

Adjusted Net Income Attributable to Equity Shareholders of \$14.9 Million

MONTRÉAL, QUÉBEC--(Marketwired - Nov 9, 2016) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the three-month period ended September 30, 2016. All amounts are in US dollars unless otherwise stated.

Third Quarter 2016 - in Review

- Gold production of 62,500 ounces compared to 67,200 ounces for the same period in 2015
- Gold sales of \$80.2 million compared to \$72.5 million for the same period in 2015
- Total cash cost¹ of \$574 per ounce sold and all-in-sustaining cost¹ of \$751 per ounce sold compared to \$485 and \$616, respectively, for the same period in 2015
- Adjusted operating income¹ of \$21.5 million compared to \$17.8 million for the same period in 2015
- Adjusted net income attributable to equity shareholders¹ of \$14.9 million or \$0.05 per share¹ compared to \$12.2 million or \$0.04 per share¹ for the same period in 2015
- Cash flows from operating activities² of \$39.3 million or \$0.12 per share¹ compared to \$34.8 million or \$0.12 per share¹ for the same period in 2015
- Resumed development of Wona North pit

Natougou Development:

- Permitting anticipated by year-end 2016
- Hiring of key personnel for the construction of Natougou
- Suppliers selected for earthworks and contract mining
- Development progressing on time and on budget, with \$7.7 million spent as at September 30, 2016
- Detailed design and engineering 37% complete

1. 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 18.

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

Mana, Burkina Faso

Mining Operations

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2016	2015	Variation	2016	2015	Variation
Operating Data						
Ore mined (tonnes)	555,200	541,200	3	% 1,620,000	1,831,100	(12 %)
Ore processed (tonnes)	751,700	618,300	22	% 2,039,100	1,756,500	16 %
Waste mined (tonnes)	3,155,800	4,375,000	(28 %)	11,424,900	16,089,700	(29 %)
Operational stripping ratio	5.7	8.1	(30 %)	7.1	8.8	(19 %)
Head grade (g/t)	2.71	3.67	(26 %)	3.01	3.81	(21 %)
Recovery (%)	95	92	3 %	94	92	2 %
Gold ounces produced	62,500	67,200	(7 %)	185,100	198,400	(7 %)
Gold ounces sold	60,000	64,800	(7 %)	183,500	193,100	(5 %)
Statistics (in dollars)						
Average realized selling price (per ounce)	1,337	1,119	19 %	1,261	1,179	7 %
Cash operating cost (per tonne processed) ¹	41	47	(13 %)	44	49	(10 %)
Total cash cost (per ounce sold) ¹	574	485	18 %	542	494	10 %
All-in sustaining cost (per ounce sold) ¹	751	616	22 %	730	621	18 %
Depreciation (per ounce sold) ²	330	296	11 %	312	339	(8 %)

1. 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 18.

2. 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.

SEMAFO's third quarter 2016 gold production was 62,500 ounces compared to 67,200 ounces in the prior-year quarter. During the third quarter of 2016, the ore processed increased and the head grade decreased compared to the same period in 2015. This results from a decision to take advantage of higher gold prices and available milling capacity in order to generate additional cash flow. We achieved this by adding 127,400 tonnes of low-grade material to the mix in the third quarter of 2016. Absent the impact of this decision, the head grade would have been 3.1 g/t in the third quarter of 2016. The decrease in cash operating cost per tonne processed to \$41 relative to the third quarter of 2015 was expected and is attributable to the lower operational stripping ratio and the positive volume effect of the higher throughput.

During the third quarter, we resumed development of the Wona North pit. As a result, 891,100 tonnes of waste material were extracted from the Wona North pit during this pre-stripping phase.

The Corporation's third quarter gold sales increased relative to 2015 as an increase in the average realized selling price partially offset the lower gold ounces sold. Relative to the third quarter of 2015, the average realized selling price increased by \$218 per ounce of gold or 19%.

Mining operating expenses increased during the third quarter of 2016 compared to the third quarter of 2015 mainly as a result of the higher throughput. Third quarter adjusted operating income increased by 21% compared to the same period in 2015, primarily as a result of higher revenues.

In the third quarter of 2016, the Corporation's cash flow generated by operating activities increased by 13% to \$39.3 million on the back of higher sales.

Year-to-Date Operational Results and 2016 Guidance

In the first nine months of 2016, SEMAFO produced 185,100 ounces of gold, in line with its full-year production guidance of 225,000 to 245,000 ounces. For the nine-month period ended September 30, 2016, SEMAFO's all-in sustaining cost of \$730 per ounce and total cash cost of \$542 per ounce were higher than those in the prior year and within our 2016 cost guidance ranges. The increase in our total cash cost to \$542 per ounce was anticipated and is due to lower head grade, partially offset by a lower cash cost operating cost per tonne. The increase in all-in sustaining cost is mainly attributable to an increase in the capitalized stripping expenditure and to the higher total cash cost.

Debt Amendment

In March 2016, the Corporation entered into an amendment of its Original Credit Facility with Macquarie Bank Limited that increased the available credit facility to \$120 million. We have already drawn down \$60 million and have the option of drawing down the incremental \$60 million by June 30, 2017. The interest rate was reduced to LIBOR plus 4.75% per annum, with the principal repayable in eight equal quarterly installments of \$15 million, starting on March 31, 2019.

A second amendment occurred in September 2016 under which the principal will be repayable in eight quarterly installments of \$7.5 million as of March 31, 2019, provided no drawdown of the incremental \$60 million has taken place.

Development Resumed at Wona North

As announced in September, in light of the commencement of stripping at Wona, the annual mining capacity at Mana will increase to 40 million tonnes for the next three years in order to produce over 200,000 ounces of gold per year. As a result, in order to reach this mining capacity in 2017, we will purchase mining equipment at a cost of \$10 million and we have established development capital expenditures at Mana of \$2.7 million.

In 2017, the Mana Mine should process ore from the Fofina, Siou and Wona North pits with the Fofina deposit expected to be depleted in the first half of 2017. As of December 31, 2015, mineral reserves at Wona totalled 12.7 million tonnes at an average grade of 2.30 g/t Au for 935,100 ounces of gold contained.

The table below presents the 2016 production guidance in addition to consolidated production targets for the coming three years:

	Target ³			
	Guidance 2016 ^{1, 3}	2017	2018	2019
Mana ('000 ounces)	225-245	225-245	200+	200+
Natougou ² ('000 ounces)			100	226
Total ('000 ounces)	225-245	225-245	300+	426+

¹. See press release of January 20, 2016.

2. Contingent on receipt of permits and construction start-up by year-end 2016; for more details, refer to press release of February 25, 2016 or the NI 43-101 technical report for Natougou, which is filed on <http://www.sedar.com/> and available at <http://www.semafo.com/>.
3. Assumption: Mineral reserves were estimated using a gold price of \$1,100 per ounce.

Natougou Development

In the third quarter, the Corporation made steady progress with regard to the Natougou Project and continues to target construction start-up by year-end 2016. To date, the following milestones have been achieved:

- Development on time and budget, with \$7.7 million spent as at September 30, 2016
- Detailed design and engineering 37% complete
- Procurement:
 - Suppliers selected for earthworks and contract mining
 - Issue of purchase orders for comminution equipment and seven other packages
 - Award of contracts for the resettlement action plan follow-up
- Hiring of key personnel for the construction team has commenced
- Permitting is in line for receipt by year-end 2016

Exploration

Mana Project, Burkina Faso

In the quarter, the RC drill program on the Mana Project was primarily carried out within trucking distance of the Mana Mill such as to the northeast of Wona-Kona, on strike. Year to date, a total of 29,620 meters of RC drilling has been effected on the Mana Project, mostly on the Fobiri II and Kona Blé permits.

As a result of the rainy season, the auger drill program slowed down in the third quarter, completing 5,580 meters in 622 holes. Year to date, a total of 38,250 meters of auger drilling has been conducted on the Fobiri II, Bombouéla Nord, Wona Nyafé and Mana Ouest permits. One RC drill rig is currently active on the Mana Ouest permit.

Natougou Project

In the quarter, we completed a total of 8,360 meters in 86 RC holes across the Tapoa Permit Group. In addition, 1,210 meters of drilling, including 3 core holes, were conducted. Two RC drill rigs are currently in operation on the Tapoa proximal area.

During the third quarter of 2016, we completed an airborne magnetic radiometry survey totalling 4,430 line kilometers over the Tapoa Permit Group. Data from all previously conducted surveys were subsequently compiled in order to produce a full coverage mapping. The Natougou deposit is located to the northwest of a plus 45-degree oriented regional structure. The structure, dubbed Trend 045, is an important deep-seated deformation zone that may have played a role in the formation of the deposit. A series of lineaments are observed across the entire property within a two- to four-kilometer wide corridor.

The lineaments were combined with mapping, soil geochemistry, auger drilling and trenching, which enabled us to identify targets and commence an RC drill program in the fourth quarter of 2016.

West Sector and Boungou Shear Zone

A portion of the RC drilling in the quarter focused on defining the limits of the footwall zone below the Boungou Shear Zone within the pit area and extending the west flank mineralized zone of the Boungou Shear Zone. In addition, three core holes were drilled within the hangingwall zone. At this stage, our objective with regard to the hangingwall zone is to better understand the style of the mineralization, which seems to be different from the Boungou Shear Zone.

In the fourth quarter, we intend to complete a drill program at 80-meter spacing in order to bring the west flank mineralized zone into the inferred resources category by year-end.

Korhogo (Côte d'Ivoire)

An airborne geophysical survey was completed (1,290 line kilometers of magnetic radiometry) over the northern half of the Korhogo Ouest permit in the quarter. Data from this survey are currently being processed. Supplementing the survey, an infill soil sampling program commenced in early October that will better delineate the newly identified gold-in-soil anomalies.

available in the "Investor Relations" section of the Corporation's website at www.semafo.com. These and other corporate reports are also available on www.sedar.com.

Third Quarter Conference Call

A conference call will be held today, Wednesday, November 9, 2016 at 10:00 EST 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: 5375098

Replay expiration: November 30, 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 "anticipated", "guidance", "expects", "in order to", "should", "expected", "will", "targets", "in line for", "objective", "intend", "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 achieve permitting at Natougou by year-end 2016, the ability to start construction by year-end 2016, the ability to meet our 2016 production guidance of 225,000 to 245,000 ounces, the ability to meet our 2016 total cash cost and all-in sustaining cost guidance, the ability to increase the annual mining capacity at Mana to 40 million tonnes for the next three years, the ability to produce over 200,000 ounces through 2019 at Mana, the ability to meet our consolidated production targets for the coming three years, the ability to better understand the style of mineralization at the hangingwall zone, the ability to bring the west flank mineralized zone into the inferred resources category by year-end, the accuracy of our assumption, the ability to execute on our strategic focus, fluctuation in the price of currencies, gold prices and 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, 2016 Second Quarter MD&A, 2016 Third Quarter MD&A and other filings made with Canadian securities regulatory authorities and available at www.sedar.com. These documents are also available on our website at 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 November 9, 2016 at 7:00 a.m., Eastern Standard Time.

Consolidated Results and Mining Operations

Financial and Operating Highlights

	Three-month period			Nine-month period		
	ended September 30, 2016	2015	Variation	ended September 30, 2016	2015	Variation
Gold ounces produced	62,500	67,200	(7%)	185,100	198,400	(7%)
Gold ounces sold	60,000	64,800	(7%)	183,500	193,100	(5%)
(in thousands of dollars, except amounts per share)						
Revenues - Gold sales	80,200	72,523	11%	231,346	227,654	2%
Mining operation expenses	30,410	28,469	7%	89,203	86,170	4%
Government royalties	4,028	2,950	37%	10,185	9,142	11%

Depreciation of property, plant and equipment	19,880	19,290	3	%	57,384	65,688	(13	%)				
Share-based compensation	(576	)	(988	)	(42	%)	8,229	2,309		
Other	3,442	3,316	4	%	11,065	10,828	2	%				
Operating income	23,016	19,486	18	%	55,280	53,517	3	%				
Finance costs	314	347	(10	%)	1,678	3,557	(53	%)				
Foreign exchange loss (gain)	(191	)	1,110	-	(2,386	)	5,705	-		
Income tax expense	3,853	3,762	2	%	12,125	16,011	(24	%)				
Other	(519)	(224)	132	%	(1,465)	(513)	186	%
Net income	19,559	14,491	35	%	45,328	28,757	58	%				
Attributable to equity shareholders												
Net income	17,680	12,829	38	%	39,168	24,434	60	%				
Basic earnings per share	0.05	0.04	25	%	0.13	0.08	63	%				
Diluted earnings per share	0.05	0.04	25	%	0.13	0.08	63	%				
Adjusted amounts												
Adjusted operating income ¹	21,451	17,775	21	%	60,435	52,503	15	%				
Adjusted net income attributable to equity shareholders ¹	14,855	12,186	22	%	40,210	36,672	10	%				
Per share ¹	0.05	0.04	25	%	0.13	0.13	-					
Cash flows												
Cash flows from operating activities ²	39,266	34,830	13	%	111,860	108,131	3	%				
Per share ²	0.12	0.12	-	%	0.36	0.37	(3	%)				

1. 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 18.

2. 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 September 30, 2016	As at December 31, 2015
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	282,239	167,166
Trade and other receivables	17,512	17,028
Income tax receivable	-	1,634
Inventories	48,602	53,200
Other current assets	2,986	2,622
	351,339	241,650
Non-current assets		
Advance receivable	3,395	4,532
Restricted cash	4,342	4,388
Property, plant and equipment	533,866	529,087
Intangible asset	1,655	1,856
Other non-current assets	4,025	-
	547,283	539,863
Total assets	898,622	781,513
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	41,263	35,869
Current portion of long-term debt	310	29,052
Share unit plans liabilities	8,186	1,360
Provisions	2,726	6,346
Income tax payable	6,284	-
	58,769	72,627
Non-current liabilities		

Long-term debt	56,502	59,379
Share unit plans liabilities	5,282	4,485
Provisions	7,847	7,313
Deferred income tax liabilities	30,627	31,846
	100,258	103,023
Total liabilities	159,027	175,650
Equity		
Equity Shareholders		
Share capital	621,902	516,070
Contributed surplus	7,357	10,685
Accumulated other comprehensive income	1,046	-
Retained earnings	82,623	48,242
	712,928	574,997
Non-controlling interest	26,667	30,866
Total equity	739,595	605,863
Total liabilities and equity	898,622	781,513

Interim Consolidated Statement of Income

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

	Three-month period		Nine-month period	
	ended September 30,		ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue - Gold sales	80,200	72,523	231,346	227,654
Costs of operations				
Mining operation expenses	34,438	31,419	99,388	95,312
Depreciation of property, plant and equipment	19,880	19,290	57,384	65,688
General and administrative	3,195	3,087	10,503	10,139
Corporate social responsibility expenses	247	229	562	689
Share-based compensation	(576	) (988	) 8,229	2,309
Operating income	23,016	19,486	55,280	53,517
Other expenses (income)				
Finance income	(519	) (224	) (1,465	) (513
Finance costs	314	347	1,678	3,557
Foreign exchange (gain) loss	(191	) 1,110	(2,386	) 5,705
Income before income taxes	23,412	18,253	57,453	44,768
Income tax expense (recovery)				
Current	3,521	4,605	14,086	13,477
Deferred	332	(843	) (1,961	) 2,534
	3,853	3,762	12,125	16,011
Net income for the period	19,559	14,491	45,328	28,757
Attributable to:				
Equity shareholders	17,680	12,829	39,168	24,434
Non-controlling interests	1,879	1,662	6,160	4,323
	19,559	14,491	45,328	28,757
Earnings per share				
Basic	0.05	0.04	0.13	0.08
Diluted	0.05	0.04	0.13	0.08

Interim Consolidated Statement of Comprehensive Income

(Expressed in thousands of US dollars - unaudited)

	Three-month period		Nine-month period	
	ended September 30,		ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$

Net income for the period	19,559	14,491	45,328	28,757
Other comprehensive income				
Change in fair value of the investment in GoviEx	1,046	-	1,046	-
Total comprehensive income for the period, net of tax	20,605	14,491	46,374	28,757
Attributable to:				
Equity shareholders	18,726	12,829	40,214	24,434
Non-controlling interest	1,879	1,662	6,160	4,323
	20,605	14,491	46,374	28,757

Interim Consolidated Statement of Cash Flows
(Expressed in thousands of US dollars - unaudited)

	Three-month period ended September 30, 2016	Three-month period ended September 30, 2015	Nine-month period ended September 30, 2016	Nine-month period ended September 30, 2015	
	\$	\$	\$	\$	
Cash flows from (used in):					
Operating activities					
Net income for the period	19,559	14,491	45,328	28,757	
Adjustments for:					
Depreciation of property, plant and equipment	19,880	19,290	57,384	65,688	
Share-based compensation	(576	) (988	) 8,229	2,309
Write-off of other non-current assets related to financing fees	-	-	-	2,520	
Unrealized foreign exchange loss (gain)	172	1,865	(2,756	) 5,278
Deferred income taxes expense	332	(843	) (1,961	) 2,534
Adjustment for withholding taxes	-	-	5,827	-	
Other	(101	) 1,015	(191	) 1,045
	39,266	34,830	111,860	108,131	
Changes in non-cash working capital items	8,052	(2,728) 11,239	(11,204)
Net cash provided by operating activities	47,318	32,102	123,099	96,927	
Financing activities					
Drawdown (repayment) of long-term debt	(52	) -	(30,052	) 90,000
Long-term debt transaction costs	-	-	(259) (1,200)
Proceeds on issuance of share capital, net of expenses	3,374	304	92,017	44,229	
Dividend paid to non-controlling interest	-	(2,656) (10,359) (2,656)
Net cash provided by (used in) financing activities	3,322	(2,352	) 51,347	130,373
Investing activities					
Acquisition of <u>Orbis Gold Ltd.</u>	-	-	-	(154,550)
Acquisitions of property, plant and equipment	(22,840) (21,031) (62,780) (56,402)
Advance made to Sonabel	-	-	-	(566)
Decrease in restricted cash	210	-	210	-	
Net cash used in investing activities	(22,630) (21,031) (62,570) (211,518)
Effect of exchange rate changes on cash and cash equivalents	159	(1,805) 3,197	(5,925)
Change in cash and cash equivalents during the period	28,169	6,914	115,073	9,857	
Cash and cash equivalents - beginning of period	254,070	130,871	167,166	127,928	
Cash and cash equivalents - end of period	282,239	137,785	282,239	137,785	
Interest paid	1,065	1,521	3,557	3,038	
Interest received	419	3	1,273	292	
Income tax paid	2,237	1,043	8,410	1,043	

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