

# Guyana Goldfields Inc. Announces Updated Mineral Reserves and Resources Estimate and Life of Mine Plan

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TORONTO, March 27, 2020 - [Guyana Goldfields Inc.](#) (TSX:GUY) (the "Company") today announced the results of an updated Mineral Resources and Mineral Reserves estimate (the "R&R Update") and an updated life of mine plan (the "LOM Plan") on its 100% owned Aurora Gold Mine (the "Mine") located in Guyana, South America.

Summary of R&R Update and LOM Plan (all references to currency are stated in US\$ unless otherwise specified):

- Estimated total gold contained in Proven and Probable Mineral Reserves of 2.24 million ounces ("Moz") and estimated total gold contained in Measured and Indicated Mineral Resources (inclusive of Mineral Reserves) of 3.82 Moz, representing a 2% reduction in contained gold in year-over-year total Mineral Reserves. Mineral Reserves were estimated using a gold price of \$1,200/oz, and Mineral Resources using a gold price of \$1,500/oz, consistent with the prior year's gold price assumptions.
- LOM Plan estimates of recovered gold production total 2.07 Moz at an average estimated head grade of 2.7 grams per tonne (g/t Au) over a 14-year mine life and includes a transition of the Mine from open pit to underground operations by mid-2021. Gold production is estimated to average approximately 170,000 ounces per year for the first five full calendar years (2022-2026) of underground operation at average mine-site all-in sustaining costs ("AISC") of \$970/oz.
- If implementation of the LOM Plan were commenced immediately, the estimated net present value ("NPV") of \$405 million after-tax (@ 5% discount rate and based on \$1,450/oz Au) for the mine and the estimated internal rate of return ("IRR") of approximately 64% would create substantial value for the Company.
- Under the LOM Plan, the maximum depth of the pit would be reduced by 65 metres and the majority of the ore that was previously contemplated to be mined from the Rory's Knoll open pit would be recovered from underground operations. This approach to the orebody is now considered more practical than continued deepening of the pit due to extensive pit stripping requirements and timing issues related to continuous ore release, among other factors.
- The proposed LOM Plan sequencing of continued open pit mining, transitioning to underground operations in 2021, is considered to be the overall optimal means of accessing the Rory's Knoll deposit both near surface and at depth, although requiring more short-term capital expenditure than other alternative approaches to the orebody (i.e., deeper pit options). Initial capital expenditures of \$141 million (inclusive of 20% contingency) to develop the underground in 2020 and 2021 are proposed to be partially funded by cashflows from the operations.
- As previously disclosed, the Company continues to explore financing and strategic alternatives to support the execution of the LOM Plan and is in discussions with various financing parties. The peak funding requirement is expected to be approximately \$100M, inclusive of the amounts required for additional waste stripping for the open pit and for underground development.

This update represents the result of a comprehensive mine, production and cost savings plan review announced by the Company on October 30, 2019 (the "LOM Review") and assisted by Roscoe Postle Associates Inc. ("RPA") as independent technical consultant. It supersedes the Mineral Resource and Mineral Reserve estimates as of December 31, 2018 and life of mine plan (the "2019 Plan") disclosed by the Company on March 26, 2019, as well as a further optimized version of the 2019 Plan prepared by management and disclosed by the Company on April 30, 2019. The effective date of the updated Mineral Resource and Mineral Reserve estimates set out herein is December 31, 2019. For purposes of National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators

("NI 43-101"), the qualified persons responsible for the preparation of the R&R Update and LOM Plan are professionals of RPA.

The LOM Plan, including the production schedule, capital cost estimates and mine economics, was developed before the onset of the COVID-19 virus pandemic, and does not take into account any potential delays, deferrals, reduced productivity or other constraints on operations or financing that may arise from the rapidly changing world reaction to the virus.

#### An attractive path forward

"We believe that the new LOM Plan contemplates an attractive path forward, contingent on obtaining adequate funding to execute against it," said Alan Pangbourne, CEO of the Company. "We look forward to negotiating a financing arrangement which will enable the Company to deliver the next stage of its growth by executing on the LOM Plan contained in RPA's report."

"This updated mine plan does not depend on additional Mineral Reserves, but we see potential to extend mine life based on infill and exploration drilling underground and at our satellite pits. Notably, the underground Mineral Resources continue to be open at depth and underground development will provide an excellent platform to test possible vertical extension of the currently known orebodies."

#### Mineral Reserves & Mineral Resources

In connection with its LOM Review, RPA reviewed mine plan options and updated Mineral Resources to reflect production changes to the open pit/underground split for the Rory's Knoll deposit. A notable change to the Mineral Reserves under the LOM Plan is in respect of the Rory's Knoll open pit, where the lower reaches of the former proposed pit under the 2019 Plan were converted from open pit mining to underground mining.

Open pit and underground Mineral Reserves were estimated using a \$1,200/oz gold price (the same as the December 31, 2018 estimate), incorporating updated and supportable operating cost assumptions, pit slope angles, underground development rates, dilution and mining loss factors, gold recovery and mining constraints. Final designs were developed to optimize mine design parameters and ore production schedules.

Underground Mineral Reserves were estimated for portions of the Rory's Knoll, East Walcott, Aleck Hill and Mad Kiss deposits. Estimated Mineral Reserves included dilution and extraction factors, variable minimum mining widths depending on the deposit, and cut-off grades based on operating cost assumptions and a \$1,200/oz gold price.

The mining method planned for all the deposits remains the same as the 2019 Plan with underground ore at Rory's Knoll extracted via sub level caving, which allows for not only low cost, high tonnage mining underground, but also ensures that the internal higher-grade mineralization in the diorite pipe is recovered.

Proven and Probable Mineral Reserves estimated at December 31, 2019 total 25.9 million tonnes grading 2.70 g/t and contain 2.24 million ounces of gold.

## ?SUMMARY OF ESTIMATED MINERAL RESERVES ? DECEMBER 31, 2019

Category	Tonnage	Grade	Contained Metal
	(000 t)	(g/t Au)	(000 oz Au)
Proven			
Open Pit	1,762	2.11	120
Underground	-	-	-
Surface Stockpiles	118	0.85	3
Total Proven	1,880	2.03	123
Probable			
Open Pit Saprolite	32	2.8	3
Open Pit Fresh	651	2.46	52
Underground	23,289	2.75	2,063
Total Probable	23,972	2.75	2,118
Proven & Probable			
Open Pit	2,445	2.21	174
Underground	23,289	2.75	2,063
Surface Stockpiles	118	0.85	3
Total Proven & Probable	25,852	2.70	2,240

1. Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") (2014) definitions were followed for Mineral Reserves.
  2. Open pit Mineral Reserves are estimated at a cut-off grade of 0.93 g/t Au for saprolite and 0.94 g/t Au for fresh rock at Rory's Knoll and 0.98 g/t Au for Aleck Hill.
  3. Underground Mineral Reserves are estimated at a cut-off grade of 1.70 g/t Au for Rory's Knoll, 2.5 g/t Au for East Walcott, and 2.2 g/t Au for the Mad Kiss and Aleck Hill satellite deposits.
  4. Mineral Reserves are estimated using an average long-term gold price of US\$1,200 per ounce.
  5. Open pit Mineral Reserves used a minimum mining width of 5 metres.
  6. A minimum mining width of 3 metres was used for the underground satellite deposits.? Dilution at Mad Kiss and Aleck Hill is based upon the addition of 0.5 metres on the hanging wall and the footwall.
  7. Bulk density is 2.8 t/m<sup>3</sup> for fresh mineralization and 1.73 t/m<sup>3</sup> for saprolite mineralization.
  8. Numbers may not add due to rounding.
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COMPARISON OF CURRENT AND PREVIOUS MINERAL RESERVE ESTIMATES				
		Dec 31, 2019	Dec 31, 2018	Change
Open Pit				
Tonnes	(000 t)	2,445	6,131	(3,686)
Grade	(g/t Au)	2.21	2.61	(0.40)
Contained Metal	(000 oz Au)	174	515	(341)
Underground				
Tonnes	(000 t)	23,289	20,038	3,251
Grade	(g/t Au)	2.75	2.69	0.06
Contained Metal	(000 oz Au)	2,063	1,731	332
Surface Stockpiles				
Tonnes	(000 t)	118	784	(666)
Grade	(g/t Au)	0.85	1.24	(0.39)
Contained Metal	(000 oz Au)	3	31	(28)
Total Proven & Probable				
Tonnes	(000 t)	25,852	26,953	(1,101)
Grade	(g/t Au)	2.70	2.63	0.07
Contained Metal	(000 oz Au)	2,240	2,277	(37)

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The 2019 Mineral Reserve estimate resulted in a 2% reduction in contained gold ounces compared to estimated 2018 Mineral Reserves, with a shift of approximately 332,000 ounces to the underground mine from the open pit. Depletion corresponding to the Company's previously announced 2019 gold production of 124,200 ounces was partially offset by conversions of resources into reserves from infill drilling at some of the satellite orebodies and Inferred Mineral Resources that were mined concurrently with Proven and Probable Mineral Reserves, especially from the satellite pits.

The Mineral Resources, which are inclusive of Mineral Reserves, were estimated as at December 31, 2019 based on a gold price of \$1,500/oz (the same as the December 31, 2018 estimate). Estimated Measured and Indicated Mineral Resources total 37.6 million tonnes grading 3.15 g/t Au and containing 3.82 million ounces of gold. In addition, estimated Inferred Mineral Resources total 25.9 million tonnes grading 2.28 g/t Au and contain 1.90 million ounces of gold.

## SUMMARY OF ESTIMATED MINERAL RESOURCES ? DECEMBER 31, 2019

Category	Tonnage	Grade	Contained Metal
	(Mt)	(g/t Au)	(000 oz Au)
Open Pit			
Measured	2.0	2.47	161
Indicated	0.8	2.85	76
Measured & Indicated	2.9	2.58	237
Inferred	0.2	2.82	17
Underground			
Measured	1.7	3.25	178
Indicated	33.1	3.20	3,402
Measured & Indicated	34.8	3.20	3,580
Inferred	25.8	2.28	1,884
Total Mineral Resource			
Measured	3.7	2.82	339
Indicated	33.9	3.19	3,477
Measured & Indicated	37.6	3.15	3,816
Inferred	25.9	2.28	1,901

1. CIM (2014) definitions were followed for Mineral Resources.
  2. Open pit Mineral Resources are reported at a cut-off grade of 0.52 g/t Au for saprolite and 0.70 g/t Au for fresh rock, and underground Mineral Resources are reported at a cut-off grade of 1.2 g/t Au for Rory's Knoll area, and 1.7 g/t Au for other areas.? Cut-off grades are based on a price of US\$1,500 per ounce of gold and gold recoveries dependent on mine method, material type, and/or location.
  3. Minimum mining widths of 5 metres for open pit and 3 metres for underground were used.
  4. Bulk density is 2.8 t/m<sup>3</sup> for fresh mineralization and 1.73 t/m<sup>3</sup> for saprolite mineralization.
  5. Mineral Resources are inclusive of Mineral Reserves.
  6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
  7. Numbers may not add due to rounding.
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**Operations Under the LOM Plan**

The LOM Plan contemplates the mining of 25.9 million tonnes ("Mt") of ore grading 2.7 g/t Au in the Mineral Reserves. Total recovered gold over a 14-year mine life is estimated at 2.07 Moz, averaging 170,000 ounces per year for the first five full calendar years (2022-2026) of underground operation.? Approximately 92%?of the life of mine gold production is proposed to be sourced from underground operations, and production

would be expected to peak in 2023 at approximately 210,000 ounces. Operating costs under the LOM Plan would be estimated to average \$58.94 per tonne milled over the LOM.

#### Processing

The Company completed and commissioned its Phase 2 mill expansion in February 2019. The processing circuit has a capacity of 7,500 tpd when treating mixed saprolite and hard rock. With 100% hard rock, the mill throughput in the LOM plan has been capped at 6,500 tpd based on our current experience processing 100% hard rock in the mill. No further plant modifications are required with the transition to 100% hard rock from underground.

The plant is comprised of crushing, single-stage grinding, gravity concentration, cyanide leaching, carbon adsorption, carbon elution and regeneration, gold refining, cyanide destruction and tailings disposal processes. Based on the Company's experience in operating the plant to date, the gold recovery is estimated to average 92.4% over the life of mine.

#### Capital Costs and Mine Economics

Total estimated LOM capital costs in accordance with the LOM Plan, including all ongoing underground development, is contemplated to be \$532 million. This consists of \$141 million of initial capital expenditures and \$391 million of sustaining capital and include contingency of 20% and 15% respectively.

The following two tables summarize (i) certain key operating parameters and economics predicted by the LOM Plan, and (ii) the sensitivities of the LOM Plan After-tax NPV and IRR to variations in the gold price calculated by the Company using a 5% discount rate:

#### GOLD PRICE SENSITIVITY?

Gold Price (\$/oz)	\$1,300/oz	\$1,400/oz	\$1,450/oz	\$1,500/oz
After-Tax NPV@ 5%, (\$M)	\$249	\$353	\$405	\$456
IRR	38%	55%	64%	73%

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#### Opportunities

Further open pit and underground Mineral Resources may be defined or converted to Mineral Reserves through exploration, definition drilling and mine planning. No Inferred Mineral Resources are considered in the LOM Plan. The Company believes that the Aurora project offers excellent exploration potential for additional high-grade Mineral Resources beneath the East Walcott, Mad Kiss and Aleck Hill satellite deposits.

The underground development advance rates are based on advance rates already achieved at site, that could be optimized, providing an opportunity for potential deferrals or reductions in capital expenditures. Moreover, the LOM Plan contemplates that the underground development can provide an excellent platform to conduct both infill and deeper exploration drilling to further test possible vertical extension of the currently known orebodies.

The Company believes that additional capital and operating cost savings can be realized over the life of mine and is well advanced in the process of negotiating material contracts with underground and open pit mining contractors as well as other vendors and supply contracts.

#### NI 43-101 Technical Report

A technical report prepared by RPA in compliance with NI-43-101 (the "Technical Report") will be filed by the earlier of 45 days from this news release or the date of the Company's forthcoming annual information form on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.guygold.com](http://www.guygold.com).

To better understand the basis for the information contained in this news release, including certain

assumptions, analytical parameters, risks and uncertainties inherent therein, readers are encouraged to read the Technical Report in its entirety once filed. The Technical Report is intended to be read as a whole, and sections of it should not be read or relied upon out of context.

#### Qualified Persons

The estimation of the updated Mineral Reserves and Mineral Resources was completed by R. Dennis Bergen (P.Eng.) and Katherine M. Masun (P.Geo.) of RPA, both of whom are independent qualified persons for the purposes of NI 43-101. The foregoing qualified persons have reviewed and approved the scientific and technical content of this news release, and have verified the data disclosed herein, including the Company's underlying data to the extent deemed necessary by RPA in the circumstances.

RPA, now part of SLR Consulting Ltd., is a group of technical professionals who have provided advice to the mining industry for more than 30 years. During this time, RPA has grown into a highly respected organization regarded as the specialty firm of choice for resource and reserve work. RPA provides services to the mining industry at all stages of project development from exploration and resource evaluation through scoping, prefeasibility and feasibility studies, financing, permitting, construction, operation, closure, and rehabilitation. RPA has extensive experience in estimating, auditing, and reviewing Mineral Resources and Mineral Reserves using both manual and geostatistical methods.

#### 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 AISC per ounce and Operating costs per tonne. 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.

#### Risks Relating to Mineral Resource and Mineral Reserve Estimates

The figures for Mineral Resources and Mineral Reserves contained herein are estimates only and no assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated levels of recovery will be realized or that the Mineral Resources and Mineral Reserves could be mined or processed profitably. Actual Mineral Reserves may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be different from estimated levels. There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any such estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Short-term operating factors relating to the Mineral Resources and Mineral Reserves, such as the need for financing, orderly development of the ore bodies or the processing of new or different ore grades, may cause the mining operation to be ceased or unprofitable. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Lower market prices, increased production costs, the presence of deleterious elements, reduced recovery rates and other factors may result in revision of the Company's Mineral Resource and Mineral Reserve estimates from time to time or may render its Mineral Resources and Mineral Reserves uneconomic to exploit. Mineral Resource and Mineral Reserve data is not indicative of future results of operations. If the Company's actual Mineral Resources and Mineral Reserves are less than current estimates or if the Company fails to develop its resource base through the realization of identified mineralized potential, its results of operations or financial condition may be materially and adversely affected.

#### Forward-Looking Information

This news release contains "forward-looking information" and "forward-looking statements" (collectively, "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 the LOM Plan, financial and operational results, ore production and the capital and operating costs thereof (on an aggregate or per ounce

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 could cause actions, events or results to differ from those contemplated, 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.

07.12.2025