

# SEMAFO Announces Solid Third Quarter 2014 Results

11.11.2014 | [Marketwired](#)

## Net Income of \$13 Million

## Cash Flow from Operations of \$41 Million

MONTREAL, QUEBEC--(Marketwired - Nov 11, 2014) - SEMAFO (TSX:SMF)(OMX:SMF) today reported its financial and operating results for the three-month period ended September 30, 2014. All amounts are in US dollars unless otherwise stated.

### Third Quarter 2014 in Review

Driven by the performance of the recently ramped-up Siou and Fofina high-grade deposits and the third quarter operating results, SEMAFO raised its 2014 production guidance from between 200,000 and 225,000 ounces to between 230,000 and 235,000 ounces of gold, representing a 9% increase at midpoint. Considering the revised production level for the Mana Mine, we lowered our full-year guidance for total cash costs<sup>(1, 2)</sup> from between \$695 and \$745 to between \$660 and \$675 per ounce. Additionally, due to the increase in the 2014 production guidance, capital expenditures were revised upward to \$58.5 million from \$48.5 million, reflecting mainly higher capitalized stripping costs.

- Gold production of 64,700 ounces at a total cash cost<sup>(1)</sup> of \$555 per ounce compared to 38,700 ounces at \$799 per ounce for the same period in 2013
- Gold sales of \$84.5 million, a 71% increase compared to the same period in 2013
- Operating income of \$25.5 million, compared to an operating loss of \$2.9 million for the same period in 2013
- Net income attributable to equity shareholders of \$11.2 million or \$0.04 per share compared to net loss from continuing operations of \$0.8 million for the same period in 2013
- Cash flow from operating activities<sup>(3)</sup> of \$40.6 million or \$0.15 per share<sup>(4)</sup> compared to \$16.2 million or \$0.06 per share for the same period in 2013
- Acquisition of four new permits in the Banfora Gold Belt

During the third quarter, we achieved gold production of 64,700 ounces at the Mana Mine at a cash operating cost<sup>(5)</sup> of \$549 per ounce produced and a total cash cost<sup>(1)</sup> of \$555 per ounce sold.

(1) Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and government royalties per ounce sold.

(2) Assumptions used to forecast total cash costs for the remainder of 2014 include \$1,200 US dollars per ounce of gold; a price of fuel of \$1.43 US dollars per litre; an exchange rate of \$0.89 US dollars to the Canadian dollar; and an exchange rate of \$1.26 US dollars to the Euro.

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

(4) Operating cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A.

(5) Cash operating cost is a non-IFRS performance measure with no standard definition under IFRS and is calculated using ounces produced. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A.

### Mining Operations

## Mana, Burkina Faso

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2014	2013 <sup>(4)</sup>	Variation	2014	2013 <sup>(4)</sup>	Variation
<b>Operating Data</b>						
Ore mined (tonnes)	516,900	618,500	(16 %)	1,601,800	2,034,800	(21 %)
Ore processed (tonnes)	750,300	714,400	5 %	2,116,200	2,138,400	(1 %)
Waste mined (tonnes)	4,038,000	2,326,200	74 %	12,024,400	6,754,700	78 %
Operational stripping ratio	7.8	3.8	105 %	7.5	3.3	127 %
Head grade (g/t)	2.91	1.82	60 %	2.77	2.01	38 %
Recovery (%)	92	85	8 %	91	87	5 %
Gold ounces produced	64,700	38,700	67 %	172,500	122,900	40 %
Gold ounces sold	67,100	36,900	82 %	164,700	121,200	36 %
<b>Statistics (in dollars)</b>						
Average realized selling price (per ounce)	1,260	1,341	(6 %)	1,280	1,451	(12 %)
Cash operating cost (per ounce produced) <sup>(1)</sup>	549	746	(26 %)	600	654	(8 %)
Cash operating cost (per tonne processed) <sup>(1)</sup>	47	41	15 %	49	38	29 %
Total cash cost (per ounce sold) <sup>(2)</sup>	555	799	(31 %)	670	725	(8 %)
Depreciation (per ounce sold) <sup>(3)</sup>	269	443	(39 %)	300	363	(17 %)

(1) 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.

(2) 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.

(3) 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.

(4) Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

The 60% increase in head grade in the third quarter of 2014 reflects the higher grade extracted from our two new pits, Siou and Fofina, and is partially offset by lower-grade stockpiles. For the corresponding period in 2013, ore was sourced exclusively from the Wona-Kona pit. The 67% increase in gold ounces produced and 82% increase in gold ounces sold directly result from the higher head grade and higher gold recovery from the Siou and Fofina pits. The 8% increase in the recovery rate is due to the processing of ore sourced from Siou and Fofina compared to bedrock from the Wona-Kona pit during the third quarter of 2013.

## Exploration at Mana

The Corporation continues to focus on exploration in the vicinity of the Mana processing plant, more specifically on the Siou sector, Pompoi Nord, Pompoi and in the north, on the Bilakongo and Kana permits. An exploration budget of \$18.5 million has been allocated for these areas, including \$4.5 million for an infill core drilling program at Siou.

Reverse-circulation (RC) and auger drilling programs were briefly halted during the quarter due to the rainy season. Currently, one auger rig, four RC rigs and two core rigs are in operation on these properties.

## Reverse-Circulation Drilling Program at Siou

During the third quarter, two RC drill rigs continued to test a number of targets within trucking distance of the Mana processing plant. Due to the rainy season, both rigs were stopped for a one-month period. A total of 172 RC holes in 23,170 meters were completed during the quarter principally within the Siou sector. As of October 1, 2014, 553 holes in 64,780 meters were completed. Part of the RC meterage was to expand results obtained previously along the east contact of the intrusive and within the South Apex (hole MRC14-3615 with 6.45 g/t Au over 4 meters and hole MRC14-3724 with 3.12 g/t Au over 8 meters). Although significant gold values were generated by the follow-up program (including MRC14-3775 with 5.12 g/t Au over 8 meters), further drilling will be required to better understand the geological controls and continuity of the mineralization. Recent intersections obtained elsewhere within the intrusive include hole MRC14-3787, which returned 3.58 g/t Au over 4 meters. Now that the rainy season is over, the RC drilling program has recommenced.

## Auger Drilling Program at Siou

Auger drilling principally concentrated on areas within the North Apex of the Siou intrusive. Infill lines were completed in order to better define the anomalous trends for RC testing later in 2014. To date, a total of 245,890 meters have been completed, 32,470 meters of which were carried out in the quarter, generating 18,500 new sample points on the Mana property.

### **Infill Drilling Program at Siou**

Infill core drilling at Siou continued throughout the rainy season. Four rigs were active in the quarter, completing 25 holes in 6,700 meters (for a year-to-date total of 93 holes in 23,680 meters).

Results continue to better define the grades and continuity of the mineralization between 180 and 225 meters vertically within the in-pit resources shell with the objective of replacing and increasing the reserves base at Siou by year-end. Results are in line with expectations. The south ore shoot at depth within Zone 9 has returned excellent results that will allow holes WDC-873 (14.46 g/t Au over 18.0 meters) and WDC-864 (6.75 g/t over 14.1 meters) to be added to the resource base. Both holes have extended the strike length of a wide, high-grade shoot at approximately 230 meters deep vertically. Deeper drilling was also conducted along an interpreted shallow south plunge below this ore shoot. Although no high-grade intervals were obtained, hole WDC-829 (2.09 g/t over 4.0 meters) indicates that the mineralized zone remains open at depth. Further drilling will be required to test this mineralization.

In the northern portion of the deposit, deep drilling also returned priority targets for follow up within the Zone 9, including hole WDC-866, which returned 4.74 g/t Au over 8.0 meters.

A number of significant results were also obtained at depth along the Siou Zone. Recently, holes WDC-831 (6.03 g/t over 9.1 meters) and WDC-859 (14.29 g/t over 2.6 meters) were drilled at 250 meters and 300 meters below surface, respectively. The results point to a prospective strike length of more than 600 meters within the Siou Zone at depth and to the north. Further drilling is scheduled as part of the deep exploration program at Siou.

### **Other Exploration - Outside of Mana**

During the third quarter, the Corporation acquired four new permits in the Banfora Gold Belt from two private companies. The Yeya 1, 2, and 3 permits, along with the Kongoroba permit, add 240 square kilometers to the Banfora project, which now totals 1,463 square kilometers in 14 permits. Currently, one auger drill is on site on the northern portion of the permits, and drill results are expected in the fourth quarter.

### **Political Situation in Burkina Faso**

On October 30, 2014, civil unrest broke out in Ouagadougou and in another major city in Burkina Faso. On the following day, the incumbent president, Blaise Compaoré resigned, and both the national assembly and the government were dissolved. On October 31, an interim head of state was appointed, pledging to install a transitional government that will be headed by a unity leader until the next election in 2015.

Mining operations at the Mana Mine, located some 260 kilometers west of the capital Ouagadougou, were uninterrupted by the protests. All on-site employees are accounted for and safe. SEMAFO's power supply is independently secured by a series of on-site diesel generators.

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 Canadian Securities regulators at [www.sedar.com](http://www.sedar.com).

### **Consolidated Results and Mining Operations from Continuing Operations**

Three-month period

Nine-month period

	ended September 30,			ended September 30,		
	2014	2013 <sup>(3)</sup>	Variation	2014	2013 <sup>(3)</sup>	Variation
Gold ounces produced	64,700	38,700	67 %	172,500	122,900	40 %
Gold ounces sold (in thousands of dollars, except amounts per ounce, per tonne and per share)	67,100	36,900	82 %	164,700	121,200	36 %
Revenues - Gold sales	84,524	49,488	71 %	210,758	175,847	20 %
Mining operation expenses (excluding government royalties)	33,354	27,130	23 %	100,863	79,134	27 %
Government royalties	3,909	2,355	66 %	9,422	8,781	7 %
Operating income (loss)	25,500	(2,935 )	-	31,486	27,349	15 %
Impairment of investment in GoviEx	-	-	-	-	19,600	-
Income tax expense (recovery)	9,852	(1,735 )	-	13,878	6,177	125 %
Net income (loss) from continuing operations attributable to equity shareholders	11,172	(815 )	-	11,203	(2,130 )	-
Basic earnings (loss) per share from continuing operations	0.04	-	-	0.04	(0.01 )	-
Diluted earnings (loss) per share from continuing operations	0.04	-	-	0.04	(0.01 )	-
Cash flow from operating activities from continuing operations <sup>(1)</sup>	40,554	16,158	151 %	80,314	65,390	23 %
Operating cash flow per share from continuing operations <sup>(2)</sup>	0.15	0.06	150 %	0.29	0.24	21 %

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

(2) Operating cash flow per share from continuing operations 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) Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

SEMAFO's senior management will host a conference call today at 10:00 EST to discuss the third quarter financial and operating results, as well as to provide an update on the Corporation's activities. Investors 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

The conference call will be archived for replay until December 2, 2014. To access the archived conference call, please dial 1 (800) 585-8367 and enter pass code 8882112.

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 30 days.

## About SEMAFO

SEMAFO is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation currently owns and operates the Mana Mine in Burkina Faso, which includes the high-grade satellite Siou and Fofina deposits. SEMAFO is committed to evolve in a conscientious manner through the responsible development of its Mana property. 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 "expected", "objective", "will", "committed", "evolve", "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 attain our 2014 production guidance of between 230,000 and 235,000 ounces of gold, the ability to meet our total cash cost guidance of between \$660 and \$675, the ability to meet our revised capital expenditures guidance of \$58.5 million, the ability to replace and increase the in-pit reserves base at Siou before year-end, 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 2013 Annual 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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