

# **Guyana Goldfields Inc. Reports Third Quarter 2018 Operational and Financial Results; Revised 2018 Guidance**

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TORONTO, Oct. 30, 2018 - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") reports its 2018 third quarter operational and financial results. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will be held today, October 30<sup>th</sup> at 10:00 am ET to discuss third quarter results and details of the call can be found at the end of this release. The Company previously announced its third quarter gold production results from mining operations on October 9, 2018.

### Third Quarter of 2018 Results Summary

- 2018 gold production guidance revised downward to 150,000-155,000 ounces as grades have not rebounded as anticipated in the fourth quarter.
- Gold sales of 41,200 ounces at a total cash cost (before royalty)<sup>1</sup> of \$681 per ounce of gold sold. Cost of sales (including royalty and depreciation) was \$958 per ounce while all-in sustaining costs<sup>1</sup> ("AISC") were \$1,094 per ounce.
- Significant increase in mining rates, reflecting an improvement of 49% from prior quarter at 59,100 tonnes per day during the third quarter.
- Mill throughput running consistently at 7,000 tpd with recoveries improving to 93.5% for the quarter.
- Continued strengthening of the balance sheet with divestment of the [SolGold plc](#) ("Solgold") equity investment for proceeds of \$35.5 million contributing to a total cash position of \$92.6 million at quarter end.
- Continued cash flow performance with \$19.5 million of cash from operations, representing the 11th consecutive quarter of positive cash flow generated from operations since the start of commercial production on January 1, 2016.
- Early works contract for the underground portal development was awarded with work commencing early in the fourth quarter.
- Best hole of near mine exploration drill program at East Walcott returned three separate strongly mineralized zones: 9.09 g/t Au over 44.8m from 205m downhole followed by 10.85 g/t Au over 21.4m from 130m downhole and 6.8 g/t Au over 23.0m from 102m downhole.
- Senior leadership changes to reflect re-focus on delivering shareholder value and growth including the appointment of an independent Director, Mr. René Marion, as Non-Executive Chairman.

The Company had an improved third quarter of 2018 from both a production and cost perspective, driven by improved mining rates. The average head grade, however, was lower than anticipated. Since production commenced in 2016, ore sourced from the Knoll diorite has reconciled well with the reserves. Previous guidance assumed that the average grade would rebound throughout the current quarter, however, based on results to date, that no longer appears likely. Management believes the underperformance can be attributed to grade variability not captured in the model.

The Company has initiated a review of the underlying resource model. The Company has engaged RPA Inc., an independent firm of engineers and geologists, to assist in the investigation of the geologic controls and grade variability of the deposit. The Company expects the results from this review to be incorporated in the 2019 guidance and annual reserve and resource estimates to be disclosed in the first quarter of 2019.

As a result, the Company is lowering its production guidance to 150,000 – 155,000 ounces of gold for 2018, down from the previous range of 175,000 -185,000 ounces of gold. Cost of sales have been revised to \$1,030 - \$1,055 per ounce and sustaining costs of \$1,025 - \$1,050 per ounce, and cash cost (before royalty)<sup>1</sup> of \$660 - \$685 per ounce for the year. Looking forward, a revision to the life of mine production profile is anticipated.

Scott A. Caldwell, President & CEO stated, "We acknowledge and share the disappointment surrounding the revised production guidance and are actively positioning ourselves to address the grade variability. We have engaged an independent engineering firm to expect to deliver a full report in the first quarter of 2019. On a positive note, our average mining rate has shown a further improvement of 17% from the third quarter and we are achieving targeted levels of 70,000 tpd. In addition, the mill continues to perform exceedingly well with throughput and recovery rates delivering continuously above designed rates. We are excited to advance underground development to help alleviate the cyclical production nature of the Aurora open pits and the continued exploration already mobilized and initiated field work earlier this month, with the portal collar scheduled to be completed in the fourth quarter."

### Third Quarter of 2018 Aurora Gold Mine Operational Statistics

		Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Ore mined	tonnes ('000s)	566	1,550
Waste mined	tonnes ('000s)	4,872	10,786
Total mined	tonnes ('000s)	5,438	12,336
Strip ratio	waste:ore	8.6	7.0
Tonnes mined per day	tpd	59,100	45,200
Ore processed	tonnes ('000s)	647	1,898
Tonnes processed per day	tpd	7,000	7,000
Head grade	g/t Au	2.12	1.98
Recovery	%	93.5	92.3
Gold produced	Ounces	41,000	107,700
Gold sold	Ounces	41,200	111,000
Average realized gold price	\$/ounce	1,200	1,274

#### Third Quarter of 2018 Operational Results Summary

- During the third quarter, average mining rates improved by 49% when compared to the prior quarter, with September a further improvement with an average of 65,900 tpd. The mining rate increase was a result of mine fleet addition availability and the ramp up of the contract miner, STRACON S.A. The increase represents a significant improvement in expectation that the longer-term rate of 75,000 tpd will be consistently achieved through the fourth quarter. The high grade diorite zones from Rory's Knoll that were previously expected to be mined during the third quarter are now expected early in the fourth quarter.
- As the year-to-date mining rates were behind plan, ore feed was sourced from lower grade zones of the Mad Kiss Hill deposits, which resulted in lower than planned production.
- The process facility continues to run consistently at 7,000 tpd with recoveries improving to 93.5%. The second phase mill expansion remains on schedule for mechanical completion at the end of the fourth quarter of 2018 and is currently tracking in-line with budget.

#### Third Quarter of 2018 Selected Financial Information

(in thousands of dollars, except ounces, per ounce and per share figures)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Ounces produced	41,000	107,700
Ounces sold	41,200	110,900
Revenues	\$ 49,418	\$ 141,348
Earnings from mine operations	\$ 9,965	\$ 31,121
Earnings before tax	\$ 2,768	\$ 15,602
Net (loss) earnings	\$ (2,196)	\$ 7,339
Net (loss) earnings per diluted share	\$ (0.01)	\$ 0.04
Comprehensive income	\$ 24,050	\$ 33,645
Cash flow from operating activities	\$ 19,498	\$ 41,350
Cash and cash equivalents	\$ 92,621	\$ 96,621
Restricted cash	\$ 2,204	\$ 2,193
Debt	\$ 45,000	\$ 45,000
Total Assets	\$ 479,488	\$ 480,333
Realized gold price per ounce	\$ 1,200	\$ 1,274
Cost of sales per ounce	\$ 958	\$ 994
Cash costs per ounce before royalty <sup>1</sup>	\$ 681	\$ 709
AISC per ounce <sup>1</sup>	\$ 1,094	\$ 1,067

#### Third Quarter of 2018 Financial Performance Summary

- The increase in costs on a per ounce basis were largely attributable to lower grades and a higher strip ratio due to sequencing.
- Continued strong cash flow performance, with \$19.5 million of cash from operations, representing the 11<sup>th</sup> consecutive quarter of positive cash flow generated from operations since the start of commercial production on January 1, 2016.
- Net loss for the third quarter of 2018 amounted to \$2.2 million (\$0.01 per diluted share) which was influenced by a deferred tax expense and management restructuring charges.
- Subsequent to the sale of the Solgold investment for gross proceeds of \$35.5 million, the Company notified the debt syndicate of management's intention to make an accelerated payment of \$20 million by the end of the fourth quarter. In addition, management is in discussions to renegotiate the terms of the remaining loan facility. The Company explored a number of potential alternatives to further strengthen its already robust capital structure. After an extensive review, the Company concluded that the restructuring represents the best available alternative to maximize and preserve value while allowing further financial flexibility while removing all covenants and restrictions previously levied thereby providing for share repurchases and dividends consistent with the Company's capital return targets.
- The Company finished the third quarter with a cash balance of \$92.6 million which provides ample capacity to meet near-term liquidity requirements consisting of capital purchase commitments of \$13.5 million and scheduled principal debt repayments of \$20.0 million over the next four quarters. As at September 30, 2018, \$45.0 million of principal debt was outstanding.
- At September 30, 2018, the Company had a total of 28,800,000 litres of diesel forward contracts at an average rate of \$0.45/litre, which will settle on a net basis, covering subsequent periods that end into 2020.

## Underground Mining

In September 2018, the Company signed a Letter of Intent related to the early works development for the underground portal. Mobilization and field work commenced in October 2018, with the portal collar scheduled to be completed in the fourth quarter. The underground ramp development contract is expected to be awarded and finalized during the fourth quarter. The underground development capital requirements, as presented in the 2018 Optimized Life of Mine study, are also being reviewed by management and contractor with an expectation that a significant portion of 2019 capital can be deferred through 2020 without impacting the development schedule.

The initial phase of the decline will be completed in 2019 providing access for development/exploration drilling and initial production development. The decline is designed to access all principal underground mining areas, including some higher-grade areas that may provide supplemental mill feed during the development period.

## Exploration

The Company recently appointed Mr. Ron Stewart as Senior Vice President, Technical Services and Corporate Development who will oversee the Company's exploration and corporate development activities with a focus on near-mine open pit feed targets. Mr. Stewart will be responsible for enhancing, developing and prioritizing exploration targets within the proximity of the existing Aurora gold mine operation.

During the quarter, field programs were wrapped up at Iroma, Wynamu and Arangoy with the decision to focus exploration activities on attractive near mine targets. Results of each project will be reviewed and follow-up campaigns will be developed. Within the Aurora mine complex, plans have been developed to ramp-up the drilling activity in the fourth quarter and through 2019.

## Near Mine

The Company initiated a 12-hole (4,500m) diamond drill program earlier this year at East Walcott, which is located immediately adjacent to the main Rory's Knoll ore body at the Aurora Gold Mine and is currently being mined in the Rory's Knoll open pit. The drill program is focused on gaining a better understanding of the geological controls, dimensions and continuity of higher grade mineralization to assist with underground planning efforts. A total of 4,458m have been drilled year-to-date 2018 (32,724m project to date).

During the third quarter of 2018, assays for 9 holes drilled into the East Walcott target were received with the first 5 holes returning a best hole EWD094 of 9.09 g/t Au over 44.8m from 205m downhole followed by 10.85 g/t Au over 21.4m from 130m downhole and 6.8 g/t Au over 23.0m from 102m downhole (see press release dated September 11, 2018). Assay results for another four holes at East Walcott were received following this with Hole EWD101 returned three separate strongly mineralized zones including 8.35 g/t over 5.17m from 265.75m downhole followed by 6.76 g/t over 12.9m from 299.3m downhole and 7.7g/t over 13m from 319m downhole. A complete listing of the intercepts reported are presented in the table below. Additional drilling is planned to target mineralization at depth both here and at the Mad Kiss mineralized zone.

Hole #	Azimuth (True North)	Dip (degrees)	From (m)	To (m)	Width (m)	Grade (g/t Au)
EWD101 317		-45	265.8	270.9	5.2	8.35
			277.0	293.0	16.0	2.86
			299.3	312.2	12.9	6.76
			319.0	332.0	13.0	7.74
EWD102 326		-63	110.7	121.0	10.3	5.43
EWD103 321		-51	319.0	333.9	14.9	2.74
EWD105 329		-43	69.1	79.0	9.9	1.70
			220.0	225.0	5.0	4.03

#### Greenfields

30 drill holes totaling 4,458m have been completed year-to-date at Iroma mainly targeting a soil anomaly with dimensions of 2.4km by 0.5km containing greater than 50 parts per billion ("ppb").

Once all the data is in hand an assessment will be made regarding possible follow-up exploration of this target. There has been insufficient exploration to define a Mineral Resource on the Iroma property to date and it is uncertain if further exploration will result in such target being delineated as a Mineral Resource.

Unless stated otherwise herein, all scientific and technical data contained in this press release has been reviewed, approved and verified by Mr. Ron Stewart (P.Eng) who is a "Qualified Person" within NI 43-101 and is a member of the Association of Geoscientists of Ontario ("APGO"). Mr. Stewart serves as Senior Vice President of Technical Services and Corporate Development for the Company.

This release should be read in conjunction with the Company's third quarter 2018 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).

#### Third Quarter 2018 Earnings Conference Call

A conference call will be held today Tuesday, October 30, 2018 at 10:00 am ET to discuss third quarter 2018 operational and financial results.

A webcast will be available on the Company's website for 90 days following the call or through the following link: <https://event.on24.com/wcc/r/1851548/87A9393786FEE122347E3D90A0AB1E7B>

#### Conference Call Details:

Date: Tuesday, October 30, 2018

Time: 10:00am EST

Conference ID: 37659308

Dial-In Numbers:

North America Toll-Free: 888-390-0605

International: 416-764-8609

A recorded playback of the call will be available until November 6, 2018 by dialing: 1-888-390-0541 or

416-764-8677 and entering the call back passcode 659308.

#### Non-IFRS<sup>1</sup> Performance Measures

The Company has included certain non-IFRS performance measures in this MD&A. 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 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 measures reported by the Company.

#### Total cash costs per ounce

Total cash costs are 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. 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 (defined as brownfields exploration on the Company's Mining Licence), reclamation cost accretion, sustaining capital including deferred stripping (defined in further detail below), 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.

#### 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. 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, among others, the receipt of applicable regulatory approvals, average production grades, future production and earnings guidance, the timing and nature of any proposed update to Mineral Resources and Mineral Reserves, the timing of underground development activities, the proposed renegotiations and repayment of the project loan facility in respect of the Aurora Gold Project, 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-IFRS measure. Refer to "Non-IFRS Performance Measures" section in the Sept 30, 2018 MD&A  
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#### Contact



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