

MOVING FORWARD

THIRD QUARTER

FOR THE PERIOD ENDED
SEPTEMBER 30, 2013



INTERNATIONAL EXPERTISE[®]
HUMAN ADVOCACY

Management's Discussion and Analysis

SEMAFO (the "Corporation") is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation and its subsidiaries currently operate two gold mines: the Mana Mine in Burkina Faso and the Kiniero Mine in Guinea. SEMAFO is committed to evolve in a conscientious manner through the responsible development of its high potential Mana property. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

This Management's Discussion and Analysis ("MD&A") provides an analysis to enable readers to assess material changes in financial condition and results of operations for the three-month and nine-month periods ended September 30, 2013 compared to the corresponding period last year. This MD&A, prepared as of November 12, 2013, is intended to complement and supplement our Condensed Interim Consolidated Financial Statements (unaudited) (the "financial statements") as at September 30, 2013. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our results of operation and our financial performance.

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

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

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

1. Financial and Operating Highlights from Continuing Operations

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012 ^{6,7}	2013	2012 ^{6,7}
Gold ounces produced	38,700	36,600	122,900	127,100
Gold ounces sold	36,900	32,800	121,200	121,800
(in thousands of dollars, except amounts per ounce, per tonne and per share)				
Revenues – Gold sales	49,488	54,406	175,847	202,690
Operating income	398	7,528	40,720	48,047
Net income from continuing operations				
attributable to equity shareholders	1,660	1,766	7,798	3,772
Basic earnings per share from continuing operations	0.01	0.01	0.03	0.02
Diluted earnings per share from continuing operations	0.01	0.01	0.03	0.02
Adjusted operating income from continuing operations ¹	398	7,528	40,720	65,045
Adjusted net income from continuing operations				
attributable to equity shareholders ¹	1,660	1,766	27,398	40,690
Adjusted basic earnings per share from continuing operations ¹	0.01	0.01	0.10	0.15
Cash flow from operating activities from continuing operations ²	15,575	14,695	61,365	75,643
Operating cash flow per share from continuing operations ³	0.06	0.05	0.22	0.28
Average realized selling price (per ounce)	1,341	1,659	1,451	1,664
Cash operating cost (per ounce produced) ⁴	746	808	654	667
Cash operating cost (per tonne processed) ⁴	41	44	38	43
Total cash cost (per ounce sold) ⁵	799	913	725	752

¹ Adjusted operating income from continuing operations, adjusted net income from continuing operations attributable to equity shareholders and adjusted basic earnings per share from continuing operations are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial measures" section of this MD&A, note 19.

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

³ Operating cash flow per share from continuing operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 19.

⁴ Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A, note 19.

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

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

⁷ Amounts have been restated to reflect the discontinued operations.

A Word from the CEO¹

We are pleased to announce today that the Corporation has received authorization for development of our high-grade Siou deposit as well as the Fofina deposit. Now that we have received the authorization — the penultimate step in the mining permit extension process — we can commence pre-stripping and road construction work at Siou in the coming months and start production in the second quarter of 2014. This places us at least six months ahead of our most recent schedule, a real accomplishment given Siou's two-year timeline from discovery to production. In addition, the accelerated permitting process allows us to forecast production start-up at Fofina in 2015, instead of in 2016 as originally planned.

Since the Siou deposit is located a mere 15 kilometers from the Mana processing plant and ore from Siou will be trucked to the plant, capital expenditures required to bring Siou into production are minimal. There is no need to relocate villages, invest in new infrastructure or other significant ancillaries. We have therefore halved the capital expenditures needed in 2014 to bring Siou to production, to \$12.5 million from the \$25.0 million initial budget.

The Siou deposit remains open laterally and at depth. Significant inferred resources located approximately 180 meters below the surface require additional tighter-spaced drilling in order to bring them to mineral reserves. This is scheduled for 2015-2016.

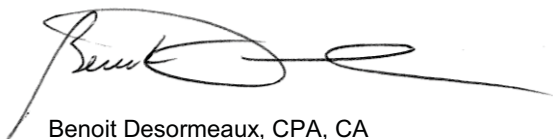
For the fourth quarter, we have allocated the \$3.5 million remaining in our 2013 exploration budget for activities in the Siou vicinity in order to find and define new drill targets for 2014. Exploration will consist mainly of 120,000 meters of auger drilling, geochemical surveys and field proofing as well as 8,500 additional soil samples.

During the quarter, we delivered on our promise and announced Mana's mineral reserves and resources estimation as at June 30, 2013. Mineral reserves and inferred resources² at our high-grade Siou deposit totalled 769,300 and 795,300 ounces of gold, respectively. Proven and probable reserves of 4,842,900 tonnes at 4.94 g/t Au were calculated using a conservative gold price of \$1,100 per ounce, demonstrating the robustness of the deposit. Siou has effectively increased the average reserve grade at Mana by 20%. Moreover, when Siou begins production, it will bring quality ounces to Mana's processing plant, ultimately leading to increased production and lower total cash cost per ounce. Once full production is attained, we estimate that Siou will account for approximately 30% of the ore mix at the processing plant. This is a perfect example of the implementation of our strategy to increase shareholder value.

In the third quarter of 2013, Mana produced 38,700 ounces of gold at a total cash cost of less than \$800 per ounce. For the nine-month period ended September 30, 2013, production totalled 122,900 ounces at a total cash cost of \$725 per ounce. Third-quarter net income from continuing operations attributable to equity shareholders totalled \$1.7 million or \$0.01 per share, and cash flow from operating activities from continuing operations amounted to \$15.6 million or \$0.06 per share.

Early in 2013, we made reference to the consideration of strategic alternatives for our two non-core assets due to their extreme sensitivity to downturns in the price of gold. In this regard, during the year we recorded impairments for the Samira Hill and Kiniero Mines. Consequently, during the third quarter, we placed the Samira Hill Mine on care and maintenance and will wind down operations at the Kiniero Mine to an eventual care and maintenance status in the coming months. Both properties are available for sale and in this third quarter 2013 MD&A, we consider these two assets as discontinued operations as at September 30, 2013 and present gold sales, costs, profits and cash flow from operations for the Mana property only.

In light of the uncertainty and ongoing volatility in the price of gold and considering that bringing Siou into production and continuing exploration are the key to value creation and constitute a priority, we decided not to declare a semi-annual dividend at this time. In addition, we took additional steps to further reduce capital expenditures and administrative costs. We should begin to reap the results of the latter in the fourth quarter, with a more significant impact in 2014.



Benoit Desormeaux, CPA, CA
President and Chief Executive Officer

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

² Resources are exclusive of reserves.

THIRD QUARTER 2013 IN REVIEW

- Siou adds 769,300 ounces at 4.94 g/t Au to Mana's gold reserves
- Mana's gold reserves increased 28% to 2.4 million ounces, net of depletion
- Mana's average mineral reserve grade increased by 20% to 2.77 g/t Au
- Siou inferred mineral resources of 795,300 ounces at 3.97 g/t Au
- Capital expenditures at Siou reduced to \$12.5 million from \$25.0 million
- The Samira Hill and Kiniero Mines classified as assets held for sale and discontinued operations
- Gold production at Mana of 38,700 ounces, compared to 36,600 ounces for the same period in 2012
- Gold sales at Mana of \$49.5 million, a 9% decrease year over year
- Operating income from continuing operations of \$0.4 million, compared to \$7.5 million for the same period in 2012
- Net income from continuing operations attributable to equity shareholders of \$1.7 million or \$0.01 per share compared to \$1.8 million or \$0.01 per share for the same period in 2012
- Cash flow from operating activities¹ from continuing operations of \$15.6 million or \$0.06 per share compared to \$14.7 million or \$0.05 per share for the same period in 2012

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

2. Key Economic Factors

Price of Gold

During the third quarter of 2013, the price of gold, based on the London Gold Fix PM, fluctuated from a high of \$1,420 to a low of \$1,213 per ounce. The average market gold price in the third quarter of 2013 was \$1,326 per ounce compared to \$1,652 per ounce for the same period in 2012, representing a decrease of \$326 or 20%.

In the third quarter of 2013, our average realized selling price was \$1,341 per ounce compared to the average London Gold Fix of \$1,326 per ounce.

(in dollars per ounce)	2013			2012		
	Q3	Q2	Q1	Q3	Q2	Q1
Average London Gold Fix	1,326	1,415	1,632	1,652	1,609	1,691
Average realized selling price	1,341	1,365	1,616	1,659	1,617	1,711

Cost Pressures

The Corporation has been affected by industry-wide pressures on development and operating costs. Since our mining activities are energy intensive, a change in fuel price can have a significant impact on our operations and associated financial results. As a benchmark for fuel costs, the Brent Crude price averaged \$109 per barrel in the third quarter of 2013 compared to \$109 per barrel in the same period in 2012.

Foreign Currencies

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

In the third quarter of 2013, the US dollar was weaker relative to the Euro when compared to the same period in 2012. Therefore, in the third quarter of 2013, the foreign exchange fluctuation negatively impacted our cash operating cost¹.

¹ Cash operating cost is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A, note 19.

3. Reserves and Resources as at June 30, 2013

During the third quarter, SEMAFO announced Mana's mineral reserves and resources estimation as at June 30, 2013. Owing to Siou's proven and probable reserves of 4,842,900 tonnes at an average diluted grade of 4.94 g/t Au for 769,300 ounces, Mana's gold reserves increased 28% to 2.4 million ounces, net of depletion. Mana's measured and indicated resources total 2.4 million ounces at an average grade of 2.12 g/t Au. Siou continues to demonstrate its potential with inferred resources of 6,227,600 tonnes at 3.97 g/t Au for 795,300 ounces as at June 30, 2013. The database for the estimation of the reserves and resources comprised a total of 898,600 meters of drilling (6,470 core and reverse-circulation drill holes) and 667,000 assays. The Siou mineralization remains open laterally and at-depth (ref. Figure 1).

MANA PROPERTY – MINERAL RESERVES AND RESOURCES (As at June 30, 2013)^{1, 2, 3, 4, 5}

DEPOSITS	June 30, 2013								
	PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES*		
	Tonnes	Grade (g/t Au)	Ounces	Tonnes	Grade (g/t Au)	Ounces	Tonnes	Grade (g/t Au)	Ounces
Wona-Kona	9,151,800	2.25	661,600	9,680,400	2.13	662,900	18,832,200	2.19	1,324,500
Nyafé	262,600	5.85	49,400	4,100	5.02	700	266,700	5.84	50,100
Fofina	1,742,300	2.53	141,600	1,014,800	2.94	96,100	2,757,100	2.68	237,700
Siou	3,394,400	5.55	605,500	1,448,500	3.52	163,800	4,842,900	4.94	769,300
ROM Pad	131,000	1.83	7,700	-	-	-	131,000	1.83	7,700
TOTAL RESERVES MANA	14,682,100	3.11	1,465,800	12,147,800	2.36	923,500	26,829,900	2.77	2,389,300

DEPOSITS	June 30, 2013								
	MEASURED			INDICATED			TOTAL RESOURCES		
	Tonnes	Grade (g/t Au)	Ounces	Tonnes	Grade (g/t Au)	Ounces	Tonnes	Grade (g/t Au)	Ounces
Wona-Kona	939,500	2.63	79,400	16,111,300	2.90	1,499,900	17,050,800	2.88	1,579,300
Nyafé	300,200	5.60	54,100	229,500	5.84	43,100	529,700	5.71	97,200
Fofina	519,400	1.92	32,000	555,700	4.04	72,200	1,075,100	3.01	104,200
Yaho	4,654,400	1.05	157,200	9,895,200	0.99	316,200	14,549,600	1.01	473,400
Filon 67	26,100	2.72	2,300	8,900	3.59	1,000	35,000	2.93	3,300
Fobiri	468,900	1.80	27,100	114,200	1.52	5,600	583,100	1.74	32,700
Siou	241,200	1.22	9,500	1,832,100	2.49	146,700	2,073,300	2.34	156,200
TOTAL M&I MANA	7,149,700	1.57	361,600	28,746,900	2.26	2,084,700	35,896,600	2.12	2,446,300

¹ All mineral resources reported are exclusive of mineral reserves.

² The Corporation indirectly owns 90% of SEMAFO Burkina, which directly holds the interest in the Mana Mine reserves and resources.

³ Mineral reserves and resources were estimated using a gold price of US\$1,100 and US\$1,400 per ounce respectively.

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

⁵ Mineral reserves and resources estimates for the Mana Mine were carried out internally under the supervision of Michel Crevier P.Geo MScA, Vice-President Exploration and Mine Geology and SEMAFO's Qualified Person.

3. Reserves and Resources as at June 30, 2013 (continued)

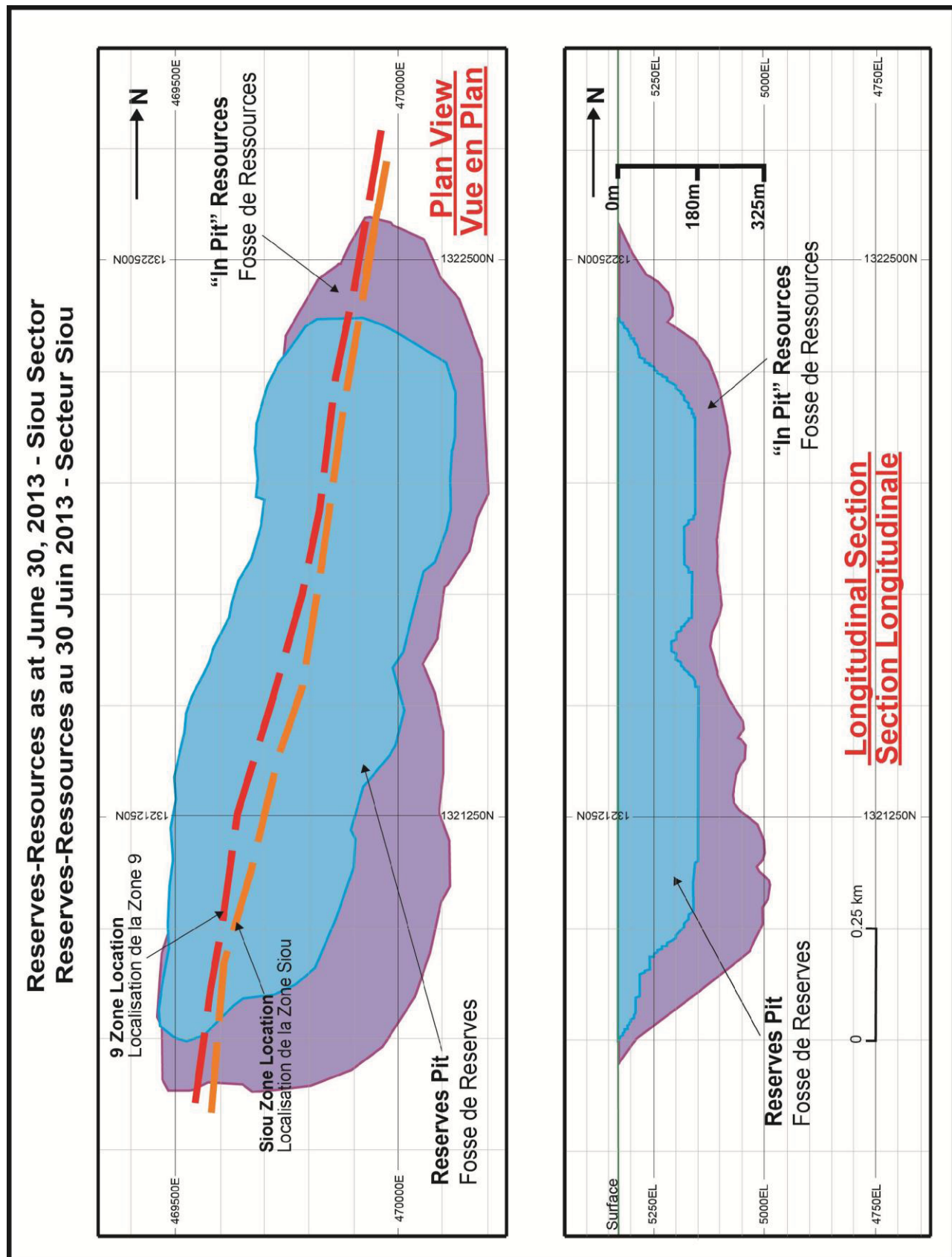
MANA PROPERTY – MINERAL RESERVES AND RESOURCES (As at June 30, 2013) ^{1, 2, 3, 4, 5} (continued)

DEPOSITS	June 30, 2013		
	INFERRED		
	Tonnes	Grade (g/t Au)	Ounces
Wona-Kona	4,470,800	2.79	401,200
Nyafé	150,800	5.86	28,400
Fofina	210,500	5.36	36,300
Yaho	470,800	1.45	22,000
Filion 67	5,500	6.32	1,100
Fobiri	577,600	1.39	25,800
Maoula	2,628,200	1.62	137,100
Siou	6,227,600	3.97	795,300
TOTAL INFERRED MANA	14,741,800	3.05	1,447,200

- ¹ All mineral resources reported are exclusive of mineral reserves.
- ² The Corporation indirectly owns 90% of SEMAFO Burkina, which directly holds the interest in the Mana Mine reserves and resources.
- ³ Mineral reserves and resources were estimated using a gold price of US\$1,100 and US\$1,400 per ounce respectively.
- ⁴ Rounding of numbers to the nearest hundreds of tonnes may present slight differences in the figures representing the ounces contained.
- ⁵ Mineral reserves and resources estimates for the Mana Mine were carried out internally under the supervision of Michel Crevier P.Geo MScA, Vice-President Exploration and Mine Geology and SEMAFO's Qualified Person.

3. Reserves and Resources as at June 30, 2013 (continued)

Figure 1



4. Consolidated Results and Mining Operations from Continuing Operations

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2013	2012 ^{3,4}	Variation	2013	2012 ^{3,4}	Variation
Operating Highlights from Continuing Operations						
Gold ounces produced	38,700	36,600	6%	122,900	127,100	(3%)
Gold ounces sold	36,900	32,800	13%	121,200	121,800	–
(in thousands of dollars, except amounts per ounce, per tonne and per share)						
Revenues – Gold sales	49,488	54,406	(9%)	175,847	202,690	(13%)
Mining operating expenses (excluding government royalties)	27,130	27,220	–	79,134	81,536	(3%)
Government royalties	2,355	2,724	(14%)	8,781	10,054	(13%)
Write-off of property, plant and equipment	–	–	–	–	16,998	–
Operating income	398	7,528	(95%)	40,720	48,047	(15%)
Impairment of investment in GoviEx	–	–	–	19,600	–	–
Loss on sale of current investment	–	–	–	–	24,297	–
Income tax expense (recovery)	(1,152)	4,849	–	8,517	14,097	(40%)
Net income from continuing operations attributable to equity shareholders	1,660	1,766	(6%)	7,798	3,772	107%
Basic earnings per share from continuing operations	0.01	0.01	–	0.03	0.02	50%
Diluted earnings per share from continuing operations	0.01	0.01	–	0.03	0.02	50%
Cash flow from operating activities from continuing operations ¹	15,575	14,695	6%	61,365	75,643	(19%)
Operating cash flow per share from continuing operations ²	0.06	0.05	20%	0.22	0.28	(21%)

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

² Operating cash flow per share from continuing operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 19.

³ Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 6 of the financial statements.

⁴ Amounts have been restated to reflect the discontinued operations.

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

Third Quarter 2013 v. Third Quarter 2012

- Lower revenues in the third quarter of 2013 compared to the same period in 2012 reflect a lower average realized gold price. The variation between gold ounces sold during the quarter compared to ounces produced is due to the timing of gold shipments.
- Mining operating expenses remained stable although the volume of gold ounces sold increased. This is explained by an improvement in our total cash cost per ounce sold due to a lower operating stripping ratio.
- Higher depreciation expense was mainly due to higher depreciation of the capitalized stripping cost.
- The operating income from continuing operations in the third quarter of 2013 decreased mainly as a result of lower revenues following the decrease in gold price.
- The income tax expense decreased in the third quarter of 2013 compared to the same period in 2012 due to the decrease of our taxable income at the Mana Mine in 2013 compared to 2012 and the income tax recovery in the third quarter of 2013, reflecting the impact of foreign exchange movements on our foreign non-monetary assets that must be recognized.
- On September 30, 2013, the Samira Hill and Kiniero Mines were classified as assets held for sale and as discontinued operations as management is committed to sell both mines, is actively searching for potential buyers and believes that their sale will occur within a year. Consequently, the result of operations and the production information contained in this MD&A exclude the Samira Hill and the Kiniero Mines, unless otherwise specified.

First Nine Months of 2013 v. First Nine Months of 2012

- Lower revenues in the first nine months of 2013 compared to the same period in 2012 are mainly due to a lower realized gold price.
- During the nine-month period ended September 30, 2013, GoviEx Uranium Inc. ("GoviEx") issued a technical economic analysis prepared by SRK Consulting (UK) Limited for its Madaouela uranium project in Niger. The base case project economics assume a long-term uranium price of US\$70/lb U₃O₈. Based on the current uranium market price, this project does not meet our minimal profitability criteria. In addition, GoviEx is in the process of restructuring its debt, which may create material dilution of our ownership in GoviEx. By combining the low profitability of the project and the potentially material dilution of our ownership, we deemed that the decline in GoviEx's fair value is significant. Accordingly, an impairment of \$19,600,000 was recorded.
- The depreciation charge increased as a result of the additional mining equipment and the commissioning of Phase IV of the plant expansion and higher depreciation of the capitalized stripping cost.
- The decrease in operating income in the first nine months of 2013 compared to the same period in 2012 is directly linked to lower revenues.
- For the nine-month period ended September 30, 2012, we recorded a non-recurring loss of \$24,297,000 from the sale of a current investment and a write-off of \$16,998,000 on property, plant and equipment related to the conversion of the Mana underground mining operation to a super pit mining scenario.
- The income tax expense decreased in the first nine months of 2013 compared to the same period in 2012 due to the decrease of our taxable income at the Mana Mine in 2013 compared to 2012 and the income tax recovery in the third quarter of 2013, reflecting the impact of foreign exchange movements on our foreign non-monetary assets that must be recognized.
- As a result of the foregoing, net income from continuing operations attributable to equity shareholders amounted to \$7,798,000 for the first nine months of 2013 compared to \$3,772,000 for the same period in 2012.

5. Operating Income (Loss) by Segment

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2013	2012 ²	Variation	2013	2012 ²	Variation
(in thousands of dollars)						
Mana Mine, Burkina Faso ¹	6,674	14,486	(54%)	55,735	66,457	(16%)
Corporate and others	(6,276)	(6,958)	10%	(15,015)	(18,410)	18%
	398	7,528	(95%)	40,720	48,047	(15%)

¹ In 2012, operating income included the write-off of property, plant and equipment of \$16,998,000 related to the conversion of the underground project.

² Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* and to reflect the discontinued operations. Please refer to note 6 of the financial statements.

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

Mining Operations

Mana, Burkina Faso

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2013	2012 ⁵	Variation	2013	2012 ⁵	Variation
Operating Data						
Ore mined (tonnes)	618,500	498,000	24%	2,034,800	1,888,600	8%
Ore processed (tonnes)	714,400	697,700	2%	2,138,400	1,968,700	9%
Head grade (g/t)	1.82	2.04	(11%)	2.01	2.29	(12%)
Recovery (%)	85	85	—	87	86	1%
Gold ounces produced	38,700	36,600	6%	122,900	127,100	(3%)
Gold ounces sold	36,900	32,800	13%	121,200	121,800	—
Financial Data (in thousands of dollars)						
Revenues – Gold sales	49,488	54,406	(9%)	175,847	202,690	(13%)
Mining operations expenses (excluding government royalties)	27,130	27,220	—	79,134	81,536	(3%)
Government royalties	2,355	2,724	(14%)	8,781	10,054	(13%)
Depreciation of property, plant and equipment	13,001	8,286	57%	30,633	24,035	27%
General and administrative	320	517	(38%)	1,165	1,827	(36%)
Corporate social responsibility expenses ¹	8	1,173	(99%)	399	1,783	(78%)
Write-off of property, plant and equipment	—	—	—	—	16,998	—
Segment operating income	6,674	14,486	(54%)	55,735	66,457	(16%)
Statistics (in dollars)						
Average realized selling price (per ounce)	1,341	1,659	(19%)	1,451	1,664	(13%)
Cash operating cost (per ounce produced) ²	746	808	(8%)	654	667	(2%)
Cash operating cost (per tonne processed) ²	41	44	(7%)	38	43	(12%)
Total cash cost (per ounce sold) ³	799	913	(12%)	725	752	(4%)
Depreciation (per ounce sold) ⁴	352	253	39%	253	197	28%

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

² Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the “Non-IFRS financial performance measures” section of this MD&A, note 19.

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

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

⁵ Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 6 of the financial statements.

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

Mining Operations (continued)

Mana, Burkina Faso (continued)

Third Quarter 2013 v. Third Quarter 2012

- For the three-month period ended September 30, 2013, a total of 618,500 tonnes of ore and 2,326,200 tonnes of waste material were extracted from the Wona-Kona pit, resulting in a stripping ratio of 3.8:1. In addition, 6,522,500 tonnes of waste material were extracted from the Wona-Kona pit during the pre-stripping phase. This compares to 498,000 tonnes of ore and 3,428,600 tonnes of waste material extracted from the Wona and Kona pits during the same period in 2012 which resulted in a stripping ratio of 6.9:1. In addition, 4,580,800 tonnes of waste material were extracted from the Wona and Kona pits during the pre-stripping phase in 2012. The total material mined increased in the three-month period ended September 30, 2013 compared to the same period in 2012 as a result of additional mining equipment.
- The lower head grade in the third quarter 2013 is mainly attributable to the month of September where a head grade of 1.45 g/t Au was attained in narrower lower-grade veins due to the pushback in the upper-benches of the Wona center pit leading to higher dilution. In addition, larger amounts of ore sourced from low grade stockpiles were processed during the quarter. However, the situation had already improved during the last week of October, and we anticipate an average head grade of 1.90 g/t Au for the fourth quarter of 2013¹ as the mining sequence is back in the main mineralization. In comparison, in the third quarter of 2012, ore was primarily sourced from the main ore body of the Wona-Kona pit and a smaller proportion of the high grade ore from the Nyafé pit.
- A higher depreciation expense is mainly due to the depreciation of the capitalized stripping cost.
- The decrease in cash operating cost per tonne processed is mainly due to a lower operating stripping ratio and higher throughput combined with the implementation of cost optimization and continuous improvement. The decrease in cash operating cost per ounce is mainly due to the decrease in cash operating cost per tonne processed, compensated by lower recovered grade.

First Nine Months of 2013 v. First Nine Months of 2012

- For the nine-month period ended September 30, 2013, a total of 2,034,800 tonnes of ore and 6,754,700 tonnes of waste material were extracted from the Wona-Kona pit, resulting in a stripping ratio of 3.3:1. In addition, 22,128,900 tonnes of waste material were extracted from the Wona-Kona pit during the pre-stripping phase. This compares to 1,888,600 tonnes of ore and 11,416,200 tonnes of waste material extracted from the Wona, Kona and Nyafé pits during the same period in 2012, which resulted in a stripping ratio of 6.0:1. In addition, 8,019,400 tonnes of waste material were extracted from the Wona, Kona and Nyafé pits during the pre-stripping phase in 2012. The total material mined increased in the nine-month period ended September 30, 2013 compared to the same period in 2012 as a result of additional mining equipment.
- The increased throughput was achieved following the commissioning of the Phase IV of the plant expansion, which was completed in July 2012.
- The decrease in head grade reflects the processing of ore mainly sourced from the Wona-Kona pit, with larger amounts from the low-grade stockpiles compared to ore sourced from the Wona and high grade Nyafé pits during the first nine months of 2012.
- The slight decrease in gold ounces produced, despite higher throughput, is a direct result of a lower recovered grade.
- The decrease in cash operating cost per tonne processed is mainly due to a lower operating stripping ratio and higher throughput, combined with the implementation of cost optimization and continuous improvement initiatives.
- The depreciation charge increased as a result of the additional mining equipment and the commissioning of Phase IV of the plant expansion, combined with a higher depreciation expense due to our depreciation of the capitalized stripping cost.

¹ For more information of forward-looking statements, see note 21.

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

Mining Operations (continued)

Siou Development

Following receipt of authorization to begin development at Siou, stripping activities and construction work are forecast to begin in the coming months. SEMAFO now anticipates Siou production start-up in the second quarter of 2014 and a time from discovery to production of under two years. The Siou deposit brings quality ounces to Mana's reserves by augmenting the average head grade at the processing plant, which, in keeping with the Corporation's strategy, will ultimately increase production and reduce our total cash cost per ounce.

Revised Capital Expenditures at Siou

Owing to Siou's proximity to the Mana processing plant, capital expenditures will be minimal as there is no need for the construction of a new plant, tailings dam, camp and other significant ancillaries. Siou's estimated 2014 capital expenditures have been reduced to \$12.5 million from \$25 million due primarily to the availability of mining equipment. Cost estimations also take into consideration the use of local contractors for the transportation of ore from Siou and Fofina to the Mana processing plant over distances of approximately 15 and 17 kilometers, respectively.

Power Grid Update

In the nine-month period ended September 30, 2013, the National Electricity Company Sonabel awarded all of the contracts relating to the construction of a transmission line to deliver power to the Mana Mine. SEMAFO has agreed to advance \$9,284,000 (4,500,000,000 FCFA), which represents 50% of the estimated total cost of the project, which will be reimbursable over an eight-year period following commissioning, currently scheduled for the third quarter of 2014. For the nine-month period ended September 30, 2013, SEMAFO made a first advance payment of \$4,050,000 (2,041,944,000 FCFA).

Exploration Update

Fourth Quarter 2013 Exploration Program – Siou Sector

Exploration during the fourth quarter will consist principally of 120,000 meters of auger drilling, geochemical surveys and field proofing as well as some 8,500 more soil samples to be taken in the Siou vicinity in order to find and define new drill targets for 2014. The Corporation's exploration budget for the remainder of 2013 is estimated at \$3.5 million.

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

General and Administrative Expenses

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
(in thousands of dollars)				
Corporate expenses	3,850	5,096	11,840	14,145
Sites – Administrative	320	517	1,165	1,827
	4,170	5,613	13,005	15,972

General and administrative expenses totalled \$4,170,000 and \$13,005,000 for the three-month and nine-month periods ended September 30, 2013, compared to \$5,613,000 and \$15,972,000 for the same period in 2012. The decrease in general and administrative expenses was the result of our optimization efforts. Clearly, we have made a number of difficult decisions for our organization recently, such as no longer investing long-term money in our non-core assets and reducing our corporate office headcount by 20%. Further to this decision, general and administrative expense included termination benefits of \$266,000 as part of the optimization efforts for the three and nine-month periods ended September 30, 2013. Thus far, we are satisfied with our efforts and progress to improve our costs and operating efficiencies throughout our operations and will continue to maintain our objective of streamlining the organization.

Corporate Social Responsibility Expenses

For the third quarter of 2013, corporate social responsibility expenses totalled \$238,000 (2012: \$1,573,000), including contributions of \$230,000 (2012: \$400,000) made to *Fondation SEMAFO*.

For the nine-month period ended September 30, 2013, corporate social responsibility expenses totalled \$965,000 (2012: \$3,217,000), including contributions of \$566,000 (2012: \$1,434,000) made to *Fondation SEMAFO*, while contributions to SEMAFO Energy totalled \$138,000 (2012: \$1,727,000).

Share-based Compensation

For the third quarter of 2013, our share-based compensation expenses amounted to \$2,036,000 compared to \$1,363,000 for the same period in 2012. Our share-based compensation expenses included a \$197,000 charge (2012: \$336,000) related to our stock option plans and a charge of \$1,839,000 (2012: expense of \$1,027,000) for our Restricted Share Unit Plan ("Unit Plan"). The \$1,839,000 expense related to the Unit Plan is comprised of a \$1,410,000 expense for restricted share units outstanding and a \$429,000 expense due to an increase in our share price.

For the nine-month period ended September 30, 2013, our share-based compensation expenses amounted to \$2,079,000 compared to \$2,488,000 for the same period in 2012. Our share-based compensation expenses included a \$942,000 charge (2012: \$1,314,000) related to our stock option plans and a charge of \$1,137,000 (2012: \$1,174,000) for our Restricted Share Unit Plan. The \$1,137,000 charge related to the Unit Plan is comprised of a \$4,161,000 expense for restricted share units outstanding and a \$3,024,000 credit due to a decrease in our share price.

Impairment of Investment in GoviEx

In February 2008, the Corporation completed a transaction with GoviEx, aimed at combining the companies' interests in uranium mining projects. As part of this transaction, we sold all of the shares in our subsidiary Semafo Energy (Barbados) Limited, in which we had already invested \$2,151,000, in consideration for approximately 12% of GoviEx's outstanding shares at the transaction date. The transaction resulted in a non-cash gain of \$17,849,000 and transaction fees of \$400,000.

In 2013, GoviEx issued a technical economic analysis prepared by SRK Consulting (UK) Limited for its Madaouela uranium project in Niger. The base case project economics assume a long-term uranium price of US\$70/lb U₃O₈. Based on the current uranium market price, this project does not meet our minimal profitability criteria. In addition GoviEx is in the process of restructuring its debt, which may create material dilution of our ownership in GoviEx. By combining the low profitability of the project and the potentially material dilution of our ownership, we deemed that the decline in GoviEx's fair value is significant. Accordingly, for the nine-month period ended September 30, 2013 an impairment of \$19,600,000 was recorded.

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

Income Tax Expense

The income tax expense decreased in the first nine months of 2013 compared to the same period in 2012 due to the decrease of our taxable income at the Mana Mine in 2013 compared to 2012 and the income tax recovery in the third quarter of 2013, reflecting the impact of foreign exchange movements on our foreign non-monetary assets that must be recognized.

Comprehensive Income Attributable to Non-Controlling Interests

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012 ¹	2013	2012 ¹
Non-controlling interests (in thousands of dollars)				
Government of Burkina Faso – 10%				
in SEMAFO Burkina Faso S.A.	863	1,282	4,841	5,481
Government of Niger – 20%				
in Société des Mines du Liptako (SML) S.A.	(295)	(883)	(11,763)	172
Government of Guinea – 15%				
in SEMAFO Guinée S.A.	98	(455)	(5,179)	(1,445)
	666	(56)	(12,101)	4,208

¹ Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 6 of the condensed interim consolidated financial statements

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

Discontinued Operations

	Three-month period ended September 30, 2013			Nine-month period ended September 30, 2013		
	Samira Hill, Niger	Kiniero, Guinea	Total	Samira Hill, Niger	Kiniero, Guinea	Total
(in thousands of dollars, except amounts per ounce)						
Revenue – Gold sales	13,140	7,229	20,369	50,798	20,403	71,201
Mining operation expenses	11,719	5,968	17,687	36,260	13,683	49,943
Depreciation of property, plant and equipment	457	3,293	3,750	7,440	4,937	12,377
Impairment	–	–	–	49,796	32,830	82,626
Other	3,030	490	3,520	3,864	627	4,491
Net loss from discontinued operations						
before income taxes	(2,066)	(2,522)	(4,588)	(46,562)	(31,674)	(78,236)
Income tax expense	–	–	–	3,000	–	3,000
Net loss for the period						
from discontinued operations	(2,066)	(2,522)	(4,588)	(49,562)	(31,674)	(81,236)
Attributable to:						
Equity shareholders	(1,771)	(2,620)	(4,391)	(37,799)	(26,495)	(64,294)
Non-controlling interest	(295)	98	(197)	(11,763)	(5,179)	(16,942)
Operating Data						
Gold ounces produced	6,400	4,300	10,700	30,900	13,900	44,800
Gold ounces sold	10,000	5,400	15,400	34,500	13,900	48,400

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

Discontinued Operations (continued)

Samira Hill Mine

- On July 17 2013, we entered into a heads of agreement with Middle Island Resources Limited for the sale of the Samira Hill gold mine in Niger. On September 30, 2013, the heads of agreement expired. Closing of the transaction was subject to the fulfillment of several conditions prior to September 30, 2013. A number of said conditions were not fulfilled, including those pertaining to approvals and consents from the Government of Niger.
- Nevertheless, as at September 30, 2013, management was committed to sell the Samira Hill Mine, was actively looking for potential buyers and believed that the sale will occur within one year. In August 2013, the Samira Hill Mine was placed in care and maintenance.

On September 30, 2013, the Corporation concluded that the Samira Hill Mine met criteria for classification as an asset held for sale and discontinued operations.

- No cash flow was used for investments in property, plant and equipment in the third quarter of 2013.
- Other expenses during the three-month period ended September 30, 2013 included provision expenses on inventories amounting to \$696,000, termination benefits of approximately \$500,000 and expenses incurred during the care and maintenance period.
- Net loss from discontinued operations during the three-month and nine-month periods ended September 30, 2013 totalled \$2,066,000 and \$49,562,000 respectively, the latter including impairment charges of \$49,796,000.

Kiniero Mine

- As at September 30, 2013, management was committed to sell the Kiniero Mine, was actively looking for potential buyers and believed that the sale will occur within one year. The Kiniero Mine will be placed in care and maintenance in 2013.

On September 30, 2013, the Corporation concluded that the Kiniero Mine met criteria for classification as an asset held for sale and discontinued operations.

- No cash flow was used for investments in property, plant and equipment in the third quarter of 2013.
- Net loss from discontinued operations during the three-month and nine-month periods ended September 30, 2013 totalled \$2,522,000 and \$31,674,000 respectively, the latter including impairment charges of \$32,830,000.

7. Other Comprehensive Income (Loss)

For the third quarter of 2013, other comprehensive income amounted to nil (2012: nil).

For the nine-month period ended September 30, 2013, other comprehensive income amounted to nil. For the nine-month period ended September 30, 2012, it included another comprehensive income of \$2,794,000 due to a decrease in the fair value of our current investment of \$21,503,000, and the reclassification of accumulated other comprehensive loss to net loss of \$24,297,000 from the sale of our current investment.

8. Cash Flow

The following table summarizes our cash flow activities:

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
Cash flow from operating activities (in thousands of dollars)				
Operations	15,575	14,695	61,365	75,643
Working capital items	(17,710)	19,295	(23,598)	5,180
Operating activities	(2,135)	33,990	37,767	80,823
Financing activities	(6,096)	(6,075)	(11,480)	(11,181)
Investing activities	(22,170)	(30,182)	(85,029)	(107,218)
Change in cash and cash equivalents during the period from continuing operations.....	(30,401)	(2,267)	(58,742)	(37,576)
Change in cash and cash equivalents during the period from discontinued operations	1,353	9,156	5,786	13,362
Effect of exchange rate changes on cash and cash equivalents	(1,307)	(653)	(437)	(32)
Cash and cash equivalents – beginning of period	116,413	148,231	139,451	178,713
Cash and cash equivalents – end of period	86,058	154,467	86,058	154,467
Less: cash and cash equivalents from discontinued operations	2,482	–	2,482	–
Cash and cash equivalents from continuing operations – end of period	83,576	154,467	83,576	154,467

Operating

Third Quarter 2013

Our primary ongoing source of liquidity is from our operating cash flows. In the third quarter of 2013, operating activities, before working capital items, generated cash flows of \$15,575,000 compared to \$14,695,000 despite a decrease of 9% in gold sales. This improvement results mainly from lower general and administrative expenses following our optimization efforts, combined with lower current income tax expense. Working capital items required liquidities of \$17,710,000 in the third quarter of 2013, while it generated liquidities of \$19,295,000 for 2012, mainly due to higher payments of trade payables and accrued liabilities and income tax payable, and lower receipts of trade receivables and other receivables.

First Nine Months of 2013

In the nine-month period ended September 30, 2013, operating activities, before working capital items, generated cash flows of \$61,365,000 compared to \$75,643,000 in the same period in 2012, reflecting a lower cash margin as a result of the decrease in gold price. Working capital items required liquidities of \$23,598,000 in the first nine months of 2013, while it generated liquidities of \$5,180,000 in 2012, mainly due to higher payments of trade payables and accrued liabilities, higher inventories and lower receipts of trade receivables from gold sales.

Further details regarding the changes in non-cash working capital items are provided in note 23 a) of the financial statements.

8. Cash Flow (continued)

Financing

Third Quarter 2013

In the third quarter of 2013, cash flow used in financing activities amounted to \$6,096,000 compared to \$6,075,000 in the same period in 2012, reflecting mainly the payment of dividends to equity shareholders and the payment of dividends from our subsidiary in Burkina Faso in both years. During the third quarter of 2013, our subsidiary located in Burkina Faso declared and paid a dividend, representing approximately 10% of its statutory net income. Consequently, we paid dividends of \$897,000 to the Government of Burkina Faso. Furthermore, we made our dividend payment totalling \$5,199,000 to our equity shareholders.

First Nine Months of 2013

In the nine-month period ended September 30, 2013, cash flow used in financing activities amounted to \$11,480,000 compared to \$11,181,000 in the same period in 2012, reflecting mainly the payment of dividends to equity shareholders and the payment of dividends from our subsidiary in Burkina Faso in both years.

Investing

Third Quarter 2013

Investments of \$22,170,000 were made in property, plant and equipment, compared to investments of \$30,182,000 for the same period in 2012.

Cash flow used for investments in property, plant and equipment in the third quarter of 2013 included: exploration expenditures of \$2,121,000, expansion costs at the Mana Mine totalling \$2,168,000, the purchase of mining equipment totalling \$183,000, capitalized stripping costs of \$13,401,000, as well as sustainable capital expenditures of \$4,297,000. In the third quarter of 2012, liquidities of \$30,182,000 were invested as follows: \$10,448,000 for exploration expenditures, \$567,000 for expansion related costs at the Mana Mine, \$2,451,000 for mining equipment, \$9,924,000 for stripping costs as well as \$6,792,000 for sustainable capital expenditures.

First Nine months of 2013

In the first nine months of 2013, we made an advance of \$4,050,000 to Sonabel.

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

In the first nine months of 2013, investments of \$78,526,000 were made in property, plant and equipment, compared to investments of \$108,025,000 for the same period in 2012.

Cash flow used for investments in property, plant and equipment in the first nine months of 2013 included: exploration expenditures of \$19,313,000, expansion costs at the Mana Mine totalling \$6,131,000, the purchase of mining equipment totalling \$1,966,000, capitalized stripping costs of \$39,725,000, as well as sustainable capital expenditures of \$11,391,000. In the first nine months of 2012, liquidities of \$108,025,000 were invested as follows: \$34,157,000 for exploration expenditures, \$6,430,000 for expansion related costs at the Mana Mine, \$6,785,000 for the underground at Mana, \$12,651,000 for mining equipment, \$17,280,000 for stripping costs as well as \$30,722,000 for sustainable capital expenditures.

The increase in restricted cash of \$2,453,000 in the first nine months of 2013 is due to the funding of our asset retirement obligation in Burkina Faso and the special compensation arrangement with the former President and Chief Executive Officer.

9. Financial Position

As at September 30, 2013, we maintained a strong financial position with \$83,576,000 in cash and cash equivalents in addition to \$2,482,000 included as assets held for sale and no long-term debt. With our existing cash balances and forecasted cash flow from operations, we are well positioned to fund all of our cash requirements for 2013, which relate primarily to ongoing exploration programs and stripping activities.

	As at September 30, 2013	As at December 31, 2012
(in thousands of dollars)		
Other current assets	173,896	273,107
Assets held for sale	14,586	—
Current assets	188,482	273,107
Restricted cash	3,376	923
Property, plant and equipment	393,919	404,716
Other assets	4,100	—
Investment	—	19,600
Deferred income taxes assets	2,830	3,000
Total assets	592,707	701,346
Total liabilities	65,823	100,819
Equity attributable to equity shareholders	525,798	586,524
Non-controlling interest	1,086	14,003

As at September 30, 2013, our total assets amounted to \$592,707,000 compared to \$701,346,000 as at December 31, 2012. The decrease relates to the impairment of our Samira Hill and Kiniero mines (see note 11 of the financial statements) and to the impairment of our investment in GoviEx. We held cash and cash equivalents of \$83,576,000 as at September 30, 2013 in addition to \$2,482,000 included as assets held for sale compared to \$139,451,000 as at December 31, 2012. The remaining portion of our asset base primarily comprises property, plant and equipment, reflecting the capital-intensive nature of our business.

As at September 30, 2013, our liabilities totalled \$65,823,000, which mainly comprised trade payables and accrued liabilities, income tax payable and provisions.

10. Financial Instruments

The nature and extent of risks arising from financial instruments are described in note 17 of the Corporation's 2012 annual consolidated financial statements. In the third quarter of 2013, there was no material change to the nature of risks arising from financial instruments or classification of financial instruments. Furthermore, there was no change in the methodology used to determine the fair value of the financial instruments that are measured at fair value on our consolidated statement of financial position.

11. 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.

11. Contractual Obligations (continued)

Asset Retirement Obligations (continued)

The liability for asset retirement obligations as at September 30, 2013 was \$5,465,000 (December 31, 2012: \$10,375,000). The estimated undiscounted value of this liability was \$7,420,000 (December 31, 2012: \$12,752,000). These disbursements are expected to be made during the years 2013 to 2021. In the three-month period ended September 30, 2013, an accretion expense component of \$75,000 (2012: \$54,000) has been charged to operations in finance costs to reflect an increase in the carrying amount of the asset retirement obligation which has been determined using a weighted average discount rate of 7% (2012: 7%).

Government Royalties and Development Taxes

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

In 2013, the Corporation was subject to a royalty rate of 4% and 5%, which was calculated using the retail market value of gold ounces sold at the time of shipment. In the third quarter of 2013, government royalties amounting to \$2,355,000 (2012: \$2,724,000) were paid to the Government of Burkina Faso. In the nine-month period ended September 30, 2013, government royalties amounting to \$8,781,000 (2012: \$10,054,000) were paid to the Government of Burkina Faso.

The Corporation is subject to a royalty rate of 5.5% of the market value of gold ounces sold originating from the Samira Hill Mine payable to the Republic of Niger. In the third quarter of 2013, government royalties amounting to \$747,000 (2012: \$1,028,000) were paid to the Government of Niger. In the nine-month period ended September 30, 2013, government royalties amounting to \$2,869,000 (2012: \$3,516,000) were paid to the Government of Niger.

The Corporation is subject to a royalty rate of 5% of the market value of gold ounces sold originating from the Kiniero Mine payable to the Republic of Guinea. In addition, the Corporation has to invest 0.4% of its gold sales in local development projects. In the third quarter of 2013, government royalties amounting to \$385,000 (2012: \$363,000) were paid to the Government of Guinea. In the nine-month period ended September 30, 2013, government royalties amounting to \$1,090,000 (2012: \$692,000) were paid to the Government of Guinea.

Net Smelter Royalty – Samira Hill Mine

Further to the acquisition from Etruscan Resources Inc. ("Etruscan") of their minority interest in the subsidiary operating the Samira Hill Mine located in Niger, the Corporation is subject to a 1.5% net smelter royalty. The royalty comes into effect after the mine has produced 750,000 ounces, calculated as from July 1, 2009. Since July 1, 2009, the Samira Hill Mine has produced 207,300 ounces. The Corporation has been granted a right of first refusal should Etruscan decide to sell this royalty.

Purchase Obligations

As at September 30, 2013, purchase commitments totalled \$9,213,000. In addition, on October 1, 2011, the Corporation entered into an agreement with National Electricity Company Sonabel, in Burkina Faso, pursuant to which the Corporation will make an advance for the construction of a high-voltage transmission line. As at September 30, 2013, the Corporation is committed to advance a remaining amount of \$5,071,000 (2,458,000,000 FCFA) to Sonabel with respect to this project.

Payments to Maintain Mining Rights

In the normal course of business, in order to obtain and maintain all the advantages of our mining permits, we must commit to invest a specific amount in exploration and development on the permits during their validity period. Moreover, we must make annual payments in order to maintain certain property titles. As at September 30, 2013, we were in compliance in all material respect with the obligations related to the ownership of our permits.

12. Significant Accounting Policies

The Corporation established its accounting policies and methods used in the preparation of its unaudited condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2013 in accordance with IFRS. See note 4 to the Corporation's 2012 annual audited consolidated financial statements and note 5 of the financial statements for more information about the significant accounting policies used to prepare the financial statements.

13. Critical Accounting Estimates and Judgements

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each statement of financial position date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable and when criteria of assets held for sale are met. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends including the price of gold, and current, historical or projected losses that demonstrate continuing losses, decrease in market capitalization and deferral of capital investments.

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

The recoverable amount is based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amount of non-financial assets to its carrying values. The Corporation's recoverable amount estimates are based on numerous assumptions such as, but not limited to, estimated realized gold prices, operating costs, gold recovery, mineral reserves and resources, capital and site restoration expenditures, potential offers of the mines for sale, and estimated future foreign exchange rates, and may differ from actual values and these differences may be significant and could have a material impact on the Corporation's financial position and result of operation. Mineral reserve and resource estimates are the most important variable in the Corporation's recoverable amount estimates. A decrease in the reserves or resources may result in an impairment charge, which could reduce the Corporation's earnings.

Management's estimates of future cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Corporation's non-financial assets.

Please refer to note 11 of the financial statements for the result of the impairment testing conducted for the Samira Hill and Kiniero mines during the nine-month period ended September 30, 2013.

Asset Retirement Obligations

Asset retirement obligations arise from the development, construction and normal operation of mining property, plant and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and expenditures have been made, and will be made in the future, to comply with such laws and regulations.

The estimated present value of reclamation liabilities is recorded in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability will be increased each period to reflect the interest element or accretion reflected in its initial measurement at fair value, and will also be adjusted for changes in the estimate of the amount, timing change in discount rate and cost of the work to be carried out.

Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs that will be incurred to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. The estimates are dependent on labor costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and pre-tax interest rates that reflect current market assessment for the time value of money and the risks specific to the obligation. Management also estimates the timing of the outlays, which is subject to change depending on continued operations and newly discovered mineral reserves.

Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs could materially impact the operating results. An asset retirement obligations study for our subsidiary in Burkina Faso is presently under review. The results of the study are expected to be completed by the fourth quarter of 2013.

14. Risks and Uncertainties

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

Financial Risks

Fluctuation in Gold Prices

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

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

Fluctuation in Petroleum Prices

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

Exchange Rate Fluctuations

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

Access to Capital Markets

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

Operational Risks

Uncertainty of Reserves and Resource Estimates

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

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

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

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

14. Risks and Uncertainties (continued)

Operational Risks (continued)

Production and Cash Operating Cost

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

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

Nature of Mineral Exploration and Mining

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

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

Depletion of our Mineral Reserves

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

Water Supply

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

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

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

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

14. Risks and Uncertainties (continued)

Operational Risks (continued)

Availability of Infrastructure and Fluctuation in the Price of Energy and Other Commodities (continued)

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

Licenses and Permits

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

Political Risk

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

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

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

Title Matters

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

Suppliers and Outside Contractors Risk

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

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

Competition

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

Qualified and Key Personnel

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

14. Risks and Uncertainties (continued)

Operational Risks (continued)

Labour and Employment Relations

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

Environmental Risks, Hazards and Costs

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

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

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

Insufficient Insurance

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

Resource Nationalism

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

Surrounding Communities Relations

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

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

14. Risks and Uncertainties (continued)

Operational Risks (continued)

Reliance on Information Technology Systems

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

Litigation

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

Furthermore, our recent decision to put the Samira Hill Mine in care and maintenance has already translated into an increase of claims against our Niger subsidiary. Although we are of the opinion that most if not all of these claims are without merit, there can be no assurance that the outcome of any particular or several combined legal proceedings will not have a material adverse effect on this subsidiary.

Anti-corruption Laws

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

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

	2013 ³			2012 ^{1,3}				2011 ³
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(in thousands of dollars, except for amounts per share)								
Results from continuing operations								
Revenues – Gold sales	49,488	53,781	72,578	84,519	54,406	69,051	79,233	86,415
Operating income	398	15,412	24,910	28,056	7,528	5,605	34,914	40,228
Net income (loss)								
from continuing operations	2,523	(6,479)	16,596	21,237	3,048	(22,150)	28,355	31,227
Attributable to:								
- Equity shareholders	1,660	(8,229)	14,368	18,307	1,766	(22,942)	24,948	27,752
- Non-controlling interests	863	1,750	2,228	2,930	1,282	792	3,407	3,475
Basic earnings (loss) per share								
from continuing operations	0.01	(0.03)	0.05	0.07	0.01	(0.08)	0.09	0.10
Diluted earnings (loss) per share								
from continuing operations	0.01	(0.03)	0.05	0.07	0.01	(0.08)	0.09	0.10
Cash flow from operating activities								
from continuing operations ²	15,575	20,121	25,669	38,301	14,695	28,855	32,093	42,895
Total results								
Net income (loss)	(2,065)	(53,361)	(13,171)	(32,685)	7,460	(16,487)	31,342	38,196
Attributable to:								
- Equity shareholders	(2,731)	(46,475)	(7,290)	(25,751)	7,516	(17,515)	28,106	33,277
- Non-controlling interests	666	(6,886)	(5,881)	(6,934)	(56)	1,028	3,236	4,919
Basic earnings (loss) per share	(0.01)	(0.17)	(0.03)	(0.09)	0.03	(0.06)	0.10	0.12
Diluted earnings (loss) per share	(0.01)	(0.17)	(0.03)	(0.09)	0.03	(0.06)	0.10	0.12

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

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

³ Amounts have been restated to reflect discontinued operations.

16. Information on Outstanding Shares

As at November 12, 2013, our share capital is comprised of 273,278,185 common shares issued and outstanding.

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

The plans provide for the grant of non-transferable options for the purchase of common shares. As at November 12, 2013, stock options allowing its holders to purchase 8,642,750 common shares were outstanding.

17. Additional Information

Exchange rates are as follows:

	CAD / USD \$		EUR / USD \$	
	2013	2012	2013	2012
December 31 (closing).....	—	0.9949	—	0.7584
March 31 (closing)	1.0156	0.9991	0.7787	0.7500
June 30 (closing)	1.0512	1.0191	0.7686	0.7894
September 30 (closing)	1.0285	0.9837	0.7389	0.7779
First quarter (average)	1.0090	1.0012	0.7570	0.7618
Second quarter (average)	1.0229	1.0122	0.7662	0.7802
Third quarter (average)	1.0394	0.9955	0.7554	0.7989

18. Disclosure Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and internal controls over financial reporting. Any system of disclosure controls and internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Corporation's disclosure controls and internal controls over financial reporting during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

19. Non-IFRS Financial Performance Measures from Continuing Operations

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

Cash Operating Cost

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
Per Ounce Produced				
Gold ounces produced	38,700	36,600	122,900	127,100
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	29,485	29,944	87,915	91,590
Government royalties and selling expenses	(2,527)	(2,909)	(9,293)	(10,710)
Effects of inventory adjustments (doré bars)	1,917	2,525	1,728	3,937
Operating costs (relating to ounces produced)	28,875	29,560	80,350	84,817
Cash operating cost (per ounce produced)	746	808	654	667

	Three month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
Per tonne processed				
Tonnes of ore processed	714,400	697,700	2,138,400	1,968,700
(in thousands of dollars except per ounce)				
Mining operation expenses (relating to ounces sold)	29,485	29,944	87,915	91,590
Government royalties and selling expenses	(2,527)	(2,909)	(9,293)	(10,710)
Effects of inventory adjustments (doré bars and gold in circuit)	2,520	3,360	2,723	3,984
Operating costs (relating to tonnes processed)	29,478	30,395	81,345	84,864
Cash operating cost (per tonne processed)	41	44	38	43

19. Non-IFRS Financial Performance Measures from Continuing Operations

(continued)

Operating Cash Flow per Share

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012 ^{2,3}	2013	2012 ^{2,3}
(in thousands except per share)				
Cash flow from operating activities				
from continuing operations ¹	15,575	14,695	61,365	75,643
Weighted average number of outstanding common shares	273,268	273,205	273,262	273,122
Operating cash flow per share from continuing operations	0.06	0.05	0.22	0.28

Adjusted Accounting Measures

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012 ^{2,3}	2013	2012 ^{2,3}
Operating income as per IFRS	398	7,528	40,720	48,047
Write-off of property, plant and equipment	—	—	—	16,998
Adjusted operating income from continuing operations	398	7,528	40,720	65,045
Net income from continuing operations				
attributable to shareholders' equity as per IFRS	1,660	1,766	7,798	3,772
Loss on the sale of current investment	—	—	—	24,297
Impairment of investment in GoviEx	—	—	19,600	—
Write-off of property, plant and equipment	—	—	—	16,998
Income taxes and non-controlling interest impact of the adjustments above.....	—	—	—	(4,377)
Adjusted net income from continuing operations attributable to equity shareholders	1,660	1,766	27,398	40,690
Weighted average number of outstanding shares	273,268	273,205	273,262	273,122
Adjusted basic earnings per share from continuing operations	0.01	0.01	0.10	0.15

20. Additional Information and Continuous Disclosure

This MD&A has been prepared as of November 12, 2013. Additional information on the Corporation is available through regular filings of press releases, financial statements and its Annual Information Form on SEDAR (www.sedar.com). These documents and other information about SEMAFO may also be found on our web site at www.semafo.com.

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

² Amounts have been restated for the adoption of IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*. Please refer to note 6 of the condensed interim consolidated financial statements.

³ Amounts have been restated to reflect discontinued operations.

21. Forward Looking Statements

This MD&A contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserves and resources estimates. Forward-looking statements include words or expressions such as "committed", "evolve", "become", "pursuing", "growth", "scheduled", "will", "increased", "estimate", "priorities", "believe", "as soon as possible", "expected", "anticipated", "under review", "guidance" and other similar words or expressions. Factors that could cause future results or events to differ materially from current expectations expressed or implied by the forward looking statements include the ability to deliver on our strategic focus, the ability to begin Siou's production in the second quarter of 2014, Siou's ability to increase production and lower the total cash cost per ounce, the ability to begin stripping activities at Siou in the coming months, the ability to have an average head grade of 1.90 g/t Au for the fourth quarter of 2013, the ability to bring Siou to production within two years of its discovery, the ability to meet Siou's anticipated capital expenditures of \$12.5 million for 2014, fluctuations in the price of currencies, gold or operating costs, mining industry risks, uncertainty as to calculation of mineral reserves and resources, delays, requirements of additional financing, increase in tax or royalty rates or adoption of new interpretations related thereto, political and social stability in Africa (including our ability to maintain or renew licenses and permits) and other risks described in this MD&A and in our other documents filed from time to time with Canadian securities regulatory authorities. You can find further information with respect to these and other risks in filings made with the Canadian securities regulatory authorities available at www.sedar.com. Documents are also available on our website at www.semafo.com. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.

Notice to Reader

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

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

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

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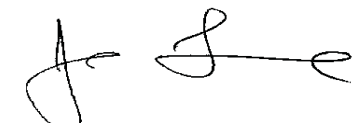
Interim Consolidated Statement of Financial Position

(Expressed in thousands of US dollars - unaudited)

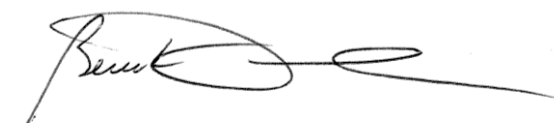
	As at September 30, 2013 \$	As at December 31, 2012 \$ (Restated note 6)
Assets		
Current assets		
Cash and cash equivalents (note 8)	83,576	139,451
Trade and other receivables (note 9)	26,133	30,395
Inventories (note 10)	61,112	96,829
Other current assets	3,075	6,432
	173,896	273,107
Assets held for sale (note 11)	14,586	—
	188,482	273,107
Non-current assets		
Restricted cash	3,376	923
Property, plant and equipment (note 13)	393,919	404,716
Other assets (note 12)	4,100	—
Investment (note 15)	—	19,600
Deferred income tax asset	2,830	3,000
	404,225	428,239
Total assets	592,707	701,346
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	30,241	67,020
Restricted share unit liabilities	1,100	—
Provisions (note 14)	2,395	2,588
Advance payable	—	915
Income tax payable	7,653	8,276
Dividends payable	—	5,492
	41,389	84,291
Liabilities held for sale (note 11)	14,783	—
	56,172	84,291
Non-current liabilities		
Restricted share unit liabilities	2,279	2,001
Provisions (note 14)	7,372	12,487
Deferred income tax liabilities	—	2,040
	65,823	100,819
Total liabilities	65,823	100,819
Equity		
Equity Shareholders		
Share capital	455,328	455,179
Contributed surplus	13,133	12,232
Retained earnings	57,337	119,113
	525,798	586,524
Non-controlling interests	1,086	14,003
Total equity	526,884	600,527
Total liabilities and equity	592,707	701,346

Financial commitments (note 22)

Approved by the Board of Directors,



Jean Lamarre, Director



Benoit Desormeaux, CPA, CA, Director

Interim Consolidated Statement of Income (Loss)

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013 \$	2012 \$ (Restated note 6)	2013 \$	2012 \$ (Restated note 6)
Revenue – Gold sales	49,488	54,406	175,847	202,690
Costs of operations				
Mining operation expenses (note 16)	29,485	29,944	87,915	91,590
Depreciation of property, plant and equipment	13,161	8,385	31,163	24,378
General and administrative (note 17)	4,170	5,613	13,005	15,972
Corporate social responsibility expenses	238	1,573	965	3,217
Share-based compensation (note 18)	2,036	1,363	2,079	2,488
Write-off of property, plant and equipment (note 13)	–	–	–	16,998
Operating income	398	7,528	40,720	48,047
Other expenses (income)				
Finance income	(88)	(88)	(163)	(237)
Finance costs (note 19)	196	127	938	335
Foreign exchange loss (gain)	(1,081)	(408)	(811)	302
Impairment of investment in GoviEx (note 15)	–	–	19,600	–
Loss on the sale of current investment (note 15)	–	–	–	24,297
Income before income taxes	1,371	7,897	21,156	23,350
Income tax expense (recovery)				
Current	2,323	4,715	13,074	16,999
Deferred	(3,475)	134	(4,557)	(2,902)
	(1,152)	4,849	8,517	14,097
Net income from continuing operations	2,523	3,048	12,639	9,253
Net income (loss) from discontinued operations (note 11)	(4,588)	4,412	(81,236)	13,062
Net income (loss) for the period	(2,065)	7,460	(68,597)	22,315
Net income from continuing operations attributable to:				
Equity shareholders	1,660	1,766	7,798	3,772
Non-controlling interests (note 20)	863	1,282	4,841	5,481
	2,523	3,048	12,639	9,253
Net income (loss) for the period attributable to:				
Equity shareholders	(2,731)	7,516	(56,496)	18,107
Non-controlling interests (note 20)	666	(56)	(12,101)	4,208
	(2,065)	7,460	(68,597)	22,315
Basic earnings per share from continuing operations	0.01	0.01	0.03	0.02
Basic earnings (loss) per share from discontinued operations	(0.02)	0.02	(0.24)	0.05
Basic earnings (loss) per share (note 21)	(0.01)	0.03	(0.21)	0.07
Diluted earnings per share from continuing operations	0.01	0.01	0.03	0.02
Diluted earnings (loss) per share from discontinued operations	(0.02)	0.02	(0.24)	0.05
Diluted earnings (loss) per share (note 21)	(0.01)	0.03	(0.21)	0.07

Interim Consolidated Statement of Comprehensive Income (Loss)

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Net income (loss) for the period	(2,065)	7,460	(68,597)	22,315
Other comprehensive income (loss)				
Item that may be classified to net income (loss)				
Change in fair value of investments (net of tax impact of nil)	—	—	(19,600)	(21,503)
Reclassification of accumulated other comprehensive loss to net income (loss) (net of tax of nil)	—	—	19,600	24,297
Other comprehensive income for the period, net of tax	—	—	—	2,794
Total comprehensive income (loss) for the period	(2,065)	7,460	(68,597)	25,109
Attributable to:				
Equity shareholders	(2,731)	7,516	(56,496)	20,901
Non-controlling interests	666	(56)	(12,101)	4,208
	(2,065)	7,460	(68,597)	25,109

Interim Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders							Non- controlling interests \$	TOTAL EQUITY \$
	Share capital		Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Retained earnings \$	Total \$			
	Common Shares ¹ (in thousands)	Amount \$							
Balance – January 1, 2012	273,004	454,746	10,935	5,686	138,467	609,834	16,659	626,493	
Net income for the period ²	–	–	–	–	18,107	18,107	4,208	22,315	
Other comprehensive income (loss) for the period									
Item that may be classified to net income									
Changes in fair value of current investment (net of tax of nil) (note 15) ..	–	–	–	(21,503)	–	(21,503)	–	(21,503)	
Reclassification of accumulated other comprehensive loss to net income related to investment sold (note 15)	–	–	–	24,297	–	24,297	–	24,297	
Total comprehensive income for the period ²	–	–	–	2,794	18,107	20,901	4,208	25,109	
Share-based compensation (note 18)	–	–	1,314	–	–	1,314	–	1,314	
Shares issued from the exercise of options (note 18)	214	433	(118)	–	–	315	–	315	
Dividends declared	–	–	–	–	(5,361)	(5,361)	–	(5,361)	
Dividends declared by a subsidiary to non-controlling interest	–	–	–	–	–	–	(787)	(787)	
Non-controlling interests' share of transactions in subsidiaries' equity	–	–	–	–	(861)	(861)	861	–	
Balance – September 30, 2012 ²	273,218	455,179	12,131	8,480	150,352	626,142	20,941	647,083	
Balance – January 1, 2013 ²	273,218	455,179	12,232	–	119,113	586,524	14,003	600,527	
Net loss for the period	–	–	–	–	(56,496)	(56,496)	(12,101)	(68,597)	
Other comprehensive income (loss) for the period									
Item that may be classified to net loss									
Changes in fair value of investment in GoviEx (net of tax of nil) (note 15) ...	–	–	–	(19,600)	–	(19,600)	–	(19,600)	
Reclassification of accumulated other comprehensive loss to net loss (note 15)	–	–	–	19,600	–	19,600	–	19,600	
Total comprehensive loss for the period	–	–	–	–	(56,496)	(56,496)	(12,101)	(68,597)	
Share-based compensation (note 18)	–	–	942	–	–	942	–	942	
Shares issued from the exercise of options (note 18)	50	149	(41)	–	–	108	–	108	
Dividends declared ³	–	–	–	–	(5,199)	(5,199)	–	(5,199)	
Dividends declared by a subsidiary to non-controlling interest	–	–	–	–	–	–	(897)	(897)	
Non-controlling interests' share of transactions in subsidiaries' equity	–	–	–	–	(81)	(81)	81	–	
Balance – September 30, 2013	273,268	455,328	13,133	–	57,337	525,798	1,086	526,884	

¹ There were no common shares that were unpaid as of September 30, 2013 (2012: nil).

² Amounts have been restated for the adoption of IFRIC 20. Refer to note 6.

³ On May 13, 2013, the Board of Directors approved a cash dividend of \$0.02 per common share, paid on July 15, 2013 to shareholders of record at the close of business on June 30, 2013.

Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars - unaudited)

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Cash flows from (used in):				
Operating activities				
Net income for the period from continuing operations	2,523	3,048	12,639	9,253
Adjustments for :				
Depreciation of property, plant and equipment	13,161	8,385	31,163	24,378
Share-based compensation	2,036	1,363	2,079	2,488
Write-off of property, plant and equipment	—	—	—	16,998
Impairment of investment in GoviEx	—	—	19,600	—
Loss on the sale of current investment	—	—	—	24,297
Deferred income taxes expense (recovery)	(3,475)	134	(4,557)	(2,902)
Others	1,330	1,765	441	1,131
	15,575	14,695	61,365	75,643
Changes in non-cash working capital items (note 23 a)	(17,710)	19,295	(23,598)	5,180
Net cash provided by (used in) operating activities from continuing operations ..	(2,135)	33,990	37,767	80,823
Net cash provided by operating activities from discontinued operations	1,353	15,314	12,654	38,489
Net cash provided by (used in) operating activities	(782)	49,304	50,421	119,312
Financing activities				
Proceeds on issuance of share capital	—	73	108	315
Payment of dividends to non-controlling interest	(897)	(787)	(897)	(787)
Payment of dividends to equity shareholders	(5,199)	(5,361)	(10,691)	(10,709)
Net cash used in financing activities from continuing operations	(6,096)	(6,075)	(11,480)	(11,181)
Net cash used in financing activities from discontinued operations	—	—	—	(1,000)
Net cash used in financing activities	(6,096)	(6,075)	(11,480)	(12,181)
Investing activities				
Current investment	—	—	—	(4,813)
Advance made to Sonabel (note 12)	—	—	(4,050)	—
Proceeds from the sale of current investment	—	—	—	5,617
Acquisitions of property, plant and equipment	(22,170)	(30,182)	(78,526)	(108,025)
Decrease (increase) in restricted cash	—	—	(2,453)	3
Net cash used in investing activities from continuing operations	(22,170)	(30,182)	(85,029)	(107,218)
Net cash used in investing activities from discontinued operations	—	(6,158)	(6,868)	(24,127)
Net cash used in investing activities	(22,170)	(36,340)	(91,897)	(131,345)
Effect of exchange rate changes on cash and cash equivalents	(1,307)	(653)	(437)	(32)
Change in cash and cash equivalents during the period	(30,355)	6,236	(53,393)	(24,246)
Cash and cash equivalents – beginning of period	116,413	148,231	139,451	178,713
Cash and cash equivalents – end of period	86,058	154,467	86,058	154,467
Less cash and cash equivalents of discontinued operations – end of period	2,482	—	2,482	—
Cash and cash equivalents of continuing operations – end of period	83,576	154,467	83,576	154,467
Interest paid	—	—	—	—
Interest received	88	89	163	239
Income tax paid	5,529	6,321	13,398	23,266
Supplementary cash flow information (note 23)				

1. Incorporation and nature of activities of the Corporation

SEMAFO Inc. (the “Corporation”) is governed by the Business Corporations Act (Quebec) and is listed on the Toronto Stock Exchange and on the NASDAQ OMX Stockholm exchange. The Corporation’s headquarters is located at 100 Alexis-Nihon blvd., 7th floor, Saint-Laurent, Quebec, H4M 2P3.

The Corporation’s subsidiaries are engaged in gold mining activities including exploration, development and operations. These activities are conducted in West Africa. The Corporation’s subsidiaries presently operate two gold mines in Burkina Faso and Guinea. The Corporation’s subsidiaries have interests in mining properties. The potential for recovery of costs incurred on these properties and of related deferred charges depends on the existence of sufficient quantities of reserves, the ability to obtain all required permits, the ability to obtain appropriate financing to put these mining properties into production and the ability to realize a profitable return for the Corporation.

2. Basis of preparation

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

The accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Corporation’s annual financial statements for the year ended December 31, 2012, except for the changes in accounting policies presented in note 3 and 5. These condensed interim consolidated financial statements should be read in conjunction with the Corporation’s annual financial statements for the year ended December 31, 2012 which have been prepared in accordance with IFRS as issued by the IASB.

The Board of Directors approved these condensed interim consolidated financial statements on November 12, 2013.

3. Summary of accounting policy

Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprised of assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured at the lower of their carrying amount and fair value less costs to sell, with the exception of financial assets and deferred income tax assets, which continue to be measured in accordance with the Corporation’s accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in net income (loss) from discontinued operations. Subsequent gains are not recognized in excess of any cumulative past impairment losses. The Corporation presents assets held for sale separately from the Corporation’s other assets and separately from liabilities directly associated with the assets held for sale. Liabilities associated with assets held for sale are presented separately from the Corporation’s other liabilities.

A discontinued operation is a component of the Corporation that has either been disposed of or that is classified as held for sale. A component of the Corporation is comprised of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Corporation. Net income (loss) of a discontinued operation and any gain or loss on disposal are combined and presented as net income (loss) from discontinued operations in the Consolidated Statements of Income (Loss). Comparative periods are restated to reflect discontinued operations presentation.

On September 30, 2013, the Corporation’s Samira Hill and Kiniero Mines meet the criteria for classification as assets held for sale and discontinued operations. Refer to note 6 and note 11 for more details.

4. New accounting standard issued but not yet in effect

IFRS 9, *Financial Instruments* (“IFRS 9”)

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

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

5. New accounting standards issued and in effect

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

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

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

IFRS 10, *Consolidated Financial Statements* (“IFRS 10”)

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

IFRS 11, *Joint Arrangements* (“IFRS 11”)

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

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

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

Notes to the condensed interim consolidated financial statements

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

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

IFRS 13, *Fair Value Measurement* (“IFRS 13”)

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

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

IFRIC 20 was issued in October 2011. It provides guidance on the accounting for the costs of stripping activity in the production phase of surface mining when one of the two benefits accrue to the entity from the stripping activity: useable ore that can be used to produce inventory or improved access to further quantities of material that will be mined in future periods. We have adopted IFRIC 20 effective January 1, 2013. Upon adoption of IFRIC 20, we assessed the stripping asset on the balance sheet as at January 1, 2012 and determined that there are identifiable component of the ore body with which this stripping asset can be associated. Accordingly, no opening consolidated statement of financial position as at January 1, 2012 was presented as no balance adjustment was recorded. Please refer to note 6 for more details.

Amendments to Other Standards

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

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

6. Restatement of comparative figures

The effects of the discontinued operations and the adoption of IFRIC 20 are as follows:

Adjustments to the consolidated statement of financial position

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

Notes to the condensed interim consolidated financial statements

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

6. Restatement of comparative figures (continued)

Adjustments to the consolidated statements of income (loss)

	For the three-month period ended September 30, 2012			
	Previously stated	IFRIC 20	Discontinued operations	Restated
Revenue – Gold sales	79,419	–	(25,013)	54,406
Costs of operations				
Mining operation expenses	44,753	–	(14,809)	29,944
Depreciation of property, plant and equipment	13,331	514	(5,460)	8,385
General and administrative	5,918	–	(305)	5,613
Corporate social responsibility expenses	1,655	–	(82)	1,573
Share-based compensation	1,363	–	–	1,363
Operating income	12,399	(514)	(4,357)	7,528
Other expenses (income)				
Finance income	(89)	–	1	(88)
Finance costs	301	–	(174)	127
Foreign exchange gain	(765)	–	357	(408)
Income before income taxes	12,952	(514)	(4,541)	7,897
Income tax expense				
Current	4,716	–	(1)	4,715
Deferred	262	–	(128)	134
	4,978	–	(129)	4,849
Net income for the period from continuing operations	7,974	(514)	(4,412)	3,048
Net income for the period from discontinued operations	–	–	4,412	4,412
Net income for the period	7,974	(514)	–	7,460
Net income from continuing operations attributable to:				
Equity shareholders	7,974	(458)	(5,750)	1,766
Non-controlling interests	–	(56)	1,338	1,282
	7,974	(514)	(4,412)	3,048
Net income for the period attributable to:				
Equity shareholders	7,974	(458)	–	7,516
Non-controlling interests	–	(56)	–	(56)
	7,974	(514)	–	7,460
Basic earnings per share from continuing operations	0.03	–	(0.02)	0.01
Basic earnings per share from discontinued operations	–	–	0.02	0.02
Basic earnings per share	0.03	–	–	0.03
Diluted earnings per share from continuing operations	0.03	–	(0.02)	0.01
Diluted earnings per share from discontinued operations	–	–	0.02	0.02
Diluted earnings per share	0.03	–	–	0.03

Notes to the condensed interim consolidated financial statements

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

6. Restatement of comparative figures (continued)

Adjustments to the consolidated statements of income (loss) (continued)

	For the nine-month period ended September 30, 2012			
	Previously stated	IFRIC 20	Discontinued operations	Restated
Revenue – Gold sales	278,196	–	(75,506)	202,690
Costs of operations				
Mining operation expenses	133,788	–	(42,198)	91,590
Depreciation of property, plant and equipment	40,709	650	(16,981)	24,378
General and administrative	17,672	–	(1,700)	15,972
Corporate social responsibility expenses	3,860	–	(643)	3,217
Share-based compensation	2,488	–	–	2,488
Write-off of property, plant and equipment	16,998	–	–	16,998
Operating income	62,681	(650)	(13,984)	48,047
Other expenses (income)				
Finance income	(239)	–	2	(237)
Finance costs	1,395	–	(1,060)	335
Foreign exchange loss	36	–	266	302
Loss on the sale of current investment	24,297	–	–	24,297
Income before income taxes	37,192	(650)	(13,192)	23,350
Income tax expense (recovery)				
Current	17,001	–	(2)	16,999
Deferred	(2,774)	–	(128)	(2,902)
	14,227	–	(130)	14,097
Net income for the period from continuing operations	22,965	(650)	(13,062)	9,253
Net income for the period from discontinued operations	–	–	13,062	13,062
Net income for the period	22,965	(650)	–	22,315
Net income from continuing operations attributable to:				
Equity shareholders	18,552	(445)	(14,335)	3,772
Non-controlling interests	4,413	(205)	1,273	5,481
	22,965	(650)	(13,062)	9,253
Net income for the period attributable to:				
Equity shareholders	18,552	(445)	–	18,107
Non-controlling interests	4,413	(205)	–	4,208
	22,965	(650)	–	22,315
Basic earnings per share from continuing operations	0.07	–	(0.05)	0.02
Basic earnings per share from discontinued operations	–	–	0.05	0.05
Basic earnings per share	0.07	–	–	0.07
Diluted earnings per share from continuing operations	0.07	–	(0.05)	0.02
Diluted earnings per share from discontinued operations	–	–	0.05	0.05
Diluted earnings per share	0.07	–	–	0.07

Notes to the condensed interim consolidated financial statements

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

6. Restatement of comparative figures (continued)

Adjustments to the consolidated statements of income (loss) (continued)

	For the year ended December 31, 2012			
	Previously stated	IFRIC 20	Discontinued operations	Restated
Revenue – Gold sales	388,501	–	(101,292)	287,209
Costs of operations				
Mining operation expenses	184,372	–	(56,249)	128,123
Depreciation of property, plant and equipment	59,248	1,314	(24,134)	36,428
General and administrative	24,834	–	(2,501)	22,333
Corporate social responsibility expenses	5,377	–	(1,199)	4,178
Share-based compensation	3,046	–	–	3,046
Write-off of property, plant and equipment	16,998	–	–	16,998
Impairment of property, plant and equipment	60,000	–	(60,000)	–
Operating income	34,626	(1,314)	42,791	76,103
Other expenses (income)				
Finance income	(295)	–	2	(293)
Finance costs	2,023	–	(1,233)	790
Foreign exchange gain	(735)	–	164	(571)
Loss on the sale of current investment	24,297	–	–	24,297
Income before income taxes	9,336	(1,314)	43,858	51,880
Income tax expense (recovery)				
Current	24,883	–	(2)	24,881
Deferred	(6,491)	–	3,000	(3,491)
	18,392	–	2,998	21,390
Net (loss) income for the year from continuing operations	(9,056)	(1,314)	40,860	30,490
Net loss for the year from discontinued operations	–	–	(40,860)	(40,860)
Net loss for the year	(9,056)	(1,314)	–	(10,370)
Net (loss) income from continuing operations attributable to:				
Equity shareholders	(6,604)	(1,039)	29,722	22,079
Non-controlling interests	(2,452)	(275)	11,138	8,411
	(9,056)	(1,314)	40,860	30,490
Net loss for the year attributable to:				
Equity shareholders	(6,604)	(1,039)	–	(7,643)
Non-controlling interests	(2,452)	(275)	–	(2,727)
	(9,056)	(1,314)	–	(10,370)
Basic earnings (loss) per share from continuing operations	(0.02)	(0.01)	0.11	0.08
Basic loss per share from discontinued operations	–	–	(0.11)	(0.11)
Basic loss per share	(0.02)	(0.01)	–	(0.03)
Diluted earnings per share (loss) from continuing operations	(0.02)	(0.01)	0.11	0.08
Diluted loss per share from discontinued operations	–	–	(0.11)	(0.11)
Diluted loss per share	(0.02)	(0.01)	–	(0.03)

Notes to the condensed interim consolidated financial statements

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

6. Restatement of comparative figures (continued)

Adjustments to the consolidated statements of cash flow

	For the three-month period ended September 30, 2012			
	Previously stated	IFRIC 20	Discontinued operations	Restated
Cash flows from (used in):				
Operating activities				
Net income from continuing operations for the period	7,974	(514)	(4,412)	3,048
Adjustments for:				
Depreciation of property, plant and equipment	13,331	514	(5,460)	8,385
Share-based compensation	1,363	–	–	1,363
Deferred income taxes expense	262	–	(128)	134
Other	1,925	–	(160)	1,765
	24,855	–	(10,160)	14,695
Changes in non-cash working capital items	24,449	–	(5,154)	19,295
 Net cash provided by operating activities				
from continuing operations	49,304	–	(15,314)	33,990
Net cash provided by operating activities				
from discontinued operations	–	–	15,314	15,314
Net cash provided by operating activities	49,304	–	–	49,304
 Financing activities				
Proceeds on issuance of share capital	73	–	–	73
Payment of dividends to non-controlling interest	(787)	–	–	(787)
Payment of dividends to equity shareholders	(5,361)	–	–	(5,361)
 Net cash used in financing activities from continuing operations	(6,075)	–	–	(6,075)
Net cash used in financing activities from discontinued operations ...	–	–	–	–
Net cash used in financing activities	(6,075)	–	–	(6,075)
 Investing activities				
Acquisitions of property, plant and equipment	(36,340)	–	6,158	(30,182)
 Net cash used in investing activities from continuing operations	(36,340)	–	6,158	(30,182)
Net cash used in investing activities from discontinued operations ...	–	–	(6,158)	(6,158)
Net cash used in investing activities	(36,340)	–	–	(36,340)
 Effect of exchange rate changes				
on cash and cash equivalents	(653)	–	–	(653)
 Change in cash and cash equivalents during the period	6,236	–	–	6,236
Cash and cash equivalents – beginning of period	148,231	–	–	148,231
Cash and cash equivalents – end of period	154,467	–	–	154,467

Notes to the condensed interim consolidated financial statements

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

6. Restatement of comparative figures (continued)

Adjustments to the consolidated statements of cash flow (continued)

	For the nine-month period ended September 30, 2012			
	Previously stated	IFRIC 20	Discontinued operations	Restated
Cash flows from (used in):				
Operating activities				
Net income from continuing operations for the period	22,965	(650)	(13,062)	9,253
Adjustments for:				
Depreciation of property, plant and equipment	40,709	650	(16,981)	24,378
Share-based compensation	2,488	–	–	2,488
Write-off of property, plant and equipment	16,998	–	–	16,998
Loss on the sale of current investment	24,297	–	–	24,297
Deferred income taxes recovery	(2,774)	–	(128)	(2,902)
Other	2,159	–	(1,028)	1,131
	106,842	–	(31,199)	75,643
Changes in non-cash working capital items	12,470	–	(7,290)	5,180
Net cash provided by operating activities				
from continuing operations	119,312	–	(38,489)	80,823
Net cash provided by operating activities				
from discontinued operations	–	–	38,489	38,489
Net cash provided by operating activities	119,312	–	–	119,312
Financing activities				
Proceeds on issuance of share capital	315	–	–	315
Reimbursement of advance payable	(1,000)	–	1,000	–
Payment of dividends to non-controlling interest	(787)	–	–	(787)
Payment of dividends to equity shareholders	(10,709)	–	–	(10,709)
Net cash used in financing activities from continuing operations	(12,181)	–	1,000	(11,181)
Net cash used in financing activities from discontinued operations ...	–	–	(1,000)	(1,000)
Net cash used in financing activities	(12,181)	–	–	(12,181)
Investing activities				
Current investment	(4,813)	–	–	(4,813)
Proceeds from the sale of current investment	5,617	–	–	5,617
Acquisitions of property, plant and equipment	(132,452)	–	24,427	(108,025)
Decrease in restricted cash	303	–	(300)	3
Net cash used in investing activities from continuing operations	(131,345)	–	24,127	(107,218)
Net cash used in investing activities from discontinued operations ...	–	–	(24,127)	(24,127)
Net cash used in investing activities	(131,345)	–	–	(131,345)
Effect of exchange rate changes				
on cash and cash equivalents	(32)	–	–	(32)
Change in cash and cash equivalents during the period	(24,246)	–	–	(24,246)
Cash and cash equivalents – beginning of period	178,713	–	–	178,713
Cash and cash equivalents – end of period	154,467	–	–	154,467

Notes to the condensed interim consolidated financial statements

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

6. Restatement of comparative figures (continued)

Adjustments to the consolidated statements of cash flow (continued)

	For the year ended December 31, 2012			
	Previously stated	IFRIC 20	Discontinued operations	Restated
Cash flows from (used in):				
Operating activities				
Net (loss) income from continuing operations for the year	(9,056)	(1,314)	40,860	30,490
Adjustments for :				
Depreciation of property, plant and equipment	59,248	1,314	(24,134)	36,428
Share-based compensation	3,046	–	–	3,046
Write-off of property, plant and equipment	16,998	–	–	16,998
Loss on the sale of current investment	24,297	–	–	24,297
Impairment	60,000	–	(60,000)	–
Deferred income taxes recovery	(6,491)	–	3,000	(3,491)
Provisions	3,980	–	–	3,980
Other	3,384	–	(1,188)	2,196
	155,406	–	(41,462)	113,944
Changes in non-cash working capital items	(750)	–	(4,386)	(5,136)
Net cash provided by operating activities				
from continuing operations	154,656	–	(45,848)	108,808
Net cash provided by operating activities				
from discontinued operations	–	–	45,848	45,848
Net cash provided by operating activities	154,656	–	–	154,656
Financing activities				
Proceeds on issuance of share capital	315	–	–	315
Reimbursement of advance payable	(2,000)	–	2,000	–
Payment of dividends to non-controlling interest	(787)	–	–	(787)
Payment of dividends to equity shareholders	(10,709)	–	–	(10,709)
Net cash used in financing activities from continuing operations	(13,181)	–	2,000	(11,181)
Net cash used in financing activities from discontinued operations ...	–	–	(2,000)	(2,000)
Net cash used in financing activities	(13,181)	–	–	(13,181)
Investing activities				
Current investment	(4,813)	–	–	(4,813)
Proceeds from the sale of current investment	5,617	–	–	5,617
Acquisitions of property, plant and equipment	(180,766)	–	24,632	(156,134)
Decrease in restricted cash	303	–	(300)	3
Net cash used in investing activities from continuing operations	(179,659)	–	24,332	(155,327)
Net cash used in investing activities from discontinued operations ...	–	–	(24,332)	(24,332)
Net cash used in investing activities	(179,659)	–	–	(179,659)
Effect of exchange rate changes				
on cash and cash equivalents	(1,078)	–	–	(1,078)
Change in cash and cash equivalents during the year	(39,262)	–	–	(39,262)
Cash and cash equivalents – beginning of year	178,713	–	–	178,713
Cash and cash equivalents – end of year	139,451	–	–	139,451

7. Critical accounting estimates and judgements

Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each statement of financial position date and upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable and when criteria of assets held for sale are met. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends including the price of gold, and current, historical or projected losses that demonstrate continuing losses, decrease in market capitalization and deferral of capital investments.

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

The recoverable amount is based, in part, on certain factors that may be partially or totally outside of the Corporation's control. This evaluation involves a comparison of the estimated recoverable amount of non-financial assets to its carrying values. The Corporation's recoverable amount estimates are based on numerous assumptions such as, but not limited to, estimated realized gold prices, operating costs, gold recovery, mineral reserves and resources, capital and site restoration expenditures, potential offers of the mines for sale, and estimated future foreign exchange rates, and may differ from actual values and these differences may be significant and could have a material impact on the Corporation's financial position and result of operation. Mineral reserve and resource estimates are the most important variable in the Corporation's recoverable amount estimates. A decrease in the reserves or resources may result in an impairment charge, which could reduce the Corporation's earnings.

Management's estimates of future cash flows are subject to risk and uncertainties. Therefore, it is reasonably possible that changes could occur with evolving economic conditions, which may affect recoverability of the Corporation's non-financial assets.

Please refer to note 11 of the financial statements for the result of the impairment testing conducted for the Samira Hill and Kiniero mines during the nine-month period ended September 30, 2013.

Asset Retirement Obligations

Asset retirement obligations arise from the development, construction and normal operation of mining property, plant and equipment as mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and expenditures have been made, and will be made in the future, to comply with such laws and regulations.

The estimated present value of reclamation liabilities is recorded in the period in which they are incurred. A corresponding increase to the carrying amount of the related asset is recorded and depreciated over the life of the asset. The liability will be increased each period to reflect the interest element or accretion reflected in its initial measurement at fair value, and will also be adjusted for changes in the estimate of the amount, timing change in discount rate and cost of the work to be carried out.

Future remediation costs are accrued based on management's best estimate at the end of each period of the undiscounted cash costs expected to be incurred at each site. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs that will be incurred to complete the reclamation and remediation work required to comply with existing laws and regulations at each mining operation. The estimates are dependent on labor costs, known environmental impacts, the effectiveness of remedial and restoration measures, inflation rates and pre-tax interest rates that reflect current market assessment for the time value of money and the risks specific to the obligation. Management also estimates the timing of the outlays, which is subject to change depending on continued operations and newly discovered mineral reserves.

Actual costs incurred may differ from those estimated amounts. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs could materially impact the operating results. An asset retirement obligations study for our subsidiary in Burkina Faso is presently under review. The results of the study are expected to be completed by the fourth quarter of 2013.

Notes to the condensed interim consolidated financial statements

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

7. Critical accounting estimates and judgements (continued)

Asset Held for Sale and Discontinued Operations

A discontinued operation is a component of the Corporation that can be clearly distinguished from the rest of the Corporation, both operationally and for financial reporting purposes, and is expected to be recovered primarily through sale rather than continuing use. The assets and liabilities are presented as held for sale in the consolidated statement of financial position when the sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale, which should be expected to be completed within one year from the date of classification. Results of operations and any gain or loss from disposal are excluded from income (loss) and are reported separately as income from discontinued operations.

8. Cash and cash equivalents

	As at September 30, 2013 \$	As at December 31, 2012 \$
Cash	62,576	119,451
Cash equivalents	21,000	20,000
	83,576	139,451

Cash comprises cash on hand and demand deposits amounting to \$62,576,000 which includes \$17,691,000 of cash on hand bearing interest at a rate of 0.4000% annually as at September 30, 2013.

As at September 30, 2013, cash equivalents are composed of three zero coupon bank deposits of \$5,000,000 each and one zero coupon bank deposit of \$6,000,000 (totalling \$21,000,000), maturing between December 18, 2013 and March 24, 2014 and bearing interest at a rate between 0.1200% and 0.1225% per annum.

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

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

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

Notes to the condensed interim consolidated financial statements

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

9. Trade and other receivables

	As at September 30, 2013 \$	As at December 31, 2012 \$
Gold trade receivables	471	11,119
Other receivables	25,662	19,276
	26,133	30,395

Trade receivables relate to gold shipments not yet collected. They are non-interest bearing and are generally settled within 15 days after the day of the shipment. The trade receivables are neither past due nor impaired.

Other receivables include value added tax ("VAT") receivables totalling \$24,352,000 as of September 30, 2013 (December 31, 2012: \$17,978,000). They are non-interest bearing and are generally settled within one to six months.

The Corporation holds no collateral for any receivable amounts outstanding as at September 30, 2013 (December 31, 2012: nil).

10. Inventories

	As at September 30, 2013 \$	As at December 31, 2012 \$
Doré bars	5,103	7,714
Gold in circuit	9,952	13,640
Stockpiles	1,803	7,102
Supplies and spare parts	44,254	68,373
	61,112	96,829

The cost of inventory that was charged to expenses represents mostly mining operation expenses and essentially all of the depreciation of property, plant and equipment.

For the three-month period ended September 30, 2013, provision expense amounting to \$1,395,000 was recorded (2012: \$107,000). For the nine-month period ended September 30, 2013, provision expense amounting to \$1,395,000 was recorded (2012: \$262,000).

Notes to the condensed interim consolidated financial statements

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

11. Assets held for sale and discontinued operations

As at September 30, 2013, management is committed to the sale of the Samira Hill and Kiniero Mines (disposal groups) in their present condition, which is expected to be completed within a year from the date of the classification as assets of disposal group held for sale. During the third quarter of 2013, the Samira Hill Mine was placed on care and maintenance.

The Corporation concluded that both the Samira Hill Mine and the Kiniero Mine met criteria for classification as assets of disposal group held for sale and discontinued operations. Accordingly, the Corporation has presented the Samira Hill Mine segment and the Kiniero Mine segment as assets of disposal group held for sale in the condensed interim consolidated financial statements and was required to remeasure them to the lower of carrying value and fair value less cost to sell. No loss on the remeasurement was recorded in the three-month and nine-month periods ending September 30, 2013.

As at September 30, 2013, the statements of the financial position of the Samira Hill Mine and the Kiniero Mine were as follows:

	As at September 30, 2013		
	Samira Hill, Niger \$	Kiniero, Guinea \$	Total \$
Cash and cash equivalents	868	1,614	2,482
Trade and other receivables	98	191	289
Inventories	2,741	1,896	4,637
Other current assets	518	199	717
Property, plant and equipment ¹	3,922	2,539	6,461
Total assets held for sale	8,147	6,439	14,586
Trade payables and accrued liabilities	4,150	3,073	7,223
Advance payable	984	–	984
Provisions ²	4,533	2,043	6,576
Total liabilities held for sale	9,667	5,116	14,783

¹ This amount is comprised of an opening net book value of \$59,455,000 as at January 1st, 2013 (see note 13), an addition of \$6,307,000, subtracted by a depreciation charge of \$8,575,000 and an impairment of \$50,726,000 for the nine-month period ended September 30, 2013.

² This amount is comprised of an opening net book value of \$6,064,000 as at January 1st, 2013 (see note 14), an addition of \$208,000, increased by an accretion expense of \$318,000 and subtracted by \$14,000 used during the nine-month period ended September 30, 2013.

Notes to the condensed interim consolidated financial statements

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

11. Assets held for sale and discontinued operations (continued)

The analysis of the result of discontinued operations of the Samira Hill Mine and the Kiniero Mine for the three-month and the nine-month periods ended September 30, 2013 are as follows:

	Three-month period ended September 30, 2013			Nine-month period ended September 30, 2013		
	Samira Hill, Niger \$	Kiniero, Guinea \$	Total \$	Samira Hill, Niger \$	Kiniero, Guinea \$	Total \$
Revenue – Gold sales	13,140	7,229	20,369	50,798	20,403	71,201
Mining operation expenses	11,719	5,968	17,687	36,260	13,683	49,943
Depreciation of property, plant and equipment	457	3,293	3,750	7,440	4,937	12,377
Impairment	–	–	–	49,796	32,830	82,626
Other	3,030	490	3,520	3,864	627	4,491
Net loss from discontinued operations before income taxes	(2,066)	(2,522)	(4,588)	(46,562)	(31,674)	(78,236)
Income tax expense	–	–	–	3,000	–	3,000
Net loss for the period from discontinued operations	(2,066)	(2,522)	(4,588)	(49,562)	(31,674)	(81,236)
Attributable to:						
Equity shareholders	(1,771)	(2,620)	(4,391)	(37,799)	(26,495)	(64,294)
Non-controlling interest	(295)	98	(197)	(11,763)	(5,179)	(16,942)

For the nine-month period ended September 30, 2013, impairment charges totalled \$82,626,000 (2012: nil) related to the Samira Hill and Kiniero mines as a result of the significant declines in gold prices, the fact that the carrying amount of the Corporation's net assets exceeded its market capitalization and following the decision to wind down operations to a care and maintenance status at the Samira Hill and Kiniero Mines in 2013. The impairment charges of \$82,626,000 comprised an amount of \$50,726,000 for property, plant and equipment, \$31,085,000 for stockpiles as well as spare parts and \$815,000 for other receivables.

At the Samira Hill and Kiniero mines, the result of the impairment test as at June 30, 2013 suggested that the recoverable amount calculated using the fair value less cost to sell, which was determined based on discounted cash flows, was lower than the carrying amount of the cash-generating unit. The post-tax discount rate, adjusted for inflation, used in the calculation of fair value less cost to sell was 8.5%.

For the three-month ended September 30, 2013, no additional impairment charges were recorded (2012: nil).

Notes to the condensed interim consolidated financial statements

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

11. Assets held for sale and discontinued operations (continued)

The analysis of the result of discontinued operations of the Samira Hill Mine and the Kiniero Mine for the three-month and the nine-month periods ended September 30, 2012 are as follows:

	Three-month period ended September 30, 2012			Nine-month period ended September 30, 2012		
	Samira Hill, Niger \$	Kiniero, Guinea \$	Total \$	Samira Hill, Niger \$	Kiniero, Guinea \$	Total \$
(in thousands of dollars, except shares and per shares)						
Revenue – Gold sales	18,193	6,820	25,013	62,493	13,013	75,506
Mining operation expenses	11,751	3,058	14,809	35,482	6,716	42,198
Depreciation of property, plant and equipment	4,464	996	5,460	14,837	2,144	16,981
Other	307	(104)	203	2,110	1,025	3,135
Net income from discontinued operations before income taxes	1,671	2,870	4,541	10,064	3,128	13,192
Income tax expense	128	1	129	128	2	130
Net income for the period from discontinued operations	1,543	2,869	4,412	9,936	3,126	13,062
Attributable to:						
Equity shareholders	2,426	3,324	5,750	9,764	4,571	14,335
Non-controlling interest	(883)	(455)	(1,338)	172	(1,445)	(1,273)

12. Other assets

On October 1, 2011, the Corporation entered into an agreement with the National Electricity Company Sonabel ("Sonabel"), in Burkina Faso, pursuant to which the Corporation will advance \$9,284,000 (4,500,000,000 FCFA) for the construction of a high-voltage transmission line to deliver power to the Mana Mine. This amount is reimbursable to the Corporation by Sonabel over an eight-year period following commissioning which is currently scheduled for the third quarter of 2014.

In the second quarter of 2013, an amount of \$4,100,000 (2,041,944,000 FCFA) has been advanced to Sonabel with respect to this project. The advance is non-interest bearing and measured at amortized cost using the effective interest rate method. As at June 30, 2013, the Corporation recorded an advance receivable of \$2,812,000 which has been determined using a weighted average discount rate of 7%. An intangible asset of \$1,288,000 was recorded, which is the difference between the amount paid to Sonabel and the advance receivable recorded at the date of transaction. This intangible asset represents the right to obtain future benefits from the future source of energy supply.

Notes to the condensed interim consolidated financial statements

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

13. Property, plant and equipment

	Property, acquisition costs, deferred exploration and development costs \$	Buildings and equipment related to mining production \$	Mining equipment \$	Rolling stock, communication and computer equipment \$	TOTAL \$
Nine-month period ended September 30, 2013					
Opening net book amount ¹	187,773	134,494	76,112	6,337	404,716
Additions	68,389	14,570	3,335	602	86,896
Assets classified as held for sale (note 11)	(36,924)	(14,879)	(6,920)	(732)	(59,455)
Depreciation charge	(17,805)	(7,832)	(11,154)	(1,447)	(38,238)
Closing net book amount	201,433	126,353	61,373	4,760	393,919
As at September 30, 2013					
Cost	279,810	176,691	96,695	11,613	564,809
Accumulated depreciation	(78,377)	(50,338)	(35,322)	(6,853)	(170,890)
Net book amount	201,433	126,353	61,373	4,760	393,919
Assets not subject to depreciation included in above ²	3,854	13,814	51	101	17,820
Year ended December 31, 2012¹					
Opening net book amount	183,205	122,445	50,475	6,062	362,187
Additions	100,035	38,277	42,588	3,286	184,186
Write-off ³	(16,998)	–	–	–	(16,998)
Impairment	(40,380)	(12,720)	(6,000)	(900)	(60,000)
Depreciation charge	(38,089)	(13,508)	(10,951)	(2,111)	(64,659)
Closing net book amount	187,773	134,494	76,112	6,337	404,716
As at December 31, 2012¹					
Cost	380,193	220,986	116,272	17,971	735,422
Accumulated depreciation	(192,420)	(86,492)	(40,160)	(11,634)	(330,706)
Net book amount	187,773	134,494	76,112	6,337	404,716
Assets not subject to depreciation included in above ²	4,800	35,350	18,796	133	59,079

¹ Amounts have been restated for the adoption of IFRIC 20. Refer to note 6.

² Assets not subject to depreciation include critical spare parts not yet installed of \$6,157,000 (December 31, 2012: \$6,369,000) as well as assets under construction or in transit of \$11,663,000 (December 31, 2012: \$52,710,000).

³ In 2012, the Corporation recorded a write-off of \$16,998,000 on its property, plant and equipment. These charges were the result of the conversion of the Mana underground mining operations in Burkina Faso to a super pit mining scenario. They mainly consist of expenditures associated with feasibility studies, subcontractor expenditures and infrastructure specifically related to the underground project. Recoverable amount has been determined based on the fair value less cost to sale of the assets estimated at nil. The fair value less cost to sell was based on the best information available to reflect the amount that an entity could obtain from the disposal of the asset.

Notes to the condensed interim consolidated financial statements

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

14. Provisions

	Asset retirement obligations	Others	Total
	\$	\$	\$
As at January 1, 2012	8,505	–	8,505
Additional provisions	1,274	4,700	5,974
Increase due to accretion expense	596	–	596
As at December 31, 2012	10,375	4,700	15,075
Additional provisions	928	–	928
Provision classified in liabilities held for sale	(6,064)	–	(6,064)
Increase due to accretion expense	226	141	367
Used during period	–	(539)	(539)
As at September 30, 2013	5,465	4,302	9,767

	As at September 30, 2013 \$	As at December 31, 2012 \$
Current	2,395	2,588
Non-current	7,372	12,487
	9,767	15,075

The liability for asset retirement obligations as at September 30, 2013 was \$5,465,000 (December 31, 2012: \$10,375,000). The estimated undiscounted value of this liability was \$7,420,000 (December 31, 2012: \$12,752,000). These disbursements are expected to be made during the years 2013 to 2021. In the three-month period ended September 30, 2013, an accretion expense component of \$75,000 (2012: \$54,000) has been charged to operations in finance costs to reflect an increase in the carrying amount of the asset retirement obligation which has been determined using a weighted average discount rate of 7% (2012: 7%).

In the nine-month period ended September 30, 2013, an accretion expense component of \$226,000 (2012: \$ 166,000) has been charged to operations in finance costs to reflect an increase in the carrying amount of the asset retirement obligation which has been determined using a weighted average discount rate of 7% (2012: 7%).

Other provisions include a special compensation arrangement of \$2,302,000 (December 31, 2012: \$2,700,000) made with the former President and Chief Executive Officer for which the undiscounted value of the special compensation arrangement was \$2,563,000 (December 31, 2012: \$3,218,000). The remaining provision is a tax provision of \$2,000,000 (December 31, 2012: \$2,000,000) related to a tax assessment received from the government of Burkina Faso. The Corporation is vigorously defending its positions and has initiated administrative procedures of revision.

Notes to the condensed interim consolidated financial statements

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

15. Financial Instruments

Measurement categories

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the consolidated statement of income (loss) or in the consolidated statement of comprehensive income (loss). These categories are: loans and receivables, available-for-sale financial assets and liabilities at amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories as at September 30, 2013 and December 31, 2012.

	As at September 30, 2013 \$	As at December 31, 2012 \$
Financial assets		
Loans and receivables		
Cash and cash equivalents	83,576	139,451
Restricted cash	3,376	923
Gold trade receivables	471	11,119
Advance receivable	2,812	–
Other receivables (excluding VAT)	1,310	1,298
Available-for-sale assets		
Investment in GoviEx	–	19,600
	91,545	172,391
Financial liabilities		
Amortized cost		
Trade payable and other financial liabilities	25,604	53,853
Dividend payable	–	5,492
Advance payable	–	915
	25,604	60,260

Fair value

The Corporation considers that the carrying amount of all its financial liabilities at amortized cost in its financial statements approximates their fair value, including the advance payable which is considered to approximate its fair value given its short-term maturity date. Current financial assets and liabilities are valued at their carrying amounts, which are reasonable estimates of their fair value due to their near-term maturities; this includes cash and cash equivalents, gold trade receivables, other receivables (excluding VAT), restricted cash, trade payable and other financial liabilities, dividend payable and advance payable.

The fair value hierarchy under which the Corporation's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly
- Level 3 includes inputs for the asset or liability that are not based on observable market data

The Corporation's finance department is responsible for performing the valuation of financial instruments, including Level 3 fair values. The valuation process and results are reviewed and approved by management every quarter, in line with the Corporation's quarterly reporting dates. Valuation results are discussed with the Audit Committee as part of its quarterly review of the Corporation's financial statements. On the basis of its analysis of the nature, characteristics and risks of equity securities, the Corporation has determined that presenting them by industry and type of investment is appropriate.

Notes to the condensed interim consolidated financial statements

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

15. Financial Instruments (continued)

Fair value (continued)

The investment in GoviEx Uranium Inc. ("GoviEx"), a private mineral resources company focused on the exploration and development of uranium properties in Niger, is included in investment. Its fair value is a recurring measurement. The Corporation estimates the fair value of the investment in GoviEx using the most recent available information on this private equity investment. Accordingly, this investment is classified as a level 3 financial instrument according to the Corporation's fair value hierarchy as it is not based on observable market data. Should the most recent available information not be deemed appropriate to adequately determine the fair value of the investment in GoviEx, management will determine the fair value of this investment through the application of a market approach utilizing the average variation of the share price calculated from guidelines of public companies or stock market index for a given period.

In February 2008, the Corporation completed a transaction with GoviEx, aimed at combining the companies' interests in uranium mining projects. As part of this transaction, the Corporation sold all its shares in its subsidiary Semafo Energy (Barbados) Limited, in which the Corporation had already invested \$2,151,000, in consideration for approximately 12% of GoviEx's outstanding shares at the transaction date. The transaction resulted in a non-cash gain of \$17,849,000 and transaction fees of \$400,000.

During the second quarter of 2013, GoviEx issued a technical economic analysis prepared by SRK Consulting (UK) Limited for its Madaouela uranium project in Niger. The base case project economics assume a long-term uranium price of US\$70/lb. Based on the current uranium market price, this project does not meet our minimal profitability criteria. In addition, GoviEx is in the process of restructuring its debt, which may create material dilution of the Corporation's ownership in GoviEx. By combining the low profitability of the project and the potentially material dilution of our ownership, the Corporation deemed that the decline in GoviEx's fair value is significant and that there is an objective evidence of impairment.

Therefore, during the nine-month period ended September 30, 2013, the Corporation recorded an impairment of \$19,600,000 (2012: nil) in the consolidated statement of income (loss). Any impairment of available-for-sale equities is permanent and cannot be reversed in the future. Accordingly, the investment in GoviEx is valued at a fair value of nil and \$19,600,000 as at September 30, 2013 and December 31, 2012 respectively.

In 2011, the Corporation made an investment of \$25,101,000 in a quoted equity investment that was classified as Level 1. During the first quarter of 2012, the Corporation made a further investment of \$4,813,000 for a total current investment of \$29,914,000. Moreover, the Corporation recorded, in the nine-month period ended September 30, 2012, a loss in the statement of other comprehensive income (loss) of \$21,503,000, as a result of the decrease in the fair value of the current investment. The Corporation sold this current investment during the second quarter of 2012 for proceeds totalling \$5,617,000, realizing a loss of \$24,297,000. The Corporation reclassified these losses to net income (loss) following the sale of this investment.

There were no transfers between Level 1, Level 2 and Level 3 as at September 30, 2013 and December 31, 2012.

16. Mining operation expenses

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Production costs	27,130	27,220	79,134	81,536
Government royalties	2,355	2,724	8,781	10,054
	29,485	29,944	87,915	91,590

Notes to the condensed interim consolidated financial statements

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

17. General and administrative

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Corporate expenses	3,850	5,096	11,840	14,145
Sites – Administrative	320	517	1,165	1,827
	4,170	5,613	13,005	15,972

18. Share-based compensation

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Options plans (a)	197	336	942	1,314
Restricted Share Unit plan (b)	1,839	1,027	1,137	1,174
	2,036	1,363	2,079	2,488

a) Options

In the three-month period ended September 30, 2013, there was no new option granted (2012: 64,000). A total of 339,000 new options were issued to independent directors of the Corporation during the nine-month period ended September 30, 2013 (2012: 195,000). The fair market value of the options granted during the nine-month period ended September 30, 2013, totalled \$498,000 (2012: \$605,000). All 339,000 new options vested immediately.

The share-based compensation cost was calculated according to the fair value of options issued based on the Black-Scholes valuation model using the following weighted average assumptions:

	Nine-month period ended September 30,	Nine-month period ended September 30,
	2013	2012
Expected dividend per share	1.27%	0%
Forecasted volatility	60%	60%
Risk-free interest rate	1.35%	1.33%
Expected life	5 years	5 years
Fair-value – weighted average of options issued	\$1.47	\$3.11

Forecasted volatility has been determined using historical volatility.

Notes to the condensed interim consolidated financial statements

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

18. Share-based compensation (continued)

a) Options (continued)

For the three-month period ended September 30, 2013, the total expense for the share-based compensation related to share option plans was \$197,000 (2012: \$336,000) and was credited to contributed surplus.

For the nine-month period ended September 30, 2013, the total expense for the share-based compensation related to share option plans was \$942,000 (2012: \$1,314,000) and was credited to contributed surplus.

A total of 50,000 options were exercised during the nine-month period ended September 30, 2013 under the Original Plan for a cash consideration of \$108,000. An amount of \$41,000 has been reclassified from contributed surplus to share capital. For the same period in 2012, a total of 214,000 options were exercised under the Original Plan for a cash consideration of \$315,000. An amount of \$118,000 has been reclassified from contributed surplus to share capital.

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

(in thousands, except weighted average exercise price)	Nine-month period ended September 30, 2013			Nine-month period ended September 30, 2012		
	Number of options (in thousands)	Weighted average exercise price \$		Number of options (in thousands)	Weighted average exercise price \$	
Balance – beginning of period	9,158	2.78	(C\$2.77)	9,265	2.66	(C\$2.71)
Forfeited	(75)	3.70	(C\$3.81)	(88)	7.12	(C\$7.01)
Exercised	(50)	2.17	(C\$2.20)	(214)	1.47	(C\$1.45)
Issued	339	3.06	(C\$3.15)	195	6.11	(C\$6.01)
Balance – end of period	9,372	2.70	(C\$2.78)	9,158	2.81	(C\$2.77)
Options exercisable – end of period	8,765	2.58	(C\$2.65)	7,221	2.56	(C\$2.51)

Notes to the condensed interim consolidated financial statements

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

18. Share-based compensation (continued)

b) Restricted share units ("RSUs")

The following table provides the periods ended September 30, 2013 and 2012 activity for all RSUs:

	RSUs non vested
Outstanding as of January 1, 2012	515,000
2012 plan	810,000
Forfeited	(3,000)
Outstanding as of September 30, 2012	1,322,000
Outstanding as of January 1, 2013	1,285,000
2013 plan	1,857,000
Forfeited	(174,000)
Outstanding as of September 30, 2013	2,968,000

As at September 30, 2013, there are no RSUs vested (2012: nil).

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

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Expense related to RSUs outstanding	1,410	1,802	4,161	2,800
Credit related to change in the fair value of the share price	429	(775)	(3,024)	(1,626)
	1,839	1,027	1,137	1,174

19. Finance costs

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Accretion expense of asset retirement obligations	75	54	226	166
Other	121	73	712	169
	196	127	938	335

Notes to the condensed interim consolidated financial statements

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

20. Non-controlling interests

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	863	1,282	4,841	5,481
Government of Niger – 20% in Société des Mines du Liptako (SML) S.A.	(295)	(883)	(11,763)	172
Government of Guinea – 15% in SEMAFO Guinée S.A.	98	(455)	(5,179)	(1,445)
	666	(56)	(12,101)	4,208

21. Earnings (loss) per share

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
(in thousands of dollars, except shares and per shares)				
Net income from continuing operations attributable to equity shareholders	1,660	1,766	7,798	3,772
Net income (loss) from discontinued operations attributable to equity shareholders	(4,391)	5,750	(64,294)	14,335
Net income (loss) for the period attributable to equity shareholders	(2,731)	7,516	(56,496)	18,107
Average weighted number of outstanding common shares – basic	273,268	273,205	273,262	273,122
Dilutive effect of options ¹	780	3,319	1,184	4,330
Weighted average number of outstanding common shares – diluted	274,048	276,524	274,446	277,452
Basic earnings per share from continuing operations	0.01	0.01	0.03	0.02
Basic earnings (loss) per share from discontinued operations	(0.02)	0.02	(0.24)	0.05
Basic earnings (loss) per share	(0.01)	0.03	(0.21)	0.07
Diluted earnings per share from continuing operations	0.01	0.01	0.03	0.02
Diluted earnings (loss) per share from discontinued operations	(0.02)	0.02	(0.24)	0.05
Diluted earnings (loss) per share	(0.01)	0.03	(0.21)	0.07

¹ When the Corporation has a net loss from continuing operations attributable to the equity shareholders, diluted loss per share was calculated from the basic weighted average number of outstanding common shares because the effect of options is anti-dilutive.

22. Financial commitments

Purchase Obligations

As at September 30, 2013, purchase commitments totalled \$9,213,000. In addition, on October 1, 2011, the Corporation entered into an agreement with National Electricity Company Sonabel, in Burkina Faso, pursuant to which the Corporation will make an advance for the construction of a high-voltage transmission line. As at September 30, 2013, the Corporation is committed to advance a remaining amount of \$5,071,000 (2,458,000,000 FCFA) to Sonabel with respect to this project.

Government Royalties and Development Taxes

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

In 2013, the Corporation was subject to a royalty rate of 4% and 5%, which was calculated using the retail market value of gold ounces sold at the time of shipment. In the third quarter of 2013, government royalties amounting to \$2,355,000 (2012: \$2,724,000) were paid to the Government of Burkina Faso. In the nine-month period ended September 30, 2013, government royalties amounting to \$8,781,000 (2012: \$10,054,000) were paid to the Government of Burkina Faso.

The Corporation is subject to a royalty rate of 5.5% of the market value of gold ounces sold originating from the Samira Hill Mine payable to the Republic of Niger. In the third quarter of 2013, government royalties amounting to \$747,000 (2012: \$1,028,000) were paid to the Government of Niger. In the nine-month period ended September 30, 2013, government royalties amounting to \$2,869,000 (2012: \$3,516,000) were paid to the Government of Niger.

The Corporation is subject to a royalty rate of 5% of the market value of gold ounces sold originating from the Kiniero Mine payable to the Republic of Guinea. In addition, the Corporation has to invest 0.4% of its gold sales in local development projects. In the third quarter of 2013, government royalties amounting to \$385,000 (2012: \$363,000) were paid to the Government of Guinea. In the nine-month period ended September 30, 2013, government royalties amounting to \$1,090,000 (2012: \$692,000) were paid to the Government of Guinea.

Net Smelter Royalty – Samira Hill Mine

Further to the acquisition from Etruscan Resources Inc. ("Etruscan") of their minority interest in the subsidiary operating the Samira Hill Mine located in Niger, the Corporation is subject to a 1.5% net smelter royalty. The royalty comes into effect after the mine has produced 750,000 ounces, calculated as from July 1, 2009. Since July 1, 2009, the Samira Hill Mine has produced 207,300 ounces. The Corporation has been granted a right of first refusal should Etruscan decide to sell this royalty.

Notes to the condensed interim consolidated financial statements

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

23. Financial information included in consolidated statements of cash flows

a) Changes in non-cash working capital items

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Trade and other receivables	(3,274)	15,890	3,389	22,987
Provisions	(50)	–	(297)	–
Inventories	1,323	1,741	(4,655)	(7,817)
Other current assets	1,421	152	681	(636)
Trade payables and accrued liabilities	(13,918)	3,395	(22,093)	(2,414)
Income tax payable	(3,212)	(1,883)	(623)	(6,940)
	(17,710)	19,295	(23,598)	5,180

b) Supplemental information on non-cash items

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
		(Restated note 6)		(Restated note 6)
Depreciation of property, plant and equipment allocated to deferred exploration and development costs	2,904	1,451	7,088	2,481
Net effect of depreciation of property, plant and equipment allocated to inventories	(2,483)	494	(112)	1,048
New asset retirement obligations allocated to property, plant and equipment	284	256	928	639

Notes to the condensed interim consolidated financial statements

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

24. Segmented information

The Corporation is conducting exploration and production activities in Burkina Faso. This site is managed separately given its different location and laws. The business segments presented reflect the management structure of the Corporation and the way in which the Corporation's chief operating decision maker reviews business performance. The Corporation evaluates the performance of its operating segments primarily based on segment operating income, as defined below.

	Three-month period ended September 30, 2013		
	Mana, Burkina Faso \$	Corporate and others \$	Total \$
Revenue – Gold sales	49,488	–	49,488
Mining operating expenses	29,485	–	29,485
Depreciation of property, plant and equipment	13,001	160	13,161
General and administrative	320	3,850	4,170
Corporate social responsibility expenses	8	230	238
Share-based compensation	–	2,036	2,036
Operating income (loss)	6,674	(6,276)	398
Property, plant and equipment	390,917	3,002	393,919
Total assets	511,319	66,802	578,121

	Three-month period ended September 30, 2012 ¹		
	Mana, Burkina Faso \$	Corporate and others \$	Total \$
Revenue – Gold sales	54,406	–	54,406
Mining operating expenses	29,944	–	29,944
Depreciation of property, plant and equipment	8,286	99	8,385
General and administrative	517	5,096	5,613
Corporate social responsibility expenses	1,173	400	1,573
Share-based compensation	–	1,363	1,363
Operating income (loss)	14,486	(6,958)	7,528
Property, plant and equipment	310,987	6,285	317,272
Total assets	429,217	124,628	553,845

¹ Amounts have been restated for the adoption of IFRIC 20 and to reflect the discontinued operations. Refer to note 6.

Notes to the condensed interim consolidated financial statements

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

24. Segmented information (continued)

	Nine-month period ended September 30, 2013		
	Mana, Burkina Faso \$	Corporate and others \$	Total \$
Revenue – Gold sales	175,847	–	175,847
Mining operating expenses	87,915	–	87,915
Depreciation of property, plant and equipment	30,633	530	31,163
General and administrative	1,165	11,840	13,005
Corporate social responsibility expenses	399	566	965
Share-based compensation	–	2,079	2,079
Operating income (loss)	55,735	(15,015)	40,720

	Nine-month period ended September 30, 2012 ¹		
	Mana, Burkina Faso \$	Corporate and others \$	Total \$
Revenue – Gold sales	202,690	–	202,690
Mining operating expenses	91,590	–	91,590
Depreciation of property, plant and equipment	24,035	343	24,378
General and administrative	1,827	14,145	15,972
Corporate social responsibility expenses	1,783	1,434	3,217
Share-based compensation	–	2,488	2,488
Write-off of property, plant and equipment	16,998	–	16,998
Operating income (loss)	66,457	(18,410)	48,047

¹ Amounts have been restated for the adoption of IFRIC 20 and to reflect the discontinued operations. Refer to note 6.



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