Roxgold Reports Q1 2021 Results

Roxgold (TSX: ROXG)

Roxgold reported Q1 201 results, possibly the last ones the company will report, unless the Fortuna Silver takeover falls through.

The company continue to make good progress, with a management team focused on organic growth and self funding exploration.

Roxgold	TSX : ROXG
Stage	Production + exploration
Metals	Gold
Market cap	C$791 m @ C$2.11
Location	Burkina Faso and Ivory Coast

Roxgold Published Q1 2021 Financial Results

Comment

It is such a shame that this is likely to be the final report by Roxgold as an independent company.

Management were running this company extremely well, in my opinion, by growing organically, funding the new mine, and

exploration, out of existing production.

Had they survived until the new mine had been completed, this would have been a real money printer going forwards, and I would have backed them to be able to pick up another project in the same area.

I am genuinely hoping that the shareholder backlash by Fortuna Silver shareholders will lead to the deal being voted down by them.

It is entirely possible a competing bid comes in as well of course, so the chances of Roxgold remaining an independent company look a bit forlorn, but never say never.

Toronto, Ontario – May 11, 2021 – Roxgold Inc. ("Roxgold" or the "Company") (TSX: ROXG) today reported its first quarter financial results for the period ended March 31, 2021.

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

All amounts are in U.S. dollars unless otherwise indicated.

Roxgold Q1 2021 Highlights:

During and subsequent to the three-month period ended March 31, 2021, the Company:

Corporate

• Announced entering into a definitive arrangement agreement with Fortuna Silver Mines Inc (“Fortuna”) whereby Fortuna will acquire all of the issued and outstanding securities of Roxgold. Under the agreement Roxgold shareholders will receive 0.283 common shares of Fortuna and C$0.001 for each Roxgold common share held.

The exchange ratio implies a consideration of approximately C$2.73 per Roxgold common share based on the closing price of Fortuna common shares on the TSX on April 23, 2021, representing a 40.4% premium to the closing price of the Roxgold common share on the TSX on the same date.

The closing of the Proposed Transaction is subject to approval by the shareholders of both companies, court approval, regulatory approvals and certain other customary closing conditions.

Safety

• No Lost Time Injury incidents in the quarter and a 12-month rolling lost time injury frequency rate (“LTIFR”) of 0.36 per one million hours worked

Operations

• Produced 35,308 ounces of gold at an average grade of 8.0 grams per tonne compared to 32,380 ounces at 8.7 grams per tonne in Q1 2020
• Achieved cash operating costs1 of $564 per ounce and all-in-sustaining cost1 of $963 per ounce
• Processed 127,667 tonnes of ore compared to 125,879 tonnes in Q1 2020

Financial

• Sold 33,962 ounces of gold for a total of $60.6 million in gold sales (30,126 ounces and $48.0 million respectively in Q1 2020)
• Achieved an adjusted EBITDA1 of $27.6 million and adjusted EBITDA margin of 46% compared to $19.8 million and 41% respectively in Q1 2020
• Generated cash flow from mining operations1 totalling $32.5 million for cash flow from mining operations per share1 of $0.09 (C$0.11/share)
• Adjusted net income1 of $8.6 million or $0.02 per share (C$0.03/share) compared to $4.2 million or $0.01 per share ($C0.01) in Q1 2020
• Produced a mine operating margin1 of $1,108 per ounce
• Generated a strong return on equity1 of 21%

Growth

• Delivered a Feasibility Study for the Séguéla Gold Project with a Roxgold attributable after tax NPV of $380 million and 49% IRR at a gold price of $1,600 per ounce and an NPV of $451 million and 56% IRR at a gold price of $1,750 per ounce
• Announced a new high grade discovery Sunbird prospect at the Séguéla Gold Project
• Extended Koula down plunge with deeper drilling intersecting high grade mineralization at least 300m beyond the conceptual pit limit, with SGRD1101 intersecting 6m at 10.8 g/t Au highlighting the potential for an underground project at Koula
• Acquired the outstanding 1.2% Net Smelter Royalty (the “NSR”) on the Séguéla Gold Project and sold a new 1.2% NSR to Franco-Nevada Corp. on a cash neutral basis. The newly entered agreement with Franco-Nevada includes the right to buy-back up to 50% of the NSR at the pro rata portion of the AUD$20 million purchase price for a period of up to three years following closing
• Expanded mineralized footprint at Boussoura returning 35m at 4.1 g/t and 2.7m at 59.5 g/t among other high grade

intercepts.

Roxgold Management Comments

> *“The Yaramoko Mine Complex continued to deliver another strong quarter, with production of 35,308 ounces at near record margins of $1,108 per ounce generating cash flows from mining operations of $32.5 million .*
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> *“Yaramoko continues to be the cashflow engine of the company, allowing for high return reinvestment into organic growth opportunities.*
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> *“The proposed combination with Fortuna Silver is a natural next step for Roxgold and our shareholders, creating a low-cost global intermediate precious metals producer with significant free cash flow generation over the coming years, increased scale and diversification, a very attractive precious metals growth pipeline, increased liquidity and a lower cost of capital.”*
>
> John Dorward, President and CEO of Roxgold.

This news release has been abridged for brevity. To read the full news release, please click HERE

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