

Guyana Goldfields Inc. Reports 2020 First Quarter Results and Provides Corporate Update

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TORONTO, May 28, 2020 - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company", "we", "us", or "our") today filed financial results for the first quarter ended March 31, 2020. The Company also provided corporate updates, including updates on its tenement care and maintenance plan and on its proposed arrangement transaction with Silvercorp Metals Inc. ("Silvercorp"). All amounts in this release are expressed in U.S. dollars unless otherwise stated.

This release should be read in conjunction with our March 31, 2020 unaudited condensed consolidated financial statements and accompanying Management's Discussion and Analysis. These documents are available on our website at www.guygold.com or on our SEDAR profile at www.sedar.com.

First Quarter Highlights

- First quarter gold production of 28,100 ounces and 24,200¹ ounces of gold sold from open pit at a cash cost (before depreciation) of \$1,084 per ounce of gold sold. Cost of sales was \$1,376 per ounce and all-in sustaining costs² ("AISC") were \$1,376 per ounce.
- Mining rates averaged 21,200 tonnes per day ("tpd") during the first quarter, representing a 62% decrease in mining rates compared to a mining rate of 56,000 tpd in the first quarter of 2019. This decrease was due to mine sequencing, pit constraints imposed by smaller benches and the suspension of waste stripping at Rory's Knoll pit in February to support ore production from the bottom of the pit.
- First quarter 2020 mill performance of 6,300 tpd which is lower than the 7,200 tpd in the comparable period in 2019 as a direct consequence of the lower throughput from mainly hard rock ore being milled during the first quarter of 2020.
- Net earnings for the quarter were \$2.3 million, as compared to a loss of \$2.3 million in the first quarter of 2019 driven by higher margins from higher gold prices, partly offset by higher cost of sales per ounce due to higher fixed cost absorption from lower mined volumes.
- Cash and cash equivalents of \$15.5 million as at March 31, 2020 was \$6.6 million lower than the \$22.1 million reported as at December 31, 2019. We generated a lower amount of cash from operations than in the first quarter of 2019 as a result of lower gold sales, an increase in metals inventory due to delays in gold sales as a result of air travel cargo delays from Covid-19 related travel restrictions and a concerted effort to reduce payables.

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31, 2020.
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Operational Update

Due to Covid-19 travel restrictions, we announced on March 18, 2020 that we would temporarily suspend all underground development. Taking into consideration the funding gap and the ongoing circumstances related to Covid-19, we subsequently announced on May 7, 2020 that the next phase of mine development, including both the open pit and underground, would not proceed as originally planned, resulting 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. We expect to be able to keep the mill operational up to mid-June, with production estimated to total approximately 45,000 to 50,000 ounces in the first half of 2020. This is higher than our previously estimated production for the first half of the year of 35,000 to 45,000 ounces.

Thereafter, the mine will go into a period of care and maintenance for one to two quarters. Planning for the transition to care and maintenance is well advanced and as such we have already started the phased reduction in site activity. The site is expected to be in full care and maintenance by the end of the second quarter and a full-time security presence will be maintained at site, along with adequate crews to maintain the site, including environmental monitoring and compliance. Infrastructure such as camp, water supply, power supply and other systems will remain operational at a reduced level.

Covid-19 update

In response to the global Covid-19 pandemic we have instituted a number of safeguards in order to continue

to operate in a safe manner. These include amongst others, reduced number of employees at site so as to accommodate single room occupancy in the camp, social distancing practices, temperature checks at check-in for flights to site including voluntary time off when employees have any symptoms associated with the virus, limited passengers on flights in and out of site and wearing of personal protective equipment on flights and situations where social distancing is not feasible.

Open pit mining and plant operations continue largely unaffected at this time, utilizing the additional safeguards put in place to maintain employee health and safety as described above. Gold sales continue to occur in the normal course, albeit through amended supply chains and timing due to restricted flights in and out of Guyana.

CEO Commentary

Alan Pangbourne, President and Chief Executive Officer stated "I thank all our employees for their hard work and dedication during these challenging times. The cooperation and diligence of the employees in Guyana in adhering to the Covid-19 measures, have allowed us to continue operating as we prepare for the upcoming period of temporary care and maintenance".

Mr. Pangbourne further commented; "I thank the Guyanese Government for their support that allowed us to develop the Aurora Gold Mine and their continued cooperation that will lead to the first significant modern underground mine in Guyana. What we have been able to achieve at a remote site in Region Seven is commendable and the transition to underground mining will be a great opportunity for the Aurora mine and for Guyana."

Transaction Update and Upcoming Shareholder Meeting

We entered into an arrangement agreement with Silvercorp on April 26, 2010, as amended May 16, 2020 (the "Arrangement Agreement"), pursuant to which Silvercorp has agreed to acquire all of the issued and outstanding shares of the Company by way of a court approved plan of arrangement under the Canada Business Corporations Act (the "Transaction"). Pursuant to the terms of the Arrangement Agreement, each holder of Guyana Goldfields shares will receive, for each Guyana Goldfields share held, C\$0.25 in cash and 0.1849 of a Silvercorp common share, for total consideration of C\$1.30 per share (based on the volume weighted average price for Silvercorp common shares for the 5 trading days ended May 14, 2020).

We have scheduled an annual and special shareholder meeting for June 29, 2020 at which time shareholders will be asked to vote on the Transaction. Subject to the receipt of shareholder and court approval and all other necessary approvals and the satisfaction of all other closing conditions, the Transaction 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. Full details of the Transaction will be included in our management information circular that is expected to be mailed to our shareholders in early June 2020.

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

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.

Non-IFRS Performance Measures

The Company has included certain non-IFRS performance measures in this news release including cash costs per ounce (before royalty), 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 Transaction including receiving approvals and the date of the Meeting and closing; 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 Transaction and draw down under the bridge loan facility with Silvercorp and the conditions precedent thereto; the results of the Company's ongoing comprehensive mine plan and cost review; 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.

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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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