

## MDL Nomination of Directors to the Board of Teranga Gold Corporation – Time for Change

As previously announced, Mineral Deposits Limited (“MDL”), the largest shareholder of Teranga Gold Corporation (“Teranga”), has notified Teranga that it proposes three nominees for election to the board of directors at Teranga’s Annual General and Special Meeting of Shareholders to be held in Toronto on 26 June 2013, including any and all adjournments or postponements of such meeting (the “Meeting”).

- The MDL Nominees are Nic Limb (Executive Chairman of MDL), Rick Sharp (Managing Director of MDL), and Rodger Gray (President, Toll Cross Securities Inc.). Each of these Nominees is highly qualified and has a wealth of mining and public company experience.

Since Teranga’s formation in late 2010, MDL has watched the value of its 16.3% shareholding in Teranga decline by nearly 80%. Many of MDL’s shareholders are also Teranga shareholders, and we have heard repeatedly from these shareholders of their extreme dissatisfaction with Teranga’s performance and the poor stewardship of the company by the incumbent administration.

MDL is stepping forward as an agent of change to strengthen the Teranga Board and improve Teranga’s performance. Our goal is simple: to stop the rapid erosion in shareholder value by strengthening management accountability with board oversight that is truly independent. To that end, our objective is to replace three existing non-executive directors, specifically Christopher Lattanzi, Alan Thomas and Frank Wheatley, with the MDL Nominees.

Our decision to act has been triggered by a number of serious concerns, including the following:

- **Continued share price underperformance:** Since its formation in 2010, Teranga’s share price has fallen from A\$2.97/C\$3.00 (being the IPO issue price) to a low of A\$0.68/C\$0.69 in late-May 2013, a decrease of nearly 80%.
- **Excessive exploration spend:** Teranga spent more than \$90 million on exploration over the 2011 and 2012 years which yielded very little reward. This exploration spend was effectively funded through expensive debt financing as the company’s cash resources were insufficient to satisfy such discretionary spending.
- **Extraordinarily high corporate overheads:** Teranga corporate overhead costs amounted to nearly \$18 million during 2012; an excessively high amount considering the company has a single asset in its portfolio.
- **Blatant self-dealing:** The Management Proxy Circular discloses for the first time that recent amendments have been made to the change of control definition within the executive employment contracts such that if MDL is successful in the election of the MDL Nominees to the Teranga Board, it triggers the ability of certain executives to voluntarily resign and demand payments totalling in excess of \$6 million combined. Implementing these amendments in the face of, and specifically targeted at, a shareholder’s nomination of directors in compliance with the Advance Notice By-Law, and the ability of certain executives to voluntarily resign and still demand such payments (a single trigger clause), are highly unusual in these circumstances.
- **Governance concerns:** a number of highly questionable defensive tactics have been implemented by the incumbent directors to entrench their position, which show a clear disregard for shareholder rights. These include:
  - The Management Proxy Circular released on 3 June 2013 being backdated to 15 May 2013, which is conspicuously the date immediately prior to the date MDL sent letters to Teranga’s corporate secretary requesting certain documents under Teranga’s new Advance Notice By-Law and to the Chairman advising of MDL’s intention to nominate directors. As a result, Teranga’s circular completely ignores the fact that MDL is nominating three individuals in accordance with the Advance Notice By-Law, even though Teranga has known about these nominations for the last three weeks.

- Delaying this year's annual meeting to almost the last possible date, compelling Teranga shareholders to wait for 14 months and 28 days to determine who they want to elect as directors of their company, just three days fewer than the maximum 15 month period stipulated by applicable corporate laws.

As a holder of 39,999,838 Teranga shares, MDL's economic interests are keenly aligned with the interests of other Teranga shareholders.

MDL is confident that the election of the MDL Nominees will set Teranga on a more disciplined course of action that will yield substantial financial and operational improvements. The MDL Nominees bring extensive experience and expertise in the mining, financial, capital raising and mergers and acquisitions sectors. MDL firmly believes that the time is right to implement these changes and will act as aggressively as required if the Teranga Board takes any action attempting to further entrench itself or disenfranchise the Teranga shareholders.

### Biographies of the MDL Nominees

**Nicholas Limb:** Nic has been Chairman of MDL since 1994. He has professional qualifications as a geoscientist and worked in the mineral exploration sector for 10 years. In 1983 he joined a stockbroking firm as a corporate financier in the natural resources finance division and subsequently joined a major international investment bank as an executive director, again working in resources finance.

In 1993 he became Managing Director of a small listed gold explorer which grew to a substantial gold producer prior to being taken over in 2000. In 1994 he formed MDL and has acted as Chairman since that time. During his tenure as Chairman, MDL discovered and subsequently developed the large Sabodala Gold Project in Senegal and progressed the Grande Côte Mineral Sands Project to its current construction status.

Nic has been a non-executive director of a number of public companies over the last 20 years and currently holds one public company non-executive director position on an oil exploration company active in Africa and Australia.

**Warwick Sharp:** Rick has been Managing Director and Chief Executive Officer of Mineral Deposits since July 2011. He joined MDL in July 2009 in the position of Chief Financial Officer. His role at MDL has been broadly focused, covering strategy, business development (including M&A activities), capital raising initiatives and finance.

Prior to joining MDL, Rick had a finance background which included more than 15 years in corporate advisory and investment banking, specialising in both M&A and equity capital market transactions, and six years in chartered accounting.

Rick is a member of the Institute of Chartered Accountants in Australia and Financial Services Institute of Australasia (FINSIA), and has a Bachelor of Economics from Monash University.

**Rodger Gray:** Rodger is Toll Cross Securities' President and Chief Executive Officer. He is a seasoned Bay Street executive with over 20 years of experience as a stockbroker and officer of an IDA member firm. Rodger has experience with financings involving mining companies with operations in West Africa. Prior to founding Toll Cross Securities, Rodger was Director and Vice President, Investment Banking – Institutional Equities with First Associates Investments Inc. Prior to that Rodger was President of St. James Securities Inc. Rodger started his career on Bay Street with Greenshields. He is a graduate of Laurentian University.

### Additional Information

The following information is provided in accordance with Canadian corporate and securities laws applicable to public broadcast solicitations. MDL is relying on the exemption under section 9.2(4) of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102") to make this public broadcast solicitation.

This solicitation is being made by MDL and is not by or on behalf of management of Teranga. The address of Teranga is 121 King Street West, Suite 2600, Toronto, Ontario, M5H 3T9.

MDL has filed this release containing the information required by section 9.2(4)(c) of NI 51-102 and has filed a separate document containing the information required by Form 51-102F5 – Information Circular, in respect of the MDL Nominees on Teranga's company profile on SEDAR at [www.sedar.com](http://www.sedar.com).

MDL intends to solicit proxies in accordance with all applicable securities laws and corporate law requirements and in connection therewith intends to provide a form of proxy to shareholders of Teranga that wish to support the election of the MDL Nominees. Proxies may be solicited by mail, telephone, email or other electronic means and in person by directors, officers and employees of MDL or by the MDL Nominees, who will not be specifically remunerated therefor. In addition, MDL may solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian securities laws and corporate law requirements, conveyed by way of public broadcast, including through press releases, speeches or publications, and by any other manner permitted under applicable Canadian laws. The costs incurred in connection with the solicitation will be borne by MDL. Following the Meeting, MDL intends to request that the board of directors of Teranga, excluding any of the MDL Nominees elected at the Meeting, authorise Teranga to reimburse MDL for its out of pocket expenses in connection with the solicitation of proxies referred to above.

A registered shareholder of Teranga that gives a proxy may revoke it: (a) by completing and signing a valid proxy bearing a later date and returning it in accordance with the instructions contained in the form of proxy; (b) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorised in writing, as the case may be: (i) at the registered office of Teranga at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or (ii) with the chairman of the Meeting on the day of the Meeting; or (c) in any other manner permitted by law. A non-registered holder of common shares of Teranga will be entitled to revoke a form of proxy or voting instruction form given to an intermediary at any time by written notice to the intermediary in accordance with the instructions given to the non-registered holder by its intermediary.

To the knowledge of MDL, neither MDL, nor any of its directors or officers, or any associates or affiliates of the foregoing, nor any of the MDL Nominees or their respective associates or affiliates, has: (i) any material interest, direct or indirect, in any transaction since the commencement of Teranga's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Teranga or any of its subsidiaries; or (ii) any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter currently known to be acted upon at the Meeting other than the election of directors.

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### **About MDL**

Mineral Deposits Limited (ASX: MDL) is an Australian based mining company in the business of finding, mining and processing mineral sands resources.

MDL owns 50% of TiZir Limited which owns the world-class Grande Côte Mineral Sands Project in Senegal, West Africa and an ilmenite upgrading facility in Tyssedal, Norway.

Grande Côte, with construction now approximately 75% complete, is anticipated to produce on average approximately 85ktpa of zircon and 575ktpa of ilmenite (and small amounts of rutile and leucoxene) when in full production over an expected mine life of at least 20 years.

The Tyssedal ilmenite upgrading facility smelts ilmenite to produce a high-TiO<sub>2</sub> titanium slag which is sold to pigment producers and a high purity pig iron which is sold as a valuable co-product to ductile iron foundries. The facility currently produces approximately 200ktpa of titanium slag and 110ktpa of high-purity pig iron.

Once Grande Côte reaches expected average production rates, TiZir will be producing approximately 7% of both global zircon and titanium feedstock supply.