



SEMAFO Inc.

Management's Discussion and Analysis
December 31, 2019

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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SEMAFO Inc. ("SEMAFO" or the "Corporation") is a Canadian-based intermediate gold producer with over twenty years' experience building and operating mines in West Africa. The Corporation operates two mines, the Boungou and Mana Mines in Burkina Faso. SEMAFO is committed to building value through responsible mining of its quality assets and leveraging its development pipeline.

Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Corporation's business, strategy and performance, as well as how it manages risks and capital resources. This MD&A, prepared as of March 3, 2020, is intended to complement and supplement our Annual Audited Consolidated Financial Statements (the "financial statements") as at December 31, 2019 and for the year then ended. 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

The following include a 10-week shutdown at the Mana Mine and a 7-week suspension at the Boungou Mine.

Commercial production at Boungou was declared on September 1, 2018.

	2019	2018	2017
Gold ounces produced ¹	340,900	244,600	206,400
Gold ounces sold ²	346,100	235,400	205,300
(in thousands of dollars, except amounts per ounce and per share)			
Revenues – Gold sales	475,750	296,679	258,993
Operating income	113,670	10,321	11,494
Net income (loss) attributable to shareholders of the Corporation	50,187	(8,192)	20,036
Basic earnings (loss) per share	0.15	(0.03)	0.06
Diluted earnings (loss) per share	0.15	(0.03)	0.06
Adjusted operating income ³	133,382	8,494	10,659
Adjusted net income (loss) attributable to shareholders of the Corporation ³	73,715	(4,462)	864
Per share ³	0.22	(0.01)	—
Cash flow from operating activities before changes in non-cash working capital ³	247,427	110,203	107,023
Per share ³	0.75	0.34	0.33
Average realized selling price (per ounce).....	1,375	1,260	1,261
Total cash cost (per ounce sold) ³	525	698	655
All-in sustaining cost (per ounce sold) ³	724	951	942
Total assets	1,110,113	1,034,275	1,028,363
Non-current liabilities	116,094	142,904	180,595

¹ Gold ounces produced exclude pre-commercial production of 12,000 ounces from Boungou in 2018.

² Gold sales exclude those resulting from pre-production activities from Boungou in 2018 that were offset against capitalized construction costs and amounted to \$14,994,000.

³ Adjusted operating income, adjusted net income (loss) attributable to shareholders of the Corporation, adjusted basic earnings (loss) per share, cash flow from operating activities before changes in non-cash working capital and per share, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Measures" section of this MD&A, note 24.

1. Financial and Operating Highlights (continued)

The following include a 4-week shutdown at the Mana Mine and a 7-week suspension at the Boungou Mine.

Fourth Quarter Financial and Operating Highlights

	Three-month periods ended December 31,		Variation
	2019	2018	
Gold ounces produced ¹	69,900	95,200	(27%)
Gold ounces sold ²	68,900	92,900	(26%)
(in thousands of dollars, except amounts per ounce and per share)			
Revenues – Gold sales	101,923	114,692	(11%)
Operating income	13,539	21,431	(37%)
Net income attributable to shareholders of the Corporation	7,913	6,486	22%
Basic earnings per share	0.02	0.02	—
Diluted earnings per share	0.02	0.02	—
Adjusted operating income ³	26,101	20,957	25%
Adjusted net income attributable to shareholders of the Corporation ³	16,288	7,754	110%
Per share ³	0.05	0.02	150%
Cash flow from operating activities before changes in non-cash working capital ³	44,589	54,932	(19%)
Per share ³	0.13	0.17	(24%)
Average realized selling price (per ounce)	1,482	1,234	20%
Total cash cost (per ounce sold) ³	569	559	2%
All-in sustaining cost (per ounce sold) ³	698	782	(11%)

See the "Fourth Quarter Financial and Operating Results" section of this MD&A for more details, note 22.

¹ Gold ounces produced exclude pre-commercial production of 12,000 ounces from Boungou in 2018.

² Gold sales exclude those resulting from pre-production activities from Boungou in 2018 that were offset against capitalized construction costs and amounted to \$14,994,000.

³ Adjusted operating income, adjusted net income attributable to shareholders of the Corporation, adjusted basic earnings per share, cash flow from operating activities before changes in non-cash working capital and per share, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Measures" section of this MD&A, note 24. During the fourth quarter of 2019, adjusted operating income and adjusted net income attributable to equity shareholders exclude the non-cash impairment of property, plant and equipment of \$9,259,000 mainly related to the exploration and evaluation assets of the Korhogo property, a gain of \$3,782,000 in share-based compensation related to the change in fair value of the share price and \$7,085,000 of fixed expenses incurred during shutdown and suspension period. The adjusted net income attributable to equity shareholders also excludes a foreign exchange gain of \$16,000 and a recovery of deferred tax effect of currency translation on tax base of \$4,171,000.

2019 - THE YEAR IN REVIEW

The following 2019 highlights include a 10-week shutdown at the Mana Mine and a 7-week suspension at the Boungou Mine. As commercial production at the Boungou Mine commenced on September 1, 2018, the comparative figures include the Mana Mine and only four months of operations from the Boungou Mine. Processing of ore at the Boungou Mine restarted in early February 2020.

- Consolidated annual gold production of 340,900 ounces, compared to 244,600 ounces for the same period in 2018, a 39% increase
- Gold sales of \$475.8 million compared to \$296.7 million for the same period in 2018
- All-in sustaining cost¹ of \$724 per ounce sold compared to \$951 for the same period in 2018, a 24% decrease
- Operating income of \$113.7 million compared to \$10.3 million for the same period in 2018
- Adjusted operating income¹ of \$133.4 million compared to \$8.5 million for the same period in 2018
- Net income attributable to shareholders of the Corporation of \$50.2 million or \$0.15 per share compared to net loss of \$8.2 million or \$0.03 of loss per share for the same period in 2018
- Adjusted net income attributable to shareholders of the Corporation¹ of 73.7 million or \$0.22 per share¹ compared to adjusted net loss of \$4.5 million or \$0.01 loss per share¹ for the same period in 2018
- Cash flow from operating activities before changes in non-cash working capital¹ of \$247.4 million or \$0.75 per share¹ compared to \$110.2 million or \$0.34 per share¹ for the same period in 2018, which represent year-over-year increase of 125%
- Successful acquisition and integration of Savary Gold's Karankasso properties to the Bantou Project
- First production from Siou underground
- Completion of a positive preliminary economic assessment ("PEA") for Nabanga with after-tax NPV of \$100 million at a \$1,300 gold price
- Inferred resources at the Bantou Project increased to 2.2 million ounces

¹ All-in sustaining cost, adjusted operating income, adjusted net income (loss) attributable to shareholders of the Corporation, adjusted basic earnings (loss) per share and cash flow from operating activities before changes in non-cash working capital and per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 24.

FOURTH QUARTER 2019 IN REVIEW

The following fourth quarter 2019 highlights include a 4-week shutdown at the Mana Mine and a 7-week suspension at the Boungou Mine.

- Gold production of 69,900 ounces compared to 95,200 ounces for the same period in 2018
 - Gold sales of \$101.9 million compared to \$114.7 million for the same period in 2018
 - Total cash cost¹ of \$569 per ounce sold and all-in sustaining cost¹ of \$698 per ounce sold compared to \$559 and \$782, respectively, for the same period in 2018
 - Operating income of \$13.5 million compared to \$21.4 million for the same period in 2018
 - Adjusted operating income¹ of \$26.1 million compared to \$21.0 million for the same period in 2018
 - Net income attributable to equity shareholders of \$7.9 million or \$0.02 per share compared to \$6.5 million or \$0.02 per share for the same period in 2018
 - Adjusted net income attributable to equity shareholders¹ of \$16.3 million or \$0.05 per share¹ compared to \$7.8 million or \$0.02 per share¹, for the same period in 2018
 - Cash flow from operating activities before changes in non-cash working capital¹ of \$44.6 million or \$0.13 per share¹ compared to \$54.9 million or \$0.17 per share¹ for the same period in 2018
 - Processing of ore at the Mana Mine resumed in early November
 - Ore from Siou underground contributed to Mana production
-

¹ Total cash cost, all-in sustaining cost, adjusted operating income, adjusted net income attributable to equity shareholders, adjusted basic earnings per share and cash flow from operating activities before changes in non-cash working capital and per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 24.

2019 Objectives

2019 Achievements

Deliver a solid operational performance

- Revised consolidated production guidance of 350,000-380,000 oz at an all-in sustaining cost¹ of \$685-\$735 per ounce

- Production of 340,900 oz at an all-in sustaining cost¹ of \$724 per ounce. Lower consolidated production in 2019 results from the early November suspension of Boungou operations.

Maximize growth

- Build on Boungou ramp-up to optimize operational performance and boost free cash flow
- Complete development of Siou underground on time and on budget
- Produce first ore from Siou underground by year-end
- Exploration budget of \$32.0 million
- Position the Bantou Project for delivery of inferred mineral resources of between 2.5 million and 3.0 million oz by 2020 year-end
- Explore the Boungou Project, the Mana Sector and other properties
- Support communities in regions where we are present and offer improved quality of life

- Through the contribution of Boungou, production increased 39% to 340,900 ounces and cash flow from operating activities before changes in non-cash working capital¹ grew to \$247.4 million
- Development completed on time and on budget with \$53.8 million incurred
- Ore from Siou underground contributed to Mana production in the fourth quarter
- Spent \$25.7 million on exploration programs to add resources
- Acquired Savary Gold Corporation to consolidate the Bantou sector
- Discovered Bantou Nord in 2019
- Increased inferred mineral resources to 2.2 million ounces by year end 2019
- Drill program discovered structures parallel to Boungou that could offer near-pit resources
- Delivered a Nabanga PEA with an after-tax NPV of \$100 million and upside potential
- Invested \$1.5 million in Compass Gold Corp. to advance exploration efforts at its properties in Mali
- Paid \$2.9 million in community development tax, representing 1% of Boungou revenue
- At Boungou, trained moderators in soil fertilization using ECOSAN produce
- Supported market gardening at Mana by setting up a water-retention pond and 3 animal farming projects for women
- Launch of the Foundation's activities close to the Bantou deposit through construction of water boreholes

Optimize and improve efficiencies

- By increasing operational efficiencies at Mana
- By increasing operational efficiencies at Boungou
- By maintaining G&A expense at \$16.0 million
- By maintaining an injury frequency rate of 2.0 at Mana and Boungou operations, per 200,000 man-hours

- Improved tyre life performance through increased garage monitoring and enhanced road conditions
- Boosted mill output by 8% due to implementation of control loops and better mine-to-mill synergy in order to optimize blast grain size
- Reduced value of inventory levels by 11% through tighter stock management
- Installed new SAG liners design to improve daily performance
- G&A expense totalled \$16.8 million with the increase mainly due to the Canadian exchange rate
- Achieved work injury frequency rate of 1.51 at Mana
- Achieved work injury frequency rate of 0.51 at Boungou

¹ All-in-sustaining cost and cash flow from operating activities before changes in non-cash working capital are 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 24.

2. 2020 Outlook and Strategy¹

In 2020, our goal is to ensure smooth operations at our mines to enable us to leverage gold price strength. At Mana, we expect to increase cash flow through access to higher-grade ore from Siou underground and Siou open pit. We have adopted a phased approach to Boungou operations in the year that is contingent on the government enhancing security in the region. On the exploration front, our focus remains on investigating promising near-mine results at Boungou, following up review targets in the Siou sector and expanding Bantou resources to between 2.5 and 3 million ounces by 2020 year-end.

2020 Outlook

	Mana	Boungou (Feb - April)	Boungou (May - Dec.)	Boungou Total	Consolidated
Gold production ('000 oz)	185 - 205	42 - 46	88 - 104	130 - 150	315 - 355
All-in sustaining cost ² ("AISC") (\$/oz).....	1,050 - 1,120	530 - 560	745 - 795	680 - 725	895 - 960
Capital Expenditure (included in AISC) (in millions of \$)					
Sustaining	6	—	3	3	9
Siou underground	14	—	—	—	14
Stripping.....	50	—	7	7	57
	70	—	10	10	80
Non-recurring Development Expenditure (not included in AISC) (in millions of \$)					
Air strip & security.....	2	1	2	3	5
	72	1	12	13	85

The general and administrative expense for 2020 has been forecast at \$17 million.

Assumptions

A number of assumptions were made in preparing the 2020 guidance, including:

- Price of gold: \$1,500 US per ounce
- Price of fuel: \$1.19 US per litre for Light Fuel Oil ("LFO")
\$0.75 US per litre for Heavy Fuel Oil ("HFO")
- Exchange rate: \$0.77 US to the Canadian dollar
- Exchange rate: \$1.12 US to the Euro

¹ This section contains forward-looking statements. For more information on forward-looking statements, see note 26.

² All-in sustaining cost 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 24.

2. 2020 Outlook and Strategy¹(continued)

Operations

Boungou

In early February 2020, the Boungou plant restarted, and processing of the stockpile began. We are taking a measured approach to Boungou in 2020 involving a phased plan. The initial three-month phase contemplates processing the stockpile and utilizing the on-site supplies inventory with limited deliveries of new supplies. During this period, we expect production to reach between 42,000 and 46,000 ounces at an AISC of between \$530 and \$560 per ounce.

As part of our phased plan, employees and contractors who were previously travelling on the public road are being transported by air between Fada and Boungou and lodged at the mine site. Currently, we are utilizing a 10-person helicopter. When construction of the airstrip has been completed, we anticipate transitioning to an airplane.

Our phased plan foresees a restart of mining in the fourth quarter while continuing to process stockpiles. The current stockpile holds 1.1 million tonnes at an average grade of 3.4 g/t Au, representing approximately ten months of mill feed. However, we need the government to improve security on the public road and in the surrounding region in order to increase the frequency of deliveries required to operate after the initial three months. We are in discussions with the authorities regarding the necessary security plan. We are also in discussions with mining contractors to replace African Mining Services at Boungou by the fourth quarter.

Although some aspects of the Boungou 2020 plan are within our control, others require support from the government and from our existing contractors and suppliers.

Mana

In the year, the Mana mill should process approximately 2.3 million tonnes at an average grade of 3.0 g/t Au, with an average gold recovery rate of 91%. Approximately 600,000 tonnes of ore will be extracted from Siou underground at an average grade of 5.5 g/t Au, and approximately 1.4 million tonnes from the Siou and Wona open pits at an average grade of 2.5 g/t Au. The remaining balance will be sourced from stockpiles and low-grade material. We continue to expect to reach full production at Siou underground in the first quarter of 2020.

2020 Exploration

An initial exploration budget of \$7 million has been set for 2020 on our three priority properties - Bantou (\$4 million), Mana (\$2 million) and Boungou (\$1 million).

¹ This section contains forward-looking statements. For more information on forward-looking statements, see note 26.

3. Key Economic Factors

Price of Gold

During the year ended December 31, 2019, the price of gold, based on the London Gold Fix PM, fluctuated from a high of \$1,546 to a low of \$1,270 per ounce. The average market gold price in the year ended December 31, 2019 was \$1,392 per ounce compared to \$1,268 per ounce in 2018, representing an increase of \$124.

	2019					2018
	Q4	Q3	Q2	Q1	Year	Year
(in dollars per ounce)						
Average London Gold Fix.....	1,481	1,472	1,309	1,304	1,392	1,268
Average realized selling price (consolidated)	1,482	1,466	1,313	1,306	1,375	1,260

Cost Pressures

We are 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 \$64 per barrel in the year ended December 31, 2019 compared to \$71 per barrel in 2018.

We purchase our fuel exclusively from the government of Burkina Faso in FCFA, the local currency, at a price fixed by decree that reflects market price fluctuations with a time lag. The average price fixed by decree was as follows:

	2019					2018
	Q4	Q3	Q2	Q1	Year	Year
	(in \$)	(in \$)	(in \$)	(in \$)	(in \$)	(in \$)
LFO fuel (per litre)	1.16	1.14	1.18	1.18	1.19	1.12
HFO fuel (per litre).....	0.75	0.75	0.78	0.76	0.76	0.74

Foreign Currencies

Our mining operation 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. The FCFA is fixed against the Euro.

During the year ended December 31, 2019, the US dollar was stronger relative to the Euro compared to 2018. As approximately 75% of our costs are nominated in foreign currencies other than the US dollar, the foreign exchange fluctuation positively impacted our all-in sustaining cost¹.

Natural hedges mitigate our net exposure to foreign currency fluctuations as there is an inverse correlation between the gold price and the US dollar.

Exchange rates are as follows:

	CAD / USD \$		EUR / USD \$	
	2019	2018	2019	2018
March 31 (closing).....	1.3347	1.2892	0.8913	0.8112
June 30 (closing).....	1.3086	1.3128	0.8791	0.8557
September 30 (closing)	1.3240	1.2895	0.9160	0.8615
December 31 (closing)	1.3016	1.3630	0.8915	0.8737
First quarter (average).....	1.3282	1.2646	0.8801	0.8139
Second quarter (average)	1.3384	1.2915	0.8897	0.8387
Third quarter (average)	1.3199	1.3076	0.8990	0.8606
Fourth quarter (average)	1.3193	1.3202	0.9026	0.8759
Year (average).....	1.3265	1.2960	0.8929	0.8473

¹ All-in sustaining cost 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 24.

4. Exploration Programs

Kongolokoro (Houndé Greenstone Belt Permits)

Bantou

The Bantou Project includes Bantou Nord, Bantou Zone and the Karankasso Zones, located some 170 kilometers south of Mana, along the prolific Houndé Greenstone Belt in Burkina Faso. On February 24, 2020, the Corporation announced that inferred mineral resources on the Bantou Project had increased to 2.2 million ounces of gold as of year-end 2019. A total of 1.2 million drill-bit ounces was added in 2019 complementing the 0.7 million ounces added through the tuck-in acquisition of Savary Gold's Karankasso properties.

Highlights

Bantou Zone

- Inferred mineral resource estimate of 2.2M oz representing 51 Mt at an average grade of 1.37 g/t Au
- The largest deposit, Bantou Nord, was discovered in 2019 and totals 1.1M oz of pit-constrained inferred resources, representing 36.1Mt at 0.95 g/t Au with a pit-shell strip ratio of 1:1
- Bantou deposit, in addition to 282,000 ounces of inferred open-pit resources, includes 152,000 ounces of underground inferred resources grading 6.66 g/t Au at a cut-off grade of 2.00 g/t Au and remains open at depth
- Fourth-quarter discovery of Tiébi returned 14.63 g/t Au over 21 meters, offering potential for additional resources

Resource Overview

The inferred resource comprises two main areas. As shown in Table 1, the majority of the tonnes and ounces are centered around the Bantou and Bantou Nord Zones. The Bantou Nord Zone is located 1.5 kilometers north of the Bantou Zone with the remaining Karankasso Zones (referred to in Table 1 as "Others") located 15-30 kilometers from the main zones. The Bantou Nord resource is pit-constrained and although it has the lowest grade, its low 1:1 strip ratio would enhance the economics of the project. Sixty-five percent of the Bantou Zone resource is pit-constrained, and the remaining resource was estimated using a cut-off grade of 2 g/t Au below the pit. The Bantou Zone remains open at depth and offers potential for expansion of additional underground resources.

Table 1 - Bantou Resource by Zone

Zone	Tons (Mt)	Grade (g/t Au)	'000 oz Au
Bantou Nord	36.11	0.95	1,101
Bantou	2.26	5.98	434
Others	12.74	1.73	709
Total*	51.11	1.37	2,245

*Total may not add up due to rounding errors.

Bantou Geology

The current resource estimate covers three groups of deposits, namely Bantou, Bantou Nord, and Karankasso. The Bantou Zone is centered on a banded iron formation and a cherty horizon deposited between intermediate volcanic sequences. The mineralization is considered bimodal with a primary stratiform type found in the magnetite-pyrite bands alternating with the silicic layers. A later mineralization possibly related to orogenic episodes is hosted by a chert horizon in the footwall where the lower and upper portions have been fractured, opening conduits where mineralizing fluids circulated and deposited the gold.

Although located 1.5 kilometers from the Bantou Zone, Bantou Nord is very different as its mineralization is associated with a very fine disseminated pyrite spread over a 300-meter by 250-meter area. The mineralization shows no deformation and/or hydrothermal alteration typical of orogenic styles. It is considered a synvolcanic gold mineralized zone affecting both a series of felsic dykes and sills and the intermediate volcanics that they intrude.

4. Exploration Programs (continued)

Kongolokoro (Houndé Greenstone Belt Permits) (continued)

Bantou (continued)

Bantou Geology (continued)

Finally, the mineralization at the Karankasso Zones is similar in origin for all the occurrences and associated with quartz-vein development in sheared, folded, sericitized, silicified and carbonatized volcanics, and/or sediments. When present, felsic dykes are commonly sheared, foliated or fractured and spatially associated with the mineralization. The Karankasso Zones are considered typical orogenic style deposits located along a regional deformation zone flanking the western limit of the Houndé Belt, which also hosts the Wona-Kona deposit at our Mana property to the north.

Overview of Q4 2019 Bantou Exploration

In view of the early success in discovering Bantou Nord, the first nine months of 2019 were dedicated to developing the resources at Bantou and Bantou Nord. In the fourth quarter, the focus moved to areas outside the existing resources. Highlights of best results obtained in the fourth quarter are shown below in Table 2.

Table 2 - Highlights from Bantou Q4 2019 Exploration*

Hole No.	From (m)	To (m)	Length (m)	Au (g/t)	Zone
KARC19-0127	63	84	21	14.63	Tiébi
KARC19-0136	29	37	8	1.31	Tiébi Ouest
KARC19-0136	84	86	2	5.42	Tiébi Ouest
KARC19-0162	25	29	4	1.14	Tiébi Ouest
KRC19-0531	87	91	4	2.52	Bantou Est
KRC19-0538	132	136	4	1.92	Bantou Est
KRC19-0538	158	161	3	3.04	Bantou Est
KRC19-0632	124	127	3	1.65	Bantou NW
KRC19-0634	56	60	4	2.00	Bantou NW

*All assays are uncut. Lengths are core lengths. True widths remain undetermined.

4. Exploration Programs (continued)

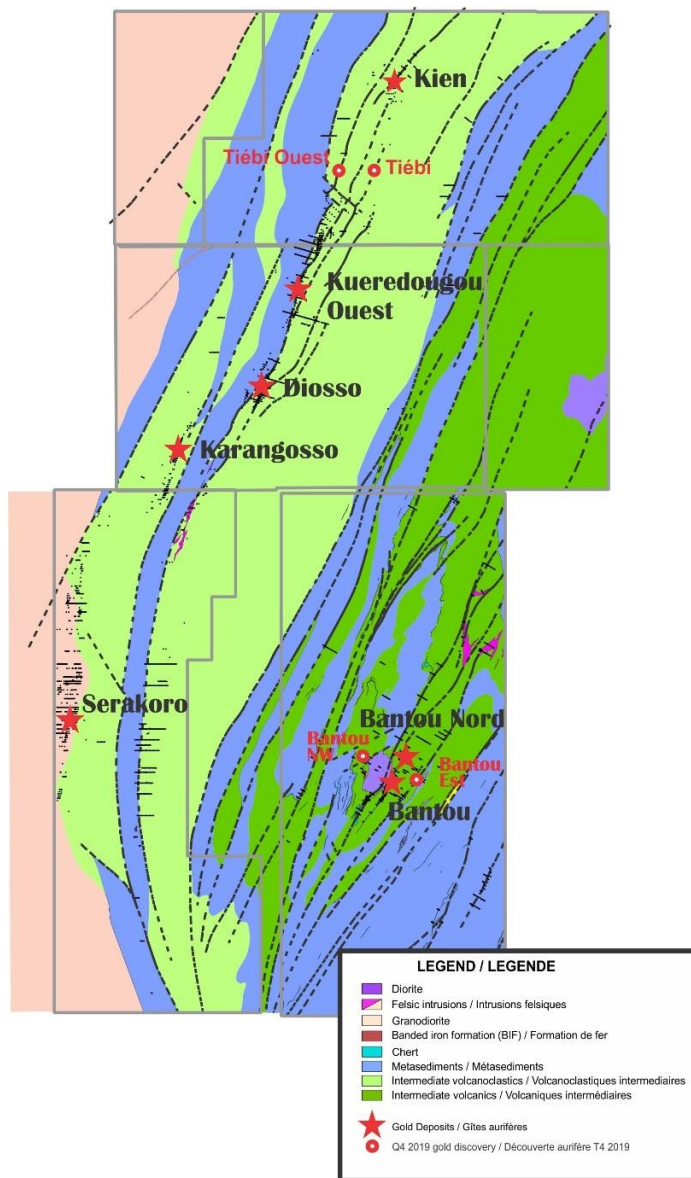
Kongolokoro (Houndé Greenstone Belt Permits) (continued)

Bantou (continued)

Overview of Q4 2019 Bantou Exploration (continued)

Figure 1 shows the locations of the Bantou Project deposits and recently discovered mineralized zones. Tiébi is located 4 kilometers northeast of the Kueredougou Ouest deposit along what appears to be a splay of the main regional structure hosting the Karankasso deposits. Mineralization is hosted in a strongly silicified-sericitized, sheared volcanosediment and felsic intrusives zone, mineralized with varying amounts of disseminated pyrite. Hole KARC19-0127 (14.6 g/t Au over 21 meters) represents the last easternmost hole of the section and will be followed up on in 2020. This section was the only drilling completed on this interpreted splay over a strike length of more than 3 kilometers.

Figure 1 - Deposit Location Map for Bantou Project



4. Exploration Programs (continued)

Kongolokoro (Houndé Greenstone Belt Permits) (continued)

Bantou (continued)

2020 Program¹

At Bantou, the initial \$4-million exploration program will involve a 19,300-meter drill program that is a continuation of last year's program on the properties and designed to test prospective areas outside of the existing resources. We remain committed to our resource goal of 2.5 - 3.0 million ounces by the end of 2020.

This initial budget is likely to increase as the exploration program moves outside the existing zones and follows up interesting intersections like 14.6 g/t Au over 21 meters at Tiébi.

Tapoa (Boungou Mine)

Drilling during the year totaled 25,093 meters in 225 holes, mostly dedicated to the Boungou Nord sector, exploring near-surface splays of the Boungou Shear Zone. In addition, a total of 1,898 auger holes were completed in the Boungou Nord area to better define existing soil sampling anomalies.

Significant results were obtained in the area, particularly in the fourth quarter, that demonstrate the potential for outlining significant resources to enhance the future mine plan. Compilation of results is underway with the objective of isolating potential areas for near-surface resource estimation.

Hole No.	From (m)	To (m)	Length (m)	Au (g/t)
TPA1837	32	45	13	1.57
TPA1841	36	45	9	1.93
TPA1848	47	57	10	1.06
TPA1849	28	32	4	7.48
TPA1860	89	94	5	3.75
TPA1865	76	95	19	1.72
TPA1866	94	99	5	4.54
TPA1866	116	121	5	6.32
TPA1869	43	47	4	18.06
TPA1883	55	62	7	2.11
TPA1936	108	118	10	1.22
TPA1937	19	24	5	6.79

2020 Program¹

The \$1-million exploration program at Boungou for 2020 comprises 3,000 meters of RC drilling and has the objective of identifying new near-mine resources. Expansion of the program is contingent on an improvement in regional security. Starting in the second quarter, the RC program will follow up last year's suspended work.

Mana Project

Mana - Siou

In 2019, a total of 158 holes (19,197 meters) were completed at Mana, primarily at Pompoi and Fofina Sud. A total of 3,492 auger holes had been completed earlier in the year at Pompoi prior to the RC drilling.

At Pompoi, results were disappointing due to the few local anomalous gold values obtained. Although most auger anomalies are explained by anomalous results, the holes failed to return significant gold mineralization.

¹ This section contains forward-looking statements. For more information on forward-looking statements, see note 26.

4. Exploration Programs (continued)

Mana Project (continued)

Mana - Siou (continued)

At Fofina Sud, a follow-up program of four lines at 50-meter spacing was completed to assess the extension of the mineralization. Drilling covers a strike length of 250 meters. As shown in the highlight table, significant mineralization was obtained on every section and the zone remains open along strike and at depth. Saprolite is exceptionally thick in this area reaching up to 80 meters vertically.

Hole No.	Section	From (m)	To (m)	Length (m)	Au (g/t)
MRC19-5269	1 309 400N	73	77	4	2.28
MRC19-5270	1 309 400N	44	49	5	1.82
MRC19-5272	1 309 400N	52	57	5	1.58
MRC19-5275	3 309 450N	20	27	7	2.72
MRC19-5276	1 309 500N	69	76	7	2.09
MRC19-5277	1 309 500N	32	37	5	1.79
MRC19-5278	1 309 500N	7	13	6	1.04
MRC19-5282	1 309 550N	44	47	3	4.70
MRC19-5283	1 309 550N	16	30	14	1.25
MRC19-5287	1 309 600N	32	38	6	3.22

Further drilling will be required to close off the zone and establish a preliminary resource estimation. Given its location within trucking distance from the Mana Mill, this zone could offer flexibility to the operation once an economic assessment is completed.

2020 Program¹

At Mana, a \$2-million budget has been established to follow up targets identified by the geologic review carried out by an external consulting firm last year. The bulk of the 3,800-meter RC drill campaign will be carried out on three different areas around Siou. We will also be conducting an underground drill program to test if the mineralization extends at depth below the existing underground reserves.

Yactibo (Nabanga Project)

Nabanga

On September 30, 2019, the Corporation announced positive results from the PEA² on Nabanga.

Highlights

- Pre-tax NPV of \$147 million and after-tax NPV of \$100 million, using a 5% discount rate
- Life of Mine ("LoM") gold production of 571,000 ounces at all-in sustaining cost of \$760/oz and a gold recovery of 92% during the 8 years of operations
 - Over the LoM, combined open-pit and underground production is estimated at 2.98 million tonnes at an average grade of 6.47 g/t Au for 626,000 ounces of gold
- Pre-production capital expenditure of \$84 million, including 20% contingency, and \$56 million in LoM sustaining capital
- Project economics (base case at \$1,300/oz gold price):
 - After-tax 5% NPV: \$100 million
 - After-tax IRR: 22.6%
 - Payback period: 4.4 years
- Preferred mining method - open-pit/ underground mining on the upper and at-depth portions of the ore zone, respectively
- Opportunities exist to improve returns through an increase in resources and additional cost saving measures in the mining operations and development

¹ This section contains forward-looking statements. For more information on forward-looking statements, see note 26.

² The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no guarantee that inferred resources can be converted to indicated or measured resources and as such, there is no certainty that the PEA will be realized. The PEA was conducted by DRA Met-Chem. Patrick Moryoussef, Eng., Vice-President, Mining Operations, SEMAFO and Qualified Person, as defined by National Instrument 43-101. The PEA is based on the Nabanga resource estimate as of December 31, 2018 as announced on February 20, 2019.

4. Exploration Programs (continued)

Yactibo (Nabanga Project) (continued)

Nabanga (continued)

Mineral Resources

The PEA is based on mineral resources estimated on December 31, 2018 for the Nabanga deposit.

Category		Tonnes Mt	Au g/t	Ounces K oz
Inferred resources		3.4	7.7	840

* Nabanga mineral resources are reported above a cut-off grade of 3.0 g/t Au.

Exploration Potential

On the exploration front, the Nabanga deposit remains open to the north and many of the ore shoots are open at depth. Hole NADD18 0005, drilled on the northernmost section, to date returned 5.17 g/t Au over 3.4 meters along the plunge direction, confirming the continuity of the mineralized shoot. In addition, the remainder of the 800-km² property is largely underexplored with many untested soil and auger anomalies within trucking distance of the deposit. More specifically, auger drilling carried out in 2019 within a 10-kilometer radius of the deposit identified gold geochemical anomalies that could offer proximal satellite zones of gold mineralization.

A technical report for the PEA prepared in accordance with National Instrument 43-101 was filed at www.sedar.com within 45 days of the announcement. The Nabanga PEA is not and shall not be deemed incorporated by reference in this MD&A.

Korhogo Ouest, Côte d'Ivoire

A total of 1,235 holes of auger drilling and 2,806 meters of trenching were completed on the Korhogo property in Côte d'Ivoire during the year. Although we continue to believe in the potential of the Korhogo Property, our exploration strategy is to focus on more advanced exploration projects, particularly the Bantou Project. Consequently, we have initiated discussions with interested parties to develop the potential of the Korhogo property externally.

During the year ended December 31, 2019, the Corporation recorded an impairment loss of \$9,259,000 (2018: nil), mainly related to its Korhogo property, previously capitalized as "exploration and evaluation assets" within "property, plant and equipment". Consequently, the exploration rights costs and capitalized exploration and evaluation expenses for this property have been written off within the "other exploration" segment and have been included as "impairment of PPE" in the consolidated statement of income (loss).

5. 2019 Reserves and Resources

Reserves & Resources - Overview as at December 31, 2019

- Total proven and probable mineral reserves stood at 2.6 million ounces
- Measured and indicated mineral resources grew to 49.4 million tonnes averaging 2.08 g/t Au for 3.3 million ounces
- Inferred resources totaled 4 million ounces, representing an 86% increase compared to year-end 2018

All mineral resources reported are exclusive of mineral reserves.

Mineral reserves and resources at Mana and at Tapoa (Boungou Project) were estimated using a gold price of \$1,200 and \$1,400 per ounce, respectively. As at December 31, 2019 the reserves stood at 2.6 million ounces compared to 2.9 million ounces for the same period in 2018. The slight decrease is due to depletion as we produced 340,900 ounces of gold in 2019.

Tapoa (Boungou Project)

Total proven and probable reserves at the Boungou Project were 10.3 million tonnes averaging 3.72 g/t Au for 1.2 million ounces of gold in 2019, compared to 10.9 million tonnes at 3.94 g/t Au for 1.4 million ounces in 2018. The decrease is due to depletion as Boungou Mine produced a total of 205,200 ounces in 2019. Total measured and indicated ("M&I") resources increased by 60% to 5.8 million tonnes at 3.25 g/t Au for 0.6 million ounces due to a review of Boungou resource estimation parameters. The updated 2019 M&I resource is in-pit constrained and now incorporates remaining ounces at a cut-off grade of 2.0 g/t Au.

Mana

At year-end 2019, Mana's mineral reserves totalled 15 million tonnes at an average grade of 2.91 g/t Au for 1.4 million ounces, compared to 16 million tonnes averaging 2.96 g/t Au for 1.5 million ounces in 2018. Mana's mineral resources remained constant at 43.6 million tonnes at an average grade of 1.92 g/t Au for 2.7 million ounces. The decrease is due to depletion as Mana Mine produced a total of 135,700 ounces in 2019.

Bantou Project

At the end of 2019, the Bantou Project hosted a maiden inferred mineral resource estimate of 51 million tonnes at 1.37 g/t Au for 2.2 million ounces of gold. The Bantou Project, which is located approximately 170 kilometers south of the Mana Mine in Burkina Faso, comprises three groups of deposits: Bantou, Bantou Nord and Karankasso.

The mineral resources at Bantou Project were estimated using a gold price of \$1,500 per ounce.

Yactibo (Nabanga Deposit)

Inferred resources at the Nabanga deposit remain unchanged at 3.4 million tonnes at 7.69 g/t Au for 0.8 million ounces of contained gold.

5. 2019 Reserves and Resources (continued)

Table 4: Consolidated Reserves and Resources

PROPERTY	Mana ^{1,2,5,6}	Tapoa ^{1,2,5,6} (Boungou Project)	Yactibo ^{1,3,5,6} (Nabanga Project)	Bantou Project ^{1,4,5,6}	Total
MINERAL RESERVES					
Proven					
Tonnes	3,260,000	3,230,000			6,490,000
Grade (g/t Au)	3.56	4.47			4.01
Ounces	373,500	464,000			837,500
Probable					
Tonnes	11,783,000	7,068,000			18,851,000
Grade (g/t Au)	2.73	3.38			2.97
Ounces	1,033,600	769,000			1,802,600
TOTAL MINERAL RESERVES					
Tonnes	15,043,000	10,298,000			25,341,000
Grade (g/t Au)	2.91	3.72			3.24
Ounces	1,407,100	1,233,000			2,640,100
MINERAL RESOURCES (exclusive of reserves)					
Measured					
Tonnes	8,828,000	502,000			9,330,000
Grade (g/t Au)	1.48	4.11			1.62
Ounces	418,900	66,000			484,900
Indicated					
Tonnes	34,808,000	5,281,000			40,089,000
Grade (g/t Au)	2.04	3.16			2.19
Ounces	2,280,600	537,000			2,817,600
TOTAL M&I					
Tonnes	43,636,000	5,783,000			49,419,000
Grade (g/t Au)	1.92	3.25			2.08
Ounces	2,699,500	603,000			3,302,500
Inferred					
Tonnes	8,945,000	1,318,000	3,402,000	51,108,000	64,773,000
Grade (g/t Au)	2.66	2.98	7.69	1.37	1.91
Ounces	765,800	126,000	841,000	2,245,000	3,977,800

- 1 The Corporation indirectly owns a 100% interest in all of its permits, except for the permits held by SEMAFO Burkina Faso S.A. and SEMAFO Boungou S.A., respectively, in which the Government of Burkina Faso holds a 10% interest.
- 2 Mineral reserves and resources at Mana and at Tapoa (Boungou project) were estimated using a gold price of \$1,200 and \$1,400 per ounce, respectively.
- 3 Mineral resources at Yactibo Permit Group (Nabanga project) were reported above a 3.0 g/t Au cut-off grade.
- 4 Mineral resources at Bantou project were estimated using a gold price of \$1,500 per ounce.
- 5 Rounding of numbers of tonnes and ounces may present slight differences in the figures.
- 6 All mineral resources reported are exclusive of mineral reserves.

5. 2019 Reserves and Resources (continued)

Table 5 - Consolidated Reserves and Resources by Deposit

	DEPOSITS	DECEMBER 31, 2019								
		PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
		Tonnage	Grade (g/t Au)	Ounces ⁵	Tonnage	Grade (g/t Au)	Ounces ⁵	Tonnage	Grade (g/t Au)	Ounces ⁵
MANA ^{1,2,6}	WONA-KONA	734,000	2.37	55,800	9,554,000	2.31	709,400	10,288,000	2.31	765,200
	NYAFÉ	265,000	5.81	49,600	6,000	3.96	700	271,000	5.77	50,300
	FOFINA	24,000	5.20	4,000	3,000	3.95	300	27,000	4.95	4,300
	SIOU OP	567,000	3.35	61,000	168,000	1.79	9,700	735,000	2.99	70,700
	SIOU UG	1,607,000	3.78	195,200	1,401,000	6.15	276,900	3,008,000	4.88	472,100
	YAMA	-	-	-	651,000	1.75	36,600	651,000	1.75	36,600
	ROMPAD	63,000	3.90	7,900	-	-	-	63,000	3.90	7,900
	TOTAL	3,260,000	3.56	373,500	11,783,000	2.73	1,033,600	15,043,000	2.91	1,407,100
TAPOA ^{1,2,6}	BOUNGOU	2,101,000	5.04	340,000	7,068,000	3.38	769,000	9,169,000	3.76	1,109,000
	ROMPAD	1,129,000	3.40	124,000	-	-	-	1,129,000	3.40	124,000
	TOTAL	3,230,000	4.47	464,000	7,068,000	3.38	769,000	10,298,000	3.72	1,233,000
TOTAL		6,490,000	4.01	837,500	18,851,000	2.97	1,802,600	25,341,000	3.24	2,640,100

	DEPOSITS	DECEMBER 31, 2019								
		MEASURED			INDICATED			TOTAL RESOURCES		
		Tonnage	Grade (g/t Au)	Ounces ⁵	Tonnage	Grade (g/t Au)	Ounces ⁵	Tonnage	Grade (g/t Au)	Ounces ⁵
MANA ^{1,2,6}	WONA-KONA	1,290,000	2.09	86,700	21,618,000	2.55	1,775,500	22,908,000	2.53	1,862,200
	NYAFÉ	286,000	3.94	36,300	223,000	5.97	42,700	509,000	4.83	79,000
	FOFINA	292,000	4.25	40,000	253,000	4.45	36,100	545,000	4.34	76,100
	YAH0	5,738,000	0.91	168,500	11,636,000	0.88	330,800	17,374,000	0.89	499,300
	FILON 67	26,000	2.72	2,300	9,000	3.59	1,000	35,000	2.93	3,300
	FOBIRI	469,000	1.80	27,100	114,000	1.52	5,600	583,000	1.74	32,700
	SIOU OP	88,000	0.63	1,800	75,000	0.64	1,500	163,000	0.63	3,300
	SIOU UG	639,000	2.74	56,200	781,000	3.29	82,500	1,420,000	3.04	138,700
	YAMA	-	-	-	99,000	1.56	4,900	99,000	1.54	4,900
	TOTAL	8,828,000	1.48	418,900	34,808,000	2.04	2,280,600	43,636,000	1.92	2,699,500
TAPOA ^{1,2,6}	BOUNGOU	502,000	4.11	66,000	5,281,000	3.16	537,000	5,783,000	3.25	603,000
TOTAL		9,330,000	1.62	484,900	40,089,000	2.19	2,817,600	49,419,000	2.08	3,302,500

- 1 The Corporation indirectly owns a 100% interest in all of its permits, except for the permits held by SEMAFO Burkina Faso S.A. and SEMAFO Boungou S.A., respectively, in which the Government of Burkina Faso holds a 10% interest.
- 2 Mineral reserves and resources at Mana and at Tapoa (Boungou project) were estimated using a gold price of \$1,200 and \$1,400 per ounce, respectively.
- 3 Mineral resources at Yactibo Permit Group (Nabanga project) were reported above a 3.0 g/t Au cut-off grade.
- 4 Mineral resources at Bantou project were estimated using a gold price of \$1,500 per ounce.
- 5 Rounding of numbers of tonnes and ounces may present slight differences in the figures.
- 6 All mineral resources reported are exclusive of mineral reserves.

5. 2019 Reserves and Resources (continued)

Table 5 - Consolidated Reserves and Resources by Deposit (continued)

	DEPOSITS	DECEMBER 31, 2019		
		INFERRED		
		Tonnage	Grade (g/t Au)	Ounces ⁵
MANA ^{1,2,6}	WONA-KONA	3,377,000	3.00	325,300
	NYAFÉ	151,000	5.87	28,400
	FOFINA	67,000	4.20	9,100
	YAH0	223,000	0.78	5,600
	FILON, 67	6,000	6.32	1,100
	FOBIRI	578,000	1.39	25,800
	MAOULA	2,628,000	1.62	137,100
	SIOU	1,857,000	3.87	230,900
	YAMA	58,000	1.33	2,500
	TOTAL	8,945,000	2.66	765,800
TAPOA ^{1,2,6}	BOUNGOU	1,318,000	2.98	126,000
YACTIBO ^{1,3,6}	NABANGA	3,402,000	7.69	841,000
BANTOU ^{1,4,6}	BANTOU	51,108,000	1.37	2,245,000
TOTAL		64,773,000	1.91	3,977,800

1 The Corporation indirectly owns a 100% interest in all of its permits, except for the permits held by SEMAFO Burkina Faso S.A. and SEMAFO Boungou S.A., respectively, in which the Government of Burkina Faso holds a 10% interest.

2 Mineral reserves and resources at Mana and at Tapoa (Boungou project) were estimated using a gold price of \$1,200 and \$1,400 per ounce, respectively.

3 Mineral resources at Yactibo Permit Group (Nabanga project) were reported above a 3.0 g/t Au cut-off grade.

4 Mineral resources at Bantou project were estimated using a gold price of \$1,500 per ounce.

5 Rounding of numbers of tonnes and ounces may present slight differences in the figures.

6 All mineral resources reported are exclusive of mineral reserves.

6. Consolidated Results and Mining Operations

Financial and Operating Highlights

Commercial production at Boungou was declared on September 1, 2018.

	2019	2018	Variation
Gold ounces produced ¹	340,900	244,600	39%
Gold ounces sold ²	346,100	235,400	47%
(in thousands of dollars, except amounts per share)			
Revenues – Gold sales²	475,750	296,679	60%
Mining operation expenses.....	167,251	150,816	11%
Government royalties and development taxes.....	25,484	13,393	90%
Depreciation of property, plant and equipment.....	139,824	103,758	35%
Share-based compensation.....	2,592	1,303	99%
Impairment of property, plant and equipment.....	9,259	—	—
Other.....	17,670	17,088	3%
Operating income	113,670	10,321	1,001%
Finance income.....	(2,233)	(2,283)	(2%)
Finance costs.....	10,774	5,722	88%
Foreign exchange loss.....	877	1,613	(46%)
Income tax expense.....	43,497	12,122	259%
Net income (loss) for the year	60,755	(6,853)	—
Net income (loss) attributable to shareholders of the Corporation	50,187	(8,192)	—
Basic earnings (loss) per share.....	0.15	(0.03)	—
Diluted earnings (loss) per share.....	0.15	(0.03)	—
Adjusted amounts			
Adjusted operating income ³	133,382	8,494	1,470%
Adjusted net income (loss) attributable to shareholders of the Corporation ³	73,715	(4,462)	—
Per share ³	0.22	(0.01)	—
Cash flows			
Cash flow from operating activities before changes in non-cash working capital ³	247,427	110,203	125%
Per share ³	0.75	0.34	121%
Statistics (in dollars)			
Average realized selling price (per ounce).....	1,375	1,260	9%
Total cash cost (per ounce sold) ³	525	698	(25%)
All-in sustaining cost (per ounce sold) ³	724	951	(24%)

¹ Gold ounces produced exclude pre-commercial production of 12,000 ounces from Boungou in 2018.

² Gold sales exclude those resulting from pre-production activities from Boungou in 2018 that were offset against capitalized construction costs and amounted to \$14,994,000.

³ Adjusted operating income, adjusted net income (loss) attributable to shareholders of the Corporation, adjusted basic earnings (loss) per share, cash flow from operating activities before changes in non-cash working capital and per share, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 24.

6. Consolidated Results and Mining Operations (continued)

The following includes 10-week and 7-week shutdowns at the Mana and Boungou Mines, respectively. As commercial production at the Boungou Mine commenced on September 1, 2018, the comparative figures include the Mana Mine and only four months of operations from the Boungou Mine.

2019 v. 2018

- In 2019, gold sales amounted to \$475,750,000 compared to \$296,679,000 in 2018. The increase in gold sales and gold ounces produced and sold is mainly due to the contribution of the Boungou Mine and the increase in the average realized selling gold price. The variation between gold ounces sold and gold ounces produced in 2019 is due to the timing of delivery.
- The higher mining operation expenses mainly reflect the contribution of Boungou mining operating expenses and are partially offset by lower expenses at the Mana and Boungou Mines due to the shutdowns. The mining operating expenses includes fixed non-recoverable expenses for the Boungou and Mana Mines amounting to \$5,095,000 and \$5,933,000, respectively, totalling \$11,028,000.
- Higher government royalties and development taxes are a direct result of higher gold sales and higher royalty rates.
- The increase in depreciation of property, plant and equipment ("PPE") in 2019 compared to 2018, mainly reflects the contribution of the Boungou Mine and is partially offset by lower depreciation at the Mana Mine.
- During the year ended December 31, 2019, the Corporation recorded an impairment loss of \$9,259,000, mainly related to its Korhogo property, previously capitalized as "exploration and evaluation assets" within "PPE". The Corporation has no plans to further develop the Korhogo property internally as substantive expenditure on further exploration and evaluation of mineral resources in the Korhogo property is neither budgeted nor planned. Consequently, the exploration rights costs, capitalized exploration and evaluation expenses for this property have been written off within the "other exploration" segment and have been included as "impairment of PPE" in the consolidated statement of income (loss).
- The increase in finance costs in 2019 compared to 2018 is due to ceasing capitalization of borrowing costs following the commencement of commercial production at the Boungou Mine on September 1, 2018 and partially offset by the capitalization of borrowing costs at the Siou underground development project.
- The increase in income tax expense in 2019 is mainly due to the contribution of the taxable income of the Boungou Mine. Of the \$43,497,000, \$33,639,000 represents deferred income tax expense that has no cash impact in the current year. It is caused by timing differences arising from local expenses that are deductible earlier for tax purposes and foreign exchange adjustment on the US dollar.
- The increase in cash flow from operating activities before changes in non-cash working capital¹ in 2019 compared to 2018 mainly reflect the contribution of the Boungou Mine.

7. Operating Income by Segment

(in thousands)	2019 \$	2018 \$	Variation %
Boungou, Burkina Faso	122,487	22,805	437%
Mana, Burkina Faso	16,822	2,214	660%
Other exploration	(9,259)	—	—
Corporate and other	(16,380)	(14,698)	(11%)
Operating income	113,670	10,321	1,001%

¹ Cash flow from operating activities before changes in non-cash working capital 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 24.

7. Operating Income by Segment (continued)

Bougou, Burkina Faso

Mining Operations

Commercial production at Bougou was declared on September 1, 2018.

	2019	2018	Variation
Operating Data			
Mining			
Waste mined (tonnes)	11,651,000	4,035,200	189%
Ore tonnes mined	1,628,400	568,300	187%
Operational stripping ratio	7.2	7.1	1%
Capitalized Stripping Activity			
Waste material – Bougou (tonnes)	9,568,900	4,143,200	131%
Total strip ratio	13.0	14.4	(10%)
Processing			
Tonnes processed (tonnes)	999,700	368,100	172%
Head grade (g/t)	6.65	5.75	16%
Recovery (%).....	96	94	2%
Gold ounces produced ¹	205,200	63,600	223%
Gold ounces sold ²	214,400	54,300	295%
Financial Data (in thousands of dollars)			
Revenues – Gold sales ²	295,758	66,966	342%
Mining operation expenses	69,489	18,564	274%
Government royalties and development taxes	16,997	3,338	409%
Depreciation of PPE.....	85,385	21,742	293%
General and administrative.....	1,217	186	554%
Corporate social responsibility expenses.....	183	331	(45%)
Segment operating income.....	122,487	22,805	437%
Statistics (in dollars)			
Average realized selling price (per ounce).....	1,380	1,233	12%
Cash operating cost (per tonne processed) ³	61	56	9%
Cash operating cost including stripping (per tonne processed) ³ ..	82	79	4%
Total cash cost (per ounce sold) ³	380	403	(6%)
All-in sustaining cost (per ounce sold) ³	497	596	(17%)
Depreciation (per ounce sold) ⁴	398	400	(1%)

¹ Gold ounces produced exclude pre-commercial production of 12,000 ounces.

² Gold sales exclude those resulting from pre-production activities from Bougou in 2018 that were offset against capitalized construction costs and amounted to \$14,994,000.

³ Cash operating cost, cash operating cost including stripping, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 24.

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

7. Operating Income by Segment (continued)

Boungou, Burkina Faso (continued)

Mining Operations (continued)

In early February 2020, the Boungou plant restarted, and processing of the stockpile began. We are taking a measured approach to Boungou in 2020 involving a phased plan. The initial three-month phase contemplates processing the stockpile and utilizing the on-site supplies inventory with limited deliveries of new supplies.

The following includes a 7-week suspension at Boungou. As commercial production at the Boungou Mine commenced on September 1, 2018, the comparative figures only include four months of operations at the Boungou Mine.

2019 v. 2018

- As expected, the grade in 2019 increased, compared to 2018, to average 6.65 g/t Au, as the mine plan reached higher-grade zones.
- In 2019, due to the higher grade, the all-in sustaining cost¹ was \$497 per ounce sold compared to \$596 per ounce sold in 2018.
- Recoveries improved during 2019 to reach 96%, a 2% improvement compared to 2018.
- The variation between gold ounces sold and gold ounces produced is due to the timing of delivery.
- As at December 31, 2019, the stockpile holds 1.1 million tonnes at an average grade of 3.4 g/t Au, representing approximately ten months of mill feed.

¹ All-in sustaining cost 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 24.

7. Operating Income by Segment (continued)

Mana, Burkina Faso

Mining Operations

	2019	2018	Variation
Operating Data			
Mining - Open pit			
Waste mined (tonnes)	9,253,800	17,802,100	(48%)
Ore tonnes mined	1,337,800	2,109,700	(37%)
Operational stripping ratio	6.9	8.4	(18%)
Capitalized Stripping Activity			
Waste material – Siou (tonnes)	6,676,800	4,200,500	59%
Waste material – Wona (tonnes)	12,151,400	11,643,400	4%
	18,828,200	15,843,900	19%
Total strip ratio	21.0	15.9	32%
Mining - Underground			
Ore tonnes mined	99,600	—	—
Processing			
Ore processed (tonnes)	1,445,400	2,356,400	(39%)
Low grade material (tonnes)	615,800	217,500	183%
Tonnes processed (tonnes)	2,061,200	2,573,900	(20%)
Head grade (g/t)	2.28	2.36	(3%)
Recovery (%)	90	93	(3%)
Gold ounces produced	135,700	181,000	(25%)
Gold ounces sold	131,700	181,100	(27%)
Financial Data (in thousands of dollars)			
Revenues – Gold sales	179,992	229,713	(22%)
Mining operations expenses	97,762	132,252	(26%)
Government royalties	8,487	10,055	(16%)
Depreciation of PPE	53,829	81,626	(34%)
General and administrative	2,416	2,635	(8%)
Corporate social responsibility expenses	676	931	(27%)
Segment operating income	16,822	2,214	660%
Statistics (in dollars)			
Average realized selling price (per ounce)	1,367	1,268	8%
Cash operating cost (per tonne processed) ¹	44	51	(14%)
Cash operating cost including stripping (per tonne processed) ¹	63	68	(7%)
Total cash cost (per ounce sold) ¹	762	786	(3%)
All-in sustaining cost (per ounce sold) ¹	1,095	1,056	4%
Depreciation (per ounce sold) ²	409	451	(9%)

¹ Cash operating cost, cash operating cost including stripping, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 24.

² 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.

7. Operating Income by Segment (continued)

Mana, Burkina Faso (continued)

Mining Operations (continued)

Following a pit wall failure in the Wona pit in August 2019, processing of ore at the Mana Mine was suspended for a 10-week period. Subsequently, the mining operations focused on stripping activities at the Siou and Wona open pits and on development of Siou underground.

2019 v. 2018

- The ore mined from the open pit decreased and the strip ratio was higher compared to 2018, given our focus on development activities due to the pit wall failure at Mana.
- Extraction of ore from Siou underground commenced in the fourth quarter 2019 providing 99,600 tonnes of ore at 4.6 g/t Au.
- The ore processed and gold ounces produced and sold decreased compared to 2018, following the suspension of processing activities at the Mana Mine.
- In 2019, gold sales amounted to \$179,992,000 compared to \$229,713,000 in 2018. The variation between gold ounces sold and gold ounces produced is due to the timing of delivery.
- The lower mining operations expenses are mainly due to the focus on stripping activities.
- Lower government royalties are a direct result of lower gold sales and partially offset by higher royalty rates.
- The decrease in depreciation of PPE in 2019 is due to the lower gold ounces sold compared to 2018.

Siou Underground Development

The Siou deposit is located some twenty kilometers from the Mana Mine in Burkina Faso and includes a reserves estimate of 3.0 million tonnes at an average grade of 4.88 g/t Au for 472,100 ounces of contained gold at Siou underground. The operation calls for a 2,000-tpd contract mining underground operation using long-hole stoping as its principal mining method.

In the fourth quarter of 2019, underground development prior to production continued on time and on budget. First production occurred in December, in line with reaching full production of 2,000-tpd in the first quarter of 2020.

Advancing 2020 Plan

In 2019, we decided to take advantage of available equipment and our mining contractor's productivity to get ahead of 2020 grade control drilling and mine development plans. As a result, by the end of 2019, we had grade-control drilled 50% of the orebody and developed up to 1,200 meters over our 2019 plan.

7. Operating Income by Segment (continued)

Other Exploration

Impairment of Property, Plant and Equipment

In 2015, we became owner of two exploration properties in Côte d'Ivoire that comprised part of the Orbis Gold Limited property portfolio. The permits held as of December 31, 2019, total 230 square kilometers located immediately adjacent to Barrick's Fapoha South exploration permit, and the property is considered quality grassroots landholdings proximal to significant gold deposits. Prior to 2019, we discovered new gold mineralization including the Chigata zone which returned values of up to 8.84 g/t over 14 meters from trench samples. Follow-up RC drilling did confirm some continuity, but the extent appeared limited. Nonetheless, the zone confirmed the potential of the project to host significant gold mineralization.

In 2019, a total of 1,235 holes of auger drilling and 2,806 meters of trenching were completed on the Korhogo property in Côte d'Ivoire during the year. Although we continue to believe in the potential of the Korhogo Property, our exploration strategy is to focus on more advanced exploration projects, particularly the Bantou Project. Consequently, we have initiated discussions with interested parties to develop the potential of the Korhogo property externally.

During the year ended December 31, 2019, the Corporation recorded an impairment loss of \$9,259,000, mainly related to its Korhogo property, previously capitalized as "exploration and evaluation assets" within "PPE". The Corporation has no plans to further develop the Korhogo property as substantive expenditure on further exploration and evaluation of mineral resources in the Korhogo property is neither budgeted nor planned. Consequently, the exploration rights costs and capitalized exploration and evaluation expenses for this property have been written off within the "other exploration" segment and have been included as "impairment of PPE" in the consolidated statement of income (loss).

7. Operating Income by Segment (continued)

Corporate Social Responsibility

	2019	2018
	\$	\$
Community development tax	2,958	664
Corporate social responsibility expenses	859	1,262
	3,817	1,926

The Corporation is subject to a community development tax of 1% of its revenues at the Boungou Mine. For the year ended December 31, 2019, the community development tax at the Boungou Mine amounted to \$2,958,000 (2018: \$664,000). In addition, for the year ended December 31, 2019, corporate social responsibility expenses, representing contributions made to SEMAFO Foundation, totalled \$859,000 (2018: \$1,262,000).

In the fourth quarter, SEMAFO Foundation continued to support education in the Boucle du Mouhoun region hosting the Mana Mine by donating 14,208 school kits and 2,110 solar lamps to children in 56 primary schools. Furthermore, a group of 60 young people began a four-month specialized training courses in Bobo-Dioulasso in the quarter. Revenue-generating projects continued to be a priority for the Foundation in the period, in particular in the village of Dangouna, which saw the inauguration of a new beekeeping center and the commencement of construction of two new poultry-raising centers. Participants in the pig farming project also benefited from Foundation's funded training in making animal feed from local produce and veterinary care. Regional health capacity was reinforced in the period through the inauguration of a new health center and a small hospital ward.

In parallel with SEMAFO Foundation activities, the Mana Mine community team repaired local roads, supplied solar panels and hospital equipment to the Foundation's newly constructed health center, and compensated villagers for flooded fields.

In the Est region, the parents of 950 school children were supported in back-to-school expenses through the Foundation's distribution of 950 school kits and 72 solar lamps. Starting in October, young people between 18 and 35 years commenced the Foundation's specialized training courses that have been designed to increase their employability in the local area. In addition to building a coop for rearing chickens in the village of Boungou, the Foundation maintained its support of the ECOSAN project by training moderators in drying feces and their packing into bags for increasing crop yield.

Construction of three water boreholes continued in the quarter in the Cascades region where the Bantou deposit is located. Preparations are in progress to send a group of people from the area on an educational visit to the Est region in order to sensitize them to the use of ECOSAN latrines.

7. Operating Income by Segment (continued)

Corporate and Other

	2019	2018
(in thousands)	\$	\$
Depreciation of PPE	610	390
General and administrative	13,178	13,005
Share-based compensation	2,592	1,303
Segment operating loss.....	16,380	14,698

Share-based Compensation

	2019	2018
(in thousands)	\$	\$
Restricted Share Units	2,221	1,253
Deferred Share Units.....	420	36
Performance Share Units	(49)	14
	2,592	1,303

For the year ended December 31, 2019, our share-based compensation expense amounted to \$2,592,000 (2018: \$1,303,000). The \$2,592,000 expense included a \$3,167,000 expense for outstanding units (2018: \$3,130,000) and a recovery of \$575,000 (2018: \$1,827,000) due to the change in the fair value of our share price.

Refer to note 23 of the financial statements for more details.

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

Finance Costs

The finance costs amounted to \$10,774,000 in 2019 compared to \$5,722,000 in 2018 due to ceasing capitalization of borrowing costs, following the commencement of commercial production at the Boungou Mine as of September 1, 2018 and partially offset by the capitalization of borrowing costs at the Siou underground development project. Finance costs include \$4,518,000 of interest on long-term debt in 2019 (2018: \$2,701,000).

Income Tax Expense

The increase in income tax expense in 2019 is mainly due to the contribution of the taxable income of the Boungou Mine. Of the \$43,497,000, \$33,639,000 represents deferred income tax expense that has no cash impact in the current year. It is caused by timing differences arising from local expenses that are deductible earlier for tax purposes and foreign exchange adjustment on the US dollar.

Income Attributable to Non-Controlling Interests

The income attributable to the non-controlling interests was as follows:

	2019	2018
	\$	\$
Government of Burkina Faso – 10% in SEMAFO Boungou S.A.	9,660	1,763
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	908	(424)
	10,568	1,339

9. Other Comprehensive Income (Loss)

For the year ended December 31, 2019, other comprehensive income amounted to \$3,252,000 (2018: loss of \$1,467,000), which related to the increase of our investment in GoviEx for an income of \$125,000 (2018: loss of \$1,029,000), our investment in Savary Gold for income of \$2,081,000 (2018: loss of \$388,000) and our investment in Compass Gold for income of \$1,034,000 and gain on disposal of GoviEx of \$12,000. In the year ended December 31, 2019, we do not hold other investments (2018: loss of \$50,000 on other investments).

Investment in GoviEx

We hold an investment in GoviEx, a publicly traded mineral resources company focused on the exploration and development of uranium properties in Africa.

The Corporation estimates its fair value to be \$1,152,000 as at December 31, 2019 (December 31, 2018: \$1,079,000).

Investment in Savary Gold Corp.

In 2018, the Corporation acquired 39,533,333 shares in Savary Gold and 3,100,000 warrants for an amount of \$1.8 million. Proceeds of the investment was used by Savary Gold to advance the Karankasso project. On initial recognition, the investment in Savary Gold was designated as a financial asset at FVOCI.

On April 30, 2019, the Corporation announced the completion of the previously announced transaction, whereby the Corporation acquired all the remaining issued and outstanding shares of Savary Gold not previously held by the Corporation (refer to note 10 of the financial statements for further details). As a consequence, the initial investment in Savary Gold classified as a financial asset at FVOCI is part of an acquisition achieved in stages. On the date of transaction, as part of the purchase price allocation, the Corporation derecognized its investment. As at April 30, 2019, the Corporation estimated the fair value of Savary Gold's common share to be \$3,533,000 and the warrants' fair value to be \$185,000.

Investment in Compass Gold

In November 2019, the Corporation acquired 5,714,286 shares in Compass Gold for an amount of \$1,512,000. The investment in Compass Gold, a publicly traded mineral exploration company focused on gold exploration and the development of mining projects in Mali, is in line with the Corporation's strategy to invest in prospective exploration companies to complement our internal development.

The Corporation estimates its fair value to be \$2,546,000 as at December 31, 2019 (December 31, 2018: nil).

10. Cash Flows

The following table summarizes our cash flow activities:

(in thousands)	2019 \$	2018 \$
Cash flows		
Operating activities before changes in non-cash working capital ¹	247,427	110,203
Changes in non-cash working capital items.....	(30,189)	(2,279)
Operating activities	217,238	107,924
Financing activities	(68,857)	(4,934)
Investing activities.....	(146,047)	(202,971)
Effect of exchange rate changes on cash and cash equivalents	(556)	(2,450)
Change in cash and cash equivalents during the year	1,778	(102,431)
Cash and cash equivalents – Beginning of the year.....	96,519	198,950
Cash and cash equivalents – End of the year	98,297	96,519

Operating

2019 v. 2018

For the year ended December 31, 2019, operating activities before changes in non-cash working capital generated cash flows¹ of \$247,427,000 compared to \$110,203,000 in 2018, mainly due to the contribution of the Boungou Mine. Non-cash working capital items required liquidities of \$30,189,000 in 2019 compared to \$2,279,000 in 2018. These requirements are mainly due to the increase in stockpiles at the Boungou Mine in accordance with the mine plan.

Further details regarding the changes in non-cash working capital items are provided in note 28 a) of the financial statements.

¹ Cash flow from operating activities before changes in non-cash working capital 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 24.

10. Cash Flows (continued)

Financing

2019 v. 2018

For the year ended December 31, 2019, cash flow required for financing activities amounted to \$68,857,000, while \$4,934,000 was required in 2018.

Credit Facility with Macquarie Bank Limited ("Credit Facility")

We made the fourth principal repayment of \$15,000,000 from the restricted cash in the fourth quarter of 2019 for a total of \$60,000,000 in the year ended December 31, 2019 (2018: nil) under the Credit Facility.

The Corporation has entered into a second waiver and amendment agreement ("Amended agreement") dated December 20, 2019 with Macquarie that updates the original credit agreement the ("Original agreement") (refer to note 14 of the financial statements for more details).

Lease Liabilities

For the year ended December 31, 2019, we reimbursed \$10,958,000 (2018: \$5,485,000) on our lease obligations. The increase in payment is due to new lease obligations and additional obligation due to the transition to IFRS 16, *Leases* effective on January 1, 2019.

Proceeds on Issuance of Share Capital

A total of 1,552,000 options was exercised during the year ended December 31, 2019 for a cash consideration of \$2,282,000. For the year ended December 31, 2018, a total of 635,000 options was exercised for a cash consideration of \$861,000.

10. Cash Flows (continued)

Investing

For the year ended December 31, 2019, cash flow used in investing activities amounted to \$146,047,000. In 2018, cash flow used in investing activities amounted to \$202,971,000.

Acquisitions of PPE

(in thousands)	2019 \$	2018 \$
Boungou Mine		
Sustaining capital	3,886	1,968
Stripping cost.....	21,282	8,497
Total sustaining capital expenditures - Boungou Mine.....	25,168	10,465
Air strips, security and mill optimisations	6,111	—
Construction - Boungou Mine	—	71,967
Sustaining cost during Boungou's suspension of operations.....	393	—
Total non-recurring development expenditure - Boungou Mine (not included in AISC)	6,504	71,967
Mana Mine		
Sustaining capital	5,256	6,366
Stripping cost.....	38,613	42,608
Total sustaining capital expenditures - Mana Mine	43,869	48,974
Siou underground capital expenditures	43,190	10,652
Air strips and mill optimizations	1,189	—
Stripping costs during Mana's shutdown	18,538	—
Total non-recurring development expenditure - Mana Mine (not included in AISC)	62,917	10,652
Exploration expenditures	25,743	29,283
Finance lease paid included in development costs of Siou underground	(3,506)	(647)
Finance leases paid included in construction costs of the Boungou Mine	—	(3,098)
Capitalized borrowing costs	2,433	5,487
Other	375	1,431
	163,503	174,514
Variation in unpaid acquisitions of property, plant and equipment	(3,461)	24,226
Total	160,042	198,740

10. Cash Flows (continued)

Investing (continued)

a) As at December 31, 2019, the Siou underground development project had advanced as follows:

	Siou Underground Development
	\$
As at December 31, 2018	10,652
Addition:	43,190
As at December 31, 2019	53,842

We completed development with \$43,190,000 out of the 2019 investment budget of \$48,000,000. The difference of \$5,000,000 was recorded in mining operating expenses given that the underground production started in the fourth quarter of 2019.

Net Cash Received on Acquisition of Savary Gold Corporation

Following the acquisition of Savary Gold, the net cash received on acquisition for the year ended December 31, 2019 amounted to \$232,000 (2018: nil).

Equity Investments

In the year ended December 31, 2019, we invested a total of \$1,512,000 in Compass Gold and we sold equity investment for a net proceed of \$63,000.

Restricted Cash

An amount of \$15 million was required to be held until the Credit Facility reached \$30 million. Under the Amendment Agreement, this restricted cash of \$15 million was applied against the principal payment on December 31, 2019. The restricted cash was therefore nil as at December 31, 2019, and the Corporation will be required to replenish the reserve account back to \$15 million by March 31, 2020.

11. Financial Instruments

The nature and extent of risks arising from financial instruments are described in note 20 of our financial statements.

12. Critical Accounting Estimates and Judgments

The preparation of our 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 the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements are disclosed in note 6 of our annual audited financial statements.

13. New Accounting Standards Issued and in Effect

On January 1, 2019, the Corporation adopted IFRS 16, *Leases*. The adoption resulted in the recognition of additional right-of-use assets (within PPE) and lease liabilities for operating leases in the amount of \$7,371,000 as at January 1, 2019. Further information on the new accounting standards issued and in effect are disclosed in in note 4 of our financial statements.

14. New Accounting Standards Issued but not yet in Effect

The new accounting standards issued but not yet in effect are disclosed in note 5 of our annual financial statements.

15. Financial Position

As at December 31, 2019, we held \$108,261,000 in cash, cash equivalents and restricted cash. With our existing cash balance and our forecasted cash flow from operating activities, we are well positioned to fund all of our cash requirements for 2020 and 2021, which relate primarily to the following activities:

- Repayment of the Credit Facility
- Capital expenditure
- Exploration programs.

	As at December 31, 2019	As at December 31, 2018
	\$	\$
(in thousands)		
Total current assets	250,828	220,932
PPE	843,123	782,060
Other non-current assets.....	16,162	31,283
Total assets	1,110,113	1,034,275
Current liabilities	146,279	138,268
Non-current liabilities	116,094	142,904
Total liabilities	262,373	281,172
Shareholders of the Corporation	798,132	720,682
Non-controlling interests	49,608	32,421

The acquisition of Savary Gold, completed on April 30, 2019, resulted in a \$20,699,000 increase in the share capital of the Corporation, and a \$7,649,000 increase in the non-controlling interest (refer to note 10 of the financial statements for more details).

16. 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 December 31, 2019 was \$25,617,000 (December 31, 2018: \$23,453,000).

Government Royalties

In Burkina Faso, all shipments at 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 at gold spot prices between \$1,000 and \$1,300 per ounce, and a 5% royalty rate is applied to all shipments at a gold spot price greater than \$1,300 per ounce.

	2019	2018
	\$	\$
Royalties amount paid to the Government of Burkina Faso	22,526	12,729
Royalty rates ¹	4% - 5%	4% - 5%

Community Development Tax

The Corporation is subject to a community development tax of 1% of its revenues at the Boungou Mine. For the year ended ended December 31, 2019, the community development tax at the Boungou Mine amounted to \$2,958,000 (2018: \$664,000).

Net Smelter Royalty ("NSR"), Net Profits Interest ("NPI") and Reserve Royalty

The Corporation is subject to NSRs' (varying from 1% to 1.5%), to NPIs' (varying from 0.5% to 1%), as well as a onetime Reserve Royalty payment, on certain of its exploration properties. These NSRs', NPIs' and Reserve Royalty come into effect when these properties enter into production and, in the case of the Reserve Royalty, upon probable and proven reserves being determined in a positive feasibility study.

Purchase Obligations

As at December 31, 2019, purchase commitments totalled \$2,999,000.

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 investing 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 December 31, 2019, we were in compliance in all material respects with the obligations related to the ownership of our material permits.

Contingencies

Water Tax

On October 15, 2015, the Corporation received a water extraction tax invoice of \$3,837,000 (2,244,166,000 FCFA). The Corporation is exempt from this tax under its mining agreement for the Mana Mine pursuant to fiscal stability clauses. As a result, no provision was recorded in the consolidated financial statements as at December 31, 2019. The Corporation is vigorously defending its position with the Water Agency.

¹ The Corporation is subject to royalty rates calculated using the retail market value of gold ounces sold at the time of shipment.

16. Contractual Obligations (continued)

Contingencies (continued)

Tax assessment

In December 2016, the Corporation received from the Burkinabe tax authorities the 2016 tax assessment totalling \$7,759,000 (4,537,818,000 FCFA) including \$1,390,000 (813,329,000 FCFA) in penalties. The 2016 tax assessment mainly covers withholding taxes which the Corporation believes are not applicable to the Corporation by virtue of fiscal stability clauses included under the Mana mining agreement.

In 2016, the Corporation has paid an amount of \$640,000 (374,000,000) FCFA from the 2016 assessment and believes the other assessed amounts and penalties should not be subjected to tax under the fiscal stability clauses.

In December 2019, the Burkinabe tax authorities offset the Corporation's VAT receivable for \$5,729,000 (3,350,489,000 FCFA) against a tax assessment covering the years 2013 to 2015 (the "2016 tax assessment"), although it had no legal and jurisdictional basis to act upon.

The Corporation is vigorously defending its position and has recorded the offset VAT as an income tax receivable of \$5,729,000 (3,350,489,000 FCFA), as it believes it has legal and fiscal enforceable rights. The final outcome of this matter is not determinable at this time and no provision was recorded as at December 31, 2019. Any provision will be recognized in the Corporation's financial statements once it becomes probable.

17. Related Party Transactions

The related party transactions are disclosed in note 30 of our financial statements.

18. Event after the Reporting Period

In early February 2020, the Boungou plant restarted, and processing of the stockpile has begun. We are taking a measured approach to Boungou in 2020 involving a phased plan. The initial three-month phase contemplates processing the stockpile and utilizing the on-site supplies inventory with limited deliveries of new supplies.

19. 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 our risk factors.

Fluctuation in Gold Prices

The profitability of our operations could 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 affect 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.

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

Uncertainty of Reserves and Resources Estimates

Reserves and resources are estimates based on limited information acquired through drilling and various 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 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 also impair our profitability.

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 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, including safety hazards, unusual or unexpected adverse operating conditions, industrial accidents, equipment failure, unusual or unexpected rock formations, rock bursts, the failure of pit walls, pillars or dams, cave-ins or slides, flooding and fires any of which could result in damage to life or property, the environment and possible legal liability for any or all damage.

19. Risks and Uncertainties (continued)

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 flows 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 project, 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.

Limited Property Portfolio

We currently have two mines situated in Burkina Faso. Unless we acquire or develop additional mineral properties and geographically diversify our portfolio of properties, any adverse development affecting our current mineral properties or Burkina Faso could materially adversely affect our financial condition and results of operation.

Political and Security Risk

While the government of Burkina Faso has supported the development of its natural resources by foreign companies, there is no assurance that the 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 our subsidiaries could restrict our ability to fund our operations or materially adversely affect our financial condition and results of operation.

In addition, 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 the government may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out.

We may also encounter difficulties in obtaining reimbursement of refundable tax from fiscal authorities, including with respect to value added taxes ("VAT"). Prolonged delays in the receipt of VAT could materially adversely affect our financial condition and results of operation.

Political risk also includes the possibility of civil disturbances and political instability in our or neighboring countries as well as threats to the security of our mines and workforce due to political unrest, civil wars or terrorist attacks. Over the last 18 months, the security situation in Burkina Faso has deteriorated as witnessed by an increase of terrorist and criminal incidents and activities in various regions of Burkina Faso, including the November 6, 2019 attack on the road between Fada and Boungou against a convoy transporting SEMAFO national employees, contractors and suppliers, resulting in several fatalities and injuries. These terrorist and criminal activities have been disruptive and may limit our ability to hire and keep qualified personnel, suppliers and contractors. While we have implemented additional security measures and continue to cooperate with the government, security forces and third parties, there can be no assurance that these measures will be successful. Any failure to maintain the security of our personnel, contractors and assets could materially adversely affect our financial condition and results of operation.

19. Risks and Uncertainties (continued)

Production and Cost Estimates

No assurance can be given that the intended or expected production schedules or the estimated all-in sustaining costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Many factors may cause delays or cost increases, including labour issues, disruptions in power, transportation or supplies, and mechanical failure. 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.

Our cost to produce an ounce of gold is further dependent on a number of factors, including the grade of reserves, recovery, plant throughput, the cost of commodities, general inflationary pressures and currency exchange rates. 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 costs will be similar from year to year.

Fluctuation in the Price of Commodities

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 chemicals. 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 or difficulties encountered in transporting them to our mines could materially adversely affect our financial condition and results of operations.

Outside Contractor Risk

Currently, the Siou underground mining operations are conducted by an outside contractor and we are looking into having an outside contractor to mine at Boungou for the fourth quarter of 2020. As a result of using contractors for mining operations, our operations are subject to risks, some of which are outside of our control, including:

- the inability to replace a contractor and its operating equipment in the event that the agreement is terminated
- reduced control over such aspects of operations that are the responsibility of the contractor
- failure of a contractor to perform under its services contract
- interruption of operations in the event that a contractor ceases its business due to insolvency or other events
- failure of a contractor to comply with applicable legal and regulatory requirements, and
- problems of a contractor with managing its workforce, labour unrest or other employment issues.

In addition, we may incur liability to third parties as a result of the actions of a contractor. Although the mining contractors involved with these projects are well-known and reputable, the occurrence of one or more of these risks could materially adversely affect our financial condition and results of operation.

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 certain costs are incurred in other currencies. Also, we hold cash and cash equivalents that are denominated in non-US dollars which are subject to currency risk. The appreciation of non-US dollar currencies against the US dollar can increase the cost of exploration and production in US dollar terms, while the depreciation of our non-US dollar cash and cash equivalents can impact our balance sheet, either of which could materially adversely affect our financial condition and results of operation.

Suppliers' 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 supplier. The occurrence of one or more of these risks could have a material adverse effect on our financial condition and results of operation.

19. Risks and Uncertainties (continued)

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.

Interest Rate Fluctuations

As a borrower of long-term debt, our operations are subject to interest rate fluctuations. The long-term debt bears interest at LIBOR plus 4.75%. Therefore, an increase in LIBOR 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 and political conditions and lender and investor interest in our projects.

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 sometimes scarce. Continuous production at our mines is dependent on our ability to access adequate water supply. Insufficient or expensive water supply, as a result of new regulations or otherwise, could materially adversely affect our financial condition and results of operation.

Availability of Infrastructure

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

Resource Nationalism

As African governments continue to struggle with deficits and depressed economies, the 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.

Relations with Surrounding Communities

Natural resource companies increasingly face public scrutiny of their activities. We are under pressure to demonstrate that, as we seek to generate satisfactory returns for our 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 investment 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.

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 material properties and that we presently comply in all material respects with the terms of such licenses and permits. These licenses and permits, however, are subject to change in various circumstances including as a result of a change in the interpretation of applicable laws or with respect to the exercise of a discretionary power. 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 could materially adversely affect our financial condition and results of operation.

19. Risks and Uncertainties (continued)

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 licenses.

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. Labour disruptions could have a material adverse impact on our financial condition and results of operation.

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.

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 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 covering risks such as mill sites, environmental pollution, waste disposal 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.

Cybersecurity Threats

Our operations depend, in part, on how well we and our suppliers protect networks, technology systems and software against damage from a number of threats, including viruses, security breaches and cyber-attacks. Cybersecurity threats include attempts to gain unauthorized access to data or automated network systems and the manipulation or improper use of information technology systems. The failure of any part of our information technology systems could, depending on the nature of any such failure, materially adversely impact our reputation, financial condition and results of operations. Although we have not to date experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that we will not incur such losses in the future. Our risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As cyber threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any system vulnerabilities.

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.

19. Risks and Uncertainties (continued)

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 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 control policies and procedures will always protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts. Violation or alleged violation of anti-corruption laws could lead to civil and criminal fines and penalties, reputational damage and other consequences that may materially adversely affect our financial condition and results of operation.

Climate Change

Climate change causing extreme weather events all over the world has become a growing concern. We acknowledge the risks and related impact resulting from climate change that may occur in the short, medium or long-term. Potential negative impacts on our business may include lack of essential commodities, limited availability and quality of water, operational interruptions, production efficiency as well as material and increased costs in a variety of areas including environmental, insurance, regulatory and litigation. Climate change risks are evolving and there can be no assurance that our mitigation intent and response will be sufficient. Climate change could materially adversely affect our financial condition and results of operations.

Integration of Acquired Business

From time to time, we evaluate potential acquisition opportunities to support and strengthen our business and asset base. The acquisition and integration of businesses involve a number of risks. Any future acquired businesses may not achieve expected results of operations and may require unanticipated costs and expenditures. Integration of businesses may also place additional pressures on our systems of internal control over financial reporting. If we are unable to successfully integrate any newly acquired businesses or if such acquired businesses fail to produce targeted results, it could materially adversely affect our financial condition and results of operation.

Environmental Risks, Hazards and Costs

All phases of our operations are subject to environmental regulation. 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.

Mining production 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.

20. Information on Outstanding Shares

As at March 3, 2020, our share capital comprised 334,468,873 common shares issued and outstanding.

We have two stock option plans for our employees, officers, consultants and directors and those of our subsidiaries: the Share Option Plan ("Original Plan") and the 2010 Share Option Plan ("2010 Plan"). Since the adoption of the 2010 Plan by our shareholders at the 2010 Annual General and Special Shareholders' Meeting, no options have been granted under the Original Plan and no options have been granted under the 2010 Plan since January 24, 2014.

The plans provide for the grant of non-transferable options for the purchase of common shares. As at March 3, 2020, stock options allowing holders to purchase 470,000 common shares were outstanding.

21. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

Our President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed disclosure controls and procedures ("DC&P"), or caused to be designed under their supervision to provide reasonable assurance that:

- i) Material information relating to our Corporation is made known to us by others, particularly during the period in which the annual filings are being prepared; and
- ii) Information required to be disclosed by us in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Our CEO and CFO have evaluated, or caused to be evaluated under their supervision, the design and operating effectiveness of our DC&P as defined in Regulation 52 - 109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings as at December 31, 2019 and have concluded that such DC&P were designed and operating effectively.

Internal Control over Financial Reporting

Our CEO and CFO are responsible for establishing and maintaining adequate internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Our CEO and CFO have evaluated the design and operating effectiveness of its ICFR as defined in Regulation 52 - 109 respecting Certification of Disclosure in Issuer's Annual and Interim Filings. The evaluation was based on the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, the CEO and CFO concluded that, as at December 31, 2019, the ICFR were appropriately designed, effective and able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There have been no changes in our ICFR that occurred during the period beginning on October 1, 2019 and ended on December 31, 2019 which have materially affected or are reasonably likely to materially affect our ICFR.

Limitations of DC&P and ICFR

All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

22. Fourth Quarter Financial and Operating Results

The following includes a 4-week shutdown at the Mana Mine and a 7-week suspension at the Boungou Mine.

During the fourth quarter of 2019, we realized gold sales of \$101,923,000 and an operating income of \$13,539,000 compared to gold sales of \$114,692,000 and an operating income of \$21,431,000 in the same period in 2018. The decrease in our operating income is due to the suspension of operations at the Boungou Mine and the shutdown at the Mana Mine. In addition, we recorded an impairment loss of \$9,259,000 related to the Korhogo property. The above decreases are partially offset by a 20% increase of the average realized selling price during the quarter.

¹ Total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial measures" section of this MD&A, note 24.

23. Quarterly Information

	2019					2018				
CONSOLIDATED	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1	YTD
Operating Data										
Gold ounces produced ¹	69,900	68,800	99,800	102,400	340,900	95,200	58,200	45,700	45,500	244,600
Gold ounces sold ¹	68,900	68,400	102,700	106,100	346,100	92,900	50,500	45,100	46,900	235,400
Results (in thousands of dollars, except for amounts per share)										
Revenues – Gold sales ¹	101,923	100,301	134,985	138,541	475,750	114,692	60,772	58,517	62,698	296,679
Operating income (loss)	13,539	27,031	32,741	40,359	113,670	21,431	4,513	(7,558)	(8,065)	10,321
Net income (loss)	10,052	10,719	18,862	21,122	60,755	8,281	879	(11,113)	(4,900)	(6,853)
Attributable to:										
- Shareholders of the Corporation	7,913	8,903	15,705	17,666	50,187	6,486	463	(10,431)	(4,710)	(8,192)
- Non-controlling interests	2,139	1,816	3,157	3,456	10,568	1,795	416	(682)	(190)	1,339
Basic earnings (loss) per share	0.02	0.03	0.05	0.05	0.15	0.02	—	(0.03)	(0.01)	(0.03)
Diluted earnings (loss) per share	0.02	0.03	0.05	0.05	0.15	0.02	—	(0.03)	(0.01)	(0.03)
Cash flow from operating activities before changes in non-cash working capital ²	44,589	49,519	74,339	78,980	247,427	54,932	21,041	15,839	18,391	110,203
Statistics (in dollars)										
Average realized selling price (per ounce) ..	1,482	1,466	1,313	1,306	1,375	1,234	1,205	1,298	1,336	1,260
Total cash cost (per ounce sold) ²	569	547	522	484	525	559	670	858	848	698
All-in sustaining cost (per ounce sold) ²	698	706	732	745	724	782	1,000	1,103	1,083	951
BOUNGOU										
Operating Data										
Ore mined (tonnes)	320,300	557,400	470,700	280,000	1,628,400	438,100	130,200	N/A	N/A	568,300
Tonnes processed (tonnes)	120,200	288,100	282,700	308,700	999,700	276,800	91,300	N/A	N/A	368,100
Head grade (g/t)	6.72	6.25	7.19	6.50	6.65	6.34	3.96	N/A	N/A	5.75
Recovery (%)	96	96	96	96	96	94	90	N/A	N/A	94
Gold ounces produced ¹	24,900	55,600	62,800	61,900	205,200	53,100	10,500	N/A	N/A	63,600
Gold ounces sold ¹	32,800	53,100	63,800	64,700	214,400	50,100	4,200	N/A	N/A	54,300
Financial Data (in thousands of dollars)										
Revenues – Gold sales ¹	48,821	78,301	84,144	84,492	295,758	61,957	5,009	N/A	N/A	66,966
Mining operations expenses (excluding government royalties)	16,354	18,446	17,619	17,070	69,489	16,513	2,051	N/A	N/A	18,564
Government royalties and development taxes	3,058	4,514	4,701	4,724	16,997	3,097	241	N/A	N/A	3,338
Depreciation of PPE	14,113	21,681	24,643	24,948	85,385	19,893	1,849	N/A	N/A	21,742
General and administrative	460	262	278	217	1,217	153	33	N/A	N/A	186
Corporate social responsibility expenses ..	1	95	5	82	183	175	156	N/A	N/A	331
Segment Operating Income	14,835	33,303	36,898	37,451	122,487	22,126	679	N/A	N/A	22,805
Statistics (in dollars)										
Average selling price (per ounce)	1,490	1,475	1,318	1,306	1,380	1,236	1,203	N/A	N/A	1,233
Cash operating cost (per tonne processed) ²	68	68	61	53	61	56	55	N/A	N/A	56
Total cash cost (per ounce sold) ²	436	432	350	337	380	391	550	N/A	N/A	403
All-in sustaining cost (per ounce sold) ²	463	497	476	534	497	579	807	N/A	N/A	596
Depreciation (per ounce sold) ³	430	408	386	386	398	397	444	N/A	N/A	400

¹ Gold ounces produced exclude pre-commercial production of 12,000 ounces from Boungou in 2018. Gold sales exclude sales resulting from pre-production activities that were offset against capitalized construction costs and amounted to \$14,994,000.

² Cash flow from operating activities before changes in non-cash working capital, total cash cost, all-in sustaining cost and cash operating cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 24.

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.

23. Quarterly Information (continued)

	2019					2018				
MANA	Q4	Q3	Q2	Q1	YTD	Q4	Q3	Q2	Q1	YTD
Operating Data										
Ore tonnes mined (open pit and underground)	365,400	185,300	478,600	408,100	1,437,400	625,900	413,300	478,200	592,300	2,109,700
Tonnes processed (tonnes)	454,700	347,200	619,100	640,200	2,061,200	636,300	649,100	636,800	651,700	2,573,900
Head grade (g/t)	3.17	1.39	2.12	2.27	2.28	2.36	2.50	2.30	2.24	2.36
Recovery (%)	97	85	88	87	90	87	92	96	97	93
Gold ounces produced	45,000	13,200	37,000	40,500	135,700	42,100	47,700	45,700	45,500	181,000
Gold ounces sold	36,100	15,300	38,900	41,400	131,700	42,800	46,300	45,100	46,900	181,100
Financial Data (in thousands of dollars)										
Revenues – Gold sales	53,102	22,000	50,841	54,049	179,992	52,735	55,763	58,517	62,698	229,713
Mining operations expenses (excluding government royalties)	24,213	17,341	29,026	27,182	97,762	30,222	29,257	36,139	36,634	132,252
Government royalties	2,682	1,069	2,307	2,429	8,487	2,118	2,253	2,540	3,144	10,055
Depreciation of PPE	17,156	5,996	16,146	14,531	53,829	17,216	16,590	22,488	25,332	81,626
General and administrative	736	553	584	543	2,416	662	639	699	635	2,635
Corporate social responsibility expenses ..	112	277	12	275	676	90	444	212	185	931
Segment Operating Income (Loss)	8,203	(3,236)	2,766	9,089	16,822	2,427	6,580	(3,561)	(3,232)	2,214
Statistics (in dollars)										
Average realized selling price (per ounce) ..	1,474	1,435	1,306	1,306	1,367	1,231	1,205	1,298	1,336	1,268
Cash operating cost (per tonne processed) ¹	51	33	47	41	44	49	46	56	54	51
Total cash cost (per ounce sold) ¹	690	946	805	715	762	756	681	858	848	786
All-in sustaining cost (per ounce sold) ¹	912	1,434	1,152	1,075	1,095	1,021	1,017	1,103	1,083	1,056
Depreciation (per ounce sold) ²	475	392	415	351	409	402	358	499	540	451

¹ Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 24.

² 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.

24. Non-IFRS Financial Performance Measures

Some of the indicators used by us to analyze and evaluate our results represent non-IFRS financial measures. These measures are presented as they can provide useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. Since the non-IFRS performance measures presented in the below sections 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 and Cash Operating Cost including Stripping

The Corporation reports cash operating costs and cash operating cost including stripping per tonne processed. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the cash operating costs and cash operating cost including stripping per tonne processed provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. A reconciliation of cash operating cost calculated in accordance with the Gold Institute Standard to operating costs is included in the following table, for the years ended December 31, 2019 and 2018:

	2019		2018	
	Bougou	Mana	Bougou	Mana
Per tonne processed				
Tonnes of ore processed	999,700	2,061,200	368,100	2,573,900
(in thousands of dollars except per tonne)				
Mining operation expenses (relating to ounces sold)	86,486	106,249	21,902	142,307
Fixed expenses incurred during shutdown and suspension period	(5,095)	(5,933)	—	—
Government royalties, development taxes and selling expenses	(17,763)	(8,891)	(3,537)	(10,592)
Effects of inventory adjustments (doré bars and gold in circuit)	(2,286)	(1,136)	2,323	36
Operating costs (relating to tonnes processed)	61,342	90,289	20,688	131,751
Cash operating cost (per tonne processed)	61	44	56	51

	2019		2018	
	Bougou	Mana	Bougou	Mana
Per tonne processed				
Tonnes of ore processed	999,700	2,061,200	368,100	2,573,900
(in thousands of dollars except per tonne)				
Stripping cost ¹	21,282	38,613	8,497	42,608
Stripping cost (per tonne processed)	21	19	23	17
Cash operating cost (per tonne processed)	61	44	56	51
Cash operating cost including stripping (per tonne processed)	82	63	79	68

¹ Stripping cost excludes mining costs incurred during the shutdown period at the Mana Mine.

24. Non-IFRS Financial Performance Measures (continued)

Total Cash Cost

The Corporation reports total cash costs based on ounces sold. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the total cash cost per ounce sold provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. A reconciliation of total cash cost is included in the following table, for the years ended December 31, 2019 and 2018:

	2019			2018		
	Boungou	Mana	Total	Boungou	Mana	Total
Per ounce sold						
Gold ounces sold.....	214,400	131,700	346,100	54,300	181,100	235,400
(in thousands of dollars except per ounce)						
Mining operation expenses	86,486	106,249	192,735	21,902	142,307	164,209
Fixed expenses incurred during shutdown and suspension period	(5,095)	(5,933)	(11,028)	—	—	—
Cash cost (relating to ounce sold)	81,391	100,316	181,707	21,902	142,307	164,209
Total cash cost (per ounce sold).....	380	762	525	403	786	698

All-in Sustaining Cost

All-in sustaining cost represents the total cash cost plus sustainable capital expenditures and stripping costs presented per ounce sold. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the all-in sustaining cost per ounce sold better meets their needs by assessing the Corporation's operating performance and its ability to generate free cash flow. The Corporation classified sustaining capital expenditures which are required to maintain existing operations and capitalized stripping. A reconciliation of all-in sustaining cost is included in the following table, for the years ended December 31, 2019 and 2018:

	2019			2018		
	Boungou	Mana	Total	Boungou	Mana	Total
Per ounce sold						
Gold ounces sold.....	214,400	131,700	346,100	54,300	181,100	235,400
(in thousands of dollars except per ounce)						
Sustaining capital expenditure ¹	25,168	43,869	69,037	10,465	48,974	59,439
Sustaining capital expenditure (per ounce sold)....	117	333	199	193	270	253
Total cash cost (per ounce sold).....	380	762	525	403	786	698
All-in sustaining cost (per ounce sold).....	497	1,095	724	596	1,056	951

Cash Flow from Operating Activities before Changes in non-Cash Working Capital

The Corporation uses cash flow from operating activities before changes in non-cash working capital to supplement its consolidated financial statements, and calculates it by not including the period to period movement of non-cash working capital items, like trade and other receivables, income tax receivable, inventories, other current assets, trade payables and accrued liabilities, share unit plan liabilities and provisions. The Corporation believes this provides an alternative indication of its cash flow from operating activities and may be meaningful to investors in evaluating our past performance or future prospects. It is not meant to be a substitute for cash flow from operating activities, which is calculated according to IFRS.

¹ Sustaining capital expenditure excludes sustaining capital expenditure incurred during the shutdown period at the Mana Mine and suspension period at the Boungou Mine.

24. Non-IFRS Financial Performance Measures (continued)

Cash Flow from Operating Activities before Changes in non-Cash Working Capital per Share

The Corporation presents cash flow from operating activities before changes in non-cash working capital per share as it believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the cash flow from operating activities before changes in non-cash working capital per share provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. A reconciliation of cash flow from operating activities before changes in non-cash working capital per share is included in the following table, for the years ended December 31, 2019 and 2018:

	2019	2018
(in thousands of dollars except per share)		
Cash flow from operating activities before changes in non-cash working capital	247,427	110,203
Weighted average number of outstanding common shares - Basic	331,392	325,478
Cash flow from operating activities before changes in non-cash working capital per share	0.75	0.34

Adjusted Accounting Measures

Net income and operating income have been adjusted with items considered temporal and that do not reflect the Corporation core mining operations. The Corporation believes certain investors may find that the adjusted net income (loss) attributable to shareholders of the Corporation, adjusted basic earnings (loss) per share and adjusted operating income (loss) provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. Reconciliations of adjusted accounting measures is included in the following tables, for the years ended December 31, 2019 and 2018:

	2019	2018
(in thousands of dollars except per share)		
Net income (loss) attributable to shareholders of the Corporation as per IFRS	50,187	(8,192)
Foreign exchange loss	877	1,613
Tax effect of currency translation on tax base	2,939	3,944
Share-based compensation recovery related to change in the fair value of the share price	(575)	(1,827)
Impairment of PPE	9,259	—
Fixed expenses incurred during shutdown and suspension period	11,028	—
Adjusted net income (loss) attributable to shareholders of the Corporation ...	73,715	(4,462)
Weighted average number of outstanding shares	331,392	325,478
Adjusted basic earnings (loss) per share	0.22	(0.01)

	2019	2018
(in thousands)		
Operating income as per IFRS	\$ 113,670	\$ 10,321
Share-based compensation recovery related to change in the fair value of the share price	(575)	(1,827)
Impairment of PPE	9,259	—
Fixed expenses incurred during shutdown and suspension period	11,028	—
Adjusted operating income	133,382	8,494

25. Additional Information and Continuous Disclosure

This MD&A has been prepared as of March 3, 2020. Additional information on us is available through regular filings of press releases, financial statements and our Annual Information Form on SEDAR (www.sedar.com). These documents and other information about SEMAFO may also be found on our website at www.semafo.com.

26. Forward-Looking Statements

This MD&A contains forward-looking statements. All statements other than statements of present or historical facts are forward-looking. 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", "building", "leveraging", "development", "pipeline", "outlook", "strategy", "goal", "expect", "increase", "focus", "targets", "expanding", "forecast", "assumptions", "anticipate", "foresees", "should", "continue", "initial", "estimated", "remains", "additional", "will", "likely", "objective", "contingent on", "further", "could", "test", "initiated" 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 (i) to build value through responsible mining and leverage our development pipeline, (ii) to ensure smooth internal operations at our mines, (iii) to leverage gold price strength, (iv) to increase cash flow through access to higher-grade ore from Siou underground and Siou open pit, (v) of the government to enhance security in the Boungou region, (vi) to execute on our 2020 exploration focus, (vii) to produce between 42,000 and 46,000 ounces of gold at Boungou at an AISC of between \$530 and \$560 per ounce during the initial three-month phase, (viii) to produce between 88,000 and 104,000 ounces of gold at Boungou at an AISC of between \$745 and \$795 per ounce during the May to December period, (ix) to produce between 185,000 and 205,000 ounces of gold at Mana at an AISC of between \$1,050 and \$1,120 per ounce, (x) to keep our general and administrative expenses at \$17 million, (xi) to utilize at Boungou during the initial three-month phase the on-site supplies inventory with limited deliveries of new supplies, (xii) to transition to an airplane for the transportation of employees at Boungou when the construction of the airstrip has been completed, (xiii) to restart mining at Boungou in the fourth quarter while continuing to process stockpiles, (xiv) of the security to improve on the public road to Boungou and in the surrounding region to increase the frequency of deliveries required to operate after the initial three months, (xv) to finalize discussions with the authorities regarding the necessary security plan, (xvi) to replace African Mining Services at Boungou by the fourth quarter, (xvii) of the Mana mill to process approximately 2.3 million tonnes at an average grade of 3.0 g/t Au, with an average gold recovery rate of 91%, (xviii) to extract approximately 600,000 tonnes of ore from Siou underground at an average grade of 5.5 g/t Au and 1.4 million tonnes from the Siou and Wona open pits an average grade of 2.5 g/t Au, (xix) to reach full production at Siou underground in the first quarter of 2020, (xx) to meet our initial exploration budget of \$7 million, (xxi) to add additional underground resources at Bantou, (xxii) to test prospective areas outside of the existing resources at Bantou, (xxiii) meet our resource goal of 2.5-3.0 million ounces at Bantou by the end of 2020, (xxiv) to increase the initial 2020 exploration budget at Bantou, (xxv) of our 2020 exploration program at Boungou to identify new near-mine resources, (xxvi) the accuracy of our assumptions, fluctuation in the price of currencies, gold prices and operating costs, mining industry risks, uncertainty as to calculation of mineral reserves and resources, delays, political and social stability in Africa (including our ability to maintain or renew licenses and permits), the security of our operations and other risks described in SEMAFO's documents filed with Canadian securities regulatory authorities. You can find further information with respect to these and other risks in our 2019 annual MD&A and other filings made with the Canadian securities regulatory authorities and available at www.sedar.com. These documents are also available on our website at www.semafo.com. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.