MOVING FORWARD

FIRST QUARTER

FOR THE PERIOD ENDED
MARCH 31, 2013

SEMAFO

INTERNATIONAL EXPERTISE®
HUMAN ADVOCACY

SEMAFO (the "Corporation") is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation and its subsidiaries currently operate three gold mines: the Mana Mine in Burkina Faso, the Samira Hill Mine in Niger and the Kiniero Mine in Guinea. SEMAFO is committed to evolve in a conscientious manner to become a major player in its geographical areas of interest. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

This Management's Discussion and Analysis ("MD&A") provides an analysis to enable readers to assess material changes in financial condition and results of operations for the three-month period ended March 31, 2013 compared to the corresponding period last year. This MD&A, prepared as of May 13, 2013, is intended to complement and supplement our Condensed Interim Consolidated Financial Statements (unaudited) (the "financial statements") as at March 31, 2013. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our results of operation and our financial performance.

Our financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"). All dollar amounts contained in this MD&A are expressed in US dollars, unless otherwise specified.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risks and Uncertainties" section and to the "Forward-Looking Statements" section of this document.

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

1. Financial and Operating Highlights

	Three-month period ended March 31,	
	2013	2012[6]
Gold ounces produced	**59,700**	60,900
Gold ounces sold	**65,400**	58,700
(in thousands of dollars, except amounts per ounce, per tonne and per share)		
Revenues – Gold sales	**106,055**	100,401
Operating income (loss)	**(1,675)**	38,044
Net income (loss) attributable to equity shareholders	**(7,290)**	28,106
Basic earnings (loss) per share	**(0.03)**	0.10
Diluted earnings (loss) per share	**(0.03)**	0.10
Adjusted operating income[1]	**33,425**	38,044
Adjusted net income attributable to equity shareholders[1]	**19,662**	28,106
Adjusted basic earnings per share[1]	**0.07**	0.10
Cash flow from operating activities[2]	**38,798**	40,196
Operating cash flow per share[3]	**0.14**	0.15
Average realized selling price (per ounce)	**1,622**	1,710
Cash operating cost (per ounce produced)[4]	**694**	619
Cash operating cost (per tonne processed)[4]	**33**	35
Total cash cost (per ounce sold)[5]	**790**	708

1 Adjusted operating income, adjusted net income attributable to equity shareholders and adjusted basic earnings per share are non-IFRS financial performance measures with no standard definition under IFRS. In the three-month period ended March 31, 2013, the adjusted operating income excludes the charge of $35,100,000 related to the impairment of non-financial assets of the Samira Hill Mine, while the adjusted net income attributable to equity shareholders and the adjusted basic earnings per share also exclude the non-controlling interest impact totalling $8,148,000 related to these transactions.

2 Cash flow from operating activities excludes changes in non-cash working capital items.

3 Operating cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

4 Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

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

6 Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements.

A Word from the CEO[1]

2012 was a year of transition for our Corporation, and it was in a tumultuous gold market and a difficult mining industry in general that we began 2013. Gold plummeted to a 2-year low and our stock price suffered the consequences.

Operationally, SEMAFO had a good start to the year. In the first quarter, we generated cash flow from operating activities of $38.8 million ($0.14 per share) compared to $40.2 million ($0.15 per share) in the first quarter of 2012. We produced almost 60,000 ounces of gold during the first three months of this year, while maintaining the total cash cost per ounce below our 2013 guidance.

Our flagship Mana property produced 42,700 ounces of gold, representing over 70% of our total production. Mana's total cash cost was $709 per ounce, a six percent decrease compared to $746 in the fourth quarter of 2012.

It is important to reiterate that we are focusing on quality ounces. In this regard, our top priority is to fast-track the Siou Sector in order to commence stripping during the fourth quarter of 2014 at the latest. The recent volatility in the price of gold reinforces our decision to accelerate the development of the high-grade Siou Sector, which has low sensitivity to gold price fluctuations.

We believe that bringing Siou to reserves in the third quarter of this year will provide more clarity to the market. It will also serve to highlight the role that Siou will play in our short-term value creation strategy.

As part of our disciplined capital allocation strategy and resolution to maintain our exploration program, SEMAFO's entire 2013 exploration budget of $22 million will be invested at Mana, within the 20-kilometer radius of the processing plant. The main focus is on delineation drilling at Siou and step-out drilling on the Kokoi Trend, which offers the best potential for quality ounces and rapid cash flow generation.

To date, results from the 2013 ongoing infill drilling program confirmed good continuity and predictability as well as the extended mineralization when compared to the 2012 year-end results. We are on track to bring Siou to reserves in the third quarter of 2013. We are currently completing the delineation drilling and have commenced the environmental impact assessment in order to accelerate the permitting process. Our Mana property is very promising in terms of its exploration potential, which will enable us to continue to build on our already solid foundation in the years to come.

As communicated in our 2012 annual report, we are determined to optimize our operations at all levels and to reduce costs in order to maximize cash flow. This is even more important in today's extremely volatile economic environment. We will be disciplined and prudent in our capital allocation and cash flow management in order to effectively cope with any realistic gold price scenario.

In March 2013, we announced a review of the strategic alternatives for the Kiniero and Samira Hill mines, two non-core assets. In light of the recent drop in the price of gold, these two projects became even more sensitive to further downturns in the gold price or in any technical parameters. Accordingly, investments are hereafter limited to those having a short-term payback period. A decision has been made to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. This resulted in an additional $6 million decrease in capital expenditures at Samira Hill, following the initial $10 million reduction announced earlier in the year. Samira Hill's capital expenditures are now forecasted at $11 million, down from the original 2013 budget of $27 million. This led to a $35.1 million impairment charge in the first quarter of 2013.

SEMAFO's Board of Directors approved a cash dividend of C$0.02 per common share, payable on July 15, 2013 to shareholders of record at the close of business on June 30, 2013.

In this period of economic turbulence, with a volatile gold price, and lacking full clarity about the timing and the potential of Siou's cash flow, we wish to reassure shareholders that we will be disciplined and prudent while continuing to build for the future.

Our focus is creating value through the generation of future cash flow. We have identified how to best move forward and are determined to avoid distractions while concentrating on our priorities.

Benoit Desormeaux, CPA, CA
President and Chief Executive Officer

[1] Certain statements in *A Word from the CEO* are forward-looking. For more information on forward-looking statements, see note 21.

FIRST QUARTER 2013 IN REVIEW

- Gold production of 59,700 ounces, a decrease of 2% compared to the same period in 2012
- Gold sales of $106.1 million, a 6% increase compared to the same period in 2012
- Non-cash impairment charge of $35.1 million on non-financial assets at the Samira Hill Mine
- Operating loss of $1.7 million compared to an operating income of $38.0 million in the same period in 2012
- Net loss attributable to equity shareholders of $7.3 million or a loss of $0.03 per share compared to net income attributable to equity shareholders of $28.1 million or $0.10 per share in the same period in 2012
- Adjusted operating income[1] of $33.4 million compared to $38.0 million in the same period in 2012
- Adjusted net income[1] attributable to equity shareholders of $19.7 million or $0.07 per share[1] compared to $28.1 million or $0.10 per share in the same period in 2012
- Cash flow from operating activities[2] of $38.8 million or $0.14 per share compared to $40.2 million or $0.15 per share in the same period in 2012
- Delineation drilling at Mana's Siou sector confirms mineralization and extension
- On track to issue mineral reserve estimate for the Siou sector in Q3 2013
- Declaration of a dividend of C$0.02 per share to equity shareholders

[1] Adjusted operating income, adjusted net income attributable to equity shareholders and adjusted basic earnings per share are non-IFRS financial performance measures with no standard definition under IFRS. In the three-month period ended March 31, 2013, the adjusted operating income excludes the charge of $35,100,000 related to the impairment of non-financial assets of the Samira Hill Mine, while the adjusted net income attributable to equity shareholders and the adjusted basic earnings per share also exclude the non-controlling interest impact totalling $8,148,000 related to these transactions.

[2] Cash flow from operating activities excludes changes in non-cash working capital items.

2. Key Economic Trends[1]

Price of Gold

During the first quarter of 2013, the price of gold, based on the London Gold Fix PM, fluctuated from $1,574 to a high of $1,694 per ounce. The average market gold price in the first quarter of 2013 was $1,632 per ounce compared to $1,691 per ounce for the same period in 2012, representing a decrease of $59 or 3%. During the month of April 2013, the price of gold further declined to as low as $1,322 per ounce.

In the first quarter of 2013, our average realized selling price was $1,622 per ounce compared to the average London Gold Fix of $1,632 per ounce.

(in dollars per ounce)	2013 Q1	2012 Q1
Average London Gold Fix	**1,632**	1,691
Average realized selling price	**1,622**	1,710

Cost Pressures

The Corporation has been affected by industry-wide pressures on development and operating costs. Since our mining activities are energy intensive, a change in fuel price can have a significant impact on our operations and associated financial results. Our sites experienced fuel cost increases during the first quarter of 2013 compared to the same period in 2012. As a benchmark for fuel costs, the Brent Crude price averaged $112 per barrel in the first quarter of 2013 compared to $118 per barrel in the same period in 2012. Consequently, we expect to benefit from lower fuel costs in the coming months.

Foreign Currencies

Our mining operations and exploration activities are carried out in West Africa. Accordingly, portions of our operating costs and capital expenditures are denominated in foreign currencies, in particular the Euro.

In the first quarter of 2013, the US dollar was weaker relative to the Euro when compared to the same period in 2012. Therefore, in the first quarter of 2013, the foreign exchange fluctuation negatively impacted our cash operating cost[2].

[1] These statements are forward-looking. For more information on forward-looking statements, see note 21.
[2] Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

3. Consolidated Results and Mining Operations

	Three-month period ended March 31,		
	2013	2012[6]	Variation
Operating Highlights			
Gold ounces produced	**59,700**	60,900	(2%)
Gold ounces sold	**65,400**	58,700	11%
(in thousands of dollars, except amounts per ounce, per tonne and per share)			
Revenues – Gold sales	**106,055**	100,401	6%
Mining operating expenses (excluding government royalties)	**46,124**	37,242	24%
Government royalties	**5,547**	5,077	9%
Impairment	**35,100**	–	–
Operating income (loss)	**(1,675)**	38,044	–
Income tax expense	**10,285**	6,189	66%
Net income (loss) attributable to equity shareholders	**(7,290)**	28,106	–
Cash flow from operating activities[1]	**38,798**	40,196	(3%)
Basic earnings (loss) per share	**(0.03)**	0.10	–
Diluted earnings (loss) per share	**(0.03)**	0.10	–
Operating cash flow per share[2]	**0.14**	0.15	(7%)
Adjusted operating income[3]	**33,425**	38,044	(12%)
Adjusted net income attributable to equity shareholders[3]	**19,662**	28,106	(30%)
Adjusted basic earnings per share[3]	**0.07**	0.10	(30%)
Average realized selling price (per ounce)	**1,622**	1,710	(5%)
Cash operating cost (per ounce produced)[4]	**694**	619	12%
Cash operating cost (per tonne processed)[4]	**33**	35	(6%)
Total cash cost (per ounce sold)[5]	**790**	708	12%

1 Cash flow from operating activities excludes changes in non-cash working capital items.

2 Operating cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

3 Adjusted operating income, adjusted net income attributable to equity shareholders and adjusted basic earnings per share are non-IFRS financial performance measures with no standard definition under IFRS. In the three-month period ended March 31, 2013, the adjusted operating income excludes the charge of $35,100,000 related to the impairment of non-financial assets of the Samira Hill Mine, while the adjusted net income attributable to equity shareholders and the adjusted basic earnings per share also exclude the non-controlling interest impact totalling $8,148,000 related to these transactions.

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

6 Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements.

3. Consolidated Results and Mining Operations (continued)

First Quarter 2013 v. First Quarter 2012

- Higher revenues in the first quarter of 2013 compared to the same period in 2012 reflect greater volume sold stemming from Kiniero's sales as operations at our Kiniero Mine were temporarily suspended in the first quarter of 2012, where milling operation resumed in April 2012, offset by a lower average realized gold price. The variation between volume sold during this quarter compared to ounces produced is a result of higher doré inventory at year-end 2012 due to the timing of gold shipments.
- Our mining operating expenses increased in the first quarter of 2013 due to the processing of lower grade ore, which led to higher production costs. The fact that Kiniero resumed operations in April 2012 also contributed to higher overall mining operating costs.
- At the end of 2012, the re-assessment of future cash flows to be generated by the Samira Hill Mine led to a $60 million impairment charge. This exercise also demonstrated this non-core property's acute sensitivity to fluctuations in economic and technical parameters. Samira Hill is a non-core asset and the Corporation decided to review strategic alternatives for this project. We announced a $10 million reduction in capital expenditures in March 2013 followed by an additional $6 million reduction in capital expenditures. In addition, a decision has been made to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. This decision triggered an impairment test as at March 31, 2013.
  - The result of the impairment test suggests that the recoverable amount calculated using the fair value less cost to sell was lower than the carrying amount of this cash-generating unit. The post-tax discount rate used in the calculation of fair value less cost to sell was 8.5%.
  - Accordingly, for the three-month period ended March 31, 2013, the Corporation recorded an impairment charge of $35,100,000 (2012: nil) for non-financial assets, all of which $25,900,000 is for property, plant and equipment and $9,200,000 for stockpiles as well as supplies and spare parts for the Samira Hill Mine, in the consolidated statement of income (loss). This impairment charge was recorded within the Samira Hill Mine segment.
- Lower operating income in the first quarter of 2013 compared to the same period in 2012 is directly linked to higher mining operating expenses, combined with the impairment charge on non-financial assets at the Samira Hill Mine.
- The income tax expense increased in the first quarter of 2013 compared to the same period in 2012 due to the reversal of the Samira Hill Mine's future deferred income tax assets in the first quarter of 2013 and combined with the deferred income tax recovery in the first quarter of 2012, reflecting the impact of foreign exchange movements on our foreign non-monetary assets that must be recognized.
- Net loss attributable to equity shareholders amounted to $7,290,000 in the first quarter of 2013 compared to net income attributable to equity shareholders of $28,106,000 in the same period in 2012, mainly as a result of lower operating income.

4. Operating Income (Loss) by Segment

	Three-month period ended March 31,		
	2013	2012[2]	Variation
(in thousands of dollars)			
Mana Mine, Burkina Faso	**30,297**	41,035	(26%)
Samira Hill Mine, Niger[1]	**(29,395)**	4,316	–
Kiniero Mine, Guinea	**2,810**	(1,186)	337%
Corporate and others	**(5,387)**	(6,121)	12%
	(1,675)	38,044	–

[1] The operating income includes an impairment of $35,100,000 of non-financial assets at the Samira Hill Mine during the three-month period ended March 31, 2013.

[2] Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements

4. Operating Income (Loss) by Segment (continued)

Mining Operations

Mana, Burkina Faso

	Three-month period ended March 31,		
	2013	2012[5]	Variation
Operating Data			
Ore mined (tonnes)	**675,200**	781,400	(14%)
Ore processed (tonnes)	**711,900**	626,800	14%
Head grade (g/t)	**2.21**	2.53	(13%)
Recovery (%)	**89**	87	2%
Gold ounces produced	**42,700**	48,000	(11%)
Gold ounces sold	**44,900**	46,300	(3%)
Financial Data (in thousands of dollars)			
Revenues – Gold sales	**72,578**	79,233	(8%)
Mining operations expenses (excluding government royalties)	**28,142**	26,201	7%
Government royalties	**3,694**	3,888	(5%)
Depreciation of property, plant and equipment	**9,349**	7,134	31%
General and administrative	**728**	726	–
Corporate social responsibility expenses[1]	**368**	249	48%
Segment operating income	**30,297**	41,035	(26%)
Statistics (in dollars)			
Average realized selling price (per ounce)	**1,616**	1,711	(6%)
Cash operating cost (per ounce produced)[2]	**619**	562	10%
Cash operating cost (per tonne processed)[2]	**37**	41	(10%)
Total cash cost (per ounce sold)[3]	**709**	650	9%
Depreciation (per ounce sold)[4]	**208**	154	35%

1 Corporate social responsibility expenses exclude contributions and projects sponsored through *Fondation SEMAFO.*

2 Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

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

4 Depreciation per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the depreciation expense per ounce sold.

5 Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements.

4. Operating Income (Loss) by Segment (continued)

Mining Operations (continued)

Mana, Burkina Faso

First quarter 2013 v. First quarter 2012

- For the three-month period ended March 31, 2013, a total of 675,200 tonnes of ore and 2,138,900 tonnes of waste material were extracted from the Wona and Kona pits, resulting in a stripping ratio of 3.2:1. In addition, 7,900,400 tonnes of waste material were extracted from the Wona and Kona pits during the pre-stripping phase. This compares to 781,400 tonnes of ore and 4,827,000 tonnes of waste material extracted from the Wona and Nyafé pits during the same period in 2012, which resulted in a stripping ratio of 6.2:1. In addition, 880,600 tonnes of waste material were extracted from the Wona pit during the pre-stripping phase. Although ore mined decreased in the first quarter of 2013 compared to the same period in 2012 due to the focus on pre-stripping activities, total material mined increased by 65% when compared to the same period in 2012 as a result of additional mining equipment.
- The increase in throughput was achieved following the commissioning of the phase IV of the plant expansion, which was completed in July 2012.
- The decrease in head grade reflects a higher feed of oxide ore sourced from the Kona pit, which has lower grade compared to ore sourced from the Wona and Nyafé pits during the first quarter of 2012, combined with the processing of lower grade ore from stockpiles.
- The decrease in gold ounces produced, despite slightly higher gold recovery and higher throughput, is a direct result of a lower head grade.
- The decrease in cash operating cost per tonne processed is mainly due to a lower stripping ratio, combined with lower maintenance costs. The increase in cash operating cost per ounce produced is the result of a lower head grade.
- The depreciation charge increased as a result of the addition of mining equipment in 2012.
- Cash flow used for investments in property, plant and equipment in the first quarter of 2013 of $28,264,000 included: exploration expenditures of $7,673,000, growth capital at the Mana Mine totalling $2,512,000, the purchase of mining equipment totalling $705,000, capitalized stripping costs of $12,538,000, as well as sustainable capital expenditures of $4,836,000. In the first three months of 2012, liquidities of $44,351,000 were invested as follows: $9,907,000 for exploration expenditures, $3,869,000 for expansion related costs at the Mana Mine, $6,057,000 for the underground at Mana, $9,165,000 for mining equipment, $1,787,000 for stripping costs as well as $13,566,000 for sustainable capital expenditures.

Exploration Update - Focus on the Siou Sector

The Corporation continues to focus on organic growth at Mana. Based on the excellent results from the Siou Sector, SEMAFO's entire 2013 exploration budget of $22 million has been allocated to Mana. The main exploration focus will be within the 20-kilometer radius of the Mana processing plant.

Our top priority is to fast-track the Siou Sector in order to commence stripping during the fourth quarter of 2014. The recent volatility of the price of gold reinforces our decision to accelerate the development of the high-grade Siou Sector, which has low sensitivity to gold price fluctuations.

We believe that bringing Siou to reserves in the third quarter of 2013, with a priority on the first 150 meters at depth, will offer clarity to the market and will highlight the role that Siou will play in our short-term value creation strategy.

As part of our disciplined capital allocation strategy and considering that exploration is our future, SEMAFO's entire 2013 exploration budget of $22 million will be invested within the 20-kilometer radius of the Mana processing plant. The main focus is on delineation drilling at Siou and step-out drilling on the Kokoi Trend, which offers the best potential for quality ounces and rapid cash flow generation.

Delineation Drilling at Mana's Siou Sector Confirms Mineralization and Extension

The current delineation drilling program at Siou includes four core drills and two reverse-circulation ("RC") drills. Approximately 70% of the delineation drilling, at 50 meter x 25 meter spacing, was completed over the first 150 meters of vertical depth on the Siou Sector. Results confirm good continuity and predictability of the mineralization when compared to the 2012 year-end results (ref. SEMAFO's press release dated May 1, 2013).

4. Operating Income (Loss) by Segment (continued)

Mining Operations (continued)

Delineation Drilling at Mana's Siou Sector Confirms Mineralization and Extension (continued)

Phase I delineation drilling at 50 meters x 25 meters commenced in January 2013. As of May 1, 2013, 8,400 meters of RC drilling in 75 holes and 4,950 meters of core drilling in 34 holes were completed. An additional 34 core holes must still be drilled to complete Phase 1 over the first 150 meters of vertical depth. The objective of this program is to better define the Siou Zone and the Nine Zone mineralization within the limits of the pit outline used for the 2012 year-end inferred resources. Holes WDC-681 and WDC-667 confirm the potential of both the Siou Zone and the Nine Zone. The best result, hole WDC-681 (8.66 g/t Au over 4.1 meters in the Nine Zone and 3.88 g/t Au over 7.3 meters in the Siou Zone), extends the up-dip potential of the south area.

Early in the second quarter we began Phase II of the drilling program at Siou, which includes 25 meter x 25 meter spacing with regard to the up-dip potential of the south area of the Siou Sector, a drilling program will be initiated for an inferred resource estimate scheduled for the fourth quarter of 2013 and should be sufficient to establish mineable reserves for this area as planned by the end of the third quarter of 2013.

A National Instrument 43-101 compliant technical report for the Mana Property, including the initial one million gold ounces of in-pit inferred resources at the Siou Sector was filed on SEDAR (www.sedar.com) on March 29, 2013.

Data compilation and other activities for the Environmental Impact Assessment (EIA) and the permitting process at Siou have been initiated. Siou is a priority for the Corporation in 2013 and every possible effort will be made to fast-track the sector to production.

Exploration is ongoing on the Kokoi trend with two RC drills active in the area.

South Sector

Preliminary Heap Leaching Tests at Yaho

Preliminary metallurgical tests from composite samples to evaluate the heap leach process on Yaho oxides and transitional material were performed in the first quarter of 2013 by SGS Laboratory in South Africa.

The results showed a combined averaged gold recovery rate of 75% based on column heap leach trials. The following table indicates individual recovery per material type.

Heap Leach Column Tests [1]	
Yaho Composite Samples	
Type	**Recovery**
Saprolite Material	80%
Transitional Material	65%
Weighted Average	**75%**

[1] Preliminary results

Other tests such as agglomeration, percolation rates and compacted permeability were also performed in an effort to determine operating costs and scale-up required capital expenditures.

An internal preliminary economic assessment and sensitivity analysis based on these results indicates that utilizing the heap leach process for Yaho is not cost-effective at current gold prices. Consideration to mine this area has therefore been postponed pending a more favorable economic climate.

Fofina

As previously announced, oxide and transitional material from Fofina located approximately 18 kilometers southwest of the Mana processing plant, show excellent results including 92% gold recovery using Carbon In leach (CIL) processing. Plans are to haul and process the ore at the current Mana plant. The permitting process for Fofina is currently underway.

As part of our strategy and ongoing efforts to reduce costs, optimize cash flow and capital allocation and return on investment, we will focus on quality ounces at Mana. Accordingly, no exploration budget allocation was made in 2013 for our two non-core assets, the Samira Hill and the Kiniero mines.

4. Operating Income (Loss) by Segment (continued)

Mining Operations (continued)

Samira Hill, Niger

	Three-month period ended March 31,		
	2013	2012[5]	Variation
Operating Data			
Ore mined (tonnes)	**534,900**	468,900	14%
Ore processed (tonnes)	**416,700**	422,600	(1%)
Head grade (g/t)	**1.05**	1.37	(23%)
Recovery (%)	**88**	70	26%
Gold ounces produced	**12,200**	12,900	(5%)
Gold ounces sold	**15,000**	12,400	21%
Financial Data (in thousands of dollars)			
Revenues – Gold sales	**24,648**	21,168	16%
Mining operations expenses (excluding government royalties)	**13,477**	10,266	31%
Government royalties	**1,372**	1,189	15%
Depreciation of property, plant and equipment	**3,716**	4,821	(23%)
General and administrative	**346**	527	(34%)
Corporate social responsibility expenses[1]	**32**	49	(35%)
	5,705	4,316	32%
Impairment	**35,100**	–	–
Segment operating income (loss)	**(29,395)**	4,316	–
Statistics (in dollars)			
Average realized selling price (per ounce)	**1,643**	1,707	(4%)
Cash operating cost (per ounce produced)[2]	**889**	831	7%
Cash operating cost (per tonne processed)[2]	**27**	26	4%
Total cash cost (per ounce sold)[3]	**990**	924	7%
Depreciation (per ounce sold)[4]	**248**	389	(36%)

1 Corporate social responsibility expenses exclude contributions and projects sponsored through *Fondation SEMAFO.*

2 Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

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

4 Depreciation per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the depreciation expense per ounce sold.

5 Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements.

4. Operating Income (Loss) by Segment (continued)

Mining Operations (continued)

Samira Hill, Niger

First quarter 2013 v. First quarter 2012

- At the end of 2012, the re-assessment of future cash flows to be generated by the mine led to a $60 million impairment charge. This exercise also demonstrated this non-core property's acute sensitivity to fluctuations in economic and technical parameters. Samira Hill is a non-core asset and the Corporation decided to review strategic alternatives for this project. We announced a $10 million reduction in capital expenditures in March 2013 followed by an additional $6 million reduction in capital expenditures. For the remaining nine months of 2013, capital expenditures are forecasted at $11 million. In addition, a decision has been made to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. This decision triggered an impairment review as at March 31, 2013.
  - The result of the impairment test suggests that the recoverable amount calculated using the fair value less cost to sell was lower than the carrying amount of this cash-generating unit. The post-tax discount rate used in the calculation of fair value less cost to sell was 8.5%.
  - Accordingly, for the three-month period ended March 31, 2013, the Corporation recorded an impairment charge of $35,100,000 (2012: nil) for non-financial assets, all of which $25,900,000 is for property, plant and equipment and $9,200,000 for stockpiles as well as supplies and spare parts for the Samira Hill Mine, in the consolidated statement of income (loss). This impairment charge was recorded within the Samira Hill Mine segment.
- During the three-month period ended March 31, 2013, 534,900 tonnes of ore and 1,217,500 tonnes of waste material were extracted from the Libiri B, Libiri NW and Boulon Jounga pits, resulting in a stripping ratio of 2.3:1. In addition, 993,500 tonnes of waste material were extracted from the Libiri NW and Boulon Jounga pits during the pre-stripping phase. For the corresponding period in 2012, 468,900 tonnes of ore and 1,474,700 tonnes of waste material were extracted from the Libiri B, Libiri NW and Samira Main pits, for a stripping ratio of 3.1:1. In addition, 1,192,300 tonnes of waste material were extracted from different pits during the pre-stripping phase. The increase in ore mined is due to an improved stripping ratio.
- The decrease in head grade is due to the processing of ore sourced from the Libiri B and Libiri NW pits in the first three months of 2013, compared to the processing of higher grade ore sourced from the Samira Main Pit during the same period in 2012.
- Recovery greatly improved in the first quarter of 2013, reaching an average of 88% compared to 70% in the same period in 2012. This improvement is the result of processing oxide ore sourced from the Libiri B and Libiri NW pits during the three-month period ended March 31, 2013, compared to the processing of sulphide ore sourced from the Samira Main pit for the same period in 2012.
- The cash operating cost per ounce produced increased in the first three months of 2013 compared to the same period in 2012, reflecting a lower head grade.
- The decrease in depreciation expense is the result of the impairment charge of $60 million property, plant and equipment recorded in 2012. This non-cash charge was prompted by the re-assessment of future cash flows to be generated by the mine following the review of technical and economical parameters. The revision takes into consideration increases in sustaining capital expenditures, consumable and operating costs as well as escalating energy costs related to the poor reliability of the Niger power grid.
- Cash flow used for investments in property, plant and equipment in the first quarter of 2013 totalled $4,528,000 and included: exploration expenditures of $43,000, capitalized stripping costs of $2,532,000, as well as sustainable capital expenditures of $1,953,000. In the first three months of 2012, liquidities of $5,891,000 were invested as follows: $1,860,000 for exploration expenditures, $2,555,000 for stripping costs as well as $1,476,000 for sustainable capital expenditures.
- We will continue to review the strategic alternatives for Samira Hill. Meanwhile, the project is under ongoing review in order to remain cash flow positive.

4. Operating Income (Loss) by Segment (continued)

Mining Operations (continued)

Kiniero, Guinea

	Three-month period ended March 31,		
	2013	2012	Variation
Operating Data			
Ore mined (tonnes)	**112,900**	–	–
Ore processed (tonnes)	**122,600**	–	–
Head grade (g/t)	**1.24**	–	–
Recovery (%)	**87**	–	–
Gold ounces produced	**4,800**	–	–
Gold ounces sold	**5,500**	–	–
Financial Data (in thousands of dollars)			
Revenues – Gold sales	**8,829**	–	–
Mining operations expenses (excluding government royalties)	**4,505**	775	481%
Government royalties	**481**	–	–
Depreciation of property, plant and equipment	**949**	147	546%
General and administrative	**79**	259	(69%)
Corporate social responsibility expenses	**5**	5	–
Segment operating income (loss)	**2,810**	(1,186)	337%
Statistics (in dollars)			
Average realized selling price (per ounce)	**1,605**	–	–
Cash operating cost (per ounce produced)[1]	**864**	–	–
Cash operating cost (per tonne processed)[1]	**36**	–	–
Total cash cost (per ounce sold)[2]	**907**	–	–
Depreciation (per ounce sold)[3]	**173**	–	–

[1] Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

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

[3] Depreciation per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the depreciation expense per ounce sold.

First Quarter 2013 v. First Quarter 2012

- The processing plant resumed operation in April 2012, while mining operations gradually and partially resumed in the third quarter of 2012.
- In the first quarter of 2013, 122,600 tonnes were processed at the plant at an average head grade of 1.24 g/t Au. Production totalled 4,800 ounces of gold at a total cash cost per ounce sold of $907.
- Cash flow used for investments of $348,000 in property, plant and equipment in the first quarter of 2013 included: exploration expenditures of $50,000 as well as sustainable capital expenditures of $298,000. In the first three months of 2012, liquidities of $2,958,000 were invested in exploration expenditures.
- Kiniero is a non-core asset and we continue to review the strategic alternatives for this property. In the meantime, the project is under ongoing review in order to remain cash flow positive.

5. Other Elements of the Statement of Income (Loss)

General and Administrative Expenses

(in thousands of dollars)	Three-month period ended March 31, 2013	2012
Corporate expenses	**4,134**	4,807
Sites – Administrative	**1,153**	1,512
	5,287	6,319

General and administrative expenses totalled $5,287,000 for the three-month period ended March 31, 2013, compared to $6,319,000 in the same period in 2012 due to our optimization efforts.

Corporate Social Responsibility Expenses

For the three-month period ended March 31, 2013, corporate social responsibility expenses totalled $736,000 (2012: $691,000), including contributions of $331,000 (2012: $388,000) made to *Fondation SEMAFO,* while contributions to SEMAFO Energy totalled $138,000 (2012: $228,000).

The SEMAFO Energy initiative began in 2011 and was born out of our corporate social responsibility program and our desire to assist West African countries to identify and generate new sources of energy. The Corporation's commitments in this regard have all but been fulfilled and it expects to conclude any outstanding matters and cease funding in 2013.

Share-based Compensation

For the three-month period ended March 31, 2013, our share-based compensation expenses amounted to $713,000 compared to $778,000 for the same period in 2012. Our share-based compensation expenses included a $631,000 charge (2012: $797,000) related to our stock option plans and an expense of $82,000 (2012: credit of $19,000) for our Restricted Share Unit Plan ("Unit Plan"). The $82,000 expense related to the Unit Plan is comprised of a $1,121,000 expense for restricted share units outstanding and a $1,039,000 credit due to the change in fair value of our share price. The decrease in our stock option plans' expenses in the first quarter of 2013 compared to the same period in 2012 was the result of a significant decrease in the number of options granted under the stock option plans further to the implementation of the Unit Plan. The increase in our Unit Plan expense is due to a higher number of restricted share units granted in 2013.

Finance Costs

In the first quarter of 2013, finance costs amounted to $439,000 compared to $247,000 in the same period in 2012.

Income Tax Expense

The income tax expense increased in the first quarter of 2013 compared to the same period in 2012 due to the reversal of the Samira Hill Mine's future deferred income tax assets in the first quarter of 2013 and combined with the deferred income tax recovery in the first quarter of 2012, reflecting the impact of foreign exchange movements on our foreign non-monetary assets that must be recognized.

5. Other Elements of the Statement of Income (Loss) (continued)

Comprehensive Income (Loss) Attributable to Non-Controlling Interests

	Three-month period ended March 31,	
	2013	2012[1]
Non-controlling interests (in thousands of dollars)		
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	**2,228**	3,407
Government of Niger – 20% in Société des Mines du Liptako (SML) S.A.	**(7,969)**	537
Government of Guinea – 15% in SEMAFO Guinée S.A.	**(140)**	(708)
	(5,881)	3,236

[1] Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements

The non-controlling interests are directly linked to our subsidiaries' net income (loss).

6. Other Comprehensive Income (Loss)

For the three-month period ended March 31, 2013, other comprehensive income amounted to nil. In the first quarter of 2012, it also included an other comprehensive loss of $7,362,000 due to a decrease in the fair value of our current investment, which was sold during the second quarter of 2012.

7. Cash Flow

The following table summarizes our cash flow activities:

	Three-month period ended March 31,	
	2013	2012
Cash flow **(in thousands of dollars)**		
Operations	**38,798**	40,196
Working capital items	**(3,068)**	18,554
Operating activities	**35,730**	58,750
Financing activities	**(5,384)**	(5,301)
Investing activities	**(34,213)**	(57,710)
Effect of exchange rate changes on cash and cash equivalents	**1,689**	(707)
Change in cash and cash equivalents during the period	**(2,178)**	(4,968)
Cash and cash equivalents – beginning of period	**139,451**	178,713
Cash and cash equivalents – end of period	**137,273**	173,745

7. Cash Flow (continued)

Operating

Our primary ongoing source of liquidity is from our operating cash flows. In the first quarter of 2013, operating activities before working capital items, generated cash flows of $38,798,000 compared to $40,196,000 for the same period in 2012 despite an 11% increase in gold ounces sold compared to the same period in 2012, reflecting higher mining operating expenses. Working capital items required liquidities of $3,068,000 in the first quarter of 2013, while it generated liquidities of $18,554,000 in the same period in 2012, mainly due to lower trade payables and accrued liabilities offset by a decrease in trade receivables from gold sales and lower inventories.

Further details regarding the changes in non-cash working capital items are provided in note 20 a) of our financial statements.

Financing

In the first quarter of 2013, cash flow used in financing activities amounted to $5,384,000 compared to $5,301,000 in the same period in 2012. In both quarters, the cash flow was mainly used for the payment of dividends to equity shareholders.

Investing

During the first quarter of 2012, we made an investment of $4,813,000 in a quoted equity investment for a current investment totalling $29,902,000. In the second quarter of 2012, we sold our current investment for proceeds totalling $5,617,000.

In the first quarter of 2013, investments of $33,140,000 were made in property, plant and equipment, compared to investments of $53,200,000 for the same period in 2012.

Cash flow used for investments in property, plant and equipment in the first quarter of 2013 included: exploration expenditures of $7,766,000, growth capital at the Mana Mine totalling $2,512,000, the purchase of mining equipment totalling $705,000, capitalized stripping costs of $15,070,000, as well as sustainable capital expenditures of $7,087,000. In the first three months of 2012, liquidities of $53,200,000 were invested as follows: $14,725,000 for exploration expenditures, $3,869,000 for expansion related costs at the Mana Mine, $6,057,000 for the underground at Mana, $9,165,000 for mining equipment, $4,342,000 for stripping costs as well as $15,042,000 for sustainable capital expenditures.

The $1,073,000 increase in restricted cash in the first quarter of 2013 is mainly due to the injection of funds in our Burkina Faso's restricted rehabilitation bank account according to local regulations, compared to a decrease of $303,000 for the same period in 2012.

8. Financial Position

As at March 31, 2013, we maintained a strong financial position with $137,273,000 in cash and cash equivalents and no long-term debt. With our existing cash balances and forecast cash flow from operations, we are well positioned to fund all of our cash requirements for 2013, which relate primarily to the following activities:

Requirements and ongoing projects:

- Exploration programs
- Stripping activities
- Payment of dividends

(in thousands of dollars)	As at March 31, 2013	As at December 31, 2012
Current assets	**247,353**	273,107
Restricted cash	**1,996**	923
Property, plant and equipment	**400,323**	404,716
Investment	**19,600**	19,600
Deferred income tax assets	**–**	3,000
Total assets	**669,272**	701,346
Total liabilities	**81,177**	100,819
Equity attributable to equity shareholders	**579,903**	586,524
Non-controlling interests	**8,192**	14,003

As at March 31, 2013, our total assets amounted to $669,272,000 compared to $701,346,000 as at December 31, 2012. We held cash and cash equivalents of $137,273,000 as at March 31, 2013 compared to $139,451,000 as at December 31, 2012. The remaining portion of our asset base is primarily comprised of property, plant and equipment, reflecting the capital intensive nature of our business.

As at March 31, 2013, our liabilities totalled $81,177,000, and were mainly comprised of trade payables and accrued liabilities, income tax payable and provisions.

9. Financial Instruments

The nature and extent of risks arising from financial instruments are described in note 16 of the Corporation's 2013 annual consolidated financial statements. In the first quarter of 2013, there was no material change to the nature of risks arising from financial instruments or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on the Corporation's consolidated statement of financial position.

10. Contractual Obligations

Asset Retirement Obligations

Our operations are governed by mining agreements that include the protection of the environment. We conduct our operations in such manner as to protect public health and the environment. We implement progressive measures for rehabilitation work during the operation, in accordance with our mining agreements, as well as closing-down and follow-up work upon closure of a mine.

The liability for asset retirement obligations as at March 31, 2013 was $10,965,000 (December 31, 2012: $10,375,000). The estimated undiscounted value of this liability was $13,441,000 (December 31, 2012: $12,752,000). These disbursements are expected to be made during the years 2013 to 2021. An accretion expense component of $183,000 (2012: $596,000) has been charged to operations in finance costs in the first quarter of 2013 to reflect an increase in the carrying amount of the asset retirement obligation, which has been determined using a weighted average discount rate of 7% (2012: 7%).

Government Royalties and Development Taxes

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

In the three-month period ended March 31, 2013, the Corporation was subject to a royalty rate of 5%, which was calculated using the retail market value of gold ounces sold at the time of shipment. In the first quarter of 2013, government royalties amounting to $3,694,000 (2012: $3,888,000) were paid to the Government of Burkina Faso.

The Corporation is subject to a royalty rate of 5.5% of the market value of gold ounces sold originating from the Samira Hill Mine payable to the Republic of Niger. In the first quarter of 2013, government royalties amounting to $1,372,000 (2012: $1,189,000) were paid to the Government of Niger.

The Corporation is subject to a royalty rate of 5% of the market value of gold ounces sold originating from the Kiniero Mine payable to the Republic of Guinea. In addition, the Corporation has to invest 0.4% of its gold sales in local development projects. In the first quarter of 2013, government royalties amounting to $481,000 (2012: nil) were paid to the Government of Guinea.

Net Smelter Royalty – Samira Hill Mine

Further to the acquisition from Etruscan Resources Inc. ("Etruscan") of their minority interest in the subsidiary operating the Samira Hill Mine located in Niger, the Corporation is subject to a 1.5% net smelter royalty. The royalty comes into effect after the mine has produced 750,000 ounces, calculated as from July 1, 2009. Since July 1, 2009, the Samira Hill Mine has produced 188,600 ounces. The Corporation has been granted a right of first refusal should Etruscan decide to sell this royalty.

Purchase Obligations

As at March 31, 2013, the purchase commitments totalled $8,371,000. In addition, on October 1, 2011, the Corporation entered into an agreement with National Electricity Company Sonabel, in Burkina Faso, according to which the Corporation will advance $9,500,000 for the construction of a 73-kilometer high-voltage transmission line. This amount is reimbursable to the Corporation by Sonabel over an eight-year period following commissioning. As at March 31, 2013, no amounts have been advanced to Sonabel with respect to this project.

Payments to Maintain Mining Rights

In the normal course of business, in order to obtain and maintain all the advantages of our mining permits, we must commit to invest a specific amount in exploration and development on the permits during their validity period. Moreover, we must make annual payments in order to maintain certain property titles. As at March 31, 2013, we were in compliance in all material respect with the obligations related to the ownership of our permits.

11. Significant Accounting Policies

The Corporation established its accounting policies and methods used in the preparation of its unaudited condensed interim consolidated financial statements for the three-month period ended March 31, 2013 in accordance with IFRS. See Note 3 to the Corporation's 2012 annual audited consolidated financial statements and note 4 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2013 for more information about the significant accounting policies used to prepare the financial statements.

12. Critical Accounting Estimates and Judgements

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each 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. This determination requires significant judgment. Factors which 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 and deferral of capital investments.

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

The fair values are 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 fair values of non-financial assets to their carrying values. The Corporation's fair value estimates are based on numerous assumptions such as, but not limited to, estimated realized gold prices, operating costs, gold recovery, mineral reserves, capital and site restoration expenditures and estimated future foreign exchange rates, and may differ from actual fair values and these differences may be significant and could have a material impact on the Corporation's financial position and result of operation. Mineral reserve estimates are the most important variable in the Corporation's fair value estimates. A decrease in the reserves 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.

During this first quarter of 2013, an impairment charge of $35,100,000 (2012: nil) for non-financial assets was recorded, of which $25,900,000 is for property, plant and equipment and $9,200,000 for stockpiles as well as supplies and spare parts and related to the Samira Hill Mine in Niger. This impairment charge was prompted by the decision to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. Please refer to note 10 of the condensed interim consolidated financial statements for the three-month period ended March 31, 2013.

Subsequent to the quarter end, market prices of gold declined significantly and were below levels used in our most recent financial models. If gold prices remain at these levels for an extended period of time, we may need to reassess our long-term price assumptions, and a significant decrease in our long-term price assumptions would be an indicator of potential impairment. Also subsequent to the quarter end, the trading price of the Corporation's shares declined such that the Corporation's carrying value of net assets exceeded its market capitalization, which is also an indicator of potential impairment. If these potential indicators of impairment exist at the end of our next reporting period, we could be required to conduct an impairment assessment.

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, timing change in discount rate and cost of the work to be carried out.

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 they will incur to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation.

12. Critical Accounting Estimates and Judgements (continued)

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. An asset retirement obligations study is currently under review and is expected to be completed in 2013.

13. Risks and Uncertainties

As a mining company, we face the financial and operational risks inherent to the nature of our activities. These risks may affect our financial condition and results of operation. As a result, an investment in our common shares should be considered speculative. Prospective purchasers or holders of our common shares should give careful consideration to all of our risks factors.

Financial Risks

Fluctuation in Gold Prices

The profitability of our operations will be significantly affected by changes in the market price of gold. Gold production from mining operations and the willingness of third parties, such as central banks, to sell or lease gold affects the gold supply. Demand for gold can be influenced by economic conditions, gold's attractiveness as an investment vehicle and the strength of the US dollar. Other factors include interest, exchange rates, inflation and political stability. The aggregate effect of these factors is impossible to predict with accuracy. Gold prices are also affected by worldwide production levels.

In addition, the price of gold has on occasion been subject to very rapid short-term changes due to speculative activities. Fluctuations in gold prices may materially adversely affect our financial condition and results of operation.

Fluctuation in Petroleum Prices

Because we use petroleum fuel to power our mining equipment and to generate electrical energy to power our mining operations, our financial condition and results of operation may be materially adversely affected by rising petroleum prices.

Exchange Rate Fluctuations

Our operations in West Africa are subject to currency fluctuations that may materially adversely affect our financial condition and results of operation. Gold is currently sold in US dollars and although the majority of our costs 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, which could materially adversely affect our financial condition and results of operation.

Access to Capital Markets

To fund our growth, we are often dependent on securing the necessary capital through loans or permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in our projects.

Operational Risks

Uncertainty of Reserves and Resource Estimates

Reserves and resources are estimates based on limited information acquired through drilling and other sampling methods. No assurance can be given that anticipated tonnages and grades will be achieved or that level of recovery will be realized. The ore grade actually recovered may differ from the estimated grades of the reserves and resources. Such figures have been determined based upon assumed gold prices and operating costs. Future production could differ dramatically from reserves estimates for, among others, the following reasons:

- mineralization or formations could differ from those predicted by drilling, sampling and similar examinations
- increases in operating mining costs and processing costs could materially adversely affect reserves
- the grade of the reserves may vary significantly from time to time and there is no assurance that any particular level of gold may be recovered from the reserves, and
- declines in the market price of gold may render the mining of some or all of the reserves uneconomic.

13. Risks and Uncertainties (continued)

Operational Risks (continued)

Uncertainty of Reserves and Resource Estimates (continued)

Any of these factors may translate into increased costs or a reduction in our estimated reserves. Short-term factors, such as the need for the additional development of a deposit or the processing of new or different grades may impair our profitability. Should the market price of gold fall, we could be required to materially write down our investment in mining properties or delay or discontinue production or the development of new projects.

Production and Operating Cash Cost

No assurance can be given that the intended or expected production schedules or the estimated operating cash costs will be achieved in respect of our operating gold mines. Many factors may cause delays or cost increases, including labour issues, disruptions in power, transportation or supplies, and mechanical failure. Our net income will depend, among other things, on the extent to which expected operating costs are achieved. In addition, short-term operating factors, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular period. Furthermore, our activities may be subject to prolonged disruptions due to weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

Our operating cash cost to produce an ounce of gold is further dependent on a number of factors, including the grade of reserves, recovery and plant throughput. Our future performance may hence materially adversely differ from the estimated performance. As these factors are beyond our control, there can be no assurance that our cash operating cost will be similar from year to year.

Nature of Mineral Exploration and Mining

Our profitability is significantly affected by our exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a gold-bearing structure may result in substantial rewards, few properties explored are ultimately developed into mines. Major expenses may be required to establish and replace reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that our current or proposed exploration programs will result in profitable commercial mining operations.

Whether a gold deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to taxes, royalties, infrastructure, land use, import and export of gold, revenue repatriation and environmental protection. The effects of these factors cannot be accurately predicted, but the combination of these factors may preclude us from receiving an adequate return on invested capital. Our operations are, and will continue to be, subject to all of the hazards and risks normally associated with the exploration, development and production of gold, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

Depletion of our Mineral Reserves

We must continually replace mining reserves depleted by production to maintain production levels over the long term. This is done by expanding known mineral reserves or by locating or acquiring new mineral deposits. There is, however, a risk that depletion of reserves will not be offset by future discoveries. Exploration for minerals is highly speculative in nature and involves many risks. Many, if not most gold projects are unsuccessful and there are no assurances that current or future exploration programs will be successful. Further, significant costs are incurred to establish mineral reserves, open new pits and construct mining and processing facilities. Development projects have no operating history upon which to base estimates of future cash flow and are subject to the successful completion of feasibility studies, obtaining necessary government permits, obtaining title or other land rights and the availability of financing. In addition, assuming discovery of an economic mine or pit, depending on the type of mining operation involved, many years may elapse before commercial operations commence. Accordingly, there can be no assurances that our current programs will result in any new commercial mining operations or yield new reserves to replace or expand current reserves.

Water Supply

Our operations require significant quantities of water for mining, ore processing and related support facilities. Our operations in Africa may be in areas where water is scarce. Continuous production at our mines is dependent on our ability to access adequate water supply. Insufficient water supply, as a result of new regulations or otherwise, could materially adversely affect our financial condition and results of operation.

13. Risks and Uncertainties (continued)

Operational Risks (continued)

Availability of Infrastructure and Fluctuation in the Price of Energy and Other Commodities

The exploration and development of mineral deposits is dependent on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinant susceptible to affect our capital and operating costs. Lack of such infrastructure or unusual or infrequent weather phenomena, sabotage, terrorism, government or other interference in the maintenance or provision of such infrastructure could materially adversely affect our financial condition and results of operation.

More particularly, Sonabel, the National Electricity Company of Burkina Faso, is responsible for the construction of the 73-kilometer high-voltage transmission line which will connect our Mana mine to the National power grid. Accordingly, we cannot predict with certainty when the line will be built, commissioned and the extent of its reliability. Any delay in the construction or commissioning or regarding the reliability of such Sonabel power line could impair our ability to realize anticipated savings at Mana.

In addition, our profitability is affected by the market price and availability of commodities that are consumed or otherwise used in connection with our operations such as diesel, fuel, electricity, steel, concrete and chemical (including cyanide). Prices of such commodities are affected by factors that are beyond our control. An increase in the cost or decrease in the availability of needed commodities may materially adversely affect our financial condition and results of operations.

Licenses and Permits

We require licenses and permits from various governmental authorities. We believe that we hold all necessary licenses and permits under applicable laws and regulations in respect of our properties and that we presently comply in all material respects with the terms of such licenses and permits. Such licenses and permits, however, are subject to change in various circumstances. There can be no guarantee that we will be able to obtain or maintain all necessary licenses and permits that may be required to continue to operate our current undertakings, explore and develop properties or commence construction or operation of mining facilities and properties under exploration or development. Failure to obtain new licenses and permits or successfully maintain current ones may materially adversely affect our financial condition and results of operations.

Political Risk

While the governments in Burkina Faso, Niger and Guinea have historically supported the development of their natural resources by foreign companies, there is no assurance that these governments will not in the future adopt different policies or new interpretations respecting foreign ownership of mineral resources, rates of exchange, environmental protection, labour relations, and repatriation of income or return of capital. Any limitation on transfer of cash or other assets between SEMAFO and our subsidiaries could restrict our ability to fund our operations and materially adversely affect our financial condition and results of operation.

Moreover, mining tax regimes in foreign jurisdictions are subject to differing interpretations and constant changes and may not include fiscal stability provisions. Our interpretation of taxation law, including fiscal stability provisions, as applied to our transactions and activities may not coincide with that of the tax authorities. As a result, taxes may increase and transactions may be challenged by tax authorities and our operations may be assessed, which could result in significant taxes, penalties and interest.

The possibility that a future government in any of our host countries may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out. Political risk also includes the possibility of civil disturbances and political instability in these or neighboring countries.

Title Matters

While we have no reason to believe that the existence and extent of any mining property in which we have an interest is in doubt, title to mining properties is subject to potential claims by third parties. The failure to comply with all applicable laws and regulations, including failure to pay taxes and carry out and file assessment work within applicable time period, may invalidate title to all or portions of the properties covered by our permits and licences.

Suppliers and Outside Contractors Risk

We are dependent on various services, equipment, supplies and parts to carry out our operations. The shortage of any needed good, part or service may cause cost increases or delays in delivery time thereby materially adversely affecting our production schedules as well as financial condition and results of operations.

13. Risks and Uncertainties (continued)

Operational Risks (continued)

Suppliers and Outside Contractors Risk (continued)

Additionally, a significant portion of our operations in Niger continues to be conducted by contractors. As a result, our operations are subject to a number of risks, some of which are outside our control, including:

- negotiating agreements with contractors on acceptable terms
- the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement
- reduced control over such aspects of operations that are the responsibility of the contractor
- failure of a contractor to perform under our contractual arrangement
- interruption of operations in the event that a contractor ceases its business due to insolvency or other events
- failure of a contractor to comply with applicable legal and regulatory requirements, to the extent that it is responsible for such compliance
- problems of a contractor with managing its workforce, labor unrest or other employment issues.

In addition, we may incur liability to third parties as a result of the actions of a contractor. The occurrence of one or more of these risks could have a material adverse effect on our financial condition and results of operation.

Competition

The mineral exploration and mining business is competitive in all of its phases. We compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties, equipment and increasingly, human resources. There is no assurance that we will continue to be able to compete successfully with our competitors.

Qualified and Key Personnel

In order to operate successfully, we must find and retain qualified employees with strong knowledge and expertise in the mining environment. SEMAFO and other companies in the mining industry compete for qualified and key personnel and if we are unable to attract and retain qualified personnel or fail to establish adequate succession planning strategies, our financial condition and results of operation could be materially adversely affected.

Labour and Employment Relations

We are dependent on our workforce to extract and process minerals. Our relations with our employees may be impacted by changes in labour relations which may be introduced by, among others, employee groups, unions and governmental authorities. Furthermore, some of our employees are represented by labour unions under collective labour agreements. We may not be able to satisfactorily renegotiate our collective labour agreements upon their expiration. In addition, existing labour agreements may not prevent a strike or work stoppage at our facilities in the future. Labour disruptions at any of our properties could have a material adverse impact on our financial condition and results of operation.

Environmental Risks, Hazards and Costs

All phases of our operations are subject to environmental regulation in the various jurisdictions in which we operate. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Environmental hazards which are unknown to us at present and which have been caused by previous or existing owners or operations of the properties may exist on our properties. Failure to comply with applicable environmental laws and regulations may result in enforcement actions and may include corrective measures that require capital expenditures or remedial actions. There is no assurance that future changes in environmental laws and regulations and permits governing operations and activities of mining companies, if any, will not materially adversely affect our operations or result in substantial costs and liabilities to us in the future.

Production at our mines involves the use of sodium cyanide which is a toxic material. Should sodium cyanide leak or otherwise be discharged from the containment system, we may become subject to liability for clean-up work that may not be insured. While all steps have been taken to prevent discharges of pollutants into ground water and the environment, we may become subject to liability for hazards that may not be insured.

In addition, natural resource companies are required to conduct their operations and rehabilitate the lands that they mine in accordance with applicable environmental regulations. Our estimates of the total ultimate closure and rehabilitation costs may be materially different from these actual costs. Any underestimated or unanticipated rehabilitation cost could materially adversely affect our financial condition and results of operations.

13. Risks and Uncertainties (continued)

Operational Risks (continued)

Insufficient Insurance

While we may obtain insurance against certain risks in such amounts as we consider adequate, available insurance may not cover all the potential risks associated with a mining company operations. We may also be unable to maintain insurance to cover insurable risks at economically feasible premiums and insurance coverage may not be available in the future or may not be adequate to cover any resulting loss. Moreover, insurance risks such as the validity of ownership of unpatented mining claims and mil sites and environmental pollution or other hazards as a result of exploration and production is not generally available to gold mining companies on acceptable terms. The potential costs which may be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, materially adversely affecting our financial condition and results of operation.

Resource Nationalism

As African governments continue to struggle with deficits and depressed economies, the ongoing strength in gold price has resulted in the gold mining sector being targeted to raise revenues. Governments are continually assessing the terms for a mining company to exploit resources in their country. Burkina Faso and Guinea have recently introduced proposed changes to their respective mining regimes that reflect increased government control over mining operations and include changes affecting taxation, licensing, requirements for employments of local personnel or contractors and other benefits to be provided to local residents. If translated into applicable law, the trend in resource nationalism could materially adversely affect our financial condition and results of operation.

Surrounding Communities Relations

Natural resources companies face increasingly public scrutiny of their activities. We are under pressure to demonstrate that, as we seek to generate satisfactory returns to shareholders, other stakeholders including local governments and the communities surrounding our mines in the countries where we operate benefit from our commercial activities. The potential consequences of these pressures include reputational damages, lawsuits, increasing social investments obligations and pressure to increase taxes and royalties payable to local governments and surrounding communities. These pressures may also impair our ability to successfully obtain the permits and approvals required for our operations.

In addition, our properties in Burkina Faso, Niger and Guinea may be subject to the rights or asserted rights of various community stakeholders. Moreover, artisanal miners may make use of some or all of our properties which would interfere with exploration and development activities on such properties.

Reliance on Information Technology Systems

Our operations are dependent upon information technology systems. These systems are subject to disruption, damage or failure from a variety of sources. Failures in our information technology systems could translate into production downtimes, operational delays, compromising of confidential information or destruction or corruption of data. Accordingly, any failure in our information technology systems could materially adversely affect our financial condition and results of operation. Information technology systems failures could also materially adversely affect the effectiveness of our internal controls over financial reporting.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. We have in the past been, currently are, and may in the future be, involved in various legal proceedings. While we believe it is unlikely that the final outcome of these legal proceedings will have an adverse material effect on our financial condition and results of operation, defense costs will be incurred, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular or several combined legal proceedings will not have a material adverse effect on our financial condition and results of operation.

Anti-corruption Laws

We operate in jurisdictions that have experienced governmental and private sector corruption to some degree. We are required to comply with the Corruption of Foreign Public Officials Act (Canada) which has recently seen an increase in both the frequency of enforcement and severity of penalties. Although we are in the process of adopting a formal anti-corruption policy and our Code of conduct mandates compliance with anti-corruption laws, there can be no assurance that our internal controls policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts. Violation or allege violation of anti-corruption laws could lead to civil and criminal fines and penalties, reputational damage and other consequences which may materially adversely affect our financial condition and results of operation.

14. Quarterly Information (unaudited, in accordance with IFRS)

	2013	2012[1]				2011		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(in thousands of dollars, except for amounts per share)								
Results								
Revenues – Gold sales	106,055	110,305	79,419	98,376	100,401	113,854	102,297	100,398
Operating income	(1,675)	(28,719)	11,885	12,102	38,044	47,448	40,756	40,590
Net income (loss)	(13,171)	(32,685)	7,460	(16,487)	31,342	38,196	31,320	32,851
Attributable to :								
- Equity shareholders	(7,290)	(25,751)	7,517	(17,515)	28,106	33,277	29,682	30,631
- Non-controlling interests	(5,881)	(6,934)	(57)	1,028	3,236	4,919	1,638	2,220
Total comprehensive income (loss):	(13,171)	(41,165)	7,460	(6,331)	23,980	35,402	31,320	32,851
Attributable to :								
- Equity shareholders	(7,290)	(34,231)	7,517	(7,359)	20,744	30,483	29,682	30,631
- Non-controlling interests	(5,881)	(6,934)	(57)	1,028	3,236	4,919	1,638	2,220
Basic net earnings (loss) per share	(0.03)	(0.09)	0.03	(0.06)	0.10	0.12	0.11	0.11
Diluted net earnings (loss) per share	(0.03)	(0.09)	0.03	(0.06)	0.10	0.12	0.11	0.11
Cash flow from operating activities[2]	38,798	48,564	24,855	41,791	40,196	54,325	43,139	43,191

[1] Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 4 of the condensed interim consolidated financial statements.

[2] Cash flow from operating activities excludes changes in non-cash working capital items.

15. Information on Outstanding Shares

As at May 13, 2013, our share capital is comprised of 273,268,185 common shares issued and outstanding.

We have two stock option plans for our employees, officers, consultants and directors and those of our subsidiaries; the Stock Option Plan (the "Original Plan") and the 2010 Stock Option Plan (the "2010 Plan"). At the 2010 Annual General and Special Shareholders' Meeting, our shareholders adopted the 2010 Plan. Since the adoption of the 2010 Plan by SEMAFO's shareholders, no further options have been granted under the Original Plan.

The plans provide for the grant of non-transferable options for the purchase of common shares. As at May 13, 2013, stock options allowing its holders to purchase 9,446,241 common shares were outstanding.

16. Additional Information

Exchange rates are as follows:

	CAD / USD $		EUR / USD $	
	2013	2012	2013	2012
December 31 (closing)	**–**	0.9949	**–**	0.7584
March 31 (closing)	**1.0156**	0.9991	**0.7787**	0.7500
First quarter (average)	**1.0090**	1.0012	**0.7570**	0.7618

17. Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting. Any system of disclosure controls and internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Corporation's disclosure controls and internal controls over financial reporting during the quarter ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

18. Non-IFRS Financial Performance Measures

Some of the indicators used by us to analyze and evaluate our results represent non-IFRS financial measures. We provide non-IFRS financial performance measures as they may be used by some investors to evaluate our financial performance. Since the non-IFRS performance measures do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For the non-IFRS financial performance measures not already reconciled within the document, we have defined the IFRS financial performance measures below and reconciled them to reported IFRS measures.

Cash Operating Cost

A reconciliation of cash operating cost calculated in accordance with the Gold Institute Standard to the operating costs is included in the following table:

			Three-month period ended March 31, 2013	
Per Ounce Produced	**Mana**	**Samira Hill**	**Kiniero**	**Total**
Gold ounces produced	42,700	12,200	4,800	59,700
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	31,836	14,849	4,986	51,671
Government royalties and selling expenses	(3,880)	(1,451)	(527)	(5,858)
Effects of inventory adjustments (doré bars)	(1,536)	(2,556)	(311)	(4,403)
Operating costs (relating to ounces produced)	26,420	10,842	4,148	41,410
Cash operating cost (per ounce produced)	**619**	**889**	**864**	**694**

			Three-month period ended March 31, 2012	
Per Ounce Produced	**Mana**	**Samira Hill**	**Kiniero**	**Total**
Gold ounces produced	48,000	12,900	–	60,900
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	30,089	11,455	775	42,319
Fixed expenses incurred during the temporary shutdown period	–	–	(775)	(775)
Government royalties and selling expenses	(4,138)	(1,272)	–	(5,410)
Effects of inventory adjustments (doré bars)	1,039	532	–	1,571
Operating costs (relating to ounces produced)	26,990	10,715	–	37,705
Cash operating cost (per ounce produced)	562	831	–	619

18. Non-IFRS Financial Performance Measures (continued)

Cash Operating Cost (continued)

Per tonne processed	Mana	Samira Hill	Kiniero	Total
			Three-month period ended March 31, 2013	
Tonnes of ore processed	711,900	416,700	122,600	1,251,200
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	31,836	14,849	4,986	51,671
Government royalties and selling expenses	(3,880)	(1,451)	(527)	(5,858)
Effects of inventory adjustments (doré bars and gold in circuit)	(1,549)	(2,355)	(80)	(3,984)
Operating costs (relating to tonnes processed)	26,407	11,043	4,379	41,829
Cash operating cost (per tonne processed)	**37**	**27**	**36**	**33**

Per tonne processed	Mana	Samira Hill	Kiniero	Total
			Three-month period ended March 31, 2012	
Tonnes of ore processed	626,800	422,600	–	1,049,400
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	30,089	11,455	775	42,319
Fixed expenses incurred during the temporary shutdown period	–	–	(775)	(775)
Government royalties and selling expenses	(4,138)	(1,272)	–	(5,410)
Effects of inventory adjustments (doré bars and gold in circuit)	5	634	–	639
Operating costs (relating to tonnes processed)	25,956	10,817	–	36,773
Cash operating cost (per tonne processed)	41	26	–	35

Operating Cash Flow per Share

	Three-month period ended March 31, 2013	2012
(in thousands except per share)		
Cash flow from operating activities[1]	**38,798**	40,196
Weighted average number of outstanding common shares	**273,248**	273,026
Operating cash flow per share	**0.14**	0.15

[1] Cash flow from operating activities excludes changes in non-cash working capital items.

19. Additional Information and Continuous Disclosure

This MD&A has been prepared as of May 13, 2013. Additional information on the Corporation is available through regular filings of press releases, financial statements and its Annual Information Form on SEDAR (www.sedar.com). These documents and other information about SEMAFO may also be found on our web site at www.semafo.com.

20. Event after the reporting period

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

21. Forward Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserves and resources estimates. Forward-looking statements include words or expressions such as "committed", "evolve", "become", "pursuing", "growth", "priority", "fast-track", "expect", "commence", "believe", "will", "potential", "trends" and other similar words or expressions. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward looking statements include the ability to deliver on our strategic focus, the ability to fast-track the Siou Sector in order to commence stripping during the fourth quarter 2014 at the latest, the ability to bring Siou to reserves in the third quarter of this year, the ability of the Kokoi trend to offer quality ounces and rapid cash flow generation, the ability to fast-track Siou to production, the ability to benefit from lower fuel cost in the coming months, fluctuations in the price of currencies, gold or operating costs, mining industry risks, uncertainty as to calculation of mineral reserves and resources, delays, requirements of additional financing, increase in tax or royalty rates or adoption of new interpretations related thereto, political and social stability in Africa (including our ability to maintain or renew licenses and permits) and other risks described in this MD&A and in our other documents filed from time to time with Canadian securities regulatory authorities. You can find further information with respect to these and other risks our 2012 Annual MD&A and other filings made with Canadian securities regulatory authorities available at www.sedar.com. These documents are also available on our website at www.semafo.com. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.

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Interim Consolidated Statement of Financial Position

(Expressed in thousands of US dollars - unaudited)

	As at March 31, 2013 $	As at December 31, 2012 $ (Restated note 4)
Assets		
Current assets		
Cash and cash equivalents (note 6)	137,273	139,451
Trade and other receivables (note 7)	22,572	30,395
Inventories (note 8)	81,722	96,829
Other current assets	5,786	6,432
	247,353	273,107
Non-current assets		
Restricted cash	1,996	923
Property, plant and equipment (note 9)	400,323	404,716
Investment	19,600	19,600
Deferred income tax asset	–	3,000
	421,919	428,239
Total assets	669,272	701,346
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	51,938	67,020
Restricted share unit liabilities (note 15)	956	–
Provisions (note 11)	2,803	2,588
Advance payable	938	915
Income tax payable	8,234	8,276
Dividends payable	–	5,492
	64,869	84,291
Non-current liabilities		
Restricted share unit liabilities (note 15)	1,127	2,001
Provisions (note 11)	12,725	12,487
Deferred income tax liabilities	2,456	2,040
Total liabilities	81,177	100,819
Equity		
Equity Shareholders		
Share capital	455,328	455,179
Contributed surplus	12,822	12,232
Retained earnings	111,753	119,113
	579,903	586,524
Non-controlling interests	8,192	14,003
Total equity	588,095	600,527
Total liabilities and equity	669,272	701,346

Financial commitments (note 19)

Event after the reporting period (note 22)

Approved by the Board of Directors,

Jean Lamarre, Director

Benoit Desormeaux, CPA, CA, Director

Interim Consolidated Statement of Income (Loss)

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

	Three-month period ended March 31, 2013 $	2012 $ (Restated note 4)
Revenue – Gold sales	**106,055**	100,401
Costs of operations		
Mining operation expenses (note 13)	**51,671**	42,319
Depreciation of property, plant and equipment	**14,223**	12,250
General and administrative (note 14)	**5,287**	6,319
Corporate social responsibility expenses	**736**	691
Share-based compensation (note 15)	**713**	778
Impairment (note 10)	**35,100**	–
Operating income (loss)	**(1,675)**	38,044
Other expenses (income)		
Finance income	**(30)**	(86)
Finance costs (note 16)	**439**	247
Foreign exchange loss	**802**	352
Income (loss) before income taxes	**(2,886)**	37,531
Income tax expense (recovery)		
Current	**6,814**	11,406
Deferred	**3,471**	(5,217)
	10,285	6,189
Net income (loss) for the period	**(13,171)**	31,342
Attributable to:		
Equity shareholders	**(7,290)**	28,106
Non-controlling interests (note 17)	**(5,881)**	3,236
	(13,171)	31,342
Earnings (loss) per share (note 18)		
Basic	**(0.03)**	0.10
Diluted	**(0.03)**	0.10

Interim Consolidated Statement of Comprehensive Income (Loss)

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended March 31, 2013 $	2012 $ (Restated note 4)
Net income (loss) for the period	**(13,171)**	31,342
Other comprehensive income (loss)		
Item that may be classified to net income		
Change in fair value of current investment (net of tax impact of nil)	**–**	(7,362)
Other comprehensive income (loss) for the period, net of tax	**–**	(7,362)
Total comprehensive income (loss) for the period	**(13,171)**	23,980
Attributable to:		
Equity shareholders	**(7,290)**	20,744
Non-controlling interests	**(5,881)**	3,236
	(13,171)	23,980

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 $	Accumulated other comprehensive income (loss) $	Retained earnings $	Total $	Non-controlling interests $	TOTAL EQUITY $
Balance – January 1, 2012	273,004	454,746	10,935	5,686	138,467	609,834	16,659	626,493
Net income for the period	–	–	–	–	28,106	28,106	3,236	31,342
Other comprehensive income for the period	–	–	–	–	–	–	–	–
Item that may be classified to net income								
Changes in fair value of current investment (net of tax of nil)	–	–	–	(7,362)	–	(7,362)	–	(7,362)
Total comprehensive income for the period	–	–	–	(7,362)	28,106	20,744	3,236	23,980
Share-based compensation (note 15)	–	–	797	–	–	797	–	797
Shares issued from the exercise of options (note 15)	37	64	(17)	–	–	47	–	47
Non-controlling interests' share of transactions in subsidiaries' equity	–	–	–	–	(810)	(810)	810	–
Balance – March 31, 2012[2]	**273,041**	**454,810**	**11,715**	**(1,676)**	**165,763**	**630,612**	**20,705**	**651,317**
Balance – January 1, 2013[2]	**273,218**	**455,179**	**12,232**	**–**	**119,113**	**586,524**	**14,003**	**600,527**
Net loss and total comprehensive loss for the period	–	–	–	–	(7,290)	(7,290)	(5,881)	(13,171)
Share-based compensation (note 15)	–	–	631	–	–	631	–	631
Shares issued from the exercise of options (note 15)	50	149	(41)	–	–	108	–	108
Non-controlling interests' share of transactions in subsidiaries' equity	–	–	–	–	(70)	(70)	70	–
Balance – March 31, 2013	**273,268**	**455,328**	**12,822**	**–**	**111,753**	**579,903**	**8,192**	**588,095**

[1] There were no common shares that were unpaid as of March 31, 2013 (2012: nil).
[2] Amounts have been restated for the adoption of IFRIC 20. Refer to note 4.

Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended March 31, 2013 $	2012 $ (Restated note 4)
Cash flows from (used in):		
Operating activities		
Net income (loss) for the period	(13,171)	31,342
Adjustments for:		
Depreciation of property, plant and equipment	14,223	12,250
Share-based compensation	713	778
Non-cash finance costs	206	203
Unrealized foreign exchange loss (gain)	(1,744)	840
Impairment	35,100	–
Deferred income taxes expense (recovery)	3,471	(5,217)
	38,798	40,196
Changes in non-cash working capital items (note 20 a)	(3,068)	18,554
	35,730	58,750
Financing activities		
Proceeds on issuance of share capital	108	47
Payment of dividends to equity shareholders	(5,492)	(5,348)
	(5,384)	(5,301)
Investing activities		
Current investment	–	(4,813)
Acquisitions of property, plant and equipment	(33,140)	(53,200)
Decrease (increase) in restricted cash	(1,073)	303
	(34,213)	(57,710)
Effect of exchange rate changes on cash and cash equivalents	1,689	(707)
Change in cash and cash equivalents during the period	(2,178)	(4,968)
Cash and cash equivalents – beginning of period	139,451	178,713
Cash and cash equivalents – end of period	137,273	173,745
Interest paid	–	–
Interest received	30	86
Income tax paid	6,300	4,408

Supplementary cash flow information (note 20)

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 are located at 100 Alexis-Nihon blvd., 7th floor, Saint-Laurent, Quebec, 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's subsidiaries presently own and operate three gold mines in Burkina Faso, Niger and Guinea. 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 consolidated interim financial statements are consistent with those applied in the Corporation's annual financial statements for the year ended December 31, 2012, except for the changes in accounting policies presented in note 4. These condensed interim consolidated financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2012, 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 May 13, 2013.

3. New accounting standard issued but not yet in effect

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

IFRS 9 was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple categories and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"), for debt instruments with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they are largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Corporation is currently assessing the impact of adopting IFRS 9 on its consolidated financial statements.

4. New accounting standards issued and in effect

The Corporation has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

The IASB issued or amended the following standards which are relevant: IFRS 10, *Consolidated Financial Statements*; IFRS 11, *Joint Arrangements*; IFRS 12, *Disclosure of Interests in Other Entities*; IFRS 13, *Fair Value Measurement*; amended IAS 27, *Separate Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures*; and IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mining*. Each of the new standards or amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. Also, there were amendments to IAS 1*, Presentation of Financial Statements* effective for annual periods beginning on or after July 1, 2012.

The following is a brief summary of the new standards or amendments:

IFRS 10, *Consolidated Financial Statements* ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, *Consolidation – Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements*. The Corporation has assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any change in the consolidation status of any of its subsidiaries.

IFRS 11, *Joint Arrangements* ("IFRS 11")

IFRS 11 supersedes IAS 31, *Interests in Joint Ventures* and requires joint arrangements to be classified either as joint operations or joint ventures depending on the contractual rights and obligations of each investor that jointly controls the arrangement. For joint operations, a company recognizes its share of assets, liabilities, revenues and expenses of the joint operation. An investment in a joint venture is accounted for using the equity method as set in IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). The adoption of IFRS 11 did not affect the Corporation's consolidated financial statements.

IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12")

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose entities and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Corporation has assessed that adopting IFRS 12 has no impact on its consolidated financial statements.

IFRS 13, *Fair Value Measurement* ("IFRS 13")

IFRS 13, *Fair value measurement*, provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Corporation adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by the Corporation to measure fair value and did not result in any measurement adjustments as at January 1, 2013 however additional disclosures on financial instruments is required.

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20")

IFRIC 20 was issued in October 2011. It provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when one of the two benefits accrue to the entity from the stripping activity: useable ore that can be used to produce inventory or improved access to further quantities of material that will be mined in future periods. We have adopted IFRIC 20 effective January 1, 2013. Upon adoption of IFRIC 20, we assessed the stripping asset on the balance sheet as at January 1, 2012 and determined that there are identifiable component of the ore body with which this stripping asset can be associated. Accordingly, no opening consolidated statement of financial position as at January 1, 2012 was presented as no balance adjustment was recorded.

4. New accounting standards issued and in effect (continued)

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20") (continued)

The effect of the adoption of IFRIC 20 is as follows:

Adjustments to consolidated statement of financial position

	As at December 31, 2012 (Previously stated)	Adjustments for change in Accounting Policy (IFRIC 20)	As at December 31, 2012 (Restated)
Property, plant and equipment	406,030	(1,314)	404,716
Retained earnings	120,152	(1,039)	119,113
Non-controlling interests	14,278	(275)	14,003

Adjustments to consolidated statement of income

	For the three-month period ended March 31, 2012 (Previously stated)	Adjustments for change in Accounting Policy (IFRIC 20)	For the three-month period ended March 31, 2012 (Restated)
Depreciation of property, plant and equipment	12,121	129	12,250
Decrease in net income for the period		(129)	
Net income attributable to:			
Equity shareholders	28,122	(16)	28,106
Non-controlling interests	3,349	(113)	3,236
Decrease in net income for the period		(129)	
Earnings per share			
Basic	0.10	–	0.10
Diluted	0.10	–	0.10

Adjustments to consolidated statement of cash flow

	For the three-month period ended March 31, 2012 (Previously stated)	Adjustments for change in Accounting Policy (IFRIC 20)	For the three-month period ended March 31, 2012 (Restated)
Operating activities			
Net income for the period	31,471	(129)	31,342
Adjustment for depreciation of property, plant and equipment	12,121	129	12,250
Change in cash flow from operating activities		–	

4. New accounting standards issued and in effect (continued)

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* ("IFRIC 20") (continued)

Adjustments to consolidated statement of income

	For the year ended December 31, 2012 (Previously stated)	Adjustments for change in Accounting Policy (IFRIC 20)	For the year ended December 31, 2012 (Restated)
Depreciation of property, plant and equipment	59,248	1314	60,562
Decrease in net income for the year		(1,314)	
Net income attributable to:			
Equity shareholders	(6,604)	(1,039)	(7,643)
Non-controlling interests	(2,452)	(275)	(2,727)
Decrease in net income for the year.....		(1,314)	
Earnings per share			
Basic	(0.02)	(0.01)	(0.03)
Diluted	(0.02)	(0.01)	(0.03)

Adjustments to consolidated statement of cash flow

	For the year ended December 31, 2012 (Previously stated)	Adjustments for change in Accounting Policy (IFRIC 20)	For the year ended December 31, 2012 (Restated)
Operating activities			
Net loss for the year	(9,056)	(1,314)	(10,370)
Adjustment for depreciation of property, plant and equipment	59,248	1,314	60,562
Change in cash flow from operating activities		–	

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, *Separate Financial Statements* ("IAS 27R"), and IAS 28, *Investments in Associates and Joint Ventures* ("IAS 28"). IAS 27R addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13. The Corporation assessed that the impact of these amendments on its consolidated financial statements is not significant.

Moreover, amendments to IAS 1, *Presentation of Financial Statements* have been made to require entities to group items within other comprehensive income that may be reclassified to net income. The Corporation has grouped such items in its consolidated statement of comprehensive income (loss) beginning January 1, 2013.

5. Critical accounting estimates and judgements

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each 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. This determination requires significant judgment. Factors which 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 and deferral of capital investments.

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

The fair values are 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 fair values of non-financial assets to their carrying values. The Corporation's fair value estimates are based on numerous assumptions such as, but not limited to, estimated realized gold prices, operating costs, gold recovery, mineral reserves, capital and site restoration expenditures and estimated future foreign exchange rates, and may differ from actual fair values and these differences may be significant and could have a material impact on the Corporation's financial position and result of operation. Mineral reserve estimates are the most important variable in the Corporation's fair value estimates. A decrease in the reserves 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.

During this first quarter of 2013, an impairment charge of $35,100,000 (2012: nil) for non-financial assets was recorded, of which $25,900,000 is for property, plant and equipment and $9,200,000 for stockpiles as well as supplies and spare parts and related to the Samira Hill Mine in Niger. This impairment charge was prompted by the decision to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. Please refer to note 10 of these condensed interim consolidated financial statements.

Subsequent to quarter end, market prices of gold declined significantly and were below levels used in our most recent financial models. If gold prices remain at these levels for an extended period of time, we may need to reassess our long-term price assumptions, and a significant decrease in our long-term price assumptions would be an indicator of potential impairment. Also subsequent to quarter end, the trading price of the Corporation's shares declined such that the Corporation's carrying value of net assets exceeded its market capitalization, which is also an indicator of potential impairment. If these potential indicators of impairment exist at the end of our next reporting period, we could be required to conduct an impairment assessment.

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, timing change in discount rate and cost of the work to be carried out.

5. Critical accounting estimates and judgements (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 they will incur 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. An asset retirement obligations study is currently under review and is expected to be completed in 2013.

6. Cash and cash equivalents

	As at March 31, 2013 $	As at December 31, 2012 $
Cash	**117,273**	119,451
Cash equivalents	**20,000**	20,000
	137,273	139,451

Cash comprises cash on hand and demand deposits amounting to $117,273,000 which includes $23,042,000 of cash on hand bearing interest at a rate of 0.4000% annually as at March 31, 2013.

As at March 31, 2013, cash equivalents are composed of four zero coupon bank deposits of $5,000,000 each (totalling $20,000,000), maturing between June 21, 2013 and September 23, 2013 and bearing interest at a rate between 0.1325% and 0.1700% per annum.

As at December 31, 2012, cash comprised cash on hand and demand deposits amounting to $119,451,000 which includes $33,530,000 of cash on hand bearing interest at a rate of 0.4000% annually.

As at December 31, 2012, cash equivalents are composed of four zero coupon bank deposits of $5,000,000 each (totalling $20,000,000), bearing interest at a rate between 0.1525% and 0.1700% per annum and maturing between March 26, 2013 and June 21, 2013.

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

7. Trade and other receivables

	As at March 31, 2013 $	As at December 31, 2012 $
Gold trade receivables	**4,049**	11,119
Other receivables	**18,523**	19,276
	22,572	30,395

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 value added tax ("VAT") receivables totalling $18,169,000 as of March 31, 2013 (December 31, 2012: $17,978,000). They are non-interest bearing and are generally settled within one to six months. For the three-month period ended March 31, 2013, bad debt expense on VAT receivables related to the Kiniero Mine amounted to $393,000 (2012: $148,000).

As at March 31, 2013, there were no VAT receivables past due for which an allowance for doubtful account was not recorded (December 31, 2012: nil).

The Corporation holds no collateral for any receivable amounts outstanding as at March 31, 2013 (December 31, 2012: nil).

8. Inventories

	As at March 31, 2013 $	As at December 31, 2012 $
Doré bars	**1,367**	7,714
Gold in circuit	**14,218**	13,640
Stockpiles	**2,662**	7,102
Supplies and spare parts	**63,475**	68,373
	81,722	96,829

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 period ended March 31, 2013, obsolescence provision expense amounting to $21,000 was recorded (2012: $108,000). In addition, stockpiles and supplies and spare parts were written down by $5,200,000 and $4,000,000 respectively to their net realizable value. This write-down of inventories totalling $9,200,000 is related to the decision to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. There were no reversals of write-down in three-month period ended March 31, 2013 (2012: nil).

9. Property, plant and equipment

	Property, acquisition costs, deferred exploration and development costs	Buildings and equipment related to mining production	Mining equipment	Rolling stock, communication and computer equipment	TOTAL
	$	$	$	$	$
For the three-month period ended March 31, 2013					
Opening net book amount[1]	187,773	134,494	76,112	6,337	404,716
Additions	26,676	8,191	918	166	35,951
Impairment (note 10)	(18,337)	(7,200)		(363)	(25,900)
Depreciation charge	(7,486)	(2,618)	(3,780)	(560)	(14,444)
Closing net book amount	**188,626**	**132,867**	**73,250**	**5,580**	**400,323**
As at March 31, 2013					
Cost	406,869	229,177	117,190	18,137	771,373
Accumulated depreciation	(218,243)	(96,310)	(43,940)	(12,557)	(371,050)
Net book amount	**188,626**	**132,867**	**73,250**	**5,580**	**400,323**
Assets not subject to depreciation included in above[2]	6,055	17,577	287	213	24,132
Year ended December 31, 2012[1]					
Opening net book amount	183,205	122,445	50,475	6,062	362,187
Additions	100,035	38,277	42,588	3,286	184,186
Write-off	(16,998)	–	–	–	(16,998)
Impairment	(40,380)	(12,720)	(6,000)	(900)	(60,000)
Depreciation charge	(38,089)	(13,508)	(10,951)	(2,111)	(64,659)
Closing net book amount	187,773	134,494	76,112	6,337	404,716
As at December 31, 2012[1]					
Cost	380,193	220,986	116,272	17,971	735,422
Accumulated depreciation	(192,420)	(86,492)	(40,160)	(11,634)	(330,706)
Net book amount	187,773	134,494	76,112	6,337	404,716
Assets not subject to depreciation included in above[2]	4,800	35,350	18,796	133	59,079

[1] Amounts have been restated for the adoption of IFRIC 20. Refer to note 4.
[2] Assets not subject to depreciation include critical spare parts not yet installed of $8,040,000 (December 31, 2012: $6,369,000) as well as assets under construction or in transit of $16,092,000 (December 31, 2012: $52,710,000).

10. Impairment of property, plant and equipment

The Corporation decided to review the strategic alternatives for the Samira Hill Mine. Therefore, a decision has been made to defer capital investment at Samira Hill and to wind down operations to an eventual care and maintenance status at Samira Hill in 2013. This decision triggered an impairment review as at March 31, 2013.

The result of the impairment test suggests that the recoverable amount calculated using the fair value less cost to sell was lower than the carrying amount of this cash-generating unit. The post-tax discount rate used in the calculation of fair value less cost to sell was 8.5%.

Accordingly, for the three-month period ended March 31, 2013, the Corporation recorded an impairment charge of $35,100,000 (2012: nil) for non-financial assets, all of which $25,900,000 is for property, plant and equipment and $9,200,000 for stockpiles as well as supplies and spare parts (see note 8) for the Samira Hill Mine, in the consolidated statement of income (loss). This impairment charge was recorded within the Samira Hill Mine segment.

11. Provisions

	Asset retirement obligations $	Others $	Total $
As at January 1, 2012	8,505	–	8,505
Additional provisions	1,274	4,700	5,974
Increase due to accretion expense	596	–	596
Used during period	–	–	–
As at December 31, 2012	10,375	4,700	15,075
Additional provisions	**418**	**–**	**418**
Increase due to accretion expense	**183**	**–**	**183**
Used during period	**(11)**	**(137)**	**(148)**
As at March 31, 2013	**10,965**	**4,563**	**15,528**

	As at March 31, 2013 $	As at December 31, 2012 $
Current	**2,803**	2,588
Non-current	**12,725**	12,487
	15,528	15,075

11. Provisions (continued)

The liability for asset retirement obligations as at March 31, 2013 was $10,965,000 (December 31, 2012: $10,375,000). The estimated undiscounted value of this liability was $13,441,000 (December 31, 2012: $12,752,000). These disbursements are expected to be made during the years 2013 to 2021. An accretion expense component of $183,000 (2012: $596,000) has been charged to operations in finance costs in the first quarter of 2013 to reflect an increase in the carrying amount of the asset retirement obligation which has been determined using a weighted average discount rate of 7% (2012: 7%).

Other provisions include a special compensation arrangement of $2,563,000 (December 31, 2012: $2,700,000) made with the former President and Chief Executive Officer and a tax provision of $2,000,000 (December 31, 2012: $2,000,000) related to the tax assessment received from the government of Burkina Faso. The undiscounted value of the special compensation arrangement was $3,081,000 (December 31, 2012: $3,218,000).

12. 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 other comprehensive income (loss). These categories are: loans and receivables, available-for-sale financial assets and liabilities at amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories as at March 31, 2013 and December 31, 2012.

	As at March 31, 2013 $	As at December 31, 2012 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	**137,273**	139,451
Restricted cash	**1,996**	923
Gold trade receivables	**4,049**	11,119
Other receivables (excluding VAT)	**354**	1,298
Available-for-sale assets		
Investment in GoviEx	**19,600**	19,600
	163,272	172,391
Financial liabilities		
Amortized cost		
Trade payable and other financial liabilities	**45,463**	53,853
Dividend payable	**–**	5,492
Advance payable	**938**	915
	46,401	60,260

12. Financial Instruments (continued)

Fair value

The Corporation considers that the carrying amount of all its financial liabilities at amortized cost in its financial statements approximates its fair value, including the advance payable which is considered to approximate its fair value given its short-term maturity date. 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), restricted cash, trade payable and other financial liabilities, dividend payable and advance payable.

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 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 investment in GoviEx, a private mineral resources company focused on the exploration and development of uranium properties in Niger, is included in investment and is valued at a fair value of $19,600,000 as at March 31, 2013 and December 31, 2012. Its fair value is a recurring measurement. The Corporation estimates the fair value of the investment in GoviEx using the most recent available information on this private equity investment. Accordingly, this investment is classified as a level 3 financial instrument according to the Corporation's fair value hierarchy as it is not based on observable market data. Should the most recent available information not be deemed appropriate to adequately determine the fair value of the investment in GoviEx, management will determine the fair value of this investment through the application of a market approach utilizing the average variation of the share price calculated from guidelines of public companies or stock market index for a given period. During the first quarter of 2013 and of 2012, the fair value of GoviEx did not change. Accordingly, the other comprehensive income (loss) was not affected. However, during the three-month period ended March 31, 2013, the Corporation did not record an other comprehensive gain or loss (2012: nil) related to the change in fair value of the investment in GoviEx, based on the Corporation's estimates determined using the market approach valuation technique.

In 2011, the Corporation made an investment of $25,101,000 in a quoted equity investment that was classified as Level 1. During the first quarter of 2012, the Corporation made a further investment of $4,813,000 for a total current investment of $29,914,000. Moreover, the Corporation recorded, in the three-month period ended March 31, 2012, a loss in the statement of other comprehensive income (loss) of $7,362,000 (2013: nil) as a result of the decrease in the fair value of the current investment. The Corporation sold this current investment during the second quarter of 2012 for proceeds totalling $5,617,000, realizing a loss of $24,297,000. The Corporation reclassified these losses to net income (loss) following the sale of this investment.

There were no transfers between Level 1, Level 2 and Level 3 as at March 31, 2013 and December 31, 2012.

13. Mining operation expenses

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Production costs	**46,124**	37,242
Government royalties	**5,547**	5,077
	51,671	42,319

14. General and administrative

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Corporate expenses	**4,134**	4,807
Sites – Administrative	**1,153**	1,512
	5,287	6,319

15. Share-based compensation

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Options plans (a)	**631**	797
Restricted Share Unit plan (b)	**82**	(19)
	713	778

a) Options

A total of 339,000 new options were issued to directors of the Corporation during the three-month period ended March 31, 2013 (2012: 131,000). The fair market value of the options granted options during the three-month period ended March 31, 2013, totalled $498,000 (2012: $505,000). All 339,000 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:

	Three-month period ended March 31, 2013	Three-month period ended March 31, 2012
Expected dividend per share	**1.27%**	0%
Forecasted volatility	**60%**	60%
Risk-free interest rate	**1.35%**	1.31%
Expected life	**5 years**	5 years
Fair-value - weighted average of options issued	**$1.47**	$3.86

Forecasted volatility has been determined using historical volatility.

For the three-month period ended March 31, 2013, the total expense for the share-based compensation related to share option plans was $631,000 (2012: $797,000) and was credited to contributed surplus.

15. Share-based compensation (continued)

a) Options (continued)

A total of 50,000 options were exercised during the three-month period ended March 31, 2013 under the Original Plan for a cash consideration of $108,000. An amount of $41,000 has been reclassified from contributed surplus to share capital. For the same period in 2012, a total of 37,000 options were exercised under the Original Plan for a cash consideration of $47,000. An amount of $17,000 has been reclassified from contributed surplus to share capital.

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

	Three-month period ended March 31, 2013		Three-month period ended March 31, 2012	
(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 period	**9,158**	2.78 (C$2.77)	9,265	2.66 (C$2.71)
Exercised	**(50)**	2.17 (C$2.20)	(37)	1.28 (C$1.28)
Issued	**339**	3.10 (C$3.15)	131	7.46 (C$7.45)
Balance – end of period	**9,447**	2.74 (C$2.79)	9,359	2.79 (C$2.78)
Options exercisable – end of period	**8,133**	2.63 (C$2.67)	6,644	2.54 (C$2.54)

b) Restricted share units ("RSUs")

The following table provides the periods ended March 31, 2013 and 2012 activity for all RSUs:

	RSUs non vested
Outstanding as of January 1, 2012	515,000
Outstanding as of March 31, 2012	515,000
Outstanding as of January 1, 2013	**1,285,000**
2013 plan	**1,620,000**
Forfeited	**(69,000)**
Outstanding as of March 31, 2013	**2,836,000**

As at March 31, 2013, there are no RSUs vested (2012: nil).

15. Share-based compensation (continued)

b) Restricted share units ("RSUs") (continued)

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

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Expense related to RSUs outstanding	**1,121**	453
Credit related to change in the fair value of the share price	**(1,039)**	(472)
	82	(19)

16. Finance costs

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Accretion expense of asset retirement obligations	**183**	150
Accretion expense of advance payable to Republic of Niger	**23**	53
Other	**233**	44
	439	247

17. Non-controlling interests

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $ (Restated note 4)
Government of Burkina Faso - 10% in SEMAFO Burkina Faso S.A.	**2,228**	3,407
Government of Niger - 20% in Société des Mines du Liptako (SML) S.A.	**(7,969)**	537
Government of Guinea - 15% in SEMAFO Guinée S.A.	**(140)**	(708)
	(5,881)	3,236

18. Earnings per share

(In thousands of dollars, except shares and per shares)	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $ (Restated note 4)
Net income (loss) for the period attributable to the equity shareholders	**(7,290)**	28,106
Average weighted number of outstanding common shares – basic	**273,248**	273,026
Dilutive effect of options[1]	**–**	5,316
Weighted average number of outstanding common shares – diluted	**273,248**	278,342
Basic earnings per share	**(0.03)**	0.10
Diluted earnings per share	**(0.03)**	0.10

[1] As the Corporation has a net loss attributable to the equity shareholders for the three-month period ended March 31, 2013, diluted earnings per share was calculated from the basic weighted average number of outstanding common shares because the effect of options is antidilutive.

19. Financial commitments

Purchase Obligations

As at March 31, 2013, the purchase commitments totalled $8,371,000. In addition, on October 1, 2011, the Corporation entered into an agreement with National Electricity Company Sonabel, in Burkina Faso, according to which the Corporation will advance $9,500,000 for the construction of a 73-kilometer high-voltage transmission line. This amount is reimbursable to the Corporation by Sonabel over an eight-year period following commissioning. As at March 31, 2013, no amounts have been advanced to Sonabel with respect to this project.

Government Royalties and Development Taxes

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

In the three-month period ended March 31, 2013, the Corporation was subject to a royalty rate of 5%, which was calculated using the retail market value of gold ounces sold at the time of shipment. In the first quarter of 2013, government royalties amounting to $3,694,000 (2012: $3,888,000) were paid to the Government of Burkina Faso.

The Corporation is subject to a royalty rate of 5.5% of the market value of gold ounces sold originating from the Samira Hill Mine payable to the Republic of Niger. In the first quarter of 2013, government royalties amounting to $1,372,000 (2012: $1,189,000) were paid to the Government of Niger.

The Corporation is subject to a royalty rate of 5% of the market value of gold ounces sold originating from the Kiniero Mine payable to the Republic of Guinea. In addition, the Corporation has to invest 0.4% of its gold sales in local development projects. In the first quarter of 2013, government royalties amounting to $481,000 (2012: nil) were paid to the Government of Guinea.

Net Smelter Royalty – Samira Hill Mine

Further to the acquisition from Etruscan Resources Inc. (“Etruscan”) of their minority interest in the subsidiary operating the Samira Hill Mine located in Niger, the Corporation is subject to a 1.5% net smelter royalty. The royalty comes into effect after the mine has produced 750,000 ounces, calculated as from July 1, 2009. Since July 1, 2009, the Samira Hill Mine has produced 188,600 ounces. The Corporation has been granted a right of first refusal should Etruscan decide to sell this royalty.

20. Financial information included in consolidated statements of cash flows

a) Changes in non-cash working capital items

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Trade and other receivables	**7,823**	28,770
Provisions	**(148)**	–
Inventories	**4,175**	(8,715)
Other current assets	**646**	(1,709)
Trade payables and accrued liabilities	**(15,522)**	(6,625)
Income tax payable	**(42)**	6,833
	(3,068)	18,554

b) Supplemental information on non-cash items

	Three-month period ended March 31, 2013 $	Three-month period ended March 31, 2012 $
Depreciation of property, plant and equipment allocated to exploration and stripping cost	**2,120**	273
Net effect of depreciation of property, plant and equipment allocated to inventories	**(1,732)**	1,333
New asset retirement obligations allocated to property, plant and equipment	**418**	288

21. Segmented information

The Corporation is conducting exploration and production activities on different sites in Burkina Faso, Niger and Guinea. These sites are managed separately given their 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 Corporation evaluates the performance of its operating segments primarily based on segment operating income, as defined below.

					Three-month period ended March 31, 2013
	Mana, Burkina Faso $	Samira Hill, Niger $	Kiniero, Guinea $	Corporate and others $	Total $
Revenue – Gold sales	72,578	24,648	8,829	–	106,055
Mining operating expenses	31,836	14,849	4,986	–	51,671
Depreciation of property, plant and equipment	9,349	3,716	949	209	14,223
General and administrative	728	346	79	4,134	5,287
Corporate social responsibility expense	368	32	5	331	736
Share-based compensation	–	–	–	713	713
	30,297	5,705	2,810	(5,387)	33,425
Impairment (note 10)	–	35,100	–	–	35,100
Operating income (loss)	**30,297**	**(29,395)**	**2,810**	**(5,387)**	**(1,675)**
Property, plant and equipment	361,582	5,745	27,018	5,978	400,323
Total assets	493,385	38,183	44,543	93,161	669,272

					Three-month period ended March 31, 2012
Revenue – Gold sales	79,233	21,168	–	–	100,401
Mining operating expenses	30,089	11,455	775	–	42,319
Depreciation of property, plant and equipment[1]	7,134	4,821	147	148	12,250
General and administrative	726	527	259	4,807	6,319
Corporate social responsibility expenses	249	49	5	388	691
Share-based compensation	–	–	–	778	778
Operating income (loss)	**41,035**	**4,316**	**(1,186)**	**(6,121)**	**38,044**
Property, plant and equipment[1]	278,423	89,919	28,123	5,627	402,092
Total assets	405,842	126,500	40,891	165,850	739,083

22. Event after the reporting period

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

[1] Amounts have been restated for the adoption of IFRIC 20. Refer to note 4.

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