

## Guyana Goldfields Inc. Reports Second Quarter 2017 Results and Maintains Production Guidance

TORONTO, July 31, 2017 /CNW/ - Guyana Goldfields Inc. (TSX: GUY) (the "Company") reports its 2017 second quarter operational and financial results. All amounts are expressed in U.S. dollars unless otherwise stated. A conference call will be held tomorrow at 10:00 am ET to discuss the results and details of the call can be found at the end of the release.

### Q2 2017 Operational Results

- Gold production of 29,700 ounces based on mill throughput of 515,600 tonnes at an average head grade of 2.06 grams per tonne gold (g/t Au) and average recoveries of 86.5%.
- Operating cash costs<sup>1</sup> for the quarter of \$757 per ounce and All In Sustaining Costs ("AISC")<sup>1</sup> of \$1,144 per ounce.
- The Company maintains its 2017 production guidance and expects to come in at the lower end of the guidance range of 160,000 – 180,000 ounces of gold.
- The Company's balance sheet remains strong with its cash balance of \$65.4 million versus a debt balance of \$68.8 million. The fair market value of the Company's investment in SolGold plc at quarter end was \$52.2 million.
- The Company continues to have an excellent health, safety and environmental track record with over 3,500,000 employee hours worked without a lost time incident.

Scott Caldwell, President & CEO stated, "The Company experienced a weaker quarter with respect to both production and cost performance. This was primarily attributable to lower than expected grades from stockpiled ore being fed to the mill and a higher strip ratio in the quarter. The Company does not expect these issues to recur in the second half of the year with mill feed ore being sourced predominantly from the higher grade tonalite at Rory's Knoll while the strip ratio is expected to decline significantly in both the third and fourth quarters based on mine sequencing. Looking forward, the Company's 2017 production guidance remains unchanged and July's preliminary cost and operating performance is trending favourably on all metrics and we anticipate a strong third quarter and finish to the year."

### Preliminary Q3 Results

- For the month of July 2017, operational and cost performance trended favourably, as expected.
- Gold production from July mining operations totalled approximately 12,100 ounces. Mine and mill performance was above budgeted levels with the mill having processed an average of 6,032 tonnes per day ("tpd") of ore at an average head grade of 2.21 g/t Au with gold recoveries averaging 89.5%.
- Cost efficiency was further achieved at the beginning of the third quarter as the Company commissioned two new drill rigs resulting in only minor reliance on the use of more expensive rental drills. In addition, bulk emulsion explosives were being used for all blasting activities post quarter end after a delay in the delivery of the explosives from the manufacturer resulted in a shift back to more expensive packaged explosives in the second quarter.

<sup>1</sup> This is a non-IFRS measure. Refer to Non-IFRS Performance Measures section in the June 30, 2017 MD&A

### Aurora Gold Mine Operational Statistics

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Ore mined (tonnes)</b>	511,600	498,800	688,000	642,200	623,400
<b>Waste mined (tonnes)</b>	3,097,200	2,389,700	1,899,800	1,315,100	1,076,700
<b>Total Mined (tonnes)</b>	3,608,800	2,888,400	2,587,800	1,957,300	1,700,100
<b>Strip ratio (waste:ore)</b>	6.1	4.8	2.8	2.0	1.7
<b>Tonnes mined per day</b>	39,700	32,100	28,100	21,300	18,700
<b>Ore processed (tonnes)</b>	515,600	602,800	507,500	491,200	427,700
<b>Tonnes processed per day</b>	5,700	6,700	5,500	5,300	4,700
<b>Head grade (g/t Au)</b>	2.06	2.44	2.94	2.42	2.61
<b>Recovery (%)</b>	86.5	89.7	90.6	88.7	91.1
<b>Mill utilization (%)</b>	89.3	92.4	87.3	89.9	90.2
<b>Gold Produced (ounces)</b>	29,700	40,900	43,800	34,400	32,000
<b>Gold Sold (ounces)</b>	30,000	40,700	45,500	33,300	36,600
<b>Average Realized Gold Price (\$/ounce)</b>	1,263	1,227	1,204	1,334	1,269
<b>Cash costs per ounce – before royalty<sup>1</sup> (\$/ounce)</b>	757	516	446	499	524
<b>All-in sustaining costs<sup>1</sup> (\$/ounce)</b>	1,144	861	678	796	729
<b>Cost of sales (includes production, royalty and depreciation) (\$/ounce)</b>	1,164	827	750	811	842

### Q2 2017 Operational Results Summary

- Mill head grade for the quarter of 2.06 g/t Au was lower than budgeted primarily due to lower than expected grades from stockpiled ore being fed to the mill during the quarter. The lower than expected grades of the stockpiled can be attributed to the processing of the stockpile accumulated early on in the mine life when ore control measures were still being fine tuned. The Company expects a significant increase in mill feed grade in the second half of the year as mining activity shifts to higher grade ore from the tonalite at Rory's Knoll while the strip ratio is expected to decline significantly in both the third and fourth quarters based on mine sequencing.
- Recoveries were lower in the quarter partly due to the lower grades being fed to the mill but also due to the presence of organic material (timber shafts and support beams) associated with the historic underground workings at Aleck Hill resulting in the preg-robbing of gold ore in the processing circuit. The Company is now close to mining below the level of the historic underground workings and hence does not expect to encounter further organic material.
- The mill processed 515,600 tonnes or 5,700 tpd in the quarter, in-line with budgeted levels, however, lower than the previous quarter due to scheduled SAG mill downtime for necessary repairs to the cyclone feed line, mill chute plug and the installation of slurry grates. In addition, lower levels of saprolite ore were fed to the mill due to a temporary slowdown in mining rates in the saprolite at Aleck Hill as mining activity worked through zones containing historic underground workings.
- Costs on a per ounce basis were higher for the quarter due to the lower grades, lower recoveries, and a higher strip ratio. In addition, mining costs were above budgeted levels due to the continued use of rental drills due to a delivery delay on two new production drills which were anticipated to be in operation

during the quarter. Blasting costs were also higher as manufacturer delays in the delivery of bulk emulsion explosives to site resulted in the Company reverting to the use of more expensive packaged explosives for most of the quarter. Both these issues have been addressed with the two new drill rigs being fully operational and bulk emulsion explosives being used for all blasting activities at the beginning of the third quarter.

## Q2 2017 Selected Financial Information

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

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Revenues</b>	\$ 37,899	\$ 49,957	\$ 54,809	\$ 44,403	\$ 46,411
<b>Earnings from mine operations</b>	\$ 2,966	\$ 16,317	\$ 20,673	\$ 14,777	\$ 15,619
<b>Earnings (loss) before tax</b>	\$ (3,023)	\$ 10,391	\$ 9,379	\$ 11,942	\$ 11,647
<b>Net earnings (loss)</b>	\$ (3,129)	\$ 9,938	\$ 3,405	\$ 8,921	\$ 7,642
<b>Net earnings (loss) per diluted share</b>	\$ (0.02)	\$ 0.06	\$ 0.02	\$ 0.05	\$ 0.05
<b>Cash flow from operations</b>	\$ 7,155	\$ 16,918	\$ 23,267	\$ 13,802	\$ 15,565
<b>Cash and cash equivalents</b>	\$ 65,355	\$ 75,431	\$ 73,151	\$ 105,190	\$ 16,612
<b>Restricted cash balances</b>	\$ 1,132	\$ 1,197	\$ 1,184	\$ 23,317	\$ 23,281
<b>Total debt (excluding deferred financing charges)</b>	\$ 68,762	\$ 73,617	\$ 78,413	\$ 135,650	\$ 143,370

## Q2 2017 Financial Performance Summary

- The Company sold 30,009 ounces of gold in the second quarter generating \$37.9 million in revenues at an average realized price of \$1,263 per ounce.
- On a year-to-date basis, the Company sold 70,709 ounces of gold and generated \$87.9 million at an average realized price of \$1,244 per ounce.

## 2017 Outlook and Opportunities

- Despite the higher costs in the second quarter, the Company is maintaining its production and cost guidance for 2017 and believes the lower range of production guidance will be achieved. As discussed previously, the grade profile based on mine sequencing is expected to be significantly higher in the second half of the year while the strip ratio is expected to be materially lower, both of which will translate to lower costs on a per ounce basis. A revised mine plan reflecting improvements in pit slope parameters allows for a reduction in the mining of waste for the second half of 2017. In addition, mining costs on a unitary basis should also move materially lower for the remainder of the year as cost efficiencies are achieved with the decommissioning of rental equipment and the use of bulk emulsion explosives at the start of the third quarter after delivery delays experienced in the prior quarter.
- Due to the timing of sustaining capital expenditures, all-in sustaining costs are also expected to be significantly lower in the second half of the year relative to the first half. This primarily relates to \$3.4 million or \$49 per ounce spent in the first half of the year on an additional pumping station, expanding the truck fleet as well as the purchase of two new excavators. Capital spent on the expansion of the mining fleet in 2017 is now largely complete. Expenditures on deferred stripping are also expected to be significantly lower in the second half of the year.

### 2017 Guidance

Gold production (000's ounces)	160-180
Cost of sales (production costs, royalty & depreciation) (\$ per ounce)	\$800-\$850
Cash cost <sup>1</sup> , excluding royalty (\$ per ounce)	\$500-\$550
AISC <sup>2</sup> (\$ per ounce)	\$775-\$825

## Exploration Activities

- Exploration efforts in the quarter were focused on trenching and drilling the northwest extension of Aleck Hill as well as advancing multiple greenfield targets through soil sampling and trenching. Assay results received thus far at northwest Aleck Hill only returned anomalous levels of gold mineralization. Further mapping work of other brownfield targets within close proximity to the Aurora mill to define drill targets is currently ongoing.
- Exploration work at greenfield targets included trenching and soil sampling at the Greater Sulphur Rose area and Wynamu-Kalaloo. Nine (9) trenches were excavated to test a ground IP (induced polarization) chargeability anomaly and airborne radiometric anomalies northwest of the Sulphur Rose deposit. Two (2) diamond drill holes were drilled to test these anomalies. Results are still pending. A regional soil sampling program along the Sulphur Rose-Arangoy corridor is ongoing which is an area that spans northeast and extends further north of the Sulphur Rose deposit. The program covers an area of 36 square km with a projected 3,600 samples to be collected. The soil program is currently 80% complete.
- A regional soil sampling program is ongoing and nearly complete covering a northeast trending corridor from Kalaloo to Wynamu. Ten (10) trenches with a total length of 1,500 meters are proposed for later this month to test a series of gold anomalies identified by deep auger sampling. A ten (10) hole drill program is proposed to test a significant gold anomaly and trench sampling with best results of 58m @ 1.21 g/t Au. This work is expected to be commenced in the third quarter after access is prepared.
- Exploration through the remainder of the year will consist of mapping and relogging of core on the Company's brownfield targets and trenching and drilling at the Company's greenfield targets, namely Sulphur Rose and Wynamu.

## Mill Expansion Progress

The first phase of the mill expansion is expected to be completed by the end of the first quarter of 2018 at a capital cost of approximately \$21.4 million. Progress in the second quarter was focused mainly on concrete and earthworks. Slab and containment walls for the three new leach tanks neared completion during the quarter and solid progress was made on the installation of the thickener footings. Engineering also progressed well and as at the quarter end was approximately 70% complete. The procurement of all mechanical packages was largely complete by quarter end with the focus now shifting to the procurement of the remaining electrical and structural packages. Overall, the first phase of the expansion is tracking in-line with the original budget and schedule.

## Conference Call

A conference call will be held Tuesday, August 1st at 10:00 am ET. Participants may join the call by dialing North America toll free 1-888-231-8191 or 647-427-7450 for calls outside Canada and the U.S., and entering the participant passcode 47293228.

A live and archived webcast of the conference call will also be available at [www.guygold.com](http://www.guygold.com) for 90 days under the Investors and Events & Presentations section or by clicking here <http://event.on24.com/r.htm?e=1457668&s=1&k=1237CFC1B50F355CBOC60A1A3D09174B>.

A recorded playback of the second quarter 2017 operational and financial results call will be available until August 8, 2017 by dialing: 1-855-859-2056 or 416-849-0833 and entering the call back passcode 47293228.

### **Non-IFRS ("International Financial Reporting Standards Performance") Measures**

The Company has included certain non-IFRS performance measures in this document including total cash costs per ounce, all-in sustaining cost per ounce, total cash cost per ounce before royalty, and free cash flow. 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 similar measures presented by 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 IFRS measures reported by the Company.

#### **Total cash costs per ounce**

Total cash costs is 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. Royalty costs are excluded from the above total cash costs figure to arrive at total cash costs per ounce – before royalty. 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, reclamation cost accretion, sustaining capital including deferred stripping, 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. The 100%-owned Aurora Gold Mine achieved commercial production January 1, 2016 and has a total gold resource of 6.25 million ounces in the measured and indicated categories (59.73 million tonnes at 3.25 g/t Au) as well as an additional 1.79 million ounces in the inferred category (16.58 million tonnes at 3.79 g/t Au). For further details, please refer to the report entitled "Independent Technical Report Updated Feasibility Study, Aurora Gold Mine Project, Republic of Guyana" dated February 2, 2017 available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **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, future included principal debt repayments, the expectation that certain current liabilities will be funded from operating cash flows, and the expectation of reduced future mining costs. 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, the receipt of applicable regulatory approvals, among others, future included principal debt repayments, the expectation that certain current liabilities will be funded from operating cash flows, the expectation of reduced future mining costs, fulfilling all conditions and payments pursuant to the debt 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 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.*

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CNW 17:43e 31-JUL-17