

# SEMAFO Releases Second Quarter 2012 Results

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- **Cash Flow from Operating Activities Total \$41.8 Million**
- **Wona-Kona Super Pit Improves Overall Economics at Mana**

ONTREAL, QUEBEC -- (Marketwire) -- 08/08/12 -- **SEMAFO** (TSX: SMF)(OMX: SMF) today reported its financial and operating results for the three-month period ended June 30, 2012. All amounts are in US dollars unless otherwise stated.

- Gold production of 60,500 ounces, a decrease of 5% compared to the same period in 2011
- Gold sales of \$98.4 million, a 2% decrease compared to the same period in 2011
- Adjusted operating income(1) of \$29.1 million compared to \$40.6 million for the same period in 2011
- Adjusted net income attributable to equity shareholders(1) of \$19.4 million compared to \$30.6 million for the same period in 2011
- Decision to move from an underground mining project to an improved overall economic super pit scenario resulted in a non-recurring loss of \$17.0 million
- Non-recurring loss on sale of current investment of \$24.3 million
- Cash flow(2) from operating activities of \$41.8 million or \$0.15 per share compared to \$43.2 million or \$0.16 per share in the same period in 2011
- SEMAFO's mineral reserves and resources increased to 7.3 million gold ounces as at December 31, 2011
- Mana's measured and indicated resources up 148% to 2.8 million ounces as at December 31, 2011
- Decision regarding increased milling capacity at Mana is pending additional drilling and metallurgical test work
- Phase IV of Mana plant expansion completed

(1) Adjusted operating income, adjusted net income attributable to equity shareholders and adjusted basic earnings per share are non-IFRS financial performance measures with no standard definition under IFRS. The adjusted operating income excludes the write-off of property, plant and equipment of \$16,998,000 related to the underground project, while the adjusted net income attributable to equity shareholders and the adjusted basic earnings per share also exclude the loss on the sale of a current investment totalling \$24,297,000, as well as the income tax expense and the non-controlling interest impact totalling \$4,377,000 related to these non-recurring transactions.

(2) Cash flow from operating activities excludes changes in non-cash working capital items.

## A Word from the CEO

During the second quarter of 2012 some non-recurring losses, the publication of our 2011 mineral reserves and resources update, the recovery in the south sector at Mana and capital investment concerns related to the super pit mining scenario at Wona-Kona disappointed shareholders. We realize that expectations for our Corporation were high. We are disappointed with SEMAFO's recent share price performance and in this regard, I would like to provide our shareholders with a candid perspective on why our growth story has not come to an end.

Our decision to proceed with the super pit scenario is the highlight of the year to date. We are improving the overall economics of the project, minimizing risks, maximizing flexibility and significantly reducing capital investments during the first few years. The total cash cost should be positively impacted by this decision. We also remain optimistic at the potential to add reserves in the future.

With regard to our mineral reserves and resources update, our flagship Mana property continues to be a growing mining project. Over the past two years, SEMAFO's exploration team has provided outstanding results which have included the discovery of four new deposits (Kona, Fobiri, Fofina and Yaho). Accordingly, we increased reserves and resources by 2.9 million ounces and inferred mineral resources by 1.3 million ounces, essentially doubling the mineral inventory of the Corporation. These results were achieved by maintaining our systematic approach to exploration and ensuring that priority targets remain in line with our corporate objective to maximize cash flow.

At Mana's south sector, approximately 550,000 ounces representing sixty percent of measured and indicated resources are in oxide and transitional zones with no recovery issue. As well, in 2011 we added almost 200,000 ounces in reserves from the south sector and we remain optimistic that these zones will continue to contribute to Mana's overall economics and life of mine. Preliminary results also revealed some recovery challenges with respect to the sulfides in this area. We are currently investigating other processes that may improve recovery rates to ultimately increase the economics of the south sector.

Excluding non-recurring losses recorded in the second quarter, our first six months of 2012 is better than the first half of 2011. During the first six months of 2012, despite a slight decrease in our production, revenues increased by 11% to \$198.8 million and cash flow from operating activities increased by 10% to \$82.0 million. Our total cash margin was \$924 per ounce for the first six months of 2012 compared to an average of \$807 per ounce in the first half of 2011. Furthermore, our cash operating cost per tonne processed remained stable at \$35 for the first half of 2012, literally unchanged compared to the same period last year.

Overall production and cash operating cost for the second quarter are in line with our objectives and we remain confident that we will achieve our annual production guidance of between 235,000 and 260,000 ounces of gold at a cash operating cost of between \$700 and \$750 per ounce.

We are not pleased with a share price that does not reflect the value and the potential of our company. We will continue to work diligently in all areas of the organization to demonstrate that confidence in the Corporation is fully warranted. We remain financially healthy; we have no debt, we are unhedged, we have \$148 million in cash and we are generating approximately \$100 million of gold sales per quarter. Moving forward, our production will remain constant while we continue to invest in organic growth.

SEMAFO's Consolidated Financial Statements and Management's Discussion and Analysis and other relevant 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 the website maintained by the

## Consolidated Results and Mining Operations

	Three-month period ended June 30,			Six-month period ended June 30,		
	2012	2011	Variation	2012	2011	Variation
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<b>Operating Highlights</b>						
Gold ounces produced	60,500	63,800	(5%)	121,400	123,800	(2%)
Gold ounces sold	60,900	66,100	(8%)	119,600	122,800	(3%)
(in thousands of dollars, except amounts per ounce, per tonne and per share)						
Revenues - Gold sales	98,376	100,398	(2%)	198,777	179,765	11%
Mining operation expenses (excluding government royalties)	41,646	38,500	8%	78,888	72,079	9%
Government royalties	5,070	5,150	(2%)	10,147	8,650	17%
Write-off of property, plant and equipment	16,998	-	-	16,998	-	-
Operating income	12,109	40,590	(70%)	50,282	65,960	(24%)
Loss on sale of current investment	24,297	-	-	24,297	-	-
Income tax expense	3,060	6,236	(51%)	9,249	10,352	(11%)
Net income (loss) attributable to:						
Equity shareholders	(17,544)	30,631	(157%)	10,578	48,800	(78%)
Cash flow from operating activities(1)	41,791	43,191	(3%)	81,987	74,508	10%
Basic earnings (loss) per share	(0.06)	0.11	(155%)	0.04	0.18	(78%)
Diluted earnings (loss) per share	(0.06)	0.11	(155%)	0.04	0.17	(76%)
Operating cash flow per share(2)	0.15	0.16	(6%)	0.30	0.27	11%
Adjusted operating income(3)	29,107	40,590	(28%)	67,280	65,960	2%
Adjusted net income attributable to equity shareholders(3)	19,374	30,631	(37%)	47,496	48,800	(3%)
Adjusted basic						

earnings per share(3)	0.07	0.11	(36%)	0.17	0.18	(6%)
Average realized selling price (per ounce)	1,615	1,519	6%	1,662	1,464	14%
Cash operating cost (per ounce produced)(4)	685	590	16%	652	584	12%
Cash operating cost (per tonne processed)(4)	36	36	-	35	35	-
Total cash cost (per ounce sold)(5)	767	660	16%	738	657	12%
Total cash margin (per ounce sold)(6)	848	859	(1%)	924	807	14%

- (1) Cash flow from operating activities excludes changes in non-cash working capital items.
- (2) Operating cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A.
- (3) Adjusted operating income, adjusted net income attributable to equity shareholders and adjusted basic earnings per share are non-IFRS financial performance measures with no standard definition under IFRS. The adjusted operating income excludes the write-off of property, plant and equipment of \$16,998,000 related to the underground project, while the adjusted net income attributable to equity shareholders and the adjusted basic earnings per share also exclude the loss on the sale of a current investment totalling \$24,297,000 as well as the income tax expense and the non-controlling interest impact totalling \$4,377,000 related to these non-recurring transactions.
- (4) Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A.
- (5) Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and the government royalties per ounce sold.

Conference Call: Date: Thursday, August 9, 2012  
Time: 10:00 AM (EDT)  
Tel. local & overseas: +1 (416) 981-9000  
Tel. North America: 1 (800) 736-7549

The conference call will feature Benoit La Salle, FCPA, FCA, President and Chief Executive Officer, Benoit Desormeaux, CPA, CA, Executive Vice-President and Chief Operating Officer, Martin Milette, CPA, CA, Chief Financial Officer, Michel Crevier, Vice-President Exploration and Mine Geology and SEMAFO's Qualified Person, and Patrick Moryoussef, Vice-President Mining Operations.

The conference call will be archived for replay until August 29, 2012. To access the archived conference call, please dial 1 (800) 558-5253 and enter pass code 2199113 followed by the number sign (#).

A live audio webcast of the conference can be accessed through SEMAFO's website at [www.semafo.com](http://www.semafo.com).

The webcast will be available for replay for a period of 90 days.

#### About SEMAFO

SEMAFO is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation currently operates three gold mines: the Mana Mine in Burkina Faso, the Samira Hill Mine in Niger and the Kiniero Mine in Guinea. SEMAFO is committed to evolve in a conscientious manner to become a major player in its geographical area of interest. 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 "improving", "should", "optimistic", "potential", "add", "continues", "will", "investigating", "may", "increase", "guidance", "moving forward", "committed", "evolve", "become", "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 of the super pit to improve the overall economics of the project and to positively impact the total cash cost, the ability to add reserves in the future, the ability to find processes that will improve recovery rates to ultimately increase the economics of the south sector, the ability to achieve our annual production guidance of between 235,000 to 260,000 ounces of gold at a cash operating cost of between \$700 and \$750 per ounce, the ability to maintain constant production moving forward, 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 2011 Annual MD&A and 2011 Annual Information Form, as updated in SEMAFO's 2012 First Quarter MD&A and 2012 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 above information has been made public in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act.

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