Roxgold Reports Q4 and Record FY 2020 Results

Roxgold Inc. (TSX: ROXG)

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Produced 133,940 ounces of gold at an average grade of 8.49 grams per tonne in 2020, exceeding the upper end of annual gold production guidance of 130,000 ounces.

Roxgold	TSX : ROXG
Stage	Production + exploration
Metals	Gold
Market cap	C$523 m @ C$1.39
Location	Burkina Faso, Ivory Coast

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TORONTO – / – Roxgold Inc. (“Roxgold” or the “Company”) (TSX: ROXG) (OTCQX: ROGFF) today reported its fourth quarter and full year financial results for the period ended December 31, 2020.

Full Year 2020 Highlights:

During the year ended December 31, 2020, the Company:

Operations

- Produced 133,940 ounces of gold at an average grade of 8.49 grams per tonne in 2020 – exceeding the upper end of annual gold production guidance of 130,000 ounces.
- Achieved cash operating costs of $579 per ounce within the annual cost guidance range of $520 to $580 per ounce.
- Processed a record annual throughput of 512,276 tonnes exceeding nameplate capacity by 27%.
- Reported an interim Mineral Reserves and Resources estimate at Yaramoko with total Proven and Probable Mineral Reserves increasing by 8% to 710,000 ounces of gold more than replacing depletion of 207,396 ounces during the period from December 31, 2018 to June 30, 2020. Measured and Indicated Mineral Resources increased 4% to 857,000 ounces of gold.

Financial

- Sold 135,310 ounces of gold for a total of $239.7 million in gold sales in 2020 (140,800 ounces[1] and $196.2 million[1] respectively in 2019).
- Achieved adjusted EBITDA[2] of $108.8 million in 2020 compared to $83.3 million in 2019.
- Generated cash flow from mining operations[2] totalling $126.2 million for cash flow from mining operations per share[2] of $0.34 (C$0.45/share).
- Strong free cashflow (before growth spend)[3] of $47.8

million increasing the cash balance by $20.1 million to $61.9 million.

- Strengthened the balance sheet ending the year with a cash balance of $61.9 million and net cash position of $27.3 million.
- Adjusted net income[2] of $38.8 million or $0.10 per share (C$0.14/share); compared to $19.5 million or $0.05 per share (C$0.07/share) in 2019.
- Produced a mine operating margin[2] of $1,079 per ounce in 2020.
- Generated a strong return on equity[2] of 20% in 2020.

Growth

- Received Exploitation (mining) permit and Environmental approvals from the government of Côte d'Ivoire to develop and operate the Séguéla Gold Project.
- Expanded Séguéla Gold Project with discovery of the Koula deposit and an updated Mineral Resource estimate outlining total indicated mineral resources of 1,044,000 ounces of gold at 2.5 grams per tonne ("g/t") and inferred mineral resources of 370,000 ounces at 4.8 g/t.
- Commenced an infill drilling program at Koula with initial results such as 14m at 42.9 g/t from 61 metres down-hole in SGRD1000, 11m at 46.2 g/t Au from 48 metres down-hole in SGRC799, and 18m at 22.1 g/t Au from 175 metres down-hole in SGRD800, continue to emphasise the high grade nature of the deposit.
- Commenced early works at Séguéla to enable a rapid ramp up to full construction in 2021 following completion of the Feasibility Study which is anticipated for completion in the second quarter of 2021.
- Repurchased a 0.3% Net Smelter Royalty on Séguéla from an original property owner, exercising the right of

first refusal to pre-empt an arms-length acquisition between the property owner and an international royalty company for consideration of $0.7 million cash. Séguéla continues to have a 1.2% NSR held by another original property owner under similar terms including a right of first refusal and a right to acquire the remaining royalty for fair market value after a decision to mine has been made.

- Tested additional mineralization corridors at Boussoura which targeted the vein corridors to the west of Fofora Main including a new VC2 prospect with results such as 14m at 3.6g/t Au from 44m in BSR-20-RC-FFR-134, 5m at 17.0 g/t Au from 59m in BSR20-RC-FFR142 and 23m at 2.0g/t Au from 41m in BSR-20-RC-FFR-143.

> “Looking back on 2020, Roxgold was able to rise to the challenge of global events by delivering remarkably strong operating and financial results while advancing the near-term growth potential of the company and ensuring the safety and security of our teams and the communities in which we operate.
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> “Roxgold is well on the road towards becoming the West Africa’s next multi-asset gold producer. The Séguéla Gold Project in Côte d’Ivoire is expected to start construction this year, which has the potential to more than double our production, reserve base, cash flows, and earnings – whilst giving Roxgold further diversification to meet the growing appetite of the investment community.
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> “The Yaramoko Gold Complex once again delivered strong operating results in 2020, with gold production of 133,940 ounces at cash operating costs of $579 per ounce, exceeding our annual

production guidance for the year.

“Yaramoko continues to be the cashflow engine for this company, as we generated cash flow from mining operations of $126.2 million, achieved adjusted net income of $38.8 million, and reported a return on equity of 20% enabling us to strengthen our balance sheet to end the year with a cash balance of $61.9 million.

“Since starting production in 2016, Yaramoko has produced over 610,000 ounces of gold and, as the recent resource update highlighted, continues to demonstrate its ability to replace production and maintain a long mine life.

“Our strong balance sheet has enabled us to continue to invest in our growth projects with significant advancement at Séguéla delivered through the hard work of our exploration and project teams, growing in scale with the discovery of the high-grade Koula deposit and an updated Mineral Resource estimate outlining total indicated mineral resources of 1,044,000 ounces of gold at 2.5 grams per tonne (“g/t”) and inferred mineral resources of 370,000 ounces at 4.8 g/t.

“This project was acquired for just $20 million in 2019 and we are eager to share with the market the results of the upcoming Feasibility Study in the second quarter, which we believe will make material improvements upon the already robust Preliminary Economic Assessment announced in April 2020 with an after-tax NPV of $344 million and 81% IRR at $1,650/oz gold.

“Finally, during the year we also announced a new high-grade discovery at the Boussoura Project in

> the southern portion of the Houndé Greenstone Belt in southern Burkina Faso. Since then, we have drilled over 150 holes at Boussoura with consistent assay returns demonstrating broad intersections of mineralization."
>
> **John Dorward, President and CEO of Roxgold**

2020 In Review

Production

At Yaramoko, we continued to see strong operating performance and cashflow generation. Yaramoko produced 133,940 ounces of gold exceeding the upper end of guidance of 130,000 ounces and processed a record 512,276 tonnes at an average head grade of 8.5 g/t and mill recoveries of 98.1%.

Cash operating & All-in sustaining costs

Cash operating cost[2] of $579 was within the guidance range of $520 to $580 per ounce. All-in sustaining cost[2] of $1,004 was slightly above guidance range of $930 to $990 per ounce sold primarily due to the following reasons:

- Reduced mining activities at Yaramoko as it continued to operate with reduced personnel due to COVID-19 travel restrictions and protection protocols. Throughput levels were maintained as the processing plant was supplemented

with 84,911 tonnes of low-grade stockpile at an average grade of 2.89 g/t processed. The cash cost impact of processing the lower grade stockpiled material was $35 per ounce sold.
- The higher average realised gold price of $1,771 per ounce also increased royalty payments by $19 per ounce sold compare to guidance assumptions.

Total mine operating expense for the year ended December 31, 2020 include $3.0 million for COVID-19 costs, which reflects incremental costs, primarily related to personnel, camp and transportation costs. These costs are excluded from per ounce cost metrics.

We continued to strengthen our balance sheet ending the year with approximately $61.9 million in cash and in a net cash position of $27.3 million. The company also has an additional US$20 million as a revolving credit facility that remains unutilized at the end of the year.

Growth

The Company has had an exceptional year in progressing the Séguéla Gold Project, extending the mine life at Yaramoko and the discovery of Boussoura.

Séguéla Gold Project

- Received Exploitation (mining) permit and Environmental approvals from the government of Côte d'Ivoire to develop and operate the Séguéla Gold Project in Q4 2020
- Expanded Séguéla Gold Project with discovery of the

Koula deposit and an updated Mineral Resource estimate outlining total indicated mineral resources of 1,044,000 ounces of gold at 2.5 grams per tonne (“g/t”) and inferred mineral resources of 370,000 ounces at 4.8 g/t

- Commenced infill drilling program at Koula with initial results such as 14m at 42.9 g/t from 61 metres down-hole in SGRD1000, 11m at 46.2 g/t Au from 48 metres down-hole in SGRC799, and 18m at 22.1 g/t Au from 175 metres down-hole in SGRD800, continue to emphasise the high grade nature of the deposit
- Commenced early works at Séguéla to enable a rapid ramp up to full construction in 2021 following completion of the Feasibility Study which is anticipated for completion in the second quarter of 2021
- Repurchased a 0.3% Net Smelter Royalty on Séguéla from an original property owner, exercising the right of first refusal to pre-empt an arms-length acquisition between the original property owner and an international royalty company for consideration of $0.7 million cash. Séguéla continues to have a 1.2% NSR held by another original property owner under similar terms including a right of first refusal and a right to acquire the remaining royalty for fair market value after a decision to mine has been made.

Yaramoko Mine Complex

Reported an interim Reserves and Resources estimate at Yaramoko with total Proven and Probable Mineral Reserves increasing by 8% to 710,000 ounces of gold replacing depletion of 207,396 ounces during the period from December 31, 2018 to June 30, 2020. Measured and Indicated Mineral Resources increased 4% to 857,000 ounces of gold increasing the mineral endowment of Measured and Indicated Mineral Resources plus cumulative production to date at Yaramoko to 1.5 million

ounces.

Boussoura

On February 3, 2020, the Company announced a new high-grade discovery at Galgouli, and excellent results following up historic drilling at Fofora at the Boussoura Project in the southern portion of the Houndé Greenstone Belt in southern Burkina Faso. During the year, over 150 holes have been drilled with consistent assay returns demonstrating broad intersections of mineralization with lower grade halos surrounding higher grade quartz veins – characteristic of the style of mineralization found within the prolific Houndé Gold Belt.

2021 Production and Cost Guidance

- Gold production between 120,000 and 130,000 ounces
- Cash operating cost[2] between $580 and $640/ounce
- All-in sustaining cost[2] between $895 and $975/ounce
- Sustaining capital spend between $25 to $30 million
- Non-sustaining capital spend of $5-$10 million
- Growth spend (includes Exploration and Séguéla study spend) of $15-$20 million

Roxgold anticipates the Yaramoko Mine Complex will produce between 120,000 and 130,000 ounces in 2021 with cash operating costs of $580–640/oz and all-in sustaining costs (“AISC”) of $895–975/oz.

Sustaining capital is expected to decline this year compared to 2020 due to the completion of decline development at Bagassi South, allowing the operation to focus on stoping operations. The higher gold price increased the impact of royalties by approximately $30/oz.

The production and cost guidance assumes no material operational impacts due to COVID-19. A prolonged COVID-19 related delay or significant deterioration in operating conditions may have an impact on production and cost guidance.

For brevity, this summary has been abridged, to read the full news release, please click HERE

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