



INTERNATIONAL EXPERTISE[®]
HUMAN ADVOCACY

Annual Information Form

For the year ended December 31, 2013

Dated as of March 11, 2014

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ITEM 1 – GENERAL MATTERS

Where we say “we”, “us”, “our”, the “Corporation” or “SEMAFO”, we mean SEMAFO Inc. or SEMAFO Inc. and/or one or more or all of its subsidiaries, as it may apply.

This Annual Information Form (“AIF”) 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. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law. For further information regarding forward looking statements contained in this AIF, please refer to ITEM 23 – Forward-Looking Statement.

All dollar amounts contained in this AIF are expressed in US dollars unless otherwise specified.

ITEM 2 - THE CORPORATION

Name, Address and Incorporation

Created under the *Companies Act* (Québec) as a result of the amalgamation, effective January 31, 1994 of SEG Exploration Inc. and Orimar Resources Inc., SEMAFO is now governed by the *Business Corporations Act* (Québec) since its coming into force as of February 14, 2011. Having maintained the corporate name “Exploitation SEG INC.” subsequent to the amalgamation, the Corporation changed its name to “West Africa Mining Exploration Corporation Inc.”, as indicated in the certificate and articles of amendment dated June 21, 1995. The Corporation further changed its name to its current name “SEMAFO Inc.” pursuant to a certificate and articles of amendment dated May 13, 1997. “SEMAFO” is the acronym of “Société d'exploration minière d'Afrique de l'Ouest”, the French version of the Corporation’s former name.

Our Corporate office is located at 100, boul. Alexis-Nihon, 7th Floor, Saint-Laurent, Québec, Canada, H4M 2P3. The addresses of our principal subsidiaries may be found under ITEM 21 – ADMINISTRATIVE OFFICES.

The Corporation is a reporting issuer in Québec, Ontario, Alberta and British Columbia and our common shares have been listed for trading on the Toronto Stock Exchange (“TSX”) since December 12, 1996 and on the NASDAQ OMX Stockholm Exchange (“NASDAQ OMX”) since October 20, 2011.

Capital Structure

Common Shares

Our capital structure is composed of an unlimited number of common shares and of an unlimited number of Class “A” and Class “B” preferred shares, all without nominal or par value. Holders of our common shares are entitled to one vote for each common share held at all our meetings of shareholders, to participate rateably in any dividend declared by the Corporation’s board of directors (the “Board”) on the common shares, and, subject to any rights attaching to the Class “A” and Class “B” preferred shares, to receive our remaining property in the event of the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of our assets. As at March 11, 2014, 275,009,182 common shares and no Class “A” or Class “B” preferred share are issued and outstanding.

Rights

On March 15, 2011, the Board adopted a Shareholder Rights Plan (the “**Rights Plan**”) that is designed to provide shareholders and the Board with adequate time to consider and evaluate any unsolicited bid made for SEMAFO and to provide the Board with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid.

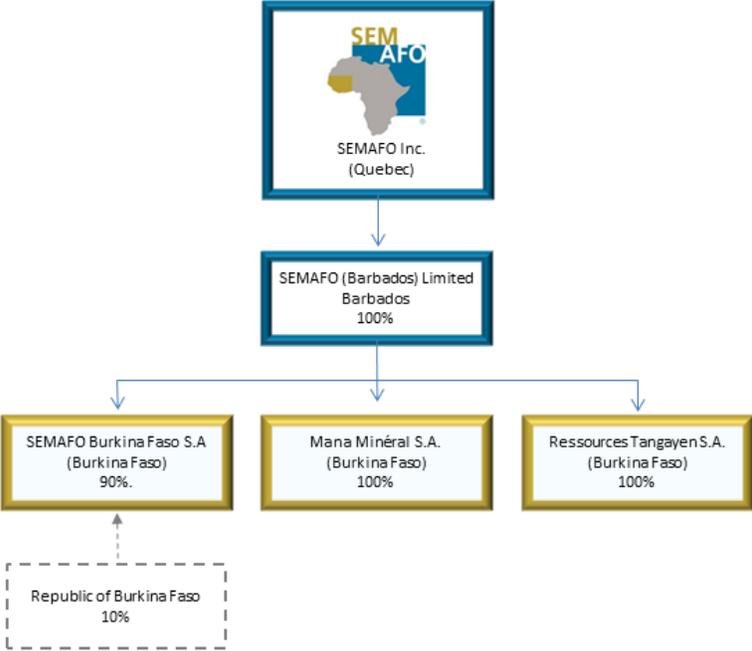
The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (as defined in the Rights Plan), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of our common shares, other than the Acquiring Person (as defined in the Rights Plan), will be able to purchase additional common shares at a significant discount to market, thus exposing the Acquiring Person to substantial dilution of its holdings.

The Rights Plan is initially not dilutive. However, if a “Flip-in Event” (as defined in the Rights Plan) occurs, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

The Plan was ratified at our annual general and special meeting of shareholders held on May 10, 2011 and will terminate at the end of our annual general and special meeting of shareholders on May 15, 2014, unless extended at that meeting.

Intercorporate Relationships

The following diagram presents, as at December 31, 2013, the names of our material subsidiaries, where they were incorporated or continued as well as the percentage of votes attaching to all voting securities of each such subsidiary beneficially owned, controlled or directed by the Corporation.



ITEM 3 - GENERAL DEVELOPMENT OF THE BUSINESS

We are a Canadian-based mining company with gold production and exploration activities in West Africa. We currently own and operate 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 high potential 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.

Three Year History

2011

On January 18, 2011, we announced that we were granted the new Bombouela Nord permit at the Mana property in Burkina Faso, which is continuous to the north of the current group of permits. The Bombouela Nord permit covers an additional 115 square kilometers of favorable Houndé greenstone rocks.

On February 8, 2011, we announced a fourth phase of plant expansion at our Mana Mine, aimed at increasing the plant's capacity to attain up to 7,200 tonnes per day ("tpd") in bedrock and to up to 8,000 tpd in blended ore. For this phase of expansion, we allocated a budget of \$25,000,000, which includes \$18,000,000 for enhancements to the plant and \$7,000,000 for additional mining equipment.

On March 10, 2011, we announced the discovery of the new Yaho gold zone located 4.5 kilometers southwest of the Fofina zone and 20 kilometers southwest of the Mana mill. Reverse-circulation drilling carried out across this wide alteration zone has returned significant grades over large widths. A follow-up program was put in place to trace extensions to the north and south of the discovery area.

On March 15, 2011, we announced that the Board approved the Rights Plan, which was later ratified by our shareholders at our annual general and special meeting of shareholders held on May 10, 2011. The purpose of the Rights Plan is to provide the shareholders and directors of SEMAFO with adequate time to consider and evaluate any unsolicited bid and to provide the directors with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid.

On March 31, 2011, we announced completion of the Wona underground feasibility study, further confirming the economic viability of an underground mining operation at our Mana property. Gold production from the underground mine is estimated at 942,600 recoverable ounces at a cash operating cost of \$589 per ounce or \$42 per tonne processed. This represents a nine-year mine life at a mining rate of 4,000 tpd from the underground mine, a 33% increase in production rate from the pre-feasibility study. Moreover, on May 12, 2011, we announced that continued drilling over the Wona SW zones had revealed multiple opportunities to further expand the underground reserves from those reported in the Mana underground feasibility study.

On June 28, 2011, we announced that follow-up drilling on the recently discovered Yaho Zone had more than doubled the strike length of the gold mineralization to more than 1.5 kilometers. While initial drilling had identified a continuous strike length over 600 meters, follow-up drilling extended the gold zone to the south and to the north bringing the strike length to more than 1.5 kilometers. The Yaho Zone remained open on strike and at depth.

On August 9, 2011, we announced that given our successful year-to-date exploration results at Mana and taking into consideration our growth strategy and increased production objectives, management had

allocated an additional \$8,500,000 to Mana's 2011 exploration budget. We also gave an update on the drilling program on the Massala and Saoura permits located approximately 90 kilometers north of the Mana mill. Air core drilling was carried out during the first half of 2011 following the completion of magnetic and Helitem surveys, which identified regional scale anomalies associated with historical surface sample results ranging up to 13.8 g/t Au.

On September 8, 2011, we announced plans to increase Mana's processing capacity by an additional 6,000 tpd. This expansion project was aimed at increasing capacity at the plant to 14,000 tpd.

On September 28, 2011, we announced our decision to apply for a dual listing of our common shares on the NASDAQ OMX. The application was approved on October 13, 2011 and consequently, we announced the commencement of trading of our common shares on the NASDAQ OMX on October 20, 2011. Our shares are traded on the NASDAQ OMX in Swedish kronor (SEK) under the ticker symbol "SMF".

On September 30, 2011, we provided an update on the temporary precautionary suspension of operations at our Kiniero Mine in Guinea following civil unrest in the area. Exploration activities on the property resumed in October 2011 and will continue through 2012.

On October 3, 2011, we announced that we had entered into an agreement with National Electricity Company Sonabel in Burkina Faso for the construction of a 73-kilometer high-voltage transmission line to deliver power to the Mana Mine. The 26-megawatt transmission line will be connected directly to the national power grid and should provide sufficient energy to power the mine. Under this agreement, we would be paying \$0.18 per kilowatt-hour compared to the then current cost of \$0.31 per kilowatt-hour.

On October 18, 2011, we reported drill results from our ongoing exploration and in-fill program on the Wona SW zone, located immediately southwest and parallel to the Wona Deep zone. The core drilling results added underground depth potential revealing wide and high-grade mineralization. Results, with values including WDC319, which returned 4.07 g/t Au over 43 meters, extend the mineralization at-depth and suggest a mineralized plunge similar to the central portion of the Wona Main zone.

On November 8, 2011, we announced that the Board has approved an inaugural cash dividend of CA\$0.02 per common share, payable on January 16, 2012 to shareholders of record at the close of business on December 31, 2011. The amount of future dividend payments will be subject to evaluation and approval by the Board, based on our financial condition, capital requirements, growth plans and gold price as well as our financial requirements to finance future growth and other factors which the Board may consider appropriate in the circumstances.

2012

On February 2, 2012, we provided an update of the ongoing delineation drilling on the Fofina deposit at our Mana property in Burkina Faso. Reverse-circulation ("RC") delineation drilling was completed at 25-meter intervals over the Fofina and V1 to V7 zones in November 2011. We are in receipt of assay results for 60% of the drill holes to date. In addition, core drilling was completed on the Fofina deposit in order to initiate metallurgical test work, which will in turn serve to establish precise reserve estimation parameters. Results confirmed the interpretation established in December 2011 and further described in July 2011.

On February 16, 2012, we announced that we had become a signatory of the United Nations Global Compact, a policy platform and practical framework for companies that are devoted to sustainability and responsible business practices. Its objective is to align business operations and strategies with ten

universally accepted principles in the areas of human rights, labour, environment and anti-corruption. With less than 2% of participants in the mining sector, SEMAFO is among industry leaders with its support of this global initiative, which was launched by the United Nations in July 2000.

On March 21, 2012, we announced that operations have begun at our on-site exploration laboratory at our Mana Mine. The new assay laboratory is compliant with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) and has a processing capacity of between 500 and 600 samples per day. The capacity was increased to 900 samples per day in November 2012.

On March 27, 2012, we provided an updated compilation of the ongoing auger drilling program at the Mana property. The compilation identified six important gold anomalous trends on the property, some of which are scheduled for drilling in 2012. These new trends were identified using an aggressive auger drilling program initiated in February 2010 over select geologically favourable areas, based on a property-wide geophysical survey. Since then, a total of 30,459 holes were completed, covering approximately 25% of the surface area of the property.

On May 14, 2012, we announced the appointment of Mr. Tertius Zongo to the Board. Mr. Zongo is an economist with an extensive background in international finance and public policy. Mr. Zongo served as Prime Minister and Head of Government of the Republic of Burkina Faso from 2007 until 2011 and was Ambassador Extraordinary and Plenipotentiary of Burkina Faso to the United States of America from 2002 to 2007. Mr. Zongo’s prior experience includes positions of increasing responsibility within the government of Burkina Faso including tenures as Minister of State for Planning and Budget and Minister of Economy and Finance. As such, he held the office of Governor of Burkina Faso to the World Bank, the International Monetary Fund, the African Development Bank, and the Islamic Development Bank and also held various positions at the West Africa sub-regional level.

On May 14, 2012, we also announced that the Board has approved a cash dividend of CA \$0.02 per common share, payable on July 16, 2012 to shareholders of record at the close of business on June 30, 2012. This is our second dividend after declaring our inaugural dividend in November 2011.

On May 15, 2012, we announced that the 2011 drill results received to date combined with prior findings lead us to believe that there is potential to significantly expand the Wona-Kona open pit. This would involve converting a portion of reserves and resources from underground to open pit, while maintaining the potential for an eventual underground operation. This approach would result in a reduction in capital expenditures and an improvement in the overall economics of the project. This would also enable us to maximize the open pit mining method at Mana, draw on our experienced National workforce and provide more operational flexibility. At the time, our operations team continued to study the dynamics of this important project and expected the results of this review to be communicated with the reserves and resources update then expected in June 2012. Accordingly, as of that time, we slowed the pace of underground-related expenditures pending the June 2012 update.

On May 30, 2012, we announced drill results from the Wona-Kona deposit at Mana, returning consistent wide zones of mineralization and extending the gold oreshoots. These results support our decision to revisit the mining scenarios and assess potential improvements to the Wona-Kona overall project economics. Drilling continues to add significant mineralization within both the Wona SW and Kona sectors, where shallowly plunging oreshoots have been traced down more than 400 vertical meters.

On July 11, 2012, we announced our 2011 year-end mineral reserve and resource statement update. Our total mineral reserves and resources increased by 1,300,000 ounces to 7,300,000 ounces from 6,000,000 ounces of gold, net of depletion. More particularly, Mana’s mineral reserves and resources increased by

1,500,000 ounces to 4,800,000 ounces, representing a 45% increase, net of depletion, whereas its measured and indicated mineral resources increased by more than 1,700,000 ounces for a total of 2,800,000 ounces. In line with its announcement of May 15, 2012 regarding the possible change of mining scenario for the Wona-Kona pits, we also announced that the Wona-Kona super pit contains 22,700,000 tonnes at an average grade of 2.32 g/t Au for a total of 1,700,000 ounces in proven and probable mineral reserves as at December 31, 2011. This compares to 24,300,000 tonnes at an average grade of 2.56 g/t Au for 2,000,000 ounces in the combined Wona and Kona open pits and Wona underground in 2010. We therefore decided to proceed with the super pit mining scenario at Wona-Kona. The Yaho deposit, discovered in 2011, contains 724,000 ounces in measured and indicated mineral resources and 620,000 ounces in inferred resources whereas initial reserves and measured and indicated resources at Fofina total 376,000 ounces.

Regarding the South Sector, we also announced that the Yaho deposit, discovered at the beginning of 2011, hosts 21,800,000 tonnes at an average grade of 1.03 g/t Au for a total of 724,000 ounces in the measured and indicated mineral resources category and 17,700,000 tonnes at an average grade of 1.09 g/t Au for 620,000 ounces in the inferred category. The Yaho deposit, however, located to the southwest of Fofina, has a different geological context. Initial reserves at Fofina, totalled 188,000 ounces from 2,300,000 tonnes at an average grade of 2.54 g/t Au, while measured and indicated resources totalled 3,400,000 tonnes at 1.72 g/t Au for 188,000 ounces. Fofina, originally discovered in 2010, introduced its first mineral reserves after less than two years of exploration and continues to demonstrate potential for the future. Inferred resources at Fofina in 2011 totalled 2,400,000 tonnes at 2.34 g/t Au for 183,000 ounces. This compares to 8,400,000 tonnes at 3.15 g/t Au for 854,000 ounces in 2010. The variation is primarily due to the transfer of 376,000 ounces to measured and indicated mineral resources and reserves categories and to the new geological interpretation following last year's in-fill drilling results.

As part of our focus on southern development, metallurgical test work on a limited number of samples was launched early in 2012. Preliminary standard carbon-in-leach ("CIL") test processing results show sulphide-related challenges with average recovery rates of 20%, 26% and 48% reported for Fobiri, Fofina and Yaho respectively.

On August 8, 2012, we announced that Mr. Benoit La Salle is stepping down from the position of President and Chief Executive Officer of SEMAFO and has been appointed Executive Vice-Chairman of the Board. We also announced that Mr. Benoit Desormeaux, then Executive Vice-President and Chief Operating Officer is promoted to the position of President and Chief Executive Officer and appointed to the Board.

On August 29, 2012, we announced the discovery of the new high grade Siou zone, located approximately 15 kilometers east of the Mana mill and 22 kilometers North-East of Fofina. At the time, initial results had returned consistent high grade values over more than one kilometer along strike and the Siou zone remains open. Preliminary metallurgical tests were underway. The Siou zone was discovered through a follow-up reverse-circulation drilling program on an auger geochemical anomaly. More than 12,000 meters of RC drilling (89 holes) and 756 meters of core drilling (three holes) were completed along a strike length of approximately two kilometers. We have received all the results from this first phase of drilling with section spacing at 200 to 400 meters.

On October 18, 2012, we announced the results of our 2012 step-out and delineation drilling program carried out on the Yaho zone at Mana. Higher grade intersections appear more regularly in the north sector returning values of up to 3.75 g/t Au over 56 meters (MRC12-2007). The 2012 program at Yaho

was designed to better delineate the continuity of the higher grade mineralization, particularly within the northern portion of the 1.7 kilometer long gold-bearing zones. In addition, some drilling was completed to test the north and south limits of the known deposit. A total of 184 RC holes (22,816 meters) were completed during the year. In addition, four core holes (945 meters) were completed for metallurgical test sampling.

On November 6, 2012, we announced that the Board has approved a cash dividend of CA\$0.02 per common share, payable on January 15, 2013 to shareholders of record at the close of business on December 31, 2012. This would be our third dividend since declaring our inaugural dividend in November 2011.

On November 7, 2012, we announced that SEMAFO Burkina Faso S.A (“**SEMAFO BF**”) has declared and paid its first annual dividend of \$787,000, representing approximately 5% of its statutory net income, to the Government of Burkina Faso.

On November 20, 2012, we announced follow-up drilling results from our high-grade Siou zone located approximately 15 kilometers east of the Mana mill. The central 700 meters of the zone demonstrate ongoing good continuity of the high-grade quartz vein zone with local swelling ranging up to 10 meters wide (e.g. hole MRC12-2161: 5.58 g/t Au across 10 meters). In addition, other associated structures have returned grades higher than previously obtained similar to the main Siou zone. For example, hole MRC12-2376 returned 10.85 g/t Au across 3 meters at a depth of 137 meters.

On December 11, 2012, we announced that in light of the encouraging results received to date from the high-grade Siou zone, we decided to increase the 2012 exploration budget by \$1,000,000 in order to carry out additional drilling over the area. Accordingly, two diamond drill rigs are currently active on the zone. Our geology team completed approximately 8,000 meters of core drilling prior to year-end and thereby added this new discovery to the December 31, 2012 resource estimate. The objective is to add the Siou zone to reserves in 2013.

2013

On January 28, 2013, we announced that metallurgical test work performed on high-grade Siou zone samples revealed gold recovery rates at over 95%. Testing on the Siou zone, located approximately 15 kilometers from the Mana mill, was conducted using a standard CIL process and results represent higher recovery rates than any deposit found at Mana to date.

On February 7, 2013, we announced that results from our Phase I delineation drilling program at Siou confirmed both grade and vein thickness, particularly within the core 500-meter strike length of the mineralized zones. Results suggested that of the zones identified, Siou and Nine show the best continuity and grades.

On February 21, 2013, we announced that the 2012 year-end resources estimate was to include an additional 999,200 ounces in inferred resources from the Siou sector, located approximately 15 kilometers from the Mana processing plant in Burkina Faso. The inferred resource estimate includes all zones identified within the Siou sector, although the bulk of the ounces are located within the Siou and the Nine Zones.

On March 20, 2013, we announced the results of a deep drilling program at Siou, which returned continuous mineralization over a strike length of 500 meters. In addition, the southernmost hole

(WDC660) crossed four different zones within a 40-meter-wide corridor and returned values of up to 10.4 g/t Au over 7.3 meters. The drilling program at Siou was carried out in order to obtain an indication of the at-depth potential of the different zones and to validate the interpreted geometry of the different mineralized plunges identified from the near-surface drilling results.

On May 1, 2013, we announced that approximately 70% of the delineation drilling, at 50 meter x 25 meter spacing, was completed over the first 150 meters of vertical depth on the Siou Sector at Mana. Results confirmed good continuity and predictability of the mineralization when compared to the 2012 year-end results. Based on the excellent results from the Siou Sector, our entire 2012 exploration budget of \$22 million was allocated to Mana.

On May 13, 2013, we announced that the Board has approved a cash dividend of CA\$0.02 per common share, payable on July 15, 2013 to shareholders of record at the close of business on June 30, 2013. This is our fourth dividend after declaring our inaugural dividend in November 2011. However, on November 13, 2014, we announced that in light of the uncertainty and ongoing volatility in the price of gold and considering that bringing Siou into production and continuing exploration are the key to value creation and constitute a priority, we decided not to declare a semi-annual dividend at this time.

On August 1, 2013, we announced that we had completed diamond and reverse circulation delineation drilling at the Siou Sector at 25 meter x 25 meter spacing, down to approximately 150 meters. Drilling was also carried out at 50 meter x 50 meter spacing on some of the know extensions of the deposit. In addition, drilling within the deeper south area has returned consistent mineralization. Given the excellent results from the Siou south extension and the availability of rigs on the site, we decided to proceed with the drilling originally scheduled for the fourth quarter of 2013.

On September 19, 2013, we announced Mana's mineral reserves and resources estimation as at June 30, 2013. Owing to Siou's proven and probable reserves of 4,842,900 tonnes at an average diluted grade of 4.94 g/t Au for 769,300 ounces, Mana's gold reserves increased 28% to 2.4 million ounces, net of depletion. Mana's measures and indicated resources totalled 2.4 million ounces at an average grade of 2.12g/t Au. The related technical report summarizing all material scientific and technical information pertaining to our Mana property was filed on SEDAR on September 13, 2013.

On November 13, 2013, we announced that the Corporation received authorization for development of our high-grade Siou deposit as well as the Fofina deposit allowing us to commence pre-stripping and road construction work at Siou in the coming months and start production in the second quarter of 2014, placing us at least six months ahead of our most recent schedule, a real accomplishment given Siou's two-year timeline from discovery to production. In addition, the accelerated permitting process allowed us to forecast production start-up at Fofina in 2015, instead of 2016 as originally planned.

On December 9, 2013, we provided an update on our ongoing soil sampling program at Mana, which has identified a strong and continuous North-trending corridor within the Kokoi shear zone measuring more than 14 kilometers long and up to four kilometers wide. The anomaly is located approximately eight kilometers North of the Siou Deposit. Numerous individual samples from the anomalous area returned significant values, with some of the highest returning more than 10,000 ppb Au.

On December 18, 2013, we announced that construction activities have commenced on the 16-kilometer road that will provide access to its high-grade Siou deposit. Following receipt of authorization to begin development at Siou in November, payment of crop compensation has been fully satisfied. We also

announced that pre-stripping activities have begun, which should position Siou for production start-up in the second quarter of 2014.

Samira Hill and Kiniero Mines: Discontinued Operations

Early in 2013, we made reference to the consideration of strategic alternatives for our two non-core assets, the Samira Hill and Kiniero Mines, due to their extreme sensitivity to downturns in the price of gold. As part of our strategy and on-going efforts to reduce costs, optimize cash flow, capital allocation and return on investments, we decided to focus on quality ounces. In this regard, during the year we recorded impairments for the Samira Hill and Kiniero Mines. The impairment charge was prompted by the re-assessment of future cash flows to be generated by the mine following the review of technical and economical parameters. This non-cash accounting charge did not impact our cash balance or normal day-to-day operations.

Consequently, on May 13, 2013, we announced that a decision had been made to wind down operations to an eventual care and maintenance status at Samira Hill in 2013 and on August 26, 2013, we announced the suspension of our operations at Samira Hill.

On December 2, 2013, we announced the sale of our 80% interest in the Samira Hill Mine as well as related permits in Niger to Société de Patrimoine des Mines du Niger S.A (SOPAMIN). On closing of the transaction, we received a cash payment of \$1.25 million and retained a fixed net smelter return (“NSR”) royalty of 1.2% on all gold production from the Samira Hill plant payable to us by SOPAMIN. The NSR is payable only if the spot price of gold is at or greater the \$1,250 per ounce, and is capped at \$12 million. The Kiniero Mine, a discontinued operation is currently classified as an asset for sale, and was placed in care and maintenance on February 25, 2014.

2014 Outlook and Strategy¹

SEMAFO aims to deliver a solid operational performance at its Mana flagship mine in Burkina Faso, while controlling production costs through ongoing cost control and optimization programs. Our 2014 exploration program will focus mainly on the Siou granodiorite intrusive located East of the Mana processing plant with a view to discover quality ounce deposits. We are intent on maintaining our prudent financial management of the allocation of capital and to maximize margins on every ounce produced. We are debt-free and have cash and cash equivalents of approximately \$83 million (as at December 31, 2013).

Production and Total Cash Costs

In 2014, we expect to produce between 200,000 and 225,000 ounces of gold at our Mana Mine, a 34% increase over 2013 gold production. Total cash cost² is expected to be in the range of \$695 to \$745 per ounce. The decrease in the 2014 total cash cost guidance is mainly due to the sourcing of higher grade ore from Siou and Fofina during the year, in addition to ongoing optimization efforts. We anticipate an all-in sustaining cost³ of between \$840 and \$890 per ounce for 2014.

Operations

We have commenced the processing of ore from Siou in the first quarter of 2014. The Mana mill should process a total of 2.5 million tonnes during the year at an average head grade of 3.0 g/t Au, with a gold recovery rate of 90%. We anticipate that Siou will account for 30% of the ore feed and approximately 50% of the ounces produced. Furthermore, we anticipate processing ore from Fofina at the Mana mill in

the third quarter of 2014, more than one year ahead of our initial schedule. Fofina should therefore account for some 16% of the feed ore and ounces produced in 2014.

Capital Expenditures

Sustaining capital expenditures are projected at approximately \$30.6 million including stripping costs and growth capital expenditures are estimated at \$17.9 million, including development costs for Siou and Fofina.

| | \$ millions |
|---|--------------------|
| Sustaining capital - 2014 | 10.1 |
| Stripping cost - 2014 | 12.1 |
| Sustaining capital – 2013 Deferred | 8.4 |
| Subtotal Sustaining Capital Expenditures | 30.6 |
| Siou development* | 12.4 |
| Fofina development* | 5.5 |
| Subtotal Growth Capital Expenditures | 17.9 |

*Includes initial pre-stripping

Of the 12.4 million for the development of Siou, \$2.6 has been allocated for pre-stripping activities. The \$5.5 million growth capital expenditure for Fofina comprises \$1.8 million for pre-stripping and 3.7 million for the construction of a seven-kilometer road and crop compensation.

Corporate General and Administration

The 2014 consolidated corporate general and administrative expense is expected to decrease to approximately \$16 million. The decrease is attributable to a reduction in activities following the sale of the Samira Hill Mine in December 2013, the wind-down of operations at the Kiniero Mine towards its care and maintenance phase in the first quarter of 2014, as well as our optimisation programs.

Assumptions

A number of assumptions were made in preparing the 2014 guidance, including:

- Price of gold: \$1,200 US dollars per ounce
- Price of fuel: \$1.48 US dollars per litre
- Exchange rate: \$0.94 US dollars to the Canadian dollar
- Exchange rate: \$1.37 US dollars to the Euro

Exploration

The 2014 initial exploration budget has been established at \$18 million, most of which has been allocated to activities on the Siou sector. The drilling program comprises 290,000 meters of auger, 103,000 meters of RC, and 33,000 meters of diamond drilling. RC and diamond drilling are expected to intensify in the second half of 2014. The budget includes a \$4 million provision for definition drilling between 180 and 225 meters vertically at the Siou open-pit deposit with the objective of replacing and increasing the Siou reserves base.

¹ This section statements contains forward-looking. For more information on forward-looking statements, see ITEM 23-FORWARD-LOOKING STATEMENT

² Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and government royalties per ounce sold.

³ All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the total cash cost, plus sustainable capital expenditures and pre-stripping costs per ounce.

ITEM 4 – MINERAL RESERVES AND RESOURCES ESTIMATES

We have properties which are at different levels of advancement. - The following estimates of mineral reserves and resources were estimated as at December 31, 2013, the whole in accordance with the provisions adopted by the Canadian Institute of Mining Metallurgy and Petroleum and incorporated into NI 43-101. These reserve and resource estimates from our Mana Mine, were reviewed and approved by, Mr. Michel A. Crevier, P. Geo, MScA, Vice-President Exploration and Mine Geology, the Corporation's "qualified person" (as defined in NI 43-101), See ITEM 5-MINERAL PROJECTS.

| MINERAL RESERVES AND RESOURCES (As at December 31, 2013) | |
|---|---------------------------------------|
| Mine | Mana ^{1,2,4} Burkina Faso |
| Proven Mineral Reserves | |
| Tonnes | 13,729,600 |
| Grade (g/t Au) | 3.18 |
| Ounces ³ | 1,401,900 |
| Probable Mineral Reserves | |
| Tonnes | 11,786,500 |
| Grade (g/t Au) | 2.38 |
| Ounces ³ | 900,600 |
| TOTAL MINERAL RESERVES | |
| Tonnes | 25,516,100 |
| Grade (g/t Au) | 2.81 |
| Ounces ³ | 2,302,500 |
| MINERAL RESOURCES | |
| Measured | |
| Tonnes | 7,138,800 |
| Grade (g/t Au) | 1.57 |
| Ounces ³ | 361,300 |
| Indicated | |
| Tonnes | 28,736,100 |
| Grade (g/t Au) | 2.26 |
| Ounces ³ | 2,084,400 |
| TOTAL MINERAL RESOURCES | |
| Tonnes | 35,874,900 |
| Grade (g/t Au) | 2.12 |
| Ounces ³ | 2,445,700 |
| TOTAL MINERAL RESERVES AND RESOURCES | |
| Tonnes | 61,391,000 |
| Grade (g/t Au) | 2.41 |
| Ounces ³ | 4,748,200 |
| INFERRED MINERAL RESOURCES | |
| Tonnes | 14,712,100 |
| Grade (g/t Au) | 3.06 |
| Ounces ³ | 1,445,500 |

¹ The Corporation indirectly owns 90% of SEMAFO BF, which directly holds the interest in the Mana Mine reserves and resources.

² Mineral reserves and resources were estimated using a gold price of \$1,100 and \$1,400 per ounce respectively.

³ Rounding of numbers to the nearest hundreds of tonnes may present slight differences in the figures representing the ounces contained

⁴ All mineral resources reported are exclusive of mineral reserves.

MANA PROPERTY – MINERAL RESERVES AND RESOURCES (As at December 31, 2013)

| DEPOSITS | DECEMBER 31, 2013 | | | | | | | | |
|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|----------------|-------------------|-------------------|------------------|
| | PROVEN RESERVES | | | PROBABLE RESERVES | | | TOTAL RESERVES | | |
| | Tonnage | Grade (g/t Au) | Ounces | Tonnage | Grade (g/t Au) | Ounces | Tonnage | Grade (g/t Au) | Ounces |
| WONA-KONA | 8,216,300 | 2.27 | 599,900 | 9,319,100 | 2.14 | 640,000 | 17,535,400 | 2.20 | 1,239,900 |
| NYAFÉ | 262,600 | 5.85 | 49,400 | 4,100 | 5.02 | 700 | 266,700 | 5.84 | 50,100 |
| FOFINA | 1,742,300 | 2.53 | 141,600 | 1,014,800 | 2.94 | 96,100 | 2,757,100 | 2.68 | 237,700 |
| SIOU | 3,394,400 | 5.55 | 605,500 | 1,448,500 | 3.52 | 163,800 | 4,842,900 | 4.94 | 769,300 |
| ROMPAD | 114,000 | 1.50 | 5,500 | 0 | 0.00 | 0 | 114,000 | 1.50 | 5,500 |
| TOTAL MANA | 13,729,600 | 3.18 | 1,401,900 | 11,786,500 | 2.38 | 900,600 | 25,516,100 | 2.81 | 2,302,500 |

| DEPOSITS | DECEMBER 31, 2013 | | | | | | | | |
|-------------------|-------------------|-------------------|----------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
| | MEASURED | | | INDICATED | | | TOTAL RESOURCES | | |
| | Tonnage | Grade (g/t Au) | Ounces | Tonnage | Grade (g/t Au) | Ounces | Tonnage | Grade (g/t Au) | Ounces |
| WONA-KONA | 928,600 | 2.65 | 79,100 | 16,100,500 | 2.90 | 1,499,600 | 17,029,100 | 2.88 | 1,578,700 |
| NYAFÉ | 300,200 | 5.60 | 54,100 | 229,500 | 5.84 | 43,100 | 529,700 | 5.71 | 97,200 |
| FOFINA | 519,400 | 1.92 | 32,000 | 555,700 | 4.04 | 72,200 | 1,075,100 | 3.01 | 104,200 |
| YAHO | 4,654,400 | 1.05 | 157,200 | 9,895,200 | 0.99 | 316,200 | 14,549,600 | 1.01 | 473,400 |
| FILON 67 | 26,100 | 2.72 | 2,300 | 8,900 | 3.59 | 1,000 | 35,000 | 2.93 | 3,300 |
| FOBIRI | 468,900 | 1.80 | 27,100 | 114,200 | 1.52 | 5,600 | 583,100 | 1.74 | 32,700 |
| SIOU | 241,200 | 1.22 | 9,500 | 1,832,100 | 2.49 | 146,700 | 2,073,300 | 2.34 | 156,200 |
| TOTAL MANA | 7,138,800 | 1.57 | 361,300 | 28,736,100 | 2.26 | 2,084,400 | 35,874,900 | 2.12 | 2,445,700 |

| DEPOSITS | DECEMBER 31, 2013 | | |
|-------------------|-------------------|-------------------|------------------|
| | INFERRED | | |
| | Tonnage | Grade (g/t Au) | Ounces |
| WONA-KONA | 4,441,100 | 2.80 | 399,500 |
| NYAFÉ | 150,800 | 5.86 | 28,400 |
| FOFINA | 210,500 | 5.36 | 36,300 |
| YAHO | 470,800 | 1.45 | 22,000 |
| FILON 67 | 5,500 | 6.32 | 1,100 |
| FOBIRI | 577,600 | 1.39 | 25,800 |
| MAOULA | 2,628,200 | 1.62 | 137,100 |
| SIOU | 6,227,600 | 3.97 | 795,300 |
| TOTAL MANA | 14,712,100 | 3.06 | 1,445,500 |

We are presenting 100% of the reserves and resources of the mines in the above tables and hence excluding minority interests. Regarding open pit reserves, cut-off grades are established with the Ultimate Pit software in consideration of the rock type and haulage distance.

We are focusing on quality ounces. From December 31, 2012 to December 31, 2013, our Mana reserves have increased from 1,860,700 ounces to 2,302,500 ounces with respective Tonnage of 25,072,400 and 25,516,100 and respective Grade of 2.31 and 2.81, including mining depletion.

All mineral resources reported are exclusive of mineral reserves.

The following table summarizes our existing mining and exploration permits which are strategic to the Corporation.

| Summary of Properties (as at December 31, 2013) | | | | |
|--|--------------------|------------------------------|-----------------------|----------------------------------|
| Property name | Permit Type | Area (km²) | % of Ownership | Expiration Dates |
| BURKINA FASO | | | | |
| Wona-Nyafé | Mining | 103.10 | 90% | March 20, 2027 |
| Mana Ouest | Exploration | 163.53 | 100% | October 10, 2014 |
| Mana Est | Exploration | 180.80 | 100% | October 19, 2014 |
| Fobiri2 | Exploration | 220.10 | 100% | January 5, 2015 |
| Kona Blé | Exploration | 96.46 | 100% | January 18, 2014 |
| Bombouela Nord | Exploration | 115.45 | 100% | December 30, 2016 |
| Bombouela II | Exploration | 250.00 | 100% | May 6, 2016 |
| Bara | Exploration | 172.56 | 100% | October 10, 2014 |
| Oula | Exploration | 194.11 | 100% | Waiting for the decree |
| Bladi | Exploration | 99.50 | 100% | November 20, 2015 |
| Massala | Exploration | 187.20 | 100% | October 17, 2015 |
| Pompoi Nord | Exploration | 60.82 | 100% | February 18, 2017 ¹ |
| Saoura | Exploration | 247.48 | 100% | April 15, 2016 |
| Siby Ouest | Exploration | 236.00 | 100% | Waiting for the decree |
| Datambi 2 | Exploration | 155.20 | 100% | December 22, 2009 ^{2,3} |

¹ Permit granted on February 18, 2014

² Under reactivation following the settlement of a border dispute between Burkina Faso and Niger.

³ Owned by African GeoMin Mining Development Corporation Ltd., a wholly owned subsidiary of SEMAFO (Barbados) Limited.

ITEM 5 - MINERAL PROJECTS

Operating Mine

Burkina Faso

Mana Mine

Information in this section is based on the technical report entitled “Advanced Technical Report, Mana Property, Burkina Faso, Reserve and Ressource Update as at June 30, 2013”, dated October 4, 2013 (the “Mana Report”), prepared under the supervision of Michel Crevier, Geo, MScA, Vice-President Exploration and Mine Geology, SEMAFO’s “qualified person”. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Readers should consult the Mana Report which is available under SEMAFO’s profile on SEDAR at www.sedar.com to obtain further particulars regarding the Mana Mine.

Unless otherwise indicated, technical information which has been disclosed since the release of the Mana Report has been prepared under the supervision of, or reviewed by Michel Crevier, Geo, MScA, Vice-President Exploration and Mine Geology, SEMAFO’s “qualified person”.

Property Description and Location

The Mana gold deposits and mine are located in the southwest of Burkina Faso, in the provinces of Balé and Mouhoun at about 200 km by road from the capital of Ouagadougou. The South part (Mana Est and Ouest and Fobiri II permits) is in the departments of Bana and Yaho (province of Balé) while the North part (Kona Blé permit) is in the department of Kona (province de Mouhoun). Burkina Faso is a land locked country of Western Africa bordered by Mali to the North and West, Ivory Coast, Ghana, Togo and Bénin to the South and Niger to East.

The Mana gold deposits are located within the limits of thirteen exploration permits and one mining permit that was granted in 2007 and extended in 2013. The total areal extent of the exploration permits is 2,224.01 km². Most of the exploration permits are granted for 3-year renewable periods (up to a maximum of 9 years) to Mana Minéral S.A. or Ressources Tangayen S.A., both 100% indirect subsidiaries of SEMAFO while the mining permit is granted for a 20-year period (currently ending March 20, 2027 and renewable for 5-year periods as needed) to SEMAFO BF, a corporation in which SEMAFO indirectly holds 90% of the shares and the Government of Burkina Faso holds the remaining 10%.

The exploration expenditures incurred by SEMAFO largely surpasses what is needed for renewal. A map produced by the Burkina Faso government showing the permit outlines is coincident with what SEMAFO is reporting as their property limits.

The mining permit covers the current open pit operations of Wona-Kona to the North and Nyafé to the South. The permitting processed to extend the former Wona-Nyafé mining permit to the North to completely cover the Kona mine plan was completed on July 9, 2013. The mining

permit now covers 103.1 km². The solicitation for creation of a new mining permit that would cover the Siou and Fofina zones are in progress. As at July 25th, the Environmental Impact Assessment along with a mine plan were filed.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Mana deposits and mine are accessible by road from the capital city of Ouagadougou which is serviced by regular air flights to Europe and other African countries. The first 175 km of the 270 km trip is on the main paved road from Ouagadougou to Bobo Dioulasso. The remainder of the trip is via a well maintained gravel road.

The climate is divided into a rainy season, from June to September comprising most of the average annual 830 mm rainfall, and a dry season from October to May. Water for processing is collected from a network of wells, collected from the tailings and accumulated behind an earthen dam constructed to collect seasonal runoff. A 58 km buried pipeline between the Mana water dam and the Mouhoun River was completed in September 2012 at a cost of \$24 million and is operational since December 2012. It is designed to pump up to 450 m³/hour, or a maximum of 3.5 Mm³ of water per year. This, in addition to the water captured from the rainy season, should be sufficient to feed a 14,000 tpd operation. Dust storms from the north are frequent in February and March. Minimum and maximum temperatures are about 15°C and 40°C. The mine site operates year round.

Most of the local workforce for the Mana operation lives in the nearby villages of Bana, Wona, Somona, Yona, Fofina and Bissa in the Province of Bale to the south and those of Kona and Dangouna in the Province of Mouhoun to the north. A portion of the workforce is composed of expatriates, who work on 35 days in/28 days out rotation.

The Mana mine began operation in March of 2008 with a 4,000 tpd (after ramp-up from 2,000 tpd) mill which was progressively upgraded up to a current capacity of 8,000 tpd in blended ores. Installations also include carbon in leach mill with crusher, SAG mill, two ball mills, reactive cells, gold room and ancillary services. About half a kilometer away to the East, SEMAFO has established a living camp for expatriates with a mess club and other facilities. Power is currently from diesel generators; however SEMAFO signed an agreement with the national electricity company to build a power line connecting the Mana Mine to the national power grid. During the second quarter of 2013, the National Electricity Company Sonabel awarded all of the contracts relating to the construction of the transmission line currently scheduled for the fourth quarter of 2014. Most of the area lays at elevations of about 350 meters with highs of 450 meters on several “lateritic” hills that dot the landscape. Those hills are mostly found to the southeast of the Fobiri II permit, the South of the Mana mining permit (with the Nyafé and F67 deposits) and most of the Mana Ouest permit. The North part of the mining permit with the Wona-Kona deposit and mill compound is on relatively flat topography.

History

Exploration work on the Mana property started in October 1997 which led to the initial discovery of the Nyafé, Filon 67 and Wona-Kona deposits during this period. A formal feasibility study and environmental impact study were initiated in 2004. Results of the feasibility study were made public in August 2005 while the environmental impact study was completed in 2006. Mine construction and a public hearing on environmental impact began in 2006. The Ministry of Environment of Burkina Faso and the mining permit was granted in February 2007. Mill start-up took place on February 15, 2008 with a 2,000 tpd ball mill and a first doré bar was poured on March 31, 2008. Few months after, the 4,000 tpd ball mill started operation on 2008. In 2010, a semi-autogenous grinding (SAG) mill had been added to increase the mill throughput to 6,000 tpd. Two other CIL were added in 2010 to optimize gold recovery. In February 2011, a fourth phase of plant expansion to attain up to 7,200 tpd in bedrock and up to 8,000 tpd in blended ore was launched. The primary changes to the processing plant include: installation of a new pebble crusher into the grinding circuit, addition of two new GenSets at the power plant, addition of 1 extra CIL reservoir, upgrade of the elution circuit and upgrading all services (process water, raw water air) in the mill. The commissioning of the latest expansion (Phase IV) was completed in July 2012 and current plant capacity exceeds expectations.

The total production at Mana from 2008 to December 31, 2013 is 940,500 ounces from 10.7 million tonnes at 2.73 g/t. The bulk of the ore extracted in 2013 was from the Wona-Kona open pit mine.

Geological Setting and Mineralization

The Mana property is mostly covered by sedimentary, volcano-sedimentary and volcanic rocks of Birrimian age (paleo-proterozoic) from the NNE-SSW Houndé belt (or syncline) within the West African craton. Several of these greenstone belts dissect the craton within Burkina Faso, and they host several gold deposits. Sedimentary, volcano-sedimentary and volcanic rocks in the belts are metamorphosed to greenschist facies and they have been subject to a least two deformation phases. Limits of belts with contiguous plutonic rocks correspond to shears of generally NE-SW direction associated to those phases.

The Wona-Kona deposit is hosted in a series of highly deformed sedimentary, volcano-sedimentary and meta-volcanic rocks. The gold mineralization has developed along a major NE-SW sub-vertical fault zone of regional extension. The shear zone is about 200 meters wide in the Wona-Kona pit sector. The original stratigraphic sequence is a succession of pelitic sediments with graphitic horizons and volcanoclastics. They have been affected by a pervasive S1 schistosity associated with vertical movements along the fault (the east block rising with respect to the west one) as well as sinistral lateral movements. Those foliated rocks are cut by mafic to intermediate dykes. The mineralization appears to be associated to a later movement along the fault associated with hydrothermal fluid circulation and intense silicification.

The Nyafé deposit is hosted in a purely volcanic sequence with basalt and mafic tuffs. Several sub-vertical decameter scale dikes cross-cut the volcanic sequence, in particular, an N-S dike of felsic porphyry (with quartz phenocrysts) and two mafic dikes on both sides of the pit and

parallel to the mineralization. The Filon67 (F67) deposit, next to Nyafé is composed of quartz veins associated to shear zones with dextral motion within a package of greenschist rocks. Those composite veins show textures indicative of several successive fillings.

The Fofina deposit is divided into two sectors. The west zones are located in a sheared sedimentary unit dipping moderately west and trending NNE. It is related to a rheological contact with a massive basalt unit to the east. The eastern zones are within the basaltic lavas and have a similar habitus to the Nyafé deposit.

The Yahoo deposit is hosted in a wide north-striking and steeply west dipping sandstone unit flanked by shales and siltstones to the west and basaltic flows to the east. The mineralization is associated with silicified and sericitized corridors within the sandstone which also contain increased amounts of sulfides (py-asp).

Finally, the Siou deposit is a typical shear-hosted quartz vein deposit. The two principal zones are the Siou and No 9 zones. The Siou Zone is hosted in a single quartz vein located within the granitic intrusive but near the contact with sandstones and shales to the west. The No 9 Zone is located at the contact between the sediments and the granitic intrusive and generally consists of quartz veining and veinlets affecting the granitic intrusive. Both are north-striking and moderately east dipping.

Outcropping mineral deposits under a tropical climate in general, and in western Africa in particular, are subjected to intense meteoritic alteration with the development of a saprolitic zone near the surface. Saprolite is a multicolored soft material, which results from the kaolinization of original feldspars in volcanic rocks. In the saprolite, iron sulphides are also generally transformed into iron oxides or hydroxides hence the generally yellow-brown color of the mineralized saprolite. All the deposits on the Mana property are affected by this alteration zone, which in general increases its values by reducing the hardness and increasing the recovery (within this current plant design).

Exploration

Exploration at Mana generally follows a systematic approach depending on the available information of each specific target. For grassroots targeting, airborne geophysics (Mag-Helitem) and surface mapping is used to identify areas for sampling via auger. Auger drilling is a cost-effective geochemical sampling method that consists of drilling vertical holes down to the in-situ saprolite horizon along a predetermined grid. A sample is taken from both the laterite/saprolite interface and within the saprolite. The sample is then sent for gold assaying using the bottle-roll method, which can detect very small gold contents from larger size samples. Considering that the geochemical anomaly associated with the Wona-Kona deposit was below 75 ppb gold, low level gold detection limits are paramount to ensure a reliable dataset. Some areas not amenable to auger drilling (e.g. high relief or outcropping areas) are generally covered by soil sampling following a similar grid as auger drilling. Air Core (“AC”) and/or RC drilling is then used as a first pass to test the Auger drilling anomalies. Following positive results, RC drilling and core

drilling is used to extend the information at depth. Oriented core drilling is used in places to gain a better understanding of the geometry of the deposits within bedrock.

Several Auger drilling programs have been completed on geochemical or geophysical anomalies in the Mana permits. Several significant anomalies were identified with this method since 2010. The Siou discovery in 2012 was achieved from a follow-up RC drilling on an Auger anomaly located along an interpreted regional structure. Many other targets remain to be explored in 2013-2014, particularly neighboring the Siou granodioritic plug.

A multiphase airborne geophysical survey which commenced in 2009 was completed in 2011. The resulting survey covers virtually the entire property (approximately 15,000 line-km) and consists of Magnetic, Radiometric and Electro Magnetic (“**EM**”) surveys. Preliminary observations reveal that the combination of Magnetic and EM data is an excellent mapping tool, particularly for sedimentary rocks containing graphitic shales, which stand out as conductive and non-magnetic; whereas massive mafic volcanic flows are typically magnetic and highly resistive. Linear structural features (faults and deformation zones) can also be observed as discontinuities in both EM and Magnetic data. Over the course of 2011 and 2012, a property-wide surface mapping program was completed in order to confirm and further refine the geology interpreted based on geophysical data. This work has helped considerably in identifying targets for the 2013 program. Following the Siou discovery, much field work efforts have been dedicated to the east half of the property, especially proximal to the Siou Intrusive. This work has considerably added to our understanding of the eastern limit of the Houndé Belt.

The exploration level at Mana property is still relatively immature and Mana Mineral continues to refine the geological models for each deposit. Funding of academic studies as well as geological mapping coupled with the use of oriented core has helped us in understanding the distribution and controls on the ore gold bearing structures. The geological potential of the Mana property is considered very high and continued exploration is expected to result in further discoveries.

Deposit Types

Four important deposit types have so far been recognized on the Mana property. The Wona-Kona deposit is hosted in relatively wide corridors of silicification with disseminated mineralization hosted in a sheared package of alternating fine grained metasediments and metavolcanics. At Yaho, the mineralization is associated with a strongly sericitized arenite, locally conglomeratic located within a wider deformation zone affecting metavolcanics and other fine grained sediments. The three southern deposits (Nyafé, Fobiri and Fofina) are hosted in dominantly sheared and silicified volcanic rocks hosted within quartz rich veins. These veins tend to be richer but narrower. Finally, the newly discovered Siou Zone is composed of a series of shear zones hosting free-gold bearing quartz veins located along a contact between a sedimentary sequence and a felsic intrusive.

The Wona-Kona deposit has been traced over a distance of 5 km along the N45 direction. The mineralized zones are sub-vertical with a slight dip to east at the south extremity and then a slight dip to west in the north part. The principal mineralized zones run along most of the full strike length of the deposit and is generally 15-40 meters wide. Further to the south, as this main zone gets thinner, additional parallel zones appears to the east of the main zone, although some also occur to the west. Those satellite zones can be very significant and sometimes wider than the main Wona-Kona zone. On some sections, up to 4 satellite zones occur in addition to the main zone.

The Yahoo deposit is located 18 km southwest of the Wona-Kona deposit and was traced over a strike length of 2 km to date. It strikes N-S, parallel to the local stratigraphy, and dips to the west. The host conglomeratic arenite is approximately 300 meters wide and is consistently strongly sericitized and locally silicified. This unit occurs between mafic metavolcanic flows to the west and finer grained sediments with local volcanoclastics to the east. Alteration rarely affects the flanking rock units.

The Nyafé deposit has a general strike of about N45 with a few diversions along its length. In the Nyafé South, Nyafé Center and the south of Nyafé North, the geometry of mineralized zones is rather simple with a single structure strongly dipping to west and locally some satellite structures with about the same orientation or much flatter. In some cases multiple zones may merge at depth. Between those two limiting structures, oblique zones of significant grade occur. Together, these structures with different orientations generate an anastomosing lozenge pattern locally.

The Filon67 deposit is located about 300 meters to the east. It strikes approximately NS over a length of about 500 meters. It is composed of two main zones with similar dips (60° to 70°) to the west. In the center, those two structures are very close and they may merge at depth. Toward both extremities, there are further apart, leaving room for flatter satellites structures.

The Fofina deposit is characterized by two main mineralization styles. The Fofina corridor located to the west appears to follow a lithological contact between a brecciated volcanic unit and sedimentary rocks, while the N-S striking zones to the east are virtually all confined to a sequence of massive basaltic lavas and consist of a series of anastomosing shears.

The Fobiri deposit remains poorly-known but appears to show similarities with Fofina style of mineralization.

The Siou Zone is located 15 km east of the Mana mill along the 30 km long NNE striking Kokoi Corridor which marks the eastern boundary between the volcanosedimentary belt with granitic intrusives. It consists of a series of sub-parallel (locally anastomosing) shear zones dipping approximately 40 to 50° to the east which occur within a 50 meters wide corridor flanking the contact. The bulk of the mineralization is found within two main shear zones namely Siou and Zone 9, over a distance of roughly two kilometers. Gold is found within quartz veins developed within the shear zones.

Drilling

The drilling method of choice at Mana is RC which is a destructive drilling method. According to information in the drill holes database as of June 2013, there have been 5,628 holes (631,588 meters) of drilling on the Mana property by SEMAFO. In the first 6 months of 2013 alone, there were 103,917 meters of RC drilling (940 holes) and a total of 107,788 meters from 975 holes on the full year completed on the Mana property. They are normally drilled at 50-60° dip angles to intersect the sub-vertical mineralized structures. The coverage on the property is still very limited with most of the drilling concentrated on the southern part. Recovery is generally very good, and appropriate steps are taken to ensure that no sample bias is introduced during collection and reduction of the drill cuttings (riffle splitter on site for sample reduction). RC drilling in the first half of 2013 was primarily focused on general exploration (60%) and delineation drilling on the Siou deposit and associated Kokoi Trend (40%).

AC is also a destructive drilling method which is limited to the soft horizons: drilling generally stops at the base of the saprolite layer. This method is rapid and inexpensive and is typically used to test anomalies identified by the auger drilling where the saprolite is expected to be thick. The Mana database contains 5,512 holes of AC totalling 205,776 meters. No AC drilling was done on the Mana property during the first half of 2013.

Oriented core drilling provides geological information, such as dip direction and degree of alteration; this information is not available from RC chips. It also provides material for metallurgical testing and density measurements. According to information in the drill hole database at the end of June 2013, there has been a total of 267,011 meters in 843 holes of core drilling completed on the Mana property to date. In the first half of 2013 alone, 139 holes totalling 25,711 meters were completed, none in the second half of 2013. Most of those holes are of NQ core diameter (generally starting with HQ diameter). These drill holes are normally drilled at 50-70° dip angles to intersect the sub-vertical mineralized structures. Ninety-seven percent of the cored boreholes were for the delineation of the Siou deposit.

In 2013, the ALS Minerals Division (ALS) laboratory in Ouagadougou received 75,670 samples generated by exploration. In addition, the internal laboratory¹ at the Mana Mine processed 93,187 samples from the exploration department. Finally, SGS laboratory also processed some 15,497 geochemical soil and auger samples over the course of 2013. Assay results for all holes drilled in 2013 are included in the database and have been used for the current resource estimation. Core samples, and RC are prepared and analyzed from a subsample of 50 g by fire assay and auger samples are analyzed by the BLEG method.

Sample Preparation, Analyses and Security

¹ During the first half of 2012, a new sample preparation facility was built at the Mana Mine's laboratory in order to commence processing and assaying of exploration samples. The "SEMAFO BF Laboratory" is owned and operated by SEMAFO BF, which is also operator of the Mine.

As a general rule, RC and AC holes are sampled at systematic 1 meter intervals while core holes are sampled according to intervals corresponding to intersected lithologies or structures. The RC and AC database contains 869,426 samples covering 864,322 meters of drilling (98% of total drilled), while the core hole database contains 192,414 samples covering 267,366 meters of drilling (72% of total drilled). A few historical Wona holes were commenced RC and completed in core drilling to save costs. The RC portions were not sampled. The length of the assay intervals in the entire database varies from 0.05 meter to 2.00 meter for core holes (average 0.97 meter), and 1.0 meter to 6.0 meter for RC and AC holes (average 1.01 meter). Only a few historical RC samples were taken at 6 meter length leading into the expected Wona Zone.

Each 1 meter RC or AC sample of approximate 16 kg weight is reduced in a multistage riffle splitter to get a split of about 2 kg which is packed and sent to a laboratory. Another split of the same size is kept on site for reference and the rest of the RC sampled material is discarded. Trench samples are processed in the same way. Core samples are sawed in half with the first half packed and sent to the laboratory; the other half is kept in the core storage shelters.

At ALS and Mana Mine SEMAFO BF Laboratory, all samples (AC, RC, trench and core) are dried, crushed to -10 mesh (1.5 mm) and quartered to get a first 500 g split of crushed material. That material is pulverized to 200 mesh and quartered to get a second 50 g split which is fire-assayed with an atomic absorption finish.

The SEMAFO BF Laboratory also processes the grade control pit channel samples. Chips from 1 meter intervals along channels weigh about 1-2 kg. Each sample is dried and crushed to -10 mesh. The crushed sample is processed through a riffle splitter to get a 500 g split which is pulverized to 200 mesh (in a ring mill). The sample preparation, crushing, and pulverization of exploration samples at the SEMAFO BF Laboratory is completed in a completely separate set of equipment and building from the mine's grade control samples. All samples are transported from the drilling site to the core shack and preparation area (at the Bana exploration camp, near Nyafé) in plastic bags (RC, trench and channel) or metallic core boxes. Core samples are sawed and bagged at the Bana Camp.

The authors consider that the sample collection, preparation and analytical methods are appropriate for the type of mineralization.

Data Verification

A robust QAQC program has been implemented within the Mana Mineral exploration group. For each batch of 78 samples two certified standards and two blanks samples are inserted. The external laboratory ALS in Ouagadougou (“ALS”) is responsible for preparing the two coarse duplicates located by the exploration group. For each batch of 20 samples, one certified standard and one blank or one duplicate alternatively are inserted. The SEMAFO BF Laboratory is responsible for preparing the single coarse duplicate located by the exploration group. Additionally 0.5% of samples pulps processed by each laboratory were sent for duplicate analysis at the other laboratory (i.e. SEMAFO BF to ALS and ALS to SEMAFO BF). All batches of results are screened upon reception and prescribed pass-fail criteria are applied to

decide whether the data is allowed to enter the database, or whether the batch is sent for reanalysis. A written protocol describing the pass-fail system as well as fail criteria assigned to the blank standards is kept updated throughout the year.

All batches which has at least one standard above or equal to 3 times the standard deviation of the expected grade will be required to go through a set protocol before entering the database. The following steps describe the protocol used to determine if a failed batch requires re-assaying:

- 1) Review the sample tags and standard stickers to determine if a clerical error was done while entering the number of the standard sent. This step is particularly suspected if the assay result of the standard is close to the grade expected for other standard in use. If a clerical error is found, it is corrected and reported in the QAQC verification spreadsheet. The data can then enter the database
- 2) If no clerical error is found, and assay results do not contain a series of at least 3 samples above 0.5 g/t Au, or at least one sample above 1.5 g/t Au, the batch was accepted and results entered the database.
- 3) If no clerical error is found, and assay results contain a series of at least 3 samples above 0.5 g/t Au, or at least one sample above 1.5 g/t Au, a re-assay is requested and new standards are included

Mining Operations

All mining operations are presently realized by open pit method. Like in many oxidized ore deposits, the Mana open pits have been exploited with a percentage of drill and blast.

As indicated earlier, the ore selectivity is done by assaying the mineralized zones along berm trench samples. The geologists are drawing sampling lines on berms that are sampled for every 1m of length. The vertical influence of these samples is for 2.5 meters. According to the assay results the ore/waste contacts are drawn on berms and selective mining is done to separate what is defined as high grade ore, medium grade, low grade ore or marginal and waste material. Technicians are assigned to the follow-up of all of the mining operations.

The open pit walls, except for some local faults or shear zones look very stable. The average designed pit slopes are 42° in saprolite or oxide ore and 52° in saprock, fresh rock or sulphide ore.

The Mana mining fleet includes:

- 49 mining trucks:
 - 33 Komatsu mining trucks - 63 metric tonnes
 - 6 Caterpillar mining trucks - 63 metric tonnes
 - 10 Komatsu mining trucks - 100 metric tonnes
- 13 hydraulic excavators varying from 2.50 m³ – 10, 00 m³
 - 1 Komatsu PC400
 - 1 Komatsu PC600
 - 2 Komatsu PC800 - 4.75 m³
 - 7 Komatsu PC1250 - 6.50 m³
 - 2 Caterpillar 6018 - 10.00 m³
- 4 wheel loaders with buckets varying from 3.5 - 6.1 m³

- 10 production drills Atlas Copco ROCF9-11
- regular water truck, dozers and graders

It has the capacity to move 100,000 tonnes of material per day.

In the cash flow model, investments have been allocated in sustaining capital cost to reflect renewal of some of the mining fleet, refurbishing major components of the mining fleet and purchase of auxiliary equipment, to help in the development of the Siou deposit.

National Power Grid

In October 2011, we announced an agreement with National Electricity Company Sonabel (“**Sonabel**”) for the construction of a 58-kilometer high-voltage transmission line to deliver power to our Mana Mine.

The transmission line should be connected directly to the national power grid and should provide sufficient energy to power the mine. The estimated consumption is 9MW.

Under this new power delivery agreement and considering the economy at the time of signing, we would be paying approximately \$0.18 per kilowatt-hour. At signing, taking into consideration a fuel price assumption of \$1.49 per liter or \$0.39 per kilowatt-hour and 90% availability of the power grid line, the saving per ounce is estimated at \$60/ounce.

The total cost of the project is estimated at \$19,000,000 for Sonabel. SEMAFO will advance \$9,452,000 to this project. This amount is reimbursable over an eight-year period following commissioning. In the second quarter of 2013, an amount of \$4,100,000 has been advanced to Sonabel.

Metallurgical Process

Gold from the Mana deposit is recovered by a metallurgical plant which has a nominal capacity of 4,000 tpd. In June 2010, installation of a SAG mill, construction of a new crushing circuit and addition of four new gensets were added to increase the mill throughput at 6,000 tpd. In December 2010 another plant expansion has been completed to add two other CIL tanks to optimize gold recovery. In February 2011 a fourth phase of plant expansion to attain up to 7,200 tpd in bedrock and up to 8,000 tpd in blended ore was launched and was completed in July 2012. The primary changes to the processing plant include the addition of a pebble crusher, utilization of the third ball mill, previously used as back-up, addition of one CIL tank, upgrade of the elution circuit to improve capacity, two additional gensets, critical spares and some equipment capacity upgrades such as compressors and pumps.

Run of Mine (“**ROM**”) ore is loaded by a WA600 front end loader onto a static grizzly screen to handle slabby material. A rock breaker reduces the oversize material. Finer material drops into a 150 tonne capacity ROM bin. The ore is then extracted from the bin by a primary apron feeder (1,524 mm x 7,000 mm) and fed to a vibrating scalper (1,500 mm x 4,000 mm) to separate further the fines. Coarse material from the scalper feeds directly into a 36” x 48” (950 mm x 1,250 mm) single toggle jaw crusher.

The grinding circuit consists of a SAG mill in close circuit with a vibrating screen. The 7.92 m diameter x 2.74 m Allis Chalmers SAG is equipped with 2,387 KW variable speed motor and operates between 9-15% ball charge depending of ore hardness. Oversize from the SAG is sent to a HP200 pebble crusher for further crushing. Crushed material is returned to the SAG mill.

Secondary and tertiary mills provide the grinding power to maintain target grind at P80-75 microns.

The CIL circuit consists of eight CIL tanks each with live capacity of 1,588 m³. An extra tank with a capacity of 3,182 m³ has been added to maintained and provide 29 hours residence time.

The following operations are carried out in the elution and gold room areas. The stripping and gold room areas operate seven days a week:

- Acid Washing of Carbon
- Stripping of gold from loaded carbon using the Pressurized Zadra method. Extra equipment were installed to maintain the stripping capacity of the circuit even with higher tonnage
- Electrowinning of gold from pregnant solution
- Smelting of electro-winning sludge.

Tailing produced by the process is pumped with variable speed pumps to the Yona tailings storage facility (“TSF”). The TSF has a surface area of about 1.5 km² or the equivalent capacity of 10 Mt of tailings when final elevation will be reached. Extra lifts of the TSF are done on a regular basis to increase the tailings storage capacity.

Recoverability

The metallurgical processing method will be the same for the next coming years. In 2013, the mill processed 2,834,500 tonnes of ore at a reconstructed head grade of 1.99 g/t Au and produced 158,600 ounces of gold for an average mill recovery of 86 % which is in line with the above forecast recoveries.

Production 2013

The following table presents 100% of the gold production statistics for the Mana Mine for the financial year ended December 31st, 2013. The Mana Mine is owned and operated by SEMAFO Burkina in which we own a 90% equity interest.

| Production Update ¹ | Year ended December 31 | | | | | Total |
|-------------------------------------|------------------------|-----------|-----------|-----------|-----------|------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 | |
| Gold production (ounces) | 158,600 | 172,700 | 187,800 | 179,700 | 153,500 | 852,300 |
| Plant ore processed (tonnes) | 2,834,500 | 2,738,000 | 2,448,200 | 1,947,900 | 1,401,700 | 11,370,300 |
| Weighted Head-grade (g/t Au) | 1.99 | 2.25 | 2.76 | 3.29 | 3.50 | 2.63 |
| Weighted Recovery (%) | 86 | 87 | 88 | 88 | 95 | 89 |

| | | | | | | |
|---|-----|-----|-----|-----|-----|-----|
| Cash operating cost (\$/ounce)² | 707 | 662 | 510 | 370 | 364 | 522 |
| Total Cash Cost (\$/ounce)³ | 777 | 750 | 592 | 415 | 398 | 586 |

1 Mill start-up of the Mana Mine began in February 2008.

2 Cash operating cost referred to in this AIF is a non International Financial Reporting Standards (“IFRS”) financial performance measure with no standard definition under IFRS and is calculated using ounces produced.

3 Total cash cost is a non IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and government royalties per ounce sold.

Markets and Contracts

We do not have hedging program or forward sales contracts for the Mana Mine. The gold production (doré bars) is shipped by truck and plane from the mine site and entirely sold at spot price.

Environment

An environmental impact study of the project has been made prior to construction. It included a preliminary rehabilitation and closure plan. A detailed rehabilitation and closure plan, including cost estimate, has been made in 2009 and will be revised in 2013. A new study was conducted and finalized in 2013.

Routinely, specialized employees, under the supervision of a coordinator, perform regular environmental controls. All year long, and particularly during the rainy season, careful monitoring of different flows and water levels is made in order to have a permanent and clear understanding of the water balance.

Community development is and will remain a priority of management. For initial construction and for each new project potentially affecting the population, an environmental impact study is produced and includes an assessment of the necessary compensation for the local population along with the impact on lodging and revenues of people affected by the project.

A provision of \$0.01 per tonne of extracted material (ore and waste) is allowed in the economic analysis for rehabilitation purposes.

Taxes and Royalties

Our tax rate is 17.5%. In Burkina Faso, all shipments with gold spot prices lower or equal to \$1,000 per ounce are subject to a royalty rate of 3%, a 4% rate is applied to all shipments with gold spot prices between \$1,000 and \$1,300 per ounce, and a 5% royalty rate is applied on all shipments with a gold spot price greater than \$1,300 per ounce.

Life of Mine

Based upon the current mineral estimates, the life of mine for Mana is expected to continue for an additional ten (10) years at a gold price of \$1,100.00.

2014 Production, Exploration and Development

Our 2014 gold production target at the Mana Mine is expected to be between 200,000 and 225,000 ounces of gold at a total cash cost of between \$695 and \$745 per ounce.

The 2014 initial exploration budget has been established at \$18 million, most of which has been allocated to activities on the Siou sector. The drilling program comprises 290,000 meters of auger, 103,000 meters of reverse-circulation, and 33,000 meters of diamond drilling. RC and diamond drilling are expected to intensify in the second half of 2014. The budget includes a \$4 million provision for definition drilling between 180 and 225 meters vertically at the Siou open-pit deposit with the objective of replacing and increasing the Siou reserves base. See ITEM 23-FORWARD-LOOKING STATEMENTS.

Readers should consult SEMAFO's Management's Discussion and Analysis for the year ended December 31, 2013 which is available under SEMAFO's profile on SEDAR at www.sedar.com to obtain further particulars regarding the financial production and operational information for the Mana Mine.

ITEM 6 - COMPETITIVE CONDITIONS

Significant and increasing competition exists for the limited number of gold acquisition opportunities available. Competitors for acquisitions include large established mining companies with greater financial and technical resources than us. As a result, we may be unable to acquire additional attractive mining properties on terms we consider satisfactory.

Furthermore, gold is traded on world markets with benchmark prices for gold based on the London Bullion Market, which may be subject to considerable fluctuations. Gold can be easily sold on many markets throughout the world and it is difficult to ascertain its future market price at any particular time.

Increasing competition in the mining sector has also had an important impact of the level of demand on various services, equipment, supplies and parts necessary to carry out our operations. The shortage of any needed good or service may cause cost increases or delays in delivery time hereby materially adversely affecting production schedules as well as our financial condition and results of operations.

Moreover, SEMAFO and other companies in the mining industry compete for qualified and key personnel with strong knowledge and expertise in the mining environment. We must find and retain such qualified employees in order to continue to operate successfully.

ITEM 7- SALES AND REFINING

We sell our gold doré to a refiner at the market price. Since there are several other available gold refiners, we are not dependent upon our current refiner.

ITEM 8 - FOREIGN OPERATIONS

Our everyday operations in Africa are exposed to various levels of legal, political, economic and operational risks and uncertainties associated with operating in a foreign jurisdiction. They require permits from various local authorities. Such activities are subject to local laws and regulations governing exploration activities, mining activities, exports, taxation, labour standards, occupational health and safety, toxic substances, waste disposal, land use and environmental protection. Companies such as SEMAFO that engage in the development and operation of mines and related facilities have to deal with increased costs and delays ensuing from the need to comply with applicable laws, regulations and permits.

Our operations are concentrated in West Africa where we operate our Mana Mine in Burkina Faso which has witnessed relative stability in the recent years and continue to foster a relatively investor friendly environment. Other than the customary corporate restrictions on doing business within their corporate objective, i.e. the exploration for and operation of a gold mine, our subsidiaries are not subject to any additional restrictions and controls by the governments of the states in which they operate.

Burkina Faso is a member of the Economic Community of West African States and has adopted a single system of business laws and implementing institutions, the OHADA rules, which harmonizes to a great extent applicable business and commercial laws and is generally based on civil law principles, very similar in nature and substance to those applicable in the province of Québec. The similarities in the applicable legal context and institutions provide us with greater

ease in its operation and evaluation of risks as it operates in a somewhat familiar legal environment.

The government of Burkina Faso holds 10% in the operating corporate entities of SEMAFO. The government is represented on the corporate board of such subsidiary along with representatives of SEMAFO who hold the majority voting right. Local management as well as executive management of SEMAFO work closely with representatives of the government on a continuing basis in order to advance business of SEMAFO and executive management, including the Executive Chair of the Board and the President and Chief Executive Officer, travel at least twice a year to hold working sessions as well as to participate in the board meetings of the operating subsidiary in question.

Despite the inherent cultural differences resulting from operating in a foreign jurisdiction, the common language, the presence of a number of nationals in the management team and on the Board as well as a continuous closely knitted relationship between management and local operations have had a positive impact on our operations and relationships with local stakeholders. For instance, local management in Burkina Faso boasts the presence of a former Mining Minister as well as current President of the Mines Association of Burkina Faso and, since 2012, Mr. Tertius Zongo, a former Prime Minister, Minister and Ambassador of Burkina Faso, has joined the Board. This provides management and the Board with the capability of breaching certain cultural barriers and allows the appropriate understanding of local legal, business and operational concerns. See ITEM 11-RISK FACTORS.

ITEM 9 - ENVIRONMENTAL PROTECTION

All phases of operations are subject to environmental regulation in the jurisdictions in which we operate. Environmental legislation is evolving in a manner which requires stricter standards enforcements and more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for corporations and their officers, directors and employees. While manageable, this evolution might result in increased costs and decreased production and revenue to SEMAFO in the current and ensuing years. See ITEM 10 – SOCIAL AND ENVIRONMENTAL POLICIES and ITEM 11-RISK FACTORS “Environmental Risks and Hazards”.

ITEM 10 - SOCIAL AND ENVIRONMENTAL POLICIES

To our knowledge, all our operations are in compliance with all environmental laws and regulations in all material respect.

We are aware of our social and environmental responsibilities and consequently adopted a series of corporate policies addressed to our employees, and consultants and those of our subsidiaries. Such corporate policies are available on our website and include an environmental policy and a social responsibility policy in which we reiterate our commitment to conduct our business activities in a manner that promotes sustainable development and an improvement in the social welfare of the regions in which we operate. The policies sets out our commitment to limit as much as possible the impact of our activities on the natural environment and the surrounding communities.

Accordingly, our environmental specialists have established and abide by strict process management systems so as to protect natural resources and minimize our environmental foot

print. Our environmental specialists are responsible for all facets of water and waste management, environmental risks and incidents, as well as the implementation of employee training and awareness programs.

Our environmental control system and initiatives are closely monitored with detailed reports completed monthly for each of our three mines. Specialized external firms conduct regularly scheduled independent environmental audits. All recommendations are incorporated into our confirmed improvement process.

Furthermore, our Social Responsibility Policy demonstrates our commitment to social responsibility and outlines our guiding principles in this regard. SEMAFO is committed to promoting social responsibility by continually improving its knowledge, its understanding of challenges and its actions. Our mission is two-fold, consisting of a corporate mission and a humanitarian mission; as such, in our host countries, we seek to establish environments that are conducive to improving living conditions through investments in community projects, job creation, training, and improving the quality of life of the people and communities.

Along with our expatriate employees, we conduct ourselves as guests in the host countries and assume our responsibilities toward the local communities and environment. We recognize the fundamental importance of our employees, both in terms of their health and safety, and in terms of their well-being and working conditions. We also rely on our employees and contractors in our commitment to respecting the environment and the neighbouring communities. This policy helps to uphold our values and benefits all of our employees, suppliers, shareholders and the communities in which we operate.

In addition, we contribute up to 2% of our net income to *Fondation SEMAFO* which mission is to support communities and improve human conditions through its actions and investments in community development projects. More information is available at www.fondationsemafo.org and our MD&A for the financial year ended December 31, 2013.

ITEM 11 - RISK FACTORS

As a mining company, we face the financial and operational risks inherent to the nature of our activities. These risks may affect our financial condition and results of operation. As a result, an investment in our common shares should be considered speculative. Prospective purchasers or holders of our common shares should give careful consideration to all of our risks factors. For a complete description of the various risk and uncertainties please see the “Risks and Uncertainties” (Section 16) section of our MD&A for the financial year ended December 31st, 2013 filed on SEDAR at www.sedar.com and available on our website at www.semafo.com.

ITEM 12 - DIVIDENDS

While the Board had not in the past declared a dividend in order to retain its earnings to capitalize on development and expansion opportunities, the Board approved in November 2011, an inaugural cash dividend of CA\$0.02 per common share, payable on January 16, 2012 to shareholders of record at the close of business on December 31, 2011. More recently, the Board approved three additional cash dividends of CA\$0.02 per common share, payable on July 16, 2012, January 15, 2013 and July 15, 2013 to shareholders of record at the close of business on June 30, 2012, December 31, 2012 and June 30, 2013, respectively. In light of the uncertainty and ongoing volatility in the price of gold and considering that bringing Siou into production and

continuing exploration are the key to value creation and constitute a priority, we decided not to declare a semi-annual dividend at this time.

The amount of future dividend payments will be subject to evaluation and approval by the Board, based on our financial condition, capital requirements, growth plans and gold price as well as our financial requirements to finance future growth and other factors which the Board may consider appropriate in the circumstances.

ITEM 13 – MARKET FOR SECURITIES

Our common shares are listed on the TSX and the NASDAQ OMX under the symbol “SMF”. Effective at the opening of markets on December 21, 2009 SEMAFO was added to the S&P/TSX Composite Index. On December 19, 2011 SEMAFO was added to the S&P/TSX Composite Dividend Index and on September 20, 2013, on the Market Vectors Junior Gold Miners (GDXJ).

The following table shows, for our common shares traded on the TSX, the monthly price ranges and volume traded during the 2013 financial year.

| MONTH | High (CA\$) | Low(CA\$) | Volume Traded |
|------------------|--------------------|------------------|-------------------------|
| January | \$3.55 | \$2.77 | 16,248,241 |
| February | \$3.03 | \$2.21 | 25,549,894 |
| March | \$2.89 | \$2.23 | 30,514,165 |
| April | \$2.63 | \$1.45 | 38,811,771 |
| May | \$2.16 | \$1.55 | 36,529,517 |
| June | \$2.18 | \$1.23 | 24,248,811 |
| July | \$1.99 | \$1.40 | 15,996,694 |
| August | \$2.54 | \$1.56 | 33,816,841 |
| September | \$2.67 | \$1.85 | 60,055,308 ¹ |
| October | \$3.05 | \$2.23 | 32,466,659 |
| November | \$3.18 | \$2.65 | 31,194,258 |
| December | \$2.86 | \$2.37 | 24,237,496 |

Source: TSX

¹Includes 16.7 million shares for the Markets Vectors Junior Gold miners (GDXJ) Index.

ITEM 14 - DIRECTORS AND EXECUTIVE OFFICERS

The Board is currently comprised of seven (7) directors who are elected annually at each annual meeting of shareholders to hold office for one year or until his or her successor is elected or appointed, unless he or she resigns or his office becomes vacant.

The following table sets forth for each director and executive officer of SEMAFO, his name, place of residence, his principal occupation during the past five years as well as the date of his election or nomination as director or executive officer. The directors and executive officers have provided their respective information.

| Name, province and country of residence | Position with the Corporation | Principal Occupation during the past 5 years |
|---|--|---|
| Terence F. Bowles ¹ Nun's Island (Québec) Canada | Director since May 10, 2011 | Terence F. Bowles is President and Chief Executive Officer of the St. Lawrence Seaway Management Corporation since November 1, 2010. He had prior roles as President and Chief Executive Officer of the Iron Ore Company of Canada, the largest manufacturer of iron ore pellets in Canada, from 2001 to 2010. Following his 1971 graduation as a Chemical Engineer from Laval University in Québec City, Mr. Bowles joined Quebec Iron and Titanium (QIT). During his 27-year career at QIT, he assumed a series of progressively more senior assignments which culminated with his appointment as President and Chief Executive Officer in 1996, a position he held until 2001. Along with his Engineering Degree, he obtained a Master's in Business Administration from McGill University, completed an Advanced Executive Program at the Kellogg Graduate School of Management in Chicago, a Strategic Leadership Program at the London Business School and McGill's Institute of Corporate Directors Program, where he received the ICD.D designation. Mr. Bowles is a Member of the Québec Order of Engineers. He is currently Past-President of the Canadian Institute of Mining, Metallurgy and Petroleum and a member of the Board of the Chamber of Marine Commerce. |
| Michel A. Crevier Laval, (Québec) Canada | Vice-President, Exploration and Mine Geology, MScA, Geology Manager and Qualified Person | Geologist and Qualified Person for SEMAFO with more than 35 years of experience in exploration, underground and open pit mine geology, reserves and resources estimation, mine site geology, project estimation and scoping and feasibility studies. Mr. Crevier held different positions with Bema (2002 – 2006), McWatters Mining (1998 – 2000), Placer Dome (1985 – 1998) and Lac Minerals (1982 – 1985). |
| Benoit Desormeaux Candiac (Québec) Canada | Director, President and Chief Executive Officer since August 2012. | Mr. Desormeaux became President and Chief Executive on August 8, 2012. Mr. Desormeaux had been our Executive Vice-President and Chief Operating Officer since 2004 and previously held the position of Chief Financial Officer from 2003 to 2004. Prior to joining SEMAFO in 1997, Mr. Desormeaux worked for Deloitte & Touche, LLP. He is a Chartered Professional Accountant, a member of the Canadian Institute of Chartered Accountants and holds a Bachelor of Business Administration (BBA) degree from École des Hautes Études Commerciales (HEC). |

| Name, province and country of residence | Position with the Corporation | Principal Occupation during the past 5 years |
|--|--|--|
| Jean Lamarre ² Outremont (Québec) Canada | Director since May 12, 1997 Executive Chairman since June 18, 2008 | President of 2856166 Canada Inc., doing business under the name Lamarre Consultants (a company representing national and international companies in their efforts to establish or expand their business in Québec). Mr. Jean Lamarre held various positions of significant responsibility with Groupe Lavalin Inc., including Vice President, Finance. From 1992 to 1995, he was Vice President, Groupe Canam Manac. Mr. Lamarre has close to 40 years of business experience in Africa. He holds a Bachelor Degree in business administration (B.A.A.) from École des Hautes Études Commerciales (HEC). Mr. Lamarre is a member of the board of directors of TS03 Inc., Technologies D-Box Inc. and Argos Therapeutics, Inc. |
| Robert LaVallière Saint Bruno (Québec) Canada | Vice-President, Investor Relations | Prior to joining SEMAFO, M. LaVallière was responsible for investor relations as Vice-President of Corporate Affairs at Anvil Mining from 2005 to 2012 and director of Investor Relations at Cambior from 1988 to 2005. |
| John LeBoutillier, C.M. ³ Montréal (Québec) Canada | Director since January 25, 2006 Lead Director since June 18, 2008 | Since May 2005, Mr. John LeBoutillier is Chairman of the Board of Directors of Industrial Alliance, Insurance and Financial Services Inc., a life and health insurance company conducting activities in the insurance and wealth management sectors. He was also President and Chief Executive Officer of the Iron Ore Company of Canada, the largest iron ore producer in Canada, from 1996 to 2000, as well as President and Chief Executive Officer of Sidbec-Dosco Inc. (now ArcelorMittal Montreal Inc.) from 1983 to 1996. Mr. LeBoutillier is a director of Industrial Alliance, Insurance and Financial Services Inc., Mazarin Inc., Asbestos Corporation Limited, Stornoway Diamond Corporation and NovX21 Inc. |
| Gilles Masson ⁴ Laval (Québec) Canada | Director since January 25, 2006 | Corporate Director. Mr. Gilles Masson was elected to the Board of Directors and joined its Audit committee in January 2006. In May 2007, he was appointed Chair of SEMAFO's Audit committee. Mr. Masson is a member of the Ordre des comptables agréés du Québec and of the Institute of Corporate Directors. He spent 36 years with the firm PricewaterhouseCoopers LLP, Chartered Accountants, including 25 years as partner. His clientele included, among others, large national and international companies with operations in the mining sector. Mr. Masson retired from PwC on December 31, 2005. He served on the board of directors of several publicly-traded companies over the years and currently sits on the board of directors of Royal Nickel Corporation. |

| Name, province and country of residence | Position with the Corporation | Principal Occupation during the past 5 years |
|---|---|---|
| Lawrence McBrearty ⁵ Brampton (Ontario) Canada | Director since May 12, 2009 | Labour relations consultant. Mr. Lawrence McBrearty's business experience includes a 40-year career with the United Steelworkers of America, the largest industrial labor union in North America. From 1974 to 1994, Mr. McBrearty held positions of increasing responsibility, including Staff Representative, Regional Coordinator, Assistant to the District Director (Québec and Atlantic Canada) and District Director (Québec and Atlantic Canada). Mr. McBrearty was Canadian National Director USW from 1994 to 2004. Mr. McBrearty received a PhD Honoris Causa for his international humanitarian involvement from Université du Québec in 2003. He is a labour relations consultant since 2004. Mr. McBrearty was a member of several Canadian associations and international committees in the steel and mining sectors and a director of WCI Steel Inc. from 2006 to 2008. |
| Alain Mélanon Boucherville (Québec) Canada | Vice-President, Human Resources | Prior to joining SEMAFO, M. Mélanon was Vice-President, Human Resources, Communications and Public Affairs at Bell Aliant Regional Communications from January 2007 until October 2009 and from 2001 until December 2006, M. Mélanon was Vice-President, Human Resources, Communications and Public Affairs at Bell Nordiq. |
| Martin Milette La Prairie (Québec) Canada | Chief Financial Officer | Prior to joining SEMAFO, M. Milette was Senior Manager at PricewaterhouseCoopers LLP Chartered Accountant. Member of the Canadian Institute of Chartered Accountants and Certified Public Accountant in the United States of America, Mr. Milette joined SEMAFO in 2005 and assumed his current position as Chief Financial Officer since 2006. |
| Patrick Moryoussef Dollard-des-Ormeaux (Québec) Canada | Vice-President, Mining Operations | Mining engineer with 25 years of experience in exploration, mineral evaluation, mine site geology, open pit feasibility and development studies with Noranda Inc., Placer Dome Canada Ltd. (now Goldcorp Canada Ltd.), Falconbridge Ltd. and Les Mines McWatters Inc. |
| Eric Paul-Hus Saint-Lambert (Québec) Canada | Vice-President, Law, Chief Compliance Officer and Corporate Secretary | Prior to joining SEMAFO, M. Paul-Hus was Vice-President, Law and Corporate Secretary at Bell Aliant Regional Communications from January 2007 until January 2009 and from June 2004 until December 31, 2005 he was Vice-President, Law and Assistant Corporate Secretary of Bell Nordiq. Mr. Paul-Hus was Chief Legal Officer and Corporate Secretary of Bell Nordiq through 2006. Before that M. Paul-Hus was Senior Counsel at BCE Inc. |

| Name, province and country of residence | Position with the Corporation | Principal Occupation during the past 5 years |
|---|-------------------------------|--|
| Tertius Zongo ⁶ Ouagadougou, Burkina Faso | Director since May 14, 2012 | Mr. Tertius Zongo was Prime Minister and Head of Government of the Republic of Burkina Faso from 2007 until 2011. From 2002 until 2007, he was Ambassador Extraordinary and Plenipotentiary of Burkina Faso to the United States of America. From 1988 until 2002, Mr. Zongo had increasingly important positions within the government of Burkina Faso including as Minister of State for Planning and Budget and as Minister of Economy and Finance. As such, he held the office of Governor of Burkina Faso to the World Bank, the International Monetary Fund, the African Development Bank, the Islamic Development Bank and also held various positions at the West Africa sub-regional level. Mr. Zongo was a member of the board of directors of a number of institutions, including the Central Bank of West African States (BCEAO) and the West African Development Bank (BOAD). Prior to his career with the government of Burkina Faso, Mr. Zongo was an Academic at the University of Ouagadougou and the National School of Financial Controls where he taught accounting, business economy and financial management. Mr. Zongo holds a B.A. and a Master's degree in Economy – Business Management – from the University of Dakar, Senegal and a degree of Higher Studies in business management from the Institute of Business Management of Nantes, France. |

1. Member of the Audit Committee and of the Environmental, Health & Safety and Sustainable Development Committee.
2. Mr. Lamarre was a director of Medical Intelligence Technologies Inc. which filed for and obtained protection under the Companies' Creditors Arrangement Act (Canada) and subsequently made an assignment of its property on February 9, 2010. He was also director of 6941249 Canada Inc. (known as Mechtronix), which filed a notice of intent to make a proposal to its creditors under the Bankruptcy and Insolvency Act (Canada) on May 15, 2012 and then filed an assignment for the benefit of its creditors on August 3, 2012. Mr. Lamarre was also a director of Mango Industrie de Cuivre Inc., which filed for protection under the Companies' Creditors Arrangement Act (Canada) in 2012 and remains subject thereto.
3. Lead Director and Chair of the Human Resources and Corporate Governance Committee. Mr. John LeBoutillier was, but is no longer, a director of McWatters Mining Inc. ("McWatters") which, in January 2004, filed a notice of intent to make a proposal to its creditors under the Bankruptcy and Insolvency Act (Canada) and was the subject of a cease trade order. The proposal made by McWatters was accepted by its creditors in June 2004 and subsequently ratified by the Quebec Superior Court in July 2004. He was also, but is no longer, a director of Shermag Inc., which filed for and obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") in April 2008. In August 2009, Shermag presented a plan of arrangement to its creditors and obtained the homologation from the Superior Court (district of Montreal) on September 15, 2009. Shermag closed a transaction with Groupe Bermex Inc. and implemented a plan of arrangement in October 2009 allowing it to emerge from the CCAA proceedings. The transaction enabled Groupe Bermex Inc. to take control over Shermag and to pursue its restructuring and relaunching.
4. Chair of the Audit Committee and member of the Human Resources and Corporate Governance Committee. Mr. Gilles Masson was, but is no longer, a director of Malaga Inc. ("Malaga") since 2009. In June 2013, Malaga filed a notice of intention to make a proposal pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada). Pursuant to the notice of intention, Raymond Chabot Inc. has been appointed as trustee in Malaga's proposal proceedings and in that capacity is monitoring and assisting Malaga in its restructuring efforts. These proceedings have the effect of imposing an automatic stay of proceedings that will protect Malaga and its assets from the claims of creditors and others while Malaga pursues its restructuring efforts. Malaga submitted a proposal dated October 4, 2013 to its creditors; the proposal was accepted by the creditors pursuant to a vote held on December 13, 2013 and approved by judgment of the Superior Court rendered on January 7, 2014.
5. Chair of the Environmental, Health & Safety and Sustainable Development Committee and member of the Human Resources and Corporate Governance Committee. Mr. McBearty was also a director of Mango Industries de Cuivre Inc., which filed for protection under the *Companies' Creditors Arrangement Act* (Canada) in 2012 and remains subject thereto.
6. Member of the Audit Committee and of the Environmental, Health and Safety and Sustainable Development Committee.

The number of common shares of the Corporation or of any of its subsidiaries beneficially owned or controlled or directed, directly or indirectly, by all directors and executive officers of the Corporation as a group, is 535 297 representing approximately 0.02% of our issued and outstanding common shares as at March 11, 2014.

ITEM 15 - EMPLOYEES

At the end of our last financial year, we, directly or through our subsidiaries, 1326 employees at our head office in Saint-Laurent, Québec and at the exploration and mine sites of our subsidiaries in Burkina Faso and Guinea.

ITEM 16 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of SEMAFO, no person that beneficially owns or controls or directs, directly or indirectly, more than ten percent (10%) of any class or series of outstanding voting securities of SEMAFO, and no associate or affiliate of any such persons, has a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation or one of its subsidiaries.

ITEM 17 - MATERIAL CONTRACTS

The following contracts are the material contracts of the Corporation entered into within the most recently completed financial year, or before the most recently completed financial year that are still in effect, other than contracts entered into the ordinary course of business:

- (i) the Rights Agreement entered into between the Corporation and Computershare Investor Services Inc. on March 15, 2011

- (ii) the Mining Agreement dated October 2, 2007 between Burkina Faso and SEMAFO Burkina with respect to the exploitation of gold deposits.

See ITEM 2- THE CORPORATION “Capital Structure-Rights”, and ITEM 5- MINERAL PROJECTS.

ITEM 18 - INTERESTS OF EXPERTS

SEMAFO's independent auditors PricewaterhouseCoopers LLP, have audited the consolidated financial statements of the Corporation for the year ended December 31, 2013.

Certain disclosure with respect to mineral resources and mineral reserves of the Mana Mine contained in this AIF is derived from the Mana Report and updates prepared by Mr. Michel A. Crevier, GEO, MScA, Vice-President Exploration and Mine Geology, the Corporation's "qualified person" as defined in NI 43-101.

PricewaterhouseCoopers LLP confirmed that they are independent with respect to SEMAFO within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

ITEM 19 - AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 – *Audit Committee Information Required in an Annual Information Form* ("Form 52-110F1") of Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110") adopted by the *Canadian Securities Authorities*.

Audit Committee Charter

The mandate of the Audit Committee appears in Schedule B of this AIF.

Composition of the Audit Committee

The current members of the Audit Committee are Mr. Gilles Masson (Chair), Mr. Terence F. Bowles and Mr. Tertius Zongo.

Each member of the Audit Committee is financially literate, which means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements. As demonstrated hereinafter, all the members of the Committee have an education and experience which are relevant to their responsibilities.

Mr. Gilles Masson was appointed to the Board and to the Audit Committee of SEMAFO in January 2006. In May 2007, he was appointed Chairman of the Audit Committee. Mr. Masson is a member of the Ordre des comptables agréés du Québec and he is a member of the Institute of Corporate Directors. He worked for 36 years for the firm PricewaterhouseCoopers LLP, Chartered Accountants, including 25 years as a partner. His clientele included, amongst others, large national and international companies doing business in the mining sector. He retired on December 31, 2005. Since then, he has been acting as member of the board of several public companies.

During his career, Mr. Masson gained a great deal of experience in auditing public companies operating in the mining, manufacturing and distribution sectors. He understands Canadian and US generally accepted accounting principles (GAAP), International Financial Reporting Standards (IFRS), generally accepted auditing standards (GAAS), as well as regulations for presenting financial information for public companies listed in Canada and the United States. He further developed a relevant experience in dealing with audit committee requirements, including

recent changes brought by new regulations. Mr. Masson understands the accounting principles used by the Corporation to prepare its financial statements and the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

Mr. Terence F. Bowles was appointed to SEMAFO's Board and Audit Committee on May 10, 2011. Mr. Bowles is President and Chief Executive Officer of The St. Lawrence Seaway Management Corporation since November 1, 2010. He had prior roles as President and CEO of the Iron Ore Company of Canada, the largest manufacturer of iron ore pellets in Canada, from 2001 to 2010. Following his 1971 graduation as a Chemical Engineer from Laval University in Québec City, Mr. Bowles joined Québec Iron and Titanium (QIT). During his 27-year career at QIT, he assumed a series of progressively more senior assignments which culminated with his appointment as President and C.E.O. in 1996, a position he held until 2001. Along with his Engineering Degree, he obtained a Master's in Business Administration from Montreal's McGill University, completed an Advanced Executive Program at the Kellogg Graduate School of Management in Chicago, a Strategic Leadership Program at the London Business School, and McGill's Institute of Corporate Directors Program, where he received the ICD.D designation. Mr. Bowles is a Member of the Québec Order of Engineers. He is currently on the Board of the Canadian Institute of Mining, Metallurgy and Petroleum, and the Chamber of Marine Commerce.

Mr. Tertius Zongo was appointed to SEMAFO's Board in May 2012. In addition to his vast experience in government and international relations, Mr. Zongo has extensive experience in finance and business economy. Mr. Zongo served as Prime Minister and Head of Government of the Republic of Burkina Faso from 2007 until 2011 and was Ambassador Extraordinary and Plenipotentiary of Burkina Faso to the United States of America from 2002 until 2007. Previously, Mr. Zongo held positions of increasing importance within the government of Burkina Faso including as Minister of State for Planning and Budget and minister of Economy and Finance. As such, he held the office of Governor in Burkina Faso to the World Bank, the International Monetary Fund, the African Development Bank, the Islamic Development Bank and also held various positions at the West Africa sub-regional level. Mr. Zongo was a member of the board of a number of institutions, including the Central Bank of West African States (BCEAO) and the West African Development Bank (BOAD). Prior to his career with the government of Burkina Faso, Mr. Zongo was an Academic at the University of Ouagadougou and the National School of Financial Controls where he taught accounting, business economy and financial management. Mr. Zongo holds a BA and a Master's degree in Economy – Business Management- from University of Dakar, Senegal and a degree of Higher Studies in business management from the Institute of Business Management of Nantes, France.

The members of the Audit Committee have provided the information disclosed hereinabove.

Reliance on Certain Exemptions

We confirm that we have are not relied on any exemptions identified in section 4 or 5 of Form 52-110F1 during our most recently completed financial year. We further confirm we have not relied on section 3.8 of Regulation 52-110 during our most recently completed financial year.

| | Year Ended December 31 | |
|---------------------------------------|-------------------------------|------------------|
| | 2013 | 2012 |
| Audit Fees¹ | \$564,148 (80%) | \$515,185 (65%) |
| Audit-Related Fees² | \$90,195 (13%) | \$172,155 (22%) |
| All Other Fees³ | \$52,500 (7%) | \$99,723 (13%) |
| Total Fees | \$706,843 (100%) | \$787,063 (100%) |

External Auditor Service Fees

- “audit services” – these services relate to the audit of our audited annual financial statements and other regulatory audit services
- “audit-related services” – these services relate to professional services regarding interim financial statements
- “other services” – these services relate to accounting and financial reporting services pertaining to public offering by prospectus and assurance and advisory services for International Financial Reporting Standards (known as IFRS) obligations and conversions.

ITEM 20 – TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar is Computershare Trust Corporation of Canada, 1500 University Street, Suite 700, Montreal, Quebec, H3B 3S8. Our registers of transfers are located at the foregoing address.

ITEM 21 - ADMINISTRATIVE OFFICES

Listed below are the addresses of the head offices of SEMAFO and its material subsidiaries.

CANADA (Corporate office)

SEMAFO Inc.

100, Alexis-Nihon Boulevard
Suite 700
Saint-Laurent (Quebec) H4M 2P3
Telephone: (514) 744-4408
Fax: (514) 744-2291
Email: info@semafo.com
Web Site: www.semafo.com

BARBADOS

SEMAFO (Barbados) Limited

**African GeoMin Mining Development Corporation
Ltd.**
The Gables
Haggatt Hall
St-Michael, Barbados, West Indies

BURKINA FASO

SEMAFO Burkina Faso S.A.

Mana Mineral S.A

Ressources Tangayen S.A.

Sector 13, Babanguida Avenue

Benda Street, Door # 211

01 PO Box 390

Ouagadougou 01, Burkina Faso

Tel. (011) 226.50.36.95.92

Fax: (011) 226.50.36.95.87

Email: info@semafobf.com

ITEM 22 - ADDITIONAL INFORMATION

Additional information relating to SEMAFO can be found on SEDAR at www.sedar.com and our website at www.semafo.com.

Additional information, including directors' and officers' compensation and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans is contained in our most recent management information circular.

Additional financial information is provided in our audited consolidated financial statements for the year ended December 31, 2013 and the corresponding MD&A.

ITEM 23 – FORWARD LOOKING STATEMENT

As mentioned in ITEM 1 – General Matters, this AIF contains forward-looking statements that 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. These forward looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserves and resources estimates. Forward-looking statements include words or expressions such as “committed”, “evolve”, “become”, “pursuing”, “growth”, “outlook”, “strategy”, “aims to”, “deliver”, “will”, “with a view to”, “expects”, “anticipates”, “should”, “projected”, “estimated” 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 deliver a solid operational performance while controlling production costs, the ability of our 2014 exploration program to discover quality ounces deposits, the ability to produce between 200,000 and 225,000 ounces of gold at Mana at a total cash cost in the range of \$695 to \$745 per ounce and an all-in sustaining cost of between \$840 and \$890 per ounce for 2014, the ability of the Mana mill to process a total of 2.5 million tonnes during the year at an average head grade of 3.0 g/t Au, with a gold recovery rate of 90%, Siou's ability to account for 30% of the ore feed and approximately 50% of the ounces produced, the ability to process ore from Fofina at the Mana mill in the third quarter of 2014 and for Fofina to account for some 16% of the feed ore and ounces produced in 2014, the ability to incur sustaining capital expenditures of \$30.6 million and growth capital expenditures of \$17.9 million, the ability to decrease our general and administrative expense in 2014 to approximately \$16 million, the ability to replace and increase the Siou reserves base, the expectation that the life of mine for Mana will continue for an additional ten years at a gold price of \$1100, fluctuations in the price of currencies, gold or operating costs, mining industry risks, uncertainty

as to calculation of mineral reserves and resources, delays, requirements of additional financing, increase in tax or royalty rates or adoption of new interpretations related thereto, political and social stability in Africa (including our ability to maintain or renew licenses and permits) and other risks described in this AIF and in our other documents filed from time to time with Canadian securities regulatory authorities.

Forward-looking statements involve known and unknown risks and uncertainties which may cause our actual results, performance or achievements to differ materially from any of our future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements in this AIF, whether a reference to the present section is made or not, are qualified by this cautionary statement. Investors are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the actual outcome of events that are the subject of forward-looking statements. These and other factors should be considered carefully. See ITEM 11 - Risk Factors. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.

SCHEDULE A - GLOSSARY OF TERMS

The following glossary gives the meaning of certain technical terms.

| | |
|------------------------------------|---|
| “Archaean” | The oldest division of the Precambrian era, spanning the period 4,600 to 2,500 million years before the present. |
| “arsenopyrite” | Sulphidic mineral usually formed in veins at high temperature, but also through contact metamorphism. Silver white colour on crystal faces and steel gray on fresh breaks. Same as mispickel. |
| “Birimian” | In West Africa, the name given to rocks assigned to the lower part of the Proterozoic division of the Precambrian period of geological time, which succeeds the Archaean division of the Precambrian. |
| “BLEG” | Bulk Leach Extractable Gold technique. Very sensitive analytical method for gold whereby all the gold contained within a 1-2 kilogram geochemical survey sample is extracted by cyanide leaching. A very low detection limit may be achieved: the quoted limit of the method is 0.5 part per billion of gold. The gold content of stream sediments diminishes downstream of the source, so the greater the sensitivity of the assay method used, the more widely the samples may be spaced. BLEG sampling therefore cuts down on the number of samples required to test a given area and effectively increases the survey efficiency. |
| “carbon-in-leach” or “CIL” | Metallurgical process of gold extraction. Involves the osmotic use of activated carbon particles during the leaching phase to absorb gold. |
| “cuirasse” | Hard layer of detrital superficial sediments, strongly cemented by iron oxides, which may occur at or just beneath the surface. Also known as “iron pan”. |
| “diamond drilling” or “DDH” | Drilling method by which a solid core is extracted from depth, for examination on the surface. A diamond drill bit composed of industrial diamonds set into a soft metallic matrix is mounted onto a drill stem, which is connected to a rotary drill. Water is injected into the drill pipe, so as to wash out the rock cuttings produced by the bit. The motor-driven drill, by rotary action (and washing) causes a core to be extracted inside the barrel and taken to the surface. |

| | |
|--------------------------------------|---|
| “extensive lateritic plateau” | Elevated, flat-lying zone of lateritic (iron-rich) soil, often capped by cuirasse, which covers a considerable area. |
| “felsic” | Descriptive term for light-coloured rocks containing a predominance of feldspar and silica, or the light-coloured silicate minerals themselves. |
| “geochemical surveys” | Mineral deposits may be located by identifying wide zones of unusual concentrations of metals, which are dispersed around concealed ore bodies in the surrounding environment. “Soil geochemical surveys” take samples of soils on regular grids or on traverses in geologically favourable terrains to test for unusual concentrations of the metal sought or for other metals, which may be associated with that metal. “stream sediment surveys” collect samples of active sediment from streams and use highly sensitive chemical analysis to detect anomalous concentrations of the metals, which will increase in level upstream towards the source. “Lithochemical surveys” test rock samples for unusual concentrations of metals or alteration products, which indicate proximity to an ore body. |
| “geophysical surveys” | Mineral deposits may be located by the effect their presence has on the physical properties of their host rocks. One of the most common techniques used is the electromagnetic method, which measures the response of the earth to electromagnetic radiation; if an ore body is present it may produce a detectable zone of high conductivity. Other electrical methods may measure the resistance of the earth; a low resistivity may indicate a conductive ore body. The induced polarisation method puts pulses of electrical current into the ground and measures the decay of the current as the transmitter is turned off. This gives a direct measure of the amount of polarisable material in the ground, which will increase if disseminated metallic mineralization is present. The magnetic method measures anomalous increases in the Earth’s magnetic field, which may be attributable to concentrations of magnetic minerals. |
| “granitoid” | Coarse-grained, crystalline, silica-rich acid rock with granitic texture, of indeterminate origin. |
| “graphitic” | Contains graphite or carbon. |
| “induced polarisation” | Geophysical survey technique whereby pulses of electrical current are induced in the ground via electrodes, and the decay of the current is measured between pulses. This may indicate the presence of disseminated sulphide mineralization. |

| | |
|---------------------------|--|
| “lateritic” | Descriptive term for residual, oxidized deposits formed in tropical and subtropical terrains by the weathering action of the alternation wet and dry seasons. |
| “lithochemical” | Descriptive of detailed chemical analysis of rocks to determine their metallic content or degree of alteration usually used for mineral exploration. |
| “lithology” | Term referring to the visual characteristics of a rock type, rather than to its microscopic or chemical features, generally applied to outcrop or hand-specimen samples. |
| “mineral reserves” | <p>Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proven mineral reserves. Probable mineral reserves have a lower level of confidence than proven mineral reserves.</p> <p>Mineral reserves are the economically mineable part of measured or indicated mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Mineral reserves include diluting materials and allowances for losses that may occur when the material is mined.</p> <p>Mineral reserves are this part of mineral resources which, after the application of all mining factors, results in an estimated tonnage and grade which, in the opinion of a qualified person making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral reserves are inclusive of diluting material that will be mined in conjunction with the mineral reserves and delivered to the treatment plant or equivalent facility. The term “mineral reserves” does not necessarily mean that extraction facilities are in place or operative or that all governmental approvals have been received. It does mean that there are reasonable expectations of such approvals.</p> <p>“proven mineral reserves”“Proven mineral reserves” are the economically mineable part of measured mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant</p> |

factors that demonstrate, at the time of reporting, that economic extraction is justified.

Application of the proven mineral reserves category implies that a qualified person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.

“probable mineral reserves” “Probable mineral reserves” are the economically mineable part of indicated, and in some circumstances, measured mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

“mineral resources”

Mineral resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories. Inferred mineral resources have a lower level of confidence than that applied to indicated mineral resources. Indicated mineral resources have a higher level of confidence than inferred mineral resources, but have a lower level of confidence than measured mineral resources.

Mineral resources are a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of mineral resources are known, estimated or interpreted from specific geological evidence and knowledge.

The term “mineral resources” covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The expression “reasonable prospects for economic extraction” implies a judgement by a qualified person with respect to the technical and economic factors likely to influence the prospect of economic extraction. Mineral

resources are an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.

“measured mineral resources” “Measured mineral resources” are that part of mineral resources for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineralization or other natural material of economic interest may be classified as measured mineral resources by a qualified person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

“indicated mineral resources” “Indicated mineral resources” are that part of mineral resources for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Mineralization may be classified as indicated mineral resources by a qualified person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably

assume the continuity of mineralization. A qualified person must recognize the importance of the indicated mineral resources category to the advancement of the feasibility of the project. An indicated mineral resources estimate is of sufficient quality to support a preliminary feasibility study which can serve as the basis for major development decisions.

“inferred mineral resources” “Inferred mineral resources” are that part of mineral resources for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Due to the uncertainty of inferred mineral resources, it cannot be assumed that all or any part of inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred mineral resources must be excluded from estimates forming the basis of feasibility or other economic studies.

“plutonic”

Intrusive origin body of magmatic rocks formed at depth into the earth crust, in large massive lensoid or ovoid shape.

“property”

Descriptive term for interests in a permit to exploit or prospect for mineral resources on a given area.

“qualified person”

An individual who is an engineer or geoscientist, with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project and technical report, and is a member in good standing of a professional association, as defined in National Instrument 43-101.

“reserve” or “ore”

Natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

“reverse circulation” or “RC”

Drilling method whereby the rock is broken into chips using a rotary method of penetration. A double-walled drill pipe is used and compressed air is forced down the space between the

two pipes to the drill bit. The drilled chips are flushed back up to the surface through the centre tube of the drill pipe.

“saprolitic”

Rocks which have been deeply weathered in a tropical to sub-tropical environment, but which retain recognizable internal structure.

“shear”

Dislocation by lateral slip of one part of a body relative to another, often occurring on a regional scale. A fracture in rock similar to a fault.

“silica”

Silicon dioxide.

“silicification”

Total or partial replacement of rocks or fossils by silica (such as quartz or chalcedony).

“strike”

Course or bearing of a bed or layer of rock.

“sulphide”

Mineral compound of sulphur and a metal.

“tectonic”

Pertaining to rock structures in topographic features resulting from deformation of the Earth’s crust.

“tuff”

Consolidated fine-grained igneous debris, originally ejected during volcanic activity.

“ultramafic”

Basic igneous rocks with a very high proportion of ferromagnesian minerals.

“vein”

Occurrence of ore with a regular development in length, width and depth.

Metric Equivalentents

Conversion rates from imperial to metric measures and from metric to imperial measures are provided below.

| Imperial Measure | Metric Unit | Metric Measure | Imperial Unit |
|----------------------------|----------------------------|---------------------|---------------------------------|
| 1 acre | 0.4047 hectare | 1 hectare | 2.4711 acres |
| 1 foot | 0.3048 meter (m) | 1 meter (m) | 3.2808 feet |
| 1 mile | 1.6093 kilometre (km) | 1 kilometre (km) | 0.6214 mile |
| 1 ounce (troy) | 31.1035 grams (g) | 1 gram (g) | 0.0322 ounce (troy) |
| 1 pound | 0.4536 kilogram (kg) | 1 kilogram (kg) | 2.2046 pounds |
| 1 short ton | 0.9072 metric ton (t) | 1 metric ton (t) | 1.1023 short ton |
| 1 ounce (troy) / short ton | 34.2857 grams / metric ton | 1 gram / metric ton | 0.0292 ounce (troy) / short ton |

Gold Prices

The following table sets forth the annual high, low and average price of gold for the periods indicated, as well as the price of gold at the end of each such period, as determined on the London Bullion Market (US dollars per ounce).

| Gold Prices | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---------------|------|-------|-------|-------|-------|-------|
| High | 1693 | 1,792 | 1,895 | 1,420 | 1,212 | 1,002 |
| Low | 1192 | 1,540 | 1,319 | 1,058 | 810 | 709 |
| Average | 1411 | 1,669 | 1,571 | 1,225 | 972 | 871 |
| End of period | 1201 | 1,658 | 1,574 | 1,405 | 1,097 | 881 |

Currency Exchange Rates

Except as otherwise indicated, all dollar amounts set forth herein are expressed in United States dollars. \$ means United States dollars.

The following table sets forth the exchange rates of Canadian dollars to US dollars for the periods indicated. The high, the low and the average exchange rates are presented for these periods, as well as the exchange rate at the end of each such period. These exchange rates are expressed in Canadian dollars and represent the noon buying rate for US dollars at the Bank of Canada. [Note: Finance to provide 2013 information]

| | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---------------|--------|--------|--------|--------|--------|--------|
| Average | 1.0299 | 1.0001 | 0.9890 | 1.0297 | 1.1425 | 1.0667 |
| End of period | 1.0636 | 0.9949 | 0.9449 | 0.9946 | 1.0466 | 1.2246 |

SCHEDULE B – MANDATE OF THE AUDIT COMMITTEE

1. Duties

The role of the Audit Committee (the “Committee”) of SEMAFO Inc. (the “Corporation”) is to assist the Board of Directors (the “Board”) in its oversight of:

- The identification of the principal business risks and, with the exception of environmental and health & safety risks, the establishment of appropriate policies and risk management systems aimed at managing these risks
- The integrity of the Corporation’s internal control, information and financial management systems
- The establishment of policies and systems aimed at increasing accountability, ensuring compliance with applicable laws and with auditing and accounting principles.

The Committee does not have the mandate of planning or conducting a financial audit, nor is it responsible for determining whether the financial statements are complete and fully reflect the Corporation’s situation or whether accounting principles applicable to the Corporation have actually been applied. In these respects, after having carried out the verifications dictated by the circumstances, and having ensured the existence of adequate internal controls, the Committee relies on the accounting and financial expertise of the President and Chief Executive Officer and the Chief Financial Officer of the Corporation who are responsible for the integrity of the information submitted to the Committee and to the Board.

The independent auditor is responsible for auditing the Corporation’s accounts. He or she reports on the results of the audit directly to the Committee.

The Committee fosters frank and open dialogue with the independent auditor, management, and the Corporation’s accounting personnel.

In fulfilling its duties, the Committee:

Financial Reporting

- Reviews the results of the independent audit firm’s reviews of interim financial statements and annual audit and any significant disagreements with management
- Reviews and recommends to the Board for approval the annual audited financial statements and related “Management’s Discussion and Analysis of financial and operating results”
- Reviews and recommends to the Board for approval the “Annual Information Form”
- Reviews and recommends to the Board for approval the quarterly financial statements and related “Management’s Discussion and Analysis of financial and operating results”
- Reviews and recommends to the Board for approval the Corporation’s earnings press releases
- Reviews management process to maintaining and evaluating financial disclosure controls and procedures and internal control over financial reporting.

Independent Auditors

- Recommend to the Board for consideration by the shareholders an independent audit firm to conduct an annual audit of the Corporation's financial statements
- Evaluate the independence of the independent audit firm
- Review an annual report from the independent audit firm elected by the shareholders regarding the independent audit firm's internal quality-controls procedures, material issues raised by the most recent internal quality-control review, or peer-review, of such firm, or by any inquiry or investigation by governmental or professional authorities respecting one or more independent auditors carried out by the firm
- Review the plan and scope of the annual audit engagement of the independent audit firm elected by the shareholders
- Recommend to the Board for approval the annual audit engagement fees of the independent audit firm elected by the shareholders
- Approve all non-audit engagements of the independent audit firm elected by the shareholders.

2. Policies

The Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.

The Committee must also establish a procedure for the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee must establish hiring policies regarding partners, employees and former partners and employees of the present and former independent audit firms elected by the shareholders.

3. Composition

The Committee is composed of at least three directors appointed by the Board for a mandate of one year or for any other period set by the Board.

All Committee members shall be independent directors and financially literate as prescribed by the Canadian Securities Administrators and determined by the Board.

4. Chair

The Chair of the Committee is appointed by the Board. In the event of the Chair's inability to attend a meeting, Committee members shall appoint a chair for such meeting.

The Chair of the Committee:

- Chairs all Committee meetings
- Ensures the fulfillment of the Committee's mandate
- Reports on Committee activities to the Board

- Ensures that this mandate is reviewed annually by the Committee members to recommend to the Board any appropriate changes.

5. Meetings

The Committee meets at least four times a year at locations, dates and times it determines.

The Chair of the Committee may convene a meeting at any time.

6. Organization

The Corporation's secretary acts as Committee secretary.

Before each Committee meeting, the secretary distributes the agenda and the information required for discussion and decision-making purposes. The secretary records the minutes of each Committee meeting in a register kept for this purpose.

7. Quorum and Decisions

The Committee quorum is the majority of Committee members.

Subject to the quorum being reached, the Committee makes its decisions by a majority of the votes cast by attending members.

8. Outside Advisors

In fulfilling its duties, the Committee may retain legal, accounting or other advisors.



SEMAFO Inc.
100, Alexis-Nihon Boulevard
7th floor
Saint-Laurent (Quebec), Canada
H4M 2P3
Tel.: (514) 744-4408
Fax: (514) 744-2291
info@semafo.com