GUYANA GOLDFIELDS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FIRST QUARTER 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is Management's Discussion and Analysis ("MD&A") of the factors management believes are relevant to assessing and understanding the consolidated financial condition and results of operations of Guyana Goldfields Inc. (the "Company") for the three months ended March 31, 2018 and 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 Guyana Goldfield's unaudited consolidated interim financial statements and related notes for the three months ended March 31, 2018 and 2017 which are 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, 2017, together with the notes thereto which have also been prepared in accordance with IFRS. This MD&A contains certain forward-looking statements. Refer to the cautionary language at the end of this MD&A.

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; 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".

Certain non-IFRS measures are included in this MD&A. The Company believes that these measures provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Results are reported in United States 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. Information contained herein is presented as at April 30, 2018 unless otherwise indicated.

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.

2018 FIRST QUARTER HIGHLIGHTS

- Completed the 2018 Optimized Life of Mine study, which provides for smoother life-of-mine production and cost profiles while reducing overall capital, operating costs and further improving cash flows.
- Completed first phase of the mill expansion project on time and under budget, allowing for increased mill throughputs and recoveries going forward.
- Gold production for the quarter of 38,500 ounces, cash flow generation from operations of $18.9 million.
- Record mill throughput achieved averaging 6,720 tonnes per day for the quarter, of which 100% was hard rock.
- Strong balance sheet ending quarter with positive working capital of $98.9 million.
- Operating costs (including depreciation and royalty) of $913 per ounce, operating cash costs (before royalty)[1] of $611 per ounce and all-in sustaining costs[1] of $934 per ounce.

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

		Three Months ended March 31,	
		2018	**2017**
Ounces produced		**38,500**	40,900
Ounces sold		**38,000**	40,700
Revenues	$	**50,734**	49,957
Earnings from mine operations	$	**15,989**	16,317
Earnings before tax	$	**11,448**	10,391
Net earnings	$	**8,390**	9,938
Net earnings per diluted share	$	**0.05**	0.06
Comprehensive (loss) income	$	**(611)**	28,935
Cash flow from operating activities	$	**18,928**	16,918
Cash and cash equivalents	$	**76,011**	75,431
Restricted cash	$	**2,202**	1,197
Debt	$	**55,000**	75,000
Total Assets	$	**473,439**	468,782
Realized gold price per ounce	$	**1,333**	1,227
Cost of sales per ounce	$	**913**	827
Cash costs per ounce before royalty[1]	$	**611**	516
All-in sustaining costs per ounce [1]	$	**934**	861

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

OUTLOOK

2018 Production and Cost Guidance

Gold production (ounces)	190,000-210,000
Cost of sales (production costs, royalty & depreciation) ($ per ounce)	$850-$900
Cash cost[1], excluding royalty ($ per ounce)	$430-$480
AISC[1] ($ per ounce)	$830-$880

With gold production during the first quarter on plan, management is maintaining its original guidance with 2018 total production still expected to be between 190,000-210,000 ounces. Production is expected to be weighted towards the second half of the year due to mine sequencing and increased mill throughput following the completion of the Phase 1 expansion in the first quarter and the Phase 2 expansion in second half of 2018. The 2018 mine plan is primarily made up of all hard rock ore from the central tonalite/diorite ore at Rory's Knoll and East Walcott deposits.

The mine plan calls for a ramp up in the mining rate to approximately 75,000 tonnes per day ("tpd") in 2018 to accommodate the open pit production profile in years 2019 and beyond. During the first quarter management secured 15 additional fixed-frame 40 tonne haulage trucks, with the first 10 units delivered to site in April 2018. This additional capacity will allow the Company to meet its targeted mining rate, while continuing to review proposals from open pit contract miners.

The process facility exceeded planned throughput rates during the first quarter at 6,720 tpd while achieving 91.7% gold recoveries. With Phase 1 of the mill expansion complete and Phase 2 engineering and procurement underway, management is optimistic about the process facility meeting or exceeding planned expectations throughout the remainder of the year.

Cost of sales (including depreciation) for the first quarter of $913 per ounce of gold sold and all-in sustaining cost ("ASIC") of $934 per ounce of gold sold were in line with management estimates. The unit costs were at the high end of annual guidance as expected. With the increased throughput and the higher grade expected during the second half of the year, management is confident in its ability to meet its 2018 cost guidance.

On February 20, 2018, the Company released an optimization plan based on the 2017 Feasibility Study, as outlined herein. The study plans for the commencement of underground development at Rory's Knoll during the fourth quarter of 2018. The Company has begun the bidding process to bring on the required underground mining technical expertise, as well as initiating the movement of the already owned underground mining equipment to Guyana. See "Capital Projects Update" for further information.

Exploration continues to advance at prospective greenfield and brownfield targets. An active drilling program continued at the Iroma and Wynamu targets during the first quarter, with initial assays at both targets intercepting mineralization. Management is encouraged by the results and will continue to advance drill programs at both properties through the remainder of 2018. See "Exploration Activities" for further information.

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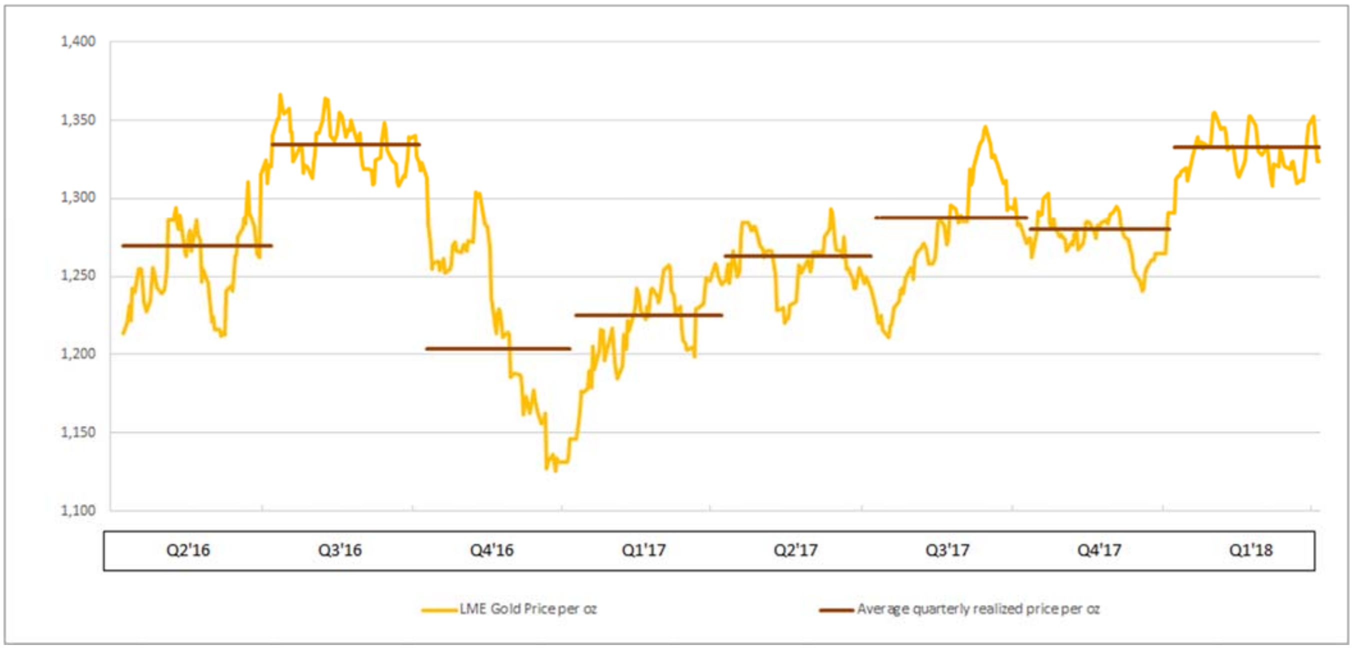
[1] This is a non-IFRS measure. Refer to "Non-IFRS Performance Measures" section in this MD&A

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 eight quarters based on the London Bullion Market Association PM Fix is summarized in the chart below. The average market price of gold on the London Bullion Market was $1,329 per ounce for the first quarter of 2018, up from the prior quarter. During this period the Company realized an average selling price of gold of $1,333 per ounce sold, with the difference from the average due to timing of sales. Subsequent to March 31, 2018, the price of gold has primarily been in a trading range between $1,324 per ounce and $1,350 per ounce. The Company has not entered into any gold hedging programs.



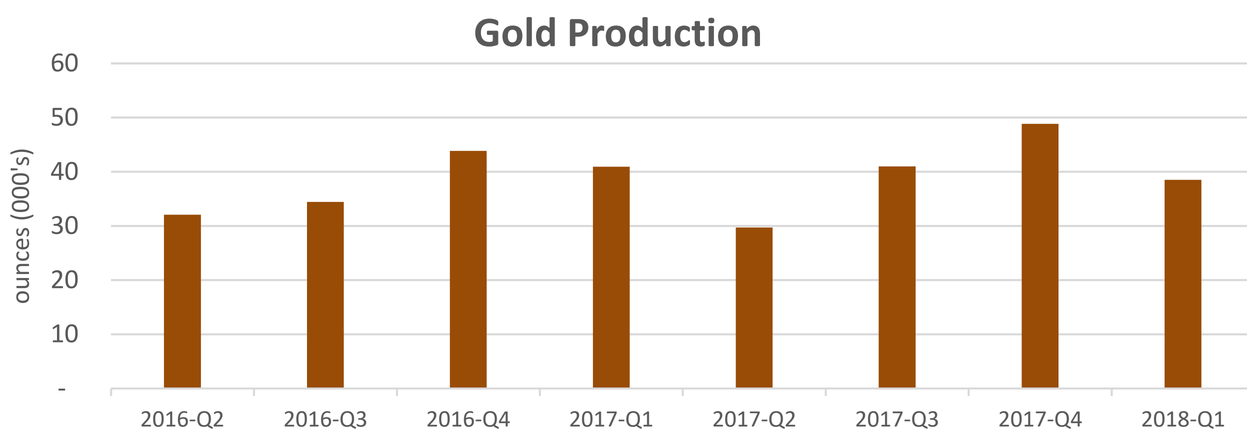
Other key performance drivers include production volumes and costs which are further discussed below.

MINE OPERATING RESULTS

KEY OPERATING STATISTICS

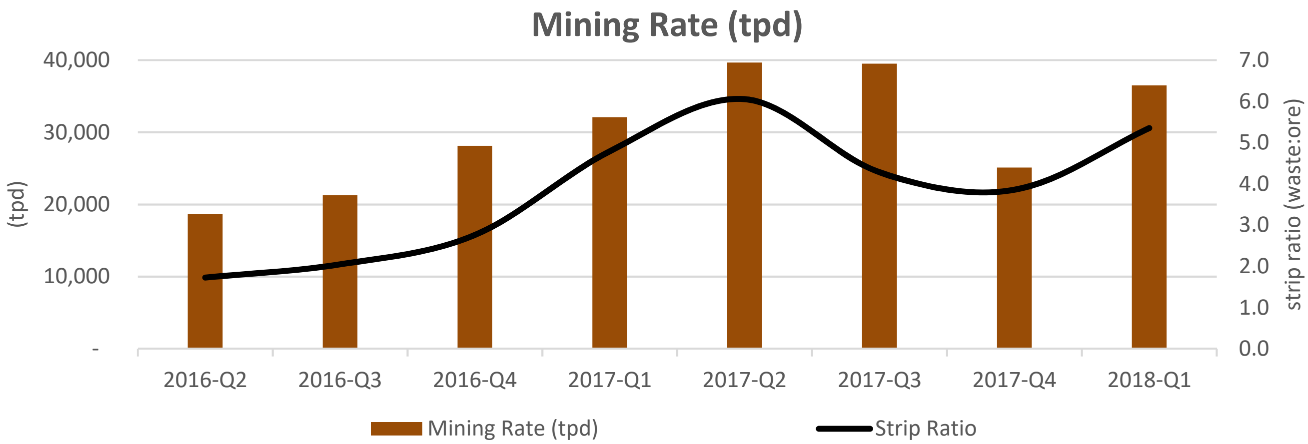
		Three Months ended March 31,	
		2018	**2017**
Ore mined	*tonnes ('000s)*	**517**	499
Waste mined	*tonnes ('000s)*	**2,767**	2,390
Total Mined	*tonnes ('000s)*	**3,284**	2,889
Strip ratio	*waste:ore*	**5.4**	4.8
Tonnes mined per day	*Tpd*	**36,489**	32,094
Ore processed	*tonnes ('000s)*	**605**	603
Tonnes processed per day	*Tpd*	**6,720**	6,698
Head grade	*g/t Au*	**2.18**	2.44
Recovery	*%*	**91.7**	89.7
Gold Produced	*Ounces*	**38,500**	40,900
Gold Sold	*Ounces*	**38,000**	40,700
Average Realized Gold Price	*$/ounce*	**1,333**	1,227

GOLD PRODUCTION



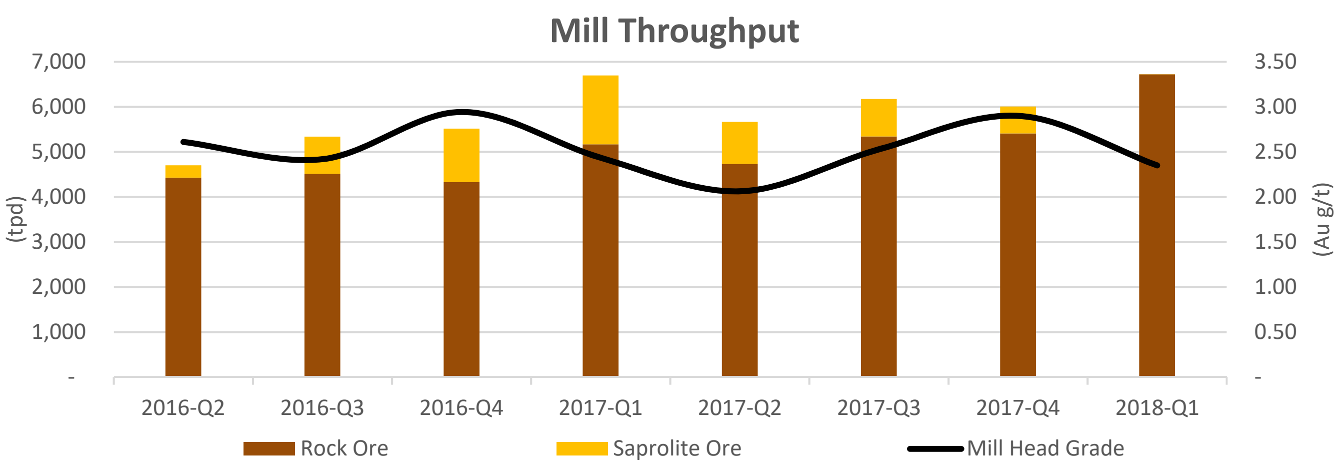
The Company started the year producing 38,500 ounces. The decline from the prior quarter was as expected due to mine sequencing resulting in lower grade ore delivered to the mill during the quarter. Grade for the current quarter was 2.18 grams of gold per tonne of ore ("g/t Au") as compared to 2.44 gt/ Au in the first quarter of 2017. The lower grades were offset by higher throughputs and higher recoveries as described in the "Processing Activities" section below.

MINING ACTIVITIES



The daily average mining rate increased during the first quarter as expected as the mine sequence calls for an increase in stripping for the remainder of 2018 and 2019. The Company continues to increase its mining capacity through addition of owner's equipment to site as well as utilization of local contract miners to meet the 2018 mine plan.

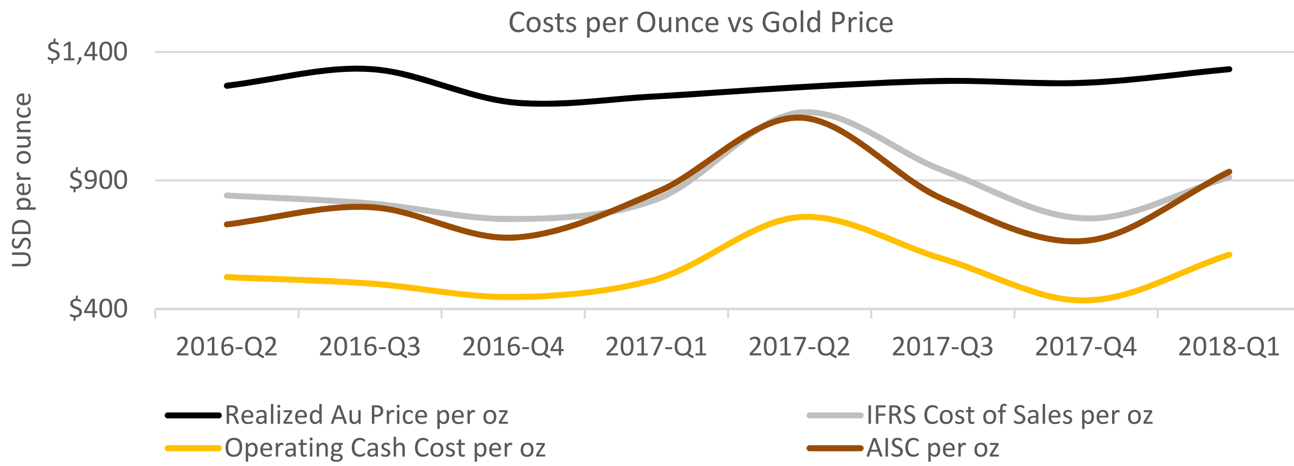
PROCESSING ACTIVITIES



The mill achieved a new record throughput during the first quarter, processing 604,800 tonnes or 6,720 tpd. The record throughput was achieved while processing 100% hard rock. Throughput was higher than budgeted levels and up from the prior quarter in the prior year, largely a result of mill optimizations and increased utilization. Throughput was in line with the comparative quarter in the prior year, however the comparative quarter had the benefit of 23% of feed being saprolite.

The mill head grade was lower at 2.18 g/t Au in the most recent quarter compared to both the prior quarter and comparable to the first quarter in 2017, which is a function of the mine sequencing. Gold recoveries of 91.7% exceeded management expectation during the current quarter which is consistent to the prior quarter and improved from the comparable quarter in the prior year (89.7%). The improvement from the comparative quarter reflects the investments made in the mill as part of the Phase 1 expansion work.

COST OF SALES, CASH COSTS[1] & ALL-IN SUSTAINING COST[1]



Cost of sales (including depreciation & royalties) was $913 per ounce in the first quarter of 2018 compared to $827 per ounce for the comparable quarter in 2017. This corresponds to a cash cost[1] of $611 per ounce of gold sold, an increase from both the prior quarter ($433 per ounce) as well from in the comparable quarter in 2017 ($516 per ounce). The increase in costs on a per ounce basis when compared to the comparative and prior quarter were largely attributable to lower grades and higher strip ratio due to mine sequencing.

AISC[1] for the quarter came in at $934 per ounce which was up from both prior quarter and the comparable quarter prior year, as $665 and $861 per ounce. The increase in AISC[1] compared to the prior quarter can be attributed to fewer gold ounces produced and sold, as previously discussed, as well as higher stripping costs and investment in sustain capital – see the mining discussion above. The increase from the comparable quarter in prior year is primarily attributable to lower production.

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

FIRST QUARTER 2018 FINANCIAL RESULTS

KEY FINANCIAL STATISTICS

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

	Three months ending March 31,			
		2018		2017
Revenue	$	**50,734**	$	49,957
Earnings (loss) from mine Operations	$	**15,989**	$	16,317
Net Income	$	**8,390**	$	9,938
Comprehensive (loss) income	$	**(611)**	$	28,935
Net earnings per share (EPS)				
Basic	$	**0.05**	$	0.06
Diluted	$	**0.05**	$	0.06
Total assets	$	**473,439**	$	468,782
Total debt	$	**55,000**	$	75,000
Total non-current liabilities	$	**57,792**		66,325
Cash flow from operations	$	**18,928**	$	16,918
Cost of sales per ounce	$	**913**	$	827
Cash costs per ounce before royalty	$	**611**	$	516
All-in sustaining cost per ounce	$	**934**	$	861

REVENUE – METAL SALES

During the first quarter of 2018, the Company sold 38,000 ounces of gold (2017 – 40,700 ounces) at an average realized price of $1,333 per ounce (2017 - $1,227 per ounce). Revenue for the three months ended March 31, 2018 was $50.7 million, an increase of $0.7 million compared to the comparable period in 2017 ($50.0 million). The increase was due to higher realized gold price ($4.3 million) more than offset by lower gold ounces sold ($3.6 million). See "Mine Operating Results" for further discussion of mining and processing activities.

COST OF SALES

Cost of sales is comprised of royalties, costs associated with mining and processing activities ("Production Costs") and depreciation.

Cost of sales for the first quarter of 2018 was $34.7 million, in comparison to the comparable period in 2017 ($33.6 million). The increase in cost of sales was due to the higher cost per ounce sold ($3.6 million) offset by lower production during the current quarter ($2.5 million). On a per ounce of gold sold basis, cost of sales was $913 which was higher than the comparable period last year (2017 - $827). See "Mine Operating Results" for further discussion on cost of sales.

CORPORATE GENERAL & ADMINISTRATIVE EXPENSES

Corporate general and administrative expenses include salaries and benefits (including share based compensation), 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 $2.9 million for the three months ended March 31, 2018, was in line with $2.9 million reported last year.

EXPLORATION AND EVALUATION EXPENSES

There was an increase in greenfield and brownfield exploration expenditures in the current quarter totaling $1.3 million (2017 - $1.0 million). 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 expense of $0.4 million for the quarter ended March 31, 2018 decreased by $1.6 million from comparable quarter prior year (2017 – net finance expense of $2.0 million). The decrease in expense was primarily due to $0.2 million unrealized gain recognized on derivative instrument in the current quarter while an unrealized loss of $1.3 million on derivative instrument was recognized in the comparative period in 2017.

TAX EXPENSE

Tax expense for the first quarter of 2018 was $3.1 million (2017 -$0.5 million), an increase of $2.6 million from the first quarter of 2017. The increase in the current quarter was primarily due to the reversal of the deferred income tax recovery as a result of the decline in the mark to market on the available for sale investment.

NET EARNINGS

Net earnings for the first quarter of 2018 amounted to $8.4 million ($0.05 earnings per diluted share), a decrease of $1.6 million in comparison to net earnings of $10.0 million ($0.06 earnings per diluted share) for the comparable quarter of 2017.

COMPREHENSIVE (LOSS) INCOME

The Company reported a comprehensive loss of $0.6 million in the current quarter (2017 – gain of $29.0 million income). The difference between Net Earnings and Comprehensive Income for the current quarter is attributable to a $9.0 million mark to market unrealized loss (net of tax) on the Company's available for sale investment (see "Liquidity and Capital Resources" for more details) (2017 - $19.0 million unrealized gain).

EXPLORATION ACTIVITIES

BROWNFEILDS EXPLORATION

Brownfields exploration in the first quarter has focused on generating high grade / underground targets beneath the known satellite deposits East Walcott and Mad Kiss. Remodeling of the geology, assisted by mapping in the open pits, suggests the presence of coherent higher grade shoots which will be targeted with drilling in the second quarter.

GREENFIELDS EXPLORATION

Wynamu

Drilling and trenching programs at Wynamu continued this quarter. Three more holes were completed, with a total of seven holes now drilled to date. Results are available for four out of seven holes drilled. Drill hole WYD-01 intercepted 12 meters at 2.67 g/t Au from 0m. Gold values range from 0.10 g/t Au to 16.9 g/t Au. Higher-grade intervals returned 5m at 6.08 g/t Au from 7m downhole (gold values range from 0.10 g/t Au to 16.9 g/t Au) and 2.5m at 11.73 g/t Au from 8m downhole (gold values range from 3.99 g/t Au to 16.9 g/t Au).

A ground magnetic survey has commenced during the second quarter of 2018, which will cover more than 50 line-km of the more significant gold anomalous trends.

Iroma

Drilling at Iroma got underway in late October 2017 and continued into 2018. Gold mineralization is associated with north-northwest trending shear zones along an 8.5 km central zone of anomalous gold. Five coherent gold zones were delineated along this northwest trending corridor. The drill program is focused to follow up on and test in bedrock significant results of saprolite drilling completed in 2013. Ten holes were drilled during the current quarter, for a total of seventeen holes since the start of the program in 2017 for total drilling of 3,721 meters.

Results are available for all seventeen holes drilled to date. Drill hole IRD-001 intercepted 14m at 1.04 g/t Au from 87m downhole. Gold values range from 0.08 g/t Au to 3.73 g/t Au. A higher-grade interval returned 4m at 1.90 g/t Au from 87m downhole. Gold values range from 0.48 g/t Au to 3.73 g/t Au. Drill hole IRD-002, drilled 40m to the southeast of IRD-001, intercepted 26m at 1.01 g/t Au from 64m downhole. Gold values range from 0.01 g/t Au to 4.84 g/t Au. Higher-grade intervals returned 7m at 2.47 g/t Au from 64m downhole (gold values range from 0.59 g/t Au to 4.84 g/t Au) and 2m at 3.69 g/t Au from 67m downhole (gold values range from 3.25 g/t Au to 4.14 g/t Au).

Drilling has intersected several broad zones of intense silica-ankerite-pyrite alteration. Gold mineralization is hosted in altered intermediate intrusives (quartz diorite) with minor quartz porphyries and felsic dikes. Several broad zones of pyritic shear zones were intersected both in drill testing and surface trenching. The shear zone is open laterally to the northwest and southeast of the current drilling area. Drilling will continue to test the mineralized zones along the 8.5 km gold anomalous trend.

An initial phase ground magnetic survey was recently completed. The grid survey measures roughly 6 km by 1.5 km and has covered the southeastern part of the gold anomalous zone. The second phase of ground magnetic survey will cover the northwest area.

Arangoy

Soil sampling conducted within the vicinity of the greenstone and intrusive lithological contact indicated a coherent gold anomaly in soils measuring roughly 1 km by 0.5 km. A trenching and drilling program is currently being planned to test the gold anomaly. Mobilization of exploration team and resources to Arangoy is underway for the second quarter 2018.

The potential grades and quantities referenced above are is conceptual in nature. There has been insufficient exploration to determine a mineral resource on any of the Company's greenfield projects and it is uncertain if further exploration will result in any such target being delineated as a mineral resource.

CAPITAL PROJECTS UPDATES

2018 OPTIMIZED LIFE OF MINE STUDY

On February 2, 2017, the Company issued a feasibility study entitled "Independent Technical Report Updated Feasibility Study, Aurora Gold Mine Project" with an effective date of December 31, 2016 (the "2017 Feasibility Study"), that reflected an expansion of the current processing facility from 5,600 tpd to 8,000 tpd based on a two-phased approach.

On February 20, 2018 the Company released an update on this study (the "2018 Optimized Life of Mine") ("LOM") which provides for smoother life-of-mine production and cost profiles while reducing overall capital, operating costs and further improving cash flows. Details of the optimization plan and comparison to the previously presented Feasibility Study can be found in the press release filed on SEDAR at www.sedar.com and the Company's website. The Optimized LOM plan was prepared by the Company with contributions from JDS Energy & Mining ("JDS") and has an effective date of December 31, 2017.

PROCESS FACILITY EXPANSION

The Company completed the Phase 1 mill expansion, which was designed to increase the hard rock throughput rate from 5,600 tonnes per day ("tpd") to 6,600 tpd, during the quarter. The first phase of the expansion was completed on time and slightly under budget. The expansion consisted of debottlenecking the back end of the circuit and included the addition of three leach tanks, a pre-leach thickener, carbon management systems and the expansion of the elution circuit. Due to additional retention time within the leaching circuit, the phase one mill expansion is already demonstrating increased recoveries by approximately 1% to an estimated average recovery of 92.5%. The original timeline for completion was by the first quarter of 2018 for a capital cost of $21 million.

Engineering and procurement of long lead-time items has commenced for the second phase of the mill expansion, which is expected to allow the processing of 7,500 tpd of hard rock ore and a further increase in recovery of 1% to 2% with the utilization of a pre-crushing circuit and ball mill from a previously purchased 1,000 tpd modular processing plant. Results from a series of bulk test work on expanding the pre-crushing capacity have been highly encouraging demonstrating an approximate 3% improvement in grind, as well as, an approximate 2% overall improvement in gold recovery. This expansion is expected to be completed by the end of the fourth quarter 2018 at a capital cost of $6 million as the majority of this capital has already been expended. The Company has awarded JDS Mining with the engineering and procurement for the second phase of the mill expansion.

UNDERGROUND MINING UPDATE

Following the positive results from accelerating selective underground mining from the 2018 Optimized Life of Mine study the Company has initiated the bidding process for the contract mining of the initial underground development with the objective of underground development commencing in the fourth quarter of 2018.

FINANCIAL CONDITION

		As at March 31, 2018		As at December 31, 2017
Current assets	**$**	**133,251**	$	125,745
Non-current assets		**340,188**		346,271
Total assets	**$**	**473,439**	$	472,016
Current liabilities	**$**	**34,389**	$	29,923
Non-current liabilities		**57,792**		61,107
Total liabilities		**92,181**		91,030
Shareholders' equity		**381,258**		380,986
Total liabilities and equity	**$**	**473,439**	$	472,016

The financial condition of the Company remains strong with a positive working capital balance of $98.9 million as at March 31, 2018. Current assets have increased by $7.5 million year to date to $133.3 million, due to increase in inventory and deposits with suppliers. Current liabilities increased by $4.5 million during the current quarter to $34.4 million driven by an increase in accounts payable and accrued liabilities. It should be noted that with the adoption of IFRS 9 Financial Instruments ("IFRS 9"), which was effective January 1, 2018 the marketable security investment was reclassified from current to non-current asset.

The most significant liability on the Company's balance sheet was the Company's 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 amounted 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. 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 March 31, 2018, $55 million of principal was outstanding under the New Facility (current portion of $20 million and non-current portion of $35 million).

Shareholders' equity has remained flat during the quarter, due to the decrease in fair value on the investment fair valued through other comprehensive income, offset by net earnings for the period.

LIQUIDITY & CAPITAL RESOURCES

The Company finished the quarter with a cash balance of $76.0 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 $5.7 million and scheduled principal debt repayments of $20.0 million over the next 12 months.

Operating Cash Flows

After working capital adjustments, the Company generated $18.9 million of operating cash flow during the first quarter compared to $16.9 million of operating cash flow in the corresponding period last year. The steady cash flow from operations is a combination of increased realized selling price, offset by fewer ounces sold during the quarter, as compared to the first quarter 2017.

Investing Activities

Cash used in investing activities was an outflow of $13.3 million for the first quarter, which related to investment in capital equipment and capitalization of deferred stripping costs. Cash outflow from investing activities for the first quarter of 2017 was $11.5 million.

Financing Activities

For the first quarter of 2018, total cash from financing activities was an outflow of $5.3 million compared to an outflow of $2.6 million in the first quarter of 2017. The difference in cash flows is a result of less proceeds from exercise of stock options as compared to the first quarter of 2017.

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 has $5.7 million o f capital commitments as at March 31, 2018.

The Company has entered into diesel swap contracts to mitigate risk associated with volatility in diesel price. The Company has not applied hedge accounting to these derivative contracts. The swap contracts are fair valued at each balance sheet date, with the movement in fair value recognized through "net finance income (expense)" in net earnings (loss). The mark-to-market fair values of all contracts is determined by using inputs that are observable and determined using standard valuation techniques. Derivative instruments are classified within Level 2 of the fair value hierarchy.

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

The following is a summary of the Company's commitments for diesel forward contracts at March 31, 2018:

Year		Contracted operating expenses	Number of litres hedged		Average rate per litre (US cents/litre)
2018	$	4,928	12,000,000	$	0.41
2019		8,104	18,000,000		0.45
2020		2,700	6,000,000		0.45
Total	$	15,732	36,000,000	$	0.44

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:

		March 31, 2018		December 31, 2017
Derivative asset, current	$	1,676	$	1,535
Derivative asset, non-current		1,417		1,334
Fair market value	$	**3,093**	$	2,869

SUMMARY OF QUARTERLY FINANCIAL RESULTS

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

		2018	2017				2016		
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Gold ounces produced		38,500	48,900	41,000	29,700	40,900	43,800	34,400	32,000
Gold ounces sold		38,000	48,000	39,000	30,000	40,700	45,500	33,300	36,600
Metal sales [A]	$	50,734	61,417	50,207	37,899	49,957	54,809	44,403	46,411
Cost of sales									
Production costs		23,232	20,767	23,195	22,726	21,003	20,320	16,615	19,167
Royalty		4,046	4,898	4,005	3,024	3,984	4,374	3,540	3,701
Depreciation		7,467	10,412	9,433	9,183	8,653	9,442	6,841	7,924
Total cost of sales	$	34,745	36,077	36,633	34,933	33,640	34,136	26,996	30,792
Earnings from mine operations		15,989	25,340	13,574	2,966	16,317	20,673	17,407	15,619
Other expenses (net) [B]		4,178	4,789	3,700	4,335	3,883	2,064	2,630	2,464
Net finance expense (income)		363	(1,008)	(639)	1,654	2,043	9,231	2,835	1,508
Deferred tax expense		3,058	7,523	4,364	106	453	5,973	3,021	4,005
Net earnings (loss)	$	8,390	14,036	6,149	(3,129)	9,938	3,405	8,921	7,642
Earnings (loss) per share:									
Basic	$	0.05	0.08	0.04	(0.02)	0.06	0.02	0.05	0.05
Diluted	$	0.05	0.07	0.04	(0.02)	0.06	0.02	0.05	0.05

[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 totaled 173,310,801. Options outstanding amounted to 6,097,512 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

[1] IFRS – International Financial Reporting Standards

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 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 March 31, 2018 unaudited consolidated interim statements of operations and comprehensive income (loss).

	Three Months ending March 31,			
		2018		**2017**
Production costs (Cash costs)	$	23,232	$	21,003
Divided by: Gold ounces sold		38,000		40,700
Total cash costs per ounce - before royalty	**$**	**611**	**$**	516
Cash costs – above	$	23,232	$	21,003
Add royalty costs		4,046		3,984
Total cash costs		27,278		24,987
Divided by: Gold ounces sold		38,000		40,700
Total cash costs per ounce	**$**	**718**	**$**	614

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 March 31, 2018 unaudited interim consolidated financial statements.

(in thousands of dollars except ounces and per ounce calculations)

	Three Months ending March 31,			
		2018		**2017**
Total cash cost - as above	$	27,278	$	24,987
Sustaining capital[1]		5,280		6,794
Corporate general and administrative expenses		2,859		2,894
Exploration and evaluation costs (sustaining)		420		293
Asset retirement obligation – accretion[2]		15		15
Realized (gain) on diesel forward contracts		(314)		54
All-in sustaining costs	$	35,538	$	35,037
Divided by: Gold ounces sold		38,000		40,700
All-in sustaining costs per ounce	**$**	**934**	**$**	**861**

(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 unaudited consolidated interim statements of operations and comprehensive (loss) income – See Note 16 to the unaudited consolidated interim financial statements for the three months ended March 31, 2018 and 2017

Operating cash flow per diluted share

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

		Three Months ending March 31,		
		2018		2017
Operating cash flow	$	18,928	$	16,918
Diluted weighted average number of common shares outstanding		**174,548,631**		174,491,678
Operating cash flow per diluted share	$	**0.11**	$	**0.10**

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 is a summary of existing and future material risks to the business of the Company. Each of Company's major risk factors are discussed in more detail in the Company's most recent Annual Information Form ("AIF") for the year ended December 31, 2017 filed on SEDAR (www.sedar.com) and on the Company's website.

The risks 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.

- 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
- Reliability of Resource and Reserve Estimates
- Uncertainty of Feasibility Study Results & Revisions to Estimates
- Mine Closure
- Limited History of Mineral Production
- Land Title

- Global Financial Conditions
- Competition May Hinder Corporate Growth
- Production and Cost Estimates
- Additional Capital
- Dilution
- Commodity Prices
- Indebtedness and Inability to Satisfy Repayment Obligations
- Interest Rate Fluctuations
- Exchange Rate Fluctuations
- Government Regulation
- Territorial Risk
- Political Risks
- 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
- Limited History of Earnings or Dividends
- Accounting Policies and Internal Control
- Proposed Transactions
- Related Party Transactions

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 2018; success, nature and timing of exploration and development activities; timing and anticipated costs and benefits of mill expansion and mine plan optimization 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; requirements for additional capital, mine expansion plans, underground development, 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 2018, 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 2018 and its anticipated consolidated cash flow forecast for 2018;
- 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 National Instrument 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, 2018

On February 20, 2018, 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 press release on the Company's website www.guygold.com and as www.sedar.com.

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.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 15 (Revenue Recognition)

The Company has adopted *IFRS 15 (Revenue from Contracts with Customers)* effective January 1, 2018 using the cumulative effect method; therefore, the comparative information has not been restated and continues to be reported under IAS 18 – Revenue ("IAS 18") and IAS 11 – Construction Contracts ("IAS 11").

The Company concluded that no adjustments were required to its opening accumulated deficit and no changes were required in the amounts of revenue recognized or in the timing of revenue recognition as a result of the adoption of IFRS 15. Due to the nature of the Company's sales, the timing of revenue recognition did not change as a result of adopting IFRS 15. Results would have been the same under either IAS 18 or IFRS 15 for the periods presented in these condensed interim consolidated financial statements. There was no impact on equity as at January 1, 2018 and no changes in the timing or measurement of revenue resulted from the adoption of IFRS 15.

Accordingly, the information presented for 2017 is not restated but certain additional disclosures have been made:

1. Nature of goods and services

The Company enters into contracts with one customer (a select financial institution) to sell its gold on a per shipment basis.

2. Timing of satisfaction of performance obligations

The customer obtains control of gold when it has been deposited into the customer's account with the refinery approved by the customer. From time to time, the Company chooses to sell its gold in the form of gold doré bars to the same customer. The customer obtains control of gold when gold doré bars are dispatched from the mine. The Company provides a written sales confirmation to the customer and an irrevocable request to the refinery to deposit further refined gold to the customer's vault at the same refinery.

3. Significant payment terms and contract balances

The sales price is fixed based on the gold spot price agreed with the customer. The payments are due and collected when the customer obtains control of gold. There is no outstanding receivable balance from the customer as at March 31, 2018 (2017 - $nil).

4. Disaggregation of revenue

The Company has only one operating mine and sells only gold at a point in time to only one customer in one country as its only source of revenue. Therefore, no disaggregation is required.

5. Assets recognized to obtain or fulfill a contract

No assets were recognized to obtain or fulfill a contract.

6. Significant judgements in the application of the standard

Areas of significant judgements are only present when the Company sells gold in the form of gold doré bars. The assumptions include assays on the gold doré bars shipped to the refinery are not materially different than final assays when gold doré bars are refined and the refinery will transfer gold doré bars over to the customer as promised. There has been no history in the past suggesting the assumptions are not valid.

As a result of the adoption of IFRS 15, the Company's accounting policy for revenue recognition has been updated as follows:

Revenue from the sale of gold is measured based on the agreed gold price related to spot gold price specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of its gold over to a customer, either in the form of refined gold or gold doré bars, and no further performance obligation is required from the Company

IFRS 9 (Financial Instruments)

The Company has adopted IFRS 9 effective January 1, 2018 and elected not to retroactively restate comparative periods. The adoption of this standard did not have an impact on the Company's consolidated financial statements but resulted in marketable securities being presented as "non-current asset" and certain additional disclosures. There was no impact on carrying values and equity as at January 1, 2018 as a result of the adoption of the standard and no measurement differences as a result of adopting IFRS 9.

The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The adoption of the expected credit loss impairment model had no impact on the Company's financial statements. The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	IAS 39	IFRS 9
Cash and cash equivalents	Fair value through profit or loss	Fair value through profit or loss
Restricted cash	Fair value through profit or loss	Fair value through profit or loss
Accounts receivables	Loans and receivables, measured at amortized cost	Amortized cost
Marketable securities	Fair value through other comprehensive income	Financial asset at fair value through other comprehensive income
Accounts payable and accrued liabilities	financial liabilities, measured at amortized cost	Amortized cost
Long-term debt	financial liabilities, measured at amortized cost	Amortized cost
Derivative assets and liabilities	Fair value through profit or loss	Fair value through profit or loss

As a result of the adoption of IFRS 9, the Company's accounting policy for financial instruments has been updated as follows:

1. Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVOCI). The Company determines the classification of its financial assets at initial recognition.

(1.1) FVTPL

Financial assets are classified at FVTPL if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in net earnings or loss.

(1.2) Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's accounts receivables are recorded at amortized cost as they meet the required criteria. A provision is recorded when the estimated recoverable amount of the financial asset is lower than the carrying amount.

At each statement of financial position date, the Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. When sold or impaired, any accumulated fair value adjustments previously recognized are included in profit or loss.

(1.3) FVOCI

For equity securities that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVOCI, with all subsequent changes in fair value being recognized in other comprehensive income ("OCI"). This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI while dividends are recognized in profit or loss. On disposal of the investment, the cumulative fair value change remains in OCI and is not recycled to net earnings or loss.

(1.4) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

2. Financial liabilities

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities. Accounts payable and accrued liabilities, as well as long-term debt are accounted for at amortized cost.

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability. The amortization of debt issue costs is calculated using the effective interest method.

(2.1) Derivative financial instruments

The Company may hold derivative financial instruments to hedge its risk exposure to fluctuations in commodity prices, including the Company's final product, consumables and other currencies compared to the USD. Derivative financial instruments are measured at fair value at each reporting period.

(2.2) Non-hedged derivative financial instruments

All derivative instruments not designated in a hedge relationship that qualifies for hedge accounting are classified as financial instruments at FVTPL. Changes in fair value of non-hedged derivative financial instruments are included in net earnings or loss as non-hedged derivative gains or losses.

Recent Accounting Pronouncements

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

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:

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.

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.

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 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. Refer to Note 19 in the consolidated financial statements for the years ended December 31, 2017 and 2016 for significant components of the Company's deferred tax assets and liabilities.

Asset retirement obligation

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.

Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur.