

# Roxgold Delivers Record Gold Production and Cash Flow in First Quarter 2018; Announces Increase in Full Year Production Guidance

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TORONTO, May 15, 2018 /CNW/ - [Roxgold Inc.](#) ("Roxgold" or the "Company") (TSX: ROXG) (OTC: ROGFF) today reported its first quarter financial results for the period ended March 31, 2018.

For complete details of the unaudited Condensed Consolidated Financial Statements and associated Management's Discussion and Analysis please refer to the Company's filings on SEDAR ([www.sedar.com](http://www.sedar.com)) or the Company's website ([www.roxgold.com](http://www.roxgold.com)). All amounts are in U.S. dollars unless otherwise indicated.

## 1. HIGHLIGHTS

For the three-month period ended March 31, 2018, the Company:

- Completed over 4,500,000 hours free of lost time injuries ("LTI") since the mine commenced operations;
- Achieved record production of 40,452 ounces of gold;
- Increased gold sales by 24% with 40,050 ounces of gold sold totalling revenues of \$53 million;
- Incurred a cash operating cost<sup>1</sup> of \$381 per ounce for a total cash cost<sup>1</sup> of \$451 per ounce sold and an all-in sustaining cost<sup>1</sup> of \$658 per ounce sold;
- Generated cash flow from mining operations<sup>1</sup> totalling \$30.9 million for cash flow from mining operations per share of C\$0.11/share;
- Increased 2018 production guidance to be between the range of 120,000 and 130,000 ounces (previously 110,000 and 120,000); 2018 cost forecasts reduced: cash operating cost<sup>1</sup> to be between the range of \$450 to \$475 per ounce (previously \$450 to \$500) and all-in sustaining cost<sup>1</sup> to between the range of \$740 to \$790 per ounce sold (previously \$780 to \$830);
- Received permitting approval to develop the Bagassi South project and;
- Continued the construction work at Bagassi South according to plan with
  - the boxcut excavated to the second bench level;
  - underground mobile equipment ordered and expected on site in June;
  - Civil work ahead of schedule allowing for early mobilization of the structural, mechanical and piping ("SMP")

"As a result of the continued outperformance at Yaramoko that delivered record cash flow and gold production in the first quarter, we have increased our full year production guidance to be between the range of 120,000 to 130,000 ounces and have reduced our cash operating cost and all-in sustaining cost guidance for the year. Our balance sheet remains strong and we continue to generate net cash and pay down debt," commented John Dorward, President and Chief Executive Officer. "Our Bagassi South project is tracking well to the schedule and budget and will be completed in the fourth quarter, while we continue executing on our regional exploration program."

## 2. 2018 INCREASED PRODUCTION GUIDANCE AND REDUCED COSTS

Based on the strong operational results to date, the Company has increased production guidance and reduced cost for the twelve-month period ending December 31, 2018. The Company's objectives for fiscal year 2018 include the following:

- Gold production between 120,000 and 130,000 ounces (previously 110,000 and 120,000);
- Cash operating cost<sup>1</sup> between \$450 and \$475/ounce (previously \$450 and \$500);
- All-in sustaining cost<sup>1</sup> between \$740 and \$790/ounce (previously \$780 and \$830);
- Underground capital expenditure between \$22 million and \$26 million
- Bagassi South pre-production capital expenditure of \$30 million
- Exploration budget of \$9 million

## 3. MINE OPERATING ACTIVITIES

	Three months ended March 31 2018	Three months ended March 31 2017	Variation
Operating Data			
Ore mined (tonnes)	88,607	69,237	28%
Ore processed (tonnes)	71,576	63,955	12%
Head grade (g/t)	16.8	17.3	(3%)
Recovery (%)	99.0	99.2	-
Gold ounces produced	40,452	35,594	14%
Gold ounces sold	40,050	34,979	14%
Financial Data (in thousands of dollars)			
Revenues & Gold sales	53,226	42,977	24%
Mine operating expenses	(15,388)	(14,164)	9%
Government royalties	(2,662)	(1,719)	55%
Depreciation and depletion	(9,850)	(7,565)	30%
Statistics (in dollars)			
Average realized selling price (per ounce)	1,329	1,229	8%
Cash operating cost (per ounce produced) <sup>1</sup>	381	404	(6%)
Cash operating cost (per tonne processed) <sup>1</sup>	216	225	(4%)
Total cash cost (per ounce sold) <sup>1</sup>	451	454	(1%)
Sustaining capital cost (per ounce sold) <sup>1</sup>	164	226	(27%)
Site all-in sustaining cost (per ounce sold) <sup>1</sup>	615	680	(10%)
All-in sustaining cost (per ounce sold) <sup>1</sup>	658	720	(9%)

#### A. Health and safety performance

Health and Safety is a fundamental value for Roxgold and is a constant priority at the Yaramoko gold mine as evidenced by the Company's strong health and safety record. During the first quarter of 2018, the Company achieved 4,500,000 hours without a lost time injury. The annual refresher induction session was completed along with approximately 4,000 hours of training. The new recognition program introduced at site at the end of 2017 to encourage individual and group participation in the Health and Safety initiatives has presented its first safety award.

#### B. Operational performance

The Company's record gold production in the first quarter of 2018 was driven by improved operating performance in both

and processing plant. During the quarter ended March 31, 2018, 88,607 tonnes of ore at 15.05 g/t were extracted from underground mine along with completing 1,437 metres of development compared to 69,237 tonnes of ore and 1,740 m development in the comparable period of the prior year. The mining tonnage increase of 28% when compared to same the prior year is due to increased productivity from stoping activities. During the first quarter, approximately 75% of ore came from stoping which is a result of the extensive development that is in place at Yaramoko, with six open stopes at the end of the quarter compared to two open stopes at the end of March 31, 2017.

In the first quarter of 2018, decline development at the mine reached the 5015 level, approximately 300 metres below the bottom of the fifth stoping block. Ore development commenced on the 5032 level and was completed on the 5049 level. The mine continues to be well positioned to meet future production requirements with developed reserves for stoping exceeding the Company's 18 months planned stoping objectives.

Reconciliation of mined material against the Company's resource model continued to improve in the first quarter of 2018, reflecting the good reconciliation observed in the last quarter of 2017. Reconciliation performed well both on a tonnage and grade basis with gold production reconciling within 4% of the resource model.

An 11,000 meter drilling program is underway at the 55 Zone targeting the eastern and western extents of the deposit between the 5151 and 5049 levels.

The plant processed a record 71,576 tonnes at an average head grade of 16.8 g/t Au compared to 63,955 tonnes of ore in the same quarter of 2017. This 12% increase is a result of ongoing optimisation at the plant and translates into a unit rate which is 8.4% above nameplate capacity. Plant availability was 97% during the quarter and overall recovery was 94% the quarter compared to 94% and 99.2% respectively for the comparative period in prior year.

Based on the foregoing, production increased by 14% as 40,452 ounces of gold were poured during the quarter ended March 31, 2018 compared to 35,594 ounces for the same period in 2017.

#### C. Financial Performance

During the quarter ended March 31, 2018, a total of 40,050 ounces of gold were sold with revenue from gold sales totaling \$53,226,000. Revenues increased by 24% when compared to the first quarter of 2017 as the volume sold increased by 14% and the average realized gold price of \$1,329 increased by \$100 per ounce or 8% compared to the same period in 2017. The market gold price in the first quarter of 2018 was \$1,329 per ounce, an increase of \$110 per ounce from the first quarter of 2017 and an average of \$1,219.

Mine operating expenses represent mining, processing, and mine site-related general and administrative expenses. Cash cost per tonne processed totalled \$216 per tonne, which is slightly lower than the \$225 per tonne processed achieved in the comparable period in 2017 and 4% higher than the \$206 achieved in the last quarter of 2017. The variation is mainly due to the change of the SAG mill liner completed during the first quarter of 2018. The cash operating cost<sup>1</sup> per ounce produced totalled \$451 per ounce for the period. This 6% decrease compared to the same period in 2017 is due to the lower cash operating cost per tonne processed and the higher gold production. The total cash cost<sup>1</sup> per ounce sold of \$451 reflects the higher royalty rate during the first quarter of 2018 of 5% compared to a rate of 4% during the first quarter of 2017 as the average gold price for the period was above \$1,300 per ounce. Consequently, the Company generated a mining operating margin<sup>1</sup> of \$878 up from \$775 per ounce for the same period in 2017.

During the first quarter of 2018, Roxgold invested \$6,573,000 in underground mine development, representing a sustaining capital cost<sup>1</sup> per ounce sold of \$164 while the Company invested \$7,906,000 at a sustaining capital cost<sup>1</sup> per ounce sold of \$206 in the comparable period in 2017. The investments are in line with the 2018 mine plan.

Based on the foregoing, in the first quarter of 2018, the Company generated cash flow from mining operations<sup>1</sup> totalling \$30,872,000 (Q1 2017 - \$23,747,000), a site all-in sustaining cost<sup>1</sup> of \$615 per ounce sold (Q1 2017 - \$680 per ounce sold) and all-in sustaining costs<sup>1</sup> including corporate costs totaled \$658 per ounce sold (Q1 2017 - \$720 per ounce).

#### 4. BAGASSI SOUTH EXPANSION UPDATE

During the first quarter of 2018, the Company received the Bagassi South project permit and the land compensation agreement.

completed. The Company continues to advance the Bagassi South expansion project where significant progress has been made on the excavation of the box cut which ensures that the mine start date remains on schedule and all the underground mining equipment has been ordered and is expected to arrive at site in June 2018. The haulage road is now 90% complete and construction in the plant is now ahead of schedule allowing for early mobilization of the SMP personnel. The Tailing Storage Facility's earthworks are completed and the liner installation has commenced and is expected to be completed by the end of 2018.

## 5. REVIEW OF FINANCIAL RESULTS

### A. Mine operating profit

During the first quarter of 2018, revenues totalled \$53,226,000 (Q1 2017 - 42,977,000) while mining operating expenses and royalties totalled \$15,388,000 (Q1 2017 - \$14,164,000) and \$2,662,000 (Q1 2017 - 1,719,000), respectively. The increase in sales is primarily due to increased production driven by higher throughput and a higher average realized gold price which increased from \$1,229 per ounce during the first quarter of 2017 to \$1,329 per ounce during the first quarter of 2018. During the period, the Company achieved a total cash cost<sup>1</sup> per ounce sold of \$451 representing a mining operating margin<sup>1</sup> of \$875 compared to \$454 and \$775, respectively for the same period in 2017. For more information on the cash operating costs and financial performance of the Mine Operating Activities section in the Company's Q1 2018 MD&A.

Depreciation and depletion for the first quarter of 2018 totaled \$9,632,000 compared to \$7,295,000 in the first quarter of 2017. The increase in depreciation is a result of a higher asset base further investments in the underground development combined with higher throughput in our processing facility.

As a result of the Company's record operating performance and higher realized gold price, mine operating profit has increased by 29% in the first quarter of 2018.

### B. General and administrative expenses

General and administrative expenses totalled \$1,350,000 compared to \$1,200,000 for the comparable period in 2017. The increase is mainly driven by the addition of corporate personnel hired in Q2 2017 and Q3 2017 which were necessary to position the Company for future growth.

### C. Sustainability and other in-country costs

Sustainability and in-country costs totalling \$388,000 for the first quarter compared to \$443,000 in the comparable period. Expenditures are incurred to maintain Roxgold's licence to operate in Burkina Faso, as well as investments made in sustainability and community projects related to current operations. The variation period over period results from the timing of the expenditures as the Company continues to increase its corporate social responsibility initiatives. Currently 31 projects have been submitted, validated and approved in conjunction with the affected communities.

### D. Exploration and evaluation expenses ("E&E"):

Exploration and evaluation expenses were 10% higher in 2018 totalling \$3,665,000 during the first quarter of 2018 compared to \$3,347,000 for the comparable period in 2017. The expenditures for the period reflect the regional exploration program in the Boni shear and Haho areas.

### E. Share-based payment

Share-based payments are not an item affecting the Company's cash on hand. The variation period over period is essentially due to the lower stock price at the time of the annual grant in 2018.

### F. Financial expenses

Net financial expenses totaled \$1,787,000 for the first quarter of 2018 compared to \$8,228,000 for the same period in 2017.

\$6,441,000 variation year over year is mainly attributable to the change in the fair value of the Company's gold forward contracts and the variation in the Company's foreign exchange gain (loss).

A decrease to interest expense contributed to the rest of the variation year over year due to interest expense and accretion expense related to the Company's Amended Facility.

#### G. Deferred income tax expense

The deferred income tax expense is due to the recognition of a deferred income tax liability as the Company was making losses from its operations in Burkina Faso.

#### H. Net income & EBITDA

The Company's net income for the three-month period ended March 31, 2018 totalled \$13,923,000 or income per share of \$0.01 compared to a net income of \$3,832,000 or \$0.01 for the three-month period ended March 31, 2017. As a result, during the quarter of 2018 the Company generated earnings before interest, taxes, depreciation and amortization ("EBITDA") <sup>1</sup> of \$15,301,000 representing an improvement of 88% over the EBITDA achieved during the comparable period in 2017 of \$15,301,000.

#### I. Income Attributable to Non-Controlling Interest

For the three-month period ending March 31, 2018, the income attributable to the non-controlling interest ("NCI") was \$1,740,000. The Government of Burkina Faso holds a 10% carried interest in Roxgold SANU SA and as such is considered Roxgold's NCI. Income attributable to the NCI of \$1,740,000 excludes all items within Other Expenses and Financial Expenses (income taxes) from the Company's consolidated statement of income, with the exception of sustainability and other in-country costs, interest expense and financing fees.

### 6. CHIEF OPERATING OFFICER TRANSITION AND BOARD CHANGES

The Company also announced today that Paul Criddle will be stepping down from his position of Chief Operating Officer on July 1, 2018, to pursue new opportunities but will remain with the Company through his nomination to the Board of Directors following the retirement of Mr. Robin Mills. Iain Cox, General Manager, Operations at Roxgold will assume the role of Chief Operating Officer following Mr. Criddle's departure.

Mr. Cox has been the General Manager, Operations at Roxgold since 2014 and has led the on-site team in all aspects of the Company's successful transition from development to production. Mr. Cox is a mining engineer with over 25 years' of experience in developing and operating underground mines and has formerly held senior leadership roles at Newmont/Centamin and Crew Gold.

"On behalf of the management team and Board of Directors, I would like to thank Robin for his contribution to the Company over the years and look forward to welcoming Paul to the Board of Directors. Paul's deep understanding of the Company and his operation and his experience as its former COO will be a valuable asset to the Board, and we wish him the best in his future endeavours," said Oliver Lennox-King, Chairman of the Board of Directors.

"We are extremely pleased to have Iain assume the role of interim Chief Operating Officer. Iain brings a wealth of experience and technical expertise to our leadership team having been responsible for overseeing the Yaramoko operations for the last 10 years. I am confident of a seamless transition and that he will continue our strong and consistent operational performance and our excellent safety record," commented John Dorward, President & CEO.

### 7. CONFERENCE CALL AND WEBCAST INFORMATION

A webcast and conference call to discuss these results will be held on Wednesday, May 16, 2018, at 11:00AM Eastern Time. Listeners may access a live webcast of the conference call from the events section of the Company's website at [www.roxgold.com](http://www.roxgold.com) or by dialing toll free 1-888-231-8191 within North America or +1-647-427-7450 from international locations.

An online archive of the webcast will be available by accessing the Company's website at [www.roxgold.com](http://www.roxgold.com). A telephone replay will be available for two weeks after the call by dialing toll free 1-855-859-2056 and entering passcode 5088528.

#### Notes:

<sup>1</sup> 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. Please refer to note 17 "Non-IFRS financial performance measures" of the Company's MD&A dated May 15, 2018, available on the Company's website at [www.roxgold.com](http://www.roxgold.com) or on SEDAR at [www.sedar.com](http://www.sedar.com) for reconciliation of these measures.

#### Qualified Persons

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

For further information regarding the Yaramoko Gold Mine, please refer to the technical report dated December 20, 2017, entitled "Technical Report for the Yaramoko Gold Mine, Burkina Faso" (the "Technical Report"), available on the Company's website at [www.roxgold.com](http://www.roxgold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

#### About Roxgold

Roxgold is a gold mining company with its key asset, the high grade Yaramoko Gold Mine, located on the Houndé greenstone belt in Burkina Faso, West Africa. Roxgold trades on the TSX under the symbol ROXG and as ROGFF on OTC.

This press release contains "forward-looking information" within the meaning of applicable Canadian securities laws ("forward-looking statements"). Such forward-looking statements include, without limitation: statements with respect to future production, Reserves and Mineral Resource estimates (including proposals for the potential growth and/or upgrade thereof), anticipated costs, and maintenance of permits and licenses, future production and life of mine estimates, production and cost guidance, anticipated recovery grades, the anticipated increased proportion of mill feed coming from stoping ore, future capital and operating costs, expansion and development plans including with respect to the 55 Zone and Bagassi South, and the expected timing of the proposed exploration plans and the timing and costs thereof, the anticipated operations, costs, proposed funding, timing of the factors set forth in the Feasibility Study, proposed 2018 CSR activities, and sufficiency of future funding. 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 press release is based on certain factors and assumptions regarding, among other things, the estimation of Mineral Resource and Mineral Reserves, the realization of resource estimates and reserve estimates, gold metal prices, the timing and amount of exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of production and operating costs, the availability of necessary financing and materials to continue to explore and develop the Yaramoko Project in the short and long-term, the progress of exploration and development activities as currently proposed and anticipated, the receipt of necessary regulatory approvals and permits, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters, as well as assumptions set forth in the Company's technical report dated December 20, 2017, and entitled "Technical Report for the Yaramoko Gold Mine, Burkina Faso" available on the Company's website at [www.roxgold.com](http://www.roxgold.com) and SEDAR at [www.sedar.com](http://www.sedar.com). 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 the forward-looking statements include: changes in market conditions, unsuccessful exploration results, possibility of project delays, overruns or unanticipated costs and expenses, changes in the costs and timing of the development of new deposits, inaccuracies in reserve and resource estimates, changes in the price of gold, unanticipated changes in key management personnel, failure to obtain permits as anticipated or at all, failure of exploration and/or development activities to progress as currently anticipated.

all, and general economic conditions. Mining exploration and development is an inherently risky business. Accordingly, 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 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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