Roxgold

Condensed Interim Consolidated Financial Statements

For the three and six-months ended June 30, 2018 and 2017

(Expressed in U.S. Dollars)
(Unaudited)

Roxgold Inc.
Consolidated Statements of Financial Position
(Audited)
(Expressed in U.S. Dollars)

As at	Notes	June 30, 2018	December 31, 2017
Assets			
Current assets			
Cash	3	66,447,000	63,033,000
Taxes recoverable and other receivables	4	23,719,000	20,049,000
Prepaid expenses and deposits		1,527,000	1,705,000
Inventories	5	17,269,000	15,628,000
		108,962,000	100,415,000
Non-current assets			
Property, plant and equipment	6	142,465,000	135,288,000
Restricted cash	3	511,000	511,000
Total assets		**251,938,000**	**236,214,000**
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		20,731,000	28,931,000
Current portion of finance leases	14	2,678,000	2,777,000
Current portion of long-term debt	7	10,190,000	7,758,000
Current portion of derivative financial instruments	8	3,173,000	3,960,000
		36,772,000	43,426,000
Non-current liabilities			
Long-term debt	7	29,452,000	35,464,000
Derivative financial instruments	8	6,314,000	9,527,000
Asset retirement obligations	9	2,868,000	2,379,000
Finance leases	14	-	1,240,000
Deferred share units liability	10	276,000	350,000
Deferred income tax liability		13,787,000	6,658,000
Total liabilities		**89,469,000**	**99,044,000**
Equity			
Share capital	10	207,932,000	207,393,000
Reserves	10	23,318,000	22,306,000
Accumulated other comprehensive income		12,123,000	13,140,000
Deficit		(89,590,000)	(111,509,000)
Equity attributable to Roxgold Shareholders		153,783,000	131,330,000
Non-controlling interest	16	8,686,000	5,840,000
Total equity		**162,469,000**	**137,170,000**
Total liabilities and equity		**251,938,000**	**236,214,000**
Commitments	13		

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Approved on August 14, 2018 on behalf of the directors

/s/ John Dorward
Director

/s/ John Knowles
Director

Roxgold Inc.
Condensed Interim Consolidated Statements of Income
(Unaudited)
(Expressed in U.S. Dollars)

For three and six-month periods ended June 30,	Notes	2018	2017	2018	2017
Mine operations					
Revenues – Gold Sales		45,787,000	34,703,000	99,013,000	77,680,000
Mine operating expenses	11	(14,989,000)	(13,667,000)	(30,377,000)	(27,831,000)
Royalties		(2,058,000)	(1,387,000)	(4,720,000)	(3,106,000)
Depreciation	6	(8,144,000)	(7,072,000)	(17,776,000)	(14,367,000)
Mine operating profit		**20,596,000**	**12,577,000**	**46,140,000**	**32,376,000**
Other expenses					
General and administrative		(1,243,000)	(934,000)	(2,593,000)	(2,134,000)
Sustainability and other in-country costs		(375,000)	(330,000)	(763,000)	(773,000)
Exploration and evaluation		(3,696,000)	(3,514,000)	(7,361,000)	(6,861,000)
Share-based payments	10	(1,015,000)	(514,000)	(1,254,000)	(1,065,000)
Depreciation	6	(213,000)	(248,000)	(431,000)	(518,000)
Operating profit		**14,054,000**	**7,037,000**	**33,738,000**	**21,025,000**
Financial expenses					
Financing costs		(1,166,000)	(1,643,000)	(2,612,000)	(3,913,000)
Change in fair value of derivative financial instruments	8	2,991,000	485,000	1,967,000	(5,267,000)
Foreign exchange gain (loss)		(1,156,000)	710,000	81,000	605,000
Other expenses		(730,000)	(103,000)	(1,284,000)	(204,000)
Income (loss) before income taxes		**13,993,000**	**6,486,000**	**31,890,000**	**12,246,000**
Income tax expense					
Deferred income tax expense		(3,155,000)	(769,000)	(7,129,000)	(2,697,000)
Net income		**10,838,000**	**5,717,000**	**24,761,000**	**9,549,000**
Attributable to:					
Roxgold shareholders		**9,732,000**	4,767,000	**21,915,000**	7,185,000
Non-controlling interest		**1,106,000**	950,000	**2,846,000**	2,364,000
Income per share					
Basic		**0.03**	0.02	**0.06**	0.03
Diluted		**0.02**	0.02	**0.06**	0.03
Weighted Average Number of Common Shares Outstanding – Basic		**373,514,278**	371,437,429	**373,189,325**	371,099,698
Weighted Average Number of Common Shares Outstanding – Diluted		**391,894,838**	379,619,291	**391,569,886**	379,281,560

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

(Unaudited)
(Expressed in U.S. Dollars)

For periods ended June 30,	Three-months 2018	Three-months 2017	Six-months 2018	Six-months 2017
Net income	**10,838,000**	**5,717,000**	**24,761,000**	**9,549,000**
Other item that may be reclassified subsequently to the consolidated statements of income				
Currency translation adjustment	(1,291,000)	416,000	(1,017,000)	709,000
Comprehensive income	**9,547,000**	**6,133,000**	**23,744,000**	**10,258,000**
Attributable to:				
Roxgold shareholders	8,441,000	5,183,000	20,898,000	7,894,000
Non-controlling interest	1,106,000	950,000	2,846,000	2,364,000
	9,547,000	**6,133,000**	**23,744,000**	**10,258,000**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Roxgold Inc.
Condensed Interim Consolidated Statements of Equity
(Unaudited)
(Expressed in U.S. Dollars)

For the six-month periods ended June 30,	2018	2017
Share capital		
Balance – Beginning of year	207,393,000	206,026,000
Shares issued for exercise of options	889,000	247,000
NCIB share buyback	(350,000)	-
Balance – End of Period	**207,932,000**	**206,273,000**
Warrants		
Balance – Beginning of period	4,676,000	4,676,000
Balance – End of Period	**4,676,000**	**4,676,000**
Options		
Balance – Beginning of period	13,357,000	13,024,000
Shares issued for exercise of options	(315,000)	(77,000)
Share-based payments	25,000	468,000
Balance – End of Period	**13,067,000**	**13,415,000**
Restricted and deferred share units		
Balance – Beginning of period	4,273,000	4,306,000
Restricted and deferred share units expense for the period	1,302,000	625,000
Balance – End of Period	**5,575,000**	**4,931,000**
Accumulated other comprehensive income		
Balance – Beginning of period	13,140,000	12,606,000
Other comprehensive income	(1,017,000)	709,000
Balance – End of Period	**12,123,000**	**13,315,000**
Deficit		
Balance – Beginning of period	(111,509,000)	(129,326,000)
IFRS 9 opening statement of financial position impact	211,000	-
NCIB share buyback	(207,000)	-
Income attributable to Roxgold shareholders	21,915,000	7,185,000
Balance – End of Period	**(89,590,000)**	**(122,141,000)**
Total equity attributable to Roxgold shareholders	**153,783,000**	**120,469,000**
Non-controlling interests		
Balance – Beginning of period	5,840,000	1,440,000
Income attributable to non-controlling interests	2,846,000	2,364,000
Balance – End of Period	**8,686,000**	**3,804,000**
TOTAL EQUITY	**162,469,000**	**124,273,000**

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Refer to Note 2 for information on adoption of IFRS 9 - *Financial Instruments* and opening statement of financial position adjustment.

Refer to Note 10 for further information on changes to equity.

Roxgold Inc.
Condensed Interim Consolidated Statements of Cash Flow
(Unaudited)
(Expressed in U.S. Dollars)

For the six-month periods ended June 30,	Notes	2018	2017
Operating activities			
Net Income for the period		**24,761,000**	**9,549,000**
Adjustments for operating activities:			
Depreciation	6	18,207,000	14,885,000
Share-based payments	10	1,254,000	1,065,000
Change in fair value of derivative financial instruments	8	(1,967,000)	5,267,000
ARO accretion	9	153,000	111,000
Long-term debt accretion	7	831,000	1,092,000
Deferred income tax expense		7,129,000	2,697,000
Settlement of hedge contracts		(1,742,000)	(1,160,000)
Deferred Revenue		-	1,463,000
Unrealized foreign exchange (gain) loss		(1,188,000)	(605,000)
		47,438,000	**34,364,000**
Changes in non-cash working capital		(14,674,000)	(10,157,000)
		32,764,000	**24,207,000**
Financing activities			
Repayment of long-term debt	7	(4,200,000)	(21,150,000)
Payments of finance lease obligations	14	(1,339,000)	(936,000)
Proceeds from stock option exercise	10	575,000	170,000
Financing fees	7	-	(1,624,000)
		(4,964,000)	**(23,540,000)**
Investing activities			
Additions to property, plant and equipment	6	(24,471,000)	(20,661,000)
Restricted cash	9	-	(511,000)
		(24,471,000)	**(21,172,000)**
Net change in cash		**3,329,000**	**(20,505,000)**
Effect of foreign exchange rates on cash		85,000	1,430,000
Cash and cash equivalents, beginning of period		**63,033,000**	**68,902,000**
Cash and cash equivalents, end of period		**66,447,000**	**49,827,000**
Interest paid		1,333,000	2,454,000

Refer to note 12 for supplemental cash flow information

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

1. Nature of operations

Roxgold Inc. (the "Company") is a Canadian-based gold mining company with its key asset, the Yaramoko Gold Mine, located in the Houndé greenstone belt of Burkina Faso, West Africa. The Company declared commercial production as of October 1, 2016. The Company is a reporting issuer in all provinces and territories of Canada other than Quebec and its common shares were listed for trading on the TSX Venture Exchange under the symbol "ROG" until March 29, 2017 and started trading on the Toronto Stock Exchange ("TSX") under the symbol "ROXG" on March 30, 2017. The Company also trades in the US OTC markets under the symbol ROGFF, with its corporate head office located at Suite 500, 360 Bay Street, Toronto, Ontario, M5H 2V6.

Although the Company has taken steps to verify titles to its properties, property title may be subject to, among other things, unregistered prior agreements and non-compliance with regulatory requirements.

2. Summary of significant accounting policies

A. Basis of measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments to fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

B. Statement of compliance

The Company's condensed interim consolidated financial statements ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of the interim statements, including IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB").

The accounting policies followed in these financial statements are consistent with those applied in the Company`s annual consolidated financial statements for the year ended December 31, 2017, with the exception of the new standards adopted during the year which are described below. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year for the Statements of Cash Flow. These financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2017, with the exception of the adopted accounting policies described below, which have been prepared according to IFRS as issued by IASB. The Board of Directors authorized for publication the condensed interim consolidated financial statements on August 14, 2018.

C. Segment reporting

The Company currently has two reportable segments: mining operations and the exploration and evaluation of mineral properties, located in Burkina Faso. Corporate includes the activities from the head office located in Toronto and the subsidiaries in British Virgin Islands and Cayman Islands. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the management team that makes strategic decisions.

D. New accounting standards issued and adopted by the Company

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 2 Share based payment;
- IFRS 9 Financial Instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

i) *IFRS 2 - Share based payment*

In June 2016, the IASB issued an amendment to IFRS 2 to clarify the measurement for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The Company has adopted IFRS 2 for the annual period beginning January 1, 2018. There has been no impact on the Company's condensed interim financial statements.

(Expressed in U.S. Dollars)

2. Summary of significant accounting policies (continued)

ii) *IFRS 9 - Financial Instruments*

The Company adopted IFRS 9, *Financial instruments* retrospectively, with an initial application date of January 1, 2018. As permitted by the transition provisions of IFRS 9, the Company elected not to restate comparative period results. Accordingly, all comparatives period information is presented in accordance with our previous accounting policies as set out in our 2017 annual report. Adjustment to the carrying amount of financial assets and liabilities at the date of initial application were recognized in opening deficit in the current period. New or amended interim disclosure have been provided for the three-month period ended March 31, 2018 where applicable, and comparative period disclosure are consistent with those made in the prior year.

The Company has concluded that there was an adjustment required to its opening accumulated deficit related to the modification made to the Company's amended credit facility in 2017 and as a result of the adoption the adjustment to opening statement of financial position on January 1, 2018 was $211,000.

The accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable and unconditional right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The Company's financial instruments are classified as follow under IFRS as compared to the Company's previous policy in accordance with IAS 39:

Financial assets:	**Classification under IAS 39**	**Classification under IFRS 9**
Cash	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Financial liabilities:		
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost
Derivative:		
Derivative financial instrument	Fair value through profit or loss ("FVTPL")	Fair value through profit or loss ("FVTPL")

As a result of the adoption of IFRS 9, the accounting policy for the financial instruments applied starting from January 1, 2018 as follows:

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

<u>Financial assets</u>
Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

a) Fair Value through profit or loss ("FVTPL") – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in the consolidated statement of income (loss).

b) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) The objective of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.

The Company's cash and cash equivalents and other receivables are recorded at amortized cost.

2. Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified and measured at amortized cost unless they are designated as financial liabilities are fair value through profit or loss. The Company's trade payables, interest payable and credit facilities are classified and measured at amortized cost.

Derivative financial instruments are financial assets or financial liabilities classified as fair value through profit or loss ("FVTPL) unless designated in a qualifying hedging relationship. Financial liabilities at FVTPL are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the statement of income (loss).

Impairment

From January 1 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financing fees

Fees paid to establish credit facilities are recognised as transaction costs when it is likely that some or all of the credit facilities, to which the fees are related, will be drawn down. Transaction costs are deferred until the facility is arranged and draw-down occurs, at which time the deferred financing fees will be offset against the proceeds of the credit facility. If it becomes likely that the credit facility will not be completed, the deferred financing fees will be expensed.

Credit facilities and borrowing costs

Credit facilities are recognized initially at fair value, net of transaction costs incurred. Credit facilities are subsequently carried at amortized cost.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset until such time when the asset is substantially complete and ready for its intended use. All other borrowing costs are expensed as incurred.

iii) *IFRS 15 - Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). This standard outlines a single comprehensive model with prescriptive guidance for entities to use in accounting for revenue arising from contracts with its customers. IFRS 15 uses a control-based approach to recognize revenue which is a change from the risk and reward approach under the current standard. This standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company has adopted IFRS 15 effective January 1, 2018 retrospectively with restatement of prior period. The standard requires entities to apportion revenue earned from contracts to individual promises or performance obligations, on a relative standalone selling price basis. For the Company's gold sales, the Company contracts and pays the shipping and refining costs. Therefore, where material, a portion of the revenue earned under these contracts, representing the obligation to fulfill the shipping and refining services, is deferred and recognized over time as the obligations are fulfilled, along with the associated costs.

The Company has assessed the impact of this change on the amount of revenue recognized in a year and determined it to be not significant. As a result, there have been no changes in the amounts of the revenue recognized or a significant change in the timing of revenue recognition under the new standard.

As a result of the IFRS 15 adoption, the accounting policy for metals sales has been updated as follows:

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for mineral sales in the normal course of business. Revenue from the sale of gold is recognized at the point the customer obtains control of the product. Control is transferred when title has passed to the purchaser, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product. Until such time when commercial production was reached, pre-commercial production revenue was accounted for as a reduction of mineral properties under development within property, plant and equipment ("PPE").

(Expressed in U.S. Dollars)

3. Cash

As at June 30, 2018, cash on hand totalling $66,447,000 (December 31, 2017: $63,033,000) consisted of cash in bank chequing accounts. As at June 30, 2018, the Company's cash balance is comprised of $26,141,000 U.S. Dollars, the West African Franc equivalent of €32,153,000 ($39,567,000), $11,000 Australian Dollars ($8,000), and $963,000 Canadian Dollars ($731,000).

The Company has restricted cash of $511,000 relating to the Company's asset retirement obligation.

4. Taxes recoverable and other receivables

As at June 30, 2018, receivables were mainly related to VAT (value added tax) receivable in Burkina Faso. They are non-interest bearing and they are generally settled within six to twelve months.

As at	June 30, 2018	December 31, 2017
Opening balance	20,049,000	4,651,000
Add: increase in taxes recoverable and other receivables	8,214,000	19,732,000
Deduct: Refund from VAT	(4,544,000)	(4,334,000)
Ending balance	**23,719,000**	**20,049,000**

Subsequent to June 30, 2018, the Company received VAT refunds totalling $5.0 million.

5. Inventories

As at	June 30, 2018	December 31, 2017
Stockpiled ore	10,842,000	7,876,000
Gold-in-circuit	1,221,000	3,579,000
Doré bars	846,000	254,000
Consumables inventory	4,360,000	3,919,000
Total	**17,269,000**	**15,628,000**

The amount of depreciation included within inventory at June 30, 2018 is $2,904,000 (December 31, 2017: $2,764,000). The cost of inventory that was charged to expenses represents mostly mine operating expenses and essentially all of the depreciation of property, plant and equipment.

For the six-month period ended June 30, 2018, the Company took net realizable value adjustments on stockpiled ore of $739,000 and the cumulative net realizable value adjustment of $5,209,000 has been recognized.

(Expressed in U.S. Dollars)

6. Property, plant and equipment

	Furniture, mining vehicles, and computer equipment	Processing plant	Underground mine	Acquisition, infrastructure, and other development costs[1]	Mineral properties under development	TOTAL
COST						
As at December 31, 2016	**12,159,000**	**39,409,000**	**37,016,000**	**48,256,000**	**8,116,000**	**144,956,000**
Additions	1,204,000	26,000	25,515,000	4,734,000	1,405,000	32,884,000
Foreign exchange	45,000	-	-	419,000	1,000	465,000
Transfers	-	-	-	9,522,000	(9,522,000)	-
As at December 31, 2017	**13,408,000**	**39,435,000**	**62,531,000**	**62,931,000**	**-**	**178,305,000**
Additions	693,000	-	13,270,000	11,673,000	-	25,636,000
Foreign exchange	(35,000)	-	-	(166,000)	-	(201,000)
As at June 30, 2018	**14,066,000**	**39,435,000**	**75,801,000**	**74,438,000**		**203,740,000**
ACCUMULATED DEPRECIATION						
As at December 31, 2016	**(4,922,000)**	**(1,644,000)**	**(1,614,000)**	**(2,179,000)**	**-**	**(10,359,000)**
Additions	(3,539,000)	(6,742,000)	(12,932,000)	(9,330,000)	-	(32,543,000)
Foreign exchange	(61,000)	-	-	(54,000)	-	(115,000)
As at December 31, 2017	**(8,522,000)**	**(8,386,000)**	**(14,546,000)**	**(11,563,000)**	**-**	**(43,017,000)**
Additions	(1,709,000)	(3,268,000)	(8,881,000)	(4,492,000)	-	(18,350,000)
Foreign exchange	50,000	-	-	42,000	-	92,000
As at June 30, 2018	**(10,181,000)**	**(11,654,000)**	**(23,427,000)**	**(16,013,000)**		**(61,275,000)**
NET BOOK VALUE						
Cost	13,408,000	39,435,000	62,531,000	62,931,000	-	178,305,000
Accumulated depreciation	(8,522,000)	(8,386,000)	(14,546,000)	(11,563,000)	-	(43,017,000)
Net book value as at December 31, 2017	**4,886,000**	**31,049,000**	47**,985,000**	**51,368,000**	**-**	**135,288,000**
Cost	14,066,000	39,435,000	75,801,000	74,438,000	-	203,740,000
Accumulated depreciation	(10,181,000)	(11,654,000)	(23,427,000)	(16,013,000)	-	(61,275,000)
Net book value as at June 30, 2018	**3,885,000**	**27,781,000**	52**,374,000**	**58,425,000**		**142,465,000**

[1] As at June 30, 2018 there was $12.3 million related to the Bagassi South property (December 31, 2017: $1.9 million) of which has been included in other development costs.

(Expressed in U.S. Dollars)

6. Property, plant and equipment (continued)

The net book value of the assets held in Canada and in Burkina Faso totalled $130,000 and $142,335,000, respectively, as at June 30, 2018 (December 31, 2017: $97,000 and $135,191,000, respectively). Included under mining equipment are assets under finance leases at a net book value of $2,090,000 (December 31, 2017: $3,328,000). These leases are not in the legal form of a finance lease but are considered finance leases based on its terms and conditions (note 14). For the six-month period ended June 30, 2018, depreciation for assets under finance leases totalling $1,238,000 (June 30, 2017: $1,443,000) was expensed in the statement of income (loss), with no depreciation has been capitalized to mineral properties under development.

7. Long-term debt

As at	June 30, 2018	December 31, 2017
Opening balance	43,222,000	71,068,000
Adoption of IFRS 9 opening statement of financial position adjustment	(211,000)	-
Deduct: transaction costs	-	(1,624,000)
Deduct: debt repayment	(4,200,000)	(28,200,000)
Add: accretion	831,000	1,978,000
Ending balance	**39,642,000**	**43,222,000**
Less: current portion	(10,190,000)	(7,758,000)
Non-current portion	**29,452,000**	**35,464,000**

The Amended Facility includes covenants customary for a transaction of this nature, as of June 30, 2018 the Company has maintained all covenants. In the six-month period ended June 30, 2018, the Company has made principle repayments of the Amended Facility of $4,200,000.

The transaction costs related to the three-month period ended March 31, 2017 that were recorded against the carrying value of the Amended facility were adjusted upon adoption of IFRS 9 from $1,624,000 to $521,000; the net present value impact upon adoption of IFRS 9 resulted in a $211,000 adjustment in the opening deficit. The carrying value of the Amended Facility will be amortized to the Company's statement of income using the effective interest method.

For the six-month period ended June 30, 2018, interest and accretion totalling $2,164,000 (June 30, 2017 -$3,169,000) were expensed in the Company's interim consolidated statement of income.

As at June 30, 2018, the Company is committed to minimum future principal and interest payments for the Amended Facility, as follows:

	Long-term debt
Remaining of the year ending December 31, 2018	$4,983,000
Year ending December 31, 2019	$14,006,000
Year ending December 31, 2020	$17,112,000
Year ending December 31, 2021	$9,432,000

(Expressed in U.S. Dollars)

8. Derivative financial instruments

The execution of a hedging program was completed in July 2015 as a condition precedent to the drawdown of the Credit Facility (note 7). The hedging program comprised of the forward sale of 65,000 ounces of gold, at an average price of US$1,052 per ounce, which is to be settled on a monthly basis from January 2017 to March 2021.

For the six-month period ended June 30, 2018, the Company recognized a change in the fair value of derivative financial instruments of $1,967,000 (June 30, 2017 - $5,267,000) in its condensed interim consolidated statement of income (loss). During the six-month period ended June 30, 2018, the Company settled 7,644 ounces and as at June 30, 2018, 42,068 ounces are outstanding.

The fair value of instruments not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on the Company's specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2. As at June 30, 2018, the derivative financial instruments have been classified as Level 2 financial instruments according to the Company's fair value hierarchy. The fair value of these instruments is determined using discounted future cash flows based on the forward gold curve.

There were no transfers between Level 1, Level 2 and Level 3 as at June 30, 2018.

For the periods ended,	**June 30, 2018**	**December 31, 2017**
Opening balance	13,487,000	7,853,000
Change in fair value of derivatives	(1,967,000)	8,777,000
Settlement of derivative financial instruments	(2,033,000)	(3,143,000)
Ending balance	**9,487,000**	**13,487,000**
Less: Current portion	(3,173,000)	(3,960,000)
Non-current portion	**6,314,000**	**9,527,000**

9. Asset retirement obligations

The Company recognizes a provision related to its constructive and legal obligations in Burkina Faso to restore its Yaramoko property. As at June 30, 2018, the Company increased its provision to include the reclamation work related to the Bagassi South extension in the amount $336,000 and recorded a provision for mine rehabilitation of $2,868,000 (December 31, 2017 - $2,379,000). A related accretion expense of $153,000 for the six-month period ended June 30, 2018 (June 30, 2017 - $111,000) was recorded in the Company's condensed interim consolidated statement of income (loss).

As at	**June 30, 2018**	**December 31, 2017**
Opening balance	2,379,000	2,362,000
Add: accretion	153,000	17,000
Add: additions	336,000	
Ending balance	**2,868,000**	**2,379,000**

(Expressed in U.S. Dollars)

10. Share capital and reserves

For the six-month periods ended June 30,	2018	2017
Shares		
Balance – Beginning of period	372,644,096	317,078,762
Shares issued for exercise of options	1,099,999	358,667
Shares repurchased and cancelled	(663,300)	-
Balance – End of period	**373,080,795**	**371,437,429**

A. Authorized

The authorized share capital of the Company is comprised of an unlimited number of voting common shares.

B. Share issuances

During the six-month period ended June 30, 2018, the Company issued 1,099,999 shares pursuant to the exercise of stock options with a weighted average exercise price of $0.53 (C$0.68) per share, for total net proceeds of $575,000 (C$744,000). At the time the options were exercised the weighted average share price was $0.93 (C$1.19).

During the six-month period ended June 30, 2017, the Company issued 358,667 shares pursuant to the exercise of stock options with a weighted average exercise price of $0.47 (C$0.64) per share, for total net proceeds of $170,000 (C$226,000). At the time the options were exercised the weighted average share price was $1.54 (C$2.0).

C. Share cancellations

On April 30, 2018, the Company announced that a notice of intention to make a Normal Course Issuer Bid ("NCIB") was filed and accepted by the TSX. The NCIB commenced on May 2, 2018 and will terminate on the earlier of i) May 1, 2019; and ii) the date in which the maximum number of Common Shares that can be acquired pursuant to the NCIB are purchased. The Company may purchase up to 10 million common shares under NCIB.

In the three-month ended June 30, 2018 period the Company has repurchased and cancelled 663,300 shares at an average price of C$1.09/share, the proceeds in the amount of $551,000 is outstanding and included in accounts payable as at June 30, 2018 and settled in early July 2018.

D. Share-based payments

A summary of the share-based payment expenses is detailed as follows:

For the periods ended June 30,	Three-month 2018	Three-month 2017	Six-month 2018	Six-month 2017
Stock options costs	(75,000)	241,000	25,000	468,000
Deferred units costs	741,000	(49,000)	667,000	(29,000)
Performance share units costs	32,000	51,000	82,000	106,000
Restricted share units costs	317,000	271,000	480,000	520,000
Total share-based payments expensed	**1,015,000**	**514,000**	**1,254,000**	**1,065,000**

E. Stock options

A summary of the Company's stock option activities for the three-month period ended June 30, 2018 is presented below:

	Number of stock options	Weighted average exercise price $ (CAD)
Balance as at December 31, 2017	**10,752,498**	**0.87**
Exercised	(1,099,999)	0.68
Forfeited	(405,555)	1.52
Balance as at June 30, 2018	**9,246,944**	**0.86**

(Expressed in U.S. Dollars)

10. Share capital and reserves (continued)

During the six-month period ended June 30, 2018, the Company did not grant any options to employees. During the six-month period ended June 30, 2017, 2,062,499 options with a fair value of $1,088,000 (C$1,441,000). One-third of the options granted vest over each of the next 12, 24, and 36-month periods, respectively. The exercise price of the options was equal to the market price on the grant date.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the six-month period ended June 30, 2017.

For the six-month period ended	June 30, 2017
Dividend rate	0%
Expected annualized volatility	54%
Risk free interest rate	1.05%
Expected life of stock options (years)	5
Weighted average fair value of options granted	$0.70 (C$0.93)

Expected annualized volatility was based on the Company's historical volatility. As at June 30, 2018, the Company had the following stock options outstanding:

Expiry date	Number of stock options outstanding	Number of stock options vested	Exercise price $CAD	Weighted average number of years to expiry
September 19, 2018	250,000	250,000	0.61	0.22
January 3, 2019	100,000	100,000	0.49	0.51
January 23, 2019	680,000	680,000	0.55	0.56
December 8, 2019	150,000	150,000	0.61	1.44
January 19, 2020	250,000	250,000	0.65	1.55
February 2, 2020	2,233,333	2,233,333	0.70	1.59
April 2, 2020	100,000	100,000	0.59	1.76
August 13, 2020	200,000	200,000	0.72	2.12
January 4, 2021	3,085,000	3,085,000	0.69	2.51
May 18, 2021	225,000	225,000	1.20	2.88
June 9, 2021	100,000	100,000	1.41	2.94
August 22, 2021	200,000	200,000	1.60	3.14
January 19, 2022	1,673,611	604,167	1.50	3.55
	9,246,944	**8,177,500**	**0.86**	**2.22**

F. Deferred share units (DSU)

The following table reflects the continuity of deferred share units ("DSU") for the six-month ended June 30, 2018:

	Number of instruments
Balance as at December 31, 2017	**4,075,092**
Granted	801,723
Balance as at June 30, 2018	**4,876,815**

As at June 30, 2018, all DSUs were vested and 4,554,233 units had a dilutive impact as the remaining DSUs totalling 322,582 units are to be settled in cash and included as a liability on the Company's condense interim consolidated statement of financial position.

(Expressed in U.S. Dollars)

10. Share capital and reserves (continued)

G. Restricted share units (RSU)

During the six-month period ended June 30, 2018, the Company granted 2,044,123 RSUs to employees. One-third of the RSUs granted vest over each of the next 12, 24, and 36-month periods, respectively. The following table reflects the continuity of RSUs for the six-month period ended June 30, 2018:

	Number of instruments
Balance as at December 31, 2017	**1,144,167**
Granted	2,044,123
Forfeited	(195,183)
Balance as at June 30, 2018	**2,993,107**

Expiry date	Number of instruments	Number of instruments vested	Weighted average number of years to expiry
December 31, 2018	472,500	472,500	0.5
December 31, 2020	598,333	157,778	2.42
December 1, 2021	1,922,274	-	3.42
Balance as at June 30, 2018	**2,993,107**	**630,278**	**2.76**

H. Performance share units (PSU)

During the six-month period ended June 30, 2018, the Company granted 1,102,941 PSUs to senior management. The Board of Directors determine the performance vesting criteria. The PSU provide the right to receive an award payout multiplied by a payout factor on the performance condition measurement date set as January 19, 2020.

The following table reflects the continuity of performance share units for the six-month period ended June 30, 2018:

	Number of instruments
Balance as at December 31, 2017	**825,000**
Granted	1,102,941
Forfeited	(341,667)
Balance as at June 30, 2018	**1,586,274**

11. Mine operating expenses

For the periods ended June 30,	Three-month 2018	Three-month 2017	Six-month 2018	Six-month 2017
Mining contractor	9,836,000	8,057,000	19,471,000	16,549,000
Salaries and benefits	2,269,000	1,904,000	4,711,000	3,832,000
Operating supplies and parts	2,260,000	1,726,000	4,564,000	3,498,000
Energy	1,464,000	1,251,000	2,691,000	2,638,000
Inventory adjustment	(840,000)	729,000	(1,060,000)	1,314,000
	14,989,000	**13,667,000**	**30,377,000**	**27,831,000**

(Expressed in U.S. Dollars)

12. Supplementary cash flow information

For the six-month periods ended June 30,	2018	2017
PP&E included in accounts payable and accrued liabilities	3,749,000	-
Depreciation included in inventory	2,904,000	-

Changes in non-cash working capital for the six-month periods ended June 30,	2018	2017
Taxes recoverable and other receivables	(3,670,000)	(9,008,000)
Prepaid expenses and deposits	178,000	(1,222,000)
Inventories	(1,500,000)	391,000
Accounts payable and accrued liabilities	(9,682,000)	(318,000)
	(14,674,000)	**(10,157,000)**

13. Commitments

The Company's financial commitments consist of lease agreements covering its offices and other properties in Canada and Burkina Faso. Financial commitments also include contracts with service providers and consultants.

For the years ending June 30,	2018	2019	2020
Lease agreements	109,000	202,000	131,000
Service agreements	279,000	252,000	3,000
Technical service agreements	2,487,000	-	-
	2,875,000	**454,000**	**134,000**

The Company entered into a mining contract with a service provider wherein the Company could be subject to an early termination payment, which is reduced monthly over 48 months and, in certain conditions, could be subject to other payments that will be negotiated between the Company and the service provider. If the Company had terminated the agreement at June 30, 2018, it would have been subject to an early termination payment of $1,492,000.

The government of Burkina Faso retains a 10% carried interest in Roxgold SANU S.A. In Burkina Faso, all shipments with gold spot prices lower or equal to $1,000 per ounce are subject to a royalty rate of 3%, 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 six-month period ended June 30,2018, the Company was subjected to royalty rates of 5%. For the six-month period ended June 30, 2018, government royalties amounting to $4,720,000 (June 30, 2017 - $3,106,000) were incurred with the Government of Burkina Faso.

(Expressed in U.S. Dollars)

14. Finance leases

As at	June 30, 2018	December 31, 2017
Opening balance	4,017,000	5,516,000
Add: new debt obligations under finance leases	-	651,000
Deduct: repayments	(1,339,000)	(2,150,000)
Total obligations under finance lease	**2,678,000**	**4,017,000**
Less: current portion	(2,678,000)	(2,777,000)
Non-current obligations	**-**	**1,240,000**

Future minimum lease payments pursuant to the Company's finance leases are as follows:

	Up to 1 year	1-3 years	Total
Minimum lease payments	2,678,000	-	2,678,000
Finance charges	350,000	-	350,000
Total	**3,028,000**	**-**	**3,028,000**

15. Segmented Reporting

The Company is conducting exploration and evaluation and mining operations activities in Burkina Faso. The business segments presented reflect the management structure of the Company and the way in which the Company's chief operating decision maker reviews business performance. The Company evaluates the performance of its operating segments primarily based on segment operating income, as defined below.

For the three-month period ended June 30, 2018	Mining Operations, Burkina Faso	Exploration and evaluation, Burkina Faso	Corporate	Total
Revenue	45,787,000	-	-	45,787,000
Total mine operating expenses	(25,191,000)	-	-	(25,191,000)
Mine operating profit	**20,596,000**	**-**	**-**	**20,596,000**
General administrative expenses	-	-	(1,243,000)	(1,243,000)
Sustainability and other in-country costs	(375,000)	-	-	(375,000)
Exploration and evaluation	-	(3,696,000)	-	(3,696,000)
Depreciation	-	(74,000)	(139,000)	(213,000)
Share-based payments	-	-	(1,015,000)	(1,015,000)
Net income (loss) from operations	**20,221,000**	**(3,770,000)**	**(2,397,000)**	**14,054,000**
Non-operating expenses	(7,771,000)	-	4,555,000	(3,216,000)
Net Income (loss) for the period	**12,450,000**	**(3,770,000)**	**2,158,000**	**10,838,000**
Segmented total assets	**217,426,000**	**4,226,000**	**30,286,000**	**251,938,000**
Segmented total liabilities	**(74,784,000)**	**(3,122,000)**	**(11,563,000)**	**(89,469,000)**
Segmented capital expenditures	**13,593,000**	**164,000**	**39,000**	**13,796,000**

(Expressed in U.S. Dollars)

15. Segmented Reporting (Continued)

For the six-month period ended June 30, 2018	**Mining Operations, Burkina Faso**	**Exploration and evaluation, Burkina Faso**	**Corporate**	**Total**
Revenue	99,013,000	-	-	99,013,000
Total mine operating expenses	(52,873,000)	-	-	(52,873,000)
Mine operating profit	**46,140,000**	**-**	**-**	**46,140,000**
General administrative expenses	-	-	(2,593,000)	(2,593,000)
Sustainability and other in-country costs	(763,000)	-	-	(763,000)
Exploration and evaluation	-	(7,361,000)	-	(7,361,000)
Depreciation	-	(148,000)	(283,000)	(431,000)
Share-based payments	-	-	(1,254,000)	(1,254,000)
Net income (loss) from operations	**45,377,000**	**(7,509,000)**	**(4,130,000)**	**33,738,000**
Non-operating expenses	(13,946,000)	-	4,969,000	(8,977,000)
Net Income (loss) for the period	**31,431,000**	**(7,509,000)**	**839,000**	**24,761,000**
Segmented total assets	**217,426,000**	**4,226,000**	**30,286,000**	**251,938,000**
Segmented total liabilities	**(74,784,000)**	**(3,122,000)**	**(11,563,000)**	**(89,469,000)**
Segmented capital expenditures	**25,284,000**	**288,000**	**64,000**	**25,636,000**

The Company's revenue is derived from one major customer. The Company is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

For the three-month period ended June 30, 2017	**Mining Operations, Burkina Faso**	**Exploration and evaluation, Burkina Faso**	**Corporate**	**Total**
Revenue	34,703,000	-	-	34,703,000
Total mine operating expenses	(22,126,000)	-	-	(22,126,000)
Mine operating profit	**12,577,000**	**-**	**-**	**12,577,000**
General administrative expenses	-	-	(934,000)	(934,000)
Sustainability and other in-country costs	(330,000)	-	-	(330,000)
Exploration and evaluation	-	(3,514,000)	-	(3,514,000)
Depreciation	-	(100,000)	(148,000)	(248,000)
Share-based payments	-	-	(514,000)	(514,000)
Net income (loss) from operations	**12,247,000**	**(3,614,000)**	**(1,596,000)**	**7,037,000**
Non-operating expenses	(1,419,000)	-	99,000	(1,320,000)
Net Income (loss) for the period	**10,828,000**	**(3,614,000)**	**(1,497,000)**	**5,717,000**
Segmented total assets	**176,838,000**	**1,445,000**	**34,158,000**	**212,441,000**
Segmented total liabilities	**(72,644,000)**	**(2,077,000)**	**(13,447,000)**	**(88,168,000)**
Segmented capital expenditures	**8,632,000**	**-**	**22,000**	**8,654,000**

(Expressed in U.S. Dollars)

15. Segmented Reporting (Continued)

For the six-month period ended June 30, 2017	Mining Operations, Burkina Faso	Exploration and evaluation, Burkina Faso	Corporate	Total
Revenue	77,680,000	-	-	77,680,000
Total mine operating expenses	(45,304,000)	-	-	(45,304,000)
Mine operating profit	**32,376,000**	**-**	**-**	**32,376,000**
General administrative expenses	-	-	(2,134,000)	(2,134,000)
Sustainability and other in-country costs	(773,000)	-	-	(773,000)
Exploration and evaluation	-	(6,861,000)	-	(6,861,000)
Depreciation	-	(211,000)	(307,000)	(518,000)
Share-based payments	-	-	(1,065,000)	(1,065,000)
Net income (loss) from operations	**31,603,000**	**(7,072,000)**	**(3,506,000)**	**21,025,000**
Non-operating expenses	(5,487,000)	-	(5,989,000)	(11,476,000)
Income (loss) for the period	**26,116,000**	**(7,072,000)**	**(9,495,000)**	**9,549,000**
Segmented total assets	**176,838,000**	**1,445,000**	**34,158,000**	**212,441,000**
Segmented total liabilities	**(72,644,000)**	**(2,077,000)**	**(13,447,000)**	**(88,168,000)**
Segmented capital expenditures	**18,773,000**	**3,000**	**30,000**	**18,806,000**

The Company's revenue is derived from one major customer. The Company is not economically dependent on a limited number of customers for the sale of gold because gold can be sold through numerous commodity market traders worldwide.

16. Non-controlling interest

For the six-months ended June 30, 2018, the non-controlling interest ("NCI") of the Government of Burkina Faso, which represents 10% in Roxgold SANU S.A. totalled $2,846,000 (year ended December 31, 2017: $4,400,000). The income generated by Roxgold SANU SA, in accordance with IFRS for the six-month ended June 30, 2018, totalled $28,632,000. This excludes all items within Other expenses and Financial income (expenses) on the Company's consolidated statement of income (loss), with the exception of sustainability and other in-country costs, interest expense, financing fees, and any related foreign exchange loss.