



**Condensed Interim Consolidated Financial Statements**

**For the three and nine-months ended September 30, 2017 and 2016**

(Expressed in U.S. Dollars)

(Unaudited)

**Roxgold Inc.**

## Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(Expressed in U.S. Dollars)

As at	Notes	September 30, 2017	December 31, 2016
<b>Assets</b>			
<b>Current assets</b>			
Cash	3	56,288,000	68,902,000
Taxes recoverable and other receivables	4	16,786,000	4,651,000
Prepaid expenses and deposits		2,020,000	1,047,000
Inventories	5	8,099,000	8,011,000
		83,193,000	82,611,000
<b>Non-current assets</b>			
Property, plant and equipment	6	141,298,000	134,597,000
Deferred income tax asset		-	462,000
Restricted cash	9	511,000	-
<b>Total assets</b>		<b>225,002,000</b>	<b>217,670,000</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		22,526,000	17,817,000
Deferred revenue		1,091,000	-
Current portion of finance leases	13	2,686,000	2,231,000
Current portion of long-term debt	7	8,419,000	17,766,000
Current portion of derivative financial instruments	8	3,556,000	1,563,000
		38,278,000	39,377,000
<b>Non-current liabilities</b>			
Long-term debt	7	37,676,000	53,302,000
Derivative financial instruments	8	9,483,000	6,290,000
Asset retirement obligations	9	2,529,000	2,362,000
Finance leases	13	1,952,000	3,285,000
Deferred share units liability	10	325,000	302,000
Deferred income tax liability		1,574,000	-
<b>Total liabilities</b>		<b>91,817,000</b>	<b>104,918,000</b>
<b>Equity</b>			
Share capital	10	206,413,000	206,026,000
Reserves	10	24,134,000	22,006,000
Accumulated other comprehensive income		14,039,000	12,606,000
Deficit		(116,547,000)	(129,326,000)
<b>Equity attributable to Roxgold Shareholders</b>		<b>128,039,000</b>	<b>111,312,000</b>
<b>Non-controlling interest</b>	15	<b>5,146,000</b>	<b>1,440,000</b>
<b>Total equity</b>		<b>133,185,000</b>	<b>112,752,000</b>
<b>Total liabilities and equity</b>		<b>225,002,000</b>	<b>217,670,000</b>
Subsequent events	16		

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

Approved on November 14, 2017 on behalf of the directors

/s/ John Dorward  
Director

/s/ John Knowles  
Director

**Roxgold Inc.**

## Condensed Interim Consolidated Statements of Income (loss)

(Unaudited)

(Expressed in U.S. Dollars)

<b>For three and nine-month periods ended September 30,</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Mine operations</b>					
Revenues – gold sales		36,279,000	-	113,959,000	-
Mine operating expenses	11	(12,649,000)	-	(40,480,000)	-
Royalties		(1,514,000)	-	(4,620,000)	-
Depreciation	6	(6,670,000)	-	(21,037,000)	-
<b>Mine operating profit</b>		<b>15,446,000</b>	<b>-</b>	<b>47,822,000</b>	<b>-</b>
<b>Other expenses</b>					
General and administrative		(1,112,000)	(851,000)	(3,246,000)	(2,510,000)
Sustainability and other in-country costs		(352,000)	-	(1,125,000)	-
Exploration and evaluation		(3,004,000)	(1,083,000)	(9,865,000)	(3,501,000)
Share-based payments	10	(1,185,000)	(1,094,000)	(2,250,000)	(1,966,000)
Depreciation	6	(239,000)	(148,000)	(757,000)	(427,000)
<b>Operating profit (loss)</b>		<b>9,554,000</b>	<b>(3,176,000)</b>	<b>30,579,000</b>	<b>(8,404,000)</b>
<b>Financial income (expenses)</b>					
Interest income (expense)	7	(1,124,000)	15,000	(4,280,000)	24,000
Change in fair value of derivative financial instruments	8	(2,210,000)	272,000	(7,477,000)	(14,474,000)
Foreign exchange gain (loss)		538,000	493,000	1,143,000	(1,652,000)
Other expenses		(483,000)	(66,000)	(1,444,000)	(267,000)
<b>Income (loss) before income taxes</b>		<b>6,275,000</b>	<b>(2,462,000)</b>	<b>18,521,000</b>	<b>(24,773,000)</b>
<b>Income tax expense</b>					
Deferred income tax recovery (expense)		661,000	-	(2,036,000)	-
<b>Net income (loss) for the period</b>		<b>6,936,000</b>	<b>(2,462,000)</b>	<b>16,485,000</b>	<b>(24,773,000)</b>
<b>Attributable to:</b>					
Roxgold shareholders		5,594,000	(2,462,000)	12,779,000	(24,773,000)
Non-controlling interest		1,342,000	-	3,706,000	-
<b>Income (loss) per share</b>					
<b>Basic</b>		0.02	(0.01)	0.04	(0.07)
<b>Diluted</b>		0.02	(0.01)	0.04	(0.07)
<b>Weighted Average Number of Common Shares Outstanding</b>					
		371,539,603	367,897,094	371,430,157	337,946,538

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

**Roxgold Inc.**

## Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(Expressed in U.S. Dollars)

For periods ended September 30,	Three-months 2017	Three-months 2016	Nine-months 2017	Nine-months 2016
<b>Net income (loss)</b>	<b>6,936,000</b>	<b>(2,462,000)</b>	<b>16,485,000</b>	<b>(24,773,000)</b>
<b>Other item that may be reclassified subsequently to the consolidated statements of income (loss)</b>				
Other comprehensive income (loss)				
Currency translation adjustment	724,000	(550,000)	1,433,000	2,490,000
<b>Comprehensive income (loss)</b>	<b>7,660,000</b>	<b>(3,012,000)</b>	<b>17,918,000</b>	<b>(22,283,000)</b>
<b>Attributable to:</b>				
Roxgold shareholders	6,318,000	(3,012,000)	14,212,000	(22,283,000)
Non-controlling interest	1,342,000	-	3,706,000	-
	<b>7,660,000</b>	<b>(3,012,000)</b>	<b>17,918,000</b>	<b>(22,283,000)</b>

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)

<b>For the nine-month periods ended September 30,</b>	<b>2017</b>	<b>2016</b>
<b>Share capital</b>		
Balance – Beginning of year	206,026,000	175,344,000
Shares issued for bought deal or private placement	-	16,759,000
Share issuance costs	-	(1,092,000)
Shares issued for exercise of warrants	-	10,429,000
Shares issued for redemption of deferred share	-	521,000
Shares issued for exercise of options	387,000	2,132,000
<b>Balance – End of Period</b>	<b>206,413,000</b>	<b>204,093,000</b>
<b>Warrants</b>		
Balance – Beginning of period	4,676,000	6,211,000
Shares issued for exercise of warrants	-	(1,535,000)
<b>Balance – End of Period</b>	<b>4,676,000</b>	<b>4,676,000</b>
<b>Options</b>		
Balance – Beginning of period	13,024,000	13,276,000
Shares issued for exercise of options	(122,000)	(703,000)
Share-based payments	663,000	1,053,000
<b>Balance – End of Period</b>	<b>13,565,000</b>	<b>13,626,000</b>
<b>Restricted and deferred share units</b>		
Balance – Beginning of period	4,306,000	3,637,000
Share issued for redemption of deferred share units	-	(521,000)
Restricted and deferred share units	1,587,000	1,397,000
<b>Balance – End of Period</b>	<b>5,893,000</b>	<b>4,513,000</b>
<b>Accumulated other comprehensive income (loss)</b>		
Balance – Beginning of period	12,606,000	10,881,000
Other comprehensive income	1,433,000	2,490,000
<b>Balance – End of Period</b>	<b>14,039,000</b>	<b>13,371,000</b>
<b>Deficit</b>		
Balance – Beginning of period	(129,326,000)	(126,815,000)
Income (loss) attributable to Roxgold shareholders	12,779,000	(24,773,000)
<b>Balance – End of Period</b>	<b>(116,547,000)</b>	<b>(151,588,000)</b>
<b>Total equity attributable to Roxgold shareholders</b>	<b>128,039,000</b>	<b>88,691,000</b>
<b>Non-controlling interests</b>		
Balance – Beginning of period	1,440,000	-
Income attributable to non-controlling interests	3,706,000	-
<b>Balance – End of Period</b>	<b>5,146,000</b>	<b>-</b>
<b>TOTAL EQUITY</b>	<b>133,185,000</b>	<b>88,691,000</b>

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

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)

<b>For the nine-month periods ended September 30,</b>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>			
<b>Income (loss) for the period</b>		<b>16,485,000</b>	<b>(24,773,000)</b>
Items not affecting cash:			
Depreciation	6	21,794,000	427,000
Share-based payments	10	2,250,000	1,966,000
Change in fair value of derivative financial instruments	8	7,477,000	14,474,000
ARO accretion	9	167,000	-
Long-term debt accretion	7	1,551,000	-
Deferred income tax		2,036,000	-
Deferred revenue		1,091,000	-
Settlement of hedging contracts	8	(1,954,000)	-
Unrealized foreign exchange (gain) loss		(1,143,000)	1,652,000
		49,754,000	(6,254,000)
Changes in non-cash working capital		(13,856,000)	(7,397,000)
		<b>35,898,000</b>	<b>(13,651,000)</b>
<b>Financing activities</b>			
Proceeds from issuance of common shares	10	-	16,759,000
Proceeds from warrant exercise		-	8,894,000
Share issuance costs	10	-	(1,092,000)
Proceeds from stock option exercise	10	266,000	1,429,000
(Repayment) proceeds from long-term debt	7	(24,900,000)	23,160,000
Financing fees	7	(1,624,000)	(175,000)
Payments of finance lease obligations	13	(1,529,000)	(1,443,000)
		<b>(27,787,000)</b>	<b>47,532,000</b>
<b>Investing activities</b>			
Acquisition of exploration and evaluation assets	6	-	(66,000)
Additions to property, plant and equipment	6	(22,814,000)	(73,040,000)
Restricted cash	9	(511,000)	-
Proceeds from pre-commercial production revenue		-	56,625,000
		<b>(23,325,000)</b>	<b>(16,481,000)</b>
<b>Net change in cash</b>		<b>(15,214,000)</b>	<b>17,400,000</b>
Effect of foreign exchange rates on cash		2,600,000	867,000
<b>Cash and cash equivalents, beginning of period</b>		<b>68,902,000</b>	<b>42,285,000</b>
<b>Cash and cash equivalents, end of period</b>		<b>56,288,000</b>	<b>60,552,000</b>
Interest paid		3,482,000	-

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 under the symbol "ROXG" on March 30, 2017. The Company trades as part of the Nasdaq International Designation program with the symbol OTC: ROGFF, with its corporate head office located at Suite 500, 360 Bay Street, Toronto, Ontario, M5H 2V6.

## 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, 2016. These financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2016, 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 November 14, 2017.

### 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 the 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, and has been identified as the management team that makes strategic decisions.

### D. New accounting standards issued and in effect

#### *IAS 7, Statement of Cash Flows*

In January 2016, the IASB issued amendments to IAS 7. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They were effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. There has been no impact on the Company's consolidated financial statements.

### E. New accounting standards issued but not yet in effect

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the current accounting period and have not been applied in preparing these interim condensed consolidated financial statements. These include:

#### (i) IFRS 15 Revenue from Contracts with Customers

IFRS 15, Revenue from Contracts with Customers, which will replace IAS 18, Revenue, is effective for fiscal years ending on or after December 31, 2018 and is available for early adoption. The standard contains a single model that applies to contracts with customers. Revenue is recognized as control is passed to the customer, either at a point in time or over time. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

#### (ii) IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income, and fair value through profit or loss. The standard introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

**Roxgold Inc.**

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(Expressed in U.S. Dollars)

**2. Summary of significant accounting policies (continued)**

The standard is effective for accounting periods beginning on or after January 1, 2018. Early application is permitted. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

(iii) IFRS 16, Leases

The IASB has replaced IAS 17, Leases in its entirety with IFRS 16, Leases ("IFRS 16"), which will require lessees to recognize nearly all leases on the balance sheet to reflect their right to use an asset for a period of time and the associated liability to pay rentals. IFRS 16 is effective for annual periods commencing on or after January 1, 2019. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

**F. Critical accounting estimates and judgments**

During 2017, the Company identified certain adjustments associated with its previously reported 2016 deferred income tax balances. These adjustments were recorded in 2017 and resulted in a tax recovery of \$2,400,000 in the nine-month period ended September 30, 2017.

**3. Cash**

As at September 30, 2017, cash on hand totalling \$56,288,000 (December 31, 2016: \$68,902,000) consisted of cash in bank chequing accounts. As at September 30, 2017, the Company's cash balance is comprised of \$24,909,000 U.S. Dollars, the West African Franc equivalent of €26,228,000 (\$30,982,000), \$11,000 Australian Dollars (\$9,000), and \$484,000 Canadian Dollars (\$388,000).

**4. Receivables**

As at September 30, 2017, 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. During the three-month period ended September 30, 2017, the Company received its first VAT reimbursements totalling \$1.3 million.

**5. Inventories**

As at	September 30, 2017	December 31, 2016
Stockpiled ore	3,071,000	4,235,000
Gold-in-circuit (GIC)	627,000	1,558,000
Doré bars	875,000	-
Consumables inventory	3,526,000	2,218,000
<b>Total</b>	<b>8,099,000</b>	<b>8,011,000</b>

The amount of depreciation (cumulative) included within inventory at September 30, 2017 is \$922,000 (December 31, 2016 - \$1,354,000). 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. \$527,000 and \$2,556,000 of net realizable value adjustments were recorded for stockpiled ore in the three and nine-months ended September 30, 2017, respectively (three and nine-months ended September 30, 2016 - \$nil).



**Roxgold Inc.**

Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(Expressed in U.S. Dollars)

<b>6. Property, plant and equipment</b>	<b>Furniture, mining vehicles, and computer equipment</b>	<b>Processing plant</b>	<b>Underground mine</b>	<b>Infrastructure, and other development costs</b>	<b>Exploration and evaluation costs</b>	<b>Mineral properties under development</b>	<b>TOTAL</b>
<b>COST</b>							
<b>As at December 31, 2015</b>	<b>11,466,000</b>	-	-	<b>4,376,000</b>	-	<b>98,115,000</b>	<b>113,957,000</b>
Pre-commercial production revenue	-	-	-	-	-	(56,625,000)	(56,625,000)
Mining operating expenses	-	-	-	-	-	14,728,000	14,728,000
Royalties	-	-	-	-	-	2,730,000	2,730,000
Sustainability and other in-country costs	-	-	-	-	-	460,000	460,000
Underground mine development	-	-	-	-	-	11,097,000	11,097,000
Other additions	682,000	-	6,971,000	263,000	66,000	56,126,000	64,108,000
Foreign exchange	11,000	-	-	-	-	89,000	100,000
Transfers	-	39,409,000	30,045,000	43,551,000	-	(118,604,000)	(5,599,000)
<b>As at December 31, 2016</b>	<b>12,159,000</b>	<b>39,409,000</b>	<b>37,016,000</b>	<b>48,190,000</b>	<b>66,000</b>	<b>8,116,000</b>	<b>144,956,000</b>
Additions	1,145,000	18,000	23,175,000	2,037,000	-	1,405,000	27,780,000
Foreign exchange	48,000	-	-	296,000	-	1,000	345,000
Transfers	-	-	-	9,522,000	-	(9,522,000)	-
<b>As at September 30, 2017</b>	<b>13,352,000</b>	<b>39,427,000</b>	<b>60,191,000</b>	<b>60,045,000</b>	<b>66,000</b>	-	<b>173,081,000</b>
<b>ACCUMULATED DEPRECIATION</b>							
<b>As at December 31, 2015</b>	<b>(2,012,000)</b>	-	-	<b>(104,000)</b>	-	-	<b>(2,116,000)</b>
Additions	(2,899,000)	(1,644,000)	(1,614,000)	(2,075,000)	-	-	(8,232,000)
Foreign exchange	(11,000)	-	-	-	-	-	(11,000)
<b>As at December 31, 2016</b>	<b>(4,922,000)</b>	<b>(1,644,000)</b>	<b>(1,614,000)</b>	<b>(2,179,000)</b>	-	-	<b>(10,359,000)</b>
Additions	(2,705,000)	(5,010,000)	(7,329,000)	(6,310,000)	-	-	(21,354,000)
Foreign exchange	(40,000)	-	-	(30,000)	-	-	(70,000)
<b>As at September 30, 2017</b>	<b>(7,667,000)</b>	<b>(6,654,000)</b>	<b>(8,943,000)</b>	<b>(8,519,000)</b>	-	-	<b>(31,783,000)</b>
<b>NET BOOK VALUE</b>							
Cost	12,159,000	39,409,000	37,016,000	48,190,000	66,000	8,116,000	144,956,000
Accumulated depreciation	(4,922,000)	(1,644,000)	(1,614,000)	(2,179,000)	-	-	(10,359,000)
<b>Net book value as at December 31, 2016</b>	<b>7,237,000</b>	<b>37,765,000</b>	<b>35,402,000</b>	<b>46,011,000</b>	<b>66,000</b>	<b>8,116,000</b>	<b>134,597,000</b>
Cost	13,352,000	39,427,000	60,191,000	60,045,000	66,000	-	173,081,000
Accumulated depreciation	(7,667,000)	(6,654,000)	(8,943,000)	(8,519,000)	-	-	(31,783,000)
<b>Net book value as at September 30, 2017</b>	<b>5,685,000</b>	<b>32,773,000</b>	<b>51,248,000</b>	<b>51,517,000</b>	<b>66,000</b>	-	<b>141,298,000</b>

**Roxgold Inc.**

## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(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 \$99,000 and \$141,199,000, respectively, as at September 30, 2017, (December 31, 2016: \$120,000 and \$134,477,000, respectively). Included under mining equipment are assets under finance leases at a net book value of \$3,947,000 (December 31, 2016: \$5,338,000). This lease is not in the legal form of a finance lease but is considered a finance lease based on its terms and conditions (note 13). For the nine-month period ended September 30, 2017, depreciation for assets under finance leases totalling \$2,042,000 (September 30, 2016: \$nil) were expensed in the statement of income (loss), and depreciation for assets under finance leases totalling \$nil (September 30, 2016: \$1,739,000) has been capitalized to mineral properties under development.

**7. Long-term debt**

As at	September 30, 2017	December 31, 2016
Opening balance	71,068,000	47,878,000
Add: loan proceeds	-	23,160,000
Deduct: loan repayments	(24,900,000)	-
Deduct: transaction costs	(1,624,000)	(2,162,000)
Add: accretion	1,551,000	2,192,000
<b>Ending balance</b>	<b>46,095,000</b>	<b>71,068,000</b>
Less: current portion	(8,419,000)	(17,766,000)
<b>Non-current portion</b>	<b>37,676,000</b>	<b>53,302,000</b>

In June 2015, the Company signed an agreement with Société Générale Corporate & Investment Banking and BNP Paribas (collectively the "Banks") for a credit facility of \$75 million (the "Credit Facility"), with a requirement that the Company fund a \$15 million cost overrun account. The Credit Facility had a six-year loan term that will bear interest at a rate of LIBOR plus 4.25% to 4.75%. The Credit Facility encompassed a hedging component of 65,000 ounces of gold, or approximately 8.5% of the Yaramoko project's current reserves, over the life of the loan. The Credit Facility was also supported by secured guarantees from the Company and each of its material subsidiaries.

On January 19, 2017, the Company made an early repayment of \$15 million on the Credit Facility and amended its term, reducing it to a \$60 million credit facility (the "Amended Facility"), amortizing on a quarterly basis, maturing in June 2021, with an interest rate of LIBOR plus 3.75%. Several key requirements of the Credit Facility, such as the requirement for a \$15 million cost overrun account, are no longer in place.

The Amended Facility, similar to the Credit Facility, includes covenants customary for a transaction of this nature, including the following financial and operational covenants (all maintained as of September 30, 2017):

- i) Maintaining a loan life ratio of at least 130%;
- ii) Maintaining a historical debt service coverage ratio greater than or equal to 120% at all times;
- iii) Maintaining a projected debt service coverage ratio greater than or equal to 120% at all times; and
- iv) Maintaining proven and probable reserves greater than or equal to 25% at the final payment date compared to the proven and probable reserve at the first drawdown date.

As the change in future payment terms expected was determined to not be substantial, the amendment was recorded as a debt modification. Accordingly, the effective interest rate on the Credit Facility was recalculated at the amendment date based on the carrying value of the Amended Facility, and its expected future payment terms, and no gain or loss was recorded within the Company's consolidated statement of income (loss).

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## Notes to the Condensed Interim Consolidated Financial Statements

(Unaudited)

(Expressed in U.S. Dollars)

**7. Long-term debt (continued)**

The remaining repayment schedule is based on a percentage of the Amended Facility as follows:

<b>Repayment Date</b>	<b>% of total Amended Facility</b>
December 31, 2017	5.50%
March 31, 2018	3.00%
June 30, 2018	4.00%
September 30, 2018	2.75%
December 31, 2018	4.25%
March 31, 2019	6.00%
June 30, 2019	5.25%
September 30, 2019	4.25%
December 31, 2019	5.75%
March 31, 2020	6.00%
June 30, 2020	5.50%
September 30, 2020	6.50%
December 31, 2020	9.25%
March 31, 2021	7.50%
June 30, 2021	8.00%

During the nine-month period ended September 30, 2017, the Company made repayments of the Amended Facility totalling \$9,900,000 as per the repayment schedule. This is in addition to the \$15 million repayment to the Credit Facility prior to the amendment. For the nine-month period ended September 30, 2017, the Company had incurred fees of \$1,624,000 (September 30, 2016 – \$6,251,000), which consisted primarily of legal and advisory fees and other financing expenses with respect to the Amended Facility described above. These were recorded against the carrying value of the Amended Facility and will be amortized to the Company's statement of income(loss) using the effective interest method.

For the nine-month period ended September 30, 2017, interest and accretion totalling \$3,855,000 (September 30, 2016 - \$nil) were expensed in the Company's condensed interim consolidated statement of income (loss). For the nine-month period ended September 30, 2017, interest and accretion totalling \$nil (September 30, 2016- \$3,165,000) were capitalized to Property, Plant, and Equipment.

As at September 30, 2017, the Company is committed to minimum future principal and interest payments for the Amended Facility, as follows:

	<b>Long-term debt</b>
Remaining of the year ending December 31, 2017	\$3,770,000
Year ending December 31, 2018	\$10,044,000
Year ending December 31, 2019	\$14,006,000
Year ending December 31, 2020	\$17,112,000
Thereafter	\$9,432,000

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**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 nine-month period ended September 30, 2017, the Company recognized a change in the fair value of derivative financial instruments of \$7,477,000 (September 30, 2016 - \$14,474,000) in its condensed interim consolidated statement of income (loss). During the nine-month period ended September 30, 2017, the Company redeemed the first nine monthly hedging contracts totalling \$2,291,000 of which \$1,954,000 was settled (September 30, 2016 - \$nil).

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 September 30, 2017, 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 September 30, 2017.

As at	September 30, 2017	December 31, 2016
Opening balance	7,853,000	2,059,000
Change in fair value of derivatives	7,477,000	5,667,000
Redemption of derivative financial instruments	(2,291,000)	-
Foreign exchange	-	127,000
<b>Ending balance</b>	<b>13,039,000</b>	<b>7,853,000</b>
Less: Current portion	(3,556,000)	(1,563,000)
<b>Non-current portion</b>	<b>9,483,000</b>	<b>6,290,000</b>

**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 September 30, 2017, the Company recorded a provision for mine rehabilitation of \$2,529,000 (December 31, 2016 - \$2,362,000). A related accretion expense of \$167,000 for the nine-month period ended September 30, 2017, (September 30, 2016 - \$nil) was recorded in the Company's condensed interim consolidated statement of income (loss).

As at	September 30, 2017	December 31, 2016
Opening balance	2,362,000	1,078,000
Additions	-	1,229,000
Add: accretion	167,000	55,000
<b>Ending balance</b>	<b>2,529,000</b>	<b>2,362,000</b>

In January 2017, the Company established a bank account in Burkina Faso which is restricted solely for the purpose of future restoration costs of its Yaramoko property. At September 30, 2017, the restricted cash balance totalled €433,000 (\$511,000).

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## Notes to the Condensed Interim Consolidated Financial Statements

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**10. Share capital and reserves**

<b>For the nine-month periods ended September 30,</b>	<b>2017</b>	<b>2016</b>
<b>Shares</b>		
Balance – Beginning of period	371,078,762	324,081,829
Shares issued for bought deal or private placement	-	28,750,000
Shares issued for exercise of warrants	-	12,891,676
Shares issued for exercise of options	540,334	2,922,323
Shares issued for redemption of deferred share units	-	977,034
<b>Balance – End of period</b>	<b>371,619,096</b>	<b>369,622,862</b>

**A. Authorized**

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

**B. Share issuances**

During the nine-month period ended September 30, 2017, the Company issued 540,334 shares pursuant to the exercise of stock options with a weighted average exercise price of \$0.49 (C\$0.64) per share, for total net proceeds of \$266,000 (C\$348,000). At the time the options were exercised the weighted average share price was \$1.09 (C\$1.43).

On March 8, 2016, pursuant to a bought deal equity financing (the "Financing"), the Company issued 28,750,000 common share at a purchase price of \$0.58 (C\$0.80) per common share for gross proceeds of \$16,759,000 (C\$23.0 million). The Company incurred \$1,092,000 in professional fees, commissions and other share issuance costs in connection with the Financing.

Between April 7, 2016 and September 30, 2016, the Company issued 2,922,323 shares pursuant to the exercise of various stock options with a weighted average exercise price \$0.49 (C\$0.64) per share, for total net proceeds of \$1,429,000 (C\$1.9 million). At the options were exercised, the weighted average closing share price was \$1.13 (C\$1.49).

On July 14, 2016, the Company issued 12,891,676 common shares pursuant to the exercise of all outstanding warrants, at an exercise price of \$0.69 (C\$0.90) per share, for total proceeds of \$8,894,000 (C\$11.6 million)

Between July 8, 2016 and August 17, 2016, the Company issued 977,034 common shares upon the redemption of deferred share units.

**C. Share-based payments**

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

<b>For the periods ended September 30,</b>	<b>Three-month 2017</b>	<b>Three-month 2016</b>	<b>Nine-month 2017</b>	<b>Nine-month 2016</b>
Stock options costs	195,000	263,000	663,000	1,054,000
Stock options costs capitalized to Mineral properties under development	-	(104,000)	-	(509,000)
Stock options costs – expensed	195,000	159,000	663,000	545,000
Deferred share units costs – expensed	695,000	729,000	666,000	1,039,000
Performance share units costs – expensed	80,000	-	186,000	-
Restricted share units costs	215,000	375,000	735,000	729,000
Restricted share units costs capitalized to Mineral properties under development	-	(169,000)	-	(347,000)
Restricted share units costs – expensed	215,000	206,000	735,000	382,000
<b>Total share-based payments expensed</b>	<b>1,185,000</b>	<b>1,094,000</b>	<b>2,250,000</b>	<b>1,966,000</b>

**Roxgold Inc.**

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(Unaudited)

(Expressed in U.S. Dollars)

**10. Share capital and reserves (continued)****D. Stock options**

A summary of the Company's stock option activities for the nine-month period ended September 30, 2017, is presented below:

	Number of stock options	Weighted average exercise price \$ (CAD)
<b>Balance as at December 31, 2016</b>	<b>10,714,003</b>	<b>0.75</b>
Granted	2,062,499	1.50
Exercised	(540,334)	0.65
Expired	(100,000)	2.00
Forfeited	(150,000)	-
<b>Balance as at September 30, 2017</b>	<b>11,986,168</b>	<b>0.86</b>

During the nine-month period ended September 30, 2017, the Company granted 2,062,499 options to employees (September 30, 2016: 5,100,000 options) with a fair value of \$1,088,000 (C\$1,441,000) (September 30, 2016: \$1,558,000). 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 nine-month periods ended September 30, 2017, and 2016, respectively.

For the nine-month periods ended September 30,	2017	2016
Dividend rate	0%	0%
Expected annualized volatility	54%	59-60%
Risk free interest rate	1.05%	0.60%-0.71%
Expected life of stock options (years)	5	5
Weighted average fair value of options granted	<b>\$0.70 (C\$0.93)</b>	\$0.30 (C\$0.40)

Expected annualized volatility was based on the Company's historical volatility. As at September 30, 2017, 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
October 4, 2017	200,000	200,000	0.96	0.01
December 18, 2017	625,000	625,000	0.75	0.22
September 19, 2018	400,001	400,000	0.61	0.97
January 3, 2019	100,002	100,000	0.49	1.26
January 23, 2019	680,000	680,000	0.55	1.32
April 25, 2019	150,000	150,000	0.67	1.57
October 2, 2019	100,000	100,000	0.76	2.01
December 8, 2019	200,333	200,333	0.61	2.19
January 19, 2020	250,000	250,000	0.65	2.30
February 2, 2020	2,525,000	2,525,000	0.70	2.34
April 2, 2020	150,000	150,000	0.59	2.51
August 13, 2020	200,000	200,000	0.72	2.87
January 4, 2021	3,718,334	2,343,334	0.69	3.27
May 18, 2021	225,000	150,000	1.20	3.63
June 9, 2021	100,000	66,667	1.41	3.69
August 22, 2021	300,000	200,000	1.60	3.90
January 19, 2022	2,062,498	-	1.50	4.31
	<b>11,986,168</b>	<b>8,340,334</b>	<b>0.86</b>	<b>2.78</b>

**Roxgold Inc.**

## Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in U.S. Dollars)

**10. Share capital and reserves (continued)****E. Deferred share units (DSU)**

The following table reflects the continuity of deferred share units for the nine-month period ended September 30, 2017:

	<b>Number of instruments</b>
<b>Balance as at December 31, 2016</b>	<b>3,305,180</b>
Granted	769,912
<b>Balance as at September 30, 2017</b>	<b>4,075,092</b>

As at September 30, 2017, all DSUs were vested and 3,752,510 units had a dilutive impact as the remaining DSUs totalling 322,581 units are to be settled in cash.

**F. Restricted share units (RSU)**

During the nine-month period ended September 30, 2017, the Company granted 646,667 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 nine-month period ended September 30, 2017:

	<b>Number of instruments</b>
<b>Balance as at December 31, 2016</b>	<b>3,715,000</b>
Granted	646,667
Forfeited	(96,667)
<b>Balance as at September 30, 2017</b>	<b>4,265,000</b>

<b>Expiry date</b>	<b>Number of instruments</b>	<b>Number of instruments vested</b>	<b>Weighted average number of years to expiry</b>
December 31, 2017	3,325,000	2,605,000	0.25
December 31, 2018	390,000	390,000	1.25
December 1, 2020	550,000	-	3.17
<b>Balance as at September 30, 2017</b>	<b>4,265,000</b>	<b>2,995,000</b>	<b>0.73</b>

During the nine-month period ended September 30, 2017, the Company granted 825,000 performance share units ("PSUs") to senior management. The Board of Directors determine the performance vesting criteria. The PSUs 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 PSUs for the nine-month period ended September 30, 2017:

	<b>Number of instruments</b>
<b>Balance as at December 31, 2016</b>	<b>-</b>
Granted	825,000
<b>Balance as at September 30, 2017</b>	<b>825,000</b>

**11. Mine operating expenses**

<b>For the periods ended September 30,</b>	<b>Three-month 2017</b>	<b>Three-month 2016</b>	<b>Nine-month 2017</b>	<b>Nine-month 2016</b>
Mining contractor	8,282,000	-	24,831,000	-
Salaries and benefits	1,624,000	-	5,456,000	-
Operating supplies and parts	1,980,000	-	5,478,000	-
Energy	1,248,000	-	3,886,000	-
Inventory adjustment	(485,000)	-	829,000	-
	<b>12,649,000</b>	<b>-</b>	<b>40,480,000</b>	<b>-</b>

**Roxgold Inc.**

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(Expressed in U.S. Dollars)

**12. Supplementary cash flow information**

For the nine-month periods ended September 30,	2017	2016
Stock option costs included in PP&E	-	509,000
Restricted share units included in PP&E	-	347,000
Interest and accretion on long-term debt included in PP&E	-	1,054,000
Asset retirement obligations included in PP&E	-	1,432,000
PP&E included in accounts payable and accrued liabilities	4,957,000	12,250,000
Depreciation included in inventory	436,000	-

**13. Finance leases**

The Mining Service Contract has an initial term of four years and is renewable at the option of the Company for a period to be agreed by AUMS and the Company under the same terms and conditions as the initial Mining Service Contract.

Pursuant to the Mining Service Contract, AUMS will provide services to develop the Yaramoko Gold Mine, extract and haul ore and waste, stockpile and produce ore during the term within the production requirements ("Mining Services"). The Mining Services includes the provision of a mining fleet and skilled labour force.

It was determined that based on the substance of the Mining Service Contract at the inception date, it contained leases with respect to the mining fleet to be provided by AUMS. Certain leases were classified as finance leases based on the analysis of whether substantially all the risks and rewards incidental to ownership of the leased items were transferred to the Company as a lessee.

The most significant estimate in the assessment lies in the Company's calculation of the fair value of the minimum lease payments on an asset by asset basis and its comparison to the fair value of the assets at the inception of the lease to conclude on whether all the risks and rewards incidental to ownership of the leased items were transferred to the Company as a lessee.

At the inception, the Company capitalized the leases at the fair value of those leases, or, if lower, at the present value of the minimum lease payments. The imputed finance costs on the liability were determined based on the Company's incremental borrowing rate and similar finance leases to mining companies, which has been estimated at 5%.

As at	September 30, 2017	December 31, 2016
Opening balance	5,516,000	7,354,000
Add: new debt obligations under finance leases	651,000	-
Deduct: repayments	(1,529,000)	(1,838,000)
<b>Total obligations under finance lease</b>	<b>4,638,000</b>	<b>5,516,000</b>
Less: current portion	(2,686,000)	(2,231,000)
<b>Non-current obligations</b>	<b>1,952,000</b>	<b>3,285,000</b>



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**13. Finance leases (continued)**

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	2,686,000	1,952,000	4,638,000
Finance charges	807,000	201,000	1,008,000
<b>Total</b>	<b>3,493,000</b>	<b>2,153,000</b>	<b>5,646,000</b>

**14. 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 September 30, 2017	Mining Operations, Burkina Faso	Exploration and evaluation, Burkina Faso	Corporate	Total
Revenue	36,279,000	-	-	36,279,000
Total mine operating expenses (incl. depreciation and royalties)	(20,833,000)	-	-	(20,833,000)
<b>Mine operating profit</b>	<b>15,446,000</b>	<b>-</b>	<b>-</b>	<b>15,446,000</b>
General administrative expenses	-	-	(1,112,000)	(1,112,000)
Sustainability and other in-country costs	(352,000)	-	-	(352,000)
Exploration and evaluation	-	(3,004,000)	-	(3,004,000)
Depreciation	-	(80,000)	(159,000)	(239,000)
Share-based payments	-	-	(1,185,000)	(1,185,000)
<b>Net income (loss) from operations</b>	<b>15,094,000</b>	<b>(3,084,000)</b>	<b>(2,456,000)</b>	<b>9,554,000</b>
Interest income (expense)	(1,132,000)	-	8,000	(1,124,000)
Change in fair value of derivative financial instruments	-	-	(2,210,000)	(2,210,000)
Foreign exchange gain (loss)	1,213,000	-	(675,000)	538,000
Other expenses	(483,000)	-	-	(483,000)
Deferred income tax	661,000	-	-	661,000
<b>Net Income (loss) for the period</b>	<b>15,353,000</b>	<b>(3,084,000)</b>	<b>(5,333,000)</b>	<b>6,936,000</b>

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(Expressed in U.S. Dollars)

**14. Segmented reporting (continued)**

For the nine-month period ended September 30, 2017	Mining Operations, Burkina Faso	Exploration and evaluation, Burkina Faso	Corporate	Total
Revenue	113,959,000	-	-	113,959,000
Total mine operating expenses (incl. depreciation and royalties)	(66,137,000)	-	-	(66,137,000)
<b>Mine operating profit</b>	<b>47,822,000</b>	<b>-</b>	<b>-</b>	<b>47,822,000</b>
General administrative expenses	-	-	(3,246,000)	(3,246,000)
Sustainability and other in-country costs	(1,125,000)	-	-	(1,125,000)
Exploration and evaluation	-	(9,865,000)	-	(9,865,000)
Depreciation	-	(291,000)	(466,000)	(757,000)
Share-based payments	-	-	(2,250,000)	(2,250,000)
<b>Net income (loss) from operations</b>	<b>46,697,000</b>	<b>(10,156,000)</b>	<b>(5,962,000)</b>	<b>30,579,000</b>
Interest income (expense)	(4,301,000)	-	21,000	(4,280,000)
Change in fair value of derivative financial instruments	-	-	(6,344,000)	(6,344,000)
Foreign exchange gain (loss)	2,553,000	-	(1,410,000)	1,143,000
Other expenses	(1,444,000)	-	-	(1,444,000)
Deferred income tax expense	(2,036,000)	-	-	(2,036,000)
<b>Net Income (loss) for the period</b>	<b>41,469,000</b>	<b>(10,156,000)</b>	<b>(14,828,000)</b>	<b>16,485,000</b>
<b>Total non-current assets as at September 30, 2017</b>	<b>139,218,000</b>	<b>2,492,000</b>	<b>99,000</b>	<b>141,809,000</b>
<b>Total assets as at September 30, 2017</b>	<b>196,295,000</b>	<b>3,041,000</b>	<b>25,666,000</b>	<b>225,002,000</b>

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(Expressed in U.S. Dollars)

**14. Segmented reporting (continued)**

<b>For the three-month period ended September 30, 2016</b>	<b>Mining Operations, Burkina Faso</b>	<b>Exploration and evaluation, Burkina Faso</b>	<b>Corporate Canada</b>	<b>Total</b>
Revenue	-	-	-	-
Total mine operating expenses (incl. depreciation and royalties)	-	-	-	-
<b>Mine operating profit</b>	-	-	-	-
General administrative expenses	-	-	(851,000)	(851,000)
Sustainability and other in-country costs	-	-	-	-
Exploration and evaluation	-	(1,083,000)	-	(1,083,000)
Depreciation	-	(122,000)	(26,000)	(148,000)
Share-based payments	-	-	(1,094,000)	(1,094,000)
<b>Net (loss) income from operations</b>	-	<b>(1,205,000)</b>	<b>(1,971,000)</b>	<b>(3,176,000)</b>
Interest income (expense)	-	-	15,000	15,000
Change in fair value of derivative financial instruments	-	-	272,000	272,000
Foreign exchange gain (loss)	-	-	493,000	493,000
Other expenses	(35,000)	-	(31,000)	(66,000)
Deferred income tax expense	-	-	-	-
<b>Net (loss) income for the period</b>	<b>(35,000)</b>	<b>(1,205,000)</b>	<b>(1,222,000)</b>	<b>(2,462,000)</b>
<b>For the nine-month period ended September 30, 2016</b>	<b>Mining Operations, Burkina Faso</b>	<b>Exploration and evaluation, Burkina Faso</b>	<b>Corporate Canada</b>	<b>Total</b>
Revenue	-	-	-	-
Total mine operating expenses (incl. depreciation and royalties)	-	-	-	-
<b>Mine operating profit</b>	-	-	-	-
General administrative expenses	-	-	(2,510,000)	(2,510,000)
Sustainability and other in-country costs	-	-	-	-
Exploration and evaluation	-	(3,501,000)	-	(3,501,000)
Depreciation	-	(372,000)	(55,000)	(427,000)
Share-based payments	-	-	(1,966,000)	(1,966,000)
<b>Net (loss) income from operations</b>	-	<b>(3,873,000)</b>	<b>(4,531,000)</b>	<b>(8,404,000)</b>
Interest income (expense)	-	-	24,000	24,000
Change in fair value of derivative financial instruments	-	-	(14,474,000)	(14,474,000)
Foreign exchange gain (loss)	-	-	(1,652,000)	(1,652,000)
Other expenses	(175,000)	-	(92,000)	(267,000)
Deferred income tax expense	-	-	-	-
<b>Net (loss) income for the period</b>	<b>(175,000)</b>	<b>(3,873,000)</b>	<b>(20,725,000)</b>	<b>(24,773,000)</b>
<b>Total non-current assets as at December 31, 2016</b>	<b>133,817,000</b>	<b>1,122,000</b>	<b>120,000</b>	<b>135,059,000</b>
<b>Total assets as at December 31, 2016</b>	<b>181,572,000</b>	<b>1,473,000</b>	<b>34,625,000</b>	<b>217,670,000</b>

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(Unaudited)

(Expressed in U.S. Dollars)

**15. Non-controlling interest**

At September 30, 2017, the non-controlling interest ("NCI") of the Government of Burkina Faso, which represents 10% in Roxgold SANU S.A. totalled \$5,146,000 (December 31, 2016: \$1,440,000). The income attributable to the NCI for the nine-month period ended September 30, 2017, totalling \$3,706,000 is based on the net income for Roxgold SANU SA, as determined using IFRS. 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 income (expense), other expenses and any related foreign exchange gain (loss).

**16. Subsequent events**

The Company received from the Burkinabe tax authorities in April 2016 a tax assessment for the years 2013, 2014, and 2015. The assessment covered mainly three items: value added tax, withholding taxes on foreign mining-related suppliers, and payroll taxes on benefits provided to residential expatriates. Further to a settlement finalized in October 2017, a provision of \$386,000 has been recognized in the Company's condensed interim consolidated financial statements in relation with the aforementioned tax assessment.