

## Adjusted Net Income Attributable to Equity Shareholders of \$15.0 Million

MONTREAL, QUEBEC--(Marketwired - Aug 10, 2016) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the three-month period ended June 30, 2016. All amounts are in US dollars unless otherwise stated.

### Second Quarter 2016 - in Review

- Gold production of 61,300 ounces compared to 66,000 ounces for the same period in 2015
- Gold sales of \$76.6 million compared to \$81.1 million for the same period in 2015
- Total cash cost<sup>1</sup> of \$547 per ounce sold and all-in-sustaining cost<sup>1</sup> of \$742 per ounce sold compared to \$471 and \$604, respectively, for the same period in 2015
- Adjusted operating income<sup>1</sup> of \$19.6 million compared to \$23.4 million for the same period in 2015
- Adjusted net income attributable to equity shareholders<sup>1</sup> of \$15.0 million or \$0.05 per share<sup>1</sup> compared to \$16.1 million or \$0.05 per share<sup>1</sup> for the same period in 2015
- Cash flows from operating activities<sup>2</sup> of \$37.4 million or \$0.12 per share<sup>1</sup> compared to \$40.7 million or \$0.14 per share<sup>1</sup> for the same period in 2015
- Completion of a bought deal offering of common shares for aggregate gross proceeds of \$90.8 million (C\$115.1 million)
- Recipient of grand prize for Corporate Social Responsibility of Mining Companies in Burkina Faso (RSE 2016)

### Natougou Development:

- Permitting in line for receipt by year-end 2016
- Procurement of long-lead comminution equipment secured for site delivery in H2 2017
- Development on time and on budget
- Detailed design and engineering 17% complete

<sup>1</sup> Total cash cost, all-in sustaining cost, adjusted operating income, adjusted net income attributable to equity shareholders, adjusted basic earnings per share and operating cash flows per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A, note 16.

<sup>2</sup> Cash flows from operating activities exclude changes in non-cash working capital items.

### Mana, Burkina Faso

### Mining Operations

	Three-month period ended June 30,			Six-month period ended June 30,			
	2016	2015	Variation	2016	2015	Variation	
<b>Operating Data</b>							
Ore mined (tonnes)	564,500	540,100	5 %	1,064,800	1,289,900	(17 %)	
Ore processed (tonnes)	604,500	600,900	1 %	1,287,400	1,138,200	13 %	
Waste mined (tonnes)	4,809,700	5,151,900	(7 %)	8,269,100	11,714,700	(29 %)	
Operational stripping ratio	8.5	9.5	(11 %)	7.8	9.1	(14 %)	
Head grade (g/t)	3.33	3.71	(10 %)	3.18	3.89	(18 %)	
Recovery (%)	95	92	3 %	93	92	1 %	
Gold ounces produced	61,300	66,000	(7 %)	122,600	131,200	(7 %)	
Gold ounces sold	60,700	67,700	(10 %)	123,500	128,300	(4 %)	
<b>Statistics (in dollars)</b>							
Average realized selling price (per ounce)	1,262	1,198	5 %	1,224	1,209	1 %	
Cash operating cost (per tonne processed) <sup>1</sup>	49	46	7 %	46	50	(8 %)	
Total cash cost (per ounce sold) <sup>1</sup>	547	471	16 %	526	498	6 %	
All-in sustaining cost (per ounce sold) <sup>1</sup>	742	604	23 %	719	624	15 %	
Depreciation (per ounce sold) <sup>2</sup>	331	328	1 %	303	360	(16 %)	

<sup>1</sup> Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A, note 16.

<sup>2</sup> Depreciation per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the depreciation expense per ounce sold.

During the second quarter of 2016, the decrease in head grade compared to the same period in 2015, is due to the mine plan. The decrease in gold ounces produced is a direct result of the lower head grade. The year-over-year decrease in head grade in the first six months of 2016 is due to the mine plan and increased throughput from low-grade stockpiles. The increase in

throughput in the first six months of 2016 compared to the same period in 2015 is due to the processing of ore through the secondary ball mill during the five-week shutdown of the SAG mill at the beginning of 2015.

In the second quarter in 2016, the 6% decrease in gold sales is caused by lower gold ounces sold, partially offset by an increase in the average realized selling price. The decrease in operating income compared to the same period in 2015 is mainly due to higher share-based compensation expense as a result of the increase in the fair value of our share price and lower revenue.

As expected, our cash operating cost per tonne reached \$49 in the second quarter of 2016 compared to \$46 in the second quarter of 2015. The cost difference mainly reflects higher transportation costs due to mining solely from the Siou and Fofina pits, higher fleet maintenance costs and the negative impact of exchange rates. The 23% increase in all-in sustaining cost in the quarter was anticipated and was mainly driven by an increase in the capitalized stripping expenditure, lower ounces sold and higher total cash cost.

## Exploration

### Mana Project, Burkina Faso

Year to date, 24,400 meters of RC drilling have been carried out on the Mana Project, of which 16,000 meters on Yama, 5,400 meters on BN2 and 3,000 meters on Kona Blé. More than half of the budgeted 60,000-meter auger program has now been effected, primarily on the BN2, Bissa, Wona Southwest, Yama and Mouni areas.

### Yama Mineral Reserves Estimate

As at June 30, 2016, the open pit probable mineral reserves estimate for the Yama deposit totals 662,300 tonnes averaging 1.81 g/t Au for 38,500 ounces of contained gold. The mineral reserves were estimated based on a gold price of \$1,100 per ounce. The Yama deposit will have a total strip ratio of 11:1 and an average mill recovery rate of 93%. The Corporation will begin the process for an extension of the Mana mining permit in the second half of 2016.

The mineral reserves statement has been completed by Michel Crevier, P.Geo MScA, Vice-President Exploration and Mine Geology, who is SEMAFO's Qualified Person and has reviewed this press release for accuracy and compliance with National Instrument 43-101.

### Natougou Project

Geological mapping of the Tapoa permit is progressing well, and our understanding of the property will be further enhanced by a recently conducted Phase II airborne magnetic survey that completed coverage of the property.

The 2016 auger program planned for the Natougou (Tapoa) Project is now complete, with a total of 62,000 meters drilled to date. Results from the program, coupled with those from the geophysical survey, will allow us to identify follow-up RC drill targets for the second half of the year.

About half of the auger drill campaign was realised on Trend 045, a regional structure that crosses the property to the south of the Natougou deposit along a northeast direction. Mapping, trenching, soil sampling, and auger drilling have been ongoing throughout the year, and results to date confirm the presence of key favourable features such as wide hydrothermal alterations along a strong deformation corridor associated with significant results such as 1.40 g/t Au over 7 meters in trenching. Soil sampling anomalies have also been noted locally along the corridor over a distance of more than 40 kilometers.

To maximise our understanding of the geological structure of Trend 045, the geological mapping campaign was prioritised over a follow-up RC program in the second quarter. The 5-000 meter RC program will now be conducted on the trend after the rainy season with results expected in the fourth quarter of 2016.

### West Sector

An RC drill program is ongoing on the footwall zone of the Boungou Shear Zone and on the sector west of the deposit. Significant results are included below and in Figure 1: <http://media3.marketwire.com/docs/PDRA.pdf>.

### Highlights West Zone

Drill hole*	From (meters)	To (meters)	Length (meters)	Au g/t
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TPA0670	152.00	158.30	6.30	1.80
TPA0674	163.50	167.00	3.50	2.62
TPA0675	154.60	159.00	4.40	18.90
TPA0676	172.10	175.70	3.60	7.49
TPA0680	162.30	168.00	5.70	3.56

\*Drilling was realised at an almost vertical dip.

Holes TPA0670, TPA0674 and TPA0675 represent in-fill results from the known portion of the zone, whereas TPA0676 extends a little to the west and the TPA0680 offers a northern extension. The latter two merit additional drilling.

### Highlights Boungou Footwall Zone

In the quarter, RC drilling was carried out on the Boungou Footwall Zone as shown in Figure 1:  
<http://media3.marketwire.com/docs/PDRA.pdf>.

Drill hole*	From (meters)	To (meters)	Length (meters)	Au g/t
TPA0480	31.00	31.50	0.50	14.60
BODD438	32.50	33.90	1.40	4.20
TPA0550	36.00	37.70	1.70	2.78
BODD078	84.50	85.00	0.50	8.69

\*Drilling was realised at an almost vertical dip.

The RC program was designed to investigate potential footwall-type mineralization outside the one known area. While drilling on the eastern portion of the future open pit was unsuccessful, some good results such as BODD438, TPA0550 and BODD078 will be further investigated.

### Natougou Development

In the second quarter, the Corporation continued to advance the Natougou Project towards construction start-up by year-end 2016. The Natougou Project has progressed as follows:

- Development on time and budget, with \$4.3 million spent as at June 30, 2016
- Detailed design and engineering 17% complete
- Procurement of long-lead comminution equipment secured for site delivery in H2 2017
  - Package comprises SAG mill, tower mill, jaw crusher, cone crusher, vibrating screen and apron feeders
  - Tower mill is already in stock
- Issue of requests for quotation for the power plant, fuel depot, mining contractor and 14 other packages
- Hiring of key personnel for the construction phase is ongoing

### Natougou Permitting

- Permitting is in line for receipt by year-end 2016
- Two out of the three steps completed: public hearings and meetings with the Technical Committee on Environmental Evaluations "COTEVE"
- Final milestone involves review of the application by the National Mining Commission, followed by grant of a permit

SEMAFO's Management's Discussion and Analysis, Consolidated Financial Statements and related financial materials are available in the "Investor Relations" section of the Corporation's website at [www.semafo.com](http://www.semafo.com). These and other corporate reports are also available on [www.sedar.com](http://www.sedar.com).

### Second Quarter Conference Call

A conference call will be held today, Wednesday, August 10, 2016 at 10:00 EDT to discuss this press release. Interested parties are invited to call the following telephone numbers to participate in the conference:

Tel. local & overseas: +1 (647) 788 4922  
 Tel. North America: 1 (877) 223 4471  
 Webcast: <http://www.semafo.com/>  
 Replay number: 1 (800) 585 8367 or +1 (416) 621 4642  
 Replay pass code: 56308431  
 Replay expiration: August 31, 2016

## About SEMAFO

SEMAFO is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation operates the Mana Mine in Burkina Faso, which includes the high-grade satellite deposits of Siou and Fofina, and is developing the advanced gold deposit of Natougou. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. Forward-looking statements include words or expressions such as "in line", "will", "further", "expected", "pursuing", "growth", "opportunities" and other similar words or expressions. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward-looking statements include the ability to receive the Natougou permit by year-end 2016, the ability to obtain site delivery of long-lead comminution equipment in H2 2017, the ability to achieve Yama's total strip ratio of 11:1 and average mill recovery rate of 93%, the ability of the Phase II airborne magnetic survey to further enhance our understanding of the Tapoa permit, the ability to release Trend 045 exploration results in the fourth quarter of 2016, the ability to execute on our strategic focus, fluctuation in the price of currencies, gold or operating costs, mining industry risks, uncertainty as to calculation of mineral reserves and resources, delays, political and social stability in Africa (including our ability to maintain or renew licenses and permits) and other risks described in SEMAFO's documents filed with Canadian securities regulatory authorities. You can find further information with respect to these and other risks in SEMAFO's 2015 Annual MD&A, as updated in SEMAFO's 2016 First Quarter MD&A and 2016 Second Quarter MD&A, and other filings made with Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). These documents are also available on our website at [www.semafo.com](http://www.semafo.com). SEMAFO disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

The information in this release is subject to the disclosure requirements of SEMAFO under the *Swedish Securities Market Act* and/or the *Swedish Financial Instruments Trading Act*. This information was publicly communicated on August 10, 2016 at 7:00 a.m., Eastern Daylight Time.

## Consolidated Results and Mining Operations

### Financial and Operating Highlights

	Three-month period ended June 30,			Six-month period ended June 30,		
	2016	2015	Variation	2016	2015	Variation
Gold ounces produced	61,300	66,000	(7 %)	122,600	131,200	(7 %)
Gold ounces sold	60,700	67,700	(10 %)	123,500	128,300	(4 %)
(in thousands of dollars, except amounts per share)						
Revenues - Gold sales	76,590	81,115	(6 %)	151,146	155,131	(3 %)
Mining operation expenses	30,071	28,638	5 %	58,793	57,701	2 %
Government royalties	3,139	3,259	(4 %)	6,157	6,192	(1 %)
Depreciation of property, plant and equipment	20,164	22,288	(10 %)	37,504	46,398	(19 %)
Share-based compensation	5,127	535	858 %	8,805	3,297	167 %
Other	3,661	3,571	3 %	7,623	7,512	1 %
Operating income	14,428	22,824	(37 %)	32,264	34,031	(5 %)
Finance costs	1,062	171	521 %	1,364	3,210	(58 %)
Foreign exchange loss (gain)	2,714	(1,686)	-	(2,195)	4,595	-
Income tax expense	4,147	2,382	74 %	8,272	12,249	(32 %)
Other	(573)	(158)	(263 %)	(946)	(289)	(227 %)
Net income	7,078	22,115	(68 %)	25,769	14,266	81 %

Attributable to equity shareholders								
Net income	5,304	19,719	(73 %)	21,488	11,605	85 %		
Basic earnings per share	0.02	0.07	(71 %)	0.07	0.04	75 %		
Diluted earnings per share	0.02	0.07	(71 %)	0.07	0.04	75 %		
Adjusted amounts								
Adjusted operating income <sup>1</sup>	19,555	23,359	(16 %)	41,069	37,328	10 %		
Adjusted net income attributable to equity shareholders <sup>1</sup>	15,038	16,114	(7 %)	27,440	27,086	1 %		
Per share <sup>1</sup>	0.05	0.05	-	0.09	0.09	-		
Cash flows								
Cash flows from operating activities <sup>2</sup>	37,390	40,748	(8 %)	72,594	73,301	(1 %)		
Per share <sup>1</sup>	0.12	0.14	(14 %)	0.24	0.26	(8 %)		

<sup>1</sup> Adjusted operating income, adjusted net income attributable to equity shareholders, adjusted basic earnings per share and operating cash flows per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial measures" section of the Corporation's MD&A, note 16.

<sup>2</sup> Cash flows from operating activities exclude changes in non-cash working capital items.

#### Interim Consolidated Statement of Financial Position

(Expressed in thousands of US dollars - unaudited)

	As at June 30, 2016 \$	As at December 31, 2015 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	254,070	167,166
Trade and other receivables	18,066	17,028
Income tax receivable	-	1,634
Inventories	48,816	53,200
Other current assets	3,736	2,622
	324,688	241,650
<b>Non-current assets</b>		
Advance receivable	3,439	4,532
Restricted cash	4,499	4,388
Property, plant and equipment	533,731	529,087
Intangible asset	1,723	1,856
Other non-current assets	5,959	-
	549,351	539,863
<b>Total assets</b>	<b>874,039</b>	<b>781,513</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables and accrued liabilities	39,398	35,869
Current portion of long-term debt	284	29,052
Share unit plan liabilities	8,979	1,360
Provisions	2,728	6,346
Income tax payable	4,980	-
	56,369	72,627
<b>Non-current liabilities</b>		
Long-term debt	59,466	59,379
Share unit plan liabilities	5,066	4,485
Provisions	7,690	7,313
Deferred income tax liabilities	29,832	31,846
	102,054	103,023
<b>Total liabilities</b>	<b>158,423</b>	<b>175,650</b>
<b>Equity</b>		
<b>Equity Shareholders</b>		
Share capital	616,533	516,070

Contributed surplus	9,352	10,685
Retained earnings	64,943	48,242
	690,828	574,997
Non-controlling interest	24,788	30,866
Total equity	715,616	605,863
Total liabilities and equity	874,039	781,513

#### Interim Consolidated Statement of Comprehensive Income

(Expressed in thousands of US dollars, except per share amounts - unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue - Gold sales	76,590	81,115	151,146	155,131
Costs of operations				
Mining operation expenses	33,210	31,897	64,950	63,893
Depreciation of property, plant and equipment	20,164	22,288	37,504	46,398
General and administrative	3,481	3,437	7,308	7,052
Corporate social responsibility expenses	180	134	315	460
Share-based compensation	5,127	535	8,805	3,297
Operating income	14,428	22,824	32,264	34,031
Other expenses (income)				
Finance income	(573)	(158)	(946)	(289)
Finance costs	1,062	171	1,364	3,210
Foreign exchange loss (gain)	2,714	(1,686)	(2,195)	4,595
Income before income taxes	11,225	24,497	34,041	26,515
Income tax expense				
Current	6,611	5,268	10,565	8,872
Deferred	(2,464)	(2,886)	(2,293)	3,377
	4,147	2,382	8,272	12,249
Net income and comprehensive income for the period	7,078	22,115	25,769	14,266
Attributable to:				
Equity shareholders	5,304	19,719	21,488	11,605
Non-controlling interests	1,774	2,396	4,281	2,661
	7,078	22,115	25,769	14,266
Earnings per share				
Basic	0.02	0.07	0.07	0.04
Diluted	0.02	0.07	0.07	0.04

#### Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash flows from (used in):				
Operating activities				
Net income for the period	7,078	22,115	25,769	14,266
Adjustments for:				
Depreciation of property, plant and equipment	20,164	22,288	37,504	46,398
Share-based compensation	5,127	535	8,805	3,297
Write-off of other non-current assets related to financing fees	-	-	-	2,520
Unrealized foreign exchange loss (gain)	1,862	(1,268)	(2,928)	3,413
Deferred income taxes expense	(2,464)	(2,886)	(2,293)	3,377
Adjustment for withholding taxes	5,827	-	5,827	-

Other	(204	) (36	) (90	) 30
	37,390	40,748	72,594	73,301
Changes in non-cash working capital items	(3,578	) (8,672	) 3,187	(8,476 )
Net cash provided by operating activities	33,812	32,076	75,781	64,825
Financing activities				
Drawdown (repayment) of long-term debt	-	-	(30,000 )	90,000
Long-term debt transaction costs	(259	) -	(259	) (1,200 )
Proceeds on issuance of share capital, net of expenses	87,238	-	88,643	43,925
Dividends paid to non-controlling interest	(10,359	) -	(10,359 )	-
Net cash provided by financing activities	76,620	-	48,025	132,725
Investing activities				
Acquisition of <a href="#">Orbis Gold Ltd.</a>	-	-	-	(154,550 )
Acquisitions of property, plant and equipment	(20,397	) (17,484	) (39,940	) (35,371 )
Advance made to Sonabel	-	(566	) -	(566 )
Net cash used in investing activities	(20,397	) (18,050	) (39,940	) (190,487 )
Effect of exchange rate changes on cash and cash equivalents	(2,632	) 1,992	3,038	(4,120 )
Change in cash and cash equivalents during the period	87,403	16,018	86,904	2,943
Cash and cash equivalents - beginning of period	166,667	114,853	167,166	127,928
Cash and cash equivalents - end of period	254,070	130,871	254,070	130,871
Interest paid	910	1,517	2,492	1,517
Interest received	493	158	854	289
Income tax paid	6,088	-	6,173	-

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