regulatory authorities.

The duties of the Chairman of the Board include providing top-level leadership to enhance the effectiveness and performance of the Board and to oversee all aspects of the Board and Board committee functions to ensure compliance with Teranga's corporate governance practices.

The Board of Directors has appointed six specialized committees to which it can delegate specific matters. These committees presently include Audit Committee; Corporate Governance & Nominating Committee; Compensation Committee; Finance Committee; Technical, Safety, Environmental Committee; and Social Responsibility Committee. The Board, however, retains an oversight function and ultimate responsibility for these matters and all delegated responsibility.

Our corporate governance principles and ethical guidelines are detailed in the Board mandate and in a series of Board committee charters reviewed annually. These principles illustrate Teranga's commitment to promoting the effective functioning of the Board of Directors and its committees and to improve company performance. All policies and charters are posted on Teranga's website.

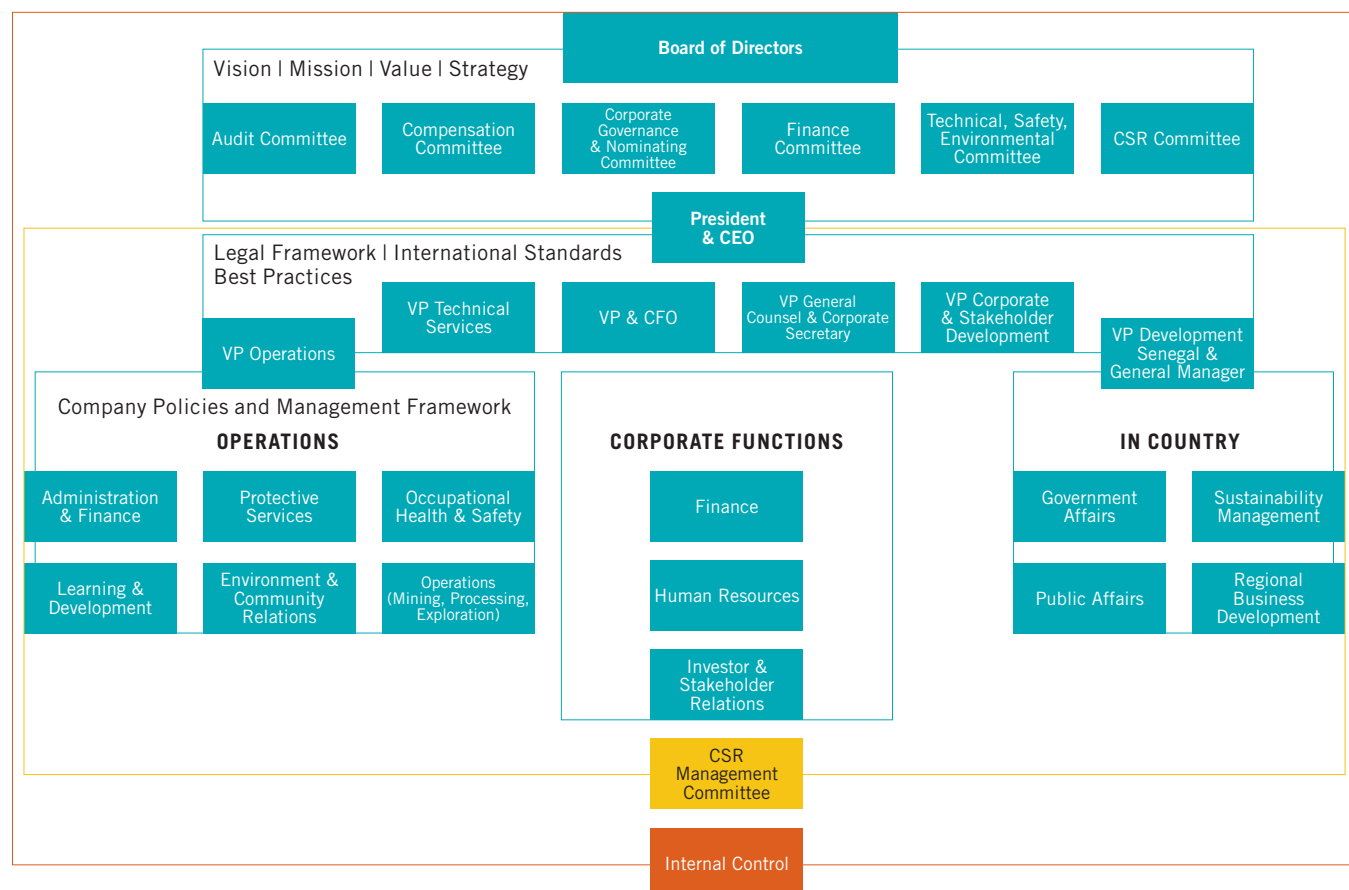
ADDRESSING CSR RISKS AT EVERY LEVEL OF THE COMPANY

We seek to understand and manage risks in order to provide protection to all of our stakeholders, our assets, and the environment, and to provide certainty and confidence in our operations and in the way we conduct our business. As continuous effective risk management is vital to our growth and success, our Board of Directors conducts a risk assessment review annually.

Our risk management structure is embedded into our corporate culture throughout all levels of the organization. From the Board of Directors to our employees, on-site communication channels are in place to address and monitor all risks.

At the operational level, the CSR management committee, which includes representation from all aspects of the organization, is the main framework for addressing CSR matters. The primary governance channel is a weekly CSR conference call that gathers all the relevant departments and individuals, from the CEO to the CSR team on-site and offers continuous monitoring of CSR projects. Chaired by the CEO, this committee gathers the different departments involved in the management of our CSR strategy in order to work through our priorities, opportunities and any challenges that may arise.

Finally, management of risks associated with sustainability is included in our internal control system.



2014 Highlights

In 2014, Teranga put an emphasis on further integrating its CSR strategy into all of its activities at every level of the organization and to incorporate its commitments to CSR and good governance throughout its operations. In order to improve our internal communication and to reinforce our CSR culture and accountability within our operations, we achieved the following:

- Formalization and integration of CSR matters at the Board level, with the creation of a CSR Board committee chaired by a new member of the Board, appointed in March 2014, as an independent Director
- Reinforcement of our commitment to the best business ethics and further communication of our Code of Business Conduct and Ethics to our employees through employee-organized events; and communication of developments and updates of several policies regarding business ethics and governance introduced to our employees through several training events
- Implementation of a sustainability awareness program session through the presentation of our Responsibility Report in French and English to our employees

Product Stewardship

At Teranga, product stewardship is about understanding the environmental and social impacts of our product and understanding the activities throughout its life cycle. It is embedded through our daily work and at every level of our operations and integrated into our CSR strategy.

The production of gold offers limited levers to improve the life cycle impact of the product, especially after it is sold on international markets. That said, we consider “product stewardship” an important means to achieve our CSR objectives and improve our business performance. Compliance with legislation, handling chemicals – especially cyanide – in accordance with the best international practices, improving fuel and energy efficiency of our operations, optimizing and reducing the use of raw materials and equipment, applying the best international standards in environment and social management and offering alternatives to artisanal mining to our host communities are some of the examples of how we approach product stewardship.

We believe that by understanding and managing risks associated with sustainability and by assessing new opportunities that offer improved sustainability outcomes, we can minimize our impacts in the long term.



OUR VALUES

Integrity:	Accountable for our actions and statements. Good ethics is good business.
Care:	Caring for our people, the assets entrusted to us, to our communities and our environment.
Respect:	Showing mutual trust and respect in all our working relationships.
Collaboration:	Respecting diversity and encouraging cooperation and teamwork.
Performance:	Striving for excellence in efficiency, safety and profitability.
Communication:	Committing to open, transparent, effective, two-way conversation.

Conducting Business with Integrity

At Teranga, we believe that all our activities should be conducted with honesty, integrity and in compliance with the highest ethical and legal standards. Our values are embedded into our corporate policies and standards and are reinforced in our Code of Business Conduct and Ethics, which is fully disclosed to all employees and business partners.

Our Code of Business Conduct and Ethics is complemented by a set of specific policies and standards such as the corporate disclosure policy, foreign corrupt practices policy, insider trading policy and whistleblowing policy. All of these documents, available on our website, embody our commitment to comply with applicable laws and rules, regulations and ethical standards.

We expect all our employees and business partners to adhere to our standards and include them as part of employment contracts.

DISSEMINATING OUR VALUES IN LINE WITH THE BEST ETHICAL PRINCIPLES

To ensure compliance with ethical and legal standards, Teranga has a Whistleblower Policy. The Whistleblower Policy incorporates a confidential and anonymous process, administered by the Audit Committee of the Board of Directors, to allow employees to report their concerns and any

breach related to our Code of Business Conduct and Ethics and associated policies. Concerns can be raised in French, English and Wolof. Since the start of our operations, the whistleblower hotline has not received any reports.

In 2014, and in line with our objectives, Teranga reinforced its specific awareness and training program for employees at the supervisory level and above, to ensure that our Code of Business Conduct and Ethics and associated policies were understood and disseminated throughout our operations. This program also aims to better communicate the whistleblower process available to all Teranga employees. The training, which is annually conducted by the Human Resources Director and the Legal Services Director, is in both French and English.

The sustainability awareness program and the Code of Conduct and associated policies awareness program initiated in 2014 opened a new channel of dialogue, allowing our staff to openly ask questions and raise concerns. In order to pursue and continue to inform our employees about the importance of CSR, we extended this program into 2015.

COMMITTED TO FAIR BUSINESS PRACTICES AND REFUSING CORRUPTION

Teranga is committed to comply with all legislations and best practices related to ethical behaviours and good corporate governance. This commitment is endorsed in our Code of Business Conduct and Ethics and our corporate policies such as the Foreign Corrupt Practices Policy and the Insider Trading Policy.

These policies provide guidance to ensure that Teranga, together with its directors, officers, employees, consultants and business partners, conducts its business in an honest and ethical manner, reflecting the highest standards of integrity and in compliance with all relevant laws and regulations applicable to the company and in compliance with the Corruption of Foreign Public Officials Act (Canada).

Protecting and Promoting Human Rights

Teranga is committed to promoting and respecting human rights as set forth in the United Nations Universal Declaration of Human Rights. This commitment is reinforced in our Code of Business Conduct and Ethics and is part of our adherence to the United Nations Global Compact.

Protection of human dignity and promotion of mutual respect for all our stakeholders are core to our corporate values. We take responsibility for our actions towards our host country, the local communities and the environment in which we operate. Furthermore, we comply with national and international laws which include no tolerance for child or forced labour.

We expect our suppliers and business partners to respect and endorse our commitment and standards regarding human rights.

Our operations are based in Senegal, a democratic country which ratified the eight International Labour Organization Fundamental Conventions on Human Rights.

SECURITY PRACTICES

Teranga's security practices are based on the United Nations Voluntary Principles on Security and Human Rights, the United Nations Basic Principles on Use of Force and Firearms and the United Nations Universal Declaration of Human Rights. These fundamental references are translated into standard operating procedures used by our Protective Services Department and are endorsed and disseminated throughout our operations. Furthermore, Protective Staff Code and other specific policies are incorporated into our training protocols to ensure that activities are conducted with respect to our host communities and with respect to human rights.

HUMAN RIGHTS IN THE COMMUNITY

Teranga operates in a zone where no indigenous populations are present. However, we are committed to an open and transparent dialogue with our host communities. We believe that our actions should only be undertaken after comprehensive and transparent dialogue has taken place with the different representatives of the host communities, especially regarding land acquisitions and resettlement. For more information, see the Community section of this Report.

Our social management plan is based on the IFC Performance Standards. We have implemented a grievance mechanism for communities and other stakeholders to raise concerns about any issues, including Human Rights (see Community section) which is compliant with the IFC Performance Standards.

2015 Objectives

<i>OBJECTIVE</i>	<i>KEY PERFORMANCE INDICATOR</i>	<i>PRIORITY</i>
Continue to improve the CSR culture and awareness throughout our Company with the development of further training programs	• Dissemination of the CSR Senegal Charter within our Company	Mid
Continue to incorporate our values and associated behaviours in all that we do	• Continue and expand the Code of conduct and corporate policies training programs	Long
Comply with EITI standards	• Complete and submit EITI declaration to the Senegalese government	Short



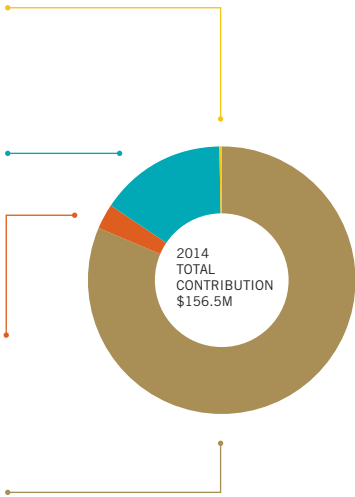
ECONOMIC CONTRIBUTION



SECTION PROGRESS:

Completed	In Progress	Not Started
38%	37%	25%

- 
CSR Contributions
\$0.9M
- 
Payments to the Government
\$24.2M
- 
Local Payroll
\$7.3M
- 
Local Procurement
\$124.0M



Contribution to Senegal

The mining industry can be a significant economic contributor to the national economies of its host countries and help reduce poverty and improve livelihoods in developing countries. To achieve positive results, mining companies must engage in responsible resource extraction and governments of host countries must effectively manage mining revenues. Transparency allows for all stakeholders to monitor revenue distributions and spending throughout this process.

Teranga’s presence in Senegal brings positive economic opportunities to the communities around our mine as well as the country at large. The economic contributions of our operations are a catalyst for sustainable long-term development in our host communities and in the region where we operate. Direct benefits to Senegal include local employment, local procurement opportunities, investments in community infrastructure and initiatives, as well as direct financial payments to the government in the form of taxes and royalties.

Our total contribution to Senegal in 2014 is summarized in the diagram at left. For 2012 and 2013 contributions, please refer to the additional indicators table at the end of the report.

Revenue Transparency & Payments to the Government

We actively support initiatives on a national basis that deal with key issues of concern to Teranga and all of our stakeholders.

As part of our commitment to transparency of revenues and payments we became an active member of the Senegal EITI multi-stakeholders group and have actively promoted this initiative across the country.

In 2013, Senegal was officially accepted as an EITI candidate country. We continue to work with the Government of Senegal as a member of the multi-stakeholder group responsible for preparation of the first extractive revenue reconciliation report (EITI report). To become an EITI-compliant country, the Government of Senegal is required to submit and obtain validation by the EITI Board of the two EITI reports for 2012 and 2013 by mid-2016.

Extractive Industry Transparency Initiative (EITI):

The EITI is an international standard that ensures transparency over payments made by companies from the oil and mining industries to governments and to government-linked entities, as well as transparency over revenues by those host country governments. It is developed and overseen by a coalition of governments, companies, civil society, investors and international organizations

PAYMENTS TO THE GOVERNMENT OF SENEGAL

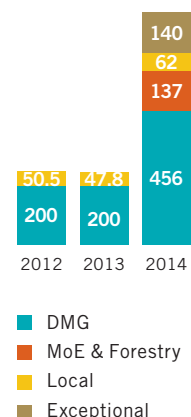
(\$000s)	2014	2013	2012
Tax assessments	1,200	2,600	–
Mining royalties	15,089	10,000	6,138
Gold reserves (\$6.50 per oz)	925	925	–
Advance dividends	–	2,700	883
Customs duty	474	1,493	1,225
Withholding taxes	3,822	4,270	8,806
Social security and pension	354	336	349
Water and forestry	31	401	44
OJVG waiver payment	1,534	–	–
Institutional support	764	248	250.5
TOTAL	24,193	22,973	17,695.5

INSTITUTIONAL SUPPORT

Teranga is also committed to supporting the Government of Senegal through several institutional support funds which have been implemented to help build governance capacity.

- Department of Mines and Geology Support Fund: \$450,000 per year
- Ministry of Environment Support Fund: \$250,000 per year (in 2014, the year when this fund was established, Teranga contributed \$158,000 on a pro-rated basis)
- Local Institutional Support Fund: Teranga honours a commitment of \$30,000 per year in support of local administration in the region where it operates. Since its inception, Teranga has exceeded its annual commitment to the local administration

LOCAL INSTITUTIONAL SUPPORT (USD)



OJVG WAIVER PAYMENT

Pursuant to the completion of the acquisition of the OJVG, Teranga is required to make initial payments totalling \$10.0 million related to the waiver of the right for the Republic of Senegal to acquire an additional equity interest in the OJVG. The initial payment is to be used to finance community development projects in the mine site region, as determined by the Republic of Senegal, and is to be paid either directly to suppliers for the completion of specific projects or to specified ministries of the Republic of Senegal. In 2014, \$1.5 million was paid with the remaining \$8.5 million expected to be paid in 2015 and 2016. The main project financed through the OJVG waiver payment was the implementation of the community agricultural fields in Kedougou.

CSR Investments

SOCIAL FUND

Additionally as per the Mining Code, Teranga is committed to investing \$425,000 annually in projects and infrastructure in neighbouring communities. During the term of the Mining Concession, OJVG committed to spend \$450,000 per year for social development of local authorities in the surrounding Kedougou Region, which increased to \$800,000 per year on the start of the production. In 2014, the total amount of commitment under the combined license amounted to \$977,000.

In 2014, Teranga contributed \$844,000 for social development at the local, regional and national level. Due to the delay of certain regional projects Teranga did not spend the full amount of its annual commitment. As a result, the remaining amount of \$133,000 will be added to the social fund commitment for 2015.

For more details on the use of the social fund, please refer to the Community section of the report.

DONATIONS

Each year Teranga supports local communities and the administration beyond the social fund commitment through donations for culture, religious and social events and to disadvantaged people. In 2014, such community donations totalled \$30,000.

Procurement

PROMOTING LOCAL PROCUREMENT

A mining operation can and should provide an abundance of economic opportunities beyond direct employment. The extent to which a mine purchases goods and services locally and opens its doors for business with the neighbouring communities will have a significant influence on the overall economic benefit.

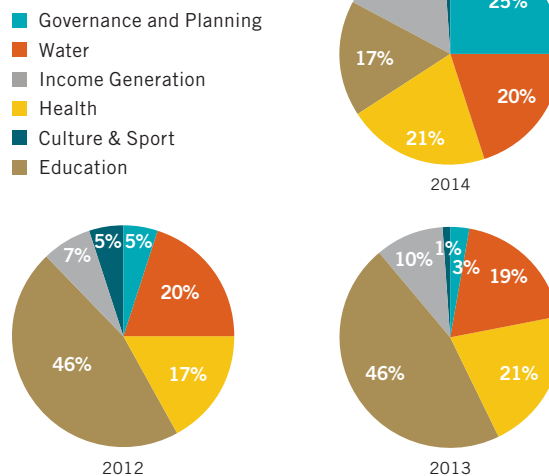
The following diagram measures the purchase of goods and services by Teranga subsidiaries in Senegal.

The total procurement of local services and supplies in 2013 and 2014 decreased because of the completion of our mill expansion in mid-2012 and the scaling back of our exploration activities to maintain the economic viability of the Sabodala mine in the current low gold price environment.

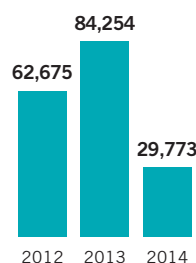
The expansion of the mill required specific equipment as well as specialized expertise, which resulted in higher purchases from foreign suppliers in 2012 compared to 2013 and 2014.

Despite the decrease in total procurement, the proportion of goods and services supplied from within Senegal increased. In 2014, 80 percent of goods and services purchased for our operations in Senegal was supplied by companies registered in that country. Goods and services supplied by foreign suppliers mainly represent specialized equipment, spare parts and engineering expertise not currently available in Senegal.

EVOLUTION OF SOCIAL FUND CONTRIBUTION BY CATEGORY



DONATIONS (USD)



Most of our suppliers are subsidiaries of international companies based in Dakar and employ many Senegalese workers contributing to employment, taxes and procurement. Our procurement team is working proactively to increase our supplier database in Senegal and particularly in the region of Kedougou. Teranga joined certain national initiatives, such as the Contractor and Partnership Exchange supported by the United Nations Industrial Development Organization (UNIDO) with the aim to promote business linkage between Senegalese small and medium enterprises and international companies.

We recognize that there is, however, much more that can be done around the mine, and at both the regional and national levels, to maximize the impact and contribution of our procurement practices to economic development.

At the regional level, expenditures with suppliers from the regions surrounding the mine, specifically Kedougou and Tambacounda, remained stable at approximately \$350,000.



During the year, we hired a Regional Business Coordinator as part of our TDS commitments. The role is based out of our Kedougou office and is responsible for connecting with and supporting the regional business community to seize commercial business opportunities provided by Teranga. We are also participating in the expansion of regional programs and initiatives to foster economic development that will emerge in 2015. One of our key objectives for 2015 is to increase the level of procurement from the Kedougou Region.

One-third of our expenses with local suppliers are directly related to mining equipment and services. In order to service the growth in the mining industry in Senegal over the past few years, several drilling and mining equipment and service providers have expanded into Senegal while other new businesses have been created to service the growing industry.

ENCOURAGING A RESPONSIBLE SUPPLY CHAIN

Teranga is working towards the promotion of sustainable practices amongst its supply chain and business partners on the local, national and international level. We expect our suppliers to respect our Code of Business Conduct and Ethics and our other corporate policies and we encourage responsible environmental and social practices.

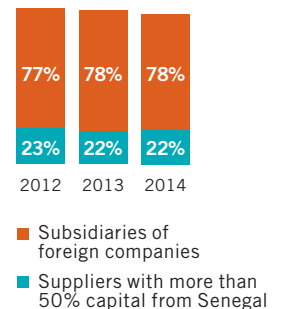
One of the major achievements in 2014 was our partnership with one of our major suppliers to jointly collaborate on CSR initiatives. This partnership includes a project to reduce dust related to supply chain traffic and a financial contribution to Teranga's social fund to finance community investment projects. In 2014, three projects were financed through this additional contribution: two classrooms for an elementary school, a community house, and the accommodation of one health post staff.

In parallel, we also received support from other suppliers and business partners to contribute to the local communities where we operate.

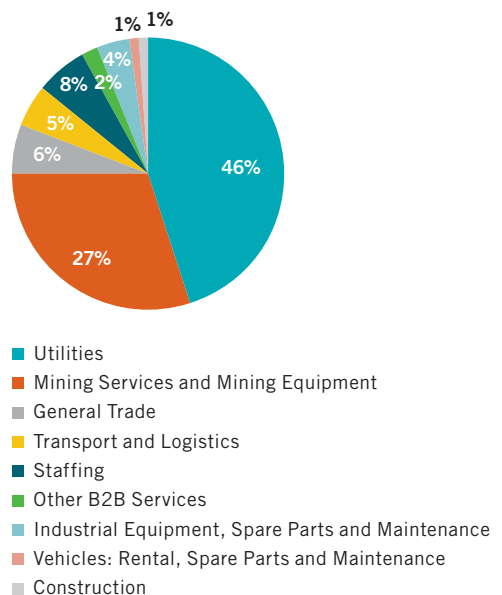
SUPPLIERS BY ORIGIN
(US \$000s)



LOCAL SUPPLIERS PER CAPITAL ORIGIN
(US \$000s)

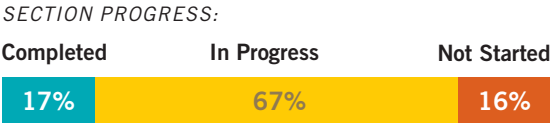


LOCAL PROCUREMENT 2014 PER SECTOR





OUR PEOPLE



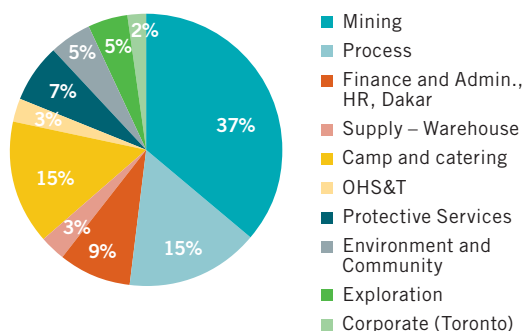
Our Approach

People are at the heart of Teranga’s success. We invest significantly in initiatives that foster our core values: care, integrity, respect, collaboration, performance and communication.

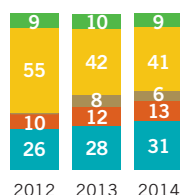
We are committed to:

- Building a transparent and responsible workplace culture and safe environment; we endeavour to foster an environment of accountability as well as to create commitment to a common vision and common goals while maintaining and exceeding safety standards
- Implementing the best human resources practices in the hiring, development and management of our workforce; our hiring and employment practices are based on skills, experience, learning ability and performance without discrimination based on age, gender, ethnicity, nationality, politics or religion
- Building strong and positive relationships with our employees through ongoing engagement, dialogue and involvement
- Providing skill and career development to enable our employees to develop to their potential, and prepare them for career advancement opportunities; we are committed to the continued employment of Senegalese employees especially in positions of increased responsibility
- Supporting the development of mining labour skills in Senegal: as the mining industry in Senegal is relatively new and Teranga is operating the only commercial gold mine in the country, we continue to develop partnerships with various institutions to provide relevant education and training opportunities for both the current and future employees of the mining industry
- Providing opportunities for youth development and employment both within the Company and in the broader community
- Prioritizing employment opportunities for local and regional communities when feasible

WORKFORCE BREAKDOWN BY DEPARTMENT

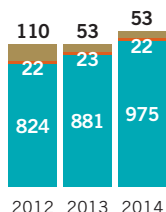


ORIGIN OF EMPLOYEES WORKING IN SENEGAL (%)



- Sabodala Area
- Kedougou Region
- Tambacounda Region
- Other in Senegal
- Expatriates

TOTAL WORKFORCE BREAKDOWN



- Sabodala Gold Operations
- Toronto
- Sabodala Mining Company

2014 Highlights

In 2014, a main area of focus for our people related to their career development and progression. Throughout the year we improved our career management system by updating role descriptions, identifying the skills required to progress within roles and outlining the associated training and development solutions to achieve such skills. In addition, we continued to offer a wide range of technical and soft skills training events.

Teranga completed the acquisition of the OJVG in early 2014 and during the year successfully integrated approximately 90 percent of the OJVG workforce. The integration process for the OJVG personnel included the identification and creation of new positions, facilitating work applications, interviewing and assessing, and orienting the new staff into the Company and various work teams.

Human Resources Management

OUR WORKFORCE PROFILE

With the OJVG integration our workforce increased to 1,050 employees from 957 employees in 2013. The production departments, including mining and processing, comprise more than half of the Teranga team.

Approximately 206 specialized contractors are also working on site.

EQUAL OPPORTUNITY AND DIVERSITY



For the first time in the Company's history, we are proud to report that half of our workforce is now comprised of local residents from the area surrounding the Sabodala operations, including the Tambacounda and Kedougou regions. Approximately one-third of our workforce is from Sabodala area (31 percent). This positive shift in our workforce illustrates the success of our dedicated efforts to recruit locally as well as train and promote employees.

We remain committed to localizing our workforce from the communities surrounding our operations and more broadly within the Kedougou Region. Teranga expects that the number of Senegalese employees at Sabodala will continue to increase because of the Company's growth as well as by our efforts to develop and progress our Senegalese employees.

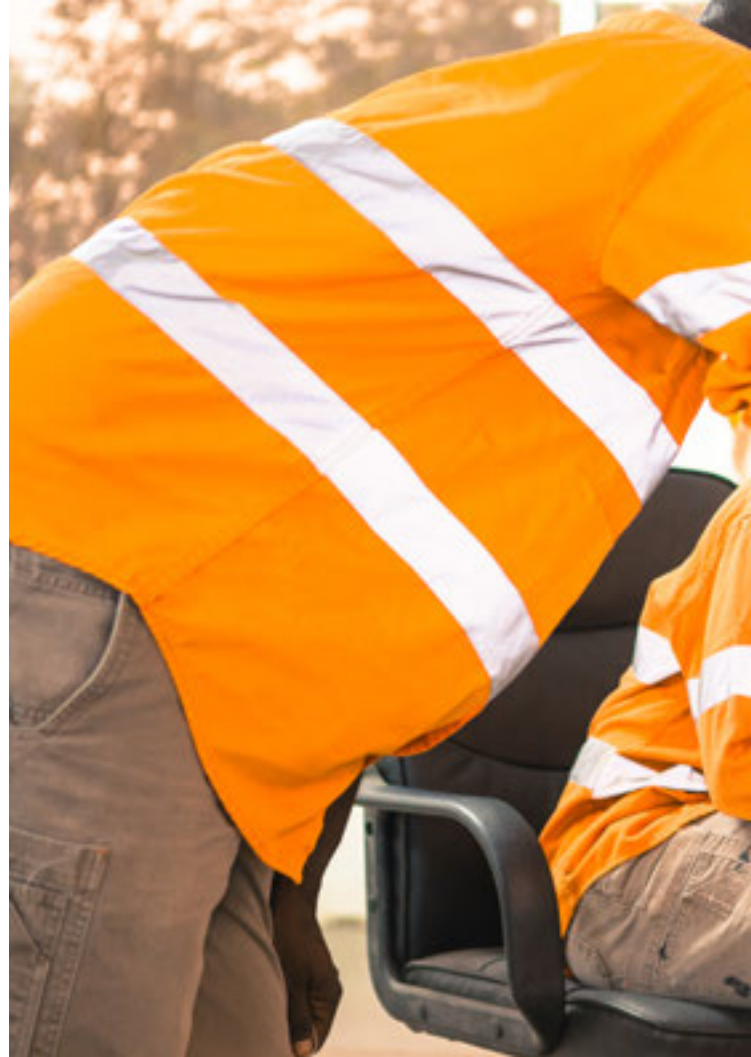
Currently, all of our casual labour is recruited locally through a recruitment committee comprised of representatives from near-mine villages and local administration.

Less than 10 percent of our staff in Senegal are expatriates. As our operations progress and expand, we will continue to require highly specialized staff to develop new projects and train employee teams. In order to better facilitate the transfer of our expatriates' expertise and experience, we have placed an increased importance on hiring francophone expatriates wherever possible while continuing to hire the best skilled staff.

In 2014, the proportion of women within our workforce remained constant at approximately 10 percent. Women are significantly under-represented in the mining industry and Teranga is committed to the ongoing recruitment and support of women.

IMPROVING HUMAN RESOURCES MANAGEMENT

Our commitment to improving the way we manage and work with our employees is ongoing. In support of this endeavour we rolled out various updated human resource policies and procedures to provide structure, guidance and consistency in our actions. In addition, we provided a range of training sessions to our management staff to support them in how they lead their teams.



Ensuring Talent Retention and Promotion



ACTIONS
4–9

PROMOTING AND DEVELOPING OUR SENEGALESE EMPLOYEES

One of our key objectives is to maximize employment opportunities for Senegalese workers and to provide clear paths for career development and advancement. Through the training and promotion of Senegalese employees into senior level roles we believe it is possible to reduce the percentage of expatriates within our workforce.

A key focus this year was to develop a career management system, which includes the following key components:

- Each department has a detailed **competency matrix** outlining each position and the skills and training required to progress within the position or to be promoted to a higher level
- All staff are assessed via an **ongoing skills evaluation** relative to this matrix, as well as through our performance management system
- **Individual training and development plans** are applied to support and formalize succession plans and promotion

In order to further advance career development, coaching and mentorship remain pivotal to our learning and development activities. In 2015, we will roll out a leadership development program to enable further development of our staff. The program will include a specific focus on coaching to make it a standard development practice.

Our process for career development advancement is transparent to our entire workforce and to encourage our employees to take ownership of their own development. By identifying and clearly articulating the training and skills needed to progress, our employees are clear about what is required to progress and are more inclined to take ownership of their own development as a result.

In 2014, 24 of our Senegalese employees were promoted to more senior roles while 56 of our Senegalese employees moved into positions of increased responsibility.



A POSITIVE WORK ENVIRONMENT

We are committed to listening to our employees by collaborating closely with their representatives through our worker committees. Regular meetings occurred throughout the year, and discussions on numerous topics took place and concerns were addressed.

As part of these discussions we supported the request of our employees to create a housing cooperative on site whereby each employee can have a part of his or her salary directly allocated to this saving mechanism. Members of housing cooperatives in Senegal are eligible for a special tax and financing regime to buy property. In 2014 our employees saved more than \$300,000 for their housing and are now approached by banks and construction companies to invest in projects mainly in Dakar and Kedougou where 5ha of land have been granted to them by the mayor. With the exception of our employees from the surrounding communities, each employee at the Sabodala mine lives on site during their work rotation.

Teranga places great emphasis on providing our employees with high standard living quarters and amenities. As leisure is important outside of work hours, we have various sport facilities available for staff use, including a soccer pitch, gym, volleyball pitch, and tennis and basketball courts. A vibrant entertainment committee nurtures social cohesiveness on site.



LASSANA CISSOKHO

Drill Operator, Sabodala Gold Operations

“I am happy since I started and I have gained a lot of experience. I have learnt some English, Wolof, I’ve learnt to operate four machines.

I used to farm but the work I do now has more value. One month’s salary can provide food for my family for a year. This is a great difference from before.”

Learning and Development

PROFESSIONAL DEVELOPMENT OF OUR EMPLOYEES

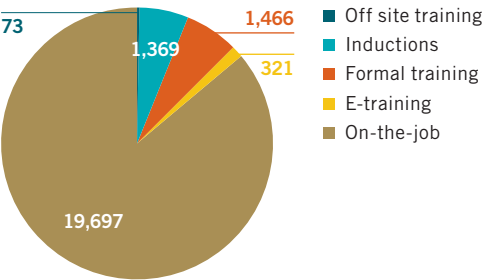
Training and development is critical to the advancement of employee skills. Over the past two years, we have put an emphasis on establishing additional training programs as well as increasing the amount of training available to our employees. Our new training centre on site allows us to provide high-quality programs to all levels of staff. Going forward our intent is to deliver more targeted and integrated training to better support our key business priorities.

In 2014, 20,000 training events were held in the training centre where almost all employees participated in multiple training sessions. Over the last two years the availability of individual soft-skill and safety-related programs increased from nine programs to 41 programs.

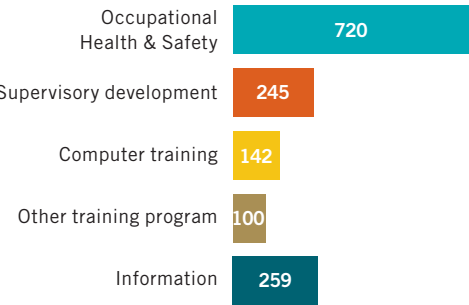
These training and development offerings were strengthened with the implementation of Vubiz, an external e-learning platform with programs available in both French and English. Vubiz offers 12 programs comprised of 21 individual modules and covers a range of management skills and health and safety subjects. Almost 300 employees enrolled into this online training platform in 2014.

In order to complement our soft skill learning and development programs, we also provide a global “on-the-job” training program that includes specific tasks and technical training modules. This is performed directly in the workplace under the supervision of the department's training staff.

NUMBER OF TRAINING EVENTS IN 2014



FORMAL TRAINING BY THEME
(NUMBER OF PEOPLE, 2014)



PROMOTING LEARNING THROUGH PARTNERSHIPS



ACTIONS
11, 12, 17

Beyond our commitment to develop and progress our employees, Teranga is working to establish and strengthen partnerships with specific vocational schools and higher learning institutes both inside and outside of Senegal. Through this initiative, we aim to further develop mining-related education in Senegal and offer external training opportunities for our employees.

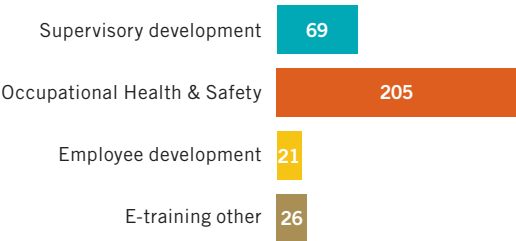
We currently have five on-site training programs for students at the Sabodala plant, environmental department, occupational health & safety department, power station and “exploration” group. These programs were developed in partnership with the Kedougou Technical College, Dakar Jeanne d’Arc School, Dakar Earth Science Institute (IST) and Dakar University (UCAD). The programs vary between four weeks to six months and approximately 24 Senegalese students participated in 2014. The same numbers are expected for 2015.

Since 2012 Teranga has provided housing for approximately 120 Kedougou students in Dakar. Our annual commitment is \$58,000, which will increase to \$100,000 in 2015.

In cooperation with IST, we have also funded a grant for a graduate dissertation with research topics linked to mining.

As part of our international bursary program, we provided grants to four students from the Kedougou and Tambacounda regions to study abroad.

E-TRAINING BY THEME
(NUMBER OF PEOPLE, 2014)



2015 Objectives

2015 OBJECTIVE	KEY PERFORMANCE INDICATOR	PRIORITY
Progression and succession planning	<ul style="list-style-type: none"> Competency/training matrix outlining role requirements and skills for each department Evolve career management support Individual development plans Targeted succession plans by department 	Short/Mid
Employee development	<ul style="list-style-type: none"> Targeted learning and development solutions to support progression & succession site-wide and by department Ongoing skills training for all staff Leadership development program for all staff at the supervisory level and above 	Short/Mid
Employee engagement	<ul style="list-style-type: none"> Launch employee engagement survey Improve communication to employees via increased number of sessions on topics of importance Involve employees in targeted business improvement opportunities 	Short/Mid
Performance management	<ul style="list-style-type: none"> Improve performance management program Imbed focus on leadership behaviours Increase coaching focus including coaching skill development solutions 	Short/Mid
Continue to work with external partners to build educational alliances	<ul style="list-style-type: none"> Increase number of new partnerships with academic institutions Place two to four Senegalese graduates into international master's program in mining and metallurgy PGL vocational training program 	Mid
Complete any remaining activities in the OJVG integration	<ul style="list-style-type: none"> Finalize transition of OJVG geologists Provide ongoing cultural integration of hired OJVG staff into Teranga's teams and processes 	Short





OCCUPATIONAL HEALTH AND SAFETY



SECTION PROGRESS:		
Completed	In Progress	Not Started
43%	29%	28%

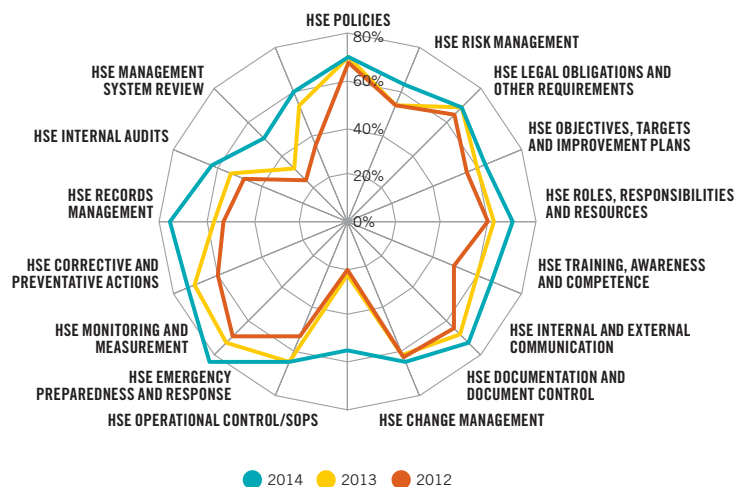
Our Approach

Teranga is dedicated to excellence in safety and aims to maintain its Occupational Health and Safety (OHS) indicators at levels that exceed global benchmarking standards. Teranga is committed to creating and sustaining a healthy and safe work environment for all stakeholders.

Teranga believes that everyone, regardless of position, has the ability to involve, influence, motivate and enable others to contribute towards OHS success by encouraging personal and collective leadership, accountability and responsibility. The Company believes that every employee has a personal responsibility for health and safety, not only to themselves, but also to others, and that no task is so important that it cannot be done safely. Work-related injuries and property losses are preventable. That is why Teranga supports a “don’t walk by” philosophy, a crucial element required in creating change in safety, in support of the Zero Incident Process (ZIP).

Teranga, with the support of all of its people, applies a proactive OHS management system that:

- Complies with and, where possible, exceeds the requirements of Senegalese legislation, regulations and all legal obligations to which the Company is bound
- Encourages the participation of its most valuable assets: its people
- Develops, educates and endeavours to ensure that all employees and business partners understand and are accountable for identifying and mitigating health and safety risks
- Inspires personal leadership based on the principle that everyone, regardless of position, has the ability to involve, influence, motivate and enable others to contribute towards OHS success
- Adopts a proactive preventative OHS approach through the application of a comprehensive ZIP
- Operates and conducts activities in a manner that considers the protection of the OHS of all stakeholders at all times
- Promotes open and honest communication, and encourages consultation on OHS matters between stakeholders
- Develops and maintains a suite of OHS plans and procedures that must be well-communicated and that all stakeholders shall adhere to
- Implements and continually improves OHS management systems to ensure that OHS processes are integrated into all business units within the organization
- Provides appropriate and sufficient skills training and resources, ensuring competency in order to effectively deliver the OHS program and conduct activities in a safe and healthy manner
- Drives continuous improvement in our OHS performance by setting and monitoring clear objectives and targets that are visible and meaningful and through regular audits, workplace inspections and quality reporting
- Recognizes and rewards excellence in OHS performance
- Provides health care and rehabilitation for all personnel that is measured against international standards of medical care.



2014 Highlights

CONTINUOUS IMPROVEMENT OF OUR OHS MANAGEMENT SYSTEM

In 2014, we focused on further reinforcing and strengthening our OHS management system. This involved transferring our OHS reporting and some elements of the management system to a live database that has enhanced the accuracy of our reporting, eased the ability to track the indicators, and improved overall accountability associated with the implementation of corrective actions.

We also developed and implemented a change management program to enable better management and communication of changes and additions to process flow, and procedures, as well as any improvements to plant and equipment. Historically this has been one of the major deficiencies identified in the annual external health, safety and environment audits.

Our risk management process was also strengthened during the year. Improvements to the process began with the application of a bow tie analysis, an evaluation methodology that demonstrates the causal relationships in high-risk scenarios. Risks that were found to require further control were followed up with a TapRoot® cause analysis to proactively determine the root cause behind high-risk scenarios so that the necessary risk mitigation controls can be applied.

During 2013, we focused on building our TapRoot® knowledge and gaining experience of our use of TapRoot®. During 2014 we conducted audits and reviewed all TapRoot® investigations from 2013 to examine the effectiveness of controls and suitability to the needs of our operations. Further, we conducted TapRoot® proactive audits on high-risk activities where our people are possibly exposed to substantial risks and to ensure the effectiveness of our controls.



SPREADING OUR SAFETY CULTURE



ACTION 36

As our operations expand, we are educating employees and having our employees take greater ownership of occupational health and safety. In our commitment to support our employees in this task, we have launched a successful reward and recognition program. The Program aims to promote good health and safety behaviour and encourages our employees to be more proactive in terms of the overall well-being of themselves, their teams and the departments in which they operate.

We also improved our health and safety programs with the effective launch of the Vubiz Learning Management System and by using the Catapult e-learning platform. Vubiz is a computer-based learning program focused on safety learning according to international standards. These two online training platforms offer a range of OHS training programs in both French and English for employees from various departments.

Another important initiative in 2014 was the implementation of a certified defensive driver training program. This program was developed together with our fuel provider to improve the capability of our light vehicle drivers. In 2014, this program targeted the critical areas of our business. Commencing in 2015, successful completion of the course will become mandatory for every driver.

Finally, a hand injury prevention and awareness program was launched for our employees to better understand the risks and prevent injuries associated with the hazards posed to their hands. Formal training was conducted with over 100 attendees, and informal toolbox talks were presented by the OHS team to all employees across the operation over a span of three months.

Our Performance

CONTINUOUS IMPROVEMENT OF OUR HSE MANAGEMENT SYSTEM

In 2014, as shown by the results of the annual external audit conducted on our HSE management system, significant improvements were made in the area of change management, emergency preparedness, the internal audit system, and management of HSE corrective and preventive actions.

COMMITTED TO ZERO INCIDENT PERFORMANCE

OHS performance is assessed by two sets of indicators.

Lagging indicators are performance indicators based on post-incident reports, while leading indicators are incident prevention systems developed by Teranga to raise awareness and identify areas of concern prior to becoming loss-incurring events.

LEADING INDICATORS

In 2014, the Company pursued its efforts to disseminate its occupational health and safety culture amongst employees and business partners. Significant efforts have been made to increase safety toolbox meetings, near misses and hazard observations. The improvement of our leading indicators was also reinforced with the implementation of an OHS reward and recognition program (see below for details).

<i>OHS LEADING INDICATORS</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
OHS committee meetings	60	52	52
Safety toolbox meetings	3,917	3,810	3,624
Inspections (formally recorded)	2,224	2,531	1,628
Job safety analysis created	560	379	500
Hazard observations (formally recorded)	5,017	4,340	2,107
Near misses (formally recorded)	77	39	37
Alcohol and drug tests administered	10,780	10,957	3,941



LAGGING INDICATORS

Teranga is proud of its performance in terms of health and safety, which continued to improve in 2014. In December 2014 we celebrated 401 days without a lost time injury rate. We reported a lost time injury rate of zero per million hours worked, positioning the Company as one of the best performers of the sector in terms of severity of incidents.

The 2014 performance, together with the increase of hours worked in 2014 and the inclusion of former OJVG employees, shows the success that Teranga has had by making OHS one of its top priorities in the workplace.

<i>OHS LAGGING INDICATORS</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
Hours worked	3,203,350	2,879,685	3,474,890
Lost time injury rate per 1 million man hours worked	0.00	0.69	1.73
Lost time injury (LTI)	0	2	6
First aid injury	57	72	75
Total incidents	396	347	374
High-risk potential incidents	18	25	40
Property damage incidents	197	175	160
Environment incidents	26	10	33
Production loss	26	14	7



Celebrating 401 days worked without a Lost Time Injury (LTI)

OHS reward and recognition program: promoting OHS culture through the recognition of good behaviour in the workplace.

In 2014, Teranga launched this program aimed to further promote good behaviour related to OHS in the workplace.

Through a clear and scaled recognition system, our employees showing good practices are rewarded with safety dollars that they can accumulate and then spend to receive small gifts.

In 2014, 109 employees were recognized and awarded for positive actions conducted in their workplace.

Improving the Health of Our Employees

ENSURING THE HEALTH OF OUR EMPLOYEES IN THE WORKPLACE

Several programs were put into place in 2014 to better monitor and prevent health-related risk in the workplace. We purchased and installed personal respirable dust monitoring devices in order to better understand the risk posed by dust within our operations and to focus our control mechanisms in high-priority areas.

A hearing loss prevention program has been initiated with a focus on high-risk areas associated with high exposures to noise. In support of our commitment, we have identified a local audiologist to help us reduce risks in this area and provide support to our occupational health physicians on site.

To date, since our inception, no occupational disease has been diagnosed. An occupational disease is defined as a health problem caused by exposure to a workplace activity.

Furthermore, our catering facilities host approximately 1,000 of our employees and are focused on hygiene and sanitation. In 2014 a laboratory was installed to perform food and facility testing to ensure the quality of our services comply with World Health Organization standards and ISO 9001.

UPGRADING OUR SITE CLINIC

A high level of importance is placed on the health of our employees and therefore annual medical visits are done for our entire workforce. With the integration of OJVG staff, our site clinic team has been reinforced with the addition of a second doctor. The clinic has been equipped with machines that are capable of performing full blood spectrum and metabolic marker analyses. This allows us to improve employee health monitoring. We also strengthened our management of both medical and trauma cases. The intent is to ensure that there is consistent handling of all patients from arrival at the clinic door through triage into consultation and possible referral and ultimately when back at work. This improved tracking and management of our clinic patients offers a clear understanding of responsibility, and ease of access to pertinent lagging indicators, and improves the analysis of our incidents.

A total of 9,641 patients were treated by the SGO site clinic during 2014.

CONTINUED FOCUS ON MALARIA PREVENTION AND TREATMENT ON SITE

In 2014, we continued to fight malaria on our site. The number of cases decreased by one-third to 210 in 2014 compared to 317 cases in 2013.

PROMOTING A FIT-FOR-WORK ENVIRONMENT

Our operations work on a fly-in fly-out system and when at work our employees spend most of their time on the mine site. Therefore, we place a great emphasis on providing our employees with enjoyable on-site living conditions with excellent standards of accommodation and amenities.

We try to encourage sporting activities and in 2014 our employees launched several new initiatives. In addition to the soccer pitch, gym, volleyball pitch, and tennis and basketball courts, our employees now have the choice of activities such as Tae Kwon Do classes and bicycle rentals. At the request of some employees, we also provide alternative after-work activities, such as gardening with the development of a "Teranga Village" garden.

During 2014, we worked with a nutritionist to help our catering staff in designing healthy menu alternatives. The nutritionist will be coming on-site on a regular basis in order to train our employees and further develop nutrition programs and initiatives.

Promoting Health in Our Area of Influence

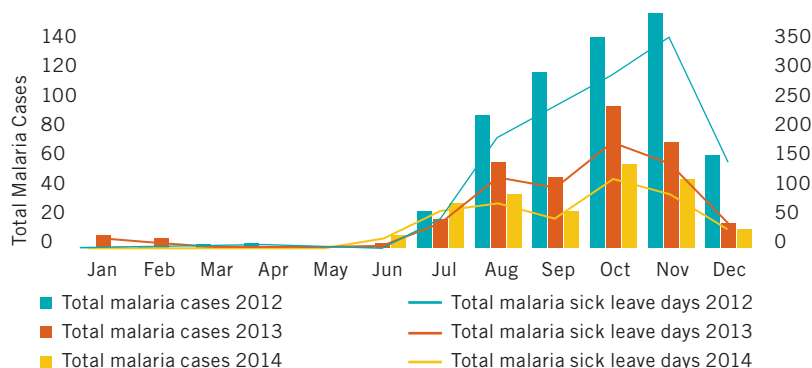
Beyond our responsibility to provide our employees with a safe and healthy work environment, we contribute to the promotion of health in the region and offer better health services to our host communities. Many of our employees reside in the villages in our area of influence and also benefit from these initiatives.

As part of our commitment to promoting health in the region, in 2014 we signed a health partnership convention with the Health District of Saraya. In doing so, we hired the former OJVG nurse to work at the Sabodala Community Health Post, which receives patients from all the villages surrounding the mine operations.

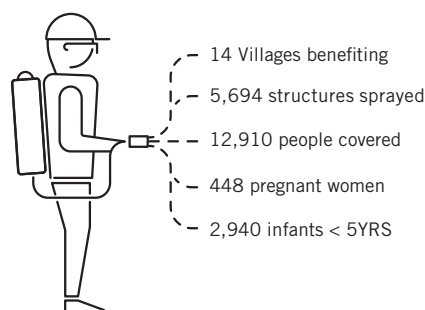
CONTINUED FOCUS ON MALARIA PREVENTION AND TREATMENT IN THE COMMUNITY



Malaria is a significant health issue we face in the region where we operate. We strongly support the Senegalese health authorities' efforts to prevent this disease and we undertake a bi-annual malaria spraying program covering the rural commune of Sabodala. This program is done in collaboration with the Sanitation District of Saraya and in 2014, more than 12,910 people benefited from our malaria spraying campaign.



2014 ANTI-MALARIA SPRAY PROGRAM



2015 Objectives

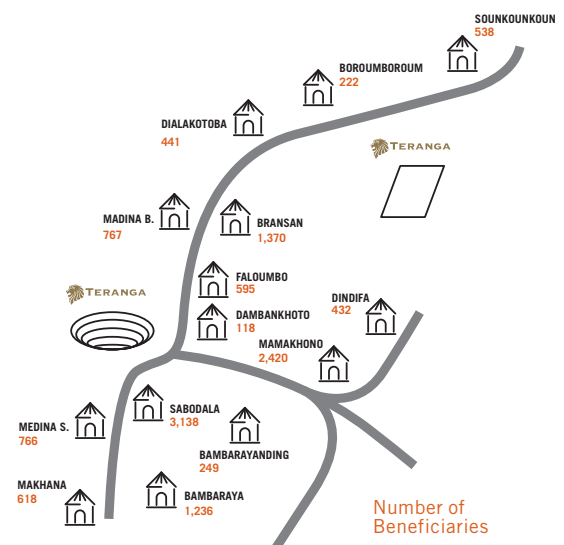
OBJECTIVE	KEY PERFORMANCE INDICATOR	PRIORITY
Improve health collaboration	<ul style="list-style-type: none"> Regional health collaboration interactions Improved emergency collaboration on regional basis 	Mid
	<ul style="list-style-type: none"> Detailed monitoring of employee dust exposure 	Long
	<ul style="list-style-type: none"> Refinement and continued medical examinations on site 	
Reinforce our safety culture	<ul style="list-style-type: none"> Task observation process to improve safety culture 	Short

SUPPORTING SENEGALESE EBOLA PREPARATION MEASURES

Since late 2013 West Africa has been affected by the worst outbreak of Ebola in history. The majority of the reported cases and deaths have been in the countries of Guinea, Sierra Leone and Liberia, with only one reported case in Senegal as of December 31, 2014.

To protect our employees and operations, we have implemented an emergency response plan and have liaised with several international health institutions through our affiliation with the Ebola Private Sector Mobilisation Group (EPSMG) to remain informed of developments and changes in the situation. We have provided our employees with an information handbook to increase their understanding of Ebola prevention and contamination and conducted mock case exercises with our medical team to ensure readiness.

Teranga has also provided support to the Regional Health District in Kedougou to establish and finance an Ebola awareness and prevention plan. We maintain close contact with the health authorities to ensure that any new information is widely shared and that preparedness measures remain intact.

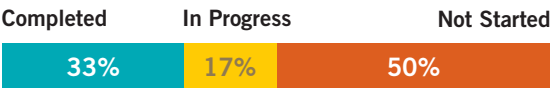




ENVIRONMENT



SECTION PROGRESS:



Our Approach

We believe that all employees, our host communities, government and all other stakeholders have a right to expect a high standard of environmental performance from Teranga.

Since our mining operations may have both temporary and long-lasting effects on the environment, our policy toward CSR encompasses initiatives that use a precautionary approach throughout the life of mine. We first assess any potential environmental impact and then evaluate how to avoid or mitigate it, with the aim of preserving the long-term health, function and viability of the natural environments affected by our operations.

Our environmental policy reflects our commitment to reducing and mitigating our impact on all areas affected by our activities: water; soil and air pollution; biodiversity; use of chemical and hazardous substances; waste management; resource usage (water, energy) and climate change (greenhouse gas emissions). This policy endorses our commitment to train our employees and raise the environmental awareness of our contractors through regular training.

To improve the effectiveness and consistency of Teranga's environmental activities, we adhere to the following principles and standards:

- Identify and document all aspects of site and project operations, and activities that affect, or could potentially affect, the natural environment including air, surface and groundwater, land, habitats, biodiversity and landscape
- Conduct environmental baseline surveys and environmental impact assessments at appropriate locations in the project and/or operating life cycle
- Identify significant and potential impacts that require immediate attention and implement appropriate plans, programs and targets to ensure that their impact and re-occurrence are mitigated
- Routinely review and update identified criteria when there have been significant changes or new developments to the site or the project's operations and activities
- Consider the environment, biodiversity and landscape aspects when determining post-closure land use and the conservation, rehabilitation or restoration of ecosystems

All initiatives pertaining to the development or progressive rehabilitation of the mine site are undertaken in close collaboration with the Senegalese regional Water and Forestry administration. Teranga also supports the same administration in its mission, whether it is to promote or to protect biodiversity (such as preventive burning and biodiversity surveys).

Teranga has implemented an Environmental Management System adhering to ISO 14001 standards for its Sabodala gold mine, and is audited annually against the same standards by an external auditor. We operate in full compliance with all national laws and regulations on environmental aspects and strive to achieve IFC Social Performance Standards.

Our annual environmental program for the Sabodala gold mine is guided by an Environmental and Social Management and Monitoring Plan (ESMMP). This plan was updated in 2012 to include all new projects and will be updated further to incorporate the integration of the OJVG. In addition to this plan, a specific environmental and social management plan is designed for each individual project and included in the overall mine management plans.

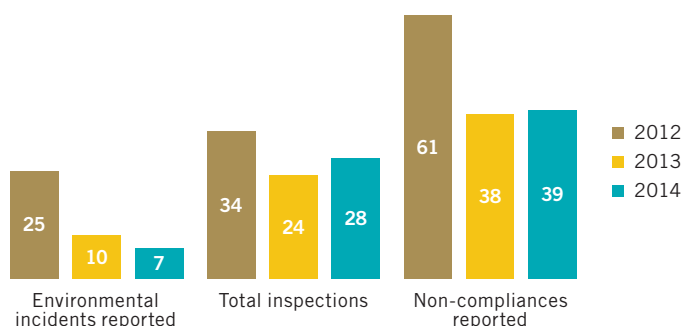
As part of our environmental management system, environmental training and awareness sessions are undertaken for new employees and individuals that will spend time at the operation.

Highlights 2014

In 2014, Teranga focused on the integration of the recently acquired OJVG operations into its environmental management plan. An alignment of practices and commitments have been initiated to ensure that the integration of OJVG is consistent with the environmental management plan stated in the Goulouma ESIA. Furthermore, the department has been reinforced with the integration of former OJVG environmental employees to expand environmental programs and projects.

An important focus has also been put on the rehabilitation programs and projects with the integration of the OJVG nursery based in Mamakhono and with the expansion of our ongoing rehabilitation plan.

Finally, our efforts to better communicate and raise awareness on environmental matters amongst our employees and stakeholders have been pursued with the implementation of several training programs and the participation in community events to increase awareness regarding environmental management.



Compliance

Teranga is committed to the highest standards of environmental management. We are conducting our activities in compliance with the laws and regulations of our host country of Senegal.

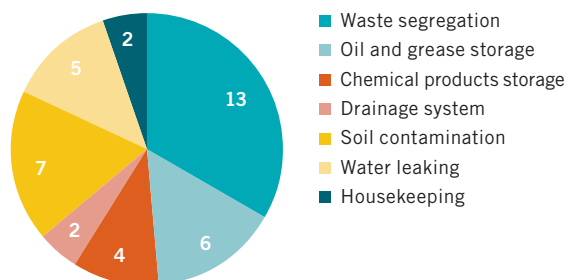
A legal register has been compiled to ensure that we are fully updated on regulation changes and that we keep our standards in compliance with the best practices available.

An inspection program has been implemented to monitor the environmental performance of each department at the site. These inspections are considered as a compliance tool but also a way to raise environmental awareness towards our employees and business partners. Incidents or failures to respect the environmental management standards are compiled and addressed through corrective actions, and performance indicators are disseminated on a weekly basis to department managers.

In 2014, 28 environmental inspections were undertaken on site with a total of 39 non-compliances reported. By the end of the year, 33 non-compliances were addressed with the remaining six to be addressed in 2015.

Even if the number of non-compliances including improper waste segregation decreased in 2014, this aspect still remains the one which we will focus.

NON-COMPLIANCES 2014



Energy Use

Teranga's activities are energy dependent. We source our power from a 36 MW power plant located on site. Electricity is generated from heavy fuel, which represents 55 percent of the energy supply on site. The process plant uses 94 percent of the total electricity produced. The second source of energy is gasoil, which is used throughout our operations. Approximately 91.5 percent of the gasoil we supply is used to power the mining fleet and operations.

The Company is committed to energy efficiency initiatives to reduce greenhouse gases emissions and costs. In 2014, we continued to experience the growth of our operations which resulted in an overall increase in energy consumption. Despite greater energy use, energy efficiency is continuing to improve for both of the biggest consuming departments, which are processing and mining. These improvements are due to better management of energy use.

Climate Change

Teranga recognizes the impact that its activities can have on climate change and the risks associated with this issue.

We have implemented several actions to reduce our greenhouse gas emissions such as the use of video conferencing programs. In 2015, we plan to implement further actions to reduce emissions, especially with the development of a fleet monitoring devices system which will improve safety and reduce emissions due to idling and speeding.

Teranga has not calculated its global carbon footprint; however, we monitor CO₂ emissions from our power plant, which is the main source of emissions on site. The CO₂ emissions by tons milled decreased in 2014, as energy efficiency improved within our operations.

In 2014 Teranga undertook a monitoring campaign of greenhouse gas emissions from the power plant. NO_x, SO₂ and CO emissions were measured well under the regulatory limits.

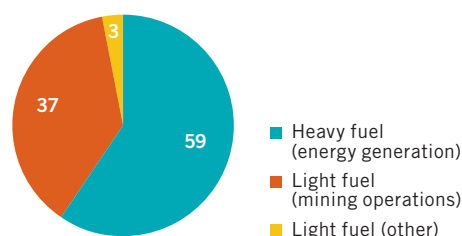
Water Management

Our operations require a continuous water supply. We acknowledge that water is critical to our operating activities and to the communities around our mine site. Accordingly, we try to reduce as much as possible the use of water and to minimize our impact on the availability of this resource in the environment where we operate.

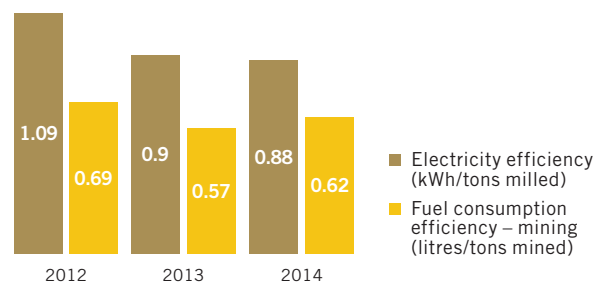
Our main water source is rain water, which accumulates in three basins located on our site. Water is then distributed in the different areas of our business and treated in our process plant. Overall, our Sabodala site recycles 40.3 percent of the water withdrawn from the basins. This rises to 59.4 percent referring to industrial water used in our process plant. The amount of recycled water increased by 4 percent from 2013 to 2014.

Water use and water withdrawal have increased over the last three years, primarily because of the expansion of our activities. Despite the increase in total water consumption in 2014, our water use efficiency is ameliorating with the combination of an increased recycling rate and a better ratio of water use per ton milled in our process plant.

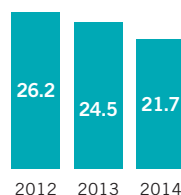
SOURCE OF ENERGY
IN 2014



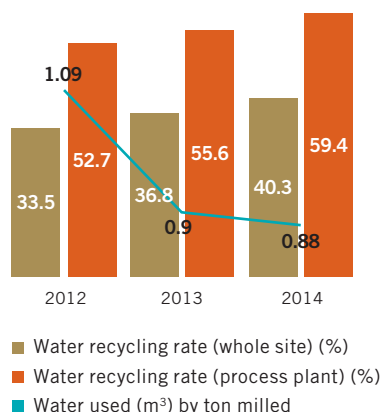
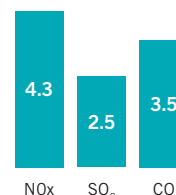
ENERGY CONSUMPTION
EFFICIENCY

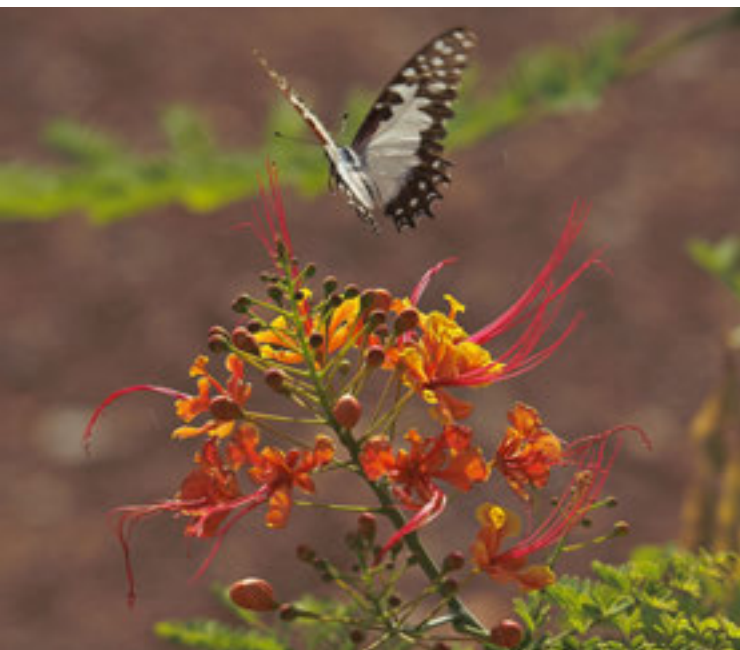


CO₂ EMISSIONS
(KG/TON MILLED) –
PROCESS PLANT



AVERAGE EMISSIONS
IN 2014 (IN MG/M³)





Water Treatment

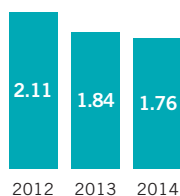
A monthly monitoring program is in place as part of the environmental management system to ensure the quality of surface and ground water. Drinkable water is also controlled in compliance with World Health Organization standards.

Particular attention is also provided to the analysis of our tailing storage facility. Wastewater from our process plant is sent to the hermetic basin controlled with stringent environmental monitoring. UV sunlight breaks down the remaining cyanide content as it is discharged. UV sunlight is internationally recognized as the most efficient and effective medium to decompose cyanide. Fresh tailings are regularly analyzed and results have confirmed the proper breakdown of cyanide products within the tailings storage facility.

Use of Raw Materials

Limiting the use of raw materials in our activities is a key challenge and materially impacts our influence on the environment and our operating costs. We focus our effort on minimizing the use of hazardous materials and critical consumables such as explosives and tires for our mining equipment. With better fleet management in 2014, the life of tires for our mining fleet has increased by 10 percent from 2013, reducing by 24 percent the number of tires used by ton mined.

KILOGRAMS OF CHEMICAL PRODUCTS USED
BY TON MILLED



Chemical Products

Teranga fully complies with chemical and hazardous products legislation and has established procedures to ensure that these chemicals are handled appropriately. Each hazardous or chemical product is registered and approved before being accepted on site.

Cyanide is the most efficient product for gold extraction and has been used in gold recovery for decades. We use it in our process plant and ensure that the highest standards of safety are maintained. We also comply with national and international standards for cyanide handling and the Company's cyanide supplier is a signatory of the International Cyanide Management Code.

The list and consumption of chemical products used in the operations is provided in the "additional indicators table" at the end of this Report. To illustrate raw material use, we have calculated the ratio of chemical products used per tons milled in the process plant, which is shown in the graph above. From 2012 to 2014, the use of chemical products by tons milled decreased by 16.5 percent.

Land Use and Rehabilitation

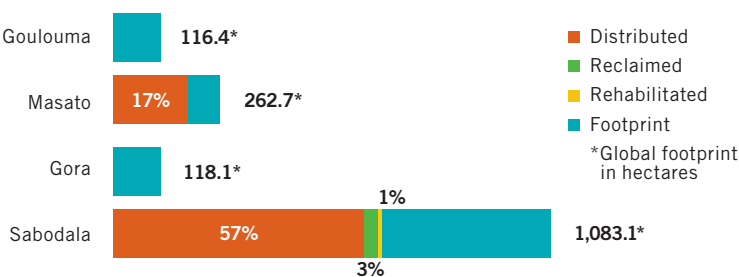
Mining operations apply a significant impact on land use and land access is crucial for our activities. Thus, all our projects have a specific mitigation plan for land use and rehabilitation. These plans are included in our ESMMP and agreed with stakeholders. Rehabilitation plans are operational documents regularly reviewed and updated to be current with mining operation developments.

With the acquisition of OJVG and the expansion of our operations (especially with Gora and Masato), our rehabilitation footprint slightly increased in 2014. The global footprint of our activities is of 1,580.3 hectares of which 44.5 percent has been disrupted since the inception of our activities.

In 2014, a focus was placed on progressive rehabilitation. With the integration of the OJVG plant, our rehabilitation program has been extended and we rehabilitated a total of 2.94 hectares. All plants used in the program were produced at the nursery.

We also participated in several rehabilitation programs within the community and in partnership with the local forestry department. Specifically, Teranga provided about 6,200 plants used for rehabilitation within the communities in which we operate.

LAND USE BY PROJECT IN 2014





Biodiversity

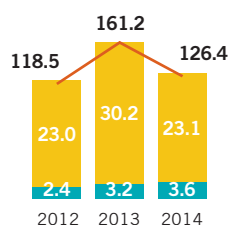
Our site is located in the Faleme hunting area surrounding the Niokolo Koba National Park 40km from the mine site. We recognize that our activities have an impact on biodiversity and on ecosystems and that our activities cannot be dissociated from these ecosystems. For this reason, biodiversity is fully integrated into our Environmental Management System and is part of all Environment and Social Impact Assessments that we undertake. All of our projects have a specific management plan for biodiversity protection and promotion.

Following upon the environmental mitigation plan designed for the creation of our new tailing storage facility, Teranga is committed to promoting and participating in the reintroduction and dissemination of endemic vegetal species, which are used mainly for medicinal purposes. A comprehensive program was launched in 2014 to develop this initiative and to extend the culture of these species in the area where we operate.

Waste Management

Teranga is keenly focused on continuous improvement of our waste management program.

In 2014, we continued to work with our employees and business partners to improve waste management on our site. In particular, we implemented better control and worked on the disposal chain of our waste, partnering with several suppliers and business partners to dispose of waste off site.



- Mining waste from mining (overburden) in tons (M)
- Mining waste from process plant (tailings) in tons (M)
- Mining waste (process and mining) tons by ounce produced

Air Quality

Air quality is assessed through Teranga's environmental monitoring program. The key issue in addressing air quality is related to dust generated by traffic from our supply chain and blasts. In 2014, Teranga worked with one of its suppliers to test a dust reduction program that involved spraying molasses on the roads. Additional testing is to be pursued in 2015 before it is implemented in the villages affected by the dust created by supply traffic.

Noise and Vibration

Teranga continues to regularly control noise emissions on site and in surrounding villages. Vibrations created by blasting activities are also closely monitored. All events recorded in 2014 were in full compliance with applicable standards.

2015 Environmental Objectives

OBJECTIVES	KEY PERFORMANCE INDICATORS	PRIORITY
Monitor progressive rehabilitation undertaken on site	• Develop rehabilitation indicators and monitor their progress	Long
Raise environmental awareness within departments and business partners	• Number of training events	Mid
Integrate new projects into site environmental plan	• Alignment of environmental monitoring practices and records • Implementation of mitigation measures • Initiation of new development projects	Mid



COMMUNITY RELATIONS



SECTION PROGRESS:		
Completed	In Progress	Not Started
38%	31%	31%

Our Approach

Teranga is committed to making a positive difference in the communities in which we live and work.

Our aim is to share the benefits of our mining operation and to leave a lasting and positive legacy that will continue to be enjoyed for generations to come.

Through our community development work, Teranga's host communities benefit from new job opportunities, education and training programs, expanded health-care services, more secure sources of potable water, improved roads and infrastructure, self-sustaining income-generating initiatives and much more. Details of Teranga's financial contribution can be found in the Economic Contribution section of this Report.

To ensure Teranga's community engagement and sustainable development activities remain effective and consistent, we are guided by the following principles and standards:

- **Build trusting relationships** by engaging frequently, openly and honestly with our host communities, governments and other key stakeholders
- **Understand, promote and uphold fundamental human rights** within our sphere of influence, respecting traditional rights and cultural heritage
- **Create access to an effective grievance mechanism** that can facilitate early indication and prompt remediation
- **Undertake social impact assessments early** in the mine development process to inform our operation's social development plan
- **Minimize the adverse social and economic effects** from land acquisition or restrictions on land use, and improve or restore the livelihoods and standards of living for those adversely affected by mine development

Teranga developed a social management system for the Sabodala mine that is in line with the IFC Performance Standards.

2014 Highlights

In 2014, our community relations team grew with the integration of OJVG employees. At the same time, our zone of influence has more than doubled with the merger of the two mine licenses.

Our focus during the year was to launch and begin implementation of the TDS and to work with newly elected local authorities to better integrate our investments into local and regional development plans. We have liaised with numerous potential partners at the regional, national and international level to collaboratively implement the TDS. Continuous communication on our 78 actions and our development strategy remains a focus.

Teranga continues to promote market-gardening to help achieve both food security and economic benefit and as such lay the foundations of community-based entrepreneurship. In 2013, SGO implemented five market gardens in neighbouring villages, with a sixth market garden developed in 2014. Teranga works with women's associations and partnerships (GIE Koba Club, Regional Network of Women for the Development of Kedougou Region, and USAID-Yajeende) to further improve the socio-economic benefits of these projects.

During 2014 we developed 17 pilot and demonstration farms to demonstrate "intensive agriculture" and to introduce new techniques to help farmers enhance agricultural production.

Finally, in 2014 we initiated a training and development entrepreneurship program in partnership with the Paul Gérin-Lajoie Foundation (PGL) and the Department of Foreign Affairs, Trade and Development (DFATD), a Canadian Ministry. The program aims to train and integrate into the labour market approximately 50–55 young Senegalese aged 16–25 years.



MAMANDING DANFAKHA,
Lassana's Wife

"Before market gardens, we relied on our husbands for all our needs. Now we are not asking for spices or soap. We can buy all this now because of the market garden."

Stakeholder Engagement



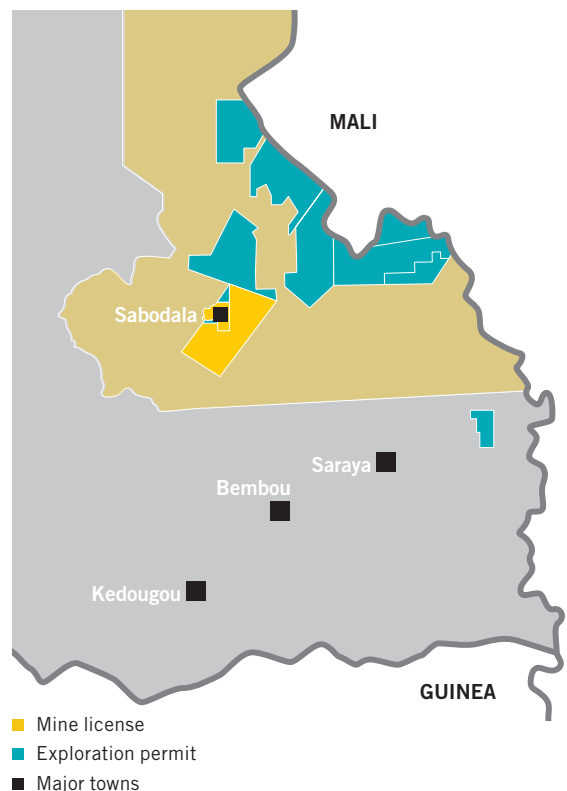
ACTIONS
48, 49, 56–61

UNDERSTANDING OUR ENVIRONMENT

The United Nations Development Program ranks Senegal 154 on the Human Development Index out of 187 countries. Kedougou, the region in which we operate, is one of the poorest regions in Senegal. It is a rural area and the livelihood of much of its population depends on subsistence farming and artisanal gold mining. Over 70 percent of Kedougou's population lives below the poverty line. As Teranga is the largest employer in the Kedougou Region, operating in a remote region comes with responsibilities to our stakeholders to share the benefits of our activities. Our Mine License is now 246km², an increase of 213km², following the acquisition of a neighbouring property. In 2014, we commenced consultations with the villages near our mine operations to better understand their history, organization, demographics, and socio-economic characteristics. The feedback and information collected is being used to further develop our engagement and better integrate in the area where we operate.

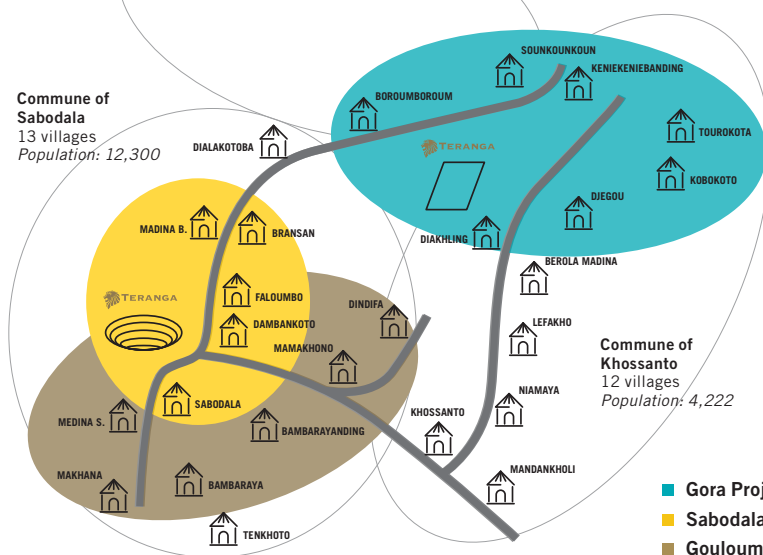
Our level of engagement is dependent on the proximity of our projects to communities and the potential impact of our activities on that community. Each of our projects has an area of influence and what we consider to be a direct footprint comprised of several villages. The villages identified within the specific footprint become our main focus in terms of dialogue and community investment. Beyond the villages within the footprint area, we also work with the two rural communes closest to our operation, Sabodala and Khossanto.

REGIONAL FOOTPRINT



TERANGA'S PROJECTS FOOTPRINTS

Commune of Sabodala
13 villages
Population: 12,300



- **Gora Project:** 7 villages in the direct neighbourhood Population: 2,060
- **Sabodala Project:** 5 villages in the direct neighbourhood Population: 6,000
- **Goulouma Project:** 9 villages in the direct neighbourhood Population: 9,750



FORMALIZING STAKEHOLDER DIALOGUE AT EVERY LEVEL

At the national level the main forum for discussion is the Partners Committee, created under the Global Agreement signed with the Government of Senegal in 2013. The Partners Committee is comprised of members of relevant administrative bodies and Teranga meets annually to discuss the challenges faced by the project and the main progress achieved to date.

Our Framework for Dialogue

In September 2014, a roundtable workshop was organized by the Canadian Embassy in Dakar and attended by Canadian development partners including Teranga. As the region of Kedougou is in the spotlight of local and national development plans, the roundtable aimed at bringing together the Canadian players to review their actions and plans in the region, develop a common understanding of opportunities for collaboration and synergies, and lay the foundations for a common strategy aimed at boosting and supporting the economic and social development of the region.

A multi-stakeholder regional roundtable was originally created in 2012 to serve as the principal forum for discussing and presenting ideas and for seeking and obtaining feedback from various stakeholders with the objective of developing the TDS. This roundtable continues to meet annually to discuss the progress and implementation of the TDS.

At the local and regional level, several forums are in place to facilitate formal dialogue with stakeholders. A monthly social committee chaired by the local authorities includes representatives of different segments of the population, such as women, youth and elders from seven villages around the mine site, the local technical services administration and Teranga community relations representatives. It is an opportunity to engage in dialogue

with local communities and share information. The social committee provides the communities living in our project area with the opportunity to raise issues linked to the Sabodala mine, to discuss potential solutions and to identify community development initiatives.

In 2014, we started to implement village development committees to reinforce communication and dialogue at the village level.

Our Framework for Dialogue





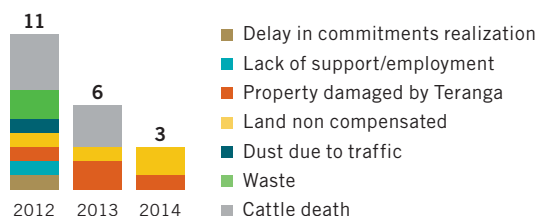
DONDO CAMARA

Senior Community Relations Officer,
Sabodala Gold Operations

ADDRESSING CONCERNS AND DEVELOPING OUR ACTIVITIES THROUGH DIALOGUE

In line with our commitment to endorse the International Finance Corporation (IFC) Performance Standards, we have developed grievance process through which communities can raise concerns and complaints relating to Teranga's activities. A grievance form can be obtained from the community relations officers, the village chiefs or the local administration, and assistance is provided to complete and return the form.

In regards to our resettlement activities, we have implemented a negotiation forum which includes representatives from the local and regional communities. There is one forum in place in every village dealing with each land take affecting the village.



“A mine coming to town is a big thing because people have work, they get a salary and are also supported with community projects.

My role is to go to the village, understand the community and bring back to the projects, and also take information from the projects to communities. We had many consultations before people understood the reason and also the new opportunity in the new area.”

Resettlement



ACTIONS
21, 22, 77

Teranga is committed to transparency and strong partnership with the local communities and the government as it relates to resettlement and economic displacement resulting from the development of its operations.

OUR APPROACH

Mines require land to develop their projects. Often this land is already occupied, either by economic activities (such as agriculture) or by physical settlements, and acquisition of that land by a mining company can displace those activities. Displacement can cause significant hardship for affected

communities, but we see land acquisition as one of our potential development levers. We believe that, implemented appropriately, land acquisition in support of mining operations can contribute to an improvement in the living conditions, livelihoods, economies, and quality of life of the affected people. In 2012, with the assistance of rePlan, a specialized Canadian international consulting firm, Teranga developed a Livelihood Restoration and Resettlement Policy (LRRP).

For the full LRRP, please visit www.terangagold.com.

The LRRP provides a detailed description of our approach to the livelihood restoration and improvement associated with land acquisition. It has been designed to meet and exceed international standards set by the IFC and industry best practices. The LRRP also outlines Teranga's approach to stakeholder engagement and grievance mechanism principles, and defines eligibility and entitlements. rePlan continues to assist us in monitoring our LRRP commitments.

The LRRP includes four types of compensation for communities and people affected by land takes:

- i) Land-for-land compensation: we are committed to replacing the displaced land with land of a similar size and quality at the location of their will
- ii) Financial compensation: aims to compensate for the loss of access to land or infrastructure, and to compensate for the delay of return of the new land; cash compensation being limited to the cost of land preparation or the direct loss in production

iii) In-kind compensation: aims to reduce the impacts of resettlement.

It involves the planning, design and development of replacement assets to compensate for those lost to the project, including but not limited to land, housing, community facilities, and infrastructure

iv) Livelihood restoration and improvement compensation: includes developing income-generation projects for the communities affected in order to diversify their income sources and to maintain their livelihood

OUR PERFORMANCE

In 2014, Teranga pursued the implementation of its LRRP and applied the compensation framework for a land-for-land resettlement initiated in 2013. Only one overall resettlement was initiated in 2013 and it was completed in 2014.

For the development of the Masato deposit, included in the OJVG Environmental and Social Impact Assessment (ESIA), we decided to set up an information forum including the villages of Sabodala, Faloumbo and Mamakhono to discuss further potential community investment.

Since the Masato deposit on our Mine License has no active CSR activities, and in complying with our commitment specified in the TDS and LRRP, we offered to implement a fund to develop community infrastructures and activities for the three villages impacted. This fund will be administrated by the representatives of the communities in partnership with the local authorities and Teranga. Discussions are ongoing as we work collaboratively to gain acceptance in principle and to implement the fund.

PROJECT		IMPACTS				COMPENSATIONS				POST RESETTLE- MENT AUDIT
Name	Start date	Type of land	Surface (ha)	# of villages	# of households impacted	Land allocation	Financial compensation	In-kind compensation	Livelihood projects	
North East Waste Dump	End of 2013	Agricultural (active)	77.76	2	26	2014	2014	2014	None	No

The mitigation measures implemented in the frame of our resettlement activities are included in the Investing in the Community section of this Report.



Artisanal Small-Scale Mining

The inception of the Sabodala operations has led to the immigration of artisanal miners to the near-mine area, including an increase in the number of illegal miners. Mining companies can and should work together with traditional artisanal small-scale miners (ASM) that follow the mine code as it pertains to their activities. The presence of illegal miners continues to present a challenge to the national, regional and local governments, the communities and the environment, as well as entire mining industry mainly because of concerns surrounding poor environmental, health and safety practices; the spread of communicable disease, child and forced labour; inequitable distribution of benefits in communities; and an illegal trade in minerals. We believe that an equitable and sustainable solution to ASM can be found through an open dialogue between the government, the local communities, the artisanal miners and the mining companies.

ASM has been a traditional livelihood activity in our focus area since before European colonization. The importance of artisanal mining has increased significantly in the past few years because of the discovery of new commercial deposits in Senegal. The increase in artisanal mining activity has also resulted in a decrease in farming activity in many villages, as mining is seen as potentially more lucrative and thus absorbs much of the available labour. ASM attracts a disproportionate number of men, but women and children are also engaged.

The Kedougou Region has historically hosted traditional artisanal mining. Artisanal miners typically use a variety of unsophisticated tools and methods for basic mining and processing that have been adopted and disseminated by entrepreneurs, without the intervention of any project or government program. In recent years, the Kedougou Region registered a significant influx of artisanal miners from bordering countries such as Mali and Guinea.

These migrant workers brought with them new equipment, tools and processing techniques. As a consequence, the traditional methods are being replaced increasingly by semi-industrial activities, using explosives, mercury and cyanide, and mining up to 40m in depth. It should be noted that these unauthorized semi-industrial mining activities are very unsafe, and have no regard for the environment in addition to being illegal under Senegalese law. The Senegalese mining code does recognize ASM activities as long as the individuals are regularly registered with the Ministry, which is not the case with much of the ongoing activities mentioned above.



In 2014, the Government of Senegal took an important step to better control and regulate artisanal mining activities.

The government established ASM corridors in specific areas after significant consultations with mining companies. In total approximately 58.27km² of exploration land was relinquished for the establishment of the artisanal corridors.

In addition to the artisanal mining corridors the government formalized the artisanal mining process by launching artisanal mining cards to register all artisanal miners.

Later in the year, the government implemented a ban on ASM activities for the Kedougou Region with the intent of encouraging its people to return to agricultural activities for the rainy season.

These decisions were important to better address the adverse effect ASM has on health and safety and the environmental and social impact on our host communities. The impacts that can be directly caused by artisanal mining activities are various, including uncontrolled uses of toxic chemicals, unsafe labour practices, and the use of child labour. Furthermore, the broader impacts from the increased migration place pressure on local infrastructures, stimulate the clearing of vegetation, and also contribute to an increase in the HIV rate.

The ban of ASM has put more pressure on the communities, as this activity is a source of income for communities in one of the poorest areas of Senegal. The ban of ASM created an opportunity for mining companies to propose and implement income-generating alternatives to artisanal mining activities. We are striving to implement alternate stable sources of income for the affected communities involved in artisanal mining in the past.

Some artisanal mining activities are still ongoing in the Region.

Investing in the Community

We believe that beyond our annual commitment to the social fund, our activities are fundamental to the socio-economic development of the region and the local communities surrounding our operations.

OUR APPROACH

In order to better measure our impact on the local communities, we measure community investment in financial terms (as described in the Economic section of this Report) and also strive to assess the real impact that our activities have on the local communities in which we operate.

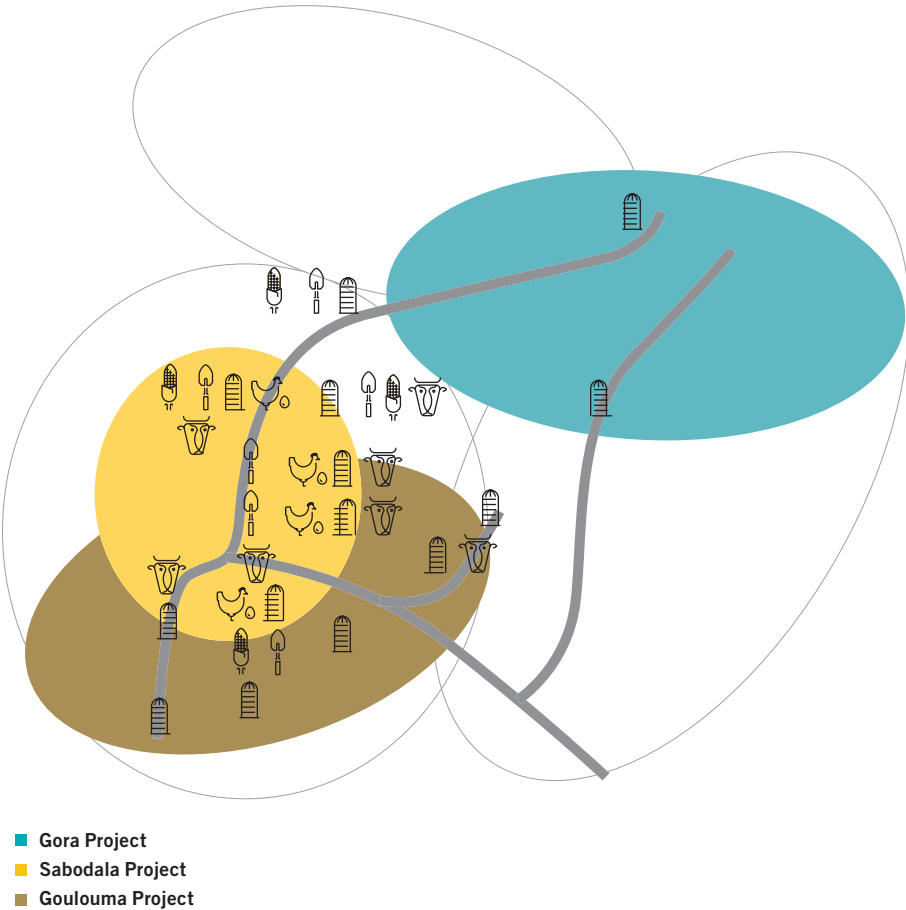
Our main objective as a company is to provide the communities with infrastructure, projects and tools that are sustainable and that will improve the livelihood of a community throughout and beyond the life of mine. We want members of the communities to take ownership of the investments we make with an entrepreneurial spirit, and to improve their livelihood by developing independent initiatives, with Teranga providing the needed support.

AGRICULTURE AND FOOD SECURITY

The Government of Senegal has defined Kedougou as a priority region for development. As such, agriculture and food security is a key element of our resettlement and livelihood restoration framework. We have invested heavily in the development of income-generating activities and agricultural practices.

OUR DIRECT FOOTPRINT

At the local level, our efforts focus on the development of market gardens and the improvement of agricultural techniques to enhance production.



6 MARKET GARDENS IN 6 VILLAGES

- 3 fully producing gardens
- 3 partially producing gardens
- 73.3 tons produced (20 tons consumed and 53 tons sold)
- 453 women involved



17 PILOT FARMS AND DEMONSTRATION FARMS

- Improved agricultural techniques
- 7,322kg of corn produced on 8ha
- 1,078kg of peanuts produced on 4ha
- A 7ha demonstration farm run by the Company to teach improved agricultural techniques



13 GRAIN MILLS MAINTAINED

- Reducing women's workload



16 INDIVIDUAL & 1 VILLAGE POULTRY FARM

- 886 chickens produced in 3 months
- A test phase for egg farming



CATTLE HEALTH AND BREEDING

- For cattle, 4 drinking facilities with guardians
- Cattle vaccination campaign in 7 villages



KADIDIA DOUCOURÉ

President, Kedougou Women's Organization

“In the beginning the women had nothing. They worked from morning to night and had no time for the children.

They had no time to take care of their husbands or even themselves. When Teranga Gold came, they asked the women, ‘What is your biggest need?’ Each morning they were pounding grain. The women indicated the need for a grain mill and the Company provided grain mills for all the villages. Now the women are not crushing grain by hand and the time they save is for them.”

Karite Diema: Initially funded through the OJVG social fund, this project supports shea butter production to increase revenue generation for the Kedougou, Saraya and Salamata regions. The official launch of the project, with the participation of the Ministry of Mine and Environment, took place in November 2014.

BENEFITS TO THE KEDOUGOU REGION AND BEYOND



ACTIONS 28–32, 73–76

At the regional level, Teranga is working to improve agricultural techniques and food security. To do so, we have developed several partnerships with regional associations and participated in several projects.

GIE Koba Club: In 2014, Teranga continued its partnership with the Kedougou Women Promotion Association. Several women's associations sell their agriculture production to the GIE Koba Club, which employs 100 women, to be processed and sold at the local, regional, national and international markets.

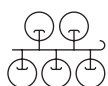
Regional Women Network for the Development of Kedougou: Teranga continued its partnership with this regional network to build capacity of women's associations in the region, promote income-generating activities and finance projects related to food security and income generation. The network incorporates more than 100 women's associations in the Kedougou Region.

INCOME GENERATION – MARKET GARDENING

73.3 tons produced in 2014 in 3 market gardens including: (in tons)



14.7
onions



16.8
tomatoes



6.5
okra



11.9
bitter
eggplant



10.7
cabbage



6.9
lettuce



4.4
eggplant



1.5
chili

30%

consumed by
households over
6 months.

70%

sold on
the local markets.

= Improved household nutrition and a potential alternative to artisanal mining

YOUTH EDUCATION AND TRAINING

Another priority for Teranga is to develop youth and encourage training and skill development.

OUR DIRECT FOOTPRINT

Institutions surrounding education are typically administered by the communities and therefore Teranga works closely with local administrations to implement community investment initiatives in these areas.

EDUCATION



Educational material provided to the elementary schools of Sabodala Rural Commune

- School kits
- 13 elementary schools benefiting 1,846 students



Enhanced and restored school facilities to keep children in school

- Construction of toilets at Sabodala high school and Faloumbo elementary school
- Water borehole in Mamakhono elementary school
- Fencing around Faloumbo elementary school

BENEFITS TO THE KEDOUGOU REGION AND BEYOND



ACTIONS 18–20, 38, 39

Teranga is continuously working to provide access to better education by supporting several programs in the region.

Rehabilitation of the Departmental Center for People Education and Sport (CDEPS):

The CDEPS is a multi-purpose centre in Kedougou dedicated to youth activities. The facility hosts numerous youth events, meetings and workshops. In 2014, Teranga contributed to the full refurbishment of this centre to offer better facilities for the Kedougou communities and their activities.

Construction of a documentation and information centre: A documentation and information centre for the Academic Center for Scholar and professional orientation in Kedougou was built and equipped by the Company in 2014. The mission of this centre is to inform and facilitate students in their career development and to develop partnerships with structures to benefit the students. The centre also assists students and job seekers in the development of their professional career plan.

Promoting higher education for Kedougou students: Teranga continues to fund several accommodations for Kedougou students studying in Dakar. Approximately 120 students are benefiting from this student housing program. Our annual commitment is \$58,000, which will increase by another \$40,000 in 2015 from our CSR social fund, benefiting to 200 students.

Skill development programs: During 2014, Teranga evaluated the skill development programs that it has been supporting for seven years. The aim was to assess how we can improve the program outcomes and benefits for Kedougou students, the mining industry and Senegal. We currently have five on-site training programs for approximately 24 students at the Sabodala plant, environmental department, occupational health & safety department, power station and the Sabodala Mining Company. In co-operation with the Earth Science Institute, we have also funded one grant for a graduate dissertation with research topics linked to mining. As part of our international bursary program, we provided grants to four students from the Kedougou and Tambacounda regions to study abroad.

HEALTH SERVICES

Fostering child and maternal health is another key focus Teranga identified for the region.

OUR DIRECT FOOTPRINT



Malaria spray program

- 14 villages sprayed bi-annually
- Benefiting 12,910 persons



Sabodala Health Post ambulance

- Maintenance and fuel support for the ambulance



Medicine donations

- For the health post of Sabodala and Khossanto



Diakhaling health post

- Health post built in 2014 with housing facilities for the staff

BENEFITS TO THE KEDOUGOU REGION AND BEYOND

Teranga is continuously working to improve health services by supporting several programs in the region.

Health infrastructure in the region: In 2014, Teranga supported the departmental hospital of Saraya by establishing connection to the national electricity grid. This was the last barrier preventing the hospital from opening. In addition, we financed the construction of a pediatric facility for the hospital in the regional capital of Kedougou, which became operational in 2014.

Women's World Health Initiative (WWHI) Project: OJVG financed a test phase of the WWHI project in the Saraya departmental hospital. The project objective was to improve the health and well-being of pregnant women by wider consultation, nutrient support, and creating a better awareness and treatment of anemia. Teranga continued this effort in 2014.

SUSTAINABLE ECONOMIC GROWTH

To achieve sustainable economic growth in the region, we have committed to several actions and commitments outlined in the various sections of this Report. Beyond these commitments, a part of our community investment is dedicated to achieving sustainable economic growth with a focus on supporting local governance and planning and on increasing basic social infrastructure, such as potable water sources.

OUR DIRECT FOOTPRINT

LOCAL GOVERNANCE AND PLANNING



Sabodala community radio

- Building and equipping Sabodala with a community radio station



Support to Khossanto commune

- Financial support to fund the commune's participative budget (10 percent allocated by Teranga)

ACCESS TO WATER



Water supply system

- Transfer of Sabodala water supply system from fuel power to solar power to ensure sustainability and autonomy
- Construction of the Bransan and Madina Bransan water supply system



Water supply pump

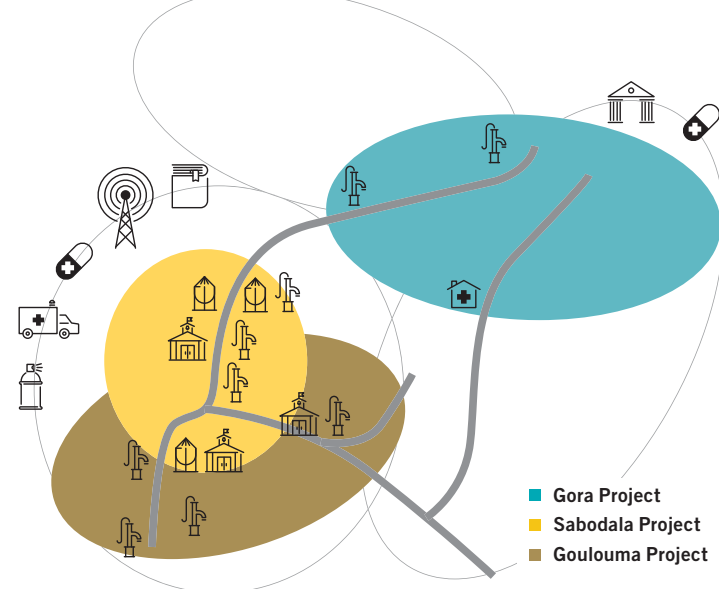
- Construction of several boreholes in the area
- Maintenance of manual pumps and water boreholes in the villages

DONATIONS AND PHILANTHROPY

Beyond our social fund commitment, Teranga is supporting the local communities and administration through donations. These donations are mostly provided through religious and social events.

2015 Objectives

OBJECTIVE	KEY PERFORMANCE INDICATOR	PRIORITY
Continue to improve the involvement of stakeholders in the prioritization of our investments and in the management of the social fund	• Collaborate with local and global partners on socio-economic development	Mid
Develop new mining projects with the support of communities	• Number of grievances • Acceptance of new projects	Long
Continue to implement actions detailed in the TDS	• Number of actions completed • Organize a multi-stakeholder roundtable to discuss the progress on implementation of the TDS specific actions	Long Short
Increase income-generating activities for the local population	• Enhancement of agricultural activities and local business initiatives	Long



BENEFITS TO THE KEDOUGOU REGION AND BEYOND

Secretariat office of the Kedougou disabled women association:

Teranga provided the association of disabled women in Kedougou with necessary supplies and equipment for their office.

Support to the ethnic minorities association in Bandafassi: We believe that culture and heritage are very important themes in socio-economic development. In 2014, we supported the Ethnic Minorities Association of Kedougou for the opening of the Cultural Heritage Center in Bandafassi, an information and tourism centre developed in partnership with UNESCO.

Cotton Initiative: Teranga is exploring ways in which the cotton industry in Senegal can be revitalized as a means of generating long-term sustainable economic development. In 2014, Teranga hired a global expert to conduct in-country due diligence of the textile value chain and assess the potential development of a "seed to shelf" value chain initiative. A steering committee was also established consisting of local industry players, members of government, and African textile association representatives to oversee the capital requirements and the development and implementation of a possible test phase in 2015.

United Nations Industrial Development Organization (UNIDO):

Teranga and UNIDO continue to work together on establishing a project aimed to develop small and medium enterprises in the Kedougou Region. A collaborative program will be finalized in 2015.

ADDITIONAL PERFORMANCE INDICATORS

PILLAR	THEME	INDICATOR	UNITS	2014	2013	2012
Economic Contribution	Economic contribution to Senegal	Total contributions to Senegal (of which):	\$000s	156,374	153,386	145,055
		• Total payment to government	\$000s	24,193	22,725	17,445
		• Total local payroll	\$000s	7,266	4,297	3,923
		• Total local procurement	\$000s	124,041	125,543	122,882
		• Total CSR contributions	\$000s	874	821	805
	Institutional support	Local Institutional support	USD	61,955	47,815	50,548
		Direction of mines and geology support fund	USD	456,000	200,000	200,000
		Ministry of Environment support fund	USD	106,000	-	-
	Procurement*	Foreign suppliers	\$000s	32,498	43,212	66,699
		Local suppliers (registered in Senegal) total:	\$000s	124,041	125,543	122,882
		• Including subsidiaries of foreign companies	\$000s	96,514	97,563	94,969
		• Including suppliers with more than 50% capital from Senegal	\$000s	27,527	27,981	27,913
	Local procurement by sector*	Utilities	\$000s	56,604	55,295	52,646
		Mining services & Mining equipment	\$000s	34,033	36,623	41,713
		General trade	\$000s	7,931	7,354	8,506
		Transport and Logistics	\$000s	5,854	6,752	6,592
		Staffing	\$000s	10,080	9,586	7,795
		Other B2B services	\$000s	3,599	2,186	2,218
		Industrial equipment, spare parts and maintenance	\$000s	3,735	5,131	1,123
		Vehicles: rental, spare parts and maintenance	\$000s	714	1,024	1,087
		Construction	\$000s	1,331	1,574	842
		Various	\$000s	160	18	0
	Social fund	Total social fund (of which):	USD	844,228	496,422	470,952
		• Water and sanitation	USD	172,770	92,896	95,603
		• Income generation	USD	137,077	45,632	30,612
		• Health	USD	173,794	104,893	80,062
		• Education	USD	144,147	230,244	216,638
		• Governance and local planning	USD	206,880	15,572	25,431
		• Sport & culture	USD	9,560	7,185	22,606
	Donations	Donations	USD	29,773	84,254	62,675
Our People	Workforce profile	Number of employees	Units	1,061	957	956
		Women in the workforce	Percent	9	10	11
	Origin of employees working in Senegal	Employees from Sabodala area	Percent	31	28	26
		Employees from Kedougou Region	Percent	13	12	10
		Employees from Tambacounda Region	Percent	8	6	NC
		Employees from elsewhere in Senegal	Percent	41	42	55
		Expatriates	Percent	9	10	9
OH&S	Learning and development	Employees benefiting from an annual performance review	Percent	100	100	NC
		Hours of training per employees	Hours/employee trained	3	3	2
	OH&S Management	Overall rating of HSE management system external audit	Percent	67	59	53
		Workforce represented in joint management worker OH&S committee	Percent	100	100	100
	Key lagging indicators	Fatalities	Number	0	0	0
		Lost time injury rate	LTI per million hours worked	0	1	2
		Total incidents	Number	396	347	374
		Occupational disease	Number	0	0	0

PILLAR	THEME	INDICATOR	UNITS	2014	2013	2012
Environment	Compliance	Environmental incidents	Number	7	10	25
		Environmental fines	Number	0	0	0
		Total inspections	Number	28	24	34
		Non-compliances reported	Number	39	38	61
		Non-compliances addressed by the end of the year	Number	33	29	46
		Percentage of non-compliances addressed	Percentage	85	76	75
	Climate change	CO ₂ emissions (power station)	Tons	78,756	77,201	63,953
	Energy use	Electricity use	kWh	127,655,285	123,895,476	102,266,616
		Oil Fuel 180 (KG) HFO	Litres	29,277,438	26,838,721	21,710,010
		Gasoil LFO	Litres	19,958,573	21,756,909	22,529,184
		Fuel consumed (mining)	Litres	18,257,730	20,008,954	19,968,360
		Electricity efficiency	kWh/ tons milled	0.88	0.90	1.09
		Fuel consumption efficiency (mining only)	Litres / tons mined	0.62	0.57	0.69
	Water use	Water use (raw water & recycled water)	m ³	4,715,133	4,277,136	4,071,648
		Water withdrawal (from our dams)	m ³	2,815,276	2,702,372	2,709,235
		Volume of recycled water	m ³	1,899,858	1,574,764	1,362,413
		Water recycling rate (whole site)	Percent	40.3	36.8	33.5
		Water recycling rate (process only)	Percent	59.4	55.6	52.7
	Raw material usage	Sodium Cyanide	Tons	1,156	1,002.60	1,016.95
		Sodium Hydroxide	Tons	152	134.78	132.78
		Flocculents	25kg bags	2,280	2,130	1,694
		Hydrochloric acid	Tons	125	155.20	126.28
		Carbon activated	500kg bags	118	105	126
		Borax	25kg bags	107	65	117
		Sodium Nitrate	25kg bags	NA	7.00	2.00
		Lime Quick Calcium Oxide	Tons	4,755	4,334	3,721
		Sulfamic Acid	25kg bags	6	20	123
		Antiscalant	Drum	200	177	91
		Lubricants	Liters	708,419	772,064	626,875
		Grease	KG	53,076	56,483	39,213
	Rehabilitation	Surfaces rehabilitated (cumulative)	hectares	15.00	12.0	11.0
	Waste	Used oil	Liters	711,000	459,000	450,000
		Sludge	Liters	0	167,000	160,000
		Used drums	Container	5	3	2
		Used grease	Container	1	1	0
		Used rags	Container	4	2	0
		Used cartridges	Units	176	130	0
		Used batteries	Units	200	0	0
Community	Stakeholder engagement	Formal grievances (of which):	Number	3	6	11
		• Delay in commitments realization	Number	0	0	1
		• Lack of support / employment	Number	0	0	1
		• Property damaged by Teranga	Number	1	2	1
		• Land non compensated	Number	2	1	1
		• Dust due to traffic	Number	0	0	1
		• Waste	Number	0	0	2
		• Cattle death	Number	0	3	4

FOOTNOTES: * 2013 NUMBERS WERE RESTATED DUE TO A CHANGE IN OUR CALCULATION METHOD.





Glossary of Terms

ASM	Artisanal Small-Scale Mining
CO ₂	Carbon Dioxide
CSR	Corporate Social Responsibility
DD	Diamond Drilling
ESIA	Environmental and Social Impact Assessment
ESMMP	Environmental and Social Management and Monitoring Plan
TSF1	Existing Tailings Storage Facility
TSF2	New Tailings Storage Facility
EITI	Extractive Industry Transparency Initiative
FFW	Fit for Work
FCP	Foreign Corrupt Practices
GRI	Global Reporting Initiative
HSE	Health, Safety and Environmental Management System
HFO	Heavy Fuel Oil
HR	Human Resources
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation
LFO	Light Fuel Oil
LRRP	Livelihood Restoration and Resettlement Policy
MSG	Multi-stakeholder Group
NGO	Non-governmental Organization
OHS	Occupational Health and Safety
OJVG	Oromin Joint Venture Group
PAP	Project Affected Persons
RSE	Responsabilité Sociétale de L'Entreprise
RC	Reverse Circulation
SMC	Sabodala Mining Company
SME	Small and Medium Enterprise
TDS	Teranga Regional Development Strategy
ZIP	Zero Incident Process



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