GUYANA GOLDFIELDS INC.

Condensed Consolidated Interim Financial Statements

(Unaudited, Expressed in United States Dollars)

For the Three Months Ended March 31, 2016

and

For the Comparative Three Months Ended March 31, 2015

Guyana Goldfields Inc.

Condensed Consolidated Interim Balance Sheets

(UNAUDITED, EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

		March 31, 2016		December 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents (Note 5)	$	**18,520**	$	12,899
Accounts receivable, prepaid expenses and other assets		**2,624**		1,404
Deposits with suppliers		**3,174**		1,000
Inventory (Note 6)		**18,958**		-
Restricted cash (Note 7)		**23,146**		27,146
		66,422		42,449
Non-current assets				
Restricted cash (Note 7)		**135**		126
Mineral properties, plant and equipment (Note 8)		**274,456**		295,880
Deferred tax asset		**24,458**		28,936
Total assets	$	**365,471**	$	367,391
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	**27,485**	$	32,476
Current portion of long-term debt (Note 9)		**33,210**		28,010
Derivative liability (Note 15)		**1,384**		1,378
Total current liabilities		**62,079**		61,864
Non-current liabilities				
Long-term debt (net) (Note 9)		**105,743**		116,750
Asset retirement obligations		**4,032**		4,019
Derivative liability (Note 15)		**822**		942
Total liabilities	$	**172,676**	$	183,575
Equity				
Share capital (Note 10)	$	**386,164**	$	383,695
Stock options (Note 11)		**7,052**		7,840
Contributed surplus		**26,824**		26,543
Accumulated deficit		**(227,245)**		(234,262)
Total equity	$	**192,795**	$	183,816
Total liabilities and equity	$	**365,471**	$	367,391

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Commitments and Contingencies (Note 14)

Guyana Goldfields Inc.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)

(UNAUDITED, EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS, EXCEPT PER SHARE AMOUNTS)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Revenues		
Metal sales	$ 48,530	$ -
Cost of sales		
Production costs	21,284	-
Royalty	3,869	-
Depreciation	5,977	-
Earnings from mine operations	17,400	-
Corporate general and administrative expenses	1,151	1,132
Exploration and evaluation expenses	222	427
Stock-based compensation	344	283
Depreciation	81	31
Earnings (loss) before finance income (expense) and taxes	15,602	(1,873)
Net finance expense (Note 13)	(4,107)	(41)
Earnings (loss) before tax	11,495	(1,914)
Deferred tax expense	(4,478)	-
Net earnings (loss) and comprehensive income (loss) for the period	$ 7,017	$ (1,914)
Net earnings (loss) per share (Note 12)		
Basic	$ 0.05	$ (0.01)
Diluted	$ 0.04	$ (0.01)
Weighted average number of shares outstanding		
Basic	152,754,624	150,584,691
Diluted	157,475,484	150,584,691

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Guyana Goldfields Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(UNAUDITED, EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	Share Capital	Stock Options	Contributed Surplus	Deficit	Total Equity
At December 31, 2015	**$ 383,695**	**$ 7,840**	**$ 26,543**	**$ (234,262)**	**$ 183,816**
Shares issued on exercise of options	1,618	-	-	-	1,618
Fair value of options exercised	851	(851)	-	-	-
Stock-based compensation – issued this period	-	6	-		6
Stock-based compensation – issued prior period	-	338	-		338
Expired options	-	(281)	281		-
Net earnings for the period	-	-	-	7,017	7,017
At March 31, 2016	**$ 386,164**	**$ 7,052**	**$ 26,824**	**$ (227,245)**	**$ 192,795**

	Share Capital	Stock Options	Contributed Surplus	Deficit	Total Equity
At December 31, 2014	**$ 377,668**	**$ 7,670**	**$ 26,334**	**$ (254,325)**	**$ 157,347**
Shares issued on exercise of options	287	-	-	-	287
Fair value of options exercised	124	(124)	-	-	-
Stock-based compensation – issued this period	-	4	-	-	4
Stock-based compensation – issued prior period	-	609	-	-	609
Expired options	-	(130)	130	-	-
Net loss for the period	-	-	-	(1,914)	(1,914)
At March 31, 2015	**$ 378,079**	**$ 8,029**	**$ 26,464**	**$ (256,239)**	**$ 156,333**

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

Guyana Goldfields Inc.

Condensed Consolidated Interim Statements of Cash Flows

(UNAUDITED, EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	Three months ended March 31, 2016	Three months ended March 31, 2015
Cash provided by (used in)		
Operations		
Net earnings (loss)	**$ 7,017**	$ (1,914)
Items not involving cash:		
Depreciation	**6,058**	31
Deferred tax expense	**4,478**	-
Amortization of deferred financing costs	**993**	-
Stock-based compensation	**344**	283
Unrealized foreign exchange (gain) loss	**245**	(310)
Accretion on asset retirement obligations	**13**	-
Derivative instruments unrealized gain	**(115)**	-
Change in non-cash operating working capital:		
Deposits with suppliers	**(1,009)**	-
Accounts receivable, prepaid expenses and other assets	**205**	(338)
Inventory	**(1,201)**	-
Accounts payable and accrued liabilities	**6,609**	761
	23,637	(1,487)
Financing		
Proceeds (repayment) of long-term debt (net)	**(6,800)**	37,900
Proceeds from exercise of stock options	**1,618**	287
Deferred financing costs	**-**	(109)
	(5,182)	38,078
Investing		
Expenditures on assets under development (reduction in accounts payables)	**(11,619)**	(42,535)
Additions to mineral properties, plant and equipment	**(4,222)**	(167)
Deposits with suppliers	**(1,165)**	-
Restricted cash	**4,000**	-
Contract advances	**-**	5,000
	(13,006)	(37,702)
Net change in cash and cash equivalents	**5,449**	(1,111)
Effect of exchange rate on cash held in foreign currency	**172**	(241)
Cash and cash equivalents, beginning of period	**12,899**	17,211
Cash and cash equivalents, end of period (Note 5)	**$ 18,520**	$ 15,859

The notes on pages 5 to 15 are an integral part of these condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Guyana Goldfields Inc. (the "Company" or "Guyana Goldfields") is engaged in the acquisition, exploration, development and operation of mineral property interests, principally gold resource properties in Guyana, South America. The Company is incorporated and domiciled in Canada and its shares are publicly traded on the Toronto Stock Exchange. The address of its registered office is 141 Adelaide Street West, Suite 1608, Toronto, Ontario, Canada.

Effective January 1, 2016, the Aurora Gold Mine (or “Aurora”) commenced commercial production as an operating gold mine.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed consolidated interim financial statements for the three month periods ended March 31, 2016 and March 31, 2015 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as applicable to the preparation of interim financial statements, including International Accounting Standard IAS 34 (“Interim Financial Reporting”). The condensed consolidated interim financial information should be read in conjunction with the annual audited financial statements for the year ended December 31, 2015 which have been prepared in accordance with IFRS.

The Board of Directors approved the condensed consolidated interim financial statements on May 9, 2016.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for derivatives which are measured at fair value through profit or loss.

(c) Currency of presentation

All amounts are expressed in United States dollars. All financial information presented in United States dollars has been rounded to the nearest thousand.

3. ACCOUNTING POLICIES

(a) New accounting policies

The accounting policies followed in these unaudited condensed consolidated interim financial statements are the same as those applied in the Company’s audited consolidated financial statements for the year ended December 31, 2015, except for the following new policies adopted effective January 1, 2016, the date of commencement of commercial production for the Aurora Gold Mine:

Commercial production:

The development phase ends and the production phase begins when the mine is in the condition necessary for it to be capable of operating in the manner intended by management. Various relevant criteria are considered to assess when the mine is substantially complete and ready for its intended use and moved into the production phase. Some of the criteria considered include, but are not limited to:

- Completion of operational commissioning of each major mine and plant component.
- Demonstrated ability to mine and mill consistently and without significant interruption at a pre-determined average rate of design capacity of 75%, composed of both soft and hard rock.

- The passage of a reasonable period of time for testing of all major mine and plant components.
- Gold recoveries are at or near expected production levels.

Commercial production will be declared on the first day of the calendar month following achievement of the above milestones. Upon achieving commercial production, costs are transferred from assets under development into the appropriate asset classification such as inventory and mineral properties, plant and equipment.

Once in commercial production, gold sales will be recognized as revenue, and production costs as a component of mine operating costs. Development expenditures incurred during the production phase to provide access to ore reserves in future periods; expand existing capacity; or generally provide future economic benefits will continue to be capitalized under the Company's accounting policy on development costs, and on mineral properties, plant and equipment.

Effective January 1, 2016, upon declaring commercial production at the Aurora Gold Mine, the Company transitioned from accounting for certain costs as a development stage company to accounting for certain costs as an operating company. This involved significant financial reporting changes as follows:

- Capitalized Aurora Gold Mine construction costs were transferred from assets under development to the relevant asset categories including mineral properties, plant and equipment, and to inventory;
- Capitalized costs included within mineral properties, plant and equipment began to be depreciated consistent with the Company's established accounting policies;
- Capitalization of interest expense, stock based compensation, changes to and accretion of asset retirement obligations, amortization of deferred financing costs and depreciation of property and equipment, all ceased;
- Capitalization of pre-commercial production revenues and operating costs ceased; and
- Commenced recording of mine operating results in the condensed consolidated interim statement of operations and comprehensive income (loss).

Deferred stripping costs:

In open pit mining operations, it is necessary to remove overburden and other waste materials in order to produce inventory or to improve access to ore which will be mined in the future. The process of removing overburden and waste materials is referred to as stripping. Prior to the commencement of commercial production, stripping costs are capitalized as part of assets under development.

Where the costs are incurred to produce inventory, the production stripping costs are accounted for as a cost of producing those inventories. Where the costs are incurred to improve access to ore which will be mined in the future, the costs are deferred and capitalized to mineral properties, plant and equipment as a stripping activity asset (a non-current asset) if improved access to the ore body is probable, the component of the ore body can be accurately identified, and the costs relating to the stripping activities associated with the component can be reliably measured. Capitalized costs are depreciated using a unit-of-production basis over the proven and probable reserves to which they relate. If these criteria are not met, the costs are expensed in the period in which they are incurred.

Inventory:

Inventory classifications include stockpiled ore, in-circuit inventory, finished goods inventory and materials and supplies. The value of all production inventories include direct production costs and attributable overhead and depreciation incurred to bring the materials to their current point in the processing cycle. General and administrative costs for the corporate office are not included in any inventories. All inventories are valued at the lower of cost and net realizable value, with net realizable value determined with reference to market prices, less estimated future production costs (including royalties) to convert inventories into saleable form.

i. Stockpiled ore represents unprocessed ore that has been mined and is available for future processing. Stockpiled ore is measured by estimating the number of tonnes (by truck counts or by physical surveys) added to or removed from the stockpile, the number of contained ounces (based on assay data) and estimated gold recovery percentage. Stockpiled ore value is based on the costs incurred (including depreciation) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average costs per tonne of ore in the stockpile.

ii. In-circuit inventory represents material that is currently being treated in the processing plant to extract the contained gold and to transform it to a saleable form. The amount of gold in the in-circuit inventory is determined by assay values and by measure of the various gold bearing materials in the recovery process. The in-circuit gold is valued at the average of the beginning inventory and the costs of material fed into the processing stream plus in-circuit conversion costs including applicable mine-site overheads, and depreciation related to the processing facilities.

iii. Finished goods inventory is saleable gold in the form of doré bars that have been poured. Included in the costs are the direct costs of mining and processing operations as well as direct mine site overheads, and depreciation.

iv. Materials and supplies inventories consist mostly of equipment parts and other consumables required in the mining and ore processing activities, and are valued at the lower of average cost and net realizable value.

Revenue recognition:

Revenue from the sale of refined gold is recognized when the Company has transferred significant risks and benefits of ownership to the buyer; it is probable that the economic benefits associated with the transaction will flow to the Company; the Company has no significant continuing involvement; and the amount of revenue and costs incurred or costs to be incurred in respect of the transaction can be measured reliably. The above occurs when the refined gold has been physically delivered, which is also the date when title has passed to the buyer pursuant to a purchase agreement that fixes the quantity and price of the gold for each delivery.

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates.

The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the consolidated audited financial statements as at and for the year ended December 31, 2015.

5. CASH AND CASH EQUIVALENTS

As of March 31, 2016, the Company held approximately $15,377 of its cash in United States denominated currency, with the remaining predominantly in Canadian funds. Included in the Company's consolidated cash position at March 31, 2016, is approximately $7,910 in cash held by AGM Inc. (a wholly owned subsidiary of Guyana Goldfields Inc.) (December 31, 2015 - $5,194), that the Company is contractually obligated to spend to support the operations of the Aurora Gold Mine. The Company maintains substantially all of its cash and cash equivalents in interest bearing bank accounts at Canadian chartered banks.

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

6. INVENTORY

		March 31, 2016		December 31, 2015
Ore stockpiled	$	**1,882**	$	-
In-circuit		**2,540**		
Finished goods		**5,534**		-
Materials and supplies		**9,002**		-
	$	**18,958**	$	-

The amount of depreciation included in inventory at March 31, 2016 is $2,214 (December 21, 2015 – Nil).

7. RESTRICTED CASH

		March 31, 2016		December 31, 2015
AGM Inc. cost overrun equity account (i)	$	**23,000**	$	23,000
AGM Inc. completion account (i)		**-**		4,000
Other restricted balances (ii)		**281**		272
	$	**23,281**	$	27,272

(i) In accordance with the Project Loan Facility, in October 2014 the Company placed a total of $33,000 into restricted bank accounts prior to first draw under the Facility, composed of $23,000 in a cost overrun equity bank account and $10,000 in a completion bank account. These restricted funds were available for project costs overruns on the Aurora Gold Mine, and are subject to security and debenture agreements whereby AGM has granted and created a lien for the benefit of the Senior Lenders. The Senior Lenders in May 2015 and in March 2016, approved the release of $6,000, and $4,000, respectively, in funds held in AGM's restricted completion bank account back to the parent company Guyana Goldfields Inc. The $23,000 residing in the cost overrun equity account will be released at project completion (as defined under the Facility), and will be deposited into debt service reserve and mine closure reserve bank accounts. The restricted cash bank account balance of $23,000 at March 31, 2016 is denominated in United States dollars and held at a Canadian chartered bank.

(ii) The Company has outstanding letters of guarantee in the amount of $146 (December 31, 2015 - $146) that is required under the regulations prescribed by the Guyana Geology and Mines Commission ("GGMC") for prospecting licenses issued to the Company and its subsidiaries. The Company also has several company credit cards with a major financial institution with an aggregate credit limit of $135 (December 31, 2015 - $126). The financial institution holds a $135 deposit as collateral on the credit amount as long as the credit cards are active. The restricted cash amounts would change if there were any changes in the credit limits on the cards.

		March 31, 2016		December 31, 2015
Current portion of restricted cash	$	**23,146**	$	27,146
Non-current portion of restricted cash		**135**		126
	$	**23,281**	$	27,272

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

8. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Aurora Gold Mine Assets under development	Assets under construction	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
COST						
At December 31, 2014	**$ 172,186**	**$ -**	**$ -**	**$ -**	**$ 19,257**	**$ 191,443**
Additions during the period	101,664	-	-	108	2,010	103,782
Transfers	(6,269)	-	-	625	5,644	-
Pre-commercial production revenues less operating costs	(7,984)	-	-	-	-	(7,984)
Change in asset retirement obligations	3,978	-	-	-	-	3,978
Interest expense and commitment fees	9,371	-	-	-	-	9,371
Stock-based compensation	1,136	-	-	-	-	1,136
Accretion of asset retirement obligation	41	-	-	-	-	41
Amortization - deferred financing costs	3,764	-	-	-	-	3,764
Depreciation - buildings and equipment	4,589	-	-	-	-	4,589
Disposals	-	-	-	-	(1,475)	(1,475)
At December 31, 2015	**282,476**	**-**	**-**	**733**	**25,436**	**308,645**
Transfer on commercial production	(282,476)	-	94,981	171,952	-	(15,543)
Additions during the period	-	3,189	555	-	86	3,830
Recovery of development costs		-	(1,439)	-	-	(1,439)
At March 31, 2016	**$ -**	**$ 3,189**	**$ 94,097**	**$ 172,685**	**$ 25,522**	**$ 295,493**

Effective January 1, 2016, the Company declared the commencement of commercial production at the Aurora Gold Mine. The Company transferred the following amounts from assets under development: $94,981 to mineral properties $171,952 to buildings, plant and equipment categories; and $15,543 to inventory.

	Aurora Gold Mine Assets under development	Assets under construction	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
ACCUMULATED DEPRECIATION						
At December 31, 2014	**$ -**	**$ -**	**$ -**	**$ -**	**$ 9,238**	**$ 9,238**
Depreciation for the period	-	-	-	323	4,679	5,002
Disposals	-	-	-	-	(1,475)	(1,475)
At December 31, 2015	**-**	**-**	**-**	**323**	**12,442**	**12,765**
Depreciation for the period	-	-	1,374	5,330	1,568	8,272
At March 31, 2016	**$ -**	**-**	**$ 1,374**	**$ 5,653**	**$ 14,010**	**$ 21,037**

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

	Aurora Gold Mine Assets under development	Assets under construction	Mineral properties	Buildings, plant and related equipment	Mobile fleet, vehicles and other equipment	Total
NET BOOK VALUE						
December 31, 2015	$ 282,476	-	$ -	$ 410	$ 12,994	$ 295,880
March 31, 2016	**$ -**	**3,189**	**$ 92,723**	**$ 167,032**	**$ 11,512**	**$ 274,456**

9. LONG-TERM DEBT

Long-term debt outstanding consists of the following as at:

	March 31, 2016	December 31, 2015
Secured Tranche 1 Facility advances	**$ 155,660**	$ 160,000
Principal repayment	**(6,800)**	(4,340)
	148,860	155,660
Unamortized deferred financing costs	**(9,907)**	(10,900)
	138,953	144,760
Less current portion	**(33,210)**	(28,010)
Non-current portion	**$ 105,743**	$ 116,750

At March 31, 2016, the Project Loan Facility consisted of the Tranche 1 facility of $160 million, with a maximum term of eight years and a weighted average interest rate of 3-month LIBOR plus 5.11%. There is no required gold hedging.

Under the terms of the Common Terms Agreement, the Company has entered into security and debenture agreements pursuant to which AGM has granted and created a lien over all its assets and property of any kind to the benefits of the Senior Lenders. Similarly, the parent company Guyana Goldfields Inc. and certain of its wholly owned subsidiaries, namely Aurora Gold (Barbados) Inc., Guygold (Barbados) Inc., and Guy Gold Inc., (collectively the "Related Entities") have entered into security agreements to grant and create liens over all their related rights, titles, and interests that are necessary for the Aurora Gold Mine, for the benefits of the Senior Lenders. In addition, certain of the Related Entities have entered into subordination agreements whereby any intercompany debt owed by these companies has been subordinated to the Project Loan Facility. The Company has undertaken to provide additional funds, if required, for Aurora to achieve project completion (as defined under the Facility), and to supplement any shortfall of funds needed to meet the Aurora Gold Mine's financial obligations. Scheduled principal repayments, reflecting amounts drawn as of March 31, 2016 are as follows:

	Total	2016	2017	2018	2019	2020	There-after
Total long-term debt as of March 31, 2016	$ 148,860	$ 21,210	$ 36,470	$ 26,130	$ 13,610	$ 31,690	$ 19,750

Principal repayments commenced December 31, 2015, and continue quarterly thereafter over the term of the Facility.

For the duration of the Facility, AGM Inc. will be required to maintain specified financial and non-financial covenants/conditions and reporting requirements, including adherence to environmental and social standards, and funding of a debt service reserve account and mine closure reserve accounts as required. Financial covenants include a debt service coverage ratio, projected debt service coverage ratio, loan life coverage ratio, project life coverage ratio and a mining reserve tail ratio. The Company was in compliance will all covenants under the Common Terms Agreement as of March 31, 2016. The Facility also provides for a partial cash sweep mechanism for the benefit of the Senior Lenders and the acceleration of principal repayment in the event of a change in control.

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

10. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. The issued and outstanding common shares consist of the following:

	Number of Shares		Amount
At December 31, 2014	**150,443,899**	**$**	**377,668**
Issued on exercise of options	1,994,250		4,196
Fair value of options exercised	-		1,831
At December 31, 2015	**152,438,149**	**$**	**383,695**
Issued on exercise of options	1,183,098		1,618
Fair value of options exercised	-		851
At March 31, 2016	**153,621,247**	**$**	**386,164**

11. STOCK OPTIONS

The stock option plan of the Company (the "Option Plan") was approved by the shareholders on May 15, 2015. The purpose of the Option Plan is to attract, retain and motivate officers, directors, employees and service providers by providing them an opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The following table shows the continuity of stock options during the periods presented:

	Number of Options		Amortized Value		Average Exercise Price (Cdn$)
At December 31, 2014	**11,501,250**	**$**	**7,670**	**$**	**2.43**
Stock-based compensation – issued this period	580,000		101		3.05
Stock–based compensation – issued prior period	-		2,109		-
Exercised	(1,994,250)		(1,831)		2.65
Expired	(187,833)		(163)		3.53
Forfeited	(111,667)		(46)		2.66
At December 31, 2015	**9,787,500**	**$**	**7,840**	**$**	**2.40**
Stock-based compensation – issued this period	151,000		6		4.88
Stock–based compensation – issued prior period	-		338		
Exercised	(1,183,098)		(851)		1.84
Expired	(200,000)		(281)		3.95
Forfeited	(33,333)		-		2.64
At March 31, 2016	**8,522,069**	**$**	**7,052**	**$**	**2.48**

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

The Company determined the fair value of the stock options granted under the Company's stock option plan using the Black-Scholes option model with the following assumptions on a weighted average basis:

Options granted to officers, directors and employees:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Fair value exercise price (Cdn$)	**4.88**	3.25
Risk-free interest rate	**0.71%**	0.74%
Dividend yield	**-**	-
Expected volatility	**70.11%**	68.51%
Expected option life	**4.4 years**	4.4 years
Expected forfeiture rate	**6%**	6%

The weighted average fair value on the grant date, of options granted to officers, directors and employees during the three months ended March 31, 2016 was Cdn$2.65.

The following are the stock options outstanding and stock options exercisable as at March 31, 2016:

	Stock Options Outstanding			**Stock Options Exercisable**		
Range of exercise prices (Cdn$)	Number of options	Weighted average exercise price (Cdn$)	Weighted average remaining contractual life (years)	Number of options	Weighted average exercise price (Cdn$)	Weighted average remaining contractual life (years)
$1.48 to $3.00	5,954,735	2.19	2.32	3,466,401	1.87	1.30
$3.01 to $4.88	2,567,334	3.15	1.71	2,083,000	3.01	1.03
	8,522,069	**2.48**	**2.14**	**5,549,401**	**2.30**	**1.20**

The intrinsic value of options outstanding at March 31, 2016 is $13,475. As of March 31, 2016, the remaining fair value of outstanding unvested options is $1,737.

12. EARNINGS PER SHARE

		Three months ended March 31, 2016		Three months ended March 31, 2015
Net earnings (loss) attributable to common shareholders				
Basic and diluted earnings (loss)	**$**	**7,017**	$	(1,914)
Basic weighted average number of common shares outstanding		**152,754,624**		150,584,691
Effect of stock options		**4,720,860**		-
Diluted weighted average number of common shares outstanding		**157,475,484**		150,584,691
Basic earnings (loss) per share	**$**	**0.05**	$	(0.01)
Diluted earnings (loss) per share	**$**	**0.04**	$	(0.01)

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

13. NET FINANCE EXPENSE

		Three months ended March 31, 2016		Three months ended March 31, 2015
Interest expense Loan Facility	**$**	**(2,484)**	$	-
Net loss on derivative instrument (Note 15)		**(333)**		-
Foreign exchange loss		**(277)**		(45)
Other items (net)		**(1,013)**		4
	$	**(4,107)**	$	(41)

14. COMMITMENTS AND CONTINGENCIES

The Company is committed to $30,826 for obligations under the EPC Contract, other Aurora Gold Mine contractual commitments, purchases of equipment goods and services, and operating leases.

		Total	**2016**	**2017**	**2018**	**2019**	**2020**	**There-after**
EPC Contract	$	10,214 $	10,214 $	- $	- $	- $	- $	-
Other contractual commitments		4,992	2,288	1,369	631	257	223	224
Purchase obligations		13,652	13,652	-	-	-	-	-
Operating leases		1,968	207	438	420	420	348	135
Total Contractual Obligations At March 31, 2016	**$**	**30,826 $**	**26,361 $**	**1,807 $**	**1,051 $**	**677 $**	**571 $**	**359**

The $10,214 commitment for the EPC Contract represents the negotiated settlement with the GSJV of all outstanding contractual commitments including extension of time claims and contingent bonuses relating to the Aurora Gold Mine development. This commitment is included in accounts payable and accrued liabilities at March 31, 2016, and is repayable to the GSJV over the second quarter of 2016.

The Company's mineral exploration rights to Aurora were acquired from Alfro Alphonso and are subject to an annual fee of $100, payable on January 2nd each year, up to a maximum of $1,500. Such payments are due and payable for such period that the Company maintains an interest in the property. As at March 31, 2016 total payments since the acquisition of $1,200 have been made (December 31, 2014 - $1,100). This remaining commitment has not been included in the above contractual commitment table.

During the fourth quarter of 2015, the Company received an unfounded notification of a possible legal claim from the Government of Venezuela that relates to recent developments regarding the Venezuela-Guyana border dispute. The Venezuela-Guyana border dispute was resolved and agreed upon by all parties under the 1899 Arbitration Agreement and any claims made outside of such agreement violate international law. The matter is currently before the United Nations, however Venezuela's border claim is widely viewed by the international community to be without merit.

15. DERIVATIVE INSTRUMENTS

The Company uses derivatives as part of its risk management program to mitigate the variability associated with changing market values of the underlying item. The derivative instruments are not formally recognized as hedging instruments and accordingly are classified as financial instruments. Changes in the fair value of these derivative instruments are recognized under "net finance income (expense)" in profit and loss. The mark-to-market fair values of all contracts is provided by a financial institution using inputs that are observable and determined using standard valuation techniques. Derivative instruments are classified within Level 2 of the fair value hierarchy.

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

The Company may enter into derivative contracts in order to manage its exposure to fluctuations in the market price of diesel. At March 31, 2016, the Company had a total of 32,400,000 litres of diesel forward contracts at an average rate of $0.43/litre, which will settle on a net basis, covering subsequent periods that end December 2018.

During the first quarter of 2016, a new derivative contract for 9.6 million litres of diesel at an average rate of $0.40/litre, covering the calendar year 2018, was entered into that will settle on a net basis.

The following is a summary of the Company's commitments for diesel forward contracts at March 31, 2016:

		Projected operating expenses	Number of litres hedged		Average rate per litre
2016	$	4,608	10,800,000	$	0.43
2017		5,464	12,000,000		0.46
2018		3,793	9,600,000		0.40
Total	$	13,865	32,400,000	$	0.43

For the three months ended March 31, 2016, the Company recorded a realized loss of $448 and an unrealized gain of $115, reflecting the mark-to-market position of the contracts. The diesel commodity swap forward contracts are secured under the Facility and documented in the form of an International Swap and Derivatives Association ("ISDA") master agreement.

	Balance sheet classification	Fair value of derivative instruments			
			March 31, 2016		March 31, 2015
Diesel forwards	Derivative liability	**$**	**2,206**	$	-
	Current portion of derivative liability	**$**	**1,384**		-
	Non-current portion of derivative liability	**$**	**822**		-

		Three months ended March 31, 2016		Three months ended March 31, 2015
Realized loss on derivative instruments – diesel forwards	**$**	**448**	$	-
Unrealized gain on derivative instruments – diesel forwards		**(115)**		-
Total realized and unrealized (gain) loss on derivative instruments – diesel forwards	**$**	**333**	$	-

16. SEGMENTED INFORMATION

As at March 31, 2016, the Company's operations comprise a single reporting operating segment engaged in mineral exploration, development and mine operations in Guyana. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts.

(Unaudited, Expressed in thousands of United States Dollars, except share and per share amounts)

Geographical Information

The following geographical information is provided as supplemental information to users of the financial statements to further describe the Company's operations:

As at and for the three months ended March 31, 2016	Canada	Guyana	Other	Total
Total assets	$ 40,826	$ 324,645	$ -	$ 365,471
Total liabilities	1,617	171,050	9	172,676
Net earnings (loss)	(1,230)	8,291	(44)	7,017
Mineral properties, plant and equipment	30	274,426	$ -	274,456
Additions to development costs (reduction in accounts payables)	-	11,619	-	11,619
Additions to mineral properties, plant and equipment	-	4,222	-	4,222

As at and for the three months ended March 31, 2015	Canada	Guyana	Other	Total
Total assets	$ 48,750	$ 231,283	$ -	$ 280,033
Total liabilities	1,540	122,160	-	123,700
Net loss	(1,457)	(406)	(51)	(1,914)
Mineral properties, plant and equipment	77	218,002	$ -	218,079
Additions to mineral properties, plant and equipment	17	42,685	-	42,702