

TORONTO, Feb. 23, 2017 /CNW/ - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") reports its 2016 full year and fourth quarter operational and financial results. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will be held tomorrow, Friday, February 24<sup>th</sup> at 10:00 am ET to discuss 2016 full year and fourth quarter results. The Company previously announced its preliminary 2016 operational results and 2017 guidance on January 9, 2017.

## 2016 Highlights

- In its inaugural year of production, the Aurora Gold Mine performed solidly delivering 151,600 ounces of gold production, in line with the Company's upwardly revised guidance of 140,000 to 160,000 ounces.
- Revenues totaled \$194.2 million, earnings from mine operations came in at \$71.1 million and cash flow from operations totaled \$76.5 million or \$0.47 per diluted share.
- Cost of sales (including royalty and depreciation) for the year averaged \$789 per ounce of gold sold. Cash costs (before royalty)<sup>1</sup> trended down through 2016 and averaged \$496 per ounce of gold sold for the year. All-in sustaining costs ("AISC")<sup>1</sup> for the year were \$738 per ounce of gold sold, slightly below the Company's revised guidance range of \$740 to \$760 per ounce.
- The Company completed an equity financing and debt restructuring during the year resulting in a much strengthened balance sheet with \$73.2 million of cash and a debt balance of \$78.4 million as at year end.
- The Company reported an unrealized gain of \$20.7 million for the year on its 7.2% interest in SolGold Plc ("SolGold"), which owns an 85% interest in the Cascabel Copper Gold Porphyry project located in Ecuador. The unrealized gain as of February 22, 2017 was approximately \$48.5 million.

## Q4 2016 Highlights

- The Aurora Gold Mine had a particularly strong fourth quarter producing 43,800 ounces of gold, an increase of 27% from 34,400 ounces in the prior quarter driven by higher grades and mill throughput.
- Cost of sales (including royalty and depreciation) improved for the fourth quarter to \$750 per ounce of gold sold (compared to \$811 per ounce in the prior quarter). Cash costs (before royalty)<sup>1</sup> of \$446 per ounce and AISC<sup>1</sup> of \$678 per ounce in the fourth quarter were both new records for the Company.
- The Company generated \$23.5 million of operating cash flow during the fourth quarter, an increase of 33% from the previous quarter and also the strongest quarter for cash flow generation to date.
- Net earnings of \$3.4 million (\$0.02 cents per diluted share). Fourth quarter earnings were negatively impacted by a non-recurring non-cash charge of \$7.3 million (\$0.04 cents per diluted share) that relates to the debt restructuring which was completed during the period.
- The Company successfully refinanced its \$160 million debt facility to a new \$80 million debt facility at a lower interest rate, no cash sweeps and the release of \$23 million of restricted cash.

Scott Caldwell, President & CEO stated, "2016 was a transformational year for Guyana Goldfields with the Company successfully transitioning to the gold producer ranks. We achieved our upwardly revised guidance and ended the year with our best quarter across all key operating and cost metrics. Importantly, the solid results were achieved without one lost time injury. Looking ahead to 2017, and with the backing of a strong balance sheet, we will be focused on driving further cost efficiencies, executing on Phase 1 of our mill expansion to take our annual production above 200,000 ounces in 2018 and ramping up our exploration efforts after a lengthy hiatus."

## Aurora Gold Mine Operational Statistics

|  | 2016      | Q4 2016   | Q3 2016   | Q2 2016   | Q1 2016   |
|--|-----------|-----------|-----------|-----------|-----------|
| Ore mined (tonnes)   | 2,507,200 | 688,000   | 642,200   | 623,400   | 553,600   |
| Waste mined (tonnes)   | 5,700,900 | 1,899,800 | 1,315,100 | 1,076,700 | 1,409,300 |
| Total Mined (tonnes)   | 8,208,000 | 2,587,800 | 1,957,300 | 1,700,100 | 1,962,900 |
| Strip ratio (waste:ore)  | 2.3       | 2.8       | 2.0       | 1.7       | 2.5       |
| Tonnes mined per day   | 22,400    | 28,100    | 21,300    | 18,700    | 21,600    |
| Ore processed (tonnes)   | 1,889,000 | 507,500   | 491,200   | 427,700   | 462,600   |
| Tonnes processed per day   | 5,200     | 5,500     | 5,300     | 4,700     | 5,100     |
| Head grade (g/t Au)  | 2.74      | 2.94      | 2.42      | 2.61      | 3.07      |
| Recovery (%)   | 90.2      | 90.6      | 88.7      | 91.1      | 89.2      |
| Mill utilization (%)   | 89.1      | 87.3      | 89.9      | 90.2      | 89.0      |
| Gold Produced (ounces)   | 151,600   | 43,800    | 34,400    | 32,000    | 41,300    |
| Gold Sold (ounces)   | 156,000   | 45,500    | 33,300    | 36,600    | 40,500    |
| Average Realized Gold Price (\$/ounce)                                   | 1,245     | 1,204     | 1,334     | 1,269     | 1,196     |
| Cash costs per ounce &#8211; before royalty <sup>1</sup> (\$/ounce)      | 496       | 446       | 499       | 524       | 525       |
| All-in sustaining costs <sup>1</sup> (\$/ounce)                          | 738       | 678       | 796       | 729       | 767       |
| Cost of sales (includes production, royalty and depreciation) (\$/ounce) | 789       | 750       | 811       | 842       | 767       |

#### Q4 2016 Operational Results Summary

- Gold production of 43,800 ounces increased by 27% versus the prior quarter based on mill throughput of 507,500 tonnes at an average head grade of 2.94 grams per tonne (g/t) gold and average recoveries of 90.6%.
- Mining activities were focused on hard rock mining at Rory's Knoll (80%) as well as Aleck Hill, where all material was saprolite. The Company achieved a daily mining rate of 28,100 tpd during the quarter, a 27% increase over the previous quarter. This was achieved in spite of heavy rains experienced during the rainy season.
- The mill processed a record 507,500 tonnes or 5,500 tpd in the fourth quarter. This was achieved despite a lower mill utilization rate in the quarter of 87.3% related to three days of downtime to replace SAG mill liners and repair work on the trash and trommel screens in November. Throughput levels continue to improve due to mine sequencing.
- Gold recoveries increased from 88.7% in the third quarter to 90.6% in the fourth quarter and was largely attributable to an improvement in grind size related to a higher proportion of saprolite ore being fed to the mill (~22% versus 15% in the prior quarter).
- Cost of sales (including depreciation & royalties) were \$750 per ounce in the fourth quarter and \$789 per ounce for the year. Total cash costs<sup>1</sup> for the fourth quarter including the royalty expense of \$4.4 million were \$542 per ounce of gold sold, significantly below the average for the nine months ending September 30, 2016, of \$617 per ounce of gold sold, driven primarily by lower production costs. AISC<sup>1</sup> was \$678 per ounce in the fourth quarter, a significant drop from the previous quarter of \$796 per ounce.

#### Full Year and Q4 2016 Selected Financial Information

| (in thousands of dollars, except ounces, per ounce and per share figures) 2016 | Q4 2016    | Q3 2016   | Q2 2016    | Q1 2016    |            |
|--|------------|-----------|------------|------------|------------|
| Revenues   | \$ 194,153 | \$ 54,809 | \$ 44,403  | \$ 46,411  | \$ 48,530  |
| Earnings from mine operations  | \$ 71,099  | \$ 20,673 | \$ 17,407  | \$ 15,619  | \$ 17,400  |
| Earnings (loss) before tax   | \$ 44,462  | \$ 9,379  | \$ 11,942  | \$ 11,647  | \$ 11,495  |
| Net earnings (loss)  | \$ 26,984  | \$ 3,405  | \$ 8,921   | \$ 7,642   | \$ 7,017   |
| Net earnings (loss) per diluted share  | \$ 0.16    | \$ 0.02   | \$ 0.05    | \$ 0.05    | \$ 0.05    |
| Cash flow from operations  | \$ 76,534  | \$ 23,267 | \$ 13,802  | \$ 15,565  | \$ 23,637  |
| Cash and cash equivalents  | \$ 73,151  | \$ 73,151 | \$ 105,190 | \$ 16,612  | \$ 18,520  |
| Restricted cash balances   | \$ 1,184   | \$ 1,184  | \$ 23,317  | \$ 23,281  | \$ 23,146  |
| Total debt (excluding deferred financing charges)                              | \$ 78,413  | \$ 78,413 | \$ 135,650 | \$ 143,370 | \$ 148,860 |

#### Full Year and Q4 2016 Financial Performance

- A total of 45,500 ounces of gold were sold with an average realized gold price of \$1,204 per ounce, resulting in revenues of \$54.8 million. On a full year basis, the Company generated revenues of \$194.2 million from the sale of 156,000 ounces at an average realized price of \$1,245 per ounce.
- Cost of sales for 2016 totaled \$34.1 million for the fourth quarter and \$123.1 million for the year.
- The net finance expense in 2016 was \$9.2 million for the fourth quarter and \$17.7 million for the year. The large increase in the fourth quarter relates to a one-time, non-cash charge of \$7.3 million resulting from the previously capitalized financing fees remaining on the balance sheet being charged to net earnings as part of the debt restructuring.
- Net earnings for the quarter amounted to \$3.4 million (\$0.02 cents per diluted share). Fourth quarter earnings were negatively impacted by a non-recurring non-cash charge of \$7.3 million (\$0.04 cents per diluted share) related to the debt restructuring noted above.

#### Full Year and Q4 2016 Liquidity and Capital Resources

- Finished the year with cash and cash equivalents of \$73.2 million. This strong cash position provides the Company with ample capacity to meet its most significant near-term liquidity requirements which consist of capital purchase requirements of \$14.7 million, scheduled principal debt repayments of \$20.0 million over the next 12 months (\$5.0 million per quarter), and expected capital expenditure requirements of \$21.4 million in 2017 and the first quarter of 2018 for the phase one expansion of the mill.
- Generated \$23.5 million in cash from operating activities, an increase of 51% from the previous quarter due to higher mill throughput, ongoing cost reductions and improved grades quarter on quarter. For 2016, the Company generated \$76.5 million of operating cash flow.
- During the quarter, the Company successfully refinanced its \$160 million debt facility to a new \$80 million debt facility with a 1.3% reduction in the interest rate and to be repaid through sixteen (16) quarterly principal repayments of \$5 million each over a period of four (4) years beginning March 31, 2017.
- 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 \$111.9 million as at December 31, 2016. This has been driven by both an increase in current assets and a decrease in current liabilities.
- Current assets have increased by \$102.9 million year to date to \$145.4 million. This increase can be attributed to an equity offering completed in July 2016, free cash flow generation, an increase in value in the Company's SolGold investment as well as the transfer of \$15.5 million in gold, parts and supplies inventory for the Aurora Gold Mine that was previously included within development costs as at December 31, 2015.

#### Financial Risk Management

- At December 31, 2016, the Company had a total of 33,600,000 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.
- The brownfield targets the Company is focused on are Gold Creek and North West Aleck Hill. The mapping and assessment work has advanced North West Aleck Hill to drill ready status with drilling expected to start by the end of the first quarter of 2017. Mapping and assessment work will be ongoing through 2017 on other brownfield targets close to the Aurora Gold Mine.
- The Company completed a ground IP and magnetics survey during the fourth quarter at Sulphur Rose. Field work to follow-up on anomalies generated by the survey will be conducted in the first quarter with a goal of defining drill targets. Geochemical soil sampling and additional assessment work is also being completed at Wynamu, located approximately 30 km to the north of Sulphur Rose, ahead of a planned drill program ramping up later this year.

## 2017 Outlook and Opportunities

The Company's production and cost guidance for 2017 is provided below. Due to mine sequencing gold production is expected to be slightly higher in the second half of the year relative to the first half. Similarly, due to the timing of sustaining capital expenditures, all-in sustaining costs are expected to be higher in the first half of the year relative to the second half. The royalty cost is based on an assumed gold price of \$1,200 per ounce.

### 2017 Guidance

|   |             |
|---|-------------|
| Gold production (000's ounces)  | 160-180     |
| Cost of sales (production costs, royalty & depreciation) (\$ per ounce) | \$800-\$850 |
| Cash cost <sup>1</sup> , excluding royalty (\$ per ounce)               | \$500-\$550 |
| AISC <sup>1</sup> (\$ per ounce)  | \$775-\$825 |

The Company is well positioned financially to grow near-term production and ramp up exploration with a cash balance of \$73.2 million at year end versus a total debt balance of \$78.4 million. The Company issued an updated NI 43-101 Technical Report Feasibility Study for the Aurora Gold Mine on February 2, 2017, that reflected an expansion of the current processing facility from 5,600 tpd to 8,000 tpd based on a two phased approach.

The first phase will increase the throughput rate from 5,600 tpd to 8,000 tpd incorporating a saprolite portion of the mill feed between 25% and 50%. The first phase of the expansion is expected to commence later this quarter and be completed by the end of the first quarter of 2018 at a capital cost of \$21.4 million. The second phase of the expansion will allow the processing of 8,000 tpd hard rock and is expected to commence in mid-2018 and be completed by mid-2019 when the majority of saprolitic ore has been exhausted. The expected capital cost of the second phase is \$26.9 million. Both expansions are fully permitted and are expected to be funded from internal cash flow.

The delivery of the bulk emulsion explosives truck is expected by the end of the first quarter of 2017 and should deliver meaningful cost savings from the second quarter of 2017 onwards. The Company is also expanding its mining fleet in the first half of the year with the addition of new trucks, drills and excavators to accommodate higher mining rates related to an increase in the strip ratio in 2017. The expanded fleet will also eliminate the current reliance on rental equipment which should translate to lower mining costs on a per tonne basis.

This release should be read in conjunction with the Company's fourth 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, February 24<sup>th</sup> at 10:00am EST 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 70753839.

A live and archived webcast of the conference call will also be available at [www.guygold.com](http://www.guygold.com) for 90 days under the Investors and Events & Presentations section or by clicking here <http://event.on24.com/r.htm?e=1366533&s=1&k=DE2E1A82E863FFB11311D46CCBCB8800>.

A recorded playback of the fourth quarter 2016 results call will be available until March 3, 2017 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 70753839.

## 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 6.25 million ounces in the measured and indicated categories (59.73 million tonnes at 3.25 g/t Au) as well as an additional 1.79 million ounces in the inferred category (16.58 million tonnes at 3.79 g/t Au). For further details, please refer to the report entitled "Independent Technical Report Updated Feasibility Study, Aurora Gold Mine Project, Republic of Guyana" dated February 2, 2017 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 the expectation of reduced future mining costs. 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, the expectation of reduced future mining costs, fulfilling all conditions and payments pursuant to the debt 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.

<sup>1</sup> This is a non-GAAP measure. Refer to Non-GAAP Performance Measures section in the Dec 31, 2016 MD&A.

SOURCE [Guyana Goldfields Inc.](#)

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