SEMAFO Inc.

Condensed Interim Consolidated Financial Statements (unaudited)

March 31, 2017

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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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Interim Consolidated Statement of Financial Position

(Expressed in thousands of US dollars – unaudited)

	As at March 31, 2017 $	As at December 31, 2016 $
Assets		
Current assets		
Cash and cash equivalents	255,161	273,772
Trade and other receivables (note 3)	19,967	16,945
Inventories (note 4)	48,191	51,391
Other current assets	2,528	2,513
	325,847	344,621
Non-current assets		
Advance receivable (note 5)	2,969	3,060
Restricted cash	5,768	5,689
Property, plant and equipment (note 6)	550,464	536,237
Intangible asset (note 5)	1,536	1,595
Other non-current assets (note 7)	4,892	4,074
	565,629	550,655
Total assets	891,476	895,276
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	43,326	41,964
Current portion of long-term debt (note 8)	310	310
Share unit plans liabilities (note 15)	5,763	6,635
Provisions (note 9)	3,224	3,271
Income tax payable	4,909	5,422
	57,532	57,602
Non-current liabilities		
Long-term debt (note 8)	56,951	56,726
Share unit plans liabilities (note 15)	1,772	4,899
Provisions (note 9)	8,331	8,137
Deferred income tax liabilities	32,824	32,329
	99,878	102,091
Total liabilities	157,410	159,693
Equity		
Equity Shareholders		
Share capital (note 11)	621,980	621,902
Contributed surplus	7,328	7,357
Accumulated other comprehensive income	1,913	1,095
Retained earnings	74,983	77,674
	706,204	708,028
Non-controlling interest	27,862	27,555
Total equity	734,066	735,583
Total liabilities and equity	891,476	895,276

Financial commitments and contingencies (note 18)

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 March 31, 2017 $	2016 $
Revenue – Gold sales	66,886	74,556
Costs of operations		
Mining operation expenses (note 13)	38,257	31,740
Depreciation of property, plant and equipment	25,268	17,340
General and administrative (note 14)	3,542	3,827
Corporate social responsibility expenses	385	135
Share-based compensation (note 15)	1,219	3,678
Operating income (loss)	(1,785)	17,836
Other expenses (income)		
Finance income	(736)	(373)
Finance costs (note 16)	324	302
Foreign exchange gain	(829)	(4,909)
Income (loss) before income taxes	(544)	22,816
Income tax expense		
Current (note 10)	1,721	3,954
Deferred (note 10)	119	171
	1,840	4,125
Net income (loss) for the period	(2,384)	18,691
Attributable to:		
Equity shareholders	(2,691)	16,184
Non-controlling interest	307	2,507
	(2,384)	18,691
Earnings (loss) per share (note 17)		
Basic	(0.01)	0.05
Diluted	(0.01)	0.05

Interim Consolidated Statement of Comprehensive Income (Loss)

(Expressed in thousands of US dollars – unaudited)

	Three-month period ended March 31, 2017 $	2016 $
Net income (loss) for the period	(2,384)	18,691
Other comprehensive income		
Item that may be classified to net income		
Change in fair value of the investment in GoviEx (net of tax of nil) (note 12)	818	—
Total comprehensive income (loss) for the period, net of tax	(1,566)	18,691
Attributable to:		
Equity shareholders	(1,873)	16,184
Non-controlling interest	307	2,507
	(1,566)	18,691

Interim Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders							
	Share capital							
	Common shares[1]	Amount	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interest	TOTAL EQUITY
	(in thousands)	$	$	$	$	$	$	$
Balance – January 1, 2016	294,321	516,070	10,685	—	48,242	574,997	30,866	605,863
Net income and comprehensive income for the period	—	—	—	—	16,184	16,184	2,507	18,691
Shares issued from the exercise of options (note 11)	864	2,166	(761)	—	—	1,405	—	1,405
Shares issued in consideration of financing costs on amendments to credit facility with Macquarie (note 11)	1,642	5,700	—	—	—	5,700	—	5,700
Balance – March 31, 2016	**296,827**	**523,936**	**9,924**	**—**	**64,426**	**598,286**	**33,373**	**631,659**
Balance – January 1, 2017	324,840	621,902	7,357	1,095	77,674	708,028	27,555	735,583
Net income (loss) for the period	—	—	—	—	(2,691)	(2,691)	307	(2,384)
Other comprehensive income for the period								
Changes in fair value of the investment in GoviEx (net of tax of nil) (note 12)	—	—	—	818	—	818	—	818
Total comprehensive income (loss) for the period, net of tax	**—**	**—**	**—**	**818**	**(2,691)**	**(1,873)**	**307**	**(1,566)**
Shares issued from the exercise of options (note 11)	21	78	(29)	—	—	49	—	49
Balance – March 31, 2017	**324,861**	**621,980**	**7,328**	**1,913**	**74,983**	**706,204**	**27,862**	**734,066**

[1] There were no common shares that were unpaid as at March 31, 2017 (March 31, 2016: nil).

Interim Consolidated Statement of Cash Flows

(Expressed in thousands of US dollars – unaudited)

	Three-month period ended March 31, 2017 $	2016 $
Cash flows from (used in):		
Operating activities		
Net income (loss) for the period	(2,384)	18,691
Adjustments for:		
Depreciation of property, plant and equipment	25,268	17,340
Share-based compensation	1,219	3,678
Unrealized foreign exchange gain	(1,008)	(4,790)
Deferred income tax expense	119	171
Other	(67)	114
	23,147	35,204
Changes in non-cash working capital items (note 19 a)	(5,752)	6,765
Net cash provided by operating activities	17,395	41,969
Financing activities		
Repayment of long-term debt (note 8)	(76)	(30,000)
Proceeds on issuance of share capital, net of expenses (notes 11)	49	1,405
Net cash used in financing activities	(27)	(28,595)
Investing activities		
Acquisition of property, plant and equipment (note 19 c)	(37,232)	(19,543)
Net cash used in investing activities	(37,232)	(19,543)
Effect of exchange rate changes on cash and cash equivalents	1,253	5,670
Change in cash and cash equivalents during the period	(18,611)	(499)
Cash and cash equivalents – beginning of period	273,772	167,166
Cash and cash equivalents – end of period	255,161	166,667
Interest paid	888	1,582
Interest received	439	361
Income tax paid	2,161	85

Supplementary information on non-cash items (note 19 b)

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

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 headquarter is located at 100 Alexis-Nihon Boulevard, 7th floor, Saint-Laurent, Quebec, Canada, 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 operates the Mana Mine in Burkina Faso, which includes the high-grade satellite deposit of Siou, and is targeting production start-up of the Boungou Mine in the second half of 2018. 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 and maintain 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, 2016. These condensed interim consolidated financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2016 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 May 2, 2017.

Significant Subsidiaries (Consolidated) – Ownership

	Country	March 31, 2017	December 31, 2016
SEMAFO Burkina Faso S.A.	Burkina Faso	90%	90%
SEMAFO Boungou S.A.	Burkina Faso	90%	90%
Birimian Resources S.A.R.L.	Burkina Faso	100%	100%
Mana Minéral S.A.R.L.	Burkina Faso	100%	100%
SEMAFO (Barbados) Ltd.	Barbados	100%	100%

3. Trade and Other Receivables

	As at March 31, 2017 $	As at December 31, 2016 $
Gold trade receivables	**384**	90
Other receivables	**18,785**	16,068
Current portion of the advance receivable (note 5)	**798**	787
	19,967	16,945

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

Other receivables include VAT receivables totalling $18,237,000 as at March 31, 2017 (December 31, 2016: $14,905,000). They are non-interest bearing and are generally settled within one to twelve months.

The Corporation holds no collateral for any receivable amounts outstanding as at March 31, 2017 (December 31, 2016: nil).

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

4. Inventories

	As at March 31, 2017	As at December 31, 2016
	$	$
Doré bars	**2,737**	—
Gold in circuit	**10,053**	9,305
Stockpiles	**1,236**	6,475
Supplies and spare parts	**34,165**	35,611
	48,191	51,391

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 March 31, 2017, mainly in relation to spare parts, a provision expense amounting to $3,059,000 (2016: $1,888,000) was recorded, which includes a reversal of provision amounting to $285,000 (2016: nil).

5. Advance Receivable and Intangible Asset

On October 1, 2011, the Corporation entered into an agreement with the National Electricity Company (''Sonabel''), in Burkina Faso, pursuant to which the Corporation advanced an amount for the construction of a high-voltage transmission line to deliver power to the Mana Mine. Reimbursements to the Corporation by Sonabel began at the end of the first quarter of 2016 and should continue over a seven-year period in accordance with the agreement.

The advance is non-interest bearing and is measured at amortized cost using the effective interest rate method, which has been determined using a weighted average discount rate of 7%. The intangible asset represents 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 supply of energy and is amortized over the useful life of the mine. The depreciation is recognized in the interim consolidated statement of income (loss) and classified within "depreciation of property, plant and equipment".

	Advance receivable	Intangible asset	Total
	$	$	$
As at January 1, 2016	4,532	1,856	6,388
Variation due to exchange rate, accretion, amortization and reimbursements	(685)	(261)	(946)
As at December 31, 2016	3,847	1,595	5,442
Variation due to exchange rate, accretion, amortization and reimbursements	(80)	(59)	(139)
As at March 31, 2017	3,767	1,536	5,303
Current portion classified in "trade and other receivables"	(798)	—	(798)
Non-current portion	**2,969**	**1,536**	**4,505**

As at March 31, 2017, the advance receivable amounted to $3,767,000 (2,310,494,000 FCFA) and the intangible asset amounted to $1,536,000. The undiscounted value of the advance receivable was $4,587,000 (2,813,233,000 FCFA).

As at December 31, 2016, the advance receivable amounted to $3,847,000 (2,391,429,000 FCFA) and the intangible asset amounted to $1,595,000. The undiscounted value of the advance receivable was $4,722,000 (2,935,547,000 FCFA).

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

6. Property, Plant and Equipment

	Property, acquisition costs, deferred exploration and development costs	Exploration and evaluation assets (ii)	Mineral properties under develop-ment (iii)	Buildings and equipment related to mining production	Mining equipment	Rolling stock, communi-cation and computer equipment	TOTAL
	$	$		$	$	$	$
Three-month period ended March 31, 2017							
Opening net book amount	184,155	27,207	179,051	102,751	40,110	2,963	536,237
Additions	11,958	842	25,572	460	1,325	367	40,524
Retirement of assets	—	—	—	(28)	—	—	(28)
Depreciation charge	(19,362)	—	—	(3,707)	(3,033)	(167)	(26,269)
Closing net book amount	**176,751**	**28,049**	**204,623**	**99,476**	**38,402**	**3,163**	**550,464**
As at March 31, 2017							
Cost	451,831	28,049	204,623	198,810	90,422	11,471	985,206
Accumulated depreciation	(275,080)	—	—	(99,334)	(52,020)	(8,308)	(434,742)
Net book amount	**176,751**	**28,049**	**204,623**	**99,476**	**38,402**	**3,163**	**550,464**
Assets not subject to depreciation included in above (i)	346	28,049	204,623	1,585	8,023	202	242,828
Year ended December 31, 2016							
Opening net book amount	182,676	182,097	—	114,400	46,254	3,660	529,087
Additions	49,475	33,074	—	5,693	12,059	333	100,634
Reclassification	—	(179,051)	179,051	—	—	—	—
Retirement of assets	(213)	—	—	(895)	(2,893)	(31)	(4,032)
Impairment (iv)	—	(8,913)	—	—	—	—	(8,913)
Depreciation charge	(47,783)	—	—	(16,447)	(15,310)	(999)	(80,539)
Closing net book amount	184,155	27,207	179,051	102,751	40,110	2,963	536,237
As at December 31, 2016							
Cost	439,873	27,207	179,051	198,582	101,486	11,104	957,303
Accumulated depreciation	(255,718)	—	—	(95,831)	(61,376)	(8,141)	(421,066)
Net book amount	184,155	27,207	179,051	102,751	40,110	2,963	536,237
Assets not subject to depreciation included in above (i)	—	27,207	179,051	1,519	13,718	16	221,511

(i) Assets not subject to depreciation include critical spare parts not yet installed of $6,597,000 (December 31, 2016: $6,739,000) as well as assets under construction, in transit or exploration and evaluation assets of $236,231,000 (December 31, 2016: $214,772,000).

(ii) Exploration and evaluation assets mainly comprise farm-in agreements, mining rights and exploration and evaluation expenditures which typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies.

(iii) The amount of borrowing costs capitalized for the three-month period ended March 31, 2017 represented $1,142,000 (December 31, 2016: $4,584,000) and consisted of interest expense and amortization of deferred transaction costs on the credit facility ("Credit Facility") with Macquarie Bank Limited ("Macquarie").

(iv) During the year ended December 31, 2016, the Corporation recorded an impairment loss of $8,913,000 previously capitalized as "exploration and evaluation assets" within "property, plant and equipment". The Corporation has no plans to further develop the Banfora Zone as substantive expenditure on further exploration and evaluation of mineral resources in the Banfora Zone is neither budgeted nor planned.

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

7. Other Non-Current Assets

The other non-current assets include financing fees related to a credit facility with Macquarie amounting to $2,979,000 (December 31, 2016: $2,979,000) (note 8) and the investment in GoviEx Uranium Inc. ("GoviEx") amounting to $1,913,000 (December 31, 2016: $1,095,000) (note 12).

8. Long-Term Debt

Long-term debt consists of the following:

	As at March 31, 2017 $	As at December 31, 2016 $
Credit facility with Macquarie (a)	**60,000**	60,000
Unamortized deferred transaction costs	**(3,464)**	(3,765)
Equipment financing (b)	**725**	801
Long-term debt, net of deferred transaction costs	**57,261**	57,036
Current portion	**310**	310
Non-current portion	**56,951**	56,726
	57,261	57,036

(a) Credit Facility with Macquarie

The Credit Facility amounted to $60,000,000 as at March 31, 2017 with an additional amount outstanding available of $60,000,000 ("New Advance") to be drawn by June 30, 2017. The Credit Facility bears interest at a rate equal to LIBOR plus 4.75% per annum, principal repayable in eight equal quarterly installments of $15,000,000, the first principal repayment starting March 31, 2019. In the event that the New Advance is not drawn down, the principal of the Credit Facility will be repayable in eight quarterly installments of $7,500,000 starting March 31, 2019. The Credit Facility is secured by a pledge of all assets of SEMAFO Inc., which include SEMAFO (Barbados) Ltd. shares.

The Credit Facility is subject to the following covenants on a quarterly basis:

- Current Ratio of greater than 1.20:1
- Ratio of Net Debt to Trailing Two Quarter EBITDA of less than 5.00:1

As at March 31, 2017, all covenants were respected.

(b) Equipment financing

In May 2016, the Corporation purchased equipment, a portion of which was financed by the supplier for an initial amount of $930,000 ("Equipment financing"). The Equipment financing bears interest at a rate of 7,25% per annum. The interest and principal are payable in 36 monthly installments commencing in August 2016. As at March 31, 2017, the outstanding Equipment financing amounted to $725,000.

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

9. Provisions

	As at March 31, 2017	As at December 31, 2016
	$	$
Current	**3,224**	3,271
Non-current	**8,331**	8,137
	11,555	11,408

	Asset retirement obligations	Other	Total
	$	$	$
As at January 1, 2016	6,676	6,983	13,659
Variation due to additional provisions, accretion expense, exchange rate and provision used during the period	974	147	1,121
Portion classified in "trade payables and accrued liabilities"	—	(964)	(964)
Reversal of provisions	—	(2,408)	(2,408)
As at December 31, 2016	7,650	3,758	11,408
Variation due to additional provisions, accretion expense, exchange rate and provision used during the period	235	(88)	147
As at March 31, 2017	**7,885**	**3,670**	**11,555**

Other

a) Other provisions include a special compensation arrangement made with the former President and Chief Executive Officer, which amounted to $653,000 as at March 31, 2017 (December 31, 2016: $693,000).

b) Other provisions also include various tax exposures amounting to $3,017,000 as at March 31, 2017 (December 31, 2016: $3,065,000). From time to time the Corporation is subject to a review of its income tax filings and other taxes and in connection with such reviews, disputes can arise with the taxation authorities over the interpretation or application of certain rules to the Corporation's business conducted in a given country.

In October 2016, the Corporation received a tax assessment from the Burkinabe tax authorities covering the years 2013 to 2015 totaling $7,398,000 (4,537,818,000 FCFA), which includes $1,326,000 (813,329,000 FCFA) in penalties and mainly covers withholding taxes. The Corporation is vigorously defending its positions and has initiated administrative procedures of revision.

The inherent uncertainty regarding the outcome of these disputes means that the eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and results of operations.

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

10. Income Taxes

Income Tax Expense

The tax on the Corporation's income (loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Three-month period ended March 31,	
	2017	2016
	$	$
Income (loss) before income taxes	**(544)**	22,816
Canadian combined tax rate	**26.80%**	26.90%
Tax calculated at Canadian combined tax rate	**(146)**	6,138
Tax effects of:		
Difference in tax rate of foreign subsidiaries	**(99)**	(2,586)
Unrecorded tax benefits	**467**	1,070
Permanent differences	**(102)**	(326)
Adjustment in respect of prior years	**(8)**	—
Foreign exchange gain not materialized	**78**	218
Effect of currency translation on tax base	**(750)**	(2,551)
Other taxes included in income tax expense	**2,358**	2,078
Other	**42**	84
Income tax expense	**1,840**	4,125

11. Share Capital

Shares issued from the exercise of options

A total of 21,000 options were exercised during the three-month period ended March 31, 2017, under the 2010 Share Option Plan ("2010 Plan") for a cash consideration of $49,000. An amount of $29,000 has been reclassified from contributed surplus to share capital. For the same period in 2016, a total of 864,000 options were exercised under both the Original Share Option Plan and the 2010 Plan for a cash consideration of $1,405,000. An amount of $761,000 has been reclassified from contributed surplus to share capital.

Shares issued in consideration of financing costs on long-term debt

On March 29, 2016, the Corporation entered into an amendment to the Original Credit Facility agreement with Macquarie. The Corporation incurred financing fees of $5,959,000 related to the New Advance of which $5,700,000 was settled by issuing 1,642,479 common shares of the Corporation.

12. 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 profit or loss or in other comprehensive income. These categories are loans and receivables, available-for-sale assets and financial liabilities at amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories as at March 31, 2017 and December 31, 2016.

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

12. Financial Instruments (continued)

Measurement Categories (continued)

	As at March 31, 2017 $	As at December 31, 2016 $
Financial assets		
Loans and receivables		
Cash and cash equivalents	**255,161**	273,772
Restricted cash	**5,768**	5,689
Gold trade receivables	**384**	90
Advance receivable	**3,767**	3,847
Other receivables (excluding VAT)	**548**	1,163
Available-for-sale assets		
Investment in GoviEx	**1,913**	1,095
	267,541	285,656
Financial liabilities		
Amortized cost		
Trade payables and other financial liabilities	**39,675**	38,295
Long-term debt	**57,261**	57,036
	96,936	95,331

Fair Value

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) and trade payables and other financial liabilities. The fair value of the advance receivable was estimated by discounting the future cash flows which approximates its carrying value. The fair value of restricted cash approximates its carrying amount. Long-term debt was accounted for at amortized cost and its fair value approximates its carrying value.

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; and
- 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 condensed interim consolidated 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 type of investment is appropriate.

Advance receivable

The advance receivable is classified as a loan and receivable and it is measured at amortized cost using the effective interest rate method. As the information on fair value is disclosed for the advance receivable, it is classified as a Level 3 according to the Corporation's fair value hierarchy. The valuation technique used is the income approach (discounted future cash flows) with an effective interest rate of 7% over a seven-year period. Interest income is recognized in the interim consolidated statement of income (loss) as part of "finance income". The fair value as at March 31, 2017 was $3,767,000 (December 31, 2016: $3,847,000) and was not significantly different from its carrying amount.

Investment in GoviEx

The investment in GoviEx, a publicly traded mineral resources company focused on the exploration and development of uranium properties in Africa, is classified as available-for-sale assets. Its fair value is a recurring measurement.

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

12. Financial Instruments (continued)

Investment in GoviEx (continued)
On July 11, 2016, GoviEx transferred its listing from the Canadian Securities Exchange ("CSE") to the TSX Venture Exchange ("TSX-V") and concurrently, delisted from the CSE.

Prior to the delisting from the CSE, the GoviEx investment was classified as a Level 3 financial instrument according to its fair value hierarchy. Subsequent to its transfer to the TSX-V, the investment in GoviEx was transferred from the Level 3 to the level 1 in the fair value hierarchy during the year ended December 31, 2016. In accordance with the Corporation's policy and using the last closing price observed on the TSX-V, the Corporation estimates the fair value of this available-for-sale investment to be $1,913,000 as at March 31, 2017 (December 31, 2016: $1,095,000).

There were no transfers between Level 1, Level 2 and Level 3 as at March 31, 2017.

13. Mining Operation Expenses

The following table details mining operation expenses by nature:

	Three-month period ended March 31,	
	2017	2016
	$	$
Operating and maintenance supplies and services	**21,540**	17,533
Fuel	**10,106**	10,169
Employee benefits expenses	**7,379**	7,532
Reagents	**2,763**	2,633
Inventory change	**1,814**	1,193
Less: Production expenses capitalized as stripping cost	**(8,037)**	(10,338)
Total Production costs	**35,565**	28,722
Government royalties	**2,692**	3,018
Mining Operation Expenses	**38,257**	31,740

14. General and Administrative

	Three-month period ended March 31,	
	2017	2016
	$	$
Corporate expenses	**2,956**	3,231
Sites – Administrative	**586**	596
	3,542	3,827

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

15. Share-Based Compensation

The following table details the share unit plans liabilities:

	As at March 31, 2017 $	As at December 31, 2016 $
Current	**5,763**	6,635
Non-current	**1,772**	4,899
	7,535	11,534

The following table provides the break-down of the share-based compensation expense by type of share unit:

	Three-month period ended March 31,	
	2017 $	2016 $
Restricted Share Unit	**799**	2,746
Deferred Share Unit	**400**	838
Performance Share Unit	**20**	94
	1,219	3,678

The following table breaks down the share-based compensation expense related to the change in the fair value of share price and outstanding units:

	Three-month period ended March 31,	
	2017 $	2016 $
Expense related to outstanding units	**1,323**	1,441
Expense (recovery) related to change in the fair value of the share price	**(104)**	2,237
	1,219	3,678

16. Finance Costs

	Three-month period ended March 31,	
	2017 $	2016 $
Accretion expense	**141**	126
Other	**183**	176
	324	302

17. Earnings (Loss) per Share

(in thousands of dollars, except shares and per share)	Three-month period ended March 31, 2017 $	2016 $
Net income (loss) for the period attributable to equity shareholders	**(2,691)**	16,184
Average weighted number of outstanding common shares – basic	**324,850**	294,467
Dilutive effect of options[1]	**—**	951
Weighted average number of outstanding common shares – diluted	**324,850**	295,418
Earnings (loss) per share	**(0.01)**	0.05
Diluted earnings (loss) per share	**(0.01)**	0.05

18. Financial Commitments and Contingencies

Purchase Obligations
As at March 31, 2017, purchase commitments totaled $79,704,000, of which $69,160,000 related to the Boungou Mine (Natougou Project).

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

For the three-month period ended March 31, 2017, the Corporation was subject to royalty rates of 4% (2016: 4%), which was calculated using the retail market value of gold ounces sold at the time of shipment. For the three-month period March 31, 2017, government royalties amounting to $2,692,000 (2016: $3,018,000) were paid to the Government of Burkina Faso.

Net Smelter Royalty ("NSR")
The Corporation is subject to an NSR ranging from 1% to 1.5% on various exploration properties. The NSR comes into effect when the Corporation enters into commercial production.

Contingencies
On October 15, 2015, the Corporation received a water extraction tax invoice of $3,659,000 (2,244,166,000 FCFA). The Corporation is exempt from this tax under its mining agreement in Burkina Faso pursuant to fiscal stability clauses. As a result, no provision was recorded in the consolidated financial statements as at March 31, 2017. The Corporation is vigorously defending its position with the Water Agency.

[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.

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

19. Financial Information Included in the Consolidated Statement of Cash Flows

a) Changes in non-cash working capital items

	Three-month period ended March 31,	
	2017	2016
	$	$
Trade and other receivables	**(2,812)**	(344)
Income tax receivable	**—**	1,634
Inventories	**3,260**	3,887
Other current assets	**(15)**	100
Trade payables and accrued liabilities	**(500)**	771
Share unit liabilities	**(5,218)**	(607)
Provisions	**46**	(920)
Income tax payable	**(513)**	2,244
	(5,752)	6,765

b) Supplemental information on non-cash items

	Three-month period ended March 31,	
	2017	2016
	$	$
Depreciation of property, plant and equipment allocated to exploration and development costs	**1,028**	1,519
Net effect of depreciation of property, plant and equipment allocated to inventories	**60**	(434)
New asset retirement obligations allocated to property, plant and equipment	**101**	96
Variation in accounts payables related to property, plant and equipment	**(1,862)**	(918)
Amortization of capitalized financing fees	**301**	294

c) Supplemental information on acquisitions of property, plant and equipment

	Three-month period ended March 31,	
	2017	2016
	$	$
Acquisitions of exploration and evaluation assets	**(1,144)**	(4,630)
Acquisitions of other property, plant and equipment	**(36,088)**	(14,913)
	(37,232)	(19,543)

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

20. Segmented Information

The Corporation is conducting exploration and production activities in Burkina Faso. 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.

	Mana, Burkina Faso	Boungou (Natougou), Burkina Faso	Other exploration	Corporate and other	Total
					Three-month period ended March 31, 2017
	$	$	$	$	$
Revenue – Gold sales	66,886	—	—	—	66,886
Mining operating expenses	38,257	—	—	—	38,257
Depreciation of property, plant and equipment	25,178	—	—	90	25,268
General and administrative	586	—	—	2,956	3,542
Corporate social responsibility expenses	310	75	—	—	385
Share-based compensation	—	—	—	1,219	1,219
Operating income (loss)	**2,555**	**(75)**	**—**	**(4,265)**	**(1,785)**
Property, plant and equipment	315,273	205,475	28,079	1,637	550,464
Total assets	490,667	210,180	29,110	161,519	891,476

	Mana, Burkina Faso	Boungou (Natougou), Burkina Faso	Other exploration	Corporate and other	Total
					Three-month period ended March 31, 2016
	$	$	$	$	$
Revenue – Gold sales	74,556	—	—	—	74,556
Mining operating expenses	31,740	—	—	—	31,740
Depreciation of property, plant and equipment	17,276	—	—	64	17,340
General and administrative	596	—	—	3,231	3,827
Corporate social responsibility expenses	135	—	—	—	135
Share-based compensation	—	—	—	3,678	3,678
Operating income (loss)	**24,809**	**—**	**—**	**(6,973)**	**17,836**
Property, plant and equipment	341,676	153,603	34,116	1,875	531,270
Total assets	543,085	153,603	35,440	51,674	783,802

The Corporation's revenue is derived from one major customer. The Corporation is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.