

OUR COMMITMENT, THE HEART AND SOUL OF OUR SAVOIR-FAIRE



2010

SUSTAINABLE DEVELOPMENT REPORT



INTERNATIONAL EXPERTISE
HUMAN ADVOCACY

ABOUT THIS REPORT

TABLE OF CONTENTS

- 3** Corporate Profile
- 7** Our Commitment, the Heart and Soul of Our Savoir-faire
- 9** 2010 Achievements – 2011 Objectives
- 10** SEMAFO and Its Partners
- 11** Governance Focused on Creating Value
- 13** Social Responsibility Policy
- 14** Five Priorities Highlighting Our Commitment to Stakeholders

OUR COMMITMENT TO ...

- 15** Communities
- 19** Host Country Economies
- 21** Labour Practices and Human Rights
- 25** Health and Safety
- 31** Biodiversity and Environment
- 38** Table of Indicators

Report Scope

SEMAFO's first sustainable development report presents the environmental, social, and economic performance of SEMAFO Inc. and its main subsidiaries, SEMAFO Burkina Faso S.A., Société des Mines du Liptako (SML) and SEMAFO Guinée S.A., to all of its internal and external stakeholders.

This report pertains to SEMAFO's 2010 exploration activities and mines in Burkina Faso, Niger, and Guinea. This report will be published annually.

Means of Communication

This report serves as the main means of communicating SEMAFO's accountability with respect to sustainable development. Other means of communication include:

- A new version of the social responsibility website, online in the spring of 2011.
- A social responsibility section in SEMAFO's 2010 Annual Report.

Data Collection and Validation

The publication of this report involved the cooperation of many contributors within the Corporation. SEMAFO's Corporate Affairs Department was responsible for producing the report, including the collection and verification of information. The information herein has been provided by various specialists and managers as well as SEMAFO's information systems.

GRI Guidelines

This report was prepared using the Global Reporting Initiative (GRI) guidelines, which provide assurance as to the credibility and quality of the social responsibility information. The GRI attests that this report complies with Application Level C guidelines.



All amounts are in US dollars.

CORPORATE PROFILE

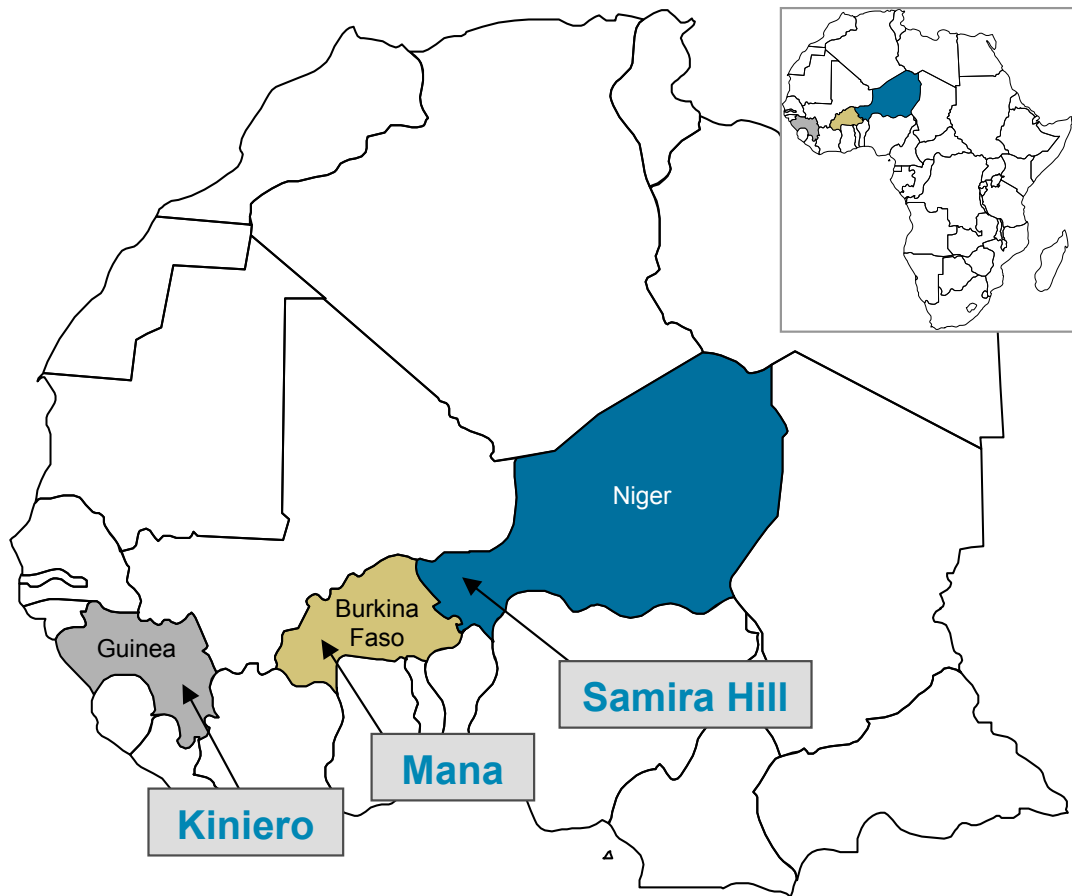
SEMAFO is a Canadian-based mining corporation with gold production and exploration activities in West Africa. The Corporation currently owns and operates three gold mines: the Mana Mine in Burkina Faso, the Samira Hill Mine in Niger, and the Kiniero Mine in Guinea. SEMAFO is committed to evolve in a conscientious manner to become a major player in its geographical area of interest. SEMAFO's strategic focus is to maximize shareholder value by effectively managing its existing assets as well as pursuing organic and strategic growth opportunities.

Corporate Mission

Establish enduring relationships with the countries in which we operate and through our experience, expertise and financial acumen, partner to responsibly develop natural resources.

Humanitarian Mission

Make sustainable contributions to improve the quality of life and livelihoods of the communities in which we operate through social, health, education and environmental policies and programs



Cover: Mamoudou Ouedraogo, Environment Coordinator, Mana Mine, performs a water quality analysis in a neighbouring village near Mana, Burkina Faso.

SEMAFO VALUES

Respect and Integrity: It is the foundation of everything we do – through accountability, responsibility, honesty, transparency, environmental and employee safety and protection.

Excellence: We relentlessly pursue excellence in everything we do – through quality, effort, perseverance, continual improvement, honour, entrepreneurship, and leadership.

Know-How: We support individual and collective achievement as it directly impacts the organization – through leadership and employee performance, integration, management, evaluation, promotion, training, development and succession.

Teamwork: We believe in the power of people working together to attain common goals.

2,000 people
share our
values

History of SEMAFO

1995 SEMAFO is created by Benoit La Salle, FCA.
SEMAFO's first six years of operation are devoted to exploration in West Africa.

2002 The first mine, Kiniero, begins operations in Guinea.

2004 The Samira Hill Mine begins operations in Niger.

2008 The Mana Mine in Burkina Faso begins operations, and quickly becomes SEMAFO's flagship mine, accounting for 69% of total production in 2010.

Establishment of *Fondation SEMAFO*, a non-profit organization that provides support to the Burkina Faso, Niger and Guinea communities.

SEMAFO pledges to donate up to 2% of its net income to *Fondation SEMAFO*.



SEMAFO Energy is created with the objective to increase the production of electricity in SEMAFO's host countries.



2009 Signature of public-private partnerships between the governments and SEMAFO Energy.

Awards

2004

Mr. Benoit La Salle, President and Chief Executive Officer of SEMAFO - **Officer of the Order of Merit of Niger of the Republic of Niger**. Mr. La Salle receives the medal of the Niger Order of Merit from the President, an honour bestowed on him due to the economic benefits generated by the Corporation's activities.

2008

Mr. Benoit La Salle, President and Chief Executive Officer of SEMAFO - **Knight of the National Order of Burkina Faso**. Mr. La Salle receives the medal of the National Order of Burkina Faso from the President, in recognition of the economic benefits generated by the Corporation's activities.

SEMAFO - **2008 Alpha Award of Distinction from the Chamber of Commerce and Industry of Saint-Laurent**. The Honourable Stéphane Dion, Leader of the Liberal Party of Canada and Leader of the Opposition, presents the award at the 24th annual gala in Montreal, Quebec. The award recognizes SEMAFO's role as a leader in corporate social responsibility and its actions to protect the environment. SEMAFO also receives the 2008 Alpha Award in the Manufacturing/Raw Materials category.

2009

Mr. Benoit La Salle, President and Chief Executive Officer of SEMAFO - **2009 Entrepreneur of the Year Award, Ernst & Young** in the Business-to-Business category. Mr. La Salle is honoured to receive this prestigious award and accepts it on behalf of all the employees who regularly contribute to SEMAFO's success.

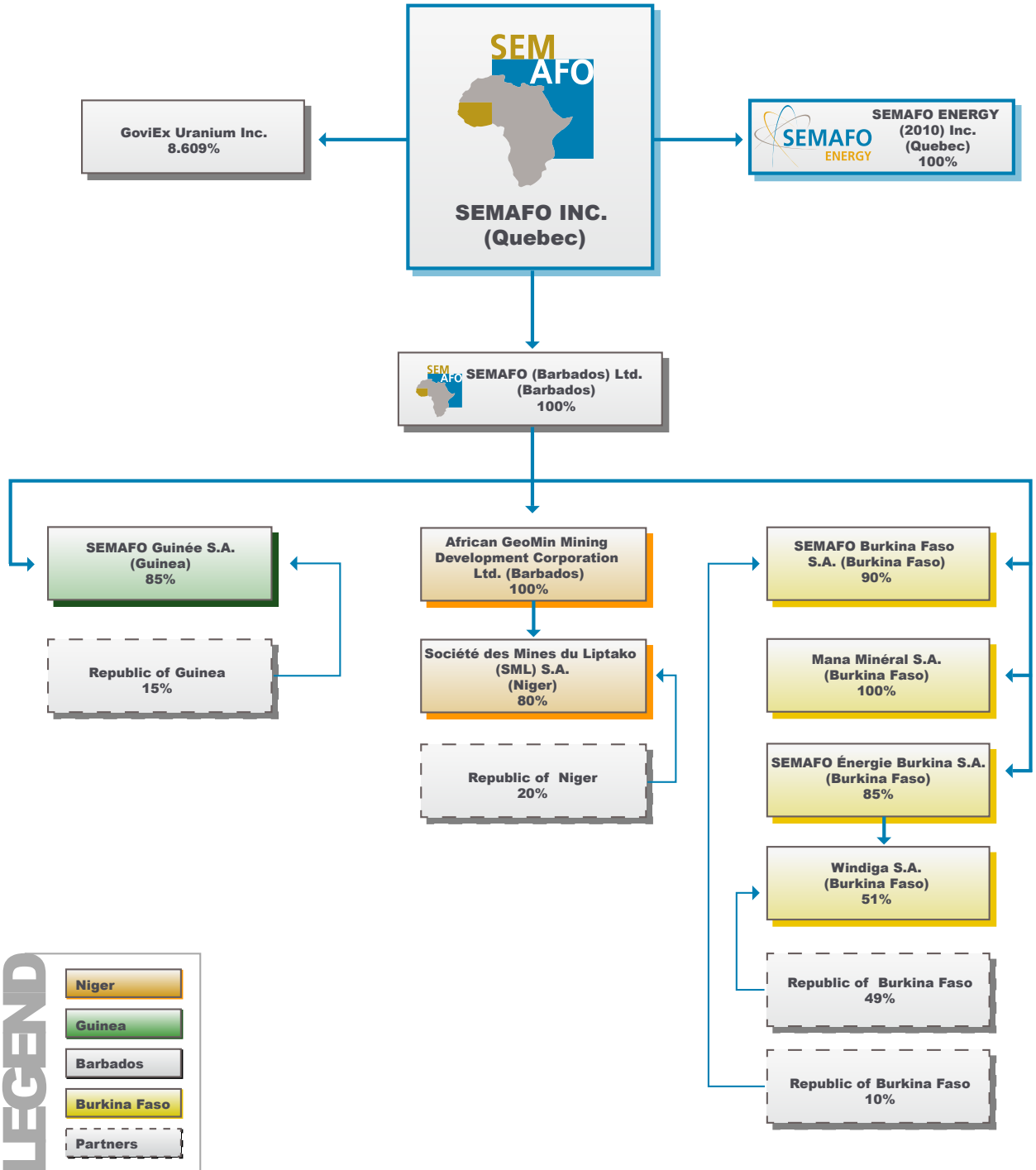
2010

SEMAFO – The Corporation in a first ever participation, is designed one of **Canada's 50 Best Employers** list in its category in an Aon Hewitt survey measuring employee engagement.



OPERATING STRUCTURE

SEMAFO Inc. is incorporated under Part IA of the Companies Act (Quebec).



OUR COMMITMENT, THE HEART AND SOUL OF OUR SAVOIR-FAIRE

We are proud to present SEMAFO's first sustainable development report, which outlines the real progress made towards fulfilling our corporate responsibility to stakeholders. This report describes the accomplishments we have made over the last few years, particularly in 2010, and is an indubitably part of our approach and commitment to sustainable development.

Our sustainable development journey has been one filled with moments of achievement and of challenge. Sustainable development cannot be improvised. It requires long-term planning, which guides our day-to-day activities, and consistency, discipline and collaboration with our partners, all in a spirit of continuous improvement.

SEMAFO and its employees are guests in their host countries, and our golden rule, "give back," symbolizes our efforts in this regard.

SEMAFO has built a rightful reputation for operational and financial success. In 2010, we delivered a strong performance, demonstrating our ability to deliver on our commitments by repeatedly reaching or exceeding our objectives. In so doing, we fulfill our missions to our shareholders, employees and communities. In the context of developing the African continent, our activities not only benefit the communities neighbouring our mines, but our operations provide economic benefits to the entire country.



"I discovered the African continent for the first time, while on a mission for the NGO Plan International Canada in 1993." said Mr. La Salle. "During this humanitarian trip, I met high-ranking dignitaries who persuaded me to return to their country with experts to assist them in the development of their mining sector. This is how SEMAFO came to be. Quite naturally, SEMAFO adopted a humanitarian mission to which I am deeply committed." For us, it is essential to promote our humanitarian mission, concurrently with our corporate mission. Every day we witness to the fact that our dual mission is not only beneficial, but vital. Our community work is the cornerstone of our savoir-faire. Each year, we donate up to 2% of SEMAFO's net income to *Fondation SEMAFO* to create

sustainable development projects to benefit neighbouring communities. In 2010, over \$1 million helped make a significant difference for these communities. Far more than philanthropy, *Fondation SEMAFO* focuses primarily on developing revenue-generating projects and education and health—all in the spirit of our golden rule, "give back."

SEMAFO, together with local authorities, communities and *Fondation SEMAFO*, aims to expand its corporate citizenship. We have launched a national radio campaign in Burkina Faso in each of the country's four official languages to raise awareness on a variety of subjects, including education, health and resource development.

A must for any development effort: access to energy. By creating SEMAFO Energy, SEMAFO addressed an African priority to better meet the continent's energy needs. SEMAFO Energy has spearheaded prefeasibility studies in three countries, for the development of several projects, including the construction of a 20-megawatt solar power station in partnership with the government of Burkina Faso. Although sunshine is abundant, the African continent has rarely used solar alternatives due to the high cost of such technology. This renewable energy project hopes to turn this paradox an untruth, this endeavor is perfect fit for international efforts to promote sustainable development projects.

In 2010, we put in place a series of tools designed to strengthen our employees' commitment to SEMAFO's vision and objectives. An initial survey on employee engagement and a recognition program are key components of this initiative. We also launched a program to develop the potential and skills of our employees. Strengthening this program is part of our 2011 objectives, as is gaining access to skilled labour while developing strong succession candidates, in SEMAFO's image.



Ensuring the health and safety of our employees, subcontractors and communities is our responsibility. Many measures have been put in place to minimize the risks associated with our business, including rigorous training sessions for employees. Efforts are also ongoing to reduce the number of accidents causing work stoppages, which totaled eight in 2010.

We recognize that our activities have a significant impact on the environment, particularly on vegetation, land use, and the use of a precious resource: water. For this reason we ensure that appropriate mitigation and compensation measures are in place at each of our sites, during the exploration and

operations stages, as well as to properly prepare for site rehabilitation. Every year, we considerably improve our performance thanks to our environmental management system. We continue to evaluate our processes based on actual and potential environmental impacts in order to identify projects to improve our performance in this area.

We comply with all the mining codes and laws of the countries in which we operate, and we adhere to the World Bank's Extractive Industries Transparency Initiative (EITI). Furthermore, SEMAFO is guided by the highest of corporate governance standards.

Achieving good financial performance and reaching sustainable development objectives go hand in hand. Proud of our achievements thus far and aware of the road ahead, we are committed to implementing action plans that reflect our values, vision and humanitarian mission—for today, tomorrow and future generations.

This is Our Commitment.



BENOIT LA SALLE, FCA
President and Chief Executive Officer



LAWRENCE MCBREARTY
Chairman, Environmental, Health & Safety and Sustainable Development Committee

March 15, 2011

ACHIEVEMENTS AND OBJECTIVES

THEME	2010 ACHIEVEMENTS	2011 OBJECTIVES
Relationships with stakeholders	Developed new tools for communicating with our stakeholders	Involve more stakeholder in the preparation of the next sustainable development report
Governance	<p>Introduced an initial process for creating a sustainable development report</p> <p>Developed and updated corporate responsibility policies</p>	<p>Participate in the United Nations Global Compact</p> <p>Amend the Code of Conduct, to specifically target the fight against corruption</p>
Communities	Implemented structures for a radio campaign designed to raise awareness to improve the quality of life	Produce 52 “Together for a Better Society” radio broadcasts
Fondation SEMAFO	Invested \$720,000 in revenue-generating projects and community support programs	Develop the paprika production project
SEMAFO Energy	Finalized a prefeasibility study on the construction of a 20-megawatt photovoltaic solar power station in Burkina Faso	<p>Realize technical feasibility study and finalize financing of the solar power station in Burkina Faso</p> <p>Carry out prefeasibility studies for four new energy projects in Niger and Guinea</p>
Human resources	<p>Selected as one of “Canada’s 50 Best Employers” in our category</p> <p>Renewed the Memorandum of Understanding in Guinea (collective agreement), valid until December 31, 2012</p>	<p>Develop our training and our recognition programs</p> <p>Renew the Memorandum of Understanding with Niger and Burkina Faso</p>
Health and safety	Developed several tools to raise awareness	Perform a health and safety audit
Environment	<p>No significant environmental accident occurred at our mines</p> <p>Received no fines or sanctions for non-compliance</p>	Improve our environmental data collection system

SEMAFO AND ITS PARTNERS

A credible sustainable development approach is built on sustained relationships with key stakeholders. Over the years, SEMAFO has implemented an array of effective relationship-management mechanisms that keep it attuned to the needs and concerns of its partners. These mechanisms help SEMAFO to adopt measures in response to specific situations and allows for the best possible resolution to divergent objectives. Much like our stakeholders' expectations, our relations with them have evolved over time. In the interest of continuous improvement, SEMAFO constantly strives to improve its approach such that it can meet its commitments and support coherent projects.

STAKEHOLDERS	SUSTAINABLE DEVELOPMENT ISSUES	RELATIONSHIP MECHANISMS
Communities	Acceptability of projects Environmental and social impacts Local employment and procurement Community infrastructure	<ul style="list-style-type: none"> • Officers assigned to uphold community relations in each country • Consultation committees, which include representatives of neighbouring communities • Support for initiatives as part of community activities • Dispute settlement • Publications for communities
Non-governmental organizations	Education, health, revenue-generating projects	<ul style="list-style-type: none"> • Partner of <i>Fondation SEMAFO</i>
Governments	Contributing to the sustainable development strategies in their respective countries Legislative compliance	<ul style="list-style-type: none"> • Public-private partnerships through SEMAFO Energy • Partnerships with various government departments • Agreements
Population	Raising awareness of societal issues	<ul style="list-style-type: none"> • Radio broadcasts • National and regional publications
Employees	Health and safety Working conditions Satisfaction Career development Succession planning	<ul style="list-style-type: none"> • Health and safety committees • Training programs • Recognition program • Survey • Partnerships with universities • Succession plan • Intranet • Employee newsletter
Unions	Harmonious labour relations	<ul style="list-style-type: none"> • Discussion platforms • Collective agreements • Follow-up committees
Subcontractors	Adherence to SEMAFO's objectives and values	<ul style="list-style-type: none"> • Agreements and partnerships • Contribution to <i>Fondation SEMAFO</i>
Suppliers	Quality of goods Adherence to SEMAFO's objectives and values	<ul style="list-style-type: none"> • Agreements and partnerships
Shareholders	Sustainability of the Corporation Reputation	<ul style="list-style-type: none"> • Financial reports • Press releases • Annual meeting • Website

GOVERNANCE FOCUSED ON CREATING VALUE

SEMAFO's Commitment: To continually improve our social responsibility performance.



This commitment began with the implementation of governance practices designed to generate more trust in the Corporation among all its stakeholders. While its activities and economic value have continued to grow, SEMAFO has been fine-tuning its continual improvement processes, developing its governance structures, drafting new corporate policies, and updating all practices such that they reflect its commitment to corporate responsibility.

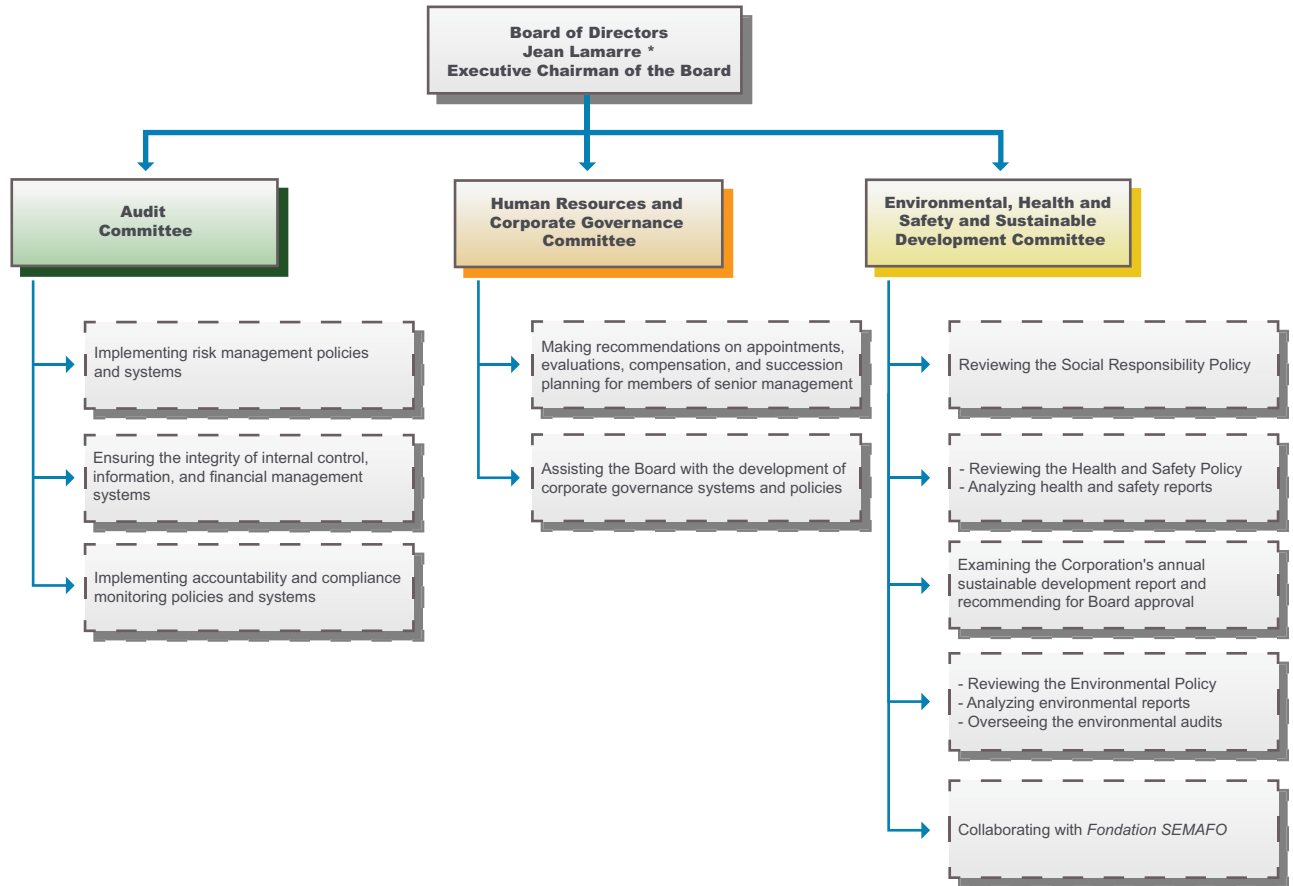
The Board of Directors¹ consists of seven (7) members, including five (5) independent members. Our commitment to continual improvement begins with sound corporate governance practices. SEMAFO's Board of Directors is responsible for ensuring that the Company operates according to appropriate guidelines and policies. Each year, the directors sign SEMAFO's Code of Conduct and Ethics, which is available on SEDAR at www.sedar.com. The Board ensures the implementation of policies and systems that address the Corporation's social responsibility issues, helping to position SEMAFO as a mining company that acts responsibly in the countries in which we operate. As a corporation listed on the Toronto Stock Exchange, SEMAFO adheres to all the Canadian Securities Administrators² corporate governance requirements.

The principle of equal treatment of shareholders, which can be found in various laws governing the Corporation, prohibits giving stakeholders, such as employees, privileged access to the Corporation's corporate decision-making process. SEMAFO nevertheless believes in candid and open dialogue with all its stakeholders. Many forums have already been created for this purpose, such as during the negotiation of collective agreements or at informal meetings with employees. The Corporation has also developed a policy that allows employees to share their concerns regarding accounting practices, internal accounting controls, and corporate audits with the Audit Committee and, ultimately, the Board of Directors.

Under the main corporate act governing the Corporation, shareholders may submit proposals prior to the Annual General Meeting. Proposals submitted to the Corporation in the prescribed manner are inserted into the documentation the Corporation sends shareholders each year for purposes of the meeting, presented at the meeting by the shareholders who made them, and voted on by all shareholders. If adopted, the proposals are then incorporated into the Corporation's policies and practices.

¹ The mandates of the Board of Directors and its committees as well as the names and functions of its directors are available in the "Governance" section of SEMAFO's website at www.semafo.com.

² **Appendix A: Corporate Governance Practices**, "Management Proxy Circular for the Annual General and Special Meeting of Shareholders", June 16, 2010, available at www.sedar.com.



* Mr. Lamarre served as Chairman of the Board from May 29, 2000 to June 18, 2008. In recognition of the duties performed and responsibilities assumed by Mr. Lamarre on behalf of SEMAFO's stakeholders, the Board named him Executive Chairman on June 18, 2008. At the same time, the Board appointed John LeBoutillier as Lead Director, in accordance with Canadian corporate governance best practices.

Mr. La Salle, founder of SEMAFO, is President and Chief Executive Officer and Director of the Corporation.

2010

- Defined the mandate of the Environmental, Health and Safety and Sustainable Development Committee
- Updated the mandates of the Board of Directors, Audit Committee, and Human Resources and Corporate Governance Committee
- Adopted the Social Responsibility Policy and the Health and Safety Policy
- Adopted a new corporate environmental policy
- Introduced the first sustainable development reporting process using GRI guidelines

2011

- Amend the Code of Conduct to specifically target corruption
- Update three policies: Corporate social responsibility, environmental and disclosure
- Participate in the Global Compact and promote its principles based on universal values

SOCIAL RESPONSIBILITY POLICY

This policy constitutes SEMAFO's commitment to social responsibility and outlines its guiding principles in this regard. SEMAFO is committed to promoting social responsibility by continually improving its knowledge, understanding of the challenges, and actions. SEMAFO's mission is two-fold, consisting of a corporate mission and a humanitarian mission; as such, in its countries of operation, SEMAFO seeks to establish environments that are conducive to improving living conditions through investments in community projects, job creation, training, and improving the quality of life of the people and communities.

SEMAFO and its expatriate employees conduct themselves as guests in their host countries and assume their responsibilities toward the local communities and environment. SEMAFO recognizes the fundamental importance of its employees, both in terms of their health and safety (see Health and Safety Policy) and in terms of their well-being, and their working conditions. SEMAFO's employees and contractors are also committed to respecting the environment (see Environmental Policy) and the neighbouring communities. This policy helps to uphold our values and benefits all of SEMAFO's employees, suppliers, shareholders, and the communities in which it operates.

We encourage and recognize that each employee must actively support this policy and take part in the implementation of the following guiding principles:

- *Management's commitment to the creation of a culture of sustainability, such that it is reflected in our operations and in our management and decision-making processes;*
- *Motivate employees to strive for continual improvement in environmental protection, community development, and economic performance;*
- *Raise employee and supplier awareness to respect the communities in which we operate, human rights, as well as local cultures and values;*
- *Whenever possible, and in keeping with our mining agreements, promote the employment of local personnel at our mining sites and raise supplier awareness to do the same;*
- *Work with local communities and other stakeholders to develop economic opportunities and productive alternative projects by developing long-term skills;*
- *Establish lasting relationships with communities, based on mutual respect and trust, in order to attain common objectives;*
- *Raise supplier and contractor awareness with respect to the spirit of this policy;*
- *Promote open, transparent communication in order to build lasting relationships with our stakeholders, to achieve improvements, and to create long-term value in matters of social responsibility;*
- *Implement sound corporate governance, transparency, and fairness practices;*
- *Annually submit a report on SEMAFO's social responsibility performance to the Environmental, Health and Safety and Sustainable Development Committee.*

FIVE PRIORITIES HIGHLIGHTING OUR COMMITMENT TO STAKEHOLDERS



Satisfying Stakeholder Expectations in the Sustainable Development Report

SEMAFO initiated its sustainable development accountability reporting. In 2011, one of our objectives is to further involve more sustained stakeholder in next year's report. Various priorities were identified up throughout 2010, as we analyzed various stakeholder relationship models.

Communities

- Include quantitative data on the support provided to communities to develop educational, sanitary and other infrastructures and to achieve self-sufficiency, through *Fondation SEMAFO* (p. 27), or directly through SEMAFO
- SEMAFO's means to raise awareness about HIV/AIDS, a major public health issue, in the countries in which it operates (p. 30)

In line with our humanitarian mission, this report naturally emphasizes SEMAFO's role in improving the living conditions of the communities neighbouring our mines.

Governments

- Highlight SEMAFO's efforts to raise community awareness of societal issues (p.15 and p. 27)
- Quantify SEMAFO's presence in terms of economic benefits (p. 19 and p. 20)
- Discuss legislative compliance and the means by which SEMAFO minimizes its environmental footprint (pp. 31-33)

Human Resources

- Discuss SEMAFO's health/safety efforts, particularly steps to reduce accidents (pp. 26-28)
- Describe SEMAFO's efforts to engage employees (pp. 21-23)

The concept of human resources (Know-How, Teamwork, Respect and Integrity (p.4)) is a fundamental part of our organizational values. Accordingly, health and safety and employee engagement figure prominently in this report.

Shareholders

Our profile speaks to our commitment to maximize shareholder value by effectively managing existing assets (p. 3). All the information in this report is relevant for shareholders, particularly the section on governance (p. 11). SEMAFO's 2010 Annual Report and 2010 Annual Financial Information³ provide information about the Company's 2010 financial results and regarding such topics as exploration, production, geology and risk management, which are not addressed in this report.

³ These two reports are available at www.semafo.com under "Financial Reports".

SEMAFO's 2010 *Sustainable Development Report* is a reflection of its commitment to sustainability. In the first-year publication, SEMAFO provides stakeholders with a report on its social, environmental and economic performance.

OUR COMMITMENT TO COMMUNITIES

SEMAFO is committed to acting conscientiously and becoming a leader in the countries in which it operates. Beyond our mining activities, we enhance the quality of life and development of our host communities through our humanitarian mission. Over the years, SEMAFO has cultivated a renowned savoir-faire through our ethical health-related, educational, social and environmental policies and programs, and working hand in hand with those around us—the people, communities and various authorities.

SEMAFO Extends its Corporate Citizenship Across Burkina Faso Through a Radio Campaign

"Together for a Better Society" was created to inform and educate the public. The 52 topics deal with improving living conditions, such as managing revenue-generating activities and environmental protection. The programs are produced in French, translated into national languages, and broadcast throughout Burkina Faso's 13 regions.



Fondation SEMAFO, Beyond Philanthropy⁴



Our most ambitious initiative was the 2008 creation of *Fondation SEMAFO*, which has helped shape SEMAFO's responsible practices, developed humanitarian expertise, and launched many value-creation projects. Education, health and farming represent the cornerstone of its commitment to a better quality of life for the communities it serves—today and for future generations. To ensure that the foundation's actions are aligned with the actual needs of the population, a local advisory committee was set up in Burkina Faso.

Fondation SEMAFO works in collaboration with various player, and, together with communities, develops projects that focus on building self-sufficiency, with a focus on post-operations rehabilitation of SEMAFO's mining sites. In 2010, *Fondation SEMAFO* grew exponentially and today has widespread visibility and an outstanding reputation.

The foundation's autonomous Board of Directors is independent of SEMAFO. In addition to SEMAFO and its subsidiaries in West Africa, the foundation works closely with other foundations, including Fondation SUKA, Dartmouth Rotary Club in Nova Scotia, Fondation Paul-Gérin Lajoie, TFO Canada, Common Fund for Commodities, Plan International Canada, Total, and Health Partners International of Canada.

⁴ For more information, Fondation SEMAFO's annual reports and newsletters are available at www.fondationsemafo.org

Exporting Shea Products to Help Villages Grow and Achieve a Better Quality of Life

In 2010, *Fondation SEMAFO* supported the development of the shea industry, which consists of eight cooperatives in Burkina Faso. The initiative consisted of increasing Burkinabe exports of shea products through activities designed to increase competitiveness and market access. Industry representatives received training regarding global shea product distribution market requirements and met with distributors in Montreal, Toronto and New York. *Fondation SEMAFO* also provided technical and financial support for the construction of a soap factory to facilitate and increase production for export purposes.



The keys to the soap factory are handed over by the General Director of Fondation SEMAFO and National Director of SEMAFO Burkina Faso.

2010

- Created an advisory committee in Burkina Faso to define needs
- Shipped educational materials, medical supplies, clothing and furniture valued at \$127,000

\$720,000 invested in projects:

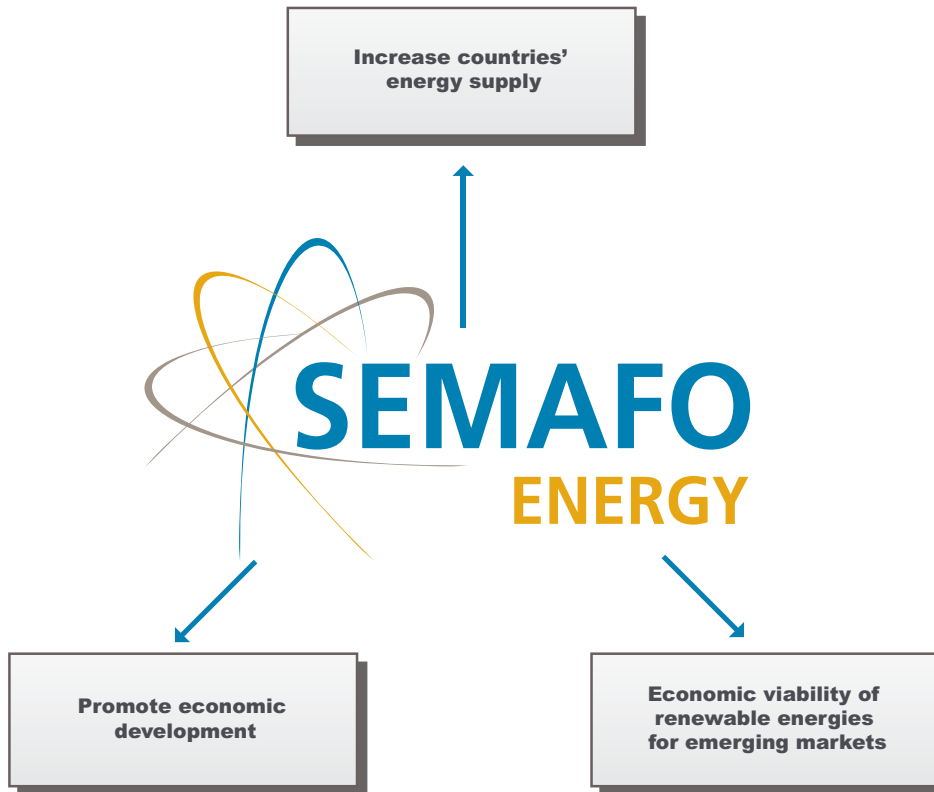
- Built eight elementary and secondary schools
- Established two school lunch programs
- Provided support for adult education (seamstresses, carpenters)
- Built a health centre
- Contributed to various financial support projects: surgical operations, flood relief, famine control
- Drilled five wells
- Launched three revenue-generating projects (sesame, shea butter and paprika production); the sesame production project generated revenue of \$150,000 in its first year
- Brought electricity to a village in partnership with the Nigerian Electric Power Company

2011

- Further build on the revenue-generating projects
- Set up management committees to promote self-sufficiency and the development of school lunch programs
- Participate in the cervical cancer screening program in cooperation with the SOGC (Society of Obstetricians and Gynaecologists of Canada) and SOGB (Society of Obstetricians and Gynaecologists of Burkina Faso)
- Continue distribution of donations and materials

DEVELOPMENT BEGINS WITH ACCESS TO ENERGY

SEMAFO Energy was created to help increase electricity generation in its host countries. Most West African countries have inadequate energy resources with an electrification rate of less than 30%, a situation that stifles economic growth. SEMAFO decided to use its expertise and savoir-faire to help create a consortium that will work closely with governments to become leaders in the energy sector of these countries.



The main project supported by SEMAFO Energy is a 20-megawatt photovoltaic solar power station in Burkina Faso. As a landlocked country with scarce electricity resources and a fast-growing population, Burkina Faso is very energy vulnerable. The solar power station project provides a solution to this country's pressing need for electrification and, by providing an alternative to oil, will help reduce imports of increasingly expensive hydrocarbons.

About 90% of the jobs generated by this project will be national jobs. The Burkinabe nation will benefit this project through the transfer of knowledge and know-how, and the acquisition of tools to facilitate the construction of new power stations for future generations.

Developers	SEMAFO ÉNERGIE Burkina Government of Burkina Faso
Dates	2012: Construction 2013: Operation
Lifespan	25 years
Energy production	32 million kWh/year



Site of the solar power station

2010 Burkina Faso : Participated in:

- Finalizing the prefeasibility study for the construction of a 20-megawatt photovoltaic solar power station
- Creating a public-private partnership between SEMAFO Energy and the government (2009)
- Issuing calls for tenders and selecting a consortium to build, commission and maintain the power station
- Selecting the solar panel supplier

2011 Burkina Faso : Participate in:

- Technical feasibility study
- Securing financing
- Begin construction

Niger : Participate in:

- Series of prefeasibility studies for three energy projects, including a solar power station
- PPP agreement for a hydroelectric project

Guinea : Participate in the prefeasibility study for an 80-megawatt hydroelectric project

OUR COMMITMENT TO HOST COUNTRY ECONOMIES

Our financial profile enables us to fulfill our humanitarian mission and our commitment to the economies of our host countries.

SEMAFO drives development through the economic benefits in the countries in which we operate. It contributes to local economies through government royalties, income and other taxes, payment of local wages and local purchases. It employs many national workers and creates indirect jobs by using local goods and services.

The resulting investments benefit the health, education, housing, transportation, environment and other sectors, providing livelihoods for current generations and security for future generations. Through job creation, royalties and taxes, SEMAFO contributes to government revenues and the GDP as well as assists in promoting progress and prosperity of these countries.

Local goods and services are key links in our value creation chain, which helps to create indirect jobs and fosters the national entrepreneurs growth. Exploration and mining have extensive requirements that generate direct and indirect economic benefits for the surrounding communities.

Other Information as at December 31, 2010

Net sales	\$323 million
Total financing	
Shareholders' equity	\$494.4 million
Debt	\$14.8 million

We continually strive to minimize the number of expatriate employees. They now account for less than 5% of our total workforce, well below the industry average.

% of expatriates compared to national workers by country

Burkina Faso	7.5%
Niger	3.5%
Guinea	2.5%

Economic Value Distributed

The economic value generated for our partners includes:

- **Operating costs:** \$99 million in 2010 and \$95 million in 2009.
- **Employee Wages and Benefits:** In 2010, we paid close to \$32 million in wages and benefits, and \$26 million in 2009.
- **Payments to Providers of Capital:** Interest payments amounted to \$2 million in 2010 and \$4 million in 2009.
- **Payments to Governments:** We pay income taxes and royalties in the countries in which we operate. In 2010, income taxes and royalties topped \$20 million compared to \$11 million in 2009.

Under mining agreements, government royalty agreements include obligations calculated at the delivery of gold. The royalty is calculated using a country-specific percentage based on the market value of ounces sold. This amount, which may fluctuate based on production and the price of gold, is currently 5% in Burkina Faso, 5.5% in Niger, and 5% in Guinea.

- **Community investments:** In 2010, SEMAFO contributed more than \$1.1 million in donations to *Fondation SEMAFO* and \$775,000 in 2009.

ECONOMIC VALUE DISTRIBUTED (in thousands of \$)	2010	2009
Operating Costs	98,520	95,003
Employee Wages and Benefits	32,318	25,748
Payments to Providers of Capital	2,150	4,142
Payments to Governments	20,166	10,895
Community Investments	1,186	775
Economic Value Distributed	323,275	240,788

2010 (in thousands of \$)	BURKINA FASO	NIGER	GUINEA	HEAD OFFICE AND OTHER	TOTAL
Economic Value Distributed	224,109	62,154	37,012		323,275
Operating Costs ⁵	51,191	31,885	15,444		98,520
Employee Wages and Benefits	16,386	4,350	3,530	8,052	32,318
Payments to Providers of Capital ⁶	1,990			160	2,150
Payments to Governments ⁷	13,929	3,969	2,213	55	20,166
Community Investments	532	642	12		1,186
Economic Value Retained	140,081	21,308	15,813	8,267	168,935

In the mining industry, the main economic indicator is production cost per ounce. This table indicates wages per ounce produced of \$91.85 in Burkina Faso, \$84.79 in Niger and \$117.27 in Guinea.

⁵ For purposes of calculating economic value distributed and retained, operating costs consist of mining operating expenses excluding wages and benefits as they appear on separate lines in the calculations and donations made directly to the communities and not through the *Fondation SEMAFO*.

⁶ Payments to providers of capital include interest paid on long-term debts.

⁷ Payments to governments include income and other taxes as well as royalties.

OUR COMMITMENT TO LABOUR PRACTICES AND HUMAN RIGHTS

Our employees, both at the head office and in Africa, are our most valuable resource and are fundamental to our success. In the countries in which we operate, we employ and maintain constructive relations with many national workers. Furthermore, we create indirect jobs by using local goods and services in Burkina Faso, Niger and Guinea. Our foreign subcontractors also use local manpower.

Training for National Employees

As part of our commitment to foster community development, our recruiting initiatives have always focused on hiring and training national workers. Skills and knowledge acquisition is also a crucial step in a community's progress towards sustainable development. As such, we encourage learning by providing training for our national employees.

Our objective is to train employees for positions of higher responsibility.



Roger Lobbit, a chemist by trade, began working at SEMAFO in 2007 as a metallurgist. His advancement within the corporation was exemplary, leading to a recent promotion and member of the senior executive team.

Of our twelve (12) executive officers in Africa, (5) five are nationals, including one in Burkina (national director), two in Niger (national director and financial director) and two in Guinea (national director and operations director).

Teaming Up with School Boards

In 2010, in cooperation with the Marguerite-Bourgeoys of Montreal school board and the Lac-Abitibi school board, we developed and offered customized training for national employees at our three sites. These activities were designed to develop our African employees' operational skills and to train future replacements of expatriate employees. In 2010, 113 individuals were trained in Burkina Faso, Niger and Guinea, including 17 trainers.



Our Approach: Train National Trainers

Continuing the "train the trainer" that began in 2009 in Niger and Burkina Faso, 15 people participated to two days of training in June 2010 in Kiniero, Guinea. This training gave employees a good base in learning processes and provided an opportunity for future trainers to explore the best teaching methods.



An employee from Burkina Faso Studies in Quebec

SEMAFO, in partnership with Fondation SEMAFO, gave an additional opportunity to an employee who had worked as a mining geologist for two years. Moussa Sinaré, a Burkinabe graduate of Ouagadougou University and Dakar University, will spend two years in the Master of Geology program at Université du Québec à Chicoutimi. Selected by SEMAFO’s geologists, Mr. Sinaré is proud to expand his knowledge of geology through this new initiative.

From the left, Michel Crevier, Director of Geology; centre, Moussa Sinaré, Exploration Geologist; at right, Professor Damien Gaboury, Université du Québec à Chicoutimi (UQAC)

Recognition Program

We make every effort to maintain a workplace that promotes the well-being, excellence and personal growth of employees. In 2010, to help foster a positive work environment, SEMAFO launched its Recognition Program aimed at recognizing individual and team based contributions to the well-being of the organization and communities, that create value for SEMAFO and its stakeholders. During the program’s first year, 159 applications (individual and team) were submitted.



On October 28, 2010, for a third consecutive year, SEMAFO took part in a mining industry career day organized by the mining engineering program of École Polytechnique in Montreal. Each year, SEMAFO presents two bursaries to the mining engineering students of this school.

Listening to our Employees

To maintain its skill capital and savoir-faire, SEMAFO has established human resource strategies aimed at attracting, retaining and engaging employees. In 2010, Canadian-based and expatriate employees partook in an Aon Hewitt survey designed to measure employee engagement. By clarifying employee needs and expectations, the survey led to the establishment of new succession planning initiatives. In SEMAFO's first year of participation in this independent study which is conducted annually, SEMAFO was recognized as one of "Canada's 50 Best Employers" in its category. With a 75% satisfaction rate, 19% above the benchmark group's average (Natural Resources), SEMAFO ranks among the companies with the highest level of employee engagement.

Respect for Human Rights

SEMAFO and its expatriate employees conduct themselves as guests in their host countries. We protect each human being's dignity and beliefs. Respect, our core corporate value, takes on its full meaning here. We make every effort to create a climate of respect for our employees, subcontractors, neighbouring communities, host governments, and the general population. Our expatriate employees are required to respect the laws, public order, practices and customs of their country of assignment. Upon signing their employment agreement, these employees agree to conduct themselves responsibly.

Collective Agreements

Employment discrimination, child labour, and forced labour are prohibited in our practices. SEMAFO recognizes that freedom of association and opportunity to negotiate are fundamental rights that our employees may exercise this right at will.

As at December 31, 2010, 2,018 people worked for SEMAFO, including 1,128 employees. More than 85% of our employees, including most national employees, are covered by a collective agreement.





TOTAL WORKFORCE	WORKFORCE AS AT DECEMBER 31, 2010
Head Office	54
Expatriates	102
Burkina Faso (Nationals)	632
Niger (Nationals)	756
Guinea (Nationals)	474
Total	2,018

2010

- Implemented an employee recognition program
- Provided management training on employee recognition
- Participated for the first time in the Aon Hewitt employee engagement survey
- Ranked as one of “Canada’s 50 Best Employers”
- Renewed the Memorandum of Understanding (collective agreement) in Guinea

2011

- Expand our training programs
- Further develop our culture of recognition
- Maintain our position as one of “Canada’s 50 Best Employers”
- Renew the Memorandum of Understanding in Niger and Burkina Faso



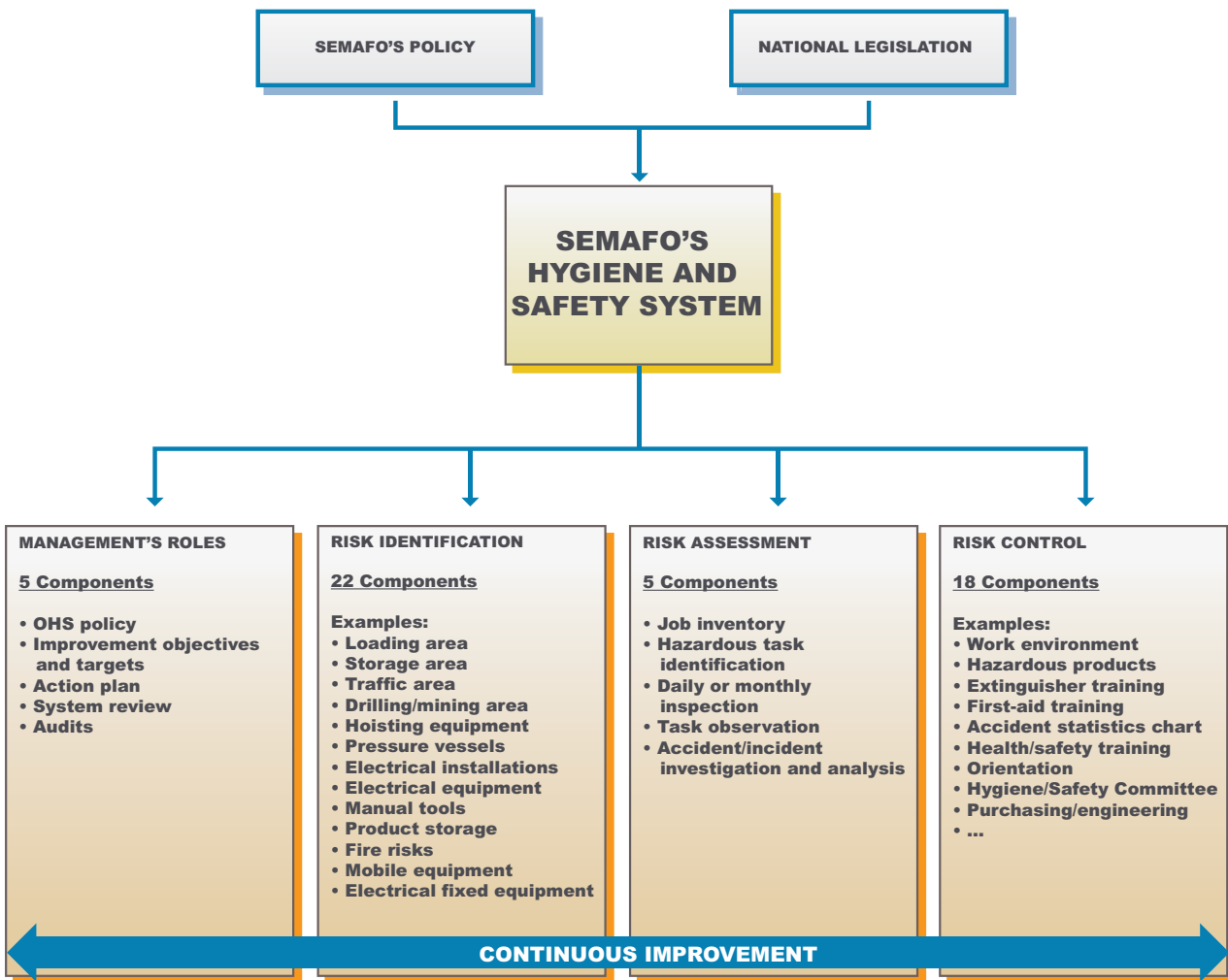
OUR COMMITMENT TO HEALTH AND SAFETY

Safety is fundamental to our corporate culture. SEMAFO makes every effort to create and maintain a safe work environment for employees and subcontractors alike, with strict health, hygiene and safety practices in effect for both exploration and mining. This commitment has translated into a corporate health and safety policy that is supported by a management system and applied at all our sites.

SEMAFO's Health and Safety System

SEMAFO's occupational health and safety management system is perfectly aligned with our risk management system. The resulting structure positions our employees at the centre of the process, therefore facilitating the identification, assessment and control of occupational risks. As part of a continual improvement process, it reduces the risk of accidents and enables compliance with legislation in the countries in which we operate, while optimizing SEMAFO's overall performance.

Similarly, suppliers and contractors are required to meet our health and safety standards and ensure that they are working within the confines of our safety standards. For example, all individuals are required to wear safety equipment on our sites.



Health and Safety Training

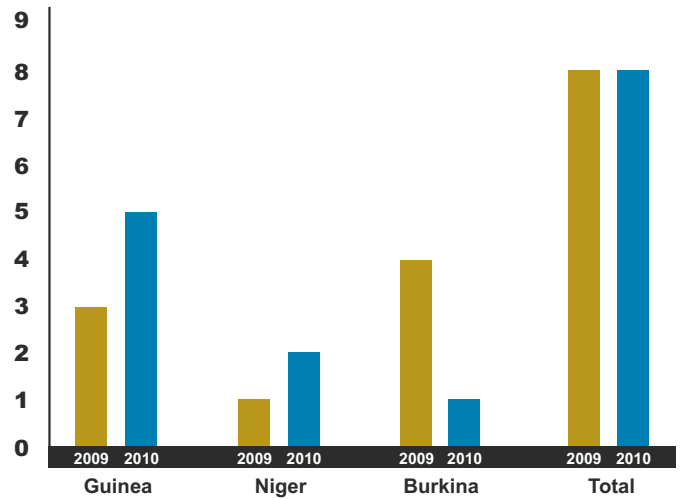
Our employees receive training on a variety of themes, including working at height, fire prevention, handling gantry cranes, Health and Safety Policy awareness, laboratory safety, etc. We also ensure that our subcontractors adhere to our health and safety practices while providing them with a safe work environment.

Noteworthy Achievement

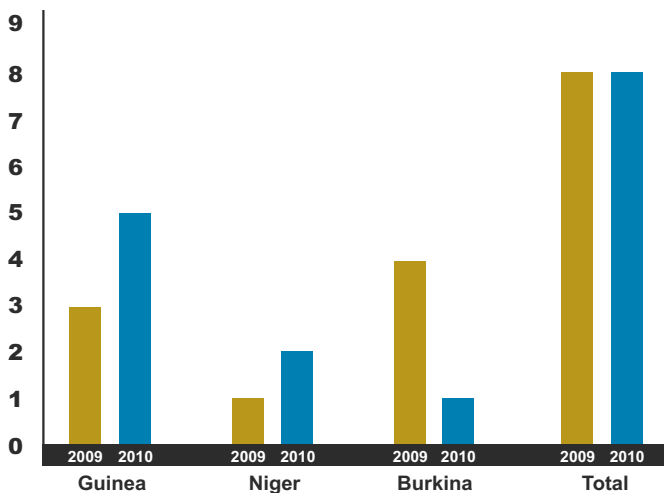
A noteworthy achievement at our Burkina Faso Mine and placing SEMAFO among the best mining companies in West Africa and around the world is the 419 days without an accident causing a work stoppage in Mana, (July 2009 to September 2010). Although these are impressive figures in the mining business, our objective is to surpass this record.

The result of a cooperative daily effort, this success reflects our employees team approach to occupational safety. Each and every employee contributes to minimize the risk of accidents. The employees are extremely proud to participate to the achievement of this daily milestone, which serves as an ongoing reminder to remain vigilant.

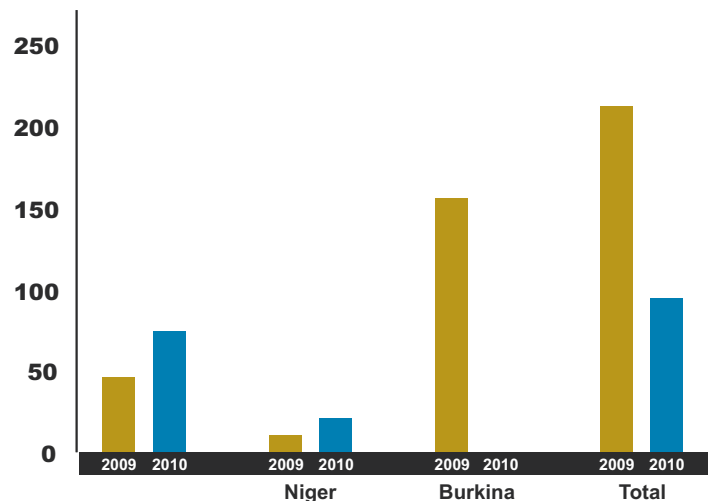
NUMBER OF ACCIDENTS WITH WORK STOPPAGES



NUMBER OF ACCIDENTS WITH WORK STOPPAGES



NUMBER OF LOST WORK DAYS



This health and safety performance information is based solely on SEMAFO's employees.

HIV/AIDS Awareness and Training

HIV/AIDS is a public health issue as well as a development impediment.

Burkina Faso: The mine's anti-HIV/AIDS committee organized an HIV/AIDS and alcoholism awareness week, December 20 to 28 2010. This is an annual week-long event for the benefit of workers and neighbouring populations. In addition to training sessions, speeches are organized by sector of activity, and mechanisms are put in place to communicate news of the event to as many people as possible.

Niger: In partnership with NGO Lafia Matassa (young doctors fighting STDs/AIDS), HIV/AIDS awareness sessions are organized for our employees and the people of neighbouring villages.

Guinea: Five-day sessions are held to train peer educators who can then teach sessions about at-risk behaviours for STD/HIV/AIDS and malaria.

2009 and 2010
Burkina
200 individuals trained
Niger
150 individuals sensitized
Guinea
40 peer educators trained

Medical Clinic

In collaboration with national medical personnel made up of doctors and nurses, SEMAFO runs a medical clinic at each of its three mining sites.

The core mission of these clinics is to provide emergency medical services to SEMAFO staff. In addition, doctors regularly visit the villages neighbouring our mines to provide care to the population. Nurses are paid and assigned to dispensaries in local villages. We also pay for and carry out sanitary evacuations to the capitals when government services are unable to do so.

In 2008 and 2010, we audited our healthcare structures with the assistance of International SOS, a company specializing in personal security services, such as expatriate repatriation and healthcare services. Its services range from consultation to the implementation and management of medical clinics. The November 2010 audit recommendations are currently being implemented.

Following the 2008 audit, training of medical personnel and the acquisition of specialized medical equipment were the top priorities. In 2009, a two-week emergency medicine training session for African medical personnel was given by an emergency physician consultant from International SOS. In addition, we have equipped our three medical clinics with modern, specialized medical equipment, including a cardiac resuscitator.



To support its Health and Safety Policy, SEMAFO has implemented:

- An ongoing worksite security process, under which about 100 equipment and workstation improvements have been made in the last two years;
- Structured activities, including daily worksite inspections and monthly extinguisher inspections;
- Attendance by health and safety officers to daily production meetings to liaise directly with supervisors and correct irregularities on a daily basis;
- A national health and safety committee at each site that makes recommendations and provides guidance in day-to-day work;
- A schedule of meetings with staff delegates to address matters of health and safety, industrial hygiene, follow-up of Health and Safety Committee activities, medical appointments, etc.
- An annual visit to SEMAFO's sites by Environment, Health and Safety and Sustainable Development Committee members and a periodic visit by members of the Board of Directors.



2010

- Developed a corporate health and safety policy
- Implemented a hygiene program in Burkina Faso
- Began an HIV/AIDS awareness campaign in Niger
- Implemented numerous awareness tools

2011

- Perform a health and safety audit
- Consolidate our hygiene and safety programs at the Niger and Guinea sites
- Strengthen our training and awareness program
- Develop on-site communication programs



HEALTH AND SAFETY POLICY

This policy constitutes SEMAFO's commitment to health and safety and outlines its guiding principles in these areas. SEMAFO is committed to promoting a healthy and safe work environment by continually improving its knowledge, understanding of the challenges, and performance.

Our purpose is to respect our employees and protect and promote their health and safety. Accordingly, SEMAFO makes every effort to ensure the safety of its employees against risks and exceptional situations that may occur during its activities. This policy helps uphold our values and benefits all of SEMAFO's employees, suppliers, shareholders, and the communities in which it operates..

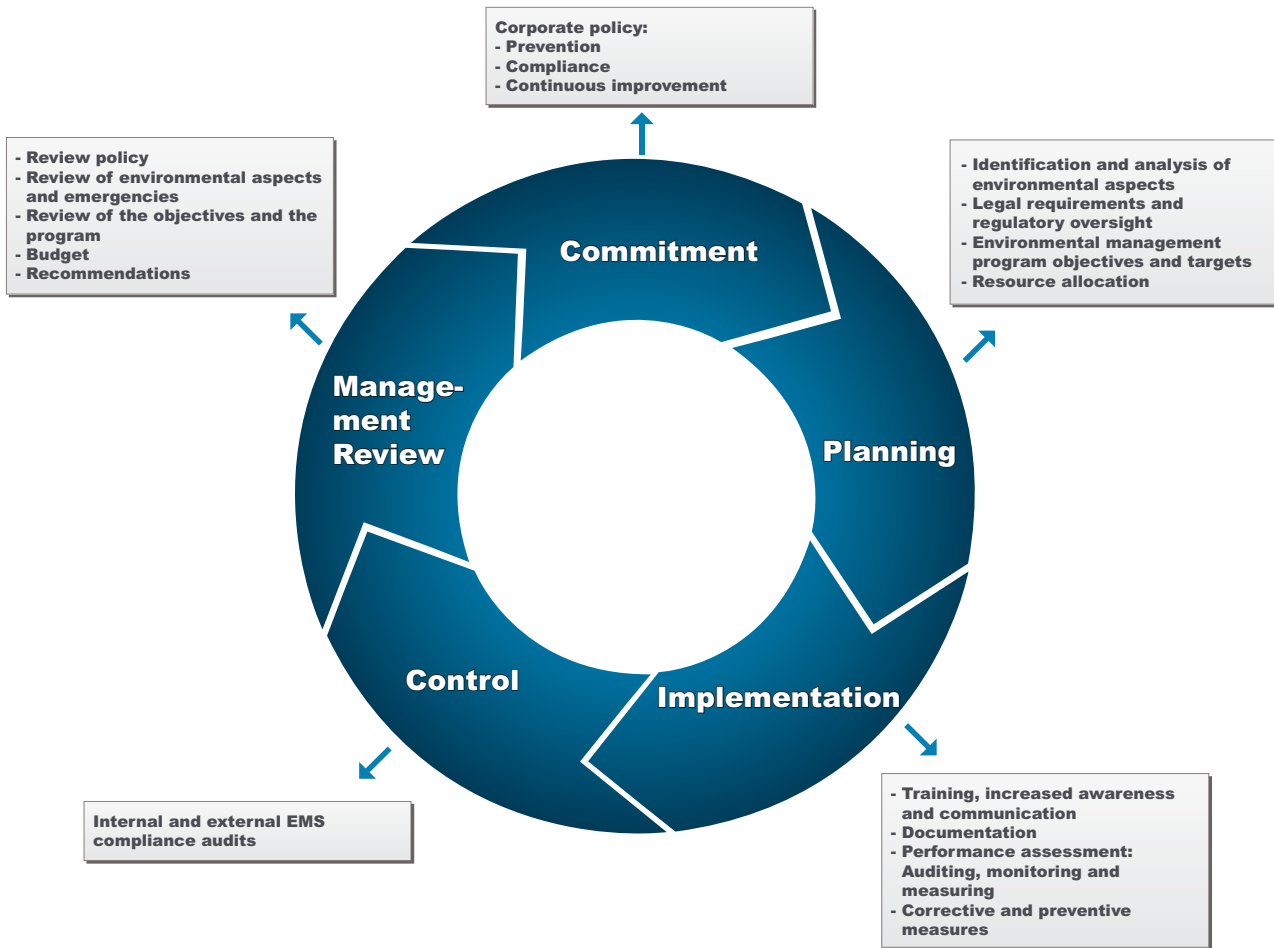
We encourage and recognize that each employee must actively support this policy and take part in the implementation of the following guiding principles:

- *Make health and safety an integral part of the management and decision-making process in order to promote a veritable health and safety culture within SEMAFO;*
- *Establish workplace environments at all sites that promote employee participation in the attainment of health and safety goals by providing the appropriate expertise, training, and infrastructure;*
- *Comply with applicable laws, regulations, and any other health and safety requirements;*
- *Require that all suppliers and contractors comply with our health and safety standards;*
- *Maintain a health and safety management system compliant with applicable standards through continual improvement of our business processes;*
- *Consider health and safety requirements beginning at the design phase of projects through the implementation of risk assessment programs as well as emergency preparedness and security plans at our sites;*
- *Advocate open, transparent, fact-based communication for employees and all other stakeholders concerned with health and safety;*
- *Annually submit a report on SEMAFO's health and safety performance to the Environmental, Health and Safety and Sustainable Development Committee.*

OUR COMMITMENT TO BIODIVERSITY AND THE ENVIRONMENT

Like other industries, gold mining is subject to major environmental challenges. SEMAFO recognizes that sensible and responsible environmental management is essential to carry out our mining operations. In our quest to minimize its environmental footprint, SEMAFO has implemented an environmental management system. Specialized independent firms conduct regularly scheduled audits with recommendations incorporated to our continuous improvement process.

ENVIRONMENTAL MANAGEMENT SYSTEM



Our environmental professionals are responsible for water and waste management, incident and environmental risk management, monitoring of environmental quality, prevention of potential hazards, and implementation of employee training and awareness programs. Every month detailed reports are completed at each of our three mines. Similarly, our environmental specialists are responsible for mine restoration and rehabilitation.

COMPLIANCE

Complying with current regulations in our host countries is one of our environmental guidelines and an area in which SEMAFO strives to set the standard for our industry. We endeavour to comply with Canadian standards, which are typically higher than host-country standards. In 2010, we were subject to two inspections by Niger authorities as part of an environmental audit. The government delegation applauded the work done by our organization to protect the environment.

USING WATER SPARINGLY

To reduce environmental risks and limit its consumption of natural water, SEMAFO conducts systematic monitoring and focuses constantly on improving water recycling and reuse in processing plants. Our processing procedures are constantly monitored to minimize in-plant water use (m³ of water per tonne of processed ore) and recycled waste water.

Years/Sites	% OF RECYCLED WATER (TAILINGS POND) USED AT THE PLANT			WATER USE PER TONNE OF PROCESSED ORE (m ³ /t)		
	Mana*	Samira	Kiniero**	Mana*	Samira	Kiniero**
2007	N/A	27	67	N/A	2.3	1.7
2008	N/A	17	77	N/A	2.5	1.5
2009	65	34	75	1.5	1.9	1.7
2010	56	42	71	1.1	2.0	1.5

* Annual data has been available since 2009 (mine opening in 2008)

** Abundant rainfall in Guinea is collected in a pond and returned to the plant

The tailings pond sites at our three mines were selected after thorough soil studies were conducted by independent firms to confirm that the land was compatible with projected use. During construction and the subsequent operation of the tailings ponds, water infiltration risks are verified and steps are taken to contain pollution risks. The ponds are constructed and maintained (dike raising) according to external engineers' plans and specifications with work quality monitored by outside laboratories. Tailings deposit management procedures are monitored and optimized, mainly by building protective borders along the dikes to keep the water back and minimize potential leaks. Groundwater observation wells are also constructed around the tailings ponds to prevent potential contamination. The tailings ponds are fully enclosed to prevent drinking access to livestock and large wild animals. Additionally, noise cannons are in place to deter birds.



WATER QUALITY

Water quality around our facilities is verified through weekly samplings, with more detailed quarterly analyses conducted at reputable external laboratories. Drinking water from our sites' water works systems undergoes regular bacteriological water quality monitoring. Results are measured in accordance with various industry standards such as the World Bank, World Health Organization, European Union, as well as the regulations respective to the countries in which we operate.

POSITIVE ENVIRONMENTAL IMPACTS OF OUR ACTIONS

- Permanent water reserve at our dams
- Maintenance of a drinking water supply for livestock at the dam, even during periods of drought
- Creation and maintenance of a fishing zone
- Protected area



RESPONSIBLE WASTE MANAGEMENT

Processed ore-related waste is collected and confined in our tailings ponds in a safe and regulated manner. Special waste, such as waste from the infirmary, is collected and incinerated in a specially designed incinerator.

Each of our three mines has a system to collect oil waste from our operations. The oil is shipped to processing centres through our hydrocarbon supplier for recycling. Used batteries are collected by authorized recyclers.

CYANIDE MANAGEMENT

SEMAFO is sensitive to the concerns raised by the risk involved in the transportation, storage and handling of cyanide used by our industry. To limit this risk, we purchase cyanide from manufacturers that adhere to strict manufacturing, packaging and transportation procedures.

	PROCESSED ORE (tonnes)		
Years/Sites	Mana*	Samira	Kiniero
2008	773,700	1,521,400	558,900
2009	1,401,700	1,505,900	492,200
2010	1,947,800	1,207,500	469,900
	CYANIDE (tonnes)		
Years/Sites	Mana*	Samira	Kiniero
2008	717	1,893	347
2009	780	1,552	389
2010	930	1,479	280
	CYANIDE PER TONNE OF ORE (kg)		
Years/Sites	Mana*	Samira	Kiniero
2008	0.93	1.24	0.62
2009	0.56	1.03	0.79
2010	0.48	1.22	0.60

* August to December 2008 (5 months)

ENERGY CONSUMPTION

Years/Sites	TOTAL KWH			LITRES OF FUEL		
	Mana	Samira	Kiniero	Mana	Samira	Kiniero
2008	20,467,876	25,924,573	9,284,818	5,381,267	3,285,738	3,048,271
2009	36,755,742	26,453,729	9,831,997	9,746,774	3,849,275	3,148,002
2010	47,345,795	24,798,478	9,899,408	12,837,995	4,293,802	3,187,775

A portion of the Samira Hill Mine's energy requirements are met through access to the National Electric Power system, which reduces fuel consumption.

GREENHOUSE GAS EMISSIONS

Total CO2 (kg)	GREENHOUSE GAS			PORTION FOR ELECTRICITY GENERATION		
Years/Sites	Mana	Samira	Kiniero	Mana	Samira	Kiniero
2008	-	25,595,136	17,964,760	-	8,542,919	7,925,506
2009	44,994,822	24,987,091	18,420,915	25,341,613	10,008,114	8,184,805
2010	57,863,135	27,978,153	18,076,652	33,378,787	11,163,885	8,288,215

Our direct sources of greenhouse gas emissions come from the fuel used for our fleet of trucks and mining equipment as well as from electricity generation on our three sites.

GRADUAL REHABILITATION AND FUTURE RESTORATION OF MINING SITES

The Mana Mine rehabilitation plan, developed in 2010, is reviewed every three years. Restoration costs are currently estimated at \$4,100,000. Each year, an amount is deposited in a trust account with the Burkina Faso government.

Well before opening our mines, we plan for site rehabilitation in a preliminary plan that is based on environmental impact studies. We have adjusted our operations based on the site rehabilitation plans and periodically review such plans to further strengthen our protection and compensation measures. Each plan defines clear environmental objectives for site rehabilitation, including requirements and activities for decommissioning, dismantlement, restoration and post-closure. The plans describe requirements for trenches, ore storage areas, tailings ponds, dams, processing plant, mining camp, and other factors. Our objective is to meet all national and international legal and regulatory

requirements; rehabilitate sites for stable long-term configuration and arrange for ultimate use that is as compatible as possible with the region’s vocation; eliminate public health, safety and hygiene risks; gradually develop and apply the rehabilitation plan while the mine is in operation; and minimize the negative socioeconomic impacts of mine closure. The plans also provide for the financing required to carry out the planned activities while meeting environmental policy objectives.



As part of its gradual restoration program, SEMAFO’s Environment Service in Guinea produces planting material (plant and fruit tree species) each year in preparation for the reforestation. This activity began in 2002 and has been ongoing since. Up to 50,000 plants are produced and transplanted each year.



In preparation for the future restoration of the Samira mining site, our Environment Service’s team in Niger plant shrubs to determine the most suitable species while commencing reforestation. The program began in 2007 and has continued since. A semi-circle is excavated around the area to hold water for several hours or days following a rainstorm.

ESTIMATED REHABILITATION COST

SITES	MOST RECENT REVIEW	ESTIMATED COSTS AT THE REVIEW DATE
Mana, Burkina Faso	2010	\$4,100,000
Samira, Niger	2008	\$3,500,000
Kiniero, Guinea	2008	\$2,000,000

2010

- Had no significant environmental accidents at our mines
- Developed a corporate environmental policy
- Made significant progress on our results analysis management system (20 parameters)

2011

- Develop our environmental management system
- Develop our performance indicators and improve data collection
- Update our environment training programs, particularly environmental monitoring
- Move forward with our initiative to become a signatory of the *International Cyanide Management Code for the Gold Mining Industry*

ENVIRONMENTAL POLICY

This policy constitutes SEMAFO's commitment to the environment and outlines its guiding principles in this regard. SEMAFO is committed to promoting respect for the environment by continually improving its knowledge, understanding of the challenges, and actions.

SEMAFO recognizes that appropriate environmental management is essential to the proper carrying out of mining operations and activities. As such, our goal is to minimize the environmental impacts of our processes and activities. SEMAFO makes every effort to protect the environment against the risks that may arise from its activities and encourages any action that contributes towards the responsible management of natural resources. This policy helps uphold our values and benefits all of SEMAFO's employees, suppliers, shareholders, and the communities in which it operates.

We encourage and recognize that each employee must actively support this policy and take part in the implementation of the following guiding principles:

- *Make the environment an integral part of the management and decision-making process and incorporate environmental criteria into the design of projects, whether they be construction projects, transformations of structures, or material and equipment purchases;*
- *Implement an effective environmental management system by setting measurable targets for environmental practices, in particular a) preventing pollution and omissions as far as practicably possible, b) encouraging the careful use of water, power and other natural resources, c) limiting waste and disposing of waste in a responsible manner, d) reducing, reusing and recycling resources;*
- *Restore environments affected by our mining operations, returning them as much as possible to their natural or original state and ensure the long-term safety and stability of the land once our activities have ceased;*
- *Provide all employees with the tools, expertise and training needed to apply this policy and to motivate them to take responsibility for complying with the environmental management system when performing their duties;*
- *Comply with applicable environmental regulations;*
- *Sensitize employees, suppliers and entrepreneurs to adhere to our environmental management system and to respect the spirit of this policy;*
- *Implement risk analysis programs as well as emergency measures plans;*
- *Carry out environmental audits, both internally and externally, to determine the level of compliance with our environmental management and with this policy;*
- *Implement mechanisms to monitor regulations and consult with stakeholders in order to stay apprised of environmental regulations that may affect operations;*
- *Annually submit a report on SEMAFO's environmental performance to the Environmental, Health and Safety and Sustainable Development Committee.*

GRI INDICATORS

CATEGORY	PAGE
1.1 STRATEGY AND ANALYSIS	7 – 8
2. ORGANIZATIONAL PROFILE	
2.1 Name of the organization.	SEMAFO inc.
2.2 Primary brands, products, and/or services.	3
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6
2.4 Location of organization's headquarters.	40
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	3
2.6 Nature of ownership and legal form.	6
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	3
2.8 Scale of the reporting organization:	
• Number of employees	• 23
• Net sales	• 19
• Total capitalization	• 19
• Quantity of products	• 261,100 ounces of gold
2.9 Significant changes during the reporting period regarding size, structure, or ownership.	No significant changes
2.10 Awards received in the reporting period.	5
3. REPORT PARAMETERS	
3.1 Reporting period	January 2010 to december 2010
3.2 Date of most recent previous report	First Report
3.3 Reporting cycle	Annual
3.4 Contact point for questions regarding the report or its contents.	sustainabledevelopment@semafo.com
3.5 Processus de détermination du contenu du rapport	14
3.6 Boundary of the report	2
3.7 State any specific limitations on the scope or boundary of the report	2
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities	6
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	N/A – FIRST REPORT
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A – FIRST REPORT
3.12 Table identifying the location of the Standard Disclosures in the report.	38-39

CATEGORY	PAGE
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT	
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	12
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.	12
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	11
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	11
4.14 List of stakeholder groups engaged by the organization.	10
4.15 Basis for identification and selection of stakeholders with whom to engage.	14

CATÉGORIE INDICATEUR	PAGE
ECONOMIC	
EC1 : Direct economic value generated and distributed	20
EC7 : Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	21
EC8 : Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	16 et 27
EC 9 : Understanding and describing significant indirect economic impacts, including the extent of impacts.	19
ENVIRONMENTAL	
EN1 : Materials used by weight or volume.	34
EN3 : Direct energy consumption by primary energy source.	34
EN10 : Percentage and total volume of water recycled and reused.	32
EN14 : Strategies, current actions, and future plans for managing impacts on biodiversity	35
EN16 : Total direct and indirect greenhouse gas emissions by weight.	35
EN28 : Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	33 (No fines and no sanctions)
LABOR PRACTICES AND DECENT WORK	
LA4 : Percentage of employees covered by collective bargaining agreements.	23
LA8 : Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	27
SOCIETY	
SO1 : Nature, scope, and effectiveness of any programs	16 et 36
SO8 : Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No sanctions



INTERNATIONAL EXPERTISE
HUMAN ADVOCACY

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