

3 QUARTERLY REPORT

Nine months ended September 30, 2000



Exploring
New
Grounds

Message to Shareholders

SEMAFO's revenues, derived mainly from investments, increased from \$724,794 for the first nine months last year to \$875,060 for the same period in 2000. This increase in revenue is the result of the exercise of warrants and a private placement by Managem S.A. (Managem) in July 2000. The administrative expenses went from \$746,417 in 1999 to \$1,278,585 in 2000, following the increasing level of activities during the period, and the acquisition of a 50% interest in African Geomin Mining Development Corporation. During the period, Semafco recorded a loss of \$573,935 (\$0.01 per share) compared to \$313,021 (\$0.01 per share) for the same period last year.

In July, all of Managem's assets in West Africa were transferred to Semafco at net book value, in consideration of the issuance of 1,066,626 shares for a value of \$1,306,616. Through the exercise of the warrants, Managem also acquired 17,020,000 shares of Semafco for a cash consideration of \$22,977,000. Finally ONA International S.A., an affiliate company of Managem acquired, through a private placement, 3,812,792 shares of Semafco for a cash consideration of \$4,670,670. Following those transactions Semafco incurred issuance expenses of \$1,040,339.

During the period, Semafco invested \$13,143,718 in exploration and development, compared to \$4,251,469 for the same period last year. As at September 30th the mining assets of the Company totaled \$49,544,126 compared to \$45,115,550 at the same date last year.

Based on the planned production for the Jean Gobeles project, some parts of the treatment plant were undersize for this project. Therefore the Company sold those parts for a consideration of US\$709,000 payable in monthly instalments until 2002. As at September 30th, an amount of US\$629,000 related to this sale, is still to be received.

As at September 30th 2000, the cash and cash equivalents and short-term investments amount to \$29,187,288.

Niger

Samira Hill Gold Project.

African GeoMin Mining Development Corporation Ltd. (50% Semafco, 50% Etruscan) completed the Revised Feasibility Study for the Samira Hill Gold Project that will see the mill capacity expanded from 3,000 to 6,000 tonnes per day to accommodate additional mill feed from the nearby Libiri deposit. First year production is targeted at 150,000 ounces and will commence in the second quarter 2001.

The combined Samira-Libiri operation shows an internal rate of return of 62% and generates net cash flow after capital payback of US\$42,000,000. Direct capital costs are estimated at US\$26,000,000 and life of mine cash costs, including royalties of 5.5% to the government of Niger average US\$194 per recovered ounce. First year cash costs including royalties are estimated at US\$136 per recovered ounce.

Project financing is being coordinated by RMB Resources Limited a member of the First Rand Bank Group, in conjunction with the International Finance Corporation a member of the World Bank Group.

Libiri Exploration Project.

African GeoMin will commence in October a short follow-up exploration program on the recently discovered mineralized structure that cross-cuts the Samira Horizon. The cross-cutting nature of the zone opens up important possibilities for additional discoveries in and around both the Libiri and Samira Hill deposits.

An updated reserve study is being carried out by Resource Service Group Pty Ltd. of Perth, Australia that will include additional oxide ore from Libiri in the Samira Hill mining schedule.

Guinea

Jean-Gobeles

The Final Feasibility Report on the Jean Gobeles Gold Project has been presented to the Government and the mining license is expected to be issued soon.

In the field, further exploration work will not resume until the end of the rainy season. A trenching, sampling, mapping and RC drilling program is scheduled for the end of the year 2000 and will focus on the follow-up of the new discovery to the east of Gobeles A structure. Extensions of known mineralisations will also be targeted.

Construction commitment is dependant on permitting and financing. The project is expected to start early in the new year.

Kakoulima

On the Mont Kakoulima layered complex, again due to the rainy season, Rio Tinto will resume in October its exploration diamond drilling program on the four prospective Ni, Cu, Co, PGE targets identified using ground magnetic and TEM surveys combined with stream/soil geochemistry and geology. Rio Tinto, the operator of this Joint Venture, planned to test the four targets each with two core holes for an estimated total meterage of 3000 m.

The two first holes both had to be abandoned and sealed because of presence of gas.

Ghana

Anwia

Drilling by Ashanti Goldfields Ltd. has outlined an inferred resource of 2 million tonnes grading 3.0 grams per tonne at the Ebi/Teleku - Bokazo concession in Ghana. Ashanti has advised Semafco of its intention not to pursue further work on the property. Negotiations are ongoing to revise the agreement with Ashanti and to find other options to put the property into production.

Tinga

In order to correctly assess the next phase of exploration and the right level of priority, an internal orientation study is in progress. No further field work is planned until the end of year 2000. Other targets on the property may warrant testing.

Wa

A short exploration program was completed during the second quarter. An evaluation of the results obtained is underway.

Burkina Faso

At the Nyafe prospect on the Mana/Fobri concession, the exploration program will resume by mid-October. Field work will focus on following up with trenching the recently discovered lateral and on-strike repetitions of the Nyafe mineralised zone. Another part of the program will look at following numerous regional geochemical gold anomalies still unexplained over the two properties.

An orientation study is in progress to evaluate the optimum metallurgical process for the high grade refractory ore.

Benoit La Salle
President and Chief Executive Officer
November 20, 2000

Consolidated Balance Sheets (UNAUDITED)

AS AT SEPTEMBER 30	2000	1999
Assets		
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	\$ 27,940,783	\$ 14,047,193
SHORT-TERM INVESTMENTS	1,246,505	4,299,851
RECEIVABLES	207,762	448,024
OTHER ASSETS	560,973	573,315
	29,956,023	19,368,383
LONG-TERM RECEIVABLES	990,857	–
DEFERRED CHARGES	300,717	–
LONG-TERM INVESTMENTS	587,013	424,748
ADVANCES INTO A JOINT VENTURE	6,840,212	–
MINING ASSETS	49,544,126	45,115,550
	\$ 88,218,948	\$ 64,908,681

Liabilities

CURRENT LIABILITIES		
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 4,942,104	\$ 851,639
LONG-TERM LIABILITIES		
DEBENTURES	2,738,046	–
UNREALIZED EXCHANGE GAINS	181,480	–
	7,861,630	851,639

Shareholders' Equity

SHARE CAPITAL	115,218,382	67,201,695
DEFICIT	(34,861,064)	(3,144,653)
	80,357,318	64,057,042
	\$ 88,218,948	\$ 64,908,681

Consolidated Statements of loss and Deficit (UNAUDITED)

PERIOD ENDED SEPTEMBER 30	2000	1999
INTEREST INCOME	\$ 875,060	\$ 724,794
ADMINISTRATIVE EXPENSES	1,278,585	746,417
PROJECT SEARCH EXPENSES	–	291,398
WRITE-OFF OF MINING ASSETS	170,410	–
	1,448,995	1,037,815
NET LOSS FOR THE PERIOD	(573,935)	(313,021)
DEFICIT AT BEGINNING OF PERIOD	(33,246,790)	(2,842,264)
GAIN ON CANCELLATION OF SHARES	–	10,632
SHARE ISSUE EXPENSES	(1,040,339)	–
DEFICIT AT END OF PERIOD	\$ (34,861,064)	\$ (3,144,653)
NET INCOME (LOSS) PER SHARE	\$ (0,01)	\$ (0,01)

Consolidated Statements of cash flows (UNAUDITED)

PERIOD ENDED SEPTEMBER 30	2000	1999
OPERATING ACTIVITIES		
NET LOSS FOR THE PERIOD	\$ (573,935)	\$ (313,021)
ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS		
WRITE-OFF OF MINING ASSETS	170,410	–
GAIN ON SALE OF INVESTMENTS	–	(4,113)
	(403,525)	(317,134)
CHANGE IN NON-CASH ITEMS		
ACCOUNTS RECEIVABLE	156,758	103,587
OTHER ASSETS	(224,539)	(305,289)
UNREALIZED EXCHANGE GAINS	181,480	–
ACCOUNTS PAYABLE	3,261,273	(164,764)
EXCHANGE LOSS ON DEBENTURES DENOMINATED IN FOREIGN CURRENCY	201,771	–
	3,576,743	(366,466)
	3,173,218	(683,600)
FINANCING ACTIVITIES		
ISSUE OF SHARE CAPITAL	27,647,670	1,631,273
SHARE ISSUE EXPENSES	(1,040,339)	–
	26,607,331	1,631,273
INVESTING ACTIVITIES		
PROCEEDS ON DISPOSAL OF SHORT-TERM INVESTMENTS	9,928,213	–
ACQUISITION OF SHORT-TERM INVESTMENT	–	8,711,736
LONG-TERM RECEIVABLE ISSUANCE	(990,857)	–
PROCEEDS ON DISPOSAL OF LONG-TERM INVESTMENTS	–	85,000
ACQUISITION OF JOINT VENTURE	(6,491,562)	–
ADDITION OF ADVANCES	(6,840,212)	–
ADDITION TO MINING ASSETS	(20,657,316)	(4,251,469)
DECREASE IN DEFERRED EXPENSES	609,778	–
	(24,441,956)	4,545,267
CHANGE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	5,338,593	5,492,940
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	22,602,190	8,554,253
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 27,940,783	\$ 14,047,193

Investor Information

Requests for copies of the Annual Report, quarterly reports and other Company information may be addressed to:

Benoit La Salle

President and Chief Executive Officer
SEMAFO Inc.
750 Marcel Laurin Blvd., Suite 375
Saint-Laurent, Quebec H4M 2M4

Telephone: (514) 744-4408
Fax: (514) 744-2291
E-mail: info@semafo.com
WWW : http://www.semafo.com

TRANSFER AGENT

General Trust of Canada

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Symbol: "SMF"
cusip 81692210-8