



**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2019 and 2018**

(Expressed in U.S. Dollars)

(Unaudited)

**Roxgold Inc.**

## Consolidated Statements of Income

(Unaudited)

(Expressed in thousands of U.S. Dollars)

| <b>For the three months ended March 31,</b>                    | <b>Notes</b> | <b>2019</b>   | <b>2018</b>   |
|--|--------------|---------------|---------------|
| <b>Mine operations</b>   |              |               |               |
| Revenues – Gold sales  |              | 39,823        | 53,226        |
| Mine operating expenses  | 11           | (13,551)      | (15,388)      |
| Royalties  |              | (1,834)       | (2,662)       |
| Depreciation   | 6            | (11,802)      | (9,632)       |
| <b>Mine operating profit</b>                                   |              | <b>12,636</b> | <b>25,544</b> |
| <b>Other expenses</b>  |              |               |               |
| General and administrative                                     |              | (1,452)       | (1,350)       |
| Sustainability and other in-country costs                      |              | (628)         | (388)         |
| Exploration and evaluation                                     |              | (3,181)       | (3,665)       |
| Share-based payments   | 10           | (382)         | (239)         |
| Depreciation   | 6            | (218)         | (218)         |
| <b>Operating profit</b>  |              | <b>6,775</b>  | <b>19,684</b> |
| <b>Financial expenses</b>                                      |              |               |               |
| Financing costs  |              | (1,491)       | (1,446)       |
| Change in fair value of derivative financial instruments       | 8            | (634)         | (1,024)       |
| Foreign exchange (loss) gain                                   |              | (636)         | 1,237         |
| Other expenses   |              | (698)         | (554)         |
| <b>Income before income taxes</b>                              |              | <b>3,316</b>  | <b>17,897</b> |
| <b>Income tax expense</b>                                      |              |               |               |
| Current income tax expense                                     |              | (1,175)       | -             |
| Deferred income tax expense                                    |              | (212)         | (3,974)       |
| <b>Net income</b>  |              | <b>1,929</b>  | <b>13,923</b> |
| <b>Attributable to:</b>  |              |               |               |
| Roxgold shareholders   |              | 962           | 12,183        |
| Non-controlling interest                                       |              | 967           | 1,740         |
| <b>Earnings per share</b>                                      |              |               |               |
| Basic  |              | 0.00          | 0.03          |
| Diluted  |              | 0.00          | 0.03          |
| Weighted average number of common shares outstanding - Basic   |              | 374,117,439   | 372,852,429   |
| Weighted average number of common shares outstanding - Diluted |              | 395,308,674   | 391,858,531   |
| Subsequent events  | 18           |               |               |

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

Approved on May 14, 2019 on behalf of the directors

/s/ John Dorward  
Director

/s/ John Knowles  
Director

**Roxgold Inc.**

## Consolidated Statements of Comprehensive Income

(Unaudited)

(Expressed in thousands of U.S. Dollars)

| <b>For the three months ended March 31,</b>   | <b>2019</b>  | <b>2018</b>   |
|---|--------------|---------------|
| <b>Net income</b>   | <b>1,929</b> | <b>13,923</b> |
| <b>Other item that may be reclassified subsequently to the consolidated statement of income</b> |              |               |
| Currency translation adjustment   | 424          | 273           |
| <b>Comprehensive income</b>   | <b>2,353</b> | <b>14,196</b> |
| <b>Attributable to:</b>   |              |               |
| Roxgold shareholders  | 1,386        | 12,456        |
| Non-controlling interest  | 967          | 1,740         |
|   | <b>2,353</b> | <b>14,196</b> |

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

**Roxgold Inc.**

## Consolidated Statements of Cash Flow

(Unaudited)

(Expressed in thousands of U.S. Dollars)

| <b>For the three months ended March 31,</b>              | <b>Notes</b> | <b>2019</b>     | <b>2018</b>    |
|--|--------------|-----------------|----------------|
| <b>Operating activities</b>                              |              |                 |                |
| <b>Net income</b>  |              | <b>1,929</b>    | <b>13,923</b>  |
| Adjustments for operating activities:                    |              |                 |                |
| Depreciation   | 6            | 12,020          | 9,850          |
| Share-based payments                                     | 10           | 382             | 239            |
| Change in fair value of derivative financial instruments | 8            | 634             | 1,024          |
| Asset retirement obligation accretion                    | 9            | 77              | 60             |
| Long-term debt accretion                                 | 7            | 357             | 430            |
| Current income tax expense                               |              | 1,175           | -              |
| Deferred income tax expense                              |              | 212             | 3,974          |
| Contract liability                                       |              | 2,803           | -              |
| Settlement of hedge contract                             | 8            | (647)           | (713)          |
| Unrealized foreign exchange loss (gain)                  |              | 643             | (2,293)        |
|  |              | <b>19,585</b>   | <b>26,494</b>  |
| Changes in non-cash working capital                      | 12           | (4,487)         | (10,610)       |
|  |              | <b>15,098</b>   | <b>15,884</b>  |
| <b>Financing activities</b>                              |              |                 |                |
| Repayment of long-term debt                              | 7            | (3,600)         | (1,800)        |
| Payments of lease obligations                            | 14           | (1,639)         | (653)          |
| Restricted share unit cash settlement                    | 10           | (24)            | -              |
| Proceeds from stock option exercise                      | 10           | -               | 223            |
| NCIB share buyback                                       | 10           | (3,130)         | -              |
|  |              | <b>(8,393)</b>  | <b>(2,230)</b> |
| <b>Investing activities</b>                              |              |                 |                |
| Deposit – Séguéla Acquisition                            | 18           | (2,000)         | -              |
| Additions to property, plant and equipment               | 6            | (17,340)        | (7,039)        |
| Bagassi South pre-commercial production revenue          | 6            | 3,017           | -              |
| Bagassi South pre-commercial production expenses         | 6            | (2,028)         | -              |
|  |              | <b>(18,351)</b> | <b>(7,039)</b> |
| <b>Net increase/(decrease) in cash</b>                   |              | <b>(11,646)</b> | <b>6,615</b>   |
| Effect of foreign exchange rates on cash                 |              | (344)           | 2,502          |
| <b>Cash and cash equivalents, beginning of period</b>    |              | <b>59,833</b>   | <b>63,033</b>  |
| <b>Cash and cash equivalents, end of period</b>          |              | <b>47,843</b>   | <b>72,150</b>  |
| Interest paid  |              | 609             | 637            |

Refer to note 12 for supplemental cash flow information

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

**Roxgold Inc.**

## Consolidated Statements of Financial Position

(Unaudited)

(Expressed in thousands of U.S. Dollars)

| As at  | Notes | March 31<br>2019 | December 31<br>2018 |
|--|-------|------------------|---------------------|
| <b>Assets</b>  |       |                  |                     |
| <b>Current assets</b>                                  |       |                  |                     |
| Cash and cash equivalents                              | 3     | 47,843           | 59,833              |
| Taxes recoverable and other receivables                | 4     | 30,571           | 25,778              |
| Prepaid expenses and deposits                          |       | 1,203            | 1,308               |
| Inventory  | 5     | 14,188           | 14,171              |
|  |       | 93,805           | 101,090             |
| <b>Non-current assets</b>                              |       |                  |                     |
| Inventory  | 5     | 6,163            | 5,942               |
| Property, plant and equipment                          | 6     | 176,895          | 170,020             |
| Restricted cash  | 3     | 1,034            | 1,034               |
| Deposit - Séguéla Acquisition                          | 18    | 2,000            | -                   |
| Deferred tax asset                                     |       | 3,289            | 3,104               |
| <b>Total assets</b>                                    |       | <b>283,186</b>   | <b>281,190</b>      |
| <b>Liabilities and Shareholders' Equity</b>            |       |                  |                     |
| <b>Current liabilities</b>                             |       |                  |                     |
| Accounts payable and accrued liabilities               |       | 30,670           | 31,655              |
| Contract liability                                     |       | 2,803            | -                   |
| Current portion of lease obligations                   | 14    | 7,313            | 5,069               |
| Current portion of long-term debt                      | 7     | 12,075           | 12,019              |
| Current portion of derivative financial instruments    | 8     | 3,780            | 3,578               |
| Current income tax liability                           |       | 1,459            | 285                 |
|  |       | 58,100           | 52,606              |
| <b>Non-current liabilities</b>                         |       |                  |                     |
| Long-term debt   | 7     | 20,882           | 24,181              |
| Derivative financial instruments                       | 8     | 4,329            | 4,863               |
| Asset retirement obligations                           | 9     | 2,868            | 2,791               |
| Lease obligations                                      | 14    | 5,206            | 4,862               |
| Deferred share units' liability                        | 10    | 222              | 182                 |
| Deferred income tax liability                          |       | 16,439           | 16,107              |
| <b>Total liabilities</b>                               |       | <b>108,046</b>   | <b>105,592</b>      |
| <b>Equity</b>  |       |                  |                     |
| Share capital  | 10    | 207,037          | 208,940             |
| Reserves   | 10    | 23,474           | 23,746              |
| Accumulated other comprehensive income                 |       | 12,899           | 12,475              |
| Deficit  |       | (79,282)         | (79,608)            |
| <b>Equity attributable to Roxgold shareholders</b>     |       | 164,128          | 165,553             |
| <b>Equity attributable to non-controlling interest</b> | 16    | 11,012           | 10,045              |
| <b>Total equity</b>                                    |       | <b>175,140</b>   | <b>175,598</b>      |
| <b>Total liabilities and equity</b>                    |       |                  |                     |
| Commitments  | 13    | 283,186          | 281,190             |
| Subsequent events                                      | 18    |                  |                     |

**Roxgold Inc.**

## Consolidated Statements of Equity

(Unaudited)

(Expressed in thousands of U.S. Dollars)

| <b>For the three months periods ended March 31,</b>           | <b>2019</b>     | <b>2018</b>     |
|---|-----------------|-----------------|
| <b>Share capital</b>  |                 |                 |
| Balance – Beginning of year                                   | 208,940         | 207,393         |
| Shares issued for exercise of share awards                    | 590             | 346             |
| NCIB share buyback  | (2,493)         | -               |
| <b>Balance – End of period</b>                                | <b>207,037</b>  | <b>207,739</b>  |
| <b>Warrants<sup>1</sup></b>                                   |                 |                 |
| Balance – Beginning of period                                 | 4,676           | 4,676           |
| <b>Balance – End of period</b>                                | <b>4,676</b>    | <b>4,676</b>    |
| <b>Options</b>  |                 |                 |
| Balance – Beginning of period                                 | 12,838          | 13,357          |
| Shares issued for exercise of options                         | -               | (123)           |
| Share-based payments  | (9)             | 100             |
| <b>Balance – End of period</b>                                | <b>12,829</b>   | <b>13,334</b>   |
| <b>Restricted, performance and deferred share units</b>       |                 |                 |
| Balance – Beginning of period                                 | 6,232           | 4,273           |
| Restricted, performance and deferred share units              | 351             | 213             |
| Settlement of restricted share units                          | (614)           | -               |
| <b>Balance – End of period</b>                                | <b>5,969</b>    | <b>4,486</b>    |
| <b>Accumulated other comprehensive income</b>                 |                 |                 |
| Balance – Beginning of period                                 | 12,475          | 13,140          |
| Other comprehensive income                                    | 424             | 273             |
| <b>Balance – End of period</b>                                | <b>12,899</b>   | <b>13,413</b>   |
| <b>Deficit</b>  |                 |                 |
| Balance – Beginning of period                                 | (79,608)        | (111,509)       |
| IFRS 9 opening statement of financial position impact         | -               | 211             |
| NCIB share buyback  | (636)           | -               |
| Income attributable to Roxgold shareholders                   | 962             | 12,183          |
| <b>Balance – End of period</b>                                | <b>(79,282)</b> | <b>(99,115)</b> |
| <b>Total equity attributable to Roxgold shareholders</b>      | <b>164,128</b>  | <b>144,533</b>  |
| <b>Total equity attributable to non-controlling interests</b> |                 |                 |
| Balance – Beginning of period                                 | 10,045          | 5,840           |
| Income attributable to non-controlling interest               | 967             | 1,740           |
| <b>Balance – End of period</b>                                | <b>11,012</b>   | <b>7,580</b>    |
| <b>Total Equity</b>   | <b>175,140</b>  | <b>152,113</b>  |

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

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

<sup>1</sup> This balance relates to warrants that have expired and were not exercised. There are no warrants outstanding as at March 31, 2019.

## Roxgold Inc.

### Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

## 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 and advancing the development and exploration of Séguéla Gold Project located in Côte d'Ivoire. The Company is a reporting issuer in all provinces and territories of Canada other than Quebec and its common shares are listed on the Toronto Stock Exchange under the symbol "ROXG". The Company has its corporate head office located at 360 Bay Street, Suite 500, 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 Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements with the exception new accounting standards issued and adopted by the Company as described in note 2C. The financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2018. The Board of Directors authorized the condensed interim consolidated financial statements for publication on May 14, 2019.

### C. New accounting standards issued and adopted by the Company

#### IFRS 16, Leases

On January 1, 2019, the Company adopted IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17, Leases, and related interpretations. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 will eliminate the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- I. The right of use assets and related lease liabilities for any lease with a term of more than 12 months, unless the underlying assets are of low value; and
- II. Depreciation of the right of use assets separately from the interest related to the lease liabilities in the consolidated statement of income.

The Company adopted IFRS 16 using the simplified transition approach and, consequently, did not restate comparative figures for 2018. Practical expedients applied include the use of a single discount rate to a portfolio of leases with reasonably similar characteristics and the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. As at December 31, 2018, the Company had operating lease commitments of \$7,482,000 relating to mobile fleet contracts and office leases of which \$4,227,000 would be considered debt obligations upon adoption of IFRS 16 on January 1, 2019. These leases were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6%.

|   |               |
|---|---------------|
| Operating lease commitments as at December 31, 2018                       | 7,482         |
| Discounted using the incremental borrowing rate as at January 1, 2019     | (762)         |
| Less: Short term leases recognized on a straight-line basis as an expense | (706)         |
| Less: Commitments not in effect as at January 1, 2019 <sup>2</sup>        | (1,787)       |
| Lease liabilities on initial application of IFRS 16                       | 4,227         |
| Add: Finance lease liabilities as at December 31, 2018                    | 9,931         |
| <b>Lease liabilities as at January 1, 2019</b>                            | <b>14,158</b> |

<sup>2</sup> Represents lease contracts entered into, but not recognized under IFRS 16 as the underlying asset is not yet available for use from the lessor.

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

The associated right-of-use assets were measured at the amount equal to the lease liability as at January 1, 2019. The right-of-use assets recognized upon adoption of IFRS 16 are recognized in property, plant and equipment and are disclosed in furniture, mining vehicles, and computer equipment within note 6.

Segment assets and segment liabilities at March 31, 2019 increased as a result of the change in accounting policy. Mining operations, Burkina Faso segment increased assets and liabilities by \$2,257,000 and Corporate segment increased assets and liabilities by \$330,000.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

### **Leases**

As a result of the adoption of IFRS 16, the accounting policy for leases applied starting from January 1, 2019 as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- I. the contract involves the use of an identified asset
- II. the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- III. the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## **3. Cash and cash equivalents**

As at March 31, 2019, cash on hand totalling \$47,843,000 (December 31, 2018: \$59,833,000) consisted of cash in bank chequing accounts. As at March 31, 2019, the Company's cash balance is comprised of \$30,852,000 US Dollars, the West African Franc equivalent of €14,708,000 (\$16,512,000), \$90,000 Australian Dollars (\$63,000), and \$554,000 Canadian Dollars (\$416,000).

The Company has restricted cash of \$1,034,000 relating to the asset retirement obligations.



**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**4. Taxes recoverable and other receivables**

As at March 31, 2019, receivables were mainly related to VAT (value added tax) receivable in Burkina Faso. They are non-interest bearing and they are generally settled within twelve months although they could be collected beyond the twelve-month period.

| <b>As at</b>          | <b>March 31<br/>2019</b> | <b>December 31<br/>2018</b> |
|-----------------------|--------------------------|-----------------------------|
| VAT receivable        | 30,395                   | 25,567                      |
| Other receivables     | 176                      | 211                         |
| <b>Ending balance</b> | <b>30,571</b>            | <b>25,778</b>               |

Subsequent to March 31, 2019, the Company received VAT refunds totalling \$2.4 million.

**5. Inventory**

| <b>As at</b>                 | <b>March 31<br/>2019</b> | <b>December 31<br/>2018</b> |
|------------------------------|--------------------------|-----------------------------|
| Stockpiled ore               | 10,993                   | 12,181                      |
| Gold-in-circuit              | 3,955                    | 3,562                       |
| Doré bars                    | 935                      | 71                          |
| Consumables inventory        | 4,468                    | 4,299                       |
| <b>Total Inventory</b>       | <b>20,351</b>            | <b>20,113</b>               |
| Less: Current portion        | (14,188)                 | (14,171)                    |
| <b>Non-current Inventory</b> | <b>6,163</b>             | <b>5,942</b>                |

The amount of depreciation included within inventory at March 31, 2019 is \$4,358,000 (December 31, 2018: \$3,428,000). For the three months ended March 31, 2019, the Company recognised a net realizable value adjustment on low grade stockpiled ore of \$117,000 (December 31, 2018 - \$255,000).

The long-term inventory represents low grade stockpiled ore which the Company does not expect to process within the next twelve months.

**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

| <b>6. Property, plant and equipment</b>                   | <b>Furniture, mining<br/>vehicles, and<br/>computer<br/>equipment</b> | <b>Processing plant</b> | <b>Underground mine</b> | <b>Acquisition,<br/>infrastructure, and<br/>other development<br/>costs</b> | <b>Mineral properties<br/>under development</b> | <b>TOTAL</b>    |
|---|---|-------------------------|-------------------------|---|---|-----------------|
| <b>COST</b>   |   |                         |                         |   |   |                 |
| <b>As at December 31, 2017</b>                            | <b>13,408</b>   | <b>39,435</b>           | <b>62,531</b>           | <b>60,982</b>   | <b>1,949</b>                                    | <b>178,305</b>  |
| Additions   | 17,768  | 254                     | 26,040                  | 8,592   | 23,631  | 76,285          |
| Derecognition of finance lease assets                     | (3,328)   | -                       | -                       | -   | -   | (3,328)         |
| Pre-production revenue                                    | -   | -                       | -                       | -   | (313)   | (313)           |
| Foreign exchange  | (62)  | -                       | -                       | (482)   | -   | (544)           |
| <b>As at December 31, 2018</b>                            | <b>27,786</b>   | <b>39,689</b>           | <b>88,571</b>           | <b>69,092</b>   | <b>25,267</b>                                   | <b>250,405</b>  |
| Additions   | 383   | 754                     | 5,919                   | 2,612   | 7,202   | 16,870          |
| Addition as at January 1, 2019 from transition to IFRS 16 | 4,227   | -                       | -                       | -   | -   | 4,227           |
| Transfer  | -   | 10,432                  | -                       | -   | (10,432)  | -               |
| Pre-production revenue                                    | -   | -                       | -                       | -   | (3,017)   | (3,017)         |
| Pre-production expenses                                   | -   | -                       | -                       | -   | 2,168   | 2,168           |
| Retirement of assets                                      | (2,558)   | -                       | -                       | -   | -   | (2,558)         |
| Foreign exchange  | 15  | -                       | -                       | 80  | -   | 95              |
| <b>As at March 31, 2019</b>                               | <b>29,853</b>   | <b>50,875</b>           | <b>94,490</b>           | <b>71,784</b>   | <b>21,188</b>                                   | <b>268,190</b>  |
| <b>ACCUMULATED DEPRECIATION</b>                           |   |                         |                         |   |   |                 |
| <b>As at December 31, 2017</b>                            | <b>(8,522)</b>  | <b>(8,386)</b>          | <b>(14,546)</b>         | <b>(11,563)</b>   | <b>-</b>  | <b>(43,017)</b> |
| Additions   | (5,533)   | (5,842)                 | (16,892)                | (10,473)  | -   | (38,740)        |
| Derecognition of finance lease assets                     | 1,238   | -                       | -                       | -   | -   | 1,238           |
| Foreign exchange  | 52  | -                       | -                       | 82  | -   | 134             |
| <b>As at December 31, 2018</b>                            | <b>(12,765)</b>   | <b>(14,228)</b>         | <b>(31,438)</b>         | <b>(21,954)</b>   | <b>-</b>  | <b>(80,385)</b> |
| Additions   | (1,957)   | (2,154)                 | (5,996)                 | (3,325)   | -   | (13,432)        |
| Retirement of assets                                      | 2,558   | -                       | -                       | -   | -   | 2,558           |
| Foreign exchange  | (13)  | -                       | -                       | (23)  | -   | (36)            |
| <b>As at March 31, 2019</b>                               | <b>(12,177)</b>   | <b>(16,382)</b>         | <b>(37,434)</b>         | <b>(25,302)</b>   | <b>-</b>  | <b>(91,295)</b> |
| <b>NET BOOK VALUE</b>                                     |   |                         |                         |   |   |                 |
| <b>Net book value as at December 31, 2017</b>             | <b>4,886</b>  | <b>31,049</b>           | <b>47,985</b>           | <b>49,419</b>   | <b>1,949</b>                                    | <b>135,288</b>  |
| <b>Net book value as at December 31, 2018</b>             | <b>15,021</b>   | <b>25,461</b>           | <b>57,133</b>           | <b>47,138</b>   | <b>25,267</b>                                   | <b>170,020</b>  |
| <b>Net book value as at March 31, 2019</b>                | <b>17,676</b>   | <b>34,493</b>           | <b>57,056</b>           | <b>46,482</b>   | <b>21,188</b>                                   | <b>176,895</b>  |

**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**6. Property, plant and equipment (continued)**

The net book value of the assets held in Canada and in Burkina Faso totalled \$439,000 and \$176,456,000 respectively, as at March 31, 2019 (December 31, 2018: \$110,000 and \$169,910,000 respectively). Included under mining equipment are right-of-use assets at a net book value of \$12,908,000 (2018 finance lease asset: \$10,219,000). This arrangement is not in the legal form of a lease but is considered as such based on its terms and conditions (note 14). For the three months ended March 31, 2019, depreciation of right-of-use assets of \$340,000 (December 31, 2018 depreciation of finance lease asset: \$310,000) has been capitalized to mineral properties under development.

**7. Long-term debt**

| As at                         | March 31<br>2019 | December 31<br>2018 |
|-------------------------------|------------------|---------------------|
| Opening balance               | 36,200           | 43,222              |
| Adoption of IFRS 9 adjustment | -                | (211)               |
| Deduct: debt repayment        | (3,600)          | (8,400)             |
| Add: accretion                | 357              | 1,589               |
| <b>Ending balance</b>         | <b>32,957</b>    | <b>36,200</b>       |
| Less: current portion         | (12,075)         | (12,019)            |
| <b>Non-current portion</b>    | <b>20,882</b>    | <b>24,181</b>       |

The amended facility includes covenants customary for a transaction of this nature. As at March 31, 2019, the Company has maintained all covenants. In the three-month period ended March 31, 2019, the Company has made principal repayments totalling \$3,600,000.

For the three months ended March 31, 2019, interest and accretion totalling \$965,000 (March 31, 2018 -\$1,067,000) were expensed in the Company's consolidated statement of income.

As at March 31, 2019, the Company is committed to minimum future principal and interest payments for the Amended Facility, as follows:

|  | <b>Long-term debt</b> |
|--|-----------------------|
| Remainder of the year ending December 31, 2019 | 10,046                |
| Year ending December 31, 2020                  | 17,112                |
| Year ending December 31, 2021                  | 9,432                 |

**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**8. Derivative financial instruments**

The execution of a hedging program was completed in July 2016 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 three months ended March 31, 2019, the Company recognized a change in the fair value of derivative financial instruments of \$634,000 loss (March 31, 2018 - \$1,024,000 loss) in its consolidated statement of income. During the three months ended March 31, 2019, the Company redeemed hedging contracts totalling \$966,000 (March 31, 2018 - \$1,061,000) of which \$647,000 (March 31, 2018 - \$713,000) were cash settled. The cash settlement is completed on the first business day of the following month. For the three months ended March 31, 2019, the Company has settled 3,822 ounces and as at March 31, 2019, 30,602 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 March 31, 2019, 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 during the three months ended March 31, 2019 and 2018.

| For the periods ended,                         | March 31<br>2019 | December 31<br>2018 |
|--|------------------|---------------------|
| Opening balance                                | 8,441            | 13,487              |
| Change in fair value of derivatives            | 634              | (1,721)             |
| Settlement of derivative financial instruments | (966)            | (3,325)             |
| <b>Ending balance</b>                          | <b>8,109</b>     | <b>8,441</b>        |
| Less: current portion                          | (3,780)          | (3,578)             |
| <b>Non-current portion</b>                     | <b>4,329</b>     | <b>4,863</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. The cost of these obligations is determined based on the expected future level of activity and costs related to decommissioning the mines and restoring the property. As at March 31, 2019, the Company has a provision for mine rehabilitation of \$2,868,000 (December 31, 2018 - \$2,791,000). A related accretion expense of \$77,000 (March 31, 2018 - \$60,000) was recorded in the consolidated statement of income. The provision is calculated at the net present value of the estimated future undiscounted cash flows using a discount rate of 10.25% (2018 - 10.25%), a remaining mine life of approximately five years based on reserves only and estimated future undiscounted liability of \$4,437,000.

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 March 31, 2019, the restricted cash balance was \$1,034,000.

|                       | March 31<br>2019 | December 31<br>2018 |
|-----------------------|------------------|---------------------|
| Opening balance       | 2,791            | 2,379               |
| Additions, net        | -                | 336                 |
| Add: accretion        | 77               | 76                  |
| <b>Ending balance</b> | <b>2,868</b>     | <b>2,791</b>        |

**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**10. Share capital and reserves**

| For the three months ended March 31,       | 2019               | 2018               |
|--|--------------------|--------------------|
| <b>Shares</b>                              |                    |                    |
| Balance – Beginning of year                | 374,380,795        | 372,644,096        |
| Shares issued for exercise of share awards | 472,500            | 424,999            |
| Shares repurchased and cancelled           | (4,949,000)        | -                  |
| <b>Balance – End of period</b>             | <b>369,904,295</b> | <b>373,069,095</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 three months ended March 31, 2019, the Company issued 472,500 shares pursuant to the Company's restricted share units ("RSU") plan for total net impact of \$590,000 (C\$784,000).

During the three months ended March 31, 2018, the Company issued 424,999 shares pursuant to the exercise of stock options with a weighted average exercise price of \$0.52 (C\$0.66) per share, for total net proceeds of \$223,000 (C\$282,000). At the time the options were exercised the shares were trading at a weighted average price of \$0.95 (C\$1.20).

**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 March 31, 2019, the Company repurchased and cancelled 4,949,000 shares at an average price of C\$0.84/share, for a total cost of \$3,130,000 (C\$4,157,000). The NCIB allows for the purchase of up to 10,000,000 common shares for cancellation. To date, the Company has purchased 5,612,300 common shares under the NCIB.

**D. Share-based payments**

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

| For the three months ended March 31,       | 2019       | 2018       |
|--|------------|------------|
| Stock Options cost                         | (9)        | 100        |
| Deferred unit costs                        | 40         | (74)       |
| Performance share unit costs               | 93         | 50         |
| Restricted share unit costs                | 258        | 163        |
| <b>Total share-based payments expensed</b> | <b>382</b> | <b>239</b> |

**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

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

A summary of the Company's stock option activities for the three months ended March 31, 2019 and for the year ended December 31, 2018 is presented below:

|  | <b>Number of<br/>stock options</b> | <b>Weighted<br/>average<br/>exercise price<br/>\$ (CAD)</b> |
|--|------------------------------------|---|
| <b>Balance as at December 31, 2017</b> | <b>10,752,498</b>                  | <b>0.87</b>   |
| Exercised                              | (2,400,000)                        | 0.65  |
| Forfeited                              | (669,443)                          | 1.51  |
| <b>Balance as at December 31, 2018</b> | <b>7,683,055</b>                   | <b>0.87</b>   |
| Granted                                | 450,000                            | 0.91  |
| Forfeited                              | (561,110)                          | \$1.54  |
| <b>Balance as at March 31, 2019</b>    | <b>7,571,945</b>                   | <b>\$0.83</b>   |

During the three-month period ended March 31, 2019, the Company granted 450,000 options that were linked to performance based metrics to its employees (2018 -nil).

The following assumptions were used for the Black-Scholes valuation of stock options granted during March 31, 2019.

| <b>For three months ended March 31,</b>        | <b>2019</b> |
|--|-------------|
| Dividend rate                                  | 0%          |
| Expected annualized volatility                 | 52.8%       |
| Risk free interest rate                        | 1.51%       |
| Expected life of stock options (years)         | 5           |
| Weighted average fair value of options granted | C\$0.42     |

Expected annualized volatility was based on the Company's historical volatility.

As at March 31, 2019, the Company had the following stock options outstanding:

| <b>Expiry date</b> | <b>Number of stock<br/>options<br/>outstanding</b> | <b>Number of stock<br/>options vested</b> | <b>Exercise price<br/>\$CAD</b> | <b>Weighted average<br/>number of years<br/>to expiry</b> |
|--------------------|--|---|---------------------------------|---|
| April 23, 2019     | 630,000  | 630,000                                   | 0.55                            | 0.31  |
| December 8, 2019   | 150,000  | 150,000                                   | 0.61                            | 0.69  |
| January 19, 2020   | 250,000  | 250,000                                   | 0.65                            | 0.80  |
| February 2, 2020   | 1,833,335  | 1,833,335                                 | 0.70                            | 0.84  |
| April 2, 2020      | 100,000  | 100,000                                   | 0.59                            | 1.01  |
| August 13, 2020    | 200,000  | 200,000                                   | 0.72                            | 1.37  |
| January 4, 2021    | 2,585,000  | 2,585,000                                 | 0.69                            | 1.76  |
| May 18, 2021       | 225,000  | 225,000                                   | 1.20                            | 2.13  |
| June 9, 2021       | 100,000  | 100,000                                   | 1.41                            | 2.19  |
| January 19, 2022   | 1,048,610  | 743,054                                   | 1.50                            | 2.81  |
| March 31, 2024     | 450,000  | -   | 0.91                            | 5.00  |
|                    | <b>7,571,945</b>                                   | <b>6,816,389</b>                          | <b>0.83</b>                     | <b>1.70</b>   |

**Roxgold Inc.**

Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

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

The following table reflects the movement in deferred share units ("DSUs"):

|  | <b>Number of instruments</b> |
|--|------------------------------|
| <b>Balance as at December 31, 2017</b> | <b>4,075,092</b>             |
| Granted                                | 801,724                      |
| <b>Balance as at December 31, 2018</b> | <b>4,876,816</b>             |
| Granted                                | -                            |
| <b>Balance as at March 31, 2019</b>    | <b>4,876,816</b>             |

As at March 31, 2019, all DSUs were vested and 4,554,233 units had a dilutive impact as the remaining DSUs totalling 322,583 units are to be settled in cash and included as a liability on the Company's consolidated statement of financial position.

**G. Restricted share units**

The following table reflects the movement in restricted share units ("RSU"):

|  | <b>Number of instruments</b> |
|--|------------------------------|
| <b>Balance as at December 31, 2017</b> | <b>1,144,167</b>             |
| Granted                                | 2,619,123                    |
| Forfeited                              | (539,323)                    |
| Settled                                | (517,500)                    |
| <b>Balance as at December 31, 2018</b> | <b>2,706,467</b>             |
| Granted                                | 3,401,799                    |
| Forfeited                              | (21,251)                     |
| <b>Balance as at March 31, 2019</b>    | <b>6,087,015</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 1, 2020                    | 585,002                      | 361,111                             | 1.67  |
| December 1, 2021                    | 2,100,214                    | 675,060                             | 2.67  |
| December 1, 2022                    | 3,401,799                    | -                                   | 3.67  |
| <b>Balance as at March 31, 2019</b> | <b>6,087,015</b>             | <b>1,036,171</b>                    | <b>3.14</b>                                       |

**H. Performance share units**

During the three-month ended March 31, 2019, the Company granted 1,949,405 performance shares units ("PSU") to senior management. The Board of Directors determined 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 1, 2022. The following table reflects the movement in PSUs for the period ended March 31, 2019:

|  | <b>Number of instruments</b> |
|--|------------------------------|
| <b>Balance as at December 31, 2017</b> | <b>825,000</b>               |
| Granted                                | 1,102,941                    |
| Forfeited                              | (910,014)                    |
| <b>Balance as at December 31, 2018</b> | <b>1,017,927</b>             |
| Granted                                | 1,949,405                    |
| <b>Balance as at March 31, 2019</b>    | <b>2,967,332</b>             |

**Roxgold Inc.**

## Notes to the Consolidated Financial Statements

(Unaudited)

(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**10. Share capital and reserves (continued)**

| Expiry date                         | Number of instruments | Weighted average number of years to expiry |
|-------------------------------------|-----------------------|--|
| January 19, 2020                    | 366,667               | 0.80                                       |
| February 1, 2021                    | 651,260               | 1.84                                       |
| January 1, 2022                     | 1,949,405             | 2.75                                       |
| <b>Balance as at March 31, 2019</b> | <b>2,967,332</b>      | <b>2.31</b>                                |

**11. Mine operating expenses**

A summary of mine operating expenses is presented below:

| For the three months ended March 31, | 2019          | 2018          |
|--------------------------------------|---------------|---------------|
| Mining contractor                    | 7,288         | 9,635         |
| Salaries and benefits                | 2,143         | 2,442         |
| Operating supplies and parts         | 2,407         | 2,304         |
| Energy                               | 1,020         | 1,227         |
| Inventory adjustment                 | 693           | (220)         |
| <b>13,551</b>                        | <b>15,388</b> | <b>15,388</b> |

**12. Supplementary cash flow information**

| As at March 31,  | 2019            | 2018            |
|--|-----------------|-----------------|
| PP&E included in accounts payable and accrued liabilities                              | 10,751          | 4,695           |
| Depreciation included in Inventory   | 4,358           | 3,016           |
| Depreciation included in PP&E  | 480             | -               |
| IFRS 16 - right of use asset addition to PP&E  | 4,227           | -               |
| <b>Changes in non-cash working capital for the three-month periods ended March 31,</b> | <b>2019</b>     | <b>2018</b>     |
| Accounts receivable  | (4,793)         | (4,799)         |
| Prepaid expenses and other expenses  | 105             | (237)           |
| Inventory  | 692             | (652)           |
| Accounts payable & other accrued liabilities   | (491)           | (5,396)         |
| <b>(4,487)</b>   | <b>(10,610)</b> | <b>(10,610)</b> |



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(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**13. Commitments**

The Company's financial commitments consist contracts with service providers and consultants.

| For the years ending December 31, | 2019       | 2020       | 2021      |
|-----------------------------------|------------|------------|-----------|
| Lease agreements                  | 53         | -          | -         |
| Service agreements                | 451        | 169        | 27        |
|                                   | <b>504</b> | <b>169</b> | <b>27</b> |

The Company entered into an agreement with a service provider wherein the Company could be subject to an early termination payment, which is reduced monthly over 30 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 March 31, 2019, it would have been subject to an early termination payment of \$9,290,000 (March 31, 2018: \$1,738,000).

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 per ounce are subject to a royalty rate of 3%, a 4% rate is applied to all shipments with gold spot prices between \$1 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 three-month period ended March 31, 2019, the Company was subject to royalty rates of 4% and 5%. For the three-month period ended March 31, 2019, government royalties amounting to \$1,834 (2018: \$2,662) were incurred with the Government of Burkina Faso.

**14. Lease obligations**

Management has reviewed all of the Company's leasing arrangements for the adoption of IFRS 16. The standard primarily affects the accounting for the Company's contracts previously classified as operating leases under IAS 17. As at December 31, 2018, the Company had operating lease commitments of \$7,482,000 relating to mobile fleet contracts and office leases of which \$4,227,000 are considered lease obligations upon adoption of IFRS 16 on January 1, 2019.

|  | Three months<br>ended March 31<br>2019 | Year ended<br>December 31<br>2018 |
|--|--|-----------------------------------|
| Opening balance  | 9,931                                  | 4,017                             |
| De-recognize existing finance leases                             | -                                      | (2,678)                           |
| Add: new debt obligations under amended contract                 | -                                      | 11,204                            |
| Add: new debt obligations under finance leases                   | -                                      | 811                               |
| Add: IFRS 16 impact  | 4,227                                  | -                                 |
| Deduct: repayments   | (1,639)                                | (3,423)                           |
| <b>Total lease obligations (2018: Finance lease obligations)</b> | <b>12,519</b>                          | <b>9,931</b>                      |
| Less: current portion  | (7,313)                                | (5,069)                           |
| <b>Non-current obligations</b>                                   | <b>5,206</b>                           | <b>4,862</b>                      |

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

|                        | Up to 1 year | 1-5 years | Total  |
|------------------------|--------------|-----------|--------|
| Minimum lease payments | 8,148        | 5,775     | 13,923 |

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(Tabular amounts in thousands of U.S. Dollars, except for shares and per share amounts)

**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.

| <b>For the three months ended March 31, 2019</b> | <b>Mining Operations, Burkina Faso</b> | <b>Exploration and evaluation, Burkina Faso</b> | <b>Corporate</b> | <b>Total</b>   |
|--|--|---|------------------|----------------|
| Revenue  | 39,823                                 | -   | -                | 39,823         |
| Total mine operating expenses                    | (27,187)                               | -   | -                | (27,187)       |
| <b>Mine operating profit</b>                     | <b>12,636</b>                          | -   | -                | <b>12,636</b>  |
| General administrative expenses                  | -                                      | -   | (1,452)          | (1,452)        |
| Sustainability and other in-country costs        | (628)                                  | -   | -                | (628)          |
| Exploration and evaluation                       | -                                      | (3,181)   | -                | (3,181)        |
| Depreciation                                     | -                                      | (5)   | (213)            | (218)          |
| Share-based payments                             | -                                      | -   | (382)            | (382)          |
| <b>Operating profit (loss)</b>                   | <b>12,008</b>                          | <b>(3,186)</b>                                  | <b>(1,665)</b>   | <b>6,775</b>   |
| Non-Operating expenses                           | (5,395)                                | (10)  | 559              | (4,846)        |
| <b>Income (loss) for the period</b>              | <b>6,613</b>                           | <b>(3,196)</b>                                  | <b>(1,488)</b>   | <b>1,929</b>   |
| <b>Segmented total assets</b>                    | <b>240,732</b>                         | <b>3,214</b>                                    | <b>39,240</b>    | <b>283,186</b> |
| <b>Segmented total liabilities</b>               | <b>93,224</b>                          | <b>4,655</b>                                    | <b>10,167</b>    | <b>108,046</b> |
| <b>Segmented capital expenditures</b>            | <b>20,709</b>                          | <b>15</b>                                       | <b>373</b>       | <b>21,097</b>  |

| <b>For the three months ended March 31, 2018</b> | <b>Mining Operations, Burkina Faso</b> | <b>Exploration and evaluation, Burkina Faso</b> | <b>Corporate</b> | <b>Total</b>   |
|--|--|---|------------------|----------------|
| Revenue  | 53,226                                 | -   | -                | 53,226         |
| Total mine operating expenses                    | (27,682)                               | -   | -                | (27,682)       |
| <b>Mine operating profit</b>                     | <b>25,544</b>                          | -   | -                | <b>25,544</b>  |
| General administrative expenses                  | -                                      | -   | (1,350)          | (1,350)        |
| Sustainability and other in-country costs        | (388)                                  | -   | -                | (388)          |
| Exploration and evaluation                       | -                                      | (3,665)   | -                | (3,665)        |
| Depreciation                                     | -                                      | (74)  | (144)            | (218)          |
| Share-based payments                             | -                                      | -   | (239)            | (239)          |
| <b>Operating profit (loss)</b>                   | <b>25,156</b>                          | <b>(3,739)</b>                                  | <b>(1,733)</b>   | <b>19,684</b>  |
| Non-Operating expenses                           | (6,172)                                | -   | 411              | (5,761)        |
| <b>Income (loss) for the period</b>              | <b>18,984</b>                          | <b>(3,739)</b>                                  | <b>(1,322)</b>   | <b>13,923</b>  |
| <b>Segmented total assets</b>                    | <b>219,750</b>                         | <b>3,449</b>                                    | <b>29,286</b>    | <b>252,485</b> |
| <b>Segmented total liabilities</b>               | <b>83,235</b>                          | <b>1,940</b>                                    | <b>15,197</b>    | <b>100,372</b> |
| <b>Segmented capital expenditures</b>            | <b>11,691</b>                          | <b>124</b>                                      | <b>25</b>        | <b>11,840</b>  |

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.

**Roxgold Inc.**

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**16. Non-Controlling interest**

For the three months ended March 31, 2019, the non-controlling interest of the Government of Burkina Faso, which represents 10% in Roxgold SANU S.A. totalled \$967,000 (2018: \$1,740,000). The income attributable to the NCI for the three months ended March 31, 2019, totalling \$9,666,000 is based on the net income for Roxgold SANU SA, as determined using IFRS. This excludes all items within Other expenses and Financial expenses on the Company's consolidated statement of income (loss), except for sustainability and other in-country costs, interest expense, other expenses and any related foreign exchange gain (loss).

**17. Contingencies**

Under the Burkina Faso 2015 mining code, the government introduced a levy of 1% of revenues to be contributed to the Mining fund for local development. The Company is governed under the 2003 Mining code that includes a fiscal stability clause and therefore should not be subjected to this tax. To date the Company has been issued an invoice for approximately \$2.0 million for 2017, 2018 and 2019. The Company disputes this levy and ongoing negotiations are occurring with the government. The final outcome of this matter is not determinable at this time and no provision has been recorded as at December 31, 2018 and March 31, 2019. Any provision will be recognized by the Company once it is probable that an outflow of funds will occur.

The Company received from the Burkinabe tax authorities in December 2018 a tax assessment for the years 2015 and 2016 with a maximum exposure of \$12.6 million (plus an additional \$0.3 million in penalties). The assessment covers mainly three items: value added tax, withholding taxes on foreign mining-related suppliers, and corporate income taxes. The Company is vigorously defending its positions. The final outcome of this matter is not determinable at this time and no provision has been recorded as at December 31, 2018 and March 31, 2019. Any provision will be recognized by the Company once it is probable that an outflow of funds will occur.

**18. Subsequent Events**

On February 11, 2019, the Company entered into an agreement with Newcrest West Africa Holdings Pty Ltd ("Newcrest") to acquire a portfolio of 11 exploration permits in Côte d'Ivoire which includes the Séguéla gold project for a total consideration of \$20 million, with a \$2 million deposit paid in Q1 2019. On April 18, 2019, the Company completed the acquisition with Newcrest.