

# SEMAFO: 2014 Production Increased by 48%, Total Cash Cost Decreased by 16% Year on Year

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## Announces 2015 Production Guidance

MONTREAL, QUEBEC--(Marketwired - Jan 21, 2015) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) reported strong 2014 operational results with production of 234,300 ounces at a total cash cost of \$650 per ounce at its Mana Mine. This represents a 48% year-over-year increase in production and a 16% decrease in total cash cost, both of which are attributable to the mine plan for the high-grade Siou and Fofina deposits. As a result, the Corporation has achieved its production guidance at Mana for the seventh consecutive year.

### Highlights

- In the fourth quarter, 61,800 ounces of gold were produced at a total cash cost<sup>(1)</sup> of approximately \$600 per ounce
- Annual production of 234,300 ounces, beating 2014 initial guidance by 10%
- Total cash cost<sup>(1)</sup> for 2014 came in at an estimated \$650 per ounce, well below 2014 guidance of between \$695 and \$745 per ounce
- All-in sustaining cost<sup>(2)</sup> of approximately \$806 per ounce, beating our guidance
- Cash and cash equivalents of about \$128 million as of December 31, 2014
- Gold sales totalling 230,200 ounces, resulting in annual revenues of \$289 million

The Corporation's 2015 guidance outlines continued gold production growth coupled with a further decline in costs.

### 2015 Outlook

- Production of between 245,000 and 275,000 ounces of gold, an 11% increase over the 2014 gold production
- Total cash cost<sup>(1)</sup> of between \$575 and \$605 per ounce, a 9% decrease relative to \$650 per ounce in 2014
- All-in sustaining cost<sup>(2)</sup> of between \$715 and \$750 per ounce, a 9% decline compared to 2014
- Capital expenditures of \$37 million
- Initial exploration budget of \$18 million

2014 numbers are preliminary and are subject to final adjustment. All amounts are in US dollars unless otherwise indicated.

<sup>(1)</sup> 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.

<sup>(2)</sup> All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the total cash cost, plus sustainable capital expenditures and pre-stripping costs per ounce.

### Mining Operations

#### Mana, Burkina Faso

|                        | Three-month period<br>ended December 31, |         |           | Twelve-month period<br>ended December 31, |           |           |
|------------------------|------------------------------------------|---------|-----------|-------------------------------------------|-----------|-----------|
|                        | 2014                                     | 2013    | Variation | 2014                                      | 2013      | Variation |
| <b>Operating Data</b>  |                                          |         |           |                                           |           |           |
| Ore processed (tonnes) | 638,200                                  | 696,100 | (8 %)     | 2,754,400                                 | 2,834,500 | (3 %)     |
| Head grade (g/t)       | 3.30                                     | 1.94    | 70 %      | 2.90                                      | 1.99      | 46 %      |
| Recovery (%)           | 91                                       | 85      | 7 %       | 91                                        | 86        | 6 %       |
| Gold ounces produced   | 61,800                                   | 35,700  | 73 %      | 234,300                                   | 158,600   | 48 %      |
| Gold ounces sold       | 65,500                                   | 40,100  | 63 %      | 230,200                                   | 161,300   | 43 %      |

In anticipation of the replacement of the shell of the SAG mill, we successfully tested the secondary ball mill during the fourth quarter. The planned SAG shutdown commenced this week and will run up to the end of February. During this period, we will continue to operate, processing 3,600 tonnes per day of high-grade saprolite material from the Fofina pit.

The Mana mill should process a total of 2.5 million tonnes in 2015 at an average head grade of 3.6 g/t Au, with a gold recovery rate of 90%. The decrease in the 2015 total cash cost and all-in sustaining cost guidance is mainly due to the mine plan for the high-grade Siou and Fofina deposits, lower capital expenditures, in addition to ongoing optimisation efforts.

## 2015 Capital Expenditures

|                                    | \$ millions |
|------------------------------------|-------------|
| Sustaining capital                 | 15.0        |
| Stripping cost                     | 18.0        |
| Sustaining capital - 2014 Deferred | 4.0         |
| <b>Total</b>                       | <b>37.0</b> |

The deferred capital expense mainly comprises deferred capital relating to the SAG shell replacement and construction of the Mana substation for expected connection to the grid at the end of the first quarter of 2015. The consolidated corporate general and administrative expense for 2015 is estimated at \$15 million.

A number of assumptions were made in preparing the 2015 guidance, including

- Price of gold: \$1,150 US dollars per ounce
- Price of fuel: \$1.27 US dollars per litre
- Exchange rate: \$0.86 US dollars to the Canadian dollar
- Exchange rate: \$1.21 US dollars to the Euro

## 2015 Exploration

In the fourth quarter, part of the reverse-circulation drilling program focused on expanding results obtained previously along the east contact of the Siou intrusive and within the South Apex. Further drilling is necessary to better understand the geological controls and continuity of the mineralisation.

The 2015 initial exploration budget has been established at \$18 million, and activities are expected to involve up to eight auger rigs and four RC rigs for 310,000 meters of auger and 105,000 meters of reverse-circulation drilling.

A total of \$12 million has been assigned to the Mana sector, primarily in the North Apex and South Apex areas of the Siou intrusive and further east in the Pompoi North permit. The bulk of the remaining \$6 million provision will be devoted to auger and reverse-circulation drilling on the Banfora project, which now totals 1,600 square kilometers in 15 permits.

SEMAFO anticipates releasing its 2014 fourth-quarter and year-end financial results on or about March 12, 2015. The Corporation will also host a conference call to discuss the fourth-quarter and year-end results, the details of which will be announced at a later date.

## 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. 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 "guidance", "growth", "further", "adjustment", "should", "expected", "estimated", "anticipates", "will", "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 to meet our guidance of between 245,000 and 275,000 ounces of gold produced at a total cash cost of between \$575 and \$605 per ounce and all-in sustaining cost of between \$715 and \$750 per ounce, the ability to incur \$37 million of capital expenditures, the ability to keep our general and administrative expenditures at \$15 million, the ability to replace the SAG shell prior to the end of February, the ability to be connected to the grid at the end of the first quarter of 2015, the ability to process 3,600 tonnes per day from the secondary ball mill during the shutdown of the SAG mill, the ability of the Mana plant to process 2.5 million tonnes at an average head grade of 3.6 g/t Au with a gold recovery rate of 90% in 2015, the ability to invest \$18 million in our initial exploration program in 2015, 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, as updated in SEMAFO's 2014 First Quarter MD&A, 2014 Second Quarter MD&A and 2014 Third 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.

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