

Guyana Goldfields Inc. Announces Fourth Quarter 2019 Production and Anticipated Ore Supply Gap

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TORONTO, Feb. 25, 2020 - [Guyana Goldfields Inc.](#) (TSX:GUY) (the "Company") today announced fourth quarter and full year 2019 production and anticipated ore supply gap.

Highlights

- Q4 2019 gold production of 28,300¹ ounces, up 28% from Q3 2019 but down 28% from Q4 2018; 2019 annual production of 124,200¹ ounces, down 17% from 2018
- Unaudited cash and cash equivalents of US\$22.1 million and no debt as of December 31, 2019
- Ore supply gap of 4-6 months expected in 2020, starting in Q2
- Company is exploring financing and strategic alternatives to fund additional waste stripping at its open pit and for underground development
- Comprehensive mine plan review continues; results anticipated to be released by end of March 2020

Production details

Gold production at the Company's Aurora Mine in Guyana totaled 28,300¹ ounces in the fourth quarter of 2019, up 28% from 22,100 ounces in the third quarter of 2019 but down 28% from 39,100 ounces in the fourth quarter of 2018. For the full year 2019, gold production totaled 124,200¹ ounces, down 17% from 150,400 ounces a year earlier.

The Aurora Mine mill's throughput averaged 7,200 tonnes per day (tpd) in the fourth quarter of 2019, up 4.3% from 6,900 tpd in the third quarter of 2019 and up 1.4% from 7,100 tpd in the fourth quarter of 2018. For the full year, the mill's throughput averaged 7,300 tpd, up 4.3% from 7,000 tpd in 2018.

¹ Gold production includes 1,500 ounces for the fourth quarter and 1,600 ounces produced for the full year from our underground project development which is considered pre-commercial production ounces

The Company's optimized life-of-mine plan announced in late April 2019 (the "Optimized 2019 LOM Plan") proposed ore production from the open pit concurrent with waste stripping by smoothing out waste stripping over multiple years through increased phases. Accordingly, during early 2019 the Company implemented smaller mining benches and split pushback phases to accelerate access to the main ore body.

As this work progressed, the smaller operating areas resulted in reduced productivity rates from increased congestion and delays in drill-blast-load cycles. This prompted the new comprehensive review as disclosed by the Company on October 30, 2019. The review prompted the processing of low-grade ore stockpiles as ore release from the open pit was slower than expected.

As a result of work done in its ongoing comprehensive review, the Company is ending its prior strategy of implementing smaller mining benches and a pushback in two phases, one directly above the other. In an attempt to find a mine sequence with continuous ore release while maintaining high safety standards, management reviewed a significant number of mine plan scenarios. However, these objectives were not achievable.

The Company has concluded that waste stripping needs to be suspended temporarily to allow ore production from the open pit.

the current pit. Going forward, the Company now expects that ore production from the open pit mining will be interrupted between four and six months, starting in the second quarter of 2020 and resuming at the end of the third quarter of 2020. The Company will focus on waste stripping.

The Company expects to disclose fourth quarter and full year financial results on March 30, 2020.

On Track with Comprehensive Mine Plan Update

The Company remains on track for disclosure before the end of March 2020 of the results of its comprehensive mine, pit and cost review. Roscoe Postle Associates Inc. is assisting with the review.

The review, including updates of Mineral Reserves and Mineral Resources estimates, is being prepared in accordance with the National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The review is intended to supersede the previous NI 43-101 Technical Report dated March 29, 2019 and the subsequent Optimized 2019 LOM Plan disclosed on March 29, 2019.

Financing and Strategic Alternatives

While the Company previously anticipated generating sufficient working capital and cash flow to cover operating requirements through 2020, it is now clear that this objective is no longer achievable and there will be a need for additional financing to fund the cost of additional waste stripping for the open pit and the development of the underground mine.

As such, management is actively exploring financing alternatives to provide additional balance sheet flexibility. While the evaluation of financing alternatives continues, the Company is concurrently conducting a review of strategic alternatives. The Company has engaged RBC Capital Markets as its advisor for the review of strategic and financing alternatives.

"Gold output has been, and will continue to be, affected by an inability to achieve the aggressive waste stripping rates originally proposed in early 2019 as a result of very narrow pushbacks constraining and leading to small, congested mining areas," said Alan Pangbourne, who became President and CEO on January 1, 2020. "We continue to move toward the transition to underground mining, but we will need additional financing to cover a shortfall in cash flow from open pit gold production."

Underground Development Update

Underground exploration decline construction was advanced to 512 metres at year end, under the current construction permit issued by Guyana's Environmental Protection Agency ("EPA"). The Company has submitted an updated Environmental and Social Impact Assessment to the EPA for the entire underground project as required and believes it is on target to receive the required environmental approvals from the EPA.

We have also commenced trial mining of a test stope in the Mad Kiss orebody under our construction permit and we expect to batch process this ore through the plant in the coming months.

We obtained the necessary governmental approvals to blast without restrictions underground, which once implemented will allow an acceleration in underground development.

Alan continued, "On behalf of Senior Management and the Board I would like to thank our employees and contractors and the Government and the people of Guyana for their support as we progress toward the development of Guyana's first underground mine."

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.

Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (together, "forward-looking statements") within the meaning of applicable securities laws. Forward-looking statements may include, but are not limited to, statements and information with respect to financial results, ore production and costs and specific operational changes in connection therewith, current and future financing needs and strategic alternatives, the status of the mine planning and review, timing for the release of the Company's disclosure, the status of required regulatory approvals, and the status and development of the Company's mines. Often, but not always, forward-looking statements can be identified by the use of phrases such as "plans," "expects," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates," "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may," "could," "would," "should," "might" or "will" be taken, occur or be achieved. Forward-looking statements are based on 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 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, the Company's ability to obtain sufficient financing on terms acceptable to the Company, the results of the comprehensive mine plan and cost review, general business, economic, competitive, political and social uncertainties; results of exploration and development activities; changes in project parameters as plans continue to be refined; accidents, disputes and other risks of the mining industry; political instability; as well as those factors discussed in the sections entitled "Risk Factors" in the Company's latest annual information form and management discussion and analysis for the third quarter of 2025, each available on SEDAR at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ from those anticipated, estimated or intended, 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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