

SEMAFO: Cash Flow from Operations of \$21.0 million in Third Quarter 2018

06.11.2018 | [CNW](#)

MONTREAL, Nov. 6, 2018 - [Semafo Inc.](#) (TSX: SMF) (OMX: SMF) today reported its financial and operational results for the three-month period ended September 30, 2018. All amounts are in US dollars unless otherwise stated.

Third Quarter 2018 - in Review

- Consolidated gold production of 58,200 ounces (70,200 ounces including 12,000 ounces of pre-commercial production from Boungou), compared to 53,900 ounces for the same period in 2017

The following highlights exclude pre-commercial production results at the Boungou Mine:

- Gold sales of \$60.8 million compared to \$69.8 million for the same period in 2017
- All-in sustaining cost¹ of \$1,000 per ounce sold compared to \$841 for the same period in 2017
- Cash flows from operating activities² of \$21.0 million or \$0.06 per share¹ compared to \$34.9 million or \$0.11 per share¹ for the same period in 2017
- Net income attributable to equity shareholders of \$0.5 million or nil per share compared to net income of \$12.2 million or \$0.04 per share for the same period in 2017
- Commercial production at Boungou declared on September 1, 2018
- Development of Siou underground commenced

¹ All-in sustaining cost 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 19.

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,		Six-month period ended September 30,		
	2018	2017	Variation 2018	2017	V
Operating Data					
Mining					
Waste mined (tonnes)	3,076,300	3,629,200 (15%)	13,403,400	12,215,200 (11%)	
Ore mined (tonnes)	413,300	516,700 (20%)	1,483,800	1,499,300 (-1%)	
Operational stripping ratio	7.4	7.0	6%	9.0	8.1
Capitalized Stripping Activity					
Waste material – Siou (tonnes)	2,559,900	2,675,400 (4%)	2,559,900	11,028,500 (11%)	
Waste material – Wona (tonnes)	2,824,500	3,170,300 (11%)	9,542,400	6,884,600 (33%)	
	5,384,400	5,845,700 (8%)	12,102,300	17,913,100 (31%)	
Total strip ratio	20.5	18.3	12%	17.2	20.1
Processing					
Ore processed (tonnes)	519,400	462,600 (12%)	1,735,600	1,580,300 (10%)	
Low grade material (tonnes)	129,700	216,500 (40%)	202,000	506,100 (60%)	
Tonnes processed (tonnes)	649,100	679,100 (4%)	1,937,600	2,086,400 (-7%)	
Head grade (g/t)	2.50	2.55 (2%)	2.36	2.47 (4%)	
Recovery (%)	92	97 (5%)	94	95 (1%)	
Gold ounces produced	47,700	53,900 (12%)	138,900	156,900 (-11%)	
Gold ounces sold	46,300	54,500 (15%)	138,300	156,100 (11%)	
Statistics (in dollars)					
Average realized selling price (per ounce)	1,205	1,282 (6%)	1,280	1,256 (2%)	
Cash operating cost (per tonne processed) ¹	46	42 (10%)	52	46 (11%)	
Cash operating cost, including stripping (per tonne processed) ¹	68	62 (10%)	68	63 (8%)	
Total cash cost (per ounce sold) ¹	681	557 (22%)	795	651 (22%)	
All-in sustaining cost (per ounce sold) ¹	1,017	841 (21%)	1,067	929 (14%)	
Depreciation (per ounce sold) ²					

(11%)

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 19.

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.

Boungou, Burkina Faso

Mining Operations

One-month period
ended September 30,
2018

Operating Data

Mining

Waste mined (tonnes)	924,600
Ore mined (tonnes)	130,200
Operational stripping ratio	7.1
Capitalized Stripping Activity	
Waste material – Boungou (tonnes)	476,000
Total strip ratio	10.8

Processing

Tonnes processed (tonnes)	91,300
Head grade (g/t)	3.96
Recovery (%)	90
Gold ounces produced ¹	10,500
Gold ounces sold ²	4,200

Statistics (in dollars)

Average realized selling price (per ounce)	1,203
Cash operating cost (per tonne processed) ³	55
Cash operating cost, including stripping (per tonne processed) ³	67
Total cash cost (per ounce sold) ³	550
All-in sustaining cost (per ounce sold) ³	807
Depreciation (per ounce sold) ⁴	444

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- 1 Gold ounces produced exclude pre-commercial production of 12,000 ounces.
 - 2 Gold sales exclude those resulting from pre-production activities that were offset against capitalized construction costs and amounted to \$14,994,000.
 - 3 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 19.
 - 4 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.

2018 Third Quarter Results

During the third quarter of 2018, gold sales amounted to \$60,772,000 compared to \$69,832,000 for the same period in 2017. The decrease is due to the lower average realized selling price as well as the lower gold ounces produced and sold at the Mana Mine, partially offset by gold sales from the Boungou Mine. The decrease in gold ounces produced at the Mana Mine reflects the mine plan. The variation between gold ounces sold and gold ounces produced during the quarter is due to the timing of delivery and the build-up of gold in circuit at the Boungou Mine.

The Corporation reiterates its 2018 consolidated production outlook of between 235,000 and 265,000 ounces of gold at an all-in sustaining cost of between \$900 and \$940 per ounce.

Mana Mine

During the third quarter of 2018, gold sales amounted to \$55,763,000 compared to \$69,832,000 for the same period in 2017. The variation is mainly due to the lower gold ounces produced and the lower average realized selling price. The decrease in gold ounces produced at the Mana Mine reflects the mine plan. The variation between gold ounces sold and gold ounces produced during the quarter is due to the timing of delivery. The ore mined decreased by 20% compared to the same period in 2017, in accordance with the mine plan.

The decrease in government royalties is attributable to lower gold sales. As expected, in the third quarter of 2018, the all-in sustaining cost was \$1,017 per ounce sold compared to \$841 per ounce sold in the same period in 2017. This is attributable to a higher total stripping ratio and a lower recovered head grade.

Boungou Mine

After eighteen months of construction, the Boungou Mine began processing ore in May and achieved its first gold pour on June 28, 2018. During the pre-commercial period from June to the end of August, Boungou produced 12,000 ounces of gold.

Commercial production was declared on September 1, 2018 when operations had reached the internal commercial production measure of 30 consecutive days of mill throughput at 75% of nominal design capacity (4,000 tpd). During the 30-day period, the mill processed more than 90,000 tonnes of ore at an average grade of 2.4 g/t Au and with a recovery rate of 83%.

Ramp-up of Operations

The first month of commercial production, September, was in line with our plan. During the month, mill throughput averaged approximately 3,450 tonnes per day. Since then, throughput has continued to increase and is expected to reach the nominal design capacity of 4,000 tonnes per day late in the fourth quarter.

Grade in September averaged 3.96 g/t Au, in line with the reserves model. Grade is expected to increase in the fourth quarter as the mine plan reaches higher-grade zones.

Recovery rates for September were at 90% and are expected to improve in the fourth quarter.

Siou Underground Development

During the third quarter of 2018, development of Siou underground continued in line with our goal of achieving production in the first quarter of 2020. Specifically, the following was completed:

- Mobilisation of the mining contractor and equipment on site
- Development of access ramp commenced - 110 meters completed
- Development on budget with \$2.3 million of the \$51.7 million budget incurred
- Completion of temporary surface infrastructure
- Filing of Environmental and Social Impact Assessment (ESIA) study - public hearing completed

At the end of October 2018, we had completed 350 of the 5,600 meters of underground development at Siou required to commence production.

Exploration

Tapoa (Boungou Mine)

Boungou Proximal

Prior to the rainy season break, a total of 66 RC holes (6,949 meters) was drilled in the third quarter, most of which consisted of follow-up drilling on the Osaanpalo Zone at Tawori. The Osaanpalo Zone is a shallow west-dipping structure located four kilometers north of the Boungou Mine. Significant gold values had been obtained within the structure earlier in the year that showed a north-trending orientation of mineralization.

In the third quarter, significant mineralization was obtained along the flat-lying shear zone including 17.63 g/t Au over 1 meter, 1.88 g/t Au over 5 meters, and 1.77 g/t Au over 3 meters. The zone remains open down-dip and to the south. Follow-up drilling will be assessed following receipt of pending results and their compilation.

Boungou Regional

In early October, following the rainy season, exploration resumed on the Dangou permit located approximately 30 kilometers east-northeast of the Boungou Mine. Significant mineralization was obtained in the second quarter of 2018 on the permit following realization of a program of 88 RC holes and two core holes (10,561 meters) across the most promising anomalies.

Mana Project

Mana - Siou

In the quarter, a total of 1,881 meters of core drilling was completed at the Siou North target area before the rainy season began. One intersection from MMP18-25 returned 8.99 g/t Au over 7.1 meters from a subsidiary lens parallel to Zone 9. Despite isolated higher-grade values, the mineralization appears discontinuous and uneconomic. No further work is currently planned.

Mana Regional

In the second quarter of 2018, significant assay results were obtained at a zone dubbed Doumakélé, located 25 kilometers southeast of the mill. Highlights include 2.02 g/t Au over 5 meters (MRC18-5107), 8.69 g/t Au across 3.7 meters and 4.19 g/t Au over 4.5 meters (WDC-976), and 6.38 g/t Au over 10.7 meters (WDC-980). The follow-up exploration program at Doumakélé commenced early in the fourth quarter after the rainy season.

Kongolokoro (Houndé Greenstone Belt Permits)

In the quarter, 2,405 meters (14 holes) of RC drilling were carried out primarily on the Tankoro Zone. Results will be released in due course.

Korhogo Ouest, Côte d'Ivoire

The 13,000-meter drill program scheduled in 2018 at Korhogo commenced in September on the Fotamana target area where significant values had been obtained along a regional shear zone in 2017. To date, 13 holes (1,507 meters) have been completed and assays remain pending.

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.

Third Quarter Conference Call

A conference call will be held tomorrow, November 07, 2018, at 10:00 EST to discuss this press release. Interested parties are invited to call the following telephone numbers to participate in the call:

Tel. local & overseas: +1 (647) 788 4922
Tel. North America: 1 (877) 223 4471
Webcast: www.semafo.com
Replay number: 1 (800) 585 8367 or +1 (416) 621 4642
Replay pass code: 7370499
Replay expiration: December 07, 2018

About SEMAFO

SEMAFO is a Canadian-based intermediate gold producer with over twenty years' experience building and operating mines in West Africa. The Corporation operates two mines, the Mana and Boungou Mines in Burkina Faso. SEMAFO is committed to building value through responsible mining of its quality assets and leveraging its development pipeline.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements. Forward-looking statements include words or expressions such as "outlook", "plan", "expected", "increase", "improve", "goal", "will", "remain pending", "committed", "building", "leveraging", "development" 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 attain our 2018 consolidated production outlook of between 235,000 and 265,000 ounces of gold at an all-in sustaining cost of between \$900 and \$940 per ounce, the ability to achieve production at Siou Underground in the first quarter of 2020, the ability of the Boungou mill to reach the nominal design capacity of 4,000 tonnes per day late in the fourth quarter, the ability of the Boungou grade to increase in the fourth quarter, the ability of the Boungou recoveries to improve in the fourth quarter, the ability to build value through responsible mining and leverage our development pipeline, 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 2017 Annual MD&A, as updated in SEMAFO's 2018 First Quarter MD&A, 2018 Second Quarter MD&A, 2018 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.

Consolidated Results and Mining Operations

(Operating data and results at the Boungou Mine only refer to commercial production period starting September 1, 2018)

	Three-month period		Nine-month period			
	ended September 30,		ended September 30,			
	2018	2017	Variation	2018	2017	Variation
Gold ounces produced ¹	58,200	53,900	8%	149,400	156,900	(5%)
Gold ounces sold ²	50,500	54,500	(7%)	142,500	156,100	(9%)
(in thousands of dollars, except amounts per share)						
Revenues – Gold sales ²	60,772	69,832	(13%)	181,987	196,033	(7%)
Mining operation expenses	31,308	27,329	15%	104,081	93,467	11%
Government royalties and development taxes	2,494	3,011	(17%)	8,178	8,092	1%
Depreciation of property, plant and equipment	18,535	21,921	(15%)	66,546	71,984	(8%)
Share-based compensation	(414)	1,997	— 1,617	2,121	2,121	(24%)
Other	4,336	3,755	15%	12,675	11,090	14%
Operating income (loss)	4,513	11,819	(62%)	(11,110)	9,279	—
Finance income	(530)	(952)	(44%)	(1,783)	(2,488)	(28%)
Finance costs	1,433	336	326%	2,033	981	107%
Foreign exchange loss (gain)	826	(2,779)	— 1,690	(9,711)	—	
Income tax expense (recovery)	1,905	1,407	35%	2,084	(274)	—
Net income (loss) for the period	879	13,807	(94%)	(15,134)	20,771	—
Net income (loss) attributable to equity shareholders	463	12,224	(96%)	(14,678)	18,387	—
Basic earnings (loss) per share	— 0.04	(100%)	(0.05)	0.06	—	
Diluted earnings (loss) per share	— 0.04	(100%)	(0.05)	0.06	—	

Adjusted amounts

Adjusted operating income (loss) ³	3,201	12,897 (75%)	(12,463) 8,254	—
Adjusted net income (loss) attributable to equity shareholders ³ 649	8,446	(92%)	(12,216) 1,179	—
Per share ³	— 0.03	(100%)	(0.04)	— —

Cash flows

Cash flows from operating activities ⁴	21,041	34,853 (40%)	55,271	81,614	(32%)
Per share ³	0.06	0.11 (45%)	0.17	0.25	(32%)

Statistics (in dollars)

Average realized selling price (per ounce)	1,205	1,282 (6%)	1,277	1,256	2%
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Total cash cost (per ounce sold)³ Gold ounces produced exclude pre-commercial production of 670,000 ounces from Boungou in 2018 557 20% 788 651 21%

All-in sustaining cost (per ounce sold)³ Gold sales exclude those resulting from pre-production activities that were offset against capitalized construction costs and amounted to \$14,994,000. 1,000 841 19% 1,059 929 14%

³ Adjusted operating income, adjusted net income attributable to equity shareholders, adjusted basic earnings per share, operating cash flows per share, 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 19.

⁴ Cash flows from operating activities exclude changes in non-cash working capital items.

Interim Consolidated Statements of Financial Position

(Expressed in thousands of US dollars - unaudited)

	As at	As at
	September 30, 2018	December 31, 2017
	\$	\$

Assets

Current assets

Cash and cash equivalents	86,240	198,950
Trade and other receivables	25,814	22,649
Income tax receivable	6,828	3,186
Inventories	75,310	66,409
Other current assets	6,275	4,094
	200,467	295,288

Non-current assets

Advance receivable	2,309	2,867
Restricted cash	22,765	23,237
Property, plant and equipment	782,300	703,341
Intangible asset	1,243	1,374
Other non-current financial assets	2,858	2,256
	811,475	733,075
Total assets	1,011,942	1,028,363

Liabilities

Current liabilities

Trade payables and accrued liabilities	58,600	72,720
Current portion of long-term debt	45,258	310
Current portion of finance lease	6,904	4,703
Share unit plan liabilities	3,644	6,404
Provisions	3,063	3,069

	117,469	87,206
Non-current liabilities		
Long-term debt	71,809	115,247
Finance Lease	20,393	19,008
Share unit plan liabilities	2,245	3,138
Provisions	23,075	12,258
Deferred income tax liabilities	31,568	30,944
	149,090	180,595
Total liabilities	266,559	267,801

Equity**Equity Shareholders**

Share capital	623,604	622,294
Contributed surplus	6,771	7,220
Accumulated other comprehensive (loss) income (18,348)		2,256
Retained earnings	102,730	97,710
	714,757	729,480
Non-controlling interests	30,626	31,082

Total equity ~~745,383~~ **760,562**~~Total assets and equity~~ ~~1,019,842~~ ~~1,028,363~~

	Three-month period		Six-month period	
	ended September 30, ended September 30,			
	2018	2017	2018	2017
	\$	\$	\$	\$
Revenue & Gold sale	60,772	69,832	181,987	196,033
Costs of operations				
Mining operation expenses	33,802	30,340	112,259	101,559
Depreciation of property, plant and equipment	18,535	21,921	66,546	71,984
General and administrative	3,736	3,453	11,512	10,324

Corporate social responsibility expenses	600	302	1,163	766
Share-based compensation	(414)	1,997	1,617	2,121
Operating income (loss)	4,513	11,819	(11,110)	9,279
Other expenses (income)				
Finance income	(530)	(952)	(1,783)	(2,488)
Finance costs	1,433	336	2,033	981
Foreign exchange loss (gain)	826	(2,779)	1,690	(9,711)
Income (loss) before income taxes	2,784	15,214	(13,050)	20,497
Income tax expense (recovery)				
Current	376	1,331	665	3,566
Deferred	1,529	76	1,419	(3,840)
	1,905	1,407	2,084	(274)
Net income (loss) for the period	879	13,807	(15,134)	20,771
Attributable to:				
Equity shareholders	463	12,224	(14,678)	18,387
Non-controlling interests	416	1,583	(456)	2,384
	879	13,807	(15,134)	20,771
Earnings (loss) per share				
Basic	—	0.04	(0.05)	0.06
Diluted	—	0.04	(0.05)	0.06

Interim Consolidated Statements of Comprehensive Income (Loss)

(Expressed in thousands of US dollars - unaudited)

	Three-month period		Nine-month period	
	ended September 30, ended September 30,			
	2018	2017	2018	2017
	\$	\$	\$	\$
Net income (loss) for the period	879	13,807	(15,134)	20,771
Other comprehensive income (loss)				
Item that will be reclassified to profit or loss				
Changes in fair value of available-for-sale assets (net of tax of nil)	n/a	60	n/a	399
Item that will not be reclassified to profit or loss				
Changes in fair value of equity investments at FVOCI (net of tax of nil)	125	n/a	(906)	n/a
Total comprehensive income (loss) for the period, net of tax	1,004	13,867	(16,040)	21,170
Attributable to:				
Equity shareholders	588	12,284	(15,584)	18,786
Non-controlling interests	416	1,583	(456)	2,384
	1,004	13,867	(16,040)	21,170

Interim Consolidated Statements of Cash Flows

(Expressed in thousands of US dollars - unaudited)

	Three-month period		Nine-month period	
	ended September 30, ended September 30,			
	2018	2017	2018	2017
	\$	\$	\$	\$

Cash flows from (used in):

Operating activities

Net income (loss) for the period

(15,134)

Adjustments for:

Depreciation of property, plant and equipment	18,535	21,921	66,546	71,984
Share-based compensation	(414)	1,997	1,617	2,121
Unrealized foreign exchange loss (gain)	374	(2,879)	813	(9,218)
Deferred income tax expense (recovery)	1,529	76	1,419	(3,840)
Other	138	(69)	10	(204)
	21,041	34,853	55,271	81,614
Changes in non-cash working capital items	8,870	(3,096)	(1,727)	(11,690)
Net cash provided by operating activities	29,911	31,757	53,544	69,924

Financing activities

Drawdown of long-term debt	—	—	—	60,000
Repayment of equipment financing	(78)	(76)	(233)	(231)
Payments of finance lease	(1,292)	(4,003)	(3,602)	(4,003)
Proceeds on issuance of share capital, net of expenses	—	50	861	111
Net cash (used in) provided by financing activities	(1,370)	(4,029)	(2,974)	55,877

Investing activities

Net proceed on acquisition of equity investments	—	—	(1,508)	—
Acquisition of property, plant and equipment	(50,885)	(58,020)	(160,741)	(139,116)
Decrease (increase) in restricted cash	212	223	212	(14,854)
Net cash used in investing activities	(50,673)	(57,797)	(162,037)	(153,970)

Effect of exchange rate changes on cash and cash equivalents	(499)	3,533	(1,243)	11,158
Change in cash and cash equivalents during the period	(22,631)	(26,536)	(112,710)	(17,011)
Cash and cash equivalents – beginning of period	108,871	283,297	198,950	273,772
Cash and cash equivalents – end of period	86,240	256,761	86,240	256,761
Interest paid	2,532	1,739	7,268	3,519
Interest received	520	770	1,969	1,902
SOURCE SEMAFO				
Income tax paid	858	3,208	4,224	8,875

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