

February 29, 2016

To: Messieurs Aliou Diouf and Gregory Regaignon

Re: Response to Resource Centre on Business and Human Rights email of February 22, 2016

Dear Sirs,

Thank you for your email dated February 22, 2016 requesting our response to the Sud Quotidien article authored by Boubacar Tamba on February 17, 2016 entitled - "Mood Movement from populations in Sabodala - Teranga stops operations and secures his staff". We are pleased to have the opportunity to respond to this article as part of the enclosed letter outlining 1) the facts surrounding the incident, 2) a brief history of artisanal mining in the region, 3) an overview of Teranga Gold's ("Teranga") community investment programs, and 4) our community engagement forums with respect to Niakafiri, road closures and other community issues.

1. Facts surrounding the incident within the Sabodala mining lease

On Tuesday and Wednesday February 16th and 17th, illegal artisanal miners engaged in protests in the vicinity of Teranga's Sabodala mine site, resulting in property damage to Teranga and its business partners, including two light vehicles, a bulldozer and a guard cabin for which Teranga has filed a formal legal claim with the government (as required by law) to seek reparation for the property damaged during the protest. Teranga's processing operations were largely unaffected, and all activities have now returned to normal. All Teranga employees have been reported safe, with only one sustaining minor injury.

The protest was organized following the shutdown by the Gendarmes on Monday February 15th of an unauthorized illegal artisanal mining site located within the Sabodala Mining lease actively being mined by protestors up to two weeks prior to this date. The Gendarmes and local administration are still in the process of completing their investigation to determine whether charges should be laid. Teranga is not involved in the investigation and has no knowledge of its status at this time.

Teranga maintains strong communication channels with its local communities, and continues to engage in active dialogue regarding its activities and events past and present through a number of formal and informal community networks and forums.

2. History of artisanal mining in the region

As described in our letter of May 27th, 2014, the influx of illegal artisanal small-scale mining ("ASM") has steadily increased in the region over the past few years, transforming this traditional source of income into an illegal semi-industrial activity. This has resulted in significant negative environmental and social impacts to nearby communities including a rise in crime, violence and health issues, putting additional pressure on already stretched local infrastructure.

To address this problem, the Government of Senegal regulated specified artisanal mining corridors, requiring a valid permit from the Ministry of Mines, with artisanal mining conditional upon respect

for environmental and safety standards required to operate. Teranga appreciates the traditional and economic significance of regulated small scale artisanal activity to the communities in the region, and has been instrumental in developing these corridors in collaboration with the State of Senegal by conceding large tracts of its own exploration property for these purposes without any obligation to do so. Despite the creation of these corridors, some artisanal miners have continued to operate illegally and outside the demarcated corridors strictly dedicated to this activity. This was the case with the artisanal mining at Bangouraya within the Sabodala mine lease, leading to the Government's normal course closure of this illegal ASM site.

3. Teranga's Community Investment Programs

In engaging with our local communities, governments and NGOs over the past number of years as part of the collaborative development and implementation of the Teranga Regional Development Strategy supporting regional sustainable economic growth, agriculture and food security, and youth and training, we have grown to understand that the communities have a genuine desire to move away from ASM as the traditional source of income into more sustainable livelihood opportunities such as agriculture and other commercial activities. As a result, Teranga's community investment programs are specifically geared towards assisting local communities and communities within the region of Kedougou maintain healthy living standards and in developing alternative means of sustainable income.

Locally, our community social fund of USD\$1.2M annually focuses generally on education, health, water & sanitation, income generation and sustainable economic growth projects. These projects are selected in collaboration with the government or by the communities themselves. The community social fund maintains – amongst others - a number of existing programs including the seven market gardens, pilot farms, water supply, donation of school material and the malaria spray program for the villages of the Khossanto and Sabodala communes in priority and the Kedougou region at large. New programs include the provision of 3 fully equipped tractors to the communes surrounding the mine site as well as the donation of 12 lawn-tractors to the surrounding mine villages.

Regionally, Teranga has launched a number of community investment programs, often in partnership with local for-profit entities, government entities, and NGOs. These programs include:

- The progression of the test phase for the revival of the cotton textile industry in Senegal, from the growing of cotton to sewing and sale of finished product. This is a large scale venture involving 500 cotton producers and the largest in-country textile producers, as well as senior government departments such as the Senegal Emerging Plan designed to boost the development of the country. The successful revival of the cotton textile industry in-country has the potential to create sustainable jobs and income sources as well as re-attracting farmers to agriculture, taking them away from artisanal mining;
- The launch of youth education programs: 1) in partnership with the Paul-Gerin Lajoie Foundation, Teranga is training 50 youths in the Kedougou and Tambacounda regions in various technical and professional fields; and 2) three-year high-school bursaries for the 30 best students in the Saraya region, targeting 90 students per year; and
- Launch of the pilot phase of a comprehensive Kedougou regional procurement program, working closely with the company's procurement department to identify additional opportunities for local procurement. In 2016 this program will focus on procurement specific

training, capacity building and the conclusion of several fixed contracts with Teranga, all aimed at providing long-term support and stability to local small and medium enterprises in allowing them to establish sustainable regional businesses.

It is also worthwhile noting that as the largest employer in the region and one of the largest in the country, Teranga employs over 1,000 people, giving priority to local hiring. Ninety one percent of Teranga's employees are Senegalese nationals, half of which are from the surrounding communities with the balance from other regions of Senegal. Teranga employees benefit from above average national wages, competitive employee benefits, and comprehensive training and skills development programs.

Teranga takes its partnership with the local community and region seriously, recognizing it is in the mutual long term interests of both parties to invest in sustainable, enduring, relationships.

4. Community Engagement

At the local level, a social committee chaired by local authorities involving a diversified group of representatives from the seven villages around the mine (women, youth and elders included) and Teranga typically convenes monthly to raise issues relating to the Sabodala mine, discuss potential solutions, and to identify additional community development initiatives. Community road diversions / closures are generally discussed within this forum, with the objective of identifying solutions to minimize the company's footprint on community roads without compromising safety. Solutions have historically included upgraded roads and/or new roads connecting villages funded by Teranga, as was the case with the Bambaraya / Sabodala road crossing an active mining area at Golouma.

At the regional level, Teranga's Regional Development Strategy forum is held annually to inform stakeholders of its progress on the 78 actions in the three priority areas of sustainable economic growth; agriculture and food security; and youth and training. Teranga also regularly participates in regional events and roundtables held by civil society, government, NGOs and donors in order to address the concerns and priorities of stakeholders from the Kédougou region.

Niakafiri resettlement

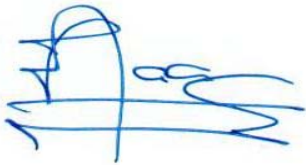
In August 2015, Teranga and the Government of Senegal launched resettlement discussions (in accordance with its rights as per its Mining Convention) related to resettlement of the nearby village of Sabodala adjacent to the Niakifiri deposit. Teranga's Livelihood Restoration and Resettlement policy ensures that all of its resettlement processes follow at a minimum the internationally accepted IFC principles, and has retained global resettlement consultants *rePlan Inc.* to ensure the Niakafiri resettlement process will follow the highest international standards, Senegalese laws and regulations. Teranga expects Niakafiri formal negotiation forums involving the local community, government representatives, NGOs and regional stakeholders to commence in due course following which a drill program will be launched. These negotiation forums will provide an opportunity for the community and other stakeholders to voice their concerns and to actively participate in the development of the resettlement plan. Historically, resettlement negotiations between Teranga and the communities have involved financial compensation as well as livelihood restoration programs such as market gardens, cattle drinking facilities, pilot farms, etc.

We have invested heavily in engaging with and delivering sustainable solutions to the communities in which we operate. Compliance with the rule of law, however, is integral for all parties involved. This latest incident is a violation of the rule of law and Teranga's rights. And yet, our goal is not the incarceration of local people but rather the opportunity to work with our communities to meaningfully support its members, and to drill and mine successfully within our mine lease and exploration grounds in order to potentially employ hundreds of additional individuals from the local and regional communities.

We thank you for giving us the opportunity to respond to your query, and we hope that we have sufficiently conveyed our commitment to engage with our communities and to support the social and economic livelihoods of its members. To review a more comprehensive plenary of our corporate social responsibility policies and programs and to learn more about our company, please do not hesitate to visit our website www.terangagold.com and our Responsibility Report (available in French and English):

- French: <http://www.terangagold.com/rapportrse2014>
- English: <http://www.terangagold.com/2014CSRreport>

With Kind Regards,

A handwritten signature in blue ink, appearing to be 'Aziz Sy', written over a horizontal line.

Aziz Sy
General Manager, SGO and Vice President, Development Senegal
Teranga Gold Corporation