

## Net Income Attributable to Equity Shareholders of \$16.2 Million

MONTREAL, QUEBEC--(Marketwired - May 11, 2016) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the three-month period ended March 31, 2016. All amounts are in US dollars unless otherwise stated.

### First Quarter 2016 - in Review

- Gold production of 61,300 ounces compared to 65,200 ounces for the same period in 2015
- Gold sales of \$74.6 million compared to \$74.0 million for the same period in 2015
- Total cash cost<sup>1</sup> of \$505 per ounce sold and all-in-sustaining cost<sup>1</sup> of \$695 per ounce sold compared to \$528 and \$646, respectively, for the same period in 2015
- Operating income of \$17.8 million compared to \$11.2 million for the same period in 2015
- Net income attributable to equity shareholders of \$16.2 million or \$0.05 per share compared to a loss of \$8.1 million or \$0.03 per share for the same period in 2015
- Adjusted net income attributable to equity shareholders<sup>1</sup> of 8.7 million or \$0.03 per share<sup>1</sup> compared to \$8.2 million or \$0.03 per share<sup>1</sup> for the same period in 2015
- Cash flows from operating activities<sup>2</sup> of \$35.2 million or \$0.12 per share<sup>1</sup> compared to \$32.6 million or \$0.12 per share<sup>1</sup> for the same period in 2015
- Amendment to long-term debt consisting of an incremental \$60.0 million to be drawn by June 30, 2017
- Completion of a bought deal offering of common shares for aggregate gross proceeds of \$90.8 million (C\$115.1 million)
- Total exploration budget increased to \$18.0 million following positive results at Mana and Natougou

### Natougou Development:

- Completion of feasibility study with a strong 48% IRR at \$1,100/oz gold
- Lycopodium selected for the Engineering, Procurement and Construction Management (EPCM) contract

<sup>1</sup> Adjusted net income attributable to equity shareholders, adjusted basic earnings per share, operating cash flows per share, 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> Cash flows from operating activities exclude changes in non-cash working capital items.

### Mana, Burkina Faso

### Mining Operations

|  | Three-month period<br>ended March 31, |           |           |    |
|--|---------------------------------------|-----------|-----------|----|
|  | 2016                                  | 2015      | Variation |    |
| Operating Data   |                                       |           |           |    |
| Ore mined (tonnes)                                     | 500,300                               | 749,800   | (33       | %) |
| Ore processed (tonnes)                                 | 682,900                               | 537,300   | 27        | %  |
| Waste mined (tonnes)                                   | 3,459,400                             | 6,562,800 | (47       | %) |
| Operational stripping ratio                            | 6.9                                   | 8.8       | (22       | %) |
| Head grade (g/t)                                       | 3.04                                  | 4.09      | (26       | %) |
| Recovery (%)   | 92                                    | 92        | -         |    |
| Gold ounces produced                                   | 61,300                                | 65,200    | (6        | %) |
| Gold ounces sold                                       | 62,800                                | 60,600    | 4         | %  |
| Statistics (in dollars)                                |                                       |           |           |    |
| Average realized selling price (per ounce)             | 1,187                                 | 1,221     | (3        | %) |
| Cash operating cost (per tonne processed) <sup>1</sup> | 42                                    | 54        | (22       | %) |
| Total cash cost (per ounce sold) <sup>1</sup>          | 505                                   | 528       | (4        | %) |
| All-in sustaining cost (per ounce sold) <sup>1</sup>   | 695                                   | 646       | 8         | %  |
| Depreciation (per ounce sold) <sup>2</sup>             | 275                                   | 396       | (31       | %) |

<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.

In the first quarter of 2016, the total cash cost reached \$505 per ounce sold compared to \$528 for the same period in 2015. The decrease is due to a lower cash operating cost per tonne, partially offset by a lower head grade. The 8% increase in all-in sustaining cost is mainly due to an increase in the stripping expenditure.

During the first quarter of 2016, the lower ore mined compared to the same period in 2015, is due to the mine plan sequence. The decrease in gold ounces produced is a direct result of the 26% lower head grade, partially offset by higher throughput. The year-over-year decrease in head grade in the first quarter of 2016 is due to the mine plan and increased throughput from low-grade stockpiles. The year-over-year increase in throughput in the first quarter of 2016 is due to the processing of ore through the secondary ball mill during the five-week shutdown of the SAG mill in the first quarter of 2015.

## Exploration

The initial 2016 exploration budget of \$11 million has been expanded to \$18 million. Accordingly, the budget for Mana has increased from \$4.5 million to \$6.5 million, with the Natougou budget rising from \$6 million to \$9 million. Provisions of \$1.5 million and \$1 million of the new budget have been allocated to Nabanga and other properties, respectively.

### Mana Project, Burkina Faso

In the first quarter, a total of 18,260 meters of auger, 10,230 meters of RC and 280 meters of core drilling were carried out on the Mana Project, principally on the Bombouéla Nord and Yama areas. Currently, three auger and one RC rig are in operation on the Mana permits.

In the quarter, drilling continued at 50-meter x 50-meter spacing on Yama located 23 kilometers south of the Mana plant. Significant results were obtained associated with a 200-meter long and steeply plunging series of sheared quartz veins. Best results include 5 g/t Au over 5 meters and 2.14 g/t Au over 13 meters. In the second quarter, a 2,750-meter infill drill program will bring the spacing to 25 meters x 50 meters in order to bring Yama into reserves by year-end. In addition, 2,500 meters of RC drilling will be carried out on the Yama area on targets identified by auger drilling.

Auger drilling was realized on a target area on the Bombouéla Nord permit located 30 kilometers north of the Mana mill. Two strong subparallel auger anomalies were identified over a strike length up of 2 kilometers that are similar to the regional structure hosting the Wona deposit. Both trends are scheduled for a 6,500-meter follow-up RC program in the second quarter of 2016 while an additional auger drill program will investigate the South extension. Results are expected in the third quarter of 2016.

### Natougou

A regional auger drilling program is currently in progress along a NE-trending regional structure that crosses the entire property to the south of the Natougou deposit. Significant anomalies were identified along the trend. A 5,000-meter follow-up RC drilling program is planned, with results expected in the third quarter of 2016.

Currently, one RC drill rig is active on the footwall zone of the Boungou Shear Zone and on the sector west of the deposit. In the second quarter of 2016, a regional airborne geophysical survey campaign involving magnetic and radiometric surveys, will be effected over the remaining portion of the Tapoa Permit Group with results anticipated in the third quarter of 2016.

### Nabanga (Yactibo Permit Group)

A 2,000-meter RC drilling program is ongoing on the Nabanga extension. The revised budget of \$1.5 million also includes a 14,000-meter drill campaign on the Kamsongo and Yacti mineralized zones, which are located in close proximity to the Nabanga deposit. Results are expected in the third quarter of 2016.

### Natougou Development

Following announcement of a positive feasibility study in February, we continue to target construction start-up by year-end 2016. A \$10 million capital expenditure budget has been established for Natougou in 2016. As at May 10, 2016, the following milestones have been achieved:

- NI 43-101 technical report for the Natougou project filed on SEDAR
- Lycopodium selected as the EPCM contractor
- Launch of detailed engineering
- Filing of the environmental study impact assessment and resettlement action plan with the government of Burkina Faso

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).

## First Quarter Conference Call

A conference call will be held today, Wednesday, May 11, 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: [www.semafo.com](http://www.semafo.com)

Replay number: 1 (800) 585 8367 or +1 (416) 621 4642

Replay pass code: 93091950

Replay expiration: June 1, 2016

## Annual General Meeting of Shareholders

SEMAFO's Annual General Meeting of Shareholders will be held on Thursday, May 12, 2016 at 10:00 a.m. EDT at Club Saint-James, Salon Midway, 1145 avenue Union, in Montreal, Quebec. Attendees will have the opportunity to ask questions and meet the management team and members of the board of directors.

## 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 "will", "in order to", "targets", "scheduled for", "expected", "planned", "anticipated", "ongoing", "continue", "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 bring Yama into reserves by year-end, the ability to release exploration results in the third quarter of 2016, the ability to start construction at Natougou by year-end 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 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 May 11, 2016 at 7:00 a.m., Eastern Daylight Time.

## Consolidated Results and Mining Operations

### Financial and Operating Highlights

|   | Three-month period<br>ended March 31, |        |           |    |
|---|---------------------------------------|--------|-----------|----|
|   | 2016                                  | 2015   | Variation |    |
| Gold ounces produced                                | 61,300                                | 65,200 | (6        | %) |
| Gold ounces sold                                    | 62,800                                | 60,600 | 4         | %  |
| (in thousands of dollars, except amounts per share) |                                       |        |           |    |
| Revenues - Gold sales                               | 74,556                                | 74,016 | 1         | %  |
| Mining operation expenses                           | 28,722                                | 29,063 | (1        | %) |
| Government royalties                                | 3,018                                 | 2,933  | 3         | %  |
| Operating income                                    | 17,836                                | 11,207 | 59        | %  |

|  |        |         |     |    |
|--|--------|---------|-----|----|
| Finance costs  | 302    | 3,039   | (90 | %) |
| Foreign exchange loss (gain)   | (4,909 | ) 6,281 | -   |    |
| Income tax expense   | 4,125  | 9,867   | (58 | %) |
| Net income (loss) attributable to equity shareholders                | 16,184 | (8,114  | ) - |    |
| Basic earnings (loss) per share                                      | 0.05   | (0.03   | ) - |    |
| Diluted earnings (loss) per share                                    | 0.05   | (0.03   | ) - |    |
| Adjusted net income attributable to equity shareholders <sup>1</sup> | 8,724  | 8,210   | 6   | %  |
| Per share <sup>1</sup>   | 0.03   | 0.03    | -   |    |
| Cash flows from operating activities <sup>2</sup>                    | 35,204 | 32,553  | 8   | %  |
| Per share <sup>1</sup>   | 0.12   | 0.12    | -   |    |

<sup>1</sup> 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<br>March 31,<br>2016<br>\$ | As at<br>December 31,<br>2015<br>\$ |
|--|----------------------------------|-------------------------------------|
| <b>Assets</b>                          |                                  |                                     |
| <b>Current assets</b>                  |                                  |                                     |
| Cash and cash equivalents              | 166,667                          | 167,166                             |
| Trade and other receivables            | 18,289                           | 17,028                              |
| Income tax receivable                  | -                                | 1,634                               |
| Inventories                            | 48,879                           | 53,200                              |
| Other current assets                   | 2,522                            | 2,622                               |
|  | 236,357                          | 241,650                             |
| <b>Non-current assets</b>              |                                  |                                     |
| Advance receivable                     | 3,825                            | 4,532                               |
| Restricted cash                        | 4,609                            | 4,388                               |
| Property, plant and equipment          | 531,270                          | 529,087                             |
| Intangible asset                       | 1,782                            | 1,856                               |
| Other non-current assets               | 5,959                            | -                                   |
|  | 547,445                          | 539,863                             |
| <b>Total assets</b>                    | <b>783,802</b>                   | <b>781,513</b>                      |
| <b>Liabilities</b>                     |                                  |                                     |
| <b>Current liabilities</b>             |                                  |                                     |
| Trade payables and accrued liabilities | 35,981                           | 35,869                              |
| Current portion of long-term debt      | -                                | 29,052                              |
| Share unit plans liabilities           | 5,976                            | 1,360                               |
| Provisions                             | 5,702                            | 6,346                               |
| Income tax payable                     | 2,244                            | -                                   |
|  | 49,903                           | 72,627                              |
| <b>Non-current liabilities</b>         |                                  |                                     |
| Long-term debt                         | 58,725                           | 59,379                              |
| Share unit plans liabilities           | 2,940                            | 4,485                               |
| Provisions                             | 7,527                            | 7,313                               |
| Deferred income tax liabilities        | 33,048                           | 31,846                              |
|  | 102,240                          | 103,023                             |
| <b>Total liabilities</b>               | <b>152,143</b>                   | <b>175,650</b>                      |
| <b>Equity</b>                          |                                  |                                     |
| <b>Equity Shareholders</b>             |                                  |                                     |
| Share capital                          | 523,936                          | 516,070                             |
| Contributed surplus                    | 9,924                            | 10,685                              |
| Retained earnings                      | 64,426                           | 48,242                              |

|                              |         |         |
|------------------------------|---------|---------|
|                              | 598,286 | 574,997 |
| Non-controlling interest     | 33,373  | 30,866  |
| Total equity                 | 631,659 | 605,863 |
| Total liabilities and equity | 783,802 | 781,513 |

#### Interim Consolidated Statement of Income (Loss)

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

|  | Three-month period<br>ended March 31, |         |
|--|---------------------------------------|---------|
|  | 2016                                  | 2015    |
|  | \$                                    | \$      |
| Revenue - Gold sales   | 74,556                                | 74,016  |
| Costs of operations  |                                       |         |
| Mining operation expenses  | 31,740                                | 31,996  |
| Depreciation of property, plant and equipment                    | 17,340                                | 24,110  |
| General and administrative                                       | 3,827                                 | 3,615   |
| Corporate social responsibility expenses                         | 135                                   | 326     |
| Share-based compensation   | 3,678                                 | 2,762   |
| Operating income   | 17,836                                | 11,207  |
| Other expenses (income)  |                                       |         |
| Finance income   | (373)                                 | (131)   |
| Finance costs  | 302                                   | 3,039   |
| Foreign exchange loss (gain)                                     | (4,909)                               | 6,281   |
| Income before income taxes                                       | 22,816                                | 2,018   |
| Income tax expense   |                                       |         |
| Current  | 3,954                                 | 3,604   |
| Deferred   | 171                                   | 6,263   |
|  | 4,125                                 | 9,867   |
| Net income (loss) and comprehensive income (loss) for the period | 18,691                                | (7,849) |
| Attributable to:   |                                       |         |
| Equity shareholders  | 16,184                                | (8,114) |
| Non-controlling interests  | 2,507                                 | 265     |
|  | 18,691                                | (7,849) |
| Earnings per share   |                                       |         |
| Basic  | 0.05                                  | (0.03)  |
| Diluted  | 0.05                                  | (0.03)  |

#### Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars - unaudited)

|   | Three-month period<br>ended March 31, |         |
|---|---------------------------------------|---------|
|   | 2016                                  | 2015    |
|   | \$                                    | \$      |
| Cash flows from (used in):                                      |                                       |         |
| Operating activities  |                                       |         |
| Net income (loss) for the period                                | 18,691                                | (7,849) |
| Adjustments for:  |                                       |         |
| Depreciation of property, plant and equipment                   | 17,340                                | 24,110  |
| Share-based compensation  | 3,678                                 | 2,762   |
| Write-off of other non-current assets related to financing fees | -                                     | 2,520   |
| Unrealized foreign exchange loss (gain)                         | (4,790)                               | 4,681   |
| Deferred income taxes expense                                   | 171                                   | 6,263   |
| Other   | 114                                   | 66      |
|   | 35,204                                | 32,553  |
| Changes in non-cash working capital items                       | 6,765                                 | 196     |

|  |           |            |
|--|-----------|------------|
| Net cash provided by operating activities                    | 41,969    | 32,749     |
| Financing activities   |           |            |
| Drawdown (repayment) of long-term debt                       | (30,000 ) | 90,000     |
| Long-term debt transaction costs                             | -         | (1,200 )   |
| Proceeds on issuance of share capital, net of expenses       | 1,405     | 43,925     |
| Net cash (used in) provided by financing activities          | (28,595 ) | 132,725    |
| Investing activities   |           |            |
| Acquisition of <a href="#">Orbis Gold Ltd.</a>               | -         | (154,550 ) |
| Acquisitions of property, plant and equipment                | (19,543 ) | (17,887 )  |
| Net cash used in investing activities                        | (19,543 ) | (172,437 ) |
| Effect of exchange rate changes on cash and cash equivalents | 5,670     | (6,112 )   |
| Change in cash and cash equivalents during the period        | (499 )    | (13,075 )  |
| Cash and cash equivalents - beginning of period              | 167,166   | 127,928    |
| Cash and cash equivalents - end of period                    | 166,667   | 114,853    |
| Interest paid  | 1,582     | -          |
| Interest received  | 361       | 131        |
| Income tax paid  | 85        | -          |

## Contact

SEMAFO  
Robert LaValliere  
Vice-President, Corporate Affairs & Investor Relations  
Robert.Lavalliere@semafo.com  
Cell: +1 (514) 240 2780  
Ruth Hanna  
Analyst, Investor Relations  
Ruth.Hanna@semafo.com  
Tel. local & overseas: +1 (514) 744 4408  
North America Toll-Free: 1 (888) 744 4408  
Website: [www.semafo.com](http://www.semafo.com)