



INTERNATIONAL EXPERTISE<sup>®</sup>  
HUMAN ADVOCACY

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# Annual Information Form

For the year ended December 31, 2014

Dated as of March 31, 2015

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## ITEM 1 – GENERAL MATTERS

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

This Annual Information Form (“**AIF**”) contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law. For further information regarding forward looking statements contained in this AIF, please refer to ITEM 23 – FORWARD-LOOKING STATEMENTS.

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

## ITEM 2 - THE CORPORATION

### Name, Address and Incorporation

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

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

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

### Capital Structure

#### COMMON SHARES

Our capital structure is composed of an unlimited number of common shares and of an unlimited number of Class “A” and Class “B” preferred shares, all without nominal or par value. Holders of our common shares are entitled to one vote for each common share held at all our meetings of shareholders, to participate rateably in any dividend declared by the Corporation's board of directors (the “**Board**”) on the common shares, and, subject to any rights attaching to the Class “A” and Class “B” preferred shares, to receive our remaining property in the event of the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of our assets. As at March 27, 2015, 294,086,038 common shares and no Class “A” or Class “B” preferred share are issued and outstanding.

#### RIGHTS

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

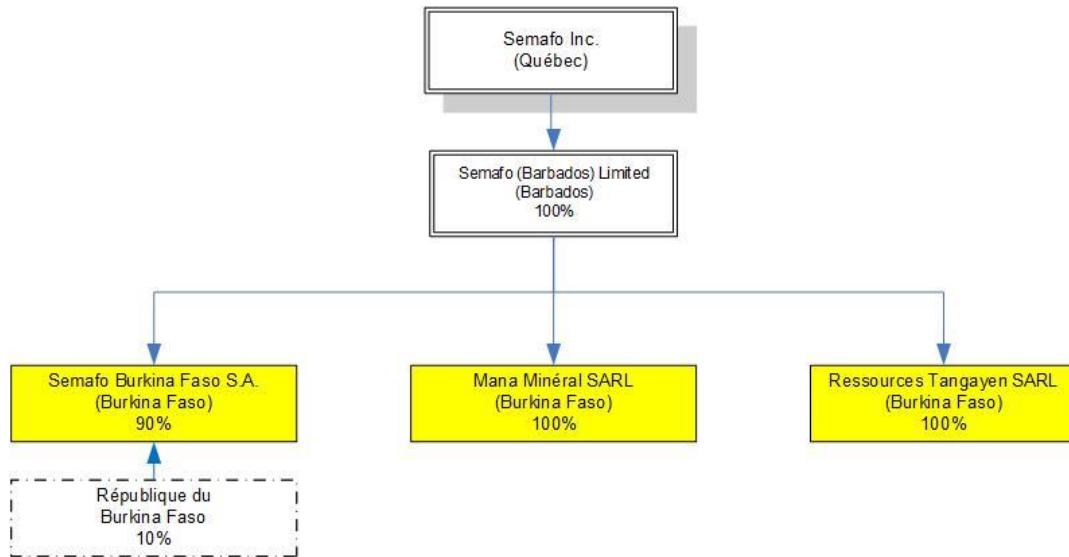
The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (as defined in the Rights Plan), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If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

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

The Plan was ratified at our annual general and special meeting of shareholders held on May 10, 2011 and was extended at our annual general and special meeting of shareholders held on May 15, 2014.

## Intercorporate Relationships

The following diagram presents, as at December 31, 2014, the names of our material subsidiaries, where they were incorporated or continued as well as the percentage of votes attaching to all voting securities of each such subsidiary beneficially owned, controlled or directed by the Corporation.



## ITEM 3 - GENERAL DEVELOPMENT OF THE BUSINESS

We are a Canadian-based mining company with gold production and exploration activities in West Africa. We currently own and operate the Mana Mine in Burkina Faso, which includes the high-grade satellite Siou and Fofina deposits. SEMAFO is committed to evolve in a conscientious manner through the responsible development of its high potential Mana property. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

### Three Year History

#### 2012

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

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

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

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

On May 15, 2012, we announced that the 2011 drill results received at such time combined with prior findings lead us to believe that there were potential to significantly expand the Wona-Kona open pit. This would involve converting a portion of reserves and resources from underground to open pit, while maintaining the potential for an eventual underground operation. At the time, our operations team continued to study the dynamics of this important project and expected the results of this review to be communicated with the reserves and resources update then expected in June 2012. Accordingly, as of that time, we slowed the pace of underground-related expenditures pending the June 2012 update.

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

On July 11, 2012, we announced our 2011 year-end mineral reserve and resource statement update. Our total mineral reserves and resources increased by 1,300,000 ounces to 7,300,000 ounces from 6,000,000 ounces of gold, net of depletion. More particularly, Mana's mineral reserves and resources increased by 1,500,000 ounces to 4,800,000 ounces, representing a 45% increase, net of depletion, whereas its measured and indicated mineral resources increased by more than 1,700,000 ounces for a total of 2,800,000 ounces. In line with our announcement of May 15, 2012 regarding the possible change of mining scenario for the Wona-Kona pits, we also announced that the Wona-

Kona super pit contained 22,700,000 tonnes at an average grade of 2.32 g/t Au for a total of 1,700,000 ounces in proven and probable mineral reserves as at December 31, 2011. This compared to 24,300,000 tonnes at an average grade of 2.56 g/t Au for 2,000,000 ounces in the combined Wona and Kona open pits and Wona underground in 2010. We therefore decided to proceed with the super pit mining scenario at Wona-Kona. The Yaho deposit, discovered in 2011, contained 724,000 ounces in measured and indicated mineral resources and 620,000 ounces in inferred resources whereas initial reserves and measured and indicated resources at Fofina total 376,000 ounces.

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

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

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

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

On October 18, 2012, we announced the results of our 2012 step-out and delineation drilling program carried out on the Yaho zone at Mana. Higher grade intersections appear more regularly in the north sector returning values of up to 3.75 g/t Au over 56 meters (MRC12-2007). The 2012 program at Yaho was designed to better delineate the continuity of the higher grade mineralization, particularly within the northern portion of the 1.7 kilometer long gold-bearing zones. In addition, some drilling was completed to test the north and south limits of the known deposit. A total of 184 RC holes (22,816 meters) were completed during the year. In addition, four core holes (945 meters) were completed for metallurgical test sampling.

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

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

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

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

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## 2013

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

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

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

On March 20, 2013, we announced the results of a deep drilling program at Siou, which returned continuous mineralization over a strike length of 500 meters. In addition, the southernmost hole (WDC660) crossed four different zones within a 40-meter-wide corridor and returned values of up to 10.4 g/t Au over 7.3 meters. The drilling program at Siou was carried out in order to obtain an indication of the at-depth potential of the different zones and to validate the interpreted geometry of the different mineralized plunges identified from the near-surface drilling results.

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

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

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

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

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



accelerated permitting process allowed us to forecast production start-up at Fofina in 2015, instead of 2016 as originally planned.

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

On December 18, 2013, we announced that construction activities commenced on the 16-kilometer road that will provide access to its high-grade Siou deposit. Following receipt of authorization to begin development at Siou in November, payment of crop compensation was fully satisfied. We also announced that pre-stripping activities had begun, positioning Siou for production start-up in the second quarter of 2014.

### **Samira Hill and Kiniero Mines: Discontinued Operations**

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

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

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

On May 28, 2014, we announced the sale of our 85% interest in the Kiniero Mine in Guinea to New Dawn Mining, a private company. SEMAFO received from New Dawn Mining a 1% to 1.5% sliding-scale NSR royalty on gold produced from the Kiniero plant. The NSR is payable only if the spot price of gold is at or between \$1,325 and \$1,500. If the spot price is at or greater than \$1,500, the NSR payable will be 1.5%. The NSR is capped at \$6 million. New Dawn Mining assumes responsibility for environmental remediation, pending and potential litigation in addition to all liabilities. The divestiture of the Kiniero Mine, a non-core asset, was part of our strategy to focus on cash flow and quality ounces. Kiniero was placed in care and maintenance during the first quarter of 2014.

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## **2014**

On February 20, 2014, we announced that ongoing auger drilling on the newly acquired Pompoi Nord permit revealed gold geochemical anomalies along the east contact of the Siou intrusive. These new anomalies, which overlapped with the North Apex soil anomalies, show a continuous linear trend over more than 15 kilometers that remains open in both directions. We also announced that the milling of ore from the high-grade Siou deposit had commenced.

On April 10, 2014, we reported that bulk test results from the high-grade Siou deposit in March were in line with expectations, providing very good reconciliation against the block model. Test results indicated an average grade of 4.7 g/t Au at a recovery rate of over 96%. We also announced that pre-stripping activities have begun at our Fofina deposit.

On May, 6, 2014, we announced that in light of our new expanded land package, we allocated an additional two million dollars to the exploration budget in order to carry out geological mapping and auger drilling aimed at identifying priority

drill targets on the new permits. This amount was in addition to SEMAFO's 2014 initial exploration budget of \$18 million, which focused on the Siou intrusive.

On July 29, 2014, we announced results from an initial Siou infill core drilling program between 180 and 225 meters vertical depth, which had the objective of replacing and increasing the reserves base at Siou by year-end. Initial results yielded very strong results that confirmed the continuity of the zone widths and grades. Some drill results exceeded our expectations such as hole WDC787 (8.38 g/t Au over 17.5 meters). Since its commencement in early June, the infill drill program at Siou passed from two core rigs to a current total of four core rigs.

On October 14, 2014, we announced that driven by the performance of the recently ramped-up Siou and Fofina high-grade deposits and the third quarter operating results, SEMAFO raised 2014 production guidance from between 200,000 and 225,000 ounces to between 230,000 and 235,000 ounces of gold, representing a 9% increase at midpoint. We also announced that considering the revised production level for the Mana Mine, we have lowered our full full-year guidance for total cash costs from between \$695 and \$745 to between \$660 and \$675 per ounce. Additionally, due to the increase in the 2014 production guidance, capital expenditures have been revised upward to \$58.5 million from \$48.5 million, reflecting mainly higher capitalized stripping costs.

On December 1, 2014, we announced that employees began an illegal work stoppage at our Mana Mine in Burkina Faso on the evening of Saturday, November 29, 2014. The illegal work stoppage came in spite of an existing collective agreement that remains in effect until December 31, 2015. The Corporation secured the Mana site and collaborated with union delegates to establish a timely return to normal operations. On December 3, 2014, we reported that operating activities resumed at our Mana Mine in Burkina Faso.

### **Orbis Gold Transaction**

On October 12, 2014, we announced that we had submitted a non-binding proposal to the board of directors of Orbis Gold Limited (ASX: OBS) ("**Orbis Gold**") to acquire 100% of the issued share capital in Orbis Gold by way of a recommended transaction at a price range between A\$0.62 to A\$0.65 per share, payable in cash ("**Proposal**"). The Proposal remained subject to certain pre-conditions, being limited scope due diligence, entry into appropriate binding transaction documentation on terms and conditions considered customary for a transaction of this kind and the conditional Greenstone placement not proceeding.

On October 15, 2014, we announced that we would be making a takeover bid for 100% of Orbis Gold at A\$0.65 per share, payable in cash, subject to the conditions below ("**Cash Bid**"). The minimum acceptance condition for the Cash Bid was 50.1%, evidencing the seriousness of SEMAFO's Cash Bid. Other than standard conditions for a transaction of this nature, the Cash Bid required that the proposed placement by Orbis Gold to Greenstone be rejected by Orbis Gold shareholders as well as the tender of at least 50.1 % of the outstanding Orbis Gold shares.

On November 30, 2014, we announced that we lodged our bidder's statement in respect of our A\$0.65 per share cash offer for 100% of the shares in Orbis Gold with the Australian Securities and Investments Commission ("**ASIC**"), Orbis Gold and the ASX. In addition to our cash on hand of US\$121 million as at November 30, 2014, the Corporation secured a credit facility of up to US\$60 million to fund the acquisition from a syndicate led by Sprott Resource Lending Partnership.

On February 11, 2015, Orbis Gold and SEMAFO jointly announced a revised takeover offer for Orbis Gold ("**Revised Offer**"), under which Orbis Gold shareholders were to be offered A\$0.713 cash per Orbis Gold share. All of the Orbis Gold directors, together representing 2.8% of Orbis Gold's shares, committed to accept the Revised Offer. In addition, shareholders representing in aggregate 62.2% of Orbis Gold (including major shareholder DGR Global Limited) indicated to Orbis Gold an intention to accept the Revised Offer. The closing date for the Revised Offer was February 20, 2015 and was subsequently extended to February 27, 2014.

On February 11, 2015, we announced that we entered into an agreement with Clarus Securities Inc. as lead underwriter on behalf of a syndicate of underwriters to purchase, on a bought deal private placement basis, 5,500,000 common shares of the Corporation, at a price of C\$3.70 per common share, for aggregate gross proceeds of C\$20,350,000. We also granted to the underwriters an over-allotment option to purchase up to an additional 825,000 common shares at the same price, exercisable by the underwriters up to two days prior to closing, for additional gross proceeds of up to C\$3,052,500.

On February 11, 2015, we also announced that we amended the terms of its previously announced bought deal private placement offering to increase the size of the offering to C\$50,320,000 (the "**Upsized Offering**"). Under the terms of the Upsized Offering, a syndicate of underwriters led by Clarus Securities Inc. have agreed to purchase, on a "bought deal" private placement basis, 13,600,000 common shares of SEMAFO at a price of C\$3.70 per share for aggregate gross proceeds of C\$50,320,000. We also granted to the Underwriters an over-allotment option to purchase up to an additional 2,040,000 common shares at the same price, exercisable by the Underwriters up to two days prior to closing, for additional gross proceeds of up to C\$57,868,000. We plan to use the net proceeds of this offering to partly finance the purchase of Orbis Gold, as well as for working capital and general corporate purposes. The Upsized Offering is scheduled to close on or about March 4, 2015, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the TSX.

On March 4, 2015, we announced that we closed the bought deal private placement previously announced as well as arranged a credit facility from Macquarie Bank Limited. We issued, on a "bought deal" private placement basis, a total of 15,640,000 common shares at a price of C\$3.70 per common share, including the exercise of the Underwriters' over-allotment option in full for aggregate gross proceeds of C\$57,868,000 (the "**Offering**"). We plan to use the net proceeds of the Offering to partly fund the purchase of Orbis Gold, as well as for working capital and general corporate purposes. In addition, we had obtained a US\$90 million senior secured credit facility from Macquarie Bank Limited (the "**Facility**"). The Facility will be used to fund our acquisition of Orbis Gold. The Facility has a three-year term and is repayable in three annual amounts of US\$30 million on the first, second and third anniversaries of closing. The Facility bears interest at LIBOR plus 6.5% and replaces the short-term Sprott facility (announced November 30, 2014), which has been cancelled.

## 2015 Outlook and Strategy<sup>1</sup>

Through operational efficiency, SEMAFO anticipates delivering continued gold production growth coupled with a further decline in total cash cost per ounce. To support this growth, we maintain a prudent financial base, closing 2014 with \$128 million in cash and cash equivalents and no debt. Our recently expanded land package, initial exploration budget of \$18 million and acquisition of Orbis Gold speak to our determination to generate quality ounces and drive future cash flows through exploration and discoveries. The strength of our balance sheet means that SEMAFO is well-positioned to fund its exploration program and take advantage of any opportunity.

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## PRODUCTION AND TOTAL CASH COSTS

In 2015, SEMAFO is targeting production of between 245,000 and 275,000 ounces of gold at its Mana Mine, an 11% increase over 2014 gold production. Total cash cost<sup>2</sup> is expected to come in at between \$ 575 and \$605 per ounce. The decrease in the 2015 total cash cost guidance is mainly due to the full year of production at the high grade Siou and Fofina deposits. We anticipate an all-in sustaining cost<sup>3</sup> of between \$715 and \$750 per ounce for 2015, corresponding to a 9% year-over-year decline. The decrease is attributable to higher grade ore from the Siou and Fofina deposits, lower capital expenditures following the ramp-up of both deposits and ongoing optimisation efforts.

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## OPERATIONS

The Mana mill should process a total of 2.5 million tonnes in 2015 at an average head grade of 3.6 g/t Au, with a gold recovery rate of 90%.

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<sup>1</sup>The statements in this section are forward-looking. For more information on forward-looking statements, see ITEM 23-FORWARD-LOOKING STATEMENTS.

<sup>2</sup>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.

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

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## 2015 CAPITAL EXPENDITURES

	<b>\$ millions</b>
Sustaining capital	15.0
Stripping cost	18.0
Sustaining capital – 2014 Deferred	4.0
<b>Total</b>	<b>37.0</b>

The deferred capital expense mainly comprises deferred capital relating to the SAG shell replacement and construction of the Mana substation.

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## CORPORATE

The consolidated corporate general and administrative expense for 2015 is estimated at \$15 million.

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## ASSUMPTIONS

A number of assumptions were made in preparing the 2015 guidance, including:

Price of gold:	\$1,150 US dollars per ounce
Price of fuel:	\$1.27 US dollars per litre
Exchange rate:	\$0.86 US dollars to the Canadian dollar
Exchange rate:	\$1.21 US dollars to the Euro

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## EXPLORATION

The 2015 initial exploration budget has been established at \$18 million, \$12 million of which has principally been allocated to activities on the Siou sector. The drilling program at Mana comprises 310,000 meters of auger and 105,000 meters of reverse-circulation drilling. The budget includes a \$6 million provision for 140,000 meters of auger and an initial 39,000 meters of RC drilling on the Banfora property.

## ITEM 4 – MINERAL RESERVES AND RESOURCES ESTIMATES

We have properties which are at different levels of advancement. The following estimates of mineral reserves and resources were estimated as at December 31, 2014, the whole in accordance with the provisions adopted by the Canadian Institute of Mining Metallurgy and Petroleum and incorporated into NI 43-101. These reserve and resource estimates from our Mana Mine, were reviewed and approved by, Mr. Michel A. Crevier, P. Geo, MScA, Vice-President Exploration and Mine Geology, the Corporation's "qualified person" (as defined in NI 43-101). See ITEM 5 - MINERAL PROJECTS.

### MANA PROPERTY – MINERAL RESERVES AND RESOURCES

(As at December 31, 2014)<sup>1,2,3</sup>

DEPOSITS	DECEMBER 31, 2014								
	PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>
WONA-KONA	6 304 600	2,32	470 100	6 970 900	2,23	500 000	13 275 500	2,27	970 100
NYAFÉ	262 600	5,85	49 400	4 100	5,02	700	266 700	5,84	50 100
FOFINA	2 410 000	2,62	203 300	33 200	2,29	2 400	2 443 200	2,62	205 700
SIOU	5 224 000	4,46	749 800	1 748 200	4,10	230 200	6 972 200	4,37	980 000
ROMPAD	186 400	5,74	34 400	0	0,00	0	186 400	5,74	34 400
<b>TOTAL MANA</b>	<b>14 387 600</b>	<b>3,26</b>	<b>1 507 000</b>	<b>8 756 400</b>	<b>2,60</b>	<b>733 300</b>	<b>23 144 000</b>	<b>3,01</b>	<b>2 240 300</b>

DEPOSITS	DECEMBER 31, 2014								
	MEASURED			INDICATED			TOTAL RESOURCES		
	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>
WONA-KONA	1 507 200	1,87	90 700	20 733 900	2,54	1 696 300	22 241 100	2,50	1 787 000
NYAFÉ	300 200	5,60	54 100	229 500	5,84	43 100	529 700	5,71	97 200
FOFINA	1 219 600	2,77	108 600	467 000	3,67	55 200	1 686 600	3,02	163 800
YAH0	4 654 400	1,05	157 200	9 895 200	0,99	316 200	14 549 600	1,01	473 400
FILON 67	26 100	2,72	2 300	8 900	3,59	1 000	35 000	2,93	3 300
FOBIRI	468 900	1,80	27 100	114 200	1,52	5 600	583 100	1,74	32 700
SIOU	885 500	1,40	39 800	1 914 500	2,59	159 700	2 800 000	2,22	199 500
<b>TOTAL MANA</b>	<b>9 061 900</b>	<b>1,65</b>	<b>479 800</b>	<b>33 363 200</b>	<b>2,12</b>	<b>2 277 100</b>	<b>42 425 100</b>	<b>2,02</b>	<b>2 756 900</b>

DEPOSITS	DECEMBER 31, 2014		
	INFERRED		
	Tonnage	Grade (g/t Au)	Ounces <sup>4</sup>
WONA-KONA	2 935 000	2,93	276 800
NYAFÉ	150 800	5,86	28 400
FOFINA	217 800	4,17	29 200
YAH0	470 800	1,45	22 000
FILON 67	5 500	6,32	1 100
FOBIRI	577 600	1,39	25 800
MAOULA	2 628 200	1,62	137 100
SIOU	5 957 300	3,44	658 700
<b>TOTAL MANA</b>	<b>12 943 000</b>	<b>2,83</b>	<b>1 179 100</b>

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

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

<sup>3</sup> All mineral resources reported are exclusive of mineral reserves.

<sup>4</sup> Rounding of numbers to the nearest hundreds of tonnes may present slight differences in the figures representing the ounces contained.

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

We are focusing on quality ounces. From December 31, 2013 to December 31, 2014, our Mana reserves have slightly varied from 2,302,500 ounces to 2,240,300 ounces with respective tonnage of 25,516,100 and 23,144,000 and respective grade of 2.81 and 3.01, including mining depletion.

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

Summary of Properties (as at December 31, 2014)					Comments
Property name	Permit Type	Area (km <sup>2</sup> )	% of Ownership	Expiration Dates	
<b>MANA</b>					
Wona-Nyafé	Mining	148.84	90%	March 20, 2027	
Mana Ouest <sup>1</sup>	Exploration	124.21	100%	October 10, 2014	Waiting for the decree
Mana Est <sup>1</sup>	Exploration	130.14	100%	October 19, 2014	Waiting for the decree
Fobiri 2	Exploration	211.27	100%	January 5, 2015	Waiting for the decree
Kona Blé	Exploration	96.46	100%	January 18, 2014	Waiting for the decree
Bombouela Nord	Exploration	115.45	100%	December 30, 2016	
Bombouela II	Exploration	250.00	100%	May 6, 2016	
Bara <sup>1</sup>	Exploration	229.93	100%	October 10, 2014	Waiting for the decree
Oula <sup>1</sup>	Exploration	194.11	100%	October 27, 2012	Waiting for the decree
Bladi	Exploration	99.50	100%	November 20, 2015	
Massala	Exploration	187.20	100%	October 17, 2015	
Pompoï Nord	Exploration	60.82	100%	February 18, 2017 <sup>1</sup>	
Saoura	Exploration	247.48	100%	April 15, 2016	
<b>BANFORA</b>					
Yeya I	Exploration	29.92	100%	April 23, 2017	
Yeya II	Exploration	34.93	100%	April 23, 2017	
Yeya III	Exploration	26.66	100%	April 23, 2017	
Kongoroba	Exploration	148.60	100%	March 22, 2015	Filing for renewal application
Libou	Exploration	136.00	100%	April 11, 2015	Filing for renewal application

<sup>1</sup> Application few new permits have been filed and we are currently awaiting the decrees for each such permits which will be renamed Mana Ouest 2, Mana Est 2, Bara 2 and Oula 2.

## ITEM 5 - MINERAL PROJECTS

### Operating Mine

#### MANA MINE

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

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

#### Property Description and Location

The Corporation hold two projects in Burkina Faso, West Africa, namely the Mana Property and the Banfora Property. The latter consists of a series of permits acquired during the current year and is described further under the section “Exploration – Banfora Property”.

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

The Mana gold deposits are located within the limits of 17 exploration permits and one mining permit that was granted in 2007 and extended in 2013. The total areal extent of the exploration permits is 2,781.54 km<sup>2</sup>. Most of the exploration permits are granted for 3-year renewable periods (up to a maximum of 9 years) to our wholly-owned subsidiaries incorporated in Burkina Faso while the mining permit is granted for a 20-year period (currently ending March 20, 2027 and renewable for 5-year periods as needed) to SEMAFO BF, a corporation in which SEMAFO indirectly holds 90% of the shares and the Government of Burkina Faso holds the remaining 10%. Five permits (Siby Ouest, Tigan, Bilakongo, Kana, and Pompoi) are currently held by arm’s length companies with who SEMAFO has signed option or acquisition agreements.

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

The mining permit covers the current open pit operations of Wona-Kona to the north, Fofina to the south and Siou to the east. The permitting processed to extend the former Wona-Nyafé mining permit to the east (towards Siou) and to the south (towards Fofina) was completed on April 3<sup>rd</sup> 2014. The mining permit now covers 148.84 km<sup>2</sup>.

#### Accessibility, Climate, Local Resources, Infrastructure and Physiography

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

The climate is divided into a rainy season, from June to September comprising most of the average annual 830 mm rainfall, and a dry season from October to May. Water for processing is collected from a network of wells, collected from the tailings and accumulated behind an earthen dam constructed to collect seasonal runoff. A 58 km buried

pipeline between the Mana water dam and the Mouhoun River was completed in September 2012 at a cost of \$24 million and is operational since December 2012. It is designed to pump up to 450 m<sup>3</sup>/hour, or a maximum of 3.5 Mm<sup>3</sup> of water per year. This, in addition to the water captured from the rainy season, should be sufficient to feed a 14,000 tpd operation. Dust storms from the north are frequent in February and March. Minimum and maximum temperatures are about 15°C and 40°C. The mine site operates year round.

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

The Mana mine began operation in March of 2008 with a 4,000 tpd (after ramp-up from 2,000 tpd) mill which was progressively upgraded up to a current capacity of 8,000 tpd in blended ores. Installations also include carbon in leach mill with crusher, SAG mill, two ball mills, reactive cells, gold room and ancillary services. About half a kilometer away to the East, SEMAFO has established a living camp for expatriates with a mess club and other facilities. Power is currently from diesel generators; however SEMAFO signed an agreement with the national electricity company to build a power line connecting the Mana Mine to the national power grid. Construction of the power line connecting the Mana Mine to the national power grid was completed in December 2014. This involved the following milestones: (i) Completion of a 58 km – 90 KV transmission line, (ii) Completion of a 2.6 km – 33 KV transmission line, (iii) Completion of the 90/33 KV Wona substation, (iv) Completion of the 33/6.6 KV Mana substation. Commissioning of the power line and substations concluded on January 23, 2015. Testing of the power line is currently in process.

Most of the area lays at elevations of about 350 meters with highs of 450 meters on several “lateritic” hills that dot the landscape. Those hills are mostly found to the southeast of the Fobiri II permit, the South of the Mana mining permit (with the Nyafé and F67 deposits) and most of the Mana Ouest permit. The North part of the mining permit with the Wona-Kona deposit and mill compound is on relatively flat topography.

## History

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

The total production at Mana from 2008 to December 31, 2014 is 1,160,000 ounces from 14.9 million tonnes at 2.73 g/t with an average mill recovery of 89%. The ore extracted in 2014 was from the Wona-Kona open pit (51%), the Siou open pit (25%) and the Fofina open pit (24%).

## Geological Setting and Mineralization

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

The Wona-Kona deposit is hosted in a series of highly deformed sedimentary, volcano-sedimentary and meta-volcanic rocks. The gold mineralization has developed along a major NE-SW sub-vertical fault zone of regional extension. The



shear zone is about 200 meters wide in the Wona-Kona pit sector. The original stratigraphic sequence is a succession of pelitic sediments with graphitic horizons and volcanoclastics. They have been affected by a pervasive S1 schistosity associated with vertical movements along the fault (the east block rising with respect to the west one) as well as sinistral lateral movements. Those foliated rocks are cut by mafic to intermediate dykes. The mineralization appears to be associated to a later movement along the fault associated with hydrothermal fluid circulation and intense silicification.

The Nyafé deposit is hosted in a purely volcanic sequence with basalt and mafic-tuffs. Several sub-vertical decameter scale dikes cross-cut the volcanic sequence, in particular, an N-S dike of felsic porphyry (with quartz phenocrysts) and two mafic dikes on both sides of the pit and parallel to the mineralization. The Filon 67 deposit, next to Nyafé is composed of quartz veins associated to shear zones with dextral motion within a package of greenschist rocks. Those composite veins show textures indicative of several successive fillings.

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

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

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

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

## Exploration

### MANA PROPERTY

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

Several Auger drilling programs have been completed on geochemical or geophysical anomalies in the Mana permits. Several significant anomalies were identified with this method since 2010. The Siou discovery in 2012 was achieved from a follow-up RC drilling on an Auger anomaly located along an interpreted regional structure.

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

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

## Deposit Types

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

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

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

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

The Filon 67 deposit is located about 300 meters to the east. It strikes approximately NS over a length of about 500 meters. It is composed of two main zones with similar dips (60° to 70°) to the west. In the center, those two structures are very close and they may merge at depth. Toward both extremities, there are further apart, leaving room for flatter satellites structures.

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

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

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

## Drilling

The drilling method of choice at Mana is RC which is a destructive drilling method. According to information in the drill holes database as of December 2014, there have been 6,703 holes (758,468 meters) of drilling on the Mana property by SEMAFO. During 2014 alone, there were 98,927 meters of RC drilling (693 holes) on the Mana Property. They are normally drilled at 50-60° dip angles to intersect the sub-vertical mineralized structures. The coverage on the property is still very limited with most of the drilling concentrated on the southern part. Recovery is generally very good, and appropriate steps are taken to ensure that no sample bias is introduced during collection and reduction of the drill cuttings (riffle splitter on site for sample reduction). RC Drilling in 2014 was principally devoted to the Siou intrusive while 6,085 meters were used for delineation drilling at the Siou Pit.

AC is also a destructive drilling method which is limited to the soft horizons: drilling generally stops at the base of the saprolite layer. This method is rapid and inexpensive and is typically used to test anomalies identified by the auger drilling where the saprolite is expected to be thick. The Mana database contains 5,512 holes of AC totaling 205,776 meters. No AC drilling was done on the Mana property during 2014.

Oriented core drilling provides geological information, such as dip direction and degree of alteration; this information is not available from RC chips. It also provides material for metallurgical testing and density measurements. According to information in the drill hole database at the end of 2014, there has been a total of 298,772 meters in 971 holes of core drilling completed on the Mana property to date. In 2014 alone, 117 holes totaling 30,102 meters. Most of those holes are of NQ core diameter (generally starting with HQ diameter). These drill holes are normally drilled at 50-70° dip angles to intersect the steep mineralized structures. All of the cored boreholes were for the delineation of the Siou deposit (83%) and deeper exploration at Siou (17%).

In 2014, the ALS Minerals Division ('ALS') laboratory in Ouagadougou received 108,227 samples generated by exploration. In addition, the internal laboratory<sup>1</sup> at the Mana Mine processed 46,219 samples from the exploration department. Finally, SGS laboratory also processed some 17,002 geochemical soil and auger samples over the course of 2014. Assay results for all holes drilled in 2014 are included in the database and have been used for the current resource estimation. Core samples, and RC are prepared and analyzed from a subsample of 50 g by fire assay and auger samples are analyzed by the BLEG method.

## Sample Preparation, Analyses and Security

As a general rule, RC and AC holes are sampled at systematic 1 meter intervals while core holes are sampled according to intervals corresponding to intersected lithologies or structures. The RC and AC database contains 956,420 samples covering 963,278 meters of drilling (100% of total drilled), while the core hole database contains 205,436 samples covering 206,225 meters of drilling (72% of total drilled).

A few historical Wona holes were commenced RC and completed in core drilling to save costs. The RC portions were not sampled. The length of the assay intervals in the entire database varies from 0.05 meter to 2.00 meter for core holes (average 0.97 meter), and 1.0 meter to 6.0 meter for RC and AC holes (average 1.01 meter). Only a few historical RC samples were taken at 6 meter length leading into the expected Wona Zone.

Each 1 meter RC or AC sample of approximate 16 kg weight is reduced in a multistage riffle splitter to get a split of about 2 kg which is packed and sent to a laboratory. Another split of the same size is kept on site for reference and the

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

rest of the RC sampled material is discarded. Trench samples are processed in the same way. Core samples are sawed in half with the first half packed and sent to the laboratory; the other half is kept in the core storage shelters.

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

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

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

### Data Verification

A robust QAQC program has been implemented within the Mana Mineral exploration group. For each batch of 78 samples two certified standards and two blanks samples are inserted. The external laboratory ALS in Ouagadougou ("ALS") is responsible for preparing the two coarse duplicates located by the exploration group. For each batch of 20 samples, one certified standard and one blank or one duplicate alternatively are inserted. The SEMAFO BF Laboratory is responsible for preparing the single coarse duplicate located by the exploration group. Additionally 0.5% of samples pulps processed by each laboratory were sent for duplicate analysis at the other laboratory (i.e. SEMAFO BF to ALS and ALS to SEMAFO BF). All batches of results are screened upon reception and prescribed pass-fail criteria are applied to decide whether the data is allowed to enter the database, or whether the batch is sent for reanalysis. A written protocol describing the pass-fail system as well as fail criteria assigned to the blank standards is kept updated throughout the year.

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

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

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## BANFORA PROPERTY

On April 24, 2014 we entered into an agreement with AusQuest Limited ("AusQuest") (the "Farm-In Agreement") for a three-year working rights and option to acquire up to 80% ownership of nine exploration permits on the Banfora Gold Belt. These nine permits, covering 1,153 km<sup>2</sup> of land, are located approximately 200 kilometers southwest of our Mana Property, close to the Burkina Faso-Ivory Coast border. Under the terms of the Farm-In Agreement, Ressources Burkinor SARL, a subsidiary of SEMAFO, can earn up to an 80% interest in the Banfora permits by spending a total of US\$7.5 million over a three-year period and making an upfront cash payment to AusQuest of US\$600,000.

Later in 2014, we acquired additional permits in the Banfora region through agreements with stakeholders. By the end of 2014, we controlled a total of 15 permits (1,600 km<sup>2</sup>).

Access to the Banfora Property from the capital Ouagadougou is via the Ouagadougou-Bobo Dioulasso paved highway, passed the major city of Bobo-Dioulasso to the town of Banfora located 420km southwest of Ouagadougou. The main exploration office for the Banfora Project is currently located in the town of Banfora. A series of laterite roads from Banfora, offer direct access to all permits we control.

The Banfora Gold Belt is a 30-kilometer-wide north-northeast-striking belt of Birimian age volcanic and sedimentary rocks locally intruded by felsic to intermediate igneous rocks. Important regional structures are also known to occur across the belt. Since late 2010, AusQuest has actively explored the Banfora area and during that time has discovered gold/silver mineralization at the Phaco Hill prospect as well as locating numerous gold-soil anomalies and gold intersections from shallow rotary air blast ("**RAB**") and reconnaissance RC drilling, that require further follow-up. In more recent times relatively large artisanal workings and gold-soil anomalies have been outlined within the Kapogouan and Noumousso permits that have only had limited systematic sampling and no drilling. Many of the gold prospects require further work to determine their potential to become significant new gold discoveries.

Following the Farm-In agreement, we initiated a first phase exploration program consisting principally of auger drilling and geological mapping and prospecting. A total of 75,000m of auger drilling was completed throughout the property completing 6 grids on different favorable target areas. Significant anomalies were obtained on many of the target, particularly on Tondoura, Noumousso and Kapogouan permits.

For 2015, we had allocated \$6M of our \$18M global exploration budget for Banfora. The program is designed to continue the auger drilling coverage across the favorable areas with 140,000m planned. In addition, a first phase RC drilling program of 39,000m is scheduled in 2015 to test the most promising targets identified in 2014, particularly within the Kapogouan and Noumousso permits.

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## TAPOA PERMIT GROUP - NATOUGOU GOLD DEPOSIT

Below is a reproduction of the executive summary contained in the independent technical report entitled “*SEMAFO inc.: Tapoa Permit Group, Natougou Gold Deposit. Project No. AU4582. NI 43-101 Technical Report*” dated March 30, 2015 (the “**Natougou Report**”) and prepared by John Graindorge and Harald Muller, from Snowden Mining Industry Consultants, each a “qualified person” as defined under NI 43-101. Reference should be made to the full text of the Natougou Report which is incorporated herein by reference and available on SEDAR at [www.sedar.com](http://www.sedar.com). All definitions and terms used in this section are proper to this specific section.

### Summary

This Technical Report describes the Tapoa Permit Group, which contains the Natougou gold deposit and associated Mineral Resource estimate. The Tapoa Permit Group comprises four contiguous Exploration Permits, namely Dangou, Pambourou, Bounbouou and Bossari, which together total 772 km<sup>2</sup> and are situated approximately 320 kilometres (km) east of Ouagadougou, the capital of Burkina Faso, West Africa. Access to the property is via sealed roads, with the last 56 km being unsealed. The climate of the region is typical of sub-Saharan Africa.

The Tapoa Permit Group is owned by Orbis Gold Limited (Orbis). SEMAFO Inc. (SEMAFO) has acquired a 98% shareholding in Orbis, as of 11 March 2015, and as such Orbis’ Mineral Resource estimate for the Natougou project is considered material to SEMAFO. SEMAFO initiated a compulsory acquisition of all remaining Orbis shares on 11 March 2015 and Orbis was delisted from the Australian Securities Exchange (ASX) on 16 March 2015.

### Geology and mineralisation

The Tapoa Permit Group is located within the Birimian Gold Province in West Africa. The Birimian Gold Province is a world class gold province and hosts most of the major gold deposits in West Africa notably in Ghana, Ivory Coast, Mali, Senegal and Burkina Faso.

Mineralisation at the Natougou deposit is hosted within a flat lying shear zone which has a subtle anticlinal geometry. The apparent axis of the anticline strikes approximately 315° and each limb dips approximately 15°.

The mineralisation is characterised by sheared amphibolite, quartz boudinage veining, biotite-plagioclase alteration and an increase in sulphide content. Sulphide assemblage comprises pyrite, pyrrhotite and minor chalcopyrite and arsenopyrite. Visible gold has been observed in core samples. The host lithology consists of mafic to intermediate volcanic / intrusive stratigraphy.

### Exploration

Exploration activities on the property have been ongoing since 2010. Regional soil sampling and rock-chip sampling programmes were commenced by Orbis in 2010 and permit scale mapping was conducted by Orbis geologists during the course of the 2014 field season. Shallow artisanal mining activity occurs across the Tapoa Permit Group and is often used to identify targets for further exploration.

Orbis defined a large-scale high-order (+50 ppb Au) gold-in-soil anomaly in the area surrounding the Natougou discovery. The soil anomaly, defined within a 6 km by 4 km survey area, includes multiple zones of higher-order anomalism that have received minimal exploration drilling to date. The higher order soil anomalies present as priority areas for follow-up exploration.

Priority regional drill target areas which require further testing include the "Natougou Target Corridor", a 7 km long elongate northwest to southeast-trending corridor that encompasses the Natougou deposit, along with significant hard rock artisanal mining activity and widely distributed high grade surface rock chip samples collected by Orbis with assay results up to 70 g/t Au.

## **Drilling, sampling and assaying**

A total of 714 holes have been drilled on the property as of March 2015, using reverse circulation (RC) and diamond drilling techniques. All drillholes were drilled by Orbis between 2012 and 2014, with the bulk of the drillholes targeting the Natougou deposit. The dominant drillhole spacing at Natougou is 40 m along strike (315°) by 40 m across strike (045°). The drill spacing in the central area is up to 160 m along strike and 80 m across strike.

The global recovery for drill core and RC chips at Natougou is acceptable, with an average recovery of 98% for drill core and 76% for the RC drilling. The majority of the mineralised samples are from diamond core drilling and as such, it is Snowden's opinion that the recoveries are acceptable for representative sampling and subsequent Mineral Resource estimation.

RC cuttings are collected from the cyclone at 1 m intervals. Composite samples of 4 m are generated by riffle splitting a nominal 0.5 kg sample from each 1 m interval. Composite samples returning >0.25 g/t Au are resampled at 1 m intervals (2 kg to 3 kg riffle split from the original coarse reject), along with the immediately surrounding composite samples. Diamond core is half core sampled, with the core cut using a diamond saw. The majority of the diamond core is sampled based on the geological logging using a minimum sample length of 0.2 m and a maximum of 1.2 m.

Assaying for gold has primarily been completed at the SGS laboratory in Ouagadougou, which, based on the results of the quality control samples and multiple inspections, has achieved reasonable precision and analytical accuracy.

In the author's opinion the drillhole data for the Natougou deposit is reasonable for use in resource estimation.

## **Quality assurance and quality control**

Orbis implemented a quality assurance and quality control protocol throughout the majority of the drilling programmes at Natougou, which includes the addition of reference materials, field duplicates and blank samples to the sample batches. A sample batch typically comprises one drillhole with a blank sample inserted at the start of each batch, a field duplicate (RC field split or quarter core) inserted within the mineralised intersection along with a blank inserted after the duplicate, and a reference material sample placed at the end of the batch.

Analysis of the reference materials shows the majority of results within the accepted control limits, suggesting that reasonable analytical accuracy has been achieved. Moreover, assays of the blanks samples show no evidence of contamination during the laboratory sample preparation or assaying. For the field duplicates, overall the populations compare well, with some outliers at higher grades typical of gold deposits containing visible gold particles. Snowden considers there is no evidence to suggest that the primary sample varies significantly from the duplicate sample and that Orbis have achieved reasonable precision during the sampling and assaying process.

Snowden checked a random selection of assay certificates against the data within the database in 2013 and again in 2014. Zero discrepancies were identified from this validation. The assay certificates were sourced by Snowden directly from the SGS Ouagadougou laboratory.

## **Metallurgical testwork**

Preliminary metallurgical testwork was completed in 2013 as part of a scoping study completed by Lycopodium Minerals QLD Pty Ltd for Orbis in 2013 (Lycopodium, 2013). Samples for the metallurgical testwork were selected only from fresh drill core, as the fresh material represents a significant majority of the mineralisation observed within the orebody.

Results of the comminution testwork highlighted that:

- The Natougou mineralisation is hard and competent and should be suitable for SAG milling. A high aspect mill was recommended due to the competent nature of the material.
- Abrasiveness is considered average and media and liner consumption rates are not expected to be excessive.
- The BWi is relatively high and grinding energy requirements are expected to be high.
- Relatively low A x b value of 27.1 suggests that the mineralisation has a high resistance to impact breakage.

Leach tests were conducted across five grind sizes,  $P_{80}$  of 106  $\mu\text{m}$ , 75  $\mu\text{m}$ , 53  $\mu\text{m}$ , 25  $\mu\text{m}$  and 10  $\mu\text{m}$ . After 24 hours of leaching, gold recoveries for all samples were averaging 88% and after an additional 24 hours the gold recoveries increase to an average of 93%. The leach tests showed the following results:

- Gravity recovery of gold was determined as 25%.
- Gold recovery was high, even without a gravity circuit.
- Gold recovery increased for the finer grind sizes, suggesting that the grind size plays a more important part than cyanide concentration or gravity recovery on the overall gold recovery from the feed ore.
- Lime consumption ranged from 0.23 kg/t to 0.42 kg/t.
- Leach kinetics appeared to be faster with the inclusion of gravity recovery, suggesting that a gravity recovery circuit should be considered.
- Initial leach kinetics were slower, suggesting the presence of some coarse gold or gold locked to some extent in sulphide minerals.

Based on the early stage testwork results Snowden considers that high recovery of gold from the Natougou mineralisation should be viable, however further work will be required to ensure ore characteristics and variability are fully understood and that selected processing options have sufficient flexibility to maintain recovery as the mineralisation varies within the ore body.

### Mineral Resource estimate

Snowden Mining Industry Consultants (Snowden) has generated a resource block model for the Natougou deposit using geological and gold mineralisation interpretations provided by Orbis.

Multiple indicator kriging (MIK) with unfolding was used to estimate gold grades (Au) into a constrained block model reflecting the interpreted shear zone and surrounding host rocks.

Bulk density measurements were collected by Orbis from core using the Archimedes method. Whilst the samples are limited in terms of sample size (typically only 10 cm to 15 cm lengths are measured), a total of 11,073 measurements have been collected. A visual assessment of the density data shows areas of lower and higher density, with continuity between adjacent drillholes. As such, Snowden elected to estimate the bulk density using ordinary kriging (with unfolding) to ensure that the local variations in the core density measurements are reflected in the resource model.

The Natougou Mineral Resource estimate has been classified as a combination of Indicated and Inferred Resources in accordance with CIM guidelines. The resource classification was based on a review of the underlying data quality along with an assessment of the level of confidence in the understanding of both the geological and grade continuity. The Mineral Resource has been limited to within a pit shell provided by SEMAFO, based on a gold price of \$1,300/oz and pit optimisation parameters described in a scoping study completed by Lycopodium Minerals QLD Pty Ltd in 2013 (Lycopodium, 2013).

The Natougou Mineral Resource comprises 5.79 Mt at 5.87 g/t Au of Indicated Resources and 3.93 Mt at 3.49 g/t Au of Inferred Resources, reported above a 0.77 g/t Au cut-off grade. The Mineral Resource statement is detailed in **Table 1**.



**Table 1 Natougou Mineral Resource as at March 2015, reported above a 0.77 g/t Au cut-off grade**

Classification	Oxidation state	Tonnes Mt	Au g/t	Ounces koz
Indicated	Fresh	5.79	5.87	1,092
<b>Indicated Total</b>		<b>5.79</b>	<b>5.87</b>	<b>1,092</b>
Inferred	Weakly Oxidised	0.20	2.70	17
	Moderately Oxidised	0.30	2.13	21
	Strongly Oxidised	0.15	2.12	10
	Fresh	3.28	3.73	393
<b>Inferred Total</b>		<b>3.93</b>	<b>3.49</b>	<b>442</b>

\* Small discrepancies may occur due to rounding

There are no Mineral Reserves on the property.

### Conclusions and recommendations

The Tapoa Permit Group, including the Natougou project, is located in a well-known gold province and the property has a history of artisanal mining. Results from the exploration rock chip and soil sampling programmes conducted by Orbis between 2010 and 2014 across the Tapoa Permit Group, indicate that there are multiple targets which warrant further exploration to assess the potential of additional gold mineralisation in the area.

The Natougou deposit represents a significant gold discovery in the area. The project has been drilled using diamond core and RC drilling techniques down to a nominal spacing of 40 m by 40 m in a significant portion of the deposit area. The author is satisfied that the drill sample database and geological interpretations are sufficient to enable the estimation of Mineral Resources and sample security procedures provide confidence in the integrity of the samples and assay results. The geological interpretation carried out by Orbis has considered all material items and represents an accurate reflection of the current geological understanding.

Accepted estimation methods have been used to generate a 3D block model of gold values. In Snowden's opinion, the use of MIK estimation technique with unfolding is appropriate for the highly skewed population distribution and folded nature of the deposit. The estimate has been classified with respect to CIM guidelines with the resources classified at an Indicated and Inferred status, according to the geological confidence and sample spacings that currently define the deposit. Snowden believes that SEMAFO should be able to increase the confidence and size of the Natougou Mineral Resource through additional drilling.

The following recommendations are made with respect to ongoing work at the Natougou gold project:

- It is recommended that larger intervals of core be used to measure the bulk density to provide a more representative measurement.
- To date, only two twin diamond holes have been drilled to validate the RC drilling results. If further RC drilling is to be completed, it is recommended that SEMAFO increase the number of twin holes so that a meaningful statistical assessment of the two drilling methods can be conducted. Twin diamond holes should be drilled as close as possible to the original RC drillhole, ideally within 3 m.
- Snowden recommends that SEMAFO generate a geological interpretation of the western hangingwall mineralisation to constrain the gold grade estimates in this area, with the ultimate aim of potentially including this material in future Mineral Resource estimates.
- A comprehensive topographic survey is recommended to ensure all mine planning and infrastructure requirements are planned for using reliable data.
- Snowden recommends that SEMAFO complete a pattern of closer spaced drilling (down to a 10 m by 10 m spacing) in a portion of the resource to better define the short range grade continuity.

## Mining Operations

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

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

The open pit walls, except for some local faults or shear zones are very stable. The average designed pit slopes of Siou, Fofina, Wona and Kona vary from 20° to 42° in saprolite or oxide ore and from 50° to 52° in saprock, fresh rock or sulphide ore depending on the depth and design configuration.

The Mana mining fleet includes:

- 45 mining trucks:
  - 29 Komatsu mining trucks - 63 metric tonnes
  - 6 Caterpillar mining trucks - 63 metric tonnes
  - 10 Komatsu mining trucks - 100 metric tonnes
- 11 hydraulic excavators varying from 2.50 m<sup>3</sup> – 10, 00 m<sup>3</sup>
  - 1 Komatsu PC600
  - 1 Komatsu PC800 - 4.75 m<sup>3</sup>
  - 7 Komatsu PC1250 - 6.50 m<sup>3</sup>
  - 2 Caterpillar 6018 - 10.00 m<sup>3</sup>
- 4 wheel loaders with buckets varying from 3.5 to 6.1 m<sup>3</sup>
- 8 production drills Atlas Copco ROCF9-11
- regular water truck, dozers and graders

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

In the cash flow model, investments have been allocated in sustaining capital cost to reflect renewal of some of the mining fleet and refurbishing of major components of the mining fleet.

### National Power Grid

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

Construction of the power line connecting the Mana Mine to the national power grid was completed in December 2014. This involved the following milestones: (i) Completion of a 58 km – 90 KV transmission line, (ii) Completion of a 2.6 km – 33 KV transmission line, (iii) Completion of the 90/33 KV Wona substation, (iv) Completion of the 33/6.6 KV Mana substation. Commissioning of the power line and substations concluded on January 23, 2015. Testing of the power line is currently in process.

### Metallurgical Process

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

as back-up, addition of one CIL tank, upgrade of the elution circuit to improve capacity, two additional gensets, critical spares and some equipment capacity upgrades such as compressors and pumps.

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

The grinding circuit consists of a SAG mill in close circuit with a vibrating screen. The 7.92 m diameter x 2.74 m Allis Chalmers SAG is equipped with 2,387 KW variable speed motor and operates between 9-15% ball charge depending of ore hardness. Oversize from the SAG is sent to a HP200 pebble crusher for further crushing. Crushed material is returned to the SAG mill. Secondary and tertiary mills provide the grinding power to maintain target grind at P80-75 microns.

In anticipation of the replacement of the shell of the SAG mill, we successfully tested the secondary ball mill during the fourth quarter. On February 24, we announced that the replacement of the shell of the SAG mill was successfully completed on time at our Mana Mine in Burkina Faso. During the shutdown between January 19 and February 23, 2015, we produced approximately 22,220 ounces of gold. The secondary ball mill performed above expectations, processing a daily throughput of close to 4,000 tonnes at an average grade of approximately 5.2 g/t Au from the Fofina pit. The recovery rate was above 94%. The Corporation’s 2015 production guidance of between 245,000 and 275,000 ounces of gold remains unchanged.

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

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

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

Tailing produced by the process is pumped with variable speed pumps to the Yona tailings storage facility (“TSF”). The TSF has a surface area of about 1.5 km<sup>2</sup> or the equivalent capacity of 10 Mt of tailings when final elevation will be reached. Extra lifts of the TSF are done on a regular basis to increase the tailings storage capacity.

## Recoverability

The metallurgical processing method will be the same for the next coming years. In 2014, the mill processed 2,754,400 tonnes of ore at a reconstructed head grade of 2.90 g/t Au and produced 234,300 ounces of gold for an average mill recovery of 91 % which is in line with the above forecast recoveries.

## Production 2014

The following table presents 100% of the gold production statistics for the Mana Mine for the financial year ended December 31<sup>st</sup>, 2014. The Mana Mine is owned and operated by SEMAFO BF in which we own a 90% equity interest.

Production Update <sup>1</sup>	Year ended December 31				
	2014	2013	2012	2011	2010
Gold production (ounces)	234,300	158,600	172,700	187,800	179,700
Plant ore processed (tonnes)	2,754,400	2,834,500	2,738,000	2,448,200	1,947,900
Weighted Head-grade (g/t Au)	2.90	1.99	2.25	2.76	3.29
Weighted Recovery (%)	91	86	87	88	88
Cash operating cost (\$/ounce) <sup>2</sup>	580	707	662	510	370
Total Cash Cost (\$/ounce) <sup>3</sup>	649	777	750	592	415

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

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

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

## Markets and Contracts

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

## Environment

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

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

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

## Taxes and Royalties

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

## Life of Mine

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

## 2015 Production, Exploration and Development<sup>1</sup>

Our 2015 gold production target at the Mana Mine is expected to be between 245,000 and 275,000 ounces of gold at a total cash cost of between \$575 and \$605 per ounce.

The 2015 initial exploration budget has been established at \$18 million, \$12 million of which has principally been allocated to activities on the Siou sector. The drilling program at Mana comprises 310,000 meters of auger and 105,000 meters of reverse-circulation drilling. The budget includes a \$6 million provision for 140,000 meters of auger and an initial 39,000 meters of RC drilling on the Banfora property. See ITEM 23-FORWARD-LOOKING STATEMENTS.

Readers should consult SEMAFO's Management's Discussion and Analysis for the year ended December 31, 2014 which is available under SEMAFO's profile on SEDAR at [www.sedar.com](http://www.sedar.com) to obtain further particulars regarding the financial production and operational information for the Mana Mine.

## ITEM 6 - COMPETITIVE CONDITIONS

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

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

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

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

## ITEM 7- SALES AND REFINING

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

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<sup>1</sup> The statements in this section are forward-looking. For more information on forward-looking statements, see ITEM 23-FORWARD-LOOKING STATEMENTS.

## ITEM 8 - FOREIGN OPERATIONS

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

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

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

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

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

## ITEM 9 - ENVIRONMENTAL PROTECTION

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

## ITEM 10 - SOCIAL AND ENVIRONMENTAL POLICIES

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

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

Accordingly, our environmental specialists have established and abide by strict process management systems so as to protect natural resources and minimize our environmental foot print. Our environmental specialists are responsible for all facets of water and waste management, environmental risks and incidents, as well as the implementation of employee training and awareness programs.

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

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

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

In addition, we contribute up to 2% of our net income to *Fondation SEMAFO* which mission is to support communities and improve human conditions through its actions and investments in community development projects. More information is available at [www.fondationsemafo.org](http://www.fondationsemafo.org) and our Management Discussion and Analysis for the financial year ended December 31, 2014.

## ITEM 11 - RISK FACTORS

As a mining company, we face the financial and operational risks inherent to the nature of our activities. These risks may affect our financial condition and results of operation. As a result, an investment in our common shares should be considered speculative. Prospective purchasers or holders of our common shares should give careful consideration to all of our risks factors. For a complete description of the various risk and uncertainties please see the "Risks and Uncertainties" section of our MD&A for the financial year ended December 31<sup>st</sup>, 2014 filed on SEDAR at [www.sedar.com](http://www.sedar.com) and available on our website at [www.semafo.com](http://www.semafo.com).

## ITEM 12 - DIVIDENDS

While the Board had not in the past declared a dividend in order to retain its earnings to capitalize on development and expansion opportunities, the Board approved in November 2011, an inaugural cash dividend of CA\$0.02 per common share, payable on January 16, 2012 to shareholders of record at the close of business on December 31, 2011. More recently, the Board approved three additional cash dividends of CA\$0.02 per common share, payable on July 16, 2012, January 15, 2013 and July 15, 2013 to shareholders of record at the close of business on June 30, 2012, December 31, 2012 and June 30, 2013, respectively. In light of the uncertainty and ongoing volatility in the price of gold and considering that bringing Siou into production and continuing exploration are the key to value creation and constitute a priority, we decided not to declare a semi-annual dividend in June or December 2014.

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

## ITEM 13 – MARKET FOR SECURITIES

Our common shares are listed on the TSX and the NASDAQ OMX under the symbol “SMF”.

The following table shows, for our common shares traded on the TSX, the monthly price ranges and volume traded during the 2014 financial year.

<b>MONTH</b>	<b>High (CA\$)</b>	<b>Low(CA\$)</b>	<b>Volume Traded</b>
January	\$3.98	\$2.81	77,196,212
February	\$4.69	\$3.56	67,249,314
March	\$4.93	\$3.64	103,445,920
April	\$4.22	\$3.71	43,074,540
May	\$4.17	\$3.34	30,484,081
June	\$5.31	\$3.46	78,049,794
July	\$5.10	\$4.40	50,608,080
August	\$5.49	\$4.34	47,351,808
September	\$4.95	\$3.65	105,746,390
October	\$4.48	\$2.39	93,773,739
November	\$3.90	\$2.50	77,544,688
December	\$3.68	\$2.59	85,830,964

Source: TSX



## ITEM 14 - DIRECTORS AND EXECUTIVE OFFICERS

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

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

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Terence F. Bowles <sup>1</sup> Nun's Island (Québec) Canada	Director since May 10, 2011  independent	Mr. Bowles is a member of the Audit Committee and of the Environment, Health & Safety and Sustainable Development Committee. Mr. Bowles has been President and Chief Executive Officer of the St. Lawrence Seaway Management Corporation since 2010. Prior to this, he served as President and Chief Executive Officer of the Iron Ore Company (IOC) of Canada, from 2001 to 2010. Following his graduation from Université Laval in Quebec City with a degree in chemical engineering, Mr. Bowles joined Quebec Iron and Titanium (QIT) where he also served as President as well as on the board of directors of an African subsidiary. Mr. Bowles completed an MBA at McGill University and obtained an Institute of Corporate Directors designation. A member of the Québec Ordre des Ingénieurs, he is on the boards of the St. Lawrence Seaway Management Corporation, the Chamber of Marine Commerce, Green Marine, and also serves on the advisory committee of Hatch & Associates.
Michel A. Crevier Laval, (Québec) Canada	Vice-President, Exploration and Mine Geology and Qualified Person	Mr. Crevier has held the position of Vice-President, Exploration and Mine Geology since 2006. He has over 30 years of exploration and mine geology experience in Canada, Russia and Africa. Prior to joining SEMAFO, Mr. Crevier was in the employ of Bema Gold Corporation/OMGC and Julietta Mine (Russia), Mines McWatters and Placer Dome Canada. Mr. Crevier has a master's degree in geology from Université du Québec à Chicoutimi and is the recognized "Qualified Person" as defined in the NI 43-101. A member of the Ordre des géologues du Québec, Mr. Crevier is a member of the Canadian Council of Professional Geoscientists.
Benoit Desormeaux Candiac (Québec) Canada	Director, President and Chief Executive Officer	Mr. Desormeaux became President and Chief Executive Officer on August 8, 2012. Mr. Desormeaux had been our Executive Vice-President and Chief Operating Officer since 2004, and previously held the positions, successively, of Corporate Controller as well as Chief Financial Officer. Prior to joining SEMAFO in 1997, he was in the employ of Deloitte LLP involved principally in corporate audits in the manufacturing sector. Mr. Desormeaux is a Chartered Professional Accountant, a member of Ordre des Comptables Professionnels Agréés du Québec and holds a bachelor's degree in business administration (BBA) from HEC Montréal.

<sup>1</sup> Member of the Audit Committee and of the Environmental, Health & Safety and Sustainable Development Committee.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Sylvain Duchesne Orford (Québec) Canada	Vice-President, Construction & Engineering	Mr. Duchesne is Vice-President, Construction and Engineering. He has held this position since November 2014 and prior to his appointment, was General Manager, Construction and Engineering and Director of Metallurgy. Mr. Duchesne has over 20 years of experience in managing gold and polymetallic operations. Prior to joining SEMAFO in 2005, he served as mill superintendent at Campbell Resources, Aur Resources and Noranda, respectively. Mr. Duchesne graduated as a mining engineer from Polytechnique Montréal in 1987 and is a member of Ordre des Ingénieurs du Québec.
Jean Lamarre <sup>1</sup> Outremont (Québec) Canada	Director since May 12, 1997  Chair of the Board since June 18, 2008  not independent	Mr. Lamarre is Chair of the Board and served as Executive Chair of the Board from June 2008 to January 2015. From 1977 through 1992, Mr. Lamarre held various positions of significant responsibility with Groupe Lavalin Inc., including Vice President, Finance. From 1992 to 1995, he was the Vice President, Special and International Projects for Groupe Canam Manac. In 1995, he became President of Lamarre Consultants, a company representing national and international companies in their efforts to establish or expand their business in Quebec. Mr. Lamarre sits on the board of directors of several public and privately held companies such as D BOX Technologies Inc., Télé-Québec, Le Devoir, Argos Therapeutics and TSO3 Inc. He is also a member of the independent review committee of Investors Group Investment Management Ltd. Mr. Lamarre has 40 years of business experience in Africa. He holds a BBA in applied economics from HEC Montréal.
Robert LaVallière Saint Bruno (Québec) Canada	Vice-President, Corporate Affairs & Investor Relations	Mr LaVallière joined the company in October 2012. Mr. LaVallière has over 25 years of investor relations experience in the mining industry and extensive knowledge of exploration, project assessment, mergers and acquisitions and communications at both national and international levels. Previously, Mr. LaVallière served as Vice-President, Corporate Affairs for Anvil Mining and Director, Investor Relations at Cambior. He holds a B.Sc. degree in geology from Université du Québec à Montréal (UQAM) and an MBA from Université de Montréal-HEC Montréal. Mr. LaVallière is a member of Ordre des géologues du Québec and the Canadian Institute of Mining, Metallurgy and Petroleum.

<sup>1</sup> Mr. Lamarre was a director of Medical Intelligence Technologies Inc. which filed for and obtained protection under the Companies' Creditors Arrangement Act (Canada) and subsequently made an assignment of its property on February 9, 2010. He was also director of 6941249 Canada Inc. (known as Mechtronix), which filed a notice of intent to make a proposal to its creditors under the Bankruptcy and Insolvency Act (Canada) on May 15, 2012 and then filed an assignment for the benefit of its creditors on August 3, 2012. Mr. Lamarre was also a director of Mango Industrie de Cuivre Inc., which filed for protection under the Companies' Creditors Arrangement Act (Canada) in 2012 and remains subject thereto.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
John LeBoutillier, C.M. <sup>1</sup> Montréal (Québec) Canada	Director since January 25, 2006  Lead Director since June 18, 2008  independent	Lead Director of SEMAFO's Board of Directors, Mr. LeBoutillier also chairs its Human Resources and Corporate Governance Committee. He is currently chair of the board of Industrial Alliance Insurance and Financial Services Inc. and of Groupe Deschênes Inc., Vice Chair of TechnoCentre Éolien (Gaspésie-Îles-de-la-Madeleine) and a board member of a number of public companies such as Mazarin Inc., Stornoway Diamond Corporation and NovX21 Inc. Between 1996 and 2000, Mr. LeBoutillier was President and Chief Executive Officer of Iron Ore Company of Canada, as well as President and Chief Executive Officer of Sidbec-Dosco Inc. (now ArcelorMittal Canada Inc.) from 1983 to 1996. Mr. LeBoutillier has a law degree from Université Laval in Quebec City, an MBA from University of Western Ontario (now Richard Ivey School of Business), and is a recipient of the Order of Canada.
Gilles Masson <sup>2</sup> Laval (Québec) Canada	Director since January 25, 2006  independent	Mr. Masson was appointed Chair of SEMAFO's Audit Committee in 2007. He spent 36 years with the firm PricewaterhouseCoopers LLP, Chartered Professional Accountants, including 25 years as partner. His clientele included large national and international companies, some of which operated in the mining sector. Mr. Masson is a member of the Board of Directors of Royal Nickel Corporation. He obtained a bachelor of commerce degree and a diploma in general accounting from HEC Montréal. A chartered professional accountant, Mr. Masson is a member of the Institute of Corporate Directors.
Lawrence McBrearty <sup>3</sup> Brampton (Ontario) Canada	Director since May 12, 2009  independent	Mr. McBrearty is chair of SEMAFO's Environmental, Health & Safety and Sustainable Development Committee and a member of the Human Resources and Corporate Governance Committee. His business experience includes a more than 40-year career with the United Steelworkers of America, the largest industrial labour union in North America. Mr. McBrearty began his tenure in 1974 as a staff representative, subsequently holding positions of increasing responsibility that culminated in his election as National Director for Canada in 1994. Mr. McBrearty has been a labour relations consultant since his retirement in 2004. In addition to holding a social sciences degree from the Université du Québec à Montréal (UQAM), Mr. McBrearty received a PhD Honoris Causa from Université du Québec in 2003.

<sup>1</sup> Lead Director and Chair of the Human Resources and Corporate Governance Committee. Mr. John LeBoutillier was, but is no longer, a director of McWatters Mining Inc. ("McWatters") which, in January 2004, filed a notice of intent to make a proposal to its creditors under the Bankruptcy and Insolvency Act (Canada) and was the subject of a cease trade order. The proposal made by McWatters was accepted by its creditors in June 2004 and subsequently ratified by the Quebec Superior Court in July 2004. He was also, but is no longer, a director of Shermag Inc., which filed for and obtained creditor protection under the Companies' Creditors Arrangement Act (Canada) ("CCAA") in April 2008. In August 2009, Shermag presented a plan of arrangement to its creditors and obtained the homologation from the Superior Court (district of Montreal) on September 15, 2009. Shermag closed a transaction with Groupe Bermex Inc. and implemented a plan of arrangement in October 2009 allowing it to emerge from the CCAA proceedings. The transaction enabled Groupe Bermex Inc. to take control over Shermag and to pursue its restructuring and relaunching.

<sup>2</sup> Chair of the Audit Committee and member of the Human Resources and Corporate Governance Committee. Mr. Gilles Masson was, but is no longer, a director of Malaga Inc. ("Malaga") since 2009. In June 2013, Malaga filed a notice of intention to make a proposal pursuant to the provisions of Part III of the Bankruptcy and Insolvency Act (Canada). Pursuant to the notice of intention, Raymond Chabot Inc. has been appointed as trustee in Malaga's proposal proceedings and in that capacity is monitoring and assisting Malaga in its restructuring efforts. These proceedings have the effect of imposing an automatic stay of proceedings that will protect Malaga and its assets from the claims of creditors and others while Malaga pursues its restructuring efforts. Malaga submitted a proposal dated October 4, 2013 to its creditors; the proposal was accepted by the creditors pursuant to a vote held on December 13, 2013 and approved by judgment of the Superior Court rendered on January 7, 2014.

<sup>3</sup> Chair of the Environmental, Health & Safety and Sustainable Development Committee and member of the Human Resources and Corporate Governance Committee. Mr. McBrearty was also a director of Mango Industries de Cuivre Inc., which filed for protection under the Companies' Creditors Arrangement Act (Canada) in 2012 and remains subject thereto.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Alain Mélanon Boucherville (Québec) Canada	Vice-President, Human Resources	Mr. Mélanon joined SEMAFO as Vice-President, Human Resources in September 2009. Prior to this appointment, he spent two and a half years at Bell Aliant Regional Communications as Vice-President, Human Resources, Communications and Public Affairs. Previously, Mr. Mélanon served as Vice-President, Human Resources, Communications and Public Affairs, Bell Nordiq from 2001 through December 2006. He has also served in senior management and executive positions at Groupe Laperrière & Verreault, Coca-Cola and Labatt Breweries. Mr. Mélanon is a graduate of the University of Laval in industrial relations and is a member of the Quebec Order of Certified Human Resources Professionals and Industrial Relations Counsellors.
Martin Milette Mont Saint-Hilaire (Québec) Canada	Chief Financial Officer	Mr. Milette was appointed Chief Financial Officer of SEMAFO in May 2006. Mr. Milette has been with the company since 2005 when he joined as Director, Development and Special Projects. Previously, he worked for eight years as Senior Manager, Assurance and Advisory Services at PricewaterhouseCoopers LLP where he was principally active in the high-tech and mining sectors. Mr. Milette is a Chartered Professional Accountant, a member of Ordre des Comptables Professionnels Agréés du Québec, and a Certified Public Accountant in the USA. Mr. Milette oversees all aspects of the Finance and IT functions of the company.
Patrick Moryoussef Dollard-des-Ormeaux (Québec) Canada	Vice-President, Mining Operations	Mr. Moryoussef has served as Vice-President, Mining Operations since joining in September 2004. Prior to his appointment, he was general manager and administrator at South-Malarctic Exploration and previously senior project engineer at Mines McWatters. Following graduation, he served as junior mining engineer at the Campbell Mine of Placer Dome Canada and held the position of Open Pit Captain, Engineering at Placer Dome Canada's Sigma Mine. Mr. Moryoussef is a mining engineering graduate from McGill University and a member of Ordre des Ingénieurs du Québec.
Eric Paul-Hus Saint-Lambert (Québec) Canada	Vice-President, Law, Chief Compliance Officer and Corporate Secretary	Mr. Paul-Hus is Vice-President, Law, Chief Compliance Officer and Corporate Secretary of SEMAFO and has been with the company since September 2009. Prior to his appointment, he spent five years in private practice, including one year in secondment with the Autorité des Marchés Financiers (former Québec Securities Commission) in the Corporate Finance and Continuous Disclosure Group. Subsequently, he held several positions of increasing responsibility, including Vice-President, during his 12-year tenure with a major Canadian telecommunications company where he continued to practice business law, specializing in securities, M&A and corporate law. Mr. Paul-Hus is a lawyer and member of the Québec Bar since 1993.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Tertius Zongo <sup>1</sup> Ouagadougou, Burkina Faso	Director since May 14, 2012  independent	Mr. Zongo served as Prime Minister and Head of Government of Burkina Faso from 2007 until 2011 and was Ambassador Extraordinary and Plenipotentiary of Burkina Faso to the United States of America from 2002 until 2007. Previously, Mr. Zongo held positions of increasing importance within the government of Burkina Faso including as Minister of State for Planning and Budget and Minister of Economy and Finance. Prior to his career with the government of Burkina Faso, Mr. Zongo was an academic at the University of Ouagadougou and the National School of Financial Controls where he taught accounting, business economics and financial management. Mr. Zongo holds a B.A. and a master's degree in economics – business management – from the University of Dakar, Senegal and a degree of higher studies in business management from the Institute of Business Management of Nantes, France.

The number of common shares of the Corporation or of any of its subsidiaries beneficially owned or controlled or directed, directly or indirectly, by all directors and executive officers of the Corporation as a group, is 545 297 representing approximately 0.19% of our issued and outstanding common shares as at March 27, 2015.

## ITEM 15 - EMPLOYEES

At the end of our last financial year, we, directly or through our subsidiaries, 984 employees at our head office in Saint-Laurent, Québec and at the exploration and mine sites of our subsidiaries in Burkina Faso.

## ITEM 16 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

<sup>1</sup> Member of the Audit Committee and of the Environmental, Health and Safety and Sustainable Development Committee.

## ITEM 17 - MATERIAL CONTRACTS

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

- i. the Rights Agreement entered into between the Corporation and Computershare Investor Services Inc. on March 15, 2011 as extended at our annual general and special meeting of shareholders held on May 15, 2014
- ii. the Mining Agreement dated October 2, 2007 between Burkina Faso and Semafo Burkina with respect to the exploitation of gold deposits.

See ITEM 2- THE CORPORATION "CAPITAL STRUCTURE-RIGHTS", and ITEM 5- MINERAL PROJECTS.

## ITEM 18 - INTERESTS OF EXPERTS

SEMAFO's independent auditors PricewaterhouseCoopers LLP, have audited the consolidated financial statements of the Corporation for the year ended December 31, 2014.

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

Certain disclosure with respect to the Tapoa Permit Group – Natougou Gold Deposit contained in this AIF is derived from the "SEMAFO inc.: Tapoa Permit Group, Natougou Gold Deposit. Project No. AU4582. NI 43-101 Technical Report" dated March 30, 2015 prepared by John Graindorge and Harald Muller from Snowden Mining Industry Consultants, each a "qualified person" as defined in NI 43-101.

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

## ITEM 19 - AUDIT COMMITTEE INFORMATION

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

### Audit Committee Charter

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

### Composition of the Audit Committee

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

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

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

During his career, Mr. Masson gained a great deal of experience in auditing public companies operating in the mining, manufacturing and distribution sectors. He understands Canadian and US generally accepted accounting principles (GAAP), International Financial Reporting Standards (IFRS), generally accepted auditing standards (GAAS), as well as regulations for presenting financial information for public companies listed in Canada and the United States. He further developed a relevant experience in dealing with audit committee requirements, including recent changes brought by new regulations. Mr. Masson understands the accounting principles used by the Corporation to prepare its financial statements and the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

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

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

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

## Reliance on Certain Exemptions

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

## External Auditor Service Fees

	Year Ended December 31	
	2014 (CAN\$)	2013 (CAN\$)
<b>Audit Fees</b>	337,096 (83%)	564,148 (80%)
<b>Audit-Related Fees</b>	47,775 (12%)	90,195 (13%)
<b>All Other Fees</b>	20,804 (5%)	52,500 (7%)
<b>Total Fees</b>	405,675 (100%)	706,843 (100%)

"audit services" – these services relate to the audit of our audited annual financial statements and other regulatory audit services

"audit-related services" – these services relate to professional services regarding interim financial statements

"other services" – these services relate to accounting and financial reporting services pertaining to public offering by prospectus and assurance and advisory services for International Financial Reporting Standards (known as IFRS) obligations and conversions.

## ITEM 20 – TRANSFER AGENT AND REGISTRAR

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



## ITEM 21 - ADMINISTRATIVE OFFICES

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

### **CANADA (Corporate office)**

#### **SEMAFO Inc.**

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

### **BARBADOS**

#### **Semafo (Barbados) Limited**

#### **African GeoMin Mining Development Corporation Ltd.**

The Gables  
Haggatt Hall  
St-Michael, Barbados, West Indies

### **BURKINA FASO**

#### **Semafo Burkina Faso S.A.**

#### **Mana Mineral SARL**

#### **Ressources Tangayen SARL**

Sector 13, Babanguida Avenue  
Benda Street, Door # 211  
01 PO Box 390  
Ouagadougou 01, Burkina Faso  
Tel. (011) 226.50.36.95.92  
Fax: (011) 226.50.36.95.87  
Email: [info@semafobf.com](mailto:info@semafobf.com)

## ITEM 22 - ADDITIONAL INFORMATION

Additional information relating to SEMAFO can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and our website at [www.semafo.com](http://www.semafo.com).

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

Additional financial information is provided in our audited consolidated financial statements for the year ended December 31, 2014 and the corresponding Management Discussion and Analysis.

## ITEM 23 – FORWARD LOOKING STATEMENTS

As mentioned in ITEM 1 – GENERAL MATTERS, this AIF contains forward-looking statements that involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserves and resources estimates. Forward-looking statements include words or expressions such as “committed”, “evolve”, “become”, “pursuing”, “growth”, “outlook”, “strategy”, “aims to”, “deliver”, “will”, “with a view to”, “expects”, “anticipates”, “should”, “projected”, “estimated” and other similar words or expressions. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward looking statements include the ability to deliver on our strategic focus, the ability to deliver gold production growth coupled with a further decline in total cash cost per ounce produced and significant reduction in capital expenditures in 2015, the ability to attain our 2015 production guidance of between 245,000 and 275,000 ounces of gold at a total cash cost guidance of between \$575 and \$605 per ounce and all-in sustaining cost of between \$715 and \$750 per ounce, the ability to maintain our corporate and general administration expense for 2015 at \$15 million, the ability to fund all of our cash requirements for 2015 with our existing cash balances and forecasted cash flow from operations, fluctuations in the price of currencies, gold or operating costs, mining industry risks, uncertainty as to calculation of mineral reserves and resources, delays, requirements of additional financing, increase in tax or royalty rates or adoption of new interpretations related thereto, political and social stability in Africa (including our ability to maintain or renew licenses and permits) and other risks described in this AIF and in our other documents filed from time to time with Canadian securities regulatory authorities.

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

## SCHEDULE A - GLOSSARY OF TERMS

The following glossary gives the meaning of certain technical terms.

<b>“Archaean”</b>	The oldest division of the Precambrian era, spanning the period 4,600 to 2,500 million years before the present.
<b>“arsenopyrite”</b>	Sulphidic mineral usually formed in veins at high temperature, but also through contact metamorphism. Silver white colour on crystal faces and steel gray on fresh breaks. Same as mispickel.
<b>“Birimian”</b>	In West Africa, the name given to rocks assigned to the lower part of the Proterozoic division of the Precambrian period of geological time, which succeeds the Archaean division of the Precambrian, with a geological time era of about 2.1 billion years.
<b>“BLEG”</b>	Bulk Leach Extractable Gold technique. Very sensitive analytical method for gold whereby all the gold contained within a 1-2 kilogram geochemical survey sample is extracted by cyanide leaching. A very low detection limit may be achieved: the quoted limit of the method is 0.5 parts per billion of gold. The gold content of stream sediments diminishes downstream of the source, so the greater the sensitivity of the assay method used, the more widely the samples may be spaced. BLEG sampling therefore cuts down on the number of samples required to test a given area and effectively increases the survey efficiency.
<b>“carbon-in-leach” or “CIL”</b>	Metallurgical process of gold extraction. Involves the osmotic use of activated carbon particles during the leaching phase to absorb gold.
<b>“cuirasse”</b>	Hard layer of detrital superficial sediments, strongly cemented by iron oxides, which may occur at or just beneath the surface. Also known as “iron pan”.
<b>“diamond drilling” or “DDH”</b>	Drilling method by which a solid core is extracted from depth, for examination on the surface. A diamond drill bit composed of industrial diamonds set into a soft metallic matrix is mounted onto a drill stem, which is connected to a rotary drill. Water is injected into the drill pipe, so as to wash out the rock cuttings produced by the bit. The motor-driven drill, by rotary action (and washing) causes a core to be extracted inside the barrel and taken to the surface.
<b>“extensive lateritic plateau”</b>	Elevated, flat-lying zone of lateritic (iron-rich) soil, often capped by cuirasse, which covers a considerable area.
<b>“felsic”</b>	Descriptive term for light-coloured rocks containing a predominance of feldspar and silica, or the light-coloured silicate minerals themselves.
<b>“geochemical surveys”</b>	Mineral deposits may be located by identifying wide zones of unusual concentrations of metals, which are dispersed around concealed ore bodies in the surrounding environment. “Soil geochemical surveys” take samples of soils on regular grids or on traverses in geologically favourable terrains to test for unusual concentrations of the metal sought or for other metals, which may be associated with that metal. “stream sediment surveys” collect samples of active sediment from streams and use highly sensitive chemical analysis to detect anomalous concentrations of the metals, which will increase in level upstream towards the source. “Litho-geochemical surveys” test

rock samples for unusual concentrations of metals or alteration products, which indicate proximity to an ore body.

**“geophysical surveys”**

Mineral deposits may be located by the effect their presence has on the physical properties of their host rocks. One of the most common techniques used is the electromagnetic method, which measures the response of the earth to electromagnetic radiation; if an ore body is present it may produce a detectable zone of high conductivity. Other electrical methods may measure the resistance of the earth; a low resistivity may indicate a conductive ore body. The induced polarisation method puts pulses of electrical current into the ground and measures the decay of the current as the transmitter is turned off. This gives a direct measure of the amount of polarisable material in the ground, which will increase if disseminated metallic mineralization is present. The magnetic method measures anomalous increases in the Earth’s magnetic field, which may be attributable to concentrations of magnetic minerals.

**“granitoid”**

Coarse-grained, crystalline, silica-rich acid rock with granitic texture, of indeterminate origin.

**“graphitic”**

Contains graphite or carbon.

**“induced polarisation”**

Geophysical survey technique whereby pulses of electrical current are induced in the ground via electrodes, and the decay of the current is measured between pulses. This may indicate the presence of disseminated sulphide mineralization.

**“lateritic”**

Descriptive term for residual, oxidized deposits formed in tropical and subtropical terrains by the weathering action of the alternation wet and dry seasons.

**“lithochemical”**

Descriptive of detailed chemical analysis of rocks to determine their metallic content or degree of alteration usually used for mineral exploration.

**“lithology”**

Term referring to the visual characteristics of a rock type, rather than to its microscopic or chemical features, generally applied to outcrop or hand-specimen samples.

**“mineral reserves”**

Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proven mineral reserves. Probable mineral reserves have a lower level of confidence than proven mineral reserves.

Mineral reserves are the economically mineable part of measured or indicated mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Mineral reserves include diluting materials and allowances for losses that may occur when the material is mined.

Mineral reserves are this part of mineral resources which, after the application of all mining factors, results in an estimated tonnage and grade which, in the opinion of a qualified person making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral reserves are inclusive of diluting material that will be mined in conjunction with the mineral reserves and delivered to the treatment plant or equivalent facility. The term “mineral reserves” does not necessarily mean that extraction facilities are in place or operative or that all governmental approvals have been received. It does mean that there are reasonable expectations of such approvals.

**“proven mineral reserves”** “Proven mineral reserves” are the economically mineable part of measured mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

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

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

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

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

The term “mineral resources” covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The expression “reasonable prospects for economic extraction” implies a judgement by a qualified person with respect to the technical and economic factors likely to influence the prospect of economic extraction. Mineral resources are an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.

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

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

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

Mineralization may be classified as indicated mineral resources by a qualified person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. A qualified person must recognize the importance of the indicated mineral resources category to the advancement of the feasibility of the project. An indicated mineral resources estimate is of sufficient quality to support a preliminary feasibility study which can serve as the basis for major development decisions.

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

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

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

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

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

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

<b>“reverse circulation“ or “RC”</b>	Drilling method whereby the rock is broken into chips using a rotary method of penetration. A double-walled drill pipe is used and compressed air is forced down the space between the two pipes to the drill bit. The drilled chips are flushed back up to the surface through the centre tube of the drill pipe.
<b>“saprolitic”</b>	Rocks which have been deeply weathered in a tropical to sub-tropical environment, but which retain recognizable internal structure.
<b>“shear”</b>	Dislocation by lateral slip of one part of a body relative to another, often occurring on a regional scale. A fracture in rock similar to a fault.
<b>“silica”</b>	Silicon dioxide.
<b>“silicification”</b>	Total or partial replacement of rocks or fossils by silica (such as quartz or chalcedony).
<b>“strike”</b>	Course or bearing of a bed or layer of rock.
<b>“sulphide”</b>	Mineral compound of sulphur and a metal.
<b>“tectonic”</b>	Pertaining to rock structures in topographic features resulting from deformation of the Earth’s crust.
<b>“tuff”</b>	Consolidated fine-grained igneous debris, originally ejected during volcanic activity.
<b>“ultramafic”</b>	Basic igneous rocks with a very high proportion of ferromagnesian minerals.
<b>“vein”</b>	Occurrence of ore with a regular development in length, width and depth.

## Metric Equivalents

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

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

## Gold Prices

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

Gold Prices	2014	2013	2012	2011	2010	2009
High	1385	1693	1,792	1,895	1,420	1,212

<b>Low</b>	1142	1192	1,540	1,319	1,058	810
<b>Average</b>	1266	1411	1,669	1,571	1,225	972
<b>End of period</b>	1206	1201	1,658	1,574	1,405	1,097

## Currency Exchange Rates

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

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Average</b>	1.1038	1.0299	1.0001	0.9890	1.0297	1.1425
<b>End of period</b>	1.1601	1.0636	0.9949	0.9449	0.9946	1.0466



## SCHEDULE B – MANDATE OF THE AUDIT COMMITTEE

### 1. Duties

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

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

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

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

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

In fulfilling its duties, the Committee:

#### Financial Reporting

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

#### Independent Auditors

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

## **2. Policies**

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

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

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

## **3. Composition**

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

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

## **4. Chair**

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

The Chair of the Committee:

- Chairs all Committee meetings
- Ensures the fulfillment of the Committee's mandate
- Reports on Committee activities to the Board
- Ensures that this mandate is reviewed annually by the Committee members to recommend to the Board any appropriate changes.

## **5. Meetings**

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

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

## **6. Organization**

The Corporation's secretary acts as Committee secretary.

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

## **7. Quorum and Decisions**

The Committee quorum is the majority of Committee members.

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

## **8. Outside Advisors**

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



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