GUYANA GOLDFIELDS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FIRST QUARTER ENDED 31 MARCH 2020

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in thousands of U.S. Dollars)

			March 31, 2020		December 31, 2019
ASSETS					
Current assets					
Cash and cash equivalents	(Note 3)	**$**	**15,501**	$	22,108
Accounts receivable, prepaid expense and other assets	(Note 4)		**3,347**		4,763
Deposits with suppliers			**1,183**		2,229
Inventories	(Note 5)		**41,052**		34,952
Total current assets			**61,083**		64,052
Non-current assets					
Restricted cash			**148**		148
Mineral properties, plant and equipment	(Note 7)		**95,681**		95,511
Other non-current assets			**4,383**		3,913
Total assets		**$**	**161,295**	$	163,624
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	(Note 8)	**$**	**23,611**	$	27,247
Restructuring provision			**4,578**		4,343
Current portion of lease obligations	(Note 9)		**623**		1,034
Total current liabilities			**28,812**		32,624
Non-current liabilities					
Asset retirement obligations			**6,445**		6,609
Lease obligations	(Note 9)		**1,637**		2,156
Share based compensation liability	(Note 10)		**215**		318
Total liabilities		**$**	**37,109**	$	41,707
EQUITY					
Share capital		**$**	**503,600**	$	503,600
Contributed surplus			**35,101**		35,101
Accumulated deficit			**(414,515)**		(416,784)
Total equity		**$**	**124,186**	$	121,917
Total liabilities and equity		**$**	**161,295**	$	163,624

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Going concern (Note 2)
Commitments and contingencies (Note 15)
Subsequent events (Note 22)

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited - Expressed in thousands of U.S. Dollars, except share and per share amounts)

		Three months ended March 31,			
			2020		2019
Revenues					
Metal sales		**$**	**38,620**	$	49,679
Cost of sales					
Production costs			**26,222**		32,060
Royalty			**3,069**		3,963
Depreciation			**4,013**		13,645
Total cost of sales			**33,304**		49,668
Corporate general and administrative expenses	(Note 11)		**2,035**		3,609
Corporate development expenses			**224**		-
Exploration and evaluation expenses			**243**		293
Restructuring expenses			**393**		592
Net finance expense (income)	(Note 12)		**187**		(2,249)
Net other (gain) expense	(Note 13)		**(35)**		316
Earnings (loss) before tax			**2,269**		(2,550)
Deferred tax recovery			**-**		(261)
Net earnings (loss)			**2,269**		(2,289)
COMPREHENSIVE INCOME (LOSS)		**$**	**2,269**	$	(2,289)
Net earnings (loss) per share					
Basic		**$**	**0.01**	$	(0.01)
Diluted		**$**	**0.01**	$	(0.01)
Weighted average number of shares outstanding (Note 17)					
Basic			**174,564,184**		173,530,802
Diluted			**174,983,054**		173,530,802

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in thousands of U.S. Dollars)

		Three months ended March 31,			
			2020		2019
Cash provided by (used in)					
Operating cash flows					
Net earnings (loss)		**$**	**2,269**	$	(2,289)
Items not involving cash:					
Depreciation			**4,351**		11,175
Deferred tax recovery			**-**		(261)
Unrealized foreign exchange (gain) loss	(Note 13)		**(465)**		347
Unrealized gain on derivative instrument			**-**		(2,293)
Interest expense on long-term debt	(Note 12)		**-**		638
Deferred financing amortization expense	(Note 12)		**-**		92
Loss on disposal of assets	(Note 13)		**253**		-
Other non-cash gains			**(57)**		(37)
Share-based compensation			**(103)**		(801)
Change in operating working capital balances:					
Change in inventory			**(6,100)**		5,625
Accounts receivable, prepaid expense and other assets			**1,416**		(993)
Accounts payable and accrued liabilities			**(6,682)**		4,069
Change in other non-current assets			**(470)**		152
Total cash (used in) provided by Operations		**$**	**(5,588)**	$	15,424
Investing cash flows					
Additions to mineral properties, plant and equipment			**(728)**		(19,081)
Deposits with suppliers for capital expenditures			**-**		570
Funding of restricted cash			**-**		(17)
Total cash used in Investing		**$**	**(728)**	$	(18,528)
Financing cash flows					
Repayment of loan facility			**-**		(5,000)
Interest on loan facility			**-**		(638)
Repayment of lease obligations	(Note 9)		**(291)**		-
Total cash used in Financing		**$**	**(291)**	$	(5,638)
Net change in cash and cash equivalents		**$**	**(6,607)**	$	(8,742)
Cash and cash equivalents, beginning of period			**22,108**		81,988
Cash and cash equivalents, end of period	(Note 3)	**$**	**15,501**	$	73,246

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Supplemental cash flow information (Note 21)

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in thousands of U.S. Dollars)

	Three months ended March 31,	
	2020	2019
Share capital		
Balance, beginning of period	**$ 503,600**	$ 504,553
Balance, end of period	**503,600**	504,553
Contributed surplus		
Balance, beginning of period	**35,101**	34,283
Share-based compensation	**-**	96
Balance, end of period	**35,101**	34,379
Deficit		
Balance, beginning of period	**(416,784)**	(153,444)
Net earnings (loss) for the period	**2,269**	(2,289)
Balance, end of period	**(414,515)**	(155,733)
Total equity	**$ 124,186**	$ 383,199

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

We are a company domiciled in Canada and were incorporated on December 12, 1994, under the Canadian Business Corporations Act. Our shares are publicly traded on the Toronto Stock Exchange (TSX: GUY). Our head office is registered at 375 University Avenue, Suite 802, Toronto, Ontario, Canada.

Guyana Goldfields Inc. and our wholly owned subsidiaries are engaged in the acquisition, exploration, development and operation of precious metal mineral properties, principally in Guyana, South America. Our primary asset is the wholly owned Aurora Gold Mine, located in Guyana South America.

2. BASIS OF PRESENTATION, GOING CONCERN, AND SIGNIFICANT ACCOUNTING POLICIES

(a) Going concern and statement of compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 Interim Financial Reporting applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

These condensed interim consolidated financial statements do not include all disclosures required by IFRS for annual audited consolidated financial statements and accordingly should be read in conjunction with our annual consolidated financial statements for the year ended December 31, 2019. These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 28, 2020.

For the quarter ended March 31, 2020, Guyana Goldfields Inc. reported net earnings of $2.3 million, an accumulated deficit of $414.5 million, positive working capital of $32.3 million and cash outflow of $5.6 million used in operating activities.

In the fourth quarter of 2019, we commenced a process to evaluate additional financing options to fund ongoing working capital requirements and the continued development of our underground mine. Existing cash and cash equivalents of $15.5 million as at March 31, 2020 is not sufficient to meet our funding needs required to continue to fund ongoing operations and complete the construction of the underground mine for the next twelve months. In addition, subsequent to March 31, 2020 the Company's mine operation will enter into a period of care and maintenance, resulting in additional expenses to be incurred by the Company, including an estimated $3.2 million in redundancy. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. See Note 22 - Subsequent events for additional information.

Management considered various financing alternatives, including issuance of new equity or debt instruments. During 2020, we started exploring strategic alternatives, in addition to the evaluation of financing options, including consideration of a corporate transaction. On April 26, 2020 we entered into an Arrangement Agreement (the "Arrangement Agreement") with Silvercorp Metals Inc. ("Silvercorp"), as amended on May 16, 2020, whereby Silvercorp will acquire all of the issued and outstanding shares of the Company, not already owned by Silvercorp, by way of a plan of arrangement under the Canada Business Corporation Act, inclusive of a bridge loan facility agreement, which could provide up to $15 million liquidity with a defined use of proceeds related to ongoing operations, as well as for certain working capital and general corporate purposes. However, the bridge loan facility agreement will not be sufficient to fund operations, additional care and maintenance costs as well as the continued development for the next twelve months. The transaction is subject to customary provisions and is subject to regulatory approvals as well as approval of our shareholders. There is no assurance that these initiatives will be successful. See Note 22 - Subsequent events for additional information.

Our ability to continue as a going concern is dependent upon our ability to secure the additional financing and close the corporate transactions in order to fund our ongoing operations and continue development of our underground mine and generate positive cash flows from operations in future periods. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

(b) Functional and presentation currency of presentation

These unaudited condensed interim consolidated financial statements are presented in United States dollars, which is the functional currency of Guyana Goldfields Inc. and all our subsidiaries. All financial information presented in United States dollars has been rounded to the nearest thousand. Some figures in these statements have been expressed in Canadian Dollars (Cdn$) for information purposes and have been denoted as such.

(c) Critical accounting estimates and judgments

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. Areas of judgement that have the most significant effect on the amounts recognized in the financial statements are disclosed in Note 4 of the Company's consolidated financial statements for the year ended December 31, 2019, except for those noted below.

In December 2019, a novel strain of coronavirus ("COVID-19") emerged in Wuhan, China. Since then, it has spread to several other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic.

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and globally could have an adverse impact on our business, operations and financial results, including reduced production and sales of gold, delays and deferrals in obtaining financing, closing a corporate transaction, continued development of our underground mine, as well as other constraints on operations that may arise from further deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on our business, operations or financial results; however, the impact could be material. We are continuing to manage and respond to COVID-19 with recommendations of health authorities, local and national regulatory requirements.

(d) Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those used in our audited consolidated financial statements for the year ended December 31, 2019.

3. CASH AND CASH EQUIVALENTS

At March 31, 2020, we held $15.5 million of cash (December 31, 2019 - $22.1 million) with approximately $14.8 million (December 31, 2019 - $21.7 million) denominated in United States dollars, with the remaining predominantly in Canadian dollars. Cash is deposited primarily in Canadian chartered banks and financial institutions.

4. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND OTHER ASSETS

		March 31, 2020		December 31, 2019
Accounts receivable and other receivables	**$**	**545**	$	1,180
Value added tax		**1,526**		1,272
Prepaid expenses		**1,276**		2,311
Total	**$**	**3,347**	$	4,763

Value added taxes consist mainly of the balance owing from the Government of Guyana, which we expect to collect within twelve months. During the first quarter of 2020, the value added tax receivable was written down by $0.2 million (December 31, 2019 - $1.8 million). The $0.2 million write-down was recorded against accounts receivable, prepaid expenses and other assets. During 2019, out of the total

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

$1.8 million written down, $1.3 million was recorded against other non-current assets and the remaining $0.5 million was recorded against accounts receivable, prepaid expenses and other assets. As at March 31, 2020, total net value added taxes owed by the Government of Guyana is $4.3 million, of which $2.7 million is included within other non-current assets. We continue to believe the total value added tax receivable remains owing by the Guyanese Government and will pursue the full recovery of all amounts outstanding. Recent payment history has indicated that it may be unlikely that the full balance will be recoverable, and we have recorded a write-down in the first quarter of 2020 in production costs of $0.2 million reflecting management's best estimate of the recoverable amount net of cost to recover.

5. INVENTORIES

		March 31, 2020		December 31, 2019
Ore stockpiled	**$**	**1,356**	$	1,270
In-circuit		**4,487**		3,887
Finished goods		**2,995**		317
Materials and supplies		**32,214**		29,478
Total	**$**	**41,052**	$	34,952

The amount of depreciation included in inventory at March 31, 2020 is $1.1 million (December 31, 2019 - $0.8 million). The cost of inventories expensed and included in total cost of sales for the current quarter was $26.0 million (Q1-2019: $34.7 million).

During the current quarter, there was $nil recorded (Q1-2019: $1.4 million) in amounts written down on ore stockpiled, in-circuit inventory and finished goods to their net realizable amount. The write-down in the first quarter of 2019 was recorded in production costs.

We recorded $1.4 million write-down (Q1-2019: $nil) during the quarter against materials and supplies inventory. The write-down in the current quarter was recorded in production costs. As at the end of March 31, 2020, the accumulated write-down amount on materials and supplies inventory was $7.7 million (December 31, 2019: $6.3 million).

6. DERIVATIVE INSTRUMENTS

During the current quarter, we entered into a gold price swap contract for 10,000 oz gold and settled it within the same quarter. We recorded $0.2 million loss on this contract during the first quarter of 2020. See Note 12 for all gain/loss recorded on derivative instruments recorded during the current quarter and the same comparative period in 2019.

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

7. MINERAL PROPERTIES, PLANT AND EQUIPMENT

	Assets under construction	Mineral properties	Buildings, plant and mobile equipment	Right-of-use assets	Total
Cost					
At December 31, 2018	$ 19,169	$ 132,930	$ 271,437	$ -	$ 423,536
IFRS 16 adjustments	-	-	-	1,229	1,229
Additions	1,491	49,797	10,902	1,535	63,725
Increase in ARO	-	2,181	-	-	2,181
Transfers (out) in	(11,847)	-	11,847	-	-
Disposals	-	-	(4,967)	(330)	(5,297)
At December 31, 2019	$ 8,813	$ 184,908	$ 289,219	$ 2,434	$ 485,374
Additions	189	4,742	-	-	4,931
Transfers (out) in	(1,659)	837	822	-	-
Disposals	-	-	-	(366)	(366)
At March 31, 2020	**$ 7,343**	**$ 190,487**	**$ 290,041**	**$ 2,068**	**$ 489,939**
Accumulated depreciation					
At December 31, 2018	$ -	$ 32,308	$ 82,846	$ -	$ 115,154
Depreciation	-	16,040	24,293	791	41,124
Disposals	-	-	(1,312)	(60)	(1,372)
Asset impairments	8,286	96,601	128,873	1,197	234,957
At December 31, 2019	$ 8,286	$ 144,949	$ 234,700	$ 1,928	$ 389,863
Depreciation	-	2,613	1,840	55	4,508
Transfers (out) in	(1,169)	1,039	130		-
Disposals	-	-	-	(113)	(113)
At March 31, 2020	**$ 7,117**	**$ 148,601**	**$ 236,670**	**$ 1,870**	**$ 394,258**
Net book value					
At December 31, 2019	$ 527	$ 39,959	$ 54,519	$ 506	$ 95,511
At March 31, 2020	**$ 226**	**$ 41,886**	**$ 53,371**	**$ 198**	**$ 95,681**

At March 31, 2020, the underlying asset class for all the right-of-use assets recorded is “buildings, plant and mobile equipment”.

An impairment test was carried out in accordance with the requirements under IAS 36 and no impairment loss was required to be recorded at March 31, 2020.

During the current quarter, we capitalized $nil (Q1-2019: $13.6 million) of deferred stripping costs and $5.0 million (Q1-2019: $nil) of underground development costs to mineral properties, respectively.

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	March 31, 2020	December 31, 2019
Accounts payable	**$** 15,584	$ 15,319
Payroll liabilities	1,314	1,515
Accrued liabilities	6,025	9,456
Others	688	957
Total	**$ 23,611**	$ 27,247

9. LEASE OBLIGATION

Our lease obligation consists of the following as at March 31, 2020:

Movement in Lease Obligation	
Balance, December 31, 2018	$ -
IFRS 16 adjustments	1,229
Addition during 2019	3,256
Lease terminated during 2019	(330)
Interest expense	36
Payments during 2019	(1,001)
Lease obligation as at December 31, 2019	**$ 3,190**
Accretion	22
Lease terminated	(661)
Payment during 2020	(291)
Lease obligation as at March 31, 2020	**$ 2,260**
Less: Current portion	**623**
Non-current portion as at March 31, 2020	**$ 1,637**

We make variable lease payments to STRACON S.A. ("Stracon"). During the first quarter of 2020, we recorded $2.0 million (Q1-2019: $4.3 million) expense respectively on Stracon's mining contract, which was priced at a fixed cost per tonne of material mined and a fixed overhead component based on the volume of material mined. During the fourth quarter of 2019, we amended the end date in the Stracon contract to May 5, 2020. As a result, we derecognized $0.7 million (Q1-2019: $nil) lease obligation associated with Stracon contract during the current quarter.

The balance of lease obligation at March 31, 2020 relates to office leases. Two office spaces were sublet in 2019 and the balance of the lease receivables were $1.8 million (Dec. 31, 2019: $1.8 million), of which

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

$1.3 million (Dec. 31, 2019: $1.3 million) was included in other non-current assets and $0.5 million (Dec. 31, 2019: $0.5 million) was included in other receivables.

The schedule of undiscounted lease payment obligations is as follows:

		Leases
Less than one year	$	701
One to five years		2,119
More than five years		58
Total undiscounted obligations as at March 31, 2020	**$**	**2,878**

10. SHARE-BASED COMPENSATION

The following share-based payments have been recognized in the consolidated statements of comprehensive loss:

		Stock option plan (equity settled)		RSU plan (cash settled)		DSU plan (cash settled)		Total
Production costs	$	-	$	(55)	$	-	$	(55)
Corporate administration		-		6		(135)		(129)
Three months ended March 31, 2020	**$**	**-**	**$**	**(49)**	**$**	**(135)**	**$**	**(184)**

		Stock option plan (equity settled)		RSU plan (cash settled)		DSU plan (cash settled)		Total
Production costs	$	9	$	(94)	$	-	$	(85)
Corporate administration		85		(94)		(162)		(171)
Restructuring expense		-		(545)		-		(545)
Exploration and evaluation		2		(2)		-		-
Three months ended March 31, 2019	**$**	**96**	**$**	**(735)**	**$**	**(162)**	**$**	**(801)**

(a) Stock option plan

The stock option plan of the Company (the “Option Plan”) was approved by the shareholders on May 15, 2015, amended and restated as of February 4, 2016. The exercise price of stock options granted in accordance with the plan will be not less than the closing price of the common shares on the trading day immediately prior to the effective date of grant. All option exercises are settled in our shares.

During the current quarter, Cdn$0.8 million (Q1-2019: $nil) of stock options were granted to key executives but the number of units to be awarded could not be determined as the Company was and continues to be in a blackout period under our Insider Trading Policy. The table below does not reflect the number of options which would be associated with these grants.

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

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

	Number of options
At December 31, 2018	5,366,678
Forfeited	(1,745,502)
Expired	(2,030,506)
At December 31, 2019	**1,590,670**
Forfeited	(15,000)
Expired	(1,226,668)
At March 31, 2020	**349,002**

(b) Share unit plans

During the current quarter, an additional 208,458 Restricted share units (“RSUs”) (Q1-2019: 89,745 RSUs) and nil Deferred Share Units (“DSUs”) (Q1-2019: 7,072 DSUs) were issued to the key employees.

In addition to the 208,458 RSUs issued during the current quarter, Cdn$0.8 million in Restricted Performance Share Units (“RPSUs”), Cdn$0.3 million in RSUs, Cdn$0.1 million in DSUs were granted to key employees and directors but the number of units could not be determined as the Company was and continues to be in a blackout period under our Insider Trading Policy. The table below does not reflect the number of RSUs and DSUs which would be associated with these grants.

Share unit liabilities are:

		March 31, 2020		December 31, 2019
RSUs	**$**	**105**	$	154
DSUs		**138**		273
Total		**243**		427
Less: current portion		**28**		109
Non-current portion	**$**	**215**	$	318

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

Changes to the number of share units are:

	RSU plan (cash settled)	DSU plan (cash settled)
Outstanding units, December 31, 2018	**1,192,303**	**338,181**
Granted	977,280	272,887
Settled	(347,125)	(82,500)
Forfeited	(942,766)	-
Outstanding units, December 31, 2019	**879,692**	**528,568**
Granted	208,458	-
Settled	(66,428)	(110,000)
Forfeited	(348,847)	-
Outstanding units, March 31, 2020	**672,875**	**418,568**

11. CORPORATE GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31	
	2020	2019
Shareholder activism	**$ -**	$ 2,068
Salaries and benefits (including share-based payments)	**1,064**	717
Professional fees	**883**	409
Office, administration and other	**22**	230
Shareholder related fees	**29**	92
Depreciation	**37**	93
Total corporate general and administrative expenses	**$ 2,035**	$ 3,609

12. NET FINANCE INCOME (EXPENSE)

	Three months ended March 31	
	2020	2019
Fair value loss (gain) on derivatives, net	**$ 165**	$ (2,979)
Deferred financing amortization expense	**-**	92
Interest expense on long-term debt	**-**	638
Interest expense on lease obligations	**22**	-
Total finance income, net	**$ 187**	$ (2,249)

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

13. NET OTHER (INCOME) EXPENSE

	Three months ended March 31			
		2020		2019
Realized foreign exchange loss (gain)	**$**	**93**	$	(273)
Loss on disposal of asset		**253**		-
Other expense, net		**84**		242
Unrealized foreign exchange (gain) loss		**(465)**		347
Total other expense, net	**$**	**(35)**	$	316

14. INCOME TAXES

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

At March 31, 2020, net deferred tax liability of $nil (December 31, 2019: $nil) has been recognized.

Given the projection of income as well as the current taxable temporary difference balances, the recoverability of the deferred tax assets is not probable and consequently no deferred tax asset has been recognized at March 31, 2020.

15. COMMITMENTS AND CONTINGENCIES

a) The Company has capital commitments of $1.6 million which is expected to be paid during 2020, including a commitment related to Rubis.

b) During July 2019, the Company entered into a fuel consignment agreement with Rubis Guyana Inc. ("Rubis") for the next five years. Aurora mine will reimburse Rubis $1.1 million replacement cost of the equipment installed if this agreement is terminated. This has been included in the $1.6 million commitments in (a) above.

c) Restructuring provisions include certain provisions subject to estimation uncertainty. We exercise judgement to determine whether to recognize provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation. Judgment is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise. Such amounts included within restructuring provision represents our best estimate where such amounts can be reliably estimated. In addition to the amount included in restructuring provision, we are subject to certain claims from former employees. Due to inherent uncertainties, no accurate quantification of any cost, or timing of such cost, which may arise from any of these proceedings can be made at the current time.

d) On June 17, 2019, two parties (the Plaintiffs) issued a statement of claim in Ontario claiming general damages of Cdn$5 million and punitive damages of Cdn$0.5 million. The primary allegation in the claim is that the Company trespassed onto certain lands owned by the Plaintiffs in Guyana and drilled for samples. The Plaintiffs also allege that the Company misrepresented having rights to the Plaintiffs' property. The Company filed a statement of defense on December 20, 2019. Effective February 19, 2020, the parties entered into a standstill agreement while they negotiate a potential settlement. The standstill remains in effect and the litigation is on hold. It is not possible at this time to predict an outcome of this negotiation.

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

e) A statement of claim was filed with the Ontario Superior Court of Justice on March 18, 2020 (Ian Mcdonald v. Guyana Goldfields Inc. and Scott Caldwell) to commence a proposed class action lawsuit against us and our former President and Chief Executive Officer, Scott Caldwell. The representative plaintiff named in the statement of claim is seeking an unspecified amount of damages for certain alleged misrepresentations made by us in our public disclosure during the period from December 14, 2017 to October 30, 2019. We intend to vigorously defend the claim. It is not possible at this time for us to predict an outcome of the class action proceedings.

16. RELATED PARTY TRANSACTIONS

We have identified all members of the Board of Directors and certain senior officers as our key management personnel. Remuneration of our key management personnel was as follows:

	Three months ended March 31			
		2020		2019
Compensation – salaries and related benefits	**$**	**943**	$	729
Share-based compensation		**(140)**		(93)
Total	**$**	**803**	$	636

17. EARNINGS (LOSS) PER SHARE (EPS)

	Three months ended March 31	
	2020	**2019**
Net earnings per share		
Basic EPS	**$ 0.01**	$ (0.01)
Diluted EPS	**$ 0.01**	$ (0.01)
Net profit (loss) used in the calculation of basic EPS	**$ 2,269**	$ (2,289)
Weighted average number of shares outstanding		
Weighted average number of common shares for the purpose of basic EPS (in 000s)	**174,564**	173,531
Effect of dilutive share options/DSUs	**419**	-
Weighted average number of common shares outstanding for the purpose of diluted EPS (in 000s)	**174,983**	173,531

The determination of weighted average number of common shares for the purpose of diluted EPS excludes nil (Q1-2019: 338,363) shares relating to DSUs that were anti-dilutive for the year.

18. SEGMENTED INFORMATION

At March 31, 2020, our operations comprise a single reporting operating segment engaged in mineral exploration, development and production in Guyana. As the operations comprise a single reporting segment, amounts disclosed in the condensed interim consolidated financial statements also represent segment amounts.

The following segmented supplemental information is provided to describe our activities as they pertain to operations, exploration and corporate overhead:

For the three months ended March 31, 2020	**Aurora operations**	**Exploration**	**Corporate and others**	**Total**
Revenue	$ 38,620	$ -	$ -	$ 38,620
Cost of sales	33,304	-	-	33,304
	5,316	-	-	5,316
Corporate administrative	262	-	1,773	2,035
Corporate development	-		224	224
Exploration and evaluation	168	75	-	243
Restructuring expenses	-	-	393	393
Finance expense (income)	1,163	-	(976)	187
Other expense (income)	144	-	(179)	(35)
Net earnings (loss)	$ 3,579	$ (75)	$ (1,235)	$ 2,269

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

For the three months ended March 31, 2019		**Aurora operations**		**Exploration**		**Corporate and others**		**Total**
Revenue	$	49,679	$	-	$	-	$	49,679
Cost of sales		49,668		-		-		49,668
		11		-		-		11
Corporate administrative		248		-		3,361		3,609
Exploration and evaluation		113		180		-		293
Restructuring expenses		-		-		592		592
Finance income		(2,249)		-		-		(2,249)
Other expense		254				62		316
Deferred tax recovery		(261)		-		-		(261)
Net earnings (loss)	$	1,906	$	(180)	$	(4,015)	$	(2,289)

19. LIQUIDITY RISK

Liquidity risk is the risk that we will not have sufficient cash resources to meet our financial obligations as they come due. As described in note 2, we evaluated various financing and strategic alternatives in order to mitigate our liquidity risk and to be able to settle our obligations as they come due. As part of the Arrangement Agreement, Silvercorp will extend a $15 million Bridge Loan Facility to us to facilitate liquidity until the Arrangement closes, subject to certain conditions precedent to drawdown being met; however, this loan will not be sufficient to fund operations and continued development for the next twelve months. Taking into consideration our current cash position, volatile equity markets, and global uncertainty in the capital markets inclusive of the COVID-19 impact occurring subsequent to year-end, we are continually reviewing expenditures and forecasted cash flows to mitigate our liquidity risk.

The following table outlines the expected maturity of our significant financial liabilities into relevant maturity groupings.

March 31, 2020	**Due within 1 year**	**Due between 1 and 5 years**	**Due past 5 years**	**Total**
Accounts payable and accrued liabilities	23,611	-	-	**23,611**
Restructuring provision	4,578	-	-	**4,578**
Lease obligation	701	2,119	58	**2,878**
Share based compensation liability	-	215	-	**215**
Total	28,890	2,334	58	**31,282**

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

December 31, 2019	Due within 1 year	Due between 1 and 5 years	Due past 5 years	Total
Accounts payable and accrued liabilities	27,247	-	-	**27,247**
Restructuring provision	4,343	-	-	**4,343**
Lease obligations	1,097	2,477	233	**3,807**
Share based compensation liability	-	318	-	**318**
Total	32,687	2,795	233	**35,715**

Our future operating cash flow and cash position are highly dependent on gold prices, as well as other factors. Taking into consideration our current cash position, volatile equity markets, and global uncertainty in the capital markets, we are continually reviewing expenditures and assessing business opportunities to enhance liquidity in order to ensure adequate liquidity and flexibility to support our strategy, while continuing production at our current operation. A period of continuous low gold prices may necessitate the deferral of capital expenditures which may impact development work and project completion, as well as production from mining operations. In addition, in such a price environment, we may be required to adopt one or more alternatives to increase liquidity. We regularly evaluate our overall cash position and forecasted cash flows to ensure preservation and security of capital as well as maintenance of liquidity. Forecasting takes into consideration our debt financing (if any), covenant compliance and internal liquidity targets.

20. FAIR VALUES OF FINANCIAL INSTRUMENTS

The following table sets forth our financial assets and liabilities that are measured at fair value on a recurring basis by level within the fair value hierarchy. Levels 1 to 3 of the fair value hierarchy are defined based on the degree to which fair value inputs are observable or unobservable, as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable (supported by little or no market activity).

		March 31, 2020		December 31, 2019	
	Level	**Carrying value**	**Fair value**	Carrying value	Fair value
Amortized cost					
Restricted cash	1	**148**	**148**	148	148
Financial liabilities fair valued through profit and loss					
Share unit plans	2	**243**	**243**	427	427

(Unaudited - Expressed in thousands of U.S. Dollars, unless otherwise indicated)

During the quarter, there were no transfers between Level 1 and Level 2 fair value measurements. We do not have any financial assets or liabilities that are fair valued based on unobservable inputs (Level 3).

21. SUPPLEMENTARY CASH FLOW INFORMATION

	Three months ended March 31	
	2020	2019
Change in accounts payable and accrued liabilities consist of:		
Changes in trade payable and accrued liabilities	$ **(3,401)**	$ 5,902
Changes in accounts payable relating to mineral properties, plant and equipment	**(3,281)**	(1,833)
Total change in accounts payable and accrued liabilities	$ **(6,682)**	$ 4,069

Included in the consolidated statement of cash flows for the three months ended March 31, 2019 is a reclassification in the amount of $1.8 million between the cash used in investing activities (addition to mineral properties, plant and equipment) and cash provided by operating activities (the change in accounts payable and accrued liabilities).

Included in the Additions to mineral properties, plant and equipment movement in the consolidated cashflow for the current quarter ended March 31, 2020 is an amount $1.0 million relating to the non-cash movement in Deposits with Suppliers for capital expenditures which is excluded from the Additions to mineral properties, plant and equipment.

22. SUBSEQUENT EVENTS

a) Corporate Transaction

Initial Arrangement

On April 26, 2020 we entered into the Arrangement Agreement with Silvercorp (TSX: SVM, NYSE: SVM) pursuant to which Silvercorp will acquire all of our issued and outstanding common shares (the "Transaction") not already owned by Silvercorp. Each of our shareholder will be entitled to receive total consideration of Cdn$0.60 for each common share held. The holders of our common shares would receive, at their election and subject to maximum pools and pro-ration, consideration comprised of cash and Silvercorp common shares. If full pro-ration is assumed, each shareholder would receive Cdn$0.20 per share in cash with the remaining consideration to be comprised of Cdn$0.40 per share in common shares of Silvercorp. The agreement includes customary provisions and is subject to the satisfaction of certain closing conditions, including the approval of our shareholders. The Transaction is expected to be completed by way of a court approved Plan of Arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The shareholder meeting to approve this Transaction is anticipated to be held in late June with closing shortly after. The implied equity value of the Transaction is Cdn$104.7 million.

In addition, on April 26, 2020, Silvercorp provided us with a $15.0 million Bridge Loan Facility (the "Loan") with an interest rate of 12.0% per annum to fund the expected liquidity shortfall between entering into the Arrangement Agreement and closing of the transaction. If the Definitive Arrangement is terminated for any reason other than as a result of the failure of the Borrower to obtain required approvals or a default by us, the loan will become payable on the later of (a) September 30, 2020 and (b) the 120th day after such termination of the Arrangement Agreement.

Unsolicited Offer

On May 11, 2020 we received an unsolicited proposal from Gran Colombia Gold Corp. ("Gran Colombia", TSX: GCM) to acquire all of the issued and outstanding common shares of the Company at a share exchange ratio of 0.142 Gran Colombia shares for each Guyana Goldfields share (the "Gran Colombia Proposal"). The Gran Colombia Proposal was conditional upon the completion of Gran Colombia's proposed concurrent acquisition of Gold X Mining Corp. (TSXV: GLDX, OTCQX: SSPXF). On May 13, 2020 we announced that our board of directors, after careful consideration and consultation with our financial and legal advisors, have unanimously determined to reject the unsolicited proposal announced by Gran Colombia.

Other Interested All-cash Proposal

On May 13, 2020, another interested party made an unsolicited, all-cash proposal to acquire all of the issued and outstanding common shares of the Company at a price higher than the Gran Columbia Proposal ("the "Third-party Proposal"). The Third-party Proposal also provided for a larger interim loan facility than the transaction with Silvercorp.

Amended Arrangement

On May 16, 2020 we entered into an Amending Agreement ("Amending Agreement") with Silvercorp to the Arrangement Agreement mentioned above. Pursuant to the terms of the Amending Agreement, each holder of Guyana Goldfields shares will receive, for each Guyana Goldfields share held, Cdn$0.25 in cash and 0.1849 of a Silvercorp common share, for total consideration of Cdn$1.30 per share (based on the volume weighted average price for Silvercorp common shares for the five trading days ended May 14, 2020.

Commensurate with the increase in consideration, valuing Guyana Goldfields at approximately Cdn$227.0 million, the Amending Agreement provides for an increase in the termination fee to Cdn$9.0 million, which is to be paid by Guyana Goldfields to Silvercorp if the Arrangement Agreement is terminated in certain specified circumstances. Other than as described herein, the terms of the Arrangement Agreement and Loan remain unamended.

b) Care and maintenance and redundancy

We announced on May 7, 2020 that our mine operation would enter into a period of care and maintenance following the completion of mining of the current Rory's Knoll phase and satellite pits and once the processing of ore mined and stockpiled have been completed.

As a result, we announced redundancies to our employees on May 11, 2020 and commenced with the initial redundancy program on May 19, 2020 including the estimation of the expected redundancy payments to be incurred by the Company. We have estimated up to $3.2 million of redundancy payments to be recorded in the second quarter of 2020, which is subject to management's finalization of its redundancy program.