

# SEMAFO Releases First Quarter 2014 Results

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## High-Grade Siou Ore Boosts March Gold Production-Fofina Ahead of Schedule

MONTREAL, QUEBEC--(Marketwire - May 6, 2014) - SEMAFO (TSX:SMF)(OMX:SMF) today reported its financial and operating results for the three-month period ended March 31, 2014. All amounts are in US dollars unless otherwise stated.

As a result of our focus on accelerating the development of Siou and Fofina, and as expected, we had a weak first quarter in terms of production. We deliberately reworked the mine plan sequence in order to reassign a portion of the Wona-Kona mining fleet to Siou and Fofina. Accordingly, our first quarter operations will serve as a catalyst for the remainder of the year when we expect a significant upsurge in production.

### First Quarter 2014 in Review\*

- Gold production at Mana of 35,100 ounces, compared to 42,700 ounces for the same period in 2013
- Commenced processing ore from Siou, which positively impacted Mana's overall head grade and resulted in the production of 17,340 ounces of gold in the month of March at a cash operating cost of \$689 per ounce
- Bulk test results from Siou provided very good reconciliation against the reserve block model - achieved a recovery rate of over 96%
- The Corporation is maintaining its 2014 guidance
- Gold sales at Mana of \$38.5 million, a 47% decrease year over year
- Operating loss from continuing operations of \$14.7 million, compared to operating income of \$21.0 million for the same period in 2013
- Net loss from continuing operations attributable to equity shareholders of \$12.9 million or \$0.04 per share compared to net income of \$11.5 million or \$0.04 per share for the same period in 2013
- Cash flow from operating activities from continuing operations<sup>1</sup> of \$2.1 million or \$0.01 per share<sup>2</sup> compared to \$28.0 million or \$0.10 per share for the same period in 2013
- Auger drilling on the Pompoi Nord permit revealed a promising geochemical anomaly trend over more than 15 kilometers along the east contact of the Siou intrusive
- Commenced pre-stripping activities at Fofina, one quarter ahead of schedule
- Increased our exploration land package in Burkina Faso by 1,678 km<sup>2</sup> through the signature of two farm-in agreements and the acquisition of one permit

\* The 2014 First Quarter in Review is comprised solely of information and data from ongoing operations at the Mana Mine in Burkina Faso.

<sup>1</sup> Cash flow from operating activities from continuing operations excludes changes in non-cash working capital items.

<sup>2</sup> Operating cash flow per share from continuing operations is a non-IFRS financial performance measure with no standard definition under IFRS.

## Mana Mine, Burkina Faso

Late in the first quarter, bulk test results from the high-grade Siou deposit were in line with expectations, providing very good reconciliation against the block model. Test results indicated an average grade of 4.7 g/t Au at a recovery rate of over 96%.

The gradual ramp-up of mining activities at Siou was reflected in our March production, where we achieved a higher head grade, an improved gold recovery rate and a lower cash operating cost per ounce.

	Tonnes <sup>1</sup>	Grade (g/t Au)	Recovery (%)	Production (oz)	Cash Operating Cost (per ounce produced)
January	213,400	1.53	83	8,750	1,245
February	206,300	1.59	86	9,010	1,172
March	222,300	2.64	92	17,340	689
Total First Quarter 2014	642,000	1.93	88	35,100	952

In April\* we achieved the full mining rate at Siou. During the month, we produced more than 20,000 ounces of gold by processing ore with an average head grade greater than 2.9 g/t Au. Therefore, we are maintaining our 2014 production guidance of between 200,000 and 225,000 ounces of gold.

In the first quarter, pre-stripping activities began at Fofina and in April, ahead of schedule, we commenced milling ore from the deposit.

## Increased Permitted Exploration Land Package

Recently, the Corporation increased its exploration land package in Burkina Faso by 1,678 km<sup>2</sup> through the signature of two farm-in agreements (12 permits) and the acquisition of one permit:

- Three-year working rights and an option to acquire a 90% interest in the Bilakongo and Tigan permits and a 100% interest in the Kana permit. These three permits, covering an area of 293 km<sup>2</sup>, are located adjacent to the Mana property approximately 35 kilometers northeast of the Mana processing plant.
- Three-year working rights and option to acquire up to 80% ownership of nine exploration permits on the Banfora Gold Belt. These nine permits, covering 1,153 km<sup>2</sup> of land, are located approximately 200 kilometers southwest of SEMAFO's Mana permits close to the Burkina Faso-Ivory Coast border.
- Acquisition of the strategic 232-square-kilometer Pompoi permit, located immediately south of our Pompoi Nord permit in the resource-rich Houndé Greenstone Belt region.

## Exploration Budget Increases to \$20 Million

In light of the new expanded land package, SEMAFO has allocated an additional two million dollars to the exploration budget in order to carry out geological mapping and auger drilling aimed at identifying priority drill targets on the new permits. This amount is in addition to SEMAFO's 2014 initial exploration budget of \$18 million, which will focus on the Siou intrusive. Initial areas targeted for exploration on the Banfora Gold Belt permits are along the main shear zones where there is evidence of geochemical anomalies and artisanal mining. Auger drilling programs will commence in the coming weeks with results expected in the second half of the year.

Currently, nine auger drills are active on our properties: seven on the promising 15-kilometer geochemical

anomaly trend and two on the Bilakongo and Kana permits. In mid-May, four additional auger drill rigs will be active on the Banfora Gold Belt permits and a second reverse-circulation drilling rig will be assigned to the 15-kilometer geochemical anomaly trend. In June, two core rigs are scheduled to carry out infill drilling between 180 and 225 meters vertically at Siou with the objective of replacing and increasing the reserves base.

<sup>1</sup> Tonnage includes ore from Wona-Kona, Siou and stockpiles. \*April numbers are preliminary and subject to final adjustment.

SEMAFO's Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis and other relevant 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 the website maintained by the Canadian Securities regulators at [www.sedar.com](http://www.sedar.com).

## Consolidated Results and Mining Operations from Continuing Operations

	Three-month period ended March 31,		
	2014	2013 <sup>3,4</sup>	Variation
Gold ounces produced	35,100	42,700	(18% )
Gold ounces sold	29,400	44,900	(35% )
(in thousands of dollars, except amounts per ounce, per tonne and per share)			
Revenues - Gold sales	38,473	72,578	(47% )
Mining operating expenses (excluding government royalties)	30,216	28,142	7%
Government royalties	1,768	3,694	(52% )
Operating income (loss)	(14,679 )	21,044	-
Income tax expense (recovery)	(1,395 )	6,608	-
Net income (loss) from continuing operations attributable to equity shareholders	(12,943 )	11,498	-
Basic earnings (loss) per share from continuing operations	(0.04 )	0.04	-
Diluted earnings (loss) per share from continuing operations	(0.04 )	0.04	-
Cash flow from operating activities from continuing operations <sup>1</sup>	2,142	28,031	(92% )
Operating cash flow per share from continuing operations <sup>2</sup>	0.01	0.12	(92% )

<sup>1</sup> Cash flow from operating activities from continuing operations excludes changes in non-cash working capital items

<sup>2</sup> Operating cash flow per share from continuing operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Corporation's MD&A.

<sup>3</sup> Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

<sup>4</sup> Amounts have been adjusted to reflect the impact of discontinued operations.

SEMAFO's senior management will host a conference call today at 10:00 EDT to discuss the first quarter financial and operating results, as well as to provide an update on the Corporation's activities. Investors 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

The conference call will be archived for replay until May 27, 2014. To access the archived conference call, please dial 1 (800) 585-8367 and enter pass code 28425577.

A live audio webcast of the conference can be accessed through SEMAFO's website at [www.semafo.com](http://www.semafo.com). The webcast will be available for replay for a period of 30 days.

## Annual General and Special Meeting of Shareholders

SEMAFO's Annual General and Special Meeting of Shareholders will be held on Monday, May 15, 2014 at 10:00 EDT at Le Centre Sheraton Montréal, Salon Jarry & Joyce, 1201 René-Lévesque Boulevard West, 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 currently owns and operates the Mana Mine in Burkina Faso, which includes the high-grade satellite Siou and Fofina deposits. SEMAFO is committed to evolve in a conscientious manner through the responsible development of its Mana property. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

## **CAUTION CONCERNING FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. Forward-looking statements include words or expressions such as "will", "catalyst", "expect", "guidance", "aimed at", "targeted", "objective", "committed", "evolve", "become", "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 experience a significant upsurge in production, the ability to meet our 2014 guidance, including our production guidance of between 200,000 and 225,000 ounces of gold, the ability to identify priority drill targets on our new permits, the ability to replace and increase our reserves base, 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 2013 Annual MD&A as updated in our 2014 First Quarter MD&A and other filings made with Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). These documents are also available on our website at [www.semafo.com](http://www.semafo.com). SEMAFO disclaims any obligation to update or revise these forward-looking statements, except as required by applicable law.

*The above information has been made public in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act.*

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