

TORONTO, May 12, 2015 /CNW/ - [Roxgold Inc.](#) ("Roxgold" or "the Company") (TSX.V: ROG) today reported its financial results for the three months ended March 31, 2015, including development highlights from its Yaramoko project in Burkina Faso, West Africa.

For complete details of the unaudited Condensed Interim Consolidated Financial Statements and associated Management's Discussion and Analysis please refer to the Company's filings on SEDAR ([www.sedar.com](http://www.sedar.com)) or the Company's website ([www.roxgold.com](http://www.roxgold.com)).

## 1. FIRST QUARTER 2015 HIGHLIGHTS

Over the first quarter 2015 Roxgold made significant progress on developing the Yaramoko project. As at March 31, 2015, the Company had:

- Received the mining decree for the Yaramoko project;
- Secured commitment of US\$37.5 million from BNP Paribas for a total commitment of US\$75 million (the "Debt Facility") together with Société Générale Corporate and Investment Banking;
- Completed the compensation process for affected landholders on the Yaramoko property;
- Selected the DRA / Group Five Joint Venture ("JV") as its Engineering, Procurement and Construction (EPC) contractor for the Yaramoko project;
- Initiated early stage construction works such as bulk earthworks; and
- Commenced 55 Zone infill drilling and regional exploration program.

## 2. DEVELOPMENT ACTIVITIES

### A. Permitting

On January 30, 2015, the Company received its final permitting approval for the Yaramoko project from the government of Burkina Faso.

The issuance of the Exploitation (Mining) Permit, which was previously approved by Burkina Faso's Council of Ministers, was finalized through the endorsement of the Mining Decree by the President of Burkina Faso, and other governmental authorities. The Mining Decree formally grants Roxgold rights to develop and operate the Yaramoko project. This allowed for commencement of compensation for affected landholders on the property, which has since been completed, furthering development activities. On March 24, 2015 the Commission of Mines authorized the Company's Mining Convention for signature by the Council of Ministers. The Council of Ministers is expected to provide formal approval of the Mining Convention in the second quarter.

### B. Financing Update

On February 11, 2015, BNP Paribas signed a commitment letter to provide, together with Société Générale Corporate & Investment Banking, a total of US\$75 million in a Debt Facility towards the development of Roxgold's Yaramoko project. (See the Company's February 11, 2015 press release for further details.)

The signature of the Company's Mining Convention is the final condition precedent required for financial close.

### C. Compensation Process Completion

In March 2015, the Company completed the compensation process for affected landholders on the Yaramoko property. No dwellings are affected by the Yaramoko project. The completion of the compensation process allows Roxgold to proceed with preparations for early site works, including the construction of the permanent camp and bulk earthworks.

The compensation process for impacted landholders relating to the 90 Kv power line, which is expected to supply the project with electrical power, was also completed allowing this key aspect to also move forward.

### D. EPC Contractor Selected

On March 4, 2015, the Company selected the DRA / Group Five Joint Venture ("JV") as its Engineering, Procurement and Construction (EPC) contractor for the Yaramoko project. The fixed price, lump sum contract totals US\$34.9 million, representing 32% of the pre-production capital cost estimate for the Yaramoko project. The JV is responsible for the full delivery of Engineering, Procurement, Project Management Services, Construction and Commissioning of the proposed 270,000 tonnes per year gold ore processing plant including performance tests and warranties, as well as the associated plant site infrastructure.

## E. 55 Zone Infill Drilling

Roxgold commenced an infill drilling program on the 55 Zone in late March 2015. The program, which the Company aims to complete in Q2 2015, is designed to tighten the drill spacing from 25 metre to 12.5 metre centres in areas in which the mine's first year of production is scheduled. Approximately 6,000 metres will be drilled in this 67 hole program to depths of up to 90 metres. The program's estimated cost is \$1,700,000. By the end of Q1 2015, nine holes of this program had been completed totalling 890 metres.

On April 14, 2015, Roxgold announced the first results from its development infill drilling program on the 55 Zone. Highlights included 58.1 grams per tonne ("gpt") gold over 4.8 metres (4.1 metres true width) including 117.6 gpt gold over 2.3 metres (2.0 metres true width) in diamond drill hole YRM-15-DD-302; 42.3 gpt gold over 3.8 metres (3.0 metres true width) including 87.4 gpt gold over 1.8 metres (1.5 metres true width) in diamond drill hole YRM-15-DD-303; and 60.9 gpt gold over 2.35 metres (2.0 metres true width) in diamond drill hole YRM-15-DD-305.

For more information please refer to the Company's April 14, 2015 press release.

In the second part of 2015, the Company plans to embark on a program intended to target the conversion of inferred resources in the upper 400 metres of the deposit as well as to reduce drill spacing in some areas of the indicated resource where the Company's objective is to improve the quantum and quality of the resource through more drilling.

## F. Construction Update

The earthworks and camp construction contractor, De Simone, mobilised towards the end of March 2015 to commence construction on the new accommodation camp for the Yaramoko project. Construction of the project's water storage facility, tailings storage facility, roads and terracing for the processing plant also commenced in late March.

The detailed mechanical and electrical design of the process plant was completed early in the first quarter of 2015, while manufacturing of the SAG Mill progressed with delivery anticipated during the third quarter of 2015.

Mining activities during the quarter focused on the review of the detailed mine design in preparation for the start of underground mine development.

## 4. EXPLORATION ACTIVITIES

The current exploration activities are part of the initial budget of \$2,500,000 that Roxgold intends to spend on exploration in the first half of the 2015 calendar year. This expenditure primarily comprises of approximately \$1,700,000 for the 55 Zone infill program and \$800,000 at Bagassi South and the 109 Zone.

In late March 2015, the Company completed two diamond drill holes totalling 155 metres of diamond drilling at the 109 Zone. This target is located 1.1 kilometres to the north of the 55 Zone and is currently the most active artisanal mining site on the permit. Grab samples collected from artisanal workings here returned up to 15.6 gpt gold. There has been insufficient exploration to define a mineral resource on this target to date, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

At the end of the first quarter of 2015, Roxgold moved the rig from the 109 Zone to Bagassi South to complete a program following up on high grade results encountered at the QV1, HW1 and QV Prime targets in H2 2014. This program, consisting of 10 drill holes, is expected to be completed in the second quarter of 2015.

Subsequent exploration drilling plans for the second half of 2015 on zone other than the 55 Zone will be finalized based on the results of the program undertaken in the first half of the year.

## 5. EVENTS SUBSEQUENT TO MARCH 31, 2015

### A. Updated Capital Costs

The Company updated its pre-production capital cost estimate for the Yaramoko project to US\$110.8 million, an increase of approximately 4% from the amount in the Feasibility Study published in April 2014 resulting primarily from scope changes. The changes include the adoption of a plastic liner for the project's tailings storage facility, which was a new requirement outlined by Burkina Faso's environmental permitting authority. In addition, the SAG mill and associated equipment were upsized to facilitate

a future expansion of the processing plant's capacity and the backup (diesel) power station capacity was also increased, which will provide Yaramoko with full standby capability in support of the grid connected power line.

For more information please refer to the Company's April 7, 2015 press release.

## B. Exploration Results - Bagassi South and 109 Zone

In the second quarter of 2015 the Company's regional exploration program at Bagassi South, located 1.8 kilometres from the 55 Zone, yielded the discovery of a new mineralized domain, including:

- 23.6 gpt gold over 10.9 metres and a second interval of 8.2 gpt gold over 6.0 metres in diamond drill hole YRM-15-DD-BGS-083;
- 7.5 gpt gold over 10.6 metres including 22.2 gpt gold over 3.2 metres in diamond drill hole YRM-15-DD-BGS-084; and
- 10.4 gpt gold over 19.4 metres including 25.1 gpt gold over 7.1 metres in diamond drill hole YRM-15-DD-BGS-085.

The program results, published on May 5, 2015, were from the first six holes of a ten hole, 2,400 metre program designed with the purpose of extending the strike length of the QV1 structure at Bagassi South to the south east of the high grade mineralization previously encountered in the QV Prime target. They indicate mineralization along plunge for an additional 200 metres from previous drilling. No resources have been estimated for the QV1 target at this time. There has been insufficient exploration to define a mineral resource on this target to date, and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

At the 109 Zone, the two drill holes intersected the target north-north west trending shear zone with abundant alteration, quartz veining and pyrite mineralization. Anomalous gold grades were returned within this alteration and shearing and follow up work is planned for later in the year.

Please see the Company's May 5, 2015 press release for additional information.

## C. Grant of Employee Stock Options

In accordance with its Stock Option Plan, the Company granted new employees an aggregate 250,000 stock options exercisable at a strike price of \$0.59 and expiring on April 2, 2020. The Company also granted 130,000 RSUs which are subject to the same performance milestones as RSUs granted in 2014.

## 6. NEAR TERM CORPORATE OBJECTIVES

Roxgold will continue to advance its Yaramoko project throughout 2015. In the near term, planned activities at the Yaramoko project include:

- Obtaining the Mining Convention in the second quarter;
- Closing project financing within the first half of 2015;
- Continuing early stage construction works such as bulk earthworks and construction of the permanent camp in the first half of 2015; and
- Mobilizing underground mining and EPC contractors and commencing underground development in the first half of 2015.

## SELECTED FINANCIAL DATA

	For the three month period ended March 31, 2015	For the three month period ended March 31, 2014
Cost of operations		
General and administrative expenses	806,000	975,000
Depreciation	68,000	43,000
Share-based payments	502,000	447,000
Operating loss for the period	1,376,000	1,465,000
Other expenses (income)		
Interest income	(49,000)	(43,000)
Unrealized foreign exchange (gain)/loss	(2,211,000)	(173,000)
Indirect tax	49,000	22,000
Income tax expense		
Deferred income tax expense	(2,341,000)	-
Net income/(loss) for the period	(1,506,000)	(1,271,000)
Income/(loss) per share (basic and diluted) (0.01)	(0.01)	(0.01)

#### First Three Months of 2015 vs. First Three Months of 2014

General and administrative expenses decreased compared to the same period in 2014. There were several non-recurring consulting expenditures incurred in 2014 which did not transpire in 2015. In addition, 2015 costs relating to the Debt Facility were capitalized.

The \$55,000 net increase of share-based payment costs ("SBC") is due in part to higher stock option and restricted stock unit costs of \$136,000 associated with a larger grant of units during the current year's annual stock option grant as compared to the 2014 annual grant, which is reflective of the growing management team. Reducing SBC was an \$81,000 decrease in the valuation of cash-settled deferred stock units outstanding as compared to the same period in 2014.

The other income during the first quarter is mainly due to a foreign exchange gain in relation to the cash on hand as more than 50% of cash was held in US Dollars ("USD") while the cash balance was mainly held in Canadian dollars as at March 31, 2014.

The deferred income tax expense is associated with the foreign exchange revaluation of non-monetary assets. This is primarily due to the deferred tax liabilities being denominated in CFA while the functional currency of the Company's Burkina Faso subsidiaries is USD.

As a result, the Company generated a net loss for the three-month period ended March 31, 2015 of \$1,506,000, or a loss of \$0.01 per share, compared to a net loss of \$1,271,000 for the same period in 2014, or a loss of \$0.01 per share.

#### QUALIFIED PERSONS

Ben Pullinger, P.Geo, Vice President of Exploration for [Roxgold Inc.](#), a Qualified Person within the meaning of National Instrument 43-101, has verified and approved the technical data disclosed this press release. This includes the sampling, analytical and test data underlying the information.

Roxgold is a gold exploration and development company with its key asset, the high grade Yaramoko Gold Project, located in the Houndé greenstone region of Burkina Faso, West Africa. The Company is currently advancing Yaramoko's 55 Zone through development and expects to commence production in the first half of 2016. Roxgold trades on the TSX Venture Exchange under the symbol ROG.

"Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release."

These statements are based on information currently available to the Company and the Company provides no assurance that actual results will meet management's expectations. In certain cases, forward-looking information may be identified by such terms as "anticipates", "believes", "could", "estimates", "expects", "may", "shall", "will", or "would". Forward-looking information contained in this news release is based on certain factors and assumptions regarding, among other things, the estimation of mineral resources and mineral reserves, the realization of resource estimates and reserve estimates, gold metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the Yaramoko project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals, the completion of the environmental assessment process, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that mining operations may not commence at the Yaramoko project, risks relating to variations in mineral resources and mineral reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in gold prices and the worldwide demand for and supply of gold, risks related to increased competition in the mining industry generally, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources and mineral reserves, access and supply risks, reliance on key personnel, operational risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Yaramoko project may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks. Please refer to the Company's Short Form Prospectus dated October 24, 2014 filed on SEDAR at [www.sedar.com](http://www.sedar.com) for political, environmental or other risks that could materially affect the development of mineral resources and mineral reserves. This list is not exhaustive of the factors that may affect any of the Company's forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking information. The Company does not undertake to update any forward-looking information that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities laws.

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