

TORONTO, Aug. 17, 2016 /CNW/ - [Roxgold Inc.](#) ("Roxgold" or "the Company") (TSX.V: ROG) today reported its financial results for the three and six month ended June 30, 2016, including development highlights from its Yaramoko project in Burkina Faso, West Africa.

For complete details of the unaudited Condensed Interim Consolidated Financial Statements and associated Management's Discussion and Analysis please refer to the Company's filings on SEDAR (www.sedar.com) or the Company's website (www.roxgold.com).

1. HIGHLIGHTS

For the three-month period ended June 30, 2016, and thereafter, the Company:

- Poured first gold and carried out plant practical completion and processing performance tests in May 2016, one month ahead of schedule;
- Completed construction of the Yaramoko project under-budget for capital expenditures totalling approximately US\$107 million, 3% below the capital cost estimate totalling US\$110.8 million;
- Mined 37,176 tonnes of ore at an average grade of 12.99 grams per tonne ("gpt");
- Produced a total of 14,482 ounces of gold;
- Completed a maiden mineral resource estimate for the QV1 target at Bagassi South;
- Drew down remaining US\$23 million of available funds from its Credit Facility;
- Received US\$9 million from the early exercise of all outstanding warrants, held by International Finance Corporation ("IFC");
- Received the "Prix Responsabilité Sociale des Entreprises minières 2016" or 2016 Corporate Social Responsibility ("CSR") Award of Mining Companies by Redevabilité in Burkina Faso; and
- Commenced stoping activities at the Yaramoko project in July 2016

2. DEVELOPMENT ACTIVITIES

Construction of the Yaramoko project (the "Project") was effectively completed during the second quarter of 2016, with the exception of the installation of the high voltage ("HV") power line. The grid power offtake agreement was recently signed with Sonabel, the national electricity provider in Burkina Faso. Additionally, progress on the HV power line included completion of bulk earthworks for the substation, setting the foundation for the transmission line towers, and the commencement of tower assembly.

During the three month period ended June 30, 2016, the Company poured first gold and completed the plant practical completion and processing performance tests confirming nameplate throughput and recovery assumptions in May 2016, over a month ahead of schedule. As of June 30, 2016, in the underground operation, four sublevels were fully developed to the eastern end of the resource and the operations team was shifting its focus on preparation for stoping activities, which commenced in July 2016.

As the majority of Project activities were completed during the second quarter of 2016, with the exception of the HV power line which is based on lump-sum contracts, the final Project capital cost estimate is forecasted to be approximately US\$107 million, which is approximately 3% below the Company's earlier Project cost estimate of US\$110.8 million. (For more information on the capital cost estimate, please refer to the Company's press release dated April 7, 2015, available on SEDAR at www.sedar.com).

For the six-month period ended June 30, 2016, the underground mine had produced 54,745 tonnes of pre-production ore at 14.77 gpt containing 25,993 ounces of gold.

A total of 14,482 ounces of gold were produced during the second quarter from 40,339 tonnes of ore milled at the processing facility at a mill feed grade of 13.4 gpt. The process plant operated at an average mill operating time of 95.8% and achieved an average throughput rate of 32 tonnes per hour or 761 tonne per day ("tpd"), which was above nameplate capacity of 750 tpd. Average gold recoveries were 97.5%, which was above design rate of 96.9%. A total of 8,250 ounces of gold were sold during the second quarter of 2016 at an average price of US\$1,266 per ounce of gold for total pre-commercial production revenue of US\$10,444,000 (\$13,884,000). Subsequent to June 30, 2016, the Company sold 6,234 ounces of gold that were produced prior to June 30, 2016, for proceeds of US\$8,302,000 (\$10,723,000).

3. FINANCING ACTIVITIES

The Credit Facility has a six-year term and advances under the Credit Facility will bear interest at a rate of LIBOR plus 4.75% pre-completion and 4.25% post completion, respectively. A US\$15 million cost overrun account, as required by the Credit Facility, has been funded through the proceeds of an equity financing completed in November 2014.

During the second quarter of 2016, the Company completed two additional drawdowns for approximately US\$15 million (\$21

million) from the US\$75 million Credit Facility signed with BNP Paribas and Société Générale Corporate & Investment Banking. As at June 30, 2016, the Credit Facility was fully drawn down and the Company has not had to utilize funds from its equity-funded US\$15 million cost overrun facility during development of the Project.

4. EXPLORATION ACTIVITIES

The Yaramoko permit covers approximately 196 km² in the Province of Balé in southwestern Burkina Faso.

For the three months ended June 30, 2016

A. 55 Zone

During the second quarter of 2016, the Company executed a 45 hole, 9,957 metre drilling program targeting the upper 430 metres of the 55 Zone. The drilling focused on depths from approximately 100 metres vertically to approximately 430 metres vertically. The program is expected to increase drilling resolution around areas where existing and current life of mine plan infrastructure is planned.

The Company expects to be releasing drill results during the third quarter of 2016, for this program, which was concluded in July 2016.

B. Bagassi South

On April 27, 2016, the Company announced the results of a maiden mineral resource estimate for the QV1 target at Bagassi South (table 1). The resource estimate was undertaken by SRK Consulting (Canada) Inc. ("SRK") of Toronto and is based on 114 core boreholes totalling approximately 27,000 metres of drilling and has been prepared in accordance with National Instrument 43-101 ("43-101") Standards of disclosure for Mineral Projects. Highlights include:

- Inferred mineral resource estimated at 563,000 tonnes at 12.14 g/t AU gold ("g/t Au") for 220,000 ounces of gold at a cut-off grade of 5.0 g/t Au;
- QV1 structure remains open down plunge; and
- Further exploration potential at QV Prime ("QV'") and footwall ("FW") zone.

TABLE 1 - MAIDEN MINERAL RESOURCE STATEMENT, QV1 GOLD DEPOSIT, YARAMOKO PROJECT
SRK Consulting (Canada) Inc., April 22, 2016

Inferred Mineral Resources

Domain	Category	Quantity (t)	Grade Au (g/t)*	Contained Metal Au (oz)
QV1	Inferred	474,000	13.13	200,000
FW	Inferred	40,000	7.49	10,000
QV'	Inferred	49,000	6.40	10,000
Total	Inferred	563,000	12.14	220,000

*Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Underground mineral resources are reported at a cut-off grade of 5.0 gpt gold assuming: metal price of US\$1,200 per ounce of gold, mining cost of US\$90 per tonne, G&A cost of US\$7.20 per tonne, processing cost of US\$20.70 tonne, process recovery of 96 percent. For reporting, a capping value of 60 g/t AU was selected for the QV1 structure.

For more information on the QV1 mineral resource estimate, please refer to the Company's press release dated April 27, 2016, available on SEDAR at www.sedar.com.

The program was successful in further delineating mineralization along the QV1 structure down to a depth of approximately 300 metres vertically in hole 104A where mineralization remains open along plunge (figure 2).

For more information on drilling at Bagassi South and QV1, please refer to the Company's press releases dated May 5, May 19,

August 11, 2015, respectively, and January 14 and March 15, 2016, respectively available on SEDAR at www.sedar.com.

C. Houko Permit

During the second quarter of 2016, exploration activities commenced on the Houko permit. Exploration included field mapping and grab sampling of significant outcrops. A new artisanal working was discovered where miners targeting a sub-cropping quartz vein had recently began to excavate a shaft. In addition, a shear zone outcropping to a width of over 15m with an exposed strike length of over 1.5km was discovered in the far southwest of the Houko permit. This is thought to be the continuation of the mineralised Boni Shear Zone from the Yaramoko permit.

For more information on the acquisition of the Houko permit, please refer to the Company's press release dated March 21, 2016, available on SEDAR at www.sedar.com.

The Houko permit lies to the south of the western arm of the Yaramoko permit and adjacent to the western border of the Yaramoko permit. The underlying geology of the Houko permit represents the contact between the Boni Shear Zone and the Birimian volcanic and intrusive suites, which Roxgold has been exploring on the adjacent Yaramoko permit. Roxgold defined an eight kilometre long geochemical trend along the Boni shear, in 2013, to the north of the Houko permit and this geochemical anomalism is thought to persist south west along this trend. The permit is mainly overlain by loosely consolidated surficial material and laterite, making it an ideal target for mineralization under this cover.

For the six months ended June 30, 2016

A. 55 Zone

During the six month period ending June 30, 2016, the Company executed the aforementioned 45 hole, 9,957 metre advanced definition and expansion drilling program targeting the upper 430 metres of the 55 Zone.

B. Bagassi South

During the first two months of 2016, a nine hole, 2,261 metre infill and definition drill program was executed targeting the QV1 mineralisation. The results from this program were released to the public in press releases dated January 14, 2016 March 15 and April 27, 2016. Highlights from this program include:

- 52.3 gpt gold over 6.1 metres ("m") including 137.0 gpt gold over 0.8 m and 199.0 gpt gold over 1.0 m in diamond drill hole ("DDH") YRM-15-RD-BGS-099;
- 21.0 gpt gold over 6.7 m including 46.3 gpt gold over 0.7 m and 183.0 gpt gold over 0.6 m in DDH YRM-15-RD-BGS-104A;
- 56.0 gpt gold over 7.8 m including 127.0 gpt gold over 3.3 m in DDH YRM-16-DD-BGS-109;
- 8.6 gpt gold over 17.9 m including 70.1 gpt gold over 1.6 m in DDH YRM-16-DD-BGS-113; and
- 11.8 gpt gold over 8.8 m including 70.6 gpt gold over 1.4 m in DDH YRM-16-DD-BGS-107.

This program was successful in further delineating mineralization along the QV1 structure down to a depth of approximately 300 metres vertically in hole 104A where mineralization remains open along plunge.

For more information on drilling at Bagassi South and QV1, please refer to the Company's press releases dated May 5, May 19, August 11, 2015, respectively, and January 14 and March 15, 2016, respectively, available on SEDAR at www.sedar.com.

The drill program also provided additional data that supported the maiden resource estimate that was released to the public on the April 27, 2016 (table 1).

C. Houko Permit

On March 18, 2016, the Company was granted the Houko permit, which lies adjacent to the Yaramoko permit and will expire on March 18, 2019. The Houko permit was acquired for 54,000 (\$80,000) upon transfer of the permit. In addition, a once off payment of 36,000 (\$53,000), along with 1.13 (\$1.67) per ounce of gold is payable upon the announcement of a maiden resource on the Houko Permit.

5. EVENTS SUBSEQUENT TO JUNE 30, 2016

A. Financing Activities

On July 14, 2016, IFC exercised the 12.9 million warrants issued to them on September 9, 2015, exercisable for one additional

common share of the Company, at a conversion price equal to C\$0.90 per share, fourteen months prior to the warrants' expiry date of September 9, 2017. This represented approximately US\$9 million of total proceeds for the Company.

B. Corporate Social Responsibility Activities

On August 17, 2016, the Company announced it was awarded the "Prix Responsabilité Sociale des Entreprises minières 2016" or "2016 CSR Award of Mining Companies" by Redevabilité in Burkina Faso. This civil society group is comprised of multiple groups, including:

- The Africa Youth Network (RAJ)
- The Centre for Research and Intervention in Gender and Development (CRIGED)
- The Centre for Citizens' Monitoring and Analysis of Public Policy (CDCAP)
- Partners of the Economic and Social Justice Program NGO DIAKONIA.

SELECTED FINANCIAL DATA

	Three-month period ended June 30, 2016 \$	Three-month period ended June 30, 2015 \$	Six-month period ended June 30, 2016 \$	Six-month period ended June 30, 2015 \$
		(as adjusted)		(as adjusted)
Cost of operations				
General and administrative expenses	1,181,000	949,000	2,200,000	1,755,000
Exploration and evaluation expenses	2,273,000	1,305,000	3,171,000	1,557,000
Share-based payments	582,000	269,000	1,159,000	820,000
Depreciation	168,000	60,000	372,000	128,000
Operating loss for the period	4,204,000	2,583,000	6,902,000	4,260,000
Other expenses (income)				
Interest income	(10,000)	(14,000)	(13,000)	(63,000)
Standby fees	75,000	-	188,000	-
Change in fair value of derivative instruments	6,962,000	-	19,783,000	-
Unrealized foreign exchange loss/(gain)	316,000	260,000	2,922,000	(1,951,000)
Indirect tax	41,000	44,000	81,000	93,000
Loss before income taxes	(11,588,000)	(2,873,000)	(29,863,000)	(2,339,000)
Deferred Income tax (expense)/income	-	-	-	-
Net loss for the period	(11,588,000)	(2,873,000)	(29,863,000)	(2,339,000)
Loss per share (basic and diluted)	(0.03)	(0.01)	(0.09)	(0.01)

Second Quarter of 2016 vs. Second Quarter of 2015

General and administrative expenses for the three-month period ended June 30, 2016 increased compared to the same period in 2015. The net increase is primarily due to additional travel to support the final stages of the Project and its transition from development to the pre-commercial production phase. There was an increase in consulting expenses during the period due to the hiring of external consultants to assist the Company in achieving and documenting environmental social management tools. The Company does not expect this to be a recurring expense.

Expenses for drilling and geological work for the three-month period ended June 30, 2016 increased when compared to the same period in 2015. The increase is primarily a result of the 9,957 metre advanced definition and expansion drilling program at the 55 Zone that commenced in April 2016 as compared to a program executed in the second quarter of 2015 representing 3,028 metres of drilling at Bagassi South.

Other expenses during the three-month period ended June 30, 2016 increased compared to the same period in 2015. The increase was solely due to the change in the fair value of the gold forward sale contracts, which were entered into in July 2015 as a condition precedent to be able to access funds available through the Credit Facility. During the period, the increase in the market gold price relative to the sale price in the forward sale contracts resulted in an increase to the liability relating to the forward sale contracts.

As a result, the Company's net loss for the three-month period ended June 30, 2016, totalled \$11,588,000 compared to net loss of \$2,873,000 for the three-month period ended June 30, 2015. Consequently, the Company recorded a loss per share of \$0.03 and loss per share of \$0.01 per share for the three-month periods ended June 30, 2016 and 2015, respectively.

Qualified Persons

Paul Criddle, FAUSIMM, Chief Operating Officer for [Roxgold Inc.](#), a Qualified Person within the meaning of National Instrument 43-101, has verified and approved the technical disclosure contained in this MD&A.

Yan Bourassa, P.Geo, VP Geology for [Roxgold Inc.](#), a Qualified Person within the meaning of National Instrument 43-101, has verified and approved the technical disclosure contained in this MD&A.

About Roxgold

Roxgold is a gold mining company with its key asset, the high grade Yaramoko Gold Mine, located in the Houndé greenstone region of Burkina Faso, West Africa. The Company expects to reach commercial production in Q3 2016. Roxgold trades on the TSX Venture Exchange under the symbol ROG and as part of the Nasdaq International Designation program with the symbol OTC: ROGFF.

"Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."

These statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Forward-looking information contained in this news release is based on certain factors and assumptions regarding, among other things, the estimation of mineral resources and mineral reserves, the realization of resource estimates and reserve estimates, gold metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the Yaramoko Gold Project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals, including the approval of the TSX Venture Exchange for the balance of the AUMS Mining Contract Option, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include: changes in market conditions, unsuccessful exploration results, changes in the price of gold, unanticipated changes in key management personnel and general economic conditions. Mining exploration and development is an inherently risky business. Accordingly, actual events may differ materially from those projected in the forward-looking statements. This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

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