

Net Income Attributable to Equity Shareholders of \$34.2 Million

MONTREAL, QUEBEC--(Marketwired - Mar 8, 2017) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the fourth quarter and year ended December 31, 2016. All amounts are in US dollars unless otherwise stated.

2016 - The Year in Review

- Achieved production and cost guidance for a ninth consecutive year
 - Gold production of 240,200 ounces, a 6% decrease compared to 2015
 - Total cash cost¹ of \$548 per ounce sold and all-in-sustaining cost¹ of \$720 per ounce sold, which represent year-over-year increases of 11% and 12%, respectively
- Gold sales of \$300.5 million compared to \$300.1 million in 2015
- Adjusted operating income¹ of \$71.0 million compared to \$66.0 million in 2015
- Adjusted net income attributable to equity shareholders¹ of \$48.1 million or \$0.15 per share¹ compared to \$40.9 million or 0.14 per share¹ for the same period in 2015
- Cash flows from operating activities² of \$142.2 million or \$0.45 per share¹ compared to \$147.6 million or \$0.51 per share 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)
- Resumption of development of Wona North pit
- Recipient of four prizes for community-based development in Burkina Faso
- Inferred resources at Natougou increased to 754,000 ounces

Fourth Quarter 2016 - in Review

- Gold production of 55,100 ounces compared to 57,500 ounces in 2015
- Gold sales of \$69.1 million compared to \$72.5 million in 2015
- Total cash cost¹ of \$571 per ounce sold and all-in-sustaining cost¹ of \$694 per ounce sold compared to \$493 and \$719, respectively, in 2015
- Adjusted operating income¹ of \$10.6 million compared to \$13.5 million in 2015
- Adjusted net income attributable to equity shareholders¹ of 7.9 million or \$0.02 per share¹ compared to \$4.2 million or \$0.02 per share¹ in 2015
- Cash flows from operating activities² of \$30.4 million or \$0.09 per share¹ compared to \$39.4 million or \$0.13 per share¹ in 2015

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 defined at the end of this press release.

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

Mana, Burkina Faso

Mining Operations

	Year ended December 31,			
	2016	2015	Variation	
Operating Data				
Ore mined (tonnes)	2,175,700	2,390,600	(9	%)
Ore processed (tonnes)	2,753,300	2,399,100	15	%
Waste mined (tonnes)	16,686,800	18,924,700	(12	%)
Operational stripping ratio	7.7	7.9	(3	%)
Head grade (g/t)	2.88	3.63	(21	%)
Recovery (%)	94	91	3	%
Gold ounces produced	240,200	255,900	(6	%)
Gold ounces sold	240,600	258,600	(7	%)
Statistics (in dollars)				
Average realized selling price (per ounce)	1,249	1,161	8	%
Cash operating cost (per tonne processed) ¹	43	47	(9	%)
Total cash cost (per ounce sold) ¹	548	493	11	%
All-in sustaining cost (per ounce sold) ¹	720	645	12	%
Depreciation (per ounce sold) ²	324	337	(4	%)

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 defined at the end of this press release.

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.

The total cash cost of \$548 per ounce sold is due to a lower head grade, partially offset by a lower cash operating cost per tonne¹. The increase in all-in sustaining cost to \$720 was anticipated and is mainly due to an increase in the stripping capitalized expenditure and to a higher total cash cost.

During 2016, less ore was mined compared to 2015 due to the mine plan sequence. The increase in throughput in 2016 compared to 2015 is mainly due to the processing of ore through the secondary ball mill during the five-week shutdown of the SAG mill at the beginning of 2015 and to the low grade material processed in 2016. The latter 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 423,800 tonnes of low-grade material to the mix in 2016. Absent the impact of this decision, the head grade would have been 3.26 g/t.

The year-over-year decrease in head grade in 2016 is attributable to the mine plan sequence and to increased throughput from low-grade material.

2016 Reserves and Resources

As at December 31, 2016, total proven and probable mineral reserves stood at 28.2 million tonnes averaging 3.31 g/t Au for 3.0 million ounces as compared to 30.5 million tonnes at 3.32 g/t Au for 3.3 million ounces at the end of 2015. The slight decrease in reserves is due to depletion as SEMAFO produced 240,200 ounces of gold in 2016.

Inferred resources at Natougou amounted to 6.3 million tonnes averaging 3.72 g/t Au for 754,000 ounces of gold, an increase of 119% compared to year-end 2015. The increase in inferred resources is mainly attributable to the expansion of the West Flank Sector adjacent to the open-pit deposit.

All mineral resources reported are exclusive of mineral reserves. Gold price assumptions for reserves and resources are unchanged from 2015 at \$1,100 and \$1,400 per ounce, respectively. For further details, refer to our press release of February 27, 2017.

2017 Exploration

As previously disclosed, the 2017 initial exploration program has been set at \$23 million, \$15 million of which will be spent at Natougou, \$5 million at Mana and the balance at other properties. At Mana, \$1 million of the initial budget will be used to test the underground potential at Siou.

The 2017 budget for Natougou includes a provision of \$8.5 million for an infill drill program (40-meter by 40-meter hole spacing) designed to bring current inferred resources on the West Flank Sector into the indicated category. In addition, an amount of \$1.3 million has been earmarked for completing studies into a potential underground operation accessible by a decline collared at the bottom of the Natougou open pit. The remainder of the Natougou program involves exploration drilling on permits both proximal and contiguous to the Natougou deposit.

Since we have no plan to further explore the Banfora Zone, we recorded a non-cash impairment loss of \$8.9 million in the year.

Natougou Development

In the fourth quarter, two key milestones for the Natougou Project were achieved: award of the mining permit and commencement of construction. Achievement of these goals means that the project continues in line with our expected time schedule. In addition, the following progress has been made:

- Development on time and on budget, with \$17 million spent as at December 31, 2016
- Detailed design and engineering 80% complete at end of February 2017
- Earthworks have commenced including
 - Clearing, grubbing and removal of top soil
 - Building the water storage facility
- Procurement
 - 100% of long-lead items have been ordered
 - Suppliers selected for 70% of total contract value
- Hiring of key personnel for the construction team is well underway
- Compensation to inhabitants has been initiated in line with the resettlement action plan

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. These and other corporate reports are also available on www.sedar.com.

Fourth Quarter and Year-End 2016 Conference Call

A conference call will be held today, Wednesday, March 8, 2017 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: 60539531

Replay expiration: March 29, 2017

Annual General Meeting of Shareholders

SEMAFO's Annual General Meeting of Shareholders will be held on Thursday, May 4, 2017 at 10:00 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 advancing construction of the Natougou Project. 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 "assumptions", "initial", "will", "designed to", "expected", "potential", "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 accuracy of our assumptions, the ability to execute a \$23 million exploration budget, the ability to bring current inferred resources on the West Flank Sector into the indicated category, the ability to complete the infill drilling program at Siou to test the underground potential, the ability to complete studies on the West Flank Sector into a potential underground operation, the ability to complete the Natougou project on time and on budget, 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 2016 Annual 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 March 8, 2017 at 7:00 a.m., Eastern Standard Time.

Financial and Operating Highlights

	2016	2015	2014
Gold ounces produced	240,200	255,900	234,300
Gold ounces sold	240,600	258,600	230,200
(in thousands of dollars, except amounts per ounce, per tonne and per share)			
From Continuing Operations			
Revenues - Gold sales	300,483	300,129	289,349

Operating income	60,086	66,066	46,359
Net income attributable to equity shareholders	34,219	24,910	15,812
Basic earnings per share	0.11	0.09	0.06
Diluted earnings per share	0.11	0.09	0.06
Adjusted operating income ¹	70,989	65,973	44,824
Adjusted net income attributable to equity shareholders ¹	48,109	40,863	28,068
Per share ¹	0.15	0.14	0.10
Cash flows from operating activities ²	142,222	147,561	120,730
Per share ¹	0.45	0.51	0.44
Average realized selling price (per ounce)	1,249	1,161	1,257
Cash operating cost (per tonne processed) ¹	43	47	49
Total cash cost (per ounce sold) ¹	548	493	649
All-in sustaining cost (per ounce sold) ¹	720	645	801
From Discontinued Operations			
Net loss attributable to equity shareholders ³	-	-	(11,339)
Total			
Net income attributable to equity shareholders	34,219	24,910	4,473
Basic earnings per share	0.11	0.09	0.02
Diluted earnings per share	0.11	0.09	0.02
Total assets	895,276	781,513	618,302

¹ 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 measures defined at the end of this press release.

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

³ The year ended December 31, 2014 includes a non-cash amount of \$9,691,000 regarding the reversal of the non-controlling interest as a result of the sale of the Kiniero Mine.

Fourth Quarter Financial and Operating Highlights

	Three-month period ended December 31,		
	2016	2015	Variation
Gold ounces produced	55,100	57,500	(4 %)
Gold ounces sold	57,100	65,500	(13 %)
(in thousands of dollars, except amounts per ounce, per tonne and per share)			
Revenues - Gold sales	69,137	72,475	(5 %)
Operating income	4,806	12,549	(62 %)
Net income attributable to equity shareholders	(4,949)	476	-
Basic earnings per share	(0.02)	-	-
Diluted earnings per share	(0.02)	-	-
Adjusted operating income ¹	10,554	13,470	(22 %)
Adjusted net income attributable to equity shareholders ¹	7,899	4,191	88 %
Per share ¹	0.02	0.02	-
Cash flow from operating activities ²	30,362	39,430	(23 %)
Per share ¹	0.09	0.13	(31 %)
Average realized selling price (per ounce)	1,211	1,106	9 %
Cash operating cost (per tonne processed) ¹	40	42	(5 %)
Total cash cost (per ounce sold) ¹	571	493	16 %
All-in sustaining cost (per ounce sold) ¹	694	719	(3 %)

¹ Cash operating cost, 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.

In 2016, adjusted operating income and adjusted net income attributable to equity shareholders exclude the impairment of property, plant and equipment of \$8,913,000 related to the exploration and evaluation assets of the Banfora Zone, and a gain of \$3,165,000 in share-based compensation expense related to the change in fair value of the share price. The adjusted net income attributable to equity shareholders also excludes a foreign exchange loss of \$3,530,000 and a deferred tax effect of currency translation on tax base of \$3,570,000.

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

Non-IFRS Financial Performance Measures

Some of the indicators used by us to analyze and evaluate our results represent non-IFRS financial measures. We provide non-IFRS financial performance measures as they may be used by some investors to evaluate our financial performance. Since the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For the non-IFRS financial performance measures not already reconciled within the document, we have defined the IFRS financial performance measures below and reconciled them to reported IFRS measures.

Cash Operating Cost

A reconciliation of cash operating cost calculated in accordance with the Gold Institute Standard to the operating costs is included in the following table:

	2016	2015
Per tonne processed		
Tonnes of ore processed	2,753,300	2,399,100
(in thousands of dollars except per tonne)		
Mining operation expenses (relating to ounces sold)	131,953	127,618
Government royalties and selling expenses	(13,627)	(12,772)
Effects of inventory adjustments (doré bars and gold in circuit)	(67)	(2,267)
Operating costs (relating to tonnes processed)	118,259	112,579
Cash operating cost (per tonne processed)	43	47

Total Cash Cost

	2016	2015
Per ounce sold		
Gold ounce sold	240,600	258,600
(in thousands of dollars except per ounce)		
Mining operation expenses	131,953	127,618
Total cash cost (per ounce sold)	548	493

All-in Sustaining Cost

All-in sustaining cost represents the total cash cost plus sustainable capital expenditures and stripping costs per ounce.

	2016	2015
Per ounce sold		
Gold ounce sold	240,600	258,600
(in thousands of dollars except per ounce)		
Sustaining capital expenditure	41,462	39,426
Sustaining capital expenditure (per ounce sold)	172	152
Total cash cost (per ounce sold)	548	493
All-in sustaining cost (per ounce sold)	720	645

Operating Cash Flows per Share

	2016	2015
(in thousands except per share)		
Cash flows from operating activities ¹	142,222	147,561
Weighted average number of outstanding common shares - basic	315,290	291,351
Operating cash flows per share	0.45	0.51

Adjusted Accounting Measures

	2016	2015
(in thousands of dollars except per share)		
Net income attributable to equity shareholders as per IFRS	34,219	24,910
Foreign exchange loss	1,144	8,161
Tax effect of currency translation on tax base	1,843	5,365
Share-based compensation expense related to change in the fair value of the share price	1,990	(93)
Impairment of property, plant and equipment	8,913	-
Write-off of financing fees	-	2,520
Adjusted net income attributable to equity shareholders	48,109	40,863
Weighted average number of outstanding shares	315,290	291,351
Adjusted basic earnings per share	0.15	0.14

	2016	2015
(in thousands)	\$	\$
Operating income as per IFRS	60,086	66,066
Share-based compensation expense related to change in the fair value of the share price	1,990	(93)
Impairment of property, plant and equipment	8,913	-
Adjusted operating income	70,989	65,973

Consolidated Statement of Financial Position
(Expressed in thousands of US dollars)

	As at December 31, 2016 \$	As at December 31, 2015 \$
Assets		
Current assets		
Cash and cash equivalents	273,772	167,166
Trade and other receivables	16,945	17,028
Income tax receivable	-	1,634
Inventories	51,391	53,200
Other current assets	2,513	2,622
	344,621	241,650
Non-current assets		
Advance receivable	3,060	4,532
Restricted cash	5,689	4,388
Property, plant and equipment	536,237	529,087
Intangible asset	1,595	1,856
Other non-current assets	4,074	-
	550,655	539,863
Total assets	895,276	781,513
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	41,964	35,869
Current portion of long-term debt	310	29,052
Share unit plans liabilities	6,635	1,360
Provisions	3,271	6,346
Income tax payable	5,422	-
	57,602	72,627
Non-current liabilities		
Long-term debt	56,726	59,379
Share unit plans liabilities	4,899	4,485
Provisions	8,137	7,313
Deferred income tax liabilities	32,329	31,846
	102,091	103,023
Total liabilities	159,693	175,650

Equity		
Equity Shareholders		
Share capital	621,902	516,070
Contributed surplus	7,357	10,685
Accumulated other comprehensive income	1,095	-
Retained earnings	77,674	48,242
	708,028	574,997
Non-controlling interest	27,555	30,866
Total equity	735,583	605,863
Total liabilities and equity	895,276	781,513

Consolidated Statement of Income

For the years ended December 31, 2016 and 2015

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

	Year ended December 31,	
	2016	2015
	\$	\$
Revenue - Gold sales	300,483	300,129
Costs of operations		
Mining operation expenses	131,953	127,618
Depreciation of property, plant and equipment	78,323	87,689
General and administrative	13,953	13,559
Corporate social responsibility expenses	960	857
Share-based compensation	6,295	4,340
Impairment of property, plant and equipment	8,913	-
Operating income	60,086	66,066
Other expenses (income)		
Finance income	(2,171)	(748)
Finance costs	1,938	3,846
Foreign exchange loss	1,144	8,161
Income before income taxes	59,175	54,807
Income tax expense		
Current	16,408	10,510
Deferred	1,500	13,744
	17,908	24,254
Net income for the year	41,267	30,553
Attributable to:		
Equity shareholders	34,219	24,910
Non-controlling interests	7,048	5,643
	41,267	30,553
Earnings per share		
Basic	0.11	0.09
Diluted	0.11	0.09

Consolidated Statement of Cash Flows

For the years ended December 31, 2016 and 2015

(Expressed in thousands of US dollars)

	Year ended December 31,	
	2016	2015
	\$	\$
Cash flows from (used in):		
Operating activities		
Net income for the year	41,267	30,553

Adjustments for:

Depreciation of property, plant and equipment	78,323	87,689
Share-based compensation	6,295	4,340
Write-off of other non-current assets related to financing fees	-	2,520
Unrealized foreign exchange loss	358	7,612
Impairment of property, plant and equipment	8,913	-
Deferred income tax expense	1,500	13,744
Adjustment for withholding taxes	5,827	-
Other	(261	) 1,103
	142,222	147,561
Changes in non-cash working capital items	6,558	4,756
Net cash provided by operating activities	148,780	152,317
Financing activities		
Drawdown (repayment) of long-term debt	(30,129	) 90,000
Long-term debt transaction costs	(259	) (1,200)
Proceeds on issuance of share capital, net of expenses	92,017	44,305
Dividend paid by a subsidiary to non-controlling interest	(10,359	) (2,656)
Net cash provided by financing activities	51,270	130,449
Investing activities		
Acquisition of Orbis Gold Ltd.	-	(154,550)
Acquisitions of property, plant and equipment	(90,890	) (79,449)
Advance made to Sonabel	-	(566)
Increase in restricted cash	(1,390	) (1,017)
Net cash used in investing activities	(92,280	) (235,582)
Effect of exchange rate changes on cash and cash equivalents	(1,164	) (7,946)
Change in cash and cash equivalents during the year	106,606	39,238
Cash and cash equivalents - beginning of year	167,166	127,928
Cash and cash equivalents - end of year	273,772	167,166
Interest paid	4,150	4,578
Interest received	1,608	450
Income tax paid	10,816	1,131

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