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

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TORONTO, July 28, 2020 - Guyana Goldfields Inc. (TSX: GUY) (the "Company", "we", "us", or "our") today filed financial results for the second quarter and six months ended June 30, 2020. The Company also provided corporate updates, including information on its temporary care and maintenance plan. All amounts in this release are expressed in U.S. dollars unless otherwise stated.

This release should be read in conjunction with our June 30, 2020 unaudited condensed interim consolidated financial statements and accompanying management's discussion and analysis. These documents are available on our website at www.guygold.com and on our SEDAR profile at www.sedar.com.

2020 Second Quarter Highlights:

- Production: 28,500 ounces of gold in the second quarter of 2020, totaling 57,500 ounces for the first half of the year, exceeding our guidance of 45,000 to 50,000 ounces for the first half of 2020.
- Revenue: $53.7 million in the second quarter of 2020 and $92.3 million for the six months ended June 30, 2020.
- Cost of sales: $983 per ounce in the second quarter of 2020 and $1,154 per ounce for the first half of the year.
- Cash Costs before royalty: $736 per ounce in the second quarter and $887 for the 6-month period (see "Non-IFRS Performance Measures", below).
- All-in sustaining cost: $989 per ounce in the second quarter of 2020 and $1,147 per ounce in the first half 2020. (see "Non-IFRS Performance Measures", below).
- Cash flow from operating activities: $10.4 million in the second quarter of 2020 and $4.8 million for the six-month period ended June 30, 2020.
- Comprehensive net income: $7.6 million, or $0.04 per share in the second quarter of 2020, and $9.9 million, or $0.06 per share, in the first half of 2020.
- Cash and cash equivalents and Restricted Cash[1]: $28.7 million at June 30, 2020 including $10.0 million of restricted cash in accordance with a $30 million secured loan facility (the "Zijin Facility") provided by Zijin Mining Group Co. Ltd.. ("Zijin"), through a wholly owned subsidiary, in connection with the Company's proposed plan of arrangement with Zijin (the "Transaction").
- Debt: Loan balance of $6.5 million is as a result of the first advance under the Zijin Facility, following our payment to Silvercorp Metals Inc. of a C$9.0 million termination fee. Subsequent to the quarter, on July 27, 2020, we requested an additional drawdown of $5.5 million, which will bring the total drawn on the Zijin Facility to $12.0 million.

Operational Update

We announced on May 7, 2020 that the next phase of mine development, including both the open pit and underground, would not proceed as set out in the 43-101 Technical Report filed under National Instrument 43-101 - Standards of Disclosure for Mineral Projects dated March 31, 2020, resulting in a period of care and maintenance upon completion of Rory's Knoll Phase 4, mining of select satellite pits and depletion of low-grade stockpiles. This decision was made taking into consideration the funding gap and the ongoing circumstances related to Covid-19. As our open pit mining contractor's (Stracon) contract came to an end on May 5, 2020, we used our own mining equipment on site to mine the remaining ore until June 9, 2020 when mining operations ceased. We subsequently processed the last batch of ore from stockpile on July 8, 2020 and continued to recover residual gold from in-circuit inventory. The mine site is now in full care and maintenance.

In the second quarter as we ramped down mining activities, we started a phased approach of demobilizing employees and recorded $2.0 million in employee termination benefits. This is lower than the previously disclosed estimate of $3.2 million. Ongoing costs for care and maintenance are estimated to be approximately $1.0 million per month, including all costs at site and associated general and administrative costs to keep the property in good standing, as required by our Mineral Agreement and Mining License, each with the government of Guyana. In addition, during the period of care and maintenance, we estimate

corporate and administrative costs of $0.5 million to $0.8 million per month for overhead for our corporate office.

During the period of care and maintenance, the site is to be maintained and environmental risks are to be managed to ensure safety and security of the mine site until operations can be resumed. Infrastructure such as camp, water supply, power supply and other systems remain operational at a reduced level. As previously disclosed, a period of care and maintenance of more than a quarter may result in no further gold production in 2020. Any additional gold production in 2020 would be dependent on timing of the closing of the Transaction, the length of the period of care and maintenance, and the ramp-up period to restart of operations.

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) and all-in sustaining costs 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 and ongoing costs associated therewith; the duration and scope of travel restrictions and other statements with respect to the COVID-19 pandemic; statements about the Transaction including receiving approvals, receipt of funds under the Zijin Facility and the date of closing of the Transaction; the duration and scope of changes in the Company's operations; and statements regarding resuming production. 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 receive all approvals required to complete the Transaction and close the Transaction; the Company's ability to draw down under the Zijin Facility and the conditions precedent thereto; 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; the Company's ability to resume production and fund the mining plan as set out in its most recently filed technical report; 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 annual information form for the year ended December 31, 2019, 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 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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[1] *Zijin provided the Company with the Zijin Facility (as defined herein). The Company must maintain a minimum $10.0 million cash reserve in accordance with the Zijin Facility and the restricted cash is in accordance with this requirement.*

SOURCE Guyana Goldfields Inc.

Contact

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