



Annual Information Form

DATED AS OF MARCH 29, 2018

FOR THE YEAR ENDED DECEMBER 31, 2017

GEARING UP FOR GROWTH



INTERNATIONAL EXPERTISE[®]
HUMAN ADVOCACY

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ITEM 1 – GENERAL MATTERS

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.

This Annual Information Form (“**AIF**”) 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. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law. For further information regarding forward looking statements contained in this AIF, please refer to ITEM 23 – FORWARD-LOOKING STATEMENTS.

All dollar amounts contained in this AIF are expressed in US dollars unless otherwise specified.

ITEM 2 - THE CORPORATION

Name, Address and Incorporation

Created under the *Companies Act* (Québec) as a result of the amalgamation, effective January 31, 1994 of SEG Exploration Inc. and Orimar Resources Inc., SEMAFO is now governed by the *Business Corporations Act* (Québec) since it came into force on February 14, 2011. Having maintained the corporate name “Exploration SEG Inc.” subsequent to the amalgamation, the Corporation changed its name to “West Africa Mining Exploration Corporation Inc.” in June 1995. The Corporation further changed its name to its current name “SEMAFO Inc.” pursuant to a certificate and articles of amendment dated May 13, 1997. “SEMAFO” is the acronym of “Société d'exploration minière d'Afrique de l'Ouest”, the French version of the Corporation’s former name.

Our Corporate office is located at 100, boul. Alexis-Nihon, 7th Floor, Saint-Laurent, Québec, Canada, H4M 2P3. The addresses of our principal subsidiaries may be found under ITEM 21 – ADMINISTRATIVE OFFICES.

We are a reporting issuer in Québec, Ontario, Alberta and British Columbia and our common shares have been listed for trading on the Toronto Stock Exchange (“**TSX**”) since December 12, 1996 and on the NASDAQ OMX Stockholm Exchange (“**NASDAQ OMX**”) since October 20, 2011.

Capital Structure

COMMON SHARES

Our capital structure is composed of an unlimited number of common shares and of an unlimited number of Class “A” and Class “B” preferred shares, all without nominal or par value. Holders of our common shares are entitled to one vote for each common share held at all our meetings of shareholders, to participate rateably in any dividend declared by the board of directors (the “**Board**”) on the common shares, and, subject to any rights attaching to the Class “A” and Class “B” preferred shares, to receive our remaining property in the event of the voluntary or involuntary liquidation, dissolution, winding-up or other distribution of our assets. As at March 6, 2018, 324,981,664 common shares and no Class “A” or Class “B” preferred share are issued and outstanding.

RIGHTS

On March 15, 2011, the Board adopted a Shareholder Rights Plan (the “**Rights Plan**”) that is designed to provide shareholders and the Board with adequate time to consider and evaluate any unsolicited bid made for SEMAFO and to provide the Board with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid.

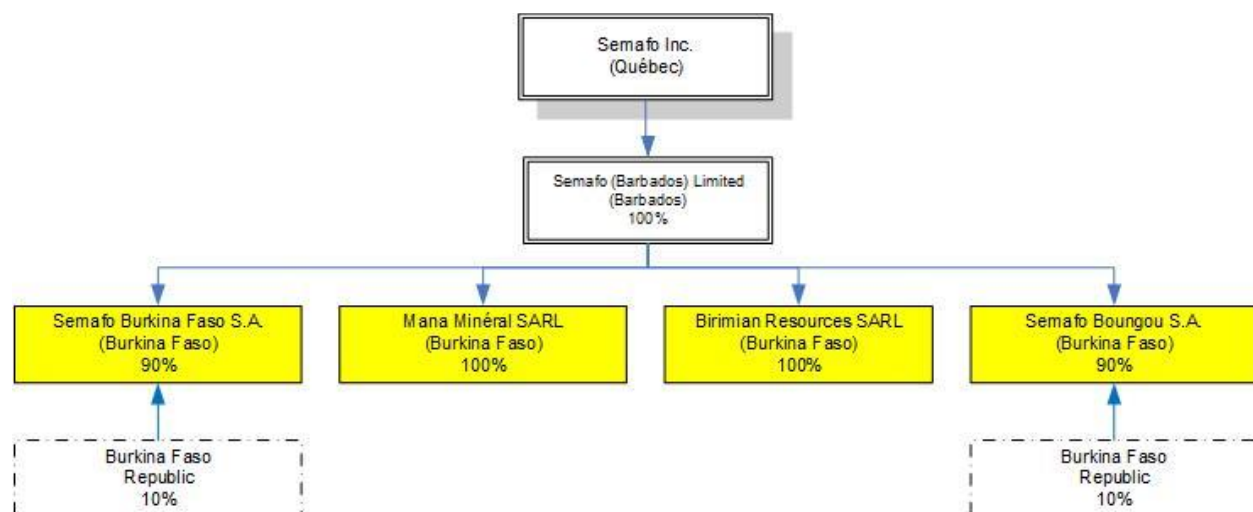
The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (as defined in the Rights Plan), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of our common shares, other than the Acquiring Person (as defined in the Rights Plan), will be able to purchase additional common shares at a significant discount to market, thus exposing the Acquiring Person to substantial dilution of its holdings.

The Rights Plan is initially not dilutive. However, if a “Flip-in Event” (as defined in the Rights Plan) occurs, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

The Rights Plan was ratified at our annual general and special meeting of shareholders held on May 10, 2011 and was extended at our annual general and special meetings of shareholders held on May 15, 2014 and May 4, 2017, respectively.

Intercorporate Relationships

The following diagram presents, as at December 31, 2017, the names of our material subsidiaries, where they were incorporated or continued as well as the percentage of votes attaching to all voting securities of each such subsidiary beneficially owned, controlled or directed by the Corporation.



ITEM 3 - GENERAL DEVELOPMENT OF THE BUSINESS

We are a Canadian-based mining company with gold production and exploration activities in West Africa. We operate the Mana Mine in Burkina Faso, which includes the high-grade satellite deposit of Siou, and are targeting production start-up of the Boungou Mine in the third quarter of 2018. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

The reference to *Natougou* initially used in previous AIF has been replaced by "**Boungou**", after the closest village to the Boungou gold deposit.

Three Year History

Orbis Gold Transaction

On October 12, 2014, we announced that we had submitted a non-binding proposal to the board of directors of Orbis Gold Limited (ASX: OBS) ("**Orbis Gold**") to acquire 100% of the issued share capital in Orbis Gold by way of a recommended transaction at a price range between A\$0.62 to A\$0.65 per share, payable in cash ("**Proposal**"). The Proposal remained subject to certain pre-conditions, being limited scope due diligence, entry into appropriate binding transaction documentation on terms and conditions considered customary for a transaction of this kind and the proposed placement by Orbis Gold to not proceeding.

On October 15, 2014, we announced that we would be making a takeover bid for 100% of Orbis Gold at A\$0.65 per share, payable in cash, subject to the conditions below ("**Cash Bid**"). Other than standard conditions for a transaction of this nature, the Cash Bid required that the proposed placement by Orbis Gold to Greenstone be rejected by Orbis Gold shareholders as well as the tender of at least 50.1 % of the outstanding Orbis Gold shares.

On November 30, 2014, we announced that we lodged our bidder's statement in respect of our A\$0.65 per share cash offer for 100% of the shares in Orbis Gold with the Australian Securities and Investments Commission, Orbis Gold and the Australian Securities Exchange ("**ASX**"). In addition to our cash on hand of \$121 million as at November 30, 2014, we secured a credit facility of up to \$60 million ("**Sprott facility**") to fund the acquisition from a syndicate led by Sprott Resource Lending Partnership.

On February 11, 2015, Orbis Gold and SEMAFO jointly announced a revised takeover offer for Orbis Gold ("**Revised Offer**"), under which Orbis Gold shareholders were to be offered A\$0.713 cash per Orbis Gold share. All of the Orbis Gold directors, together representing 2.8% of Orbis Gold's shares, committed to accept the Revised Offer. In addition, shareholders representing in aggregate 62.2% of Orbis Gold (including major shareholder DGR Global Limited) indicated to Orbis Gold an intention to accept the Revised Offer. The closing date for the Revised Offer was February 20, 2015 and was subsequently extended to February 27, 2015.

We also announced that we entered into an agreement with Clarus Securities Inc. as lead underwriter on behalf of a syndicate of underwriters to purchase, on a bought deal private placement basis, 5,500,000 common shares of the Corporation, at a price of C\$3.70 per common share, for aggregate gross proceeds of C\$20,350,000. We also granted to the underwriters an over-allotment option to purchase up to an additional 825,000 common shares at the same price, exercisable by the underwriters up to two days prior to closing, for additional gross proceeds of up to C\$3,052,500.

We further announced that we amended the terms of our previously announced bought deal private placement offering to increase the size of the offering to C\$50,320,000 (the "**Upsized Offering**"). Under the terms of the Upsized Offering, a syndicate of underwriters led by Clarus Securities Inc. agreed to purchase, on a "bought deal" private placement basis, 13,600,000 common shares of SEMAFO at a price of C\$3.70 per share for aggregate gross proceeds of C\$50,320,000. We also granted to the underwriters an over-allotment option to purchase up to an additional 2,040,000 common shares at the same price, exercisable by the underwriters up to two days prior to closing, for additional gross proceeds of up to C\$57,868,000.

On March 4, 2015, we announced that we closed the bought deal private placement previously announced as well as arranged a credit facility from Macquarie Bank Limited. We issued a total of 15,640,000 common shares at a price of C\$3.70 per common share, including the exercise of the underwriters' over-allotment option in full for aggregate gross proceeds of C\$57,868,000 (the "**2015 Offering**"). The net proceeds of the 2015 Offering was used to partly fund the purchase of Orbis Gold, as well as for working capital and general corporate purposes. In addition, we obtained a \$90 million senior secured credit facility from Macquarie Bank Limited (the "**Facility**") which was used to fund our acquisition of Orbis Gold. The Facility has a three-year term and is repayable in three annual amounts of \$30 million on the first, second and third anniversaries of closing. The Facility bears interest at LIBOR plus 6.5% and replaces the short-term Sprott facility (announced November 30, 2014), which was cancelled.

The acquisition of Orbis Gold was concluded March 16, 2015 for a total consideration of \$149.7 million.

2015

On February 20, 2015, we disclosed historical resources on the Orbis Gold Boungou and Nabanga gold projects located in Burkina Faso. The historical mineral resource estimate for the Boungou gold project was prepared by Snowden Mining Industry Consultants Pty. Ltd. ("**Snowden**") in 2014 and was reported in accordance with the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the "**JORC Code**"). The Boungou gold project contained historical indicated resources of 7.1 million tonnes @ 5.1 g/t Au for 1.2 million ounces and historical inferred resources of 11 million tonnes @ 2.3g/t Au for 0.8 million ounces of contained gold. The historical mineral resource estimate for the Nabanga gold project was prepared by Snowden in 2012 and was reported in accordance with the 2004 edition of the JORC Code. The Nabanga gold project contained historical inferred resources of 3.2 million tonnes @ 6.5 g/t Au for 660,000 ounces of contained gold. We also announced that we planned conducting a major drilling program and metallurgical tests on the Boungou gold project. As indicated below, on March 31, 2015, Snowden completed a mineral resource estimate for the Boungou gold deposit in the Tapoa permit group, in Burkina Faso in accordance with *National Instrument 43-101 – Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). Snowden as well completed a NI 43-101 technical report dated June 2015 with respect to the Nabanga gold project.

On February 24, 2015, we reported that replacement of the shell of the semi-autogenous grinding mill ("**SAG**") was successfully completed on time at our Mana Mine in Burkina Faso. During the shutdown between January 19 and February 23, 2015, we produced approximately 22,220 ounces of gold. The secondary ball mill performed above expectations, processing a daily throughput of close to 4,000 tonnes at an average grade of approximately 5.2 g/t Au from the Fofina pit. The recovery rate was above 94%.

On March 12, 2015, we announced that we had established the following milestones with regard to the Boungou and Nabanga gold projects:

- The conversion of the JORC Code historical resources on the Boungou and Nabanga gold projects to NI-43-101 compliant resources in the second quarter of 2015.
- The establishment of a total budget of \$2.5 million for an infill and exploration program on Boungou. The launching of the in-fill drilling campaign consisting of approximately 22,000 meters of RC drilling in order to convert Boungou's historical inferred resources to indicated resources using a 40-meter by 40-meter grid spacing. Concurrently, the commencement of a 10,000 meter RC drill program on Boungou's related structures, with the aim of increasing resources in close proximity.
- The initiation, in the second half of the year, as part of the definitive feasibility study ("**DFS**"), of an in-fill drilling program on Boungou that is designed to convert a portion of the indicated resources to the measured category.
- The carrying out of a regional exploration program on the Boungou gold project with the objective of increasing the resources base.

On March 31, 2015, we announced that Snowden had completed a NI 43-101 compliant mineral resource estimate for the Boungou gold deposit in the Tapoa permit group, in Burkina Faso. As at such date, indicated mineral resources totaled 5.79 million tonnes at a grade of 5.87 g/t Au for 1.1 million ounces of contained gold. Inferred resources on the Boungou gold deposit stand at 3.93 million tonnes at a grade of 3.49 g/t Au for 0.44 million ounces of contained gold.

On May 13, 2015, we announced the complete review of all preliminary results on the ongoing DFS. The following mandates were awarded for completion of the DFS:

- Lycopodium Minerals Canada Ltd. – Definitive Feasibility Study including processing design, leach and elution circuits, power supply options, metallurgical work programs, project scheduling and reporting
- Golder Associates – ground water exploration program and geotechnical assessment of open pit wall stability
- Knight Piésold Consulting – geotechnical infrastructure, geochemical soil testing, water balance, trade-off study and tailings site facility optimization
- WSP Canada Inc. – Environmental and Social Impact Assessment (“ESIA”) and Resettlement Action Plan (“RAP”)
- Snowden – resource model
- AMC Mining Consultants (Canada) Ltd. – NI 43-101 reserve model, pit optimization and life of mine (“LOM”) sequencing

We also announced that the DFS was scheduled for completion early in the second quarter of 2016 and envisaged a base case scenario of a 4,000-tonne-per-day processing plant. A budget estimate of \$12.5 million was established in order to complete the DFS that included:

- 6,000 meters of condemnation drilling
- 22,000 meters of in-fill drilling to convert in-pit inferred resources to indicated category
- 17,000-meter in-fill drill program, designed to convert a portion of the indicated resources to the measured category
- 10,000 meters of drilling on proximal related structures

On July 14, 2015, we announced that we had received results for 60% of the recently completed delineation drilling program, at 40 meter by 40 meter spacing, on the Boungou gold deposit (Boungou Shear Zone) and that results were in line with expectations, showing local variations in grade without any significant change in the geometry of the deposit. We also announced that we remained on track to complete the DFS on Boungou early in the second quarter of 2016 and that the additional 17,000-meter in-fill drill program was already underway in the southwest part of the deposit with the aim of converting a portion of the indicated resources to the measured category.

On July 28, 2015, we announced results from an ongoing 10,000 meter proximal drilling program at Boungou designed to explore the lateral extensions of the flat-lying Boungou Shear Zone proximal to the current in-pit resources. A new mineralized area, dubbed the Southwest Extension, has returned values of up to 10.29 g/t Au over 10 meters at depths varying from 8 to 131 meters. The target area measured approximately 200 meters wide and remained open towards the west and northwest. The 14-hole program was designed to provide a better understanding of the geometry of the shear zone while establishing the potential for proximal mineralization that could eventually be included in the resources base.

On August 5, 2015, we announced that, in light of favorable fuel prices and exchange rates, we had reduced our cost guidance for 2015. The 2015 total cash cost guidance was lowered from between \$575 and \$605 per ounce to between \$515 and \$540 per ounce, representing an 11% decrease at midpoint. Our all-in sustaining cost guidance for the year was consequently decreased from between \$715 and \$750 per ounce to between \$655 and \$685 per ounce. In addition, the corporate general and administrative expense estimate for 2015 was lowered from \$15 million to \$14 million. Our 2015 production guidance remained unchanged at between 245,000 and 275,000 ounces. We also announced that we had made strong progress in advancing the DFS, which passed the 40% completion stage. We continued to target completion of the DFS by early second quarter of 2016 and as at June 30, 2015, a total of \$5.7 million of the estimated budget of \$12.5 million had been disbursed towards completion of the DFS.

On November 12, 2015, we announced that driven by our strong third-quarter operational performance, we were lowering for a second time both our total cash cost and all-in sustaining cost guidance for the year from \$515 - \$540 per ounce to \$485 - \$505 per ounce respecting total cash cost per ounce sold and from \$655 - \$685 to \$630 - \$650 respecting all-in sustaining cost per ounce sold, the downward revisions reflecting cost containment efforts, lower industry costs and favourable exchange rates. We also announced that the DFS for Boungou continued to gain traction in the third quarter and was 70% completed.

Boungou Feasibility Study Highlights and Financing¹

On February 25, 2016, we announced the results of a positive DFS for our Boungou gold project located 320 kilometers east of Ouagadougou in Burkina Faso. We also announced that we entered into a commitment letter with Macquarie Bank Limited to amend the Facility.

BOUNGOU FEASIBILITY STUDY HIGHLIGHTS

- During the first three years
 - Average annual production of more than 226,000 ounces
 - Average total cash cost² of \$283/oz and all-in sustaining cost³ of \$374/oz
 - Average head grade of 5.72 g/t at a gold recovery rate of 93.8%
- Production of some 1.2 million ounces at total cash cost of \$408/oz and a gold recovery rate of 92.9% over a projected LOM in excess of 7 years
- LOM all-in sustaining cost of \$518/oz including capitalized stripping and sustaining capital expenditures
- Maiden open pit mineral reserves of 9.6 million tonnes at a grade of 4.15 g/t Au for 1,276,000 ounces of contained gold
- Initial capital expenditures: \$219 million, which includes \$42 million in pre-stripping expenditures and an \$18-million contingency
- Project economics (base case at \$1,100/oz):
 - After-tax 5% NPV: \$262 million
 - After-tax internal rate of return ("IRR"): 48%
 - Payback period: 1.5 years
- Targeted construction start-up: year-end 2016
- Expected first gold pour: second half of 2018 with first year of full production in 2019

FINANCING

We entered into a commitment letter with Macquarie Bank Limited to amend our Facility. Thereafter, the development of the Boungou gold project is fully funded through an available credit facility of \$120 million, our cash position as well as anticipated cash flow from operations.

Amendments to the Facility included

- Facility increased from \$90 million to \$120 million
- Incremental \$60 million to be drawn down by June 30, 2017 (\$30 million repayment due March 3, 2016)
- LIBOR + 4.75% per annum
- Quarterly repayments of \$15 million, from first quarter of 2019 to fourth quarter of 2020

(the "**Amended Facility**")

Closing of the Amended Facility took place on March 29, 2016.

On April 22, 2016 we closed the bought deal financing announced on April 4, 2016 as increased on April 5, 2016. We issued a total of 26,450,000 common shares at a price of C\$4.35 per common share, which included the exercise of

¹ The statements in this section are forward-looking. For more information on forward-looking statements, see ITEM 23-FORWARD-LOOKING STATEMENTS.

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

³ All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the total cash cost, plus sustainable capital expenditures and stripping costs per ounce.

the underwriters' over-allotment option in full, for aggregate gross proceeds of C\$115,057,500 (the "**2016 Offering**"). The 2016 Offering was completed by a syndicate of underwriters led by BMO Capital Markets as sole bookrunner and co-led by Clarus Securities Inc. The net proceeds of the 2016 Offering was used for exploration expenditures at Mana and Boungou, to further enhance our financial flexibility with respect to the Boungou gold project as well as for working capital and general corporate purposes.

On June 20, 2016, we announced delineation drilling results from Yama, the recently discovered mineralized zone located 22 kilometers southwest of the Mana mill. Over 2,500 meters of in-fill drilling were completed in May at 25-meter by 50-meter grid spacing. Results of up to 2.23 g/t across 28 meters were obtained. The May campaign comprised of 16 RC holes and 4 multipurpose (RC-core combination) holes that furthered our understanding of the mineralized zones and grades defined in the first quarter of 2016. The mineralization is hosted by quartz veining and silicified sediments flanked by mafic volcanic flows. The sedimentary unit is highly altered and sheared, dipping approximately 70 degrees to the west and trending generally north-south.

On September 14, 2016, we announced that we resumed development of the Wona North pit at the Mana Mine and that a total of 2.3 million tonnes of waste material was to be extracted from the Wona North pit. We also announced that we expected (i) to increase our annual mining capacity to 40 million tonnes for the next three years in order to produce over 200,000 ounces of gold per year at Mana and (ii) the Mana Mine to process ore from the Fofina, Siou and Wona North pits in 2017 with the Fofina deposit expected to be depleted in the first half of 2017.

On December 5, 2016, we announced results from an ongoing proximal drilling program at Boungou designed to explore the lateral extensions of the flat-lying Boungou Shear Zone proximal to the current in-pit reserves. Based on the results to date, we now plan:

- To bring the West Flank Zone into the inferred resources category by year-end 2016;
- To convert the inferred resources into the indicated category by end of first half of 2017; and
- To evaluate the potential for an underground operation

On December 22, 2016, we announced that the Council of Ministers of the Government of Burkina Faso has approved our mining permit application for our Boungou gold project. Receipt of the mining permit enables development of the Boungou gold project to proceed on schedule.

2017

On April 24, 2017, we announced the revision of our 2017 guidance⁴ in relation with our first quarter 2017 production results during which the mined grade was adversely affected by the geological interpretation of the upper portion of Zone 9, a mineralized zone in the south-west sector of the Siou pit that was first included in the 2017 mine plan. The upper portion presented a complex geometry as the area comprised the junction of three different zones: Zone 9 itself, and two subsidiary zones known as Zones 55 and 56. This resulted in misleading ore outlined and led to a significant variation in ore mined versus the mining plan (the "**Zone 9 grade issue**"). We therefor adjusted our 2017 guidance to between 190,000 and 205,000 ounces of gold, at a total cash cost⁵ of between \$685 and \$715 per ounce and all-in sustaining cost⁶ of between \$920 and \$960 per ounce. The reduction of 25,000 ounces had a minimal impact on our 2017 budgeted cash flow as it was offset by a positive variance between our budgeted gold price for the year of \$1,150 per ounce and the then current gold price.

On March 31, 2017, we announced that a ground-breaking ceremony was held for the Boungou Mine in the presence of Mr. Oumarou Idani, Minister of Mines and Carriers in Burkina Faso, who represented the President of Burkina Faso, His Excellency Roch Marc Christian Kaboré. The ceremony was held to mark the beginning of construction at the mine, which has now been named "**Boungou Mine**" after the closest village. Some 2,000 persons attended the event

⁴ The 2017 revised guidance is based on the same assumptions as the 2017 prior guidance. See press release of February 1, 2017.

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

⁶ All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the total cash cost, plus sustainable capital expenditures and stripping costs per ounce.

including Burkinabe government officials, representatives from the Canadian government, senior community figures and members, in addition to members of our management team.

On June 20, 2017, we announced that we drew down the incremental \$60 million of the Amended Facility with Macquarie Bank Limited for a total drawdown of \$120 million. The recent visits to the Mana and Boungou Mine sites by Macquarie Bank Limited were key conditions for drawing down the incremental \$60 million. The Amended Facility is repayable in eight equal quarterly installments of \$15 million, starting March 31, 2019.

In addition, we announced receipt of the mining convention for the future Boungou Mine from the Council of Ministers of the Government of Burkina Faso, which follows receipt of the mining permit in December 2016. The convention is valid for the seven-year mine life of the initial mineral reserves at Boungou and can be renewed for additional periods of five years.

On July 17, 2017, we announced that construction of the Boungou Mine in Burkina Faso was progressing well and is on-budget for commissioning of the open-pit mine in the second half of 2018.

On August 9, 2017, we reported our financial and operational results for the three-month period ended June 30, 2017 and referred to the Zone 9 issue, following which, we changed our method of grade control from channel sampling to RC drilling. We were pleased to be in a position to provide grade control results for Zone 9 which represented the ore expected to be mined from Zone 9 from May through December 2017. Such results were in line with our 2016 reserves and confirmed our expectation that the geometry was simpler and more rectilinear.

On September 18, 2017, we announced that ore mined from Zone 9 in the third quarter continued to provide good reconciliation to reserves.

2018

On January 22, 2018, we reported 2017 production of 206,400 ounces at an all-in sustaining cost of \$943 per ounce.

On February 15, 2018, we announced positive prefeasibility study (“PFS”) results at Mana, the addition of 188,000 ounces of reserves, primarily at Siou underground, and an increase of 203,000 ounces of reserves at Boungou. We also announced that the five-year average operational target of annual production (2019-2023) for Mana and Boungou totalled 413,000 ounces at an average all-in sustaining cost of \$696.

On March 22, 2018, we announced that construction of the Boungou Mine in Burkina Faso was 87% complete with first gold scheduled to be poured early in the third quarter of 2018.

ITEM 4 – MINERAL RESERVES AND RESOURCES ESTIMATES

We have properties which are at different levels of advancement. The following estimates of mineral reserves and resources were estimated as at December 31, 2017, the whole in accordance with the provisions adopted by the Canadian Institute of Mining Metallurgy and Petroleum and incorporated into NI 43-101. All reserve and resource estimates for the Mana gold deposit were prepared under the supervision of Richard M. Gowans, P.Eng., President and Principal Metallurgist with Micon International Limited, and the participation of other qualified persons. All mineral reserve and resource estimates for the Boungou gold deposit as of March 23, 2016, were prepared under the supervision of Neil Lincoln, Vice President, Business Development and Studies at Lycopodium Minerals Canada Ltd., and the participation of other qualified persons. All newly added reserve and resource updates were reviewed and approved by Mr. Michel A. Crevier, P. Geo, MScA, Vice President Exploration and Mine Geology, our “qualified person” (as defined in NI 43-101). All resource estimates for the Nabanga gold deposit as of June 2015, were prepared under the supervision of John Graindorge, Principal Consultant – Applied Geosciences at Snowden and the participation of other qualified persons. See ITEM 5 – MINERAL PROJECTS – Mana Property, Tapoa Property and Yactibo Property.

Consolidated Reserves and Resources

PROPERTY	Mana ^{1,2,4,5,6}	Tapoa ^{1,2,4,5,6} (Boungou Mine)	Yactibo ^{1,3,4,5,7} (Nabanga Project)	Total
MINERAL RESERVES				
Proven				
Tonnes	9,124,000	1,584,000		10,708,000
Grade (g/t Au)	2.96	6.45		3.48
Ounces	868,600	329,000		1,197,600
Probable				
Tonnes	9,107,000	9,611,000		18,718,000
Grade (g/t Au)	2.88	3.72		3.31
Ounces	841,700	1,150,000		1,991,700
TOTAL MINERAL RESERVES				
Tonnes	18,231,000	11,195,000		29,426,000
Grade (g/t Au)	2.92	4.11		3.37
Ounces	1,710,300	1,479,000		3,189,300
MINERAL RESOURCES (exclusive of reserves)				
Measured				
Tonnes	8,723,000	62,000		8,785,000
Grade (g/t Au)	1.49	1.86		1.49
Ounces	416,600	4,000		420,600
Indicated				
Tonnes	34,800,000	4,768,000		39,568,000
Grade (g/t Au)	2.04	2.66		2.11
Ounces	2,280,200	408,000		2,688,200
TOTAL M&I				
Tonnes	43,523,000	4,830,000		48,353,000
Grade (g/t Au)	1.93	2.65		2.00
Ounces	2,696,800	412,000		3,108,800
Inferred				
Tonnes	9,270,000	855,000	1,840,000	11,965,000
Grade (g/t Au)	2.68	2.08	10.00	3.76
Ounces	799,100	57,000	590,000	1,446,100

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

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

3 Mineral resources at Yactibo permit group (Nabanga project) were reported above a 5.0 g/t Au cut-off grade.

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

5 All mineral resources reported are exclusive of mineral reserves.

6 As of December 31, 2017.

7 As of June 30, 2015.

Mana, Tapoa, Yactibo

	DEPOSITS	DECEMBER 31, 2017								
		PROVEN RESERVES			PROBABLE RESERVES			TOTAL RESERVES		
		Tonnage	Grade (g/t Au)	Ounces ⁴	Tonnage	Grade (g/t Au)	Ounces ⁴	Tonnage	Grade (g/t Au)	Ounces ⁴
MANA ^{1,2,3}	WONA-KONA	6,062,000	2.33	453,500	6,280,000	2.22	448,900	12,342,000	2.27	902,400
	NYAFÉ	265,000	5.81	49,600	6,000	3.96	700	271,000	5.77	50,300
	FOFINA	33,000	4.66	4,900	3,000	3.94	300	36,000	4.49	5,200
	SIOU OP	1,400,000	3.78	170,200	179,000	1.92	11,000	1,579,000	3.57	181,200
	SIOU UG	1,047,000	5.10	171,600	1,988,000	5.38	344,200	3,035,000	5.29	515,800
	YAMA	-	-	-	651,000	1.75	36,600	651,000	1.75	36,600
	ROMPAD	317,000	1.84	18,800	-	-	-	317,000	1.84	18,800
	TOTAL MANA	9,124,000	2.96	868,600	9,107,000	2.88	841,700	18,231,000	2.92	1,710,300
TAPOA ¹	BOUNGOU OP	1,584,000	6.45	329,000	9,611,000	3.72	1,150,000	11,195,000	4.11	1,479,000
TOTAL RESERVES		10,708,000	3.48	1,197,600	18,718,000	3.31	1,991,700	29,426,000	3.37	3,189,300

	DEPOSITS	DECEMBER 31, 2017								
		MEASURED			INDICATED			TOTAL RESOURCES		
		Tonnage	Grade (g/t Au)	Ounces ⁴	Tonnage	Grade (g/t Au)	Ounces ⁴	Tonnage	Grade (g/t Au)	Ounces ⁴
MANA ^{1,2,3}	WONA-KONA	1,331,000	2.05	87,800	21,623,000	2.55	1,775,600	22,954,000	2.52	1,863,400
	NYAFÉ	286,000	3.94	36,300	223,000	5.97	42,700	509,000	4.83	79,000
	FOFINA	293,000	4.25	40,000	253,000	4.45	36,100	546,000	4.34	76,100
	YAH0	5,738,000	0.91	168,500	11,636,000	0.88	330,800	17,374,000	0.89	499,300
	FILON 67	26,000	2.72	2,300	9,000	3.59	1,000	35,000	2.93	3,300
	FOBIRI	469,000	1.80	27,100	114,000	1.52	5,600	583,000	1.74	32,700
	SIOU OP	67,000	0.63	1,400	56,000	0.65	1,200	123,000	0.66	2,600
	SIOU UG	513,000	3.23	53,200	787,000	3.25	82,300	1,300,000	3.24	135,500
	YAMA	-	-	-	99,000	1.56	4,900	99,000	1.54	4,900
	TOTAL MANA	8,723,000	1.49	416,600	34,800,000	2.04	2,280,200	43,523,000	1.93	2,696,800
TAPOA ¹	BOUNGOU OP	62,000	1.86	4,000	1,900,000	1.98	121,000	1,962,000	1.98	125,000
	BOUNGOU UG	-	-	-	2,868,000	3.11	287,000	2,868,000	3.11	287,000
	TOTAL TAPOA	62,000	1.86	4,000	4,768,000	2.66	408,000	4,830,000	2.65	412,000
TOTAL M&I		8,785,000	1.49	420,600	39,568,000	2.11	2,688,200	48,353,000	2.00	3,108,800

	DEPOSITS	DECEMBER 31, 2017		
		INFERRED		
		Tonnage	Grade (g/t Au)	Ounces ⁴
MANA ^{1,2,3}	WONA-KONA	3,466,000	2.96	329,600
	NYAFÉ	151,000	5.87	28,400
	FOFINA	67,000	4.20	9,100
	YAH0	223,000	0.78	5,600
	FILON 67	6,000	6.32	1,100
	FOBIRI	578,000	1.39	25,800
	MAOULA	2,628,000	1.62	137,100
	SIOU	2,093,000	3.86	259,900
	YAMA	58,000	1.33	2,500
	TOTAL MANA	9,270,000	2.68	799,100
TAPOA ¹	BOUNGOU	855,000	2.08	57,000
YACTIBO ¹	NABANGA	1,840,000	10.00	590,000
TOTAL INFERRED		11,965,000	3.76	1,446,100

- 1 The Corporation indirectly owns a 100% interest in all of its permits, except for the permits held by SEMAFO BF and SEMAFO Bounbou S.A., respectively, in which the Government of Burkina Faso holds a 10% interest.
- 2 Mineral reserves and resources were estimated using a gold price of \$1,200 and \$1,400 per ounce, respectively.
- 3 All mineral resources reported are exclusive of mineral reserves.
- 4 Rounding of numbers of tonnes and ounces may present slight differences in the figures.

We are presenting 100% of the reserves and resources of the deposits in the above tables and hence excluding minority interests. Regarding open pit reserves, cut-off grades are established with the ultimate pit software in consideration of the rock type and haulage distance.

We are focusing on quality ounces. As of December 31, 2017, SEMAFO's total proven and probable mineral reserves were 3,189,300 ounces of gold. Measured and indicated resources totaled 3,108,800 ounces of contained gold. From December 31, 2016 to December 31, 2017, Mana reserves have varied from 1,727,600 ounces to 1,710,300 ounces with respective tonnage of 18,642,000 and 18,231,000 and respective grade of 2.88 and 2.92 g/t Au, including mining depletion.

As a result of an extensive in-fill drilling program and up-to-date modelling on the Boungou gold deposit, the open-pit proven and probable mineral reserves estimate was established at 11,195,000 tonnes averaging 4.11 g/t Au for 1,479,000 ounces of contained gold. Additionally, measured and indicated resources amounts to 412,000 ounces of contained gold.

The following table summarizes our existing mining and exploration permits in Burkina Faso and Ivory Coast.

Summary of properties per permit group owned or under option (as at March 6, 2018)					
Property name	Permit type	Area (km²)	% of Ownership	Expiration dates	Comments
MANA					
Wona-Nyafé	Mining	148.84	90%	March 20, 2027	
Bana (formerly Mana Ouest)	Exploration	136.773	100%	-	Awaiting decree for new permit
Kokoi (formerly Mana Est)	Exploration	121.813	100%	-	Awaiting decree for new permit
Fobiri 2	Exploration	212.34	100%	January 5, 2018	Awaiting renewal decree
Kona Blé	Exploration	76.03	100%	January 18, 2017	Awaiting renewal decree
Bombouela Nord	Exploration	87.02	100%	December 30, 2016	Awaiting renewal decree
Bombouela 2	Exploration	250.00	100%	May 6, 2019	
Momina (formerly Bara)	Exploration	222.797	100%	-	Awaiting decree for new permit
Oula 2	Exploration	194.11	100%	-	Awaiting decree for new permit
Bladi	Exploration	99.50	100%	November 12, 2018	
Pompoï Nord	Exploration	60.82	100%	February 17, 2020	
Saoura	Exploration	247.48	100%	April 15, 2019	
Pompoi	Exploration	174.20	100%	December 27, 2016	Awaiting transfer and renewal decrees
TAPOA					
Boungou	Mining	29.06	90%	January 23, 2024	
Boungou	Exploration	220.94	100%	May 5, 2018	Awaiting renewal decree
Pambourou	Exploration	175.3	100%	September 28, 2020	
Bossoari	Exploration	29.00	100%	November 21, 2017	Awaiting renewal decree
Dangou	Exploration	187.43	100%	December 15, 2018	
YACTIBO					
Nabanga	Exploration	178.50	100%	April 1, 2017	Awaiting renewal decree
Kamsongo	Exploration	184.24	100%	September 24, 2017	Awaiting renewal decree
Napade	Exploration	54.5	100%	September 12, 2020	
KONGOLOKORO					
Dynikongolo	Exploration	250.00	100%	December 17, 2017	Awaiting renewal decree
Milpo	Exploration	224.00	100%	May 19, 2018	
Segue	Exploration	250.00	100%	May 19, 2018	
Founa	Exploration	249.00	100%	June 29, 2018	
KORHOGO CI					
Korhogo-Ouest	Exploration	232.20	100%	March 25, 2020	
Korhogo-Sud	Exploration	150.44	100%	-	Awaiting decree for new permit

ITEM 5 - MINERAL PROJECTS

Mana Property

Below is a reproduction of the summary contained in the technical report entitled “Mana Property, Burkina Faso, NI 43-101 Technical Report, Disclosing the Results of the Siou Underground Prefeasibility Study”, dated March 26, 2018, with an effective date of December 31, 2017 (the “**Mana Report**”) and prepared under the supervision of Richard Gowans, B.Sc., P.Eng., President and Principal Metallurgist at Micon International Limited (“**Micon**”), with the participation of Christopher Jacobs, CEng MIMMM, Vice President and Mineral Economist at Micon, Eur Ing Bruce Pilcher, CEng, FIMMM, FAusIMM(CP), Senior Mining Engineer at Micon, Jane Spooner, M.Sc., P.Geo., Vice President at Micon, Charley Murahwi, M.Sc., P.Geo., FAusIMM, Senior Geologist at Micon, all “qualified persons” for the purpose of the Mana Report. Reference should be made to the full text of the Mana Report, which is incorporated herein by reference. The Mana Report, which covers the entire property, is available under SEMAFO’s profile on SEDAR at www.sedar.com.

INTRODUCTION

Micon has been retained by SEMAFO BF, a wholly-owned subsidiary of SEMAFO, to prepare a technical report under NI 43-101 which discloses the results of the PFS for the development of underground mineral reserves at the Mana gold project located in southwestern Burkina Faso, West Africa, and to disclose updated mineral resource and mineral reserve estimates.

The Mana Mine was opened in March 2008. Ore is mined using open pit methods from a number of deposits, Wona-Kona, Nyafé, Fofina and Siou. Exploration has identified the potential for underground mining at Siou.

The government of Burkina Faso has the right to hold a 10% free carried interest via a 10% equity interest in the local holding company. The local holding company is SEMAFO BF which is 90% owned by SEMAFO. The mining licence for operations at Mana is held by SEMAFO BF. Exploration permits are held by Mana Mineral SARL (“**Mana Mineral**”) or Ressources Tangayen SARL.

Terms of Reference

This technical report has been prepared by Micon under the terms of its agreement with Mana Mineral and SEMAFO BF. Data have been prepared by Mana Mineral, SEMAFO BF, SEMAFO and its contractors. Micon has reviewed this work for completeness and to allow Micon qualified persons to take responsibility for each section of this technical report.

The inclusion of underground resources at the Siou deposit requires the preparation of the present study to assess the technical and economic merits of including material mined by underground methods.

The processing flowsheet, project infrastructure and environmental and social issues, will remain largely unchanged from the present open pit operations.

The PFS is based on mineral resource and mineral reserve estimates with effective dates of 31 December, 2017. The reserve and resource estimates in this PFS have been prepared in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

PROPERTY DESCRIPTION AND LOCATION

The Mana gold deposits lie within the Mana permit group located in Burkina Faso, West Africa. The property lies approximately 200 km west of Ouagadougou, the capital of Burkina Faso. It is centred on UTM coordinates 465,000 mE and 1,326,000 mN (WGS84z31).

It is planned that the Mana operations will comprise mining the remainder of the Siou open pit reserves in 2018 and 2019. From 2020, the underground reserves at Siou will be mined at the full production rate of 700,000 t/y to contribute 40% of the mill feed at 2,000 t/d, equivalent to more than 50% of the ounces of gold produced. The remaining reserves will come from the Wona North pit expansion to maintain the balance of 5,000 t/d of mill feed.

SEMAFO holds 12 contiguous exploration permits collectively known as the Mana permit group, covering approximately 1,884.85 km².

There are no identified environmental or social issues on the Mana property that would materially impact SEMAFO's ability to operate the mining and processing facilities.

Access, Infrastructure and Climate

The Mana operation is accessible by road from the capital city of Ouagadougou. The majority of the local workforce lives in nearby villages. SEMAFO established a camp about 0.5 km to the east of Mana Mine for senior staff and expatriates, comprising living quarters, kitchen and recreational facilities.

The climate of Burkina Faso is semi-arid, with a rainy season from May to September, and a hot dry season from February to April.

Work can be carried out year-round.

History

Exploration work by Mana Mineral on the Mana property started in October 1997 and led to the initial discovery of the Nyafé, Filon 67 and Wona deposits. A formal feasibility study and environmental impact study were initiated in 2004. The mining permit for development of the Wona and Nyafé deposits was granted in February 2007. Mill start-up took place on February 15, 2008. Capacity has been expanded in several phases and currently stands at 7,200 t/d in fresh ore and up to 8,000 t/d in blended ore.

GEOLOGICAL SETTING, MINERALIZATION AND DEPOSIT TYPE

The Mana district is located in the northern part of the Houndé greenstone belt. The lithostratigraphic succession is typical of greenstone belts and is characterized at the base by a major tholeiitic basaltic suite with some intercalations of argillic sedimentary rocks that are overlain by predominant pelagic and detrital sedimentary rocks (shale, sandstones, greywacke and volcanoclastics). The Mana district basalt unit has undergone submarine hydrothermal alteration with epidote, chlorite and local albite, and shows zones of strong silicification, some of which are anomalous in gold. Accessory minerals include rutile and disseminated pyrite. Free visible gold is encountered at the Wona-Kona and Siou deposits.

All deposits on the Mana property are characterized as typical West African, shear-hosted orogenic gold deposits.

EXPLORATION

Stream sample geochemistry, airborne geophysics (helicopter-borne magnetic, Mag-Helitem) and surface mapping are used to identify areas for detailed investigation. Ground geophysics is also used to test extensions of known large scale structures. Sampling via auger or rotary air blast drilling follows on fixed grids in order to reach the saprolite below the lateritic cover.

Trenching and/or RC drilling is then used as a first pass to test the auger drilling anomalies. Generally, exploration sample quality is considered as being sufficient to indicate significant gold mineralization but not representative of the overall grade associated with the deposit. Following positive results, RC drilling and core drilling are used to extend the information at depth and to delineate the mineralized bodies.

DRILLING

Drilling at the Mana property has been undertaken using a combination of air core, RC and diamond drilling for a total of 13,955 holes over 1,374,587 m. In addition, 20 holes were precollared as RC and terminated as diamond drilling (5,603 m). Based on its observations, Micon concludes that there are no drilling/sampling/recovery factors that could materially impact the accuracy and reliability of the results of samples used to estimate mineral resources/reserves in this technical report.

SAMPLE PREPARATION, ANALYSES AND SECURITY

SEMAFO principally uses its mine site laboratory facilities at Mana ("**SMF-Lab**") for RC and core drilling samples, as well as the ALS Laboratory ("**ALS-OU**") in Ouagadougou. SEMAFO also retains the services of SGS Laboratory ("**SGS-OU**") in Ouagadougou for assaying soil and auger drilling samples. SGS-OU and ALS-OU are commercial laboratories independent of SEMAFO. The SGS-OU meets the requirements of ISO/IEC 17025. The ALS-OU does not have recognized accreditation, but it is part of the ALS Group of laboratories that operates under a global quality management system under ISO 9001:2008, and participates in international proficiency testing programs. The SMF-Lab does not have recognized accreditation but participates in international proficiency testing programs.

Quality Assurance and Quality Control

Quality assurance and quality control ("**QA/QC**") programs are in place to ensure the reliability and trustworthiness of exploration data. In order to monitor the reliability of assaying results delivered by the assaying laboratories, SEMAFO has developed an assaying protocol that consists of systematically inserting blank samples, certified reference materials, field duplicates and laboratory replicates. Additionally, re-assaying of a set number of sample pulps at a secondary umpire laboratory is performed on a quarterly basis as an additional test of the reliability of assaying results.

Bulk Density

Density measurements were performed on core samples from the Wona-Kona, Nyafé, Siou and Yama deposits and are derived from metallurgical studies for Fofina, Fobiri and Yaho. It is Micon's opinion that the equipment and the procedure used for measuring bulk density at Mana is appropriate for Mineral Resource estimation.

Conclusions

Sample collection and preparation, analytical techniques, security and QA/QC protocols implemented at Mana are consistent with standard industry best practices. In Micon's opinion, the sampling and assay data are adequate and reasonable for use in Mineral Resource estimation.

DATA VERIFICATION

Micon's data verification included visits to the SEMAFO head office in Montreal and to the Mana Mine project in Burkina Faso, inspection of the facilities at the SMF-Lab where exploration samples are analyzed, analysis of monitoring reports on the performance of control samples, and validation of the resource database. Micon observed sampling and logging procedures and found them to be appropriate and conducted to industry standards, and to represent the mineralization of the Mana and Siou deposits. Micon is satisfied that the database used for the resource estimate in this technical report was generated in a credible manner and properly assembled and is therefore suitable for use in estimating the mineral resource. The genetic models adopted are appropriate.

MINERAL PROCESSING AND METALLURGICAL TESTING

Metallurgical Testwork Programs

External metallurgical testwork relating to the Mana operation has taken place in three phases relating to the development of feed from:

- The Wona-Kona and Nyafé deposits in 2002-2007.
- The Siou deposit in 2012.
- The South sector deposits, Fofina, Fobiri and Yaho in 2012-2013.

This work comprised comminution, leaching, gravity separation and acid base accounting tests.

Given the metallurgical processing experience gained by SEMAFO with the different types of mineralization in the area, there is no plan to undertake further testwork in support of underground development at Siou.

Tailings Characterization

Detoxification tests using tailings samples were carried out in 2010 by SGS South Africa. These tests indicated that the sodium metabisulfite/copper sulphite method achieved an average of 99.47% removal of weak acid dissociable cyanide, with 99.48% removal of total cyanide and 99.87% removal of free cyanide. A series of ABA tests using Wona-Kona tailings samples were completed by SGS South Africa in 2013. Of the 17 samples, none of them was characterized as acid producing. Five were classified as potentially acid producing, while the remaining 12 were non-acid producing.

MINERAL RESOURCE ESTIMATES

Resource block models have been created for each individual deposit. Three dimensional (3D) mineralized solids are first interpreted from drill hole data, limiting resources to the material inside those solids. All blocks interpolated below the surface topography or the mine surface survey as of December 31, 2017 make up the mineral inventory at that date. Blocks are classified relative to proximity to composites and corresponding precision/confidence level. Technical and economic factors are then applied to the blocks in the form of pit-optimization, optimized stope designs and cut-off grades to constrain the resources to those that present a reasonable prospect of economic extraction. Variographic analysis was undertaken.

Drill hole exploration data are stored and managed using the Geobank data management system from Micromine. Mineralized envelopes have been interpreted using Micromine software. Resources were modelled using Studio RM, NPV Scheduler and MSO (Mineable Shape Optimizer) software packages from Datamine.

The resulting mineral resource estimates for the deposits at Mana are presented in Table 1.

Table 1 Mana Estimated Resources, Exclusive of Reserves, as at 31 December, 2017

Deposits	Measured			Indicated			Total Resources		
	Tonnage	Grade (g/t Au)	Ounces	Tonnage	Grade (g/t Au)	Ounces	Tonnage	Grade (g/t Au)	Ounces
Wona-Kona	1,331,000	2.05	87,800	21,623,000	2.55	1,775,600	22,954,000	2.52	1,863,400
Nyafé	286,000	3.94	36,300	223,000	5.97	42,700	509,000	4.83	79,000
Fofina	293,000	4.25	40,000	253,000	4.45	36,100	546,000	4.34	76,100
Yaho	5,738,000	0.91	168,500	11,636,000	0.88	330,800	17,374,000	0.89	499,300
Filon 67	26,000	2.72	2,300	9,000	3.59	1,000	35,000	2.93	3,300
Fobiri	469,000	1.80	27,100	114,000	1.52	5,600	583,000	1.74	32,700
Siou Open Pit	67,000	0.63	1,400	56,000	0.65	1,200	123,000	0.66	2,600
Siou Underground	513,000	3.23	53,200	787,000	3.25	82,300	1,300,000	3.24	135,500
Yama	0		0	99,000	1.56	4,900	99,000	1.54	4,900
Total Mana	8,723,000	1.49	416,600	34,800,000	2.04	2,280,200	43,523,000	1.93	2,696,800

Deposits	Inferred		
	Tonnage	Grade (g/t Au)	Ounces
Wona-Kona	3,466,000	2.96	329,600
Nyafé	151,000	5.87	28,400
Fofina	67,000	4.20	9,100
Yaho	223,000	0.78	5,600
Filon 67	6,000	6.32	1,100
Fobiri	578,000	1.39	25,800
Maoula	2,628,000	1.62	137,100
Siou	2,093,000	3.86	259,900
Yama	58,000	1.33	2,500
Total Mana	9,270,000	2.68	799,100

Notes:

1. 2014 CIM Definition Standards were followed for mineral resources.
2. The mineral resource has been estimated using a gold price of \$1,400/oz.
3. High-grade assays have been capped.
4. The mineral resource was estimated using a block model. Three dimensional wireframes were generated using geological information. A combination of OK and ID³ estimation methods were used to interpolate grades into blocks of varying dimensions depending on geology and spatial distribution of sampling.
5. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is currently insufficient exploration to define the inferred resources as indicated or measured resources.

Mineral resources were estimated by François Thibert M.Sc. Geo., Directeur, Groupe Estimation Ressources et Réserves, Afrique de l'Ouest, of SEMAFO under the supervision of Michel Crevier, P.Geo., MScA, Vice President, Exploration and Mine Geology and SEMAFO's qualified person. The estimates were reviewed by Charley Murahwi, M.Sc., P.Geo., FAusIMM, Senior Geologist with Micon who is the qualified person responsible for the estimate.

MINERAL RESERVE ESTIMATES

The Mana Mineral reserves at the end of December 2017, were estimated within open pits for the Wona-Kona, Nyafé and Fofina deposits, and within a combined open pit and underground mine for Siou. Estimates are based on a gold price of \$1,200/oz (Table 2).

Table 2 Mana Estimated Mineral Reserves at 31 December, 2017

Deposits	Proven Reserves			Probable Reserves			Total Reserves			Stripping Ratio (Waste/Ore)
	Tonnage	Grade (g/t Au)	Ounces	Tonnage	Grade (g/t Au)	Ounces	Tonnage	Grade (g/t Au)	Ounces	
Wona-Kona	6,062,000	2.33	453,500	6,280,000	2.22	448,900	12,342,000	2.27	902,400	10.52
Nyafé	265,000	5.81	49,600	6,000	3.96	700	271,000	5.77	50,300	12.41
Fofina	33,000	4.66	4,900	3,000	3.94	300	36,000	4.49	5,200	2.95
Siou OP	1,400,000	3.78	170,200	179,000	1.92	11,000	1,579,000	3.57	181,200	17.76
Siou UG	1,047,000	5.10	171,600	1,988,000	5.38	344,200	3,035,000	5.29	515,800	-
Yama	-	-	-	651,000	1.75	36,600	651,000	1.75	36,600	12.62
Rompad	317,000	1.84	18,800	-	-	-	317,000	1.84	18,800	-
Total Mana	9,124,000	2.96	868,600	9,107,000	2.88	841,700	18,231,000	2.92	1,710,300	11.40

Notes:

1. All figures have been rounded to reflect the relative accuracy of the estimates
2. Metal price of \$1,200 per ounce gold

Mineral reserves were estimated by François Thibert M.Sc. Geo., Directeur, Groupe Estimation Ressources et Réserves, Afrique de l'Ouest, of SEMAFO under the supervision of Michel Crevier, P.Geo., MScA, Vice President, Exploration and Mine Geology and SEMAFO's qualified person. The estimates were reviewed by Eur Ing Bruce Pilcher, CEng, FIMMM, FAusIMM(CP), Senior Mining Engineer with Micon who is the responsible qualified person for the estimate.

MINING METHODS

Two mining methods will be employed at the Mana operation. Open pit mining will continue to be used at Wona/Kona and part of the Siou ore zone, and at Fofina and Nyafé. Following identification of the ore at depth, underground mining will be employed in the southern part of the Siou deposit.

Open Pit Mining

Open pit mine production at Mana averages approximately 7,500 t/d of ore, mainly from the Wona and Siou pits, that can be blended with ore from the other open pit sources up to a maximum of 8,000 t/d for processing in the mill. The Kona pit has been mined out and backfilled.

Pit optimization was conducted using Datamine's NPV Scheduler software based on the Lerchs-Grossman algorithm. Considering the large volume of stripping material at the south of Siou Phase 4, (stripping ratio over 32), SEMAFO assessed the possibility of an underground mine below the open pit Phase 2.

Geotechnical pit slope designs were completed in 2016 and updated in 2017.

The total material to be moved over the eight-year life of all open pits is 184.8 million tonnes ("Mt") including 15.2 Mt of ore.

SEMAFO owns the majority of the open pit equipment fleet but it also uses contractors' services and rental equipment.

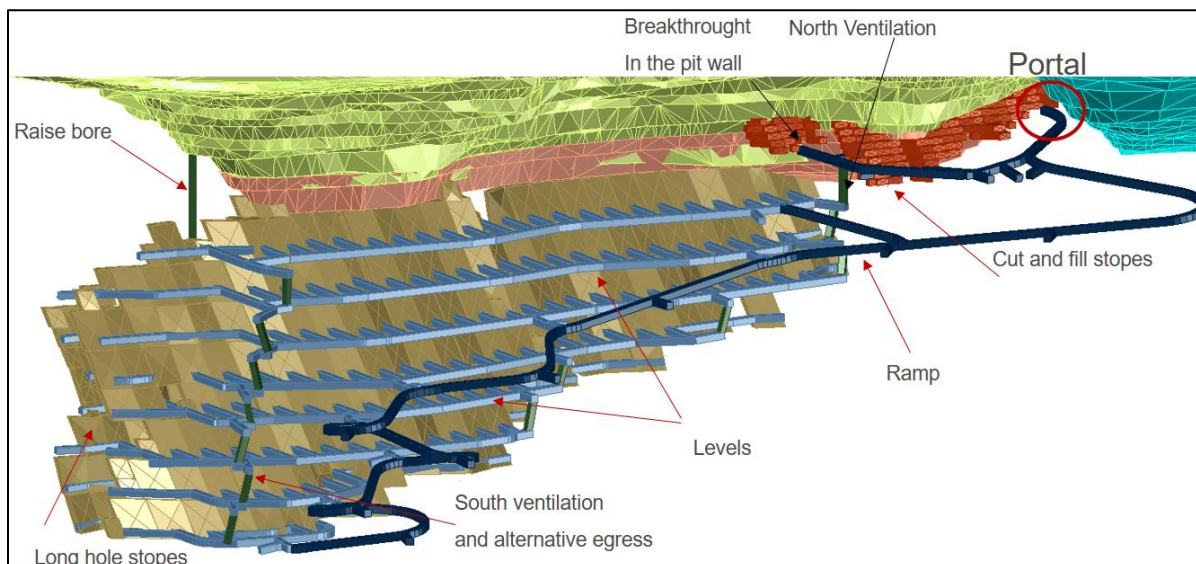
Underground Mining at Siou

Two underground mining methods will be used: long hole (longitudinal retreat and transversal) and cut and fill mining; these were selected because of the inclination of mineralized lenses and ore (stockwork) thickness. Long hole mining will be used when a stope can be mined economically above a dip of 50° degrees and by cut and fill below 50°. Most of the areas where the Siou orebody is located in the hanging wall will be mined cut and fill. Consolidated backfill and loose rock will be used to ensure safe ore recovery in long hole mining. For cut and fill mining, pivot ramps will be driven from the main access ramp.

Golder was retained to undertake the geotechnical and hydrogeological analysis of the underground project at Siou, including stope dimension, ground support and pillar dimension. The rock is classified as Good to Very Good for the four geological units present at Siou. Under a steady state condition and at the end of the excavation, a total water inflow of about 700 m³/d is estimated for the underground mine.

The mine design and planning were based on the Siou geological model results. The production rate will be 2,000 t/d using a contract miner. Figure 1 shows an isometric view of the mine design.

Figure 1 Siou Isometric View of Underground Mine Design



SEMAFO, 2017.

SEMAFO envisages underground production at Siou reaching capacity in the second quarter of 2020. Detailed engineering will take place through the first half of 2018. It is expected that the mining contractor will be mobilized in the third quarter of 2018, with portal preparation and underground development initiated immediately.

RECOVERY METHODS

Gold from the Mana deposit is recovered by a state of the art metallurgical plant which was constructed in 2008. Between 2008 and 2017, the Mana plant processed a total of 22,790,647 t of ore coming from the Wona, Kona, Nyafé, Siou and Fofina pits at an average grade of 2.8 g/t Au and an overall recovery of 90.8% which produced 1,863,186 oz of gold. The operational results correlate very well with the laboratory tests performed over the years for different ore types and for all mineralization types including oxides and sulphides.

The Mana flowsheet comprises a standard SABC comminution circuit, CIL circuit, Zadra elution circuit, gold electrowinning and tailings disposal. Slurry tails from the CIL circuit are pumped to the tailings storage facility and supernatant water is recycled back to the mill. There will be no changes in processing as a result of the change of mining method from open pit to underground mining. Projected annual production is summarized in Table 3.

Table 3 Summary of Projected Mine Annual Production

	2018 ¹	2019	2020	2021	2022	2023	2024	2025	Total
Total tonnes	2,157,685	2,209,475	2,299,626	2,386,935	2,387,312	2,403,177	2,462,907	1,605,831	17,912,948
g/t Au	2.74	3.04	3.25	3.16	3.13	3.12	2.78	1.97	2.94
Recovery	86.5%	88.8%	88.4%	88.0%	88.6%	88.6%	75.1%	81.1%	86.1%
Ounces	164,403	191,790	212,441	213,258	212,608	213,868	165,205	82,371	1,455,945

¹ Production numbers for 2018 excludes processing of rompad material.

PROJECT INFRASTRUCTURE

Facilities at the Mana site include the open pit mines, waste rock dumps, process plant, tailings storage facility, water storage/supply dam, five water runoff basins, sediment ponds, storage areas, buildings, power plant, bulk fuel storage, accommodation camps and main access road. Different areas are fenced to provide security and prevent animal access.

Power Supply

Due to the remote location of the Mana site, power is provided by a diesel-fuelled generation station located adjacent to the process plant.

An onsite bulk fuel storage facility is located close to the power plant and provides diesel for power generation, mine trucks, light vehicles and users at the process plant.

Sewage, Waste Water and Solid Waste Management

Domestic wastewater and sewage from the site facilities are collected and sent to a wastewater treatment plant. The water discharged is rigorously monitored and remains in compliance with the discharge standards of Burkina Faso. The industrial wastewater from the Wona and Siou garages and the hydrocarbon depot are treated in self-contained structures with settling separators before being discharged to the environment. All discharge is closely monitored through a sampling and analysis program.

All waste is sorted at source and placed in different colored containers. Material such as food waste uncontaminated packaging, green waste, ordinary industrial waste, is collected in green bins and sent to the landfill site within the tailings storage facility.

Accommodation

The accommodation camp is located about 1 km to the east of the process plant and provides accommodation for 135 employees, including expatriates national senior and technical staff.

Mine and Plant Facilities

Site buildings consist of administration offices, workshops, warehouses, laboratory and reagent storage sheds which are constructed of structural steel framing and metal cladding on concrete slabs. Offices and amenity buildings are concrete block or brick construction.

The explosive site is a separately fenced area with 24-h security guard and equipped with surveillance cameras.

The Siou mining operation is located approximately 16 km east of the processing plant. Certain infrastructure items are located in the Siou sector to minimize transportation and maintenance costs, and to ensure security for mining high grade ore.

Water Supply

Operational water demand is met from tailings storage facility decant, pit dewatering (including precipitation in the pit area), surface runoff and site groundwater which is collected in raw water dams and ponds around the site. The total plant water demand is between 3.6 and 3.9 Mm³/y. The surface water collection network consists of five collection basins located north and south of the treatment plant with a nominal holding capacity of 601,000 m³.

Potable water for the Mana site is supplied from underground wells (Dangouna village, Somana, Wona and accommodation camps).

Tailings Storage Facility

A tailings storage facility ("TSF") with a storage capacity of 41 Mm³ of tailings generated by the ore processing operations is required for the life of the project at a rate of 2.7 Mt/y. Tailings are discharged to the facility via a 5 km pipeline. The supernatant water is recycled to the plant and there is no effluent out of the tailings pond. Ten control wells around the TSF monitor groundwater quality and fluctuations in the water table.

The facility is contained by four peripheral laterite embankment dams and has an area of approximately 130 ha and is divided into two cells, east and west, separated by a median dam. The tailings are deposited alternately in the cells in order to accelerate consolidation and evaporation.

MARKET STUDIES AND CONTRACTS

No market studies have been undertaken for this prefeasibility study. The commercial product is gold doré.

SEMAFO has contracts in place for sale of gold from its producing mine, Mana, in Burkina Faso. These contracts are with well recognized international refineries and sales are made based on spot gold prices.

ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

There are no identified environmental or social issues on the Mana property that would materially impact SEMAFO's ability to operate the mining and processing facilities.

Environmental and social impact assessments, environmental and social management plans and resettlement action plans define the terms of the environmental management of the Mana mining and processing operations, as well as the compensation for people affected by the developments all in accordance with the regulations.

Environmental control, implementation of management and facility response plans, and the monitoring of extraction and treatment operations are the responsibility of the Environmental Manager. Water quality, air quality, noise and vibration, acid generating potential, waste materials, and tailings pond are subject to rigorous monitoring in accordance with the regulatory requirements of Burkina Faso and industry best practice. Due to the high impact of the rainy season, special attention is given to monitoring the overall management of water, including the tailings pond. There is no effluent discharge to the environment.

The Community Relations Department and the SEMAFO Foundation are responsible for implementing social commitments and SEMAFO's social responsibilities.

An amendment to our existing operating permit is required for the development of the Siou underground mine. The application for the amendment requires a feasibility study that must first be accepted by the relevant agency together with an ESIA which must include a RAP that has been accepted by all stakeholders.

Acid Rock Drainage

Regular analyses carried out over the period 2009-2012 on samples from the Wona and Nyafé pits demonstrate that the types of materials contained in the existing waste rock can be considered as non-acid generating.

Waste Rock Storage

Waste rock is transported to one of the five storage areas located near the open pits with total capacity of 29.3 Mt. These structures are built up in layers and the slopes leveled to an average of about 20° and are surrounded by perimeter diversion ditches. Each waste rock storage area is progressively rehabilitated and revegetated.

Closure, Decommissioning and Reclamation

The mine rehabilitation and closure plan outline the recommended remediation options, including the stages and costs of implementation. By decree, the government has set up a fund to be used for the restoration of mining sites. The account of SEMAFO in this fund stood at \$7,255,733, as of December 31, 2017 on an annual rehabilitation budget of \$0.01/t of material mined (ore and waste rock).

The main objectives of the closure and rehabilitation plan are restoration of ecosystems and recovery of land use.

CAPITAL AND OPERATING COSTS

Capital and operating costs for all mining operations in Mana, including the Wona-Kona pit, the Siou pit and the Siou underground project are expressed in United States dollars.

Mana Open Pits

Sustaining capital expenditures for the eight-year LOM period amount to \$46.3 million. These amounts take into consideration tailings lift, major component rebuild, electrical and mechanical tools, liners and various small sustaining capital needs

Stripping costs are included in the cash operating cost per tonne and in the total mining operation expenses. The unit operating costs shown in Table 4 are representative of the historical cost incurred operationally. The following assumptions were used to forecast open pit operating costs:

- Price of fuel: \$0.98/L.
- Exchange rate: \$1.07: €1.00.

Table 4 Open Pit Operating Costs

Description	Unit	Wona-Kona	Fofina	Siou/Nyafé/Yama
Waste Mining				
Oxides (saprolite)	\$/t	1.00	1.41	1.33
Transitional (saprock)	\$/t	2.37	2.24	2.37
Sulphides (bedrock)	\$/t	2.57	2.39	2.57
Ore Mining				
Oxides (saprolite)	\$/t	2.00	3.76	5.07
Transitional (saprock)	\$/t	3.17	4.41	6.01
Sulphides (bedrock)	\$/t	3.23	4.77	6.31
Processing				
Oxides (saprolite)	\$/t	12.81	12.48	13.56
Transitional (saprock)	\$/t	15.91	15.67	16.20
Sulphides (bedrock)	\$/t	17.17	17.12	17.11
G&A				
Oxides (saprolite)	\$/t	2.65	2.65	2.65
Transitional (saprock)	\$/t	3.33	3.36	3.36
Sulphides (bedrock)	\$/t	3.56	3.60	3.60

Siou Underground Project Capital Cost Estimate

The capital cost estimate includes all the direct and indirect costs and appropriate project estimating contingencies required to bring the Siou underground project into production, as defined by this prefeasibility study. The estimated pre-production capital cost is \$51.7 million and the sustaining development capital is \$16.5 million, as shown in Table 5.

**Table 5 Siou Underground Project Overall Capital Cost Estimate
(Million \$)**

Main Area	Pre-production	Sustaining	Total
Underground Mine	26.5	10.8	37.3
Maintenance and Infrastructure	13.2	2.9	16.1
Technical Services	2.9	0.5	3.4
Administration	1.5	0.2	1.7
Contingency (15%)	6.6	2.2	8.8
Subtotal	50.7	16.5	67.2
Operation Readiness Plan	1.0		1.0
Total	51.7	16.5	68.2

The project initial capital costs are based on a pre-production period from Q3 2018 through Q4 2019. Pre-production represents the period prior to the processing of the first production ore from the underground mine. The largest portion of the capital cost estimate is attributed to development costs, which have been based on contractor quotations. The capital costs include a contingency of 15%. Mining capital includes mine access development, pre-production mining costs, contractor mobilization and other mine infrastructure that is comprised of surface facilities and portal collar construction. The development capital has been estimated based on the metreage of development, and the contractor's proposed unit cost of development for each of the different development profiles. Ventilation raise development was quoted to be completed using production drill and raise bore equipment rates.

The project sustaining development capital costs and operating costs are for the period from 2020 to 2024.

Siou Underground Project Mine Operating Costs

Operating cost estimates for the project are based primarily on contract mining. Average unit costs are shown in Table 6 based on annual tonnes milled.

Table 6 Mining Operating Cost per Tonne

Item	Units	Y -1	Y 1	Y 2	Y 3	Y 4	Y 5	Total
Mill Production	kt	65	654	704	704	705	204	3,036
Underground Mine	\$/t		62.02	48.77	48.35	38.15	41.51	47.54
Maintenance and Infrastructure	\$/t		17.92	17.97	18.64	17.04	11.45	17.07
Technical Services	\$/t		3.14	3.15	3.41	3.35	3.34	3.20
Administration	\$/t		1.43	1.43	1.55	1.53	1.53	1.45

LOM average operating cost for mining in respect of the underground project is forecast to be approximately \$70/t milled.

Siou Underground Project Processing and General and Administration Costs

The operating costs for processing and G&A were provided by SEMAFO BF. The LOM average costs in respect of the underground project are \$17.11/t and \$3.60/t, respectively, and are representative of the historical cost incurred.

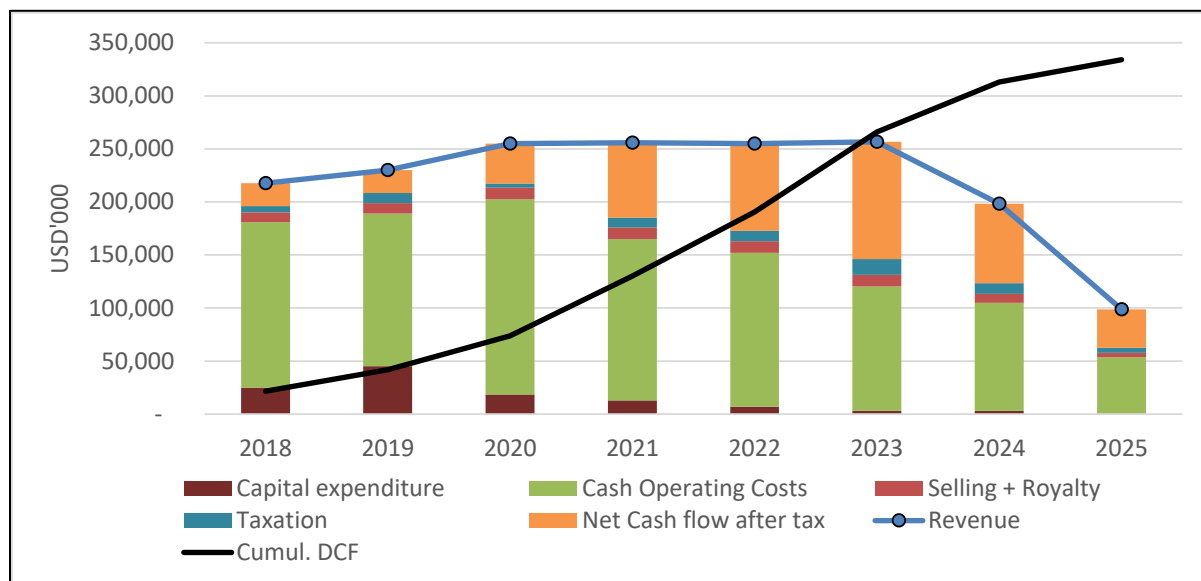
ECONOMIC ANALYSIS

Micon has prepared its economic analysis of the Siou underground project on the basis of a discounted cash flow model, from which net present value (NPV) and other measures of project viability can be determined. for the potential viability of an open pit and underground mining operation with an on-site mill and processing plant producing doré bullion for sale to a precious metals refinery.

All metal price forecast, capital and operating cost estimates and cash flow projections are expressed in United States dollar terms. Inputs to the cash flow model for the project have been prepared using constant, first quarter 2018 money terms.

The base case cash flow projection assumes a static gold price in real terms of \$1,200/oz. Corporate income tax in Burkina Faso is charged at 17.5% after depreciation and amortization allowances calculated on a unit of production basis. A state royalty of 4.0 % sales has been provided for. Base case LOM annual cash flows are presented graphically in Figure 2.

Figure 2Life of Mine Annual Cash Flow Forecast



Discounted Cash Flow Evaluation

At an annual discount rate of 8.0%, the discounted cash flow evaluates to an NPV of \$334 million.

Owing to the absence of negative annual cash flows in the forecast period, no IRR or payback period can be determined.

Conclusion

Micon concludes that this study demonstrates the viability of the project within the range of accuracy expected of a PFS for the estimated capital and operating costs, production forecast, and price assumptions.

RECOMMENDATIONS

This prefeasibility study demonstrates that the transition from an open pit to an underground operation for the Siou deposit is economically viable and it is recommended that SEMAFO BF advances the project to development.

A budget of \$1.25 million has been allocated, of which \$0.25 million will be used for drilling four holes in an area of probable reserves in order to improve the confidence category to proven reserves. The sum of \$1.00 million will be expended on preparation of an operational readiness plan for underground development.

Continued exploration is warranted in order to expand the mineral resources at Siou along strike and at depth. Once development of the haulage decline is sufficiently advanced, drilling can be conducted to test for potential extensions of the mineral deposit down-dip and to the north and south of the current known resource.

In order to advance the Siou underground project beyond the prefeasibility study stage, it is recommended that more detailed work proceeds on areas such as underground facilities (fans and pumps), water supply for mining operations, detailed mine planning, ground control management plan and grade control programs. The operational readiness program includes preparation of a mining plan to be filed with the authorities in Burkina Faso in support of an amendment to the mining permit to allow underground development.

It is recommended that the project financial model is updated in order to provide a detailed monthly schedule and budget for the period of underground mine development and to regularly monitor the impact of actual data on the underground development project.

Micon has reviewed the budget for the work described above and recommends that SEMAFO BF proceeds with development of an underground mining operation at Siou.

The information provided below is in addition to the Mana Report summary reproduced above.

PRODUCTION 2017

The following table presents 100% of the gold production statistics for the Mana Mine for the financial year ended December 31, 2017. The Mana Mine is owned and operated by SEMAFO BF in which we own a 90% equity interest.

Production Update ¹	Year ended December 31				
	2017	2016	2015	2014	2013
Gold production (ounces)	206,400	240,200	255,900	234,300	158,600
Plant ore processed (tonnes)	2,739,900	2,753,300	2,399,100	2,754,400	2,834,500
Weighted Head-grade (g/t Au)	2.46	2.88	3.63	2.90	1.99
Weighted Recovery (%)	95	94	91	91	86
Total Cash Cost (\$/ounce) ²	655	548	493	649	777
All-in sustaining cost ³	942	720	645	801	1,242

1 Mill start-up of the Mana Mine began in February 2008.

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

3 All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the total cash cost, plus sustainable capital expenditures and stripping costs per ounce.

TAXES AND ROYALTIES

Our tax rate is 17.5% at Mana. 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 on all shipments with a gold spot price greater than \$1,300 per ounce.

Tapoa Property

INTRODUCTION

Information in this section is based on the technical report entitled “Natougou Gold Deposit Project, Burkina Faso”, dated March 23, 2016 (the “**Tapoa Report**”), prepared under the supervision of Neil Lincoln, Vice-President, Business Development and Studies at Lycopodium Minerals Canada Ltd. (“**Lycopodium**”), with the participation of Marius Phillips, MAusIMM (CP), Principal Process Engineer at Lycopodium, Glen Williamson, Principal Mining Engineer at AMC Consultants (Canada) Ltd, John Graindorge, Principal Consultant – Applied Geosciences at Snowden, Jean-Sébastien Houle, Eng. from WSP Canada Inc. and Timothy Rowles, MAusIMM (CP) from Knight Piésold Consulting, all “qualified persons” for the purpose of the Tapoa Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Readers should consult the Tapoa Report which is available under SEMAFO’s profile on SEDAR at www.sedar.com to obtain further particulars regarding the Boungou gold deposit.

Unless otherwise indicated, technical information which has been disclosed since the release of the Tapoa Report has been prepared under the supervision of, or reviewed by, Mr. Crevier, P.Geo, MScA, Vice President Exploration and Mine Geology, our “qualified person”.

Property Description, Location and Access

The Tapoa permit group is located in Burkina Faso, West Africa. The project lies approximately 320 km east of Ouagadougou, the capital of Burkina Faso. We indirectly hold, through Birimian Resources Sarl, four contiguous exploration permits – Dangou, Pambourou, Boungou and Bossoari, collectively known as the Tapoa permit group, covering approximately 622 km² within the Diapaga greenstone belt in the southeast of Burkina Faso. The original vendor of each such permits retains a 0.5% to 1% net profit royalty, payable upon any future gold sales. On December 22, 2016, the Council of Minister of the Government of Burkina Faso approved and granted our mining permit covering an area of 29.06 km². The permit is valid for a period of seven (7) years renewable for consecutive five-year periods until depletion of the deposits. The mining permit is held by Semafo Boungou S.A., a corporation held 90% by SEMAFO and 10% by the Republic of Burkina Faso. Access to the property is by means of Route Nationale RN04, an all-weather bitumen road from Ouagadougou, the capital of Burkina Faso, through Fada n’Gourma to the Ougarou junction. From there, travel is via a laterite road to the property 60 km to the southeast. Fada n’Gourma is the nearest town with basic hospital, hotel and limited supply facilities. Any significant supplies must be sourced from Ouagadougou. The property area is relatively flat and sits at an elevation of approximately 260 m above sea level. To the east and north of the property are mesas which rise approximately 10 m above the surrounding topography. A small hill is located in the very southern corner of the deposit. The land rises gently to the north, culminating in the height of land separating two watersheds. The main laterite access road into site is located along this ridge top. The road is reasonably well-drained and is accessible year-round to four-wheel drive vehicles. Numerous tracks allow for access to most places throughout the property area. During the rainy season (August to October), heavy rains may temporarily restrict vehicle movement in the immediate area of the deposit.

History

No exploration is known to have occurred on the Tapoa permits prior to 2010 when Orbis Gold commenced soil and rock chip sampling. The soil and rock chip sampling was followed up in 2012 with a regional RC drilling program which resulted in the discovery of the Boungou gold deposit. Resource drilling commenced at Boungou in 2012 and culminated with an initial mineral resource estimate being completed by Snowden in August 2013, which was classified and reported in accordance with the 2004 edition of the JORC Code. Orbis Gold completed further infill drilling at Boungou in 2014 and the mineral resource estimate was updated by Snowden in August 2014 and was classified and reported in accordance with the 2012 edition of the JORC Code. A conversion of the resource from JORC Code to NI 43-101 was completed by Snowden in March 2015 for SEMAFO and reported in accordance with NI 43-101 regulations. Between March 2015 and August 2015, SEMAFO completed an infill drilling program at Boungou aimed at upgrading the confidence in the resource estimate along with exploring targets proximal to the resource area.

No modern production of gold has occurred within the Tapoa permit group. The central part of the Boungou exploration permit has artisanal activity along the north to south trending drainage system. Extraction of gold by the local community

from artisanal workings has occurred for an unknown period of time, with free gold recovered by gravity methods in gold pans or through simple sluicing methods. The vertical extent of the workings is unknown, however it is believed to reach a maximum depth of approximately 20 m to 40 m, although the vast majority of the workings are less than 5 m deep. Snowden notes that the deeper workings are extremely localised and limited in extent. The total tonnage and grade of material extracted from artisanal workings at the Boungou gold deposit is unknown, however it is not considered to be material to the current mineral resource estimate.

Geological Setting and Mineralization

The Boungou exploration permit, which contains the Boungou gold deposit, lies within the Diapaga greenstone belt, a northeast-southwest orientated belt that extends over 250 km in length and over 50 km in width. We hold four contiguous permits, collectively known as the Tapoa permit group, covering approximately 70 km in strike length along the Diapaga belt.

The stratigraphy at Boungou is relatively simple and quite consistent from hole to hole. The stratigraphy consists of two volcanic flows separated by a volcanoclastic unit. The footwall flow generally progresses upwards from a massive basalt flow to pillowed flows followed by flow breccia and volcanoclastics. The hangingwall is characterized by a medium grained volcanic flow (or sill). All these units are intruded by diorite and/or granodiorite sills, possibly originating from the felsic intrusion located immediately west of the deposit. Late dolerite dykes are also present and appear to be sub-vertical and strike northwest. The Boungou Shear Zone, which hosts the main gold mineralization at Boungou, is located at the contact between the footwall and hangingwall volcanic units, where the volcanic flow top breccias have formed and the volcanoclastics deposited. The contact zone is thought to have served as an area of weakness, focussing the deformation. While the volcanoclastic units are not always present (although the intensity of the alteration can make it difficult to identify), the flow top breccias are interpreted to be ubiquitous across the deposit area.

Deposit Types

The Boungou gold deposit can be described as a West African shear zone hosted greenstone gold deposit. The main mineralized lode is interpreted as a flat-lying anticlinal shear that outcrops in the southeast and plunges gently to the northwest. The mineralization has a strike length of approximately 2 km, striking towards a bearing of 315° and an across-strike length of approximately 1 km (towards 045°). The mineralization is gently folded with the fold axis oriented along strike and the limbs dipping gently at approximately 15°.

Gold mineralization is associated with biotite and silica-sericite alteration, along with disseminated sulphides, such as pyrrhotite, pyrite and minor arsenopyrite and chalcopyrite, with occasional free gold. The mineralization is structurally controlled and is hosted primarily within a large shear zone and its associated alteration. Arsenopyrite is almost invariably associated with the presence of gold in assayed samples. The percent arsenopyrite logged can be used as an initial identification of the mineralized lode. Although not common, visible gold has been observed in core in some drill holes.

EXPLORATION

Drilling

Drilling at Boungou was performed by a combination of RC and diamond drilling. The diamond drill holes were pre-collared using RC drilling down to approximately 10 m above the interpreted top of mineralization. Diamond tails (HQ diameter) were used to complete the holes. These are recorded as multi-purpose (MP) holes in the database. A limited number of diamond holes were cored from the surface, predominately on two 10 m by 10 m close spaced drilling panels.

At the end of 2017, the total dataset comprises 2,072 drill holes, of which 1,260 were used for the Boungou resource estimate. SEMAFO drilled 406 holes in 2017 for a total of 61,262 metres. During the first half of 2017 the drilling was focused on delineation drilling of the West Flank and East Flank zones for economic assessment. In a general sense, the results were inline with those obtained previously and conversion from inferred to indicated resource was within expectations. SEMAFO evaluated potential new reserves, as well for open pit than underground. It was elected to bring new open pit reserves for year end 2017.

Regional exploration was conducted mainly in Q4 after the rainy season. A total of 115 holes (15,520m) were used to explore different regional targets including the 045 Trend with coincident auger anomalies and the Dangou anomaly located at the NE corner of the property. The Pambourou target along the 045 trend continues to return anomalous gold values over wide intervals. Although values remain below economic grades, these results do demonstrate that the regional 045 trend is gold-bearing and enhance the potential of the structure.

Drill hole collars were surveyed in 2017 using a LEICA GS14 Total Station system. Data from the instrument is downloaded directly to a laptop and processed using Leica Survey Office software. The Total Station System has a reported accuracy of 10 mm horizontally and vertically. The coordinate system basis used is WGS84 Zone 31N.

Post-2015 drill holes were all surveyed downhole using a Reflex GYRO electronic surveying tool. Both the azimuth and dip were recorded at 5 m intervals (approximately) downhole. Pre-2015 drill holes were surveyed downhole using a Reflex EZ-shot electronic surveying tool. Both the azimuth and dip were recorded at 6 m intervals (approximately) downhole, within the PVC casing, and then at 30 m intervals until the bottom of hole was reached.

A topographical survey using an aircraft mounted LiDAR system was completed on 18 November 2014 by Southern Mapping to produce a digital terrain model (DTM) of a portion of the Boungou exploration permit over an area that extends past the current resource estimate area. The survey was flown at a height of approximately 1,200 m. SEMAFO noted some minor discrepancies in elevation between the drill hole collar survey and the LIDAR survey. Consequently, SEMAFO elected to use the LIDAR coordinate as the collar elevation (i.e. Z coordinate) in the database for the current mineral resource estimate.

Sampling, Analysis and Data Verification

RC and core drilling samples are used for resource estimates at Boungou.

Reverse circulation samples are collected from every 1-metre drill run in pre-labelled plastic bags directly from the cyclone on the drill rig. Approximately 30 kg to 40 kg of material is reduced using a tiered riffle splitter to obtain a subsample of about 2 kg which is packed in a poly bag. Sample tickets are placed into each poly bag and the hole ID and sample depth recorded on the remaining ticket stub. The riffle splitter is cleaned after each sample with a brush. A second split of the same size is kept on site for reference and the rest of the RC sampled material discarded. A small sample of chips from each 1 m interval is removed with a sieve, washed and placed in labelled chip trays for logging and future reference. RC samples are collected dry 99% of the time. Sample bags are then transported to the on-site preparation laboratory for crushing and pulverizing. For 2017, sample pulps were transported to ALS-OU for assaying. Quality control samples, including reference materials and blanks are also submitted with these samples.

Diamond core samples are collected on a maximum of 1.2 m intervals or to the lithological/alteration/mineralization boundaries, with a minimum sample length of 0.2 m. The core is cut in half lengthwise using a diamond saw and the sampled half core placed in a plastic bag and labelled with the hole ID and depth. A sample ticket labelled with the hole ID and depth is also placed in the bag. Quality control samples are also submitted with these samples. The other half is kept for reference in core storage shelters at the Boungou exploration camp. Sample pulps are transported to ALS-OU for assaying. Quality control samples, including reference materials and blanks are also submitted with these samples.

In 2017 drill core and RC samples were assayed by ALS-OU. The ALS-OU does not have the benefit of a recognized accreditation but is part of the ALS Group of laboratories that operates under a global quality management system accredited to ISO 9001:2008 and participates in international proficiency testing programs.

An on-site preparation lab, run and managed by ALS-OU, is set-up at the Boungou exploration camp. RC and core samples are first registered, ordered and then weighed. Samples are oven dried at a nominal 100°C for up to 12 hours depending on the material. The whole sample is crushed to 70% passing 2 mm. One in 50 samples is screened to ensure 70% passing 2 mm. The crushed sample is split for pulverization using a rotary or riffle splitter. The remaining material is stored as a coarse reject. A 250g split of the 2mm material is then pulverized to 85% passing 75 µm in a bowl and puck pulveriser. One in 20 samples is screened to ensure 85% passing 75 µm. The 250 g sub-sample is collected (by scooping) and conditioned for shipping to the Ouagadougou laboratory. Sample pulps are stored on site in a secure locked room until shipment to Ouagadougou. Transportation occurs on a regular basis with security guards. Personnel releasing the samples for shipment to the laboratory assume responsibility for the sample security and

paperwork with recorded sample numbers accounted for prior to shipment to the laboratory. The remaining material (pulp reject) is returned to the original bag (or a plastic bag if the original is not suitable) and stored on-site. All preparation equipment is flushed with barren material prior to the commencement of the job. Cleaning of equipment (e.g. crushers and pulverisers) is by compressed air which is done between each sample.

Gold content was determined at the ALS-OU using a standard 50g fire assay procedure with atomic absorption by spectrometry (“AAS”) finish with a detection lower detection limit of 0.01ppm gold and upper detection limit of 100ppm gold. A prepared sample is fused with a mixture of lead oxide, sodium carbonate, borax, silica and other reagents as required, inquarted with 6mg of gold-free silver and then cupelled to yield a precious metal bead. The bead is digested in 0.5ml dilute nitric acid in the microwave oven. 0.5ml concentrated hydrochloric acid is then added and the bead is further digested in the microwave at a lower power setting. The digested solution is cooled, diluted to a total volume of 10ml with de-mineralized water, and analysed by atomic absorption spectroscopy against matrix-matched standards. ALS-OU internal QA/QC process involves standards, blanks and duplicates. Each analysis batch consists of 84 samples, 78 of which are client samples and 6 are quality control (“QC”) samples, comprising two reference material, one duplicate (taken before crushing), two pulp duplicates, one blank (pulp). Additional pulp check assays are performed on all batches (depending on the number of anomalies present within a given batch). Assay reports from the primary laboratory are submitted as digital data files and as PDF certificates.

In 2017, a total of 822 batches of samples were sent to ALS-OU for a grand total of 60,369 new samples added to the database since the previous resource estimate. An additional 483 RC coarse duplicates and 49 quarter core duplicates were assayed at ALS-OU. 1,830 pulp duplicates from ALS-OU were also assayed at SMF-Lab at Mana, which acted as a check laboratory.

QC and quality assurance (“QA”) programs are set in place to ensure the reliability and trustworthiness of exploration data. SEMAFO assaying protocol is designed to monitor the reliability of assaying results delivered by the assaying laboratories. It consists of systematically inserting blank samples (“blanks”), certified reference materials (“CRM”), field duplicates and lab replicates. Additionally, re-assaying of a set number of sample pulps at a secondary umpire laboratory is performed on a quarterly basis as an additional test of the reliability of assaying results. For every batch of 78 samples assayed by ALS-OU, two reference material samples, two blanks and two pulp duplicates are inserted.

In 2017, fifteen different CRMs were inserted in the sampling sequence by SEMAFO. The CRMs (pulps) were purchased from Rocklabs (12), Geostats Pty Ltd (two) Ore Research & Exploration Pty Ltd (one) and were inserted at a rate of two in every batch of 78 samples. The CRMs range from 0.595 g/t Au up to 11.79 g/t Au. The CRMs results were analyzed by examining control charts and by assessing the location of the CRMs within the sample batch. Although the standards are not matrix matched, they are considered appropriate for assessing laboratory analytical accuracy with respect to Boungou mineralization.

In 2017, a total of 1,706 CRM samples were submitted with primary samples to the ALS-OU. Initially, 93 or 5.5% failed the initial three standard deviation control limits and reruns were requested by SEMAFO. Reruns were successfully performed on some the failed batches and the remaining batches were maintained as is in the database because of insignificant results. SEMAFO considers that reasonable analytical accuracy has been achieved.

1,630 coarse blank samples were submitted with the primary diamond core and RC samples to ALS-OU in 2017. Two blank samples were submitted to ALS-OU per batch of 78 samples. The blank material is sourced from the Bobu quarry and comprises of non-mineralized sedimentary rock. Throughout the year, only one sample failed the 0.08ppm Au threshold. Those results show no evidence of possible contamination or sample cross-contamination caused when crushing or pulverizing equipment is not cleaned properly after mineralized samples are processed.

In 2017, there were a total of 483 RC lab coarse duplicates and 49 quarter core duplicates submitted to ALS-OU. Scatter plot of RC lab coarse duplicate samples shows a good correlation ($R=0.73$) with a much larger spread for values between 0.1 and 10g/t. Rank half absolute difference (“HARD”) plots suggest that 57% of duplicate samples analyzed at ALS-OU have HARD below 10%. Quantile-quantile (“Q-Q”) plots and various statistical tests show that a slight bias is present in the data whereas duplicate assays are slightly underestimated compared to the original. This indicates that the quality of the sample preparation at ALS-OU should be monitored more closely but also that poor reproducibility of RC duplicates is not unexpected for that type of gold mineralization.

Scatter plot of quarter core field duplicate samples shows a good correlation ($R=0.93$). HARD plots suggest that only 41% of duplicate samples analyzed at ALS-OU have HARD below 10%. Q-Q plots and various statistical tests show no evidence of bias that could have been introduced by preferentially submitting the more mineralized half of the core for assay. Poor reproducibility of quarter core field duplicates is not unexpected for sampling mineralization characterized by coarse gold and may suggest that gold grades display nugget effect.

Overall the populations compare reasonably well with some spread in the data typical of gold deposits containing visible gold particles. SEMAFO considers there is no evidence to suggest that the primary sample varies significantly from the duplicate sample and that reasonable precision was achieved during the sampling and assaying process.

A set of 1,830 pulp duplicate samples originally assayed at ALS-OU in Ouagadougou were submitted to SMF-Lab as an umpire check of results from the primary laboratory. Scatter plot shows a correlation of 0.86 and HARD plot suggest that 47% of pulp duplicates analyzed at ALS-OU and SMF-Lab have HARD below 10%. Q-Q plots and various statistical tests show that a slight bias is present in the data whereas duplicate assays are slightly underestimated compared to the original. Paired lab pulp replicates data suggest that gold grades are difficult to reproduce but that it also may reflect difference in laboratory procedures.

Mineral Processing and Metallurgical Testing

A detailed metallurgical testwork program was undertaken and was focussed on primary ore from the Boungou gold deposit. Quantities of oxide ore presented to the process plant are expected to be around 1% of reserves and as such, this ore type was not included in the master composite work. However, it was tested in the variability work.

The detailed testwork was carried out from March 2013 to August 2015 under the direction of Lycopodium, with input from former property owner, Orbis Gold and later SEMAFO, using HQ and PQ (123 mm) drill core recovered from both resource and metallurgical drilling campaigns.

In general, the Boungou primary ore is an abrasive, competent ore with above average comminution energy requirements. The ore has a high gravity recoverable gold content; leach kinetics are very slow when gravity is not included in the flowsheet. High dissolved oxygen levels and lead nitrate are required to achieve fast leach kinetics and adequate gold recovery. Anticipated lime consumption for primary ore is low to moderate, provided good quality water can be provided on site. Cyanide consumption is likely to be moderate. High lime consumption will be experienced if oxide ore forms part of the feed blend.

The variability testwork showed that overall gold recoveries for the Boungou primary ore ranged from 84 % to 99%. There was a distinct relationship between recovery in the gravity stage and overall recovery. LOM head grades for the process plant are expected to average 4.15 g/t with a gold recovery of 92.9%.

The results suggest that the residue grade is moderately correlated with the amount of coarse gold in the sample (measured by % gold in +75 micron fraction of the screen fire assay), arsenic head assay, and gold head assay. A constant tail relationship is not appropriate.

With consideration of the parameters currently in the geological model, a relationship between the residue grade and the gold head assay was developed to produce the following predictive equation:

$$\text{Gold Residue (g/t Au)} = 0.1378 + 0.0384 \times \text{Gold Head Assay (g/t Au)}$$

For example, for a gold head assay of 4.36 g/t Au, the gold residue grade would be 0.31 g/t Au.

As silver residue grades are frequently at the assay detection limit, and no trend with head grade is apparent, it is recommended that a simple arithmetic average of all the silver recovery figures be used i.e. 67%.

Tapoa Exploration Budget

A total of \$9.15 million has been assigned to explore the Tapoa permit group in 2018, 42,000m of RC drilling is planned for the year, essentially dedicated to proximal and regional exploration targets throughout the property. Much effort during the previous years has been dedicated to both delineation drilling and establishing a better understanding of the

regional potential through Auger drilling and detailed mapping. 2018 will be the first year dedicated principally on exploring the remainder of the property.

MINING OPERATIONS

Mining will use a conventional open-pit mining method, with hydraulic excavators in backhoe configuration to mine the mineralized zone, and in face-shovel configuration to mine the majority of the waste. The majority of the rock requires blasting and only the softer material located within the top 5 m to 10 m of the deposit will be free digging and loaded directly by hydraulic excavators. The mining operations are anticipated to be contracted out with SEMAFO overseeing management and the provision of the mining technical services.

The LOM is expected to last approximately 8 years; in 2026, the mill should be fed solely from remaining stockpile. Over the LOM, approximately 176 Mt of rock and topsoil will be mined, comprising 11.2 Mt of ore and 165 Mt of waste, including top soil at an average strip ratio of 14.7:1. A summary of the mining schedule is presented in the table below.

Mining Schedule Summary⁷⁸

	2018 (pre production)	2018	2019	2020	2021	2022	2023	2024	2025	2026	TOTAL LOM
Bougou											
Waste (t)	13 485 000	6 803 600	24 934 000	24 887 000	25 211 000	26 499 000	21 872 000	20 457 000	649 000		164 797 600
Ore processed (t)	180 000	449 000	1 343 000	1 343 200	1 343 200	1 343 200	1 343 200	1 343 200	1 343 200	1 163 800	11 195 000
Head grade (g/t)	1,85	4,87	5,58	5,60	4,99	4,61	4,46	3,00	2,10	2,00	4,11
Recovery (%)	90,1%	93,3%	93,7%	93,7%	93,5%	93,5%	93,5%	91,0%	91,0%	89,6%	92,9%
Total Gold recovered (oz)	9 646	65 592	225 757	226 600	201 486	186 142	180 086	117 895	82 527	67 051	1 362 783
Cash operating cost per tonne (\$/t) ¹		75	67	66	76	81	81	79	52	38	66
Sustaining capital (\$)		2 758 000	3 992 000	3 892 000	4 000 000	4 000 000	4 000 000	4 000 000	4 000 000	4 000 000	34 642 000
All-in sustaining cost (\$/oz)²		555	419	405	527	606	626	934	895	719	570

¹ Cash operating cost per tonne is a non-IFRS financial performance measure with no standard definition under IFRS and is calculated using total operating costs related to tonnes processed (which includes capitalized stripping activities) over tonnes processed.

² All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the total mining operation expenses (which includes capitalized stripping activities), plus sustainable capital expenditures.

Processing and Recovery Operations

The metallurgical treatment route selected has been based on the results of the testwork program and includes processing ore at 4,000 tpd via the following unit process operations:

- Single stage primary crushing with a jaw crusher to produce a crushed product size of 80% passing (P₈₀) of 133 mm.
- Mill feed surge/overflow bin that overflows to a 8,000 tonne stockpile to provide 48 hours of capacity. During extended periods of up to two days for primary crusher equipment maintenance, ore from the stockpile will be reclaimed by an excavator or dozer to feed the grinding circuit.
- The grinding circuit is a SATMC type, which consists of a closed circuit SAG mill, pebble crusher for SAG mill discharge oversize and a closed circuit tower mill to produce a P₈₀ grind size of 63 µm.
- A gravity gold recovery circuit.
- Hydrocyclones are operated to achieve a cyclone overflow slurry density of 27% solids to promote better particle size separation efficiency. Subsequently, a pre-leach thickener is included to increase slurry density to the leach circuit, minimise leach tank volume requirements and reduce overall reagent consumption.
- Leach circuit with five tanks to achieve the required 36 hours of residence time at nominal plant throughput. Carbon-in-pulp carousel circuit consisting of seven stages is a carbon adsorption circuit for recovery of gold dissolved in the leaching circuit.
- AARL elution circuit with gold recovery to doré. The circuit includes an acid wash column to remove inorganic foulants from the carbon with hydrochloric acid.
- Carbon regeneration kiln to remove organic foulants from the carbon with heat.

⁷ The statements in this section are forward-looking. For more information on forward-looking statements, see ITEM 23-FORWARD-LOOKING STATEMENTS.

⁸ Please refer to ITEM 4 – MINERAL RESERVES AND RESOURCES ESTIMATES.

- Tailings thickener to increase slurry density for water recovery prior to tailings discharge to the tailings storage facility.

The processing facility also includes water, air and oxygen services (storage and distribution), and reagent and grinding media storage and usage.

Infrastructure, Permitting and Compliance Activities

Infrastructure

The major infrastructure at the site to support a 4,000 tpd (1.34 Mtpa) mining and processing facility includes a 15.4 Megawatt onsite power generation via a hybrid heavy fuel oil and light fuel oil generators, electrical distribution, bulk fuel storage, TSF, water storage dams for water harvesting, sediment ponds, raw water storage facility, main access road, reagents and consumables storage, plant operations and maintenance buildings, administration building, medical facilities, warehousing main kitchen and dining room, engineering and exploration offices, accommodation camps with services for operations and maintenance personnel, and security.

The TSF will have a capacity to store 10 Mt of tailings generated by the process plant is required for the LOM with tailings being produced at a rate of 1.34 Mtpa. The preferred site selected for the project is located 800 m to the north-east of the process plant. The tailings storage facility will require a single embankment along its south and western extents with a total embankment length of 1665 m and with a maximum embankment height of 23.6 m at the south west corner. The eastern and northern margins of the storage facility are confined by a natural laterite ridge line and therefore no supporting embankment is required along these margins. The tailings beach surface at full capacity will cover an area of approximately 76.5 hectares. Tailings will be pumped to the TSF as a slurry at 62% to 65% solids and will be deposited sub-aerially to facilitate drying and consolidation of the tailings mass.

Geochemical testing of the two composite tailings samples were conducted and found to be non-acid forming but were highly enriched in arsenic which was soluble under the pH conditions anticipated in the TSF. As a result of the high arsenic in the tailings solids and supernatant a robust seepage control system comprising an above liner underdrainage system, a geomembrane liner overlying a compacted in-situ low permeability sub-base and a sub liner seepage recovery drains have been included in the design.

The total water demand for the site was estimated at between 1.1 and 1.4 million m³ per year. The water demand for the process plant amounts to 0.75 million m³, which includes the process raw water requirement of 0.08 million m³ but excludes water in ore. Other water demands include a provision of between 0.2 million m³ and 0.6 million m³ for dust suppression and wash down water and 0.04 million m³ for potable water requirements. The demand will be met from TSF decant, pit dewatering (including precipitation on the pit area), runoff from the rompad and plant site and sediment impacted runoff collected in the sediment control ponds. The balance of the water demands will be made up of raw water harvested from the groundwater and the surface water sources.

Raw water demands at Boungou will be met from two creeks which are located to the east and west of the process plant and water which will be harvested from the sediment ponds located around the site. An East Water Supply Dam will be constructed approximately 1.5 km to the north east of the processing plant. The mean annual runoff at the dam site is estimated to be 0.95 million m³ from a catchment area of 1902 Ha. A West Water Supply Sump will be constructed approximately 2.0 km to the west south west of the processing plant. The mean annual runoff at the dam site is estimated to be 1.15 million m³ from a catchment area of 2262 Ha. The flat topography at the dam sites would result in significant evaporation and seepage losses should this location be used to store water for extended periods of time and therefore a supplementary water storage facility, the Raw Water Pond, has been provided to store water more efficiently. Three major sediment ponds have been designed to capture runoff from the waste dumps with an upstream clean water diversion designed to carry non impacted water around the site. In light of the above described water infrastructure, the water demands at Boungou will be fully met.

Environmental, Permitting and Social or Community Impact

Burkina Faso has a regulatory framework for environmental and social management. The relevant policies, laws and regulations of Burkina Faso were taken into account during the implementation of the ESIA.

The application for an operating permit requires a feasibility study (“FS”) that must first be accepted by the *Ministère de l’environnement et du développement durable*⁹. The FS must include an ESIA which in turn must include a RAP that has been accepted by all stakeholders. Once in production, a mining permit holder is required¹⁰ to open under his name a fiduciary account named *Fonds de préservation et de réhabilitation de l’environnement minier*¹¹ at the *Banque Centrale des États de l’Afrique de l’ouest*¹². This account must be funded annually on January 1st by an amount equal to the total rehabilitation budget presented in the ESIA, divided by the number of years of production to cover the costs of mine reclamation, closure and rehabilitation.

Both the ESIA and the RAP were filed with the government of Burkina Faso in the second quarter of 2016. Our mining permit application for Boungou was approved on December 22, 2016 by the Council of Ministers of the Government of Burkina Faso.

Many baseline studies have been conducted from 2013 and 2015 in order to fully document the sensitive environmental and social components of Boungou.

The stakeholder information and consultation process was an integral part of the ESIA. Mechanisms and communication tools were put in place so that all those involved in, or affected by, the project could freely express themselves. The information collected during these consultations helped identify issues, risks, benefits, and opportunities in order for the project to avoid, minimize, or offset negative impacts and enhance the positive ones.

Our project will impact the physical, biological, social and economic components of the Boungou project area. The impacts on physical environment are moderate given the mining operations have a zero water discharge and that the project is engineered to protect ground water from potential cyanide contamination. The most significant impact is the social component with the resettlement of the population currently living on its site. The economic impact of the project at the local, regional, and national levels is positive as it will provide jobs during construction, operation and closure phases which will increase household incomes and improve living conditions. The revenues generated by the mining operation will also increase Burkina Faso’s internal revenue through taxes and royalties charged by the local authorities.

Boungou required the relocation of 165 concessions involving approximately 900 inhabitants and compensation was paid for 813 Ha of farmland.

Geochemical studies have been conducted to assess the potential for acid drainage (Acid Rock Drainage) and metal leaching of the waste rock and construction materials as well as CIP tailings and heap leach solids. It was found that the direct seepage from the waste dump will meet Burkina Faso’s Effluent Discharge Criteria for release to surface water.

A Conceptual Closure and Rehabilitation Plan was developed including work to be conducted from the closure of the mine, at the end of operational activities, as well as progressive rehabilitation work. The estimated cost for the direct closing, decommissioning and restoration cost, engineering and post closure monitoring is estimated at \$18 million. When including contingencies and salvage value recovery, the cost for mine closure and remediation should be \$17.8 million.

Capital and Operating Costs

Initial Capital Costs

As of December 31, 2017, development costs in the amount of \$159 million were incurred on a total budget of \$231 million.

⁹ Ministry of Environment and Sustainable Development

¹⁰ Decree No. 2007-845/PRES/PM/MCE/MEF.

¹¹ Fund for the Preservation and the Rehabilitation of the Mining Environment

¹² Central Bank of West African States

Yactibo Property

INTRODUCTION

Information in this section is based on the technical report entitled “Yactibo Permit Group, Nabanga Gold Deposit”, dated June 2015 (the “**Yactibo Report**”), prepared by John Graindorge, Principal Consultant – Applied Geosciences at Snowden and Harald Muller, B.Eng.(Chem), MBL, FAusIMM, FIChemE, FSAIChE, Divisional Manager – Metallurgy at Snowden, “qualified persons” for the purposes of the Yactibo Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Readers should consult the Yactibo Report which is available under SEMAFO’s profile on SEDAR at www.sedar.com to obtain further particulars regarding the Nabanga gold deposit.

Unless otherwise indicated, technical information which has been disclosed since the release of the Yactibo Report has been prepared under the supervision of, or reviewed by, Mr. Crevier, P.Geo, MScA, Vice President Exploration and Mine Geology, our “qualified person”.

Management does not consider the Nabanga gold deposit as being a material project to the Corporation.

Property Description, Location and Access

The Nabanga gold deposit is part of the Yactibo permit group located in Burkina Faso, West Africa. The project lies approximately 250 km southeast of Ouagadougou, the capital of Burkina Faso. We indirectly hold, through Birimian Resources Sarl and Birimian Discovery Sarl (an immaterial subsidiary of SEMAFO), three contiguous exploration permits Nabanga, Kamsongo and Napade, collectively known as the Yactibo permit group, covering approximately 417.24 km² of southeast Burkina Faso. The Nabanga exploration permit, which hosts the Nabanga gold deposit, covers an area of 179 km² and was granted on April 1, 2008 by Burkina Faso decree No. 08-059 to Birimian Resources SARL, a 100% owned subsidiary of SEMAFO. The original vendor of the permit retains a 1% net profit royalty, payable upon any future gold sales.

Access to Nabanga is by means of Route Nationale RN04, an all-weather bitumen road from Ouagadougou, the capital of Burkina Faso, through Fada n’Gourma. From there, travel is via Route Nationale RN18, an all-weather bitumen road to within approximately 15 km of the Nabanga gold project. An unsealed dirt road, which crosses the Komienga River, is then used to access the Nabanga property approximately 15 km to the west of RN18.

History

Four of the initial Yactibo permits (Nabanga, Kamsongo, Ouargaye and Yacti - the two latter no longer part of the Yactibo permits) were acquired by Orbis Gold in 2007 and 2008, through certain Orbis Gold subsidiaries in Burkina Faso. The Napade permit was later added to the Yactibo permit group in 2011 to fill the gap between the Nabanga and Kamsongo permits. The Yactibo permit group was acquired through the acquisition of Orbis Gold.

No exploration is known to have occurred on the Yactibo permits prior to Orbis Gold’ acquisition of the permits in 2007 and 2008. Other than the Nabanga gold deposit within the Nabanga permit, all other areas within the Yactibo permit group are considered to be at an early exploration stage.

Initial exploration by Orbis Gold on the property comprised mapping and field reconnaissance, which identified a number of artisanal mining trends. Rock chip samples within the Yactibo permit group, collected primarily from artisanal mining sites (artisanal samples are typically either grab samples from the spoil heaps or from “ore” mined from underground), show results of up to 101.3 g/t Au (sample of quartz vein collected from spoil heap at Pilogre artisanal site).

In 2010, a limited regional drilling program was undertaken which resulted in the discovery of the Nabanga gold deposit. A high resolution airborne geophysical survey (magnetics and radiometrics) was flown by NRG in 2011.

A second phase of drilling was completed at Nabanga in mid-2011 and based on the results, further resource definition drilling was completed in the 2011 to 2012 field season, culminating with an initial mineral resource estimate being

completed by Snowden in September 2012, which was classified and reported in accordance with the 2004 edition of the JORC Code.

Follow-up diamond drilling below the initial resource was completed in 2013 with mixed results. According to Orbis Gold (2013), the deep diamond drilling indicates a significant weakening of the Nabanga structure below 200 m vertical depth. An additional five RC drill holes were completed by Orbis Gold in 2013 along strike to the northeast, with no significant mineralization intersected, effectively closing off the resource to the northeast. The 2017 exploration program is designed to test proximal parallel coincident geochemical and geophysical anomalies for Nabanga-type mineralized quartz veins.

Geological Setting and Mineralization

The Yactibo permit group straddles a major northeast trending shear separating the Youga Belt in the northwest from the Diapaga Belt in the southeast. The Nabanga gold deposit is located to the southeast of the shear, within the Diapaga Belt. The Diapaga Belt is dominantly comprised of metamorphosed intermediate volcanics, sediments, and foliated or migmatitic granites and gneisses.

The overall strike orientation of the mineralized structures within the Yactibo permit group is northeast-southwest, with a moderate to steep dip towards the northwest. Gold mineralization at Nabanga is predominantly hosted within a magnetic-rich granodiorite intrusive. The gold mineralization is associated with quartz veining and a distinctive alteration zone developed around the central quartz filled structure. The mineralized structure dips approximately 65° towards the northwest and has an average horizontal thickness of 4 m.

Deposit Types

The Nabanga mineralization is considered to belong to the 'intrusion related' class of gold deposits.

The granodiorite host has been variously altered with the alteration associated with the mineralized structure primarily comprising sericite-biotite-hematite-chlorite. Sulphide minerals, mostly pyrite with some trace chalcopyrite, are relatively uncommon. Scanning electron microscope ("SEM") analyses of specimens collected from RC drill hole NARC040 show that the gold occurs as fine (<10 µm) gold ±silver telluride inclusions within pyrite grains. A backscattered SEM image showing calaverite (gold telluride; calaverite = AuTe₂) inclusions within a pyrite grain as well.

EXPLORATION

Drilling

Drilling at Yactibo was performed by a combination of RC and diamond drilling. The diamond drill holes were generally pre-collared using RC drilling down to maximum depth of 200 m below surface. Diamond tails (NQ diameter) were used to complete the holes. A limited number of diamond holes were cored from the surface. A number of trial Rotary Air Blast ("RAB") holes were drilled within the Kamsongo permit, however the drilling technique was deemed unsuitable and often could not reach the planned target. No further RAB drilling has been completed.

Orbis drilling dataset contains 441 drill holes, of which 390 were used for the resource estimate. The 51 drill holes which were not included in the Nabanga resource estimate either do not intersect mineralization or are too sparse to allow resources to be modelled.

The vast majority of the drilling within the Nabanga permit is focused on the Nabanga gold deposit, which is split into the North Zone, Central Zone and Southern Extension Zone. Efforts during 2017 on the Nabanga gold deposit was focused on geological interpretation and understanding of the mineralization. The resulting new model suggests a shallow north plunge of the different mineralized shoots, many of which remain open at depth. This new interpretation will be tested during the 2018 exploration program.

A total of 6,657m of RC drilling was completed by SEMAFO on the Yactibo property in 2017. Drilling was used to explore potential proximal structures to the Nabanga gold deposit. Although local anomalous values were obtained, continuity appears limited.

All drill hole collars were surveyed using a Trimble Geoexplorer 6000 differential global position system. The coordinate system basis used is WGS84 Zone 31N.

All drill holes used for the Nabanga mineral resource estimate have been surveyed using digital single and multi-shot cameras. The cameras used for the downhole surveys are the Campteq multi-shot camera and the Reflex EZ-trac multi-shot camera; both have a reported accuracy of $\pm 0.5^\circ$ for azimuth measurements and $\pm 0.2^\circ$ for dip measurements. It was noted that the downhole surveying methodology used can be influenced by magnetic interference from the surrounding host rocks, however, given the low magnetic susceptibility of the Nabanga gold deposit (average of approximately 24,600 nT), this interference is unlikely to be material to the mineral resource estimate.

The drill hole collars were used to create a topographic surface for constraining the resource block model. It is considered reasonable given the early project status.

The drilling recoveries for both diamond core and RC drilling were reviewed to ensure appropriate material weight or core length was recovered during drilling. The global recovery of RC chips is acceptable, with an average recovery of 80% to 90%. The estimated recovery of the RC drilling is based on a 5¼ inch (133.35 mm) diameter drill hole with a global average bulk density of 2.8 t/m³. It is considered that the recoveries are acceptable for representative sampling and subsequent mineral resource estimation.

Sampling, Analysis and Data Verification

Material from the RC drilling is collected (every 1 m) into a plastic bag directly from the cyclone on the drill rig. The bags are pre-labelled with the hole ID, "metre from" and "metre to". A small sample of chips from each 1 m drilling run is removed with a sieve, washed and placed in appropriately labelled chip trays for future reference.

The geologist identifies possible mineralized intersections which are sampled on a 1 m interval. The metre bags are split using a three-tiered riffle splitter, followed by a single tier riffle splitter to produce a nominal 2 kg sample. Outside the mineralized interval, RC samples are composited to 4 m samples. A three-tiered riffle splitter and/or single tier riffle splitter is used to split the metre bags to an approximate weight of 500 g resulting in an approximate 2 kg sample representing a 4 m interval of drilling. Sample tickets are placed into a plastic bag and the hole ID and sample depth recorded on the remaining ticket stub. The riffle splitter is cleaned after each sample with a brush. Quality control samples are also submitted with these samples.

For wet samples, holes are poked in the plastic metre bags and the water allowed to drain. The samples are then placed on black plastic sheets, under the supervision of the geologist on site, to dry. Once dried, the samples are homogenised by hand and then split using the same process as the dry samples.

The split 2 kg samples are placed in a plastic bag and transported to camp to await shipment to SGS-OU. The original 1 m drill bags from each hole are transported directly after splitting and arranged in order by depth drilled at the bag farm. With the exception of initial RC drill holes, Orbis Gold routinely collect a 2 kg to 3 kg split of the 1 m samples for storage in an enclosed shed on site.

The assay results from the 4 m composites are used to select 1 m intervals for resampling. A grade of 0.25 g/t Au is used to flag 4 m composite samples for the second phase of assaying. The 4 m composite samples either side of the identified mineralized section are also split to bracket potential mineralization. A riffle splitter is used to split the 1 m sample to an approximate 2 kg to 3 kg sample. This is placed in a pre-labelled polythene bag. A corresponding sample ticket is placed in each bag and the hole ID and depth recorded on the stub remaining in the ticket book. The riffle splitter is cleaned after each sample. Records of sampling show that RC samples were collected dry 77% of the time, moist 9% of the time and wet 13% of the time.

Diamond core samples are collected based on 1 m intervals or to the lithological/ alteration/mineralization boundaries. The core is cut in half lengthwise using a diamond saw and the sampled half core (right-hand side) is placed in a plastic bag and labelled with the hole ID and depth. A sample ticket labelled with the hole ID and depth is also placed in the bag.

Samples are stored securely on site at Nabanga, with the transportation of samples during the drilling campaigns overseen by security guards. Personnel releasing the samples for shipment to the laboratory assume responsibility for

the sample security and paperwork, with recorded sample numbers accounted for prior to shipment to the laboratory. Laboratories in Ouagadougou check the received samples against the paperwork and signs-off on the receipt.

Drill core and RC samples were submitted to three different laboratories – the BIGS laboratory in Ouagadougou (“**BIGS-OU**”), the ALS-OU and the SGS-OU, all located in Ouagadougou, Burkina Faso. ALS-OU was used for samples from drill holes NARC001 to NARC091, with all subsequent RC samples submitted to the SGS-OU. Diamond drill core samples were submitted to the BIGS-OU.

Samples received in a pulp form (i.e. standards and/or blanks) are prepared by the SGS-OU as follows: one in 30 samples screened to ensure 85% passing 75 µm; if the screen test fails the required particle size then all samples are screened; any samples failing the screen test are milled to attain the required particle size.

If the samples are received as rocks, drill core or RC drill cuttings, SGS-OU prepare the samples as follows: the samples are dried at 105°C for a minimum of six hours; samples are weighed and crushed to 80% passing 2 mm; 1.5 kg is split by rotary splitter or riffle splitter; the entire 1.5 kg split of the 2 mm material is then pulverised to 85% passing 75 µm in a bowl and puck pulveriser. A 200 g sub-sample is then collected (by scooping) from the 1.5 kg split. The remaining material is returned to the original bag (or a plastic bag if the original is not suitable). All preparation equipment is flushed with barren material prior to the commencement of the job. Cleaning of equipment (e.g. crushers and pulverisers) is by compressed air which is done between each sample.

All samples were analysed for gold using industry standard fire assaying with the gold grade determined by AAS. This technique has a detection limit of 0.01 ppm Au for both the ALS-OU and SGS-OU. The detection limit at the BIGS-OU (diamond core only) is reportedly 0.001 ppm Au. Samples analysed at SGS-OU are assayed by fusing a 50 g sample with a litharge (lead oxide) based flux followed by cupellation, dissolving the gold-bearing prill in aqua regia and determining the gold content by AAS. SGS-OU undertake an internal QA/QC process involving standards, blanks and duplicates. Each analysis batch consists of 84 samples, of which 10 are QC samples, comprising four reference materials, two duplicates (taken before crushing), two pulp duplicates, one blank (pulp) and one coarse blank. A minimum of 5% additional check assays are performed on all batches (depending on the number of anomalies present within a given batch). SGS-OU provided Orbis Gold with a monthly report of results from the internal QA/QC program. All assay reports from the primary assay laboratory (SGS-OU) are submitted to Orbis Gold as digital data files and as PDF certificates. The internal QA/QC procedures used at the ALS-OU and BIGS-OU are not known.

Standard samples were submitted by Orbis Gold with primary samples to the laboratory. A standard was inserted into the drill hole sample batch at the end of the visually mineralized intersection along with at the end of the hole. From the supplied QA/QC dataset, Orbis Gold utilised 22 standards since 2010. The certified standards have been sourced from Ore Research and Exploration Pty Ltd (“**ORE**”). The standards represent 2% of all samples submitted to the laboratory (502 out of a total of 17,968 samples). The ORE standards are considered as representative of the style of mineralization exhibited at Nabanga. The ORE standards are derived from the Magdala Lode at the Stawell Gold Mine in Victoria and a high grade lode from the Cracow Gold Mine in Queensland. The selection of standards based on grade is appropriate and reflects the likely grades at Nabanga. Of the 502 standard sample results, 25 lay outside the control limits, as defined by three standard deviations from the expected grade, as specified by ORE.

Orbis Gold submitted a blank sample at the start of each drill hole sample sequence, along with one blank within the mineralized intersection. Results from the blanks for gold are considered reasonable with the average grade of the blank samples being 0.014 g/t Au, however it was noted that the grades range from below the detection limit up to 1.82 g/t Au. The average of the blank material is well below the mineralization cut-off (0.20 g/t Au) used for geological modelling. The results are considered acceptable for mineral resource estimation and some of the higher than expected gold grades are attributed to elevated background levels inherent in the material.

Orbis Gold riffle split 418 field duplicate samples and submitted them within the sample batches for analysis. The duplicate sample pairs have a Pearson correlation coefficient of 0.98, which is considered an excellent correlation for a gold deposit. The mean gold grade of the original and duplicate samples is 3.84 g/t Au and 3.90 g/t Au respectively. The coefficient of variation for the original and duplicate datasets is 2.70 and 2.62 respectively, indicating that the variability is similar in both datasets, as would be expected. Overall the populations compare well, with some outliers at higher grades typical of gold deposits containing visible gold particles. It is considered that there is no evidence to

suggest that the primary sample varies significantly from the duplicate sample and that reasonable precision during the sampling and assaying process has been achieved.

Bulk density measurements were collected on site by Orbis Gold from samples of diamond drill core. A total of 139 bulk density measurements were completed, including five duplicated measurements. The measurements were completed primarily on fresh, non-porous core and include the following lithologies: granodiorite (84 measurements); amphibolite (30 measurements); quartz vein (20 measurements). Two methods were employed by Orbis Gold to determine the bulk density. The initial 46 bulk density measurements were taken using a displacement calculation as Orbis Gold were not in possession of an appropriate set of scales. This method was discontinued due to the inaccuracy surrounding the method. A further 83 measurements were obtained by using the Archimedes immersion technique (weight in air divided by the difference between the weight in air and the weight in water). The procedure for measuring bulk density using the Archimedes water immersion technique is reasonable for an Inferred Resource, however there is scope for improvement. Ideally, wax coating of samples may be necessary to obtain reliable measurements in the oxidized zone (plastic wrapping is not recommended due to excess air being trapped which results in underestimating the bulk density).

Twinning of four RC drill holes was undertaken by Orbis Gold in 2012 with HQ diameter diamond core (HQ has a similar hole diameter to RC). The twinned holes are within 5 m of each other within the mineralized zone. The results show a moderate level of variability in both the mineralized intersection width (i.e. downhole length) and grade. Comparisons between the twinned drill holes are as follows: The comparison between NARC154 and NADD012 shows a narrower intersection at higher grade in the diamond drilling, which is likely a result of sampling the diamond drill hole to the geological boundaries, whereas the RC drill hole is sampled on a 1 m downhole interval. However, there may be some contamination downhole in NARC154 contributing to the wider intersection; NARC134 and NADD013 compare reasonably well, with the grade difference attributed to local geological variability; NARC184 shows a significantly narrower intersection than the corresponding twinned diamond core drill hole, NADD002, likely caused by a local steepening of the structure; the modelled mineralized intersection for NARC033 is significantly narrower than the diamond twin. However, including lower grade mineralization in the footwall of the modelled RC Intersection shows a good comparison to the diamond core twin, with similar width and grade. It is noted that at this stage there is not enough twin drill hole data to enable a meaningful statistical comparison to be completed.

Assay data validation has been completed by Orbis Gold through the insertion of certified standards and field duplicate samples in the sample batches and it is believed the assay data within the database is robust.

The sampling practices and assaying practices used for the trench, rock chip and soil sampling programs are adequate for the purposes of early exploration. While some minor errors are likely to be present in the geochemical assay data, it is believed these are minimal and not material to the assay data for the purposes of early exploration. The RC and diamond core drilling completed at Nabanga by Orbis Gold between 2010 and 2012 included independent QC samples with the sample batches, the results of which show reasonable precision and accuracy have been achieved. Additionally, the diamond core drilling, is achieving excellent core recovery. Assaying for gold has primarily been completed at the SGS-OU, which, based on the results of the QC samples and multiple inspections, has achieved reasonable precision and analytical accuracy. The drill hole assay data for the Nabanga gold deposit is reasonable for use in resource estimation.

SEMAFO's drilling on Yactibo went through identical QA/QC procedures than other projects but no report was realized due to lack of significant results.

Yactibo Exploration Budget

A budget of \$3.8 million will be allocated to the Yactibo Property in 2018. The program consists in 10,000m of diamond drilling on the Nabanga gold deposit designed to test the extensions of the known mineralized shoots at depth and along strike, and to test the new interpretation work completed in 2017.

Mineral Processing and Metallurgical Testing

The following section is taken from an Independent Technical Report and Valuation of the mineral assets of Orbis Gold, which was prepared by Snowden at the request of Orbis Gold in December 2014.

The metallurgical testwork reports for the Nabanga gold project, includes:

- ALS Metallurgy - *Metallurgical testwork conducted upon samples from Nabanga Gold Project for Orbis Gold* - November 2013
- Lycopodium - *Nabanga Project Metallurgical Testwork Review* - October 2012
- Pathfinder Exploration Pty Ltd - *Petrographic and Mineragraphic Descriptions* - 2011
- Knight Piesold Consulting - *Memorandum to Mt Isa Metals Ltd.* (Orbis Gold former name); re: Preliminary Waste Rock Geochemical Characterisation - 22 October 2012
- Pathfinder Exploration Pty Ltd - *SEM Analyses of Samples NARC040 66 m to 67 m and 69 m to 70 for Mt Isa Metals Ltd.* - 6 June 2012
- JK Tech - *SMC Test Report; Mt Isa Metals Ltd.* (Orbis Gold former name) - July 2012.

The testwork conducted at ALS-OU in 2013 was relatively broad and included:

- Chemical analyses
- Gravity separation
- Flotation
- Leaching.

The head grade of the composite sample tested was 10.9 g/t Au and 3 g/t Ag. Recoveries were not optimised, however gold recovery to a flotation concentrate was 80% at a grind size of P₈₀ of 75 µm. A laboratory scale Knelson concentrator recovered approximately 12.5% of the gold to a gravity concentrate. Subsequent high intensity leaching recovered about 25% of the gold with the balance reporting to the gravity tails.

Cyanidation tests were conducted on samples from the various mineralized zones, which included low, average and high grade oxidised material, as well as low, average and high grade sulphide material, all at a grind size P₈₀ of 106 µm. Further leach tests were also conducted at finer grind sizes of 53 µm, 25 µm and 10 µm.

The initial leach tests were conducted to establish the free-milling nature of the mineralization at Nabanga. The results showed that oxide material recoveries of 70% of Au and 83% of Ag could be achieved after 48 hours of leaching. The fresh samples only achieved 47% Au recovery and 51% silver recovery, giving an early indication that the Nabanga mineralization may be refractory.

As the initial leach tests at a grind size P₈₀ of 106 µm returned unsatisfactory results, further tests were conducted at finer grinds and then also at higher cyanide concentration.

Although the initial leach tests performed relatively poorly, further fine grinding and higher cyanide additions did result in satisfactory gold recoveries. This indicates a more complex flowsheet requiring fine grinding of the feed prior to intensive leaching will be required.

Further testwork will be required to determine if the recovery of gold in a gravity circuit will enhance overall recoveries and also if the inclusion of a flotation circuit to produce a high grade concentrate will improve overall processing efficiencies and recoveries.

The following comminution tests were undertaken:

- Bond Work Index
- Bond Abrasion Index
- SMC tests.

Testwork results confirmed that the material was hard, with a Bond Work index of 22.9 kWh/t for the quartz rock type and 23.5 kWh/t for the granodiorite rock type. SMC testwork confirmed A x b values of 34.7 and 37.1, which supports the data that the material would be classed as hard for comminution design purposes.

Knight Piesold investigated the potential for acid and metalliferous drainage from waste rock for the Nabanga gold project. Based on results from acid-base accounting, the net acid generation tests show the waste rock appears to present low risks of generating acid drainage. Similarly the waste rock samples were found to have a low level of enrichment and therefore the risk of leaching metal from the waste dumps was considered to be low. However further confirmatory tests were recommended during subsequent project design phases.

Current metallurgical testwork for the Nabanga gold project is considered to be preliminary in nature and further testing is required to evaluate and optimise processing options, and to assess the variability of the mineralization in terms of its metallurgical characteristics.

ITEM 6 - COMPETITIVE CONDITIONS

Significant and increasing competition exists for the limited number of acquisition opportunities available. Competitors for acquisitions include large established mining companies with greater financial and technical resources than us. As a result, we may be unable to acquire additional attractive mining properties on terms we consider satisfactory.

Furthermore, gold is traded on world markets with benchmark prices for gold based on the London Bullion Market, which may be subject to considerable fluctuations. Gold can be easily sold on many markets throughout the world and it is difficult to ascertain its future market price at any particular time.

Increasing competition in the mining sector has also had an important impact of the level of demand on various services, equipment, supplies and parts necessary to carry out our operations. The shortage of any needed good or service may cause cost increases or delays in delivery time hereby materially adversely affecting production schedules as well as our financial condition and results of operations.

Moreover, we and other companies in the mining industry compete for qualified and key personnel with strong knowledge and expertise in the mining environment. We must find and retain such qualified employees in order to continue to operate successfully.

ITEM 7- SALES AND REFINING

We sell gold doré to a refiner at the market price. Since there are several other available gold refiners, we are not dependent upon our current refiner.

ITEM 8 - FOREIGN OPERATIONS

Our operations are concentrated in West Africa, where we operate our Mana Mine and target production start-up of the Boungou Mine in the third quarter of 2018. Burkina Faso continues to foster a relatively investor friendly environment. Other than the customary corporate restrictions on doing business within their corporate objective, i.e. the exploration for and operation of a gold mine, our subsidiaries are not subject to any additional restrictions by the governments of the states in which they operate.

Our everyday operations in Africa are exposed to various levels of legal, political, economic and operational risks and uncertainties associated with operating in a foreign jurisdiction. They require permits from various local authorities. Such activities are subject to local laws and regulations governing exploration activities, mining activities, exports, taxation, labour standards, occupational health and safety, toxic substances, waste disposal, land use and environmental protection. Companies such as SEMAFO that engage in the development and operation of mines and related facilities have to deal with increased costs and delays ensuing from the need to comply with applicable laws, regulations and permits.

Burkina Faso is a member of the Economic Community of West African States and has adopted a single system of business laws and implementing institutions, the OHADA rules, which harmonizes to a great extent applicable business and commercial laws and is generally based on civil law principles, very similar in nature and substance to those applicable in the province of Québec. The similarities in the applicable legal context and institutions provide us with greater ease in its operation and evaluation of risks as we operate in a somewhat familiar legal environment.

The government of Burkina Faso holds 10% in our operating corporate entities, Semafo BF and soon, Semafo Boungou S.A. The government is represented on the corporate board of directors of these subsidiaries along with representatives of SEMAFO who has the majority of Board representatives. Local management as well as executive management of SEMAFO work closely with representatives of the government on a continuing basis in order to advance business. Executive management, including the President and Chief Executive Officer, travel to Burkina Faso to participate in board of directors meetings of our operating subsidiaries.

Despite the inherent cultural differences resulting from operating in a foreign jurisdiction, the common language, the presence of a number of nationals in the management team and on the Board as well as a continuous closely knitted relationship between management and local operations have had a positive impact on our operations and relationships with local stakeholders. For instance, local management in Burkina Faso includes the presence of a former Mining Minister as well as former President of the Chamber of Mines of Burkina Faso and, since 2012, Mr. Tertius Zongo, a former Prime Minister of Burkina Faso, has joined the Board. In addition, Mrs. Flore Konan lives in Ivory Coast and works for an entity controlled by the national government. This provides management and the Board with the capability of breaching certain cultural barriers and allows for the appropriate understanding of legal, business and operational concerns. See ITEM 11-RISK FACTORS.

ITEM 9 - ENVIRONMENTAL PROTECTION

Each step of our operations is subject to environmental regulations. We recognize that appropriate environmental management is essential to the proper carrying out of mining operations and activities. As such, our goal is to minimize the environmental impacts of our processes and activities. We make every effort to protect the environment against the risks that may arise from its activities and encourage any action that contributes towards the responsible management of natural resources. We implement our corporate Environmental Policy and comply in all material respect with applicable environmental laws. Our thoroughness and performance have allowed us to minimize our financial risks, including environmental offences and damage to our reputation. See ITEM 10 – SOCIAL AND ENVIRONMENTAL POLICIES and ITEM 11-RISK FACTORS.

ITEM 10 - SOCIAL AND ENVIRONMENTAL POLICIES

To our knowledge, all our operations are in compliance with all environmental laws and regulations in all material respects.

We are conscious of our social and environmental responsibilities and as such, have adopted a series of corporate policies. Such corporate policies are available on our website and include an environmental policy and a social responsibility policy in which we reiterate our commitment to conduct our business in a manner that promotes sustainable development and an improvement in the social welfare of the regions in which we operate. The policies set out our commitment to limit as much as possible the impact of our activities on the environment and the surrounding communities.

Accordingly, our environmental specialists have established and abide by strict process management systems so as to protect natural resources and minimize our environmental footprint. Our environmental specialists are responsible for all facets of water and waste management, environmental risks and incidents, as well as the implementation of employee training and awareness programs.

Our environmental control systems and initiatives are closely monitored with detailed reports completed monthly. Specialized independent firms conduct regularly scheduled environmental audits. All recommendations are incorporated into our continuous improvement process.

Furthermore, our Social Responsibility Policy demonstrates our commitment to social responsibility and outlines our guiding principles in this regard. We are committed to promoting social responsibility by continually improving our knowledge, our understanding of challenges and our actions. In our host countries, we seek to establish environments that are conducive to improving living conditions through investments in community projects, job creation, training, and improving the quality of life of the people and communities.

Along with our expatriate employees, we conduct ourselves as guests in the host countries and assume our responsibilities toward the local communities and environment. We recognize the fundamental importance of our employees, both in terms of their health and safety, and in terms of their well-being and working conditions. We also rely on our employees and contractors in our commitment to respecting the environment and the neighboring communities. The Social Responsibility Policy helps to uphold our values and benefits all of our employees, suppliers, shareholders and the communities in which we operate.

In addition, we contribute up to 2% of our net income to SEMAFO Foundation which has the goal of supporting communities and improving human conditions through its actions and investments in community development projects. More information is available at www.fondationsemafo.org and in our Management Discussion and Analysis for the financial year ended December 31, 2017.

We are committed to fostering an open dialogue with communities surrounding our deposits as part of our commitment to sustainable mining. SEMAFO Foundation has already enhanced access to fresh drinking water and improved sanitary conditions for the Boungou communities. The Foundation's priority for the area involves reinforcement of its educational capacity through construction and support of schools and the launch and equipping of agricultural projects with which to generate community revenue.

In 2015 and 2016, we were honoured to be recipient of the grand prize for Corporate Social Responsibility of Mining Companies in Burkina Faso, which acknowledges not only the results of many years of continuous community commitment, but also the dedication of our teams. In 2016, we garnered a prize for the environment in addition to prizes for female entrepreneurship, communities and local development.

ITEM 11 - RISK FACTORS

As a mining company, we face the financial and operational risks inherent to the nature of our activities. These risks may affect our financial condition and results of operation. As a result, an investment in our common shares should be considered speculative. Prospective purchasers or holders of our common shares should give careful consideration to all of our risks factors. For a complete description of the various risk and uncertainties please see the "Risks and Uncertainties" section of our MD&A for the financial year ended December 31st, 2017 filed on SEDAR at www.sedar.com and available on our website at www.semafo.com.

ITEM 12 - DIVIDENDS

We currently do not anticipate declaring dividends in the near future. However, the amount of any future dividend payments will be subject to evaluation and approval by the Board, based on our financial condition, capital requirements, growth plans and gold price as well as our financial requirements to finance future growth and other factors which the Board may consider appropriate in the circumstances.

ITEM 13 – MARKET FOR SECURITIES

Our common shares are listed on the TSX and the NASDAQ OMX under the symbol "SMF".

The following table shows, for our common shares traded on the TSX, the monthly price ranges and volume traded during the 2017 financial year.

MONTH	High (C\$)	Low (C\$)	Volume Traded
January	5.07	4.40	26,386,181
February	5.24	4.03	56,534,606
March	4.50	3.67	94,838,096
April	4.25	2.93	104,678,710*
May	3.19	2.68	110,899,308*
June	3.20	2.73	110,660,844*
July	3.08	2.77	48,081,498
August	3.64	2.70	52,670,152
September	3.59	3.14	48,104,198
October	3.47	3.13	31,804,294
November	3.46	3.16	35,586,936
December	3.64	3.05	36,503,632

*The record volume in the second quarter of 2017 is due to the rebalancing of the GDX Junior Gold Miners ETF.

Source: TSX

ITEM 14 - DIRECTORS AND EXECUTIVE OFFICERS

The Board is currently comprised of seven (7) directors who are elected annually at each annual meeting of shareholders to hold office for one year or until his or her successor is elected or appointed, unless he or she resigns or his office becomes vacant.

The following table sets forth for each director and executive officer of SEMAFO, his name, place of residence, his principal occupation during the past five years as well as the date of his election or nomination as director or executive officer. The directors and executive officers have provided their respective information.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Terence F. Bowles Nun's Island (Québec) Canada	Director since May 10, 2011 independent	Mr. Bowles is a member of the Audit Committee and of the Environment, Health & Safety and Sustainable Development Committee. Terence Bowles is President and Chief Executive Officer of the St. Lawrence Seaway Management Corporation since 2010. Prior to this appointment, he served as President and Chief Executive Officer of the Iron Ore Company of Canada, from 2001 to 2010. Following his graduation from Université Laval in Québec City, Mr. Bowles joined Quebec Iron and Titanium (QIT) where he also served as President as well as on the board of directors of an African subsidiary. Mr. Bowles is on the board of the St. Lawrence Seaway Management Corporation and the Chamber of Marine Commerce. He is a member of the Ordre des Ingénieurs du Québec and obtained an Institute of Corporate Directors designation.
Michel A. Crevier Laval, (Québec) Canada	Vice-President, Exploration and Mine Geology and Qualified Person	Mr. Crevier has held the position of Vice-President, Exploration and Mine Geology since 2006. He has over 35 years of exploration and mine geology experience. After several years exploring for base metals and uranium, he moved over to gold exploration, mine geology, and resources and reserves estimations in the Canadian provinces of Quebec, Maritimes and Ontario. During this time, Mr. Crevier was in the employ of companies such as Lac Minerals, Placer Dome and Mines McWatters. At the turn of the millennium, his career took an international turn when he moved to Russia with Bema Gold Corporation/OMGC at Julietta Mine and subsequently joined SEMAFO in Africa. Mr. Crevier has a master's degree in geology from Université du Québec à Chicoutimi and is the recognized "Qualified Person" as defined in the NI 43-101. A member of the Ordre des Géologues du Québec, Mr. Crevier is a member of the Canadian Council of Professional Geoscientists.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Benoit Desormeaux Candiac (Québec) Canada	Director, President and Chief Executive Officer	Benoit Desormeaux became President and Chief Executive Officer on August 8, 2012. Mr. Desormeaux had been our Executive Vice-President and Chief Operating Officer since 2004, and previously held the positions, successively, of Corporate Controller as well as Chief Financial Officer. Prior to joining SEMAFO in 1997, he was with Deloitte LLP, involved principally in corporate audits in the manufacturing sector. Mr. Desormeaux is a Chartered Professional Accountant and a member of Ordre des Comptables Professionnels Agréés du Québec. He sits on the board of directors of Groupe Technosub inc. (a privately-held, non-listed company) and is Chair of the board of directors of SEMAFO Foundation.
Sylvain Duchesne Orford (Québec) Canada	Vice-President, Construction & Engineering	Mr. Duchesne is Vice-President, Construction and Engineering. He has held this position since November 2014 and prior to his appointment, was General Manager, Construction and Engineering and Director of Metallurgy. Mr. Duchesne has over 25 years of experience in managing gold and polymetallic operations. Prior to joining SEMAFO in 2005, he served as mill superintendent at Campbell Resources, Aur Resources and Noranda, respectively. Mr. Duchesne graduated as a mining engineer from Polytechnique Montréal in 1987 and is a member of Ordre des Ingénieurs du Québec.
Flore Konan Abidjan, Ivory Coast	Director since May 14, 2015 independent	Mrs. Konan is a member of the Audit Committee. Since October 2011, Mrs. Konan is Director of Internal Controls, Eranove, a holding company involved in the production, transportation and distribution of water and electricity in Africa that has over 8,000 employees. Between 1994 and 2011, Mrs. Konan held positions of increasing responsibility at CIE, a subsidiary of Eranove, before becoming general manager in 2008. Prior to this, Mrs. Konan was in the employ of SODECI, another subsidiary of Eranove. Mrs. Konan is also the Chair of the Board of ECOBANK Côte-d'Ivoire, a subsidiary of ECOBANK Transnational Incorporated, present in 32 African countries and listed on the <i>Bourse Régionale des Valeurs Mobilières</i> (BRVM).
John Jentz Toronto (Ontario) Canada	Vice-President, Corporate Affairs & Investor Relations	Mr. Jentz joined the company in December 2017 as Vice-President, Corporate Development and Investor Relations. He has over 20 years' experience in corporate finance and mergers and acquisitions, mostly within the mining sector. Previously, Mr. Jentz served as a senior member of the mining teams at both regional and global investment banking firms. A chartered accountant, he holds a B.Sc. degree in actuarial science from University of Western Ontario and an MBA from McMaster University.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
John LeBoutillier, C.M. ¹ Montréal (Québec) Canada	Director since January 25, 2006 Chairman since January 1 st , 2018 independent	Chair of SEMAFO's Board of Directors, Mr. LeBoutillier also heads up its Human Resources and Corporate Governance Committee. John LeBoutillier is a director of Stornoway Diamond Corporation and of Mazarin Inc. and Asbestos Corporation Limited, two affiliated companies. He was chairman of the board of directors of Industrial Alliance Insurance and Financial Services Inc. from 2005 to 2017. Between 1996 and 2000, Mr. LeBoutillier was President and Chief Executive Officer of Iron Ore Company of Canada, as well as President and Chief Executive Officer of Sidbec-Dosco Inc. (now ArcelorMittal Long Products Canada G.P.) from 1983 to 1996. Mr. LeBoutillier is a recipient of the Order of Canada.
Gilles Masson ² Laval (Québec) Canada	Director since January 25, 2006 independent	Mr. Masson is Chair of the Audit Committee and a member of the Environmental, Health & Safety and Sustainable Development Committee. Gilles Masson was appointed Chair of SEMAFO's Audit Committee in 2007. He is a member of the board of directors of RNC Minerals. He spent 36 years with the firm PricewaterhouseCoopers LLP, Chartered Professional Accountants, including 25 years as partner. His clientele included large national and international companies, some of which operated in the mining sector. A chartered professional accountant, Mr. Masson is a member of the Institute of Corporate Directors.
Lawrence McBrearty ³ Brampton (Ontario) Canada	Director since May 12, 2009 independent	Mr. McBrearty is Chair of the Environmental, Health & Safety and Sustainable Development Committee and a member of the Human Resources and Corporate Governance Committee. Lawrence McBrearty has been a labour relations consultant since his retirement in 2004. Mr. McBrearty's business experience includes a more than 40-year career with the United Steelworkers of America, the largest industrial labour union in North America. He began his tenure in 1974 as staff representative, subsequently holding positions of increasing responsibility that culminated in his election as National Director for Canada in 1994.

¹ Mr. John LeBoutillier was, but is no longer, a director of Shermag Inc., which filed for and obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") in April 2008. In August 2009, Shermag presented a plan of arrangement to its creditors and obtained the homologation from the Superior Court (district of Montreal) on September 15, 2009. Shermag closed a transaction with Groupe Bermex Inc. and implemented a plan of arrangement in October 2009 allowing it to emerge from the CCAA proceedings. The transaction enabled Groupe Bermex Inc. to take control over Shermag and to pursue its restructuring and relaunching.

² Mr. Gilles Masson was, but is no longer, a director of Malaga Inc. ("Malaga"). In June 2013, Malaga filed a notice of intention to make a proposal pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada). Pursuant to the notice of intention, Raymond Chabot Inc. was appointed trustee in Malaga's proposal proceedings and in that capacity monitored and assisted Malaga in its restructuring efforts. These proceedings had the effect of imposing an automatic stay of proceedings that protected Malaga and its assets from the claims of creditors and others while Malaga pursued its restructuring efforts. Malaga submitted a proposal dated October 4, 2013 to its creditors; the proposal was accepted by the creditors pursuant to a vote held on December 13, 2013 and approved by judgment of the Superior Court rendered on January 7, 2014.

³ Mr. McBrearty was a director of Mango Industrie de Cuivre Inc., which filed for protection under the CCAA in 2012 and remains subject thereto.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Alain Mélançon Boucherville (Québec) Canada	Vice-President, Human Resources	Mr. Mélançon joined SEMAFO as Vice-President, Human Resources in September 2009. Prior to this appointment, he spent two and a half years at Bell Aliant Regional Communications as Vice-President, Human Resources, Communications and Public Affairs. Previously, Mr. Mélançon served as Vice-President, Human Resources, Communications and Public Affairs, Bell Nordiq from 2001 through December 2006. He has also served in senior management and executive positions at Groupe Laperrière & Verreault, Coca-Cola and Labatt Breweries. Mr. Mélançon is a graduate of the University of Laval in industrial relations and is a member of the Quebec Order of Certified Human Resources Professionals and Industrial Relations Counsellors.
Martin Milette Mont Saint-Hilaire (Québec) Canada	Chief Financial Officer	Mr. Milette was appointed Chief Financial Officer of SEMAFO in May 2006. Mr. Milette has been with the company since 2005 when he joined as Director, Development and Special Projects. Previously, he worked for eight years at PricewaterhouseCoopers LLP where he was principally active in the high-tech and mining sectors, including three years as Senior Manager, Assurance and Advisory Services. Mr. Milette is a Chartered Professional Accountant, a member of Ordre des Comptables Professionnels Agréés du Québec, and a Certified Public Accountant in the USA. Mr. Milette oversees all aspects of the Finance and IT functions of the company.
Patrick Moryoussef Dollard-des-Ormeaux (Québec) Canada	Vice-President, Mining Operations	Mr. Moryoussef has served as Vice-President, Mining Operations since joining Semafo in September 2004. Prior to his appointment, he was General Manager and administrator at South-Malartic Exploration and previously senior project engineer at Les Mines McWatters. Following graduation, he served as junior mining engineer at the Campbell Mine of Placer Dome Canada and held the position of Open Pit Mine Captain, Engineering at Placer Dome Canada's Sigma Mine. Mr. Moryoussef also work as project engineer for Falconbridge Kidd Creek Mine and Noranda's Brunswick operation. Mr. Moryoussef is a mining engineering graduate from McGill University in 1994 and a member of Ordre des Ingénieurs du Québec. He also acts as an administrator for Canadian Metals Inc.
Eric Paul-Hus Saint-Lambert (Québec) Canada	Vice-President, Law, Chief Compliance Officer and Corporate Secretary	Mr. Paul-Hus is Vice-President, Law, Chief Compliance Officer and Corporate Secretary of SEMAFO and has been with the company since 2009. Prior to his appointment, he spent five years in private practice, including one year in secondment with the Autorité des Marchés Financiers (former Québec Securities Commission) in the Corporate Finance and Continuous Disclosure Group. Subsequently, he held several positions of increasing responsibility, including Vice-President, during his 12-year tenure with a major Canadian telecommunications company where he continued to practice business law, specializing in securities, M&A and corporate law. Mr. Paul-Hus is a lawyer and member of the Québec Bar since 1993.

Name, province and country of residence	Position with the Corporation	Principal Occupation during the past 5 years
Tertius Zongo Ouagadougou, Burkina Faso	Director since May 14, 2012 independent	Mr. Zongo is a member of the Environmental, Health & Safety and Sustainable Development Committee and of the Human Resources and Corporate Governance Committee. Tertius Zongo served as Prime Minister and Head of Government of Burkina Faso from 2007 until 2011 and was Ambassador Extraordinary and Plenipotentiary of Burkina Faso to the United States of America from 2002 until 2007. Previously, Mr. Zongo held positions of increasing importance within the government of Burkina Faso including as Minister of State for Planning and Budget and Minister of Economy and Finance. Prior to his career with the government of Burkina Faso, Mr. Zongo was an academic at the University of Ouagadougou and the National School of Financial Controls where he taught accounting, business economics and financial management. He sits on the board of Banque centrale des états de l'Afrique de l'Ouest (BCEAO) and of ECOBANK Côte-d'Ivoire where he chairs the Governance Committee.

The number of our common shares beneficially owned or controlled or directed, directly or indirectly, by all directors and executive officers of the Corporation as a group, is 502,722 representing approximately 0,15% of our issued and outstanding common shares as at March 6, 2018.

ITEM 15 - EMPLOYEES

At the end of our last financial year, we had 3,956 people working for us of which 1,034 are employees.

ITEM 16 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of SEMAFO, no person that beneficially owns or controls or directs, directly or indirectly, more than ten percent (10%) of any class or series of outstanding voting securities of SEMAFO, and no associate or affiliate of any such persons, has a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect us or one of our subsidiaries.

ITEM 17 - MATERIAL CONTRACTS

The following contracts are the material contracts of the Corporation entered into within the most recently completed financial year, or before the most recently completed financial year that are still in effect, other than contracts entered into the ordinary course of business:

- i. the Mining Agreement dated June 19, 2017 between Burkina Faso and Semafo Boungou S.A. with respect to the exploitation of gold deposits
- ii. the Rights Agreement entered into between the Corporation and Computershare Investor Services Inc. on March 15, 2011 as amended on May 15, 2014 and May 4, 2017, respectively
- iii. the Mining Agreement dated October 2, 2007 between Burkina Faso and SEMAFO BF with respect to the exploitation of gold deposits.

See ITEM 2- THE CORPORATION "CAPITAL STRUCTURE-RIGHTS", and ITEM 5- MINERAL PROJECTS.

ITEM 18 - INTERESTS OF EXPERTS

SEMAFO's independent auditors PricewaterhouseCoopers LLP, have audited our consolidated financial statements for the year ended December 31, 2017. PricewaterhouseCoopers LLP confirmed that they are independent with respect to SEMAFO within the meaning of the Code of Ethics of the Ordre des comptables professionnels agréés du Québec.

Certain disclosure with respect to mineral resources and mineral reserves of the Mana Mine and the results of the PFS for the development of underground mineral reserves at the Mana gold project contained in this AIF is derived from the Mana Report prepared under the supervision of Richard M. Gowans, P.Eng., President and Principal Metallurgist at Micon, with the participation of Christopher Jacobs, CEng., MIMMM, Vice President, Charley Murahwi, P.Geo., FAusIMM, Senior Geologist, Eur Ing Bruce Pilcher, CEng, FIMMM, FAusIMM(CP), Senior Mining Engineer and Jane Spooner, P.Geo., Vice President.

Certain disclosure with respect to the Tapoa permit group – Boungou gold deposit contained in this AIF is derived from the Tapoa Report dated March 23, 2016 and prepared under the supervision of Neil Lincoln, Vice-President, Business Development and Studies at Lycopodium, with the participation of Marius Phillips, MAusIMM (CP), Principal Process Engineer at Lycopodium, Glen Williamson, Principal Mining Engineer at AMC Consultants (Canada) Ltd, John Graindorge, Principal Consultant – Applied Geosciences at Snowden, Jean-Sébastien Houle, Eng. from WSP Canada Inc. and Timothy Rowles, MAusIMM (CP) from Knight Piésold Consulting, “qualified persons” for the purposes of the Tapoa Report. All newly added reserve and resource updates were reviewed and approved by Mr. Michel A. Crevier, P.Geo, MScA, Vice President Exploration and Mine Geology, our “qualified person” (as defined in NI 43-101).

Certain disclosure with respect to the Yactibo permit group – Nabanga gold deposit contained in this AIF is derived from the Yactibo Report dated June 15, 2015 and prepared by John Graindorge, Principal Consultant – Applied Geosciences at Snowden and Harald Muller, B.Eng.(Chem), MBL, FAusIMM, FICHEM, FSAICHE, Divisional Manager – Metallurgy at Snowden, “qualified persons” for the purposes of the Yactibo Report.

ITEM 19 - AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 – *Audit Committee Information Required in an Annual Information Form* ("**Form 52-110F1**") of Multilateral Instrument 52-110 - *Audit Committees* ("**MI 52-110**") adopted by the *Canadian Securities Administrators*.

Audit Committee Charter

The mandate of the Audit Committee appears in Schedule B of this AIF.

Composition of the Audit Committee

The current members of the Audit Committee are Mr. Gilles Masson (Chair), Mr. Terence F. Bowles and Mrs. Flore Konan.

Each member of the Audit Committee is financially literate, which means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements. As demonstrated hereinafter, all the members of the Committee have an education and experience which are relevant to their responsibilities.

Mr. Gilles Masson was appointed to the Board and to the Audit Committee of SEMAFO in January 2006. In May 2007, he was appointed Chair of the Audit Committee. Mr. Masson is a member of the Ordre des comptables agréés du Québec and he is a member of the Institute of Corporate Directors. He worked for 36 years for the firm PricewaterhouseCoopers LLP, Chartered Accountants, including 25 years as a partner. His clientele included, among others, large national and international companies doing business in the mining sector. He retired on December 31, 2005. Since then, Mr. Masson has been acting as member of the board of directors of several public companies and he is currently a member of the board of directors of RNC Minerals.

During his career, Mr. Masson gained a great deal of experience in auditing public companies operating in the mining, manufacturing and distribution sectors. He understands Canadian and US generally accepted accounting principles (GAAP), International Financial Reporting Standards (IFRS), generally accepted auditing standards (GAAS), as well as regulations for presenting financial information for public companies listed in Canada and the United States. He further developed a relevant experience in dealing with audit committee requirements, including recent changes brought by new regulations. Mr. Masson understands the accounting principles used by the Corporation to prepare its financial statements and the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

Mr. Terence F. Bowles was appointed to SEMAFO's Board and Audit Committee on May 10, 2011. He is also a member of the Environment, Health & Safety and Sustainable Development Committee. Mr. Bowles is President and Chief Executive Officer of the St. Lawrence Seaway Management Corporation since November 1, 2010. Prior to this appointment, he served as President and Chief Executive Officer of the Iron Ore Company of Canada, the largest manufacturer of iron ore pellets in Canada, from 2001 to 2010. Following his 1971 graduation as a Chemical Engineer from Laval University in Québec City, Mr. Bowles joined Québec Iron and Titanium (QIT). During his 27-year career at QIT, he assumed a series of progressively more senior assignments which culminated with his appointment as President in 1996, a position he held until 2001. He served as well on the board of directors of an African subsidiary. Along with his Engineering Degree, he obtained a Master's in Business Administration from Montreal's McGill University, completed an Advanced Executive Program at the Kellogg Graduate School of Management in Chicago, a Strategic Leadership Program at the London Business School, and McGill's Institute of Corporate Directors Program, where he received the ICD.D designation. Mr. Bowles is a Member of the Québec Order of Engineers. He is currently on the board of directors of the St. Lawrence Seaway Management Corporation and the Chamber of Marine Commerce.

Since October 2011, Mrs. Konan is Director of Internal Controls, Eranove, a holding company involved in the production, transportation and distribution of water and electricity in Africa that has over 8,000 employees. Between 1994 and 2011, Mrs. Konan held positions of increasing responsibility at CIE, a subsidiary of Eranove, before becoming general manager in 2008. Prior to this, Mrs. Konan was in the employ of SODECI, another subsidiary of Eranove. Mrs. Konan is also the Chair of the Board of ECOBANK Côte-d'Ivoire, a subsidiary of ECOBANK Transnational Incorporated, present in 32 African countries and listed on the *Bourse Régionale des Valeurs Mobilières* (BRVM).

The members of the Audit Committee have provided the information disclosed hereinabove.

Reliance on Certain Exemptions

We confirm that we have are not relied on any exemptions identified in section 4 or 5 of Form 52-110F1 during our most recently completed financial year. We further confirm we have not relied on section 3.8 of Regulation 52-110 during our most recently completed financial year.

External Auditor Service Fees

	Year Ended December 31	
	2017 (CAN\$)	2016 (CAN\$)
Audit Fees	431,375 (84.8%)	404,410 (73.0%)
Audit-Related Fees	37,500 (7.4%)	42,500 (7.7%)
Tax Compliance and Preparation Fees	8,800 (1.7%)	4,354 (0.8%)
All Other Fees	31,175 (6.1%)	102,322 (18.5%)
TOTAL FEES	508,850 (100%)	553,586 (100%)

“audit services” – these services relate to the audit of our audited annual financial statements and other regulatory audit services

“audit-related services” – these services relate to professional services regarding interim financial statements

“tax compliance and preparation fees” – these services mainly relate to tax compliance and international tax consulting work

“other services” – these services relate to accounting and financial reporting services pertaining to public offering by prospectus, assurance and advisory services for International Financial Reporting Standards (known as IFRS) obligations and conversions.

ITEM 20 – TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar is Computershare Trust Corporation of Canada, 1500 Robert-Bourassa Boulevard, Suite 700, Montreal, Quebec, H3B 3S8. Our registers of transfers are located at the foregoing address.

ITEM 21 - ADMINISTRATIVE OFFICES

Listed below are the addresses of the head offices of SEMAFO and its material subsidiaries.

CANADA (Corporate office)

SEMAFO Inc.

100, Alexis-Nihon Boulevard
Suite 700
Saint-Laurent (Quebec) H4M 2P3
Telephone: (514) 744-4408
Fax: (514) 744-2291
Email: info@semafo.com
Web Site: www.semafo.com

BARBADOS

Semafo (Barbados) Limited

African GeoMin Mining Development Corporation Ltd.

The Gables
Haggatt Hall
St-Michael, Barbados, West Indies

BURKINA FASO

SEMAFO Burkina Faso S.A.

Mana Mineral SARL

Sector 13, Babanguida Avenue
Benda Street, Door # 211
01 PO Box 390
Ouagadougou 01, Burkina Faso
Tel. (011) 226.50.36.95.92
Fax: (011) 226.50.36.95.87
Email: info@semafo.com

SEMAFO Bounbou S.A.

Birimian Resources SARL

Arrondissement 12, Secteur 54, Parcelle 14
Lot 19, Section 281
11 BP 1196 CMS
Ouagadougou 11, Burkina Faso
Tel. (011) 226.25.37.41.61
Email: info@semafo.com

ITEM 22 - ADDITIONAL INFORMATION

Additional information relating to SEMAFO can be found on SEDAR at www.sedar.com and on our website at www.semafo.com.

Additional information, including directors' and officers' compensation, principal holders of our securities and securities authorized for issuance under equity compensation plans is contained in our most recent management information circular.

Additional financial information is provided in our audited consolidated financial statements for the year ended December 31, 2017 and the corresponding Management Discussion and Analysis.

ITEM 23 – FORWARD LOOKING STATEMENTS

As mentioned in ITEM 1 – GENERAL MATTERS, this AIF contains forward-looking statements that 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 “pursuing”, “strategic”, “growth”, “opportunities”, “guidance”, “provide”, “will”, “potential”, “increased”, “forecast”, “should”, “expected”, “designed to”, “remainder”, “ongoing”, “in order to”, “plan to”, “evaluate”, “estimated” 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 accuracy of our assumptions, the ability to incur the projected capital expenditures at Mana and Boungou in 2018, the ability to begin the underground development of the southern portion of Siou in the third quarter of 2018, the ability, from 2020, to mine the underground reserves at Siou to a full production rate of 700,000 t/j, the ability to meet our five-year average operational target of annual production at Mana and Boungou, the ability to meet our projected mine annual production at Mana for the eight-year LOM, the ability to meet our mining schedule at Boungou for the eight-year LOM, the ability to follow our initial exploration program for each of the Mana, Boungou and Yactibo properties, the ability to start production start-up of the Boungou Mine in the third quarter of 2018, and any other forward looking statement included in this AIF and in the Mana Report, fluctuation in the price of currencies, gold prices and 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 AIF and in our other documents filed with Canadian securities regulatory authorities.

Forward-looking statements involve known and unknown risks and uncertainties which may cause our actual results, performance or achievements to differ materially from any of our future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements in this AIF, whether a reference to the present section is made or not, are qualified by this cautionary statement. Investors are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the actual outcome of events that are the subject of forward-looking statements. These and other factors should be considered carefully. See ITEM 11 - RISK FACTORS. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.

SCHEDULE A - GLOSSARY OF TERMS

The following glossary gives the meaning of certain technical terms.

“Archaean”	The oldest division of the Precambrian era, spanning the period 4,600 to 2,500 million years before the present.
“arsenopyrite”	Sulphidic mineral usually formed in veins at high temperature, but also through contact metamorphism. Silver white colour on crystal faces and steel gray on fresh breaks. Same as mispickel.
“Birrimian”	In West Africa, the name given to rocks assigned to the lower part of the Proterozoic division of the Precambrian period of geological time, which succeeds the Archaean division of the Precambrian, with a geological time era of about 2.1 billion years.
“BLEG”	Bulk Leach Extractable Gold technique. Very sensitive analytical method for gold whereby all the gold contained within a 1-2 kilogram geochemical survey sample is extracted by cyanide leaching. A very low detection limit may be achieved: the quoted limit of the method is 0.5 parts per billion of gold. The gold content of stream sediments diminishes downstream of the source, so the greater the sensitivity of the assay method used, the more widely the samples may be spaced. BLEG sampling therefore cuts down on the number of samples required to test a given area and effectively increases the survey efficiency.
“carbon-in-leach” or “CIL”	Metallurgical process of gold extraction. Involves the osmotic use of activated carbon particles during the leaching phase to absorb gold.
“cuirasse”	Hard layer of detrital superficial sediments, strongly cemented by iron oxides, which may occur at or just beneath the surface. Also known as “iron pan”.
“diamond drilling” or “DDH”	Drilling method by which a solid core is extracted from depth, for examination on the surface. A diamond drill bit composed of industrial diamonds set into a soft metallic matrix is mounted onto a drill stem, which is connected to a rotary drill. Water is injected into the drill pipe, so as to wash out the rock cuttings produced by the bit. The motor-driven drill, by rotary action (and washing) causes a core to be extracted inside the barrel and taken to the surface.
“extensive lateritic plateau”	Elevated, flat-lying zone of lateritic (iron-rich) soil, often capped by cuirasse, which covers a considerable area.
“felsic”	Descriptive term for light-coloured rocks containing a predominance of feldspar and silica, or the light-coloured silicate minerals themselves.
“geochemical surveys”	Mineral deposits may be located by identifying wide zones of unusual concentrations of metals, which are dispersed around concealed ore bodies in the surrounding environment. “Soil geochemical surveys” take samples of soils on regular grids or on traverses in geologically favourable terrains to test for unusual concentrations of the metal sought or for other metals, which may be associated with that metal. “stream sediment surveys” collect samples of active sediment from streams and use highly sensitive chemical analysis to detect anomalous concentrations of the metals, which will increase in level upstream towards the source. “Litho-geochemical surveys” test

rock samples for unusual concentrations of metals or alteration products, which indicate proximity to an ore body.

“geophysical surveys”

Mineral deposits may be located by the effect their presence has on the physical properties of their host rocks. One of the most common techniques used is the electromagnetic method, which measures the response of the earth to electromagnetic radiation; if an ore body is present it may produce a detectable zone of high conductivity. Other electrical methods may measure the resistance of the earth; a low resistivity may indicate a conductive ore body. The induced polarisation method puts pulses of electrical current into the ground and measures the decay of the current as the transmitter is turned off. This gives a direct measure of the amount of polarisable material in the ground, which will increase if disseminated metallic mineralization is present. The magnetic method measures anomalous increases in the Earth’s magnetic field, which may be attributable to concentrations of magnetic minerals.

“granitoid”

Coarse-grained, crystalline, silica-rich acid rock with granitic texture, of indeterminate origin.

“graphitic”

Contains graphite or carbon.

“induced polarisation”

Geophysical survey technique whereby pulses of electrical current are induced in the ground via electrodes, and the decay of the current is measured between pulses. This may indicate the presence of disseminated sulphide mineralization.

“lateritic”

Descriptive term for residual, oxidized deposits formed in tropical and subtropical terrains by the weathering action of the alternation wet and dry seasons.

“lithogeochemical”

Descriptive of detailed chemical analysis of rocks to determine their metallic content or degree of alteration usually used for mineral exploration.

“lithology”

Term referring to the visual characteristics of a rock type, rather than to its microscopic or chemical features, generally applied to outcrop or hand-specimen samples.

“mineral reserves”

Mineral reserves are subdivided in order of increasing confidence into probable mineral reserves and proven mineral reserves. Probable mineral reserves have a lower level of confidence than proven mineral reserves.

Mineral reserves are the economically mineable part of measured or indicated mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. Mineral reserves include diluting materials and allowances for losses that may occur when the material is mined.

Mineral reserves are this part of mineral resources which, after the application of all mining factors, results in an estimated tonnage and grade which, in the opinion of a qualified person making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral reserves are inclusive of diluting material that will be mined in conjunction with the mineral reserves and delivered to the treatment plant or equivalent facility. The term “mineral reserves” does not necessarily mean that extraction facilities are in place or operative or that all governmental approvals have been received. It does mean that there are reasonable expectations of such approvals.

“proven mineral reserves”	“Proven mineral reserves” are the economically mineable part of measured mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified. Application of the proven mineral reserves category implies that a qualified person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.
“probable mineral reserves”	“Probable mineral reserves” are the economically mineable part of indicated, and in some circumstances, measured mineral resources demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
“mineral resources”	Mineral resources are subdivided, in order of increasing geological confidence, into inferred, indicated and measured categories. Inferred mineral resources have a lower level of confidence than that applied to indicated mineral resources. Indicated mineral resources have a higher level of confidence than inferred mineral resources, but have a lower level of confidence than measured mineral resources. Mineral resources are a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of mineral resources are known, estimated or interpreted from specific geological evidence and knowledge. The term “mineral resources” covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The expression “reasonable prospects for economic extraction” implies a judgement by a qualified person with respect to the technical and economic factors likely to influence the prospect of economic extraction. Mineral resources are an inventory of mineralization that, under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.
“measured mineral resources”	“Measured mineral resources” are that part of mineral resources for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineralization or other natural material of economic interest may be classified as measured mineral resources by a qualified person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

“indicated mineral resources” “Indicated mineral resources” are that part of mineral resources for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Mineralization may be classified as indicated mineral resources by a qualified person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. A qualified person must recognize the importance of the indicated mineral resources category to the advancement of the feasibility of the project. An indicated mineral resources estimate is of sufficient quality to support a preliminary feasibility study which can serve as the basis for major development decisions.

“inferred mineral resources” “Inferred mineral resources” are that part of mineral resources for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Due to the uncertainty of inferred mineral resources, it cannot be assumed that all or any part of inferred mineral resources will be upgraded to indicated or measured mineral resources as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred mineral resources must be excluded from estimates forming the basis of feasibility or other economic studies.

“plutonic” Intrusive origin body of magmatic rocks formed at depth into the earth crust, in large massive lensoid or ovoid shape.

“property” Descriptive term for interests in a permit to exploit or prospect for mineral resources on a given area.

“qualified person” An individual who is an engineer or geoscientist, with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, has experience relevant to the subject matter of the mineral project and technical report, and is a member in good standing of a professional association, as defined in National Instrument 43-101.

“reserve” or “ore” Natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

“reverse circulation” or “RC”	Drilling method whereby the rock is broken into chips using a rotary method of penetration. A double-walled drill pipe is used and compressed air is forced down the space between the two pipes to the drill bit. The drilled chips are flushed back up to the surface through the centre tube of the drill pipe.
“saprolitic”	Rocks which have been deeply weathered in a tropical to sub-tropical environment, but which retain recognizable internal structure.
“shear”	Dislocation by lateral slip of one part of a body relative to another, often occurring on a regional scale. A fracture in rock similar to a fault.
“silica”	Silicon dioxide.
“silicification”	Total or partial replacement of rocks or fossils by silica (such as quartz or chalcedony).
“strike”	Course or bearing of a bed or layer of rock.
“sulphide”	Mineral compound of sulphur and a metal.
“tectonic”	Pertaining to rock structures in topographic features resulting from deformation of the Earth’s crust.
“tuff”	Consolidated fine-grained igneous debris, originally ejected during volcanic activity.
“ultramafic”	Basic igneous rocks with a very high proportion of ferromagnesian minerals.
“vein”	Occurrence of ore with a regular development in length, width and depth.

Metric Equivalents

Conversion rates from imperial to metric measures and from metric to imperial measures are provided below.

Imperial Measure	Metric Unit	Metric Measure	Imperial Unit
1 acre	0.4047 hectare	1 hectare	2.4711 acres
1 foot	0.3048 meter (m)	1 meter (m)	3.2808 feet
1 mile	1.6093 kilometres (km)	1 kilometre (km)	0.6214 mile
1 ounce (troy)	31.1035 grams (g)	1 gram (g)	0.0322 ounce (troy)
1 pound	0.4536 kilogram (kg)	1 kilogram (kg)	2.2046 pounds
1 short ton	0.9072 metric tonne (t)	1 metric tonne (t)	1.1023 short ton
1 ounce (troy) / short ton	34.2857 grams / metric tonne	1 gram / metric tonne	0.0292 ounce (troy) / short ton

Gold Prices

The following table sets forth the annual high, low and average price of gold for the periods indicated, as well as the price of gold at the end of each such period, as determined on the London Bullion Market (US dollars per ounce).

Gold Prices \$/oz	2017	2016	2015	2014	2013	2012
High	1,346	1,366	1,296	1,385	1,693	1,792
Low	1,151	1,077	1,049	1,142	1,192	1,540
Average	1,257	1,251	1,160	1,266	1,411	1,669
End of period	1,291	1,151	1,060	1,206	1,201	1,658

Currency Exchange Rates

Except as otherwise indicated, all dollar amounts set forth herein are expressed in United States dollars. \$ means United States dollars.

The following table sets forth the exchange rates of Canadian dollars to US dollars for the periods indicated. The average exchange rates are presented for these periods, as well as the exchange rate at the end of each such period. These exchange rates are expressed in Canadian dollars and represent the noon buying rate for US dollars at the Bank of Canada.

	2017	2016	2015	2014	2013	2012
Average	1.2981	1.3262	1.2777	1.1038	1.0299	1.0001
End of period	1.2551	1.3427	1.3884	1.1601	1.0636	0.9949

SCHEDULE B – MANDATE OF THE AUDIT COMMITTEE

1. Duties

The role of the Audit Committee (the “Committee”) of SEMAFO Inc. (the “Corporation”) is to assist the Board of Directors (the “Board”) in its oversight of:

- The identification of the principal business risks and, with the exception of environmental and health & safety risks, the establishment of appropriate policies and risk management systems aimed at managing these risks
- The integrity of the Corporation’s internal control, information and financial management systems
- The establishment of policies and systems aimed at increasing accountability, ensuring compliance with applicable laws and with auditing and accounting principles.

The Committee does not have the mandate of planning or conducting a financial audit, nor is it responsible for determining whether the financial statements are complete and fully reflect the Corporation’s situation or whether accounting principles applicable to the Corporation have actually been applied. In these respects, after having carried out the verifications dictated by the circumstances, and having ensured the existence of adequate internal controls, the Committee relies on the accounting and financial expertise of the President and Chief Executive Officer and the Chief Financial Officer of the Corporation who are responsible for the integrity of the information submitted to the Committee and to the Board.

The independent auditor is responsible for auditing the Corporation’s accounts. He or she reports on the results of the audit directly to the Committee.

The Committee fosters frank and open dialogue with the independent auditor, management, and the Corporation’s accounting personnel.

In fulfilling its duties, the Committee:

Financial Reporting

- Reviews the results of the independent audit firm’s reviews of interim financial statements if any, and annual audit and any significant disagreements with management
- Reviews and recommends to the Board for approval the annual audited financial statements and related “Management’s Discussion and Analysis of financial and operating results”
- Reviews and recommends to the Board for approval the Annual Information Form
- Reviews and recommends to the Board for approval the quarterly financial statements and related Management’s Discussion and Analysis of financial and operating results
- Reviews and recommends to the Board for approval the Corporation’s earnings press releases
- Reviews management process to maintaining and evaluating financial disclosure controls and procedures and internal control over financial reporting.

Independent Auditors

- Periodically assesses the independent auditor
- Recommend to the Board for consideration by the shareholders an independent audit firm to conduct an annual audit of the Corporation’s financial statements
- Evaluate the independence of the independent audit firm
- Review an annual report from the independent audit firm elected by the shareholders regarding the independent audit firm’s internal quality-controls procedures, material issues raised by the most recent internal quality-control review, or peer-review, of such firm, or by any inquiry or investigation by governmental or professional authorities respecting one or more independent auditors carried out by the firm
- Review the plan and scope of the annual audit engagement of the independent audit firm elected by the shareholders
- Recommend to the Board for approval the annual audit engagement fees of the independent audit firm elected by the shareholders

- Approve all non-audit engagements of the independent audit firm elected by the shareholders.

2. Policies

The Committee must establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.

The Committee must also establish a procedure for the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee must establish hiring policies regarding partners, employees and former partners and employees of the present and former independent audit firms elected by the shareholders.

3. Composition

The Committee is composed of at least three directors appointed by the Board for a mandate of one year or for any other period set by the Board.

All Committee members shall be independent directors and financially literate as prescribed by the Canadian Securities Administrators and determined by the Board.

4. Chair

The Chair of the Committee is appointed by the Board. In the event of the Chair's inability to attend a meeting, Committee members shall appoint a chair for such meeting.

The Chair of the Committee:

- Chairs all Committee meetings
- Ensures the fulfillment of the Committee's mandate
- Reports on Committee activities to the Board
- Ensures that this mandate is reviewed annually by the Committee members to recommend to the Board any appropriate changes.

5. Meetings

The Committee meets at least four times a year at locations, dates and times it determines.

The Chair of the Committee may convene a meeting at any time.

6. Organization

The Corporation's secretary acts as Committee secretary.

Before each Committee meeting, the secretary distributes the agenda and the information required for discussion and decision-making purposes. The secretary records the minutes of each Committee meeting in a register kept for this purpose.

7. Quorum and Decisions

The Committee quorum is the majority of Committee members.

Subject to the quorum being reached, the Committee makes its decisions by a majority of the votes cast by attending members.

8. Outside Advisors

In fulfilling its duties, the Committee may retain legal, accounting or other advisors.



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