

# Guyana Goldfields Inc. Reports 2019 Fourth Quarter and Full Year Results and Provides Corporate Update

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TORONTO, May 7, 2020 - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company", "we" or "our") today filed financial results for the fourth quarter and year-ended December 31, 2019. The Company also provided corporate updates, including updates on its proposed arrangement transaction with Silvercorp Metals Inc. ("Silvercorp") and the Company's outlook for 2020. All amounts in this release are expressed in U.S. dollars unless otherwise stated.

This release should be read in conjunction with our December 31, 2019 Audited Consolidated Financial Statements and Management's Discussion and Analysis. These reports, as well as the Company's annual information form ("AIF"), are available on our website at [www.guygold.com](http://www.guygold.com) and on our SEDAR profile at [www.sedar.com](http://www.sedar.com).

## 2019 Fourth Quarter and Full-year highlights:

- Production: 28,300 ounces of gold in the fourth quarter of 2019 and 124,200 ounces in the full year 2019
- Revenue: \$38.9 million in the fourth quarter of 2019 and \$174.2 million in the full year 2019
- Cost of sales: \$1,909 per ounce in the fourth quarter of 2019 and \$1,499 per ounce in the full year 2019
- All-in sustaining cost: \$1,584 per ounce in the fourth quarter of 2019 and \$1,490 per ounce in the full year 2019 (see "Non-IFRS Performance Measures")
- Cash flow (outflow) from operating activities: \$(6.8) million in the fourth quarter of 2019 and \$30.2 million in the full year 2019
- Comprehensive net (loss): \$(245.2) million, or \$(1.40) per share in the fourth quarter of 2019, and \$(263.3) million, or \$(1.51) per share, in the full year 2019 (including the effect of the impairment charge discussed below)
- Impairment Charge: Non-cash impairment charge of \$235.0 million in the fourth quarter of 2019
- Cash and cash equivalents: \$22.1 million at December 31, 2019 and no debt

## Business Overview

In 2019, we were faced with many challenges, both from an operational and management perspective. The significant and ongoing reviews of mine plans during the year negatively impacted our ability to practically implement a plan at the mine, leading to lower than anticipated productivity performance, the mining of satellite ore bodies with mixed success, and the processing of ore from low grade stockpiles.

We continued to review a significant number of mine plans and scenarios during the first quarter of 2020 to find a mine sequence with continuous ore release while safely progressing waste stripping of the next phase of open pit mining, but concluded that these objectives were not achievable in tandem. The life of mine plan developed by Roscoe Postle Associates Inc., as disclosed in the Technical Report dated March 31, 2020 (the "New LOM Plan") incorporated the results of our comprehensive review and reflected a four to six month ore gap which would commence in the second quarter of 2020. The New LOM Plan, if implemented as contemplated, requires approximately \$100 million in funding for the next phase of mine development, excluding potential impacts of the Covid-19 worldwide pandemic or delays in financing. Management

evaluated a number of potential financing alternatives to address the funding gap and commenced a concurrent review of strategic alternatives in the first quarter of 2020.

#### Transaction Update and Upcoming Shareholder Meeting

As announced on April 27, 2020, the Company has entered into a definitive arrangement agreement (the "Arrangement Agreement") with Silvercorp whereby Silvercorp will acquire all of the issued and outstanding common shares of the Company not already owned by Silvercorp pursuant to a court-approved plan of arrangement under the Canada Business Corporations Act (the "Arrangement"). Concurrently with entering into the Arrangement Agreement, Silvercorp and the Company also entered into an agreement for a bridge loan facility (the "Bridge Loan Facility"), whereby Silvercorp will lend the Company up to \$15 million for use by the Company related to ongoing operations at the Aurora Mine, as well as for certain working capital and general corporate purposes.

The closing of the Arrangement is subject to satisfaction of certain conditions, including the approval of 66% of votes cast by shareholders of the Company, obtaining court and regulatory approvals and other customary conditions for a transaction of this nature to be satisfied or waived.

We have scheduled an annual and special meeting for June 29, 2020 (the "Meeting"), at which time shareholders will be asked to vote on the Arrangement. Subject to the receipt of shareholder approval and all other necessary approvals and the satisfaction of all other closing conditions, the Arrangement is expected to close in early July 2020. A copy of the Arrangement Agreement and related documents are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### Outlook for 2020

On March 18, 2020, as a result of COVID-19 related travel restrictions in and out of Guyana, we announced the temporary suspension of underground development. Total development meters reached 1,156 meters prior to work being suspended.

In addition, given the current travel restrictions, and the funding gap for the next phase of the New LOM Plan, the next phase of mine development will not proceed until these restrictions are lifted. This will result in a period of care and maintenance at site once Rory's Knoll Phase 4 is completed and satellite ore and low-grade stockpiles are depleted in the second quarter of 2020. Thereafter, a period of care and maintenance of more than a quarter will likely result in no further production from the open pit in 2020. Production, prior to care and maintenance, is estimated to total approximately 35,000 to 45,000 ounces in the first half of 2020. The site will continue to be maintained and environmental risks managed to ensure safety and security of the mine until operations can be resumed.

#### CEO Commentary

"Following a challenging 2019 we are pleased to be moving forward with implementing the arrangement transaction with Silvercorp. This transaction will allow the citizens and the Government of Guyana to continue to benefit from the Aurora Gold Mine and will facilitate the transition from open pit to underground mining" said Alan Pangbourne. "While we will be entering into a temporary period of care and maintenance once the current open pit mining ceases, we are pleased that Silvercorp, with its significant underground experience and strong balance sheet, will continue to advance the underground project at Aurora."

Mr. Pangbourne further commented; "This transaction is a good outcome for our shareholders and provides them with an immediate and significant upfront premium and exposure to a geographically diverse mid-tier precious metal company through the opportunity for ownership of shares of Silvercorp. We look forward to working with Silvercorp to close this transaction."

#### Disclosure Update

As disclosed on April 29, 2020, we have delayed the filing of our financial statements for the first quarter

ended March 31, 2020 and associated management's discussion and analysis in accordance with Ontario Instrument 51-502 Temporary Exemption from Certain Corporate Finance Requirements of the Ontario Securities Commission, which was adopted for the purpose of providing certain filing and other relief to issuers in light of the challenges posed by the COVID-19 pandemic. As currently planned, we expect to be in a position to file our first quarter operating and financial results by the beginning of June. Other than as disclosed herein, there have been no material business updates since April 29, 2020.

The Company is also delaying the filing of its statement of executive compensation as otherwise required by subsections 9.3.1(2) and (2.2) of National Instrument 51-102 Continuous Disclosure Obligations in reliance on Ontario Instrument 51-504 Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials of the Ontario Securities Commission. The Company expects to include its statement of executive compensation in its management information circular in connection with the upcoming Meeting.

About Guyana Goldfields Inc.:

[Guyana Goldfields Inc.](#) is a Canadian based gold producer primarily focused on the exploration, development and operation of gold deposits in Guyana, South America.

Any questions regarding the Annual and Special Shareholder Meeting can be directed to our strategic shareholder advisor and proxy solicitation agent Kingsdale Advisors at 1-800-775-1986, or collect call outside North America at 416-867-2272, or by e-mail at [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com).

#### Non-IFRS Performance Measures

The Company has included certain non-IFRS performance measures in this news release including AISC per ounce. 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 defined under IFRS and are not necessarily comparable to similarly titled measures reported by other issuers. For a reconciliation of these numbers please refer to the Company's most recent management discussion and analysis.

#### 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 and operational results, the duration of governmental actions; plans for care and maintenance; the duration and scope of travel restrictions and other statements with respect to the COVID-19 pandemic; statements about the Arrangement including receiving approvals and the date of the Meeting and closing; Silvercorp's plans in respect of the Aurora Gold Mine; expectations around filing Q1 2020 financial results and a statement of executive compensation; and the duration and scope of changes in the Company's operations. 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," "should," "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 Company's ability to complete the Arrangement and draw down under the Bridge Loan Facility and the conditions precedent thereto; the results of the Company's ongoing comprehensive mine plan and cost review; Silvercorp's decisions in respect of the Aurora Gold Mine following the completion of the Arrangement; general business, economic, competitive, political, health and social uncertainties; the actual results of exploration and development activities; accidents, labour disputes and other risks of the mining industry; political instability and Government action; as well as those factors discussed in the sections entitled "Risk Factors" in the Company's management discussion and analysis for

the year ended December 31, 2019, and AIF for the year ended December 31, 2019, each available on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

SOURCE [Guyana Goldfields Inc.](#)

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