3rd quarter - September 30th, 2005

HIGHLIGHTS :

- Total record production of 47,563 ounces of gold at a cash operating cost of $216 per ounce

- Production of 16,291 ounces of gold at Kiniero at a cash operating cost of $253 per ounce

- Record production of 31,272 ounces of gold at Samira Hill at a cash operating cost of $197 per ounce

- Increase in gold sales of $11,603,000 to reach $16,585,000

- Cash flow from operating activities of $4,979,000

- Record earnings from operations of $1,517,000

- Review and update of the Mana project Feasiblity Study

MANAGEMENT DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of our financial condition and results of operations to enable a reader to assess material changes in financial condition and results of operations for the period ended September 30, 2005 compared to corresponding period last year. This MD&A, prepared as of November 8, 2005, is intended to complement and supplement our consolidated interim financial statements. It should be read in conjunction with the MD&A for the period ended December 31, 2004, our audited consolidated annual financial statements for the year ended December 31, 2004 and notes thereto, together with our consolidated interim financial statements and notes thereto for the nine-month period ended September 30, 2005. Our consolidated interim financial statements and this MD&A are intended to provide investors with reasonable basis for assessing our result of operation and our financial performance.

Since January 1st, 2005, our consolidated interim financial statements, prepared in accordance with Canadian generally accepted accounting principles, are expressed in thousands of American dollars, unless specified otherwise. All monetary amounts in this MD&A are presented in American dollars unless otherwise specified.

	Three-month period ended September 30		Nine-month period ended September 30	
	2005	2004	2005	2004
Operations				
Gold production (ounces)	**47,563**	13,190	**125,706**	35,980
Gold sales (ounces)	**43,048**	13,727	**121,620**	36,234
Cash operating cost ($/ounce produced)	**216**	301	**222**	281
Average selling price ($/ounce sold)	**385**	363	**370**	336
Results (in thousands $)				
Gold sales	**16,585**	4,982	**44,993**	12,176
Earnings (losses) from operations	**1,517**	(3,513)	**3,317**	(5,834)
Cash flow from operating activities [1]	**4,979**	(686)	**11,769**	(1,138)

[1] Excluding net changes in non-cash working capital items and settlement of liabilities related to asset retirement obligations for property, plant and equipment

HIGHLIGHTS OF THE THIRD QUARTER

- **Total record production of 47,563 ounces of gold at a cash operating cost of $216 per ounce**
- **Production of 16,291 ounces of gold at Kiniero at a cash operating cost of $253 per ounce**
- **Record production of 31,272 ounces of gold at Samira Hill at a cash operating cost of $197 per ounce**
- **Increase in gold sales of $11,603,000 to reach $16,585,000**
- **Cash flow from operating activities of $4,979,000**
- **Record earnings from operations of $1,517,000**
- **Review and update of the Mana project feasibility study**

GOALS 2005

- **Produce 65,000 ounces of gold at the Kiniero mine**
- **Pursue an exploration program with the objective of increasing reserves and resources in Guinea**
- **Produce 100,000 ounces of gold at the Samira Hill mine**
- **Pursue exploration programs with the objective of increasing reserves and resources in Niger**
- **Secure financing of the Mana project**
- **Negotiate a mining convention relating to the Mana Project**
- **Continue an exploration program and discover new mineral zones in Burkina Faso**

THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2005

REVIEW OF MINING OPERATIONS

KINIERO MINE

Three-month period ended September 30	2005	2004
Operating statistics		
Tonnage mined (tonnes)	**149,793**	163,234
Ore processed (tonnes)	**150,523**	150,583
Head-grade (g/tonne)	**3.60**	2.89
Recovery rate (%)	**93**	94
Gold production (ounces)	**16,291**	13,190
Cash Operating Cost ($/ounce produced)	**253**	301

During the three-month period ended September 30, 2005, we mined at Kiniero a total of 149,793 tonnes of ore compared to 163,234 tonnes of ore during the same period in 2004. In 2005, we also mined 1,118,758 tonnes of waste material during the third quarter compared to 1,058,920 during the same period in 2004. The Gobele D and Jean West pits were the only extraction zones during the third quarter 2005. Furthermore, stripping work started in the East – West pit.

We processed at the Kiniero mine a total of 150,523 tonnes of ore at an average grade of 3.60 g/t in the three-month period ended September 30, 2005, compared to 150,583 tonnes of ore at an average grade of 2.89 g/t for the same period in 2004.

During the three-month period ended September 30, 2005, we produced 16,291 ounces of gold at a cash operating cost of $253 per ounce compared to a production of 13,190 ounces at a cash operating cost of $301 per ounce for the same period in 2004. This 24 % increase in ounces produced and the 16 % decrease of the cash operating cost are mainly due to the 25 % increase in the grade of the ore processed.

SAMIRA HILL MINE

Three-month period ended	September 30, 2005	June 30, 2005
Operating statistics		
Tonnage mined (tonnes)	**368,799**	418,563
Ore processed (tonnes)	**410,526**	307,062
Head-grade (g/tonne)	**2.62**	2.37
Recovery rate (%)	**90**	88
Gold production (ounces)	**31,272**	20,030
Cash Operating Cost ($/ounce produced)	**197**	204

It is impossible to compare the third quarter results of 2005 with those of the same period in 2004 since commercial production at Samira Hill started in October 2004. Therefore, we are comparing the third quarter results with those of the previous quarter.

At Samira Hill, during the third quarter of 2005, a total of 368,799 tonnes of ore and a total of 1,528,795 tonnes of waste were mined from the Samira Main and the Samira East pits compared to 418,563 tonnes of ore and 1,605,071 tonnes of waste in the previous quarter.

During the third quarter of 2005, we processed at Samira Hill, a total of 410,526 tonnes of ore at an average grade of 2.62 g/t compared to 307,062 tonnes of ore at an average grade of 2.37 g/t in the previous quarter. This 34 % increase in processed tonnage is mainly due to improved mill availability.

The increase of more than 11 % in head-grade during the quarter is due to higher grade mineralized zones at-depth in the Samira Main pit, in accordance with the feasibility study.

During the three-month period ended September 30, 2005, we produced 31,272 ounces of gold at Samira Hill at a cash operating cost of $197 per ounce compared to a production of 20,030 ounces at a cash operating cost of $204 per ounce in the second quarter of 2005. This 56% increase in ounces produced is mainly due to higher tonnage of ore processed combined to the increase of head-grade.

STATEMENTS OF OPERATIONS

Significant Financial Data
(in accordance with Canadian generally accepted accounting principles)

Three-month period ended September 30	2005	2004
Statements of operations		
(in thousands $, except for amounts per share)		
Gold sales	**16,585**	4,982
Gain (loss) on deferred forward contracts	**101**	(1,624)
Revenues	**16,686**	3,358
Earnings (losses) from operations	**1,517**	(3,513)
Net income (loss)	**1,062**	(3,643)
Net income (loss) per share		
Basic	**0.01**	(0.04)
Diluted	**0.01**	(0.04)
Operating cash flow [1]	**4,979**	(686)

[1] Excluding net changes in non-cash working capital items and settlement of liabilities related to asset retirement obligations for property, plant and equipment

In the three-month period ended September 30, 2005, Semafo presents a net income of $1,062,000 or $0.01 per share, compared to a net loss of $3,643,000 or $0.04 per share for the corresponding period in 2004. This variation is mainly due to a gain on disposal of short-term investments of $941,000 in 2005 and to the contribution of the Samira Hill mine which started in October 2004.

Segmented information

Three-month period ended September 30, 2005				
(in thousands $)	**Kiniero Gold mine Guinea**	**Samira Hill Gold mine Niger**	**Others**	**Total**
Gold sales	5,944	10,641	-	16,585
Gain (loss) on forward sales contracts	(200)	301	-	101
Revenues	5,744	10,942	-	16,686
Mining operation expenses	4,603	5,940	-	10,543
Amortization of property, plant and equipment	1,091	2,761	7	3,859
Mining operations				
Gold sales (ounces)	16,207	26,841	-	43,048
Average selling price ($/ounce sold)	367	396	-	385
Total cash cost ($/ounce sold)[1]	276	221	-	242

Three-month period ended September 30, 2004				
(in thousands $)	**Kiniero Gold mine Guinea**	**Samira Hill Gold mine Niger**	**Others**	**Total**
Gold sales	4,982	-	-	4,982
Loss on forward sales contracts	(751)	(873)	-	(1,624)
Revenues	4,231	(873)	-	3,358
Mining operation expenses	4,658	-	-	4,658
Amortization of property, plant and equipment	1,203	-	7	1,210
Mining operations				
Gold sales (ounces)	13,727	-	-	13,727
Average selling price ($/ounce sold)	363	-	-	363
Total cash cost ($/ounce sold)[1]	328	-	-	328

[1] Represents the cash operating cost plus royalties and taxes paid to the local government

Gold sales
Gold sales for the third quarter of 2005, totalled $16,585,000 corresponding to the sale of 43,048 ounces of gold at an average price of $385 per ounce. For the same period in 2004, gold sales totalled $4,982,000 corresponding to the sale of 13,727 ounces of gold at an average price of $363 per ounce. Apart from benefiting from the increase of gold price on the market, the increase in sales is essentially due to the start-up of the Samira Hill mine in October 2004 and the increase in gold production at the Kiniero mine.

Kiniero
During the third quarter of 2005, we sold 16,207 ounces of gold from the Kiniero mine at an average price of $367 per ounce, compared to the sale of 13,727 ounces of gold at an average price of $363 per ounce for the same period in 2004. During the third quarter of 2005, 8,784 ounces of gold were delivered against our forward sales contracts at an average price of $295 per ounce. During the third quarter of 2004, 7,713 ounces were sold according to our forward sales contracts at an average price of $295 per ounce.

Samira Hill
During the third quarter of 2005, we sold 26,841 ounces of gold from the Samira Hill mine at an average price of $396 per ounce. A total of 21,089 ounces was delivered according to our forward sales contracts at an average price of $375 per ounce.

Gain (loss) on deferred forward contracts
During the third quarter 2005, the gain on the forward sales contracts totalled $101,000, compared to a loss on the deferred forward sales contracts for an amount of $1,624,000 during the same period in 2004. The gains and losses on deferred forward sales contracts depend on the spot price prevailing at the deferral date compared to our forward sales price.

Kiniero
Following the restructuring of forward sales contracts at Kiniero in February 2004, we are committed to deliver 2,571 ounces of gold per month compared to 3,333 ounces as per the initial program. Therefore, the delivery of 762 ounces is deferred every month, generating an unrealized loss on the forward sales contracts. For the three-month period ended September 30, 2005, the unrealized loss on forward sales contracts at Kiniero, related to the restructuring, totalled $349,000.

In 2004, we had deferred hedging positions totalling 1,071 ounces to the third quarter of 2005, which generated an unrealized loss of $150,000. During the third quarter of 2005, our commitments related to those positions were fulfilled, therefore generating a gain of the same amount.

Hence, the deliveries according to forward sales contracts at Kiniero generated an unrealized loss of $199,000 during the third quarter of 2005.

As at September 30, 2005, the forward sales contracts at Kiniero foresee the delivery of 7,713 ounces of gold before December 31, 2005.

Samira Hill
In 2004, we deferred positions, on the third quarter 2005, totalling 4,230 ounces, which lead to an unrealized loss of $289,000. During the third quarter 2005, our commitments related to these positions were respected, generating a gain for the same amount.

During the first quarter 2005, we deferred hedging positions on the third quarter 2005, totalling 1,500 ounces generating an unrealized loss of $95,000. During the third quarter 2005, our commitments related to these positions were respected, generating a gain for the same amount.

At the end of the second quarter 2005, we had proceeded with anticipated delivery of 1,778 ounces of gold, against hedging position initially maturing during third quarter 2005, which generated an unrealized gain of $112,000 during the second quarter 2005 and a loss for the same amount during the third quarter 2005.

The swap of interest rate related to the gold forward contracts is effective since the beginning of the second quarter of 2005. This swap lead to a total gain of $464,000 ($241,000 for the second quarter 2005 and $223,000 for the third quarter 2005). From this gain, $28,000 is accounted for in the consolidated statements of operations in the third quarter 2005.

Hence, the deliveries according to forward sales contracts at Samira Hill, generated a gain of $300,000 during the third quarter of 2005.

As at September 30, 2005, the forward sales contracts at Samira Hill foresee the delivery of 23,278 ounces of gold before December 31, 2005.

Mining Operating Expenses
Mining operating expenses for the three-month period ended September 30, 2005, totalled $10,543,000 compared to $4,658,000 for the same period in 2004. These expenses represent the production costs of 43,048 ounces of gold for the third quarter 2005 at a total cash cost of $242 per ounce, compared to the production of 13,727 ounces of gold at a total cash cost of $328 per ounce for the same period in 2004. Since the production at the Samira Hill mine started in October 2004, the comparative figures do not include any mining operating expenses for Samira Hill.

Kiniero
Mining operating expenses totalled $4,603,000 for the third quarter of 2005 compared to $4,658,000 for the same period in 2004. These expenses represent the production costs of 16,207 ounces for the third quarter of 2005, at a total cash cost of $276 per ounce compared to the production of 13,727 ounces for the same period in 2004 at a total cash cost of $328 per ounce. The decrease in the total cash cost is mainly due to an increase of the tonnage and to a higher grade of the ore processed.

Reconciliation of total cash cost per ounce to financial statements

Three-month period ended September 30	2005	2004
Mining operations expenses per financial statements (in thousands $)	**4,603**	4,658
Inventory write-down variation (in thousands $)	**(129)**	(154)
Mining operations expenses for per ounce calculation (in thousands $)	**4,474**	4,504
Gold sales (ounces)	**16,207**	13,727
Total cash cost ($/ounce sold)	**276**	328

The total cash cost is calculated using the Gold Institute Guidelines.

Samira Hill

The mining operations expenses at Samira Hill amounted to $5,940,000 for the third quarter of 2005 compared to $5,071,000 for the second quarter of 2005. These expenses represent the production costs of 26,841 ounces at a total cash cost of $221 per ounce for the third quarter of 2005 compared to production costs of 21,987 ounces at a total cash cost of $231 per ounce for the second quarter of 2005.

Reconciliation of total cash cost per ounce to financial statements

Three-month period ended	September 30, 2005	June 30, 2005
Mining operations expenses per financial statements (in thousands $)	**5,940**	5,071
Gold sales (ounces)	**26,841**	21,987
Total cash cost ($/ounce sold)	**221**	231

The total cash cost is calculated using the Gold Institute Guidelines.

Amortization of property, plant and equipment

The amortization expense amounted to $3,852,000 for the third quarter of 2005 compared to an amortization expense of $1,203,000 for the same period in 2004. The amortization expense per ounce sold is $89 for the third quarter of 2005 compared to $88 for the same period in 2004. Since the production at the Samira Hill mine started in October 2004, the comparative figures do not include any amortization expense for Samira Hill.

The majority of the property, plant and equipment represent deferred exploration and development expenditures and buildings and equipments related to mining production. They are amortized using the units of production method over the expected operating life of the mine based on estimated recoverable ounces of gold.

Kiniero

The amortization expense totalled $1,091,000 for the third quarter of 2005 compared to $1,203,000 for the same period in 2004. The amortization expense per ounce is $67 for the third quarter of 2005, compared to $88 for the same period in 2004. The decrease of the amortization expense per ounce is mainly due to the increase of the estimated recoverable ounces of gold used as a basis of calculation for the amortization, which was partially compensated by the start-up of the second ball mill at the end of 2004.

Reconciliation of amortization of property, plant and equipment per ounce to financial statements

Three-month period ended September 30	2005	2004
Amortization of property, plant and equipment per financial statements (in thousands $)	**1,091**	1,203
Gold sales (ounces)	**16,207**	13,727
Amortization ($/ounce sold)	**67**	88

Samira Hill
The Samira Hill's amortization expense totalled $2,761,000 for the third quarter of 2005, thus an amortization expense per ounce of $103. For the second quarter of 2005, the amortization expense for Samira Hill was $2,245,000, thus $102 per ounce.

Reconciliation of amortization of property, plant and equipment per ounce to financial statements

Three-month period ended	September 30, 2005	June 30, 2005
Amortization of property, plant and equipment per financial statements (in thousands $)	**2,761**	2,245
Gold sales (ounces)	**26,841**	21,987
Amortization ($/ounce sold)	**103**	102

Administration
Administration expenses totalled $698,000 for the third quarter of 2005, compared to $616,000 for the same period in 2004.

Interests on long-term debt
Interest on long-term debt increased from $170,000 for the third quarter of 2004 to $657,000 for the same period in 2005. This significant increase is mainly due to the start-up of the Samira Hill mine. Indeed, until September 30, 2004, the interests on the Samira Hill long-term debt were accounted for in mining assets. These interests are accounted for in the consolidated statement of operations since October 1st, 2004.

Foreign exchange gain
During the third quarter of 2005, we recorded a foreign exchange loss of $92,000 compared to a foreign exchange loss of $577,000 for the same period in 2004. These foreign exchange gains are mainly due to an advance payable to a minority interest, denominated in foreign currency at the exchange rate prevailing at the end of the period.

CASH FLOW STATEMENTS

Operating Activities
Operating activities, before net changes in non-cash working capital items and settlement of liabilities related to asset retirement obligations for property, plant and equipment, generated a positive cash flow of $4,979,000 during the third quarter of 2005, compared to a negative cash flow of $686,000 for the same period in 2004. This important variation is the result of the Samira Hill mine start-up and the increase in production at the Kiniero mine.

Working capital items generated liquidities of $301,000 in the third quarter 2005, mainly representing a decrease in accounts receivable, partially offset by an increase in inventories. During the period in 2004, working capital items had generated liquidities of $2,263,000.

Financing Activities
During the third quarter of 2005, we reimbursed loans and long-term debt for an amount of $2,121,000. During the same period in 2004, we received $7,000,000 on a long-term debt related to the financing of the Samira Hill project.

Investing Activities
During the third quarter of 2005, liquidities of $606,000 were invested in mining assets compared to $6,432,000 for the same period in 2004.

During the third quarter 2005, an amount of $190,000 was invested in the feasibility study and in exploration on the Mana property. Moreover, an amount of $415,000 was invested on other exploration projects. In 2004, the majority of investments was related to the construction of the Samira Hill mine. Following the start-up of the mine in October 2004, all the mining assets related to this project were transferred to the property, plant and equipment in October 2004.

A total of $3,013,000 was invested in property, plant and equipment during the third quarter of 2005, compared to investments of $118,000 during the same period in 2004. The investment in the third quarter of 2005 mainly includes $600,000 in exploration expenditures at Kiniero and Samira Hill and also $1,400,000 of investment related to the Samira Hill facilities. Furthermore, the stripping costs increased by $708,000.

Total liquidities of $1,021,000 were generated during the third quarter of 2005, compared to $1,765,000 during the same period in 2004.

FEASIBILITY STUDY – MANA PROJECT

In August 2005, the faisibility study, for the Mana project in Burkina Faso, has been revised and updated, in compliance with the 43-101 Canadian standard.

Based on an initial investment of $48,500,000 and a gold price of $400 per ounce, the Mana project presents the following characteristics:

- Reserves of 7.2 million tonnes at a grade of 2.8 g/t and a recovery rate of 85%
- Six-year mine life
- Total production of 552,000 ounces
- Operating cash cost of 254$ per ounce
- Internal Rate of Return (IRR) of 21%

The sensitivity analysis leads to a 33 % of IRR, using a gold price of $440 per ounce.

The development of the project is progressing, with a preliminary financing and administrative phase scheduled in the fourth quarter of 2005.

As at September 30, 2005, the exploration and development costs related to the Mana project, amounted to approximately $8,000,000.

NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2005

REVIEW OF MINING OPERATIONS

KINIERO MINE

Nine-month period ended September 30	2005	2004
Operating statistics		
Tonnage mined (tonnes)	**520,095**	367,017
Ore processed (tonnes)	**474,445**	370,470
Head-grade (g/tonne)	**3.61**	3.20
Recovery rate (%)	**93**	93
Gold production (ounces)	**51,267**	35,980
Cash Operating Cost ($/ounce produced)	**249**	281

During the nine-month period ended September 30, 2005, we mined at Kiniero, a total of 520,095 tonnes of ore compared to 367,017 tonnes during the same period in 2004. We also mined 3,599,527 tonnes of waste material during the nine-month period compared to 3,797,233 during the same period in 2004.

During the nine-month period ended September 30, 2005, we processed a total of 474,445 tonnes of ore at Kiniero, at an average grade of 3.61 g/t compared to 370,470 tonnes of ore at an average grade of 3.20 g/t for the same period in 2004. This 28% increase in tonnage is mainly explained by the higher mill capacity, following the addition of a second ball mill, which enabled us to process an average of 53,000 tonnes of oxide ore per month in 2005 compared to 41,000 tonnes per month in 2004.

During the nine-month period ended September 30, 2005, we reached a record production of 51,267 ounces of gold at a cash operating cost of $249 per ounce compared to a production of 35,980 ounces at a cash operating cost of $281 per ounce for the same period in 2004. This 42 % increase in ounces produced and the 11% decrease of the cash operating cost are mainly due to the increase in the availability and capacity of the plant, combined to an increase of 13% in head-grade.

Outlook

Our initial gold production target for Kiniero in 2005 was established at 60,000 ounces at a cash operating cost of $250 per ounce. Following the exceptional achievements of the first six months of 2005, we had reviewed our 2005 production target to 65,000 ounces through the processing of 638,000 tonnes of ore at an average grade of 3.4 g/t with a recovery rate of 93%. Following the third quarter performance, we maintain our 2005 production target at 65,000 onces of gold.

SAMIRA HILL MINE

Nine-month period ended September 30	2005
Operating statistics	
Tonnage mined (tonnes)	**1,257,339**
Ore processed (tonnes)	**1,078,132**
Head-grade (g/tonne)	**2.36**
Recovery rate (%)	**89**
Gold production (ounces)	**74,439**
Cash Operating Cost ($/ounce produced)	**203**

It is impossible to compare the first nine months results of 2005 with those of the same period in 2004 since commercial production at the Samira Hill mine started in October 2004.

At the Samira Hill mine, during the first nine months of 2005, a total of 1,257,339 tonnes of ore and a total of 4,608,852 tonnes of waste were mined from the Samira Hill Main and the Samira East pits.

During the first nine months of 2005, at Samira Hill, we processed a total of 1,078,132 tonnes of ore at an average grade of 2.36 g/t with an 89% recovery rate.

During the same period, we produced 74,439 ounces of gold at Samira Hill at a cash operating cost of $203 per ounce.

Outlook

Our initial 2005 gold production target at Samira Hill was 120,000 ounces at a cash operating cost of $225 per ounce. We had initially planned the processing of 1,875,000 tonnes of ore at an average grade of 2.20 g/t. The 2005 actual production for the first nine months is below our target, mainly due to availability problems at the plant. Therefore, we are reviewing our 2005 production target to 100,000 ounces.

STATEMENTS OF OPERATIONS

Significant Financial Data
(in accordance with Canadian generally accepted accounting principles)

Nine-month period ended September 30	2005	2004
Statements of operations		
(in thousands $, except for amounts per share)		
Gold sales	**44,993**	12,176
Gain (loss) on deferred forward contracts	**668**	(1,771)
Revenues	**45,661**	10,405
Earnings (losses) from operations	**3,317**	(5,834)
Net income	**273**	1,044
Net income per share		
Basic	**0.01**	0.02
Diluted	**0.01**	0.02
Operating cash flow [1]	**11,769**	(1,138)
	As at September 30, 2005	**As at December 31, 2004**
Balance sheets (in thousands $)		
Cash and cash equivalents	**7,723**	4,507
Total assets	**113,628**	109,616
Long-term debt (including current portion)	**29,661**	32,615
Shareholders' equity	**54,051**	49,698

[1] Excluding net changes in non-cash working capital items and settlement of liabilities related to asset retirement obligations for property, plant and equipment

For the nine-month period ended September 30, 2005, Semafo presents a net income of $273,000 or $0.01 per share compared to a net income of $1,440,000 or $0.02 per share for the corresponding period in 2004. This variation is mainly due to a gain on disposal of investment in subsidiaries of $7,323,000 in 2004 and to the contribution of the Samira Hill mine which started in October 2004.

Segmented information

Nine-month period ended September 30, 2005				
(in thousands $)	**Kiniero Gold mine Guinea**	**Samira Hill Gold mine Niger**	**Others**	**Total**
Gold sales	17,920	27,073	-	44,993
Gain (loss) on forward sales contracts	(192)	860	-	668
Revenues	17,728	27,933	-	45,661
Mining operations expenses	13,885	16,297	-	30,182
Amortization of property, plant and equipment	3,328	7,236	22	10,586
Mining operations				
Gold sales (ounces)	50,576	71,044	-	121,620
Average selling price ($/ounce sold)	354	381	-	370
Total cash cost ($/ounce sold)[1]	281	229	-	251

Nine-month period ended September 30, 2004				
(in thousands $)	**Kiniero Gold mine Guinea**	**Samira Hill Gold mine Niger**	**Others**	**Total**
Gold sales	12,176	-	-	12,176
Loss on forward sales contracts	(898)	(873)	-	(1,771)
Revenues	11,278	(873)	-	10,405
Mining operations expenses	11,197	-	-	11,197
Amortization of property, plant and equipment	3,131	-	19	3,150
Mining operations				
Gold sales (ounces)	36,234	-	-	36,234
Average selling price ($/ounce sold)	336	-	-	336
Total cash cost ($/ounce sold)[1]	308	-		308

[1] Represents the cash operating cost plus royalties and taxes paid to the local government

Gold sales

Gold sales for the first nine months of 2005, totalled $44,993,000 corresponding to the sale of 121,620 ounces of gold at an average price of $370 per ounce. For the same period in 2004, gold sales totalled $12,176,000 corresponding to the sale of 36,234 ounces of gold at an average price of $336 per ounce. Apart from benefiting from the increase of gold price on the market, the increase in sales is essentially due to the start-up of the Samira Hill mine in October 2004 and the increase in gold production at the Kiniero mine.

Kiniero

During the nine-month period ended September 30, 2005, we sold 50,576 ounces of gold from the Kiniero mine at an average price of $354 per ounce, compared to the sale of 36,234 ounces of gold at an average price of $336 per ounce for the same period in 2004. During the first nine months of 2005, 28,406 ounces were delivered against our forward sales contracts at an average price of $295 per ounce. During the same period in 2004, most of the gold produced was delivered against our forward sales contracts at an average price of $295 per ounce.

Samira Hill

During the nine-month period ended September 30, 2005, we sold 71,044 ounces of gold from the Samira Hill mine at an average price of $381 per ounce. A total of 65,119 ounces was delivered according to our forward sales contracts at an average price of $375 per ounce.

Gain (loss) on deferred forward contracts
During the nine-month period ended September 30, 2005, the gain on the forward sales contracts totalled $668,000, compared to a loss on the deferred forward sales contracts for an amount of $1,771,000 during the same period in 2004.

Kiniero
In 2004, we restructured our forward sales contracts at Kiniero, in order to reduce the quantity of ounces to be delivered every month. This restructuring lead to the deferral of hedging positions on future years. These hedging positions generated an unrealized loss on forward sales contracts of $973,000.

In 2004, we had deferred hedging positions totalling 5,267 ounces to the first nine months of 2005, which generated an unrealized loss of $781,000. In 2005, our commitments related to those positions were fulfilled, therefore generating a gain of the same amount.

Hence, deliveries according to forward sales contracts at Kiniero generated an unrealized loss of $192,000 during the first nine months of 2005.

Samira Hill
In 2004, we deferred hedging positions totalling 15,166 ounces to the first nine months of 2005, which generated an unrealized loss of $933,000. During the first nine months of 2005, our commitments concerning these positions were fulfilled, therefore generating a gain of the same amount.

During the first nine months of 2005, we deferred hedging positions, which led to an unrealized loss of $113,000.

As previously explained, the swap of interest rate related to the gold forward contracts lead to a total gain of $464,000. From this gain, an amount of $40,000 is accounted for in the consolidated statements of operations and a deferred gain of $424,000 is presented in the liabilities.

Hence, deliveries according to forward sales contracts at Samira Hill, generated a gain of $860,000 during the first nine months of 2005.

Mining Operating Expenses
Mining operating expenses for the nine-month period ended September 30, 2005, totalled $30,182,000 compared to $11,197,000 for the same period in 2004. These expenses represent the production costs of 121,620 ounces of gold for the first nine months of 2005 at a total cash cost of $251 per ounce, compared to the production of 36,234 ounces of gold at a total cash cost of $308 per ounce for the same period in 2004. Since the production at the Samira Hill mine started in October 2004, the comparative figures do not include any mining operating expenses for Samira Hill.

Kiniero
Mining operating expenses totalled $13,885,000 for the first nine months of 2005 compared to $11,197,000 for the same period in 2004. These expenses represent the production costs of 50,576 ounces for the first nine months of 2005, at a total cash cost of $281 per ounce compared to the production of 36,234 ounces for the same period in 2004 at a total cash cost of $308 per ounce. The decrease in the cash operating cost is mainly due to the increased tonnage and the higher head-grade.

Reconciliation of total cash cost per ounce to financial statements

Nine-month period ended September 30	2005	2004
Mining operations expenses per financial statements (in thousands $)	**13,885**	11,197
Inventory write-down variation (in thousands $)	**319**	(49)
Mining operations expenses for per ounce calculation (in thousands $)	**14,204**	11,148
Gold sales (ounces)	**50,576**	36,234
Total cash cost ($/ounce sold)	**281**	308

The total cash cost is calculated using the Gold Institute Guidelines.

Samira Hill

The mining operations expenses at Samira Hill amounts to $16,297,000 for the nine-month period ended September 30, 2005 and represent the production costs of 71,044 ounces, at a total cash cost of $229 per ounce.

Reconciliation of total cash cost per ounce to financial statements

Nine-month period ended September 30	2005
Mining operations expenses per financial statements (in thousands $)	**16,297**
Gold sales (ounces)	**71,044**
Total cash cost ($/ounce sold)	**229**

The total cash cost is calculated using the Gold Institute Guidelines.

Amortization of property, plant and equipment

The amortization expense amounts to $10,564,000, for the nine-month period ended September 30, 2005, representing $87 per ounce sold.

Kiniero

The amortization expense totalled $3,328,000 for the nine-month period ended September 30, 2005 compared to $3,131,000 for the same period in 2004. The amortization expense per ounce is $66 for the nine-month period ended September 30, 2005, compared to $86 in 2004. The decrease of the amortization expense per ounce is mainly due to the increase of the estimated recoverable ounces of gold used as a basis of calculation for the amortization, which was partially compensated by the start-up of the second ball mill at the end of 2004.

Reconciliation of amortization of property, plant and equipment per ounce to financial statements

Nine-month period ended September 30	2005	2004
Amortization of property, plant and equipment per financial statements (in thousands $)	**3,328**	3,131
Gold sales (ounces)	**50,576**	36,234
Amortization ($/ounce sold)	**66**	86

Samira Hill

The Samira Hill amortization expense totalled $7,236,000 for the nine-month period ended September 30, 2005, thus $102 per ounce.

Reconciliation of amortization of property, plant and equipment per ounce to financial statements

Nine-month period ended September 30	2005
Amortization of property, plant and equipment per financial statements (in thousands $)	7,236
Gold sales (ounces)	71,044
Amortization ($/ounce sold)	102

Administration
Administration expenses totalled $1,664,000 for the first nine months of 2005, compared to $1,485,000 for the same period in 2004.

Bad Debts Recovery
During the last few years in Guinea, we accumulated a total of $1,452,000 (GNF 4,522,818,345) in taxes receivable. However, since we had not yet received repayment for more than one year, we decided, in a conservative manner, to provision this amount receivable. Near the end of 2004, we signed an agreement with the Government of the Republic of Guinea («Government») for the reimbursement of those taxes over a three-year period. For the first instalment due on April 15, 2005, we obtained the Government's approval to proceed with compensation with the royalties payable to the Government. This agreement eliminates the uncertainty of recovery of this amount receivable. We therefore reversed part of the provision for bad debt previously recorded, which generated a $295,000 gain.

Write-down of short-term investments
As at September 30, 2005, we have investments in shares of publicly traded companies which are presented in short-term investments. For some of those publicly traded companies, the share market price has dropped in the first nine months of 2005. As at September 30, 2005, we wrote-down the value of those investments to their fair market value, therefore generating a $371,000 loss in the consolidated statement of operations. As at September 30, 2005, the book value of these investments was $6,138,000 and their fair market value was $6,603,000, therefore representing a potential gain of $465,000.

Loss (gain) on disposal of investment in subsidiaries
On June 21, 2005, the company sold all of its investments in Ebi (Ghana) Limited, owner of the Tinga property, for a consideration valued at $1,019,000, representing the issuance of 3,300,000 common shares of Birim Goldfields Inc. issued upon closing of the transaction. The book value of the investment in Ebi (Ghana) Limited being at $1,388,000, this transaction resulted in a loss on disposal of investment of a subsidiary of $369,000. During the same period in 2004, the company realized a gain of $7,323,000 on the disposal of investment in a subsidiary.

Interests on long-term debt
Interest on long-term debt increased from $559,000 for the first nine months of 2004 to $1,963,000 for the same period in 2005. As previously explained, this significant increase is mainly due to the start-up of the Samira Hill mine.

Foreign exchange gain
During the nine-month period ended September 30, 2005, we recorded a foreign exchange gain of $13,000 compared to a foreign exchange loss $308,000 for the same period in 2004. These foreign exchange fluctuations are mainly due to the conversion of an advance payable to a minority interest, denominated in foreign currency at the exchange rate prevailing at the end of the period.

CASH FLOW STATEMENTS

Operating Activities
Operating activities, before net changes in non-cash working capital items and settlement of liabilities related to asset retirement obligations for property, plant and equipment, generated a positive cash flow of $11,769,000 during the first nine months of 2005, compared to a negative cash flow of $1,138,000 for the same period in 2004. This important variation is the result of the Samira Hill mine start-up and the increase in production at the Kiniero mine.

The working capital items used liquidities of $3,236,000 for the nine month period ended September 30, 2005, mainly representing an increase in inventories, partially offset by an increase in accounts payable and accrued liabilities. During the same period in 2004, working capital items generated liquidities of $2,005,000.

Financing Activities
During the first nine months of 2005, we reimbursed $2,954,000 of the long term debt. Furthermore, 3,513,750 warrants have been exercised for a cash consideration of $3,942,000. During the same period in 2004, we received $12,035,000 on the Samira Hill long-term debt and reimbursed $5,000,000 on the long-term debt to reduce interest expenses.

Investing Activities
During the nine-month period ended September 30, 2005, liquidities of $1,549,000 were invested in mining assets compared to $19,008,000 for the same period in 2004.

During the first nine months of 2005, $674,000 was invested in the feasibility study and in exploration on the Mana property. Moreover, an amount of $874,000 was invested on other exploration projects. In 2004, the majority of investments were related to the construction of the Samira Hill mine. Following the start-up of the mine in October 2004, all the mining assets related to this project were transferred to the property, plant and equipment in October 2004.

A total of $6,117,000 was invested in property, plant and equipment during the nine-month period ended September 30, 2005, compared to investments of $2,687,000 during the same period in 2004. The investment in the first nine months of 2005 includes $1,800,000 in exploration expenditures at Kiniero and Samira Hill and also $3,200,000 of investment related to Samira Hill facilities. Furthermore, stripping costs increased by $560,000 in 2005.

Total liquidities of $3,216,000 were generated during the first nine months of 2005. During the same period in 2004, liquidities of $13,421,000 were used.

BALANCE SHEETS

The company's total assets amounted to $113,628,000 as at September 30, 2005, compared to $109,616,000 as at December 31, 2004.

The company's total liabilities amounted to $59,577,000 as at September 30, 2005, compared to $59,918,000 as at December 31, 2004.

The company's share capital amounted to $93,368,000 as at September 30, 2005, compared to $89,426,000 as at December 31, 2004. This variation results from the exercise of 3,513,750 warrants for a cash consideration of $3,942,000.

OFF-BALANCE SHEET TRANSACTIONS

Gold forward sales contracts

As at September 30, 2005, we had commitments to deliver 285,000 ounces of gold over the next years at an average price currently valued at $348.

		2005	2006	2007	2008	2009	Total
Adjustable gold forwards[1, 2]							
Ounces	(in thousands)	12	29	25	24	18	108
Average price	($ per ounce)	387	383	360	360	360	369
Fixed gold forwards[1]							
Ounces	(in thousands)	19	60	56	24	18	177
Average price	($ per ounce)	337	327	325	360	360	335
Total gold forwards							
Total ounces	**(in thousands)**	**31**	**89**	**81**	**48**	**36**	**285**
Average price	**($ per ounce)**	**357**	**345**	**336**	**360**	**360**	**348**

1 Forward positions totalling 209,250 ounces include a swap of interest rate. Pursuant to the swap agreement, the company is committed to pay the difference between the "LIBOR" USD three (3) months interest rate and the "GOFO" three (3) months interest rate, whereas the counterparty is committed to pay a fixed interest rate of 1% per annum.

2 The price of the adjustable gold forwards program may reach up to $390 per ounce. The adjustments depend on the prevailing spot price on different dates during the term of the program.

Kiniero
During the first quarter of 2004, in order to take advantage of the increased spot price and to improve our cash flow, we restructured our Kiniero's forward sales program. This restructuring reduces the monthly quantity of ounces to be delivered under our forward sales program from 3,333 ounces to 2,571 ounces, now representing a yearly total of 30,852 ounces, which will allow us to sell a greater quantity of gold ounces at spot price.

As at September 30, 2005, we are committed to deliver 70,000 ounces of gold, at an average price of $296 per ounce over the years 2005 to 2007.

Samira Hill
During the year 2003, we have signed forward sales contracts for the Samira Hill project, for a total of 300,000 ounces over the period from 2004 to 2009. The fixed gold forward sales contract sets a fixed price of $360 per ounce for 150,000 ounces and the adjustable forward sales contract for 150,000 ounces. This adjustable forward sales contract has a floor price of $360 per ounce that can reach up to $390 per ounce depending of the gold market prices at different dates over the course of the contract. Some of those forward sales positions include a swap of interest rate according to which we pay a variable rate and we receive a fixed rate

We adjusted the price of our positions for the third quarter of 2006 to establish the price at $390 per ounce for 7,251 ounces.

As at September 30, 2005, we are committed to deliver 215,000 ounces of gold at an average price of $365 per ounce over the years 2005 to 2009.

Contractual obligations and commitments

Long-term debt
Pursuant to our long-term debts agreements, reimbursements required in each of the next five years are as follows:

	$
2006	6,161,000
2007	6,161,000
2008	5,893,000
2009	2,500,000
2010	-

Assets retirement obligations
Our operations are governed by a Mining Agreement governing the protection of the environment. The company conducts its operations in order to protect the public health and the environment. We will implement progressive measures for rehabilitation work during the operation, closing down and follow-up work upon closing of the mine. The estimated undiscounted cash flow required to settle the assets retirement obligations is $2,325,000. Those disbursements are projected to be made during the years 2005 to 2014. The amount accounted for as liabilities in our consolidated financial statements represents the discounted obligations from the rehabilitation and closing plans.

Royalties and Development Taxes
Pursuant to our mining conventions, we have royalty commitments, which generate obligations upon gold deliveries. If our mining projects do not produce gold, we have no payment obligation. For each gold delivery from the Kiniero mine, we have a royalty obligation corresponding to 5% of the delivery's value, evaluated at the spot price on the delivery date. The gold deliveries coming from the Samira Hill mine in Niger, are submitted to a royalty payment of 5.5%. In Guinea, we are also committed to invest 0.4% of our gold sales in local development expenditures.

Payments to maintain our mining rights
In the normal course of business, in order to obtain and maintain all the advantages of our permits, we have to commit to invest a specific amount in exploration and development on the permits during their validity period. Moreover, we have to make annual payments in order to maintain certain property titles.

Mining Contract
In 2003, we signed a seven years mining contract for the Samira Hill mine. The payments will be made over the approximated seven-year mine life. As at September 30, 2005, we are liable for an amount of $6,000,000, which represents the indemnity payable to the contractor if there is an early termination of the contract by the company, subject to certain conditions.

Fuel Purchase Contract
In 2004, we signed a fuel procurement contract for the Samira Hill mine covering a period of seven years. As at September 30, 2005, we are liable for an amount of $450,000 which represents the indemnity payable to the contractor if there is an early termination of the contract by the company.

RISKS AND UNCERTAINTIES

As any other mining producing companies, we face the environmental, operational, financial and political risks inherent to the nature of our activities. These risks may affect our profitability and level of our operating cash flow. We also face risks stemming from other factors, such as fluctuations in gold prices, exchange rates, interests rates and financial market conditions in general.

Financial Risks
The following summarizes key financial risks:

Currency
Even if we operate in West Africa, all our revenues coming from the sales of gold, approximately 80% of our operating costs and 90% of our exploration and development costs are denominated in US dollars. Our main currency risks are related to head office administrative expenses, which are mainly in Canadian dollars, the expenses in West African currencies and to an advance to a subsidiary's minority shareholder, denominated in Canadian dollars.

Interest Rate
We, as a borrower, are subject to movement in interest rates. We have long-term debt bearing fixed interest rate and long-term debt bearing interest at a LIBOR based rate.

Consumables prices
The price of petroleum is affecting our operating costs because of the use of fuel to generate electrical energy to supply the whole plants.

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. To ensure the availability of capital, we maintain investors' relations program in order to inform all shareholders, and potential investors of the development of our company.

Operational Risks
Mining is subject to various operational risks and uncertainties, including:

Mineral Reserves
Mineral reserves are an estimate of mineral content based on limited information acquired through drilling and other sampling methods. Successful extraction is based on safe and efficient mining and processing. In order to minimize the risks, we establish quality control programs and we estimate our reserves in accordance with guidelines and standards within the mining industry and the security commission. Furthermore, we employ experienced mining engineers and we use the service of experienced mining sub-contractors to extract the ore from our deposits.

Safety and Other Hazards
The mining industry is characterized by significant risks. To minimize these risks, we provide training and awareness programs to our employees to continuously improve work practices and working environment.

Environmental Hazard
We are subject to various environmental incidents that can have a significant impact on our operations. To mitigate these risks, we maintain an environmental management system including an annual review, by independent experts, of operational plans and practices together with an emergency plan to deal with any incidents.

SUPPLEMENTARY INFORMATION

Exchange rates are as follows:

$CA/$US	2005	2004
December 31 (closing)	**-**	1.2036
March 31 (closing)	**1.2096**	1.3105
June 30 (closing)	**1.2256**	1.3404
September 30 (closing)	**1.1611**	1.2639
Third quarter (average)	**1.2012**	1.3091
First nine months (average)	**1,2240**	1.3327

Additional Information and Continuous Disclosure
This MD&A has been prepared as of November 8, 2005. Additional information on the Company is available through regular filings of press releases, quarterly financial statements and its Annual Information Form on SEDAR (www.sedar.com).

Forward-looking Statements
This report contains « forward-looking statements », including, but not limited to, the statements regarding the Company's expectations as to the market price of gold, our strategic plans, use of hedging instruments, future commercial production, production targets, timetables, mine operating costs, property, plant and equipment expenditures, exploration budgets, mineral reserve and resource estimates and to the company's perspectives. Forward-looking statements express, as at the date of this report, our estimates, forecasts, projections, expectations and beliefs as to future events or results. Forward-looking statements are reasonable, but involve a number of risks and uncertainties, many of which are beyond the Company's control, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, factors associated with fluctuations in the market price of precious metals, mining industry risks, uncertainty as to calculation of mineral reserves and resource, risks related to the grade of reserves, risks related to hedging strategies, risks of delays in construction and requirements of additional financing. The Company does not undertake to update any forward-looking statement that is contained in this MD&A.

SEMAFO inc.

Consolidated Balance Sheets

As at September 30, 2005 and December 31, 2004

(unaudited, expressed in thousands of U.S. dollars)

	As at September 30, 2005 $	As at December 31, 2004 $
Assets		
Current assets		
Cash and cash equivalents	7,723	4,507
Short-term investments (fair market value: $ 6,603; December 31, 2004 – $ 6,150) (note 3)	6,138	5,742
Accounts receivable	563	946
Inventories (note 4)	12,193	7,571
Other short-term assets (note 5)	2,459	1,635
	29,076	20,401
Property, plant and equipment (note 6)	73,239	77,468
Mining assets	10,826	10,632
Other assets (note 7)	487	1,115
	113,628	109,616
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	12,433	11,536
Current portion of long-term debt	12,161	11,900
Deferred gains (note 9)	2,262	2,034
	26,856	25,470
Long-term debt	17,500	20,715
Deferred gains (note 9)	2,856	3,288
Advances payable	8,932	8,710
Asset retirement obligations for property, plant and equipment (note 10)	1,581	1,156
Minority interest	1,852	579
	59,577	59,918
Shareholders' Equity		
Share capital (note 11)	93,368	89,426
Contributed surplus (note 12)	1,022	884
Deficit	(40,339)	(40,612)
	54,051	49,698
	113,628	109,616

SEMAFO inc.

Consolidated Statements of Operations and Deficit

(unaudited, expressed in thousands of U.S. dollars, except for amounts per share)

	Three-month period ended September 30		Nine-month period ended September 30	
	2005	2004	2005	2004
	$	$	$	$
Revenues				
Gold sales	16,585	4,982	44,993	12,176
Gain (loss) on deferred forward contracts (note 9)	101	(1,624)	668	(1,771)
	16,686	3,358	45,661	10,405
Expenses				
Mining operations	10,543	4,658	30,182	11,197
Amortization of property, plant and equipment	3,859	1,210	10,586	3,150
Administration	698	616	1,664	1,485
Stock-based compensation (note 12)	46	-	138	-
Accretion expense of asset retirement obligations (note 10)	23	9	69	29
Bad debt recovery	-	-	(295)	-
Write-off of mining assets	-	378	-	378
	15,169	6,871	42,344	16,239
Earnings (losses) from operations	1,517	(3,513)	3,317	(5,834)
Interest, financing expenses and other income	(152)	(72)	(55)	(122)
Accretion of an amount receivable on disposal of investment in a subsidiary	(7)	(14)	(23)	(41)
Write-down of short-term investments	-	-	371	-
Gain on disposition of temporary investments	(941)	-	(941)	-
Loss (gain) on disposal of investment in subsidiaries (note 13)	-	-	369	(7,323)
Amortization of deferred financing charges	35	-	100	-
Interest on long-term debt	657	170	1,963	559
Foreign exchange loss (gain)	92	577	(13)	308
Net income (net loss) before minority interest	1,833	(4,174)	1,546	785
Minority interest in a subsidiary's net income (net loss)	771	(531)	1,273	(655)
Net income (net loss) for the period	1,062	(3,643)	273	1,440
Deficit – Beginning of period	(41,401)	(30,588)	(40,612)	(35,671)
Deficit – End of period	(40,339)	(34,231)	(40,339)	(34,231)
Net income (net loss) per share				
Basic	0.01	(0.04)	0.01	0.02
Diluted	0.01	(0.04)	0.01	0.02

SEMAFO inc.

Consolidated Statements of Cash Flows

(unaudited, expressed in thousands of U.S. dollars)

	Three-month period ended September 30		Nine-month period ended September 30	
	2005	2004	2005	2004
	$	$	$	$
Cash flows from				
Operating activities				
Net income (net loss) for the period	1,062	(3,643)	273	1,440
Items not affecting cash and cash equivalents				
Unrealized loss (gain) on deferred forward contracts	(101)	1,624	(668)	1,771
Amortization of property, plant and equipment	3,859	1,210	10,586	3,150
Stock-based compensation	46	-	138	-
Accretion expense of asset retirement obligations	23	9	69	29
Accretion of an amount receivable on disposal of investment in a subsidiary	(7)	(14)	(23)	(41)
Write-down of short-term investments	-	-	371	-
Gain on disposition of short-term investments	(941)	-	(941)	-
Loss (gain) on disposal of investment in subsidiaries	-	-	369	(7,323)
Amortization of deferred charges	35	-	100	-
Unrealized foreign exchange loss	232	281	222	113
Write-off of mining assets	-	378	-	378
Minority interest in a subsidiary's net income (net loss)	771	(531)	1,273	(655)
	4,979	(686)	11,769	(1,138)
Net changes in non-cash working capital items and settlement of liabilities related to asset retirement obligations for property, plant and equipment (note 14a)	301	2,263	(3,236)	2,005
	5,280	1,577	8,533	867
Financing activities				
Loans	(1,980)	-	-	-
Long-term debt	-	7,000	-	12,035
Reimbursement of long-term debt	(141)	-	(2,954)	(5,000)
Share-capital issuance	17	-	3,942	-
	(2,104)	7,000	988	7,035
Investing activities				
Acquisition of short-term investments	(440)	-	(440)	-
Proceeds on disposal of short-term investments	1,633	-	1,633	353
Additions to mining assets	(606)	(6,432)	(1,549)	(19,008)
Disposal of interest in subsidiaries	-	-	-	300
Additions to property, plant and equipment	(3,013)	(118)	(6,117)	(2,687)
Decrease (increase) in other assets	48	(262)	(296)	(281)
Unrealized gain on forward sales contract	223	-	464	-
	(2,155)	(6,812)	(6,305)	(21,323)
Changes in cash and cash equivalents during the period	1,021	1,765	3,216	(13,421)
Effect of foreign exchange rate changes on cash and cash equivalents	-	27	-	6
Cash and cash equivalents – Beginning of period	6,702	2,214	4,507	17,421
Cash and cash equivalents – End of period	7,723	4,006	7,723	4,006

1 Basis of presentation

These consolidated interim financial statements are prepared in accordance with Canadian generally accepted accounting principles. These consolidated interim financial statements do not include all disclosures required under Canadian generally accepted accounting principles for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2004.

The preparation of the consolidated financial statements compliant with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

In the opinion of management, all adjustments considered necessary for fair presentation of the results for the periods presented have been reflected in the interim consolidated financial statements

New Classification

Some comparative figures have been reclassified to comply with the presentation adopted for the period ended September 30, 2005.

New presentation

Since the first quarter of 2005, the consolidated interim financial statements are expressed in thousands of American (U.S.) dollars, except where indicated otherwise. The amounts in the texts of the notes to the consolidated interim financial statements are expressed in U.S. dollars and the amounts in the tables of the notes are expressed in thousands of U.S. dollars. Comparative figures have also been expressed in thousands of U.S. dollars.

2 Incorporation and nature of activities

The company was incorporated under Part IA of the Quebec Companies Act.

The company and its subsidiaries are engaged in gold mining and related activities, including exploration, development and operations. These activities are conducted in West Africa. The company and its subsidiaries own and operate two gold mines in Guinea and Niger. The Niger mine started producing gold in October 2004.

The company and its subsidiaries have interests in mining properties currently at the exploration or development stage. Some of these properties are in the process of evaluation to determine the economics of putting them into production. The potential for recovery of costs incurred on these properties and of related deferred charges depends on the existence of sufficient quantities of reserves, obtaining all required permits, the company's ability to obtain appropriate financing to put these properties into production, and the ability to realize a profitable return for the company.

(unaudited, expressed in U.S. dollars except where otherwise indicated; amounts in tables are presented in thousands of U.S. dollars)

3 Short-term investments

	As at September 30, 2005 $	As at December 31, 2004 $
Shares of publicly traded companies, at cost	9,328	8,561
Write-down of short-term investments	(3,190)	(2,819)
	6,138	5,742

4 Inventories

	As at September 30, 2005 $	As at December 31, 2004 $
Gold ingots	2,465	1,091
Gold in circuit	1,073	1,439
Stockpiles	4,996	2,752
Supplies and spare parts	3,659	2,289
	12,193	7,571

5 Other short-term assets

	As at September 30, 2005 $	As at December 31, 2004 $
Amount receivable on disposal of investment in a subsidiary – Semafo Ghana Ltd.	472	472
Prepaid expenses	1,987	1,163
	2,459	1,635

(unaudited, expressed in U.S. dollars except where otherwise indicated; amounts in tables are presented in thousands of U.S. dollars)

6 Property, plant and equipment

	As at September 30, 2005		
	Cost $	Accumulated Depreciation $	Net $
Property acquisition costs, deferred exploration and development costs	69,091	18,464	50,627
Buildings and equipment related to mining production	23,018	5,224	17,794
Rolling stock, communication and computer equipment	5,036	2,237	2,799
Deferred stripping costs	2,019	-	2,019
	99,164	25,925	73,239

	As at December 31, 2004		
	Cost $	Accumulated Depreciation $	Net $
Property acquisition costs, deferred exploration and development costs	65,778	10,651	55,127
Buildings and equipment related to mining production	21,556	2,781	18,775
Rolling stock, communication and computer equipment	3,842	1,734	2,108
Deferred stripping costs	1,458	-	1,458
	92,634	15,166	77,468

7 Other assets

	As at September 30, 2005 $	As at December 31, 2004 $
Deferred charges – net of accumulated amortization $ 285 (December 31, 2004 – $ 185)	487	670
Balance of interest in a disposed subsidiary – Semafo Ghana Ltd.	-	445
	487	1,115

(unaudited, expressed in U.S. dollars except where otherwise indicated; amounts in tables are presented in thousands of U.S. dollars)

8 Loan

The company has a credit margin with an authorized amount of $1,820,000 (CA$2,200,000), bearing interest at a variable rate and guaranteed by short-term investments. As at September 30, 2005, no amount was drawn against this loan.

9 Deferred gains

During the first nine months of 2005, the company deferred the delivery of part of its gold production, resulting in an unrealized loss on the forward sales contracts .

The company also delivered gold against the 2004 hedging positions which have been deferred to 2005, therefore reversing the unrealized loss on the forward sales contracts of 2004 for an amount of $1,714,000.

The swap of interest rate related to the gold forward contracts is effective since the beginning of the second quarter of 2005. This swap led to a gain of $464,000 for the first nine-month period ended September 30, 2005. From this gain, $40,000 is accounted for in the consolidated statements of operations and an amount of $424,000 is deferred and presented in liabilities.

The net gain of $668,000 was accounted for in the consolidated statements of operations as gold sales increase and resulted in the decrease of the deferred gains for the same amount in liabilities.

10 Asset retirement obligations for property, plant and equipment

The table below presents the evolution of the assets retirement obligations for property, plant and equipment for the periods.

	As at September 30, 2005 **$**	**As at December 31, 2004** **$**
Balance — Beginning of period	1,156	478
Increase due to accretion expense	69	38
New liability	413	670
Liabilities paid off	(57)	(30)
Balance — End of period	1,581	1,156

The undiscounted cash flows required to settle the asset retirement obligations are estimated at $ 2,325,000. These payments are expected during the years 2005 to 2014. An 8% discount rate was used to evaluate these obligations.

11 Share capital

Authorized
Unlimited number of common shares without par value
Unlimited number of Class "A" preferred shares, no par value, non-voting, non-participating and redeemable at the option of the holder at a price of $0.27 (CA$0.33) per share
Unlimited number of Class "B", preferred shares, no par value, non-voting, non-participating and redeemable at the option of the company at a price of $0.10 (CA$0.12) per share

Movements in the company's share capital are as follows:

	As at September 30, 2005		As at December 31, 2004	
	Number (000)	**Amount $**	**Number (000)**	**Amount $**
Common shares				
Balance - Beginning of period	90,364	87,094	90,182	86,894
Issued for exercises of options	-	-	182	200
Issued for exercises of warrants	3,514	5,024	-	-
Balance - End of period	93,878	92,118	90,364	87,094
Warrants				
Balance - Beginning of period	7,591	2,332	7,500	2,310
Exercised during the period	(3,514)	(1,082)	-	-
Issued and paid in cash	-	-	91	22
Balance - End of period	4,077	1,250	7,591	2,332
Common shares and warrants	97,955	93,368	97,955	89,426

On June 1st 2005, 3,500,000 warrants have been exercised for a cash consideration of $3,925,338 (CA$4,900,000). On September 30, 2005, 13,750 warrants have been exercised for a cash consideration of $16,579 (CA$19,250).

Warrants

Warrants outstanding as at September 30, 2005:

Expiration date	Exercise price	Number of warrants (000)
December 2006	$1.21 (CA$1.40)	4,077

11 Shares-capital (continued)

Options

The following table sets forth the options granted to employees, officers, consultants and directors as part of their remuneration under the Option Plan:

	As at September 30, 2005 (000)	**As at December 31, 2004 (000)**
Balance – Beginning of period	2,432	1,552
Cancelled or expired	-	(1,065)
Issued	-	1,945
Balance – End of period	2,432	2,432
Options exercisable — End of period	1,845	1,845

12 Contributed surplus

The contributed surplus account is composed of :

	As at September 30, 2005 $	**As at December 31, 2004 $**
Balance – Beginning of period	884	-
Expired options	-	94
Charges from the evaluation of options	138	790
Balance – End of period	1,022	884

13 Loss (gain) on disposal of investment in subsidiaries

On June 21, 2005, the company sold all of its investments in Ebi (Ghana) Limited, owner of the Tinga property, for a consideration valued at $1,018,875, representing the issuance of 3,300,000 common shares of Birim Goldfields Inc. issued upon closing of the transaction. The book value of the investment in Ebi (Ghana) Limited being at $1,388,376, this transaction resulted in a loss on disposal of investment of a subsidiary of $369,501.

(unaudited, expressed in U.S. dollars except where otherwise indicated; amounts in tables are presented in thousands of U.S. dollars)

14 Financial information included in the consolidated statements of cash flow

a) Net changes in non-cash working capial items and settlement of liabilities related to asset retirement obligations for property, plant and equipment

	Three-month period ended September 30		Nine-month period ended September 30	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Accounts receivable	2,725	969	406	(125)
Inventories	(1,839)	(1,019)	(4,482)	(2,011)
Accounts payable and accrued liabilities	(555)	2,313	897	4,141
Settlement of liabilities related to asset retirement obligations for property, plant and equipment	(30)	-	(57)	-
	301	2,263	(3,236)	2,005

b) Supplemental schedule of non-cash items on cash and cash equivalents

	Three-month period ended September 30		Nine-month period ended September 30	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Increase in advances payable allocated to mining assets	-	4	-	13
Unrealized foreign exchange loss allocated to advances payable	314	307	222	119
Unrealized foreign exchange loss allocated to short-term investments	(82)	-	-	-
Amortization of deferred charges allocated to mining assets	-	41	-	110
Amortization of property, plant and equipment allocated to mining assets	20	2	33	5
Amortization of property, plant and equipment allocated to inventories	394	(43)	140	(9)
Net asset retirement obligations	132	49	413	156
Share compensation on disposal of mining assets	-	-	1,019	-

c) Supplemental information

	Three-month period ended September 30		Nine-month period ended September 30	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
Interest paid during the period	322	228	1,167	754

15 Commitments

As at September 30, 2005, the company has the following commitments in relation with gold forwards sales contracts:

		2005	2006	2007	2008	2009	Total
Adjustable gold forwards [1,2]							
Ounces	(in thousands)	12	29	25	24	18	108
Average price	($ per ounce)	387	383	360	360	360	369
Fixed gold forwards [1]							
Ounces	(in thousands)	19	60	56	24	18	177
Average price	($ per ounce)	337	327	325	360	360	335
Total gold forwards							
Ounces	**(in thousands)**	**31**	**89**	**81**	**48**	**36**	**285**
Average price	**($ per ounce)**	**357**	**345**	**336**	**360**	**360**	**348**

[1] Forward positions totalling 209,250 ounces include a swap of interest rate. Pursuant to the swap agreement, the company is committed to pay the difference between the "LIBOR" U.S.D three (3) months interest rate and the "GOFO" three (3) months interest rate, whereas the counterparty is committed to pay a fixed interest rate of 1% per annum.

[2] The price of the adjustable gold forwards program may reach up to $390 per ounce. The adjustments depend on the prevailing spot price on different dates during the term of the program.

(unaudited, expressed in U.S. dollars except where otherwise indicated; amounts in tables are presented in thousands of U.S. dollars)

16 Segmented information

The company operates two gold mines: Kiniero located in Guinea and Samira Hill located in Niger. The company also owns the Mana project, located in Burkina Faso for which a feasibility study has been realized.

	Kiniero Mine $	Samira Hill Mine $	Mana Project $	Corporate and other $	Total $
Three-month period ended September 30, 2005					
Gold sales	5,944	10,641	-	-	16,585
Gain (loss) on deferred forward contracts	(200)	301	-	-	101
Revenues	5,744	10,942	-	-	16,686
Mining operations expenses	4,603	5,940	-	-	10,543
Amortization of property, plant and equipment	1,091	2,761	-	7	3,859
Earnings (losses) from operations	(25)	2,146	-	(604)	1,517
Net income (net loss)	120	462	-	480	1,062
Three-month period ended September 30, 2004					
Gold sales	4,982	-	-	-	4,982
Loss on deferred forward contracts	(751)	(873)	-	-	(1,624)
Revenues	4,231	(873)	-	-	3,358
Mining operations expenses	4,658	-	-	-	4,658
Amortization of property, plant and equipment	1,203	-	-	7	1,210
Losses from operations	(1,700)	(901)	-	(912)	(3,513)
Net income (net loss)	(1,919)	(838)	-	(886)	(3,643)

(unaudited, expressed in U.S. dollars except where otherwise indicated; amounts in tables are presented in thousands of U.S. dollars)

16 Segmented information (continued)

	Kiniero Mine $	Samira Hill Mine $	Mana Project $	Corporate and others $	Total $
Nine-month period ended September 30, 2005					
Gold sales	17,920	27,073	-	-	44,993
Gain (loss) on deferred forward contracts	(192)	860	-	-	668
Revenues	17,728	27,933	-	-	45,661
Mining operations expenses	13,885	16,297	-	-	30,182
Amortization of property, plant and equipment	3,328	7,236		22	10,586
Earnings (losses) from operations	649	4,211	-	(1,543)	3,317
Net income (net loss)	431	1,065	-	(1,223)	273
As at September 30, 2005					
Property, plant and equipment	16,922	55,994	-	323	73,239
Mining assets	-	-	8,155	2,671	10,826
Nine-month period ended September 30, 2004					
Gold sales	12,176	-	-	-	12,176
Loss on deferred forward contracts	(898)	(873)	-	-	(1,771)
Revenues	11,278	(873)	-	-	10,405
Mining operations expenses	11,197	-	-	-	11,197
Amortization of property, plant and equipment	3,131	-	-	19	3,150
Losses from operations	(3,165)	(933)	-	(1,736)	(5,834)
Net income (net loss)	(3,321)	(774)	-	5,535	1,440
As at September 30, 2004					
Property, plant and equipment	18,426	-	29	175	18,630
Mining assets	-	59,487	6,995	3,025	69,507

Investor Information

Requests for copies of the Annual Report, Quarterly Reports and Company Information may be addressed to:

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