

TORONTO, Nov. 14, 2016 /CNW/ - [Roxgold Inc.](#) ("Roxgold" or "the Company") (TSX.V: ROG) today reported its financial results for the three and nine month periods ended September 30, 2016.

For complete details of the unaudited Condensed Interim Consolidated Financial Statements and associated Management's Discussion and Analysis ("MD&A") please refer to the Company's filings on SEDAR (www.sedar.com) or the Company's website (www.roxgold.com). All amounts are in US dollars unless otherwise indicated.

1. HIGHLIGHTS

For the three month period ended September 30, 2016, the Company:

- Achieved 1,000,000 hours free of lost time injuries ("LTI") in August;
- Pre-commercial production of 32,990 ounces of gold;
- Sold 34,590 ounces of gold totalling pre-commercial production revenue of \$46,181,000;
- Incurred a cash operating cost¹ of \$348 per ounce produced for a total cash cost² of \$417 per ounce sold and an all-in sustaining cost³ of \$702 per ounce sold, including additional investment to advance underground development 46% ahead of the initial mine plan;
- Generated pre-commercial production cash flow from operations⁴ totalling \$29,482,000 for cash flow per share⁵ of \$0.08/share (C\$0.10/share);
- Mined 49,270 tonnes of ore at an average grade of 17.0 grams per tonne ("gpt") including two stopes with an overall dilution of 10.7% and 17.9%, respectively, which compares favourably to the Company's Feasibility Study ("FS") assumption of 20.5%;
- Deep drilling program resumed at 55 Zone, with results expected to be included in mineral resource estimate planned for Q1 2017;
- Received \$9 million from the early exercise of all outstanding warrants, held by International Finance Corporation ("IFC");
- Declared commercial production as of October 1, 2016; and
- Was awarded the "Prix Responsabilité Sociale des Entreprises minières 2016" or "2016 CSR Award of Mining Companies" by Redevabilité in Burkina Faso.

¹ Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

² Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and the government royalties per ounce sold.

³ All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

⁴ Pre-commercial production cash flow from operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

⁵ Cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

2. PRE-COMMERCIAL PRODUCTION

The Company considers that pre-commercial production operations at the Yaramoko gold mine commenced in June 2016 as the construction of the processing plant and associated infrastructure was completed, the contractual performance test associated with the engineering, procurement, and construction ("EPC") lump sum contract with DRA/Group Five Joint Venture was passed and a first gold shipment was exported and refined. Ramp-up of pre-commercial production continued during the third quarter ended September 30, 2016 with higher productivity from the mine being realized month-over-month.

The Company has combined the month of June 2016 and the third quarter pre-commercial production financial operating results in the financial performance section table below as the Company believes that this grouping more accurately represents its overall activities during the ramp-up period, leading to the declaration of commercial production on October 1, 2016.

	June 2016	Three months ended September 30, 2016	Four months ended September 30, 2016
Operating Data			
Ore mined (tonnes)	11,770	49,270	80,1640
Ore processed (tonnes)	21,710	60,880	82,590
Head grade (g/t)	14.9	17.0	16.4
Recovery (%)	97.7	98.7	98.4
Gold ounces produced	12,400	32,990	45,390
Gold ounces sold	8,250	34,590	42,840
 Financial Data (in thousands of dollars)			
Pre-commercial production revenues – Gold sales.....	10,445	46,181	56,625
 Mining operating expenses			
(excluding government royalties)	2,616	12,112	14,728
Government royalties	410	2,320	2,730
Sustainability and other in-country costs.....	160	300	460
Investment in underground development	2,400	8,697	11,097
 Statistics (in dollars)			
Average realized selling price (per ounce)	1,265	1,335	1,322
Cash operating cost (per ounce produced) ¹	355	348	350
Cash operating cost (per tonne processed) ¹	202	189	192
Total cash cost (per ounce sold) ²	367	417	408
Sustaining capital cost (per ounce sold) ³	291	251	259
All-in sustaining cost (per ounce sold) ⁴	729	702	707

¹ Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

² Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and the government royalties per ounce sold.

³ Sustaining capital cost per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the investment in underground development per ounce sold.

⁴ All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

A. Operational Performance

During the three month period ended September 30, 2016, 49,270 tonnes of ore were extracted from the underground mine as

stoping operations were established, resulting with the successful mining and extraction of the first three stoping panels. Mining extraction was effective, with clean hanging wall contacts observed and the overall dilution was 10.7% and 17.9% for the first and second stope, respectively, which compared favourably to the Company's Feasibility Study ("FS") assumption of 20.5%.

During the reporting period, a full gold reconciliation for the project-to-date at the 55 Zone was completed. Overall, the reconciliation compared to the FS model shows good global accuracy as the reconciled gold contained in ore mined to date is within 5.1% of the FS model prediction of the contained gold in those corresponding areas mined to date. This is well within the expected accuracy of an Indicated Resource (Probable Reserve) level model. 85% of this comparison was based on development ore. Since the commencement of stoping in recent months, a positive trend has been observed whereby the contained gold reconciled in the three stopes to September 30, 2016 have positively reconciled by a cumulative amount of 14.83%. The positive variation is supported by a 15% reduction in tonnes when compared to the FS model due to mining a more discrete vein with less dilution, offset by a 35% over-performance in grade.

As of September 30, 2016, in the underground operation, four sublevels were fully developed throughout the eastern, central and western extents of the resource, representing 1,878 meters of ore development. During the third quarter of 2016, the Company took advantage of high productivity rates from the underground mining contractor. As a result, the Company is 46% ahead of the initial mine plan and is, as such, benefiting from additional flexibility.

Since commissioning commenced, the processing plant continues to operate well with high availabilities. The processing plant processed an average throughput of 676 tonnes per day ("tpd") in the third quarter. During the month of June, the processing plant performed for seven consecutive days at throughputs of over 750 tpd milled, including a record day of 819 tpd. The average gold recovery rate of 98.7%, during the third quarter of 2016, has been above the FS assumption of 96.9% in all months with over 99.1% recovery experienced in August. The plant team continues to observe improved operating performance in the gravity circuit as the gravity circuit contribution to overall recovery was 59% in September.

For the three month period ended September 30, 2016, 60,880 tonnes were milled to produce 32,990 ounces of gold. As at September 30, 2016, there was approximately 2,182 contained ounces of gold-in-circuit, with an additional 4,583 ounces in gold doré poured in the gold room ready to be shipped and refined.

In the coming months, the focus of the operations team at site is to continue to ramp up mine productivity to take advantage of mill capacity. The Company expects to increase the proportion of production ore from stoping activities as more active stopes become established.

B. Financial Performance

Based on the Company's accounting policy (refer to note 2 of the Financial Statements for the period), commercial production was declared on October 1, 2016 as the Yaramoko gold mine had reached the intended levels of operating capacity as of September 30, 2016. Accordingly, pre-commercial production revenue totalling \$56,625,000 (Q3 2016: \$46,181,000) has been offset against mine operating costs, totalling \$14,728,000 (Q3 2016: \$12,112,000), and other capitalized costs, including previously capitalized development costs, on the statement of financial position.

During the four-month pre-commercial production period ended September 30, 2016, a total of 42,840 ounces of gold (Q3 2016: 34,590 ounces) were sold resulting in pre-commercial production revenues of \$56.6 million (Q3 2016: \$46.2 million) at an average realized gold price of \$1,322 per ounce sold (Q3 2016: \$1,335 per ounce sold). This amount was recorded to Mineral properties under development within property, plant and equipment during the nine month period ended September 30, 2016.

Mining operating expenses represent mining, processing, and mine site-related general and administrative expenses. Cash operating cost¹ per tonne processed totalled \$192 per tonne (Q3 2016: \$189 per tonne), which is slightly higher than the \$182 per tonne processed cost included in the FS for the first six months of commercial production. The higher cost per tonne processed is mainly due to higher operational costs typically associated with a ramp-up period and as a result of higher energy costs because the high voltage ("HV") power line is not yet in operation. The cash operating cost¹ per ounce produced totaled \$350 per ounce, for the four-month period ended September 30, 2016 (Q3 2016: \$348 per ounce) compared to the life-of-mine cash operating cost¹ per ounce produced of \$402 per ounce included in the FS. The lower cash operating cost¹ per ounce is the result of higher grade and lower reagent consumption, offset by higher energy costs when compared to the FS' assumptions.

In Burkina Faso, all gold shipments with gold spot prices lower or equal to \$1,000 per ounce are subject to a royalty rate of 3% while a 4% rate is applied to all shipments with gold spot prices between \$1,000 and \$1,300 per ounce, and a 5% royalty rate is applied to all shipments with a gold spot price greater than \$1,300 per ounce. During the four month pre-commercial period ended September 30, 2016, the Company was subject to a royalty rate of 4% and 5% which was calculated using the retail market value of gold ounces sold at the time of shipment.

In-country and corporate social responsibility expenses refer to expenditures incurred to maintain Roxgold's current licence to operate in Burkina Faso, as well as investments made in sustainability and community projects related to current operations.

During the four month period ending September 30, 2016, Roxgold invested \$11.1 million in underground mine development

(Q3 2016: \$8.7 million), representing a sustaining capital cost² per ounce sold of \$259 per ounce compared to the life-of-mine average cost of \$101 per ounce included in the FS. It was expected that there would be a higher sustaining capital cost² per ounce as the FS anticipated that the underground mine development would be completed in the first 48 months of the 8-year mine life and then reducing thereafter. Accordingly, the average sustaining capital cost² per ounce sold for the first four years was estimated to be \$176 per ounce sold. Another factor influencing the sustaining capital cost² per ounce is the underground development progress to the end of the third quarter of 2016 represents 146% of the anticipated mine development for the same period. The investment in the additional meters of development was made to provide for greater operational flexibility and resilience as well as the opportunity to benefit from the high availabilities of the mill.

Based on the foregoing, \$35,936,000 (Q3 2016: \$29,482,000) of pre-commercial production cash flow from operations³ was generated during the four-month pre-commercial production period while the all-in sustaining cost⁴ totalled \$707 and \$702 per ounce sold for the four and three month period ended September 30, 2016, respectively.

C. Development Update

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. This is approximately 3% below the Company's earlier Project capital 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).

Work continues to progress on the connection to the HV national electricity grid in Burkina Faso. The transmission line construction is complete and Eiffage, the substation contractor, has established civil works for the substation.

Progress is positive and the Company anticipates drawing on the power supply in the first quarter of 2017.

3. FINANCING ACTIVITIES

A. Project Finance

The Credit Facility, which has a six-year term and will bear interest at a rate of LIBOR plus 4.75% pre-completion and 4.25% post completion, was fully drawn during the second quarter ended June 30, 2016 as the Project was being completed. During the three-month period ended September 30, 2016, the Company has not had to utilize funds from its equity-funded \$15 million cost overrun facility, as required by the Credit Facility, and does not anticipate using it as commercial production was declared on October 1, 2016.

B. Equity

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 \$9 million of total proceeds for the Company. These proceeds will be invested to support organic growth initiatives, such as expansion drilling at the 55 Zone, which started to delineate potential extension to strike below the floor of the current mine plan at 430 metres, as well as further drilling at the QV1 and QV' Zones at Bagassi South to further delineate and define the recently released maiden resource.

4. EXPLORATION ACTIVITIES

A. 55 Zone

During the third quarter of 2016, the Company resumed drilling at 55 Zone following the end of the rainy season in September. Drilling commenced with one diamond drill rig on September 8th, followed by a second diamond drill rig on September 24th. The drilling program aims at testing the 55 Zone at vertical depths between 550m and 975m, a total of 2,722 meters was drilled during the period and two holes, YRM-16-DD-422A and 423 were completed.

The drilling program is expected to continue at Zone 55 until the end of 2016, the results of which will be included in an updated mineral resource estimate planned for the end of Q1 2017.

B. Bagassi South

There were no exploration activities at Bagassi South during the period under review due to the rainy season. A drilling program

has been planned for Bagassi South for the end of the fourth quarter which consists of approximately 4,000 meters of drilling targeting the QV' structure.

The Yaramoko exploration permit expired in September 2016. The Company has submitted an application for a new permit and has received confirmation from the Burkina Faso authorities that the new permit is pending and will be delivered in due course.

C. Houko Permit

There were no exploration activities at Houko during the period under review due to the rainy season.

5. CORPORATE SOCIAL RESPONSIBILITIES ACTIVITIES

In line with its suitability strategy and based on Roxgold's participative approach with the adjacent communities, a list of multiple corporate social responsibility projects and initiatives has been established for completion during the twelve-month period to be ending December 31, 2016. All the selected projects originated from the community and focus on education, water supply, women's entrepreneurship, assistance for the physically disabled and health. These projects will impact approximately 10,000 people.

More specifically, the solar electrification of three health centers in small villages (Kahin, Pahin, Vy), currently with no electricity, will support the improvement of services that can be offered to the community. In addition, Roxgold is attending to the solar electrification of three schools. There are also projects that focus on training and providing equipment for weaving leather goods, rehabilitation of 20 boreholes in the Bagassi Municipality and three projects aimed at empowering women with the establishment of a pigsty, a cattle fattening project and the opening of a new soap production unit.

Roxgold has also developed programs to enhance local procurement and employment to improve the environment (village reforestation) with the goal of leaving a legacy of positive socio-economic and environmental impacts in the areas in which the Company operates.

During the three-month period ended September 30, 2016, the initiatives realized have been part of the 2016 livelihood restoration program and involved the distribution of NPK and urea fertilizer in favor of the population affected by the mine to improve the production of their crops. The solar electrification of the health facility was also completed during period while training to improve the local suppliers' capacity was ongoing. In addition, the rehabilitation of the main Bagassi road started after the rainy season.

On August 17, 2016, the Company 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.

6. EVENTS SUBSEQUENT TO SEPTEMBER 30, 2016

As a result of the successful mining and extraction rates achieved since commencing stoping in August and September 2016, together with high processing plant availabilities and gold recoveries above FS assumptions, the Company's declared commercial production at its Yaramoko gold mine effective October 1, 2016.

7. Conference Call Information

The Company will also host a conference call today, Monday, November 14, 2016 at 11:00 am EST to discuss the 2016 third quarter financial results.

Participants in Canada and the U.S. can call in by dialing (888) 231-8191 and participants outside North America can dial in by calling (647) 427-7450.

A live and archived webcast of the conference call will also be available on the Company website in the events section: <http://www.roxgold.com/s/Events.asp>

As well as through the conference call provider:
<http://event.on24.com/r.htm?e=1298652&s=1&k=0349B25E672DA212029BE6425797EE94>

A recorded playback of the 2016 third quarter results call will be available two hours after the call for 90 days by dialing (416) 849-0833 and entering the call back passcode 7604515.

8. SELECTED FINANCIAL DATA

	Three-month period ended September 30, 2016	Three-month period ended September 30, 2015	Nine-month period ended September 30, 2016	Nine-month period ended September 30, 2015
	\$	\$	\$	\$
	(as adjusted)		(\$ as adjusted)	
Cost of operations				
General and administrative expenses.....	851,000	585,000	2,510,000	2,006,000
Exploration and evaluation expenses.....	1,083,000	475,000	3,501,000	1,739,000
Share-based payments.....	1,094,000	855,000	1,966,000	1,518,000
Depreciation.....	148,000	44,000	427,000	148,000
Operating loss for the period.....	3,176,000	1,959,000	8,404,000	5,411,000
Other expenses (income)				
Interest income.....	(15,000)	(2,000)	(24,000)	(52,000)
Standby fees.....	35,000	349,000	175,000	349,000
Change in fair value of derivative				
Instruments.....	(272,000)	5,528,000	14,474,000	5,528,000
Unrealized foreign exchange loss/(gain).....	(493,000)	(1,276,000)	1,652,000	(2,846,000)
Indirect tax.....	31,000	34,000	92,000	109,000
Loss before income taxes.....	(2,462,000)	(6,592,000)	(24,773,000)	(8,499,000)
Deferred Income tax (expense)/income	-	-	-	-
Net loss for the period.....	(2,462,000)	(6,592,000)	(24,773,000)	(8,499,000)
Loss per share (basic and diluted).....	(0.01)	(0.02)	(0.07)	(0.03)

A. Third Quarter of 2016 vs. Third Quarter of 2015

i. Cost of operations

General and administrative expenses for the three-month period ended September 30, 2016 increased compared to the same

period in 2015. The net increase is mainly due to higher salary costs as a result of the enhancement of the corporate team since 2015, in anticipation of becoming a gold producer, combined with an intensification of investor relations activities as the Company transitioned from development to the pre-commercial production stage of operations. There was also an increase in consulting expenses during the period due to the hiring of external consultants for special projects associated with the transition from development to production. The Company does not expect these to be recurring expenses.

Expenses for drilling and geological work for the three-month period ended September 30, 2016 increased when compared to the same period in 2015. The increase is primarily due to the 2,722 meters of drilling completed in September 2016 as part of the drilling program at the 55 Zone which aims at testing the 55 Zone at vertical depths between 550m and 975m compared to the drilling done at Bagassi South on the south side of the dyke in July 2015.

Economic evaluations costs reflect expenditures associated with assessing the potential for an underground operation at Bagassi South. Owners' costs are expenditures incurred to support the exploration team in country.

Share-based compensation expense for the three months ended September 30, 2016 reflects, primarily, the valuation of the annual grant of deferred share units and restricted share units recently granted. The increase compared to the same period in the prior year is attributable to the significant increase in the Company's share price during the year.

ii. Other expenses

The variation in other expenses is mainly 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 three month period ended September 30, 2016, the decrease in the market gold price relative to the sale price in the forward sale contracts resulted in a decrease to the liability relating to the forward sale contracts when compared to June 30, 2016.

As a result, the Company's net loss for the three-month period ended September 30, 2016, totalled \$2,462,000 compared to net loss of \$6,592,000 for the three-month period ended September 30, 2015. Consequently, the Company recorded a loss per share of \$0.01 and loss per share of \$0.02 per share for the three-month periods ended September 30, 2016 and 2015, respectively.

¹ Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

² Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mining operation expenses and the government royalties per ounce sold.

³ All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

⁴ Pre-commercial production cash flow from operations is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

⁵ Cash flow per share is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of the Company's 2016 Third Quarter MD&A.

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 press release.

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 press release.

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 declared commercial production October 1, 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.

NON-IFRS PERFORMANCE MEASURES

The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results.

"Cash operating cost per ounce produced" and "total cash cost per ounce sold" are common financial performance measures in the gold mining industry but with no standard meaning under IFRS. Management believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure, along with sales, is considered to be a key indicator of a Company's ability to generate earnings and cash flow from its mining operations.

Cash cost figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is the accepted standard of reporting cash cost of production in North-America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently. Cash operating cost per ounce produced and tonne processed are derived from mining operating costs such as mining, processing, mine site general and administrative expenses. Total cash cost per ounce sold represents mining operations expenses plus royalties and selling expenses divided by ounces sold.

The table below shows a reconciliation of cash operating cost per ounce produced and tonne processed as well as the total cash cost per ounce sold.

CASH OPERATING COST

	June 2016 Three-month period	Four-month period
	ended September 30, 2016	ended September 30, 2016
Per ounce produced	12,400	32,990
Gold ounces produced		45,390
(in thousands of dollars except per ounce)		
Mining operation expenses (excluding royalties and selling expenses) ¹	2,616	12,112
Effects of inventory adjustments (doré bars)	1,780	(630)
Operating costs (relating to ounces produced)...	4,396	11,482
Cash operating cost (per ounce produced)	355	348

	June 2016 Three-month period	Four-month period
	ended September 30, 2016	ended September 30, 2016
Per tonne processed	21,710	60,870
Tonnes of ore processed.....		82,580
(in thousands of dollars except per ounce)		
Mining operation expenses (excluding Royalties and selling expenses) ¹	2,616	12,112
Effects of inventory adjustments (doré bars and gold in circuit)	1,780	(630)
Operating costs (relating to tonnes processed)	4,396	11,482
Cash operating cost (per tonne processed)	202	189

ALL-IN SUSTAINING COST

In June 2013, the World Gold Council, a non-regulatory association of the world's leading gold mining companies established to promote the use of gold to industry, consumers and investors, provided guidance for the calculation of the measure "All-in sustaining cost per gold ounce", which has no standard meaning under IFRS. These standards became effective January 1, 2014. Management believes that the all-in sustaining cost per gold ounce measure provides additional insight into the costs of producing gold by capturing all of the expenditures required for the discovery, development and sustaining of gold production and allows the Company to assess its ability to support capital expenditures to sustain future production from the generation of operating cash flows. Management also believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. However, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS. It should also be noted that the adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently.

Consistent with guidance announced in 2013 by the World Gold Council, Roxgold defines all-in sustaining cost per ounce as the sum of total cash cost, underground development that is sustaining in nature, corporate general and administrative costs, in country and corporate social responsibility expenditures related to current operations, and reclamation liability accretion, all divided by the total gold ounces produced to arrive at a per ounce figure.

As this measure intends to represent the cost of selling gold from current operations, it does not include capital expenditures

attributable to development projects or mine expansions including economic evaluation for such projects, non-cash share-based payments, exploration expenses that are not sustainable in nature, income tax payments, working capital defined as current assets less current liabilities (except for inventory adjustments) or interest costs.

The following table shows a reconciliation of all-in sustaining cost per ounce to costs as extracted from the unaudited condensed interim consolidated financial statements:

ALL-IN SUSTAINING COST

	June 2016	For the month period ended September 30, 2016
Per ounce sold		
Gold ounces sold.....	8,250	32,600
(in thousands of dollars except per ounce)		
Mining operation expenses (excl. royalties ¹)	2,616	12,728
Royalties ¹	410	2,320
Total Cash Cost.....	3,026	14,438
Sustaining and other in-country costs ¹	160	360
Investment in underground development ¹	2,400	8,600
Corporate and general administrative expenses..	432	8,528
All-in sustaining cost……………….....	6,018	20,298
All-in sustaining cost per ounce sold.....	729	702

PRE-COMMERCIAL PRODUCTION CASH FLOW FROM OPERATIONS

The following table sets forth a reconciliation of pre-commercial production cash flow from operations, a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate cash flow from operations.

June 2016	Three-month period ended September 30, 2016	Four-month period ended September 30, 2016
-----------	--	---

(in thousands of dollars)

Pre-commercial production gold sales ¹	10,444	46,181	56,625
	2,616	12,112	14,728
Mining operating expenses¹.....			
Royalties ¹	410	2,320	2,730
In-country and corporate social responsibility expenses ¹	160	300	460
Corporate and general administrative expenses	432	851	1,283
Interest on long-term debt ¹	372	1,116	1,488
	6,454	29,482	35,936

Cash flow from Yaramoko operations.....

CASH FLOW PER SHARE

The following table sets forth the calculation of the pre-commercial production cash flow per share a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate cash flow from operations.

June 2016	Three-month period ended September 30, 2016	Four-month period ended September 30, 2016
-----------	--	---

(in thousands of dollars except shares and per share)

Cash flow from Yaramoko operations.....	6,454	29,482	35,936
Common shares outstanding at September 30, 2016.....	369,622,862	369,622,862	369,622,862
Cash flow per share.....	0.02	0.08	0.10
Cash flow per share in Canadian dollars ²	0.03	0.10	0.13

¹ As included within Mineral properties under development in Property, Plant and Equipment in the Financial Statements.

² Translated at average 2016 Q3 closing USD/CAD rate of 1.3046.

SOURCE [Roxgold Inc.](#)

Contact

Tania Shaw, Director, Investor Relations & Communications, 416-203-6401, tshaw@roxgold.com