

## Cash Flow from Operations of \$40.7 Million

MONTREAL, QUEBEC--(Marketwired - Aug 5, 2015) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the three-month period ended June 30, 2015. All amounts are in US dollars unless otherwise stated.

### Second Quarter 2015 in Review

Production for the second quarter of 2015 totalled 66,000 ounces at a total cash cost<sup>1</sup> of \$471 per ounce sold and all-in sustaining cost<sup>1</sup> of \$604 per ounce sold at our Mana Mine. These costs per ounce represent year-over-year decreases of 22% and 16%, respectively. In light of favourable fuel prices and exchange rates, SEMAFO is lowering its 2015 total cash cost<sup>1</sup> guidance from between \$575 and \$605 per ounce to between \$515 and \$540 per ounce, representing an 11% decrease at midpoint.

- Gold production of 66,000 ounces, a 9% decrease compared to the same period in 2014
- Gold sales of \$81.1 million, an 8% decrease compared to the same period in 2014
- Operating income of \$22.8 million compared to \$20.7 million for the same period in 2014
- Net income of \$22.1 million compared to \$14.9 million for the same period in 2014
- Net income from continuing operations attributable to equity shareholders of \$19.7 million or \$0.07 per share compared to \$13.0 million or \$0.05 per share for the same period in 2014
- Adjusted net income from continuing operations attributable to equity shareholders<sup>1</sup> of \$15.6 million or \$0.05 per share<sup>1</sup> compared to \$13.3 million or \$0.05 per share<sup>1</sup> for the same period in 2014
- Cash flows from operating activities from continuing operations<sup>2</sup> of \$40.7 million or \$0.14 per share<sup>1</sup> compared to \$37.6 million or \$0.14 per share<sup>1</sup> for the same period in 2014
- Feasibility study at Natougou over 40% complete and on track for completion in Q2 2016
- Proximal exploration on Natougou returns promising results
- Delineation drill results at Natougou match expectations
- Inferred resources of 1.84 million tonnes at 10.0 g/t Au for 590,000 oz of gold at Nabanga deposit
- Recipient of grand prize for Corporate Social Responsibility of Mining Companies in Burkina Faso (RSE 2014)

(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 performance measures from continuing operations" section of the Corporation's MD&A, note 16.

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

### Mana, Burkina Faso

### Mining Operations

	Three-month period ended June 30,				Six-month period ended June 30,			
	2015	2014	Variation		2015	2014	Variation	
Operating Data								
Ore mined (tonnes)	540,100	617,700	(13	%)	1,289,900	1,084,900	19	%)
Ore processed (tonnes)	600,900	723,900	(17	%)	1,138,200	1,365,900	(17	%)
Waste mined (tonnes)	5,151,900	4,537,100	14	%)	11,714,700	7,986,400	47	%)
Operational stripping ratio	9.5	7.3	30	%)	9.1	7.4	23	%)
Head grade (g/t)	3.71	3.37	10	%)	3.89	2.69	45	%)
Recovery (%)	92	93	(1	%)	92	91	1	%)
Gold ounces produced	66,000	72,700	(9	%)	131,200	107,800	22	%)
Gold ounces sold	67,700	68,200	(1	%)	128,300	97,600	31	%)
Statistics (in dollars)								
Average realized selling price (per ounce)	1,198	1,287	(7	%)	1,209	1,293	(6	%)
Cash operating cost (per tonne processed) <sup>1</sup>	46	48	(4	%)	50	50	-	
Total cash cost (per ounce sold) <sup>1</sup>	471	602	(22	%)	498	748	(33	%)
All-in sustaining cost (per ounce sold) <sup>1</sup>	604	723	(16	%)	624	930	(33	%)
Depreciation (per ounce sold) <sup>2</sup>	328	269	22	%)	360	321	12	%)

(1) Cash operating cost, total cash cost and all-in sustaining cost are a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures from continuing operations" section of the Corporation's MD&A, note 16.

(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.

For the second quarter in 2015, lower ore mined and throughput compared to the same period in 2014 are a direct result of the mine plan sequence. The increase in head grade in the second quarter of 2015 reflects a greater percentage of high-grade ore processed from the Fofina and Siou pits compared to the same period in 2014.

During the second quarter of 2015, gold sales amounted to \$81.1 million compared to \$87.8 million for the same period in 2014. The 8% decrease is attributable to a decrease in the average realized selling price. The decrease in mining operation expenses reflects lower fuel pricing, coupled with the strength of the US dollar relative to the Euro and lower throughput. Cash flows from operating activities from continuing operations reached \$40.7 million in the second quarter of 2015 due to the increase in operating income.

#### Reduction in 2015 Cost Guidance

In light of favourable fuel prices and exchange rates, SEMAFO has reduced its cost guidance for 2015. The 2015 total cash cost guidance has been lowered from between \$575 and \$605 per ounce to between \$515 and \$540 per ounce, representing an 11% decrease at midpoint. Our all-in sustaining cost guidance for the year has consequently decreased from between \$715 and \$750 per ounce to between \$655 and \$685 per ounce. In addition, the corporate general and administrative expense estimate for 2015 has been lowered from \$15 million to \$14 million.

The Corporation's 2015 production guidance remains unchanged at between 245,000 and 275,000 ounces. The assumptions used to forecast the downward revision of costs for the second half of 2015 include:

Price of fuel: \$1.14 US dollars per litre  
Exchange rate: \$0.80 US dollars to the Canadian dollar  
Exchange rate: \$1.11 US dollars to the Euro

#### Update on Natougou Feasibility Study

During the quarter, we made strong progress in advancing the feasibility study, which has now passed the 40% completion stage. We continue to target completion of the feasibility study by early second quarter of 2016 with a base case scenario of a 4,000-tonne-per-day processing plant. As at June 30, 2015, a total of \$5.7 million of the estimated budget of \$12.5 million has been disbursed towards completion of the study including:

- Process: 30% completed. This includes conclusion of the trade-off studies and design criteria, in addition to 30% completion of the plant and general layout.
- Geotechnics: 100% completed. Both the ground water exploration program and geotechnical assessment of the open pit wall stability have been conducted.
- Hydrology: 15% completed. This includes 50% completion of the water balance analysis.
- Environmental study: 25% completed
- 6,000 meters of condemnation drilling: 100% completed
- 21,630 meters of delineation drilling: 100% completed

The additional 17,000-meter delineation drill program is already underway in the southwest part of the deposit with the aim of converting a portion of the indicated resources to the measured category in the third quarter.

#### Exploration

An initial exploration budget for 2015 was set at \$18 million, \$12 million of which was allocated to the Mana project and \$6 million to the Banfora project. Following evaluation of our exploration strategy and in light of the weak gold environment, we have decided to cease exploration activities at Banfora in the third quarter, focus on areas within trucking distance of the Mana Mine and Natougou deposit while initiating exploration in Côte d'Ivoire. Accordingly, we maintain the initial budget of \$18 million with \$11 million allocated to the Mana project, \$1.3 million to the Natougou deposit, \$5.4 million to Banfora and \$0.3 million to the Korhogo permits in Côte d'Ivoire.

#### Exploration - Natougou

##### Proximal Exploration on Natougou Returns Promising Results

In July, we announced results from an ongoing 10,000-meter proximal drilling program at Natougou designed to explore the lateral extensions of the flat-lying Bounougou Shear Zone (BSZ) proximal to the current in-pit resources. A new mineralized area, dubbed the Southwest Extension, has returned values of up to 10.29 g/t Au over 10 meters at depths varying from 8 to 131 meters. The target area measures approximately 200 meters wide and remains open towards the west and northwest. The 14-hole program was designed to provide a better understanding of the geometry of the shear zone while establishing the potential for proximal mineralization that could eventually be included in the resources base.

## Regional Exploration - Natougou

The budget of \$1.3 million is dedicated to carry out regional airborne geophysical surveying, RC drilling and some soil geochemical programs in the second half of 2015 on the Bounbou, Dangou and Pambourou permits, within trucking distance of the Natougou deposit.

## Second Quarter 2015 Conference Call

SEMAFO's second quarter 2015 Management's Discussion and Analysis and 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).

A conference call will be held today, Wednesday, August 5, 2015 at 10:00 EDT to discuss the second-quarter results. The webcast will also be accessible on our website at [www.semafo.com](http://www.semafo.com) for a period of 30 days.

### Details

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## 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 is committed to evolve in a conscientious manner to become a major player in its geographical area of interest. 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 "guidance", "promising", "estimate", "target", "aim of", "designed to", "potential", "could", "dedicated to", "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 meet our 2015 production guidance of between 245,000 and 275,000 ounces at a total cash cost of between \$515 and \$540 per ounce and an all-in sustaining cost of between \$655 and \$685 per ounce, the ability to meet the corporate general and administrative estimate of \$14 million, the ability to complete the DFS early in the second quarter of 2016, the ability to complete the definitive feasibility study within the budget estimate of \$12.5 million, the ability to convert a portion of the indicated resources to the measured category in the third quarter, the ability of our 14-hole RC program to include proximal mineralization of the shear zone in the resources 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 2014 Annual MD&A, as updated in SEMAFO's 2015 First Quarter MD&A and 2015 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 5, 2015 at 8:00 a.m., Eastern Daylight Time.

## Consolidated Results and Mining Operations from Continuing Operations

### Operating Highlights from Continuing Operations

Three-month period			Six-month period	
ended June 30,			ended June 30,	
2015	2014	Variation	2015	2014

Gold ounces produced	66,000	72,700	(9	%)	131,200	107,80
Gold ounces sold	67,700	68,200	(1	%)	128,300	97,600
(in thousands of dollars, except amounts per share)						
Revenues - Gold sales	81,115	87,761	(8	%)	155,131	126,23
Mining operation expenses (excluding government royalties)	28,638	37,293	(23	%)	57,701	67,509
Government royalties	3,259	3,745	(13	%)	6,192	5,513
Operating income	22,824	20,665	10	%	34,031	5,986
Finance costs	171	584	(71	%)	3,210	840
Foreign exchange loss (gain)	(1,686 )	(98 )	(1,620	%)	4,595	6
Income tax expense	2,382	5,421	(56	%)	12,249	4,026
Net income from continuing operations attributable to equity shareholders	19,719	12,974	52	%	11,605	31
Basic earnings per share from continuing operations	0.07	0.05	40	%	0.04	-
Diluted earnings per share from continuing operations	0.07	0.05	40	%	0.04	-
Adjusted net income from continuing operations attributable to equity shareholders <sup>1</sup>	15,579	13,273	17	%	23,789	445
Adjusted basic earnings per share from continuing operations <sup>1</sup>	0.05	0.05	-		0.08	-
Cash flows from operating activities from continuing operations <sup>2</sup>	40,748	37,618	8	%	73,301	39,760
Operating cash flows per share from continuing operations <sup>1</sup>	0.14	0.14	-		0.26	0.14

(1) 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 from continuing operations" section of the Corporation's MD&A, note 16.

(2) Cash flows from operating activities from continuing operations 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, 2015 \$	As at December 31, 2014 \$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	130,871	127,928
Trade and other receivables	19,671	21,470
Income tax receivable	2,057	12,086
Inventories	61,591	59,729
Other current assets	2,190	2,311
	216,380	223,524
Non-current assets		
Advance receivable	4,473	4,229
Restricted cash	3,571	3,726
Property, plant and equipment	527,055	382,388
Intangible asset	1,987	1,915
Other non-current assets	-	2,520
	537,086	394,778
<b>Total assets</b>	<b>753,466</b>	<b>618,302</b>
<b>Liabilities</b>		
Current liabilities		
Trade payables and accrued liabilities	32,622	49,530
Current portion of long-term debt	28,856	-
Restricted share unit liabilities and deferred share unit liabilities	3,997	1,938
Provisions	6,063	6,579
	71,538	58,047
Non-current liabilities		
Long-term debt	58,987	-
Restricted share unit liabilities	3,741	3,967
Provisions	7,083	6,917
Deferred income tax liabilities	21,221	18,766

Total liabilities	162,570	87,697
Equity		
Equity Shareholders		
Share capital	515,505	466,861
Contributed surplus	10,870	10,889
Retained earnings	34,937	25,932
	561,312	503,682
Non-controlling interests	29,584	26,923
Total equity	590,896	530,605
Total liabilities and equity	753,466	618,302

#### Interim Consolidated Statement of Income (Loss)

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenue - Gold sales	81,115	87,761	155,131	126,234
Costs of operations				
Mining operation expenses	31,897	41,038	63,893	73,022
Depreciation of property, plant and equipment	22,288	18,665	46,398	31,778
General and administrative	3,437	4,208	7,052	9,483
Corporate social responsibility expenses	134	227	460	227
Share-based compensation	535	2,958	3,297	5,738
Operating income	22,824	20,665	34,031	5,986
Other expenses (income)				
Finance income	(158 )	(158 )	(289 )	(237 )
Finance costs	171	584	3,210	840
Foreign exchange loss (gain)	(1,686 )	(98 )	4,595	6
Income before income taxes	24,497	20,337	26,515	5,377
Income tax expense (recovery)				
Current	5,268	4,338	8,872	3,046
Deferred	(2,886 )	1,083	3,377	980
	2,382	5,421	12,249	4,026
Net income from continuing operations	22,115	14,916	14,266	1,351
Net income (loss) from discontinued operations	-	785	-	(1,648 )
Net income (loss) for the period	22,115	15,701	14,266	(297 )
Net income from continuing operations attributable to:				
Equity shareholders	19,719	12,974	11,605	31
Non-controlling interests	2,396	1,942	2,661	1,320
	22,115	14,916	14,266	1,351
Net income (loss) from discontinued operations attributable to:				
Equity shareholders	-	(9,952 )	-	(11,339 )
Non-controlling interests	-	10,737	-	9,691
	-	785	-	(1,648 )
Net income (loss) for the period attributable to:				
Equity shareholders	19,719	3,022	11,605	(11,308 )
Non-controlling interests	2,396	12,679	2,661	11,011
	22,115	15,701	14,266	(297 )
Basic earnings per share from continuing operations	0.07	0.05	0.04	-
Basic loss per share from discontinued operations	-	(0.04 )	-	(0.04 )
Basic earnings (loss) per share	0.07	0.01	0.04	(0.04 )
Diluted earnings per share from continuing operations	0.07	0.05	0.04	-
Diluted loss per share from discontinued operations	-	(0.04 )	-	(0.04 )

Diluted earnings (loss) per share	0.07	0.01	0.04	(0.04 )
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Interim Consolidated Statement of Cash Flows  
(Expressed in thousands of US dollars - unaudited)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash flows from (used in):				
Operating activities				
Net income for the period from continuing operations	22,115	14,916	14,266	1,351
Adjustments for :				
Depreciation of property, plant and equipment	22,288	18,665	46,398	31,778
Share-based compensation	535	2,958	3,297	5,738
Write-off of other non-current assets related to financing fees	-	-	2,520	-
Unrealized foreign exchange (gain) loss	(1,268 )	140	3,413	(32 )
Deferred income taxes expense (recovery)	(2,886 )	1,083	3,377	980
Other	(36 )	(144 )	30	(55 )
	40,748	37,618	73,301	39,760
Changes in non-cash working capital items	(8,672 )	12,305	(8,476 )	5,117
Net cash provided by operating activities from continuing operations	32,076	49,923	64,825	44,877
Net cash used in operating activities from discontinued operations	-	(1,094 )	-	(2,088 )
Net cash provided by operating activities	32,076	48,829	64,825	42,789
Financing activities				
Long-term debt	-	-	90,000	-
Long-term debt transaction costs	-	-	(1,200 )	-
Proceeds on issuance of share capital, net of expenses	-	1,041	43,925	3,994
Net cash provided by financing activities	-	1,041	132,725	3,994
Investing activities				
Acquisition of <a href="#">Orbis Gold Ltd.</a>	-	-	(154,550 )	-
Acquisitions of property, plant and equipment	(17,484 )	(18,092 )	(35,371 )	(35,754 )
Advance made to Sonabel	(566 )	-	(566 )	-
Increase in restricted cash	-	(641 )	-	(641 )
Net cash used in investing activities	(18,050 )	(18,733 )	(190,487 )	(36,395 )
Effect of exchange rate changes on cash and cash equivalents	1,992	143	(4,120 )	239
Change in cash and cash equivalents during the period	16,018	31,280	2,943	10,627
Cash and cash equivalents - beginning of period	114,853	61,946	127,928	82,599
Cash and cash equivalents - end of period	130,871	93,226	130,871	93,226
Interest paid	1,517	-	1,517	-
Interest received	158	158	289	237
Income tax paid	-	2,127	-	4,433

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