SEMAFO Inc.

Management's Discussion and Analysis
September 30, 2014

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEMAFO (the "Corporation") is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation and its subsidiaries currently operate 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.

This Management's Discussion and Analysis ("MD&A") provides an analysis to enable readers to assess material changes in financial condition and results of operations for the three-month and nine-month periods ended September 30, 2014 compared to the previous year. This MD&A, prepared as of November 10, 2014, is intended to complement and supplement our Condensed Interim Consolidated Financial Statements (the "financial statements") as at September 30, 2014. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our results of operation and our financial performance.

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

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

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

1. Financial and Operating Highlights

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2014	2013[6]	2014	2013[6]
Gold ounces produced	**64,700**	38,700	**172,500**	122,900
Gold ounces sold	**67,100**	36,900	**164,700**	121,200
(in thousands of dollars, except amounts per ounce, per tonne and per share)				
From Continuing Operations				
Revenues – Gold sales	**84,524**	49,488	**210,758**	175,847
Operating income (loss)	**25,500**	(2,935)	**31,486**	27,349
Net income (loss) from continuing operations attributable to equity shareholders	**11,172**	(815)	**11,203**	(2,130)
Basic earnings (loss) per share from continuing operations	**0.04**	–	**0.04**	(0.01)
Diluted earnings (loss) per share from continuing operations	**0.04**	–	**0.04**	(0.01)
Cash flow from operating activities from continuing operations[1]	**40,554**	16,158	**80,314**	65,390
Operating cash flow per share from continuing operations[2]	**0.15**	0.06	**0.29**	0.24
Average realized selling price (per ounce)	**1,260**	1,341	**1,280**	1,451
Cash operating cost (per ounce produced)[3]	**549**	746	**600**	654
Cash operating cost (per tonne processed)[3]	**47**	41	**49**	38
Total cash cost (per ounce sold)[4]	**555**	799	**670**	725
From Discontinued Operations				
Net loss from discontinued operations attributable to equity shareholders[5]	**–**	(4,391)	**(11,339)**	(64,294)
Total				
Net income (loss) attributable to equity shareholders	**11,172**	(5,206)	**(136)**	(66,424)
Basic earnings (loss) per share	**0.04**	(0.02)	**–**	(0.24)
Diluted earnings (loss) per share	**0.04**	(0.02)	**–**	(0.24)

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

2 Operating cash flow per share from continuing operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 21.

3 Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A, note 21.

4 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.

5 The nine-month period includes a non-cash amount of $9,691,000 regarding the reversal of the non-controlling interest as a result of the sale of the Kiniero Mine.

6 Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

THIRD QUARTER 2014 IN REVIEW

Driven by the performance of the recently ramped-up Siou and Fofina high-grade deposits and the third quarter operating results, we raised 2014 production guidance to between 230,000 and 235,000 ounces of gold. Accordingly, we lowered our full-year guidance for total cash costs[1,2] to between $660 and $675 per ounce. Additionally, due to the increase in the 2014 production guidance, capital expenditures were revised upward to $58.5 million, reflecting mainly higher capitalized stripping costs.

- Gold production of 64,700 ounces at a total cash cost[1] of $555 per ounce compared to 38,700 ounces at $799 per ounce for the same period in 2013
- Gold sales of $84.5 million, a 71% increase compared to the same period in 2013
- Operating income of $25.5 million, compared to an operating loss of $2.9 million for the same period in 2013
- Net income attributable to equity shareholders of $11.2 million or $0.04 per share compared to net loss from continuing operations of $0.8 million for the same period in 2013
- Cash flow from operating activities[3] of $40.6 million or $0.15 per share[4] compared to $16.2 million or $0.06 per share for the same period in 2013
- Cash and cash equivalents as at September 30, 2014 totalled $112.2 million
- Acquisition of four new permits in the Banfora Gold Belt

[1] 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.

[2] Assumptions used to forecast total cash costs for the remainder of 2014 include $1,200 US dollars per ounce of gold; a price of fuel of $1.43 US dollars per litre; an exchange rate of $0.89 US dollars to the Canadian dollar; and an exchange rate of $1.26 US dollars to the Euro.

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

[4] Operating cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 21.

2. Key Economic Factors

Price of Gold

During the third quarter of 2014, the price of gold, based on the London Gold Fix PM, fluctuated from a high of $1,340 to a low of $1,214 per ounce. The average market gold price in the third quarter of 2014 was $1,282 per ounce compared to $1,326 per ounce for the same period in 2013, representing a decrease of $44 or 3%.

In the third quarter of 2014, our average realized selling price was $1,260 per ounce compared to the average London Gold Fix of $1,282 per ounce.

	2014			2013		
	Q3	Q2	Q1	Q3	Q2	Q1
(in dollars per ounce)						
Average London Gold Fix	**1,282**	1,288	1,293	1,326	1,415	1,632
Average realized selling price	**1,260**	1,287	1,309	1,341	1,365	1,616

Cost Pressures

The Corporation has been affected by industry-wide pressures on development and operating costs. Since our mining activities are energy intensive, a change in fuel price can have a significant impact on our operations and associated financial results. As a benchmark for fuel costs, the Brent Crude price averaged $103 per barrel in the third quarter of 2014 compared to $109 per barrel in the third quarter of 2013.

Foreign Currencies

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

In the third quarter of 2014, the US dollar was weaker relative to the Euro when compared to the third quarter of 2013. Therefore, in the third quarter of 2014, the foreign exchange fluctuation negatively impacted our cash operating cost[1].

[1] Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A, note 21.

3. Consolidated Results and Mining Operations from Continuing Operations

Operating Highlights from Continuing Operations

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2014	2013[3]	Variation	2014	2013[3]	Variation
Gold ounces produced	**64,700**	38,700	67%	**172,500**	122,900	40%
Gold ounces sold	**67,100**	36,900	82%	**164,700**	121,200	36%
(in thousands of dollars, except amounts per ounce, per tonne and per share)						
Revenues – Gold sales	**84,524**	49,488	71%	**210,758**	175,847	20%
Mining operation expenses (excluding government royalties)	**33,354**	27,130	23%	**100,863**	79,134	27%
Government royalties	**3,909**	2,355	66%	**9,422**	8,781	7%
Operating income (loss)	**25,500**	(2,935)	–	**31,486**	27,349	15%
Impairment of investment in GoviEx	**–**	–	–	**–**	19,600	–
Income tax expense (recovery)	**9,852**	(1,735)	–	**13,878**	6,177	125%
Net income (loss) from continuing operations attributable to equity shareholders	**11,172**	(815)	–	**11,203**	(2,130)	–
Basic earnings (loss) per share from continuing operations	**0.04**	–	–	**0.04**	(0.01)	–
Diluted earnings (loss) per share from continuing operations	**0.04**	–	–	**0.04**	(0.01)	–
Cash flow from operating activities from continuing operations[1]	**40,554**	16,158	151%	**80,314**	65,390	23%
Operating cash flow per share from continuing operations[2]	**0.15**	0.06	150%	**0.29**	0.24	21%

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

[2] Operating cash flow per share from continuing operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 21.

[3] Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

3. Consolidated Results and Mining Operations from Continuing Operations (continued)

Third Quarter 2014 v. Third Quarter 2013

- During the third quarter of 2014, gold sales amounted to $84,524,000 compared to $49,488,000 for the same period in 2013. The 71% increase is attributable to higher volume sold following production from the high-grade Siou and Fofina deposits despite a 6% decrease in the average selling price. The variation between gold ounces sold and gold ounces produced during the quarter is due to the timing of shipments.
- The increase in mining operation expenses reflects higher volume sold totalling 67,100 ounces during the third quarter of 2014 compared to 36,900 ounces in 2013.
- Higher government royalties are a direct result of higher revenues.
- The increase in operating income compared to the same period in 2013 is due to higher revenues.
- The increase in income tax expense in the third quarter of 2014 compared to the same period in 2013 is due to the increase in our taxable income at the Mana Mine and the impact of foreign exchange movements on our foreign non-monetary assets.
- The income from continuing operations attributable to equity shareholders increased to $11,172,000 and cash flow from operating activities from continuing operations[1] reached $40,554,000 in the third quarter of 2014. These results are in line with our previous strong second quarter.

First Nine Months of 2014 v. First Nine Months of 2013

- Higher revenues in the first nine months of 2014 compared to the same period in 2013 are mainly due to a higher gold sales volume, despite a 12% decrease in the average selling price. The variation between gold ounces sold and gold ounces produced during the nine-month period ended September 30, 2014 is due to the timing of shipments.
- Mining operating expenses increased during the first nine months of 2014 compared to the same period in 2013 as a result of the higher gold ounces sold.
- The increase in operating income in the first nine months of 2014 compared to the same period in 2013 is directly linked to higher revenues.
- For the nine-month period ended September 30, 2013, an impairment of $19,600,000 was recorded in our investment in GoviEx following the issuance of a technical economic analysis.
- The increase in income tax expense in the first nine months of 2014 compared to the same period in 2013 is due to higher taxable income at the Mana Mine and the impact of foreign exchange movements on our foreign non-monetary assets.

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

4. Operating Income (Loss) by Segment

(in thousands of dollars)	Three-month period ended September 30, 2014	2013[1]	Variation	Nine-month period ended September 30, 2014	2013[1]	Variation
Mana Mine, Burkina Faso	**28,327**	3,341	748%	**48,060**	42,364	13%
Other exploration	**–**	–	–	**–**	–	–
Corporate and other	**(2,827)**	(6,276)	55%	**(16,574)**	(15,015)	(10%)
	25,500	(2,935)	–	**31,486**	27,349	15%

The composition of the reportable segments was modified during the second quarter of 2014 in order to add a new segment, "Other exploration", which represents exploration activities outside of Mana properties.

During 2013, we also modified the reportable segments to reflect the impact of discontinued operations.

[1] Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

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

Mining Operations

Mana, Burkina Faso

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2014	2013[4]	Variation	2014	2013[4]	Variation
Operating Data						
Ore mined (tonnes)	**516,900**	618,500	(16%)	**1,601,800**	2,034,800	(21%)
Ore processed (tonnes)	**750,300**	714,400	5%	**2,116,200**	2,138,400	(1%)
Waste mined (tonnes)	**4,038,000**	2,326,200	74%	**12,024,400**	6,754,700	78%
Operational stripping ratio	**7.8**	3.8	105%	**7.5**	3.3	127%
Head grade (g/t)	**2.91**	1.82	60%	**2.77**	2.01	38%
Recovery (%)	**92**	85	8%	**91**	87	5%
Gold ounces produced	**64,700**	38,700	67%	**172,500**	122,900	40%
Gold ounces sold	**67,100**	36,900	82%	**164,700**	121,200	36%
Capitalized Stripping Activity						
Wasted material – Siou (tonnes)	**2,147,700**	–	–	**8,737,300**	–	–
Wasted material – Fofina (tonnes)	**352,600**	–	–	**2,182,900**	–	–
Wasted material – Wona-Kona (tonnes)	**413,300**	6,522,500	(94%)	**1,080,200**	22,128,900	(95%)
	2,913,600	6,522,500	(55%)	**12,000,400**	22,128,900	(46%)
Financial Data (in thousands of dollars)						
Revenues – Gold sales	**84,524**	49,488	71%	**210,758**	175,847	20%
Mining operations expenses (excluding government royalties)	**33,354**	27,130	23%	**100,863**	79,134	27%
Government royalties	**3,909**	2,355	66%	**9,422**	8,781	7%
Depreciation of property, plant and equipment	**18,077**	16,334	11%	**49,394**	44,004	12%
General and administrative	**741**	320	132%	**2,833**	1,165	143%
Corporate social responsibility expenses	**116**	8	1,350%	**186**	399	(53%)
Segment operating income	**28,327**	3,341	748%	**48,060**	42,364	13%
Statistics (in dollars)						
Average realized selling price (per ounce)	**1,260**	1,341	(6%)	**1,280**	1,451	(12%)
Cash operating cost (per ounce produced)[1]	**549**	746	(26%)	**600**	654	(8%)
Cash operating cost (per tonne processed)[1]	**47**	41	15%	**49**	38	29%
Total cash cost (per ounce sold)[2]	**555**	799	(31%)	**670**	725	(8%)
Depreciation (per ounce sold)[3]	**269**	443	(39%)	**300**	363	(17%)

1 Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A, note 21.

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

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

4 Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.

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

Mining Operations (continued)

Mana, Burkina Faso (continued)

Raised Production Guidance

Driven by the performance of the recently ramped-up Siou and Fofina high-grade deposits and the third quarter operating results, SEMAFO raised its 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. Considering the revised production level for the Mana Mine, we lowered our full-year guidance for total cash costs[1,2] from between $695 and $745 to between $660 and $675 per ounce. Additionally, due to the increase in the 2014 production guidance, capital expenditures were revised upward to $58.5 million from $48.5 million, reflecting mainly higher capitalized stripping costs.

Third Quarter 2014 v. Third Quarter 2013

- For the three-month period ended September 30, 2014, lower ore mined compared to the same period in 2013 is a direct consequence of the mine plan sequence.
- The 60% increase in head grade in the third quarter of 2014 reflects the higher grade extracted from our two new pits, Siou and Fofina, and is partially offset by lower-grade stockpiles. For the corresponding period in 2013, ore was sourced exclusively from the Wona-Kona pit.
- The 8% increase in the recovery rate is due to the processing of ore sourced from Siou and Fofina compared to bedrock from the Wona-Kona pit during the third quarter of 2013.
- The 67% increase in gold ounces produced and 82% increase in gold ounces sold directly result from the higher head grade and higher gold recovery from the Siou and Fofina pits.
- The depreciation of property, plant and equipment increased by 11% as a result of the increase in gold ounces produced. The depreciation per ounce sold decreased due to a reduction in stripping costs.
- The increase in general and administrative expenses in the third quarter of 2014 compared to the same period in 2013 is due to indirect taxes amounting to $393,000, a consequence of being no longer exempt from these taxes under our mining agreement with the Government of Burkina Faso.
- Our cash operating cost per tonne processed increased to $47 as a result of a higher stripping ratio following production start-up at the Siou and Fofina deposits, as well as additional haulage costs to truck the ore from both satellite deposits to the plant.
- As a result of higher head grade and recovery, cash operating cost per ounce produced and total cash cost per ounce sold decreased.

First Nine Months of 2014 v. First Nine Months of 2013

- The increase in head grade reflects the higher grade extracted from our two new pits, Siou and Fofina, compared to ore sourced exclusively from the Wona-Kona pit during the first nine months of 2013.
- The increase in gold ounces produced and sold is a direct result of the higher head grade and a 5% increase in the recovery rate from the Siou and Fofina pits.
- The increase in general and administrative expenses for the nine-month period ended September 30, 2014 compared to the same period in 2013 is due to indirect taxes amounting to $1,212,000, a consequence of being no longer exempt from these taxes under our mining agreement with the Government of Burkina Faso.
- Our cash operating cost per tonne processed increased to $49 as a result of a higher stripping ratio following production start-up at the Siou and Fofina deposits, as well as additional haulage costs to truck the ore from both satellite deposits to the plant.
- For the nine-month period ended September 30, 2014, cash operating cost per ounce produced and total cash cost per ounce sold decreased by 8% compared to the same period in 2013 due to the extraction of higher grade from both the Siou and Fofina pits.
- As a consequence of reduction in stripping costs for the nine-month period ended September 30, 2014, the depreciation per ounce sold decreased to $300.

[1] 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.

[2] Assumptions used to forecast total cash costs for the remainder of 2014 include $1,200 US dollars per ounce of gold; a price of fuel of $1.43 US dollars per litre; an exchange rate of $0.89 US dollars to the Canadian dollar; and an exchange rate of $1.26 US dollars to the Euro.

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

Political Situation in Burkina Faso

On October 30, 2014, civil unrest broke out in Ouagadougou and in another major city in Burkina Faso. On the following day, the incumbent president, Blaise Compaoré resigned, and both the national assembly and the government were dissolved. On October 31, an interim head of state was appointed, pledging to install a transitional government that will be headed by a unity leader until the next election in 2015.

Mining operations at the Mana Mine, located some 260 kilometers west of the capital Ouagadougou, were uninterrupted by the protests. All on-site employees are accounted for and safe. SEMAFO's power supply is independently secured by a series of on-site diesel generators.

Exploration Programs

The Corporation continues to focus on exploration in the vicinity of the Mana processing plant, more specifically on the Siou sector, Pompoi Nord, Pompoi and in the north, on the Bilakongo and Kana permits. An exploration budget of $18.5 million has been allocated for these areas, including $4.5 million for an infill core drilling program at Siou.

Reverse-circulation (RC) and auger drilling programs were briefly halted during the quarter due to the rainy season. Currently, one auger rig, four RC rigs and two core rigs are in operation on these properties.

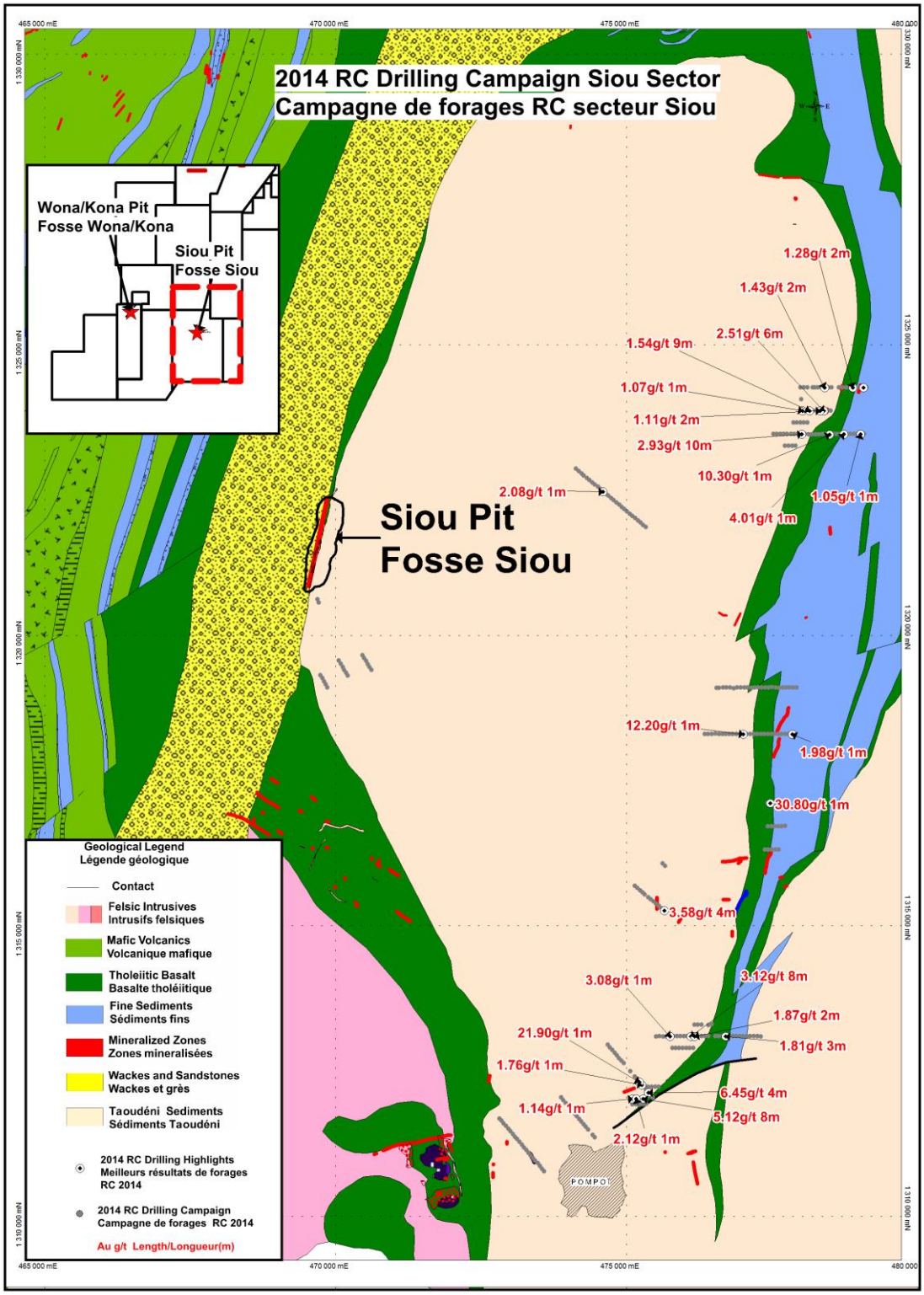
Reverse-Circulation Drilling Program at Siou

During the third quarter, two RC drill rigs continued to test a number of targets within trucking distance of the Mana processing plant. Due to the rainy season, both rigs were stopped for a one-month period. A total of 172 RC holes in 23,170 meters were completed during the quarter principally within the Siou sector (reference Figure 1). As of October 1, 2014, 553 holes in 64,780 meters were completed. Part of the RC meterage was to expand results obtained previously along the east contact of the intrusive and within the South Apex (hole MRC14-3615 with 6.45 g/t Au over 4 meters and hole MRC14-3724 with 3.12 g/t Au over 8 meters). Although significant gold values were generated by the follow-up program (including MRC14-3775 with 5.12 g/t Au over 8 meters), further drilling will be required to better understand the geological controls and continuity of the mineralization. Recent intersections obtained elsewhere within the intrusive include hole MRC14-3787, which returned 3.58 g/t Au over 4 meters. Now that the rainy season is over, the RC drilling program has recommenced.

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

Exploration Programs (continued)

Figure 1



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

Exploration Programs (continued)

Auger drilling program at Siou

Auger drilling principally concentrated on areas within the North Apex of the Siou intrusive. Infill lines were completed in order to better define the anomalous trends for RC testing later in 2014. To date, a total of 245,890 meters have been completed, 32,470 meters of which were carried out in the quarter, generating 18,500 new sample points on the Mana property.

Infill Drilling Program at Siou

Infill core drilling at Siou continued throughout the rainy season. Four rigs were active in the quarter, completing 25 holes in 6,700 meters (for a year-to-date total of 93 holes in 23,680 meters). The following table presents the third quarter highlights of the drilling program, which was completed in early November.

DDH No.	Zone	Section (N)	From	To	AU	Length [(1)]	AU CUT
WDC852	9	1320925	222.80	230.00	**5.40**	**7.20***	**5.40**
WDC857	9	1320925	264.95	270.30	**7.05**	**5.35***	**7.05**
WDC872	9	1320975	255.80	268.00	**6.32**	**12.20***	**6.32**
WDC868	9	1321125	197.00	202.00	**24.34**	**5.00***	**10.77**
WDC870	9	1321125	223.00	234.00	**4.20**	**11.00***	**4.20**
WDC873	9	1321125	259.00	277.00	**14.46**	**18.00***	**14.46**
WDC863	9	1321225	218.80	223.00	**11.17**	**4.20***	**11.17**
WDC869	9	1321250	251.00	267.30	**3.55**	**16.30***	**3.55**
WDC860	9	1321275	213.65	225.00	**14.21**	**11.35***	**6.84**
WDC864	9	1321275	241.90	256.00	**6.75**	**14.10***	**6.75**
WDC856	9	1321300	223.40	243.10	**3.77**	**19.70***	**3.77**
WDC838	9	1321325	226.80	237.00	**3.77**	**9.96**	**3.77**
WDC814	9	1321350	222.85	235.75	**5.80**	**12.67**	**5.80**
WDC823	9	1321375	222.60	233.00	**4.56**	**10.23**	**4.56**
WDC836	9	1321425	237.00	250.00	**3.54**	**12.86**	**3.54**
WDC843	9	1321525	262.40	274.00	**3.10**	**11.29**	**3.10**
WDC875	9	1321550	273.70	288.00	**2.73**	**14.30***	**2.73**
WDC850	Siou	1321625	194.60	200.00	**7.87**	**5.28**	**7.42**
WDC801	9	1321725	211.20	218.00	**5.55**	**6.76**	**5.55**
WDC817	9	1321750	231.30	243.40	**2.79**	**11.91**	**2.79**
WDC806	9	1321800	223.90	230.00	**11.20**	**6.01**	**9.53**
WDC818	Siou	1321850	197.85	202.60	**7.22**	**4.64**	**7.22**
WDC831	Siou	1321975	236.60	246.00	**6.03**	**9.06**	**6.03**
WDC808	Siou	1322000	199.35	202.65	**11.31**	**3.27**	**10.44**
WDC808	9	1322000	202.65	207.00	**15.05**	**4.31**	**15.05**
WDC841	9	1322050	240.20	259.70	**2.57**	**18.93**	**2.57**
WDC802	9	1322075	209.35	217.00	**4.95**	**7.40**	**4.95**
WDC820	9	1322175	204.30	216.00	**6.79**	**11.20**	**6.79**
WDC816	9	1322200	208.50	217.00	**14.09**	**8.30**	**10.08**
WDC854	9	1322250	224.60	232.00	**4.06**	**7.40***	**4.06**
WDC859	Siou	1322300	329.00	331.60	**16.00**	**2.60***	**14.29**
WDC866	9	1322500	460.00	468.00	**4.74**	**8.00***	**4.74**

[1] - All lengths are true widths based on interpreted wireframes
* - Represent core length and have not yet been added to the wireframe. True widths are generally within 80% of core lengths.

Results continue to better define the grades and continuity of the mineralization between 180 and 225 meters vertically within the in-pit resources shell with the objective of replacing and increasing the reserves base at Siou by year-end. Results are in line with expectations. The south ore shoot at depth within Zone 9 has returned excellent results that will allow holes WDC-873 (14.46 g/t Au over 18.0 meters) and WDC-864 (6.75 g/t over 14.1 meters) to be added to the resource base. Both holes have extended the strike length of a wide, high-grade shoot at approximately 230 meters deep vertically. Deeper drilling was also conducted along an interpreted shallow south plunge below this ore shoot. Although no high-grade intervals were obtained, hole WDC-829 (2.09 g/t over 4.0 meters) indicates that the mineralized zone remains open at depth. Further drilling will be required to test this mineralization.

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

Exploration Programs (continued)

Infill Drilling Program at Siou (continued)

In the northern portion of the deposit, deep drilling also returned priority targets for follow up within the Zone 9, including hole WDC-866, which returned 4.74 g/t Au over 8.0 meters.

A number of significant results were also obtained at depth along the Siou Zone. Recently, holes WDC-831 (6.03 g/t over 9.1 meters) and WDC-859 (14.29 g/t over 2.6 meters) were drilled at 250 meters and 300 meters below surface, respectively. The results point to a prospective strike length of more than 600 meters within the Siou Zone at depth and to the north. Further drilling is scheduled as part of the deep exploration program at Siou.

Other exploration

During the third quarter, the Corporation acquired four new permits in the Banfora Gold Belt from two private companies. The Yeya 1, 2, and 3 permits, along with the Kongoroba permit, add 240 square kilometers to the Banfora project, which now totals 1,463 square kilometers in 14 permits. Currently, one auger drill is on site on the northern portion of the permits, and drill results are expected in the fourth quarter.

Corporate and other

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2014	2013	2014	2013
(in thousands of dollars)				
Depreciation of property, plant and equipment	**153**	160	**614**	530
General and administrative	**3,185**	3,850	**10,576**	11,840
Corporate social responsibility expense	**273**	230	**430**	566
Share-based compensation	**(784)**	2,036	**4,954**	2,079
Operating loss	**(2,827)**	(6,276)	**(16,574)**	(15,015)

General and Administrative

General and administrative expenses totalled $3,185,000 for the third quarter of 2014, compared to $3,850,000 for the same period in 2013. The decrease is mainly due to our optimization efforts.

For the nine-month period ended September 30, 2014, general and administrative expenses totalled $10,576,000 compared to $11,840,000 for the same period in 2013. The decrease is mainly due to our optimization efforts and is partially offset by non-recurring corporate expense of $421,000 related to the exercise of options during the first nine months of 2014 (2013: nil).

Corporate Social Responsibility Expenses

For the third quarter of 2014, corporate social responsibility expenses totalled $273,000 (2013: $230,000), representing contributions made to *Fondation SEMAFO.*

For the nine-month period ended September 30, 2014, corporate social responsibility expenses representing contributions made to *Fondation SEMAFO* totalled $430,000 (2013: $566,000).

Share-based Compensation

For the third quarter of 2014, our share-based compensation expenses amounted to a credit of $784,000 compared to an expense of $2,036,000 for the same period in 2013. Our share-based compensation expenses included a charge related to stock option plans which was nil for the quarter (2013: $197,000) and a credit of $784,000 (2013: $1,839,000) for our Restricted Share Unit Plan ("Unit Plan"). The $784,000 credit related to the Unit Plan comprised a $1,102,000 expense for restricted share units outstanding and a $1,886,000 credit due to a change in fair value of our share price.

For the nine-month period ended September 30, 2014, our share-based compensation expenses amounted to $4,954,000 compared to $2,079,000 for the same period in 2013. Our share-based compensation expenses included a $580,000 charge (2013: $942,000) related to our stock option plans and a charge of $4,374,000 (2013: $1,137,000) for our Restricted Share Unit Plan. The $4,374,000 charge related to the Unit Plan comprised a $3,076,000 expense for restricted share units outstanding and a $1,298,000 expense due to an increase in our share price.

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

Income Tax Expense

The increase in income tax expense in the first nine months of 2014 compared to the same period in 2013 is due to higher taxable income at the Mana Mine and the impact of foreign exchange movements on our foreign non-monetary assets.

Income (Loss) Attributable to Non-Controlling Interests

(in thousands of dollars)	Three-month period ended September 30, 2014	Three-month period ended September 30, 2013	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	**1,554**	588	**2,874**	3,738
Government of Niger - 20% in Société des Mines du Liptako (SML) S.A.[1]	**–**	(295)	**–**	(11,763)
Government of Guinea – 15% in SEMAFO Guinée S.A.[2]	**–**	98	**9,691**	(5,179)
	1,554	391	**12,565**	(13,204)

The non-controlling interest of the Government of Burkina Faso is directly linked to our subsidiary's net income (loss). As a result of the sale of the Kiniero Mine, the non-controlling interest was reversed during the second quarter of 2014.

[1] SML was disposed of on December 2, 2013. Please refer to note 17 of the consolidated financial statements.
[2] SEMAFO Guinée S.A. was disposed of on May 22, 2014. Please refer to note 17 of the consolidated financial statements.

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

Discontinued Operations

An analysis of the result of discontinued operations of the Kiniero Mine for the nine-month period ended September 30, 2014 follows:

(in thousands of dollars)	Nine-month period ended September 30, 2014
Revenue – Gold sales	2,236
Mining operation expenses	1,880
Other	972
Loss on remeasurement	1,994
Net loss from discontinued operations before income taxes and gain on disposal	(2,610)
Gain on disposal of discontinued operations (net of tax of nil)	962
Net loss for the period from discontinued operations	(1,648)
Attributable to:	
Equity shareholders	(11,339)
Non-controlling interest	9,691
Operating Data	
Gold ounces produced	1,300
Gold ounces sold	1,800

For the three-month period ended September 30, 2014, the result of discontinued operations was nil.

Sale of the interest in the Kiniero Mine

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

On closing of the transaction, the Corporation received from New Dawn Mining a 1% to 1.5% sliding-scale net smelter return ("NSR") royalty on gold produced from the Kiniero plant. The NSR of 1% is payable only if the spot price of gold is at or between $1,325 and $1,500. If the spot price is at or greater than $1,500 the NSR payable will be 1.5% and the NSR is capped at $6 million. New Dawn Mining assumes responsibility for environmental remediation, pending and potential litigation in addition to all liabilities.

During the nine-month period ended September 30, 2014, the Corporation recognized a gain on disposal of $962,000 that resulted from the calculation of consideration received less cost to sale in the transaction exceeding the carrying value of its interest in the Kiniero Mine net liabilities measured as at May 22, 2014. As a result of the sales transaction, the Corporation reversed the non-controlling interest of $9,691,000, a non-cash item. The NSR is not valued in the calculation of the fair value of the consideration received as it is considered a form of retained interest in the Kiniero Mine. As a result of this sale, the Corporation ceased to have control over the Kiniero Mine and does not consolidate the entity anymore. The result of operations of the Kiniero Mine prior to the sale is classified as discontinued operations.

6. Other Comprehensive Income (Loss)

Other comprehensive income amounted to nil for the three-month and nine-month periods ended September 30, 2014, compared to nil for the same period in 2013.

7. Cash Flow

The following table summarizes our cash flow activities:

(in thousands of dollars)	Three-month period ended September 30, 2014	Three-month period ended September 30, 2013[1]	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013[1]
Cash flow from operating activities				
Operations	**40,554**	16,158	**80,314**	65,390
Working capital items	**2,005**	(18,293)	**7,122**	(27,623)
Operating activities	**42,559**	(2,135)	**87,436**	37,767
Financing activities	**1,660**	(6,096)	**5,654**	(11,480)
Investing activities	**(19,418)**	(22,170)	**(55,813)**	(85,029)
Change in cash and cash equivalents during the period from continuing operations	**24,801**	(30,401)	**37,277**	(58,742)
Change in cash and cash equivalents during the period from discontinued operations	**–**	1,353	**(2,088)**	5,786
Effect of exchange rate changes on cash and cash equivalents	**(5,801)**	(1,307)	**(5,562)**	(437)
Cash and cash equivalents from continuing operations – beginning of period	**93,226**	116,413	**82,159**	139,451
Cash and cash equivalents from discontinued operations – beginning of period	**–**	**–**	**440**	**–**
Cash and cash equivalents – end of period	**112,226**	86,058	**112,226**	86,058

Operating

Third Quarter 2014 v. Third Quarter 2013

Our primary ongoing source of liquidity is from our operating cash flow. In the third quarter of 2014, operating activities, before working capital items, generated cash flows of $40,554,000 mainly due to an 82% increase in gold ounces sold compared to the same period in 2013. Working capital items generated liquidities of $2,005,000 in the third quarter of 2014, mainly due to lower trade and other receivables and income tax receivable, while liquidities of $18,293,000 were required in the third quarter of 2013.

First Nine Months of 2014 v. First Nine Months of 2013

In the nine-month period ended September 30, 2014, operating activities, before working capital items, generated cash flows of $80,314,000 compared to $65,390,000 reflecting higher gold sales. Working capital items generated liquidities of $7,122,000 in the first nine months of 2014, mainly due to higher trade payables and accrued liabilities, lower trade and other receivables and income tax receivable, while liquidities of $27,623,000 were required in 2013.

Further details regarding the changes in non-cash working capital items are provided in note 21 a) of the financial statements.

[1] Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 5 of the financial statements.

7. Cash Flow (continued)

Financing

Third Quarter 2014 v. Third Quarter 2013

In the third quarter of 2014, cash flow from financing activities amounted to $1,660,000, representing the exercise of 751,000 options, compared to nil in the third quarter of 2013. In addition during the third quarter of 2013, dividends of $897,000 were paid to non-controlling interest and $5,199,000 to equity shareholders, while no dividend was paid in 2014.

First Nine Months of 2014 v. First Nine Months of 2013

In the nine-month period ended September 30, 2014, cash flow from financing activities amounted to $5,654,000 compared to cash flow used in financing activities amounting to $11,480,000 in the same period in 2013. A total of 2,916,000 options were exercised for a cash consideration of $5,654,000 compared to the same period in 2013, during which 50,000 options were exercised for a cash consideration of $108,000. In addition, during the first nine months of 2013, dividends of $897,000 were paid to the non-controlling interest and dividends of $10,691,000 were paid to equity shareholders, while no dividend was paid in 2014.

Investing

Property, plant and equipment

Investments totalled $18,523,000 and $54,277,000 for the three-month and nine-month periods, respectively, ended September 30, 2014, compared to $22,170,000 and $78,526,000 for the same periods in 2013. The following table summarizes our 2014 investing activities.

(in thousands of dollars)	Three-month period September 30, 2014	Nine-month period September 30, 2014
Sustaining capital	**2,721**	10,432
Stripping cost	**7,283**	17,776
Subtotal sustaining capital expenditures	**10,004**	28,208
Siou development	**1,431**	7,437
Fofina development	**113**	4,625
Subtotal growth capital expenditures[1]	**1,544**	12,062
Exploration expenditure	**7,530**	16,981
Permits	**9**	1,279
	19,087	58,530
Variation in unpaid acquisitions of property, plant and equipment[2]	**(564)**	(4,253)
Total	**18,523**	54,277

In the third quarter of 2013, liquidities of $22,170,000 were invested as follows: $2,121,000 for exploration expenditures, $2,168,000 for expansion-related costs at the Mana Mine, $183,000 for mining equipment, $13,401,000 for stripping costs as well as $4,297,000 for sustainable capital expenditures.

For the nine-month period ended September 30, 2013, liquidities of $78,526,000 were invested as follows: $19,313,000 for exploration expenditures, $6,131,000 for expansion related costs at the Mana Mine, $1,966,000 for mining equipment, $39,725,000 for stripping costs as well as $11,391,000 for sustainable capital expenditures.

Restricted cash

For the nine-month period ended September 30, 2014, the $641,000 increase in restricted cash is due to the funding of our asset retirement obligation in Burkina Faso. For the same period in 2013, the $2,453,000 increase was due to the funding of our asset retirement obligation in Burkina Faso and the special compensation arrangement with the former President and Chief Executive Officer.

[1] Of the $12,062,000 assigned to the development of Siou and Fofina, $4,355,000 has been spent on pre-stripping activities.
[2] Variation in unpaid acquisitions of property, plant and equipment is provided in note 21 b) of the financial statements.

7. Cash Flow (continued)

Investing (continued)

Sonabel Advance

In the third quarter of 2014, we made an advance of $895,000 to Sonabel.

In the first nine months of 2014, an advance of $895,000 was made to Sonabel, compared to $4,050,000 for the same period in 2013.

8. Financial Position

As at September 30, 2014, we maintained a strong financial position with $112,226,000 in cash and cash equivalents and no long-term debt. With our existing cash balances and forecasted cash flow from operations, we are well positioned to fund all of our cash requirements for 2014, which relate primarily to ongoing exploration programs and capital expenditures.

(in thousands of dollars)	As at September 30, 2014	As at December 31, 2013
Current assets	**202,096**	173,039
Assets held for sale	**–**	4,140
Total current assets	**202,096**	177,179
Advance receivable	**3,483**	3,029
Restricted cash	**3,922**	3,516
Property, plant and equipment	**389,229**	382,534
Intangible asset	**1,590**	1,288
Total assets	**600,320**	567,546
Total liabilities	**75,829**	61,718
Equity attributable to equity shareholders	**498,277**	492,179
Non-controlling interest	**26,214**	13,649

As at September 30, 2014, our total assets amounted to $600,320,000 compared to $567,546,000 as at December 31, 2013. The increase is mainly due to the increase in cash and cash equivalents. The remaining portion of our asset base primarily comprises property, plant and equipment, reflecting the capital-intensive nature of our business.

As at September 30, 2014, our liabilities totalled $75,829,000, mainly comprising trade payables and accrued liabilities.

9. Financial Instruments

The nature and extent of risks arising from financial instruments are described in note 19 of the Corporation's 2013 annual consolidated financial statements. In the third quarter of 2014, there was no material change to the nature of risks arising from financial instruments or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on our consolidated statement of financial position.

10. Contractual Obligations

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

The liability for asset retirement obligations as at September 30, 2014 was $5,717,000 (December 31, 2013: $5,188,000). The estimated undiscounted value of this liability was $10,418,000 (December 31, 2013: $9,878,000). These disbursements are expected to be made during the years 2015 to 2026. As at September 30, 2014, the liability for asset retirement obligations required funds to be kept in a trust account amounting to $2,513,000 (2013: $1,996,000).

Government Royalties and Development Taxes
In Burkina Faso, all shipments with gold spot prices lower or equal to $1,000 per ounce are subject to a royalty rate of 3%, a 4% rate is applied to all shipments with gold spot prices between $1,000 and $1,300 per ounce, and a 5% royalty rate is applied to all shipments with a gold spot price greater than $1,300 per ounce. In 2014, the Corporation was subject to a royalty rate of 4% and 5%, which was calculated using the retail market value of gold ounces sold at the time of shipment. In the third quarter of 2014, government royalties amounting to $3,909,000 (2013: $2,355,000) were paid to the Government of Burkina Faso. For the nine-month period ended September 30, 2014, government royalties amounting to $9,422,000 (2013: $8,781,000) were paid to the Government of Burkina Faso.

Purchase Obligations
As at September 30, 2014, purchase commitments totalled $4,899,000. In addition, on October 1, 2011, the Corporation entered into an agreement with National Electricity Company Sonabel, in Burkina Faso, pursuant to which the Corporation will advance funds for the construction of a high-voltage transmission line. As at September 30, 2014, the Corporation is committed to advance a remaining amount of $3,901,000 (2,026,000,000 FCFA) to Sonabel with respect to this project.

Payments to Maintain Mining Rights
In the normal course of business, in order to obtain and maintain all the advantages of our mining permits, we must commit to invest a specific amount in exploration and development on the permits during their validity period. Moreover, we must make annual payments in order to maintain certain property titles. As at September 30, 2014, we were in compliance in all material respects with the obligations related to the ownership of our permits.

11. Event after the reporting period

On October 15, 2014, the Corporation announced that it will be making a takeover bid for 100% of Orbis Gold Limited at A$0.65 per share, payable in cash. This offer is subject to several conditions, including the minimum acceptance condition of 50.1%. Assuming that all the conditions are met, the total estimated consideration would range from $71,000,000 to $141,000,000.

12. Critical Accounting Estimates and Judgements

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to the Corporation's financial statements were disclosed in note 7 to the Corporation's 2013 annual audited consolidated financial statements and they remain unchanged for the third quarter of 2014.

13. Significant Accounting Policies

The Corporation established its accounting policies and methods used in the preparation of its unaudited condensed interim consolidated financial statements for the third quarter of 2014 in accordance with IFRS. See note 3 to the Corporation's 2013 annual audited consolidated financial statements for more information about the significant accounting policies used to prepare the financial statements, as they remain unchanged for the third quarter of 2014.

14. New Accounting Standard Issued and in Effect

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

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

15. New Accounting Standard Issued but not yet in Effect

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

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

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

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

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

16. Risks and Uncertainties

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

Financial Risks

Fluctuation in Gold Prices

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

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

Fluctuation in Petroleum Prices

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

Exchange Rate Fluctuations

Our operations in West Africa are subject to currency fluctuations that may materially adversely affect our financial condition and results of operation. Gold is currently sold in US dollars and although the majority of our costs are also in US dollars, certain costs are incurred in other currencies. The appreciation of non-US dollar currencies against the US dollar can increase the cost of exploration and production in US dollar terms, which could materially adversely affect our financial condition and results of operation.

Access to Capital Markets

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

Operational Risks

Uncertainty of Reserves and Resource Estimates

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

Future production could differ dramatically from reserves estimates for, among others, the following reasons:

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

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

16. Risks and Uncertainties (continued)

Operational Risks (continued)

Production and Cash Operating Cost

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

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

Nature of Mineral Exploration and Mining

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

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

Limited Property Portfolio

Currently, our only material mineral property is our Mana mine in Burkina Faso which includes the high-grade deposits of Siou and Fofina. Unless we acquire or develop additional mineral properties, any adverse development affecting our Mana property could materially adversely affect our financial condition and results of operation.

Depletion of our Mineral Reserves

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

Water Supply

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

16. Risks and Uncertainties (continued)

Operational Risks (continued)

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

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

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

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

Licenses and Permits

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

Political Risk

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

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

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

Title Matters

Title to mineral projects and exploration and exploitation rights involves certain inherent risks due to the potential for problems arising from the ambiguous history characteristics of mining projects. While we have no reason to believe that the existence and extent of any mining property in which we have an interest is in doubt, title to mining properties is subject to potential claims by third parties and no guarantees can be provided that there are no unregistered agreements, claims or defects which may result in our titles being challenged.

In addition, the failure to comply with all applicable laws and regulations, including failure to pay taxes and carry out and file assessment work within applicable time period, may invalidate title to all or portions of the properties covered by our permits and licences.

16. Risks and Uncertainties (continued)

Operational Risks (continued)

Suppliers and Outside Contractors Risk

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

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

Competition

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

Qualified and Key Personnel

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

Labour and Employment Relations

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

Ebola Virus

The recent Ebola virus outbreak in Guinea, Sierra Leone and Liberia, may represent a threat to maintaining a skilled workforce in the mining industry in Africa and become a healthcare challenge. Should the Ebola virus continue to spread, including to neighboring countries such as Burkina Faso, there can be no assurance that we would not lose members of our workforce, see our workforce productivity substantially reduced or be faced with increased demand from expatriate employees wanting to return to Canada or refusing to go to Africa, which could have a material adverse effect on our financial condition and results of operation.

Environmental Risks, Hazards and Costs

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

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

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

16. Risks and Uncertainties (continued)

Operational Risks (continued)

Insufficient Insurance

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

Resource Nationalism

As African governments continue to struggle with deficits and depressed economies, the gold mining sector has been targeted to raise revenues. Governments are continually assessing the terms for a mining company to exploit resources in their country. If translated into applicable law, the trend in resource nationalism could materially adversely affect our financial condition and results of operation.

Surrounding Communities Relations

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

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

Reliance on Information Technology Systems

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

Litigation

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

Anti-corruption Laws

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

17. Quarterly Information

	2014			2013[1]				2012[1]
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(in thousands of dollars, except for amounts per share)								
Results from continuing operations								
Revenues – Gold sales	**84,524**	87,761	38,473	50,771	49,488	53,781	72,578	84,519
Operating income (loss)	**25,500**	20,665	(14,679)	(8,407)	(2,935)	9,240	21,044	23,932
Net income (loss) from continuing operations	**12,726**	14,916	(13,565)	(7,312)	(227)	(11,571)	13,407	17,835
Attributable to:								
- Equity shareholders	**11,172**	12,974	(12,943)	(7,098)	(815)	(12,812)	11,498	15,246
- Non-controlling interests	**1,554**	1,942	(622)	(214)	588	1,241	1,909	2,589
Basic earnings (loss) per share from continuing operations	**0.04**	0.05	(0.04)	(0.03)	–	(0.05)	0.04	0.06
Diluted earnings (loss) per share from continuing operations	**0.04**	0.05	(0.04)	(0.03)	–	(0.05)	0.04	0.06
Cash flow from operating activities from continuing operations[2]	**40,554**	37,618	2,142	12,172	16,158	21,201	28,031	38,301
Total results								
Net income (loss):	**12,726**	15,701	(15,998)	(4,337)	(4,815)	(58,453)	(16,360)	(36,087)
Attributable to:								
- Equity shareholders	**11,172**	3,022	(14,330)	(18,798)	(5,206)	(51,058)	(10,160)	(28,811)
- Non-controlling interests	**1,554**	12,679	(1,668)	14,461	391	(7,395)	(6,200)	(7,276)
Basic earnings (loss) per share	**0.04**	0.01	(0.05)	(0.07)	(0.02)	(0.19)	(0.04)	(0.11)
Diluted earnings (loss) per share	**0.04**	0.01	(0.05)	(0.07)	(0.02)	(0.19)	(0.04)	(0.10)

[1] Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*.
[2] Cash flow from operating activities excludes changes in non-cash working capital items.

18. Information on Outstanding Shares

As at November 10, 2014, our share capital comprised 277,449,185 common shares issued and outstanding.

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

The plans provide for the grant of non-transferable options for the purchase of common shares. As at November 10, 2014, stock options allowing its holders to purchase 5,418,526 common shares were outstanding.

19. Additional Information

Exchange rates are as follows:

	CAD / USD $		EUR / USD $	
	2014	2013	2014	2013
December 31 (closing)	**–**	1.0636	**–**	0.7258
March 31 (closing)	**1.1053**	1.0156	**0.7259**	0.7787
June 30 (closing)	**1.0676**	1.0512	**0.7305**	0.7686
September 30 (closing)	**1.1208**	1.0285	**0.7919**	0.7389
First quarter (average)	**1.1018**	1.0090	**0.7297**	0.7570
Second quarter (average)	**1.0900**	1.0229	**0.7287**	0.7662
Third quarter (average)	**1.0875**	1.0394	**0.7529**	0.7554

20. Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting. Any system of disclosure controls and internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Corporation's disclosure controls and internal controls over financial reporting during the quarter ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

21. Non-IFRS Financial Performance Measures from Continuing Operations

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

Cash Operating Cost

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2014	2013	2014	2013
Per Ounce Produced				
Gold ounces produced	64,700	38,700	172,500	122,900
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	37,263	29,485	110,285	87,915
Government royalties and selling expenses	(4,120)	(2,527)	(10,014)	(9,293)
Effects of inventory adjustments (doré bars and gold in circuit)	2,398	1,917	3,240	1,728
Operating costs (relating to ounces produced)	35,541	28,875	103,511	80,350
Cash operating cost (per ounce produced)	**549**	**746**	**600**	**654**

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2014	2013	2014	2013
Per tonne processed				
Tonnes of ore processed	750,300	714,400	2,116,200	2,138,400
(in thousands of dollars except per tonne)				
Mining operation expenses (relating to ounces sold)	37,263	29,485	110,285	87,915
Government royalties and selling expenses	(4,120)	(2,527)	(10,014)	(9,293)
Effects of inventory adjustments (doré bars and gold in circuit)	2,398	2,520	3,240	2,723
Operating costs (relating to tonnes processed)	35,541	29,478	103,511	81,345
Cash operating cost (per tonne processed)	**47**	**41**	**49**	**38**

21. Non-IFRS Financial Performance Measures from Continuing Operations (continued)

Operating Cash Flow per Share

(in thousands except per share)	Three-month period ended September 30, 2014	Three-month period ended September 30, 2013[2]	Nine-month period ended September 30, 2014	Nine-month period ended September 30, 2013[2]
Cash flow from operating activities from continuing operations[1]	**40,554**	16,158	**80,314**	65,390
Weighted average number of outstanding common shares	**277,132**	273,268	**276,084**	273,262
Operating cash flow per share from continuing operations	**0.15**	0.06	**0.29**	0.24

22. Additional Information and Continuous Disclosure

This MD&A has been prepared as of November 10, 2014. Additional information on the Corporation is available through regular filings of press releases, financial statements and its Annual Information Form on SEDAR (www.sedar.com). These documents and other information about SEMAFO may also be found on our web site at www.semafo.com.

23. Forward Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserves and resources estimates. Forward-looking statements include words or expressions such as "committed", "evolve", "pursuing", "growth", "guidance", "anticipated", "will", "objective", "potential", "in order to", "scheduled", "forecasted" 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 attain the upper end of our 2014 production guidance of between 230,000 and 235,000 ounces of gold and the lower end of our 2014 total cash cost guidance of between $660 and $675 per ounce, the ability to fund all of our cash requirements for 2014 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 MD&A and in our other documents filed from time to time with Canadian securities regulatory authorities. You can find further information with respect to these and other risks in filings made with the Canadian securities regulatory authorities available at www.sedar.com. Documents are also available on our website at www.semafo.com. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.

[1] Cash flow from operating activities excludes changes in non-cash working capital items.
[2] Amounts have been adjusted for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 5 of the consolidated financial statements.