

Guyana Goldfields Inc. Reports First Quarter 2018 Results; Sold 38,000 oz Au Generating US\$18.9M in Operating Cash Flow and Net Earnings of US\$0.05 Per Share

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TORONTO, April 30, 2018 /CNW/ - [Guyana Goldfields Inc.](#) (TSX: GUY) (the "Company") reports its 2018 first quarter operating and financial results. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will be held on Tuesday, May 1st at 10:00 am ET to discuss first quarter results and details of the call can be found at the end of this release. The Company previously announced its first quarter gold production from mining operations on April 9, 2018.

Q1 2018 Highlights

- Gold production for the quarter of 38,500 ounces with cash flow generation from operations of \$18.9 million ("M").
- Record mill throughput achieved averaging 6,720 tonnes per day ("tpd") for the quarter, of which 100% was hard rock.
- Strong balance sheet ending the quarter with positive working capital of \$98.9M.
- Operating costs (including depreciation and royalty) of \$913 per ounce, cash costs¹ (before royalty) of \$611 per ounce and all-in sustaining costs¹ ("AISC") of \$934 per ounce.
- Completed the 2018 Optimized Life of Mine study, which provides for smoother life-of-mine production and cost profile, reducing overall capital, operating costs and further improving cash flows.
- Completed first phase of the mill expansion on-time and under budget, allowing for increased mill throughputs and production going forward.

Scott Caldwell, President & CEO stated, "Aurora delivered as per plan for the first quarter of 2018 and we are excited to observe the effects of the phase one mill expansion on operations for the second quarter to date. With increased throughput and higher grades expected in the second half of the year, we are confident in our ability to meet 2018 guidance. We look forward to initiating the development of the underground in the fourth quarter of this year in our effort to accelerate selective mining of higher grade stopes starting in 2019. We have begun the bidding process to bring on the required underground mining expertise, as well as initiated the movement of previously purchased underground mining equipment to site."

Aurora Gold Mine Operational Statistics

		Q1 2018	Q1 2017
Ore mined (tonnes)	Tonnes (000's)	517	499
Waste mined	Tonnes (000's)	2,767	2,390
Total Mined	Tonnes (000's)	3,284	2,889
Strip ratio	Waste:ore	5.4	4.8
Tonnes mined per day	tpd	36,489	32,094
Ore processed	Tonnes (000's)	605	603
Tonnes processed per day	tpd	6,720	6,698
Head grade	g/t Au	2.18	2.44
Recovery	%	91.7	89.7
Gold Produced	ounces	38,500	40,900
Gold Sold	ounces	38,000	40,700
Average Realized Gold Price (\$/ounce)		1,333	1,227

Q1 2018 Operational Results Summary

- Gold production of 38,500 ounces based on mill throughput of 605,000 tonnes at an average head grade of 2.18 g/t Au and a new record average recovery of 91.7%. Please note, the first quarter preliminary production release recorded an incorrect head grade of 2.35 g/t Au. All other figures were correct.
- The mill achieved a new record average throughput during the first quarter of 6,720 tpd which was achieved while processing 100% hard rock and was largely a result of mill optimization work completed in 2017 resulting in increased utilization. Throughput was in line with the comparative quarter in the prior year, however the comparative quarter had the benefit of incorporating 23% of saprolite feed.
- Grade and gold production is expected to be weighed towards the second half of the year due to mine sequencing and incorporating a higher throughput capacity with the completion of the phase 1 and 2 mill expansions.

Q1 2018 Selected Financial Information

(in thousands of dollars, except ounces, per ounce and Q1 2018 Q1 2017
per share figures)

Revenues	\$ 50,734	\$ 49,957
Earnings from mine operations	\$ 15,989	\$ 16,317
Net Income	\$ 8,390	\$ 9,938
Comprehensive (loss) income	\$ (611)	\$ 28,935
Net earnings per share	\$ 0.05	\$ 0.06
Net earnings per diluted share	\$ 0.05	\$ 0.06
Total assets	\$ 473,439	\$ 468,782
Total debt	\$ 55,000	\$ 75,000
Total non-current liabilities	\$ 57,792	\$ 66,325
Cash flow from operations	\$ 18,928	\$ 16,918
Cost of sales per ounce	\$ 913	\$ 827
Cash costs ¹ per ounce before royalty	\$ 611	\$ 516
AISC ¹ per ounce	\$ 934	\$ 861

Q1 2018 Financial Performance Summary

- A total of 38,000 ounces of gold were sold with an average realized gold price of \$1,333 per ounce, resulting in revenue of \$50.7M.
- Unit costs were at the high end of annual guidance, as expected. The increase in costs on a per ounce basis when compared to the comparative and prior quarter were largely attributable to lower grades and higher strip ratio due to mine sequencing as well as investments in sustaining capital. With the increased throughput and the higher grade expected during the second half of the year, management is confident in its ability to meet its 2018 cost guidance.
- Generated \$18.9M of operating cash flow amounting to net earnings of \$8.4M or \$0.05 earnings per diluted share. Consistent steady cash flow from operations is a combination of increased realized gold selling price, offset by fewer ounces sold in the quarter.
- Cash used in investing activities was an outflow of \$13.3M for the first quarter, which related to investment in capital equipment and capitalization of deferred stripping costs. Cash outflow from investing activities for the first quarter ended March 31, 2018, was \$11.5M.
- The Company finished the quarter with a cash balance of \$76.0M. This strong cash position provides the Company with ample capacity to meet its most significant near-term liquidity requirements which consist of capital purchase commitments of \$5.7M and scheduled principal debt repayments of \$20.0M over the duration of 2018. As at March 31, 2018, \$55.0M of principal debt was outstanding.

Exploration Activities & Brownfields

- Brownfields exploration in the first quarter has focused on generating high grade/underground targets beneath the satellite deposits of East Walcott and Mad Kiss at the Aurora Mine. Remodeling of the geology, assisted by mapping of open pits, suggests the presence of coherent higher-grade shoots which will be targeted with drilling in the second quarter.

Exploration Activities & Greenfields

- Drilling and trenching programs at Wynamu continued this quarter. Three more holes were completed, with a total of 10 holes now drilled to date. Drill hole WYD-01 returned gold grades of 2.67 g/t Au over 12 meters including a higher interval of 6.08 g/t Au over 5 meters. A ground magnetic survey has commenced during the second quarter of 2018 and will cover more than 50 line-km of the more significant gold anomalous trends.
- At Iroma, current drilling has been focused on Areas 1 and 5 to follow up on and test in bedrock significant results from saprolite. Ten holes were drilled during the current quarter. Since the start of drilling in late 2017, seventeen holes have been completed so far totaling 3,721m of drilling. Drilling has intersected several broad zones of intense silica-ankerite alteration. Gold mineralization is hosted in altered intermediate intrusives (quartz diorite) with minor quartz porphyry and felsic dikes. Several broad zones of pyritic shear zones were intersected both in drill testing and surface trenching. A zone is open laterally to the northwest and southeast of the current drilling area. Drilling will continue to test the mineral zones along the 8.5km gold anomalous trend. A drill rig road that was being pushed towards Area 2 was recently completed. This road will continue towards Area 3 where an initial phase ground magnetic survey was recently completed. The grid survey measures roughly 6 km by 1.5 km and has covered the southeastern part of the anomalous gold trend. The second phase of ground magnetic survey will cover the northwest part of this zone.
- At the Arangoy prospect, soil sampling conducted within the vicinity of the greenstone and intrusive lithological contacts indicated a coherent gold anomaly in soils measuring roughly 1km by 0.5km. A trenching and drilling program is currently being planned to test the gold anomaly. Mobilization of exploration team and resources to Arangoy is underway for the second quarter 2018.

2018 Production and Cost Guidance

With gold production during the first quarter on plan, management is maintaining its original guidance with 2018 total production still expected to be between 190,000-210,000 ounces. Production is expected to be weighted towards the second half of the year due to mine sequencing and increased mill throughput following the completion of the Phase 1 expansion in the first quarter and the Phase 2 expansion in second half of 2018. With Phase 1 of the mill expansion complete and Phase 2 engineering and procurement underway, management is optimistic about the process facility meeting or exceeding planned expectations throughout the remainder of the year. The 2018 mine plan is primarily made up of all hard rock ore from the central tonalite/diorite ore at Rory's Knoll and East Walcott deposits.

2018 Guidance

Gold production (000's ounces)	190-210
Cost of sales (production costs, royalty & depreciation) (\$ per ounce)	\$850-\$900
Cash cost ¹ , excluding royalty (\$ per ounce)	\$430-\$480
AISC ¹ (\$ per ounce)	\$830-\$880

The mine plan calls for a ramp up in the mining rate to approximately 75,000 tpd in 2018 to accommodate the open pit production profile in years 2019 and beyond. During the first quarter, management secured 15 additional fixed-frame 40 tonne haulage trucks, with the first 10 units delivered to site in April 2018. This additional capacity will allow the Company to meet its targeted mining rate, while continuing to review proposals from open pit contract miners.

2018 Optimized Life of Mine Study

On February 20, 2018, the Company released an optimization plan based on the 2017 Feasibility Study. The study demonstrated a smoother life-of-mine production and cost profile while reducing overall capital, operating costs and further improving cash flows. In addition, the study plans for the commencement of underground development at Rory's Knoll during the fourth quarter of 2018. The Company has begun the

bidding process to bring on the required underground mining technical expertise, as well as initiating the movement of the already owned underground mining equipment to Guyana.

Mill Expansion Progress

The Company completed the phase one mill expansion (see press release dated March 29, 2018), which was designed to increase the hard rock throughput rate from 5,600 tpd to 6,600 tpd, during the quarter. The expansion was completed on-time and slightly under budget and consisted of debottlenecking the back end of the circuit and included the addition of three leach tanks, a pre-leach thickener, carbon management systems and the expansion of the elution circuit. Due to additional retention time within the leaching circuit, the phase one mill expansion is already demonstrating increased recoveries by approximately 1% to an estimated average recovery of 92.5%. The original timeline for completion was by the end of the first quarter of 2018 for a capital cost of \$21M.

Engineering and procurement of long lead-time items has commenced for the second phase of the mill expansion, which is expected to allow the processing of 7,500 tpd of hard rock ore and a further increase in recovery of 1% to 2% with the utilization of a pre-crushing circuit and ball mill from a previously purchased 1,000 tpd modular processing plant. This expansion is expected to be completed by the end of the fourth quarter of 2018 at a capital cost of \$6M as the majority of this capital has already been expended. The Company has awarded JDS Mining with the engineering and procurement for the second phase of the mill expansion.

This release should be read in conjunction with the Company's first quarter 2018 financial statements and MD&A report on the Company's website, www.guygold.com, in the "Financial Reports" section under "Investors", or on the SEDAR website at www.sedar.com.

First Quarter 2018 Earnings Conference Call

A conference call will be held on Tuesday, May 1, 2018 at 10:00 am ET to discuss first quarter 2018 operational and financial 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/1652248/E504CB918EF5B5330E5947294ABEF369>

Conference Call Details:

Date: Tuesday, May 1, 2018

Time: 10:00am EST

Conference ID: 3590049

Dial-In Numbers:

North America Toll-Free: (888) 231-8191

International: (647) 427-7450

A recorded playback of the call will be available until May 8, 2018 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 3590049.

Non-IFRS¹ Performance Measures

The Company has included certain non-IFRS performance measures in this MD&A. 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 necessarily standard and therefore may not be comparable to other issuers.

The Company has applied the World Gold Council's June 2013 published guidance in reporting cash costs and all-in sustaining costs to its mining operations. Adoption of cash costs and all-in sustaining cost metrics is voluntary and not necessarily standard, and therefore, these measures presented by the Company may not be comparable to similar measures presented by other issuers. The Company believes that the cash costs and all-in sustaining cost measures complement existing measures reported by the Company.

Total cash costs per ounce

Total cash costs are a common financial performance measure in the gold mining industry but with no standard meaning under IFRS. The Company reports total cash costs on a sales basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as sales, certain investors use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs include production and royalty costs. Production costs include mining, processing, refining and transportation, and site administration, and in total are then divided by gold ounces sold to arrive at total cash costs per gold ounce sold. This measure also includes other mine related costs incurred such as mine standby costs and any current inventory write downs. Production costs are exclusive of depreciation. Other companies may calculate these measures differently.

All-in sustaining cost per ounce

"All-in sustaining cost per ounce" is also a non-IFRS performance measure. The Company believes this measure more fully defines the total costs associated with producing gold; however, this performance measure has no standardized meaning. Accordingly, there may be some variation in the method of computation of "all-in sustaining cost per ounce" as determined by the Company compared with other mining companies. In this context, the Company calculates AISC as the sum of total cash costs (as described above), share-based compensation, corporate general and administrative expense, exploration and evaluation expenditures that are sustaining in nature (defined as brownfields exploration on the Company's Mining Licence), reclamation cost accretion, sustaining capital including deferred stripping (defined in further detail below), and realized gains and losses on diesel derivative contracts, all divided by the gold ounces sold to arrive at a per ounce figure.

Sustaining capital expenditures are expenditures that do not increase annual gold ounce production at a mine site and excludes expenditures at the Company's development projects as well as expenditures that are deemed expansionary in nature.

Additional IFRS financial performance measures

The Company has included the additional IFRS measure "Earnings from mine operations" in the financial statements. Management believes that that "Earnings from mine operations" provides useful information to investors as an indication of the Company's principal business activities before consideration of how those activities are financed, and before sustaining capital expenditures, corporate general and administrative expenses, exploration and evaluation expenses, stock based compensation, non-mine related depreciation, net finance expenses, and taxation.

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 the estimation of mineral resources. 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," "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 receipt of applicable regulatory approvals, the timing of the advance of the funds pursuant to the project loan facility to fund the development and construction of the Aurora Gold Project (the "Facility"), fulfilling all conditions precedent to the advance of funds pursuant to the Facility, 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; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in GGI'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.

¹ This is a non-IFRS measure. Refer to "Non-IFRS Performance Measures" section in the March 31, 2018 MD&A

Contact

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