

Guyana Goldfields Inc. Announces Second Quarter 2019 Financial Results

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Summary

- Gold production of 37,300 ounces amounting to 74,000 ounces of gold produced in the first half of 2019, in line with the annual production guidance range of 145,000 to 160,000 ounces of gold.
- Gold sales of 38,300 ounces at a total cash cost (before royalty)¹ of \$746 per ounce of gold sold representing a 13% reduction from the comparable quarter in 2018. Cost of sales (including royalty and depreciation) were \$1,186 per ounce and all-in sustaining costs¹ ("AISC") were \$1,323 per ounce.
- Record quarterly mill performance of 7,800 tonnes per day ("tpd") and a 10% increase from the second quarter of 2018.
- Underground exploration decline construction was resumed and advanced 164 metres during the second quarter.
- Over 2 million-person hours accumulated without a lost time injury.
- Exploration drilling at Mad Kiss hole MKD 187 drilled into the central mineralized zone returned an average of 6.11 grams per tonne gold ("g/t Au") over a core interval of 301.4 metres starting from 14.1 metres downhole (as released in the press release dated May 1, 2019).
- On July 2, 2019, the Company experienced a work stoppage at its Aurora mine as a result of a portion of the workforce blocking delivery of ore to the mill. The work stoppage lasted three days, with employees agreeing to return to work on July 5, 2019. As a result of the operational days lost, the Company estimates that approximately 22,500 tonnes were not processed and will not affect the third quarter production guidance.
- On April 30, 2019, the Company elected to retire the principal balance outstanding of its \$35 million loan facility. Balance sheets stands at approximately \$38.9 million at June 30, 2019 and no outstanding debt.

TORONTO, July 30, 2019 - [Guyana Goldfields Inc.](#) (TSX:GUY) (the "Company") announces its financial and operating results for the second quarter ended June 30, 2019. A conference call is scheduled for tomorrow, Wednesday, July 31, 2019 at 10:00 am ET. The Company previously released second quarter 2019 operational results on July 11, 2019. All amounts are expressed in U.S. dollars unless otherwise stated.

Suresh Kalathil, SVP & COO, stated, "For the second half of the year, further operational efficiency initiatives are in the pipeline, however, realizing the full benefit of these initiatives will not be immediate. Our entire team is focused on operational optimization efforts to further reduce costs and improve operating efficiencies. Additionally, gold production in the second half is expected to be back-end weighted with the fourth quarter accounting for approximately 60% of the forecast ounces as the plan calls for approximately half of the mill feed to be sourced from stockpiles in the third quarter due to sequencing of the pit phases at Rory's Knoll."

Second Quarter 2019 Operational Results Summary

		Three months ending June 30		Six months ending June 30	
		2019	2018	2019	2018
Ore mined	tonnes ('000s)	547	468	1,049	984
Waste mined	tonnes ('000s)	4,705	3,148	9,741	5,914
Total mined	tonnes ('000s)	5,252	3,616	10,790	6,898
Strip ratio	waste:ore	8.6	6.7	9.3	6.0
Tonnes mined per day	tpd	57,700	39,700	59,600	38,100
Ore processed	tonnes ('000s)	711	646	1,360	1,251
Tonnes processed per day	tpd	7,800	7,100	7,500	6,900
Head grade	g/t Au	1.81	1.65	1.87	1.9
Recovery	%	90.2	91.4	90.3	91.6
Gold produced ²	Ounces	37,300	31,300	74,000	70,100
Gold sold	Ounces	38,300	31,700	76,500	69,750
Average realized gold price	\$/ounce	1,325	1,300	1,313	1,318

* Numbers may not add due to rounding

- Gold production for the second quarter was 37,300 ounces, which was higher than the comparable quarter in the prior year as a result of a higher average head grade as well as higher mill throughput rates.
- Average mining rate was 57,700 tpd, a 45% increase from the comparable quarter in 2018 but a 6% decline from the previous quarter in 2019 primarily due to lower equipment availabilities, along with seasonal rains.
- The mill achieved record throughput rates for the quarter, averaging 7,800 tpd, as a result of commissioning the second phase of the plant expansion during the first quarter of 2019, which has increased mill availability and throughputs.
- The mill head grade for the second quarter was 1.81 g/t Au, which was higher than the grade of 1.65 g/t Au milled during the second quarter of 2018.

Second Quarter 2019 Selected Financial Statistics
(in thousands of US dollars, except ounces, per ounce and per share figures)

	Three months ending June 30		Six months ending June 30	
	2019	2018	2019	2018
Ounces produced ²	37,300	31,300	74,000	70,100
Ounces sold	38,300	31,700	76,500	69,700
Revenues	\$ 50,772	41,196	\$ 100,451	91,930
Earnings from mine operations	\$ 5,255	5,167	\$ 5,266	21,156
(Loss) earnings before tax	\$ (5,182)	1,386	\$ (7,732)	12,833
Net (loss) earnings	\$ (6,379)	1,206	\$ (8,669)	9,595
Net (loss) earnings per diluted share	\$ (0.04)	0.01	\$ (0.05)	0.06
Comprehensive (loss) income	\$ (6,379)	1,307	\$ (8,669)	694
Cash flow from operating activities	\$ 15,816	963	\$ 33,234	19,891
Cash and cash equivalents	\$ 38,924	62,670	\$ 38,924	62,670
Debt	\$ -	50,000	\$ -	50,000
Total Assets	\$ 435,608	467,378	\$ 435,608	467,378
Realized gold price per ounce	\$ 1,325	1,300	\$ 1,313	1,318
Cost of sales per ounce	\$ 1,186	1,137	\$ 1,244	1,015
Cash costs per ounce before royalty ¹	\$ 746	864	\$ 793	726
All-in sustaining costs per ounce ¹	\$ 1,323	1,186	\$ 1,351	1,052

* Numbers may not add due to rounding

- A total of 38,300 ounces of gold were sold with an average realized gold price of \$1,325 per ounce, resulting in revenues of \$50.7 million. On a year to date basis, the Company sold 76,500 ounces of gold at an average realized gold price of \$1,313 for total revenues of \$100.5 million.
- Cash costs (before royalty)¹ on a per ounce basis were 13% lower than the comparable quarter in 2018 and largely attributable to diesel and reagent consumption reductions as a result of management's continuous improvement efforts to reduce costs and improve operating efficiencies.
- All-in sustaining costs per ounce¹ for the quarter was \$1,323 per ounce, a 12% increase from the comparable quarter in the prior year primarily attributed to the higher waste to ore stripping ratio.
- Cost of sales per ounce for the second quarter was 4% higher than the prior year due to the higher volume of ounces sold as well as higher average production costs during the current period.
- The Company finished the quarter with a cash balance of \$38.9 million. The Company anticipates that its mine operations will generate sufficient cash flow to fund underground development through 2019 and 2020, however, management is actively exploring various financing alternatives available to provide additional balance sheet cost-overrun flexibility through the next 24 months and beyond.

2019 Guidance

The Company expects full year gold production to come in toward the low end of its previously stated guidance range of 145,000 – 160,000 ounces of gold. During the third quarter, the plan calls for approximately half of the mill feed to be sourced from stockpiles due to sequencing of the pit phases at Rory's Knoll. As a result, production in the second half of the year will be back-end weighted with the fourth quarter accounting for approximately 60% of the forecast ounces.

Costs forecasts for the remainder of the year are provided below. Details have also been provided on the higher expected costs on a per ounce basis in the third quarter of 2019 due to the lower level of gold production expected.

- Cash cost per ounce¹ (before royalty) for the second half of the year are expected to be within the previously stated guidance range of \$800 to \$850/oz while third quarter cash costs per ounce¹ are expected to be approximately 20% higher than the year-to-date average.
- Cost of sales per ounce for the second half of the year are expected to increase by approximately 10% when compared to the year-to-date average, while cost of sales per ounce in the third quarter are expected to be 20% higher than the first half 2019 average.
- AISC¹ for the second half of the year is expected to be roughly in-line with the year-to-date average while AISC¹ for the third quarter is expected to be approximately 5% higher than the first half 2019 average.

Open pit mining rates are expected to be in line with the rate of 64,000 tpd as presented in the optimized mine plan on May 1, 2019. While the Company continues to implement a number of operational efficiency initiatives aimed at reducing costs, the benefit of these initiatives, for the most part, have not been incorporated into the current cost forecast, potentially allowing for additional unrealized savings.

Underground Exploration Decline Update

- Work on the underground exploration decline resumed in the second quarter following the receipt of environmental authorization from the Guyanese Environmental Protection Agency. The contractor completed the portal collaring at Mad Kiss and, as at June 30, 2019, the exploration decline had been extended to a total of 164 metres.
- The early works program was recently extended to include the first 400 metres (from the previous 200 metres) of the exploration decline. The next phase of the underground exploration decline development is for 2,100 metres, for which management continues to evaluate development alternatives.

Exploration

- The Company is continuing its near mine exploration efforts and has an active drill campaign utilizing two surface drill rigs to test down plunge extensions of the high-grade mineralization reported in late 2018. The Company allocated US\$6.8 million in 2019 for additional surface brownfield drilling, initial underground exploration drilling and the resumption of greenfield exploration for a combined total of approximately 30,000 metres.
- Two diamond drills were in operation during the second quarter completing 18 holes totaling 5,059 metres bringing the total for the year to 52 holes and 13,001 metres drilled. Drilling was completed at Mad Kiss, North Aleck Hill and commenced at East Walcott. A complete list of the results received during the second quarter are presented in the Management's & Discussion Analysis for the second quarter of 2019.
- At Mad Kiss, hole MKD 187 drilled into the central mineralized zone returned an average of 6.11 g/t Au over a core interval of 301.4 metres ("m") starting from 14.1m downhole. The intercept released on May 1, 2019, included an upper porphyry zone over 139.7m averaging 6.09 g/t Au followed by a lower porphyry zone over 127.5m averaging 7.67 g/t Au separated by a narrow zone with intermixed sediments. The hole was drilled in the dip plane of the mineralized zone to confirm the distribution and continuity of steeply plunging, high-grade ore shoots.
- Drilling at East Walcott targeted the depth extension to recently modeled ore shoots extending beneath the Rory's Knoll pit. Through the end of the quarter, a deep parent hole test had been completed intersecting multiple zones of intense veined silica-pyrite mineralization. Assay results from this work are pending.

- The first half of the year was focused on shallow, oxide satellite open pit targets and definition drilling of extensions of high-grade ore shoots at Mad Kiss and East Walcott. A new reverse circulation drill as well as an underground drill will be mobilized to site in the third quarter for additional near mine surface exploration as well as underground definition drilling.
- The regional data review is largely complete, now comprised of some 352 drill holes and 800,000 records. Targets are being assessed and ranked with field work expected to commence in the second half of 2019.

Qualified Persons

All scientific and technical data contained in this press release has been reviewed, approved and verified by Mr. Ron Stewart (P.Geo) who is a "Qualified Person" within NI 43-101 and is a member of the Association of Geoscientists of Ontario ("APGO"). Mr. Stewart serves as Senior Vice President of Technical Services and Corporate Development for the Company.

Conference Call

A conference call will be held tomorrow, Wednesday, July 31, 2019 at 10:00 am ET to discuss second quarter 2019 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/2037994/B492E6770C1E4D80EFA8D76110964488>

Conference Call Details:

Date: Wednesday, July 31, 2019

Time: 10:00 am ET

Conference ID: 92200450

Dial-In Numbers:

North America Toll-Free: 888-390-0605

International: 416-764-8609

A recorded playback of the call will be available until Wednesday, August 7, 2019 by dialing: 1-888-390-0541 or 416-764-8677 and entering the call back passcode 200450.

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 financial results, future production and costs, optimization work, and underground exploration decline timeline. 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, 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; as well as those factors discussed in the section entitled "Risk Factors" in the Company'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.

¹This is a non-IFRS measure. Refer to the definition of "Non-IFRS Performance Measurements" in the Company's Management's Discussion and Analysis for Gold Produced Period ended June 30, 2019 in the Company's Management's Discussion and Analysis for the period ended June 30, 2019.

SOURCE [Guyana Goldfields Inc.](#)

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