

## Results from Zone 9 Grade Control Program in Line with 2016 Reserves

MONTREAL, QUEBEC--(Marketwired - Aug 9, 2017) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the three-month period ended June 30, 2017. All amounts are in US dollars unless otherwise stated.

### Second Quarter 2017 - in Review

- Results from grade control program on Zone 9 are in line with 2016 reserves
- Gold production of 47,600 ounces compared to 61,300 ounces for the same period in 2016
- Gold sales of \$59.3 million compared to \$76.6 million for the same period in 2016
- Total cash cost<sup>1</sup> of \$703 per ounce sold and all-in sustaining cost<sup>1</sup> of \$1,074 per ounce sold compared to \$547 and \$742, respectively, for the same period in 2016
- Net operating loss of \$0.8 million compared to an operating income of \$14.4 million for the same period in 2016
- Adjusted operating loss<sup>1</sup> of \$2.8 million compared to an adjusted operating income of \$18.9 million for the same period in 2016
- Net income of \$9.3 million compared to \$7.1 million for the same period in 2016
- Adjusted net loss attributable to equity shareholders<sup>1</sup> of 2.9 million or \$0.01 loss per share<sup>1</sup> compared to an adjusted net income of \$14.4 million or \$0.05 per share<sup>1</sup> for the same period in 2016
- Cash flows from operating activities<sup>2</sup> of \$23.6 million or \$0.07 per share<sup>1</sup> compared to \$37.4 million or \$0.12 per share<sup>1</sup> for the same period in 2016
- Drawdown of incremental \$60 million from Credit Facility with Macquarie Bank Limited in June

<sup>1</sup> Total cash cost, all-in sustaining cost, adjusted operating income (loss), adjusted net income (loss) attributable to equity shareholders, adjusted basic earnings (loss) 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.

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

### Boungou Mine

- Development on schedule with \$69 million spent out of \$231 million
- Construction of the mine 35% complete
- Pre-stripping at Boungou deposit has commenced
- Water storage facility has been excavated and is ready to collect 2017 rainwater
- 1.1 million man-hours have been worked without lost-time injury

### Grade Control Results at Siou

Earlier this year, the mined grade was adversely affected by the geological interpretation of the upper portion of Zone 9, a mineralized zone in the south-west sector of the Siou pit that was first included in the 2017 mine plan. The upper portion of Zone 9 presents a complex geometry as the area comprises the junction of three different zones: Zone 9 itself, and two subsidiary zones known as Zones 55 and 56. This resulted in misleading ore outlines and led to significant variation in grade.

Following these issues, the Corporation changed its method of grade control from channel sampling to reverse-circulation (RC) drilling. We are now pleased to be in a position to provide grade control results for Zone 9. As at end of July, over 7,500 meters (in 200 holes) of in-pit RC drilling had been conducted to a vertical depth of up to 30 meters over 500 meters of mineralization over a grid of 12.5 meters by 6.25 meters in the Zone 9 area. This represents the ore expected to be mined from Zone 9 from May through December 2017. As shown in Figure 1, the results from the grade control program are in line with our 2016 reserves and confirm our expectation that the geometry is simpler and more rectilinear.

Table 1 below compares the new block model with the 2016 reserves block model for the same test area of Zone 9.

### Table 1

New block model (Mining area: May through December 2017)	668,000 tonnes at 4.52 g/t Au for 97,000 oz of gold contained
2016 reserves block model	633,500 tonnes at 4.82 g/t Au for 98,100 oz of gold contained

As expected, we exited the complex portion of upper Zone 9 in May. The ore mined in the months of May and June is in line with our new block model.

The Corporation reiterates its 2017 outlook of between 190,000 and 205,000 ounces of gold, at a total cash cost of between \$685 and \$715 per ounce and all-in sustaining cost of between \$920 and \$960 per ounce.

To see the figure associated with this press release, please click on the following link:  
<http://media3.marketwire.com/docs/1100524 FIGURE1.jpg>

Mana, Burkina Faso

### Mining Operations

	Three-month period ended June 30, 2017			Six-month period ended June 30, 2017		
	2017	2016	Variation	2017	2016	Variation
<b>Operating Data</b>						
Ore mined (tonnes)	503,200	564,500	(11 %)	982,600	1,064,800	(8 %)
Ore processed (tonnes)	675,500	604,500	12 %	1,407,300	1,287,400	9 %
Waste mined (tonnes)	3,947,600	4,809,700	(18 %)	8,586,000	8,269,100	4 %
Operational stripping ratio	7.8	8.5	(8 %)	8.7	7.8	12 %
Head grade (g/t)	2.31	3.33	(31 %)	2.43	3.18	(24 %)
Recovery (%)	95	95	-	94	93	1 %
Gold ounces produced	47,600	61,300	(22 %)	103,000	122,600	(16 %)
Gold ounces sold	46,900	60,700	(23 %)	101,600	123,500	(18 %)
<b>Statistics (in dollars)</b>						
Average realized selling price (per ounce)	1,265	1,262	-	1,242	1,224	1 %
Cash operating cost (per tonne processed) <sup>1</sup>	43	49	(12 %)	48	46	4 %
Total cash cost (per ounce sold) <sup>1</sup>	703	547	29 %	701	526	33 %
All-in sustaining cost (per ounce sold) <sup>1</sup>	1,074	742	45 %	976	719	36 %
Depreciation (per ounce sold) <sup>2</sup>	527	331	59 %	491	303	62 %

<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 18.

<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.

### 2017 Second Quarter Results

As expected, grade in the quarter was adversely affected by the geological interpretation of the upper portion of Zone 9. Consequently, production in the second quarter totaled 47,600 ounces of gold compared to 61,300 ounces in the prior-year quarter. During the second quarter of 2017, the ore processed was 675,500 tonnes at an average grade of 2.31 g/t Au, including 194,100 tonnes of low-grade material not included in our reserves. The latter results from a decision to take advantage of higher gold prices and available milling capacity in order to generate additional cash flow. Absent the impact of this decision, the head grade would have been 2.94 g/t Au. The decrease in gold ounces produced and sold is a direct result of lower head grade, partially offset by higher throughput.

The Corporation's second quarter gold sales decreased relative to 2016 due to lower gold ounces sold, and resulted in a decrease in government royalties. The 2017 increase in depreciation of property, plant and equipment mainly reflects a higher capitalized stripping ratio from Siou at depth compared to the same period in 2016. Second quarter operating income decreased compared to the same period in 2016, primarily as a result of lower gold sales and higher depreciation, partially offset by lower share-based compensation expense. The decrease in cash flow from operating activities in the quarter compared to the same period in 2016 is due to lower gold sales following a decrease in production.

In the second quarter of 2017, our cash operating cost per tonne processed totaled \$43 compared to \$49 in the prior year. The decrease is attributable to a lower operational stripping ratio combined with higher throughput compared to 2016. The total cash cost and all-in sustaining cost reached \$703 and \$1,074 per ounce sold, respectively, compared to \$547 and \$742 per ounce sold, respectively, for the same period in 2016. The 2017 cost results are due to the lower head grade, partially offset by a lower cash operating cost per tonne.

### Boungou Mine

To date, construction of the Boungou Mine is progressing well and is on time and on budget. As at June 30, 2017, the following key components had been advanced:

- Development on schedule, with \$69 million spent
- Construction of the mine 35% complete

- Concrete works are progressing on the SAG, vertimill, crusher and surge bin foundations
- Erection of the leach and water tanks has commenced
- On-site delivery of the vertimill, the first long-lead item
- Work has commenced on the power plant and fuel depot
- Water storage facility has been excavated and is ready to collect 2017 rainwater
- Pre-stripping at the Boungou deposit has commenced
- Receipt of the mining convention from the Council of Ministers of the Government of Burkina Faso
- 1,540 personnel including contractors were employed on site, 93% of which are Burkinabe
- 1.1 million man-hours have been worked without lost-time injury

## Exploration

### Mana Project, Burkina Faso

Exploration drilling at Mana in the quarter targeted the Siou deposit at depth. Year to date, a total of 49 holes (17,400 meters) mainly tested the southern part of the Siou mineralized structures at depth up to 50-meter by 50-meter spacing, including 8 holes (2,800 meters) for geotechnical studies. The delineation program was completed in July 2017. The objectives of this program are to expand the resources at Siou, convert inferred resources into the indicated category and complete a pre-feasibility study in the first quarter of 2018.

Under the regional program, a total of 32,780 meters of auger drilling was carried out in the first half of the year over the Mana Ouest, Fobiri II and Bara permits.

### Tapoa (Boungou Mine)

#### West and East Flank Sectors

In the second quarter, exploration activities principally involved completion of the infill program (40-meter by 40-meter spacing) on the West and East Flank Sectors of the Boungou reserves pit. A total of 49,400 meters of drilling in 326 holes was carried out in the first half of the year, most of which was for the infill program, with the objective of bringing the inferred resources into the indicated resources category in order to complete a pre-feasibility study in the first quarter of 2018. Results continue to be in line with the 80-meter x 80-meter model. The East Flank, although much smaller, has a similar structure to that of the West Flank.

The geotechnical drilling program on the East and West Flanks has also been completed, and samples have been sent to Rocklab in South Africa to establish engineering parameters. Results are expected in the third quarter of 2017. Analysis of the rock mechanics will be used in the design of the underground stoping in the pre-feasibility study.

#### Regional Exploration

In the second quarter, a 60,000-meter auger drill program was initiated on the Bossoari, Dangou and Pambourou permits located within the Tapoa Project. In 2016, a soil sampling program was conducted on the Bossoari permit located southwest of the Boungou permit. A total of 22,000 meters was drilled in 2,375 holes on the three properties in the quarter, and results will be used to define RC drill targets later in the year.

Exploration RC drilling commenced at the beginning of June to test auger drill anomalies along the 045 Trend and the Bossoari target. To date, 32 holes (1,450 meters, part of the above 49,400 meters of infill drilling) have been completed.

### Kongolokoro (Houndé Greenstone Belt)

Exploration activities commenced in the quarter on the Milpo permit where a 6,700-meter RC drill program was conducted in 67 holes. The program is now complete, and no significant results were reported.

In July, a 1,200-meter core drill program was initiated on the Dynikongolo permit with the aim of finding extensions to the Bantou

mineralized zone.

## Korhogo Ouest (Côte d'Ivoire)

A first trenching exploration program commenced in March this year on our Korhogo Ouest permit in Côte d'Ivoire located at some 60 kilometers from the Tongon Mine. The program follows up the airborne geophysical and soil geochemical surveys completed in 2016. A total of 11 trenches has been completed, mapped and sampled (2,011 meters for 2,173 samples). Following encouraging trenching results, a 6,000-meter RC drilling program commenced in July.

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).

## Second Quarter Conference Call

A conference call will be held today, Wednesday, August 9, 2017 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: <http://www.semafo.com/>

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

Replay pass code: 48335908

Replay expiration: August 30, 2017

## 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 deposit of Siou, and is targeting production start-up of the Boungou Mine in the third quarter of 2018. 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", "outlook", "objectives", "will", "aim", "encouraging", "targeting", "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 mine the expected ore from Zone 9 from May through December 2017, the accuracy of our new block model, the ability to meet our 2017 gold outlook of between 190,000 and 205,000 ounces of gold at a total cash cost of between \$685 and \$715 per ounce and all-in sustaining cost of between \$920 and \$960 per ounce, the ability to expand the resources at Siou, convert inferred resources into the indicated category and complete a pre-feasibility study in the first quarter of 2018, the ability to bring the inferred resources into the indicated resources category in order to complete a pre-feasibility study in the first quarter of 2018 at Natougou, the ability of the 1,200-meter core drill program on the Dynikongolo permit to find extensions to the Bantou mineralized zone, the accuracy of our assumptions, 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 2016 Annual MD&A, as updated in SEMAFO's 2017 First Quarter MD&A, 2017 Second 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 August 9, 2017 at 7:00 a.m., Eastern Daylight Time.

## Consolidated Results and Mining Operations

## Financial and Operating Highlights

	Three-month period ended June 30,			Six-month period ended June 30,		
	2017	2016	Variation	2017	2016	Variation
	47,600	61,300	(22 %)	103,000	122,600	(16 %)
Gold ounces produced	47,600	61,300	(22 %)	103,000	122,600	(16 %)
Gold ounces sold	46,900	60,700	(23 %)	101,600	123,500	(18 %)
(in thousands of dollars, except amounts per share)						
Revenues - Gold sales	59,315	76,590	(23 %)	126,201	151,146	(17 %)
Mining operation expenses	30,573	30,071	2 %	66,138	58,793	12 %
Government royalties	2,389	3,139	(24 %)	5,081	6,157	(17 %)
Depreciation of property, plant and equipment	24,795	20,164	23 %	50,063	37,504	33 %
Share-based compensation	(1,095 )	5,127	-	124	8,805	(99 %)
Other	3,408	3,661	(7 %)	7,335	7,623	(4 %)
Operating income (loss)	(755 )	14,428	-	(2,540 )	32,264	-
Finance income	(800 )	(573 )	40 %	(1,536 )	(946 )	62 %
Finance costs	321	1,062	(70 %)	645	1,364	(53 %)
Foreign exchange (gain) loss	(6,103 )	2,714	-	(6,932 )	(2,195 )	216 %
Income tax expense (recovery)	(3,521 )	4,147	-	(1,681 )	8,272	-
Net income for the period	9,348	7,078	32 %	6,964	25,769	(73 %)
Attributable to equity shareholders						
Net income	8,854	5,304	67 %	6,163	21,488	(71 %)
Basic earnings per share	0.03	0.02	50 %	0.02	0.07	(71 %)
Diluted earnings per share	0.03	0.02	50 %	0.02	0.07	(71 %)
Adjusted amounts						
Adjusted operating income (loss) <sup>1</sup>	(2,754 )	18,911	-	(4,643 )	38,984	-
Adjusted net income (loss) attributable to equity shareholders <sup>1</sup>	(2,893 )	14,394	-	(7,267 )	25,355	-
Per share <sup>1</sup>	(0.01 )	0.05	-	(0.02 )	0.08	-
Cash flows						
Cash flows from operating activities <sup>2</sup>	23,614	37,390	(37 %)	46,761	72,594	(36 %)
Per share <sup>1</sup>	0.07	0.12	(42 %)	0.14	0.24	(42 %)

<sup>1</sup> Adjusted operating income (loss), adjusted net income (loss) attributable to equity shareholders, adjusted basic earnings (loss) 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.

<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 June 30, 2017	As at December 31, 2016
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	283,297	273,772
Trade and other receivables	23,952	16,945
Inventories	47,006	51,391
Other current assets	3,946	2,513
	358,201	344,621
Non-current assets		
Advance receivable	3,028	3,060
Restricted cash	21,191	5,689
Property, plant and equipment	585,222	536,237
Intangible asset	1,481	1,595
Other non-current assets	1,434	4,074
	612,356	550,655
<b>Total assets</b>	<b>970,557</b>	<b>895,276</b>
<b>Liabilities</b>		

<b>Current liabilities</b>				
Trade payables and accrued liabilities	61,262	41,964		
Current portion of long-term debt	310	310		
Share unit plans liabilities	4,695	6,635		
Provisions	3,230	3,271		
Income tax payable	1,953	5,422		
	71,450	57,602		
<b>Non-current liabilities</b>				
Long-term debt	114,241	56,726		
Share unit plans liabilities	1,745	4,899		
Provisions	9,748	8,137		
Deferred income tax liabilities	30,426	32,329		
	156,160	102,091		
<b>Total liabilities</b>	227,610	159,693		
<b>Equity</b>				
<b>Equity Shareholders</b>				
Share capital	621,996	621,902		
Contributed surplus	7,324	7,357		
Accumulated other comprehensive income	1,434	1,095		
Retained earnings	83,837	77,674		
	714,591	708,028		
Non-controlling interest	28,356	27,555		
<b>Total equity</b>	742,947	735,583		
<b>Total liabilities and equity</b>	970,557	895,276		

#### Interim Consolidated Statement of Income

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

	Three-month period ended June 30, 2017	Three-month period ended June 30, 2016	Six-month period ended June 30, 2017	Six-month period ended June 30, 2016
	\$	\$	\$	\$
<b>Revenue - Gold sales</b>	59,315	76,590	126,201	151,146
<b>Costs of operations</b>				
Mining operation expenses	32,962	33,210	71,219	64,950
Depreciation of property, plant and equipment	24,795	20,164	50,063	37,504
General and administrative	3,329	3,481	6,871	7,308
Corporate social responsibility expenses	79	180	464	315
Share-based compensation	(1,095)	5,127	124	8,805
<b>Operating income (loss)</b>	(755)	14,428	(2,540)	32,264
<b>Other expenses (income)</b>				
Finance income	(800)	(573)	(1,536)	(946)
Finance costs	321	1,062	645	1,364
Foreign exchange (gain) loss	(6,103)	2,714	(6,932)	(2,195)
<b>Income before income taxes</b>	5,827	11,225	5,283	34,041
<b>Income tax expense (recovery)</b>				
Current	514	6,611	2,235	10,565
Deferred	(4,035)	(2,464)	(3,916)	(2,293)
	(3,521)	4,147	(1,681)	8,272
<b>Net income for the period</b>	9,348	7,078	6,964	25,769
<b>Attributable to:</b>				
Equity shareholders	8,854	5,304	6,163	21,488
Non-controlling interests	494	1,774	801	4,281
	9,348	7,078	6,964	25,769
<b>Earnings per share</b>				
Basic	0.03	0.02	0.02	0.07

Diluted

0.03

0.02

0.02

0.07

## Interim Consolidated Statement of Comprehensive Income

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended June 30, 2017		Six-month period ended June 30, 2016		
	\$	\$	\$	\$	
Net income for the period	9,348	7,078	6,964	25,769	
Other comprehensive income					
Item that may be classified to net income					
Change in fair value of the investment in GoviEx (net of tax of nil)	(479	)	-	339	-
Total comprehensive income for the period, net of tax	8,869	7,078	7,303	25,769	
Attributable to:					
Equity shareholders	8,375	5,304	6,502	21,488	
Non-controlling interest	494	1,774	801	4,281	
	8,869	7,078	7,303	25,769	

## Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended June 30, 2017		Six-month period ended June 30, 2016	
	\$	\$	\$	\$
Cash flows from (used in):				
Operating activities				
Net income for the period	9,348	7,078	6,964	25,769
Adjustments for:				
Depreciation of property, plant and equipment	24,795	20,164	50,063	37,504
Share-based compensation	(1,095	) 5,127	124	8,805
Unrealized foreign exchange loss (gain)	(5,331	) 1,862	(6,339	) (2,928
Deferred income tax expense (recovery)	(4,035	) (2,464	) (3,916	) (2,293
Adjustment for withholding taxes	-	5,827	-	5,827
Other	(68	) (204	) (135	) (90
	23,614	37,390	46,761	72,594
Changes in non-cash working capital items	(2,842	) (3,578	) (8,594	) 3,187
Net cash provided by operating activities	20,772	33,812	38,167	75,781
Financing activities				
Drawdown (Repayment) of long-term debt	59,921	-	59,845	(30,000
Long-term debt transaction costs	-	(259	) -	(259
Proceeds on issuance of share capital, net of expenses	12	87,238	61	88,643
Dividend paid by a subsidiary to non-controlling interest	-	(10,359	) -	(10,359
Net cash provided by financing activities	59,933	76,620	59,906	48,025
Investing activities				
Acquisitions of property, plant and equipment	(43,864	) (20,397	) (81,096	) (39,940
Increase in restricted cash	(15,077	) -	(15,077	) -
Net cash used in investing activities	(58,941	) (20,397	) (96,173	) (39,940
Effect of exchange rate changes on cash and cash equivalents	6,372	(2,632	) 7,625	3,038
Change in cash and cash equivalents during the period	28,136	87,403	9,525	86,904
Cash and cash equivalents - beginning of period	255,161	166,667	273,772	167,166
Cash and cash equivalents - end of period	283,297	254,070	283,297	254,070
Interest paid	892	910	1,780	2,492
Interest received	693	493	1,132	854
Income tax paid	3,506	6,088	5,667	6,173

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