



CELEBRATING 10 YEARS OF

# THE SABODALA GOLD MINE



# Message from the General Manager

**It is very satisfying – and a point of pride – to witness the progress of the Sabodala community alongside the development and operation of the Sabodala gold mine over the last 10 years.**



*Aziz Sy, General Manager, SGO*

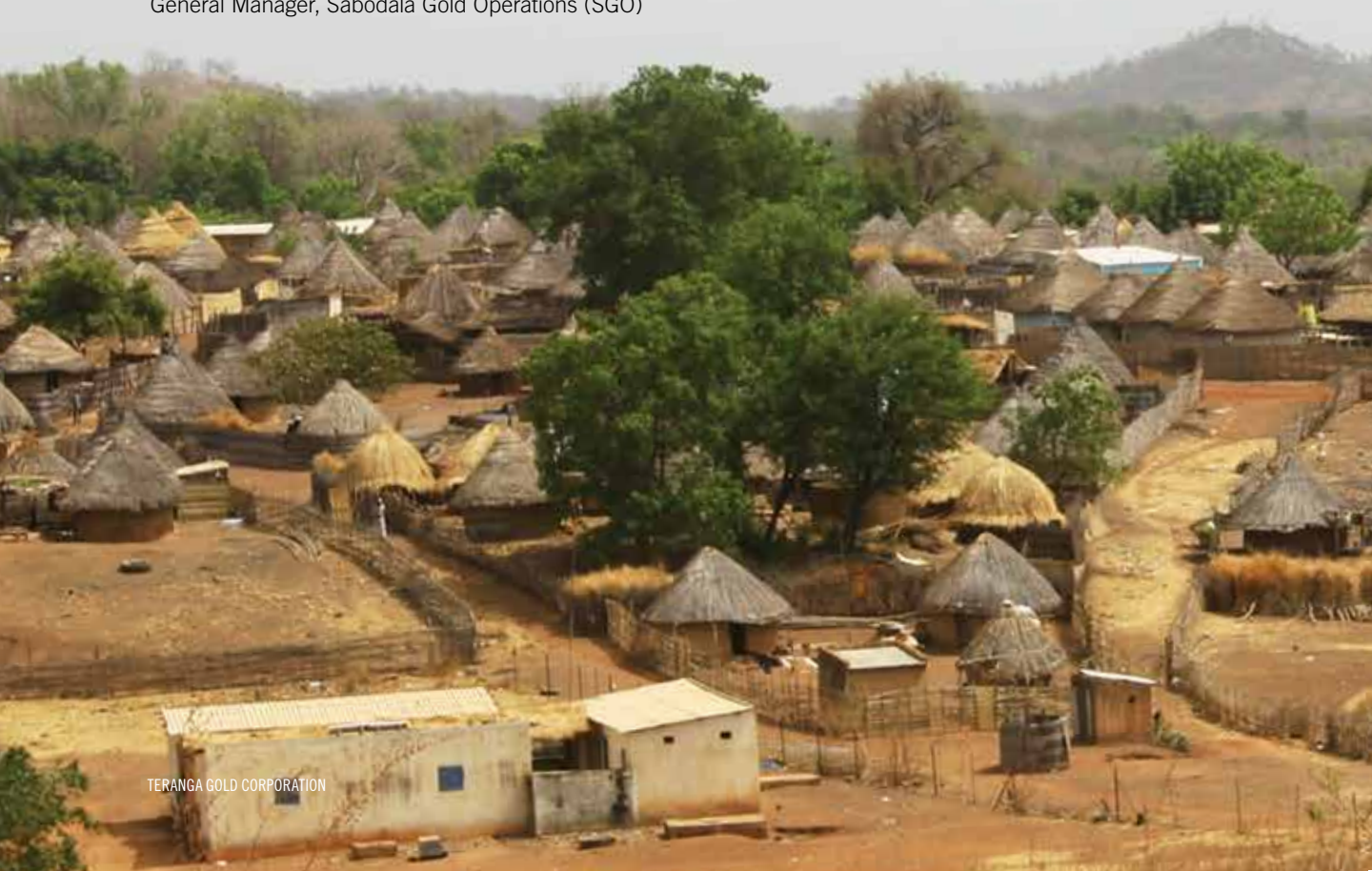
During the last decade, we at Sabodala have put Corporate Social Responsibility (CSR) at the centre of all our decisions regarding where we go and how we grow. We have invested nearly \$18 million in the region surrounding our operations, focusing on education, health, water and sanitation, income generation, sport and culture, and other local development programs. We work with the communities to identify what their priorities are and look at how we can help them achieve these goals. These are not our goals, but theirs.

Late last year, the Board of our parent company, Teranga, had the honour of visiting the Mamakhono village, where they were greeted with a tremendous celebration, including singing and dancing by an overwhelming number of members of the village. In my capacity as a general manager of a mining company, nothing is ever as moving as the heartfelt show of appreciation by our communities for the positive impact we have made on their lives. This recognition is what motivates us to do better each year, and we thank our communities for collaborating with us and contributing to our efforts on this front. I would also like to thank and congratulate all of our employees and partners, particularly our community team, who invest so much time and energy in addressing and satisfying our communities' needs and in making our social programs and initiatives so popular and successful.

We hope this anniversary insert illustrates the achievements and determination of the team on the ground and in our group headquarters in Toronto, who have been working collaboratively with our local communities and governments over the years to make a positive impact on the people and the region.

Aziz Sy

General Manager, Sabodala Gold Operations (SGO)



# *A Bit of* HISTORY

## THE SABODALA MINE

The Sabodala gold deposit was discovered by the Bureau de Recherches Géologiques et Minières (BRGM) in 1961. Located in southeastern Senegal, 650 kilometres from Dakar, Sabodala is situated in the Mako Greenstone Belt and lies within the west Birimian gold province, host to some of the world's largest gold deposits.

Between 1961 and 1998, BRGM, SMS (Société Minière de Sabodala), Soviet-Sénégal Mission, Paget Mining Ltd., and Eximcor-Afrique SA conducted exploration programs on the deposit including geological mapping, geochemical sampling, trenching, drilling, metallurgical studies and limited exploitation.

Additional exploration activity continued until 2004, when Mineral Deposit Limited (MDL), an Australian exploration company, acquired the rights to develop the Sabodala gold mine. MDL progressed the Sabodala gold project from exploration to construction, and then into operation between 2004 and 2010, having received the mining concession in 2007 by decree of the President of Senegal.

Construction and development of the Sabodala gold mine and plant occurred throughout 2008. At the time of construction, SGO was the first and only gold mine – and just the second major mining operation – in Senegal's history. Its first gold pour took place in March 2009.

*Located in southeastern Senegal, Sabodala is situated in the Mako Greenstone Belt and lies within the west Birimian gold province.*



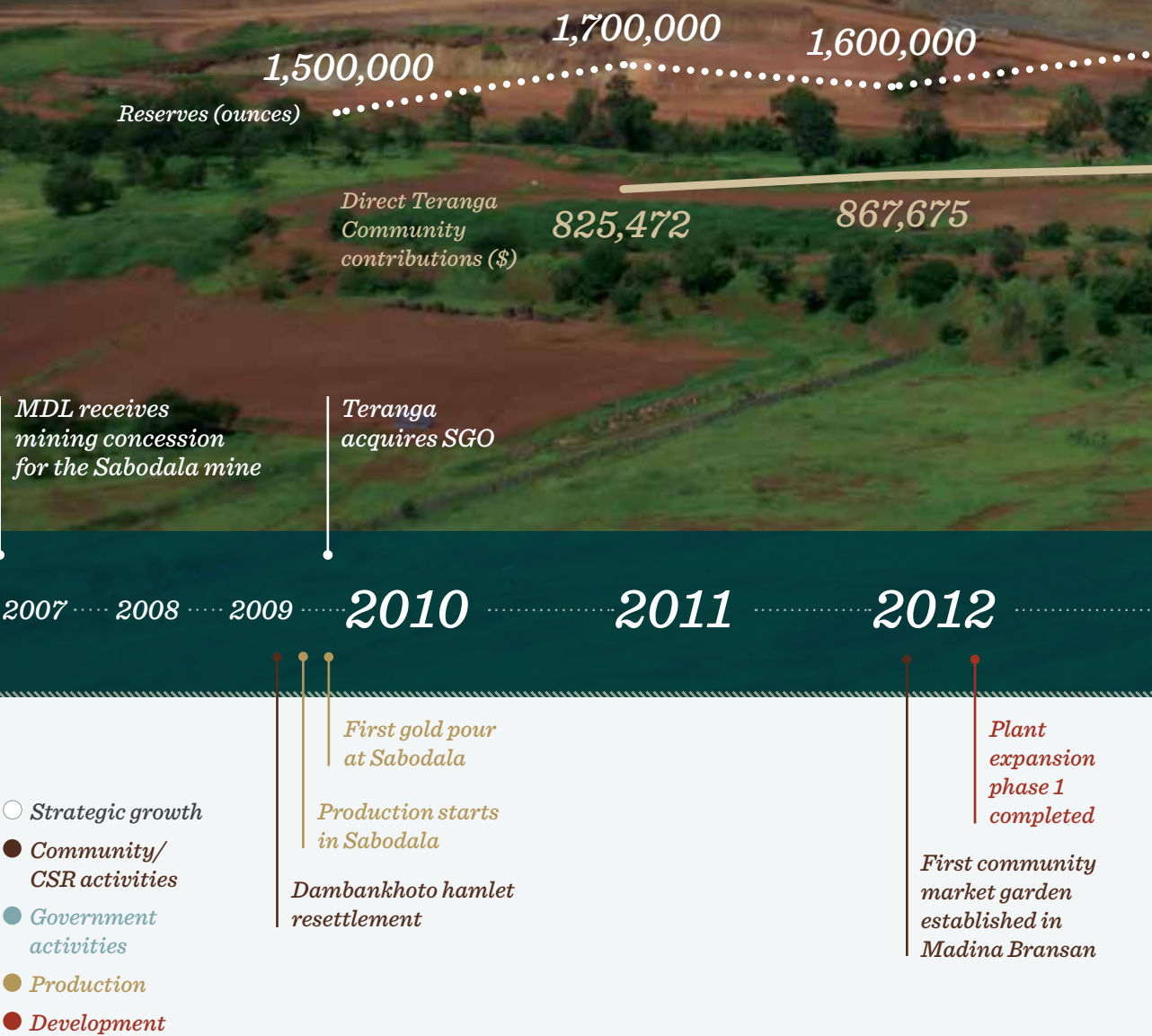


A Bit of History

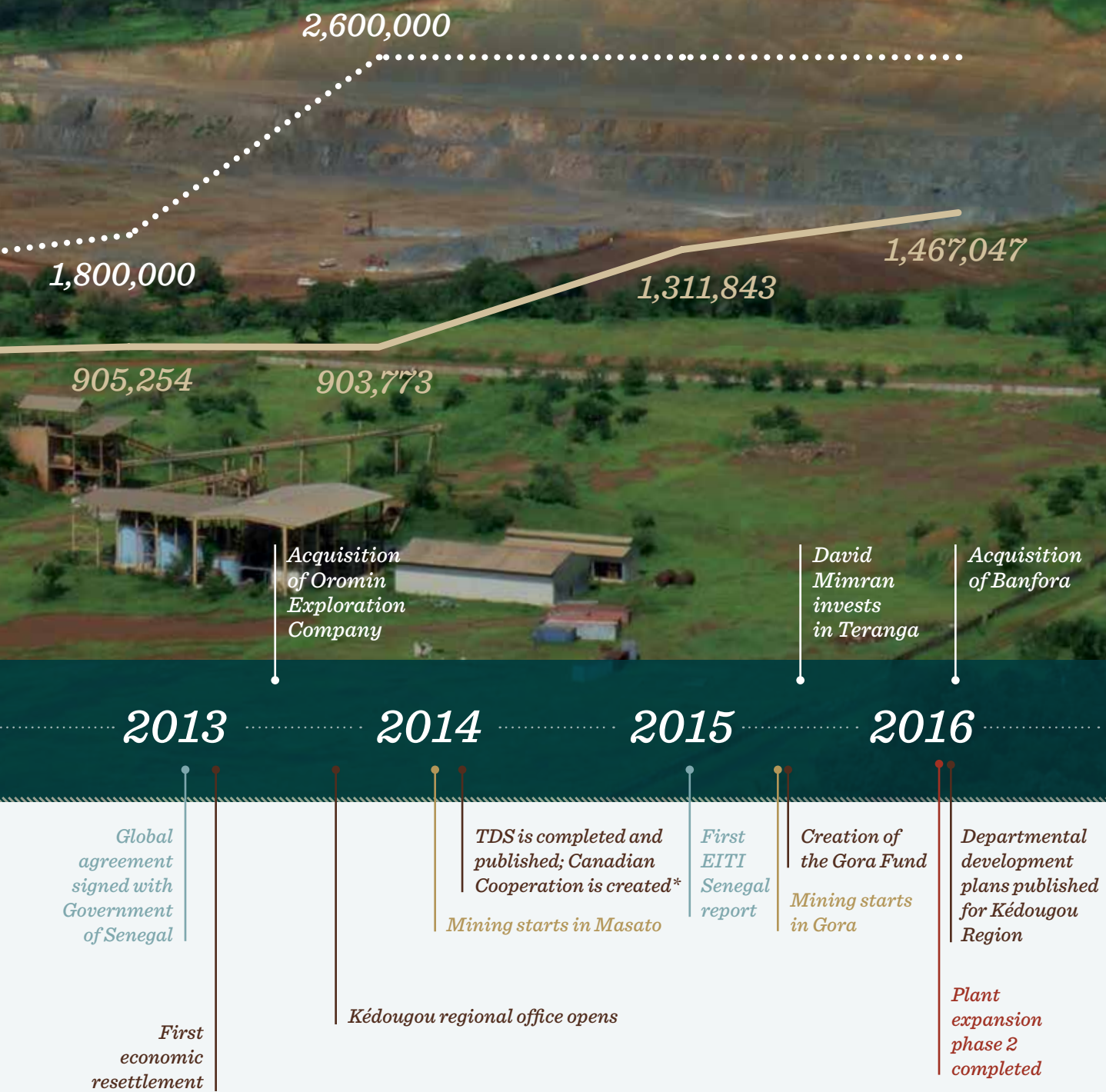
In November 2010, Teranga completed the acquisition of SGO and a regional exploration package following a restructuring of Mineral Deposits Limited (MDL).

In 2013, Teranga acquired the exploration company Oromin, which held adjoining mining concessions to SGO, thereby adding additional reserves and resources to its portfolio. Sabodala pit mining continued throughout this period, with additional mining of the Masato deposit in 2014 and of the Gora deposit in 2015.

As at December 31, 2016, SGO had produced a cumulative 1,471,703 ounces of gold.

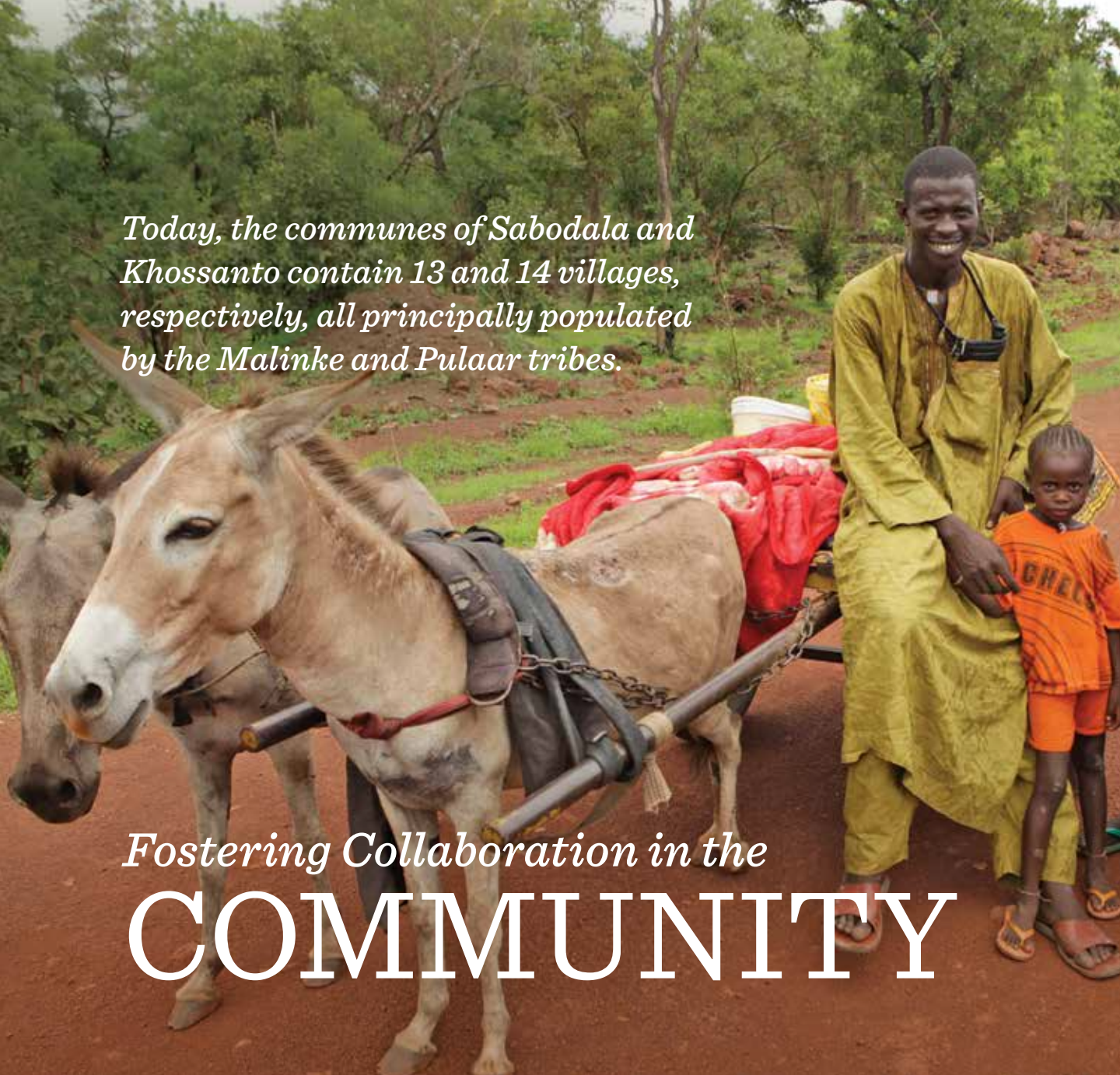


At the time of its construction, Sabodala was the first and only gold mine – and just the second major mining operation – in Senegal’s history.



\* TDS: Teranga Regional Development Strategy



A photograph of a smiling man in a yellow robe standing next to a donkey. A young child in an orange shirt is standing next to the man. The donkey is harnessed and appears to be pulling something. They are on a dirt path with trees in the background.

*Today, the communes of Sabodala and Khossanto contain 13 and 14 villages, respectively, all principally populated by the Malinke and Pulaar tribes.*

## *Fostering Collaboration in the* **COMMUNITY**

### **THE DEVELOPMENT OF THE KÉDOUGOU REGION**

The Sabodala gold mine is located in the Kédougou Region, Department of Saraya, Arrondissement of Sabodala, which includes the Sabodala community.

The Sabodala community moved at least three times in its history before settling at its current location in 1941. Prior to the mining boom, Sabodala Village was very isolated, relying predominantly on local subsistence agriculture and husbandry.

With the advent of the mine's construction and development, Sabodala Village transformed from a small village to an energetic regional administrative hub, created in 2008 as part of the reconfiguration

of the Kédougou Region. It became the local capital responsible for social and administrative services, replacing the nearby historical hub of Khossanto. It subsequently became a commune in 2014 as part of the Senegalese regional decentralization process.

Today, the communes of Sabodala and Khossanto contain 13 and 14 villages, respectively, all principally populated by the Malinke and Pulaar tribes. These near-mine communities are centres of activity for job seekers, tradespeople, and many of our employees who reside there.





## RESTORING RELATIONSHIPS AND EXPANDING THE COMMUNITY DEVELOPMENT FOOTPRINT

Prior to the arrival of the Sabodala mine, Sabodala Village residents had lived through several rounds of prospectors and explorers, none of whom necessarily had a long-term interest in the Sabodala region or community. To be successful in our mining activities, we knew that Teranga needed to earn the trust of the residents, and invest in the community transparently and with careful consideration given to the needs of the various stakeholders.

In 2010, as SGO ramped up production activities, most of the community development efforts were concentrated on the villages surrounding the mine: Sabodala Village, Faloumbo, Dambankhoto, Bransan and Madina Bransan. Regular consultations were also held with other nearby villages in conjunction with SGO's exploration activities. It was also during this period that SGO helped Sabodala Village reach the status of administrative hub by providing support for the development of social and administrative infrastructure including a health post, a kindergarten school, an elementary school and local administration.

In 2010, with the discovery of the Gora deposit, we expanded our community development footprint to include the communities within the Khossanto Commune, the historical hub of the region. Khossanto is still the home of several administrative services, such as the only lycée in the area, which was built by SGO.



*Since the inception of the mine, SGO has contributed to better access to social services and infrastructure. Water is a good example; more than 50 boreholes were built as well as water supply systems for four villages in the area.*



*Women play a key role in the development of the communities. This is the reason why, beyond our development priorities, our actions always target vulnerable populations such as women and children.*

DEVELOPMENT PRIORITIES  
FOR THE KÉDOUGOU REGION



*Agriculture and  
Food Security*



*Youth Education  
and Employment*



*Sustainable  
Economic Growth*

ESTABLISHING A FRAMEWORK

As the extent of SGO’s regional mine development activities grew, we became increasingly motivated to formalize our approach of engaging with stakeholders at the local and regional level in order to ensure a coordination of activities and to help establish a framework for sustainable development in the region.

To achieve this, proper development planning at the local and regional level needed to occur. In 2014, SGO launched the Regional Development Strategy, with the support of rePlan (now ERM), to create a document that would set the vision for the long-term development of the region of Kédougou.

Through 18 months of consultation with all relevant stakeholders, the development priorities for the region were defined, along with 78 action items to guide SGO’s support of socio-economic development in Kédougou, broadly categorized as follows: education, health, water and sanitation, governance and planning, income generation, and sport and culture.

SGO works closely with the communes to integrate all community investments into the annual financing plans of the communes. The investments are selected and executed by the communities themselves to ensure relevance and long-term success.

At the local level, formal dialogue forums have been established in order to maintain SGO’s strong relationships within the communities in which we operate. A social committee – chaired by local authorities and involving SGO and a diversified group of representatives (women, youth and elders included) from the seven villages around the mine – convenes as required to raise issues relating to the Sabodala mine, discuss potential solutions and propose additional community development initiatives.





## **A SYSTEMATIC APPROACH TO COMMUNITY INVESTMENT**

Our collaborative approach towards community engagement has enabled SGO to establish a positive framework for addressing our mining requirements in those areas involving the community. In 2013, SGO launched the socio-economic resettlement for our second tailings facility project (TSF2), having mandated rePlan to assist in the process. This led to the implementation of the Livelihood Restoration & Resettlement Policy, which sets the standards for Teranga's resettlement activities.

Through extensive engagement and collaboration with the communities, the TSF2 land take was acknowledged as a groundbreaking success in Senegal. The compensation framework was then used to review historical land takes that took place prior to Teranga's acquisition of the project and to provide fair compensation to affected communities.

Going forward, we will apply a similar compensation framework using our Livelihood Restoration & Resettlement Policy – meeting or exceeding the highest international standards – for all of our future community resettlement activities, in all jurisdictions in which we operate.



# 2006–2016 SGO Community DEVELOPMENT

## In total

50 boreholes	10 market gardens	8 rototillers	4 cattle drinking facilities	3 vaccination parks
20 grain mills	10 schools supported	6 health posts	3 water supply systems	2 ambulances
20 poultry farms		4 tractors		1 radio station

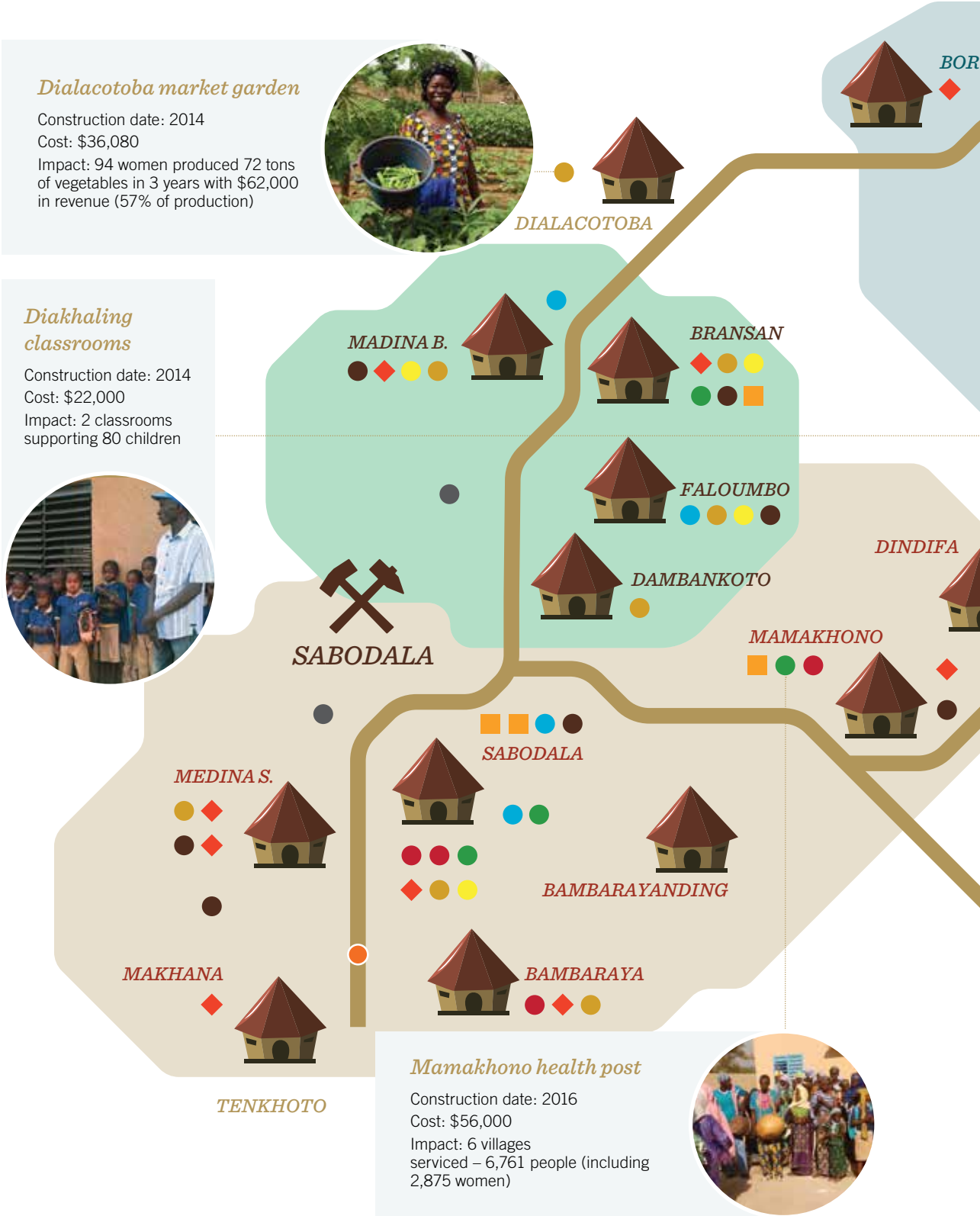
### Dialacotoba market garden

Construction date: 2014  
 Cost: \$36,080  
 Impact: 94 women produced 72 tons of vegetables in 3 years with \$62,000 in revenue (57% of production)



### Diakhaling classrooms

Construction date: 2014  
 Cost: \$22,000  
 Impact: 2 classrooms supporting 80 children







### *Keniekeniebanding borehole*

Construction date: 2015

Cost: \$14,000

Impact: Improved access to water, retention of kids in school and better hygiene

### *Tourokoto grain mill*

Donation date: 2016

Cost: \$3,840

Impact: 225 people (including 96 women)



KOUNKOUN

OUNBOROUM

KENIEKENIEBANDING

TOUROKOTO

KOBOKOTO

DJEGOU

DIAKHALING



BEROLA MADINA

LEFAKHO

NIAMAYA

MANDANKHOLI

### *Gora Fund tractor*

Donation date: 2016

Cost: \$100,000

Impact: Provides services to 6 villages



### *Khossanto/ Diakhaling road*

Realization: 2016

Cost: \$284,500

Impact: Full-year accessibility to remote villages (>3,000 people); easy access to Khossanto and Kédougou



KHOSSANTO

To Bambou



GORA  
FOOTPRINT



OROMIN  
FOOTPRINT



SABODALA  
FOOTPRINT



CATTLE  
INFRASTRUCTURE



COMMUNITY  
INFRASTRUCTURE



EDUCATION



FULL WATER  
SUPPLY



GRAIN MILLS



HEALTH



MARKET  
GARDENS



POULTRY  
PROGRAM



ROADS



TRACTORS



# *Furthering Development through* **VALUABLE PARTNERSHIPS**

## **FOSTERING PARTNERSHIPS**

The Regional Development Strategy – otherwise known as the Teranga Development Strategy (TDS) – allowed SGO to unify key stakeholders interested in the development of the Kédougou Region, inclusive of the communities, local and regional government institutions, as well as Canadian institutions such as the Government of Canada and government aid agencies.

SGO also regularly participates in regional events and roundtables held by civil society, government, non-governmental organizations (NGOs) and donors in order to address the concerns and priorities of stakeholders from the Kédougou Region.

### **KEY PARTNERSHIPS TO DATE**

#### **Canadian Cooperation Roundtable**

Facilitating partnerships focused on economic development – with Canadian and Senegalese governments, NGOs and other organizations

#### **USAID Yaajeende**

Improving food security through agricultural programs

#### **Fondation Paul Gérin-Lajoie**

Supporting vocational training for 50 regional youth

#### **Global Affairs Canada**

Strengthening local governance through the creation of departmental development and land use management plans, making Kédougou the first Senegalese region to prepare the groundwork for regional socio-economic development

#### **White Gold for Life Initiative**

Reviving the cotton value chain in Senegal



## BUILDING STRONG RELATIONSHIPS WITH THE GOVERNMENT

Since its inception, Teranga has been working in partnership with the Government of Senegal and has progressively expanded this collaboration, most notably since the 2013 signing of the Global Agreement with the President of Senegal, Macky Sall.

The Global Agreement provided the necessary conditions to ensure the long-term presence of Teranga (through our Senegalese subsidiaries) in the country and set the groundwork for enhanced partnerships. The Partners Committee, created under the Global Agreement, is composed of senior members of relevant administrative bodies with whom SGO meets annually to discuss the challenges and opportunities facing SGO and SMC (Sabodala Mining Company) and the progress achieved to date on issues raised by all parties.

SGO is an active member and holds the chairmanship of the Chamber of Mines, an industrial entity that

brings together various mining stakeholders to promote and develop the mining industry in-country.

SGO is one of the main contributors to the Emerging Senegal Plan, which aims to significantly increase the economic and sustainable value of gold production in-country. SGO also supported the government in implementing infrastructure projects in the Kédougou Region such as the DAC d'Itato project.

As a strong advocate of the Extractive Industries Transparency Initiative (EITI) – a multi-stakeholder group responsible for maintaining the international standard for transparency regarding oil, gas and mineral resources – SGO has an opportunity to interact regularly with the government, civil society and the donors who support the initiative. In 2015, SGO participated in the compilation of the first EITI report for Senegal. Going forward, SGO will continue to be an active participant in supporting Senegal's efforts to remain an EITI-compliant country.



*In 2014, His Excellency the President of Senegal, Mr. Macky Sall, visited the Sabodala gold mine and surrounding communities, such as the Faloumbo market garden, where the women were proud to show him their produce.*





*SGO focuses on hiring locally. 94% of our workforce is Senegalese, of which a third come from the local villages surrounding the mine.*

**LARGEST EMPLOYER IN THE KÉDOUGOU REGION**

As the only industrial gold mine in Senegal, SGO had a challenge with respect to accessing skilled mining labour. Therefore, one of SGO’s first priorities was to develop a framework for local mining education in order to be able to recruit locally for some 60 vocations that the Company required.

To this end, SGO developed several partnerships with institutional partners – such as the Lycée Technique de Kédougou, the Institut des Sciences de la Terre, and the Lycée Jeanne d’Arc – to deliver specialized education. The Company also welcomes a number of interns every year to provide them with practical experience in a world-class environment.

To further support the recruitment of local people, SGO has implemented recruitment committees chaired by the village representatives. Individuals are recommended through this committee as candidates for casual work contracts or unskilled positions within the Company.

The training and development of our Senegalese employees is key to our operations. In 2014, we opened our on-site training and learning centre and have progressively expanded the number of programs offered to 40. After 10 years, we now have 122 Senegalese employees in managerial positions.



## **CELEBRATING 10 YEARS OF LOYAL SERVICE**

On December 31, 2016, 109 SGO employees (107 Senegalese and two expatriates) completed 10 years of service at the Sabodala gold mine. To recognize the loyalty and dedication of these long-serving employees, a ceremony was organized on May 1, 2017. Moving forward, this celebration will be held annually to recognize employees achieving this important milestone.

*“I am very proud of what we have achieved together. SGO is a world-class company everybody should be proud of. I thank everyone for their dedication,”*

said Mark English, former Site Operations Manager of Sabodala, who was among those recognized for their 10 years of service with the mine.





Committed to

# TRANSPARENCY

Transparency begets trust, and is fundamental to how we operate. At Teranga, we are fully committed to the highest standards of corporate governance and principles of transparency in all aspects and at all levels of our organization. We are aware of our economic impact on local communities and regions, and take a responsible and transparent approach in communicating this with all of our stakeholders.

THE COST OF GOLD

This infographic provides a summary of SGO's cumulative expenditures at various stages of gold production, and the payments that have been made to the local communities and the Senegalese government since the inception of the mine.



EXPLORATION, STUDIES AND PERMITS

All studies (technical, feasibility, environmental and social impact assessment, resettlement), licenses/SMC institution payments, drilling

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CONSTRUCTION

Plant construction, two mill expansions, major capital expenditure components

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OPERATIONS

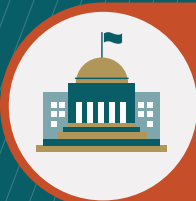
Mining, transport, crushing, milling, refinement, freight, remediation payments, rehabilitation



DIRECT COMMUNITY INVESTMENT

Social license (social fund, royalties, annual institutional support, Gora Fund, income taxes, business taxes)

\$18  
million



SENEGALESE GOVERNMENT  
PAYMENTS

Mining conventions and government agreement payments

\$205  
million

SABODALA CUMULATIVE EXPENDITURES

\$2+ billion



To date, **CASH FLOWS** from operations and shareholder investments have been **100% REINVESTED** into Sabodala

**\$775 million**

#### **INVESTMENT (FUNDING)**

Including the original investment to acquire the Sabodala gold mine and OJVG

**\$438 million**



#### **CASH FLOW FROM OPERATIONS**

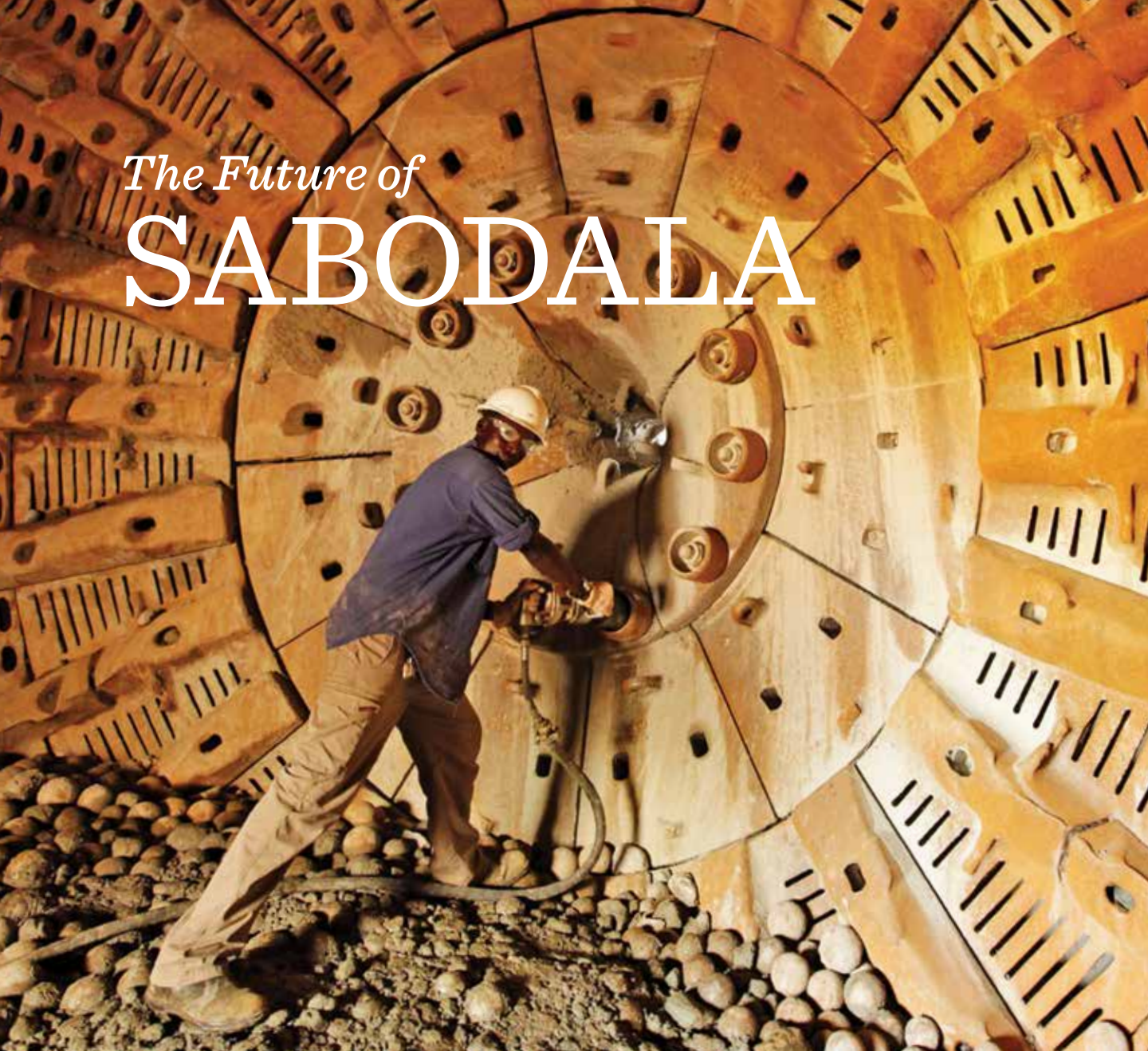
(after community and government payments)

**\$337 million**



**1.472 million oz**  
**OF GOLD PRODUCED**





*The Future of*  
**SABODALA**







As Teranga progresses towards mid-tier producer status in the three countries in which we have established a presence in West Africa (Senegal, Burkina Faso and Ivory Coast), we will continue to lead with CSR just as we have done at our flagship Sabodala operation.

Through a focus on sustainable livelihoods, Teranga's investment in CSR in Senegal has helped to establish win-win partnerships with communities and government.

Because of our long-term commitment to the region, and the many more upcoming mine development prospects including Niakafiri, Teranga remains focused on leading with community relations development in order to further expand our footprint within the mine license.

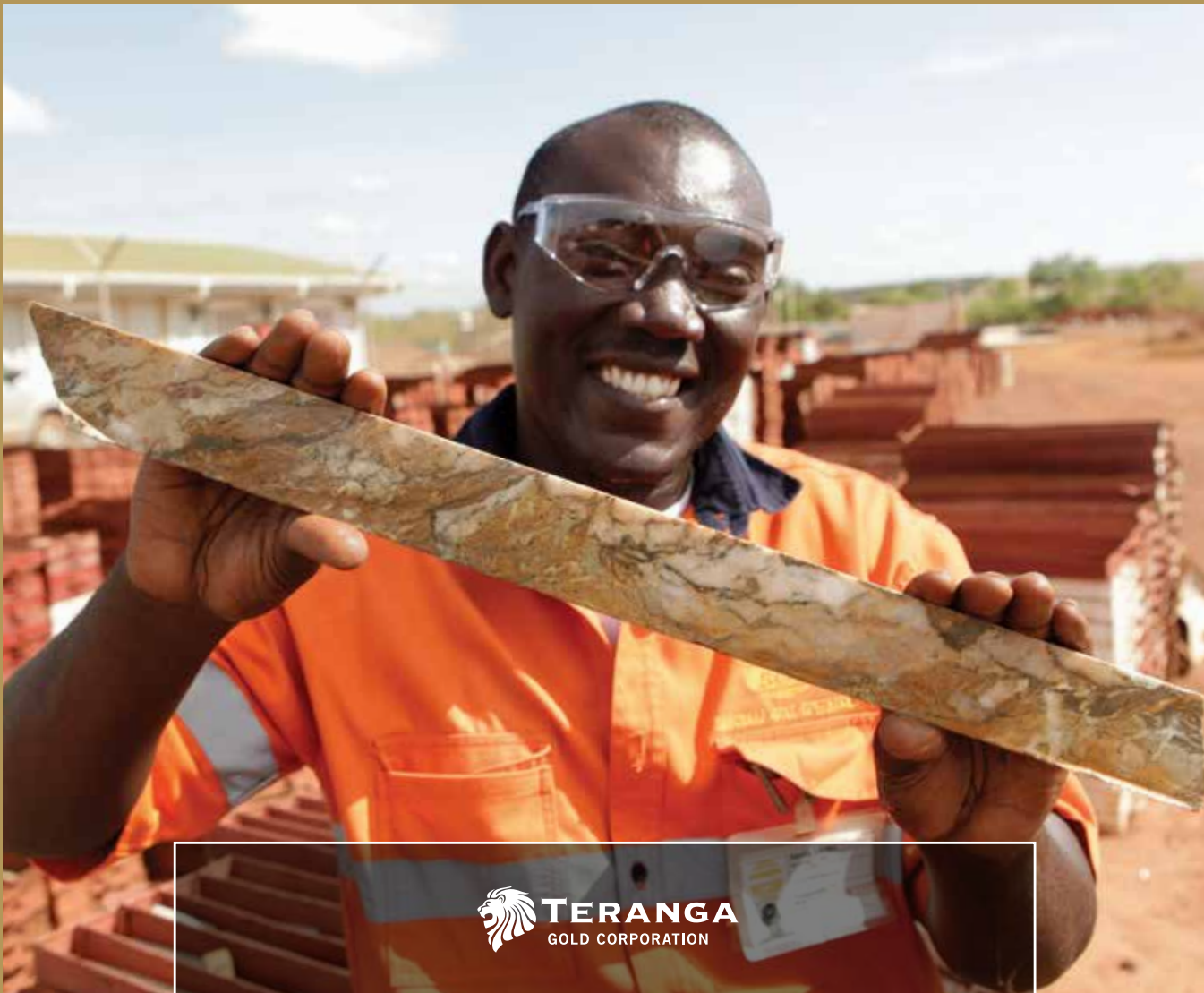
Our vision for Sabodala remains one of continued collaboration and community leadership in the area of sustainable economic development. We will pursue our vision by continuing to focus our efforts on fostering economic independence through capacity building of our communities and partnerships with local, regional and national governments.



*“We will pursue our efforts towards responsible mining to ensure that wherever we operate, communities are better off when we leave than when we arrived.”*

*– Alan Hill, Chairman,  
Teranga Gold Corporation*





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GOLD CORPORATION

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