Interim Management's Discussion and Analysis

For the three and six-month periods ended June 30, 2018

TSX: ROXG

As at August 14, 2018

The following Management Discussion and Analysis ("MD&A") of Roxgold Inc. ("Roxgold" or the "Company") has been prepared as of August 14, 2018. This MD&A is intended to supplement the condensed interim consolidated financial statements ("Financial Statements") for the three and six-month periods ended June 30, 2018 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and it should be read in conjunction with the Company's annual financial statements and MD&A for the year ended December 31, 2017.

Management is responsible for the preparation and integrity of its Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the Financial Statements and MD&A, is complete and reliable. All figures are expressed in US dollars, except where otherwise indicated. The functional currency of the Canadian legal entities is the Canadian dollar and the US dollar is the functional currency for all of the Company's foreign subsidiaries. Refer to note 2 of the Company's annual financial statements for the year ended December 31, 2017 for the functional currency of the subsidiaries of the Company. The reporting currency of the Company is US dollar.

The Financial Statements and other information pertaining to the Company are available on SEDAR at www.sedar.com and on its website at www.roxgold.com.

This MD&A contains forward-looking statements. Particular attention should be given to the risk factors described in the "Risk Factors" section and to the "Cautionary note regarding forward-looking statements" section of this document.

The utilization of the "Company" or "Roxgold", refers to Roxgold Inc. or Roxgold Inc. and/or one or more or all of its subsidiaries, as it may apply.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained herein, including, without limitation, financial and business prospects and financial outlooks, may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may", "will," "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risks and uncertainties including those discussed under "Risk Factors" and elsewhere in this MD&A. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors management believes to be reasonable and relevant in the circumstances and at the date that such statements are made, management cannot assure that actual results will be consistent with these forward looking statements. Investors should not place undue reliance on forward-looking statements. Some of the assumptions underlying forward-looking statements contained in this MD&A include, without limitation, assumptions regarding the future price of gold, cash flow forecasts, projected capital and operating costs, availability of financing, mine life, recovery and production rates, as well as other assumptions set forth in the feasibility study dated November 6, 2017 and entitled "Technical Report for the Yaramoko Gold Project, Burkina Faso" (the "Technical Report"), and in the Feasibility Study (the "Feasibility Study") for Bagassi South dated November 6, 2017.

Forward-looking statements and other information contained herein concerning mineral exploration and development, and management's general expectations concerning such industries, are based on estimates prepared by management using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which management believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While management is not aware of any misstatements regarding any industry data presented herein, mineral exploration and development involves risks and uncertainties and industry data is subject to change based on various factors.

Forward-looking statements included in this MD&A include, but are not limited to, statements with respect to:

- the Company's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic gold deposits;
- the focus of capital expenditures;
- future plans for the Yaramoko project and other property interests held by the Company or which may be acquired on a going forward basis, if at all, including proposed exploration and drilling programs for 2018 at the Boni Shear Zone, the Haho area and on the Yaramoko and Houko concessions;
- anticipated production and cost guidance of the Company for 2018;
- the Technical Report, Feasibility Study, Mineral Resource and Mineral Reserve estimates, the ability to realize estimated Mineral Resources and Mineral Reserves, the Company's expectations that the Yaramoko project will be profitable with positive economics from mining, recoveries, grades and annual production, the receipt of all necessary permitting and approvals, and the parameters and assumptions underlying the Mineral Resource estimates, Mineral Reserve estimates and financing analysis;
- successful execution of the development plans set forth in the Technical Report and Feasibility Study, and other exploration and development plans of the Company, including with respect to the Bagassi South expansion (including with respect to the anticipated costs, timing and benefits thereof);
- anticipated sources of funding for the expansion at Bagassi South, and the sufficiency and timing thereof;
- expectations regarding grade variability at the 55 Zone, including the nature and extent thereof;
- management's outlook regarding future trend and the impact of VAT in future periods;
- exploration, acquisition and development plans;
- the possibility of the Company obtaining future financing, including the satisfaction of conditions precedent for further drawdowns under the Amended Facility (as defined herein);
- the Company's CSR (as defined herein) focus and other business objectives for the upcoming year;
- expectations regarding the Company's funding needs on a going forward basis, including with respect to anticipated cash flow to be generated from production at the Yaramoko project and the Company's ability to fund its cash requirements for the next 12 months;
- the emergence of accretive growth opportunities;
- the Company's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets;
- expectations regarding the heightened risk of jihadist incursions near the Company's property interests;
- the quantity of Mineral Resources and Mineral Reserves;
- treatment under governmental, regulatory and environmental regimes and tax laws, including under the New Mining Code (as defined herein) if applicable;
- the performance characteristics of the Company's mineral resource properties; and
- realization of the anticipated benefits of acquisitions and expansions.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements contained in this MD&A include, but are not limited to:

- general economic conditions in Canada, Burkina Faso and globally;
- uncertainty regarding Technical Report and Feasibility Study assumptions, and estimates of Mineral Resources and Mineral Reserves;
- economic factors as they affect exploration, development and mining;

- parameters and assumptions underlying Mineral Resource estimates, Mineral Reserve estimates and financial analyses being incorrect;
- the risk factors included in the Technical Report and Feasibility Study;
- the Company's ability to meet its working capital needs at the current level in the short and long term;
- environmental liability;
- industry conditions, including fluctuations in the price of gold and other metals and minerals;
- governmental regulation of the mineral resource industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates and fuel costs;
- liabilities inherent in mineral exploration and development;
- geological, technical and processing problems;
- political, security and economic risks associated with operations in Burkina Faso;
- failure to obtain third party permits, consents and approvals, when required, or at all;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
- the need to obtain required approvals from regulatory authorities; and
- the other factors outlined under "Risk Factors".

In addition, statements relating to Mineral Resources and Mineral Reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the Mineral Resources and Mineral Reserves described can be profitably mined in the future.

These forward-looking statements are made as of the date of this MD&A, and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise unless as required by applicable securities laws.

1. Description of business

Roxgold is a Canadian-based gold mining company with its key asset, the high grade Yaramoko Gold Mine, located on the Houndé greenstone belt in 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 are listed for trading on the Toronto Stock Exchange under the symbol "ROXG".

Roxgold owns a 90% beneficial interest in Roxgold SANU S.A., which owns the Yaramoko exploitation permit including the Bagassi South expansion. The government of Burkina Faso retains a 10% carried interest. In addition, the Company has a 100% undivided interest in the Bagassi South, Houko, Solna, Teyango, Yantara, and Boussara exploration properties.

2. Second Quarter highlights

	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Gold ounces produced	35,828	27,970	76,280	63,564
Gold ounces sold[1]	35,320	28,788	75,370	63,767
Financial Data (in thousands of dollars, except per share amounts)				
Gold Sales[1]	45,787	36,166	99,013	79,143
Mine operating profit	20,596	12,577	46,140	32,376
Net income	10,838	5,717	24,761	9,549
Basic earnings per share attributable to shareholders	0.03	0.02	0.06	0.03
Adjusted net income[2]	9,003	5,232	22,713	14,921
Per share[2]	0.02	0.01	0.06	0.04
Cash flow from mining operations[3]	25,669	18,638	56,541	42,385
Per share[3]	0.07	0.05	0.15	0.11
Return on equity[4]	26%	25%	26%	25%
Cash on hand end of period	66,447	49,827	66,447	49,827
Total assets	251,938	212,441	251,938	212,441
Statistics (in dollars)				
Average realized selling price (per ounce)	1,296	1,254	1,313	1,240
Cash operating cost (per ounce produced)[5]	424	498	401	445
Cash operating cost (per tonne processed)[5]	201	214	208	219
Total cash cost (per ounce sold)[6]	483	549	466	497
Sustaining capital cost (per ounce sold)[7]	190	280	176	251
Site all-in sustaining cost (per ounce sold)[8]	672	829	642	748
All-in sustaining cost (per ounce sold)[8]	718	873	686	789

[1] Gold ounces sold and Gold Sales include deferred revenues of $1,463,000 related to 1,175 ounces sold, but not shipped, as of June 30, 2017 due to the timing of the shipment in Burkina Faso.

[2] Adjusted net income and adjusted net income per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[3] Cash flow from mining operations and cash flow from mining operations per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[4] Return on equity is calculated using adjusted net income divided by average shareholders equity for the period. The figure is calculated as a rolling twelve-month period. See the "Non-IFRS financial performance measures" section of this MD&A.

[5] Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

[6] Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mine operating expenses and the government royalties per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[7] Sustaining capital cost per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the investment in underground development per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[8] Site all-in sustaining cost and all-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

During the three and six-month periods ended June 30, 2018, the Company:

- ✓ Completed over 5,100,000 hours free of lost time injuries ("LTI") since the mine commenced operations;
- ✓ Achieved production of 35,828 ounces of gold in Q2 2018, compared to 27,970 ounces in Q2 2017;
- ✓ Achieved production of 76,280 ounces of gold in the first half of 2018 compared to 63,564 ounces in the first half of 2017;
- ✓ Realized a record quarterly processing throughput of 75,417 tonnes - 12% above nameplate capacity;
- ✓ Increased gold sales[9] by 27% with 35,320 ounces of gold sold[9] totalling $45.8 million compared to 28,788 ounces of gold sold[9] for $36.2 million in gold sales[9] during the second quarter of 2017;
- ✓ Incurred cash operating cost[10] of $424 per ounce produced and all-in sustaining costs[11] of $718 per ounce sold and $401 per ounce produced and $686 per ounce sold for the three and six-month periods ended June 30, 2018, respectively;
- ✓ Generated cash flow from mining operations[12] totalling $25.7 million ($56.5 million for the six-month period) and cash flow from mining operations per share[12] of $0.07 (C$0.09/share) ($0.15 and C$0.19/share for the six-month period);
- ✓ Generated a mine operating margin[13] of $813 per ounce compared to $705 in the same period in 2017, an increase of 15% while the average realized gold price increased by 3% during the same period;
- ✓ Initiated a normal course issuer bid (NCIB) and purchased 663,300 Common Shares for cancellation;
- ✓ Advanced the Bagassi South expansion project according to plan. Updates from the work plan include:
  - Approval of Bagassi South Mining decree by the Burkina Faso Council of Ministers on the same terms as the existing Yaramoko Gold Project exploitation permit;
  - Boxcut excavation completed in early July;
  - Construction of the haulage road, security building, fencing, settlement pond and TSF embarkment raise has been completed;
  - Process plant expansion project is well underway and;
  - Underground mobile equipment delivered to site.

3. Outlook

2018 PRODUCTION GUIDANCE AND COSTS

Based on the strong operational results to date, the Company is confident it will achieve the production guidance and cost forecasts for the twelve-month period ending December 31, 2018. The Company's objectives for fiscal year 2018 include the following:

- Gold production between 120,000 and 130,000 ounces;
- Cash operating cost[10] between $450 and $475/ounce;
- All-in sustaining cost[11] between $740 and $790/ounce;
- Underground capital expenditure between $22 million and $26 million;
- Bagassi South pre-production capital expenditure of $30 million;
- Exploration budget of $9 million.

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[9] Gold ounces sold and Gold Sales include deferred revenues of $1,463,000 related to 1,175 ounces sold, but not shipped, as of June 30, 2017 due to the timing of the shipment in Burkina Faso.

[10] Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

[11] All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[12] Cash flow from mining operations and cash flow from mining operations per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[13] Mine operating margin is a non-IFRS measure with no standard definition under IFRS and is calculated by subtracting total cash cost per ounce sold from the average realized selling price per ounce sold.

4. Key drivers and trends

A. Gold price

The market price of gold is a significant factor determining the Company's financial results. As such, cash flow from operations and the Company's development and exploration activities may, in the future, be significantly adversely affected by a decline in the price of gold. The gold price fluctuates on a daily basis and is affected by a number of factors beyond the control of the Company, such as the U.S. dollar and other foreign currency exchange rates, the confidence in the global monetary system along with the expectations of other global or regional political or economic events or conditions.

During the three-month period ended June 30, 2018, the price of gold, based on the London Gold Fix PM, fluctuated from a low of $1,250 to a high of $1,351 per ounce. The average market gold price in the second quarter of 2018 was $1,306 per ounce representing an increase of $52 per ounce from the second quarter of 2017, with an average gold price of $1,257. During this period, the Company's average realized gold price for the period was $1,296 per ounce sold while it totalled $1,254 in the second quarter of 2017.

During the six-month period ended June 30, 2018, the price of gold, based on the London Gold Fix PM, fluctuated from a low of $1,250 to a high of $1,355 per ounce. The average market gold price in the first half of 2018 was $1,318 per ounce representing an increase of $82 per ounce from the first half of 2017, with an average gold price of $1,236. During this period, the Company's average realized gold price for the period was $1,313 per ounce sold while it totalled $1,240 in the second half of 2017.

B. Currency and oil price

The U.S. dollar is the Company's reporting currency. The Company's revenue is denominated in U.S. dollars as gold is priced in U.S. dollars. The Company's main sources of foreign exchange exposure are the Canadian dollar, United States dollar and the Euro, which have a direct impact on the Company's Canadian activities and mining operations in Burkina Faso where the local currency is fixed against the Euro.

During the three and six-month periods ended June 30, 2018, the US dollar was stronger relative to the Euro and stronger relative to the Canadian dollar. Therefore, the net foreign exchange rate movement had a positive impact on our total cash cost[14] and all-in sustaining cost[15].

As mining activities are energy intensive, operating costs can be affected by a change in the price of fuel. In Burkina Faso, fuel is purchased exclusively from the government and is priced in the local currency at a rate fixed by government decree. The average price fixed by decree in 2018 was 613 FCFA per liter ($1.09). By comparison, the Brent Crude average price was $75 per barrel for the three-months period ended June 30, 2018 compared to $51 per barrel in comparable period in 2017. The Company does not use a hedging strategy to mitigate the volatility of the price of oil. Since early February 2017, the Company's underground and processing facilities have been using energy provided by the high voltage ("HV") power line hence reducing its exposure to the increased fuel price.

C. Security

Since 2017, both the French and Canadian government authorities continue to issue warnings of a heightened risk of jihadist incursions from Mali in certain areas within an 80-kilometre-wide zone along the western border of Burkina Faso. This zone is distant from the Yaramoko gold mine. The Company continues to monitor security risks in-country from a variety of sources.

Apart from this and the risk factors noted in both the Company's 2017 Annual Management Discussion and Analysis and 2017 Annual Information Form available on SEDAR at www.sedar.com, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

[14] Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mine operating expenses and the government royalties per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.
[15] All-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

5. Mine operating activities

	Three months ended June 30 2018	Three months ended June 30 2017	Six months ended June 30 2018	Six months ended June 30 2017
Operating Data				
Ore mined (tonnes)	86,831	66,044	175,438	135,281
Ore processed (tonnes)	75,417	65,159	146,993	129,114
Head grade (g/t)	14.4	12.8	15.6	15.4
Recovery (%)	98.8	99.0	98.8	99.2
Gold ounces produced	35,828	27,970	76,280	63,564
Gold ounces sold[16]	35,320	28,788	75,370	63,767
Financial Data (in thousands of dollars)				
Gold Sales[16]	45,787	36,166	99,013	79,143
Mining operating expenses	(14,989)	(13,677)	(30,377)	(27,831)
Government royalties	(2,058)	(1,387)	(4,720)	(3,106)
Depreciation	(8,357)	(7,320)	(18,207)	(14,885)
Statistics (in dollars)				
Average realized selling price (per ounce)	1,296	1,254	1,313	1,240
Cash operating cost (per ounce produced)[17]	424	498	401	445
Cash operating cost (per tonne processed)[17]	201	214	208	219
Total cash cost (per ounce sold)[18]	483	549	466	497
Sustaining capital cost (per ounce sold)[19]	190	280	176	251
Site all-in sustaining cost (per ounce sold) [20]	672	829	642	748
All-in sustaining cost (per ounce sold)[20]	718	873	686	789

A. Health & safety performance

Roxgold continues to demonstrate that Health and Safety is one of the Company's core values as evidenced by more than 5 million LTI free hours worked.

B. Operational performance

The Company's gold production in the second quarter of 2018 was driven by improved operating performance in both the mine and processing plant. During the quarter ended June 30, 2018, 86,831 tonnes of ore at 12.96 g/t were extracted from the underground mine along with completing 1,124 metres of development compared to 66,044 tonnes at 11.7 g/t of ore and 2,085 metres of development in the comparable period of the prior year. The mining tonnage increase of 31% when compared to same period of the prior year is due to increased productivity from stoping activities. During the second quarter, approximately 80% of ore produced came from stoping which is a result of the extensive development that is in place at Yaramoko, with four open stopes available at the end of the quarter compared to two open stopes at the end of June 30, 2017.

[16] Gold ounces sold and Gold Sales include deferred revenues of $1,463,000 related to 1,175 ounces sold, but not shipped, as of June 30, 2017 due to the timing of the shipment in Burkina Faso.

[17] Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

[18] Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mine operating expenses and the government royalties per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[19] Sustaining capital cost per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the investment in underground development per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[20] Site all-in sustaining cost and all-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

During the six-month period ended June 30, 2018, 175,438 tonnes of ore at 14.04 g/t were extracted from the underground mine compared to 135,281 tonnes of ore at 13.25 g/t in the six-month period ended June 30, 2017. The mining tonnage increase of 30% when compared to same period of the prior year is due to increased productivity from stoping activities.

In the second quarter of 2018, decline development at the mine reached the 4981 level, approximately 350 metres below surface. Ore development commenced on the 4998 level and was completed on the 5015 level. The mine continues to be well positioned to meet future production requirements with developed reserves for stoping exceeding the Company's 18 months planned stoping objectives.

Reconciliation of mined material against the Company's resource model improved in the second quarter of 2018 following a good reconciliation observed in the first quarter of 2018. Reconciliation performed well both on a tonnage and grade basis with gold production reconciling within 1% of the resource model.

The plant processed a record 75,417 tonnes at an average head grade of 14.42 g/t Au in the second quarter of 2018 compared to 65,159 tonnes of ore at 12.78 g/t in the same quarter of 2017. This 16% increase is a result of ongoing optimisation at the plant and translates into a unit throughput rate which is 12% above nameplate capacity. Plant availability was 95.7% during the quarter and overall recovery was 98.8% during the quarter compared to 97.2% and 99.0% respectively for the comparative period in the prior year.

During the six-month period ended June 30, 2018, the plant processed 146,993 tonnes at an average head grade of 15.6 g/t compared to 129,114 tonnes of ore at 15.4 g/t during the comparable six-month period in 2017. This increase is a result of increased plant utilization and unit throughput during the period. Plant availability was 96.8% during the first half and overall recovery was 99% compared to 97.4% and 99% respectively for the comparative period in prior year.

Based on the foregoing, production increased by 28% as 35,828 ounces of gold were poured during the quarter ended June 30, 2018 compared to 27,970 ounces for the same period in 2017. Similarly, production for the six-month period increased by 20% as 76,280 ounces were produced in the six-month period ended June 30, 2018 compared to 63,564 in the six-month period ended June 30, 2017.

C. Financial performance

i) Second quarter of 2018 vs second quarter of 2017

During the quarter ended June 30, 2018, a total of 35,320 ounces of gold were sold with revenue from gold sales totalling $45,787,000 compared to 28,788 gold ounces sold[21] and gold sales[21] of $36,166,000. Revenues increased by 27% when compared to the second quarter of 2017 as the volume sold increased by 23% while the average realized gold price of $1,296 increased by $42 per ounce or 3% compared to the same period in 2017. The average market gold price in the second quarter of 2018 was $1,306 per ounce, an increase of $49 per ounce from the second quarter 2017 average of $1,257.

Mine operating expenses represent mining, processing, and mine site-related general and administrative expenses. During the quarter ended June 30, 2018, the cash operating cost[22] per tonne processed totalled $201 per tonne, which is well below the $214 per tonne processed achieved during the comparable period in 2017. The variation is mainly due to increased efficiency and throughput during the period. The cash operating cost[22] per ounce produced totalled $424 per ounce for the period compared to $498 per ounce in the prior period. This 15% decrease compared to the same period in 2017 is due to the lower cash operating cost[22] per tonne processed and the higher gold production. The total cash cost[23] per ounce sold of $483 is due to a combination of higher head grade of tonnes mined and better efficiency in stope extraction. Consequently, the Company generated a mine operating margin[24] of $813 up 15% from $705 per ounce for the same period in 2017.

[21] Gold ounces sold and Gold Sales include deferred revenues of $1,463,000 related to 1,175 ounces sold, but not shipped, as of June 30, 2017 due to the timing of the shipment in Burkina Faso.

[22] Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

[23] Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mine operating expenses and the government royalties per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[24] Mine operating margin is a non-IFRS measure with no standard definition under IFRS and is calculated by subtracting total cash cost per ounce sold from the average realized selling price per ounce sold.

During the quarter ended June 30, 2018, Roxgold invested $6,697,000 in underground mine development, representing a sustaining capital cost[25] per ounce sold of $190 while the Company invested $8,073,000 at a sustaining capital cost[25] per ounce sold of $280 in the comparable period in 2017.

Based on the foregoing, in the second quarter of 2018, the Company generated cash flow from mining operations[26] totalling $25,669,000 (Q2 2017 - $18,638,000), a site all-in sustaining cost[27] of $672 per ounce sold (Q2 2017 - $829 per ounce sold) and all-in sustaining costs[27] including corporate costs of $718 per ounce sold (Q2 2017 - $873 per ounce).

During Q2 2018, the Company repurchased 663,300 shares at approximately C$1.09/share for a total cost of $0.7 million CAD ($0.6 million US).

ii) First six months of 2018 vs first six months of 2017

Gold sales[28] for the six-month period totalled $99,013,000 from 75,370 ounces of gold ounces sold[28] compared to $79,143,000 in gold sales[28] from 63,767 gold ounces sold[28]. During this period, the Company's average realized gold price for the period was $1,313 per ounce sold while it totalled $1,240 in the second half of 2017. The average market gold price in the six-month period was $1,318 per ounce, an increase of $82 per ounce from the second quarter 2017 average of $1,236.

During the six-month period ended June 30, 2018, the cash operating cost[29] per tonne processed totalled $208 per tonne, which is 6% below the $219 per tonne processed achieved during the comparable period in 2017. The variation is mainly due to increased efficiency and throughput during the period. The cash operating cost[29] per ounce produced totalled $401 per ounce for the period compared to $445 per ounce in the prior period. The total cash cost[30] per ounce sold of $466 compared to $497 in the comparable 2017 period reflects the higher royalty rate paid during the second quarter of 2018 of 5% compared to a rate of 4% during the second quarter of 2017 as the average gold price during the period was above $1,300 per ounce. Consequently, the Company generated a mine operating margin[31] of $847 up 14% from $743 per ounce for the same period in 2017.

The Company invested $13,270,000 in underground mine development for the six-month period compared to 15,979,000 for the comparable period in 2017. The investments made during the six-month period are in line with the 2018 mine plan. The Company generated $56,541,000 cash flow from mining operations[26] during the six-month period compared to $42,385,000 during the comparable period in 2017.

6. Organic growth

The Bagassi South project is located 1.8 kilometres south of the Yaramoko processing plant. This expansion project adds substantial value to Roxgold by increasing gold production at the Yaramoko gold mine by approximately 40% to over 150,000 ounces per annum in the near term. The pre-production capital estimated at approximately $29.6 million will be funded entirely by internal cash flows. The after-tax IRR of the expansion project is 53.2% with a 1.8 year payback on initial capital.

During the second quarter of 2018, the Company received approval of the Bagassi South Mining decree by the Burkina Faso Council of Ministers on the same terms as the existing Yaramoko Gold Project exploitation permit. The construction of the Bagassi South surface infrastructure continued to progress well including the successful box cut excavation. The engineering design and procurement activities for the plant expansion are well advanced and in line with the mine start date. The haulage road is now complete and civil construction in the plant is ahead of schedule allowing for early mobilization of the SMP personnel.

[25] Sustaining capital cost per ounce sold is a non-IFRS financial performance measure with no standard definition under IFRS and represents the investment in underground development per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[26] Cash flow from mining operations and cash flow from mining operations per share are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[27] Site all-in sustaining cost and all-in sustaining cost is a non-IFRS financial performance measure with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[28] Gold ounces sold and Gold Sales include deferred revenues of $1,463,000 related to 1,175 ounces sold, but not shipped, as of June 30, 2017 due to the timing of the shipment in Burkina Faso.

[29] Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

[30] Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mine operating expenses and the government royalties per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.

[31] Mine operating margin is a non-IFRS measure with no standard definition under IFRS and is calculated by subtracting total cash cost per ounce sold from the average realized selling price per ounce sold.

7. Exploration activities

The 2018 exploration program for the property totals 65,000 metres of drilling planned on the Yaramoko and Houko permits. This includes drilling programs on the 55 Zone, Bagassi South QV1 deposit, and regional exploration along the Boni Shear, and the Haho, Kaho and Houko targets.

<u>55 Zone Drilling program</u>

Diamond drilling activities resumed on the 55 Zone during Q2 2018. An 11,000-metre underground diamond drilling in-fill program is in progress at the 55 Zone between the 5151 and 4900 levels, with a single underground rig from level 5066. This drilling program is planned to infill to an approximate 25 metre by 25 metres spacing and will continue into Q3 2018.

A 15,000-metre surface diamond drilling program targeting the eastern and western boundaries of the deeper 55 Zone resource also began in the second quarter of 2018.

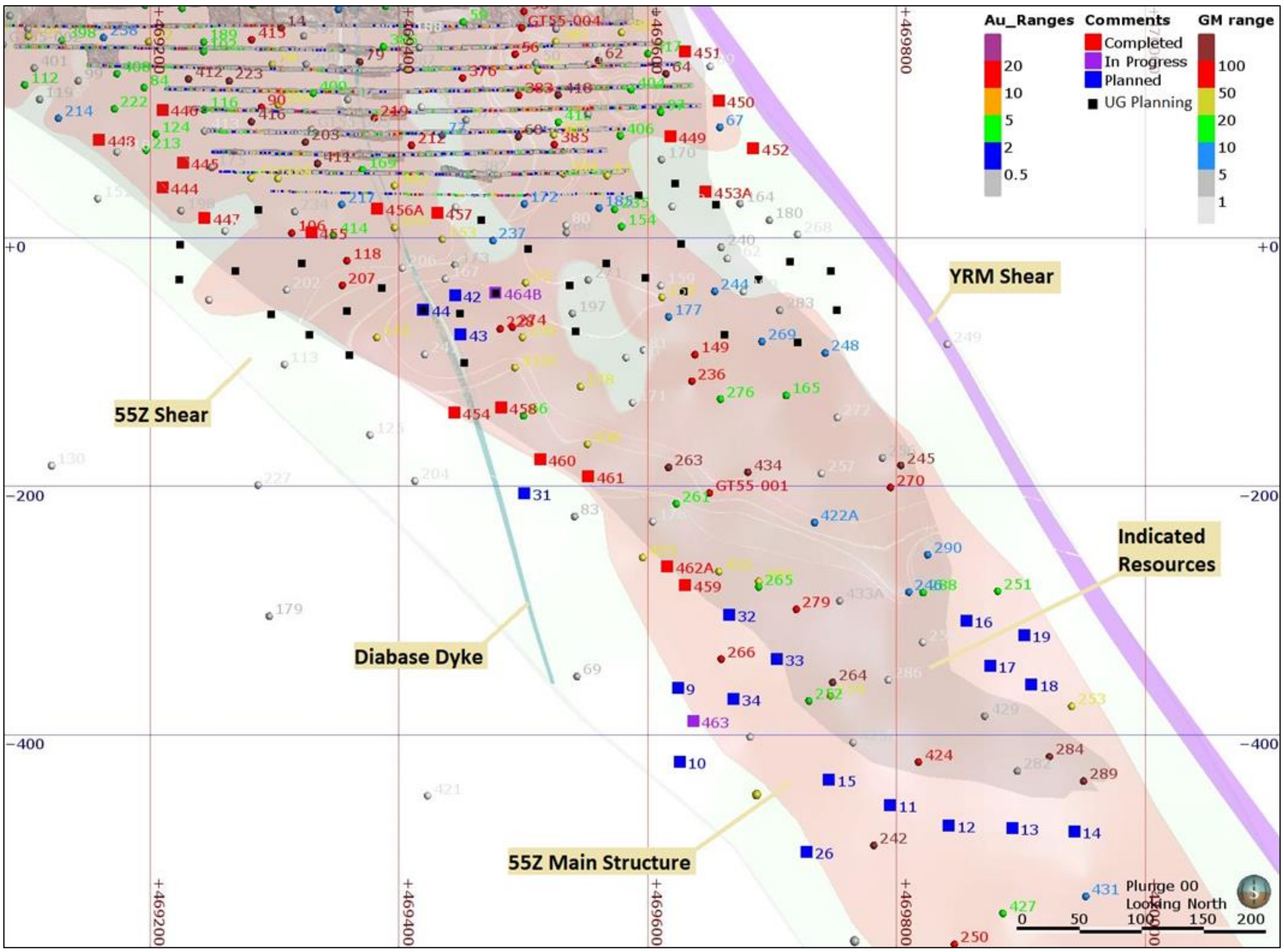

Figure 1 55 Zone Longitudinal with Surface and UG Drilling Programs

During the second quarter of 2018, 16 holes were completed at the 55 Zone program, for a total of 7,600 metres. Results for 16 holes were received during the quarter, with significant intercepts including:

- YRM-18-DD-446: 2.5m at 10.8 g/t Au from 242.6m including 0.6m at 38.0 g/t Au from 244.5m;
- YRM-18-DD-455: 2.9m at 9.3 g/t Au from 355.6m including 1.4m at 16.5 g/t Au from 356m;
- YRM-18-DD-456A: 2.2m at 47.4 g/t Au from 335.3m;
- YRM-18-DD-458: 2.0m at 5.7 g/t Au from 543.4m; and,
- YRM-18-DD-459: 4.1m at 4.8 g/t Au from 702.1m including 0.9m at 8.7 g/t Au from 702.1m and 0.5m at 16.0 g/t Au from 704.9m.

<u>Bagassi South Drilling</u>

Diamond drilling also resumed at Bagassi South in Q2 2018. The program at Bagassi South focused on extending the QV1 western ore shoot down plunge and upgrading inferred resources on the QV1 and QV Prime structures. See figure 2 below. Drilling to the end of the second quarter had extended the QV1 western shoot 75 metres down plunge with assays expected in Q3 2018.

Forty-seven holes were completed at Bagassi South in Q2 2018 totalling approximately 7,500 metres. Results were received for 50 holes at Bagassi South during the quarter, with significant intercepts including:

- YRM-18-DD-BGS-370A: 5.5m at 2.0 g/t Au from 207.3m including 1.3m at 8.0 g/t Au from 209.4m;
- YRM-18-DD-BGS-371: 2.3m at 20.9 g/t Au from 196.1m;
- YRM-18-DD-BGS-373: 1.2m at 19.2 g/t Au from 210.4m;
- YRM-18-DD-BGS-392 : 0.3m at 52.5 g/t Au from 97.6m;
- YRM-18-DD-BGS-393 : 0.4m at 66.6 g/t Au from 81.3m;
- YRM-18-DD-BGS-405: 3.0m at 18.4 g/t Au from 102.5m; and,
- YRM-18-DD-BGS-406 : 1.8m at 15.5 g/t Au from 88.6m.

An additional 1,400 metres has been planned to test near surface artisanal voids and infill the top portion of the Eastern shoot as seen in Figure 2 below.

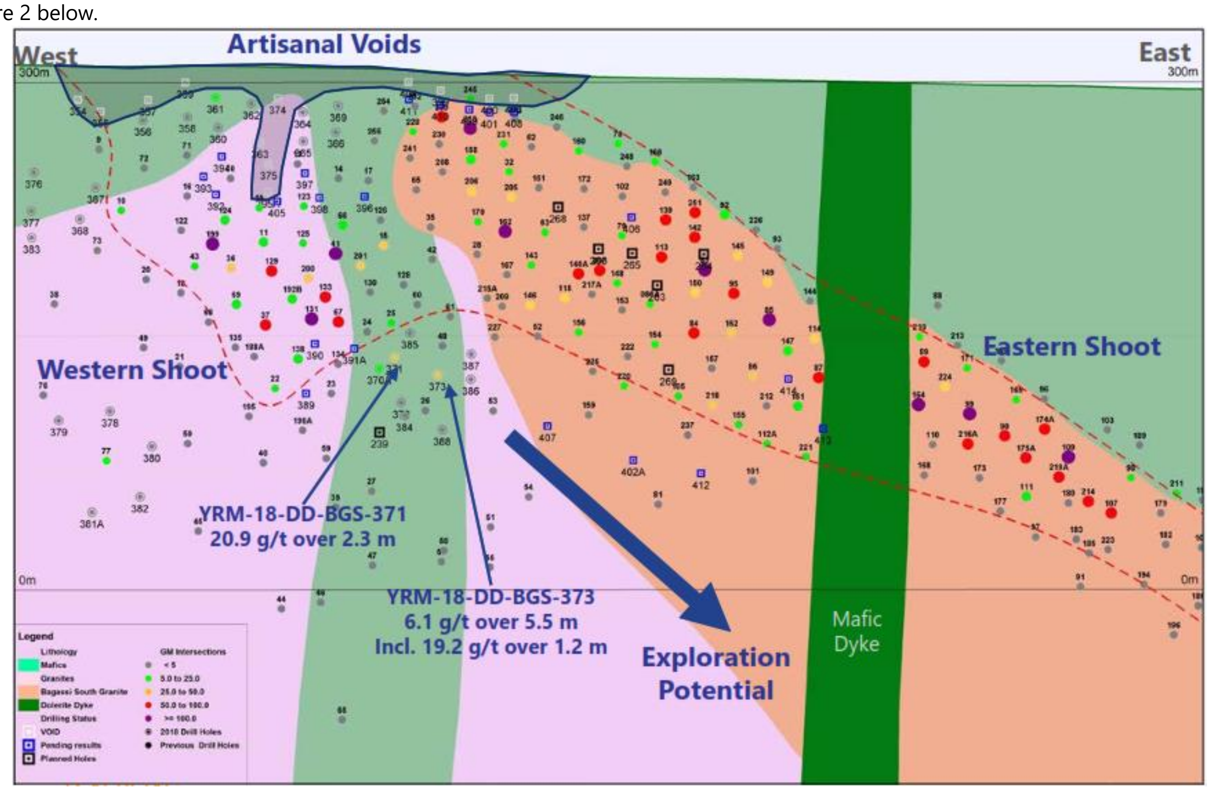

Figure 2: Bagassi South – QV1 2018 Drilling Program

The 2018 Bagassi South drilling program will also include drilling on the QV' lode which will test the structure east of the dyke, with 6 holes planned for a total of 3,000 metres. This program has been scheduled for the fourth quarter of 2018.

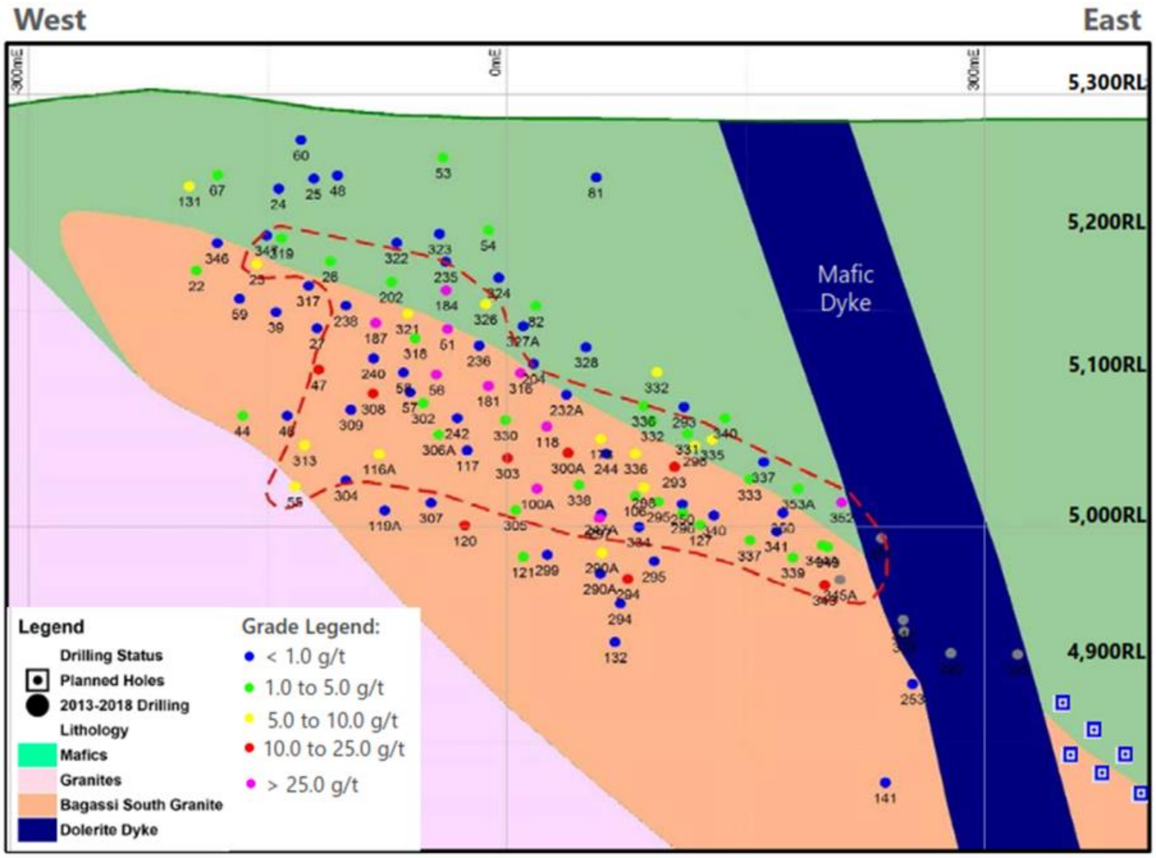

Figure 3: Bagassi South – QV' 2018 Drilling Program

<u>Regional Exploration</u>

A total of 5,074 diamond drill metres were completed for regional exploration during Q2 2018. A Phase 1 diamond drilling program at Haho to test previously outlined anomalies was completed in April 2018. The Phase 1 diamond drilling programs on the Boni Shear and Haho areas identified several low-grade structures for further follow up, with additional structural analysis to be performed. It is expected to continue to develop targets for these areas to be drilled in Q4 2018.

Structural targets in the hanging wall of the 55 Zone and west of Zone 109 were identified and a diamond drilling program was completed in the quarter. Complete assay results of these programs are expected to be received in Q3 2018. Diamond drilling on regional exploration targets adjacent to Bagassi South will commenced late in Q2 2018.

<u>Auger Drilling</u>

Auger drilling continued during Q2 2018 on the Yaramoko and Houko permits. An auger grid on the Houko permit (located west of the 55 Zone) and two auger grids targeting the western contact of the Tarkwaian basin and the Boni Shear structure were completed during the quarter.

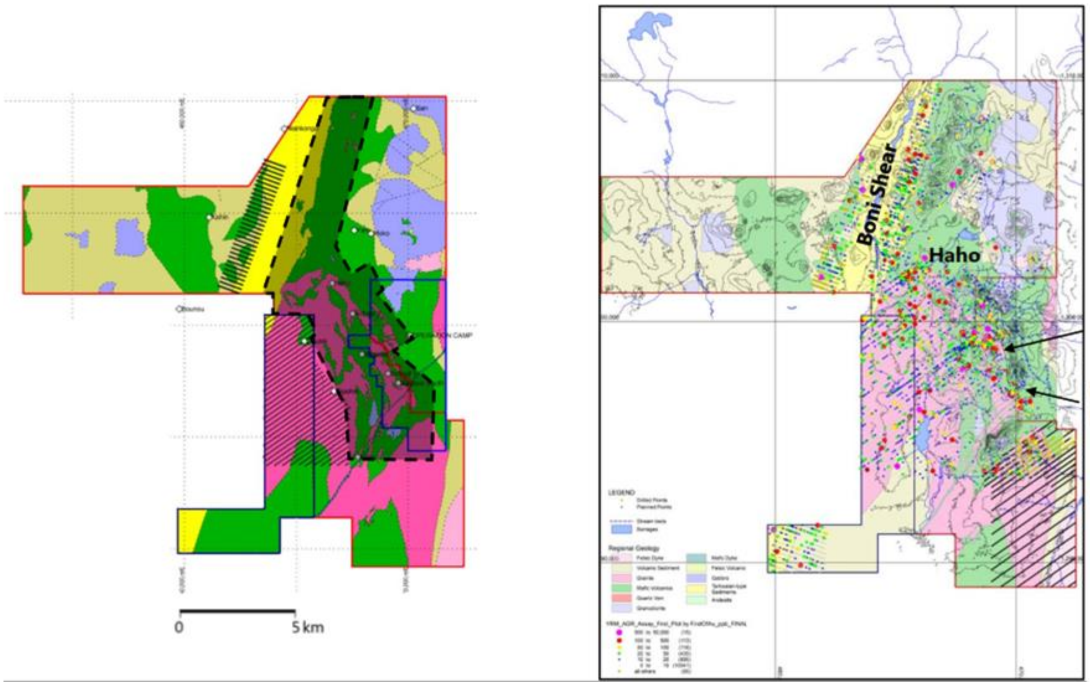

Figure 4: Regional Exploration Setting

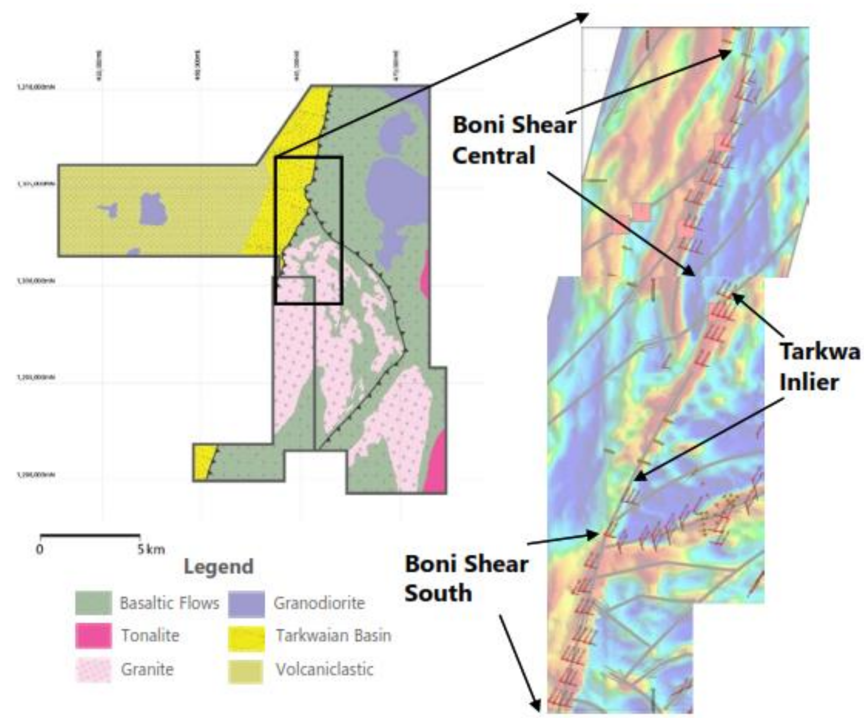

Figure 5 - Boni Shear Exploration Target

A follow-up auger grid was initiated on the Kaho granite located on the southern part of the Yaramoko concession to confirm the potential orientation of interpreted second order structures. The program commenced in Q2 2018 and was suspended in late June due to the rainy season. The program will continue in late Q3 2018.

The Kaho area is considered to be in a similar geological setting to the 55 Zone and Bagassi South deposits which are both associated with granitic bodies in close proximity to the Yaramoko Shear. See Figure 6 below. The results of the follow up auger program will assist with the design of a diamond drilling campaign planned for Q4 2018.

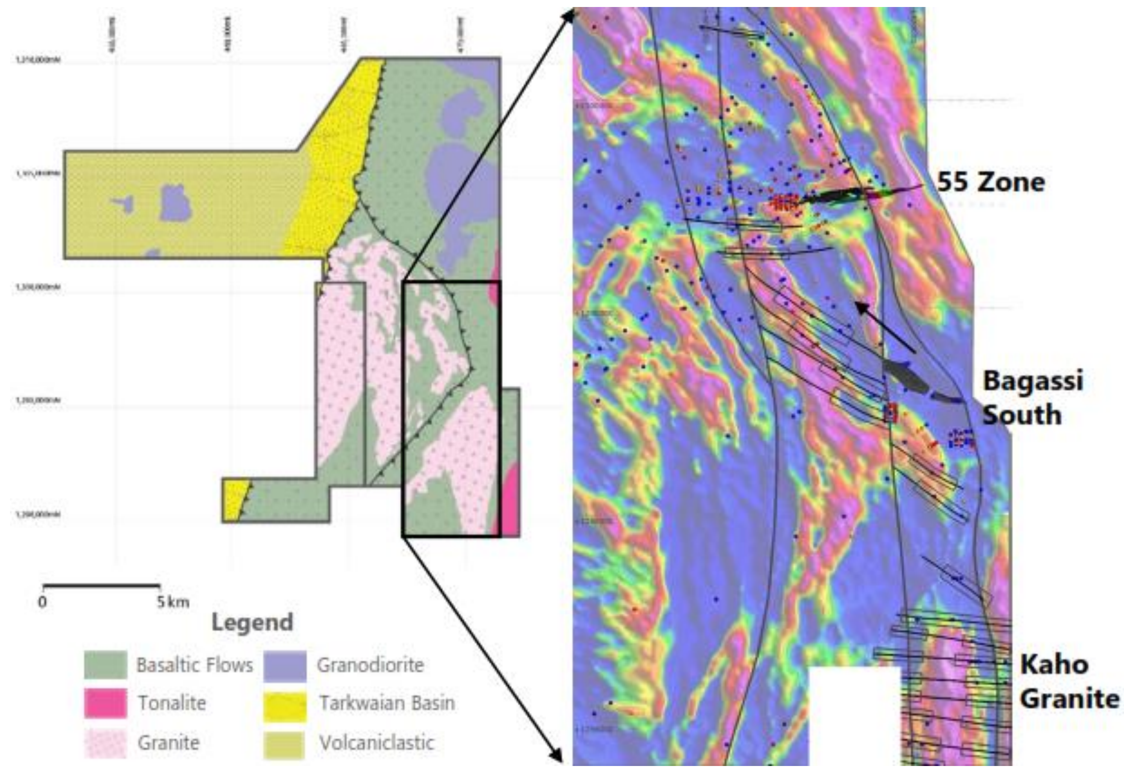

Figure 6: Yaramoko Concession - South of 55 Zone

A total of approximately 15,000 metres of auger drilling has been completed thus far in the first half of 2018 on the Yaramoko and Houko permits. When the results of this drilling are combined with on-going structural targeting and recent geophysical and geochemical data, it is anticipated that the programs will generate a number of regional diamond drilling targets for testing in Q4 2018.

8. Events subsequent to June 30, 2018

The Company has extended, by an additional 12 months, its mining contract with African Underground Mining Services ("AUMS") to supply all underground mining services for the 55 Zone and Bagassi South underground mines including development, production and associated services. The contract has a 30-month term, with an option of a 12-month extension, and is expected to commence in the third quarter of 2018. The estimated value of the contract is US$160 million, and estimated cost savings for the Company associated with the renewal is approximately 13%.

The Company received VAT reimbursements in the amount totalling $5.0 million from the Government of Burkina Faso in month of July 2018.

9. Review of financial results

A. Mine operating profit

During the second quarter of 2018, revenues totalled $45,787,000 (Q2 2017 – $34,703,000) while mine operating expenses and royalties totalled $14,989,000 (Q2 2017 - $13,667,000) and $2,058,000 (Q2 2017 – $1,387,000), respectively. The increase in sales is primarily due to increased production driven by higher throughput and a higher average realized gold price which increased from $1,254 per ounce during the second quarter of 2017 to $1,296 per ounce during the second quarter of 2018. The increase in royalties is a result of increased ounces sold and a higher blended royalty rate applied as the price of gold was sold below and above the $1,300 benchmark throughout the period. During the second quarter of 2018, the Company achieved a total cash cost[32] per ounce sold of $483 representing a mine operating margin[33] of $813 compared to $549 and $705, respectively for the same period in 2017.

During the six-month period ended June 30, 2018, revenues totalled $99,013,000 compared to $77,680,000 for the comparable period in 2017. Mine operating expenses were $30,377,000 compared to $27,831,000 while royalties paid were $4,720,000 compared to $3,106,000. The increase in sales is primarily due to increased production driven by higher throughput and a higher average realized gold price which increased from $1,240 per ounce during the six-month period of 2017 to $1,313 per ounce during the period in 2018. During the period, the Company achieved a total cash cost[32] per ounce sold of $466 representing a mine operating margin[33] of $847 compared to $497 and $743, respectively for the same period in 2017.

For more information on the cash operating costs[34] see the financial performance of the Mine Operating Activities section of this MD&A.

Depreciation totalled $8,144,000 and $17,776,000 for the three and six-month period ended June 30, 2018, respectively compared to $7,072,000 and $14,367,000 in the corresponding period in prior year. The increase in depreciation is a result of a higher asset base and further investments in the underground development combined with a higher throughput in our processing facility.

As a result of the Company's continued excellent operating performance and higher realized gold price, mine operating profit has increased by 64% and 43%, in the three and six-months ended periods of June 30, 2018.

B. General and administrative expenses

General and administrative expenses totalled $1,243,000 and $2,593,000 for the three and six-month ended June 30, 2018, respectively compared to $934,000 and $2,134,000 for the corresponding period in prior year. The increase is mainly driven by the addition of corporate personnel as the Company enters a growth phase.

C. Sustainability and other in-country costs

Sustainability and in-country costs remained consistent year over year totalling $375,000 and $763,000 for the three and six-months ended June 30, 2018, respectively, compared to $330,000 and $773,000 in the corresponding period in prior year. These expenditures are incurred as part of Roxgold's commitment to responsible operations in Burkina Faso including several sustainability and community projects.

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

Exploration and evaluation expenses totalling $3,696,000 and $7,361,000 for the three and six-months ended June 30, 2018, respectively compared to $3,514,000 and $6,861,000 for the corresponding periods in prior year. Current year expenditures reflect the regional exploration program ongoing at the Boni shear and Haho areas while 2017 included expenditures associated with the Bagassi South infill and extensional drilling program completed as part of the Feasibility Study on Bagassi South released on November 6, 2017.

[32] Total cash cost is a non-IFRS financial performance measure with no standard definition under IFRS and represents the mine operating expenses and the government royalties per ounce sold. See the "Non-IFRS financial performance measures" section of this MD&A.
[33] Mine operating margin is a non-IFRS measure with no standard definition under IFRS and is calculated by subtracting total cash cost per ounce sold from the average realized selling price per ounce sold.
[34] Cash operating cost is a non-IFRS measure with no standard definition under IFRS and is calculated using ounces produced and tonnes processed. See the "Non-IFRS financial performance measures" section of this MD&A.

E. Share-based payment

Share-based payments totalling $1,015,000 and $1,254,000 for the three and six-months ended June 30, 2018, respectively compared to $514,000 and $1,065,000 for the corresponding periods in the prior year. The increase is attributed to the deferred share units ("DSU") mainly attributed to the timing of annual DSU grants which were issued in Q2 2018 when in the prior year it was granted in Q3 2017.

During the three-month period ended June 30, 2018, the Company granted 801,723 DSUs valued at $728,000 as part of the annual grant of directors of the Company compared to the prior year where annual DSUs were granted in the third quarter of 2017.

F. Financial expenses

Net financial expenses totalled $61,000 and $1,848,000 for the three and six-months ended June 30, 2018, respectively compared to $551,000 and $8,779,000 in the comparable period of the prior year. The variation year over year is mainly attributable to the change in the fair value of the Company's gold forward sales contracts, reduction of interest expense related to the long-term debt and the variation in the Company's foreign exchange gain (loss).

G. Deferred income tax expense

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

H. Net income & EBITDA

The Company's net income for the three and six-month periods ended June 30, 2018 totalled $10,838,000 ($0.03 per share) and $24,761,000 ($0.06 per share) respectively, compared to $5,717,000 ($0.02 per share) and $9,549,000 ($0.03 per share) in the comparable period in prior year.

During the second quarter of 2018 the Company generated earnings before interest, taxes, depreciation and amortization ("EBITDA")[35] of $23,160,000 representing an improvement of 55% over the EBITDA[35] achieved during Q2 2017 of $14,986,000. The six-months ended June 30, 2018 period had EBITDA[35] of $51,981,000 an increase of 72% over the comparable period in 2017 of $30,287,000.

I. Income Attributable to Non-Controlling Interest

For the three and six-month periods ended June 30, 2018, the income attributable to the non-controlling interest ("NCI") was $1,106,000 and $2,846,000 respectively, (2017: $950,000 and $2,364,000). The Government of Burkina Faso holds a 10% carried interest in Roxgold SANU SA and as such is considered Roxgold's NCI. Income attributable to the NCI excludes all items within Other expenses and Financial expenses on the Company's consolidated statement of income, with the exception of sustainability and other in-country costs, interest expense, and financing fees.

10. Other comprehensive income

For the three and six-month periods ended June 30, 2018, other comprehensive income amounted to $1,291,000 and $1,017,000 respectively (2017: $416,000 and $709,000). The variation between periods is essentially related to the effects of the foreign exchange rate of U.S. dollars to Canadian dollars at the end of the reporting period as it relates to the legal entities which have a different functional currency than the presentation currency of the Company.

[35] Earnings before interest, taxes and depreciation and amortization is a non-IFRS financial performance measures with no standard definition under IFRS. See "Non-IFRS financial performance measures".

11. Cash flows

The following table summarizes cash flow activities:

For the six-month period ended June 30,	2018	2017
Cash flow		
Operations	**47,438,000**	**34,364,000**
Changes in non-cash working capital	(14,674,000)	(10,157,000)
Operating activities	**32,764,000**	**24,207,000**
Financing activities	(4,964,000)	(23,540,000)
Investing activities	(24,471,000)	(21,172,000)
Change in cash and cash equivalents during the period	**3.329,000**	**(20,505,000)**
Effect of foreign exchange rates on cash	85,000	1,430,000
Cash and cash equivalents, beginning of period	**63,033,000**	**68,902,000**
Cash and cash equivalents, end of period	**66,447,000**	**49,827,000**

Operating

During the six-month period ended June 30, 2018, the Company generated operating cash flow from mining operations[36] of $56,541,000 and $47,438,000 operating cash flow before changes in non-cash working capital, compared to $42,385,000 and $34,364,000, respectively in the comparative period. The variation period over period is essentially due to higher mining operating profit during the period resulting from a lower total cash cost per ounce sold and higher volume sold. The non-cash working capital variation is mainly due to an increase in value added tax (VAT) receivable and an increase of trade payables as at June 30, 2018.

In the first half of 2018, the Company received VAT reimbursements totalling $4.5 million with an additional $5.0 million received in the month of July 2018. The Company believes that the VAT receivable balance will continue to reduce in the upcoming months. The decrease in trade payables relates to the timing of payments and the accruals associated with the Bagassi South expansion.

Investing

During the six-month period ended June 30, 2018, the Company invested $24,471,000 of cash additions to property, plant and equipment which mainly related to $13,270,000 in underground development and $10,389,000 in the development of the Bagassi South property. In 2017, the investment reflected underground development and the completion of the HV power line which was put in service at the end of February 2017.

Financing

The variation in financing activities is primarily due to an early repayment of $15 million made in 2017 under the Initial Facility of $75 million, subsequently amended to a $60 million credit facility (the "Amended Facility"). In 2017, the quarterly repayments as per the payment schedule were higher than the year to date 2018 principle repayments of $4,200,000.

During the six-month period ended June 30, 2018, the Company disbursed $1,339,000 pertaining to the finance lease obligation embedded within the AUMS mining services agreement compared to $936,000 in the comparable period in 2017. The increase in payments is based on the scheduled reduction of the finance obligation.

[36] Cash flow from mining operations and cash flow from mining operations per share are non-IFRS financial performance measures with no standard definition under IFRS. See "Non-IFRS financial performance measures".

Financial position

As at	June 30 2018	December 31 2017
Cash and cash equivalents	66,447,000	63,033,000
Other current assets	42,515,000	37,382,000
Total current assets	**108,962,000**	**100,415,000**
Property, plant and equipment ("PP&E")	142,465,000	135,288,000
Other non-current assets	511,000	511,000
Total assets	**251,938,000**	**236,214,000**
Total current liabilities	**36,772,000**	**43,426,000**
Long-term debt	29,452,000	35,464,000
Derivative financial instruments	6,314,000	9,527,000
Asset retirement obligation	2,868,000	2,379,000
Finance lease	-	1,240,000
Other non-current liabilities	14,063,000	7,008,000
Total liabilities	**89,469,000**	**99,044,000**
Equity attributable to equity shareholders	153,783,000	131,330,000
Non-controlling interests	8,686,000	5,840,000
Total equity	**162,469,000**	**137,170,000**
Total liabilities and equity	**251,938,000**	**236,214,000**

The Company's total assets as at June 30, 2018 has increased by $15.7 million when compared to December 31, 2017. This is mainly driven by higher cash balance, mine operating margin[37] of $813 per ounce sold and higher VAT receivable. The Company received $4.5 million of VAT reimbursements during the second quarter of 2018 with an additional $5.0 million received in the month of July 2018.

Total liabilities have remained consistent period over period and the variation in equity is mainly the result of the Company's net income totalling $24.8 million achieved during the first half of 2018.

12. Financial risk factors

The Company's risk exposure and impact on the Company's financial instruments are summarized in note 20 of its annual consolidated financial statements for the year ended December 31, 2017.

[37] Mine operating margin is a non-IFRS measure with no standard definition under IFRS and is calculated by subtracting total cash cost per ounce sold from the average realized selling price per ounce sold.

13. Commitments

Significant financial commitments consist of lease agreements covering offices and other properties in Canada and Burkina Faso as well as contracts with service providers and consultants.

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

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

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

	Up to 1 year	2-5 years	Total
Minimum lease payments	2,678,000	-	2,678,000
Finance charges	350,000	-	350,000
Total	**3,028,000**	**-**	**3,028,000**

As of June 30, 2018, future minimum principal and interest payments for the Amended Facility are as follows:

	Up to 1 year	2-5 years	Total
Minimum principal and interest payments	12,420,000	33,113,000	45,533,000

The government of Burkina Faso retains a 10% carried interest in Roxgold SANU S.A. In Burkina Faso, all shipments with gold spot prices lower or equal to $1,000 per ounce are subject to a royalty rate of 3%, a 4% rate is applied to all shipments with gold spot prices between $1,000 and $1,300 per ounce, and a 5% royalty rate is applied to all shipments with a gold spot price greater than $1,300 per ounce. During the six-month period ended June 30, 2018, the Company was subject to a royalty rate of both 4% and 5% and made royalties payments amounting to $4,720,000 (June 30, 2017 - $3,106,000) to the Government of Burkina Faso.

14. Critical accounting estimates, judgements and off-balance sheet arrangements

The Company's critical accounting estimates and judgments are summarized in note 3 of its annual consolidated financial statements for the year ended December 31, 2017 filed on SEDAR at www.sedar.com on March 28, 2018.

The Company does not have any off-balance sheet arrangements.

15. New Accounting Standards Issued and Adopted by the Company

The new accounting standards adopted on January 1, 2018 are disclosed in note 2 of the condensed interim consolidated financial statements for the period ended June 30, 2018. The new accounting standards issued but not yet in effect are disclosed in note 2 of its annual consolidated financial statements for the year ended December 31, 2017 filed on SEDAR at www.sedar.com on March 28, 2018.

16. Non-IFRS financial performance measures

The Company provides some non-IFRS measures as supplementary information that management believes may be useful to investors to explain the Company's financial results.

A. Cash operating cost

''Cash operating cost'' and "total cash cost" are common financial performance measures in the gold mining industry but with no standard meaning under IFRS. Management believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measure, along with sales, is considered to be a key indicator of a Company's ability to generate earnings and cash flow from its mining operations.

Cash operating cost and total cash cost figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently. Cash operating cost per ounce produced and tonne processed are derived from mining operating costs such as mining, processing, mine site general and administrative expenses. Total cash cost per ounce sold represents mining operations expenses plus royalties and selling expenses divided by ounces sold.

The table below shows a reconciliation of cash operating cost per ounce produced and tonnes processed as well as the total cash cost per ounce sold.

	Three months ended June 30 2018	Three months ended June 30 2017	**Six months ended June 30 2018**	Three months ended June 30 2017
Per ounce produced				
Gold ounces produced	**35,828**	27,970	**76,280**	63,564
(in thousands of dollars except per ounce)				
Mine operating expenses (excluding royalties)	**14,989**	13,667	**30,377**	27,831
Selling expenses	**(74)**	(78)	**(153)**	(156)
Effects of inventory adjustments (doré bars)	**278**	345	**400**	635
Operating cost (relating to ounces produced)	**15,193**	13,934	**30,624**	28,310
Cash operating cost (per ounce produced)	**424**	498	**401**	445

	Three months ended June 30 2018	Three months ended June 30 2017	**Six months ended June 30 2018**	Three months ended June 30 2017
Per tonne processed				
Tonnes of ore processed	**75,417**	65,159	**146,993**	129,114
(in thousands of dollars except per ounce)				
Mine operating expenses (excluding royalties)	**14,989**	13,667	**30,377**	27,831
Selling expenses	**(74)**	(78)	**(153)**	(156)
Effects of inventory adjustments (doré bars)	**278**	345	**400**	635
Operating cost (relating to tonnes processed)	**15,193**	13,934	**30,624**	28,310
Cash operating cost (per tonne processed)	**201**	214	**208**	219

B. Site all-in sustaining costs and All-in sustaining cost

In June 2013, the World Gold Council, a non-regulatory association of the world's leading gold mining companies established to promote the use of gold to industry, consumers and investors, provided guidance for the calculation of the measure "Site all-in sustaining cost per gold ounce", and "All-in sustaining cost per gold ounce", which has no standard meaning under IFRS. These standards became effective January 1, 2014. Management believes that the all-in sustaining cost per gold ounce measure provides additional insight into the costs of producing gold by capturing all of the expenditures required for the discovery, development and sustaining of gold production and allows the Company to assess its ability to support capital expenditures to sustain future production from the generation of operating cash flows. Additionally, management also finds it beneficial to the readers to disclose site all-in sustaining costs per ounce which is calculated by removing sustaining and other in-country cost and corporate general and administrative expenses from the all-in sustaining cost per ounce metric. Management believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance. However, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS and is not necessarily indicative of cash flow from operations under IFRS or operating costs presented under IFRS. It should also be noted that the adoption of the standard is voluntary, and the cost measures presented may not be comparable to other similarly titled measures of other companies. Other companies may calculate these measures differently.

Consistent with guidance announced in 2013 by the World Gold Council, Roxgold defines all-in sustaining cost per ounce as the sum of total cash cost, underground development that is sustaining in nature, corporate general and administrative costs, in country and corporate social responsibility expenditures related to current operations, and reclamation liability accretion, all divided by the total gold ounces produced to arrive at a per ounce figure.

As this measure intends to represent the cost of selling gold from current operations, it does not include capital expenditures attributable to development projects or mine expansions including economic evaluation for such projects, non-cash share-based payments, exploration expenses that are not sustainable in nature, income tax payments, working capital defined as current assets less current liabilities (except for inventory adjustments) or interest costs.

The table below shows a reconciliation of all-in sustaining cost per ounce to costs as extracted from the consolidated financial statements:

Per ounce sold	**Three months ended June 30 2018**	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
Gold ounces sold and shipped	**35,320**	27,613	**75,370**	62,592
Gold sold not shipped	**-**	1,175	**-**	1,175
Total ounces sold	**35,320**	28,788	**75,370**	63,767
(in thousands of dollars except per ounce)				
Mine operating expenses (excluding royalties)	**14,989**	13,667	**30,377**	27,831
Inventory cost of doré sold not shipped	**-**	635	**-**	635
Royalties	**2,058**	1,387	**4,720**	3,106
Royalties of doré sold not shipped	**-**	118	**-**	118
Total Cash Cost	**17,047**	15,807	**35,097**	31,690
Total cash cost per ounce sold	**483**	549	**466**	497
Investment in underground development				
For period over the next 18 months	**6,697**	4,037	**13,270**	11,943
For period beyond 18 months	**-**	4,036	**-**	4,036
Site all-in sustaining cost	**23,744**	23,880	**48,367**	47,669
Site all-in sustaining cost per ounce sold	**672**	829	**642**	748
Sustaining and other in-country costs	**375**	330	**763**	773
Corporate and general administrative expenses	**1,243**	934	**2,593**	2,134
Non-recurring expenditures associated with TSX graduation	**-**	-	**-**	(250)
All-in sustaining cost	**25,362**	25,144	**51,723**	50,326
All-in sustaining cost per ounce sold	**718**	873	**686**	789

Per ounce sold	**Three months ended June 30 2018**	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
(in thousands of dollars)				
All-in sustaining cost	**25,362**	25,144	**51,723**	50,326
Underground development completed for 2020 production	**-**	(4,036)	**-**	(4,036)
All-in sustaining cost for next 18 months	**25,362**	21,108	**51,723**	46,290
All-in sustaining cost per ounce sold for next 18 months	**718**	733	**686**	726

C. Cash flow from mining operations

The following table sets forth a reconciliation of cash flow from mining operations, a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate cash flow from operations.

	Three months ended June 30 2018	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
(in thousands of dollars)				
Cash flow from operating activities excluding changes in non-cash working capital items	**20,944**	14,376	**47,438**	34,364
Exploration and evaluation expenditures	**3,696**	3,514	**7,361**	6,861
Settlement of hedging contracts	**1,029**	748	**1,742**	1,160
Cash flow from mining operations	**25,669**	18,638	**56,541**	42,385

D. Cash flow per share

The following table sets forth the calculation of the cash flow per share, a non-IFRS measure which the Company believes to be relevant to assess the Company's ability to generate cash flow from operations.

	Three months ended June 30 2018	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
(in thousands of dollars except share and per share amounts)				
Cash flow from mining operations	**25,669**	18,638	**56,541**	42,385
Weighted average Common shares outstanding - basic	**373,514,278**	371,437,429	**373,189,325**	371,099,698
Cash flow per share	**0.07**	0.05	**0.15**	0.12
Cash flow per share in Canadian dollars[38]	**0.09**	0.07	**0.19**	0.15

[38] Translated at average closing rates of USD/CAD rate of 1.2911 and 1.2781, respectively.

E. Adjusted net income

The following table sets forth a reconciliation of adjusted net income, a non-IFRS measure which the Company believes to be relevant to assess the Company's profitability.

(in thousands of dollars)	**Three months ended June 30 2018**	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
Net income	**10,838**	5,717	**24,761**	9,549
Change in fair value of derivative financial instruments	**(2,991)**	(485)	**(1,967)**	5,267
Foreign exchange (gain) loss	**1,156**	(710)	**(81)**	(605)
Deferred revenues	**-**	1,463	**-**	1,463
Mining, royalty costs associated with doré not shipped	**-**	(753)	**-**	(753)
Adjusted net income	**9,003**	5,232	**22,713**	14,921

F. Adjusted earnings per share

The following table sets forth the calculation of the adjusted earnings per share, a non-IFRS measure which the Company believes to be relevant to assess the Company's profitability.

(in thousands of dollars except share and per share amounts)	**Three months ended June 30 2018**	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
Adjusted net income	**9,003**	5,232	**22,713**	14,921
Weighted average Common shares outstanding - basic	**373,514,278**	371,437,429	**373,189,325**	371,099,698
Adjusted earnings per share	**0.02**	0.01	**0.06**	0.04
Adjusted earnings per share in Canadian dollars[39]	**0.03**	0.02	**0.08**	0.05

[39] Translated at average closing rates of USD/CAD rate of 1.2911 and 1.2781, respectively.

G. Return on Equity

The following table calculates the rolling twelve-month net income in order to calculate return on equity, a non-IFRS measure which the Company believes to be relevant to assess the Company's operating profitability.

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	**Twelve months ended June 30 2018**
(thousands of dollars)					
Net income	10,838	13,923	6,758	6,936	**38,455**
Change in Fair value of derivatives	(2,991)	1,024	1,300	2,210	**1,543**
Foreign exchange gain	1,156	(1,237)	(474)	(538)	**(1,093)**
Net impact of deferred revenues and costs	-	-	-	673	**673**
Reverse the impact of net deferred revenue in prior periods	-	-	(673)	(710)	**(1,383)**
Adjusted net income	9,003	13,710	6,911	8,571	**38,195**
Shareholders equity	162,469	152,113	137,170	133,185	**146,234**[40]
Return on equity percentage					**26%**

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Twelve months ended June 30 2017
(thousands of dollars)					
Net income (loss)	5,717	3,832	23,702	(2,462)	30,789
Change in Fair value of derivatives	(485)	5,752	(8,808)	(272)	(3,813)
Foreign exchange gain	(710)	105	850	(493)	(248)
Net impact of deferred revenues and costs	710	-	-	-	710
Reverse the impact of net deferred revenue in prior periods	-	-	-	-	-
Adjusted net income	5,232	9,689	15,744	(3,227)	27,438
Shareholders equity	124,273	117,524	112,752	88,691	110,810[40]
Return on equity percentage					25%

H. Earnings before interest, taxes, depreciation and amortization ("EBITDA")

The following table sets forth the calculation of EBITDA, a non-IFRS measure which the Company believes to be relevant to assess the Company's operating performance.

	Three months ended June 30 2018	Three months ended June 30 2017	**Six months ended June 30 2018**	Six months ended June 30 2017
(in thousands of dollars)				
Net income	**10,838**	5,717	**24,761**	9,549
Interest expense	**810**	1,180	**1,884**	3,156
Income tax expense	**3,155**	769	**7,129**	2,697
Depreciation	**8,357**	7,320	**18,207**	14,885
EBITDA	**23,160**	14,986	**51,981**	30,287

[40] Average shareholders' equity for the rolling twelve-month period calculated as the average of each quarter.

17. Share capital information

The Company's authorized share capital is unlimited common shares without par value. As of August 14, 2018, there are 374,230,795 common shares outstanding. In addition, there are 16,315,574 common shares issuable on the exercise of 8,096,944 options, 2,646,468 RSUs, 1,017,927 PSUs and, 4,554,235 DSUs with dilutive impact.

18. Summary of quarterly results

The following information is derived from and should be read in conjunction with the unaudited condensed interim consolidated financial statements for each of the past eight quarters. All amounts are stated in thousands of dollars except for the net income (loss) per share.

	Q2 2018 $	Q1 2018 $	Q4 2017 $	Q3 2017 $	Q2 2017 $	Q1 2017 $	Q4 2016 $	Q3 2016[41] $
Financial results ($ millions)								
Revenue	45,787	53,226	45,455	36,279	34,703	42,977	41,385	-
Mine Operating profit	20,596	25,544	19,316	15,446	12,577	19,799	21,493	-
Operating profit (loss)	14,054	19,684	13,999	9,554	7,037	13,988	17,246	(3,176)
Net income (loss)	10,838	13,923	6,758	6,936	5,717	3,832	23,702	(2,462)
Net income (loss) attributable to shareholders	9,732	12,183	6,064	5,594	4,767	2,418	19,996	(2,462)
Income (loss) per share - basic	0.03	0.03	0.02	0.02	0.02	0.01	0.06	(0.01)
Income (loss) per share - diluted	0.02	0.03	0.02	0.02	0.02	0.01	0.06	(0.01)
Cash flow from mining operations[42]	25,669	30,872	22,035	18,099	18,632	23,747	23,170	-
Operational results								
Ore mined (tonnes)	86,831	88,607	108,094	76,480	66,044	69,237	72,561	49,270
Ore processed (tonnes)	75,417	71,576	70,815	66,670	65,159	63,955	61,265	60,880
Head grade (g/t)	14.4	16.8	17.6	13.6	12.8	17.3	15.45	17.0
Recovery (%)	98.8	99.0	99.1	98.6	99.0	99.2	98.9	98.7
Gold ounces produced (oz)	35,828	40,452	35,016	28,410	27,970	35,594	29,688	32,990
Gold ounces sold (oz)[43]	35,320	40,050	34,876	27,912	28,788	34,979	34,271	34,590
Financial results per unit[44]								
Average realized selling price (oz)	1,296	1,329	1,270	1,286	1,254	1,229	1,208	1,335
Cash operating cost (oz)	424	381	417	445	498	404	414	348
Total cash cost (oz)	483	451	488	522	549	454	461	417
Site all-in sustaining cost (oz)	672	615	554	779	829	680	665	667
All-in sustaining cost (oz)	718	658	609	883	873	720	702	700

[41] Prior to September 30, 2016, the Company was in the exploration and development stage of activities on its mineral properties and all pre-commercial production revenues were recognized as a reduction of capitalized costs. On October 1, 2016, the Company declared commercial production and started generating revenues as of this date.

[42] Cash flow from mining operations are non-IFRS financial performance measures with no standard definition under IFRS. See the "Non-IFRS financial performance measures" section of this MD&A.

[43] Gold ounces sold include ounces related to deferred sales.

[44] Financial results per unit are non-IFRS financial performance measures with no standard definition under IFRS. See "Non-IFRS financial performance measures" section of this MD&A.

19. Risk factors

Roxgold is subject to several risks and uncertainties which could have a material adverse impact on its operations, its financial condition and the trading price of its shares. For the full description necessary to understand these risks and uncertainties the reader is directed to note 22 of the Company's MD&A for the year ended December 31, 2017, which was filed on SEDAR at www.sedar.com on March 28, 2018. Careful attention should also be paid to the section in this MD&A entitled "Cautionary Note Regarding Forward Looking Statements".

20. Internal control over financial reporting and disclosure controls and procedures

Disclosure Controls and Procedures
The Company's management, with the participation of its Chief Executive Officer ("CEO") and Acting Chief Financial Officer ("Acting CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures ("DC&P") as such term is defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Based upon the results of that evaluation, the Company's CEO and Acting CFO have concluded that, during the period ended June 30, 2018, the Company's DC&P were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, including the CEO and Acting CFO, as appropriate, to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting
The Company's management, with the participation of its CEO and Acting CFO, is responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") as such term is defined under NI 52-109. Under the supervision of the CEO and Acting CFO, the Company's ICFR has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. During the period ended June 30, 2018, there have been no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations of Controls and Procedures
The Company's management, including the CEO and Acting CFO, believe that any DC&P and ICFR, no matter how well designed, can have inherent limitations and may not prevent or detect all misstatements and fraud. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

21. Approval

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets quarterly with management and quarterly with the Company's independent auditors to review the scope and results of the annual audit and quarterly reviews, respectively, and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders. The Board of Directors has approved the Financial Statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

22. Nature of securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

23. Qualified persons

Iain Cox, FAUSIMM, Interim Chief Operating Officer for Roxgold Inc., a Qualified Person within the meaning of National Instrument 43-101, has verified and approved the technical disclosure contained in this MD&A.

Craig Richards, PEng, Principal Mining Engineer for Roxgold Inc., a Qualified Person within the meaning of National Instrument 43-101, has verified and approved the technical disclosure contained in this MD&A. This includes the QA/QC, sampling, analytical and test data underlying this information. For more information on the Company's QA/QC and sampling procedures, please refer to the Company's AIF dated March 28, 2018.

24. Additional information

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