

Attn. Lucy Graham,
Business and Human Rights Legal Advisor,
Amnesty International

Dear Ms. Graham,

Thank you for your letter, dated May 6th 2014, providing me with a draft of what Amnesty International is intending to publish about the Dambankoto Village relocation.

I apologize for the delay in responding to you, but wanted to be as thorough as possible in our response. By way of context, and as noted in our previous correspondence, Teranga Gold has a very strong CSR program and has invested very heavily, particularly since a new company and management team, of which I am a part, took over the management of the mine site a few years ago. One of our first initiatives was the hiring of rePlan, a world renowned third party with extensive experience in relocation and resettlement, specifically in Africa. As I mentioned in my previous correspondence, rePlan facilitated the preparation of our Livelihood Resettlement and Relocation Policy (“LRRP”), a document which focuses on meeting or exceeding international standards and best practice with respect to land acquisition.

The Company is very proud of its program and has been recognized as a leader in this regard by the Government of Senegal, local and international NGOs and international aid agencies. Most recently Teranga was named in the Corporate Knights top 40 Sustainable Companies for 2014, ranking 22nd out of 213 Canadian companies. We are of course, particularly committed to ensuring that our operations’ impact on our host communities meets the highest international standards. I provided you with our LRRP in our last correspondence (another copy of which I have attached again for reference), and I can reassure you that this policy has been retroactively applied to the Dambankoto relocation which we inherited.

In response to some of the more specific issues raised in your draft case study:

- Potable tap water is in each house in the new Dambankoto village, a hand pump to supply water for irrigation purposes, and since 2013, an additional borehole equipped with solar panels to supply water to the market garden.
- Following an external audit carried out by an independent consultant experienced with IFC standards it was decided to organize a negotiation forum and revise past compensation paid to our host communities during the construction of the mine facilities by the previous mine operator. As Teranga is committed to the application of IFC performance standards, the decision was made to compensate fallow lands (which is not a requirement under applicable Senegalese laws), which previously were not included in land take negotiations, and support the communities in developing new agricultural lands.

- Negotiation forums are systematically used by Teranga Gold for our development projects. These forums are undertaken under the scrutiny of the Government of Senegal and civil society representatives, and are endorsed by way of a collective agreement signed by all parties and validated by a government representative.
- In addition, as part of our approach, several improvements were offered to residents of the new Dambankoto village outside of this negotiation forum (construction of a Mosque, painting of each house, planting of trees and flowers, etc.).
- Teranga has initiated a large effort to enhance agricultural activities at a regional level, starting with intensive market gardening and pilot farming. The new Dambankoto village is very much a part of this effort, and we now have five such initiatives in place. Our involvement in local agricultural activities is regularly recognized in the Senegalese newspapers as an example to be emulated at the National level.
- Finally, we can assure you that a flowing Faleme River was about 40 kms away from the previous village location. The new village location not only benefits from the potable water system installed by Teranga, but also from the lake (water reservoir) created as part of our mining site development. The new Dambankoto village is now the village with easiest access to water and potable water in the area.

As an aside, I would like to take this opportunity to further emphasize our commitment to CSR, as we have established a Board Committee that will solely focus on this aspect of our business. We are very pleased that this committee will be chaired by the newest addition to our Board of Directors, Dr. Jendayi Frazer, who brings incredible African experience. Dr. Frazer served as U.S. Ambassador to South Africa; she worked in the Bush administration as the U.S. Assistant Secretary of State for Africa; and is currently a member of the Board of Directors of the MasterCard Foundation and a professor at Carnegie Mellon University. Dr. Frazer's knowledge and direct experience in humanitarian efforts in African affairs are a welcome addition which we believe will add tremendous value in guiding our CSR initiatives.

I hope that this information will help correct some of the misinformation that appears in the draft you shared with me. To the extent you require any further information or clarification, I would be pleased to speak with you, at your convenience. If you would prefer to speak with rePlan as a third party I am confident that this could be arranged. We appreciate the work you are doing, and know that we share an interest in improving the living conditions of the communities in this remote part of Senegal.

Kind regards,



Kathy Sapos
Vice President, Investor & Stakeholder Relations
Teranga Gold Corporation