

Guyana Goldfields Inc. Reports Production of 41,000 ounces for Q3 2017 Generating US\$50M in Revenues at a Cash Cost of US\$595/oz

31.10.2017 | [CNW](#)

TORONTO, Oct. 31, 2017 /CNW/ - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") reports its 2017 third quarter production and financial results. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will be held tomorrow at 10:00 am ET to discuss the results and details of the call can be found at the end of the release.

Q3 2017 Operational Results

- Gold production totalled 41,000 ounces during the current quarter; with higher grades expected in the fourth quarter. The Company expects full year production for 2017 to come in at the low end of guidance of 160,000 – 180,000 ounces.
- Operating costs (including depreciation and royalty) were \$940 per ounce, operating cash costs¹ before royalty were \$828 per ounce and all-in sustaining costs¹ ("AISC") were \$828 per ounce; all significant decreases compared to the prior quarter.
- September was a very strong month with gold production of 18,900 ounces with operating cash costs¹ before royalty of \$724 per ounce and AISC¹ of \$724 per ounce.
- Cash generated from operations, before working capital adjustments, of \$20.4M.
- The Company's balance sheet remains strong with a cash balance of \$64.2 million versus a debt balance of \$63.3 million at the quarter end. The fair market value of the Company's investment in [SolGold plc](#) at quarter end was \$46.3 million.
- Greenfield exploration drilling has commenced at the Company's Wynamu and Iroma properties, with drill results expected in the fourth quarter.
- Significant capital investments made through the first three quarters of 2017 in the mining fleet, bulk emulsion delivery and logistics haulage fleet is expected to generate significant operating cost savings moving forward as all equipment is in-country and has been commissioned.
- The Company continues to have an excellent health, safety and environmental track record with over 4,000,000 employee hours worked without a lost time incident.

Scott Caldwell, President & CEO stated, "The Company reported a strong and significantly improved third quarter of 2017 driven by increased mill feed grades due to mining activity reverting to the central diorite ore body at Rory's Knoll. September was a very strong month and this strong performance has continued into October. We expect to finish the year with our strong performance yet, and at the low end of annual guidance, with ore being sourced primarily from the high grade diorite ore at Rory's Knoll."

Preliminary Q4 Results

- For the month of October 2017, operational and cost performance trended favourably, as expected, and gold production from mining operations is estimated to be approximately 17,100 ounces.

Aurora Gold Mine Operational Statistics

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Ore mined (tonnes)	688,119	511,600	498,800	688,000	642,200
Waste mined (tonnes)	2,946,300	3,097,200	2,389,700	1,899,800	1,315,100
Total Mined (tonnes)	3,634,400	3,608,800	2,888,400	2,587,800	1,957,300
Strip ratio (waste:ore)	4.3	6.1	4.8	2.8	2.0
Tonnes mined per day	39,500	39,700	32,100	28,100	21,300
Ore processed (tonnes)	568,000	515,600	602,800	507,500	491,200
Tonnes processed per day	6,200	5,700	6,700	5,500	5,300
Head grade (g/t Au)	2.53	2.06	2.44	2.94	2.42
Recovery (%)	90.0	86.5	89.7	90.6	88.7
Mill utilization (%)	93.6	89.3	92.4	87.3	89.9
Gold Produced (ounces)	41,000	29,700	40,900	43,800	34,400
Gold Sold (ounces)	39,000	30,000	40,700	45,500	33,300
Average Realized Gold Price (\$/ounce)	1,287	1,263	1,227	1,204	1,334
Cash costs per ounce – before royalty ¹ (\$/ounce)	595	757	516	446	499
All-in sustaining costs ¹ (\$/ounce)	828	1,144	861	678	796
Cost of sales (includes production, royalty and depreciation) (\$/ounce)	940	1,164	827	750	811

Q3 2017 Operational Results Summary

- Achieved a strong quarter producing 41,000 ounces primarily driven by higher throughput rates and grades. With the loaded carbon inventory build up in August, the Company finished the quarter by pouring 18,900 ounces in achieving its record gold production month since the commencement of mining operations. Average throughput was 39,500 tonnes per day ("tpd") and was attributable to higher mill utilization rates of 93.6%. The mill head grade was higher at 2.53 g/t Au in the current quarter and was attributable to an increase in mining activity of the higher grade tonalite/diorite of Knoll.
- Gold recoveries of 90.0% were also higher in the quarter and can be attributed to mining activity at Aleck Hill progressing below the level of the historic underground workings and hence no organic, preg-robbing material was encountered in the quarter.
- As at September 30, 2017, there were approximately 4,200 contained ounces of gold in circuit with an additional 10,000 in doré inventory ready to be refined.
- Costs on a per ounce basis were lower for the quarter due to higher grades, a lower strip ratio due to mine sequence changes, deferred stripping costs, as well as, converting from rental equipment to owner operator drills.

¹ This is a non-IFRS measure. Refer to Non-IFRS Performance Measures section in the September 30, 2017 MD&A

Q3 2017 Selected Financial Information

(in thousands of dollars, except ounces, per ounce and per share figures)	Q3 2017	Q2 2017	Q1 2016	Q4 2016	Q3 2016
Revenues	\$ 50,207	\$ 37,899	\$ 49,957	\$ 54,809	\$ 44,403
Earnings from mine operations	\$ 13,574	\$ 2,966	\$ 16,317	\$ 20,673	\$ 14,777
Earnings (loss) before tax	\$ 10,503	\$ (3,023)	\$ 10,391	\$ 9,379	\$ 11,942
Net earnings (loss)	\$ 6,149	\$ (3,129)	\$ 9,938	\$ 3,405	\$ 8,921
Net earnings (loss) per diluted share	\$ 0.04	\$ (0.02)	\$ 0.06	\$ 0.02	\$ 0.05
Cash flow from operations	\$ 12,772	\$ 7,155	\$ 16,918	\$ 23,267	\$ 13,802
Cash and cash equivalents	\$ 64,162	\$ 65,355	\$ 75,431	\$ 73,151	\$ 105,190
Restricted cash balances	\$ 1,184	\$ 1,132	\$ 1,197	\$ 1,184	\$ 23,317
Total debt (excluding deferred financing charges)	\$ 63,922	\$ 68,762	\$ 73,617	\$ 78,413	\$ 135,650

Q3 2017 Financial Performance Summary

- The Company sold 39,000 ounces of gold in the second quarter generating \$50.2 million in revenues at an average price of \$1,287 per ounce.
- On a year-to-date basis, the Company sold 109,700 ounces of gold and generated \$138.1 million at an average price of \$1,258 per ounce.
- Net earnings for the third quarter of 2017 amounted to \$6.1 million (\$0.04 earnings per diluted share).

2017 Outlook and Opportunities

- Based on mine sequencing, an increase in head grades is envisioned for the fourth quarter, with ore being sourced from the tonalite/diorite at Rory's Knoll. Based on these anticipated higher grades, the Company still expects that production for 2017 will come in at the low end of the guidance range of 160,000-180,000 ounces.
- Despite the improvement in costs in the third quarter, the Company expects to achieve further significant cost reductions during the fourth quarter of 2017. This is expected to be driven by higher grades and a materially lower strip ratio than the third quarter. In addition, the significant capital investments made through the first three quarters of 2017 in the mobile bulk emulsion delivery system, and logistics haulage fleet should translate to lower unit costs now that this equipment is in-country and has been commissioned. Furthermore, sustaining capital expenditures are expected to be minimal in the fourth quarter.
- Despite the higher costs in the first nine months of 2017, the Company is maintaining its cost guidance set at the year, as outlined in the table below.

2017 Guidance

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

Exploration Activities

- Exploration efforts during the quarter consisted of advancing both brownfield and greenfield targets. Subsequent quarter end, drilling has begun at both the Iroma and Wynamu properties, with drill results expected during the following quarter.
- Brownfields has continued to focus exploring the higher-grade shoots located beneath the Mad Kiss and Aleck Hill and target generation beneath East Walcott. A small orientation magnetic survey was conducted over Swamp Valley and interpretation of results pending. Mapping work of other brownfield targets within close proximity to the Aurora mill drill targets is currently ongoing.
- Exploration work at greenfield targets included the commencement of drilling programs at Wynamu-Kalaloo (40km north of Aurora) and Iroma (18km north east of Aurora). Exploration consisting of soil sampling, trenching and auger drilling identified a series of auriferous zones over a wide area. Mobilization of the drill rig to Wynamu was completed during the quarter with a six-hole, 1,200 metre drill program that commenced the first week of October and will test the tenor of these anomalous areas. The area of immediate interest previously returned trench results of 6 metres of 4.21 g/t Au and 58 metres grading 1.21 g/t Au.
- At Iroma, extensive soil sampling and very shallow drilling with a pack sack drill have delineated two areas for immediate investigation. In both areas, gold mineralization is associated with NNW trending shear zones trending for hundreds of metres. Drill intersections from very shallow pack sack drilling include 9 metres of 2.28 g/t Au, 24 metres at 0.67 g/t Au and 4.5 metres at 3.51 g/t Au. Drilling is expected to commence in November 2017.

Mill Expansion Progress

The first phase of the mill expansion is expected to be completed by the end of the first quarter of 2018 at a capital cost of approximately \$21.4 million. The mill expansion is on schedule and on budget. Civil works are complete and construction of the leach tanks is underway. Engineering is all complete and procurement is approximately 96% complete.

Conference Call

A conference call will be held today at 10:00 am ET. Participants may join the call 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 85867368.

A live and archived webcast of the conference call will also be available at www.guygold.com for 90 days under the Investors and Events & Presentations section or by clicking here <http://event.on24.com/r.htm?e=1507743&s=1&k=F4805953A8E3296DC4D425E8DFF6348D>.

A recorded playback of the third quarter 2017 results call will be available until November 7, 2017 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 85867368.

¹ This is a non-IFRS measure. Refer to Non-IFRS Performance Measures section in the September 30, 2017 MD&A

Non-IFRS ("International Financial Reporting Standards Performance") Measures

The Company has included certain non-IFRS 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-IFRS 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 IFRS 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.

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, ~~Contract~~ be achieved. Forward-looking statements are based on the opinions and estimates of management ~~Guyana Goldfields Inc. Scott A. Caldwell, President and Chief Executive Officer, Jacqueline Wagenaar, Vice President, Investor Relations & Corporate Communications, Tel: (416) 628-5936 Ext. 5295, Fax: (416) 628-5935, E-mail: jwagenaar@guygold.com, Website: www.guygold.com~~

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.~~

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