SEMAFO Inc.

Condensed Interim Consolidated Financial Statements (unaudited)

June 30, 2016

Table of Contents

Notice to Reader

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Interim Consolidated Statement of Financial Position

(Expressed in thousands of US dollars - unaudited)

	As at June 30, 2016 $	As at December 31, 2015 $
Assets		
Current assets		
Cash and cash equivalents	254,070	167,166
Trade and other receivables (note 3)	18,066	17,028
Income tax receivable	—	1,634
Inventories (note 4)	48,816	53,200
Other current assets	3,736	2,622
	324,688	241,650
Non-current assets		
Advance receivable (note 5)	3,439	4,532
Restricted cash	4,499	4,388
Property, plant and equipment (note 6)	533,731	529,087
Intangible asset (note 5)	1,723	1,856
Other non-current assets (note 7)	5,959	—
	549,351	539,863
Total assets	874,039	781,513
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	39,398	35,869
Current portion of long-term debt (note 7)	284	29,052
Share unit plans liabilities (note 11)	8,979	1,360
Provisions (note 8)	2,728	6,346
Income tax payable	4,980	—
	56,369	72,627
Non-current liabilities		
Long-term debt (note 7)	59,466	59,379
Share unit plans liabilities (note 11)	5,066	4,485
Provisions (note 8)	7,690	7,313
Deferred income tax liabilities	29,832	31,846
	102,054	103,023
Total liabilities	158,423	175,650
Equity		
Equity Shareholders		
Share capital (note 9)	616,533	516,070
Contributed surplus	9,352	10,685
Retained earnings	64,943	48,242
	690,828	574,997
Non-controlling interest	24,788	30,866
Total equity	715,616	605,863
Total liabilities and equity	874,039	781,513

Financial commitments and contingencies (note 17)

Approved by the Board of Directors,

Jean Lamarre, Director

Benoit Desormeaux, CPA, CA, Director

Interim Consolidated Statement of Comprehensive Income

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	$	$	$	$
Revenue – Gold sales	76,590	81,115	151,146	155,131
Costs of operations				
Mining operation expenses (note 13)	33,210	31,897	64,950	63,893
Depreciation of property, plant and equipment	20,164	22,288	37,504	46,398
General and administrative (note 14)	3,481	3,437	7,308	7,052
Corporate social responsibility expenses	180	134	315	460
Share-based compensation (note 11)	5,127	535	8,805	3,297
Operating income	14,428	22,824	32,264	34,031
Other expenses (income)				
Finance income	(573)	(158)	(946)	(289)
Finance costs (note 15)	1,062	171	1,364	3,210
Foreign exchange loss (gain)	2,714	(1,686)	(2,195)	4,595
Income before income taxes	11,225	24,497	34,041	26,515
Income tax expense				
Current (note 12)	6,611	5,268	10,565	8,872
Deferred (note 12)	(2,464)	(2,886)	(2,293)	3,377
	4,147	2,382	8,272	12,249
Net income and comprehensive income for the period	7,078	22,115	25,769	14,266
Attributable to:				
Equity shareholders	5,304	19,719	21,488	11,605
Non-controlling interest	1,774	2,396	4,281	2,661
	7,078	22,115	25,769	14,266
Earnings per share (note 16)				
Basic	0.02	0.07	0.07	0.04
Diluted	0.02	0.07	0.07	0.04

Interim Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders						
	Share capital						
	Common Shares[1] (in thousands)	Amount $	Contributed surplus $	Retained earnings $	Total $	Non-controlling interest $	TOTAL EQUITY $
Balance - January 1, 2015	277,718	466,861	10,889	25,932	503,682	26,923	530,605
Net income and comprehensive income for the period	—	—	—	11,605	11,605	2,661	14,266
Shares issued from the exercise of options (note 9)	30	70	(19)	—	51	—	51
Shares issued in consideration of private placement (net of share-issued expenses of $2,600)	15,640	46,474	—	(2,600)	43,874	—	43,874
Shares issued in consideration of commitment fees on a previous credit facility	240	750	—	—	750	—	750
Shares issued in consideration of financing costs on credit facility with Macquarie	458	1,350	—	—	1,350	—	1,350
Balance - June 30, 2015	**294,086**	**515,505**	**10,870**	**34,937**	**561,312**	**29,584**	**590,896**
Balance - January 1, 2016	294,321	516,070	10,685	48,242	574,997	30,866	605,863
Net income and comprehensive income for the period	—	—	—	21,488	21,488	4,281	25,769
Shares issued from the exercise of options (note 9)	1,343	4,001	(1,333)	—	2,668	—	2,668
Shares issued in public bought deal (net of share-issued expenses of $4,787) (note 9)	26,450	90,762	—	(4,787)	85,975	—	85,975
Shares issued in consideration of financing costs on amendments to credit facility with Macquarie (note 9)	1,642	5,700	—	—	5,700	—	5,700
Dividend paid to non-controlling interest	—	—	—	—	—	(10,359)	(10,359)
Balance - June 30, 2016	**323,756**	**616,533**	**9,352**	**64,943**	**690,828**	**24,788**	**715,616**

1 There were no common shares that were unpaid as at June 30, 2016 (June 30, 2015: nil).

Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended June 30, 2016 $	Three-month period ended June 30, 2015 $	Six-month period ended June 30, 2016 $	Six-month period ended June 30, 2015 $
Cash flows from (used in):				
Operating activities				
Net income for the period	7,078	22,115	25,769	14,266
Adjustments for:				
Depreciation of property, plant and equipment	20,164	22,288	37,504	46,398
Share-based compensation	5,127	535	8,805	3,297
Write-off of other non-current assets related to financing fees	—	—	—	2,520
Unrealized foreign exchange loss (gain)	1,862	(1,268)	(2,928)	3,413
Deferred income taxes expense	(2,464)	(2,886)	(2,293)	3,377
Adjustment for withholding taxes	5,827	—	5,827	—
Other	(204)	(36)	(90)	30
	37,390	40,748	72,594	73,301
Changes in non-cash working capital items (note 18 a)	(3,578)	(8,672)	3,187	(8,476)
Net cash provided by operating activities	33,812	32,076	75,781	64,825
Financing activities				
Drawdown (repayment) of long-term debt (note 7)	—	—	(30,000)	90,000
Long-term debt transaction costs (note 7)	(259)	—	(259)	(1,200)
Proceeds on issuance of share capital, net of expenses (note 9)	87,238	—	88,643	43,925
Dividend paid to non-controlling interest	(10,359)	—	(10,359)	—
Net cash provided by financing activities	76,620	—	48,025	132,725
Investing activities				
Acquisition of Orbis Gold Limited (“Orbis”)	—	—	—	(154,550)
Acquisition of property, plant and equipment (note 18 c)	(20,397)	(17,484)	(39,940)	(35,371)
Advance made to Sonabel	—	(566)	—	(566)
Net cash used in investing activities	(20,397)	(18,050)	(39,940)	(190,487)
Effect of exchange rate changes on cash and cash equivalents	(2,632)	1,992	3,038	(4,120)
Change in cash and cash equivalents during the period	87,403	16,018	86,904	2,943
Cash and cash equivalents – beginning of period	166,667	114,853	167,166	127,928
Cash and cash equivalents – end of period	254,070	130,871	254,070	130,871
Interest paid	910	1,517	2,492	1,517
Interest received	493	158	854	289
Income tax paid	6,088	—	6,173	—

Supplementary information on non-cash items (note 18 b)

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

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 headquarter is located at 100 Alexis-Nihon Boulevard, 7th floor, Saint-Laurent, Quebec, Canada, H4M 2P3.

The Corporation's subsidiaries are engaged in gold mining activities including exploration, development and operations. These activities are conducted in West Africa. The Corporation operates the Mana Mine in Burkina Faso, which includes the high-grade satellite deposits of Siou and Fofina, and is advancing the development of the Natougou project. 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

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation's annual financial statements for the year ended December 31, 2015. These condensed interim consolidated financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2015 which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved these condensed interim consolidated financial statements on August 9, 2016.

Significant Subsidiaries (Consolidated) – Ownership

	Country	June 30, 2016	December 31, 2015
SEMAFO Burkina Faso S.A.	Burkina Faso	90%	90%
Mana Minéral S.A.R.L.	Burkina Faso	100%	100%
SEMAFO (Barbados) Limited	Barbados	100%	100%
Birimian Resources S.A.R.L.	Burkina Faso	100%	100%

3. Trade and Other Receivables

	As at June 30, 2016 $	As at December 31, 2015 $
Gold trade receivables	**292**	372
Other receivables	**16,951**	16,656
Current portion of the advance receivable (note 5)	**823**	—
	18,066	17,028

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 $15,820,000 as at June 30, 2016 (December 31, 2015: $15,801,000). They are non-interest bearing and are generally settled within one to twelve months.

For the three-month and six-month periods ended June 30, 2016, a provision on VAT receivables amounted to $637,000 (2015: nil).

The Corporation holds no collateral for any receivable amounts outstanding as at June 30, 2016 (December 31, 2015: nil).

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

4. Inventories

	As at June 30, 2016	As at December 31, 2015
	$	$
Doré bars	**1,300**	—
Gold in circuit	**6,882**	8,368
Stockpiles	**7,056**	7,760
Supplies and spare parts	**33,578**	37,072
	48,816	53,200

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 three-month and six-month periods ended June 30, 2016, provision expense amounting to $198,000 and $2,086,000 respectively (2015: $75,000 and $2,022,000, respectively) was recorded mainly in relation to spare parts.

5. Advance Receivable and Intangible Asset

On October 1, 2011, the Corporation entered into an agreement with the National Electricity Company (''Sonabel''), in Burkina Faso, pursuant to which the Corporation initially advanced $5,698,000 (3,424,805,000 FCFA) for the construction of a high-voltage transmission line to deliver power to the Mana Mine. Reimbursements to the Corporation by Sonabel began at the end of the first quarter of 2016 and should continue over a seven-year period in accordance with the agreement.

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 supply of energy and is amortized over the useful life of the mine. The depreciation is recognized in the interim consolidated statement of comprehensive income and classified within the "depreciation of property, plant and equipment".

	Advance receivable	Intangible asset	Total
	$	$	$
As at January 1, 2015	4,229	1,915	6,144
Additions	424	142	566
Variation due to exchange rate, interest revenue and amortization	(121)	(201)	(322)
As at December 31, 2015	4,532	1,856	6,388
Variation due to exchange rate, interest revenue, amortization and reimbursements	(270)	(133)	(403)
As at June 30, 2016	4,262	1,723	5,985
Current portion classified in "trade and other receivables"	(823)	—	(823)
Non-current portion	**3,439**	**1,723**	**5,162**

As at June 30, 2016, the advance receivable amounted to $4,262,000 (2,534,102,000 FCFA) and the intangible asset amounted to $1,723,000. The undiscounted value of the advance receivable was $5,349,000 (3,180,176,000 FCFA).

As at December 31, 2015, the advance receivable amounted to $4,532,000 (2,723,975,000 FCFA) and the intangible asset amounted to $1,856,000. The undiscounted value of the advance receivable was $5,698,000 (3,424,805,000 FCFA).

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

6. Property, Plant and Equipment

	Property, acquisition costs, deferred exploration and development costs	Exploration and evaluation assets (ii)	Buildings and equipment related to mining production	Mining equipment	Rolling stock, communi-cation and computer equipment	TOTAL
	$	$	$	$	$	$
Six-month period ended June 30, 2016						
Opening net book amount	182,676	182,097	114,400	46,254	3,660	529,087
Additions	25,816	12,754	3,168	2,568	355	44,661
Depreciation charge	(22,033)	—	(8,937)	(8,657)	(390)	(40,017)
Closing net book amount	**186,459**	**194,851**	**108,631**	**40,165**	**3,625**	**533,731**
As at June 30, 2016						
Cost	416,427	194,851	196,554	99,708	11,330	918,870
Accumulated depreciation	(229,968)	—	(87,923)	(59,543)	(7,705)	(385,139)
Net book amount	**186,459**	**194,851**	**108,631**	**40,165**	**3,625**	**533,731**
Assets not subject to depreciation included in above (i)	243	194,851	545	6,318	—	201,957
Year ended December 31, 2015						
Opening net book amount	196,299	3,111	127,122	52,144	3,712	382,388
Additions	44,694	24,947	3,763	8,421	748	82,573
Acquisition of Orbis	—	154,039	—	—	511	154,550
Depreciation charge	(58,317)	—	(16,485)	(14,311)	(1,311)	(90,424)
Closing net book amount	182,676	182,097	114,400	46,254	3,660	529,087
As at December 31, 2015						
Cost	390,611	182,097	195,375	100,656	11,088	879,827
Accumulated depreciation	(207,935)	—	(80,975)	(54,402)	(7,428)	(350,740)
Net book amount	182,676	182,097	114,400	46,254	3,660	529,087
Assets not subject to depreciation included in above (i)	287	182,097	1,028	5,367	—	188,779

(i) Assets not subject to depreciation include critical spare parts not yet installed of $5,650,000 (December 31, 2015: $6,080,000) as well as assets under construction, in transit or exploration and evaluation asset of $196,307,000 (December 31, 2015: $182,699,000).

(ii) Exploration and evaluation assets mainly comprise farm-in agreements, mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies as well as related financing cost. The following table sets forth the evolution of the costs capitalized to exploration and evaluation assets:

	Natougou, Burkina Faso	Other, Burkina Faso	Total
	$	$	$
As at January 1, 2015	546	2,565	3,111
Acquisition of Orbis	129,193	24,846	154,039
Variation in exploration and evaluation assets	12,697	6,152	18,849
Borrowing costs and amortization of financing fees	6,098	—	6,098
As at December 31, 2015	148,534	33,563	182,097
Variation in exploration and evaluation assets	8,654	1,522	10,176
Borrowing costs and amortization of financing fees	2,578	—	2,578
As at June 30, 2016	**159,766**	**35,085**	**194,851**

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

7. Long-Term Debt

Long-term debt consists of the following:

	As at June 30, 2016 $	As at December 31, 2015 $
Credit facility with Macquarie (a)	**60,000**	90,000
Unamortized deferred transaction costs	**(1,180)**	(1,569)
Equipment financing (b)	**930**	—
Long-term debt, net of deferred transaction costs	**59,750**	88,431
Current portion	**284**	29,052
Non-current portion	**59,466**	59,379
	59,750	88,431

(a) Credit facility with Macquarie

Original terms

On March 3, 2015, the Corporation entered into a credit facility amounting to $90,000,000 ("Original Credit facility") with Macquarie Bank Limited ("Macquarie"). The Corporation used the proceeds of the Original Credit facility to fund the acquisition of Orbis. In consideration for the Original Credit facility, the Corporation incurred financing fees amounting to $2,550,000, of which $1,200,000 was paid in cash and $1,350,000 in common shares of the Corporation. The Original Credit facility bore interest at a rate equal to LIBOR plus 6.5% per annum, with the principal repayable initially in three equal annual installments. The first principal repayment of $30,000,000 was made on March 3, 2016. The Original Credit facility is secured by a pledge of all assets of SEMAFO Inc., which include SEMAFO (Barbados) Limited shares.

2016 amendment

On March 29, 2016, the Corporation executed an amendment to its Original Credit facility agreement with Macquarie which consisted of an increase in available credit facility to $120,000,000 with the incremental $60,000,000 ("New Advance") to be drawn down by June 30, 2017. The Corporation incurred financing fees of $5,959,000 related to the New Advance of which $5,700,000 were settled in common shares of the Corporation and $259,000 were settled in cash. The financing fees of $5,959,000 were capitalized in "other non-current assets" in the Consolidated Statement of Financial Position and were not subject to amortization since the New Advance was not drawn as at June 30, 2016.

In connection with the amendment described above and effective March 29, 2016, the interest rate was reduced to LIBOR plus 4.75% per annum, with principal repayable in eight quarterly installments of $15,000,000, the first principal repayment starting March 31, 2019. In the event that the New Advance is not draw down, repayment installments of $30,000,000 will be made on June 30, 2017 and March 31, 2018.

The Credit facility is subject to the following covenants on a quarterly basis:
- Current Ratio of greater than 1.20:1
- Ratio of Net Debt to Trailing Two Quarter EBITDA of less than 5.00:1

The amendment was accounted for as a modification of debt. As at June 30, 2016, all covenants were respected and the annual effective interest rate was 6,4%.

(b) Equipment financing

In May 2016, the Corporation purchased equipment for which a portion was financed by the supplier for an amount of $930,000 (‘’Equipment financing’’). The Equipment financing bears interest at a rate of 7,25% per annum. The interest and principal are payable in 36 monthly installments commencing in August 2016.

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

8. Provisions

	As at June 30, 2016	As at December 31, 2015
	$	$
Current	**2,728**	6,346
Non-current	**7,690**	7,313
	10,418	13,659

	Asset retirement obligations	Other	Total
	$	$	$
As at January 1, 2015	5,897	7,599	13,496
Additional provisions	366	767	1,133
Increase due to accretion expense	413	43	456
Used during the period	—	(794)	(794)
Variation due to exchange rate	—	(632)	(632)
As at December 31, 2015	6,676	6,983	13,659
Variation due to additional provisions, accretion expense, exchange rate and provision used during the period	422	(291)	131
Reversal of provisions	—	(2,408)	(2,408)
Portion classified in “trade payables and accrued liabilities”	—	(964)	(964)
As at June 30, 2016	**7,098**	**3,320**	**10,418**

Other

a) Other provisions include a special compensation arrangement made with the former President and Chief Executive Officer, which amounted to $804,000 as at June 30, 2016 (December 31, 2015: $896,000).

b) Also, other provisions include various tax exposures amounted to $2,516,000 as at June 30, 2016 (December 31, 2015: $6,087,000). From time to time the Corporation is subject to a review of its income tax filings and other taxes and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Corporation's business conducted within the country involved. The inherent uncertainty regarding the outcome of this item means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and results of operations.

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

9. Share Capital

Shares issued from the exercise of options

A total of 479,000 options were exercised during the three-month period ended June 30, 2016, under both the Share Option Plan ("Original Plan") and the 2010 Share Option Plan ("2010 Plan") for a cash consideration of $1,263,000. An amount of $572,000 has been reclassified from contributed surplus to share capital. For the same period in 2015, no option was exercised.

A total of 1,343,000 options were exercised during the six-month period ended June 30, 2016, under both the Original Plan and the 2010 Plan for a cash consideration of $2,668,000. An amount of $1,333,000 has been reclassified from contributed surplus to share capital. For the same period in 2015, a total of 30,000 options were exercised under both the Original Plan and the 2010 Plan for a cash consideration of $51,000. An amount of $19,000 has been reclassified from contributed surplus to share capital.

Shares issued in consideration of financing costs on credit facility with Macquarie

On March 29, 2016, the Corporation executed an amendment to its Original Credit Facility agreement with Macquarie. The Corporation incurred financing fees of $5,959,000 related to the New Advance of which $5,700,000 was settled by issuing 1,642,479 common shares of the Corporation.

Bought Deal Financing

On April 22, 2016, a syndicate of underwriters purchased, on a bought deal basis, 26,450,000 common shares of the Corporation, at a price of $3.43 (C$4.35) per common share for aggregate gross proceeds of approximately $90,762,000 (C$115,057,500). Share issue expenses related to this bought deal financing totalled approximately $4,787,000.

10. 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 profit or loss or in the other comprehensive income. 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 June 30, 2016 and December 31, 2015.

	As at June 30, 2016 $	As at December 31, 2015 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	**254,070**	167,166
Restricted cash	**4,499**	4,388
Gold trade receivables	**292**	372
Advance receivable	**4,262**	4,532
Other receivables (excluding VAT)	**1,131**	855
	264,254	177,313
Financial liabilities		
Amortized cost		
Trade payables and other financial liabilities	**35,324**	33,215
Long-term debt	**59,750**	88,431
	95,074	121,646

10. Financial Instruments (continued)

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 was estimated by discounting the future cash flows which approximates its carrying value. The fair value of restricted cash approximates its carrying amount. Long-term debt was accounted for at amortized cost and its fair value approximates its carrying value.

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 condensed interim 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 type of investment is appropriate.

The advance receivable is classified as a Level 3 financial instrument according to the Corporation's fair value hierarchy as a recurring item. The valuation technique used is the income approach (discounted future cash flows) with an effective interest rate of 7% over a seven-year period. Interest income is recognized in the interim consolidated statement of comprehensive income as part of "finance income". The fair value as at June 30, 2016 was $4,262,000 (December 31, 2015: $4,532,000) and was not significantly different from its carrying amount.

The investment in GoviEx Uranium Inc. ("GoviEx"), a publicly traded mineral resources company focused on the exploration and development of uranium properties in Africa, is classified as available-for-sale assets. Its fair value is a recurring measurement.

As at June 30, 2016 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 Canadian Securities Exchange as the starting point and combined with qualitative factors, the Corporation estimates the fair value of this available-for-sale investment to be nil as at June 30, 2016 (December 31, 2015: nil).

There were no transfers between Level 1, Level 2 and Level 3 during the six-month period ended June 30, 2016 (2015: nil).

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

11. Share-Based Compensation

The following table details the share unit plans liabilities:

	As at June 30, 2016	As at December 31, 2015
	$	$
Current	**8,979**	1,360
Non-current	**5,066**	4,485
	14,045	5,845

The following table provides the break-down of the share-based compensation expense by type of share unit:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	$	$	$	$
Restricted Share Unit ("RSU") plan	**4,440**	586	**7,186**	2,882
Deferred Share Unit ("DSU") plan	**677**	(51)	**1,515**	415
Performance Share Unit ("PSU")	**10**	—	**104**	—
	5,127	535	**8,805**	3,297

The following table breaks down the share-based compensation expense related to the change in the fair value of share price and outstanding units:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	$	$	$	$
Expense related to outstanding units	**644**	1,065	**2,085**	2,461
Expense related to change in the fair value of the share price	**4,483**	(530)	**6,720**	836
	5,127	535	**8,805**	3,297

PSU

In the first quarter of 2016, the Corporation granted PSUs under the RSU plan. PSUs 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 vesting conditions are met. The PSUs granted are scheduled for payout after three years provided that the applicable vesting conditions are met at the end of the performance cycle. The performance criterion is based on the Corporation's share price in comparison to a customized index regrouping peer companies. The value of the payout is determined by multiplying the number of PSUs 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 and adjusted by a performance payout multiplier between 0% and 150%.

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

12. Income Taxes

Income Tax Expense

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:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Income before income taxes	**11,225**	24,497	**34,041**	26,515
Canadian combined tax rate	**26.90%**	26.90%	**26.90%**	26.90%
Tax calculated at Canadian combined tax rate	**3,020**	**6,590**	**9,157**	7,133
Tax effects of:				
Difference in tax rate of foreign subsidiaries	**(1,506)**	(2,417)	**(4,092)**	(3,051)
Unrecorded tax benefits	**1,631**	199	**2,701**	2,049
Permanent differences	**238**	—	**(88)**	—
Adjustment in respect of prior years	**41**	(203)	**41**	(203)
Foreign exchange gain not materialized	**(403)**	—	**(185)**	—
Effect of currency translation on tax base	**1,893**	(2,454)	**(658)**	5,069
Other tax included in income tax expense	**(652)**	658	**1,426**	1,263
Other	**(115)**	9	**(30)**	(11)
Income tax expense	**4,147**	2,382	**8,272**	12,249

13. Mining Operation Expenses

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Production costs	**30,071**	28,638	**58,793**	57,701
Government royalties	**3,139**	3,259	**6,157**	6,192
	33,210	31,897	**64,950**	63,893

14. General and Administrative

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Corporate expenses	**2,792**	2,856	**6,023**	5,806
Sites – Administrative	**689**	581	**1,285**	1,246
	3,481	3,437	**7,308**	7,052

15. Finance Costs

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	$	$	$	$
Accretion expense	**126**	103	**252**	206
Financing fees	**—**	—	**—**	2,520
Other	**936**	68	**1,112**	484
	1,062	171	**1,364**	3,210

During the six-month period ended June 30, 2015, the Corporation wrote-off financing fees of $2,520,000 related to the cancellation of a previous facility, which were initially capitalized as other non-current assets.

16. Earnings per Share

(in thousands of dollars, except shares and per shares)	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	2016	2015
	$	$	$	$
Net income for the period attributable to equity shareholders	**5,304**	19,719	**21,488**	11,605
Average weighted number of outstanding common shares – basic	**317,067**	294,086	**305,767**	287,216
Dilutive effect of options	**1,236**	1,254	**999**	1,281
Weighted average number of outstanding common shares – diluted	**318,303**	295,340	**306,766**	288,497
Basic earnings per share	**0.02**	0.07	**0.07**	0.04
Diluted earnings per share	**0.02**	0.07	**0.07**	0.04

17. Financial Commitments and Contingencies

Purchase Obligations

As at June 30, 2016, purchase commitments totaled $18,438,000, of which $17,444,000 relate to the Natougou project.

Government Royalties

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 2016, the Corporation was subject to a royalty rate of 4% and 5% (2015: 4%), which was calculated using the retail market value of gold ounces sold at the time of shipment. For the three-month period ended June 30, 2016, government royalties amounting to $3,139,000 (three-month period ended June 30, 2015: $3,259,000) were paid to the Government of Burkina Faso. For the six-month period ended June 30, 2016, government royalties amounting to $6,157,000 (six-month period ended June 30, 2015: $6,192,000) were paid to the Government of Burkina Faso.

Net Smelter Royalty ("NSR")

The Corporation is subject to an NSR ranging from 1% to 1.5% on various exploration properties. The NSR comes into effect when the Corporation enters into commercial production.

Contingencies

On October 15, 2015, the Corporation received a water extraction tax invoice of $3,774,000 (2,244,166,000 FCFA). The Corporation is exempt from this tax under its mining agreement in Burkina Faso pursuant to fiscal stability clauses. As a result, no provision was recorded in the condensed interim consolidated financial statements as at June 30, 2016. The Corporation is vigorously defending its position with the Water Agency.

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

18. Financial Information Included in the Interim Consolidated Statement of Cash Flows

a) Changes in non-cash working capital items

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade and other receivables	**549**	(870)	**205**	1,799
Income tax receivable	**—**	5,275	**1,634**	10,029
Inventories	**160**	900	**4,047**	(1,092)
Other current assets	**(1,214)**	(576)	**(1,114)**	121
Trade payables and accrued liabilities	**2,528**	(13,281)	**3,299**	(17,304)
Share unit liabilities	**—**	—	**(607)**	(1,938)
Provisions	**(2,510)**	(120)	**(3,430)**	(91)
Withholding taxes paid	**(5,827)**	—	**(5,827)**	—
Income tax payable	**2,736**	—	**4,980**	—
	(3,578)	(8,672)	**3,187**	(8,476)

b) Supplemental information on non-cash items

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Depreciation of property, plant and equipment allocated to exploration and development costs	**1,464**	1,025	**2,983**	1,690
Net effect of depreciation of property, plant and equipment allocated to inventories	**97**	(1,974)	**(337)**	770
New asset retirement obligations allocated to property, plant and equipment	**93**	92	**189**	187
Net book amount of retired assets (cost of $5,618,000 for the six-month period ended June 30, 2016)	**1,171**	1,296	**1,533**	1,296
Variation in accounts payables related to property, plant and equipment	**1,148**	5,280	**230**	1,264
Amortization of capitalized financing fees	**95**	393	**389**	393

c) Supplemental information on acquisitions of property, plant and equipment

	Three-month period ended June 30,		Six-month period ended June 30,	
	2016	2015	**2016**	2015
	$	$	**$**	$
Acquisitions of exploration and evaluation assets	**(7,249)**	(5,493)	**(11,879)**	(6,942)
Acquisitions of other property, plant and equipment	**(13,148)**	(11,991)	**(28,061)**	(28,429)
	(20,397)	(17,484)	**(39,940)**	(35,371)

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

19. Segmented Information

The Corporation is conducting exploration and production activities in Burkina Faso. 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. During 2015, the Corporation modified the reportable segments in order to add a new segment, "Natougou", which represents the main property acquired through the acquisition of Orbis. The Corporation evaluates the performance of its operating segments primarily based on segment operating income, as defined below.

					Three-month period ended June 30, 2016
	Mana, Burkina Faso	Natougou, Burkina Faso	Other exploration	Corporate and other	Total
	$	$	$	$	$
Revenue – Gold sales	76,590	—	—	—	76,590
Mining operating expenses	33,210	—	—	—	33,210
Depreciation of property, plant and equipment	20,097	—	—	67	20,164
General and administrative	689	—	—	2,792	3,481
Corporate social responsibility expenses	180	—	—	—	180
Share-based compensation	—	—	—	5,127	5,127
Operating income (loss)	**22,414**	**—**	**—**	**(7,986)**	**14,428**
Property, plant and equipment	335,950	160,846	35,116	1,819	533,731
Total assets	460,300	160,846	36,375	216,518	874,039

					Three-month period ended June 30, 2015
	Mana, Burkina Faso	Natougou, Burkina Faso	Other exploration	Corporate and other	Total
	$	$	$	$	$
Revenue – Gold sales	81,115	—	—	—	81,115
Mining operating expenses	31,897	—	—	—	31,897
Depreciation of property, plant and equipment	22,189	—	—	99	22,288
General and administrative	581	—	—	2,856	3,437
Corporate social responsibility expenses	134	—	—	—	134
Share-based compensation	—	—	—	535	535
Operating income (loss)	**26,314**	**—**	**—**	**(3,490)**	**22,824**
Property, plant and equipment	354,468	138,489	31,994	2,104	527,055
Total assets	510,034	138,489	32,637	72,306	753,466

(Expressed in US dollars except where otherwise indicated – amounts in tables are presented in thousands of US dollars - unaudited)

19. Segmented Information (continued)

Six-month period ended June 30, 2016	Mana, Burkina Faso	Natougou, Burkina Faso	Other exploration	Corporate and other	Total
	$	$	$	$	$
Revenue – Gold sales	151,146	—	—	—	151,146
Mining operating expenses	64,950	—	—	—	64,950
Depreciation of property, plant and equipment	37,373	—	—	131	37,504
General and administrative	1,285	—	—	6,023	7,308
Corporate social responsibility expenses	315	—	—	—	315
Share-based compensation	—	—	—	8,805	8,805
Operating income (loss)	**47,223**	**—**	**—**	**(14,959)**	**32,264**

Six-month period ended June 30, 2015	Mana, Burkina Faso	Natougou, Burkina Faso	Other exploration	Corporate and other	Total
	$	$	$	$	$
Revenue – Gold sales	155,131	—	—	—	155,131
Mining operating expenses	63,893	—	—	—	63,893
Depreciation of property, plant and equipment	46,213	—	—	185	46,398
General and administrative	1,246	—	—	5,806	7,052
Corporate social responsibility expenses	460	—	—	—	460
Share-based compensation	—	—	—	3,297	3,297
Operating income (loss)	**43,319**	**—**	**—**	**(9,288)**	**34,031**