SEMAFO Inc.

Consolidated Financial Statements
December 31, 2014

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Management's Statement of Responsibility

The consolidated financial statements of SEMAFO Inc. (the "Corporation") and all information in this report are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, which recognize the necessity of relying on some best estimates and informed judgments. All financial information in this report is consistent with the information in the consolidated financial statements.

The Corporation maintains appropriate systems of internal control to give reasonable assurance that assets are safeguarded from loss or misuse and financial records are properly maintained to provide reliable information for the timely and accurate preparation of financial statements.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, are appointed by the shareholders and conducted an audit on the Corporation's consolidated financial statements. Their report is included herein.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board of Directors carries out this responsibility principally through its Audit Committee. The Audit Committee is comprised entirely of independent directors and meets annually with management and with the Corporation's external auditors to discuss the results of their audit examination and to review issues related thereto. The external auditors have full access to the Audit Committee with and without the presence of management. The Audit Committee reviews the consolidated financial statements and Management's Discussion and Analysis and recommends their approval to the Board of Directors.

Benoit Desormeaux, CPA, CA
President and Chief Executive Officer

Martin Milette, CPA, CA
Chief Financial Officer

Independent Auditor's Report

March 11, 2015

To the Shareholders of SEMAFO Inc.

We have audited the accompanying consolidated financial statements of SEMAFO Inc., which comprise the consolidated statement of financial position as at December 31, 2014 and 2013 and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of SEMAFO Inc. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

Montreal, Quebec

[1] CPA auditor, CA public accountancy permit No. A122718

Consolidated Statement of Financial Position

(Expressed in thousands of US dollars)

	As at December 31, 2014 $	As at December 31, 2013 $
Assets		
Current assets		
Cash and cash equivalents (note 7)	127,928	82,159
Trade and other receivables (note 8)	21,470	23,657
Income tax receivable	12,086	9,198
Inventories (note 9)	59,729	55,140
Other current assets	2,311	2,885
	223,524	173,039
Assets held for sale	–	4,140
	223,524	177,179
Non-current assets		
Advance receivable (note 10)	4,229	3,029
Restricted cash (note 11)	3,726	3,516
Property, plant and equipment (note 12)	382,388	382,534
Intangible asset (note 10)	1,915	1,288
Other non-current assets (note 13)	2,520	–
	394,778	390,367
Total assets	618,302	567,546
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (note 14)	49,530	38,820
Restricted share unit liabilities (note 21)	1,938	1,302
Provisions (note 15)	6,579	5,359
Income tax payable	–	715
	58,047	46,196
Liabilities held for sale	–	4,386
	58,047	50,582
Non-current liabilities		
Restricted share unit liabilities (note 21)	3,967	2,995
Provisions (note 15)	6,917	7,079
Deferred income tax liabilities (note 18)	18,766	1,062
Total liabilities	87,697	61,718
Equity		
Equity Shareholders		
Share capital	466,861	458,033
Contributed surplus	10,889	12,687
Retained earnings	25,932	21,459
	503,682	492,179
Non-controlling interests	26,923	13,649
Total equity	530,605	505,828
Total liabilities and equity	618,302	567,546

Financial commitments (note 25)

Events after the reporting period (note 31)

Approved by the Board of Directors,

Jean Lamarre, Director

Benoit Desormeaux, CPA, CA, Director

Consolidated Statement of Income (Loss)

For the years ended December 31, 2014 and 2013

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

	2014 $	2013 $
Revenue – Gold sales	289,349	226,618
Costs of operations		
Mining operation expenses (note 19)	149,305	125,393
Depreciation of property, plant and equipment	72,195	58,110
General and administrative (note 20)	17,432	19,579
Corporate social responsibility expenses	826	1,310
Share-based compensation (note 21)	3,232	3,284
Operating income	46,359	18,942
Other expenses (income)		
Finance income	(343)	(249)
Finance costs (note 22)	1,646	1,238
Foreign exchange loss (gain)	5,251	(1,653)
Impairment of investment in GoviEx (note 17)	–	19,600
Income before income taxes	39,805	6
Income tax expense		
Current (note 18)	1,382	4,897
Deferred (note 18)	19,028	812
	20,410	5,709
Net income (loss) from continuing operations	19,395	(5,703)
Net loss from discontinued operations (note 30)	(1,648)	(78,262)
Net income (loss) for the year	17,747	(83,965)
Net income (loss) from continuing operations attributable to:		
Equity shareholders	15,812	(9,227)
Non-controlling interests (note 23)	3,583	3,524
	19,395	(5,703)
Net loss from discontinued operations attributable to:		
Equity shareholders	(11,339)	(75,995)
Non-controlling interests (note 23)	9,691	(2,267)
	(1,648)	(78,262)
Net income (loss) for the year attributable to:		
Equity shareholders	4,473	(85,222)
Non-controlling interests (note 23)	13,274	1,257
	17,747	(83,965)
Basic earnings (loss) per share from continuing operations	0.06	(0.03)
Basic loss per share from discontinued operations	(0.04)	(0.28)
Basic earnings (loss) per share (note 24)	0.02	(0.31)
Diluted earnings (loss) per share from continuing operations	0.06	(0.03)
Diluted loss per share from discontinued operations	(0.04)	(0.28)
Diluted earnings (loss) per share (note 24)	0.02	(0.31)

Consolidated Statement of Comprehensive Income (Loss)

For the years ended December 31, 2014 and 2013

(Expressed in thousands of US dollars)

	2014 $	2013 $
Net income (loss) for the year	17,747	(83,965)
Other comprehensive income (loss)		
Item that may be classified to net income (loss)		
Change in fair value of investments (note 17)	–	(19,600)
Reclassification of accumulated other comprehensive loss to net income (loss) (note 17)	–	19,600
Other comprehensive income for the year	–	–
Comprehensive income (loss) for the year	17,747	(83,965)
Attributable to:		
Equity shareholders	4,473	(85,222)
Non-controlling interests	13,274	1,257
	17,747	(83,965)

Consolidated Statement of Changes in Equity

For the years ended December 31, 2014 and 2013

(Expressed in thousands of US dollars, except for shares)

	Attributable to equity shareholders							
	Share capital							
	Common Shares[1] (in thousands)	Amount $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Retained earnings $	Total $	Non-controlling interests $	TOTAL EQUITY $
Balance – January 1, 2013	273,218	455,179	12,232	–	111,961	579,372	13,208	592,580
Net loss for the year	–	–	–	–	(85,222)	(85,222)	1,257	(83,965)
Changes in fair value of investment in GoviEx (note 17)	–	–	–	(19,600)	–	(19,600)	–	(19,600)
Reclassification of accumulated other comprehensive loss to net loss (note 17)	–	–	–	19,600	–	19,600	–	19,600
Comprehensive loss for the year	–	–	–	–	(85,222)	(85,222)	1,257	(83,965)
Share-based compensation (note 21)	–	–	1,230	–	–	1,230	–	1,230
Shares issued from the exercise of options (note 21)	1,315	2,854	(775)	–	–	2,079	–	2,079
Dividends declared	–	–	–	–	(5,199)	(5,199)	–	(5,199)
Dividends declared by a subsidiary to non-controlling interest	–	–	–	–	–	–	(897)	(897)
Non-controlling interests' share of transactions in subsidiaries' equity	–	–	–	–	(81)	(81)	81	–
Balance – December 31, 2013	**274,533**	**458,033**	**12,687**	**–**	**21,459**	**492,179**	**13,649**	**505,828**
Balance – January 1, 2014	**274,533**	**458,033**	**12,687**	**–**	**21,459**	**492,179**	**13,649**	**505,828**
Net income and comprehensive income for the year	–	–	–	–	4,473	4,473	13,274	17,747
Share-based compensation (note 21)	–	–	580	–	–	580	–	580
Shares issued from the exercise of options (note 21)	2,941	8,078	(2,378)	–	–	5,700	–	5,700
Shares issued in consideration of commitment fees (note 13)	244	750	–	–	–	750	–	750
Balance – December 31, 2014	**277,718**	**466,861**	**10,889**	**–**	**25,932**	**503,682**	**26,923**	**530,605**

[1] There were no common shares that were unpaid as at December 31, 2014 (December 31, 2013: nil).

Consolidated Statement of Cash Flows

For the years ended December 31, 2014 and 2013

(Expressed in thousands of US dollars)

	2014 $	2013 $
Cash flows from (used in):		
Operating activities		
Net income (loss) for the year from continuing operations	19,395	(5,703)
Adjustments for :		
Depreciation of property, plant and equipment	72,195	58,110
Share-based compensation	3,232	3,284
Unrealized foreign exchange loss	6,799	1,057
Impairment of investment in GoviEx	–	19,600
Deferred income taxes expense	19,028	812
Other	81	402
	120,730	77,562
Changes in non-cash working capital items (note 26 a)	1,140	(14,445)
Net cash provided by operating activities from continuing operations	121,870	63,117
Net cash provided by (used in) operating activities from discontinued operations	(2,088)	12,636
Net cash provided by operating activities	119,782	75,753
Financing activities		
Financing fees	(1,020)	–
Proceeds on issuance of share capital	5,700	2,079
Payment of dividends to non-controlling interest	–	(897)
Payment of dividends to equity shareholders	–	(10,691)
Net cash provided by (used in) financing activities from continuing operations	4,680	(9,509)
Net cash provided by financing activities from discontinued operations	–	–
Net cash provided by (used in) financing activities	4,680	(9,509)
Investing activities		
Advance made to Sonabel	(2,068)	(4,050)
Increase in restricted cash	(641)	(2,593)
Acquisitions of property, plant and equipment	(68,591)	(109,119)
Net cash used in investing activities from continuing operations	(71,300)	(115,762)
Net cash used in investing activities from discontinued operations	–	(5,899)
Net cash used in investing activities	(71,300)	(121,661)
Effect of exchange rate changes on cash and cash equivalents	(7,833)	(1,435)
Change in cash and cash equivalents during the year	45,329	(56,852)
Cash and cash equivalents of continuing operations – beginning of year	82,159	139,451
Cash and cash equivalents of discontinued operations – beginning of year	440	–
Cash and cash equivalents – end of year	127,928	82,599
Less cash and cash equivalents of discontinued operations – end of year	–	440
Cash and cash equivalents of continuing operations – end of year	127,928	82,159
Interest received	343	249
Income tax paid	5,276	19,590

Supplementary cash flow information (note 26)

1. Incorporation and nature of activities of the Corporation

SEMAFO Inc. (the "Corporation") is governed by the Business Corporations Act (Quebec) and is listed on the Toronto Stock Exchange and on the NASDAQ OMX Stockholm exchange. The Corporation's headquarters is located at 100 Alexis-Nihon blvd., 7th floor, Saint-Laurent, Quebec, Canada, H4M 2P3.

The Corporation's subsidiaries are engaged in gold mining activities including exploration, development and operations. The Corporation's subsidiaries presently own and operate a gold mine in Burkina Faso. The Corporation's subsidiaries have interests in mining properties. The potential for recovery of costs incurred on these properties and of related deferred charges depends on the existence of sufficient quantities of reserves, the ability to obtain all required permits, the ability to obtain appropriate financing to put these mining properties into production and the ability to realize a profitable return for the Corporation.

2. Basis of preparation

The Corporation's audited consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Corporation has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures. The Board of Directors approved the financial statements on March 11, 2015.

Basis of measurement

These financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value, including available-for-sale financial assets.

Functional and presentation currency

Items included in the financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in US dollars, which are the Corporation and its subsidiaries' functional currency, and all values are rounded to the nearest thousands, except where otherwise indicated.

Foreign currency translation of transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary assets and liabilities are translated using the period end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. All gains and losses on translation of these foreign currency transactions are included in the consolidated statement of income (loss) within foreign exchange gain or loss.

Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Corporation has control. The Corporation controls an entity when the Corporation is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between the Corporation's subsidiaries are eliminated. Unrealized losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Corporation's accounting policies.

2. Basis of preparation (continued)

Consolidation (continued)

Disposal of subsidiaries

When the Corporation ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Corporation had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Significant subsidiaries (consolidated) – ownership	Country	December 31, 2014	December 31, 2013
SEMAFO Burkina Faso S.A.	Burkina Faso	90%	90%
SEMAFO Guinée S.A.[1]	Guinea	–	85%
Mana Minéral S.A.	Burkina Faso	100%	100%
SEMAFO (Barbados) Ltd	Barbados	100%	100%

[1] SEMAFO Guinée S.A. was disposed of on May 22, 2014. Please refer to note 30 for further details.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team that makes strategic decisions.

3. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include all cash on hand, balances with banks and money market investments as well as all highly liquid short-term investments with original maturities of three months or less or that can be redeemed at any time without penalties.

Inventories

Gold (doré bars, gold in circuit and stockpiles) is physically measured and valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Production costs include the cost of raw materials, direct labor, other direct costs and related mine-site overhead expenses (based on normal operating capacity), including applicable depreciation on property, plant and equipment.

Supplies, spare parts and ore in stockpiles are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method.

Net realizable value is the estimated selling price in the normal course of business, less estimated costs of completion and applicable selling expenses.

Property, plant and equipment

Items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Cost includes expenditures that are directly attributable to the acquisition, the development and the construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when replaced. Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Repairs and maintenance costs are charged to the consolidated statement of income (loss) during the period in which they are incurred.

Expenditures on major maintenance rebuilds or overhauls are capitalized when it is probable that the expenditure will extend the productive capacity or useful life of an asset.

i) Property acquisition costs, deferred exploration and development costs

Costs incurred that relate to developed and undeveloped proven and probable reserves and probable non-reserve material when sufficient objective evidence exists to support a conclusion that it is probable that the non-reserve material will be produced ("probable non-reserve material") are included in the depletable amount. The Corporation chooses to exclude from the depletable amount expected future development costs. Depletion is the systematic allocation of the depletable amount of an asset over its useful life. The depletable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation begins when a project is put into commercial production and is calculated using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold. Estimated recoverable ounces of gold include proven and probable reserves and non-reserve material when sufficient objective evidence exists to support a conclusion that it is probable that the non-reserve material will be produced.

Exploration costs incurred on a property in production are capitalized in property, plant and equipment and depreciated over the underlying property estimated recoverable ounces of gold on the basis of the related area of interest.

ii) Buildings and equipment related to mining production

Buildings and equipment related to mining production are recorded at cost and depreciated net of residual value, using the units of production method, over the expected operating life of the mine based on estimated recoverable ounces of gold. However, if the anticipated useful life of the asset is less than the life of the mine, depreciation is based on its anticipated useful life.

iii) Assets under construction

Assets under construction include property, plant and equipment in the course of construction or use for its own purposes. The cost comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Assets under construction are classified to the appropriate category of property, plant and equipment when the costs are incurred. Assets under construction are carried at cost less any recognized impairment loss and are not subject to depreciation. Depreciation of these assets commences when the assets are ready for their intended use.

iv) Rolling stock, mining equipment, communication and computer equipment

Rolling stock, mining equipment, communication and computer equipment are recorded at acquisition cost. Depreciation is provided for using the declining balance method at a rate of 30%, with the exception of depreciation of the mining equipment, which is calculated according to the hours-of-use method based on its estimated useful life. The depreciation expense remains capitalized for mining assets not in commercial production and will be recognized in the consolidated statement of income (loss) gradually as the mining properties are put into commercial production.

v) Stripping costs incurred in the production phase of a mining operation

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalized as mine development costs.

It may be also required to remove waste materials and to incur stripping costs during the production phase of the mine. The Corporation recognizes a stripping activity asset if all of the below conditions are met:

i) It is probable that the future economic benefit (improved access to the component of the ore body) associated with the stripping activity will flow to the Corporation;

ii) The Corporation can identify the component of the ore body for which access has been improved; and

iii) The costs relating to the stripping activity associated with that component can be measured reliably.

3. Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

v) Stripping costs incurred in the production phase of a mining operation (continued)

The Corporation measures the stripping activity at cost based on an accumulation of costs incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable mine site overhead costs.

After initial recognition, the stripping activity asset is carried at cost less depreciation and impairment losses in the same way as the existing asset of which it is a part.

The stripping activity asset is depreciated over the expected useful life of the identified components of the ore body that becomes more accessible as a result of the stripping activity using the 'waste to ore' ratio method.

vi) Exploration properties

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred. Exploration properties comprise mining rights and deferred exploration and evaluation expenses on properties at the exploration and evaluation stages and are recorded at acquisition cost.

Exploration expenditures typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies.

Mining rights, deferred exploration and evaluation expenses, and options to acquire undivided interests in mining rights are amortized only when these properties are put into production.

Proceeds on the sale of exploration properties are applied to reduce the related carrying costs; any excess is reflected as a gain in the consolidated statement of income (loss). Losses on partial sales are recognized and reflected in the consolidated statement of income (loss).

Impairment of non-financial assets

The Corporation's non-financial assets, such as property, plant and equipment and exploration properties are reviewed for an indication of impairment at each consolidated statement of financial position date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable. If indication of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected cash flows of the relevant assets or cash-generating units). A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. These are typically the individual mines. The exploration and evaluation assets located in the same area of interest of an operating mine are grouped with the existing cash-generating units for the purpose of the impairment test. Impairment losses are recognized in the consolidated statement of income (loss) for the period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. However, the impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below. The category of financial instruments determines subsequent measurement and whether any resulting income and expense is recognized in the consolidated statement of income (loss) or in other comprehensive income (loss).

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

The Corporation's financial instruments are classified into one of these four categories:

- Financial assets and liabilities at fair value through profit or loss ("FVTPL")
- Available-for-sale investments
- Loans and receivables
- Financial liabilities at amortized cost

The classification is determined at initial recognition and depends on the nature and purpose of the financial instrument.

i) Financial assets and liabilities at FVTPL

Financial assets and liabilities are classified as FVTPL when the financial asset or liability is held for trading or it is designated as FVTPL.

A financial asset or liability is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;

or

- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets and liabilities classified as FVTPL are stated at fair value with any resulting gain or loss recognized in the consolidated statement of income (loss).

ii) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. The Corporation's available-for-sale investment comprises investment in equity securities.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of it within twelve months.

When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the consolidated statement of income (loss).

iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Corporation's loans and receivables are comprised of cash and cash equivalents, trade and other receivables (except value added tax; "VAT"), restricted cash and advance receivable, and are included in current assets except for the portion of restricted cash and the advance receivable expected to be realized beyond twelve months of the consolidated statement of financial position date, which is classified as non-current.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

iv) Financial liabilities at amortized cost

Financial liabilities at amortized cost include trade payables and other financial liabilities and they are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables and other financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

3. Summary of significant accounting policies (continued)

Impairment of financial assets

At each reporting date, the Corporation assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Corporation recognizes an impairment loss, as follows:

i. Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

ii. Available-for-sale investments: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the consolidated statement of income (loss). This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net income. Impairment losses on available-for-sale equity instruments are not reversed. This determination requires significant judgment. In making this judgment, the Corporation evaluates, among other factors, whether there is a significant or prolonged decline in the fair value of the investment which is considered as evidence of impairment.

Provisions

Provisions for environmental restoration, legal claims and executive compensation are recognized when the Corporation has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation as per management's best estimate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

At each reporting date, the liability is increased to reflect the interest element or accretion reflected in its initial measurement, and will be adjusted for changes in the estimate of the amount, timing, change in discount rate and cost of the work to be carried out.

Provisions for asset retirement obligations represent the legal and constructive obligations associated with the eventual closure of the Corporation's property, plant and equipment. These obligations consist of costs associated with reclamation and monitoring of activities and the removal of tangible assets.

Income taxes

Tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in other comprehensive income or directly in equity, respectively.

i) Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted by the date of the consolidated statement of financial position.

Current tax assets and current tax liabilities are offset if, and only if, the taxable entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

ii) Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

3. Summary of significant accounting policies (continued)

Income taxes (continued)

ii) Deferred income tax (continued)

Deferred income tax assets and liabilities are recognized for all temporary differences, except:

- where the deferred income tax asset or liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Revenue recognition

The Corporation recognizes revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Corporation, the Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Share-based compensation

The Corporation has two distinct share-based mechanisms for employees, directors, officers and consultants.

i) Options

The Corporation accounts for its share-based compensation options plans using the fair value method. This method consists of recording expenses to earnings over the vesting period of the options granted and the counterpart is accounted for in contributed surplus on the consolidated statement of financial position. The fair value is calculated based on the Black-Scholes option pricing model. When share options are exercised, any consideration paid, net of directly related transactional costs, are credited to share capital.

At the end of each reporting period, the Corporation revises its estimates of the number of options that are expected to vest. The Corporation recognizes the impact of the revision on the original estimates, if any, in the consolidated statement of income (loss), with a corresponding adjustment to equity.

ii) Restricted Share Units

Restricted share units ("RSUs") may be granted to employees, directors, officers and consultants as part of their long-term compensation package entitling them to receive payout in cash based on the Corporation's share price at the relevant time. For each RSU granted, the corresponding liability is recorded at fair value and equals the average closing price of the Corporation's shares in the last five trading days prior to the end of the reporting period prorated over the vesting period according to the estimation made by management of the number of RSUs that will eventually vest.

As these RSUs will be settled in cash, the expense and liability are adjusted at each reporting period for changes in the underlying share price and the revision of the estimate made by management of the number of RSUs that will eventually vest. Variations are recognized in the period in which they are incurred.

Dividends

Dividends on common shares are recognized in the Corporation's financial statements in the period in which the dividends are approved by the Board of Directors.

3. Summary of significant accounting policies (continued)

Non-controlling interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and other comprehensive income is recognized directly in equity even if the results of the non-controlling interests have a deficit balance.

The Corporation treats transactions with non-controlling interests as transactions with equity shareholders. Changes in the Corporation's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing the net income (loss) for the year attributable to shareholders of the Corporation by the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the treasury stock method. The Corporation's potentially dilutive common shares comprise share options.

Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprised of assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured at the lower of their carrying amount and fair value less costs to sell, with the exception of financial assets and deferred income tax assets, which continue to be measured in accordance with the Corporation's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in net income (loss). Subsequent gains are not recognized in excess of any cumulative past impairment losses. The Corporation presents assets held for sale separately from the Corporation's other assets and separately from liabilities directly associated with the assets held for sale. Liabilities associated with assets held for sale are presented separately from the Corporation's other liabilities.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) is a subsidiary acquired exclusively with a view to resale.

A component of the Corporation is comprised of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Corporation. Net income (loss) of a discontinued operation and any gain or loss on disposal are combined and presented as net income (loss) from discontinued operations in the Consolidated Statements of Income (Loss).

4. New accounting standards issued and in effect

IFRIC 21, *Levies* ("IFRIC 21")

In May 2013, the IASB issued IFRIC 21, which is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of IFRIC 21 for the annual period beginning January 1, 2014 did not significantly affect the Corporation's consolidated financial statements.

Amendments to Other Standards

IAS 36 has been effective on January 1, 2014 in order to add disclosure regarding the measurement of the recoverable amount of impaired assets. The Corporation has provided additional disclosures for its consolidated financial statements as a result of adopting amendments to IAS 36.

Other standards, amendments and interpretations which are effective for the financial year beginning on January 1, 2014 are not material to the Corporation's consolidated financial statements.

5. New accounting standards issued but not yet in effect

IFRS 9, *Financial Instruments* ("IFRS 9")

In July 2014, the IASB issued IFRS 9 – *Financial Instruments*. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and substantially completes the IASB's project to replace IAS 39 – *Financial Instruments: Recognition and Measurement*.

This standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only three classification categories: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flows characteristics of the financial asset or liability. The standard introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and it lowers the threshold for recognition of full lifetime expected losses. The new standard also introduces a substantially-reformed model for hedge accounting with enhanced disclosures about risk management activity and aligns hedge accounting more closely with risk management. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*. IFRS 15 replaces all previous revenue recognition standards, including IAS 18 – *Revenue*, and related interpretations such as IFRIC 13 – *Customer Loyalty Programmes*. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes to the timing of revenue for certain types of revenues. The new standard will also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new standard is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. The extent of the impact of adoption of IFRS 15 has not yet been determined.

6. Critical accounting estimates and judgments

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to the Corporation's financial statements are addressed below.

Mineral reserves

The estimation of mineral reserves is a complex process involving variables of very uncertain natures and requiring important and advisable decisions. This process involves variables such as geological data on the structure of each pit, production cost estimates and future gold price. The mineral reserve estimates are calculated by qualified persons in accordance with the definitions and guidelines adopted by the Canadian Institute of Mining, Metallurgy and Petroleum.

Mineral reserve estimation may vary as a result of changes in the price of gold, production costs, and with additional knowledge of the ore deposits and mining conditions.

The reserve estimates may have a great impact on the information contained in the financial statements. A number of accounting estimates, as described below, are formulated from the reserve estimates.

6. Critical accounting estimates and judgments (continued)

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each consolidated statement of financial position date upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable and when criteria of assets held for sale are met. This determination requires significant judgment. Factors that could trigger an impairment review include, but are not limited to, significant negative industry or economic trends including the price of gold, and current, historical or projected losses that demonstrate continuing losses, decrease in market capitalization and deferral of capital investments.

The Corporation's recoverable amount measurement with respect to the carrying amount of non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amount.

The recoverable amount is based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amount of non-financial assets to its carrying values. The Corporation's recoverable amount estimates are based on numerous assumptions such as, but not limited to, estimated realized gold prices, operating costs, gold recovery, mineral reserves and resources, capital and site restoration expenditures, potential offers of the mine for sale and estimated future foreign exchange rates, and may differ from actual values. These differences may be significant and could have a material impact on the Corporation's financial position and results of operation. Mineral reserve and resource estimates are the most important variable in the Corporation's recoverable amount estimates. A decrease in the reserves or resources may result in an impairment charge, which could reduce the Corporation's earnings.

Management's estimates of future cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Corporation's non-financial assets.

As at June 30, 2013, the carrying amount of the Corporation's net assets exceeded its market capitalization, which was an indicator of potential impairment of the carrying amount of its CGUs. Consequently, and as a result of significant declines in gold prices, the Corporation conducted impairment testing of the Mana Mine in Burkina Faso as at June 30, 2013. The Corporation assessed the recoverable amount of the Mana Mine and determined that the fair value less cost to sell was greater than its carrying amount and therefore no impairment charge was recorded. For details on the impairment testing performed during the year of the Samira Hill Mine in Niger and the Kiniero Mine in Guinea, refer to note 30 of the consolidated financial statements.

Depreciation of property, plant and equipment

A large portion of the property, plant and equipment is depreciated using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold, which are the prime determinants of the life of a mine. Estimated recoverable ounces of gold include proven and probable reserves and non-reserve material when sufficient objective evidence exists that it is probable the non-reserve material will be produced. Changes in the estimated mineral reserves will result in changes to the depreciation charges over the remaining life of the operation. A decrease in the mineral reserves would increase depreciation expense, and this could have a material impact on the operating results. The amortization base is updated as needed based on the new mineral estimates.

Asset Retirement Obligations

Asset retirement obligations arise from the development, construction and normal operation of mining property, plant and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and expenditures have been made, and will be made in the future, to comply with such laws and regulations.

The estimated present value of reclamation liabilities is recorded in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability will be increased each period to reflect the interest element or accretion reflected in its initial measurement at fair value, and will also be adjusted for changes in the estimate of the amount, in timing, in discount rate and cost of the work to be carried out.

6. Critical accounting estimates and judgments (continued)

Asset Retirement Obligations (continued)

Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs that will be incurred to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. The estimates are dependent on labor costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and pre-tax interest rates that reflect current market assessment for the time value of money and the risks specific to the obligation. Management also estimates the timing of the outlays, which is subject to change depending on continued operations and newly discovered mineral reserves.

Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs could materially impact the operating results. In 2013, the Corporation had an asset retirement obligations study for one of its subsidiaries in Burkina Faso. The financial impact of the study is reported in note 15 of the consolidated financial statements.

Income taxes

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Periodically, judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the probability that the Corporation will generate taxable profits in future periods, in order to utilize deferred tax assets. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of deferred tax assets will fail to be realized, deferred tax asset is derecognized. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Corporation operates could limit its ability to obtain tax deductions in future periods.

Management judgment is required in determining whether a deferred tax liability is recognized on temporary differences arising on investments in subsidiaries. Judgment is necessary in asserting management's intentions about the reinvestment of undistributed profit in the foreseeable future. Estimates on reinvestments are based on forecasts and on estimates of financial requirements of both the Corporation and its subsidiaries. To the extent that future results and financial requirements differ significantly from estimates, the deferred tax liability provided on temporary differences arising from investments in subsidiaries recorded at the reporting date could be impacted.

Uncertain tax positions

The estimates relating to the different tax assessments received from the Government of Burkina Faso necessarily involves a degree of estimation and judgment with regard to certain items whose tax treatment cannot be finally determined until a resolution of an opposition process has been reached with the relevant taxation authority or, as appropriate, through a formal legal process.

The inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position, results of operations and cash flows. The financial impact of the estimate is reported in note 15 of the consolidated financial statements.

6. Critical accounting estimates and judgments (continued)

Measurement of financial instruments

The fair value of financial instruments that are not traded on an active market is determined by using valuation techniques. The Corporation uses its judgment in assessing if a market is considered active as per its policies. The Corporation also uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. The Corporation has used the market approach valuation technique for available-for-sale financial assets that are not traded on an active market.

The Corporation follows the guidance of IAS 39 – *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Corporation evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

7. Cash and cash equivalents

	As at December 31, 2014 $	As at December 31, 2013 $
Cash	**81,426**	72,159
Cash equivalents	**46,502**	10,000
	127,928	82,159

As at December 31, 2014, cash equivalents are composed of four bank deposits totalling $18,500,000, bearing interest at a rate between 0.1000% and 0.1050% per annum and maturing between January 29, 2015 and March 23, 2015. The remaining portion of cash equivalents are composed of money market investment and can be redeemed at any time without penalties and bearing interest at 0.3500% and 0.4500% per annum.

As at December 31, 2013, cash equivalents were composed of two bank deposits of $5,000,000 each (totalling $10,000,000), maturing on March 24, 2014 and bearing interest at a rate of 0.1200% per annum.

Despite some bank deposits having an original investment period of over 90 days, they are deemed highly liquid cash equivalent items as they can be redeemed at any time without penalties.

8. Trade and other receivables

	As at December 31, 2014 $	As at December 31, 2013 $
Gold trade receivables	**517**	97
Other receivables	**20,953**	23,560
	21,470	23,657

Gold trade receivables relate to gold shipments not yet collected. They are non-interest bearing and are generally settled within 15 days after the day of the shipment. The trade receivables are neither past due nor impaired.

Other receivables include VAT receivables totalling $20,263,000 as of December 31, 2014 (December 31, 2013: $22,327,000). They are non-interest bearing and are generally settled within one to six months.

As at December 31, 2014, there was $9,650,000 of VAT receivables more than six months past due for which an allowance for doubtful account was not recorded (December 31, 2013: $9,846,000). In February 2015, the Corporation received $3,500,000 related to these VAT receivables.

The Corporation holds no collateral for any receivable amounts outstanding as at December 31, 2014 (December 31, 2013: nil).

9. Inventories

	As at December 31, 2014 $	As at December 31, 2013 $
Doré bars	**2,743**	–
Gold in circuit	**8,992**	10,326
Stockpiles	**7,799**	2,989
Supplies and spare parts	**40,195**	41,825
	59,729	55,140

The cost of inventory that was charged to expenses represents mostly mining operation expenses and essentially all of the depreciation of property, plant and equipment.

For the year ended December 31, 2014, a provision expense amounting to $901,000 and a write-off of $166,000 were recorded in relation to spare parts.

For the same period in 2013, a provision expense amounting to $1,953,000 was recorded, of which $1,160,000 was related to gold in circuit and $793,000 to spare parts.

There was no reversal of write-down in 2014 (2013: nil).

10. Advance receivable and intangible asset

On October 1, 2011, the Corporation entered into an agreement with the National Electricity Company Sonabel (''Sonabel''), in Burkina Faso, pursuant to which the Corporation agreed to advance $8,301,000 (4,500,000,000 FCFA) for the construction of a high-voltage transmission line to deliver power to the Mana Mine. This amount is reimbursable to the Corporation by Sonabel over an eight-year period following commissioning, which is currently scheduled for the first quarter of 2015.

The advance is non-interest bearing and is measured at amortized cost using the effective interest rate method, which has been determined using a weighted average discount rate of 7%. The intangible asset represents the difference between the amount paid to Sonabel and the advance receivable recorded at the date of transaction. This intangible asset represents the right to obtain future benefits from the future source of energy supply, and it will be amortized over the useful life of the mine once the transmission line will be in operation.

	Advance receivable $	Intangible asset $	Total $
As at January 1, 2013	–	–	–
Additions	2,812	1,288	4,100
Variation due to exchange rate and accretion expense	217	–	217
As at December 31, 2013	3,029	1,288	4,317
Additions	1,441	627	2,068
Variation due to exchange rate and accretion expense	(241)	–	(241)
As at December 31, 2014	**4,229**	**1,915**	**6,144**

As at December 31, 2014, the advance receivable amounted to $4,229,000 (2,292,441,000 FCFA) and the intangible asset amounted to $1,915,000 (964,918,000 FCFA). The undiscounted value of the advance receivable was $5,695,000 (3,087,477,000 FCFA).

As at December 31, 2013, the advance receivable amounted to $3,029,000 (1,442,127,000 FCFA) and the intangible asset amounted to $1,288,000 (649,276,000 FCFA). The undiscounted value of the advance receivable was $4,288,000 (2,041,944,000 FCFA).

11. Restricted Cash

As at December 31, 2014, the Corporation has recorded restricted cash representing funds held in a trust account related to the liability for asset retirement obligations for $2,536,000 (December 31, 2013: $2,136,000) and a letter of credit of $1,190,000 related to a special compensation arrangement made with the former President and Chief Executive Officer (December 31, 2013: $1,380,000).

12. Property, plant and equipment

	Property, acquisition costs, deferred exploration and development costs	Exploration and evaluation assets	Buildings and equipment related to mining production	Mining equipment	Rolling stock, communication and computer equipment	TOTAL
	$	$	$	$	$	$
Year ended December 31, 2014						
Opening net book amount	188,462	–	131,578	57,570	4,924	382,534
Additions	51,216	3,111	13,650	11,115	222	79,314
Depreciation charge	(43,379)	–	(18,106)	(16,541)	(1,434)	(79,460)
Closing net book amount	**196,299**	**3,111**	**127,122**	**52,144**	**3,712**	**382,388**
As at December 31, 2014						
Cost	348,610	3,111	193,655	99,118	10,802	655,296
Accumulated depreciation	(152,311)	–	(66,533)	(46,974)	(7,090)	(272,908)
Net book amount	**196,299**	**3,111**	**127,122**	**52,144**	**3,712**	**382,388**
Assets not subject to depreciation included in above[1]	2,066	3,111	9,187	3,765	168	18,297
Year ended December 31, 2013						
Opening net book amount	176,739	–	134,494	76,112	6,337	393,682
Additions	85,973	–	22,182	1,472	1,274	110,901
Reclassification of opening balance of assets classified as held for sale and related impairment	(36,924)	–	(14,879)	(6,920)	(732)	(59,455)
Depreciation charge	(37,326)	–	(10,219)	(13,094)	(1,955)	(62,594)
Closing net book amount	188,462	–	131,578	57,570	4,924	382,534
As at December 31, 2013						
Cost	297,394	–	184,303	94,832	12,285	588,814
Accumulated depreciation	(108,932)	–	(52,725)	(37,262)	(7,361)	(206,280)
Net book amount	188,462	–	131,578	57,570	4,924	382,534
Assets not subject to depreciation included in above[1]	5,176	–	14,651	97	11	19,935

a) Exploration and evaluation assets mainly comprise farm-in agreements and mining rights. Exploration and evaluation expenditures typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. The following table presents the evolution of the costs capitalized to exploration and evaluation assets:

	2014	2013
	$	$
Balance – beginning of year	**–**	–
Variation in exploration and evaluation asset related to the project:		
Banfora Gold Belt	**2,565**	–
Orbis[2]	**546**	–
Balance – end of year	**3,111**	–

[1] Assets not subject to depreciation include critical spare parts not yet installed of $4,588,000 (December 31, 2013: $5,613,000) as well as assets under construction, in transit or exploration and evaluation asset of $13,709,000 (December 31, 2013: $14,322,000).

[2] Please refer to note 13 for more details.

13. Proposed acquisition of Orbis Gold Limited

Orbis Transaction

On November 30, 2014, the Corporation lodged its bidder's statement with the Australian Securities and Investments Commission (ASIC), Orbis Gold Limited ("Orbis") and the Australian Securities Exchange (''ASX''). The bidder's statement relates to a takeover bid for 100% of Orbis at Australian dollar (''A'') $0.65 per share, payable in cash. This offer was subject to several conditions, including a minimum acceptance condition of 50.1%.

On February 11, 2015, Orbis and the Corporation jointly announced a revised takeover offer for Orbis ("Revised Offer"), under which Orbis shareholders were offered A$0.713 cash per Orbis share. All of the Orbis directors committed to accept the Revised Offer. In addition, shareholders representing in aggregate 62% of Orbis indicated an intention to accept the Revised Offer. This offer was subject to the same 50.1% minimum acceptance condition.

In connection with the proposed acquisition, the Corporation took control of Orbis as of February 16, 2015 with the acquisition of an aggregate of 62% of Orbis' outstanding shares. As of March 11, 2015, the Corporation holds or is entitled to 97.6% of Orbis' outstanding shares representing a purchase price of $134,864,000 (A$173,868,000) and has started the compulsory acquisition procedures for Orbis' remaining outstanding shares.

Credit facility

In relation to this proposed acquisition, the Corporation signed a senior secured Credit Facility (''Facility'') of up to $60,000,000 with a syndicate led by Sprott Resource Lending Partnership ("Lenders") on November 28, 2014. The Corporation has the option of using the Facility, in full or in part, for the payment of Orbis' outstanding shares in relation to the proposed acquisition as previously described. The Facility is non-revolving and bears interest at a rate equal to LIBOR plus 6.5% per annum.

The Facility is subject to a drawdown fee equal to 1% of the amount advanced under the Facility payable at the option of the Corporation as follows i) by cash ii) in common shares of the Corporation or iii) through detachable common share purchase warrants. The drawdown fee is due and payable within thirty days of the advance date.

The Facility includes covenants that require the Corporation to maintain aggregate cash and cash equivalents equal to or greater than $10,000,000 and aggregate accounts payable to be less than $60,000,000.

The Facility is secured by a pledge of SEMAFO (Barbados) Ltd shares.

In relation to the Facility, the Corporation incurred and capitalized $2,520,000 of financing fees of which $1,020,000 was paid in cash and $1,500,000 payable at the option of the Corporation as follows i) by cash payment ii) in common shares of the Corporation or iii) through detachable common share purchase warrants. The Corporation elected to settle the fees in common shares, of which $750,000 was already issued as at December 31, 2014. The remaining balance of $750,000 was issued on January 27, 2015 corresponding to the issuance of 239,722 common shares of the Corporation.

As at December 31, 2014, the Facility was not drawn and the Corporation does not expect to use it considering it has signed a new debt agreement on March 3, 2015[1].

Transaction costs

During the year ended December 31, 2014, an amount of $546,000 (December 31, 2013: nil) was capitalized under "Exploration and evaluation assets[2]". These fees relate to the acquisition of Orbis.

As at December 31, 2014, the Corporation is committed to pay a success fee of $776,000 (C$900,000) payable in cash to the financial advisor. As of March 11, 2015, the amount was paid.

[1] Please refer to note 31 for more details.
[2] Please refer to note 12 for more details.

14. Trade payables and accrued liabilities

	As at December 31, 2014 $	As at December 31, 2013 $
Trade payables	**27,184**	15,776
Royalty and withholding tax	**9,837**	5,584
Other accrued expenses	**12,509**	17,460
	49,530	38,820

All payables are unsecured, non-interest bearing, incurred in the normal course of the Corporation's business operations and are within the credit terms of each relevant supplier or service provider.

15. Provisions

	As at December 31, 2014 $	As at December 31, 2013 $
Current	**6,579**	5,359
Non-current	**6,917**	7,079
	13,496	12,438

	Asset retirement obligations $	Others $	Total $
As at January 1, 2013	10,375	4,700	15,075
Net additional provisions	1,011	4,000	5,011
Provisions classified in liabilities held for sale	(6,064)	–	(6,064)
Increase due to accretion expense	364	114	478
Decrease resulting from a change in estimate	(498)	–	(498)
Used during year	–	(1,564)	(1,564)
As at December 31, 2013	5,188	7,250	12,438
Additional provisions	346	1,585	1,931
Increase due to accretion expense	363	60	423
Used during year	–	(666)	(666)
Variation due to exchange rate	–	(630)	(630)
As at December 31, 2014	**5,897**	**7,599**	**13,496**

15. Provisions (continued)

Asset retirement obligations

The liability for asset retirement obligations as at December 31, 2014 was $5,897,000 (December 31, 2013: $5,188,000). The estimated undiscounted value of this liability was $10,608,000 (December 31, 2013: $9,878,000). These disbursements are expected to be made during the years 2015 to 2026.

During the year 2013, an asset retirement obligations study was conducted for a subsidiary in Burkina Faso was conducted. From the results of the study, a new estimate of the asset retirement obligation required less provision, which resulted in a net decrease of asset retirement obligation by $498,000. A gain of $2,491,000 was recorded as a reduction of depreciation expense and an increase of $1,993,000 of asset retirement obligations was recorded.

In the year ended December 31, 2014, an accretion expense component of $363,000 (2013: $364,000) was charged to operations in finance costs to reflect an increase in the carrying amount of the asset retirement obligation which was determined using a weighted average discount rate of 7% (2013: 7%).

Other

Other provisions include a special compensation arrangement of $1,592,000 (December 31, 2013: $2,225,000) made with the former President and Chief Executive Officer for which the undiscounted value of the special compensation arrangement was $1,677,000 (December 31, 2013: $2,429,000).The disbursements are expected to be made during the years 2015 to 2020.

Other provisions also include a tax provision of $4,363,000 (December 31, 2013: $4,000,000) related mainly to indirect taxes, a consequence of being no longer exempt from these taxes under the Corporation's mining agreement with the Government of Burkina Faso.

Provision for regulatory tax assessment

Other provisions also include a tax provision amounting to $1,644,000 (December 31, 2013: $1,025,000) related to the various contingencies with tax authorities described below.

a) At the beginning of the second quarter of 2014, the Corporation received from the Burkina Faso tax authorities a tax assessment for the years 2011 to 2013 of $12,200,000 plus an additional $7,200,000 in penalties. The assessment covers mainly VAT on exploration assets transferred from the exploration entity to the producing entity and VAT on interest expenses and management fees. Since the exploration entity is exonerated from VAT, the Corporation is vigorously defending its position and has filed a submission to the Burkinabe tax authorities.

b) A tax assessment was received from the Government of Burkina Faso in 2012, only penalties remain unsettled.

The inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position, and results of operations.

16. Share capital

The Corporation has authorized:

- Unlimited number of common shares without par value
- Unlimited number of Class "A" preferred shares, no par value, non-voting, non-participating and redeemable at the option of the holder at a price of $0.28 (C$0.32) per share
- Unlimited number of Class "B" preferred shares, no par value, non-voting, non-participating and redeemable at the option of the Corporation at a price of $0.10 (C$0.12) per share

Rights Plan
On March 15, 2011, the Board of Directors of the Corporation approved the adoption of a Shareholder Rights Plan ("Rights Plan") for which shareholders' approval was obtained at the Corporation's annual and special meeting of shareholders held on May 10, 2011. The purpose of the Rights Plan is to provide the shareholders and directors of the Corporation 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.

The Rights Plan has been accepted by the Toronto Stock Exchange and was effective as of March 15, 2011 (the "Effective Date"), although an extension was granted in 2014 until the closing of the Corporation's annual meeting in 2017. At the close of business on the Effective Date (as defined in the Rights Plan), one right (a "Right") was issued and attached to each of the Corporation's common shares that were outstanding at that time. A Right has also been attached to each common share issued after the Effective Date.

The Rights Plan is not triggered if an offer to acquire the Corporation's common shares is made through a "Permitted Bid", thereby allowing sufficient time for shareholders to consider and react to the offer. A "Permitted Bid" is a take-over bid made by way of a take-over bid circular that, among other things, remains open for a minimum of 60 days and requires the acceptance by more than 50% of the common shares held by independent shareholders. The Rights Plan will be triggered by an acquisition, other than pursuant to a Permitted Bid, of 20% or more of the Corporation's outstanding common shares or the commencement of a take-over bid that is not a Permitted Bid.

Dividend declared
On May 13, 2013, the Board of Directors approved a cash dividend of C$0.02 per common share, paid on July 15, 2013 to shareholders of record at the close of business on June 30, 2013.

No dividend was declared for the year ended December 31, 2014.

Capital risk management
Capital is defined as equity shareholders.

	As at December 31, 2014	As at December 31, 2013
Equity Shareholders[1]	**503,682**	492,179

The Corporation's capital risk management objectives are as follows:

a) Safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders to maintain an optimal capital structure to enhance shareholder value in the long-term;
b) Ensure sufficient capital in order to meet short-term business requirements and pursue the development of its mining projects and operations;
c) Maintain an optimal capital structure and reduce the cost of capital; and
d) Ensure sufficient capital for business development.

As a growing business, the Corporation requires extensive capital. The Corporation raises capital, as necessary, to meet its needs and take advantage of opportunities and, therefore, does not have a defined numeric target for its capital structure.

[1] Refer to the consolidated statement of changes in equity.

17. Financial Instruments

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of income (loss) or in the consolidated statement of comprehensive income (loss). These categories are: loans and receivables and financial liabilities at amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories as at December 31, 2014 and December 31, 2013.

	As at December 31, 2014 $	As at December 31, 2013 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	**127,928**	82,159
Restricted cash	**3,726**	3,516
Gold trade receivables	**517**	97
Advance receivable	**4,229**	3,029
Other receivables (excluding VAT)	**690**	1,233
	137,090	90,034
Financial liabilities		
Amortized cost		
Trade payables and other financial liabilities	**40,057**	34,354

Financial risk factors

The Corporation's activities are exposed to financial risks: market risks, credit risk and liquidity risk.

a) Market risks

i. Fair value

The Corporation considers that the carrying amount of all its financial liabilities at amortized cost in its consolidated financial statements approximates their fair value. Current financial assets and liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and cash equivalents, gold trade receivables, other receivables (excluding VAT) and trade payables and other financial liabilities. The fair value of the advance receivable is estimated by discounting the future cash flows. The fair value of restricted cash approximates its carrying amount.

The fair value hierarchy under which the Corporation's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly
- Level 3 includes inputs for the asset or liability that are not based on observable market data

The Corporation's finance department is responsible for performing the valuation of financial instruments, including Level 3 fair values. The valuation process and results are reviewed and approved by management every quarter, in line with the Corporation's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Corporation's consolidated financial statements. On the basis of its analysis of the nature, characteristics and risks of equity securities, the Corporation has determined that presenting them by industry and type of investment is appropriate.

The advance receivable is classified as a Level 3 financial instrument according to the Corporation's fair value hierarchy. The valuation technique used is the income approach (discounted future cash flows) with an effective interest rate of 7% over an eight-year period. The fair value as at December 31, 2014 was $4,229,000 (December 31, 2013: $3,029,000) and was not significantly different from its carrying value.

17. Financial Instruments (continued)

Financial risk factors (continued)

a) Market risks (continued)

i. Fair value (continued)

The investment in GoviEx Uranium Inc. ("GoviEx"), a publicly traded mineral resources company focused on the exploration and development of uranium properties in Niger, is included in investment. Its fair value is a recurring measurement.

During the second quarter of 2014, GoviEx closed its Initial Public Offering ("IPO") on the Canadian Securities Exchange ("CSE"). Prior to the IPO completion, GoviEx amended its articles of continuance so as (i) to reclassify each outstanding original common share as a Class B Common Share and (ii) to create a new class of common shares, being the Class A Common Shares. This reorganization was implemented so as to lock up the original common Shares held by the existing shareholders of GoviEx, including the Corporation. The lock-up arrangements were implemented by reclassifying all outstanding common shares as Class B Common Shares, which cannot be transferred except with the consent of GoviEx's directors or in the event of a take-over bid. Conversely, the Class A Common Shares are (subject to applicable law) freely-trading and may be listed on a stock exchange. Upon completion of the IPO and consequently the listing of the Class A Common Shares on a stock exchange, all Class B Common Shares were to be automatically converted to Class A Common Shares 18 months after the closing of the IPO.

On November 21, 2014, GoviEx's board of directors exercised its right to terminate the lock-up structure for all common shares currently subject to contractual lock-up agreements including Class B common shares owned by the Corporation. Following the termination of the lock-up structure, the Corporation reassessed the fair value hierarchy of the GoviEx investment considering it was fully available for trading on the CSE. As defined in the Corporation's policies, Level 1 financial instruments are those investments for which the quoted price is observable in active markets. The Corporation assessed the level of trading activities of the GoviEx shares on the CSE from the date of the IPO through December 31, 2014. Considering that transactions on GoviEx's common shares occurred only on an infrequent basis and for insignificant volumes combined with a consistently large spread between the bid and ask prices during the period analysed, the Corporation concluded that GoviEx's common shares were not quoted in an active market as defined under IFRS 13.

Therefore, the Corporation concluded that as at December 31, 2014 the GoviEx investment remains classified as a Level 3 financial instrument according to its fair value hierarchy.

In accordance with the Corporation's policy and its valuation techniques using the last bid price observed on the CSE as the starting point and combined with qualitative factors, the Corporation estimates the fair value of this available-for-sale investment to be nil.

During 2013, the Corporation recorded an impairment of $19,600,000 in the consolidated statement of income (loss). The tax impact of this impairment is $2,600,000 with no net impact in the consolidated statement of income (loss). Any impairment of available-for-sale equities is permanent and cannot be reversed in the consolidated statement of income (loss). As at December 31, 2014, and as at December 31, 2013, the fair value of the investment in GoviEx was nil.

There were no transfers between Level 1, Level 2 and Level 3 during the years ended December 31, 2014 and 2013.

ii. Interest rate risk

The Corporation's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing.

The Corporation's advance receivable is non-interest bearing and therefore bears no interest rate risk.

iii. Foreign exchange risk

The operations of the Corporation in Burkina Faso are subject to currency fluctuations and such fluctuations may materially affect the financial position and results of the Corporation. Gold is currently sold in US dollars. Although the majority of the costs of the Corporation are also in US dollars, certain costs are incurred in other currencies. The appreciation of non-US dollar currencies against the US dollar can increase the cost of exploration and production in US dollar terms. The Corporation does not use derivatives to mitigate its exposure to foreign currency risk.

17. Financial Instruments (continued)

Financial risk factors (continued)

a) Market risks (continued)

iii. Foreign exchange risk (continued)

The Corporation's consolidated statement of financial position contains balances of cash and cash equivalents, restricted cash, gold trade receivables and other receivables, advance receivable, trade payables and other financial liabilities payable in currencies other than its functional currency. Accordingly, the Corporation is exposed to foreign exchange risk.

The balances in currencies are as follows as at December 31, 2014 and 2013:

	2014		2013	
	CAD	EUR	CAD	EUR
Cash and cash equivalents	3,925	53,245	3,736	30,707
Restricted cash	1,545	1,989	1,617	1,449
Gold trade receivables and other receivables	8	438	129	614
Advance receivable	–	3,495	–	2,198
Trade payables and other financial liabilities	(4,698)	(22,129)	(3,725)	(12,009)
	780	37,038	1,757	22,959
USD equivalents	673	44,819	1,651	31,634

The FCFA currency is fixed against the Euro currency. The balance in Euro currency includes the balance in FCFA as the foreign exchange risk of both currencies is managed simultaneously.

Assuming that all other variables are constant, a 10% weakening or strengthening of the Canadian dollar exchange rate would generate an impact of $61,000 on net income for the year ended December 31, 2014 (2013: $150,000). A weakening of 10% in the Euro exchange rate would generate a decrease of $4,074,000 on the net income for the year ended December 31, 2014 (2013: $2,876,000). A strengthening of 10% in the Euro exchange rate would generate an increase of $4,980,000 on the net income for the year ended December 31, 2014 (2013: $3,515,000).

iv. Equity price risk

The Corporation is exposed to equity price risk for its investment classified as available-for-sale financial asset. Equity price risk is the risk that the fair value of a financial instrument varies due to equity market changes. The Corporation's quoted equity investment in GoviEx is exposed to equity price risk when its fair value is determined through active markets. As at December 31, 2014 and December 31, 2013, the fair value of the investment in GoviEx was estimated at nil and therefore the Corporation is not exposed to equity price risk in the current condition of the project.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents, restricted cash and gold trade receivables and other receivables. The Corporation offsets these risks by depositing its cash and cash equivalents, including restricted cash, with Canadian and international financial institutions with credit rating between AA- and BBB, and with banks in Africa, which have no credit rating. The Corporation only performs transactions with two highly rated counterparties for the sale of gold. The Corporation has receivables from the government in Burkina Faso and receivables from sales agents. With regards to advances receivables and other receivables, a credit analysis is performed on the suppliers assuring the risk to the Corporation as being minimal.

17. Financial Instruments (continued)

Financial risk factors (continued)

c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities as at December 31, 2014:

	Between 0 and 6 months $	Between 7 and 12 months $	Over 12 months $
Trade payables and other financial liabilities	38,077	698	1,282

The Corporation's growth is financed through a combination of cash on hand, cash flows from operations, the issuance of equity and a credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of assets and liabilities, as well as cash flows.

Surplus cash held over and above balance required for working capital management and other expected needs are invested in interest bearing current accounts, bank deposits and money market investments. As at December 31, 2014, the Corporation held cash comprising cash on hand and demand deposits amounting to $81,426,000 (2013: $72,159,000); and cash equivalents that are composed of bank deposits and money market investments of $46,502,000 (2013: $10,000,000).

18. Income taxes

a) Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at December 31, 2014 $	As at December 31, 2013 $
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	–	66
Deferred tax asset to be recovered within 12 months	–	–
	–	66
Deferred tax liabilities		
Deferred tax liability to be reversed after more than 12 months	**(16,807)**	(1,004)
Deferred tax liability to be reversed within 12 months	**(1,959)**	(124)
	(18,766)	(1,128)
Net deferred tax liabilities	**(18,766)**	(1,062)

18. Income taxes (continued)

a) Deferred income tax (continued)

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Property, plant and equipment $	Share issued expense $	Operating losses carried forward $	Unrealized foreign exchange losses $	Intangible assets $	Reserve $	Donations $	Total $
As at January 1, 2013	8,308	–	2,656	293	–	–	–	11,257
Credited to consolidated statement of income (loss)	(8,184)	–	(2,656)	(293)	–	–	–	(11,133)
Exchange differences	(58)	–	–	–	–	–	–	(58)
As at December 31, 2013	**66**	**–**	**–**	**–**	**–**	**–**	**–**	**66**
Charged (credited) to consolidated statement of income (loss)	(66)	–	–	291	–	–	–	225
Exchange differences	–	–	–	20	–	–	–	20
As at December 31, 2014	**–**	**–**	**–**	**311**	**–**	**–**	**–**	**311**

The movement in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Inventories $	Property, plant and equipment $	Investments $	Unrealized foreign exchange losses $	Debt $	Reserve $	Investments in subsidiaries $	Total $
As at January 1, 2013	(553)	(150)	(2,506)	(3,219)	–	(1,695)	(489)	(8,612)
Charged (credited) to consolidated statement of income (loss)	445	(613)	2,506	2,936	–	1,678	369	7,321
Charged (credited) to other comprehensive income (loss)	–	–	–	–	–	–	–	–
Exchange differences	(10)	93	–	70	–	10	–	163
As at December 31, 2013	**(118)**	**(670)**	**–**	**(213)**	**–**	**(7)**	**(120)**	**(1,128)**
Charged (credited) to consolidated statement of income (loss)	(1,126)	(15,248)	–	213	–	(90)	(354)	(16,605)
Credited to other comprehensive income (loss)	–	–	–	–	–	–	–	–
Exchange differences	(135)	(1,200)	–	–	–	(9)	–	(1,344)
As at December 31, 2014	**(1,379)**	**(17,118)**	**–**	**–**	**–**	**(106)**	**(474)**	**(19,077)**

The net operating losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to $66,153,000 as at December 31, 2014 (2013: $71,804,000). Of these amounts, $9,685,000 (2013: $9,675,000) had no expiration date as at December 31, 2014 and $55,924,000 (2013: $62,129,000) in respect of losses and donations that can be carried forward against future taxable income will expire between 2027 and 2032.

In addition, the Corporation has $31,106,000 (2013: $33,929,000) of net capital losses carried forward for which deferred tax assets have not been recognized. Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains.

Deferred income tax liabilities of $21,082,000 (2013: $19,453,000) have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled $337,332,000 as at December 31, 2014 (2013: $311,250,000).

18. Income taxes (continued)

b) Income tax expense (continued)

	2014 $	2013 $
Current tax		
Current tax on profits for the year	**2,379**	4,826
Adjustments in respect of prior years	**(997)**	71
Total current tax	**1,382**	4,897
Deferred tax		
Additions and reversals of temporary differences	**19,028**	918
Adjustments in respect of prior years	**–**	(106)
Total deferred tax	**19,028**	812
Income tax expense	**20,410**	5,709

The tax on the Corporation's income before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2014 $	2013 $
Income before income taxes	**39,805**	6
Canadian combined tax rate	**26.90%**	26.90%
Tax calculated at Canadian combined tax rate	**10,708**	2
Tax effects of:		
Difference in tax rate of foreign subsidiaries	**(4,141)**	(2,271)
Unrecorded tax benefits	**957**	3,306
Expenses not deductible for tax purposes	**1,417**	(312)
Non-deductible capital losses	**719**	2,757
Adjustments in respect of prior years	**(782)**	1,328
Foreign exchange loss not materialized	**–**	72
Effect of currency translation on tax base	**10,099**	(2,588)
Other tax paid included in income tax expense	**1,446**	3,111
Other	**(13)**	304
Income tax expense	**20,410**	**5,709**

19. Mining operation expenses

	2014 $	2013 $
Production costs	**136,892**	114,595
Government royalties	**12,413**	10,798
	149,305	125,393

20. General and administrative

	2014 $	2013 $
Corporate expenses	**14,024**	15,420
Sites – Administrative	**3,408**	4,159
	17,432	19,579

21. Share-based compensation

	2014 $	2013 $
Options plans (a)	**580**	1,230
Restricted Share Unit plan (b)	**2,652**	2,054
	3,232	3,284

a) Options

The Corporation has two share option plans for its employees, directors, officers and consultants and those of its subsidiaries; the Share Option Plan (the "Original Plan") and the 2010 Share Option Plan (the "2010 Plan").

The Corporation's shareholders adopted the 2010 Plan at the 2010 Annual General and Special Meeting of the Shareholders. The 2010 Plan is similar to the Original Plan, but provides, among other things, for a 5-year option term instead of the 10-year option term provided under the Original Plan. Since the adoption by the Corporation's shareholders of the 2010 Plan, no further option has been granted nor will be granted under the Original Plan.

The Original Plan provides for the grant of non-transferable options for the purchase of common shares. The Corporation's Board of Directors has the authority to select those employees, officers, consultants and directors to whom options will be granted; to determine the terms, limits, restrictions and conditions of the grants of options; to interpret the Original Plan; and to make all decisions relating thereto, except for amendments that require shareholders' approval. The option price shall not be lower than the closing price of the Corporation's common shares on the Toronto Stock Exchange on the last trading day before the day on which the option is granted.

The number of options that may be issued to a person pursuant to the Original Plan cannot exceed, at all times, 5% of the issued and outstanding shares.

21. Share-based compensation (continued)

a) Options (continued)

The option price is payable in full at the time the option is exercised. The options may be exercised during the option period determined by the Board of Directors, which may vary, but will not exceed ten years from the date of grant.

A total of 247,000 new options were issued to independent directors of the Corporation during the year ended December 31, 2014 (2013: 339,000). The fair market value of the options granted during the year ended December 31, 2014, totalled $452,000 (2013: $498,000). All 247,000 new options vested immediately.

The share-based compensation cost was calculated according to the fair value of options issued based on the Black-Scholes valuation model using the following weighted average assumptions:

	2014	2013
Share price at the grant date	**$3.71**	$3.15
Expected dividend per share	**0.00%**	1.27%
Forecasted volatility	**65%**	60%
Risk-free interest rate	**1.34%**	1.35%
Expected life	**5 years**	5 years
Fair-value – weighted average of options issued	**$1.83**	$1.47

Forecasted volatility has been determined using historical volatility.

For the year ended December 31, 2014, the total expense for the share-based compensation related to share option plans was $580,000 (2013: $1,230,000) and was credited to contributed surplus.

A total of 2,941,000 options were exercised during the year ended December 31, 2014, under the Share Option Plan ("Original Plan") for a cash consideration of $5,700,000. An amount of $2,378,000 has been reclassified from contributed surplus to share capital. For the same period in 2013, a total of 1,315,000 options were exercised under the Original Plan for a cash consideration of $2,079,000. An amount of $775,000 has been reclassified from contributed surplus to share capital.

The following table details the options granted to employees, directors, officers and consultants under the plans:

	2014			2013		
(in thousands, except weighted average exercise price)	Number of options (in thousands)	Weighted average exercise price $		Number of options (in thousands)	Weighted average exercise price $	
Balance – beginning of year	**8,107**	**2.78**	**(C$2.96)**	9,158	2.78	(C$2.77)
Forfeited	**(54)**	**5.06**	**(C$5.88)**	(75)	3.58	(C$3.81)
Exercised	**(2,941)**	**1.94**	**(C$2.25)**	(1,315)	1.58	(C$1.68)
Issued	**247**	**3.20**	**(C$3.71)**	339	2.96	(C$3.15)
Balance – end of year	**5,359**	**2.95**	**(C$3.42)**	8,107	2.78	(C$2.96)
Options exercisable – end of year	**5,321**	**2.95**	**(C$3.42)**	7,638	2.67	(C$2.84)

21. Share-based compensation (continued)

a) Options (continued)

The following table sets forth the range of exercise prices for the options under the plans:

(in thousands, except weighted average exercise price/option and average residual life span)	Options outstanding				Options exercisable		
Range of exercise prices	Options outstanding (in thousands)	Average residual life span (in years)	Weighted average exercise $ price/options		Options exercisable (in thousands)	Weighted average exercise $ price/options	
$0.86 (C$1.00) to $1.21 (C$1.40)	988	3.21	1.14	(C$1.33)	988	1.14	(C$1.33)
$1.74 (C$2.02) to $2.46 (C$2.85)	1,392	3.86	1.84	(C$2.14)	1,392	1.84	(C$2.14)
$2.63 (C$3.05) to $3.40 (C$3.95)	1,050	3.96	3.09	(C$3.58)	1,018	3.10	(C$3.60)
$4.05 (C$4.70) to $4.50 (C$5.22)	1,628	5.03	4.11	(C$4.76)	1,628	4.11	(C$4.76)
$6.42 (C$7.45) to $9.20 (C$10.67)	301	1.41	7.23	(C$8.38)	295	7.23	(C$8.39)
	5,359	3.98	2.95	(C$3.42)	5,321	2.95	(C$3.42)

b) Restricted Share Units ("RSUs")

Under the Corporation's Restricted Share Unit Plan ("Unit Plan"), RSUs can be granted to employees, directors, officers and consultants as part of their long-term compensation package, entitling them to receive payout in cash if the participants remain at the employment of the Corporation at the end of the vesting period. Pursuant to the Unit Plan, the RSUs granted are scheduled for payout after three years provided that the applicable vesting conditions are met at the end of the performance cycle. The value of the payout is determined by multiplying the number of RSUs vested at the end of the performance cycle by the average closing price of the Corporation's shares in the last five trading days prior to the end of said performance cycle.

The following table provides the activity for all RSUs for the periods ended December 31, 2014 and 2013:

	Number of RSUs
Outstanding as of January 1, 2013	1,285,000
2013 plan	1,871,000
Forfeited	(174,000)
Outstanding as of December 31, 2013	2,982,000
Outstanding as of January 1, 2014	2,982,000
2014 plan	1,814,000
Vested and paid	(501,000)
Forfeited	(324,000)
Outstanding as of December 31, 2014	**3,971,000**

21. Share-based compensation (continued)

b) Restricted Share Units ("RSUs")

The following table details the break-down of the Unit Plan expense:

	2014 $	2013 $
Expense related to RSUs outstanding	**4,187**	5,506
Credit related to change in the fair value of the share price	**(1,535)**	(3,452)
	2,652	2,054

The following table details the restricted share unit liabilities:

	As at December 31, 2014 $	As at December 31, 2013 $
Current	**1,938**	1,302
Non-current	**3,967**	2,995
	5,905	4,297

A total of 794,000 RSUs are vested as at December 31, 2014 and will be settled for a cash consideration of $1,938,000 (2013: 1,302,000) payable during January 2015.

22. Finance costs

	2014 $	2013 $
Accretion expense of asset retirement obligations	**363**	364
Other	**1,283**	874
	1,646	1,238

23. Non-controlling interests

	2014 $	2013 $
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	**3,583**	3,524
Government of Niger – 20% in Société des Mines du Liptako (SML) S.A.[1]	**–**	3,385
Government of Guinea – 15% in SEMAFO Guinée S.A.[2]	**9,691**	(5,652)
	13,274	1,257

[1] SML was disposed of on December 2, 2013. Please refer to note 30 for more details.
[2] SEMAFO Guinée S.A. was disposed of on May 22, 2014. Please refer to note 30 for more details.

24. Earnings (loss) per share

(In thousands of dollars, except per share)	2014 $	2013 $
Net income (loss) from continuing operations attributable to the equity shareholders	**15,812**	(9,227)
Net loss from discontinued operations attributable to the equity shareholders	**(11,339)**	(75,995)
Net income (loss) for the period attributable to the equity shareholders	**4,473**	(85,222)
Average weighted number of outstanding common shares – basic	**276,452**	273,427
Dilutive effect of options[1]	**1,439**	–
Weighted average number of outstanding common shares – diluted	**277,891**	273,427
Basic earnings (loss) per share from continuing operations	**0.06**	(0.03)
Basic loss per share from discontinued operations	**(0.04)**	(0.28)
Basic earnings (loss) per share	**0.02**	(0.31)
Diluted earnings (loss) per share from continuing operations	**0.06**	(0.03)
Diluted loss per share from discontinued operations	**(0.04)**	(0.28)
Diluted earnings (loss) per share	**0.02**	(0.31)

25. Financial commitments

Purchase Obligations

As at December 31, 2014, purchase commitments totalled $2,595,000. In addition, on October 1, 2011, the Corporation entered into an agreement with Sonabel, in Burkina Faso, pursuant to which the Corporation will advance funds for the construction of a high-voltage transmission line. As at December 31, 2014, the Corporation is committed to advance a remaining amount of $2,606,000 (1,413,000,000 FCFA) to Sonabel with respect to this project.

Government Royalties and Development Taxes

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 to all shipments with a gold spot price greater than $1,300 per ounce. In 2014, the Corporation was subject to a royalty rate of 4% and 5%, which was calculated using the retail market value of gold ounces sold at the time of shipment. For the year ended December 31, 2014, government royalties amounting to $12,413,000 (2013: $10,798,000) were paid to the Government of Burkina Faso.

[1] When the Corporation has a net loss from continuing operations attributable to the equity shareholders, diluted loss per share was calculated from the basic weighted average number of outstanding common shares because the effect of options is anti-dilutive.

26. Financial information included in the consolidated statement of cash flows

a) Changes in non-cash working capital items

	2014 $	2013 $
Trade and other receivables	**2,187**	5,973
Income tax receivable	**(2,888)**	(9,198)
Inventories	**(1,933)**	924
Other current assets	**574**	871
Trade payables and accrued liabilities	**4,040**	(8,133)
Restricted share unit liabilities	**(1,284)**	–
Provisions	**1,159**	2,679
Income tax payable	**(715)**	(7,561)
	1,140	(14,445)

b) Supplemental information on non-cash items

	2014 $	2013 $
Depreciation of property, plant and equipment allocated to exploration and development costs	**4,609**	8,962
Net effect of depreciation of property, plant and equipment allocated to inventories	**2,656**	1,907
New asset retirement obligations allocated to property, plant and equipment	**346**	513
Net book amount of written-off assets (cost of $12,832,000 for the year ended December 31, 2014)	**1,113**	1,539
Unpaid property, plant and equipment	**5,768**	4,937

27. Subsidiary and transactions with non-controlling interests

Set out below is the Corporation's summarized financial information for its subsidiary, SEMAFO Burkina Faso S.A., that has material non-controlling interest. The amounts disclosed for the subsidiary are based on those included in the consolidated financial statements before inter-company eliminations.

Summarized statement of financial position for SEMAFO Burkina Faso S.A.

	As at December 31, 2014 $	As at December 31, 2013 $
Non-controlling interest percentage	**10%**	10%
Current assets	**141,160**	111,380
Current liabilities	**69,511**	48,925
	71,649	62,455
Non-current assets	**343,943**	352,958
Non-current liabilities	**29,632**	61,180
	314,311	291,778
Net assets	**385,960**	354,233

Summarized statement of income for SEMAFO Burkina Faso S.A.

	2014 $	2013 $
Revenue	**289,349**	226,618
Net income and comprehensive income	**35,833**	35,240
Net income attributable to non-controlling interest	**3,583**	3,524
Dividends paid to non-controlling interest	**–**	897

The accumulated non-controlling interest in SEMAFO Burkina Faso S.A. was $26,923,000 as at December 31, 2014 (2013: $23,340,000).

Summarized cash flows for SEMAFO Burkina Faso S.A.

	2014 $	2013 $
Cash flows from operating activities	**137,688**	80,941
Cash flows from financing activities	**(50,845)**	(106,756)
Cash flows from investing activities	**(56,494)**	19,192

28. Related Party transactions

Key management includes directors, executive officers and management team. The remuneration of key management personnel was as follows:

	2014 $	2013 $
Short-term employee benefits	**3,785**	3,818
Share-based compensation	**2,162**	2,394
	5,947	6,212

The Corporation has a termination and change of control benefits agreement with the President and Chief Executive Officer and with the Chief Financial Officer. Had any of these individuals been terminated on December 31, 2014, the President and Chief Executive Officer would have received approximately $2,276,000 (2013: 2,894,000) and the Chief Financial Officer approximately $923,000 (2013: 742,000).

29. Segmented information

The Corporation is conducting exploration and production activities in Burkina Faso. This site is managed separately given its different location and laws. The business segments presented reflect the management structure of the Corporation and the way in which the Corporation's chief operating decision maker reviews business performance. The composition of the reportable segments has been modified in 2013 to reflect the discontinued operations. During the second quarter of 2014, the Corporation modified the reportable segments in order to add a new segment, "Other exploration", which represents the exploration activities outside of Mana properties. The Corporation evaluates the performance of its operating segments primarily based on segment operating income, as defined below.

				2014
	Mana, Burkina Faso $	Other exploration $	Corporate and other $	Total $
Revenue – Gold sales	289,349	–	–	289,349
Mining operating expenses	149,305	–	–	149,305
Depreciation of property, plant and equipment	71,437	–	758	72,195
General and administrative	3,408	–	14,024	17,432
Corporate social responsibility expenses	826	–	–	826
Share-based compensation	–	–	3,232	3,232
Operating income (loss)	**64,373**	**–**	**(18,014)**	**46,359**
Property, plant and equipment	377,030	3,111	2,247	382,388
Total assets	539,469	3,341	75,492	618,302

				2013
	Mana, Burkina Faso $	Other exploration $	Corporate and other $	Total $
Revenue – Gold sales	226,618	–	–	226,618
Mining operating expenses	125,393	–	–	125,393
Depreciation of property, plant and equipment	57,423	–	687	58,110
General and administrative	4,159	–	15,420	19,579
Corporate social responsibility expenses	1,310	–	–	1,310
Share-based compensation	–	–	3,284	3,284
Operating income (loss)	**38,333**	**–**	**(19,391)**	**18,942**
Property, plant and equipment	379,668	–	2,866	382,534
Total assets[1]	506,043	–	57,363	563,406

[1] In 2013, total assets related to assets held for sale amounted to $4,140,000.

30. Discontinued operations

Sale of the interest in the Kiniero Mine
On May 22, 2014, the Corporation sold its 85% interest in SEMAFO Guinée S.A., owner of the Kiniero Mine, to New Dawn Mining, a private company.

On closing of the transaction, the Corporation retained from New Dawn Mining a 1% to 1.5% sliding-scale net smelter return ("NSR") royalty on gold produced from the Kiniero plant. The NSR of 1% is payable only if the spot price of gold is at or between $1,325 and $1,500. If the spot price is at or greater than $1,500, the NSR payable will be 1.5% and the NSR is capped at $6 million. New Dawn Mining assumes responsibility for all environmental remediation, pending and potential litigation in addition to all liabilities. There was no cash consideration received with respect to this transaction.

During the year ended December 31, 2014, the Corporation recognized a gain on disposal of $962,000 that resulted from the calculation of consideration received less cost to sell in the transaction exceeding the carrying value of its interest in the Kiniero Mine net liabilities measured as at May 22, 2014. As a result of the sales transaction, the Corporation reversed the negative non-controlling interest of $9,691,000, a non-cash item. The NSR has been valued at a nominal amount in the calculation of the fair value of the consideration received as it is considered a form of retained interest in the Kiniero Mine. As a result of this sale, the Corporation ceased to have control over the Kiniero Mine and does not consolidate the entity anymore. The results of operations of the Kiniero Mine prior to the sale are classified as discontinued operations.

The gain on disposal of the Kiniero Mine was calculated as follows:

	As at May 22, 2014 $
Fair value of consideration received	–
Less: cost to sell	(449)
Fair value of consideration received less cost to sell	**(449)**
Less carrying value:	
Cash and cash equivalents	10
Inventories	1,159
Property, plant and equipment	545
Trade payables and accrued liabilities	(1,019)
Provisions	(2,106)
Net liabilities	**(1,411)**
Gain on disposal of the Kiniero Mine	**962**

30. Discontinued operations (continued)

The analysis of the results of discontinued operations of the Kiniero Mine for the year ended December 31, 2014, is as follows:

	2014 $
Revenue – Gold sales	2,236
Mining operation expenses	1,880
Other	972
Loss on remeasurement	1,994
Net loss from discontinued operations before income taxes and gain on disposal	(2,610)
Gain on disposal of discontinued operations (net of tax of nil)	962
Net loss for the year from discontinued operations	(1,648)
Attributable to:	
Equity shareholders	(11,339)
Non-controlling interest	9,691

Sale of the interest in the Samira Hill Mine
On December 2, 2013, the Corporation sold its 80% interest in the Samira Hill Mine in Niger as well as related exploration permits in Niger to Société de Patrimoine des Mines du Niger S.A. (SOPAMIN).

On closing of the transaction, the Corporation received a cash payment of $1.25 million and retained a NSR royalty of 1.2% on all gold production from the Samira Hill plant payable by SOPAMIN to the Corporation. The NSR is payable only if the spot price of gold is at or greater than $1,250 per ounce, and is capped at $12 million.

As a result of this sale, the Corporation ceased to have control over the Samira Hill Mine and does not consolidate the entity anymore. The results of operations of the Samira Hill Mine prior to the sale are classified as discontinued operations.

30. Discontinued operations (continued)

The analysis of the results of discontinued operations of the Samira Hill Mine and the Kiniero Mine for the year ended December 31, 2013, is as follows:

			2013
	Samira Hill, Niger $	Kiniero, Guinea $	Total $
Revenue – Gold sales	50,798	26,159	**76,957**
Mining operation expenses	36,260	16,428	**52,688**
Depreciation of property, plant and equipment	7,440	4,937	**12,377**
Impairment	49,796	32,830	**82,626**
Other	4,981	2,373	**7,354**
Net loss from discontinued operations before income taxes and gain on disposal	(47,679)	(30,409)	**(78,088)**
Gain on disposal of discontinued operations (net of tax of nil)	(2,826)	–	**(2,826)**
Income tax expense	3,000	–	**3,000**
Net loss for the year from discontinued operations	(47,853)	(30,409)	**(78,262)**
Attributable to:			
Equity shareholders	(51,238)	(24,757)	**(75,995)**
Non-controlling interest	3,385	(5,652)	**(2,267)**

Impairment

During the year ended December 31, 2013, impairment charges totalled $82,626,000 related to the Samira Hill and Kiniero mines as a result of significant declines in gold prices and following the decision to wind down operations to a care and maintenance status at the Samira Hill Mine and Kiniero Mine in 2013. In addition, the carrying amount of the Corporation's net assets exceeded its market capitalization, which was an indicator of potential impairment of the carrying amount of its cash generating units.

At the Samira Hill and Kiniero mines, the result of the impairment test as at June 30, 2013, suggested that the recoverable amount calculated using the fair value less cost to sell was lower than the carrying amount of the CGUs. In order to determine the fair value, the Corporation used the discounted future cash flow method and the non-recurring fair value measurement was categorized within Level 3.

The post-tax discount rate used in the calculation of fair value less cost to sell was 8.5%, the price of gold used was $1,200 per ounce, the cost to sell used was estimated at 2% of the discounted cash flow, the cash flow period used was approximately 5 years for the Samira Hill Mine and 9 years for the Kiniero Mine and the proven and probable reserve used was as at June 30, 2013.

The impairment charges of $82,626,000 comprised an amount of $50,726,000 for property, plant and equipment, $31,085,000 mainly for spare parts as well as stockpiles and $815,000 for other receivables. Of the $82,626,000 impairment charges, $49,796,000 was recorded within the Samira Hill segment and $32,830,000 was recorded within the Kiniero segment, both in the consolidated statement of income (loss).

31. Events after the reporting period

Orbis Acquisition

In connection with the proposed acquisition[1], the Corporation took control of Orbis as of February 16, 2015 with the acquisition of 62% of Orbis' outstanding shares. As of March 11, 2015, the Corporation holds or is entitled to 97.6% of Orbis' outstanding shares representing a purchase price of $134,864,000 (A$173,868,000) and has started the compulsory acquisition procedures for Orbis' remaining outstanding shares.

As of March 11, 2015, this transaction will trigger additional disbursements of approximately $14,810,000 including, among others, transaction costs incurred by the Corporation and Orbis' liabilities assumed by the Corporation.

Bought deal private placement

On February 11, 2015, the Corporation announced that a syndicate of Underwriters has agreed to purchase, on a "bought deal" private placement basis, 13,600,000 common shares of the Corporation at $2.97 (C$3.70) per common share for aggregate gross proceeds of $40,412,000 (C$50,320,000). The Underwriters elected to exercise the over-allotment option to purchase up to an additional 2,040,000 common shares at the same price for total gross proceeds of up to $46,474,000 (C$57,868,000). Share issue expenses related to this private offering totalled approximately $2,600,000. On March 4, 2015, all 15,640,000 common shares were issued.

Long-term Debt

On March 3, 2015, the Corporation entered into a credit agreement (''long-term debt'') amounting to $90,000,000 with Macquarie Bank Limited ("Lender"). The Corporation has used the proceeds of the debt to fund the acquisition of Orbis as previously described. The long-term debt is repayable in three equal annual installments starting March 3, 2016 and bears interest at a rate equal to LIBOR plus 6.5% per annum.

In consideration for the funding of the long-term debt, the Corporation agreed to pay the lender an amount of $2,250,000 of financing fees payable at the option of the Corporation i) in cash or ii) by $900,000 in cash and $1,350,000 in common shares of the Corporation. The Corporation elected to settle the fees with the second option which is in cash and in common shares. As at March 11, 2015, $900,000 financing fees were paid and 457,644 common shares were issued.

The long-term debt includes covenants that require the Corporation to maintain a current ratio of greater than 1.2:1 and to maintain a ratio of net debt to trailing two quarter EBITDA[2] of less than 5:1.

The long-term debt is secured by a pledge of SEMAFO (Barbados) Ltd shares.

[1] Please refer to note 13 for more details.
[2] Earnings before interest, taxes, depreciation and amortization.