



SEMAFO Inc.

Management's Discussion and Analysis
September 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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SEMAFO Inc. ("SEMAFO" or the "Corporation") is a Canadian-based mining company with gold production and exploration activities in West Africa. The Corporation operates the Mana Mine in Burkina Faso, which includes the high-grade satellite deposits of Siou and Fofina, and is developing the advanced gold deposit of Natougou. SEMAFO is committed to evolve in a conscientious manner to become a major player in its geographical area of interest. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

This Management's Discussion and Analysis ("MD&A") provides an analysis of continuing operations, unless otherwise specified, 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, 2015 compared to the previous year. This MD&A, prepared as of November 11, 2015, is intended to complement and supplement our Condensed Interim Consolidated Financial Statements (the "financial statements") as at September 30, 2015. 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. 2015 Third Quarter Highlights

Driven by our strong third-quarter operational performance, we are lowering our all-in sustaining cost¹ guidance from between \$655 and \$685 to between \$630 and \$650 per ounce for the year.

- Gold production of 67,200 ounces, a 4% increase compared to the same period in 2014
- Total cash cost¹ of \$485 per ounce sold and all-in sustaining cost¹ of \$616 per ounce sold at our Mana Mine, both of which represent year-over-year decreases of 13%.
- Gold sales of \$72.5 million, a 14% decrease compared to the same period in 2014
- Operating income of \$19.5 million compared to \$25.5 million for the same period in 2014
- Net income² of \$14.5 million compared to \$12.7 million for the same period in 2014
- Net income attributable to equity shareholders² of \$12.8 million or \$0.04 per share compared to \$11.2 million or \$0.04 per share for the same period in 2014
- Adjusted net income attributable to equity shareholders^{1,2} of \$13.9 million or \$0.05 per share¹ compared to \$19.3 million or \$0.07 per share¹ for the same period in 2014
- Cash flows from operating activities^{2,3} of \$34.8 million or \$0.12 per share¹ compared to \$40.6 million or \$0.15 per share¹ for the same period in 2014
- Feasibility study at Natougou 70% complete and on track for completion early in the second quarter of 2016
- Positive metallurgical test work was completed on the Natougou deposit
- Foundation SEMAFO was recipient of an award from Forum Africa for excellence in supporting women's entrepreneurship in Africa

¹ Total cash cost, all-in sustaining cost, adjusted net income attributable to equity shareholders, adjusted basic earnings per share and operating cash flows per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial measures from continuing operations" section of this MD&A, note 16.

² From continuing operations.

³ Cash flows from operating activities from continuing operations exclude changes in non-cash working capital items.

2. Key Economic Factors

Price of Gold

During the three-month period ended September 30, 2015, the price of gold, based on the London Gold Fix PM, fluctuated from a high of \$1,168 to a low of \$1,081 per ounce. The average market gold price in the third quarter of 2015 was \$1,124 per ounce compared to \$1,282 per ounce for the same period in 2014, representing a decrease of \$158 or 12%.

	2015			2014		
	Q3	Q2	Q1	Q3	Q2	Q1
(in dollars per ounce)						
Average London Gold Fix.....	1,124	1,192	1,218	1,282	1,288	1,293
Average realized selling price.....	1,119	1,198	1,221	1,260	1,287	1,309

Cost Pressures

We are affected by industry-wide pressures on development and operating costs. Since our mining activities are energy intensive, a change in fuel price can have a significant impact on our operations and associated financial results. As a benchmark for fuel costs, the Brent Crude price averaged \$51 per barrel in the third quarter of 2015 compared to \$103 per barrel in the third quarter of 2014.

We purchase our fuel exclusively from the government of Burkina Faso in FCFA, the local currency, at a price fixed by decree that reflects market price fluctuations within a time lag. The price fixed by decree was 673 FCFA (equivalent to \$1.15) per litre as at September 30, 2015 compared to 739 FCFA (equivalent to \$1.36) as at December 31, 2014. The decrease in the fuel price had a positive impact on our mining operation expenses for the third quarter of 2015.

Foreign Currencies

Our mining operation and exploration activities are carried out in West Africa. Accordingly, portions of our operating costs and capital expenditures are denominated in foreign currencies, in particular the Euro. The FCFA is fixed against the Euro.

During the three-month period ended September 30, 2015, the US dollar was stronger relative to the Euro and the Canadian dollar when compared to the same period in 2014. As approximately 75% of our costs are nominated in foreign currencies other than the US dollar, the foreign exchange in the third quarter of 2015 positively impacted our total cash cost¹, all-in sustaining cost¹ and general and administrative cost.

Exchange rates are as follows:

	CAD / USD \$		EUR / USD \$	
	2015	2014	2015	2014
December 31 (closing).....	—	1.1601	—	0.8264
March 31 (closing).....	1.2683	1.1053	0.9310	0.7259
June 30 (closing).....	1.2474	1.0676	0.8967	0.7305
September 30 (closing).....	1.3394	1.1208	0.8959	0.7919
First quarter (average).....	1.2370	1.1018	0.8852	0.7297
Second quarter (average).....	1.2290	1.0900	0.9047	0.7287
Third quarter (average).....	1.3085	1.0875	0.8990	0.7529

Lower 2015 Cost Guidance

Driven by our strong third-quarter operational performance, we are lowering both our total cash cost¹ and all-in sustaining cost¹ guidance for the year. The downward revisions reflect cost containment efforts, lower industry costs and favourable exchange rates.

Revised guidance	August 4, 2015	November 11, 2015
Total cash cost ¹ per ounce sold	\$515 - \$540	\$485 - \$505
All-in sustaining cost ¹ per ounce sold	\$655 - \$685	\$630 - \$650

We are on track to achieve the mid-range of its 2015 annual production guidance of between 245,000 and 275,000 ounces of gold.

¹ Total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial measures from continuing operations" section of this MD&A, note 16.

3. Consolidated Results and Mining Operations from Continuing Operations

Operating Highlights from Continuing Operations

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2015	2014	Variation	2015	2014	Variation
Gold ounces produced.....	67,200	64,700	4%	198,400	172,500	15%
Gold ounces sold.....	64,800	67,100	(3%)	193,100	164,700	17%
(in thousands of dollars, except amounts per share)						
Revenues – Gold sales.....	72,523	84,524	(14%)	227,654	210,758	8%
Mining operation expenses.....	28,469	33,354	(15%)	86,170	100,863	(15%)
Government royalties.....	2,950	3,909	(25%)	9,142	9,422	(3%)
Operating income	19,486	25,500	(24%)	53,517	31,486	70%
Finance costs.....	347	331	5%	3,557	1,171	204%
Foreign exchange loss.....	1,110	2,695	(59%)	5,705	2,701	111%
Income tax expense.....	3,762	9,852	(62%)	16,011	13,878	15%
Net income attributable to equity shareholders.....	12,829	11,172	15%	24,434	11,203	118%
Basic earnings per share	0.04	0.04	—	0.08	0.04	100 %
Diluted earnings per share.....	0.04	0.04	—	0.08	0.04	100 %
Adjusted net income attributable to equity shareholders ¹	13,897	19,260	(28%)	37,686	19,705	91%
Per share ¹	0.05	0.07	(29%)	0.13	0.07	86 %
Cash flows from operating activities ²	34,830	40,554	(14%)	108,131	80,314	35%
Per share ¹	0.12	0.15	(20%)	0.37	0.29	28%
Statistics (in dollars)						
Average realized selling price (per ounce).....	1,119	1,260	(11%)	1,179	1,280	(8%)
Cash operating cost (per tonne processed) ¹	47	47	—	49	49	—
Total cash cost (per ounce sold) ¹	485	555	(13%)	494	670	(26%)
All-in sustaining cost (per ounce sold) ¹	616	704	(13%)	621	841	(26%)

Financial Position

	As at September 30, 2015	As at June 30, 2015	As at December 31, 2014
(in thousands of dollars)			
Cash and cash equivalents.....	137,785	130,871	127,928
Gold trade receivables	17,475	428	517
	155,260	131,299	128,445

¹ Cash operating cost, total cash cost, all-in sustaining cost, adjusted net income attributable to equity shareholders, adjusted basic earnings per share and operating cash flows per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial measures from continuing operations" section of this MD&A, note 16.

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

3. Consolidated Results and Mining Operations from Continuing Operations

(continued)

Third Quarter 2015 v. Third Quarter 2014

- As a result of the cash flows generated from our operating activities as discussed below, we held a strong cash and cash equivalents position of \$137,785,000 as at September 30, 2015 with a subsequent receipt of gold trade receivables of \$17,475,000 in early October 2015.
- During the third quarter of 2015, gold sales amounted to \$72,523,000 compared to \$84,524,000 for the same period in 2014. The 14% decrease in gold sales is caused by an 11% decrease in the average realized selling price in addition to the lower gold ounces sold. The variation between gold ounces sold and gold ounces produced during the quarter is due to the timing of shipments.
- The decrease in mining operation expenses reflects lower fuel pricing, coupled with the strength of the US dollar relative to the Euro and lower throughput.
- Lower government royalties are a direct result of lower gold sales.
- The decrease in operating income compared to the same period in 2014 is mainly due to lower revenue, partially offset by lower mining operation expenses.
- The decrease in income tax expense is due to the strengthening of the US dollar in the third quarter of 2014 whereas the US dollar was stable during the third quarter of 2015. In 2014, the tax base of mining assets in foreign jurisdictions was therefore reduced and lowered future tax deductions when converted into US dollars. These non-cash items amounted to a credit of \$42,000¹ for the third quarter of 2015, compared to \$5,393,000 for the same period in 2014. These amounts are not indicative of the economic value of the underlying tax pools that may be used to reduce cash income taxes in the future.
- The decrease in cash flows from operating activities from continuing operations² in the third quarter of 2015 compared to the same period in 2014 is due to the decrease in operating income.

First Nine Months of 2015 v. First Nine Months of 2014

- Higher revenues in the first nine months of 2015 compared to the same period in 2014 are mainly due to a higher gold sales volume despite an 8% decrease in the average selling price. The higher grade Siou and Fofina pits only started at the end of the first quarter of 2014. The variation between gold ounces sold and gold ounces produced during the nine-month period ended September 30, 2015 is due to the timing of shipments.
- Mining operating expenses decreased during the first nine months of 2015 compared to the same period in 2014 as a result of lower fuel pricing, coupled with the strength of the US dollar relative to the Euro and lower throughput.
- The lower government royalties despite higher revenues are attributable to the 4% royalty rate applied in 2015 compared to royalty rates of 4% and 5% in 2014.
- The increase in operating income in the first nine months of 2015 compared to the same period in 2014 is mainly due to higher revenues and lower mining operation expenses.
- During the first nine months of 2015, following the cancellation of a Credit Facility, we wrote-off financing fees of \$2,520,000, which were capitalized as other non-current assets in the consolidated financial position as at December 31, 2014.
- The foreign exchange loss amounted to \$5,705,000 due to the revaluation of our monetary assets nominated in foreign currencies following the strengthening of the US dollar compared to December 31, 2014.
- The increase in income tax expense in the first nine months of 2015 compared to the same period in 2014 is due to higher taxable income at the Mana Mine.
- Cash flows from operating activities from continuing operations² reached \$108,131,000 in the first nine months of 2015 due to the increase in operating income.

¹ Please refer to "Non-IFRS financial performance measures from continuing operations" section of this MD&A, note 16.

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

4. Operating Income (Loss) by Segment

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2015	2014	Variation	2015	2014	Variation
(in thousands of dollars)						
Mana Mine, Burkina Faso	21,135	28,327	(25%)	64,454	48,060	34%
Natougou, Burkina Faso.....	—	—	—	—	—	—
Other exploration.....	—	—	—	—	—	—
Corporate and other	(1,649)	(2,827)	42%	(10,937)	(16,574)	34%
	19,486	25,500	(24%)	53,517	31,486	70%

Composition of the reportable segments was modified for the first quarter of 2015 in order to add a new segment, Natougou, which represents the main property acquired through the acquisition of Orbis Gold Limited¹ ("Orbis").

¹ Please refer to note 3 of the financial statements.

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

Mana, Burkina Faso

Mining Operations

	Three-month period ended September 30,			Nine-month period ended September 30,		
	2015	2014	Variation	2015	2014	Variation
Operating Data						
Ore mined (tonnes).....	541,200	516,900	5%	1,831,100	1,601,800	14%
Ore processed (tonnes).....	618,300	750,300	(18%)	1,756,500	2,116,200	(17%)
Waste mined (tonnes).....	4,375,000	4,038,000	8%	16,089,700	12,024,400	34%
Operational stripping ratio.....	8.1	7.8	4%	8.8	7.5	17%
Head grade (g/t).....	3.67	2.91	26%	3.81	2.77	38%
Recovery (%).....	92	92	—	92	91	1%
Gold ounces produced.....	67,200	64,700	4%	198,400	172,500	15%
Gold ounces sold.....	64,800	67,100	(3%)	193,100	164,700	17%
Capitalized Stripping Activity						
Wasted material – Siou (tonnes)....	2,929,500	2,147,700	36%	7,399,300	8,737,300	(15%)
Wasted material – Fofina (tonnes)...	304,900	352,600	(14%)	1,547,100	2,182,900	(29%)
Wasted material – Wona-Kona (tonnes)	—	413,300	(100%)	—	1,080,200	(100%)
	3,234,400	2,913,600	11%	8,946,400	12,000,400	(25%)
Financial Data (in thousands of dollars)						
Revenues – Gold sales.....	72,523	84,524	(14%)	227,654	210,758	8%
Mining operations expenses	28,469	33,354	(15%)	86,170	100,863	(15%)
Government royalties.....	2,950	3,909	(25%)	9,142	9,422	(3%)
Depreciation of property, plant and equipment.....	19,206	18,077	6%	65,419	49,394	32%
General and administrative	534	741	(28%)	1,780	2,833	(37%)
Corporate social responsibility expenses	229	116	97%	689	186	270%
Segment operating income	21,135	28,327	(25%)	64,454	48,060	34%
Statistics (in dollars)						
Average realized selling price (per ounce)	1,119	1,260	(11%)	1,179	1,280	(8%)
Cash operating cost (per tonne processed) ¹	47	47	—	49	49	—
Total cash cost (per ounce sold) ¹ ...	485	555	(13%)	494	670	(26%)
All-in sustaining cost (per ounce sold) ¹	616	704	(13%)	621	841	(26%)
Depreciation (per ounce sold) ²	296	269	10%	339	300	13%

¹ Cash operating cost, total cash cost and all-in sustaining cost are a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures from continuing operations" section of this MD&A, note 16.

² Depreciation per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the depreciation expense per ounce sold.

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

Mana, Burkina Faso (continued)

Mining Operations (continued)

Third Quarter 2015 v. Third Quarter 2014

Production for the third quarter of 2015 totalled 67,200 ounces at a total cash cost¹ of \$485 per ounce sold and all-in sustaining cost¹ of \$616 per ounce sold at our Mana Mine. These costs per ounce both represent year-over-year decreases of 13% that are mainly attributable to the higher grade ore processed compared to the third quarter of 2014 as well as the reduction in fuel pricing and the strength of the US dollar relative to the Euro, offset by the negative volume effect.

- For the third quarter of 2015, lower throughput compared to the same period in 2014 is a direct result of the mine plan sequence.
- The increase in head grade in the third quarter of 2015 reflects a greater percentage of high-grade ore processed from the Fofina and Siou pits compared to the same period in 2014.
- The increase in gold ounces produced is a direct result of higher head grade of ore sourced from the Siou and Fofina pits, partially offset by lower throughput.
- During the third quarter of 2015, gold sales amounted to \$72,523,000 compared to \$84,524,000 for the same period in 2014. The 14% decrease is attributable to a decrease in average realized selling price and lower gold ounces sold.
- Mining operating expenses decreased during the third quarter of 2015 compared to the same period in 2014 mainly as a result of the lower throughput. Our cash operating cost¹ per tonne processed remained at \$47 due to a higher operational stripping ratio and the negative volume effect, offset by the lower fuel price and the strength of the US dollar relative to the Euro.
- Lower government royalties are a direct result of lower gold sales.
- The decrease in general and administrative expenses for the three-month period ended September 30, 2015, compared to the same period in 2014, is the result of our cost control and optimization efforts and the positive impact of foreign currency fluctuations.

First Nine Months of 2015 v. First Nine Months of 2014

- For the nine-month period ended September 30, 2015, more ore was mined compared to the same period in 2014 when the mine plan sequence was modified in order to reassign a portion of the Wona-Kona mining fleet to the development of the Siou and Fofina deposits in the first quarter of 2014.
- The decrease in throughput is due to the processing of ore through the secondary ball mill during the five-week shutdown of the SAG mill and the mining sequence.
- The increase in head grade in the first nine months of 2015 reflects the greater percentage of high-grade ore processed from the Fofina and Siou pits compared to the same period in 2014.
- The increase in gold ounces produced and sold is a direct result of the 38% higher head grade.
- Higher revenues in the first nine months of 2015 compared to the same period in 2014 are mainly due to a higher gold sales volume despite an 8% decrease in the average selling price.
- Mining operating expenses decreased during the first nine months of 2015 compared to the same period in 2014 mainly as a result of the lower throughput. Our cash operating cost¹ per tonne processed remained at \$49 due to a higher operational stripping ratio and the negative volume effect, offset by the lower fuel price and the strength of the US dollar relative to the Euro.
- The lower government royalties despite higher revenues are attributable to the 4% royalty rate applied in 2015 compared to royalty rates of 4% and 5% in 2014.
- The depreciation of property, plant and equipment increased by 32% as a result of the increase in gold ounces sold. The depreciation per ounce sold increased as a result of accelerated depreciation of the Wona-Kona capitalized stripping cost following the reduction of reserves at the beginning of 2015.
- The decrease in general and administrative expenses for the nine-month period ended September 30, 2015, compared to the same period in 2014, is the result of our cost control and optimization efforts and the positive impact of foreign currency fluctuations.

¹ Cash operating cost, total cash cost and all-in sustaining cost are a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures from continuing operations" section of this MD&A, note 16.

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

Mana, Burkina Faso (continued)

Mining Operations (continued)

Political Situation in Burkina Faso

On September 16, 2015, civil unrest broke out in Ouagadougou and other cities in Burkina Faso after instigation of a coup d'état by a small subsection of the presidential guard regiment. Operations at the Mana Mine were unaffected by the coup, which was resolved after some 14 days of protests. With the exception of delayed travel to and from Ouagadougou occasioned by the temporary closure of the airport, employees were not impacted and remained in security during this period.

Corporate Social Responsibility ("CSR")

For the three-month period ended September 30, 2015, corporate social responsibility expenses, representing contributions made to the SEMAFO Foundation, totalled \$229,000.

In the third quarter of 2015, the SEMAFO Foundation marked the start of the new school year at Mana by building a new high school, installing school drinking water facilities and distributing school kits to students. The bulk of remaining funds was used to ensure that two local villages had access to fresh drinking water through the construction of wells. In the month of September, the Foundation launched a campaign to combat malaria by training members of a village's green taskforce in techniques relating to the application of larvicide and regular mosquito surveillance.

In the quarter, mine management fielded several visits. In August, we welcomed a 34-person delegation from the Natougou communities, which was on a fact-finding mission to learn more about SEMAFO's experience in resettling villages and to witness first hand its community development measures. During the two-day visit, participants held discussions with the mayor of Dangouna who demonstrated the improved living conditions in the new village, which was resettled in 2014, and explained the compensation process. In addition, delegates had the opportunity to visit the Foundation's bee-keeping and shea butter projects, schools, and paid courtesy calls on a local village and town hall. Separately, the Foundation completed construction of its first fresh-water drinking well for the population of Natougou in the quarter.

In September, the Foundation received an award from Forum Africa for excellence for its work in supporting women's entrepreneurship in Africa. Selection for the prize was determined by a review of Canadian companies' activities over the past two years that support (through training, mentoring or financing) projects managed by women in Africa.

Exploration - Mana Project, Burkina Faso

Due to the rainy season, the exploration program was slowed down in the third quarter. The reverse-circulation (RC) drill program consisted of 6,600 meters in 44 holes carried out on the Bombouéla, Fobiri II and Kona Blé permits. Year to date, a total of 42,330 meters of RC drilling have been effected in 300 holes, of which 7,660 meters have targeted Bombouéla in order to find continuity between holes. In addition, a 15,000-meter auger drilling campaign was carried out.

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

Natougou, Burkina Faso

Update on Natougou Feasibility Study

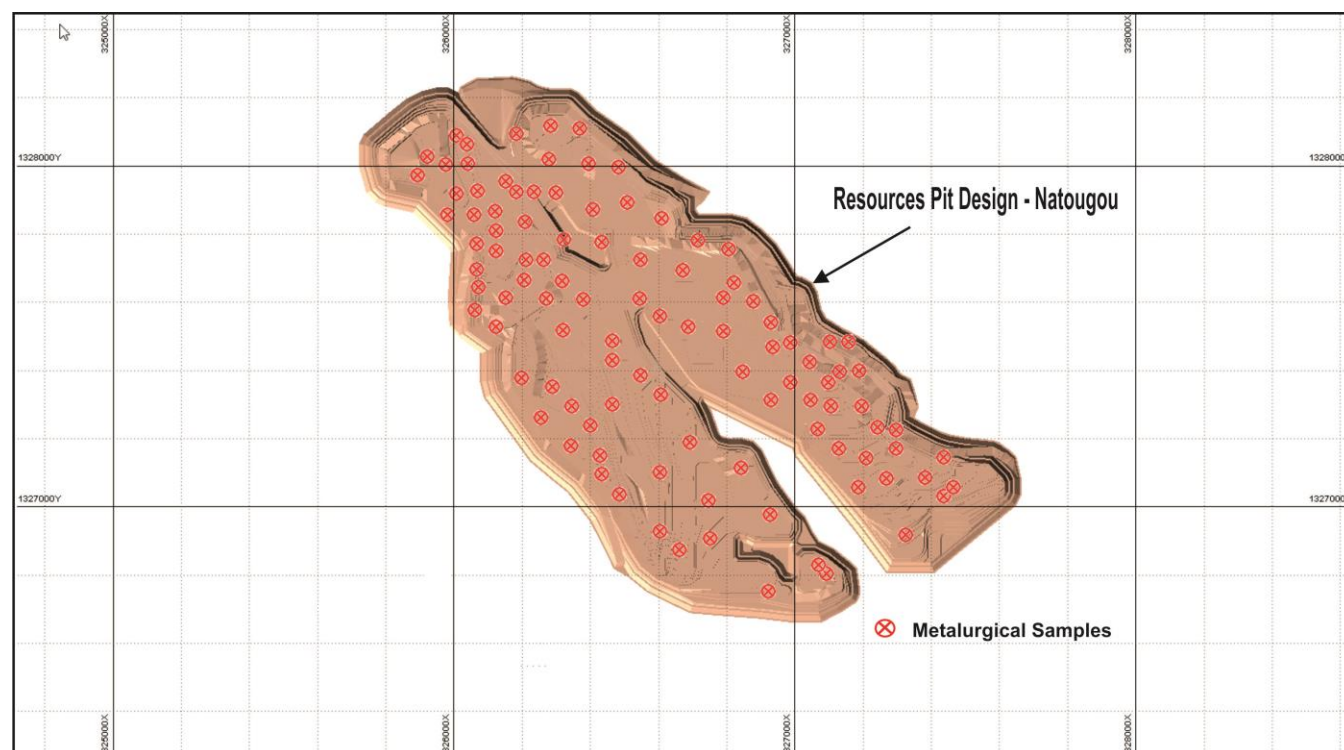
The feasibility study for Natougou continued to gain traction and was 70% complete at the end of the third quarter. We continue to target delivery of the feasibility study early in the second quarter of 2016. At September 30, 2015, \$9.9 million of the \$12.5 million budget had been expended and our team had achieved the following milestones:

- Process: 90% completed. This includes the plant and site layout equipment specification and request for quotes. Remaining work items involve establishment of the overall sector variability, test work on tailings ponds and CAPEX/OPEX estimations.
- Hydrology: 90% completed. The water balance analysis has been fully carried out.
- Environmental study: 40% completed.
- The 56,000 meters of in-fill drilling scheduled for the feasibility study have been carried out.
- The resource model is complete and the 3D geological block model is underway.

Positive Metallurgical Test work on the Natougou Deposit

Testing on the Boungou Shear Zone was conducted using an optimum flow sheet configuration comprising a primary grind of 63 microns, gravity recovery circuit, followed by a 36-hour cyanide leach. A total of 109 drilled core (DC) samples of the mineralized zone (see Figure 1) ensured both spatial and grade representation, as well as comparison of oxidized and fresh rock characteristics. Each individual sample represents approximately 3 kilograms of drilled core samples. The samples were collected and sent to ALS Metallurgy in Perth, Australia for metallurgical test work. Results show that the recovery is consistent throughout the deposit and trace metal analyses exhibit no refinery concerns. Fresh rock samples indicated a gold recovery rate of over 92%, while oxidized samples yielded a recovery of over 96%.

Figure 1



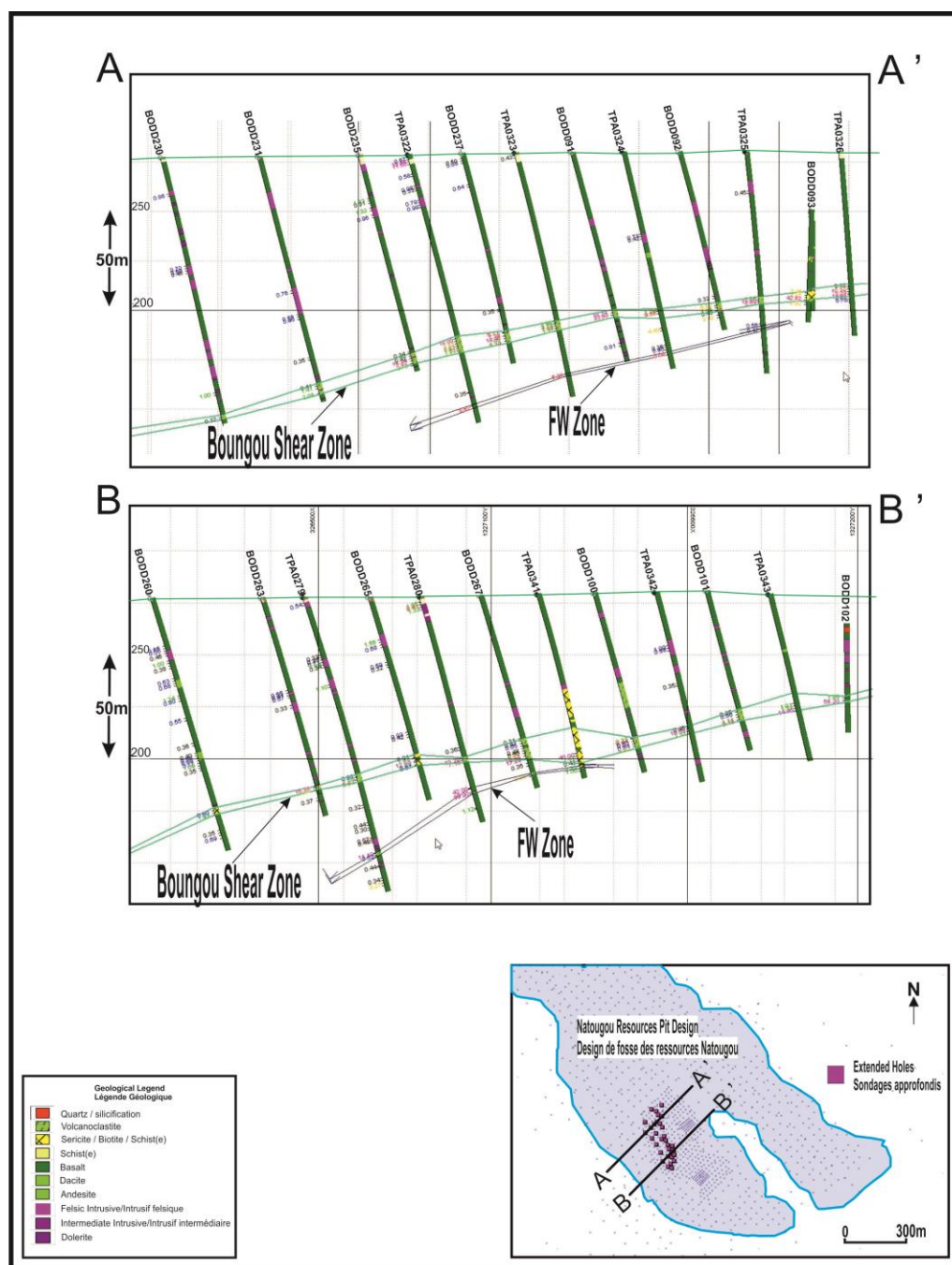
4. Operating Income (Loss) by Segment (continued)

Natougou, Burkina Faso (continued)

Footwall Zone

During the third quarter of 2015, a delineation drilling program and a short hole-extension program were completed to test the continuity of the footwall zone of the Boungou Shear Zone that was originally encountered by hole TPA0556, which had returned 10.23 g/t over 2.69 meters (see Figure 2 and Table 1). A total of 20 holes (370 meters) were extended in order to reach the footwall zone. Following reception of the results, a total of 12 additional holes were interpreted to have also crossed the footwall zone.

Figure 2



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

Natougou, Burkina Faso (continued)

Footwall Zone (continued)

The results, which returned local high-grade results of up to 31.98 g/t over 2.5 meters, suggest that the width of the footwall zone averages 1.5 meters. It lies subparallel to, and some 5 to 20 meters below, the main Boungou Shear Zone. To date, the zone has been traced over a 300-meter x 90-meter area and remains open in all directions. Further drilling will be carried out.

Table 1

Hole	From	To	Length (m)	Au g/t (uncut)
BODD091	87.41	87.70	0.29	0.01
BODD267	71.00	71.60	0.60	3.45
BODD414	75.32	76.20	0.88	5.33
BORC014	94.00	95.00	1.00	1.79
BORC067	73.00	74.00	1.00	1.30
TPA0266	71.00	73.00	2.00	2.01
TPA0275	68.00	69.00	1.00	3.05
TPA0276	73.00	75.00	2.00	0.85
TPA0279	102.00	103.60	1.60	7.17
TPA0280	76.00	78.50	2.50	31.98
TPA0298	73.30	74.20	0.90	0.35
TPA0299	78.10	79.00	0.90	3.47
TPA0308	81.60	82.80	1.20	0.73
TPA0311	97.00	98.80	1.80	3.59
TPA0317	77.00	78.00	1.00	3.47
TPA0322	104.60	106.10	1.50	3.78
TPA0323	91.80	92.80	1.00	6.92
TPA0324	83.00	84.00	1.00	5.08
TPA0325	72.00	73.00	1.00	0.47
TPA0337	78.00	80.00	2.00	1.31
TPA0341	68.00	69.00	1.00	2.19
TPA0354	69.00	78.00	9.00	1.08
TPA0358	65.00	67.00	2.00	1.08
TPA0359	85.20	86.70	1.50	2.89
TPA0360	72.00	73.00	1.00	2.35
TPA0408	87.20	87.80	0.60	4.53
TPA0413	76.00	78.00	2.00	10.95
TPA0465	72.00	73.00	1.00	5.75
TPA0483	71.38	72.87	1.50	0.16
TPA0555	95.60	96.70	1.10	1.24
TPA0556	78.00	80.69	2.69	10.23
TPA0559	85.40	85.70	0.30	3.53

¹ All lengths are measured along the hole axis, and are interpreted to be roughly equivalent to true thickness.

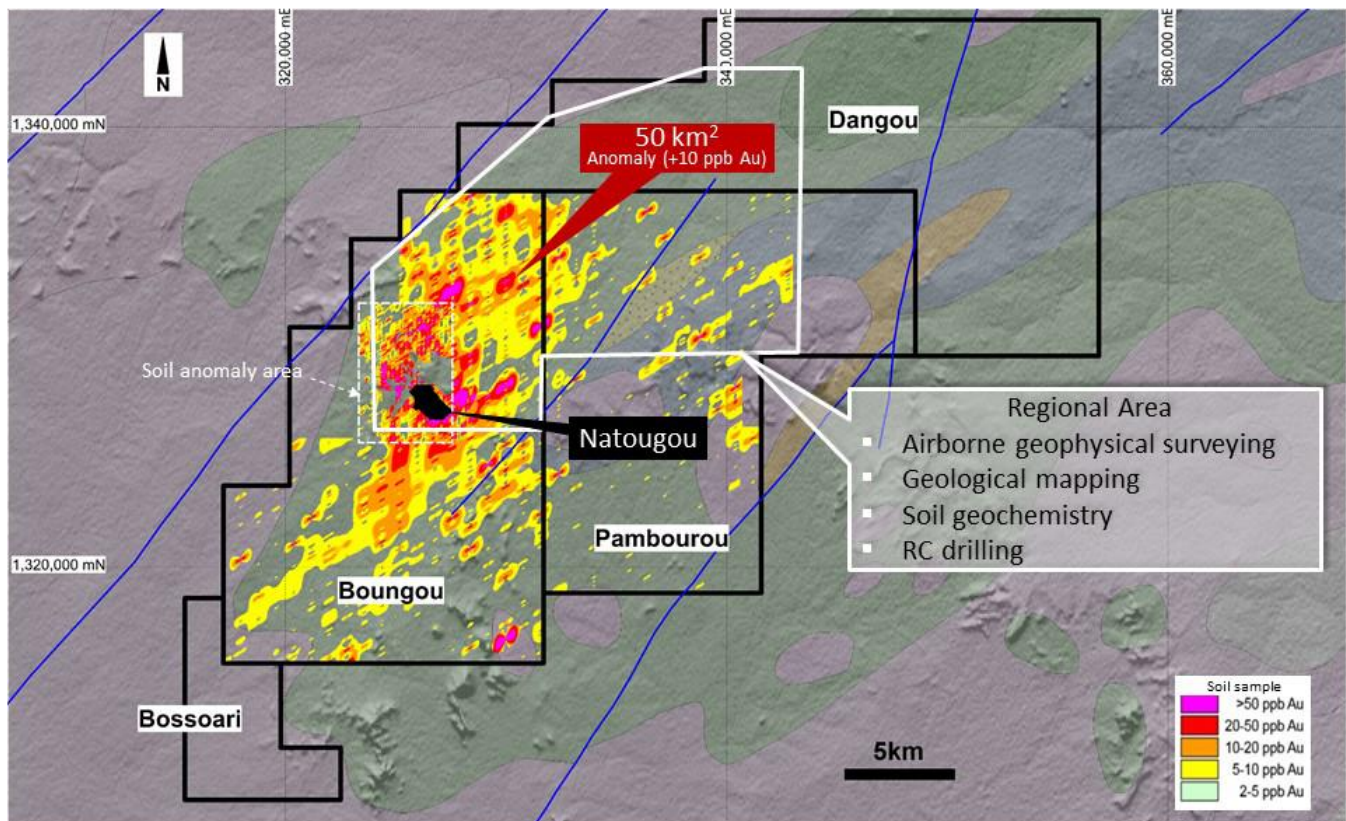
² Using uncut assays.

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

Regional Exploration

Regional airborne geophysical surveying, involving MAG, VTEM and radiometric surveys, commenced in mid-October on the Boungou, Dangou and Pambourou permits (see Figure 3). The surveys are being flown at 100-meter line spacing. Field work such as geological mapping, soil geochemistry and RC drill programs will be carried out following review and interpretation of the data.

Figure 3



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

Corporate and Other

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
(in thousands of dollars)				
Depreciation of property, plant and equipment	84	153	269	614
General and administrative	2,553	3,185	8,359	10,576
Corporate social responsibility expense	—	273	—	430
Share-based compensation	(988)	(784)	2,309	4,954
Operating loss.....	(1,649)	(2,827)	(10,937)	(16,574)

Corporate social responsibility expense was paid through the "Mana Mine, Burkina Faso" segment.

General and Administrative

For the three-month period ended September 30, 2015, general and administrative expenses totalled \$2,553,000 compared to \$3,185,000 for the same period in 2014. For the nine-month period ended September 30, 2015, general and administrative expenses totalled \$8,359,000 compared to \$10,576,000 for the same period in 2014. The decrease is mainly due to our optimization efforts and to the strengthening of the US dollar against the Canadian dollar, which positively impacted our general and administrative cost.

Share-based Compensation

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
(in thousands of dollars)				
Option plans.....	—	—	—	580
Deferred Share Unit Plan.....	19	—	434	—
Restricted Share Unit Plan	(1,007)	(784)	1,875	4,374
	(988)	(784)	2,309	4,954

Option Plans

During the three-month and nine-month periods ended September 30, 2015, there were no stock option-related expenses because options were already vested and amortized in 2014. No new options were granted during the three-month and nine-month periods ended September 30, 2015, compared to the same periods in 2014, during which charges of nil and \$580,000 were recorded, respectively.

Deferred Share Unit ("DSU") Plan

During 2014, we adopted a new DSU Plan. At the beginning of 2015, the Board, on the recommendation of the Human resources and corporate governance committee, decided that independent directors would receive DSUs instead of options. For the three-month and nine-month periods ended September 30, 2015, our expense for DSUs outstanding represented an expense of \$19,000 and \$434,000, respectively (2014: nil).

Restricted Share Unit Plan ("Unit Plan")

For the three-month period ended September 30, 2015, our share-based compensation expenses was a credit of \$1,007,000 (2014: \$784,000) for our Unit Plan. The \$1,007,000 credit related to the Unit Plan comprised a \$723,000 expense for restricted share units outstanding and a \$1,730,000 credit due to a change in fair value of our share price.

For the nine-month period ended September 30, 2015, our share-based compensation expenses included a charge of \$1,875,000 (2014: \$4,374,000) for our Unit Plan. The \$1,875,000 charge related to the Unit Plan comprised a \$2,857,000 expense for restricted share units outstanding and a \$982,000 credit due to a change in fair value of our share price.

5. Other Elements of the Statement of Income

Finance Costs

During the first nine months of 2015, following cancellation of a credit Facility, we wrote-off financing fees of \$2,520,000, which were capitalized as other non-current assets in the consolidated financial position as at December 31, 2014.

Foreign Exchange Loss

For the three-month and nine-month periods ended September 30, 2015, the foreign exchange loss was \$1,110,000 and \$5,705,000, respectively. This was due to the revaluation of our monetary assets nominated in foreign currencies following the overall strengthening of the US dollar in the first nine months of 2015.

Income Tax Expense

The decrease in income tax expense is due to the strengthening of the US dollar in the third quarter of 2014 while the US dollar was stable during the third quarter of 2015. In 2014, the tax base of mining assets in foreign jurisdictions was therefore reduced and lowered future tax deductions when converted into US dollars. These non-cash items amounted to a credit of \$42,000¹ for the third quarter of 2015, compared to \$5,393,000 for the same period in 2014. These amounts are not indicative of the economic value of the underlying tax pools that may be used to reduce cash income taxes in the future.

The increase in income tax expense in the first nine months of 2015 compared to the same period in 2014 is due to higher taxable income at the Mana Mine.

Income Attributable to Non-Controlling Interests

(in thousands of dollars)	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	1,662	1,554	4,323	2,874
Government of Guinea – 15% in SEMAFO Guinée S.A.	—	—	—	9,691
	1,662	1,554	4,323	12,565

The non-controlling interest of the Government of Burkina Faso is directly linked to our subsidiary's net income. SEMAFO Guinée S.A. was disposed of on May 22, 2014.

¹ Please refer to "Non-IFRS financial performance measures from continuing operations" section of this MD&A, note 16.

6. Cash Flows

The following table summarizes our cash flow activities:

(in thousands of dollars)	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
Cash flows				
Operations.....	34,830	40,554	108,131	80,314
Working capital items	(2,728)	2,005	(11,204)	7,122
Operating activities.....	32,102	42,559	96,927	87,436
Financing activities.....	(2,352)	1,660	130,373	5,654
Investing activities	(21,031)	(19,418)	(211,518)	(55,813)
Change in cash and cash equivalents during the period from continuing operations.....	8,719	24,801	15,782	37,277
Change in cash and cash equivalents during the period from discontinued operations.....	—	—	—	(2,088)
Effect of exchange rate changes on cash and cash equivalents	(1,805)	(5,801)	(5,925)	(5,562)
Cash and cash equivalents – beginning of period	130,871	93,226	127,928	82,599
Cash and cash equivalents – end of period.....	137,785	112,226	137,785	112,226

Operating

Third Quarter 2015 v. Third Quarter 2014

For the three-month period ended September 30, 2015, operating activities, before working capital items, generated cash flows of \$34,830,000 compared to \$40,554,000 for the same period in 2014, are mainly due to a lower operating income. Working capital items required liquidities of \$2,728,000 in 2015, mainly due to higher trade and other receivables, offset by higher income tax payable and trade payables and accrued liabilities, while liquidities of \$2,005,000 were generated in 2014. In early October 2015, we had a subsequent receipt of our gold trade receivables of \$17,475,000.

First Nine Months of 2015 v. First Nine Months of 2014

For the nine-month period ended September 30, 2015, operating activities, before working capital items, generated cash flows of \$108,131,000 compared to \$80,314,000 mainly due to higher revenues compared to the same period in 2014. Working capital items required liquidities of \$11,204,000 in the first nine months of 2015, mainly due to higher trade and other receivables and lower trade payables and accrued liabilities, offset by higher income tax payable, while liquidities of \$7,122,000 were generated in 2014.

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

Financing

Third Quarter 2015 v. Third Quarter 2014

In the third quarter of 2015, cash flow used in financing activities amounted to \$2,352,000 as a result of dividends paid to non-controlling interest and related withholding taxes paid totalling of \$2,656,000 and the exercise of 185,000 options for a cash consideration of \$304,000, compared to cash flow generated of \$1,660,000 in the third quarter of 2014, representing the exercise of 751,000 options.

6. Cash Flows (continued)

Financing (continued)

First Nine Months of 2015 v. First Nine Months of 2014

In the nine-month period ended September 30, 2015, cash flow from financing activities amounted to \$130,373,000 compared to \$5,654,000 in the same period in 2014.

Long-term Debt

On March 3, 2015, we entered into a credit agreement (long-term debt) amounting to \$90,000,000 with Macquarie Bank Limited ("Lender"). We used the proceeds of the debt to fund the acquisition of Orbis. In consideration for the funding of the long-term debt, we paid to the Lender an amount of \$1,200,000 recorded as transaction costs.

Proceeds on Issuance of Share Capital

A total of 215,000 options were exercised during the nine-month period ended September 30, 2015, under the Share Option Plan ("Original Plan") for a cash consideration of \$355,000. For the same period in 2014, a total of 2,916,000 options were exercised under the Original Plan for a cash consideration of \$5,654,000.

On February 11, 2015, a syndicate of underwriters purchased on a "bought deal" private placement basis, 13,600,000 of our common shares at \$2.97 (C\$3.70) per common share for aggregate gross proceeds of \$40,412,000 (C\$50,320,000). The underwriters elected to exercise the over-allotment option to purchase an additional 2,040,000 common shares at the same price for total gross proceeds of \$46,474,000 (C\$57,868,000). Share issue expenses related to this private offering totalled \$2,600,000 and were credited to total net proceeds.

The proceeds of our bought deal private placement have been used solely for the acquisition of Orbis.

Dividends

In the nine-month period ended September 30, 2015, dividends paid to non-controlling interest and related withholding taxes paid amounted to \$2,656,000, compared to nil for the same period in 2014.

Investing

During the first quarter of 2015, we acquired Orbis, for which we paid a purchase price of \$138,200,000 (A\$178,169,000). In addition, an amount of \$14,729,000 was disbursed, which included net liability and transaction costs of \$1,621,000, for a total amount invested of \$154,550,000.

Property, Plant and Equipment

Investments totalled \$21,031,000 and \$56,402,000, for the three-month and nine-month periods ended September 30, 2015, respectively, compared to \$18,523,000 and \$54,277,000 for the same periods in 2014. The following table summarizes our 2015 investing activities.

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
(in thousands of dollars)				
Sustaining capital	2,171	2,721	9,690	10,432
Stripping cost.....	6,301	7,283	14,923	17,776
Subtotal sustaining capital expenditures	8,472	10,004	24,613	28,208
Siou development.....	—	1,431	—	7,437
Fofina development.....	—	113	—	4,625
Subtotal growth capital expenditures	—	1,544	—	12,062
Exploration expenditure.....	3,776	7,530	16,525	16,981
Capitalized borrowing costs	1,521	9	3,540	1,279
Feasibility study.....	4,144	—	9,870	—
	17,913	19,087	54,548	58,530
Variation in unpaid acquisitions of property, plant and equipment	3,118	(564)	1,854	(4,253)
Total	21,031	18,523	56,402	54,277

6. Cash Flows (continued)

Investing (continued)

Sonabel Advance

During the nine-month period ended September 30, 2015, an advance of \$566,000 was made to Sonabel compared to \$895,000 for the same period in 2014.

Restricted Cash

During the nine-month period ended September 30, 2014, the \$641,000 increase in restricted cash is due to the funding of our asset retirement obligation in Burkina Faso, compared to nil for the same period in 2015.

7. Financial Position

As at September 30, 2015, we maintained a strong financial position with \$137,785,000 in cash and cash equivalents with a subsequent receipt of gold trade receivables of \$17,475,000 in early October 2015. Further to our private placement and completion of our new long-term debt in the first quarter of 2015, our debt-equity ratio stands at only 15%.

With our existing cash balance and forecasted cash flows from operations, we are well positioned to fund all of our cash requirements for 2015, which relate primarily to the following activities:

- Exploration programs
- Capital expenditures
- Feasibility study for Natougou advanced gold deposit

	As at September 30, 2015	As at December 31, 2014
(in thousands of dollars)		
Total current assets	236,233	223,524
Property, plant and equipment.....	526,026	382,388
Other non-current assets.....	9,951	12,390
Total assets	772,210	618,302
Current liabilities.....	78,185	58,047
Non-current liabilities.....	90,034	29,650
Total liabilities	168,219	87,697
Equity attributable to equity shareholders	574,445	503,682
Non-controlling interest	29,546	26,923

As at September 30, 2015, our total assets amounted to \$772,210,000 compared to \$618,302,000 as at December 31, 2014. The increase is mainly due to the addition of property, plant and equipment, resulting from the acquisition of Orbis for \$154,550,000.

As at September 30, 2015, our liabilities totalled \$168,219,000, compared to \$87,697,000 as at December 31, 2014. The increase in our liabilities is mainly due to our new long-term debt of \$90,000,000, which was used to fund the acquisition of Orbis.

8. Financial Instruments

The nature and extent of risks arising from financial instruments are described in note 17 of our 2014 annual consolidated financial statements.

During the first quarter of 2015, a new financial liability was included in the financial instruments, representing long-term debt that is accounted for using the amortized cost method. There was no material change to the nature of risks arising from financial instruments or classification of financial instruments during the third quarter of 2015. 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.

9. Contractual Obligations

Asset Retirement Obligations

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

The liability for asset retirement obligations as at September 30, 2015 was \$6,476,000 (December 31, 2014: \$5,897,000).

Government Royalties

In Burkina Faso, all shipments with gold spot prices lower or equal to \$1,000 per ounce are subject to a royalty rate of 3%, a 4% rate is applied to all shipments with gold spot prices between \$1,000 and \$1,300 per ounce, and a 5% royalty rate is applied to all shipments with a gold spot price greater than \$1,300 per ounce. In the first nine months of 2015, we were subject to a royalty rate of 4%, which was calculated using the retail market value of gold ounces sold at the time of shipment. In the third quarter of 2015, government royalties amounting to \$2,950,000 (2014: \$3,909,000) were paid to the Government of Burkina Faso. For the nine-month period ended September 30, 2015, government royalties amounting to \$9,142,000 (2014: \$9,422,000) were paid to the Government of Burkina Faso.

Net Smelter Royalty ("NSR")

We are subject to an NSR ranging from 1% to 1.5% on various exploration properties. The NSR comes into effect when we enter into commercial production.

Purchase Obligations

As at September 30, 2015, purchase commitments totalled \$3,372,000. In addition, on October 1, 2011, we entered into an agreement with the National Electricity Company, Sonabel, in Burkina Faso, pursuant to which we will advance funds for the construction of a high-voltage transmission line. As at September 30, 2015, we are committed to advance a remaining amount of \$1,216,000 (714,479,000 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, 2015, we were in compliance in all material respects with the obligations related to the ownership of our material permits.

10. Critical Accounting Estimates and Judgments

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements were disclosed in note 6 to our 2014 annual audited consolidated financial statements and they remain unchanged for the third quarter of 2015.

11. New Accounting Standards Issued but not yet in Effect

The new accounting standards issued but not yet in effect were disclosed in note 5 of our 2014 annual audited consolidated financial statement and they remain unchanged for the third quarter of 2015.

12. 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 risk 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 affect the gold supply. Demand for gold can be influenced by economic conditions, gold's attractiveness as an investment vehicle and the strength of the US dollar. Other factors include interest and exchange rates, inflation and political stability. The aggregate effect of these factors is impossible to predict with accuracy. 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.

Interest Rate Fluctuations

As borrower of a long-term debt amounting to \$90 million, repayable in three years, our operations are subject to interest rate fluctuations. The long-term debt bears interest at LIBOR plus 6.5%. Therefore, a fluctuation in LIBOR could materially and 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 Resources Estimates

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

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

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

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

12. 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.

Integration of Acquired Business

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

Limited Property Portfolio

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

Depletion of our Mineral Reserves

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

12. Risks and Uncertainties (continued)

Operational Risks (continued)

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, constructed a high-voltage transmission line that connects our Mana Mine to the National power grid. Accordingly, we cannot predict with certainty the extent of the line's reliability. Any failure in the reliability of such Sonabel power line could impair our ability to realize anticipated savings at Mana.

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

Licenses and Permits

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

Political Risk

While the government of Burkina Faso has supported the development of its natural resources by foreign companies, there is no assurance that the government will not in the future adopt different policies or new interpretations respecting foreign ownership of mineral resources, rates of exchange, environmental protection, labour relations, and repatriation of income or return of capital. Any limitation on transfer of cash or other assets between SEMAFO and our subsidiaries could restrict our ability to fund our operations or 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. We may also encounter difficulties in obtaining reimbursement of refundable tax from fiscal authorities.

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

Title Matters

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

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

12. Risks and Uncertainties (continued)

Operational Risks (continued)

Suppliers and Outside Contractors Risk

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

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

Competition

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

Qualified and Key Personnel

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

Labour and Employment Relations

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

Environmental Risks, Hazards and Costs

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

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

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

12. Risks and Uncertainties (continued)

Operational Risks (continued)

Insufficient Insurance

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

Resource Nationalism

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

Surrounding Communities Relations

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

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

Reliance on Information Technology Systems

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

Litigation

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

Anti-corruption Laws

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

13. Quarterly Information

	2015			2014				2013
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(in thousands of dollars, except for amounts per share)								
Results from continuing operations								
Revenues – Gold sales	72,523	81,115	74,016	78,591	84,524	87,761	38,473	50,771
Operating income (loss)	19,486	22,824	11,207	14,873	25,500	20,665	(14,679)	(8,407)
Net income (loss)	14,491	22,115	(7,849)	5,318	12,726	14,916	(13,565)	(7,312)
Attributable to:								
- Equity shareholders	12,829	19,719	(8,114)	4,609	11,172	12,974	(12,943)	(7,098)
- Non-controlling interests	1,662	2,396	265	709	1,554	1,942	(622)	(214)
Basic earnings (loss) per share	0.04	0.07	(0.03)	0.02	0.04	0.05	(0.04)	(0.03)
Diluted earnings (loss) per share	0.04	0.07	(0.03)	0.02	0.04	0.05	(0.04)	(0.03)
Cash flows from operating activities ¹ ...	34,830	40,748	32,553	40,416	40,554	37,618	2,142	12,172
Total results								
Net income (loss)	14,491	22,115	(7,849)	5,318	12,726	15,701	(15,998)	(4,337)
Attributable to:								
- Equity shareholders	12,829	19,719	(8,114)	4,609	11,172	3,022	(14,330)	(18,798)
- Non-controlling interests	1,662	2,396	265	709	1,554	12,679	(1,668)	14,461
Basic earnings (loss) per share	0.04	0.07	(0.03)	0.02	0.04	0.01	(0.05)	(0.07)
Diluted earnings (loss) per share	0.04	0.07	(0.03)	0.02	0.04	0.01	(0.05)	(0.07)

¹ Cash flows from operating activities exclude changes in non-cash working capital items.

14. Information on Outstanding Shares

As at November 11, 2015, our share capital comprised 294,281,038 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 our 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 11, 2015, stock options allowing its holders to purchase 4,966,577 common shares were outstanding.

15. Disclosure Controls and Procedures (DC&P) and Internal Controls over Financial Reporting (ICFR)

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 our disclosure controls and internal controls over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

16. 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,	
	2015	2014	2015	2014
Per tonne processed				
Tonnes of ore processed	618,300	750,300	1,756,500	2,116,200
(in thousands of dollars except per tonne)				
Mining operation expenses (relating to ounces sold)	31,419	37,263	95,312	110,285
Government royalties and selling expenses	(3,127)	(4,120)	(9,671)	(10,014)
Effects of inventory adjustments (doré bars and gold in circuit)	935	2,398	66	3,240
Operating costs (relating to tonnes processed)	29,227	35,541	85,707	103,511
Cash operating cost (per tonne processed)	47	47	49	49

16. Non-IFRS Financial Performance Measures from Continuing Operations

(continued)

Total Cash Cost

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
Per ounce sold				
Gold ounce sold.....	64,800	67,100	193,100	164,700
(in thousands of dollars except per ounce)				
Mining operation expenses	31,419	37,263	95,312	110,285
Total cash cost (per ounce sold)	485	555	494	670

All-in Sustaining Cost

All-in sustaining cost represents the total cash cost plus sustainable capital expenditures and stripping costs per ounce.

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
Per ounce sold				
Gold ounce sold.....	64,800	67,100	193,100	164,700
(in thousands of dollars except per ounce)				
Sustaining capital expenditure	8,472	10,004	24,613	28,208
Sustaining capital expenditure (per ounce sold)	131	149	127	171
Total cash cost (per ounce sold)	485	555	494	670
All-in sustaining cost (per ounce sold)	616	704	621	841

Operating Cash Flows per Share

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
(in thousands except per share)				
Cash flows from operating activities ¹	34,830	40,554	108,131	80,314
Weighted average number of outstanding common shares - basic	294,172	277,132	290,360	276,084
Operating cash flows per share	0.12	0.15	0.37	0.29

¹ Cash flows from operating activities exclude changes in non-cash working capital items.

16. Non-IFRS Financial Performance Measures from Continuing Operations

(continued)

Adjusted Accounting Measures

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2015	2014	2015	2014
(in thousands of dollars except per share)				
Net income from continuing operations attributable to equity shareholders as per IFRS	12,829	11,172	24,434	11,203
Foreign exchange loss	1,110	2,695	5,705	2,701
Deferred tax effect of currency translation on tax base	(42)	5,393	5,027	5,801
Write-off of financing fees	—	—	2,520	—
Adjusted net income from continuing operations attributable to equity shareholders	13,897	19,260	37,686	19,705
Weighted average number of outstanding shares	294,172	277,132	290,360	276,084
Adjusted basic earnings per share from continuing operations	0.05	0.07	0.13	0.07

17. Additional Information and Continuous Disclosure

This MD&A has been prepared as of November 11, 2015. Additional information on us is available through regular filings of press releases, financial statements and our Annual Information Form on SEDAR (www.sedar.com). These documents and other information about SEMAFO may also be found on our web site at www.semafo.com.

18. 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”, “maximize”, “pursuing”, “growth”, “on track”, “guidance”, “expect”, “target”, “will” 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 execute on our strategic focus, the ability to achieve the mid-range of our 2015 production guidance of between 245,000 and 275,000 ounces, the ability to reach our 2015 total cash cost guidance of between \$485 and \$505 per ounce and our all-in sustaining cost guidance of between \$630 and \$650 per ounce, the ability to complete the Natougou feasibility study early in the second quarter of 2016 within the \$12.5 million budget, 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.