

Guyana Goldfields Inc. Reports Financial Results, Sets 2019 Production and Cost Guidance

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TORONTO, March 26, 2019 - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") today disclosed financial results for fourth quarter and full year 2018.

The Company also announced 2019 production and cost guidance for its wholly-owned Aurora Gold Mine ("Aurora") in Guyana. The guidance represents management's estimates following the development of a new mine plan by independent consultant Roscoe Postle Associates Inc., separately disclosed today.

A conference call is scheduled for tomorrow, Wednesday, March 27, 2019 at 10:00 am ET to discuss the results, as well as the updated life of mine plan results. The Company previously released fourth quarter and full year 2018 operational results on January 14, 2019. All amounts are expressed in U.S. dollars unless otherwise stated.

Scott A. Caldwell, President & CEO, states, "The past year saw the Company deal with a number of challenges resulting in lower than forecast planned mining rates and grades at Aurora. In response, the Company has acted on a number of fronts, starting with a refreshed Board of Directors, including the appointment of a new, non-executive Chairman, and a strengthened management team.

"With the right team, we developed a new strategy and began executing. Among other things we eliminated an ineffective reporting structure, we refocused our mining exploration program and we restructured operations in Guyana.

"We now have an accurate mine plan forecasting tool which will allow us to re-establish market expectations and meet our guidance. As we open a new chapter at Aurora, we will continue to focus on improving efficiency and maximizing operational flow, while maintaining our admirable safety record, including our achievement earlier this month of one million-person hours without a lost time injury."

Aurora Gold Mine Operational and Financial Summary Results

		Three months ending December 31		Twelve months ending December 31	
		2018 ²	2017	2018 ²	2017
Ore mined	tonnes ('000s)	913	715	2,464	2,413
Waste mined	tonnes ('000s)	5,455	1,596	16,242	10,030
Total mined	tonnes ('000s)	6,368	2,311	18,706	12,443
Strip ratio	waste:ore	6.0	2.2	6.6	4.2
Tonnes mined per day	tpd	69,200	25,100	51,200	34,100
Ore processed	tonnes ('000s)	657	553	2,555	2,239
Tonnes processed per day	tpd	7,100	6,000	7,000	6,100
Head grade	g/t Au	2.03	2.90	1.99	2.46
Recovery	%	91.1	91.7	92.0	89.7
Gold produced	Ounces	42,750	48,900	150,450	160,500
Gold sold	Ounces	37,450	48,000	148,350	157,700
Average realized gold price	\$/ounce	1,244	1,280	1,266	1,265
Cost of sales	\$/ounce	1,098	752	1,020	897
Cash costs ¹ (before royalty)	\$/ounce	719	433	712	556
All-in sustaining cost ¹	\$/ounce	1,185	665	1,097	846

Fourth Quarter and Full Year 2018 Operational Results Summary

- Fourth quarter production of 42,750 ounces was the highest of 2018.
- On a full year basis, the Company produced 150,450 ounces, a decrease of 10,050 ounces compared to production in the prior year. The decrease was mainly attributable to a lower head grade of 1.99 g/t Au (2017 – 2.46 g/t Au), higher mill throughputs averaging 7,100 tpd (2017 – 6,100 tpd).
- The daily average mining rate continued to increase through the fourth quarter, averaging 69,200 tpd, representing a record and an increase of 176% when compared to the same quarter in 2017. On a full year basis, the daily average mining rate improved by 50% in order to meet the increase in stripping ratio for Rory's Knoll open pit development.
- The mill processed 657,000 tonnes or 7,100 tpd in the fourth quarter. For the full year, the mill processed an average of 7,000 tpd, a 15% increase compared to an average of 6,100 tpd in the prior year. The increase can be mainly attributed to improved capital investment in the process plant and operating efficiencies. The Phase 2 mill expansion was completed in February 2019 and is expected to further improve recovery by up to 2%, throughput by 10%, and allow for 75% reduction in the primary crusher.
- The mill head grade averaged 2.03 g/t Au for the quarter and 1.99 g/t Au for the year, a decrease from the prior year average of 2.46 g/t Au. The decrease in head grade for the year was due to the unforeseen, late mobilization of the contractor (Stantec) which resulted in a slow ramp up in the mining rate, limiting access to higher grade ore. This resulted in low grade ore being fed to the mill. In addition, the grade in the fourth quarter was lower than the model forecast, prompting management to engage a consultant to review the underlying resource model.
- The increase in costs on a quarterly and full year basis were largely driven by increased mining and processing volumes, lower gold ounces sold from a lower average head grade and a higher strip ratio due to mine sequencing, and increased production costs.

Selected Key Financial Statistics

	Three months ending December 31		Twelve months ending December 31	
	2018 ²	2017	2018 ²	2017
Revenues	\$ 46,542	61,417	\$ 187,890	199,480
Earnings from mine operations	\$ 5,449	25,341	\$ 36,569	58,197
(Loss) earnings before tax	\$ (3,947)	21,536	\$ 11,655	39,440
Net (loss) earnings	\$ (2,032)	14,339	\$ 5,367	26,994
Net (loss) earnings per diluted share	\$ (0.01)	0.08	\$ 0.03	0.15
Comprehensive (loss) income	\$ (6,806)	9,785	\$ 26,839	33,275
Cash flow from operating activities	\$ 13,840	30,916	\$ 55,190	66,505
Cash and cash equivalents	\$ 81,988	75,275	\$ 81,988	75,725
Restricted cash	\$ 3,238	2,191	\$ 3,238	2,193
Debt	\$ 40,000	60,000	\$ 40,000	60,000
Total Assets	\$ 476,395	472,016	\$ 476,395	472,016

Fourth Quarter and Full Year 2018 Financial Performance

- In the fourth quarter, a total of 37,450 ounces of gold were sold with an average realized gold price of \$1,244 per ounce, resulting in revenues of \$46.5 million, a decrease of \$14.9 million compared to the fourth quarter of 2017. The decrease was due to fewer ounces of gold sold due to lower head grades, combined with a lower average realized gold price. On a per ounce basis, the Company generated revenues of \$187.8 million from the sale of 148,350 ounces at an average realized gold price of \$1,266 per ounce.
- Earnings from mine operations were \$36.6 million for the year, a decline of \$21.6 million from the prior year and largely due to increased mining and processing volumes, lower gold ounces sold from lower average head grade and increased production costs. These declines in production costs were offset by lower depreciation and lower cost of sales adjustment.
- Net loss for the quarter amounted to \$2.0 million (\$0.01 earnings per diluted share) and earnings of \$5.4 million (\$0.03 earnings per diluted share) for the year.

Fourth Quarter and Full Year 2018 Liquidity and Capital Resources

- The Company finished the year with a cash balance of \$82 million and total debt reduced to \$40 million, down from \$122 million as at the end of 2017. The Company elected not to make the voluntary accelerated debt repayment of \$20 million during the fourth quarter of 2018, providing the Company with additional short-term liquidity. Under the current term loan agreement, the Company is scheduled to make eight additional quarterly payments of \$5 million to retire the debt over the next two years.

2019 Guidance

The Company expects gold production to be between 145,000-160,000 ounces in 2019. The mid-point of production guidance is 152.5 million ounces, which, if achieved, would represent an increase of 1.4% from 2018. The Company expects production will be evenly weighted in first and second half of the year.

The table below provides guidance for production and costs in 2019. As noted above, the 2019 guidance reflects an updated resource model and life of mine plan disclosed today.

	2019 Guidance
Gold production (000's ounces)	145,000-160,000
Cost of sales (production costs, royalty and depreciation) (\$ per ounce)	1,175-1,225
Cash cost ¹ , excluding royalty (\$ per ounce)	800-850
AISC ¹ (\$ per ounce)	1,175-1,225

The mining rate is expected to average 70,000 tpd through the year, with the primary ore sourced and development stripping at the Rory's Knoll pit. The development stripping will bring the average strip for the year to 10.9:1.

The mill is expected to run at an average of 7,000 tpd with recoveries expected to average 91.8%. Operating costs (including depreciation) and all-in sustaining costs are expected to be \$1,175-\$1,225. The higher costs are a result of the higher stripping during the year. Management will continue to actively pursue initiatives to lower costs. Some cost saving initiatives have already been executed in the early part of 2019 with the completion of the Phase 2 mill expansion and the reduction of the expatriate workforce.

The Board has approved an exploration program budget of \$6.8 million covering additional surface brownfield drilling, initial underground drilling and the resumption of greenfield exploration for a combined total of approximately 30,000 metres.

Exploration Activities

During the third quarter of 2019, the Company shifted its exploration focus to more attractive near-mine targets. Field programs were completed on Iroma, Wynamu and Arangoy. Results of each project are being reviewed, and follow-up campaigns are being developed.

Highlights from the 2018 program include:

- High grade assays returned from infill drilling at East Walcott, Mad Kiss, Aleck Hill and West Mad Kiss
- Underground targets generated within the Golden Square Mile for definition and resource category conversion drilling
- Integrated data capture and management system fully implemented for Exploration and Mine Geology.
- Drilling expected to ramp up in 2019 with a focus on resource infill and evaluation of early-stage brownfield exploration targets. The 2019 budget of \$6.75 million covers additional surface brownfield drilling, initial underground drilling and resumption of greenfield exploration for a combined total of approximately 30,000 metres.

Two diamond drills were in operation in the fourth quarter and 34 holes totaling 5,527 metres were completed at an average rate of 42 metres per day on each rig. Drilling was conducted in Aleck Hill, North Aleck Hill, East Walcott, Mad Kiss, West Mad Kiss and Walcott Hill with the aim of defining high grade lodestones and further understanding the structural controls on mineralization in Aurora. Assay results can be found on the Company's press release filed February 11, 2019 entitled, "GUYANA GOLDFIELDS INC. REPORTS RESULTS FROM Q4/18 BROWNFIELD EXPLORATION DRILLING".

Underground Exploration Update

Mobilization and field work commenced in October 2018, with the portal collar scheduled to be completed in the fourth quarter. The Company temporarily suspended work on the underground decline in November 2018 at the request of the Guyanese Environmental Protection Agency ("EPA"). Subsequently, the Company addressed all matters raised by the EPA and, in February 2019, received environmental authorization from the EPA to resume construction and development work on an underground exploration decline at Aurora. The underground decline is intended for exploration and definition drilling in support of eventual planned

underground production.

Going forward, the contractor will complete and reinforce the collar and extend the decline 200 metres to fulfil the scope of the early works phase. The Company expects this work will take approximately three months to complete once the contractor is fully mobilized. A budget of \$2.0 million has been approved for the early works phase.

The Company is finalizing the review of bids received for the underground development contract with the target of final award in the second quarter of 2019.

The plan is to advance the exploration decline approximately 2,500 metres and provide a platform for further underground exploration and definition drilling. The decline is intended to provide access to all principal underground mining areas, including certain higher-grade zones in Mad Kiss and East Walcott that will allow the Company to further delineate exploration targets, potentially add mineral resources and help convert mineral resources to mineral reserves. In addition, the permit allows for test mining of up to 350,000 tonnes that could potentially provide supplemental mill feed during the development period and further unlock value at the Aurora Gold Mine. Management's intention is to develop an Underground Technology Centre, with a purpose of educating and transferring skills and technology required in all areas of underground technology.

Qualified Persons

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.

The Company has also posted an updated investor relations corporate presentation on its website at www.guygold.com under the Investors tab.

Conference Call

A conference call will be held on Wednesday, March 27, 2019 at 10:00 am ET to discuss full year and fourth quarter 2018 operational and financial results, as well as the, updated life of mine plan 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/1908008/833AF1B576E26E91C952CA9D3A1BFD68>

Conference Call Details:

Date: Wednesday, March 27, 2019

Time: 10:00am ET

Conference ID: 98125970

Dial-In Numbers:

North America Toll-Free: 888-390-0605

International: 416-764-8609

A recorded playback of the call will be available until Wednesday, April 3, 2019 by dialing: 1-888-390-0541 or 416-764-8677 and entering the call back passcode 125970.

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 underground exploration decline timeline and budget, further improvements in recovery and

primary crusher redundancy from the Phase two mill expansion, debt repayment, development of follow-up exploration campaigns, definition of high grade lodges and further understanding of structural controls and mineralization through drilling, award of the underground development contract, delineation of exploration targets, addition of mineral resources and potential conversion of mineral resources to mineral reserves through underground exploration and drilling, underground test mining, 2019 guidance on production, costs, mining rates, stripping ratio, mill rates and recoveries and AISC, cost savings opportunities, exploration budget, meeting market expectations and the creation of long-term shareholder value. 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," "forecasts," "intends," or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," 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, 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; 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.

¹This is a non-IFRS measure. Refer to the "Non-IFRS Performance Measures" section in the Company's Management's Discussion and Analysis for the year ended December 31, 2018.

²The Company adopted IFRS 9 and IFRS 15 in the annual period commencing January 1, 2018. Refer to "Accounting Disclosures & Changes in Significant Accounting Policies" section in the Company's Management's Discussion and Analysis for the year ended December 31, 2018.

SOURCE [Guyana Goldfields Inc.](#)

Contact

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