GUYANA GOLDFIELDS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

Table of Contents

GUYANA GOLDFIELDS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Guyana Goldfields Inc. (the "Company") constitutes management's review of the factors that affected the Company's consolidated financial and operating performance for the three and nine months ended September 30, 2017. References to "Guyana Goldfields" in this MD&A refer to the Company and its subsidiaries taken as a whole.

This MD&A should be read in conjunction with the unaudited consolidated interim financial statements and the related notes for the three and nine months ended September 30, 2017, which have been prepared in condensed format in accordance with International Financial Reporting Standards ("IFRS") as applicable to the preparation of interim financial statements, including International Accounting Standard IAS ("IAS") 34 Interim Reporting. The unaudited condensed consolidated interim financial statements should also be read in conjunction with the audited consolidated financial statements and the related notes for the twelve months ended December 31, 2016, together with the notes thereto which have also been prepared in accordance with IFRS. Results are reported in United States ("U.S.") dollars, unless otherwise noted. Due to rounding, the sum of all the quarters may not add to the annual total and per ounce figures may not calculate based on the amounts presented. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as at October 30, 2017 unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares ("Common Shares"); or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors.

Additional information relating to the Company, including its Annual Information Form for the most recently completed fiscal year, is available on SEDAR at **www.sedar.com**. The Company is a reporting issuer under applicable securities legislation in each of the provinces of Canada and its outstanding Common Shares are listed on the Toronto Stock Exchange under the symbol "GUY".

COMPANY BUSINESS

Guyana Goldfields is a Canadian-based company engaged in the investment, acquisition, exploration, development and operation of mineral property interests, principally gold resource properties in Guyana, South America. The Company's primary focus is the production of gold from its 100% owned Aurora Gold Mine (or "Aurora"), which commenced commercial production on January 1, 2016.

The Company also holds a contiguous 216,995 acre land package located in the Aranka district of Guyana approximately thirty kilometers northeast of the Aurora Gold Mine, known as the "Aranka Properties" which consist of a number of separate properties including Sulphur Rose. The Company has a 100% interest in the Aranka Properties, subject to a net smelter royalty ("NSR") that varies from 1.5% to 2% or fixed payments in lieu thereof at the option of the Company.

In addition, within an area located northeast from the Aurora Gold Mine, the Company also holds a 100% interest in certain additional properties known as the "Other Properties", subject to a 1.5% NSR or a fixed payment in lieu thereof at the option of the Company.

THIRD QUARTER 2017 HIGHLIGHTS

- Gold production totalled 41,000 ounces during the current quarter; with higher grades expected in the fourth quarter, the Company expects full year production for 2017 to come in at the low end of guidance of 160,000 – 180,000 ounces.
- Operating costs (including depreciation and royalty) were $940 per ounce, operating cash costs[1] were $595 per ounce and all-in sustaining costs[1] were $828 per ounce; all significant decreases compared to the prior quarter.
- Cash generated from operations, before working capital adjustments, of $20.4 million.
- The Company's balance sheet continues to strengthen with a cash balance of $64.2 million versus a debt balance of $63.9 million as at the quarter end.
- Greenfield exploration drilling has commenced at the Company's Wynamu and Iroma properties, with drill results expected in the fourth quarter.
- Significant capital investments were made through the first three quarters of 2017. The mining fleet, bulk emulsion delivery system, and logistics haulage fleet are now all commissioned and in-country, with significant operating costs savings expected moving forward.

THIRD QUARTER 2017 HIGHLIGHTS

(in thousands of dollars, except ounces, per ounce and per share figures)	**Three months ended September 30,**				**Nine months ended September 30,**			
		2017		2016		**2017**		2016
Ounces produced		**41,000**		34,400		**111,600**		107,700
Ounces sold		**39,000**		33,300		**109,700**		110,400
Revenues	**$**	**50,207**	$	44,403	**$**	**138,063**	$	139,344
Earnings from mine operations	**$**	**13,574**	$	17,407	**$**	**32,857**	$	50,426
Earnings before tax	**$**	**10,503**	$	11,942	**$**	**17,904**	$	35,083
Net earnings	**$**	**6,149**	$	8,921	**$**	**12,981**	$	23,580
Net earnings per diluted share	**$**	**0.04**	$	0.05	**$**	**0.07**	$	0.15
Comprehensive income	**$**	**1,032**	$	18,809	**$**	**23,814**	$	33,468
Cash flow from operating activities	**$**	**12,772**	$	16,141	**$**	**36,483**	$	60,223
Cash and cash equivalents	**$**	**64,162**	$	105,190	**$**	**64,162**	$	105,190
Restricted cash	**$**	**1,184**	$	23,317	**$**	**1,184**	$	23,317
Debt	**$**	**63,922**	$	127,602	**$**	**63,922**	$	127,602
Total Assets	**$**	**459,148**	$	466,087	**$**	**459,148**	$	466,087
Realized gold price per ounce	**$**	**1,287**	$	1,334	**$**	**1,258**	$	1,262
Cost of sales per ounce	**$**	**940**	$	811	**$**	**960**	$	804
Cash costs per ounce before royalty[1]	**$**	**595**	$	499	**$**	**610**	$	515
All-in sustaining costs per ounce [1]	**$**	**828**	$	796	**$**	**924**	$	762

[1] This is a non-IFRS measure. Refer to "Non-IFRS Performance Measures" section in this MD&A

OUTLOOK

2017 Guidance	
Gold production (000's ounces)	160-180
Cost of sales (production costs, royalty & depreciation) ($ per ounce)	$800-$850
Cash cost[1], excluding royalty ($ per ounce)	$500-$550
All-in sustaining[1] ("AISC") ($ per ounce)	$775-$825

The Company reported a strong and significantly improved third quarter of 2017. The primary driver behind this result was increased mill feed grades as a result of mining activity moving back to the central tonalite/diorite ore body at Rory's Knoll. Recoveries also improved with mining activity at Aleck Hill progressing below the historic underground workings and hence no organic, preg-robbing material was encountered during the quarter.

Based on mine sequencing, an increase in head grades is envisioned for the fourth quarter, with ore being sourced primarily from the tonalite/diorite at Rory's Knoll. Based on these anticipated higher grades, the Company still expects that full year production for 2017 will come in at the low end of the guidance range of 160,000-180,000 ounces.

The higher grades, recoveries and lower strip ratio resulted in lower costs on a per ounce basis for the quarter with the cost of sales (production costs, royalty & depreciation) coming in at $940 per ounce, cash costs (excluding royalty) at $595 per ounce and AISC[1] at $828 per ounce. Despite the improvement in costs in the third quarter, the Company expects to achieve further significant cost reductions during the fourth quarter of 2017. This is expected to be driven by higher grades and a materially lower strip ratio than the third quarter. In addition, the significant capital investments made through the first three quarters of 2017 in the mining fleet, bulk emulsion delivery system and the logistics haulage fleet should translate to lower unit costs now that this equipment is in-country and has been commissioned. Furthermore, sustaining capital expenditures are expected to be minimal in the fourth quarter.

Despite the higher costs in the first nine months of 2017, the Company is maintaining its cost guidance set at the start of the year, as outlined in the table above.

The first phase of the mill expansion is tracking on time and on budget with engineering and procurement largely complete. Construction activities are underway, with final commissioning expected by the end of the first quarter of 2018.

Exploration efforts during the quarter consisted of advancing both brownfield and greenfield targets. Subsequent to the quarter end, drilling has begun at both the Iroma and Wynamu properties, with drill results expected during the fourth quarter.

The Company also maintained its excellent health and safety record during the quarter and as the date of this MD&A has now accumulated more than 4.0 million employee hours worked without a lost time injury.

Mill Expansion Progress

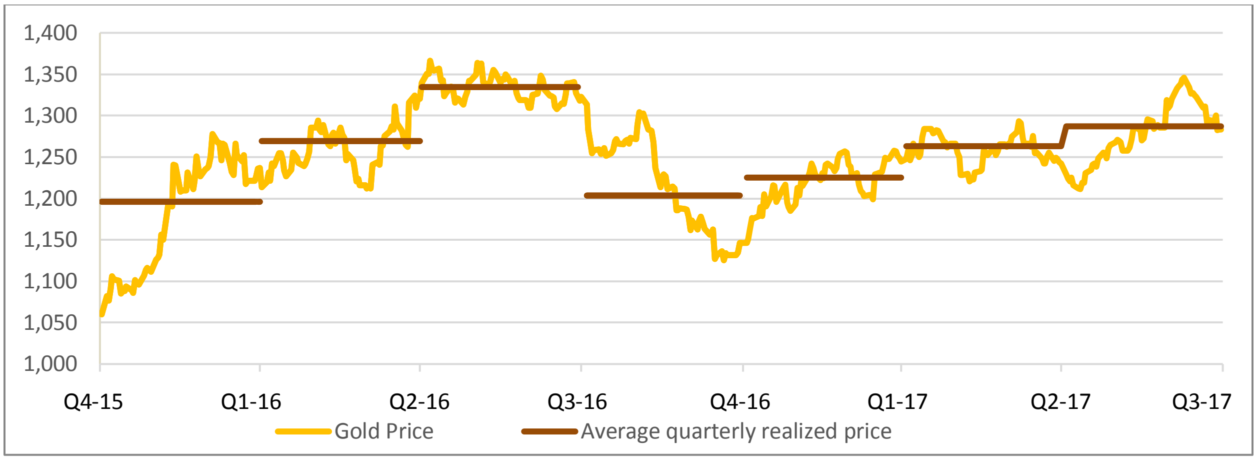
The first phase of the mill expansion is expected to be completed by the end of the first quarter of 2018 at a capital cost of approximately $21.4 million. The mill expansion is on schedule and on budget. Civil works are complete and construction of the leach tanks is underway. Engineering is all complete and procurement is approximately 96% complete.

[1] This is a non-IFRS measure. Refer to "Non-IFRS Performance Measures" section in this MD&A

KEY PERFORMANCE DRIVERS & TRENDS

The price of gold is the largest single factor in determining the Company's profitability and cash flow from operations. Historically, the price of gold has been subject to volatile price movements over short periods of time and is affected by numerous macroeconomic and industry factors that are beyond the Company's control. Major influences on the gold price include currency exchange rate fluctuations and the relative strength of the U.S. dollar, the supply of and demand for gold and macroeconomic factors such as the level of interest rates and inflation expectations.

The price of gold over the last seven quarters based on the London Bullion Market Association PM Fix is summarized in the chart below. The gold price averaged $1,278 per ounce for the third quarter of 2017, slightly higher than the gold price in the prior quarter. Subsequent to September 30, 2017, the price of gold has primarily been in a trading range between $1,250 per ounce and $1,300 per ounce. The Company has not entered into any gold hedging programs.



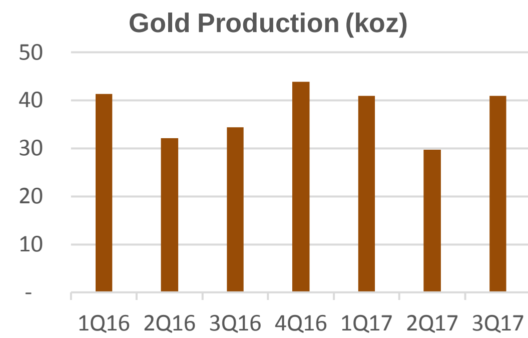
Other key performance drivers include production volumes and costs which are further discussed below.

MINE OPERATING RESULTS

KEY OPERATING STATISTICS

		Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Ore mined	*tonnes*	688,119	511,600	498,800	688,000	642,200
Waste mined	*tonnes*	2,946,300	3,097,200	2,389,700	1,899,800	1,315,100
Total Mined	*tonnes*	3,634,400	3,608,800	2,888,400	2,587,800	1,957,300
Strip ratio	*waste:ore*	4.3	6.1	4.8	2.8	2.0
Tonnes mined per day	*tpd*	39,500	39,700	32,100	28,100	21,300
Ore processed	*tonnes*	568,000	515,600	602,800	507,500	491,200
Tonnes processed per day	*tpd*	6,200	5,700	6,700	5,500	5,300
Head grade	*g/t Au*	2.53	2.06	2.44	2.94	2.42
Recovery	*%*	90.0	86.5	89.7	90.6	88.7
Mill utilization	*%*	93.6	89.3	92.4	87.3	89.9
Gold Produced	*ounces*	41,000	29,700	40,900	43,800	34,400
Gold Sold	*ounces*	39,000	30,000	40,700	45,500	33,300
Average Realized Gold Price	*$/ounce*	1,287	1,263	1,227	1,204	1,334

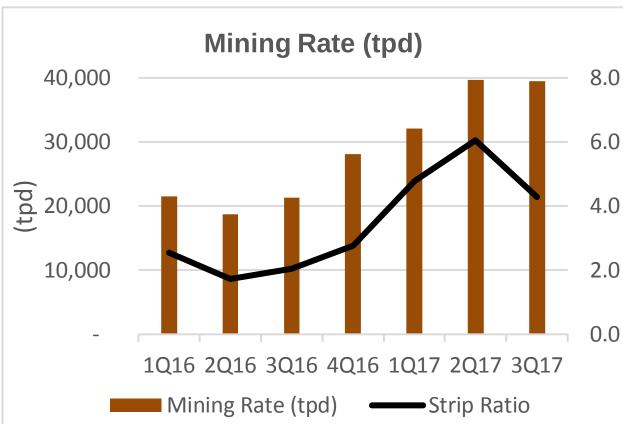
Gold Production



The Company had a strong third quarter, producing 41,000 ounces, an increase compared to both the third quarter of 2016 production of 34,400 ounces and the prior quarter production of 29,700 ounces. With the release of the loaded carbon inventory build up in August, the Company finished the quarter by pouring 18,900 ounces in September achieving its record gold production month since the commencement of mining operations. The primary driver of the higher production was higher throughput and grades as outlined in further detail below.

On a year-to-date basis, the Company produced 111,600 ounces, an increase of 3,900 ounces compared to 107,700 ounces of gold production for the corresponding period last year. The increase was mainly attributable to higher throughput, partially offset by lower grades and lower recoveries, as discussed in the second quarter.

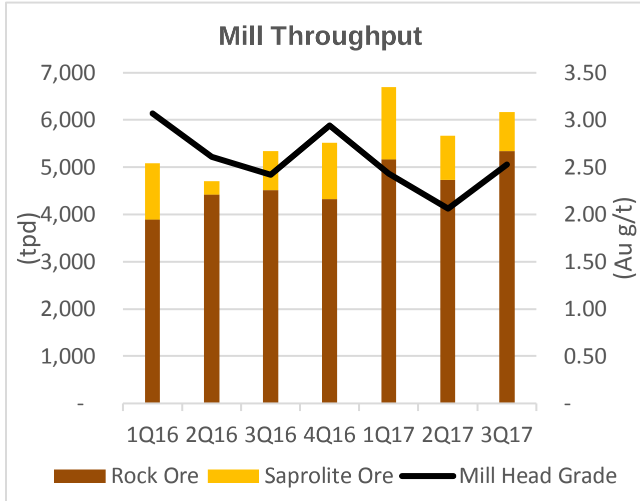
Mining Activities



The daily average mining rate continues to hold steady at 39,500 tpd in the quarter, slightly lower compared to the prior quarter. Approximately 65% of the mining activity was focused on Rory's Knoll during the current quarter with the remainder split between the Aleck Hill and Mad Kiss pits. Due to mine sequencing, the stripping ratio of 4.3:1 during the period was lower than 6.1:1 in the prior quarter but higher than 2.0:1 in the third quarter last year.

On a year-to-date basis, the daily mining rate averaged 37,000 tpd, a significant increase compared to an average of 20,500 tpd in the comparative period last year. The higher mining rates were required to accommodate an increase in the strip ratio, which was to 5:1 year-to-date compared to 2.1 :1 for the first nine months of last year.

Processing Activities



The mill processed 568,000 tonnes or 6,200 tpd in the third quarter. Throughput was higher than budgeted levels and up from the 5,300 tpd in the third quarter of 2016 and the 5,700 tpd processed in the prior quarter. The increase in throughput compared to both the third quarter in 2016 and prior quarter can be attributable to higher mill utilization rates of 93.6% achieved during the current quarter.

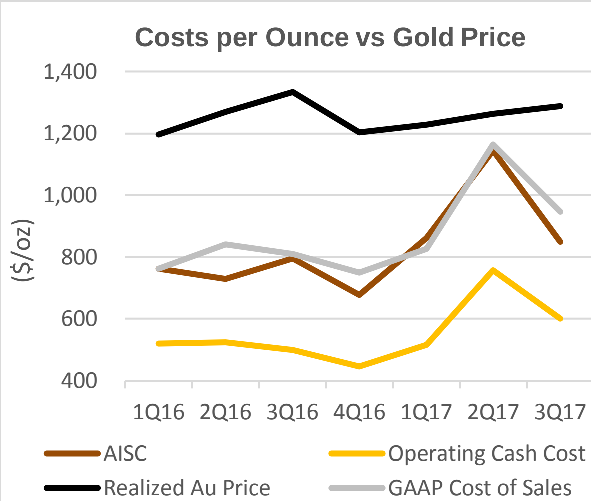
The mill head grade was higher at 2.53 g/t Au in the current quarter compared to both the third quarter in 2016 and the prior quarter. This can be attributable to an increase in mining activity of the higher grade tonalite/diorite ore at Rory's Knoll. Gold recoveries of 90.0% were also higher in this quarter when compared to recoveries of 86.5% in the prior quarter and 88.7% in the third quarter last year. The improvement relative to the prior quarter can be attributed to mining activity at Aleck Hill progressing below the level of the historic underground workings and hence no organic, preg-robbing material was encountered during the quarter.

During the quarter, the elution circuit boiler was fully repaired ahead of schedule and below the estimated budget following a small fire on August 9th. Due to the quick repair and installation of the replacement unit, the Company was able to strip all of the excess stored loaded carbon during the third quarter.

On a year-to-date basis, the mill processed an average of 6,200 tpd, a significant increase compared to an average of 5,000 tpd in the comparable period last year. The increase can be mainly attributable to improved operating efficiencies, capital investment in plant infrastructure, as well as a higher proportion of saprolite being fed to the mill during 2017. The mill head grade averaged 2.35 g/t Au on a year-to-date basis compared to 2.67 g/t Au in the comparable period last year. The decrease in head grade can be mostly attributed to the grade of stockpiled ore being fed to the mill during the second quarter being lower than expected in the second quarter of 2017, as previously discussed.

As at September 30, 2017, there were approximately 4,200 contained ounces of gold in circuit with an additional 4,700 ounces in doré inventory ready to be refined.

Cash Costs & AISC



Cost of sales (including depreciation & royalties) was $940 per ounce in the third quarter of 2017 compared to $811 per ounce for the comparable quarter in 2016. This corresponds to an operating cash cost[1] of $595 per ounce of gold sold[1], a decrease from $757 per ounce in the prior quarter and an increase from $499 per ounce in the comparable quarter in 2016. The decrease in costs on a per ounce basis when compared to the prior quarter were largely attributable to higher grades and lower strip ratio due to mine sequencing while the increase in costs compared to the comparable quarter in 2016 was mainly due to an increase in the strip ratio.

AISC[1] for the quarter came in at $828 per ounce which was down from $1,144 per ounce in the prior quarter and up slightly from $796 per ounce in the comparable quarter of last year. The decrease in AISC[1] compared to the prior quarter can be attributed to the higher gold ounces produced and sold, as previously discussed, as well as lower deferred stripping costs compared to the prior quarter. The increase in AISC[1] in the current quarter compared to the third quarter last year can be attributable to higher operating cash costs[1] as previously discussed.

For the first nine months of 2017, cost of sales (including depreciation & royalties) was $960 per ounce compared to $804 per ounce for the comparable period in 2016 and operating cash costs[1] came in at $610 per ounce compared to $515 per ounce for the first nine months of 2016. The increase can be primarily attributable to the Company's weaker second quarter in 2017 as previously discussed. AISC[1] on a year-to-date was $924 per ounce compared to $762 per ounce in the comparable period in 2016. The increase was due to higher operating costs as well as higher deferred stripping costs of approximately $60 per ounce compared to the corresponding period last year.

THIRD QUARTER 2017 FINANCIAL RESULTS

Revenue – metal sales

During the third quarter of 2017, the Company sold 39,000 ounces of gold (2016 – 33,300 ounces) at an average realized price of $1,287 per ounce (2016 - $1,334 per ounce). Revenue for the quarter ended September 30, 2017 was $50.2 million, an increase of $5.8 million compared to the third quarter of 2016 ($44.4 million). The increase was mainly due to more gold ounces sold ($7.3 million) resulting from strong production during the current quarter, partially offset by lower realized gold price ($1.5 million). The primary driver of the higher production was higher throughput and head grades. See "Mine Operating Results" for further discussion of mining and processing activities.

On a year-to-date basis, the Company sold 109,700 ounces of gold (2016 – 110,500 ounces) at an average realized price of $1,258 per ounce (2016 - $1,262 per ounce). Revenue for the nine months ended September 30, 2017 was $138.1 million, a decrease of $1.2 million in comparison to the first nine months

[1] This is a non-IFRS measure. Refer to "Non-IFRS Performance Measures" section in this MD&A.

of 2016 ($139.3 million). The decrease was primarily due to less gold ounces sold ($0.9 million) for the nine months ended September 30, 2017.

Cost of sales

Cost of sales is comprised of royalties, depreciation associated with mining activities and production costs.

Cost of sales for the third quarter of 2017 was $36.6 million, an increase of $9.6 million in comparison to the comparable period in 2016 ($27.0 million). The increase was largely due to higher overall sales volume ($5.4 million) and higher per unit costs of sales ($4.2 million). On a per ounce of gold sold basis, cost of sales was $940 for the current quarter (2016 - $811). The increase in costs on a per ounce basis were mainly attributable to the higher strip ratio as discussed previously. See "Mine Operating Results" for further discussion on cost of sales.

On a year-to-date basis, cost of sales for the first nine months of 2017 was $105.2 million, an increase of $16.4 million in comparison to the first nine months of 2016 ($88.8 million). The increase was mainly due to higher per unit costs of sales. On a per ounce of gold sold basis cost of sales was $960 for the first nine months of 2017 (2016 - $804). The increase can be primarily attributable to the above, compounded by reduced gold production due to the operational issues noted in the prior quarter as previously discussed.

Corporate general & administrative expenses

Corporate general and administrative expenses include salaries and benefits, professional fees, shareholder relations and filing fees, as well as other expenditures associated with operating the Canadian corporate office.

Corporate general and administrative expenses of $1.4 million for the three months ended September 30, 2017, was slightly lower than the $1.9 million reported for the three months ended September 30, 2016. On a year-to-date basis, corporate, general and administrative expenses of $5.2 million were $0.5 million higher in comparison to the first nine months of 2016. The increase was attributable to lower corporate general and administrative expenses allocated to production costs during the first quarter in 2017 in comparison to the comparable period last year. The comparable period reflected greater corporate management involvement in the operations during start-up and transition from development into commercial production.

Exploration and Evaluation Expenses

There was an uptick in greenfield and brownfield exploration expenditures in the current quarter (2017 - $1.1 million, 2016 - $0.3 million) and the first nine months of 2017 (2017 - $3.5 million, 2016 – 0.9 million), respectively. The increase reflects a ramp up of exploration efforts in the current quarter, as planned. For further details refer to the "Exploration Activities" section below.

Net Finance Expense

The net finance income for the quarter ended September 30, 2017 was $0.6 million (2016 – net finance expense of $2.8 million). The decrease was primarily due to a $1.2 million lower interest expense due to the decrease in the principal balance outstanding, offset by a higher unrealized gain of $1.6 million from the derivative instruments compared to the comparative period last year.
On a year-to-date basis, the net finance expense for the nine months ended September 30, 2017 was $3.2 million, a decrease of $5.3 million compared to $8.5 million reported in 2016. The decrease was primarily due to a lower interest expense ($3.7 million) resulting from lower long-term debt balances during 2017 in

comparison to 2016. On December 23, 2016, the Company renegotiated its debt facility with its senior lenders, paying down the outstanding principal to $80 million, as further described below.

Tax Expense

Tax expense for the third quarter of 2017 was $4.4 million, comprised of deferred tax expense of $3.6 million on current quarter net earnings and deferred tax expense of $0.8 million resulting from fair value decrease on the SolGold plc ("SolGold") investment this quarter. An increase of $1.4 million in comparison to $3.0 million reported last year was attributable to the investment in SolGold.

Tax expense for the nine months ended September 30, 2017 was $4.9 million, which comprised of deferred tax expense of $6.7 million on current year net earnings offset by a deferred tax recovery of $1.8 million from a fair value increase on the SolGold investment in 2017. A decrease of $6.6 million in comparison to the comparative period last year was primarily due to lower taxable earnings and the deferred income tax benefit recognized during the year relates to previously unrecognized deferred tax assets that have now been recognized as a result of the deferred tax on the available for sale investment through other comprehensive income. The unrealized gains on available for sale securities has now been determined that sufficient taxable profits should be available to utilize the recognized tax losses.

Net earnings

Net earnings for the third quarter of 2017 amounted to $6.1 million ($0.04 earnings per diluted share), a decrease of $2.8 million in comparison to net earnings of $8.9 million ($0.05 earnings per diluted share) for the comparable quarter of 2016.

On a year-to-date basis, net earnings of $13.0 million ($0.07 earnings per diluted share) is $10.6 million lower in comparison to net earnings of $23.6 million ($0.15 earnings per diluted share) for the comparable period in 2016.

Comprehensive Income

The Company reported a comprehensive income of $1.0 million in the current quarter (2016 - $18.8 million). The difference between Net Earnings and Comprehensive Income for the current quarter is attributable to a $5.1 million unrealized loss (net of tax) on the Company's SolGold investment (see "Liquidity and Capital Resources" for more details).

On a year-to-date basis, the Company reported a comprehensive income of $23.8 million in the current year (2016 - $33.5 million). The difference between Net Earnings and Comprehensive Income for the current year is attributable to a $10.8 million unrealized gain (net of tax) on the SolGold investment.

EXPLORATION ACTIVITIES

Brownfields has continued to focus exploring the higher-grade shoots located beneath the Mad Kiss and Aleck Hill deposits and target generation beneath East Walcott. A small orientation magnetic survey was conducted over Swamp Vein, with interpretation of results pending. 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 the commencement of drilling programs at Wynamu-Kalaloo (40km north east of Aurora) and Iroma (18km north east of Aurora). Exploration consisting of soil sampling, trenching and auger drilling has identified a series of auriferous zones over a wide area. Mobilization of the drill rig to Wynamu was completed during the quarter with a six-hole, 1,200 metre drill program commencing the first week of October that will test the tenor and size of these anomalous areas. The area of immediate interest previously returned trench results of 6 metres of 4.21 g/t Au as well as 58 metres grading 1.21 g/t Au.

Additionally, the Company is currently mobilizing a drill rig to its Iroma property. In this district, extensive soil sampling and very shallow drilling with a pack sack drill have delineated two areas for immediate investigation. In both areas, gold mineralization is associated with NNW trending shear zones trending for hundreds of metres. Drill intersections from very shallow pack sack drilling include 9 metres of 2.28 g/t Au, 24 metres at 0.67 g/t Au, and 4.5 metres at 3.51 g/t Au. Drilling is expected to commence in November 2017.

Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource on the Wynamu-Kalaloo or Iroma properties and it is uncertain if further exploration will result in any such targets being delineated as Mineral Resources.

Equity Financing – July 2016

On July 19, 2016, the Company closed a public offering (the "Offering") on a bought deal basis of 12,830,000 Common Shares from treasury at a price of $7.22 (Cdn$9.40) per Common Share. On August 22, 2016, the Company closed the exercise of the over-allotment option and issued an additional 1,500,000 Common Shares at a price of $7.26 (Cdn$9.40) per Common Share. Gross proceeds on closing, including the over-allotment, were $103.5 million (Cdn$134.7 million). Issuance costs of $5.6 million (Cdn$7.3 million) represent underwriters' commission relating to the Offering, as well as legal and regulatory costs.

The net proceeds of the Offering, including the over-allotment, totalled $97.8 million and were expected to be used to fund the expansion of the Aurora Gold Mine that is anticipated to increase capacity from 5,600 tpd to 8,000 tpd, for expanded exploration activities, for debt repayment, for general corporate purposes, and may also include opportunistic investments in Guyana and elsewhere, all subject to board and lender approval. As part of the debt restructuring the Company paid down its debt balance by $55.7 million in the fourth quarter of 2016. For the first phase of the mill expansion, the Feasibility Study assumed a capital cost of $21.4 million for the first phase of the mill to be spent in 2017 and the first quarter of 2018. The study also assumes an expansion of the mine fleet in 2018 at a cost of approximately $24.3 million. Exploration expenditures of $2.5 million year-to-date were relatively modest, however investment in exploration is expected to increase through the remainder of the year and through 2018.

Although the Company intends to expend the net proceeds from the Offering as set forth above, there may be circumstances where for sound business reasons, a reallocation of funds may be deemed prudent or necessary, and may vary materially from that set forth above.

During the third and fourth quarters of 2016, the Company invested a total of $10 million in a private placement of SolGold. The fair market value of the Company's investment in SolGold at quarter end was $46.3 million.

FINANCIAL CONDITION

(In thousands of dollars)		September 30, 2017		December 31, 2016
Current assets	**$**	**156,658**	$	145,366
Non-current assets		**302,490**		293,469
Total assets	**$**	**459,148**	$	438,835
Current liabilities	**$**	**28,738**	$	33,923
Non-current liabilities		**59,778**		68,066
Total liabilities		**88,516**		101,989
Shareholders' equity		**370,632**		336,846
Total liabilities and equity	**$**	**459,148**	$	438,835

The financial condition of the Company remains very strong with a positive working capital balance of $127.9 million as at September 30, 2017. Current assets have increased by $11.3 million year to date to $156.7 million. This increase can be mainly attributed to an increase in value in the Company's SolGold investment of $15.6 million during the current year. There was a modest decrease of $5.1 million in current liabilities during the current year to $28.8 million driven by a reduction in accounts payable and accrued liabilities.

The most significant liability on the Company's balance sheet is the Company's project loan facility for the Aurora Gold Mine. The original project loan facility was signed September 2, 2014, to provide for a $160.0 million loan with a maximum term of eight years at a weighted average interest rate of 3-month LIBOR plus 5.11%. On December 21, 2016, the Company announced that it had successfully refinanced this facility to a new project loan facility ("New Facility"). The New Facility amounts to $80 million and contemplates sixteen (16) quarterly principal repayments of $5 million each over a period of four (4) years beginning March 31, 2017. Various covenants and restrictions have been removed including the release of $23 million of restricted funds held by the lenders in the Overrun Equity Account, the elimination of cash sweeps, and a reduction of 1.3% in the interest rate compared to the original loan facility. There is no required gold hedging or other required similar provisions associated with the New Facility and the Company is in compliance with all key covenants under the New Facility as of the date of this MD&A. As at September 30, 2017, $65 million of principal was outstanding under the New Facility (current portion of $20 million and non-current portion of $45 million) with the Company having made $15 million of principal repayments during the nine months ended September 30, 2017.

Shareholders' equity has increased by $33.8 million year-to-date to $370.6 million, substantially driven by the increase in value of the SolGold investment, as well as earnings net income.

LIQUIDITY & CAPITAL RESOURCES

The Company finished the quarter with a cash balance of $64.2 million. This strong cash position provides the Company with ample capacity to meet its most significant near-term liquidity requirements which consist of capital purchase commitments of $7.1 million, scheduled principal debt repayments of $20.0 million over the next 12 months ($5.0 million per quarter) and expected capital expenditure requirements of approximately $13 million in 2017 and the first half of 2018 for the phase one expansion of the mill.

Operating Cash Flows

After working capital adjustments, the Company generated $12.8 million of operating cash flow during the third quarter compared to $16.1 million of operating cash flow in the corresponding period last year. For the nine months ended September 30, 2017 the Company generated operating cash flow of $36.5 million compared to $60.2 million in the comparable period in 2016. The decrease in both cases compared to 2016 is primarily attributable to the higher operating cash costs[1] due to mine sequencing and hence lower operating earnings.

Financing Activities

For the third quarter of 2017, total cash from financing activities was an outflow of $6.0 million compared to an inflow of $90.1 million in the third quarter of 2016. Year-to-date total cash from financing activities was an outflow of $13.8 million compared to an inflow of $76.2 million for the comparable period in 2016. The reduction in cash inflow was relating the offering in the third quarter of 2016..

Investing Activities

Cash from investing activities was an outflow of $8.1 million for the third quarter and consisted of $1.8 million of sustaining capital and $6.3 million of growth capital. The most significant items were $1.0 million related to pre-stripping activities at Rory's Knoll and Aleck Hill (sustaining) and $4.6 million spent on the first phase of the mill expansion (growth). Cash outflow from investing activities for the third quarter of 2017 was $9.6 million lower compared $17.7 million of cash outflows for the third quarter in 2016 due to $6.5 million spent on the SolGold investment and $3.5 million of expenditures in 2016 that related to the development costs of the Aurora Gold Mine.

On a year-to-date basis, cash from investing activities was an outflow of $31.6 million compared to an outflow of $44.4 million in the prior year. The decrease can be largely attributed to $6.5 million spent on the SolGold investment and $24.8 million of expenditures for the same period in 2016 related to the development costs of the Aurora Gold Mine offset by higher spend in 2017 on deferred stripping, first phase of the mill expansion and mine fleet additions.

Liquidity Outlook

The Company anticipates that its mine operations will generate sufficient working capital and cash flow to cover operating requirements for the next twelve months, including principal debt and interest repayments.

COMMITMENTS & CONTINGENCIES

The Mineral Agreement and Mining Licence for the Aurora Gold Mine require the Company to undertake various obligations and commitments over the twenty-year life of the agreements. The Company is in compliance in all material respects with all terms and conditions of the Mining Licence and Mineral Agreement for the Aurora Gold Mine. The government of Guyana has the right to terminate the agreements in the event of default by written notice to the Company, subject to a dispute resolution process involving arbitration.

The Company is currently committed to $78.2 million for purchase obligations, contractual commitments and operating leases, as follows.

(in thousands of dollars)	Total	2017	2018	2019	2020	There-after
Debt principal repayments	65,000	5,000	20,000	20,000	20,000	-
Mine closure funding	4,000	1,000	1,000	1,000	1,000	-
Other contractual commitments	707	115	458	84	50	-
Capital purchase commitments	7,088	7,088	-	-	-	-
Operating leases	1,359	109	436	436	243	*135*
Total Commitments At September 30, 2017	**$ 78,154**	**$ 13,312**	**$ 21,894**	**$ 21,520**	**$ 21,293**	***$ 135***

The Company has entered into derivative contracts in order to manage its exposure to fluctuations in the market price of diesel. The following is a summary of the Company's commitments for diesel forward contracts at September 30, 2017:

Year		*Contracted operating expenses*	*Number of litres hedged*		*Average rate per litre (US cents/litre)*
2017	$	559	1,200,000	$	0.47
2018		5,888	14,400,000		0.41
2019		8,104	18,000,000		0.45
2020		2,700	6,000,000		0.45
Total	**$**	**17,251**	**39,600,000**	**$**	**0.44**

The diesel commodity swap forward contracts are secured under the New Facility and documented in the form of an International Swap and Derivatives Association ("ISDA") master agreement.

Fair value estimates for derivative contracts are based on quoted market prices provided by a financial institution and represent the amount the Company would have received from, or paid to, a counterparty to unwind the contract at the market rates in effect at the consolidated balance sheet date. The fair value of derivative instruments is as follows:

(In thousands of United States dollars)	**September 30, 2017**	December 31, 2016
Diesel forward contracts – net asset	$ **838**	$ 1,092

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(Expressed in thousands of dollars except per share and ounce amounts). (Quarterly results are unaudited)

		2017			2016				2015
		Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Gold ounces produced		41,000	29,700	40,900	43,800	34,400	32,000	41,300	35,600
Gold ounces sold		39,000	30,000	40,700	45,500	33,300	36,600	40,500	28,900
Metal sales [A]	$	50,207	37,899	49,957	54,809	44,403	46,411	48,530	-
Cost of sales									
Production costs		23,195	22,726	21,003	20,320	16,615	19,167	21,284	-
Royalty		4,005	3,024	3,984	4,374	3,540	3,701	3,869	-
Depreciation		9,433	9,183	8,653	9,442	6,841	7,924	5,977	-
Total cost of sales	$	36,633	34,933	33,640	34,136	26,996	30,792	31,130	-
Earnings from mine operations		13,571	2,966	16,317	20,673	14,777	15,619	17,400	-
Net expenses [B]		(3,700)	(4,335)	(3,883)	(2,064)	(2,630)	(2,464)	(1,798)	(1,544)
Net finance (expense) income		639	(1,654)	(2,043)	(9,231)	(2,835)	(1,508)	(4,107)	(2,119)
Deferred tax (expense) recovery		(4,364)	(106)	(453)	(5,973)	(3,021)	(4,005)	(4,478)	28,936
Net earnings (loss)	$	6,149	(3,129)	9,938	3,405	8,921	7,642	7,017	25,273
Earnings (loss) per share:									
Basic	$	0.04	(0.02)	0.06	0.02	0.05	0.05	0.05	0.16
Diluted	$	0.04	(0.02)	0.06	0.02	0.05	0.05	0.04	0.16

[A] All metal sales prior to commercial production were credited against capitalized Aurora Gold Mine assets under development, a component of mineral properties, plant and equipment.

[B] Includes corporate general and administrative expenses, exploration and evaluation expenses, stock based compensation, and non-mine related depreciation expense (as separately disclosed in the condensed consolidated interim financial statements).

OUTSTANDING SHARE DATA

At the date of this MD&A, the issued and outstanding Common Shares totalled 173,036,629. Options outstanding amounted to 6,371,684 at the date of this MD&A, each of which is exercisable to acquire one Common Share in accordance with the terms thereof.

NON-IFRS[1] PERFORMANCE MEASURES

The Company has included certain non-IFRS performance measures in this MD&A. These measures are not defined under IFRS and should not be considered in isolation. The Company believes that these measures, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. The inclusion of these measures is meant to provide additional information and should not be used as a substitute for performance measures

[1] IFRS – International Financial Reporting Standards

prepared in accordance with IFRS. These measures are not necessarily standard and therefore may not be comparable to other issuers.

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

Total cash costs per ounce

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

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

The following table reconciles these non-IFRS measure to the September 30, 2017 consolidated interim statements of operations and comprehensive income (loss).

(in thousands of dollars except ounces and per ounce calculations)	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**
Production costs (Cash costs)	**$23,195**	**$22,726**	**$21,003**	**$20,320**	**$16,615**
Divided by: Gold ounces sold	39,000	30,000	40,700	45,500	33,300
Total cash costs per ounce - before royalty	**$595**	**$757**	**$516**	**$446**	**$499**
Cash costs - above	**$23,195**	$22,726	$21,003	$20,320	$16,615
Add royalty costs	$4,005	$3,024	$3,984	$4,374	$3,540
Total cash costs	**$27,200**	**$25,750**	**$24,987**	**$24,694**	**$20,156**
Divided by: Gold ounces sold	39,000	30,000	40,700	45,500	33,300
Total cash costs per ounce	**$697**	**$858**	**$614**	**$542**	**$605**
Revenues – metal sales	$50,207	$37,899	$49,957	$54,809	$44,403
Production costs	$23,195	$22,726	$21,003	$20,320	$16,615
Royalty	$4,005	$3,024	$3,984	$4,374	$3,540
Operating profit	**$23,007**	**$12,149**	**$24,970**	**$30,115**	**$24,248**
Divided by: Gold ounces sold	39,000	30,000	40,700	45,500	33,300
Operating profit per ounce	**$590**	**$405**	**$614**	**$661**	**$728**
Operating profit margin	**46%**	**32%**	**50%**	**55%**	**55%**

All-in sustaining cost per ounce

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

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

The following table reconciles these non-IFRS measure to the September 30, 2017 consolidated interim financial statements.

(in thousands of dollars except ounces and per ounce calculations)	**Q3 2017**	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**
Total cash costs – as above	$27,200	$25,750	$24,987	$24,694	$20,156
Sustaining capital (1)	1,781	4,939	6,794	3,924	3,616
Corporate general and administrative expenses	1,375	1,938	1,960	1,065	1,907
Exploration and evaluation costs (sustaining)	524	713	293	524	270
Stock based compensation	1,183	835	934	462	384
Asset retirement obligation – accretion (2)	15	15	15	15	14
Realized loss on diesel forward contracts (2)	205	154	54	168	170
All-in sustaining costs	**$32,283**	**$34,344**	**$35,037**	**$30,851**	**$26,516**
Divided by: Gold ounces sold	39,000	30,000	40,700	45,500	33,300
All-in sustaining costs per ounce	**$828**	**$1,144**	**$861**	**$678**	**$796**

(1) Sustaining capital is defined as all capital expenditures which do not result in a material increase in gold production and/or cash flow and exclude all expenditures at growth projects.

(2) Included in net finance expense in the consolidated interim statements of operations and comprehensive income (loss) – See Note 13 to the interim financial statements for the three month period ended September 30, 2017.

Operating cash flow per diluted share

Operating cash flow per diluted share has been computed as follows:

(in thousands of dollars except share and per share amounts)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Operating cash flow	**$12,772**	**$7,155**	**$16,918**	**$23,530**	**$13,802**
Diluted weighted average number of common shares outstanding	175,581,586	172,228,165	174,491,678	173,492,324	169,959,869
Operating cash flow per diluted share	**$0.07**	**$0.04**	**$0.10**	**$0.14**	**$0.08**

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.

RISK FACTORS

The following list details existing and future material risks to the business of the Company. The risks described below are not listed in any particular order and are not exhaustive. Additional risks and uncertainties not currently known to the Company, or those that it currently deems to be immaterial, may become material and adversely affect the Company's business. The realization of any of these risks may materially and adversely affect the Company's business, financial condition, results of operations and/or the market price of the Company's securities.

Each of these risk factors is discussed in more detail in the Company's most recent Annual Information Form, which is listed for public inspection on www.sedar.com.

- Exploration, Development and Operating Risks
- Licencing Matters
- Geotechnical Risks
- Open Pit Mine Risks
- Underground Mine Risks
- Mineral Processing Risks
- Infrastructure Risks
- Insurance and Uninsured Risks
- Environmental Risks and Hazards
- Uncertainty Relating to Mineral Resources and Reserves
- Reliability of Resource and Reserves Estimates

- Uncertainty of Feasibility Study Results & Revisions to Estimates
- Mine Closure
- Production and Cost Estimates
- Land Title
- Global Financial Conditions
- Competition May Hinder Corporate Growth
- Additional Capital
- Dilution
- Commodity Prices
- Indebtedness and Inability to Satisfy Repayment Obligations
- Interest Rate Fluctuations
- Exchange Rate Fluctuations
- Government Regulation
- Political Risks
- Territorial Risk
- Labour and Employment Matters
- Subsidiaries
- Market Price of Common Shares
- Future Sales of Common Shares by Existing Shareholders
- Dependence on Management and Key Personnel
- Competition
- Shortages and Price Volatility of Input Commodities and Equipment
- Hedging Risk
- Conflicts of Interest
- Cyber Security Threats
- Compliance with Anti-Corruption Laws
- No History of Earnings or Dividends
- Accounting Policies and Internal Control

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to Guyana Goldfields, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties and investments; ability to continue to satisfy all conditions and covenants under the New Facility and make scheduled repayments thereunder; the use of net proceeds from the Offering; the future price of gold; expected operating cash flows and capital costs for the Aurora Gold Mine; production and cost guidance for 2017; success of exploration and development activities; cost and timing of future exploration and development; the estimation of Mineral Resources and Reserves and any anticipated upside potential thereof; conclusions of economic evaluations; successful and profitable operations of the Aurora Gold Mine; the Company's ability to meet its most significant near-term liquidity and operating requirements, operating requirements for the next 12 months and debt repayment requirements under the New Facility; the ability of the Company to manage its exposure to fluctuations in the price of diesel; proposed expansion of the mining fleet in 2017; requirements for additional capital, mine expansion plans, expected improvements in mining, processing and general and administrative costs as well as proposed expanded exploration activities and related costs and other potential opportunistic investments in 2017, and other statements relating to the financial and business prospects of Guyana Goldfields. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “likely”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- the Company’s ability to continue to successfully satisfy all covenants under the New Facility, its ability to repay the New Facility as currently proposed or at all, and its ability to meet significant near-term liquidity and operation requirements;
- the Company’s failure to adhere to representations, warranties, affirmative and negative covenants under the New Facility, which could give rise to an event of default under the New Facility;
- the Company’s ability to achieve its production, cash cost and all-in sustaining cost guidance for 2017 and its anticipated consolidated cash flow forecast for 2017;
- risks of increases in the anticipated total capital and operating costs relating to commercial production for the Aurora Gold Mine and the Company’s ability to meet such costs;
- the timing and amounts of expected cash outflows, and expected sales of gold, relating to profitable operations at the Aurora Gold Mine;
- expectations that the positive reconciliation between actual tonnes mined versus the Mineral Reserve model at the Aurora Gold Mine will continue;
- conducting mining operations, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability, including the adverse impact on the Company’s cash flows and ability to repay amounts due under the New Facility;
- risks related to exploration, development and conducting mining operations, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability, including the adverse impact on the Company’s cash flows and ability to repay amounts due under the New Facility;
- the success of derivative transactions to establish a ceiling for a portion of the Company’s future diesel fuel purchases;
- unusual or unexpected geological formations encountered during development and/or mining operations;
- unanticipated operating events which can reduce production or cause production to be shut down or delayed;
- the fact that the Aurora Gold Mine is located in a region that is subject to significant annual rainfall that could impact mining operations;
- the risk that insurance may not be available to Guyana Goldfields on reasonable terms or at all;
- adherence to the terms and condition of the Mineral Agreement and Mining Licence with respect to the Aurora Gold Mine;
- uncertain political and economic environments;
- environmental hazards and industrial accidents;
- unionization of its work force in Guyana;
- governmental regulation, political stability in the regions in which the Company operates and environmental liability;

- management's expectations that requisite licenses and permits will be available upon terms acceptable to the Company;
- access and supply risks;
- reliance on key personnel;
- risks that mill optimization efforts, efforts to increase mill capacity and other proposed improvements in mining and processing may not be as effective as proposed, or at all;
- risks related to disputes concerning property titles and interests;
- risks relating to changes in project parameters as plans continue to be redefined, including the possibility that mining, exploration and development operations at the Aurora Gold Mine and other exploration activities may not progress as currently proposed, and funds may be reallocated on a going forward basis;
- risks relating to variations and uncertainties in the estimation of Mineral Resources and Mineral Reserves, grade or recovery rates resulting from exploration and development activities (including risks that new Mineral Resources/Reserves may not be established, or existing Mineral Resources/Reserves may not be realized), with respect to both the properties and investments of the Company;
- risks relating to changes in gold prices and the worldwide demand for and supply of gold. Fluctuation in the price for gold may adversely affect the Company's ability to obtain additional financing, influence the course of action taken in operating the Aurora Gold Mine, and affect the Company's ability to meet the New Facility's financial and non-financial covenants;
- risks related to increased competition in the mining industry generally;
- risks related to current global financial conditions;
- uncertain political and economic environments;
- the Company's goal of creating shareholder value by concentrating on the acquisition, development and exploration of properties that have the potential to contain economic gold deposits;
- ability to source new, additional or replacement financing through other share or debt issuances in support of the Aurora Gold Mine, corporate general and administrative expenses, and exploration activities;
- future plans for the Aurora Gold Mine and other property interests held by the Company or which may be acquired on a going forward basis, if at all; and
- management's outlook regarding future trends, outlook and activities, including the ability of Guyana Goldfields to generate sufficient cash flow to cover operating requirements for the next 12 months.

Forward-looking information is also subject to the risks further described in the Company's Annual Information Form for its most recently completed year. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking information.

TECHNICAL INFORMATION

Information Concerning Estimates of Measured, Indicated and Inferred Resources

The Mineral Reserve and Mineral Resource estimates in respect of the Company's property interests were prepared in accordance with Canadian NI 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"), as required by Canadian securities regulatory authorities. For United States reporting purposes, the United States Securities and Exchange Commission ("SEC") applies different standards in order to classify mineralization as a reserve. In particular, while the terms "measured," "indicated" and "inferred" Mineral Resources are required pursuant to NI 43-101, the SEC does not recognize such terms. Canadian standards differ significantly from the requirements of the SEC. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories constitute or will ever be converted into reserves. In addition, "inferred" Mineral Resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian securities laws, issuers must not make any disclosure of results of an economic analysis that includes inferred Mineral Resources, except in rare cases.

Updated Mineral Reserves at $1,200 per Ounce – At January 1, 2017

On February 2, 2017, the Company updated its Mineral Reserves estimate for its Aurora Gold Mine utilizing a gold price of $1,200 per ounce. For details, refer to the Feasibility Study available on www.sedar.com.

On February 2, 2017, the Company filed the Feasibility Study for the Aurora Gold Mine reflecting an extended open-pit/deferred underground mining scenario, as well as current cost parameters, and updated Mineral Reserves based on a revised gold price of $1,200 per ounce. For details, refer to the Feasibility Study available on www.sedar.com. The scientific and technical information concerning the updated Mineral Reserve estimate as of January 1, 2017 and other scientific and technical information concerning the Feasibility Study, was prepared under the supervision of Mr. Bob McCarthy and Mr. Chris Elliott, both "qualified persons" within the meaning of NI 43-101.

Other Technical Disclosure

Chief Geologist Augusto Flores IV, (P.Geo), a "Qualified Person" within the meaning of NI 43-101, has supervised the preparation and verified the disclosure under the heading "Exploration Activities" in this MD&A. Mr. Flores is the Senior Geologist with the Company.

Unless stated otherwise herein, all scientific and technical data contained in this MD&A has been reviewed, approved and verified by Mr. Daniel Noone who is a "Qualified Person" within NI 43-101 and is a member of the Australian Institute of Geoscientists. Mr. Noone serves as a Director of the Company and is also Vice President of Exploration for the Company.

ACCOUNTING DISCLOSURES

National Instrument 52-109 Disclosure

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 for the Company. The Company's controls are based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013) framework.

The Company's CEO and the CFO certify that the Company's DC&P have been designed to provide reasonable assurance that material information relating to the Company is made known to them by others, particularly during the period in which interim filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They also certify that the Company's ICFR have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the current period there have been no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the CEO and CFO, believe that any disclosure controls and procedures and internal controls over financial reporting, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

Recent Accounting Pronouncements

IFRS 15 (Revenue Recognition) - The International Accounting Standards Board ("IASB") has issued a new standard for the recognition of revenue, IFRS 15 – Revenue from Contracts. This standard will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities recognize transitional adjustments in retained earnings on the date of initial application (i.e. January 1, 2018), without restating the comparative period. Entities will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard is effective for annual reporting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company has evaluated the standard and has concluded that the application of IFRS 15 will not have a material impact on its consolidated financial statements.

IFRS 9 (Financial Instruments) - IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. IFRS 7 (Financial Instruments: Disclosure) addresses the disclosure of financial assets and financial liabilities in the financial statements. IFRS 7 will be amended to require additional disclosures on transition from IAS 39 to IFRS 9, effective on adoption of IFRS 9. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company has evaluated the standard and has concluded that the application of IFRS 9 will not have a material impact on its consolidated financial statements.

IFRS 16 (Leases) - In January 2016, the IASB issued IFRS 16 – Leases which establishes the principles that an entity should use to determine the recognition, measurement, presentation and disclosure of leases for both parties to a contract: the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 is effective from January 1, 2019 though a company can choose to apply IFRS 16 before that date but only in conjunction with IFRS

15 Revenue from Contracts with Customers. The Company is currently assessing the impact of this standard.

Critical Accounting Estimates

With the commencement of commercial production at the Aurora Gold Mine on January 1, 2016, the Company has also updated its significant judgements, estimates and assumptions used in the preparation of its financial statements, as follows:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses and other income for the reporting period.

Judgments, estimates and assumptions are periodically 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 from these estimates. Areas of judgment, estimate and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Development costs and commencement of commercial production:

Mineral properties are comprised of historical costs associated with acquisition, development and construction of mining properties and is stated at historical cost less depletion. Historical cost includes expenditures directly attributable to acquisition and subsequent costs to develop mineral reserves and resources. Such costs are capitalized only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Mineral properties are not subject to depreciation until processing plant construction associated with a mineral property is completed and initial commercial production is achieved. Incidental revenues and operating costs are included in mineral properties prior to the plant achieving commercial production, which occurs when the plant is substantially complete and ready for its intended use. Revenue recognition and depreciation of mineral properties begins when commercial production has been achieved.

There are a number of factors that the Company considers when determining if conditions exist for the commencement of commercial production of an operating mine, including the following judgements:

- 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.

Impairment of assets:

The Company assesses its cash-generating units annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value of the asset less costs of disposal and value in use. The determination of the recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and future operating performance.

Fair value less costs to dispose is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. Value in use is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of approved future expansion plans and eventual disposal. Cash flows are discounted by an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Changes in any of the assumptions or estimates used in determining the fair value could impact the impairment analysis.

Mineral Reserves and Resources:

The Company estimates its Mineral Reserves and Mineral Resources based on information compiled by qualified persons as defined in accordance with NI 43-101, "Standards of Disclosure for Mineral Projects" issued by the Canadian Securities Administrators. Mineral Reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties.

There are numerous estimates in determining Mineral Reserves and Mineral Resources. Such estimation is a subjective process, and the accuracy of any Mineral Reserve or Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgements used in engineering and geological interpretation. Changes to management's assumptions and judgements made in estimating the size and grade of the ore body, metallurgical assumptions made in estimating recovery of the ore body, including economic estimates of commodity prices, production costs, future capital requirements, and exchange rates, will impact Mineral Reserve and Mineral Resource estimates.

These estimates and assumptions valid at the time of estimation may change significantly when new information becomes available. This may result in a change in the economic status of the Mineral Reserve and may ultimately result in Mineral Reserves being revised.

Changes in the Mineral Reserve or Mineral Resource estimates may impact the carrying value of mineral properties, plant and equipment, the calculation of depreciation expense, asset retirement obligations, and the recognition of deferred tax amounts.

Units-of-production ("UOP") depreciation:

The Company uses estimated proven and probable Mineral Reserves as the basis for determining the depreciation of certain mineral properties, plant and equipment. This results in a depreciation charge proportional to the depletion of the anticipated remaining mine life. These calculations require the use of estimates and assumptions, including the amount of proven and probable Mineral Reserves. Changes in the estimated Mineral Reserves will result in changes to the depreciation charges over the remaining life of the operation. A decrease in the mineral reserves would increase depreciation expense and this could have a material impact on operating results. The depreciation base is updated on an annual basis based on the new mineral estimates.

Recovery of deferred tax assets:

Judgment is required in determining whether deferred tax assets are recognized on the consolidated balance sheet. Deferred tax assets require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted income from operations and the application of existing local tax laws.

To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded in the consolidated balance sheet could be impacted. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Asset retirement obligations:

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future mine reclamation and closure costs. The Company's provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability. Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation recognized by the Company. This liability is reassessed and re-measured at each reporting date.

Inventory valuation:

Inventories are recorded at the lower of cost or net realizable value. The allocation of costs to in-circuit inventory and the determination of net realizable value for all inventories involves the use of estimates. There is a high degree of judgment in estimating future costs, future production levels, contained gold ounces, gold recovery levels and market prices, including timing and recovery of stockpiled inventory ore, which can vary significantly from the estimates. Actual results can therefore vary significantly from estimates used in the determination of the carrying value of inventories.

Depreciation of equipment:

Assets such as buildings, plant equipment, mobile fleet, and other equipment are depreciated net of residual value, on a straight line basis, over the useful their useful lives. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation, and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.