

TORONTO, Nov. 10, 2016 /CNW/ - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") reports its operational and financial results for the third quarter of 2016. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will also be held tomorrow, Friday, November 11<sup>th</sup> at 10:00 am ET to discuss third quarter results.

#### Q3 2016 Highlights:

- The Aurora Gold Mine produced 34,400 ounces of gold, an increase from 32,000 ounces in the prior quarter mainly driven by higher mill throughput.
- Cost of sales (including royalty and depreciation) improved for the third quarter to \$811 per ounce of gold sold (compared to \$842 per ounce in the prior quarter). Cash costs (before royalty)<sup>1</sup> for the third quarter improved to \$499 per ounce of gold sold (compared to \$524 per ounce in the prior quarter). All-in sustaining costs<sup>1</sup> were higher at \$796 per ounce of gold sold due to higher capital expenditures on pre-stripping for phase two at Rory's Knoll and at Aleck Hill.
- Revenue decreased slightly versus the prior quarter to \$44.4 million due to the timing of sales, however earnings from mine operations increased to \$17.4 million representing a margin of 39%.
- Finished the third quarter with a cash balance of \$128.5 million (including restricted cash of \$23.3 million) and a debt balance of \$135.7 million, following the completion of an equity financing that raised aggregate gross proceeds of \$103.5 million during the period.
- Accumulated a 7.2% interest in SolGold Plc (including shares purchased subsequent to quarter end) which owns an 85% interest in the Cascabel Copper Gold Porphyry project located in Ecuador.

Scott Caldwell, President & CEO stated, "The Company remains well on track to meet its 2016 production and cash cost (before royalty) guidance. Ongoing capital investment in the mine should drive further efficiencies in mining costs and mill performance as we head in to 2017. The Company's strong cash position also provides ample capacity to meet our short and long-term liquidity requirements including the funding of a potential mill expansion at the Aurora Mine, the restructuring of the project loan facility and a significantly expanded exploration program as we ramp-up drilling in 2017".

#### Aurora Gold Mine Operational Statistics

|                                                                         |           | Year-To-<br>Date<br>Q3 2016 | Q3 2016   | Q2 2016   | Q1 2016   |
|-------------------------------------------------------------------------|-----------|-----------------------------|-----------|-----------|-----------|
| Ore mined                                                               | tonnes    | 1,819,200                   | 642,200   | 623,400   | 553,600   |
| Waste mined                                                             | tonnes    | 3,801,100                   | 1,315,100 | 1,076,200 | 1,409,300 |
| Total Mined                                                             | tonnes    | 5,620,300                   | 1,957,300 | 1,699,600 | 1,962,900 |
| Strip ratio                                                             | waste:ore | 2.1                         | 2.0       | 1.7       | 2.5       |
| Tonnes mined per day                                                    | tpd       | 20,500                      | 21,300    | 18,700    | 21,600    |
| Ore processed                                                           | tonnes    | 1,381,500                   | 491,200   | 427,700   | 462,600   |
| Tonnes processed per day                                                | tpd       | 5,000                       | 5,300     | 4,700     | 5,100     |
| Head grade                                                              | g/t Au    | 2.67                        | 2.42      | 2.61      | 3.07      |
| Recovery                                                                | %         | 91.0                        | 88.7      | 91.1      | 89.2      |
| Mill utilization                                                        | %         | 89.7                        | 89.9      | 90.2      | 89.0      |
| Gold Produced                                                           | ounces    | 107,700                     | 34,400    | 32,000    | 41,300    |
| Gold Sold                                                               | ounces    | 110,400                     | 33,300    | 36,600    | 40,500    |
| Average Realized Gold Price                                             | \$/ounce  | 1,262                       | 1,334     | 1,269     | 1,196     |
| Cash costs per ounce &#211; before royalty <sup>1</sup>                 | \$/ounce  | 517                         | 499       | 524       | 525       |
| All-in sustaining costs per ounce <sup>1</sup>                          | \$/ounce  | 763                         | 796       | 729       | 767       |
| Cost of sales (includes production, royalty and depreciation) per ounce | \$/ounce  | 805                         | 811       | 842       | 767       |

### Q3 2016 Operational Results Summary

- Gold production of 34,400 ounces increased by 7% versus the prior quarter based on mill throughput of 491,200 tonnes at an average head grade of 2.42 grams per tonne (g/t) gold and average recoveries of 88.7%. The increase was due to higher throughput rates [5,300 tonnes per day ("tpd") versus 4,700 tpd in the prior quarter] that more than offset the lower recoveries resulting from a coarser grind size and lower retention time.
- Mill head grade was 2.42 g/t in the third quarter compared to 2.61 g/t in the prior quarter. The lower grades can be partially attributed to a marginally lower cut-off grade of ore sent to the mill to meet the increased throughput requirements. In addition, the Company also increased its blast size in the quarter to improve mining efficiencies which caused an increase in blast movement resulting in some misclassification of run-of-mine ore sent directly to the mill and stockpile ore.
- Mining activities were focused on Rory's Knoll as well as predevelopment and stripping activities at Aleck Hill. The Company achieved a daily mining rate of 21,300 tpd during the quarter, a 14% increase over the prior quarter. This was achieved in spite of a significant rainfall event in July where 8cm of rain fell over a 24-hour period.
- The mill processed 491,200 tonnes or 5,300 tpd in the third quarter, an increase of 15% versus the prior quarter and ahead of nameplate design capacity of 5,000 tpd. Throughput rates continue to increase with a record average achieved in September of 5,800 tpd despite two days of scheduled downtime for relining the feed-end of the SAG mill.
- Gold recoveries averaged 88.7%, down from 91.1% in the prior quarter. The lower recoveries were attributed to a coarser grind size and lower retention time, however, this was more than offset from a gold production perspective by the higher throughput rates achieved during the quarter.
- Cost of sales (including royalty and depreciation) improved for the third quarter to \$811 per ounce of gold sold. Total cash costs (before royalty)<sup>1</sup> was \$499 per ounce of gold and total cash costs (with royalty) was \$605 per ounce of gold sold. AISC<sup>1</sup> were slightly higher in the quarter at \$796 per ounce of gold sold due to higher sustaining capital expenditures relating to pre-stripping at Aleck Hill, phase two mining at Rory's Knoll, as well as, access road upgrades for increased availability during the rainy seasons.

### Q3 2016 Selected Financial Information

| (in thousands of dollars, except ounces, per ounce and per share figures) | Year-To-Date<br>Q3 2016 | Q3 2016    | Q2 2016    | Q1 2016    |
|---------------------------------------------------------------------------|-------------------------|------------|------------|------------|
| Revenues                                                                  | \$ 139,344              | \$ 44,403  | \$ 46,411  | \$ 48,530  |
| Earnings from mine operations                                             | \$ 50,426               | \$ 17,407  | \$ 15,619  | \$ 17,400  |
| Earnings (loss) before tax                                                | \$ 35,083               | \$ 11,942  | \$ 11,647  | \$ 11,495  |
| Net earnings (loss)                                                       | \$ 23,580               | \$ 8,921   | \$ 7,642   | \$ 7,017   |
| Net earnings (loss) per diluted share                                     | \$ 0.15                 | \$ 0.05    | \$ 0.05    | \$ 0.05    |
| Cash flow from operations                                                 | \$ 53,004               | \$ 13,802  | \$ 15,565  | \$ 23,637  |
| Cash and cash equivalents                                                 | \$ 105,190              | \$ 105,190 | \$ 16,612  | \$ 18,520  |
| Restricted cash balances                                                  | \$ 23,317               | \$ 23,317  | \$ 23,281  | \$ 23,146  |
| Total assets                                                              | \$ 466,087              | \$ 466,087 | \$ 356,781 | \$ 356,471 |
| Total debt                                                                | \$ 135,650              | \$ 135,650 | \$ 143,370 | \$ 148,860 |

<sup>1</sup> This is a non-GAAP measure. Refer to Non-GAAP Performance Measures section in the Sept 30, 2016 MD&A.

### Q3 2016 Financial Performance

- A total of 33,300 ounces of gold were sold with an average realized gold price of \$1,334 per ounce, resulting in revenues of \$44.4 million. On a year-to-date basis, the Company generated revenues of \$139.3 million from the sale of 110,400 ounces at an average realized price of \$1,262 per ounce.
- Production costs were \$16.6 million for the quarter, down from \$19.2 million in the prior quarter and attributed to lower mining costs related to a higher proportion of saprolite mining and a lower reliance on mine rental equipment, as well as, lower general and administrative expenses at the mine site as the operation reaches steady state levels.
- Net earnings amounted to \$8.9 million or \$0.05 cents per diluted common share.

### Q3 Liquidity and Capital Resources

- Finished the third quarter with cash and cash equivalents of \$105.2 million and restricted cash of \$23.3 million.
- Generated \$13.8 million in cash from operating activities, reflective of the overall low cost operating structure for the Aurora Gold Mine.
- During the quarter, the Company closed a public offering of 12,830,000 common shares at a price of \$7.22 (Cdn\$9.40) per share for aggregate gross proceeds of \$91.9 million (Cdn\$120.6 million). On August 22, 2016, the Company closed the exercise of the over-allotment option and issued an additional 1,500,000 Common Shares at a price of \$7.26 (Cdn\$9.40) per Common Share. Gross proceeds on closing, including the over-allotment were \$103.5 million (Cdn\$134.7 million).
- The financial condition of the Company has strengthened significantly from a working capital deficit of \$19.4 million as at December 31, 2015 to a positive working capital balance of \$131.5 million as at September 30, 2016. This has been driven by both an increase in current assets and a decrease in current liabilities.

### Financial Risk Management

- At September 30, 2016, the Company had a total of 37,200,000 litres of diesel forward contracts at an average rate of \$0.44/litre, which will settle on a net basis, covering subsequent periods that end into 2019.

### Exploration Activities

Exploration activities during the quarter consisted of mapping and assessment work at brownfield targets proximal to the Aurora

Gold Mine as well as at the Company's Sulphur Rose deposit, located approximately 20km to the northeast of the Aurora Gold Mine. Drilling activities at both brownfield and greenfield targets are expected to ramp up significantly in 2017 once this target generation work has been completed.

The Company is currently conducting assessment work on the economic potential of Sulphur Rose as a stand-alone mining operation. A ground IP survey commenced at Sulphur Rose during the quarter with the objective of identifying potential mineralized zones outside the current resource. IP surveys will also be completed to the northeast of Sulphur Rose at the N1 and S3 prospects for drill targeting purposes. N1 and S3 lie along a 6km long mineralized corridor and have returned encouraging trench results and drill intercepts from earlier work completed by the Company.

## 2016 Outlook and Opportunities

The Company is maintaining its 2016 production guidance of 140,000 to 160,000 ounces of gold. Cost of sales, including production costs, royalty and depreciation is expected to be \$800 to \$830 per ounce. Cash cost (before royalty)<sup>1</sup> guidance remains unchanged at \$487 to \$537 per ounce of gold while all-in sustaining cost ("AISC")<sup>1</sup> guidance for 2016 has increased from \$670 to \$720 per ounce to \$740 to \$760 per ounce (using a gold price of \$1,250 per ounce). The increase is primarily attributable to pre-stripping activities at Aleck Hill and for the second phase of mining at Rory's Knoll being brought forward as well as capital expenditures related to mining equipment. The mill continues to perform well and has achieved record throughput levels subsequent to quarter end (a total of 177,300 tonnes were processed in October resulting in gold production of 13,900 ounces). Mill optimisation efforts, in particular related to carbon management and the acid wash system, are ongoing and are expected to result in a meaningful improvement in recoveries moving forward.

In addition, the Company expects to expand the Aurora Gold Mine in 2017 to increase milling capacity from 5,000 tpd to 8,000 tpd. An updated feasibility study that reflects the life of mine plan at this higher throughput rate is underway and is expected to be completed by the end of the year. Exploration targeting and compilation work is ongoing ahead of a planned ramp up of drilling activities in 2017. The Company is also in negotiation with its lenders regarding a level of debt reduction in conjunction with the restructuring of the current Project Facility (as defined below) with targeted completion prior to year-end. The Company may also seek out opportunistic investment opportunities in Guyana and elsewhere.

This release should be read in conjunction with the Company's third quarter 2016 financial statements and MD&A report on the Company's website, [www.guygold.com](http://www.guygold.com), in the "Financial Reports" section under "Investors", or on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## Conference Call

Participants may join the call on Friday, November 11<sup>th</sup> 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 92524908.

A live and archived webcast of the conference call will also be available at [www.guygold.com](http://www.guygold.com) under the Investors and Events & Presentations section or by clicking [here](http://event.on24.com/r.htm?e=1280248&s=1&k=529B3E41C99C55795215F78856E6A943)  
<http://event.on24.com/r.htm?e=1280248&s=1&k=529B3E41C99C55795215F78856E6A943>

A recorded playback of the third quarter 2016 results call will be available until November 18, 2016 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 92524908.

<sup>1</sup> This is a non-GAAP measure. Refer to Non-GAAP Performance Measures section in the Sept 30, 2016 MD&A.

## 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](http://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 the Company'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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