

TORONTO, May 9, 2016 /CNW/ - [Guyana Goldfields Inc.](#) (TSX: GUY) ("GGI" or the "Company") reports its operational and financial results for the first quarter of 2016. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will also be held tomorrow, Tuesday, May 10th at 10:00 am ET to discuss first quarter results.

Q1 2016 Highlights

- Generated \$18.3 million of free cash flow¹, or \$0.12 per share, in the Company's first ever quarter of commercial production.
- Added \$5.6 million of cash to the balance sheet after making debt principal repayments of \$6.8M, debt interest payment of \$2.5 million, and reducing accounts payable and accrued liabilities by \$5.0 million.
- Finished the first quarter with a cash balance of \$41.7 million made up of cash and cash equivalents of \$18.5 million and restricted cash of \$23.1 million.
- Produced 41,281 ounces of gold and sold 40,568 ounces of gold at an average realized gold price of \$1,196 per ounce, generating gross revenues of \$48.5 million and representing a margin of \$418 per ounce above the Company's All-in sustaining cost (AISC)¹.
- Generated operating cash flow per share¹ of \$0.15 and net earnings per share of \$0.04.

Scott Caldwell, President & CEO stated, "In its first ever quarter of commercial production, the Company generated free cash flow of \$18.3 million. This impressive achievement can be attributed to the very high profit margin nature of the Aurora Mine. With the gold price moving higher post quarter-end and with significant room for further optimisation of the mine, the Company is in an excellent position to deliver stellar results through the remainder of 2016".

¹ This is a non-GAAP measure. Refer to non-GAAP Performance Measures section in the March 31, 2016 MD&A and also see pages 5-7 of this news release.

Aurora Gold Mine Operational Statistics

| | | Three months ended March 31, 2016 | Three months ended December 31, 2015 |
|-----------------------------|-----------|--------------------------------------|---|
| | | (Commercial Production) | (Pre-Commercial Production) |
| Ore mined | tonnes | 553,600 | 483,000 |
| Waste mined | tonnes | 1,409,300 | 1,004,000 |
| Total Mined | tonnes | 1,962,900 | 1,487,000 |
| Strip ratio | waste:ore | 2.55 | 2.10 |
| Tonnes mined per day | tpd | 21,571 | 16,163 |
| Ore processed | tonnes | 462,600 | 393,000 |
| Tonnes processed per day | tpd | 5,083 | 4,271 |
| Head grade | g/t Au | 3.07 | 3.32 |
| Recovery | % | 89.2 | 91.9 |
| Mill utilization | % | 89 | 83 |
| Gold Produced | ounces | 41,281 | 35,590 |
| Gold Sold | ounces | 40,568 | 28,850 |
| Average Realized Gold Price | \$/ounce | 1,196 | 1,079 |

Q1 2016 Operational Results Summary

- Gold production totaled 41,281 ounces, exceeding the Company's quarterly guidance range, based on mill throughput of 462,600 tonnes at an average head grade of 3.07 grams per tonne (g/t) gold and average recoveries of 89.2%. The average recovery rate for March was 92.6%.
- Production activities reflected an average of 5,083 tonnes per day (tpd) in daily throughput (above nameplate capacity of 5,000 tpd), with a new daily production record reached of 6,586 tpd.
- Daily mining rates significantly improved to an average of 21,571 tpd with a highest daily production rate of 28,344 tonnes of material moved. Approximately eighty-seven percent of ore mined during the first quarter was fresh rock, with the balance saprolite.
- As at March 31, 2016, the run-of-mine stockpile contained approximately 78,700 tonnes of ore with a grade of approximately 1.98 g/t.

Q1 2016 Selected Financial Information

| | Three months ended | Three months ended |
|--|--------------------|--------------------|
| (in thousands of US\$, except ounces and per ounce figures) | March 31, 2016 | March 31, 2015 |
| Ounces produced | 41,281 | - |
| Ounces sold | 40,568 | - |
| Revenues | \$ 48,530 | \$ - |
| Earnings from mine operations | \$ 17,400 | \$ - |
| Earnings (loss) before tax | \$ 11,495 | \$ (1,914) |
| Net earnings (loss) | \$ 7,017 | \$ (1,914) |
| Net earnings (loss) per basic share | \$ 0.05 | \$ (0.01) |
| Net earnings (loss) per diluted share | \$ 0.04 | \$ (0.01) |
| Cash flow from operating activities | \$ 23,637 | \$ (1,487) |
| Cash and cash equivalents | \$ 18,520 | \$ 15,859 |
| Restricted cash balances | \$ 23,146 | \$ 33,298 |
| Total assets | \$ 365,471 | \$ 367,391 |
| Long-term debt | \$ 148,860 | \$ 106,473 |
| Realized gold price per ounce | \$ 1,196 | \$ - |
| Average London PM Fix gold price per ounce | \$ 1,183 | \$ - |
| Total cash costs per ounce – before royalty ¹ | \$ 525 | \$ - |
| Total cash costs per ounce ¹ | \$ 620 | \$ - |
| AISC per ounce ¹ | \$ 778* | \$ - |

*Includes a one-time charge of \$58 per ounce for the purchase of a used twin otter airplane.

Q1 2016 Financial Performance

- A total of 40,568 ounces of gold were sold with an average realized gold price of \$1,196 per ounce, resulting in revenues of \$48.5 million. The average London PM Fix gold price per ounce was \$1,183.
- Production costs were \$21.3 million and include costs associated with mining activities, processing and mine site administration.
- Total cash costs was \$620 per ounce of gold sold and AISC was \$778 per ounce of gold sold, which included a one-time charge of \$58 per ounce for the purchase of a used twin otter airplane.
- Net earnings amounted to \$7.0 million or \$0.04 cents per diluted share

¹ This is a non-GAAP measure. Refer to non-GAAP Performance Measures section in the March 31, 2016 MD&A and also see pages 5-7 of this news release.

Q1 Liquidity and Capital Resources

- Finished the first quarter with a cash balance of \$41.7 million made up of cash and cash equivalents of \$18.5 million and restricted cash of \$23.1 million.
- Generated \$23.6 million in cash from operating activities, due to the successful start of commercial operations and reflective of the overall low cost operating structure for the Aurora Mine.
- On a consolidated basis, the working capital deficiency (after excluding restricted cash) was \$18.8 million at March 31, 2016, reflecting a significant improvement of \$27.8 million from December 31, 2015 balances.
- The Company made its quarterly debt principal repayment of \$6.8 million towards the Project Loan Facility (see press release dated September 3, 2014). Since September 30, 2015, the Company has reduced its Facility from \$160.0 million to \$148.9 million.

Financial Risk Management

- At March 31, 2016, the Company had a total of 32,400,000 litres of diesel forward contracts at an average rate of \$0.43/litre, which will settle on a net basis, covering subsequent periods that end December 2018.
- During the first quarter of fiscal 2016, a new derivative contract for 9.6 million litres of diesel at an average rate of \$0.40/litre, covering the calendar year 2018, was entered into that will settle on a net basis.

2016 Outlook and Opportunities

The Company believes it will achieve its production guidance for 2016 of approximately 130,000 to 150,000 ounces of gold. Total cash costs (before royalty) for 2016 are expected to be in the range of \$487 to \$537 per ounce of gold sold. AISC per ounce guidance (assuming a gold price of \$1,000 per ounce) remains unchanged and is expected to be between \$587 to \$637 per ounce. Assuming a gold price of \$1,250 per ounce, the resulting increase in the royalty rate from 5% to 8%, has an approximate \$50 per ounce impact on the Company's AISC guidance.

The Company expects to reduce its future mining costs by eliminating reliance on rental equipment as it transitions to a Company owned fleet. Key areas of opportunity for reducing processing costs include a reduction in third party labour costs as the mill stabilizes and technical support is decreased. Savings are expected to result in reagent costs in the leaching and detoxification circuits going forward as operations stabilize.

This release should be read in conjunction with GGI's first quarter 2016 financial statements and MD&A report on the Company's website, www.guygold.com, in the "Financial Reports" section under "Investors", or on the SEDAR website at www.sedar.com.

Conference Call

Participants may join the call on Tuesday, May 10th by dialing North America toll free 1-888-231-8191 or 647-427-7450 for calls outside Canada and the U.S., and entering the participant passcode 85490252.

A live and archived webcast of the conference call will also be available at www.guygold.com under the Investors and Events & Presentations section or by clicking here <http://event.on24.com/r.htm?e=1168377&s=1&k=81967A1BEBB978FE0FE6BD01CF5CAB01>.

A recorded playback of the first quarter 2016 results call will be available until May 17, 2016 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 85490252.

Non-GAAP Performance Measures

The Company has included certain non-GAAP performance measures in this document including total cash costs per ounce, all-in sustaining cost per ounce, total cash cost per ounce before royalty, and free cash flow. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to similar measures presented by other issuers.

The Company has applied the World Gold Council's June 2013 published guidance in reporting cash costs and all-in sustaining costs to its mining operations. Adoption of cash costs and all-in sustaining cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers. The Company believes that the cash costs and all-in sustaining cost measures complement existing IFRS measures reported by the Company.

Total cash costs per ounce

Total cash costs is a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. The Company reports total cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs include production and royalty costs. Production costs include mining, processing, refining and transportation, and site administration, and in total are then divided by gold ounces sold to arrive at total cash costs per gold ounce sold. This measure also includes other mine related costs incurred such as mine standby costs and any current inventory write downs. Production costs are exclusive of depreciation. Royalty costs are excluded from the above total cash costs figure to arrive at total cash costs per ounce – before royalty. Other companies may calculate these measures differently.

All-in sustaining cost per ounce

"All-in sustaining cost per ounce" is also a non-GAAP performance measure. The Company believes this measure more fully defines the total costs associated with producing gold; however, this performance measure has no standardized meaning. Accordingly, there may be some variation in the method of computation of "all-in sustaining cost per ounce" as determined by the Company compared with other mining companies. In this context, the Company calculates AISC as the sum of total cash costs (as described above), share-based compensation, corporate general and administrative expense, exploration and evaluation expenditures that are sustaining in nature, reclamation cost accretion, sustaining capital including deferred stripping, and realized gains and losses on diesel derivative contracts, all divided by the gold ounces sold to arrive at a per ounce figure.

Sustaining capital expenditures are expenditures that do not increase annual gold ounce production at a mine site and excludes expenditures at the Company's development projects as well as expenditures that are deemed expansionary in nature.

Additional GAAP financial performance measures

The Company has included the additional IFRS measure "Earnings from mine operations" in the financial statements. Management believes that that "Earnings from mine operations" provides useful information to investors as an indication of the Company's principal business activities before consideration of how those activities are financed, and before sustaining capital expenditures, corporate general and administrative expenses, exploration and evaluation expenses, stock based compensation, non-mine related depreciation, net finance expenses, and taxation.

About Guyana Goldfields Inc.

[Guyana Goldfields Inc.](#) is a Canadian based mid-tier gold producer primarily focused on the exploration, development and

operation of gold deposits in Guyana, South America. The 100%-owned Aurora Gold Mine achieved commercial production January 1, 2016 and has a total gold resource of 6.54 million ounces in the measured and indicated categories (62.83 million tonnes at 3.24 g/t Au) as well as an additional 1.82 million ounces in the inferred category (16.93 million tonnes at 3.34 g/t Au). For further details, please refer to the report entitled "AGM Inc. Aurora Gold Project- Updated Feasibility Study" dated January 18, 2016 available on SEDAR at www.sedar.com.

Forwarding-Looking Information

This news release contains "forward-looking information" which may include, but is not limited to, statements with respect to the estimation of mineral resources, future included principal debt repayments, the expectation that certain current liabilities will be funded from operating cash flows and subsequently eliminating the expectation that certain restricted cost overrun equity funds will be deposited in 2017 into debt service and mine closure restricted bank accounts at project completion, the expectation of reduced future mining costs and streamlining personnel as the Company transitions to a steady state mine operation. Often, but not always, forward-looking statements can be identified by the use of words and phrases such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are based on various assumptions.

Forward-looking statements involve 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 statements. Such factors include, the receipt of applicable regulatory approvals, among others, future included principal debt repayments, the expectation that certain current liabilities will be funded from operating cash flows and subsequently eliminating the expectation that certain restricted cost overrun equity funds will be deposited in 2017 into debt service and mine closure restricted bank accounts at project completion, the expectation of reduced future mining costs and streamlining personnel as the Company transitions to a steady state mine operation, fulfilling all conditions and payments pursuant to the Facility, general business, economic, competitive, political and social uncertainties; the actual results of exploration activities; changes in project parameters as plans continue to be refined; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in GGI's annual information form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this news release and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

SOURCE [Guyana Goldfields Inc.](#)

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