SEMAFO Inc.

Management's Discussion and Analysis
June 30, 2019

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis ("MD&A") is designed to provide the reader with a greater understanding of the Corporation's business, strategy and performance, as well as how it manages risks and capital resources. This MD&A, prepared as of August 6, 2019, is intended to complement and supplement our Condensed Interim Consolidated Financial Statements (the "financial statements") as at June 30, 2019 and for the period then ended. Our financial statements and this MD&A are intended to provide investors with a reasonable basis for assessing our results of operation and our financial performance.

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

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

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

1. 2019 Second Quarter Highlights

As commercial production at the Boungou Mine commenced on September 1, 2018, the comparative figures only include the Mana Mine:

- Consolidated gold production of 99,800 ounces, compared to 45,700 ounces for the same period in 2018, an increase of 118%
- Production at Boungou of 62,800 ounces of gold in the quarter at all-in sustaining cost[1] of $476 per ounce sold
- Gold sales of $135 million compared to $58.5 million for the same period in 2018, an increase of 131%
- All-in sustaining cost[1] of $732 per ounce sold compared to $1,103 for the same period in 2018, an improvement of 34%
- Operating income of $32.7 million compared to a loss of $7.6 million for the same period in 2018
- Net income attributable to shareholders of the Corporation of $15.7 million or $0.05 per share compared to a net loss of $10.4 million or loss of $0.03 per share for the same period in 2018
- Cash flow from operating activities before changes in non-cash working capital[1] of $74.3 million or $0.22 per share[1] compared to $15.8 million or $0.05 per share[1] for the same period in 2018, an increase of 369%
- Discovery of the Bantou Nord Zone
- Receipt of mining permit for Siou underground
- Outlook revision at Mana following pit wall failure at Wona

[1] All-in sustaining cost, cash flow from operating activities before changes in non-cash working capital and per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

2. 2019 Outlook and Strategy[1]

2019 Guidance - Consolidated

2019 Guidance	Initial Outlook - Consolidated	Revised Outlook - Consolidated	Outlook - Boungou	Initial Outlook - Mana	Revised Outlook - Mana
Gold production ('000 oz)	390-430	350-380	220-240	170-190	130-140
All-in sustaining cost[2] ("AISC") ($/oz)	685-735	685-735	470-510	950-1020	950-1020
Capital Expenditure (included in AISC) (in millions of $)					
Sustaining	14	14	4	10	10
Stripping	64	56	21	43	35
	78	70	25	53	45
Non-recurring Development Expenditure (not included in AISC) (in millions of $)					
Siou underground development	41	41	—	41	41
Air strips & mill optimisations	8	8	6	2	2
Mining costs during Mana's shutdown	—	22	—	—	22
	49	71	6	43	65

Mana Revised Outlook

A pit wall failure occurred in early August in the northern part of the Wona pit where there is no active mining. No-one was injured, and no equipment was damaged.

Currently, we are mining in the southern part of Wona pit. However, under the 2019 mine plan, some 45,000 ounces were expected from the northern portion of the pit between late August and year-end. To mine securely and regain access to ore in Wona North, we will have to push back the pit wall and mine approximately 6 million tonnes of waste material. As a result, mining of ore in the northern part of the pit will be deferred until the first quarter of 2020. These 6 million tonnes were part of the life of mine plan in 2021 and therefore do not represent additional tonnes or cost.

After evaluating multiple scenarios to compensate for the ore from Wona North in 2019, we established that there would be insufficient ore to feed the mill for approximately ten weeks. We now expect to suspend the processing of ore at Mana between mid-August and end of October.

The mining plan for the Siou pit remains unchanged: Development of Siou open pit is ongoing with ore expected in the fourth quarter; and development of Siou underground is proceeding on time and on budget.

We estimate the impact at Mana to be approximately 40,000 – 50,000 ounces of lower production than originally contemplated. Therefore, annual guidance at Mana has been revised to 130,000 – 140,000 from the original 170,000 – 190,000 ounces. There is no change to our Mana all-in sustaining cost (AISC) guidance. During the shutdown, mining costs of approximately $22 million for Siou and Wona will be capitalized in development and there will be a non-recurring charge of approximately $7 million mostly representing fixed costs for the period.

[1] This section contains forward-looking statements. For more information on forward-looking statements, see note 21.

[2] All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

2. 2019 Outlook and Strategy[1] (continued)

The general and administrative expense for 2019 has been forecast at $16 million.

Assumptions

A number of assumptions were made in preparing the 2019 guidance, including:

- Price of gold: $1,250 US dollars per ounce
- Price of fuel: $1.19 US dollars per litre for Light Fuel Oil ("LFO")
  $0.77 US per litre for Heavy Fuel Oil ("HFO")
- Exchange rate: $0.73 US dollars to the Canadian dollar
- Exchange rate: $1.14 US dollars to the Euro

2019 Exploration

Given Bantou's prospectivity and exploration success to date, its initial 2019 budget of $3 million has been increased to $11 million. Exploration expenditure for 2019 has therefore been adjusted to $27 million, $11 million of which will be spent at Bantou, $9 million at Boungou, $4 million at Mana, $2 million at Nabanga and the remaining $1 million at Korhogo.

In the third quarter of 2019, we will provide an updated budget and exploration plan for the Karankasso property.

[1] This section contains forward-looking statements. For more information on forward-looking statements, see note 21.

3. Key Economic Factors

Price of Gold

During the three-month period ended June 30, 2019, the price of gold, based on the London Gold Fix PM, fluctuated from a high of $1,431 to a low of $1,271 per ounce. The average market gold price in the three-month period ended June 30, 2019 was $1,309 per ounce compared to $1,306 per ounce in the same period in 2018, representing an increase of $3.

	2019		2018	
	Q2	Q1	Q2	Q1
(in dollars per ounce)				
Average London Gold Fix	1,309	1,304	1,306	1,329
Average realized selling price (consolidated)	1,313	1,306	1,298	1,336

Cost Pressures

We are affected by industry-wide pressures on development and operating costs. Since our mining activities are energy intensive, a change in fuel price can have a significant impact on our operations and associated financial results. As a benchmark for fuel costs, the Brent Crude price averaged $68 per barrel in the three-month period ended June 30, 2019 compared to $75 per barrel in the same period in 2018.

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

	2019		2018	
	Q2 (in $)	Q1 (in $)	Q2 (in $)	Q1 (in $)
LFO fuel (per litre)	1.18	1.18	1.05	1.12
HFO fuel (per litre)	0.78	0.76	—	—

Foreign Currencies

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

During the three-month period ended June 30, 2019, the US dollar was stronger relative to the Euro compared to the same period in 2018. As approximately 75% of our costs are nominated in foreign currencies other than the US dollar, the foreign exchange fluctuation positively impacted our all-in sustaining cost[1].

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

Exchange rates are as follows:

	CAD / USD $		EUR / USD $	
	2019	2018	2019	2018
March 31 (closing)	**1.3347**	1.2892	**0.8913**	0.8112
June 30 (closing)	**1.3086**	1.3128	**0.8791**	0.8557
December 31 (closing)	**—**	1.3630	**—**	0.8737
First quarter (average)	**1.3282**	1.2646	**0.8801**	0.8139
Second quarter (average)	**1.3384**	1.2915	**0.8897**	0.8387

[1] All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

4. Consolidated Results and Mining Operations

Financial and Operating Highlights

	Three-month period ended June 30,			Six-month period ended June 30,		
	2019	2018	Variation	2019	2018	Variation
Gold ounces produced	**99,800**	45,700	118%	**202,200**	91,200	122%
Gold ounces sold	**102,700**	45,100	128%	**208,800**	92,000	127%
(in thousands of dollars, except amounts per share)						
Revenues – Gold sales	**134,985**	58,517	131%	**273,526**	121,215	126%
Mining operation expenses	**46,647**	36,139	29%	**90,897**	72,773	25%
Government royalties and development taxes	**7,006**	2,540	176%	**14,161**	5,684	149%
Depreciation of property, plant and equipment	**40,938**	22,583	81%	**80,566**	48,011	68%
Share-based compensation	**3,687**	613	501%	**6,519**	2,031	221%
Other	**3,966**	4,200	(6%)	**8,283**	8,339	(1%)
Operating income (loss)	**32,741**	(7,558)	—	**73,100**	(15,623)	—
Finance income	**(612)**	(612)	—	**(1,160)**	(1,253)	(7%)
Finance costs	**3,065**	287	968%	**6,621**	600	1,004%
Foreign exchange loss (gain)	**(286)**	1,292	—	**210**	864	(76%)
Income tax expense	**11,712**	2,588	353%	**27,445**	179	15,232%
Net income (loss) for the period	**18,862**	(11,113)	—	**39,984**	(16,013)	—
Net income (loss) attributable to shareholders of the Corporation	**15,705**	(10,431)	—	**33,371**	(15,141)	—
Basic earnings (loss) per share	**0.05**	(0.03)	—	**0.10**	(0.05)	—
Diluted earnings (loss) per share	**0.05**	(0.03)	—	**0.10**	(0.05)	—
Adjusted amounts						
Adjusted operating income (loss)[1]	**35,661**	(7,696)	—	**77,635**	(15,664)	—
Adjusted net income (loss) attributable to shareholders of the Corporation[1]	**16,292**	(6,317)	—	**38,924**	(12,865)	—
Per share[1]	**0.05**	(0.02)	—	**0.12**	(0.04)	—
Cash flows						
Cash flow from operating activities before changes in non-cash working capital[1]	**74,339**	15,839	369%	**153,319**	34,230	348%
Per share[1]	**0.22**	0.05	340%	**0.47**	0.11	327%
Statistics (in dollars)						
Average realized selling price (per ounce)	**1,313**	1,298	1%	**1,310**	1,317	(1%)
Total cash cost (per ounce sold)[1]	**522**	858	(39%)	**503**	853	(41%)
All-in sustaining cost (per ounce sold)[1]	**732**	1,103	(34%)	**739**	1,093	(32%)

[1] Adjusted operating income, adjusted net income attributable to shareholders of the Corporation, adjusted basic earnings per share, cash flow from operating activities before changes in non-cash working capital and per share, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

4. Consolidated Results and Mining Operations (continued)

As commercial production at the Boungou Mine commenced on September 1, 2018, the comparative figures, for the three month and six-month periods of 2018 only include the Mana Mine.

Second Quarter 2019 v. Second Quarter 2018

- During the second quarter of 2019, gold sales amounted to $134,985,000 compared to $58,517,000 for the same period in 2018. The increase in gold sales and gold ounces produced and sold is mainly due to the contribution of the Boungou Mine. The variation between gold ounces sold and gold ounces produced in the second quarter of 2019 is due to the timing of delivery.
- The higher mining operation expenses mainly reflect the contribution of Boungou mining operating expenses and are partially offset by lower expenses at the Mana Mine due to the lower operational stripping ratio.
- Higher government royalties and development taxes are a direct result of higher gold sales.
- The increase in depreciation of property, plant and equipment mainly reflects the contribution of the Boungou Mine. This is partially offset by the lower capitalized stripping ratio from Wona at the Mana Mine in the second quarter of 2019 compared to the same period in 2018.
- Higher share-based compensation expense during the second quarter of 2019 compared to the same period in 2018 is due to the increase in our share price.
- The increase in finance costs in the second quarter of 2019 compared to the same period in 2018 is due to the cessation of capitalization of borrowing costs following the commencement of commercial production at the Boungou Mine on September 1, 2018.
- The increase in income tax expense in the second quarter of 2019 is mainly due to the contribution of the Boungou Mine. The $10,573,000 of the $11,712,000 is deferred income tax expense that has no cash impact in the current year which is caused by timing differences arising from local expenses that are deductible earlier for tax purposes. The effect of these timing differences defers payment of the tax expense to the future.
- The increase in cash flow from operating activities before changes in non-cash working capital[1] in the second quarter of 2019 compared to the same period in 2018 mainly reflects the contribution from the Boungou Mine.

First Six Months of 2019 v. First Six Months of 2018

- In the first six months of 2019, gold sales amounted to $273,526,000 compared to $121,215,000 for the same period in 2018. The increase in gold sales and gold ounces produced and sold is mainly due to the contribution of the Boungou Mine. The variation between gold ounces sold and gold ounces produced in the first six months of 2019 is due to the timing of delivery.
- The higher mining operation expenses mainly reflect the contribution of Boungou mining operating expenses and are partially offset by lower expenses at the Mana Mine due to the lower operational stripping ratio.
- Higher government royalties and development taxes are a direct result of higher gold sales.
- The increase in depreciation of property, plant and equipment mainly reflects the contribution of the Boungou Mine. This is partially offset by the lower capitalized stripping ratio from Wona at the Mana Mine in the first six months of 2019 compared to the same period in 2018.
- Higher share-based compensation expense in the first six months of 2019 compared to the same period in 2018 is due to the increase in our share price.
- The increase in finance costs in the first six months of 2019 compared to the same period in 2018 is due to ceasing capitalization of borrowing costs following the commencement of commercial production at the Boungou Mine on September 1, 2018.
- The increase in income tax expense in the six months of 2019 is mainly due to the contribution of the Boungou Mine. The $25,572,000 of the $27,445,000 is deferred income tax expense that has no cash impact in the current year which is caused by timing differences arising from local expenses that are deductible earlier for tax purposes. The effect of these timing differences defers payment of the tax expense to the future.
- The increase in cash flow from operating activities before changes in non-cash working capital[1] in the first six months of 2019 compared to the first six months of 2018 mainly reflects the contribution from the Boungou Mine.

[1] Cash flow from operating activities before changes in non-cash working capital is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

5. Operating Income (Loss) by Segment

	Three-month period ended June 30,			Six-month period ended June 30,		
	2019	2018	Variation	**2019**	2018	Variation
(in thousands)	**$**	$	%	**$**	$	%
Boungou, Burkina Faso	**36,898**	(129)	—	**74,349**	(166)	—
Mana, Burkina Faso	**2,766**	(3,561)	—	**11,855**	(6,793)	—
Corporate and other	**(6,923)**	(3,868)	(79%)	**(13,104)**	(8,664)	(51%)
Operating income (loss)	**32,741**	(7,558)	—	**73,100**	(15,623)	—

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

Boungou, Burkina Faso

Mining Operations

	Three-month period ended June 30, 2019	Six-month period ended June 30, 2019
Operating Data		
Mining		
Waste mined (tonnes)	3,539,500	5,645,500
Ore mined (tonnes)	470,700	750,700
Operational stripping ratio	7.5	7.5
Capitalized Stripping Activity		
Waste material – Boungou (tonnes)	3,183,800	8,228,400
Total strip ratio	14.3	18.5
Processing		
Tonnes processed (tonnes)	282,700	591,400
Head grade (g/t)	7.19	6.83
Recovery (%)	96	96
Gold ounces produced	62,800	124,700
Gold ounces sold	63,800	128,500
Financial Data (in thousands of dollars)		
Revenues – Gold sales	84,144	168,636
Mining operation expenses	17,619	34,689
Government royalties and development taxes	4,701	9,425
Depreciation of property, plant and equipment	24,643	49,591
General and administrative	278	495
Corporate social responsibility expenses	5	87
Segment operating income	36,898	74,349
Statistics (in dollars)		
Average realized selling price (per ounce)	1,318	1,312
Cash operating cost (per tonne processed)[1]	61	57
Cash operating cost, including stripping (per tonne processed)[1]	86	87
Total cash cost (per ounce sold)[1]	350	343
All-in sustaining cost (per ounce sold)[1]	476	505
Depreciation (per ounce sold)[2]	386	386

[1] Cash operating cost, cash operating cost including stripping, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

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

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

Boungou, Burkina Faso (continued)

Mining Operations (continued)

Second Quarter 2019 v. First Quarter 2019

- Tonnes of ore mined in the quarter increased due to a lower strip ratio resulting from less development.
- During the second quarter of 2019, the tonnes processed decreased by 8% due to planned maintenance, the vast majority of which related to replacing the SAG liners, which reduced plant availability. For the second half of 2019, we anticipate a return of 91% availability and therefore, higher throughput.
- Gold ounces produced was up slightly in the second quarter benefiting from a higher head grade and slightly offset by the lower tonnes processed at the mill.
- As expected, in the second quarter of 2019, the all-in sustaining cost[1] was $476 per ounce sold compared to $534 per ounce sold for the first quarter. This is attributable to a lower strip ratio and a higher grade.
- Head grade increased by 11% compared to the first quarter, as the mine plan reached higher-grade zones.
- Recoveries reached 96% similar to the previous period.

[1] All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 19.

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

Mana, Burkina Faso

Mining Operations

	Three-month period ended June 30,			Six-month period ended June 30,		
	2019	2018	Variation	**2019**	2018	Variation
Operating Data						
Mining						
Waste mined (tonnes)	**3,366,700**	5,121,300	(34%)	**6,133,000**	10,327,100	(41%)
Ore mined (tonnes)	**478,600**	478,200	—	**886,700**	1,070,500	(17%)
Operational stripping ratio	**7.0**	10.7	(35%)	**6.9**	9.6	(28%)
Capitalized Stripping Activity						
Waste material – Siou (tonnes)	**2,048,700**	—	—	**4,454,600**	—	—
Waste material – Wona (tonnes)	**1,586,000**	3,513,700	(55%)	**3,411,000**	6,717,900	(49%)
	3,634,700	3,513,700	3%	**7,865,600**	6,717,900	17%
Total strip ratio	**14.6**	18.1	(19%)	**15.8**	15.9	(1%)
Processing						
Ore processed (tonnes)	**502,900**	604,200	(17%)	**930,800**	1,216,200	(23%)
Low grade material (tonnes)	**116,200**	32,600	256%	**328,500**	72,300	354%
Tonnes processed (tonnes)	**619,100**	636,800	(3%)	**1,259,300**	1,288,500	(2%)
Head grade (g/t)	**2.12**	2.35	(10%)	**2.20**	2.30	(4%)
Recovery (%)	**88**	95	(7%)	**87**	96	(9%)
Gold ounces produced	**37,000**	45,700	(19%)	**77,500**	91,200	(15%)
Gold ounces sold	**38,900**	45,100	(14%)	**80,300**	92,000	(13%)
Financial Data (in thousands of dollars)						
Revenues – Gold sales	**50,841**	58,517	(13%)	**104,890**	121,215	(13%)
Mining operations expenses	**29,026**	36,139	(20%)	**56,208**	72,773	(23%)
Government royalties	**2,307**	2,540	(9%)	**4,736**	5,684	(17%)
Depreciation of property, plant and equipment	**16,146**	22,488	(28%)	**30,677**	47,820	(36%)
General and administrative	**584**	699	(16%)	**1,127**	1,334	(16%)
Corporate social responsibility expenses	**12**	212	(94%)	**287**	397	(28%)
Segment operating income (loss)	**2,766**	(3,561)	—	**11,855**	(6,793)	—
Statistics (in dollars)						
Average realized selling price (per ounce)	**1,306**	1,298	1%	**1,306**	1,317	(1%)
Cash operating cost (per tonne processed)[1]	**47**	56	(16%)	**44**	55	(20%)
Cash operating cost, including stripping (per tonne processed)[1]	**65**	70	(7%)	**63**	69	(9%)
Total cash cost (per ounce sold)[1]	**805**	858	(6%)	**759**	853	(11%)
All-in sustaining cost (per ounce sold)[1]	**1,152**	1,103	4%	**1,113**	1,093	2%
Depreciation (per ounce sold)[2]	**415**	499	(17%)	**382**	520	(27%)

1 Cash operating cost, cash operating cost including stripping, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

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

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

Mana, Burkina Faso (continued)

Mining Operations (continued)

Second Quarter 2019 v. Second Quarter 2018

- During the second quarter of 2019, significant efforts were allocated to stripping activities at the Siou North pit. Higher grade ore from the Siou North pit will only be available in the fourth quarter of 2019, which will positively impact the all-in sustaining cost[1]. Consequently, the tonnes processed remained stable as a result of processing 116,200 tonnes of low grade material.
- The ore mined was on a similar level compared to the same period in 2018, in accordance with the mine plan.
- The decrease in recovery rate and head grade reflects the ore mix at the plant. In the second quarter of 2019, the ore processed was sourced almost exclusively from the Wona pit, which has a lower recovery rate and lower head grade than the ore sourced from the Siou and Wona pits in the same period in 2018. The Siou pit has a higher recovery rate and head grade than that of the Wona pit.
- During the second quarter of 2019, gold sales amounted to $50,841,000 compared to $58,517,000 for the same period in 2018. The variation is mainly due to the lower gold ounces produced. The variation between gold ounces sold and gold ounces produced during the quarter is due to the timing of delivery.
- The lower mining operations expenses are mainly due to the lower operational stripping ratio.
- The decrease in depreciation of property, plant and equipment mainly reflects the lower capitalized stripping ratio from Wona in the second quarter of 2019 compared to the higher capitalized stripping ratio from Siou at depth in the second quarter of 2018.

.

First Six Months of 2019 v. First Six Months of 2018

- During the first six months of 2019, significant efforts were allocated to stripping activities at the Siou North pit. Higher grade ore from the Siou North pit will only be available in the fourth quarter of 2019, which will positively impact the all-in sustaining cost[1]. Consequently, the tonnes processed remained stable as a result of processing 328,500 tonnes of low grade material.
- The decrease in recovery rate reflects the ore mix at the plant. In the six months of 2019, the ore processed was sourced almost exclusively from the Wona pit, which has a lower recovery rate than the ore sourced from the Siou and Wona pits in the same period in 2018. The Siou pit has a higher recovery rate than that of the Wona pit.
- In the first six months of 2019, gold sales amounted to $104,890,000 compared to $121,215,000 in the first six months of 2018. The decrease is mainly due to fewer gold ounces produced and sold in line with mine sequencing. The variation between gold ounces sold and gold ounces produced in the six months of 2019 is due to the timing of delivery.
- The lower mining operations expenses are mainly due to less volume extracted from the pits compare to the same period.
- The decrease in depreciation of property, plant and equipment and in the depreciation per ounce sold mainly reflects the lower capitalized stripping ratio from Wona in the first six months of 2019 compared to the higher capitalized stripping ratio from the Siou and Wona mix in the same period in 2018.

[1] All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A, note 19.

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

Siou Underground Development

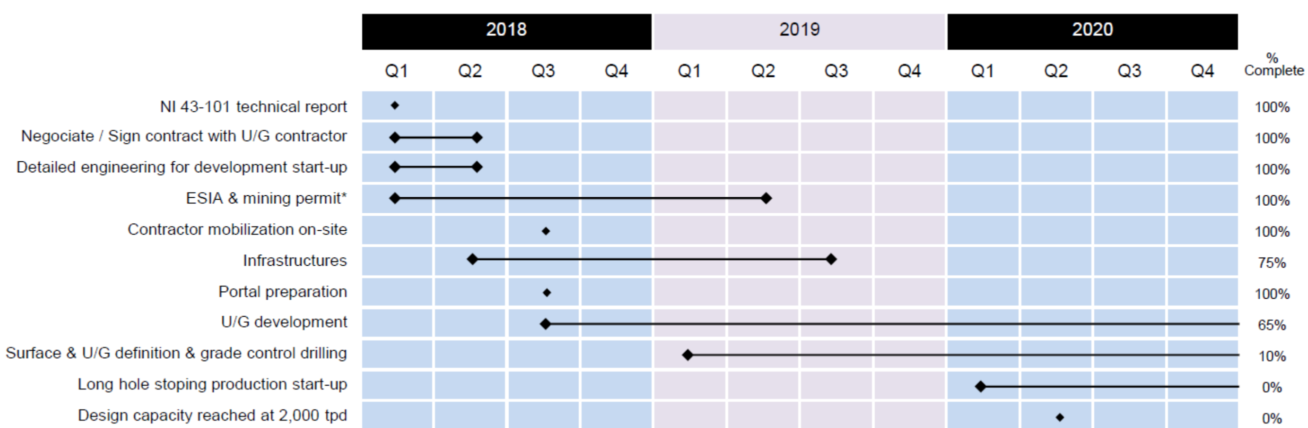
The Siou deposit is located some twenty kilometers from the Mana Mine in Burkina Faso. In February of 2018, the Corporation completed a Mana pre-feasibility study ("PFS") that includes a reserves estimate of 3.0 million tonnes at an average grade of 5.29 g/t Au for 515,800 ounces of contained gold at Siou underground. The PFS is based on a 2,000-tpd contract mining underground operation using long-hole stoping as its principal mining method. Pre-production expenditure has been set at $51.7 million, with the 18-month development period beginning in the third quarter of 2018.

In the second quarter of 2019, underground development continued, on track with our goal of reaching full production in the first quarter of 2020. Specifically, the following milestones were met in the quarter:

- Ongoing grade control drilling and rock sampling: results remain consistent with the block model;
- Development continues on budget, with $31.2 million of the $51.7 million budget incurred
    - Opening of three of the eight main levels, and continuing towards the first production drift;
- Construction of the contractor’s permanent surface infrastructure remains on schedule; and
- Receipt of mining permit for Siou underground.

At the end of July 2019, we had completed 4,400 of the 5,600 meters of underground development at Siou required to commence production.

Timeline for Development of Siou Underground as at June 30, 2019



* Current exploration permit allows for U/G development start-up

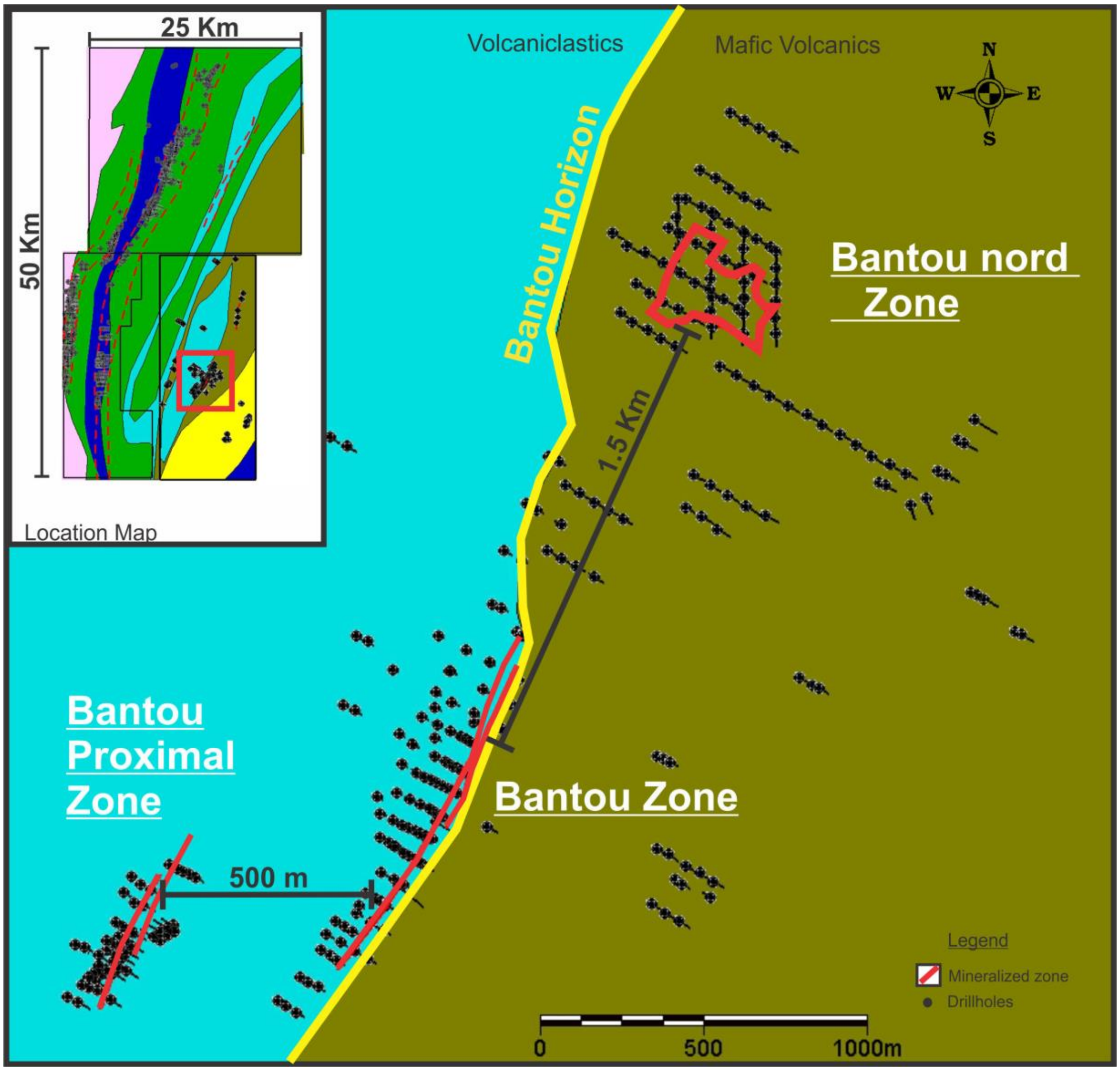
5. Operating Income (Loss) by Segment (continued)

Exploration

Bantou

A total of 190 RC holes (29,899 meters) and 17 core holes (3,307 meters) was completed in the second quarter. On June 3, we announced the discovery of a significant new gold zone called Bantou Nord. Figure 1 shows that the Bantou Nord Zone is located 1.5 kilometers northeast of the Bantou Zone, which hosts an inferred resource estimate of 361,000 oz at 5.35 g/t Au.

Figure 1 - Location of Bantou Nord Zone



The 2019 Bantou exploration budget was originally set at $3 million and involved one drill rig. Given Bantou's prospectivity and exploration success to date, its 2019 budget was increased to $11 million. The updated exploration program includes three rigs: i) one dedicated to follow-up drilling at the new Bantou Nord discovery; ii) a second testing the Bantou Zone along the plunge of the mineralization; and iii) a third one exploring grassroots targets over the entire property including follow-up drilling on the Bantou Proximal Zone located immediately west of the Bantou Zone.

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

Exploration (continued)

Bantou (continued)

Bantou Nord Zone

Following the June 3 discovery, the Bantou Nord drill program consisted of north-south lines almost perpendicular to the original discovery lines. The objective was to confirm the disseminated nature of the mineralization in addition to provide a better understanding of the geometry of the deposit. Results to date confirm the disseminated nature with grades and widths similar to those previously reported (see Table 1 with multiple intersections of +/- 100-meter lengths with grades ranging from 1.0 g/t Au to 1.4 g/t Au). In addition, the drilling appears in line with the original interpreted surface area of mineralization of 300 meters by 250 meters.

Table 1 - Q2 Select Drill Results from Bantou Nord Zone

Section	Hole No.	From (m)	To (m)	Length (m)	Au (g/t)
407750E	KRC19-0431	125	165*	**40**	**0.96**
407750E	KRC19-0432	96	162*	**66**	**1.78**
407750E	KRC19-0434	64	136	**72**	**1.03**
407750E	KRC19-0436	3	161*	**158**	**1.26**
407750E	KRC19-0437	5	114	**109**	**1.41**
407650E	KRC19-0440	4	174	**170**	**1.16**
407650E	KRC19-0441	23	88	**65**	**1.28**

* Hole ends in mineralization

Bantou Zone

At the Bantou Zone, high grade intersections were obtained along the moderate north plunge as interpreted by the block model (Table 2). Following completion of the programs, a revised resource estimate will be completed for the Bantou and Bantou Nord Zones which will be included in the year-end resource statement.

Table 2 - Q2 Select Drill Results from Bantou Zone

Zone	Hole No.	From (m)	To (m)	Length (m)	Au (g/t)
Chert	DMP010	277.7	279	**1.3**	**14.92**
Chert	DMP010	284.2	302,9	**18.7**	**7.43**
BIF	DMP013	95.3	104	**8.7**	**2.85**
Chert	DYDD020	176.6	178	**1.4**	**9.72**

* All assays are uncut

Bantou Proximal Zone and Regional Targets

As shown in Table 3, Bantou Proximal Zone continues to return excellent results that will be followed up in the fourth quarter. In addition, the exploration drill returned interesting intersections at two new areas, called Peni and Sikongo. Peni is located 6 kilometers north-northeast of Bantou Nord, with Sikongo located 12 kilometers directly north of Bantou Nord. Further drilling has been scheduled in the second half of the year.

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

Exploration (continued)

Bantou (continued)

Bantou Proximal Zone and Regional Targets (continued)

Table 3 - Q2 Select Drill Results from Bantou Proximal Zone and Regional Targets

Zone	Hole No.	From (m)	To (m)	Length (m)	Au (g/t)
Bantou Prox	KRC19-0454	27	32	**5**	**2.32**
Bantou Prox	KRC19-0456	75	78	**3**	**4.22**
Bantou Prox	KRC19-0458	46	48	**2**	**8.47**
Bantou Prox	KRC19-0460	63	70	**7**	**44.16**
Peni	KRC19-0388	25	28	**3**	**2.53**
Peni	KRC19-0393	41	49	**8**	**8.04**
Peni	KRC19-0393	111	121	**10**	**1.59**
Sikongo	KRC19-0358	5	11	**6**	**4.28**
Sikongo	KRC19-0359	149	150	**1**	**5.37**

* All assays are uncut

Karankasso

Since closing the Savary Gold Corporation ("Savary Gold") acquisition on April 30, the Karankasso database has been merged with the Bantou database. During the quarter, the transition with the Savary Gold team continued in an orderly fashion with everyone working together towards the common goal of maximizing the potential of the combined 1,250 km² district-scale property. In the third quarter, we will provide an updated budget and exploration plan.

Boungou

A total of 1,333 holes (13,361 meters) of auger drilling was completed north of the Boungou Mine in the second quarter in order to evaluate exploration targets in close proximity to the plant. No RC drilling was conducted during the quarter. Drilling is expected to resume after the rainy season.

Mana

During the quarter, a total of 96 holes (12,822 meters) was completed at Mana to test potential satellite targets proximal to existing deposits, including 4,519 meters at the Pompoi target east of Yaramoko Mine. The drilling program at Pompoi is approximately half-complete with no significant findings to date. Significant intersections were obtained on two satellite targets. The first is located six kilometers north of the Siou deposit, and the second is located five kilometers south of the Fofina deposit (see Table 4 below). Among these, hole MRC19-5206, which was drilled down dip of the zone, helped to confirm the orientation. Following detailed interpretation, an additional drill program will be completed with the aim of identifying a near-surface deposit.

Table 4 - Q2 Select Drilling Results at Mana Satellite Targets

Zone	Hole No.	From (m)	To (m)	Length (m)	Au (g/t)
Siou Satellite North	MRC19-5149	64	71	**7**	**1.68**
Siou Satellite North	MRC19-5150	71	78	**7**	**1.76**
Fofina South	MRC19-5206	4	10	**6**	**2.75**
		45	53	**8**	**1.88**
		87	123	**36**	**1.40**
Fofina South	MRC19-5218	97	104	**7**	**1.46**

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

Exploration (continued)

Mana (continued)

Geologic Review at Mana

At the end of the second quarter, we hired a geological consulting firm to carry out an external review at Mana. Analysis and compilation are expected to be completed by year-end and to generate new targets for 2020 within trucking distance to the plant.

Nabanga

As planned, no drilling was done at Nabanga in the second quarter. Work on the preliminary economic assessment ("PEA") continues and is scheduled for release in the third quarter.

Korhogo

In the quarter, 600 holes of auger drilling (10,835 meters) and 1,306 meters of trenching were completed on the Korhogo property in Cote d'Ivoire. Two trenches in the northern part of the permit returned values of up to 6.10 g/t Au over 2 meters and 1.13 g/t Au over 3 meters. The program is expected to be completed before year-end.

Corporate Social Responsibility

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Community development tax	**841**	—	**1,686**	—
Corporate social responsibility expenses	**17**	341	**374**	563
	858	341	**2,060**	563

The Corporation is subject to a community development tax of 1% of its revenues at the Boungou Mine. For the three-month and six-month periods ended June 30, 2019, the community development tax at the Boungou Mine amounted to $841,000 and $1,686,000 (three-month and six-month periods ended June 30, 2018: nil). In addition, for the three-month and six-month periods ended June 30, 2019, corporate social responsibility expenses, representing contributions made to SEMAFO Foundation, totalled $17,000 and $374,000 (Three-month period ended June 30, 2018: $341,000, six-month period ended June 30, 2018: $563,000).

In the second quarter, under a new approach, the Foundation continued to shift the focus of its activities towards promotion of entrepreneurship and revenue-generating activities. Its new vision is inspired by the fact that most community development plans in the area already involve construction of infrastructure; the need to support young people as they cannot all be employed by the mine; the mining fund for local development; and by the need to prepare for after-mine closure.

In the Boucle du Mouhoun region hosting the Mana Mine, SEMAFO Foundation strengthened educational infrastructure in the period through inauguration of 3 classrooms, an office and a storeroom at one school in addition to 6 latrines in a high school. School study conditions in the area were also enhanced by the Foundation's support of school canteens with food, distribution of bicycles to deserving students and donation of material for school sporting events. Six long-standing revenue-generating projects were supported, primarily through donated material. The market gardening project was particularly reinforced in the quarter through the plantation of fruit-and-nut bearing trees and the construction of a water retention basin to improve crop irrigation. Two additional projects were launched in the period - pig farming and fish farming, bringing to 14 the number of revenue-generating projects at Mana.

In parallel with SEMAFO Foundation's program, the Mana community team upgraded road sections surrounding the mine, held a community information session with regard to construction of the Mana air strip, and made financial donations to support local traditional practices and the fight against child labour. During the period, the mine was subject to three inspections by government agencies. Preparation for the annual replanting season began with treatment of community requests.

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

Corporate Social Responsibility (continued)

In the Est region, the Foundation maintained its focus on local entrepreneurship by offering French literacy classes to a group of adults and training animators on its ECOSAN latrines. A ninth revenue-generating project - peanut paste and soumbala spice- was launched to benefit a women's group and supported through the donation of office premises. Established livelihood projects were supported directly, mostly through the donation of equipment and primary supplies. Construction of a multi-functional platform fitted with a mill and husker was completed in the period, bringing energy into the heart of Boungou village and enhancing community facilities in the wider area.

The quarter also saw the Foundation pay an inaugural visit to the Cascades region where the Bantou deposit is located. The aim of the on-site visit was to give an accurate picture of the living conditions and assess community needs and existing activities. In addition to drawing up a long-term action plan, the Foundation's immediate actions will involve helping the most promising existing agricultural crop projects with training and tools.

Corporate and Other

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	**2019**	2018
(in thousands)	$	$	$	$
Depreciation of property, plant and equipment	**149**	95	**298**	191
General and administrative	**3,087**	3,160	**6,287**	6,442
Share-based compensation	**3,687**	613	**6,519**	2,031
Segment operating loss	**6,923**	3,868	**13,104**	8,664

Share-based Compensation

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	**2019**	2018
(in thousands)	$	$	$	$
Restricted Share Units	**2,188**	589	**3,762**	1,420
Deferred Share Units	**807**	(16)	**1,738**	470
Performance Share Units	**692**	40	**1,019**	141
	3,687	613	**6,519**	2,031

For the three-month period ended June 30, 2019, our share-based compensation expense amounted to $3,687,000 (Three-month period ended June 30, 2018: $613,000). The $3,687,000 expense included a $767,000 expense for outstanding units (Three-month period ended June 30, 2018: expense of $751,000) and a $2,920,000 expense (Three-month period ended June 30, 2018: recovery of $138,000) due the increase in our share price.

For the six-month period ended June 30, 2019, our share-based compensation expense amounted to $6,519,000 (Six-month period ended June 30, 2018: $2,031,000). The $6,519,000 expense included a $1,984,000 expense for outstanding units (Six-month period ended June 30, 2018: expense of $2,072,000) and an expense of $4,535,000 (Six-month period ended June 30, 2018: recovery of $41,000) due to the increase in our share price.

Please refer to note 18 of the financial statements for more details.

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

Finance Costs

Second Quarter 2019 v. Second Quarter 2018

The finance costs amounted to $3,065,000 in the second quarter of 2019 compared to $287,000 in the same period in 2018 due to ceasing capitalization of borrowing costs, following the commencement of commercial production at the Boungou Mine as of September 1, 2018.

First Six Months of 2019 v. First Six Months of 2018

The finance costs amounted to $6,621,000 in the first six months of 2019 compared to $600,000 in the same period in 2018 due to ceasing capitalization of borrowing costs, following the commencement of commercial production at the Boungou Mine as of September 1, 2018.

Income Tax Expense

Second Quarter 2019 v. Second Quarter 2018

The increase in income tax expense in the second quarter of 2019 is mainly due to the contribution of the Boungou Mine. The $10,573,000 of the $11,712,000 is deferred income tax expense that has no cash impact in the current year which is caused by timing differences arising from local expenses that are deductible earlier for tax purposes. The effect of these timing differences defers payment of the tax expense to the future.

First Six Months of 2019 v. First Six Months of 2018

The increase in income tax expense in the first six months of 2019 is mainly due to the contribution of the Boungou Mine. The $25,572,000 of the $27,445,000 is deferred income tax expense that has no cash impact in the current year which is caused by timing differences arising from local expenses that are deductible earlier for tax purposes. The effect of these timing differences defers payment of the tax expense to the future.

Income Attributable to Non-Controlling Interests

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

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019 $	2018 $	2019 $	2018 $
Government of Burkina Faso – 10% in SEMAFO Boungou S.A.	**3,027**	(60)	**5,886**	(45)
Government of Burkina Faso – 10% in SEMAFO Burkina Faso S.A.	**130**	(622)	**727**	(827)
	3,157	(682)	**6,613**	(872)

7. Other Comprehensive Income (Loss)

For the three-month period ended June 30, 2019, other comprehensive income amounted to a loss of $173,000 (2018: loss of $478,000) which related to the variation in fair value of our investment in GoviEx for a loss of $2,000 (Three-month period ended June 30, 2018: income of $197,000) and our investment in Savary Gold for a loss of $171,000 (Three-month period ended June 30, 2018: loss of $665,000). In the second quarter of 2019, no investments other than GoviEx were held (2018: loss of $10,000).

For the six-month period ended June 30, 2019, other comprehensive income amounted to $2,176,000 (Six-month period ended June 30, 2018: loss of $1,031,000), which related to the variation in fair value of our investment in GoviEx for income of $95,000 (Six-month period ended June 30, 2018: loss of $391,000) and our investment in Savary Gold for income of $2,081,000 (Six-month period ended June 30, 2018: loss of $590,000). In the six-month period ended June 30, 2019, no investments other than GoviEx were held (2018: loss of $50,000).

7. Other Comprehensive Income (Loss) (continued)

Investment in GoviEx

The investment in GoviEx was made in 2008. GoviEx is a publicly traded mineral resources company focused on the exploration and development of uranium properties in Africa. Based on the last closing price observed on the TSX-V, we concluded that the fair value of the investment in GoviEx is $1,110,000 as at June 30, 2019 (December 31, 2018: $1,079,000).

Investment in Savary Gold Corp.

In 2018, the Corporation acquired 39,533,333 shares in Savary Gold for an amount of $1.8 million. Proceeds of the investment was used by Savary to advance the Karankasso project. On April 30, 2019, the Corporation announced the completion of the previously announced acquisition (the "Transaction") whereby SEMAFO acquired all the remaining issued and outstanding shares of Savary Gold not previously held by SEMAFO. Under the terms of the Transaction, Savary Gold shareholders received 0.0336 SEMAFO common shares for each Savary Gold common share representing 7,299,407 shares issues by SEMAFO.

As at April 30, 2019, we estimate the fair value of Savary Gold's Common share to be $3,533,000 (December 31, 2018: $1,450,000) and the warrants' fair value to be $185,000 (please refer to note 9 of the financial statements for more details).

8. Cash Flows

The following table summarizes our cash flow activities:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	2019	2018
(in thousands)	$	$	$	$
Cash flows				
Operating activities before changes in non-cash working capital[1]	**74,339**	15,839	**153,319**	34,230
Changes in non-cash working capital items	**(4,246)**	5,039	**(19,982)**	(10,597)
Operating activities	**70,093**	20,878	**133,337**	23,633
Financing activities	**(17,283)**	(1,123)	**(34,055)**	(1,604)
Investing activities	**(43,942)**	(48,602)	**(87,121)**	(111,364)
Effect of exchange rate changes on cash and cash equivalents	**1,005**	(1,702)	**178**	(744)
Change in cash and cash equivalents during the period	**9,873**	(30,549)	**12,339**	(90,079)
Cash and cash equivalents – Beginning of the period	**98,985**	139,420	**96,519**	198,950
Cash and cash equivalents – End of the period	**108,858**	108,871	**108,858**	108,871

Operating

Second Quarter 2019 v. Second Quarter 2018

For the three-month period ended June 30, 2019, operating activities before changes in non-cash working capital generated cash flows[1] of $74,339,000 compared to $15,839,000 in the same period in 2018 mainly due to the contribution of the Boungou Mine. Non-cash working capital items required liquidities of $4,246,000 in the second quarter of 2019, while the second quarter of 2018, generated liquidities of $5,039,000.

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

[1] Cash flow from operating activities before changes in non-cash working capital is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

8. Cash Flows (continued)

Operating (continued)

First Six Months of 2019 v. First Six Months of 2018

For the six-month period ended June 30, 2019, operating activities before changes in non-cash working capital generated cash flows[1] of $153,319,000 compared to $34,230,000 in the same period in 2018, mainly due to the contribution of the Boungou Mine. Non-cash working capital items required liquidities of $19,982,000 in the first six months of 2019 compared to $10,597,000 in the first six months of 2018.

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

Financing

Second Quarter 2019 v. Second Quarter 2018

For the three-month period ended June 30, 2019, cash flow required for financing activities amounted to $17,283,000, while $1,123,000 was required for the same period in 2018.

Credit Facility with Macquarie Bank Limited ("Credit Facility")
We made the second principal repayment of $15,000,000 on June 30, 2019 (2018: nil) under the Credit Facility. The principal is repayable in quarterly installments of $15,000,000 until the end of 2020.

Equipment Financing
For the three-month period ended June 30, 2019, we reimbursed $78,000 (Three-month period ended June 30,2018: $78,000) on equipment financing.

Finance Leases
For the three-month period ended June 30, 2019, we reimbursed $3,261,000 (Three-month period ended June 30,2018: $1,165,000) on our finance lease obligations. The increase is due to new lease obligations and to the transition to IFRS 16, *Leases* effective on January 1, 2019.

Proceeds on Issuance of Share Capital
A total of 862,000 options was exercised during the three-month period ended June 30, 2019 for a cash consideration of $1,056,000. In the second quarter of 2018, a total of 75,000 options was exercised for a cash consideration of $120,000.

First Six Months of 2019 v. First Six Months of 2018

For the six-month period ended June 30, 2019, cash flow required for financing activities amounted to $34,055,000, while $1,604,000 was required in the same period in 2018.

Credit Facility
We made the second principal repayment of $15,000,000 for a total of $30,000,000 on June 30, 2019 (2018: nil) under the Credit Facility. The principal is repayable in quarterly installments of $15,000,000 until the end of 2020.

Equipment Financing
For the six-month period ended June 30, 2019, we reimbursed $155,000 (Six-month period ended June 30, 2018: $155,000) on equipment financing.

Finance Leases
For the six-month period ended June 30, 2019, we reimbursed $5,386,000 (Six-month period ended June 30, 2018: $2,310,000) on our finance lease obligations. The increase is due to new lease obligations and to the transition to IFRS 16, *Leases* effective on January 1, 2019.

[1] Cash flow from operating activities before changes in non-cash working capital is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

8. Cash Flows (continued)

Financing (continued)

First Six Months of 2019 v. First Six Months of 2018 (continued)

Proceeds on Issuance of Share Capital

A total of 1,063,000 options was exercised during the six-month period ended June 30, 2019 for a cash consideration of $1,486,000. For the six-month period of 2018, a total of 635,000 options was exercised for a cash consideration of $861,000.

Investing

For the three-month and six-month periods ended June 30, 2019, cash flow used in investing activities amounted to $43,942,000 and $87,121,000. In the same respective periods of 2018, cash flow used in investing activities amounted $48,602,000 and $111,364,000.

Acquisitions of Property, Plant and Equipment

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	2019	2018
(in thousands)	$	$	$	$
Boungou Mine				
Sustaining capital	**865**	—	**2,894**	—
Stripping cost	**7,205**	—	**17,954**	—
Total sustaining capital expenditures - Boungou Mine	**8,070**	—	**20,848**	—
Air strips and mill optimisations	**1,738**	—	**3,169**	—
Construction - Boungou Mine	**—**	34,853	—	70,513
Total non-recurring development expenditure - Boungou Mine (not included in AISC)	**1,738**	34,853	**3,169**	70,513
Mana Mine				
Sustaining capital	**2,205**	1,973	**4,527**	4,277
Stripping cost	**11,292**	9,065	**23,869**	17,762
Total sustaining capital expenditures - Mana Mine	**13,497**	11,038	**28,396**	22,039
Siou underground capital expenditures	**11,397**	199	**20,511**	199
Air strips and mill optimizations	**108**	—	**114**	—
Total non-recurring development expenditure - Mana Mine (not included in AISC)	**11,505**	199	**20,625**	199
Exploration expenditures	**8,018**	9,448	**12,933**	16,623
Finance lease paid included in development costs of Siou underground	**(756)**	—	**(1,402)**	—
Finance leases paid included in construction costs of the Boungou Mine	**—**	(1,165)	**—**	(2,310)
Capitalized borrowing costs	**491**	2,024	**788**	3,927
Other	**19**	1,320	**56**	1,337
	42,582	57,717	**85,413**	112,328
Variation in unpaid acquisitions of property, plant and equipment	**1,655**	(9,017)	**2,003**	(2,472)
Total	**44,237**	48,700	**87,416**	109,856

8. Cash Flows (continued)

Investing (continued)

a) As at June 30, 2019, the Siou underground development project had advanced as follows:

	Siou Underground development
	$
As at December 31, 2018	10,652
Addition:	20,511
As at June 30, 2019	**31,163**

Net cash received on acquisition of Savary Gold Corporation

Following the acquisition of Savary Gold, the net cash received on acquisition for the three-month and six-month periods ended June 30, 2019 amounted to $232,000 (Three-month period ended June 30, 2018: nil, six-month period ended June 30, 2018: nil).

9. Financial Instruments

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

10. Critical Accounting Estimates and Judgments

The preparation of our financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustments to our financial statements are disclosed in note 6 of our annual audited financial statements and in note 5 of our financial statements.

11. New Accounting Standards Issued and in Effect

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

12. Financial Position

As at June 30, 2019, we held $134,163,000 in cash and cash equivalents and restricted cash. With our existing cash balance and our forecasted cash flow from operating activities, we are well positioned to fund all of our cash requirements for 2019 and 2020, which relate primarily to the following activities:

- Exploration programs
- Underground development at Siou
- Repayment of the Credit Facility.

(in thousands)	As at June 30, 2019 $	As at December 31, 2018 $
Total current assets	**253,081**	220,932
Property, plant and equipment	**835,787**	782,060
Other non-current assets	**29,327**	31,283
Total assets	**1,118,195**	1,034,275
Current liabilities	**148,237**	138,268
Non-current liabilities	**144,861**	142,904
Total liabilities	**293,098**	281,172
Shareholders of the Corporation	**778,414**	720,682
Non-controlling interests	**46,683**	32,421

As at June 30, 2019, our total assets amounted to $1,118,195,000 compared to $1,034,275,000 as at December 31, 2018.

As at June 30, 2019, our liabilities totalled $293,098,000 compared to $281,172,000 as at December 31, 2018.

The acquisition of Savary Gold, completed on April 30,2019, resulted in an increase of the share capital of the Corporation of $20,699,000, and an increase of the non-controlling interest of $7,649,000 (please refer to note 9 of the financial statements for more details).

13. Contractual Obligations

Asset Retirement Obligations

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

The liability for asset retirement obligations as at June 30, 2019 was $24,568,000 (December 31, 2018: $23,453,000).

Government Royalties

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

For the three-month period ended June 30, 2019, the Corporation was subject to royalty rates of 4% and 5% (Three-month period ended June 30, 2018: 4% and 5%), which were calculated using the retail market value of gold ounces sold at the time of shipment. For the three-month period ended June 30, 2019, royalties amounting to $6,165,000 (Three-month period ended June 30, 2018: $2,540,000) were paid to the Government of Burkina Faso

For the six-month period ended June 30, 2019, the Corporation was subject to royalty rates of 4% and 5% (Six-month period ended June 30, 2018: 4% and 5%), which were calculated using the retail market value of gold ounces sold at the time of shipment. For the six-month period ended June 30, 2019, royalties amounting to $12,475,000 (Six-month period ended June 30, 2018: $5,684,000) were paid to the Government of Burkina Faso.

Community Development Tax

The Corporation is subject to a community development tax of 1% of its revenues at the Boungou Mine. For the three-month and six-month periods ended June 30, 2019, the community development tax at the Boungou Mine amounted to $841,000 and $1,686,000 (Three-month period ended June 30, 2018: nil, six-month period ended June 30, 2018: nil).

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

We are subject to an NSR of 1% on various exploration properties. The NSR comes into effect when we enter into commercial production. We are also subject to an NPI from 0.5% to 1% on various exploration properties.

Purchase Obligations

As at June 30, 2019, purchase commitments totalled $4,557,000.

Payments to Maintain Mining Rights

In the normal course of business, in order to obtain and maintain all the advantages of our mining permits, we must commit to investing a specific amount in exploration and development on the permits during their validity period. Moreover, we must make annual payments in order to maintain certain property titles. As at June 30, 2019, we were in compliance in all material respects with the obligations related to the ownership of our material permits.

Contingencies

On October 15, 2015, the Corporation received a water extraction tax invoice of $3,892,000 (2,244,166,000 FCFA). The Corporation is exempt from this tax under its mining agreement for the Mana Mine pursuant to fiscal stability clauses. As a result, no provision was recorded in the financial statements as at June 30, 2019. The Corporation is vigorously defending its position with the Water Agency.

14. Event after the Reporting Period

In early August, access to ore projected under the 2019 Mana mine was impeded by a pit wall failure in the northern part of the Wona pit. We therefore expect to suspend the processing of ore at Mana between mid-August and end of October. During the shutdown, mining costs of $22,000,000 will be capitalized and there will be a non-recurring charge of approximately $7,000,000 mostly representing fixed costs during the shutdown.

15. Risks and Uncertainties

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

Financial Risks

Fluctuation in Gold Prices

The profitability of our operations will be significantly affected by changes in the market price of gold. Gold production from mining operations and the willingness of third parties, such as central banks, to sell or lease gold affect the gold supply.

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

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

Fluctuation in Petroleum Prices

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

Exchange Rate Fluctuations

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

Interest Rate Fluctuations

As a borrower of long-term debt, our operations are subject to interest rate fluctuations. The long-term debt bears interest at LIBOR plus 4.75%. Therefore, an increase in LIBOR could materially adversely affect our financial condition and results of operation.

Access to Capital Markets

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

Operational Risks

Uncertainty of Reserves and Resources Estimates

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

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

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

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

15. Risks and Uncertainties (continued)

Operational Risks (continued)

Production and Cost Estimates

No assurance can be given that the intended or expected production schedules or the estimated cash costs and capital expenditures will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on our future cash flows, profitability, results of operations and financial condition. Many factors may cause delays or cost increases, including labour issues, disruptions in power, transportation or supplies, and mechanical failure. In addition, short-term operating factors, such as the need for the orderly development of ore bodies or the processing of new or different ore grades, may cause a mining operation to be unprofitable in any particular period. Furthermore, our activities may be subject to prolonged disruptions due to weather conditions. Hazards, such as unusual or unexpected formations, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material.

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

Nature of Mineral Exploration and Mining

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

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

Outside Contractor Risk

As per their respective mining services contracts, the Boungou Mine and the Siou mining operations will each be conducted by outside contractors. As a result, our operations are subject to risks, some of which are outside of our control, including:

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

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

Limited Property Portfolio

We currently have two mineral properties in operation which are both situated in Burkina Faso; our Mana Mine and our recently developed Boungou Mine. Unless we acquire or develop additional mineral properties and geographically diversify our portfolio of properties, any adverse development affecting our current mineral properties could materially adversely affect our financial condition and results of operation.

15. Risks and Uncertainties (continued)

Operational Risks (continued)

Depletion of our Mineral Reserves

We must continually replace mining reserves depleted by production to maintain production levels over the long term. This is done by expanding known mineral reserves or by locating or acquiring new mineral deposits. There is, however, a risk that depletion of reserves will not be offset by future discoveries. Exploration for minerals is highly speculative in nature and involves many risks. Many, if not most, gold projects are unsuccessful and there are no assurances that current or future exploration programs will be successful. Further, significant costs are incurred to establish mineral reserves, open new pits and construct mining and processing facilities.

Development projects have no operating history upon which to base estimates of future cash flows and are subject to the successful completion of feasibility studies, obtaining necessary government permits, obtaining title or other land rights and the availability of financing. In addition, assuming discovery of an economic mine or pit, depending on the type of mining operation involved, many years may elapse before commercial operations commence. Accordingly, there can be no assurances that our current programs will result in any new commercial mining operations or yield new reserves to replace or expand current reserves.

Water Supply

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

Availability of Infrastructure and Fluctuation in the Price of Commodities

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

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

Licenses and Permits

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

15. Risks and Uncertainties (continued)

Operational Risks (continued)

Political Risk

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

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

The possibility that the government may adopt substantially different policies or interpretations, which might extend to the expropriation of assets, cannot be ruled out. Political risk also includes the possibility of civil disturbances and political instability in our or neighboring countries as well as threats to the security of our mines and workforce due to political unrest, civil wars or terrorist attacks. Moreover, during the last year, armed incidents on the roads to our Mana and Boungou Mines were reported. These incidents occurred as part of an increase in similar incidents carried out by bandits or terrorists in various regions of Burkina Faso. Although there is no reason to believe that our employees or operations are targeted, criminal or terrorist activities in the region may disrupt our operations, limit our ability to hire and keep qualified personnel as well as restrict our access to capital.

Title Matters

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

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

Suppliers' Risk

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

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

Integration of Acquired Business

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

15. Risks and Uncertainties (continued)

Operational Risks (continued)

Competition

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

Qualified and Key Personnel

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

Labour and Employment Relations

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

Environmental Risks, Hazards and Costs

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

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

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

Insufficient Insurance

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

15. Risks and Uncertainties (continued)

Operational Risks (continued)

Resource Nationalism

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

Relations with Surrounding Communities

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

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

Reliance on Information Technology Systems

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

Cybersecurity Threats

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

Litigation

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

Anti-corruption Laws

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

16. Information on Outstanding Shares

As at August 6, 2019, our share capital comprised 334,455,433 common shares issued and outstanding.

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

The plans provide for the grant of non-transferable options for the purchase of common shares. During the three-month period ended June 30, 2019, the Corporation issued 7,299,407 common shares in consideration for the exercise of Savary Gold stock options and Savary Gold warrants in accordance with the terms and conditions of the Transaction.

As at August 6, 2019, stock options allowing holders to purchase 508,440 common shares were outstanding.

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

Disclosure Controls and Procedures

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

i) Material information relating to our Corporation is made known to us by others, particularly during the period in which the interim filings are being prepared; and

ii) Information required to be disclosed by us in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Control over Financial Reporting

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

There have been no changes in our ICFR during the period beginning on April 1, 2019 and ended on June 30, 2019 which have materially affected or are reasonably likely to materially affect our ICFR.

Limitations of DC&P and ICFR

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

18. Quarterly Information

	2019		2018				2017	
CONSOLIDATED	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating Data								
Gold ounces produced[1]	99,800	102,400	95,200	58,200	45,700	45,500	49,500	53,900
Gold ounces sold[1]	102,700	106,100	92,900	50,500	45,100	46,900	49,200	54,500
Results								
(in thousands of dollars, except for amounts per share)								
Revenues – Gold sales[1]	134,985	138,541	114,692	60,772	58,517	62,698	62,960	69,832
Operating income (loss)	32,741	40,359	21,431	4,513	(7,558)	(8,065)	2,215	11,819
Net income (loss)	18,862	21,122	8,281	879	(11,113)	(4,900)	2,792	13,807
Attributable to:								
- Shareholders of the Corporation	15,705	17,666	6,486	463	(10,431)	(4,710)	1,649	12,224
- Non-controlling interests	3,157	3,456	1,795	416	(682)	(190)	1,143	1,583
Basic earnings (loss) per share	0.05	0.05	0.02	—	(0.03)	(0.01)	0.01	0.04
Diluted earnings (loss) per share	0.05	0.05	0.02	—	(0.03)	(0.01)	0.01	0.04
Cash flow from operating activities before changes in non-cash working capital[2]	74,339	78,980	54,932	21,041	15,839	18,391	25,409	34,853
Statistics (in dollars)								
Average realized selling price (per ounce)	1,313	1,306	1,234	1,205	1,298	1,336	1,278	1,282
Total cash cost (per ounce sold)[2]	522	484	559	670	858	848	667	557
All-in sustaining cost (per ounce sold)[2]	732	745	782	1,000	1,103	1,083	982	841
BOUNGOU								
Operating Data								
Ore mined (tonnes)	470,700	280,000	438,100	130,200	N/A	N/A	N/A	N/A
Tonnes processed (tonnes)	282,700	308,700	276,800	91,300	N/A	N/A	N/A	N/A
Head grade (g/t)	7.19	6.50	6.34	3.96	N/A	N/A	N/A	N/A
Recovery (%)	96	96	94	90	N/A	N/A	N/A	N/A
Gold ounces produced[1]	62,800	61,900	53,100	10,500	N/A	N/A	N/A	N/A
Gold ounces sold[1]	63,800	64,700	50,100	4,200	N/A	N/A	N/A	N/A
Financial Data (in thousands of dollars)								
Revenues – Gold sales[1]	84,144	84,492	61,957	5,009	N/A	N/A	N/A	N/A
Mining operations expenses (excluding government royalties)	17,619	17,070	16,513	2,051	N/A	N/A	N/A	N/A
Government royalties and development taxes	4,701	4,724	3,097	241	N/A	N/A	N/A	N/A
Depreciation of property, plant and equipment	24,643	24,948	19,893	1,849	N/A	N/A	N/A	N/A
General and administrative	278	217	153	33	N/A	N/A	N/A	N/A
Corporate social responsibility expenses	5	82	175	156	N/A	N/A	N/A	N/A
Segment Operating Income	36,898	37,451	22,126	679	N/A	N/A	N/A	N/A
Statistics (in dollars)								
Average selling price (per ounce)	1,318	1,306	1,236	1,203	N/A	N/A	N/A	N/A
Cash operating cost (per tonne processed)[2]	61	53	56	55	N/A	N/A	N/A	N/A
Total cash cost (per ounce sold)[2]	350	337	391	550	N/A	N/A	N/A	N/A
All-in sustaining cost (per ounce sold)[2]	476	534	579	807	N/A	N/A	N/A	N/A
Depreciation (per ounce sold)[3]	386	386	397	444	N/A	N/A	N/A	N/A

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

2 Cash flow from operating activities before changes in non-cash working capital, total cash cost, all-in sustaining cost and cash operating cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

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

18. Quarterly Information (continued)

	2019		2018				2017	
MANA	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Operating Data								
Ore mined (tonnes)	478,600	408,100	625,900	413,300	478,200	592,300	768,800	516,700
Tonnes processed (tonnes)	619,100	640,200	636,300	649,100	636,800	651,700	653,500	679,100
Head grade (g/t)	2.12	2.27	2.36	2.50	2.30	2.24	2.43	2.55
Recovery (%)	88	87	87	92	96	97	97	97
Gold ounces produced	37,000	40,500	42,100	47,700	45,700	45,500	49,500	53,900
Gold ounces sold	38,900	41,400	42,800	46,300	45,100	46,900	49,200	54,500
Financial Data (in thousands of dollars)								
Revenues – Gold sales	50,841	54,049	52,735	55,763	58,517	62,698	62,960	69,832
Mining operations expenses (excluding government royalties)	29,026	27,182	30,222	29,257	36,139	36,634	30,112	27,329
Government royalties	2,307	2,429	2,118	2,253	2,540	3,144	2,714	3,011
Depreciation of property, plant and equipment	16,146	14,531	17,216	16,590	22,488	25,332	22,643	21,831
General and administrative	584	543	662	639	699	635	697	686
Corporate social responsibility expenses	12	275	90	444	212	185	262	302
Segment Operating Income (Loss)	2,766	9,089	2,427	6,580	(3,561)	(3,232)	6,532	16,673
Statistics (in dollars)								
Average realized selling price (per ounce)	1,306	1,306	1,231	1,205	1,298	1,336	1,278	1,282
Cash operating cost (per tonne processed)[1]	47	41	49	46	56	54	47	42
Total cash cost (per ounce sold)[1]	805	715	756	681	858	848	667	557
All-in sustaining cost (per ounce sold)[1]	1,152	1,075	1,021	1,017	1,103	1,083	982	841
Depreciation (per ounce sold)[2]	415	351	402	358	499	540	460	401

[1] Cash operating cost, total cash cost and all-in sustaining cost are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS Financial Performance Measures" section of this MD&A, note 19.

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

19. Non-IFRS Financial Performance Measures

Some of the indicators used by us to analyze and evaluate our results represent non-IFRS financial measures. These measures are presented as they can provide useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. Since the non-IFRS performance measures presented in the below sections do not have any standardized definition prescribed by IFRS, they may not be comparable to similar measures presented by other companies. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. For the non-IFRS financial performance measures not already reconciled within the document, we have defined the IFRS financial performance measures below and reconciled them to reported IFRS measures.

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

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

Cash Operating Cost and Cash Operating Cost, including Stripping

The Corporation reports cash operating costs and cash operating cost, including stripping per tonne processed. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the cash operating costs and cash operating cost, including stripping per tonne processed provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. A reconciliation of cash operating cost calculated in accordance with the Gold Institute Standard to operating costs is included in the following table, for the three-month and six-month periods ended June 30, 2019:

	Three-month period ended June 30,		
	2019		2018
	Boungou	Mana	Mana
Per tonne processed			
Tonnes of ore processed	282,700	619,100	636,800
(in thousands of dollars except per tonne)			
Mining operation expenses (relating to ounces sold)	22,320	31,333	38,679
Government royalties, development taxes and selling expenses	(4,918)	(2,415)	(2,674)
Effects of inventory adjustments (doré bars and gold in circuit)	(144)	383	(506)
Operating costs (relating to tonnes processed)	17,258	29,301	35,499
Cash operating cost (per tonne processed)	**61**	**47**	56

	Six-month period ended June 30,		
	2019		2018
	Boungou	Mana	Mana
Per tonne processed			
Tonnes of ore processed	591,400	1,259,300	1,288,500
(in thousands of dollars except per tonne)			
Mining operation expenses (relating to ounces sold)	44,114	60,944	78,457
Government royalties, development taxes and selling expenses	(9,866)	(4,975)	(5,976)
Effects of inventory adjustments (doré bars and gold in circuit)	(716)	(363)	(1,499)
Operating costs (relating to tonnes processed)	33,532	55,606	70,982
Cash operating cost (per tonne processed)	**57**	**44**	55

19. Non-IFRS Financial Performance Measures (continued)

Cash Operating Cost and Cash Operating Cost, including Stripping (continued)

	Three-month period ended June 30,		
	2019		2018
	Boungou	Mana	Mana
Per tonne processed			
Tonnes of ore processed	282,700	619,100	636,800
(in thousands of dollars except per tonne)			
Stripping cost	7,205	11,292	9,065
Stripping cost (per tonne processed)	25	18	14
Cash operating cost (per tonne processed)	61	47	56
Cash operating cost, including stripping (per tonne processed)	**86**	**65**	70

	Six-month period ended June 30,		
	2019		2018
	Boungou	Mana	Mana
Per tonne processed			
Tonnes of ore processed	591,400	1,259,300	1,288,500
(in thousands of dollars except per tonne)			
Stripping cost	17,954	23,869	17,762
Stripping cost (per tonne processed)	30	19	14
Cash operating cost (per tonne processed)	57	44	55
Cash operating cost, including stripping (per tonne processed)	**87**	**63**	69

Total Cash Cost

The Corporation reports total cash costs based on ounces sold. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the total cash cost per ounce sold provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. A reconciliation of total cash cost is included in the following table, for the three-month and six-month periods ended June 30, 2019:

	Three-month period ended June 30,			
	2019			2018
	Boungou	Mana	Total	Mana
Per ounce sold				
Gold ounce sold	63,800	38,900	102,700	45,100
(in thousands of dollars except per ounce)				
Mining operation expenses	22,320	31,333	53,653	38,679
Total cash cost (per ounce sold)	**350**	**805**	**522**	858

19. Non-IFRS Financial Performance Measures (continued)

Total Cash Cost (continued)

			Six-month period ended June 30,	
			2019	2018
	Boungou	Mana	Total	Mana
Per ounce sold				
Gold ounce sold	128,500	80,300	208,800	92,000
(in thousands of dollars except per ounce)				
Mining operation expenses	44,114	60,944	105,058	78,457
Total cash cost (per ounce sold)	**343**	**759**	**503**	853

All-in Sustaining Cost

All-in sustaining cost represents the total cash cost plus sustainable capital expenditures and stripping costs presented per ounce sold. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the all-in sustaining cost per ounce sold better meets their needs by assessing the Corporation's operating performance and its ability to generate free cash flow. The Corporation classified sustaining capital expenditures which are required to maintain existing operations and capitalized stripping. A reconciliation of all-in sustaining cost is included in the following table, for the three-month and six-month periods ended June 30, 2019:

			Three-month period ended June 30,	
			2019	2018
	Boungou	Mana	Total	Mana
Per ounce sold				
Gold ounce sold	63,800	38,900	102,700	45,100
(in thousands of dollars except per ounce)				
Sustaining capital expenditure	8,070	13,497	21,567	11,038
Sustaining capital expenditure (per ounce sold)	126	347	210	245
Total cash cost (per ounce sold)	350	805	522	858
All-in sustaining cost (per ounce sold)	**476**	**1,152**	**732**	1,103

			Six-month period ended June 30,	
			2019	2018
	Boungou	Mana	Total	Mana
Per ounce sold				
Gold ounce sold	128,500	80,300	208,800	92,000
(in thousands of dollars except per ounce)				
Sustaining capital expenditure	20,848	28,396	49,244	22,039
Sustaining capital expenditure (per ounce sold)	162	354	236	240
Total cash cost (per ounce sold)	343	759	503	853
All-in sustaining cost (per ounce sold)	**505**	**1,113**	**739**	1,093

19. Non-IFRS Financial Performance Measures (continued)

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

The Corporation presents cash flow from operating activities before changes in non-cash working capital per share as it believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors may find that the cash flow from operating activities before changes in non-cash working capital per share provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. A reconciliation of cash flow from operating activities before changes in non-cash working capital per share is included in the following table, for the three-month and six-month periods ended June 30, 2019:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	**2019**	2018
(in thousands of dollars except per share)				
Cash flow from operating activities before changes in non-cash working capital	74,339	15,839	153,319	34,230
Weighted average number of outstanding common shares - Basic	330,929	325,607	328,301	325,336
Cash flow from operating activities before changes in non-cash working capital per share	**0.22**	0.05	**0.47**	0.11

Adjusted Accounting Measures

Net income and operating income have been adjusted with items considered temporal and that do not reflect the Corporation core mining operations. The Corporation believes certain investors may find that the adjusted net income (loss) attributable to shareholders of the Corporation, adjusted basic earnings (loss) per share and adjusted operating income (loss) provided useful information to assist investors with their evaluation of the Corporation's performance and ability to generate cash flow from its operations. Reconciliations of adjusted accounting measures is included in the following table, for the three-month and six-month periods ended June 30, 2019:

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	**2019**	2018
(in thousands of dollars except per share)				
Net income (loss) attributable to shareholders of the Corporation as per IFRS	15,705	(10,431)	33,371	(15,141)
Foreign exchange loss (gain)	(286)	1,292	210	864
Tax effect of currency translation on tax base	(2,047)	2,960	808	1,453
Share-based compensation expense (recovery) related to change in the fair value of the share price	2,920	(138)	4,535	(41)
Adjusted net income (loss) attributable to shareholders of the Corporation	**16,292**	(6,317)	**38,924**	(12,865)
Weighted average number of outstanding shares	330,929	325,607	328,301	325,336
Adjusted basic earnings (loss) per share	**0.05**	(0.02)	**0.12**	(0.04)

19. Non-IFRS Financial Performance Measures (continued)

Adjusted Accounting Measures (continued)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2019	2018	2019	2018
(in thousands)	$	$	$	$
Operating income (loss) as per IFRS	32,741	(7,558)	73,100	(15,623)
Share-based compensation expense (recovery) related to change in the fair value of the share price	2,920	(138)	4,535	(41)
Adjusted operating income (loss)	**35,661**	(7,696)	**77,635**	(15,664)

20. Additional Information and Continuous Disclosure

This MD&A has been prepared as of August 6, 2019. Additional information on us is available through regular filings of press releases, financial statements and our Annual Information Form on SEDAR (www.sedar.com). These documents and other information about SEMAFO may also be found on our website at www.semafo.com.

21. Forward-Looking Statements

This MD&A contains forward-looking statements. All statements other than statements of present or historical facts are forward-looking. Forward-looking statements involve known and unknown risks, uncertainties and assumptions and accordingly, actual results and future events could differ materially from those expressed or implied in such statements. You are hence cautioned not to place undue reliance on forward-looking statements. These forward-looking statements include statements regarding our expectations as to the market price of gold, production targets, timetables, mining operation expenses, capital expenditures and mineral reserves and resources estimates. Forward-looking statements include words or expressions such as "committed", "building", "leveraging", "development", "outlook", "strategy", "guidance", "will", "expect", "estimate", "forecast", "anticipate", "continues", "on schedule", "timeline", "objective", "in order to", "with the aim of", "generate", "targets" 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 (i) build value through responsible mining and leverage our development pipeline, (ii) attain our 2019 consolidated revised guidance of between 350,000 and 380,000 ounces of gold at an all-in sustaining cost of between $685 and $735 per ounce, including the guidance for each of our Mana Mine and our Boungou Mine (iii) mine the northern part of the Wona pit in the first quarter of 2020, (iv) resume the processing of ore at Mana at the end of October, (v) meet our 2019 general and administrative expense forecast of $16 million, (vi) meet our 2019 initial exploration budget, (vii) access higher grade ore from the Siou North pit in the fourth quarter of 2019 hence positively impacting the all-in sustaining cost, (viii) develop the Siou Underground on-time and on-budget, (ix) reach full production at the Siou Underground in the first quarter of 2020, (x) identify a near-surface satellite zone at Mana, (xi) generate new targets for 2020 within trucking distance to the Mana plant, (xi) release the Nabanga PEA in the third quarter, the accuracy of our assumptions, fluctuation in the price of currencies, gold prices and operating costs, mining industry risks, uncertainty as to calculation of mineral reserves and resources, delays, political and social stability in Africa (including our ability to maintain or renew licenses and permits) and other risks described in SEMAFO's documents filed with Canadian securities regulatory authorities. You can find further information with respect to these and other risks in filings made with the Canadian securities regulatory authorities and available at www.sedar.com. These documents are also available on our website at www.semafo.com. We disclaim any obligation to update or revise these forward-looking statements, except as required by applicable law.