

ROXGOLD INC.

ANNUAL REPORT

2007

PRESIDENT'S MESSAGE

My Fellow Shareholders:

2007 proved to be a very exciting year for Roxgold. In the few months that encompassed the 2007 TJ Ridge exploration season we successfully validated a core hypothesis that had lingered unproven for almost two decades – the existence of a previously unknown intrusive body penetrating the Bowser Basin sediments.

The presence of the intrusive is critical to the most prospective geological models as it provides heat source for the brines that carry the mineralization in many geological models. The monzonite intrusive itself is altered and variably mineralized making the discovery even more prospective. With significant mineralization located over 3 kilometers from intrusive discovery, the size potential of the intrusive system on the TJ Ridge project is significant. To date, every result we have generated supports our belief we are on the brink of discovery of a major mineralized system.

2008 looks to be an even more exciting year. While the discovery of the monzonite intrusive is critical, we believe it to be dykes or sills peripheral to the main intrusive body where the greatest potential for substantial mineralization lie. In 2007 we discovered the mineralized intrusive; in 2008 we aspire to define the geometry of the intrusive dykes discovered in 2007 and follow these dykes back to their source.

The company is well financed to pursue these objectives having raised over \$2million in the fall of last year. All of our contractors and staff are in place and we are targeting an early June start to the exploration season that will include up to 8,000 metres of drilling, trenching and Induced Polarization geophysical surveys. The brochure enclosed with your Annual General Meeting material begins to highlight some of this potential and I encourage you to spend a few minutes reviewing it.

All of us at Roxgold are anxiously looking forward to start the 2008 exploration program where we have the opportunity to begin turning 2007's discoveries into the beginnings of a promising mineral deposit. I would like to thank all our shareholders and stakeholders for their continued support as we build Roxgold into a strong, vibrant and successful mineral exploration company.

Sincerely

"Alan Raven"

President and CEO

Management's Discussion and Analysis of Financial Position and Results of Operations

The following information, prepared as of February 8, 2008, should be read in conjunction with the audited consolidated financial statements of Roxgold Inc. (formerly Wave Exploration Corp.) (the "Company") for the year ended October 31, 2007, which have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD-LOOKING STATEMENTS

Forward-looking statements look into the future and provide an opinion as to the effect of certain events and trends on the business. Forward-looking statements may include words such as "plans", "intends", "anticipates", "should", "estimates", "expects", "believes", "indicates", "suggests" and similar expressions.

This MD&A and in particular the "Outlook" section, contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning the interpretation of drill results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed.

It is important to note that:

- ☐ Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of February 8, 2008.
- ☐ Readers are cautioned not to place undue reliance on these statements as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.
- ☐ The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

GENERAL

The Company is a junior natural resource company engaged in the acquisition, exploration and development of natural resource properties. The Company is yet to receive any revenue from its mineral exploration operations. Accordingly the Company has no operating income or cash flows. Its continued existence has relied almost exclusively upon equity financing activities, which is not expected to significantly change in the immediate future.

Name Change and Share Consolidation

On January 15, 2007, the Company received regulatory approval to change its name to Roxgold Inc. and to consolidate its shares on the basis of one new Roxgold Inc. share for every two old shares. On January 16, 2007, shares of the Company commenced trading on TSX Venture Exchange under the symbol ROG.

Roxgold Acquisition

On February 21, 2007, the Company completed the acquisition of a private company ("Private Co") ("the Acquisition") that held the rights or title to the Gosico and the Tommy Jack mineral properties (collectively "the TJ Ridge Project"). In order to acquire

the TJ Ridge Project, the Company issued 4,500,000 post-consolidation shares to the former shareholders of Private Co. In addition, the Company agreed to pay a 2% net smelter royalty to the underlying vendors of both the Gosico and Tommy Jack properties.

Alan Raven, the majority owner of Private Co, was appointed President and CEO of Roxgold immediately following the Company's Special Meeting of Shareholders held December 13, 2006, wherein the Company's shareholders approved the Acquisition. Upon completion of the terms of the agreement, Mr. Raven received 2,365,200 of the 4,500,000 post-consolidation shares issued.

Pursuant to the terms of the Acquisition, two further conditional share issuances may occur:

1. A second tranche of up to 1,000,000 shares are to be issued within a period of three years, such period ending January 23, 2010, upon the Company establishing, pursuant to a National Instrument 43-101 Report ("NI 43-101 Report") in respect to the TJ Ridge Project that the property contains a resource estimate of 1,000,000 ounces of gold equivalent. 500,000 shares will be issued on establishing a resource of 500,000 ounces of gold equivalent and an additional 100,000 shares for each additional 100,000 ounces established up to 1,000,000 ounces.
2. A third tranche of 1,500,000 shares will be issued within a period of five years such period ending January 23, 2012 upon the Company obtaining an NI 43-101 Report confirming a deposit in respect to the properties containing a minimum of 2,000,000 ounces of gold equivalent.

All shares issued will be subject to an Exchange Surplus Security Escrow agreement.

For the purposes of the resource calculations associated with the second and third tranche share issuances, a "measured" ounce equates to 1.0 ounce; an "indicated" ounce equates to 0.75 ounces, and an "inferred" ounce equaling 0.5 ounces, as those terms are defined in the "Standards On Mineral Resources and Reserves, Definitions and Guidelines" published by the Canadian Institute of Mining, Metallurgy and Petroleum.

In addition, to acquire a 100% interest in the Tommy Jack property, the Company must make payments totaling \$120,000 and complete shares issuances totaling 400,000 shares over four years with an additional 200,000 shares to be issued upon commercial production.

TJ Ridge Project

Roxgold Inc.'s primary asset is the 10,000 hectare TJ Ridge Project located 95 kilometers north of Hazelton, B.C. which is comprised of the Gosico Property (Roxgold 100% subject to a 2% NSR), certain contiguous claims (Roxgold 100%), as well as the adjoining Tommy Jack Property (Roxgold has an option to acquire a 100% interest subject to a 2% NSR).

Geology

Prior to 2007, detailed geological mapping of the property was hindered by the heavy forest cover with outcrops generally confined to creek beds resulting in rock exposure of less than 1%. While only select portions of the large property were explored during 2007, mechanized trenching and drilling provided a better understanding of the underlying geology

The Property is primarily underlain by sediments of the Bowser Lake Group (fine to medium grained arkosic sandstone and intercalated siltstone, shale, argillite and minor conglomerate). On the western side of the property these sediments have been intruded by near vertical quartz-feldspar porphyry dacite to rhyolite dykes. On the Eastern side of the property, the 2007 exploration program confirmed the presence of a monzonite intrusive penetrating the sediments. Here, drilling intersected altered and variably mineralized monzonite sills in three drill holes. Initial petrography indicates the monzonite has been subjected to retrograde alteration causing it to be kaolinized and strongly sericite altered. The cause of the alteration of the monzonite has not been determined, but may be related to the presence of a later intrusive related event such as the porphyry dykes and/or due to hydrothermal alteration associated with veining and sulphide mineralization. Alternatively, the mineralized monzonite may represent a partially mineralized zone peripheral to a larger system.

Mineralization

Prior exploration on the property was limited to prospecting and hand trenching. This initial work demonstrated the potential for high grade mineralization including 35 float samples, 18 of which assayed in excess of 10 g/t gold, including 7 that graded in excess of 30 g/t gold with a high of 74.3 g/t gold. Similarly, 15 of the samples assayed in excess of 100 g/t silver, with 6 samples returning in excess of 500 g/t silver and a high of 2086 g/t silver. Gold mineralization is usually associated with some or all of arsenopyrite, pyrite, galena and more locally sphalerite and the higher values tend to have elevated bismuth and antimony values. Trenching in 2007 located the source of some, but not all, of this mineralization.

Due to the lack of bedrock exposure, soil geochemistry has been utilized to define targets for trenching and drilling. Portions of some of the stronger anomalies were explored in 2007, but follow-up work also indicated glacial till and / or high organic content due to flat marshy topography may have limited the effectiveness of the soil samples at the southern end of the surveyed area.

Zonation of the geochemical data suggests that there may be two distinct episodes of mineralization: gold-arsenic and silver-zinc-lead. A strong correlation exists between the soil geochemistry and both structures evident in air photo imagery and airborne EM conductors.

While there are some significant soil geochemistry anomalies and associated geophysical anomalies on the western side of the property, the anomalies on the eastern area, particularly those associated with recently discovered monzonite, will be the primary focus of 2008 exploration. Here, a strong gold-arsenic-bismuth anomaly lies on the margins of a significant EM anomaly. The soil geochemistry becomes more erratic as it moves closer to the heart of the EM conductor. However the heart of the conductor lies on top of flat bench believed to be at least partially covered by till and greater humus / marshy build up due to the flatter topography.

Exploration Targets

The discovery during the 2007 exploration season of a variably mineralized and altered monzonite intrusive on the Eastern Area was the most important geological discovery since the original discovery of silver mineralization (10 meters grading 280 g /t silver) in Tommy Jack Creek in 1937.

An airborne geophysical survey completed late in the 2007 season identified a highly significant EM conductor on the TJ Ridge Property just 200 meters from the 2007 drilling. A detailed geophysical analysis has commenced and additional geophysical surveys will be run over this highly prospective area early in the 2008 exploration. The size and strength of the EM conductor, together with its proximity to the variably mineralized monzonite encountered make this a high priority target. Further, the Westside mineralization which is associated with graphitic shear zones appear as a subsidiary linear splay off this stronger EM conductor. If as postulated, the main EM anomaly is related to the core of the buried intrusive, the linear subsidiary EM anomalies may represent graphitic alteration associated with hydrothermal solutions escaping the intrusive core up zones of structural weakness. While highly anomalous values were encountered in the drilling of this distal mineralization in 2007 the potential associated with the primary intrusive mineralization is believed much greater given the widths of mineralization encountered.

2008 Exploration Program

The Company raised in excess of \$2 million in the December 2007, leaving it well funded for the upcoming exploration season. Drill pads were constructed at the end of the 2007 season and the drilling contract has been let allowing for an early start to the 2008 season. Induced Polarization geophysical surveys are scheduled to help better understand the EM anomalies and refine additional drill targets. Depending on the snow conditions, crews are expected to begin mobilizing towards the end of May.

The current plan calls for up to 8,000 meters of diamond drilling and additional mechanized trenching during the 2008 exploration season,

Musgrove Creek Gold Project

On June 12, 2003, the Company entered into an agreement whereby it was granted a 10-year option to earn a 100% interest in nine mineral claims located in Idaho ("the Musgrove Creek Gold Prospect"). In order to vest its interest in the Musgrove Creek Gold Prospect the Company was required to make cash payments to the vendor aggregating US\$ 372,500 over the life of the option. The Company maintained the property in good standing until late 2005 at which point it entered into an option agreement ("the Journey Option") with Journey Resources Corp. ("Journey") which provided that Journey could acquire the Company's interest in the Musgrove Creek Gold Prospect. Pursuant to the terms of the agreement Journey was required to make aggregate cash payments to the Company of \$350,000 over two years, including a final cash payment of \$150,000 in December 2007. In addition, Journey was required to issue to the Company 300,000 of its common shares.

In July 2007, after having previously received aggregate cash payments from Journey of \$200,000 and having been issued 300,000 shares of Journey, the Company agreed to amend the terms of the Journey Option such that it agreed to accept \$25,000 and 75,000 shares of Journey in July as the final payment instead of \$150,000 in December 2007. Such payment was made and accordingly the Company no longer has any interest in the Musgrove Creek Gold Prospect.

As at October 31, 2007, the Company holds 200,000 free-trading shares of Journey, all of which were sold subsequent to year end for net proceeds of \$54,588.

Antoine Prospect

The Antoine claims are located in the Horsefly area approximately 24 kilometers south of Imperial Metals' Polley Mountain mine, and are situated on a significant potassium anomalous trend within the Quesnel Trough as revealed by results of a 2003 airborne geophysical survey.

To October 31, 2006 the Company had incurred \$30,837 of exploration expenditures on the Antoine prospect. Management determined that the prospect was not a high priority exploration target of the Company and in June 2007, the Company sold the Antoine claims to an arms-length purchaser for \$1,000 cash and a further contingent receivable of either up to 100,000 common shares if the property is vended into a new or re-organized public company or 25% of any option payments received in the event the property is optioned to a third party.

Management intends to focus the Company's exploration efforts for the time being on the mineral prospects acquired pursuant to the Roxgold Acquisition.

Management Changes

In August 2006 Roger MacInnis resigned as President and Warner Gruenwald resigned as a director. Barry Girling was appointed to the board of directors and in addition was appointed president.

In October 2006 David Makepeace, P.Eng, was appointed to the board to replace Tom Hands who resigned.

Following the Special Meeting of shareholders of the Company held December 13, 2006, Roger MacInnes resigned as a director and Alan Raven, president of the private company acquired pursuant to the Roxgold Acquisition, was appointed to the board of directors. Mr. Raven was also appointed president of the Company replacing Barry Girling who resigned from that position but remained as a director. At the same time Robert McMorran was appointed chief financial officer. In early April 2007, Melvin Smale was appointed to the board of directors replacing Brad Thiele who resigned. Further, at the Annual General Meeting of Shareholders held on April 11, 2007, Robert McMorran was elected to the board of directors together with all of the prior incumbent directors. The board of directors currently consists of Alan Raven, Barry Girling, David Makepeace, P.Eng., Melvin Smale, and Robert McMorran, CA.

SELECTED ANNUAL INFORMATION

The Company's fiscal period ends on October 31 of each year. The following is a summary of certain selected audited consolidated financial information for the last three completed fiscal years of the Issuer:

	2007 (\$)	2006 (\$)	2005 (\$)
Total Revenues	-	-	-
Net Loss	(364,685)	(169,422)	(222,666)
Net loss Per Share (basic and diluted) ⁽¹⁾	(0.02)	(0.01)	(0.02)
Total Assets	3,843,004	429,512	377,362
Deferred Resource Property Expenditures – For The Year	3,031,948	9,640	93,509
Deferred Resource Property Expenditures – Cumulative	3,025,486	140,407	371,594
Long Term Debt	-	-	-
Dividends Declared	-	-	-

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The net loss for the years ended October 31, 2007 and 2005 include a charge for stock-based compensation of \$389,259 and \$43,120 respectively. In addition, the net loss for each of fiscal years 2007, 2006 and 2005 include a credit to operations for recovery of future income tax assets in the amounts of \$305,000, \$7,715 and \$17,810 respectively.

During the year ended October 31, 2007, the Company recorded a gain on sale of mineral property in the amount of \$40,930 with respect to the net proceeds of payments pursuant to the Journey Option that exceeded the carrying value of the Musgrove Creek Gold Prospect while the net loss for the year ended October 31, 2006 includes a credit recorded with respect to the gain on settlement of certain trade debt in the aggregate amount of \$34,267.

The net loss reported for each of the three years includes a write-off or write-down of resource properties in the respective amounts of \$36,299, \$66,826 and \$12,364.

RESULTS OF OPERATIONS

The Company recorded a net loss of \$364,685 (\$0.02 per share) for the year ended October 31, 2007 as compared to a net loss of \$169,422 (\$0.03 per share) for fiscal 2006. The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported net loss to produce an adjusted net loss that forms a better basis for comparing the year over year operating results of the Company.

	2007	2006
Net loss for the year as reported	\$ (364,685)	\$ (169,422)
Amortization	2,031	444
Stock-based compensation	389,259	-
(Gain) loss on sale of marketable securities	(1,759)	2,772
Write-down of marketable securities	-	7,500
Loss on disposal of equipment	355	-
Write-down or write-off of mineral property	36,299	66,826
Gain on settlement of debt	-	(34,267)
Recovery of future income tax asset	(305,000)	(7,715)
Gain on sale of mineral property	(40,930)	-
Interest and other income	(29,441)	(431)
Adjusted net loss for the year	\$ (313,871)	\$ (133,431)

The more notable adjustments arose as follows:

- the (gain) loss on sale of marketable securities and write-down of marketable securities relate to the common shares of Journey received pursuant to the Journey Option;
- the write-down/write-off of mineral property is consistent with the Company's accounting policy for such and is in the normal course of activity for a junior resource company;
- the gain on settlement of debt arose from efforts by the Company to settle past liabilities before moving forward with its current business plan;
- the recovery of future income tax asset relates to the tax impact of flow-through share renunciations in the respective fiscal periods and is recorded in connection with the Company's accounting policy for such;
- Pursuant to its accounting policy for recording option payments received, the Company recorded \$40,630 from the receipt of option payments in fiscal 2007 that exceeded the carrying value of the mineral property. No such income was recorded in fiscal 2006.
- the increase in interest and other income occurred because the Company had surplus cash on hand throughout fiscal 2007 which earned interest income (\$29,441) whereas there were negligible surplus funds on hand in fiscal 2006.

In general, the increase to the adjusted net loss was a direct result of increased business activity in 2007 as compared to 2006. Of note are the following items:

- accounting and audit fees increased to \$60,582 as compared to \$33,414 in 2006. Included in the current period charges is a carry-over of fees associated with the fiscal 2006 annual audit, provision of fees for the annual 2007 audit, ongoing monthly fees for the preparation of financial information and fees for consulting services to review the Company's compliance with reporting standards referenced in Multilateral Instrument 52-109;
- the charge for donations relates to monies gifted by the Company to a community college to provide scholarship funding for First Nations students in a mineral exploration program;
- filing fees of \$27,404 (2006 – \$nil) and legal fees of \$25,419 (2006 - \$9,069) increased primarily in connection with the corporate reorganization and name change, and the completion of three private placement financings;
- on March 28, 2007 the Company entered into an investor relations agreement with Marketsmart Communications Inc. ("Marketsmart"). Services to be provided include investor and shareholders communication services as well as assisting Roxgold in the development and distribution of marketing collateral. The agreement has a term of one year, but is cancellable by either party on 30 days notice. Pursuant to the agreement Marketsmart is paid \$5,000 per month and was granted 130,000 options having a strike price of \$0.32, a term of three years and vesting over one year with one quarter of the options vesting at the end of each three month period.;
- management fees increased in 2007 as they include the salary/fees paid to the President (who dedicates 100% of his time to the Company's affairs) and a director who assists in administrative, financing and technical matters on a daily basis as compared to 2006 where the Company was far less active and did not require as much management..

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended October 31, 2007.

	Three Months Ended (\$)				Three Months Ended (\$)			
	October 31, 2007	July 31, 2007	April 30, 2007	January 31, 2007	October 31, 2006	July 31, 2006	April 30, 2006	January 31, 2006
Total Revenues	-	-	-	-	-	-	-	-
Net Loss	(38,387)	(29,778)	(247,642)	(48,878)	(69,124)	(23,652)	(40,399)	(36,247)
Net Loss Per Share (basic and diluted)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	3,843,004	3,357,865	1,243,129	1,200,676	429,512	281,554	298,895	332,781

In the quarters ended October 31, July 31, and April 30, 2007, the reported net loss includes a stock-based compensation charge in the amount of \$6,084, \$11,606 and \$371,569 respectively. In addition, during the same three quarters, the Company recorded a write-off of mineral properties in the respective amounts of \$2,601, \$3,861 and \$29,837. Further, in the quarters ended October 31 and April 30, 2007 the Company recognized a future income tax recovery of \$57,500 and \$247,500 respectively. There were no similar charges in other quarters.

In the quarter ended July 31, 2007, the Company recorded other income in the amount of \$44,791 with respect to the net proceeds of payments pursuant to the Journey Option that exceeded the carrying value of the Musgrove Creek Gold Prospect. In addition, in the quarter ended October 31, 2006 the Company recorded a credit to the statement of income in the amount of \$34,267 with respect to gain on settlement of debt. This accounting adjustment reflected efforts by the Company to settle past liabilities before moving forward with its current business plan.

Quarter-over-quarter changes in total assets reflect increases arising from the completion of financings in the respective period plus the issuance of securities to acquire mineral properties offset by operating losses including the write down or write-off of resource properties.

FOURTH QUARTER

The Company's activity from an administrative point of view increased as a result of the overall increase in corporate activity referenced earlier. The most notable increases were accounting and audit fees, investor relations expense, management fees and future income tax recovery. The increases were all for the same reasons previously described in the year-over-year comparison of operating results.

The most significant change in activities was with respect to exploration activities as the Company incurred approximately \$0.8 million (excluding future income tax adjustment) of deferred exploration expenditures on its TJ Ridge Project. The significant component of these expenditures was for surface drilling (18 diamond drill holes aggregating approximately 2,600 metres) and the related field expenses. Assay results from this program and the other exploration work completed during the 2007 field season were released subsequent to year end and have been discussed elsewhere in this report.

FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

In November 2006 the Company closed a non-brokered private placement financing of 1,200,000 units at a price of \$0.08 per unit for gross proceeds of \$96,000. Each unit consisted of one pre-consolidation common share and one-half of one non-

transferable post-consolidation share purchase warrant. Each whole warrant entitles the holder to purchase an additional post-consolidation common share of the Company at a price of \$0.28 per share for a period of two years from the closing.

As noted earlier, on January 15, 2007, the Company received regulatory approval to change its name to Roxgold Inc. and to consolidate its shares on the basis of one new Roxgold Inc. share for every two old shares.

Concurrent with the share consolidation, the Company closed a \$693,000 private placement consisting of 3,150,000 units at a price of \$0.22 per unit. Each unit was comprised of one flow-through post-consolidation share and one non-flow-through share purchase warrant. Each warrant entitles the holder to acquire an additional post-consolidation common share for a two-year period expiring January 16, 2009. In connection with the financing the Company paid a finder's fee of 169,800 non-flow-through units (valued at \$37,356) and issued brokers warrants entitling the finder to acquire a further 169,800 units under the same terms and conditions as applied to the offering.

In May 2007 the Company completed a non-brokered private placement of 2,000,000 units at a price of \$0.32 per unit for proceeds of \$640,000. Each unit was comprised of one share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire an additional common share at a price of \$0.35 per share until May 22, 2008 and at a price of \$0.40 per share thereafter until expiry on May 22, 2009. The Company paid a finder's fee in connection with the financing comprised of 200,000 units identical to those issued pursuant to the financing and issued an agent's warrant entitling the finder to purchase an additional 200,000 units at a price of \$0.32 per share for a period of two years, each unit being identical to those issued pursuant to the financing.

Also during the year ended October 31, 2007, 1,621,645 outstanding warrants were exercised generating gross proceeds of \$357,702.

During fiscal 2006 the Company closed a non-brokered private placement financing of 6,000,000 units at a price of \$0.05 per unit for gross proceeds of \$300,000. Each unit consisted of one pre-consolidation common share and one non-transferable share purchase warrant. Each warrant entitles the holder to purchase one post-consolidation common share of the Company at a price of \$0.20 per share until September 20, 2008.

On September 29, 2006, the Company completed a shares-for-debt transaction whereby the Company issued 817,500 pre-consolidation common shares at an ascribed value of \$0.05 per share as settlement of \$40,875 of accounts payable. During both fiscal 2007 and 2006 additional financing was realized from cash payments received by the Company pursuant to the Journey Option as well as from the proceeds of sale of shares of Journey also received pursuant to the Journey Option.

The capital expenditures of the Company during fiscal 2007 consisted almost entirely of exploration expenditures on the TJ Ridge Project. All such expenditures are summarized in a schedule included with the audited financial statements for the year ended October 31, 2007. During fiscal 2006 only nominal exploration expenditures were incurred.

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed approximately \$244,000 of cash (before working capital items) for the year ended October 31, 2007 (2006 - \$134,000) with an additional approximate \$994,000 (2005 - \$10,000) utilized on capital expenditures including mineral property acquisitions and deferred exploration expenditures, net of option payments received. The cash requirement was fulfilled in fiscal 2007 primarily from the private placement financings completed during the year as described elsewhere.

The Company's aggregate operating, investing and financing activities during fiscal 2007 resulted in a net increase in its cash balance (including cash equivalents) from \$227,241 at October 31, 2006 to \$646,062 at October 31, 2007. The Company's working capital increased by \$347,548 correspondingly during the same period, and stood at \$555,103 as at October 31, 2007.

Aside from property acquisition payments and exploration commitments described under the Resource Properties note to the financial statements, the Company does not have any commitment for material capital expenditures over the near term or long term and none are presently contemplated in excess of normal operating requirements.

The Company has not as yet put into commercial production any of its mineral properties and as such has no operating revenues or cash flows. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital, and the Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. While there are presently no known specific trends, events or uncertainties that are likely to result in the Company's liquidity decreasing in any material way over the next twelve-month period, it is unlikely that cash will be generated from operations over this period. Since the Company is unlikely to have cash flow, it will have to continue to rely upon equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to it.

TRANSACTIONS WITH RELATED PARTIES

The Company incurred the following expenditures charged by directors and officers of the Company, and companies with common directors.

	<u>2007</u>	<u>2006</u>
Accounting fees	\$ 42,300	\$ -
Management fees	35,250	42,000
Resource property costs - consulting	12,600	-
- field expenses	<u>140,778</u>	-
	<u>\$ 230,928</u>	<u>\$ 42,000</u>

These expenditures were measured by the exchange amount which is the amount agreed upon by the transacting parties.

Included in accounts payable and accrued liabilities as at October 31, 2007 is \$74,817 (2006: \$61,515) due to a director of the Company, a company controlled by a director of the Company and a former director of the Company.

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements are impacted by the accounting policies used, and the estimates and assumptions made, by management during their preparation. The Company's accounting policies are described in Note 2 to the consolidated financial statements. The accounting estimates considered to be significant to the Company include the carrying values of mineral properties and deferred exploration; the computation of stock-based compensation expense; and the computation of future income tax assets and liabilities.

Management reviews the carrying values of its mineral properties and deferred exploration on at least an annual basis to determine whether an impairment of carrying value should be recognized. In addition, capitalized costs related to abandoned properties are written off in the period of abandonment. During fiscal 2007 and 2006 the Company wrote-off or wrote-down the costs attributable to certain of its mineral properties, recognizing a non-cash charge to its consolidated statement of loss in the amounts of \$36,299 and \$66,826 respectively. Capitalized costs in respect of the Company's mineral claims amounted to \$3,025,486 as at October 31, 2007. These costs may not be recoverable and there is a risk that these costs may be written down in future quarters.

The Company uses the fair-value method of accounting for stock-based compensation related to incentive stock options granted, modified or settled. Under this method, compensation cost attributable to all incentive stock options granted is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. In determining the fair value, the Company makes estimates of the expected volatility of the stock as well as an estimated discount rate. Changes to these estimates could result in the fair value of the stock-based compensation being less than or greater than the amount recorded. During fiscal 2007 the Company recorded a stock-based compensation expense of \$389,259. During fiscal 2006 no such expense was recorded.

Management computes the recovery of future income tax assets based on the amount of qualifying flow-through expenditures that have been renounced to investors during the fiscal year and after taking into account the estimated corporate income tax rate during such fiscal period and the availability of unrecorded income tax assets. During fiscal 2007 an amount of \$305,000 was recorded to the Company's accounts while \$7,715 was recorded in fiscal 2006.

Similarly, management computed the future income tax liability associated with the Acquisition after taking into account the estimated corporate income tax rate during fiscal 2007 and the estimated tax value of the assets acquired from Private Co. as compared to the book value paid for such assets.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

On November 1, 2006, the Company adopted two new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"); Section 3855, "Financial instruments – recognition and measurement"; and Section 1530, "Comprehensive income". These standards were adopted on a prospective basis and as such, prior periods have not been restated.

Financial Instruments – Recognition and Measurement

CICA Handbook Section 3855 requires that all financial assets, except those classified as held to maturity and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at cost. Investments classified as available for sale are reported at fair market value (or mark to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. The marketable securities held by the Company have been designated as available for sale.

Comprehensive Income

Under CICA Handbook Section 1530, comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in the statement of operations such as unrealized gains or losses from available for sale securities which are not included in computing net income (loss) until realized. The Company has included a statement of comprehensive income (loss) in its consolidated financial statements which adjusts for gains and losses on financial assets available for sale during the year ended October 31, 2007.

FINANCIAL INSTRUMENTS

As disclosed in its audited financial statements, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

OUTSTANDING SHARE DATA

- a) Authorized:
Unlimited common shares without par value.

- b) Issued and outstanding:
26,953,584 common shares as at February 8, 2008 for a net consideration of \$10,403,533.

c) Outstanding warrants and options as at February 8, 2008:

Type of Security	Number	Exercise Price	Expiry Date
Share purchase warrants	2,280,000	\$0.20	September 20, 2008
Share purchase warrants	600,000	\$0.28	November 07 2008
Share purchase warrants	84,900	\$0.22	January 16, 2009
Share purchase warrants	3,485,355	\$0.30	January 16, 2009
Share purchase warrants	200,000	\$0.32	May 22, 2009
Share purchase warrants	2,400,000	\$0.35	May 22, 2009
Share purchase warrants	2,033,500	\$0.75	December 05, 2009
Share purchase warrants	320,000	\$0.55	December 05, 2009
Share purchase warrants	500,000	\$0.75	December 07, 2009
Stock options	10,000	\$0.40	March 15, 2008
Stock options	10,000	\$0.40	February 12, 2009
Stock options	10,000	\$0.30	March 17, 2010
Stock options	1,300,000	\$0.30	March 21, 2012
Stock options	150,000	\$0.30	March 25, 2012
Stock options	130,000	\$0.32	March 27, 2012

DISCLOSURE CONTROLS AND PROCEDURES

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at October 31, 2007. Management has concluded that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required.

During the year management engaged an outside consultant to assist in its evaluation of disclosure controls and procedures. As a result of this review, it has become apparent that management relies upon certain informal procedures and communications. Management intends to formalize certain elements of its procedures and policies, particularly those related to whistleblower and disclosure policy. The Company intends to review additional recommendations made by the consultant related to drafting of a formal Code of Conduct.

Management is also responsible for the design of internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. During the year management also engaged a consultant to evaluate the design of the Company's internal controls and procedures over financial reporting. Management believes the design is appropriate and adequately provides such reasonable assurance.

The consultant has made recommendations for improvement of the Company's system of internal controls related to certain accounting issues including the tracking of accounting policy changes, cheque security, and a formal documentation of certain accounting procedures and processes. At this stage of the Company's development, it is difficult to segregate the administrative and accounting functions due to the small size of the Company. Management believes that any control deficiencies in these areas are mitigated by supervision by senior management.

While the Officers of the Company, as certified in the Company's Annual Filings and as required under Multilateral Instrument 52-109, have evaluated the effectiveness of these disclosure controls and procedures for the period ended October 31, 2007 and have concluded that they are being maintained, as designed, they do not expect that the disclosure controls and procedures or the internal controls over financial reporting will prevent all errors or potential fraud.

RISKS AND UNCERTAINTIES

Certain risks are faced by the Company which could affect its financial position. In general they relate to the availability of equity capital to finance the acquisition, exploration and development of existing and future exploration and development

projects. The availability of equity capital to junior resource companies is affected by commodity prices, global economic conditions and economic conditions and government policies in the countries of operation, among other things. These conditions are beyond the control of the management of the Company and have a direct effect on the Company's ability to raise capital.

The Company's working capital and liquidity fluctuate in proportion to its ongoing equity financing activities. The Company requires a certain amount of liquid capital in order to sustain its operations and in order to meet various obligations as specified under the its resource property acquisition agreements. Should the Company fail to obtain future equity financing due to reasons as described above, it will not be able to meet these obligations and may lose its interests in the properties covered by the agreements. Further, should the Company be unable to obtain sufficient equity financing for working capital, it may be unable to meet its ongoing operational commitments.

All of the Company's resource properties are in the exploration stage and without known reserves. Exploration and development of natural resources involve substantial expenditures and a high degree of risk. Few properties which are explored are ultimately developed into producing properties. Accordingly, the Company has no material revenue, writes off its mineral properties from time to time, and operates at a loss. Continued operations are dependent upon ongoing equity financing activities.

OUTLOOK

The Company's primary focus for the foreseeable future will be on advancing the exploration and development of the TJ Ridge Project acquired pursuant to the Acquisition. The ability of the Company to do so is contingent upon its ongoing ability to raise the risk capital necessary to advance the projects.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.roxgold.com.

Management's Statement of Responsibility

The consolidated financial statements contained in this annual report have been prepared by management in accordance with generally accepted accounting principles and have been approved by the Board of Directors. The integrity and objectivity of these consolidated financial statements are the responsibility of management. In addition, management is responsible for all other information in the annual report and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. Management maintains a system of internal accounting controls to provide reasonable assurance that the Company's assets are safeguarded and accounted for, and to facilitate the preparation of relevant, reliable, and timely financial information. Where necessary, management uses its best judgment to make estimates required to ensure fair and consistent presentation of this information, fulfills its responsibilities for financial reporting and internal control, and exercises this responsibility principally through the Audit Committee. The functions of the Audit Committee are to review the quarterly and annual consolidated financial statements; review the adequacy of the system of internal controls; review any relevant accounting, financial and security regulatory matters; and recommend the appointment of external auditors. The external auditors, BDO Dunwoody LLP, conduct an independent examination in accordance with generally accepted auditing standards, and express their opinion on the consolidated financial statements. Their examination includes a review of the Company's system of internal controls and appropriate tests and procedures to provide reasonable assurance that the consolidated financial statements are, in all material respects, presented fairly and in accordance with generally accepted accounting principles in Canada. The external auditors have free and full access to the Audit Committee with respect to their findings concerning the fairness of financial reporting.

Signed "Alan Raven"

President and CEO

Signed "W. Barry Girling"

Director

March 1, 2008

ROXGOLD INC.

CORPORATE DIRECTORY

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Stock Exchange Listing

TSX Venture Exchange
Symbol: **ROG**

ROXGOLD INC.