2015 Cost Guidance Lowered

MONTREAL, QUEBEC--(Marketwired - Nov 12, 2015) - [Semafo Inc.](#) (TSX:SMF)(OMX:SMF) today reported its financial and operational results for the three-month period ended September 30, 2015. All amounts are in US dollars unless otherwise stated.

Third Quarter 2015 in Review

Driven by our strong third-quarter operational performance, we are lowering our all-in sustaining cost guidance from between $655 and $685 to between $630 and $650 per ounce for the year.

- Gold production of 67,200 ounces, a 4% increase compared to the same period in 2014
- Total cash cost(1) of $485 per ounce sold and all-in sustaining cost(1) of $616 per ounce sold at our Mana Mine, both of which represent year-over-year decreases of 13%
- Gold sales of $72.5 million, a 14% decrease compared to the same period in 2014
- Operating income of $19.5 million compared to $25.5 million for the same period in 2014
- Net income(2) of $14.5 million compared to $12.7 million for the same period in 2014
- Net income attributable to equity shareholders(2) of $12.8 million or $0.04 per share compared to $11.2 million or $0.04 per share for the same period in 2014
- Adjusted net income attributable to equity shareholders(1),(2) of $13.9 million or $0.05 per share(1) compared to $19.3 million or $0.07 per share(1) for the same period in 2014
- Cash flows from operating activities(2),(3) of $34.8 million or $0.12 per share(1) compared to $40.6 million or $0.15 per share (1) for the same period in 2014
- Feasibility study at Natougou 70% complete and on track for completion early in the second quarter of 2016
- Positive metallurgical test work was completed on the Natougou deposit
- Foundation SEMAFO was recipient of an award from Forum Africa for excellence in supporting women's entrepreneurship in Africa

(1) Total cash cost, all-in sustaining cost, 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 from continuing operations" section of the Corporation's MD&A, note 16.

(2) From continuing operations.

(3) 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 September 30,				Nine-month period ended September 30,			
	2015	2014	Variation		2015	2014	Variation	
Operating Data								
Ore mined (tonnes)	541,200	516,900	5	%	1,831,100	1,601,800	14	%
Ore processed (tonnes)	618,300	750,300	(18	%)	1,756,500	2,116,200	(17	%)
Waste mined (tonnes)	4,375,000	4,038,000	8	%	16,089,700	12,024,400	34	%
Operational stripping ratio	8.1	7.8	4	%	8.8	7.5	17	%
Head grade (g/t)	3.67	2.91	26	%	3.81	2.77	38	%
Recovery (%)	92	92	-		92	91	1	%
Gold ounces produced	67,200	64,700	4	%	198,400	172,500	15	%
Gold ounces sold	64,800	67,100	(3	%)	193,100	164,700	17	%
Statistics (in dollars)								
Average realized selling price (per ounce)	1,119	1,260	(11	%)	1,179	1,280	(8	%)
Cash operating cost (per tonne processed)(1)	47	47	-		49	49	-	
Total cash cost (per ounce sold)(1)	485	555	(13	%)	494	670	(26	%)
All-in sustaining cost (per ounce sold)(1)	616	704	(13	%)	621	841	(26	%)
Depreciation (per ounce sold)(2)	296	269	10	%	339	300	13	%

(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 third quarter in 2015, the decrease in throughput is a direct result of the mine plan sequence. The increase in head grade in the third 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 third quarter of 2015, gold sales amounted to $72.5 million compared to $84.5 million for the same period in 2014. The 14% decrease is attributable to a decrease in the average realized selling price and the lower gold ounces sold. 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 $34.8 million in the third quarter of 2015 due to the decrease in operating income.

As a result of the cash flow generated from our operating activities, we held a strong cash and cash equivalents position of $137.8 million as at September 30, 2015 with a subsequent receipt of gold trade receivables of $17.5 million in early October.

Lower 2015 Cost Guidance

Driven by our strong third-quarter operational performance, we are lowering both our total cash cost and all-in sustaining cost guidance for the year. The downward revisions reflect cost containment efforts, lower industry costs and favourable exchange rates.

Revised guidance	August 4, 2015*	November 11, 2015*
Total cash cost per ounce sold	$515 - $540	$485 - $505
All-in sustaining cost per ounce sold	$655 - $685	$630 - $650

* Disclosure date in MD&A

The Corporation is on track to achieve the mid-range of its 2015 annual production guidance of between 245,000 and 275,000 ounces of gold.

Update on Natougou Feasibility Study

The feasibility study for Natougou continued to gain traction in the third quarter and is now 70% complete. We continue to target delivery of the feasibility study early in the second quarter of 2016. At September 30, 2015, $9.9 million of the $12.5 million budget had been expended and our team had achieved the following milestones:

- Process: 90% completed. This includes the plant and site layout equipment specification and request for quotes. Remaining work items involve establishment of the overall sector variability, test work on tailings ponds and CAPEX/OPEX estimations.
- Hydrology: 90%. The water balance analysis has been fully carried out.
- Environmental study: 40% completed.
- The 56,000 meters of in-fill drilling scheduled for the feasibility study have been carried out.
- The resource model is complete, and the 3D geological block model is underway.

Positive Metallurgical Test Work on the Natougou Deposit

Testing on the Boungou Shear Zone was conducted using an optimum flow sheet configuration comprising a primary grind size of 63 microns, a gravity recovery circuit, followed by a 36-hour cyanide leach. A total of 109 drilled core (DC) samples of the mineralized zone ensured both spatial and grade representation, as well as comparison of oxidized and fresh rock characteristics. Each individual sample represents approximately 3 kilograms of drilled core samples. The samples were collected and sent to ALS Metallurgy in Perth, Australia for metallurgical test work. Results show that the recovery is consistent throughout the deposit and trace metal analyses exhibit no refinery concerns. Fresh rock samples indicated a gold recovery rate of over 92%, while oxidized samples yielded a recovery of over 96%.

Exploration - Natougou

Footwall Zone

During the third quarter of 2015, a delineation drilling program and a short hole-extension program were completed to test the continuity of the footwall zone of the Boungou Shear Zone that was originally encountered by hole TPA0556, which had returned 10.23 g/t over 2.69 meters. A total of 20 holes (370 meters) were extended in order to reach the footwall zone. Following reception of the results, a total of 12 additional holes were interpreted to have also crossed the footwall zone.

The results, which returned local high-grade results of up to 31.98 g/t over 2.5 meters, suggest that the width of the footwall zone averages 1.5 meters. It lies subparallel to, and some 5 to 20 meters below, the main Boungou Shear Zone. To date, the zone has been traced over a 300-meter x 90-meter area and remains open in all directions. Further drilling will be carried out.

Regional Exploration - Natougou

Regional airborne geophysical surveying, involving MAG, VTEM and radiometric surveys, commenced in mid-October on the Boungou, Dangou and Pambourou permits. The surveys are being flown at 100-meter line spacing. Field work such as geological mapping, soil geochemistry and RC drill programs will be carried out following review and interpretation of the data.

Third Quarter 2015 Conference Call

SEMAFO's third 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. These and other corporate reports are also available on www.sedar.com.

A conference call will be held today, Thursday, November 12, 2015 at 10:00 EST to discuss the third-quarter results. The webcast will also be accessible on our website at www.semafo.com for a period of 30 days.

Details	
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Replay number:	1 (800) 585 8367
Replay pass code:	45906680

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.

Michel Crevier, P.Geo MScA, Vice-President Exploration and Mine Geology, is SEMAFO's Qualified Person and has reviewed the exploration results contained in this press release for accuracy and compliance with National Instrument 43-101.

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 "on track", "guidance", "expect", "target", "will", "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 complete the Natougou feasibility study early in the second quarter of 2016 within the $12.5 million budget, the ability to achieve the mid-range of our 2015 production guidance of between 245,000 and 275,000 ounces, the ability to achieve our 2015 total cash cost guidance of between $485 and $505 per ounce and our all-in sustaining cost guidance of between $630 and $650 per ounce, 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, Second Quarter MD&A and 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.

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 November 12, 2015 at 8:00 a.m., Eastern Standard Time.

Consolidated Results and Mining Operations from Continuing Operations

Operating Highlights from Continuing Operations

	Three-month period ended September 30,				Nine-month period ended September 30,			
	2015	2014	Variation		2015	2014	Variation	
Gold ounces produced	67,200	64,700	4	%	198,400	172,500	15	%
Gold ounces sold	64,800	67,100	(3	%)	193,100	164,700	17	%

(in thousands of dollars, except amounts per share)

Revenues - Gold sales	72,523	84,524	(14	%)	227,654	210,758	8	%
Mining operation expenses	28,469	33,354	(15	%)	86,170	100,863	(15	%)
Government royalties	2,950	3,909	(25	%)	9,142	9,422	(3	%)
Operating income	19,486	25,500	(24	%)	53,517	31,486	70	%
Finance costs	347	331	5	%	3,557	1,171	204	%
Foreign exchange loss	1,110	2,695	(59	%)	5,705	2,701	111	%
Income tax expense	3,762	9,852	(62	%)	16,011	13,878	15	%
Net income attributable to equity shareholders	12,829	11,172	15	%	24,434	11,203	118	%
Basic earnings per share	0.04	0.04	-		0.08	0.04	100	%
Diluted earnings per share	0.04	0.04	-		0.08	0.04	100	%
Adjusted net income attributable toequity shareholders[1]	13,897	19,260	(28	%)	37,686	19,705	91	%
Per share[1]	0.05	0.07	(29	%)	0.13	0.07	86	%
Cash flows from operating activities[2]	34,830	40,554	(14	%)	108,131	80,314	35	%
Per share[1]	0.12	0.15	(20	%)	0.37	0.29	28	%

[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 September 30, 2015 $	As at December 31, 2014 $
Assets		
Current assets		
Cash and cash equivalents	137,785	127,928
Trade and other receivables	34,302	21,470
Income tax receivable	-	12,086
Inventories	62,068	59,729
Other current assets	2,078	2,311
	236,233	223,524
Non-current assets		
Advance receivable	4,555	4,229
Restricted cash	3,479	3,726
Property, plant and equipment	526,026	382,388
Intangible asset	1,917	1,915
Other non-current assets	-	2,520
	535,977	394,778
Total assets	772,210	618,302
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	37,976	49,530
Current portion of long-term debt	28,954	-
Restricted and deferred share unit liabilities	3,492	1,938
Provisions	6,229	6,579
Income tax payable	1,534	-
	78,185	58,047
Non-current liabilities		
Long-term debt	59,183	-
Restricted share unit liabilities	3,272	3,967
Provisions	7,178	6,917
Deferred income tax liabilities	20,401	18,766
	90,034	29,650
Total liabilities	168,219	87,697

Equity		
Equity Shareholders		
Share capital	515,957	466,861
Contributed surplus	10,722	10,889
Retained earnings	47,766	25,932
	574,445	503,682
Non-controlling interests	29,546	26,923
Total equity	603,991	530,605
Total liabilities and equity	772,210	618,302

Interim Consolidated Statement of Income
(Expressed in thousands of US dollars, except per share amounts - unaudited)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Revenue - Gold sales	72,523	84,524	227,654	210,758
Costs of operations				
Mining operation expenses	31,419	37,263	95,312	110,285
Depreciation of property, plant and equipment	19,290	18,230	65,688	50,008
General and administrative	3,087	3,926	10,139	13,409
Corporate social responsibility expenses	229	389	689	616
Share-based compensation	(988)	(784)	2,309	4,954
Operating income	19,486	25,500	53,517	31,486
Other expenses (income)				
Finance income	(224)	(104)	(513)	(341)
Finance costs	347	331	3,557	1,171
Foreign exchange loss	1,110	2,695	5,705	2,701
Income before income taxes	18,253	22,578	44,768	27,955
Income tax expense (recovery)				
Current	4,605	4,827	13,477	7,873
Deferred	(843)	5,025	2,534	6,005
	3,762	9,852	16,011	13,878
Net income from continuing operations	14,491	12,726	28,757	14,077
Net income (loss) from discontinued operations	-	-	-	(1,648)
Net income for the period	14,491	12,726	28,757	12,429
Net income from continuing operations attributable to:				
Equity shareholders	12,829	11,172	24,434	11,203
Non-controlling interests	1,662	1,554	4,323	2,874
	14,491	12,726	28,757	14,077
Net income (loss) from discontinued operations attributable to:				
Equity shareholders	-	-	-	(11,339)
Non-controlling interests	-	-	-	9,691
	-	-	-	(1,648)
Net income (loss) for the period attributable to:				
Equity shareholders	12,829	11,172	24,434	(136)
Non-controlling interests	1,662	1,554	4,323	12,565
	14,491	12,726	28,757	12,429
Basic earnings per share from continuing operations	0.04	0.04	0.08	0.04
Basic loss per share from discontinued operations	-	-	-	(0.04)
Basic earnings per share	0.04	0.04	0.08	-
Diluted earnings per share from continuing operations	0.04	0.04	0.08	0.04
Diluted loss per share from discontinued operations	-	-	-	(0.04)
Diluted earnings per share	0.04	0.04	0.08	-

Interim Consolidated Statement of Cash Flows
(Expressed in thousands of US dollars - unaudited)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
	$	$	$	$
Cash flows from (used in):				
Operating activities				
Net income for the period from continuing operations	14,491	12,726	28,757	14,077
Adjustments for :				
Depreciation of property, plant and equipment	19,290	18,230	65,688	50,008
Share-based compensation	(988)	(784)	2,309	4,954
Write-off of other non-current assets related to financing fees	-	-	2,520	-
Unrealized foreign exchange loss	1,865	5,280	5,278	5,248
Deferred income taxes expense (recovery)	(843)	5,025	2,534	6,005
Other	1,015	77	1,045	22
	34,830	40,554	108,131	80,314
Changes in non-cash working capital items	(2,728)	2,005	(11,204)	7,122
Net cash provided by operating activities from continuing operations	32,102	42,559	96,927	87,436
Net cash used in operating activities from discontinued operations	-	-	-	(2,088)
Net cash provided by operating activities	32,102	42,559	96,927	85,348
Financing activities				
Long-term debt	-	-	90,000	-
Long-term debt transaction costs	-	-	(1,200)	-
Proceeds on issuance of share capital, net of expenses	304	1,660	44,229	5,654
Dividends paid to non-controlling interest and withholding taxes	(2,656)	-	(2,656)	-
Net cash provided by (used in) financing activities from continuing operations	(2,352)	1,660	130,373	5,654
Investing activities				
Acquisition of Orbis Gold Ltd.	-	-	(154,550)	-
Acquisitions of property, plant and equipment	(21,031)	(18,523)	(56,402)	(54,277)
Advance made to Sonabel	-	(895)	(566)	(895)
Increase in restricted cash	-	-	-	(641)
Net cash used in investing activities	(21,031)	(19,418)	(211,518)	(55,813)
Effect of exchange rate changes on cash and cash equivalents	(1,805)	(5,801)	(5,925)	(5,562)
Change in cash and cash equivalents during the period	6,914	19,000	9,857	29,627
Cash and cash equivalents - beginning of period	130,871	93,226	127,928	82,599
Cash and cash equivalents - end of period	137,785	112,226	137,785	112,226
Interest paid	1,521	-	3,038	-
Interest received	3	104	292	341
Income tax paid	1,043	843	1,043	5,276

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